

WEEKLY BRIEFING

26 May 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Mortgage rates rise after inflation surprise

Mortgage costs are rising after stronger than expected inflation figures this week raised forecasts of how high UK interest rates will go. The Nationwide building society said mortgage rates on new fixed deals would rise by up to 0.45 percentage points. Halifax and Lloyds Bank have also put their rates up this week. It comes amid expectations the Bank of England will have to raise interest rates higher than previously thought to slow the pace of price rises.

It had appeared rates were nearing their peak. However, this week official figures showed UK inflation in April slowed by less than expected to 8.7%. Markets now think the Bank will have to raise rates above their current level of 4.5% to as high as 5.5%.

Chancellor comfortable with recession if it brings down inflation

Jeremy Hunt has claimed that he is comfortable with Britain being plunged into recession if that's what it takes to bring down inflation. The chancellor said that he would fully support the Bank of England raising interest rates higher, potentially towards 5.5%, as it battled higher-than-expected prices.

Asked whether he was "comfortable with the Bank of England doing whatever it takes to bring down inflation, even if that potentially would precipitate a recession", he said: "Yes, because in the end, inflation is a source of instability".

US Congress inches closer to deal before holiday weekend

US president Joe Biden says progress has been made in talks with top Republican Kevin McCarthy over the US debt ceiling - even as Congress breaks up for a holiday weekend. The pair aim to reach a deal on raising the government borrowing limit for two years so it can keep paying its bills. Investors' fears of the US defaulting on its debts have grown - despite assurances that talks are progressing.

The debt ceiling is a spending limit set by Congress which determines how much money the government can borrow - an issue on which Democrats and Republicans disagree. With no deal yet struck, the Treasury has warned that the US will not have enough money to pay all of its bills as soon as 1 June.

Rishi Sunak denies he's lost control of rising migration

Net migration is too high, Rishi Sunak has said, after data confirmed levels hit a new record high last year. Immigration saw the country's overall population increase by 606,000 in 2022, according to the Office for National Statistics (ONS). Asked whether immigration was out of control, Mr Sunak replied: "Well, no, I think the numbers are just too high."

The prime minister said measures to tighten visa rules for overseas students which were put in place this week were "significant" and would bring levels down over time. In a bid to drive down net migration, from next year, only those on postgraduate research programmes will be able to bring their families to the UK. On Thursday, the ONS said that of the 925,000 non-EU nationals who came to the UK in 2022, almost 40% arrived on student visas - but it added that students "typically" don't stay long term, and the majority leave when their courses end.

TRADE UPDATE

TTG'S first quarterly travel agent tracker report of 2023

Agents are heading into the summer the most optimistic they've been since 2019, with a majority confident their business is in better shape than at any stage since the onset of the Covid-19 pandemic more than three years ago. These were among the key findings from TTG's first Travel Agent Tracker report of the year, which returns for 2023 in a new quarterly format - designed to look ahead to a more prosperous future and leave the Covid firmly in the rear-view mirror.

WTTC chief urges rapid deployment of SAF and renewable energy

The travel industry requires rapid development of sustainable aviation fuel and access to renewable energy in destinations if it's to meet decarbonisation and 'net zero' targets. World Travel & Tourism Council (WTTC) president and chief executive Julia Simpson laid out the challenges when she addressed Abta's Delivering Sustainable Travel Conference in London yesterday, saying: "Transport and energy are the main drivers of travel and tourism emissions."

Foreign Office updates entry rules for Dominican Republic

The Foreign Office has updated its travel advice for the Dominican Republic. It says that, from June, British tourists must have at least six months left on their passports from the date they arrive. Until 31 May, Brits can enter the Dominican Republic with a passport with less than six months validity, providing it is valid for the full proposed duration of their stay. British citizens travelling to the country don't need a visa for visits of up to 30 days.

AIRLINE UPDATE

British Airways - British Airways was forced to cancel more than 40 flights from Heathrow airport on Thursday (25 May) due to a technical issue. Both departing and arriving services were impacted and according to data analytics firm Cirium, the carrier cancelled 43 flights as of 5pm Thursday (25 May) – equating to 5% of all services to and from the London hub.

