

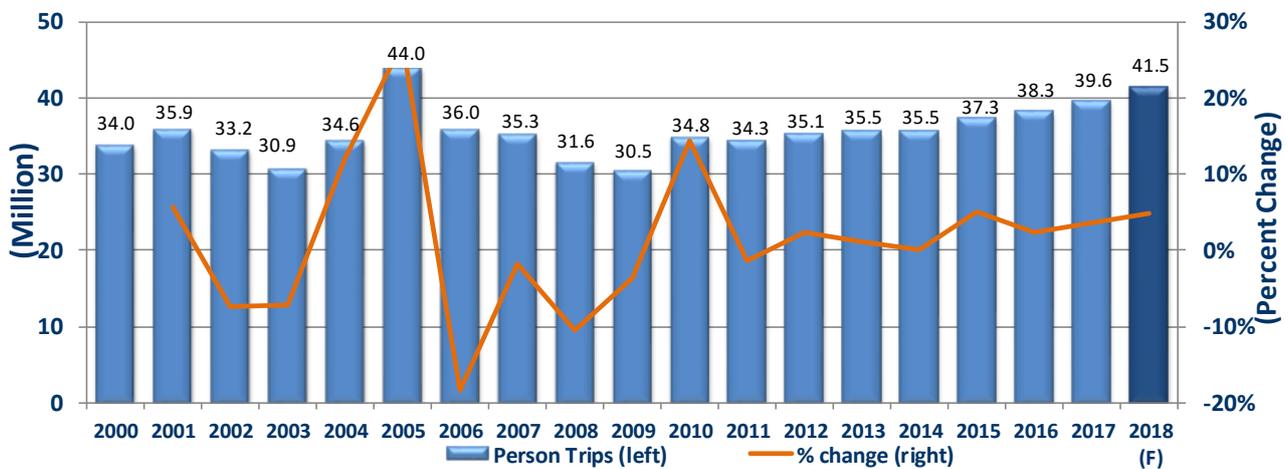


**Memorial Day holiday travel will increase by nearly 5 percent to 41.5 million.**

AAA and IHS Markit forecast 41.5 million travelers for the 2018 Memorial Day holiday period, the most in more than a dozen years. The 4.8 percent year-over-year increase will result in 1.9 million more travelers than the 39.6 million in 2017.

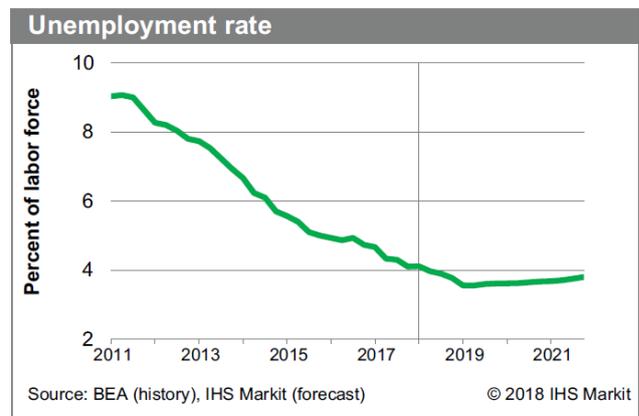
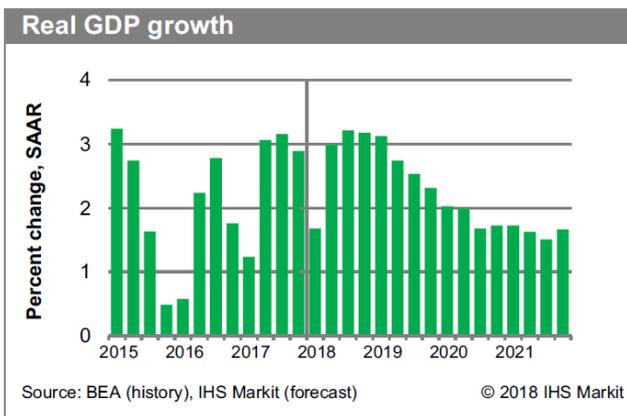
- 2018 will mark the fourth consecutive year of overall travel volume growth. Annual growth has averaged 4 percent during this streak.
- Travel volume has increased by 6 million since 2014 and 11 million since the 2009 recession-driven low.
- 2018 travel volume will be 18 percent higher than the average of the past 10 years and 17 percent higher than the average since 2000.

