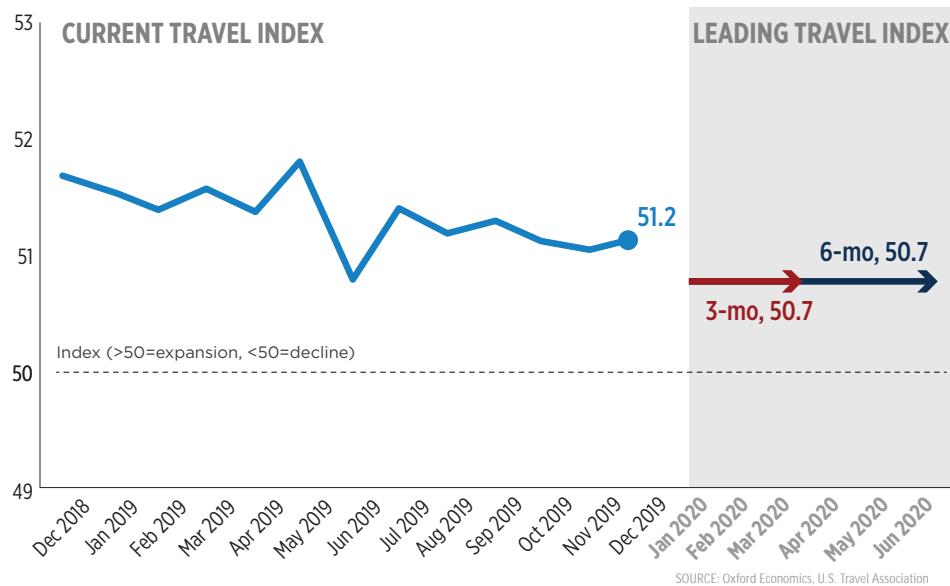


# DECEMBER TRAVEL TRENDS INDEX

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).

Analysis provided by  
 OXFORD ECONOMICS



CTI reading of **51.2** in **December 2019** indicates that travel to or within the U.S. grew **2.4%** in **December 2019** compared to December 2018.

LTI predicts travel growth will moderate through June 2020, a result of softer growth in domestic leisure travel and continued weakness in international inbound travel.

Overall travel volume (person trips to or within the United States involving a hotel stay or air travel) grew at a slightly faster year-over-year rate in December 2019 than in November 2019. Domestic travel growth remained stable (2.6%) while international inbound travel increased (0.8%), just the second increase in the past seven months.

## HIGHLIGHTS:

\* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 120 straight months, as the industry completes its tenth consecutive year of expansion.
- The CTI was positive in December, registering 51.2 (indicating 2.4% percent year-over-year growth). This is precisely on par with the 6-month moving average.
- International inbound increased in December (0.8%), ending this segment's three-month slide. The Leading Travel Index (LTI) projects that inbound travel volume will decline about 0.2% over the next six months compared to the same period last year.
- Domestic leisure travel growth carried its strength into December (2.8%) but receded compared to prior months and sits below its recent six-month trend (3.6%). Domestic business travel experienced robust growth (2.0%), outperforming its 6-month trend (0.8%).
- The six-month LTI reading of 50.7 indicates that total U.S. travel volume is expected to grow at a 1.4% year-over-year rate through June 2020. Over the same period, domestic travel growth is expected to ease toward 1.4% and international inbound growth will contract slightly (-0.2%).

The Oxford/U.S. Travel **Current Travel Index (CTI)** measures the direction and pace of travel volume to and within the U.S. on a monthly basis compared to the same month in the prior year. The index is comprised of a weighting of hotel room demand and air passenger enplanements that represents the overall volume of travelers each month. A score above 50 indicates expansion. A score below 50 indicates decline.

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.

# DECEMBER TRAVEL TRENDS INDEX (CONT.)

	CTI	3-MONTH LTI*	6-MONTH LTI**
NOVEMBER INDEX	51.1	50.7	50.7
DECEMBER INDEX	51.2	50.7	50.7
DIRECTION AND SPEED	Travel demand increased; at a slightly faster rate as 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 Jan 2020 to Mar 2020  
 \*\* Average outlook reading for Jan 2020 to Jun 2020



December 2019 marked the 120th straight month of overall travel growth, completing the 10th consecutive year of expansion. Notably, 2019 was the third consecutive year of simultaneous expansions in both domestic leisure and domestic business travel, a testament to the health of the domestic economy. Meanwhile, 2019 was the first year in which the international component of the TTI was negative, due to global headwinds and fierce competition in global travel.

