

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.

Author

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.