

TRAVEL BUSINESS ANALYST

Markets • Marketing • Strategy

ASIA PACIFIC • DECEMBER 2010

Market Monitor

Percentage change unless noted otherwise. Latest months listed first. Sources not shown are usually relevant principals. E=estimate, P=provisional, TBA=Travel Business Analyst.

- World Travel Industry Index: 2010: Sep +6E; Aug +6E; Jul +10P; Jun +12.7; May +12.4; Apr +1.3; Mar +8.5; Feb +8.1; Jan +7.3. 2009: Dec +5.4; Nov +2.4; Oct +0.7; Sep +0.7. TBA.
- Asia Pacific Travel Industry Index: 2010: Sep +4E; Aug +8E; Jul +10P; Jun +18.7; May +16.8; Apr +7.2; Mar +13.0; Feb +15.5. TBA.
- World airport passengers; ttl, intl: 2010: Aug +5.4; Jul +6.7 +9.6; Jun +7.4 +10.1; May +7.6 +10.2. ACI.
- World air traffic, RPKs: Sep +10.5; Aug +6.4; Jul +9.2; Jun +11.9; May +11.7; Apr -2.4; Mar +10.3. IATA.
- World hotel occupancy, pts: 2010: Aug +2.9; Jul +6.0; Jun +7.3; May +6.0; Apr +3.9; Mar +6.3; Feb +2.2. TBA.
- World travel stocks index, on 100: 2010: Oct 90; Sep 85; Aug 75; Jul 73; Jun 66; May 68; Apr 76; Mar 75. TBA.
- World visitor arrivals: 2010: Aug +5.0; Jul +7.0; Jun +9.3; May +10.7; Apr +1.8; Mar +8.9. WTO.
- AsPac airlines seat sales: 2010: Aug +10.8; Jul +19.0; Jun +24.7; May +17.0; Apr +9.2. AAPA.
- AsPac airport passengers; ttl, intl: 2010: Aug +8.3; Jul +13.6 +17.5; Jun +17.3 +24.4; May +13.9 +18.8. ACI.
- AsPac air traffic, RPKs: 2010: Sep +8.6; Aug +6.2; Jul +10.9; Jun + 15.5; May +13.2; Apr +3.5. IATA.
- AsPac hotel occupancy, pts: 2010: Aug +6.3; Jul +7.5; Jun +10.2; May +9.8; Apr +7.2; Mar +12.96. TBA.
- AsPac travel stocks index, on 100: 2010: Oct 129; Sep 125; Aug 104; Jul 99; Jun 87; May 86; Apr 96. TBA.
- AsPac visitor arrivals: 2010: Aug +11.3; Jul +17.7; Jun +20.0; May +18.2; Apr +8.8. WTO.
- Air France seat sales, Asia: 2010: Oct +5.5; Sep +4.2; Aug -0.1.
- Australia resident departures: 2010: Sep +15.4; Aug +10.6; Jul +9.0; Jun +23.2. PATA.
- Australia visitor arrivals: 2010: Sep +8.3; Aug +8.8; Jul +11.0; Jun +11.1; May +0.4. NTO.
- Bali visitor arrivals: 2010: Jul +10.3; Jun +15.2; May +8.1; Apr -0.7; Mar +20.7. PATA.
- Bangkok airport visitor arrivals: 2010: Feb +27.1; Jan +32.4. PATA.
- British Airways seat sales, AsPac: 2010: Oct +0.2; Sep -6.4; Aug -11.1; Jul -13.6.
- Cathay Pacific seat sales: 2010: Sep +18.4; Aug +9.7; Jul +19.5; Jun +27.5; May +12.0; Apr -3.6.
- China citizen departures, estimates: 2010: Sep +14.7; Aug +26.0; Jul +39.0; Jun +50.9; May +45.2; Apr +17.8. TBA.
- China foreign visitor arrivals: 2010: Sep +23.0; Aug +17.2; Jul +18.5; Jun +30.7; May +30.2. PATA.
- China Southern seat sales: 2010: Sep +20.0; Aug

contd on p5

Hotels

Langham thinks big

Langham Hotels International (LHI) has 13 hotels open, 12 under construction, and it wants to have 50 by 2015. Four hotels will have opened this year, and five more are due in 2011, see table.

Following is an update on the company:

• **Growth.** Substantially in Asia, true to its Hong Kong base. But less true to its aspirations to become a global brand, as the company name - *taken from the Langham in London, of which it is particularly proud, and from which it makes much of its service and standards criteria* - indicates.

LHI calls its activity sphere "the new Silk Road" - from Europe to Middle East and Asia. In fact, a surprising 30% of its business comes from the US. It has hotels in Boston and Los Angeles, and it would like others in more gateway cities.

LHI has said it is looking to spend US\$1bn on expansion. Proposals must be in the "right locations", fit into the LHI brands, and make economic sense.

• **Brands.** Small hotel groups usually have difficulties with brand standards and separation of them in a way clear to customers. LHI's brands have evolved, and probably will take another adjustment as the company gets closer to its 50-hotel target.

Currently, brands are Langham, Langham Place (LP), Eaton. The company puts Eaton at 4-star, but with our own simplified categorisation (5 stars, and no 'plus', 'grand', etc), we would put Langham touching 5, LP 4, and Eaton 3.

We believe the LP hotels would have been better served for the future with the 'Langham' prefix - 'Place' or 'The Place' - if only to help consumer awareness of a difference. Probably, though, the Langham name was needed initially for LP to make the link with Langham standards.

Eaton is also complicating consumer awareness by having three sub-brands - House (residences), Smart, Luxe. Unsurprisingly, Luxe is at a higher level, making it little different from LP which, in turn, may cause consumer confusion. In Shanghai, for instance, the EL will have 40sqm rooms. The company says that if the hotel was in the centre of the city it might have had a different designation.

Another group, Shangri-La, once designated hotels by their location not their qualities (those in smaller cities or non-central locations were Shangri-La Inns), but eventually realised that the hotel standards decide the designation, not the location.

• **Style.** Growth helps - "our job will become easier with more flags on the map," says Bob van den Oord, head of sales & marketing. And its social drive - "stim-

contd on p3

MARKET OUTLOOK

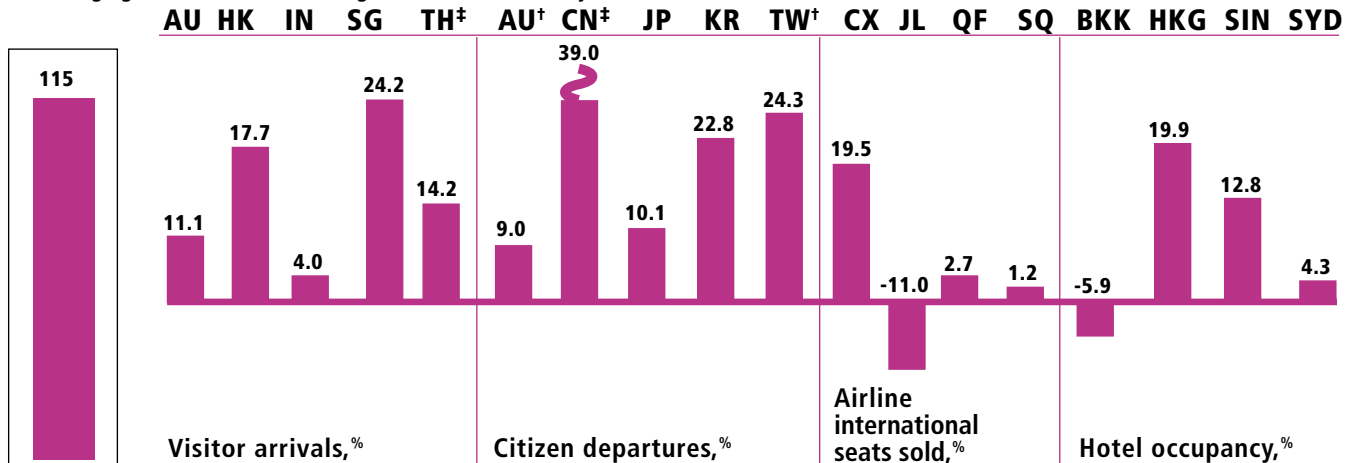
Headlines

Commentary on tables

- **Barometer.** Overall travel index at 15% above same month in 2009.
- **Inbound trends.** Forecast for next 12-month period - *China* adds another 1mn to top 30mn. Little change for *Hong Kong, Singapore, Thailand*.
- **Outbound trends.** Forecast for next 12-month period - our *China* estimates show an astonishing jump from 67mn to 72mn. How out of touch are well-qualified commentators remarking that in the next 20 years, *China* will overtake the *Germany* outbound market! In some measures, that has already happened! And *Japan* slips to 17mn.
- **Forecasts.** Airline profits to fall?

Barometer

Percentage growth in latest matching month* available; July 2010



Notes: See Master Notes, page 6. Top 4/5 in each category, in order of size. BKK = Bangkok, HKG = Hong Kong, SIN = Singapore, SYD = Sydney. *Compared with same month, previous year. †Residents. ‡Estimate by Travel Business Analyst. A = Base 100 at same month last year. Source: see relevant tables on following pages.

Visitor arrival trends*, next 12 months

Source	Number, x1000
China	30,066
Hong Kong	13,963
Singapore	13,445
Thailand	17,367

Notes: *Statistical base on past performance; aggregates for latest 3 and 6 months, and full calendar year. Source: NTOs, Travel Business Analyst.

