

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

May 2007

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key highlights

Despite exceptional performances by Mexico (+20%) and Australia (+10.6%) this month, overnight trips from CTC's key overseas markets remain stagnant (+0.6% over May 2006).

U.S. "other" non-automobile trips increased slightly (+1.0%) in May, while automobile and plane trips fell slightly (-1.7% and -3.2%, respectively).

Most recent data shows that the national occupancy rate increased +1.2 percentage points in May 2007 to reach 63.0% -- a 4-year high.

tourism review

International trips

- This month, international travellers made 1.5 million overnight trips to Canada, a slight decline of -1.1% over the same month last year.
- Year-to-date, total international visits to Canada reached nearly 5 million visits (a decline of 3.9%).
- Non-U.S. markets increased for the fourth consecutive year (+3.0%) to reach 1.3 million in Jan.-May 2007. Visits from the U.S. reached 3.6 million (down 6.2% over the first 5 months of 2006).
- Non-U.S. trips to Canada now account for 27% of total international trips to Canada (up from 24% in 2005).
- With the exception of the Asia region (-1.7%), Canada saw increases from all other overseas regions in Jan.-May 2007.

United States

- U.S. trips to Canada remained relatively stable over May 2006 (-1.8%) to reach 1.1 million trips. "Other" overnight trips posted an increase of 1.0%, automobile trips fell slightly (-1.7%) and plane trips dropped 3.2% over the same month last year.

Overnight Trips to Canada

	May 2007	07/06 May % Change	Jan-May 2007	Year-to-date % Change
United States				
Automobile	640,804	-1.7	2,121,303	-7.4
Plane	329,480	-3.2	1,202,693	-4.0
Other	158,878	1.0	324,386	-6.9
US Total	1,129,162	-1.8	3,648,382	-6.2
Europe/Latin America Key Markets				
France	25,959	-0.7	107,149	4.6
Germany	31,326	-1.2	83,965	2.6
UK	84,342	2.1	276,481	3.6
Mexico	18,552	20.0	73,933	18.5
Asia/Pacific Key Markets				
China	12,815	6.4	44,722	9.4
Japan	27,571	-21.4	106,562	-14.5
South Korea	16,739	6.9	64,622	7.7
Australia	30,313	10.6	73,298	9.8
Overseas Key Markets	247,617	0.6	830,732	3.1
As % of Key Markets and US	18.0		18.5	
Other Overseas Countries	157,452	1.2	516,656	2.8
Total Non-US Countries	405,069	0.8	1,347,388	3.0
Total International Countries	1,534,231	-1.1	4,995,770	-3.9

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

Overnight Trips by Canadians

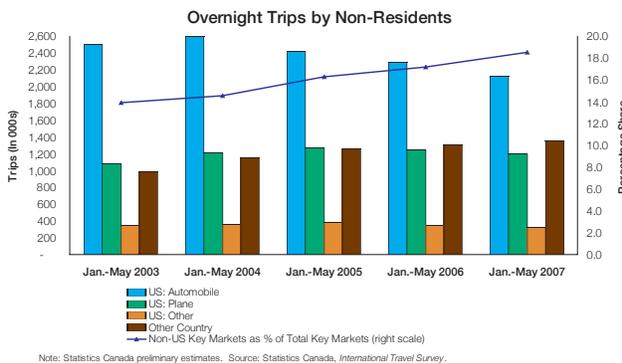
	May 2007	07/06 May % Change	Jan-May 2007	Year-to-date % Change
United States	1,397,994	4.4	6,584,126	4.3
Other Countries	544,435	8.9	3,697,357	10.4
Total Trips from Canada	1,942,429	5.6	10,281,483	6.4

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

- For the period Jan.-May 2007, US visits fell 6.2% below the same period in 2006 - mainly driven by the decline in automobile trips (-7.4%).
- Year-to-date, US trips to Nova Scotia, the Yukon, and Alberta posted gains of +15.4% (or 2,569 trips), +8.4% (or 1,752 trips), and +6.1% (or 9,867 trips), respectively. U.S. trips to Saskatchewan have remained fairly stable (-0.8%).

Overseas Key Markets

- In the month of May, 5 overseas key markets posted increases (Mexico, +20.0%; Australia, +10.6%; South Korea, +6.9%; China, +6.4%; and the U.K., +2.1%), partially offsetting declines from Japan (-21.4%), Germany (-1.2%), and France (-0.7%).
- Year-to-date, overnight trips from overseas key markets increased for the fourth consecutive year (+3.1%) to reach a new high of 0.8 million visits.
- For the Jan.-May period, 7 of the 8 overseas key markets posted increases over the previous year. Notable, Mexico, Australia, and China posted the highest growth rates (+18.5%, 9.8%, and 9.4% respectively). Japan posted a decline of -14.5%.