**Total Memorial Day Holiday Travelers, 2000-2018**



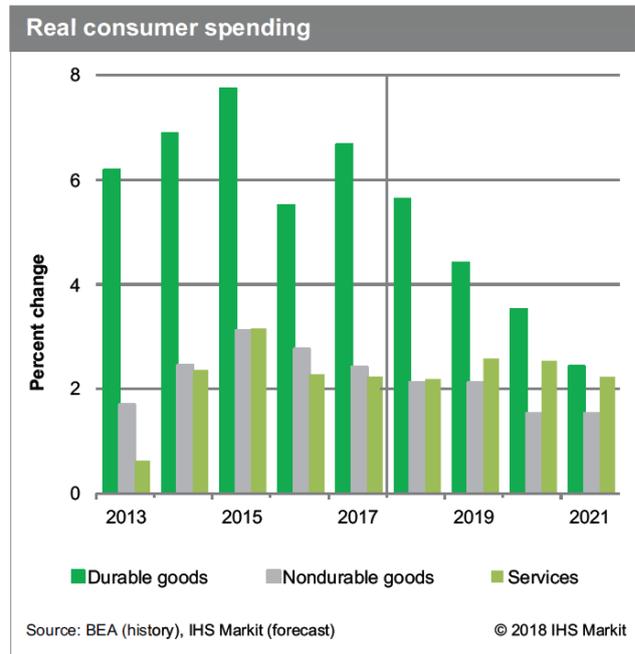
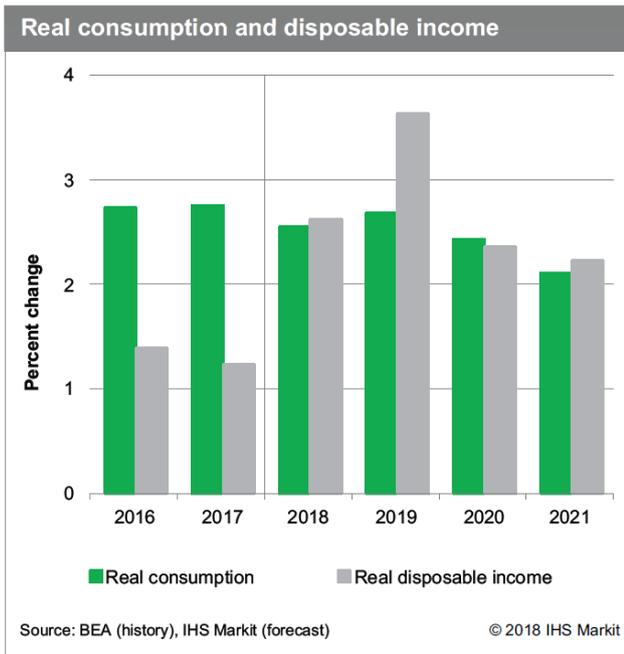
**What is driving the increase in holiday travel this year?**

**Forecast summary:** The economy maintains strong fundamentals for growth and while momentum slowed in the first quarter, that was likely just a temporary slowdown. Growth looks strong for the second quarter and the rest of the year based on confident consumers and a strong labor market.

