U.S. TRAVEL ASSOCIATION

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U.S. TRAVEL OUTLOOK

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Examining Current Industry Trends

CURRENT STATE OF THE ECONOMY

Recent indicators show that the economic expansion is accelerating, consumer and small business confidence remain high, the labor market is healthy, wage growth is picking up and inflation remains contained. Given the fact that the economic effects of the recently passed tax legislation have high-frequency statistics that have yet to be picked up, the possibility of further acceleration in economic growth moving forward is very real. As the recent wild moves by the stock market have illustrated, potential negative spillover effects related to inflation remain a constant concern.

Economic Summary: Volatility has returned to the economy with a vengeance based on a U.S. Economic Forecast report from The Conference Board. The major downward correction in U.S. and global equity markets during the beginning of February demonstrates that while the fundamentals of the US economy remain strong, there are no guarantees. 2017 reflected a harmonic convergence of many positive factors. Low inflation prevailed and businesses and consumers stayed chipper, especially after expectations for tax cuts in the U.S. were realized. It was a year that featured remarkably little bad economic news.

Real economic output increased 2.6 percent (seasonally adjusted annualized rate, or saar) for the fourth quarter of 2017, according to the Commerce Department. This puts the preliminary estimate for the 2017 economy at 2.3 percent real GDP growth. While this fell short of many expectations, "the year-end is solid," said Joel Prakken, chief U.S. economist for Macroeconomic Advisers.

While consumer spending and business investment had strong fourth quarters, a substantial increase in imported goods proved to shave nearly 2.0 percentage points off of fourth quarter growth in 2017. "With the economy being stronger and unemployment being low, people have more buying power and they're spending it at the store," Bill Dietz, president of Heartland Produce Co. said.

2017's fourth quarter real GDP outpaced the Congressional Budget Office's measure of potential output for the economy for the first time in 10 years. The unemployment rate, now at 4.1 percent, measured well-below the CBO's "natural" unemployment estimate of 4.7 percent. In an overview of economic activity, the New York Federal Reserve noted that "the CBO [positive] output gap [now] indicates nonexistent resource slack in the U.S. economy, while the unemployment gap signals even tighter resource constraints." With all the slack used, all signs point to wages increasing in January, as they did by 2.9 percent y/y.

Wage growth and higher producer prices in 2018 both signal stronger inflation in the near future. Rising interest rates on government bonds reflect not only the activities of the Fed, but also increased government borrowing as a result of the new tax plan. This could feed into both corporate and mortgage rates, possibly muting both business and residential investment.

The increase in wages could help U.S. households who are currently carrying record levels of debt. Outstanding household debt rose by $193 billion to $13.2 trillion in the final three months of 2017, completing the fifth straight year in which overall balances increased. Total debt was the most on record, though the figure wasn't adjusted for inflation or population growth. "The current debt level is still manageable and is likely to grow further this year," said Diane Swonk, chief economist of Grant Thornton.

However, as witnessed by February's largest stock market decrease since the 2008 financial crisis, increased wages also increased expectations of inflation and increased interest rates—all of which haunts the equity investor. In addition to the Federal Reserve signaling three, if not four rate cuts this year, Washington is putting more pressure on rates.

The U.S. Senate reached a bipartisan deal early February that would boost spending limits by $300 billion over the next two years. The compromise, coupled with Republican tax cuts, could lift the federal budget deficit to $1.2 trillion in fiscal year 2019, according to *The New York Times* estimates. Our models indicate the odds of a recession in 2018 remain well below critical thresholds… changing very little since December."

Market jitters, though, do not signal that an economic slowdown is imminent. According to Oxford Economics' Daco and Klachkin: "the general tone of recent economic data releases remains relatively upbeat… Importantly, recent market volatility has not increased the likelihood of a recession. Consumers can cheer higher wages and lower income tax burdens. Businesses face robust global demand and the tax plan will lower costs for investment in hard assets. And 2018 should be another strong year for the domestic and global economy.

LABOR

Nonfarm payrolls grew by 200,000 in January and the unemployment rate remained at 4.1 percent, while wages saw their biggest jump since the end of the Great Recession, the Bureau of Labor Statistics reported. A broader measure of unemployment that includes discouraged workers and those holding part-time jobs for economic reasons edged higher to 8.2 percent, the highest level since September.

