



Tourism Snapshot

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



Key highlights

- Total arrivals from CTC's international markets eased 0.5% in June 2013, as weakness in the US (-0.8%) and the Core markets (-2.6%) outpaced gains from Emerging and Transition markets (+7.7%), including strong performances from China (+22.1%) and Mexico (+13.3%).
- Results from CTC's Core markets were mixed in June. Australia reversed previous losses and posted a 5% gain in arrivals to Canada, while the European markets of France (-6.7%), Germany (-4.3%) and the UK (-2.6%) declined.
- Arrivals from CTC's Emerging and Transition markets expanded 7.7% in June. South Korea (+6.4%) saw a strong increase in arrivals, including a 50% surge in arrivals to Ontario thanks largely to Air Canada's new thrice-weekly service from Seoul to Toronto, which will run until mid-October.
- Overnight arrivals from the US slipped 0.8% in June 2013 on a decline in auto arrivals (-4.2%). Year-to-date June 2013, overnight arrivals from the US are up 0.5% over 2012.
- In the first half of 2013, overnight arrivals from CTC overseas markets were flat (+0.3%): Emerging and Transition markets (+6.4%), led by China (+20.2%), outperformed CTC's Core markets (-3.6%).



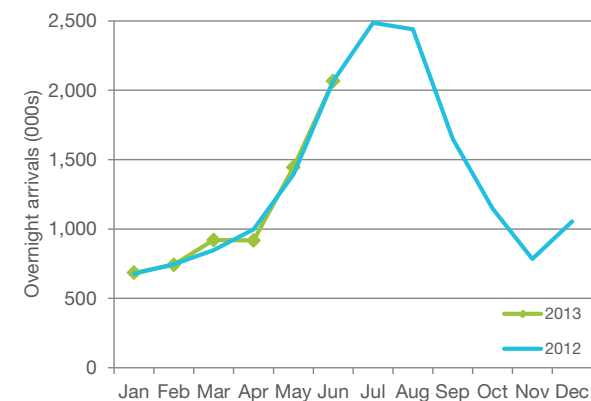
Tourism review Inbound highlights

Overnight trips to Canada

	June 2013	13/12 June % Change	Jan. - June 2013	Year-to-date % Change
United States				
Automobile	842,923	-4.2	2,726,405	-1.1
Plane	456,474	5.4	1,629,783	2.9
Other	221,045	0.7	514,334	1.8
US Total	1,520,442	-0.8	4,870,522	0.5
Core Markets				
UK	80,654	-2.6	268,963	-5.7
France	41,607	-6.7	178,386	-2.0
Germany	36,372	-4.3	118,092	-5.2
Australia	33,959	5.0	114,097	0.8
Core Total	192,592	-2.6%	679,538	-3.6%
Emerging/Transition Markets				
Japan	19,973	-7.3	92,293	1.3
South Korea	17,441	6.4	62,616	1.9
Mexico	17,880	13.3	69,348	7.0
Brazil	9,903	-0.7	41,625	3.5
China	37,614	22.1	136,240	20.2
India	21,115	2.8	71,470	-3.8
Emerging/Transition Markets Total	123,926	7.7%	473,592	6.4%
CTC Overseas Key Markets	316,518	1.2%	1,153,130	0.3%
Other Overseas Countries	228,878	2.9%	750,855	2.2%
Total Non-US Countries	545,396	1.9%	1,903,985	1.0%
Total Countries	2,065,838	-0.1%	6,774,507	0.7%

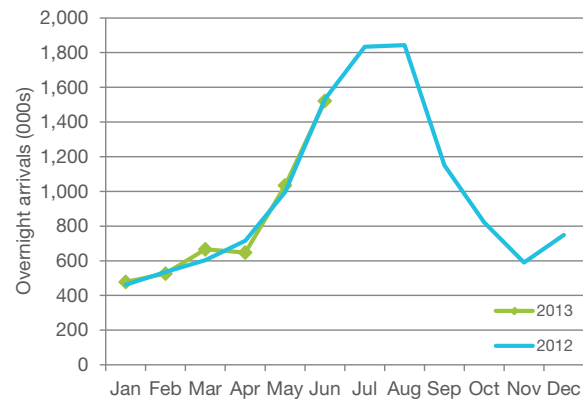
Note: Statistics Canada preliminary estimates.
Source: Statistics Canada, International Travel Survey.