Official* travel industry forecasts

Item	Date†	Forecast	Source
China outbound travel, '10	Oct	50m, +30%	TBA
Airline profits, '11	Sep	\$2.5b, -72%	IATA
World visitor arrivals, H2 '10	Sep	+4-5%	WTO/TBA
Conrad hotels in world, '14	Sep	29; now 15	company
Starwood hotels Greater China, '14	Sep	146; now 60	company
Accor hotels in Vietnam, '15	Sep	23; now 10	R&M
Malaysia visitors, '10	Sep	25.3m, +7%	R&M
Malaysia visitors, '10	Sep	24m, +2%	DMO
Club Med China customers, '15	Sep	200k; now 23k	company
World visitor arrivals, H2	Sep	+4-5%	WTO/TBA
Thailand visitors, '10	Jul	14.5m, +2.5%	NTO
Narita airport passengers, '10-12	Jul	+1.6%/yr	company
Hyatt hotels in India, 15 yrs	Jul	add 19	company
India visitor arrivals, '10-15	Jul	+7.9%/yr	R&M
India outbound travel, '15	Jul	21m, +9%/yr	R&M
India domestic travel, '08-15	Jul	+12%/yr	R&M
India 'medical tourists', '09-13	Jul	+25%/yr	R&M
Starwood hotels in India, by '13	Jul	add 24	company
IT&CM China exhibitor space, '11	Jul	+400%	TAM
China visitors, B Columbia, '10/11	Jul	10%/15%	TAM
Cruise ships/berths, '10-14	Jul	32/59k	CLIA
US visitors, '10	Jun	+3%	gov
US visitors, '13	Jun	64m, +5%/yr	gov
US domestic air seat sales, '10	Jun	+0.5%	FAA
US domestic air seat sales, '23	Jun	1b, +2.5%/yr	FAA
World air PKs, '10-12	Jun	+6.4 +4.7 +4.9%	ICAO

Notes: All \$s are US\$. †When forecast made. Source: *Management statements or documentation from relevant authority.

Citizen departure trends*, next 12 months

Source	Number, x1000
China‡	72,315
Japan	17,680
Korea	13,904
Taiwan	10,718

Notes: *Statistical base on past performance; aggregates for latest 3 and 6 months, and full calendar year. †By residence. ‡Estimate. Source: NTOs, Travel Business Analyst.

Volume 23 Number 12

Email annual subscription rate is €800 for the monthly 12-page Asia Pacific edition, €800 for the monthly 12-page Europe edition, €100 for the monthly single-page Net Value, and €100 for the monthly single-page People-in-Travel. There are linked rates for these four products, plus ZERO; see back page for more details and subscription form. Airmailed print-copy subscriptions are also available.

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ISSN-1011-7768

Langham hotels profile			
Brand	Open	Opening 2010	Opening*
Langham	Auckland, Boston, Hong Kong, London, Los Angeles, Melbourne, Shanghai	Shanghai	Bangkok-2 '13, Dalian, Shenzhen '12
Langham Place	Samui, Hong Kong	Beijing	Bahamas, Beijing, Doha '12, Guangzhou-2, Ningbo, Phuket, Pune '11
Eaton	Hong Kong	none	Delhi-St, Shanghai-Lt

Notes: *Date shown, or not specified. †S = Smart sub-brand, L = 'Luxe'; see text. Source: company.

ulating hospitality" – will also become easier and more recognisable.

One example of the 'stimulation' is its aim to make airport hotels "fun" - which it is doing with its new hotel at Beijing airport. This fun will include displays of modern Chinese art, as at the Langham Place in Hong Kong.

Van den Oord, paraphrased: "Langhams are about getting away from it all...we are doing something different. Our Shanghai hotel, opened a few months ago right in the centre, has a European elegance...it is an oasis of calm."

And more fun at the Langham Place in Hong Kong - in the room fridge's freezer is some ice cream, with a notice reading 'OK, you've found me; I'm free'.

• **Sales/marketing.** LHI has nine sales offices and agencies, with Frankfurt opening in the past year. Van den Oord reckons LHI is now equipped to handle planned expansion,

although he says the company may need to open s/m coverage in the Middle East and Japan.

LHI has made a special effort on the internet – "so that we are easy to find, easy to book, and with some compelling offers".

There are still last-minute bookings - even sometimes for a sizeable conference the following month, and via a smartphone from the arrival airport. "For us, last-minute is cream," says Van den Oord. Last-minute booking motivation sometimes depend on the location – for instance during the expo in Shanghai it might have been just to get a room, but in Bangkok, travellers might be seeking rate discounts.

"So we need to be out more, to see what competitors are doing, what the rates are doing. We need good revenue managers."

"The customer is becoming more savvy; they know more. It is back to basics for us. We launched a new

program for our sales teams, teaching them how to close a sales deal. We have set up a mystery sales calls into our sales offices. And we have contracted the company to also make sales calls to our competitors so that we can compare the re-

sponse."

• **Product update.**

• London. A US\$125mn spend (at US\$1 to £0.64) on refurbishment/changes indicates the importance of this hotel to the corporate image. Changes include a second presidential suite, and a US\$1.6mn spend on the Regent Suite.

As a result of the changes, the hotel's room count has been reduced from 420 to 380. In terms of rates, though, there has been a payback – a 50% increase in average room rate since the refurbishing in 2007.

• Boston. There is often a waiting line at weekends to get into the Langham's new bar, Bond.

• Los Angeles. Opened new restaurant. Its name, The Royce, is billed as being named after the hotel's first GM, but obviously most will associate this with Rolls, and thus quality.

• Auckland. A new ballroom, said to be the largest pillar-free in

ZERO

An occasional column/section/report on the travel business and the environment

Cleaner air

• The **aviation** business has clearly stated its targets, through IATA (International Air Transport Association) and ICAO (International Civil Aviation Organization):

- Improving fuel efficiency by an average of 1.5% annually to 2020.
- Capping net emissions from 2020 with carbon-neutral growth.
- Cutting net emissions in half by 2050 compared to 2005 levels.

• **Boeing** plans a test flight next summer in China on an Air China flight using a biofuel produced from jatropha supplied by PetroChina.

• The new 16,000sqm **FedEx** freight centre at Cologne airport uses solar-power.

• **Lufthansa** plans to operate a scheduled service with an aircraft partly powered by a bio-synthetic fuel. One of the A321 Frankfurt-Hamburg dailies will use the fuel starting April until October.

Green counts

• **MyCEB**, Malaysia's Convention & Exhibition Bureau, wants C&E visitors to participate in what is named the Malaysia Business Tourism Green Programme. MyCEB says the aim is to "offset carbon emissions by 40% by 2020" (see below).

C&E visitors can contribute a minimum US\$10 (MR31), which will be "channelled to the Forest Research Institute Malaysia's tree-planting activity".

Score: 3/10 (would be lower if we scored the high contribution figure and the opacity in describing what the money will be used for). Savings in carbon emissions are needed; offset programs should be automatic and unheralded. More,

MyCEB does not understand that you cannot "offset carbon emissions by 40%". So what is its target - to offset 40% of emissions? What level is it now?

• **Japan Airlines** has introduced its second 'COP10 Eco Jet' on flights to Europe. (COP10 represents the 10th meeting, in Nagoya, of the 'Conference of the Parties to the Convention on Biological Diversity'.)

The aircraft has a green tail and the words 'Sky Eco' on its fuselage.

Score: 1/10. This is simply publicity for a professional meeting about the environment. And so to paint 'Sky Eco' on the plane is a travesty. Some effort could have been made, if only for COP10. For instance, if the aircraft burned bio-fuel in one of its engines, and some effort was made to offer special eco-service on-board (such as bamboo not other wood chopsticks, no high-water-use rice), then the green score might have been 8 or 9.

New Zealand, with capacity for 1000 for sit-down dinner. Before, it was car-parking space.

ITB/IPK

Outbound trends

Studies from ITB and IPK, a research company, respectively sponsor and organiser of the World Travel Monitor Forum in Pisa in November:

- ITB and IPK have made the usual mistakes in commenting on China's outbound market, and a few new ones.

ITB/IPK reported without comment that by 2030 "China will be the world's most popular tourism destination, and during the next 20 years China would replace Germany as the world's most travelled nation."

Part of the reason, they said, was that "when visa regulations for [China nationals] eventually change, tourists from China can be expected to vastly outnumber those from any other country."

Using forecasts from the Hong Kong Polytechnic University, ITB/IPK say that arrivals in China will increase from 150mn to 385mn in 2015.

We try to set the record straight:

- If ITB/IPK believe their own figures – 150mn arrivals (this year?) – China is already twice as big as the destination generally considered the biggest, France. So what is 2015? We presume ITB/IPK are excluding arrivals in China from Hong Kong and Macau in their comment, but including them in their statistics. That is not a sensible practice for serious travel research.

(Notwithstanding the above, such a growth in five years, equating to 21% growth annually, looks improbable – even for China.)

- "Most popular tourism destination". This comment equates size with popularity. Presumably around 40-50% of visitors into China (or 75-80% if arrivals from Hong Kong and Macau are included) are not 'tourists' – they are business travellers, VFRs, workers, and others such as sports and political travellers.

- "When [visas] eventually change". We are left wondering what change ITB/IPK are waiting for. There are two important visa matters. One, visas for nationals in destinations (some there for reciprocal reasons). And two, China's refusal to allow its nationals to travel internationally for leisure as singles (rather than in groups). This has been lifted, since 2003, for travel to

Hong Kong and Macau. These type of visits represent around 50% of the total in those two destinations.

