

Analyses

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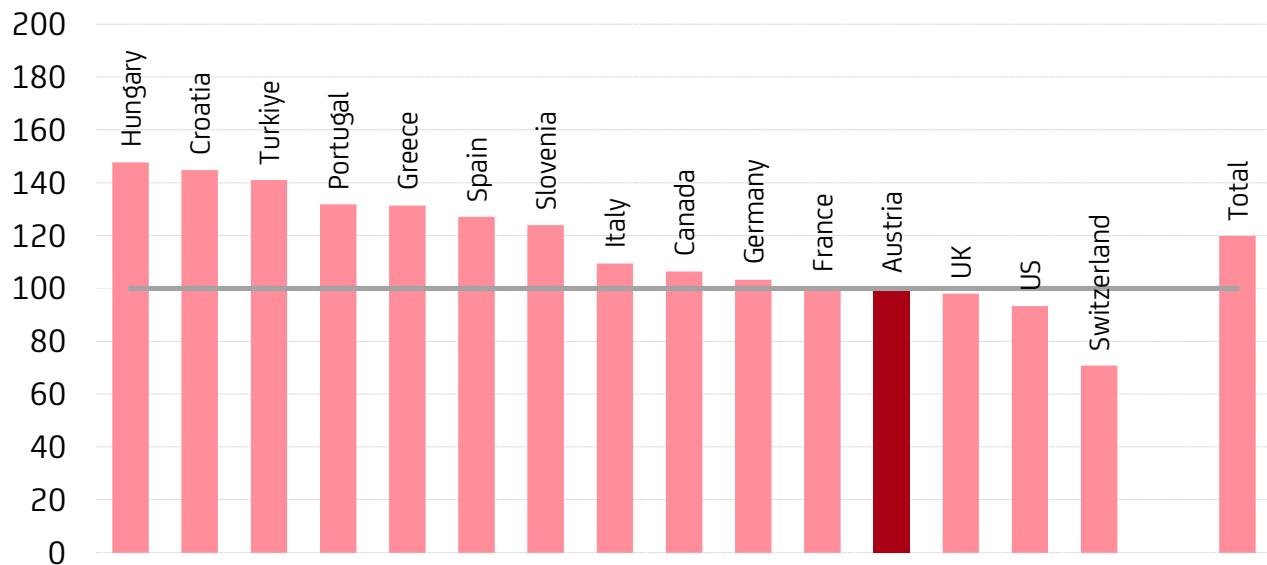
May 2023

**Holiday euro 2023:
How much is your euro worth
on holiday?**



HOLIDAY EURO 2023 WORTH ON AVERAGE 20 PERCENT MORE THAN AT HOME

On holiday, EUR 100 are worth



Sources: UniCredit Research (own estimates), OECD, Eurostat, Statistik Austria

- In 2023, the holiday euro of Austrians will be worth 20 percent more on average than in Austria. The purchasing power of the Austrian holiday euro is highest in Hungary, Croatia and Türkiye. In general, the popular summer holiday destinations in Southern and Eastern Europe also score with lower price levels than in Austria in 2023. Switzerland remains one of the most expensive holiday destinations.
- Compared to 2022, the slightly higher inflation in Austria and the appreciation of the euro against many other currencies led to an average gain in value of the Austrian holiday euro abroad of 1.6 percent.
- The value of the Austrian holiday euro in European holiday destinations tended to increase slightly in 2023 compared to 2022. However, the appreciation of the euro has made overseas destinations such as North and South America or Asia noticeably cheaper on average. However, the holiday euro of Austrians has lost significantly in value compared to 2022 in the popular destination Türkiye and Hungary.
- The holiday euro describes the general development of the value of goods and services in the country average and not specifically for holiday regions or holiday baskets. This may result in deviations of the actual local price levels compared to these results.

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as of May 2023

Higher inflation in Austria and, in part, the stronger euro will make holidays abroad slightly cheaper for Austrians in 2023

Increase in value of the holiday euro abroad compared to 2022

The purchasing power of the euro, i.e. the holiday euro, is likely to remain just one of many decision-making bases for holidaymakers over summer 2023, with considerations surrounding the current geopolitical crises, combined with strong inflation and sharp rises in energy prices, also playing a more influential role. In 2023, the holiday euro is worth an average of 20% more abroad than it is in Austria. In comparison to 2022, European destinations tend to have become slightly cheaper in 2023, while overseas destinations are proving significantly less expensive. In Türkiye and Hungary, where the holiday euro has previously been the most valuable, you get less this year than last year due to the high inflation. However, these two countries, together with Croatia, remain among the most popular holiday destinations where the holiday euro is worth the most.

Overall, there has been an increase in the holiday euro compared to the summer of 2022, because price increases in many of the key holiday destinations amongst Austrians were somewhat lower than in Austria. The appreciation of the euro, especially in relation to overseas destinations, is also making itself felt in an increase in the holiday euro abroad. Due to the appreciation of the euro and the higher inflation in Austria in some cases, the holiday euro abroad has become more valuable relative to the domestic market.

Southern and Eastern European holiday destinations also score with lower price levels than in Austria in 2023

Holidays in Hungary, Türkiye and Croatia continue to be much cheaper than at home

Of Austrians' key holiday destinations, you can still get the most for your holiday euro in Türkiye, Hungary and Croatia. Among the most popular holiday destinations, tourists from Austria can also expect a greater value for their holiday euro in Portugal, Greece, Slovenia and Spain. In the holiday destinations that are particularly popular for city breaks, Austrian tourists are still likely to face a higher price level than at home this year, for example in the United Kingdom, France and the US, although the difference has been significantly reduced compared to the previous year. In many countries in eastern and southeastern Europe, the holiday euro continues to be worth much more than in Austria, especially in Bulgaria, Romania and Poland, although its value has decreased compared to the previous year.

