

TOURISM SNAPSHOT

Canadian Tourism Commission
canadatourism.com

A focus on the key markets that the CTC and its partners are active

JUNE 2006

KEY HIGHLIGHTS

Following an increase in May 2006 (+2.2%), visits from CTC's key overseas markets have fallen (-1.7%) this month.

More Canadians (+7 points) plan to take a vacation trip from May-Sept. 2006 than in 2005. However, less Americans (-0.8 points) plan to take a vacation trip in May-Sept 2006, compared to 2005.

Canadian occupancy rates fell slightly in June (-0.5%), however, higher than the levels achieved in 2003 and 2004.

TOURISM REVIEW

INTERNATIONAL TRIPS

- International travellers made 2.2 million overnight trips to Canada in June 2006, a decline of 2.4% over the previous year. Overseas key markets decreased at a slower rate (-1.7%).
- With the exception of Europe (-4.4%), visits to Canada from all other overseas regions increased in the month of June.
- Following an increase in January-June 2005, total trips by non-residents declined 2.7% in the first six months of the year. However, trips from Canada's key overseas markets increased 0.7%.
- Trips by non-US countries increased 2.5% over Jan.-Jun. 2005 to reach 1.8 million trips -- accounting for a quarter of total international trips to Canada.
- In the first half of 2006, visits from Oceania fell (-0.8%), while trips from all other overseas regions increased.

UNITED STATES

- Trips by Americans fell 2.9% in June 2006 - mainly due to the decrease in automobile trips (-4.4%). Year-to-date, US trips to Canada fell 4.3%.
- Following an increase in 2005, US plane trips to Canada fell 1.7% (28,791 trips) in the first six months of 2006. However, the Jan.-Jun. 2006 level is still higher than the levels achieved in 2002-2004.
- Year-to-date, automobile trips fell at a faster rate (-5.3%) than non-automobile trips (-3.0%). With the exception of Nova Scotia (trips in 2006 remained at the same level as 2005), US automobile trips to all provinces fell.

OVERNIGHT TRIPS TO CANADA

	June 2006	06/05 Jun % Change	Jan-Jun 2006	Year-to-date % Change
United States				
Automobile	1,013,283	-4.4	3,303,065	-5.3
Plane	466,649	-0.6	1,707,342	-1.7
Other	220,381	-0.4	561,195	-6.7
US Total	1,700,313	-2.9	5,571,602	-4.3
Europe/Latin America Key Markets				
France	34,064	4.4	136,476	4.9
Germany	35,516	-8.6	117,365	-4.1
UK	100,715	-6.8	367,668	-2.8
Mexico	22,989	7.0	85,386	13.8
Asia/Pacific Key Markets				
China	14,596	9.7	55,461	21.0
Japan	41,827	-1.5	166,461	-4.0
South Korea	22,132	6.5	82,132	5.4
Australia	27,126	1.7	93,875	-0.9
Overseas Key Markets	298,965	-1.7	1,104,824	0.7
As % of Key Markets and US	15.0		16.5	
Other Overseas Countries	216,723	1.1	719,360	5.4
Total Non-US Countries	515,688	-0.6	1,824,184	2.5
TOTAL INTERNATIONAL COUNTRIES	2,216,001	-2.4	7,395,786	-2.7

Note: Statistics Canada preliminary estimates.
Source: Statistics Canada, International Travel Survey.

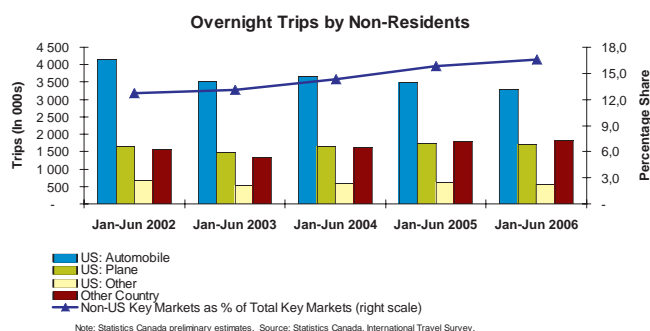
OVERNIGHT TRIPS BY CANADIANS

	Jun 2006	06/05 Jun % Change	Jan-Jun 2006	Year-to-date % Change
United States	1,106,489	4.3	7,421,608	6.0
Other Countries	427,672	10.3	3,775,721	6.0
Total Trips from Canada	1,534,161	5.9	11,197,329	6.0

Note: Statistics Canada preliminary estimates.
Source: Statistics Canada, International Travel Survey.

