

# Presenter



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## GBTA BTI™ Outlook – Latin America

Prospects for Domestic &  
International Outbound Business  
Travel in 13 Latin American Countries



# Agenda

- Overview
- Methodology
- Latin America Economic Performance
- GBTA BTI™
- Questions



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# Overview

Data derived from the 7<sup>th</sup> annual GBTA Global BTI™ report plus semi-annual report on Brazil

- Tracks business travel spending in 75 countries and across 48 industries, including 14 LatAm markets
- Includes *all* types of business trips and breaks out domestic from international outbound travel
- Measures historical spending and forecasts 5 years into the future
- Measured in \$USD to facilitate cross-country comparisons

# Methodology

**Rockport Analytics developed an econometric model to better inform the forecast process.** The model relates measures of business travel spending to key economic and market drivers of business travel including:

- Gross Domestic Product (GDP) and its components
- Employment & Unemployment
- Corporate profit performance
- Measures of Business & Consumer Confidence
- International Trade, Foreign Direct Investment, and Exchange Rates
- Commodity & Oil Prices
- Inflation Measures
- Productivity Rates for Business Travel
- International Air Transport Association (IATA) Passenger & Revenue
- Smith Travel Research (STR) Global Hotel Performance



**Model results are combined with anecdotal information and judgment to produce the GBTA BTI™ Outlook**

# Latin America Economic Performance





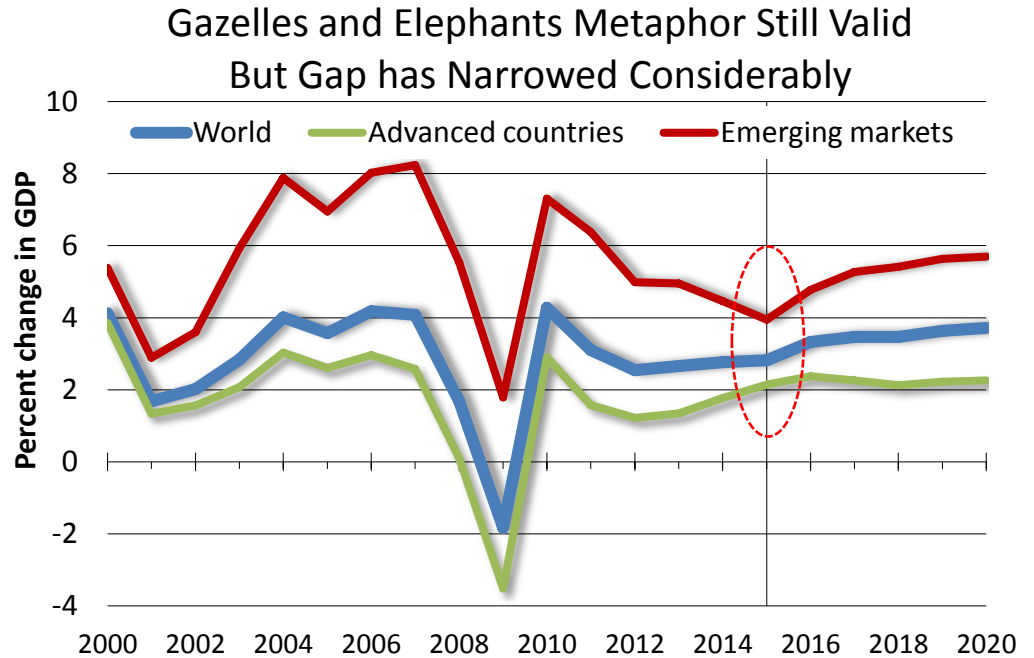
# Latin America Economic Storylines

- **Global economic growth is currently being driven by 3 countries: China, the U.S. & India.** Meanwhile, many former emerging market leaders have fallen back, including Russia and many LatAm markets.
- **Performance within LatAm has grown more volatile and divergent.** Mercosur countries are struggling while Pacific Alliance markets are strengthening. And Mexico is improving on stronger ties with the U.S.
- **Why? #1 lower oil prices have created winners & losers across LatAm** and the globe. Net oil importers gain from lower energy costs, higher disposable income. Net producers are hurt by sinking revenues, weak investment, and lower govt. receipts.
- **#2 Weak trade & commodity prices plus policy missteps have several LatAm gazelles currently in recession**—e.g. Brazil, Venezuela, Argentina.
- **#3 many LatAm central banks were forced to reverse course from monetary expansion to address falling currencies** and rapidly rising inflation. Good news: currencies are stabilizing but they may not stay that when the U.S. Fed begins to raise rates in 2<sup>nd</sup> half of 2015.
- **Domestic demand is struggling**, especially investment, and **trade remains weak** despite the currency advantages. Business & Consumer confidence is mixed, mostly weak.



# Emerging Markets Still Leading Global Growth But Gap Has Narrowed...

- Advanced economies have fared better since 2012
- Emerging markets are dealing with slower trade and lower commodity prices
- Gazelles will continue to drive global growth, albeit with less of a premium than early 2000s

