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2013 Marketing Outlook Forum - Outlook for 2014

Perspectives on the Economic Terrain

ADAM SACKS

Tourism Economics

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MARKETING OUTLOOK FORUM: A GLOBAL PERSPECTIVE



Presented by the Travel and Tourism Research Association

Perspectives on the Economic Terrain

Presented by: Adam Sacks, Tourism Economics

For more information, contact Adam at adam@tourismeconomics.com

October 28-30, 2013 ~ The Drake Hotel ~ Chicago, Illinois, USA



Perspectives on the Economic Terrain



(abridged for distribution)



Adam Sacks
President | Tourism Economics
adam@tourismeconomics.com

October 2013



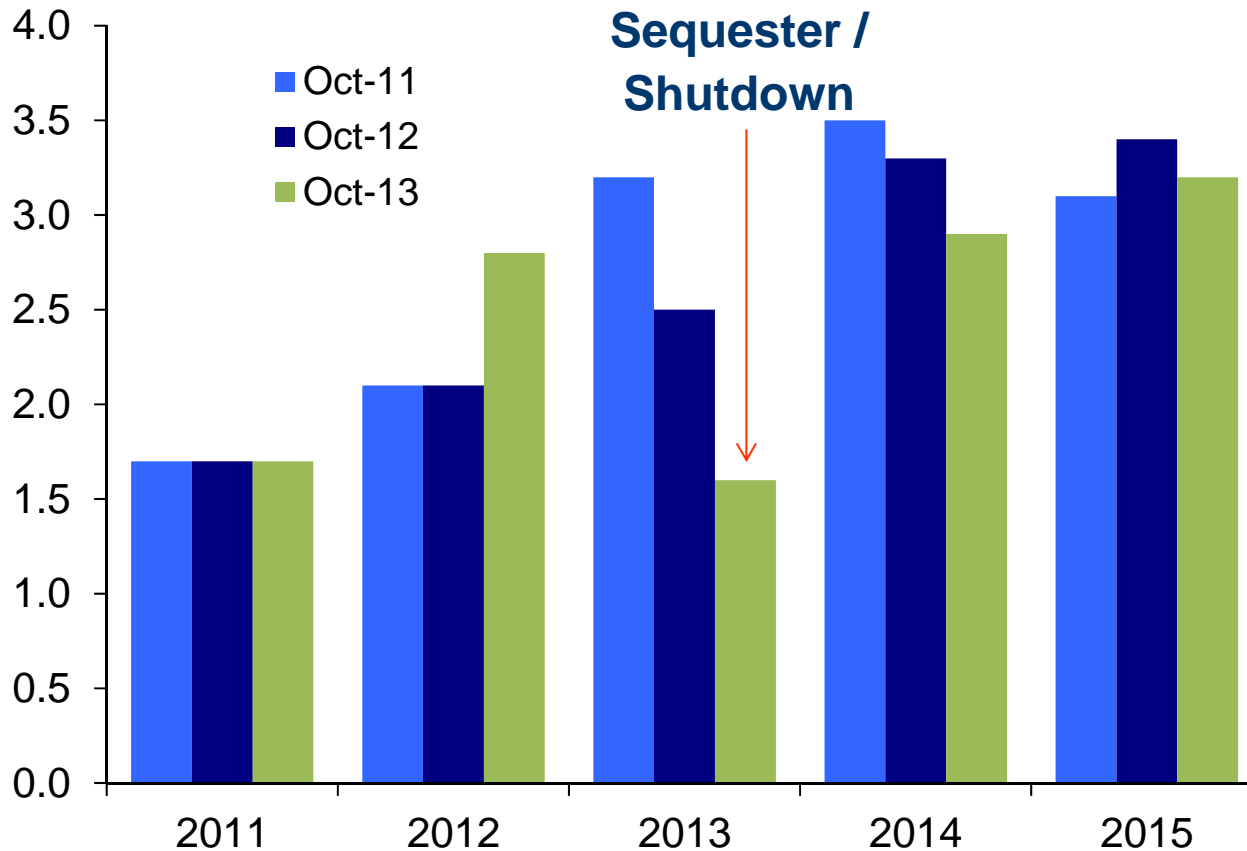
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Comparing forecasts over past three years

Oxford Economics US GDP Forecasts

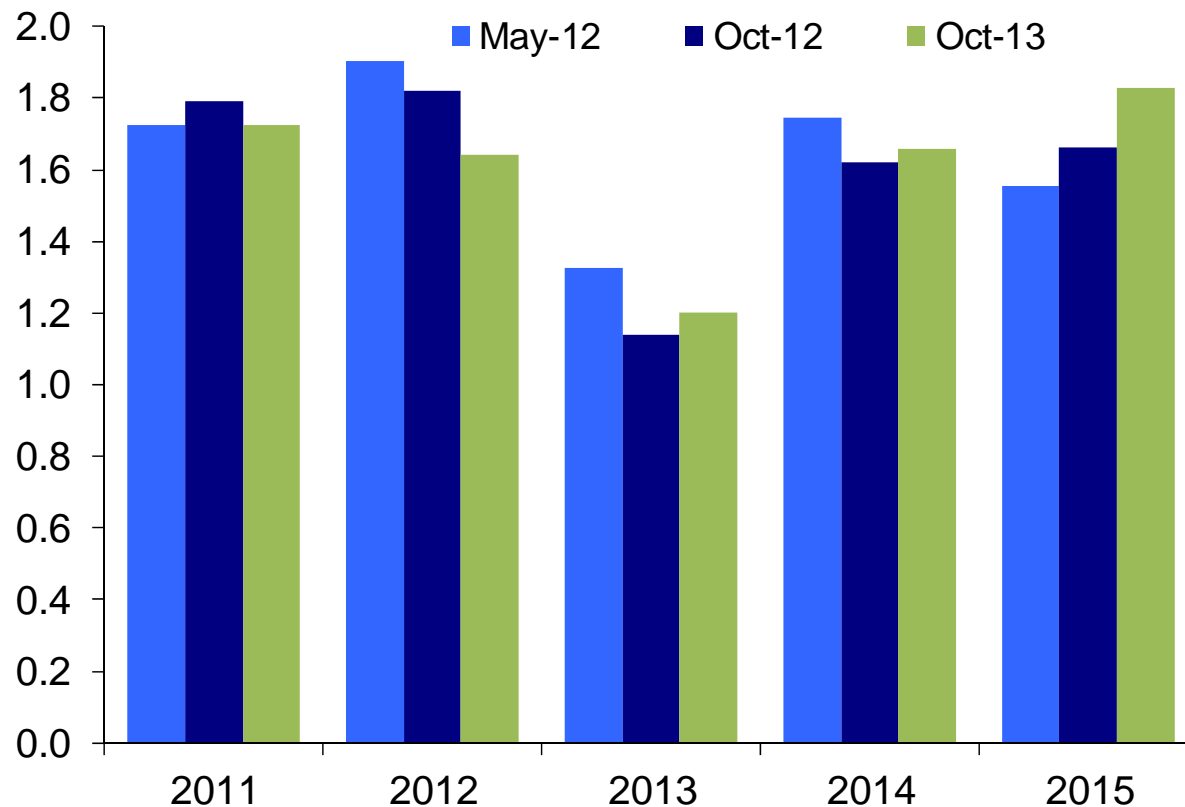
% change



Tracking forecasts of domestic travel

Domestic Trips Forecasts

% change



Most important things we're seeing

- Role-reversal of developed vs. emerging markets?
- Worst of fiscal drag behind us
- Policy risks in developed economies
- Remarkable structural shifts in favor of US

