

IMPACTS OF CORONAVIRUS ON APAC TOURISM

Tom Rogers

Head of Macroeconomic Consulting

Oxford Economics

trogers@oxfordeconomics.com

Introducing Oxford Economics

- **Oxford Economics was founded in 1981 as a joint venture with Templeton College, the business college of the University of Oxford.** The company is now privately owned and independent of the University, although we do retain links through non-executive membership of the board.
- **Oxford Economics is a leader in global forecasting and quantitative analysis.** Our worldwide client base comprises more than 1,500 international corporations, financial institutions, government organisations, and universities.
- **Headquartered in Oxford, with offices around the world,** we employ 400 staff, including 250 economists and analysts. Our best-in-class global economic and industry models and analytical tools give us an unmatched ability to forecast external market trends and assess their economic, social and business impact.



Introducing Tourism Economics

The hero section features a dark blue background with a world map. In the top left, there is a globe icon and the text 'TOURISM ECONOMICS AN OXFORD ECONOMICS COMPANY'. The main headline reads 'Global Travel Data, Models, and Intelligence' in a large, white, serif font. Below it, a tagline says 'Applied to complex strategy and policy decisions'. On the right side, there are navigation elements: a search icon and a hamburger menu icon at the top; a 'LATEST RESEARCH' button with a checkmark icon; a 'CONTACT US | REQUEST DEMO' button with an envelope icon; and a 'CLIENT LOGIN' button with a right-pointing arrow icon.

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

Global Travel Data, Models, and Intelligence

Applied to complex strategy and policy decisions

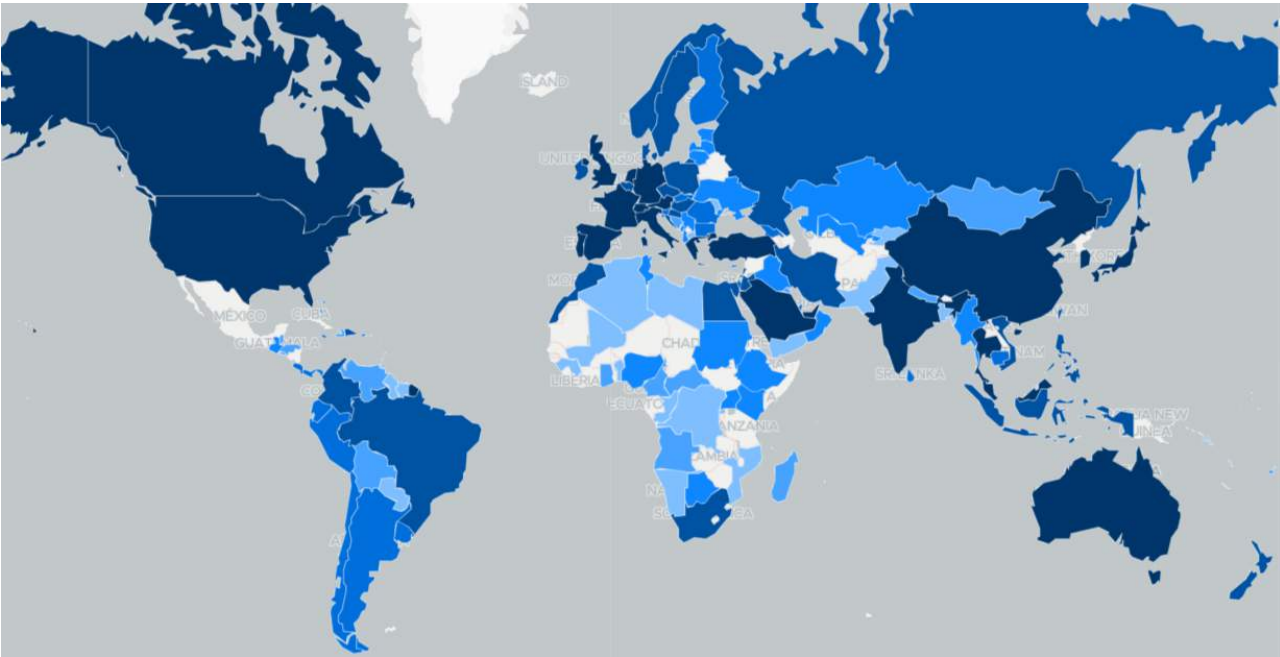
LATEST RESEARCH

CONTACT US | REQUEST DEMO

CLIENT LOGIN

Coronavirus is spreading more widely and rapidly than expected

Countries with travel restrictions, shaded according to inbound travel spending



Source: Tourism Economics Global Travel Service (GTS)

- Over 330,000 cases worldwide (Tues 24 March)
- More cases outside China than inside China and vast majority of countries affected
- **Travel restrictions have been imposed by over 150 countries accounting for the vast majority of travel demand**

Questions: Use the question panel on the right

Coronavirus is having a major impact on economic activity

Impact of Coronavirus

Travel & Tourism

- Official bans and restrictions
- Reduced appetite for business travel
- Reduce demand for leisure travel

Confidence

- Consumers pull demand forward
- Businesses reduce activity
- Events cancelled
- Lockdown risk

Supply chains

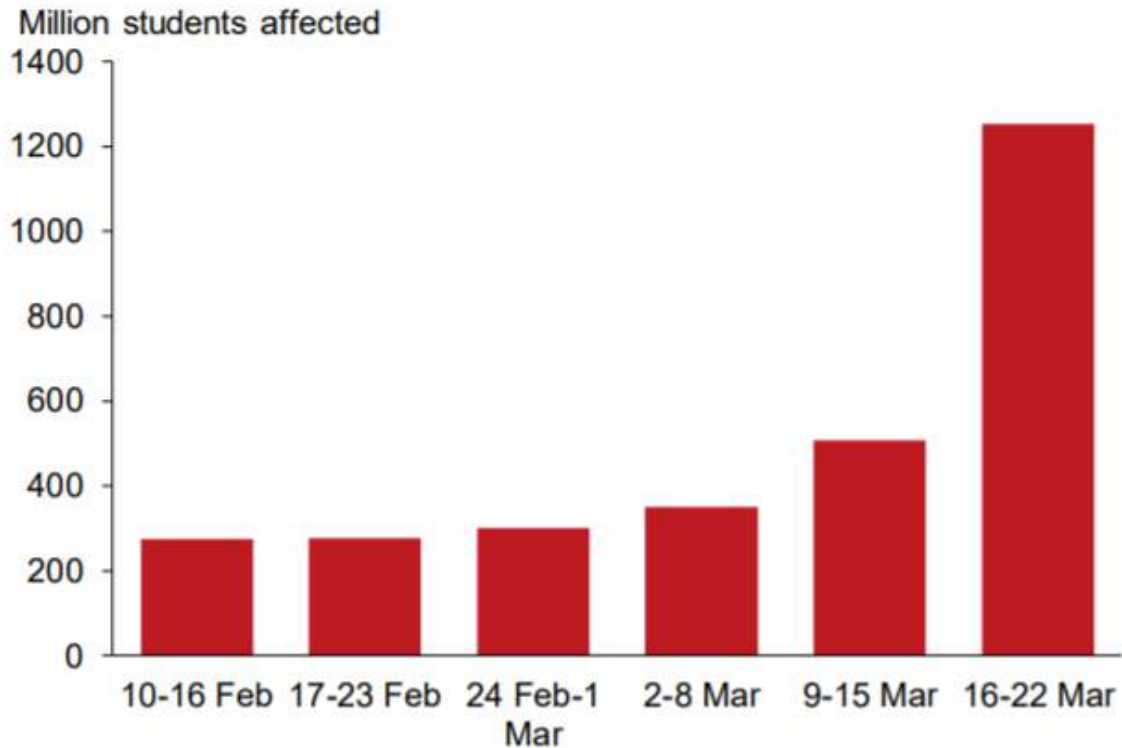
- Inventories run down
- Factory closures in the US
- Lockdown risk

Financial conditions = Accelerator

Questions: Use the question panel on the right

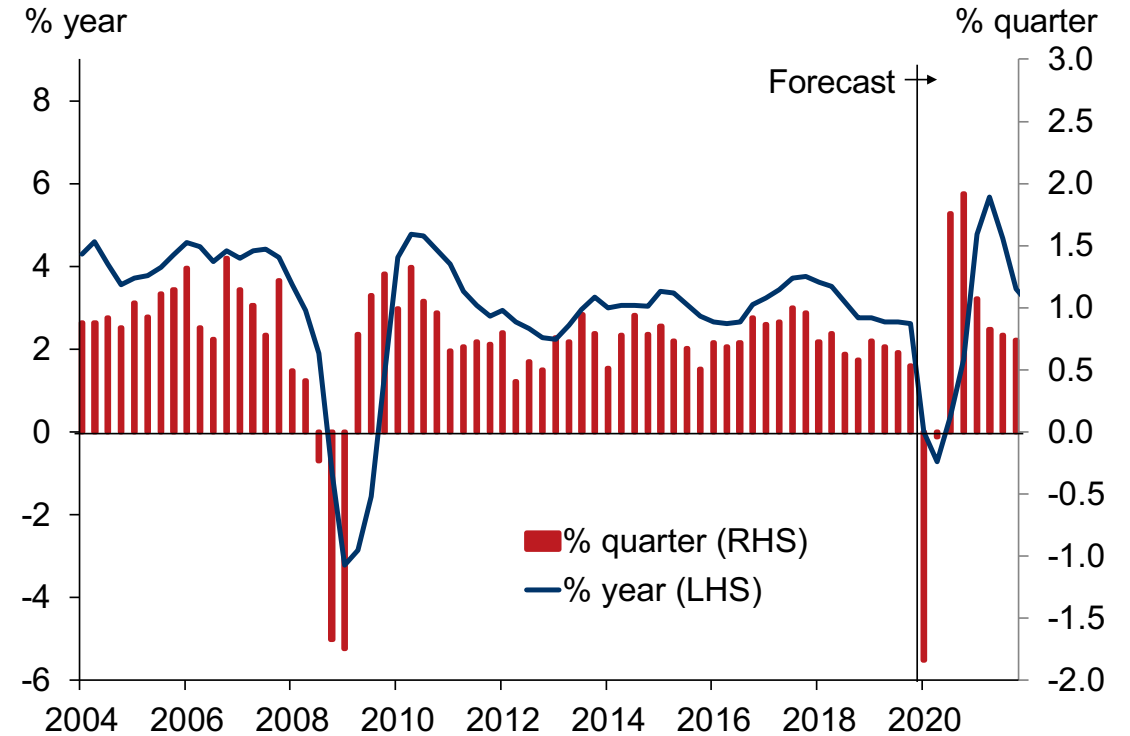
Q1 economic impact will be greater than during GFC

