

4th Longest “Up-Cycle” since WW II...

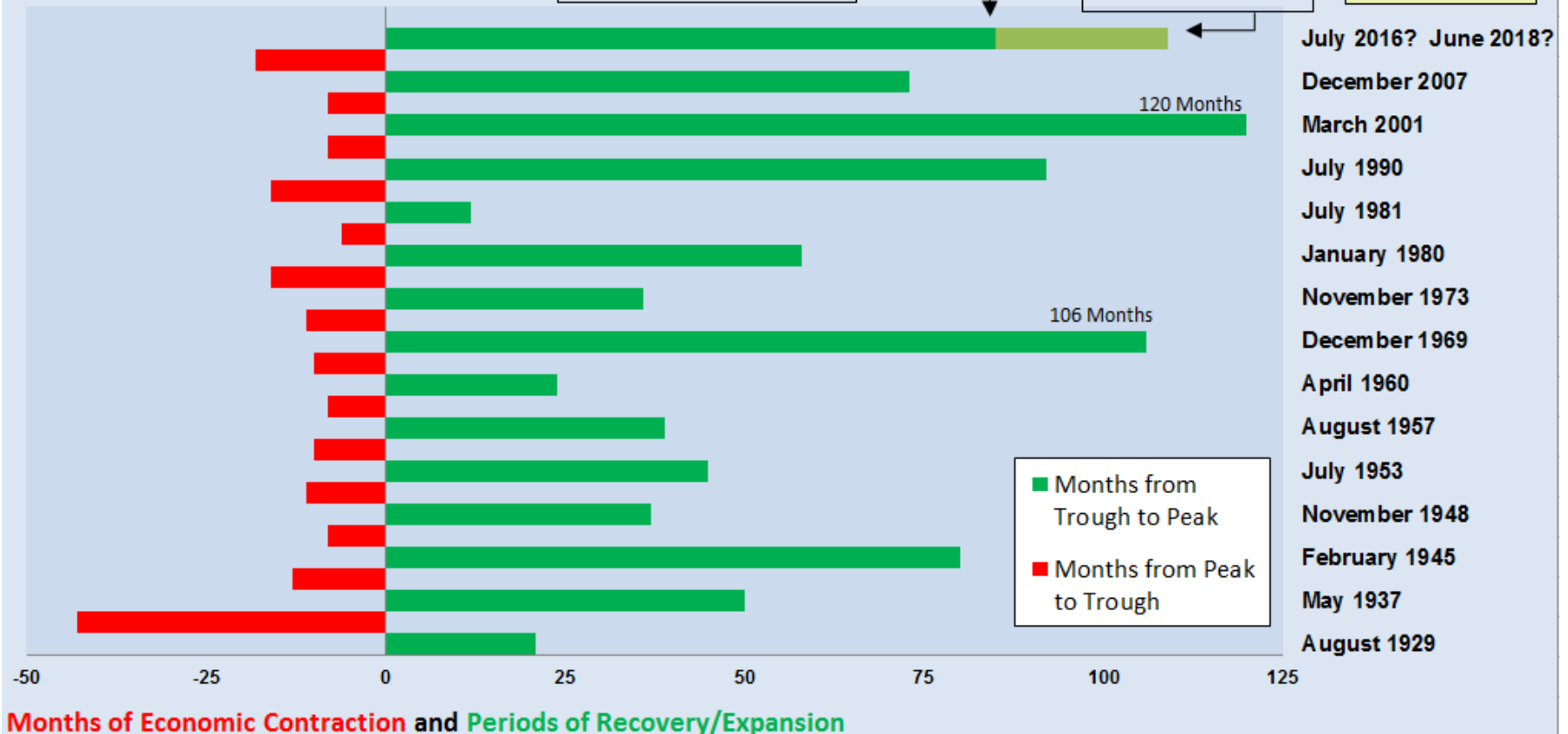
The Current Economic Upturn is "On Track" to be Among the Longest "On Record"...

(Source: National Bureau of Economic Research)

As of July 2016 (85 Months)

As of July 2018 (109 Months)

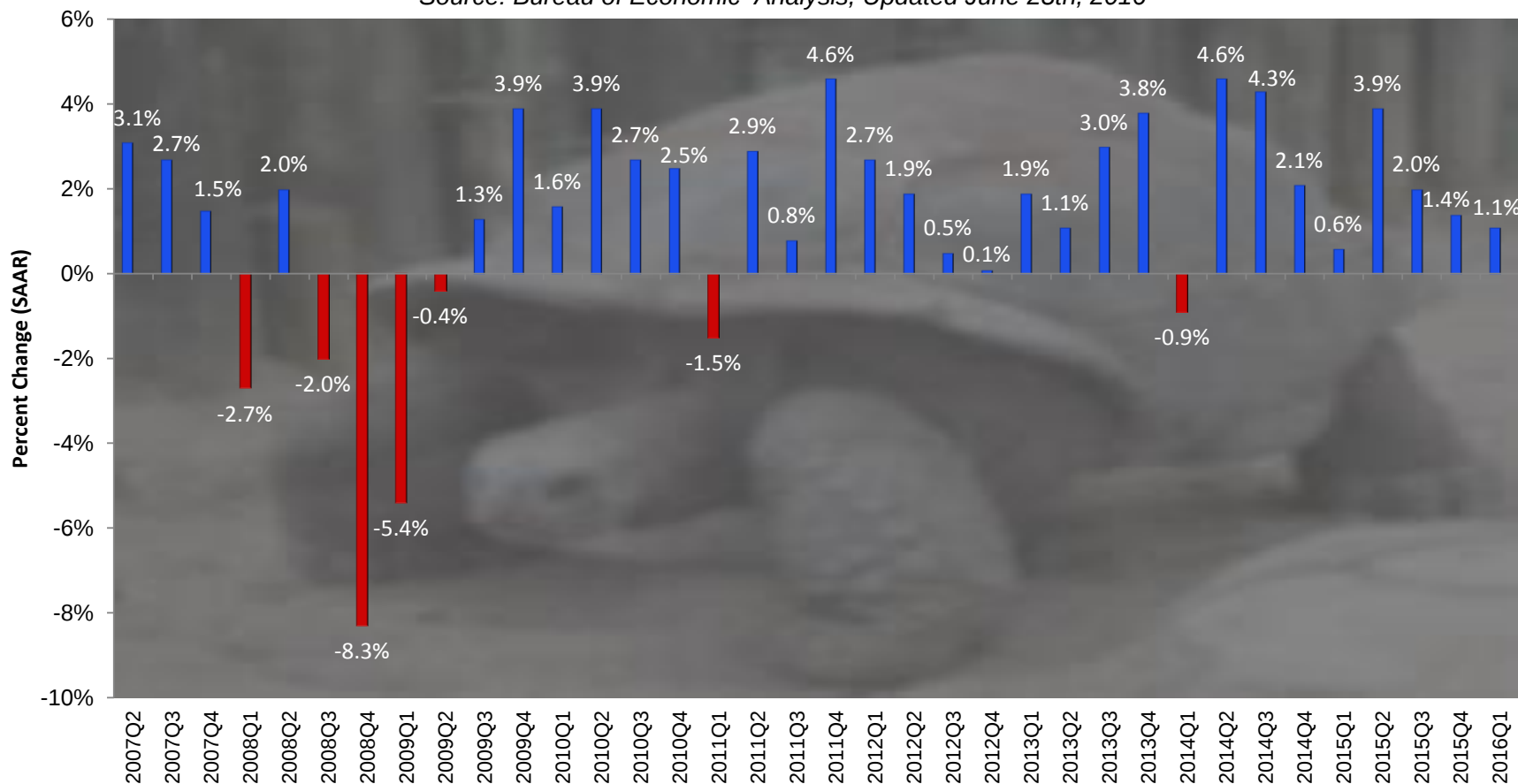
Final Month
of Expansion



Almost 7 Years of Output Gains...

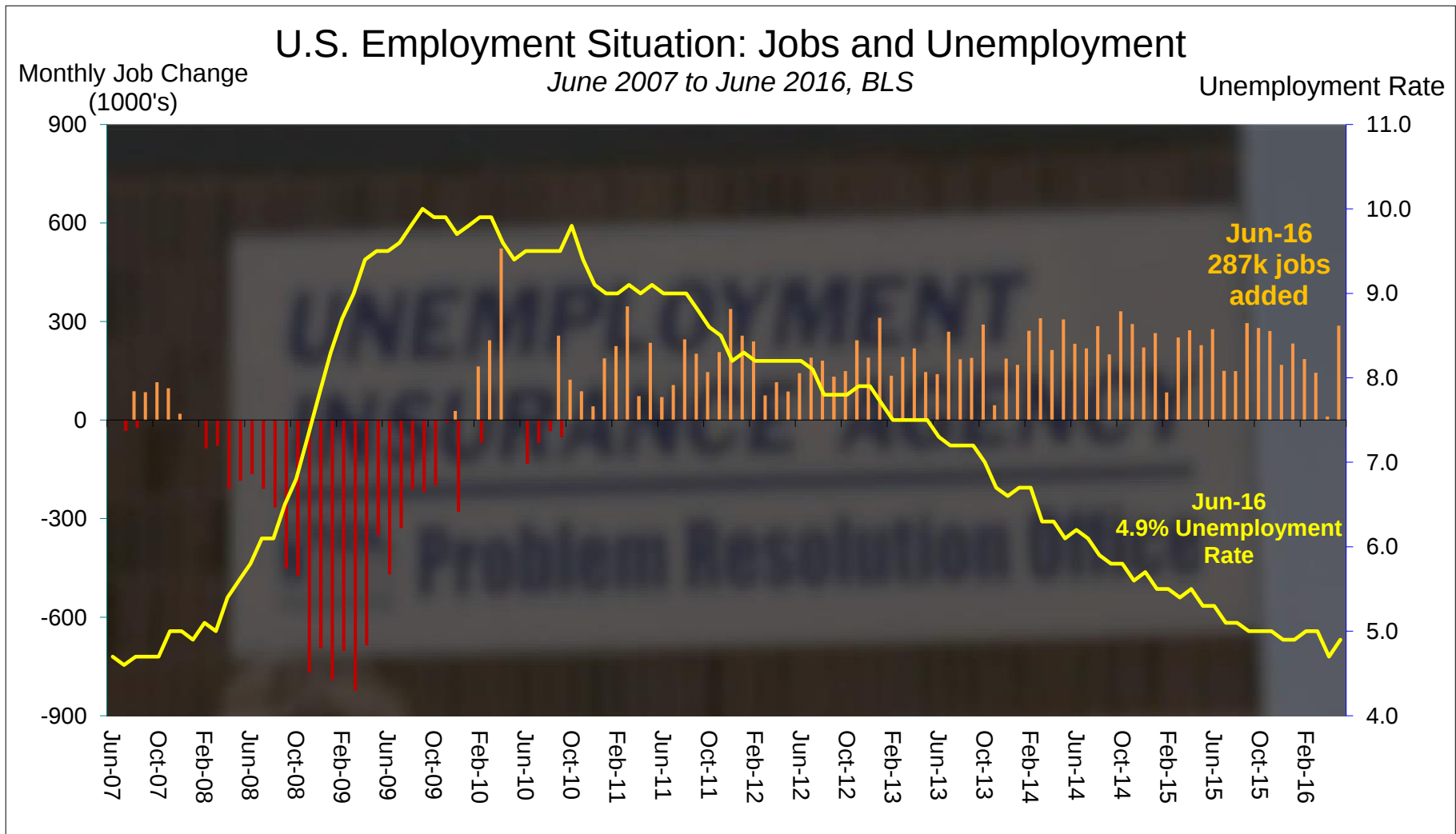
Change in Gross Domestic Product (GDP), Adjusted for Inflation

