

WEEKLY BRIEFING

6 September 2024



ECONOMIC, SOCIAL AND POLITICAL UPDATE

Summer 2024 was world's hottest on record globally

Summer 2024 was the hottest on record globally, with temperatures in Europe 1.54°C above the 1991-2020 average, surpassing the previous record set in 2022, according to the Copernicus Climate Change Service. August marked the 13th month in a 14-month period where global temperatures exceeded 1.5°C above pre-industrial levels.

Although the UK experienced its coolest summer since 2015, much of Europe, including Austria, Spain, and Finland, faced record-breaking heat. The ongoing rise in temperatures, driven by both human activity and the El Niño phenomenon, suggests 2024 could become the warmest year on record.

UK house prices hit two-year high

UK house prices hit a two-year high in August, with the average property costing £292,505, reflecting a 4.3% increase compared to the previous year, according to Halifax. This rise in prices is partly attributed to a boost in buyer confidence following the Bank of England's interest rate cut in early August, the first in four years.

However, despite this improvement, affordability remains a significant challenge for many potential buyers, as mortgage rates, though slightly reduced, are still high. The strongest regional price growth was seen in Northern Ireland and the North West of England. Further interest rate cuts are expected, which could continue to influence modest growth in house prices.

Shop prices fall for first time in nearly three years

Shop prices in the UK fell for the first time in nearly three years in August,

decreasing by 0.3% compared to the previous year, largely due to summer sales by fashion and furniture retailers trying to clear stock amidst poor weather and ongoing cost-of-living pressures. Non-food items, particularly clothing and household goods, saw significant discounts, while food prices continued to rise but at a slower rate. Although households may welcome the price drops, the British Retail Consortium (BRC) cautioned that inflationary pressures could return due to factors like climate change and geopolitical tensions.

Help with energy bills urged for struggling pensioners

Citizens' Advice has called for better-targeted support, such as a "social tariff" for pensioners with the highest needs and lowest incomes as the UK government plans to scrap universal winter fuel payments, affecting those not on pension credit or other means-tested benefits. With gas and electricity prices set to rise by 10% in October, concerns are growing about the impact on vulnerable pensioners, especially amidst ongoing cost-of-living pressures.

Although the government defends the cuts as necessary to address a financial shortfall, there are fears this could lead to a public health emergency, and charities like Age UK are campaigning for a reversal of the decision.

TRADE UPDATE

European Airports to Reinroduce Strict 100ml Liquid Rule from 01 September

A strict 100ml liquid rule has been reintroduced across EU airports, bringing the bloc back into alignment with the UK. Airports in the UK and across the EU have this year been rolling out next-gen scanners allowing passengers to carry liquids of more than 100ml in their hand luggage, as well as leave larger electronic devices like laptops and tablets in their bags when they clear security. However, the European Commission in July said airports across Europe would go back to the old rules from 01 September, mirroring a move by the UK in June.

Industry leaders said the changes risked creating further uncertainty heading into the summer. National press reports suggest the reintroduction was not linked to any specific threat, but owed to a "temporary technical issue". Again, this aligns with the ruling by the UK's Department of Transport in June, which said its decision to reintroduce the 100ml liquid rule did not relate to a specific threat or risk.

Summer Prices 'Holding and Ahead of Last Year' as Late Deals Fail to Materialise

The British weather this summer, the coolest since 2015 according to the Met Office,

has driven the lates market with tour operators reporting high sales volumes at far from bargain basement prices as a result. "I've never known a summer like it," said Niall Douglas, managing director of Oxfordshire agency Full Circle Travel. "We've been so busy in what is typically our quietest period of the year. I think there have been a number of factors for that – the election and the Euros, tied in with the bad weather. There's been quite a lot of availability for the late stuff, and we've even had some people booking for the next day. The prices for the big boys like Jet2holidays and Tui have been fairly sensible. But when you look at flights for destinations like Portugal, the Canaries and Turkey – there are crazy high prices. I think the airlines know people are going to pay them. Package prices are without a doubt better value at the moment."

Looking at the bigger picture, data from Barclays shows consumer card transactions in travel agencies were up by 11.7% in August, with spend up 7.2% year-on-year. Given that 2023 was a record year, it is an indication that prices remain heightened. Kelly Cookes, the Advantage Travel Partnership's chief commercial officer, agreed the robust-demand, high-price scenario appears to have played out. "The strong sales we're seeing, along with the average selling price performance, demonstrates that prices are holding and are ahead of last year. Demand over the past few weeks has continued to be strong with mass-market sales up by 20% on last year, long-haul up by 15% and cruise up by 33%." However, she added consumers "are still very much seeking value for money. We can see this in the fact that all-inclusive remains incredibly popular."

Package Prices Resilient Among Strong Late Booking Market

"Resilient" package holiday pricing coupled with "strong late booking momentum" is making up for "softer" flight-only ticket price yields, Jet2.com and Jet2holidays has revealed. In a trading update issued on Thursday (5 September), Jet2 said booked package holiday customers, to date, were up by 8% year-on-year and now represented more than 70% of all departing passengers. Flight-only Jet2.com passengers, meanwhile, are up by 17%. "The continued demand momentum has served to offset softer flight-only net ticket yields, although package holiday pricing remains resilient and continues to show a modest increase on last year," said Jet2. On-sale seat capacity for summer 2024 now stands at 17.17 million – 12.4% higher than summer 2023.

