

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 50.8 in September 2018 indicates that travel to or within the U.S. grew 1.6% in September 2018 compared to September 2017.

LTI predicts travel growth will continue to moderate through the first three months of 2019, supported primarily by growth in domestic demand.

Overall travel volume (person trips to or within the U.S. involving a hotel stay or air travel) grew at a slower year-over-year rate in September 2018 than in August 2018. International inbound travel experienced strong growth, while domestic travel softened, with growth supported entirely by the domestic leisure travel market.

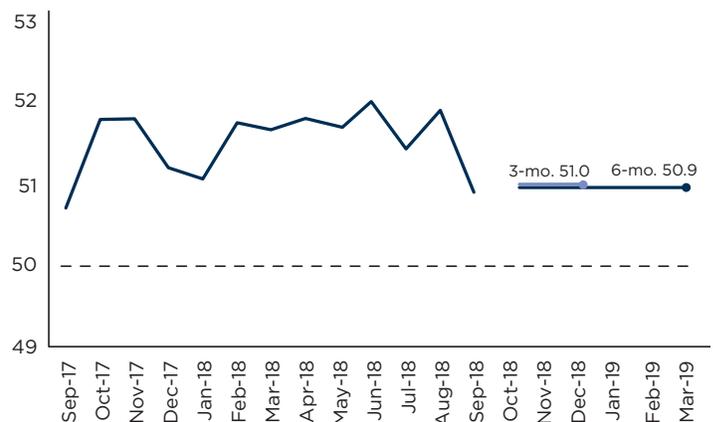
HIGHLIGHTS:

* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 105 straight months, as the industry moves through its ninth consecutive year of expansion.
- The CTI was positive in September, registering 50.8. This is below the 6-month moving average of 51.6.
- International inbound travel experienced strong growth in September, registering 52.2. The Leading Travel Index (LTI) projects that inbound travel growth will stall over the next six months.
- Domestic leisure travel grew 1.8% in September, providing support for the domestic segment, while the business segment plateaued.
- The 6-month LTI reading of 50.9 indicates that total U.S. travel volume is expected to grow at a rate of around 1.8% through March 2019. Domestic travel is expected to grow at a slightly faster pace of 2.0%, while international travel growth is expected to remain flat over the same period.

September Travel Trends Index

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



Source: Oxford Economics, U.S. Travel Association

“A robust domestic economy—led by surging business confidence and strong growth in business investment—is expected to support business travel in the months ahead. This will help offset expected slowdowns in both domestic leisure and international inbound travel.”

– David Huether
Senior Vice President, Research

	CTI	3-month LTI*	6-month LTI**
August Index	51.9	51.3	51.2
September Index	50.8	51.0	50.9
Direction and Speed	Travel demand increased; at a slower rate than the previous month	Travel is expected to grow over the coming 3 months; at a slightly faster rate	Travel is expected to grow over the coming 6 months; at a slightly faster rate

* Average outlook reading for Oct 2018 to Dec 2018
** Average outlook reading for Oct 2018 to Mar 2019

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► DETAILED RESULTS

Domestic travel demand increased in September, relative to the previous year. Gains were supported solely by the leisure market, as the domestic business segment plateaued. The pace of year-over-year travel demand growth slowed relative to July and August, as indicated by a lower CTI, because September 2017 had been artificially boosted by hurricane-related demand. Economic indicators remain solid, including strong consumer confidence and spending, as well as business investment. We continue to anticipate moderating growth in the domestic market as the overall economy is expected to soften heading into 2019. Also, because hurricane-related demand persisted throughout the fourth quarter of 2017, year-over-year comparisons will remain softer than otherwise.

International inbound travel growth was strong in September, expanding at a rate of 4.4% year-over-year. However, potential spillover effects from international trade tensions, as well as an expected cooling of the global economy, continue to weigh on the outlook for international visitations, which are projected to slow in the coming months.

