

Ashford Group of Companies

Why Lodging, Why Now – Investor Day 2018

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How We Look At The Economy

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Broad Economic Indicators

Corporate Indicators

Consumer Indicators

Credit Indicators

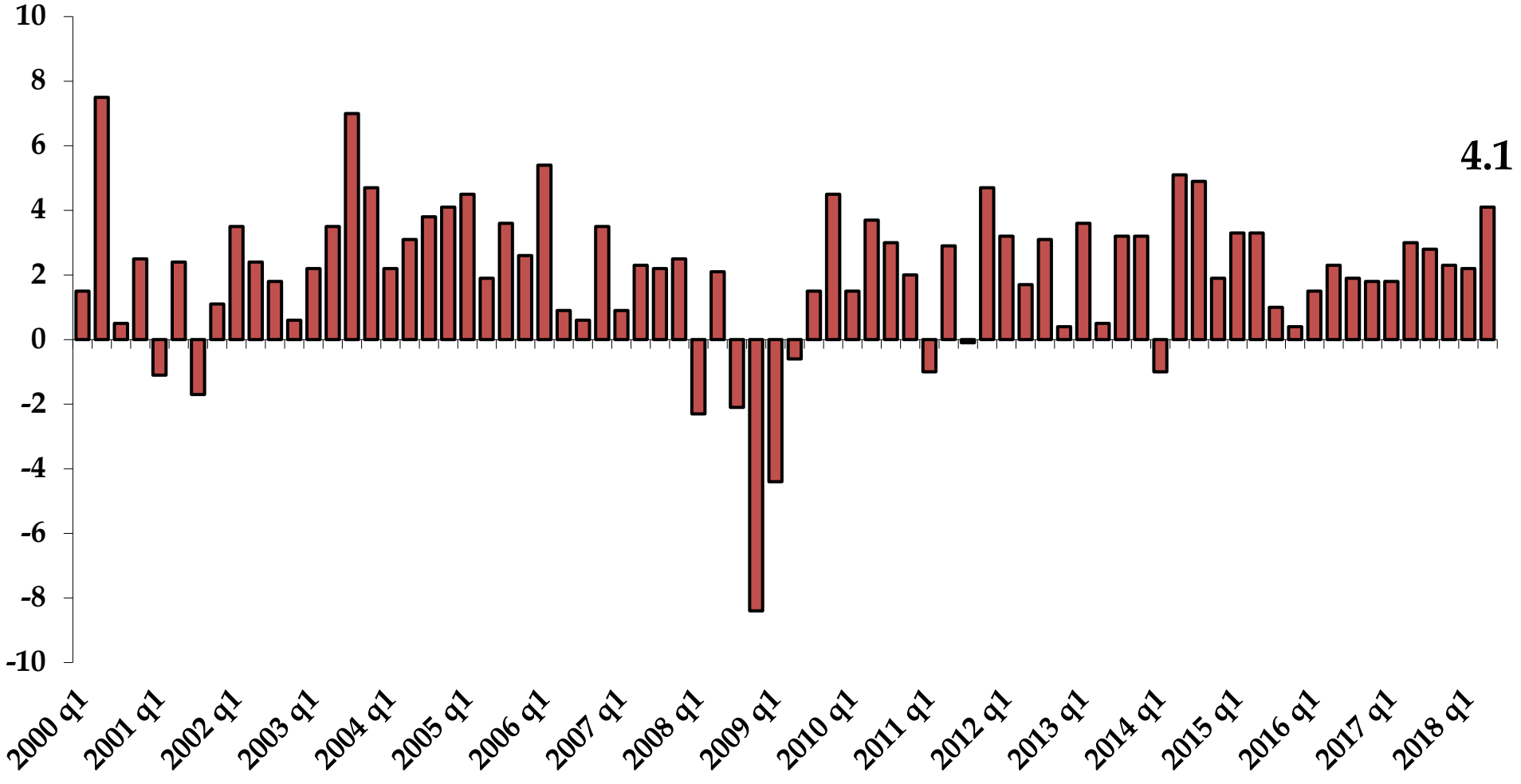
Broad Economic Indicators

Broad Economic Indicators

Positive Real GDP Growth Accelerating

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Real QoQ GDP Growth % (as of Q2 18)

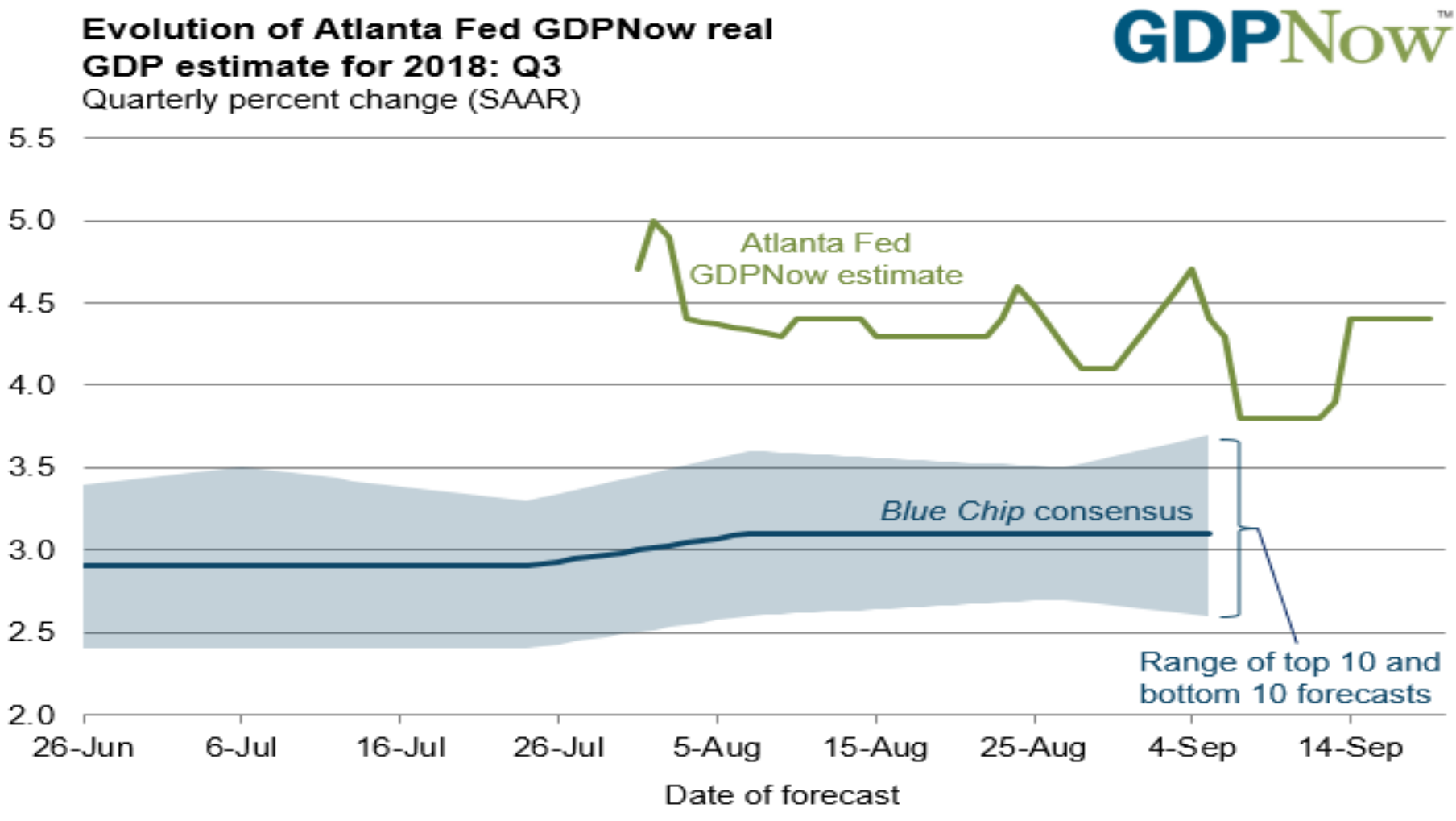


Source: Bloomberg, Bureau of Economic Analysis.

Broad Economic Indicators

Forecasting Model Estimates GDP Growth Will Be Higher Than Consensus

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4.4%

3.1%

Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

Note: The top (bottom) 10 forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Source: Atlanta FRB.

