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**S&P Global**

Market Intelligence

# 2023 Memorial Day Holiday Travel Forecast

**S&P Global/AAA Report**

**April 2023**



## 42.3 Million Travelers Expected During the Memorial Day Holiday Weekend, an Increase of 7.0% From Last Year

### Memorial Day holiday weekend travel to increase by 2.7 million over 2022

- While recession fears loom, consumers remain willing to spend as incomes grow. Travel volume during the holiday weekend will reach 99% of pre-pandemic levels.

### Car travel will rise by 6% to 37.1 million, an increase of over 2 million from last year

- Despite being down over 10% from a year ago, gas prices remain a headwind for auto travel to surpass pre-pandemic levels.

### Air travel continues to grow as 3.39 million travelers are expected to fly during the holiday

- Air travel is forecast to rise by 11% this year, bringing the 2023 total to 5.4% above the 2019 total.

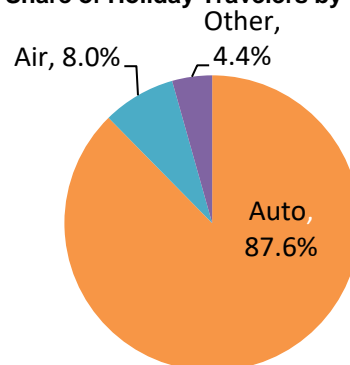
### Key travel takeaways

- More than 42.3 million people are expected to travel during the 2023 Memorial Day holiday weekend, an increase of 2.7 million over the 39.6 million travelers seen in 2022.
- The 2023 volume is 400k travelers below the 2019 total.
- The 2023 car travel volume remains 500k below the 2019 total.
- Excluding 2021, the 6% growth expected in car travel growth for 2023 will be the highest since 2010.
- By surpassing pre-pandemic levels, air travel has grown over 3 million from the near-shutdown of air travel seen during 2020.
- The 8% share of air travel forecast for 2023 will be the highest seen since the early 2000s.
- Travel by other modes will grow by more than 20% to 1.85 million.
- The 2023 total via other modes is nearly 98% of the pre-pandemic volume.
- The 2023 Memorial Day Holiday is defined as Thursday, May 25 to Monday, May 29.

### Economic trends influencing the travel forecast

- Despite persistent inflation, the consumer remains undaunted as expenditures are expected to rise 6% compared to a year ago.
- Real GDP growth will remain weak, rising just 1.4% from last year.
- Consumer sentiment, while down from highs seen earlier this year prior to the banking scares, is above year ago levels when the measure was tracking towards an all-time low in June 2022.
- Gas prices for April averaged \$3.65, nearly \$0.50 below a year ago.

Share of Holiday Travelers by Mode



## Number of Memorial Day Holiday Travelers by Mode of Transportation

	Automobile	Air	Other	Total
2023 (M)	37.1	3.39	1.85	42.3
2022 (M)	35.0	3.05	1.53	39.6
2019 (M)	37.6	3.22	1.90	42.8
'22-'23 Growth*	6.0%	11.0%	20.6%	7.0%
'19-'23 Growth*	-1.4%	5.4%	-2.4%	-1.0%

As of Apr. 2023

\*Percentages may differ due to rounding

Source: S&P Global Market Intelligence.