A view from outer space

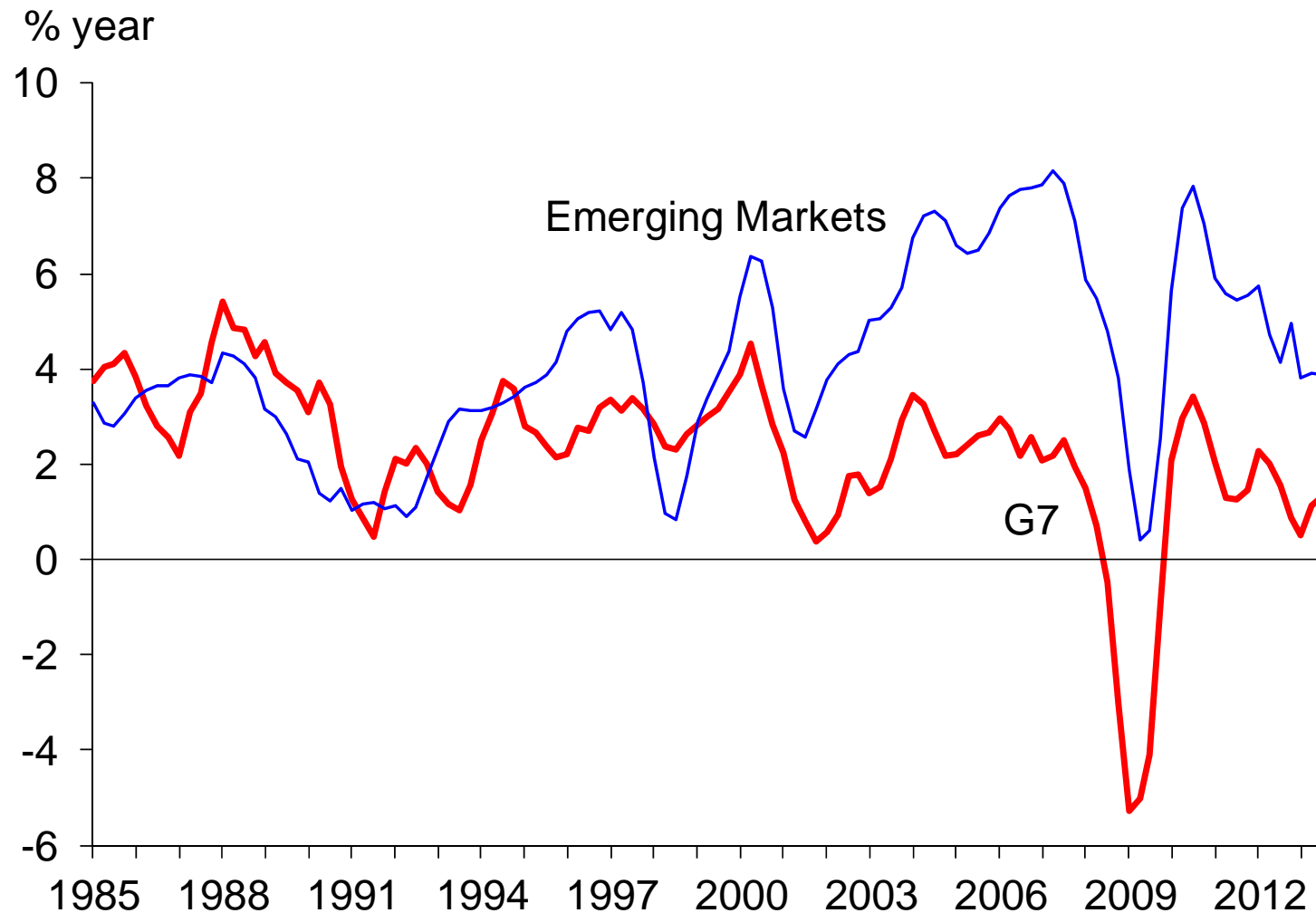


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Current view of the world

G7 & Emerging Markets: GDP growth

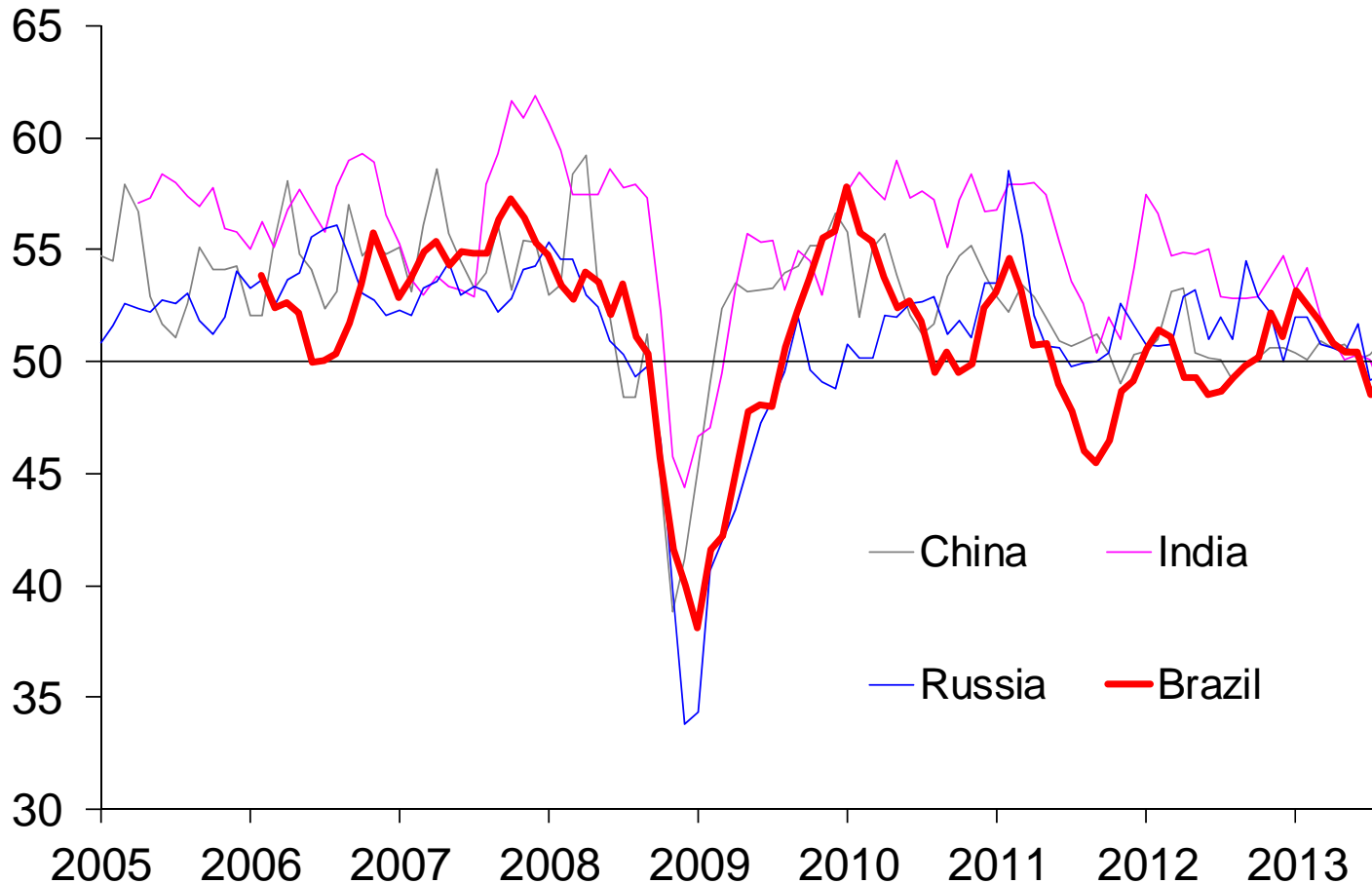


Source: Oxford Economics

Emerging markets are struggling...