Broad Economic Indicators

Low Unemployment Continues To Decline

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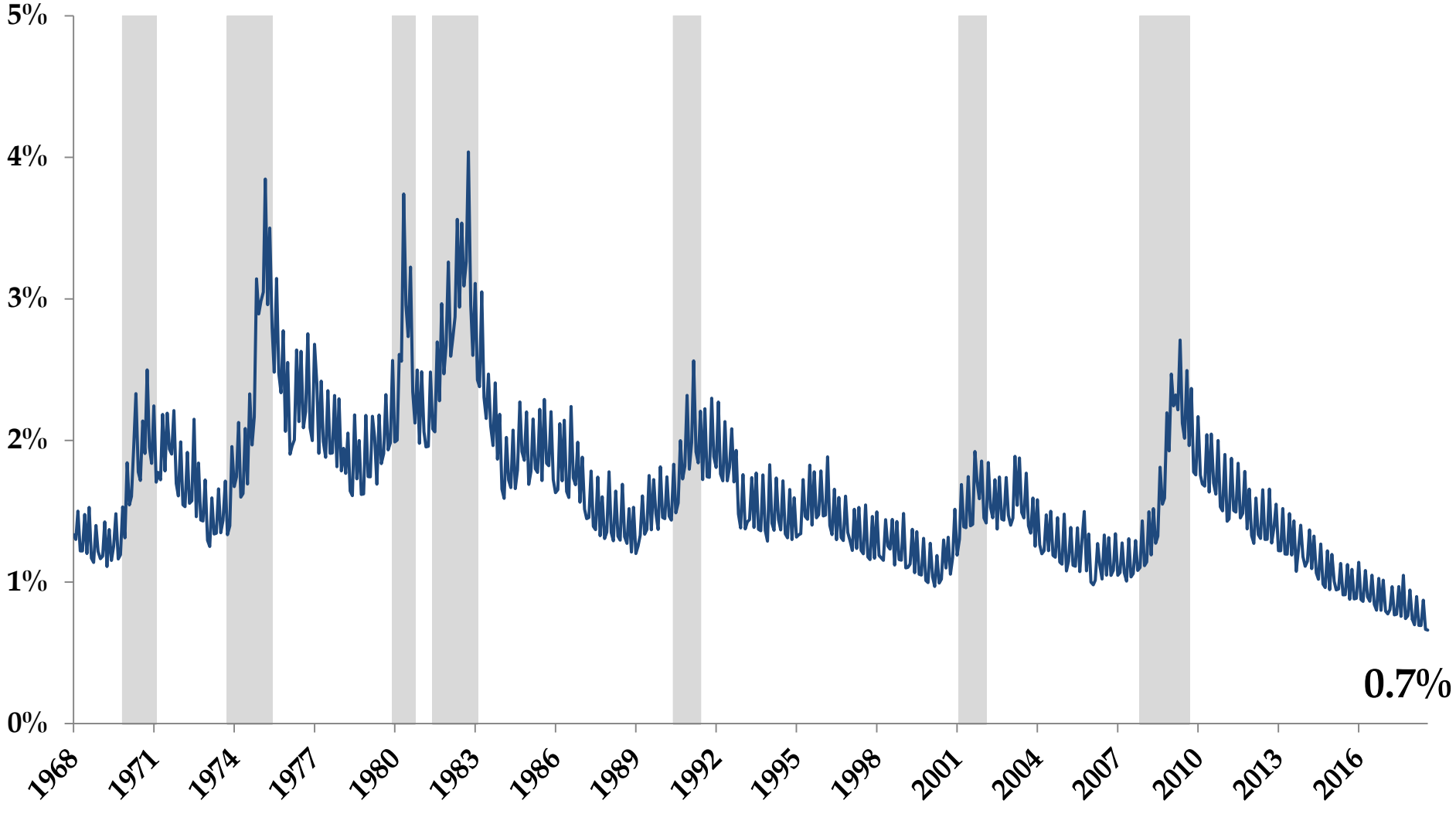
Source: Bloomberg, Bureau of Labor Statistics.

Broad Economic Indicators

Jobless Claims Are At All-Time Lows

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Initial Jobless Claims as % of Full-Time Workers (as of Aug 18)



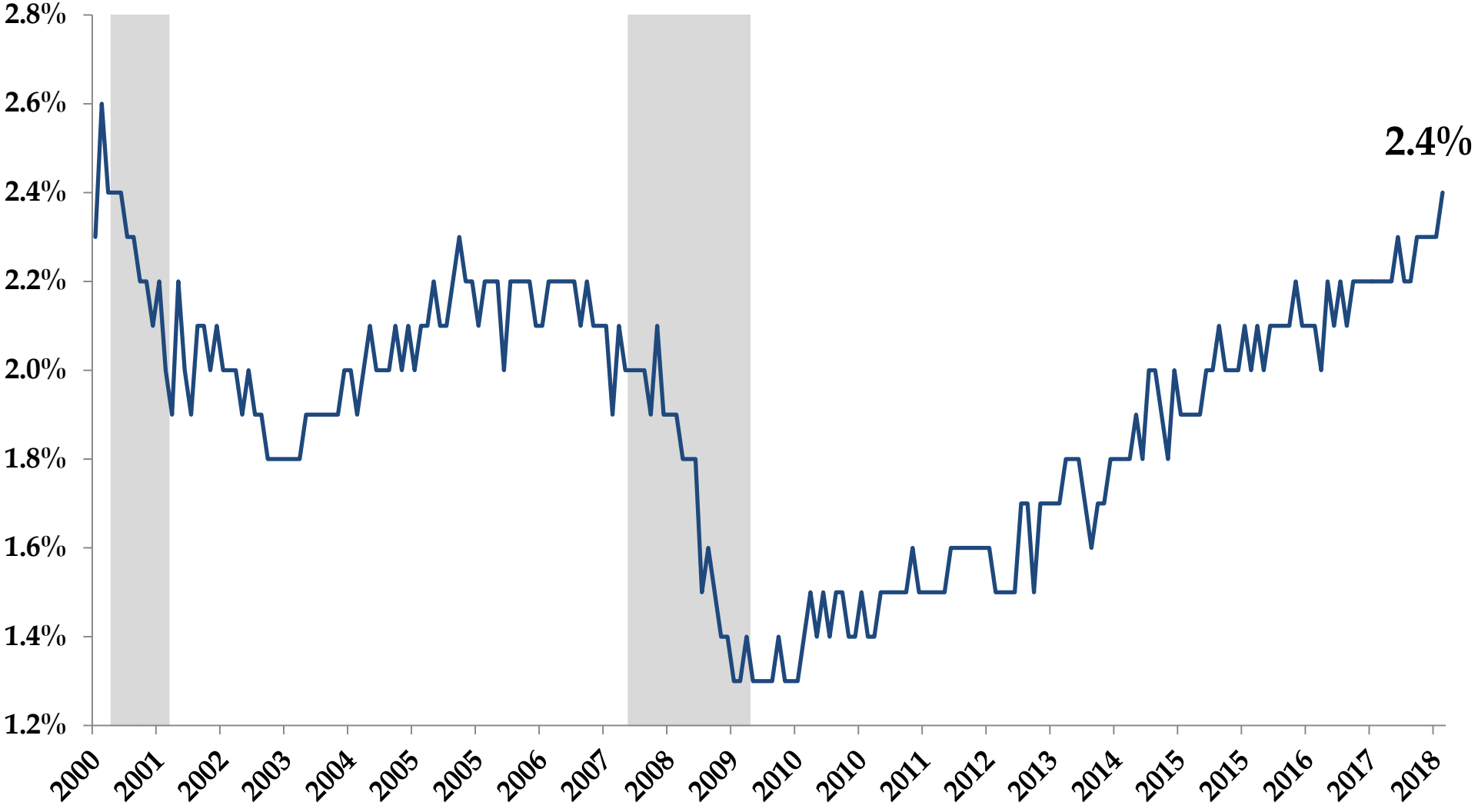
Source: St. Louis FRB, US Employment and Training Administration, Bureau of Labor Statistics.

