U.S. TRAVEL OUTLOOK

Examining Current Industry Trends

CURRENT STATE OF THE ECONOMY

After powering the economy for much of 2016, early indicators are showing that consumer spending slowed measurably in the first quarter of the year. Given the fact that leisure is the backbone of the travel industry, this may shoot off some alarm bells. However, consumer confidence, solid income growth, and an ever-tightening labor market all portend to an acceleration in consumer spending in the months ahead. Separately, while much attention within the travel industry has rightfully been placed in international inbound travel given the controversial measures the administration has taken, the most recent official data, through February, shows that international visitor spending continues to rise, albeit at a moderate pace. Potential fallout will become clearer in the months ahead.

Economic Summary: The Commerce Department revised its estimate for fourth quarter GDP in 2016 to 2.1 percent (seasonally adjusted annual rate), up from 1.9 percent in 2016. Consumer spending, the linchpin of the economy, gained more steam than expected (3.5%, up from 3.0%), but it also grew with imports, whose (negative) contribution to the economy remained significant at a 9-percent increase for the fourth quarter of 2014.

Annual real GDP for 2016 retained its 1.6 percent estimate. The economic story of 2016, consequently, retained its interesting story. Headline numbers remained unexceptional (this was the slowest post-recovery year since 2011), but the economy's underlying fundamentals received very encouraging fourth-quarter boost. These fundamentals, of course, are:

- Increased consumer spending, which slowed down from 2015, but still contributing more percentage points than real GDP (1.9 pp); and
- Increased business spending and inventories, which slowed down to a contradictory state in the annual balance for 2016 (-0.1 pp and -0.4 pp, respectively), but contributed positively to fourth quarter real GDP growth (0.5pp and 1.0pp).

For its part, travel-related components of service spending (transportation services, recreation services, and food services and accommodations), slowed down annually from an aggregate 0.3 pp contribution to real GDP growth in 2015 to an aggregate 0.2 pp in 2016 despite similar pick-ups in the fourth quarter.

Transitioning from economic recovery to healthy growth, however, remains a challenge. Consumer and business confidence surged after the election of Donald Trump. With a crowded labor market (a sour March jobs report to boot), an expectant business community and a gridlocked Congress, the Trump administration now faced unwelcome news from the Atlanta Federal Reserve office. The Atlanta Fed's GDPNow model, which forecasts next-quarter GDP, estimated 1.0 percent-and-sinking real GDP growth for the first quarter of 2017 on the heels of back-to-back contractions in consumer spending for January and February.

"Some of this softness is due to seasonal adjustment issues that will reverse later in the year," said Gus Faucher, deputy chief economist at PNC Financial to Reuters. "Consumer spending will lead growth thanks to higher incomes from more jobs and rising wages." Gregory Daco and Oren Klachkin, economists at Oxford Economics, tend to agree that inflation fears, nearly ten years dormant, are back given the latest Federal Reserve rate hike: "the 'sticker shock' of higher prices [egged on by higher energy prices] is making consumers somewhat more reticent to spend… [but] pressures on this front will moderate" as oil prices will smooth out later in the year.

As for President Trump's promises of 4-percent growth, Daco and Klachkin, in a separate note to members, cited that the President "appears to be waking up to the reality that making promises on the campaign trail is easier than implementing them." The failure of the Affordable Care Act repeal and the upcoming gridlock ahead of the implementation of a fiscal stimulus plan seems to be evidence of that. However, unless government policy starts to match the already high expectations from both business and consumers, it appears the economy may be further away from the President's 4 percent promise than initially thought.

Looking forward, Kiplinger's David Payne also decreased his estimates for GDP in 2017, noting "Looking for GDP growth of 2.1 percent for 2016 as a whole… [the] fact is, it will take time for Trump's policies to make a difference on the growth front." Payne notes with concern "rising interest rates" that could act as a drag on growth, whereas President Trump's tax cuts and infrastructure spending, noting previous examples under former President George W. Bush, "consumers tend to use initial tax savings to pay down debt. Increased individual spending… tends to come later."

On a separate, and positive, note, the International Monetary Fund's April 2017 World Economic Outlook forecasts that global economic growth in 2017 will accelerate from 3.1-percent growth in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. The report summarizes:

> Activity is projected to pick up markedly in emerging market and developing economies because conditions in commodity exporters experiencing macroeconomic strains are gradually expected to improve, supported by the partial recovery in commodity prices, while growth is projected to remain strong in China and many other commodity importers. In advanced economies, the pickup is primarily driven by higher projected growth in the United States, where activity was held back in 2016 by inventory adjustment and weak investment.

