# JANUARY 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

SOURCE: Oxford Economics, U.S. Travel Association
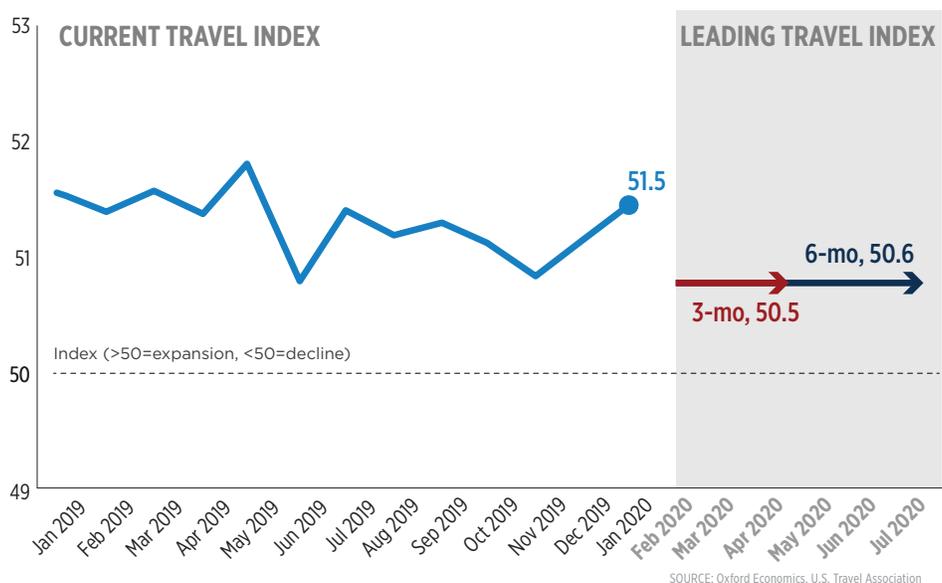
CTI reading of **51.5** in **January 2020** indicates that travel to or within the U.S. grew **3.0%** in **January 2020** compared to January 2019.

LTI predicts travel growth will be moderate through July 2020, a result of softer growth in domestic leisure travel and a sharp downturn 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 faster year-over-year rate in January 2020 than in December 2019. Domestic travel growth surpassed 0.3%, primarily supported by the leisure segment; international inbound travel increased for just the third time in the past eight months, though the increase was slight. While not apparent in the January data, the coronavirus outbreak is expected to disrupt inbound travel, particularly from fast-growing Asian markets, over the coming months.

HIGHLIGHTS:

* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 121 straight months, as the industry enters its 11th consecutive year of expansion.

- The CTI was positive in January, registering 51.5 (indicating 3.0% year-over-year growth). This exceeds the 6-month moving average (2.4%).

- International inbound travel slightly increased in January (0.2%), registering two consecutive months of growth. The Leading Travel Index (LTI) projects that inbound travel volume will decline about 4.4% over the next six months compared to prior year levels.

- Domestic leisure travel posted strong January growth (4.2%), outperforming its recent six-month trend (3.4%). The business segment experienced healthy growth (1.6%), more than doubling its six-month trend (0.6%).

- The six-month LTI reading of 50.6 indicates that total U.S. travel volume is expected to grow at a rate of 1.2% through July 2020. Over the same period, domestic travel is expected to ease toward 1.6% growth and international inbound travel is expected to contract significantly (-4.4%).

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.

JANUARY TRAVEL TRENDS INDEX (CONT.)

	CTI	3-MONTH LTI*	6-MONTH LTI**
DECEMBER INDEX	51.2	50.7	50.7
JANUARY INDEX	51.5	50.5	50.6
DIRECTION AND SPEED	Travel demand increased; at a 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 Feb 2020 to Apr 2020
** Average outlook reading for Feb 2020 to Jul 2020

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> *The January TTI report is the first solid piece of intelligence on the harmful impact that coronavirus will have on the travel industry and, by extension, the U.S. economy. Over the next six months, the international inbound travel LTI projects the largest decline in travel to the U.S. since the financial crisis of 2009—a stark deterioration compared to expectations just a month ago. It is important to note that conditions are changing daily and the prospect for an even larger impact on travel should not be discounted.*
>
> **DAVID HUETHER**
> Senior Vice President, Research

DETAILED RESULTS:

Domestic travel rose 3.2% in January, a result of contributions from both the leisure (4.2%) and business segments (1.6%). Despite healthy consumer confidence, forward-looking bookings and search data provide mixed signals for the coming months.

International inbound travel increased slightly year over year in January. This marks the first back-to-back positive results for this segment since May 2019. International inbound travel's period of moderate growth will likely end as fears and restrictions related to the coronavirus outbreak stymie international travel worldwide.

