

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

September 2007

Volume 3, Issue 09

key highlights

For the fourth consecutive month, overnight visits from CTC's key overseas markets increased by 1.1% in September to reach 344,061 trips. Trips from the U.S. fell 2.7%, however, 'other' US trips increased by 13.0% this month.

Stimulated by a strong Canadian dollar, outbound trips by Canadians increased 15% over September 2006. Latest survey data shows that more Canadians are planning to take a winter vacation trip in 2007 than in 2006.

As of September year-to-date, Canada was outpaced by its main competitors.

tourism review

International trips

- International travellers made 1.9 overnight trips to Canada in September 2007, a decline of 1.3% over the previous year.
- US visits to Canada (accounting for 71% of this month's visits) fell 2.7%, while non-US trips to Canada rose by 2.6%.
- Year-to-date, international visits to Canada reached 14.7 million, a decline of 1.8% over the same period in 2006.
- For the Jan.-Sep. 2007 period, visits from the U.S. fell 3.5% to 11.0 million trips, while visits from non-US countries increased 3.3% over 2006, to reach 3.7 million trips.
- Regionally, visits from Asia posted a slight decline while visits from all other overseas regions posted increases.

United States

- In September 2007, trips by Americans fell 2.7%. While automobile and plane trips to Canada fell (-7.1% and -3.2%, respectively), 'other' US trips increased by 13.0%.
- Year-to-date, US trips to Canada declined 3.5%. Overall, US trips to 4 provinces increased (P.E.I.: 76.7%; Yukon: 14.2%; New Brunswick: 8.7%; and Alberta: 3.5%).

Overnight Trips to Canada

	Sept. 2007	07/06 Sept % Change	Jan-Sept 2007	Year-to-date % Change
United States				
Automobile	723,591	-7.1	6,561,237	-4.4
Plane	352,491	-3.2	2,961,596	-3.4
Other	260,338	13.0	1,477,940	0.6
US Total	1,336,420	-2.7	11,000,773	-3.5
Europe/Latin America Key Markets				
France	48,210	-5.5	305,632	1.9
Germany	46,939	4.9	262,764	2.4
UK	116,003	2.2	744,284	4.4
Mexico	21,768	16.9	201,247	17.2
Asia/Pacific Key Markets				
China	18,362	-1.8	118,358	6.5
Japan	46,601	-5.7	259,868	-14.6
South Korea	19,950	0.1	161,574	4.1
Australia	26,228	7.7	176,977	8.5
Overseas Key Markets	344,061	1.1	2,230,704	2.6
As % of Key Markets and US	20.5		16.9	
Other Countries	190,425	5.3	1,478,114	4.5
Total Non-US Countries	534,486	2.6	3,708,818	3.3
Total Countries	1,870,906	-1.3	14,709,591	-1.8

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

Overnight Trips by Canadians

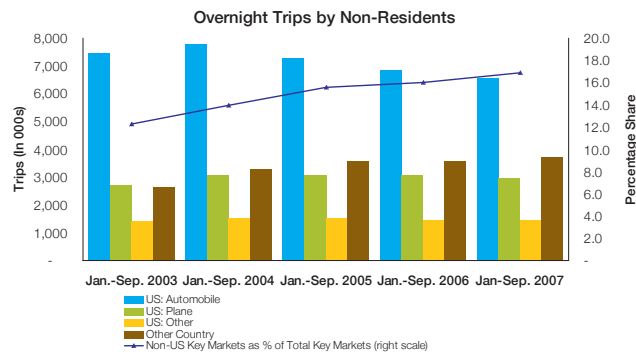
	September 2007	07/06 Sep % Change	Jan-Sep 2007	Year-to-date % Change
United States	1,550,650	17.8	13,573,960	7.7
Other Countries	521,411	7.4	5,872,936	9.5
Total Trips from Canada	2,072,061	15.0	19,446,896	8.2

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

- Automobile trips (which accounted for 60% of all U.S. trips to Canada) declined at a faster rate (-4.4%) than non-automobile trips (-2.1%) from Jan.-Sep. 2007.