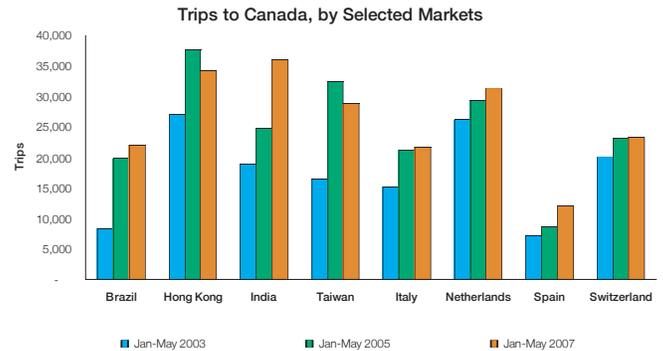
Share of Entry

- Year-to-date, overnight trips from the U.S. totaled 3.6 million, accounting for 81% of the total visitors from key markets (down from 84% in 2005). 47% were automobile trips and 34% were non-automobile trips.
- Visitors from our key Europe/Latin America markets totaled a little over half a million, accounting for 12% of the total visits from key markets (up from 10% in 2005).

- 289,204 visitors from Asia/Pacific key markets visited Canada, accounting for 7% of total tourists from key markets (up from 6% in 2005).
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US, reaching a new high of 18.5% in Jan.-May 2007 - up 1.3 percentage points from 2006 and 2.2 up points from 2005.

Market Watch

- This month, India (+19.7%), Brazil (+2.9%), and the Netherlands (+1.5%) posted increases while all other markets posted a decline over May 2006.
- Year-to-date, India and Italy posted double-digit increases (17.0% and 11.3%, respectively). Switzerland posted a slight increase of 1.6%. All other markets posted declines - Taiwan (-12.0%), Hong Kong (-4.1%), Brazil (-1.2%), Spain (-0.9%), and the Netherlands (-0.7%).
- Compared to Jan.-May 2003, trips from Brazil posted the largest growth rate (166.7% or +13,810 overnight trips), followed by India (89.9% or +17,062 trips).

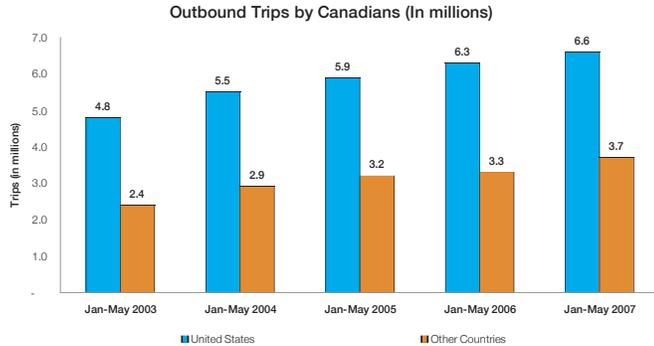


- Compared to Jan.-May 2005, trips from India posted the largest growth rate (45.6% or +11,280 trips), followed by Spain (40.1%, or 3,473 trips).

Canadian Outbound Trips

- Canadian outbound travel continued to increase in May 2007 (+5.6%) to reach almost 2 million trips.
- Year-to-date, Canadian trips abroad increased 6.4%. Trips to non-US countries increased almost 2.5 times faster than trips to the U.S. However, the volume of outbound trips to the U.S. is nearly double the number of trips to non-U.S. countries.

- Compared to the same five months last year, residents of P.E.I., Newfoundland, and the Yukon are making fewer international trips (+42%, 34%, and 20%, respectively). Saskatchewan and Nova Scotia have the posted the largest increases of trips abroad (+16.4% and +16.2%, respectively).



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

consumer outlook

Consumer Confidence

CANADA: Following a decrease in April 2007, the Canadian consumer confidence rose slightly (+0.2 percentage point) in May 2007 to reach 99. In the same month last year, the Canadian consumer confidence index had reached 98.

UNITED STATES: The US consumer confidence rose in May 2007 (+1.7 percentage points), following two consecutive declines in March and April 2007. The confidence index is up 4.8 points compared to May 2006.

