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What to watch: French elections round two, the political tide turns in the UK and globetrotters driving the tourism rebound

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In summary

This week we look at three critical issues:

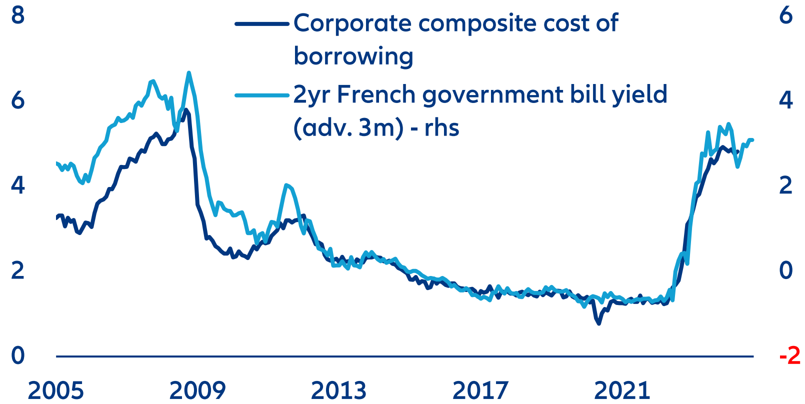
- **French elections: ready for round two?** Ahead of the second round of France's legislative elections, a hung parliament is still the most likely scenario. The process of forming the next government could extend well into the summer under a hung parliament, but the hard deadline will be the end of September to pass the 2025 draft budget bill. President Macron may appoint RN head Jordan Bardella as Prime Minister in the short term even if the RN is short of an absolute majority, but we doubt such as government will last beyond September. Ultimately, the most likely scenario is that a technocratic government takes over to maintain some policy continuity and run current affairs. However, the public deficit would remain large at close to -5% of GDP in 2025 and the government would be inherently unstable. Both European and French assets have recovered after the first round and are now pricing in the diminished likelihood of a right-wing majority.
- **UK elections: the tide turns.** As expected, the Labour party won the legislative elections with a large majority of seats (410 seats out of 650), ending 14 years of Conservative rule and beating Tony Blair's 179 majority in 1997. We expect pragmatism and fiscal discipline to take precedence over higher public spending, at least in the beginning, with more ambitious policy changes likely only after 2025. The public deficit would reach -5.7% of GDP in 2024, thanks to the cyclical recovery supporting receipts, and -5.8% in 2025 as the government loosens policy. From 2026, we expect a modest fiscal consolidation of GBP15bn (0.5% of GDP) per year, with the government likely to rely on tax increases to fund higher spending and reduce the deficit. The economy is picking up pace after a dismal 2023 and we expect GDP to grow by +1.3% this year as financial conditions should continue to ease, followed by +1.9% in 2025, benefiting from the fiscal boost. Under a pragmatic Labour government, we see 10y GILT yields finishing 2024 at 3.7% (vs 4.2% currently), UK equity markets delivering returns of around 5% yearly and corporate spreads remaining stable in 2024, 2025 and 2026.
- **Globetrotters driving the tourism rebound.** Despite the economic uncertainty and mounting geopolitical tensions, the sun is still shining over the tourism sector. On average, global hotel occupancy rates stood at 68% as of May, the highest level since the pandemic. The cruise industry in particular is expecting summer 2024 to beat summer 2019 as ships are fully booked. International travel is by far the biggest driver of the tourism rebound, with Europe keeping its crown as the world's top destination. But Chinese tourists remain the biggest spenders: Chinese expenditures on international travel reached USD196bn last year (compared to USD150bn by Americans and USD112bn by Germans).

French elections – ready for round two?

Ahead of the second round of France's legislative elections, a hung parliament is still the most likely scenario. In the first round on 30 June, the *Rassemblement National* (RN) and its right-wing allies secured more than 33% of the votes, slightly lower than some polls suggested but a strong showing nonetheless. The left-wing *Nouveau Front Populaire (NFP)* alliance came second (28%), followed by *Ensemble*, the ruling coalition supported by President Macron (20%). However, we continue to see a hung parliament as the most likely outcome (50% probability) after the second round of voting on 07 July. To minimize "triangle" standoffs between the NFP, Ensemble and RN, 131 NFP candidates and 83 Ensemble candidates have withdrawn from the race. Now there will be many more dual standoffs (404 vs. 95 triangle standoffs), which will make it harder for the RN to secure an absolute majority. Overall, we do not expect any of the alliances to secure an absolute majority, with moderate left-wing and moderate right-wing MPs, and even RN MPs, likely to back a technocratic government, or at least refraining from voting a no confidence motion against it, to avoid a political crisis. This government would thus be able to maintain some policy continuity and run current affairs, though pro-business reforms would be stalled. It would also manage to pass a 2025 draft budget by October, with a slightly restrictive fiscal stance in 2025 to assuage the European Commission and financial markets over France's fiscal imbalances. However, the public deficit would remain large at close to -5% of GDP in 2025 and the government would be inherently unstable, at risk of being brought down at any time, which could spark an even deeper political crisis.

