

Analyses

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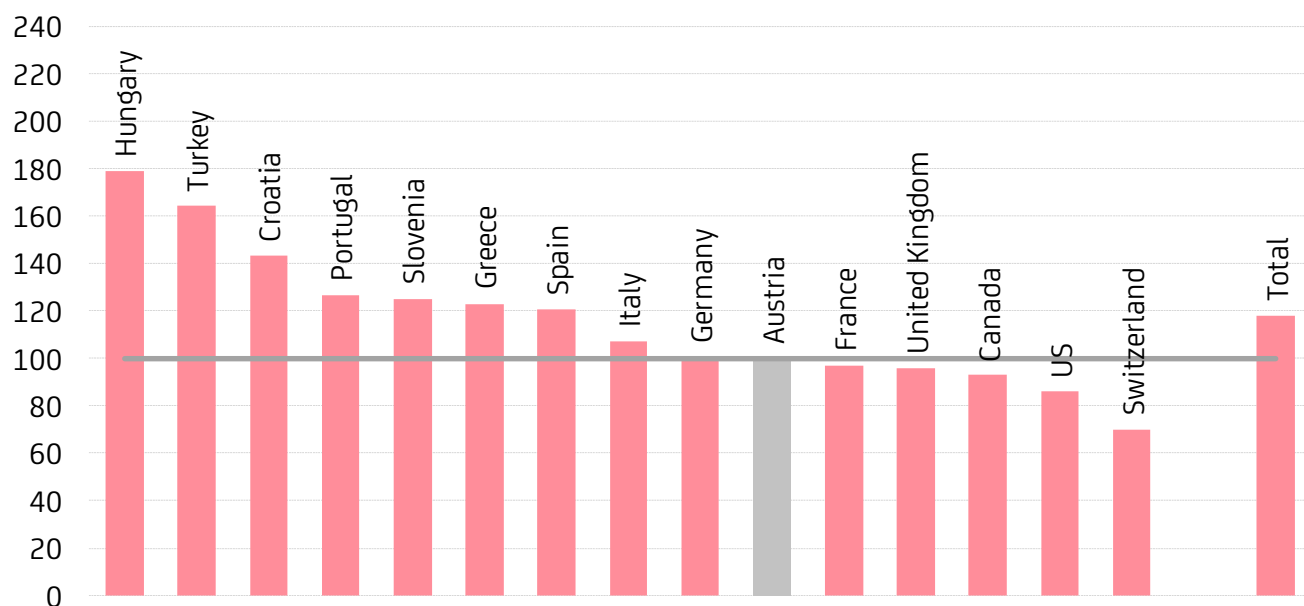
JUNE 2022

**Holiday euro 2022:
How much is your euro worth
on holiday?**



HOLIDAY EURO 2022 WORTH ON AVERAGE 18 PERCENT MORE THAN AT HOME

On holiday, EUR 100 are worth



Sources: UniCredit Research (own estimates), OECD, Eurostat, Statistik Austria, May 2022

- In 2022, the holiday euro of Austrians will be worth 18 percent more on average than in Austria. The purchasing power of the Austrian holiday euro is highest in Hungary, Turkey and Croatia. In general, the popular summer holiday destinations in Southern and Eastern Europe also score with lower price levels than in Austria in 2022. Switzerland remains one of the most expensive holiday destinations.
- Compared to 2021, the slightly higher inflation in Austria and the devaluation of the euro against many other currencies led to an average loss in value of the Austrian holiday euro abroad of around 1.5 percent.
- The value of the Austrian holiday euro in European holiday destinations tended to remain roughly the same in 2022 compared to 2021. However, the devaluation of the euro has made overseas destinations such as North and South America or Asia more expensive on average. The holiday euro of Austrians has also lost significantly in value compared to 2021 in the popular destination Turkey due to high local inflation.
- 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 June 2022

Higher inflation in Austria and, in part, the weaker euro will make holidays abroad slightly more expensive for Austrians in 2022

Decrease in value of the holiday euro abroad compared to 2021

On average, the value of the holiday euro abroad in 2022 is 18 percent higher than its value at home. The value of the holiday euro in European destinations tended to remain more or less the same in 2022 compared to 2021. In contrast, overseas destinations have become more expensive on average. Even in Turkey, where the holiday euro was worth the most in the past, you will get less in summer 2022 than in the previous year due to high inflation.

Overall, the value of the holiday euro has decreased compared to summer 2021, because in many important holiday countries of Austrians the price increase was about the same as in Austria, but the devaluation of the euro especially against currencies of overseas destinations is noticeable in a reduction of the value of the holiday euro abroad and on average about 1.5 percent. The holiday euro abroad has lost value due to the devaluation of the euro and thus the holiday euro at home has become worth relatively more, despite increased prices.

For summer holidays in 2022, however, the purchasing power of the euro, i.e. the holiday euro, is likely to play less of a role than considerations surrounding the development of the pandemic and the current geopolitical crises, combined with strong inflation and sharply increased energy prices.

Southern and Eastern European holiday destinations also score with lower price levels than in Austria in 2022

Holidays in Hungary, Turkey and Croatia still much cheaper than at home

Among the most important holiday destinations for Austrians, Turkey, Hungary and Croatia continue to offer the best value for money. Among the most popular holiday destinations, holidaymakers from Austria can also expect to get more for their holiday euros in Portugal, Greece, Slovenia and Spain than at home. In the holiday destinations that are particularly popular for city breaks, however, holidaymakers from Austria are likely to face a higher price level in summer 2022 than at home, for example in the United Kingdom, France, Sweden and the USA. In many countries in Eastern and South-Eastern Europe, the holiday euro will continue to be worth significantly more than in Austria, especially in Bulgaria, Romania and Poland.

