

Trends Update – Issue 95 (12 December 2008)

Weather

- Met Office figures show November brought close to average sunshine and rainfall totals across the UK, with temperatures above average (though for England maximum temperatures were at their lowest since 1998)

Transport and tour operator news

- BAA's seven UK airports handled 8.9% fewer passengers in November than a year earlier; domestic traffic fell 12.7%, European scheduled 9.1%, North Atlantic 9.2% and other long-haul traffic 3.1%
- Gatwick airport's runway temporarily closed due to bad weather on 11th December causing 100 flight cancellations
- Stansted airport closed by climate change protesters for around two hours on 8th December
- BA carried 7.8% fewer passengers in November than a year earlier
- Following the introduction of a £10 departure tax by Blackpool airport Ryanair to cease flying to the airport from 4th January – the airline currently operates daily flights from Dublin and 3 times per week from Girona
- Flights from Greece to the UK disrupted by industrial action on 26th November and 9th December
- Flights to the UK from Thailand, and those operating to the UK from Australasia via Thailand disrupted by protestors occupying Bangkok International Airport
- Bmibaby to suspend routes to Birmingham from; Rome, Milan, Lisbon, Madrid and Bordeaux
- Newquay airport closed for three weeks as Ministry of Defence curtail provision of air traffic control services
- A strike at Budapest airport disrupts flights to the UK on 10th December
- From end March 2009 British Airways will fly five times per week from both Riyadh and Jeddah to Heathrow
- Air Asia X will operate five flights per week from Kuala Lumpur to Stansted from March 2009
- Aer Arran will fly three times per day from Isle of Man to London City from January
- Aer Arran expected to fill the void left by Ryanair when it ceases flying between Dublin and Blackpool
- easyJet to fly three times per week from Nice to East Midlands from next April
- The Port of Dover handled 4% more passengers in November than a year earlier
- Long distance rail journeys in Britain increased at an annual rate of 2.3% in the three months to September

Domestic Economic News

- UK interest rates cut by a full percentage point to 2%, the lowest rate seen in 57 years
- The OECD warns that UK GDP will contract by 1.1% in 2009, faster than in any of the other G7 nations, and that unemployment will increase to 8%
- The pound falls to a record low of €1.12 as fears about UK economic prospects mount

European Economic News

- The European Central Bank reduces interest rates from 3.25% to 2.5%
- The Swedish Central Bank reduces interest rates to 2.0% from 3.75%

US Economic News

- According to the OECD the US economy faces 'an exceptionally difficult period' and activity may worsen before it improves
- US unemployment climbs to 6.7% in November and there are now 1.7% fewer US citizens in employment than a year ago

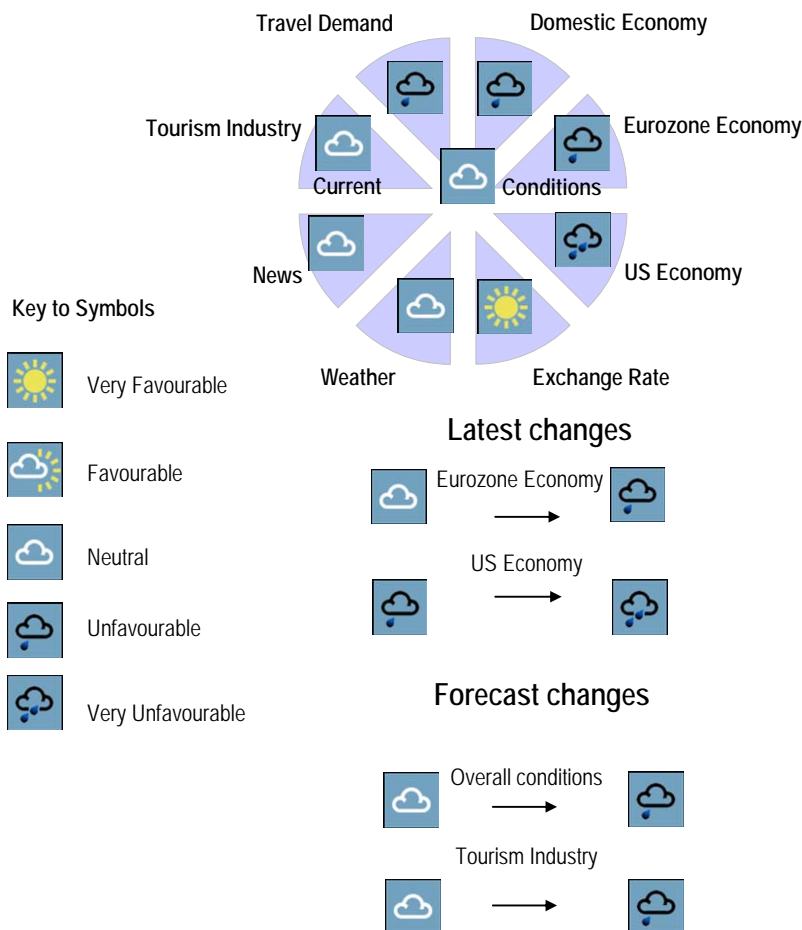
Global Economic News

- Chinese interest rates cut by 1.12%
- The World Bank forecasts that the global economy will grow by only 0.9% in 2009; China's growth forecast to slow to 7.5% and India's growth to 5.8%
- South Korea's central bank lowers interest rates from 4% to 3%

Tourism News

- According to the 2007 Family Spending Survey the typical household in the UK spent £12.70 per week on restaurant and café meals and £2.50 per week on accommodation services for UK holidays (£3.50 per week for accommodation services on foreign holidays and £10.10 per week 'holiday spending abroad')
- A decision on a third runway for Heathrow postponed again – announcement now expected in January 2009
- Due to delays in production caused by technical issues and strike action Boeing may now not deliver its first 787 Dreamliner until mid 2010
- Virgin Atlantic to purchase 15 Boeing 787 Dreamliner aircraft, with purchase rights to a further 28
- Two new cases of H5N1 'avian flu' confirmed in humans in Indonesia; one of those infected recovered but the second case proved fatal

Factors contributing to tourism trends in Britain, December 2008



- Overall conditions remain in the Neutral range but appear to be heading towards the Unfavourable range
- November weather was close to seasonal norms
- The exchange rate remains very favourable, with Sterling cheaper in Euro terms than at any times since the introduction of the single European currency
- Forecasts for economic growth both at home and abroad in 2009 continue to be revised downwards
- Airline announcements continue to be dominated by route suspensions rather than improved frequencies or connectivity
- Travel demand continues to fluctuate between the Unfavourable and Neutral range with demand for air travel continuing to be weak
- The Tourism Industry segment continues to be influenced by worsening hotel occupancy figures