**MORNING BRIEFING**
**July 13, 2023**

## Travel, Banks & AI

*Check out the accompanying chart collection.*

**Executive Summary:** Americans are traveling like never before, with record numbers flying to do so. Post-pandemic "revenge travel" has sent the valuations of travel-related stocks skyward too. Jackie takes a timely look at what could go wrong. … Also: Banks' soon-to-be-released 2Q earnings will show investors whether large banks have continued to fare way better than small ones—shedding light on whether the valuations of the latter have been overly punished. The S&P 500 Regional Banks index has dramatically underperformed the S&P 500 Diversified Banks index ytd. … And: In our Disruptive Technologies segment, a look at how AI is being deployed to speed and improve drug development.

**Consumer Discretionary: Everyone's Got a Ticket To Ride.** After being trapped at home during the Covid pandemic, "revenge travel" kicked in last year and continues to accelerate this summer. Everyone seems to be jetting off somewhere fabulous, ditching the Hamptons for a European holiday.

For the five days ending July 4, AAA predicted that 50.7 million Americans would travel 50 miles or more from home over the holiday—a new record surpassing the previous record of 49 million travelers in 2019. AAA also predicted that 4.17 million Americans would fly to their destination, 11.2% higher than in 2022 and 6.6% above the previous record of 3.9 million in 2019, a June 26 AAA *press release* stated.

Consumers' travel bug is not news to investors, who have sent the share prices of travel-related companies to recent highs. Here's the ytd price performance derby for some of the S&P 500's travel-related industry indexes through Tuesday's close: Hotels, Resorts & Cruise Lines (41.8%), Passenger Airlines (37.4), and Casinos & Gaming (28.5). All handily beat the S&P 500's 15.6% ytd advance.

Their outperformance is just as dramatic when measured from the S&P 500's low on October 12: Casinos & Gaming (58.2%), Hotels, Resorts & Cruise Lines (55.8), Passenger Airlines (48.3), and S&P 500 (24.1). Each of the three travel industries are among the top 11 performing industries in the S&P 500 since the 2022 market low.

Given the giddy optimism surrounding the industry, we thought it might be time to look for some clouds. Possible ice on the wings of travel stocks could be higher oil prices, rising expenses, or satiated demand. Here's Jackie's look at what could create turbulence that prevents travel stocks from flying higher:

(1) *Oil prices could rise.* The airline industry has benefitted from the sharp decline in fuel prices last year. The price of Brent crude futures has fallen 38% from its 2022 peak to its recent price of $79.40 a barrel (*Fig. 1*).

However, OPEC+ has made clear its intent to cut production to boost the price of oil. The organization has cut production by a total of 3.7 million barrels per day (mbd) in two different cuts in late 2022 and in April that will both extend through the end of 2024 (*Fig. 2*). That was followed in June by Saudi Arabia's announcement that it will cut its production by roughly 1mbd to 9mbd through August. The oil producers must hope that their cuts will offset the unexpected increases in oil production from Russia and the US (*Fig. 3*). So far, their moves appear to have put a floor under the price of crude, which has edged higher in recent days.

(2) *Expenses getting more expensive.* Carnival Cruise Lines had lots of good news to report during its Q2 earnings release. Booking volumes were at an all-time high and 17% higher than they were in 2019. The company is making progress reducing its debt, and it has been able to increase prices.

However, the market initially focused on costs that the company warned would be higher than initially expected. It attributed the increase to incentive compensation programs, an increase in advertising, and a "slower-than-expected ramp-down in inflationary pressures than previously anticipated, particularly in the area of port costs, freight, crew travel due to air costs, and crew compensation," said CFO David Bernstein on the company's earnings *conference call*.

The company expects revenue to increase faster than expenses, allowing it to return to profitability in Q3 with earnings in the expected range of 70-77 cents per share. The forecast's midpoint fell short of analysts' 76-cent consensus, sending Carnival shares down 11% the day earnings were reported, a June 26 Reuters *article* reported.

Since then, the shares have rebounded, hitting a 52-week high, and analysts have increased their Q3 earnings estimate to 78 cents a share—higher than the company's guidance. Carnival shares are up 134.5% ytd through Tuesday's close, trumping the 104.9% ytd return turned in by Royal Caribbean shares and the S&P 500's 15.6% ytd gain.

