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Have dollars, will travel (and in style)

John Kehoe

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Australians travelling abroad are extending holidays, upgrading accommodation and even hoarding travellers cheques as they reap the rewards of an Australian dollar surging against its US counterpart.

The local currency yesterday hit a 24-year high of US95.71¢ to be 9 per cent higher since the start of the year, and economists say it could reach parity in the coming months.

Mary Rossi Travel managing director Claudia Rossi Hudson said holidays to the US, as well as other countries which bill tourists in US dollars - such as India and South America - were proving popular following the Aussie's ongoing appreciation.

Travellers were now realising the US was within reach. "When the dollar was at US60¢, America had priced itself out of the market," she said.

"But now they don't feel as if they're getting hit by the double whammy of New York being an expensive city and the Australian dollar being a banana republic currency compared to the US dollar.

"When it comes to skiing in America, clients who used to go to Canada are now saying the dollar's almost at parity so let's go back to our favourite ski spot in Colorado."

Commonwealth Bank of Australia chief currency strategist Richard Grace said he expected the currency to appreciate to at least 96¢ by June and believed there was an almost even chance of the dollar striking parity within the next six months.

But people were already locking in the favourable exchange rate, Ms Rossi Hudson said.

"Clients are ringing me up and saying 'just get me a whole lot of travellers cheques, I'm not going overseas for quite some time but I can't resist the rate', and they buy travellers cheques and just put them into their safe until they travel."

The rise in the dollar has been spurred by the weakness of both the US economy and currency,

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the large boost to Australia's terms of trade due to extraordinary demand from China for iron ore and coal commodities, and the higher interest rates in Australia compared with the US.

Short-term resident departures from Australia rose by 9.7 per cent in the year to March, the Australian Bureau of Statistics figures show.

A Jetset Travelworld Group spokesman said the boost to confidence Australians had received from the rising dollar had not only encouraged travellers to explore the US but also spilled into south-east Asian destinations like Vietnam and Thailand, where cheap flights were available due to robust competition.

Ms Rossi Hudson said a cruise from Venice to Rome quoted at \$US14,000 last August was now about \$3,000 cheaper for Australians due to currency movements.

People were using savings to stay in more lavish accommodation and add on the US leg to their trip, she said.

"Going around the world is not that more expensive than just going to London, so coming home via the States is a good option," she said. "In the leisure market people are saying 'let's go the States again and take the kids to Disneyland'."