



OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

Schwerpunkt Außenwirtschaft 2017/18

Austrian economic activity and price competitiveness

Christian Ragacs, Klaus Vondra
Abteilung für volkswirtschaftliche Analysen, OeNB

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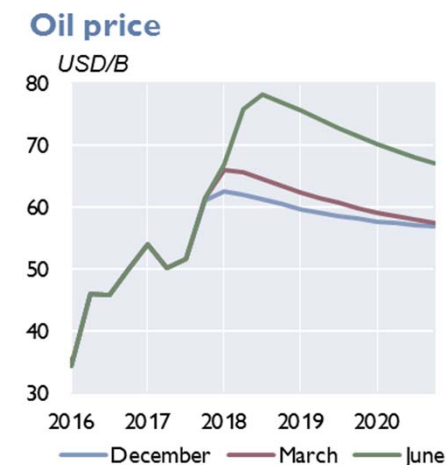
Favourable external environment for Austria with some uncertainties

	June 2018 forecast			Revision to March 2018		
	2018	2019	2020	2018	2019	2020
Real GDP	+2.1%	+1.9%	+1.7%	-0.3 pp	+0.1 pp	0.0 pp
HICP-inflation	+1.7%	+1.7%	+1.7%	+0.3 pp	+0.3 pp	0.0 pp
Core-inflation*	+1.1%	+1.6%	+1.9%	0.0 pp	+0.1 pp	+0.1 pp

Source: Eurosystem-forecast from June 2018 and from March 2018; *Note: Core-inflation: HICP-inflation without energy and food.

Change to previous year in % or niveau	2017	June 2018			December 2017			Difference to Dec. 2017		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
Oil price (USD/barrel Brent)	54.4	74.5	73.5	68.7	61.6	58.9	57.3	12.9	14.6	11.3
USD-exchange rate (USD/EUR)	1.13	1.20	1.18	1.18	1.17	1.17	1.17	0.03	0.01	0.01
Short-term nominal interest rate	-0.3	-0.31	-0.16	0.22	-0.31	-0.13	0.15	-0.01	-0.03	0.07
Long-term nominal interest rate	0.6	0.8	1.0	1.3	0.7	0.9	1.2	0.1	0.1	0.1
Real GDP - world	3.6	3.8	3.6	3.5	3.6	3.6	3.5	0.1	0.1	0.0
Real GDP - USA	2.3	2.8	2.5	2.1	2.5	2.2	1.9	0.3	0.4	0.2
Real GDP - Asia excl. Japan	6.1	6.1	5.9	5.9	6.1	6.0	5.9	0.0	-0.1	-0.1
Real GDP - CESEE (6)	4.8	4.1	3.3	3.2	3.5	3.2	3.2	0.6	0.1	0.0
World trade, real	5.1	5.1	4.6	4.0	4.5	4.2	3.8	0.6	0.4	0.1

Source: Eurosystem.



Austria: Growth remained strong in the first quarter of 2018...

Quarterly National Account Data

	GDP	Private consumption	Government consumption	Gross fixed capital formation	Exports	Imports	Domestic demand (excluding inventories)	Net exports	Changes in inventories	Statistical discrepancy	
	<i>Change to previous period in %</i>						<i>Contribution to GDP growth in percentage points</i>				
Q2 17	+0,8	+0,4	+0,2	+1,5	+1,5	+1,3	0,6	0,2	0,1	-0,0	
Q3 17	+0,9	+0,4	+0,2	+1,2	+1,1	+0,6	0,5	0,3	0,1	-0,0	
Q4 17	+0,9	+0,4	+0,2	+1,0	+1,6	+1,1	0,5	0,3	0,1	-0,0	
Q1 18	+0,8	+0,4	+0,3	+0,9	+0,9	+0,6	0,5	0,2	0,3	-0,1	
2014	+0,9	+0,3	+1,0	-0,5	+3,1	+2,6	0,2	0,4	0,1	0,2	
2015	+1,1	+0,5	+1,3	+1,0	+3,0	+3,0	0,7	0,1	0,2	0,0	
2016	+1,5	+1,5	+2,0	+3,8	+2,4	+3,8	2,1	-0,7	0,2	-0,1	
2017	+3,1	+1,5	+1,2	+4,9	+5,6	+4,8	2,2	0,6	0,1	0,2	

Source: WIFO.

