



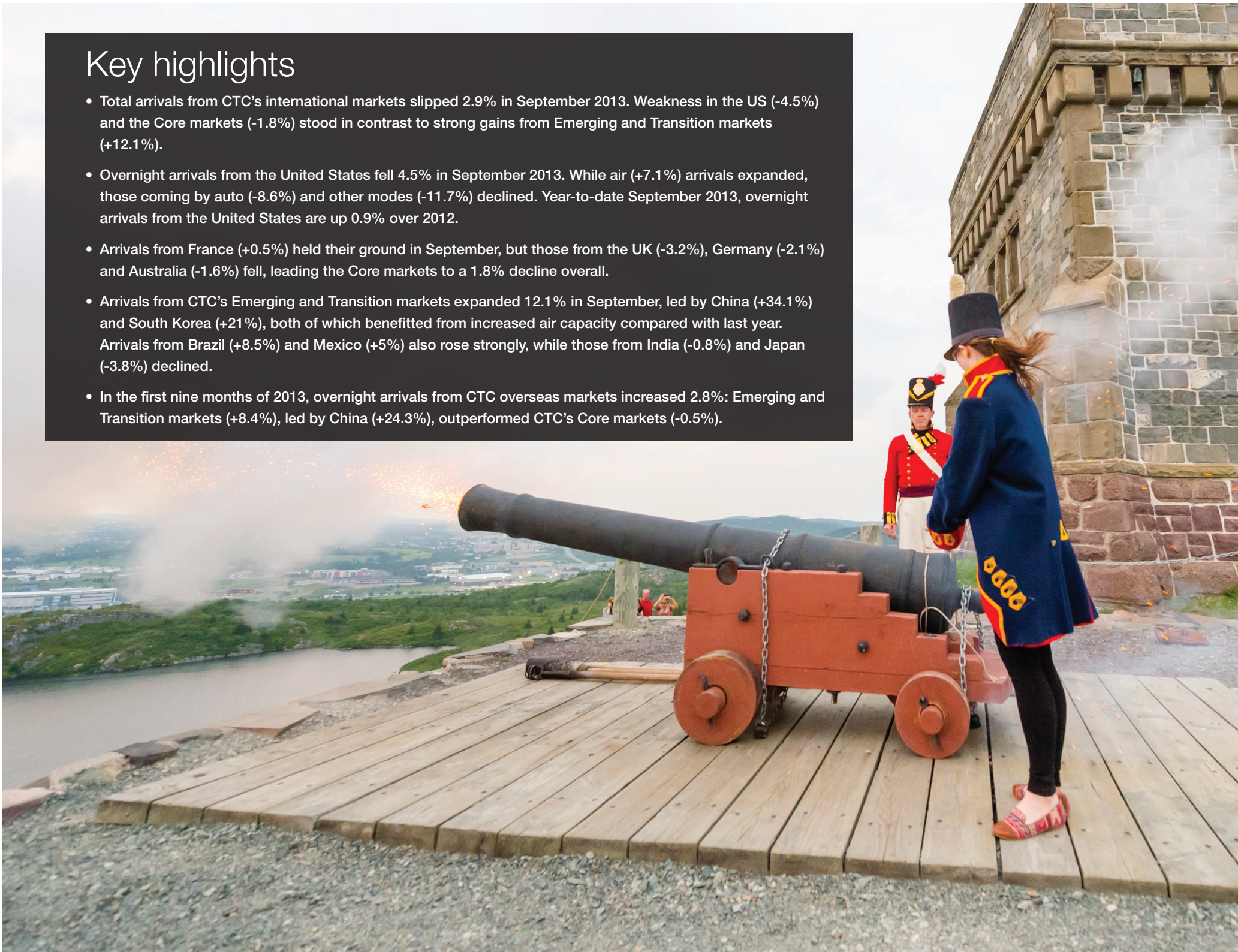
Tourism Snapshot

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



Key highlights

- Total arrivals from CTC's international markets slipped 2.9% in September 2013. Weakness in the US (-4.5%) and the Core markets (-1.8%) stood in contrast to strong gains from Emerging and Transition markets (+12.1%).
- Overnight arrivals from the United States fell 4.5% in September 2013. While air (+7.1%) arrivals expanded, those coming by auto (-8.6%) and other modes (-11.7%) declined. Year-to-date September 2013, overnight arrivals from the United States are up 0.9% over 2012.
- Arrivals from France (+0.5%) held their ground in September, but those from the UK (-3.2%), Germany (-2.1%) and Australia (-1.6%) fell, leading the Core markets to a 1.8% decline overall.
- Arrivals from CTC's Emerging and Transition markets expanded 12.1% in September, led by China (+34.1%) and South Korea (+21%), both of which benefitted from increased air capacity compared with last year. Arrivals from Brazil (+8.5%) and Mexico (+5%) also rose strongly, while those from India (-0.8%) and Japan (-3.8%) declined.
- In the first nine months of 2013, overnight arrivals from CTC overseas markets increased 2.8%: Emerging and Transition markets (+8.4%), led by China (+24.3%), outperformed CTC's Core markets (-0.5%).



