

WEEKLY BRIEFING

23 June 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Banks summoned on mortgages after interest rate shock

Banks and building societies have a meeting with chancellor of the exchequer, Jeremy Hunt, after Thursday's shock announcement by the Bank of England to raise interest rates from 4.5% to 5% in an attempt to tackle inflation. It is said that millions of UK households will see a squeeze on their budgets as pressure builds for the banks to support those struggling with rising mortgage costs. The National Residential Landlords Association (NRLA) and others are calling for the government to take action by reintroducing mortgage interest relief and unfreezing housing benefit rates, though there are concerns that providing support for borrowers could undermine the Bank of England's battle against inflation. Discussions with the chancellor are likely to focus on strengthening existing help for those facing difficulties instead of being centred around government action, as the prime minister stated after the inflation announcement that the government would remain "steadfast and stick to its plan".

Junior doctors to hold longest strike yet in July

A new five-day walkout has been announced by junior doctors in England as they continue their fight for fair pay. The strike will take place between Thursday 13 July and Tuesday 18 July. This is set to be the fourth strike by junior doctors since the pay dispute began, and the longest yet in NHS history. The government has argued that the offer of a 5% rise is "fair and reasonable" whilst the British Medical Association (BMA) union, representing over 46,000 junior doctors in the UK, stated that it is not "credible" and has been asking for a 35% increase to make up for 15 years of below-inflation rises. Junior doctors make up around half of all hospital doctors in England and a quarter of all doctors working in GP surgeries. In Scotland, they have been offered a new 14.5% pay rise over a two-year period after negotiations with the Scottish government. BMA Scotland said it would now consult its members, who voted in favour of strike action earlier this month, on the offer.

Sunny weather boosts clothing sales in May

After the sun came out in the second half of May, sales volumes rose by a stronger than expected 0.3%, the Office for National Statistics (ONS) said, with online retailers and garden centres doing particularly well selling summer clothes and outdoor goods. Fuel sales also rose compared to April, but people bought less food as prices continued to rise. Overall, consumers are still buying slightly less than they were before the pandemic, but because prices have risen, they are spending significantly more in total.

TRADE UPDATE

Consumers still prioritising holiday spend

The average person will “throw caution to the wind” and spend £1,491 on holidays this year, according to new data from Nationwide Building Society. However, Nationwide warned 42% were cutting the cost of this year’s break. It found 38% were staying in the UK rather than going abroad, with 28% switching to half-board rather than all-inclusive to save money. Another 26% said they were opting for short-haul over long haul, while 22% were reducing the number of excursions.

Nationwide’s Spending Report is a monthly analysis of nearly 241 million debit card, credit card and Direct Debit transactions. It revealed around £8.84 billion was spent overall in May, up 5% year on year, but said this was partly “a result of rising prices”.

Manchester Airports Group passenger numbers grow year-on-year

Manchester Airports Group (MAG), which owns and operates Manchester, Stansted and East Midlands airports, served 5.4 million passengers in May, up 16.8% on the same month in 2022. Stansted and Manchester both served 2.5 million passengers each, with the London hub’s overall figure up 19% on last year and Manchester’s increasing by 16% year-on-year. East Midlands airport, meanwhile, served around 400,000 passengers in May – up 12% on 2022. MAG’s rolling 12-month passenger total to May 2023 stood at 55.5 million passengers – up 92% on the total to May 2022.

Service levels across the group were also strong across the month, with 96% of passengers at Stansted getting through security in under 15 minutes. All three airports saw some of their busiest periods of the year so far as passengers travelled for May half-term holidays.

Global air passengers near 2019 levels as consumer confidence increases

Global air passenger volumes will edge closer to 2019 levels this year, driven by the easing of inflation and rising consumer confidence combined with declining jet fuel prices. According to Airports Council International (ACI), the findings suggest sustained strong air travel demand will continue to improve into the summer season. Airports are forecast to welcome 2.7 billion passengers in Q2 2023 and 2.9 billion in Q3 2023, with global passenger volume projected to reach 8.4 billion in 2023, representing 92% of 2019 levels.

Half of Scottish Tourism businesses 'still in survival mode'

More than half of Scotland's tourism and hospitality businesses (52%) remain in "survival" or "consolidation" mode following the pandemic, according to a major new survey. The poll of more than 540 tourism businesses by the Scottish Tourism Alliance found that almost half of businesses don't have sufficient cash reserves for the next quarter. Nearly 60% of respondents, meanwhile, said they wanted the Scottish government to delay progressing or introducing new regulation until the economy recovers.

Latin America demand outstrips supply as visitor numbers set to exceed 2019

Demand is outstripping supply in Latin America as visitor numbers are expected to exceed 2019 levels by the end of the year. Colin Stewart, chairman of the Latin America Tourism Association (Lata), said the region is recovering at a "remarkable" rate, but flight and accommodation capacity has not yet returned to pre-pandemic levels, causing an imbalance.

