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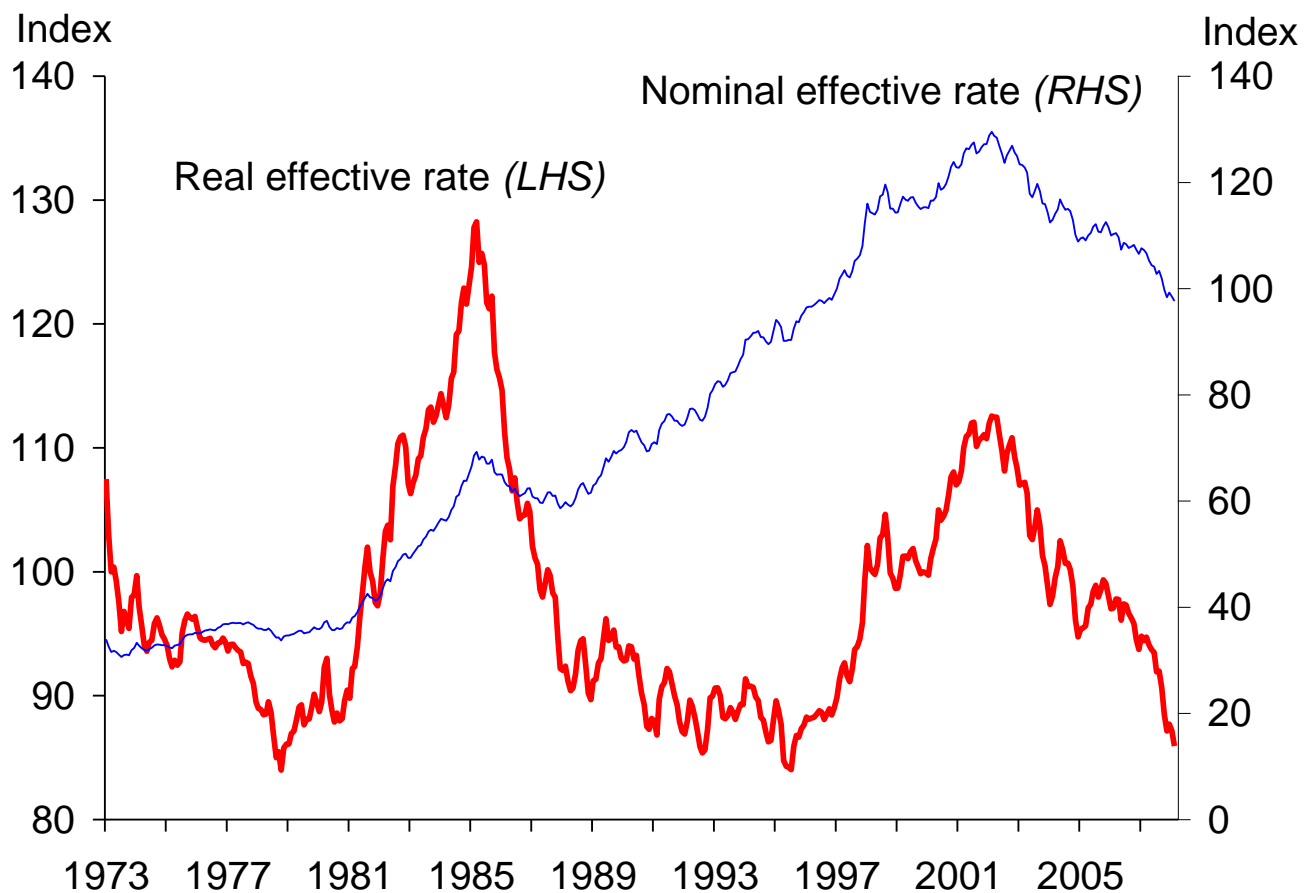
US Inbound Travel Forecasts

May 2008

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Sharp dollar weakening

US: Real and nominal effective exchange rates



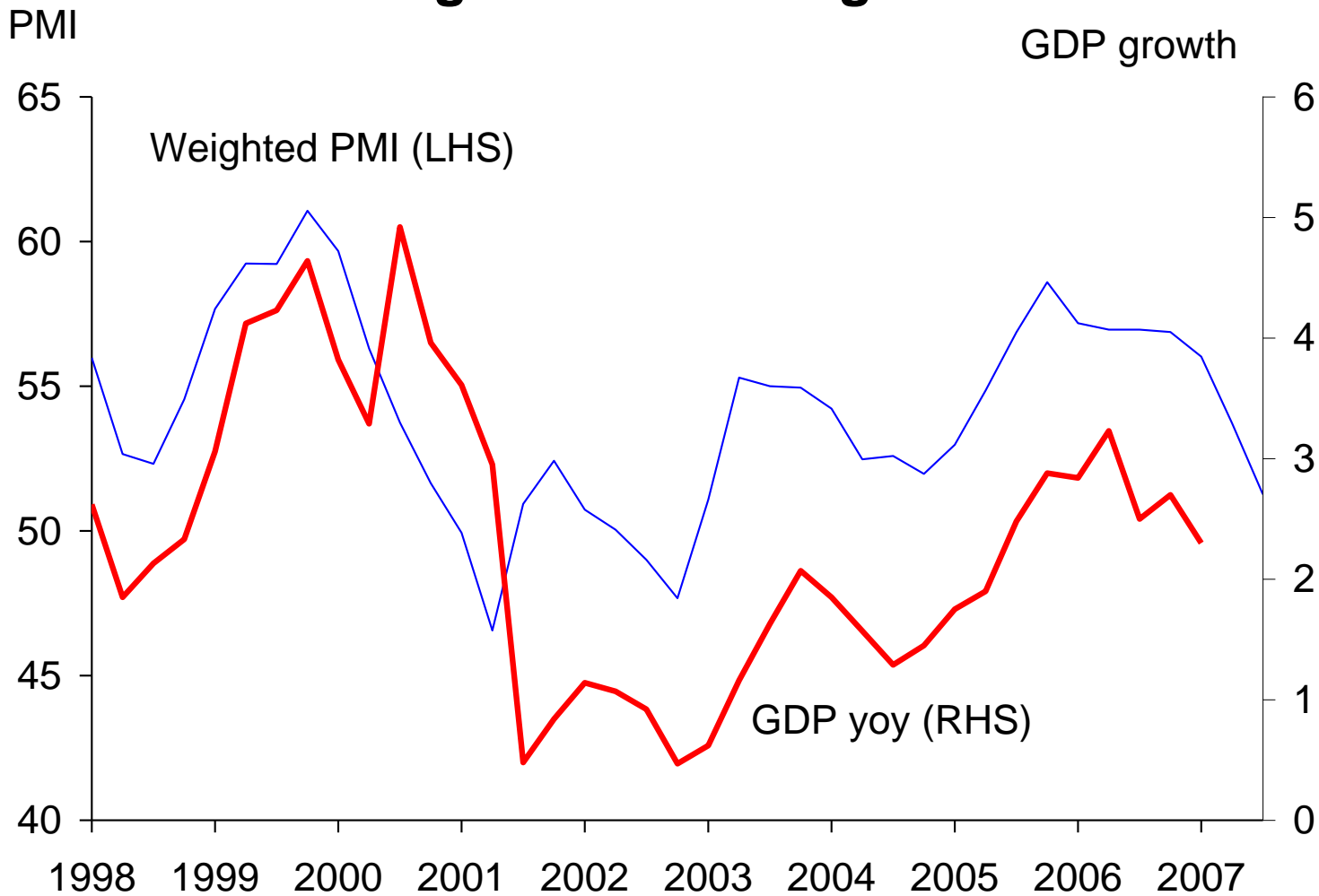
Source : Oxford Economics/Haver Analytics

Eurozone a haven of stability?

- France and Germany enjoying moderately strong growth, supported by competitive industries
- Mediterranean countries in the doldrums. Industry unlikely to offset weak domestic demand, especially in Spain
 - Domestic demand and confidence low in Italy
 - Spain facing a sharp slowdown from collapse of its housing market bubble
- Housing market a risk in several countries:
 - Foremost Spain and Ireland, but potentially Greece and France
- Scandinavian economies doing well, especially oil rich Norway

Eurozone slowing only modestly so far...