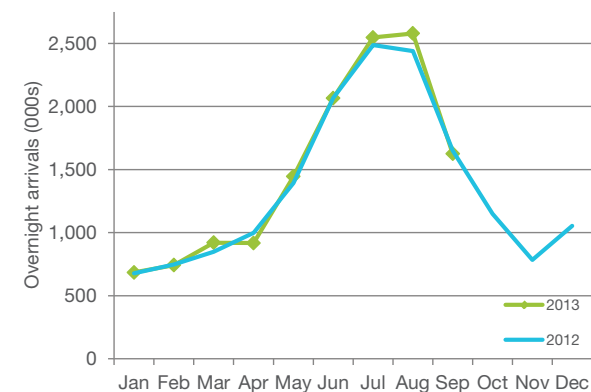
Tourism review Inbound highlights

Overnight trips to Canada

	Sep. 2013	13/12 Sep. % Change	Jan. - Sep. 2013	Year-to-date % Change
United States				
Automobile	562,728	-8.6	5,644,438	-0.7
Plane	365,588	7.1	2,971,949	5.3
Other	179,080	-11.7	1,178,040	-1.2
US Total	1,107,396	-4.5%	9,794,427	0.9%
Core Markets				
UK	77,173	-3.2	529,487	-1.2
France	56,127	0.5	376,232	0.3
Germany	46,083	-2.1	259,991	-2.2
Australia	34,202	-1.6	213,804	1.8
Core Total	213,585	-1.8%	1,379,514	-0.5%
Emerging/Transition Markets				
Japan	29,327	-3.8	178,471	1.0
South Korea	15,449	21.0	115,991	4.9
Mexico	12,230	5.0	124,346	4.9
Brazil	10,062	8.5	74,762	3.7
China	40,193	34.1	286,003	24.3
India	13,355	-0.8	119,854	-1.5
Emerging/Transition Markets Total	120,616	12.1%	899,427	8.4%
CTC Overseas Key Markets	334,201	2.8%	2,278,941	2.8%
Other Overseas Countries	182,922	5.5%	1,451,434	2.6%
Total Non-US Countries	517,123	3.8%	3,730,375	2.7%
Total Countries	1,624,519	-2.0%	13,524,802	1.4%

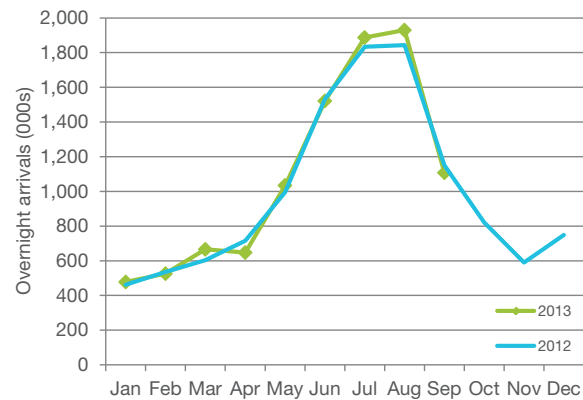
Note: Statistics Canada preliminary estimates.
Source: Statistics Canada, International Travel Survey.

