



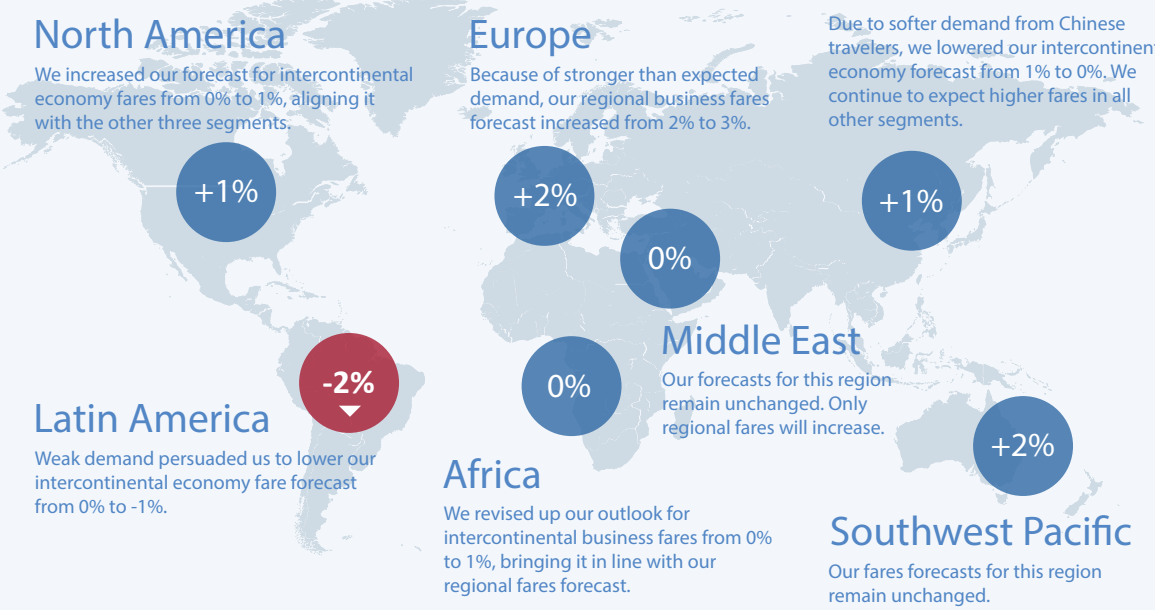
Highlights

Business class fares for regional travel to rise by 2% globally	Fares in other segments to increase by 1%	Hotel rates to increase by 1% to 3%	Oil prices to average US\$65 per barrel
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Air

● Revised forecast.  
Arrow shows direction of change.



The pace of expansion in global air travel demand has moderated in recent months. Traffic growth of 6.5% year-over-year during 2018 was down from 8.0% a year ago.<sup>1</sup> This has coincided with signs that global economic growth is slowing. Airlines can continue improving average yields, as long as demand delivers rising load factors. If demand softens at the same time airlines add capacity, the likely result would be lower fares and better corporate discounts in the second half of 2019.

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

Changes are highlighted with bold red text. Arrows indicate in which direction the forecast has moved.

	Intercontinental		Regional	
	Business	Economy	Business	Economy
Africa	<b>1%</b> ▲	-1%	1%	0%
Asia	1%	<b>0%</b> ▼	2%	1%
Europe	1%	1%	<b>3%</b> ▲	2%
Latin America	0%	<b>-1%</b> ▼	0%	-2%
Middle East	0%	0%	1%	1%
North America	1%	<b>1%</b> ▲	1%	1%
Southwest Pacific	0%	0%	3%	2%
Global	<b>1%</b>	<b>1%</b>	<b>2%</b> ▲	<b>1%</b>



Hotel

Our global rate outlook for 2019 remains unchanged at 1% to 3%. We adjusted our forecast for the Middle East, after lowering our figures for Saudi Arabia and the UAE because of concerns about over-supply. While our forecasts for all other regions remain unchanged, we made changes to the figures for individual countries, mainly in Africa, Europe and the Middle East.

Changes are highlighted with bold red text. Arrows indicate in which direction the forecast has moved.

	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	<b>▼ -2% to 0%</b>
North America	+1% to 3%
Southwest Pacific	+1% to 3%
Global	<b>+1% to 3%</b>



Economics

**World GDP growth**  
2018 **▼ 3.0%** | 2019 **▼ 2.8%**

Weaker growth in world trade and a slowdown in the Chinese economy will cause a gradual decline in global economic growth in 2019. Advanced economies, including the U.S. and Eurozone, can also expect a deceleration in growth. Concerns for the global outlook will build if trade tensions escalate into a full-blown trade war.

<sup>2</sup> Oxford Economics, January 2019

Changes are highlighted with bold red text. Arrows indicate in which direction the forecast has moved.

	2017	2018	2019
Africa	<b>3.6%</b> ▲	<b>3.4%</b> ▼	<b>4.0%</b> ▼
Asia	<b>5.0%</b> ▲	4.7%	4.5%
Europe	2.8%	<b>2.1%</b> ▼	<b>1.6%</b> ▼
Latin America	<b>1.6%</b> ▲	<b>1.4%</b> ▼	<b>2.2%</b> ▼
Middle East	0.9%	<b>1.9%</b> ▼	<b>1.3%</b> ▼
North America	2.3%	2.8%	<b>2.4%</b> ▼
Southwest Pacific	<b>2.4%</b> ▲	<b>2.9%</b> ▲	<b>2.5%</b> ▼
Global	<b>3.0%</b>	<b>3.0%</b> ▼	<b>2.8%</b> ▼



Oil price

**Oil price assumption**  
US\$65 ▼ per barrel

As global economic growth slows, fears of weaker demand have replaced supply disruption as the main factor influencing oil prices. Between October and December 2018, Brent crude spot prices dropped by 29%, and are now sticking close to US\$60 per barrel. Given the mounting risks facing the economic outlook, we decided to revise down our oil price assumption.

Oil prices since June 2018  
Brent crude spot price per barrel (US\$)