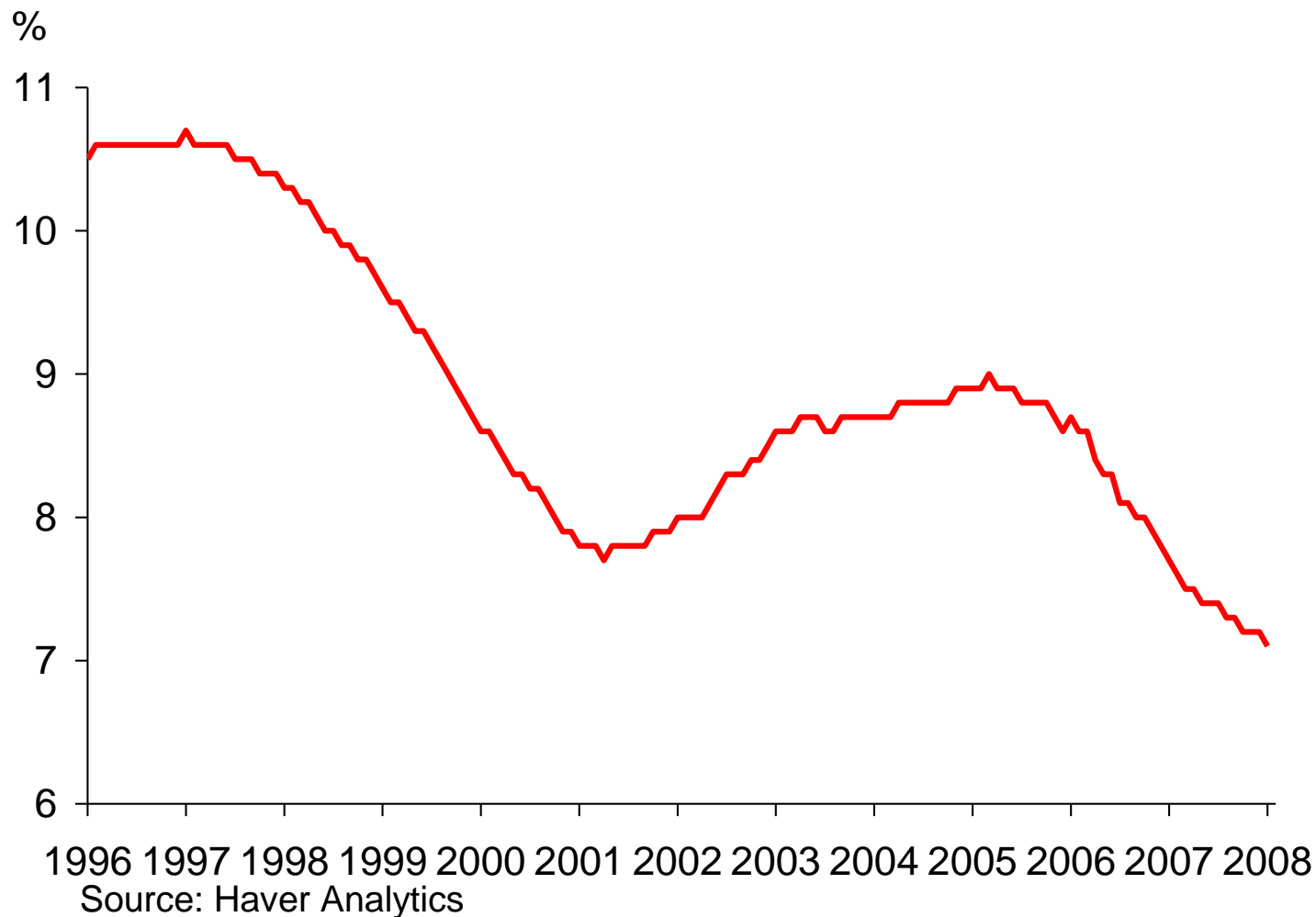
Eurozone: GDP growth and weighted PMI



Source : Oxford Economics/Haver Analytics

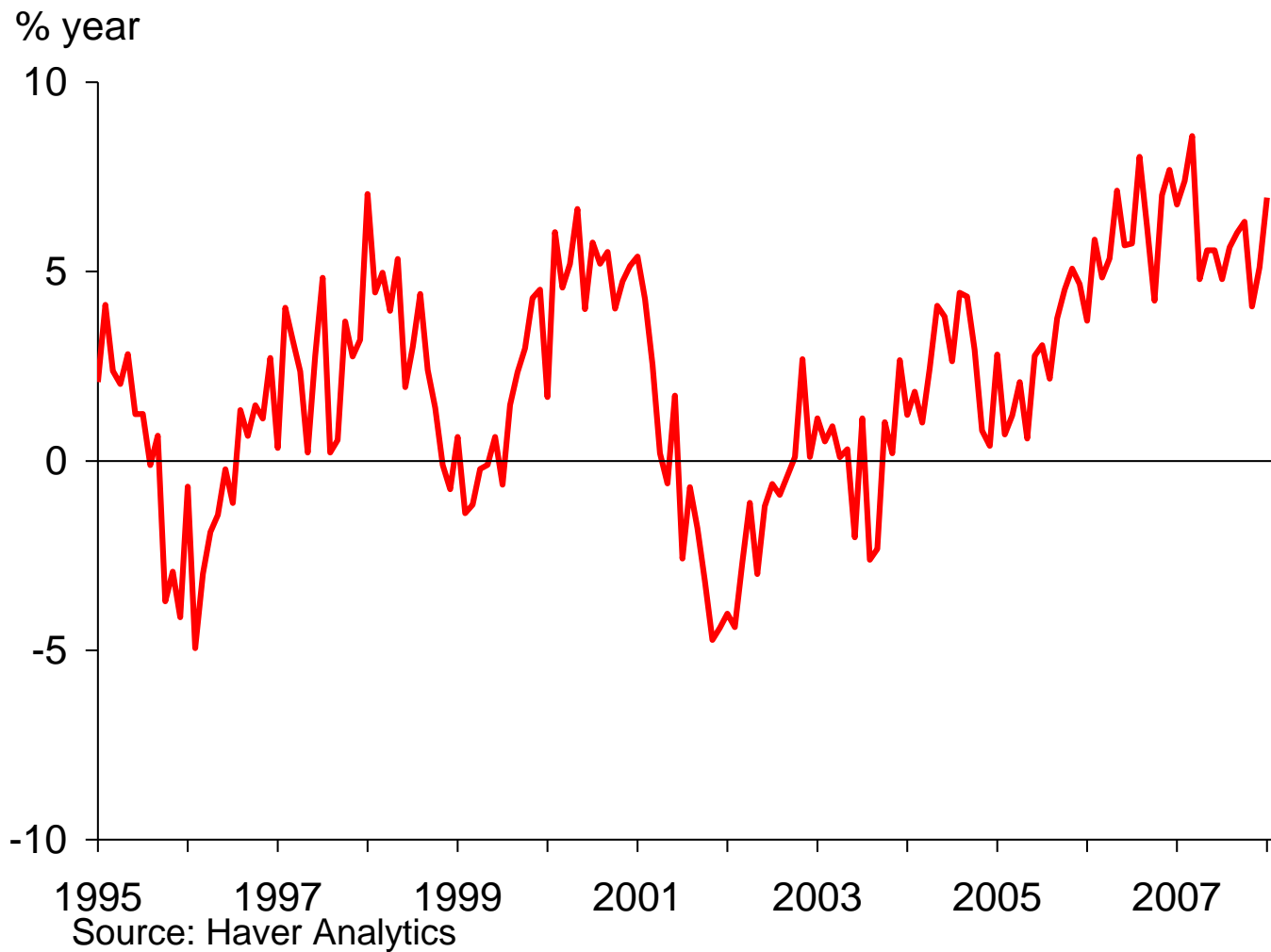
...while unemployment falls...