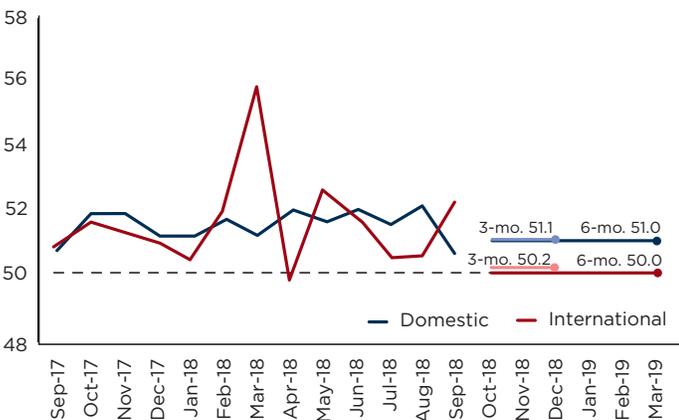
Travel Trends Index Summary

	Current Travel Index (CTI)				Leading Travel Index (LTI)		6-mo LTI vs. CTI 6-mo avg.	
	6-month avg	July	August	September	3-month*	6-month**	Direction	Speed
Total Market	51.6	51.5	51.9	50.8	51.0	50.9	Increasing ▲	Slower
International	51.2	50.5	50.6	52.2	50.2	50.0	—	Slower
Domestic	51.7	51.6	52.1	50.6	51.1	51.0	Increasing ▲	Slower
Business	51.6	51.2	52.4	50.0	51.4	51.5	Increasing ▲	Slightly Slower
Leisure	51.7	51.7	52.0	50.9	50.9	50.8	Increasing ▲	Slower

* Average outlook reading for Oct 2018 to Dec 2018
 ** Average outlook reading for Oct 2018 to Mar 2019

September Domestic and International Travel Index

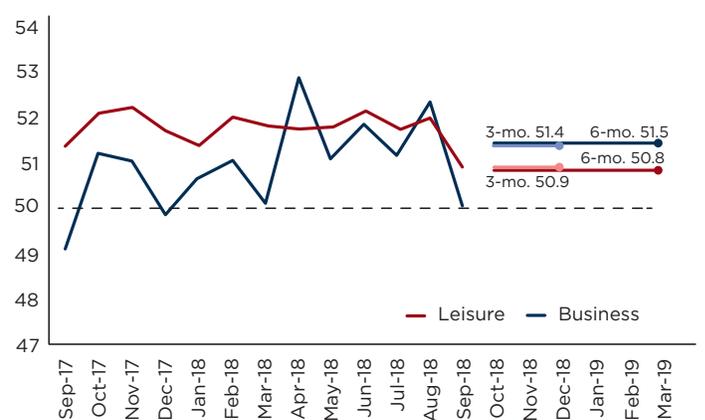
Index (>50=expansion, <50=decline)



Source: Oxford Economics, U.S. Travel Association

September 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 2.0% year-over-year through March 2019, supported by both the business and leisure segments. Despite this month's weakness, business travel has the potential to surpass the leisure market over the next six months due to still-solid business investments. Leisure travel growth is expected to remain between 1.5-2.0%, supported by slowly firming wages and continued consumer confidence and spending.

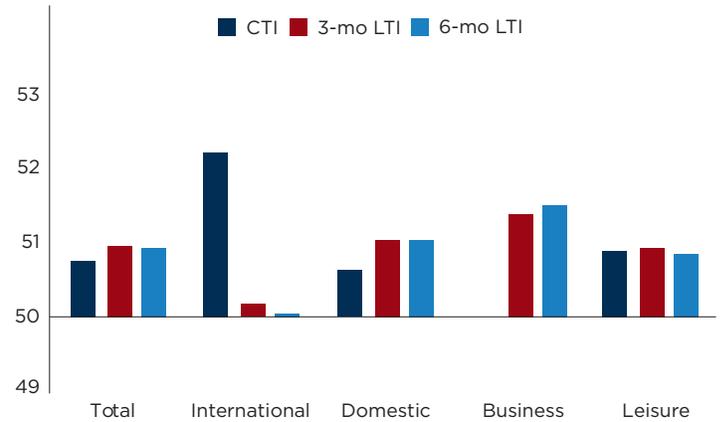
International inbound travel growth bounced back in September, but this uptick is not expected to continue through the start of 2019. Trade tensions and a cooling global economy remain risks to international inbound travel.

Adam Sacks, president of Oxford's Tourism Economics group, says: "Domestic economic momentum remains on solid footing as we head into the final quarter of 2018; however, growth relative to fourth quarter 2017 is expected to be dampened by comparisons to hurricane-related activity last year. On the international front, demand is anticipated to slow amidst a gradually cooling global economy."

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

September 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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