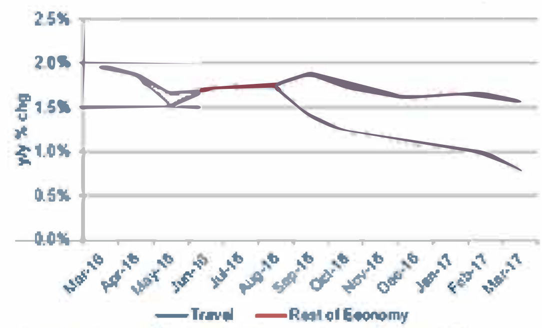
LABOR

The Labor Department's March Jobs Report had high expectations and, according to CNBC, whiffed badly. The Employment Situation report estimated that 98,000 jobs were created in March 2017, a little over half the 180,000 job creations expected by CNBC polling of economists. The March hiring slowdown came after two strong months of gains, 216,000 in January and 219,000 in February, leaving the average for the first quarter as a whole to 178,000 jobs gained, matching and mimicking the first quarter of 2016. Employment remained high in business services and mining, while the retail sector lost jobs. From DS Economics chief executive Diane Swonk in a research note, "This reflects a combination of lousy weather during the month ... and the ongoing move of consumers from shopping in stores to online. Major retailers, including JCPenney, Macy's, and Sears, have already announced a flurry of store closing and shift to online operations for this spring."

The soggy jobs report is no reason to fret, say Gregory Daco and Oren Klachkin of Oxford Economics in a note to members: "Going forward… the income growth baton will pass from employment to wage growth in 2017." First, average hourly earnings ticked up 2.7 percent over the past 12 months, indicating a firming in wage growth. Second, the unemployment rate also fell considerably to 4.5 percent, a new post-recession low, but to drive the point home, underemployment also fell to a post-recession low of 8.9 percent, showing that slack in the labor market is continuing to firm up.

The travel industry added 1,000 jobs in March, according to the U.S. Travel Association's analysis. While most travel sectors, including lodging, airlines and food/beverage service saw little or no change in employment, the arts/entertainment/recreation industries experienced some slight job loss. So far in 2017, the travel industry has added 10,900 jobs.

Travel Jobs vs. Rest of the Economy

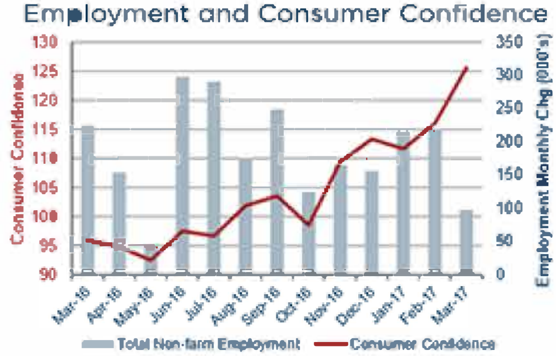


Source: Bureau of Labor Statistics, U.S. Travel Association

CONSUMER CONFIDENCE

The Conference Board's Consumer Confidence Index improved again in March, rising to 125.6, to its highest level since December 2000. Lynn Franco, Director of Economic Indicators at the Conference Board stated, "Consumers' assessment of current business and labor market conditions improved considerably. Consumers also expressed much greater optimism regarding the short-term outlook for business, jobs and personal income prospects. Thus, consumers feel current economic conditions have improved over the recent period, and their renewed optimism suggests the possibility of some upside to the prospects for economic growth in the coming months."

Employment and Consumer Confidence



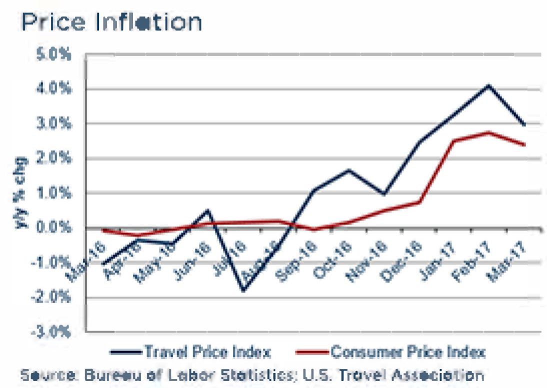
Source: Bureau of Labor Statistics; Conference Board