Eurozone: Unemployment rate



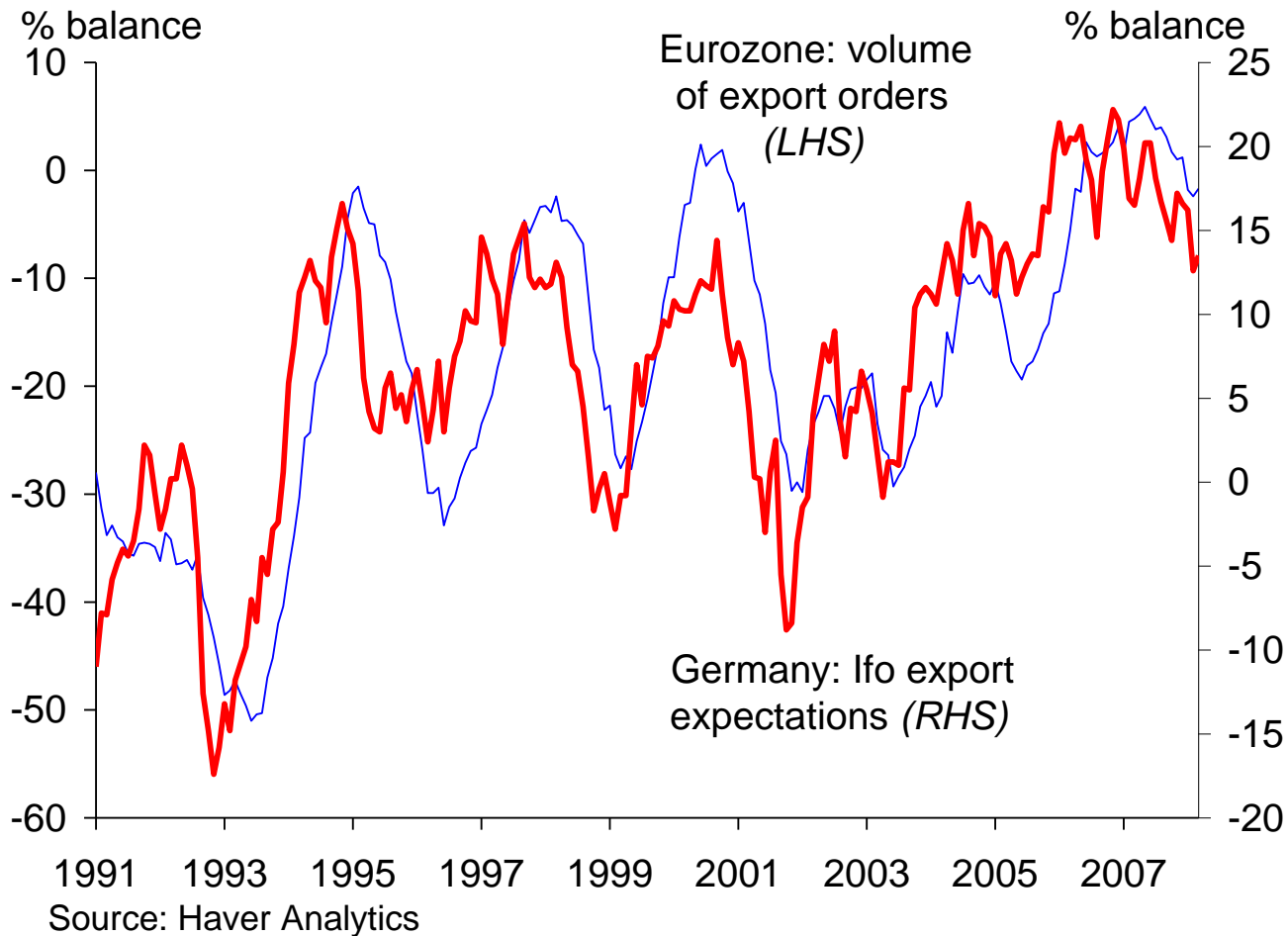
German industry resilient..

Germany: Industrial production



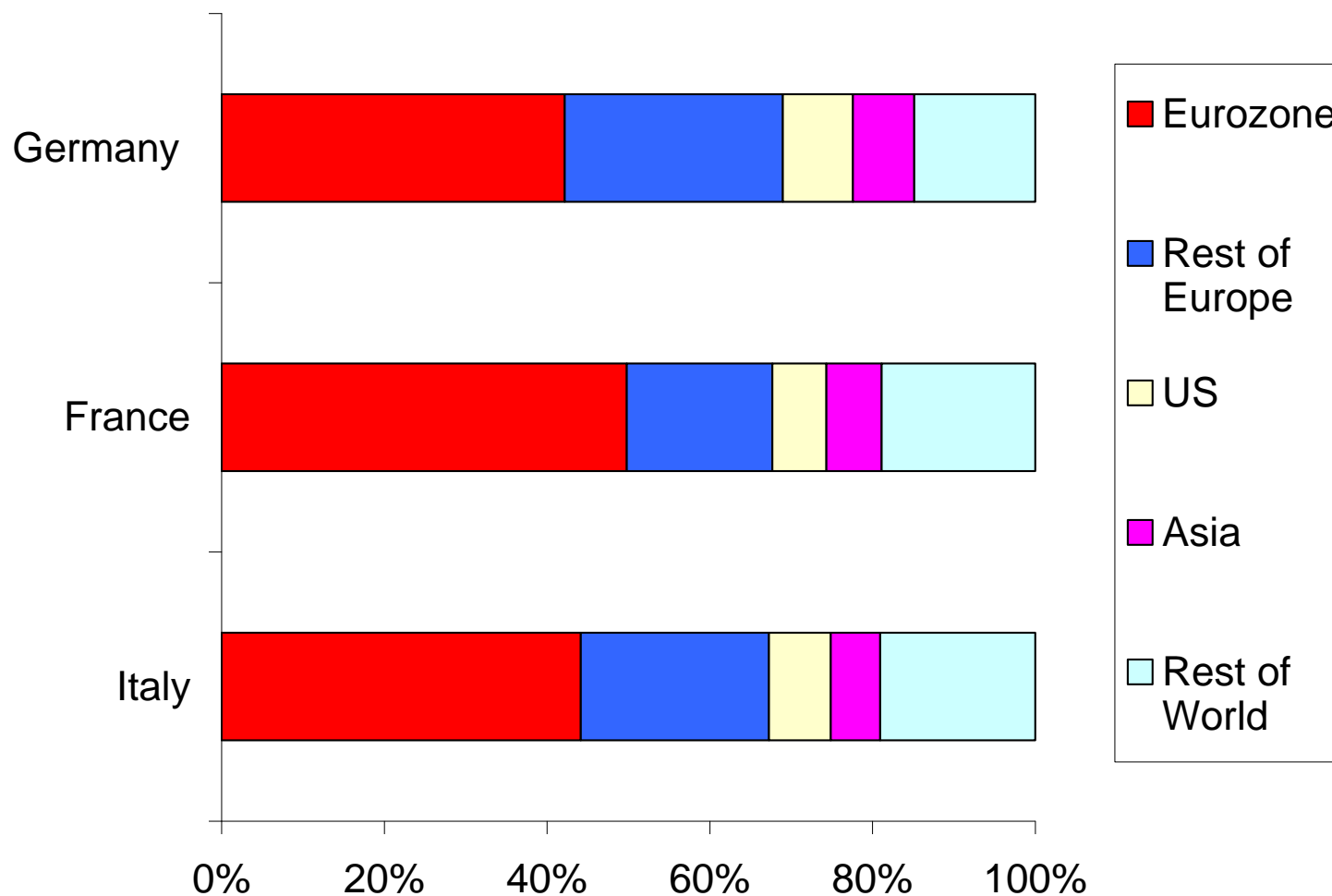
...and exports hold up...

Export expectations



...thanks to emerging focus...

