

**Statement by the IMF Staff Representative on Austria
September 9, 2009**

1. This statement provides information that has become available since the Staff Report was circulated to the Executive Board on August 5, 2009. The information does not alter the thrust of the staff appraisal.
2. **Real GDP declined in the second quarter of 2009** by 0.4 percent quarter-on-quarter and by 4.4 percent year-on-year, despite a relatively strong increase in private consumption of 0.4 percent quarter-on-quarter. The latest industrial production and export numbers are still negative compared to last year, but seem to be bottoming out. On the basis of a more positive outlook for Austria's main trading partners, we now expect economic growth in 2010 to be slightly positive (about $\frac{1}{4}$ percentage point).
3. Other developments:
 - **Headline inflation is negative in July** (0.4 percent both month-on-month and year-on-year). Core inflation in Austria remains positive.
 - **Spreads on government bonds have come down significantly** (from a peak of 130 basis points in February to 45 basis points at end-August).
 - **Austrian stock prices have done well recently** (the ATX was up by about 20 percent since end-June).
 - **The authorities have negotiated a capital infusion into an additional bank**, worth around €1 billion (€0.6 billion in participation capital, €0.4 billion in asset guarantees), in addition to the €6.5 billion spent on participation capital and asset guarantees in various banks as reported in the staff report.
 - **Large Austrian banks have reported profits for the first half of 2009**, despite higher provisioning for non-performing loans.