DAVID HUETHER

Senior Vice President, Research

## DETAILED RESULTS:

Domestic travel demand rose 2.6% in December, a result of contributions from both the leisure (2.8%) and business segments (2.0%). Aided by Hanukkah falling the same week as Christmas this year, business travel increased by more than double the segment's six-month average. Growth in leisure travel is expected to slow to 1.6% through the coming six months, about half its current pace. Vacation intentions in December fell slightly behind last year's level, and forward-looking booking and search data provide downward signals. Business travel is expected to grow by 1.2% over the same period, slightly faster than its previous six-month average.

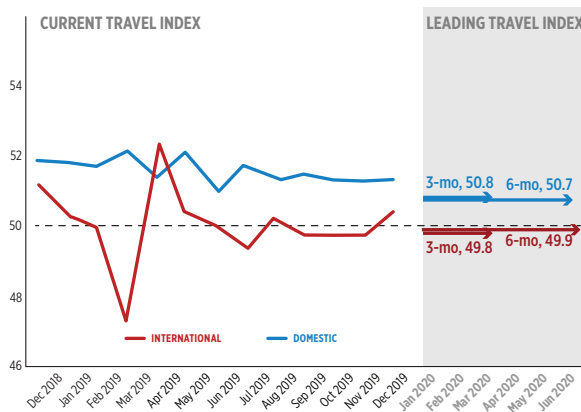
International inbound travel increased year over year in December (0.8%). This ends a three-month contraction, as the segment ends the year with growth in just five of 12 months. International inbound travel growth is expected to contract slightly as a result of economic and policy-based factors over the coming months.

	CURRENT TRAVEL INDEX (CTI)				LEADING TRAVEL INDEX (LTI)		6-MO LTI VS. CTI 6-MO AVG.	
	6-MONTH AVG	OCTOBER	NOVEMBER	DECEMBER	3-MONTH*	6-MONTH**	DIRECTION	SPEED
TOTAL MARKET	51.2	51.2	51.1	51.2	50.7	50.7	Increasing	Slower
INTERNATIONAL	49.8	49.8	49.7	50.4	49.8	49.9	Decreasing	Slower
DOMESTIC	51.4	51.3	51.2	51.3	50.8	50.7	Increasing	Slower
BUSINESS	50.4	49.3	50.2	51.0	50.6	50.6	Increasing	Slightly faster
LEISURE	51.8	52.3	51.7	51.4	50.9	50.8	Increasing	Slower

\* Average outlook reading for Jan 2020 to Mar 2020  
 \*\* Average outlook reading for Jan 2020 to Jun 2020

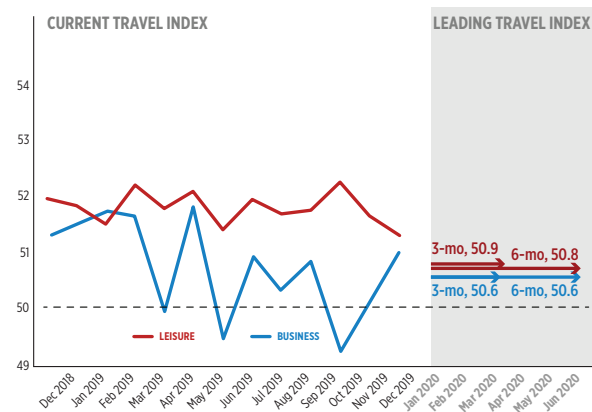
## DECEMBER DOMESTIC AND INTERNATIONAL TRAVEL INDEX

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



## DECEMBER DOMESTIC BUSINESS AND LEISURE TRAVEL INDEX

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



The Oxford/U.S. Travel **Current Travel Index (CTI)** measures the direction and pace of travel volume to and within the U.S. on a monthly basis compared to the same month in the prior year. The index is comprised of a weighting of hotel room demand and air passenger enplanements that represents the overall volume of travelers each month. A score above 50 indicates expansion. A score below 50 indicates decline.

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.

## DECEMBER TRAVEL TRENDS INDEX (CONT.)

The LTI anticipates that domestic travel will increase approximately 1.4% year over year through June 2020, with leisure travel moderating but still contributing slightly more to the expansion than business travel. Consumer confidence and expectations eased gently downward in December, but remain at elevated levels, and consumer spending is beginning to show signs of fatigue and is expected to abate through the beginning of 2020. Business investment continues to moderate due to elevated policy uncertainty, softening expectations, slow global growth, still-high trade tensions, weaker energy-sector activity, and a strong dollar, thus limiting domestic business travel expectations. As economic momentum continues to subside, ongoing trade conflicts will continue to pose additional downside risks in 2020 and contribute to slowing growth.

