

## Trends Update – Issue 92 (24 October 2008)

### Transport and tour operator news

- The government gives the go-ahead for expansion at Stansted airport that will enable capacity to increase from 25 million to 35 million annual passengers, and flights to increase from 241,000 to 264,000 per annum
- Newham council approves an expansion in the number of flights using London City Airport from 80,000 to 120,000 per annum
- BA and Virgin Atlantic cut their long-haul economy class fuel surcharges by up to £13 with immediate effect
- From end October Wizz Air to fly Luton from Timisoara (Romania) three times a week
- From December Wizz Air will operate four flights per week from Kiev to Luton
- From end October SAS to introduce weekly flights from Delhi to Heathrow, Birmingham and Manchester
- From end October Air France to axe its daily Los Angeles to Heathrow flight, but will introduce a daily New York to Heathrow rotation from next spring
- From early November Thomsonfly to scrap all flights to Coventry airport
- Click Air to axe its daily flights from Valencia to Heathrow from end October
- Spanish airline LTE, which had primarily operated flights for Britons on outbound trips to Spain, collapses
- From next July LD Lines to introduce a four-times-per-day ferry service from Boulogne to Dover
- Plans approved for a new passenger terminal at Portsmouth ferry port, due to be completed by end 2010
- The Port of Dover handled 3.3% more passengers in September 2008 than a year earlier; it is likely that the Port received additional traffic due to disruption to Channel Tunnel operations resulting from the 11th September fire
- The Channel Tunnel is now expected to fully reopen in February 2009
- In the period July to September Eurostar carried 6.4% more passengers than a year earlier, with growth hit by the fire in the Tunnel on 11th September

### Domestic Economic News

- UK GDP shrank by 0.5% between the second and third quarter of 2008, the sharpest drop since the first quarter of 1990
- UK consumer price inflation crept up further in September, reaching an annual rate of 5.2%
- In the three months to July UK unemployment increased at its fastest rate since 1991, reaching 5.7% of the labour force
- According to Ernst & Young the UK is already in recession and the economy will shrink by a further 1% in 2009
- Sterling loses up to 3% of its value against currencies including the US Dollar and Japanese Yen following confirmation by the Governor of the Bank of England that the UK is entering a recession
- A weak Sterling makes the UK a more affordable destination for inbound visitors, but ups the costs of imports and lessens the benefits of a decline in the price of oil, which is traded in US Dollars

### European Economic News

- Germany has lowered its economic forecast for 2009 from 1.2% to 0.2%

### US Economic News

- Former head of the Federal Reserve says recovery in the US housing market still many months away

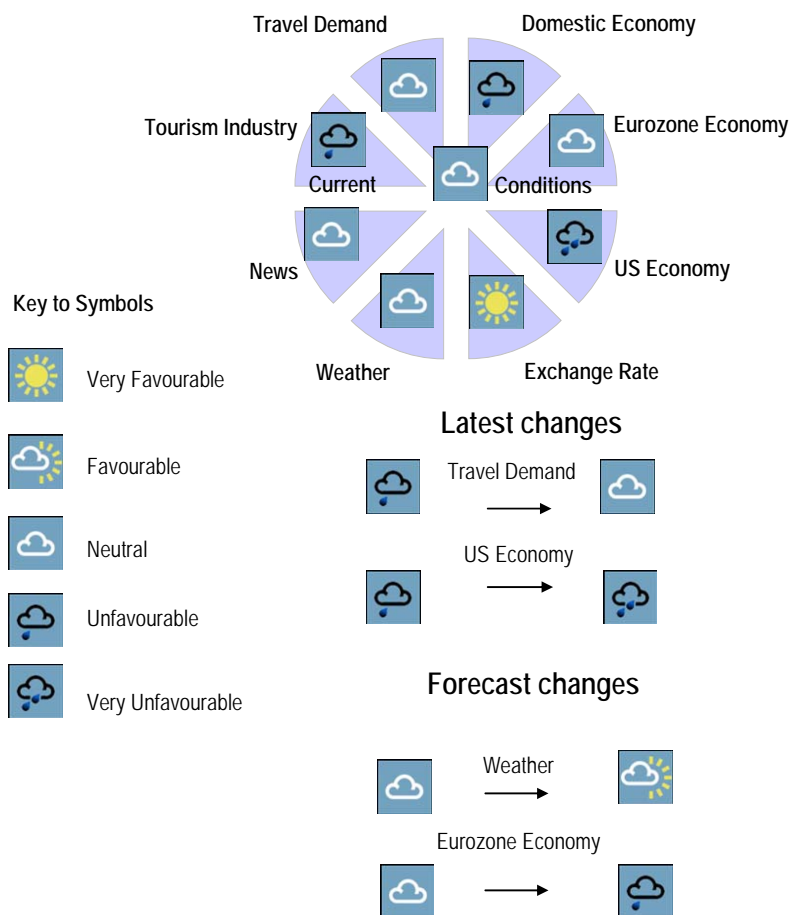
### Global Economic News

- Thai government calls on troops to help quell growing public protests
- Hong Kong and Australia both cut base rates by 1%
- In a coordinated move the Bank of England, Central European Bank and US Federal Reserve all cut base rates by 0.5%
- Price of oil falls to under \$70 per barrel
- The Chinese economy grew at 9% in the three months to September, representing the third consecutive quarter in which the rate of growth has declined and increasing the prospect of a sharp slowdown
- The Indian Central Bank cuts interest rates by 1%
- Volatility in currency markets, with currencies of emerging economies including Argentina, South Korea and Hungary seeing rapid depreciation in their value

### Tourism News

- Global Refund report that in September sales to overseas tourists able to reclaim tax declined at an annual rate of 32%
- The Irish government announces a new airport tax from 30th March 2009 of €2 on flights of less than 300km and €10 to destinations further afield

## Factors contributing to tourism trends in Britain, October 2008



- Overall conditions remain in the Neutral range
- September weather was unseasonably cloudy but marked an improvement on August
- The exchange rate remains very favourable, with a strengthening in the US Dollar and Japanese Yen likely to reinforce this trend in coming months
- UK economic output is falling at its fastest rate for 18 years
- Despite passing of the Bail Out Bill the US economic outlook continues to worsen
- 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