

Vienna, March 29, 2019

Embargo: March 29, 2019, 10:30 am

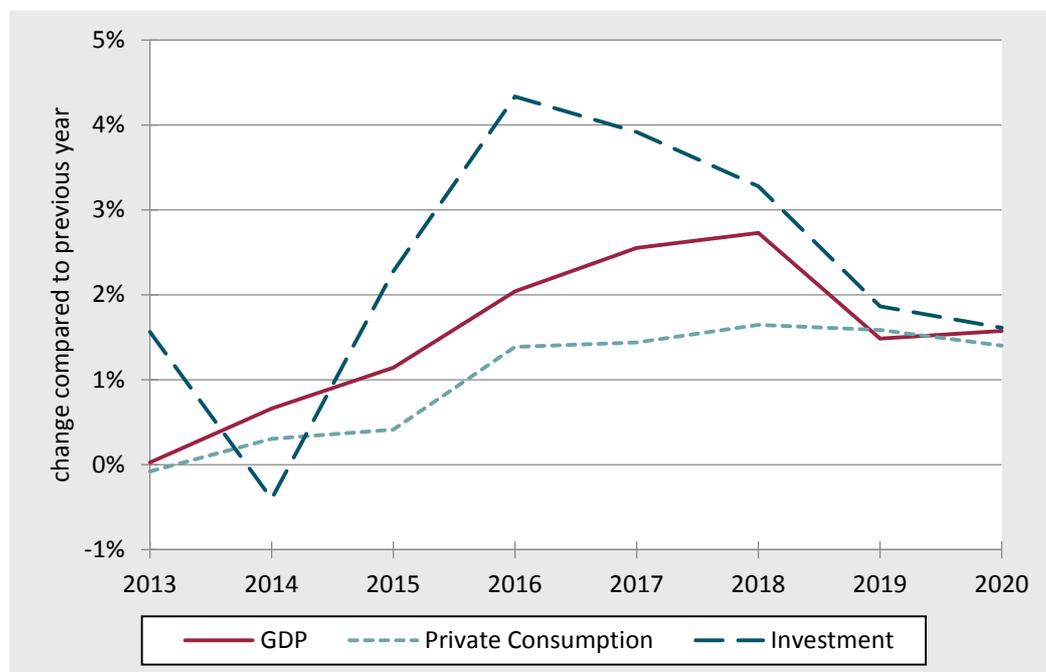
## Press release

# Forecast of the Austrian Economy 2019–2020

## Domestic demand supports growth

GDP growth in the euro area slowed further in the second half of 2018 and is likely to remain weak at the beginning of 2019. GDP growth in Austria also lost momentum through 2018, after a strong start at the beginning of the year. Supported by robust domestic demand, the Austrian economy is expected to grow by 1.5 % in 2019 and 1.6 % in 2020, after 2.7 % in 2018. Inflation is projected to be moderate at slightly below 2 %, while unemployment should not fall any further and remain relatively high at 7 ½ %. The current political and economic uncertainties (disorderly Brexit, escalation of trade tensions, slowdown of global economy) are significant sources of downside risk to domestic growth. Deep structural reforms, which the Institute has been calling for repeatedly, could strengthen the growth potential of the Austrian economy and increase its resilience to international economic shocks.

