Robust growth in Austria: economic boom continues in 2018

Economic outlook for Austria from 2018 to 2020 (June 2018)

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Executive Summary

Austria is currently in its second year of an economic boom, with growth being supported by all demand components. Real economic growth amounted to 3.1% in 2017, which means that the pace of expansion doubled compared with 2016. Like in the previous year, real GDP growth will reach 3.1% in 2018. In 2019 and 2020, growth is expected to slow down to 2.1% and 1.7%, respectively, as the current business cycle runs its course. These figures represent upward revisions of 0.3, 0.2 and 0.1 percentage points in 2018, 2019 and 2020, respectively, versus the December 2017 outlook. The unemployment rate will fall by half a percentage point to 5.0% in 2018, but will decline only marginally, namely to 4.9%, in the years thereafter. After peaking in 2017 and 2018 (2.2% in each year), inflation will subside somewhat, decreasing to 1.9% in 2020.

The world economy is currently experiencing a period of strong synchronized growth: both advanced and emerging market economies are contributing to the global expansion and, related to this, strong demand for commodities has meant that prices are rising again, benefiting commodity-exporting countries. However, global economic activity is likely to have reached its peak as risks have recently increased. Euro area growth – driven above all by Germany and France – moderated in the first quarter of 2018; the underlying pace of economic activity, however, remains intact.

In 2017, Austrian exporters benefited from robust international economic activity. Exports of goods and services climbed by 5.6% in real terms, which means that growth more than doubled against 2016. Goods exports peaked toward the end of 2017; since then, a slowdown has become noticeable. It is, however, difficult at present to assess whether this development will only prove to be a foreseeable correction from rather high levels of economic growth or whether it will result in a faster slowdown in exports given the moderating global business cycle, the increase in protectionist measures and, above all, escalating trade tensions between the U.S.A. and its major trading partners. This forecast is based on the assumption that export market growth will weaken only marginally in the forecast period.

Besides exports, domestic demand is the second main pillar of economic activity, with equipment investment playing a decisive role. After having cut back significantly on investment for several years, businesses began, from mid-2015 onward, to increasingly invest in replacing plants and equipment, and later on in further expanding their production capacities. This investment cycle started to moderate slightly in recent quarters and will peter out gradually in 2019 and 2020. By contrast, residential construction continued to strengthen over the last two quarters, with building permits indicating further acceleration. After having peaked at 4.9% in 2017, growth of total gross fixed capital formation will decline markedly to 2.0% by 2020.

Cutoff date: May 30, 2018

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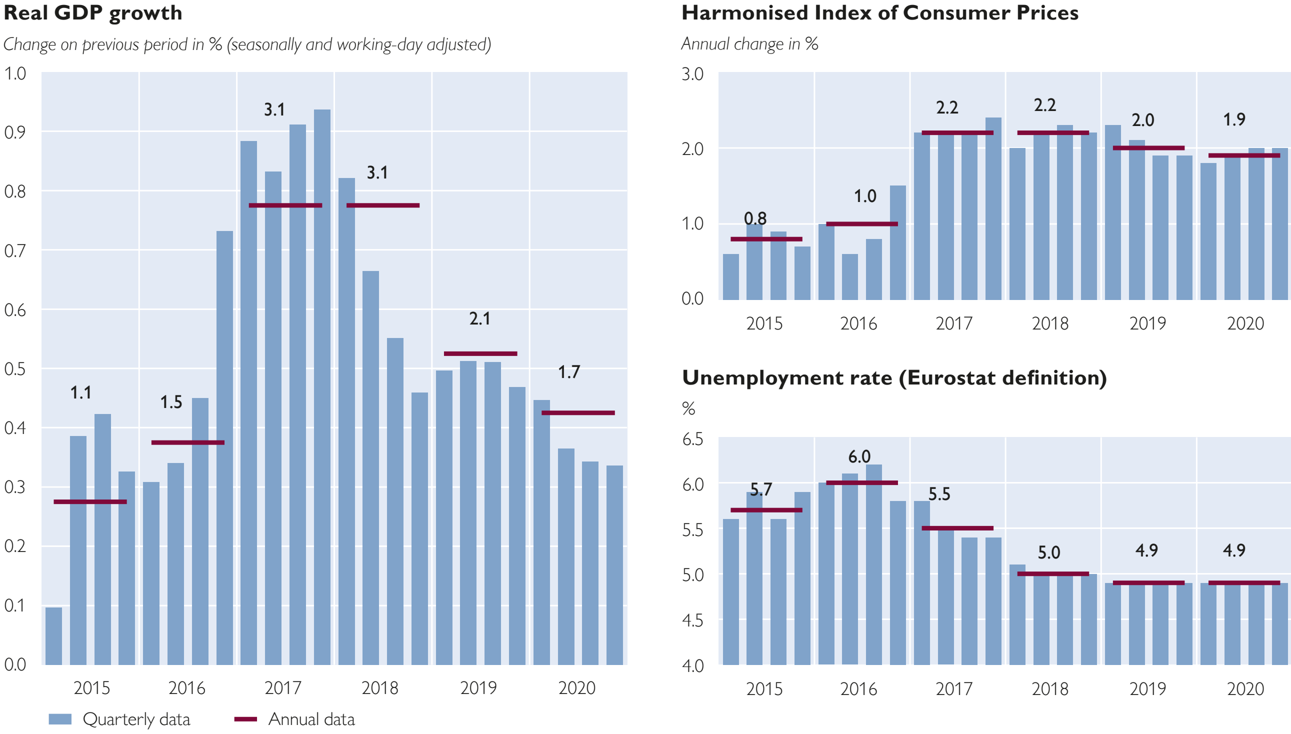
Chart 1

Main results of the forecast



Source: WIFO, Statistics Austria, OeNB June 2018 outlook.

Labor market conditions are characterized by exceptionally strong employment growth, and payroll employment will increase by 2.2% in 2018. Higher employment growth rates were last recorded in 1991. As the current business cycle runs its course, employment growth is expected to slow down significantly, namely to 1.4% in 2019 and to 1.1% in 2020. However, owing to the strong increase in labor supply, the unemployment rate will dip only slightly. The unemployment rate (Eurostat definition) will sink from 5.5% in 2017 to 5.0% in 2018 and to 4.9% in 2019, and remain at this level thereafter. The brisk economic activity is increasingly leading to a scarcity of skilled labor in a number of occupations.

Private consumption will grow by 1.5% in 2018, which is modest given the favorable framework conditions. In 2019 and 2020, private consumption is expected to decelerate slightly to 1.4% and 1.3%, respectively.

At 2.2%, HICP inflation will remain unchanged in 2018, equaling the rate recorded in 2017. By 2020, inflation will have eased to 1.9%. This decline in the pace of price increases is largely ascribable to the development of energy prices. Oil prices are expected to drop over the projection horizon, and the HICP energy component will decline accordingly. Unit labor costs will experience only a moderate rise, and will therefore not fuel inflation.

The general government budget is projected to be balanced in 2018. Even though the new government decided to scale back several proactive measures (particularly various labor market subsidies), Austria is pursuing an expansionary fiscal policy course in 2018. This can be attributed, in particular, to measures taken by the previous government (above all reduction of contributions to the family burdens equalization fund, abolition of public long-term care providers' recourse to patients' assets and termination of the "employment bonus" program). The resulting effects, which are responsible for an increase in the deficit, will, however, be offset by the healthy economic environment as well as a further

Table 1

OeNB June 2018 outlook for Austria – main results[1]

	2017	2018	2019	2020
Economic activity	*Annual change in %*			
Gross domestic product (GDP)	+3.1	+3.1	+2.1	+1.7
Private consumption	+1.5	+1.5	+1.4	+1.3
Government consumption	+1.2	+1.9	+1.4	+1.2
Gross fixed capital formation	+4.9	+3.5	+2.3	+2.0
Exports of goods and services	+5.6	+4.9	+4.2	+3.9
Imports of goods and services	+4.8	+3.8	+3.6	+3.6
	% of nominal GDP			
Current account balance	1.9	2.3	2.4	2.7
Contribution to real GDP growth	*Percentage points*			
Private consumption	+0.8	+0.8	+0.7	+0.6
Government consumption	+0.2	+0.4	+0.3	+0.2
Gross fixed capital formation	+1.1	+0.8	+0.5	+0.5
Domestic demand (excluding changes in inventories)	+2.2	+2.0	+1.5	+1.3
Net exports	+0.6	+0.8	+0.5	+0.4
Changes in inventories (including statistical discrepancy)	+0.3	+0.4	+0.0	+0.0
Prices	*Annual change in %*			
Harmonised Index of Consumer Prices (HICP)	+2.2	+2.2	+2.0	+1.9
Private consumption expenditure (PCE) deflator	+2.0	+2.1	+1.9	+1.9
GDP deflator	+1.5	+1.9	+2.0	+1.9
Unit labor costs (whole economy)	+0.3	+1.5	+1.5	+1.4
Compensation per employee (at current prices)	+1.7	+2.7	+2.4	+2.2
Compensation per hour worked (at current prices)	+1.3	+2.5	+2.4	+2.3
Import prices	+2.6	+1.9	+2.1	+2.1
Export prices	+2.1	+1.6	+2.1	+2.0
Terms of trade	–0.5	–0.3	+0.0	+0.0
Income and savings	*Annual change in %*			
Real disposable household income	–0.2	+1.6	+1.7	+1.3
	% of nominal disposable household income			
Saving ratio	6.4	6.5	6.6	6.6
Labor market	*Annual change in %*			
Payroll employment	+1.9	+2.2	+1.4	+1.1
Hours worked (payroll employment)	+2.3	+2.4	+1.3	+1.0
	% of labor supply			
Unemployment rate (Eurostat definition)	5.5	5.0	4.9	4.9
Public finances	*% of nominal GDP*			
Budget balance	–0.7	+0.0	+0.2	+0.4
Government debt	78.4	74.1	70.6	67.5

Source: 2017: WIFO, Eurostat, Statistics Austria; 2018 to 2020: OeNB June 2018 outlook.

[1] The outlook was drawn up on the basis of seasonally and working day-adjusted national accounts data (trend-cycle component: Q1 18). The data differ, in the method of seasonal adjustment, from the quarterly data published by Eurostat following the switch to the ESA 2010 framework in fall 2014 (the data published by Eurostat are much more volatile and do not facilitate detailed economic interpretation). The values for 2017 deviate also from the data released by Statistics Austria, which have not been seasonally adjusted.

decline in interest expenditure. In 2019 and 2020, the fiscal stance will be broadly neutral as major expansionary measures initiated by the new government will enter into force (particularly the "Familienbonus") and as expenditure increases temporarily introduced by the previous government will phase out. The budget balance is expected to improve further also in 2019 and 2020, thanks to the continued favorable economic and interest rate environment; based on the assumption that there will not be any change in policy, the general government budget balance is projected to post surpluses.