Overseas Key Markets

- In September 2007, CTC's non-US key markets rose 1.1% over the same month in 2006 (+3,748 trips) to reach 344,061 overnight trips.
- Mexico posted a fifth consecutive gain and the highest increase this month (+16.9% or +3,154 trips in Sept. 2007).
- Year-to-date, trips from Canada's key overseas markets increased 2.6% (+ 55,778 visits) to reach 2.2 million visits.
- With the exception of Japan (-14.6%), trips from all other CTC key overseas markets posted increases in the Q1-Q3 2007 period.



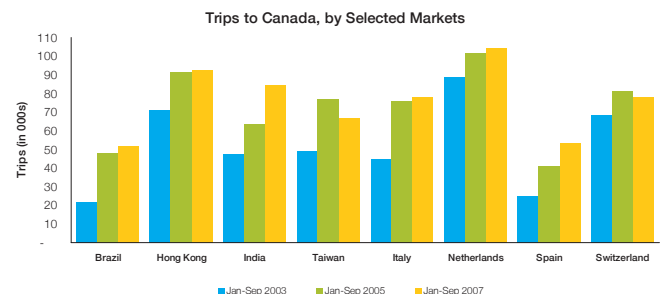
Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

Share of Entry

- In the first 9 months of 2007, there were 11 million US visitors, accounting for 83% of the total visitors from our key markets. Half were automobile trips; 22% were plane trips; and 11% were other non-automobile trips.
- Year-to-date, key Europe/Latin America markets made 1.5 million overnight trips to Canada, accounting for 12% of total key markets. Notable, the U.K. accounted for 6%.
- 0.7 million visitors from Asia/Pacific markets accounted for 5% of total tourists from our key markets. Notable, Japan accounted for 2%.
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US -- reaching a high of 16.9% in Jan.-Sep. 2007 - up 0.9 percentage point from 2006 and 1.3 points from 2005.

Market Watch

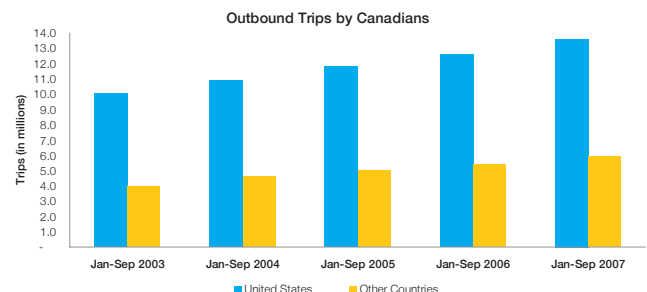
- In September, Spain posted an impressive increase of visitors to Canada (+36% or 2,060 trips). India and Hong Kong also posted double-digit growth rates - 14% and 11%, respectively.
- From January-September 2007, India posted the largest growth rate (+19%), followed by Spain (+16%) and Italy (+11%).
- Compared to the same period in 2005, trips from Taiwan, and Switzerland have fallen below the 2005 level (by 13% or less 10,278 trips and 4% or less 2,964 trips, respectively). Trips from all other countries have exceed the 2005 level - In particular, India (+34% or 21,351 trips) and Spain (+29% or 11,913 trips).



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

Canadian Outbound Trips

- Year-to-date, Canadians made 19.4 million trips abroad, an increase of 8.2% over the same period last year.
- While the Canadian dollar strengthened further, trips to the U.S. increased 7.7%; those travelling to non-US international destinations increased by 9.5% in Jan.-Sep. 2007.
- From Q1-Q3. 2007, Canadian outbound international travel rose in all provinces except Newfoundland and Yukon.



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

consumer outlook

Travel Intentions

CANADA: 54.9% of Canadians surveyed in August 2007* stated that they planned to take a winter vacation trip - up 14.5 percentage points from 2006. Of those planning a winter trip, 44% plan to spend their longest trip within Canada (up 5 percentage points from a year ago); 26.9% plan to travel internationally to non-US destinations (up 0.6 point from the same time last year); and 26.9% planned to travel to the US (+4.1 points from 2006).

UNITED STATES:** In the August 2007 survey, 41.7% of Americans surveyed stated that they planned to take a vacation in the next 6 months - down from 43.3% in August 2006. 35.1% said they planned to travel within the US (down 0.4 percentage point from 2006) and 8.3% said that they plan to travel to an international destination (down 1.2 points from the same time last year).