Global: National school closures



Source : Oxford Economics/UNESCO

World: GDP

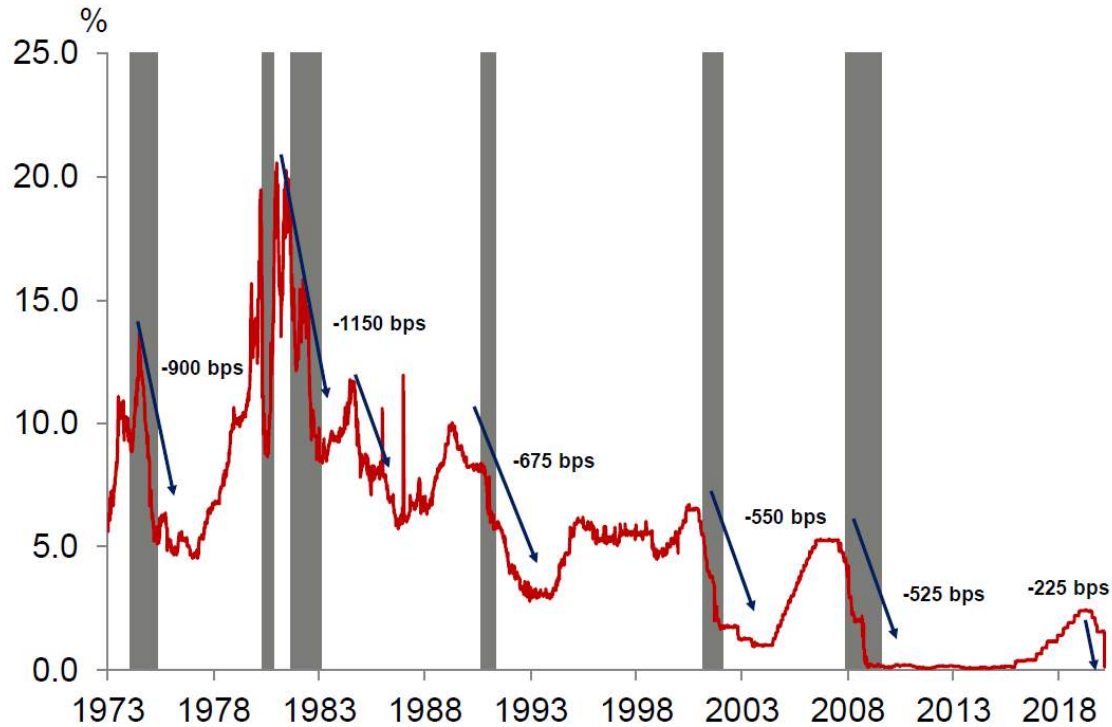


Source : Oxford Economics/Haver Analytics

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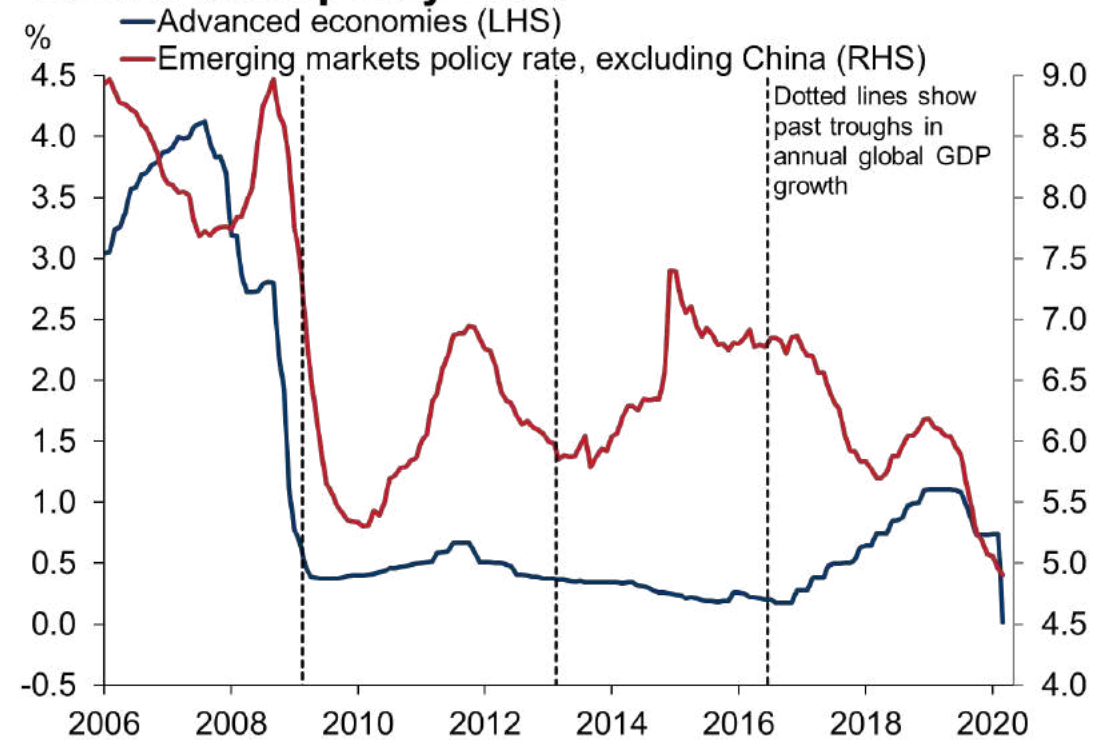
Central banks with aggressive easing around the world

US: Rates slashed to the effective lower bound



Source : Oxford Economics/Haver Analytics

Central bank policy rates

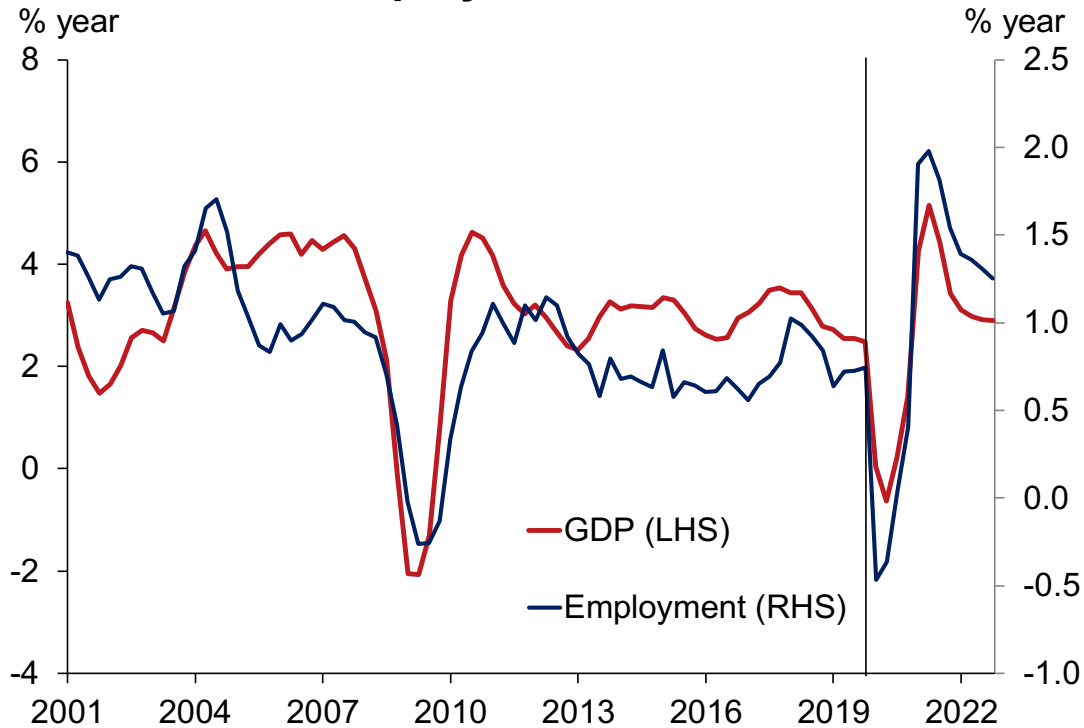


Source : Oxford Economics/Haver Analytics

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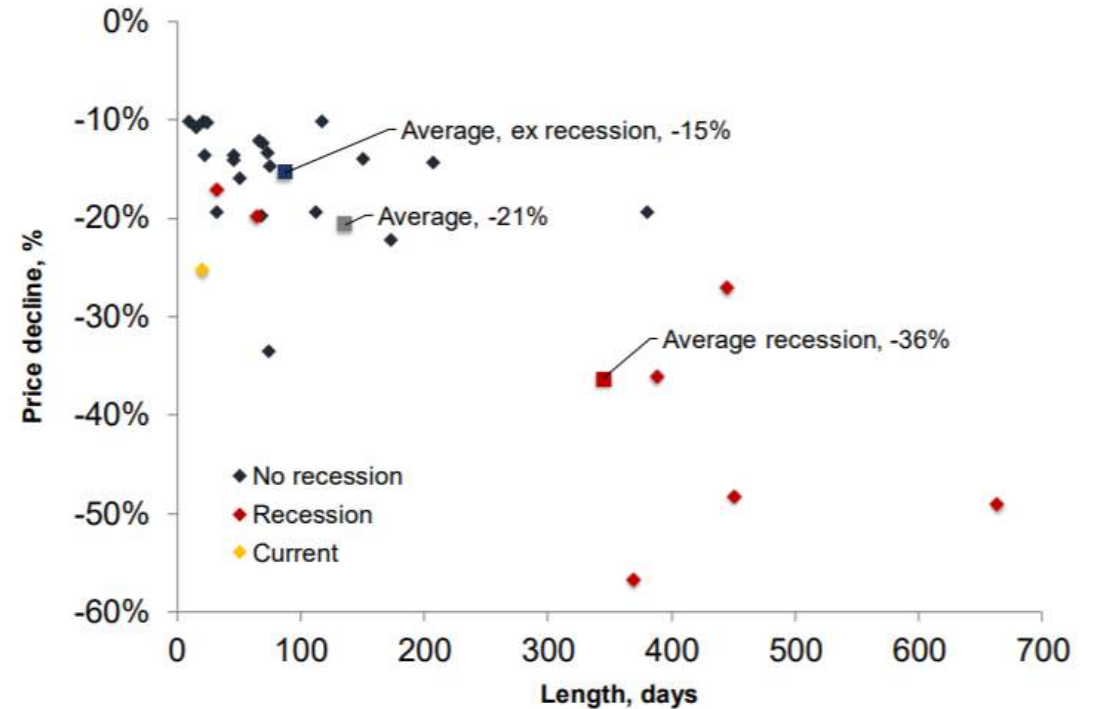
Households hit with double impact of unemployment and wealth loss