Should the RN and its allies manage to secure an absolute majority (25% probability), policymaking could become disruptive and unpredictable. This election marks the first time the far-right party has managed to secure an alliance with so many from the moderate right-wing *Les Républicains* (LR) party since 1945. This could attract many moderate LR-leaning voters, or even *Ensemble* voters, who are deterred by the presence of the far-left LFI party in the NFP alliance. While the RN has acknowledged that France's fiscal situation is difficult, it is still committed to delivering on its costly electoral pledges, banking on optimistic receipt collections that will be difficult to implement in the short-term[1]. Moreover, the RN will likely claim that new fiscal spending will pay for itself by boosting GDP growth and associated tax revenues. However, such fiscal expansion can be self-defeating in high-debt countries such as France: tighter financial conditions (Figure 1), weaker corporate confidence and cautious households would more than offset the growth-boosting effects. Overall, we would expect a VAT cut on energy consumption to be passed before the end of 2024 in a mini draft budget in August, without offsetting revenue measures. The fiscal stance would be further loosened in 2025, with a fiscal deficit widening to around -5.7% of GDP in 2025. We would also expect a far-right government to focus on measures aimed at supporting households' purchasing power (with the VAT tax cut being the main one), as well as security and immigration. Tensions could arise with the EU over several issues, plans to reduce the French cash transfer to the EU, prioritize French companies for public procurements, implement a "double" border to screen immigration from other EU countries and border controls on imported goods, including intra-EU.

Figure 1: French corporate interest rate (new loans) & two-year government bill yield



Sources: LSGE Datastream, Allianz Research

[1] *For instance, EUR16bn of savings on immigration and EUR15bn from clamping down on social and tax evasion. In total, we find around EUR20-25bn of unfunded fiscal pledges.*

The process of forming the next government could extend well into the summer under a hung parliament, but the hard deadline will be the end of September to pass the 2025 draft budget bill. It may take time for parties to agree on names to form a government. For instance, parties may refuse to support a technocratic government in the short term, or LR MPs may start to gradually increase their support for a RN-dominated government. The current government would then remain in place in the meantime and President Macron would likely pause the legislative process until September. Should the RN gain the highest number of seats but fall short of a majority, it is possible that President Macron would appoint the head of the party, Jordan Bardella, as Prime Minister shortly after the election. But such a government would be unlikely to survive through the summer if it tries to pass a mini draft budget. It could also be taken down by end-September or early-October when it tries to pass the 2025 draft budget bill.

Both European and French assets have recovered after the first round and are now pricing in the diminished likelihood of a right-wing majority. French stocks have regained 2% since the first round, while 10y French government bond (OAT) spreads have declined by 5bps to 69bps and investment grade spreads have compressed by 4bps to 112bps. As we explained last week[2], our baseline scenario of a technocratic or hung parliament after the second round would likely trigger a "buy the dip" effect, with a slight increase in French asset risk premiums. The main market impact would come from delays in appointing a Prime Minister and potential budget instability. We expect French 10-year OAT spreads to stabilize around 60bps by the end of 2024, with investment-grade corporate spreads at 120bps and equity markets growing by +7% in 2024 and +10% in 2025. However, an RN majority government could trigger a repeat of the 2012 euro crisis, with the ECB having to intervene. A contra-EU stance by France could cause widespread market contagion, especially if Eurozone budget contributions are reduced. This might lead to significant widening of European government bond spreads, with OAT 10-year spreads at 120bps in 2024. The ECB might activate its Transmission Protection Instrument to stabilize markets. Investment-grade spreads could reach 250bps and equity markets might correct by over -10% in 2024. European risky assets might need ECB intervention, especially for corporate credit.

Table 1: Potential French political outcomes and their expected economic and market impacts

*The color coding of the titles represents the potential market scenarios corresponding to each political outcome			Technocratic government (50%)		Union of the Center (10%)		Minority Rassemblement National backed by some center right (15%)		Majority Rassemblement National (25%)	
			Moderate fiscal tightening to assuage the EC and financial markets. GDP growth not changed in 2025		*Moderate fiscal expansion of 0.5% GDP spread over 2025-26; GDP growth slightly higher on better confidence*		*Moderate fiscal expansion of 0.5% GDP spread over 2025-26; GDP growth slightly hit on lower confidence*		*Fiscal expansion of 1% GDP spread over 2025-26; GDP growth shelved by -0.3pp in 2025 on tighter financial conditions and lower confidence*	
Economic indicators	Unit	2023	2024	2025	2024	2025	2024	2025	2024	2025
Real GDP growth	%	1.1	0.9	1.3	0.9	1.4	0.8	1.2	0.8	1.0
Inflation	%	4.9	2.3	1.8	2.3	1.8	2.3	1.8	2.3	1.7
Fiscal deficit	% of GDP	5.5	5.2	4.9	5.3	5.3	5.3	5.4	5.3	5.7

Market outcomes			Buy the dip (60%)		Increased FR risk premium (40%)		Euro crisis (10%)	
Market indicators	Unit	2023	2024	2025	2024	2025	2024	2025
10y OAT spread	%	53	60	50	90	70	120	90
ECB activates TPI			No		Unlikely		Likely	
IG – Corp. spread	bps	133	120	120	190	150	250	190
CAC40	%	16.5	+7	+10	-6	+5	-12	+9
House prices	%	-1.5	-2.4	+1.6	-3.2	+1.2	-3.7	+1.7

