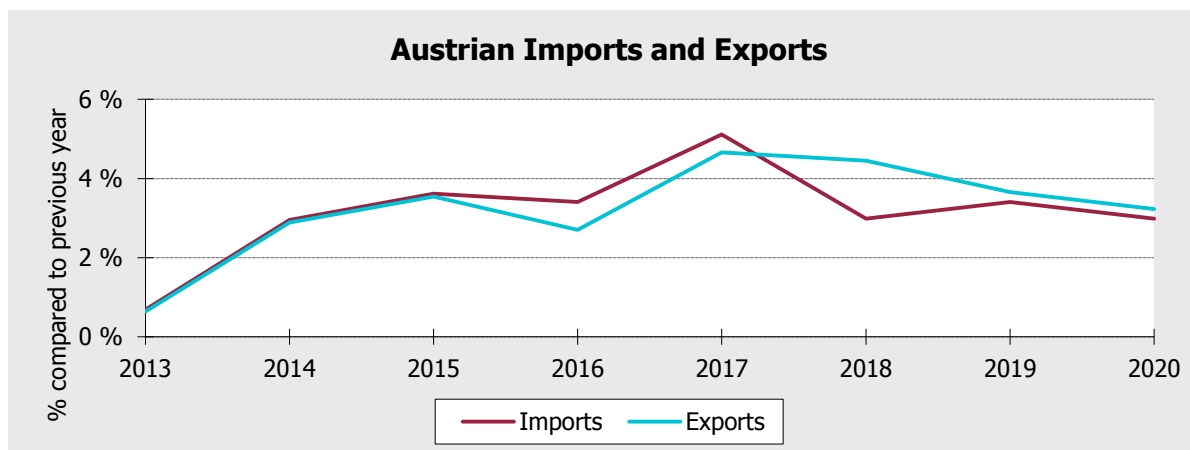
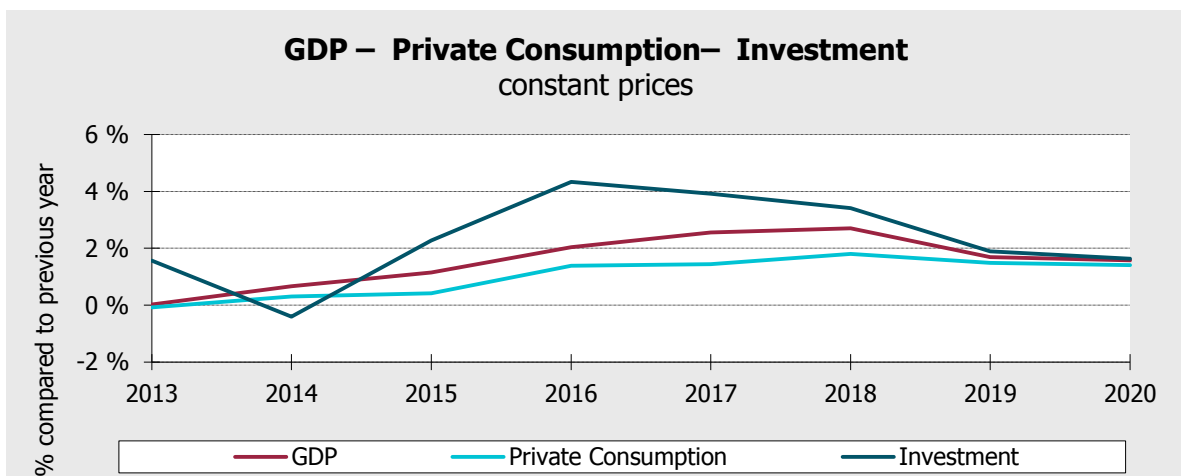


Forecast of the Austrian Economy 2018 – 2020

Slower global growth and high uncertainty weigh on domestic economy

Embargo: Thursday, 20th December 2018, 10:30 a.m.

