

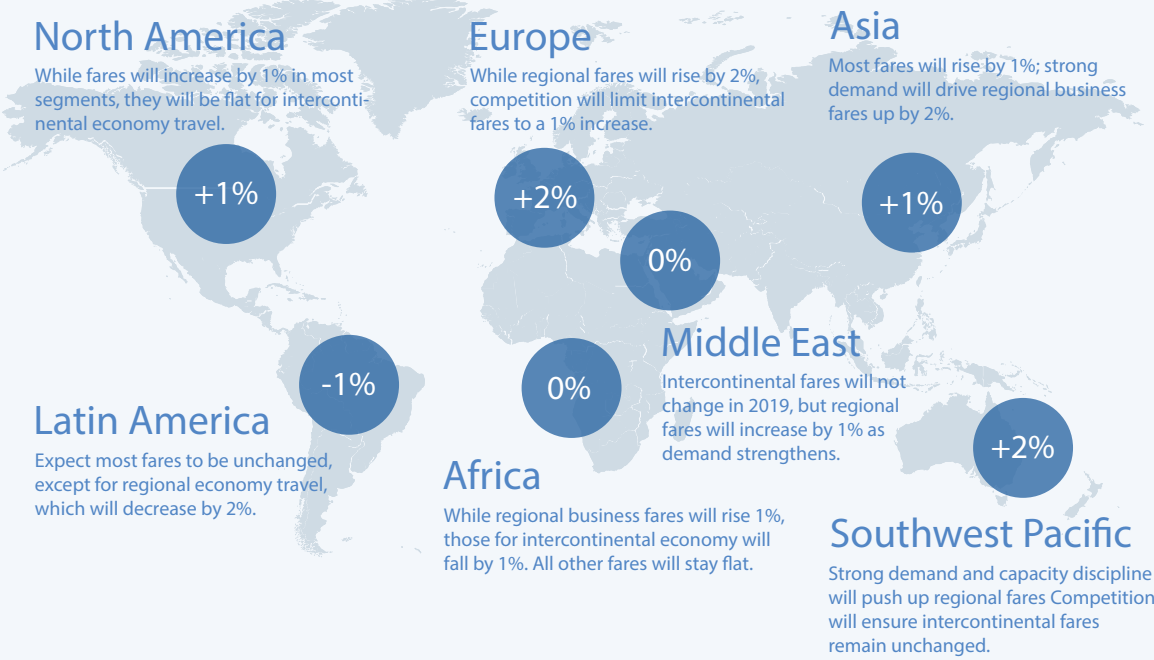


Highlights

Economic growth to lose momentum.	Airfares to rise by 1% globally.	Hotel rates to increase by 1% to 3%.	Oil prices to hold steady at US\$75 per barrel.
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Air



While 2018 will be another year of above-trend growth for global air travel, the pace of expansion in demand is slowing. Traffic grew at 7.0% year-over-year during the first six months of 2018, down from 8.3% a year ago.<sup>1</sup> Last year's boost to demand from lower airfares is fading, and a moderation in economic activity is weighing on some markets. Demand is still strong enough for airlines to respond to higher fuel and labor costs by raising average yields, without yet resorting to increases in published fares.

<sup>1</sup> IATA Air Passenger Monthly Analysis, June 2018

	Intercontinental		Regional	
	Business	Economy	Business	Economy
Africa	0%	-1%	1%	0%
Asia	1%	1%	2%	1%
Europe	1%	1%	2%	2%
Latin America	0%	0%	0%	-2%
Middle East	0%	0%	1%	1%
North America	1%	0%	1%	1%
Southwest Pacific	0%	0%	3%	2%
Global	1%	1%	1%	1%



Hotel

Global hotel rates will increase by 1% to 3% in 2019, as demand growth remains just ahead of supply in most markets. There is little regional variation in our forecasts, with rates expected to rise by either 0% to 2% or by 1% to 3%. Much stronger increases are expected in some countries, such as India, where we forecast a 6% to 8% rise in rates. Lower rates are most likely in African markets, particularly in Ethiopia and Morocco.

Hotel forecasts	
Average daily rates % year-over-year	
Africa	+1% to 3%
Asia	0% to 2%
Europe	+1% to 3%
Latin America	+1% to 3%
Middle East	0% to 2%
North America	+1% to 3%
Southwest Pacific	+1% to 3%
Global	+1% to 3%



Economics

World GDP Growth	2018	2019
	3.1%	2.9%

Mounting trade tensions and higher oil prices will cause global economic growth to slow in 2019. Advanced economies will be most affected, with Europe and North America losing some momentum. But 2019 will be another good year for emerging markets. Latin America is set for a much stronger performance, while growth will also continue to improve in Africa and the Middle East.

Economic outlook			
Regional economic growth forecasts 2017-2019 <sup>2</sup>			
	2017	2018	2019
Africa	3.5%	3.8%	4.2%
Asia	4.9%	4.7%	4.5%
Europe	2.8%	2.2%	1.9%
Latin America	1.5%	2.0%	3.1%
Middle East	0.9%	2.4%	2.9%
North America	2.3%	2.8%	2.3%
Southwest Pacific	2.3%	2.8%	2.4%
Global	3.0%	3.1%	2.9%



Oil price

Oil price assumption	US\$75 per barrel
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OPEC has the spare capacity needed to step in and stabilize the market should growth in global oil demand be stronger than expected in 2019. Oil prices should therefore be little different to the US\$73 per barrel currently expected for 2018. OPEC may also need to respond to less supply from Iran, Libya and Venezuela. Any delay in making up the supply shortfall could push up oil prices for a time, and so we have assumed an average oil price for 2019 of US\$75.

