

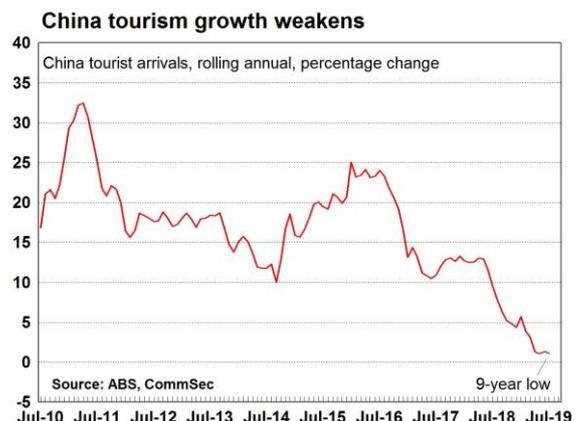
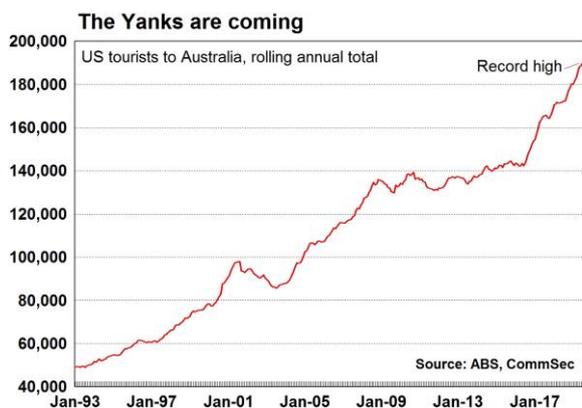
Record North American tourists head ‘Down Under’ Overseas arrivals/departures

- **Tourism:** Tourist arrivals rose by 0.4 per cent in July with departures down by 1.7 per cent. Over the year to July, a record 9.36 million tourists came to Australia and 11.22 million Aussies travelled abroad.
- **Solid migration:** The annual number of permanent and long-term overseas arrivals eased from a record-high of 850,770 people in June to 844,680 people in July, but still up by 3.2 per cent over the year.
- **Chinese tourism:** China is the largest source of tourists to Australia. Over the past year 1,447,200 tourists came to Australia from China, up by 1.1 per cent on the year earlier - the equal weakest annual growth rate in nine years.
- **Record North American tourists:** Over the past year a record 497,700 Canadian tourists came to Australia, up by 10.8 per cent. And a record 189,900 Americans visited Australia, up by 10.3 per cent over the year.

Tourism data is important for airlines, hotels and booking agents.

What does it all mean?

- The US-China trade war, slowing global growth, currency movements and travel promotions are impacting Australia’s tourism industry.
- A still-healthy 122,300 (12-month average: 120,600) mainland Chinese tourists made their way ‘Down Under’ in July. But the annual growth rate of Chinese travellers has slowed to just 1.1 per cent - the equal weakest rate in nine years. The slowdown highlights some downside risks to Australia’s services sector (including tertiary education) due to ongoing trade tensions with the US and the weakest economic growth rate in almost three decades.
- That said, the weaker Aussie dollar is encouraging North American tourists to flock to Australia in record numbers. The Aussie dollar has hit decade lows against the greenback (US dollar) and 9-year lows against the loonie (Canadian dollar) this year. Official interest rates in the US and Canada are higher than Australia, supporting both North American currencies.
- United Airlines’ increased its promotion of Australia as a travel destination in July, putting Australia in front of its



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US frequent flyer customers through airport gate screen displays, the Hemisphere in-flight magazine, seat back monitors and a dedicated email blast to members.

What do the figures show?