Broad Economic Indicators

More Workers Quitting

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Total Non Farm Quits (as of Jul 18)

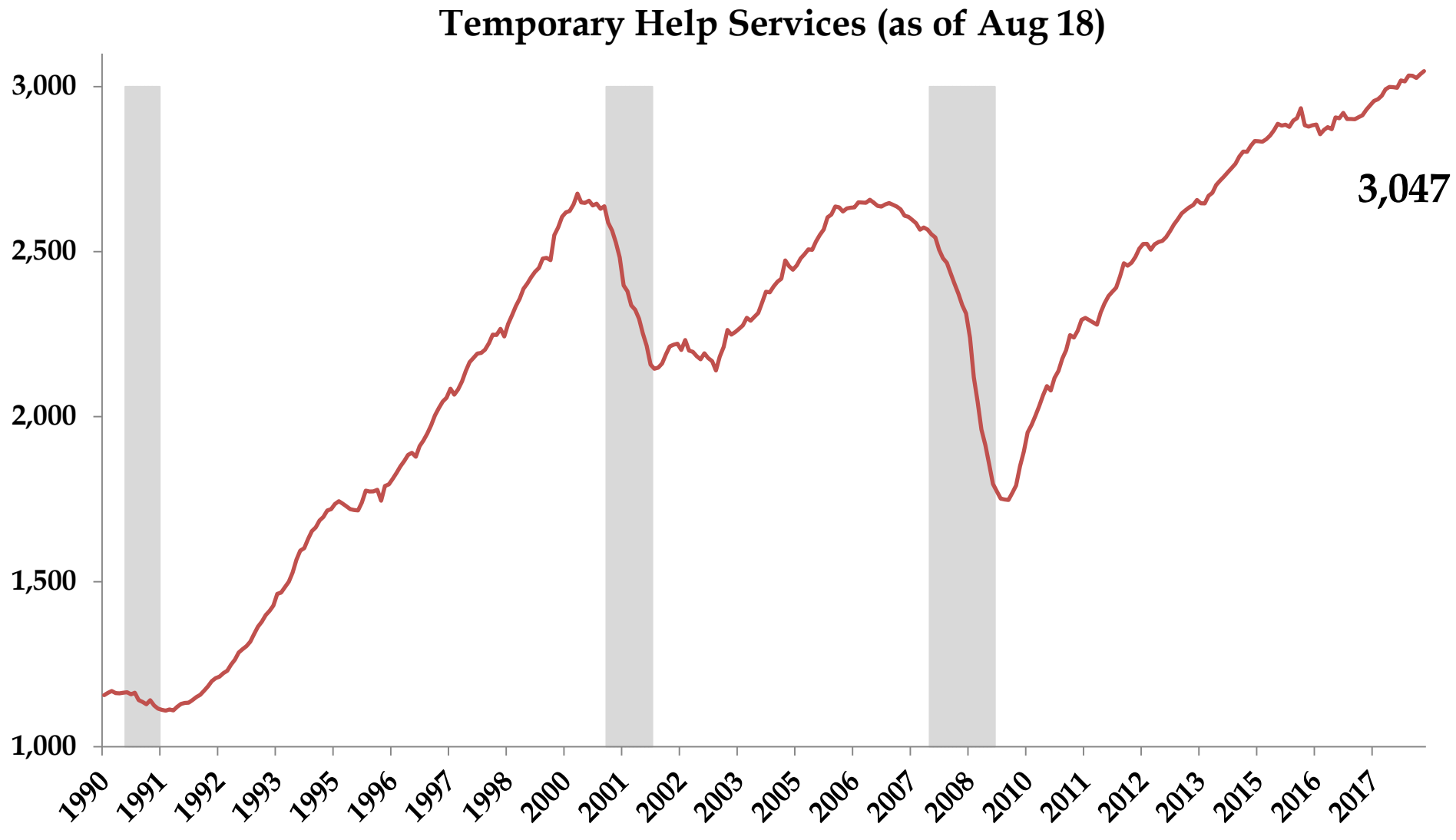


Source: Bloomberg, St. Louis FRB, Bureau of Labor Statistics.

Broad Economic Indicators

A Drop-Off In Temporary Help Can Signal A Recession

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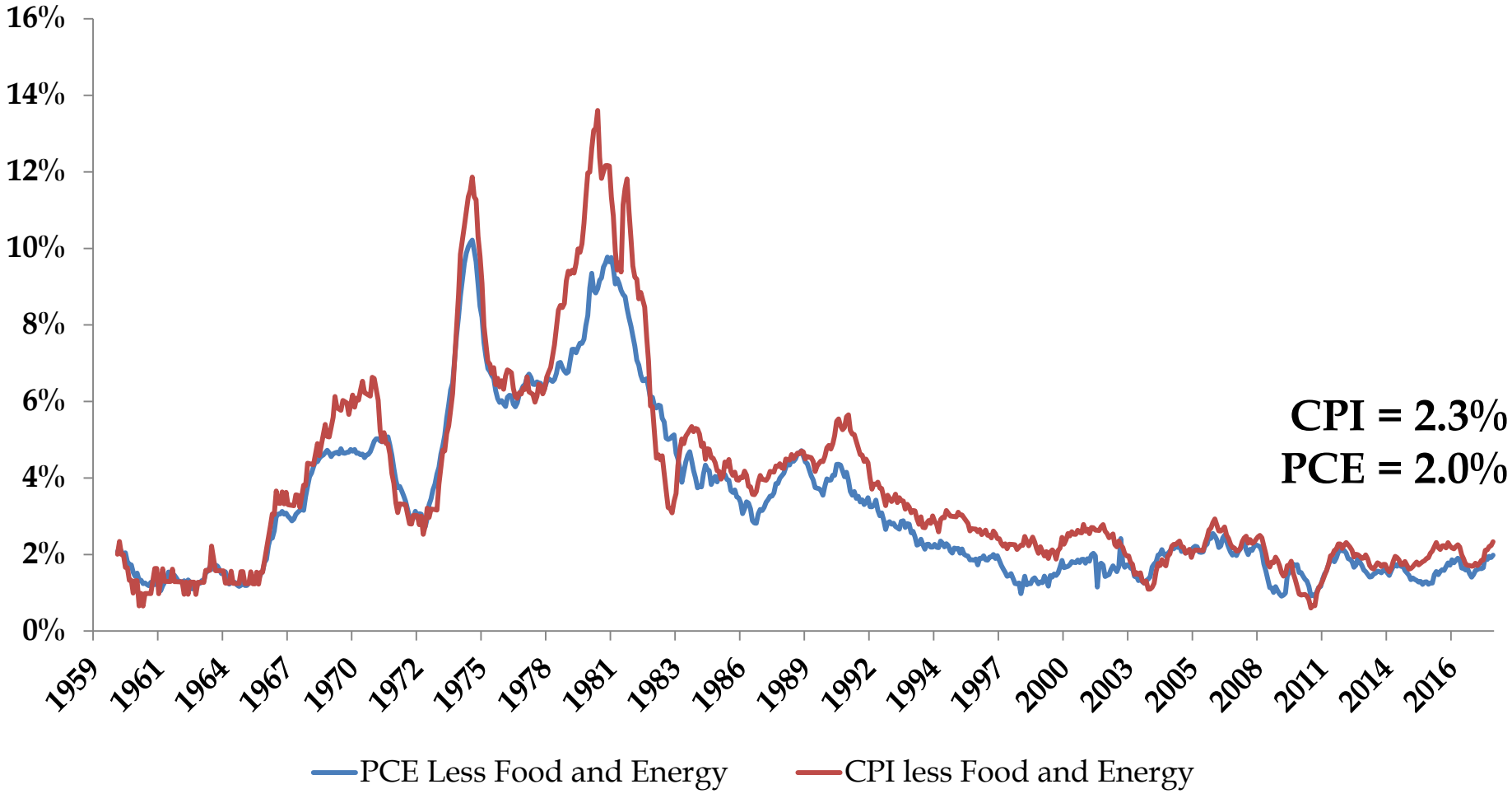
Source: St. Louis FRB, Bureau of Labor Statistics.

Broad Economic Indicators

Low and Stable Inflation Promotes Growth

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CPI Less Food and Energy vs PCE Less Food and Energy (as of Jul 18)



Source: St. Louis FRB, Bureau of Labor Statistics.

Broad Economic Indicators

Inflation Forecasted To Remain Low

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	Inflation Forecast (as of Aug 18)						
	Q2 18A	Q3 18E	Q4 18E	Q1 19E	Q2 19E	Q3 19E	Q4 19E
CPI (YoY%)	2.7	2.6	2.4	2.2	2.3	2.3	2.3
PCE Price Index (YoY%)	2.2	2.2	2.1	2.1	2.1	2.1	2.1
Core PCE (YoY%)	1.9	2.0	2.1	2.1	2.1	2.2	2.2