- "In the next 20 years...China would replace Germany." The sentiment is correct; the figures are so wrong as to be almost amusing. Our estimates show the number will be 72mn in the next 12 months, and it is growing at 30%, so it seems likely to overtake Germany in 2012, not 2030!

Worse, ITB/IPK did not move onto the next step – China's ownership involvement in the international travel business. After all, China now owns a big chunk of Hong Kong-based Cathay Pacific, and we expect Chinese investors to move to start buying hotel companies in the next two years, initially with Hong Kong ones.

- Surveys commissioned by ITB Berlin found*:

- Brazil. 49% of those surveyed plan to travel in 2011, and 21% plan to travel similar to this year.

- France. 20% have no travel plans, 41% plan to travel similar to this year, and 22% plan more trips.

- Germany. 13% have no travel plans, 49% plan to travel similar to this year, 16% plan more trips, and 22% plan to travel less.

- India. 43% plan one or more trips, and 33% plan to travel similar to this year.

- US. 16% are unlikely to travel, 34% plan to travel similar to this year, 19% more trips, and 32% plan to travel less.

*Notes: ITB does not flag that these findings seem unlikely to tally with actual travel numbers. And all-important comparative data is not shown (16% of US residents are unlikely to travel in 2011; is that the same, more, or less than this year?)

Sands

Asian gambling

Hiding the hype, we report Q3 results for four Sands group hotel-casinos in Asia – Four Seasons, Sands, Venetian in Macau, and the Marina Bay Sands in Singapore. Sands' Macau generated sales of US\$1.08bn, up 27%, see ta-

ble, and the MBS almost half that – US\$486mn.

The casinos produce most revenue, as expected – 85-89%, although higher for the Sands Macau because it has only 51 suites and 21,000sqm of casino space.

There are some impressive growths, although this is partly because three are relatively-new operations (the Sands opened in 2004). There is no comparison for MBS in Singapore, as it opened only in April this year – but see below.

Average room rates in casino-hotels should not be directly compared with non-casino hotels. But results here show that the Four Seasons is maintaining the FS 5-star ARR premium. Given its size, Venetian ARRs are good, although that 10% growth looks low relative to other revenue movements at the complex.

MBS ARRs should be similar to the Venetian's, but as the MBS is a new operation, these reflect lower opening offers, but see next.

At the MBS:

- No revenue figures for the 65 days it was open (from April) in Q2.

- In its first 65 days, casino operations earned US\$190mn.

- Its room revenue indicates an average room rate of around US\$170 – about US\$100 below the pre-crisis peak for 5-star hotels in Singapore, but only about US\$20 below post-crisis during 2010, but about US\$75 below what it should be achieving – particularly as Q3 included September's rate-boosting F1 car race – which could be viewed from some MBS rooms.

- F&B is a good share – 46% of the room-plus-F&B total. Will that share fall after the first few months of novelty for Singapore residents and will MBS guests/gamblers become the main clientele?

- Retail revenue (31% of the non-gambling revenue) is good.

Sands Q3 results in Asia, US\$*

Revenue	4Ss	G,%	S,%	Sands	G,%	S,%	Ven'n	G,%	S,%	MBS	S,%
Casino	142	160	89	282	2	98	540	28	87	415	85
Rooms	8	38	5	6	-8	2	51	12	8	38	8
ARR,US\$*	309	5	na	239	-6	na	217	10	na	170†	na
F&B	5	31	3	11	20	4	17	21	3	32	7
Retail/other	14	74	9	2	83	1	43	7	7	31	6
Total	160	139	100	288	3	100	621	26	100	486	100

Notes: All except MBS located in Macau; MBS in Singapore. Total may not add up because of other items. 4Ss = Four Seasons, ARR = average room rate, F&B = food & beverage, G = growth, MBS = Marina Bay Sands, S = share, Ven'n = Venetian. *Quoted in US\$; all except ARR are in millions. †TBA estimate. Source: company reports, Travel Business Analyst.

+16.8; Jul +18.4; Jun +22.2; May +17.0.

- Dubai airport passengers: **2010:** Aug +6.9; Jul +14.3; Jun +9.6. *ACI*.
- Eva Air seat sales: **2010:** Aug -0.5; Jul +3.8; Jun +25.4.
- Fiji visitor arrivals: **2010:** Jul +12.3; Jun +18.5; May +20.5; Apr +13.2. *PATA*.
- Hawaii visitor arrivals: **2010:** Aug +11.4; Jul +9.5; Jun +13.6; May +6.4; Apr +1.1. *PATA*.
- Hong Kong airport passengers: **2010:** Sep +16.9; Aug +9.2; Jul +17.5.
- Hong Kong visitor arrivals: **2010:** Sep +21.2; Aug +21.9; Jul +31.9; Jun +43.5; May +38.9; Apr +14.6; Mar +14.4; Feb +32.5. *NTO*.
- India visitor arrivals: **2010:** Aug +9.0; Jul +4.0; Jun +8.1; May +15.5; Apr +1.6; Mar +13.0. *WTO*.
- Indonesia visitor arrivals: **2010:** Aug +3.5; Jul +11.0; Jun +11.4. *PATA*.
- Japan Airlines intl seat sales, total transPacific/Southeast Asia: **2010:** Sep -18.7 -7.0 -23.0.
- Japan citizen departures: **2010:** Sep -3.1; Aug +9.4; Jul +10.1. *PATA*.
- Japan travel agencies, top-62 (sic) outbound sales: **2010:** Jul +25.6; Jun +53.2; May NA; Apr +1.7. *TJI*.
- Japan visitor arrivals: **2010:** Sep +34.0; Aug +18.2; Jul +38.9. *WTO*.
- Jet Airways seat sales: **2010:** Sep +36.9; Aug +17.0; Jul +18.9.
- Jetstar Intl seat sales: **2010:** Sep +3.4; Aug +5.8; Jul +14.5; Jun +29.5; May +48.5.
- Korea resident departures: **2010:** Aug +18.6; Jul +22.8; Jun +36.4; May +38.8; Apr +27.4. *PATA*.
- Korea visitor arrivals: **2010:** Sep +12.7; Aug +19.8; Jul +23.9; Jun +35.4. *PATA*.
- Kuala Lumpur airport passengers: **2010:** Sep +23.9; Aug +12.7; Jul +20.5; Jun +22.7; May +24.5.
- Macau visitor arrivals: **2010:** Sep +8.9; Aug +14.2; Jul +23.2; Jun +30.6; May +31.8. *NTO*.
- Malaysia Airlines seat sales: **2010:** Aug -5.1; Jul +5.2; Jun +10.3; May +15.9; Apr +24.7.
- Malaysia visitor arrivals: **2010:** Aug +3.4; Jul +10.5; Jun +6.5; May +5.2; Apr -0.3. *PATA*.
- Maldives visitor arrivals: **2010:** Sep +24.1; Aug +26.6; Jul +29.1; Jun +21.7. *PATA*.
- New Zealand visitor arrivals: **2010:** Sep +1.0; Aug +4.3; Jul +3.8; Jun +7.9; May -0.4. *PATA*.
- Qantas intl seat sales: **2010:** Sep +3.7; Aug +2.6; Jul +2.7; Jun -1.4; May -15.9.
- Singapore Airlines seat sales: **2010:** Sep -1.1; Aug -2.2; Jul +1.2; Jun +6.6; May +8.4; Apr +0.5.
- Singapore airport passengers: **2010:** Sep +10.8; Aug +9.6; Jul +15.9; Jun +18.6; May +21.6.
- Singapore visitor arrivals: **2010:** Sep +18.4; Aug +18.0; Jul +24.1; Jun +26.7. *NTO*.
- Tahiti visitor arrivals: **2010:** Jun -12.3; May -12.9; Apr -8.5. *PATA*.

- Taiwan resident departures: **2010:** Aug +8.0; Jul +24.3; Jun +36.5; May +20.7; Apr +7.0; Mar +15.6. *PATA*.
- Thai Airways seat sales: **2010:** Sep -5.4; Aug -6.3; Jul +0.3; Jun -5.1; May -15.2.
- Thailand visitor arrivals: **2010:** Sep +14.5; Aug +8.9; Jul +14.2; Jun -1.1; May -12.9. *PATA*.
- Tokyo Narita intl airport passengers: **2010:** Aug +2.0; Jul +5.4; Jun +19.7; May +17.6.
- United Airlines RPKs, Pacific: **2010:** Oct +10.7; Sep +10.7; Aug +5.9.
- US air international passengers: **2010:** Jun +10.2; May +10.5; Apr -4.3. *gov*.
- US hotels occupancy: **2010:** Sep +6.7; Aug +6.4; Jul +7.0. *Smith*.
- US hotel rooms planned: **2010:** Sep -21.9; Aug -24.2; Jul -26.4. *Smith*.
- US resident departures: **2010:** Jun +11.0; May +7.7; Apr -4.5. *PATA*.
- US travel agency sales: **2010:** Oct +7.9; Sep +16.5; Aug +21.6. *ARC*.
- US visitor arrivals: **2010:** Jul +24.3; Jun +30.6; May +33.4; Apr +17.4. *PATA*.
- Vietnam visitor arrivals: **2010:** Sep +30.4; Aug +35.9; Jul +51.1; Jun +34.6; May +19.9; Apr +41.6. *WTO*.

Market Headlines

Full-year market results.
(none)

Main News Corporate

Recent corporate developments - big or significant.
(none)

Market

Recent market developments - big or significant.
• Liberalised Japan/US air regime, called 'Open Skies' but not that, due to be implemented H1 2011.