(3) *Life after revenge travel.* What happens after consumers take a revenge vacation or three? We have no doubt that vacations will still be taken, but perhaps spending on travel will increase more slowly or even plateau in 2024.

A breather certainly seems due. Personal consumption of air transportation has surged 38.0% from its pre-Covid record high in December 2019 of $124.7 billion (saar) to $172.1 billion this May. Likewise, spending on hotels and motels was $157.9 billion (saar) in May, up 26.5% from its December 2019 record high of $124.8 billion (*Fig. 4*).

(4) *Analysts are awfully bullish.* Travel industry analysts are optimistic that the industry's good times will continue. They're expecting strong earnings growth this year and next: S&P 500 Passenger Airlines (155.8% in 2023 and 19.1% in 2024), S&P 500 Hotels, Resorts & Cruise Lines (returning to a profit, 31.6%), and S&P Casinos & Gaming (returning to a profit, 73.6%) (*Fig. 5*, *Fig. 6* and *Fig. 7*).

Because share prices have risen more sharply than earnings, forward P/E multiples in travel-related industries are lofty. The S&P 500 Casinos & Gaming industry's forward P/E is 23.1, the highest of the three travel industries and near highest levels of the past two decades (*Fig. 8*). The S&P 500 Hotels, Resorts & Cruise Lines' forward P/E is 18.6, not far from peaks of 20-23 in years past (*Fig. 9*). And the S&P 500 Passenger Airlines' forward P/E is only 7.1, reflecting the industry's cyclical nature (*Fig. 10*). (FYI: "Forward P/E" refers to the P/E based on forward earnings, which is the time-weighted average of analysts' consensus operating earnings-per-share estimates for the current year and following year.)

**Financials: Is Bigger That Much Better?** Bank earnings start to roll in later this week, and we'll finally learn the impact that commercial real estate loans and higher interest rates are having on loan portfolios and profits. Entering this reporting season, big banks' stocks are sharply outperforming the stocks of their much smaller counterparts, which were tarred by the bankruptcies of Silicon Valley Bank, Signature Bank, and First Republic Bank this spring.

The S&P 500 Diversified Banks stock price index is essentially flat ytd through Tuesday's close, while the S&P 500 Regional Banks index has fallen 33.9% ytd. The recent performance of the two industries is more similar. Over the past four weeks, the Diversified Banks stock price index is up 1.1% while the S&P 500 Regional Banks stock price index is up 0.6%.

Let's take a look at some of the similarities and differences between the two industries:

(1) *Revenue.* The revenue of banks in Diversified Banks is expected to grow faster than that of their regional counterparts. The Diversified Banks typically have large capital markets and asset management businesses that can help offset troubles in commercial and retail lending. Smaller banks are typically more reliant on revenue thrown off by their loan books.

Analysts expect Diversified Banks' revenue to grow by 9.2% in 2023 and to decline by 0.2% in 2024 compared to Regional Banks' expected revenue growth of 5.3% this year and a decline of 1.3% in 2024.

(2) *Earnings.* Earnings at smaller banks may take a bigger hit than at their larger competitors if reserves for commercial real estate loans need to increase. Commercial real estate makes up a larger percentage of small banks' loan books (44.2%) than large banks' (13.4%).

Here are some of the different loan categories and the percentages they represent in large and small bank loan portfolios: C&I loans (large banks: 22.4%, small banks: 16.3%), residential real estate loans (23.9, 20.9), commercial real estate loans (13.4, 44.2), consumer loans (20.9, 11.6), credit cards & revolving credit (11.9, 4.7), automobile loans (6.5, 1.8), and construction & land development (2.0, 7.7) (*Fig. 11*).

Analysts expect earnings for companies in the S&P 500 Diversified Banks index collectively to grow 12.0% this year and dip by 1.1% in 2024. The Regional Banks' earnings are forecast to drop slightly for two years in a row, by 3.2% this year and 2.5% in 2024 (*Fig. 12* and *Fig. 13*).

(3) *Valuation.* The S&P 500 Diversified Banks and Regional Banks indexes have depressed forward P/Es of 9.1 and 7.5, respectively. Both forward P/Es are close to levels normally reached during a financial crisis, indicating a lot of bad news is priced in. If earnings reports are even slightly better than expected, these industries' stocks seem positioned to benefit (*Fig. 14* and *Fig. 15*).