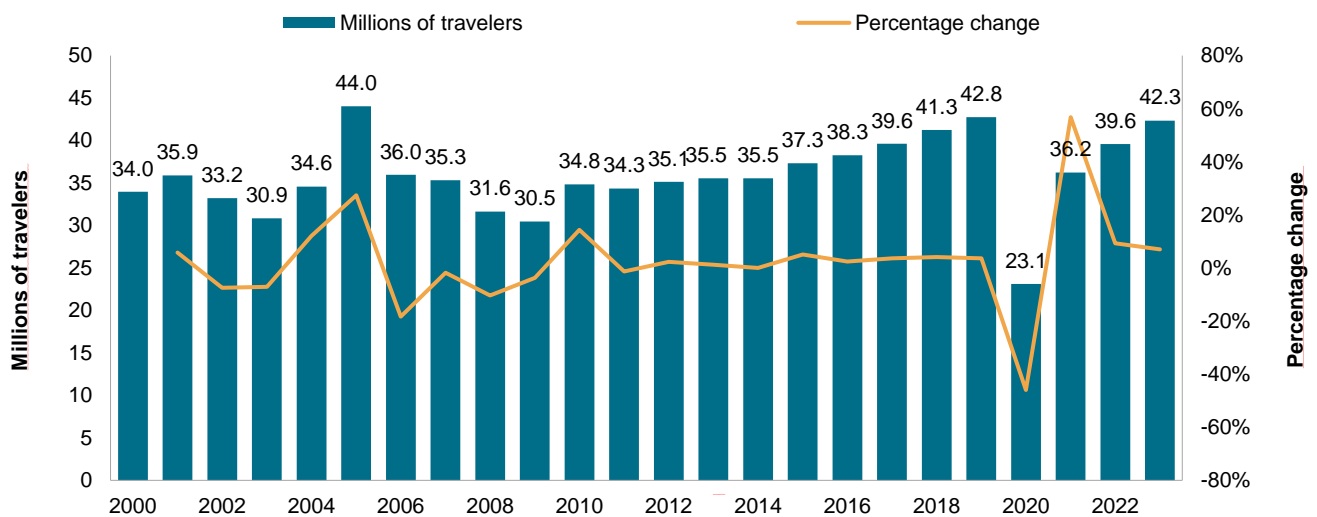
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## Memorial Day travel nearly at pre-pandemic levels

AAA and S&P Global Market Intelligence (SPGMI) forecast there will be 42.3 million travelers for the 2023 Memorial Day holiday travel period. The 7.0% year-over-year increase will result in 2.7 million more travelers than the 39.6 million in 2022. With this marked improvement, travel volume has nearly closed in on pre-pandemic levels, with just 0.5 million less travelers than 2019.

- The forecast shows travel continues its rebound from historic lows during the pandemic, with this year's volume being the 3<sup>rd</sup> highest since in the last 20 years.
- The total 2023 Memorial Day travel is expected to reach 98.8% of 2019 travel volume.
- Despite high inflation, real disposable income and consumer spending have seen growth.

## Total Memorial Day travelers, 2000-2023



Data compiled Apr. 2023.

Source: S&P Global Market Intelligence.

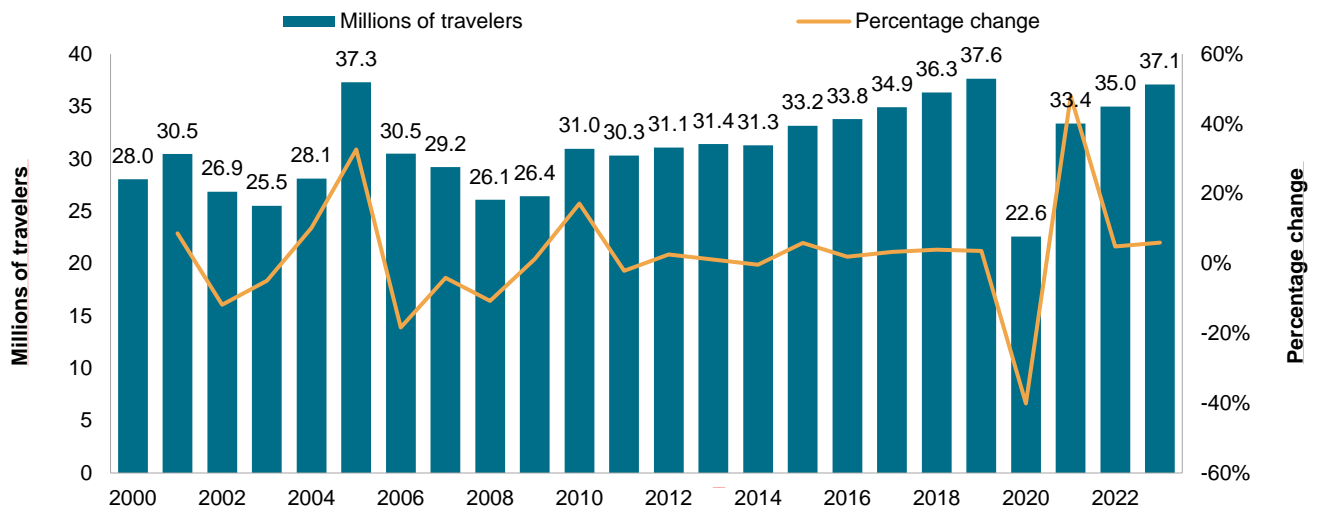
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## Travel by Mode

Automobile trips are expected to increase by 6% over 2022, reaching a total of 37.1 million travelers, only 0.5 million less than the pre-pandemic levels in 2019.

