

US GROWTH PREDICTIONS RISE DESPITE THE CRIMEAN CRISIS AND AMERICAN STORMS



The problem with creating forecasts for sector growth for the year to come and predicting global travel trends is that any event, big or small, can have an potential effect and positive and negative outcomes can come from unlikely sources. Events that seem so far away and inconsequential to American business travel could have a bigger impact that first imagined but, at the same time, situations much closer to home may not have been as damaging as suspected.

Underestimating the impact of the Crimean crisis and seeing the American winter in a surprisingly positive light.

Starting with this big, international impact, it would be understandable for some in the American sector to expect that the crisis in Crimea would have little impact on business travel all the way over all the United States, mainly because direct ties between Russia and America are so few and far between. While it is true that no immediate damage has been anticipated, it is important to consider the succession of knock-on effects that could flow through Europe and onward towards the US. There is talk of oil embargoes on Russia and this could have an indirect effect on America: embargoes result in higher oil prices, which then lead to higher jet fuel costs, which mean price hikes in other services to cover the cost. If this chain occurred, American business travel could become more expensive as an indirect result of Crimea. If that wasn't enough, additional trade embargoes and economic sanctions could be damaging to the European economy, which could effect business travel prospects between the two continents and result in further, negative implications for American growth.

Back on home soil, the effects of the recent snowstorms and heavily disrupted flights and travel options across the US over the first quarter of 2014 could be expected to have made a damaging dent in the year's spending and negatively effect the forecasts. Interestingly, this has not been the case at all, with the Global Business Travel Association actually raising its predictions. It was originally predicted that overall growth would rise by 6.6% to \$289.8 billion this year but this has since been amended to 7.1% and \$293.3 billion. Additionally, despite the potential effect on outbound travel from the aforementioned economic problems in Europe, outbound travel spending forecast also changed favourably, from 12.5% growth to 12.9%, while growth in group travel is now up from 6.5% to 7%. Basically, because the sector has bounced back from similar setbacks in the past, it is expected to respond in a similar way this time and experts have expressed a clear desire to make up for the winter as the spring begins.

Growth forecasts are not all that easy to predict.

Those in the industry should never underestimate the effects of changes at home and abroad, whether its an international political crisis or adverse weather conditions, but it seems that America is in such a great position - with high corporate profits, confidence and job development - that they are expected to overcome any setback or negative, knock-on effect with impressive gains.

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