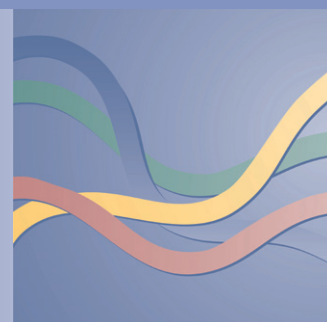


ECONOMIC ANALYSIS AND RESEARCH DEPARTMENT  
BUSINESS CYCLE ANALYSIS SECTION

# ECONOMIC OUTLOOK for Austria from 2022 to 2025

Only mild recession over the turn  
of the year despite high energy prices



# Only mild recession over the turn of the year despite high energy prices

## Economic outlook for Austria from 2022 to 2025 (December 2022)

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Cutoff date: November 30, 2022

Austrian economic activity has been characterized by two distinct trends in 2022: While the first half of the year was still heavily influenced by pandemic-related catch-up effects, the second half of the year saw significantly weaker growth because of the Russian war against Ukraine and high inflation. The full-year forecast still shows a very strong growth rate of 4.9% for 2022. Over the turn of 2022/23, we expect growth to remain negative for two consecutive quarters, which means a technical recession. In the course of 2023, global economic activity will be recovering only slowly and inflation will remain relatively high. Hence, Austrian economic growth is forecast to be only marginally positive, at 0.6%, in 2023. In 2024, global activity is expected to expand at a significantly higher pace, and inflationary pressures are expected to ease. With wage growth lagging behind inflation, real wages will rise sharply and economic growth will accelerate to 1.7%. The Austrian labor market is still characterized by persistent labor shortages. Despite the mild recession around the turn of the year, the unemployment ratio (AMS definition) is therefore expected to rise only marginally – to 6.6% – in 2023, followed by a decline to 6.5% in 2024. Driven by energy prices, inflation (based on the HICP) is forecast to peak at 8.6% in 2022. With commodity and energy prices declining, price growth will decelerate to 6.5% in 2023 and slow down further, to 3.6% and 2.9%, in 2024 and 2025, respectively. Hence, inflation will remain well above its long-term average over the medium term. The rise in energy prices resulted in a decline in the trade balance, with income outflows totaling EUR 13 billion in 2021 and 2022. The general government budget balance is forecast to improve

Table 1

### OeNB December 2022 outlook – main results

	2021	2022	2023	2024	2025
	Annual change in % (real)				
Gross domestic product (GDP)	4.7	4.9	0.6	1.7	1.6
Harmonised Index of Consumer Prices	2.8	8.6	6.5	3.6	2.9
Unemployment rate (AMS definition)	8.0	6.3	6.6	6.5	6.3
	% of nominal GDP				
Current account balance	0.4	0.5	0.9	1.7	2.6
Budget balance	-5.9	-2.9	-2.0	-2.2	-2.2
Government debt	82.3	77.1	74.4	72.5	71.1

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

considerably in 2022, amounting to –2.9% of GDP, as tax revenues reached a level that is even higher than what would normally be expected during an economic upswing. The improvement in the budget balance in 2023 will be attributable to the further unwinding of COVID-19-related support measures and the lower net cost of the energy relief packages. In 2024 and 2025, the elimination of bracket creep and the eco-social tax reform will stabilize the budget balance at –2.2% of GDP. The debt ratio is forecast to decline considerably, by more than 10 percentage points to reach 71.1% of GDP in 2025, as high inflation will push up nominal GDP growth.

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## 1 Weak international environment dampens export growth

The external environment has deteriorated compared with the June outlook because of heightened geopolitical uncertainties, continued high global inflation and tighter financing conditions. There have been major downward revisions to the economic outlook not only for the euro area countries, but also China, the USA, the United Kingdom and the Central, Eastern and Southeastern European countries. In China, numerous strict lockdowns imposed under the zero-COVID policy entailed production shutdowns and a slump in consumer confidence; in addition, the overheated real estate market has been negatively affecting economic activity. At the same time, the announced relaxation of China's zero-COVID policy poses an upside risk to global growth. In the euro area, high inflation is eroding household disposable income and weighing on energy-intensive industries. Economic output is expected to decline over the turn of the year in several euro area countries. In Germany, GDP is forecast to contract in 2023.

Overall, the global economy will grow well below its multi-year average in 2023 and will continue to grow at a slower pace in 2024 than projected in the June outlook. This forecast is based not only on assumptions of weaker export demand, but also on higher gas and electricity prices compared to the June forecast, whereas lower crude oil prices and the steady decline in supply bottlenecks since mid-2022 are expected to have a stimulating effect on growth. The exchange rate of the US dollar against the euro is expected to be somewhat weaker than anticipated in June, at USD 1.03 for the period from 2022 to 2025.

According to the OeNB's export indicator, nominal Austrian exports still grew year on year in fall 2022, but the pace of growth has weakened considerably since May. Various leading indicators were falling sharply toward the end of 2022, and the level of export order books, which had been excessively high because of supply chain bottlenecks, has been declining for several months. At the same time, the 2022 summer tourist season (May-October) was extraordinarily good, almost reaching the record levels seen in 2019. The sharp increase in the number of guests from Austria and neighboring countries made up for the shortfall in bookings from visitors from more distant countries.

Weaker activity in Austrian export markets will cause real export growth to drop from 8.6% in 2022 to 1.7% in 2023. On the back of weaker export growth, and also due to a decline in investment and sluggish private consumption growth, real import growth will decelerate to 0.5% in 2023. In the two subsequent years, export growth is expected to be supported by a rebound in export demand in the second half of 2023 and a growing number of tourists from overseas. Export activity, together with the gradual recovery in private consumption and investment, will help accelerate import growth in the second half of the forecast horizon. The current account balance has been recovering from its pandemic-related low recorded in 2021 and will be returning to normal levels over the forecast horizon.

Table 2

### Foreign trade and current account

	2021	2022	2023	2024	2025
	<i>Annual change in %</i>				
Exports (real)	10.1	8.6	1.7	3.3	3.7
Imports (real)	13.5	2.2	0.5	3.1	3.6
	<i>% of nominal GDP</i>				
Current account balance	0.4	0.5	0.9	1.7	2.6

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

### Austria's economy remains robust despite industrial recession in Germany

Austria's economy grew much more strongly in 2021 and 2022 than Germany's. This trend has been observed since 2017 and was interrupted only in the coronavirus years by lockdowns in services sectors that are particularly important for the Austrian economy. In the period from 2017 to the third quarter of 2022, real GDP growth was 4.5 percentage points higher in Austria than in Germany, which is remarkable given that the Austrian economy is still highly integrated with Germany's.

This box sketches out the main reasons for the growth differential between the two countries. First, industrial sector developments are a key explanatory factor. As we can see in chart B1, Germany has been increasingly lagging behind Austria in terms of industrial output. Between the first quarter of 2017 and the third quarter of 2022, the cumulative growth differential was –23 percentage points. The automotive sector plays a crucial part in this context. The weak performance of the German automotive industry can, in part, be attributed to specific factors such as the Volkswagen emissions scandal, but it is also the result of the sector's late entry into electromobility. This is compounded by the fact that in Germany, the automotive industry accounts for a significantly higher share of total value added than this is the case in Austria (2019: 4.9% compared to 1.7%). Most of the growth differential across industry up until end-2020 can be ascribed to the automotive industry. Since the beginning of 2021, the electrical and electronics industry, mechanical

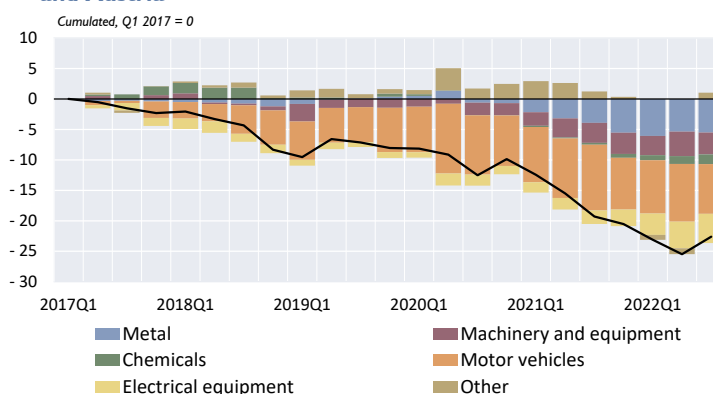
engineering and the metals industry have also contributed to the growth differential. The differences in the performance of the export-oriented industrial sectors were also reflected in export growth. Germany's real goods exports grew by only 6% from 2017 (annual average) to the third quarter of 2022, compared to 18% in Austria.