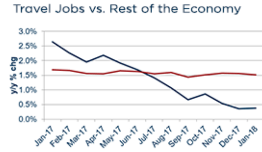
Construction reported the biggest gain by sector with 36,000. Bars and restaurants added 31,000 and health care was up 21,000. "Perhaps the biggest positive surprise on hiring is the continued surge for the goods-producing sector with manufacturing and construction leading the way," said Mark Hamrick, Bankrate.com senior economic analyst.

As the unemployment rate has fallen in recent months and the economy has roared, one central question has bedeviled the American job market: Where is the wage growth? The Labor Department reported some positive news in January as average hourly earnings jumped 2.9 percent from a year earlier, the latest sign that the long, slow economic recovery is at last reaching Americans' pocketbooks. Separate data showed that private-sector wages and salaries rose 2.8 percent in the final three months of 2017 compared with a year earlier, the fastest growth since the recession.

"People have been wondering when the wages are going to start to rise," said Catherine Barrera, chief economist of the online job marketplace ZipRecruiter. "I think that over the first six months of this year, we're really going to start to see the wages rise."

The travel industry added 8,500 jobs in January, according to the U.S. Travel Association's estimates. January's job gains follow consistent growth throughout all of 2017, except for last September, when hurricanes in the Southeast had a particular impact on the travel industry. Still, travel employment increased by just 30,600 during the 12 months of 2017, considerably less than the 224,900 jobs created in 2016.

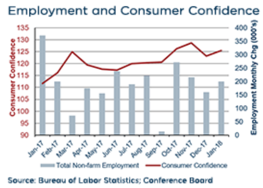
Travel Jobs vs. Rest of the Economy



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

Food and drink services and the amusements/gambling/recreation sector were the main contributors to travel employment gains in last month. Total nonfarm employment increased by 200,000 jobs in January, while the unemployment rate remained unchanged at 4.1 percent.

CONSUMER CONFIDENCE



"Consumer confidence improved in January after declining in December," said Lynn Franco, director of economic indicators at The Conference Board. "Consumers' assessment of current conditions decreased slightly, but remains at historically strong levels. Expectations improved, though consumers were somewhat ambivalent about their income prospects over the coming months, perhaps the result of some uncertainty regarding the impact of the tax plan. Overall, however, consumers remain quite confident that the solid pace of growth seen in late 2017 will continue into 2018."

U.S. consumer sentiment was stronger than expected in the final January reading. The University of Michigan's survey of consumer attitudes for January slipped to 95.7 in January, just 0.2 points below December's 95.9. "Consumer sentiment has remained largely unchanged for more than a year at very favorable levels," the survey's chief economist Richard Curtin said. Curtin noted that the index now sits only 1.1 points below the 96.8 average reading for 2017 – the highest yearly average in 17 years. "Consumers continued to expect growth in jobs and incomes, but anticipated a slightly higher inflation rate," Curtin said.

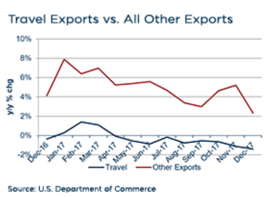
CONSUMER SPENDING

Personal consumption expenditures (PCE) finished 2017 stronger than expected, increasing 0.4 percent month-on-month (m/m), an annualized rate of 4.9 percent. The last four months of 2017 averaged 0.6 percent m/m growth, whereas the first four months averaged 0.3 percent m/m growth. PCE also outpaced the rate of disposable income in December 2017. Consequently, the personal savings rate registered a new 12-year low reading of 2.4 percent. This remains a red flag for some economists, noting that this is the lowest savings rate since the beginning of the housing bubble. And while household income and debt are relatively placid compared to 2009, Andrew Van Dam of *The Washington Post*'s WonkBlog noted with concern that "at last reading, household net worth wasn't growing as fast as it had either in previous expansions." However, Stephen Stanley, Amherst Pierpont chief economist, reassured *The Wall Street Journal*: "If the saving rate is still [between 2 and 3%] by mid-2018, then you can begin to worry, but any anxiety over this now will almost certainly prove to be misplaced."

The 12-month percent change in the PCE Price Index, the Federal Reserve's preferred measure of inflation, increased 1.7 percent from one year ago (y/y), 0.3 percentage points under the Fed's inflation target of 2.0 percent. As the economy gains momentum and wages continue to increase, Reuters noted that "there is concern, however, that the recent U.S. tax overhaul by the Trump administration... could cause an economy that may be nearing full capacity to overheat, prompting the Fed to become more aggressive than anticipated in its course of interest rate hikes." As such, Reuters reported an 87.5 percent chance of a quarter-point increase at the U.S. central bank's next policy meeting in March.

