DOWNWARD REVISIONS ACROSS THE GLOBAL TOURISM SECTOR OPERATORS FOR 2026

The war in the Middle East, sparked by the U.S. and Israeli airstrikes followed by Iranian counterattacks on February 28, now drags global tourism downward. Though a shaky ceasefire holds, bloodshed persists day after day. That reality feeds nervous hesitation - tourists pause plans, companies hold decisions. Uncertainty spreads quietly, shaping choices without loud declarations.

Well past two months since the fighting began, air carriers along with travel agencies and reservation sites have started scaling back the profit expectations. Fuel costs climbing fast - that's one big reason. Safety worries weigh heavier now than before, playing a role too. Popular spots seeing interruptions add further strain on planning. Then there is the concern that inflation might spread wider; planners did not count on that early in the year.

Airlines Face Soaring Fuel Costs and Capacity Cuts

Facing sharp swings in global oil prices, carriers like Air France-KLM feel pressure early and deeply. **Its yearly fuel expense could rise by one-third above the prior estimates, signaling strain.** Growth plans now shift: capacity expansion for 2026 settles at 2–4%, trimming past goals that aimed for 3–5%.

Lufthansa Group slashes roughly 20,000 short-haul flights during the peak summer months. Because of tightening kerosene supplies, the reduction should prevent about 40,000 tons from being burned. Fuel expenses are now forecasted above €1.6 billion by year-end. While less flying cuts demand, it also reflects operational constraints ahead.

Caution remains widespread throughout the sector. While British Airways, EasyJet, and United anticipate results below earlier projections, Spirit Airlines encounters sharper challenges. Financial pressures have grown so intense that doubts about the budget airline's survival have begun to surface. Despite broader trends, its situation stands out as particularly fragile.

Tour Operators Expect Less Profit and Revenue

Though quieter in tone, outlooks align across travel firms. TUI Group now expects annual core earnings between €1.1 billion and €1.4 billion, down from prior hopes of rising 7–10% past last year's €1.4 billion mark. Instead of advancing, projections have narrowed as uncertainty about global tourism lingers. Revenue targets once set at 2–4% above €24.2 billion for 2025 are paused until global tensions ease. Meanwhile, Voyageurs du Monde has followed suit, withdrawing its own forward-looking figures.

Online Platforms Report Fewer Bookings and More Cancellations

Even digital travel services feel the pressure. Instead of low double-digit gains, Booking.com now projects high single-digit revenue increases. Cancellations have climbed sharply on Airbnb's network across Europe, the Middle East, and parts of Asia. As a result, its booking growth may dip by about one percent next quarter.

By May 12, Expedia Group’s shares had fallen over 21% since January 2026. Though the company posted solid results early in the year, its outlook for coming months missed expectations. That forecast played a role in the ongoing drop. Investors responded quickly once the numbers were released.

Varied Impact on Hotels and Cruise Lines

Though responses differ across companies, overall damage remains clear. Accor, carrying 8% of properties in the Middle East, called its operations “seriously disrupted.” While firms like Marriott, Hilton, and Intercontinental find relief through rising U.S. bookings, regional losses weigh heavily. Their global reach softens the blow - yet every major player expects setbacks by the year-end.

Even cruise companies face challenges now. Although the U.S. home market holds up, and certain sectors report high reservations, shares of Carnival Corporation fell by about 21% after hostilities started. Instead of growth, Norwegian Cruise Line slashed its projected earnings for 2026 - higher fuel prices and weaker interest across Europe played big roles. In response to changing patterns, MSC Cruises moved ships to different regions.

Despite its global reach, Amadeus saw net profit rise just 0.4% in the first quarter, reaching €356.9 million. Because of ongoing tensions worldwide, demand remained limited. Air booking trends are now expected to weaken further, company officials noted.

Waiting on the Strait of Hormuz

Still, global tourism industry figures grumble about having too few ways to soften the slump. **Aside from safety threats and shipping delays, what weighs most is rising fuel costs alongside shaky market conditions**. The return of traffic through the Strait of Hormuz offers some hope - this vital passage for crude flows stayed open when early 2026 spending plans were drawn up.

Still caught in uncertainty, the future of travel hinges less on bold predictions and more on whether nearby conflicts fade while oil prices settle. Right now, most players in this vast industry choose careful steps over rushed moves.

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