In line with the slowdown in economic activity in the euro area, the strong growth of the domestic economy slowed markedly over the course of the year. The high level of uncertainty surrounding global growth has also showed dampening effects. After 2.7 % in this year, the Institute expects the Austrian economy to grow by 1.7 % in 2019 and 1.6 % in 2020. Inflationary pressure should be moderate at around 2 %, while unemployment should remain relatively high at about 7 ½ % . The possibility of a hard Brexit, an escalation of trade tensions, and uncertainties related to the global economy are significant sources of downside risk to the forecast. Deep structural reforms are key to strengthen the growth potential of the Austrian economy and to increase its resilience to international economic shocks.



Main results

Annual percentage change

	2018	2019	2020
Gross domestic product, real	2.7	1.7	1.6
Private consumption, real	1.8	1.5	1.4
Gross capital formation, real	2.6	1.8	1.6
Gross fixed capital formation, real	3.4	1.9	1.6
of which: equipment, real	3.8	2.0	1.8
of which: construction, real	3.0	1.8	1.5
Domestic demand, real	1.8	1.5	1.4
Exports of goods and services, real	4.4	3.7	3.2
of which: goods, real	5.0	4.0	3.5
of which: tourism, real	2.3	1.8	1.5
Imports of goods and services, real	3.0	3.4	3.0
of which: goods, real	2.8	3.6	3.1
of which: tourism, real	4.8	1.0	1.0
Employment (employees)	2.5	1.2	0.8
Unemployment rate: national definition *	7.7	7.4	7.4
Unemployment rate: Eurostat definition *	4.9	4.8	4.8
Compensation per employee	2.3	2.7	2.5
GDP deflator	1.7	2.0	1.8
Consumer price index	2.0	2.1	2.0
Budget balance in % of GDP (Maastricht definition) *	-0.1	0.2	0.4
3-months Euribor *)	-0.3	-0.1	0.2
10-year government bond yields*)	0.7	1.0	1.2

Source: Statistik Austria, own calculations

* absolute value

International Environment

Annual percentage change

	2016	2017	2018	2019	2020
World trade	1.5	4.7	3.5	3.2	3.2
GDP, real					
Germany	2.2	2.2	1.5	1.5	1.6
Italy	1.1	1.6	1.0	0.9	0.9
France	1.2	2.2	1.6	1.6	1.6
United Kingdom	1.8	1.7	1.3	1.2	1.2
Switzerland	1.6	1.6	2.8	1.7	1.7
USA	1.6	2.2	2.9	2.5	1.8
Japan	1.0	1.7	0.9	1.0	0.7
China	6.7	6.9	6.6	6.2	6.0
Poland	3.1	4.8	5.0	3.5	3.2
Slovakia	3.1	3.2	4.0	4.0	3.2
Czech Republic	2.5	4.3	3.0	3.0	2.5
Hungary	2.3	4.1	4.7	3.2	2.5
Slovenia	3.1	4.9	4.5	3.4	3.0
MOEL-5*	2.9	4.5	4.4	3.4	3.0
Bulgaria	3.9	3.8	3.3	3.5	3.0
Romania	4.8	7.3	4.0	3.5	3.3
Croatia	3.5	2.9	2.6	2.8	2.5
Russia	-0.2	1.5	1.5	1.5	1.8
Euro Area	1.9	2.4	1.9	1.7	1.6
NMS-6*	3.2	4.9	4.3	3.3	3.0
EU-28	2.0	2.4	2.0	1.7	1.6
OECD	1.8	2.5	2.4	2.1	1.8
World	3.3	3.7	3.7	3.5	3.4
Export markets Austria	3.4	5.4	4.0	4.2	4.0
USD/EUR exchange rate**	1.11	1.13	1.18	1.16	1.18
Oil price (Brent, USD/barrel)**	45.0	54.8	72.0	68.0	68.0

Source: Eurostat, IMF, OECD, CPB, national statistical office, own calculations

* MOEL-5: Poland, Slovakia, Czech Republic, Hungary, Slovenia; NMS-6: Poland, Czech Republic, Hungary, Bulgaria, Romania, Croatia

** absolute values

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