*August 2007 survey conducted online; previous August surveys conducted by telephone.

**Seasonally adjusted.

Sources: The Conference Board of Canada and the U.S. Conference Board Inc. as part of the US consumer confidence survey.

Consumer Confidence

CANADA: Compared to August 2007, the Canadian Consumer Confidence Index improved slightly - increasing 0.4 of a point to reach 99.9 in September 2007. Compared to the same month last year, the Canadian consumer confidence index was down 2.5 points at 97.4.

UNITED STATES: The U.S. Consumer Confidence Index fell for the second consecutive month - down 5.8 percentage points over August 2007 to reach 99.8 points this month. In September 2006, the Index stood at 104.5 (+4.7 points over September 2007).

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

accommodations

Canadian Occupancy Rates*, By Province

	Sept. 07	07/06 Change^	Jan-Sept. 2007	Year-to-date Change^	Rooms as of Sept. 07/06 % Change
Alberta	77.0	-1.1	70.8	-0.9	9.4
British Columbia	73.2	1.4	66.3	1.7	1.9
Saskatchewan	68.5	2.3	63.1	4.4	1.4
Manitoba	70.6	2.1	64.6	2.5	-6.7
Ontario	73.5	-0.4	62.3	0.0	5.1
Quebec	70.4	0.7	59.4	1.8	3.9
New Brunswick	61.2	4.5	53.2	0.8	1.9
Nova Scotia	71.1	-6.2	56.3	-0.8	0.7
Newfoundland	82.3	3.5	69.3	8.7	5.0
Prince Edward Island	71.5	-5.3	53.5	-6.0	7.1
Northwest Territories	...	...	...	...	87.9
Yukon	...	...	63.0	2.8	-60.0
Canada	71.8	0.3	62.5	0.8	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 September 2007, the national occupancy rate rose slightly (+0.3 percentage point over the previous year) to reach 71.8%. New Brunswick posted the largest increase this month (+4.5 points) while Nova Scotia posted the largest decline (-6.2 points).
- Year to date, the national occupancy rate increased 0.8 percentage point to reach 62.5% -- to reach a six year high, but still 1.1 points below 2001.

- The number of rooms available (as of September 2007) increased 4.2% over the same period last year. Ontario and Alberta accounted for the bulk of the increase.
- In Jan.-Sep., the national average room revenue per available room (RevPAR) was \$71.91, up \$68.22 from the same time last year. Alberta, British Columbia, and Newfoundland posted the highest RevPAR (\$89.94, \$79.79, and \$77.30, respectively).

competitive review (July 2007)

International Travel Matrix, January-July 2007 (In 000s)

TRIPS FROM:	Trips to:					
	Canada		United States		Australia	
	#	07/06 Change	#	07/06 Change	#	07/06 Change
Total International	10,081	-3	26,720	8	3,192	4
United States	7,513	-5	...	...	278	0
Other Key Markets						
France	201	4	555	27	41	10
Germany	168	4	832	8	82	3
United Kingdom	507	5	2,397	3	383	-1
Mexico ¹	149	17	3,798	19	...	...
China*	82	9	304	17	213	17
Japan	175	-16	1,976	-5	325	-12
South Korea	116	4	474	8	155	6
Australia	127	9	367	9	...	...
Canada	...	...	9,764	5	66	2
Total Key Markets	9,038	-4	20,467	7	1,543	0

...Data not available or not applicable. *U.S. data: includes Hong Kong, SAR. ¹US data: Arrivals to the interior only. Sources: Statistics Canada; Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA). Note: Statistics Canada preliminary estimates.

- For the first seven months of 2007, the U.S. saw an 8% increase in international visitors and Australia posted a 4% increase, while Canada posted a decline of 3%.
- Compared to Australia, Canada experienced stronger growth in arrivals from Germany (+4% compared to +3%) and the U.K. (+5% compared to a 1% decline).
- Compared to the U.S., Canada posted stronger growth in trips from the U.K. (+5%, compared to +3%).
- In Jan-Jul. 2007, all countries posted declines from Japan (-16% or less 34,000 trips from Canada; -12% or less 43,000 trips from Australia; and -5% or less 111,000 trips from the U.S.).