OVERSEAS KEY MARKETS

- In June 2006, CTC's non-US key markets fell slightly (-1.7%) over the same month in 2005 (less 5,308 trips).



- China, Mexico, South Korea, and France continued to perform well in June, -- increasing by 9.7% (+1,287 trips), 7.0% (+1,511 trips), 6.5% (+1,350 trips), and 4.4% (+1,440 trips), respectively -- offsetting the declines in Germany (-8.6%; less 3,335 trips), the UK (-6.8%; less 7,349 trips), and Japan (-1.5%; less 645 trips).
- Year-to-date, key overseas markets posted a slight increase (+0.7%) to reach over a million overnight visits.
- Noteworthy are the double-digit increases from China (+21.0%, or 9,627 trips), and Mexico (+13.8%, or 10,325 trips).

SHARE OF ENTRY

- In the first six months of 2006, US visitors accounted for 83.5% of the total visitors from our key markets (49.5% are automobile trips; 25.6% are plane trips; and 8.4% are other non-automobile trips).
- Visitors from our key Europe/Latin America markets accounted for 10.6% of total key markets with the UK market accounting for 5.5% of the total.
- Visitors from Asia/Pacific markets accounted for 6% of total tourists from our key markets. Japan, the largest Asia/Pacific market, accounted for 2.5% of the total.
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US (+0.6 percentage point), reaching a high of 16.5% in Jan-Jun. 2006 - up from 15.9% in 2005 and 12.7% in 2002.

COMPETITIVE REVIEW (MAY)

- From Jan.-May, Australia also registered a slowdown in international visitors (-1%), but not as much as Canada (-3%). Australia experienced stronger growth from the US (+3%) and top European markets -- France (+7%), Germany (+6%), and the UK (+1%) -- than Canada (-5%, -2%, and -1%, respectively). However, Canada registered stronger growth from top Asian markets, China (+26%) and South Korea (+5%) than Australia (+3% and -7%, respectively).

Please note:

1. UK statistics are only available quarterly.

2. At the time the Tourism Snapshot was published, the US statistics were not yet released.

OVERNIGHT TRIPS TO CANADA

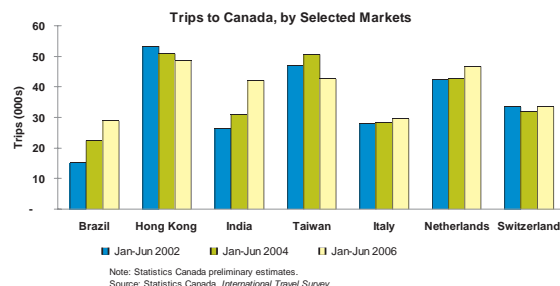
Trips from:	Trips to:			
	Canada		Australia	
	#	Change 06/05	#	Change 06/05
Total International	5,179	-3	2,214	-1
United States	3,872	-5	190	3
Other Key Markets				
France	102	5	24	7
Germany	82	-2	62	6
United Kingdom	267	-1	313	1
Mexico	62	16	...	...
China	41	26	133	3
Japan	125	-5	275	-4
South Korea	60	5	105	-7
Australia	67	-2	...	...
Canada	...	...	51	7
Total Key Markets	4,677	-4	1,153	0.1

...Data not available or not applicable.

Sources: Statistics Canada; Australian Bureau of Statistics.

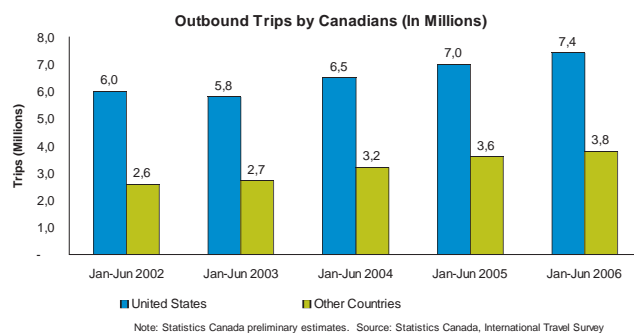
MARKET WATCH

- Compared to Jan.-Jun. 2005, India posted the largest growth rate (+17%), followed by Brazil (+11%), while Italy posted the largest decline (-8.5%).
- With the exception of Hong Kong and Taiwan, all other countries have surpassed 2002 levels - Brazil by 91% (13,747 trips), India by 60% (15,809 trips), the Netherlands by 10% (4,383 trips, Italy by 5% (1,469 trips), and Switzerland by 0.1% (45 trips).



