

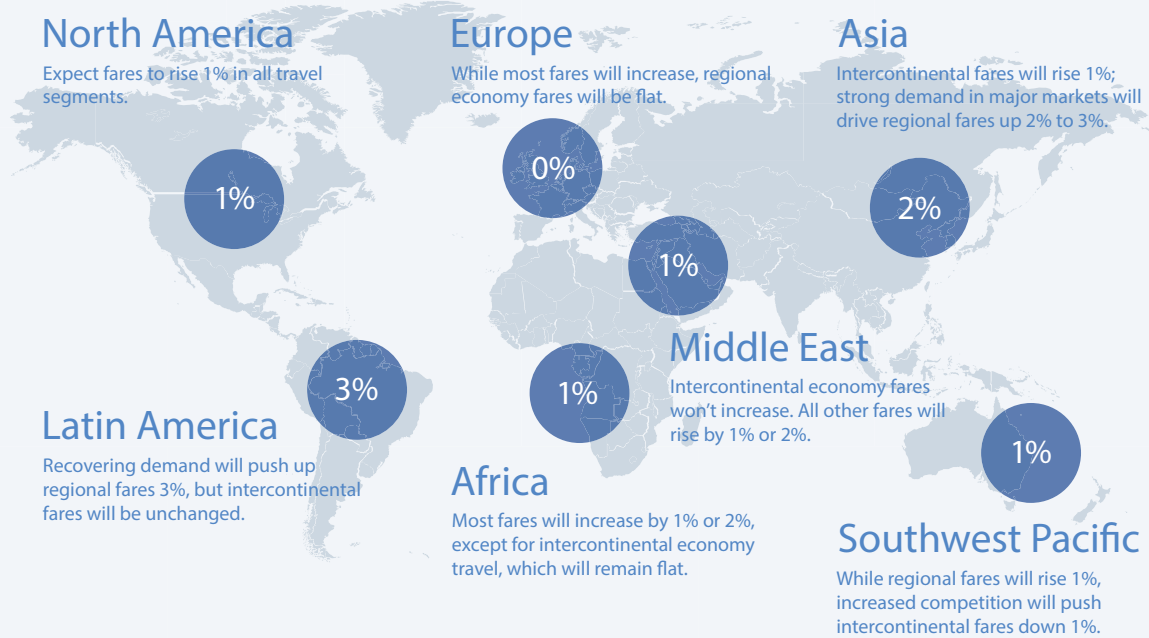
2020 Industry Forecast

BCD travel

Highlights



Economic growth to stabilize	Globally, most airfares to rise by 1%	Regional business fares to increase by 2%	Hotel rates to be 1% to 3% higher	Oil prices to average US\$67 per barrel



Growth in global air travel continues to slow. Traffic increased by 4.6% year over year during the first five months of 2019, down from 6.8% a year ago.¹ Demand is still growing, and together with higher fuel and labor costs, this will ensure that fares rise in most markets in 2020. However, as airlines continue to add capacity, this will limit fare increases in most markets—but not where demand is particularly strong, such as China and India.

Airfare forecasts

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

¹ IATA, Air Passenger Market Analysis, May 2019

Hotel



Global hotel rates will increase by 1% to 3% in 2020. Most regions will see average daily rates (ADRs) rise in this range. Rate increases will be higher in Asia, averaging 2% to 4%, as hotel openings fail to keep up with the pace of demand. Latin American hotels will see the smallest rise in ADR, averaging 0% to 2%, due to more modest growth in demand.

Hotel forecasts

	Average daily rates % year over year
Africa	1% – 3%
Asia	2% – 4%
Europe	1% – 3%
Latin America	0% – 2%
Middle East	1% – 3%
North America	1% – 3%
Southwest Pacific	1% – 3%
Global	1% – 3%

Economics



After slowing in 2019, global economic growth will stabilize at 2.8% in 2020. But the prospects for advanced economies and emerging markets are quite different. The performance of the North American economy will continue to weaken, but emerging regions, including Africa, Latin America and the Middle East, can expect growth to strengthen.

World GDP growth		
2018	2019	2020
3.2%	2.7%	2.8%

Economic outlook

	Regional economic growth forecast		
	2018	2019	2020
Africa	3.9%	4.1%	4.3%
Asia	5.1%	4.7%	4.5%
Europe	2.0%	1.4%	1.7%
Latin America	1.1%	1.5%	2.6%
Middle East	1.6%	0.6%	2.1%
North America	2.7%	2.4%	1.6%
Southwest Pacific	2.8%	2.3%	2.6%
Global	3.2%	2.7%	2.8%

Source: Oxford Economics, June 2019

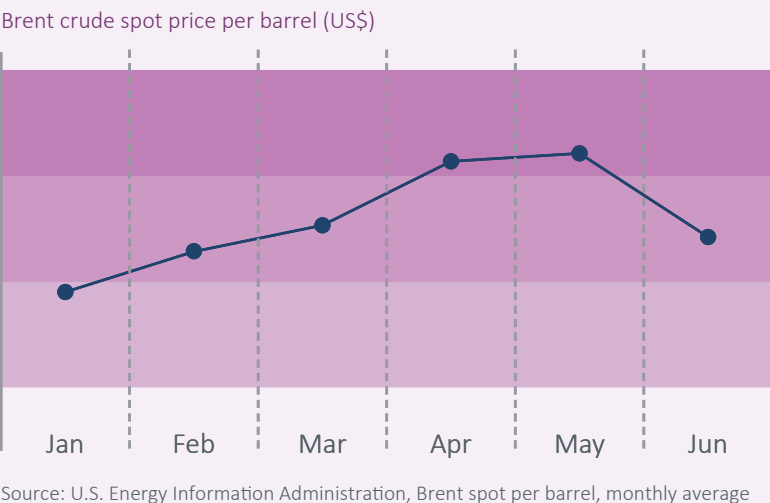
Oil price



Experts believe global oil spot prices will stay in a US\$60-\$75 per barrel range.² Supply stability seems assured, as OPEC continues to show restraint and rising U.S. output helps to offset Iranian losses. Global oil demand will increase by just 1.4% in 2020, but growth could be weaker if international trade relations deteriorate further. Policymakers may try to stimulate demand but also will be keen to ensure producers commit to pricing stability. Oil prices in 2020 should be in line with the level currently expected for 2019.

Oil price assumption | **US\$67** per barrel

Oil prices in 2019



Source: U.S. Energy Information Administration, Brent spot per barrel, monthly average

² Economist Intelligence Unit, June 19, 2019