

Austria: Inflation keeps rising, as consumers like to spend

Although prices are on the rise, Austrians keep on spending



Source: Shutterstock

Significant increases in fuel prices and higher costs for housing, water and energy pushed June's headline inflation rate to 2% year on year, from 1.9% YoY in March. According to the harmonised European definition (HICP), headline inflation was even higher, coming in at 2.3% YoY, from 2.1% in May. Strong price increases for restaurants and hotels (higher weightings in the HICP than in the CPI) significantly raised the HICP vis-à-vis the CPI.

Daily life became noticeably more expensive as well. The micro basket, or out-of-the-pocket inflation measure, which represents typical daily shopping purchases, increased by 3.3% year-on-year in June (May 3.8%), while the mini basket, representing weekly purchases and also containing fuel, became 5.5% more expensive in June compared with June last year.

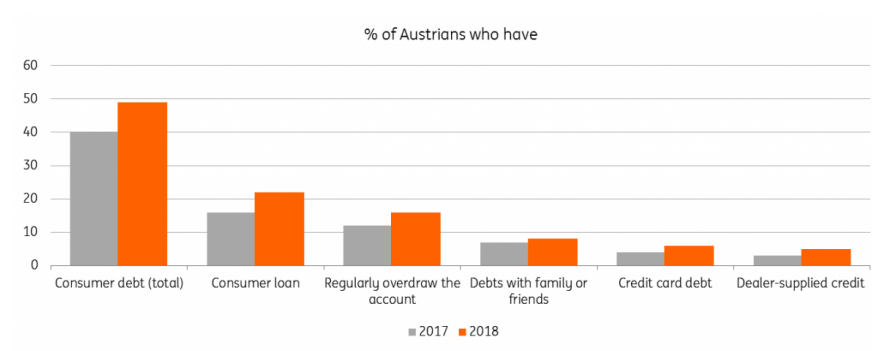
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According to a recent [ING International Survey](#), consumer debt is high. The percentage of those claiming to be privately indebted increased by 9% compared to a year before to a total of 49%. Even though official data from the Bank of International Settlement shows that credit to

households and non-profit institutions serving households decreased from 50.4% to 49.1%.

According to the survey, Austrians increased indebtedness in all possible instruments, with consumer loans and bank overdrafts taking the lion's share. However, there are regional differences: while the fewest private debtors live in Vienna (44%), 57% of Carinthian households are in debt.

[Read ING's International survey on savings here](#)



Source: ING Austria/ING International Survey 2018

With the economy booming, consumers are likely to continue spending, as a result of which private consumption should remain a strong growth driver throughout the year.

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