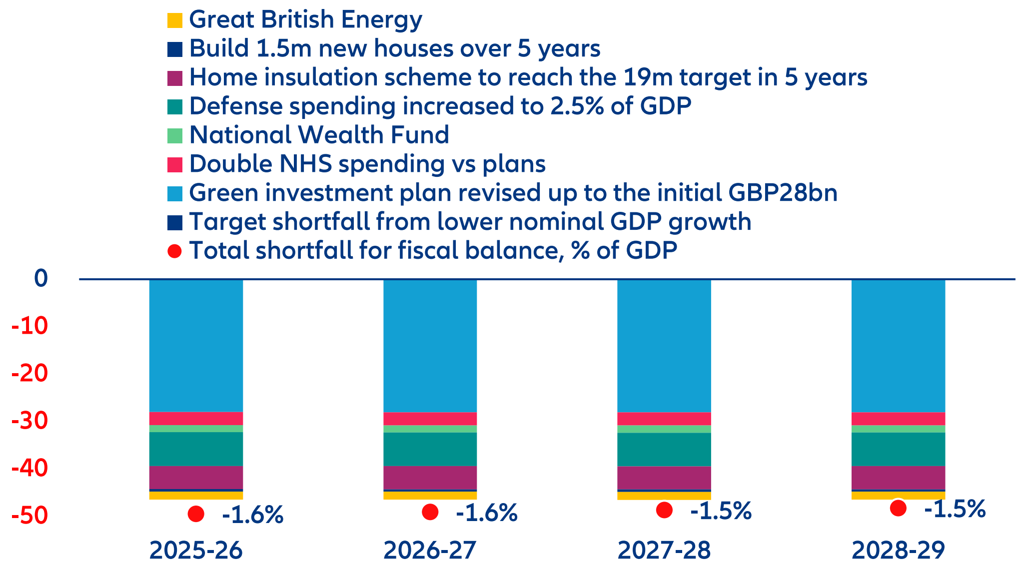
Source: Allianz Research

[2] *See our report What to watch 28 June 2024.*

UK elections: The tide turns

As expected, the Labour party won a landslide in the UK elections (410 seats out of 650), ending 14 years of Conservative rule. We expect pragmatism and fiscal discipline to take precedence over higher public spending, at least in the first part of the mandate, with more ambitious policy changes likely only after 2025. Based on electoral pledges, the Labour government is expected to increase green investments by around GBP5bn (five times less than initially planned) and NHS spending by GBP1.1bn, besides setting up a National Wealth Fund of GBP7.3bn[3]), spending GBP1.1bn per year on the home-insulation scheme and GBP2bn in building 1.5mn new houses over five years. It also plans to set up a state-owned renewable energy company, "Great British Energy", for a cost of GBP1.7bn. However, the new government will inherit a difficult fiscal backdrop: The UK's debt to GDP reached 101.3% in 2023 and the public deficit widened to -6% of GDP (after -4.7% in 2022). According to the Office of Budget Responsibility (OBR), the next government will have fiscal headroom of just 0.3% GDP to ease policy. We expect the Labor government to use up this headroom in 2025 through higher spending, which will support growth. The public deficit would be reduced to -5.7% of GDP in 2024, thanks to the cyclical recovery supporting receipts, and -5.8% in 2025 as the government loosens policy. From 2026, the fiscal rule will require the government to start consolidating and we would expect tax increases (as outlined in its manifesto) to fund higher spending and reduce the deficit. In total, based on the electoral pledges, we expect a modest fiscal consolidation of GBP15bn (0.5% of GDP) per year, to start in 2026.

Figure 2: Fiscal costs of an ambitious Labor government, GBPbn and % of GDP



Sources: various, Allianz Research

[3] *Of this, GBP1.8bn would be used to upgrade ports and build supply chains across the UK; GBP1.5bn would be allocated for new gigafactories, mainly in the automotive industry; GBP2.5bn would be used to rebuild the steel industry; GBP1bn to accelerate the deployment of carbon capture technologies and GBP0.5bn to support the manufacturing of green hydrogen.*

Table 2: Tax scenarios under a pragmatic or ambitious Labor government

Pragmatic Labor government (80% probability)	Estimated tax receipts (GBPbn)	Ambitious Labor government (20% probability)	Estimated tax receipts (GBPbn)
Increase stamp duty paid by non-residents on UK property from 2% to 3%	0.1	Increase the National Insurance rate back to 12% from 8%, as the Blair administration did in 2002 to fund additional spending for the NHS	20
Closing carried interest tax loophole and aligning it to the income tax rates	0.6	Increase the top rate of income tax of 50% for individuals earning over £150,000 per year from the current 45%, the level the Gordon administration introduced in 2010	16
Implement a "proper windfall tax" on profits of big energy firms (increase from 75% to 78%) & borrowing to finance the green plan	4.7	Increase further the corporate tax rate from the current 25% introduced in 2023 to 30% that was in place before 2008. Increase banks surcharge back to 8% from the current 3%.	21
Increase taxes on "online giants"	3.0	Extend the scope of the bank levy to UK-based global banks on their global equities and liabilities. Restore the cap on bankers' bonuses equivalent to 200% of bankers' regular pay that was abolished by the Truss government	1
Impose VAT on private school fees	1.5	Increase the capital gains tax from 20% for most assets to 25% (maximum historical level at 35%)	4
Reduce tax evasion & further close the non-dom tax loopholes	5.2	Increase environmental taxes by 10% paid by households and corporates	5
Total increase in tax receipts (billion GBP)	***15.1***	***Total increase in tax receipts (billion GBP)***	***67.0***
% of GDP	***0.5***	***% of GDP***	***2.5***
Average annual cost of spending measures	***10.0***	***Average annual cost of spending measures***	***50.0***