EasyJet - EasyJet has put nine new routes on sale from nine UK airports to destinations across the UK, France, Morocco, Tunisia and Iceland. Packages with easyJet holidays are available on eight of the new routes, with city breaks starting from £269 and beach holidays from £299. The budget carrier said it will become the only UK airline to operate to Akureyri in northern Iceland when flights launch from Gatwick twice a week from 31 October.

Emirates - Emirates' latest ad campaign and brand collaboration will feature Oscar-winning actor Penelope Cruz from mid-summer onwards. TV ads will start to air globally from June, in English and her native Spanish. They will feature the slogan of 'travel is not just about the end destination; it's also about how you get there' and show Cruz sampling Emirates' first and business class cabins.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

MSC Cruises - MSC Cruises aims to operate the first net zero greenhouse gas emissions sailing early next month. The line's liquefied natural gas (LNG) ship – MSC Euribia – will sail from French port Saint-Nazaire on 3 June and arrive in Copenhagen in Denmark on 7 June. MSC hopes to achieve net zero greenhouse gas emissions during the four-day cruise. MSC has bought 400 tonnes of bio-LNG to show its 'commitment to the deployment of drop-in renewable fuels', adding that it was the first 'deep sea ocean cruise operator' to buy it as a fuel source.

Travel Village - The Travel Village Group is trialling a new approach to fam trips to help widen knowledge among its agents and boost the return on investment for suppliers. Phil Nuttall, chief executive of the family-run agency, told a Travel Weekly webcast about the importance of trips to help staff when selling holidays, adding: "We sat down and analysed this, and we are now really making a big effort to give a return on investment to those operators who send us away."

Tui - The Tui group has secured a two-year extension of credit lines worth €2.7 billion in Germany as it continues to pay down and restructure debt accrued during the Covid-19 pandemic off the back of strong bookings. Tui confirmed the extension of its credit, comprising €1.65 billion made available by a syndicate of 19 banks and €1.05 billion by Germany's state-owned investment and development bank KfW, today. Money drawn on the revolving credit line will now be repaid, and the facility closed in July 2026 rather than July 2024, with interest rate conditions during the extended period linked to Tui achieving its emissions-reduction targets.

SOCIAL UPDATE

Meta's Twitter competitor app is set to be launched next month

Selected creators are now being briefed on how Instagram's text-based app, which is tentatively titled 'Barcelona', will function. The new app is essentially a simplified version of Twitter, more aligned with a chat-based feed due to the trend of conversation on Instagram shifting to DMs (direct messages), with the main feed becoming a discovery platform as some users move away from public posting activity. The new platform is designed to be like a giant group chat that anybody can join – which is similar to Twitter in concept, but with a more Instagram-specific tilt.

Meta adds new lead generation tools on Facebook

Meta is looking to help brands make more direct contact with consumers via Facebook, with a range of updates that will make it easier for users to connect with businesses via simplified, automated information sharing tools and processes. Firstly, they're adding a new way to utilise discount codes in-stream, whereby they will automatically apply an advertised code in the checkout. If a user goes through to the checkout, but doesn't complete the purchase process, they'll get another notification on Facebook before the deal ends providing an extra promotional opportunity.

MICE UPDATE

Cvent launches AI Writing Assistant

Cvent, the global meetings, events, and hospitality technology provider, has announced the launch of its AI Writing Assistant. The tool is incorporated directly within the Cvent platform and is designed to leverage the power of generative AI to streamline the content creation process. The AI Writing Assistant expands Cvent's growing suite of AI-powered products, which includes session and attendee recommendations. Cvent says its AI Writing Assistant leverages "cutting-edge natural language processing technologies" to help teams create content for event emails, event websites, session descriptions and request for proposal (RFP) responses for sourcing venues. The tool will be available to all Cvent users for free within its event marketing and management platform, including in solutions such as Attendee Hub, Registration, and Cvent Supplier Network.

LIGHTER NOTE

See tiny newborn meerkats explore zoo enclosure. Watch [here](#).