



Basis Points – August 13, 2020

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Above the Fold

Travel Trends Showing Recovery?

The weekend of August 10 was a (relatively) busy one for air travelers across the United States. More than 800,000 people passed through TSA checkpoints on Sunday, the highest since the pandemic began. But airport traffic is still down 70% from the same time a year ago, when more than 2.7 million people were making their way through those same checkpoints. But given the tight confines of an aircraft, Americans may be taking even more road trips.

In a June report, travel expert AAA estimated consumers would take 700 million trips this summer, about 15% less than last year — the first decline since 2009. Automotive travel is by far the most popular means of getting away, and is only expected to see a little over 3% drop in the 2020

summer travel season compared to 2019. Luxury travel network Virtuoso also noted that pandemic travel durations are much longer than average, with stays of 10 days to a month becoming more common. Another trend is multi-family travel to more remote destinations, where families with similar social distancing beliefs can vacation together rather than with strangers.

While some of these trends are positive, most experts believe we are still six months to a year away from travel bookings returning to normal. Airlines are doing what they can to endure the dearth of revenue and are hoping for an additional \$25 billion in government assistance to get them through until next spring.

Three Things

1. *Harris Makes History* – Democratic presidential hopeful Joe Biden selects former senator, Kamala Harris, as his vice presidential choice. Once an adversary in the primaries, Harris is the first Black woman and the first woman of Asian descent to be nominated for vice president by a major party.
2. *Tesla's New 5-for-1 Deal* – Following in the footsteps of Apple, whose board approved a 4-for-1 stock split last month, Tesla will split its shares 5 to 1. The move will not change market value, but will make its shares more attractive for a wider range of investors who might not want to shell out the \$1,300+ per share cost today. This year, just three companies in the S&P 500, Apple included, have released plans for share splits, down from 102 in 1997 during the dot-com boom.
3. *Facebook Wants Your Payments!* – The media giant is expanding its payment reach with the formation of a new division, Facebook Financial. This new entity will be run by Facebook executive David Marcus, who led the messenger app and most recently worked on its Libra cryptocurrency. The goal for Facebook is to better capture payment revenues being lost to competitors like Apple Pay, Google Pay, PayPal, Zelle, Venmo and others.

Did You Know?

Extreme Flight Durations

The longest commercial flight was operated by Qantas between Australia and Sri Lanka back in the mid-1940s. The trek often lasted more than 30 hours and was dubbed “Double Sunrise” as passengers would see the sun rise twice. The shortest commercial flight, on the other hand, is between the islands of Westray and Papa Westray in Scotland’s Orkney Islands ... that trip takes just under 2 minutes each way.

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