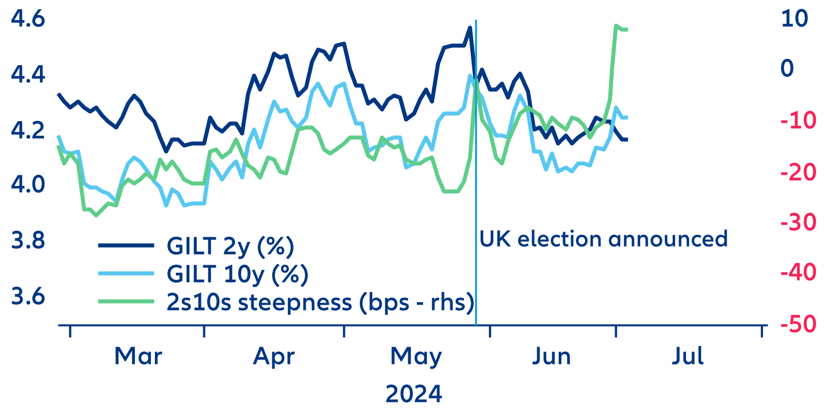
Sources: various, Allianz Research

Meanwhile, the UK's economy is picking up pace after a dismal 2023. GDP barely grew at all in 2023 (+0.1%), hit by the combination of high inflation and tight financial conditions eating into households' disposable income, the housing market and corporates' earnings. However, the economy started to recover strongly in Q1 2024 (GDP ticked up +0.7% q/q), buoyed by investment and accelerating household consumption. Despite soft GDP growth in April, we expect the recovery to strengthen through 2024 and heading into 2025. Inflation has dropped significantly from a peak of +10.4% in February 2023 to just +2% in May 2024, primarily driven by rapidly declining energy prices and softer food and goods inflation. This has been a welcome development for the UK economy at an aggregate level as lower price pressures are being driven by lower imported costs, supported by the appreciation of the sterling. Furthermore, easing inflation has led to expectations that the Bank of England will start to ease monetary policy soon. This has already translated into easier access to credit and the bond market for corporates. In the housing market, the number of mortgage approvals is firming up. In all, we expect UK GDP to grow by +1.3% this year as financial conditions should continue to ease, followed by +1.9% in 2025, benefiting from the fiscal boost. However, should the Labour government decide to revert to a more ambitious program, stepping up plans to control immigration and implement further labor protections, growth could reach a trough of +0.7% in 2026, less than half of what it would have been under the baseline scenario, while inflation would stay above 3% as the sterling would depreciate by -7% to -10%.

The Bank of England should start to ease policy next month, but it will move cautiously amid sticky services inflation. Despite good news on headline inflation – it hit the 2% target in May – the BoE will proceed cautiously. Core domestic price pressures, wage growth and services inflation, while softening, are not compatible with inflation at 2% on sustainable basis. In this context, the BoE will want to maintain a hawkish bias until wage growth and services inflation normalize. The good news is that the labor market is cooling, signaling lower wage growth over the coming months. We expect a first cut in August, but with the risk of a delayed cut, in line with the Fed outlook. The BoE rate should reach 4.75% (from 5.25% currently) by the end of 2024, and 3.75% by the end of 2025.

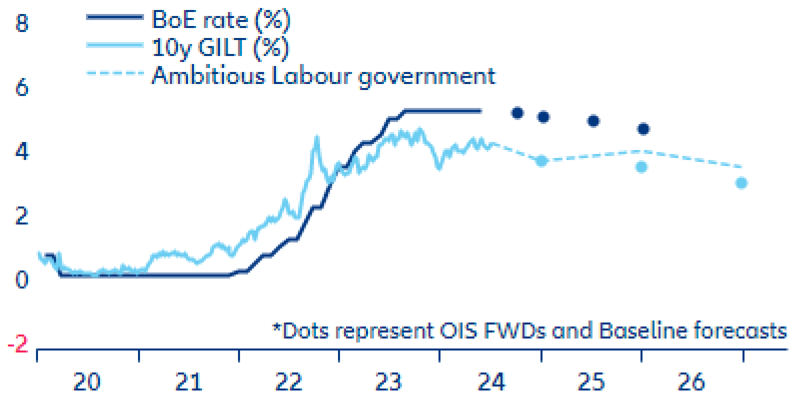
We expect inflation and US monetary policy to continue being the key drivers of the GILT market. The announcement of snap elections had minimal impact on the GILT market, especially on the long end of the curve, as the potential for a Labour victory was already priced in, given its lead in the polls (Figure 3). Looking ahead, we expect inflation and Fed monetary policy to continue being the key drivers of the GILT market, especially since BoE expectations have historically been moving in sync with those for the US Fed. A pragmatic Labour government would result in 10y GILT yields finishing 2024 at 3.7% (vs 4.2% currently), leading to a gradual yearly decline of 20-30bps until 2026. However, should the government be more ambitious in implementing its campaign pledges, the resulting higher inflation, and in turn higher-for-longer rates, would push long-term yields up to 4% in 2025 and 3.7% in 2026 (Figure 4).

