

Analyses

HolidayEuro
Spring 2010

” Purchasing Power of the Euro Abroad “

March
2010

Overview

HolidayEuro worth less than a year ago, particularly overseas

- Virtually no countries more affordable, many destinations considerably more expensive
- Hungary, Turkey and Croatia still affordable despite inflation
- South Africa and South America significantly more expensive than a year ago

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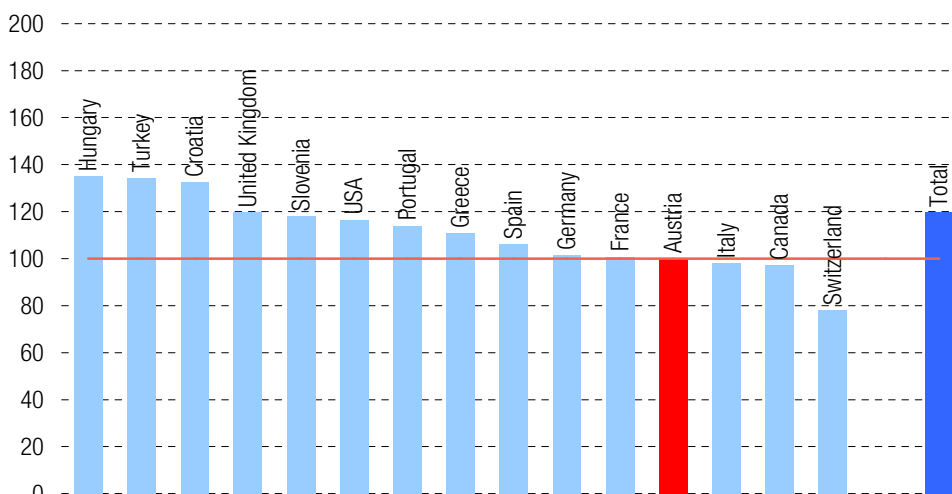
In detail

Summing up the most recent calculation of the HolidayEuro its value has decreased significantly compared to last year, particularly in far-of destinations, This is due to the considerable appreciation of many currencies since the spring of 2009. As a result of the uncertainty caused by the financial crisis, many countries saw their currencies depreciate dramatically in the spring of 2009, which increased the value of the HolidayEuro substantially in these countries. Because the situation has eased since then, however, the exchange rates of many currencies have improved against the euro. The clear stabilisation of many countries' exchange rates following the crisis and the simultaneous mild depreciation of the euro have made the HolidayEuro considerably weaker in many countries compared to the spring of 2009. Overall, the value of Austrians' HolidayEuro has only decreased by 3 per cent when weighted based on the popularity of the destination, while it has fallen by an average of 8 per cent in overseas destinations.

However, compared to the spring of 2009 the HolidayEuro is considerably weaker in some of Austrians' top holiday destinations. Among the top 10 holiday destinations for Austrians, the HolidayEuro has seen particularly large declines in Turkey (-15 per cent) and Hungary (-22 per cent) compared to a year ago. Although Hungary and Turkey are still the most affordable countries among the top 10 destinations, their lead has narrowed significantly. In fact, the HolidayEuro will barely be worth more in these two holiday destinations than in Croatia this year. Despite the weakening of the euro in recent months, the HolidayEuro is still worth more in the US and the United Kingdom than in Austria. However, the HolidayEuro continues to be worth about the same in Italy and Germany as in Austria.

There are virtually no countries in which the value of the HolidayEuro has increased. Ireland is the only country offering falling prices compared to a year ago, but the HolidayEuro is still worth considerably less in Ireland than in Austria. The value of the HolidayEuro is slightly higher in Hong Kong and China as well, but only by about 3 per cent compared to last year.

On holiday, EUR 100 are worth



Source: OECD, Eurostat, Statistik Austria, Bank Austria Economics & Market Analysis Austria (own estimation), March 2010

In many far-off destinations, the value of the HolidayEuro has fallen drastically compared to a year ago: A particularly dramatic example of this is the host of this year's Football World Cup, South Africa, where the value of the HolidayEuro has declined by about 37 per cent. This can be attributed to the significant appreciation of the country's currency on the one hand, and persistent, very high inflation on the other. However, the value of the HolidayEuro has also fallen by 30 per cent or more in New Zealand and Australia compared to the spring of 2009, and has suffered considerable losses in South and Central America, especially in Brazil. The decline of the HolidayEuro has been slightly less severe in Asia.