	CURRENT TRAVEL INDEX (CTI)				LEADING TRAVEL INDEX (LTI)		6-MO LTI VS. CTI 6-MO AVG.	
	6-MONTH AVG	NOVEMBER	DECEMBER	JANUARY	3-MONTH*	6-MONTH**	DIRECTION	SPEED
TOTAL MARKET	51.2	50.8	51.2	51.5	50.5	50.6	Increasing	Slower
INTERNATIONAL	50.1	49.7	50.8	50.1	47.0	47.8	Decreasing	-
DOMESTIC	51.3	50.9	51.2	51.6	50.9	50.8	Increasing	Slower
BUSINESS	50.3	49.9	51.0	50.8	50.7	50.7	Increasing	Faster
LEISURE	51.7	51.4	51.3	52.1	51.0	50.9	Increasing	Slower

* Average outlook reading for Feb 2020 to Apr 2020
** Average outlook reading for Feb 2020 to Jul 2020

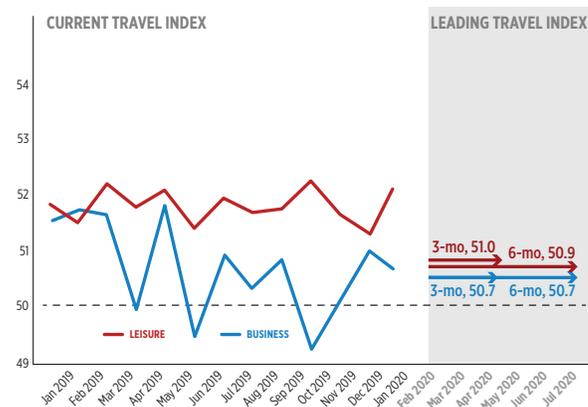### JANUARY DOMESTIC AND INTERNATIONAL TRAVEL INDEX

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

JANUARY 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.

JANUARY TRAVEL TRENDS INDEX (CONT.)

The LTI anticipates that domestic travel will increase by approximately 1.6% year over year through July 2020, with leisure travel moderating significantly but still contributing slightly more to the expansion than business travel. Consumer confidence and expectations improved in January, although consumer spending is beginning to gently cool. Business investment remains weak as uncertainty over the coronavirus outbreak combines with slowing global growth, still-high trade tensions and a strong dollar, limiting domestic business travel expectations. As economic momentum continues to subside, ongoing trade conflicts and disruptions from the coronavirus fallout will continue to pose additional downside risks and contribute to slowing growth.
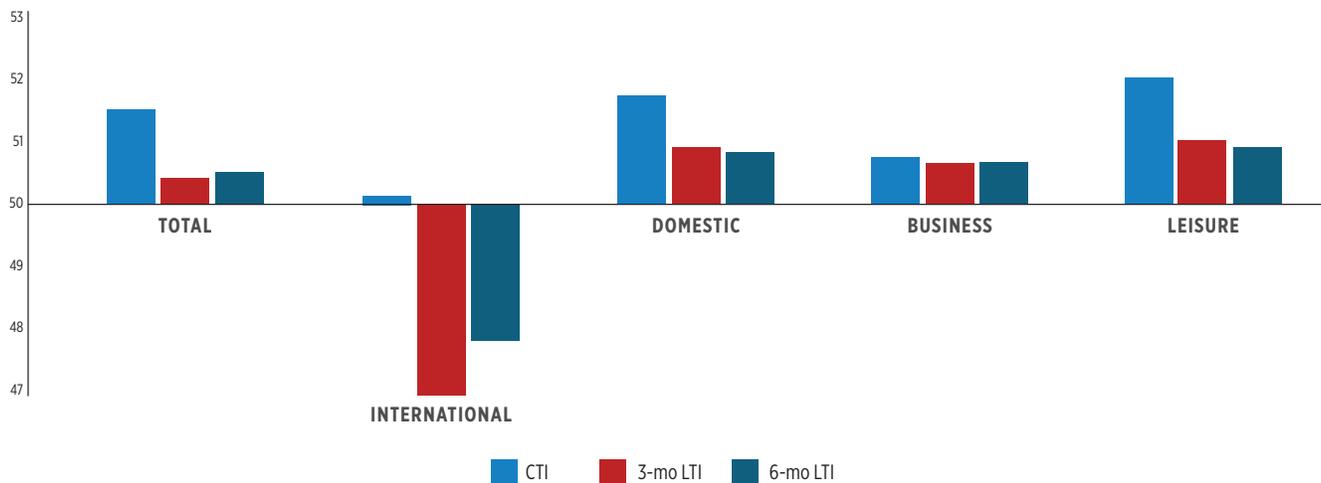
International inbound travel experienced slight growth to begin 2020, as the impact of the coronavirus on travel only started to take hold late in January. Looking ahead, the LTI indicates that the international segment will likely contract through the next six months. Coronavirus fears and restrictions, cooling domestic and global momentum, prolonged trade tensions, and policy uncertainty pose major risks to international traveler sentiment. While not apparent in the January data, the coronavirus is expected to disrupt inbound travel, particularly from fast-growing Asian markets, over the coming months.

Adam Sacks, President of Oxford's Tourism Economics group says, "An already-weak international travel segment will likely experience some severe declines due to coronavirus-related adjustments and concerns. Domestic travel remains strong, but it too will soften as global and US economic momentum continues to slow."

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

JANUARY CTI, 3-MONTH AND 6-MONTH LTI

Index (>50 = expansion, <50 = 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

$$\frac{enplanements}{enplanements\ per\ trip} \times \substack{\%\ of\ flyers\ that \\ stay\ in\ hotel}$$

HOTEL GUESTS & NON-FLYERS

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

NON-HOTEL GUESTS & FLYERS

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

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 the 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%