Subdued Economic Recovery given Necessary Fiscal Consolidation

Economic Outlook for Austria from 2010 to 2012 (June 2010)

Christian Ragacs,
Klaus Vondra[1]

1 Summary

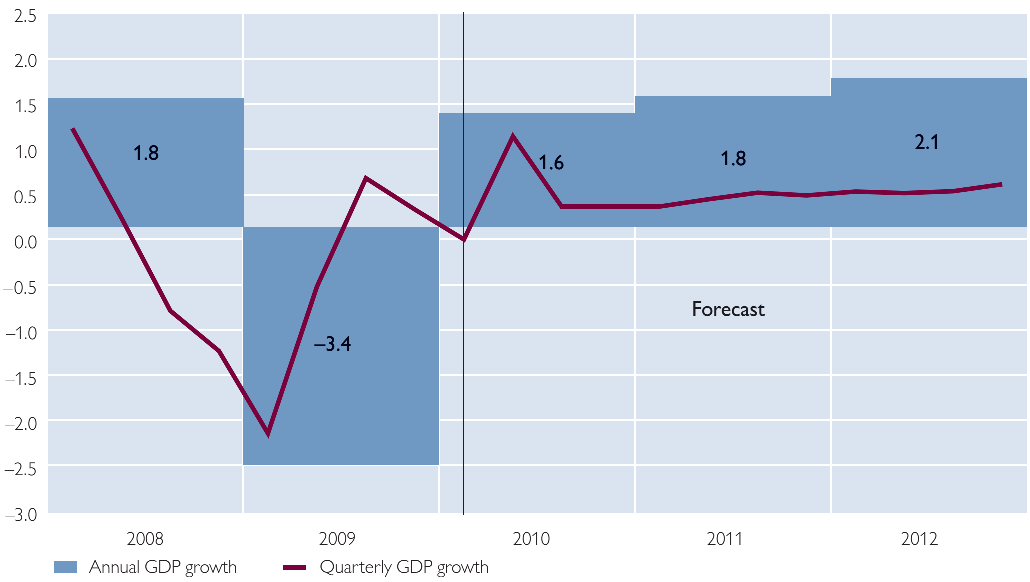
According to the OeNB's June 2010 economic outlook, real economic output is projected to grow by 1.6% in Austria in 2010, after having contracted by 3.4% in 2009. The outlook is even brighter for the years ahead, with a significant acceleration of growth projected for 2011 (1.8%) and especially for 2012 (2.1%). Thus, the economic outlook has improved by 0.4 percentage points for 2010, and by 0.2 percentage points for 2011 over the December 2009 projections, largely thanks to a more rapid recovery of world trade. Real output growth expected for 2012 is in line with Austria's long-term average.

The recovery of the Austrian economy is fueled by the rapid upswing in world trade that has been observed since the summer of 2009. Consequently, the OeNB now expects the annual growth rate of Austrian *exports* to accelerate to 4.6% in 2010, which is still moderate compared with previous recovery episodes. Looking ahead, export growth is, however, projected to reach 5.4% in 2011 and 6.1% in 2012. With regard to business investment, plummeting export demand, tighter financing conditions and the general uncertainty amid the crisis had caused investment in plant and equipment to contract by 8.5%, and gross fixed capital formation as a whole by 7.5% in

Chart 1

Growth of Real GDP (Seasonally and Working Day-Adjusted)

Quarterly and annual changes in %



Source: Eurostat, OeNB.

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[1] *Oesterreichische Nationalbank, Economic Analysis Division, Christian.Ragacs@oenb.at, Klaus.Vondra@oenb.at. With contributions from Friedrich Fritzer, Ernest Gnan, Walpurga Köhler-Töglhofer, Peter Mooslechner, Lukas Reiss and Alfred Stiglbauer.*

2009. By mid-2010, *gross fixed capital formation* will have moved back into growth territory, yet the annual growth rate for 2010 is expected to remain negative at 4.5%. The growth outlook further ahead, while positive again at 1.5% (2011) and 2.9% (2012), is nonetheless significantly short of historical averages.

Private consumption has had a stabilizing effect on the economy throughout the crisis. Even in 2009, private consumption continued to grow at a moderate rate of 0.8%, reflecting comparatively high wage increases, gains from income tax reform, very low inflation rates and as yet low unemployment rates. Yet some of those effects will cease to operate in 2010; for instance, compensation per employee is going to rise considerably less sharply (1.3%) than in 2009 (2.4%) given lower wage settlements. Conversely, self-employment income and operating surpluses are going to pick up again (1.6%) and, together with net transfers, will stabilize disposable household income. At the same time, rising inflation will, however, cause real disposable household income to stagnate in 2010. With both national accounts data for the first quarter of 2010 and leading indicators signaling ongoing robust growth of consumer demand, private consumption is projected to grow by 1.1% in 2010. In 2011 and 2012, private consumption growth is expected to be dampened given the restrictive public spending policies underlying the projections. The saving ratio is projected to decline to 10.1% in 2010 and to broadly remain at this level in the following two years.

During the crisis, Austria's *unemployment rate* (Eurostat definition) rose from 3.8% in 2008 to 4.8% in 2009. The good news is that, in March 2010, unemployment started to go down again, and that the number of job vacancies started to increase somewhat. Austria actually had the second-lowest unemployment rate in the euro area in the first quarter of 2010. The number of hours worked also started to go up again in the first quarter. Given the size of the economic contraction, the comparatively small increase in unemployment by both international and historical standards and the comparatively fast return to positive employment growth come as a surprise. Rather than lay off employees, domestic businesses have evidently made an effort to cut working hours and encourage staff to take accrued vacation leave, wherever possible. This approach was supported through labor market measures, such as state-subsidized short-term working schemes. While labor supply is expected to grow slightly over the forecast horizon, the rate of GDP growth will be too weak to facilitate a reduction of the unemployment rate from the demand side. The unemployment rate will therefore continue to increase slightly to 5.0% in 2010 and to inch up to 5.1% in 2011, where it will remain also in 2012.

HICP inflation has lately risen to 1.8% (March and April 2010), reflecting above all energy price increases. Looking ahead, we expect HICP inflation to remain broadly unchanged in the remainder of 2010. Thus, annual HICP inflation for 2010 should come to 1.7%, compared with an exceptionally low rate of 0.4% in 2009. Following unchanged inflation in 2011, a marginal increase to 1.8% is forecast for 2012 given a slight increase in prices for durable consumer goods.

The fallout from the financial crisis for the real economy has been cushioned by internationally coordinated expansionary *fiscal policy* measures. In Austria, discretionary fiscal policy measures

Table 1

OeNB June 2010 Outlook for Austria – Key Results[1]

	2009	2010	2011	2012
Economic activity	*Annual change in % (real)*			
Gross domestic product	–3.4	+1.6	+1.8	+2.1
Private consumption	+0.8	+1.1	+0.9	+1.0
Government consumption	+1.0	+0.7	+0.6	+0.6
Gross fixed capital formation	–7.5	–4.5	+1.5	+2.9
Exports of goods and services	–15.0	+4.6	+5.4	+6.1
Imports of goods and services	–13.1	+1.3	+4.3	+5.2
Contribution to real GDP growth	*Percentage points of GDP*			
Private consumption	+0.4	+0.6	+0.5	+0.5
Government consumption	+0.2	+0.1	+0.1	+0.1
Gross fixed capital formation	–1.6	–0.9	+0.3	+0.6
Domestic demand (excluding changes in inventories)	–1.0	–0.2	+0.9	+1.2
Net exports	–2.0	+1.8	+0.9	+0.9
Changes in inventories (including statistical discrepancy)	–0.4	+0.0	+0.1	+0.0
Prices	*Annual change in %*			
Harmonised Index of Consumer Prices (HICP)	+0.4	+1.7	+1.7	+1.8
Private consumption expenditure (PCE) deflator	+1.2	+1.7	+1.8	+1.8
GDP deflator	+1.8	+1.7	+1.7	+1.8
Unit labor costs in the total economy	+4.8	–0.1	+0.6	+0.7
Compensation per employee (at current prices)	+2.4	+1.3	+1.9	+2.1
Productivity (whole economy)	–2.3	+1.4	+1.3	+1.4
Compensation per employee (real)	+1.2	–0.4	+0.1	+0.3
Import prices	–1.9	+1.0	+1.7	+1.9
Export prices	–1.6	+1.4	+1.9	+1.9
Terms of trade	+0.2	+0.4	+0.2	+0.0
Income and savings				
Real disposable household income	–1.1	+0.1	+0.8	+1.5
	% of nominal disposable household income			
Saving ratio	11.0	10.1	10.0	10.2
Labor market	*Annual change in %*			
Payroll employment	–0.8	+0.2	+0.6	+0.7
	% of labor supply			
Unemployment rate (Eurostat definition)	4.8	5.0	5.1	5.1
Budget	*% of nominal GDP*			
Budget balance (Maastricht definition)	–3.4	–4.5	–4.2	–3.9
Government debt	66.5	69.2	71.3	72.8

Source: 2009: Eurostat, Statistics Austria; 2010 to 2012: OeNB June 2010 outlook.

[1] The outlook was drawn up on the basis of seasonally adjusted and working-day adjusted national accounts data. Therefore, the historical values for 2009 may deviate from the nonadjusted data released by Statistics Austria.

(economic stimulus packages, income tax reform, labor market packages, car scrapping scheme and a range of measures adopted by parliament on September 24, 2008) fueled economic activity in 2009 and will continue to boost GDP growth also in 2010. At the same time, the comprehensive stimulation measures and, in particular, the effects of the automatic stabilizers drove up the general government deficit to 3.4% of GDP in 2009. Given weak wage bill growth and the somewhat lagged reaction of tax revenue to the discretionary stabilization measures (parts of the family package, temporary provisions for accelerated depreciation, etc.) public revenues are expected to stagnate in 2010; as a result, the deficit will climb further to 4.5% of GDP. The deficit will subsequently start to shrink in 2011 (4.2%) and 2012 (3.9%) following the more restrictive spending policies the government is expected to embrace. In this respect, the deficit-reducing impact of GDP growth will be limited. General government debt is projected to jump from 66.5% at the end of 2009 to close to 73% of GDP in 2012. In line with Eurosystem rules, these projections reflect only fiscal policy measures that have already been enacted, or that have been specified in sufficiently great detail and parliamentary adoption of which is only a matter of time.

