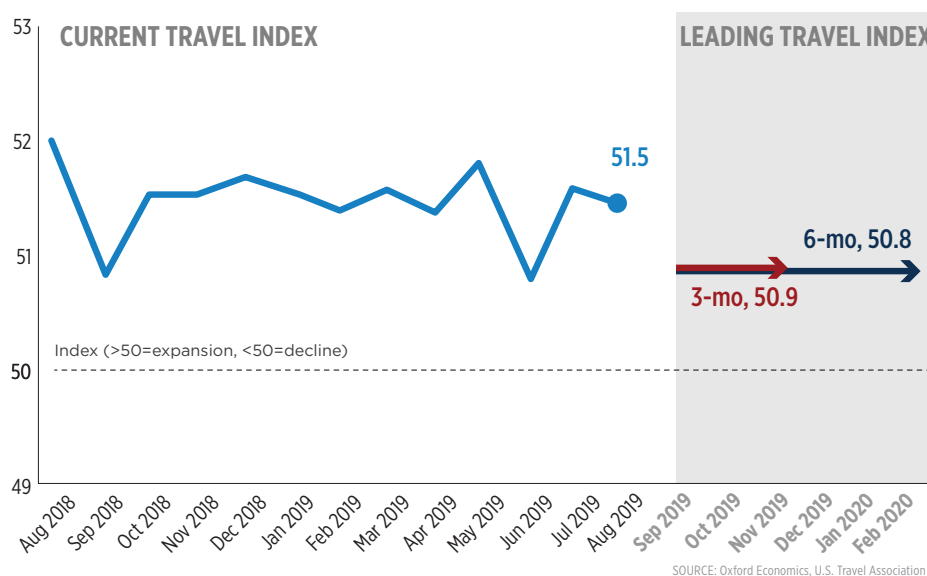


AUGUST TRAVEL TRENDS INDEX

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 **51.5** in **August 2019** indicates that travel to or within the U.S. grew **3.0%** in **August 2019** compared to August 2018.

LTI predicts travel growth will moderate through February 2020, a result of softer growth across all travel segments.

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 August 2019 compared to July 2019. Domestic travel growth was steady, primarily supported by the leisure segment; international inbound travel growth was flat following two months of contraction.

HIGHLIGHTS:

* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 116 straight months, as the industry sustains its 10th consecutive year of expansion.
- The CTI was positive in August, registering 51.5 (indicating 3.0% percent y/y growth). This is on a par with the 6-month moving average (3.0%).
- International inbound growth was flat in August, indicating continued weakness. The Leading Travel Index (LTI) projects that inbound travel volume over the next six months will decline about 0.6% from prior year levels.
- Domestic leisure travel growth remained strong in August (4.0%), sustaining its recent six-month trend. The business segment experienced subdued growth (1.2%), just below its six-month trend (1.6%).
- The 6-month LTI reading of 50.8 indicates that total U.S. travel volume is expected to grow at a 1.6% rate through February 2020. Over the same period, domestic travel growth is expected to ease toward 2.0% growth and international inbound growth will sink below zero.

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.

AUGUST TRAVEL TRENDS INDEX (CONT.)

	CTI	3-MONTH LTI*	6-MONTH LTI**
JULY INDEX	51.6	51.0	50.9
AUGUST INDEX	51.5	50.9	50.8
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 Sep 2019 to Nov 2019
 ** Average outlook reading for Sep 2019 to Feb 2020



Solid growth in both domestic leisure and business segments has kept the travel expansion on track so far this year, despite a stall in international inbound travel. While the travel engine is not running on all cylinders, the overall pace of travel through the first eight months of this year mirrors the pace of the past five years.

DAVID HUETHER
 Senior Vice President, Research

DETAILED RESULTS:

Domestic travel rose 3.4% in August, sustained primarily by the leisure segment (4.0%) as the business segment settled into a softer growth path (1.2%) that was modestly cooler than the segment’s six-month average. The leisure segment is expected to maintain growth at approximately 1.8%, half its current pace, through the next six months. Vacation intentions climbed to the highest level reported in 2019 thus far; however, forward-looking booking and search data provide mixed signals. The business segment is expected to pick up again and grow at the same rate (1.6%) as its six-month average.

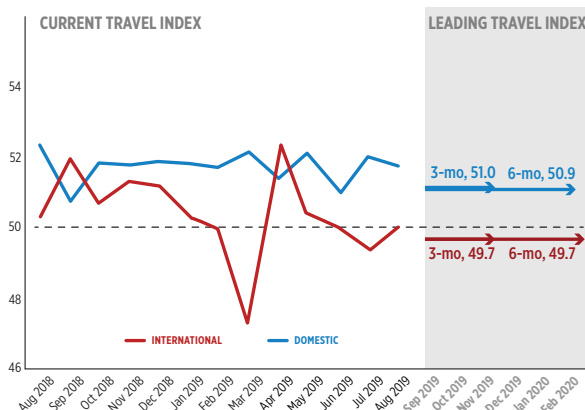
International inbound travel was unchanged year-over-year in August. The segment has oscillated between positive and negative territory throughout the first eight months of 2019, generally remaining below last year in terms of growth. Over the coming months, international inbound travel growth is expected to remain challenged by lingering trade tensions and a continued strong dollar, likely registering a decline.