- 2023 Memorial Day holiday travel by automobile is forecasted to increase by 2.1 million from 2022.
- This year's travel volume of 37.1 million reaching nearly 99% of 2019 levels.
- Share of travel by car spiked in 2020 as travelers retreated to the safety and flexibility of their vehicles. 2023 share of auto travel is back to pre-pandemic level reaching 87.6% compared to 88.0% in 2019.

### Memorial Day travelers by auto, 2000-2023



Data compiled Apr. 2023.

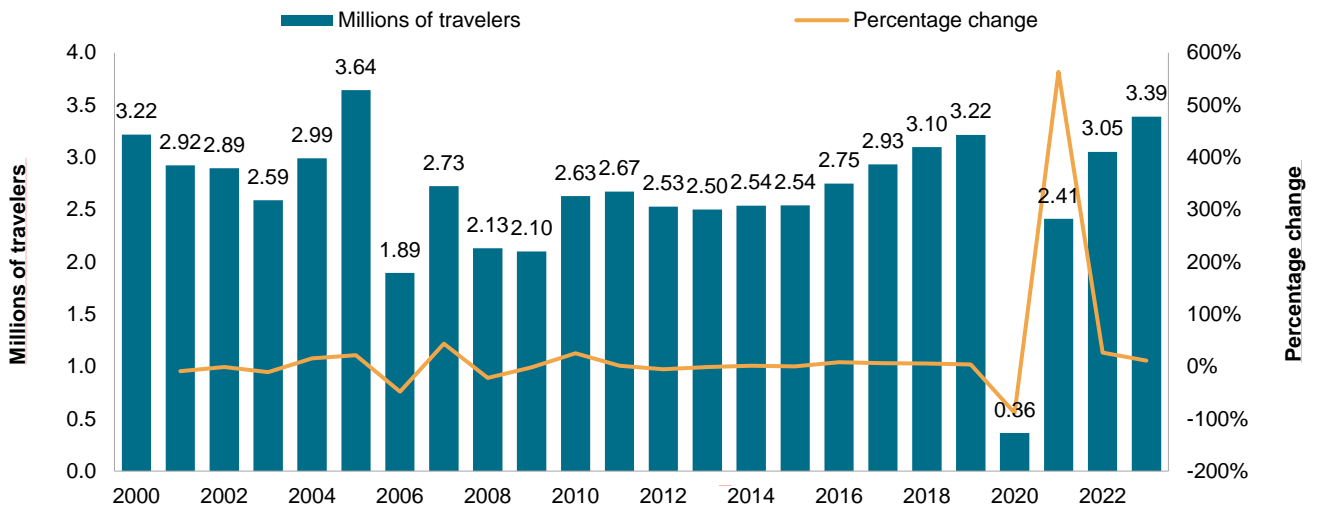
Source: S&P Global Market Intelligence.

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Number of air travelers will rise to 3.39 million, exceeding the pre-pandemic air travel volume.

