

WEEKLY BRIEFING

08 December 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Average two-year mortgage rates fall below 6% and The Bank of England estimates increased mortgage payments for 5 million people by 2026

Mortgage rates on a typical two-year fixed deal have dropped below 6%, reaching 5.99%, the lowest since mid-June, reports Moneyfacts. Intense competition among providers to attract new homeowners and retain existing customers has contributed to the decline, with analysts suggesting that the Bank of England's base rate has peaked. During Liz Truss's premiership, the rate on a typical two-year fixed mortgage rose sharply, peaking at 6.86% in late July and steadily falling since.

The Bank of England's Financial Stability Report estimates that by 2026, five million mortgage holders will experience increased payments, with just under 900,000 facing jumps of over £500 per month due to higher interest rates. David Hollingworth from L&C Mortgages notes that the best rates for two-year fixed deals are below 5%, while five-year deals are under 4.5%. However, these rates remain higher than those paid by many homeowners over the past decade. Hollingworth advises early mortgage preparation and locking in suitable deals, cautioning against inaction, as default standard variable rates can be expensive.

World leaders discuss how to tackle climate change at Cop28

During Cop28, Sultan Al Jaber, the leader of the UAE's state-owned oil company, Adnoc, sparked controversy when he was reported to have dismissed the need for a fossil fuel phase-out to limit global heating to 1.5°C. Following outrage from climate scientists, Al Jaber held an emergency press conference to clarify his stance, stating that a phase-down and phase-out of fossil fuels were "inevitable and essential."

Despite the concerns, Cop28 emphasised progress, citing achievements such as the loss and damage fund, a \$30bn private market climate vehicle, bringing 51 oil companies to agree decarbonisation targets and 119 countries to sign a pledge to triple renewable energy. However, an analysis showed a record number of fossil fuel lobbyists had access to the event. This amounted to more than 2,400 people, four times more than were registered the previous year.

UK government's veto of Scotland's gender reform bill ruled lawful

Scotland's highest civil court has ruled that the UK government acted lawfully in blocking Holyrood's controversial gender reform bill. The Gender Recognition

Reform (Scotland) Bill became a constitutional dispute in January when the UK government blocked it from receiving royal assent and becoming law.

Legislation making it easier for people to change their legally-recognised sex was passed by Scottish MP's last December. It then became a constitutional dispute in January when the UK government took the unprecedented step of using a Section 35 order to stop the bill from receiving royal assent and becoming law.

TRADE UPDATE

Brits ready to take multiple holidays next year and up their spend

Nearly six in 10 Brits are ready to book three or more holidays next year, as well as splash out on five- star luxury rooms, flight upgrades, and fine dining – creating opportunities for agents to upsell during peaks. According to Luxury Escapes, 59% of UK travellers plan to book at least three holidays next year, with one in three looking to spend at least £3,000 per getaway. Despite the cost-of-living squeeze, 69% of Brits said they were willing to spend the same amount – if not more – on international travel next year than they did this year.

Travel reaping rewards of positive 'turning point for consumer confidence'

Non-essential spending hit its highest level since the spring last month, with consumers continuing to defy cost-of-living pressures and divert spend towards travel, according to new monthly figures from Barclays. The new data from Barclays confirms that the travel sector has now recorded double-digit growth in 11 of the past 12 months, with the bank's polling suggesting that a fifth of consumers (19%) are planning more holidays in 2024 "to make up for trips missed during lockdowns".

Year-on-year spending with agents and airlines rise

Year-on-year spending with travel agents increased by 9.2% in November, down slightly from a 9.6% jump in October, while total travel agent transactions grew by 14.7% year-on-year, up by 2.4% compared to October 2023. It follows a 7.1% rise in spend with agents in October. Spending with airlines, meanwhile, increased by 14% year-on-year in November, with total transactions rising by nearly a quarter (23.4%) compared to the same month last year. Total spending on travel increased by 10.5% year-on-year in November, covering spend with travel agents and airlines, as well as on public transport and "other travel".

UK aviation 'emphatically needs growth' insists DfT director

The UK Department for (DfT) is committed to facilitating growth in flying despite the challenges of decarbonising aviation. DfT aviation director David Silk told the Airlines 2023 Conference in London last month, "It's emphatically the case that we need growth. UK aviation accounts for 200,000 jobs. It's important for trade. It's important for inward investment and to generate investment in technology to ensure we reach sustainability over time."

Almost 14m people 'already booked' elements of 2024 holidays

Almost 14 million people have already booked elements of their foreign travel for next year with an average spend of £1,756, new research suggests. The American Express study reveals that consumers plan an average of two holidays in 2024. Fear of missing out is the biggest driver of early bookings, with more than a third (37%)

booking early to avoid disappointment from sold-out flights or accommodation.

Having something to look forward to over the winter months (31%) follows closely second, according to the poll of 2,000 adults. Spain is the top destination for 15% of people, followed by Italy (12%), France (11%) and Greece (10%). The US comes in joint fifth with the Canary Islands (both 8%). Almost a fifth (17%) are looking to travel to off-the-beaten-track destinations.

