

Performance and Prospects for Caribbean Tourism

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Let's pose some questions



What's happening now?

Why is this happening?

Where are we headed?

Is the tide still rising?

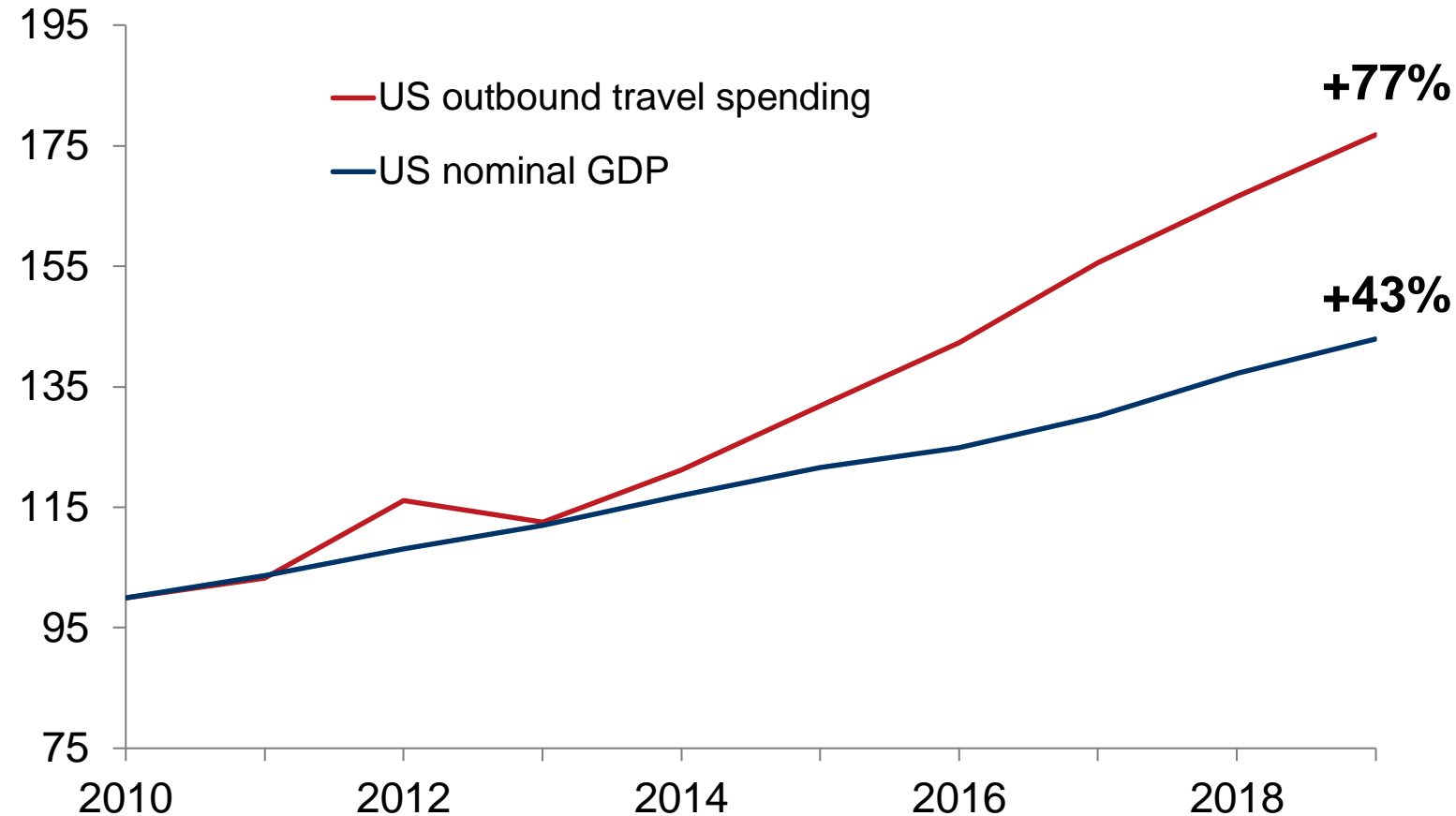


WHAT'S HAPPENING NOW?

US international travel spend is outpacing economy

US Outbound Spending and GDP

2010=100



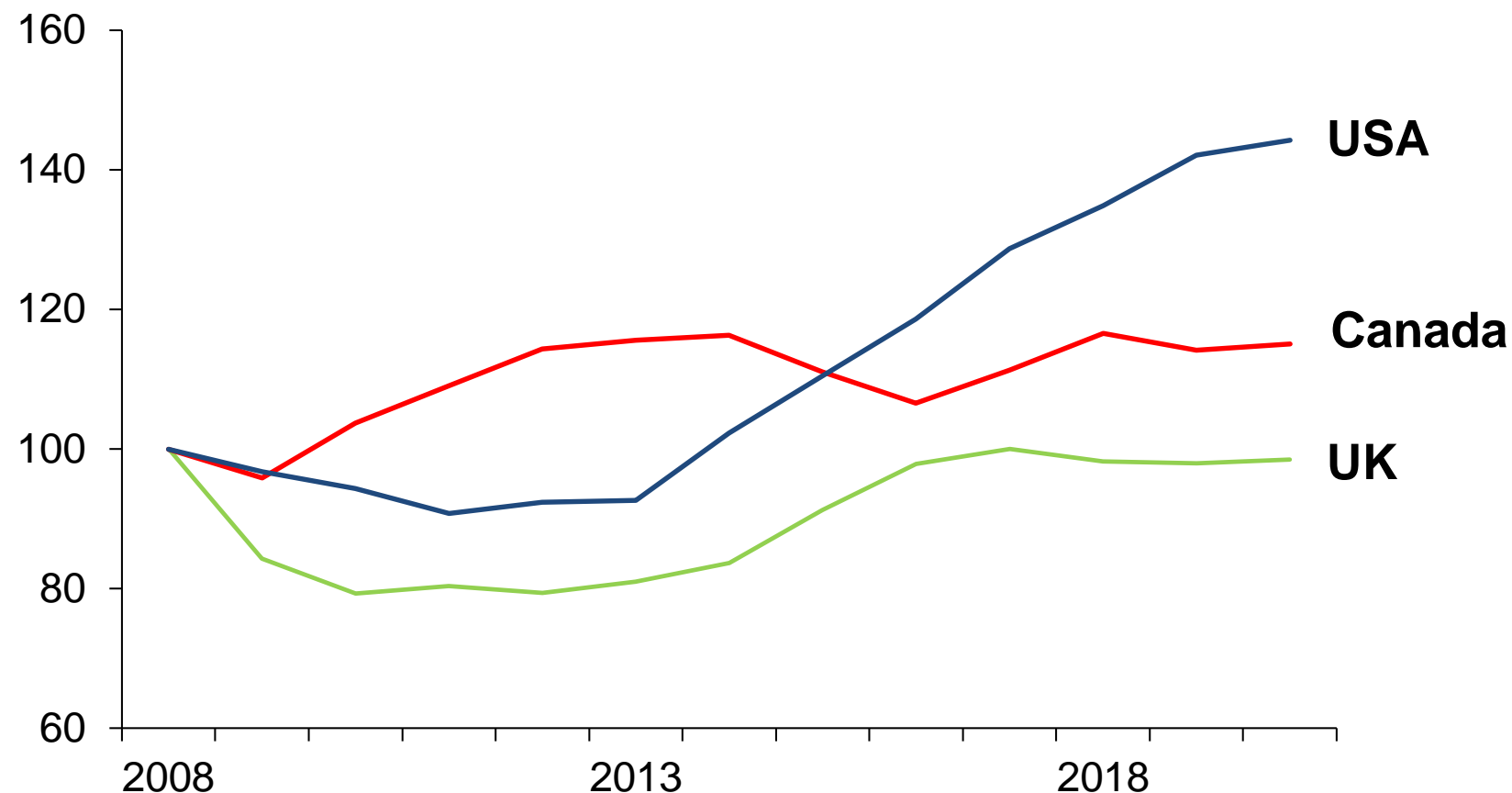
- **Average of 7.6% growth per year over past five years**
- **44% growth over past five years alone**