The Labor Department's Consumer Price Index increased 2.1 percent y/y in January 2018. Core CPI, or the CPI excluding food and energy items, increased 1.8 percent y/y, led by price increases in services. Travel prices remained relatively subdued at a 1.1 percent y/y growth rate in January, according to U.S. Travel's Travel Price Index. Transportation services prices increased 1.9 percent y/y: an 8.6 percent increase in motor fuel was offset by a 5.1 percent y/y decrease in airfares. Lodging prices also decreased 1.8 percent y/y.

EXPORTS



The U.S. goods and services trade deficit increased 5.3 percent in December to $53.1 billion, according to the Commerce Department. While total U.S. goods and services exports increased $3.5 billion from November, imported goods and services increased by $6.2 billion, leading to a $2.8 billion increase in the deficit. This completes a 12.1 percent increase in the 2017 annual trade deficit to $566.0 billion. This increase in the international trade deficit poses policy challenges for the Trump administration, which had promised to cut the trade deficit. "These are identities that you can't escape," said Gregory Daco, an economist at Oxford Economics. "If you want to cut the trade deficit, that means less spending and more savings. The tax cut supports greater spending, and the result will be more imports."

The travel trade balance, on the other hand, remained positive: travel exports stayed flat at $20.4 billion for the third consecutive month; travel imports increased by $0.3 billion (led by increases in passenger fares) to decrease the travel trade surplus by 7 percent to $5.3 billion. This finished the total count of annual travel exports at $244 billion for 2017, relatively unchanged from 2016 and not too far off the all-time high in annual travel exports at $247 in 2015. Travel imports, on the other hand, increased by $13 billion to drive the travel trade balance down by 16 percent to $70 billion. Without this $70 billion travel trade surplus, however, the international trade deficit would be over 12 percent larger.

STATE OF BUSINESS

The Commerce Department says that orders for long-lasting manufactured goods rose 2.9 percent in December from November (m/m), the fastest pace in six months. Core capital goods orders, a proxy for GDP calculations of future business investment, decreased 0.3 percent (m/m), despite core capital goods shipments increasing 0.6 percent (m/m) in December. Leading indicators for business activity remained positive in January. The Institute for Supply Management's (ISM) Non-Manufacturing Index (NMI) expanded at a much faster rate than the ISM's Manufacturing Index. Travel-related business sectors responding to the NMI (arts, entertainment & recreation; retail trade; and accommodation & food services) all reported growth in January business activity. "The ISM indices have been especially volatile in recent months, but January's release is a reassuring sign that the economy has continued to gather momentum at the beginning of 2018," said Michael Pearce, economist at Capital Economics.

The Commerce Department said that retail sales decreased 0.3 percent in January 2018, the largest monthly decline since December 2017. Data for December was revised to show sales unchanged instead of rising 0.4 percent as previously reported. While travel-related spending categories remained relatively flat, spending at home improvement and building supplies stores decreased 2.4 percent m/m from December. Despite falling from December 2017 levels, January 2018 retail spending improved 3.6 percent from January 2017, with all travel-related sectors increasing their revenue substantially at a 12-month rate. Moreover, December 2017 trade inventories as a percentage of sales remained below the high levels experienced in early 2016, suggesting that more inventory investments could be coming throughout 2018.

TRAVEL TRENDS INDEX

The Current Travel Index (CTI) has registered at or above the 50 mark for 96 straight months, as the industry nears its ninth consecutive year of expansion according to the latest [Travel Trends Index](). The CTI was positive in December, registering at 51.6 - indicating growth of 3.2 percent. This is higher than the 6-month moving average of 51.4. International inbound travel growth slowed, registering at 50.8 in December. The Leading Travel Index (LTI) continues to project a rebound in inbound travel, which could potentially surpass domestic travel growth in the beginning of 2018. Both domestic travel and rebounding international travel demands will contribute to gains.

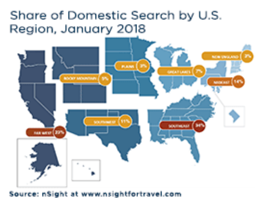
In addition, after underperforming for much of 2017, business travel growth is now expected to surpass leisure travel through the first half of 2018. This upturn reflects increased business activity and investment, thanks in part to the recently passed tax cut legislation.

