



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

Schwerpunkt Außenwirtschaft 2018/19

Austrian economic activity and price competitiveness

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Vienna, 17th of June, 2019

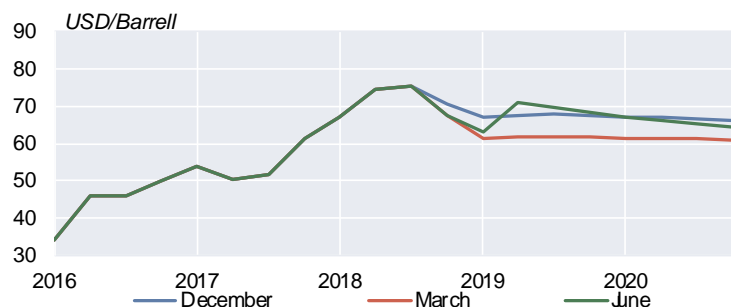


Euro area: strong downside revision in March, almost unchanged in June

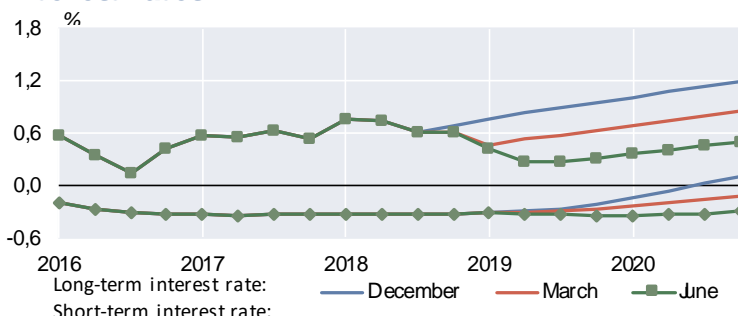
	June 2019 forecast			Revision to March 2018			Revision to Dec. 2018		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Real GDP	+1.2%	+1.4%	+1.4%	+0.1 pp	-0.2 pp	-0.1 pp	-0.5 pp	-0.3 pp	-0,1 pp
HICP-inflation	+1.3%	+1.4%	+1.6%	+0.1 pp	-0.1 pp	0.0 pp	-0.4 pp	-0.3 pp	-0.4 pp
Core-inflation*	+1.1%	+1.4%	+1.6%	-0.1 pp	-0.1 pp	0.0 pp	-0.3 pp	-0.2 pp	-0.2 pp

*Source: Eurosystem-forecast from June 2019, March 2019 and December 2018 *Note: Core-inflation: HICP-inflation without energy and food.*

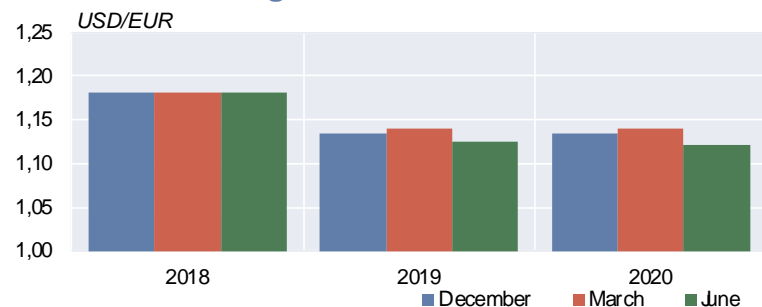
Oil price



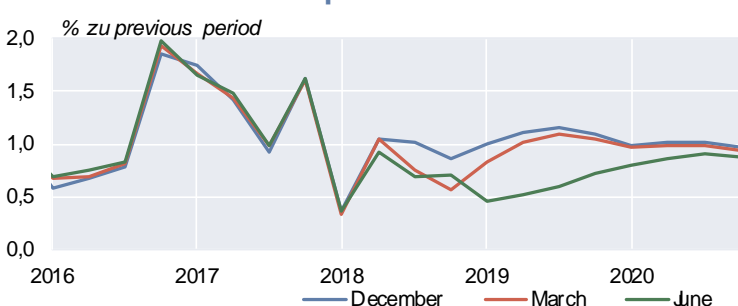
Interest rates



USD/EUR exchange rate



Growth of Austrian export markets



Assumptions:

- New profile of oil prices
- Lift-off postponed
- Unchanged FX
- Strong downward revision of world trade <-> consequences of trade war increasingly hit economy

Source: ECB.

