

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 51.5 in November 2018 indicates that travel to or within the U.S. grew 3.0% in November 2018 compared to November 2017.

LTI predicts travel growth will continue to moderate through May 2019, supported primarily by growth in domestic demand.

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 November 2018 than in October 2018 but remained strong, with all travel segments growing steadily.

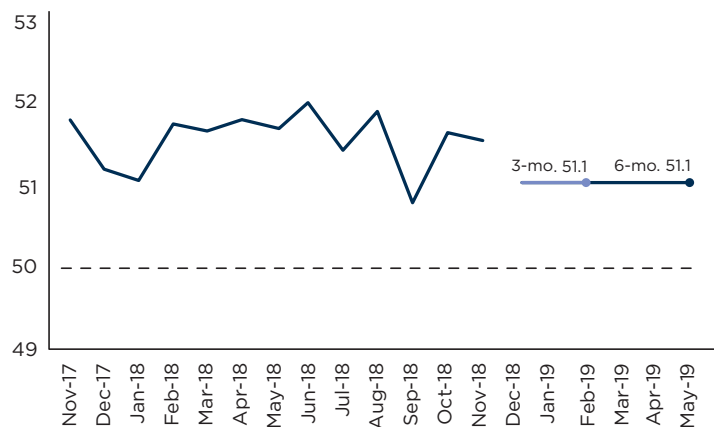
► HIGHLIGHTS:

* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 107 straight months, as the industry nears its 10th consecutive year of expansion.
- The CTI was positive in November, registering 51.5. This is just slightly below the 6-month moving average.
- International inbound travel experienced solid growth in November, registering 51.9 (3.8% growth). Nevertheless, the Leading Travel Index (LTI) continues to project that inbound travel growth will decelerate over the next six months.
- Domestic travel grew at a slightly slower pace and registered 51.5 (3.0% growth). Domestic leisure travel continued its October strength and grew 3.4% in November, while domestic business travel experienced solid, but slower, growth of 2.2%.
- 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 May 2019. Domestic travel is expected to grow at a slightly faster pace of 2.4%, while international travel growth is expected to decelerate to around 1.0% over the same period.

November Travel Trends Index

Current Travel Index and Leading Travel Index (>50=expansion, <50=decline)



Source: Oxford Economics, U.S. Travel Association

“Throughout the second half of 2018, the travel industry experienced broad-based growth in both domestic business and leisure travel, as well as international inbound travel. Moving forward, continued, albeit moderating, growth is expected in the near term, with international travel likely to slow more than domestic.”

– David Huether
Senior Vice President, Research

	CTI	3-month LTI*	6-month LTI**
October Index	51.6	51.2	51.1
November Index	51.5	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 Dec 2018 to Feb 2019

** Average outlook reading for Dec 2018 to May 2019

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► DETAILED RESULTS

Domestic travel increased 3.0% in November compared to November 2017. Both the business and leisure segments showed firm growth, building on shared strength in October, though growth in business travel has slowed from October and from its 6-month moving average. The leisure segment outperformed the business segment, a return to the broader 6-month trend. Vacation intentions remain buoyant, supported by enduring consumer confidence.

International inbound travel expanded 3.8% in November, a full percentage point faster than its six-month moving average. Nonetheless, our expectation that global growth will cool over the course of 2019 remains unchanged, likely leading to weaker international demand growth through the first five months of 2019.

Travel Trends Index Summary

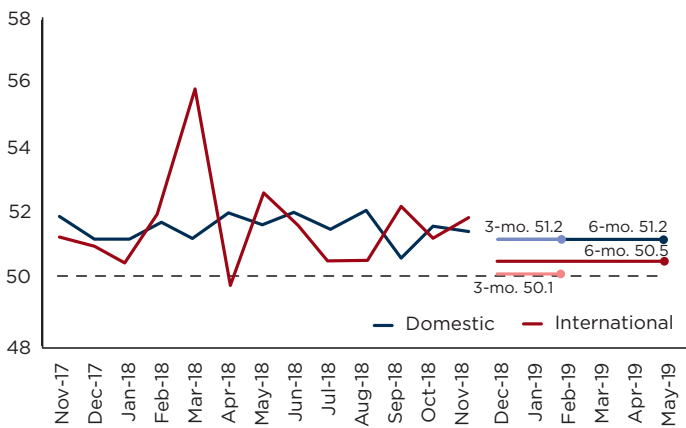
	Current Travel Index (CTI)			Leading Travel Index (LTI)		6-mo LTI vs. CTI 6-mo avg.		
	6-month avg	September	October	November	3-month*	6-month**	Direction	Speed
Total Market	51.6	50.8	51.6	51.5	51.1	51.1	Increasing ▲	Slower
International	51.4	52.2	51.2	51.9	50.1	50.5	Increasing ▲	Slower
Domestic	51.6	50.6	51.7	51.5	51.2	51.2	Increasing ▲	Slower
Business	51.4	50.0	51.9	51.1	51.6	51.6	Increasing ▲	Faster
Leisure	51.7	50.9	51.6	51.7	51.1	51.0	Increasing ▲	Slower