Source: Bureau of Economic Analysis, Updated June 28th, 2016

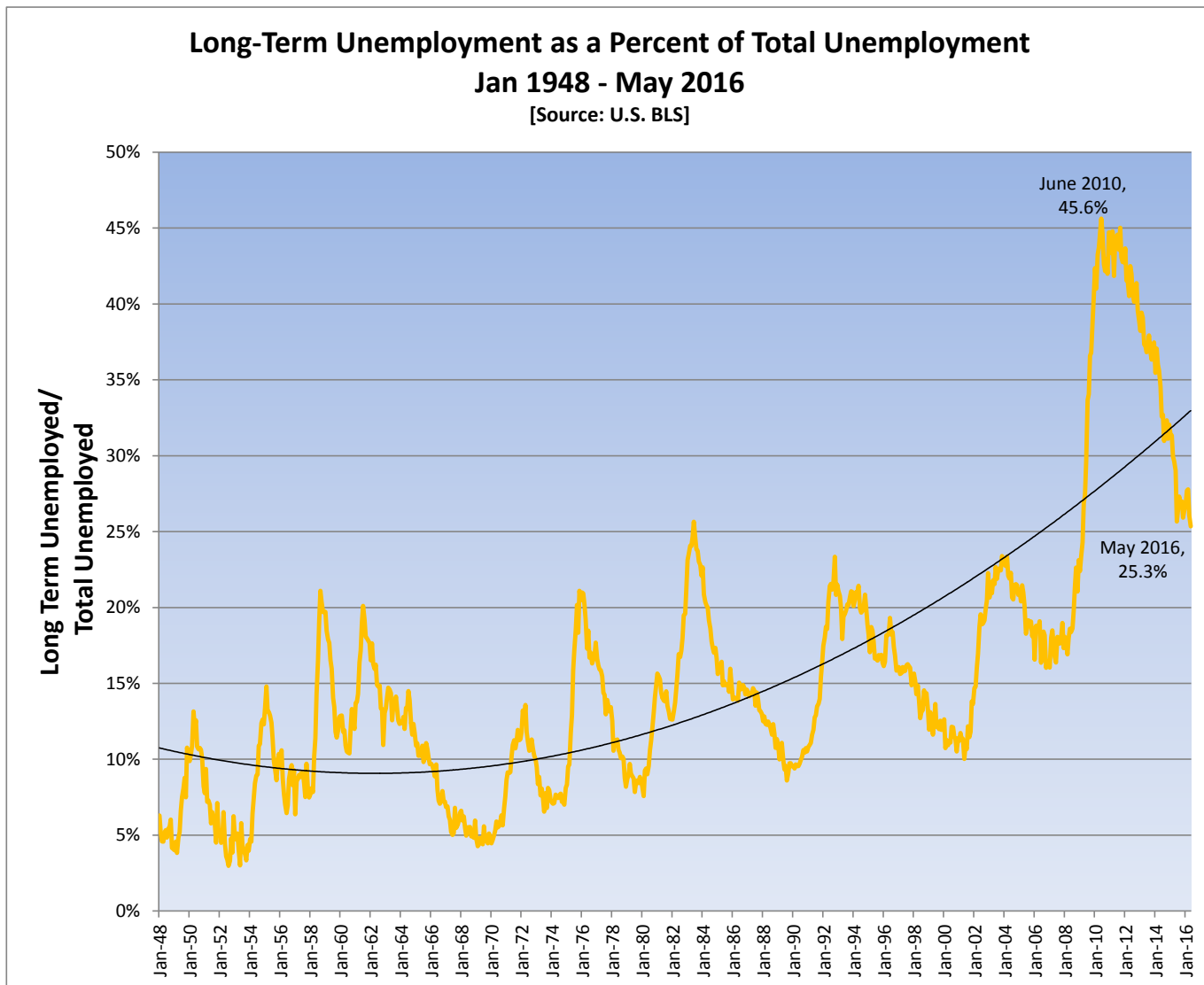


Almost 14 million jobs added, but...

- And a nearly “full employment” unemployment rate of 4.9%



There are Still Too Many L-T Unemployed.

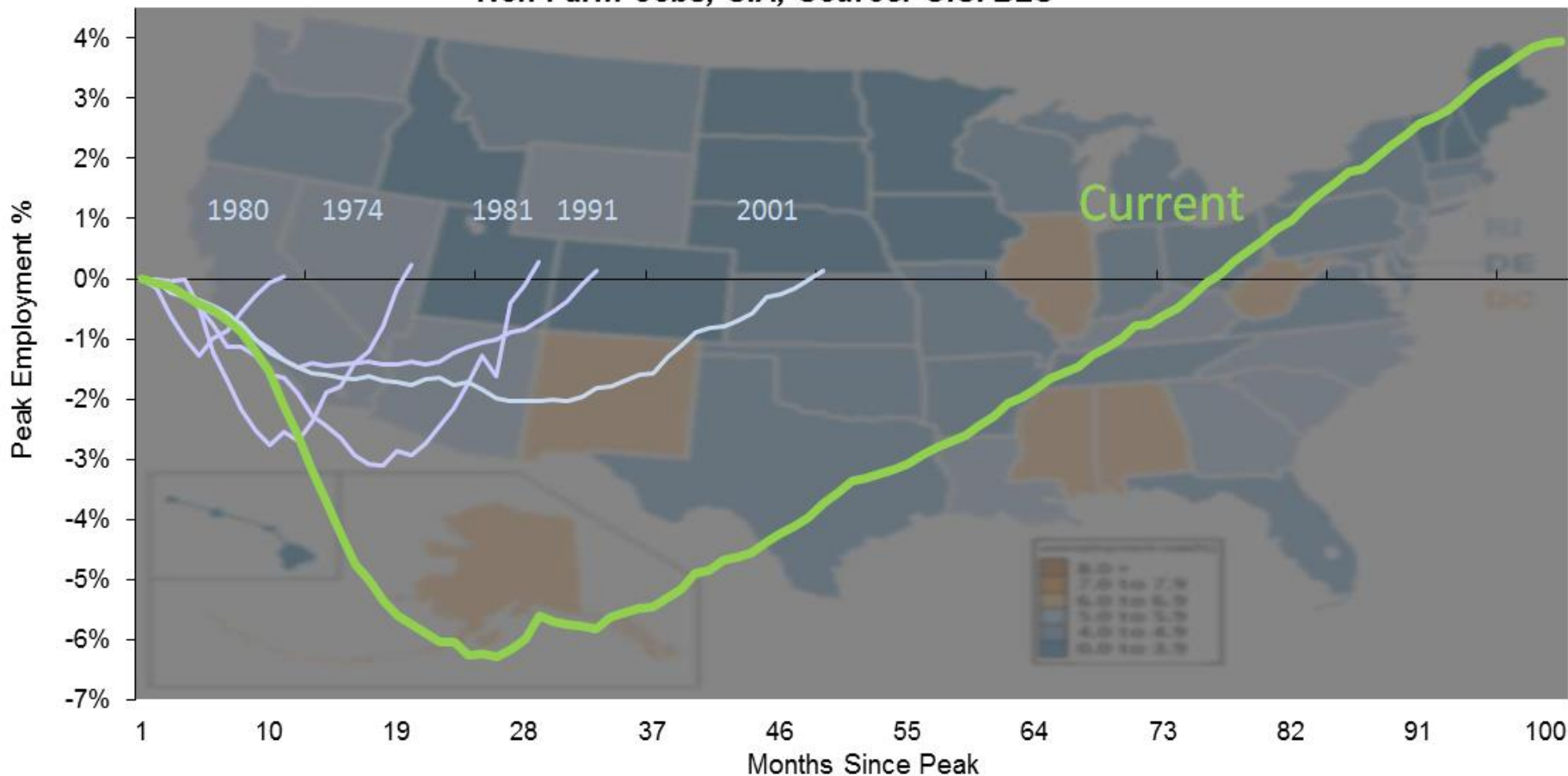


One of Slowest U.S. Recoveries...Ever

U.S. Payroll Job Track

Current vs. Past 5 Recessions

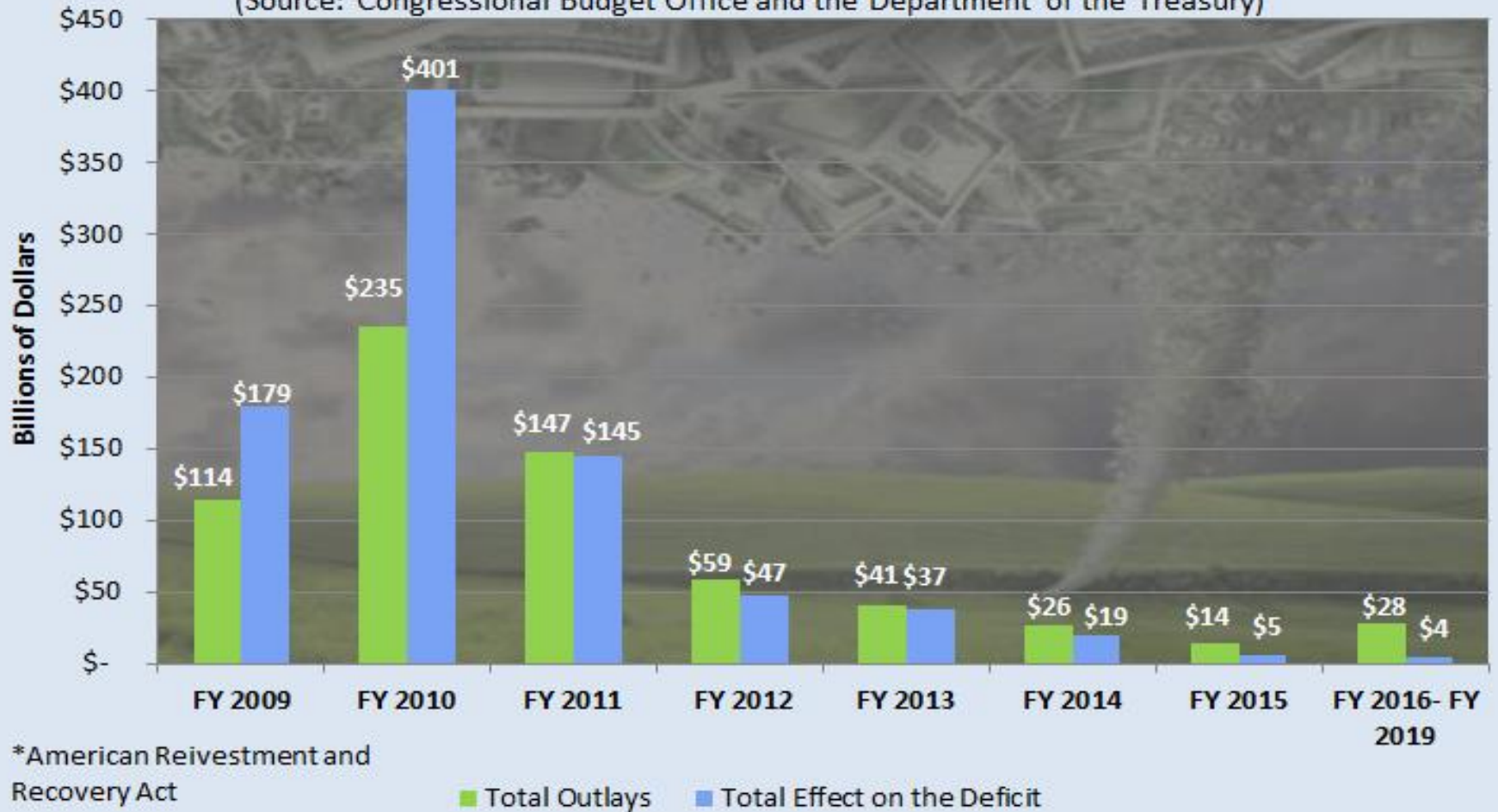
Non-Farm Jobs, S.A, Source: U.S. BLS



Supported by Unprecedented Stimulus...