BRICs: Manufacturing Purchasing Managers' Index

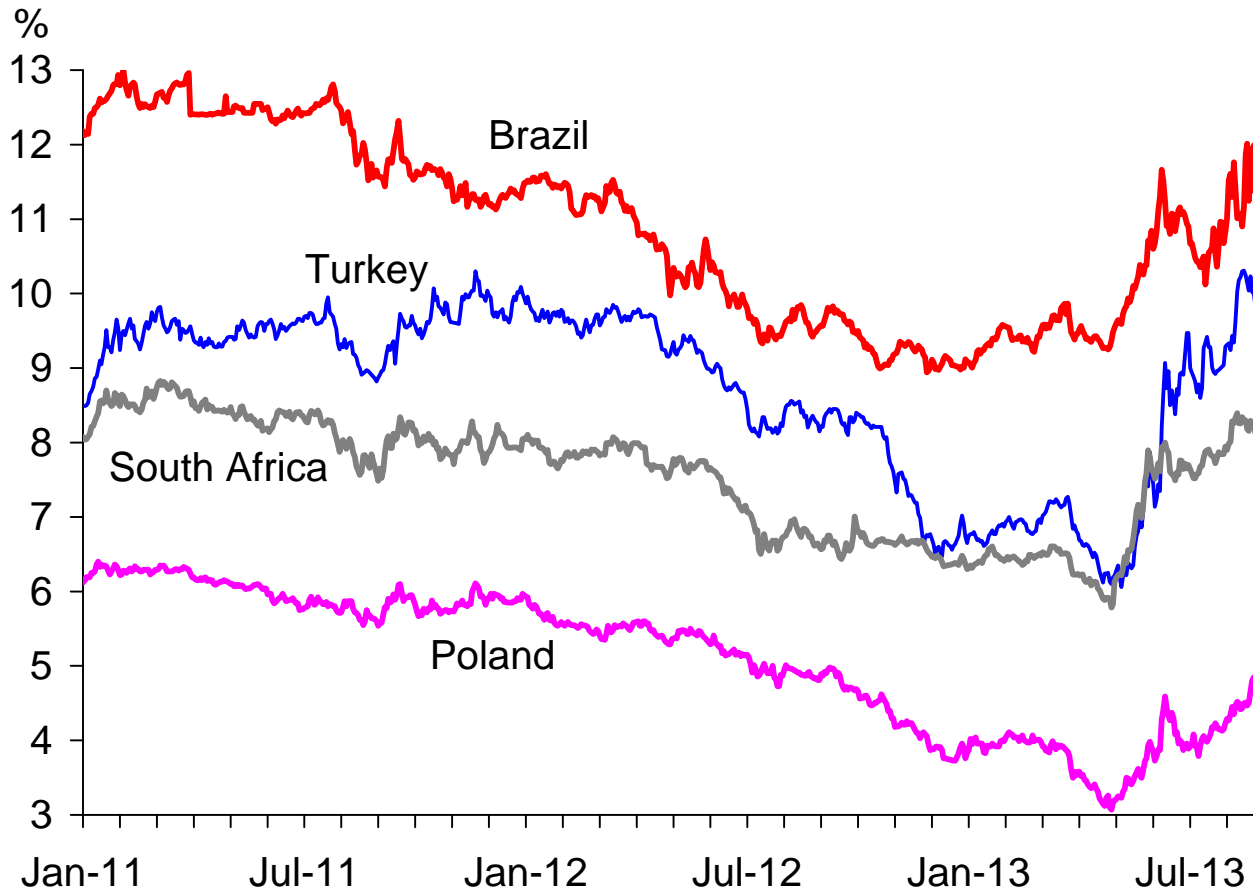
Index, breakeven level=50



Source : PMI/Markit/China NBS/Haver Analytics

...with rising risk premia

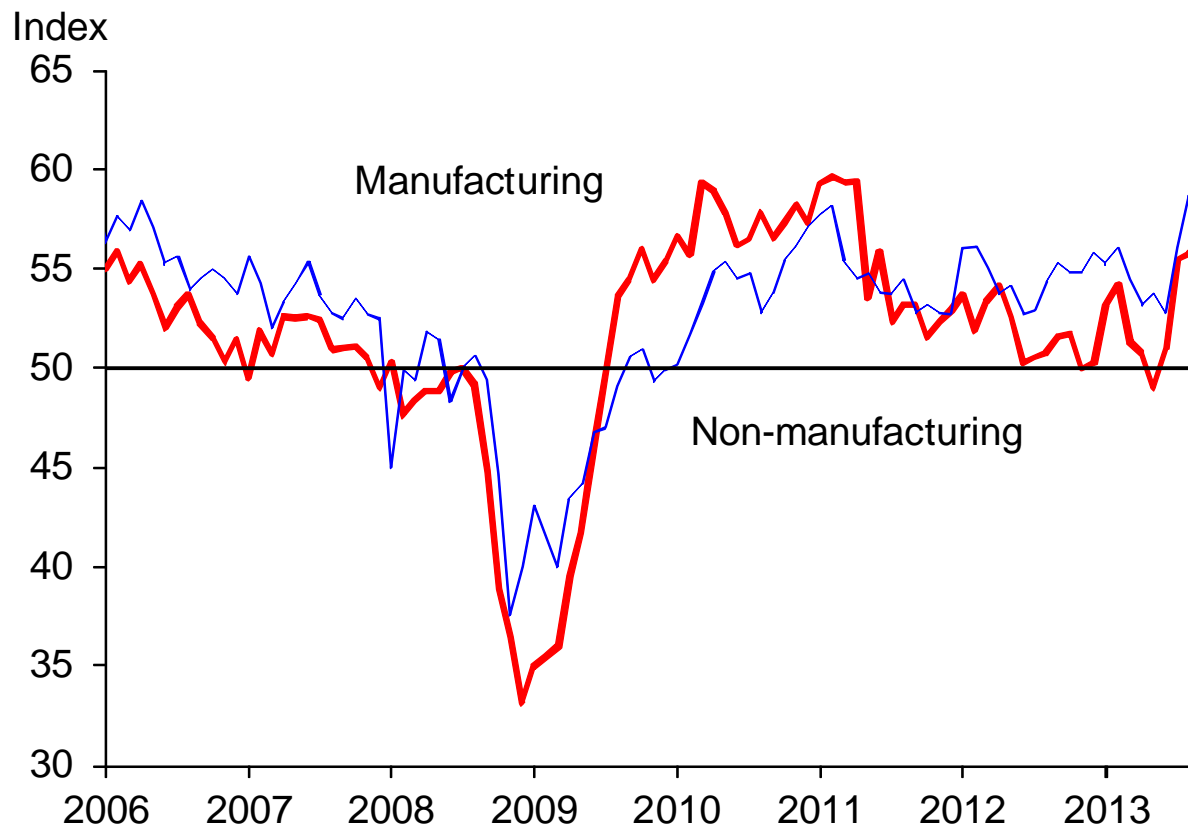
Emergers: 10 year government bond yields