Source: Bloomberg

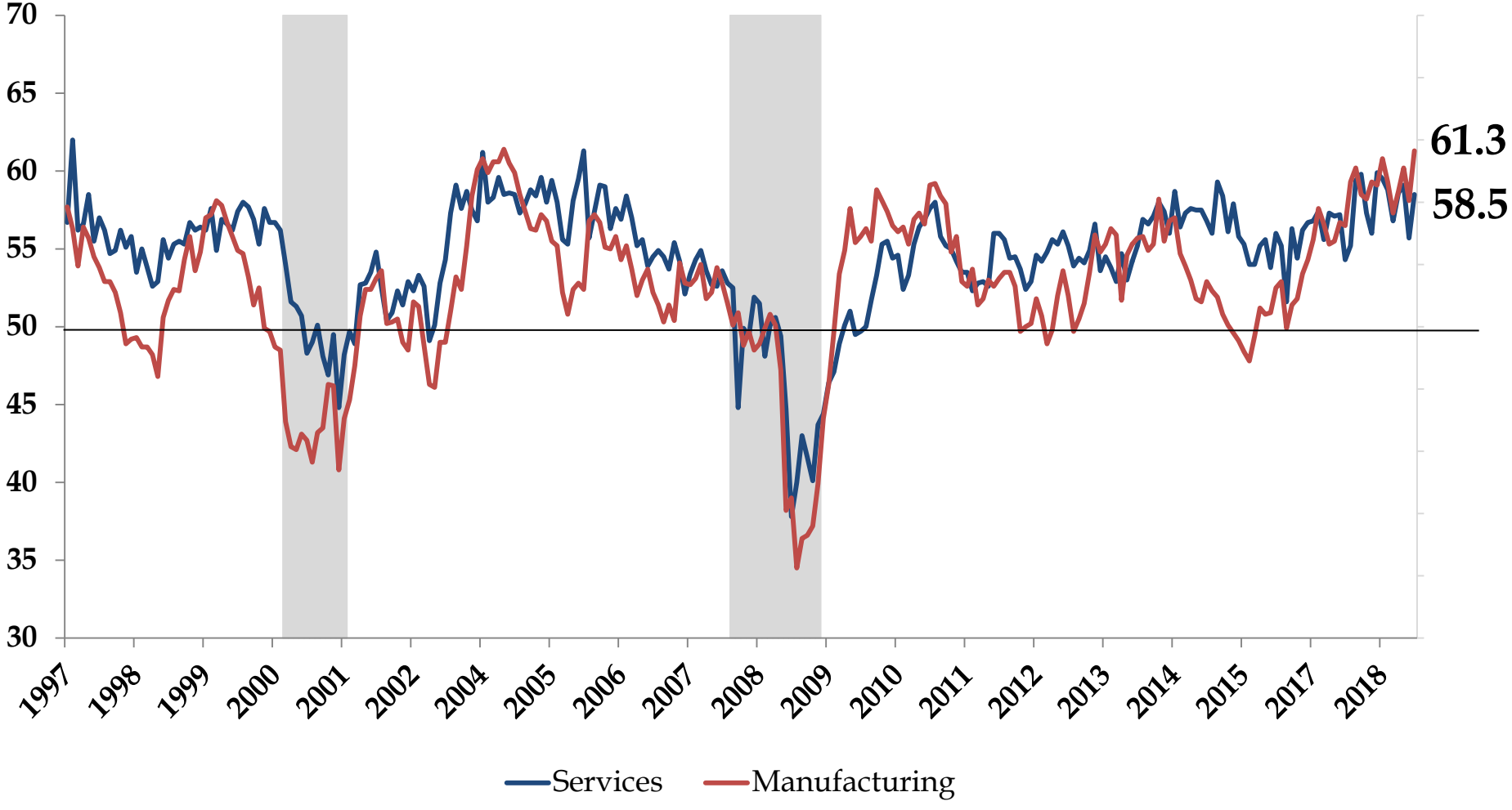
Corporate Indicators

Corporate Indicators

Business Strength Remains Strong And Expansion Is Well Established

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ISM Manufacturing & Services Indexes (Above 50 = expansion)
(as of Aug 18)



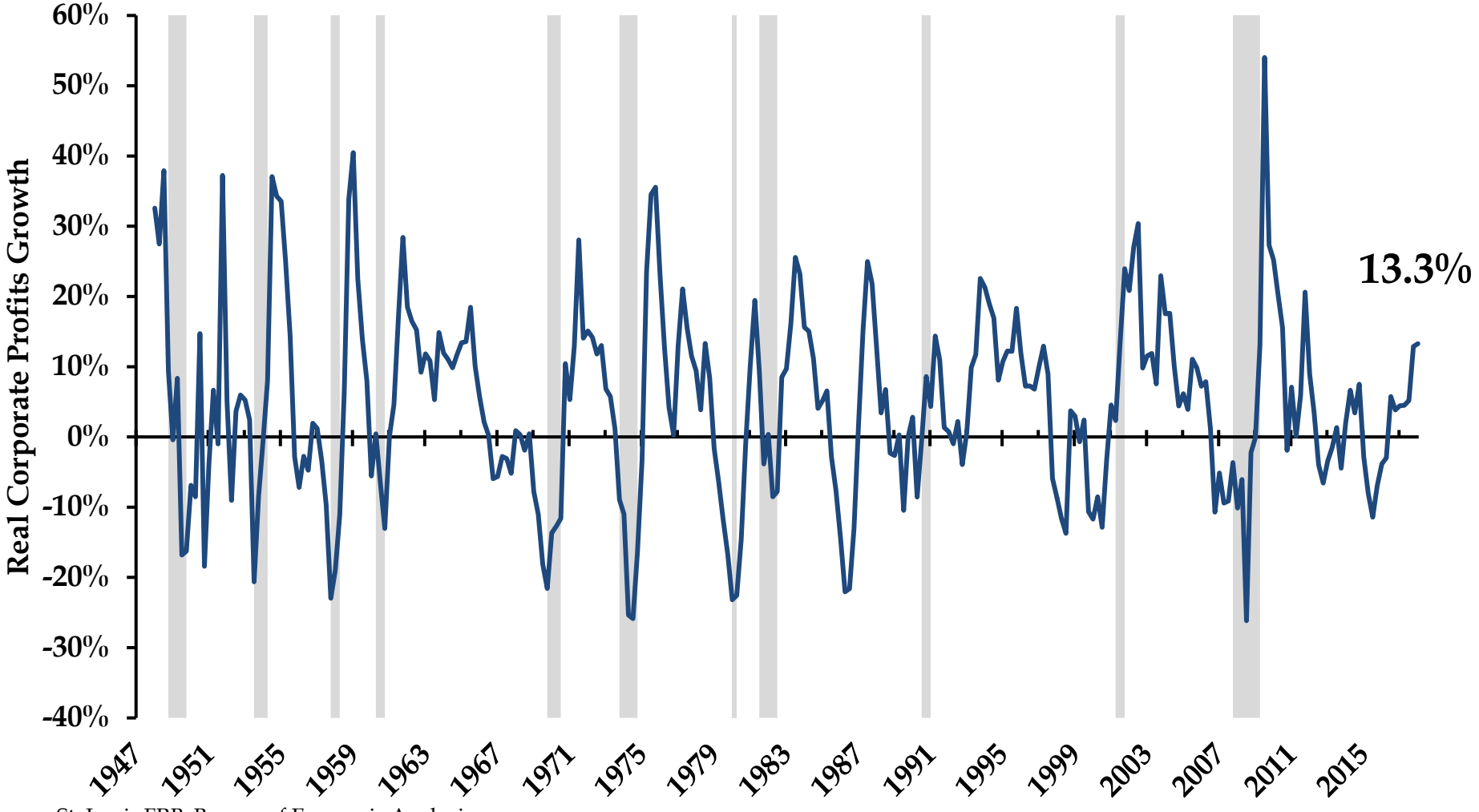
Source: Institute for Supply Management.

Corporate Indicators

Tax Cuts, Strong Consumer Confidence, And Growing Economy Fueling Corporate Profits

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After-tax Real U.S. Corporate Profit Growth
(as of Q2 18)