The debt ratio is forecast to decline to 67.5% of GDP by 2020, owing mainly to the budget surpluses (or a balanced general government budget in 2018), high nominal GDP growth as well as the continued reduction of debt of public wind-down vehicles through the sale of assets and the liquidation of cash reserves.

2 Technical assumptions

This outlook for the Austrian economy is the OeNB's contribution to the June 2018 Eurosystem staff macroeconomic projections. The forecasting horizon extends from the second quarter of 2018 to the fourth quarter of 2020. The cutoff date for all assumptions on the performance of the global economy, interest rates, exchange rates and crude oil prices was May 23, 2018. To prepare these projections, the OeNB used its macroeconomic quarterly model, adjusted for seasonal and working-day effects (trend-cycle component), provided by the Austrian Institute of Economic Research (WIFO). These data differ from the quarterly series published by Eurostat since the changeover to the European System of Accounts (ESA 2010) in fall 2014 in that the latter are solely seasonally and working-day adjusted and therefore include irregular fluctuations that – in part – cannot be mapped to specific economic fundamentals. The values for 2017 also differ from the non-seasonally adjusted data published by Statistics Austria. National accounts data were fully available up to the first quarter of 2018. The short-term interest rate used for the forecast horizon is based on market expectations for the three-month EURIBOR: –0.3% in 2018, –0.2% in 2019 and +0.2% in 2020. Long-term interest rates, which are in tune with market expectations for government bonds with an agreed maturity of ten years, will rise from 0.6% in 2018 to 1.3% in 2020. From mid-2018 onward, the exchange rate of the euro vis-à-vis the U.S. dollar is assumed to remain at a constant USD/EUR 1.18 for the period from 2018 to 2020. The projected development of crude oil prices is based on futures prices, as a result of which the price of crude oil will rise from USD 54.4 per barrel Brent in 2017 to USD 74.5 in 2018, before slightly receding during the remainder of the forecast horizon. The prices of commodities excluding energy are also based on futures prices over the forecast horizon.

3 Global upswing continues amid growing risks

The world economy is currently experiencing a period of strong synchronized growth: both advanced and emerging market economies are contributing to the global expansion; the associated strong demand for commodities has meant that prices are rising again, benefiting commodity-exporting countries. However, global economic activity is likely to have reached its peak at the moment, as suggested by several indicators, such as the Ifo World Economic Climate index. The latter reports significantly worsened business expectations for the second quarter of 2018, while the assessment of the economic situation remains favorable. Since the beginning of 2018, volatility in financial markets has remained elevated, reflecting increasing uncertainty about the further path of the global economy. Since February 2018, expectations of a faster U.S. monetary policy normalization have resulted in a decline in stock market prices particularly in the U.S.A.

The forecast for the global economy has been revised upward since the OeNB's December 2017 economic outlook, which is mainly due to higher growth expectations for the U.S.A. in the wake of temporary fiscal stimulus measures as well as to global trade, which proved to be a pleasant surprise in 2017 and will grow much faster also in 2018 than was anticipated some months ago. For 2019, a weakening in global investment activity is likely to cause global trade and, as a result, also global production to lose some momentum. This is already mirrored by most confidence indicators, which are slightly receding from peaks observed at the turn of the year. Additional downside risks to global growth stem from a further potential escalation of the trade conflict between the U.S.A. and Europe and other major trading partners as well as geopolitical tensions. Finally, the high degree of usage of production capacities in many countries makes it difficult to maintain the currently swift pace of economic expansion.

Economic growth in the *United States* regained speed in 2017, following a dip in growth in 2016. Growth was carried by all components. After contracting in 2016, exports as well as investment in plant and equipment began to climb again, with private consumption contributing to the acceleration. In this respect, the U.S. economy has benefited from strong global economic growth, the low external value of the U.S. dollar and favorable financing conditions. Over the forecast horizon, the most important effect will come from fiscal policy: the *Tax Cuts and Jobs Act (TCJA)* that entered into force in December 2017 provides a powerful stimulus, with the tax reform reducing taxes above all for high-income earners. Substantial changes have been made to corporate taxation. In addition to lower corporate income tax rates, more relaxed depreciation schemes are temporarily in place, which results in a significant fall in capital use costs. Moreover, the tax reform also plays a considerable role in attracting more businesses, reinforcing, among other things, the incentive to move research activities to the U.S.A., and making high-tax countries less attractive for multinational U.S. corporations (following the switch from host country to home country taxation). Hence, the tax reform has the strongest impact on investment activity, whereas private consumption benefits only to a lesser extent. Furthermore, the *Bipartisan Budget Act of 2018 (BBA)* signed into law in February contains expansive fiscal policy measures on the expenditure side. Both the budget and the current account deficit will widen as a result. This could prompt a faster pace of monetary policy tightening in the U.S.A. and hence have a dampening effect on growth in the medium term. On June 1, 2018, the United States started to impose 25% tariffs on aluminum and steel imports from the EU, Mexico and Canada. While the direct macroeconomic impact of these measures on economic growth in Austria via the trade channel are low according to OeNB calculations given the small share of aluminum and steel exports to the U.S.A. in total Austrian exports, uncertainty about potential retaliatory measures of trade partners and an escalation of the trade conflict is high.

After expanding much more strongly than its potential output in 2017, the *Japanese economy* will slow down markedly over the forecast horizon. In addition to increasing labor shortages and a tightening of monetary policy, the planned hike of the value added tax (VAT) in October 2019 will have a dampening effect on economic activity in Japan.

In the past two years, the *Chinese economy* has been expanding at a robust pace, driven by strong global demand for Chinese products as well as expansive monetary and fiscal policy measures. Additional stimuli for growth have been provided by the real estate sector. However, given the private sector's high and increasing level of indebtedness, the Chinese government has implemented measures to contain credit growth which make a negative contribution to growth. Moreover, the trade conflict with the U.S.A. will have a negative impact on Chinese exports, which is why growth is anticipated to decline marginally over the forecast horizon.

The economy in *Latin America* is benefiting from the U.S. economy and commodity price increases. Falling inflation prompted several countries to loosen their monetary policy, which may provide an additional boost to the economy. After contracting for two consecutive years, the *Russian economy* has returned to a path of positive growth in the previous year, with the rise in oil prices contributing considerably to the economic recovery. At the same time, the economy is burdened by sanctions, tighter fiscal rules and a shrinking working-age population, which prevents a stronger upswing.

Growth in *Central, Eastern and Southeastern European (CESEE)* countries accelerated visibly in the course of 2017. Both an upturn in export growth – particularly owing to stepped-up demand from the euro area – and more vigorous domestic demand, fueled, among other things, by the increased uptake of EU structural funds, are currently the main factors supporting real growth. However, the current growth cycle is likely to peak in 2017. The outlook for 2018 and for the following two years is characterized by a slight slowdown in growth.

In the *United Kingdom,* growth will decelerate in 2018 compared with previous years. The depreciation of the pound sterling following the Brexit vote has led to an increase in consumer prices, with real disposable household incomes and private consumption dampening as a result. However, exporters have benefited from the weaker pound sterling and the strong international economy, which is why the growth downturn has remained moderate so far. Further developments over the forecast horizon very much depend on the turn the U.K.'s negotiations to leave the EU will take and are thus subject to a high degree of uncertainty.

Following stagnation at the beginning of 2017, the economy in *Switzerland* has recovered again. Exports picked up speed again and consumer prices started to rise again as negative impacts of the appreciation of the Swiss franc came to an end. Brisk foreign demand and favorable investment conditions are the driving forces accelerating growth over the forecast horizon.

The *euro area economy* continues to expand. Recently, the composition of growth has changed, with exports and investment playing an increasingly important role and private consumption playing less of a role. According to Eurostat's latest flash estimate, GDP growth in the euro area declined from 0.7% in the fourth quarter of 2017 to 0.4% in the first quarter of 2018 (seasonally adjusted, quarter-on-quarter growth). This development is in line with the picture provided by confidence indicators, which are currently receding from very high levels and thus suggest a slowdown in economic momentum. Growth expectations for the euro area amount to 2.1% for 2018, 1.9% for 2019 and 1.7% for 2020. Compared with the

December 2017 outlook, the course of economic growth was revised downward (–0.2 percentage points) for 2018, and was left unchanged for the years thereafter. During the past six months, inflation in the euro area has been oscillating between 1% and 1½%, coming to 1.2% in April 2018. As a result of the significant rise in oil prices, HICP inflation increased to 1.9% in May 2018, and will remain high over the coming months. Higher oil prices resulted in an upward revision of the HICP inflation forecast by 0.3 percentage points for 2018 and by 0.2 percentage points for 2019 compared with December 2017. In its most recent projections, the Eurosystem therefore anticipates the inflation rate to reach 1.7% in the period from 2018 to 2020.

The *German economy* is still booming. The economic momentum remains intact even though growth in the first quarter of 2018 was disappointing due to temporary factors, such as strikes in the metal and electronics industry, the flu epidemic and a dip in foreign trade. Consumption, too, was weak in the first quarter of 2018; only investment developed dynamically. However, the healthy order book suggests that robust growth in exports will materialize in the course of this year. Given high capacity utilization, the demand for capacity-enhancing investment is increasing. Investment in plant and equipment will therefore continue to rise even though gloomier business expectations are pointing to a moderation in growth. Scarcity of skilled labor, which has increasingly manifested itself, has a dampening effect on growth. Households' real disposable income is benefiting from a number of fiscal measures, such as adjustments to income taxation at the beginning of 2018 or reductions in both pension insurance and statutory health insurance contributions. Additionally, employee compensation was supported by robust wage and employment growth. Hence, private consumption will remain a key pillar of economic activity above all in 2018.

In *France,* the newly elected government has initiated a number of substantial reforms to tackle weak productivity growth and the high budget deficit. These reforms mainly focus on measures aimed at deregulating the labor market, reforming the pension system and facilitating cuts in the public sector. On the revenue side, the almost complete abolition of the wealth tax and reduction of employees' health insurance contributions bolster household income and thereby fuel consumption in 2018. Over the forecasting horizon, growth will slow down as domestic demand weakens.

