

# 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 shows travel grew in November 2016. LTI predicts modest travel growth through the first five months of 2017, with most momentum sustained by domestic leisure travel.

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 November 2016 than in October. Notably, domestic business experienced a bump in November, though it trailed leisure travel, which also accelerated. Meanwhile, year-over-year growth in international inbound travel, while still in positive territory, decelerated in November.

### HIGHLIGHTS:

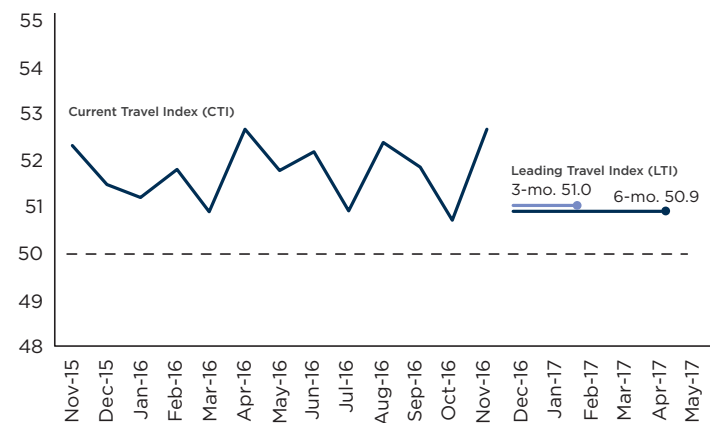
\* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 83 straight months, as the industry continues its six-year expansion.
- The CTI rose in November, with a reading of 52.6, above the 6-month moving average of 51.8.
- Domestic leisure travel grew in November, increasing at a faster rate than the 6-month moving average. Unsurprisingly, domestic leisure travel bested domestic business travel.
- International inbound travel continues to rise, albeit more slowly than in October. The Leading Travel Index (LTI) projects a weakened outlook for inbound travel, which will likely trail the domestic market through early 2017.
- 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 May 2017.

### November Travel Trends Index

#### Current Travel Index and Leading Travel Index

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



Source: Oxford Economics, U.S. Travel Association

“November was a solid month for travel. All travel sectors—domestic business, domestic leisure, and international inbound—performed well, with growth rates significantly above their respective six-month averages. Most notably, business travel defied post-election expectations by rebounding in November, reflecting the buoyant mood of the markets. While it remains to be seen what happens in the coming months, domestic business travel’s growth outlook has actually improved, thanks to this bump in business sentiment.

– David Huether  
Senior Vice President, Research

	CTI	3-month LTI*	6-month LTI**
October Index	50.7	50.7	50.7
November Index	52.6	51.0	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 Dec 2016 to Feb 2017

\*\* Average outlook reading for Dec 2016 to May 2017

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## ► DETAILED RESULTS

Domestic leisure travel is expected to lead the U.S. travel market, since leisure-related forward-looking travel bookings, searches and vacation intentions held steady in November. Domestic business travel trailed leisure travel once again, though its growth edged above the 6-month moving average, sending a moderately positive signal for its future expansion.

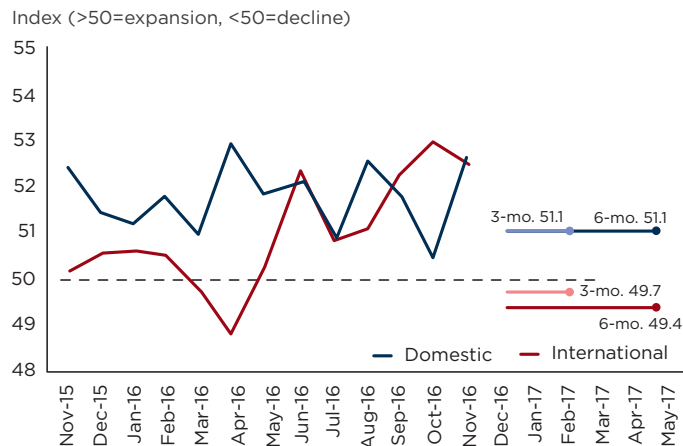
International inbound travel to the United States increased once again in November 2016, though at a slower pace. The LTI indicates that international travel growth through early 2017 will remain quite sluggish—and possibly decline—due in part to the stronger dollar.