**Disruptive Technologies: AI Develops Drugs.** Scientists are grabbing onto artificial intelligence (AI) as a new tool in their quest to develop drugs faster and less expensively. The latest news on this front arrived yesterday from Recursion, a self-described "techbio" company. It received a $50 million investment from Nvidia, and the two companies will work together to accelerate the development of Recursion's "AI foundation models" for biology and chemistry that it intends to distribute to biotechnology companies using Nvidia's cloud services.

“With our powerful dataset and NVIDIA’s accelerated computing capabilities, we intend to create groundbreaking foundation models in biology and chemistry at a scale unlike anything that has ever been released in the biological space,” said Recursion CEO Chris Gibson in a *press release*.

Here’s a look at how Recursion and other researchers are harnessing AI:

(1) *Nvidia provides biotech services.* BioNeMo Service is a group of AI models developed by various companies that Nvidia is hosting in its cloud to help scientists understand and develop new proteins, small molecules, and DNA. The service allows scientists to focus on the structure of the drug candidates instead of dealing with the supercomputing infrastructure that Nvidia offers.

Nvidia’s AI offerings to predict proteins’ 3D structures include AlphaFold2, which was developed by Google’s DeepMind, and ESMFold, which was developed by Meta. Users can access MegaMolBART, which was developed by AstraZenca and Nvidia to design small molecules, or DiffDock, designed by MIT’s Jameel Clinic to predict the binding structure of a small molecule ligand to a protein. These and other AI applications are focused on accelerating drug discovery, according to a March 21 Nvidia *blog*.

(2) *Baker Lab’s AI offerings.* The University of Washington’s Baker Lab has developed RFdiffusion, a model for generating new proteins that it claims is better than existing protein design methods. The scientists parlayed the theories behind an AI program to create pictures to develop a program that facilitates protein discovery.

“The software tool DALL-E produces high-quality images that have never existed before using something called a diffusion model, which is a machine-learning algorithm that specializes in adding and removing noise. Diffusion models for image generation begin with grainy bits of static and gradually remove noise until a clear picture is formed. Additional pieces of software guide this de-noising process so that the new images end up matching what was asked for,” explains a July 11 *publication* on the lab’s website. “We have developed a guided diffusion model for generating new proteins called RFdiffusion. With prior design methods, tens of thousands of molecules may have to be tested before finding a single one that performs as intended. Using the new method, the team had to test as little as one per design challenge.”

(3) *Powerful proteins.* Scientists are focusing on harnessing vast amounts of computing power to design new proteins because many believe that proteins can cure what ails us. In

the February 25, 2021 *Morning Briefing*, we discussed how scientists were targeting proteins responsible for ailments like cancer, Parkinson's, and Alzheimer's—which could point the way to potential cures for those diseases as well.

These new AI platforms will speed up research into those areas, with some caveats. For example, scientists will need to understand what causes a disease if they hope to cure it. Not understanding exactly what causes Alzheimer's makes it difficult to design a protein that treats the disease, explained David Baker of the University of Washington's Baker lab in an interesting *EL PAÍS* *interview* dated February 20. But if the cause of the disease is known, a cure can be arrived at quickly using the AI models.

The Baker Lab has designed a nasal spray that protects humans against Covid-19. Within the next year, they expect to learn whether the spray is efficacious; if so, they would be able to develop other nasal sprays to fight other viruses. Developing proteins using this technology happens in weeks, not months, which means it could be an important tool in fighting future pandemics.

## Calendars

**US: Thurs:** PPI 0.2%m/m/0.4%y/y; Initial & Continuous Jobless Claims 249k/1.73m; Federal Budget Balance -$90.0b; Fed's Balance Sheet; Natural Gas Storage IEA Monthly Report; OPEC Monthly Report. **Fri:** University of Michigan Consumer Sentiment Headline, Current Condition, and Expectations 65.5/70.4/61.8; One-Year & Five-Year Inflation Expectations 3.3%/3.1%; Import & Export Prices -0.1%m/m/-3.6%y/y & -0.3%m/y/-11.1%y/y; Baker-Hughes Rig Count. (Bloomberg estimates)