Tourism

- **Tourist arrivals** rose by 0.4 per cent in July after falling by 3.0 per cent in June (the latter being the biggest monthly fall in international visitors in two years). Arrivals are up 2.9 per cent on the year.
- **Aussie tourist departures** fell by 1.7 per cent in July after declining by 2.7 per cent in June. Departures are up just 0.2 per cent on the year.
- In July, **tourists from Greater China (China and Hong Kong)** totalled 150,200 (mainland China 122,300; Hong Kong 27,900), ahead of New Zealand (116,900).
- China is the largest source of tourists to Australia. Over the past year 1,447,200 tourists came to Australia from China, up by 1.1 per cent on the year earlier – the equal slowest annual growth rate in nine years.
- A record 376,000 Indian tourists travelled to Australia over the year to July, up by 10.9 per cent on a year ago.
- In July, there were **record tourist inflows** from Canada, India and Vietnam.
- And in the month of July a **record number of Aussies travelled** to Chile and Nepal.

Migration

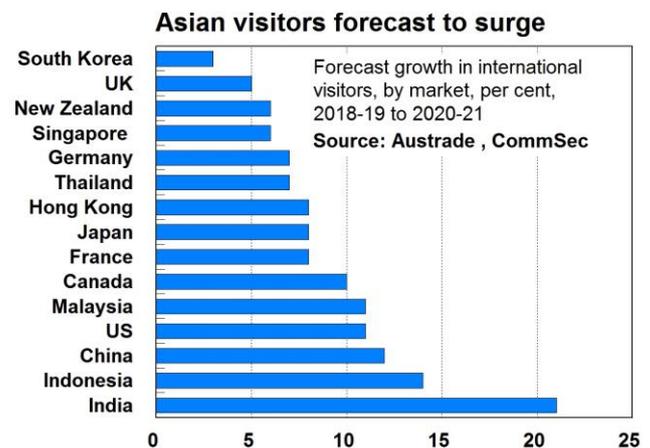
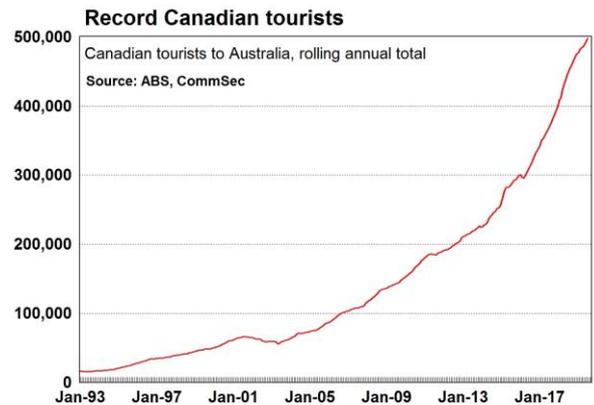
- In July, there were **95,810 permanent and long-term arrivals in Australia**. The annual number of permanent and long-term overseas arrivals eased from a record-high of 850,770 people in June to 844,680 people in July, up by 3.2 per cent over the year.
- In net terms (arrivals less departures) permanent and long-term overseas arrivals totalled 293,860 over the year to July, still below the record high of 353,480 in the year to April 2009.

What is the importance of the economic data?

- The Australian Bureau of Statistics releases data on **overseas arrivals and departures**, produced monthly and is an indicator of the health of the tourism sector. The figures are also useful in understanding spending trends and tracking migrant numbers – an indicator with widespread implications for employment, housing and spending.

What are the implications for interest rates and investors?

- Spending by international tourists is the lifeblood of many Aussie cities and towns. The weaker Aussie dollar may be considered a nuisance for budding Aussie travellers, but it generally encourages increased hordes of international holidaymakers looking for 'greater bang for their buck'.
- Weakening economic activity and political tensions around technology, communications and trade have influenced Chinese tourist numbers. While China is currently Australia's largest tourist market, Austrade has revised down its forecast for Chinese tourist numbers, with visitor numbers expected to increase 12 per cent from 1.4 million visitors in 2018/19 to 1.6 million in 2020/21.
- Given the maturation of the Chinese market, Tourism Australia has been increasingly focusing its attention on high-value travellers in India, Indonesia, Singapore and Malaysia through its 'UnDiscover Australia' campaign. Austrade is projecting the strongest growth in tourists to come from these countries in the next two years.
- The near-record inflow of long-term arrivals/permanent residents to Australia will continue to support broader economic activity and spending, especially the housing market with its recovery.
- The Commonwealth Bank Group economists expect a rate cut in November and a follow up rate cut in February 2020.



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