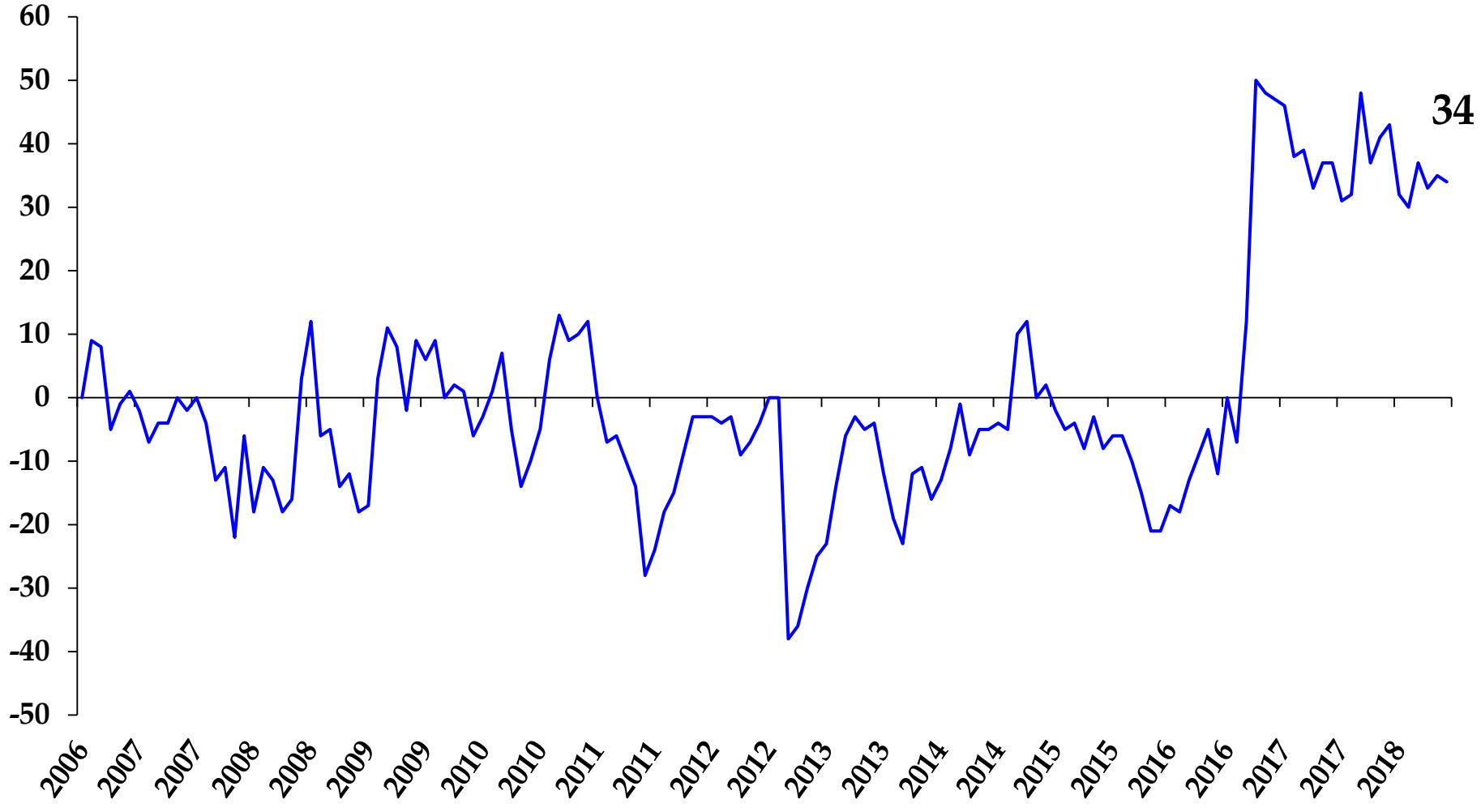
Source: St. Louis FRB, Bureau of Economic Analysis.

Corporate Indicators

Small Business Confidence Is Strong

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Small Business Confidence (as of Aug 18)



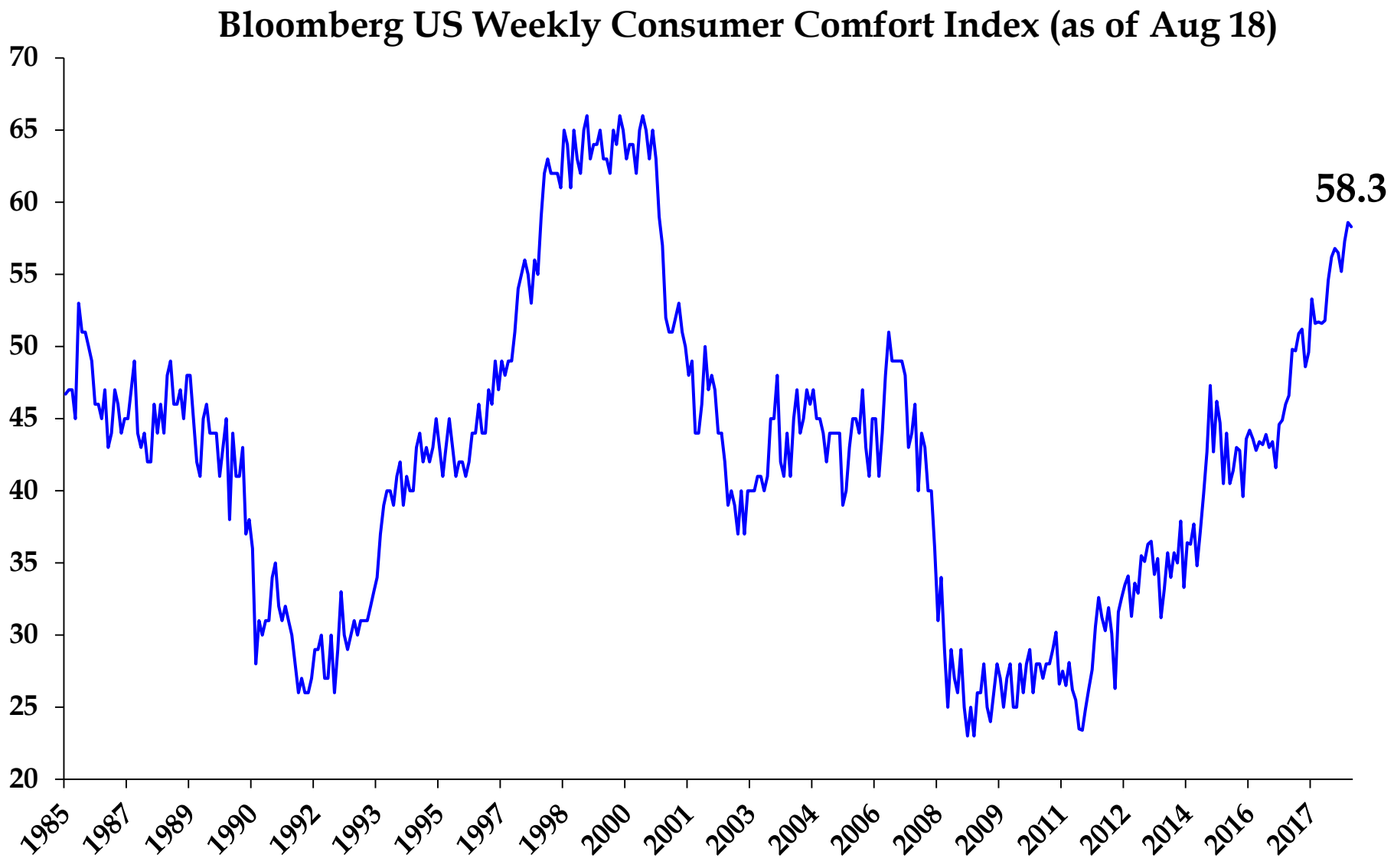
Source: National Federation of Independent Business, Bloomberg

Consumer Indicators

Consumer Indicators

Consumer Comfort Soaring, But Below Peak

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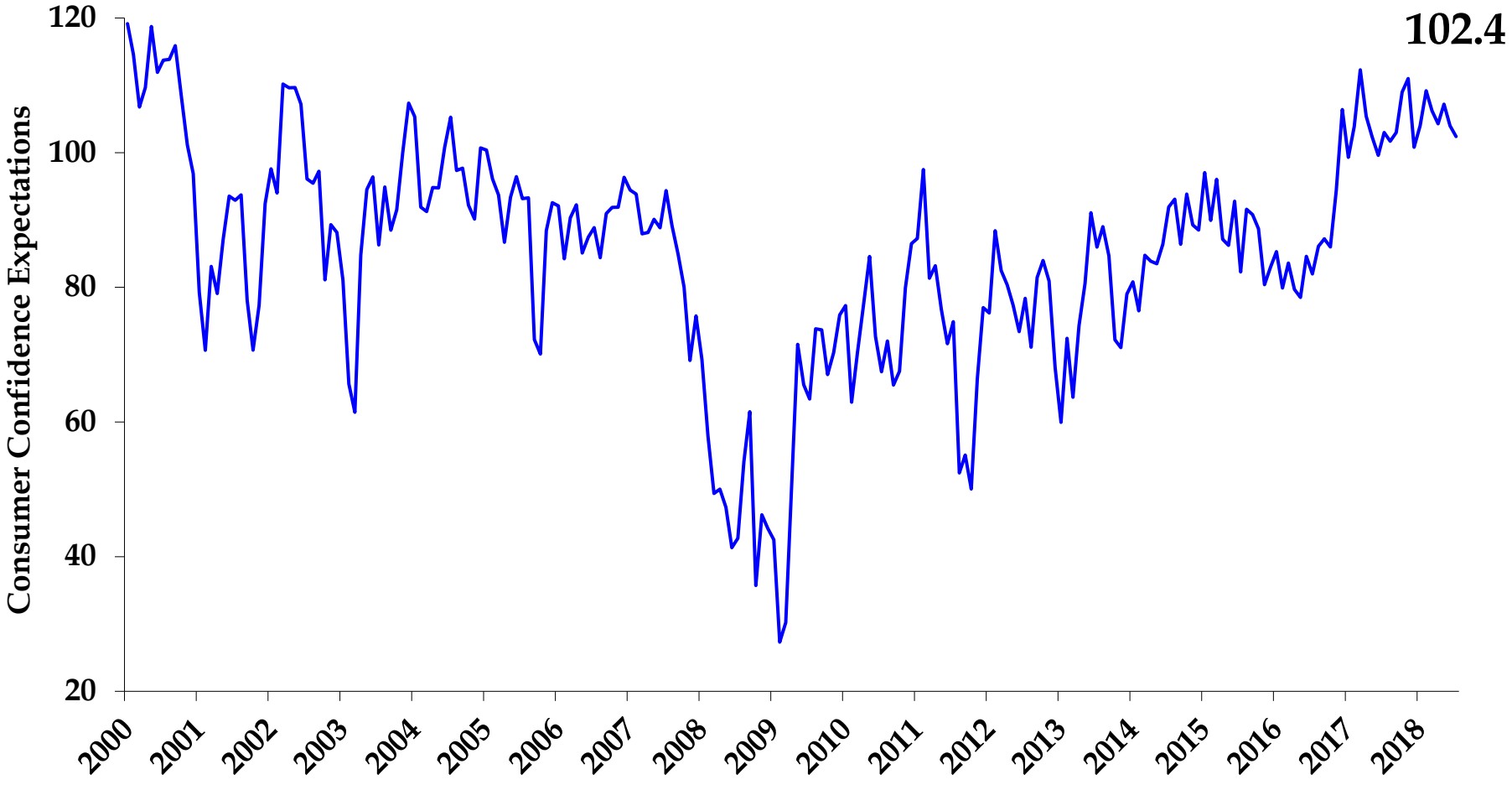
Source: Bloomberg.

