

# HolidayEuro Summer 2016

## Purchasing Power of the Euro Abroad

June 2016

**ANALYSES**

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## Overview

### “HolidayEuro” worth more in 2016, while Brexit makes the United Kingdom cheap

- Holiday euros worth more in Europe due to higher inflation in Austria
- Rise in euro outstripping local inflation in oversea countries
- Hungary, Turkey and Croatia still leading the list of top destinations
- Holiday euros are worth more in the UK than in Austria due to Brexit
- Switzerland remains by far the most expensive holiday destination

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Imprint  
Published by UniCredit Bank Austria AG  
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30 June 2016

## In detail

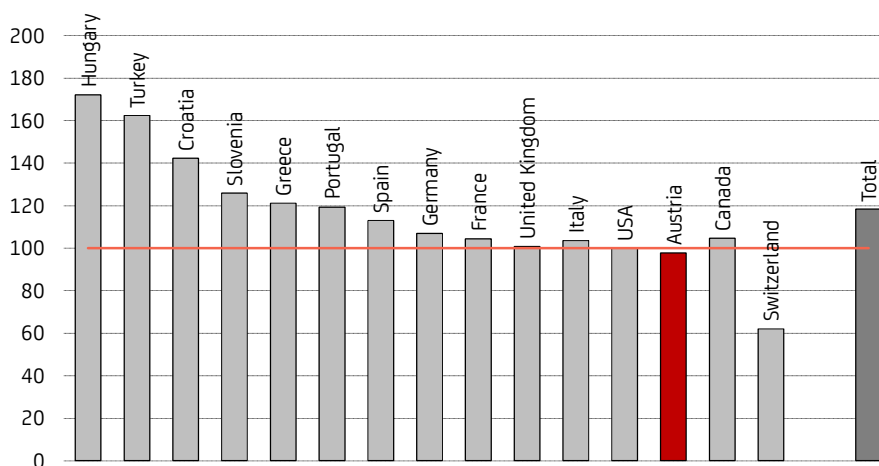
The value of the holiday euro for Austrians has seen an upwards trend in 2016. On average, the HolidayEuro is worth somewhat more in summer 2016 than it was a year ago. The HolidayEuro is also worth more when travelling abroad this year in comparison to last year. The rate of depreciation has generally been higher in many countries than the increase in prices in comparison to Austria, while inflation rates in many Eurozone countries remain below those in Austria. In many Eurozone countries, the holiday euro has benefited from a lower rate of inflation compared to Austria, while non-euro countries have profited from the rising euro.

### Brexit makes holidays to the UK cheaper

Among the most important holiday destinations for Austrians, Hungary and Turkey currently offer Austrian tourists the most value for their holiday euros. You get noticeably more for your money in Croatia, Slovenia, Greece and Portugal as well. Those spending their holiday in the UK this year can expect slightly lower prices than in Austria. It was still much higher a year ago – this is a direct effect of Brexit. The HolidayEuro is also worth significantly more in many Eastern and Southeastern European countries than in Austria, particularly in Bulgaria, Romania and Poland. The situation in Poland has even improved slightly on the previous year. The HolidayEuro is worth around 21 percent more in Greece this year than in Austria, up another 2 percent year on year. This is a result of falling prices in this country. This means that the value of an Austrian holidaymaker's euros in Greece has increased by around 7 percent since the financial crisis struck in 2008.

The marginally higher rate of inflation in Austria hardly has any effect on the relative value of the HolidayEuro overseas, where exchange rate developments are more important. The rise of the euro since summer 2015 has still increased the value of the holiday euro for Austrian tourists travelling to overseas countries by 4 percent compared with this time last year. In particular, the value of the holiday euro has risen in South and Central America but also in Africa, meaning it is worth much more this year, particularly in South Africa. Holidaymakers to the USA will generally notice less of a price difference in comparison to Austria, as the value has fallen slightly.