**Global: Thurs:** Eurozone CPI; Eurozone Industrial Production 0.3%m/m/-1/1%y/y; ECB Published Account of Monetary Policy Meeting; Germany Account Balance; UK GDP -0.4%m/m/-0.1%3m/3m; Headline & Manufacturing Industrial Production -0.4%m/m/-2.3%y/y & -0.5%m/mn/-1.7%y/y; UK NIESR Monthly GDP Tracker; UK Trade Balance -£15.8b; UK Credit Condition Survey; China NBS Press Conference; Waller. **Fri:** Eurozone Trade Balance –€7.6b; Germany WPI -1.2%m/n/-1.2%y/y;  Japan Industrial Production & Capacity Utilization -1.6%/-2.5%; Balz. (Bloomberg estimates)

## Strategy Indicators

**Stock Market Sentiment Indicators** (*link*): The *Bull-Bear Ratio* edged down to 2.84 this week from 3.00 last week, which was the highest reading since the week of August 10, 2021. *Bullish* sentiment slipped to 51.4% this week, after jumping to 54.9% last week—which was the highest since November 2021, when it reached a danger level of 57.2%. *Bearish* sentiment fell this week for the eighth straight week, from 24.7% to 18.1% over the period, indicating the fewest bears since early January 2022. The *correction count* climbed to 30.5% after slipping from 31.4% to 26.8% last week. Turning to the *AAII Sentiment Survey* (as of July 6), optimism increased during the current week, remaining above average for the fifth straight week, while both neutral sentiment and pessimism moved lower. The *percentage expecting stock prices to rise* over the next six months rose to 46.4%—the highest since November 11, 2021 (48.0%)—after falling the prior two weeks 3.3ppts (to 41.9 from 45.2). Optimism remained above its historical average of 37.5% for the fifth straight week—the longest above-average spread since the five-week streak in October and November 2021. The *percentage expecting stocks to fall* over the next six months fell for the second week to 24.5%, after climbing 5.1ppts to 27.8% the prior week. Pessimism has been below 30.0% for the fifth consecutive week—the longest string that pessimism has been below that rate since a five-week streak in October and November 2021. The *percentage expecting stock prices will stay essentially unchanged* over the next six months fell 1.5ppts to 29.1%. Neutral sentiment has been below its historical average of 31.5% for the past three weeks, and is now at its lowest level of 2023.

**S&P 500 Earnings, Revenues, Valuation & Margins** (*link*): The S&P 500's forward profit margin was unchanged w/w at 12.4% during the July 6 week. That's up from a 24-month low of 12.3% during the March 30 week, but down 1.0pt from its record high of 13.4% achieved intermittently in 2022 from March to June. It's now 2.1pts above its seven-year low of 10.3% during April 2020. Forward revenues rose 0.3% w/w to a new record high. Forward earnings jumped 0.7% w/w to a nine-month high, and is only 3.0% below its record high during the June 16, 2022 week. Both had been steadily making new highs from the beginning of March 2021 to mid-June; prior to that, they peaked just before Covid-19 in February 2020. The consensus expectations for forward revenues growth rose 0.2pt w/w to an eight-month high of 3.6% and is now up 1.3pts from its 33-month low of 2.3% during the February 23 week. That's down from a record high of 9.6% growth at the end of May 2021 and compares to 0.2% forward revenues growth during April 2020, which was the lowest reading since June 2009. Forward earnings growth jumped 0.6pt w/w to an 11-month high of 7.6% and is now 4.1pts above its 31-month low of 3.5% in mid-February. That's down from its 23.9% reading at the end of April 2021, which was its highest since June 2010 and up substantially from its record low of -5.6% at the end of April 2020. Analysts expect revenues to rise 1.8% in 2023 (down 0.1pt w/w) and 4.7% in 2024 (unchanged w/w) compared to a revenues gain of 12.3% in 2022. They expect an earnings decline of 0.1% in 2023 (down 0.3pt w/w) and an 11.5% rise in 2024 (up 0.2ppt w/w) compared to an earnings gain of 7.1% in 2022. Analysts expect the profit margin to drop 0.2ppt y/y to 11.9% in 2023 (unchanged w/w), compared to 12.1% in 2022, and to rise 0.8ppt y/y to 12.7% in 2024 (unchanged w/w). The S&P 500's weekly reading of its forward P/E rose 0.1pt w/w to a 15-month high of 19.2. That's up from a 30-month low of 15.3 in mid-October. It also compares to 23.1 in early September 2020, which was the highest level since July 2000 and up from a 77-month low of 14.0 in March 2020. The S&P 500 weekly price-to-sales ratio was rose 0.03pt w/w to a 14-month high of 2.39. That's up from a 31-month low of 1.98 in mid-October and down from a four-month high of 2.38 in mid-August; it also compares to a record high of 2.88 at the end of 2021 and a 49-month low of 1.65 in March 2020.