Consumer Indicators

Consumer Confidence Expectations Are High

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Consumer Confidence: Expectations (as of Jul 18)



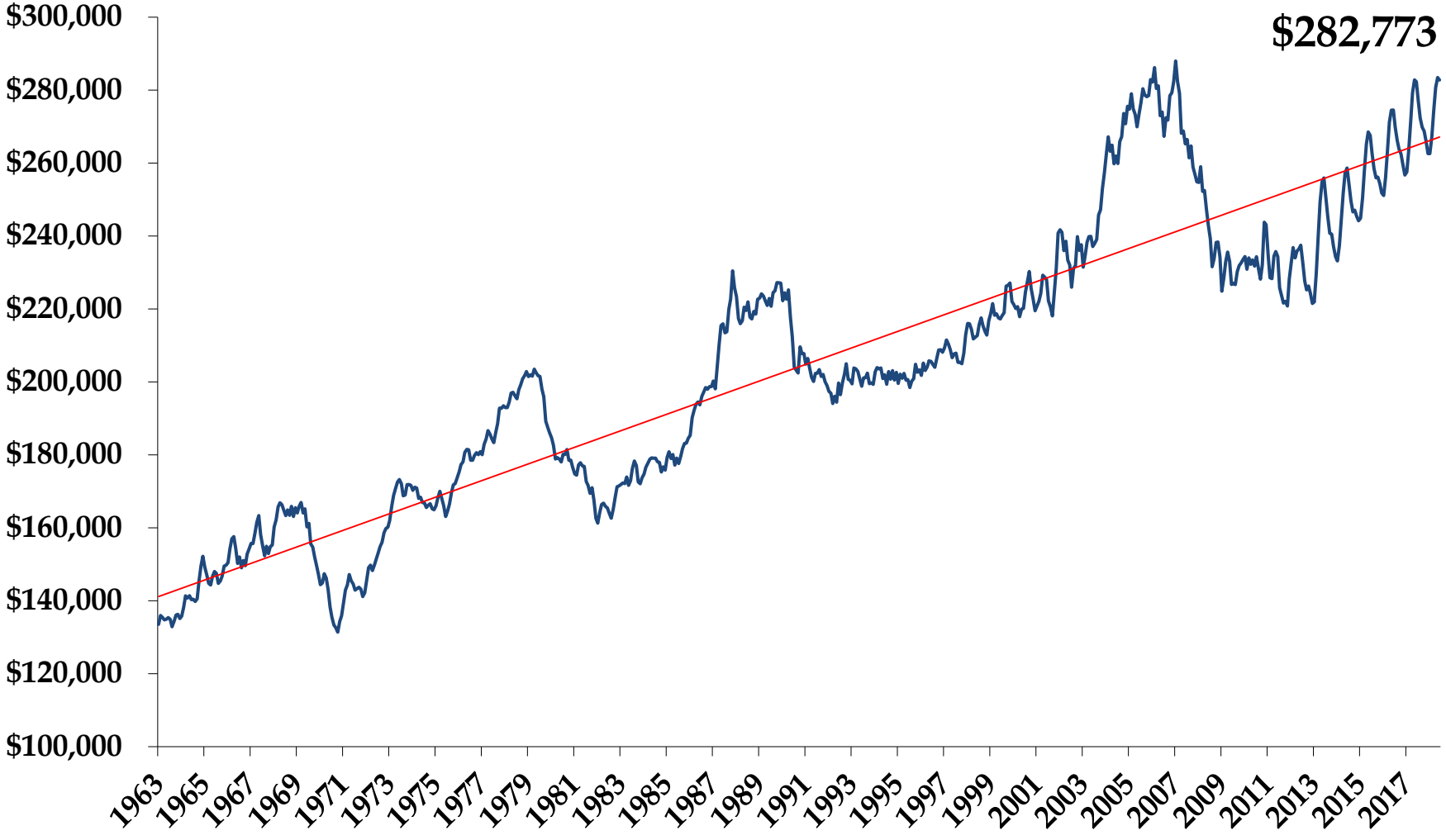
Source: Bloomberg, Conference Board, Bureau of Economic Analysis.

Consumer Indicators

Housing Prices Increasing, Benefitting Household Wealth And Consumer Spending

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Trailing 3-Mo Avg. Real Home Prices (as of Aug 18)



Source: Bloomberg, National Assoc. of Realtors, Bureau of Labor Statistics.

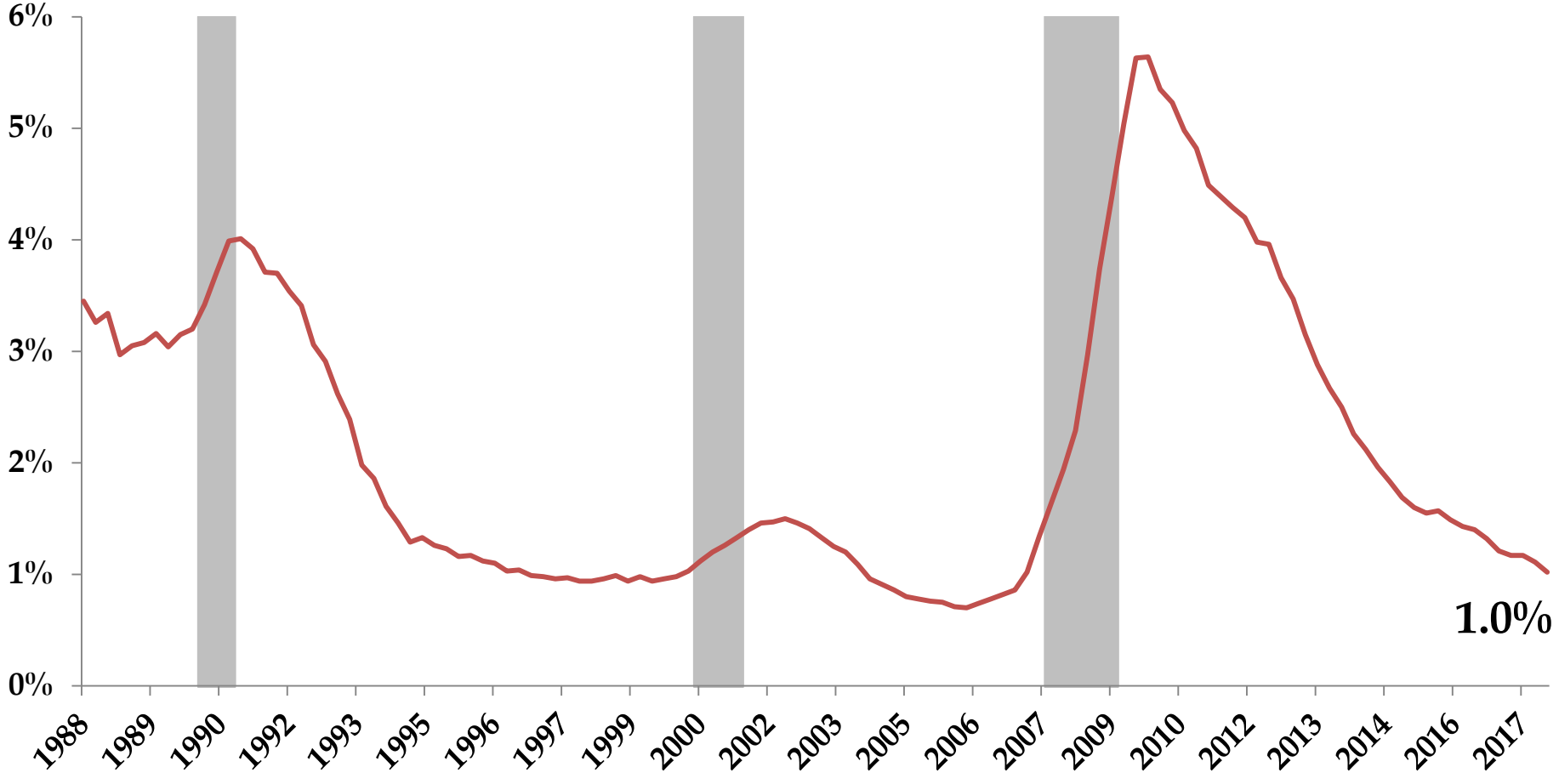
Credit Indicators

Credit Indicators

Non-Performing Loans Still Low

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Non Performing Loans to Total Loans and Leases Past Due 90 + days (as of Q2 2018)



Source: St. Louis FRB, Federal Financial Institutions Examination Council.