Spain currently ranks among the engines of growth in the euro area. At +0.7% quarter on quarter, the Spanish economy grew at a markedly faster pace than the euro area as a whole (+0.4%) in the first three months of 2018. This is largely traceable to the strides the country has made in recent years in reducing macroeconomic imbalances, above all private indebtedness. The strong increase in private consumption observed at present has been fueled in part by a sinking saving ratio. The latter is expected to increase again in 2019, which will cause private consumption to expand at a slower rate. The public deficit will contract further in the coming years, even though the current budget plan envisages a number of expansive measures set to dampen the reduction of the deficit.

Italy's current growth rate is the slowest among the euro area economies, with its real GDP level still falling short of the 2007 level. The obsolete infrastructure, bureaucratic obstacles and high tax rates keep a lid on the productivity and competitiveness of the Italian economy. As the current investment boom and the tailwinds for the global economy are fading, growth in Italy will decelerate significantly again, after having registered +1.5% in 2017. In light of the uncertainty surrounding the new government's future economic policy course, the political (and economic) risks are extraordinarily high over the forecast horizon.

Table 2

Underlying global economic conditions

	2017	2018	2019	2020
	Annual change in % (real)			
Gross domestic product				
World excluding the euro area	+3.8	+4.0	+3.9	+3.7
U.S.A.	+2.3	+2.8	+2.5	+2.1
Japan	+1.7	+1.0	+0.8	+0.1
Asia excluding Japan	+6.1	+6.1	+5.9	+5.9
Latin America	+1.2	+2.0	+2.7	+2.8
United Kingdom	+1.8	+1.3	+1.5	+1.5
CESEE EU Member States[1]	+4.8	+4.1	+3.3	+3.2
Switzerland	+1.1	+2.2	+2.0	+2.1
Euro area[2]	+2,4	+2,1	+1,9	+1,7
World trade (imports of goods and services)				
World	+5.1	+5.1	+4.6	+4.0
World excluding the euro area	+5.2	+5.1	+4.6	+4.0
Growth of euro area export markets (real)	+5.2	+5.2	+4.3	+3.7
Growth of Austrian export markets (real)	+5.6	+4.7	+4.8	+4.1
Prices				
Oil price in USD/barrel (Brent)	54.4	74.5	73.5	68.7
Three-month interest rate in %	–0.3	–0.3	–0.2	0.2
Long-term interest rate in %	0.6	0.8	1.0	1.3
USD/EUR exchange rate	1.13	1.20	1.18	1.18
Nominal effective exchange rate of the euro (euro area index)	112.0	116.9	116.8	116.8

Source: Eurosystem.

[1] *Bulgaria, Croatia, Czech Republic, Hungary, Poland and Romania.*
[2] *2017: Eurostat; 2018 to 2020: results of the Eurosystem's June 2018 projections.*

4 Austrian economy keeps booming in the year 2018

4.1 Austrian exports are still robust despite cooling off slightly after 2017 peak

In 2017, Austrian exporters benefited from solid international economic activity. Exports of goods and services rose by 5.6% in real terms in 2017, with their growth having more than doubled against the previous year. Export growth was broadly based in terms of target regions, which include the EU Member States. In addition, trade expanded at an above-average rate also in Central and Eastern Europe, in the U.S.A. and in China. Goods exports peaked toward the end of 2017. The OeNB's export indicator, which is based on truck toll data provided by Austria's highway operator ASFINAG, shows that exports lost momentum from January to end-April 2018. This development is in line with incoming export orders, which – having peaked at the beginning of the year – are currently on the decline. At present, it is hard to ascertain whether this development merely reflects a foreseeable correction following a phase of exceptionally strong growth, or whether it presages a more pronounced slowdown of export activity amid weakening global growth and, possibly, increased protectionist measures. Services exports are less volatile compared with goods exports, and thus have a stabilizing effect on Austria's external trade.

The underlying assumptions about Austria's export markets show that growth in these markets peaked in 2017 and is set to level off slightly during the forecast horizon. Exports nevertheless continue to post robust growth rates of 4.7% (2018), 4.8% (2019) and 4.1% (2020). Austrian exporters will manage to maintain price competitiveness in 2019 and 2020 despite a slight temporary deterioration in 2018. Their market shares will increase in 2018, but decrease again in the following two years.

Import growth will decelerate somewhat more strongly than export growth over the forecast horizon, given that the dynamic cycle of investment in plant and equipment is expected to fade out. In light of the very high import content of this investment category, investment activity is an important determinant of imports. Net exports will, therefore, make a positive contribution to GDP growth throughout the entire forecasting horizon.

The Austrian current account has invariably been in surplus since 2002. In 2017, the surplus equaled 1.9% of GDP, trailing just slightly behind the 2016 value

Table 3

Growth and price developments in Austria's foreign trade

	2017	2018	2019	2020
	Annual change in %			
Exports				
Competitor prices on Austria's export markets	+1.9	+0.4	+2.3	+2.0
Export deflator	+2.1	+1.6	+2.1	+2.0
Changes in price competitiveness	–0.2	–1.2	+0.2	–0.1
Import demand in Austria's export markets (real)	+5.6	+4.7	+4.8	+4.1
Austrian exports of goods and services (real)	+5.6	+4.9	+4.2	+3.9
Austrian market share	+0.0	+0.2	–0.6	–0.2
Imports				
International competitor prices on the Austrian market	+1.5	+0.6	+2.1	+1.8
Import deflator	+2.6	+1.9	+2.1	+2.1
Austrian imports of goods and services (real)	+4.8	+3.8	+3.6	+3.6
Terms of Trade	–0.5	–0.3	+0.0	+0.0
	Percentage points of real GDP			
Contribution of net exports to GDP growth	+0.6	+0.8	+0.5	+0.4
	% of nominal GDP			
Export ratio	54.0	54.8	56.0	57.3
Import ratio	50.5	50.8	51.6	52.6

Source: 2017: WIFO, Eurosystem; 2018 to 2020: OeNB June 2018 outlook.

Table 4

Austria's current account

	2017	2018	2019	2020
	% of nominal GDP			
Balance of trade	2.5	3.0	3.2	3.5
Balance of goods	–0.3	0.1	0.1	0.2
Balance of services	2.8	3.0	3.2	3.3
Balance of primary income	0.2	0.2	0.1	0.1
Balance of secondary income	–0.8	–0.9	–1.0	–1.0
Current account balance	1.9	2.3	2.4	2.7

Source: 2017: OeNB; 2018 to 2020: OeNB June 2018 outlook.

(2.1% of GDP). Travel has typically been the main pillar of the positive current account balance. The goods balance turned slightly negative (–0.3% of GDP) amid strong investment activity and the resulting growth in imports. It is projected to be at least balanced again starting from 2018. The long-standing high services balance will increase further, whereas the income balance will deteriorate minimally. All told, the current account will continue to improve over the forecasting horizon.

4.2 Investment carries current business cycle

Having started in the second half of 2015, the current investment cycle has been underway for a very long period by historical standards. Annual growth in overall *gross fixed capital formation* increased from 1.0% in 2015 to 3.8% in 2016 and to 4.9% in 2017. This investment cycle has benefited from improving sales prospects both in Austria and worldwide. Initially, it was dominated by replacement investment, but starting in 2017, investment in capacity expansion became increasingly important. Even though investment activity lost some momentum in the past few quarters, at +0.9% in the opening quarter of 2018, it still contributed significantly to real GDP growth.

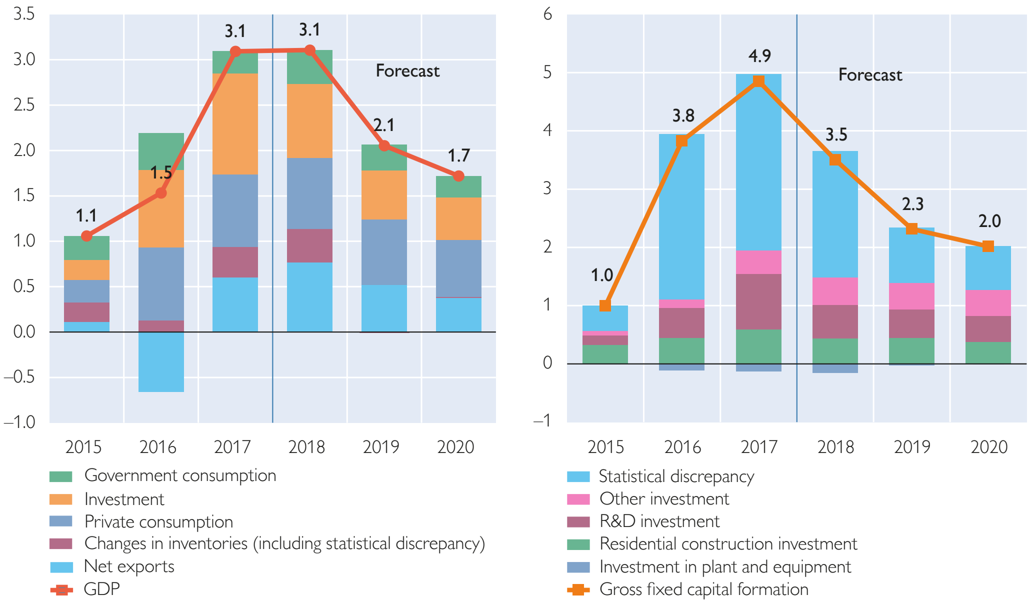
So far, growth in *investment in machinery and equipment* has been a key driver of overall investment activity, having accelerated from 1.3% in 2015 to 8.6% in 2016 and to 8.8% in 2017. Vehicle investment, which dominated in 2015, was later overtaken by investment in machinery. During the current cycle, real investment in machinery and equipment already rose by some 20% from 2015 to 2017, whereas the three previous cycles had posted three-year cumulative growth of just between 10% and 15%.

Chart 2

Significance of investment for the business cycle and development of gross fixed capital formation

GDP growth and contributions to growth | **Investment growth and contributions to growth**

Real GDP growth in %, contributions to growth in percentage points | *Real investment growth in %, contributions to growth in percentage points*



Source: WIFO, OeNB.

In early 2018, capacity utilization was close to its record high, as funding costs remained very low. The economic outlook remains positive, but is subject to greater uncertainty. In addition, more and more businesses are facing a skilled labor shortage. This is why the increase in investment in machinery and equipment is expected to gradually recede in 2018 as growth in export demand is slowing down slightly. In other words, this type of investment is forecast to still advance by 6.0% in 2018 and to weaken to 2.6% in 2019, followed by 2.0% in 2020.

At 2.3%, *residential construction investment* grew at a much livelier pace in 2017 than in 2016 (0.8%), posting the highest rate of growth since 2007, and it accelerated further in the first quarter of 2018 compared with the previous two quarters. In light of the trend in building permits, sharply rising real estate prices, continued strong population growth and persistently low financing costs, residential construction investment is set to register high growth rates also in the future. In 2018 as a whole, housing investment is thus expected to increase by 2.7% in real terms, and to slow down in both 2019 and 2020. The growth pattern for *nonresidential construction investment* is expected to be slightly less dynamic.