Second, there is Germany's stronger integration in international markets outside Europe, which is why international trade disputes and China's struggling with the effects of its zero-

COVID policy and the real estate crisis have exerted a stronger dampening impact on the German economy. 37% of the German industrial sector's imports of intermediated goods are from countries outside Europe (for Austria, this share is 27%). China is Germany's second most important export destination, accounting for a share of 7.6% of exports (for Austria, China comes in 10<sup>th</sup> place, accounting for 3%). Overall, around 46% of German exports went to countries outside the EU in 2021 (Austria: 31%). Germany's stronger non-European supply links also explain why German enterprises have been more affected by global supply chain bottlenecks than their Austrian peers. In October 2022, 71.6% of German industrial enterprises identified materials shortages as a major factor limiting production (Austria: 28.4%).

Apart from Germany's stronger global linkages and the important role of industry, other indicators point to structural differences between the German and Austrian economies. Germany is more affected by an aging population than Austria. For example, at 34.2%, the share of people aged 65 and over in the working-age population was significantly higher in Germany than in Austria (28.9%) in 2021. Despite a higher employment rate (relative to the total population), much more German industrial enterprises (41%) reported labor shortages compared to their Austrian counterparts (22%) in October 2022. By 2030, Germany's working-age population will have declined 6.7% against 2022, compared to less than half this figure – 2.8% – in Austria.

**Growth differential of industrial production between Germany and Austria**



Source: Eurostat, OeNB calculations.

Moreover, productivity growth in manufacturing has been much stronger in Austria than in Germany since 2000. As a result, Austrian wages have also been rising more sharply, meaning that unit labor costs followed a similar path in both countries. Germany's investment-to-GDP ratio has been, on average, around 3 percentage points below Austria's since 1995. For public investment, which is important for infrastructure, the ratio has been, on average, 0.7 percentage points lower in Germany than in Austria since 2000.

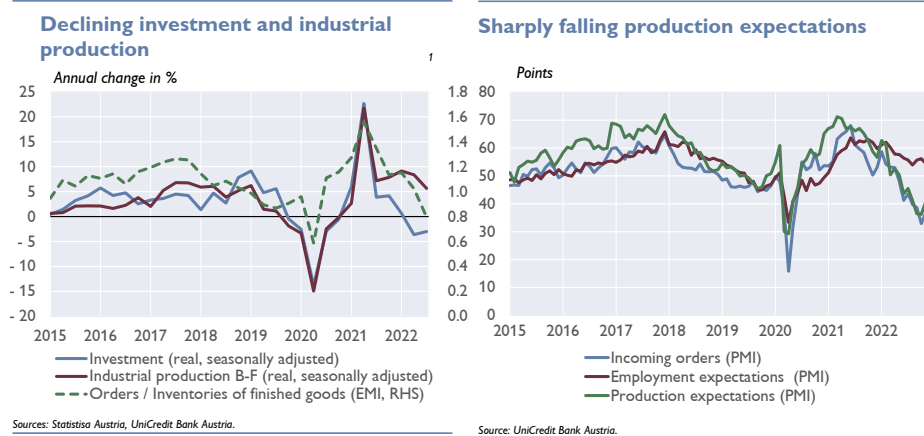
To sum up, compared to Austria, Germany has been suffering more from an aging population and a tighter labor market. Given its stronger global linkages, the country has been affected more by weak global growth, supply chain disruptions and protectionist tendencies. Moreover, Germany has been faced with a backlog in private and public investment for some time. Finally, the industrial sector, which is a major contributor to the country's value added, has been increasingly under pressure from lower productivity growth and other, specific factors.

Against this backdrop, Germany's economy is forecast to grow at a significantly lower rate (1.8%) than Austria's (4.9%) in 2022. In 2023, Germany is expected to be in recession, with real GDP declining by 0.5%, whereas Austria's economy is projected to expand by 0.6%.

## 2 Mild industrial recession around the turn of the year

The measures taken to contain the coronavirus pandemic affected Austria's industrial sector only during the first lockdown in spring 2020. The losses suffered in 2020 were more than offset in 2021, mainly on account of high international demand. Industrial production and investment growth went hand in hand with export growth. Gross fixed capital formation expanded by 8.8% in 2021, the highest rate in recent decades. This expansion was mainly driven by investment in machinery and equipment, which fell sharply in 2020 and rebounded strongly in 2021. Business sentiment deteriorated abruptly when Russia started its attack on Ukraine. Export and production expectations have declined since then. In combination with a strong increase in energy costs, falling capacity utilization and rising funding costs, this led to a drop in industrial output and investment in the third quarter of 2022 (chart 1, left-hand panel). A further decline is expected in the coming months. As a result, the entire Austrian economy will slip into a technical recession over the turn

of the year, given that the services sector will not be able to compensate for this decline, unlike in the third quarter, when tourism rebounded strongly. However, the recession is



unlikely to be long or deep. This is indicated above all by the path of employment expectations, which are significantly better than production expectations (chart 1, right-hand panel). Companies are seeking to largely maintain their staffing levels because they expect a rapid recovery of economic activity. However, the high energy prices pose major challenges to many sectors, with some companies having been forced to cut production. That said, among the energy-intensive sectors (paper, chemicals, basic industry and metals), only the paper industry's expectations are below those of the entire industrial sector. Given that the gas supply for the coming months has been secured

and wholesale energy prices have started to decrease, it seems unlikely from today's perspective that

### Investment activity in Austria

	2021	2022	2023	2024	2025
Annual change in %					
Gross fixed capital formation (real)	8.8	-2.2	-1.4	1.7	2.0
Investment in plant and equipment	15.7	-8.7	-1.6	2.6	2.2
Residential construction investment	5.4	-3.3	-1.5	-2.0	4.0
Nonresidential construction investment and other investment	6.6	1.1	-3.4	1.2	-0.8
Investment in research and development	5.2	4.0	1.1	3.7	3.3

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

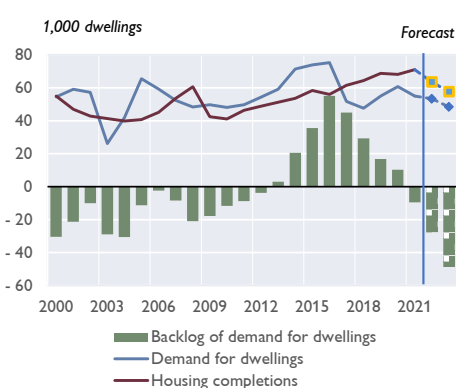
there will be large-scale production cuts. Still, a complete disruption in Russian gas supply without the ready availability of adequate alternative sources represents a major downward risk to 2023 growth. Investment activity will be stimulated by the Austrian government's climate and transformation initiative, which subsidizes the transition to climate-neutral production processes. Residential construction, by contrast, will see the end of a long cycle and a marked slowdown in activity (see box 2).

## End of residential construction cycle exacerbated by waning affordability, rising funding costs and shortages in materials and labor

The Austrian residential property market has been characterized by a pronounced construction cycle for the past decade. Ten years ago, housing supply and demand were largely in balance, i.e. there was neither significant excess supply nor notable excessive demand.<sup>2</sup> However, the number of housing completions was low during this period, and completions were not able to keep pace with accelerating growth in housing demand (which largely corresponded to the increase in the number of households). Demand peaked at 75,000 additional dwellings in 2016 and has since slowed steadily as a result of the decline in population growth (see chart, left-hand panel). Construction activity responded to demand with a lag: in 2021, completions reached 71,000, the highest level since the early 1980s. As a result, there was already a slight oversupply of dwellings relative to the demand for residential purposes in 2021. This oversupply will increase to 49,000 dwellings by 2023. The construction industry has already started to respond to this trend, as reflected in the number of building permits, which dropped by 20% in the first half of 2022 after having already fallen by a total of 19% in 2020 and 2021. This points to a significant decrease in the number of completions from 2022 on.

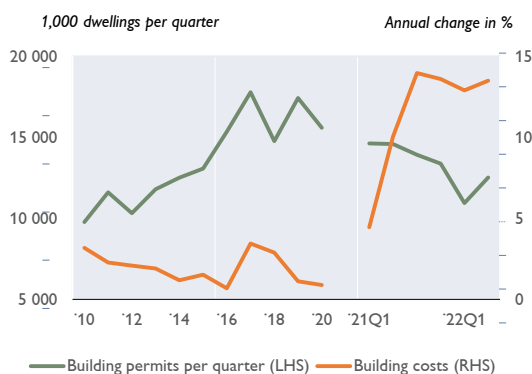
Apart from this cyclical component, a number of other factors are weighing on residential construction. Most recently, rising interest rates combined with markedly higher real estate prices

### Supply of and demand for dwellings



Source: Statistics Austria, OeNB calculations.

### Building permits and building costs



Sources: Statistics Austria.

have worsened affordability. This contributed to a significant decline in new housing loans in August and September. In addition, other factors are dampening residential construction, in particular the regulation for sustainable lending standards for residential real estate financing (KIM-VO), which entered into force in August 2022, high land and construction costs as well as supply bottlenecks and labor shortages.