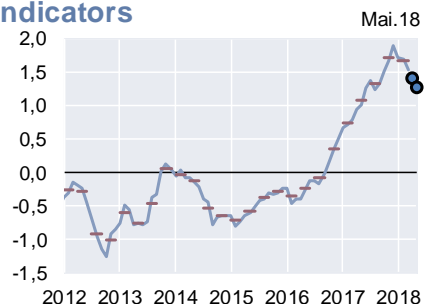
Austrian GDP growth according to different concepts

	SA - trend cycle (Wifo, OeNB)	SA - cycle (Eurostat)
	<i>Change on previous quarter in %</i>	
Q4 16	+0,7	+0,7
Q1 17	+0,9	+1,1
Q2 17	+0,8	+0,8
Q3 17	+0,9	+0,9
Q4 17	+0,9	+0,9
Q1 18	+0,8	+0,8
2014	+0,9	+0,9
2015	+1,1	+1,1
2016	+1,5	+1,5
2017	+3,1	+3,2

Source: WIFO.

... but confidence indicators signal weaker growth dynamics

Average over the five confidence indicators



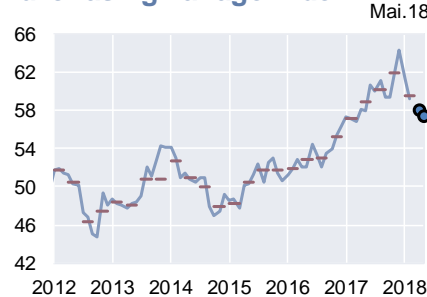
Note: Standardized mean of ESI, PMI, WIFO-Frühindikator, WIFO-Konjunkturklima und BA-Konjunkturindikator

ESI (European Commission)



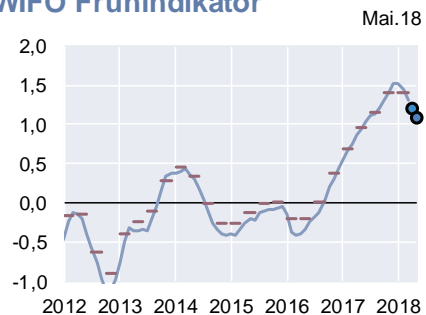
Source: European Commission.

PurchasingManagerIndex



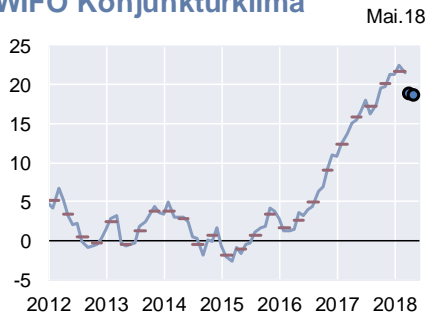
Source: Bank Austria.

WIFO Frühindikator



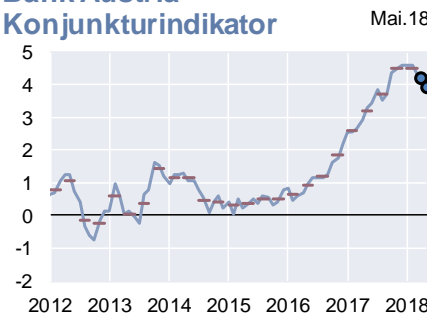
Source: WIFO

WIFO Konjunkturklima



Source: WIFO.

Bank Austria Konjunkturindikator



Source: Bank Austria.