Please Note: UK statistics are only available quarterly.

strategic performance

Travel Volumes, January - September 2007

	Trips Made (000s)		
	Target	Actual	% Difference
Europe/Latin America			
France	307	306	-0.2
Germany	267	263	-1.7
UK	725	744	2.7
Mexico	181	201	11.1
Asia/Pacific			
China	127	118	-6.8
Japan	264	260	-1.4
S Korea	165	162	-2.0
Australia	152	177	16.7
United States	10,957	11,001	0.4
Total	13,144	13,232	0.7

Note: As per strategic plans.

- Against the set target for CTC's core markets, we have exceeded the target slightly, by +0.7% (or 88,000 overnight trips) in the first three quarters of 2007.
- Trips from Europe/Latin America key markets have exceeded its target by 2.3% (or 34,000 trips); trips from Asia/Pacific key markets have exceeded its targets by 1.4% (or 10,000 trips); trips from the U.S. have essentially matched its target (+0.4% or 44,000 trips).
- The most notable performance is from Australia, which exceeded its target by 17% (25,000 trips).

Note: Targets are based on past proportions of the January-September period and applied to 2007 forecasts.

air capacity

- Notable are the double digit increased from China (+21.9%), France (+15.3%), Australia (+11.4%), and the UK (+11.1%).
- Air capacity for Germany, the U.S. and Japan remained fairly steady (+1.4%, 1.1%, and -0.9%, respectively).
- South Korea and Mexico posted declines of 6.8% and 6.1%, respectively.

Air Capacity, Q3 (July-September) 2007

	Q3 2007**	07/06 % Change
Australia*	29,737	11.4
China	150,000	21.9
Japan	132,131	-0.9
South Korea	79,268	-6.8
France	358,819	15.3
Germany	313,570	1.4
United Kingdom	761,810	11.1
Mexico	93,868	-6.1
United States	4,004,515	1.1

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

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

economic indicators

- Key markets in North America and Europe posted higher year-over-year **economic growth** rates in Q3 2007 than in the previous quarter. China and Korea also posted higher economic growth rates. Notable is the Chinese economy which continues to expand at double-digit rates (11%).
- **Inflation rates** in the U.S. and Australia posted a 1 percentage point and 0.9 point increase, respectively. Japan's consumer prices are in positive territory following a

drop into negative territory in Q2 2007. France's inflation rate increased slightly (+0.1 point). The inflation rate for all other countries remained the same or fell for all other countries.

- For the second consecutive quarter, the **Canadian dollar** has strengthened relative to currencies of our key international markets.

Economic Indicators, Q2 - Q3, 2007

	Canada		USA		Mexico	
N. America	Q2 2007	Q3 2007	Q2 2007	Q3 2007	Q2 2007	Q3 2007
Real GDP growth (yoy, %)	2.2	2.4	2.0	2.4	3.4	4.5
Consumer Price Index (yoy, %)	2.1	1.7	2.4	3.4	4.2	3.5
Exchange Rate (1LCU:C\$)	1.000	1.000	1.098	1.045	0.101	0.095

	France		Germany		UK	
Europe	Q2 2007	Q3 2007	Q2 2007	Q3 2007	Q2 2007	Q3 2007
Real GDP growth (yoy, %)	1.7	2.1	3.1	3.2	2.8	3.0
Consumer Price Index (yoy, %)	1.6	1.7	1.9	1.6	2.5	2.4
Exchange Rate (1LCU:C\$)	1.481	1.437	1.481	1.437	2.182	2.111

	Australia		China		Japan		South Korea	
Asia Pacific	Q2 2007	Q3 2007	Q2 2007	Q3 2007	Q2 2007	Q3 2007	Q2 2007	Q3 2007
Real GDP growth (yoy, %)	3.6	2.4	10.8	11.0	2.3	1.4	4.5	4.8
Consumer Price Index (yoy, %)	2.8	3.9	3.2	1.3	-0.2	0.6	2.5	2.5
Exchange Rate (1LCU:C\$)	0.913	0.885	0.143	0.138	0.0091	0.0089	0.0012	0.0011

Source: Bank of Canada; and Global Insight, World Overview, Third Quarter 2007.

**CTC Marketing
Market Research**