



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

# WKO Export Day 2020 Panel International Trade and Sustainable Development

## Austria is facing unprecedented peacetime contraction

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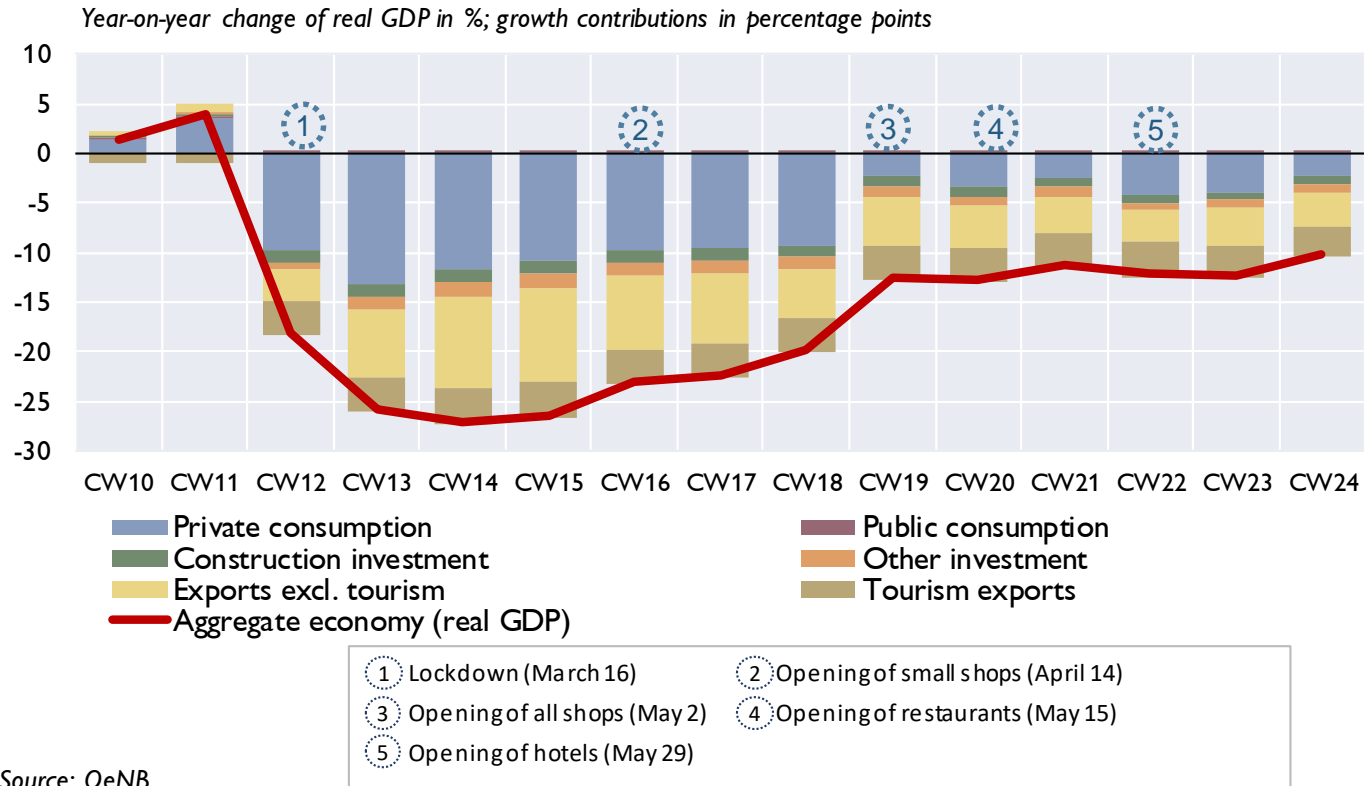
Abteilung für volkswirtschaftliche Analysen, OeNB

Vienna, June 30, 2020



# New OeNB weekly GDP indicator: GDP gap fell by roughly 10% year on year in mid-June

## Weekly GDP indicator for Austria



Source: OeNB.

- “Flash recession” in the second half of March: in just two weeks, economic activity declined by 27%
- April: gradual recovery, small and medium-sized retail businesses reopened on April 14 (CW16), which had modest cyclical effects
- May: all other stores reopened on May 2 (CW19), which provided a strong stimulus – since then recovery has been taking hold
- In the last week of May (CW24), economic activity still fell short of last year’s level by 10% → a sustainable recovery is still some way off
- From March 16 to June 12, 2020, aggregate GDP losses came to EUR 16.8 billion (4.5% of GDP)