Note: The dots in each graph show the values for the first and second months of the current quarter.

— monthly values — quarterly average

Results of the OeNB Economic Indicator (May 2018):

Change to previous period	Quarterly GDP-growth
2018Q1	+0,8%
2018Q2	+0,7%
2018Q3	+0,6%

→ Short term forecast is included in the OeNB June forecast

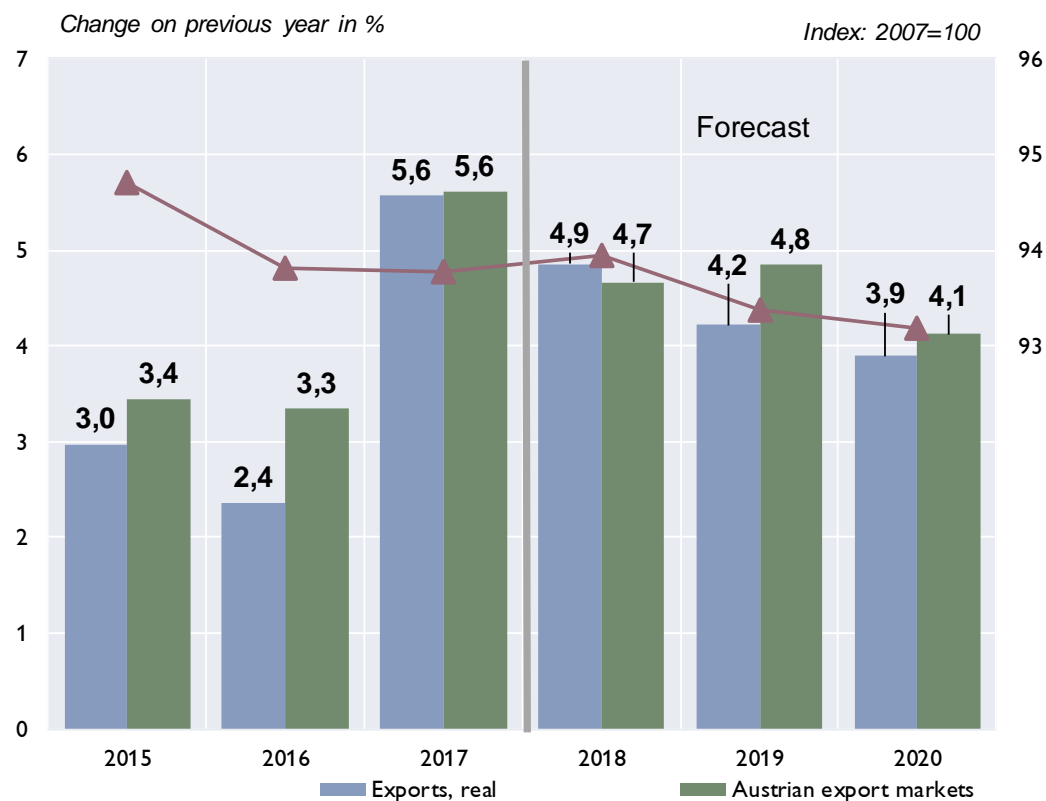
Nevertheless: The boom will continue in 2018

	2017	2018	2019	2020
	<i>Change to previous year in %</i>			
GDP	3,1	3,1	2,1	1,7
Private consumption	1,5	1,5	1,4	1,3
Government consumption	1,2	1,9	1,4	1,2
Total investment	4,9	3,5	2,3	2,0
Exports	5,6	4,9	4,2	3,9
Imports	4,8	3,8	3,6	3,6
Contributions to real GDP grow	<i>in percentage points</i>			
Domestic Demand	2,2	2,0	1,5	1,3
Net exports	0,6	0,8	0,5	0,4
Changes in inventories (+ stat. discrepancy)	0,3	0,4	0,0	0,0
	<i>in %</i>			
HICP	2,2	2,2	2,0	1,9
Unemployment rate (in %)	5,5	5,0	4,9	4,9
	<i>Change to previous year in %</i>			
Employees	1,9	2,2	1,4	1,1
	<i>in % of GDP</i>			
Current Account	1,9	2,3	2,4	2,7
Government Balance	-0,7	0,0	0,2	0,4

Source: 2017: WIFO, Statistics Austria; 2018-2020: OeNB-June forecast.