Figure 3: UK GILT curve and steepness



Sources: LSEG Datastream, Allianz Research

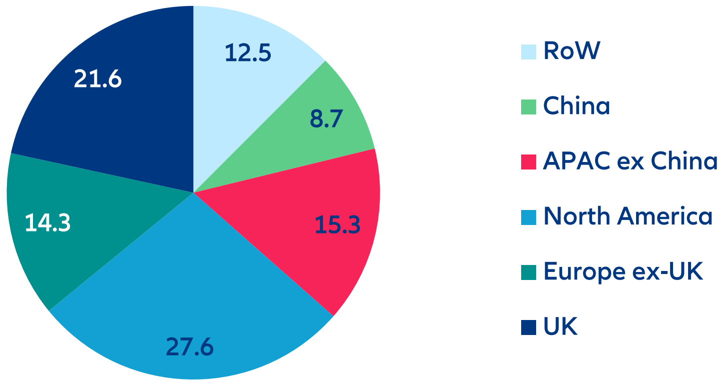
Figure 4: UK 10y government yields and BoE rate expectations



Sources: LSEG Datastream, Allianz Research

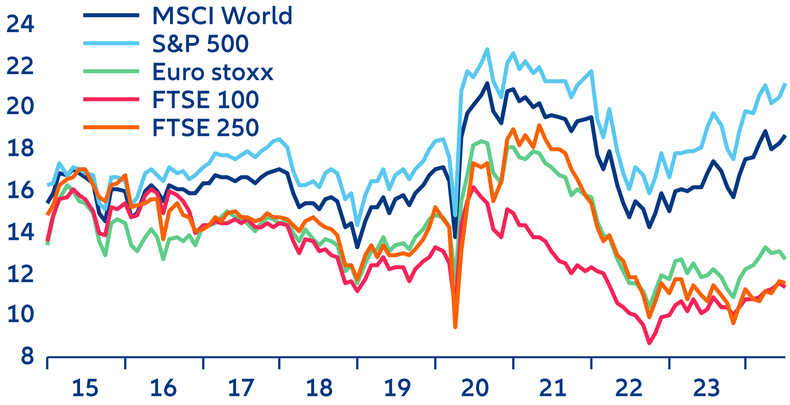
UK equity markets should deliver returns of around 5% yearly as they tend to be more resilient to domestic turmoil: only 21% of the FTSE 100's revenues are generated locally (Figure 5). However, the benefits of broad-based international revenue diversification are tempered by slow growth and somewhat struggling economic engines, which are affecting companies' top and bottom lines. This is likely to keep equity returns subdued compared to those expected for other developed markets. If the Labour government implements more ambitious policies, we would also expect some modest downside pressure on the FTSE 100, while the FTSE 250 index, which is more locally sensitive, could suffer a correction of around -10%. Nevertheless, from a valuation perspective, UK equity markets remain attractive compared to peers on a risk and value-adjusted basis, with price-equity ratios trading relatively low, especially if the new government manages to reignite the UK's growth engines (Figure 6).

Figure 5: FTSE 100 weighted earnings exposure by region (%)



Sources: Morgan Stanley, Allianz Research

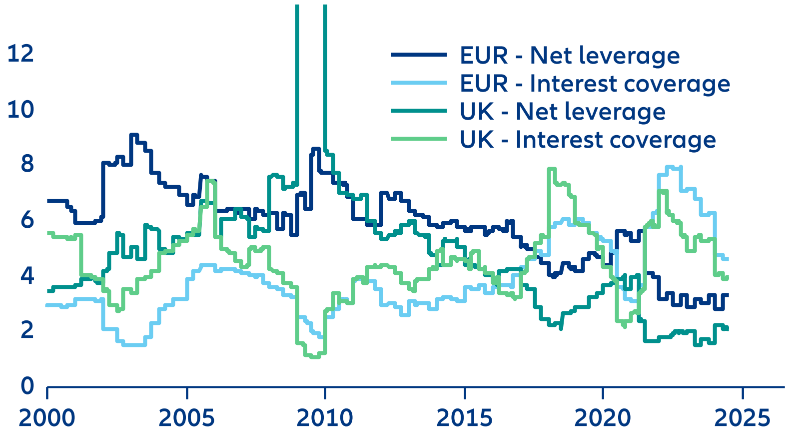
Figure 6: Global equity market 12m forward PE ratios



Sources: IBES, LSEG Datastream, Allianz Research

For corporate credit, a higher-than-expected fiscal deficit and prolonged higher interest rates would likely see investors demanding higher corporate risk premiums due to the anticipated harsher refinancing environment and somewhat slower earnings growth. Given the local revenue concentration of corporate credit, this market tends to follow a trajectory similar to the FTSE 250. Under a pragmatic Labour government, we would expect corporate spreads to remain stable in 2024, 2025 and 2026 as corporate fundamentals appear resilient enough to withstand higher financing costs. However, in the event of an ambitious Labour government, increased market volatility, prolonged higher central bank rates and the expected earnings erosion would jeopardize companies' debt-servicing capacity. This would lead to a structural widening of investment-grade corporate spreads to 170bps in 2025 and 160bps in 2026 (Table 3). However, even in this situation, we would not expect defaults to structurally increase as UK corporates seem to display relatively low net leverage and still-high interest coverage ratios (Figure 7), though the latter is declining.