<sup>2</sup> For details of the calculations, see Schneider, M. 2019. Exploring supply and demand-driven imbalances in Austria's housing market. In: Monetary Policy & the Economy Q3/19. OeNB. 54–71.

### 3 Wages increase markedly amid robust labor market developments

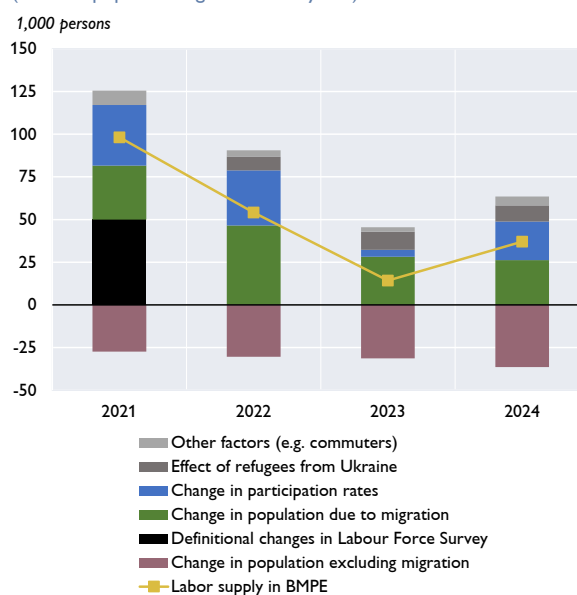
Despite the current slowdown in economic activity, the Austrian labor market is very robust. In 2023, the growth rate of the number of employees, although moderating, will remain slightly positive. Hours worked will fall, however. This forecast is based on the assumption that the persistently high labor shortages and the expectation of only a brief recession induce many firms to retain their employees despite falling capacity utilization. As a result, the unemployment rate will increase only slightly in 2023, from 4.8% to 4.9% according to Eurostat's definition (or from 6.3% to 6.6% according to the national definition). In 2024 and 2025, employment growth will pick up again on the back of improving economic activity, and the unemployment rate will fall to 4.6%.

Labor supply will be driven on the one hand by demographics, with net immigration failing to prevent a decline in the labor force toward the end of the forecast horizon. On the other hand, rising labor force participation rates are assumed to make a positive contribution, which will be low in 2023 for cyclical reasons and will rise again in 2024 and 2025, partly due to the gradual increase in the statutory retirement age for women. The arrival and gradual integration of Ukrainian refugees (35,000 persons between 2022 and 2025) into the labor market is also contributing to labor supply growth.

Collectively negotiated wages will grow by a strong 7.2% in 2023 compared to 2022. This is primarily due to the fact that collectively agreed wages normally reflect the inflation of the past 12 months. In 2024, negotiated

wage growth will be weaker at just under 6% amid subdued economic growth, modest productivity growth and falling inflation rates. Nevertheless, the wage share in GDP will continue to recover following its sharp decline in 2022. Owing to low wage drift from 2023 onward, nominal gross compensation of employees will grow on a scale similar to that of negotiated wages. In real terms, compensation of employees will rise by a strong 2.2% in 2024, mainly as a result of the drop in inflation.

**Change in labor supply**  
(resident population aged 15 to 64 years)



Source: Statistics Austria, OeNB.

Table 4

#### Labor market and wage developments in Austria

	2021	2022	2023	2024	2025
<i>Annual change in %</i>					
Total employment (persons)	2.0	2.4	0.2	1.0	0.9
Total hours worked	4.7	3.0	-0.7	1.0	1.0
<b>Compensation per employee</b>					
Gross <sup>2</sup> compensation (nominal)	2.6	4.3	7.1	6.1	3.6
Collectively agreed wages and salaries <sup>1</sup>	1.7	3.1	7.2	5.9	3.6
Wage drift	0.9	1.2	-0.1	0.2	0.0
Private consumption deflator	2.2	8.4	6.3	3.8	3.1
Gross <sup>2</sup> compensation (real)	0.3	-3.7	0.7	2.2	0.5
Net <sup>3</sup> compensation (real)	-0.2	-3.0	1.3	3.1	0.7
<i>% of labor supply</i>					
Eurostat definition	6.2	4.8	4.9	4.7	4.6
AMS definition	8.0	6.3	6.6	6.5	6.3

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

1 Overall economy. 2 Including employers' social security contributions. 3 After tax and social security contributions.



## 4 Real income to rise sharply in 2024 following losses in 2022 and 2023

Real household income contracted notably in 2022 on the back of high inflation. At +3.1%, wage agreements for 2022, which were mainly negotiated in fall 2021, were well below the inflation rate. While strong employment growth dampened the decline, at –2.5%, real household income dropped by the second-highest rate ever recorded (the steepest decline was recorded in the first year of the pandemic, 2020).

Private consumption in 2022 was strongly influenced by catch-up effects after pandemic-related restrictions were lifted, reaching a growth rate of 4.6%. The increase was made possible by a sharply decreasing savings ratio, as households reduced excess savings they had accumulated in 2020 and 2021, when the pandemic had them postpone consumption. The savings ratio, in fact, dropped at an unprecedented rate.

Coupled with a slight decline in inflation, the wage settlements of 7.2% for 2023 are set to lead to real wage gains. However, real income growth is likely to remain slightly negative in 2023, owing to the phasing out of pandemic-related support measures and one-off payments (payments to pensioners and unemployed persons, climate bonus and inflation compensation), which means that real net government transfers will dampen income. The electricity price brake will significantly cushion the additional burden resulting from energy price increases in 2023 and the first half of 2024. However, prices of other energy sources (gas, solid fuels, district heating) will rise and weigh on households, which is why real consumption expenditure is not expected to increase. The expected stagnation of real consumption in 2023 can only be financed by a further decline in the savings ratio.

Real wages are forecast to rise markedly in 2024 on account of the expected decline in inflation. Given accelerated employment growth and a sharp increase in pension payments due to indexation, real income will go up significantly. These income gains will contribute to an increase in both consumption growth and the savings ratio; the latter is expected to return to its historical average by the end of the forecast horizon.

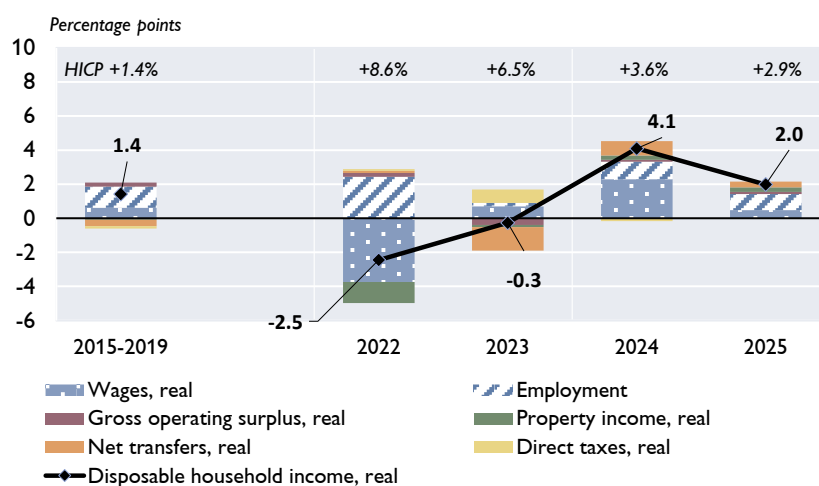
Table 5

### Household income and consumption

	2021	2022	2023	2024	2025
<i>Annual change in %</i>					
Disposable household income (real)	2.0	–2.5	–0.3	4.1	2.0
Private consumption (real)	3.4	4.6	0.1	2.1	1.4
<i>% of nominal disposable household income</i>					
Savings ratio	12.1	5.6	5.2	7.0	7.5

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

### Composition of real disposable household income growth

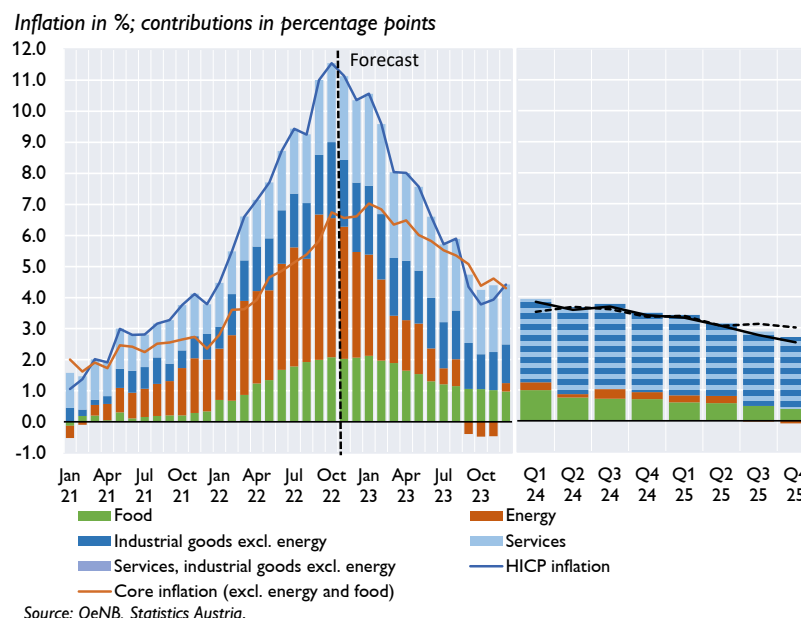


Source: Statistics Austria, OeNB.