Overall, the OeNB expects the growth of gross fixed capital formation to decelerate gradually from 4.9% in 2017 to 2.0% in 2020. The investment ratio (share of overall gross fixed capital formation in GDP) stood at 22.5% at the beginning of the investment cycle in 2015. Equaling 23.5% in 2017, it is expected to edge up to 23.6% by 2020.

With a share of 24% of GDP, gross fixed capital formation has continued to contribute significantly to GDP growth (see chart 2). Its contribution to GDP

Table 5

Investment activity in Austria

	2017	2018	2019	2020
	Annual change in %			
Total gross fixed capital formation (real)	+4.9	+3.5	+2.3	+2.0
of which: investment in plant and equipment	+8.8	+6.0	+2.6	+2.0
residential construction investment	+2.3	+2.7	+2.6	+2.5
nonresidential construction investment and other investment	+2.2	+1.7	+1.7	+1.5
investment in research and development	+4.7	+2.8	+2.4	+2.2
public sector investment	+3.0	+1.5	+1.6	+1.7
private investment	+5.1	+3.8	+2.4	+2.1
Contribution to the growth of real gross fixed capital formation	*in percentage points*			
Investment in plant and equipment	+3.0	+2.2	+0.9	+0.8
Residential construction investment	+0.4	+0.5	+0.5	+0.4
Nonresidential construction investment and other investment	+0.6	+0.4	+0.4	+0.4
Investment in research and development	+1.0	+0.6	+0.5	+0.4
Public sector investment		+0.2	+0.2	+0.2
Private investment	+4.4	+3.3	+2.1	+1.8
Contribution to real GDP growth	*in percentage points*			
Total gross fixed capital formation	+1.1	+0.8	+0.5	+0.5
Changes in inventories	+0.1	+0.5	+0.0	+0.0
	% of nominal GDP			
Investment ratio	23.5	23.5	23.6	23.6

Source: 2017: WIFO; 2018 to 2020: OeNB June 2018 outlook.

growth ran to 0.9 percentage points in 2016 and 1.1 percentage points in 2017. This figure is forecast to drop from 0.8 percentage points in 2018 to a still remarkable 0.5 percentage points in 2020. This means that 56% of GDP growth was carried by gross fixed capital formation in 2016, followed by 36% in 2017. In the forecast horizon, these figures will come to 26.3% (2018), 26.4% (2019) and 27% (2020).

4.3 Rising household income carries private consumption

Households' real disposable income increased by a marked 2.7% in 2016, whereas it contracted slightly (–0.2%) in 2017 even though the economy was thriving. This development is largely ascribable to two factors. For one thing, the positive effects of the tax reform, which had still buoyed up growth of disposable household income in 2016, abated in 2017. For another, at 2.2%, inflation was more than twice as high as one year earlier. In 2018, disposable household income is expected to rise both in nominal terms (+3.7%) and in real terms (+1.6%) provided inflation remains at the 2017 level.

The most important driver of disposable income in 2018 is compensation of employees, which is set to go up by a solid 5% (2017: 3.6%) and which benefits from the high level of employment and the comparatively strong wage settlements. On the back of favorable cyclical developments, operating surpluses and self-employment income in 2018 are expected to post similarly high growth rates as in 2017. Investment income is likely to recover again soon or to at least stop shrinking as it did in previous years. In 2019 and 2020, compensation of employees will contribute slightly less to growth in households' disposable income due to cyclical developments, while the contribution of investment income will go up. Overall, the OeNB projects nominal disposable household income to expand by 3.7% in 2018, by 3.6% in 2019 and by 3.2% in 2020. This contrasts with real growth rates of 1.6%, 1.7%

Chart 3

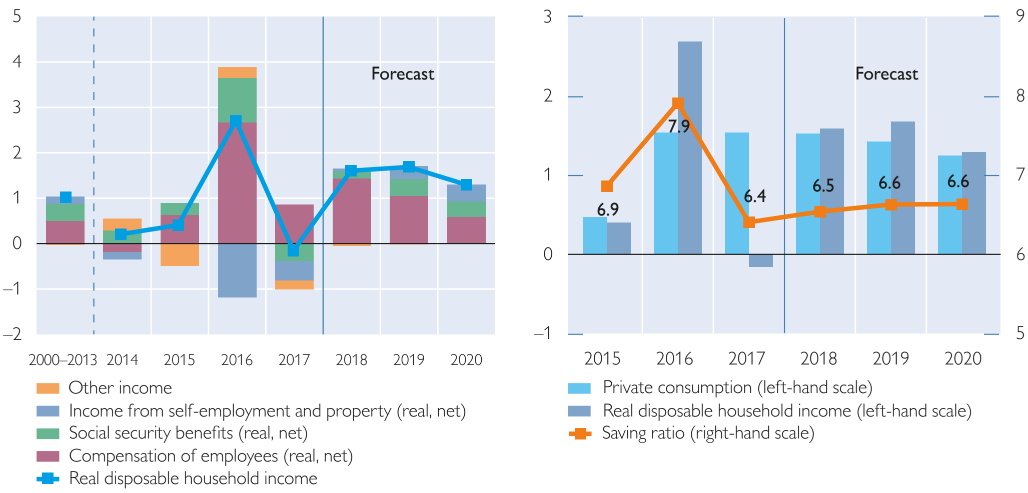
Private consumption

Contributions to growth of real disposable net household income

Change to previous period in %; contributions in percentage points

Disposable household income, private consumption and saving ratio

Annual change in % *% of real disposable household income*



Source: WIFO, OeNB.

Source: Statistics Austria, OeNB.

and 1.3% over the same three-year forecasting horizon, which signals a longer period of stable growth compared with previous years.

The 2016 tax reform caused private consumption growth to accelerate from 0.5% in 2015 to 1.5% in 2016. Growth remained at 1.5% also in 2017 despite the decline in households' real disposable income. Private consumption increased on the back of a decreasing saving ratio. The latter went down from 7.9% of nominal household income in 2016 to 6.4% in 2017. Substantial employment growth and wage settlements that were significantly higher than in the previous years boosted real household income by 1.6% in 2018. Private consumption is forecast to grow by 1.5% in 2018, as the saving ratio is expected to slightly rise again. In 2019 and 2020, the pace of growth of private consumption will slow down to 1.4% and 1.3%, respectively, which ties in with the trend in real household income and the continued slight uptick in the saving ratio.

Having declined in 2017, the saving ratio will edge up only marginally over the forecasting horizon. On the one hand, increased income makes it possible for households to save more. On the other hand, the precautionary motive of saving is becoming less relevant, as favorable employment conditions add to consumer confidence.

5 Unemployment remains high at 4.9%

In 2017, the number of *persons in payroll employment* grew by 1.9%, more than doubling the average pace registered from 1995 to 2016 (+0.9%). The industrial

Table 6

Determinants of household income and private consumption growth in Austria

	2017	2018	2019	2020
	Annual change in %			
Payroll employment	+1.9	+2.2	+1.4	+1.1
Wages and salaries per employee	+1.7	+2.7	+2.4	+2.2
Compensation of employees	+3.6	+5.0	+3.8	+3.3
Property income	–6.1	+0.7	+3.2	+3.1
Self-employment income and operating surpluses (net)	+5.1	+4.9	+4.1	+3.6
	Contribution to household's disposable income growth in percentage points			
Compensation of employees	+3.0	+4.3	+3.3	+2.9
Property income	–0.7	+0.1	+0.3	+0.3
Self-employment income and operating surpluses (net)	+0.8	+0.8	+0.7	+0.6
Net transfers less direct taxes[1]	–1.3	–1.6	–0.6	–0.6
	Annual change in %			
Disposable household income (nominal)	+1.8	+3.7	+3.6	+3.2
Consumption deflator	+2.0	+2.1	+1.9	+1.9
Disposable household income (real)	–0.2	+1.6	+1.7	+1.3
Private consumption (real)	+1.5	+1.5	+1.4	+1.3
	% of household's disposable income growth			
Saving ratio	6.4	6.5	6.6	6.6
	% of nominal GDP			
Consumption ratio	52.1	51.3	51.0	50.8

Source: 2017: WIFO, Statistics Austria; 2018 to 2020: OeNB June 2018 outlook.

[1] Negative values indicate an increase in (negative) net transfers less direct taxes; positive values indicate a decrease.

sector increasingly added full-time jobs and, at +2.3%, growth in the overall number of hours worked in payroll employment outpaced growth in the number of jobs. Both developments are typical signs of an economic boom. Despite the robust rise in overall labor supply, some sectors of the Austrian economy face an impending labor shortage (in a number of occupations), which might dampen growth. Matching job seekers and vacancies is therefore likely to become more difficult.

The boom of the Austrian economy continued into the year 2018. In the first three months of 2018, employment advanced by 0.7% quarter on quarter and by 2.5% year on year. Employment thus posted the highest annual growth rate since 1995, i.e. the starting year of the current national accounts database. The leading labor market indicators, such as the number of registered vacancies, currently signal some softening in momentum, but not a general trend reversal. Given the steep increase in employment in the first quarter of 2018, payroll employment is expected to expand further, at 2.2% for the year as a whole, despite the gradual slowdown of the economic recovery. In 2018, the number of hours worked will still inch up somewhat more strongly than the number of jobs. Yet, in 2019 and 2020, hours worked will again grow at a lesser pace than employment measured in heads as the economic boom is set to cool off.

Table 7

Labor market development in Austria

	2017	2018	2019	2020
	Annual change in %			
Total employment (heads)	+1.7	+1.9	+1.2	+0.9
Payroll employment	*+1.9*	*+2.2*	*+1.4*	*+1.1*
Self-employment	*+0.5*	*+0.0*	*–0.3*	*–0.4*
Total hours worked	+2.0	+1.6	+0.9	+0.7
Payroll employment	*+2.3*	*+2.4*	*+1.3*	*+1.0*
Self-employment	*+0.4*	*–2.1*	*–1.3*	*–0.6*
Labor supply	+1.1	+1.5	+1.1	+0.9
Registered unemployment	–8.1	–6.3	–0.7	+0.4
	% of labor supply			
Unemployment rate (Eurostat definition)	5.5	5.0	4.9	4.9

Source: 2017: WIFO, Statistics Austria; 2018 to 2020: OeNB June 2018 outlook.

