

WEEKLY BRIEFING

21 July 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Mortgage rates fall for first time in two months

Rates on both two-year and five-year fixed rate mortgages have fallen for the first time in two months following better-than-expected inflation figures, in hopes that the Bank of England may not raise interest rates as much as previously thought. Borrowing costs have been increasing for months, putting pressure on mortgage holders who are forced to renew deals at significantly higher monthly payment rates. According to financial information service, Moneyfacts, the average two-year fixed residential mortgage rate dropped from 6.81% to 6.79% on Thursday whilst the average five-year fixed residential mortgage rate edged down from 6.33% to 6.31%. The Bank of England has raised interest rates 13 times since December 2021 in an effort to slow soaring price rises (otherwise known as inflation). The rate of inflation slowed to 7.9% in the 12 months to June, but remains almost four times higher than the Bank's official target of 2%. However, when the Bank next meet on 3 August to decide on interest rates, analysts predict a quarter percentage increase from 5% to 5.25%, slightly less steep than the last increase of a half a percentage point.

World will miss 1.5C warming limit - top UK expert says

Leading British climate scientist, Professor Sir Bob Watson, believes the target to limit global warming to 1.5C will be missed. As the former head of the UN climate body, he warns that passing the limit will expose millions of people to potentially devastating climate events, amidst a summer of extreme heat for Europe, China and the U.S. Climate scientists have been warning governments for years that their countries' emissions are not being cut quickly enough to keep within the target set in Paris in 2015. Many of Professor Sir Bob Watson's colleagues will agree with his conclusion that we are on course for a temperature rise of 2.5C or more. Based on current government commitments to cutting greenhouse gas emissions, climate trackers predict that temperatures will rise to 2.7C. The UN climate body, the IPCC, has said keeping temperature rises below 1.5C, rather than 2C, would mean 10

million fewer people would lose their homes to rising sea levels; a 50% reduction in the number of people experiencing water insecurity and a reduction in coral reef loss from 99% to 70%.

Government borrows less than expected in June

Borrowing fell to £18.5bn in June this year, according to the Office for National Statistics (ONS). This is £400m lower than last June and below predictions by the government's independent forecaster, but still the third highest borrowing on record for any June. Deputy chief UK economist at Capital Economics, Ruth Gregory, said that Chancellor Jeremy Hunt "now looks likely to have a little more wiggle room in the Autumn Statement to fund a few pre-election giveaways", but added "[w]ith the full upward impact on borrowing from higher interest rates and weaker GDP growth still coming down the line, we continue to think any package of pre-election net tax cuts will probably need to be modest or swiftly reversed". Mr Hunt has said that it is of importance to "avoid reckless spending" and "maintain discipline with the public finances".

TRADE UPDATE

National travel agent day reverts back to traditional July date

National Travel Agent Day will be held this weekend after all, after Intrepid Travel, which has spearheaded the celebration since 2020, announced on Tuesday (18 July) the event would be celebrated in September. The celebration has traditionally been held on the eve of the school summer holidays, however, Intrepid's head of business development and partnerships, Jo Reeve, on Tuesday morning said this year's event would instead be held on Friday 8 September "to make sure more of the industry can get involved". Intrepid, though, rolled back on its announcement of the new date on Tuesday afternoon owing to the amount of activity already planned and said the celebration would move to September from 2024 instead.

Princess Cruises announces biggest-ever trade engagement programme

Princess Cruises is set to host a record number of travel agents onboard its ships sailing from Southampton this year, with more than 2,000 UK & Ireland agents expected to participate in the line's 2023 trade engagement programme. This record-breaking initiative provides agents with invaluable first-hand experience, solidifies their understanding of Princess, and enables them to promote the brand with confidence. Spanning four vessels – Regal Princess, Sky Princess, Island Princess, and Coral Princess – a total of 22 one-day ship visits are being conducted

throughout the UK, Ireland and Europe through to the end of September. Travel agents have access to 1,700 slots, with visits scheduled across a variety of themed days.