World GDP & employment



Source : Oxford Economics/Haver Analytics

Historical S&P 500 corrections (since 1965)



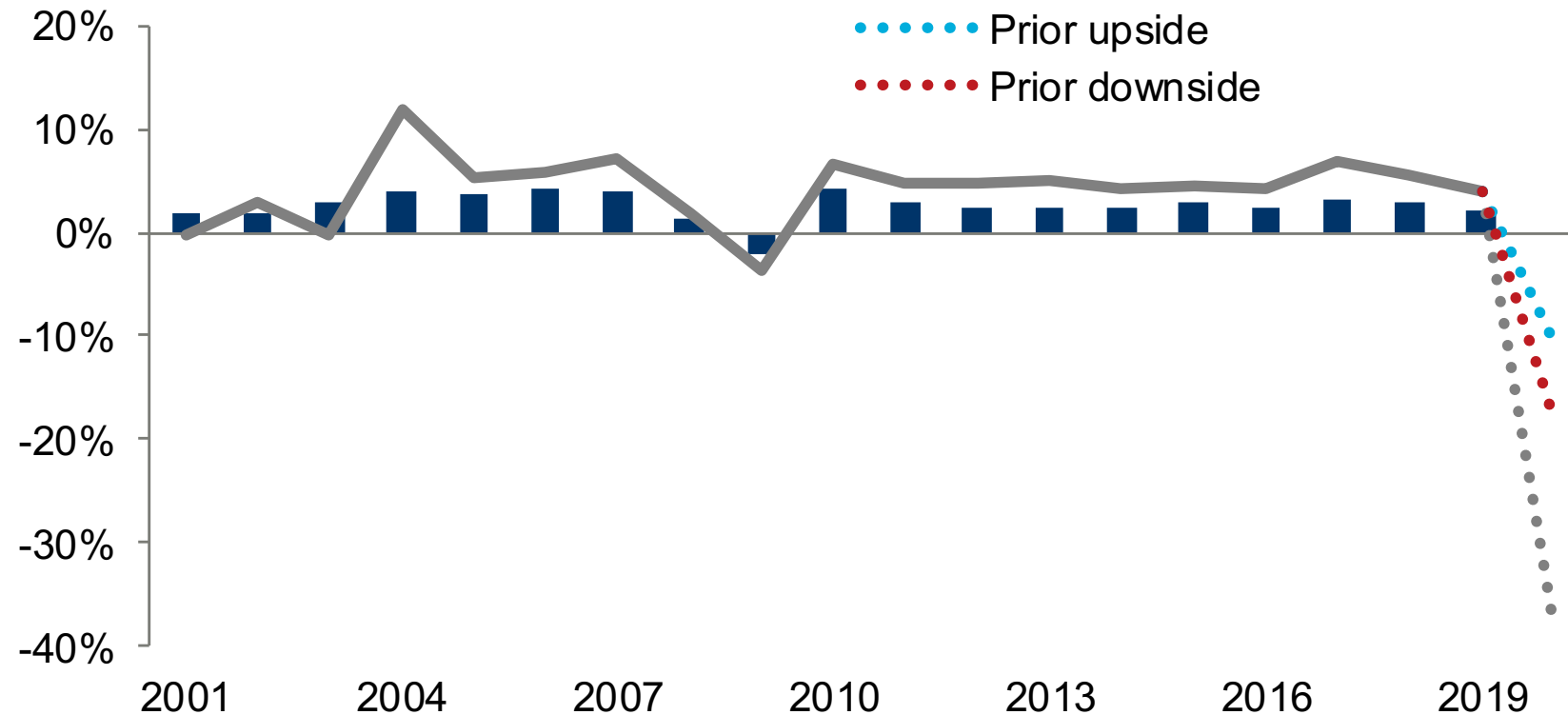
Source : Oxford Economics/Refinitiv Datastream