In 2019 and 2020, the growth rates of the Austrian economy are expected to decelerate, thus gradually reverting to their long-term trend. Employment growth is therefore set to decline from 2019 onward, also in view of the termination of the employment initiative for the long-term jobless. Yet, at +1.1%, growth of payroll employment will still outperform the long-term average in 2020.

Labor supply dynamics are again very lively in 2018, posting an increase of 1.5%. However, growth will slow down over the forecasting horizon: to +1.1% in 2019 and +0.9% in 2020, which is ascribable to several factors. Chart 4 illustrates the determinants of labor supply development. For one thing, labor supply expands in sync with rising labor force participation rates. In particular, the participation rate for persons aged 55 to 64 is expected to continue its marked rise. For prime-age persons (25–54), participation will only edge up slightly, whereas the rate registered for young persons (15–24) will contract noticeably (chart 4, right panel).

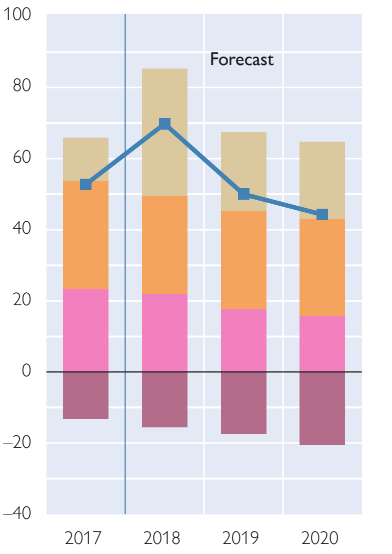
For another thing, labor supply also gets a boost from the expansion of the resident working-age population (aged 15–64).[2] Although migration figures for Austria were revised downward markedly in the most recent population forecast, immigration will continue to drive the net increase in working-age population from 2018 to 2020. Without net immigration, the working-age population would decline. Any differences in labor supply figures that are evident between the microcensus-based data and the data used in the outlook (national accounts definition) are attributable, among other things, to workers commuting from neighboring countries to Austria.

Both labor demand and labor supply determine the development of the unemployment rate. Given the considerable rise in labor supply, employment growth was accompanied by an increase in the unemployment rate. At 6.2% (Eurostat definition; annual 2016 average: 6%), unemployment peaked in the third quarter of 2016. Since then, employment growth has been strong enough to continuously push down unemployment. Joblessness averaged 5.5% in 2017, and dropped to 5.0% in the first quarter of 2018. This trend will peter out in the coming years, however. Labor supply will continue to expand at a brisk pace (as described above), while growth of labor demand is set to diminish in tandem with the slowdown of

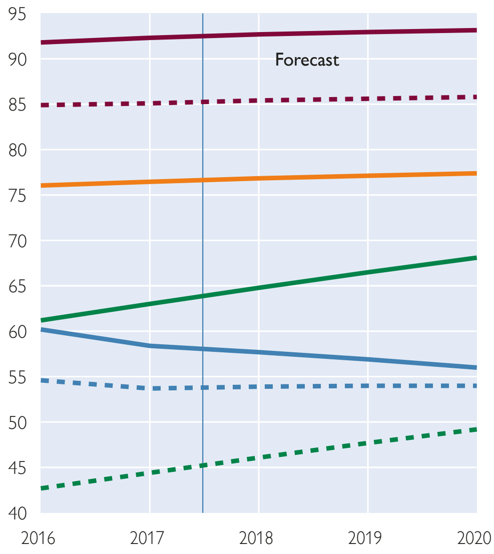
Chart 4

Structure of labor supply

Contributions to the change in labor supply (resident population aged 15–64)[1]



Labor force participation (resident population)[1]



Source: Statistics Austria, OeNB.

[1] Resident population: domestic households according to microcensus data; forecast extrapolated from projected labor force participation rates and the November 2017 population forecast of Statistics Austria (as adjusted for actual 2017 population). The overall population forecast is based on the baseline scenario, the "population change excluding migration" figures are based on the scenario "excluding migration." The labor supply data used in the outlook (national accounts definition) may differ from the microcensus-based equivalent.

[2] *In line with the population forecast of Statistics Austria of November 2017, as adjusted for the actual population size in 2017.*

economic activity. The unemployment rate is projected to decrease to 5.0% in 2018 and to 4.9% in 2019. In 2020, it will remain unchanged at 4.9%, which means that, during the forecasting horizon, unemployment is simply reverting to its long-term average (1995–2017: 4.9%). Amid the current boom phase of the Austrian economy, this figure seems exceptionally high by historical standards.

Box 1

Public finances from 2018 to 2020[1]

Austria's general government budget will be balanced in 2018 (2017: –0.7% of GDP). In 2018, the Austrian fiscal stance is expansionary: on the revenue side, contributions to the family burdens equalization fund have been lowered to 3.9% of gross wages (2017: 4.1%). On the expenditure side, raising the number of federal government employees, increasing labor market subsidies (even though the new government terminated several measures) and abolishing public long-term care providers' recourse to patients' assets have an expansionary effect. However, the highly favorable cyclical conditions and a further decrease in debt servicing costs will more than offset these deficit-increasing factors.

In 2019 and 2020, the Austrian government will pursue a rather neutral fiscal stance. On the one hand, several smaller to medium-sized tax cuts will enter into force, which relate in particular to a higher (wage and income) tax relief for some families with children. On the other hand, the restrictive effect of the new government's scaling back of a number of older expansive measures will intensify. Also, some older temporary expenditure increases will expire. The budget balance is expected to improve in 2019 and 2020 owing to the persistently benign cyclical and interest rate environment. Based on a no-policy-change assumption, the OeNB's current outlook foresees a general government surplus in both years. All told, the measures the new government has to date spelled out will have a relatively minor impact on the fiscal development in the forecasting horizon. In 2018, they are set to improve the budget balance marginally (above all because of the termination of several labor market measures). In contrast, they will lead to a slight deterioration in 2019 and 2020 (mostly because of changes in the tax relief for families with children).

The debt ratio will decline noticeably over the forecasting horizon. This decrease will be mainly due to the budget surpluses (and the nearly balanced budget in 2018), high nominal GDP growth and the continued reduction of debt of public wind-down vehicles as the latter sell assets and release cash reserves. By 2020, the debt ratio will stand at around 67.5% of GDP, and thus sink below the 2008 level.

Like in 2017, Austria's 2018 structural budget balance will approximately correspond to the medium-term objective (MTO) of –0.5% of GDP. This measure is likewise set to improve in 2019 and 2020; in 2020, Austria might even record a structural budget surplus based on a no-policy-change assumption.

[1] *Author: Lukas.Reiss@oenb.at, OeNB, Economic Analysis Division.*

6 Inflation set to soften slightly until 2020

In 2017 as a whole, annual inflation ran to 2.2% in Austria (2016: 1.0%). HICP inflation receded to 2.0% in the first three months of 2018, and stood at 1.9% in April. The decline was carried by a drop in the inflation rates of all main components of the Harmonised Index of Consumer Prices. The following factors were at play: the euro appreciated, base effects were evident for food and energy, commodity prices decreased moderately and unit labor costs increased only modestly in early 2018.

Over the coming months, HICP inflation is expected to spike again, reflecting energy price developments. During the remaining forecast horizon, though, energy price inflation will decrease again owing to the falling profile of oil prices. At the same time, domestic drivers of inflation, such as domestic demand or labor cost growth, will slightly offset the commodity price-driven decrease in inflation. For 2018 as a whole, inflation will remain unchanged from 2017 at 2.2%. The inflation rate is projected to decrease to 2.0% in 2019 and to 1.9% in 2020. Compared with the OeNB's December 2017 outlook, the HICP inflation forecast is revised upward by 0.1 percentage points for 2018 and 2019, respectively, but remains unchanged for 2020.

Core inflation (HICP excluding energy and food) increased from 1.7% in the first quarter to 2.2% in the final quarter of 2017, while falling to 2.1% in the first three months of 2018. At 2.0%, core inflation is forecast to fall short of headline inflation in 2018. In 2019 and 2020, core inflation is expected to total 2.2%, thus slightly exceeding headline inflation.

Collective wages grew by 1.5% in nominal terms in 2017. At 2.2% inflation, this translated into real wage losses on average, all other things equal. All relevant wage settlements have already been concluded for the year 2018. Reflecting the favorable productivity development and the past (high) inflation rate, they point to noticeably higher wage growth looking ahead. In 2018, collective wages are projected to grow at a markedly faster pace of 2.6%. With inflation projected to stand at 2.2%, collective wages are hence expected to rise again in real terms in 2018, in contrast to 2017. In 2019 and 2020, they will grow less dynamically given the loss of economic momentum and the concomitant weakening of productivity increases.

Wage drift will be rather subdued over the entire forecast horizon, with the slight rebound in the share of part-time jobs having a dampening effect. This

Table 8

Price, cost, productivity and profit indicators for Austria

	2017	2018	2019	2020
	Annual change in %			
Harmonised Index of Consumer Prices (HICP)	+2.2	+2.2	+2.0	+1.9
HICP energy	+2.9	+4.1	+0.8	–0.3
HICP excluding energy and food	+2.1	+2.0	+2.2	+2.2
Private consumption expenditure (PCE) deflator	+2.0	+2.1	+1.9	+1.9
Investment deflator	+1.6	+1.8	+1.9	+1.8
Import deflator	+2.6	+1.9	+2.1	+2.1
Export deflator	+2.1	+1.6	+2.1	+2.0
Terms of trade	–0.5	–0.3	+0.0	+0.0
GDP deflator at factor cost	+1.5	+2.0	+2.0	+1.9
Collective wage and salary settlements	+1.5	+2.6	+2.4	+2.2
Compensation per employee	+1.7	+2.7	+2.4	+2.2
Hourly compensation per employee	+1.3	+2.5	+2.4	+2.3
Labor productivity per employee	+1.4	+1.1	+0.9	+0.8
Labor productivity per hour	+1.1	+1.5	+1.2	+1.0
Unit labor costs	+0.3	+1.5	+1.5	+1.4
Profit margins[1]	+1.2	+0.5	+0.5	+0.5

Source: 2017: WIFO, Statistics Austria; 2018 to 2020: OeNB June 2018 outlook.

[1] *GDP deflator divided by unit labor costs.*

contrasts with full capacity utilization in many economic sectors, which is partly responsible for labor shortages. Both these factors are expected to drive up overpayments. While collective wage hikes in 2018 will be higher overall than in 2016 and 2017, they are still modest considering the favorable state of the economy. Consequently, companies' profit margins will rise over the entire forecasting horizon. The wage share (gross compensation of employees as a share of GDP) is expected to drop from 47.6% in 2018 to 47.2% in 2020.

