

TRAVEL TRENDS INDEX

The Travel Trends Index measures the direction and pace of travel volume to and within the U.S. on a monthly basis. The index includes a Current Travel Index (CTI) and a Leading Travel Index (LTI). Both the CTI and the LTI include subcomponents (domestic, international, leisure and business).

CTI reading of 51.7 in March 2018 shows that travel to or within the U.S. grew 3.4% compared to March 2017. LTI predicts continued travel growth through September 2018, spurred by both domestic and international travel.

Overall travel volume (person trips to or within the United States involving a hotel stay or air travel) grew at a slightly slower year-over-year rate in March 2018 than in February 2018. The timing of Easter this year (April 1, which drove Easter-related travel to the end of March) had offsetting effects on travel. While domestic business travel declined toward the end of March in deference to the upcoming holiday, international inbound travel, which is positively-affected by holidays, spiked in March.

► HIGHLIGHTS:

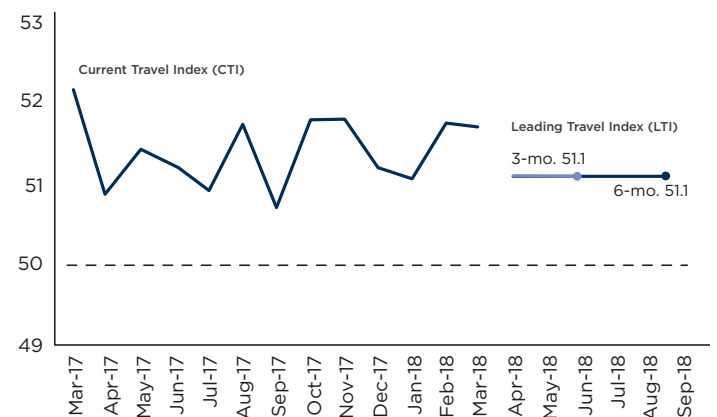
* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 99 straight months, as the industry moves through its ninth consecutive year of expansion.
- The CTI was positive in March, registering 51.7. This is slightly higher than the 6-month moving average of 51.6.
- International inbound travel spiked in March, registering 55.5, the highest level since April 2014 (due in part to the timing of Easter this year). The Leading Travel Index (LTI) continues to project an upbeat outlook in inbound travel, which has the potential to surpass growth in the domestic market over the next six months.
- Domestic leisure travel continued to grow at a steady pace in March, while domestic business travel slowed considerably (again, due in part to the timing of Easter).
- The 6-month LTI reading of 51.1 indicates that total U.S. travel volume is expected to grow at a rate of around 2.2% through September 2018. Domestic travel is expected to increase at about 2%, while forward-looking metrics for international travel indicate an average growth rate of 3%.

March Travel Trends Index

Current Travel Index and Leading Travel Index

Index (>50=expansion, <50=decline)



Source: Oxford Economics, U.S. Travel Association

“On the positive side, we are not experiencing a decline in international inbound travel, as many feared; inbound travel both in 2017 and 2018 has and is expected to continue to grow by roughly 3 percent. On the negative side, the U.S. is not keeping pace with the booming growth of global travel. As a result, we are continuing to lose market share.”

– David Huether
Senior Vice President, Research

	CTI	3-month LTI*	6-month LTI**
February Index	51.8	51.2	51.1
March Index	51.7	51.1	51.1
Direction and Speed	Travel demand increased; at a slightly slower rate than the previous month	Travel is expected to grow over the coming 3 months; at a slower rate	Travel is expected to grow over the coming 6 months; at a slower rate

* Average outlook reading for Apr 2018 to Jun 2018
** Average outlook reading for Apr 2018 to Sep 2018

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The Oxford/U.S. Travel **Leading Travel Index (LTI)** is an indicator of the future direction and pace of travel volume to and within the U.S. over the coming three and six months compared to the same period in the prior year. The LTIs represent average readings over the next three and six months. The LTI econometric model is based on data sets that have demonstrated to predict near-term future travel: online travel searches and bookings for future travel, consumer travel intentions data, and economic fundamentals. A score above 50 indicates expansion. A score below 50 indicates decline.