International trips



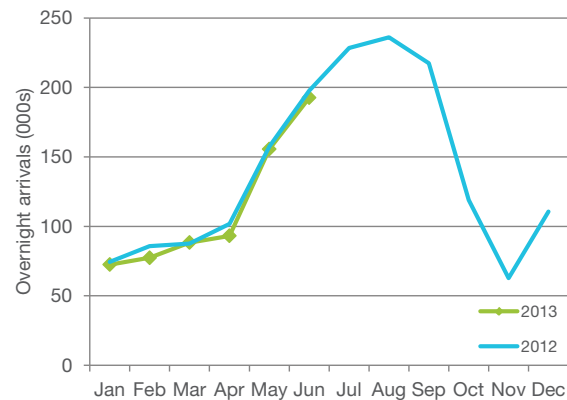
- Canada received approximately 2.07 million international visitors during the month of June, an amount nearly identical (-0.1%) to the number received in the same month in 2012.
- Reversing previous losses, arrivals from Australia rose 5% in June. However, overall arrivals from CTC's Core markets fell 2.6% on declining arrivals from the European markets of France (-6.7%), Germany (-4.3%) and the UK (-2.6%). The year-to-date number of overnight visitors is now 679,538, down 3.6% compared with the same period last year.
- Total arrivals from CTC's Emerging and Transition markets (Japan, South Korea, Mexico, Brazil, China and India) increased 7.7% in June, supported by arrivals from China (+22.1%) and Mexico (+13.3%). Year-to-date arrivals through June numbered 473,592, up 6.4% compared with the same period last year.

United States



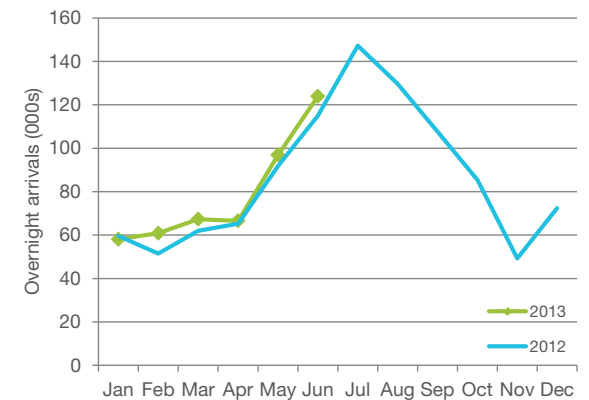
- Overnight arrivals from the US slipped 0.8% in June. Auto arrivals declined 4.2%, while air arrivals rose 5.4%.
- During the first half of 2013, total overnight trips to Canada by US residents numbered 4,870,522, up 0.5% over last year.
- In June, five provinces recorded gains in border-crossing arrivals by US visitors, with Yukon (+29.5%), Newfoundland and Labrador (+22%) and British Columbia (+5.7%) seeing the largest increases.

Core Markets



- Arrivals from France (-6.7%), Germany (-4.3%) and the UK (-2.6%) declined in June amid a general weakness in European arrivals.
- For the first half of 2013, all three markets were below their 2012 levels, with the UK (-5.7%) posting the largest decline, followed by Germany (-5.2%) and France (-2%).
- Contrary to the decline in Europe, arrivals from Australia reversed previous losses with a 5% gain in June. Year-to-date arrivals from this market were up 0.8% compared with the same period in 2012.