Source: Haver Analytics

US economy continues to expand

Purchasing managers' index

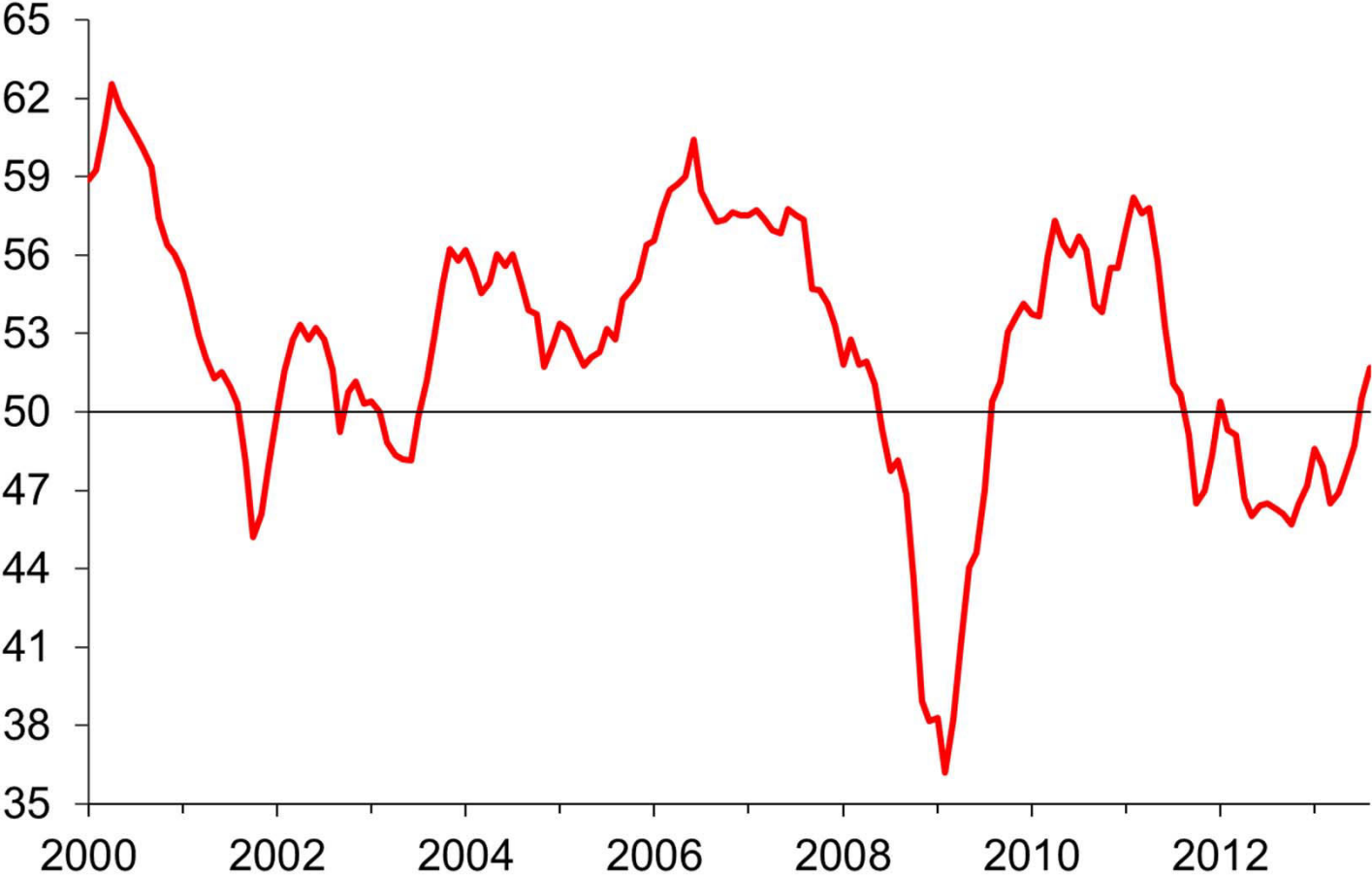


Source: Institute for Supply Management

EZ emerges from the longest recession in decades

Eurozone: Composite PMI

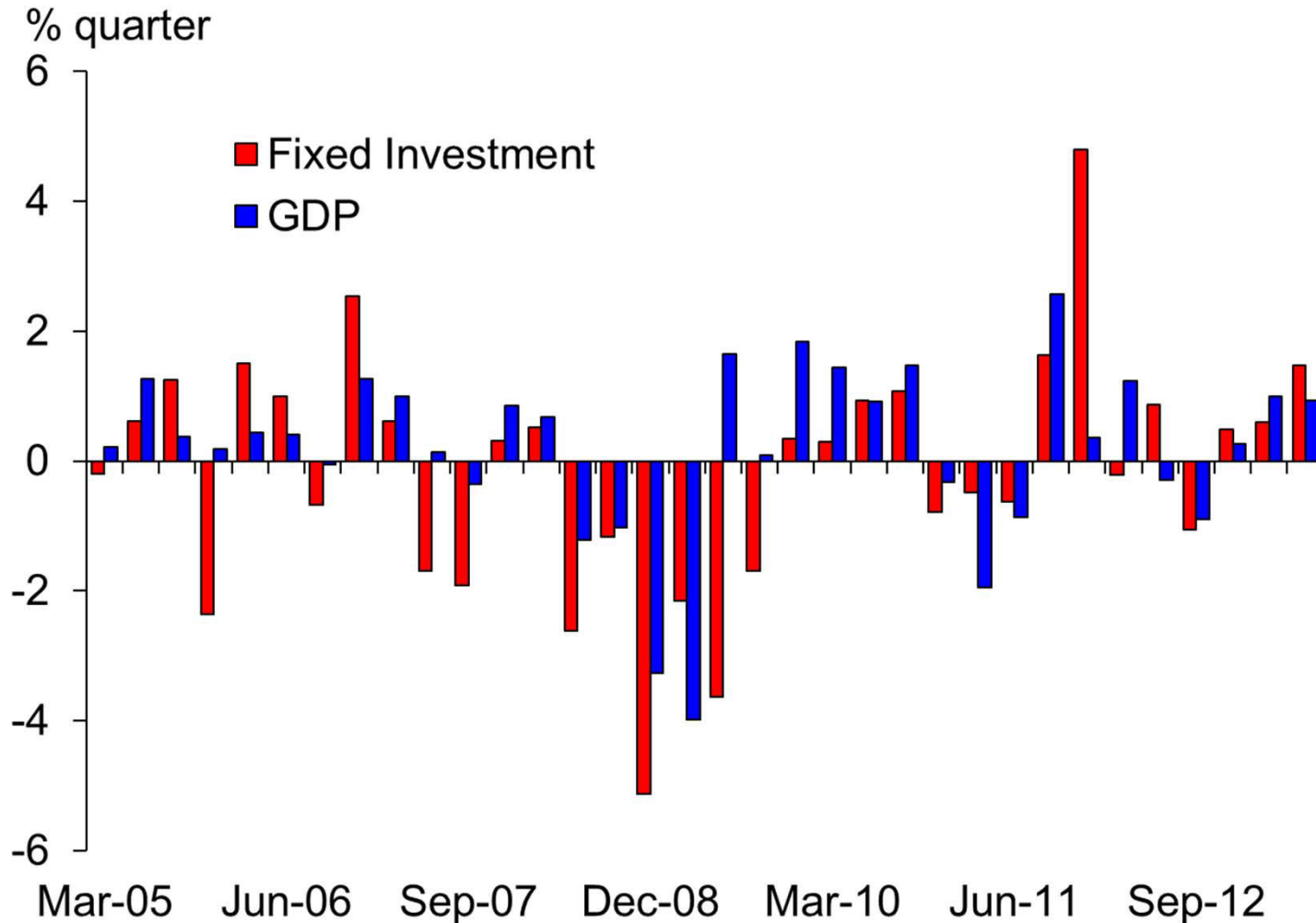
Index, breakeven level = 50



Source: Markit

...and some encouraging signs...

Japan: GDP and fixed investment



Source : Oxford Economics/Haver Analytics

The big questions

BRICs: Is a slowdown inevitable?

The USA: Will it surge again?

Japan: Some hope of growth?