Source: Tourism Economics

Strength of travel sector is part of a broader trend

International departures per capita

2008=100

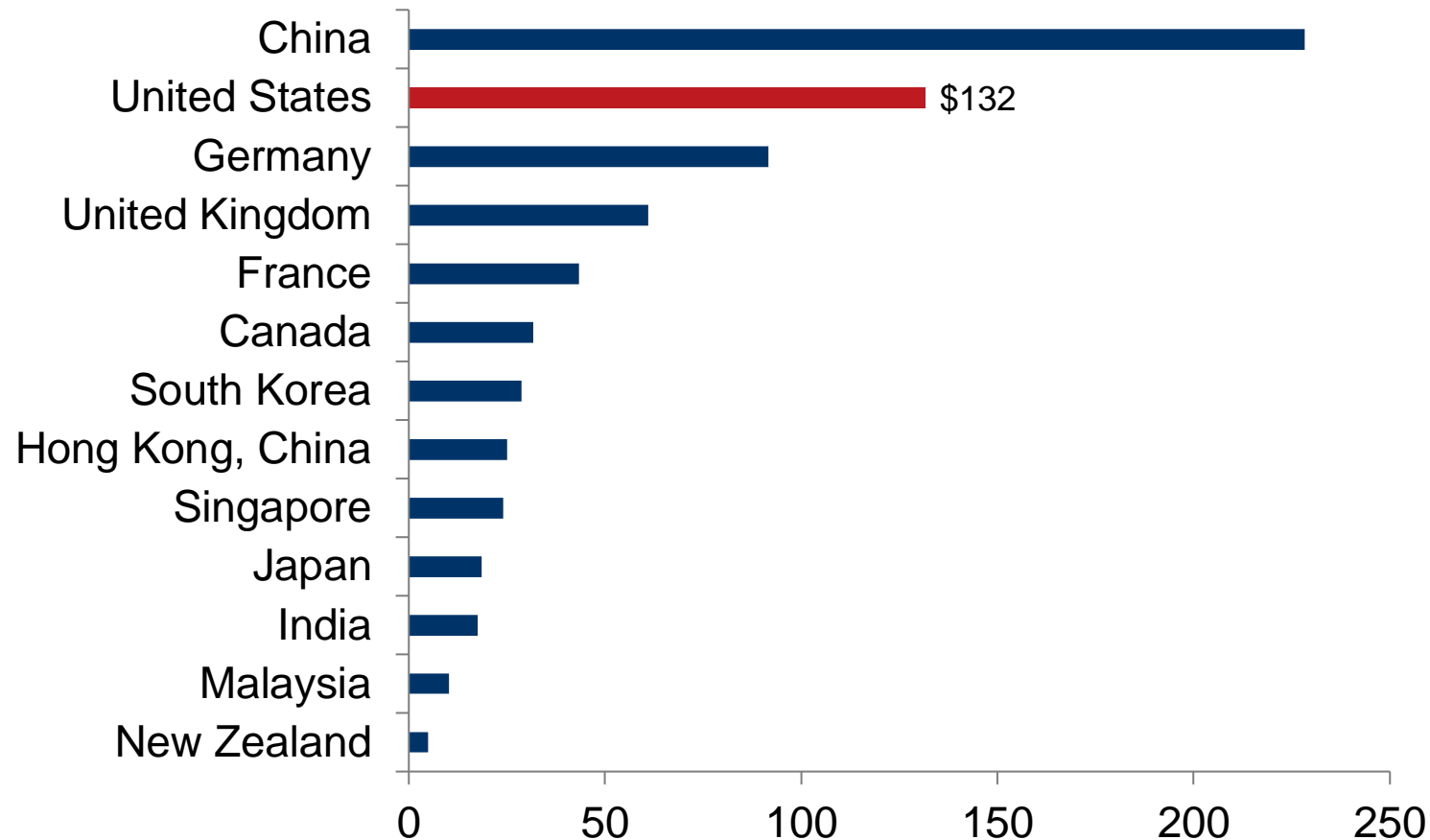


Source: Tourism Economics

US is the second largest market in the world

Outbound Travel Spending in 2018

billions \$US

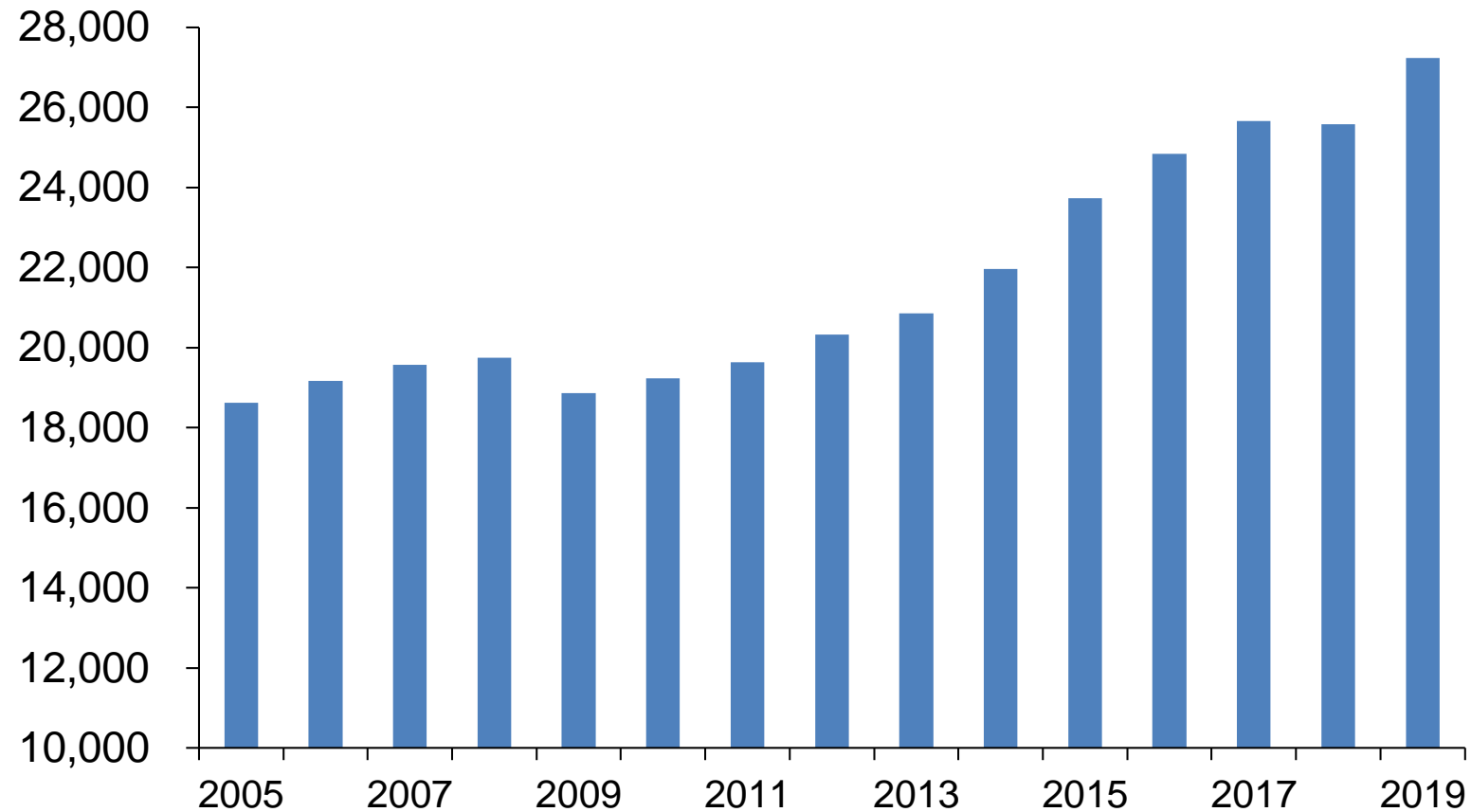


Source: Tourism Economics

