



Economic backdrop

Latest inflation (CPI)
up from 10.1% to

10.4%

Interest rates increased to 0.25% in March 23 to

4.25%

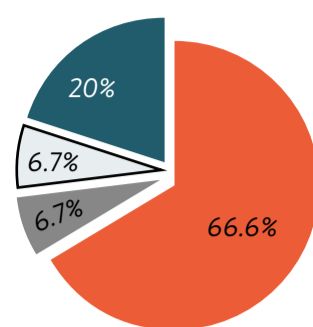
Latest unemployment rate remained at

3.7%

The unexpected inflation increase raised interest rates in March. While unemployment rate remained at 3.7%.

On our latest TTC Insights Travelcast, we asked travel businesses whether they are making any changes following the recent turmoil in the banking sector.

In view of recent bank issues, what are you planning to do differently?



One third of businesses plan to take steps of some kind to mitigate risk. The most popular response was to review treasury management policies.



Trading environment

In the past few weeks, several surveys about the travel sector have been released, indicating a positive outlook for the industry. According to a survey conducted by TTG and PwC, 54% of travel businesses are seeing bookings ahead of normal levels. At the same time, despite the cost of living crisis, 76% of the consumers surveyed were expecting to spend about the same or more on holidays in 2023 vs 2022.

Meanwhile, a survey of AITO members by Spike Insight revealed nearly 80% of consumers plan to take the same or more holidays in 2023 compared to before the pandemic. 74% of the travel businesses they surveyed were anticipating a rise in their turnover.

ABTA and Advantage have also seen similar levels of optimism from their surveys and among their members.

Will you spend more or less on holidays in 2023 than 2022? (Overall figures)

WHILE CONSUMERS ARE SPENDING CAUTIOUSLY, HOLIDAYS ARE A PRIORITY AND MOST EXPECT TO SPEND THE SAME OR MORE ON HOLIDAYS IN 2023 AS THEY DID IN 2022...



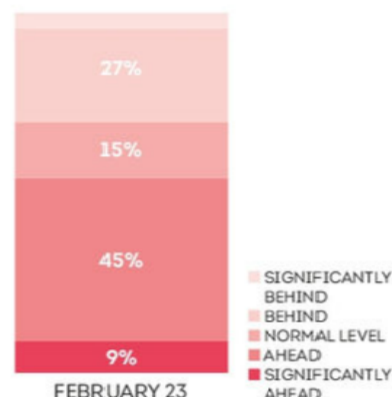
Note: % of respondents (Vs Oct percentage points)



What level of demand are you seeing for summer 2023 compared with the normal level for this time in the booking cycle?

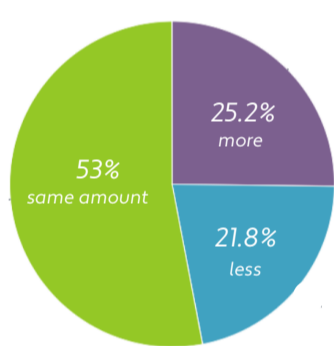
MOST BUSINESSES ARE NOW SEEING BOOKINGS AHEAD OF NORMAL LEVELS FOR THIS TIME OF YEAR

% of respondents

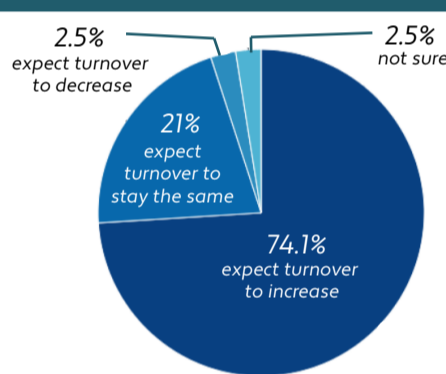


Source: TTG and PwC survey of 2,000 consumers and 33 travel operators in Feb 2023.

Overall in 2023, do you think you will be taking more, less or the same amount of holidays than you did before the pandemic?



What are your business's expectations for turnover in the next 12 months?



Source: Spike Insight survey of AITO members and their customers in Feb/Mar 2023.



"...despite the cost-of-living challenges, people are still keen to book a foreign trip. ABTA's new survey suggests that, for the majority of people, holidays are the 'non-essential' item they want to prioritise this year, with 54% saying they'll cut back on other non-essential costs so they can still afford to go on holiday."

Source: ABTA consumer sentiment research in Feb 2023.



"The UK is gearing up for a busy Easter break for travel. Across our travel agent partners we are seeing Easter weekend bookings up 6% [compared to Easter 2019] and are expecting Easter bookings this year to significantly outperform 2019."

Source: Travel Weekly - March 2023.



Company announcements

We've been all ears for recent company announcements to understand how trading is going for the travel sector. Here are a few things we found interesting this month.



"The company experienced the highest booking volumes for all future sailings for any quarter in its history. Both the company's NAA and Europe segments broke records... the company's Europe segment continued to see an extension of its booking curve, which is over 80% recovered compared to 2019 levels."



"Last year we saw average fares rise by 20pc. There's going to be a second year of low double digits price inflation, because there is no capacity. I think this year there is a reasonable prospect... [during] the summer average air fares will be up 10-15pc again."



"Shorter durations are proving popular with flexibility provided by third party flying and TUI's expanding city offering. Four and five star resorts remain most popular across all regions of the UK."



"Both businesses share outstanding momentum having each delivered exceptional growth in 2022 as well as record-breaking performances in January 2023. I am confident that this move will only serve to strengthen both business' momentum..." (Steve Byrne, CEO, speaking about Travel Counsellor's acquisition of Holidaysplease.)

Regulatory horizon

- Monthly and quarterly ATOL and ABTA returns due
- CAA publishing latest authorisation limits in coming days
- Following last month's deadline to submit views on the latest ATOL Reform document, we eagerly await the CAA's response

Dates for your diary

- April 2023**
- 18:** Barclays Travel Forum
 - 25:** ABTA Aviation Forum
 - 27:** TTC Insights Travelcast

Accounting corner

- Changes from April 2023:**
- Minimum wage rises to £10.18
 - Corporation tax rises to 25%
 - Business rates revaluation comes into affect
 - Reduction in dividends allowance
 - Additional changes here