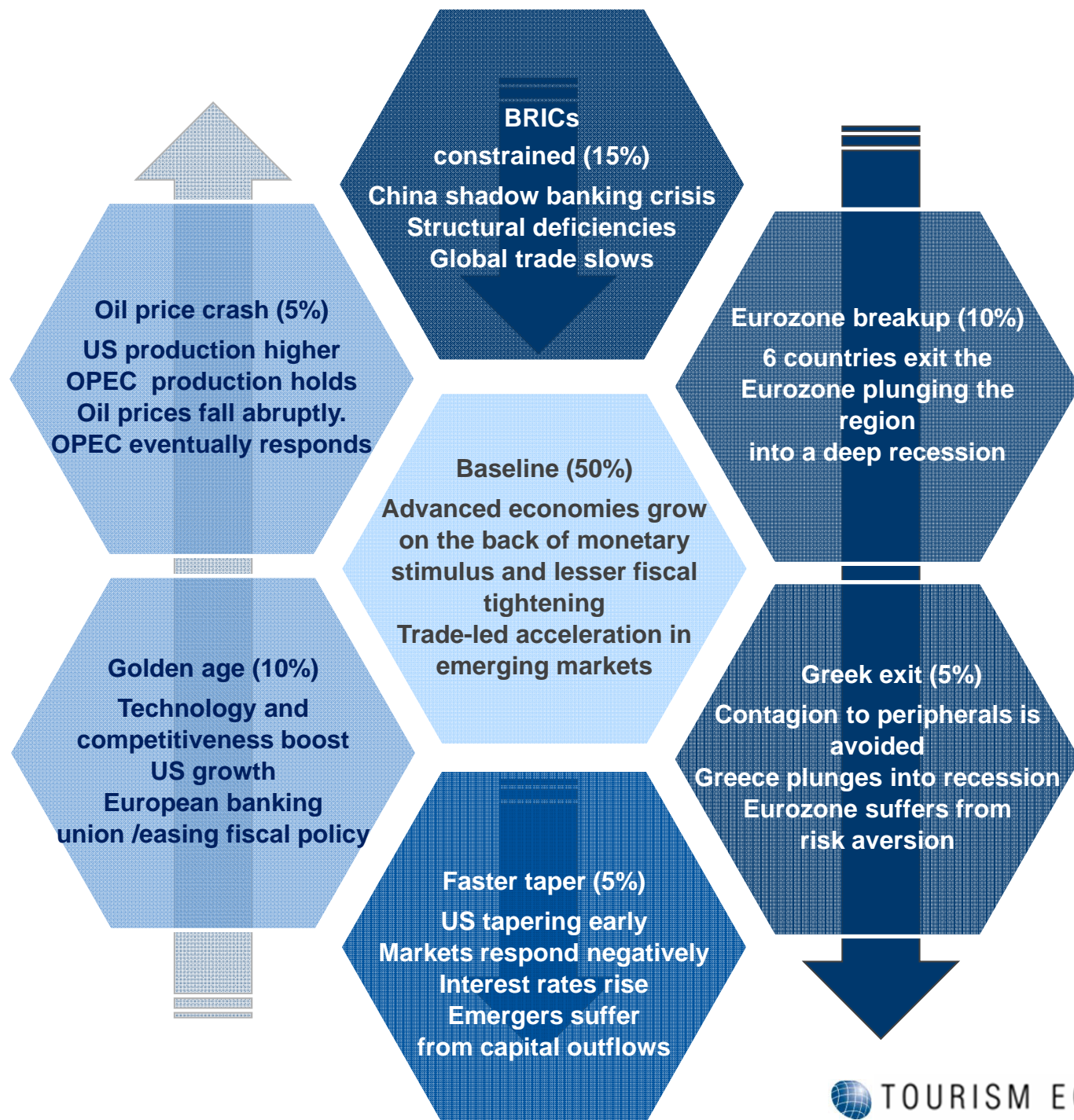
Eurozone: Any hope for growth?

The Dismal View



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A view from the corner office



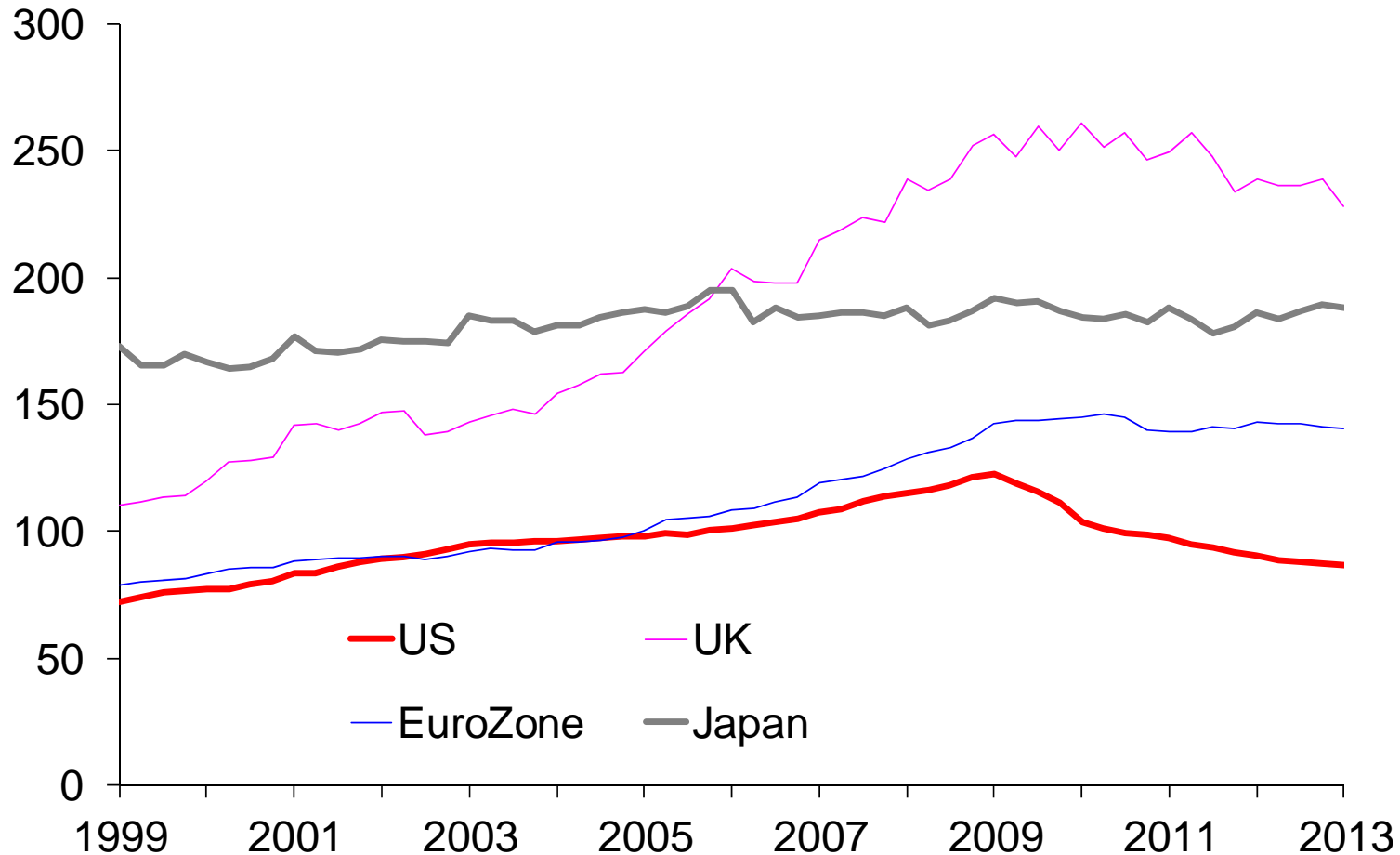
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US companies are in a position of strength

