

# TRANS•ATLANTIC®

THE U.S. MARKET FOR TRAVEL TO EUROPE • JULY 15, 2013

## SOLID TRANS-ATLANTIC TRAFFIC GROWTH

1. **Overall trans-Atlantic traffic increased 3.6 percent in June**, confirming the positive turn seen first in May, according to combined figures from the leading carriers.

Combined capacity grew for the third consecutive month, by 2.8 percent. For the 15 months previous to April 2013, there had been no growth and considerable decline in trans-Atlantic capacity. The combined load factor for June was an airline-pleasing 90.5 (compared to 89.9 a year ago).

Further confirming the trend, combined trans-Atlantic traffic for *all* airlines was up 4.1 percent in May (well over the 3.2 percent reported by the six leading carriers), as counted by Airlines for America and the Association of European Airlines. See the **Trans-Atlantic Traffic Trends** chart.

### NEXT ISSUE: Outlook for Off-Peak Airfares

2. **U.S. traffic to Europe also seems to be recovering.** At 1,206,206 departures in May, it was down only 0.6 percent compared to May 2012. For the year through May, U.S. visits to Europe are down 2.0 percent. June could be the first month of 2013 for which the U.S. Dept. of Commerce reports an increase. See the **Volume of U.S. Travel** chart.

However, **U.S. visits to Britain continued to decline**, according to preliminary figures. See No. 8 below.

## JOBS ARE UP AGAIN IN THE U.S.; CONFIDENCE HOLDS STEADY

3. **The U.S. jobs report for June was good news**, with 195,000 people added to payrolls, and with estimates for April and May revised upward by 70,000 jobs (+21 percent).

Important detail: **Increases in leisure and hospitality jobs accounted for 38 percent of the total increase.** The federal sequester cuts were not yet hurting; federal jobs were down by only 5,000.

Unemployment, however, remained at 7.6 percent, which helped reduce fears that the Federal Reserve would soon begin "tapering" its bond-purchasing stimulus program.

4. **The Dow was on the rise again, reaching 15,464** on Friday. The price of **oil soared to \$106** per barrel, before pulling back a little (the rise was attributed to a decline in U.S. reserves and worry that the Egypt crisis could interrupt shipments). **Gasoline has remained relatively stable at \$3.55 a gallon.**
5. **Consumer confidence remained high.** The Thomson Reuters/Univ. of Michigan index dropped very slightly to 83.9 in early July from a revised 84.1 in early June. Previously, the Conference Board index rose strongly, to 81.4 in late June from a revised 74.3 in late May.
6. **The dollar rose steadily over the past month** from €0.75 to €0.78 last Wednesday. Then it dropped to €0.765 over two days.

#### THE EURO-ZONE IS STILL WORRIED

7. **European economies continued to struggle:** Greece won more funds from the euro zone and the International Monetary Fund last week. The initial €2.5 billion lifeline will enable Greece to avoid default in August, but the remaining €3.3 billion will be “drip-fed” as austerity reforms are implemented.

Euro-zone ministers were also newly worried about Portugal’s reform program and Slovenia’s large bank debt.

Italian bonds were downgraded to BBB by Standard & Poor, which lowered its growth forecast from -1.4 to -1.9. Italy’s costs of borrowing were expected to rise as a result.

#### BRITAIN: U.S. VISITS SLIDE; SO DOES VISITBRITAIN BUDGET

8. **U.S. and North American visits to Britain continued to decline**, with the latter down 5 percent for May, according to preliminary figures from VisitBritain. For the first five months of the year, traffic from North America was down 6 percent, with traffic from the U.S. down a startling 10 percent.

But visits from *all* foreign destinations are up 4 percent for May and up 2 percent for the year through May, VisitBritain said. Especially reassuring, overall spending was up 10 percent for the year; even from the U.S., spending was up.

U.S. traffic to Britain was flat in 2012 at 2.84-million visits.

9. Fearing a budget cut of more than 10 percent, **VisitBritain was relieved to be told that it would lose only 5 percent** in the 2015-16 fiscal year. The total from the Cameron government will be somewhat less than £20 million. Chairman Christopher Rodrigues called it a “good result.” VisitBritain also counts on partner funding from

British Airways, EasyJet and others that amounts to £12 million this year.

But the budget is not large when spread across Britain's 21 target markets, with relatively small investment in a handful of metro regions in the U.S. and Canada.

## ANOTHER DREAMLINER FIRE

10. As of Saturday, **there was no word on what caused the fire Friday aboard a parked and empty Boeing 787 at Heathrow.** The aircraft, operated by Ethiopian Airlines, was the first to fly with redesigned batteries after a 4½-month grounding of all 787s.