Export shares of total exports

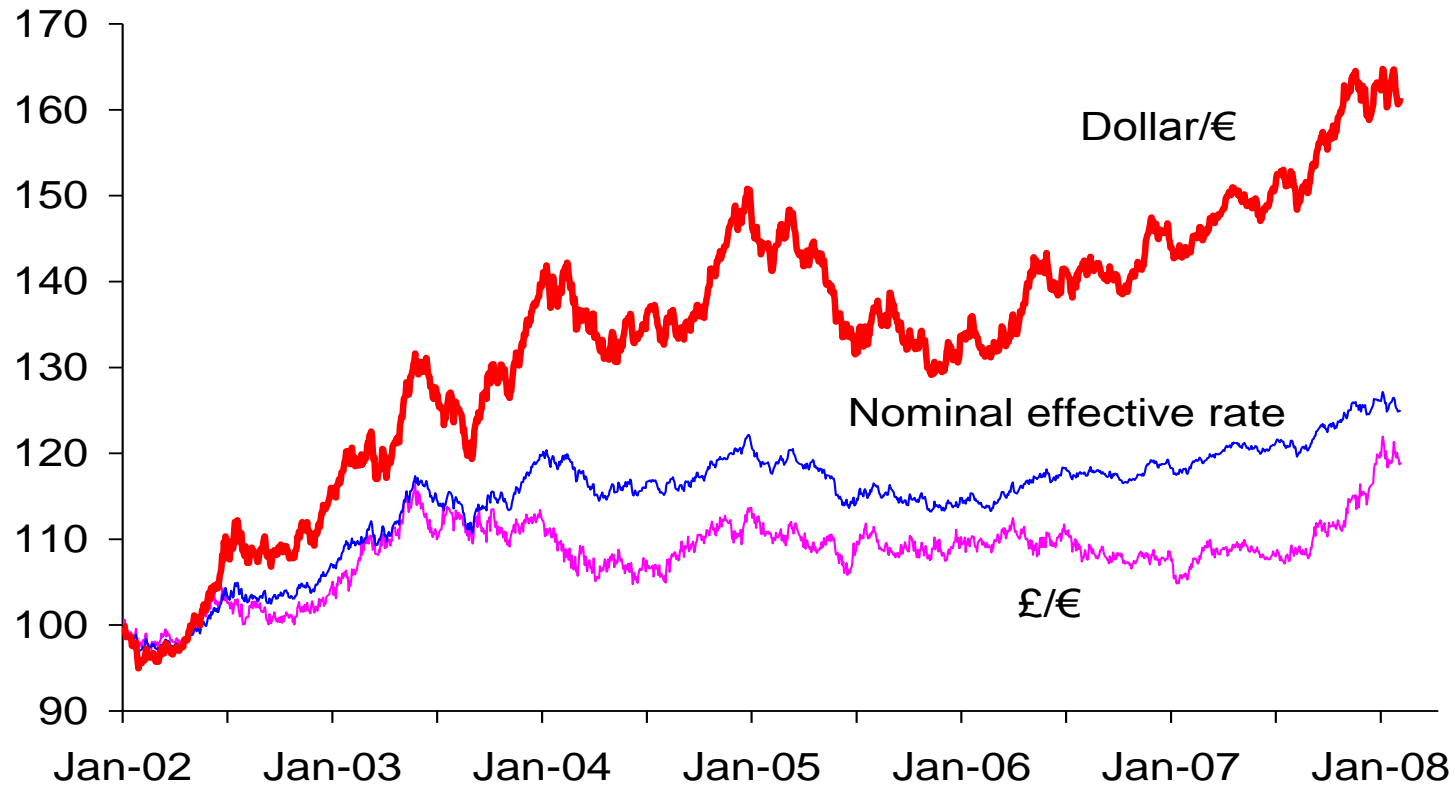


Source: Oxford Economics/Haver analytics

...despite soaring euro

Eurozone: Exchange rates

Jan 1 2002=100

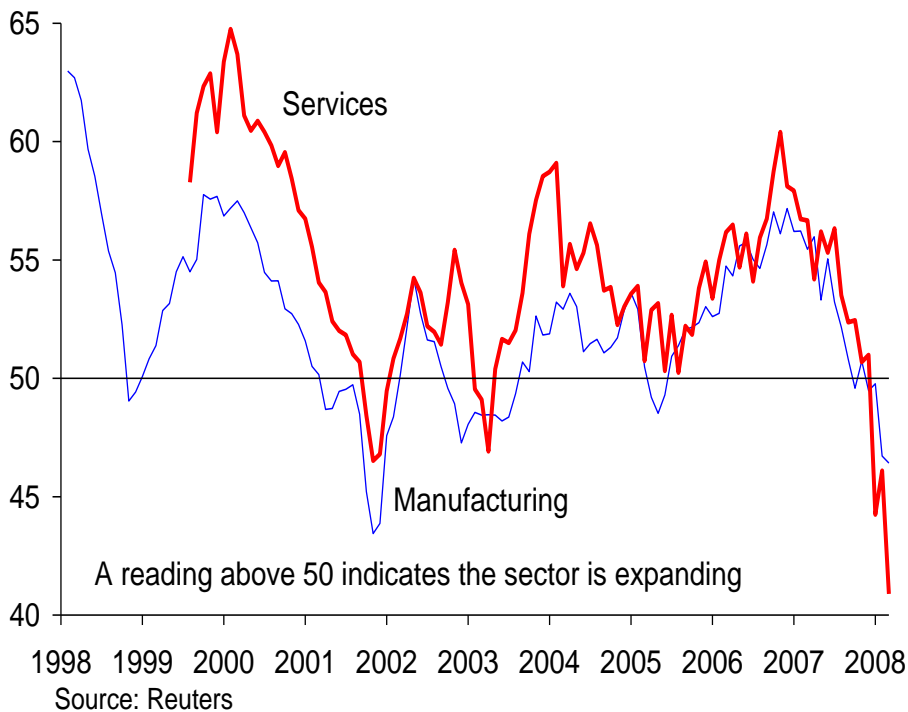


Source: Haver Analytics

Sharp slowdown in sight in Spain and Ireland

Spain: Purchasing Managers Indices

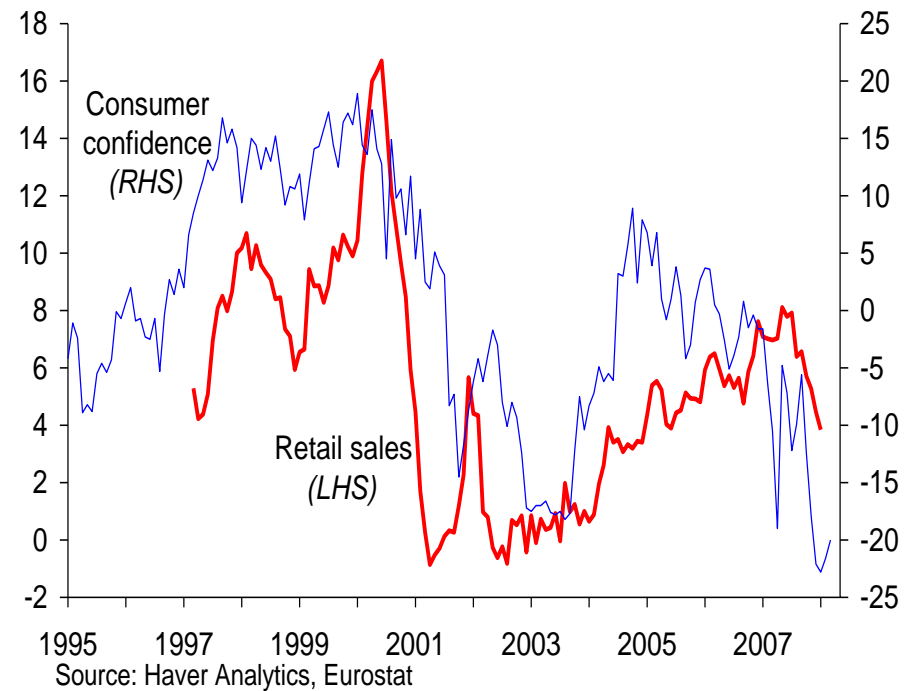
% balance



Ireland: Retail sales & consumer confidence

% year, 3MA

% balance



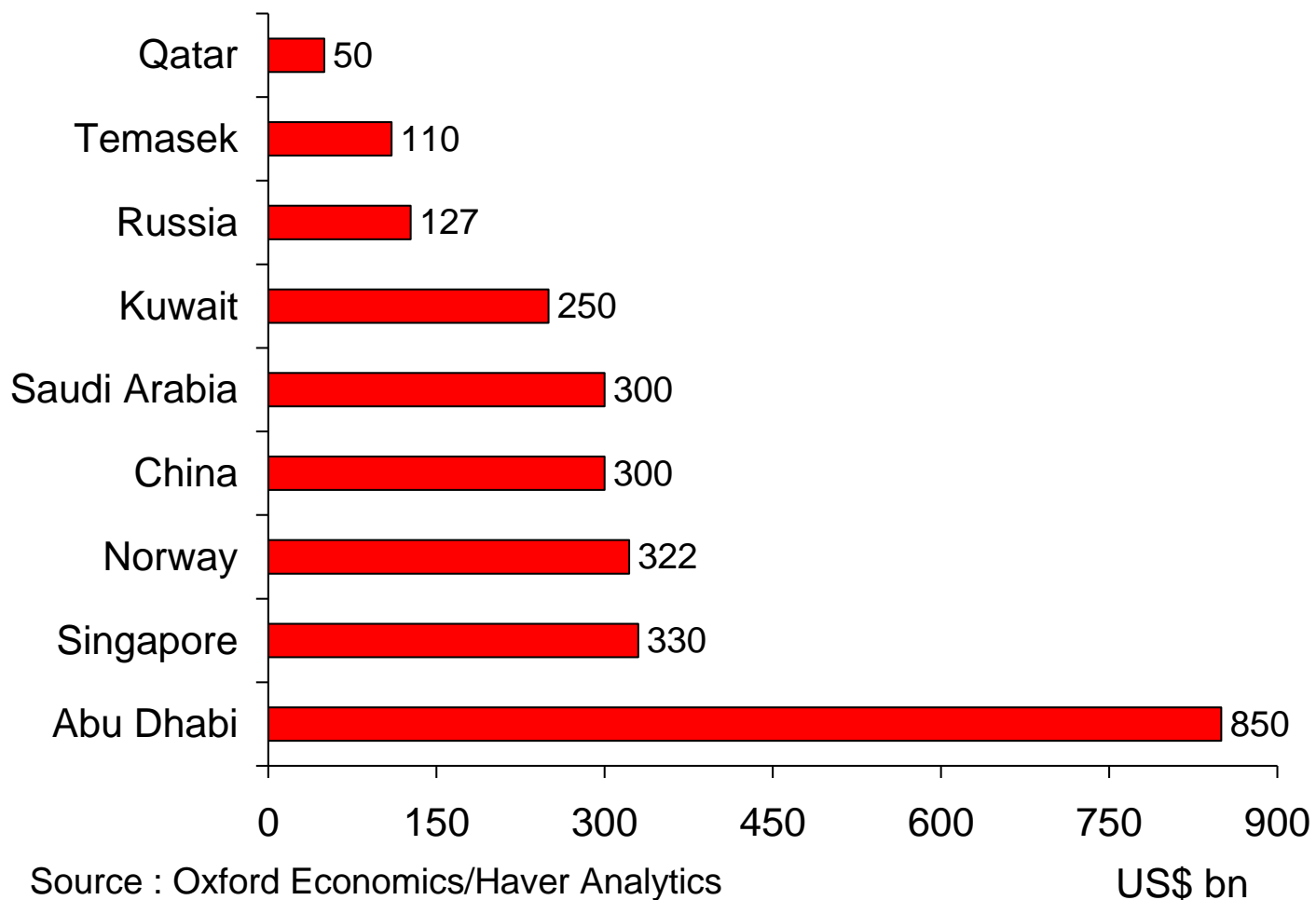
CEE in a strong position

- Poland and Russia surge ahead, supported by high real wage growth