International trips



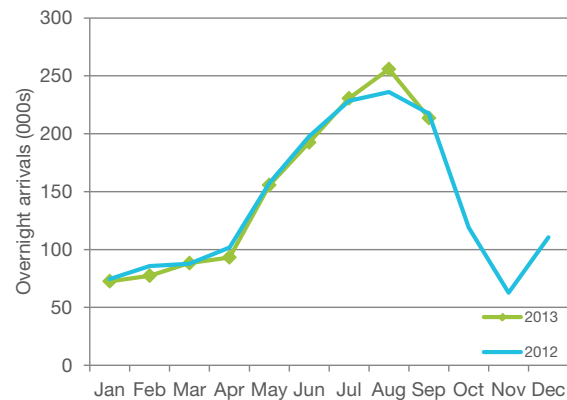
- Canada welcomed approximately 1.62 million international visitors in September, a decline of 2% compared with the same month in 2012.
- Overnight arrivals from France (+0.5%) increased slightly in September, while those from Australia (-1.6%), Germany (-2.1%) and the UK (-3.2%) declined. The year-to-date number of overnight visitors from the Core markets is now 1,379,514 (-0.5%), slightly below the same period last year.
- Total arrivals from CTC's Emerging and Transition markets (Japan, South Korea, Mexico, Brazil, China and India) soared 12.1% in September, led by China (+34.1%) and South Korea (+21%). Year-to-date arrivals through September numbered 899,427, up 8.4% compared with the same period last year.

United States



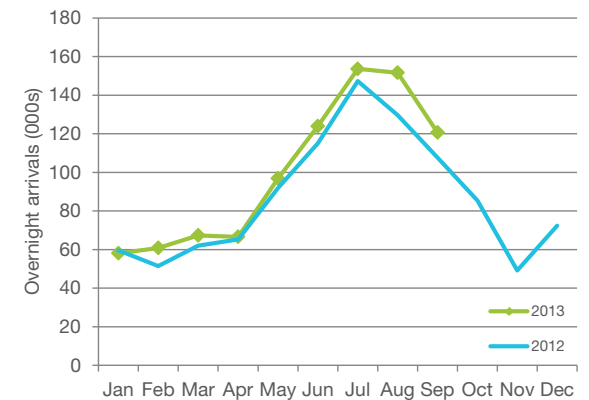
- Overnight arrivals from the US fell 4.5% in September on weakness in auto arrivals (-8.6%). Contrary to the overall decline, air arrivals expanded 7.1%.
- During the first nine months of 2013, US residents took 9.8 million overnight trips to Canada, up 0.9% over last year.
- In September, all provinces except Saskatchewan (+3.5%), Alberta (+6.2%) and Yukon (+2%) saw declines in the number of overnight US border-crossing arrivals.

Core Markets



- Contrary to the declines seen in Germany (-2.1%) and the UK (-3.2%), arrivals from France increased slightly (+0.5%) in September.
- For the first nine months of 2013, arrivals from Germany (-2.2%) and the UK (-1.2%) remained below their 2012 levels, while France (+0.3%) came out slightly ahead.
- Arrivals from Australia slipped 1.6% in September. Year-to-date arrivals from this market were up 1.8% compared with the same period in 2012.