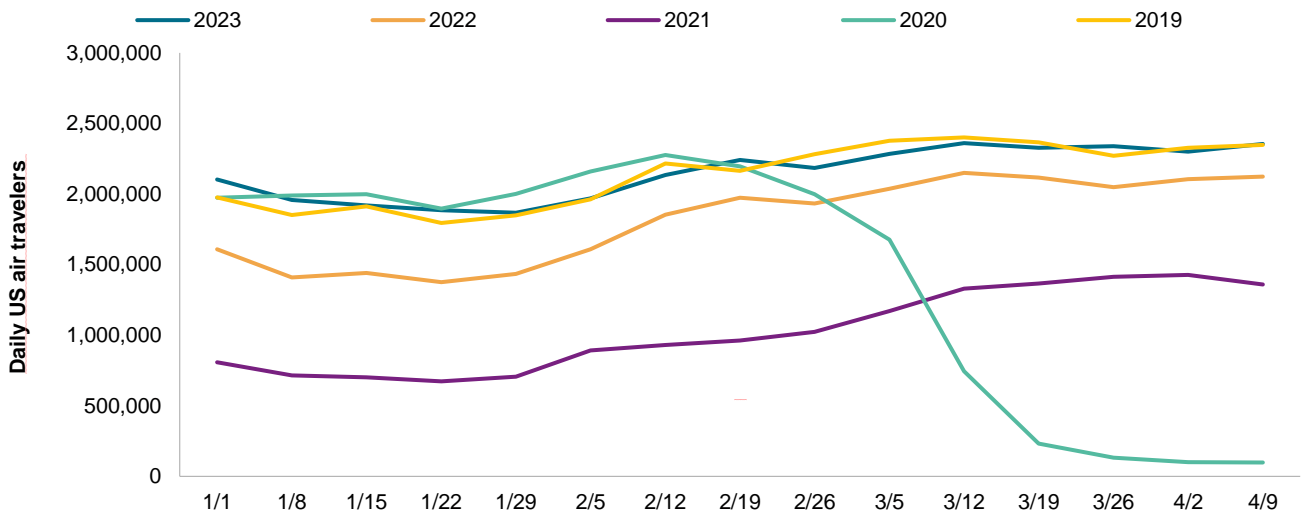
- Air travel is expected to grow 11% from 2022, the second highest volume on record.
- Share of travel via air will increase to 8.0% in 2023 after a significant drop in air travel in 2020 due to the COVID-19 pandemic.
- Air passenger volume is expected to surpass 2019 levels, with 170,000 more people traveling by air this Memorial Day compared to 2019.

### Memorial Day travelers by air, 2000-2023



Data compiled Apr. 2023.  
 Source: S&P Global Market Intelligence.  
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### Seven-day average of TSA throughput - January to April



Data compiled Apr. 2023.  
 Source: S&P Global Market Intelligence.  
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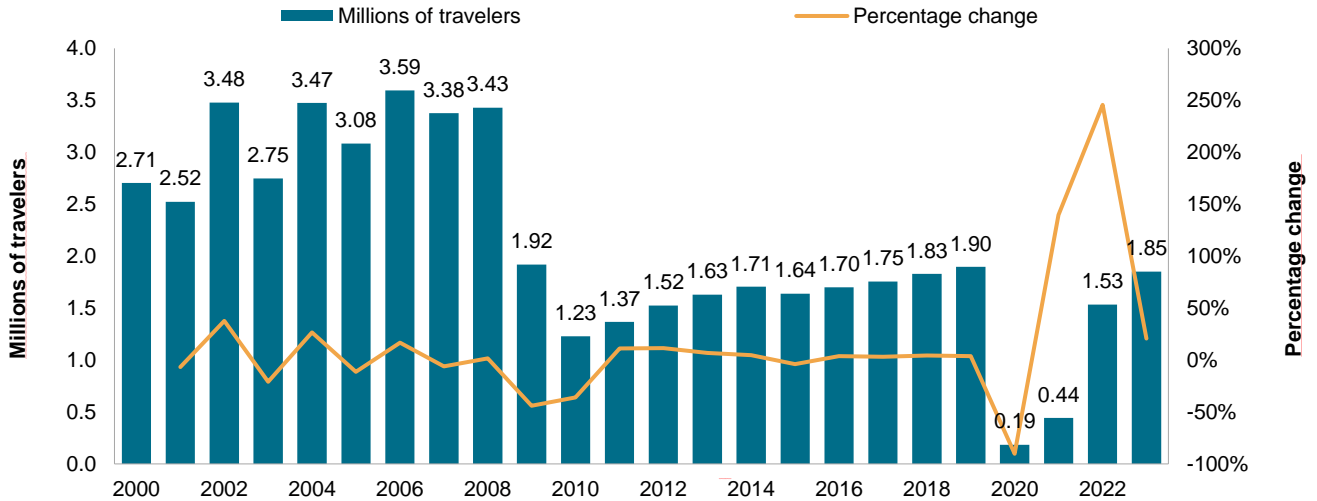
The data shows that air travel during the 2023 Memorial Day will mirror pre-pandemic volumes. Supporting this forecast is the recent trends seen in the daily TSA checkpoint data, seen in the chart above. Our continued belief is that leisure travelers are rebounding faster than business and international travel, which we assume will take a longer time to rebound. The number of travelers reaches 2019 volume and therefore our focus here – domestic leisure travel – will likely exceed 2019 volume.

