U.S. Economic Conditions

June 2026

U.S. TRAVEL ASSOCIATION

Compare to
Previous Year

Insights

The Consumer Price Index (CPI) fell 0.4% month-over-month in June, driven by a sharp drop in gasoline prices, pulling year-over-year inflation down from 4.2% to 3.5%. The bigger takeaway from the June report was the benign reading of core prices (excluding volatile food and energy). The Federal Reserve is worried about a broadening out of inflationary pressures across goods and services, and that wasn't evident in the June CPI details.

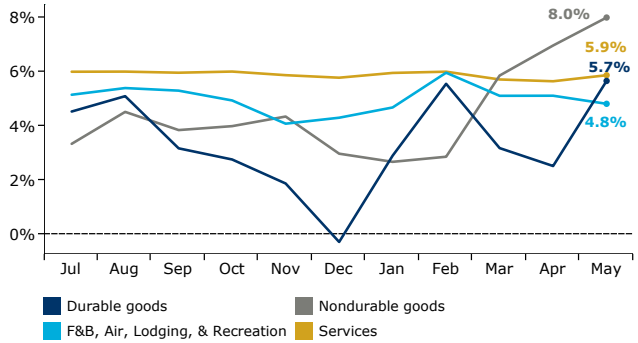
For consumers, the fall in gas prices will ease the pinch on wallets. Thanks to the slower rate of inflation, growth in real (inflation-adjusted) average hourly earnings is set to turn positive for the first time since February.

However, risks remain as oil prices have risen following renewed hostilities between the US and Iran. Additionally, there are indications that the AI-driven shortage of memory chips is starting to push up the costs of smartphones, computers, and related products.

Overall, the economic outlook remains solid. Should Middle East tensions continue to subside, falling oil prices will reduce the drag on real incomes over the second half of the year, helping maintain consumer spending growth, supported by a job market that's broadly in balance. However, core inflation is still expected to remain above the Federal Reserve's 2% target longer than previously projected because AI-related demand will keep electronics inflation elevated. Due to inflation's slow retreat, the Fed is expected to keep rates unchanged for a prolonged period.

Consumer Spending

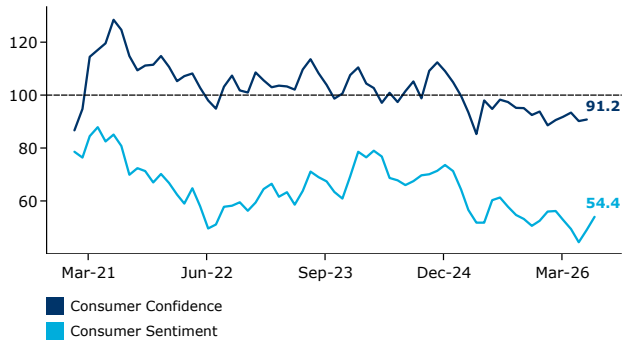
% change relative to same month vs. Previous Year, prior 12-month trend



Source: BEA

Consumer Confidence & Sentiment Index

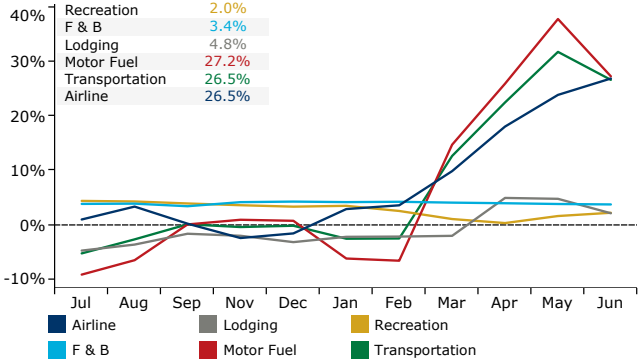
Index, 1985=100, prior 5-years



Source: Conference Board and University of Michigan

Travel Price Index, Major Components

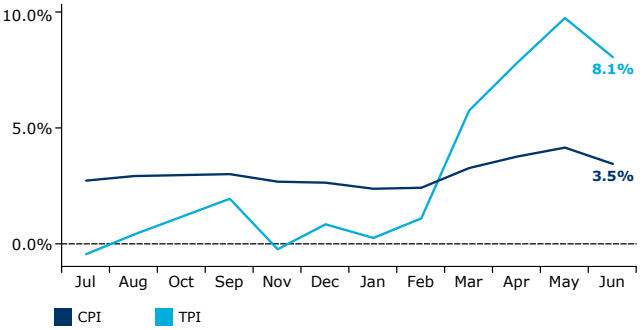
% change relative to same month vs. Previous Year, prior 12-month trend



Source: Tourism Economics

Travel (TPI) and Consumer (CPI) Price Indices

% change relative to same month vs. Previous Year, prior 12-months



Source: BLS (CPI); and Tourism Economics (TPI)

SYMPHONY TOURISM ECONOMICS