Questions: Use the question panel on the right

GDP will stall while travel will fall sharply

Global GDP and tourist arrivals

Annual growth, %



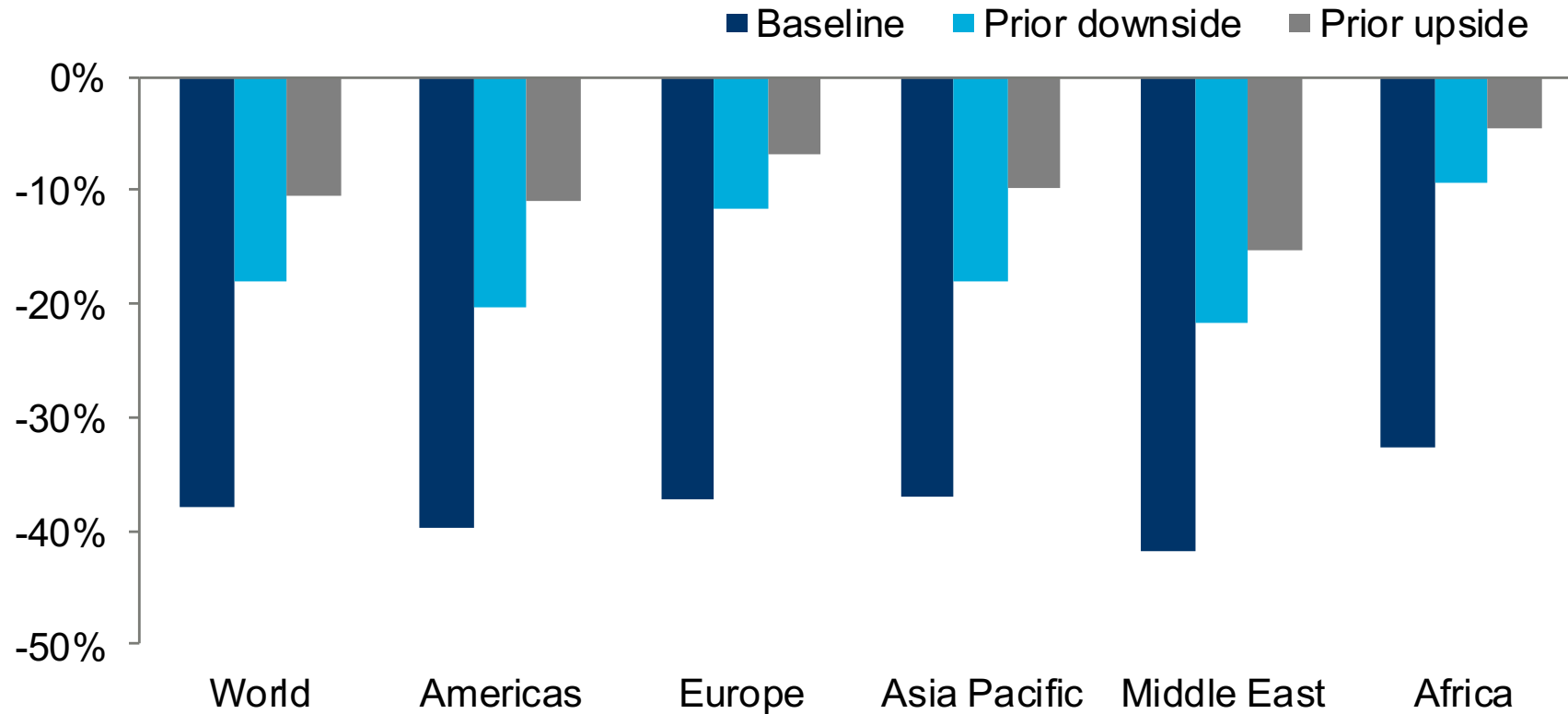
Source: Tourism Economics

Questions: Use the question panel on the right

Impacts are being felt across all world regions

Inbound travel by region, 2020

Annual growth, %

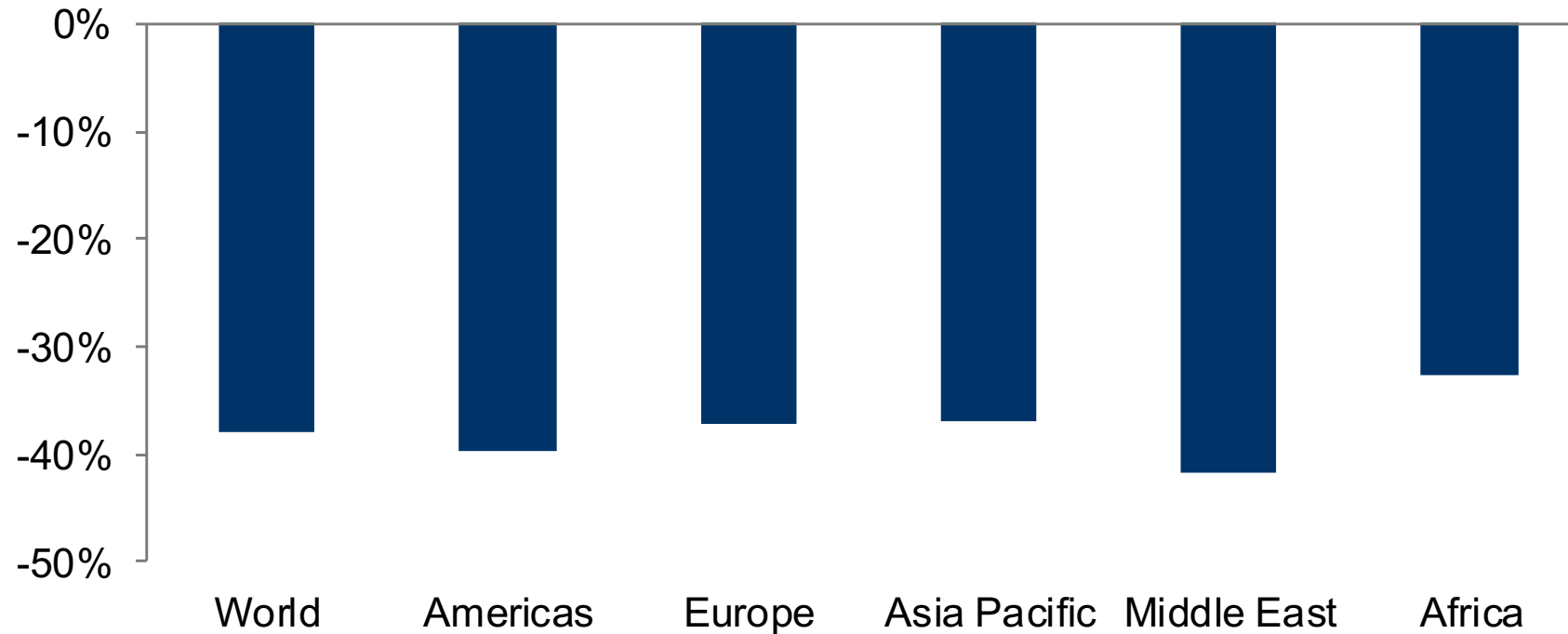


Source: Tourism Economics

Questions: Use the question panel on the right

Impacts are being felt across all world regions

Inbound travel by region, baseline vs downside scenario impact, 2020
Annual growth, %



Source: Tourism Economics

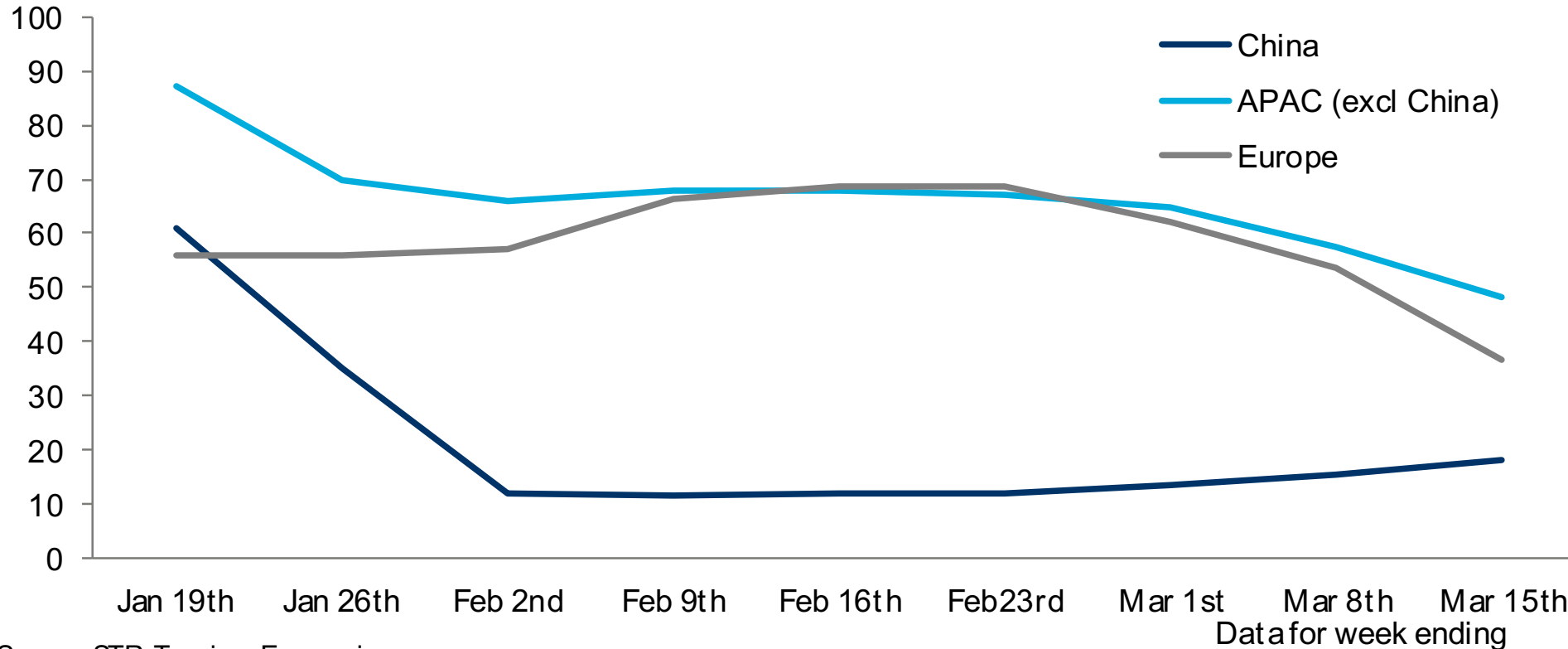
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Hotel occupancy rates falling, following China example



Average Hotel Occupancy for Key Cities by Region

Simple average occupancy rate across key cities



Source: STR, Tourism Economics

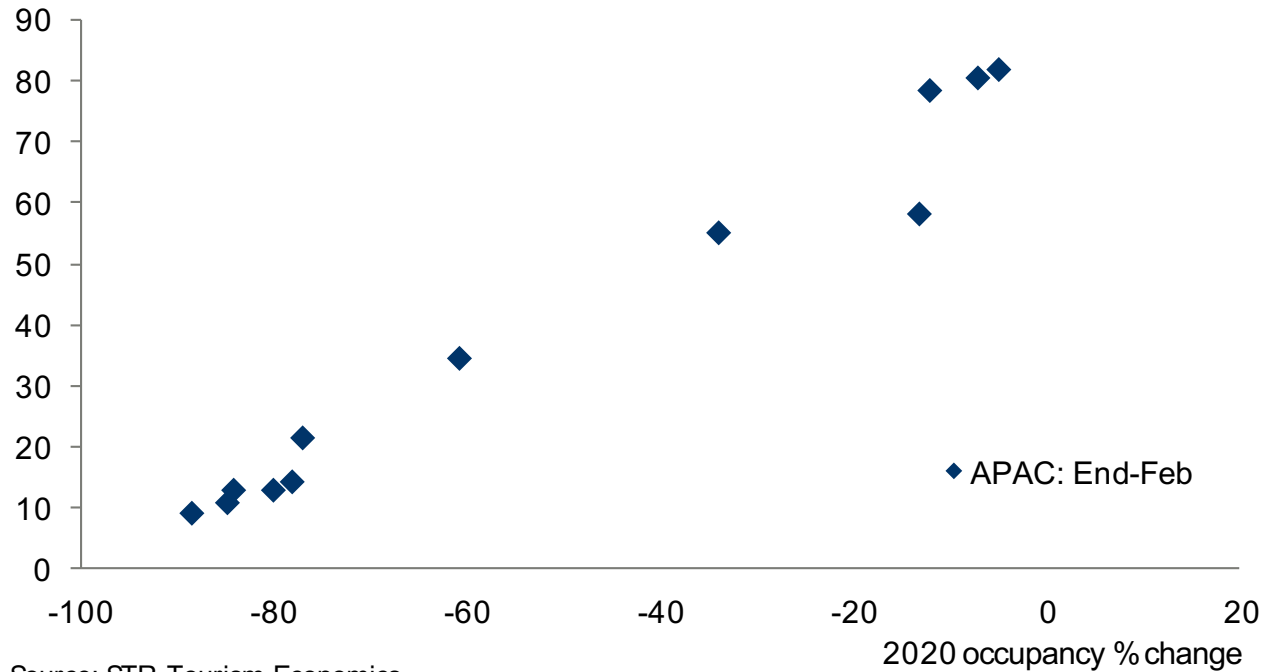
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Hotel occupancy rates falling across APAC



