TRAVEL TRENDS INDEX

MAY 2017

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 51.6 in May 2017 shows that travel to or within the U.S. grew by 3.2% from May 2016 to May 2017. LTI predicts positive travel growth through November of 2017, spurred by solid domestic travel demand.

Overall travel volume (person trips to or within the United States involving a hotel stay or air travel) grew at a faster year-over-year rate in May 2017 than in April 2017. Domestic travel grew once again in May, supported by solid leisure and business travel demand. Meanwhile, international inbound travel experienced its 13th straight month of positive year-over-year growth in May.

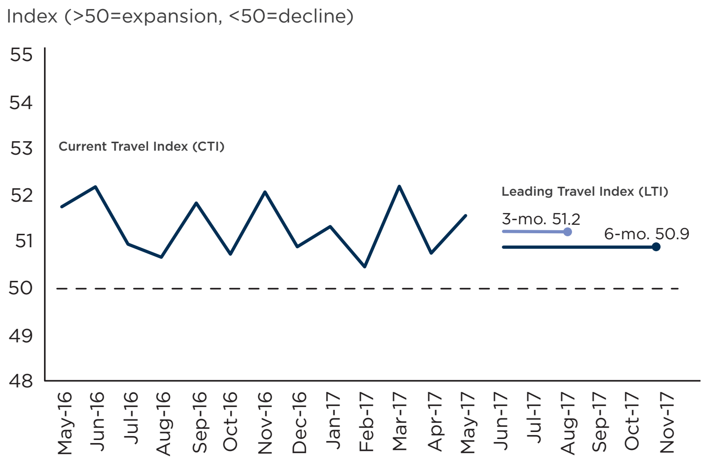
HIGHLIGHTS:

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

- The Current Travel Index (CTI) has registered at or above the 50 mark for 89 straight months, as the industry settles into its eighth year of expansion.
- The CTI increased in May with a reading of 51.6, higher than the 6-month moving average of 51.2.
- International inbound travel continues to expand, registering at 52.6 in May. Nevertheless, the Leading Travel Index (LTI) projects a weakened outlook for inbound travel, which will trail the domestic market through November 2017.
- Domestic leisure travel grew in May, at a faster rate than the 6-month moving average. Domestic business travel also registered healthy growth in May, following a lackluster performance in April (due to the timing of Easter).
- The 6-month LTI reading of 50.9 indicates that total U.S. travel volume will likely grow at a rate of around 1.8% through November 2017. Domestic travel is expected to grow by about 2.2%, while international travel may slightly decline.

May Travel Trends Index

Current Travel Index and Leading Travel Index



Source: Oxford Economics, U.S. Travel Association

	CTI	3-month LTI*	6-month LTI**
April Index	50.7	51.1	50.9
May Index	51.6	51.2	50.9
Direction and Speed	Travel demand increased; at a faster 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 May 2017 to Jul 2017

** Average outlook reading for May 2017 to Aug 2017

> *So far in 2017, growth among various travel sectors has become more diffuse. All components of the Travel Trends Index were positive three out of the first five months of this year, compared to just three months in all of 2015 and three months of all of 2016. This strong showing all around—particularly with international travel—is good news for both the travel industry and the economy at large.*
>
> – David Huether
> Senior Vice President, Research

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DETAILED RESULTS

Domestic leisure travel once again led the domestic travel market, though the domestic business CTI also registered healthy growth in May 2017. Looking ahead, a modest uptick in vacation intentions, and still-positive growth in forward-looking bookings, bodes well for the domestic leisure travel market in the coming months. However, although forward-looking bookings and searches remain positive, their pace of growth is markedly slower from this time last year.

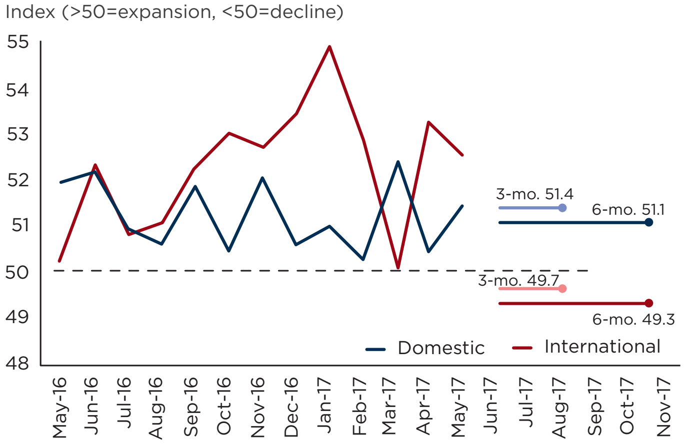
International inbound travel to the United States increased once again in May 2017, at a pace just below the six-month moving average. Though it has edged down somewhat from recent highs, the U.S. dollar remains strong, and there remains the possibility of unintended consequences from President Trump's policies related to immigration and international relations. Looking ahead, these factors are expected to negatively impact international inbound travel.