### On holiday, EUR 100 are worth



Source: Bank Austria Economics & Market Analysis Austria (own estimates), OECD, Eurostat, Statistics Austria, June 2016

**Holiday euro most expensive in Switzerland**

A holiday in Switzerland, where 100 holiday euros are worth only EUR 62 despite a slight fall in the Swiss franc, remains as expensive as ever – deflation in Switzerland cannot offset the sharp rise in the currency. In contrast to Switzerland, but also to Austria, the HolidayEuro would be worth somewhat more when travelling to Germany or France, but it is possible that the difference would hardly be noticeable and would not be enough to make up for the longer journey time. Travellers will certainly still get less for their HolidayEuros in Ireland and Sweden than in Austria, while Spain has once again become slightly cheaper than Austria.

To round off, we would like to point out that these figures are average values that could differ for individual regions (such as in London as a central region). 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). This is why changes in value rather than the values themselves are listed, even for destinations abroad. 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 and holidays would be much less affordable.

**On holiday, EUR 100 are worth**

Comparison of Purchasing Power \*)

Destination	Popularity <sup>1)</sup>	Jun-16 EUR 100 are worth	Jun-15 EUR ... in this country	- more exp. + cheaper <sup>2)</sup> compared to previous year in %
<b>Austria</b>		<b>100</b>	<b>100</b>	
Italy	22%	103	103	1%
Croatia	15%	142	140	2%
Germany	9%	107	106	1%
Spain	7%	113	111	1%
Turkey	4%	162	163	0%
Greece	4%	121	119	2%
France	4%	104	103	1%
United Kingdom	3%	105	91	13%
Hungary	3%	172	168	2%
Switzerland	2%	62	59	5%
Slovenia	1%	126	124	1%
USA	1%	101	103	-2%
Portugal	1%	119	118	1%
Canada	0%	98	94	3%
<b>Total <sup>3)</sup></b>	<b>73%</b>	<b>118</b>	<b>116</b>	<b>2%</b>

\*) EU-25 countries excluding housing costs

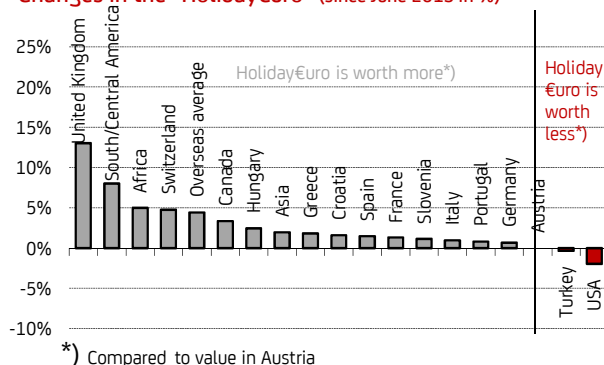
<sup>1)</sup> Percentage of holidays abroad longer than 4 days taken by Austrians

<sup>2)</sup> Compared to Austria

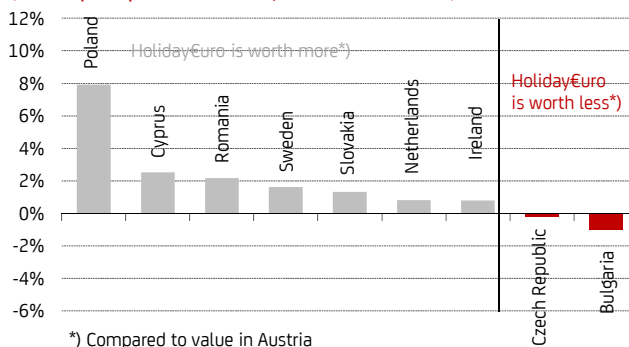
<sup>3)</sup> Only the most important countries

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

**Changes in the "HolidayEuro" (since June 2015 in %)**



**Changes in the "HolidayEuro" (less frequently visited countries, since June 2015 in %)**



Source: Bank Austria Economics & Market Analysis Austria, June 2016, preliminary data