Emerging Markets

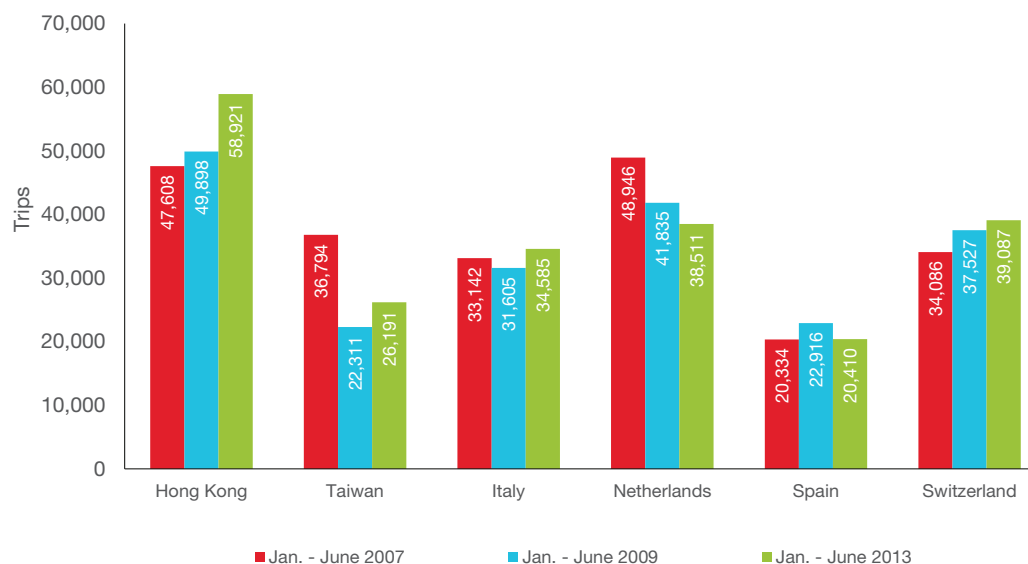


- Supported by growth from China (+22.1%) and Mexico (+13.3%), arrivals from Emerging and Transition markets expanded 7.7% in June.
- While arrivals from Brazil (-0.7%) and Japan (-7.3%) declined in June, those from India (+2.8%) and South Korea (+6.4%) expanded. Arrivals from South Korea benefitted from the addition of new summer air capacity between Seoul and Toronto. Air Canada will run the thrice-weekly service from June to mid-October. Korean Air runs year-round service to Toronto, while both carriers also have year-round service to Vancouver.
- Year-to-date June 2013, overall arrivals from CTC's Emerging and Transition markets grew 6.4% compared with last year. The best performers were China (+20.2%), Mexico (+7%) and Brazil (+3.5%).

Market Watch

- With the exception of Switzerland (-0.3%), arrivals from other selected European markets expanded in June, with Spain (+5%), Netherlands (+2.8%) and Italy (+0.2%) all posting gains.
- In June, arrivals from Hong Kong (+22.1%) and Taiwan (+22%) expanded, building strongly on previous gains.
- Year-to-date June 2013, arrivals from secondary markets were generally positive: Spain (+6.9%), Italy (+3.4%), Hong Kong (+7.8%) and Taiwan (+11.4%) realized gains, while the Netherlands (-0.5%) and Switzerland (-0.9%) saw modest losses.
- When compared with the year-to-date results for June 2007, Hong Kong saw the largest gain in overnight arrivals (+23.8%), followed by Switzerland (+14.7%) and Italy (+4.4%). Taiwan and the Netherlands posted significant declines, down 28.8% and 21.3% respectively.

Overnight trips to Canada, by selected markets



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

Overnight trips to Canada, by selected markets

	June 2013	13/12 June % Change	Jan. - June 2013	Year-to-date % Change
Italy	11,425	0.2	34,585	3.4
Netherlands	12,454	2.8	38,511	-0.5
Spain	7,447	5.0	20,410	6.9
Switzerland	12,099	-0.3	39,087	-0.9
Hong Kong	17,741	22.1	58,921	7.8
Taiwan	9,303	22.0	26,191	11.4

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

Competitive review (January-May 2013)**

International Travel (in thousands)

Trips From:	Trips To:			
	Canada		Australia	
		13/12 Change		13/12 Change
Total International	4,708.7	1.0%	2,560.7	4.0%
United States	3,350.1	1.1%	210.2	6.0%
Canada	52.5	-4.5%
Core Markets				
United Kingdom	188.3	-6.9%	257.9	-1.9%
France	136.8	-0.5%	39.5	7.9%
Germany	81.7	-5.6%	64.6	4.2%
Australia	80.1	-0.9%
Emerging/Transition Markets				
Japan	72.3	4.0%	127.6	-8.5%
South Korea	45.2	0.3%	80.9	-4.0%
Mexico ¹	51.5	5.0%
Brazil	7.7	4.9%	13.8	10.4%
China	98.6	19.5%	334.4	19.1%
India	50.4	-6.3%	70.7	3.7%
Total Key Markets	4,186.7	0.9%	1,252.1	4.3%

...Not applicable. or data not available.

Note: Statistics Canada preliminary figures.