The fire appeared to have burned through the composite-fiber skin below the lefthand horizontal stabilizer.

11. **The actions of the pilots are drawing most of the attention in the investigation of the July 6 Asiana accident** at San Francisco Airport. Three people died and scores were hurt; the miracle was that so many of the 307 aboard survived.

So far, no mechanical problems have been cited in this first fatal accident involving a 777 since it entered service in 1995. Boeing says it has delivered more than 1,100 777s, many of them are flying trans-Atlantic routes.

12. **British Airways will assign its first A380 jumbo jet to its Los Angeles-Heathrow route;** the first flight is scheduled for Sept. 24. Air France and Lufthansa have been flying A380s to Europe from Los Angeles, New York and other gateways for several years. No U.S. carriers are flying the double-deck jet.

**Aer Lingus will launch flights (five weekly) from San Francisco to Dublin next March.** Aer Lingus now flies from New York, Boston, Chicago and Orlando. Also, flights from Toronto to Dublin will begin during the winter.

13. **High-speed platforms are now operating beneath the Bologna rail station,** separating the high-speed Frecciarossa and Italo trains from regional trains that use the original top level. The underground platforms are part of the Passanante high-speed tunnel under the city. While Rome-Milan high-speed service opened in Bologna a year ago, the station reconstruction project won't be completed before 2016.

Also open, to the northwest, is the new Mediopadana station, serving Reggio Emilia. Eleven high-speed trains will stop in each direction daily. Santiago Calatrava was the designer.

14. **King Albert II of Belgium, 79, will abdicate July 21;** his 53-year-old son, Philippe, will ascend to the throne. The monarchy is a unifying institution in a country that is badly divided between Flemish and Walloon.

In April, Queen Beatrix of the neighboring Netherlands abdicated in favor of her son, Willem-Alexander.

15. **Exhibitor registration for the Visit Europe Media Exchange continues.** VEMEX will open in **Toronto** on Friday, Nov. 15; then go to **New York** on Monday, Nov. 18; and to **San Francisco** on Wednesday, Nov. 20. For information and registration, go to **VisitEuropeMediaExchange.com**.

Media registration will open in August.

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## Trans-Atlantic Traffic Trends, June '13

Compared to previous year, +/- percent

RPMs	July '12	Aug. '12	Sept. '12	Oct. '12 **	Nov. '12 **	Dec. '12	Jan. '13	Feb. '13 ***	March '13	April '13	May '13	June '13	ASMs (June '13)	load factor
Delta (Sky)	- 6.7	- 5.1	- 0.3	- 3.0	- 3.1	- 4.3	- 6.4	- 8.8	- 5.7	- 3.2	+ 2.0	+ 4.8	+ 4.1	91.0
Air France/ KLM (Sky)	+ 2.0	+ 0.0	+ 1.1	- 3.3	+ 1.0	- 0.1	- 0.7	- 1.8	+ 0.5	+ 3.2	+ 4.5	+ 2.4	+ 1.9	90.8
United (Star)	- 5.8	- 2.4	- 5.3	- 9.6	- 7.2	- 4.6	- 4.7	- 9.1	- 6.8	- 4.1	- 1.3	+ 1.0	- 0.3	89.0
Lufthansa/ Swire/ Aus. (Star)	+ 2.1	+ 4.2	+ 0.4	- 1.0	+ 3.4	- 0.8	+ 2.2	+ 4.6	+ 9.8	+ 4.3	+ 8.4	+ 7.7	+ 7.5	90.0
American (One)	- 3.3	- 0.6	- 0.7	- 8.5	- 7.8	- 4.9	- 6.8	- 11.0	+ 5.0	- 4.8	- 0.1	- 0.8	- 2.8	91.5
British Airways/ Iberia (One)	+ 4.1	+ 6.2	+ 6.9	+ 2.4	+ 3.1	- 1.9	+ 1.2	- 1.4	- 1.0	- 0.4	+ 3.5	+ 4.8	+ 2.0	91.2
Leading-carriers combined *	- 1.3	+ 0.4	+ 0.4	- 3.8	- 1.8	- 2.8	- 2.5	- 3.7/- 0.2	0.0	- 0.3	+ 3.2	+ 3.6	+ 2.8	90.5
All carriers (Airlines for America + Association of European Airlines)	- 0.5	+ 1.9	+ 1.4	- 3.5	- 1.1	- 1.5	- 1.0	- 3.0/+0.4	+ 0.3	- 0.2	+ 4.1			
U.S.-citizen departures to Europe, Dept. of Commerce	+ 0.8	+ 7.6	+ 1.8	+ 1.0	+ 0.2	+ 1.5	- 2.9	- 2.7/+0.8	- 3.1	- 2.0	- 0.6			

\* Beginning with February '13, "Leading-carriers combined" gives percent +/- in combined total RPMs. Previously given is an average of the percent +/- reported by each of the six carriers. \*\* Hurricane Sandy reduced flights and traffic to and from U.S. Northeast Oct. 29-Nov. 3. \*\*\* February '13 had one day less than February '12, thus average DAILY combined RPMs were down only 0.2 percent.

