

GSB NEWS
20.9.2022



Dear members of the GSB,

at the moment, the whole industry is concerned about energy prices and inflation.

We have decided to take a look at the latest figures.

Your GSB Team



Inflation at Record Level

If you follow the latest news on the economy, you can't avoid the topic of inflation.

EUROSTAT regularly publishes statistics on the HICP (=harmonised index of consumer prices) for the individual countries and the EU. Detailed explanations on the HICP can be found on the page of the Federal Statistical Office: [Information on the harmonised index of consumer prices](#)

In the EU (27 countries), inflation was 9.8% in July (compared to the previous year), according to EUROSTAT. Germany is below the EU average in this respect, at 8.5 %. Austria, at 9.4%, is almost exactly at the EU level. For consumers, this means various problems. Almost no low-risk investment is lucrative enough to compensate for the inflation rate. (European Commission, 2022)

Also, the inflation rate is higher than usual wage increases in the market. This creates challenges for companies, as workers are inclined to demand higher wages to maintain their current standard of living due to higher prices. This can lead to a wage-price spiral (Beljaars, 2022).

The fact is that the price development of many different types of goods and services is taken into account in the HICP. Consequently, one may wonder which item is responsible for the high inflation rates. In a press release, the President of the Federal Statistical Office, Dr Georg Thiel, identified energy prices as the main cause (Federal Statistical Office, 2022).

If the above statistics are filtered and only the inflation for electricity, gas and other fuels is displayed, Dr. Thiel's statement is confirmed. In July, inflation in this area amounted to 43.1% in the EU (27 countries; Germany = 42.1% Austria = 35.6%). The seriousness of the difference can be illustrated by plotting the overall HICP and the HICP for electricity, GAs and other fuels in one graph (see below).

One should not make the mistake that the inflation rate is low in relation to the rate of change of the overall HICP. As already explained, a record level is also being reached here. It must be taken into account that the ECB has set itself an inflation target of 2% (ECB1, 2022). The ECB has already reacted and raised the key interest rate to 0.75% with effect from 14.9.2022 (ECB2, 2022).

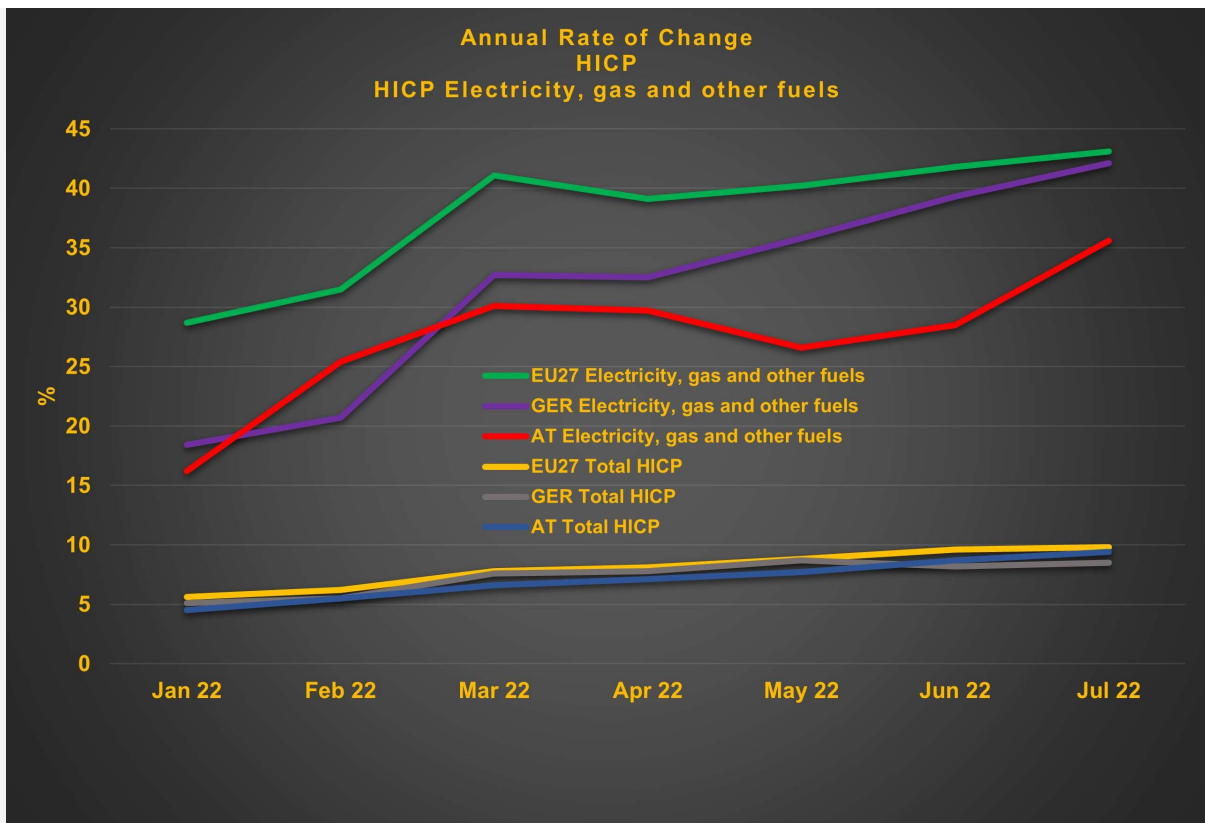


Illustration based on European Commission (2022).

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European Commission. (2022). HICP - monthly data (annual rate of change). Retrieved from: [LINK](#) [9.9.2022]

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ECB2. (2022). Key ECB interest rates. [Link](#)[14.9.2022]

Editorial Office

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