

Analyses

HolidayEuro

Summer 2010

” Purchasing Power of the Euro Abroad “

June
2010

Overview

Value of the “HolidayEuro” particularly low in summer 2010

- Reason: weaker euro and significant price increases in many countries
- Purchasing power of the “HolidayEuro” in 2010 lower than in 2009 in almost all countries
- Holidays more expensive especially in Turkey and overseas countries including South Africa

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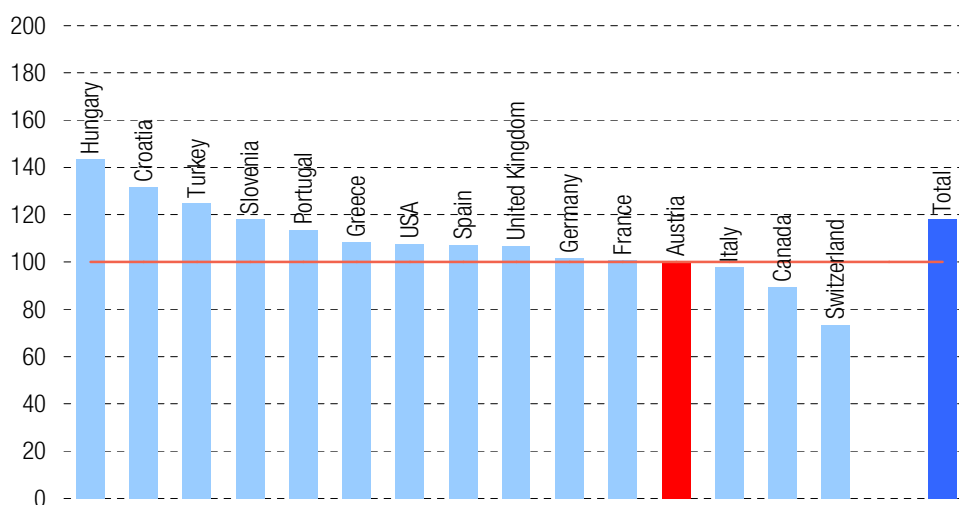
In detail

Our recent calculations of what the HolidayEuro is worth in popular holiday destinations show that this year the purchasing power of the HolidayEuro is particularly low for Austrians spending their summer holidays outside Austria. The euro has depreciated against almost all other currencies and prices have risen more strongly in many regions. The average value of the HolidayEuro in countries where Austrians like to go for their summer holidays is 3 per cent below the summer 2009 level.

A comparison with the previous year shows that the euro is weaker, especially in some overseas countries. In overseas holiday destinations, the HolidayEuro is worth 16 per cent less than a year ago, while the decline in South America has been particularly strong, it has been less pronounced in Asia and Africa. In South Africa, currency appreciation and higher price increases combined to reduce the purchasing power of the HolidayEuro in the country hosting the World Cup by 25 per cent compared with the previous year. Nevertheless, the value of the "HolidayEuro" in most overseas destinations remains higher than in Europe or in Austria. This continues to apply to South Africa, too.

Among the major countries where Austrians spend their holidays, the purchasing power of the euro in Turkey declined by a particularly strong 20 per cent compared with summer 2009. This reflects the Turkish currency's appreciation against the euro as well as a stronger price increase than in Austria: the inflation rate in Turkey was close to 10 per cent. Among Austrians' preferred holiday destinations in summer 2010, the purchasing power of the HolidayEuro is highest in Hungary, followed by Croatia, with Turkey in third place. Austrian holidaymakers will find that in the US, too, the value of the HolidayEuro has fallen significantly, by 13 per cent, in summer 2010; but at EUR 108 its purchasing power is still slightly higher than in Austria. The same applies to the United Kingdom. Among the most popular holiday destinations, the "HolidayEuro" has only risen in Croatia, Germany and Portugal in summer 2010, but the modest increase of about 1 per cent is due to slightly lower inflation.

On holiday, EUR 100 are worth



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

In the European countries which are less heavily frequented by holidaymakers, the HolidayEuro continues to be worth significantly more in Romania, Bulgaria and Poland than in Austria. Other countries where the purchasing power of the euro is higher than in Austria are the Czech Republic and Slovakia, though it has declined slightly compared with the previous year. The strongest decrease of the value of the HolidayEuro in the holiday destinations covered by the survey has been seen in Brazil.

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⁾	June 10	June 09	- more exp. + cheaper ²⁾ compared to previous year in %
		EUR 100 are worth EUR ... in this country		
Austria		100	100	
Italy	19%	98	98	0%
Croatia	13%	132	130	1%
Germany	8%	102	101	1%
Greece	7%	108	112	-4%
Spain	7%	107	107	0%
Turkey	7%	125	151	-21%
France	4%	101	101	0%
Hungary	3%	143	149	-4%
Switzerland	2%	73	80	-9%
United Kingdom	2%	107	111	-4%
Slovenia	2%	118	119	-1%
USA	2%	108	122	-13%
Portugal	1%	114	113	1%
Canada	0%	89	110	-23%
Total ³⁾	71%	118	122	-3%