Hotel Occupancy Evolution in Selected APAC Cities

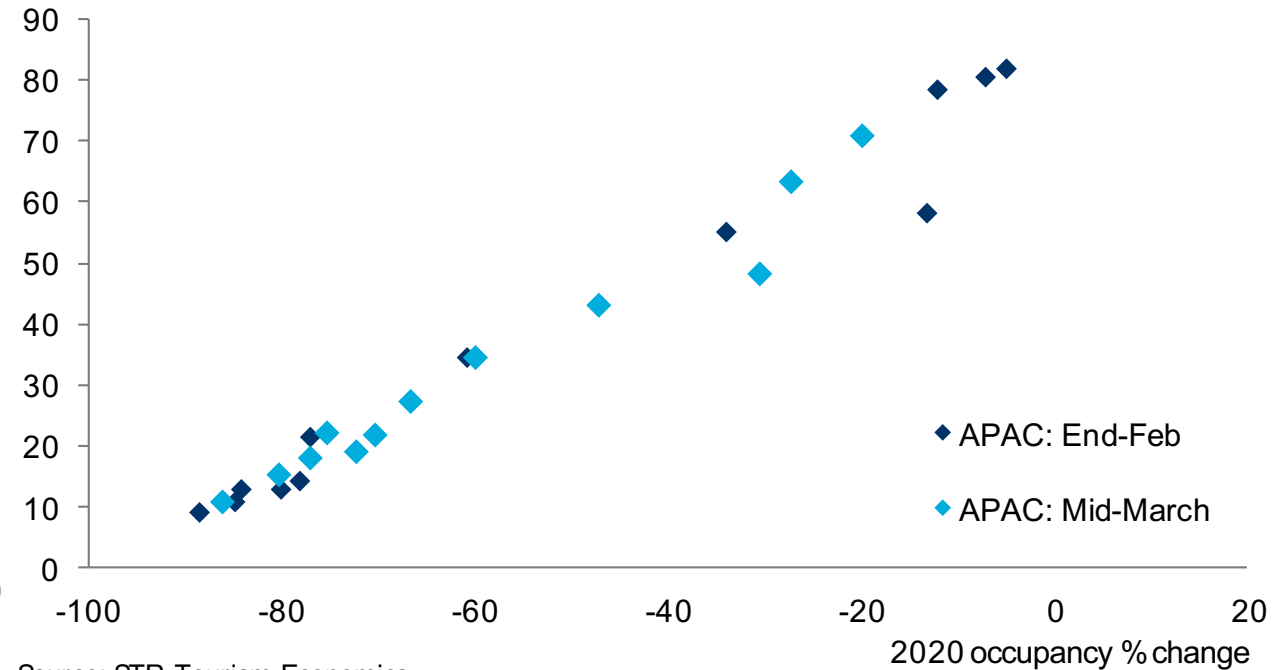
2020 occupancy rate, rolling 7-day averages



Source: STR, Tourism Economics

Hotel Occupancy Evolution in Selected APAC Cities

2020 occupancy rate, rolling 7-day averages



Source: STR, Tourism Economics

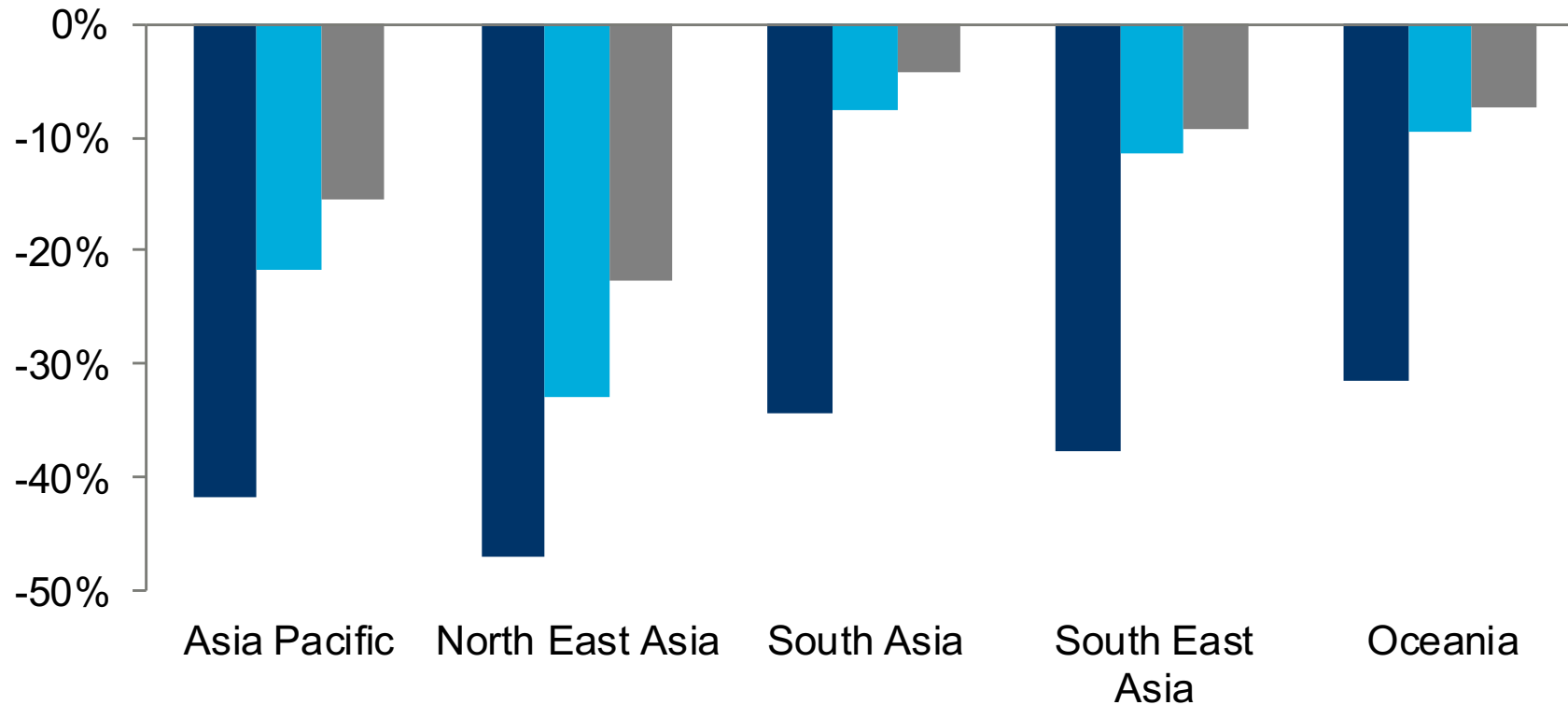
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With some differences across the region for the year

Inbound travel by region, baseline vs downside scenario impact, 2020

Annual growth, %

■ Baseline ■ Prior downside ■ Prior upside



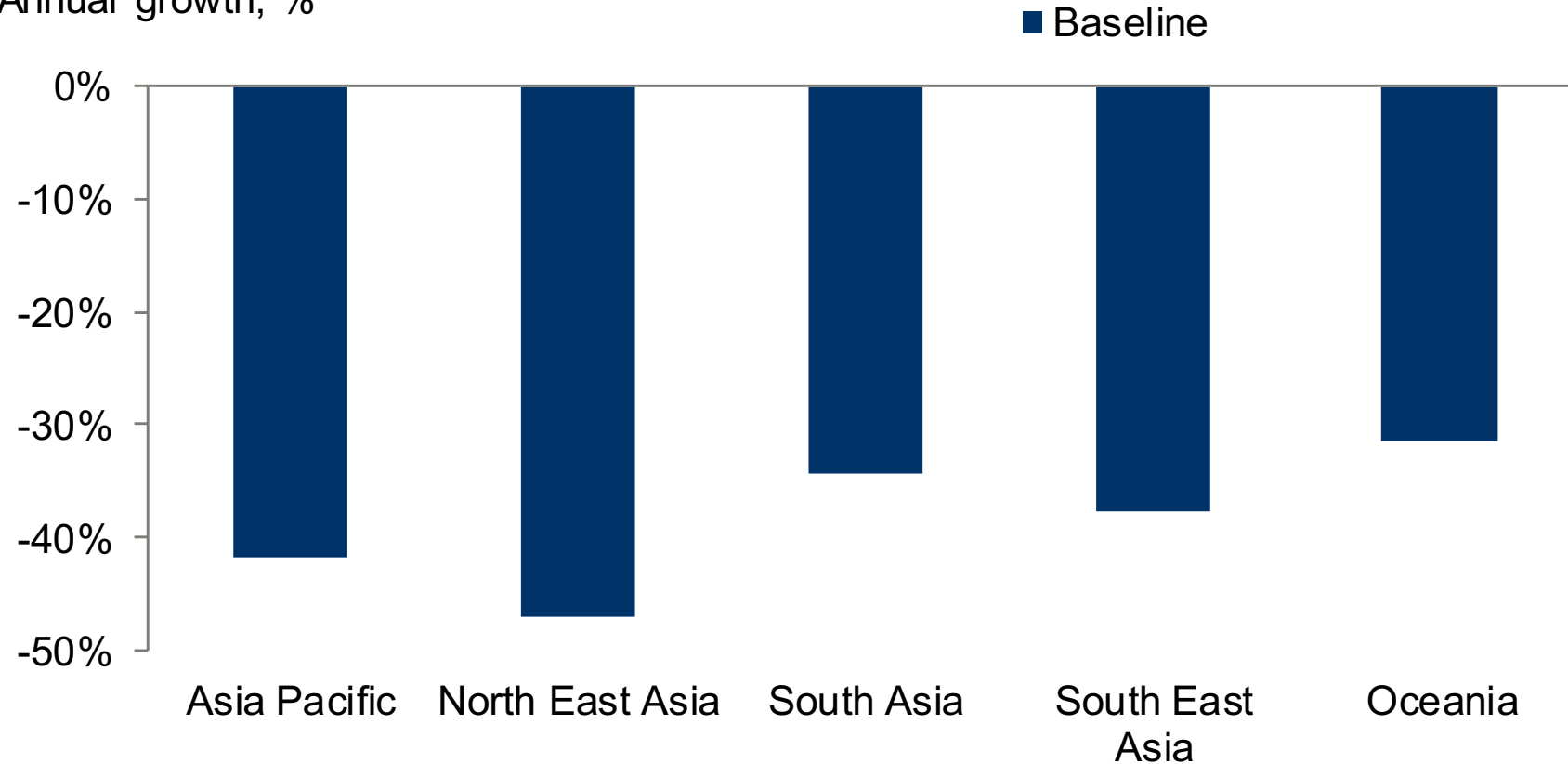
Source: Tourism Economics

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With some differences across the region for the year

