

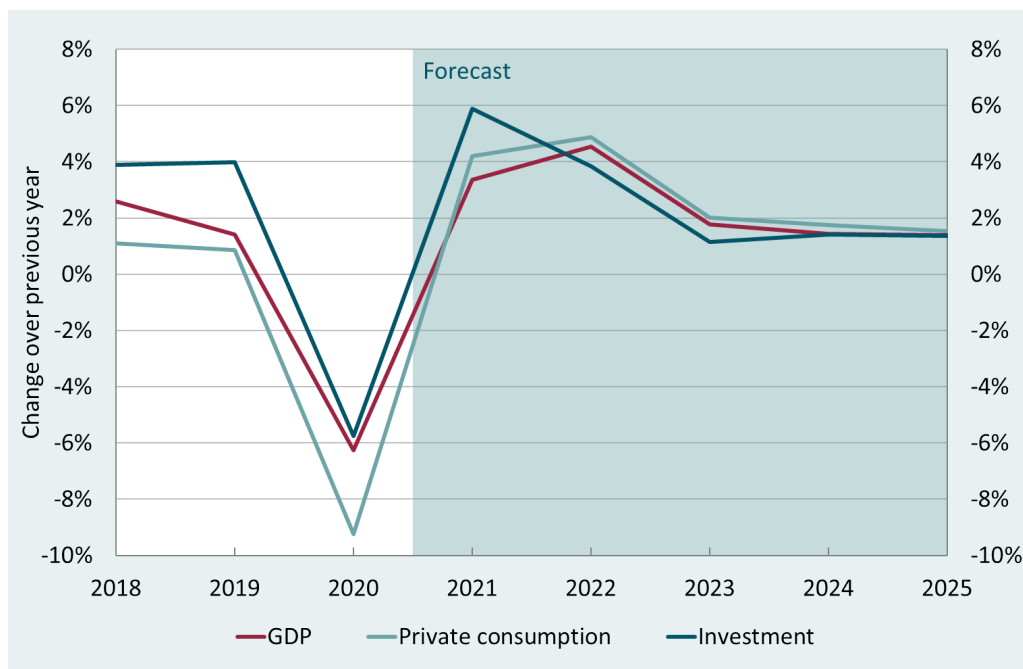
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## Forecast of the Austrian Economy 2021–2025

### Economy overcomes coronavirus shock

With the successful fight against the coronavirus pandemic and the subsequent easing of restrictions, the global economy is recovering from its historic crisis. The lifting of most containment measures and the positive international economic conditions are driving the economy in Austria. After the strong slump in the previous year, economic output should increase strongly this year and the next. For the entire forecast period 2021 to 2025, the Institute expects an increase in real GDP of 2 ½ % per year on average. With the economic recovery, inflation has also picked up. However, with 2 % to 2 ¼ %, price pressure should remain subdued. With the improved economic situation and massive spending on active labor market policy, unemployment, which rose sharply in the previous year, should fall to the pre-crisis level of 7 ½ % by the end of the forecast period. Due to the deep economic slump and the necessary fiscal policy measures, public budgets are heavily burdened in 2020 and 2021. In the remaining forecast period, however, the budget deficit should decline significantly. After overcoming the crisis, the economic policy strategy should aim at strengthening the sources of economic growth and combating climate change.

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



Sources: Statistics Austria, from 2021 forecast of IHS

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

	2011–2015	2016–2020	2021–2025
Gross domestic product, real	1.1	0.4	2.5
Private consumption, real	0.5	-0.9	2.9
Gross capital formation, real	2.2	1.8	2.9
Gross fixed capital formation, real	2.2	2.0	2.7
of which: equipment, real	3.6	2.6	3.2
of which: construction, real	0.7	1.4	2.2
Domestic demand, real	1.0	0.4	2.4
Exports of goods and services, real	2.8	1.1	5.3
of which: goods, real	2.4	1.7	5.0
of which: tourism, real	1.1	-7.4	10.7
Imports of goods and services, real	2.8	1.2	5.4
of which: goods, real	2.1	1.1	4.8
of which: tourism, real	-1.1	-15.4	23.6
Employment (employees)	1.1	1.1	1.2
Unemployment rate: national definition <sup>i</sup>	7.8	8.5	7.8
Unemployment rate: Eurostat definition <sup>i</sup>	5.2	5.3	4.9
Compensation per employee	2.2	1.8	2.4
GDP deflator	2.0	1.5	2.0
Consumer price index	2.1	1.6	2.2
Budget balance in % of GDP (Maastricht definition) <sup>i</sup>	-2.1	-2.1	-3.2
3-month Euribor <sup>i</sup>	0.5	-0.3	-0.3
10-year government bond yield <sup>i</sup>	2.0	0.3	0.4

<sup>i</sup>absolute values

Sources: Statistics Austria, Refinitiv Datastream, from 2021 forecast of IHS

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

	2016–2020	2021–2025
GDP, real		
Germany	0.3	2.3
Italy	-1.0	2.6
France	-0.2	2.8
United Kingdom	-0.8	3.3
Switzerland	1.0	2.2
USA	1.1	3.2
Japan	-0.3	1.6
China	5.7	5.5
Poland	3.0	3.7
Slovakia	1.3	3.8
Czech Republic	1.4	3.2
Hungary	2.2	4.0
Slovenia	1.9	3.7
MOEL-5 <sup>i</sup>	2.4	3.7
Bulgaria	1.9	3.0
Romania	3.3	4.1
Croatia	0.8	3.8
Russia	0.7	2.3
Euro area	0.2	2.6
NMS-6 <sup>ii</sup>	2.6	3.7
EU-27	0.4	2.7
OECD	0.7	2.9
World	2.0	3.7
World trade (goods, CPB)	0.7	4.8
Austrian export markets	1.2	5.2
USD/EUR exchange rate <sup>iii</sup>	1.14	1.21
Oil price (Brent, USD/barrel) <sup>iii</sup>	54.8	65.6

<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, from 2021 forecast of IHS

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