*) EU-25-countries excluding housing costs

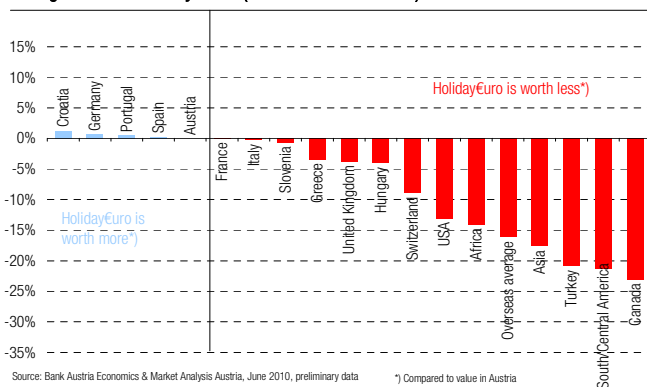
¹⁾ Percentage of holidays abroad longer than 4 days taken by Austrians

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 June 2009 in %)



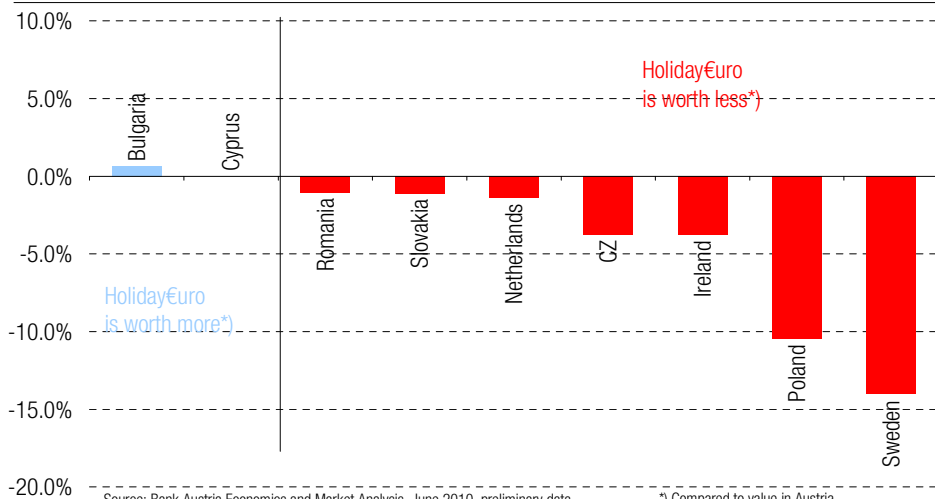
Source: Bank Austria Economics & Market Analysis Austria, June 2010, preliminary data *) Compared to value in Austria

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

Croatia	1.2%
Germany	0.7%
Portugal	0.5%
Spain	0.2%
Austria	0.0%
France	-0.1%
Italy	-0.3%
Slovenia	-0.7%
Greece	-3.5%
United Kingdom	-3.8%
Hungary	-4.0%
Switzerland	-8.9%
USA	-13.2%
Africa	-14.1%
Overseas average	-16.1%
Asia	-17.6%
Turkey	-20.8%
South/Central America	-21.4%
Canada	-23.1%

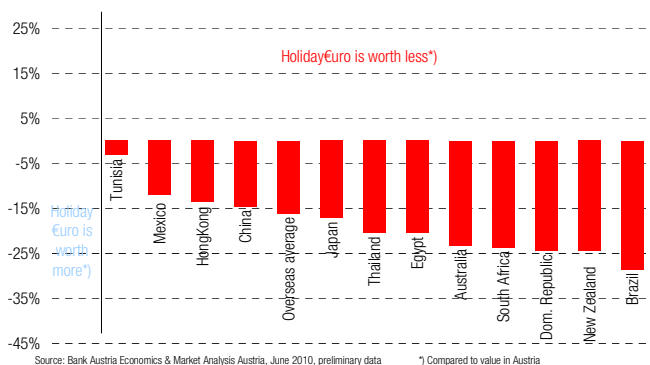
Source: Bank Austria Economics & Market Analysis Austria

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



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

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



Changes in overseas "HolidayEuro"
(June 2010 over June 2009, in %)

Tunisia	-3%
Mexico	-12%
HongKong	-14%
China	-15%
Overseas average	-16%
Japan	-17%
Thailand	-20%
Egypt	-21%
Australia	-23%
South Africa	-24%
Dom. Republic	-24%
New Zealand	-25%
Brazil	-29%

Source: Bank Austria Economics & Market Analysis Austria

On holiday, EUR 100 are worth

Comparison of Purchasing Power *)

Destination	Jun-10	Jun-09	- more exp. + cheaper
	EUR 100 are worth EUR ... in this country		compared to previous year in %
Austria	100	100	
Italy	98	98	0%
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Greece	108	112	-4%
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Spain	107	107	0%
Turkey	125	151	-21%
France	101	101	0%
Hungary	143	149	-4%
Slovenia	118	119	-1%
United Kingdom	107	111	-4%
USA	108	122	-13%
Szwitzerland	73	80	-9%
Portugal	114	113	1%
Canada	89	110	-23%
Czech Rep.	130	135	-4%
Ireland	89	92	-4%
Sweden	95	109	-14%
Cyprus	107	107	0%
Romania	177	179	-1%
Slovakia	119	120	-1%
Poland	170	187	-10%
Netherlands	101	102	-1%
Bulgaria	160	159	1%
Asia	-	-	-18%
Thailand	-	-	-20%
Japan	-	-	-17%
HongKong	-	-	-14%
China	-	-	-15%
Africa	-	-	-14%
Egypt	-	-	-21%
Tunisia	-	-	-3%
South Africa	-	-	-24%
South/Central America	-	-	-21%
Mexico	-	-	-12%
Dominican Republic	-	-	-24%
Brazil	-	-	-29%
Australia	-	-	-23%
New Zealand	-	-	-25%
Oversea average	-	-	-16%
Total ¹⁾	118	122	-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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