Note: Figures include traffic (Revenue-Passenger Miles) generated on both sides of the ocean. Lufthansa figures include traffic between Europe, and Canada, Mexico, the Caribbean and South America; Air France/ KLM figures include the same, minus the Caribbean; British Airways/ Iberia figures are for North America only. U.S.-carrier figures include trans-Atlantic traffic beyond Europe. Despite these caveats, they remain our best immediate trend indicators. Capacity is measured in Available-Seat Miles.

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### VOLUME OF TRAVEL TO EUROPE BY U.S. CITIZENS

MAY 2013

From monthly air-travel reports issued by the U.S. Dept. of Commerce, Office of Travel and Tourism Industries. Totals are for U.S. citizens departing U.S. gateways on flights with first arrival in Europe (including the Russian federation).

Since July 2010, data has been collected from airlines before departure by the Dept. of Homeland Security via the new Advance Passenger Information System (APIS). This more accurate system has revealed that U.S.-citizen departures were previously overcounted, by as much as 20 percent per month. Thus the significant minus figures reported for July 2010 through June 2011 do not reflect actual decreases of that magnitude. Indeed, independent data indicates that traffic increased through much of that period.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% change from 2012
<b>January</b>	671,177	713,703	748,042	734,184	739,893	753,241	668,221	664,807	568,471	580,304	563,169	- 2.9
<b>February</b>	591,131	655,434	649,274	638,319	626,434	668,385	568,968	544,768	414,958	493,931	480,637 *	- 2.7/ + 0.8
<b>March</b>	808,794	982,275	992,917	1,025,478	1,041,834	982,679	847,090	852,371	773,308	823,312	797,405	- 3.1
<b>April</b>	679,570	929,359	944,616	990,345	998,978	968,486	940,279	761,418	806,302	832,117	815,393	- 2.0
<b>May</b>	979,655	1,229,897	1,280,025	1,368,704	1,386,300	1,318,802	1,241,375	1,232,279	1,157,885	<u>1,213,377</u>	<u>1,206,206</u>	<u>- 0.6</u>
										3,943,041	3,862,810	- 2.0
<b>June</b>	1,205,280	1,432,810	1,463,636	1,585,248	1,607,434	1,521,619	1,397,017	1,545,950	1,431,960	1,498,656		
<b>July</b>	1,209,944	1,293,447	1,383,904	1,450,854	1,467,596	1,334,096	1,383,704	1,239,156	1,288,805	1,299,502		
<b>August</b>	1,049,258	1,106,643	1,096,385	1,159,246	1,235,953	1,122,497	1,204,945	969,046	1,047,001	1,126,098		
<b>September</b>	1,055,536	1,169,280	1,208,755	1,245,357	1,297,046	1,180,564	1,163,697	1,122,203	1,119,104	1,138,691		
<b>October</b>	872,409	897,683	941,909	980,856	1,038,804	916,328	920,191	831,219	844,142	852,344		
<b>November</b>	785,206	821,219	811,118	816,098	856,815	765,079	748,994	640,639	644,948	646,447		
<b>December</b>	<u>888,149</u>	<u>900,717</u>	<u>902,504</u>	<u>913,995</u>	<u>954,698</u>	<u>888,886</u>	<u>845,496</u>	<u>688,213</u>	<u>729,039</u>	<u>739,858</u>		
<b>Final **</b>	10,796,109	12,132,467	12,423,085	12,908,684	13,251,785	12,420,662	11,929,977	11,092,069	10,825,923	11,244,637		
	10,992,891	12,243,834	12,552,629	12,995,893	13,329,777	12,505,627	11,979,018	11,103,708	10,825,923	11,244,637		

\*\* Final totals through 2010 adjusted upward by the U.S. Dept. of Commerce, Travel and Tourism Industries, in annual report as late filings were received from carriers. Beginning with 2011, December total is final.

\* Because February '12 had 29 days, average DAILY increase for February '13 was 0.8 percent.