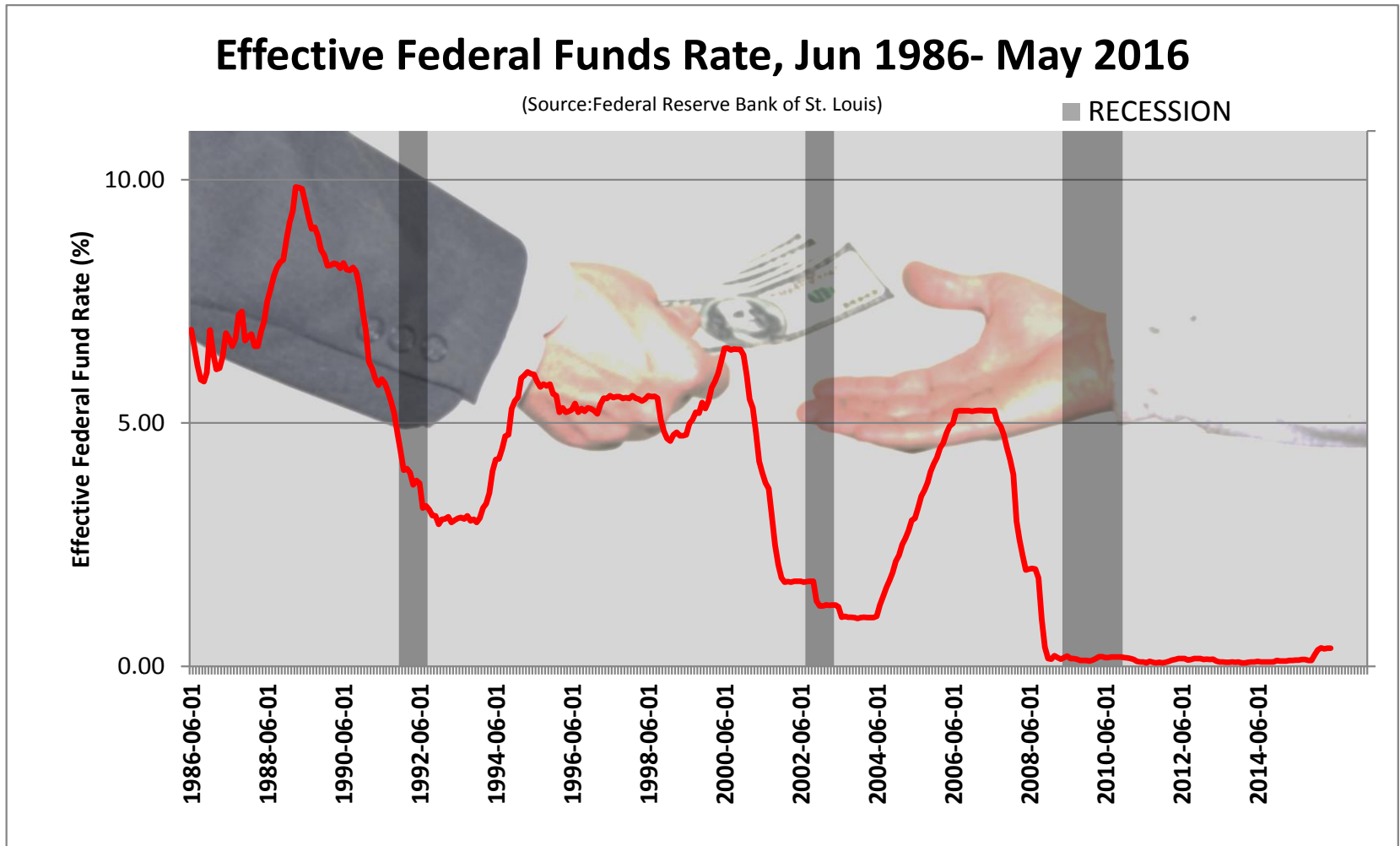
Estimated Budgetary Effects of the ARRA* (2009)

(Source: Congressional Budget Office and the Department of the Treasury)



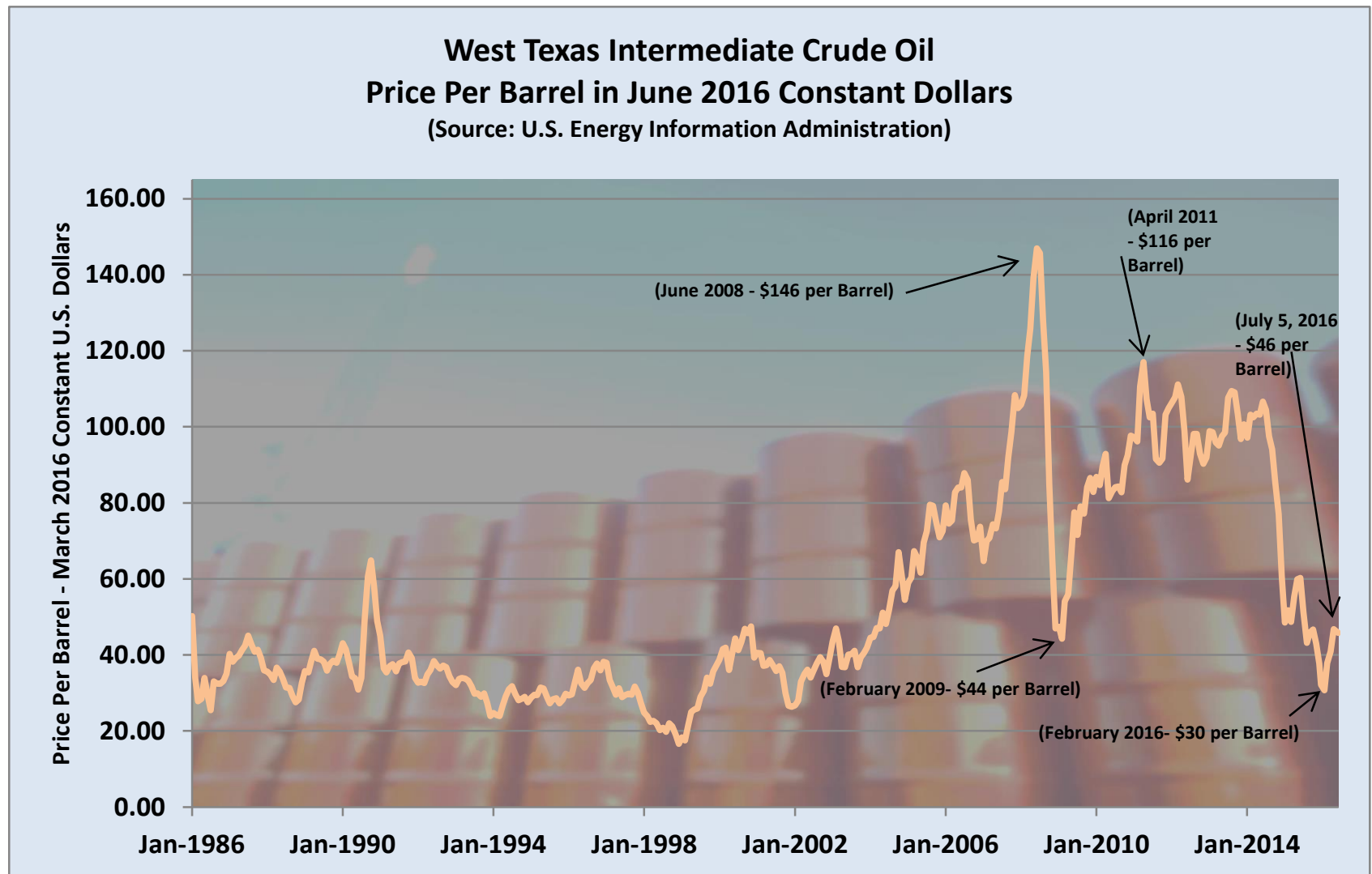
And an Unprecedented Period of Low I-Rates

- Dec 2008 - Nov 2015: A period of roughly “zero percent” Federal Funds Rate (Fed Funds Rate=interest rate at which banks can borrow from each other).



A Revolution in Energy Production...

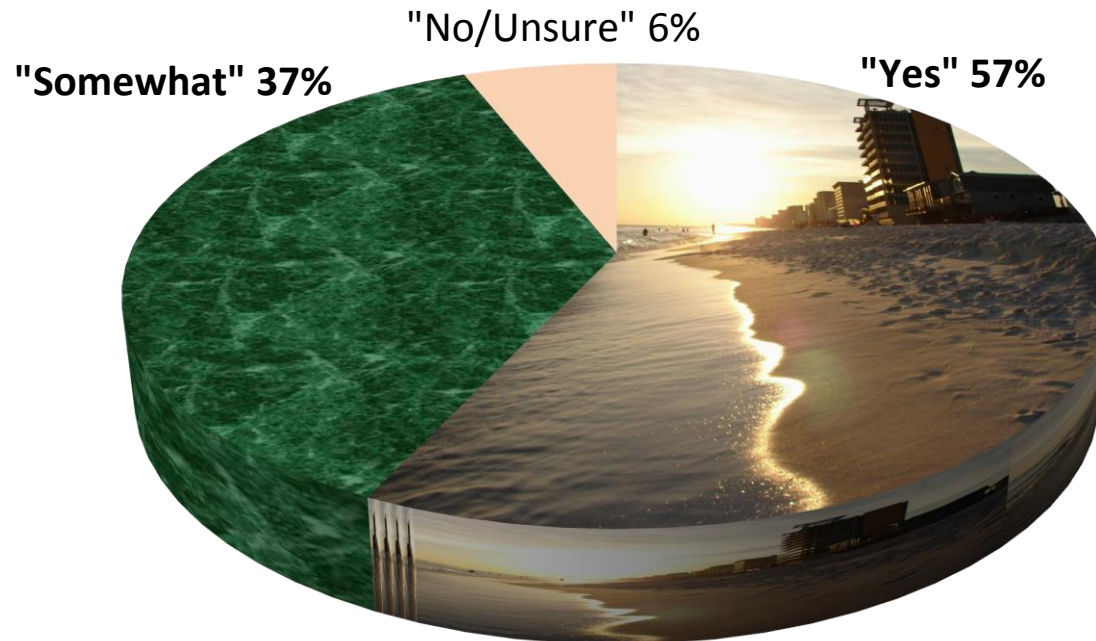
- Resulting in large energy price declines which have continued into CY 2016...



“NRG Costs” are a Key Budget Item for Tourists.

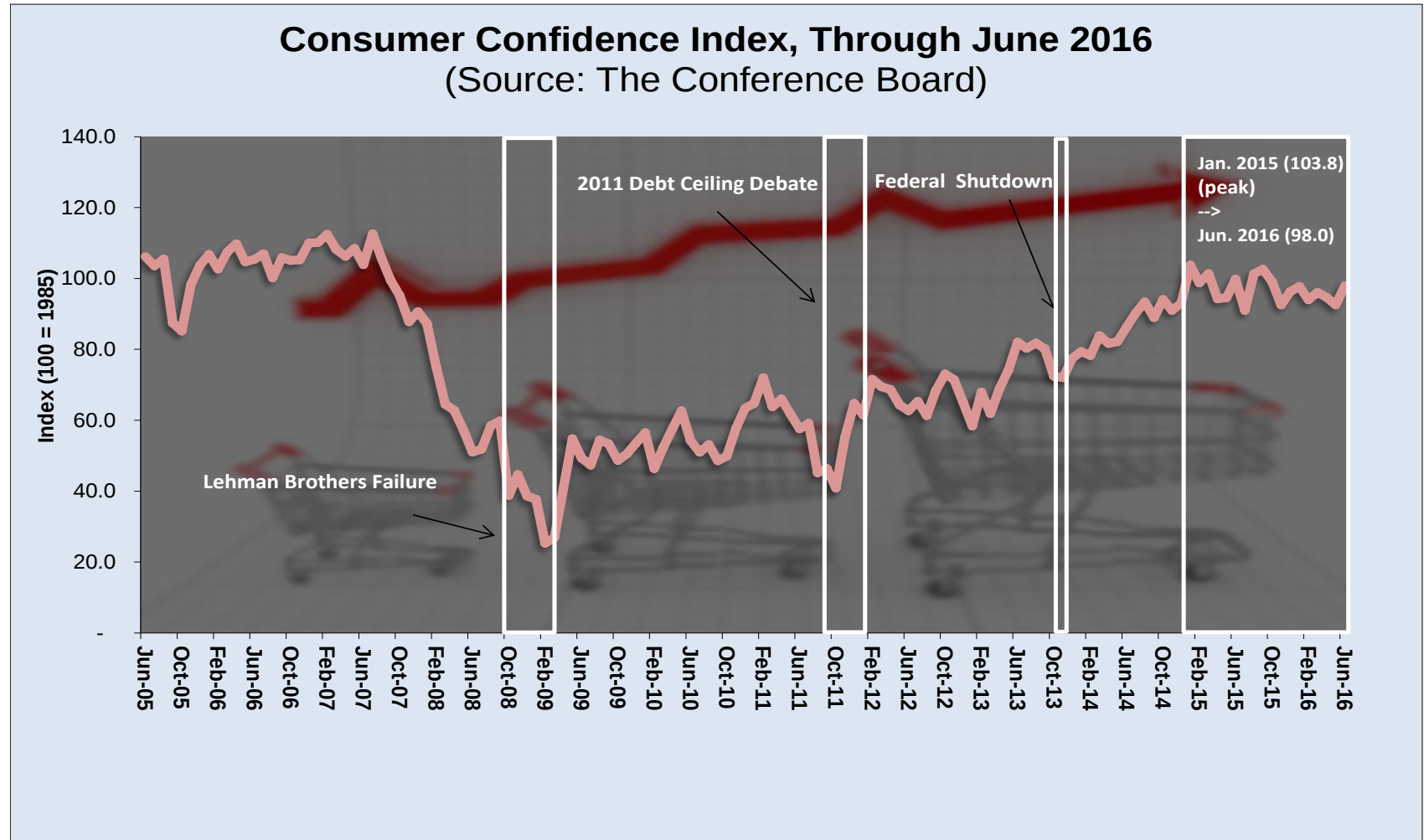
Do you believe that lower gas and oil prices make it cheaper for Americans to travel and go on vacation?