LEISURE TRAVEL

For the first time, the federal government and private industry [estimated the outdoor recreation industry's contribution]() to the national economy. The Bureau of Economic Analysis announced that outdoor recreation accounted for $373.7 billion of gross domestic product in 2016, and that it grew 3.8 percent, compared with 2.8 percent growth in the overall economy. Activity around motorized vehicles such as RV's was the single-largest category, accounting for $59.4 billion of output in 2016. RVs accounted for more than half that value at $30 billion. Behind motorized vehicles, boating and fishing contributed $38.2 billion. Hunting, shooting and trapping contributed $15.4 billion, and equestrian activities contributed $12.7 billion.

The [January U.S. Travel Barometer reported]() that 84 percent of U.S. residents searched for lodging within the U.S. in January - the highest share since nSight began reporting data in mid-2014. This is up from the 2017 year-to-date average of 76 percent as well as up significantly from the 74 percent of domestic searches seen in January of last year. The Southeast captured 34 percent of domestic searches in January—on par with January of 2017.

[TripAdvisor's trend report found]() that while travelers are becoming increasingly interested in new experiences, they're still loyal to the world's most iconic sites. And cultural categories—like food tours, cooking classes, and historical and heritage experiences—are seeing bookings skyrocket. Historical and heritage experiences may have topped the list of fastest-growing categories for U.S. travelers, but aquatic activities such as sailing, snorkeling and sunset cruises dominated the top 10.



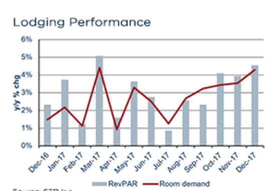
We're seeing more travelers balancing their itineraries with a mix of classic sightseeing and more unique local experiences," said Laurel Greatrix, director of communications, TripAdvisor. "Travelers are also being more economical with their time," Greatrix continued. "Skip-the-line tour options are among the fastest-growing tours in the world, and were among the fastest growing categories for U.S. travelers in particular, allowing travelers to see more than just the back of someone's head."

According to a [recent survey conducted by Schofields](), more than 40 percent of those under 33 prioritize '[Instagrammability]()' when choosing their next vacation. For some, the idea of receiving attention via likes and shares is the draw. For others, Instagram acts as a bit of a travel guide. They see beautiful destinations that have earned lots of attention, and they want to experience that themselves. Instagram credibility is also an influential factor. To make the most of this, travel related brands must create a presence on Instagram that is sincere and true to their brand. Then, they must engage their audience with high quality pictures and videos. Millennials continue to trust peers more so than brands or celebrity endorsements.

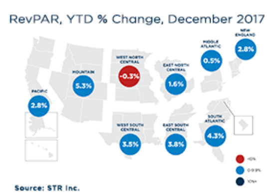
Although they may be outnumbered by millennials, [baby boomers still account]()for around 75 million Americans, and are becoming an even more substantial portion of the traveler population. According to Phocuswright, nearly three in 10 U.S. leisure travelers were baby boomers in 2016, up from 24 percent in 2015. Boomers may take fewer leisure trips each year, but when they do travel, they take longer trips – often seven nights or more – and spend more money. Boomers are the only age group that increased travel spend from 2015 to 2016. Travelers in the 55-and-older segment are more likely to spend more than $1,000 per trip. Almost half of boomer travelers spend approximately $3,000 per year on travel, making them a higher-spending group than other age group.

LODGING INDUSTRY

Revenue per available room grew 2 to 4 percent for the U.S. hotel industry in January 2018, according to preliminary numbers from [STR](). That growth was the result of 1 to 3 percent growth in average daily rate and flat to 2 percent growth in occupancy. Among the chain-scale segments, the economy and luxury segments saw the highest growth in RevPAR, each achieving 3 to 5 percent growth. While the midscale and economy segments experienced the highest rate growth with a range of 2 to 4 percent growth.



December's total U.S. room revenue increased 6.6 percent and room demand increased 4.3 percent from a year ago according to STR. Total room revenue reached $10.5 billion in December 2017.



New York City is the top market in the U.S. for projected 2018 room openings. According to STR, New York is expected to [add 9,448 rooms in 2018](). Dallas, in second place, is expecting 5,894 additional rooms.