Consumer sentiment remained bullish in April to 98.0 from 96.5 in March, according to the University of Michigan's Surveys of Consumers. Expectations also improved from 86.5 in March to 86.9 in April. This is the highest level of consumer optimism seen since 2000. The report hinted that households would respond to greater optimism by making big purchases. Perceptions of favorable conditions for purchases of durable goods were cited by 82 percent of respondents, the largest share since 2005. However, the university's expectations measure remains divided along party lines, as 69 percent of Republicans cited favorable news about employment and economic policies, compared with only 28 percent among Democrats, suggesting expectations may not reflect economic reality just yet. According to Richard Curtin, Surveys of Consumers chief economist: "Much more progress on shrinking the partisan gap is needed to bring economic expectations in line with reality."

CONSUMER SPENDING

After outpacing disposable personal income during each month of the final quarter of 2016, consumer spending retrenched in early 2017 and slowed considerably, rising by just 0.2 percent in January and 0.1 percent in February (and declining in real terms in both months). This is a strong indication that after outperforming the rest of the economy during most of 2016, consumer spending is slowing in early 2017.

This trend of slower consumer spending continued in March, according to the Commerce Department's advance monthly sales for retail and food services, which showed that consumer activity declined by 0.2 percent from February. As reported in a CNBC article, "consumer spending likely braked sharply in the first quarter after growing at a brisk 3.5 percent annualized rate in the final three months of 2016. The apparent slowdown in consumption is partly blamed on the late disbursement of income tax refunds by the government as it sought to combat fraud."



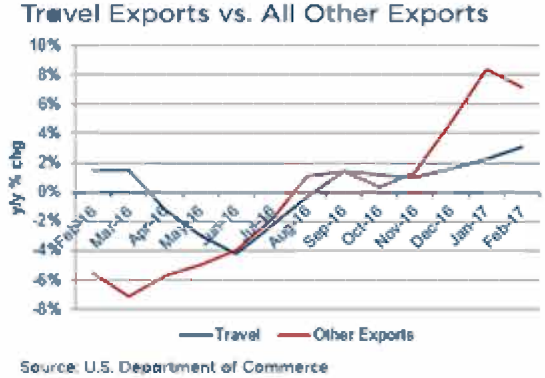
Adjusting consumer spending for inflation, which generates the figures used to calculate gross domestic product, purchases fell 0.1 percent after a 0.2-percent decrease the previous month. This implies that the Personal Consumption Expenditure index (PCE), increased by 0.1 pp. Despite the increase in the Federal Reserve's preferred method of measuring inflation, the Labor Department's Consumer Price Index (CPI) declined by 0.3 percent in March, the first negative reading since February 2016. Headline inflation, the 12-month rate in price inflation, still increased by 2.4 percent in March, slower than the 2.7 percent annual pace recorded in February. Core CPI, that is, CPI less volatile food energy items, increased 2 percent, meeting the Fed's 2-percent inflation target but softer than the 2.2-percent gain in February.

U.S. Travel's Travel Price Index showed travel inflation declined by 1.5 percent from February to March mainly due to a 6.1-percent decline in the price of motor fuel as well as a 2.8-percent decline in the price of Lodging. At the same time, overall consumer prices edged down 0.3 percent in March. Compared to 12 months earlier, travel inflation rose 3 percent in March while consumer prices in general were up 2.4 percent.

According to polling company Gallup, reported consumer daily spend stayed level in March at $100 per day, falling $1 from February. The latest figure is the eighth daily spending average of $100 or more that Gallup has recorded for any given month during nine years of tracking the metric. Half of these three-digit monthly spending averages have occurred in the past year, while the other four took place in 2008 before the global financial crisis in the fall. According to Gallup's Justin McCarthy: "Americans' confidence in the U.S. economy has remained positive overall, and their spending has reflected that... [this is a] positive sign that could build on better-than-expected growth in the fourth-quarter gross domestic product."

EXPORTS

The Commerce Department reported that the U.S. trade deficit improved in February, falling from $48.2 billion in January to $43.6 billion. This improvement was mainly due a $4.3 billion decline in imports to a level of $236.4 billion, driven in-part by lower consumer spending, as exports remained essentially unchanged at $192.9 billion.