- Most other countries to slow slightly although consumption stays mostly solid
- Hungary is notable exception, held back by 2006's fiscal tightening.

- High inflation proves a risk to entire region
 - Energy and food pressures amplified by second-round effects
- Large external financing requirements also worrying
 - Bulgaria and Romania particularly vulnerable
- Political instability problematic in Hungary

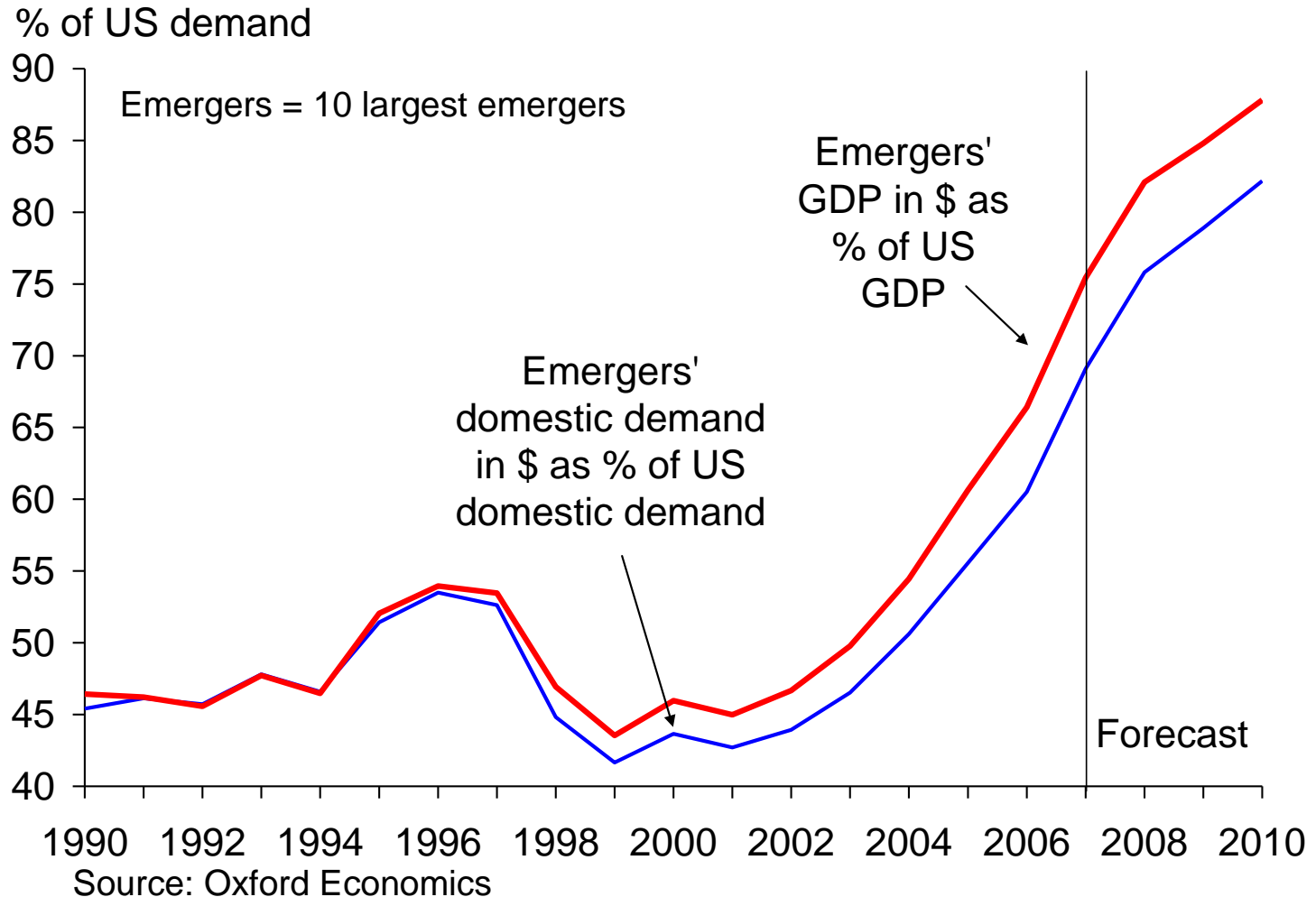
Wealth driving Middle East economic growth

Largest Sovereign Wealth Funds



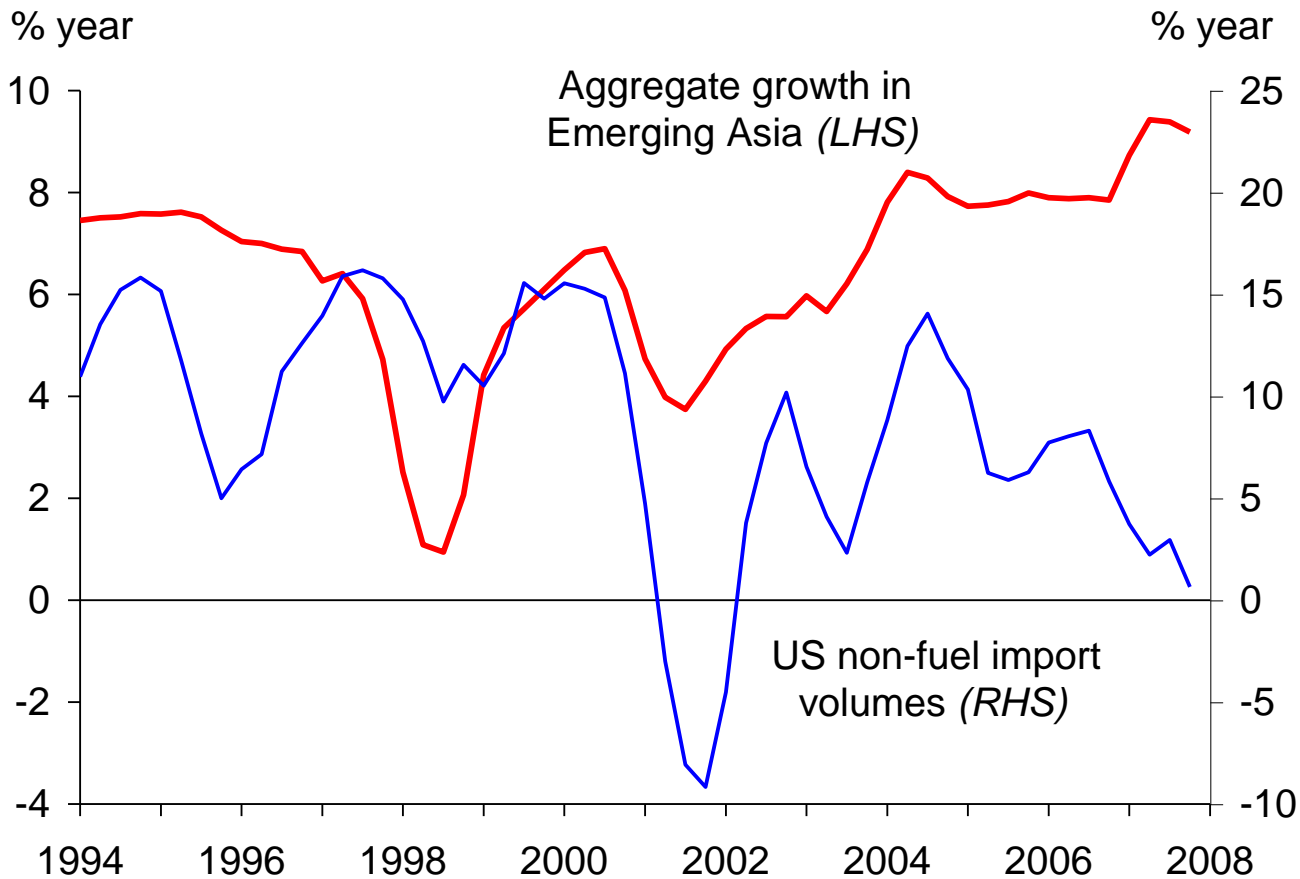
Emergers growing weight in world GDP...