New analysis of performance data from STR shows the recent relocation of two NFL teams—the St. Louis Rams and the San Diego Chargers—led to [performance declines in the departed markets](). San Diego hotels saw a 7.9 percent demand decrease when comparing home game days in 2016 versus those same days in 2017, after the team had left. St. Louis hotels saw a 2.1 percent demand decline from the team's last season in the city in 2015 to 2016, when it relocated to Los Angeles. Meanwhile, the selected Los Angeles submarkets most affected by the Chargers' and Rams' moves saw demand increases of 4.4 percent and 5.1 percent, respectively.

Comparing hotel performance in Super Bowl host markets, the Minneapolis/St. Paul hotel market is the third-smallest hotel market among the past eight Super Bowl hosts, which meant expectations were high for revenue per available room growth during Super Bowl weekend. It didn't disappoint, as the Minneapolis/St. Paul submarket achieved 626 percent RevPAR growth compared to the same weekend in 2017. "The market's RevPAR lift was surpassed only by Indianapolis' astounding increase of over 1,000 percent.

The Baird/STR Hotel Stock index closed January at 5,200, which is a 6.4 percent increase from the end of 2017, according to STR. This marked the fifth straight month that hotel stocks have outperformed the S&P 500. "The hotel REITs were the bigger relative winners as interest rates moved higher throughout the month and investors rotated into shorter lease duration real estate sectors," he said.

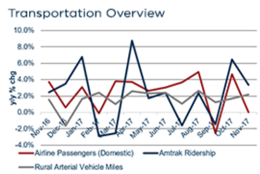
The outlook for historic hotels in the U.S. is positive, according to CBRE Hotels' Historic Hotels of America Annual Forecast. Mark Woodworth, senior managing director at CBRE, said over the next two years, RevPAR in hotels that are members of the Historic Hotels of America is expected to grow at an average annual rate of 1.0 percent, mostly stemming from ADR increases. Annual occupancy for these hotels remains around 8 percentage points more than the national average occupancy level through 2019.

A recent study for the Hotel Electronic Distribution Network Association found that hotels are highly dependent on Online Travel Agencies (OTA's). In particular, OTAs had a "surprisingly high" impact on chain hotels. In the survey, nearly 60 percent of chain properties used OTAs for 10 to 50 percent of their inventory, and one-third relied on OTAs for more than half. Management companies and independent hotels were slightly less reliant.

TRANSPORTATION

AIR TRAVEL

Reporting year end results, 2017 global passenger demand rose 7.6 percent compared to 2016 according to the International Air Transport Association (IATA). This was well above the 10-year average annual growth rate of 5.5 percent. While the rate of demand growth slowed to 6.2 percent in December 2017, compared to December 2016, this largely was owing to less favorable comparisons to the even stronger growth trend seen in the year-ago period. Full year 2017 capacity rose 6.3 percent, and load factor climbed 0.9 percentage points to a record calendar-year high of 81.4 percent.



Source: BTS, Amtrak, Federal Highway Administration

"2017 got off to a very strong start and largely stayed that way throughout the year, sustained by a broad-based pick-up in economic conditions. While the underlying economic outlook remains supportive in 2018, rising cost inputs, most notably fuel, suggest we are unlikely to see the same degree of demand stimulation from lower fares that occurred in the first part of 2017," said Alexandre de Juniac, IATA's Director General and CEO.

North American airlines had their fastest demand growth since 2011, with full year traffic rising 4.8 percent compared to 2016. Capacity climbed 4.5 percent, and load factor edged up 0.3 percentage point to 81.7 percent. The comparatively robust economic backdrop supported outbound passenger demand. This was somewhat offset by a slowdown in inbound travel partly attributable to the new immigration and security restrictions put in place for travel to the US, as well as the extreme weather events that hit the US later in the year.

The rise in oil prices in recent months will pressure the profitability of airlines and will likely result in increased airfares in the coming months, according to airline executives. The price of oil generally accounts for around 30 percent of the costs at an airline. Since June 2017, oil prices have risen by more than 50 percent. The CEO of the International Air Transport Association (IATA), Alexandre de Juniac, told Bloomberg that the current range of oil prices — $60-$70 — is an "acceptable" range. IATA forecasts that oil prices will stay within this range this year, but if they rise too much over $70, it would result in increases in ticket prices.

