

Transport and tour operator news

- UKinbound report visitor arrivals down 5.5% in June compared with a year earlier, with forward bookings down 6.4%
- BAA's 7 UK airports handled 1.7% fewer passengers in July than a year earlier; domestic traffic fell by 4.5%, European scheduled traffic by 0.4%, however North Atlantic traffic increased 0.6%, whereas long-haul traffic to/from other destinations declined by 1.7%
- From December BA will operate only 1 flight per day rather than the current 2 from Tokyo to Heathrow
- From March 2009 JAL to suspend its daily Osaka to Heathrow flight
- Wizz Air to scrap its Katowice to Coventry flights from September
- Olympic Airlines to withdraw its Thessaloniki to Gatwick service from 12th September
- Virgin Atlantic to add a second daily flight from Hong Kong to London, operating 3 times a week from October, and daily from December
- Cathay Pacific to use larger planes on its Hong Kong to Heathrow route, adding more than 1,000 additional seats per week
- Air Asia X says it hopes to start low-cost flights from Kuala Lumpur to London Stansted next spring
- BA has reached agreement with American Airlines on coordinating Trans-Atlantic services, and is applying to the EU and US Government as the airlines need immunity from US anti-trust laws before the deal is finalised
- Eurostar carried 16.8% more passengers in July than a year earlier

Domestic Economic News

- Bank of England says UK economic growth 'will be flat' over the next year
- The British Chambers of Commerce again states that a UK recession is only months away, and that unemployment may rise to 2 million by early 2010
- UK retail sales stronger than expected during July
- There was zero growth in UK GDP between the first and second quarters of 2008, ending a run of 63 consecutive quarters of growth - annual growth in the economy remains positive but is now just 1.4%

European Economic News

- Spanish inflation reaches a 15-year high
- German, French and Italian GDP declines between the first and second quarter of 2008
- German consumer confidence falls to a five-year low in August

US Economic News

- The annual rate of inflation in the US stood at 5.6% in July, its highest level for 17 years
- The US dollar continues to strengthen against both the pound and the Euro
- US consumer confidence increases slightly in August

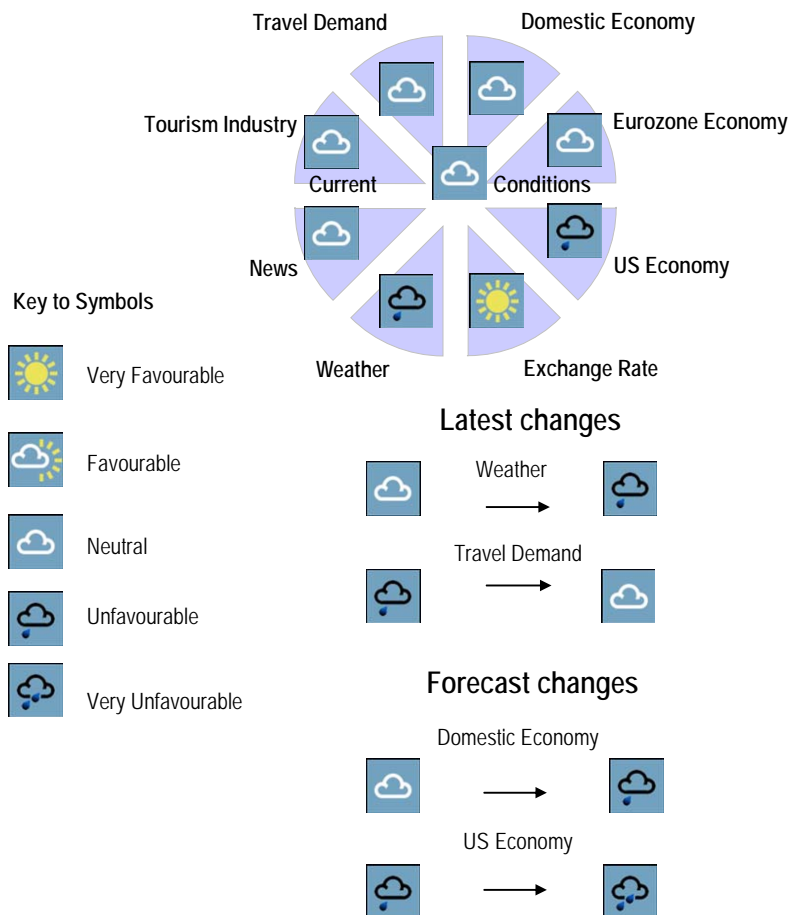
Global Economic News

- Price of oil begins to climb once more as tensions between the West and Russia remain high
- Demonstrators call for the ousting of the Thai government

Tourism News

- The Competition Commission says BAA should be forced to sell three of its seven airports; one of either Edinburgh or Glasgow, and two of its three airports in South East England – a final decision will be made in April
- A report by OAG claims that global airline seat capacity will be 7% lower in the final three months of 2008 than a year ago
- The population of the UK increased by 0.6% in the year to June 2007, bringing the total to 60,975,000 (up by two million since mid 2001)

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, with flooding in some areas
- 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 unfavourable range due to weak aviation data from the Civil Aviation Authority
- The Tourism Industry segment remains in the neutral range thanks to moderately healthy hotel occupancy figures