Eco accreditation will become minimum requirement, says On The Beach chief

Investment in sustainability and its accreditation will become a minimum requirement for everyone operating in travel, according to On the Beach Group chief executive Shaun Morton.

He reported that On the Beach has partnered with the sustainable certification platform and consultancy Bioscore to identify hotels that meet Global Sustainable Tourism Council (GSTC) accreditation standards.

AIRLINE UPDATE

Alaska Airlines – Alaska Airlines has agreed to take over Hawaiian Airlines in a deal worth \$1.9 billion. The two carriers carry a combined 54.7 million passengers a year and claim their complementary networks will provide greater choice for passengers. The deal aims to unlock more destinations for consumers and expand choice of critical air service options and access throughout the Pacific region, continental US and globally, according to a statement.

British Airways – British Airways has announced two new routes from Edinburgh Airport, which are on sale from Thursday (December 7) for the summer 2024 season. For the first time, the flag-carrier will offer twice-weekly flights from Edinburgh to San Sebastian in Spain's Basque Country and weekly flights to Olbia in northeast Sardinia, Italy.

LATAM – LATAM Airlines has re-established a direct air link between the UK and Peru, the first since BA axed its Lima service during the pandemic. Its five-times-weekly Heathrow-Lima service was inaugurated at the weekend. LATAM will operate the route on Mondays, Tuesdays, Wednesdays, Fridays and Sundays. It becomes LATAM's second direct route linking the UK with Latin America, complementing its daily London-Sao Paulo service.

Norse Atlantic – Norse Atlantic Airways entered the winter season in November by expanding charter operations. The long-haul low-cost carrier completed one charter to Antarctica and four ACMI (aircraft, crew, maintenance and insurance) leases. Since the Antarctica flight, they have received a large volume of other charter enquiries. The airline has also started its first services from Gatwick to Barbados and Jamaica.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

On the Beach – On the Beach is forecasting a rebound to profitability for its

trade-facing Classic Collection Holidays and Classic Package Holidays brands in 2024. The projection came as the OTA revealed an almost £10 million improvement in overall annual pre-tax profits to £23.6 million as group total transaction value surpassed £1 billion for the first time in the year to September 30. Classic Collection Holidays' losses deepened to £1.3 million from £400,000 the previous year, while Classic Package Holidays achieved an operating profit of £100,000 against a loss of £300,000.

Travel Counsellors - Travel Counsellors membership has hit record levels, with the number of business owners on its books tipping 2,000 as its post-pandemic expansion continues. The company revealed the milestone after recruiting 300 new members over the past year to date, 20 of those coming in November alone. This is up 30% on last year, when Travel Counsellors recruited 210 members.

TUI - TUI is working towards becoming "more profitable, more efficient and stronger" across all of its segments, chief executive Sebastian Ebel has said, despite the myriad macroeconomic and geopolitical challenges facing the business and the wider travel and tourism sector. TUI UK & Ireland improved underlying annual earnings to €71 million after a "significant loss" in the previous year of €102 million. TUI Group carryings rose by 19% to 19.1 million in the year to September, fuelled by a strong summer. Overall revenue exceeded €20 billion for the first time with a rise of 25% year-on-year to deliver a doubling of underlying profits to €977 million. Europe's largest travel group hailed "very strong demand" for holidays over the 12 months.

SOCIAL UPDATE

TikTok users spend half their time in the app watching clips over a minute

In a bid to compete with the creator monetisation opportunities of YouTube, TikTok is encouraging influencers to focus on longer-form content. During a recent private event, TikTok executives told creators that users are now spending half of their time on the app watching content exceeding one minute. Creators who post videos longer than a minute reportedly experience five times the growth rate in followers compared to those who only post short videos. The move towards longer content could help TikTok close the monetisation gap and diversify its advertising options. The success of this strategy will depend on whether users embrace the shift towards more extended content on the platform.

Instagram tests new 'Hype' option to encourage engagement with Stories

Instagram is currently experimenting with a new 'Hype' option designed to boost engagement within Stories. Some users are now encountering this feature, which allows them to post comments on a Story that will be visible to other users in-stream. The default at present is that any replies to a Story are sent as a direct message to the creator. However, 'Hype' comments will be displayed on users' Stories, meaning anyone who views an update, can see what other users are commenting. This update represents another interactive feature as Instagram strives to incorporate more direct engagement and interaction tools.

MICE UPDATE

VisitBritain's First Association Conference Heads to Edinburgh in 2024

VisitBritain has announced its inaugural Association Conference will be held at the Edinburgh International Conference Centre from February 5 to 7, 2024. In collaboration with MeetEngland, Meet in Wales, and VisitScotland Business Events, the conference aims to explore the theme of "impact beyond the plenary." The event will bring together association meeting planners, suppliers, and decision-makers to discuss strategies that enhance the positive impact of conferences. Workshops and panel sessions will focus on the future needs of the business events industry, showcasing Britain's intellectual capital, services, and venues. The VisitBritain Association Conference 2024 promises to be a landmark event, fostering collaboration and innovation in the business events landscape.

LIGHTER NOTE

Exciting clinical trials of new stem cell injection treatment shows promise for halting multiple sclerosis. Find out more [here](#).