Travel exports, which accounted for 10.6 percent of total U.S. exports of goods and services, edged down $66 million in February to a level or $21 billion following three consecutive monthly increases. This decline was solely due to a $112 million decline in passenger fares, which are included in travel exports. On the positive side, spending in the U.S. by international visitors, which accounts for nearly two-thirds of travel exports, increased in February for a third consecutive month. Compared to 12 months earlier, overall travel exports were up 3 percent in February while international visitor spending in the U.S. was up 1.6 percent.

STATE OF BUSINESS

For the first quarter as a whole, industrial production rose at an annual rate of 1.5 percent, according to the Federal Reserve's Industrial Production and Capacity Utilization report. Despite a 0.4-percent contraction in manufacturing output in March, industrial production remains at 104.1 percent of the average calculated in 2012. Utilities output showed a significant increase, spiking by 8.6 percent in March after tumbling by 5.8 percent in the previous month. The slowdown in March was "led by a large step-down in the production of motor vehicles and parts; factory output aside from motor vehicles and parts moved down 0.2 percent," according to the Fed release.

Retail sales were down 0.2 percent in March 2017 from February 2017, and up 5.5 percent from March 2016, according to the Census Bureau. Gasoline stations sales were up 14.3 percent from March 2016, while non-store retailers were up 11.9 percent from last year. Regarding the latter, National Retail Federation chief economist Jack Kleinhenz denied that the retail industry as a whole was in trouble, noting that, "[other] industries have gone through transformations... We had twice as many banks 10 to 15 years ago as we do today. There are consolidations that go on. It's a natural phenomenon in a market economy." Gregory Daco and Oren Klachkin of Oxford Economics agree with this assessment in a research note: "While the headline number disappointed expectations, the more important message of the March… report is that core retail sales (excluding autos, building materials, gasoline stations sales and food service sales), picked up at the end of [the first quarter], rising 0.5 [percent], and that the underlying trend remains positive." In addition to a strong performance from gasoline stations, food & beverage stores and food services & drinking places both increased robustly in March, to a 12-month annual rate of 3.6 percent and 2.8 percent, respectively.

Meanwhile, small business optimism slipped slightly by 0.6 points in March to 104.7, according to the National Federation of Independent Business. Actual earnings, capital expenditure plans and job-creation plans posted gains in March. Sales expectations, which have been flying high for months, dropped by 8 points, a sign that the Optimism Index could be moderating after a strong run. Despite the slip, "[by] historical standards, this is an excellent performance, with most of the components of the Index holding their gains," said NFIB Chief Economist Bill Dunkelberg. "The increases in capital expenditure plans and actual earnings are signs of a healthier economy, and we expect job creation to pick up in future months." On the other hand, according to Dunkelberg, "The Uncertainty Index hit 93 in March, which is the second highest reading in the survey's history. More small business owners are having a difficult time anticipating the factors that affect their businesses, especially government policy."

The Institute for Supply Management's (ISM) Manufacturing Index dipped 0.5 percentage points to 57.2 in March from 57.7 in February. Four of the five components in the headline ISM Manufacturing Index remained at levels indicative of robust expansion. Inventories, however, fell to just below neutral. On the other hand, ISM Non-Manufacturing decreased to 55.2 in March, the lowest reading since October 2016. Despite a lower reading, underlying indicators, including business activity, new orders, employment, and order backlog, remained robust, with only inventories starting to contract. All three travel-related industry respondents (accommodation & food services, retail trade, and arts, entertainment & recreation) reported growth in March, with the accommodation & food services respondents noting that "Unknown [are] the POTUS' policies going forward on trade and immigration. Worker shortages have become a real problem in food production and produce growing areas."

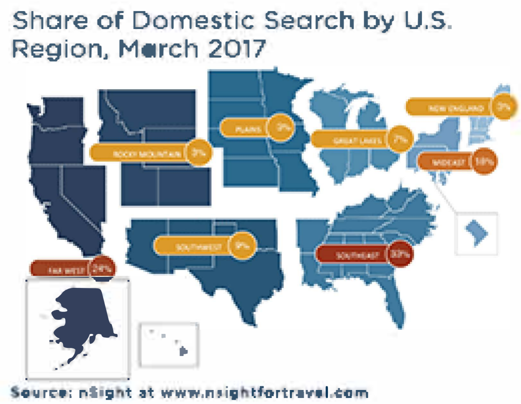
TRAVEL TRENDS INDEX

Overall travel volume (person trips to or within the United States involving a hotel stay or air travel) grew, but at a slower year-over-year rate in February 2017 than in

January 2017. Domestic travel grew again in February, supported entirely by the leisure travel sector. The U.S. Travel Association's latest Travel Trends Index covering the month of February showed that while decelerating from a brisk pace set in January, international inbound travel to the U.S. continued to outpace both domestic leisure and business travel.