Since 2011, Austria's HICP inflation has been, on average, 0.7 percentage points above that of the euro area and 0.6 percentage points above Germany's. At 2.2% for 2017 as a whole, Austria's HICP inflation rate once more significantly surpassed that of the euro area and Germany. These long-standing inflation differentials are mainly attributable to the stronger price increases in the services sector. In the Austrian HICP, services are weighted at 47%. They contributed 0.6 percentage points to the overall inflation differentials vis-à-vis both the euro area and Germany. This means that the services sector alone accounted for the entire average inflation differential observed between Austria and Germany since 2011 and for no less than some 90% of the average inflation differential observed between Austria and the euro area. The differences between the price increase of services in Germany and Austria are due, above all, to the fact that catering services (e.g. restaurants, cafés, pubs, dance clubs and canteens) carry a much higher weight in Austria's service inflation. About half of Austria's inflation differential vis-à-vis Germany is attributable to this factor.[3]

Table 9

Compensation of employees

	2017	2018	2019	2020
	Annual change in %			
Gross wages and salaries[1]				
In nominal terms	+3.6	+5.0	+3.8	+3.3
Consumption deflator	+2.0	+2.1	+1.9	+1.9
In real terms	+1.6	+2.9	+1.8	+1.4
Collectively agreed wages and salaries[1]	+1.5	+2.6	+2.4	+2.2
Wage drift	+0.1	+0.1	+0.0	+0.0
Per person employed (gross, nominal)				
Per person employed (gross)[2]	+1.7	–2.7	+2.4	+2.2
Per person employed (real)	–0.3	+0.6	+0.4	+0.3
Per person employed (gross, real)				
Per hour (gross, nominal)	+1.3	+2.5	+2.4	+2.3
Per hour (gross, real)	–0.7	+0.5	+0.5	+0.4
	% of nominal GDP			
Wage share	47.6	47.5	47.4	47.2

Source: 2017: WIFO, Statistics Austria; 2018 to 2020: OeNB June 2018 outlook.

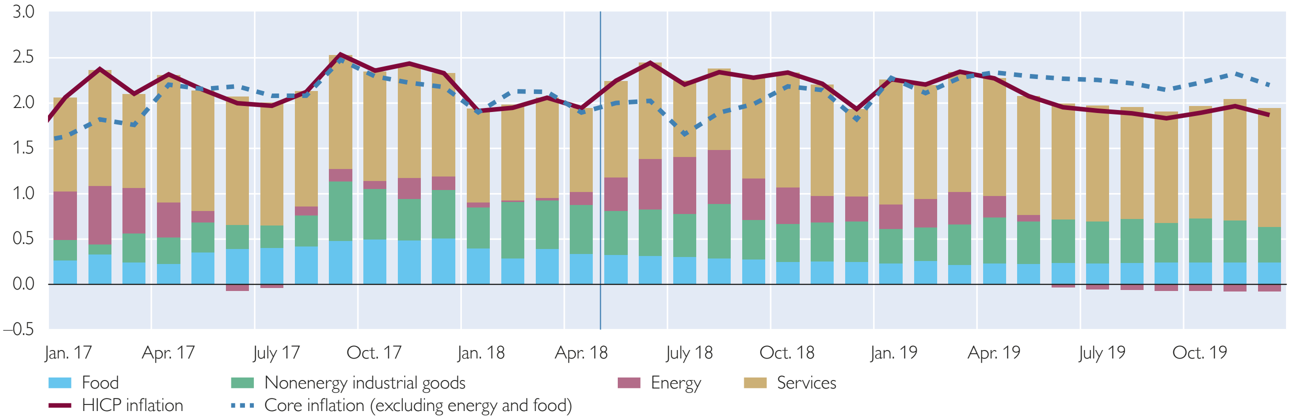
[1] Overall economy.
[2] Including employers' social security contributions.

[3] *For a detailed analysis of the development of the inflation differential vis-à-vis Germany up to the year 2017, see page 27 of the OeNB's Annual Report 2017: https://www.oenb.at/dam/jcr:372a9ac9-5553-4e8c-962d-a61f-3dc99375/AR_2017.pdf .*

Chart 5

Contributions to HICP inflation and core inflation

Annual change in % (inflation) and percentage points (contributions to inflation) *Forecast: May 2018 to December 2019*



Source: Statistics Austria, OeNB.

Austria's inflation differential vis-à-vis Germany is expected to shrink over the forecast horizon, mainly because the severity of labor shortages differs in both countries. As its labor shortages are much more pronounced, Germany will also face stiffer wage pressures than Austria.

7 Forecast risks are balanced

The *external risks* to the growth outlook are tilted toward the downside, which is, apart from other geopolitical risks, above all due to the level of uncertainty about the future U.S. trade regime. Following the United States' move to also impose 25% tariffs on EU, Mexican and Canadian aluminum and steel imports, uncertainty about said trade partners reacting with sanctions of their own and about an ensuing escalation of the trade conflict is high. In Europe, both the political (and economic) future of Italy and the outcome of the Brexit negotiations are shrouded in uncertainty.

Domestic risks point upward, in particular with regard to short-term growth expectations. The available leading indicators for the domestic economy suggest that the current Austrian economic cycle has already peaked. Yet, this turning point had already been expected in the December outlook. However, confidence indicators deteriorated to a lesser extent than predicted at the time. In addition, some confidence and leading indicators, such as consumer or construction confidence, have rather moved sideways, while remaining at a high level. Moreover, 2018 employment growth has been a pleasant surprise to date, which means that it could post stronger rates than expected in the remaining quarters of the year.

An upside risk prevails specifically for the investment outlook. Capacity utilization continues to be close to its record highs, which points to sustained high demand for extension investment. The slowdown in investment activity in early 2018 may be attributable not only to gloomier export prospects, but also to postponements of investment projects due to labor shortages. In this case, the investment cycle might last longer. Residential construction investment is also subject to upside risks, given the acute need for housing and continued favorable financing conditions. In contrast, downward risks to the growth outlook might emanate from labor shortages as evidenced by some indicators, should those shortages intensify further.

The risks surrounding the inflation outlook are slightly tilted toward the upside. The assumptions for oil prices based on market expectations as measured by oil futures prices might be too low for the forecast horizon given the above-mentioned global risks. Stronger-than-expected labor shortages could push up wage pressures and hence pose a further upside risk to the inflation outlook.

8 Minor upward revision of the economic outlook

The external environment has, on balance, improved somewhat since the OeNB December 2017 outlook. The favorable prospects for the global economy, and for Austria's key export markets (the euro area and CESEE countries) in particular, have prompted an upward revision of the December 2017 growth outlook for Austria's export markets in 2019 and 2020, while a slight downward revision is made for the year 2018. The assumptions for the euro exchange rate against the U.S. dollar are revised upward only marginally from the December outlook. Yet, since the nominal effective exchange rates indicate a stronger appreciation for 2018, price competitiveness would deteriorate somewhat as a result. The assumption of higher oil prices is also likely to have a dampening effect on growth. Market expectations for the 2018 price of crude oil now stand at USD 74.5 per barrel Brent, up USD 13 from the December outlook. The price of oil is expected to rise by USD 15 in 2019 and by USD 11 in 2020. Short-term and long-term interest rates are revised downward only slightly. In sum, the revised assumptions for 2018 and 2019 have led to upward revisions of the outlook for both GDP growth and inflation in Austria.

Table 10

Change in external economic conditions since the December 2017 outlook

	June 2018				December 2017				Difference			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
	Annual change in %											
Growth of Austria's export markets	+5.6	+4.7	+4.8	+4.1	+5.6	+5.0	+4.4	+4.0	+0.0	–0.3	+0.4	+0.1
Competitor prices on Austria's export markets	+1.9	+0.4	+2.3	+2.0	+2.2	+0.3	+1.9	+2.0	–0.3	+0.1	+0.4	+0.0
Competitor prices on Austria's import markets	+1.5	+0.6	+2.1	+1.8	+1.6	+0.3	+1.7	+1.9	–0.1	+0.3	+0.4	–0.1
	USD per barrel (Brent)											
Oil price	54.4	74.5	73.5	68.7	54.3	61.6	58.9	57.3	+0.1	+12.9	+14.6	+11.4
	Annual change in %											
Nominal effective exchange rate (exports)	–0.5	–1.9	+0.0	+0.0	–0.5	–1.4	+0.0	+0.0	+0.0	–0.5	+0.0	+0.0
Nominal effective exchange rate (imports)	–0.6	–1.1	+0.0	+0.0	–0.6	–0.9	+0.0	+0.0	+0.0	–0.2	+0.0	+0.0
	%											
Three-month interest rate	–0.3	–0.3	–0.2	0.2	–0.3	–0.3	–0.1	0.1	+0.0	+0.0	–0.1	+0.1
Long-term interest rate	0.6	0.8	1.0	1.3	0.6	0.7	0.9	1.2	+0.0	+0.1	+0.1	+0.1
	Annual change in %											
U.S. GDP (real)	+2.3	+2.8	+2.5	+2.1	+2.3	+2.5	+2.2	+1.9	+0.0	+0.3	+0.3	+0.2
	USD/EUR											
USD/EUR exchange rate	1.13	1.20	1.18	1.18	1.13	1.17	1.17	1.17	+0.00	+0.03	+0.01	+0.01

Source: Eurosystem.

Table 11

Breakdown of revisions to the outlook

	GDP			HICP		
	2018	2019	2020	2018	2019	2020
	Annual change in %					
June 2018 outlook	+3.1	+2.1	+1.7	+2.2	+2.0	+1.9
December 2017 outlook	+2.8	+1.9	+1.6	+2.1	+1.9	+1.9
Difference	+0.3	+0.2	+0.1	+0.1	+0.1	+0.0
Caused by:	*Percentage points*					
External assumptions	+0.1	+0.2	+0.0	+0.1	+0.1	+0.0
New data[1]	+0.2	×	×	+0.0	+0.0	×
of which: revisions to historical data up to Q3 17	*+0.0*	*×*	*×*	*+0.0*	*×*	*×*
projection errors for Q4 17 and Q1 18	*+0.2*	*×*	*×*	*+0.0*	*+0.0*	*+0.0*
Other changes[2]	+0.0	+0.0	+0.1	+0.0	+0.0	+0.0

Source: OeNB June 2018 and December 2017 outlooks. Note: Due to rounding, the sum of growth contributions subject to individual revisions may differ from the total revision.

[1] "New data" refer to data on GDP and/or inflation that have become available since the publication of the preceding OeNB outlook.

[2] Different assumptions about trends in domestic variables such as wages, government consumption, effects of tax measures, other changes in assessments and model changes.