The Association for Convenience & Fuel Retailing, 4/7/2016



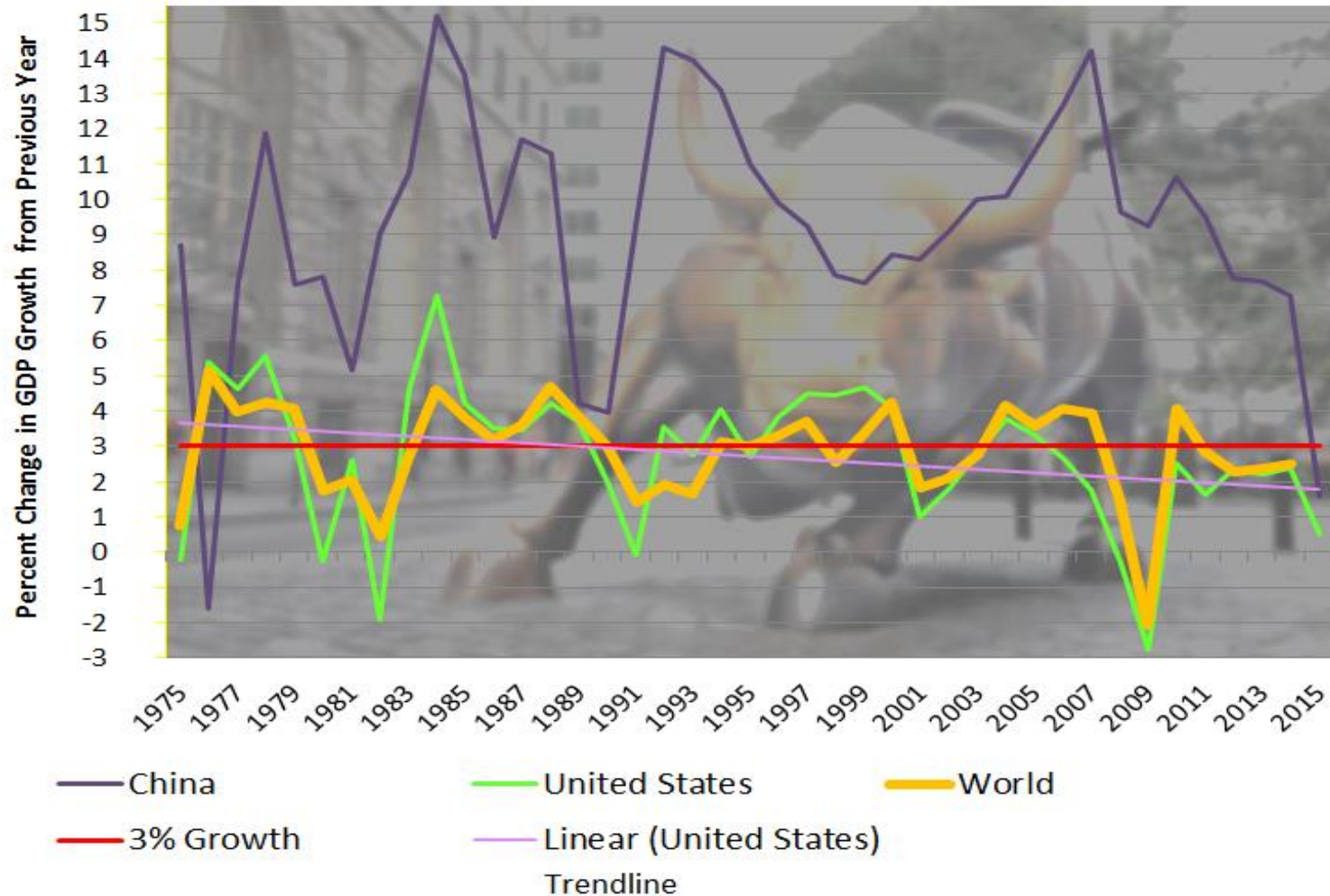
Consumer Confidence has Flattened...

- Consumers remain “uneasy,” and confidence has moved “sideways” since early 2015 due to a multitude of factors...



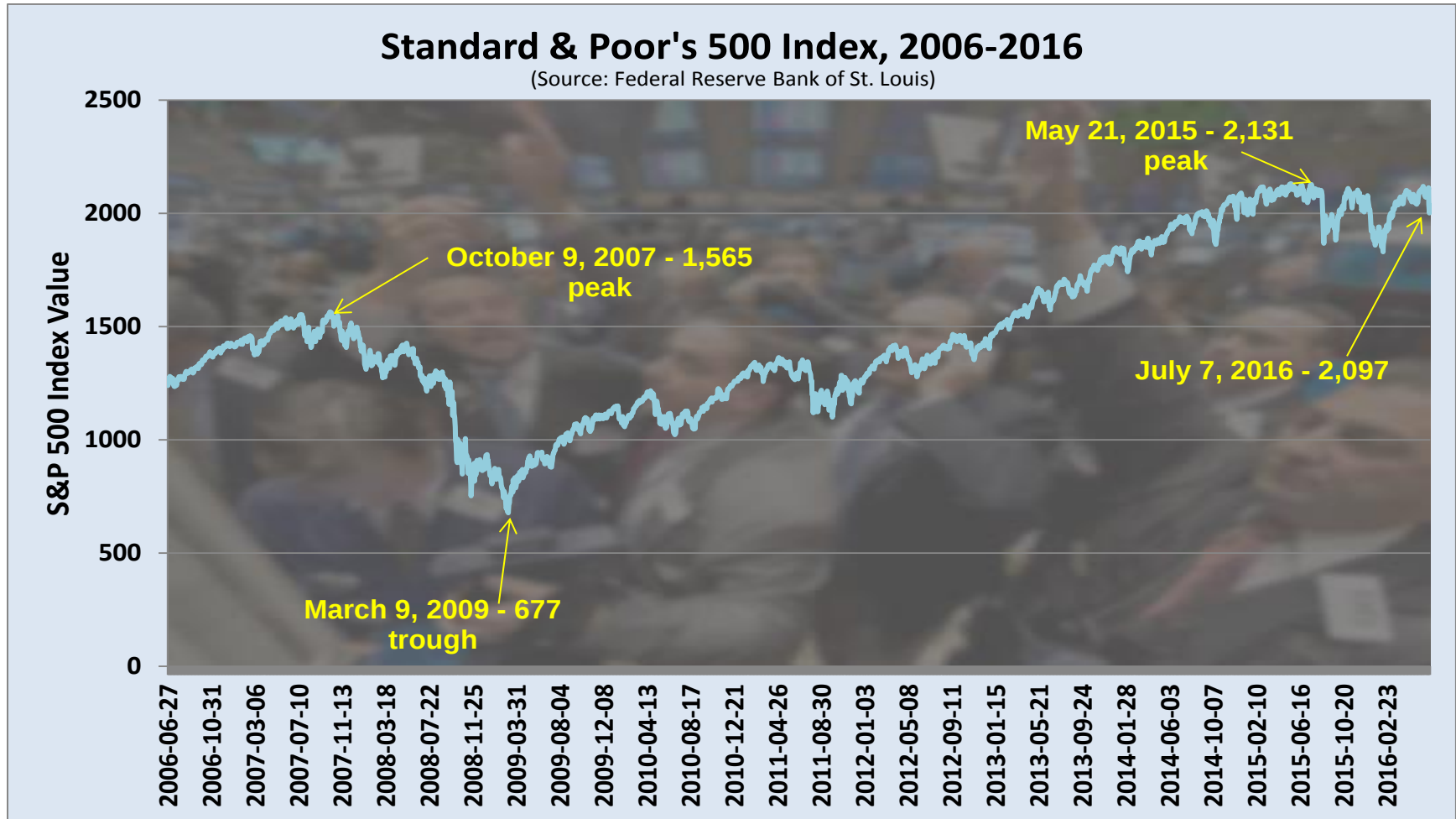
Due to Tepid Growth...and Other Factors...

GDP Growth by Country and World (1975-2015)



Equities Have Been Up and Down...

- Volatility has increased in the U.S. stock market...stocks last year had their worst annual price change performance since calendar year 2008...

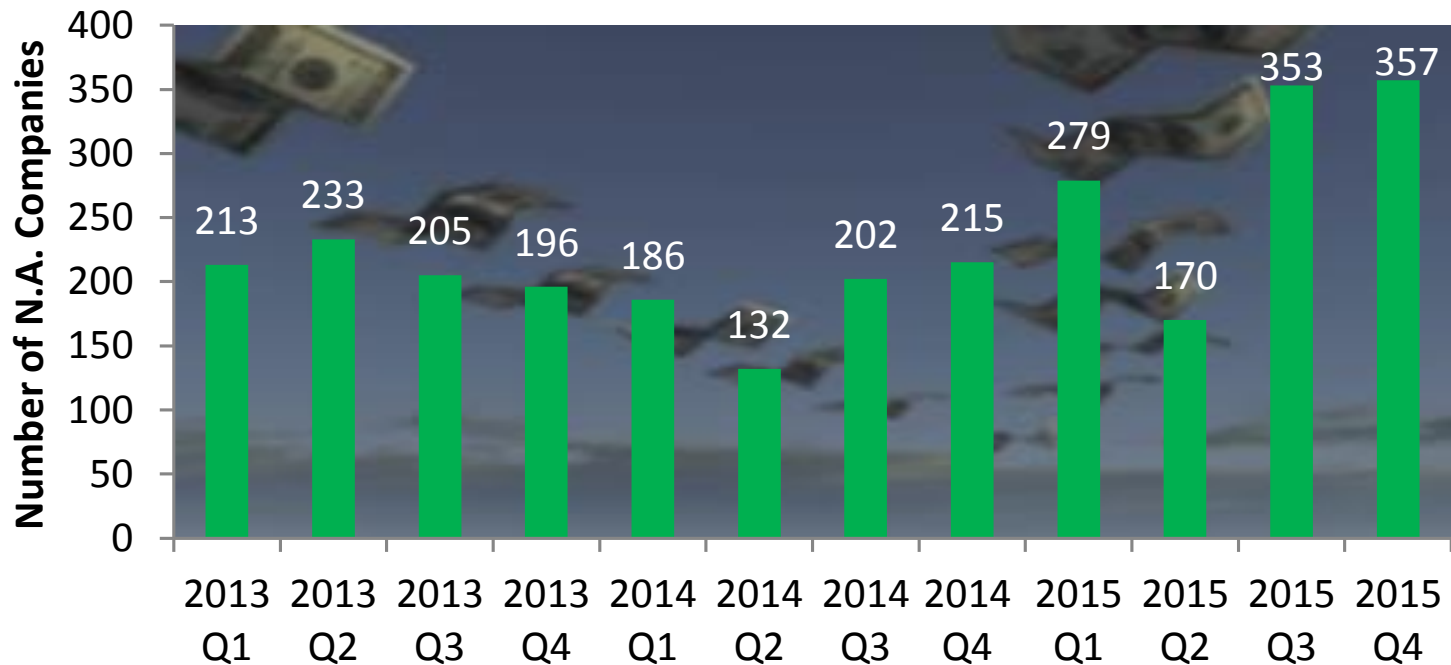


Trade Exports are Weakening...