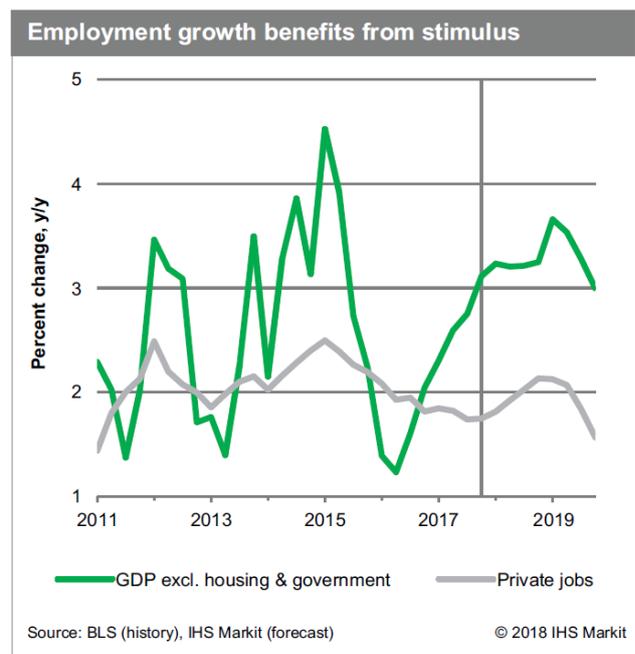
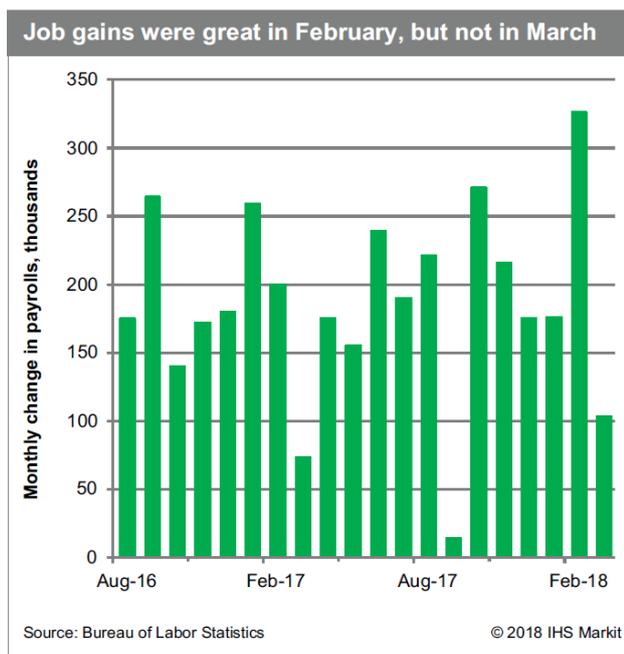




- Economic Indicators:** GDP growth is forecast to rise to 3 percent in the second quarter, completely reversing the first-quarter slowdown. Solid fundamentals are at play here, including steady growth of employment and real disposable personal income, rapidly rising home prices and elevated consumer sentiment.

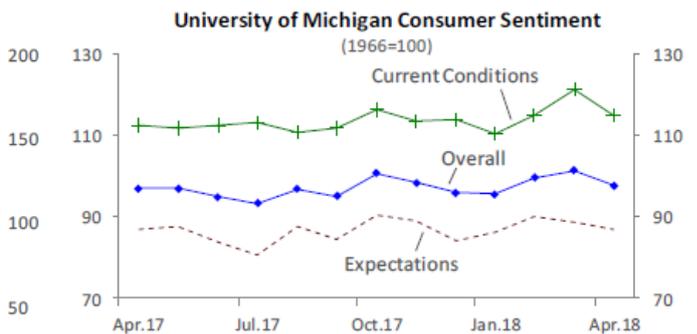


- Healthy consumer spending remains the foundation of economic growth:** Consumer spending growth will continue to support the economic expansion, underpinned by lower personal tax rates and gains in employment, real disposable incomes and home values. IHS Markit forecasts real consumer spending growth of 2.8 percent in the second quarter of 2018 and real personal disposable income growth is forecast at 2.5 percent in the first quarter.





- **The labor market remains very strong despite an uneven performance to start the year:** February was a strong month for job gains, but March was subpar, with gains of 326,000 jobs in February faltering to 103,000 in March. The average of the past two months of 215,000 was relatively on par with the three-month average of 202,000 and the six-month average of 211,000 jobs. With a 4.1 percent jobless rate, we are close to full employment. There is still room for the labor-force participation rate to climb from the 62.9 percent recorded in March back toward 63.3 percent, but future labor-force growth depends on demographics, as well as a battle between falling participation rates by the young and rising rates by those over 65 years old.