* Average outlook reading for Dec 2018 to Feb 2019

** Average outlook reading for Dec 2018 to May 2019

November Domestic and International Travel Index

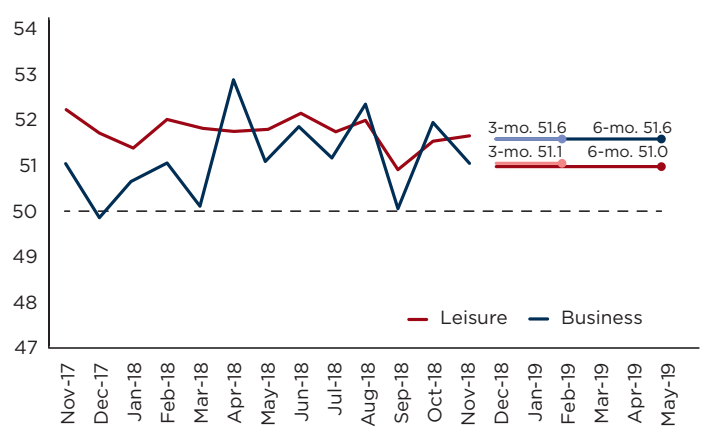
Index (>50=expansion, <50=decline)



Source: Oxford Economics, U.S. Travel Association

November Domestic Business and Leisure Travel Index

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



Source: Oxford Economics, U.S. Travel Association

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Domestic travel is expected to grow approximately 2.4% year-over-year through May 2019, with business and leisure both contributing to the expansion. Business travel is expected to outperform the leisure market over the next six months, supported by strong business investment. However, recent volatility in the financial markets creates a level of uncertainty to this outlook. Leisure travel growth is expected to soften slightly but remain about 2.0% as wage growth continues to firm and consumer confidence remains near its historic high.

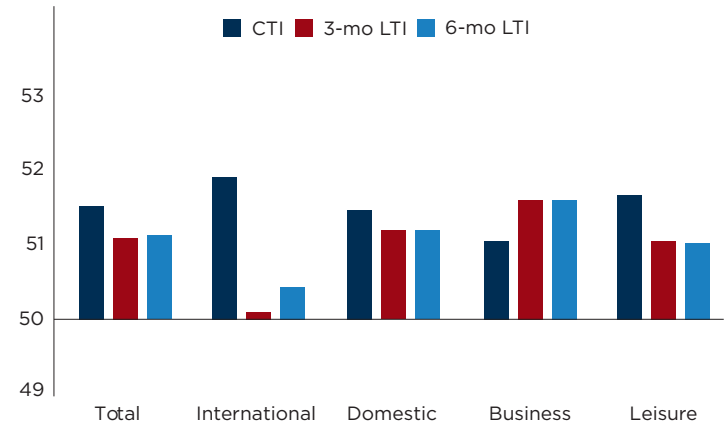
International inbound travel growth outpaced its six-month average in November, expanding by 3.8% year-over-year; however, we continue to forecast much softer growth through the first five months of 2019. Trade tensions, the international impact of the recent U.S. equity sell-off, and uncertainty surrounding the Trump administration are major risks to international traveler sentiment. An expected softening of recent dollar appreciation may help ease these downside risks.

Adam Sacks, President of Oxford's Tourism Economics group says, "Consistent with solid momentum in the U.S. economy, strong growth in travel activity continued in November. Looking ahead, both domestic and international travel demand are anticipated to slow amidst gradually cooling domestic and global economies, heightened market volatility and trade tensions."

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

November CTI, 3-month and 6-month LTI

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



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 \$2.4 trillion in U.S. economic output and supports 15.6 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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