

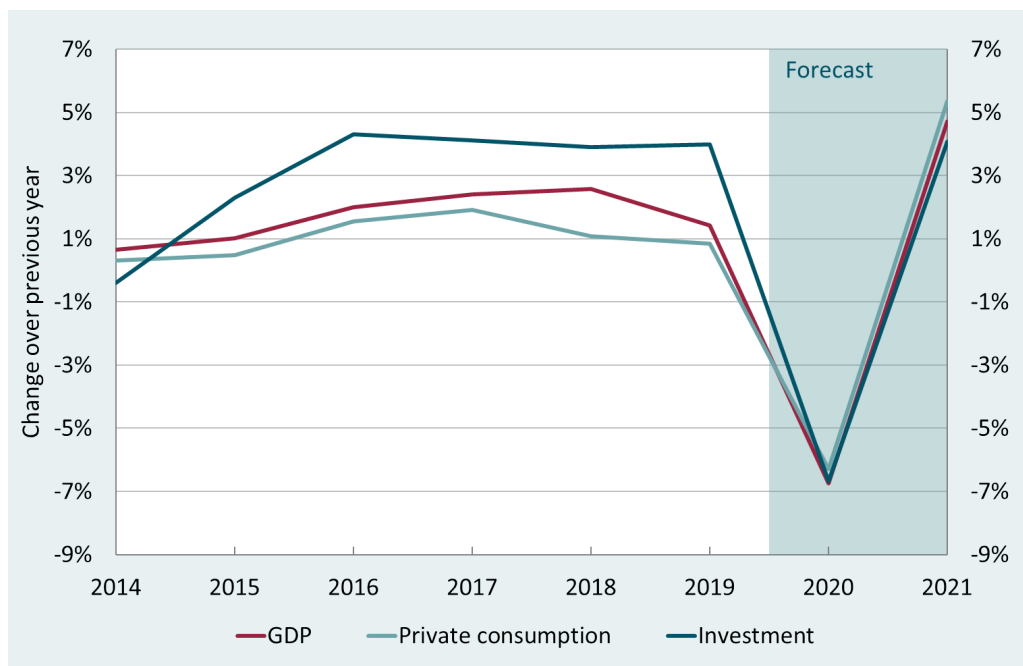
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## Forecast of the Austrian Economy 2020–2021

### Hesitant recovery from the COVID 19 crisis

As a result of the COVID 19 pandemic, the world economy suffered a historically unprecedented slump in the first half of 2020. With the easing of the containment measures in many countries since May, the global economy started to recover. After strong growth in the third quarter, however, the recovery should be quickly flattening out again. Following the extremely severe economic slump in the first half of the year, the IHS expects economic output in Austria to decline by 6.7 % in 2020; in the coming year, real GDP is expected to grow by 4.7 %. As a result, the unemployment rate should rise sharply to 9.9 % this year; next year it could fall to 9.4 %. Inflation is expected to reach 1.4 % and 1.6 % in 2020 and in 2021, respectively. The necessary economic policy measures will lead to a sharp rise in the budget deficit.

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



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

	2019	2020	2021
Gross domestic product, real	1.4	-6.7	4.7
Private consumption, real	0.8	-6.3	5.4
Gross capital formation, real	0.8	-9.7	4.1
Gross fixed capital formation, real	4.0	-6.7	4.1
of which: equipment, real	4.3	-8.5	5.0
of which: construction, real	3.6	-4.5	3.0
Domestic demand, real	1.1	-5.7	4.2
Exports of goods and services, real	2.9	-9.6	6.7
of which: goods, real	2.1	-8.5	6.0
of which: tourism, real	3.1	-33.0	25.0
Imports of goods and services, real	2.4	-7.9	5.8
of which: goods, real	1.1	-7.3	5.8
of which: tourism, real	0.0	-38.5	25.0
Employment (employees)	1.6	-1.6	1.3
Unemployment rate: national definition <sup>i</sup>	7.4	9.9	9.4
Unemployment rate: Eurostat definition <sup>i</sup>	4.5	5.4	5.3
Compensation per employee	2.6	0.5	0.8
GDP deflator	1.7	1.7	1.3
Consumer price index	1.5	1.4	1.6
Budget balance in % of GDP (Maastricht definition) <sup>i</sup>	0.7	-11.7	-6.1
Three-month Euribor <sup>i</sup>	-0.4	-0.4	-0.5
Ten-year government bond yield <sup>i</sup>	0.0	-0.3	-0.1

<sup>i</sup>absolute values

Source: Statistik Austria, own calculations

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

	2017	2018	2019	2020	2021
GDP, real					
Germany	2.6	1.3	0.6	-5.5	4.5
Italy	1.7	0.9	0.3	-9.3	6.0
France	2.3	1.8	1.5	-9.5	6.5
United Kingdom	1.9	1.3	1.5	-10.0	7.0
Switzerland	1.8	2.8	0.9	-5.3	4.5
USA	2.3	3.0	2.2	-4.0	4.0
Japan	2.2	0.3	0.7	-5.5	2.5
China	6.9	6.7	6.1	1.5	7.5
Poland	4.9	5.3	4.1	-4.0	4.3
Slovakia	3.0	3.9	2.4	-7.5	5.5
Czech Republic	5.2	3.2	2.3	-7.5	5.0
Hungary	4.3	5.1	4.9	-6.0	4.5
Slovenia	4.8	4.1	2.4	-7.5	4.5
MOEL-5 <sup>i</sup>	4.7	4.7	3.6	-5.4	4.6
Bulgaria	3.5	3.1	3.4	-4.5	4.3
Romania	7.1	4.4	4.1	-4.0	4.3
Croatia	3.1	2.7	2.9	-8.0	5.0
Russia	1.8	2.5	1.3	-5.0	3.0
Euro area	2.6	1.8	1.3	-7.4	5.6
NMS-6 <sup>ii</sup>	5.0	4.5	3.8	-5.0	4.5
EU-27 <sup>iii</sup>	2.8	2.1	1.5	-7.1	5.5
OECD	2.7	2.3	1.7	-5.4	4.5
World	3.9	3.4	2.7	-4.0	5.3
World trade (goods, CPB)	4.8	3.3	-0.3	-8.5	5.5
Austrian export markets	5.8	3.7	1.7	-9.0	5.5
USD/EUR exchange rate <sup>iv</sup>	1.13	1.18	1.12	1.14	1.19
Oil price (Brent, USD/barrel) <sup>iv</sup>	54.8	71.7	64.6	41.5	47.3

<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>excluding the United Kingdom

<sup>iv</sup>absolute values

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

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