- **Consumers maintain their optimism, especially toward the near term:** Both the Conference Board Consumer Confidence Index and the University of Michigan Consumer Sentiment Index took a slight step back in the most recent reading, but it's important to note that for each index the previous reading was the highest seen in more than 15 years. The March Consumer confidence reading of 127.7 is 2.8 points above March 2017, while the Present Situation component is 16 points higher than a year ago. The mid-April Consumer Sentiment index came in at 97.8 compared to 97.0 a year ago. The Current Conditions sub index is 2.3 points above the same time last year.

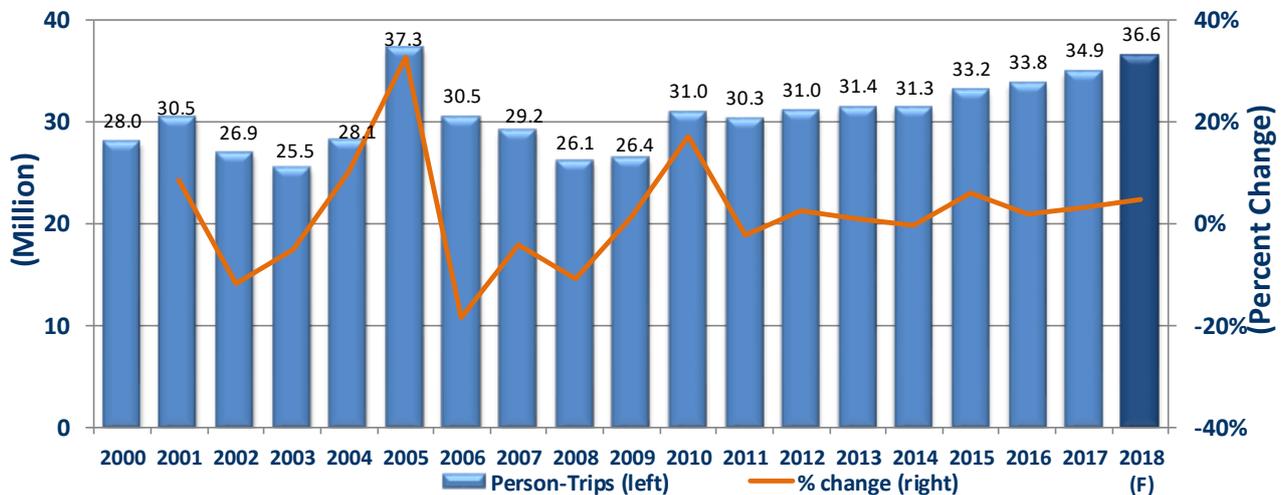


## Travel by Mode

### Travel by automobile will rise 4.7 percent to 36.6 million travelers.

- The forecast for automobile travel during the 2018 Memorial Day holiday period calls for an increase of 1.65 million travelers from the 2017 figure of 34.9 million.
- This will be the fourth straight year in which automobile travel increases during this holiday period.
- The share of travel by this mode will be 88.1 percent. Travel share has declined for the past four years from 88.8 percent in 2015. Despite declining share, travel by this mode has increased by 3.4 million in those four years.
- The 2018 forecast is 18 percent above the average of the previous 10 years and 21 percent above the average since 2000.