CANADIAN OUTBOUND TRIPS

- Year-to-date, Canadian outbound travel increased 6% over the previous year -- slower than the rate of increase in Jan.-Jun. 2005 (+9.3%)
- Travel to the US and other countries both increased 6% to reach a 5-year high of 7.4 million and 3.8 million trips, respectively.
- Total outbound travel (to the US and other countries) from the provinces increased year-over-year. The most notable increases were from P.E.I (+386.2%, or 112 trips), New Brunswick (+12.6%, or 20,112 trips), and Alberta (+12.6%, or 91,803 trips).



AIR CAPACITY

- In the second quarter of 2006, Australia posted the highest increase in seats to Canada (+36.9%), followed by Mexico (+29.8%), and China (+16.9%).
- Air capacity from Germany increased moderately this quarter (+1.4%) following a slight decline (-1.8%) in Q1 2006.
- Japan, the US, and the UK saw declines in air capacity to Canada in Q2, 2006 (-9.7%, -3.4%, and -3.1%, respectively).

AIR CAPACITY, Q2 (APRIL-JUNE) 2006

	Q2 2005	Q2 2006	06/05 Change
Australia*	19,504	26,705	36.9
China	105,227	123,026	16.9
Japan	147,762	133,360	-9.7
South Korea	82,482	85,012	3.1
France	305,959	311,318	1.8
Germany	306,016	309,269	1.4
United Kingdom	707,171	685,427	-3.1
Mexico	77,023	99,994	29.8
United States	4,103,038	3,961,932	-3.4

Note: Non-stop flights. *Includes one stop.

Source: OAG data as provided by the Conference Board of Canada.

CONSUMER OUTLOOK

TRAVEL INTENTIONS

CANADA: 59% of Canadians surveyed in April 2006 stated that they planned to take a summer vacation between May to September 2006 - up from a low of 52% in 2005. Of those planning to take a summer vacation trip, 70% plan to travel within Canada, 27% plan to travel internationally (14% to the US).

UNITED STATES: 49% of Americans surveyed in April 2006 stated that they planned to take a vacation in the next six months - a 10-year low. Of those planning a vacation trip, 86% said they planned to travel within the US, 14% said that they plan to travel to an international destination, and 1.8% said that they plan to travel to Canada.

Sources: The Conference Board of Canada and the U.S. Conference Board Inc.

CONSUMER CONFIDENCE

CANADA: The Canadian Consumer Confidence Index rebounded in June 2006 as the Canadian economy remained strong. The Confidence Index increased 3.6 points over May 2006 to reach 124.1.

UNITED STATES: The U.S. Consumer Confidence Index increased one percentage point over May 2006 to reach 105.7 in June as consumer expectations improved slightly.

Source: The Conference Board (USA) and The Conference Board of Canada.

ACCOMMODATIONS

- In June 2006, the national occupancy rate fell slightly (-0.5 points) over the previous year due to decreases in Ontario, New Brunswick, and Newfoundland (-2.5, -2.1, and -1.7 points, respectively). Yukon posted the highest increase (+2.6), followed by BC (+2.5), and Alberta (+2.0).
- In the first six months of 2006, the national occupancy rate rose for the third consecutive year to reach 57.2% -- surpassing the 2002 level (56.6%), however still 3.3 percentage points below the peak in 1998.
- As of June 2006, 167,263 rooms were available, an increase of 4.4% (or 7,034 rooms) from the previous year.

The increases in rooms from Ontario (+3,602), Alberta (+1,132), Nova Scotia (+1,003), and BC (+884) accounted for 94% of the increase.

- Canada's average room rate for the period was \$106.23, up from \$100.16 in the previous year.
- In Jan.-Jun. 2006, the national average room revenue per available room (RevPAR) was \$60.76. Alberta posted the highest RevPAR (\$83.08), followed by closely by Quebec (\$82.02).

Source: HVS International and Smith Travel Research, Canadian Lodging Outlook.

CANADIAN OCCUPANCY RATES, BY PROVINCE

	June 2006	06/05 Change*	Jan-Jun 2006	Year-to-date Change*	No. of Rooms as of June 2006	06/05 % Change
Alberta	77.8	2.0	68.8	4.6	23,922	5.0
British Columbia	74.5	2.5	61.1	0.8	28,891	3.2
Saskatchewan	68.8	0.9	61.6	1.4	5,236	-6.0
Manitoba	67.1	0.0	59.8	0.5	4,679	-1.2
Ontario	70.8	-2.5	60.2	0.8	70,058	5.4
Quebec	74.5	1.0	60.6	1.3	22,874	0.8
New Brunswick	65.6	-2.1	57.1	-0.9	3,655	18.3
Nova Scotia	74.6	0.1	60	-0.5	4,546	28.3
Newfoundland	79.6	-1.7	55.5	-5.1	1,813	3.7
Prince Edward Island	63.7	1.4	45.1	2.9	938	0.0
Northwest Territories	...	...	...	...	66	0.0
Yukon	77.5	2.6	54.3	-0.9	585	0.0
Canada	67.4	-0.5	57.2	1.1	167,263	4.4

Source: HVS International and Smith Travel Research, Lodging Outlook.
...not available.