For clarification, TSA passenger checkpoint data would include all passengers traveling on both domestic and international routes, whereas the AAA forecast focuses on domestic leisure travel. Additionally, TSA is screening passengers each time they enter the secured areas of the airport, which means that each one-way trip is counted as a passenger tally. For comparison, the AAA report focuses on a person-trip, which includes the full round-trip travel itinerary. As a result, direct comparisons of the AAA forecast volumes and daily screenings would represent different factors.

Travel by other modes will increase 20.6% over last year, reaching 1.85 million.

- Travel by other modes is expected to near pre-pandemic levels, reaching 97% of 2019 volume.
- 1.85 million Americans are expected to travel by other modes (including bus, train, and other), this is 320,000 more travelers compared to 2022.
- While travel by other modes shows a large increase in 2022 and 2023 volumes, this year's travel remains slightly below 2019 level.

**Memorial Day travelers by other, 2000-2023**

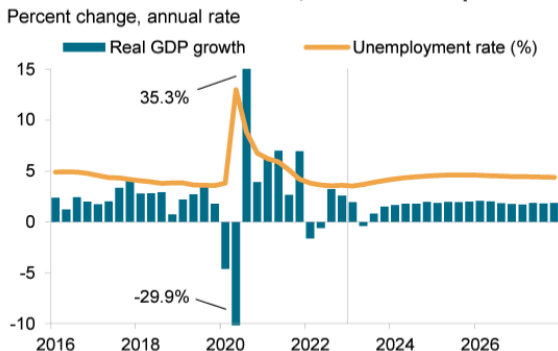


Data compiled Apr. 2023.  
 Source: S&P Global Market Intelligence.  
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**What is driving Memorial Day holiday travel this year?**

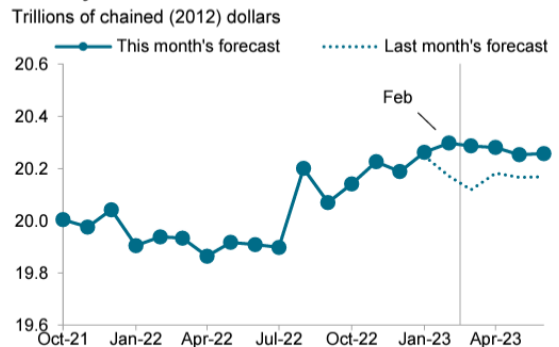
- **Forecast summary:** Banking sector concerns to slow growth for rest of 2023, partially substitute for Fed rate hikes. In March, SVB collapsed, sending shock waves through the global financial system. We expect a tightening of bank lending standards after Q1 to be a significant enough new source of drag that we revised down our projection for GDP growth over the last three quarters of this year by an average of 0.3 percentage point per quarter. Consumer spending edged lower in February after January surge; labor markets remain tight.

**Growth remains soft in 2023, a recession is possible**



As of Apr. 6, 2023.  
 Sources: S&P Global Market Intelligence; BEA; BLS.  
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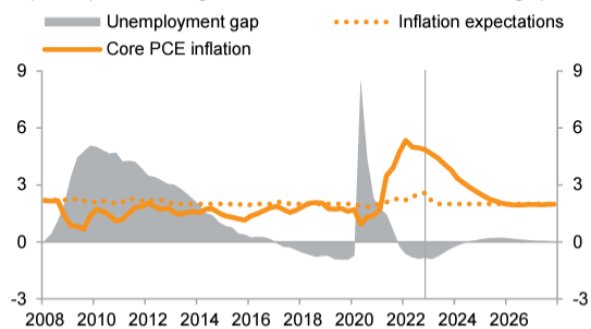
**Monthly GDP**