- GDP growth has been well above the long-term average of +0.44% in the last six quarters
- Growth is driven by both domestic and foreign demand:
 - Relatively stronger momentum in demand for domestic exports from CESEE countries dampens weakening in DE and EA
 - Growth pillars of domestic demand: investment growth slowly declines while higher wages and strong job growth support private consumption
- **Unemployment is only slowly declining**
- **HICP inflation weakens until 2020**
- **Budget balance turns 2019, total debt drops to 76%**

Export growth slightly weakens



Source: Eurostat, OeNB.

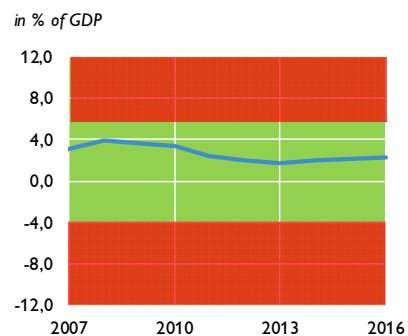
Export market shares (RHS)

- Demand for Austrian exports 2018 slightly weaker than in 2017
 - Additional impulses from the USA (tax reform) and the CESEE countries compensate weaker demand from DE and IT
 - Price competitiveness can be maintained in the long term
- Only slightly declining export market shares in the forecast period

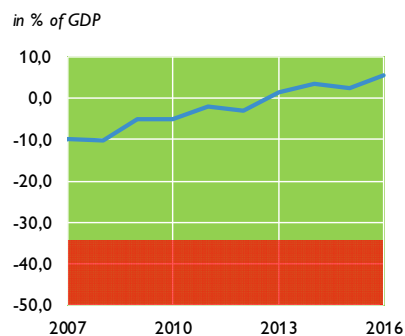
European commission constitutes no major external imbalances

External imbalances and competitiveness indicators in the EC Scoreboard

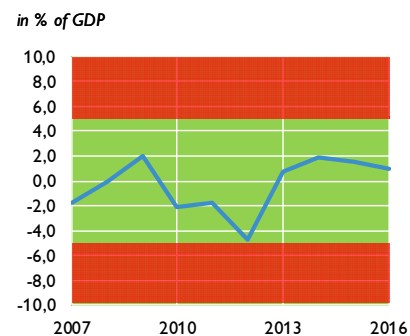
Current Account balance



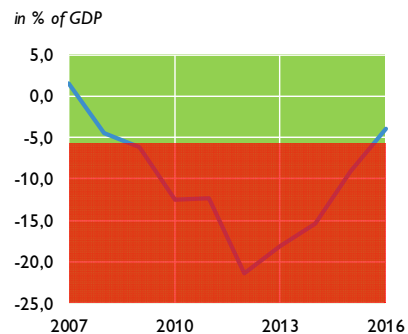
Net international investment position



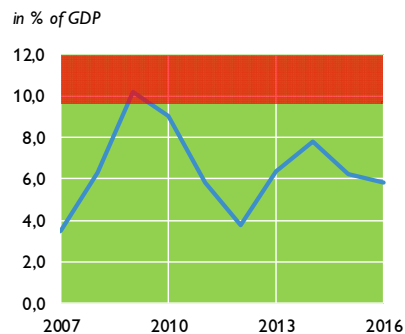
Real effective exchange rate



Export market shares



Nominal unit labour cost index



Source: Eurostat.

Danke für Ihre Aufmerksamkeit

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