HEADLINES

Commentary on tables pages 6-10

Aviation. T1. City-pair results. No change for *Kuala Lumpur*; YTD for *Sydney* +9%, for *Tokyo* flat. **T2.** Country-pair results. YTD for *Australia* +11%, *France* (Jan-Jul) -1%, *Germany* +4%, *UK* -3%, *US* unchanged data. **T3.** Airlines traffic. First-three-quarters for *Cathay* (with *Dragonair*, +11%), *China Southern* (+17%), *Jet* (+29%), *Jetstar* (+39%), *Qantas* (+9%), *Singapore* (+3%), *Thai* (flat). For LFAs and ex/part-LFAs, first-three-Qs for some. In *Australia*, *Jetstar* (+6%), *Virgin* (+2%); in *Singapore* *Jetstar Asia* (+45%), *Tiger* (+40%). **T5.** Airline results by region. *Asia Pacific (AAPA)* YTD +15%, and for other-region equivalents in the *US (BTS)* +5%, *Europe (AEA)* +2%. **T6.** Airport passenger traffic. First-three-quarters for *Hong Kong* +11%, *Singapore* +15%; YTD *Asia Pacific*, courtesy data supplied to us by *Airports Council International*, +13% (international +17%).

Inbound. T8. Visitor arrivals. Little change from last month. **T9.** Running 12-month totals. *Singapore* tops 11mn.

Outbound. T10. Running 12-month totals. *China* adds another 1mn. **T11.** Outbound travel. Little change from last month.

Hotels. T18. For YTD, *Asia Pacific* occupancy up 7 points to 69%, average rate up US\$6 to US\$138, resulting in yield up US\$15 to US\$17.

Others. T12. Travel stock indices and prices; more stocks down than up. Index for *Asia Pacific*; 29 points above base.

T13. IATA travel agency table held over; IATA has still not released 2009 data.

T14. Leading travel agency groups in *Japan*; no change from last month.

T17. Economic indicators for market producers: *US GDP* growth improves in Q3.

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MARKET DATA

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Special

Future travel

Amadeus has published a future-of-travel report (although the title is actually an arcane Travel Gold Rush), including a number of forecasts by Oxford Economics - UK-based but not linked to the eponymous university.

Working on OE's data, see table, it forecasts a 4.0% annual increase in inbound travel in the 10 years to 2020. And a 4.7% annual increase in outbound travel. That these numbers do not tally tells us that OE is measuring actual departures and not, as many others do, the addition of all arrivals.

In turn, this tells us that, on average, each outbound traveller today produces almost 1.6 arrivals, and that by 2020 OE expects it will be slightly fewer, 1.5.

In terms of trends, OE follows most forecasters in expecting a fall in share for Europe and North America (but not in inbound), and growth for Asia Pacific.

Detail on Asia Pacific shows that, like us, OE is not impressed with the publicity on the growth of the India outbound market. The market is forecast to grow at an annual 5.6%, slightly slower than the rest of Asia Pacific, at 5.8%.

Forecast travel patterns, mn

Inbound	2020	AAGR,%	Share,%	2010	Share,%
Asia Pacific	535	5.8	21.7	306	18.3
Asia Pacific*	269	4.8	11.0	168	10.1
China	255	6.7	10.3	133	7.9
India	11	7.8	0.4	5	0.3
North America	258	4.1	10.4	172	10.3
Europe	1383	3.3	55.9	996	59.5

Outbound	2020	AAGR,%	Share,%	2010	Share,%
Asia Pacific	447	6.0	27.0	250	23.7
Asia Pacific*	335	5.8	20.3	191	18.2
China	95	6.9	5.7	49	4.6
India	17	5.6	1.0	10	0.9
North America	149	4.0	9.0	101	9.6
Europe	855	4.1	51.5	571	54.2

Notes: AAGR = annual average growth rate, 2010-20.

*Excluding China, India. Source: Oxford Economics, Amadeus, Travel Business Analyst.

1 Air passenger* traffic to and from major Asia Pacific centres, x1000

From:	Kuala Lumpur				Sydney				Tokyo*					
	Jun 10	+/-,%	YTD 10	+/-,%	Aug 10	+/-,%	YTD 10	+/-,%	Aug 10	+/-,%	YTD 10	+/-,%		
Bangkok	93	-6	634	9	Auckland	96	-2.8	914	7.2	China	1986	-6.5	15422	-9.5
Chennai	37	2	190	9	Bangkok	43	-7.6	372	-4.3	Hong Kong	715	2.4	5582	4.1
Hong Kong	108	60	592	35	Beijing	8	-0.2	77	-7.8	Korea	1298	7.3	9461	-1.8
Jakarta	124	9	649	10	Denpasar	25	27.1	160	13.2	Taiwan	814	-0.9	6393	-3.6
London	49	10	273	32	Hong Kong	77	7.8	616	1.0	Asia-other	2426	12.8	18064	6.5
Los Angeles	3	-15	15	-22	Kuala Lumpur	22	0.8	176	8.5	Guam	777	0.3	5755	7.0
Shanghai	35	110	179	51	London	40	-8.1	282	-16.8	Pacific	2897	1.6	21828	0.9
Singapore	245	9	1354	21	Los Angeles	78	19.1	588	34.0	Oceania	474	15.3	3566	3.2
Sydney	22	13	135	12	Singapore	84	1.6	706	6.3	Europe	1655	7.3	11662	2.0
Tokyo	26	29	171	29	Tokyo	32	43.7	218	11.8					
TOTAL	1952	23	11054	26	TOTAL	922	6.8	7409	8.6	TOTAL	13254	3.3	99685	0.4

Notes: See Master Notes, this page. Routes are selected; may not be largest. *Flights from Tokyo Narita (and actual numbers, not 1000s); double for approximate city-pair total. Source: Malaysia Airports Holdings, Civil Aviation Authority of Singapore, Department of Transport and Communications (Australia), Travel Journal International.

2 Air passengers to and from Asia Pacific, x1000

From	Australia			France*			Germany			UK			US		
	Aug 10	YTD	+/-t,	Sep 10	YTD	+/-t,	Aug 10	YTD	+/-t,	Aug 10	YTD	+/-t,	Jun 10	YTD	+/-t,
To	+/-t,%	10	%	+/-t,%	10	%	+/-t,%	10	%	+/-t,%	10	%	+/-t,%	10	%
Australia	na	na	na	na	na	na	-0.4	68	-7.9	2.5	685	-4.8	23.7	966	27.0
China	56.6	546	27.9	9.1	840	9.7	4.1	1080	6.6	19.9	394	10.8	29.7	1192	25.6
Hong Kong	4.1	1351	1.1	7.7	453	-8.8	3.3	419	-4.5	-14.2	927	-13.9	12.4	1096	7.0
India	14.9	8	-66.5	10.0	373	-3.6	11.8	963	8.3	-5.2	1562	-7.4	-11.2	390	-13.2
Indonesia	33.0	1047	43.1	na	na	na	-52.9	21	-31.6	na	na	na	na	na	na
Japan	41.2	661	9.9	-14.0	756	-13.9	22.8	712	14.6	-16.1	449	-11.6	22.7	5262	11.0
Korea	4.7	328	11.3	-1.7	335	6.2	-7.3	392	0.6	1.6	203	12.6	25.1	1879	22.3
Malaysia	28.7	1135	31.0	41.9	113	21.5	15.8	91	22.8	2.7	391	21.8	-54.1	9	-51.1
New Zealand	3.1	3547	3.2	na	na	na	na	na	na	-6.2	247	-10.4	1.1	305	-6.2
Philippines	5.2	148	4.9	na	na	na	na	na	na	na	na	na	24.0	459	5.3
Singapore	2.3	2608	4.6	0.0	357	5.6	14.5	523	8.1	-7.7	724	-10.4	53.0	134	11.5
Taiwan	-14.8	158	-10.9	10.3	61	14.8	-24.3	71	-15.5	46.9	103	21.7	15.9	988	12.6
Thailand	-0.3	889	6.3	9.1	300	3.4	8.3	747	4.0	-3.2	412	4.6	109.2	64	64.6
TOTAL	10.6	17265	10.7	4.8	49244	-0.5	7.6	93249	4.1	0.1	116337	-3.2	10.2	63704	5.3

Notes: *Paris airports only; total is Jul and Jan-Jul. †Over same period, year earlier. Source: Department of Transport and Communications (Australia), Aeroports de Paris (France), Statistisches Bundesamt (Germany), Civil Aviation Authority (UK), US Department of Commerce (US). Contacts: Germany - fax (49-0611)-724000, luftverkehr@destatis.de, www.statistik-bund.de; US (for International Trade Administration, Tourism Industries), www.tinet.it.doc.gov

Master Notes: Exchange rates (start of previous month) - US\$1 to A\$1.02, Y6.67, HK\$7.75, IRp44.4, ¥80.6, W1125, MR3.11, NZ\$1.31, S\$1.29, NT\$30.0, Bt\$1.0.

AL = Airlines, ASK = available seat kilometre, AW = Airways, BI = Royal Brunei AL, BR = Eva AW, CI = China AL, CN = China, CX = Cathay Pacific AW, E = TBA estimate, GA = Garuda, HK = Hong Kong, ID = Indonesia, IN = India, J-D = Jan-Dec, JL = Japan AL, JP = Japan, KE = Korean Air, KR = Korea, LF = load factor, MH = Malaysia AL, MI = Silk Air, MY = Malaysia, NA = not available, na = not applicable/nil, NH = All Nippon AW, NZ = New Zealand, OZ = Asiana, P = provisional, Pax = passenger, PH = Philippines, PR = Philippine AL, RPK = revenue passenger kilometre, Q = quarter (of year), QF = Qantas AW, SF = seat factor, SG = Singapore, SQ = Singapore AL, SS = seats sold, TG = Thai AW, TH = Thailand, TW = Taiwan, VN = Vietnam AL, YTD = year-to-date.

