

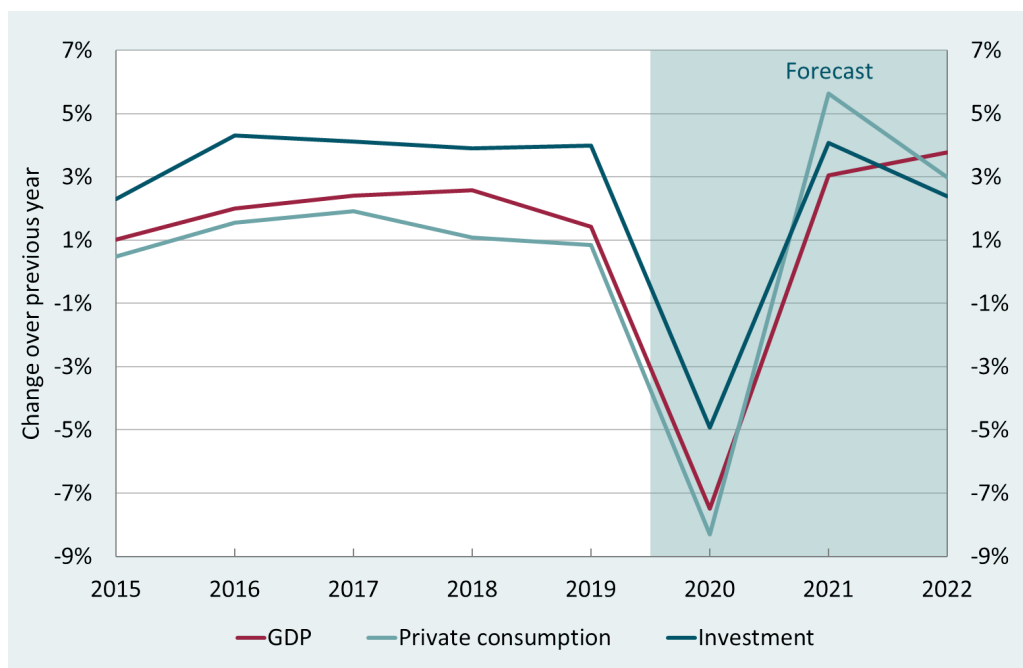
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## Forecast of the Austrian Economy 2020–2022

### New wave of infections slows economic recovery

The COVID-19 pandemic and the necessary containment measures are shaping the economic development worldwide. The Austrian economy experienced a sharp slump in the first half of the current year. After a significant recovery in the third quarter, GDP should decline again in the fourth quarter due to the new lockdown. For 2020 as a whole, real GDP is thus expected to decrease by 7.5 %. With the assumed end of the health crisis by mid-2021, the economy should recover and grow by 3.1 % and 3.8 % in 2021 and 2022, respectively. The economic slump has led to a sharp rise in the unemployment rate to 9.9 % in 2020. The economic recovery is expected to enable a decline in the unemployment rate to 9.7 % and 8.7 % in 2021 and 2022, respectively. Inflation is predicted to be 1.4 % in 2020, a rather high rate in view of the economic slump. For the next two years the institute expects a slight increase to 1.6 % and 1.9 %. The budget deficit has risen sharply due to the necessary economic policy measures and due to the automatic stabilisers. Structural reforms are required to strengthen the sustainability of public finances.

**Figure 1: GDP, private consumption, investment**



Sources: Statistik Austria, own calculations

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

	2020	2021	2022
Gross domestic product, real	-7.5	3.1	3.8
Private consumption, real	-8.3	5.6	3.0
Gross capital formation, real	-9.0	4.1	4.6
Gross fixed capital formation, real	-4.9	4.1	2.4
of which: equipment, real	-6.5	5.0	2.5
of which: construction, real	-3.0	3.0	2.3
Domestic demand, real	-6.7	4.3	2.9
Exports of goods and services, real	-11.2	5.7	6.0
of which: goods, real	-7.8	4.5	4.0
of which: tourism, real	-42.5	12.0	35.0
Imports of goods and services, real	-10.0	8.2	4.4
of which: goods, real	-7.3	6.3	4.0
of which: tourism, real	-62.0	90.0	15.0
Employment (employees)	-2.0	1.0	1.5
Unemployment rate: national definition <sup>i</sup>	9.9	9.7	8.7
Unemployment rate: Eurostat definition <sup>i</sup>	5.4	5.3	5.0
Compensation per employee	0.2	1.3	1.3
GDP deflator	1.5	1.5	1.8
Consumer price index	1.4	1.6	1.9
Budget balance in % of GDP (Maastricht definition) <sup>i</sup>	-10.7	-6.4	-3.0
3-month Euribor <sup>i</sup>	-0.4	-0.5	-0.5
10-year government bond yield <sup>i</sup>	-0.3	-0.2	-0.1

<sup>i</sup>absolute values

Sources: Statistik Austria, own calculations

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

	2018	2019	2020	2021	2022
GDP, real					
Germany	1.3	0.6	-5.0	4.0	2.3
Italy	0.9	0.3	-9.0	5.5	3.0
France	1.8	1.5	-9.5	5.5	3.0
United Kingdom	1.3	1.3	-11.0	4.8	4.5
Switzerland	3.0	1.1	-5.0	3.5	3.8
USA	3.0	2.2	-3.8	3.0	3.4
Japan	0.3	0.7	-5.8	2.5	1.5
China	6.7	6.1	2.0	7.5	5.8
Poland	5.4	4.5	-3.5	3.3	3.5
Slovakia	3.8	2.3	-6.5	4.0	4.0
Czech Republic	3.2	2.3	-6.8	3.3	4.0
Hungary	5.4	4.6	-6.0	3.8	4.0
Slovenia	4.4	3.2	-6.5	3.8	3.5
MOEL-5 <sup>i</sup>	4.8	3.8	-4.9	3.5	3.7
Bulgaria	3.1	3.7	-4.5	3.3	3.5
Romania	4.5	4.2	-5.0	3.8	4.0
Croatia	2.8	2.9	-8.5	5.0	4.0
Russia	2.5	1.3	-4.0	2.5	2.3
Euro area	1.9	1.3	-7.3	4.7	3.0
NMS-6 <sup>ii</sup>	4.6	4.0	-4.9	3.5	3.7
EU-27	2.1	1.5	-7.1	4.6	3.1
OECD	2.3	1.6	-5.4	3.7	3.1
World	3.4	2.7	-4.0	4.7	3.9
World trade (goods, CPB)	3.5	-0.5	-6.5	4.5	3.5
Austrian export markets	3.9	2.1	-10.5	5.8	6.3
USD/EUR exchange rate <sup>iii</sup>	1.18	1.12	1.14	1.21	1.21
Oil price (Brent, USD/barrel) <sup>iii</sup>	71.7	64.2	43.2	48.5	50.0

<sup>i</sup>MOEL-5: Poland, Slovakia, Czech Republic, Hungary, Slovenia

<sup>ii</sup>NMS-6: Poland, Czech Republic, Hungary, Bulgaria, Romania, Croatia

<sup>iii</sup>absolute values

Sources: Eurostat, IMF, OECD, CPB, national statistical offices, own calculations

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