Austria: Economic growth slows in Austria as global economy weakens

Main results

	2018	2019	2020	2021
	Change to previous year in %			
GDP	2,7	1,5	1,6	1,6
Private consumption	1,6	1,6	1,4	1,3
Government consumption	0,5	1,5	1,2	1,1
Total investment	3,5	2,7	1,9	1,8
Exports	4,2	2,0	2,8	3,4
Imports	3,0	2,0	2,6	3,0
Contributions to real GDP g	Percentage points			
Domestic Demand	1,7	1,7	1,4	1,3
Net exports	0,8	0,1	0,3	0,4
Changes in inventories	0,1	-0,3	-0,0	-0,0
	in %			
HICP	2,1	1,7	1,7	1,7
Unemployment rate (in %)	4,8	4,7	4,7	4,7
	Change to previous year in %			
Employees	2,2	1,6	1,2	1,1
	in % of GDP			
Current Account	2,3	2,2	2,3	2,6
Government Balance	0,1	0,3	0,4	0,5
Public Debt	73,8	70,7	68,0	65,3

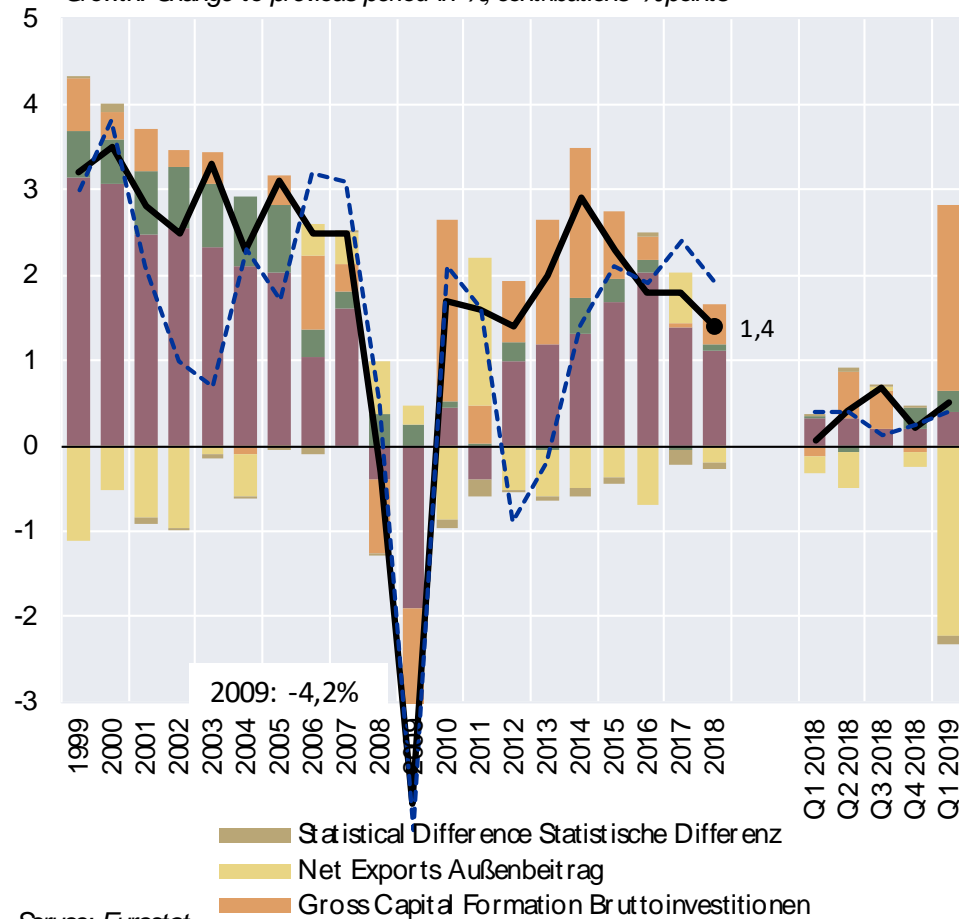
Source: Statistics Austria, OeNB

- Austrian **export growth** in **2019 dampened** by weak import demand from our trading partners, **BUT**
 - weakness of German industry is temporary