**S&P 500 Sectors Earnings, Revenues, Valuation & Margins** (*link*): Looking at the 11 S&P 500 sectors, the July 6 week saw consensus forward revenues rise for nine sectors and forward earnings rise for ten sectors. The forward profit margin rose w/w for three sectors and fell for one. Four sectors have forward revenues at a record high this week: Communication Services, Consumer Staples, Health Care, and Utilities. Among the remaining seven sectors, only Energy and Financials have forward revenues more than 5.0% below their post-pandemic highs. Consumer Staples, Industrials, and Utilities are the only sectors with forward earnings at a record high this week. Among the remaining eight sectors, just three have forward earnings down more than 10.0% from their post-pandemic highs: Energy, Financials, and Materials. Since mid-August 2022, all but the Industrials sector have seen forward profit margins retreat from their record highs, but eight of the 11 sectors are showing early signs of recovering from their lows in early 2023. Industrials' forward profit margin is at a record high again this week, but Consumer Staples and Health Care are at record lows. Those of Communication Services, Consumer Discretionary, Financials, Real Estate, and Tech remain close to their post-pandemic highs. Energy and Industrials were the only two sectors to have their profit margins improve y/y for full-year 2022, and these five sectors are expected to see them improve y/y in 2023: Communication Services, Consumer Discretionary, Financials, Industrials, and Utilities. Here's how the sectors rank based on their current forward profit margin forecasts along with their record highs: Information Technology (24.1%, down from its 25.4% record high in June 2022), Financials (18.3, down from its 19.8 record high in August 2021), Real Estate (17.0, down from its 19.2 record high in 2016), Communication Services (15.5, down from its 17.0 record high in October 2021), Utilities (13.0, down from its 14.8 record high in April 2021), S&P 500

(12.4, down from its record high of 13.4 achieved intermittently in 2022 from March to June), Energy (10.9, down from its 12.8 record high in November), Materials (11.0, down from its 13.6 record high in June 2022), Industrials (10.7, record high this week), Health Care (9.5, record low this week and down from its 11.5 record high in February 2022), Consumer Discretionary (7.6, down from its 8.3 record high in 2018), and Consumer Staples (6.7, record low this week and down from its 7.7 record high in June 2020).

**S&P 500 Sectors & Industries Forward Profit Margin Since March 30 Bottom** (*link*): The S&P 500's forward profit margin was steady w/w at 12.4% as of the July 6, 2023 week. It's now up 0.1ppt from a two-year low of 12.3% during the March 30 week. Seven of the 11 sectors' margins have improved since then, with the S&P 500's gain paced by five sectors. It's still down 7.5%, or 1.0ppt, from its record-high 13.4% during the June 9, 2022 week, as 10 of the 11 sectors' margins have declined since then, with the S&P 500's drop paced by four of the 11 sectors. Here's the sector performance since the S&P 500's forward profit margin bottom on March 30: Communication Services (up 6.9% to 15.5%), Consumer Discretionary (up 4.3% to 7.6%), Industrials (up 3.9% to 10.7%), Information Technology (up 3.2% to 24.1%), Real Estate (up 2.2% to 17.0%), S&P 500 (up 1.0% to 12.4%), Materials (up 0.4% to 11.0%), Consumer Staples (up 0.3% to 6.7%), Financials (down 1.0% to 18.3%), Health Care (down 1.0% to 9.5%), Utilities (down 1.4% to 13.0%), and Energy (down 7.0% to 10.9%). These are the best performing industries since the March 30, 2023 bottom: Casinos & Gaming (up 65.9% to 6.4%), Publishing (up 26.4% to 3.1%), Passenger Airlines (up 18.0% to 6.3%), Multi-Sector Holdings (up 14.1% to 10.6%), Wireless Telecommunication Services (up 11.8% to 12.8%), Commodity Chemicals (up 11.6% to 6.6%), Homebuilding (up 11.1% to 11.9%), Home Furnishings (up 11.1% to 6.0%), Gold (up 10.0% to 15.9%), and Interactive Media & Services (up 9.0% to 21.8%).