Emerging Markets: Demand as % of US



Asia is less dependent on the US

US imports & real GDP in Emerging Asia

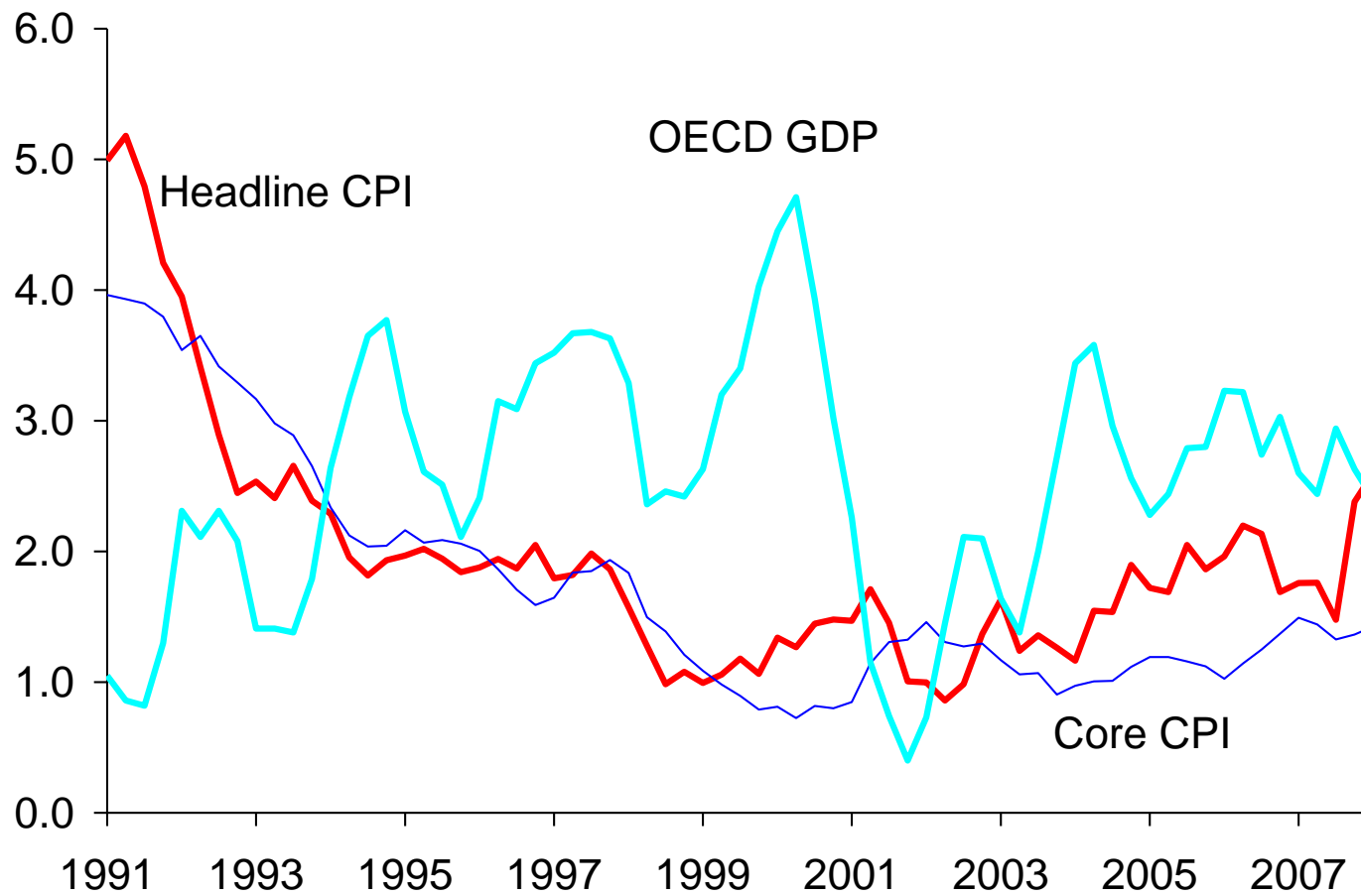


Source: Oxford Economics

Inflation creeping up...