As a result, the region continues to flourish

Caribbean Overnight Arrivals

thousands

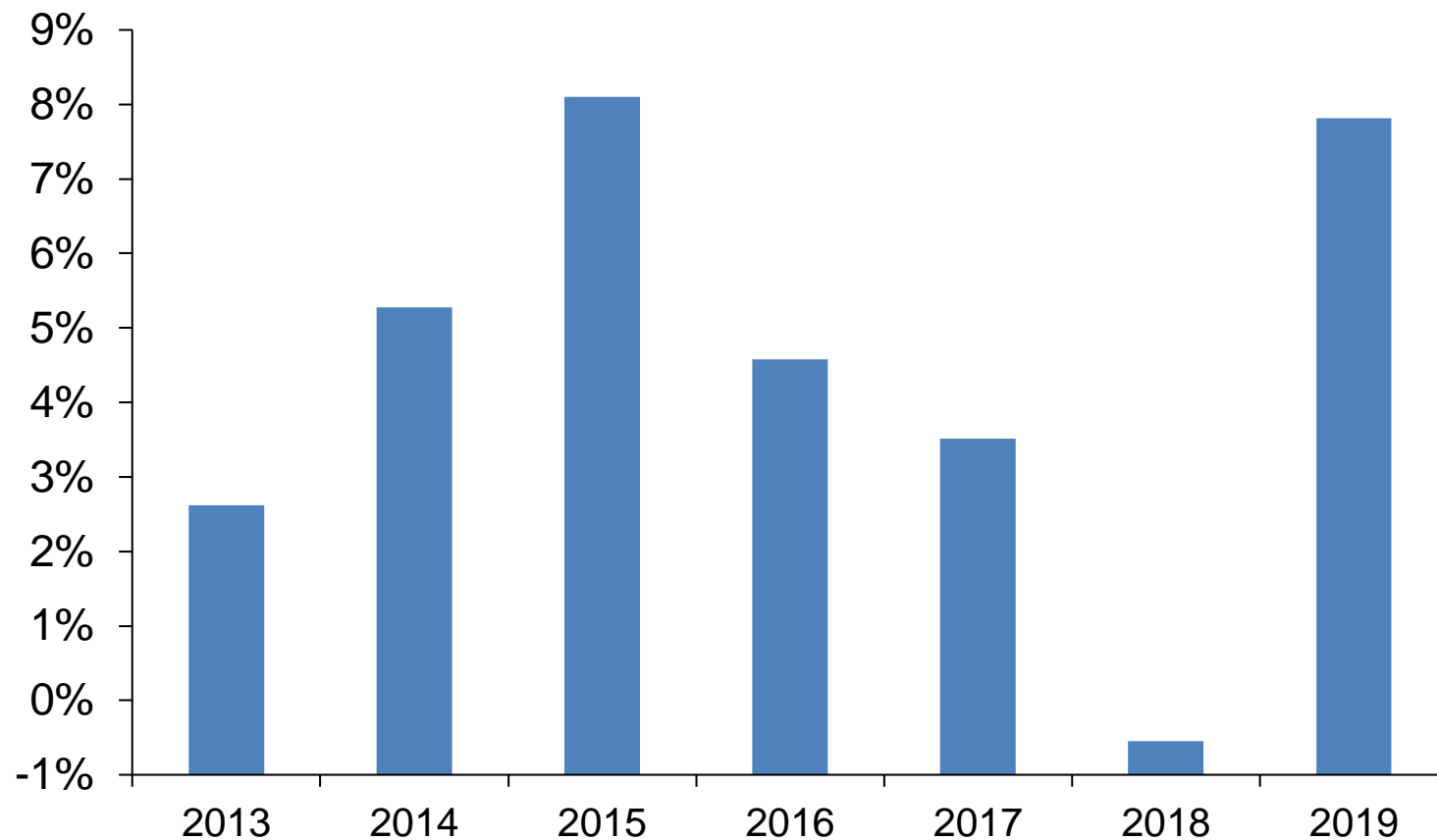


Source: Tourism Economics

After 2018 hurricanes, the region is rebounding strongly

Caribbean Overnight Arrivals

% change



Source: Tourism Economics

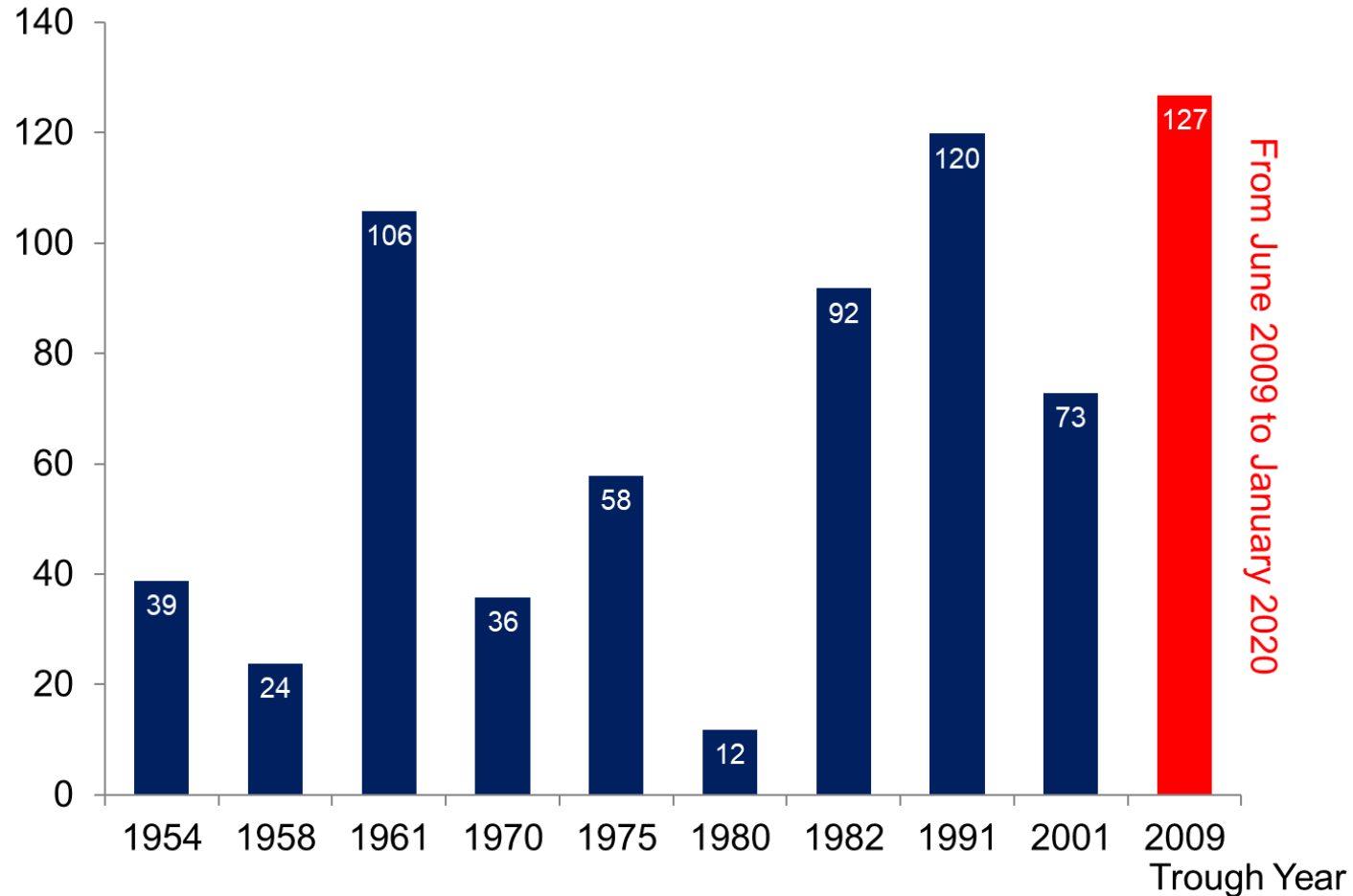


WHY IS THIS HAPPENING?

Longest US expansion on record...