MARKET DATA

3 Traffic on selected Asia Pacific airlines, 2010

Regular airlines	Mth	Mth		YTD					
		SS +/-,%	RPK +/-,%	SS 1000	+/- %	ASK mn	+/- %	RPK mn	+/- %
-Systemwide									
All Nippon AW	Aug	11.7	10.3	3030	19.7	17233	-0.7	13790	14.7
Asiana	Aug	14.5	6.8	6639	24.4	23064	8.2	18175	21.0
Cathay Pacific AW*	Sep	18.4	15.2	20041	10.9	85484	3.0	71998	8.7
China AL	Aug	7.9	-0.5	7621	18.6	26761	-1.7	21898	7.0
China Southern AL	Sep	20.0	25.3	57589	17.5	105566	15.8	83527	22.3
Eva Air	Aug	-0.5	-5.6	4437	12.4	20137	3.1	16539	10.3
Garuda	Aug	16.9	17.2	1684	13.1	9301	14.5	6481	14.8
Japan AL	Jul	-10.2	-10.3	22259	-5.6	56815	-15.2	39041	-5.5
Jet AW	Sep	36.9	33.5	10241	29.3	24409	18.7	19179	25.9
Korean Air	Aug	9.5	2.2	9633	13.8	49354	0.0	38171	11.0
Malaysia AL	Aug	-5.1	2.4	8571	14.2	32482	1.5	24455	17.5
Philippine AL	Aug	14.9	20.4	2605	12.1	14240	10.1	11131	16.4
Qantas AW*	Sep	10.7	6.9	31674	8.7	95768	4.3	76571	3.7
Royal Brunei AL	Aug	25.6	47.9	867	14.2	4157	15.2	2998	22.8
Silk Air	Aug	10.7	10.1	1737	25.3	3298	15.7	2491	21.3
Singapore AL	Sep	-1.1	1.3	12249	2.8	78864	-1.7	62657	5.8
Thai AW	Sep	-5.4	2.0	13332	-0.4	55865	5.7	41108	7.8
Vietnam AL	Aug	38.0	35.6	2704	30.1	10830	19.1	8258	29.7
-International									
China Southern AL	Sep	32.3	34.2	3828	36.1	14970	28.6	11323	46.0
Japan AL	Aug	-11.9	-11.7	6705	-7.6	39538	-19.2	29687	-7.1
Jet AW	Sep	36.4	29.3	3226	30.4	16186	18.4	13055	23.3
Jetstar	Sep	3.4	8.2	2968	39.5	11152	17.3	8618	21.0
Malaysia AL	Aug	5.2	4.5	5435	22.1	28913	0.6	22032	18.3
Qantas AW*	Sep	3.7	1.8	4410	-9.3	45672	-3.1	37277	-4.3
Thai AW	Sep	9.0	4.5	9457	9.7	52699	6.8	29725	-15.9
Virgin Blue	Sep	19.5	39.5	2252	22.0	10627	53.8	8230	69.7

Low-fare-airlines

-Systemwide	Period	SS,x 1000	Growth, %	Period	SS,x 1000	Growth, %	Period	SS,x 1000	Growth, %
Air Asia-all	Jan-Jun	12139	15.7	Apr-Jun	6079	10.6	Jan-Mar	6060	21.3
Air Asia Xt†	Jan-Dec	10336	NA	Q4	3817	33	Q3	2880	32
Jetstar,AU	Jan-Sep	6411	5.7	Sep	805	13.1	Aug	742	6.9
Jetstar Asia	Jan-Sep	1921	45.3	Sep	215	50.3	Aug	225	47.1
Tiger AW,Asia	Jan-Sep	4283	40.3	Sep	464	17.2	Aug	442	17.9
Virgin Blue,AU	Jan-Sep	11948	2.2	Sep	1355	4.2	Aug	1396	6.3

Notes: See Master Notes, page 6. pts = points. Air Asia issues varying data; shown are our estimates. 'Periods' are standard (ie Q1 is Jan-Mar), not airline's. *Includes in previous periods, Dragonair with Cathay. †Growth is compared with previous period. Virgin is booked loads, including free passengers; Jetstar paid travelled passengers only (add 4-5 points for others); Air Asia does not specify. Source: companies, Association of Asia Pacific Airlines.

4 Airline financial results, US\$*

Item	NH Y-Mar 10	CX Y-Dec 09	CZ Y-Dec 09	KE Y-Dec 09	QF Y-Jun 10	SQ Y-Mar 10
Revenue,mn	12283	8587	8024	8313	12635	8704
Op Profit,mn	-543	574	-80	1251	232	43
Revenue per						
ASK,USc*	14.7	7.72	6.5	11.2	10.1	8.2
RPK,USc*	22.1	9.60	8.6	16.0	12.5	10.5
Pax,US\$*	276	350	121	649	305	528
Profit per						
ASK,USc*	-0.65	0.52	-0.07	1.69	0.19	0.04
RPK,USc*	-0.98	0.64	-0.09	2.41	0.23	0.05
Pax,US\$*	-12.2	23.4	-1.21	97.7	5.6	2.6

Notes: See Master Notes, page 6. Although these figures show indicative comparisons between airlines, they do not provide precise comparisons because of different definitions. Op = Operating, USc = US cents, Y = year. *See Master Notes for approximate conversion rate. Source: companies.

5 Operating results of airline groups in Asia Pacific, US, and Europe

Item	Asia Pacific,AAPA				US,BTS		Europe,AEA	
	Aug 10	+/- %	YTD 10	+/- %	Jan- Jul 10	+/- %	Jan- Aug 10	+/- %
SS,mn	16.5	10.8	122.8	15.0	55.3	5.4	165.5	1.5
ASKs,bn	77.6	6.1	589.5	3.4	291.3	0.0	609.4	-2.1
RPKs,bn	62.1	7.5	464.9	11.7	233.9	5.1	479.9	1.4
Pax LF,%	80.0	1.1	78.9	8.1	80.3	3.9	78.7	2.7

Notes: See Master Notes, page 6. *Points. Source: Association of European Airlines, Bureau of Transportation Statistics, Association Of Asia Pacific Airlines.

6 Asia Pacific international airport passengers, 2009/10

City	Month*	Number	Growth %	Jan thru month shown	Growth %
Auckland	Jul†	573,315	4.9	3,846,755	1.2
Bali	Jul†	493,967	12.7	2,903,711	17.6
Bangkok	Dec	2,948,193	67.9	28,836,442	-4.2
	Jul†	2,584,857	12.9	17,695,708	10.6
Beijing	Dec	954,017	17.1	11,758,934	-5.9
	Jul†	1,334,349	37.5	7,942,958	26.1
Brisbane	Aug‡	373,218	5.7	2,770,016	3.3
Chennai	Jul†	360,596	8.3	2,382,767	13.1
Colombo	Jul†	475,509	28.7	2,949,252	26.7
Delhi	Jul†	711,985	13.5	4,912,355	9.6
Guangzhou	Jul†	432,340	32.4	2,864,444	31.8
Hong Kong	Dec	4,178,000	3.4	46,133,000	-5.1
	Sep‡	4,116,000	16.9	38,028,000	11.0
Jakarta	Jul†	957,523	35.1	5,399,603	32.2
Kuala Lumpur	Jul†	2,097,136	20.5	13,151,304	25.3
Macau	Jul†	356,580	1.6	2,437,608	1.1
Male	Jul†	145,932	24.0	1,126,677	19.5
Manila	Jul†	1,039,283	14.5	7,439,911	11.6
Melbourne	Aug‡	473,351	15.7	3,753,580	14.8
Mumbai	Dec	783,568	15.1	7,628,771	-2.7
	Jul†	738,407	16.0	4,903,364	13.6
Noumea	Jul†	40,362	5.5	266,197	2.2
Osaka KIX	Jul†	927,712	21.7	6,026,179	17.5
Papeete	Jul†	60,859	3.3	284,703	-5.0
Perth	Aug‡	249,745	14.8	2,015,727	15.4
Phnom Penh	Jul†	126,308	7.7	870,753	8.7
Phuket	Jul†	221,730	46.2	1,907,681	49.3
Seoul	Jul†	3,201,597	14.6	20,556,453	18.8
Shanghai	Dec	958,746	17.1	11,600,405	-3.2
	Jul†	1,416,679	36.0	8,487,140	33.0
Singapore	Dec	3,832,328	9.7	37,203,978	-1.0
	Sep‡	3,393,497	10.8	30,769,976	15.3
Sydney	Dec†	961,587	-2.1	10,509,893	1.3
	Aug‡	922,274	6.7	7,408,918	8.6
Taipei	Jul†	2,159,634	25.3	13,559,998	23.9
Tokyo Narita	Dec-E	2,583,514	3.6	30,893,031	-4.6
	Aug‡	3,054,055	2.0	21,950,368	8.4
ASIA PACIFIC-A	Dec	96,227,773	13.2	1,065,908,197	4.2
	Jul†	106,244,941	13.6	677,474,533	13.0
Intl	Dec	36,622,507	14.6	379,985,404	-1.5
	Jul†	38,806,289	17.5	247,428,930	16.6

Notes: See Master Notes, page 6. *2009 unless stated otherwise. †2008. ‡2010. A = Domestic and international; data as supplied. Source: civil aviation departments, airports, Airports Council International.