As of Apr. 6, 2023.  
 Source: S&P Global Market Intelligence.  
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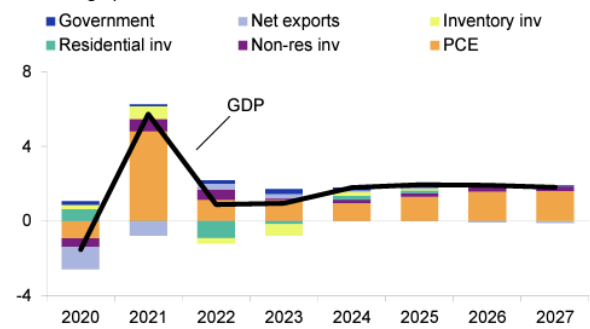
- Economic Indicators:** Real GDP growth forecast for 2023 was revised up from 1.0% to 1.4%. The revision was compelled by an upward revision in our estimate of Q1 growth, from -0.4% last month to +1.9% this month. That, in turn, was driven by upward revisions to estimates of consumer spending through January followed by less of a decline in February than we anticipated.
- Consumer price inflation high but will moderate:** Inflation is intolerably high and unemployment unsustainably low. Ultimately, it will require a period of below-trend growth and an increase in the unemployment rate to reduce inflation to the Fed's 2% objective. PCE inflation averaged 6.3% in 2022. Real PCE fell 0.1% in February, following a 1.5% surge in January that was revised higher. We look for PCE growth of 1.9% in 2023, revised up 0.5 percentage point from last month. Still, available data on credit card spending point to a weakening in March. Consumer credit increased and is up 7.6% year-over-year. Part of that rise can be attributed to elevated prices. Excluding food and energy, core PCE inflation remained stubbornly high in February, with the 12-month increase unchanged from December. In our forecast, core PCE inflation slows to 4.2% this year, before falling to 3.0% in 2024.

**Core PCE inflation declines gradually to 2% after surge**  
4-quarter percent change      Percentage points



As of Apr. 6, 2023.  
Source: S&P Global Market Intelligence, Philly Fed, BEA, BLS  
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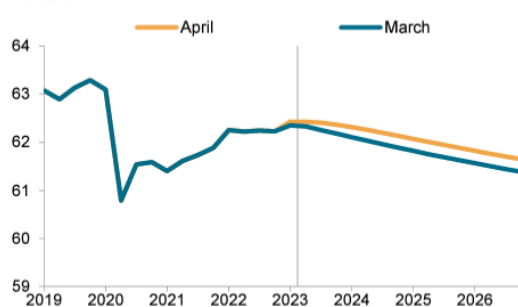
**Contributions to GDP growth (Q4/Q4)**  
Percentage points



As of Apr. 6, 2023.  
Sources: S&P Global Market Intelligence, BEA.  
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- Labor Market:** Soft growth over the near-term is accompanied by a rise in the unemployment rate to 4.6% by mid-2025. The March employment report indicates ongoing healthy demand for labor but also includes a few signs of emerging weakness, especially when considered in conjunction with separate signs of loosening conditions: upwardly revised jobless claims, a rising trend in announced job cuts, and a declining trend in the job openings rate. First, the gain in private employment was all in services and concentrated in a couple of industries. Second, while private payrolls expanded, the private workweek declined for the second consecutive month. The March report is indicative of a soft patch for the US economy ahead, but also as an encouraging sign for inflation. The required slack in the jobs market to help cool inflation seems to imply a tougher row to hoe for the Federal Reserve, with interest rates higher than was previously expected. The latest developments in the financial sector, stemming from the failure of Silicon Valley Bank, will make this even trickier.

**Labor force participation rate**  
Percent



As of April 6, 2023  
Sources: S&P Global Market Intelligence, Bureau of Labor Statistics.  
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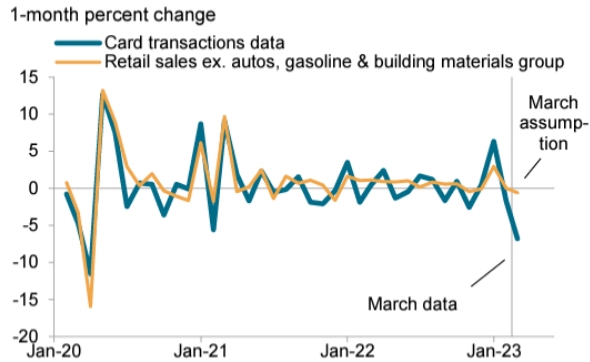
**Beveridge Curve**



