LESI Improves on Anticipated Strong Summer Travel Season

The Lodging Executives Sentiment Index for the current period ending April 2014 Rebounded from the past few months to 75.0 from 70.8 in March 2014. Overall the lodging executives’ sentiment for Present Business Conditions improved during this current period.

“Despite 12 month expectations continuing to decline, executive sentiment for near term general business conditions has improved anticipating a strong summer travel season,” said Nelson Barber, associate professor of hospitality management, who manages the index.

Seventy-eight percent of lodging executives indicated current business conditions were good, an increase from fifty percent last period, while twenty-two percent indicated conditions were normal, up from fifty percent during the same period. During the two periods, no executives indicated present conditions were bad.

Looking forward, twenty-two percent of the executives thought business conditions will be better in the next 12 months, a decrease from thirty-three percent last period, while seventy-eight percent indicated they will be the same; up from sixty-seven percent last month. During the two periods, no executives indicated future conditions were bad.

Looking forward twelve months, lodging executives expect hiring of non-managerial employees, as compared to March 2014 to increase, in-line with April’s unemployment rate, published by the Bureau of Labor Statistics (BLS), which declined to 6.3 compared to March. The ISM Employment Index also improved compared to last period to 54.7 from 51.1, suggesting manufacturing is anticipating new hiring activity.

The LESI indices follow the Institute of Supply Management's Index (ISM) method of tracking leading indicators. A LESI survey reading of greater than 50 indicates expansion whereas a reading below 50 indicates decline and the distance from 50 in either direction is indicating the strength of the expansion or decline. During the April period of time, the ISM Index increased to 54.9 from 53.7 in March 2014.
The most recent published issue of the *Cornell Hospitality Quarterly* (November 2013; 54 (4)) includes an article written by three professors in the Department of Hospitality Management at the UNH Peter T. Paul College of Business and Economics (formerly the Whittemore School of Business and Economics) where the LESI is used to forecast interest rates, the stock market and retail sales. The article demonstrates the accuracy of the LESI in forecasting the above well beyond currently-existing leading indicators.

The Lodging Executive Sentiment Index (LESI) is based on a monthly survey of lodging executives representing companies with more than 2.5 million hotel rooms across lodging segments and geographic regions in the United States represents more than 55 percent of all U.S. sleeping rooms.