**Changes in the "HolidayEuro" (June 2016 over June 2015)**

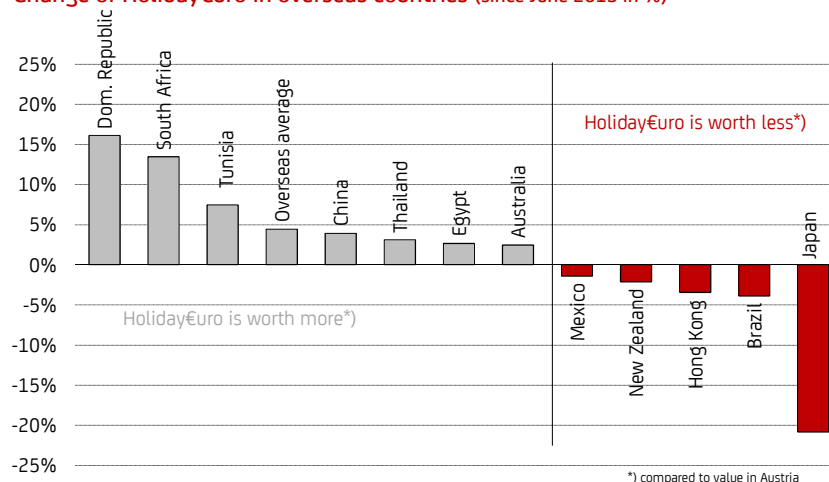
United Kingdom	13.0%
South/Central America	8.0%
Africa	5.0%
Switzerland	4.8%
Overseas average	4.4%
Canada	3.4%
Hungary	2.5%
Asia	2.0%
Greece	1.8%
Croatia	1.6%
Spain	1.5%
France	1.3%
Slovenia	1.2%
Italy	1.0%
Portugal	0.8%
Germany	0.7%
Austria	0.0%
Turkey	-0.3%
USA	-2.0%

**Changes in overseas "HolidayEuro" (June 2016 over June 2015)**

Dom. Republic	16%
South Africa	13%
Tunisia	7%
Overseas average	4%
China	4%
Thailand	3%
Egypt	3%
Australia	2%
Mexico	-1%
New Zealand	-2%
Hong Kong	-3%
Brazil	-4%
Japan	-21%

Source: Bank Austria Economics & Market Analysis Austria

**Change of HolidayEuro in overseas countries (since June 2015 in %)**



Source: Bank Austria Economics & Market Analysis Austria

**On holiday, EUR 100 are worth  
Comparison of Purchasing Power \*)**

<b>Destination</b>	<b>Popularity</b>	<b>Jun-16</b>	<b>Jun-15</b>	<b>- more exp. + cheaper</b>
		EUR 100 are worth EUR ... in this country		compared to previous year in %
<b>Austria</b>		<b>100</b>	<b>100</b>	
Italy	22.1%	103	103	1%
Croatia	14.5%	142	140	2%
Germany	9.4%	107	106	1%
Spain	7.4%	113	111	1%
Turkey	4.4%	162	163	0%
Greece	4.2%	121	119	2%
France	3.6%	104	103	1%
United Kingdom	3.0%	105	91	13%
Hungary	2.5%	172	168	2%
Switzerland	2.0%	62	59	5%
Slovenia	1.4%	126	124	1%
USA	1.4%	101	103	-2%
Portugal	1.0%	119	118	1%
Ireland	0.8%	97	96	1%
Netherlands	0.8%	100	99	1%
Poland	0.8%	168	155	8%
Romania	0.6%	168	165	2%
Slovakia	0.6%	134	132	1%
Czech Republic	0.6%	138	138	0%
Cyprus	0.4%	110	107	3%
Sweden	0.3%	86	84	2%
Canada	0.1%	98	94	3%
Bulgaria		163	165	-1%
Asia	2.3% -		-	2%
Thailand	-		-	3%
Japan	-		-	-21%
Hong Kong	-		-	-3%
China	0.2% -		-	4%
Africa	3.8% -		-	5%
Egypt	2.2% -		-	3%
Tunisia	1.3% -		-	7%
South Africa	0.3% -		-	13%
South/Central America	0.8% -		-	8%
Mexico	-		-	-1%
Dominican Republic	-		-	16%
Brazil	0.1% -		-	-4%
Australia	0.1% -		-	2%
New Zealand	0.1% -		-	-2%
Overseas average	7.0% -		-	4%
<b>Total 1)</b>		<b>118</b>	<b>116</b>	<b>2%</b>

\*) For EU countries without housing costs

<sup>1)</sup> only the most important countries

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

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