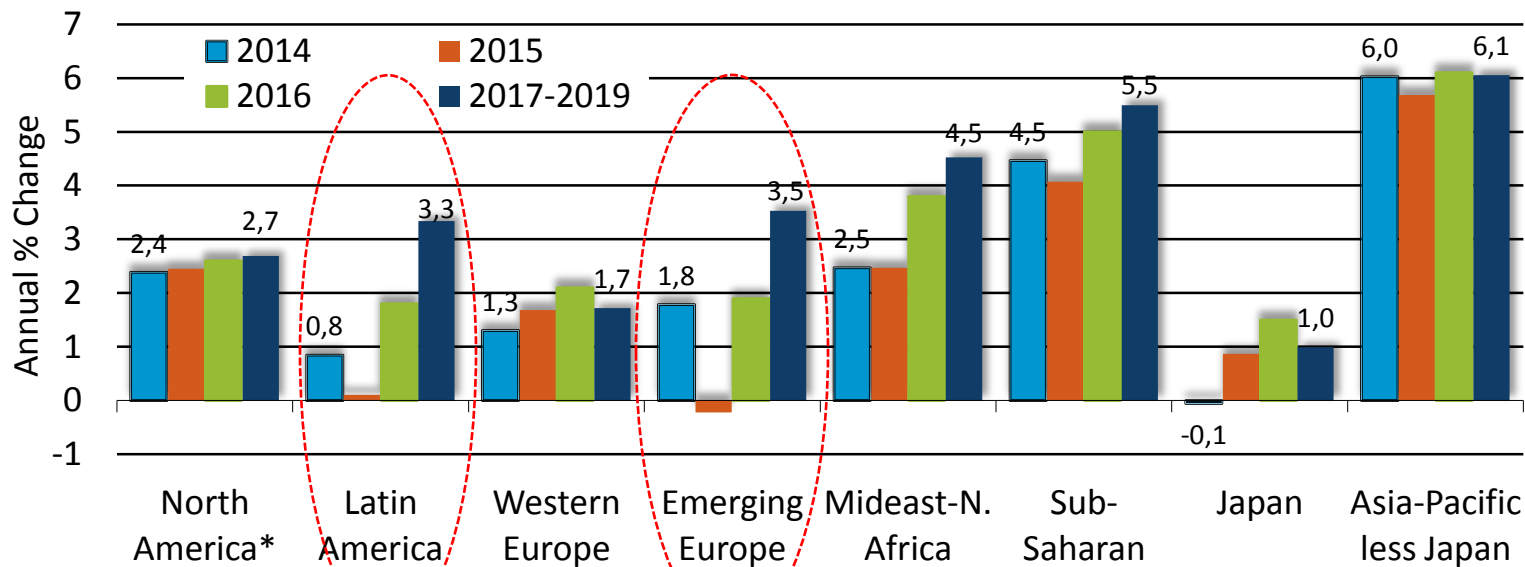


Source: IHS Global Insight, International Monetary Fund, Rockport Analytics



# Gazelles Will Continue to Lead Growth But LatAm, Russia Have Dropped to Back of the Herd...

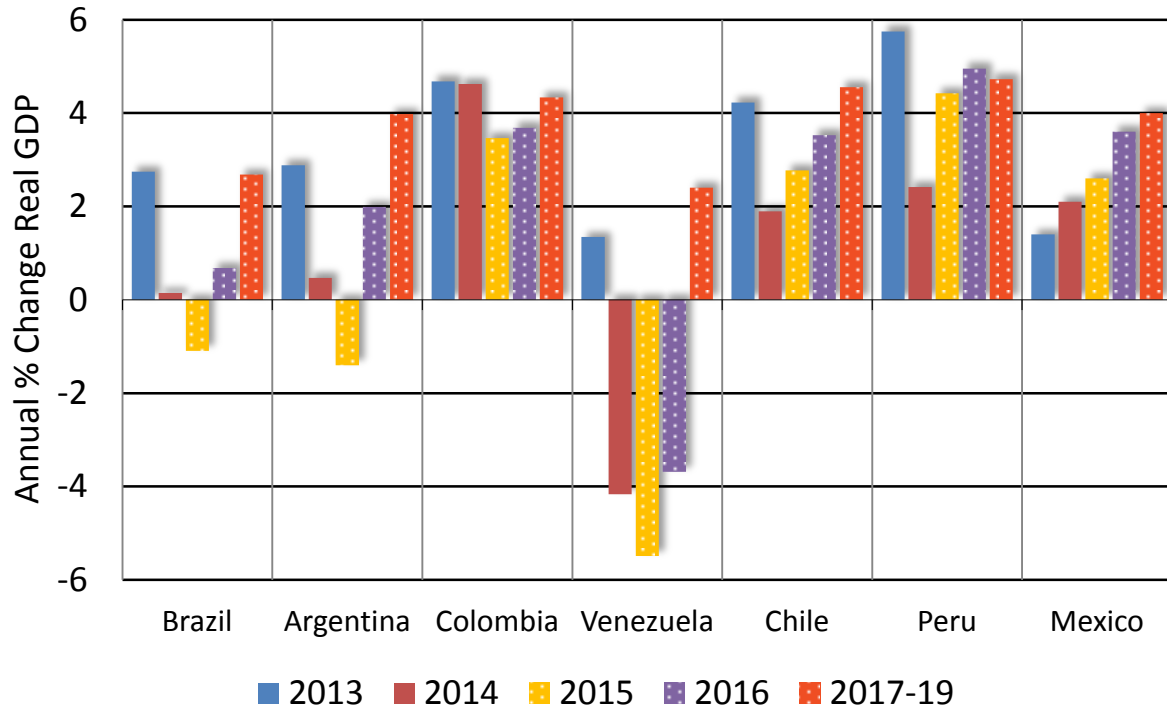
After a Mixed 2015, Lower Oil, Accommodative Monetary Policy and (slowly) Improving Trade Help Build Growth Momentum



\* Including Mexico

Source: IHS Global Insight, International Monetary Fund, Wells Fargo Securities, Rockport Analytics

# Lower Oil & Commodity Prices, High Debt, Inflation Challenge Many LatAm Countries...



- Brazil, Argentina, Venezuela currently in recession
- Venezuela faces falling oil revenues, hyperinflation, draining debt-service costs
- Falling commodity prices reducing export values
- Lower oil prices have hurt investment and government revenues (esp. Brazil, Venezuela)
- Mexico will benefit from improving U.S. growth