In addition to the baseline projections, the OeNB has also estimated an economic outlook scenario which is based on the assumption of compliance with the fiscal consolidation path laid down in Austria's stability program. In line with this scenario, the Maastricht deficit would be smaller than implied by the baseline projections; specifically, it would be 4.0% of GDP rather than 4.2% in 2011, and it would be 3.3% of GDP rather than 3.9% in 2012. At the same time, this scenario yields somewhat lower figures for GDP growth than the baseline scenario, namely 1.7% in the next two years instead of 1.8% (2011) and 2.1% (2012). Additional minor negative effects on economic growth might result from parallel fiscal consolidation in other EU Member States.

The negative growth effects of compliance with stability program commitments beyond the baseline scenario may be overstated insofar as, against the backdrop of high market uncertainty about the sustainability of public debt levels in the euro area, noncompliance with the stability programs may cause risk premia on European government bonds to rise again to such levels that would cause the growth rates underlying the baseline scenario to become unrealistic.

2 Technical Assumptions

This forecast for Austria is the OeNB's contribution to the Eurosystem's June 2010 staff projections. The forecast horizon ranges from the first quarter of 2010 to the fourth quarter of 2012. May 25, 2010, was the cutoff date for the technical assumptions. The projections were prepared with the OeNB's macroeconomic quarterly model and are essentially based on seasonally and working day-adjusted national accounts data calculated by the Austrian Institute of Economic Research (WIFO). These data were fully available up to the fourth quarter of 2009. With regard to the first quarter of 2010, the projections are based on GDP flash estimates, which cover only part of the national accounts aggregates, though. The underlying short-term interest rate is based on market expectations for the three-month EURIBOR and is assumed to equal 0.8% in 2010, 1.1% in 2011 and 1.7% in 2012. Long-term interest rates, which reflect market expectations for ten-year government bonds, are assumed to equal 3.4% in 2010, 3.8% in 2011 and 4.2% in 2012. The euro's exchange rate against the U.S. dollar is assumed to remain at USD/EUR 1.26. The projected trend in crude oil prices is based on futures prices. Specifically, we assume oil prices to average USD 79.5 per barrel (Brent) in 2010, USD 83.7 in 2011 and USD 86.3 in 2012. The prices of commodities excluding energy are also based on futures prices over the forecast horizon.

3 World Economy Back on Growth Path, Euro Area Lagging Behind

The world economy is recovering at a swifter pace than the OeNB had assumed in its December 2009 projections. The comprehensive support measures for the financial sector have stabilized confidence in financial markets. Furthermore, the very low level of interest rates by historical standards and the host of economic stimulus packages launched world-wide have been supporting economic activity. Even so, the projected GDP growth rates will be too low in many countries to bring down unemployment rates from the prevailing record highs. Moreover, the active and passive stabilization (automatic stabilizers) of the real economy comes at the price of rapidly deteriorating budget deficits and ballooning public debt levels, which creates the need to undertake comprehensive fiscal consolidation at the latest once the economic crisis is over. Sharply rising debt levels and the ensuing problems of individual euro area Member States to fund themselves in financial markets have shifted the economic policy focus to the need to consolidate public households. The United Kingdom and the United States likewise face the need to phase out public economic stimulus programs and embrace consolidation measures.

China has been at the vanguard of global recovery. While its current account surplus shrunk from close to 10% of GDP in 2008 to about 6% in the crisis year 2009, the evidence for the years ahead points to a prolongation of the macroeconomic imbalances until

Table 2

Underlying Global Economic Conditions

	2009	2010	2011	2012
	Annual change in % (real)			
Gross domestic product				
World GDP growth outside the euro area	–0.4	+4.7	+4.1	+4.6
U.S.A.	–2.4	+3.1	+2.2	+2.8
Japan	–5.2	+2.1	+1.7	+2.0
Asia excluding Japan	+5.2	+8.3	+7.0	+7.6
Latin America	–1.9	+4.0	+3.2	+4.0
United Kingdom	–4.9	+1.2	+2.4	+2.4
New EU Member States[1]	–3.0	+1.4	+3.0	+3.9
Switzerland	–1.5	+1.4	+1.9	+2.2
Euro area[2]	–4.1	+0.7 to +1.3	+0.2 to +2.2	x
World trade (imports of goods and services)				
World economy	–11.1	+9.1	+5.9	+7.0
Non-euro area countries	–11.0	+11.3	+6.9	+7.9
Real growth of euro area export markets	–11.7	+8.6	+6.0	+7.0
Real growth of Austrian export markets	–11.7	+7.4	+4.7	+6.0
Prices				
Oil price in USD/barrel (Brent)	61.9	79.5	83.7	86.3
Three-month interest rate in %	1.2	0.8	1.1	1.7
Long-term interest rate in %	3.9	3.4	3.8	4.2
USD/EUR exchange rate	1.39	1.29	1.26	1.26
Nominal effective exchange rate (euro area index)	111.70	104.48	102.66	102.66

Source: Eurosystem.

[1] *Member States that joined the EU in 2004 and 2007 and have not yet introduced the euro: Czech Republic, Hungary, Poland, Romania, Bulgaria, Estonia, Latvia, Lithuania.*

[2] *2010 to 2011: Results of the Eurosystem's December 2010 projections. The ECB presents the result in ranges based upon average differences between actual outcomes and previous projections.*

the end of the forecast horizon. *Japan* suffered the single biggest setback from the contraction in world trade, seeing its GDP performance fall back to 2003 levels in 2009. Yet, driven by rising exports particularly into other Asian countries and rebounding domestic demand, the Japanese economy reverted to a growth path in the fourth quarter of 2009.

The *U.S. economy* has recovered a lot faster than anticipated in the December 2009 outlook. Even so, the stabilization of the economy has been brought about almost exclusively by economic policy measures, which are gradually being phased out. Unemployment has risen to European averages and has been depressing private consumption. Compared with previous crisis episodes, we thus continue to expect a relatively slow recovery of economic activity in the United States.

The *United Kingdom* had been in recession already in mid-2008, which further deepened in 2009. Unlike many euro area countries, the United Kingdom saw economic activity decline mainly as a result of contracting domestic demand. In 2010, the United Kingdom should, however, return to a positive growth path thanks to rising exports fueled by a depreciation of the British pound as well as by economic policy measures. The general government deficit jumped to more than 12% of GDP in 2009. Therefore, the government has adopted a consolidation package for 2010, which should bring the deficit for 2010 down to below 9.5%. The *Swiss* economy, while unable to insulate itself from the global economic meltdown, did not contract as sharply as other economies in 2009 (1.5%). In 2010 and 2011, the Swiss economy is expected to revive, but the revival will go hand in hand with a rise in unemployment that will be surprisingly sharp by Swiss standards.

The *euro area* economy had bottomed out in the second quarter of 2009, only to stagnate again in the fourth quarter following comparatively robust (quarter-on-quarter) growth from July to September 2009. The first quarter of 2010 brought very subdued growth. The unemployment rate came to 10% in March 2010. The average euro area public deficit corresponded to 6.3% of GDP in 2009 (2008: 2.0%), and the public debt ratio (Maastricht definition) climbed to 74.3% of GDP (2008: 62.3%). The crisis has unveiled the broad-based macroeconomic imbalances which continue to prevail within the euro area in terms of GDP growth, unemployment, productivity as well as deficit and debt ratios of public households.

The debt crisis of Greece illustrates not only the problems that arise from a lack of fiscal credibility but also the problems of living with sustained macroeconomic imbalances within a monetary union. Triggered by the (re)financing problems Greece[2] faced in capital markets, the need arose to adopt a European financial stabilization mechanism on May 9, 2010 (based on Article 122(2) of the Treaty of Lisbon).[3] In particular, agreement was reached, first, to expand the EU's existing medium-term financial assistance facility, designed to alleviate balances of pay-

[2] *On May 2, 2010, euro area members and the IMF agreed on a three-year financial support program for Greece with a total of EUR 110 billion.*

[3] *In addition to existing EU facilities for non-euro area EU countries as well as unconventional measures, such as ECB liquidity assistance. The EU also provides macrofinancial assistance (MFA) to non-EU countries (such as Georgia or Ukraine), which is, typically, conditional and complements assistance by the IMF.*

ments problems,[4] by creating an additional euro-area fund worth up to EUR 60 billion (to be borrowed by the European Commission in the capital market) and, second, to set up a special purpose vehicle (named the European Financial Stability Facility) to raise up to EUR 440 billion in support of euro area Member States (which will at the same time provide the necessary guarantees) over three years. In total, the stabilization package for the euro area is worth EUR 750 billion (of which EUR 250 billion would be contributed by the IMF).

Germany was hit worse than other EU countries by the crisis, given its high dependency on exports and its comparatively strong specialization on capital goods. Following the setback in exports, German businesses have considerably scaled back investment. Even so, the performance of the German labor market has been comparatively good. As in Austria, production disruptions were offset with a subsidized reduction of working hours. While having virtually stagnated in the first quarter of 2010 (0.2% quarter-on-quarter growth), growth should be fairly robust in the second quarter. Growth is being driven not only by exports, but also by domestic demand.

The *French* economy suffered a smaller setback than the euro area Member States on average, given the traditionally high relevance of domestic demand and the lower importance of the export-oriented capital goods industry. At the same time, public finances have deteriorated sharply in France due to the impact of the automatic stabilizers and a spending package, adopted in 2009, which became effective in 2010. Since France will have to consolidate its budget in the coming years, the French economy may be in for a rather protracted recovery.

The *Italian* economy went through a recession from the fourth quarter of 2007 until the fourth quarter of 2009. The economic crisis compounded precrisis losses in export competitiveness. The decline in private consumption was comparatively limited, and consumption expenditure should remain the key driver of growth also in 2010. Italy's budget deficit climbed to 5.3% of GDP in 2009. In the most recent update of its stability program, the Italian government therefore announced that it would cut public spending by EUR 24 billion by 2012.

The countries in *Central, Eastern and Southeastern Europe (CESEE),* which are of prime importance for Austria, were hit by the crisis through a number of channels – first by the collapse of export demand; second by the sharp drop in direct investment; third by temporary reversals of capital inflows and the ensuing sharp depreciation of some currencies as well as the substantial repercussions that currency depreciation had especially for individual and corporate debtors given their high exposure to foreign currency loans; and fourth by the substantial problems of some countries to refinance themselves in international capital markets. This created the need in several countries to seek international help from the IMF or combined EU/IMF assistance. The economic performance of the CESEE area has been very heterogeneous. While the Baltic states as well as Hungary, Romania and, above all, Ukraine suffered huge setbacks, Poland stands out as the only country in the EU to have recorded positive growth in 2009.