US: The longest economic expansion on record

Number of months, Trough to Peak



Source : Oxford Economics, NBER

Wage growth benefiting from tight US labor market

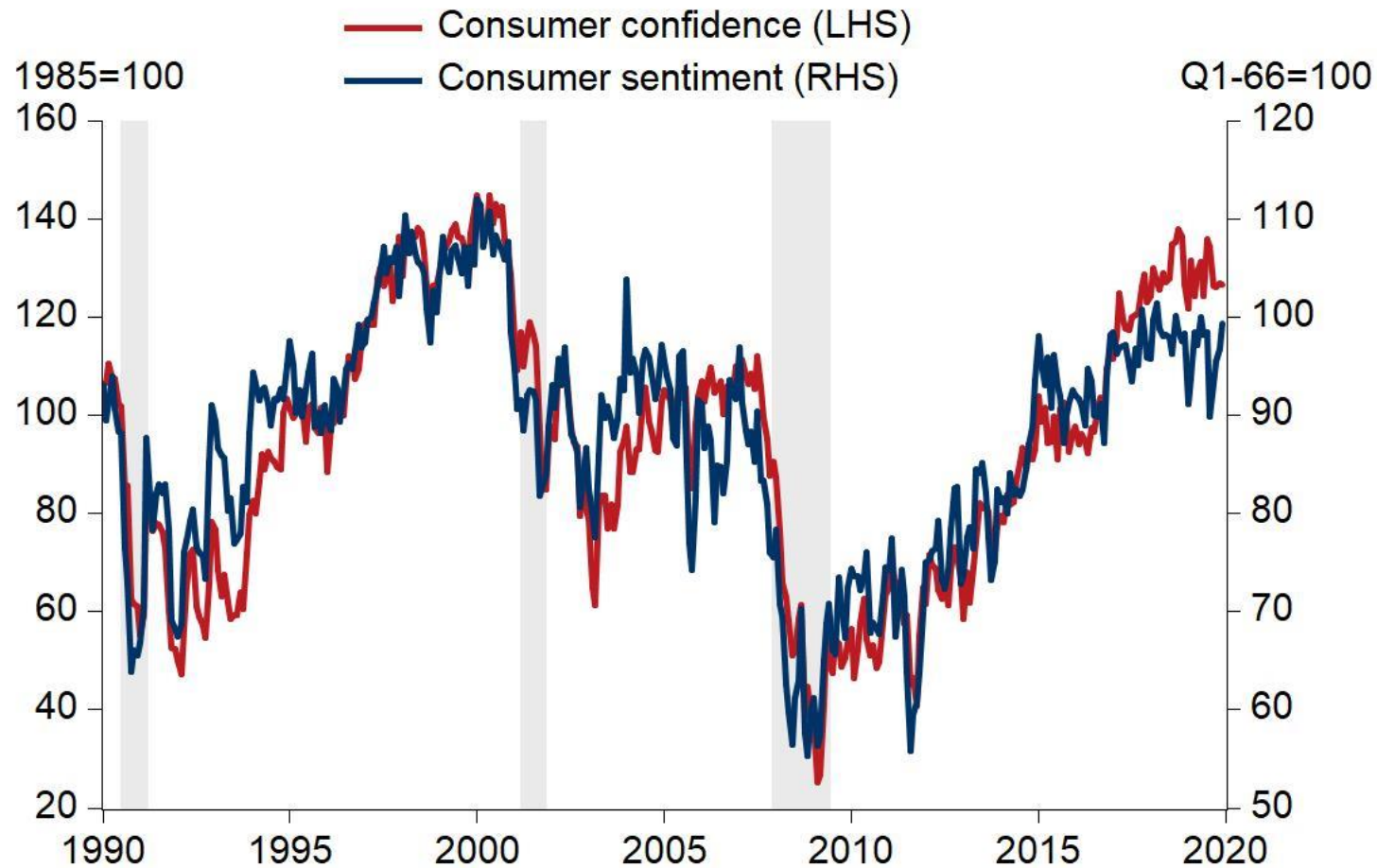
US: Average hourly earnings



Source: Oxford Economics/Haver Analytics

Despite recent volatility, consumer confidence is buoyant

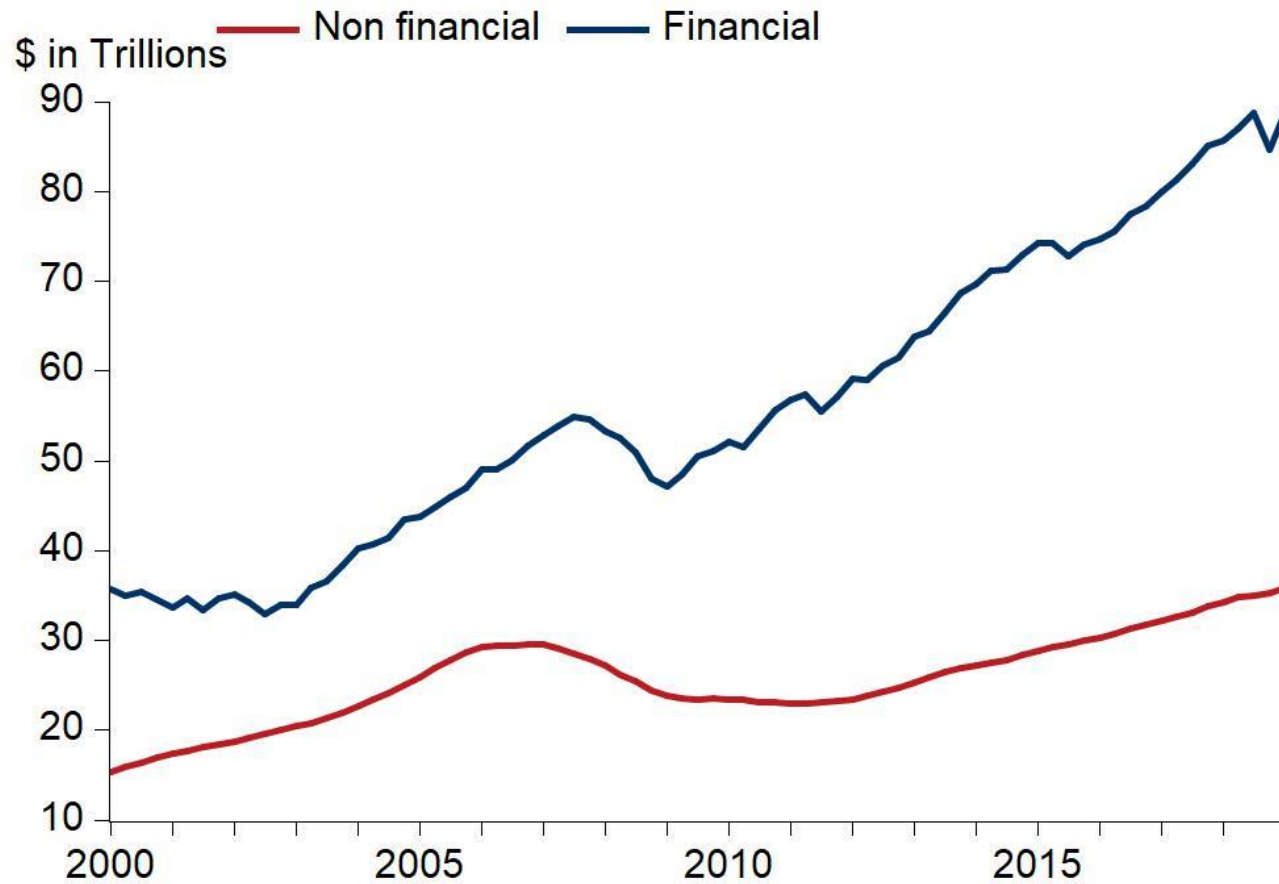
US: Consumer attitudes



Source: Oxford Economics/Haver Analytics

Household wealth up 50% from pre-recession high

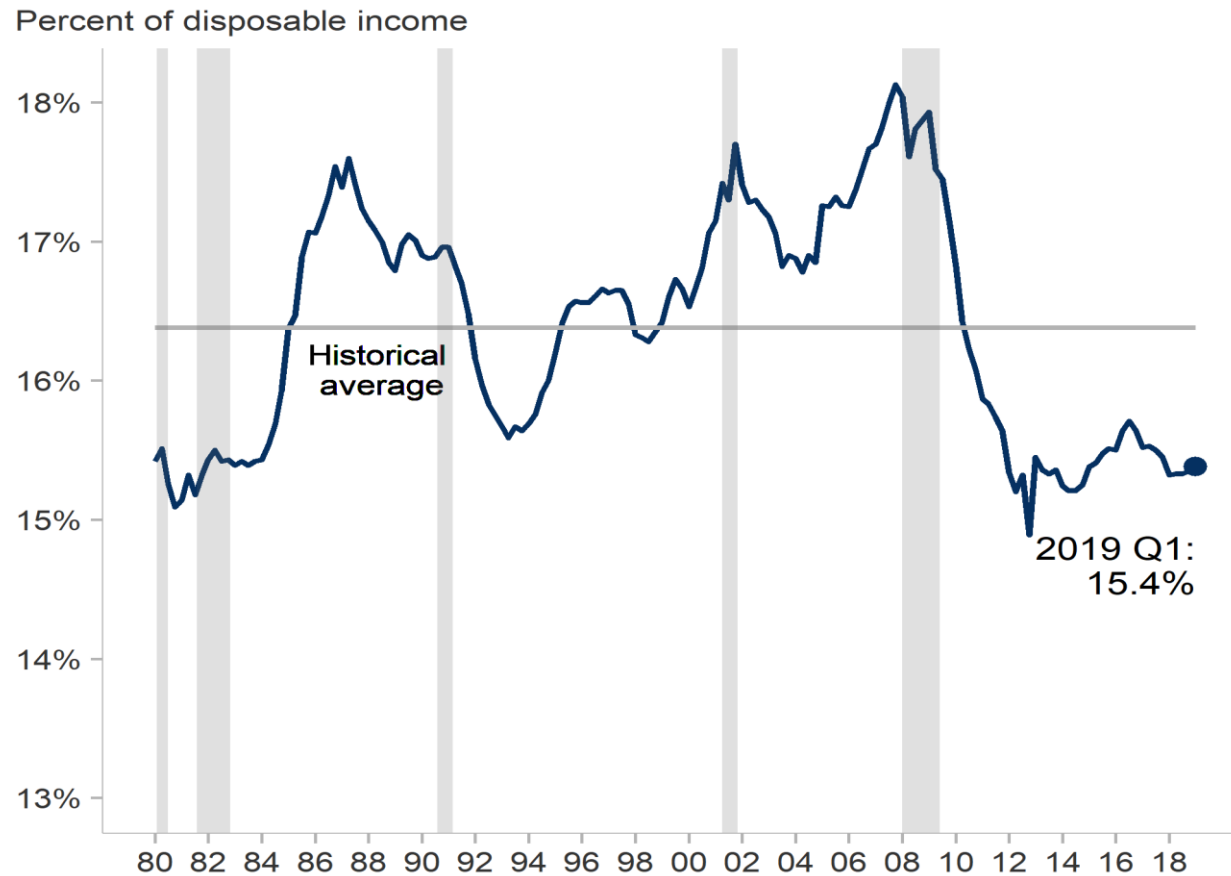
US: Household net wealth



Source: Oxford Economics/Haver Analytics

Low leverage & high savings represent reassuring buffers

Household financial obligations ratio



Note: Ratio of financial obligation payments to disposable personal income. Represents a broader measure than the debt service ratio. In addition to mortgage debt and consumer credit, it includes payments such as automobile lease payments, rental payments on tenant-occupied property, homeowners' insurance and property taxes. Source: Federal Reserve; Oxford Economics