Figure 7: EUR and UK net leverage and interest coverage ratios



Sources: LSEG Datastream, Allianz Research

Table 3: Economic and market indicators

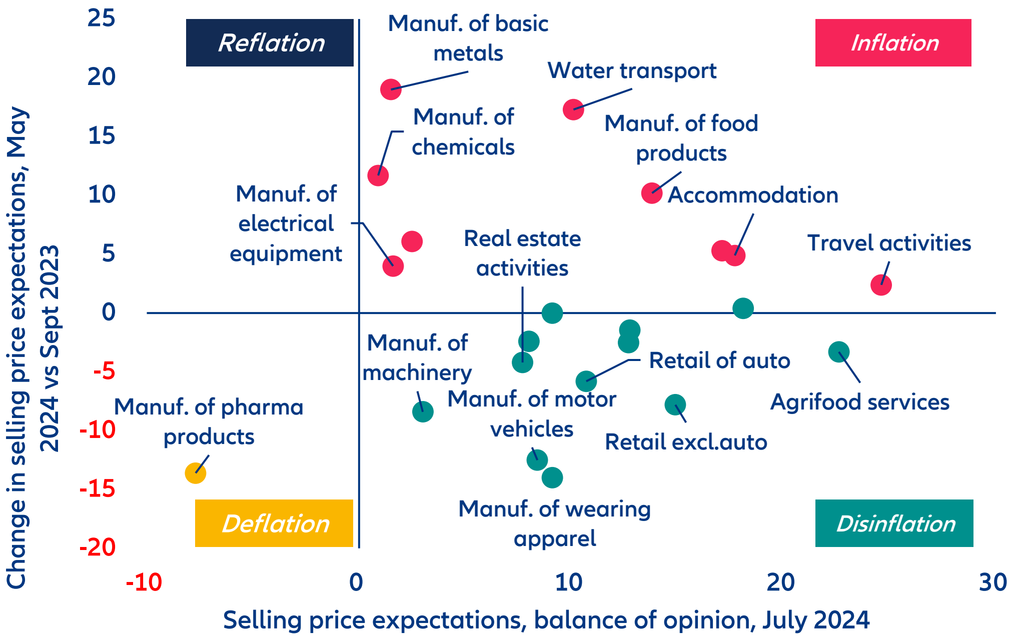
				Pragmatic Labour government (80% probability)		Ambitious Labour government (20% probability)	
				Moderate fiscal consolidation ahead; Lower GDP growth (1.5% in real terms); Stable GBP by 2027, moderate gains in the FTSE 250 (+2%) and gilt		*Strong fiscal consolidation to bite in 2026; trough in real GDP growth at 0.7%; depreciation of -7% of the sterling due to capital flight; FTSE 250 down -13% and gilt at 4.0% in 2025*	
Economic indicators	Unit	2023	2024	2025	2026	2025	2026
Real GDP growth	%	0.1	1.3	1.9	1.5	2.4	0.7
Inflation	%	7.3	2.6	2.2	2.2	3.5	3.1
Fiscal shortfall	% of GDP			-0.4	-0.3	-1.6	-1.6
BoE key interest rates	year-end %	5.25	4.75	3.75	3	4.25	3.5
Market indicators	Unit	2023	2024	2025	2026	2025	2026
10y Bond yield	%	3.5	3.7	3.5	3.2	4	3.7
IG – Corp. spread	bps	134	120	120	110	170	160
FTSE 100	ytd%	3.8	5	7	6	8	2

Sources: LSEG Datastream, Allianz Research

Globetrotters are driving the tourism rebound

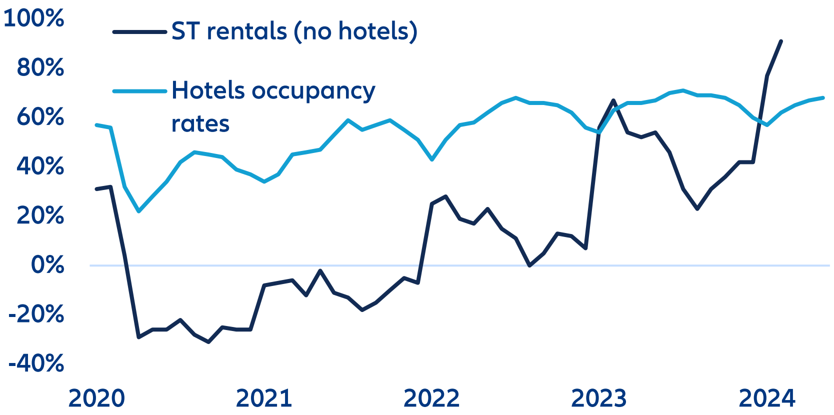
Despite the economic uncertainty and mounting geopolitical tensions, the sun is still shining over the tourism sector, with Europe already surpassing pre-pandemic levels. Households' saving rates continue to rise in most European countries but neither inflation nor uncertainty have weakened the recovery of the tourism sector. Demand for travel-related services continues to grow stronger than ever, giving the sector a pricing power no other sector enjoys (Figure 8). Globally, hotel occupancy rates stood at 61% in Q1 2024 on average, 64% year-to-date and 68% as of May, the highest level since the pandemic (Figure 9).