Table 11 provides detailed reasons for revising the outlook. Apart from the impact of changed external assumptions, they are attributable to the impact of new data and a residual. The influence of new data includes the effects of the revisions of both the historical data that were available at the time of the OeNB's December 2017 economic outlook (i.e. data up to the third quarter of 2017) and the forecasting errors for the periods for which data have now been published for the first time (i.e. data for the fourth quarter of 2017 and the first quarter of 2018). The residual includes new expert assessments regarding domestic variables, such as government consumption or wage settlements, as well as any changes to the forecasting model.

For 2018, expected GDP growth is revised upward by 0.3 percentage points. On the one hand, this is due to revisions of historical data and newly released national accounts data, which show that the growth outlook for the fourth quarter of 2017 and the first quarter of 2018 were too conservative. Both effects contribute a combined 0.2 percentage points to the upward revision of the growth outlook. On the other hand, the change in external assumptions likewise increases expected growth in 2018, by 0.1 percentage points (see table 11). The outlook for 2019 is also raised by 0.2 percentage points, which is due exclusively to the changed external assumptions. For 2020, the upward revision amounts to 0.1 percentage points.

Compared with the growth outlook, the inflation outlook is revised upward only minimally. Inflation is now expected to be 0.1 percentage points higher in both 2018 and 2019, primarily because of the higher oil price. The inflation outlook for the year 2020 remains unchanged.

Table 12

Comparison of the OeNB June 2018 outlook and the December 2017 outlook

	Actual figures	June 2018			Revision since December 2017 outlook		
	2017	2018	2019	2020	2018	2019	2020
Economic activity	*Annual change in % (real)*						
Gross domestic product (GDP)	+3.1	+3.1	+2.1	+1.7	+0.3	+0.2	+0.1
Private consumption	+1.5	+1.5	+1.4	+1.3	–0.1	+0.0	+0.1
Government consumption	+1.2	+1.9	+1.4	+1.2	–0.1	+0.3	+0.4
Gross fixed capital formation	+4.9	+3.5	+2.3	+2.0	+0.6	+0.3	+0.1
Exports of goods and services	+5.6	+4.9	+4.2	+3.9	–0.1	+0.0	–0.1
Imports of goods and services	+4.8	+3.8	+3.6	+3.6	–0.3	+0.1	+0.0
	% of nominal GDP						
Current account balance	+1.9	+2.3	+2.4	+2.7	+0.2	–0.2	–0.4
Contribution to real GDP growth	*Percentage points*						
Private consumption	+0.8	+0.8	+0.7	+0.6	+0.0	+0.0	+0.0
Government consumption	+0.2	+0.4	+0.3	+0.2	+0.0	+0.1	+0.1
Gross fixed capital formation	+1.1	+0.8	+0.5	+0.5	+0.1	+0.0	+0.1
Domestic demand (excluding changes in inventories)	+2.2	+2.0	+1.5	+1.3	+0.1	+0.1	+0.1
Net exports	+0.6	+0.8	+0.5	+0.4	+0.1	+0.0	+0.0
Changes in inventories (including statistical discrepancy)	+0.3	+0.4	+0.0	+0.0	+0.2	+0.0	+0.0
Prices	*Annual change in %*						
Harmonised Index of Consumer Prices (HICP)	+2.2	+2.2	+2.0	+1.9	+0.1	+0.1	+0.0
Private consumption expenditure (PCE) deflator	+2.0	+2.1	+1.9	+1.9	+0.0	+0.0	+0.1
GDP deflator	+1.5	+1.9	+2.0	+1.9	+0.0	+0.1	+0.1
Unit labor costs (whole economy)	+0.3	+1.5	+1.5	+1.4	–0.2	–0.3	–0.1
Compensation per employee (at current prices)	+1.7	+2.7	+2.4	+2.2	–0.1	–0.1	+0.0
Compensation per hour worked (at current prices)	+1.3	+2.5	+2.4	+2.3	–0.3	–0.2	–0.1
Import prices	+2.6	+1.9	+2.1	+2.1	+0.7	+0.4	+0.4
Export prices	+2.1	+1.6	+2.1	+2.0	+0.4	+0.3	+0.2
Terms of trade	–0.5	–0.3	+0.0	+0.0	–0.3	–0.1	–0.1
Income and savings							
Real disposable household income	–0.2	+1.6	+1.7	+1.3	+0.0	+0.2	+0.1
	% of nominal disposable household income						
Saving ratio	+6.4	+6.5	+6.6	+6.6	–0.7	–0.6	–0.5
Labor market	*Annual change in %*						
Payroll employment	+1.9	+2.2	+1.4	+1.1	+0.3	+0.1	+0.0
Hours worked (payroll employment)	+2.3	+2.4	+1.3	+1.0	+0.6	+0.1	+0.1
	% of labor supply						
Unemployment rate (Eurostat definition)	+5.5	+5.0	+4.9	+4.9	–0.1	–0.2	–0.1
Public finances	*% of nominal GDP*						
Budget balance	–0.7	+0.0	+0.2	+0.4	+0.5	+0.3	+0.2
Government debt	78.4	74.1	70.6	67.5	–0.8	–1.5	–1.8

Source: 2017 (actual figures): WIFO, Statistics Austria, OeNB; OeNB June 2018 and December 2017 outlooks.

Annex: detailed result tables

Table 13

Demand components (real)

Chained volume data (reference year = 2010)

	2017	2018	2019	2020	2017	2018	2019	2020
	EUR million				*Annual change in %*			
Private consumption	167,510	170,070	172,506	174,663	1.5	1.5	1.4	1.3
Government consumption	64,599	65,810	66,761	67,571	1.2	1.9	1.4	1.2
Gross fixed capital formation	76,354	79,031	80,860	82,492	4.9	3.5	2.3	2.0
of which: investment in plant and equipment	*27,399*	*29,057*	*29,804*	*30,413*	*8.8*	*6.0*	*2.6*	*2.0*
residential construction investment	*13,404*	*13,766*	*14,126*	*14,486*	*2.3*	*2.7*	*2.6*	*2.5*
nonresidential construction investment and other investment	*20,106*	*20,444*	*20,795*	*21,101*	*2.2*	*1.7*	*1.7*	*1.5*
Changes in inventories (including statistical discrepancy)	6,424	7,647	7,617	7,655				
Domestic demand	314,887	322,559	327,744	332,381	2.6	2.4	1.6	1.4
Exports of goods and services	188,169	197,297	205,619	213,630	5.6	4.9	4.2	3.9
Imports of goods and services	175,459	182,079	188,648	195,362	4.8	3.8	3.6	3.6
Net exports	12,709	15,218	16,972	18,267				
Gross domestic product	327,597	337,777	344,716	350,649	3.1	3.1	2.1	1.7

Source: 2017: WIFO; 2018 to 2020: OeNB June 2018 outlook.

Table 14

Demand components (nominal)

	2017	2018	2019	2020	2017	2018	2019	2020
	EUR million				*Annual change in %*			
Private consumption	192,881	199,849	206,624	213,147	+3,5	+3,6	+3,4	+3,2
Government consumption	72,265	75,003	77,688	80,224	+2,4	+3,8	+3,6	+3,3
Gross fixed capital formation	86,942	91,648	95,511	99,228	+6,5	+5,4	+4,2	+3,9
Changes in inventories (including statistical discrepancy)	4,964	7,057	7,298	7,442	×	×	×	×
Domestic demand	357,051	373,558	387,121	400,040	+4,4	+4,6	+3,6	+3,3
Exports of goods and services	200,078	213,195	226,768	240,375	+7,8	+6,6	+6,4	+6,0
Imports of goods and services	186,846	197,561	208,904	220,794	+7,5	+5,7	+5,7	+5,7
Net exports	13,233	15,633	17,864	19,581	×	×	×	×
Gross domestic product	370,284	389,191	404,985	419,621	+4,7	+5,1	+4,1	+3,6

Source: 2017: WIFO; 2018 to 2020: OeNB June 2018 outlook,

Table 15

Demand components (deflators)

	2017	2018	2019	2020	2017	2018	2019	2020
	2010 = 100				*Annual change in %*			
Private consumption	115.1	117.5	119.8	122.0	+2.0	+2.1	+1.9	+1.9
Government consumption	111.9	114.0	116.4	118.7	+1.2	+1.9	+2.1	+2.0
Gross fixed capital formation	113.9	116.0	118.1	120.3	+1.6	+1.8	+1.9	+1.8
Domestic demand (excluding changes in inventories)	114.1	116.4	118.6	120.9	+1.7	+2.0	+1.9	+1.9
Exports of goods and services	106.3	108.0	110.3	112.5	+2.1	+1.6	+2.1	+2.0
Imports of goods and services	106.5	108.5	110.7	113.0	+2.6	+1.9	+2.1	+2.1
Terms of trade	99.8	99.6	99.6	99.6	–0.5	–0.3	+0.0	+0.0
Gross domestic product	113.0	115.2	117.5	119.7	+1.5	+1.9	+2.0	+1.9

Source: 2017: WIFO; 2018 to 2020: OeNB June 2018 outlook.

Tabele 16

Labor market

	2017	2018	2019	2020	2017	2018	2019	2020
	Thousands				*Annual change in %*			
Total employment	4,412.4	4,498.0	4,550.2	4,593.1	+1.7	+1.9	+1.2	+0.9
of which: private sector	*3,671.4*	*3,751.5*	*3,800.9*	*3,844.1*	*+1.8*	*+2.2*	*+1.3*	*+1.1*
Payroll employment (national accounts definition)	3,858.9	3,944.4	3,998.0	4,043.1	+1.9	+2.2	+1.4	+1.1
	% of labor supply							
Unemployment rate (Eurostat definition)	5.5	5.0	4.9	4.9	×	×	×	×
	EUR per real unit of output x 100							
Unit labor costs (whole economy)[1]	61.5	62.4	63.3	64.2	+0.3	+1.5	+1.5	+1.4
	EUR thousand per employee							
Labor productivity (whole economy)[2]	74.2	75.1	75.8	76.3	+1.4	+1.1	+0.9	+0.8
	EUR thousand							
Compensation per employee (real)[3]	39.6	39.9	40.1	40.2	–0.3	+0.6	+0.4	+0.3
	At current prices in EUR thousand							
Compensation per employee (gross)	45.6	46.9	48.0	49.0	+1.7	+2.7	+2.4	+2.2
	At current prices in EUR million							
Total gross compensation of employees	176,145	184,904	191,843	198,210	+3.6	+5.0	+3.8	+3.3

Source: 2017: WIFO; 2018 to 2020: OeNB June 2018 outlook.