[4] *A facility is an arrangement that allows stakeholders to borrow money (or to deposit balances) subject to the agreed conditions for a short period of time.*

Overall, the countries that joined the EU in 2004 or 2007 are expected to see their economies recovery comparatively fast.

4 Austria: Recovery Is Driven Above All by Exports

The global economic crisis hit the Austrian *export industry* as early as in the second quarter of 2008, when quarter-on-quarter growth started to contract. Domestic exporters, especially those in the manufacturing industry, experienced the biggest slump in export demand in the fourth quarter of 2008 and especially in the first quarter of 2009. In 2009 as a whole exports contracted by 15.0%. In line with the recovery of the world economy, Austrian export activity regained momentum in the second half of 2009, returning to positive growth on a quarterly basis. While GDP flash estimates show another decline in Austrian exports for the first quarter of 2010, the latest leading indicators, however, (including the OeNB's export indicator[5]) would imply either a slight upward revision of export growth in the first quarter or a comparatively robust export activity in the second quarter of 2010.

Among other things, the sharp setback in exports reflects the consequences of the global crisis on the development of demand in Austrian export markets, which slumped by 11.7% in 2009 after having weakened already in 2008. The situation of domestic exporters was exacerbated by the deterioration of price competitiveness, which is attributable both to the appreciation of the euro and to a significant rise in unit labor costs in 2009. The loss in price competitiveness

Table 3

Growth and Price Developments in Austria's Foreign Trade

	2009	2010	2011	2012
	Annual change in %			
Exports				
Competitor prices in Austria's export markets	–3.6	+3.9	+2.0	+1.4
Export deflator	–1.6	+1.4	+1.9	+1.9
Changes in price competitiveness	–2.0	+2.5	+0.2	–0.5
Import demand in Austria's export markets (real)	–11.7	+7.4	+4.7	+6.0
Austrian exports of goods and services (real)	–15.0	+4.6	+5.4	+6.1
Market share	–3.3	–2.8	+0.7	+0.1
Imports				
International competitor prices in the Austrian market	–3.4	+3.1	+1.8	+1.3
Import deflator	–1.9	+1.0	+1.7	+1.9
Austrian imports of goods and services (real)	–13.1	+1.3	+4.3	+5.2
Terms of trade	+0.2	+0.4	+0.2	+0.0
	Percentage points of real GDP			
Contribution of net exports to GDP growth	–2.0	+1.8	+0.9	+0.9

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook, Eurosystem.

[5] *The results of the OeNB's export indicator of May 2010 point to a rise of nominal goods exports of 6.5% in March and of 3.2% in April 2010 (seasonally and working day-adjusted, quarter on quarter). Estimates of goods exports produced with the export indicator are based on truck mileage data compiled by the Austrian highway authority and road toll operator, ASFINAG. Indicator results and (German) information on the underlying methodology can be downloaded from the OeNB's website (www.oenb.at/de/geldp_volksw/prognosen/export-indikator/oenb-exportindikator.jsp).*

Table 4

Austria's Current Account

	2009	2010	2011	2012
	% of nominal GDP			
Balance of trade	3.4	4.1	4.2	4.4
Balance on goods	–0.8	–0.4	–0.4	–0.3
Balance on services	4.2	4.5	4.6	4.8
Euro area	0.0	0.1	0.3	0.5
Non-euro area countries	3.4	4.0	3.9	3.9
Balance on income	–0.5	–0.4	–0.4	–0.5
Balance on current transfers	–0.6	–0.6	–0.5	–0.6
Current account	2.3	3.1	3.3	3.4

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

has caused domestic exporters to lose market shares. For 2010 we expect demand to rebound strongly in Austrian export markets and price competitiveness to improve, not least on account of stagnating unit labor costs (–0.1%). Both factors will contribute to the recovery of exports.

Annual export growth is projected to be weak compared with previous recovery episodes, but positive in 2010 at 4.6%. Thereafter, export growth should accelerate to 5.4% in 2011 and to 6.1% in 2012. In other words, the recovery of the Austrian economy is essentially being driven by external factors.

The Austrian *current account* continued to be in surplus in 2009 (2.3% of nominal GDP), but the surplus has been declining since 2008, after having increased persistently for a number of years up to 2007. Whereas goods exports declined significantly, the contraction in goods imports was cushioned by sustained stable consumption expenditure. Services exports held up much better during the crisis than goods exports, and above all the tourist industry has been instrumental in stabilizing the economy. Overnight stays in Austria, while declining by 1.9% in 2009, did not contract as much as overall economic activity, and the decline in overnight stays by foreigners (–3.2%) was mitigated to some extent by an offsetting rise in overnight stays by residents (1.7%). Moreover, the base year 2008 had been one of the most successful years in the history of tourism in Austria. In the last winter season 2009/2010 (November to April) overnight stays edged down by another 0.4% compared with the corresponding season of the previous period.[6]

Until the end of the forecast horizon, the goods balance is expected to improve gradually and to become broadly balanced again. In particular, the improvement in the goods balance vis-à-vis the euro area will reflect the expected accelerated recovery of Austria's major trading partners. On balance, the economic recovery will cause the current account surplus to keep growing moderately, namely to 3.1% in 2010, to 3.3% in 2011 and to 3.4% in 2012.

[6] *Even so, the Austrian tourist industry achieved the third-best result on record in 2009.*

5 Domestic Demand Is Recovering Slowly

5.1 Investment in Plant and Equipment Continues to Decline in 2010

In the secondary sector (NACE sections C to F) real output contracted by 14.0% in 2009 in seasonally adjusted terms. In other words, *manufacturing,* more than any other branch of the industry, suffered by far the most from the crisis when export demand slumped. The crisis of the secondary sector was, moreover, exacerbated by tightened financing conditions and by the general climate of uncertainty under which businesses had to plan for the future. Output growth did not start to recover somewhat until the second half of 2009. A combination of the above factors drove down investment in plant and equipment by as much as 8.5% and gross fixed capital formation as a whole by 7.5% in 2009.

The successive lowering of ECB key interest rates since the fall of 2008 has gradually eased financing conditions. Interest rate pass-through to businesses, while occurring with a short lag, was virtually complete. Moreover,

Chart 2

Soft Indicators for the Austrian Economy

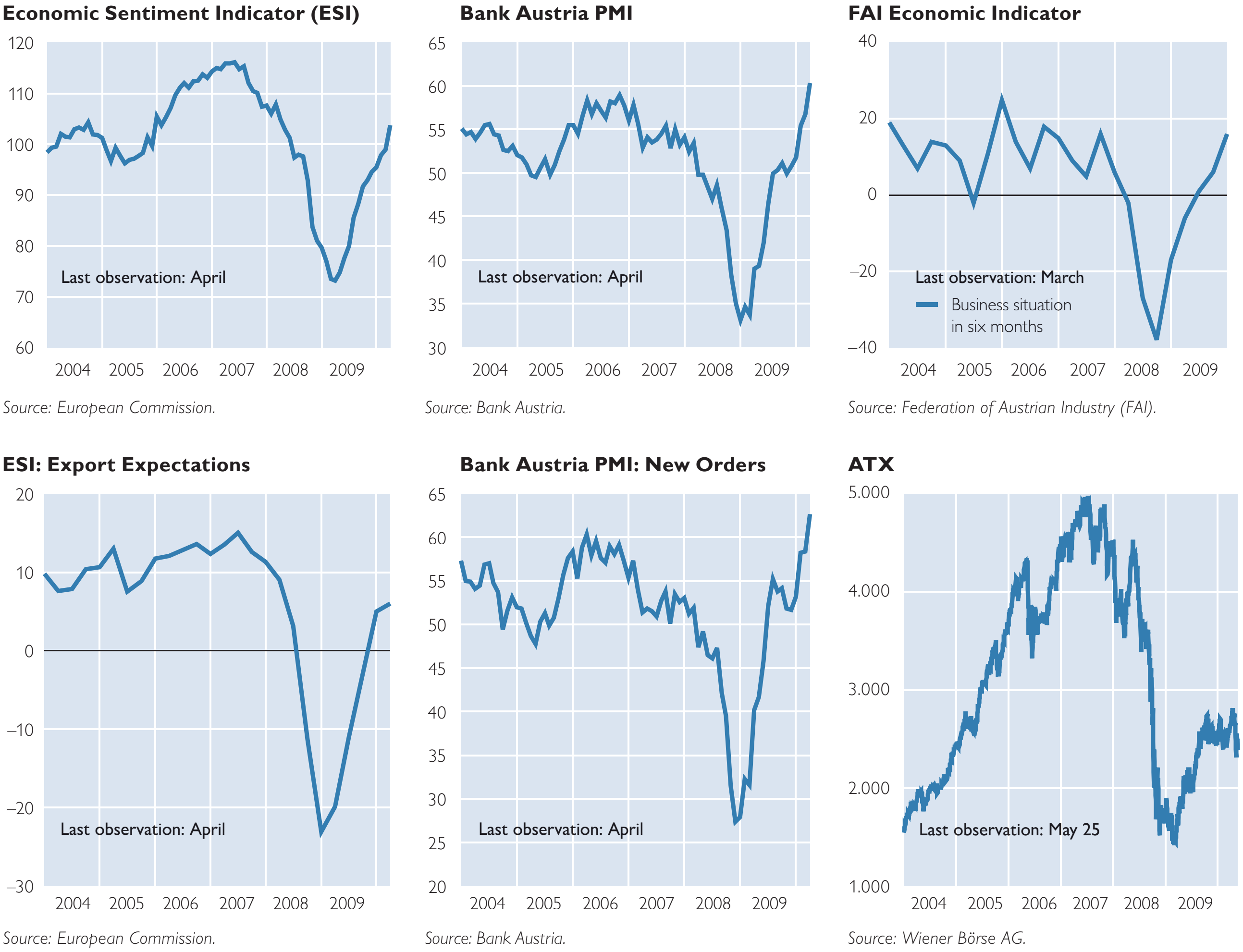


Table 5

Investment Activity in Austria

	2009	2010	2011	2012
	Annual change in %			
Total gross fixed capital formation (real)	–7.5	–4.5	+1.5	+2.9
of which: Investment in plant and equipment (real)	*–8.5*	*–6.1*	*+2.0*	*+3.2*
Residential construction investment (real)	*–6.2*	*–3.9*	*+0.1*	*+1.8*
Nonresidential construction investment and other investment	*–1.8*	*–3.4*	*+1.7*	*+3.1*
Government investment (real)	*–1.5*	*+0.5*	*–1.5*	*–1.5*
Private investment (real)	*–7.8*	*–4.8*	*+1.7*	*+3.2*
	Contribution to total gross fixed capital formation growth in percentage points			
Investment in plant and equipment (real)	–3.3	–2.3	+0.7	+1.2
Residential construction investment (real)	–1.3	–0.8	+0.0	+0.4
Nonresidential construction investment and other investment	–0.7	–1.5	+0.7	+1.4
Government investment (real)	–0.1	+0.0	–0.1	–0.1
Private investment (real)	–7.4	–4.6	+1.6	+3.0
	Contribution to real GDP growth in percentage points			
Inventory changes (real)	–0.6	+0.0	–0.1	+0.1

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

orders have picked up lately, and typical leading indicators (see chart 2) have recently edged higher. Capacity utilization, which had dropped significantly during the crisis, rebounded in early 2010 and is again close to long-time averages. This notwithstanding, existing excess capacities continue to hamper investment activity. Hence, *gross fixed capital formation* will continue to contract in the first half of 2010. This trend will not reverse until the second half of the year, so that annual growth is expected to remain negative in 2010 as a whole (–4.5%). The outlook for the next two years is positive, yet at 1.5% (2011) and 2.9% (2012) growth of business investment is expected to fall significantly short of historical averages. Over the entire forecast horizon, the *investment-to-GDP ratio* should come to approximately 19½% (2008: 21.7%).