- Exports weakened in 2015 due to strong U.S. Dollar—hurting U.S. factory activity and also factory jobs.

Number of North American Companies Reporting Negative Currency Impacts by Quarter

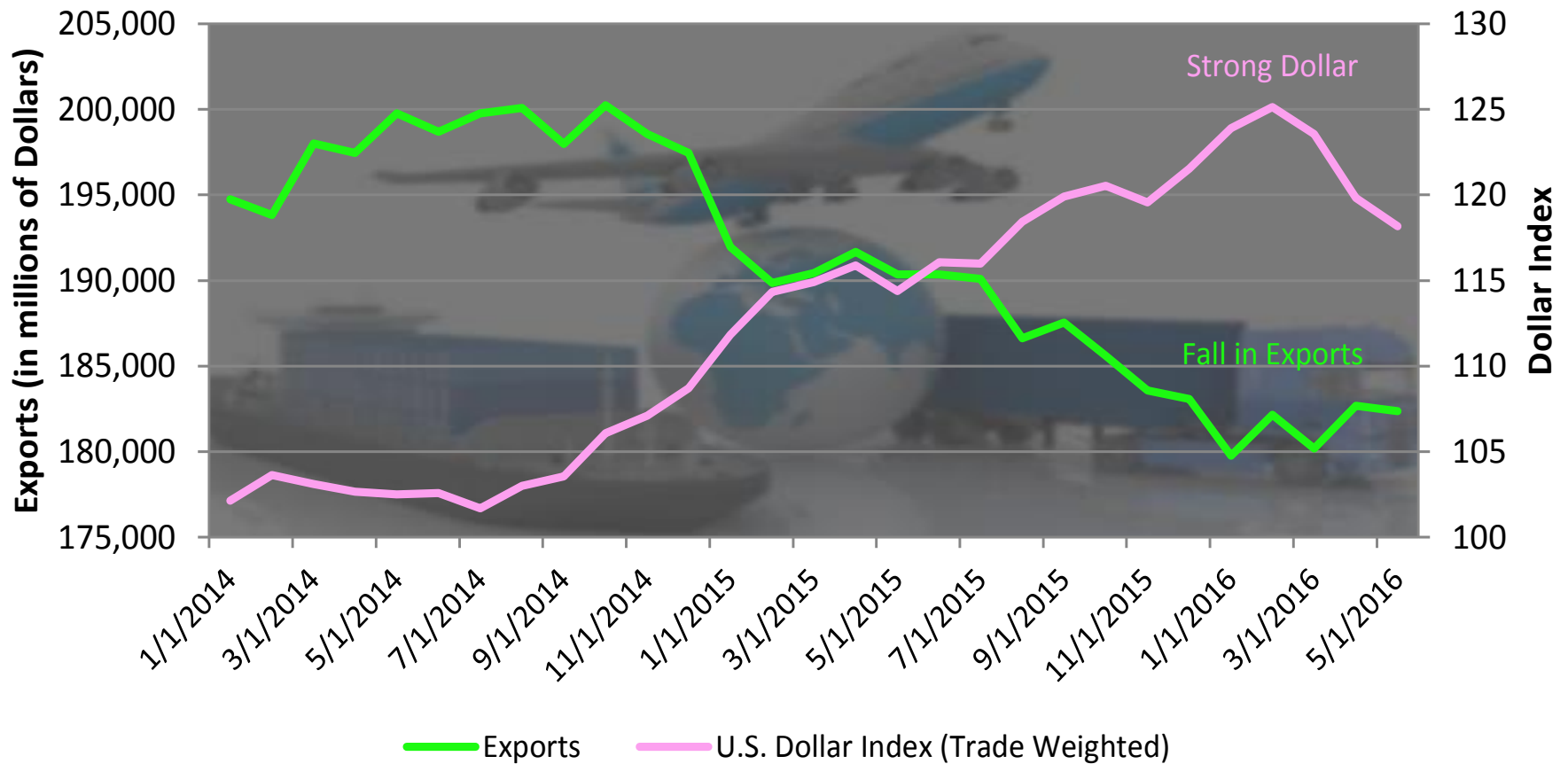
Source: FiREapps



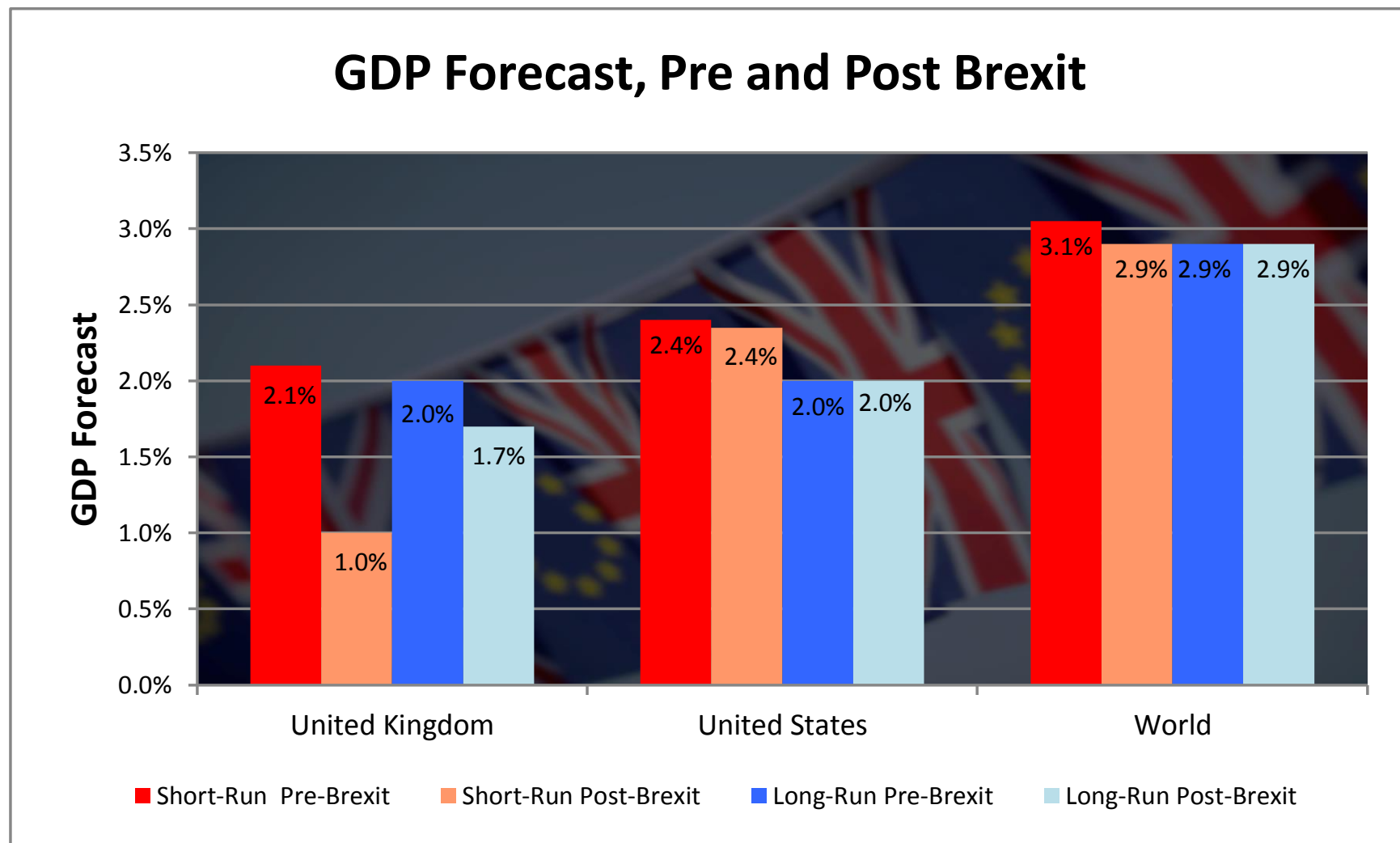
...Because of a U.S. Strong Dollar.

U.S. Exports vs. Dollar Index

Sources: US Census Bureau and Federal Reserve Bank of St. Louis



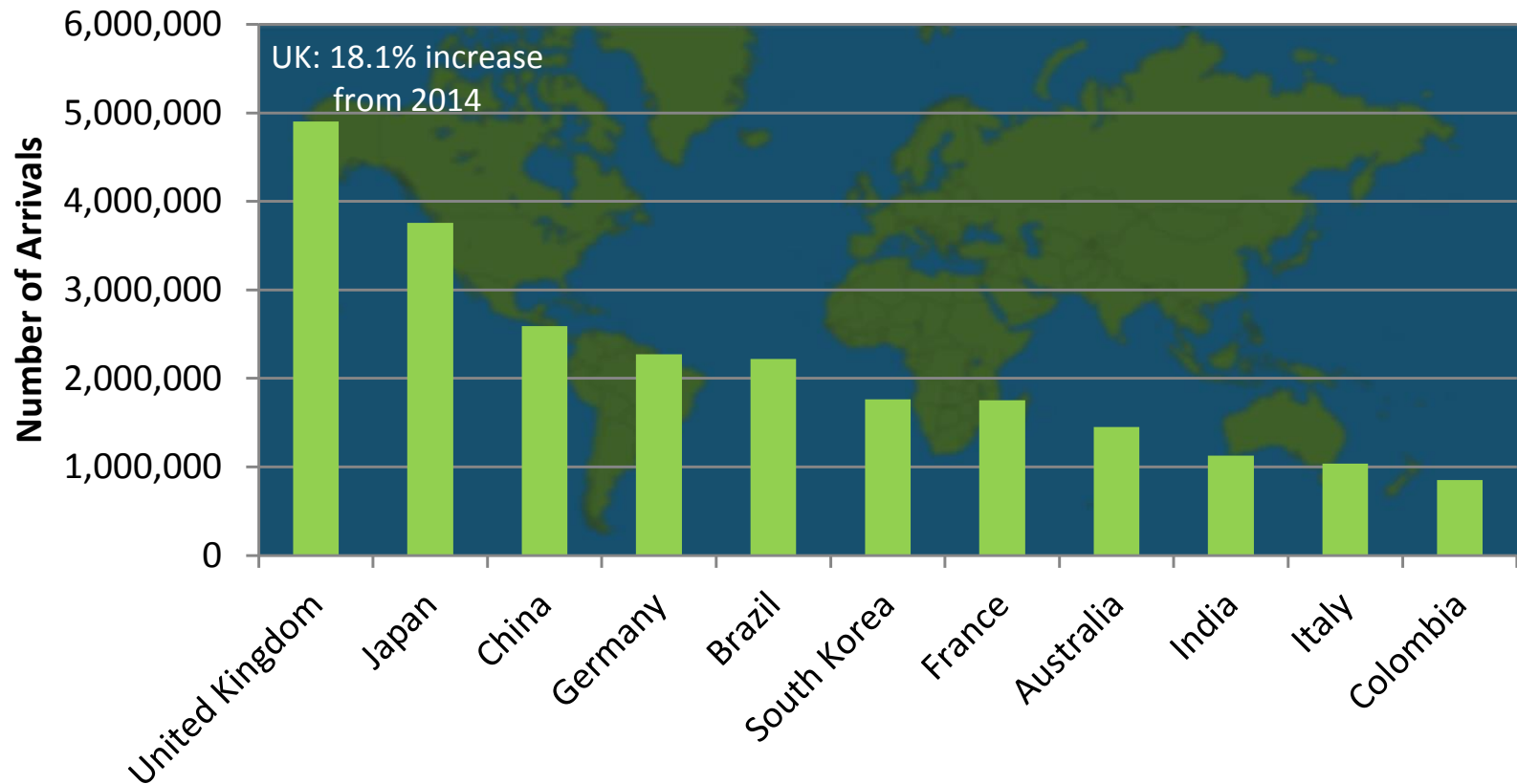
Now Brexit has Added to the Uncertainty...



