

## Trends Update – Issue 96 (16 January 2009)

### Weather

- Met Office forecast below average temperatures in January and close to average temperatures in February, with rainfall set to be either average or below average for the time of year
- Met Office figures show that the UK had below average temperatures in December (coldest since 1996), rainfall was well below average and amounts of sunshine exceptionally above average

### Transport and tour operator news

- The Government gives the go ahead for a third runway at Heathrow, with the number of additional flights limited to 125,000 per annum – the planning process and construction will take around a decade
- The Government has said, however, that it is not going to permit 'mixed mode' operations, whereby both runways are used for take-off and landing at the same time
- BAA's seven UK airports handled 6.9% fewer passengers in November than a year earlier
- BA carried 5.2% fewer passengers in December than a year earlier
- Ryanair suspends all flights to Newquay until March 2<sup>nd</sup>
- bmi to axe flights from Jersey to Heathrow from 28<sup>th</sup> March
- From end March easyJet to fly four times per week from Larnaca to Gatwick, with new flights to Gatwick starting in early May from Naples (daily), Dubrovnik (four per week) and Santorini (three per week)
- Flybe to axe its Dublin to Norwich route from March 2009
- From end March Norwegian will fly twice daily from Copenhagen to Gatwick
- Approval for a 405m extension to Birmingham Airport's runway granted
- BA reduces its fuel surcharges from 18th December by up to £35 on the longest flights for business class travel and by £4 on domestic flights
- Virgin Atlantic announces a reduction in its fuel surcharges
- Between May and September flybe will operate weekly flights between Humberside and Jersey
- BA and Qantas say they are no longer engaged in merger talks
- VLM to fly from Eindhoven to London City twice daily (weekdays only) from mid January
- From March Aer Lingus will resume flights from Shannon to Heathrow
- Virgin Nigeria to axe loss making flights to the UK
- From June easyJet to fly to Liverpool from Naples, Bordeaux and Dubrovnik and to Manchester from Athens
- From July Ryanair to add new routes to Bristol from Alicante, Barcelona, Eindhoven, Limoges, Montpellier, Perpignan, Seville, Toulon and Trieste
- From July Ryanair to add new routes to Edinburgh from Carcassonne, Leipzig, Poitiers, Rome and Zadar
- From February Wizz Air to fly four times weekly from Prague to Luton
- The number of passengers passing through the Port of Dover increased by an annual rate of 11.3% in December
- Eurostar carried a record 9.1 million passengers in 2009 despite disruption caused by the fire in the Channel Tunnel

### Domestic Economic News

- UK interest rates cut by 0.51 percentage points to 1.5%, the lowest rate on record
- UK unemployment increases to 6.0% of the workforce as the claimant count moves above one million with the steepest rise since 1991
- The Management Consultancies Association forecast that 360,000 managers in the UK will have lost their job by 2010
- Revised figures indicate that the UK economy shrank at a slightly faster rate than first thought in the period July to September, with a decline of 0.6% in the amount of activity
- UK base rates reduced to 1.5%
- British Chambers of Commerce warn that there has been a dramatic contraction in the UK economy
- UK consumer confidence continues to fall in December
- The pound continues to trade at an historical low against the Euro
- The Centre for Economic and Business Research forecast the UK economy to contract by 2.9% in 2009, the sharpest decline since 1946

### European Economic News

- New car sales in both Ireland and Spain fell by 50% in November
- Eurozone consumer confidence falls further in December
- Eurozone unemployment increases to 7.8% in November
- Eurozone interest rates cut by 0.5% to 2.0%

#### **US Economic News**

- US interest rates cut to between 0% and 0.25%
- US unemployment increases by more than 500,000 in December to 7.2% of the workforce
- US consumer confidence falls to a new all-time low in December

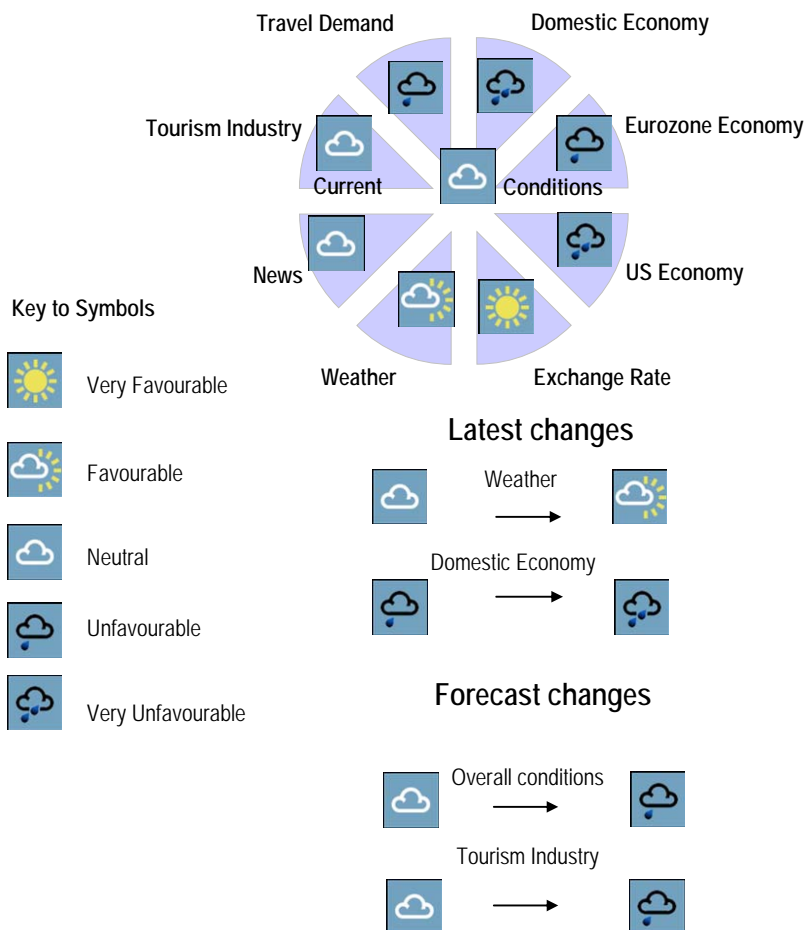
#### **Global Economic News**

- Bank of Japan cuts interest rates to 0.1%
- Japan's government forecasts that the economy will have zero growth in the year ending March 2010, having contracted by 0.8% in the year to March 2009

#### **Tourism News**

- According to Global Refund sales to overseas visitors reclaiming tax increased by 36% on an annual basis in November
- The Competition Commission says BAA must sell Gatwick, Stansted and Edinburgh Airports; a final decision is due in February after a period of consultation
- Major outbound tour operators increase prices by up to 10%
- PKF report falls in occupancy rates at chain hotels during November compared with a year earlier in both London and the UK regions

## Factors contributing to tourism trends in Britain, January 2009



- Overall conditions remain in the Neutral range but appear to be heading towards the Unfavourable range
- December weather though cold brought generally favourable conditions
- The exchange rate remains very favourable
- Forecasts for economic growth both at home and abroad in 2009 continue to be revised downwards, with unemployment forecast to rise sharply
- 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