Sources: The Conference Board (USA), and the Conference Board of Canada.

competitive review (Jan.-Mar. 2007)

- In the first quarter of 2007, Canada posted a decline in international arrivals (-3%), while the U.S. and Australia both posted increases (+9% and +5%, respectively).
- All markets experienced declines from the Japanese market -- Canada (-13%), Australia (-12%), and the U.S. (-6%).
- Compared to the U.S., Canada experienced stronger growth from the U.K. (+9%, compared to 3%) and Mexico (+34%, compared to +29%).
- Compared to Australia, Canada experienced stronger growth from Germany (+9%, compared to 3%), and the UK (+9%, compared to +3%).

Note: UK statistics not yet released at the time this publication went to press.

International Travel, January - March 2007

Trips from:	Trips to:					
	Canada		United States		Australia	
	#	% Change	#	% Change	#	% Change
Total International	2,460.9	-3	9,872.3	9	1,497.1	5
United States	1,785.8	-7	...	...	124.7	1
Other Key Markets						
France	60.5	8	180.0	22	18.5	9
Germany	37.9	9	303.9	10	45.0	3
United Kingdom	141.8	9	916.2	3	231.7	3
Mexico	37.2	34	1,280.5	29	...	...
China	22.7	13	115.8	21	114.5	28
Japan	56.9	-13	873.6	-6	165.9	-12
South Korea	36.2	10	190.0	10	75.2	9
Australia	31.3	8	132.1	12	...	...
Canada	...	...	3,698.4	5	37.0	-1
Total Key Markets	2,210.3	-4	7,690.5	7	812.5	2

...Not applicable or data not available. Note: 1. US figures for China includes Hong Kong, SAR; US figures for Mexico include arrivals to interior only. 2. Statistics Canada preliminary figures.

Sources: Statistics Canada (preliminary statistics); Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA).

accommodations

Canadian Occupancy Rates, By Province

	May 2007	07/06 Change [^]	Jan-May 2007	Year-to-date Change [^]	Rooms as of May 07/06 % Change
Alberta	70.3	0.1	65.8	-1.1	11.9
British Columbia	68.0	2.5	58.4	2.2	-0.5
Saskatchewan	65.4	7.9	56.9	5.4	4.4
Manitoba	67.0	2.5	60.5	3.1	-4.5
Ontario	63.4	-1.5	54.5	-0.7	4.7
Quebec	61.7	1.8	50.2	1.5	6.6
New Brunswick	50.6	0.2	43.6	0.2	-8.6
Nova Scotia	56.8	-0.6	45.4	-1.6	-5.3
Newfoundland	72.5	14.7	57.2	12.2	-3.0
Prince Edward Island	41.6	-4.7	38.2	-9.4	7.0
Northwest Territories	...	...	...	...	87.9
Yukon	53.2	0.9	50.5	0.8	0.0
Canada	63.0	1.2	54.4	0.5	4.2

^{*} Note: Data based on survey of hotels (15+ rooms) across Canada.
 ... - Insufficient data; [^] - Percentage points.
 Source: HVS International and Smith Travel Research, Canadian Lodging Outlook.

- In May 2007, Canada's national occupancy rate rose +1.2 percentage points over May 2006 to reach 63.0%. Newfoundland posted the largest gain, followed by Saskatchewan.
- Year-to-date, the occupancy rate remained steady (+0.5 percentage point) to reach 54.4%. Alberta posted the highest occupancy rate (66.9%) and Newfoundland posted the largest growth rate (+12.2 percentage points).
- Survey data shows that the number of rooms available in Canada increased 4.2% over May 2006. The Northwest Territories and Alberta experienced the highest growth rates.
- From January - May 2007, the average room rate was \$107.87 (up from \$102.74 at the same time last year). The national average room revenue per available room (RevPAR) was \$58.68 (up from \$55.38 in Jan.-May 2006).

strategic performance

Travel Volumes, January - May 2007

	Trips Made (000s)		
	Target	Actual	% Difference
Europe/Latin America			
France	105	107	1.9
Germany	81	84	3.7
UK	273	277	1.5
Mexico	52	52	0.0
Asia/Pacific			
China	49	41	-16.3
Japan	106	125	17.9
S Korea	63	65	3.2
Australia	63	73	15.9
United States	3,718	3,648	-1.9
TOTAL	4,510	4,472	-0.8

Note: As per strategic plans.

- Against the set target of all CTC's core markets, we have a shortfall of 38,000 overnight trips (-0.8%), as of May 2007.
- Trips from Asia / Pacific and Europe/Latin America have exceeded its targets (by +8.2% and 1.8%, respectively), while the U.S. has posted a short fall of -4.8%.
- Notable, Japan and Australia have exceeded the targets set by about 19,000 and 10,000 trips respectively in the first five months of 2007.

Please note: Targets are based on Statistic Canada's preliminary data. June 2007 forecasts.

**CTC Marketing
Market Research**