### Travel Trends Index Summary

	Current Travel Index (CTI)				Leading Travel Index (LTI)		6-month LTI vs. CTI 6-month avg	
	6-month avg	September	October	November	3-month*	6-month**	Direction	Speed
<b>Total Market</b>	<b>51.8</b>	<b>51.9</b>	<b>50.7</b>	<b>52.6</b>	<b>51.0</b>	<b>50.9</b>	Increasing ▲	Slower
International	52.0	52.2	53.0	52.5	49.7	49.4	Decreasing ▼	--
Domestic	51.7	51.8	50.4	52.6	51.1	51.1	Increasing ▲	Slower
Business	50.6	52.0	48.4	51.9	50.6	50.8	Increasing ▲	Faster
Leisure	52.2	51.7	51.5	53.0	51.4	51.3	Increasing ▲	Slower

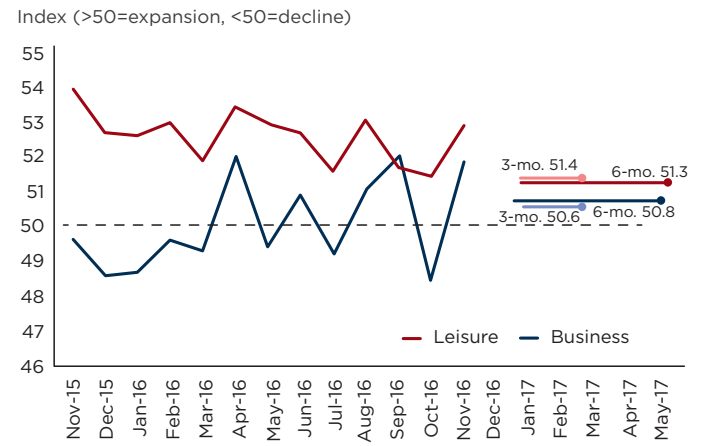
\* Average outlook reading for Dec 2016 to Feb 2017  
 \*\* Average outlook reading for Dec 2016 to May 2017

### November Domestic and International Travel Index



Source: Oxford Economics, U.S. Travel Association

### November Domestic Business and Leisure Travel Index



Source: Oxford Economics, U.S. Travel Association

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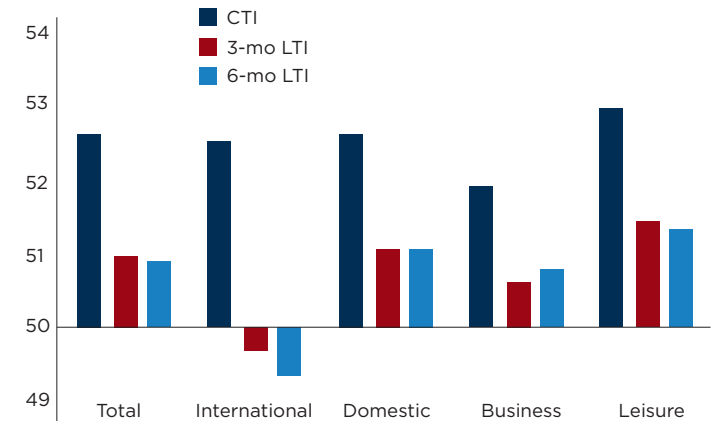
Domestic travel will likely grow at a rate of just over 2% year-over-year through May 2017, thanks to a solid labor market and healthy consumer spending, both of which provided a boost to the domestic leisure market. A recent upward revision to business investment spending supports a positive yet modest outlook for domestic business travel in the coming months. While uncertainty still looms, and much is dependent on the President-elect's policies, the equity market has reacted favorably immediately following the election outcome.

The international travel market, held back by a strong dollar, will soften and possibly decline in the near term. As a result, total travel volume will likely grow by around 1.8% year-over-year through May 2017.

Adam Sacks, President of Oxford's Tourism Economics group, said, "Domestic business travel picked up in November, accompanied by indications that business investment spending is improving, but it still trails the domestic leisure market. A solid labor market and healthy consumer spending will support the domestic market moving forward. Global growth is expected to improve in the coming months, though the outlook for the international market remains cautious due to the still strong dollar and political uncertainty."

## November 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

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

### Non-Hotel Guests & Flyers

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

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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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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
<b>Macroeconomic Trends</b>	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
<b>Consumer and Business Sentiment</b>	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
<b>Travel Search and Booking</b>	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 leader in leveraging global transactional, non-personally identifiable, travel data from direct relationships with over 90+ travel brands and identifying trends that can help companies impact future business decisions. ADARA contributes historical and future, search and booking data to provide travel demand used in the compilation of the Leading Travel Index.

**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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