Inbound travel by region, baseline vs downside scenario impact, 2020

Annual growth, %



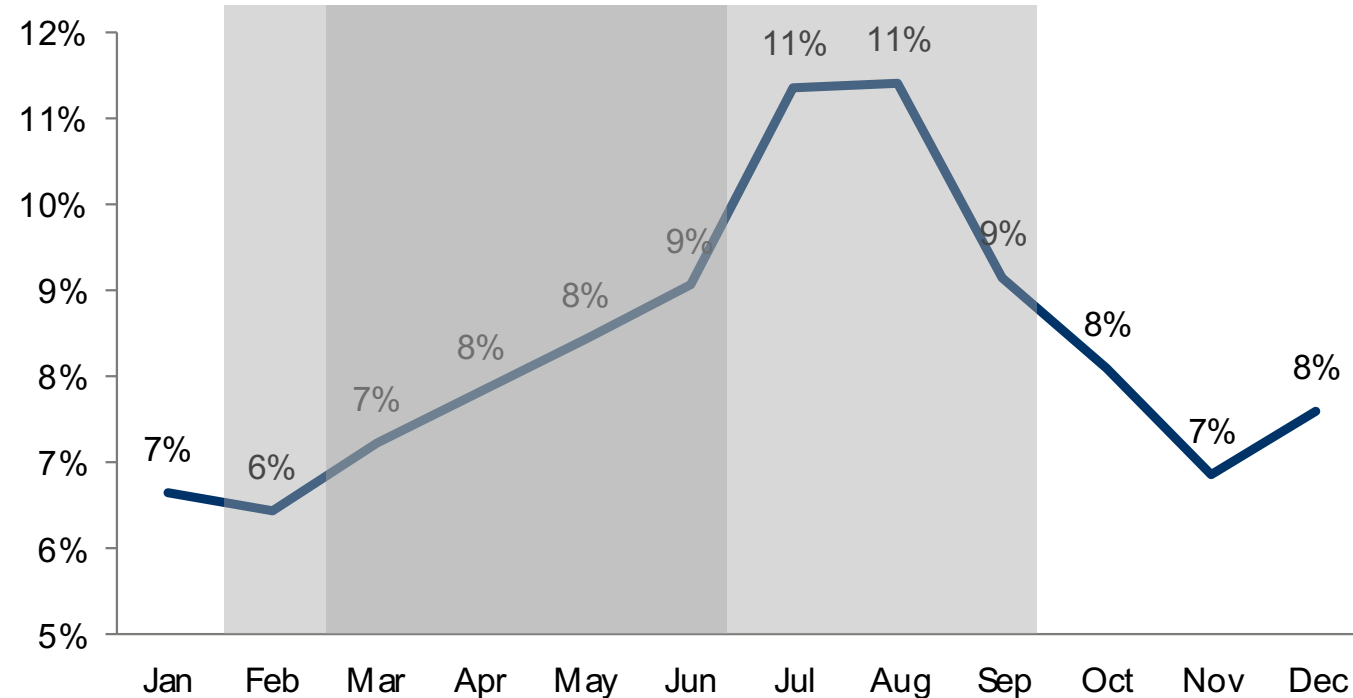
Source: Tourism Economics

Questions: Use the question panel on the right

Expected impacts in 2020 will affect peak seasonal travel

Global arrivals: average monthly seasonality

% share annual arrivals, 2013-18



Source: UNWTO, Tourism Economics

- Expected 8-month impact period covers almost 3/4 annual global travel activity.
- Within this, current harsh restrictions expected for around 4 months and around 2/3 usual annual travel.
- Duration of current restrictions will have a big impact on flows – some tapering may begin over peak summer months.
- “Typical airline had 2 months of cash at the start of the year” according to IATA - airline failures may follow.

Questions: Use the question panel on the right

How long will this last?

Coronavirus scenario assumptions

	Total expected impact duration		#months including:		Total 2020 travel impact*
	# months	%2020 affected	Current restrictions	Reduced restrictions	
Feb-Jul	6	55%	3	3	-28%
Feb-Sep	8	73%	4	4	-39%
Feb-Nov	10	87%	5	5	-49%
Feb-Jan	12	93%	7	5	-65%
Feb-Jul 20	18	93%	10	1	-79%

* impact on arrivals relative to counterfactual

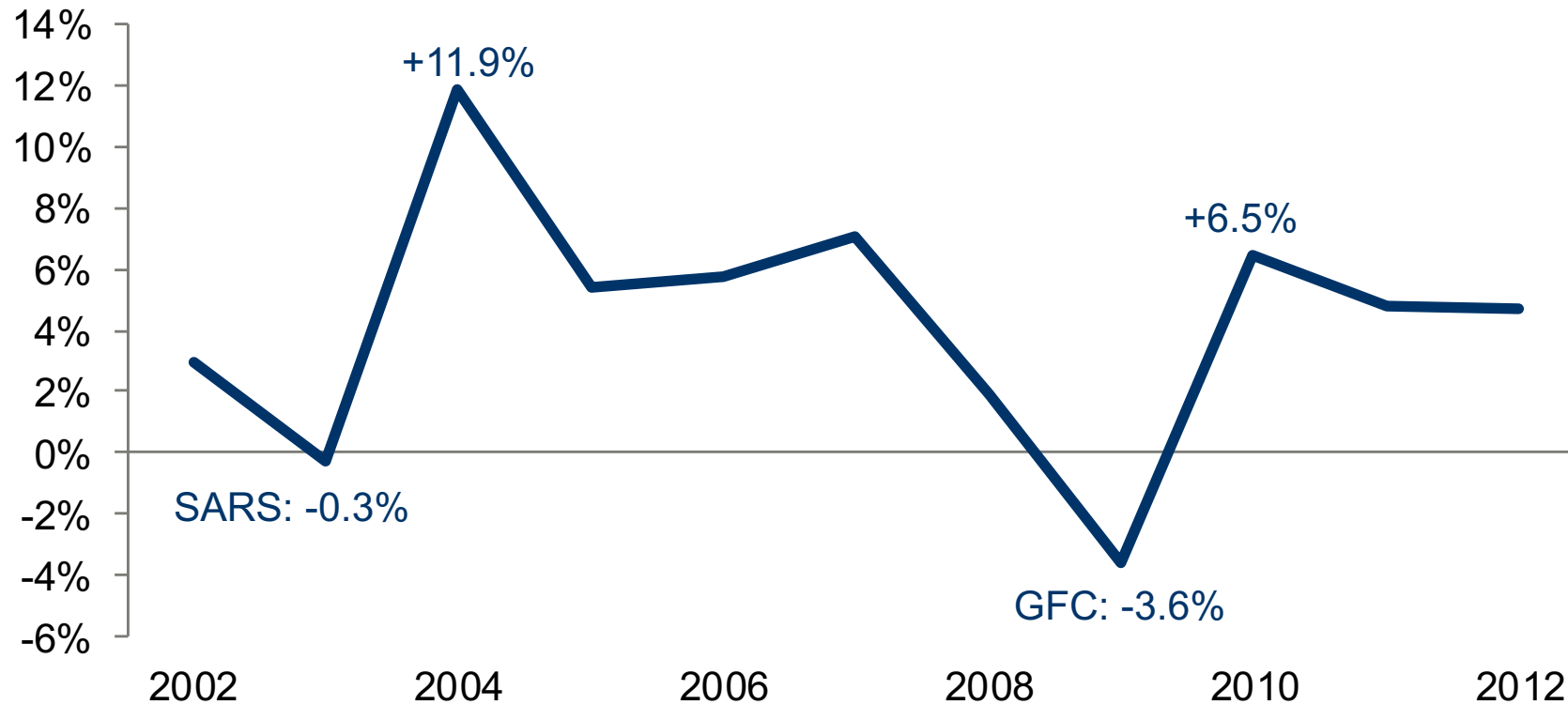
- Assumed 8-month restriction period will reduce global travel by 39% on top of other economic effects (eg reduced incomes)
- 6-month duration will reduce travel by 28% for the year.
- Longer duration will have even more catastrophic impacts on travel
- If current restrictions are in force for the remainder of the year (18-month resolution scenario), travel will fall around 80%.