ECONOMIC INDICATORS

- Canada's economic growth remains steady at 3.2%, while the inflation rate grew at a faster pace in Q2 2006 (2.6%) than in the previous quarter.
- Following a robust economic performance in Q1 2006 (+3.6% - its fastest pace in over 2 ½ years), the US economy has slowed down somewhat (+3.4% this quarter), while posting the highest inflation rate of all key markets (+4.0%). The US\$ continues to weaken against the Cdn\$, falling 3.4% from Q1, 2006.
- Mexico, with a growth rate of 5.3% in Q1, posted a much lower growth rate (2.9%) this quarter.
- Compared to Q1 2006, European countries posted higher growth rates this quarter, with inflation hovering around 2.0%-2.1%. The UK posted the highest growth rate (+2.5%) of the European key markets.
- China continued to grow at double-digits, posting a 10.1% growth rate over the previous year. South Korea posted the second-highest growth rate of all key markets. Japan and Australia posted slower rates of growth this quarter.
- The Mexican Peso, the Euro, and the British Pound strengthened against the Cdn\$ this quarter.

ECONOMIC INDICATORS, Q1 - Q2 2006

N. America	Canada		USA		Mexico			
	Q1 2006	Q2 2006	Q1 2006	Q2 2006	Q1 2006	Q2 2006		
Real GDP growth (yoy, %)	3.2	3.2	3.6	3.4	5.3	2.9		
Consumer Price Index (yoy, %)	2.4	2.6	3.7	4.0	3.7	3.4		
Exchange Rate (1LCU:C\$)	1.000	1.000	1.155	1.122	0.109	0.100		
Europe	France		Germany		UK			
	Q1 2006	Q2 2006	Q1 2006	Q2 2006	Q1 2006	Q2 2006		
Real GDP growth (yoy, %)	1.5	2.1	1.4	2.0	2.2	2.5		
Consumer Price Index (yoy, %)	1.9	2.0	2.0	2.0	2.0	2.1		
Exchange Rate (1LCU:C\$)	1.389	1.410	1.389	1.140	2.024	2.049		
Asia Pacific	Australia		China		Japan		South Korea	
	Q1 2006	Q2 2006	Q1 2006	Q2 2006	Q1 2006	Q2 2006	Q1 2006	Q2 2006
Real GDP growth (yoy, %)	3.1	2.8	10.3	3.0	3.0	2.6	6.0	6.0
Consumer Price Index (yoy, %)	3.0	3.1	1.3	0.4	0.4	0.4	2.4	2.4
Exchange Rate (1LCU:C\$)	0.854	0.838	0.143	0.140	0.010	0.010	0.0014	0.0012

Source: Bank of Canada; and Global Insight, World Overview, Second Quarter 2006.

STRATEGIC PERFORMANCE

- Against the target of all CTC's core markets, we have exceeded our goal by 64,000 overnight trips, as of June 2006.
- Trips from the US and Asia/Pacific have exceeded its target by 2% (84,000 trips) and 3% (11,000 trips), respectively. Trips from Europe/Latin America have a shortfall of 4% (less 32,000 trips).
- The most notable performance is Mexico, which exceeded its target by 14% (11,000 trips).

Please note:

- Targets have been adjusted based on Statistics Canada's revised data.
- While these figures are indicative, generalizations concerning the state of visits from Canada's key markets should not be drawn from only 6 months of data.

TRAVEL VOLUMES, JANUARY-JUNE 2006

	Trips Made (000s)		
	Target	Actual	Difference (%)
Europe/Latin America			
France	139	136	-2
Germany	122	117	-4
UK	403	368	-9
Mexico	74	85	14
Asia/Pacific			
China	50	55	9
Japan	167	166	-1
S Korea	80	82	3
Australia	88	94	6
United States	5,488	5,572	2
Total	6,611	6,675	1

Note: As per strategic plans.

CTC MARKETING
MARKET RESEARCH