

Trends Update – Issue 89 (9 September 2008)

Weather

- Met Office figures confirm it was the dullest August on record across the UK (with figures dating back to 1929), and rainfall was exceptionally above average, however on a brighter note temperatures were above average
- Flooding hits parts of South and Mid Wales and North East England

Transport and tour operator news

- National Air Traffic Control report that it handled 0.6% fewer flights in UK airspace during July than a year earlier, the first annual decline since 2001
- Zoom Airlines suspends all flights due to high fuel costs and softening demand – the airline had flown from a number of cities in North America to several UK destinations
- During August BA carried 3.2% fewer passengers than a year earlier, with traffic declining across each global
- Ryanair to axe its routes from Cork to East Midlands and Prestwick from October
- WizzAir to axe its thrice weekly flights from Warsaw to Durham Tees Valley
- Virgin Atlantic is to drop one of its daily New York to Heathrow rotations from October
- bmibaby to withdraw its Birmingham to Jersey route for until next May
- Alitalia finally files for bankruptcy but continues to operate as the hunt for a rescue package goes on
- Political unrest disrupts some airports in Thailand
- easyJet to offer daily flights from Istanbul to Gatwick from this winter
- bmi to add a second daily flight from Moscow to Heathrow from end October
- From early November Ryanair will fly daily from Paris Beauvais to both Liverpool and East Midlands

Domestic Economic News

- Sterling weakens following pessimistic comments by the Chancellor
- OECD says that the UK economy will enter recession during 2008
- UK interest rates kept at 5% by Bank of England Monetary Policy Committee
- New car sales in the UK during August were at their lowest since 1966, further suggesting that consumers are cutting back on discretionary spending
- UK consumer confidence in August remained at historically low levels

European Economic News

- The European Central Bank keeps Eurozone base rates at 4.25% in September
- Eurozone consumer confidence remains despondent in August
- Eurozone unemployment remains at 7.3% of the labour force in July

US Economic News

- Revised figures indicate that US GDP grew at an annual rate of 3.3% in the second quarter of 2008
- US unemployment increased to 6.1% in August, its highest rate for 5 years
- US government effectively nationalises Freddie Mac and Fannie Mae which rallies global stock markets

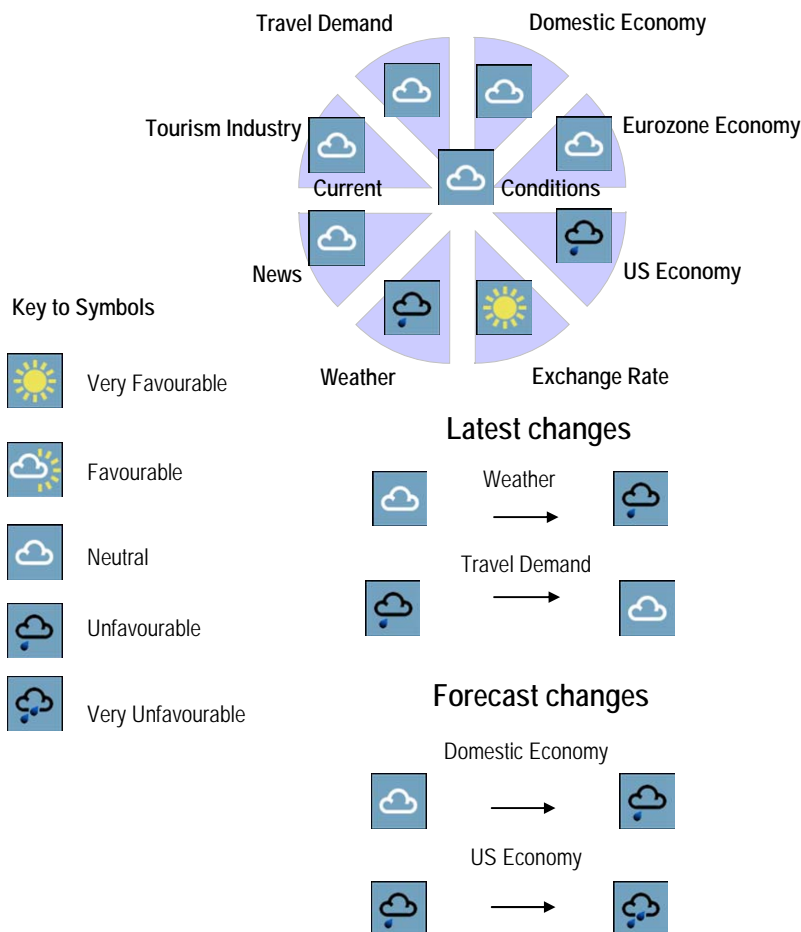
Global Economic News

- The Indian economy grew at an annual rate of 7.9% in the three months to June, its slowest rate for 3 years
- Price of oil falls to under \$110 per barrel as Hurricane Gustav causes less disruption than anticipated

Tourism News

- Figures from PKF show that hotel occupancy in London during July stood at 88.3%, up from 86.5% a year earlier, whereas occupancy in regional hotels declined from 77.2% in July 2007 to 75.9% this year
- The International Air Transport Association is forecasting that the global aviation industry will lose \$5.2bn this year

Factors contributing to tourism trends in Britain, September 2008



- Overall conditions remain in the Neutral range
- August weather was unseasonably wet and saw less hours of sunshine than any August dating back to 1929
- 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 OECD stating that a UK recession is likely before the end of 2008
- Travel demand continues to fluctuate between the unfavourable and neutral range with demand for air travel continuing to be weak
- The Tourism Industry segment remains in the neutral range thanks to moderately healthy hotel occupancy figures, particularly in London