LEISURE TRAVEL

The U.S. Travel Barometer for March 2017 showed that 76.3 percent of lodging searches by U.S. residents were to locations within the United States. This is down slightly from the 76.7 percent in February and nearly identical to March of 2016 (76.5 percent). Compared to March 2016, the Mideast and Far West regions of the country received an increased share of search in March of this this year while other regions' share of domestic lodging search decreased.



In March 2017, National Park Service (NPS) recreational visits decreased 4.3 percent and overnight stays decreased 1.4 percent compared to March 2016. NPS reported increases in year-over-year comparisons in concessioner camping (+4.1%) and recreation vehicle camping (+1.2%). As we move into spring travel season and warmer temperatures, more people go out and visit our National Parks: total recreational visits reached 21.5 million in March 2017, jumping from 14.8 million in February. Visits to National Parks will likely continue to rise in April as the parks welcome visitors on free admission weekends April 15-16 and April 22-23 to celebrate National Park Week.

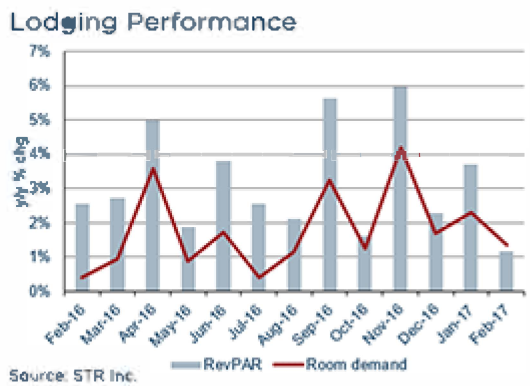
A study on the 45-day booking path of travelers by Expedia Media Solutions revealed that travelers in the United States visit travel sites an average of 140 times in the 45 days prior to booking travel. Digital users in the U.S., numbering more than 258 million, consumed 8.7 billion minutes of digital travel content in 2016, representing a 41 percent increase over 2015. These digital users are increasingly mobile: 75 percent used mobile devices to view travel content, compared with 55 percent using a desktop. This data also revealed that U.S. travelers most utilize airline sites (48%), online travel agencies (OTAs, 42%), and hotel sites (36%) to book travel.

The solo traveler market in the U.S. is growing according to data analysis from Phocuswright. Millennials lead the solo travelers segment representing 47 percent of the market share in the United States. Solo travelers also tend to be highly educated but on average earn less than $50,000 a year. Accordingly, many solo trips fall into the budget-vacation category and these travelers seek to stay with family and friends or in shared accommodation. However 43 percent of solo travelers in the U.S. stayed in a hotel on their last trip. Solo travelers are motivated to travel alone to visit family and friends, seek new cultural experiences, and be in control of their itinerary.

According to a survey by AARP, approximately half of all (46%) baby boomers keep a bucket list, and among those who do the overwhelming majority (83%) include travel-related items on their bucket lists. Survey respondents cited bucket lists as a source of hope and motivation for travel, and that listing experiences on their bucket lists pushes them to experience new things. Baby boomers list an average of 8 different destinations on their lists, about half are domestic and half are international. More than half (52%) cite a specific city they would like to visit. Millennials and GenXers are more likely to keep travel bucket lists (51% and 44%, respectively), and are more likely to include more destinations on their list (15 and 12, respectively).

LODGING INDUSTRY

Year-over-year comparisons revealed an increase in RevPAR February 2017, signaling positive growth for the 84th consecutive month. However, the U.S. hotel industry reported mixed results in the three key performance metrics, according to data from STR. In year-over-year comparisons with February 2016, occupancy fell 0.5 percent to 61.2 percent, average daily rate (ADR) rose 1.2 percent to $123.24, and RevPAR rose 1.2 percent to $75.37. February's 1.2 increase in RevPAR was the lowest reported since there was a RevPAR decrease in February 2010.