MARKET DATA

7 Comparison* of visitor arrival measurements

Destination	Ratio*	Destination	Ratio*
Australia	99	Malaysia†	24
China	14	New Zealand	99
Hong Kong	33	Philippines	98
India	65	Singapore	70
Indonesia	61	Taiwan	98
Japan	98	Thailand	83
Korea	84	Vietnam	60

Notes: *Air arrivals as share of total arrivals. †Excludes Sabah and Sarawak. Source: Travel Business Analyst.

8 Visitor arrivals in Asia Pacific destinations

International arrivals

Destination	Months*	Arrivals	Growth	Stay	PVPD
	Jan thru:		%	days‡	US\$-A
Australia	Dec	5,584,342	0.0	30.0	150.60
	Sep‡	4,197,955	5.9	30.0	150.60
Bhutan	Jun‡	11,313	8.4	8.0	200.00
Cambodia	Sep‡	1,715,043	14.6	6.5	95.00
China	Sep‡	99,772,300	6.2	7.0	100E
foreigners	Dec	21,937,400	-9.8	7.0	100E
	Sep‡	19,458,800	21.7	7.0	100E
Cook Islands	Sep‡	76,500	2.0	10.5	115.84
Fiji	Jul‡	339,020	19.6	8.7	124.58
Guam	Sep‡	916,040	14.7	3.1	302.93
Hawaii	Dec	6,419,138	-4.2	9.19	179.88
	Aug‡	4,705,616	7.1	9.19	179.88
Hong Kong	Dec	10,962,534	-8.2	3.28	200.10
	Sep‡	9,127,818	16.6	3.28	200.10
India	Dec	5,108,579	-3.3	16.0	92.68
	Sep‡	3,836,000	10.0	16.0	92.68
Indonesia	Sep‡	5,119,349	10.8	9.09	107.70
Japan	Dec	6,789,952	-18.7	7.2	160.42
	Sep‡	6,601,501	33.6	6.5	160.42
Korea	Dec	7,817,533	13.4	6.9	163
	Sep‡	6,509,471	12.7	6.9	163
Lao	Mar‡	581,490	12.4	4.5	23.03
Macau	Sep‡	18,588,579	17.1	1.36	181.80
Malaysia	Dec	23,646,191	7.2	6.2	105.67
	Aug‡	16,181,680	5.2	6.2	105.67
Maldives	Sep‡	568,703	22.1	8.5	56.00
Marianas	Jun‡	191,418	5.6	3.52	100.00E
Mongolia	Mar‡	83,506	77.2	NA	NA
Myanmar	Sep‡	212,501	34.3	7.0	70.00
Nepal	Oct‡	364,115	18.4	9.1	14.09
New Caledonia	Sep‡	67,959	-6.6	19.1	87.09
New Zealand	Sep‡	1,768,035	3.4	20.22	115.33
Pakistan	Jul‡	554,897	17.3	25.0	13.20
Palau	Sep‡	64,702	18.4	E4	NA
PNG	Aug‡	90,839	19.8	17.3	28.24
Philippines	Jul‡	2,039,002	14.0	11.94	82.96
Singapore	Dec	9,703,174	-3.7	4.6	161.07
	Sep‡	8,567,898	21.8	4.6	161.07
Sri Lanka	Sep‡	445,228	44.0	10.0	79.10
Tahiti	Jun‡	63,208	3.5	13.21	150.88
Taiwan	Sep‡	4,021,726	27.0	6.52	180.52
Thailand	Dec	14,090,000	-3.4	9.19	119.38
	Sep‡	11,208,709	13.3	9.19	119.38

International arrivals

Destination	Months*	Arrivals	Growth	Stay	PVPD
	Jan thru:		%	days‡	US\$-A
Tonga	Jul‡	23,768	-13.7	5.0	56.87
Vanuatu	Jul‡	128,594	-9.2	9.7	146.17
Vietnam	Sep‡	3,731,919	35.7	9.6	64.04
Asia Pacific	latest-E	229,648,021	11.7	NA	NA

International arrivals

City/region	Period	Number	Growth,%	Source	Comment
Bali	Jan-Jul 10	1,393,806	12.2	PATA	direct arrivals
Sabah	Jan-Jun 10	372,672	23.5	PATA	direct arrivals
Sarawak	Jan-Apr 10	593,295	-13.2	PATA	direct arrivals

Domestic arrivals

Destination	Period	Number,m	Growth,%	Source	Comment
Australia	2007	73.8	0.3	PATA	spend A\$55b
China	2007	1600.0	14.8	PATA	spend Y623b '06
India	2006	461.2	18.1	PATA	(none)
Indonesia	2007	219.8	1.5	PATA	spend \$87b
New Zealand	2006	44.9	1.9	PATA	spend NZ\$7b
Taiwan	2006	107.5	16.1	PATA	spend \$6b
Thailand	2007	83.2	2.1	PATA	spend B380b

Notes: See Master Notes, page 6. *2009 unless stated otherwise. †2008. ‡2010. E = Indicative selected totals only; approx Jan-Aug/Sep data; % growth has more validity than total; criteria varies. Source: national tourist offices, PATA.

Notes: See Master Notes, page 6. Latest figures; may not tally with period. PVPD-per visitor per day. *Figure for period as shown. †In nights for Australia, Bangladesh, Guam, Hong Kong, Korea, Macau, Maldives, Philippines, Sri Lanka, Switzerland, Taiwan and UK. A = Converted at current rates. Source: national tourist offices, PATA, WTO.

9 Running 12-month total visitor arrivals, x1000

12 mths through	CN	+/- %	HK	+/- %	SG	+/- %	TH	+/- %
Dec 90	1,747	19.6	5,933	10.7	5,313	10.0	5,299	10.2
Dec 00	10,160	20.5	8,824	19.4	7,686	10.5	9,579	10.7
Dec 05	20,255	19.6	10,308	13.5	8,933	7.3	11,567	-1.4
Aug 10	24,983	13.6	12,100	9.7	11,087	17.1	15,255	16.7

Notes: See Master Notes, page 6. Source: NTOs, Travel Business Analyst.

10 Running 12-month total citizen departures, x1000

12 mths through	CN†	+/- %	JP	+/- %	KR	+/- %	TW	+/- %
Dec 90	620	24.0	10,997	13.8	1,561	28.7	2,942	39.6
Dec 00	10,473	13.4	17,812	8.9	5,508	27.0	7,329	11.7
Dec 05	31,067	9.0	17,401	3.5	10,078	14.2	8,208	5.5
Aug 10	56,353	25.6	16,493	8.6	11,377	18.1	9,172	14.9

Notes: See Master Notes, page 6. †Estimates by Travel Business Analyst for 2010 data. Source: NTOs, Travel Business Analyst.

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11 Overseas travel by Asia Pacific residents

Market	Jan* thru:	Departures	Growth,%	Source	Spend,US\$mnn*
Australia	Dec	6,284,900	8.2	PATA	14,200
	Sep†	5,174,900	15.4	PATA	18,400
China	Dec	45,430,609	1.1	TBA-E	29,800
	Sep†	42,094,008	28.3	TBA-E	36,200
Hong Kong	Dec	74,653,382	0.0	PATA	15,100
	Jul†	48,964,115	3.7	PATA	16,100
India	Dec 07	9,783,232	17.3	PATA	9,600
Indonesia	Dec 07	4,594,582	-8.8	PATA	5,400
Japan-B	Dec	15,448,294	-3.4	NTO	26,500
	Sep†	12,511,592	8.6	NTO	27,900
Korea-B	Dec	9,494,111	-20.9	NTO	20,900
	Aug†	8,393,330	28.9	NTO	19,100
Macau	Apr†	206,838	7.3	PATA	71
Malaysia	Dec 03	32,200,550	7.8	PATA	6,700
New Zealand	Sep†	1,478,898	5.7	PATA	3,000
Philippines	Dec 06	2,745,191	29.1	PATA	632
Singapore-D	Aug†	4,587,956	8.8	PATA	14,200
Taiwan-B	Dec	8,142,946	-3.8	NTO	9,100
	Aug†	6,476,780	18.9	NTO	9,100
Thailand	Jun†	2,176,465	10.1	PATA	5,000
Asia Pacific	latest-E	87,903,316	8.4	various	NA

Notes: See Master Notes, page 6. *2009 unless stated otherwise. †2008. †2010. A = Excludes travel to China and Macau. B = Citizens. D = Excludes departures by land. E = Indicative selected totals only; approx Jan-Aug/Sep data; % growth has more validity than total; criteria varies. Source: NTO-national tourist office, Ot-Other, PATA-Pacific Asia Travel Association.

Notes: *Quoted in US dollars for latest whole year; may not match period in other columns. Source: World Tourism Organization.

12 Stock market last-day airline and hotel closing prices

Airline/ Hotel	Price, local currency			Indices†			
	Oct 10	Growth†,%	stock market	TBA 100 index*	AL/HO All	Region	October 2010
Air China	10.42	-0.2	3.2	347	271	Asia Pacific	129
Air NZ	1.35	5.5	2.4	1	1		
All Nppn AW	291	-5.8	-3.7	75	58		
Cathay P AW	20.9	-2.6	3.2	145	113		
China AL	24.8	10.2	0.6	127	99	Europe	81
Japan AL	NA	NA	-3.7	NA	NA		
Malysn AL	2.17	-6.9	3.0	60	47		
Qantas AW	2.83	1.4	0.4	80	62		
Singpre AL	15.8	-2.2	1.2	92	72	World	90
Thai AW	47.3	12.5	1.5	148	115		
Mndrn-Orntl	1.91	11.7	1.2	na	na		
Shangri-La	17.4	-1.0	3.2	206	161		

Notes: See Master Notes, page 6. *100 base on Dec 00 prices except Dec 04 for CA. †Latest month over month earlier. †Base is last trading day in December 2006; 'World' comprises Asia Pacific (10 stocks), Europe(12), US (8). Source: various.