Questions: Use the question panel on the right

Strong demand rebound is typical in past recoveries

Global tourist arrivals over history

Annual growth, %



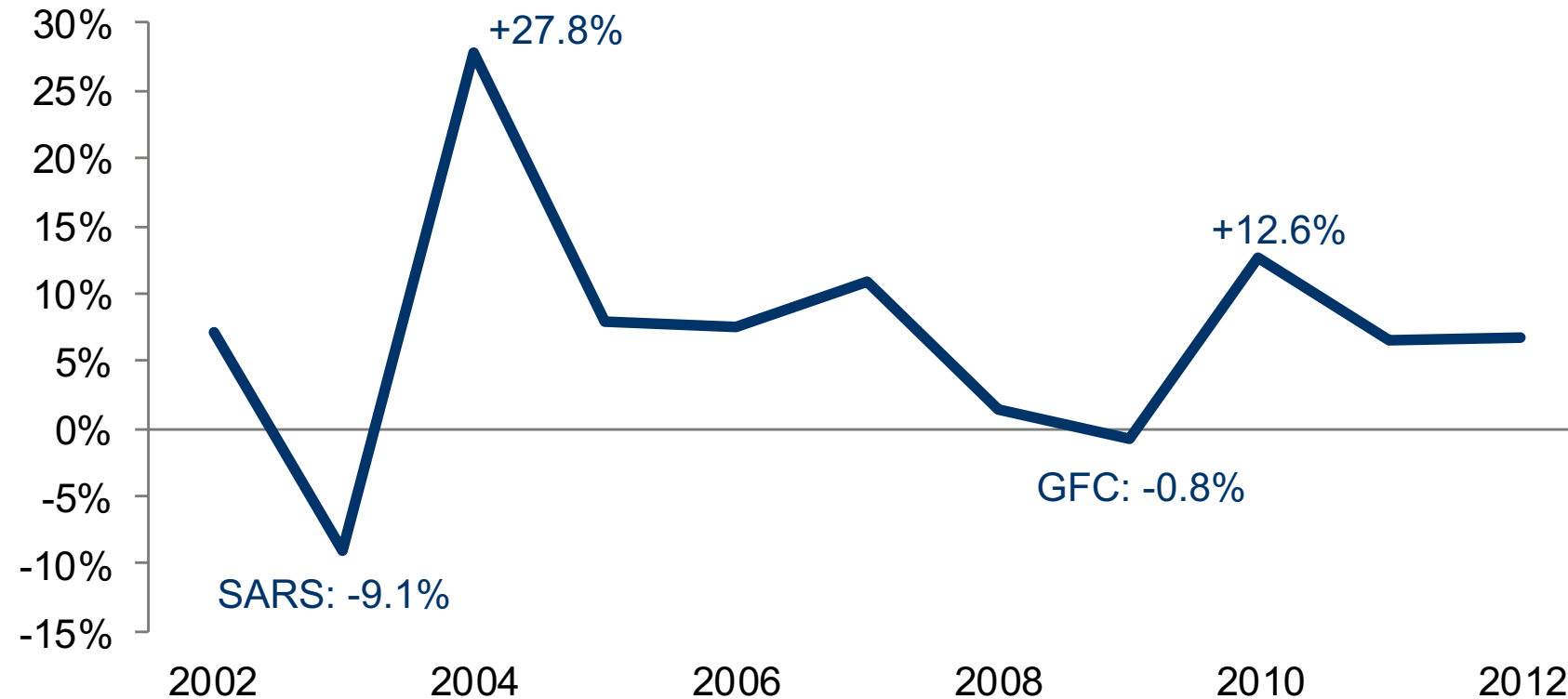
Source: Tourism Economics

Questions: Use the question panel on the right

Asia Pacific has previously seen strong V-shaped recovery

Asia Pacific tourist arrivals over history

Annual growth, %



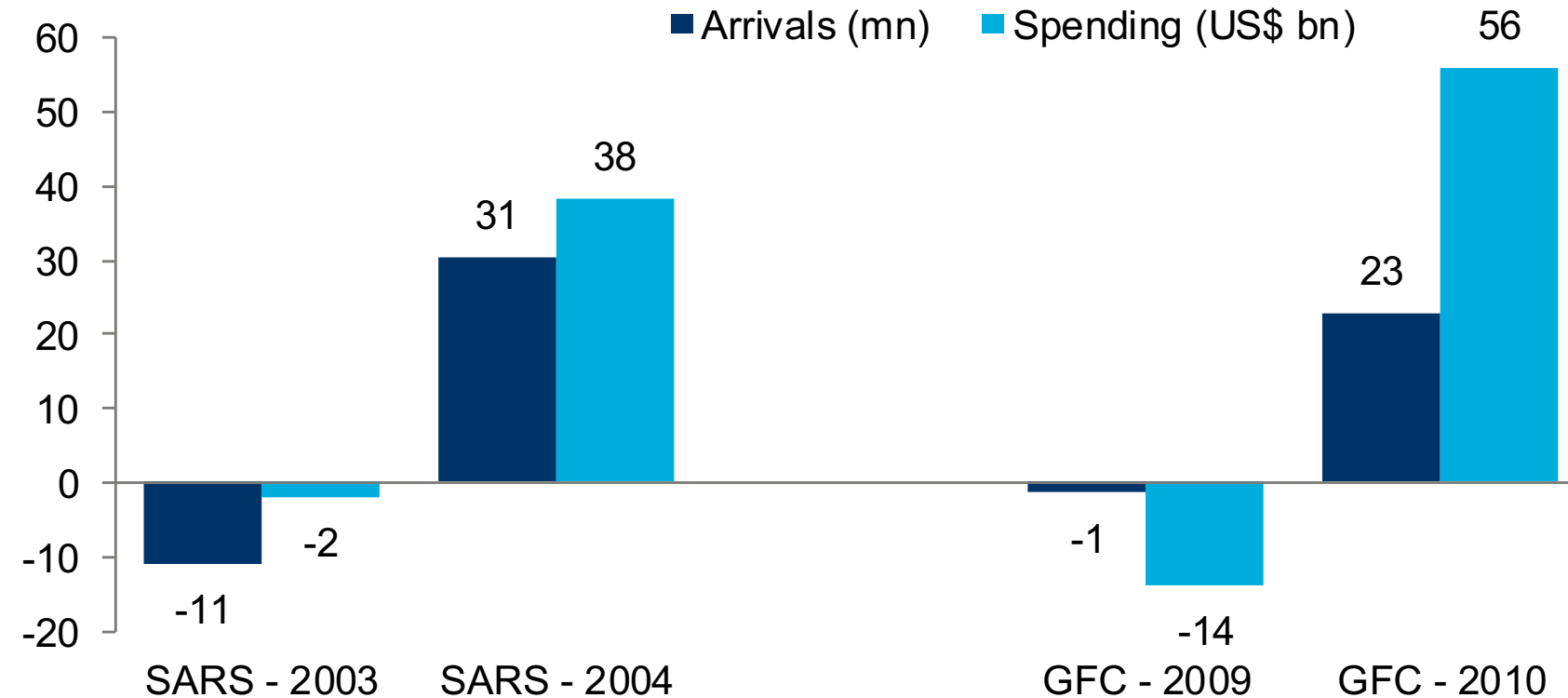
Source: Tourism Economics

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Asia Pacific has previously seen strong V-shaped recovery