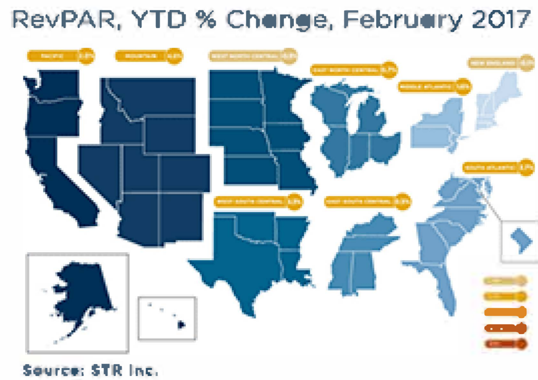


According to STR's March 2017 Pipeline Report, 571,311 rooms in 4,721 hotel projects under contract in the United States. The total represents a 14.4-percent increase in the number of rooms Under Contract compared with March 2016. Rooms in construction jumped 24.4 percent from last year to 190,764 rooms in 1,449 projects. Although these numbers represent a slight decrease from February 2017, Bobby Bowers, STR's senior VP of operations is hopeful: "Construction was actually down a bit from last month, but we're still nearing the room construction peak (211,000 rooms) reached in 2007."

Hotels were expected to see a "hop" in occupancy before the Easter holiday according to analysis from STR. Hotels traditionally sell about 15 percent more rooms on the Saturday before Easter Sunday. Hotels in the U.S. have seen bookings on the Saturday preceding the holiday eclipsing 60 percent occupancy for the past four years. However, Easter Sunday has also shown in uptick in occupancy rates since 2013, remaining at over 42 percent for the past five years.

Sojern's 2017 Hotel Report found that travelers rely heavily on search engines in the trip planning process: 60 percent of leisure travelers and 55 percent of business travelers use search engines to plan their trip. Search engine data also reveals that hotels are often a last minute decision when traveling. Fifty-eight percent of hotels are booked within a week of stay compared with only 29 percent of flight bookings. This trend is even more dramatic when comparing hotel bookings motivated by business versus leisure: 72 percent of business travelers book their hotel within one week of travel, while only 22 percent of leisure travels wait that long to book. Prominence of hotel searches on mobile devices is growing and comprise 20-30 percent of all hotel searches on any given day. However mobile use is strongest among budget travelers, as 73 percent of economy hotel queries come from mobile devices.

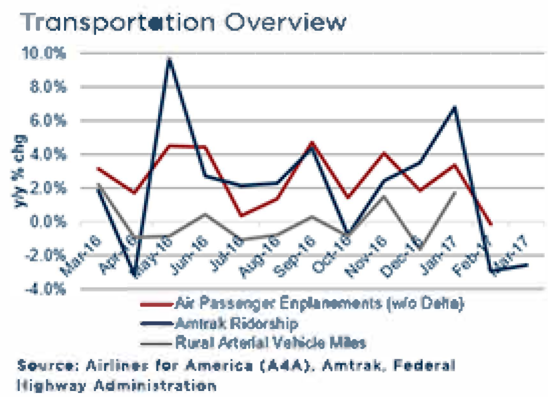
According to STR, total room revenue increased 3.1 percent and room demand increased 1.4 percent from a year ago in the U.S. in February 2017. Total room revenue reached at $10.7 billion in February 2017.



TRANSPORTATION

AIR TRAVEL

The International Air Transport Association (IATA) reported that North American airlines' traffic climbed 0.3 percent, which was the slowest among the regions. However, adjusting for the leap year, growth was estimated at 3.4 percent. Traffic to/from Asia countries to move upward but transatlantic demand has trended sideways since mid-2016. Capacity inched up 0.1 percent and load factor edged up 0.1 pp to 75.9 percent.



Airlines for America (A4A) reported that revenue domestic passenger enplanements on U.S. carriers (AirTran, Alaska, American, Hawaiian, JetBlue, Southwest, United, US Airways) decreased 0.2 percent and revenue international passenger enplanements increased 1.1 percent in February 2017, respectively, over February 2016.

U.S. airlines carried a record 823 million passengers in 2016 according to the Department of Transportation. The record number of passengers was comprised of 719 million domestic and 104 million international flyers, and represented 3.1 percent growth over 2015. The number of available seats also reached a record peak of 1.119 trillion in 2016, with a load factor of 83.4 percent occupied. Records are expected to continue in spring of 2017: airlines expect a record number of 145 million spring travelers to fly from March 1 through April 30.