Airport accessibility 'improved significantly' last year, says CAA

Airport services for passengers with accessibility needs have "improved significantly" over the last year, a report from the UK Civil Aviation Authority (CAA) has found. The aviation regulator's Airport Accessibility Report, which assesses 26 of the largest UK airports, details airports' efforts in providing accessibility for all passengers with additional needs. In the year covered by the report, April 2022 to March 2023, 18 airports consistently achieved a good or very good rating, with seven airports improving from a poor rating to a good or very good rating.

Manchester airport records busiest month since September 2019

Manchester airport has recorded its busiest month since September 2019 ahead of the school holiday period. The northern hub served 2.8 million passengers in June – 15% more than in June 2022 – and has seen more than 26 million passengers in the last 12 months. Value destinations like Palma, Alicante, Antalya and Malaga were among the most popular last month with large numbers also heading for city breaks in Barcelona and Dublin.

AIRLINE UPDATE

Delta Air Lines - Delta Air Lines forecasts that the current upturn in transatlantic traffic will continue. The strong post-pandemic recovery in travel between the U.S. and Europe is set to continue, fuelled by unspent billions in consumer expenditure. That is according to Delta Air Lines' new head in Europe, Matteo Curcio, who said: "The recovery is very strong, especially premium leisure, and we see a stable demand environment – one that should be healthy for some time... When you look at the correlation between aviation and U.S. GDP, there is a gap of \$300 billion which would have been spent on travel in the last three years and has not been." He argued the strength of demand "is reflected in our results".

EasyJet - EasyJet has warned of "unprecedented" air traffic control (ATC) disruption this summer amid strong demand for flights. The UK budget carrier last week cancelled 1,700 flights out of a total of 90,000 across its network with the majority of cuts from its main Gatwick base. Reporting a £317 million rise in quarterly pre-tax profits to £203 million, the airline said: "More constrained air space and flow rate restrictions are resulting in unprecedented ATC disruption as well as increased ATC strike days up 40% year to date versus 2019... Management has taken action to mitigate the impact of this on our customers."

United Airlines - United Airlines reported international profit margins as being “well above” pre-pandemic 2019 levels in the last quarter. A record transatlantic schedule was operated, 32% more than the equivalent period in 2019 and 10% above the next largest U.S. carrier. Total international capacity rose by 27%. Meanwhile, U.S. domestic margins returned to 2019 levels in the three months to June 30. Pre-tax income for the period soared by 200% year-on-year to hit \$1.4 billion based on a rise in total revenues by 17% to \$14.1 billion as United carried the highest volume of revenue passengers since before Covid. A record average of more than 2,400 daily flights were operated across the overall network in the airline’s second quarter.

Virgin Atlantic - A date has been set for the first 100% Sustainable Aviation Fuel (SAF) transatlantic flight operated by Virgin Atlantic - a Boeing 787 Dreamliner is set to take off on November 28 from Heathrow to New York JFK. Confirmation came as the airline and Rolls-Royce successfully ground tested SAF on a Trent 1000 engine. The test marks a key milestone in the project ahead of the transatlantic trial. Fuel suppliers Air bp and Virent will supply the 60 tonnes of SAF to be used. SAF currently represents less than 0.1% of jet fuel volumes and fuel standards allow for just a 50% blend in commercial jet engines. The one-off Virgin Atlantic flight in November will demonstrate the potential of SAF as a 100% drop-in replacement for fossil fuel.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Easyjet Holidays - EasyJet says its in-house tour operator, easyJet holidays, is on course to smash through the £100 million profit barrier this year after doubling its revenues and tripling its pre-tax profits during its third quarter. The budget carrier on Thursday (20 July) revealed its holidays division delivered Q3 profit before tax of £49 million, up from £16 million a year earlier. Q3 revenue, meanwhile, more than doubled to £237 million, up from £117 million in Q3 2022.