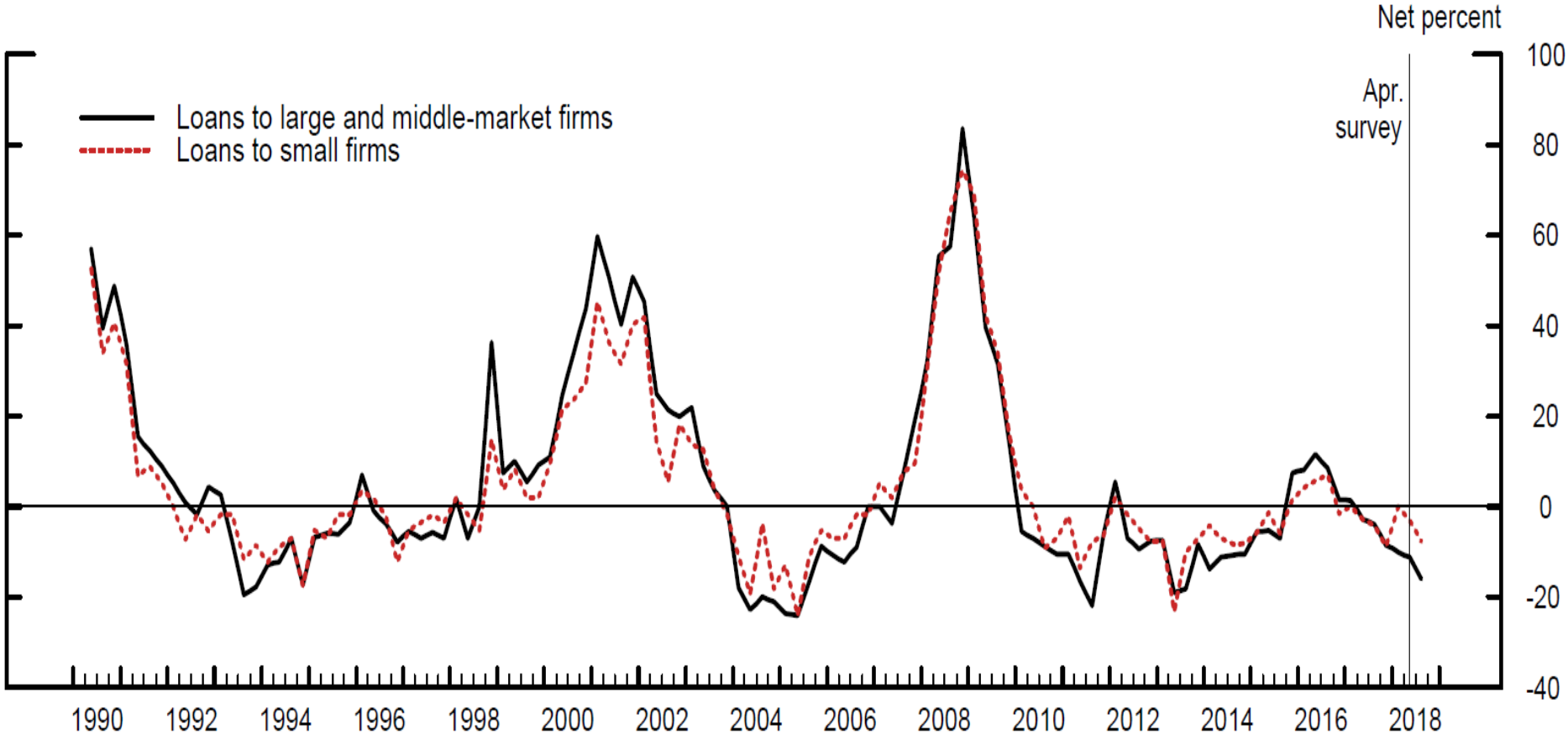
Credit Indicators

Bank Credit Standards Are Loosening

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Measures of Supply and Demand for Commercial and Industrial Loans, by Size of Firm Seeking Loan

Net Percent of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



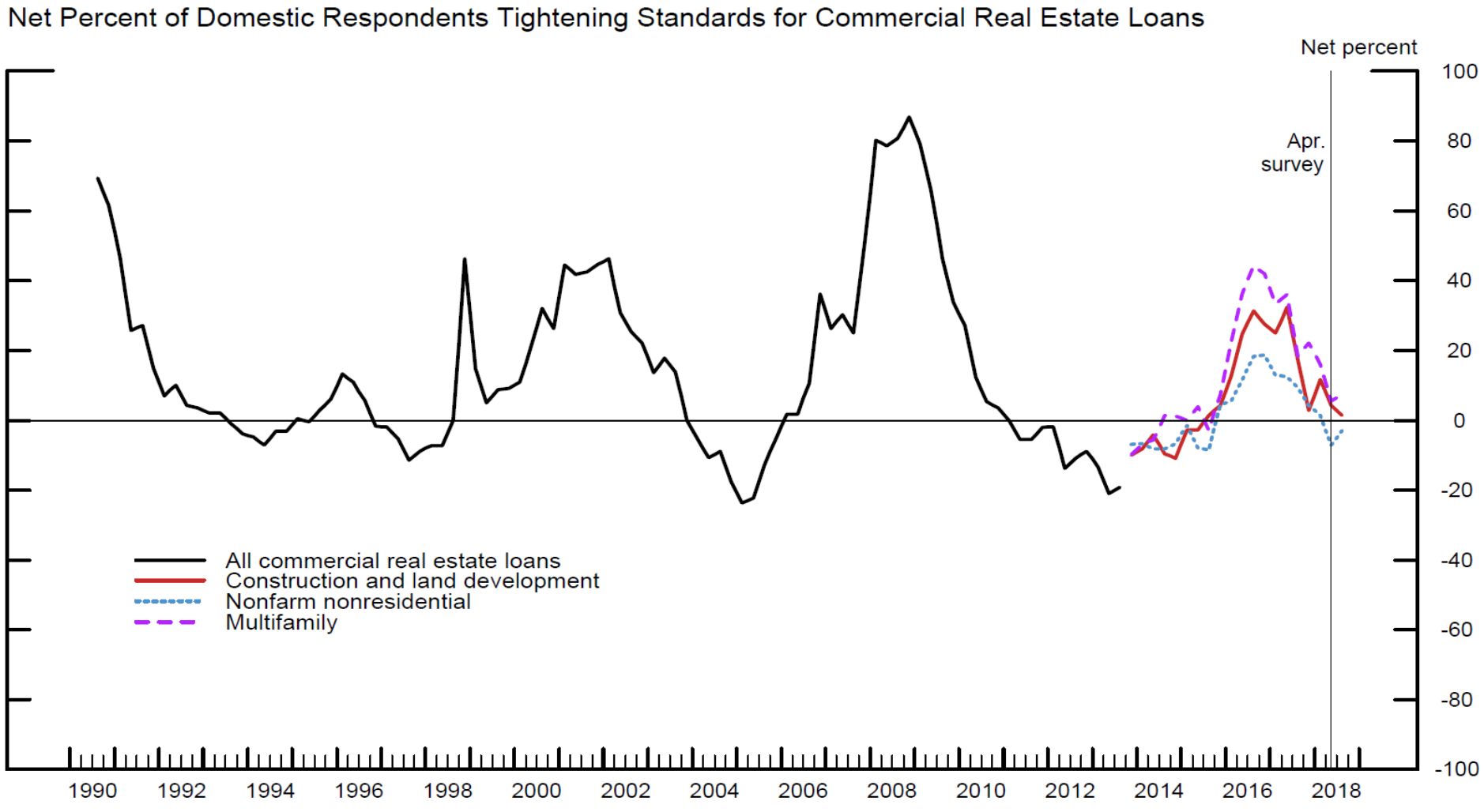
Source: Board of Governors of the Federal Reserve System.