 - demand in Asia is stabilizing - stimulus programs in China are having an impact
 - US-CN / EU trade dispute is settled
- Strong growth in households' real disposable income boosts **private consumer demand**
- In a historical comparison long-lasting **investment cycle** is over
- **HICP inflation** is falling - prev. due to low energy price inflation - this year at 1.7% and remains at this level
- The **unemployment rate** is still falling slightly this year, then remains at this level despite continued employment growth
- **General government budget balance** remains clearly positive until 2021; the public debt ratio drops to around 65% of GDP, returning to pre-crisis levels

UK: growth forecast for 2019 quite stable – despite Brexit

UK: GDP growth and growth contributions

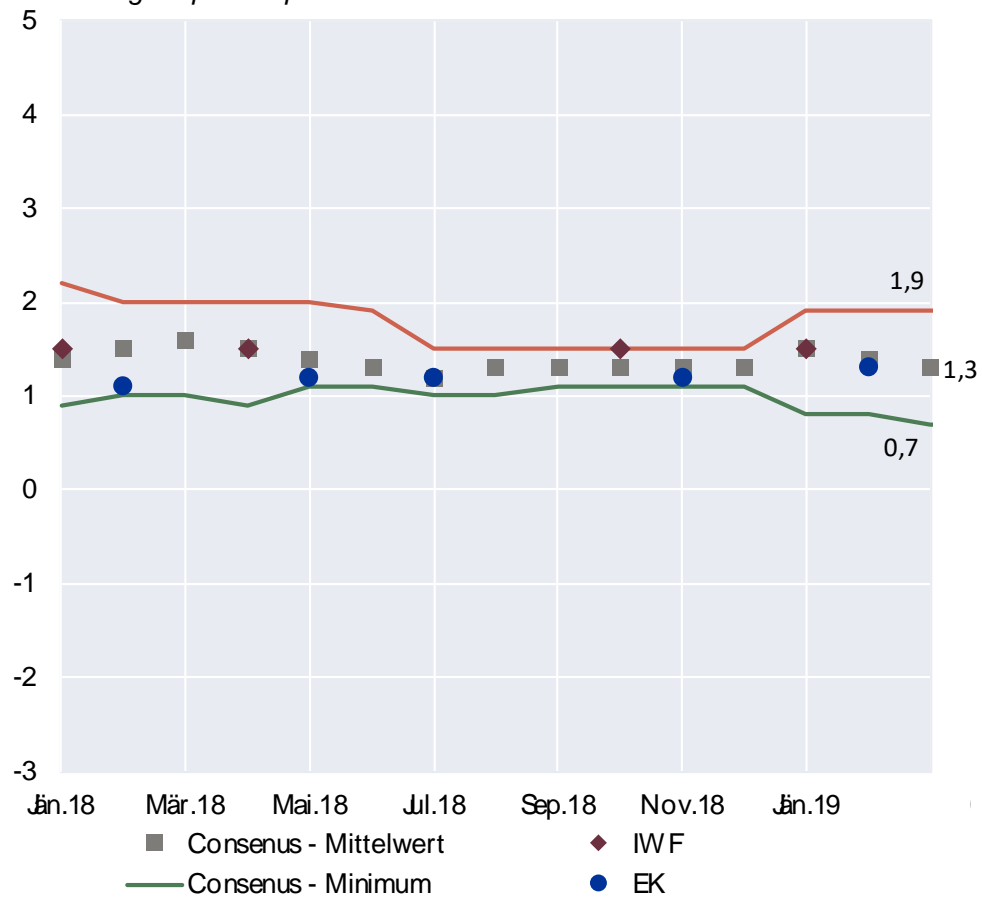
Growth: Change to previous period in %; contributions %-points



Source: Eurostat.