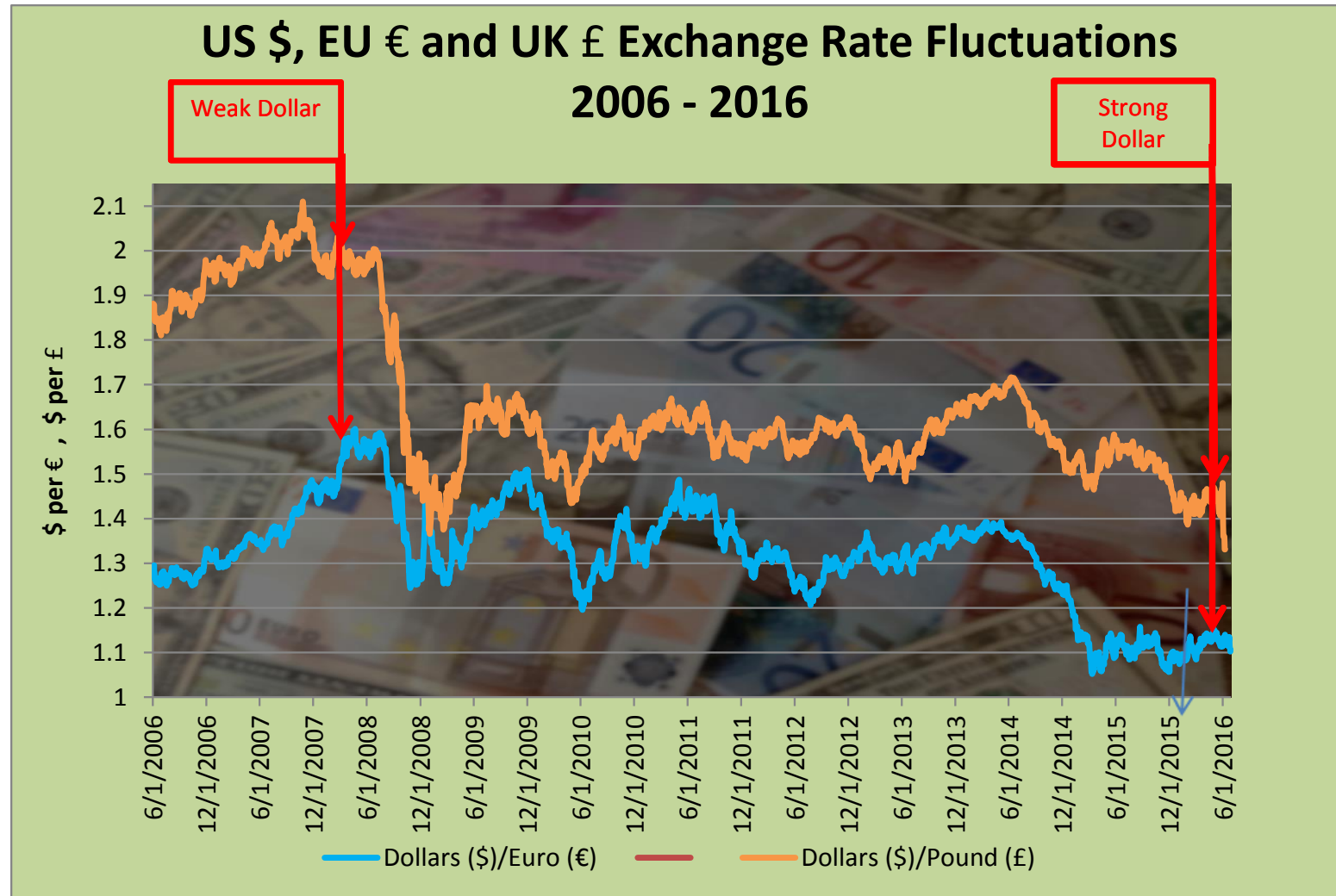
Brexit will not be a Positive for Tourism...

Tourists Arrivals to US in 2015: Top 10 Countries Outside North America

Source: International Trade Administration



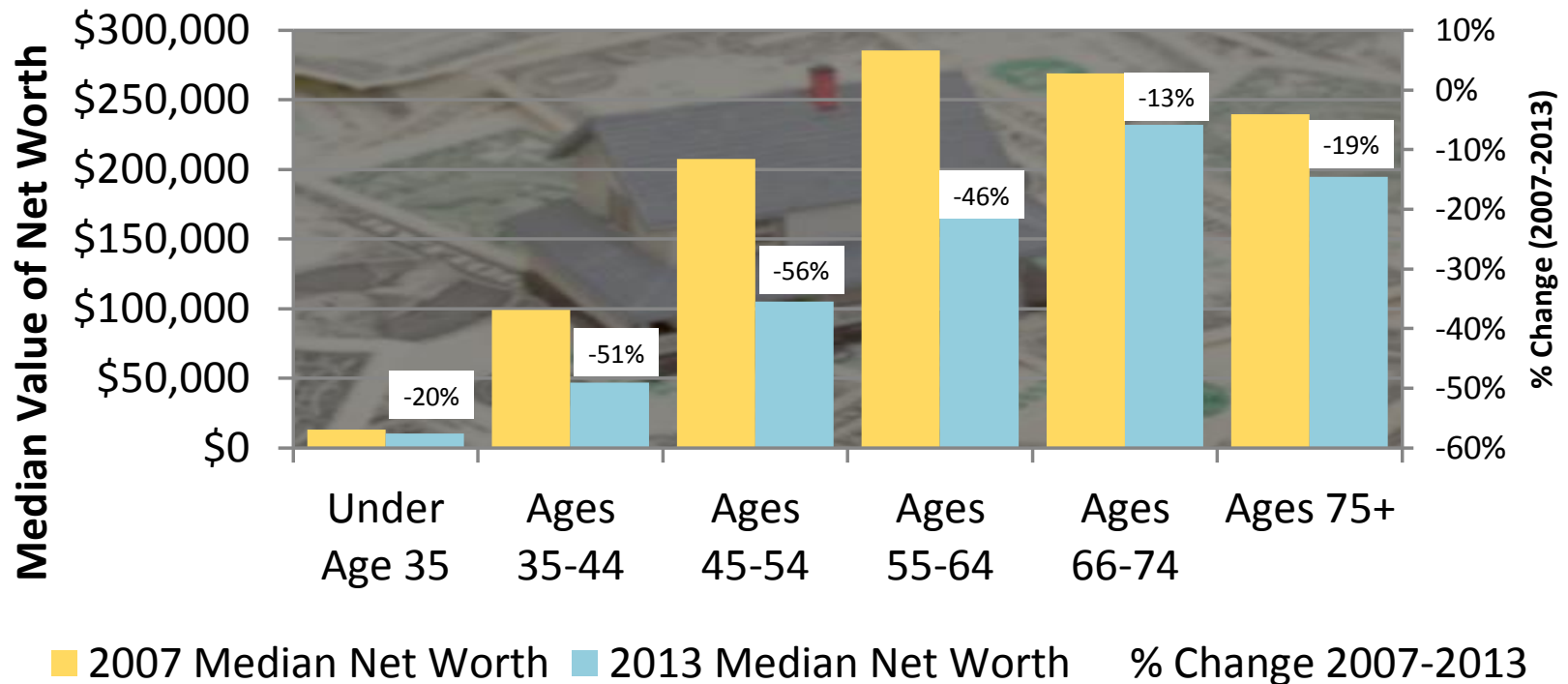
Or for Trade as the Dollar Strengthens...



“Net Worth” is also Still Recovering...

Median Net Worth (Head-of-Household's Age) 2007 vs. 2013

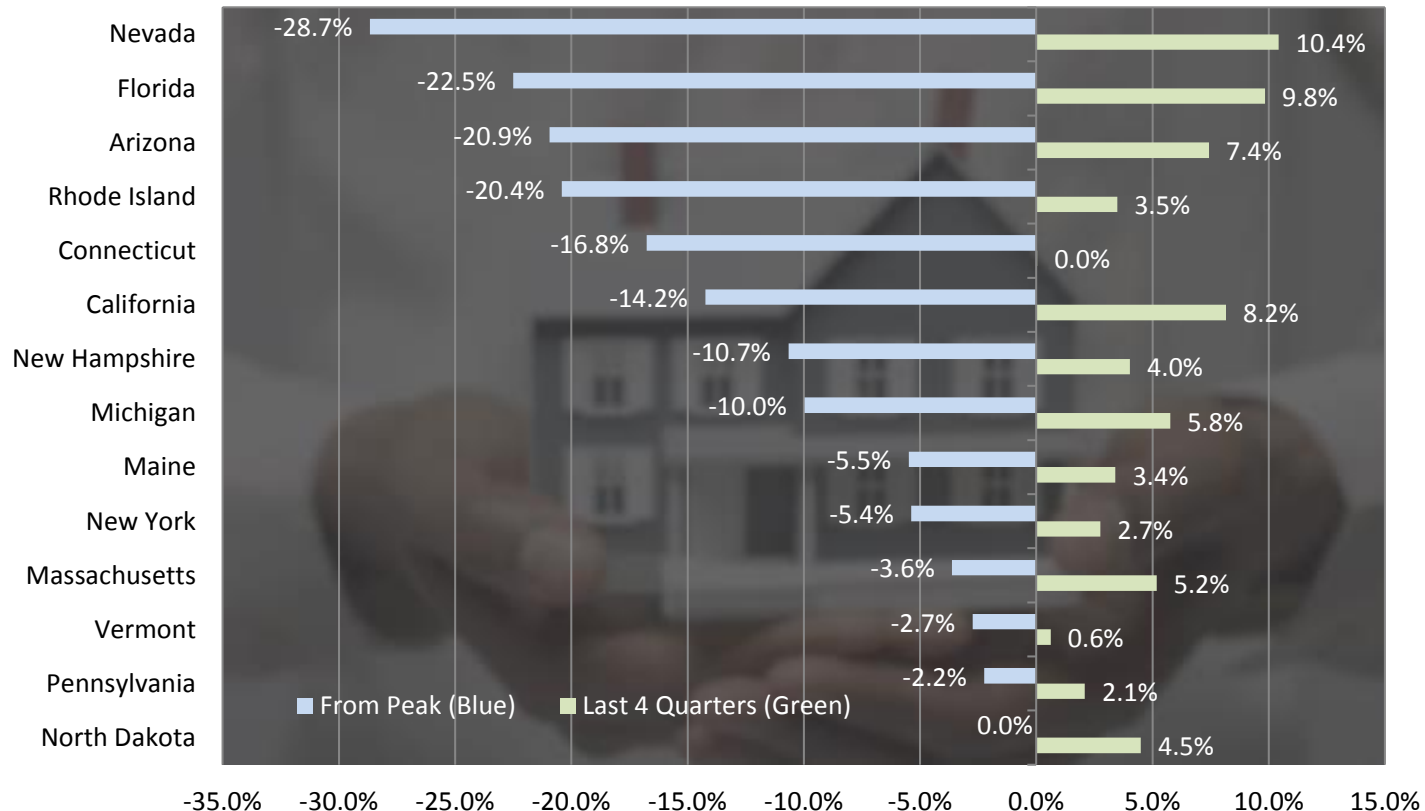
Source: Federal Reserve's 2013 Survey of Consumer Finances



“House Value” is a Key to “Net Worth...”