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► DETAILED RESULTS

Domestic leisure travel, which increased 3.8% from March 2017, drove domestic travel as the domestic business segment increased a modest 0.2%. This can be attributed to the calendar shift of the Easter holiday this year, as some conventions and meetings that were held in March of last year were pushed to April this year. Forward-looking bookings and searches appear to be on an upswing, which bodes well for the domestic travel market through September.

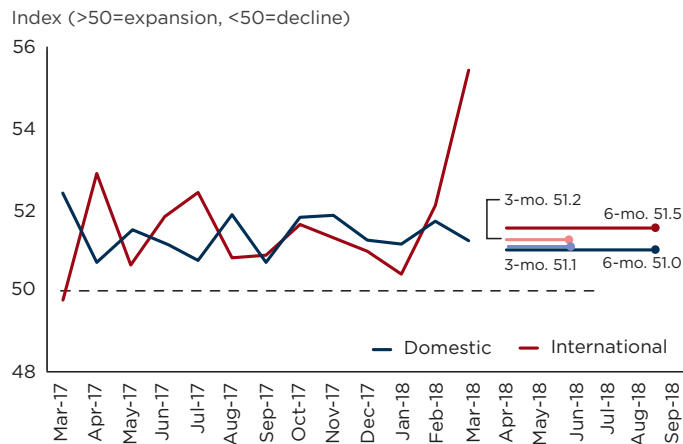
International inbound travel spiked in March, and similar to the domestic market, this is likely a result of the calendar shift of the Easter holiday and should not be interpreted as a significant upward trend. While Easter fell solidly in the middle of April in 2017, Easter Sunday occurred earlier this year (April 1), helping shift some international vacations to the U.S. into March.

Travel Trends Index Summary

	Current Travel Index (CTI)				Leading Travel Index (LTI)		6-mo LTI vs. CTI 6-mo avg.	
	6-month avg	January	February	March	3-month*	6-month**	Direction	Speed
Total Market	51.6	51.1	51.8	51.7	51.1	51.1	Increasing ▲	Slower
International	52.0	50.4	52.1	55.5	51.2	51.5	Increasing ▲	Slower
Domestic	51.5	51.1	51.7	51.3	51.1	51.0	Increasing ▲	Slower
Business	50.7	50.7	51.1	50.1	51.8	52.2	Increasing ▲	Faster
Leisure	51.9	51.4	52.0	51.9	51.8	51.6	Increasing ▲	Slower

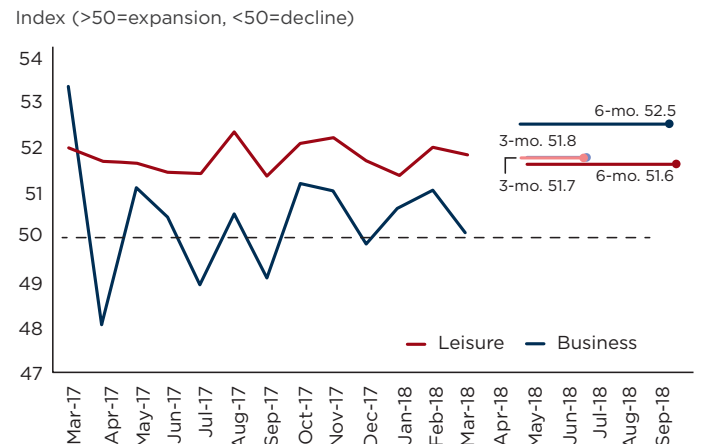
* Average outlook reading for Apr 2018 to Jun 2018
 ** Average outlook reading for Apr 2018 to Sep 2018