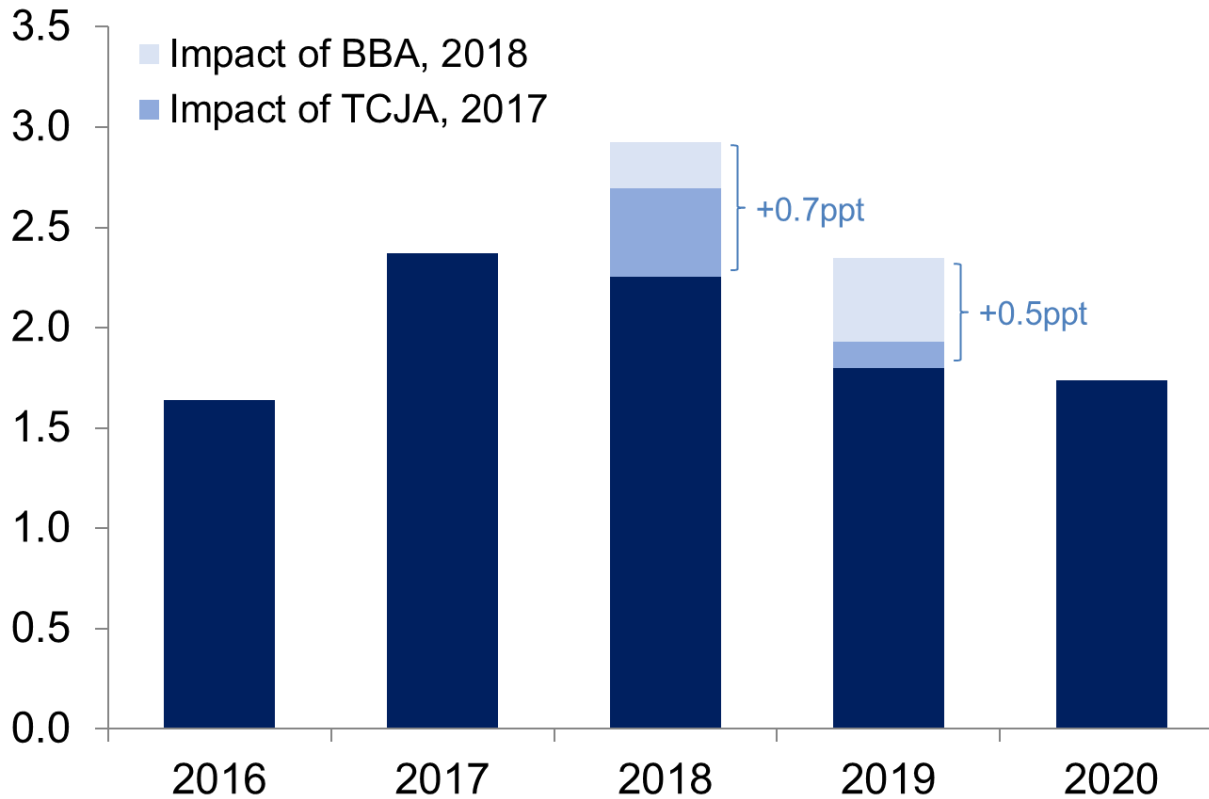


WHERE ARE WE HEADED?

Economic slowdown is imminent in 2020

US: Contribution of fiscal stimulus to growth

Real GDP growth, %



Source: Oxford Economics

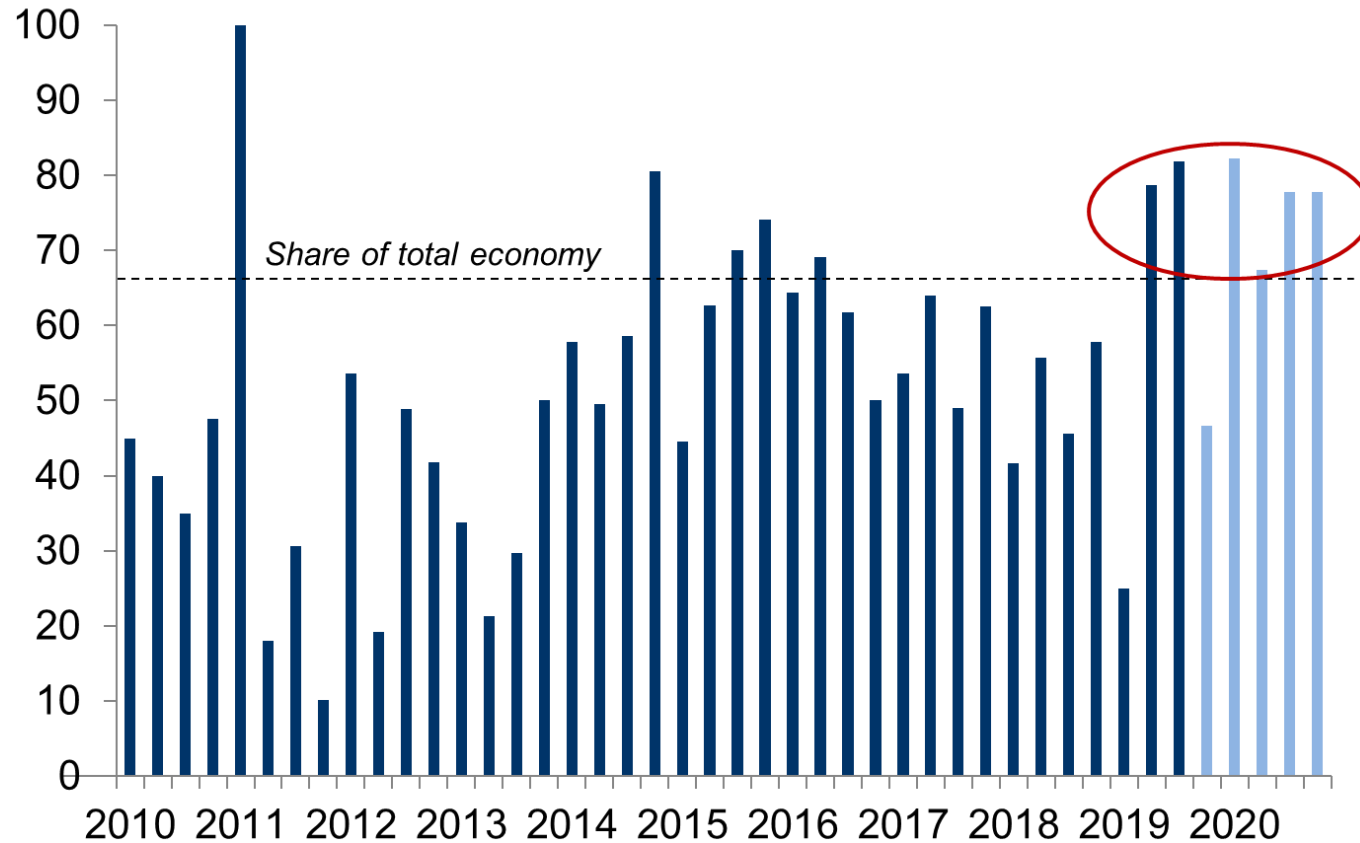
BBA, 2018 = Bipartisan Budget Act of 2018
TCJA, 2017 = Tax Cuts and Jobs Act of 2017

1. Investment → **moderating**
2. Global trade → **tariff headwinds**
3. Financial conditions → **tightening**
4. Global growth → **slowing**