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## US Economic Indicators

**Consumer Price Index** (*link*): The CPI continues to ease, though the housing components are keeping core inflation stubbornly high. The headline CPI rose 0.2% in June, a tick above May's 0.1%, while the core CPI advanced 0.2%, the smallest monthly gain since summer 2021 and just half the 0.4% gain of the prior three months. On a yearly basis, the *headline CPI* slowed a full percentage point, to 3.0% y/y, the lowest since March 2021 and only one-third of last June's 9.1% peak. Meanwhile, the *core prices* yearly rate remained at an elevated level, easing from 5.3% to 4.8% in June and slowing from its peak of 6.6% last September. *Energy* prices rose 0.6% after falling three of the prior four months by 7.0%, while *food* prices edged up 0.1%, matching its average the past four months. The rate for *consumer durable goods* fell 0.8% y/y, it sixth negative reading in seven months, while the rate for *consumer nondurable goods* excluding food (-8.0 y/y) fell deeper into negative territory. The *services rate excluding energy* eased a bit for the fourth month to 6.2% y/y, after rising from 1.3% in January 2021 to 7.3% this February—which was the highest since summer 1982. *Food costs* (5.7 y/y) eased for the 10th month from last August's 11.4%, which was the fastest pace since April 1979. Within food, the rate for *food at home* (4.7) slowed steadily from 13.5% last August (the highest since March 1979); the yearly rate for *food away from home* slowed slightly for the third month to 7.7% y/y from March's 8.8%—which was the highest since the highest since fall 1981. *Energy costs* were below zero for the fourth month, tumbling from last June's 41.6%—which was the fastest pace since April 1980—to -16.5% y/y this June. Within energy, the yearly rate for *fuel oil* plummeted to -36.6% y/y, down from last May's record high of 106.7%. The rate for *gasoline* prices fell 26.5% y/y, remaining in negative territory for the fifth successive month; it peaked at 59.9% last June (fastest since March 1980). The rate for *natural gas* prices has been dropping y/y: Prices fell below the year-ago level in April (-2.1) for the first time since August 2020 and fell further below zero in June (-18.6). The y/y rate was 38.4% last June, which was the highest since October 2005. The *electricity* rate eased to a 21-month low of 5.4% y/y in June; it peaked at 15.8% last August—which was the highest since August 1981. Within *consumer durable goods*, the rate for *new cars* rose 4.1% y/y, the lowest rate since May 2021, down from last April's near-record high of 13.2%, while the rate for *used cars & trucks* was -5.2% y/y last month, up from February's -13.6% bottom—which was the lowest since November 1960. It was as high as 41.2% last February and at a record-high 45.2% during June 2021. The rate for *furniture & bedding* fell 1.5% y/y in June, after posting its first negative reading since July 2020 in May (-0.5%), and is down dramatically from last February's record high of 17.1%. The rate for *major appliances* fell at a double-digit pace for the third month, by -10.7% y/y, down from its recent peak of 12.4% last March. Within *consumer nondurable goods*, the rate for apparel prices continues to hold between 3.1% and 3.6% the first half of this year, not too far from the 20-month low of 2.9% at the end of 2022; before that, it fluctuated in a 5.0%-5.5% range from last April through September. It was at a recent peak of 6.8% last March (the highest since the end of 1980). Within services, *owners' equivalent rent* eased for the second month, to 7.8% y/y, holding near its record high of 8.1% in March, while the rate for *rent of primary residence* dipped to 8.3% y/y, easing from 8.8% y/y during February through April, which was the highest since fall 1981. These rates compare with recent lows of 2.0% and 1.8%, respectively. Meanwhile, the yearly rate for *lodging away from home* accelerated for the second month, to 4.5% y/y, after easing from 7.7% at the start of the year to 3.3% in April; it was at a record high of 25.1% in both March and February of 2022. Turning to *medical care*, the yearly rate for *hospitals'* services (4.1) picked up a bit for the third month from March's 20-month low of 2.7%, though was down from the 4.4% rate at the end of 2022. The *physicians' services* (0.5) rate edged up from May's -0.1% dip, though remains on a steep downtrend from March 2021's 5.3% peak. Meanwhile, the yearly rate for *airfares* fell 18.9% y/y, its steepest drop since February 2021 and down from last October's 43.0%, which wasn't far from the record high of 45.0% in September 1980.

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