Hays Travel - Hays Travel has appointed Lisa McAuley to its executive board as director of strategy. Former Gold Medal managing director, McAuley has been working with Hays as a non-executive director for the past 19 months. Dame Irene Hays, the agency’s chair, said: “We value Lisa’s support, guidance and considerable experience and I am confident she will be an excellent addition to our executive team.” In her new role, McAuley, who acquired travel publisher Silver Travel Advisor in 2020, will drive strategic initiatives and take responsibility for a range of teams – communications, events, tour operation, marketing and product.

Holiday Best - Holiday Best is a start-up tour operator aiming to offer ‘real package holidays’ at keen price plans and will be launching to the trade in the next four weeks. Holiday Best has secured an Atol for just under 81,000 passengers and is

focusing on four key destinations – Turkey, Greece, Spain and Egypt – but offers holidays worldwide. The operator has gone on sale this week to consumers for this summer and, from May 2024, will offer its own exclusive charter flights with Southwind Airlines out of nine regional airports to Antalya and Dalaman in Turkey. Chief marketing officer John Milburn, who joined the company in January and previously worked for Hays Travel as home working and marketing director, said conversations will start next week with key travel agency consortia to strike commercial deals. Milburn said he hoped the operator would achieve around 35% of its sales via the trade.

Kuoni - Kuoni is to focus on future-proofing existing branches rather than expanding its presence on the high street, according to managing director Mark Duguid. Kuoni currently has 26 stores in the UK, including eight in John Lewis, 10 on high streets and eight in shopping centres. Duguid, who has been in the role for six months, said the current size of Kuoni's shop network "feels about right". Ex-Body Shop executive, Donna Hynes, starts as Kuoni retail director on July 31 to oversee the firm's shop network, while Sarah Weetman is to take on the separate, new role of head of trade partnerships to look after the brand's third-party agent relationships.

SOCIAL UPDATE

Meta announces new video features for Facebook

As Facebook continues to evolve from a social app into an entertainment platform, in line with broader industry trends, Meta is introducing some enhancements for video. First, the 'Watch' tab is being renamed to 'Video', and will use algorithmic matching to highlight the top performing Reels, long-form, and Live content from users. Meta has also redesigned its video Explore elements in order to better highlight popular video topics via a mix of human curation and machine learning. Finally, Meta is looking to facilitate more short-form video creation by integrating the Reels editing tools into the main feed and by adding the ability to view and comment on Instagram Reels without needing to switch between apps.

Instagram announces tighter rate limits on Threads

Instagram has announced that they will be introducing tighter rate limits on Threads to protect users from spam attacks by limiting rapid actions like mass follows and comments. Twitter recently implemented a similar rate limit, which left some users locked out of their accounts. However, Instagram has stated that those who think that they have been limited unfairly can contact them to address the situation. The impacts of these new limits on Threads users and how many people

will be affected by the restrictions are unknown, but it is seemingly a necessary step in order to stop third parties from manipulating social media systems and/or taking data without permission.

MICE UPDATE

VisitBritain joins The Business of Events

The Business of Events has confirmed VisitBritain as its latest official partner for its 2023 programme, marking a fifth year of consecutive support. VisitBritain, Britain's national tourism agency, aims to showcase that business events are more than just tools for economic growth, they are vital drivers for culture, education, and opportunity. VisitBritain is also home to The Business Events Growth Programme, a dedicated funding stream which to date has supported over 150 events in 19 cities across Britain, supporting key business sectors such as technology, creative services and medical and life sciences. Another key focus for the team has been to work closely with UK nations to further support CVBs as they continue to attract international business. This has been achieved through areas such as enhancing government advocacy for the Industry, investing in critical research, focusing on the legacy and impact of the sector and offering educational workshops and toolkits to boost knowledge on transformative trends.

LIGHTER NOTE

Lighter note

Check out the shortlist for 2023 Comedy Pet Photography awards [here](#).