The more immediate future is likely to see above all replacement investment rather than the development of new production capacities. Thus *investment in plant and equipment,* which will continue to contract in 2010 (–6.1%), is projected to grow rather slowly in 2011 (2.0%) and 2012 (3.2%). The contraction in *housing investment* has been relatively moderate so far. Yet a drop in planning permissions granted implies that the revival will remain very subdued in this area, too, in 2011 (0.1%) and 2012 (1.8%), following an anticipated contraction by 3.9% in 2010. Civil *engineering,* while benefiting from the government's economic support measures, will account for the second-largest slump among all investment categories in 2010 and is expected to revive but slowly in 2011 and 2012. *Public investment,* finally, will grow at a rate of 0.5% in 2010 and thus continue to fuel economic activity this year; yet thereafter the government's restrictive spending polices underlying the projections for 2011 and 2012 will cause public investment growth to contract by 1.5%.

5.2 Consumption as a Stabilizing Factor

Private consumption has been the single most important factor in stabilizing the economy throughout the crisis. Consumer spending continued to grow by as much as 0.8% in 2009, benefiting from the wage settlements negotiated in 2008, measures implemented by the government to raise disposable income, the low inflation rate and the as yet low level of unemployment.

In 2010, however, the rise of inflation to 1.7% is going to dampen the expansion of real disposable income. Moreover, the benign impact of the income tax reform is tapering off. Given the significant drop in wage settlements in 2009, the rise in compensation per employee is going to be markedly lower in 2010 (1.3%) than in 2009 (2.4%). At the same time, the gradual economic revival is going to fuel growth of operating surpluses and self-employment income (1.6%) and is expected to stabilize household income in combination with net public transfers. In addition, employment should grow at least marginally (0.2%).

Given that the national accounts data for the first quarter of 2010, the latest data of Statistics Austria on retail trade excluding car sales[7] (real growth of 3.0%) and leading indicators continue to signal robust consumption, we project consumption to continue to grow at a fairly robust rate in 2010 (1.1%). In 2011 and 2012 compensation per employee is expected to be somewhat higher again, reflecting comparatively higher wage settlements (1.9% and 2.0%, respectively) and a 0.6% increase in overall employment in both years. At the same time, self-employment income, operating surpluses and property income are going to grow at a comparatively robust pace. With government needing to retrench, net transfers are going to dampen the development of household income. Real

Table 6

Determinants of Nominal Household Income in Austria

	2009	2010	2011	2012
	Annual change in %			
Employees	–0.8	+0.2	+0.6	+0.7
Wages per employee	+2.4	+1.3	+1.9	+2.1
Compensation of employees	+1.5	+1.4	+2.5	+2.8
Property income	–30.0	–11.3	+5.4	+8.0
Mixed income and operating surplus, net	–1.7	+1.6	+2.9	+4.6
	Contribution to disposable household income growth in percentage points			
Compensation of employees	+1.3	+1.2	+2.1	+2.3
Property income	–4.2	–1.1	+0.5	+0.7
Mixed income and operating surplus, net	–0.3	+0.3	+0.6	+0.9
Net transfers minus direct taxes[1]	+3.4	+1.4	–0.5	–0.6
Disposable household income (nominal)	+0.1	+1.8	+2.6	+3.3

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

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

[7] *New car sales registrations increased by 18.3% in the first quarter of 2010 but dropped by 11.4% in April 2010 (based on annual growth rates). This unusually high volatility can be attributed to the launch of a car scrapping incentive in April 2009, which prompted interested buyers to postpone their purchases. In April 2009 new car registrations had increased by 12.8%.*

Table 7

Private Consumption in Austria

	2009	2010	2011	2012
	Annual change in %			
Disposable household income (nominal)	+0.1	+1.8	+2.6	+3.3
Private consumption expenditure (PCE) deflator	+1.2	+1.7	+1.8	+1.8
Disposable household income (real)	–1.1	+0.1	+0.8	+1.5
Private consumption (real)	+0.8	+1.1	+0.9	+1.0
	% of nominal disposable household income			
Saving ratio	11.0	10.1	10.0	10.2

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

disposable household income will, however, continue to grow despite the anticipated restrictive fiscal stance, namely by 0.8% in 2011 and by 1.5% in 2012. The saving ratio is going to drop to 10.1% in 2010 – following a drop to 11.0% in 2009[8] – but remain broadly unchanged thereafter.

5.3 Outlook for the Labor Market Remains Weak

During the crisis Austria's *unemployment rate* (Eurostat definition) rose from 3.8% in 2008 to 4.8 % in 2009, and yet Austria has been among the euro area countries with the lowest increase in unemployment during the crisis so far. In the first quarter of 2010, Austria had the second-lowest unemployment rate in the euro area. At the same time, the number of unemployed started to go down in March 2010 (249,679 jobless persons), and the number of vacancies started to increase again somewhat. The number of hours worked also started to pick up somewhat in the first quarter of 2010.

Given the size of the economic contraction, the comparatively small increase in unemployment by international and historical standards alike, and the relatively fast return to positive

Table 8

Labor Market Developments in Austria

	2009	2010	2011	2012
	Annual change in %			
Total employment	–1.1	+0.2	+0.6	+0.6
of which: Payroll employment	*–0.8*	*+0.2*	*+0.6*	*+0.7*
Self-employment	*–1.2*	*+0.1*	*+0.2*	*+0.4*
Public sector employment	*+0.2*	*+0.0*	*–0.1*	*–0.1*
Registered unemployment	+20.8	+3.6	+3.1	+1.4
Labor supply	+0.1	+0.4	+0.7	+0.7
	% of labor supply			
Unemployment rate (Eurostat definition)	4.8	5.0	5.1	5.1

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

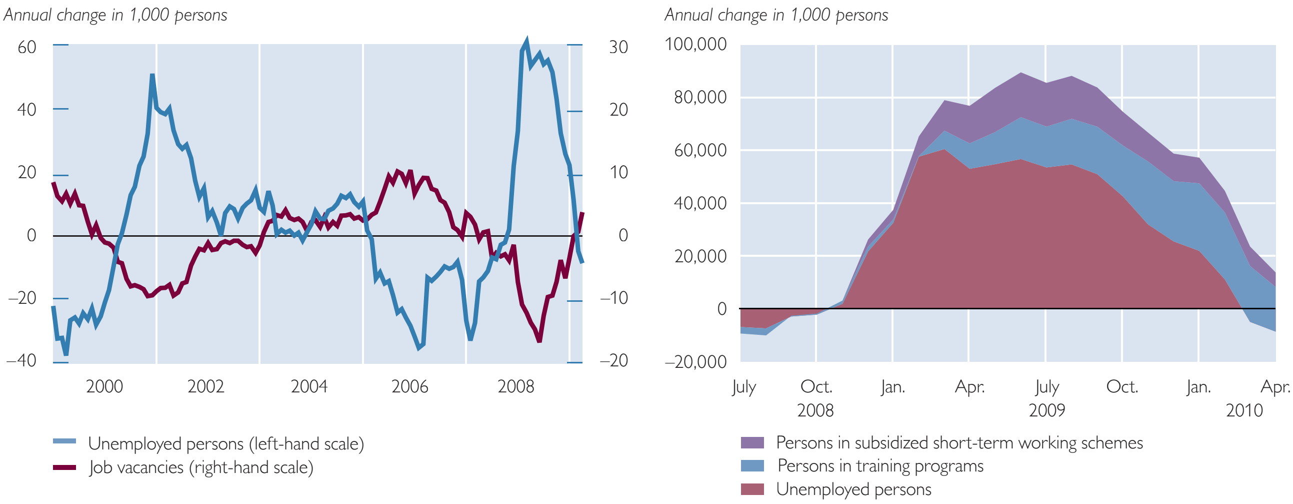
[8] *The saving ratio had peaked in 2008 at a rate of 12%, surpassing the previous record high of 1996. The rates projected for the forecast horizon, while reflecting an ongoing decline, continue to exceed the pre-crisis levels around the turn of the millennium (1999: 9.7%).*

employment growth come as a surprise. Compared with the crisis of 2001, the number of unemployed rose more sharply, but it has also gone down more sharply (see chart 3, left-hand panel),[9] and broadly the same holds true for the development of vacant positions. At the same time, the number of participants in training programs has risen to record highs and firms have made heavy use of state-subsidized short-term working schemes, as is evident from chart 3 (right-hand panel). While the number of persons in training programs rose rapidly at the outset of the crisis and continued to edge up thereafter, the number of persons registered for subsidized short-term working rose markedly in early 2009 but has been on a clear downtrend since the summer of 2009.