G4 Inflation and OECD growth

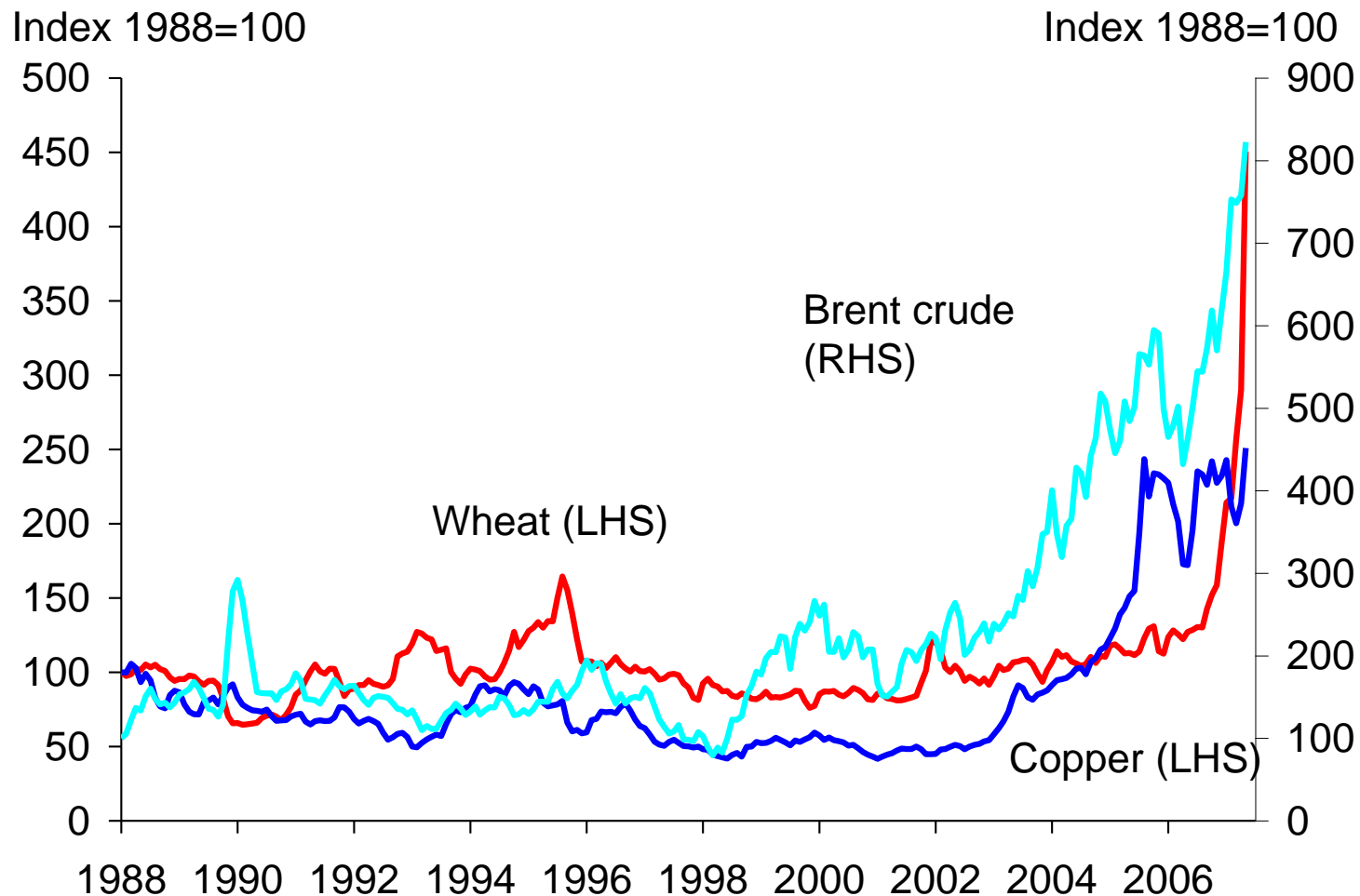
% year



Source : Oxford Economics/Haver Analytics

...thanks to surging commodities

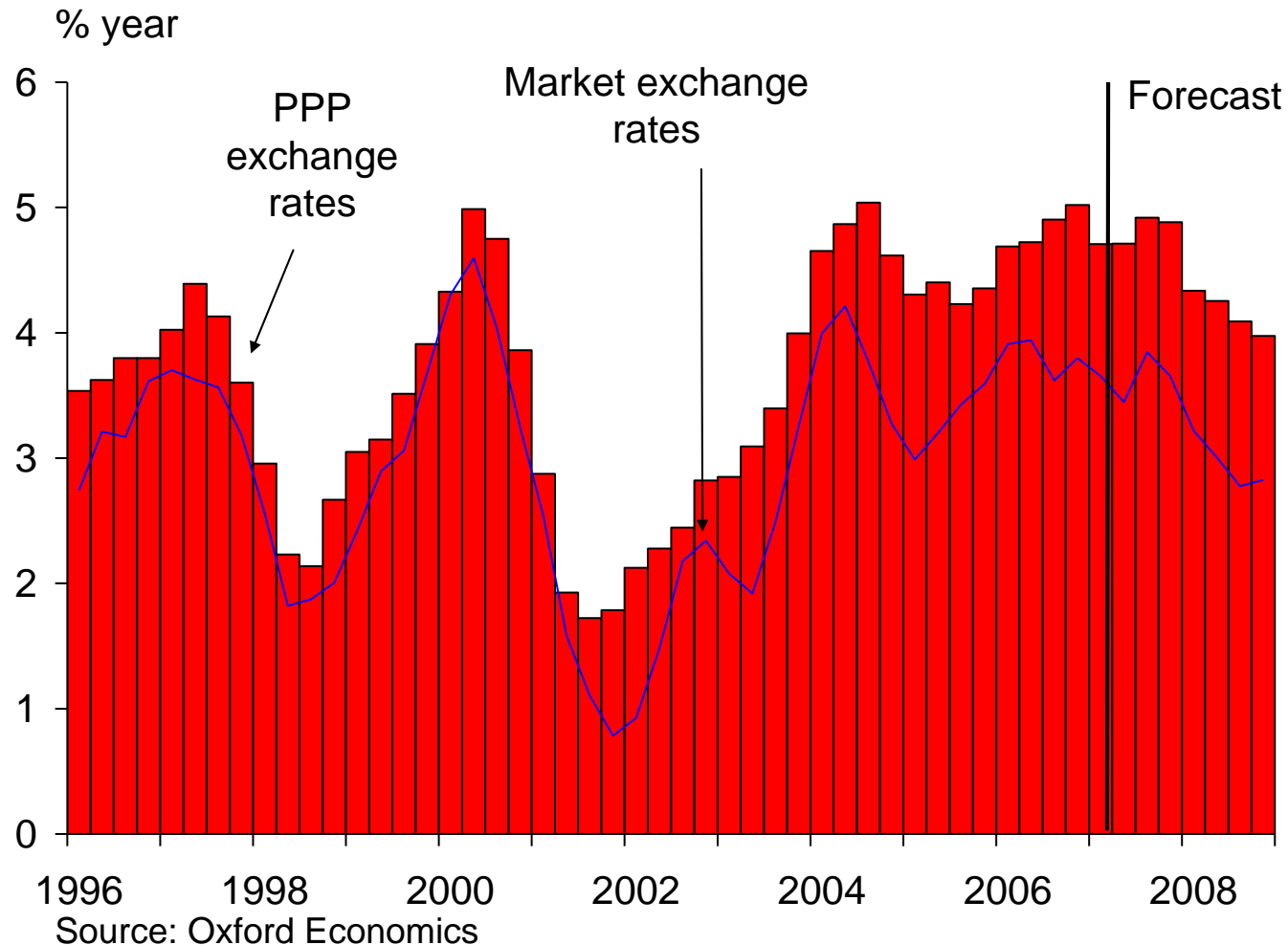
Key world commodity prices



Source : Oxford Economics/Haver Analytics

A modest slowdown in world growth...

World: GDP growth



Conclusions

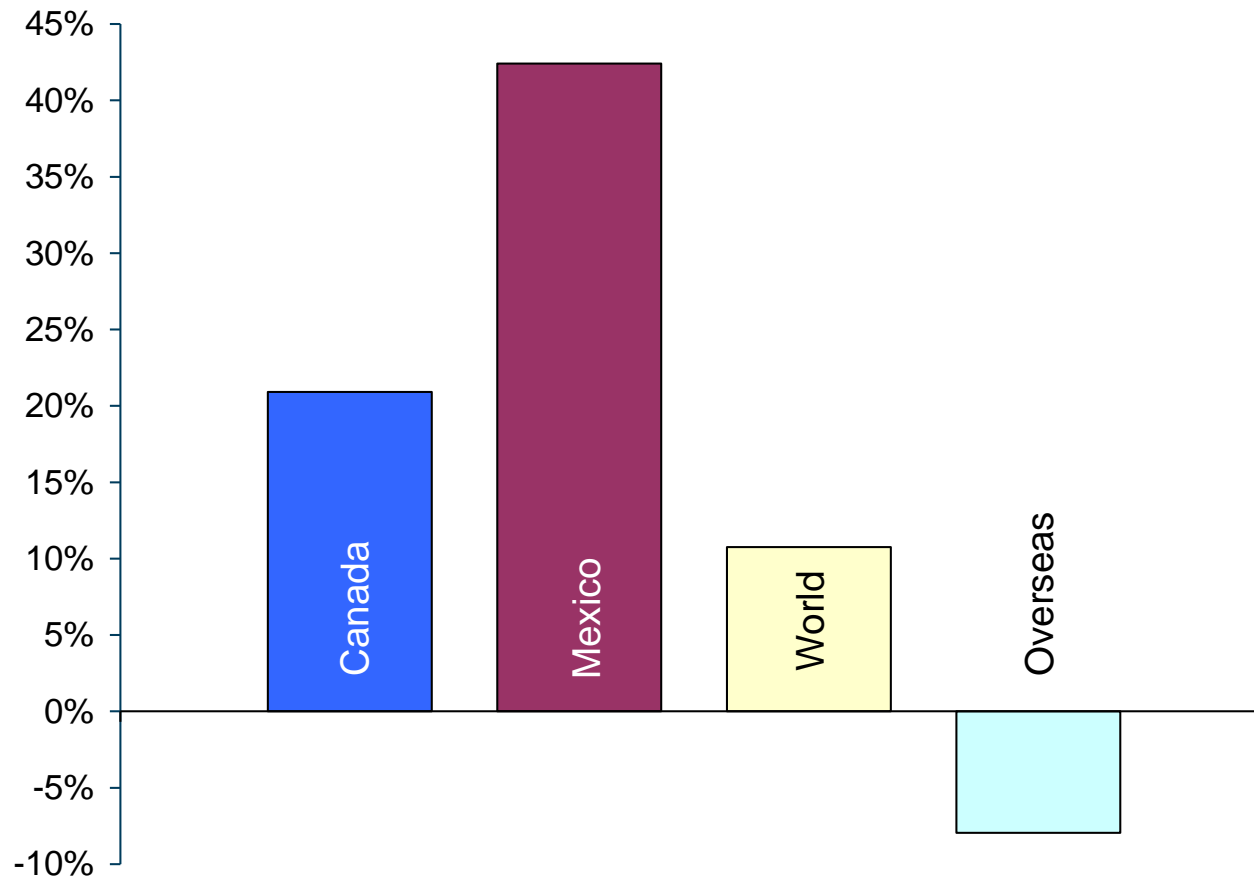
- Risk of US recession in 2008H1 but aggressive policy reaction, lower dollar and emerging market resilience likely to lead to recovery in H2.
- Asia and Mid-East still booming but EU hit by weak dollar.
- Nevertheless, Europe's economy remains stable.
- But if high oil and food prices persist then risk of inflation becoming more entrenched globally and squeeze on real incomes could have severe impact on growth in 2009.