Load factors, though, continue to lag behind summer 2023, although the gap is closing. "The months of July and August experienced strong late booking momentum with September currently showing a similar trend," said Jet2. "As a result, average load factor is now 1.2 percentage points (ppts) behind summer 2023 at the same point."

Border Force Disruption at Heathrow Airport

Hundreds of Border Force staff at Heathrow Airport started a four-day strike on 31 August in a long-running dispute over its inflexible new rosters programme. Research by the union showed that four in five Heathrow Border Force workers suffer from stress at work.

The Home Office has said there are plans in place to minimise disruption and that officials remain open to finding a deal for staff. After the four-day strike, Border Force staff will then work to rule and refuse to work overtime from 4 September until 22 September. A Home Office spokesperson said: "We appreciate the tireless work that Border Force does to keep our borders safe and secure, and we are committed to continuing our conversations with the union so we can find an agreement that works for both the public and staff. We will have robust plans in place to minimise disruption where possible, but we urge passengers to check the latest advice from operators before they travel."

AIRLINE UPDATE

Cathay Pacific - The Hong Kong-based carrier was forced to cancel dozens of flights earlier this week after a fleet-wide inspection identified 15 aircraft with faulty engine components. The inspection was instigated after a flight from Hong Kong to Zurich had to turn around owing to an "engine component failure". In a statement published on Wednesday (4 September), the airline said the fleet will resume operations by Saturday (7 September). However, another 11 return flights will be cancelled over the next three days, bringing the total number of cancelled return services to 45.

Loganair - Loganair has partnered with a manufacturer of a planned hybrid-electric aircraft to determine whether it can be flown by the airline. The regional carrier has joined with Sweden's Heart Aerospace to examine possible uses for its hybrid electric aircraft within Loganair's Scottish and UK network. Heart Aerospace is developing the ES-30, a four engine aircraft able to carry up to 30 passengers.

Virgin Atlantic - The carrier on Monday (2 September) confirmed it will launch restart flights between Heathrow and Toronto on 30 March 2025. These services will be operated as part of a joint venture with SkyTeam partners Delta Air Lines, Air France and KLM – and in partnership with Canada's WestJet. Virgin confirmed another two additions to its Heathrow network on Monday, with flights to Saudi Arabia's capital Riyadh also due to start on 30 March. Virgin will resume flying to Ghana's capital Accra a month later on 1 May.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Classic Collection - Classic Collection has agreed a deal with Ryanair to start packaging up holidays using the budget carrier's flights. Over the coming weeks, the operator – which is owned by On the Beach Group – will give its network of more than 3,000 agent partners the option to package Ryanair flights, should their clients want them

Scott Dunn - Alison Zacher joins the luxury brand from Flight Centre stablemate Corporate Traveller, where she was global director of operations and sustainability. Zacher brings more than 20 years' industry experience to her new role.

Thomas Cook - Thomas Cook's Chinese owners have sold the iconic brand to Poland's eSky Group, just shy of five years since Cook collapsed after 178 years. The deal ends a bid by Fosun Tourism Group to enter the mainstream UK market. Fosun, which also owns Club Med, was the largest single shareholder in Cook when it failed in September 2019.

SOCIAL UPDATE

Instagram introduces comments to Stories

The platform has introduced a new way to encourage more interaction amongst users, this time through Stories. A user can now comment on an Instagram story, these comments are then visible to all. Comments are shown at the bottom of the screen to not intrude on a creator's content, but this new update hopes to get people engaging as Instagram chief, Adam Mosseri, says more and more users are posting stories and responding via direct message. With this new chat-based prompt, this feature will make communicating amongst users easier which should build stronger connections to their network within the app.

Threads continues to gain momentum based on download charts

Threads has entered the top 10 chart for the most downloaded apps in July 2024 for the first time. It wasn't listed in the top 10 downloads for any other month since its launch, except in July 2023, the month when Threads was first released, where it rocketed to the top of the download charts. This shows the app is growing in popularity with approximately 26 million downloads across the IOS App Store and Google Play in July 2024, according to data from AppFigures. Outside of Threads, Meta dominates the chart with Instagram in the top spot and Facebook, Messenger and Whatsapp also making the top 10. This data shows that Threads is still maintaining growth and interest as more and more people download the app. If this

trend continues, more businesses and content creators will have to join the network to stay up-to-date in the social media landscape.

MICE UPDATE

AEV endorses first event management degree

The Association of Event Venues (AEV) has launched the AEV academic endorsement framework for event management degrees. The new endorsement framework follows nearly two years of development within the AEV academic working group, and will address four key attributes: technical skills, professional attributes, core values and events and venues expertise.

The AEV academic associate membership now includes eight universities: founding partner University of Greenwich, Manchester Metropolitan University, University of East London, Leeds Beckett University, University of West London, Birmingham City University, University College Birmingham, and Coventry University. Endorsement is open to any AEV academic associate member.

LIGHTER NOTE

Dogs can remember names of toys years after not seeing them, study shows. Find out more [here](#).