Outlook dependent on US consumers

Consumer spending driving GDP growth solo

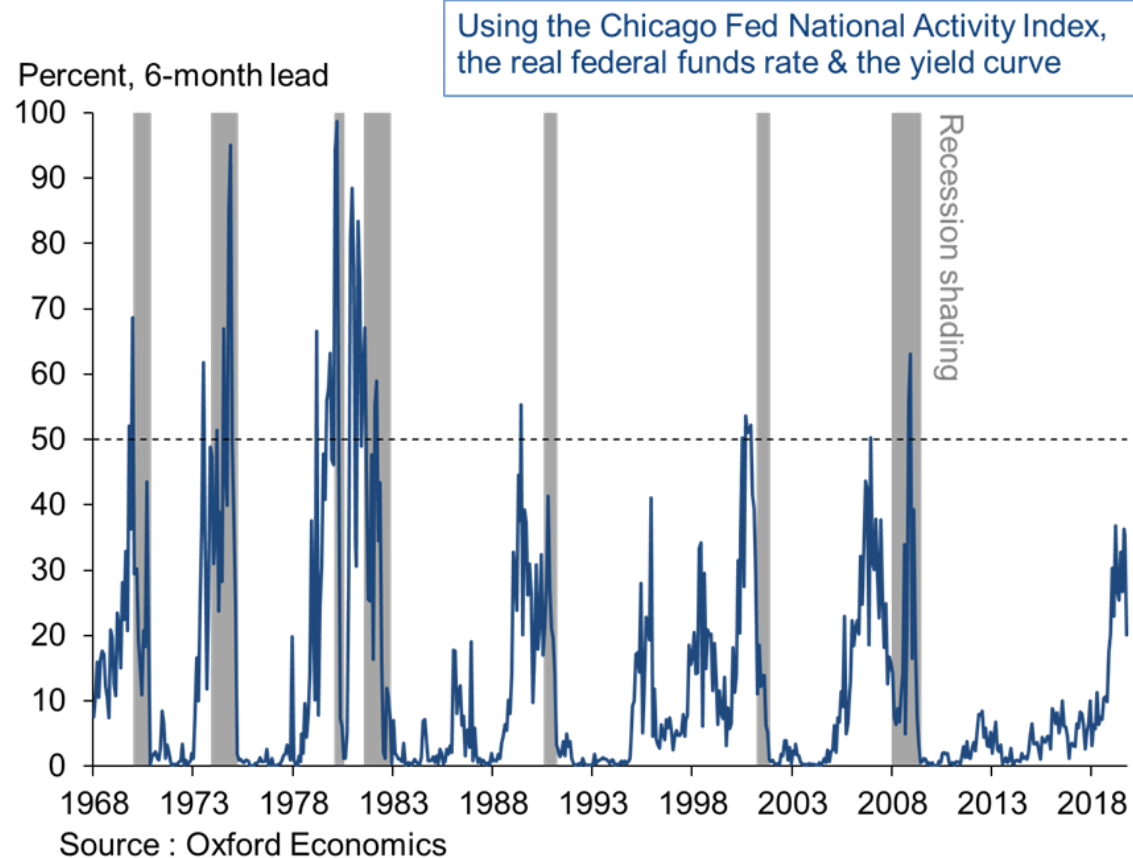
Consumer spending contribution to GDP growth as a share of positive drivers



Source : Oxford Economics/Haver Analytics

US Recession odds at 25% in 2020

US: Probability of a recession 6 months ahead

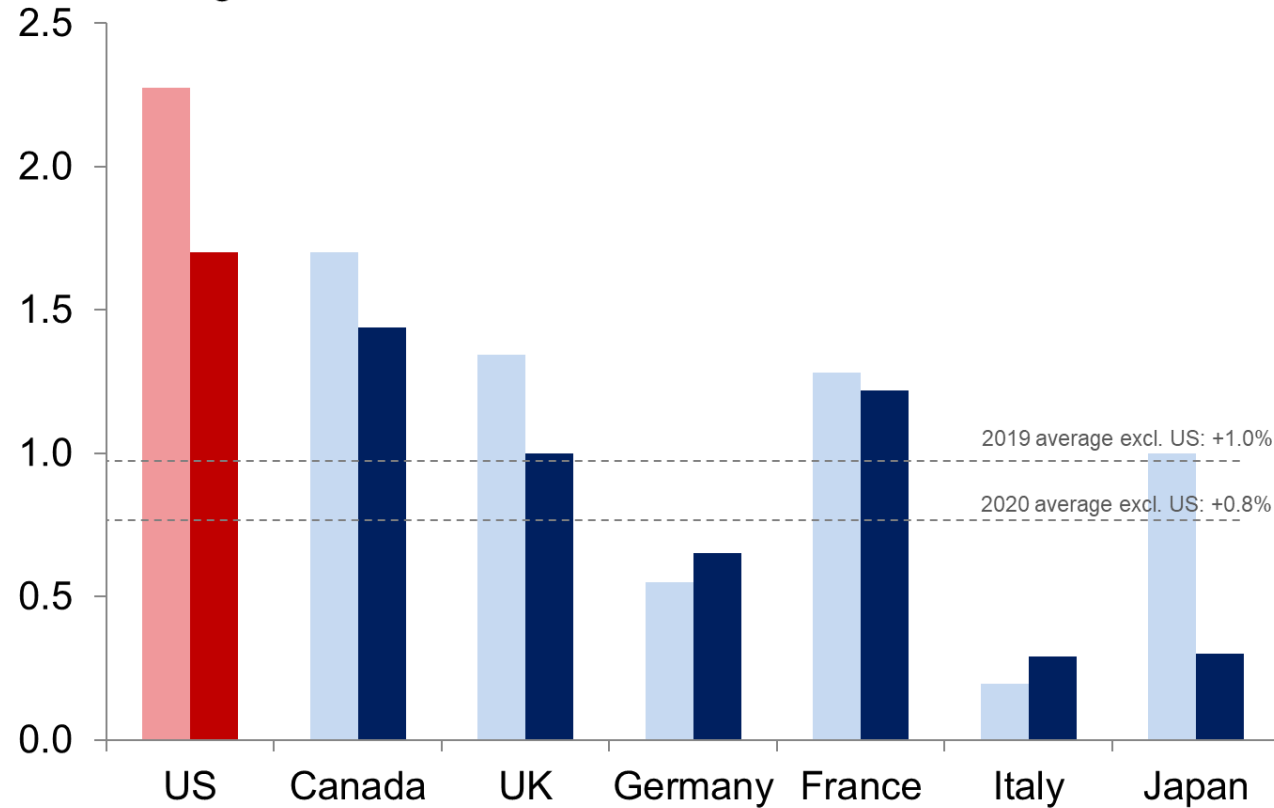


- Fed likely to cut rates again in 2020 given low inflation
- Prospects of US-China trade deal

US to outpace rest of the G7 in 2020

US: Convergence on the downside in 2020

Real GDP growth, %*



Source : Oxford Economics

* Dark shaded bars are 2020 and light shade bars are 2019

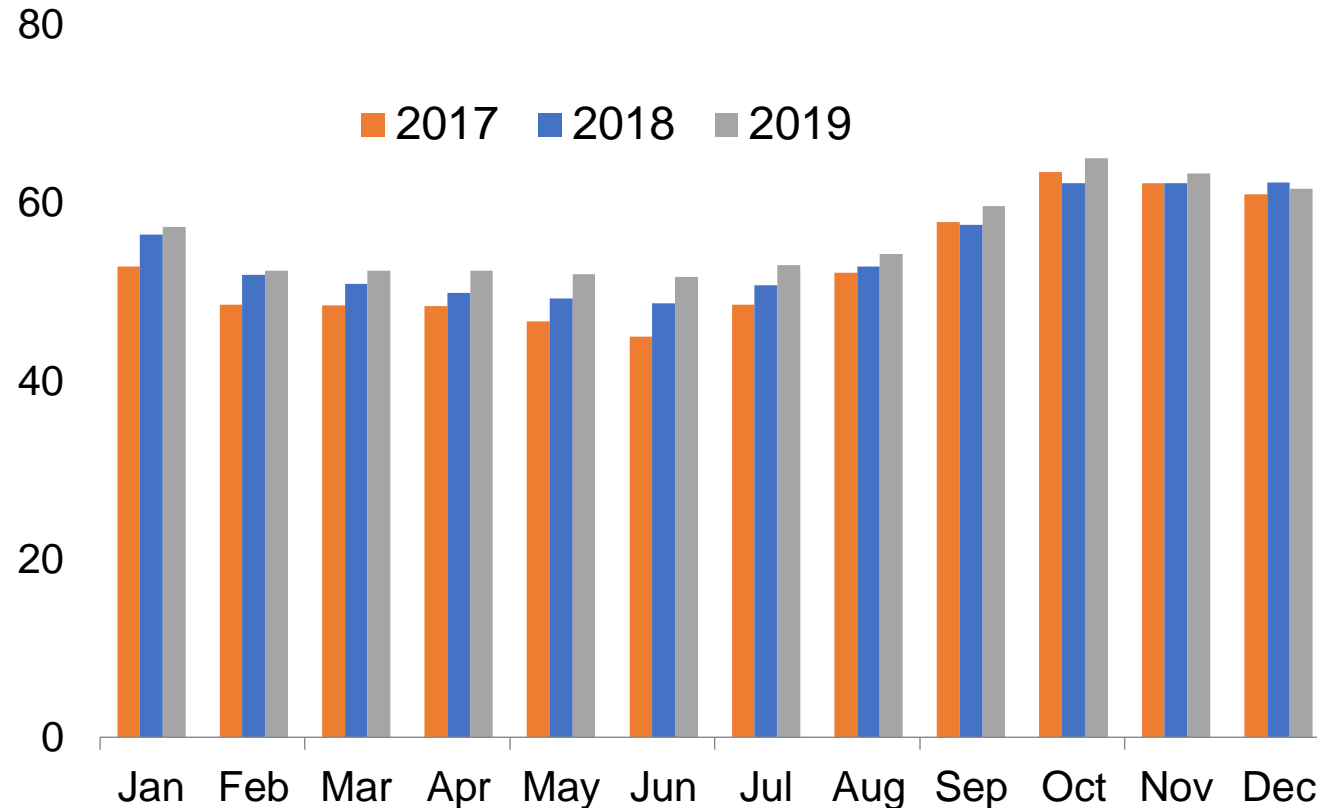


IS THE TIDE STILL RISING?