The number of employees signed up for subsidized short-term working schemes need not be tantamount to the number of employees actually working short term. Registration for short-term working was just a precautionary measure in many cases. In 2009, about 60% of workers signed up for subsidized short-term working schemes actually worked short term in the end (Federal Ministry of Labor, Social Affairs and Consumer Protection). In this context, working hours were on average cut by 26% according to ministry statistics. In other words, the stabilizing effect of subsidized short-term working schemes on labor market conditions provides only part of the explanation for the comparatively moderate rise in unemployment.[10] Companies evidently made an effort not to lay off employees if possible and reduced the number of hours worked above all by encouraging staff to reduce overtime and use vacation leave credits as well as by using averaging

Chart 3

Developments in the Austrian Labor Market



Source: Austrian Public Employment Service, Eurostat, Statistics Austria.

[9] *In the crisis of 2001, GDP growth bottomed out at 0.8%; in the current crisis it dropped to –3.4%.*

[10] *However, the national accounts data for 2009 reflect just a 1.2% drop in the number of hours worked even though new micro census data show a decline by 4.1% for 2009. The national accounts data are probably going to be revised accordingly. In other words, the comparatively small increase in unemployment is attributable to a disproportionately large drop in hours worked.*

arrangements. In this context companies benefited from labor market policy measures, such as the gradual extension of subsidized short-time working.

The growth of labor supply decelerated visibly in 2009, thus being highly procyclical, as in the past. Over the forecast horizon, labor supply will edge up again in line with the economic recovery. In addition, the influx of workers from abroad will rebound more strongly in mid-2011 once all workers resident in the countries that joined the EU in 2004 gain full access to the labor market. In 2010 and 2011 demographic developments and the early retirement scheme for workers with long employment histories, which is effective until 2013, are going to dampen labor supply growth somewhat. On balance, labor supply will, however, rise over the forecast horizon, albeit not as fast as before the crisis.

Economic growth will be too low throughout the entire forecast horizon to facilitate a reduction of the *unemployment rate* from the demand side. The weak growth in employment and in labor supply indicates that labor market conditions will remain weak over the entire forecast horizon. The unemployment rate is therefore projected to rise to 5.0% in 2010 and to 5.1% in 2011, and to remain unchanged in 2012. Based on the national accounts definition, around 286,000 workers will be unemployed in 2010, and close to 300,000 persons in both 2011 and 2012. The wage share is expected to drop to pre-crisis levels over the forecast horizon, after having risen disproportionately strongly in 2009.

Box 1

Growth Scenario Assuming Compliance with the Austrian Stability Program

In line with the conventions for Eurosystem projections, the baseline scenario underlying the projections reflects only fiscal policy measures that have already been enacted, or that have been specified in sufficiently great detail and parliamentary adoption of which is only a matter of time (the economic outlook of the European Commission is based on a similar no-policy-change assumption). The Austrian government has yet to specify most of the fiscal consolidation measures it needs to undertake in order to comply with the objectives of the stability program. The purpose of this box is to analyze the growth effects that should materialize if the Austrian government indeed follows the fiscal consolidation path to which it committed itself in the stability program.

The free operation of automatic stabilizers following economic contraction and the implementation of comprehensive discretionary fiscal stimulus measures have caused public finances to deteriorate dramatically since 2008 in Austria. The poor state of public finances requires comprehensive fiscal consolidation measures, not least because demographic aging is going to increase the burden on public finances even further.

It can be assumed that the Austrian economy will not be able to ever recoup a substantial part of the output losses incurred in 2009 (Gaggl and Janger, 2009). Yet the permanent loss in output implies a permanent loss in tax revenues (Grossmann et al., 2009), which must be offset either by cutting spending and/or by raising taxes. Furthermore, the better part of the fiscal stimulus measures adopted in 2008 and 2009 was of a permanent nature, which means that these measures will have to be financed ex post and thus add to the need for fiscal consolidation.

In line with the requirements of the excessive deficit procedure, the Austrian government announced measures to reduce its general government deficit ratio to below 3% of GDP by 2013 in the latest update of the stability program (budget balance for 2010: –4.7%, 2011: –4.0%, 2012: –3.3%). However, the government did not specify the fiscal adjustment measures with which it means to implement the announced fiscal path.

Given the no-policy-change assumption, the forecast at hand reflects neither additional spending cuts nor tax increases nor the introduction of new taxes. The only fiscal consolidation measures that we included, based on the new fiscal framework for the period from 2011 to 2014, are an exceptionally low growth of public sector wages and intermediate consumption as well as a slight decline in public sector employment, because those measures do not require any additional acts of legislation (unlike potential cuts of social transfers, such as family allowances).[1]

Hence, the OeNB's projections of the general government deficit for 2011 and 2012 are more pessimistic than the fiscal objectives indicated in the stability program. In order to quantify the growth effects of the fiscal adjustment required to achieve the objectives targeted in the stability program, the OeNB calculated a separate scenario[2] *based on the assumption that the government undertakes additional fiscal consolidation measures (line D in table below) beyond the measures (line B) included already in the baseline scenario (line C), with the help of which it is possible to reach the deficit objectives of the stability program (line E). This scenario is based on the assumption that the additional consolidation measures consist of the following mix: 50% higher indirect taxes, 20% higher direct taxes (payable by households), 20% lower transfers, 10% lower real public consumption. As line D shows, the OeNB expects the additional fiscal adjustment measures that would be necessary to reach the stability program targets to reduce economic growth by 0.2 percentage points in 2011 and by 0.4 percentage points in 2012.*

Estimated Effects of Fiscal Consolidation

		Maastricht balance			GDP growth		
		2010	2011	2012	2010	2011	2012
		% of nominal GDP			*Annual change in % (percentage points)*		
A	Results in the absence of fiscal consolidation	×	–4.4	–4.2	×	+2.0	+2.3
B	Effects of fiscal consolidation in baseline projections	×	+0.2	+0.3	×	–0.2	–0.2
C = A + B	**OeNB baseline projections**	**–4.5**	**–4.2**	**–3.9**	**+1.6**	**+1.8**	**+2.1**
D	Effects of additional fiscal consolidation compatible with Austria's stability program	×	+0.2	+0.6	×	–0.2	–0.4
E = A + B + D	Scenario based on a deficit path compatible with the stability program	×	**–4.0**	**–3.3**	×	**+1.7**	**+1.7**

Source: OeNB.

Additional minor negative growth effects might result from parallel fiscal consolidation in other EU Member States.

The negative growth effects of compliance with stability program commitments beyond the baseline scenario may be overstated insofar as, against the backdrop of high market uncertainty about the sustainability of public debt levels in the euro area, noncompliance with the stability programs may cause risk premia on European government bonds to rise again to such levels that would cause the growth rates underlying the baseline scenario to become unrealistic.

[1] *Other spending cuts have been included in the OeNB's forecast, but they are not considered to be fiscal consolidation measures per se, as they are primarily the result of more favorable macroeconomic conditions. This is the case in particular for lower interest rate payments.*

[2] *The table shows the ex post effects of measures on the general government's fiscal balance. Through the operation of the automatic stabilizers, the negative growth effects of the fiscal consolidation measures reduce tax revenues and, thus, also the impact of measures on the fiscal balance. In the case of cuts in wages for civil servants and in pensions, it is important to remember that they are subject to social security contributions and wage taxes, which means that a given spending cut would not cause the fiscal balance to improve by the corresponding amount, even in the absence of real economy effects.*

6 Inflation Is Rising, but Will Remain in Line with the Definition of Price Stability

Inflation as measured by the HICP climbed to 1.8% in March and April 2010, i.e. to significantly higher levels than in the previous months, on account of substantial energy price hikes. HICP inflation is expected to remain broadly unchanged until the end of 2010. Thus, the annual inflation rate for 2010 should come to 1.7%, following an exceptionally low rate of 0.4% in 2009. Following unchanged inflation in 2011, a marginal increase to 1.8% is forecast for 2012 given a slight increase in prices for durable consumer goods.

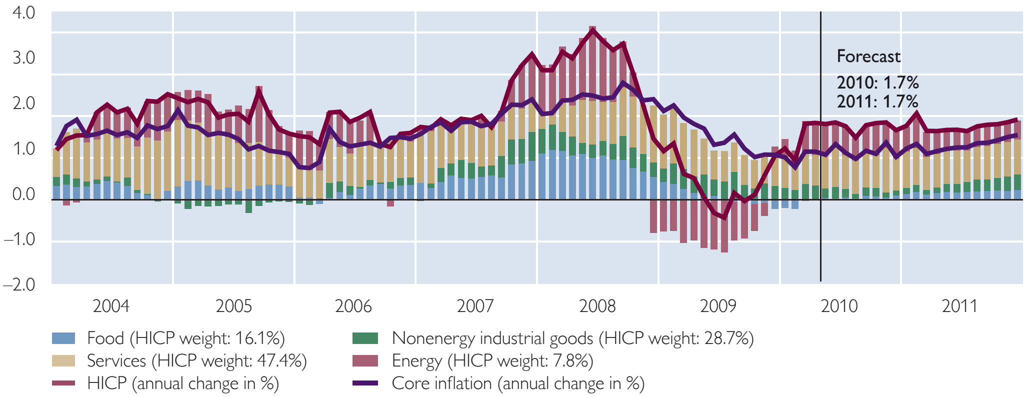
As the decline in employment has been very moderate in relation to the extent of the economic setback, *unit*

Chart 4

HICP Inflation and Contributions from Subcomponents

Contribution to growth in percentage points

Last observation: April 2010



Source: OeNB, Statistics Austria.

Table 9

Selected Price and Cost Indicators for Austria

	2009	2010	2011	2012
	Annual change in %			
Harmonised Index of Consumer Prices (HICP)	+0.4	+1.7	+1.7	+1.8
HICP energy	–10.4	+8.0	+5.1	+3.8
HICP excluding energy	+1.5	+1.1	+1.4	+1.6
Private consumption expenditure (PCE) deflator	+1.2	+1.7	+1.8	+1.8
Investment deflator	+1.7	+1.7	+1.8	+1.9
Import deflator	–1.9	+1.0	+1.7	+1.9
Export deflator	–1.6	+1.4	+1.9	+1.9
Terms of trade	+0.2	+0.4	+0.2	+0.0
GDP at factor cost deflator	+1.7	+1.6	+1.7	+1.8
Unit labor costs	+4.8	–0.1	+0.6	+0.7
Compensation per employee	+2.4	+1.3	+1.9	+2.1
Labor productivity	–2.3	+1.4	+1.3	+1.4
Collectively agreed wage settlements	+3.4	+1.6	+1.9	+2.0
Profit margins[1]	–3.0	+1.7	+1.1	+1.1

Source: 2009: Eurostat, Statistics Austria; 2010 to 2012: OeNB June 2010 outlook.

