

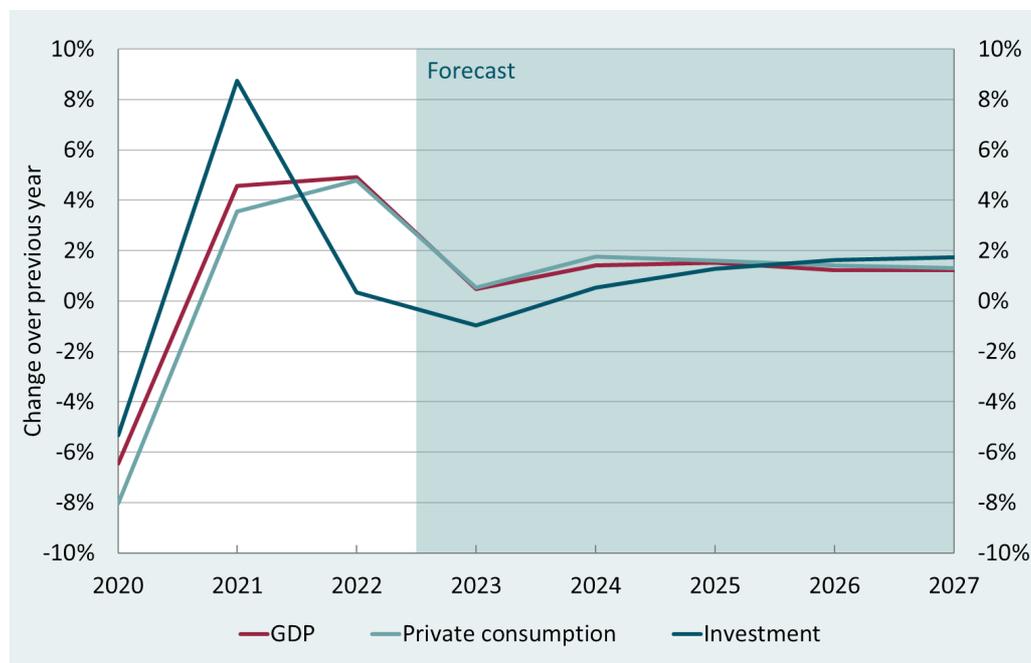
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## Forecast of the Austrian Economy 2023–2027

### Return to subdued growth trend

The record inflation, initially driven by a rise in energy prices, and the distortions in the wake of Russia’s war against Ukraine led to a stagnation of the Austrian economy. As these effects begin to fade, the economy should return to a subdued growth path. For the forecast period 2023 to 2027, IHS expects an average annual real GDP growth of 1.2 %. Following the increase of inflation, driven by the prices of energy, in the previous year, inflation has widened significantly and is expected to slowly decline. On average, IHS expects an inflation rate of 7.5 % in 2023. In the coming years, price pressures are expected to ease noticeably, meaning that the inflation rate will fall to 2.3 % by 2027. Starting from 6.5 % in the current year, the unemployment rate should fall to 5.8 % by the end of the forecast period. Economic policy should be geared towards strengthening potential growth and supporting the energy transition.

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



Source: Statistics Austria, from 2023 IHS forecast

**Table 1: Main results***Average annual change in percent*

	2013-2017	2018-2022	2023-2027
Gross domestic product, real	1.2	1.3	1.2
Private consumption, real	0.8	0.3	1.3
Gross capital formation, real	2.4	1.7	1.1
Gross fixed capital formation, real	2.4	2.4	0.8
of which: equipment, real	4.2	2.8	1.8
of which: construction, real	0.4	2.0	-0.2
Domestic demand, real	1.3	1.1	1.0
Exports of goods and services, real	2.8	3.8	2.9
of which: goods, real	2.6	4.3	2.7
of which: tourism, real	2.1	-4.5	5.0
Imports of goods and services, real	3.2	3.6	2.8
of which: goods, real	2.4	3.1	2.6
of which: tourism, real	2.5	0.1	2.5
Employment (employees)	1.2	1.5	0.9
Unemployment rate: national definition <sup>i</sup>	8.5	7.9	6.1
Unemployment rate: Eurostat definition <sup>i</sup>	6.1	5.4	4.9
Compensation per employee	2.0	2.7	4.6
GDP deflator	1.8	2.5	3.6
Consumer price index	1.5	3.2	3.8
Budget balance in % of GDP (Maastricht definition) <sup>i</sup>	-1.6	-3.2	-1.6
3-month Euribor <sup>i</sup>	-0.0	-0.3	3.2
10-year government bond yield <sup>i</sup>	1.0	0.4	3.3

<sup>i</sup>absolute values

Source: Statistics Austria, Refinitiv Datastream, from 2023 IHS forecast

**Table 2: International environment***Average annual change in percent*

	2018–2022	2023–2027
GDP, real		
Germany	0.5	1.0
Italy	0.5	1.0
France	0.9	1.3
United Kingdom	0.6	1.6
Switzerland	1.5	1.5
USA	2.1	1.6
Japan	-0.2	0.9
China	5.2	4.5
Poland	4.0	2.7
Slovakia	1.9	2.3
Czech Republic	1.3	2.1
Hungary	3.4	2.5
Slovenia	3.3	2.4
MOEL-5 <sup>i</sup>	3.1	2.3
Bulgaria	2.7	2.5
Romania	3.3	3.6
Croatia	3.2	2.7
Euro area	1.1	1.2
NMS-5 <sup>ii</sup>	3.1	2.6
EU-27	1.4	1.3
OECD	1.6	1.5
World	2.5	2.9
World trade (goods, CPB)	2.2	2.9
Austrian export markets	2.8	2.9
USD/EUR exchange rate <sup>iii</sup>	1.13	1.10
Oil price (Brent, USD/barrel) <sup>iii</sup>	70.0	71.2

<sup>i</sup>MOEL-5: Poland, Slovakia, Czech Republic, Hungary, Slovenia<sup>ii</sup>NMS-5: Poland, Czech Republic, Hungary, Bulgaria, Romania<sup>iii</sup>absolute values

Source: Eurostat, IMF, OECD, CPB, national statistical offices, Refinitiv Datastream, from 2023 IHS forecast

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