14 International outbound sales of leading outbound travel agencies in Japan, US\$mnn*

Agency	Jun 10	+/-†,%	Jul 10	+/-†,%	YTD 10	+/-†,%
JTB	385	67.0	421	43.9	2215	7.3
HIS	247	44.1	307	24.8	1780	5.1
Hankyu	305	55.6	236	0.7	1497	7.6
KNT	153	52.1	139	42.3	899	13.1
NTA	132	67.5	134	38.8	747	22.2
Jalpak	63	49.6	76	24.0	432	5.2
NEC	63	27.3	68	14.9	413	8.3
Club Tourism	63	70.8	55	27.1	323	20.5
Travel Plaza	35	15.6	39	7.7	224	-11.9
Nissin	34	30.8	37	36.5	215	12.1
Top 62	2215	53.2	2325	25.6	13374	7.9

Notes: Data for Mar and May 10 and thus YTD are recalculations from earlier data, but lead to some distortions and may be marked 'NA' until more data becomes available. JTB = (originally Japan Travel Bureau; all 14 companies), HIS = (originally Hideo's International Services), KNT = Kinki Nippon Tourist, NEC = Nippon Express Company, NTA = Nippon Travel Agency. *Converted at US\$1 to ¥85. †Over same period, year earlier. Source: Travel Journal International.

15 Internet bookings/sales of selected companies/markets

Company	Item	Period	Number	Previous	Source	
Expedia group	bookings,\$b	H 10	13	14%	company	
	US	bookings,\$b	H 10	9	23%	company
	Non-US	bookings,\$b	H 10	5	35%	company
	agency	bookings,\$b	H 10	8	29%	company
	merchant	bookings,\$b	H 10	5	15%	company
	transactions	mn	H 10	33	14%	company
	roomnights	% growth	H 10	15%	20%	company
	room rates	% growth	H 10	1%	-19%	company
	air tickets	% growth	H 10	14%	5%	company
	air fares	% growth	H 10	13%	-18%	company
Make My Trip:		current			company	
Transactions	mn	Yr-Mar 10	3.5	2.5	company	
Air	mn	Yr-Mar 10	1.8	1.3	company	
India	mn	Yr-Mar 10	1.6	1.2	company	
Hotel & packages	mn	Yr-Mar 10	0.1	0.1	company	
Net revenue,xUS\$mnn	Yr-Mar 10	current	83.6	68.6	company	
Air	Yr-Mar 10	current	32.1	19.2	company	
India	Yr-Mar 10	current	79.2	64.1	company	
US	Yr-Mar 10	current	4.4	4.4	company	
Gross bookings,xUS\$mnn	Yr-Mar 10	current	466	313	company	
Air	Yr-Mar 10	current	409	261	company	
Hotel & packages	Yr-Mar 10	current	57.3	52.4	company	
Revenue/transaction,US\$	Yr-Mar 10	current	24	27	company	
Air	Yr-Mar 10	current	18	15	company	
Hotel & packages	Yr-Mar 10	current	458	598	company	

Notes: See Master Notes, page 6, and Net Value. All \$s are US\$. Source: various.

16 Economic indicators of major countries in Asia Pacific

Country	Forecast GDP growth*†,%		Actual GDP growth*,%	GDP per person,US\$	Inflation period	Growth*,%
	2010	2011				
Australia	3.4	3.4	Q2: 3.3	52,290	Q3: 2.8	
China	9.9	8.6	Q3: 9.6	4,170	Oct: 4.4	
Hong Kong	5.8	4.3	Q2: 6.5	30,720	Sep: 2.6	
India	8.4	8.6	Q2: 8.8	1,240	Sep: 10.1	
Indonesia	5.9	6.0	Q3: 5.8	2,440	Oct: 5.7	
Japan	2.9	1.3	Q2: 2.4	40,440	Sep: -0.6	
Korea	6.5	4.0	Q3: 4.5	17,810	Oct: 4.1	
Malaysia	6.8	4.3	Q2: 8.9	7,630	Sep: 1.8	
Pakistan	4.4	3.2	'10: 4.1	910	Oct: 15.3	
Singapore	12.8	4.6	Q3: 10.3	35,630	Sep: 3.7	
Taiwan	9.0	3.2	Q2: 12.5	16,430	Oct: 0.6	
Thailand	7.0	4.0	Q2: 9.1	4,060	Oct: 2.8	

Notes: See Master Notes, page 6. GDP = gross domestic product. *Over period year earlier. †Official and other estimates. Source: The Economist.

17 Economic indicators of major visitor-producing countries for Asia, 2010

Country	GNP/GDP	Retail sales	Consumer prices	Wages/earnings
Australia	3.3 Q2	2.8 Q3	1.3 Q3	3.8 Q2
Germany	4.1 Q2	0.4 Sep	0.0 Oct	0.9 Aug
Japan	2.4 Q2	5.4 Aug	-2.2 Sep	-3.2 Sep
UK	2.8 Q3	0.4 Sep	1.1 Sep	1.6 Aug
US	3.1 Q3	5.5 Sep	-1.3 Sep	2.7 Sep
Euroland	1.9 Q2	1.1 Sep	-0.1 Oct	4.1 Q2

Notes: All figures are percentage changes, compared with one year earlier. Source: The Economist.

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18 Hotel† measures in Asia Pacific, September