ROADS & RAILS

AAA reported that the national gas price average decreased to $2.58, for the first time week-over-week this year. Motorists can find gas for $2.50 or less at 53 percent of gas stations across the country. "Unfortunately, it's too early to know if this one-week decline is the start of a cheaper gas price trend." Consumer gasoline demand and gasoline inventories increased according to the latest Energy Information Administration (EIA) reports.

The EIA reported that North Sea Brent crude oil averaged $69 per barrel in January, an increase of $5/barrel from the December level. Monthly average Brent prices have increased for seven consecutive months and, on January 11, spot prices moved higher than $70/barrel for the first time since December 2014. EIA forecasts Brent spot prices will average about $62/barrel in both 2018 and 2019 compared with an average of $54/barrel in 2017.

For the sixth year in a row, Los Angeles was the most gridlocked city in the INRIX Global Traffic Scorecard which analyzed 1,360 cities in 38 countries. The U.S. is the most congested developed country in the world with 10 of the top 25 cities worldwide. New York tied with Moscow for second place, and San Francisco came in fourth after Sao Paulo. Congestion cost the U.S. $305 billion. Dr. Graham Cookson, Chief Economist at INRIX said, "If we're to avoid traffic congestion becoming a further drain on our economy, we must invest in intelligent transportation systems to tackle our mobility challenges."

BUSINESS TRAVEL

Global business travel is expected to thrive in 2018, according to American Express Global Business Travel (GBT). The travel management group is forecasting growth across the global business travel sector, including air and ground transportation and hotel stays, with higher fares and increased bookings. According to GBT, "the travel outlook looks bright as economic conditions continue to strengthen and growing business and consumer confidence translates into increased demand for travel."

The company expects the highest growth to occur in Asia, based "largely on the strength of economic progress in China and India," but there is also expected to be pockets of uncertainty due to "increasingly protectionist policies across the globe and looming geopolitical instability." The U.S. industry, however, has been preparing for a business travel boom in the wake of a U.S. tax overhaul that sharply reduced corporate income taxes.

Analyzing business travel and expense spending for 2017, data from Certify showed that, compared to 2016, corporate travel expenses to ride-hailing services continues to increase, underscoring the industry disruption and change in business traveler preference. Ride hailing picked up 68 percent of the overall ground transportation category last year led by Uber and rival Lyft. Uber also claimed 9 percent of all expenses and receipts processed by Certify in 2017, a 3 percent increase over last year and 6 percent more than second place Starbucks. While alternative accommodations such as Airbnb have nearly doubled each year since 2014, the category still represents just under 0.5 percent of the lodging category.

Las Vegas maintained its top spot as the Best Large Convention City in a ranking of the best convention cities in the U.S. by MeetingSource.com. The rating system considered affordability, accessibility, safety, walkability, promotional appeal, and weather to rank 163 U.S. cities. Miami, Charlotte, Austin and Tacoma were also at the top of the list.

INTERNATIONAL TRAVEL

International visitation to the U.S. was down 3.6 percent for the first eight months of 2017 compared to the first eight months of 2016, according to the Commerce Department. The U.S. received 48.8 million international visitors to the U.S. over the first eight months of 2017:

- 14 million came from Canada, up 4.5 percent year-to-date (ytd) from 2016,
- 11.2 million came from Mexico, down 7.6 percent ytd, meaning that
- 23.6 million visitors came from overseas, down 6 percent ytd.

Of the top 20 tourist-generating countries to the U.S., nine reported increases (South Korea, Ireland and Canada the fastest-growing markets) and 11 reported decreases (Argentina, India and Brazil with the three-fastest declines).

The U.S. captured less than 10 percent (9.9%) of international searches in January according to the latest U.S. Travel Barometer. The share of international searches is down from January of last year (12.7%) and from the 2017 year average of 13.7 percent. The U.S. remained behind Spain as the second most searched in January. The Far West climbed over the Southeast and Mideast as the top searched region in January - capturing 30 percent of international searches.

South Korea became the sixth-largest inbound travel market across the first eight months of 2017, according to *USA Today*'s analysis of the Commerce Department's recent data release. "South Korea may be filled with international tourists for the Winter Olympics, but there's one country that South Koreans themselves like to visit in droves: the USA." Over 1.5 million South Koreans visited the U.S. in the first eight months of 2017, a 17.4 percent year-to-date (ytd) increase from the first eight months of 2016. This growth rate is the fastest of all top 20 inbound tourism markets to the U.S. The forecast for 2017 is 398,000 visitors, a more modest increase. But the number of visitors from South Korea is projected to cross 400,000 by 2018.

