

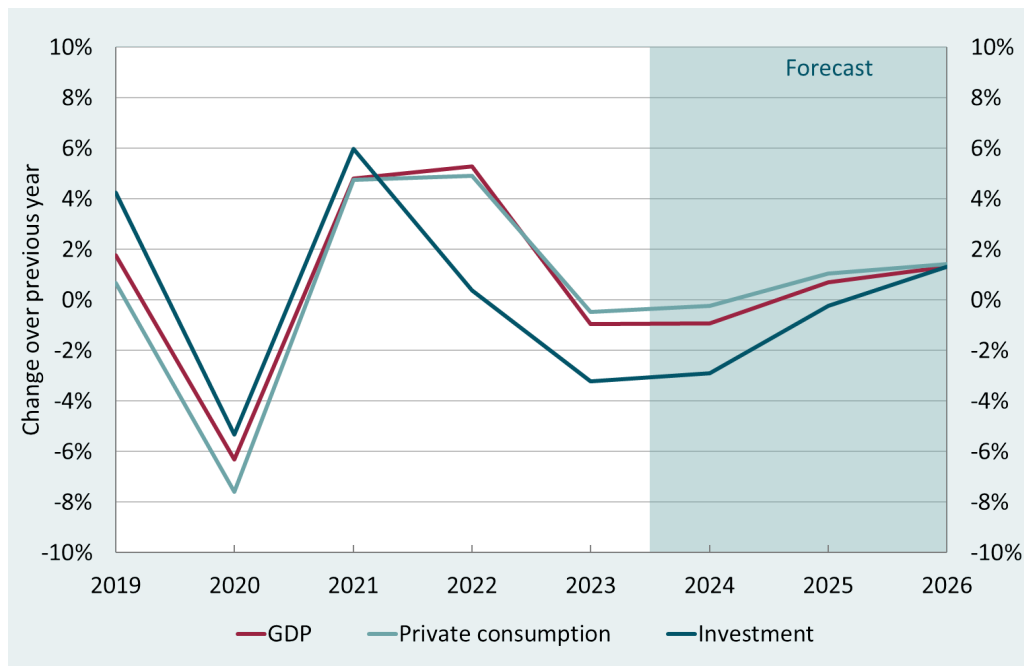
Embargo: December 20, 2024, 10:00 a.m.

Winter Forecast of the Austrian Economy 2024–2026

Structural problems slow economic recovery

In 2024, Austrian GDP is expected to have fallen by 0.9 %. The recession in industry and construction has continued. With consumer sentiment looking more positive, lower interest rates and an improvement in the international environment, GDP is expected to grow by 0.7 % and 1.3 % in 2025 and 2026, respectively. CPI inflation is expected to amount to 2.6 % and 2.1 %, respectively, in the next two years, down from 2.9 % in the current year. The unemployment rate is expected to rise from 7.0 % in 2024 to 7.4 % in 2025 and, thereafter, fall to 7.1 % in 2026. These forecasts are subject to severe economic policy uncertainties, and the forecast risks are clearly on the downside. Moreover, the necessary budget consolidation is likely to dampen growth.

Figure 1: GDP, private consumption, investment



Source: Statistics Austria, from 2024 IHS forecast

Table 1: Key results of IHS forecast
Change over previous year in percent

	2024	2025	2026
Gross domestic product, real	-0.9	0.7	1.3
Private consumption, real	-0.2	1.0	1.4
Gross capital formation, real	-1.4	0.4	1.9
Gross fixed capital formation, real	-2.9	-0.2	1.3
of which: equipment, real	-2.0	0.0	2.0
of which: construction, real	-4.0	-0.5	0.5
Domestic demand, real	-0.3	0.6	1.3
Exports of goods and services, real	-3.8	1.7	2.1
of which: goods, real	-4.8	1.5	2.0
of which: tourism, real	1.5	1.8	2.0
Imports of goods and services, real	-3.1	1.7	2.1
of which: goods, real	-4.2	1.5	2.2
of which: tourism, real	5.0	2.0	2.0
Employment (employees)	0.2	0.4	0.5
Unemployment rate: national definition ⁱ	7.0	7.4	7.1
Unemployment rate: Eurostat definition ⁱ	5.2	5.5	5.2
Compensation per employee	8.3	3.5	2.5
GDP deflator	2.9	2.3	2.1
Consumer price index	2.9	2.6	2.1
Budget balance in % of GDP (Maastricht definition) ⁱ	-3.7	-3.8	-3.6
3-month Euribor ⁱ	3.6	2.4	2.1
10-year government bond yield ⁱ	2.8	2.8	2.8

ⁱabsolute values

Source: Statistics Austria, LSEG Datastream, IHS forecast

Table 2: International environment
Change over previous year in percent

	2022	2023	2024	2025	2026
GDP, real					
Germany	1.4	-0.3	-0.2	0.6	1.3
Italy	4.7	0.7	0.6	0.9	1.1
France	2.6	0.9	1.1	0.9	1.4
United Kingdom	4.8	0.3	0.9	1.6	1.4
Switzerland	3.1	0.7	1.3	1.2	1.9
USA	2.5	2.9	2.7	1.9	1.8
Japan	1.2	1.7	0.0	1.0	1.0
China	3.0	5.2	4.8	4.5	4.3
Poland	5.3	0.1	2.0	3.5	3.0
Slovakia	0.4	1.4	2.8	2.3	2.5
Czech Republic	2.8	-0.1	1.0	2.3	2.7
Hungary	4.3	-0.9	0.7	2.0	3.0
Slovenia	2.7	2.1	1.3	2.5	2.5
MOEL-5 ⁱ	4.1	0.1	2.0	2.9	2.9
Bulgaria	4.0	1.9	2.3	2.8	3.0
Romania	4.0	2.4	1.0	2.5	3.0
Croatia	7.3	3.3	3.8	2.8	2.8
Russia	-1.2	3.6	3.8	1.3	1.3
Euro area	3.5	0.4	0.7	1.3	1.5
NMS-5 ⁱⁱ	4.4	0.5	1.9	2.9	3.1
EU-27	3.5	0.4	0.8	1.5	1.7
OECD	3.0	1.8	1.8	1.9	1.9
World	3.4	3.2	3.2	3.1	3.1
World trade (goods, CPB)	3.3	-1.3	1.5	2.5	2.5
Austrian export markets	7.2	0.0	1.0	2.6	3.1
USD/EUR exchange rate ⁱⁱⁱ	1.05	1.08	1.08	1.06	1.07
Oil price (Brent, USD/barrel) ⁱⁱⁱ	100.8	82.6	80.5	71.3	69.5

ⁱMOEL-5: Poland, Slovakia, Czech Republic, Hungary, Slovenia

ⁱⁱNMS-5: Poland, Czech Republic, Hungary, Bulgaria, Romania

ⁱⁱⁱabsolute values

Source: Eurostat, IMF, OECD, CPB, national statistical offices, LSEG Datastream, from 2024 IHS forecast

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