In conclusion, we would like to point out that these figures are average values that could differ for individual regions (such as the central region of London, for example). The price levels refer to the average price of goods and services in the individual countries; the prices for individual products could differ substantially (especially for tourists). Therefore, the changes in value rather than the values themselves are listed for holiday destinations. Furthermore, the fact that the price levels are so much more affordable in some holiday destinations than in Austria is primarily due to the high income level in Austria. If the price level were lower in Austria, the income level would also be lower – many of us would most likely not be able to afford to go on holiday.

On holiday, EUR 100 are worth

Comparison of Purchasing Power *)

Destination	Popularity ¹⁾	EUR 100 are worth EUR ... in this country		- more exp. + cheaper ²⁾ compared to previous year in %
		March 10	March 09	
Austria		100	100	
Italy	19%	98	98	0%
Croatia	13%	132	135	-2%
Germany	8%	101	101	0%
Greece	7%	111	112	-1%
Spain	7%	106	106	0%
Turkey	7%	134	155	-15%
France	4%	101	101	0%
Hungary	3%	135	165	-22%
Switzerland	2%	78	82	-5%
United Kingdom	2%	120	126	-5%
Slovenia	2%	118	119	-1%
USA	2%	117	115	1%
Portugal	1%	114	113	1%
Canada	0%	97	117	-20%
Total ³⁾	71%	120	124	-3%

*) EU-25-countries excluding housing costs

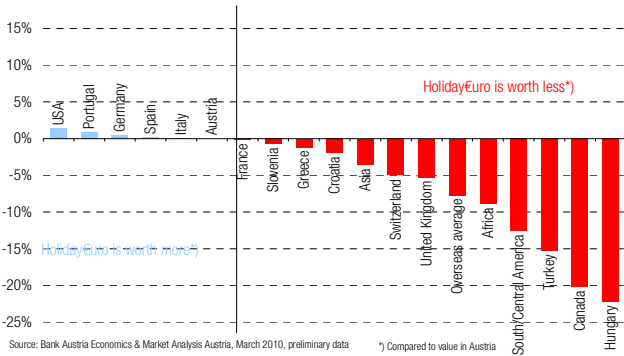
¹⁾ Percentage of holidays abroad longer than 4 days taken by Austrians

²⁾ Compared to Austria

³⁾ Only the most important countries

Source: OECD, Eurostat, Statistik Austria, Bank Austria Economics & Market Analysis Austria

Changes in the "HolidayEuro" (since March 2009 in %)



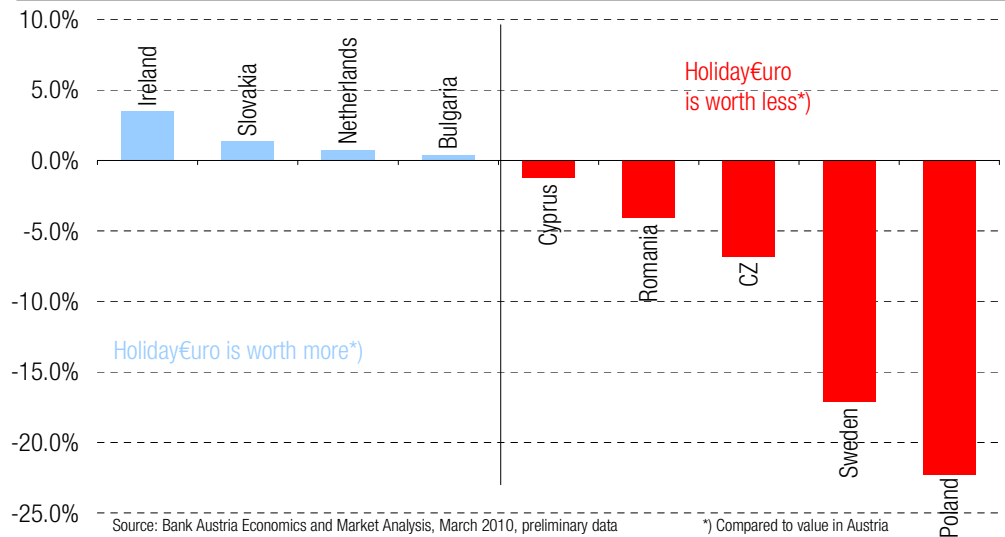
Source: Bank Austria Economics & Market Analysis Austria, March 2010, preliminary data *) Compared to value in Austria