Emerging Markets



- Led by exceptional growth from China (+34.1%), arrivals from Emerging and Transition markets expanded 12.1% in September.
- Supported by significantly increased air capacity, arrivals from South Korea (+21%) expanded strongly, particularly to the province of Ontario (+48.5%). Arrivals from Brazil (+8.5%) and Mexico (+5%) also expanded, while those from India (-0.8%) and Japan (-3.8%) contracted.
- Year-to-date September 2013, overall arrivals from CTC's Emerging and Transition markets grew 8.4% compared with last year. The best performers were China (+24.3%), Mexico (+4.9%) and South Korea (+4.9%).

Market Watch

- Arrivals from other selected European markets declined in September, with Spain (-6.9%), Italy (-4.4%), Netherlands (-2.4%) and Switzerland (-0.9%) all posting losses.
- In September, arrivals from Hong Kong (+1.9%) and Taiwan (+37.7%) expanded, building on previous gains.
- Year-to-date September 2013, arrivals from secondary markets were mixed: Hong Kong (+8.1%) and Taiwan (+18.4%) realized gains, while the European markets of Netherlands (-3.7%), Spain (-3.5%), Switzerland (-2.4%) and Italy (-2%) saw modest losses.
- When compared with the pre-recession year-to-date results for September 2007, Switzerland saw the largest gain in overnight arrivals (+16.4%), followed by Hong Kong (+14%). Taiwan and Netherlands posted significant declines, down 23.5% and 20.9% respectively.

Travel Characteristics Highlights (Q1-2013)

The International Travel Survey is currently going through a modernization initiative. We anticipate that the next release by Statistics Canada will be in December 2013.

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

	Sep. 2013	13/12 Sep. % Change	Jan. - Sep. 2013	Year-to-date % Change
Italy	8,994	-4.4	75,456	-2.0
Netherlands	11,302	-2.4	82,440	-3.7
Spain	5,794	-6.9	44,814	-3.5
Switzerland	12,188	-0.9	91,174	-2.4
Hong Kong	11,021	1.9	105,445	8.1
Taiwan	7,665	37.7	51,014	18.4

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

Competitive review (January - August 2013)**

International Travel (in thousands)

Trips From:	Trips To:			
	Canada		Australia	
		13/12 Change		13/12 Change
Total International	11,900.3	1.9%	4,075.1	5.0%
United States	8,687.0	1.7%	322.6	4.7%
Canada	72.4	-4.5%
Core Markets				
United Kingdom	452.3	-0.8%	368.4	5.0%
France	320.1	0.3%	63.9	6.0%
Germany	213.9	-2.2%	95.7	4.4%
Australia	179.6	2.5%
Emerging/Transition Markets				
Japan	149.1	2.0%	212.2	-8.0%
South Korea	100.5	2.8%	125.5	-2.4%
Mexico ¹	112.1	4.8%
Brazil	64.7	3.0%	20.9	9.4%
China	245.8	22.8%	506.7	18.7%
India	106.5	-1.6%	107.9	6.9%
Total Key Markets	10,631.8	1.9%	1,896.2	5.8%

...Not applicable. or data not available.

Note: Statistics Canada preliminary figures.