U.S. airline overall quality improved in 2016, according to the Airline Quality Report 2017 released by researchers at Wichita State University and Embry-Riddle Aeronautical University. The Airline Quality Rating (AQR), an objective index for measuring airline quality on combined multiple performance criteria, increased to -0.95 in 2016 from -1.21 in 2015. The 2016 score is the highest in the 26 year history of the rating. In year over year comparisons from 2015, 2016 saw on-time arrival percentage increase to 81.4 percent from 79.9 percent, and mishandled bags decreased from 3.24 per 1,000 to 2.7 per 1,000. Additionally, customer complaints declined 20 percent since 2015.

Budget airline Ryanair is expected to launch transatlantic flights to the U.S. starting this summer. The Irish-based airline will be teaming up with low-cost rival Norwegian to offer long-distance flights. The routes are not yet confirmed but expected to link airports in the UK with New York, New Jersey and Boston.

TSA PreCheck customers are reconsidering the value of the program: 45 percent of fliers still think lines are too long and the $85 cost for a five-year membership may not be worth it, according to a survey by OAG. Among business travelers, TSA PreCheck fliers who think wait lines are too long jumps even higher to 57 percent. TSA officials responded with data that show the number of people enrolled in the program has doubled from 2.3 million in March 2016 to 4.6 million in March 2017. TSA data also shows that the average wait time nationwide is less than 5 minutes for TSA PreCheck customers, compared with less than 10 minutes for travelers in standard screening lines.

ROADS & RAILS

Federal Highway Administration data show that travel on all roads and streets increased 2.2 percent in January 2017 compared to a year ago. Travel for the month was estimated at 242.3 billion vehicle miles. Rural arterial miles (rural interstate and rural other arterial) were up 1.7 percent in January 2017 compared to January 2016.

According to AAA, gasoline prices in the U.S. rose to their highest price this year, jumping to $2.39 for the first time in 19 months. Led by the switch to more expensive summer-blend gasoline and increased driving demand, prices at the pump have increased in 48 states and Washington D.C. in April. Gasoline prices mirror the highest level crude oil futures opening in more than a month due to ongoing tensions in the Middle East and adherence to production cuts.

Amtrak ridership decreased 2.5 percent in March 2017 to 2.7 million compared to a year ago. Revenue for the nation's train service was down 0.2 percent during the same period.

BUSINESS TRAVEL

Terrorism is the most prominent security concern for business travelers according to the new "Risk on the Road: Safety and Security Concerns Lead to Behavioral Change" report from the Global Business Travel Association (GBTA). Forty-five percent of almost 800 U.S. business travelers polled said terrorism is their greatest concern when traveling. Street crime (15%) and illness (13%) were the other top concerns. More than half of business travelers reported feeling safer when traveling domestically compared with internationally. Luckily, companies are successful in supporting their traveling employees: 91 percent agreed or strongly agreed that their organization cares about their safety when traveling for work.

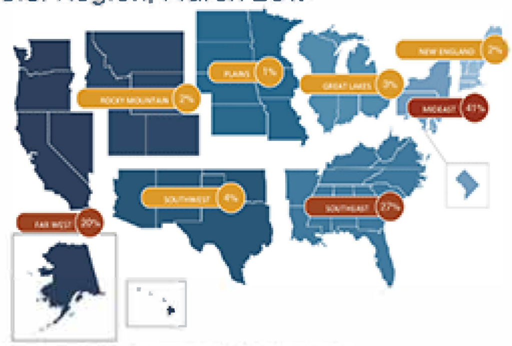
A new survey from GBTA reveals a mismatch between business travelers and their employers when it comes to staying in home-sharing properties during business travel. The survey shows that home-sharing properties are only allowed in 17 percent of travel policies, yet 37 percent of business travelers are booking and staying in these properties unaware that the option is unsupported by their travel policy. The study revealed that many companies are making an effort to review home-sharing options before making a decision to include or exclude them from travel policies. At organizations deciding not to allow these options, two-thirds of travel professionals either looked at these options before deciding not to include them (52%) or are currently reviewing them (13%).

Travel professionals are most worried about the safety and security of home-share properties (87%) as they have a responsibility to maintain duty of care for all travelers, compared to 55 percent who have this same concern for traditional hotels. Similarly, three in five (61%) travel professionals are very concerned about the unpredictability of home-share property conditions, while about half as many say the same about hotels (33%).