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

labor costs have risen sharply in 2009 (4.8%). Since firms were not able to pass on the higher costs to their clients, they suffered a 3.0% decline in profit margins. At the same time, the increase in compensation per employee (2.4% in 2009) remained markedly below wage settlements (3.4%). This negative wage drift results from a number of factors: On the one hand, employees worked less overtime, and companies paid fewer bonuses and other incentive compensation. On the other hand, job losses were recorded above all in the manufacturing industry, which pays above-average wages. The wage settlements negotiated in 2010 (1.6%) stood under the influence of the crisis year 2009. Looking ahead, the OeNB expects wage settlements to increase by 1.9% in 2011 and by 2.0% in 2012, and it forecasts a slight increase in wage drift, rising profit margins and rising productivity, but still slightly below the inflation rates. Given sustained high unemployment levels and the still strongly negative output gap, there is little sign of inflation pressures building up during the forecast horizon.

7 Balance of Risks for Growth Is on the Downside

The risks surrounding the above *growth projections* are predominantly tilted toward the downside. While we cannot rule out the possibility that the global pessimistic economic outlook that prevailed in early 2010 is going to broadly dissipate, the balance of risks is clearly on the downside in the medium term. Above all the world-wide strong need to consolidate public finances and swift exits from fiscal and monetary stimulus programs might dampen economic growth. For a summary of growth effects anticipated for Austria, see box 1. Other downside risks include possible renewed tensions in financial markets. At the same time, a further depreciation of the euro would be beneficial for the European export industry. Last but not least, a further rises in commodity prices constitute a risk for the business cycle.

Conversely, the main upside risk for *inflation* stems from a renewed surge in commodity prices. In addition, measures to consolidate the budget through revenue increases by raising fees and taxes would also stoke inflation. At the same time, a further depreciation of the euro and stronger medium-term output growth would fuel inflation. Given the ongoing rise in unemployment, at least temporary excess capacities as well as the negative output gap until the end of the forecast horizon, we cannot rule out lower wage and price inflation, either. Thus, the inflation risks seem to be balanced.

8 Forecast Revisions Driven by Export Demand

The underlying assumptions on global growth have been revised upward since the OeNB's December 2009 economic outlook. For 2010, we raised our growth expectations for import demand in Austria's export markets by another 4.0 percentage points. Oil prices have gone down somewhat, and the euro has depreciated somewhat against the U.S. dollar and it has weakened slightly on the basis of nominal effective exchange rates. The lower interest rate level has fed through to somewhat lower long-term and short-term interest rates throughout the forecast horizon.

The effects of these new external assumptions were simulated using the OeNB's macroeconomic model. The brighter external conditions – above all upward revisions of demand growth in Austria's export markets – were found to enhance GDP growth by 0.3 percentage points in 2010, and by 0.6 percentage

Table 10

Change in the External Economic Conditions since the OeNB December 2009 Outlook

	June 2010			December 2009		Difference	
	2010	2011	2012	2010	2011	2010	2011
	Annual change in %						
Growth of Austria's export markets	+7.4	+4.7	+6.0	+3.4	+3.8	+4.0	+0.9
Competitor prices in Austria's export markets	+3.9	+2.0	+1.4	–0.1	+1.1	+4.0	+0.9
Competitor prices in Austria's import markets	+3.1	+1.8	+1.3	+0.1	+1.1	+3.0	+0.7
	USD						
Oil price per barrel (Brent)	79.5	83.7	86.3	81.4	85.9	–1.9	–2.2
	Annual change in %						
Nominal effective exchange rate (exports)	+2.3	+0.5	+0.0	–0.4	+0.0	+2.7	+0.5
Nominal effective exchange rate (imports)	+1.4	+0.2	+0.0	–0.1	+0.0	+1.5	+0.2
	%						
Three-month interest rate	0.8	1.1	1.7	1.2	2.4	–0.4	–1.3
Long-term interest rate	3.4	3.8	4.2	3.9	4.4	–0.5	–0.6
	Annual change in %						
U.S. GDP (real)	+3.1	+2.2	+2.8	+1.9	+2.3	+1.2	–0.1
	USD/EUR						
USD/EUR exchange rate	1.29	1.26	1.26	1.49	1.49	–0.20	–0.23

Source: Eurosystem.

points in 2011. In addition, the low level of interest rates is also beneficial for growth.

Table 11 lists in detail the 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 ("Other"). The influence of new data includes the effects of the revisions of both the historical data already available at the time the latest projections were made (i.e. data up to the third quarter of 2009) and the forecasting errors of the previ-

Table 11

Breakdown of Forecast Revisions

	GDP		HICP	
	2010	2011	2010	2011
	Annual change in %			
June 2010 outlook	+1.6	+1.8	+1.7	+1.7
December 2009 outlook	+1.2	+1.6	+1.5	+1.6
Difference	+0.4	+0.2	+0.2	+0.1
Due to:	*Percentage points*			
External assumptions	+0.3	+0.6	+0.1	+0.1
New data	–0.3	+0.0	+0.1	+0.0
of which: Revision of historical data until Q3 09	*–0.1*	*+0.0*	*x*	*x*
Projection errors for Q4 09 and Q1 10	*–0.1*	*+0.0*	*+0.1*	*x*
Other[1]	+0.3	–0.4	+0.0	+0.0

Source: OeNB June 2010 and December 2009 outlooks.

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

ous projections for the periods now published for the first time (i.e. data for the third quarter of 2009 and for the first quarter of 2010). The item "Other" includes changes in expert assessments regarding the development of domestic variables such as government consumption or wage settlements and any changes to the forecast models. This exercise shows that data revisions as well as forecasting errors had a negative impact of 0.1 percentage points, respectively, on the forecast for 2010. For 2011, these historical data revisions are of no relevance. The remainder of the difference (2010: +0.3 percentage points, 2011: –0.4 percentage points) reflects a correction of the generally too negative assessment of economic developments in the OeNB's December 2009 outlook and a correction of wage settlements. The upward revision of the inflation forecast basically reflects the assumption of higher energy prices.

Box 2

OeNB-BOFIT Outlook for CESEE Countries[1]
Domestic Demand Remains Weak in Most of CESEE, Gradual Recovery Mainly Driven by Net Exports

2009 brought a severe recession to the CESEE-8[2] region, with GDP contracting by 3.5% on average (compared with –4% in the euro area). Without Poland's positive growth rate of 1.7%, CESEE-8 growth would have been considerably worse, as Romania shrank by 7.1%, Hungary by 6.3%, Bulgaria by 5% and the Czech Republic by 4.2%, and GDP in the Baltic states dropped by between 14% (Estonia) and 18% (Latvia).

According to the OeNB projections, 2010 will bring a moderate expansion of output for the CESEE-8 on average (1.3%), with highly diverse developments at the country level. Poland will once again outperform the region. In the Czech Republic and Romania, growth will amount to around 1%, while it is set to stagnate in Bulgaria and Hungary. In contrast to this year's highly heterogeneous developments, 2011 will bring a more balanced recovery for the CESEE-8 of 3.0%. The region's growth performance will nonetheless remain below pre-crisis levels in the near and medium term.

CESEE-8 GDP Outcomes 2009 and Projections for 2010 and 2011

	Eurostat	OeNB	
	2009	2010	2011
	Annual growth in %		
CESEE-8	**–3.5**	**1.3**	**3.0**
Bulgaria	–5.0	0.3	2.9
Czech Republic	–4.2	1.3	2.6
Hungary	–6.3	–0.2	2.5
Poland	1.7	3.0	3.4
Romania	–7.1	0.8	3.1

Source: OeNB March 2010 forecast, Eurostat.

Domestic growth drivers will not play a meaningful role in 2010 except in Poland. The moderate GDP expansion of 1.3% in the CESEE-8 region as a whole will be based on positive net exports (mainly due to protracted weak import demand) and restocking.

Investment is expected to remain low given substantial capacity underutilization, weak domestic demand prospects and fiscal constraints in many countries. Growth in investment is further hampered by tight financing conditions. In particular, investment in Bulgaria is expected to shrink further, and we expect no change in the Czech Republic and Hungary and only weak growth in Romania. While still remai-

[1] Compiled by Josef Schreiner (Josef.Schreiner@oenb.at) and Julia Wörz (Julia.Woerz@oenb.at).

[2] Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Romania (all Central, Eastern and Southeastern European countries which have not yet adopted the euro).

ning low levels in a historical perspective, Poland will show relatively stronger investment growth partly due to large-scale public and EU cofunded projects. Private consumption will continue to fall in all countries, with the exception of Poland. The deterioration in labor markets, falling real wages in some countries and an elevated debt burden of households in several CESEE countries will all remain dampening factors for private consumption. Furthermore, as fiscal consolidation continues and thus deters a rebound in private consumption, domestic demand will continue to be weak.

Given the bleak outlook for domestic demand, we expect only moderate import growth for 2010. Based on this sluggish development in imports, net exports will remain the only growth driver in 2010 (just as in 2009). Poland is the only country in the region which – in light of its more favorable import growth prospects – continues to exhibit a negative contribution of net exports.

The contribution of domestic demand to GDP growth is expected to turn positive in 2011. Moreover, improving external demand will bolster exports, which in turn will have a stimulating impact on investment. We also expect private consumption to rise, yet from low levels. Both factors will contribute to higher import dynamics, with imports growing even more strongly than exports. Hence, the growth contribution of net exports should decline to around zero in the region. The individual countries, however, will not be equally affected by this development: While external demand will continue to deliver a slightly positive growth impulse in the Czech Republic and Hungary, it will dampen dynamics somewhat in the rest of the region. Private consumption will therefore return as the main driver of a still relatively moderate overall growth performance in 2011.

These forecasts are subject to considerable risks, related strongly to the developments in Western Europe. External demand and external financing conditions could be affected negatively if the gradual recovery of the world economy and the euro area assumed in our baseline fails to materialize (risk of a double dip). On the other hand, a stronger recovery than the expected moderate rebound in Western Europe would imply an upward risk to our projections. Uncertainty also prevails with respect to changes in investor confidence (i.e. the development of global risk aversion, in particular vis-à-vis emerging economies). We assume that no further deterioration will take place in 2010 and that confidence will improve somewhat toward 2011. Investor risk perceptions could also remain below their pre-crisis levels, with negative implications for the long-term catching-up process. Moreover, we expect that negative impacts from fiscal consolidation measures on domestic demand will mainly materialize in 2010. In particular our projections for 2011 are hence subject to downward risks arising from weaker-than-expected private consumption as a result of a prolonged real economy impact of the crisis. Overall, risks are more balanced than they were at the time of the last projection exercise in September 2009.