Asia Pacific: travel downturns & recoveries compared

Annual difference



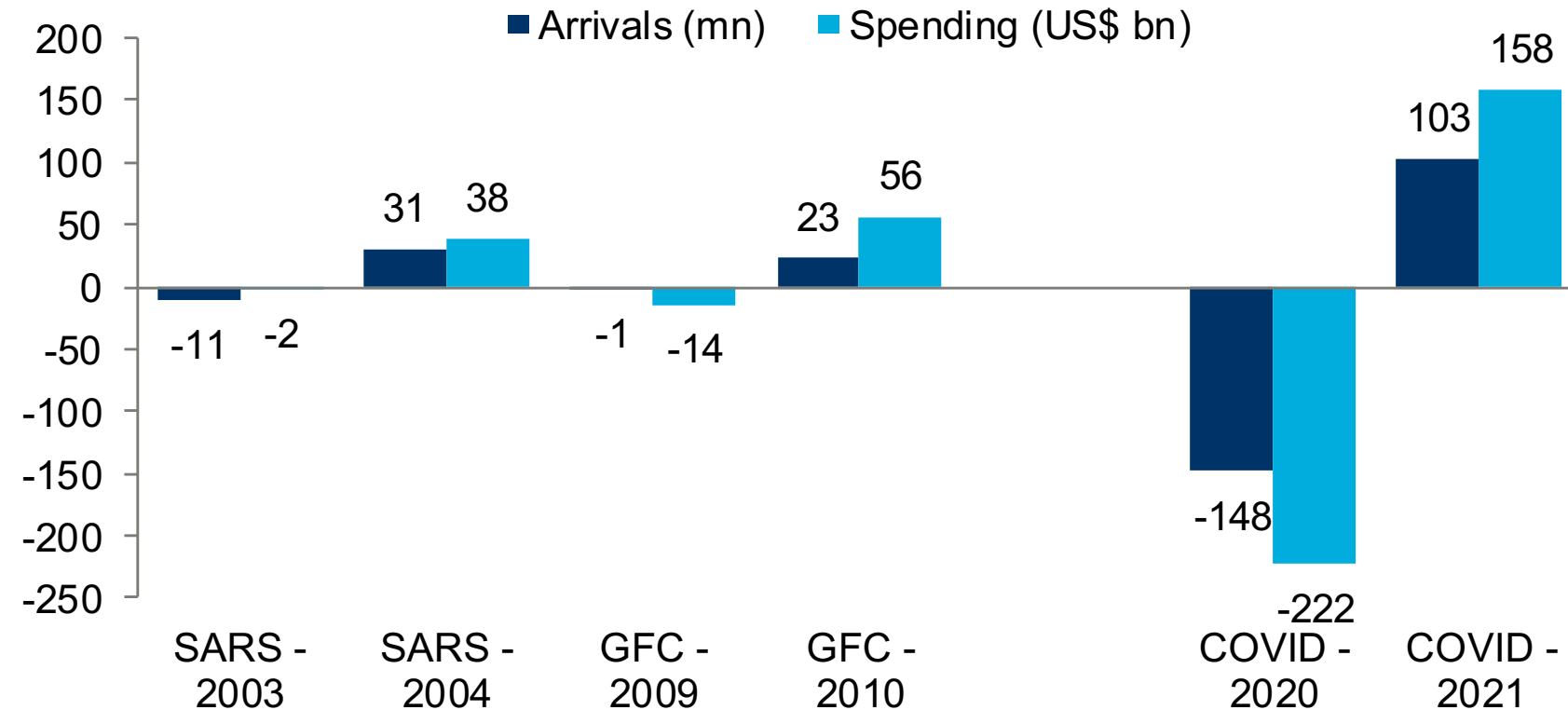
Source: Tourism Economics

Questions: Use the question panel on the right

Even rapid growth unlikely to offset huge falls in one year

Asia Pacific: travel downturns & recoveries compared

Annual difference

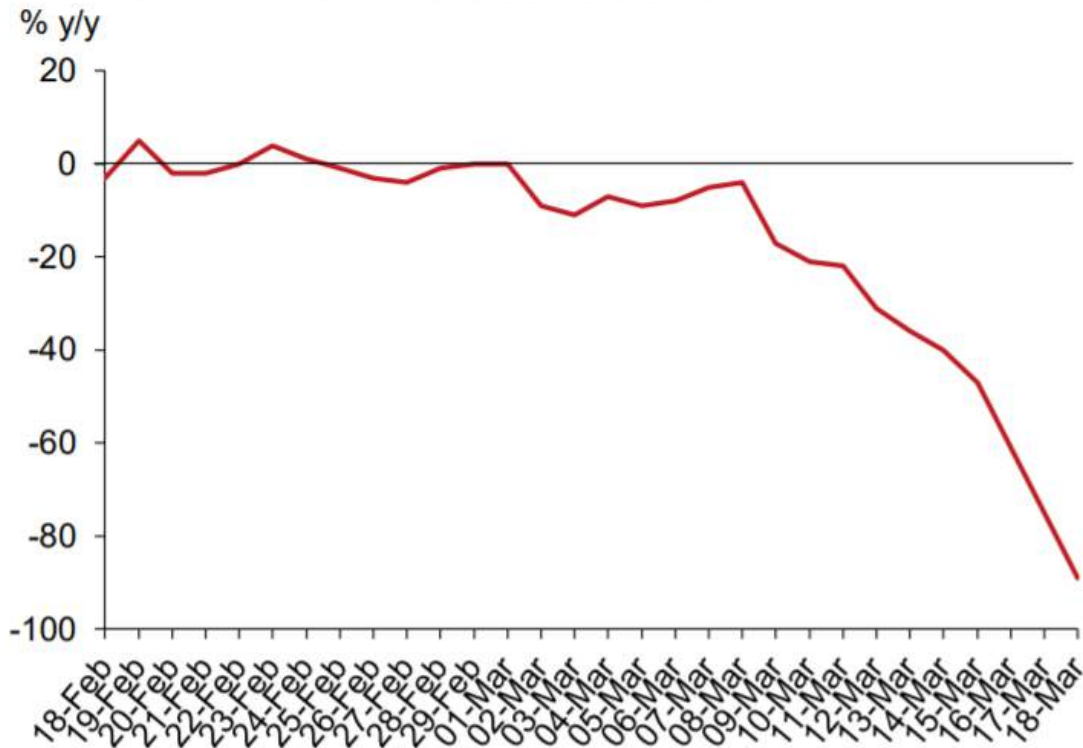


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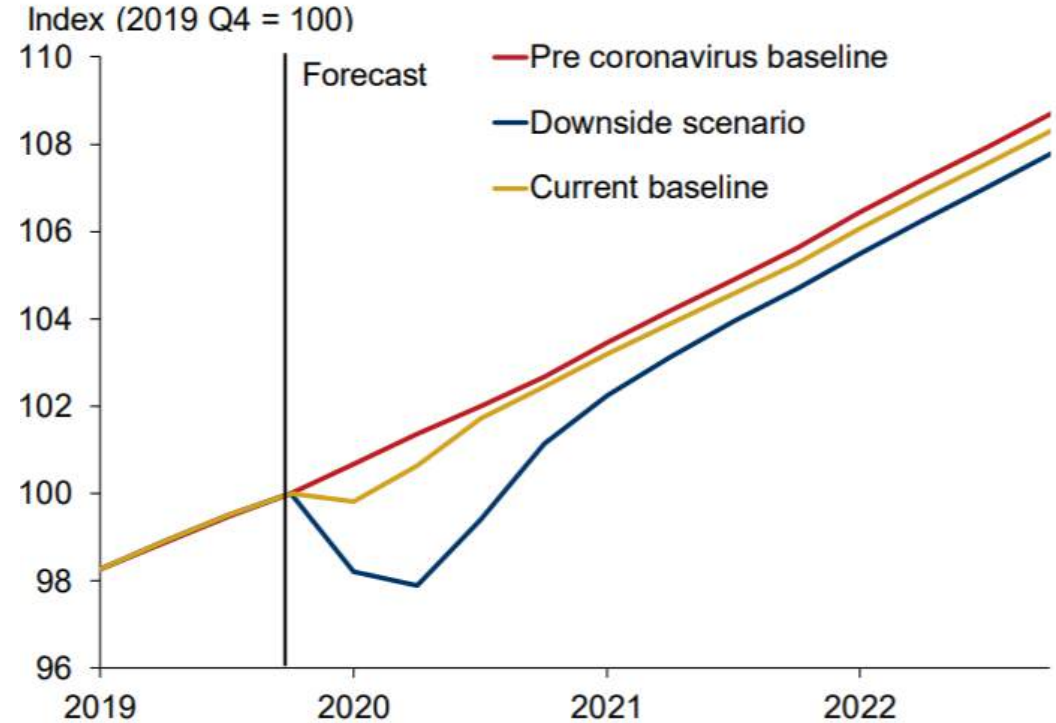
Not all spending will be “caught up”, so permanent loss vs “no COVID”

World: Restaurant reservations



Source : Open Table

Global: real GDP levels



Source : Oxford Economics/Haver Analytics

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Rebound will still be rapid when it comes

Coronavirus scenario assumptions

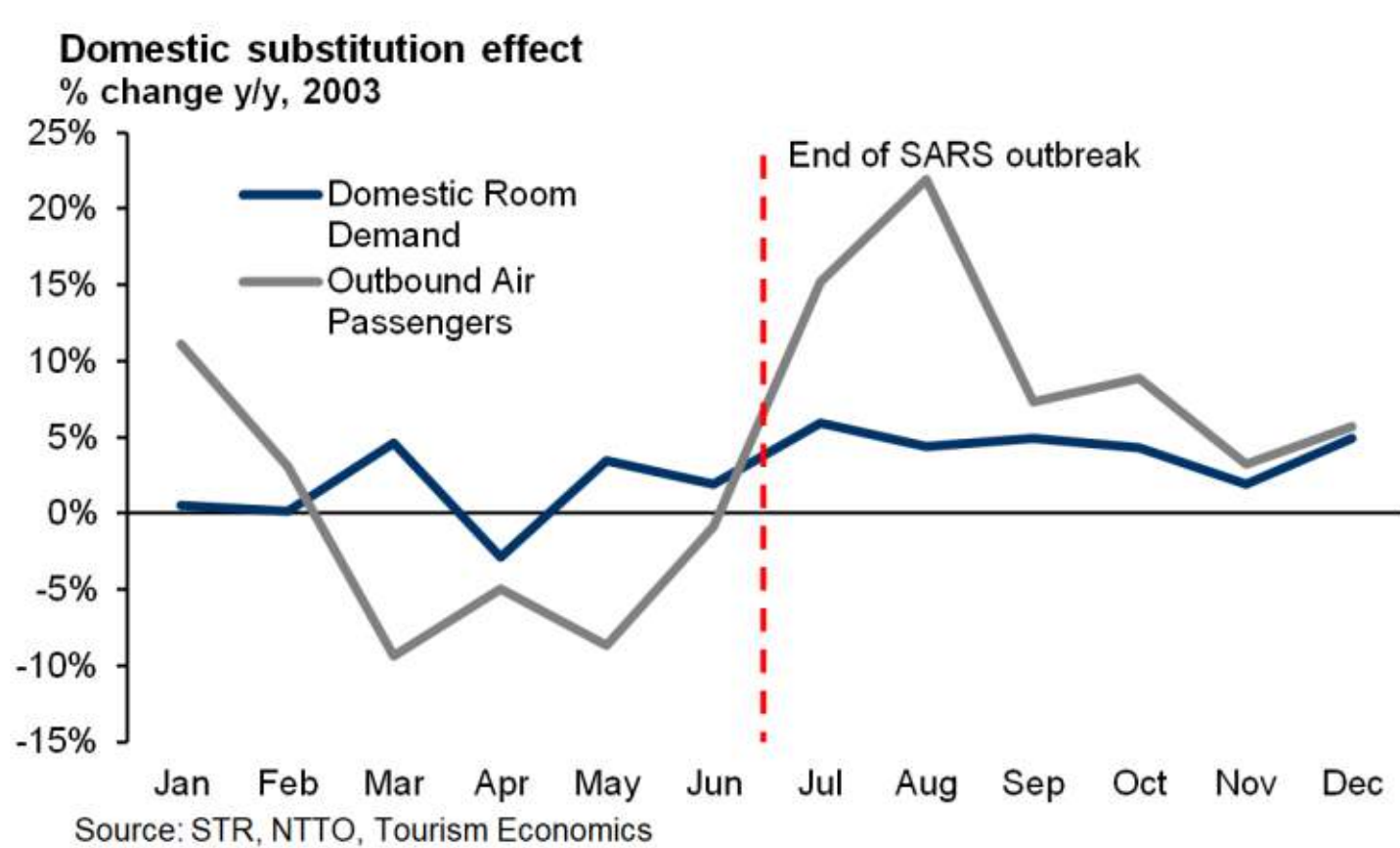
Total expected impact duration			#months including:		Total 2020 travel impact*		2021 offset	2021 growth	
# months	%2020 affected		Current restrictions	Reduced restrictions	%	mn	%	%year	mn
Feb-Jul	6	55%	3	3	-28%	-409	75%	29%	307
Feb-Sep	8	73%	4	4	-39%	-570	75%	48%	428
Feb-Nov	10	87%	5	5	-49%	-716	75%	72%	537
Feb-Jan	12	93%	7	5	-65%	-950	75%	139%	713

* impact on arrivals relative to counterfactual

- Assuming just 75% of the fall (in absolute terms) is recovered in 2021 – this implies some very rapid growth
- But recovery in volumes will require recovery in incomes and confidence

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Once recovery begins, domestic travel will surge



- US residents chose not to travel abroad in 2003 and outbound trips declined 5% in 2003. Meanwhile, domestic travel grew.
- Similar substitution should be evident later in 2020
- Less of an impact is expected on domestic travel for the year

Questions: Use the question panel on the right

3-month access for tourism forecast services

- Forecasts and associated research briefs will be updated on a more regular basis during this period of uncertainty
- Tourism Economics are extending a time-limited offer to access our forecasts for a 3-month period
- Including access to Global Travel Service (GTS) flows for 185 countries and Global City Travel (GCT) data and forecasts for over 300 cities
- Please contact Becky Hindley: bhindley@oxfordeconomics.com

Questions: Use the question panel on the right

Global headquarters

Oxford Economics Ltd
Abbey House
121 St Aldates
Oxford, OX1 1HB
UK
Tel: +44 (0)1865 268900

London

Broadwall House
21 Broadwall
London, SE1 9PL
UK
Tel: +44 (0)203 910 8000

New York

5 Hanover Square, 8th Floor
New York, NY 10004
USA
Tel: +1 (646) 786 1879

Singapore

6 Battery Road
#38-05
Singapore 049909
Tel: +65 6850 0110

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Email:

mailbox@oxfordeconomics.com

Website:

www.oxfordeconomics.com