TRAVEL TRENDS INDEX

JULY 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 50.9 in July 2017 shows that travel to or within the U.S. grew 1.8% in July 2017, compared to July 2016. Revised estimates based on newly available data now verifiy earlier LTI projections of weakening international travel demand. This decline was offset by incremental growth in domestic travel demand.

Overall travel volume (person trips to or within the United States involving a hotel stay or air travel) grew at a slower year-over-year rate in July 2017 than in June 2017, marking a second consecutive month of slowing growth. Domestic travel expanded in July, albeit at a slower rate than in June, supported by solid leisure travel. International inbound arrivals declined slightly in July, following a more drastic drop charted by revised data for Q1 of 2017.

➤ HIGHLIGHTS:

* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered at or above the 50 mark for 91 straight months, as the industry settles into its eighth year of expansion. The CTI moderated in July, though it remained positive with a reading of 50.9. This is lower than the 6-month moving average of 51.2.

- International CTI readings since January 2017 have been revised, based on I-94 first-quarter data newly reported by the U.S. Department of Commerce's National Travel and Tourism Office, and informed by OAG, Sabre, and IATA aviation data on international inbound travel to the U.S. This supplements Advanced Passenger Information System (APIS) data for these months.

- Year-over-year, international inbound travel declined in July 2017, with a CTI reading of 49.8. The Leading Travel Index (LTI) continues to project a weakened outlook for inbound travel, which is expected to trail the domestic market through the beginning of 2018.

- Domestic leisure travel grew in July, increasing slightly above the 6-month moving average. Domestic business travel declined in July, on the heels of two months of growth in May and June.

- The 6-month LTI reading of 50.6 indicates that total U.S. travel volume is expected to grow at a rate of around 1.2% through January 2018. Domestic travel is expected to grow by about 1.6%, while forward-looking metrics for international travel indicate continued weakness.

July Travel Trends Index
Current Travel Index and Leading Travel Index

Index (>50=expansion, <50=decline)
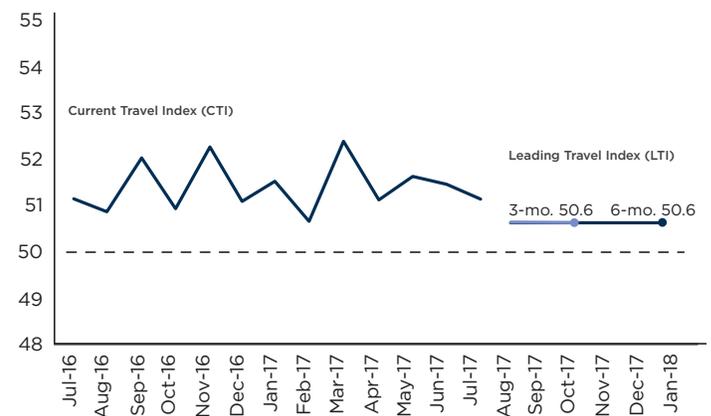
Source: Oxford Economics, U.S. Travel Association

	CTI	3-month LTI*	6-month LTI**
June Index	51.3	50.4	50.3
July Index	50.9	50.6	50.6
Direction and Speed	Travel demand increased, at a 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 Aug 2017 to Oct 2017
** Average outlook reading for Aug 2017 to Jan 2018

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.

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).

➤ DETAILED RESULTS

Domestic leisure once again led all segments of the U.S. travel economy, as domestic business travel weakened in July. Looking ahead, a slight slowing in vacation intentions and forward-looking bookings point to positive, yet modest domestic leisure travel growth in the coming months. While forward-looking bookings and searches remain positive, the pace of growth is markedly slower from this time last year.

International inbound travel to the United States declined once again in July 2017. The previously reported April rebound (which can likely be attributed to the timing of Easter this year versus last year) coupled with the slight uptick in May should be interpreted with caution, as the overall trend for the year remains negative.

Travel Trends Index Summary

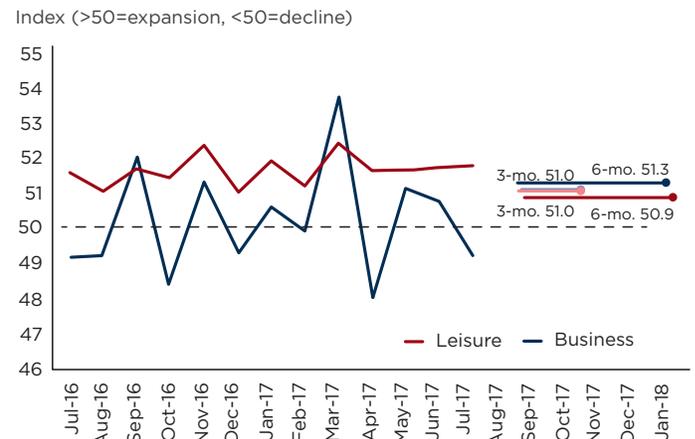|	Current Travel Index (CTI)			Leading Travel Index (LTI)		6-month LTI vs. CTI 6-month avg	
	6-month avg	May	June	July	3-month*	6-month**	Direction	Speed
Total Market	**51.2**	**51.4**	**51.3**	**50.9**	**50.6**	**50.6**	Increasing ▲	Slower
International	49.4	50.7	49.1	49.8	49.1	49.4	Decreasing ▼	--
Domestic	51.4	51.5	51.5	51.1	50.8	50.8	Increasing ▲	Slower
Business	50.5	51.1	50.8	49.2	51.0	51.3	Increasing ▲	Faster
Leisure	51.7	51.7	51.8	51.8	51.0	50.9	Increasing ▲	Slower