## 5 Inflation rising to 8.6% in 2022 due to energy crisis in Europe

Russia's war against Ukraine, which began in February 2022, has driven the prices of energy and nonenergy commodities to high levels, which is the main cause of the rise in inflation over the course of this year. We expect HICP inflation to go up to 8.6% in 2022 and then drop to 6.5% (2023), 3.6% (2024) and 2.9% (2025). The decline in inflation in 2023 is mainly due to lower energy price inflation. The prices of fuels and heating oil will fall in line with futures prices for crude oil. Household energy prices are expected to increase further in the coming

### Contributions to HICP inflation



months. The price increases will, however, be significantly cushioned by the electricity price brake (Stromkostenzuschussgesetz – SKZG), which entered into force in December 2022. The electricity price brake subsidizes the consumer price for electricity from December 2022 to June 2024. The impact on HICP inflation is expected to be around –0.1 percentage points in 2022 and –0.9 percentage points in 2023. The phasing out of the electricity price brake in mid-2024 will, however, drive up inflation by 0.3 percentage points in 2024 and by 0.4 percentage points in 2025.

Food inflation is expected to remain well above average in 2023, given that the military conflict in Ukraine has significantly pushed up world market prices for agricultural commodities. Core inflation, which excludes energy and food prices, is rising to 5.0% in 2022 and, at 5.6%, will be even higher in 2023. This is mainly due to higher wage settlements and indirect impacts of energy price inflation on services

Table 6

### Inflation

	December 2022 outlook				Revision to September 2022 outlook		
	2022	2023	2024	2025	2022	2023	2024
	Annual change in %				Percentage points		
HICP	8.6	6.5	3.6	2.9	0.1	0.0	-0.1
Food	8.8	8.0	4.5	2.9	0.3	1.6	1.3
Unprocessed food	10.2	5.4	x	x	0.8	1.2	x
Processed food	8.5	8.6	x	x	0.1	1.6	x
Industrial goods excluding energy	5.6	5.3	x	x	0.4	0.2	x
Energy	41.0	9.5	2.6	1.0	-1.1	-4.7	-2.4
Services	4.6	5.9	x	x	0.1	0.4	x
HICP excluding energy	5.7	6.1	3.7	3.1	0.2	0.5	0.2
HICP excluding energy und food	5.0	5.6	3.5	3.1	0.2	0.3	-0.1

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

and nonenergy industrial goods inflation. In 2024 and 2025, core inflation will fall to 3.5% and 3.1%, respectively, but still remain well above the long-term average.<sup>3</sup>

HICP inflation has been revised only marginally in the current projections compared with the September 2022 outlook<sup>4</sup>. On the one hand, the significant decline in wholesale energy prices in recent months and the deterioration in economic activity in 2023 are dampening energy inflation. On the other hand, wage growth has notably gained momentum compared with the previous forecast, which has above all led to an upward revision of services price inflation (see table 6).

### Core inflation picks up in 2023 due to higher wage settlements

Crude oil prices peaked in June 2022 and, in line with futures prices, will continue their downward trend until the end of 2025.<sup>5</sup> Wholesale gas and electricity prices, having reached record high levels in August 2022, fell by more than 50% until October 2022. Futures prices for electricity and gas will, however, rise again into the second quarter of 2023. While moderating thereafter, they will still remain well above their long-term averages. We forecast *annual energy inflation* to amount to 41.0% in 2022 and to fall to 9.5%, 2.6% and 1.0% from 2023 to 2025. Several fiscal measures have been put in place to dampen energy price inflation. These measures taken together plus carbon pricing, which increases inflation, are expected to dampen HICP inflation by around 0.3 percentage points in 2022 and by 0.6 percentage points in 2023, before pushing up inflation by around 0.6 percentage points and 0.4 percentage points, respectively, in 2024 and 2025. The fiscal measures comprise (1) electricity and gas tax cuts from May 2022 to mid-2023, (2) suspending the flat-rate renewable electricity surcharge and the green levy on the energy bill in both 2022 and 2023, (3) increasing carbon pricing in several stages (October 2022 and January of 2023, 2024 and 2025) and (4) the electricity price brake (Stromkostenzuschussgesetz – SKZG) effective from December 2022 to June 2024.<sup>6</sup> The electricity price brake subsidizes the consumer price charged for electricity and is expected to be the measure with the largest dampening effect on inflation.

The inflation rate for services has almost doubled since the beginning of 2022 and is not expected to moderate in the coming months. In 2023, inflationary pressures due to the high energy costs are expected to increase, especially in wage-intensive sectors. In addition, regulated rents and rents based on housing categories were raised several times in 2022, which likewise fueled services inflation. Consequently, we expect services inflation to increase by about 0.2 percentage points in 2022 and HICP inflation to climb by about 0.1 percentage point. In the services sector, inflation is

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<sup>3</sup> From 1999 to 2019, core inflation (excluding energy and food) averaged out at 1.7%.

<sup>4</sup> See section 2 in [Inflation aktuell Q3/22](#) (in German).

<sup>5</sup> The price of Brent crude oil stood at EUR 120 per barrel in June 2022 and has fallen continuously since then. In line with futures prices, it is expected to run to EUR 74 in the fourth quarter of 2025.

<sup>6</sup> The HICP effects of the measures for the years 2022 to 2025 are as follows: electricity and gas tax cuts: 2022 – 0.14 percentage points, 2023 +0.03 percentage points and 2024 +0.07 percentage points; suspension of the flat-rate renewable electricity surcharge and of the green levy on the energy bill: 2022 –0.21 percentage points, 2023 +0.08 percentage points and 2024 +0.12 percentage points; increase in carbon pricing: 2022 +0.06 percentage points, 2023 +0.20 percentage points, 2024 +0.10 percentage points and 2025 +0.08 percentage points; electricity price brake: 2022 –0.08 percentage points, 2023 –0.90 percentage points, 2024 +0.28 percentage points and 2025 0.36 percentage points.

expected to reach 5.9% in 2023 (2022: 4.6%), which is more than twice the long-term average of 2.3% (average from 1999 to 2019).

The inflation rate of *nonenergy industrial goods* also reached record highs of late. The price increases were mostly driven by the earlier stages of production and the high cost of energy. Nonenergy industrial goods are expected to record an annual inflation rate of 5.6% in 2022. Inflation in this sector is likely to pick up further in the coming months and to peak in early 2023. The slowdown in economic activity expected for 2023 and the associated decline in demand are set to dampen price pressures. Even though inflation will be coming down in the course of 2023, the rate of price increases in nonenergy industrial goods will remain at a very high 5.3% next year.

*Food inflation* (including alcohol and tobacco) will still exceed its average in 2023 by a wide margin, reaching 8.0% (2022: 8.8%). Over the coming months, food inflation is projected to accelerate further, as agricultural production costs (fertilizers, fuels, animal feed) have increased significantly to date. At the same time, shortfalls in the supply of agricultural commodities caused by the war against Ukraine and the hot and dry summers in Europe may also fuel food producer prices and, by extension, consumer prices. Such pipeline pressures are not likely to peter out before mid-2023. Inflation will fall to 4.5% and 2.9%, respectively, in 2024 and 2025, but still remain above the long-term average of 2.2% (from 1999 to 2019).

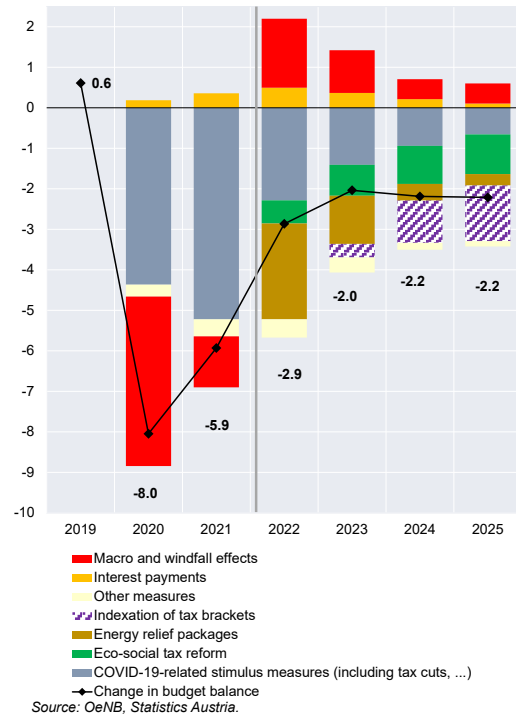
In our inflation forecast, we assume that there will be no rationing of gas. Moreover, global supply chain bottlenecks should dissipate by mid-2023. The risks to the inflation forecast for 2023 and 2024 are largely on the upside, relating mainly to constraints on energy supplies and thus to higher energy prices.