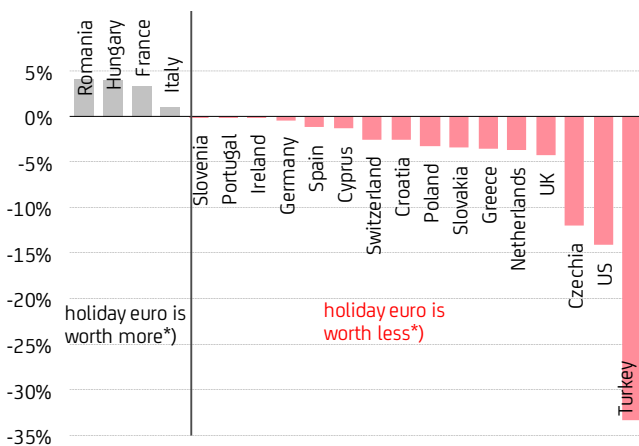
Holiday euro mostly loses value overseas due to devaluation of the euro

Overseas in 2022 on average about 5 per cent more expensive than in 2021

In addition to the different price developments, the exchange rate development also plays a role in the comparison of the value of the holiday euro overseas. Based on the

Chart 1: Change in the holiday euro

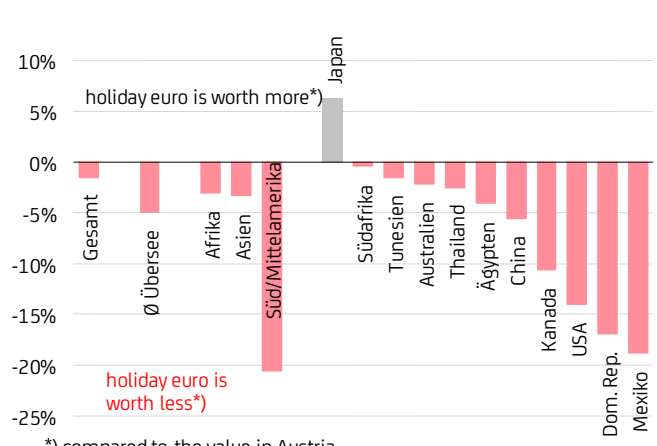
(Top 20 destinations, change since May 2021 in %)



*) compared to the value in Austria

Chart 2: Change in the holiday euro

(Long-distance destinations, change since May 2021 in %)



*) compared to the value in Austria

Source: OeNB, Statistik Austria WIFO, UniCredit Research

holiday behaviour before the pandemic, there was a decline in the holiday euro in overseas destinations. In addition to the weaker euro, higher price increases were also responsible for this.

Appreciation of the Swiss franc makes holidays in expensive Switzerland even more expensive compared to 2021

Switzerland remains the most expensive holiday destination

Due to the appreciation of the Swiss franc since 2021, the low inflation in Switzerland did not lead to a higher value of the holiday euro compared to 2021. Thus, Switzerland clearly remains the most expensive holiday destination for Austrians among the popular holiday destinations. Despite low inflation in recent years, the appreciation in Switzerland continues to ensure that the holiday euro there is around three quarters of the value in Austria, which corresponds to its long-term average. Never since there have been value comparisons has the holiday euro been worth more in Switzerland than in Austria.

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

Important note on significance

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 2022 EUR 100 are worth EUR ... in this country	May 2021	- more exp. + cheaper ¹⁾ compared to previous year in %
Austria	100	100	
Italy	107	106	1,0%
Croatia	143	147	-2,6%
Germany	101	101	-0,5%
Spain	121	122	-1,2%
Turkey	164	219	-33,3%
Greece	123	127	-3,5%
France	94	94	3,3%
United Kingdom	96	100	-4,2%
Hungary	179	172	4,0%
Switzerland	70	72	-2,6%
Slovenia	125	125	0,0%
USA	86	98	-14,1%
Portugal	127	127	-0,1%
Ireland	94	94	-0,1%
Netherlands	94	98	-3,7%
Poland	155	160	-3,2%
Romania	221	212	4,1%
Slovakia	124	128	-3,4%
Czech Republic	134	150	-12,0%
Cyprus	122	124	-1,3%
Sweden	98	94	3,7%
Canada	93	103	-10,7%
Bulgaria	187	191	-2,0%
Asia	-	-	-3,3%
Thailand	-	-	-2,6%
Japan	-	-	6,3%
Hong Kong	-	-	-7,6%
China	-	-	-5,6%
Africa	-	-	-3,1%
Egypt	-	-	-4,1%
Tunisia	-	-	-1,5%
South Africa	-	-	-0,5%
South/Central America	-	-	-20,6%
Mexico	-	-	-18,9%
Dominican Republic	-	-	-17,0%
Brazil	-	-	-31,2%
Australia	-	-	-2,2%
New Zealand	-	-	-1,4%
Overseas average	-	-	-5,0%
Total²⁾	118	120	-1,5%

*) For EU countries without housing costs

1) Compared to Austria

2) Only the most important countries weighted by destinations

Sources: UniCredit Research, OECD, Eurostat, Statistik Austria

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