

Trends Update – Issue 85 (8 July 2008)

Weather

- According to Met Office figures temperatures, rainfall and sunshine totals were all close to their seasonal average during June – it was the coolest June since 2001

Transport and tour operator news

- CAA figures show that the number of passengers using international scheduled air services to/from the UK in April was 0.2% up on a year earlier
- BA carried 2.9% fewer passengers in June than a year earlier, with volumes down across all regions, most significantly on routes to/from Africa and the Middle East. The airline is said to be close to announcing cutbacks to its route network/frequencies to be implemented this winter
- Jet2.com add a £6 fuel surcharge in light of the rapid increase in fuel prices
- It is thought that Etihad, the UAE based airline, is to lease Luxair's pair of Heathrow slots for a five year period, and Etihad has announced it will add a third daily Abu Dhabi and Heathrow from October
- The Indian airline Kingfisher is expected to start operating a daily flight from India to Heathrow from September, with the slots having apparently been acquired from KLM
- From 21st July bmi will add an additional daily flight from Copenhagen to Edinburgh
- Jet2.com to start operating a Jersey to Belfast International route from 2009
- Flybe expected to suspend its Paris to Belfast route due to low patronage and high fuel costs
- From end October United will scrap its Denver to Heathrow route
- Iceland Express postpone the launch of a Reykjavik to Gatwick service due to commence this September until next spring
- LD Lines may introduce a four-times-daily ferry service from Boulogne to Dover in 2009
- Network Rail announces that it is to conduct a review into the feasibility of building new high speed rail lines across Britain – an initial report is expected in summer 2009

Domestic Economic News

- Out-of-town shopping centres report a drop in customer volumes, indicating that the high cost of petrol may be deterring Britons from making longer car journeys
- An Ernst and Young study suggests that the average UK household is 15% worse off now than five years ago in terms of its discretionary income
- The British Chambers of Commerce warn that the UK faces a serious risk of recession

European Economic News

- Eurozone inflation reaches 4%, the highest since records began in 1996
- European Central Bank increases base rates for Eurozone nations to 4.25%

US Economic News

- US consumer confidence falls to its lowest level for sixteen years
- US interest rates remain at 2% in June
- US unemployment rate remains at 5.5% in June, but the number of people in work is 0.2% down on a year ago

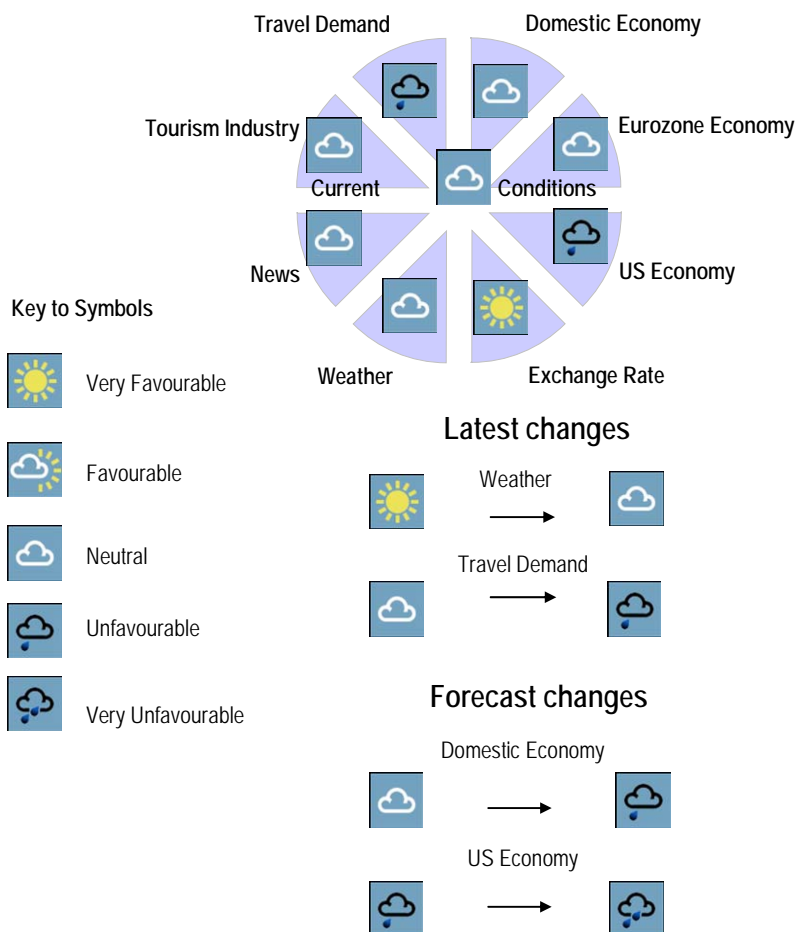
Global Economic News

- Indian truck drivers take strike action in response to rising fuel prices
- Asian stock markets fall sharply on worries about a global economic slowdown

Tourism News

- BAA reiterates its call for a third runway to be built at Heathrow – a government decision is likely later in 2008
- Global Refund report an annual 23% increase in sales to overseas visitors reclaiming tax in May
- Figures from PKF indicate that regional hotel occupancy in May was slightly down on last May at 73.3%, whereas London hotel occupancy was marginally up on a year ago at 81.0%
- Government calls for a 'green energy revolution', which may include up to 3,500 new wind turbines being erected over the next few years

Factors contributing to tourism trends in Britain, July 2008



- Overall conditions remain in the Neutral range
- June weather conformed to the seasonal norms in terms of rainfall, temperatures and hours of sunshine
- The exchange rate is now judged to be very favourable, with visitors from Eurozone markets benefiting from the Euro having strengthened against Sterling
- The European Central Bank increases Eurozone base rates, as do many central banks across Asia in light of inflationary pressures
- Airline data continues to indicate a softening in consumer demand, but air fares continue to increase in response to record fuel prices
- US economic data indicates that 62,000 jobs were lost during June, with unemployment at 5.5% of the labour force