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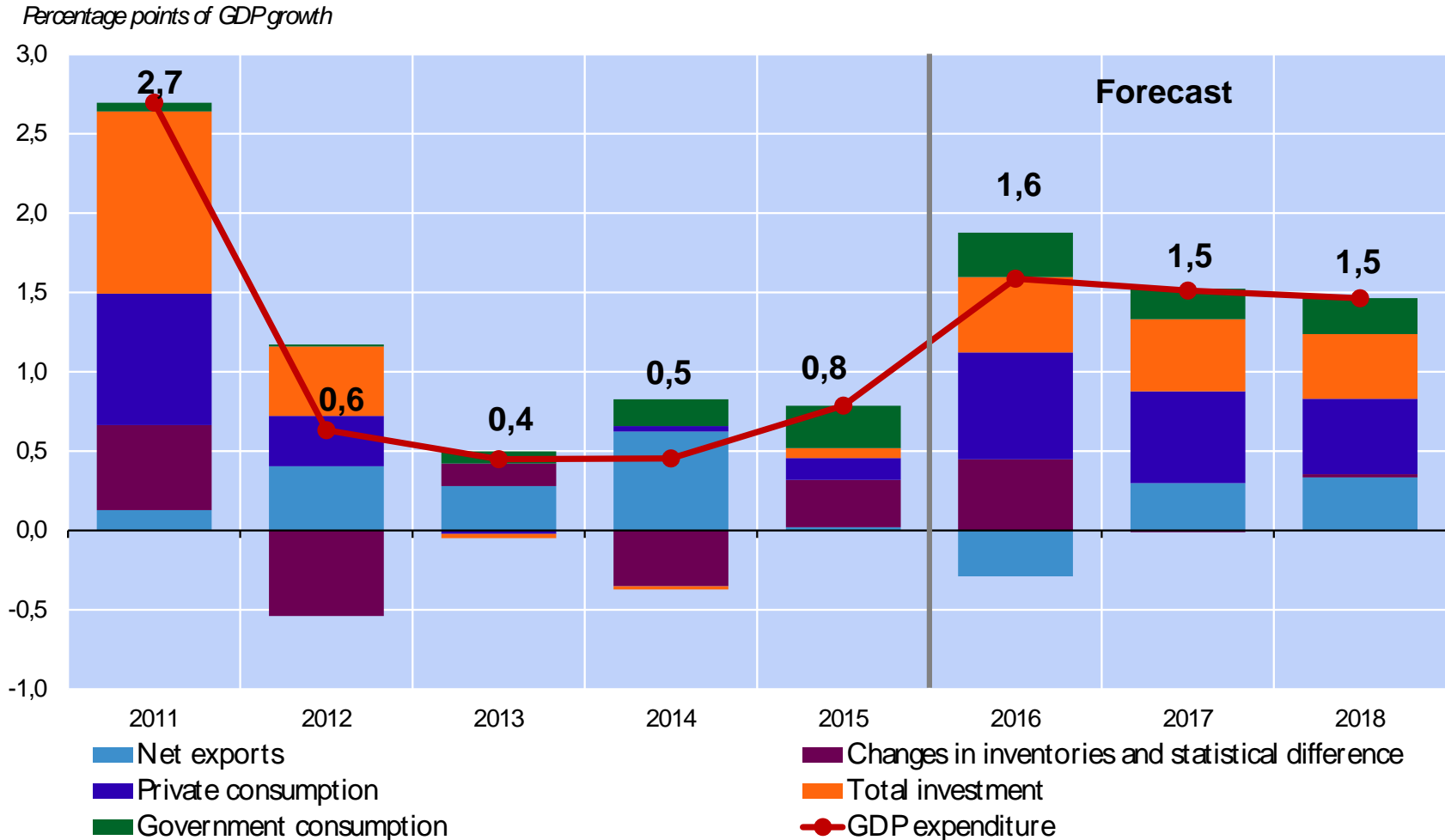
Schwerpunkt Außenwirtschaft 2015/16

*Austrian economic activity, Austria's price competitiveness
and a summary on external trade*

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Wien, 14. Juni 2016

2016: End of four year period with subdued economic growth



Source: WIFO, OeNB

Main results from the OeNB-June forecast for Austria: After four weak years economic revival in 2016