# Austria is facing unprecedented peacetime contraction

## Main results

	2019	June 2020			Revisions against Dec.		
		2020	2021	2022	2020	2021	2022
	Annual change in %				Percentage points		
<b>GDP</b>	1.5	-7.2	4.9	2.7	-8.7	3.8	1.2
Private consumption	1.3	-5.8	6.1	2.6	-7.0	4.8	1.3
Government consumption	0.7	1.2	1.6	0.8	0.3	0.1	-0.2
Total investment	2.8	-6.7	4.7	3.1	-9.5	3.6	1.8
Exports	2.7	-11.6	6.9	4.7	-14.2	5.6	1.9
Imports	2.7	-8.9	5.7	3.7	-11.7	4.3	1.3
<b>HICP</b>	1.5	0.8	0.8	1.5	-0.7	-0.6	0.0
<b>Unemployment rate (in %)</b>	4.5	6.8	5.8	5.3	2.2	1.1	0.5
<b>Savings rate</b>	8.3	13.4	7.7	7.4	5.9	-0.1	-0.4
	Annual change in %						
<b>Employees</b>	1.4	-2.2	2.2	1.5	-3.7	1.3	0.6
	% of GDP						
<b>Current account balance</b>	2.6	1.5	2.2	2.3	-0.7	-0.2	-0.2
<b>Government balance</b>	0.7	-8.9	-3.9	-1.5	-9.4	-4.1	-1.7
<b>Public debt</b>	70.4	84.4	83.7	81.4	14.0	15.5	15.4

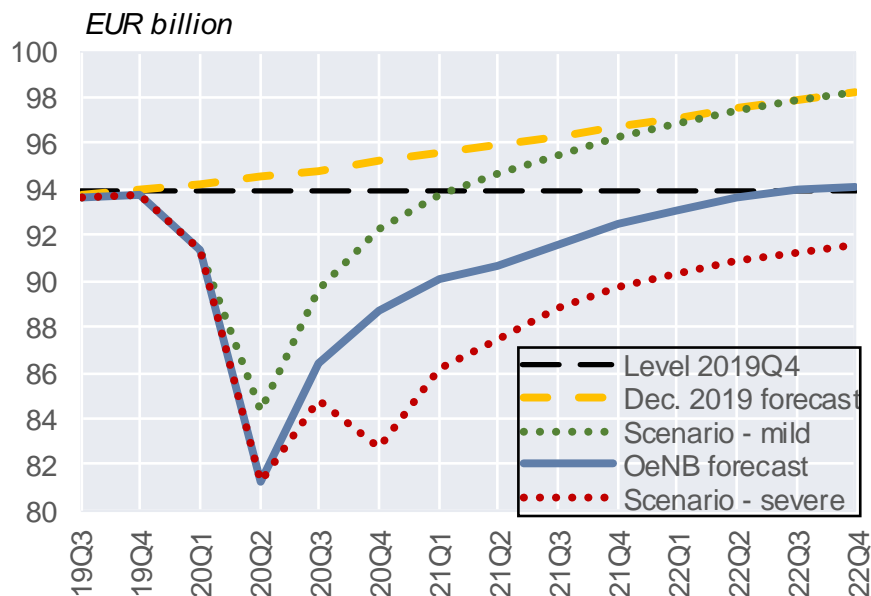
Source: Statistics Austria, OeNB.

- Simultaneous demand and supply shock at home and abroad triggered biggest economic slump in the post-war era
  - Massive downturn of consumption, investment and export activity
- Marked GDP contraction limited to a few weeks as comprehensive economic stabilizing measures were enacted swiftly to prevent enduring negative effects
  - Unemployment hits highest level in decades; short-time working arrangements cushion income losses
- Austria's deficit and debt levels increase substantially
- Overshooting growth from Q3/2020 onward and normalization from mid-2021; yet permanent loss of GDP and income expected
  - Inflation declines at a relatively modest pace
  - Public finances are set to improve at a quick pace – without a need for consolidation measures

# Results of the scenarios for Austria

→ Compliance with physical-distancing measures is key in the coming weeks

## Austria



### Common assumptions for the forecast:

- There will not be a second wave of infections; a drug or vaccine will be available mid-2021

### Mild scenario: relatively lower GDP contraction

- Coronavirus spread is contained more swiftly and effectively (worldwide)

### Severe scenario: relatively stronger GDP contraction

- There will be a second (albeit less pronounced) wave in Austria in fall 2020
- Negative effects on potential output

	Mild scenario Annual change in %				OeNB forecast Annual change in %			Severe scenario Annual change in %		
	2019	2020	2021	2022	2020	2021	2022	2020	2021	2022
<b>Real GDP</b>	1.5	-4.6	6.4	2.7	<b>-7.2</b>	<b>4.9</b>	<b>2.7</b>	-9.2	3.5	3.4
<b>HICP</b>	1.5	1.1	1.2	1.7	<b>0.8</b>	<b>0.8</b>	<b>1.5</b>	0.7	0.2	1.3

**Danke für Ihre Aufmerksamkeit**

**Thank you for your attention**

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