

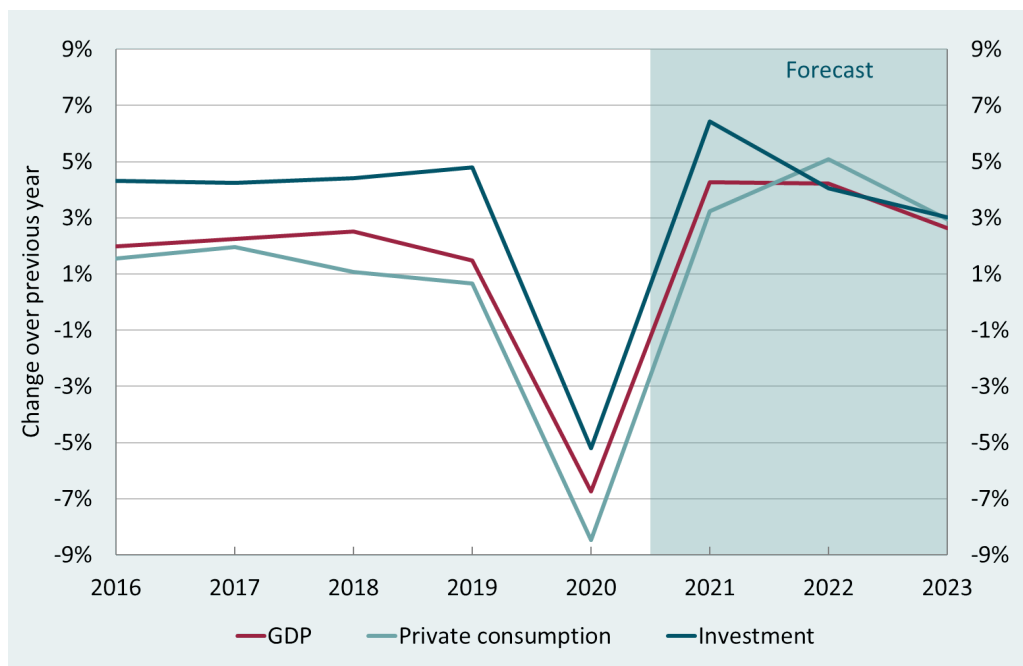
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Winter Forecast of the Austrian Economy 2021–2023

Upswing continues despite inflation and coronavirus risks

With an expected growth of 4.3%, the recovery of the Austrian economy from the coronavirus shock suffered in the previous year has been faster than expected. In the next two years, the Austrian economy should remain on a solid growth path and GDP is projected to increase by 4.2 % and 2.6 %, respectively. This forecast rests on the assumption that the coronavirus containment measures can be phased out soon and that no further lockdowns will be necessary. In recent months the inflation rate has risen strongly, mainly driven by energy prices. The peak of the price increase is likely to be reached at the end of this year. For the annual average of 2022, the inflation forecast has been raised to 2.8 %. In 2023, it should decline to around 2 %. Starting from 8.1 % in the current year, the unemployment rate could fall to 7.1 % and 6.9 %, respectively, in the coming two years. The institute welcomes the reduction of the tax burden on labour introduced by the tax reform to become effective in 2022, but structural reforms in the public sector are still lacking.

Figure 1: GDP, private consumption, investment



Sources: Statistics Austria, from 2021 IHS forecast

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

	2021	2022	2023
Gross domestic product, real	4.3	4.2	2.6
Private consumption, real	3.2	5.1	3.0
Gross capital formation, real	8.2	5.2	3.2
Gross fixed capital formation, real	6.4	4.0	3.0
of which: equipment, real	7.3	5.0	3.5
of which: construction, real	5.5	3.0	2.5
Domestic demand, real	4.7	3.9	2.5
Exports of goods and services, real	9.2	7.1	4.3
of which: goods, real	13.9	3.6	3.5
of which: tourism, real	-28.3	102.5	15.5
Imports of goods and services, real	10.4	6.7	4.1
of which: goods, real	12.5	4.2	3.9
of which: tourism, real	13.9	134.7	8.6
Employment (employees)	2.3	2.0	1.1
Unemployment rate: national definition ⁱ	8.1	7.1	6.9
Unemployment rate: Eurostat definition ⁱ	6.4	5.5	5.3
Compensation per employee	2.1	3.3	2.8
GDP deflator	1.5	2.4	2.0
Consumer price index	2.8	2.8	1.9
Budget balance in % of GDP (Maastricht definition) ⁱ	-5.9	-1.9	-1.3
3-month Euribor ⁱ	-0.5	-0.5	-0.1
10-year government bond yield ⁱ	-0.3	0.1	0.3

ⁱabsolute values

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

Table 2: International environment
Change over previous year in percent

	2019	2020	2021	2022	2023
GDP, real					
Germany	1.1	-4.6	2.7	4.3	1.7
Italy	0.4	-8.9	6.0	4.2	2.0
France	1.8	-7.9	6.5	4.0	2.0
United Kingdom	1.7	-9.7	6.9	5.1	1.9
Switzerland	1.2	-2.4	3.5	3.2	1.9
USA	2.3	-3.4	5.8	4.0	2.0
Japan	0.0	-4.6	2.5	2.3	1.3
China	6.0	2.3	8.3	5.3	5.0
Poland	4.7	-2.5	5.0	5.0	4.3
Slovakia	2.6	-4.4	3.0	4.8	4.0
Czech Republic	3.0	-5.8	2.8	4.0	3.5
Hungary	4.6	-4.7	6.8	5.0	4.0
Slovenia	3.3	-4.2	6.8	4.5	3.5
MOEL-5 ⁱ	4.1	-3.7	4.7	4.7	4.0
Bulgaria	4.0	-4.4	3.0	4.3	3.5
Romania	4.2	-3.9	6.8	5.0	4.8
Croatia	3.5	-8.1	9.0	4.3	4.0
Russia	2.0	-3.0	4.0	2.8	2.3
Euro area	1.6	-6.4	5.0	4.3	2.2
NMS-6 ⁱⁱ	4.2	-3.9	5.3	4.8	4.2
EU-27	1.8	-5.9	5.2	4.4	2.3
OECD	1.7	-4.7	5.1	3.9	2.3
World	2.7	-3.4	5.6	4.4	3.0
World trade (goods, CPB)	-0.3	-5.4	9.5	3.2	3.2
Austrian export markets	2.3	-8.7	8.9	5.4	4.2
USD/EUR exchange rate ⁱⁱⁱ	1.12	1.14	1.18	1.13	1.14
Oil price (Brent, USD/barrel) ⁱⁱⁱ	64.2	41.8	71.0	68.0	65.0

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

ⁱⁱNMS-6: Poland, Czech Republic, Hungary, Bulgaria, Romania, Croatia

ⁱⁱⁱabsolute values

Sources: Eurostat, IMF, OECD, CPB, national statistical offices, from 2021 IHS forecast

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