Year-End Holiday Travelers by Automobile, 2000-2018

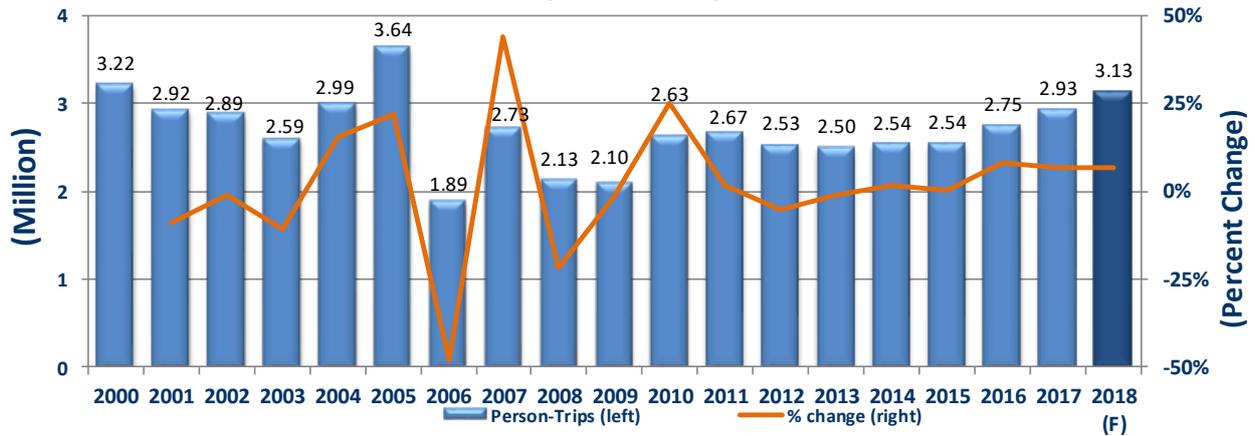


### 3.1 million travelers will fly this Memorial Day holiday, an increase of nearly 7 percent from last year.

- An additional 200,000 air travelers are expected to fly this year compared to last year, rising from 2.93 million to 3.13 million this year.
- 2018 will be the fifth consecutive year of rising air travel growth and the third consecutive year in which that growth has been above 6 percent.
- The share of travel by air will be 7.5 percent in 2018. Since 2015, share of travel by air has picked up 0.75 points.
- The 2018 forecast will be 24 percent above the average of the past 10 years and 17 percent above the average since 2000.
- Air travel has increased by more than 1 million travelers since the recession low of 2.1 million in 2009.



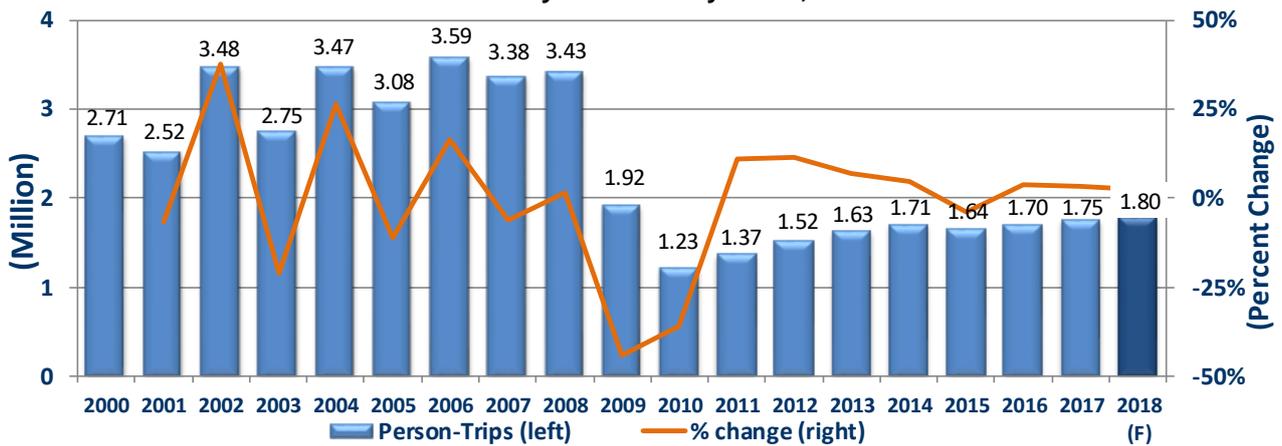
Year-End Holiday Travelers by Air, 2000-2018



Travel by other modes will increase 2.4 percent to 1.8 million.