Figure 8: Price selling expectations by sector in Europe



Sources: Eurostat, Allianz Research

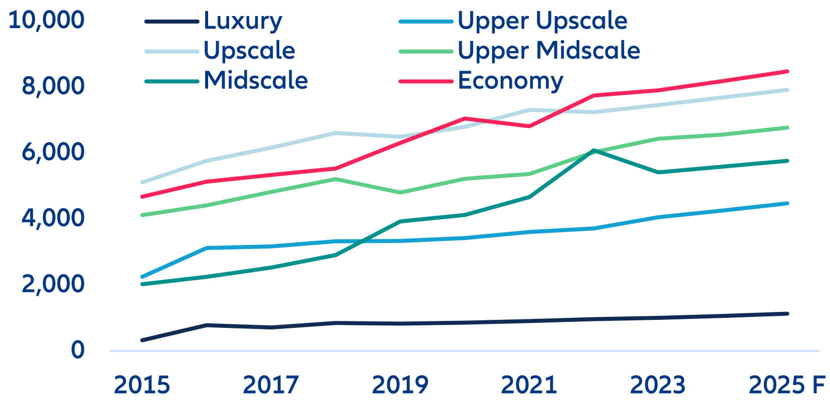
Figure 9: Monthly occupancy rates (hotels) and short-term renting levels compared to 2019 (non-hotels lodging options)



Sources: UN Tourism, AirDNA, Allianz Research

While luxury tourism is attracting more customers of late, low-cost hotels continue to dominate. Luxury hotels represent a very small share of the global market, accounting only for 3% of the total offering. Yet, demand for elevated experiences and luxury travel has been growing in developed economies: Last year, luxury hotels posted the highest RevPAR[4] growth rate (+5% y/y vs +3% for the industry as whole), and average daily rates (ADR) could increase further given the high-income clientele. However, with inflation still pinching low- and mid-income households, the lodging sector has been expanding its more affordable offerings. Before the pandemic, the largest share (27%) of hotels around the world fell under the "upscale" category but the "economic" category has taken the lead since 2022 (Figure 10).

Figure 10: Global hotel count by budget segment



Source: Bloomberg, Allianz Research

Strong demand has helped both the hotel and cruise industries to bounce back after the pandemic, with companies' fundamentals better than ever. After seeing their revenues fall by around -55% y/y in 2020, the world's top hotel chains have since seen a gradual and steady recovery in recent years. In 2023, their revenues surpassed 2019 levels by 13%. In parallel, EBITDA margins are also likely to improve to 25.7% this year (compared to the pre-pandemic average of 23.5%) as energy prices have come down, especially in Europe. Demand for cruise trips has also recovered strongly. In 2021, the industry's ALBDs[5] (29.7 million) and occupancy rates (52.7%) fell to the lowest levels seen in history. But the picture has improved and revenues for cruise liners climbed by +70% last year and are expected to rise by +15% in 2024 (Figure 11), with new cruise ships being delivered this year. The largest players are expecting summer 2024 to beat summer 2019 in both number of passengers and profits as ships are fully booked. Despite extra expenditures, EBITDA margins in the cruise market should improve from 25% last year to 27% in 2024 due to optimized itineraries, the room mix and lower fueling costs.

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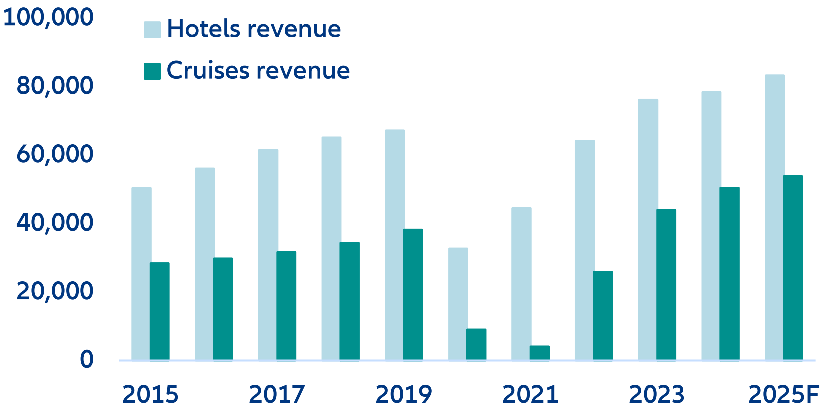
[4] RevPAR is a metric widely used in the lodging industry to measure a hotel ability to fill its available rooms at an average rate. It is calculated by multiplying a hotel's ADR by its occupancy rate.
[5] ALBD: available lower berth day, a term often used by cruise lines that refers to the specific type of package deals they offer to customers.