BOFIT-OeNB Forecast for Russia[3]: Bouncing Back from Deep Contraction

In 2010, the assumed calming of the international economic situation and developments in raw material prices will brighten the outlook for income and demand on the part of consumers and companies. Annual growth figures will also get a boost from last year's extremely low basis level. Russian households are on average not heavily in debt, which bodes well for a quick and robust recovery of consumption over the next two years. With the gradual normalization of financial markets and the recovery of banking activity, companies are expected to modestly raise the level of capital formation. Stock adjustments should largely have run their course, so that the inventory effect on aggregate output is likely to turn positive in the course of 2010. Russia's export growth (in real terms) is bound to turn positive again this year, but after that, capacity constraints of energy extraction and insufficient new investment are likely to consid-

[3] *The projections for Russia are prepared by the Bank of Finland Institute for Economies in Transition (BOFIT) in cooperation with the OeNB on a semiannual basis.*

Russia GDP Outcome 2009 and Projections for 2010 and 2011

	Rosstat	BOFIT-OeNB	
	2009	2010	2011
	Annual growth in %		
Russia	–7.9	5.5	5.0

Source: BOFIT-OeNB March 2010 forecast, Rosstat.

erably slow down growth rates. Following their incisive slump, imports are set to turn strongly upward in 2010, largely driven by consumer demand. Import demand has gained strength from a modest appreciation of the ruble, whose real exchange rate has firmed to roughly where it was before the devaluation in late 2008/early 2009. Imports are thus projected to grow considerably faster than exports, which will put the growth contribution of foreign trade back in negative territory in 2011 and will contribute to trimming overall GDP expansion.

The expected improvement of world trade will lead to higher consumption of raw materials and energy and thus to increasing demand for and rising prices of oil and other Russian staples. However, weaker-than-expected price developments in raw materials would be immediately reflected in Russia's consumption demand and economic growth. Another risk factor relates to the fragility of international financial markets: A renewed financial disturbance and new sizeable capital outflows could swiftly affect Russian corporations' financing possibilities and markedly delay start-ups of investment projects. In a similar manner, larger-than-expected state borrowing could upset the balance and push companies out of range for bank loans.

OeNB Projections for Croatia: Economic Stagnation in 2010, Growth Impetus in 2011 Arising from Prospective EU Entry

In 2010, Croatia's economy is about to stagnate, which implies a still rather bleak economic outlook. In light of still low consumer and business confidence, continued tight credit conditions, limited fiscal leeway and deteriorating labor market conditions, private consumption and investment activity are expected to remain relatively depressed. Yet, the ongoing tendency to restock might cause domestic demand to contract less strongly than in 2009. Imports are expected to continue decreasing more strongly than exports based on sluggish domestic demand. Hence, we expect net exports to again contribute positively to economic growth in 2010.

For 2011, we expect the economy to grow by 1.8% and to return to the growth pattern observed before the crisis, with a positive contribution of domestic demand and a negative contribution of net exports. Similar to previous experience with accession countries, we expect investment activity to pick up on the back of prospective EU entry (in addition to a positive impetus from renewed lending activity). Under the assumption of a successful closure of negotiations in 2010, EU accession in 2012 could be within reach, which, due to some frontloading of imports, could result in an increasingly negative contribution of net exports.

Croatia GDP Outcome 2009 and Projections for 2010 and 2011

	Eurostat	OeNB	
	2009	2010	2011
	Annual growth in %		
Croatia	–5.8	–0.1	1.8

Source: OeNB March 2010 forecast, Eurostat.

References

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Annex: Detailed Result Tables

Table 12

Demand Components (Real Prices)

Chained volume data (reference year = 2000)

	2009	2010	2011	2012	2009	2010	2011	2012
	EUR million				*Annual change in %*			
Private consumption	139,039	140,525	141,829	143,268	+0.8	+1.1	+0.9	+1.0
Government consumption	49,106	49,451	49,753	50,044	+1.0	+0.7	+0.6	+0.6
Gross fixed capital formation	51,978	49,624	50,375	51,851	–7.5	–4.5	+1.5	+2.9
of which: Investment in plant and equipment	*19,639*	*18,438*	*18,803*	*19,411*	*–8.5*	*–6.1*	*+2.0*	*+3.2*
Residential construction investment	*11,067*	*10,636*	*10,642*	*10,833*	*–6.2*	*–3.9*	*+0.1*	*+1.8*
Investment in other construction	*22,097*	*21,340*	*21,708*	*22,391*	*–1.8*	*–3.4*	*+1.7*	*+3.1*
Changes in inventories (including statistical discrepancy)	3,238	3,363	3,522	3,595	×	×	×	×
Domestic demand	243,362	242,962	245,479	248,759	–1.5	–0.2	+1.0	+1.3
Exports of goods and services	130,614	136,593	143,946	152,738	–15.0	+4.6	+5.4	+6.1
Imports of goods and services	117,889	119,370	124,449	130,966	–13.1	+1.3	+4.3	+5.2
Net exports	12,725	17,222	19,497	21,772	×	×	×	×
Gross domestic product	256,087	260,184	264,976	270,530	–3.4	+1.6	+1.8	+2.1

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

Table 13

Demand Components (Current Prices)

	2009	2010	2011	2012	2009	2010	2011	2012
	EUR million				*Annual change in %*			
Private consumption	151,329	155,571	159,830	164,400	+2.0	+2.8	+2.7	+2.9
Government consumption	54,713	55,714	56,871	58,073	+5.3	+1.8	+2.1	+2.1
Gross fixed capital formation	57,438	55,791	57,681	60,528	–5.9	–2.9	+3.4	+4.9
Changes in inventories (including statistical discrepancy)	3,209	3,311	3,332	3,510	×	×	×	×
Domestic demand	266,690	270,386	277,713	286,511	+0.2	+1.4	+2.7	+3.2
Exports of goods and services	137,486	145,849	156,584	169,272	–16.4	+6.1	+7.4	+8.1
Imports of goods and services	126,823	129,748	137,554	147,492	–14.8	+2.3	+6.0	+7.2
Net exports	10,662	16,101	19,030	21,780	×	×	×	×
Gross domestic product	277,352	286,488	296,744	308,291	–1.6	+3.3	+3.6	+3.9

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

Table 14

Deflators of Demand Components

	2009	2010	2011	2012	2009	2010	2011	2012
	2000 = 100				*Annual change in %*			
Private consumption	108.8	110.7	112.7	114.7	+1.2	+1.7	+1.8	+1.8
Government consumption	111.4	112.7	114.3	116.0	+4.2	+1.1	+1.5	+1.5
Gross fixed capital formation	110.5	112.4	114.5	116.7	+1.7	+1.7	+1.8	+1.9
Domestic demand (excluding changes in inventories)	109.7	111.5	113.4	115.4	+1.9	+1.6	+1.7	+1.8
Exports of goods and services	105.3	106.8	108.8	110.8	–1.6	+1.4	+1.9	+1.9
Imports of goods and services	107.6	108.7	110.5	112.6	–1.9	+1.0	+1.7	+1.9
Terms of trade	97.8	98.2	98.4	98.4	+0.2	+0.4	+0.2	+0.0
Gross domestic product	108.3	110.1	112.0	114.0	+1.8	+1.7	+1.7	+1.8

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

Table 15

Labor Market

	2009	2010	2011	2012	2009	2010	2011	2012
	Thousands				*Annual change in %*			
Total employment	4,211.6	4,219.9	4,243.7	4,271.1	–1.1	+0.2	+0.6	+0.6
of which: Private sector employment	*3,679.0*	*3,687.6*	*3,712.1*	*3,740.2*	*–1.3*	*+0.2*	*+0.7*	*+0.8*
Payroll employment (national accounts definition)	3,540.9	3,546.2	3,566.6	3,591.5	–0.8	+0.1	+0.6	+0.7
	% of labor supply							
Unemployment rate (Eurostat definition)	4.8	5.0	5.1	5.1	×	×	×	×
	EUR per real output unit x 100							
Unit labor costs (whole economy)[1]	65.3	65.2	65.7	66.1	+4.8	–0.1	+0.6	+0.7
	EUR thousand per employee							
Labor productivity (whole economy)[2]	60.8	61.7	62.4	63.3	–2.3	+1.4	+1.3	+1.4
	EUR thousand							
Real compensation per employee[3]	36.5	36.3	36.4	36.5	+1.2	–0.4	+0.1	+0.3
	At current prices, EUR thousand							
Gross compensation per employee	39.7	40.2	41.0	41.9	+2.4	+1.3	+1.9	+2.1
	At current prices, EUR million							
Total gross compensation of employees	140,631	142,649	146,234	150,368	+1.5	+1.4	+2.5	+2.8

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

[1] *Gross wages divided by real GDP.*
[2] *Real GDP divided by total employment.*
[3] *Gross wages per employee divided by the private consumption expenditure (PCE) deflator.*

Table 16

Current Account

	2009	2010	2011	2012	2009	2010	2011	2012
	EUR million				*% of nominal GDP*			
Balance of trade	9,488.0	11,660.5	12,494.8	13,671.6	3.4	4.1	4.2	4.4
Balance on goods	–2,149.0	–1,133.1	–1,112.9	–1,023.2	–0.8	–0.4	–0.4	–0.3
Balance on services	11.637.0	12,793.6	13,607.7	14,694.8	4.2	4.5	4.6	4.8
Euro area	62.0	207.3	918.2	1,504.2	0.0	0.1	0.3	0.5
Non-euro area countries	9,426.0	11,453.2	11,576.6	12,167.4	3.4	4.0	3.9	3.9
Balance on income	–1,403.0	–1,104.3	–1,108.0	–1,395.2	–0.5	–0.4	–0.4	–0.5
Balance on transfers	–1,761.0	–1,771.2	–1.464.8	–1,719.9	–0.6	–0.6	–0.5	–0.6
Current account	6,324.0	8,785.0	9,922.0	10,556.5	2.3	3.1	3.3	3.4

Source: 2009: Eurostat; 2010 to 2012: OeNB June 2010 outlook.