March Domestic and International Travel Index



Source: Oxford Economics, U.S. Travel Association

March Domestic Business and Leisure Travel Index



Source: Oxford Economics, U.S. Travel Association

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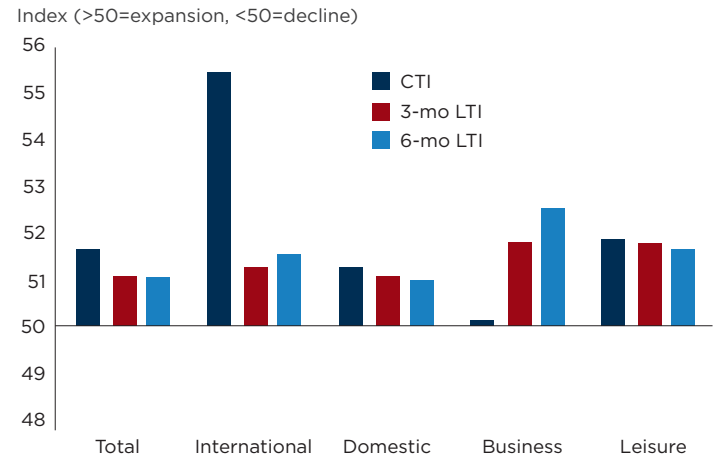
Domestic travel is anticipated to grow by an average of 2.0% year-over-year through September 2018, spurred mainly by growth in consumer spending and business investment. Looking ahead, in a reversal of recent trends, domestic business travel is expected to outpace domestic leisure travel through mid-2018. Headwinds are still present, though, as trade tensions, higher interest rates and elevated gasoline prices, along with gradually firming inflation, may weigh on consumers and businesses alike.

On the international front, a solid global backdrop and a weaker U.S. dollar are expected to support healthy inbound travel. March saw a spike in international travel, driven in part by the Easter holiday calendar shift. Looking forward over the next six months, international inbound travel is expected to grow by an average of about 3%.

Adam Sacks, president of Tourism Economics, says, “The economy continues to build momentum as we finish the first quarter, well-supported by solid domestic and global growth. Despite headwinds, healthy economic indicators continue to encourage travel expectations in the coming months.”

Please note: The Travel Trends Index is based on public and private sector source data which are subjected to revision by the source agency.

March CTI, 3-month and 6-month LTI



Source: Oxford Economics, U.S. Travel Association

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► METHODOLOGY

The Current Travel Index (CTI) measures monthly travel volumes in the U.S., including both domestic and international inbound travel. A score over 50 indicates an expansion in travel relative to the same month the prior year.

The index measures person trips that involved a hotel stay and/or a flight.

The following methods and sources are used to estimate (1) total travel; (2) international visitations; and (3) domestic travel (which is the residual of total travel minus international visitations):

- 1. Total travel (domestic and international):** Total travel is calculated based on hotel stays of domestic and international travelers as well as air travel of domestic travelers. While most international visitors are assumed to stay in hotels, domestic travelers often do not. As such, the domestic travel estimate is further informed by domestic air enplanements to help capture the entire domestic market. STR provides monthly data on hotel room demand, and domestic air passenger enplanements are calculated based on monthly investor relations reports for all major domestic airlines. The research firm TNS provides representative data on U.S. travelers to determine the average length of stay, persons per traveler party, and the proportion of hotel guests who also fly. The CTI encompasses three traveler types on these bases that are shown below with their basic calculation.

Hotel Guests & Flyers

$$\frac{\text{enplanements}}{\text{enplanements per trip}} \times \% \text{ of flyers that stay in hotel}$$

Hotel Guests & Non-Flyers

$$\frac{\text{occupied rooms} \times \text{people per room}}{\text{length of stay}} \times \% \text{ of hotel guests that did not fly}$$

Non-Hotel Guests & Flyers

$$\frac{\text{enplanements}}{\text{enplanements per trip}} \times (1 - \% \text{ of flyers that stay in hotel})$$