UK: GDP-forecasts for 2019 over time

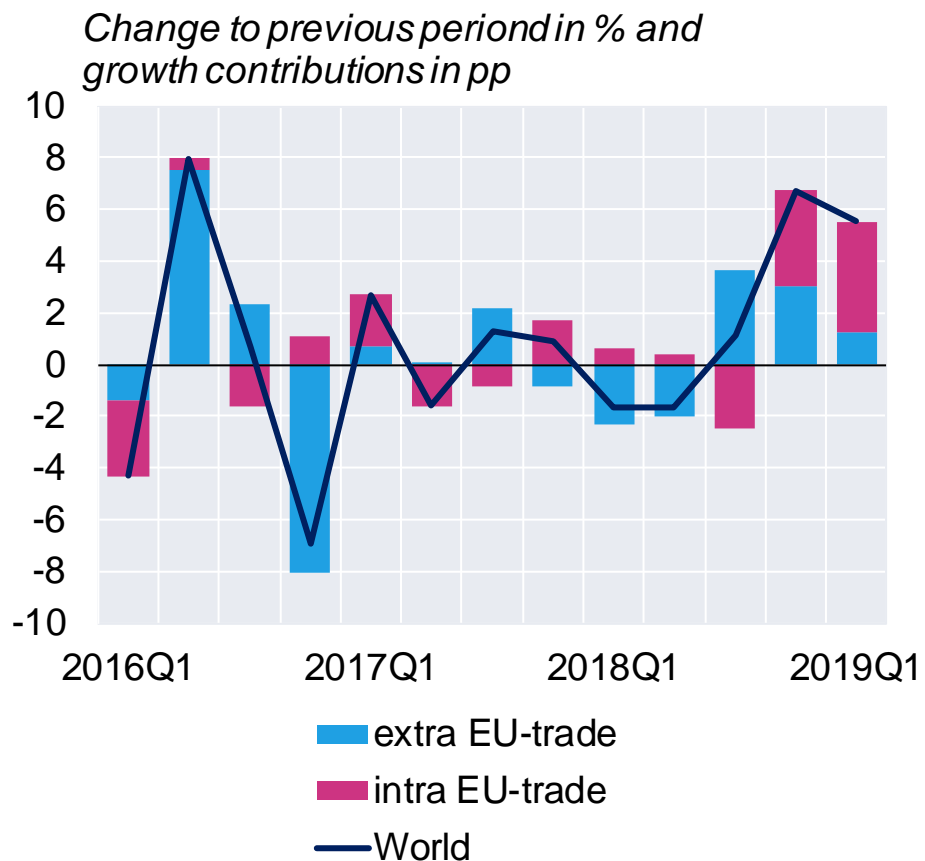
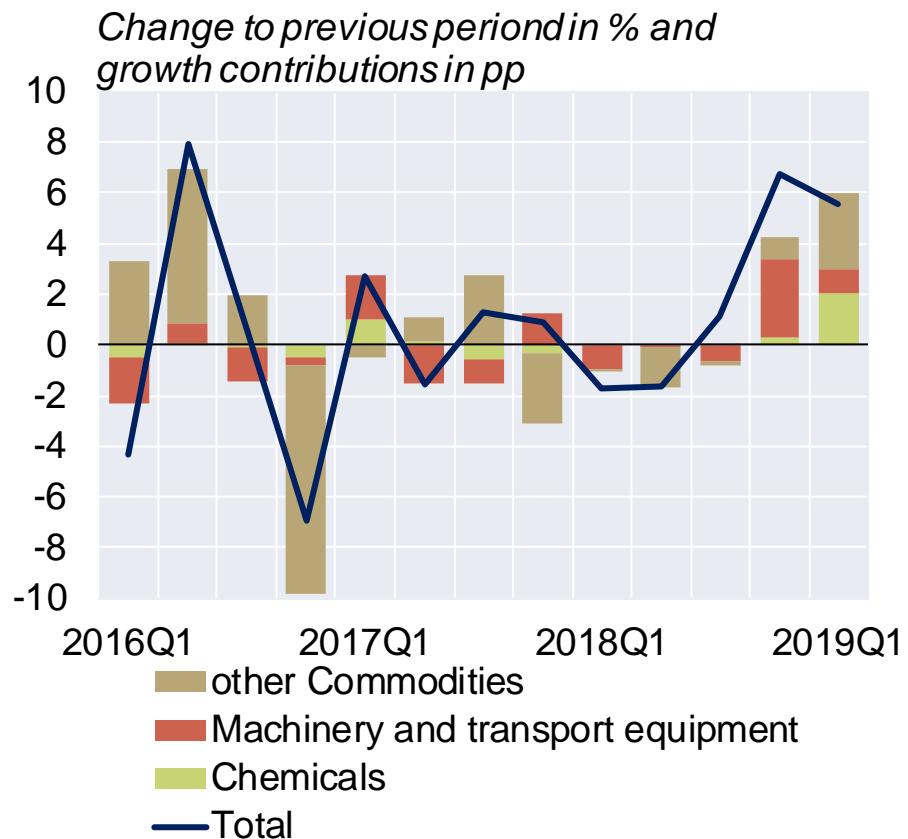
Change to previous period in %



