

Trends Update – Issue 90 (25 September 2008)

Weather

- Met Office forecasts that autumn is likely to bring near or below average amounts of rainfall and near or above average temperatures, the longer-term outlook for winter 2008/9 is for temperatures to be cooler than last winter but still above seasonal norms, with no clear signal regarding rainfall totals at this stage

Transport and tour operator news

- In August BAA airports handled 1.7% fewer passengers than a year earlier; domestic traffic 6.5% and European scheduled traffic by 0.2%, whereas North Atlantic traffic was up 1.3%, though long-haul traffic to/from other parts of the world was down 1.2%
- The European Commission is to lift restrictions on Bulgarian airlines flying to other parts of the EU
- Due to late delivery of new planes Ryanair forced to cancel all routes to its new Edinburgh base for at least six weeks
- Bmibaby to scrap its Barcelona to Cardiff route from October
- BA suspends flights from Islamabad to Heathrow following the recent bomb attack in the Pakistani capital
- Air India is to cease operating both its New York to Heathrow and Calcutta to Heathrow rotations
- Air India is to switch from Birmingham to Heathrow for the calling point of its Amritsar to Toronto service in October
- Bigla Air will operate twice-weekly from Amritsar to Birmingham from October
- Continental Airlines to add a third daily flight from Newark to Heathrow from end October but will axe its services to Gatwick from Houston and New York
- Thomsonfly to cease flying Alicante to Durham Tees Valley
- Lufthansa to introduce a direct Milan Malpensa to Heathrow service from summer 2009
- From summer 2009 Jet2.com will fly from Venice to Edinburgh
- From end October Transavia will operate twice-daily flights from Rotterdam to Luton
- XL is the latest airline to collapse
- SkyEurope said to be looking for additional financing in order to ensure a comprehensive flying programme during the winter
- Alitalia will lose its licence to fly before the end of September unless a buyer for the bankrupt airline emerges
- Channel Tunnel closed for two days due to a fire, with Eurostar able to offer only a very restricted service for the remainder of September
- Norfolk Line says it will revive the Zeebrugge to Rosyth ferry link next spring
- Passenger traffic through the Port of Dover in August was 4.1% down on a year earlier

Domestic Economic News

- UK consumer price inflation increased to an annual rate of 4.7% in August

European Economic News

- The European Commission downgrades its economic forecast for the Eurozone from growth of 1.7% to 1.3% in 2008

US Economic News

- Federal Reserve keeps US interest rates at 2.0%

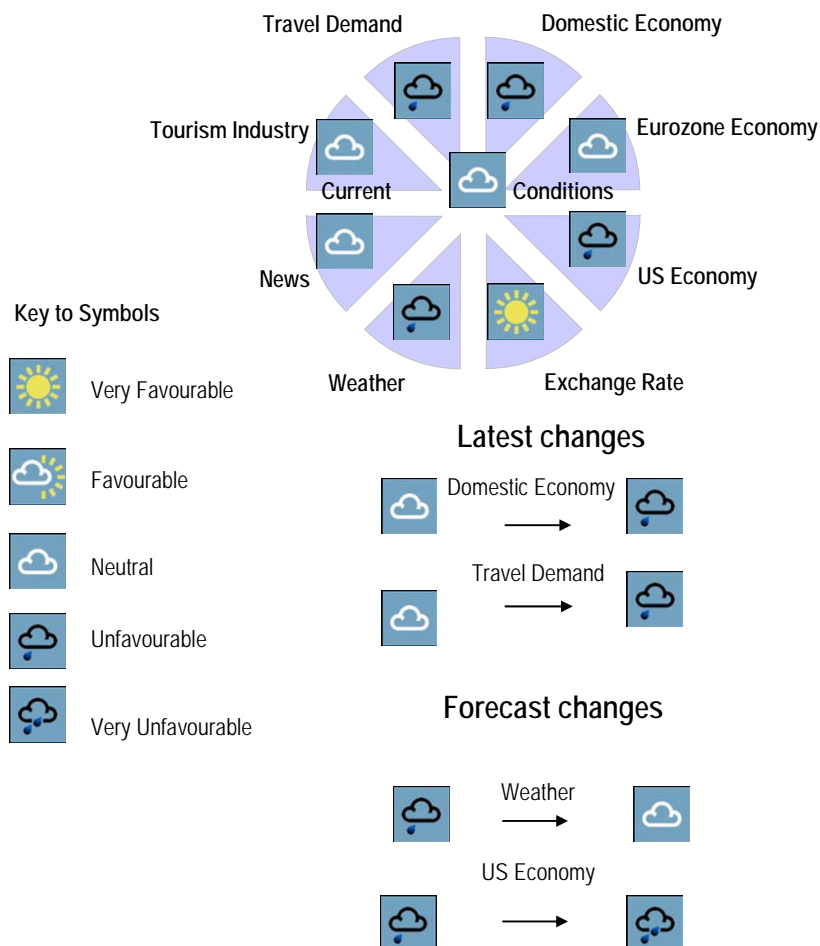
Global Economic News

- Global financial markets hit by turmoil as Lehman Bros files for bankruptcy
- Price of oil jumps \$16 in one day to \$120 per barrel on back of expectation that US deficit will bulge and dollar weaken if the 'bail out' package for Wall Street goes ahead
- Japan's economy shrank by an annual rate of 3% during the second quarter of 2008

Tourism News

- According to tri Hospitality Consulting the average UK chain hotel witnessed a 1% decline in profit margins during the first seven months of 2008 compared to a year earlier
- BAA announces that it is to sell Gatwick airport
- The World Health Organisation reports two new human deaths from H5N1 'avian flu' in Indonesia

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
- Turmoil on global stock markets continues to increase the chances of a prolonged economic slowdown
- 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