	2015	2016	2017	2018
	<i>Change to previous year in %</i>			
GDP	0,8	1,6	1,5	1,5
Private consumption	0,3	1,3	1,1	0,9
Government consumption	1,3	1,4	1,0	1,1
Total investment	0,3	2,1	2,0	1,8
Exports	2,1	3,4	3,9	4,2
Imports	2,2	4,3	3,6	3,9
Contributions to real GDP grow	<i>in percentage points</i>			
Domestic Demand	0,5	1,4	1,2	1,1
Net exports	0,0	-0,3	0,3	0,3
Changes in inventories (+ stat. discrepancy)	0,3	0,4	0,0	0,0
	<i>in %</i>			
HICP	0,8	1,0	1,7	1,9
Unemployment rate (in %)	5,7	6,0	6,1	6,0
	<i>Change to previous year in %</i>			
Employees	1,1	1,5	1,1	1,0
	<i>in % of GDP</i>			
Current Account	2,6	2,8	3,1	3,4
Government Balance	-1,2	-1,8	-1,5	-1,1

Source: WIFO, OeNB.

- **Growth acceleration in 2016**
- **Domestic demand** as growth driver:
 - Income tax reform and expenditures related with refugees
 - Equipment investment responsible for investment cycle
- **Employment and unemployment** rise in 2016/17
- **Inflation** grows with 1% in 2016; clear acceleration in 2017/18
- **Downward revision of GDP-forecast** since December-forecast due to weaker special effects:
 - (-) refugees
 - (-) Housing initiative
 - (+) Monetary policy packages reduce need to further downward revisions

Special factors determine GDP-forecast with restrained underlying economic activity

	2015	2016	2017		2016	2017
	<i>Contributions to growth of real GDP in pp</i>				<i>Diff. to Dec. forecast in pp</i>	
Underlying dynamics	0,6	1,0	1,2		-0,1	-0,2
Additional Monetary Policy	0,0	0,1	0,1		+0,1	+0,1
Tax reform	0,0	0,4	0,1		0,0	0,0
Reception of asylum seekers	0,2	0,2	0,1		-0,1	-0,1
Housing initiative	0,0	0,0	0,1		-0,1	0,0
	<i>Change to previous year in %</i>					
GDP, real	0,8	1,6	1,5		-0,3	-0,3

Source: OeNB

Remark: 1) Monetary policy include solely the effects from the December 2015 and March 2016 decisions, sentiment effects are not included; all values rounded.

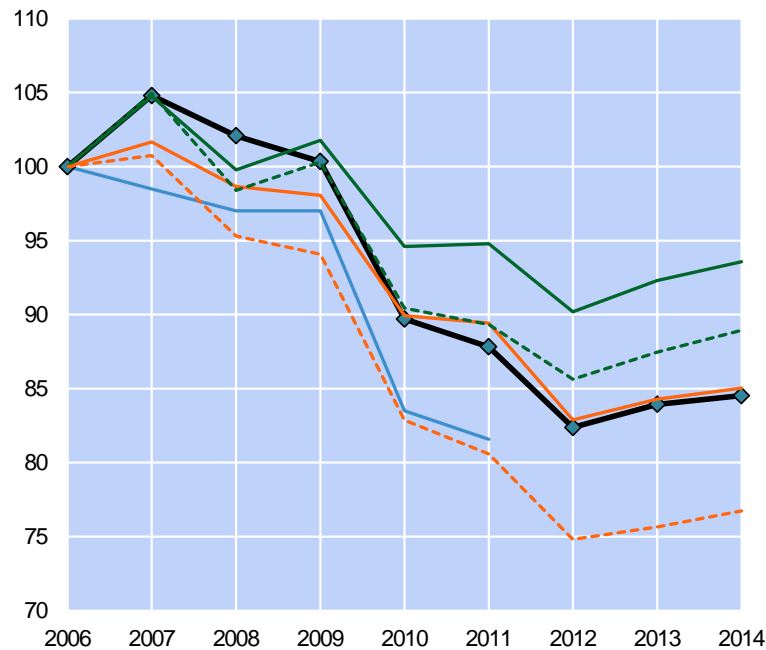
- **Underlying economic dynamics** deteriorates against expectations from December
- **Income tax reform** boosts growth mainly in 2016
- **Expenditures for refugees** support growth, however, weaker than expected in December
- **Housing initiative:** positive growth effect now starting in 2017
- **Monetary policy** yields to small positive growth effect in Austria

Different calculation methods and different data sources imply different market shares ...