Source: Consensus Forecasts, IWF, Europäische Kommission.

Even without realised Brexit: Strong trade effects in 2018Q4 & 2019Q1 ...

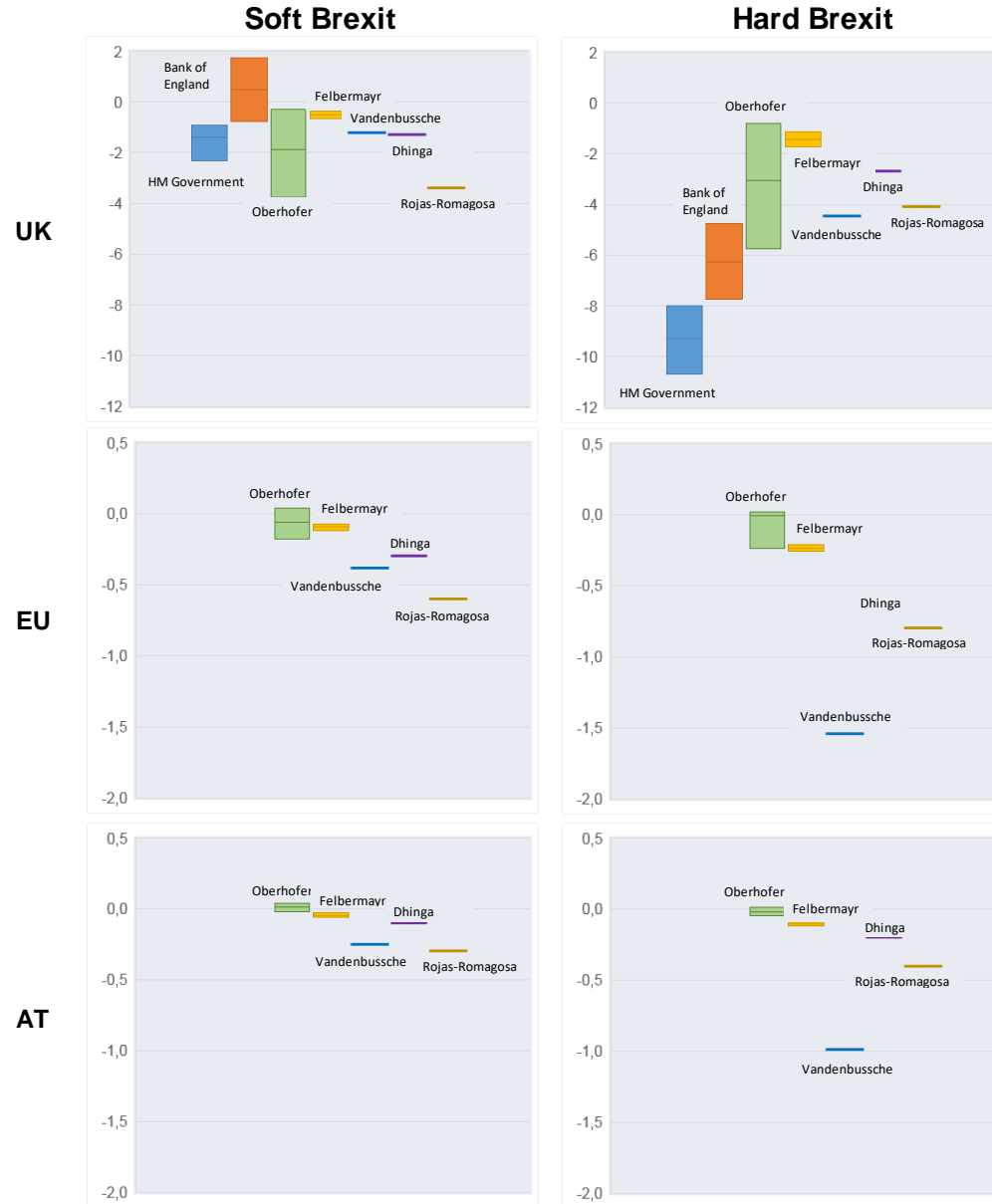
Decomposition of UK imports



Source: Eurostat.

Estimated growth effects of Brexit

Overview of estimated Brexit effects Change in GDP level in % after 6 to 15 years



Source: HM Government (2018), Bank of England (2018), Oberhofer und Pfaffermayr (2017,2018), Felbermayr et al. (2017), Dhinga et al. (2017), Vandenbussche et al. (2017), Rojas-Romagosa (2016); own representation.