Data accessed Apr. 6, 2023.  
Sources: Bureau of Labor Statistics, S&P Global Market Intelligence.  
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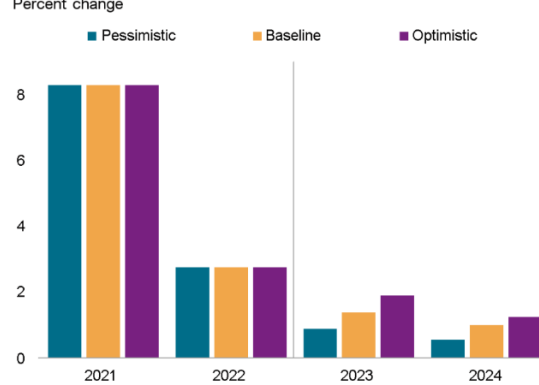
- Weakness in card transactions data point to a soft March (and Q2) for consumer spendings:** The expected slowdown in consumer spending is eyepopping but nevertheless grounded in evidence. Following a sharp, 1.5% increase in January, real PCE declined 0.1% in February. Assumed decline in March sets up the second quarter for slow growth. Arguing for a weak March is a sharp slowing in card transactions (credit, debit, and gift cards) during March as reported by the Bureau of Economic Analysis. Personal income rose 0.6% in January, supported by a 0.9% increase in wages and salaries, and real disposable income rose 1.4%. The personal saving rate edged up 0.2 percentage point to 4.7% and has risen steadily after falling to 2.7% in June 2022.

**Card transactions data point to weak sales in March**



As of April 6, 2023.  
Sources: S&P Global Market Intelligence; BEA; Census.  
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**Real consumer spending growth scenarios**



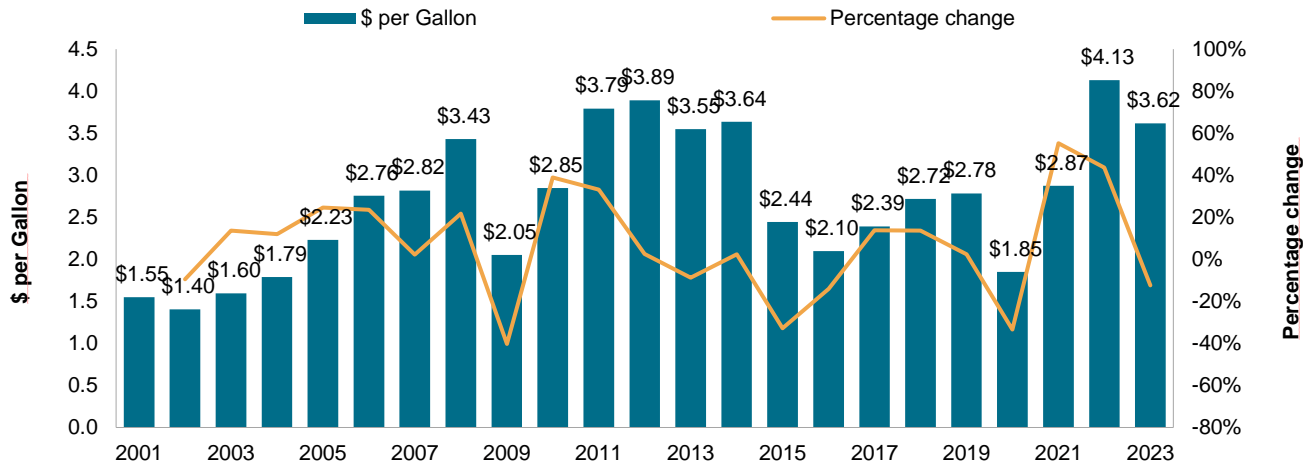
Data compiled Mar. 13, 2023.  
Sources: Bureau of Economic Analysis; S&P Global Market Intelligence (forecast).  
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**What is the impact of gasoline prices on the forecast?**

- The 2023 April average price is \$3.62 per gallon, just over fifty cents a gallon below a year ago.

**Average April\* Gasoline Prices  
National Average per Gallon Regular Unleaded**

**Average April Gasoline Prices 2001-2023**



Data compiled May 2023.  
Source: S&P Global Market Intelligence.  
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\* April gasoline prices are emphasized because prices observed several weeks prior to the holiday are likely to influence holiday travel planning. Actual holiday prices are typically less influential.