Vacation intentions are holding

US Household Vacation Intentions

% planning to take vacation in next six months



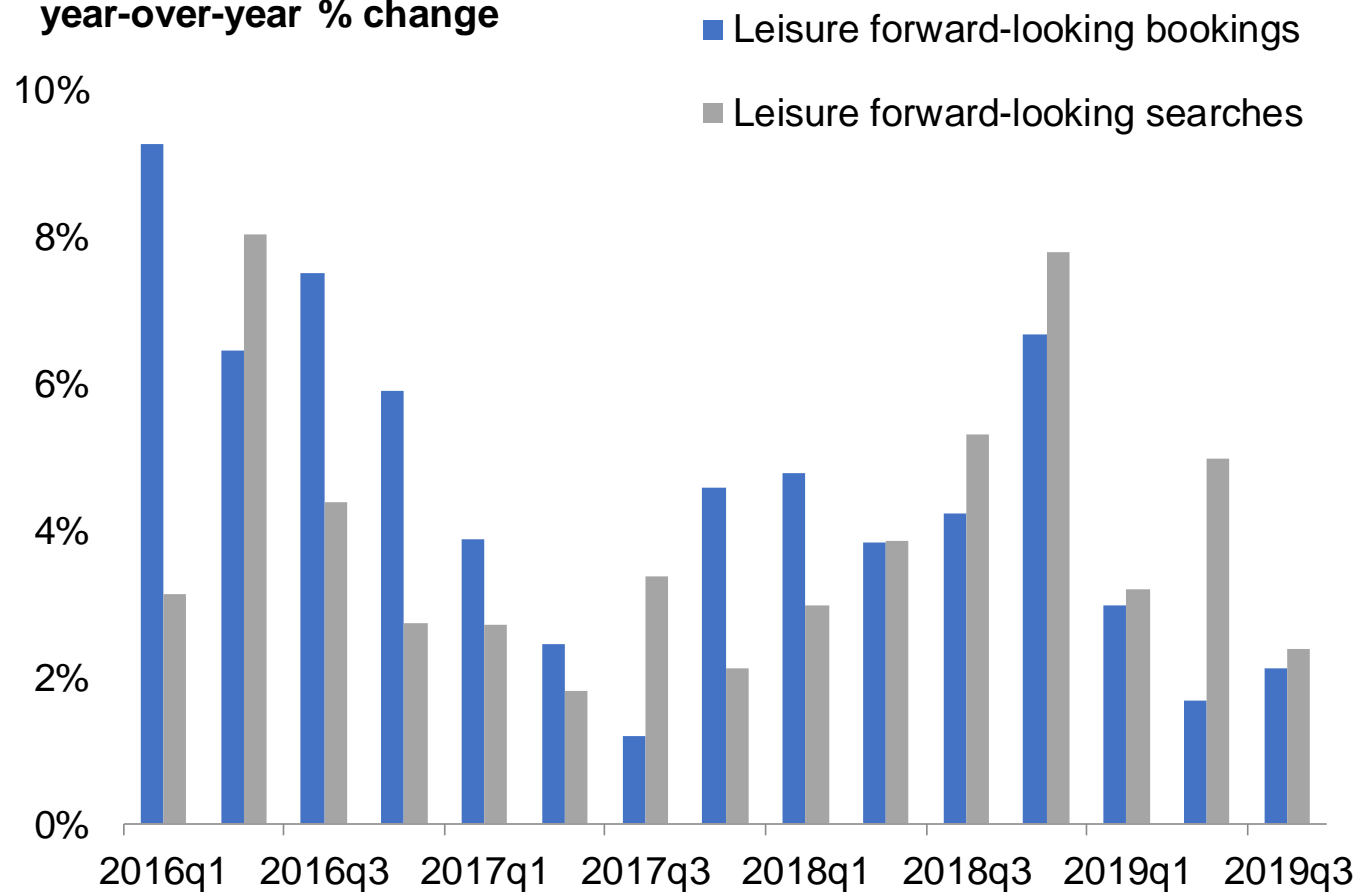
- Vacation intentions remained above prior year levels in 11 out of 12 months in 2019.

Source: Conference Board, Tourism Economics

Leisure bookings and searches still growing

US Travel Indicators

year-over-year % change



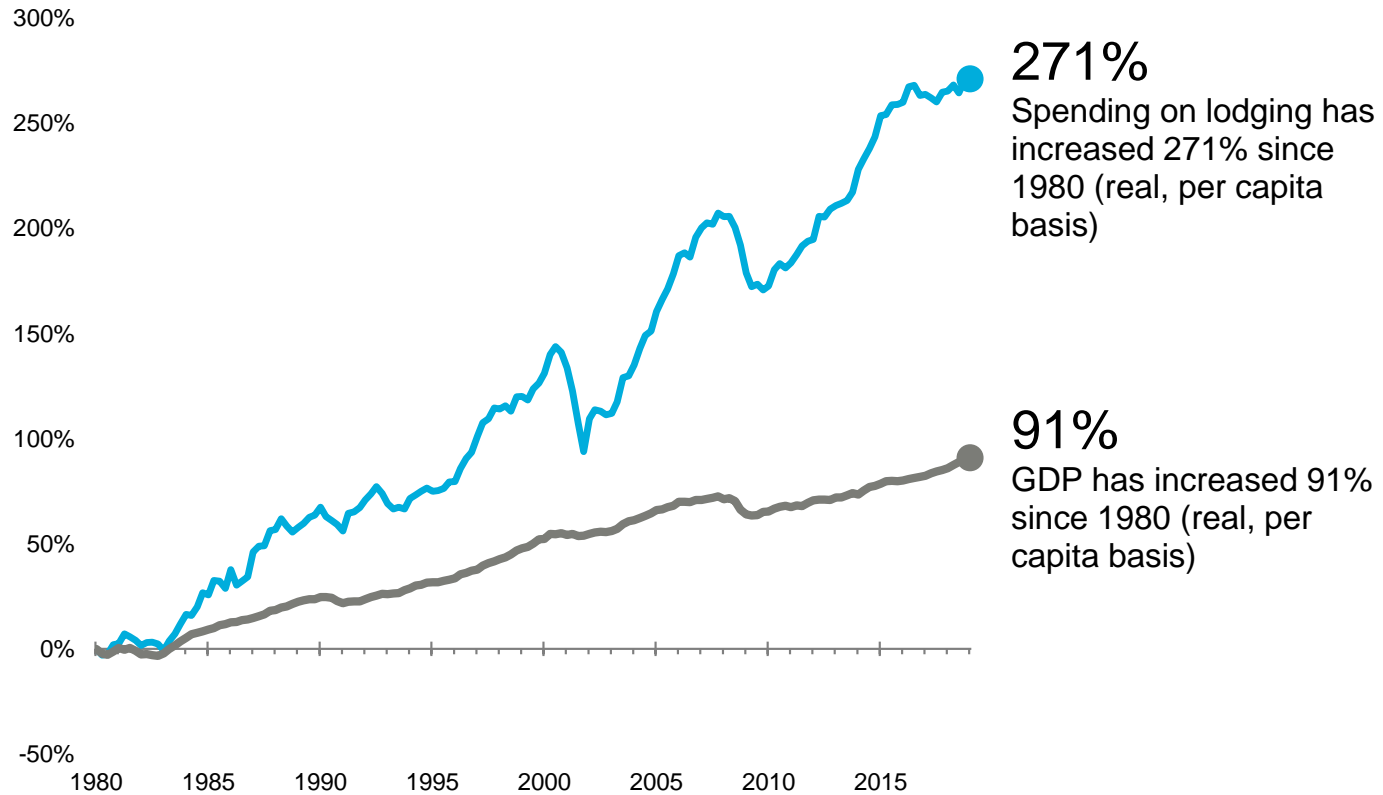
Source: ADARA, Tourism Economics

Travel continues to gain American wallet share

Consumer spending on lodging

Real, per capita GDP and spending on lodging

Percentage change since 1980



271%

Spending on lodging has increased 271% since 1980 (real, per capita basis)

