

Trends Update – Issue 83 (5 June 2008)

Weather

- In its latest forecast for summer 2008 the Met Office predicts that the UK is likely to experience more cloudy and cool spells compared to recent summers prior to 2007, but mean temperatures are likely to be above the long-term average. Rainfall totals are likely to be either near, or above average

Transport and tour operator news

- Airlines including Air New Zealand, United and SAS look for ways to reduce fuel costs, including the use of smaller aircraft (replacing 747s with 777s between Auckland and London), grounding planes and flying planes more slowly
- Silverjet (which had operated business-class flights from New York and Dubai to Luton) stops flying after failing to secure the necessary financial backing to overcome rising fuel costs and weak consumer demand
- Virgin Atlantic and Flyglobespan increase fuel surcharges
- Ryanair expect average fares to increase by around 5% in the coming year
- IATA warns that the high cost of fuel threatens to bankrupt some airlines
- From 3rd June British Airways will increase its fuel surcharges – the new surcharges per return flight are: £32 for short-haul, £156 for long-haul less than 9 hours and £218 on long-haul flights longer than 9 hours
- BA carried 0.6% fewer passengers in May than a year earlier
- The remainder of BA long-haul flights scheduled to move into Terminal 5 will do so in two phases in mid September and end October
- British Airways to introduce a daily Venice to London Heathrow rotation from end October
- From end October Ryanair to fly from Zweibrücken (Germany) to Stansted, to Bournemouth from both Paris and Milan and to Glasgow from Faro and Malaga
- American Airlines to suspend its New York JFK to Stansted service from 2nd July
- Superfast Ferries to suspend its Zeebrugge to Rosyth route from September
- DFDS Seaways to suspend its routes from Norway to Newcastle from September
- The number of international sea passenger journeys to/from the UK in 2007 was 23.7 million, 1% up on 2006

Domestic Economic News

- UK consumer confidence falls further in May
- The OECD cuts its economic forecast for the UK to 1.8% in 2008 and 1.4% in 2009
- UK base rates remain at 5.0% in June

European Economic News

- Eurozone consumer confidence declines in May
- German unemployment falls below 8% for the first time in 16 years
- The International Monetary Fund says that the Russian economy is in danger of overheating and that inflation could reach 14% this year
- EU finance ministers give the green light for Slovakia to adopt the Euro as its currency from January 2009
- Eurozone base rates kept at 4.0% in June

US Economic News

- US consumer confidence falls to a 16 year low in May

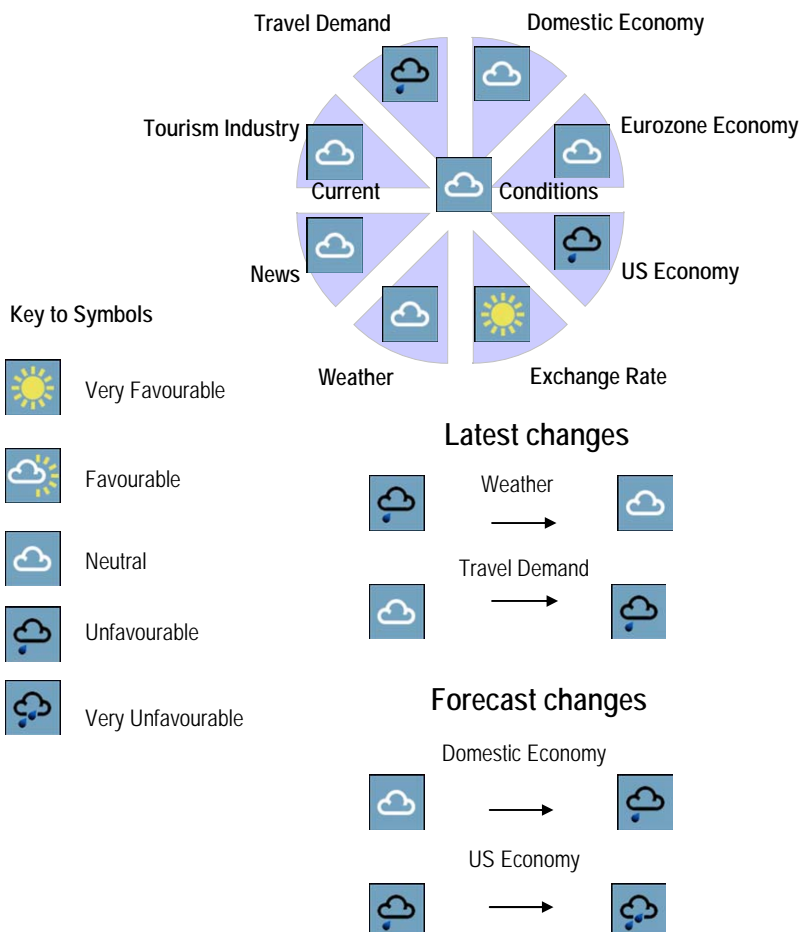
Global Economic News

- The Indian economy expanded at an annual rate of 8.8% in the first three months of 2008
- Household spending in Japan sees sharp fall and unemployment increases to 4%

Tourism News

- Members of the European Parliament call for airlines to be included in the emissions trading scheme from 2011, a year earlier than has been suggested by the European Commission
- Figures from PKF show regional hotel occupancy in April at 74.7% with London occupancy at 82.3%, in both cases well up on April 2007, but some of the growth is due to Easter falling in April 2007 and March 2008
- Bangladesh reports its first human case of H5N1 'avian flu' in a human
- The Marine Conservation Society says that the number of beaches with 'excellent water quality' fell 10% between 2006 and 2007 primarily due to run-off following heavy rain last summer
- Chickens on a farm in Oxfordshire confirmed as having a highly pathogenic strain of bird flu, but of type H7 rather than H5N1

Factors contributing to tourism trends in Britain, June 2008



- Overall conditions remain in the Neutral range
- Although forecast to improve, early June weather brings flooding to parts of central southern England
- The exchange rate is now judged to be very favourable, with visitors from Eurozone markets benefiting from the Euro having strengthened against Sterling
- The Bank of England mindful of the inflationary threat at present keeps base rates unchanged in June
- Many Eurozone countries see a wave of industrial action as fishermen and others protest at the high cost of fuel
- Weak figures for air travel and volumes at the Port of Dover has resulted in the Travel Demand segment moving into the 'Unfavourable' range