## APPENDIX

In cooperation with AAA, S&P Global Market Intelligence (SPGMI) -- a world leader in critical information, analytics and expertise -- developed a unique methodology to forecast actual domestic travel volumes. The economic variables used to forecast travel for the current holiday are leveraged from SPGMI's proprietary databases. These data include macroeconomic drivers such as employment; output; household net worth; asset prices including stock indices; interest rates; housing market indicators and variables related to travel and tourism, including prices of gasoline, airline travel and hotel stays. AAA and SPGMI have quantified holiday travel volumes going back to 2000.

Historical travel volume estimates come from DK SHIFFLET's TRAVEL PERFORMANCE/Monitor<sup>SM</sup>. The PERFORMANCE/Monitor<sup>SM</sup> is a comprehensive study measuring the travel behavior of U.S. residents. DK SHIFFLET contacts over 50,000 U.S. households each month to obtain detailed travel data, resulting in the unique ability to estimate visitor volume and spending, identify trends, forecast U.S. travel behavior and position brands—all after the trips have been taken.

The travel forecast is reported in person-trips. In particular, AAA and SPGMI forecast the total U.S. holiday travel volume and expected mode of transportation. The travel forecast presented in this report was prepared the week of April 17, 2023.

### Memorial Day Holiday Travel Period

For purposes of this forecast, the Memorial Day holiday travel period is defined as the five-day period from Thursday, May 25 to Monday, May 29. The five-day holiday length is consistent with previous holiday periods.

### About AAA

Started in 1902 by automotive enthusiasts who wanted to chart a path for better roads in America and advocate for safe mobility, AAA has transformed into one of North America's largest membership organizations. Today, AAA provides roadside assistance, travel, discounts, financial and insurance services to enhance the life journey of 62 million members across North America, including 56 million in the United States. To learn more about all AAA has to offer or to become a member, visit [AAA.com](http://AAA.com).

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### About DKSA

DK SHIFFLET boasts the industry's most complete database on U.S. resident travel both in the U.S. and worldwide. Data is collected monthly from a U.S. representative sample, adding over 60,000 traveling households annually and is used daily by leading travel organizations and their strategic planning groups. DK SHIFFLET is an MMGY Global company.

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**Addendum 2: U.S. and Regional Population and Travel Share Data**

	Population (Thousands)	Travel Volume (Thousands)				Share of Population			
		Automobile	Air	Other	Total	Automobile	Air	Other	Total
<i>National</i>									
United States	335,056	37,100	3,390	1,850	42,340	11.1%	1.0%	0.6%	12.6%
<i>Census Divisions</i>									
New England	15,127	1,738	154	22	1,914	11.5%	1.0%	0.15%	12.7%
Middle Atlantic	41,778	4,483	342	124	4,948	10.7%	0.8%	0.3%	11.8%
South Atlantic	68,354	7,189	694	193	8,076	10.5%	1.0%	0.3%	11.8%
East North Central	47,097	5,949	375	270	6,595	12.6%	0.8%	0.6%	14.0%
East South Central	19,721	1,826	243	68	2,138	9.3%	1.2%	0.3%	10.8%
West North Central	21,761	3,040	147	347	3,534	14.0%	0.7%	1.6%	16.2%
West South Central	42,258	3,878	367	206	4,451	9.2%	0.9%	0.5%	10.5%
Mountain	25,822	2,995	294	103	3,392	11.6%	1.1%	0.4%	13.1%
Pacific	53,271	6,001	774	517	7,292	11.3%	1.5%	1.0%	13.7%

**Census Region definitions:**

East North Central (ENC): IL, IN, MI, OH, WI

East South Central (ESC): AL, KY, MS, TN

Middle Atlantic (MATL): NJ, NY, PA

Mountain (MTN): AZ, CO, ID, MT, NM, NV, UT, WY

New England (NENG): CT, MA, ME, NH, RI, VT

South Atlantic (SATL): DC, DE, FL, GA, MD, NC, SC, VA, WV

West South Central (WSC): AR, LA, OK, TX

West North Central (WNC): IA, KS, MN, MO, ND, NE, SD

Pacific (PAC): AK, CA, HI, OR, WA