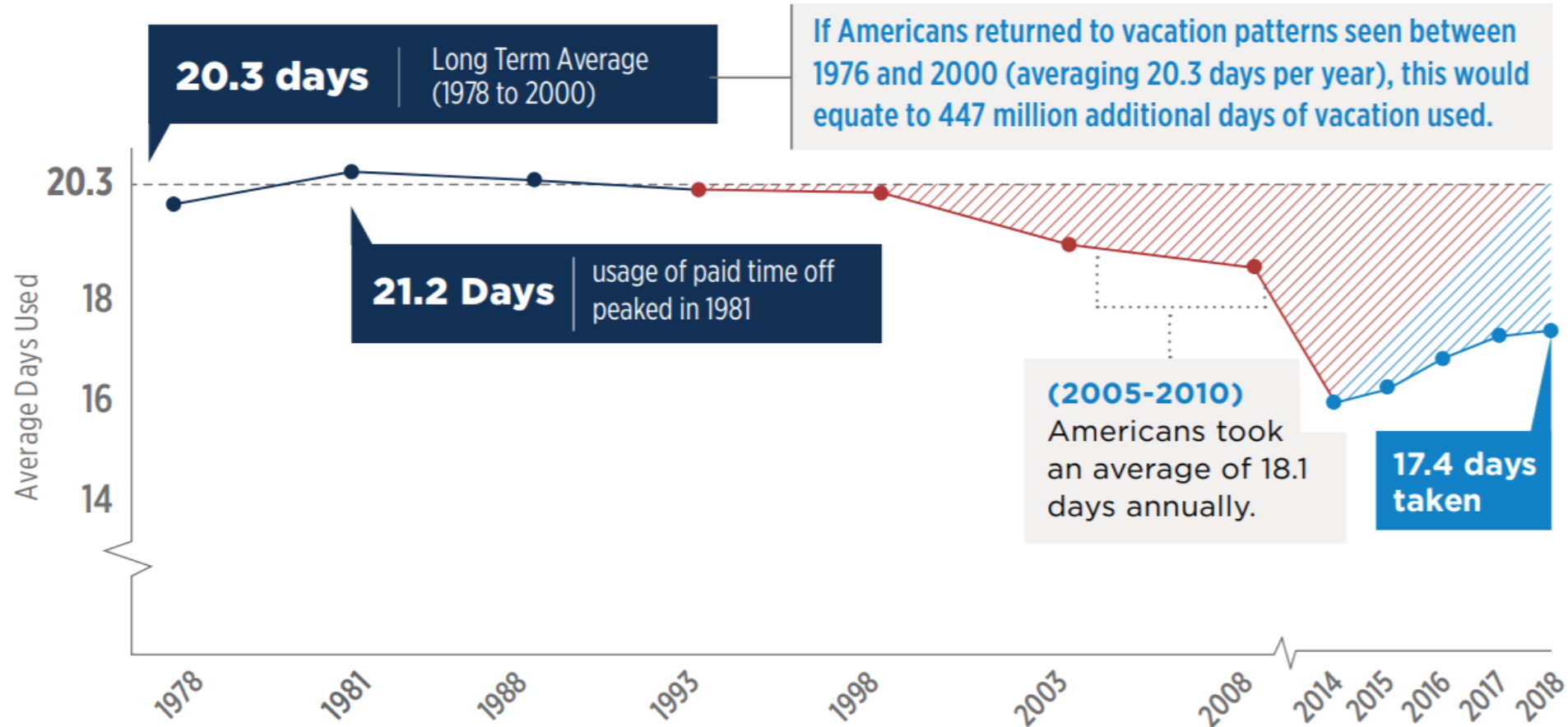
91%

GDP has increased 91% since 1980 (real, per capita basis)

Note: Measures leisure travel spending on lodging by US households. Data through the first quarter of 2019.
Source: Bureau of Economic Analysis; Oxford Economics

Americans are regaining sanity (but 768 mn days still unused)

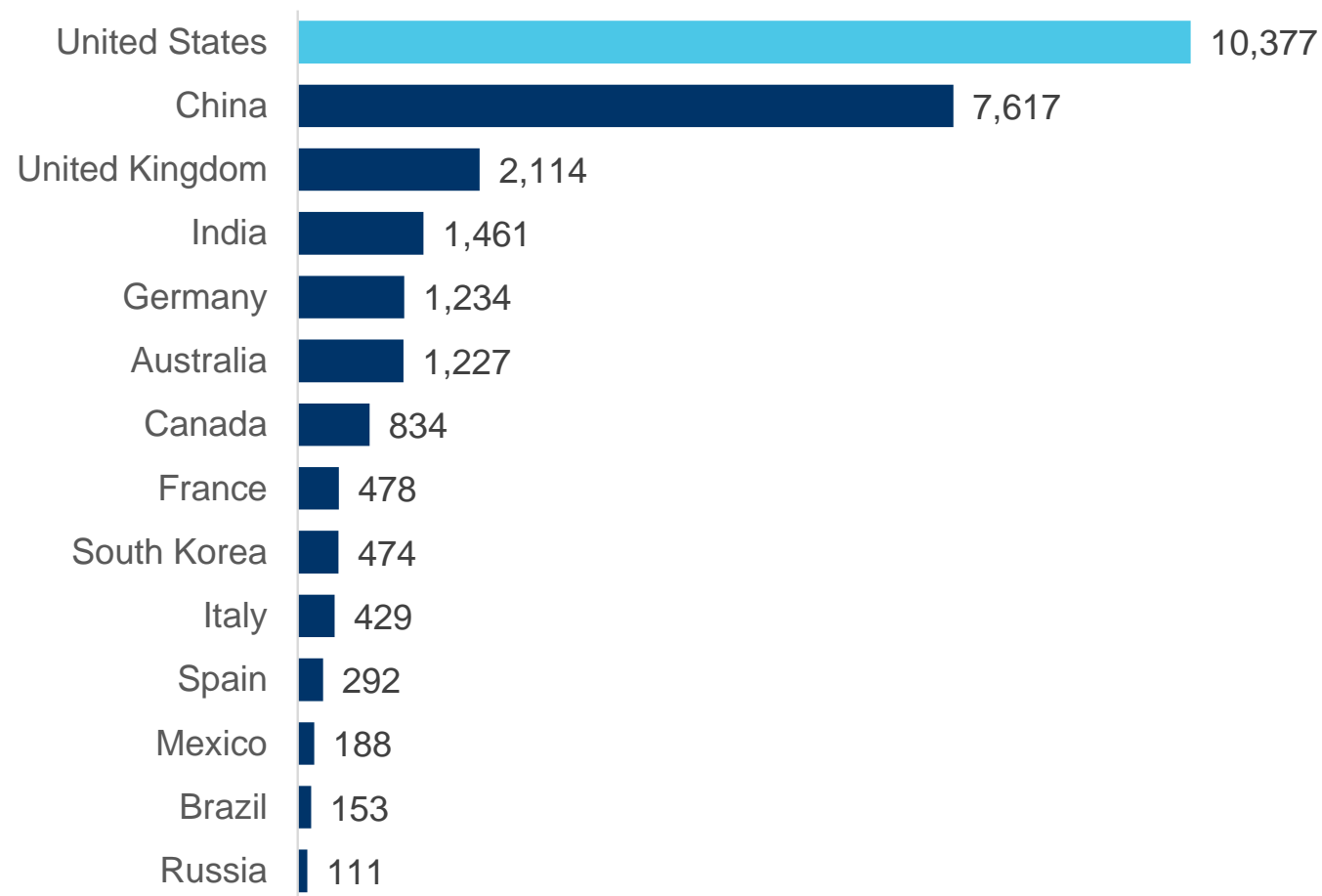
AMERICA'S VACATION TREND



New traveling households (\$100k threshold)

Increase in number of households with income greater than \$100k

Change from 2019 to 2029, in thousands



- **27 million additional \$100k households by 2029 in these 14 countries alone**
- **This is equivalent to a 34% increase**

Note: Constant 2015 prices.
Source: Oxford Economics

Answering our questions...

What's happening now?

- US travel markets are outpacing economy

Why is this happening?

- Income, wealth, demographics, confidence, behavior

Where are we headed?

- Continued, but slowing growth

Is the tide still rising?

- Yes, even if volatile, travel markets are staged for long run growth

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