## 6 Budget deficit falls below 3% of GDP despite fiscal support measures

In 2022, the general government budget deficit is likely to improve by about 3 percentage points to 2.9% of GDP (chart 5), mainly driven by the cyclical recovery and unusually high tax revenues (especially assessed and corporate income taxes; red columns). In 2022, discretionary fiscal spending even increased somewhat in scale compared with the two pandemic years 2020 and 2021 (blue, green, yellow and violet columns). The decline in fiscal COVID-19 measures (blue columns), in particular decreasing expenditure on income support (short-time work, fixed cost subsidies/turnover loss bonus, hardship fund) fails to compensate for the new measures put in place. While the eco-social tax reform, which entails a gradual reduction of income tax rates (green columns), has a relatively small impact on the budget balance in 2022, the impact of expenditure on the energy relief packages (violet columns) is clearly visible. In 2022, the largest individual measures to compensate for (energy) inflation are the increased climate and anti-inflation bonus and the costs of building up the strategic gas reserve. In 2023, the budget balance is set to continue improving in sync with the phasing out of the COVID-19 measures and the lower net cost of the energy relief packages. Just under one-quarter of the costs of fiscal support measures such as the electricity price brake is being offset by revenue from taxing the windfall profits of fossil fuel companies and electricity producers. The costs of the eco-social tax reform are going up, however, and the effects of the elimination of bracket creep (violet shaded columns) are beginning to leave their mark. These two effects are the main reason why the budget balance will not improve further in the subsequent years and will instead stabilize at around  $-2.2\%$  of GDP. In 2024 and 2025, the positive contribution of automatic stabilizers and windfall effects will moreover be significantly lower than in the previous years. The higher interest rate level leads to a slight increase in interest expenditure; the positive contribution of interest savings (orange columns) will thus be smaller. The sharp contraction of the debt ratio by more than 10 percentage points to 71.3% in 2025 (black line in chart 6, right-hand scale) is due to high nominal GDP growth (green and red columns). In 2023 in particular, the reduction in the debt ratio as a percentage of GDP is solely traceable to high growth, and specifically to high inflation (green columns). From 2023 onward, the virtually constant primary deficit (blue columns) and slightly increasing interest expenditure (orange columns) will push up government debt when considered in isolation.

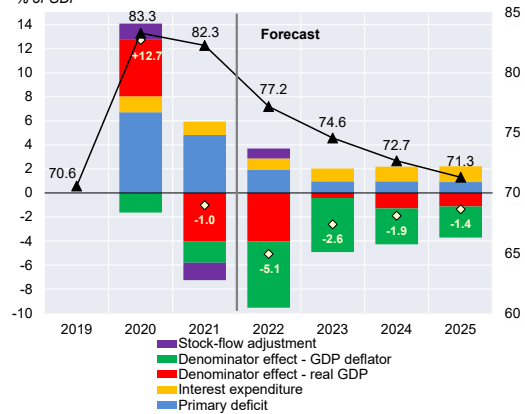
**Change in the general government budget balance since 2019**

Contributions in percentage points



**Change in the government debt ratio**

% of GDP

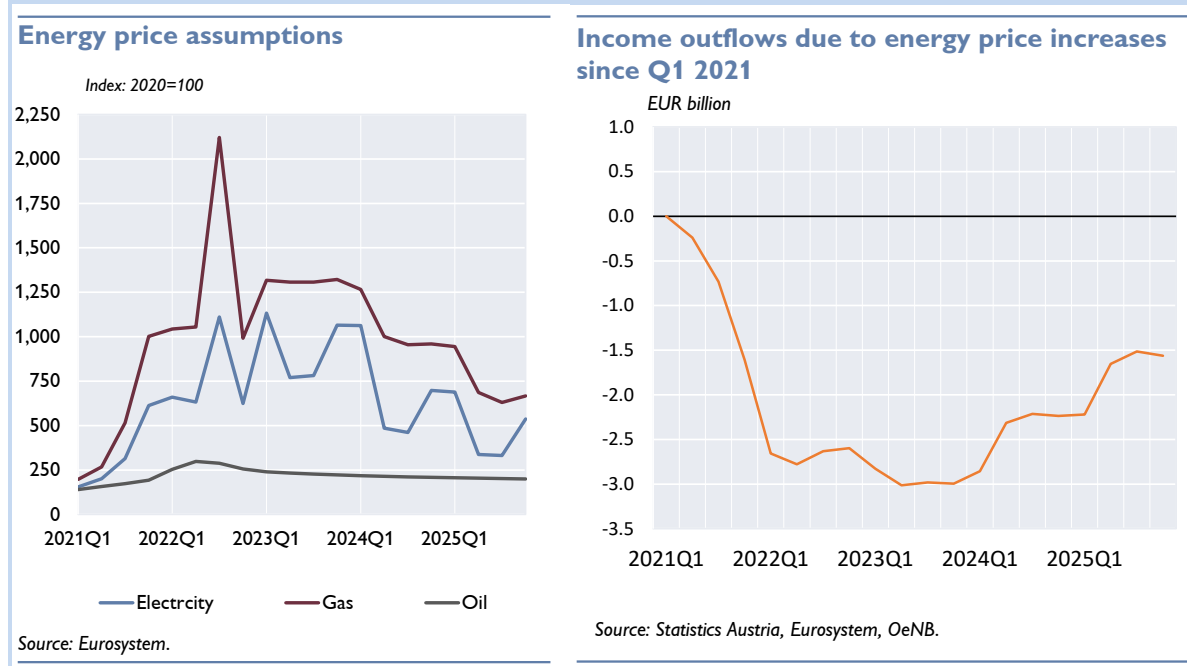


## High energy import prices account for income outflows of EUR 13 billion in 2021 and 2022

In 2021, the global economy recovered from the economic slump caused by the coronavirus pandemic more quickly than expected. The surge in demand, particularly for durable consumer goods, led to supply shortages and, subsequently, to an increase in commodity and energy prices. As a result of the Russian attack on Ukraine and the related conflict between Russia and Western countries, energy prices, in particular gas prices, continued to soar in 2022. The prices of Austrian energy imports (weighted imports of coal, oil, electricity and gas) rose by just under 60% in 2021 and by another 140% in 2022. Since Austria imports much more energy than it exports, the sharp rise in energy prices means that it has to pay much more for its imports. This leads to an outflow of income from Austria to other countries.

The chart B3 (left-hand panel) shows the development of European energy prices since the beginning of 2021 and the expected future path up to the end of 2025, as assumed in our December 2022 outlook. The right-hand panel illustrates the estimated income losses in the foreign trade balance resulting from the increased prices of energy goods. In cumulative terms, the increase in energy import prices totaling 275% in 2021 and 2022 led to income outflows abroad of around EUR 13.2 billion (EUR 2.6 billion, or 0.6% of GDP, in 2021 and EUR 10.7 billion, or 2.3% of GDP, in 2022).<sup>7</sup> Owing to the expected decline in energy prices (left-hand panel of chart B3), the income losses will decrease over the forecast horizon.

Chart B3



<sup>7</sup> In September 2022, an internal ECB analysis arrived at a similar effect for the EU.