Changes in the "HolidayEuro"
(March 2010 over March 2009, in %)

USA	1.4%
Portugal	0.9%
Germany	0.5%
Spain	0.2%
Italy	0.0%
Austria	0.0%
France	-0.2%
Slovenia	-0.7%
Greece	-1.2%
Croatia	-1.9%
Asia	-3.6%
Switzerland	-5.0%
United Kingdom	-5.3%
Overseas average	-7.7%
Africa	-8.8%
South/Central America	-12.6%
Turkey	-15.3%
Canada	-20.2%
Hungary	-22.2%

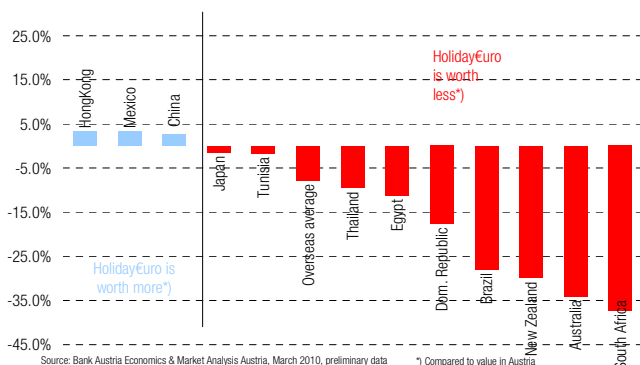
Source: Bank Austria Economics & Market Analysis Austria

Changes in the "HolidayEuro"
(less frequently visited countries, since March 2009 in %)



Source: Bank Austria Economics and Market Analysis, March 2010, preliminary data *) Compared to value in Austria

Changes in overseas "HolidayEuro" (since March 2009 in %)



Source: Bank Austria Economics & Market Analysis Austria, March 2010, preliminary data

*) Compared to value in Austria

Changes in overseas "HolidayEuro"

(March 2010 over March 2009, in %)

HongKong	3%
Mexico	3%
China	3%
Japan	-1%
Tunisia	-2%
Overseas average	-8%
Thailand	-9%
Egypt	-11%
Dom. Republic	-18%
Brazil	-28%
New Zealand	-30%
Australia	-34%
South Africa	-37%

Source: Bank Austria Economics & Market Analysis Austria

On holiday, EUR 100 are worth

Comparison of Purchasing Power *)

Destination	Mar-10	Mar-09	- more exp. + cheaper
	EUR 100 are worth EUR ... in this country		compared to previous year in %
Österreich	100	100	
Italy	98	98	0%
Croatia	132	135	-2%
Greece	111	112	-1%
Germany	101	101	0%
Spain	106	106	0%
Turkey	134	155	-15%
France	101	101	0%
Hungary	135	165	-22%
Slovenia	118	119	-1%
United Kingdom	120	126	-5%
USA	117	115	1%
Szwitzerland	78	82	-5%
Portugal	114	113	1%
Canada	97	117	-20%
Czech Rep.	130	139	-7%
Ireland	88	85	3%
Sweden	96	113	-17%
Cyprus	109	110	-1%
Romania	172	179	-4%
Slovakia	119	117	1%
Poland	169	206	-22%
Netherlands	102	101	1%
Bulgaria	157	157	0%
Asia	-	-	-4%
Thailand	-	-	-9%
Japan	-	-	-1%
HongKong	-	-	3%
China	-	-	3%
Africa	-	-	-9%
Egypt	-	-	-11%
Tunisia	-	-	-2%
South Africa	-	-	-37%
South/Central America	-	-	-13%
Mexico	-	-	3%
Dominican Republic	-	-	-18%
Brazil	-	-	-28%
Australia	-	-	-34%
New Zealand	-	-	-30%
Overseas average	-	-	-8%
Total ¹⁾	120	124	-3%

*) For EU countries without housing costs

¹⁾ only the most important countries

Source: OECD, Eurostat, Statistik Austria, Bank Austria Economics & Market Analysis Austria

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