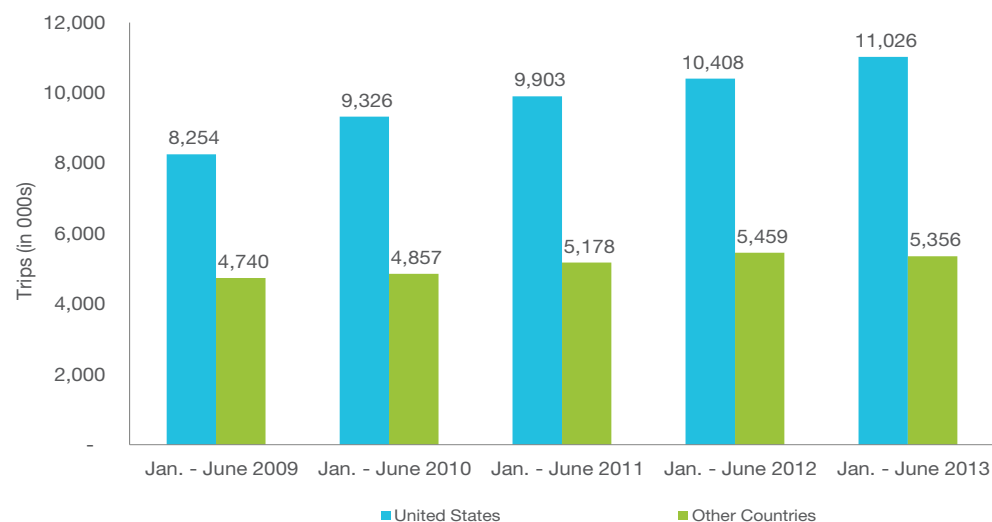
Sources: Statistics Canada; Tourism Australia.

** US visitation data for May 2013 were not available due to a delay of the change of entry process for US visitors.

- For January-May 2013, Australia saw a 4.3% increase in arrivals and Canada saw a 0.9% increase over the same period last year.
- Both Australia (+19.1%) and Canada (+19.5%) saw arrivals from China expand during the first five months of 2013.
- Arrivals from the UK to both Canada (-6.9%) and Australia (-1.9%) declined. Visitor numbers from France to Canada were down 0.5%, while Australia saw a 7.9% increase in arrivals from France.
- Australia experienced decreases in overnight arrivals from Japan (-8.5%) and South Korea (-4%), while Canada registered gains in Japanese (+4%) and South Korean (+0.3%) arrivals.

Canadian outbound trips

Overnight trips by Canadians



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

- Canadian outbound travel expanded in June 2013, up 4.6% compared with the same period last year to approximately 2.28 million trips.
- The number of Canadians visiting the US during the month of June surged 6.3% to 1.68 million trips, while Canadian overnight travel to overseas destinations (excluding the US) rose 0.3% to 596,911 trips.
- For the first six months of 2013, outbound trips by Canadians increased 3.2% over 2012 to nearly 16.4 million trips.
- In June, most Canadians re-entered the country from the US through Ontario (720,840 entries, +6.3%), British Columbia (396,012 entries, +7.6%) and Quebec (306,324 entries, +7.2%).
- Ontario recorded the largest re-entry of Canadians from overseas countries in June 2013 (302,372 entries, +1.3%), followed by Quebec (142,268 entries, +0.6%) and British Columbia (97,116 entries, -2.3%).

Overnight trips by Canadians

	June 2013	13/12 June % Change	Jan. - June 2013	Year-to-date % Change
United States	1,681,773	6.3	11,026,275	5.9
Other Countries	596,911	0.3	5,355,528	-1.9
Total Trips from Canada	2,278,684	4.6	16,381,803	3.2

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

Consumer outlook

Consumer confidence

- **Canada:** In June, the Index of Consumer Confidence increased 2.8 points to 83.4 (2002 = 100). On a year-over-year basis, the national index is 9.5 points higher. Although the trend appears to have been generally positive over the last 12 months, the index continues to exhibit abnormally high volatility—not surprising given the many economic hiccups.
- **USA:** The Conference Board Consumer Confidence Index®, which had improved in May, increased again in June. The Index now stands at 81.4 (1985=100), up from 74.3 in May.

Sources: Consumer Confidence Index, the Conference Board (USA); and Index of Consumer Confidence, the Conference Board of Canada.

Accommodations

- In June 2013, the National Occupancy Rate rose to 70%, up 0.9 points compared with the previous year.
- Year-to-date June 2013, the National Occupancy Rate recorded a marginal increase of 0.5 points to 59.6%. Four provinces saw higher occupancy, with Northwest Territories registering the largest increase (+4.7 points), followed by Alberta (+2 points) and Newfoundland and Labrador (+1.6 points).
- For the first half of 2013, the National Average Daily Rate improved to \$129.52, up 1.9% compared with the same period in 2012. Northwest Territories, Alberta, Saskatchewan, Quebec and Newfoundland and Labrador posted rates higher than the National Average Daily Rate.
- Year-to-date June 2013, the Average Revenue per Available Room (RevPAR) was \$77.23 (+2.6%), with Alberta posting the strongest growth (+7.2%, \$90.07) followed by Northwest Territories (+6.8%, \$104.18).