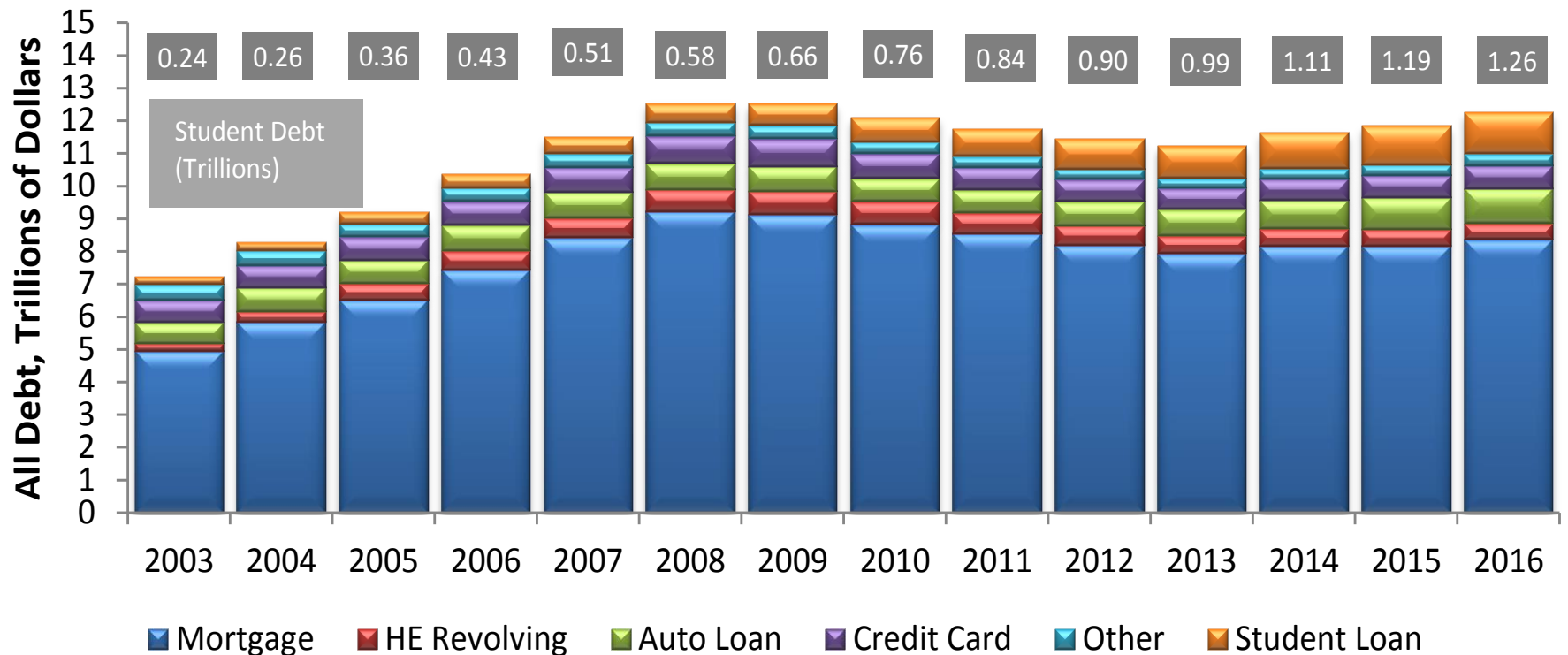
Change in Housing Prices, Thru 2016(Q1)

Source: Federal Housing Finance Agency



And “Student Loan Debt” Has Exploded...

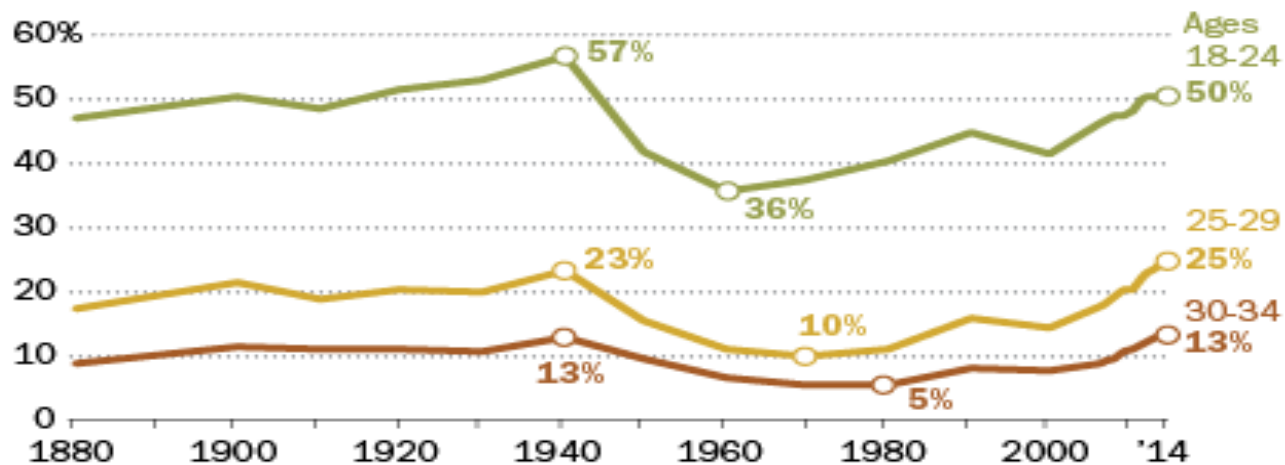
Total Debt Balance and its Composition
Source: FRBNY Consumer Credit Panel/Equifax



A “Record Number” of 25-34 Year Olds Are Now Living With Their Parents!

Record share of 25- to 34-year-olds living in parents' home

Share of U.S. young adults (ages 18-34) living in their parent(s)' home, by age



Note: "Living in parent(s)' home" means residing in a household headed by a parent regardless of the young adult's partnership status.

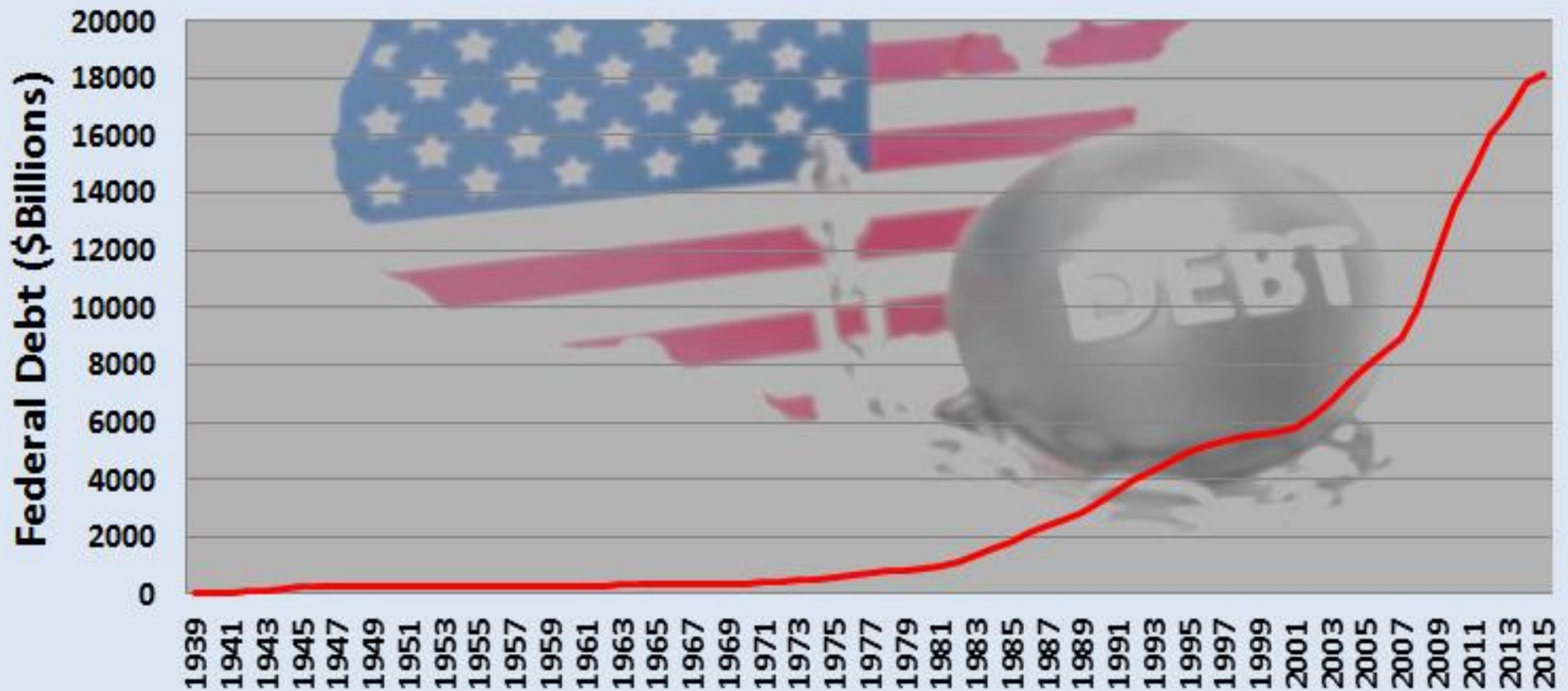
Source: Pew Research Center tabulations of the 1880-2000 U.S. decennial censuses and the 2006-2014 American Community Surveys (IPUMS).

PEW RESEARCH CENTER

“Stimulus” Has L-T Policy Consequences...

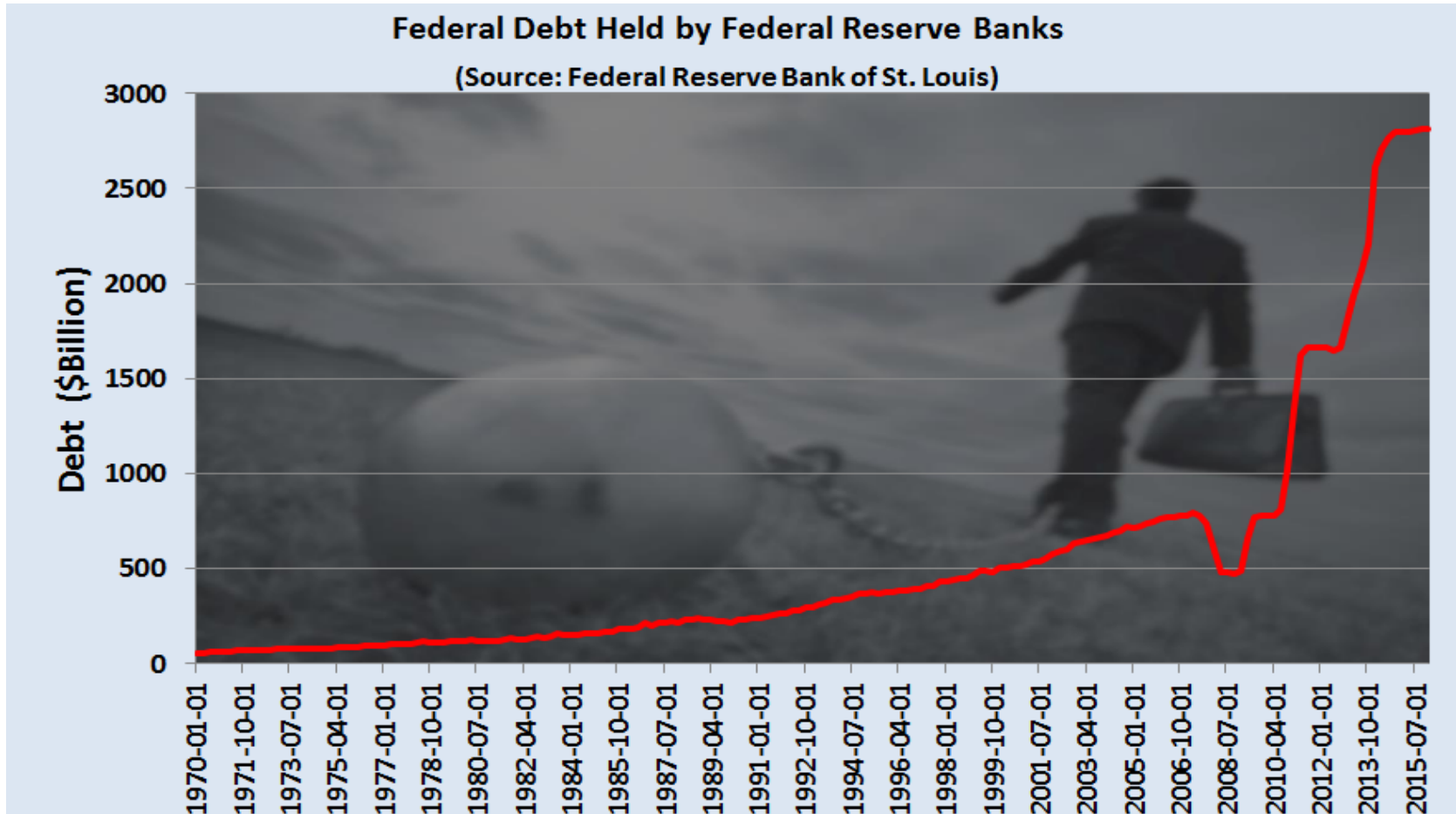
Gross Federal Debt Outstanding (1939-2015)

(Source: Federal Reserve Bank of St. Louis)



The Fed's Balance Sheet Has Also Grown...

