

## Erste Bank 2nd Quarter Savings and Credit Forecast: Half of Austrians expect an economic upswing within the next two years

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**Average savings amount drops further to EUR 4,617**

**Average projected credit amount drops 19%**

**Economic upswing expected by 48% in the next two years**

When one asks Austrians about the sums they plan to save in the next 12 months, the picture painted is pessimistic. While Austrians were still planning to save an amount of EUR 5,670 annually in 2Q 2011, the amount estimated in the second quarter of this year dropped by almost EUR 1,000 to EUR 4,617 which is moreover some EUR 500 less than in 1Q 2012. These are the findings of the latest quarterly survey conducted by INTEGRAL on behalf of Erste Bank and Sparkassen.

### Lower propensity to save

To stimulate the economy in the European Union, the ECB lowered the key lending rate to a historic low of 0.75%. However, at a forecasted inflation rate of 2.4%, this will not yield any effective interest on savings accounts. Nonetheless, savings accounts (passbooks and cards) remain the most popular form of saving money: 66% of Austrians have their savings in this form. Despite the changes in effect after the austerity programme adopted by the government, every second investor plans to invest in a building society savings scheme in the coming 12 months. *“At the sustained low interest on savings accounts, one should now aim for a well-diversified portfolio that includes bonds, shares, currencies and commodities apart from savings in building society schemes and on passbooks. This helps ensure the required stability a portfolio needs precisely in times of crisis,”* explained Peter Bosek, Management Board Member of Erste Bank Oesterreich for Retail and Corporates. Investment funds (15 percent), shares (12 percent) and bonds (10 percent) are hardly found in the portfolios of savers. There was a steep drop especially in gold in the second quarter (-10%), while at the end of 2011 it had still been the preferred investment for 16% of savers. A share of 17 percent – which is nearly one fifth of Austrians – is not planning any type of investment.



### Major purchases financed by own savings

While 31% of Austrians were considering major purchases in 2Q 2011, now only 29% are still thinking about it. Most purchases will be financed by own savings and 17% want to take out a loan from a bank or building society. The amount borrowed has also change substantially in the first six months of this year. In annual comparison the amount stated slightly increased to EUR 64,646. Interest rates on loans are still low.

### Economic upswing: at the earliest in two years?

At present, OeNB estimates an economic growth rate of 0.9% for 2012, but forecasts increases to 1.7% for 2013 and 2.1% for 2014. Austrians have a similar view. According to the survey by INTEGRAL, half of the persons surveyed (48%) expect a substantial improvement in the economy only within the coming two years. 20% fear that it could take more than five years until the economy kicks in again in Austria. Remarkable is the fact that persons that invest money and whose household incomes are over EUR 2,000 per month are more optimistic about economic recovery.

**About the study:** Integral surveyed 1,000 Austrians (representative for the Austrian population aged 14 and older) in telephone interviews and asked about their plans for saving and investing money as well as about the amounts they needed to borrow. They were also asked when they believed that the economy would start to recover in Austria. The interviews were conducted from 23 May to 19 June 2012.