* Average outlook reading for Aug 2017 to Oct 2017
** Average outlook reading for Aug 2017 to Jan 2018

July Domestic and International Travel Index

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

3-mo. 50.8 6-mo. 50.8
3-mo. 49.1 6-mo. 49.4

— Domestic — International
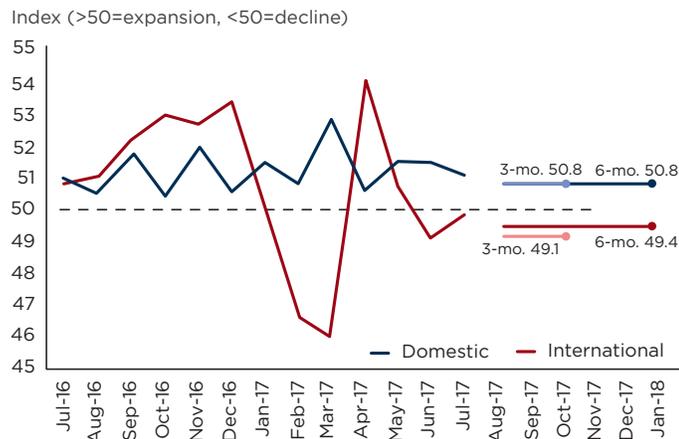
Source: Oxford Economics, U.S. Travel Association

July Domestic Business and Leisure Travel Index

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

3-mo. 51.0 6-mo. 51.3
3-mo. 51.0 6-mo. 50.9

— Leisure — Business

Source: Oxford Economics, U.S. Travel Association

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.

TRAVEL TRENDS INDEX (Continued)

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).

Domestic travel will likely grow an average of 1.6% year-over-year through January of 2018, spurred by firming business investment and, on the leisure side, healthy consumer spending. However, the frequent political turmoil surrounding President Trump puts elements of the president's pro-growth agenda at risk, and while domestic travel indicators remain positive, failure of the Trump administration to deliver on campaign pledges of fiscal stimulus, tax reform, and reduced regulation has the potential to undermine confidence from businesses and consumers alike. Despite a projected decline in international inbound travel, total U.S. travel volume is expected to grow by an average of 1.2% year-over-year through January of 2018, fueled by domestic travel.

Adam Sacks, President of Oxford's Tourism Economics group says, "Upbeat consumer attitudes and solid labor market conditions continue to support the domestic travel market. However, stagnant wages and the recalibration of expectations regarding the Trump administration's campaign pledges pose risks to consumer and business sentiment. Additionally, the President's continued rhetoric and policies weigh heavily on the international inbound market outlook."

July CTI, 3-month and 6-month LTI

>50=expansion, <50=decline
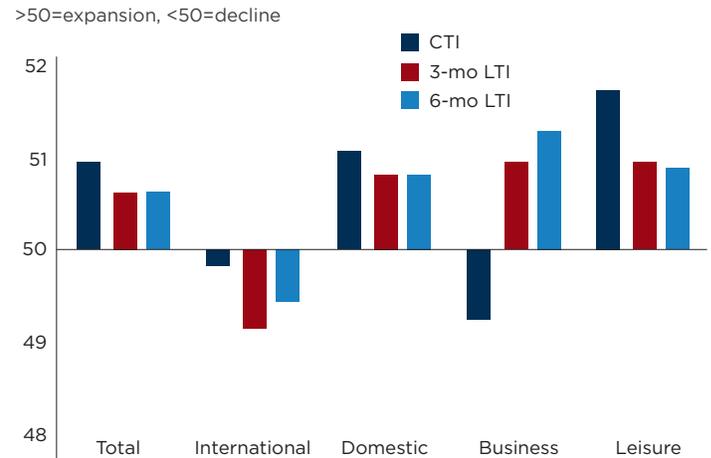
Source: Oxford Economics, U.S. Travel Association

➤ METHODOLOGY

The Current Travel Index (CTI) measures monthly travel 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. STR provides monthly data on hotel room demand, and air passenger enplanements are calculated based on monthly investor relations reports for 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. On these bases, the CTI encompasses three traveler types that are shown below with their basic calculation.

Hotel Guests & Flyers

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

Hotel Guests & Non-Flyers

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

Non-Hotel Guests & Flyers

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

TRAVEL TRENDS INDEX (Continued)

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).

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

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.

TRAVEL TRENDS INDEX (Continued)

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).

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%

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.