Financial corporation debt/GDP ratios

Financial corporation debt as a % of GDP



Source: Oxford Economics

A view from the living room

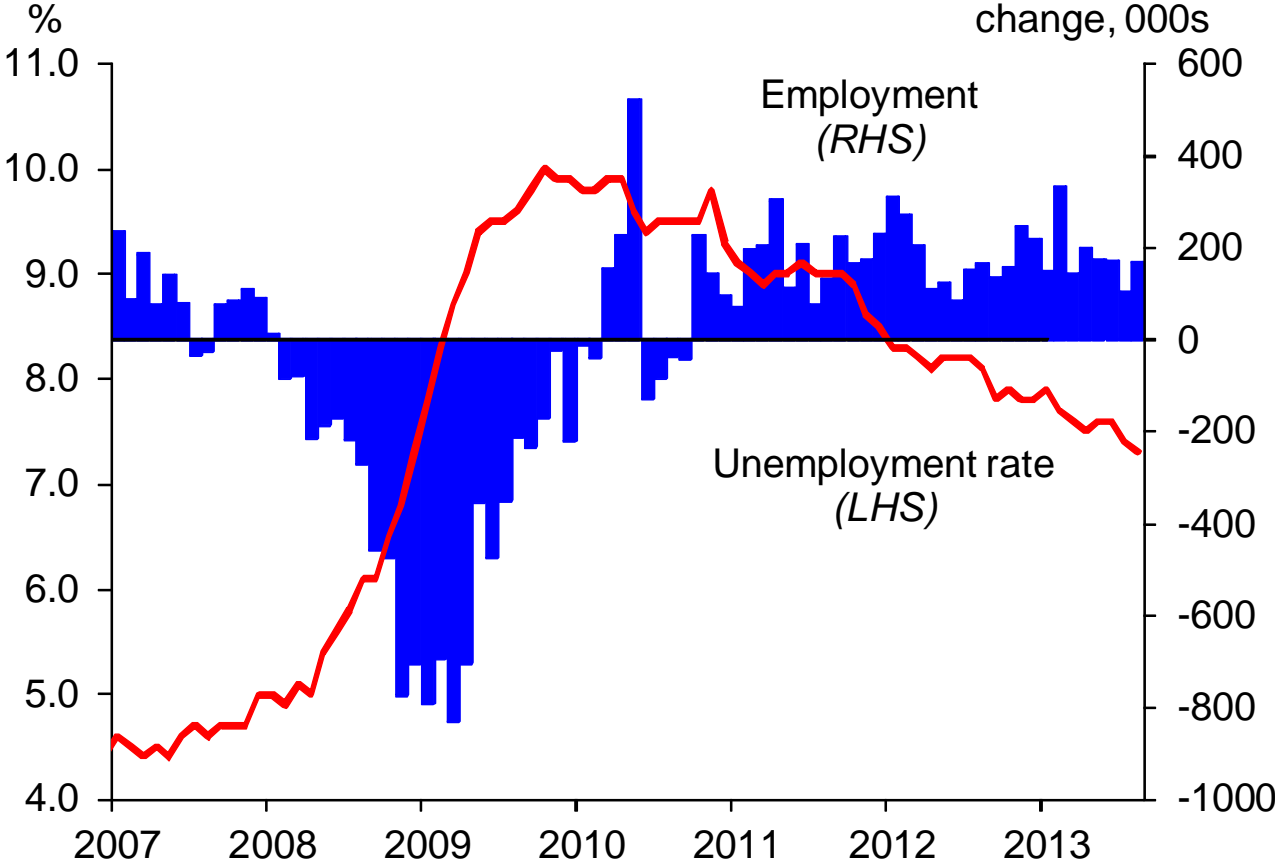


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Labor market continues to heal