US Inbound Forecast Summary

Visits by Region					
Annual Percentage Change					
	2007	2008	2009	2010	2010 / 2000
Asia	4.5%	5.3%	6.4%	6.1%	4%
Northeast	0.0%	4.8%	6.3%	6.1%	-8%
Southeast	18.4%	3.7%	5.3%	4.5%	17%
South	30.1%	7.2%	8.7%	7.2%	115%
Oceania	10.2%	8.7%	6.3%	5.7%	39%
Europe	12.5%	5.7%	4.8%	4.3%	14%
Western	12.6%	5.4%	4.2%	4.8%	12%
Eastern	11.5%	10.4%	5.5%	5.3%	43%
Americas	10.0%	6.2%	4.4%	5.0%	40%
Canada	10.9%	7.0%	4.8%	5.2%	43%
Mexico	7.6%	4.4%	3.3%	4.5%	52%
Latin America and Caribbean	14.7%	9.0%	6.3%	5.6%	5%
Middle East and Africa	11.4%	6.3%	3.9%	3.9%	4%
OVERSEAS	10.3%	6.2%	5.5%	5.1%	8%
TOTAL	9.8%	6.0%	4.7%	5.0%	27%

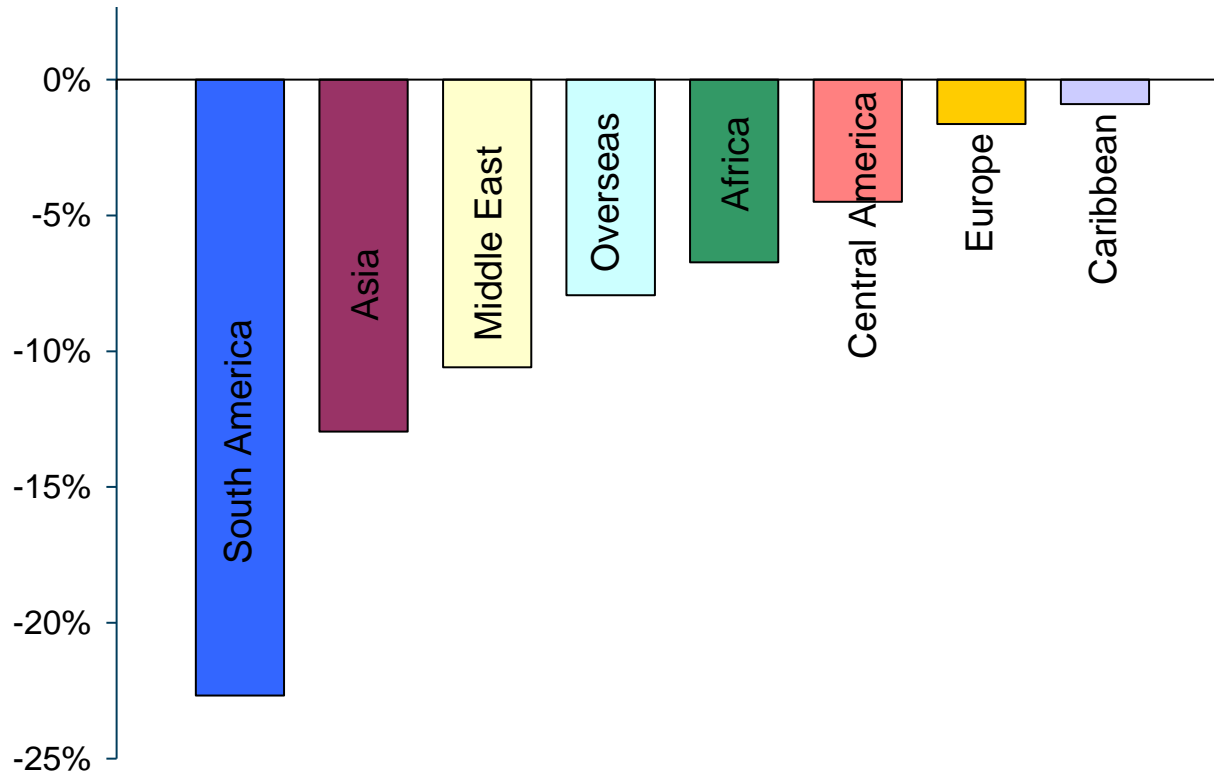
Canada and Mexico offset overseas declines

Good Neighbors, 2007 vs. 2000 Arrivals



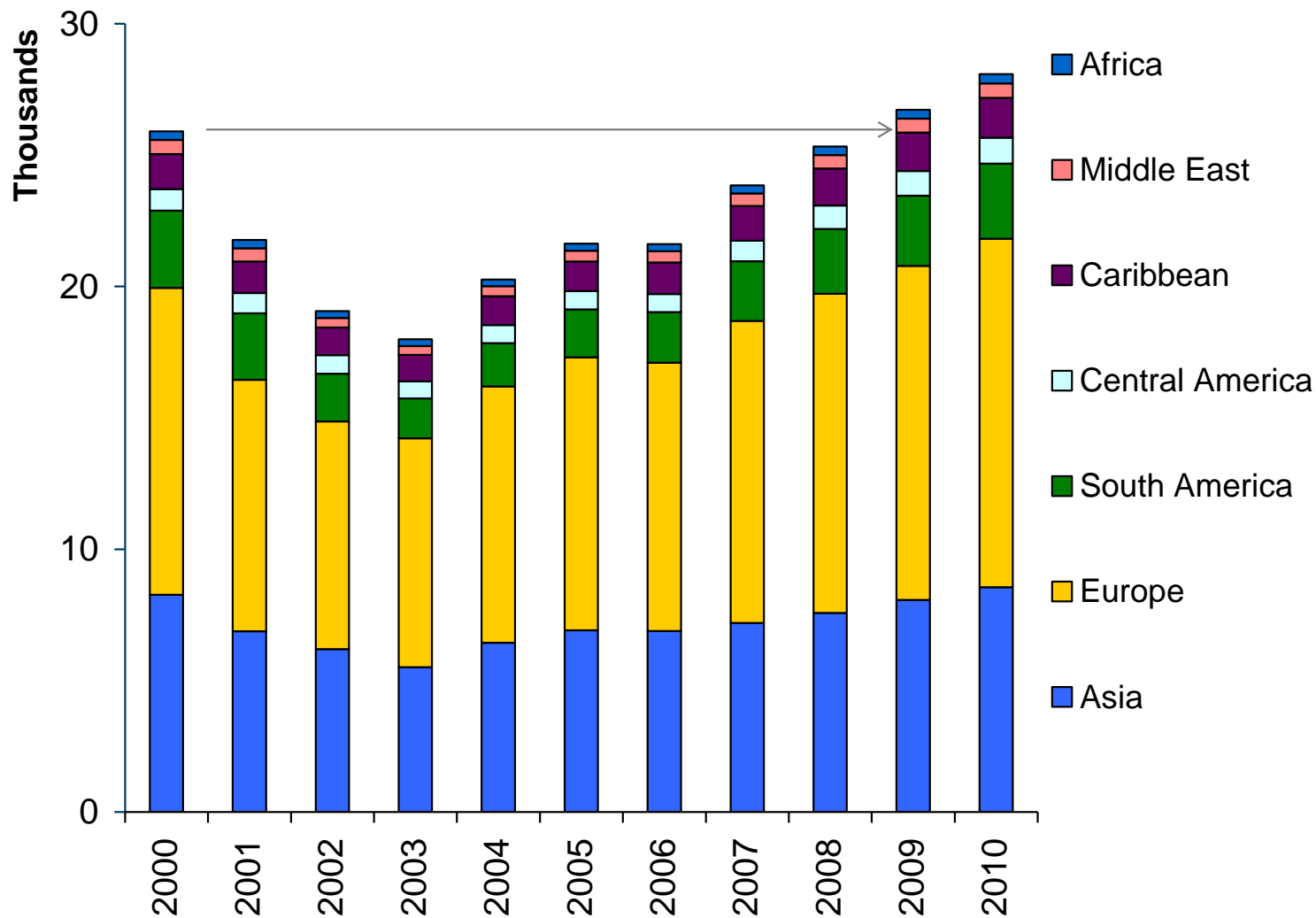
Largest declines in South America and Asia

2007 vs. 2000 Overseas Arrivals



Overseas markets fully recover next year

Overseas Arrivals by Market



About Tourism Economics

- Tourism Economics, headquartered in Philadelphia, is an Oxford Economics company dedicated to providing high value, robust, and relevant analyses of the tourism sector that reflects the dynamics of local and global economies. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, project feasibility analysis, tourism forecasting models, tourism policy analysis, and economic impact studies.
- Our staff have worked with over 100 destinations to quantify the economic value of tourism, forecast demand, guide strategy, or evaluate tourism policies.
- Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics is founded on a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 40 highly-experienced professional economists; a dedicated data analysis team; global modeling tools; close links with Oxford University, and a range of partner institutions in Europe, the US and in the United Nations Project Link.
- Contact: Adam Sacks, Managing Director; adam@tourismeconomics.com.