

## Austria: Inflation ends year at five-year high

With consumer price inflation in December coming in at 2.3% year-over-year, the inflation rate for the whole year stands at 2.2%, comfortably above the Eurozone average



The acceleration in the Harmonised Index of Consumer Prices (eurozone measure) was driven by significantly higher prices for fuels and heating oil, catering services, food, and rents. Spending on transport proved to be the main price driver, increasing by 3.0% due to higher fuel costs. The year before, fuel prices had been the main price damper. In addition, international flight tickets became more expensive, by some 13.0%, according to the Austrian statistical agency. Rents increased by 4.2%, as demand for apartments remains high, while spending on leisure and culture as well as restaurants and hotels were other significant price drivers, followed by food and non-alcoholic drinks. Butter prices surged by 25.6%. Significantly cheaper were telephone and fax services. The average annual inflation rate of consumer prices (national measure) amounted to 2.1% in 2017.

For this year, we expect the inflation rate to hover around last year's rate. With the economy booming, continued price pressure in the services sector driven by strong tourism, and slightly higher oil prices, the Austrian inflation rate should top the ECB's inflation target in 2018 once again.

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