- 2. International visits:** The international component of the CTI is based on the Department of Homeland Security's Advanced Passenger Information System (APIS), which tracks international travel to the U.S., and distinguishes between foreign nationals and U.S. citizens. Visits from Canada are tracked by Statistics Canada and visits from Mexico are tracked by Banco de Mexico. Further analysis of international markets is informed by origin-destination air travel data from OAG, Sabre Market Intelligence aviation passenger data, and IATA Billing Settlement Plan data. Each of these datasets tracks non-resident air travel to the U.S. by country of origin based on unique sources. These data sources are released within 4-6 weeks after the end of each month and represent the most reliable estimate of overseas travel to the U.S., given the significant lag time for the availability of official U.S. government statistics. Furthermore, recent anomalies with official visitation data has lead to the National Travel and Tourism Office (NTTO) to suspend its release of monthly overseas visitation statistics until further notice.
- 3. Domestic travel:** The domestic component of the CTI is measured as the residual of total travel minus international. The domestic leisure travel component is based on STR room demand data that is segmented by type of property and day of the week. A domestic leisure travel proxy has been developed based on the location, type of property, and day of the week of travel. Domestic business travel is measured as the residual of total domestic travel minus domestic leisure travel.

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The Leading Travel Index (LTI) measures the likely average pace and direction of U.S. travel volumes over the coming three and six-month periods. A reading over 50 indicates an expansion in travel relative to the same period last year.

The LTI econometric model includes three categories of information that have shown a strong predictive capability of short-term travel trends. High frequency macroeconomic data capture underlying movements in the labor market, exchange rates and company performance. Consumer sentiment data from the Conference Board provide a long-term trend of consumer attitudes that can be tracked with future travel patterns; online search and bookings data provide a window into traveler planning based on data from ADARA and nSight, and data from ARC measures bookings.

Travel Trends Index Data Category	Measurement	Travel Segments	Details
Macroeconomic Trends	Unemployment rate	Total, international, domestic (leisure)	Share of labor force
	Exchange rates	Total, international	\$US market rates, weighted average of inbound markets
	GDP by visitor origin	Total, international, domestic (business & leisure)	Gross output, U.S. and weighted average of inbound markets
	Corporate profits	Total, international, domestic (business)	Corporate earnings, U.S. and weighted average of inbound markets
	Personal disposable income	Total, international	Personal income, weighted average of inbound markets
Consumer and Business Sentiment	Consumer travel intentions	Total, domestic (leisure)	Visitor intentions & air visitor intentions
	S&P stock market index	Total, domestic (business)	Stock market index, period average
Travel Search and Booking	ADARA online searches and bookings for future travel	Total, international, domestic (business & leisure)	Domestic/international & business/leisure
	ARC bookings for future travel	Total, domestic	Air travel with 6-month booking windows
	nSight online searches and bookings for future hotel stays	Total, domestic, international	Domestic/international forward bookings

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About the U.S. Travel Association

The U.S. Travel Association is the national non-profit organization representing all components of the travel industry, which generates \$2.3 trillion in U.S. economic output and supports 15.3 million jobs. U.S. Travel's mission is to increase travel to and within the United States.

About Oxford Economics

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Its best-of-class global economic and industry models and analytical tools give it an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Data Contributors

The U.S. Travel Index project is dependent upon unique datasets to track and predict travel trends. The U.S. Travel Association and Oxford Economics wish to thank the following organizations for their significant contributions:

ADARA is the world's travel data co-op providing a unique holistic understanding of travel patterns, trends and behavior. It's a safe and secure way to share and analyze historical and real time data about more than 500 million monthly unique traveler profiles from more than 175 of the world's top travel brands. The ADARA data co-op fuels three core business areas: Advertising, Measurement & Analytics and Traveler Intelligence. Together they provide unparalleled access to insights and knowledge allowing travel markets to increase marketing efficiency, maximize revenues and grow their brands.

Airlines Reporting Corporation (ARC) is a leading technology solutions company providing the U.S.-based travel industry with world-class business products, travel agency accreditation services, process and financial management tools, and powerful data analytics.

nSight combines the world's largest view of consumer shopping data with predictive marketing and revenue management solutions to deliver more guests to your hotel and visitors to your destination.

STR is the leading global provider of competitive benchmarking, information services and research to the hotel industry.

Travel Trends Index	55	54	53	52	51	50	49	48	47	46	45
12-month % change in trips	+10.0%	+8.0%	+6.0%	+4.0%	+2.0%	+0.0%	-2.0%	-4.0%	-6.0%	-8.0%	-10.0%

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