## 7 Annex of tables

Table A1

### Main results of the forecast

	December 2022					Revisions to June		
	2021	2022	2023	2024	2025	2022	2023	2024
<i>Annual change in % (real)</i>								
<b>Economic activity</b>								
Gross domestic product (GDP)	4.7	4.9	0.6	1.7	1.6	1.1	-1.4	-0.2
Private consumption	3.4	4.6	0.1	2.1	1.4	0.7	-1.9	0.1
Government consumption	7.9	1.1	-0.5	0.4	0.7	1.3	-1.2	0.3
Gross fixed capital formation	8.8	-2.2	-1.4	1.7	2.0	-3.8	-3.9	-0.4
Exports of goods and services	10.1	8.6	1.7	3.3	3.7	1.6	-1.2	0.0
Imports of goods and services	13.5	2.2	0.5	3.1	3.6	-2.9	-2.3	0.2
	<i>% of nominal GDP</i>							
Current account balance	0.4	0.5	0.9	1.7	2.6	0.0	-0.2	0.4
	<i>Percentage points</i>							
<b>Import-adjusted contributions to real GDP growth<sup>2</sup></b>								
Private consumption	0.7	1.9	0.1	0.7	0.4	0.6	-0.6	0.0
Government consumption	1.3	0.3	-0.1	0.1	0.1	0.3	-0.2	0.1
Gross fixed capital formation	0.8	0.1	-0.2	0.2	0.2	-0.1	-0.5	-0.1
Domestic demand (excluding changes in inventories)	2.7	2.3	-0.2	0.9	0.7	0.8	-1.3	-0.1
Exports	1.8	3.2	0.6	0.9	0.9	1.2	-0.2	-0.1
Changes in inventories (including statistical)	0.1	-0.6	0.1	0.0	0.0	-1.0	0.2	0.0
	<i>Annual change in %</i>							
<b>Prices</b>								
Harmonised Index of Consumer Prices (HICP)	2.8	8.6	6.5	3.6	2.9	1.6	2.2	0.6
Private consumption expenditure (PCE) deflator	2.2	8.4	6.3	3.8	3.1	1.6	2.4	0.9
GDP deflator	1.9	6.7	5.8	4.0	3.6	1.6	1.7	1.1
Unit labor costs (whole economy)	-0.2	1.8	6.8	5.3	2.9	-0.6	1.9	2.6
Compensation per employee (nominal)	2.6	4.3	7.1	6.1	3.6	0.6	1.7	2.4
Compensation per hour worked (nominal)	-1.0	3.6	8.2	6.0	3.4	1.2	3.6	2.5
Import prices	6.7	12.5	5.5	2.3	2.0	3.2	2.2	0.4
Export prices	5.3	8.5	4.0	3.3	3.2	0.9	-0.6	1.4
Terms of trade	-1.3	-3.5	-1.5	1.0	1.2	-1.9	-2.7	1.0
	<i>Annual change in %</i>							
<b>Income and savings</b>								
Real disposable household income	2.0	-2.5	-0.3	4.1	2.0	-2.6	-2.0	2.2
	<i>% of nominal disposable household income</i>							
Savings ratio	12.1	5.6	5.2	7.0	7.5	-2.8	-2.7	-0.7
	<i>Annual change in %</i>							
<b>Labor market</b>								
Payroll employment	1.9	2.9	0.5	1.0	1.0	0.3	-0.9	0.1
Hours worked (payroll employment)	5.3	3.6	-0.5	1.1	1.1	-0.4	-2.7	0.0
	<i>% of labor supply</i>							
Unemployment rate (Eurostat definition)	6.2	4.8	4.9	4.7	4.6	0.3	0.6	0.4
Unemployment rate (AMS definition)	8.0	6.3	6.6	6.5	6.3	0.0	0.6	0.6
	<i>% of nominal GDP</i>							
<b>Public finances</b>								
Budget balance	-5.9	-2.9	-2.0	-2.2	-2.2	-0.3	-0.8	-1.4
Government debt	82.3	77.1	74.4	72.5	71.1	-2.2	-1.5	-0.7

<sup>1</sup> The import-adjusted growth contributions were calculated by offsetting each final demand component with corresponding imports, which were obtained from input-output tables.

Source: 2021 (realized): Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

## Underlying global economic conditions

	2021	2022	2023	2024	2025
<i>Annual change in % (real)</i>					
<b>Gross domestic product</b>					
World excluding the euro area	6.4	3.3	2.6	3.1	3.3
USA	5.9	1.9	0.6	0.9	1.8
China	8.1	3.3	4.3	4.4	4.5
India	8.5	7.3	5.4	6.5	6.6
Japan	1.7	1.5	1.4	1.3	1.3
Latin America	6.9	3.5	1.7	2.1	2.4
United Kingdom	7.5	4.4	-0.7	0.7	1.0
CESEE EU member states <sup>1</sup>	4.8	-4.8	-1.6	2.4	1.8
Switzerland	4.2	2.0	0.8	1.8	1.9
Euro area <sup>2</sup>	5.2	3.4	0.5	1.9	1.8
<b>World trade (imports of goods and services)</b>					
World	11.6	6.1	2.0	3.3	3.3
World excluding the euro area	12.6	5.6	1.9	3.3	3.3
Growth of euro area export markets (real)	10.5	6.0	1.2	3.0	3.1
Growth of Austrian export markets (real)	10.1	6.5	2.0	3.4	3.5
<b>Prices</b>					
Oil price in USD/barrel (Brent)	71.1	104.6	86.4	79.7	76.0
Three-month interest rate in %	-0.5	0.4	2.9	2.7	2.5
Long-term interest rate in %	-0.1	1.7	2.5	2.6	2.7
USD/EUR exchange rate	1.2	1.1	1.0	1.0	1.0
Nominal effective exchange rate of the euro (euro	120.8	116.5	117.5	117.5	117.5

Source: Eurosystem.

<sup>1</sup> Bulgaria, Croatia, Czechia, Hungary, Poland and Romania.

<sup>2</sup> 2022: Eurostat; 2022 to 2025: Results of the Eurosystem's December 2022 projections.



## Foreign trade

	2021	2022	2023	2024	2025
	<i>Annual change in %</i>				
<b>Exports</b>					
Competitor prices in Austria's export markets	7.6	17.0	4.6	2.2	2.0
Export deflator	5.3	8.5	4.0	3.3	3.2
Changes in price competitiveness <sup>1</sup>	2.3	8.5	0.6	-1.1	-1.2
Import demand in Austria's export markets (real)	10.1	5.8	1.2	3.3	3.6
Austrian exports of goods and services (real)	10.1	8.6	1.7	3.3	3.7
Austrian market share	0.0	2.8	0.5	0.0	0.1
<b>Imports</b>	<i>Annual change in %</i>				
International competitor prices in the Austrian market	6.6	15.1	5.2	2.3	2.0
Import deflator	6.7	12.5	5.5	2.3	2.0
Austrian imports of goods and services (real)	13.5	2.2	0.5	3.1	3.6
Terms of trade	-1.3	-3.5	-1.5	1.0	1.2
	<i>Percentage points of real GDP</i>				
Contribution of net exports to GDP growth	-1.5	3.7	0.7	0.3	0.2
	<i>% of nominal GDP</i>				
Export ratio	55.8	58.8	58.4	58.9	59.9
Import ratio	55.2	56.6	56.5	56.3	56.6

1) Changes in price competitiveness are defined as the difference between changes in competitor prices on Austria's export markets and changes in the export deflator.

Source: 2021: Statistics Austria, Eurosystem; 2022 to 2025: OeNB December 2022 outlook.

Table A4

## Current account

	2021	2022	2023	2024	2025
	% of nominal GDP				
Balance of trade	0.5	1.9	2.2	2.9	3.8
Balance of goods	-0.1	-0.1	0.4	1.2	1.7
Balance of services	0.6	2.0	1.7	1.6	2.1
Balance of primary income <sup>1</sup>	0.4	-0.8	-0.6	-0.6	-0.5
Balance of secondary income <sup>2</sup>	-0.6	-0.6	-0.6	-0.7	-0.6
Current account balance	0.4	0.5	0.9	1.7	2.6

<sup>1</sup> Balance of income (e.g. compensation of labor, investment income).

<sup>2</sup> Balance of current transfers.

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

Table A5

## Household income and private consumption

	2021	2022	2023	2024	2025
	Annual change in %				
Payroll employment	1.9	2.9	0.5	1.0	1.0
Wages and salaries per employee	2.6	4.3	7.1	6.1	3.6
Compensation of employees	4.5	7.3	7.7	7.2	4.6
Property income	36.1	-7.0	4.5	7.3	6.7
Self-employment income and operating surpluses (net)	2.5	9.9	3.8	4.5	4.0
	Contribution to household disposable income growth (percentage points)				
Compensation of employees	4.0	6.5	6.8	6.5	4.1
Property income	2.4	-0.6	0.3	0.6	0.5
Self-employment income and operating surpluses (net)	0.4	1.6	0.6	0.7	0.6
Net transfers less direct taxes <sup>1</sup>	-2.4	-0.7	-1.4	0.2	0.0
	Annual change in %				
Disposable household income (nominal)	4.3	5.8	6.1	8.0	5.1
Consumption deflator	2.2	8.4	6.3	3.8	3.1
Disposable household income (real)	2.0	-2.5	-0.3	4.1	2.0
Private consumption (real)	3.4	4.6	0.1	2.1	1.4
	% of nominal disposable household income growth				
Saving ratio	12.1	5.6	5.2	7.0	7.5

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

<sup>1</sup> Negative values indicate an increase in (negative) net transfers less direct taxes; positive values indicate a decrease.