Travel Trends Index Summary

	Current Travel Index (CTI)				Leading Travel Index (LTI)		6-month LTI vs. CTI 6-month avg	
	6-month avg	March	April	May	3-month*	6-month**	Direction	Speed
Total Market	**51.2**	**52.2**	**50.7**	**51.6**	**51.2**	**50.9**	Increasing ▲	Slower
International	52.9	50.1	53.3	52.6	49.7	49.3	Decreasing ▼	--
Domestic	51.0	52.4	50.4	51.4	51.4	51.1	Increasing ▲	Slightly faster
Business	50.2	53.3	47.8	51.1	52.0	51.9	Increasing ▲	Faster
Leisure	51.3	52.0	51.5	51.6	51.2	51.0	Increasing ▲	Slower

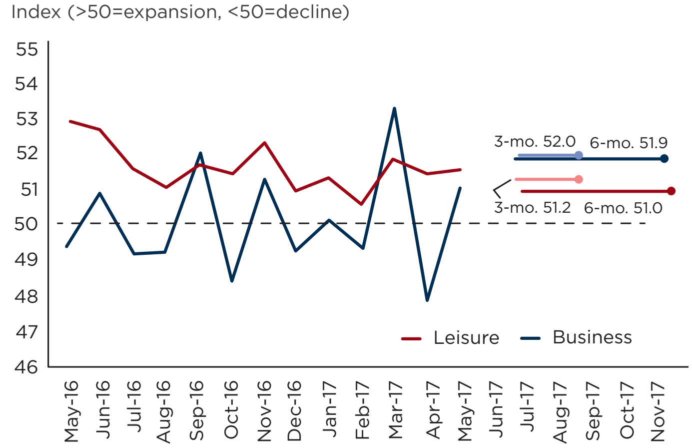
* Average outlook reading for Jun 2017 to Aug 2017
** Average outlook reading for Jun 2017 to Nov 2017

May Domestic and International Travel Index



Source: Oxford Economics, U.S. Travel Association

May Domestic Business and Leisure Travel Index



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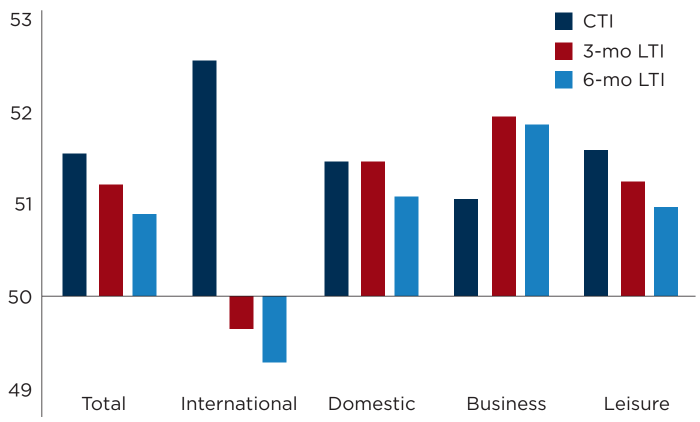
Domestic travel overall is anticipated to grow an average of 2.2% year-over-year through November of 2017, spurred by firming business investment, rising incomes and healthy household balance sheets. The turbulent start of the Trump presidency puts elements of the President's pro-growth agenda at risk, and while domestic travel indicators remain positive, the Trump administration's failure to deliver on campaign pledges of fiscal stimulus, tax reform and reduced regulation has the potential to undermine confidence from both businesses and consumers alike.

The stronger US dollar will likely continue to weigh on international travel, and President Trump's rhetoric and policies, including travel restrictions and an anti-immigration stance, pose additional risks to international traveler sentiment. Despite a slight projected decline in international inbound travel, total U.S. travel volume is expected to grow by about an average of 1.8% year-over-year through November of 2017.

May CTI, 3-month and 6-month LTI

>50=expansion, <50=decline



Source: Oxford Economics, U.S. Travel Association

METHODOLOGY

The Current Travel Index (CTI) measures monthly travel volume 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. STR provides monthly data on hotel room demand and A4A provides monthly data on passenger enplanements. 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. On these bases, the CTI encompasses three traveler types 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

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

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The international component of the CTI is based on monthly data from the U.S. Department of Commerce I-94 and I-92 programs, as well as Statistics Canada. The I-94 dataset is the basis of official overseas inbound travel estimates for the United States. The I-92 program is called the Advanced Passenger Information System (APIS), and tracks international travel to the U.S. with distinctions between inbound travel by foreign nationals and U.S. citizens. APIS is generally more timely than I-94, allowing for estimates of air arrivals with only a one-month lag. Domestic travel is measured as the residual of total travel minus international.

The domestic leisure travel component of the CTI 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 domestic travel minus domestic leisure.

The Leading Travel Index (LTI) measures the likely average pace and direction of U.S. travel volume over the coming three and six month periods. A score 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 to be strongly capable of predicting 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, while data from the Airlines Reporting Corporation (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	$U.S. market rates, weighted average of inbound markets
	GDP by Visitor Origin	Total, International, Domestic (Business and 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 and 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 and Leisure)	Domestic / International and 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 $2.1 trillion in U.S. economic output and supports 15.1 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 for America (A4A) advocates on behalf of its members to shape crucial policies and measures that promote safety, security and a healthy U.S. airline industry. We work collaboratively with airlines, labor, Congress and the Administration and other groups to improve air travel for everyone.

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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