	CURRENT TRAVEL INDEX (CTI)				LEADING TRAVEL INDEX (LTI)		6-MO LTI VS. CTI 6-MO AVG.	
	6-MONTH AVG	JUNE	JULY	AUGUST	3-MONTH*	6-MONTH**	DIRECTION	SPEED
TOTAL MARKET	51.5	50.8	51.6	51.5	50.9	50.8	Increasing	Slower
INTERNATIONAL	49.8	49.9	49.3	50.0	49.7	49.7	Decreasing	Faster
DOMESTIC	51.6	50.9	51.9	51.7	51.0	50.9	Increasing	Slower
BUSINESS	50.8	49.4	51.2	50.6	50.8	50.8	Increasing	-
LEISURE	52.0	51.4	52.2	52.0	51.1	50.9	Increasing	Slower

* Average outlook reading for Sep 2019 to Nov 2019
 ** Average outlook reading for Sep 2019 to Feb 2020

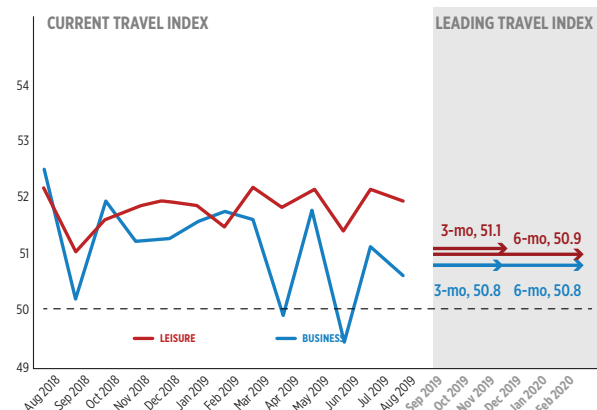
AUGUST DOMESTIC AND INTERNATIONAL TRAVEL INDEX

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



AUGUST 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.

AUGUST TRAVEL TRENDS INDEX (CONT.)

The LTI indicates that domestic travel is anticipated to slow down considerably and grow by approximately 1.8% year-over-year through February 2020, with similar growth in both the business and leisure travel segments. Consumer confidence and expectations wavered in August, and prevailing consumer spending strength is forecasted to abate in line with ongoing business investment cooling. Ongoing trade conflicts will continue to weigh upon the domestic travel market—through possible chilling effects on forward-looking decisions related to consumer spending and business investment—and pose additional downside risks through the end of 2019 and beginning of 2020.

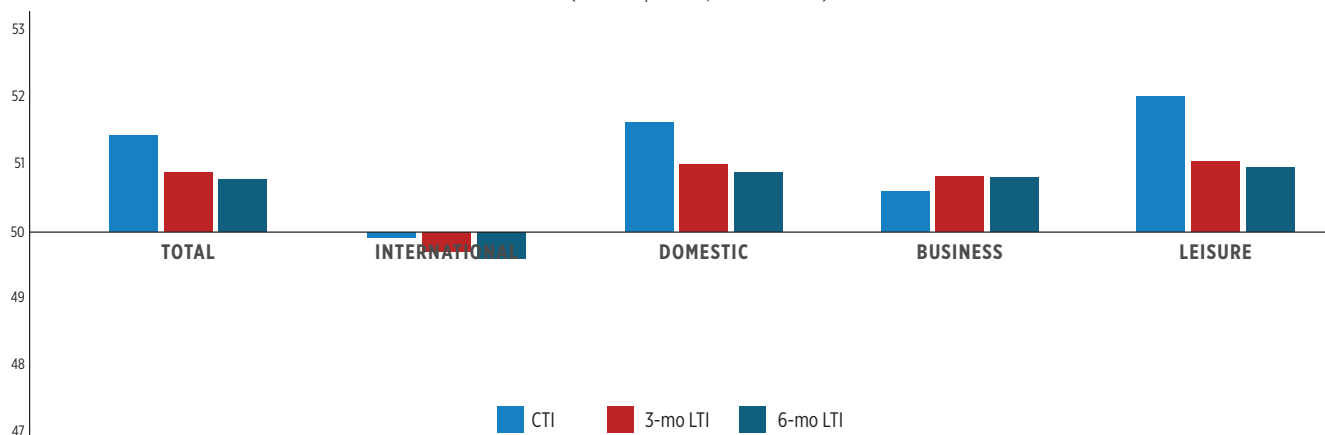
International inbound travel remained flat year-over-year in August, marking a pause in its fluctuation between positive and negative growth in 2019, but not signaling a return to strength. Looking ahead, the LTI indicates that the segment's vulnerability is likely to continue and may worsen.

Adam Sacks, President of Oxford's Tourism Economics group says, "While domestic travel growth has continued in recent months, particularly in the leisure segment, we expect overall travel demand to soften through the start of 2020 in the context of a decelerating 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.

AUGUST 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.

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%