Canadian Occupancy Rates, By Province*

	June 2013	13/12 Change [^]	Jan. - June 2013	Year-to-date Change [^]
Alberta ¹	70.1	0.3	66.2	2.0
British Columbia	71.4	5.6	57.2	0.0
Saskatchewan	71.4	-3.2	66.8	-0.9
Manitoba	69.6	0.1	61.8	-1.0
Ontario	70.1	0.3	59.2	0.7
Quebec	70.5	-2.1	59.2	0.0
New Brunswick	60.5	2.1	50.1	-0.6
Nova Scotia	64.8	-1.5	53.9	-2.3
Newfoundland	79.5	1.5	66.4	1.6
Prince Edward Island	56.1	9.6	37.6	-1.2
Northwest Territories	74.1	10.8	67.5	4.7
Yukon	84.1	5.2	61.7	-7.2
Canada	70.0	0.9	59.6	0.5

* Note: Based on the operating results of 223,031 rooms (unweighted data).

[^] Percentage points.

¹ Excluding Alberta resorts.

Source: PKF Consulting Inc. with reproduction and use of information subject to PKF Disclaimer and Restrictions as detailed at www.pkfcanada.com.

Economic indicators Q1 2013 – Q2 2013

- GDP growth worldwide was mixed in Q2 2013. While the US (+1.4%), Brazil (+2.1%), Germany (+0.2%), the UK (+1.4%), Japan (+0.9%) and South Korea (+2.3%) expanded at a quicker pace compared with Q1 2013 over the year-ago period, all other CTC markets experienced flat or slowing growth. The economy of France remained in recession, shrinking 0.1% compared with Q2 2012.
- In Q2 2013, the inflation rates of Mexico, Brazil and Germany rose, while those of all other CTC markets were flat or declined. Japan (-0.3%) remained in deflation compared with the same period last year.
- Compared with Q1 2013, the Canadian dollar appreciated during Q2 2013 relative to the currencies of the Brazil, Australia, Japan and India, thereby making Canada a more expensive travel destination for visitors from these countries. Conversely, the US, Mexico, France, Germany, the UK and China all saw an increase in purchasing power from their currency appreciating against the Canadian dollar.

Economic Indicators, Q1 2013 – Q2 2013

America	Canada		US		Mexico		Brazil	
	Q1 2013	Q2 2013	Q1 2013	Q2 2013	Q1 2013	Q2 2013	Q1 2013	Q2 2013
Real GDP growth (yoy, %)	1.6	1.2	1.3	1.4	2.2	1.9	1.9	2.1
Consumer Price Index (yoy,%)	1.3	1.2	1.7	1.4	3.7	4.5	6.4	6.6
Exchange Rate (1LCU:C\$)	1.000	1.000	1.009	1.024	0.0798	0.0820	0.506	0.495

Europe	France		Germany		UK	
	Q1 2013	Q2 2013	Q1 2013	Q2 2013	Q1 2013	Q2 2013
Real GDP growth (yoy, %)	-0.4	-0.1	-0.3	0.2	0.3	1.4
Consumer Price Index (yoy,%)	1.1	0.8	1.5	1.6	2.8	2.7
Exchange Rate (1LCU:C\$)	1.332	1.337	1.332	1.337	1.563	1.572

Asia Pacific	Australia		China		Japan		South Korea		India	
	Q1 2013	Q2 2013	Q1 2013	Q2 2013	Q1 2013	Q2 2013	Q1 2013	Q2 2013	Q1 2013	Q2 2013
Real GDP growth (yoy, %)	2.5	2.5	7.7	7.5	0.1	0.9	1.5	2.3	4.8	4.8
Consumer Price Index (yoy,%)	2.5	2.3	2.4	2.4	-0.6	-0.3	1.4	1.1	11.7	10.7
Exchange Rate (1LCU:C\$)	1.048	1.014	0.162	0.166	0.0109	0.0104	0.0009	0.0009	0.0186	0.0183

Source: Oxford Economics
Bank of Canada

Note: Exchange rates, average of 20-22 days / January - March 2013 and April - June 2013

CTC Market Research & Evaluation