Employment and unemployment



Source: BLS

View from Washington

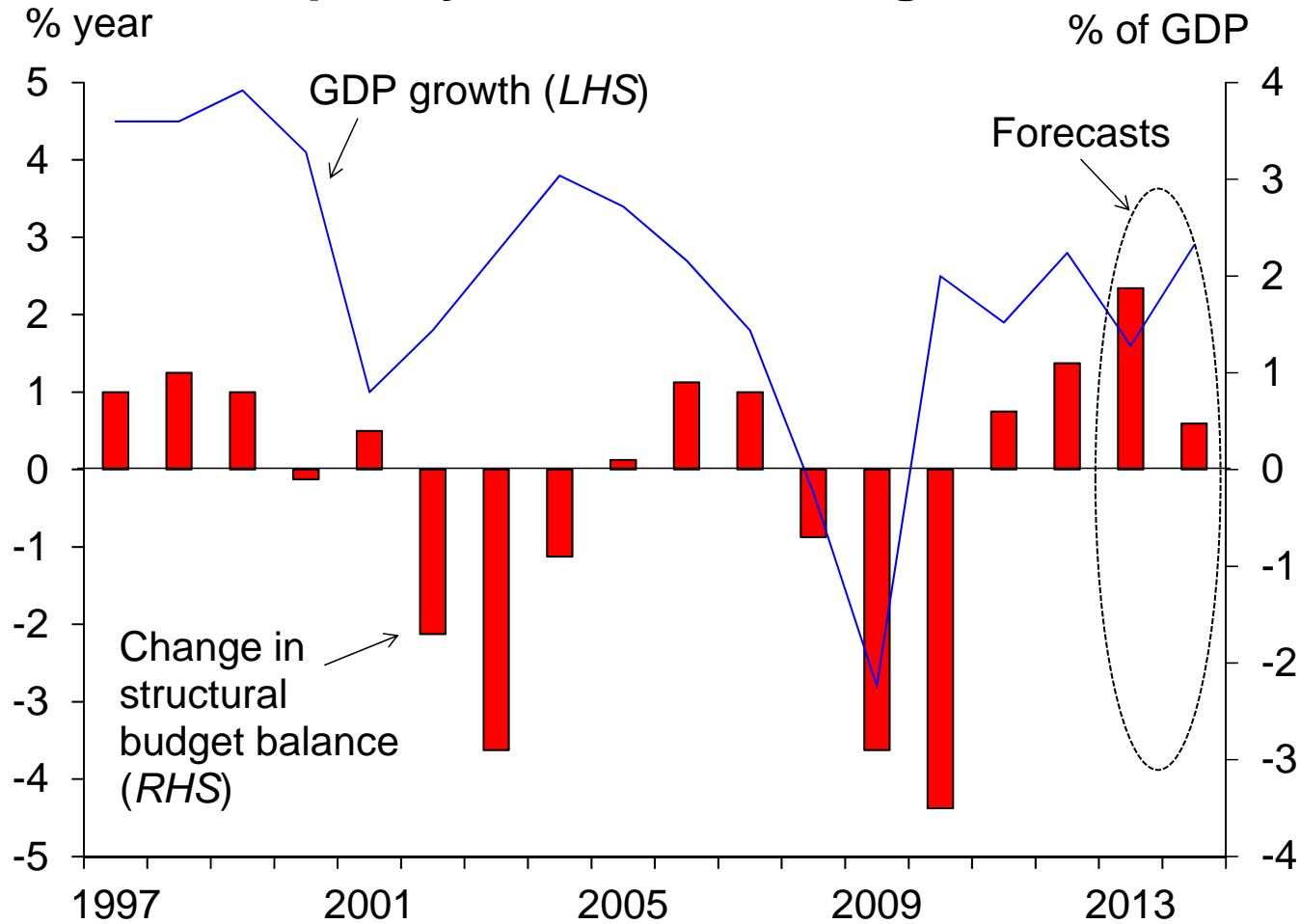


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Austerity is easing

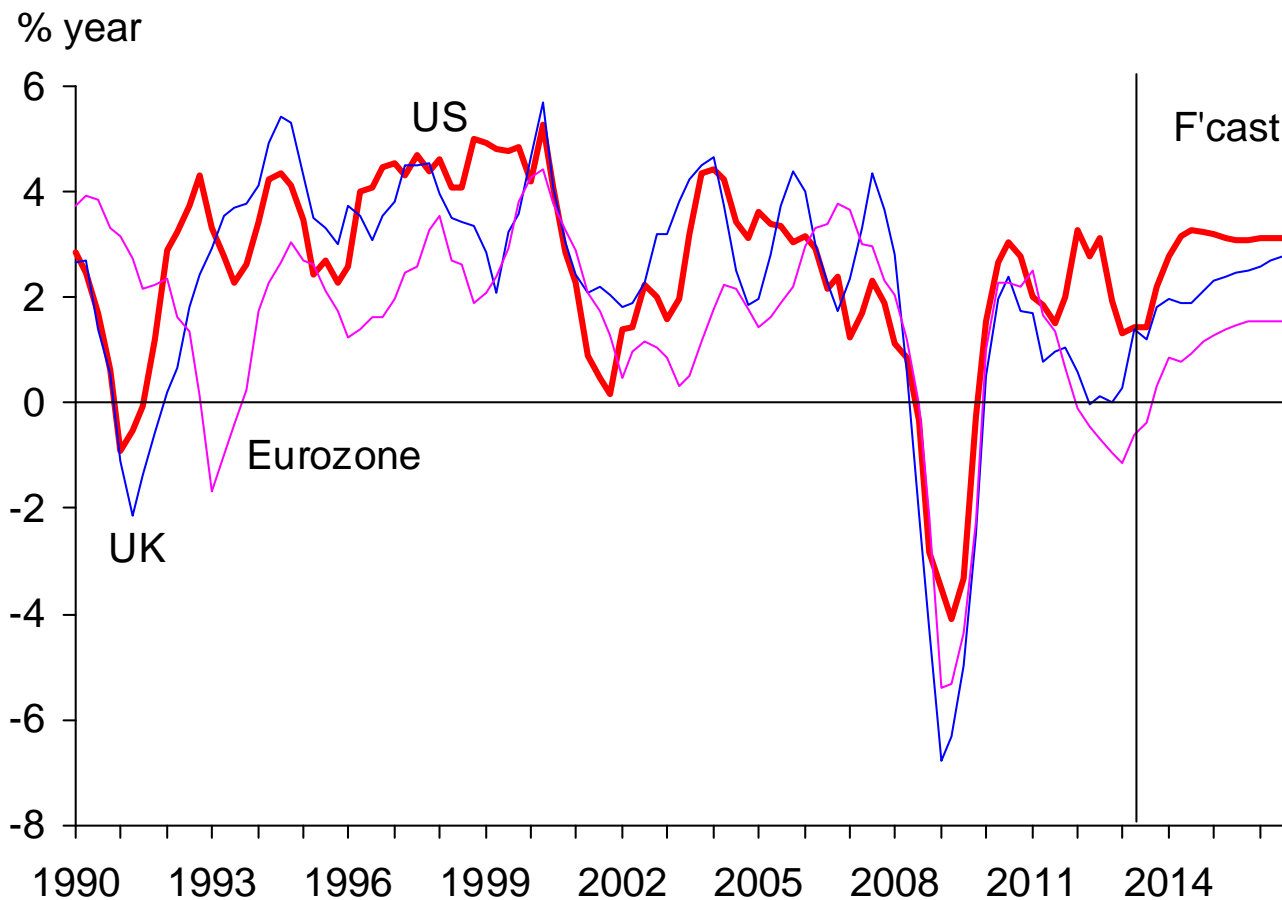
US: Fiscal policy and economic growth



Source : Oxford Economics/Haver Analytics

So headwinds will subside into 2014

World: GDP growth



Source: Oxford Economics

View from the reservation desk



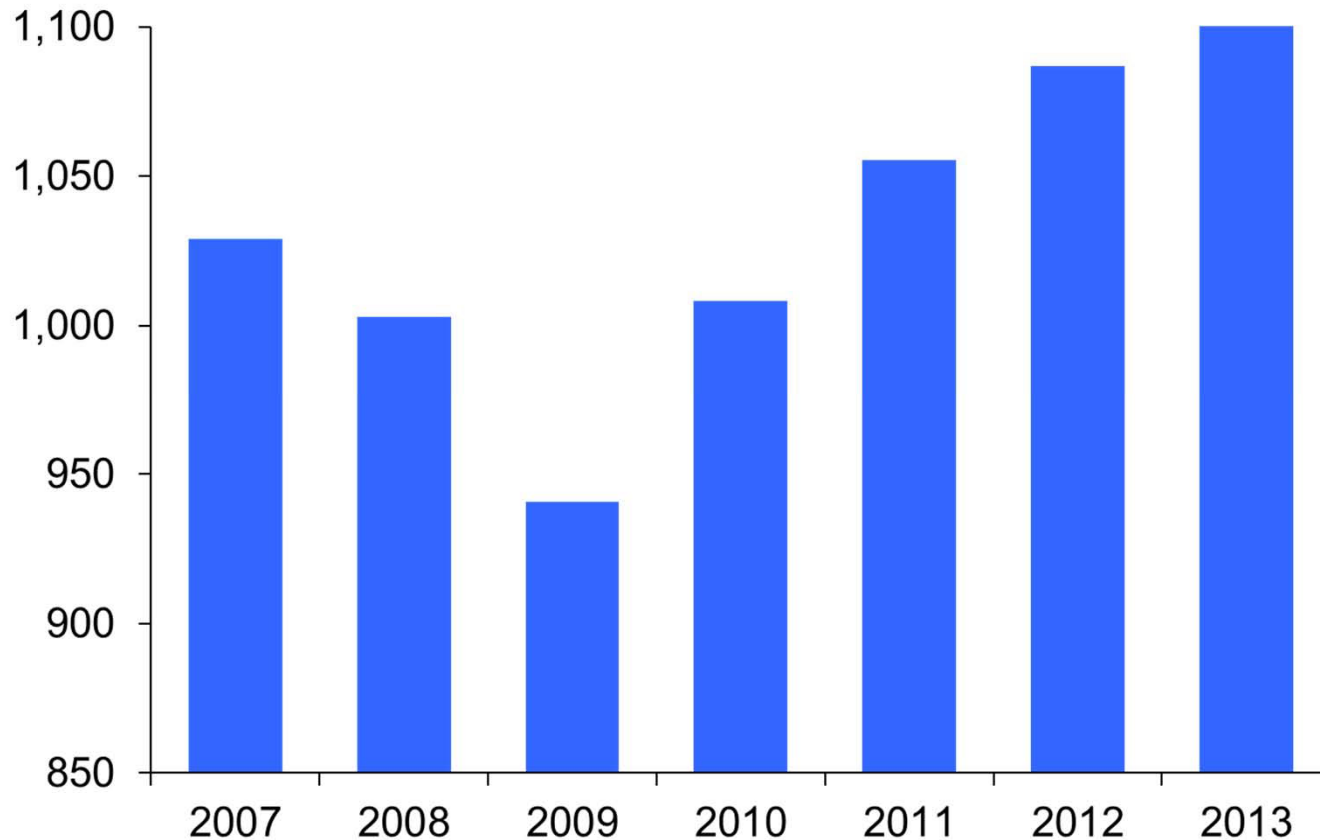
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Room demand on target for new peak (again)

