

Trends Update – Issue 87 (13 August 2008)

Weather

- July weather brought exceptionally above average rainfall, close to average amounts of sunshine but above average temperatures

Transport and tour operator news

- Aer Arran to suspend its thrice weekly service between Dublin and Inverness
- From end October BA will suspend flights to Gatwick from Newquay, Poznan, Dresden and Sarajevo. Previously announced new routes to Gatwick from Valencia and Porto will now not operate
- From end October Ryanair will fly 3 times per week from Bologna to Birmingham and 5 times per week to Stansted
- easyJet will fly three times per week from Salzburg to Gatwick from December
- Both Red Funnel and P&O Ferries say that the high cost of fuel and weakening demand is forcing them to find ways of saving money, with Red Funnel cutting 20 sailings per week between Southampton and the Isle of Wight
- The number of passengers passing through the Port of Dover fell at an annual rate of 7.5% in July
- Car traffic in Great Britain declined at an annual rate of 1.6% in the period April to June
- The number of long-distance rail journeys undertaken in Great Britain during the first three months of 2008 was 5.6% up on a year earlier

Domestic Economic News

- UK GDP grew at an annual rate of 1.6% in the second quarter, slower growth than many analysts expected
- UK consumer inflation climbs to 4.4% in July
- UK consumer confidence falls further in July to its lowest level since November 1992
- UK unemployment increases to 5.4% in the period April to June

European Economic News

- Growing industrial discontent in Germany (including at Lufthansa) as unions call for higher wage settlements in light of rising inflation
- German consumer confidence falls to its lowest in five years
- Eurozone consumer confidence declines in July
- Eurozone unemployment remains stable at 7.2% in June

US Economic News

- US consumer confidence holds steady in July, but remains at historically low levels
- US unemployment continues to climb, reaching 5.7% in July

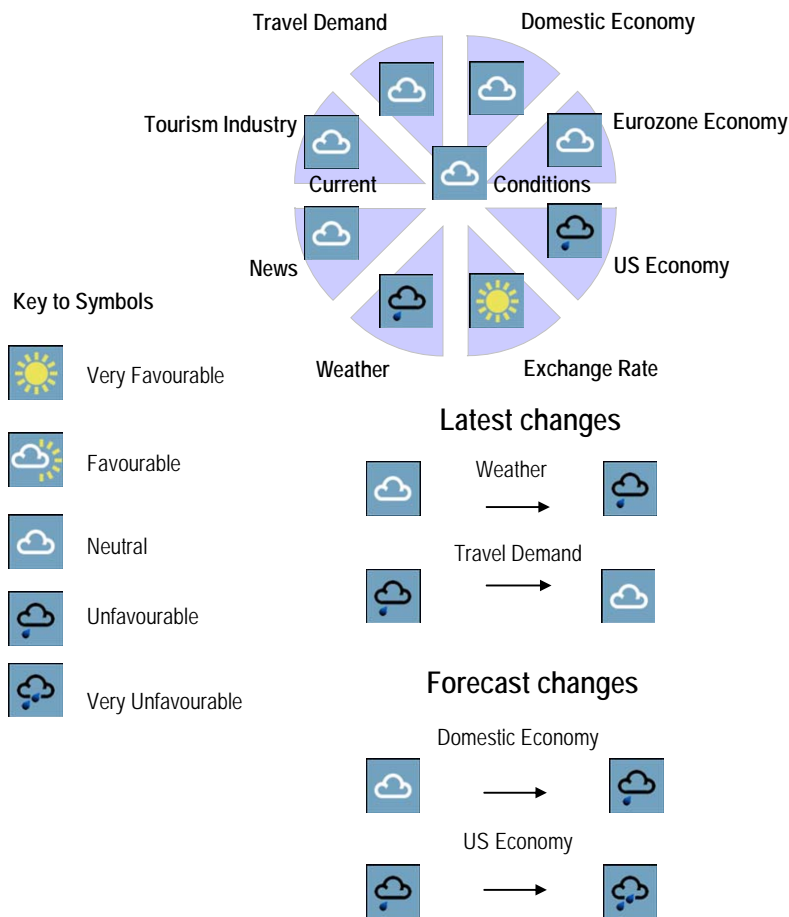
Global Economic News

- According to the International Monetary Fund "global financial markets continue to be fragile and indicators of systemic risk remain elevated", which is to say that the 'credit crunch' is not yet over
- Price of oil falls to \$113 per barrel from its record high of \$147 in July as new data confirms slowing demand, triggering a strengthening of the US Dollar (making the UK more affordable for Americans)
- The Japanese economy contracted sharply in the second quarter of 2008

Tourism News

- The EU's airline 'blacklist' will continue to encompass all Indonesian airlines, banning them from entering EU airspace, airlines from a number of African nations are also banned
- Weston-Super-Mare Pier devastated by fire
- Figures from PKF indicate that regional hotel room occupancy in June stood at 75.0%, down from 76.8% a year ago, with London occupancy at 84.9%, down from 87.1%

Factors contributing to tourism trends in Britain, August 2008



- Overall conditions remain in the Neutral range
- July weather was unseasonably wet, with poor conditions persisting in to August
- The exchange rate remains very favourable, with a strengthening in the US Dollar likely to reinforce this trend in coming months
- Inflation continues to increase in the UK and elsewhere, with the Bank of England again downgrading its economic growth forecast and increasing its inflation forecast
- Travel demand edges back into the neutral range, courtesy of strong growth in domestic long-distance rail travel
- The Tourism Industry segment remains in the neutral range thanks to moderately healthy hotel occupancy figures