At the World Economic Forum in Davos, Ctrip CEO Jane Sun predicted the number of Chinese passport holders would grow to 240 million by 2020. Currently, 120 million Chinese citizens hold passports, about 8.7 percent of the population. If Sun's prediction is correct, then the potential market of Chinese outbound tourists will effectively double in only two years. Given the gap of 120 million passport holders, it's a bold prediction and seems unlikely. Then again, Chinese outbound travel has continued to grow. Chinese outbound expenditure now makes up 21 percent of the world market. Chinese consumers are growing more affluent and traveling around the world from China is becoming cheaper and more convenient.

The U.S. dollar has been growing weaker recently, and that trend seems to have been spurred even further by recent comments made by U.S. Treasury Secretary Steven Mnuchin at the World Economic Forum in Davos, Switzerland, *The Wall Street Journal* reports. "A weaker dollar is good for trade. In the longer term, a stronger dollar is a reflection of the strength of the U.S. economy," Mnuchin said.

According to the U.S. Customs and Border Protection's (CBP) annual Trade and Travel Report, the share of arriving international travelers whose processing was assisted by automated means increased from 3.3 percent in 2013 to over 50 percent in 2017. This is due to the implementation of Trusted Traveler Programs, Automated Passport Control (APC), Mobile Passport Control (MPC), and Radio Frequency Identification (RFID). Due to these programs, arrival wait times at the top 17 airports were shorter despite higher traffic volumes. There are ongoing plans to implement a biometric entry/exit process.

PROJECT: TIME OFF

The bucket list is losing out to the to-do list. Sixty percent of Americans are planning for their to-do list or not planning at all. Read more about The Power of Planning from Project: Time Off's latest report.

U.S. Travel Association Updates

RESEARCH

Research released the Domestic Travel Market Report, 2017 edition to members this week. Likely encouraged by healthy consumer confidence, low unemployment, cheap fuel and low inflation, domestic travelers took longer trips, ventured further from home, included paid accommodations in greater frequency and participated in more activities in 2016. Trip spending also increased slightly despite a slowdown in domestic business trips. Uncover more insights on domestic travelers' primary trip purpose, accommodation preferences, changes in travel party composition and activities participated in the latest Domestic Travel Market Report.

New data from the latest Economic Significance of Meetings to the U.S. Economy reports that U.S. meetings continue to grow across all segments and major reporting metrics. Commissioned by Meetings Mean Business Coalition (MMBC) and the Events Industry Council (EIC) and conducted by Oxford Economics, the report provides the role of meetings in the U.S. economy and how it continues to play a crucial role. Nearly two million meetings occurred in 2016 (up 5% from 2009) with 251 million meeting participants. These participants spent $325 billion in direct spending, up 23 percent since 2009, primarily due to an expanding number of meeting participants.

Research hosted their first webinar in a new "Research POV" webinar series last week. The first webinar, "5 Ways to Defend Your Budget" focused on the tools and resources available to states and destinations to justify and defend marketing budgets. Be on the lookout for upcoming informative research webinars in the near future.

POLICY

U.S. Travel unveiled our guiding infrastructure principles in *Building the Next Generation of Travel Infrastructure*. We document the need to: enhance national mobility to and within the United States; account for non-residential travel demand in federal formula funding; strengthen federal investment and promote innovative funding partnerships; and embrace new and transformative technologies. Our four principles are aimed squarely at addressing growing highway congestion, inadequate airport infrastructure, glaring mobility gaps and the lack of model connectivity and accessibility.

U.S. Travel Association recently welcomed the Real Estate Roundtable and International Franchise Association as the newest members of the Visit U.S. Coalition. The need for the coalition mission was underscored by new Commerce Department data showing a 3.1 percent decrease in international visitor spending in 2017, after a decline the previous year as well. According to a U.S. Travel analysis, this is a stark contrast to the 2010-2015 period, when spending by international visitors in the U.S. increased by 48 percent.

Three bipartisan Senators introduced legislation to partner with communities near national parks to attract more visitors, enhance cultural tourism and generate economic development. The Explore America Act (S. 2395) was introduced, with the support of U.S. Travel, by Senators Bill Cassidy (R-LA), Brian Schatz (D-HI) and Jack Reed (D-RI). The bill would amend the Preserve America Grant program, established in 2003 by executive order.

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