US total room demand

Millions



Source: Smith Travel Research

A view from customs and immigration



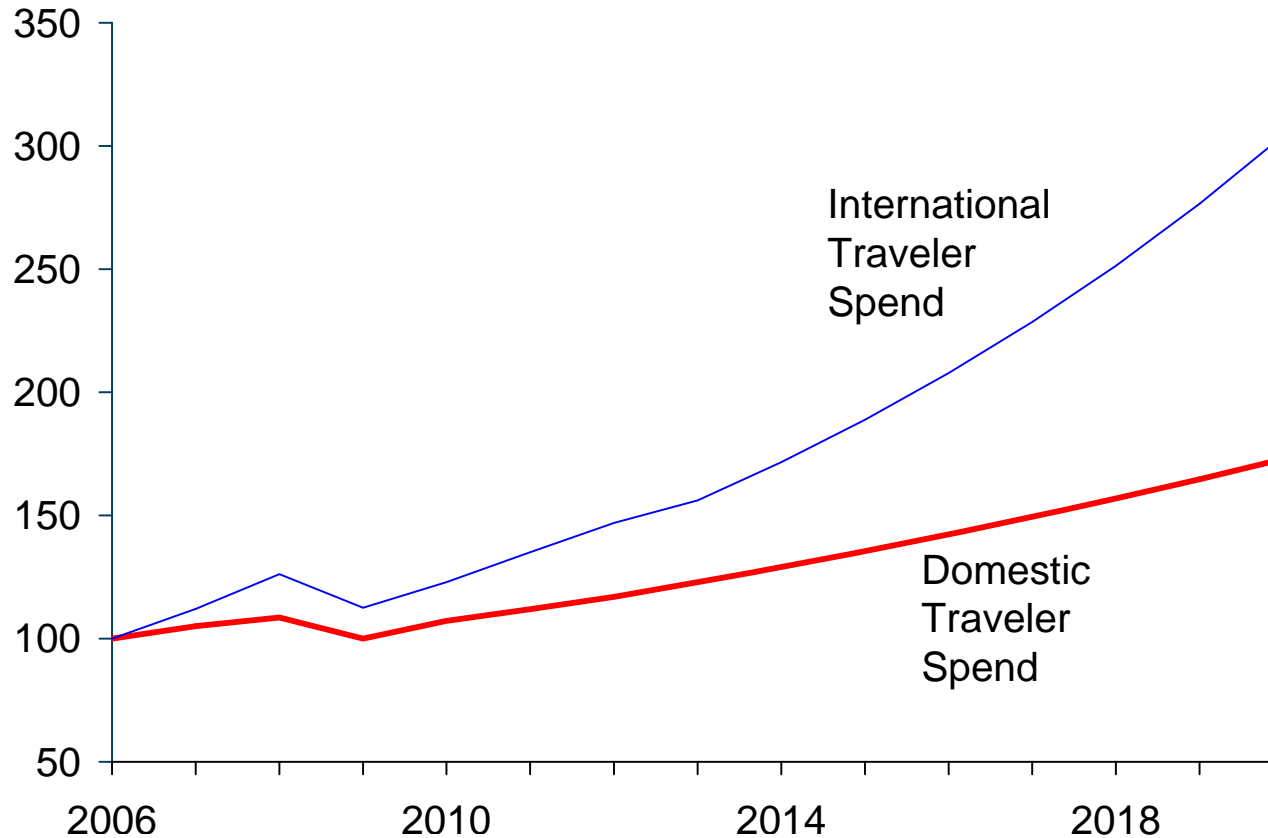
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Huge effects of global market size and outlook

US Visitor Spending Compared

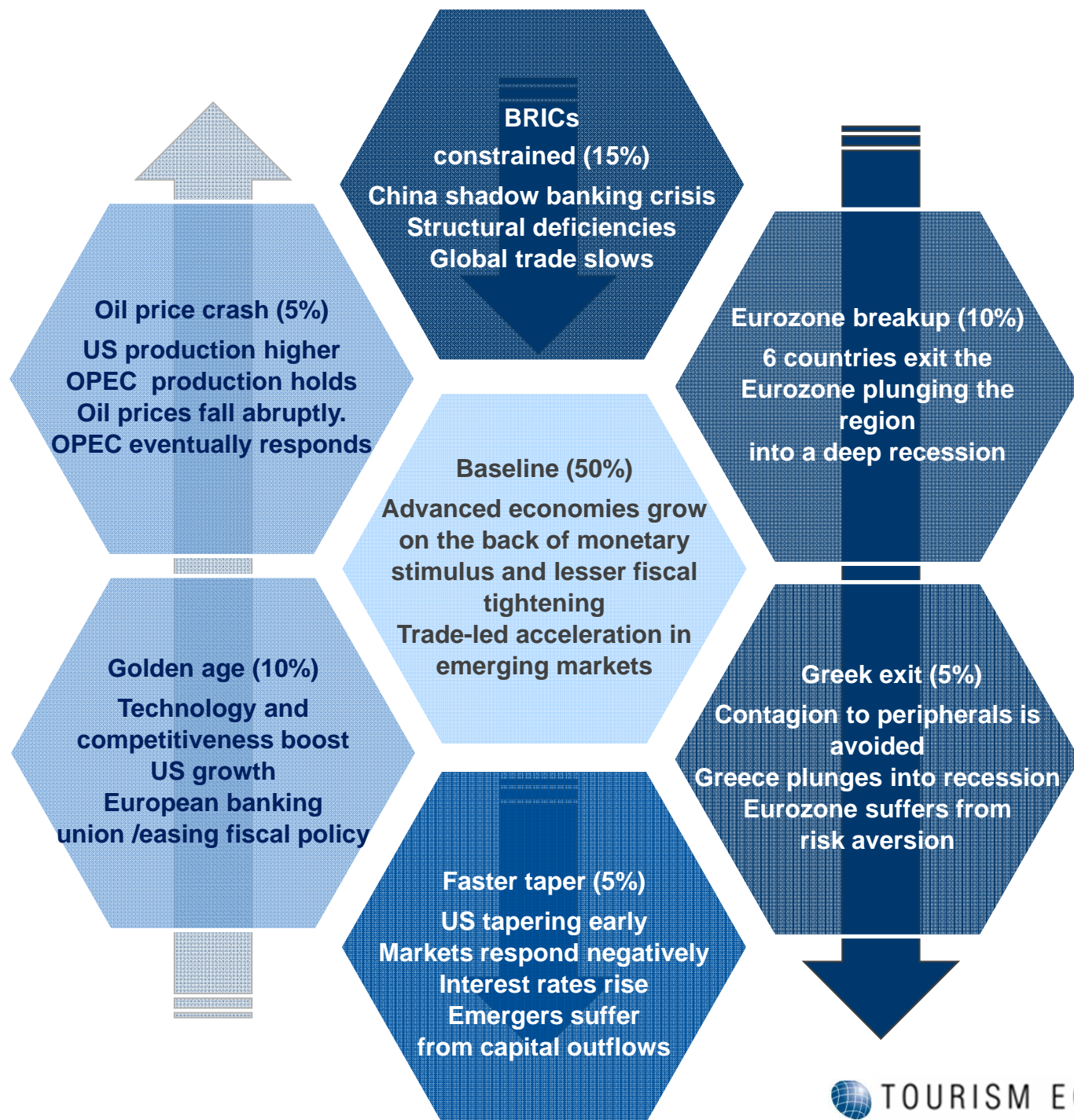
2006=100



Source : Oxford Economics/Haver Analytics

Most important things we're seeing

- “Risk-reversal” of developed vs. emerging markets
- Policy risks in developed economies
- Worst of fiscal drag behind us
- Remarkable structural shifts in favor of US



Thank you!



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