

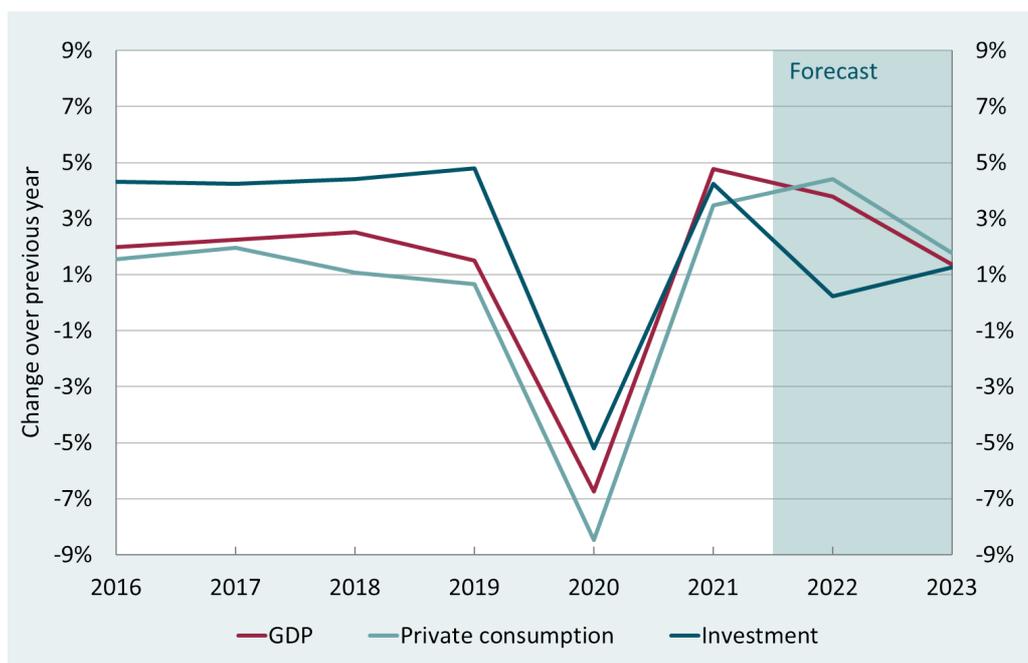
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## Summer Forecast of the Austrian Economy 2022–2023

### High inflation and uncertainties weigh on the economic outlook

Persistent and historically high inflation and the upheavals resulting from the war against Ukraine are dampening the recovery of the global economy. Although the Austrian economy still grew strongly in the first quarter of 2022, in line with the international environment only weak growth is expected over the rest of the year. GDP growth is thus projected to slow to 3.8 % in 2022 and 1.4 % in 2023, respectively. The inflation forecast had to be raised significantly to 7.3 % this year and 4.6 % next year, respectively, with price pressures broadening from energy to food and industrial goods. At 6.3 % in both years of the forecast period, the unemployment rate will remain low. There are severe downside risks to this outlook. An embargo on Russian gas supply, for instance, would most probably trigger a recession in Austria. Although the recently decided fiscal policy measures support households to alleviate inflationary pressures, they place a significant burden on the budget and, by their very nature, cannot combat the global causes of inflation.

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



Sources: Statistics Austria, from 2022 IHS forecast

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

	2021	2022	2023
Gross domestic product, real	4.8	3.8	1.4
Private consumption, real	3.5	4.4	1.8
Gross capital formation, real	7.1	0.5	0.7
Gross fixed capital formation, real	4.3	0.2	1.3
of which: equipment, real	5.0	0.0	1.5
of which: construction, real	3.4	0.5	1.0
Domestic demand, real	5.9	2.6	1.1
Exports of goods and services, real	13.9	6.6	3.4
of which: goods, real	18.9	3.0	2.5
of which: tourism, real	-29.9	110.0	14.0
Imports of goods and services, real	16.7	4.6	3.0
of which: goods, real	18.6	3.5	3.0
of which: tourism, real	78.0	50.0	2.0
Employment (employees)	2.5	2.8	0.8
Unemployment rate: national definition <sup>i</sup>	8.0	6.3	6.3
Unemployment rate: Eurostat definition <sup>i</sup>	6.2	4.6	4.5
Compensation per employee	2.9	3.9	5.8
GDP deflator	1.3	4.8	4.3
Consumer price index	2.8	7.4	4.7
Budget balance in % of GDP (Maastricht definition) <sup>i</sup>	-5.9	-3.8	-1.9
3-month Euribor <sup>i</sup>	-0.5	0.2	2.2
10-year government bond yield <sup>i</sup>	-0.1	1.8	2.9

<sup>i</sup>absolute values

Sources: Statistics Austria, Refinitiv Datastream, from 2022 IHS forecast

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

	2019	2020	2021	2022	2023
GDP, real					
Germany	1.1	-4.6	2.9	2.0	2.8
Italy	0.5	-9.0	6.6	2.7	1.6
France	1.8	-7.8	6.8	2.3	1.5
United Kingdom	1.7	-9.3	7.4	3.7	1.2
Switzerland	1.2	-2.4	3.7	2.6	1.6
USA	2.3	-3.4	5.7	2.3	1.7
Japan	-0.7	-4.5	1.7	1.7	1.8
China	6.0	2.2	8.1	4.8	5.0
Poland	4.7	-2.2	5.9	4.0	3.0
Slovakia	2.6	-4.4	3.0	2.3	3.5
Czech Republic	3.0	-5.8	3.3	1.5	2.7
Hungary	4.6	-4.5	7.1	3.0	3.3
Slovenia	3.3	-4.2	8.1	3.8	3.0
MOEL-5 <sup>i</sup>	4.1	-3.5	5.4	3.2	3.0
Bulgaria	4.0	-4.4	4.2	2.0	3.3
Romania	4.2	-3.7	5.9	3.5	3.5
Croatia	3.5	-8.1	10.2	3.8	3.5
Russia	2.2	-2.7	4.7	-10.0	-2.0
Euro area	1.6	-6.3	5.4	2.6	2.0
NMS-6 <sup>ii</sup>	4.2	-3.9	5.7	3.3	3.1
EU-27	1.8	-5.9	5.4	2.7	2.0
OECD	1.7	-4.6	5.5	2.6	1.9
World	2.7	-3.4	5.8	3.0	2.6
World trade (goods, CPB)	-0.4	-5.2	10.3	3.0	2.8
Austrian export markets	2.3	-8.7	9.9	4.5	3.5
USD/EUR exchange rate <sup>iii</sup>	1.12	1.14	1.18	1.07	1.05
Oil price (Brent, USD/barrel) <sup>iii</sup>	64.3	42.8	70.7	110.0	100.0

<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, Refinitiv Datastream, from 2022 IHS forecast

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