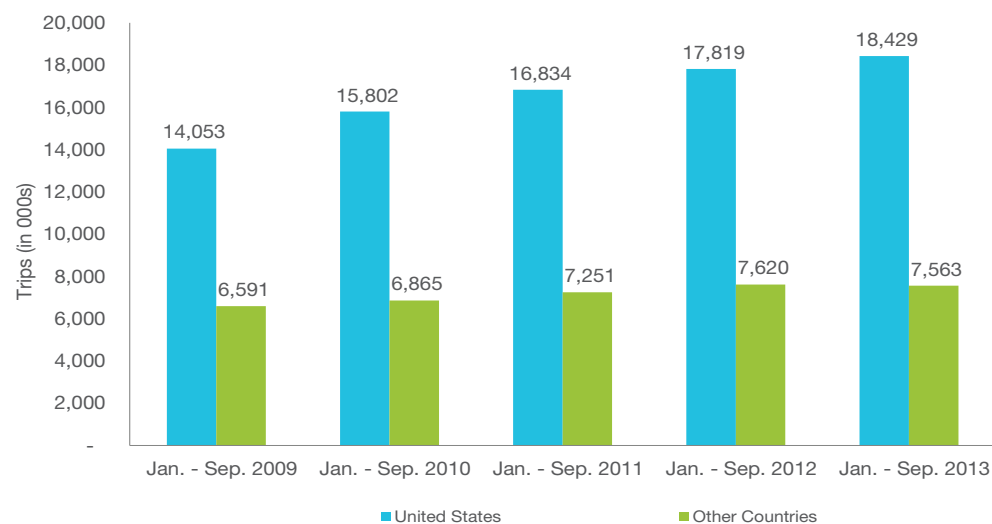
Sources: Statistics Canada; Tourism Australia.

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

- In the first eight months of 2013, Australia saw a 5% increase in arrivals and Canada saw a 1.9% increase over the same period last year.
- Both Australia (+18.7%) and Canada (+22.8%) saw arrivals from China expand during the first eight months of 2013.
- Arrivals to Canada from both the UK (-0.8%) and Germany (-2.2%) declined, while arrivals to Australia from the UK (+5%) and Germany (+4.4%) increased. Arrivals from France to both Canada (+0.3%) and Australia (+6%) rose during the first eight months of 2013.
- Australia experienced decreases in overnight arrivals from Japan (-8%) and South Korea (-2.4%), while Canada registered gains in Japanese (+2%) and South Korean (+2.8%) arrivals.

Canadian outbound trips

Overnight trips by Canadians



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

- In September 2013, Canadian outbound travel decreased 0.6% compared with the same period last year to approximately 2.6 million trips.
- The number of Canadians visiting the US during the month of September fell 1.3% to 1.92 million trips. Canadian overnight travel to overseas destinations (excluding the US) rose 1.3% to 677,711 trips.
- For the first nine months of 2013, outbound trips by Canadians increased 2.2% over 2012 to nearly 26 million trips.
- In September, most Canadians re-entered the country from the US through Ontario (1,158,670 entries, -1.6%), British Columbia (556,566 entries, -3.3%) and Quebec (503,816 entries, +4.5%).
- Ontario recorded the largest re-entry of Canadians from overseas countries in September 2013 (341,678 entries, -1.5%), followed by Quebec (168,183 entries, +7.1%) and British Columbia (109,820 entries, +2.2%).

Overnight trips by Canadians

	Sep. 2013	13/12 Sep. % Change	Jan. - Sep. 2013	Year-to-date % Change
United States	1,917,387	-1.3	18,429,046	3.4
Other Countries	677,711	1.3	7,563,326	-0.7
Total Trips from Canada	2,595,098	-0.6	25,992,372	2.2

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

Consumer outlook

Consumer confidence

- **Canada:** Although consumer confidence remains well below levels we would characterize as “optimistic,” this month’s survey results do show that consumers are considerably more positive with respect to their financial positions and the outlook for future job creation. Driven by these gains, the overall Index of Consumer Confidence increased 6.2 points to 91.0 (2002 = 100).
- **USA:** The Conference Board Consumer Confidence Index®, which had increased slightly in August, decreased in September. The Index now stands at 79.7 (1985=100), down from 81.5 in August.

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

Accommodations

- In September 2013, the National Occupancy Rate rose to 71.6%, up 0.4 points compared with the previous year.
- Year-to-date September 2013, the National Occupancy Rate recorded a modest increase of 0.8 points to 64.4%. Eight provinces saw higher occupancy, with Northwest Territories registering the largest increase (+6.4 points), followed by Alberta (+2.2 points) and Newfoundland and Labrador (+2.1 points).
- For the first nine months of 2013, the National Average Daily Rate improved to \$133.34, up 2% compared with the same period in 2012. Northwest Territories, British Columbia, Alberta, Quebec and Newfoundland and Labrador posted rates higher than the National Average Daily Rate.
- Through the end of Q3 2013, the Average Revenue per Available Room (RevPAR) was \$85.89 (+3.2%), with Northwest Territories posting the strongest growth (+8.7%, \$109.71) followed by Alberta (+7.1%, \$94.49).