Table A6

## Investment

	2021	2022	2023	2024	2025
	<i>Annual change in %</i>				
<b>Total gross fixed capital formation (real)</b>	8.8	-2.2	-1.4	1.7	2.0
of which:					
<i>investment in plant and equipment</i>	15.7	-8.7	-1.6	2.6	2.2
<i>residential construction investment</i>	5.4	-3.3	-1.5	-2.0	4.0
<i>nonresidential construction investment and other investment</i>	6.6	1.1	-3.4	1.2	-0.8
<i>investment in research and development</i>	5.2	4.0	1.1	3.7	3.3
<i>public sector investment</i>	8.5	1.6	4.7	3.0	3.1
<i>private investment</i>	8.8	-2.8	-2.3	1.4	1.8
<b>Contribution to the growth of real gross fixed capital formation</b>	<i>Percentage points</i>				
Investment in plant and equipment	4.9	-2.9	-0.5	0.8	0.7
Residential construction investment	1.0	-0.6	-0.3	-0.4	0.7
Nonresidential construction investment and other investment	1.7	0.3	-0.9	0.3	-0.2
Investment in research and development	1.2	0.9	0.3	0.9	0.8
	<i>Percentage points</i>				
Total gross fixed capital formation	2.2	-0.6	-0.3	0.4	0.5
Changes in inventories	0.7	-0.2	0.1	-0.1	0.0
	<i>% of nominal GDP</i>				
Investment ratio	26.4	24.9	24.5	24.4	24.4

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

Table A7

## Labor market

	2021	2022	2023	2024	2025
	<i>Annual change in %</i>				
<b>Employment</b>					
Total employment (persons)	2.0	2.4	0.2	1.0	0.9
Payroll employment	1.9	2.9	0.5	1.0	1.0
of which: public sector employees	0.9	0.5	0.2	0.1	0.0
Self-employment	2.9	0.3	-1.7	0.7	0.6
Total hours worked	4.7	3.0	-0.7	1.0	1.0
<i>Payroll employment</i>	5.3	3.6	-0.5	1.1	1.1
<i>Self-employment</i>	1.5	2.1	-0.1	0.6	0.5
Labor supply	2.1	1.1	0.3	0.8	0.8
Registered unemployment	3.0	-20.0	2.3	-4.0	-1.8
<b>Unemployment rate</b>	<i>% of labor supply</i>				
Eurostat definition	6.2	4.8	4.9	4.7	4.6
AMS definition	8.0	6.3	6.6	6.5	6.3

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

Table A8

## Compensation of employees

	2021	2022	2023	2024	2025
	Annual change in %				
<b>Gross wages and salaries<sup>1</sup></b>					
<i>In nominal terms</i>	4.5	7.3	7.7	7.2	4.6
<i>Consumption deflator</i>	2.2	8.4	6.3	3.8	3.1
<i>In real terms</i>	2.3	-1.1	1.3	3.4	1.5
<b>Collectively agreed wages and salaries<sup>1</sup></b>	1.7	3.1	7.2	5.9	3.6
<i>Wage drift</i>	0.9	1.2	-0.1	0.2	0.0
<b>Compensation per employee</b>					
<i>Gross<sup>2</sup> compensation (nominal)</i>	2.6	4.3	7.1	6.1	3.6
<i>Gross compensation (real)</i>	0.3	-3.7	0.7	2.2	0.5
<i>Net<sup>3</sup> compensation (real)</i>	-0.2	-3.0	1.3	3.1	0.7
<b>Compensation per hour worked</b>					
<i>Gross compensation (nominal)</i>	-1.0	3.6	8.2	6.0	3.4
<i>Gross compensation (real)</i>	-3.2	-4.4	1.7	2.1	0.3
	% of nominal GDP				
<i>Wage share</i>	49.5	47.5	48.1	48.7	48.4

<sup>1</sup> Overall economy.

<sup>2</sup> Including employers' social security contributions.

<sup>3</sup> After tax and social security contributions.

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

Table A9

## Prices

	2021	2022	2023	2024	2025
	Annual change in %				
<b>HICP and subcomponents</b>					
Harmonised Index of Consumer Prices (HICP)	2.8	8.6	6.5	3.6	2.9
Food	1.1	8.8	8.0	4.5	2.9
Unprocessed food	2.2	10.2	5.4	x	x
Processed food	0.8	8.5	8.6	x	x
Industrial goods excluding energy	1.9	5.6	5.3	x	x
Energy	10.8	41.0	9.5	2.6	1.0
Electricity	7.0	11.5	-13.5	11.4	1.1
Natural gas	7.8	81.7	36.4	-7.9	-20.8
Liquid fuels	17.8	49.4	-3.7	-4.2	-1.9
Services	2.5	4.6	5.9	x	x
HICP excluding energy	2.1	5.7	6.1	3.7	3.1
HICP excluding energy and unprocessed food	2.3	5.0	5.6	3.5	3.1
<b>Deflators (national accounts)</b>					
Private consumption expenditure (PCE) deflator	2.2	8.4	6.3	3.8	3.1
Investment deflator	3.7	7.8	6.1	3.8	3.1
Import deflator	6.7	12.5	5.5	2.3	2.0
Export deflator	5.3	8.5	4.0	3.3	3.2
Terms of trade	-1.3	-3.5	-1.5	1.0	1.2
GDP deflator at factor costs	2.2	6.3	5.7	4.0	3.7

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook.

## Breakdown of revisions to the outlook

	BIP			HVPI		
	2022	2023	2024	2022	2023	2024
	<i>Annual change in %</i>					
December 2022 outlook	4.9	0.6	1.7	8.6	6.5	3.6
June 2022 outlook	3.8	1.9	1.9	7.0	4.2	3.0
Difference	1.1	-1.4	-0.2	1.6	2.2	0.6
	<i>Percentage points</i>					
Caused by:						
External assumptions	-0.1	-0.9	0.1	0.2	1.2	0.1
New data <sup>1</sup>	1.2	0.5	0.0	1.4	0.0	0.0
of which: revisions to historical data up to Q1 22	-0.4	0.0	0.0	0.0	0.0	0.0
projection errors for Q2 22 and Q3 22	1.6	0.5	0.0	1.4	0.0	0.0
Other reasons <sup>2</sup>	0.0	-1.0	-0.2	0.0	1.1	0.5

Source: OeNB June 2022 and December 2022 outlooks. Due to rounding, the sum of growth contributions subject to individual revisions may differ from the total revision.

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

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

Table A11

## Comparison of current economic forecasts for Austria

	OeNB				WIFO			IHS			OECD			IMF		European			
	December 2022				December 2022			December 2022			November 2022			October		November 2022			
	2022	2023	2024	2025	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2022	2023	2024	
	<i>Annual change in %</i>																		
<b>Main results</b>																			
GDP (real)	4.9	0.6	1.7	1.6	4.7	0.3	1.8	4.8	0.4	1.2	4.5	0.1	1.2	4.7	1.0	4.6	0.3	1.1	
Private consumption (real)	4.6	0.1	2.1	1.4	3.8	1.3	1.7	4.4	0.6	1.8	3.8	0.7	1.9	x	x	4.2	-0.5	1.2	
Government consumption (real)	1.1	-0.5	0.4	0.7	2.0	1.0	0.6	2.3	-1.3	-0.7	-1.3	-3.5	-0.3	x	x	2.4	0.6	1.0	
Gross fixed capital formation (real)	-2.2	-1.4	1.7	2.0	-1.0	0.2	2.2	-2.5	0.7	2.0	-0.5	1.0	1.4	x	x	-0.6	1.2	1.6	
Exports (real)	8.6	1.7	3.3	3.7	8.8	0.3	3.3	9.0	1.8	2.9	13.6	2.3	4.8	13.3	2.0	10.5	1.4	1.0	
Imports (real)	2.2	0.5	3.1	3.6	5.1	0.9	3.2	3.9	1.7	3.6	7.5	1.4	3.8	10.3	3.7	6.7	1.2	1.1	
Labour productivity <sup>1</sup>	2.4	0.4	0.7	0.6	0.8	-0.9	0.9	1.8	0.1	0.4	1.0	1.0	1.0	x	x	2.1	-0.3	0.5	
GDP deflator	6.7	5.8	4.0	3.6	5.0	5.2	3.9	4.7	5.6	3.0	4.3	6.0	3.0	4.9	3.1	6.1	5.8	3.7	
CPI	x	x	x	x	8.5	6.5	3.2	8.5	6.7	3.5	x	x	x	x	x	x	x	x	
HICP	8.6	6.5	3.6	2.9	8.6	6.6	3.0	8.5	6.7	3.5	8.5	6.7	3.6	7.7	5.1	8.7	6.7	3.3	
Unit labor costs	1.8	6.8	5.3	2.9	2.1	8.3	6.2	2.7	7.4	3.8	1.2	1.3	1.3	x	x	2.1	6.9	4.4	
Payroll employment <sup>2</sup>	2.4	0.2	1.0	0.9	2.9	0.7	1.3	2.9	0.3	0.8	2.4	0.8	1.0	2.4	0.4	2.5	0.6	0.6	
	<i>% of labor supply</i>																		
Unemployment rate <sup>3</sup> (Eurostat definition)	4.8	4.9	4.7	4.6	4.6	4.7	4.5	4.8	4.9	4.9	4.9	5.1	5.2	4.5	4.6	5.0	5.2	5.3	
	<i>% of nominal GDP</i>																		
Current account balance	0.5	0.9	1.7	2.6	0.0	-0.4	0.2	x	x	x	0.7	1.0	1.8	-2.6	-2.1	0.2	0.0	-0.1	
Budget balance (Maastricht definition)	-2.9	-2.0	-2.2	-2.2	-3.3	-2.0	-1.6	-3.3	-2.7	-2.1	-3.5	-2.7	-2.0	-2.7	-1.6	-3.4	-2.8	-1.9	
<b>Technical assumptions</b>																			
Oil price in USD/barrel (Brent)	104.6	86.4	79.7	76.0	99.0	83.0	79.0	101.0	84.0	79.0	102.6	95.0	95.0	98.2	85.5	101.8	85.0	78.0	
Short-term interest rate in %	0.4	2.9	2.7	2.5	0.4	4.0	4.7	0.3	3.2	3.4	0.5	3.8	3.9	-0.2	0.8	0.2	3.1	3.0	
USD/EUR exchange rate	1.05	1.03	1.03	1.03	1.04	1.01	1.12	1.05	1.05	1.05	1.04	0.98	0.98	1.06	1.03	1.04	0.98	0.98	
	<i>Annual change in %</i>																		
Euro area GDP (real)	3.4	0.5	1.9	1.8	3.4	0.6	1.7	3.3	0.5	1.4	3.3	0.5	1.4	3.1	0.5	3.2	0.3	1.5	
US GDP (real)	1.9	0.6	0.9	1.8	1.9	0.9	1.5	1.8	0.7	1.3	1.8	0.5	1.0	1.6	1.0	1.8	0.7	1.7	
World GDP (real)	3.3	2.3	2.9	3.1	x	x	x	3.1	2.2	2.8	3.1	2.2	2.7	3.2	2.7	3.1	2.5	3.1	
World trade <sup>4</sup>	6.1	2.0	3.3	3.3	x	x	x	4.0	1.7	4.0	5.4	2.9	3.8	4.3	2.5	5.4	2.3	3.6	