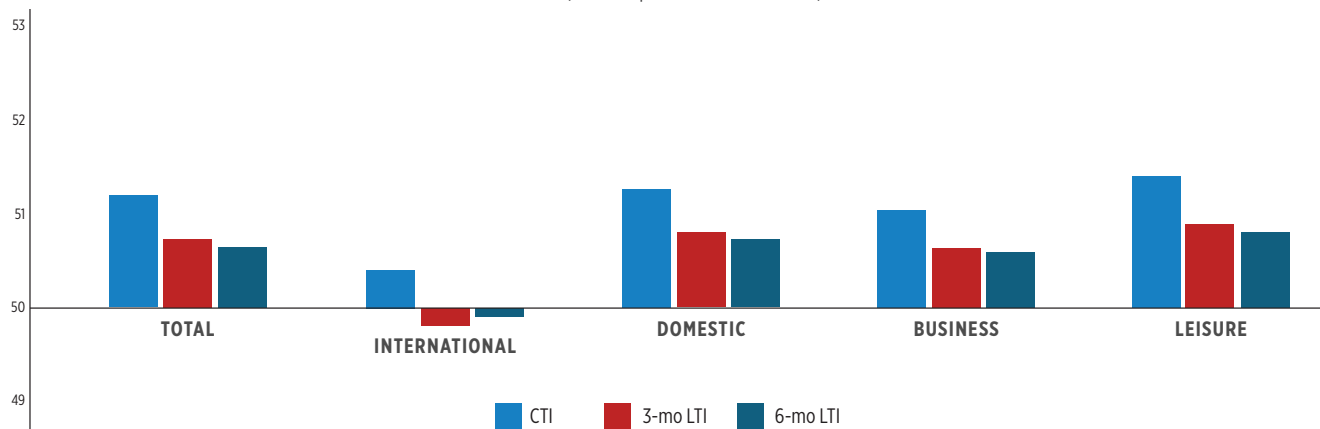
International inbound travel demand endured a slight decline in 2019 but ended the year on a positive note, with December registering its highest growth since April. Looking ahead, the LTI indicates that the international segment will likely decline slightly through the first half of 2020. Cooling domestic and global momentum, prolonged trade tensions, and policy uncertainty remain major risks to international traveler sentiment. The phase-one trade deal between the U.S. and China, though limited in comparison to recent tariff hikes, does provide an initial step toward reduced trade policy risks.

Adam Sacks, President of Oxford's Tourism Economics group, says, "Domestic travel's strong growth persists, even as the leisure segment begins to slow modestly. While the risk of a global recession appears to be subsiding, the continued economic slowdown and record-high levels of policy uncertainty remain a drag on the international outlook."

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

### DECEMBER CTI, 3-MONTH AND 6-MONTH LTI

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



The Oxford/U.S. Travel **Current Travel Index (CTI)** measures the direction and pace of travel volume to and within the U.S. on a monthly basis compared to the same month in the prior year. The index is comprised of a weighting of hotel room demand and air passenger enplanements that represents the overall volume of travelers each month. A score above 50 indicates expansion. A score below 50 indicates decline.

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.

## 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

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

### 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. Official estimated of international visitation to the U.S. (I-94) are released by the U.S. Department of Commerce on approximately a four-month lag. As this data becomes available, historic CTI estimates will be revised.
- 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.

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

**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 \$2.5 trillion in total economic output and supports 15.7 million American 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** serves leading travel brands by delivering critical intelligence that drives personalization and relevance throughout the customer’s journey, resulting in more meaningful and profitable relationships. Fueling these insights is ADARA’s data co-op which connects over 200 leading travel brands to create the most comprehensive view of the world’s travelers and their behaviors across brands, channels, and devices. ADARA transforms how their B2C clients leverage consumer insight at every stage—learn, act, measure and modify—to unleash the revenue potential of each individual.

**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.

<b>TRAVEL TRENDS INDEX</b>	55	54	53	52	51	50	49	48	47	46	45
<b>12-MONTH % CHANGE IN TRIPS</b>	+10.0%	+8.0%	+6.0%	+4.0%	+2.0%	+0.0%	-2.0%	-4.0%	-6.0%	-8.0%	-10.0%