Table 17

Quarterly Outlook Results

	2010	2011	2012	2010				2011				2012			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Prices, wages and costs	*Annual change in %*														
HICP	+1.7	+1.7	+1.8	+1.3	+1.9	+1.6	+1.8	+1.8	+1.7	+1.6	+1.7	+1.8	+1.8	+1.8	+1.8
HICP (excluding energy)	+1.1	+1.4	+1.6	+0.9	+1.2	+1.1	+1.3	+1.3	+1.4	+1.4	+1.5	+1.6	+1.6	+1.6	+1.6
Private consumption expenditure (PCE) deflator	+1.7	+1.8	+1.8	+1.7	+1.8	+1.7	+1.7	+1.7	+1.8	+1.8	+1.9	+1.8	+1.8	+1.8	+1.8
Gross fixed capital formation deflator	+1.7	+1.8	+1.9	+1.8	+1.9	+1.7	+1.5	+1.5	+1.7	+2.0	+2.2	+2.1	+2.0	+1.9	+1.8
GDP deflator	+1.7	+1.7	+1.8	+1.7	+1.7	+1.6	+1.6	+1.6	+1.7	+1.7	+1.8	+1.7	+1.7	+1.8	+1.8
Unit labor costs	–0.1	+0.6	+0.7	+0.7	–0.7	–0.3	–0.1	–0.1	+0.8	+1.0	+0.9	+0.7	+0.7	+0.7	+0.6
Nominal wages per employee	+1.3	+1.9	+2.1	+1.3	+1.1	+1.2	+1.5	+1.9	+1.9	+2.0	+1.9	+1.9	+2.0	+2.2	+2.3
Productivity	+1.4	+1.3	+1.4	+0.7	+1.8	+1.4	+1.7	+2.0	+1.1	+1.0	+1.0	+1.2	+1.4	+1.5	+1.7
Real wages per employee	–0.4	+0.1	+0.3	–0.3	–0.7	–0.6	–0.1	+0.2	+0.1	+0.1	+0.0	+0.1	+0.2	+0.4	+0.5
Import deflator	+1.0	+1.7	+1.9	+1.0	+0.9	+1.2	+1.1	+1.3	+1.6	+1.8	+1.9	+1.9	+1.9	+1.9	+1.9
Export deflator	+1.4	+1.9	+1.9	+0.2	+1.5	+2.1	+2.0	+1.9	+1.9	+1.8	+1.9	+1.9	+1.9	+1.9	+1.9
Terms of trade	+0.4	+0.2	+0.0	–0.8	+0.6	+0.9	+0.9	+0.6	+0.2	+0.0	–0.1	+0.0	+0.0	+0.0	+0.0
Economic activity	*Annual and/or quarterly changes in % (real)*														
GDP	+1.6	+1.8	+2.1	+0.0	+1.1	+0.4	+0.4	+0.4	+0.4	+0.5	+0.5	+0.5	+0.5	+0.5	+0.6
Private consumption	+1.1	+0.9	+1.0	+0.3	+0.2	+0.3	+0.2	+0.3	+0.2	+0.2	+0.2	+0.2	+0.3	+0.3	+0.4
Government consumption	+0.7	+0.6	+0.6	+1.0	–1.0	–0.9	–0.4	+0.4	+0.9	+0.9	+0.3	+0.0	–0.2	–0.3	–0.3
Gross fixed capital formation	–4.5	+1.5	+2.9	–1.9	–0.7	+0.0	+0.4	+0.5	+0.6	+0.6	+0.6	+0.7	+0.8	+1.0	+1.1
of which: Investment in plant and equipment	*–6.1*	*+2.0*	*+3.2*	*–3.0*	*–0.6*	*+0.2*	*+0.5*	*+0.7*	*+0.6*	*+0.6*	*+0.6*	*+0.7*	*+0.9*	*+1.1*	*+1.3*
Residential construction investment[1]	*–3.9*	*+0.1*	*+1.8*	*–1.2*	*–1.2*	*–0.9*	*–0.1*	*+0.3*	*+0.4*	*+0.5*	*+0.5*	*+0.4*	*+0.4*	*+0.4*	*+0.5*
Exports	+4.6	+5.4	+6.1	–0.2	+3.5	+1.7	+1.3	+0.9	+1.0	+1.2	+1.4	+1.6	+1.5	+1.6	+1.7
Imports	+1.3	+4.3	+5.2	–0.2	+1.6	+1.2	+0.9	+0.9	+1.0	+1.1	+1.2	+1.3	+1.3	+1.5	+1.5
	Contribution to real GDP growth in percentage points														
Domestic demand	–0.2	+0.9	+1.2	+0.0	–0.2	+0.0	+0.1	+0.3	+0.4	+0.4	+0.3	+0.3	+0.3	+0.3	+0.4
Net exports	+1.8	+0.9	+0.9	+0.0	+1.1	+0.4	+0.3	+0.1	+0.1	+0.1	+0.2	+0.3	+0.2	+0.2	+0.2
Changes in inventories	+0.0	+0.1	+0.0	+0.0	+0.3	+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	5.1	5.1	4.9	5.0	5.0	5.0	5.0	5.1	5.0	5.1	5.1	5.1	5.1	5.0
	Annual and/or quarterly changes in %														
Total employment	+0.2	+0.6	+0.6	+0.1	+0.0	+0.0	+0.1	+0.2	+0.2	+0.2	+0.2	+0.1	+0.1	+0.1	+0.1
of which: Private sector employment	*+0.2*	*+0.7*	*+0.8*	*+0.2*	*+0.0*	*+0.0*	*+0.1*	*+0.2*	*+0.2*	*+0.3*	*+0.2*	*+0.2*	*+0.2*	*+0.2*	*+0.1*
Payroll employment	+0.1	+0.6	+0.7	+0.2	+0.0	+0.0	+0.0	+0.2	+0.3	+0.3	+0.2	+0.1	+0.1	+0.1	+0.1
Additional variables	*Annual and/or quarterly changes in % (real)*														
Real disposable household income	+0.1	+0.8	+1.5	+0.4	–0.2	–0.2	–0.1	+0.5	+0.4	+0.4	+0.3	+0.3	+0.4	+0.4	+0.4
	% of nominal disposable household income (saving ratio) and % of real GDP (output gap)														
Household saving ratio	10.1	10.0	10.2	10.7	10.3	9.9	9.5	9.7	9.9	10.1	10.1	10.2	10.2	10.3	10.3
Output gap	–2.0	–1.7	–1.3	–2.5	–1.7	–1.8	–1.8	–1.9	–1.8	–1.6	–1.5	–1.4	–1.4	–1.3	–1.3

Source: OeNB June 2010 outlook (based on seasonally and working-day adjusted data).

[1] *Excluding other investment in construction and other investment.*

Table 18

Comparison of Current Economic Forecasts for Austria

Indicator	OeNB			WIFO		IAS		OECD		IMF		European Commission	
	June 2010			March 2010		March 2010		May 2010		April 2010		May 2010	
	2010	2011	2012	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Key results	*Annual change in %*												
GDP (real)	+1.6	+1.8	+2.1	+1.3	+1.4	+1.3	+1.7	+1.4	+2.3	+1.3	+1.7	+1.3	+1.6
Private consumption (real)	+1.1	+0.9	+1.0	+0.7	+0.7	+0.7	+1.1	+1.1	+1.6	×	×	+0.8	+0.6
Government consumption (real)	+0.7	+0.6	+0.6	+1.0	–0.3	+0.8	+0.3	+1.3	+0.5	×	×	+1.2	+1.0
Gross fixed capital formation (real)[1]	–4.5	+1.5	+2.9	–1.9	+1.9	+0.7	+1.7	–3.6	+2.8	×	×	–1.4	+1.7
Exports (real)	+4.6	+5.4	+6.1	+5.0	+6.2	+5.3	+5.4	+4.0	+7.7	×	×	+4.2	+4.9
Imports (real)	+1.3	+4.3	+5.2	+2.4	+4.8	+4.6	+4.6	+1.5	+6.8	×	×	+2.5	+3.8
GDP per employee	+1.4	+1.3	+1.4	+1.2	+1.0	+1.6	+1.1	×	×	×	×	+1.5	+1.4
GDP deflator	+1.7	+1.7	+1.8	+0.7	+1.3	+1.1	+1.3	+1.2	+1.0	×	×	+0.6	+1.7
CPI	×	×	×	+1.4	+1.8	+1.3	+1.6	×	×	+1.3	+1.5	×	×
HICP	+1.7	+1.7	+1.8	+1.4	+1.8	×	×	+1.4	+1.0	×	×	+1.3	+1.5
Unit labor costs	–0.1	+0.6	+0.7	+0.0	+0.8	×	×	×	×	×	×	+0.1	+0.7
Payroll employment	+0.2	+0.6	+0.6	–0.2	+0.1	–0.3	+0.6	×	×	×	×	–0.1	+0.2
	% of labor supply												
Unemployment rate[2]	5.0	5.1	5.1	5.2	5.4	5.5	5.5	4.9	5.0	5.4	5.5	5.1	5.4
	% of nominal GDP												
Current account	3.1	3.3	3.4	2.5	2.9	×	×	3.0	3.4	1.8	1.7	3.1	4.1
Government surplus/deficit	–4.5	–4.2	–3.9	–4.7	–4.0	–4.7	–4.0	–4.7	–4.6	–4.8	–4.5	–4.7	–4.6
External assumptions													
Oil price in USD/barrel (Brent)	79.5	83.7	86.3	80.0	82.0	85.0	90.0	80.0	80.0	80.0	83.0	84.5	89.2
Short-term interest rate in %	0.8	1.1	1.7	0.9	1.1	1.0	1.8	0.7	1.9	0.9	1.6	0.9	1.6
USD/EUR exchange rate	1.29	1.26	1.26	1.35	1.35	1.35	1.35	1.28	1.28	1.36	1.35	1.36	1.35
	Annual change in %												
Euro area GDP (real)	+0.7 to +1.3	+0.2 to +2.2	×	+1.0	+1.2	+1.0	+1.5	+1.2	+1.8	+1.0	+1.5	+0.9	+1.5
U.S. GDP (real)	+3.1	+2.2	+2.8	+2.5	+2.2	+2.8	+2.4	+3.2	+3.2	+3.1	+2.6	+2.8	+2.5
World GDP (real)	+4.0	+3.6	+4.2	+3.3	+3.5	×	×	+4.6	+4.5	+4.2	+4.3	+4.0	+4.0
World trade	+9.1	+5.9	+7.0	+10.0	+8.0	+9.0	+7.0	+10.6	+8.4	+7.0	+6.1	+8.9	+6.3

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

[1] *For IAS: Gross investment.*
[2] *Eurostat definition.*