Danke für Ihre Aufmerksamkeit

Thank you for your attention

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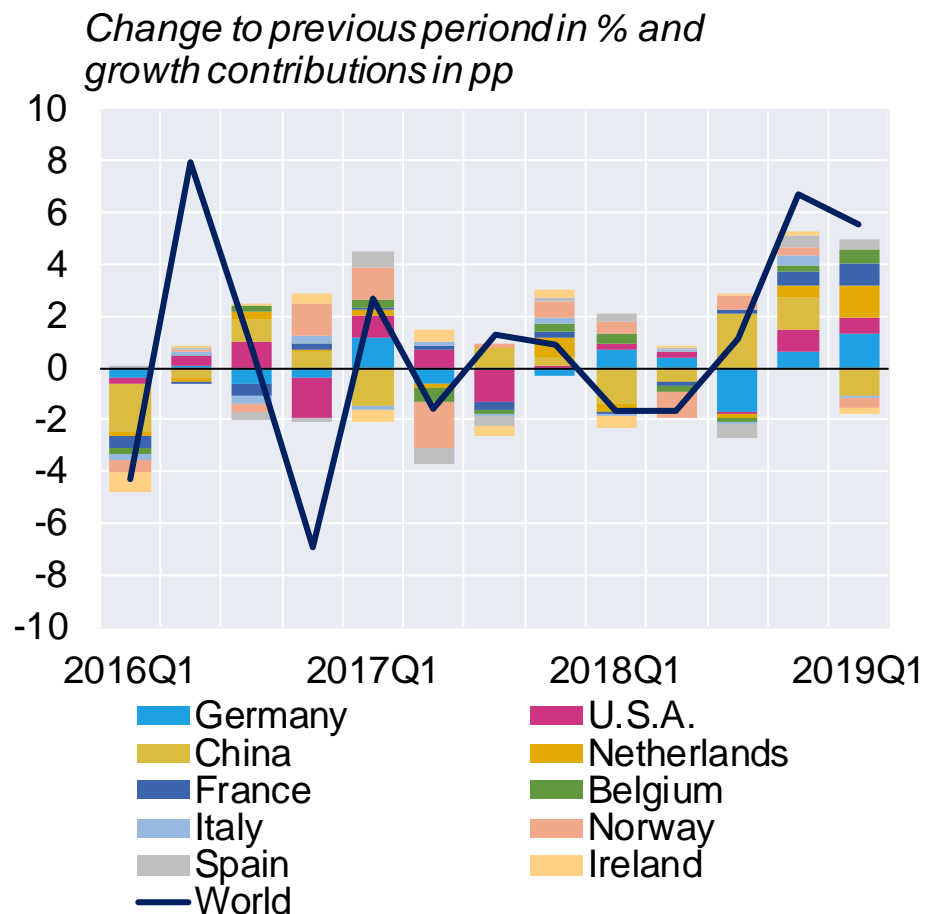