- Travel by other modes (including bus, train and cruise ship) is forecast to increase by 50,000 from last year's 1.75 million. The expected 1.8 million travelers will be the highest since 2009 and will be the third consecutive year of growth.

Year-End Holiday Travelers by Other, 2000-2018





**What is the impact of gasoline prices on the forecast?**

- Gas prices remain well above the level seen last year, as the April average price of \$2.72 was \$0.33 above the monthly average from a year ago.
- While a 13 percent increase in gas prices from last year is unlikely to dampen overall willingness to travel, it will likely serve as a very slight headwind on auto travel and is a factor in our expectation for auto travel to just under-perform overall travel growth.

**Average April\* Gasoline Prices  
National Average per Gallon Regular Unleaded  
2001-2018**



\* April gasoline prices are emphasized because prices observed several weeks prior to the holiday are likely to influence holiday travel planning, while actual holiday prices are typically less influential.



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### What was the variance of forecasted and actual travel for Memorial Day 2017?

- Last year, AAA and IHS Markit predicted that 39.3 million Americans would travel over the 2017 Memorial Day holiday period. That forecast represented a 2.7 percent increase in travel volume. Consumer spending performed very well last year during this time and resulted in 39.6 million travelers during the holiday.
- Consumer spending was forecast to rise by 3.1 percent during the second quarter last year. Consumer optimism picked up heading into the holiday and consumer spending actually rose by 4.2 percent compared to the previous year.

### What were the factors that contributed to the growth in year-end holiday travel last year?

- **Employment gains:** Unemployment continued to fall in the second quarter of 2017, dropping half a percentage point from the year before to 4.3 percent. Income gains started to be realized from the strong labor market as personal income bumped up 2.7 percent. An increase in the consumer price index of less than 2 percent for the quarter helped those income gains translate to rising disposable income.
- **Consumer Spending jumped during the quarter:** While rising consumer spending has been the engine to keep the slow and steady economic expansion moving along, things picked up in the second quarter last year as consumer spending increased 4.2 percent compared to the prior year. That was the largest increase in consumer spending for the second quarter since 2011 and was a full point above the forecast figure. Low prices, continued strength in the labor market and an uptick in consumer optimism encouraged consumers to spend that quarter.



2018 Memorial Day Holiday Travel  
Forecast Review



Addendum 1: U.S. and Regional Population and Travel Share Data

	Population (Thousands)	Travel Volume (Thousands)				Share of Population			
		Automobile	Air	Other	Total	Automobile	Air	Other	Total
<i>National</i>									
United States	328,080	36,578	3,130	1,797	41,505	11.1%	1.0%	0.5%	12.7%
<i>Census Divisions</i>									
East North Central	46,970	6,029	363	276	6,667	12.8%	0.8%	0.6%	14.2%
East South Central	19,126	1,876	185	80	2,141	9.8%	1.0%	0.4%	11.2%
Mid Atlantic	41,727	4,391	332	144	4,867	10.5%	0.8%	0.3%	11.7%
Mountain	24,499	2,872	284	115	3,271	11.7%	1.2%	0.5%	13.4%
New England	14,861	1,701	150	27	1,878	11.4%	1.0%	0.2%	12.6%
Pacific	53,684	5,752	697	434	6,884	10.7%	1.3%	0.8%	12.8%
South Atlantic	65,431	6,994	627	221	7,843	10.7%	1.0%	0.3%	12.0%
West North Central	21,407	3,082	150	285	3,517	14.4%	0.7%	1.3%	16.4%
West South Central	40,374	3,879	342	214	4,436	9.6%	0.8%	0.5%	11.0%

**Census Region  
definitions:**

East North Central (ENC): IL, IN, MI, OH, WI

East South Central (ESC): AL, KY, MS, TN

Middle Atlantic (MATL): NJ, NY, PA

Mountain (MTN): AZ, CO, ID, MT, NM, NV, UT, WY

New England (NENG): CT, MA, ME, NH, RI, VT