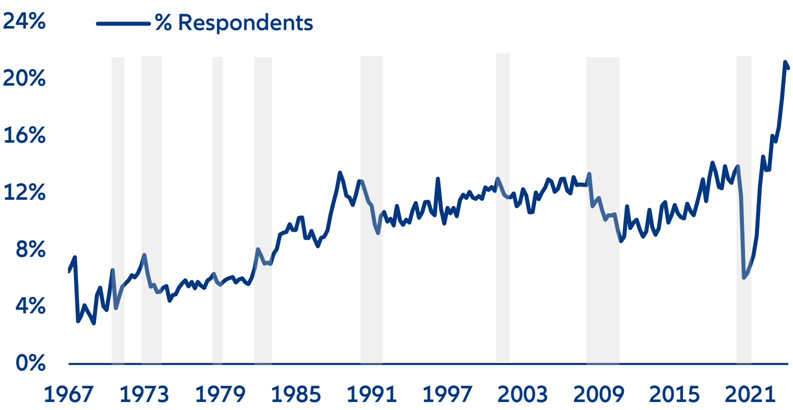
Figure 11: Revenues in the lodging industry (USD million)



Sources: Bloomberg (selecting the biggest players worldwide by category), Allianz Research

Meanwhile, tourists are increasingly packing their bags for long-haul trips. International travel is the biggest contributor to the global tourism rebound. This is reflected in rising international and domestic connectivity for air-travel routes: According to the IATA, in 2023, connectivity grew by +28% y/y for international routes and +10% y/y for domestic routes. This is particularly the case for US citizens, who have been enjoying the benefits of a stronger dollar since mid-2022 and therefore are more willing to travel abroad despite the geopolitical uncertainties (Figure 12). Unsurprisingly, this desire for long-haul travel comes at a time when saving rates are very low in the US (3.9% vs 14.5% for the Eurozone or 11.1% for the UK).

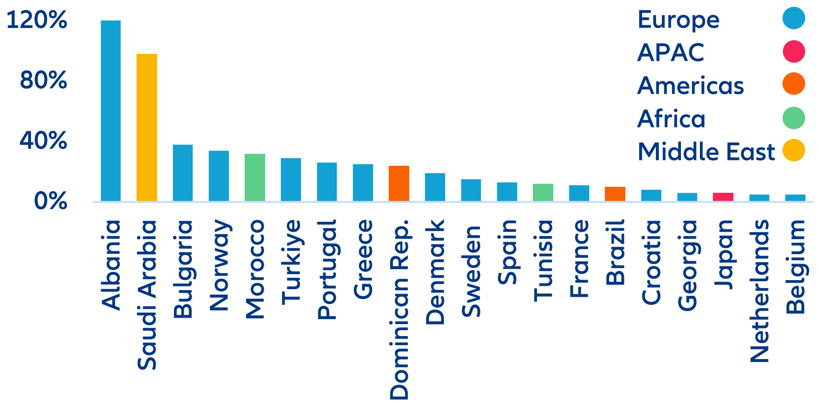
Figure 12: US survey - Vacation intended within 6 months to a foreign country, 3M moving average



Sources: The Conference Board, Allianz Research

Europe is still the world's top destination for international travelers and should keep its crown, given the weakness of the EUR. In terms of attractiveness, Europe is by far the region that receives the highest number of tourists worldwide, with a market share of 54% in 2023, followed by APAC (18%) and the Americas (15%). France, Spain and Italy were among the world's top five countries visited last year, which is why Europe generated the highest tourism receipts in 2023 (USD660bn, +7% over 2019 in real terms). As a result, tourism represents a major economic activity for the EU (accounting for 10% of its GDP) and will continue to do so. In Q1 2024, the region had already surpassed pre-pandemic levels (+2% over Q1 2019) in terms of international tourist arrivals. The two major sporting events this summer should see even more visitors arriving in France and Germany.

Figure 13: Best performing destinations* in Q1 2024, international tourist arrivals (% change vs Q1 2019)



*Sources: UN Tourism, Allianz Research. *Based on destinations recording 5 million arrivals or more in 2019.*

Although APAC is the laggard in terms of the tourism recovery, Chinese tourists remain the biggest spenders globally. While global international arrivals reached 97% of 2019 levels in Q1 2024, APAC registered only 82%, becoming the region that is furthest from reaching pre-pandemic levels. Japan was the only Asian country in the top 20 destinations in the first quarter of the year (Figure 13). This regional underperformance is largely due to the long duration of border restrictions in China. For instance, while in North-East Asia tourist arrivals were at 73% of 2019 levels, in South Asia they were at 93% already. Nevertheless, Chinese travelers were key to the recovery in other regions as Chinese expenditures on international travel reached USD196bn last year. That makes the Chinese the number one nationality for tourism-revenue generation, followed by the Americans (USD150bn) and Germans (USD112bn). Chinese retirees are largely responsible for this heavy spending. Indeed, according to Bloomberg polls, they spend around 3,115 yuan per trip versus 2,800 yuan for millennials and Gen-Z travelers.

These assessments are, as always, subject to the disclaimer provided below.