INTERNATIONAL TRAVEL

The U.S. Travel Barometer showed that the U.S. received 12.8 percent of global international lodging searches in March 2017. This is nearly identical to the U.S. share during the first two months of the year as well as the 12.9 percent share in March of last year. Compared 12 months earlier, the U.S. share of global international lodging searches fell significantly in November of 2016 and then gradually began to recover. In both February and March, the U.S. share was just 0.1 percent less than the same month in 2016.

Share of International Search by U.S. Region, March 2017



Source: nSight at www.nsightfortravel.com

In terms of the U.S. share of international searches in the U.S., the Mideast region received the largest increase in March compared to 12 months earlier, while other regions, particularly the Southeast and Southwest, lost share.

International visitors spent more than $20.8 billion in January and $21.1 billion in February on travel to, and tourism-related activities within the United States, according to the National Travel and Tourism Office (NTTO). Combined international visitor spending in January and February has reached a new record for U.S. travel and tourism exports. Year-to-date tourism exports totaled a record-setting $42.1 billion for the first two months of 2017, an increase of nearly 3 percent (nearly $1.1 billion) when compared to the same period last year. International visitors are opening their wallets wider than ever before and injecting, on average, nearly $715 million a day into the U.S. economy and supporting nearly 1.2 million American jobs.

International visitors spent $246.0 billion on U.S. travel and tourism-related goods and services in 2016, an ever-so-slight decrease (0.10%) when compared to record-setting levels of spending in 2015; conversely, Americans have spent an estimated $158.9 billion abroad, yielding a balance of trade surplus of nearly $87.1 billion for the year.

The United States' travel and tourism industry was ranked No. 1 in the world in absolute contribution to GDP in the World Travel and Tourism Council's (WTTC) latest U.S. Travel and Tourism Economic Impact 2017 report. WTTC reports that travel and tourism contributed over $1.5 billion to the U.S. economy in 2016 at a growth rate of 2.6 percent. The council expects growth to slow to 2.3 percent in 2017 due to increases in outbound expenditures (+5.4%), and decreases in international visitor spending (-0.6%) owing to the strength of the dollar and current political rhetoric. WTTC's Global Economic Impact report for 2017 found that the travel and tourism industry supported one in ten jobs worldwide and comprised 10.2 percent of global GDP. Travel and tourism's total contribution to the global economy is projected to grow 3.5 percent in 2017.

The Travel and Tourism Competitiveness Report 2017 released by the World Economic Forum ranked the United States 6th globally in terms of travel and tourism competitiveness, falling behind Spain, France, Germany, Japan, and the United Kingdom, and dropping from its 4th place spot in 2015. Although the U.S. has the strongest travel and tourism economy in the world, its competitiveness in the global market fell as a result of poor environmental sustainability performance (115th), security concerns (84th) and lack of improvement and maintenance of ground infrastructure (26th). The United States also received a low score (6.0/100) for visa requirements, which affected its overall international openness and perceptions of welcome to travelers.

However, the U.S. travel and tourism sector shone in its connectivity networks, ranking number two in terms of air transport infrastructure and number three in overall tourist infrastructure. These high rates of connectivity still enforce the U.S. reputation as a tourism powerhouse, and successfully accommodate travelers coming to experience the country's vast natural and cultural resources (ranked 10th and 13th respectively).

PROJECT: TIME OFF

Summer is around the corner and Americans should be getting ready for their family vacations. Despite its importance to children, nearly a quarter (22%) of working parents admitted that it had been more than a year since their last family vacation. Read more.

U.S. Travel Association Updates

RESEARCH

U.S. Travel held a members-only research webinar in late March on the current state of international inbound to the U.S. including high-frequency booking and search data covering the first several months of the year as well as the outlook for 2017 overall. In addition to U.S. Travel, speakers from ADARA, nSight and Tourism Economics participated in the webinar.

POLICY

Representatives from every corner of the travel and tourism industry met in New York City on Wednesday, April 19 for the inaugural Secure Tourism Summit, hosted by the U.S. Travel Association. The event marked the first time the U.S. Travel Association convened the entire industry, from hotels and destination marketers to airlines and professional sports, to address security challenges facing stadiums, convention centers, airports, attractions, and other venues where visitors gather.

U.S. government officials, as well as law enforcement, cyber security and operations specialists joined travel leaders to discuss preparation strategies, planning and prevention, communication, and crisis response and reputational management.

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