Canadian Occupancy Rates, By Province*

	Sep. 2013	13/12 Change [^]	Jan. - Sep. 2013	Year-to-date Change [^]
Alberta ¹	74.8	2.9	68.8	2.2
British Columbia	73.4	4.4	64.2	1.4
Saskatchewan	71.2	-2.2	68.1	-0.8
Manitoba	63.4	-6.2	62.0	-2.4
Ontario	71.1	-1.2	63.5	0.5
Quebec	68.0	-2.2	63.9	0.3
New Brunswick	64.0	1.1	57.5	0.5
Nova Scotia	70.7	-3.2	60.8	-2.3
Newfoundland	82.7	2.4	73.2	2.1
Prince Edward Island	62.0	-1.4	50.8	0.6
Northwest Territories	86.0	9.1	71.6	6.4
Yukon	77.1	-9.3	68.4	-6.4
Canada	71.6	0.4	64.4	0.8

* Note: Based on the operating results of 222,850 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 Q2 2013 – Q3 2013

- GDP growth worldwide was mixed in Q3 2013. While Mexico (+1.1%), Germany (+0.6%), the UK (+1.5%), China (+7.8%), Japan (+2.6%) and South Korea (+3.3%) expanded at a quicker pace compared with Q2 2013 over the year-ago period, all other CTC markets experienced flat or slowing growth.
- In Q3 2013, the inflation rates of the US, France, China, Japan, South Korea and India rose, while those of all other CTC markets were flat or declined. Japan (+0.9%) saw a modest rise in prices compared with the same period last year, ending a period of deflation.
- Compared with Q2 2013, the Canadian dollar appreciated during Q3 2013 relative to the currencies of Mexico, Brazil, Australia and India, thereby making Canada a more expensive travel destination for visitors from these countries. Conversely, the US, France, Germany, the UK, China and South Korea all saw an increase in purchasing power from their currency appreciating against the Canadian dollar.

Economic Indicators, Q2 2013 – Q3 2013

America

	Canada		US		Mexico		Brazil	
	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q2 2013	Q3 2013
Real GDP growth (yoy, %)	1.7	2.2	1.6	1.6	0.3	1.1	3.3	2.6
Consumer Price Index (yoy,%)	0.0	1.6	1.4	1.6	4.5	3.4	6.6	6.1
Exchange Rate (1LCU:C\$)	1.000	1.000	1.024	1.038	0.0820	0.0804	0.495	0.454

Europe

	France		Germany		UK	
	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q2 2013	Q3 2013
Real GDP growth (yoy, %)	0.5	0.2	0.5	0.6	1.3	1.5
Consumer Price Index (yoy,%)	0.8	0.9	1.6	1.6	2.7	2.7
Exchange Rate (1LCU:C\$)	1.337	1.376	1.337	1.376	1.572	1.612

Asia Pacific

	Australia		China		Japan		South Korea		India	
	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q2 2013	Q3 2013
Real GDP growth (yoy, %)	2.6	2.3	7.5	7.8	1.2	2.6	2.3	3.3	4.4	3.8
Consumer Price Index (yoy,%)	2.3	1.8	2.4	2.8	-0.3	0.9	1.1	1.2	10.7	10.8
Exchange Rate (1LCU:C\$)	1.014	0.952	0.166	0.169	0.0104	0.0105	0.0009	0.0009	0.0183	0.0160

Source: Oxford Economics
Bank of Canada

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

CTC Market Research & Evaluation