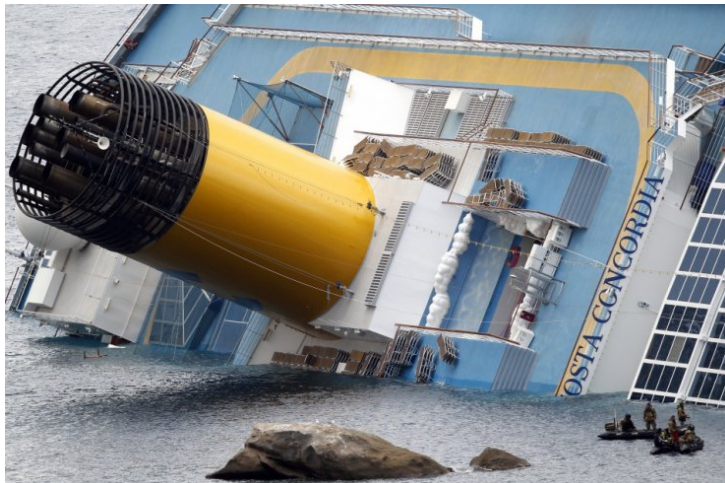


International Business Times UK



Rescuers approach the stricken Costa Concordia near Giglio island

The Costa Concordia tragedy, in which at least 11 people died when the cruise ship hit rocks off the Italian coast, will dampen the prospects of the cruise line industry, already reeling under the pressures of the eurozone crisis and the global economic slowdown, experts have warned.

"The economy has already had a dampening effect on the yields for cruise lines in 2012," Mark Murphy, travel industry expert, told **International Business Times UK**.

"Air costs have [had a negative impact on] the cruise industry as well since there are fewer seats. These higher airfares are effectively subsidised by lower cruise prices."

Revenue lost for the Concordia has been estimated at \$95m (£62m). The vessel will be out of service for the rest of 2012 and the owning company Carnival Corporation is expecting an earnings loss of \$0.11-\$0.12 per share for its fiscal year ending 30 November, 2012.

The shares of Carnival Corporation fell 18 percent on 16 January, the first day of trading after the sinking, and 13.7 per cent on 17 January. Shares of its rival, Royal Caribbean Cruises fell 6.2 per cent on the same day.

Industry experts believe that the near-term pullback of the shares makes them a good buy.

"Any pullback would be a buying opportunity, given the demographics of the cruise market and its operating margins," Mark Murphy told **IB Times**.

"With 80 million US baby-boomers controlling almost 50 percent of discretionary spending, and travel their No 1 desire, it seems the cruise industry has the opportunity to bounce back from this tragedy and see stock prices climb over time," he said.

The \$30bn global cruise industry is in shock after the tragedy. Reports that the captain abandoned ship and left passengers to work out safety mechanisms and the evacuation procedures for themselves have added to woes for the industry.

The harrowing experiences of the passengers and the "inexcusable" behaviour of Captain Francesco Schettino would have an impact on fresh bookings in the near-term, industry watchers have warned.

"I am shocked a modern-day cruiseliner like this can strike rocks in shallow waters and then almost sink," said maritime attorney Brett Rivkind. "I have handled many major cases involving maritime disasters, including a fire aboard a cruise ship that killed 159 people, the disappearance of a cruise ship during a hurricane, as well as sinking of ships. I never thought we would ever see another disaster anything like the Titanic."