

# Current Canada Travel Summary

## STATS-AT-A-GLANCE 2015 YTD (last update 2015-12-03)

### U.S. Arrivals from Canada (inbound 1+ nights)

Most Recent Month: **-11.6%** (Sep)  
 2015 YTD: **-8.8%** (Sep)  
 12-Month Rolling Avg. **-7.4%** (Sep) (**Chart 1**)  
 Overnight volume has declined for 12 of the past 13 months. An 18% decline occurred in the most traveled month of August. For perspective, outbound to all other countries is up 9.4% for the year and the growth trend remains strong.

### U.S. Departures to Canada (outbound 1+ nights)

Most Recent Month: **+16.5%** (Sep)  
 2015 YTD: **+8.0%** (Sep)  
 12-Month Rolling Avg. **+7.1%** (Sep)  
 U.S. outbound to Canada had been in a five-year funk until mid-2012, but has experienced consistent growth since then, including growth for 16 of the past 18 months.

### Economic Factors

Real GDP change had been positive for two dozen consecutive quarters, including solid growth throughout 2013 and 2014, but 2015 began with two consecutive quarters of declines of less than one percent. However, GDP rebounded in Q3 to post a 0.6% gain, a level solidly in the middle of quarterly growth performances over the past several years. Exports account for a very large proportion of GDP and thus changes in GDP are sensitive to changes in the exchange rate, which began 2015 at US\$0.85 (**Chart 2**) and as of this writing was below US\$0.75. The employment situation had improved since the start of 2010, but has now jumped back up above 7%. (**Chart 3**-this data is not seasonalized). Consumer spending had been falling, partially due to lower gasoline prices throughout much of the first part of the year. But gasoline (after-tax) savings, like throughout the world has now contributed to sizable increases in disposable income for other products and services. Excluding gasoline, Canada retail sales increased 1.4% in the 2nd quarter. Offsetting this encouraging news is an increase in credit-to-disposable income ratios. This is a key metric to monitor.

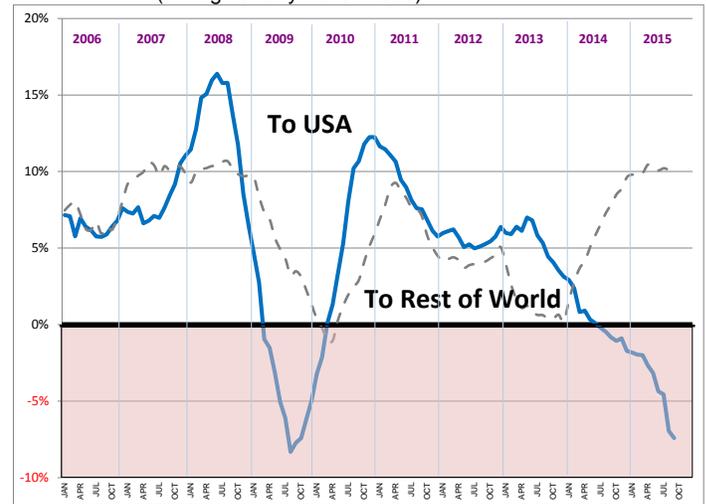
### Latest News

**Duty-free limit.** Traveler volume performance is no longer impacted artificially by the increase in this limit, which has now been in effect for more than two years. The days of 70+% monthly increases in the 1-night only auto segment are over. Of course, the limit increase remains a positive factor impacting short-term shopping travel to the USA.

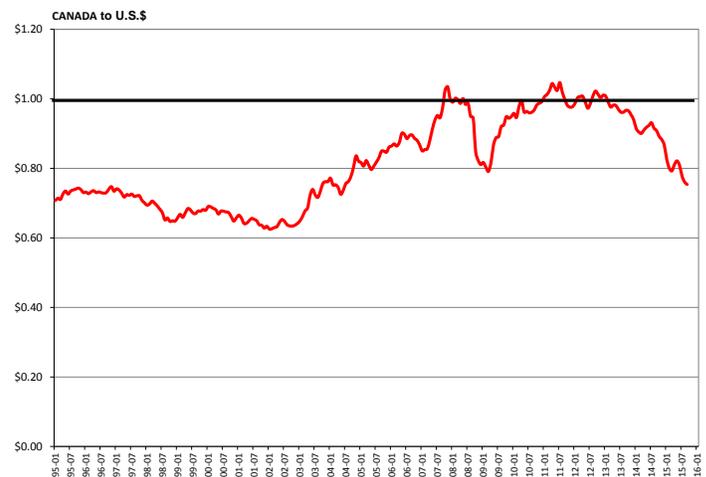
**Cross-border air travel.** There is no new news in this area, but NTTO is hopeful that profile data available later this year will flush out many of the details sought from this growing trend. An annual (January) survey of Canadian households' travel intentions reports this trend continues to grow.

**Outlook.** NTTO updated the semi-annual *Travel Forecast* in October. The Spring 2015 forecast of +1% growth for Canada in 2015 was revised strongly downward to a decline of 8% in the update based on the new recent reality of actual volume and economic outlook. The revision lowers the compound annual average growth rate to +0.6%. This outcome would produce an additional 800 thousand visitors in 2020 versus 2014 actual volume of 23.0 million visitors.

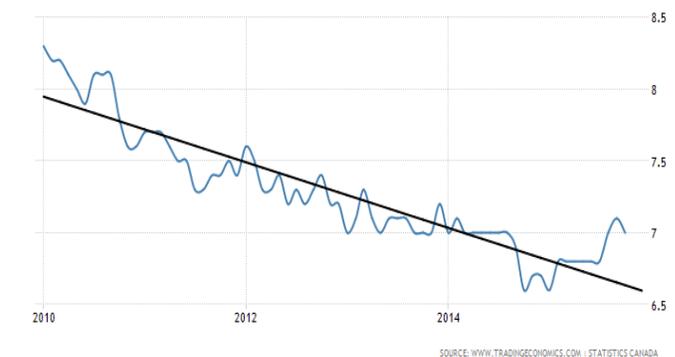
**Chart 1: Traveler Volume to the USA and Rest of World: 12-Month Moving Average (1+ nights--any travel mode)**



**Chart 2: Currency Exchange Rate (Canadian traveler perspective) (monthly average of \$U.S. per 1 Canadian dollar)**



**Chart 3: Canada Unemployment Rate (as a % of the labor force)**



Sources: Statistics Canada. *International Travel Survey* monthly website CANSIM files. U.S. Federal Reserve website. TradingEconomics.com. 2015 Hotel Association of Canada *Canadian Travel Intentions Survey*.