Credit Indicators

CRE Loan Standards Have Been Loosening And Are Now Almost Neutral

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Measures of Supply and Demand for Commercial Real Estate Loans



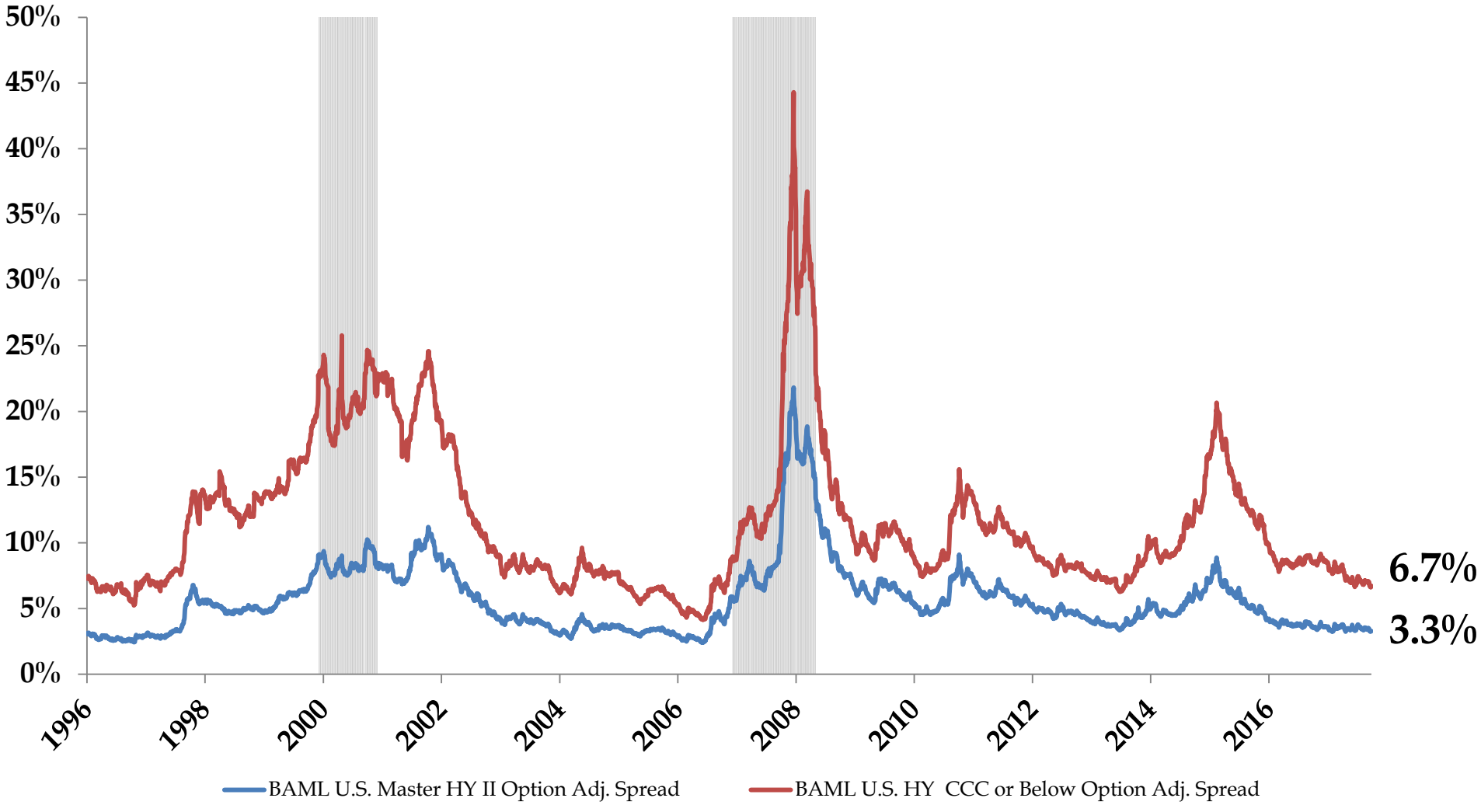
Source: Board of Governors of the Federal Reserve System.

Credit Indicators

Credit Spreads Low

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BAML U.S High Yield Spreads (as of 9/24/18)



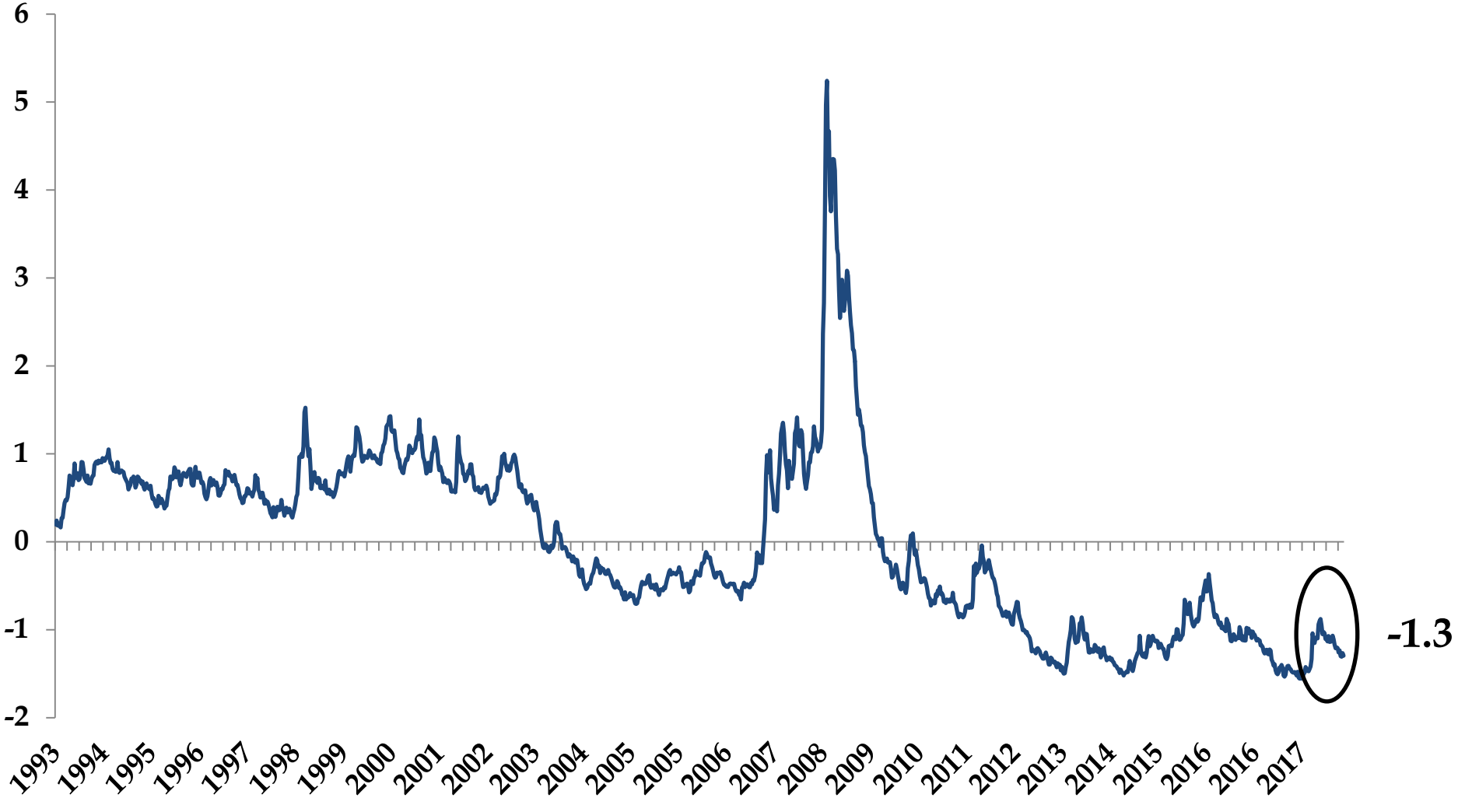
Source: St. Louis FRB, ICE Benchmark Administration.

Credit Indicators

Low Financial Stress Indicates Healthy Markets

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Financial Stress Index (as of 9/14/18)



Source: Bloomberg, St. Louis FRB.

Hotel Industry Outlook

Hotel Industry Outlook

Continued RevPAR Growth Forecasted

	2018 Forecast	2019 Forecast
Supply	**2.0%**	**1.9%**
Demand	**2.6%**	**2.1%**
Occupancy	**0.6%**	**0.2%**
ADR	**2.6%**	**2.4%**
RevPAR	**3.2%**	**2.6%**

Source: Smith Travel Research.



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