**Figure 1: GDP, Private Consumption, Investment**



**Table 1: Main Results***Change over previous year in percent*

	2018	2019	2020
Gross domestic product, real	2,7	1,5	1,6
Private consumption, real	1,6	1,6	1,4
Gross capital formation, real	3,0	1,8	1,9
Gross fixed capital formation, real	3,3	1,9	1,6
of which: equipment, real	3,7	1,8	1,5
of which: construction, real	2,8	2,0	1,8
Domestic demand, real	1,9	1,4	1,4
Exports of goods and services, real	4,4	2,4	3,2
of which: goods, real	5,1	2,5	3,5
of which: tourism, real	2,9	1,3	1,0
Imports of goods and services, real	2,8	2,4	3,0
of which: goods, real	2,7	2,4	3,1
of which: tourism, real	5,1	1,0	1,0
Employment (employees)	2,5	1,3	0,9
Unemployment rate: national definition*	7,7	7,5	7,5
Unemployment rate: Eurostat definition*	4,9	4,8	4,8
Compensation per employee	2,2	2,6	2,3
GDP deflator	1,6	2,0	1,9
Consumer price index	2,0	1,8	1,9
Budget balance in % of GDP (Maastricht definition)*	-0,1	0,2	0,2
3-months Euribor*	-0,3	-0,3	-0,1
10-year government bond yields*	0,7	0,6	0,9

\*absolute values

Source: Statistik Austria, own calculations

**Table 2: International Environment**  
*Change over previous year in percent*

	2016	2017	2018	2019	2020
GDP, real					
Germany	2,2	2,2	1,4	0,9	1,6
Italy	1,1	1,6	0,9	0,3	0,8
France	1,2	2,2	1,5	1,3	1,4
United Kingdom	1,8	1,8	1,4	0,9	1,1
Switzerland	1,6	1,6	2,5	1,2	1,7
USA	1,6	2,2	2,9	2,4	1,8
Japan	1,0	1,7	0,7	0,8	0,7
China	6,7	6,9	6,6	6,2	6,0
Poland	3,1	4,8	5,4	3,5	2,9
Slovakia	3,1	3,2	4,1	3,7	3,2
Czech Republic	2,5	4,4	3,0	2,8	2,5
Hungary	2,3	4,1	4,9	3,0	2,5
Slovenia	3,1	4,9	4,5	3,4	2,7
MOEL-5*	2,9	4,5	4,7	3,3	2,8
Bulgaria	3,9	3,8	3,1	3,2	3,0
Romania	4,8	7,0	4,1	3,3	3,0
Croatia	3,5	2,9	2,6	2,6	2,5
Russia	-0,2	1,5	2,3	1,5	1,8
Euro area	2,0	2,4	1,8	1,3	1,6
NMS-6**	3,2	4,9	4,5	3,2	2,8
EU-27***	2,1	2,6	2,0	1,5	1,7
OECD	1,8	2,5	2,4	1,9	1,8
World	3,3	3,7	3,6	3,2	3,3
World trade	1,5	4,7	3,3	2,5	3,0
Austrian export markets	3,4	5,4	3,8	2,8	3,5
USD/EUR exchange rate****	1,11	1,13	1,18	1,14	1,14
Oil price (Brent, USD/barrel)****	45,0	54,8	71,7	65,0	65,0

\*MOEL-5: Poland, Slovakia, Czech Republic, Hungary, Slovenia \*\*NMS-6: Poland, Czech Republic, Hungary, Bulgaria, Romania, Croatia \*\*\*excluding the United Kingdom \*\*\*\*absolute values

Source: Eurostat, IWF, OECD, CPB, national statistical offices, own calculations

## Contact for further inquiries

### **2019 Institut für Höhere Studien – Institute for Advanced Studies (IHS)**

Josefstädter Straße 39, A-1080 Vienna

T +43 1 59991-0

F +43 1 59991-555

[www.ihs.ac.at](http://www.ihs.ac.at)

ZVR: 066207973

#### **Contact**

Martin G. Kocher

T +43 1 59991-125

E [direktion@ihs.ac.at](mailto:direktion@ihs.ac.at)

Helmut Hofer

T +43 1 59991-251

E [hofer@ihs.ac.at](mailto:hofer@ihs.ac.at)

Klaus Weyerstraß

T +43 1 59991-233

E [klaus.weyerstrass@ihs.ac.at](mailto:klaus.weyerstrass@ihs.ac.at)

Paul Glück (Public Relations)

T +43 660 150 5001

E [glueck@paulglueck.com](mailto:glueck@paulglueck.com)