- Federal Reserve has begun policy “normalization” (which has slowed with Brexit).
- “Normalization” means short-term rate increases and balance sheet restructuring.

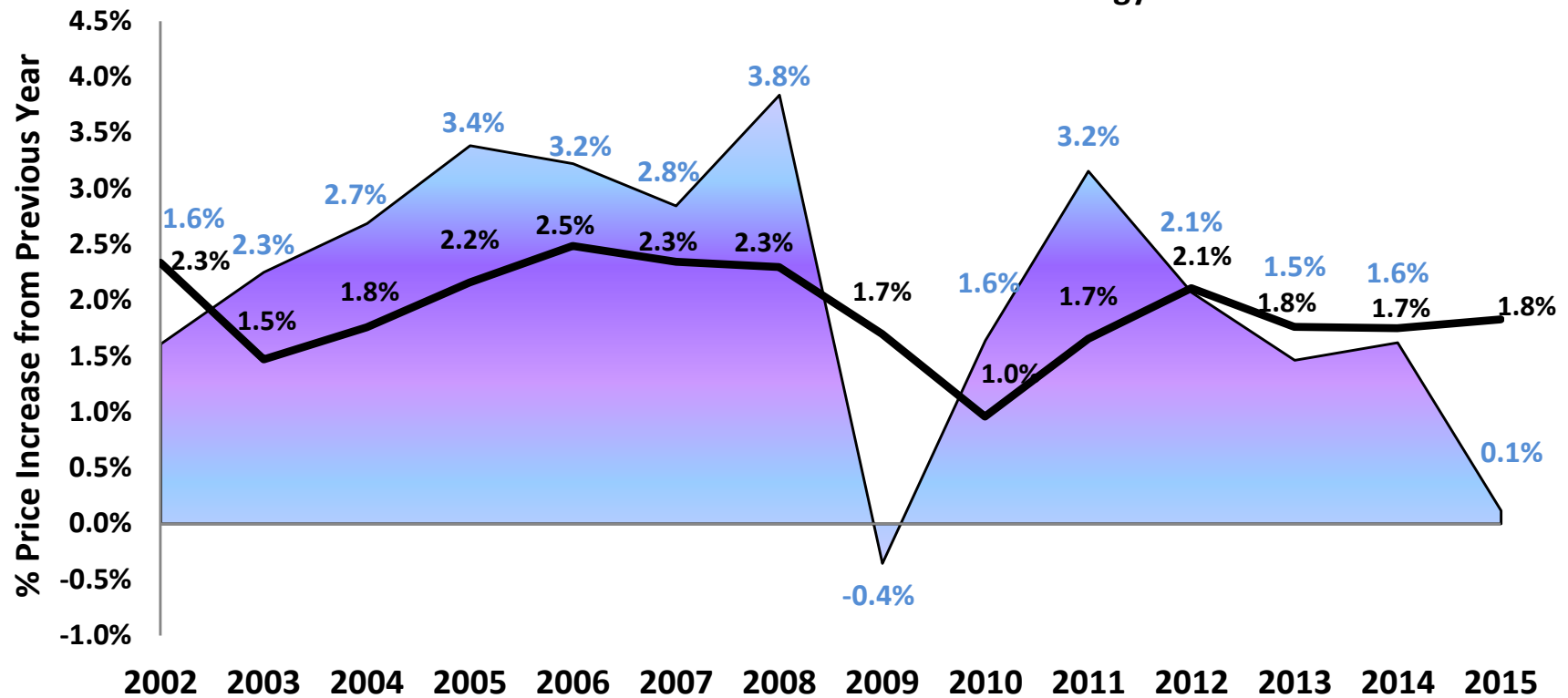


But Inflation isn't a Problem...Not Yet.

Consumer Price Index

All Urban Consumers, Year-over-Year Change

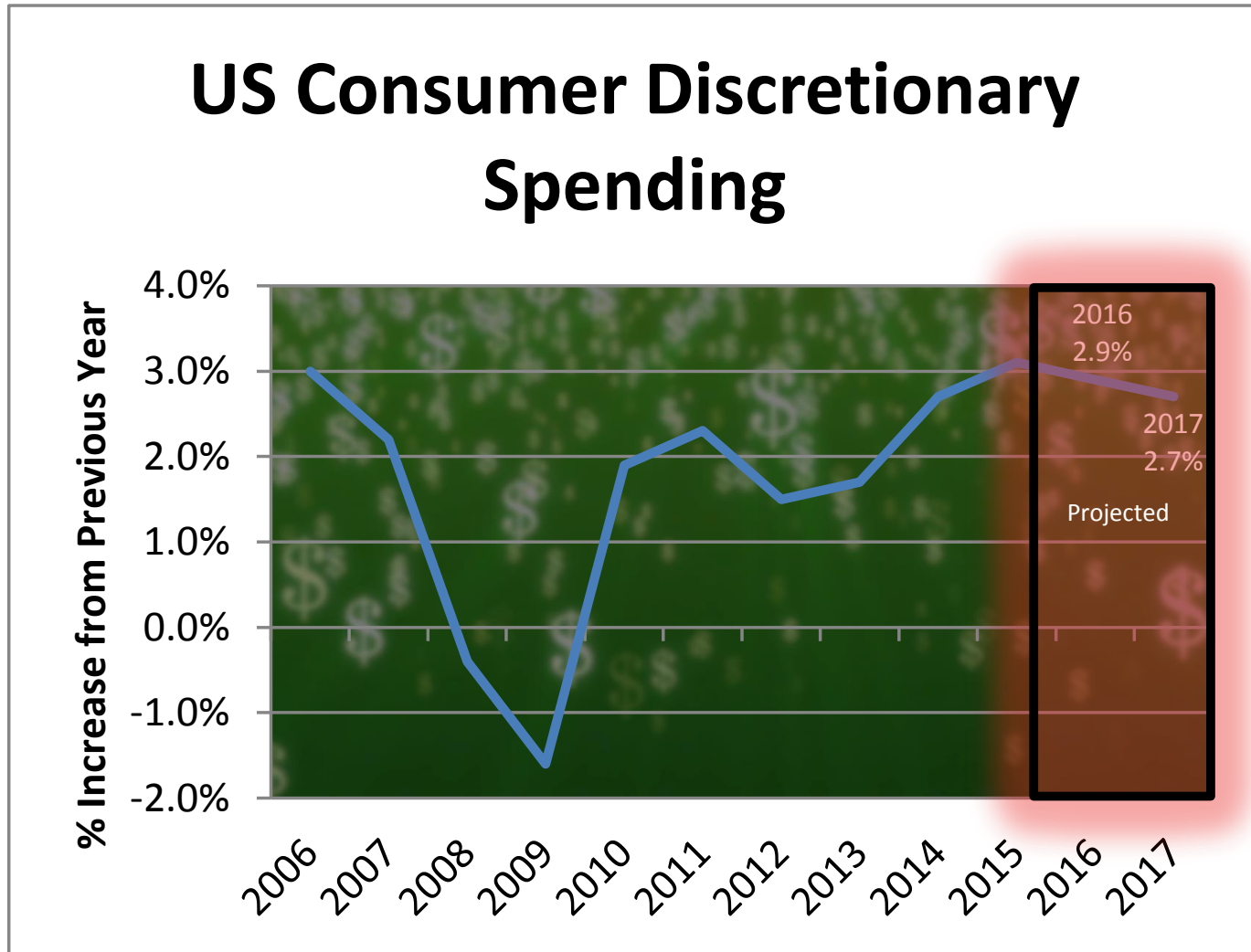
CPI - U CPI - U less Food & Energy



Tourism Now Has Its Share of Challenges...

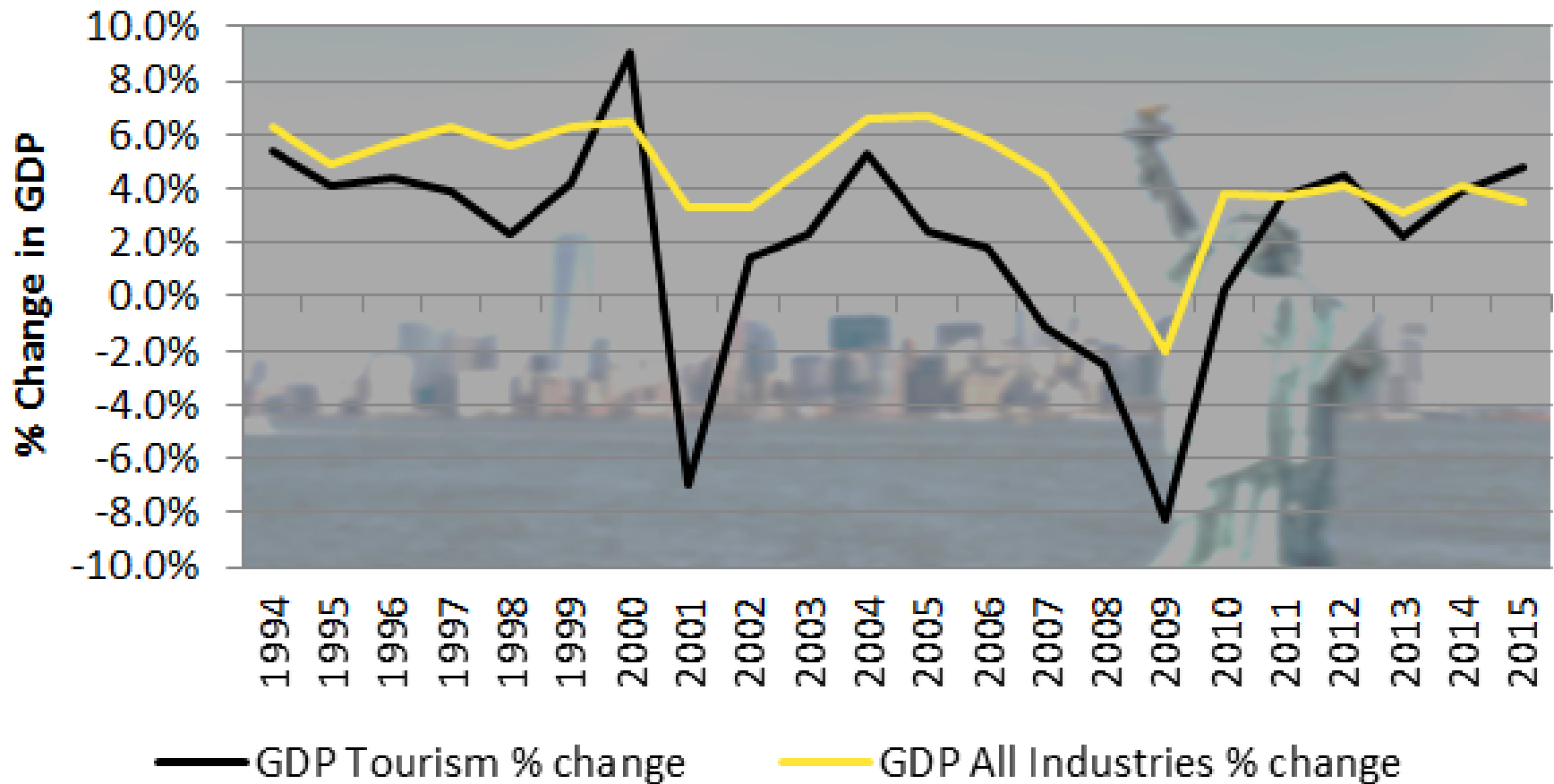


Including a Restrained Spending Outlook...



Especially When Times Get Uncertain...

US GDP in Tourism vs. All Industries



<http://www.bea.gov/national/Index.htm> GDPbyInd_GO_1947-2015
http://www.bea.gov/industry/gdpbyind_data.htm ("Gross Output")

Although Odds of a Recession are “Low...”

But... 76% of U.S. Economists expect GDP growth to be on the “downside” over the next 12 months, while only 15% say there is “upside” GDP growth risk...



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