Location	Occupancy,%				Average room rate, local US\$*				Revpar, US\$*				
	2010		2009		2010		2009		2010		2009		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
Bali-all	80.2	73.3	75.6	70.4	1265203	157.03	135.50	134.24	125.88	125.89	99.35	101.46	88.62
U-4	84.4	73.3	79.0	74.6	837232	122.43	89.66	95.04	89.50	103.32	65.75	75.06	66.74
Bangalore	63.1	54.9	73.5	61.5	8998	184.44	194.50	202.65	226.56	116.42	106.69	148.95	139.23
Bangkok-all	50.6	49.3	54.0	49.6	3673	111.81	113.15	103.75	109.79	56.53	55.77	56.02	54.45
L-4	50.6	49.1	52.6	48.4	1976	66.11	60.86	60.35	61.78	33.47	29.88	31.73	29.91
U-4	50.5	50.6	57.9	52.7	2919	89.99	89.93	77.25	84.04	45.47	45.51	44.71	44.29
Beijing-all	69.9	62.3	61.2	52.7	716	101.77	105.20	109.52	113.81	71.15	65.49	67.03	59.99
L-4	74.7	68.7	63.7	58.7	446	66.11	65.53	69.26	72.48	49.35	45.04	44.09	42.51
U-4	66.7	58.6	59.8	53.0	754	123.45	110.88	105.22	106.33	82.37	64.96	62.88	56.32
Colombo	62.9	63.0	55.8	49.8	10199	91.9	89.77	62.70	67.34	57.9	56.57	35.01	33.54
Delhi	66.4	71.3	68.3	64.0	9104	194.28	196.78	173.34	194.92	128.93	140.32	118.35	124.67
Fiji	82.8	65.6	82.7	55.1	210	122.10	108.57	100.60	96.77	101.13	71.18	83.19	53.27
Goa	59.6	67.7	58.7	60.6	7733	111.98	167.14	122.03	142.84	66.78	113.16	71.69	86.51
Guangzhou	65.4	57.4	52.7	50.8	603	65.12	88.64	81.54	87.73	42.61	50.85	42.97	44.52
Hanoi	57.6	58.9	50.1	49.8	2437740	124.16	128.01	124.51	130.66	71.57	75.42	62.42	65.04
Ho Chi Minh City	48.6	59.9	48.3	41.7	2255854	107.45	118.46	134.87	139.89	52.25	70.95	65.12	58.36
Hong Kong-all	79.6	78.2	76.1	71.4	1476	202.11	189.93	206.77	171.51	160.88	148.47	157.37	122.44
3-star	86.1	87.0	83.5	80.2	784	105.23	100.96	81.93	79.99	90.56	87.83	68.43	64.17
L-4	83.5	85.3	79.0	78.5	1150	165.50	147.97	152.78	121.34	138.26	126.21	120.66	95.28
Jakarta-all	54.9	63.6	44.5	58.3	804833	84.75	86.19	86.57	82.87	46.52	54.78	38.56	48.28
U-4	54.2	64.0	43.9	62.8	505798	58.63	54.17	50.06	47.06	31.75	34.69	21.96	29.56
Kuala Lumpur-all	63.3	69.3	50.6	58.3	384	119.95	117.51	107.38	106.57	75.95	81.44	54.29	62.10
L-4	62.7	70.1	41.9	56.8	211	63.73	64.61	60.88	62.38	39.94	45.31	25.52	35.42
Macau-all	75.6	82.9	77.7	73.8	1474	121.9	180.24	165.20	171.54	92.1	149.37	128.41	126.63
U-4	75.3	82.2	78.0	74.1	825	103.1	100.90	101.22	94.41	77.7	82.91	78.96	69.99
casino hotels	76.5	83.1	77.7	73.7	1657	182.1	202.63	181.53	191.36	139.3	168.32	140.98	141.11
Maldives-all	72.8	64.3	NA	NA	6880	364.17	530.45	NA	NA	265.21	341.17	NA	NA
U-4	70.4	61.5	NA	NA	4511	284.67	347.74	NA	NA	200.39	213.76	NA	NA
5-star	75.9	67.3	55.4	58.8	9128	455.84	703.72	778.81	1051.93	345.76	473.41	431.80	618.16
Melbourne-all	78.5	77.4	70.2	71.2	202	193.12	174.03	178.67	156.33	151.67	134.76	125.46	111.36
L-4	75.5	77.4	72.6	72.7	167	164.39	144.27	145.21	126.86	124.13	111.72	105.43	92.24
Mumbai	72.6	65.5	63.9	61.7	8207	158.90	177.39	179.54	188.51	115.31	116.14	114.70	116.28
Pattaya	65.2	66.4	56.2	59.3	2614	78.87	80.53	38.88	69.99	51.43	53.44	21.86	41.51
Penang	54.8	57.2	52.9	60.4	296	81.96	90.46	87.14	83.58	44.94	51.72	46.11	50.46
Phuket-all	54.4	65.4	54.1	59.5	3909	89.42	120.41	76.60	102.58	48.62	78.71	41.41	61.03
L-4	56.0	67.4	56.0	60.8	3728	87.81	114.85	73.49	99.32	49.20	77.38	41.12	60.38
Seoul-all	83.6	81.4	85.1	77.4	200129	170.73	167.95	178.92	150.70	142.73	136.78	152.27	116.62
U-4	83.0	84.6	87.0	80.9	164672	148.46	138.19	141.01	122.69	123.27	116.93	122.68	99.25
Shanghai-all	77.0	66.2	61.6	51.4	930	132.92	136.73	137.26	137.46	102.36	90.49	84.62	70.68
L-4	75.4	66.0	65.4	53.9	525	87.47	77.12	65.54	68.14	65.99	50.88	42.87	36.70
U-4	78.5	69.7	62.6	54.8	959	157.32	140.93	119.80	121.43	123.46	98.27	74.96	66.61
Shenzhen	58.7	57.8	53.8	49.1	738	114.78	108.45	99.42	104.64	67.34	62.64	53.49	51.36
Singapore-all	NA	84.8	77.1	72.5	239	NA	172.08	182.08	156.21	NA	145.95	140.44	113.21
L-4	NA	88.0	83.2	77.2	178	NA	127.93	126.18	112.63	NA	112.53	105.01	86.92
U-4	NA	85.2	77.5	73.4	253	NA	181.92	193.51	155.04	NA	155.06	149.88	113.82
Sydney-all	85.3	83.6	81.7	79.5	206	190.44	178.22	166.36	152.05	162.52	149.03	135.94	120.84
L-4	78.7	79.5	81.8	80.3	166	159.30	143.29	136.52	124.22	125.39	113.85	111.71	99.78
U-4	92.9	89.1	85.8	81.4	228	214.80	196.64	181.28	163.08	199.46	175.22	155.50	132.82
Taipei	68.6	72.4	72.2	64.4	4519	135.54	140.98	145.81	139.81	92.93	102.05	105.28	89.99
Tokyo-all	72.7	70.1	69.1	64.8	20982	227.07	234.83	265.20	254.54	165.18	164.68	183.23	164.82
L-4	73.9	70.2	66.2	70.5	15412	177.92	172.49	109.60	103.25	131.56	121.08	72.53	72.77
U-4	NA	70.1	70.5	66.4	21301	NA	238.39	246.73	236.33	NA	167.17	173.97	156.87
OTHERS													
Dubai	NA	76.0	56.7	70.8	654	NA	177.96	160.99	166.90	NA	135.28	91.26	118.18
London	90.6	80.2	82.1	79.4	155	291.90	234.97	258.33	212.09	264.44	188.50	212.16	168.40
New York	85.7	80.9	85.0	76.1	217	280.78	217.06	249.24	201.03	240.66	175.59	211.82	153.07
Asia Pacific-total	68.4	68.9	64.2	61.4	na	134.95	137.89	132.65	131.30	95.31	97.01	88.33	82.27
US-total	59.9	58.9	56.7	56.6	98	99.31	97.89	96.67	98.01	59.49	57.70	54.78	55.48
Europe-total	82.4	70.5	74.8	65.6	na	247.84	211.77	243.70	214.23	204.75	149.68	181.94	140.86
World	70.2	66.1	65.2	61.2	na	160.70	149.18	157.68	147.85	119.85	101.46	108.35	92.87

Notes: See Master Notes, page 6. Asia Pacific total excludes Maldives. Totals may be adjusted later as final figures are filed. Not all categories are shown every month; all categories available at low additional cost. L = lower 4-star, Revpar = revenue per available room, U = upper 4-star. *At exchange rate for relevant month, YTD at same month; exchange rate can be calculated by taking the ARR YTD in local currency and US\$. †4-star unless marked. ‡Unrepresentative sample for this month's figures; guide only. Source: Asia Pacific, Europe, Dubai - Travel Business Analyst Europe; US - Smith Travel Research.

No-frills hotels

So strongly does Red Planet Hotels believe in the Tune Hotels no-frills concept that it is investing in the hotel real estate, for Tune to manage. The following summarises development at RPH, based on an interview with its head, Tim Hansing (quotes, paraphrased, are his):

• Product.

-The basics are a good room and bathroom, with the guests paying for the rest - such as air conditioning, TV, towels, even soap, and so on. "5-star bed, but 1-star price, so you are guaranteed a good night's sleep and an efficient bathroom."

-RPH investment is just the basics - rooms and bathrooms. It leases out space for retail and F&B, particularly in places where there are those facilities in the immediate location. Rooms are small, 12.5sqm - half the size of what would be considered a small room in a regular hotel. In Ermita (its Manila project), 75% of the ground floor is for leasing out - for restaurants etc.

-Around 130-rooms. Fulltime staff of 8-10.

• Location.

-Because of the link with Air Asia (Tune shares the same shareholders but it is a separate company), RPH looks for projects where AA flies to, although it has a franchise licence only for Bangladesh, China, Indonesia, Philippines, Thailand. That is not a great list of countries, but the inclusion of China probably makes it worthwhile, even if there is a lot of competition there in the budget category.

RPH locates its Tune hotels near travel hubs. There are sub-markets in one city. "A normal hotel group might look at, say, Manila, as one city. But we can look at some places in terms of 3-4 hotels, because of travel hubs within a city. We look for micro locations." For instance RPH has invested in a hotel near the Bumrungrad hospital in Bangkok (the one most used by medical tourists into Thailand).

• Corporate.

-RPH has 13 investors. The company was capitalised earlier this year, after Hansing left Kingdom Hotels (the investment company owned by Prince

Alwaleed Bin Talal.)

-RPH has signed six hotels with 1025 rooms in three countries, and is closing contracts on two sites monthly. Hansing says that if it maintains that pace then it will soon be opening a hotel every 14 days. He wants to sell shares in the company on the stock-market (an IPO, initial public offering) in 3.5 years, by when he expects RPH will have 10-15,000 rooms.

"We look to invest ourselves, but we might look at JVs. We need to build scale and build fast. The attrition rate of sites is high; we need to have 2/3 sites in one market."

"We could do hotels other than Tune, but we don't want to. We are not developing a brand."

"Our first will be in Manila, opening next Sep/Oct." It takes about eight months if a refurbishment; 12-15 months if new build. "We don't want to have changes. It is cheaper to build with small mistakes, than change during construction."

• Others.

"We will look at prefabricated units, but not at present. We may look at doing that with a company in China." [Budget group Easy Hotels was planning to use prefabricated units for its expansion in India and the Middle East.]

"We are more environmentally-friendly in terms of room size, towels etc. But we cannot afford to build and be accredited as environmentally-friendly."

-RPH's investment measures look comfortable - operating profit about 50% (for a regular hotel it would be closer to 25%), and 20-25% return-on-capital (8-12%).

-Average room rates will be US\$25-35, and Hansing expect US\$4-5 per night in terms of sales of extras.

Briefs

• **Luxury.** We forecast a 10% increase in luxury travel this year, partly a rebound from 2009 - when we estimated the fall was also 10%. However, we expect growth to fall in 2011 to 3-5%.

Outperforming this average is China, where growth may have been 20% even in the economic slowdown in 2009, and perhaps 30% this year. And even though growth is expected to slow in 2011, it is still likely to be fast, about 20%.

• Organisers of SATTE in January in India report an **India outbound** total of 11.6mn in 2009, adding that growth has been above 20% "over the last few years". It also notes international flight frequencies to India have grown from 700-800 weekly in 2004-05 to nearly 2300 now.

There is some misrepresentation here:

-A total of 11.6mn would mean 6.5% growth. Highest growth this decade has been 17%. Growth has not touched 20% since 1993, when it was 26%.

-Flight frequencies have grown an annual average of 24% in the past five years. Outbound travel has averaged 13% growth over approximately the same period.

• The US department of commerce forecasts **US inbound travel** will have increased 9% this year, and then increase at an annual 6-9% through 2015. These are total arrival figures, including arrivals from Canada and Mexico.

That 9% would offset the 5.5% decline in arrivals registered in 2009. But the DoC's forecast looks too low; first-half growth was 28.3%, and although this rate will likely have slowed in the second half, not by much. We expect at least 15% growth over the whole year.

This year, China arrivals in the US are expected to grow fast. But although that market's 40% looks impressive, it is not, given that China-US travel has been artificially suppressed for a long time. And that two other markets that have not been suppressed, are expected to grow almost as fast - Brazil 35% and Korea 35%.

The top-two US market sources, Canada and Mexico, are forecast to increase 10% (C) and 9% (M) this year, then 47% (C) and 49% (M) over 2009-15.



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