Market share developments: Different data sources and different calculation methods

Unweighted

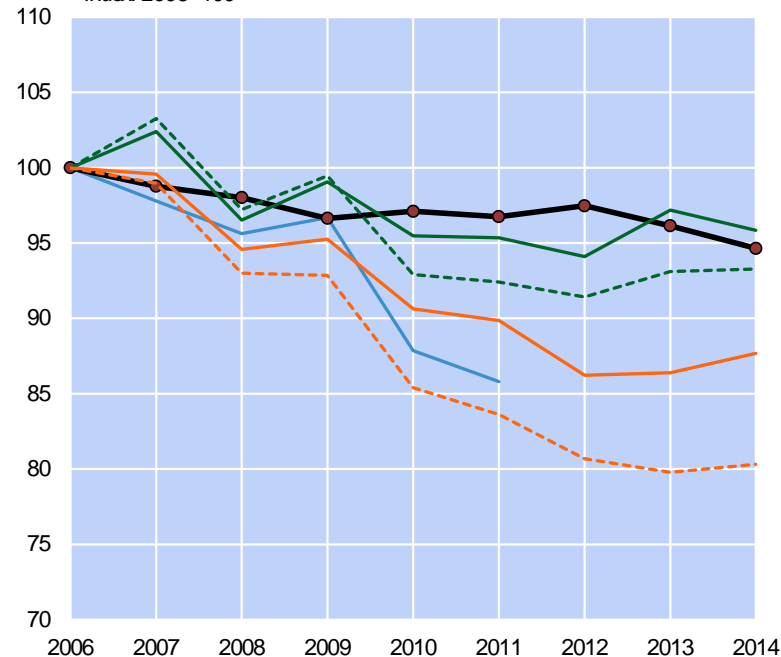
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- OECD Gross Exports/ Imports
- ◆— European Commission
- ComTrade Gross Imp without ROW
- ComTrade Gross Exp without ROW
- - - ComTrade Gross Imp with ROW
- - - ComTrade Gross Exp with ROW

Weighted

Index: 2006=100



- OECD Gross Exports/ Imports
- ECB-OeNB
- ComTrade Gross Imp without ROW
- ComTrade Gross Exp without ROW
- - - ComTrade Gross Imp with ROW
- - - ComTrade Gross Exp mit ROW

Source: EC, ECB, UN Comtrade, OECD, OeNB

... and which method is the correct one?

Method of calculation

unweighted

weighted



Data

Scope

Goods

G+S



X or M

Exports

Imports



Prices

nominal

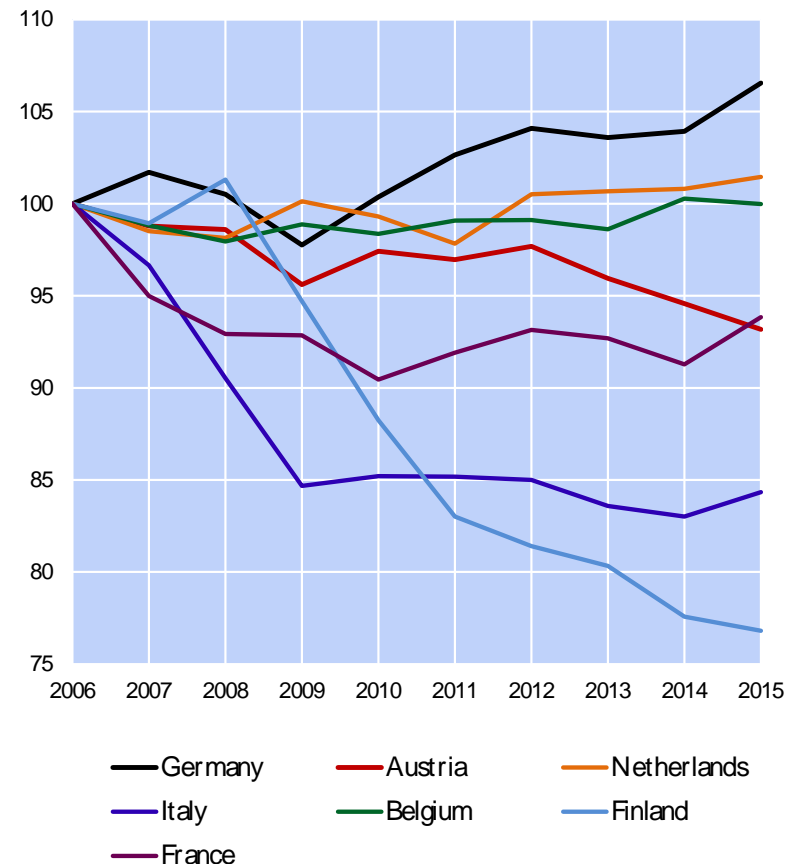
real



- There is no perfect method
- OeNB / ECB method corresponds most closely to reality, therefore for us this method is BEST PRACTICE
- Thus, Austria lost market shares between 2006 und 2009 and has lost further since **2012**

Market shares - Best Practice Methode

Index: 2006=100



Source: ECB, Eurostat.