Holiday euro mostly gains value overseas due to appreciation of the euro

Overseas travel averaging around 17 percent cheaper in 2023 compared to 2022

Along with the different price developments overseas, exchange rate trends also play a role in comparing the value of the holiday euro. Based on pre-pandemic holiday behaviour, there was a significant increase in the holiday euro in overseas destinations. This was due not only

Chart 1: Change in the holiday euro

(Top 20 destinations, change since May 2022 in %)

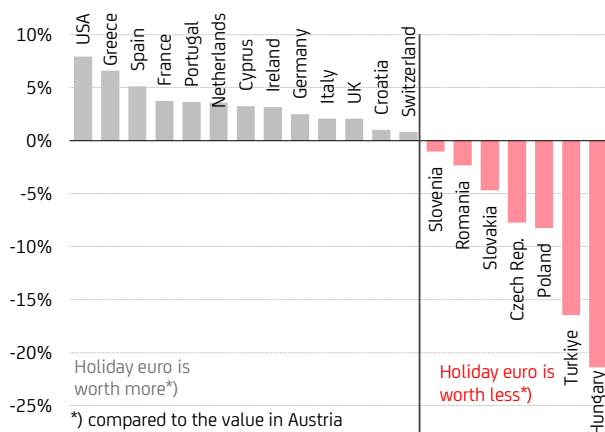
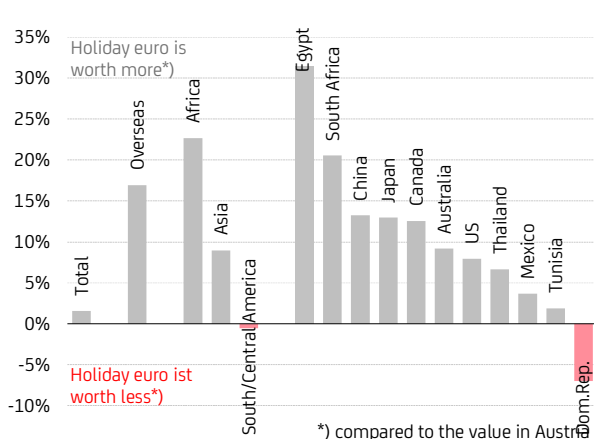


Chart 2: Change in the holiday euro

(Long-distance destinations, change since May 2022 in %)



Source: UniCredit Research

to the stronger euro but also to the price increases, which were lower in some cases.

Switzerland remains the most expensive holiday destination

Lower inflation makes holidays in expensive Switzerland slightly cheaper compared to 2022

Despite a renewed appreciation of the Swiss franc since 2022, low inflation in Switzerland has led to the holiday euro increasing slightly in value compared to last year. Nevertheless, of the most popular holiday destinations, Switzerland remains the most expensive for your typical Austrian family. Despite low inflation in recent years, the appreciation in Switzerland continues to ensure that the value of the holiday euro in the country is around 75 percent of that in Austria, which is in line with its long-term average. Not since value comparisons were first introduced has the holiday euro ever been worth more in Switzerland than in Austria.

Important note on significance

Holiday euro describes the general development of the value of goods and services in the country average

Finally, the economists of UniCredit Bank Austria point out that the calculation of the holiday euro is not an incentive for a holiday trip abroad and that the value of the holiday euro should not play a role in comparison with health aspects. Furthermore, they point out that these are country averages, the value of the holiday euro in individual regions (such as London as a central region) may differ. The price level refers to the average of goods and services in the individual countries. The price of individual products (especially for tourists) may differ significantly. Therefore, we do not give an absolute value for the long-distance destinations, but only its change. Moreover, the fact that the price level in some holiday countries is significantly lower than in Austria is mainly due to the high income level in Austria. If Austria's price level were lower, the income level would also be lower and holidays would be more difficult to afford.

Table 1: On holiday, EUR 100 are worth
(comparison of purchasing power*)

Destination	May 2023 EUR 100 are worth EUR ... in this country	May 2022	- more exp. + cheaper ¹⁾ compared to previous year in %
Austria	100	100	
Italy	109	107	2,1%
Croatia	145	143	1,0%
Germany	103	101	2,5%
Spain	127	121	5,1%
Turkey	141	164	-16,4%
Greece	131	123	6,6%
France	101	97	3,7%
United Kingdom	98	96	2,1%
Hungary	148	179	-21,4%
Switzerland	71	70	0,8%
Slovenia	124	125	-1,0%
USA	93	86	7,9%
Portugal	132	127	3,7%
Ireland	101	98	3,2%
Netherlands	103	99	3,6%
Poland	181	196	-8,3%
Romania	212	217	-2,3%
Slovakia	139	145	-4,7%
Czech Republic	147	158	-7,7%
Cyprus	139	135	3,3%
Sweden	113	103	8,4%
Canada	106	93	12,6%
Bulgaria	208	213	-2,1%
Asia	-	-	9,0%
Thailand	-	-	6,7%
Japan	-	-	13,0%
Hong Kong	-	-	8,8%
China	-	-	13,2%
Africa	-	-	22,7%
Egypt	-	-	31,5%
Tunisia	-	-	1,9%
South Africa	-	-	20,5%
South/Central America	-	-	-0,6%
Mexico	-	-	3,7%
Dominican Republic	-	-	-7,0%
Brazil	-	-	6,8%
Australia	-	-	9,2%
New Zealand	-	-	7,4%
Overseas average	-	-	16,9%
Total²⁾	120	118	1,6%

*) For EU countries without housing costs

1) Compared to Austria

2) Only the most important countries weighed by destinations

Sources: UniCredit Research, OECD, Eurostat, Statistik Austria

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