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Press release

Forecast of the Austrian Economy 2019–2020

Global economic weakness slows domestic exports

Since the second half of 2018, the global economy has expanded only moderately. In line with international developments, the upswing of the Austrian economy has lost momentum. The more unfavourable international environment weighs particularly on industrial production. As domestic demand is likely to remain robust, the Institute expects the Austrian economy to continue to grow by 1.5 % this year and 1.6 % next year. Inflation should be moderate at 1.6 % and 1.7 %, respectively, while unemployment should remain relatively high at 7.4 % both in 2019 and 2020. The current global political uncertainties, in particular a further escalation of trade tensions and a disorderly Brexit, continue to represent significant downside risks for the Austrian economy. The positive development of public finances should be used to implement deep structural reforms, as the Institute has been calling for for years.

Figure 1: GDP, Private Consumption, Investment

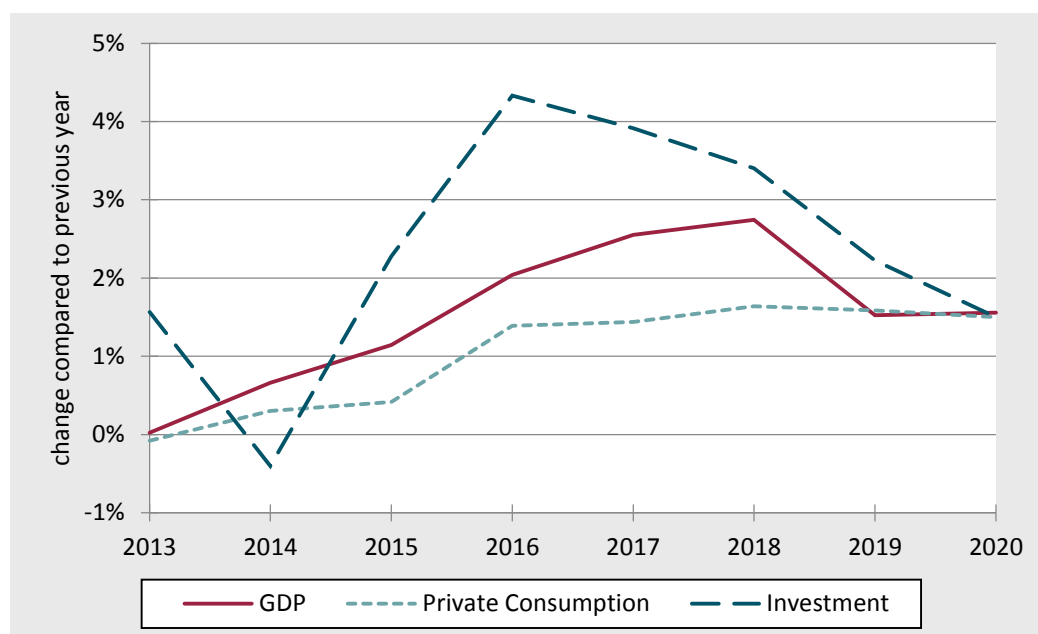


Table 1: Main Results*Change over previous year in percent*

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

¹ 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	0,8	1,6
Italy	1,1	1,7	0,9	0,2	0,7
France	1,1	2,3	1,7	1,3	1,4
United Kingdom	1,8	1,8	1,4	1,4	1,1
Switzerland	1,6	1,6	2,5	1,4	1,7
USA	1,6	2,2	2,9	2,4	1,7
Japan	0,6	1,9	0,8	0,8	0,7
China	6,7	6,8	6,6	6,2	6,0
Poland	3,1	4,8	5,1	4,2	3,5
Slovakia	3,1	3,2	4,1	3,7	3,2
Czech Republic	2,5	4,4	2,9	2,8	2,5
Hungary	2,3	4,1	4,9	4,0	2,7
Slovenia	3,1	4,9	4,5	3,4	2,7
MOEL-5 ¹	2,9	4,5	4,6	3,8	3,1
Bulgaria	3,9	3,8	3,1	3,2	3,0
Romania	4,8	7,0	4,1	3,7	3,0
Croatia	3,5	2,9	2,6	2,6	2,5
Russia	0,3	1,6	2,3	1,5	1,8
Euro area	1,9	2,4	1,9	1,2	1,5
NMS-6 ²	3,2	4,8	4,3	3,7	3,1
EU-27 ³	2,1	2,6	2,1	1,4	1,7
OECD	1,8	2,6	2,3	1,9	1,8
World	3,1	3,7	3,5	3,2	3,3
World trade (goods, CPB)	1,5	4,8	3,3	1,5	2,5
Austrian export markets	3,2	5,4	3,5	2,5	3,2
USD/EUR exchange rate ⁴	1,11	1,13	1,18	1,14	1,16
Oil price (Brent, USD/barrel) ⁴	45,0	54,8	71,7	64,0	62,0

¹MOEL-5: Poland, Slovakia, Czech Republic, Hungary, Slovenia ²NMS-6: Poland, Czech Republic, Hungary, Bulgaria, Romania, Croatia ³excluding the United Kingdom ⁴absolute values

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

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