Source: OeNB, WIFO, IHS, OECD, IMF, European Commission. Note: x = no data available.

<sup>1</sup> OeNB, WIFO: GDP per hour worked. IHS, OECD, European Commission: GDP per employee.

<sup>2</sup> WIFO, IHS: based on active payroll.

<sup>3</sup> WIFO: % of persons in payroll employment (national definition).

<sup>4</sup> IHS: goods according to CPB; European Commission: world imports.

## Quarterly outlook results

	2022	2023	2024	2025	2022				2023				2024				2025			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Annual change in %</i>																				
<b>Prices, wages and costs</b>																				
HICP	8.6	6.5	3.6	2.9	5.5	7.9	9.9	11.0	9.4	7.4	5.3	4.0	3.8	3.6	3.7	3.4	3.3	3.1	2.8	2.5
HICP excluding energy and food	5.7	6.1	3.7	3.1	3.5	5.2	6.5	7.6	7.6	6.6	5.5	4.7	3.9	3.8	3.7	3.5	3.4	3.1	3.1	2.9
Private consumption expenditure deflator	8.4	6.3	3.8	3.1	5.4	7.4	9.3	11.6	9.4	7.3	5.3	3.6	3.7	3.8	3.9	3.7	3.4	3.2	3.0	2.9
Gross fixed capital formation deflator	7.8	6.1	3.8	3.1	6.8	7.7	8.3	8.3	7.6	6.2	5.6	5.2	4.5	4.0	3.5	3.3	3.4	3.2	3.1	2.8
GDP deflator	6.7	5.8	4.0	3.6	3.4	4.0	7.7	11.7	9.2	8.5	4.6	1.6	3.0	4.0	4.4	4.6	4.1	3.7	3.4	3.1
Unit labor costs	1.8	6.8	5.3	2.9	1.2	1.8	3.9	0.6	3.6	6.1	7.4	9.9	7.5	5.9	4.5	3.6	3.4	3.1	2.9	2.5
Nominal wages per employee	4.3	7.1	6.1	3.6	4.9	5.0	4.3	3.2	5.2	6.1	7.5	9.6	8.1	6.7	5.3	4.4	3.9	3.6	3.5	3.4
Productivity	2.4	0.4	0.7	0.6	3.7	3.2	0.4	2.5	1.6	0.0	0.1	-0.2	0.6	0.8	0.8	0.8	0.5	0.5	0.6	0.9
Real wages per employee	-3.7	0.7	2.2	0.5	-0.4	-2.2	-4.6	-7.5	-3.8	-1.1	2.1	5.8	4.2	2.7	1.4	0.7	0.5	0.4	0.5	0.5
Import deflator	12.5	5.5	2.3	2.0	11.7	13.5	12.9	11.9	8.0	5.0	4.8	4.3	3.0	2.2	1.9	2.1	2.3	2.3	2.0	1.5
Export deflator	8.5	4.0	3.3	3.2	7.9	8.9	8.5	8.7	5.2	3.6	3.6	3.5	3.4	3.2	3.3	3.4	3.5	3.4	3.2	2.8
Terms of trade	-3.5	-1.5	1.0	1.2	-3.4	-4.0	-3.9	-2.8	-2.5	-1.4	-1.2	-0.8	0.3	1.0	1.3	1.3	1.2	1.1	1.1	1.3
<b>Economic activity</b>																				
<i>Annual and/or quarterly changes in % (real)</i>																				
GDP	4.9	0.6	1.7	1.6	1.2	1.9	0.2	-0.2	-0.3	0.2	0.3	0.4	0.6	0.5	0.4	0.3	0.3	0.4	0.4	0.5
Private consumption	4.6	0.1	2.1	1.4	3.4	-0.7	-0.3	0.0	0.1	0.2	0.2	0.5	0.7	0.6	0.5	0.5	0.3	0.2	0.2	0.1
Government consumption	1.1	-0.5	0.4	0.7	-1.8	1.8	0.1	-5.4	1.9	1.1	0.8	0.2	-0.2	-0.4	0.0	0.0	0.4	0.3	0.1	0.2
Gross fixed capital formation	-2.2	-1.4	1.7	2.0	1.6	-2.1	-3.5	1.1	0.1	0.0	0.0	0.3	0.7	0.5	0.6	0.5	0.4	0.5	0.6	0.6
Exports	8.6	1.7	3.3	3.7	0.4	3.4	-1.6	-0.1	0.4	0.9	1.0	0.8	0.7	0.8	0.9	0.9	1.0	0.9	0.8	0.8
Imports	2.2	0.5	3.1	3.6	1.3	-0.5	-4.6	-0.8	2.0	1.1	1.0	0.9	0.4	0.7	0.9	1.1	1.1	0.8	0.7	0.5
<i>Contribution to real GDP growth in percentage points</i>																				
Domestic demand	2.3	-0.2	0.9	0.7	1.1	0.3	0.1	-0.6	0.0	0.1	0.1	0.2	0.4	0.2	0.2	0.2	0.1	0.2	0.2	0.2
Net exports	3.2	0.6	0.9	0.9	0.1	1.6	0.2	0.2	-0.2	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.3
Changes in inventories	-0.6	0.1	0.0	0.0	0.0	0.0	-0.1	0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Labor market</b>																				
<i>% of labor supply</i>																				
Unemployment rate (Eurostat definition)	4.8	4.9	4.7	4.6	4.6	4.4	5.0	5.2	5.1	5.0	4.8	4.7	4.7	4.7	4.7	4.6	4.6	4.6	4.6	4.5
<i>Annual and/or quarterly changes in %</i>																				
Total employment	2.4	0.2	1.0	0.9	0.8	0.4	0.2	-0.6	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.1
of which: private sector	2.8	0.2	1.2	1.1	0.9	0.4	0.2	-0.7	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.2	0.1
Payroll employment	2.9	0.5	1.0	1.0	0.8	0.4	0.2	0.3	0.0	0.0	0.1	0.2	0.3	0.4	0.4	0.4	0.2	0.2	0.1	0.1
<b>Additional variables</b>																				
<i>Annual and/or quarterly changes in % (real)</i>																				
Disposable household income	-2.5	-0.3	4.1	2.0	-2.0	-4.7	3.7	-0.1	-2.7	1.5	1.2	0.7	0.9	1.1	1.1	1.0	0.3	0.1	0.1	0.0
<i>% of real GDP</i>																				
Output gap	0.3	-0.5	-0.2	-0.1	-0.6	0.9	0.7	0.2	-0.4	-0.5	-0.6	-0.6	-0.4	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	0.1

Source: 2021: Statistics Austria; 2022 to 2025: OeNB December 2022 outlook. Quarterly values based on seasonally- and working day-adjusted data.