Across the board, visitor numbers to Latin American countries are back to about 80-85% of pre-pandemic levels, but in some destinations that is at nearly 95% while others, such as Colombia, are exceeding 2019 levels according to Colin Stewart.

AIRLINE UPDATE

Air Mauritius - Air Mauritius has ordered three new long range aircraft to expand its European and southeast Asian networks. The carrier confirmed the order for an additional three Airbus A350 aircraft at the Paris Air Show on Monday (19 June).

Finnair - Finnair has confirmed more flights from the UK and Ireland to its hub next summer. Flights from Manchester to Helsinki will increase from eight to 12 a week. From Edinburgh, services will increase from five a week to seven in summer, while Dublin will move from daily to 10 a week. Each flight will also offer an extra 44 seats, as the airline will upgrade capacity on these routes.

Norse Atlantic - Norse Atlantic has appointed current chief financial officer Ben Boiling to the newly-created role of UK managing director, the low-cost carrier announced on Thursday (22 June). Boiling, who's been at Norse since March 2021, will take up the position from 1 July, helping the company continue its expansion into the UK market.

Play - Icelandic low-cost airline Play has marked its second-year anniversary by expanding into Canada with the launch of new services to Toronto. The carrier announced on Tuesday the first flight to Ontario will depart on Thursday (22 June) from London Stansted via Reykjavik, launching Play's fifth route into North America.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Ambassador Cruise Lines - Ambassador Cruise Line has dropped all COVID-19 pre-boarding requirements. The line confirmed that as of Thursday (22 June), all guests – regardless of vaccination status – will no longer need to provide evidence of vaccination against the virus or a negative test. Ambassador said it was currently updating its systems to reflect the change and will be advising all guests due to travel of the updated protocols via email.

Hays Travel - Hays Travel has revealed it wants cruise bookings to account for a third of its business in the next couple of years, which would represent “huge” growth. Before the pandemic, according to Dame Irene Hays, the proportion of business represented by cruise was “low double-digits”. Hays said the aim is based on several factors, including the rising number of ships entering the market.

Incredible Journeys - Dnata Travel Group's B2B touring brand, Incredible Journeys, has introduced a new campaign focussed on independent touring as the brand looks to expand its offering to agents - the campaign will run until the end of June. The Independent Touring campaign showcases seven independent tours which will allow agents to help customers choose from a pre-set itinerary or create an exclusive touring getaway.

Saga - Saga's travel businesses are "on track to return to profitability", its boss has said, during what is set to be the group's first year of operations wholly uninterrupted by COVID-19 since 2019. In a spring trading update, issued on Tuesday (20 June), Euan Sutherland, Saga Group chief executive, said the group was "continuing to build momentum" across its cruise and travel operations.

Wendy Wu Tours - Wendy Wu Tours has increased capacity for both 2024 and 2025 following its recent China focus week, hailing a concerted effort by agents to resume promoting and selling the country following the pandemic. The specialist's China Week saw hundreds of agents get behind the push after the country emerged earlier this year from a three-year Covid-induced hiatus.

SOCIAL UPDATE

Instagram will now allow users to download publicly posted reels

Instagram has created the option to download publicly posted reels, with some users now able to tap the 'share' icon on a reel and then select 'download'. Currently, the feature is only available to selected users in the U.S. and creators can opt out of enabling downloads of their content. This functionality will mean a broader sharing of TikTok content, which can help to boost creators' branding with the inclusion of their username on the clip and also add another pathway for them to maximise the reach of their content across platforms.

25,000 character tweets rolled out for Twitter Blue subscribers

In February, Twitter Blue subscribers could only share tweets with a maximum of 4,000 characters; this limit was then increased to 10,000 in April and has now been increased again to 25,000 characters. The platform has also rolled out the capacity to insert images into the middle of long tweets rather than having them at the end. The combination of these two new features will allow users to create blog style content on Twitter which may create a shift in how people engage with the platform.

MICE UPDATE

The Meetings Show's hosted buyer reception to be first event aboard Oceandiva London

The Meetings Show's 2023 Hosted Buyer Welcome Reception will be the first event held onboard Oceandiva London, the UK capital's new sustainable events vessel. Attendees will be welcomed on board the £25m floating venue operated by Smart Group for an exclusive evening of entertainment and refreshments on Tuesday 27 June, before The Meetings Show kicks off at ExCeL London on 28 June. They will be the first #eventprofs to experience an event onboard Oceandiva London, which is the first carbon-neutral powered vessel on the Thames. It is also the world's first to achieve the Platinum Label – the highest level of recognition awarded by Green Award for shipping companies committed to environmental protection, safety, and quality. With flexible event spaces, the vessel can host conferences, exhibitions, receptions, gala dinners, award ceremonies, product launches, and brand activations, with catering by one of London's leading caterers, Moving Venue, Smart Group's own catering brand.

LIGHTER NOTE

Lighter Note

Week-old wolf pups start practising their howls for the first time. Read more [here](#).