[1] Gross wages and salaries divided by real GDP.
[2] Real GDP divided by total employment.
[3] Gross wages and salaries per employee divided by private consumption expenditure deflator.

Table 17

Current account

	2017	2018	2019	2020	2017	2018	2019	2020
	EUR million				*% of nominal GDP*			
Balance of trade	9,225.0	11,729.7	13,108.8	14,600.6	2.5	3.0	3.2	3.5
Balance of goods	–1,208.0	229.5	327.4	791.5	–0.3	0.1	0.1	0.2
Balance of services	10,433.0	11,500.2	12,781.5	13,809.1	2.8	3.0	3.2	3.3
Balance of primary income	728.0	770.6	600.0	600.0	0.2	0.2	0.1	0.1
Balance of secondary income	–2,994.0	–3,678.3	–4,043.8	–4,043.8	–0.8	–0.9	–1.0	–1.0
Current account balance	6,959.0	8,822.0	9,665.0	11,156.8	1.9	2.3	2.4	2.7

Source: 2017: OeNB; 2018 to 2020: OeNB June 2018 outlook.

Table 18

Quarterly outlook results

	2017	2018	2019	2018				2019				2020			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Prices, wages and costs	*Annual change in %*														
HICP	+2.2	+2.0	+1.9	+2.3	+2.1	+1.9	+1.9	+1.8	+1.9	+2.0	+2.0	+1.9	+2.0	+2.0	+1.9
HICP excluding energy and food	+2.0	+2.2	+2.2	+2.1	+2.0	+1.8	+2.0	+2.2	+2.3	+2.2	+2.3	+2.1	+2.2	+2.2	+2.2
Private consumption expenditure deflator	+2.1	+1.9	+1.9	+2.0	+2.0	+1.9	+1.9	+1.9	+1.9	+1.9	+1.9	+1.8	+1.8	+1.8	+1.8
Gross fixed capital formation deflator	+1.8	+1.9	+1.8	+1.9	+1.9	+1.8	+1.8	+1.8	+1.9	+1.9	+1.8	+1.5	+1.5	+1.6	+1.6
GDP deflator	+1.9	+2.0	+1.9	+1.9	+2.0	+2.0	+2.0	+2.1	+1.9	+1.8	+1.6	+2.0	+1.9	+1.8	+1.6
Unit labor costs	+1.5	+1.5	+1.4	+2.4	+1.7	+1.1	+0.7	+1.0	+1.4	+1.5	+1.6	+1.8	+1.7	+1.5	+1.1
Nominal wages per employee	+2.7	+2.4	+2.2	+3.1	+2.6	+2.1	+1.7	+2.0	+2.2	+2.2	+2.2	+2.4	+2.3	+2.1	+1.7
Productivity	+1.1	+0.9	+0.8	+0.7	+0.9	+1.0	+1.0	+1.0	+0.9	+0.7	+0.5	+0.6	+0.6	+0.6	+0.7
Real wages per employee	+0.6	+0.4	+0.3	+1.1	+0.6	+0.2	–0.1	+0.1	+0.3	+0.3	+0.3	+0.6	+0.6	+0.4	+0.0
Import deflator	+1.9	+2.1	+2.1	+2.0	+1.9	+2.1	+2.2	+2.2	+2.1	+2.0	+1.9	+1.7	+1.7	+1.7	+1.7
Export deflator	+1.6	+2.1	+2.0	+2.0	+2.0	+2.1	+2.1	+2.1	+2.0	+2.0	+2.0	+1.8	+1.8	+1.8	+1.8
Terms of trade	–0.3	+0.0	+0.0	+0.0	+0.1	+0.0	–0.1	–0.1	–0.1	+0.0	+0.1	+0.1	+0.1	+0.1	+0.1
Economic activity	*Annual and/or quarterly changes in % (real)*														
GDP	+3.1	+2.1	+1.7	+0.5	+0.5	+0.5	+0.5	+0.4	+0.4	+0.3	+0.3	+0.4	+0.4	+0.4	+0.4
Private consumption	+1.5	+1.4	+1.3	+0.4	+0.4	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3
Government consumption	+1.9	+1.4	+1.2	+0.3	+0.1	+0.2	+0.3	+0.4	+0.3	+0.3	+0.2	+0.2	+0.2	+0.2	+0.2
Gross fixed capital formation	+3.5	+2.3	+2.0	+0.6	+0.6	+0.6	+0.5	+0.5	+0.4	+0.4	+0.4	+0.4	+0.5	+0.5	+0.5
Exports	+4.9	+4.2	+3.9	+1.0	+1.0	+1.0	+1.0	+1.0	+0.9	+0.9	+0.8	+1.0	+1.0	+1.0	+0.9
Imports	+3.8	+3.6	+3.6	+0.8	+0.8	+0.8	+0.8	+0.9	+0.9	+0.9	+0.8	+1.0	+0.9	+0.8	+0.8
	Contribution to real GDP growth in percentage points														
Domestic demand	+2.0	+1.5	+1.3	+0.4	+0.3	+0.3	+0.3	+0.4	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3
Net exports	+0.8	+0.5	+0.4	+0.1	+0.2	+0.2	+0.1	+0.1	+0.0	+0.0	+0.1	+0.1	+0.1	+0.1	+0.1
Changes in inventories	+0.4	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Labor market	*% of labor supply*														
Unemployment rate (Eurostat definition)	5.0	4.9	4.9	5.1	5.0	5.0	5.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
	Annual and/or quarterly changes in %														
Total employment	+1.9	+1.2	+0.9	+0.2	+0.2	+0.2	+0.2	+0.2	+0.2	+0.2	+0.2	+0.2	+0.3	+0.2	+0.3
of which: private sector	*+2.2*	*+1.3*	*+1.1*	*+0.3*	*+0.3*	*+0.3*	*+0.3*	*+0.3*	*+0.3*	*+0.3*	*+0.3*	*+0.4*	*+0.4*	*+0.4*	*+0.4*
Payroll employment	+2.2	+1.4	+1.1	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3
Additional variables	*Annual and/or quarterly changes in % (real)*														
Disposable household income	+1.6	+1.7	+1.3	+0.3	+0.5	+0.6	+0.4	+0.3	+0.2	+0.1	+0.1	+0.4	+0.3	+0.2	+0.1
	% of real GDP														
Output gap	0.9	0.8	0.6	0.8	0.8	0.8	0.8	0.8	0.7	0.6	0.4	0.5	0.5	0.5	0.4

Source: OeNB June 2018 outlook. Quarterly values based on seasonally and working day-adjusted data.

Table 19

Comparison of current economic forecasts for Austria

	OeNB			WIFO		IHS		OECD		IMF		European Commission	
	June 2018			March 2018		March 2018		May 2018		April 2018		May 2018	
	2018	2019	2020	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Main results	*Annual change in %*												
GDP (real)	+3.1	+2.1	+1.7	+3.2	+2.2	+2.8	+1.9	+2.7	+2.0	+2.6	+1.9	+2.8	+2.2
Private consumption (real)	+1.5	+1.4	+1.3	+1.8	+1.6	+1.4	+1.2	+1.6	+1.6	×	×	+1.6	+1.4
Government consumption (real)	+1.9	+1.4	+1.2	+1.1	+1.2	+1.5	+0.9	+1.8	+1.2	×	×	+1.4	+1.3
Gross fixed capital formation (real)	+3.5	+2.3	+2.0	+3.5	+2.5	+2.9	+1.9	+3.3	+3.2	×	×	+3.7	+2.4
Exports (real)	+4.9	+4.2	+3.9	+5.5	+4.5	+5.2	+4.2	+5.1	+5.0	+3.7	+3.2	+5.2	+4.3
Imports (real)	+3.8	+3.6	+3.6	+4.6	+3.8	+3.5	+3.3	+4.0	+5.0	+3.1	+3.2	+3.9	+3.4
GDP per employee[1]	+1.1	+0.9	+0.8	+1.4	+1.0	+0.9	+0.7	+1.1	+0.7	×	×	+1.3	+1.0
GDP deflator	+1.9	+2.0	+1.9	+1.7	+1.8	+1.9	+1.9	+1.9	+2.4	+1.7	+2.2	+1.7	+1.7
CPI	×	×	×	+1.9	+1.9	+2.1	+2.2	×	×	×	×	×	×
HICP	+2.2	+2.0	+1.9	+2.0	+2.0	+2.2	+2.2	+2.1	+2.3	+2.2	+2.2	+2.1	+1.9
Unit labor costs	+1.5	+1.5	+1.4	+1.1	+1.6	+1.9	+1.8	+2.3	+2.4	×	×	+1.2	+1.6
Payroll employment	+1.9	+1.2	+0.9	+1.9	+1.1	+1.9	+1.2	+1.6	+1.2	+1.4	+1.1	+1.5	+1.2
	% of labor supply												
Unemployment rate (Eurostat definition)	5.0	4.9	4.9	5.2	5.0	5.2	5.2	5.1	4.9	5.2	5.1	5.2	5.0
	% of nominal GDP												
Current account balance	2.3	2.4	2.7	2.3	2.6	×	×	2.1	2.2	2.5	2.0	2.5	2.8
Budget balance (Maastricht definition)	0.0	0.2	0.4	–0.3	0.1	–0.6	–0.4	–0.5	–0.1	–0.3	–0.2	–0.5	–0.2
External assumptions													
Oil price in USD/barrel (Brent)	74.5	73.5	68.7	67.0	63.0	64.0	65.0	69.4	70.0	62.3	58.2	67.7	63.9
Short-term interest rate in %	–0.3	–0.2	0.2	–0.3	–0.1	–0.2	0.1	–0.3	–0.2	–0.3	0.0	–0.3	–0.1
USD/EUR exchange rate	1.20	1.18	1.18	1.23	1.23	1.20	1.20	1.16	1.16	1.24	1.25	1.23	1.23
	Annual change in %												
Euro area GDP (real)	+2.1	+1.9	+1.7	+2.4	+1.9	+2.3	+1.9	+2.2	+2.1	+2.4	+2.0	+2.3	+2.0
U.S. GDP (real)	+2.8	+2.5	+2.1	+2.5	+2.0	+2.5	+2.2	+2.9	+2.8	+2.9	+2.7	+2.9	+2.7
World GDP (real)	+3.8	+3.6	+3.5	×	×	+3.8	+3.5	+3.8	+3.9	+3.9	+3.9	+3.9	+3.9
World trade	+5.1	+4.6	+4.0	×	×	+4.5	+4.0	+4.7	+4.5	+5.1	+4.7	+4.9	+4.3

Source: OeNB, WIFO, IHS, OECD, IMF, European Commission.

[1] *WIFO: GDP per hour worked.*