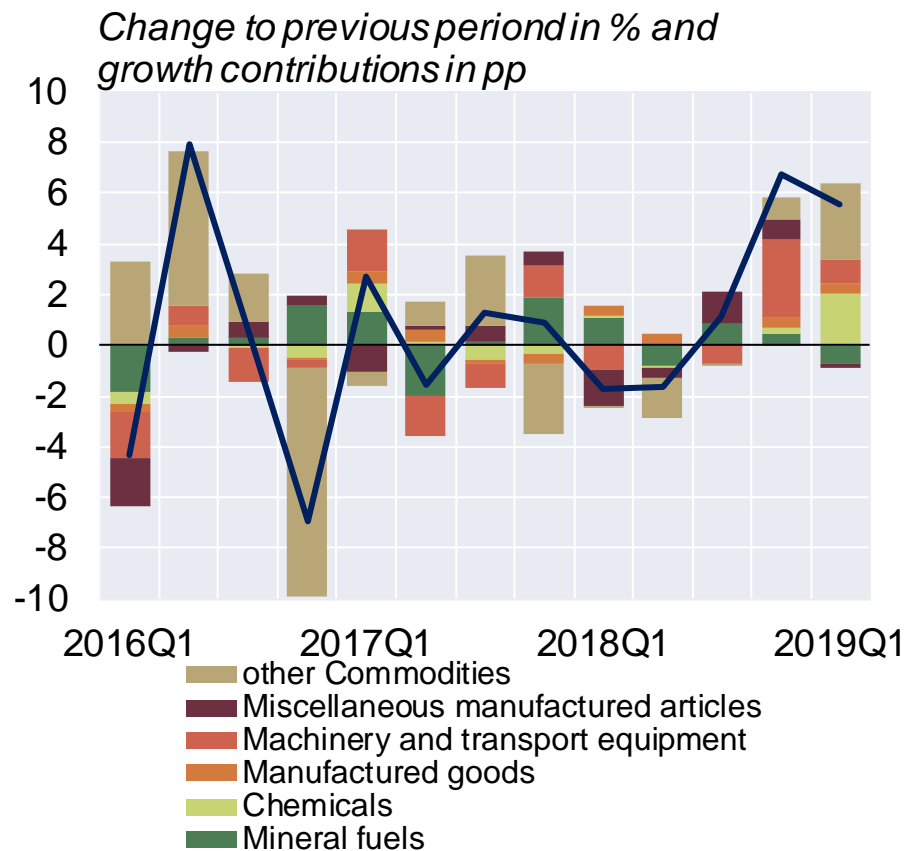
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Even without realised Brexit: Strong trade effects in 2018Q4 & 2019Q1

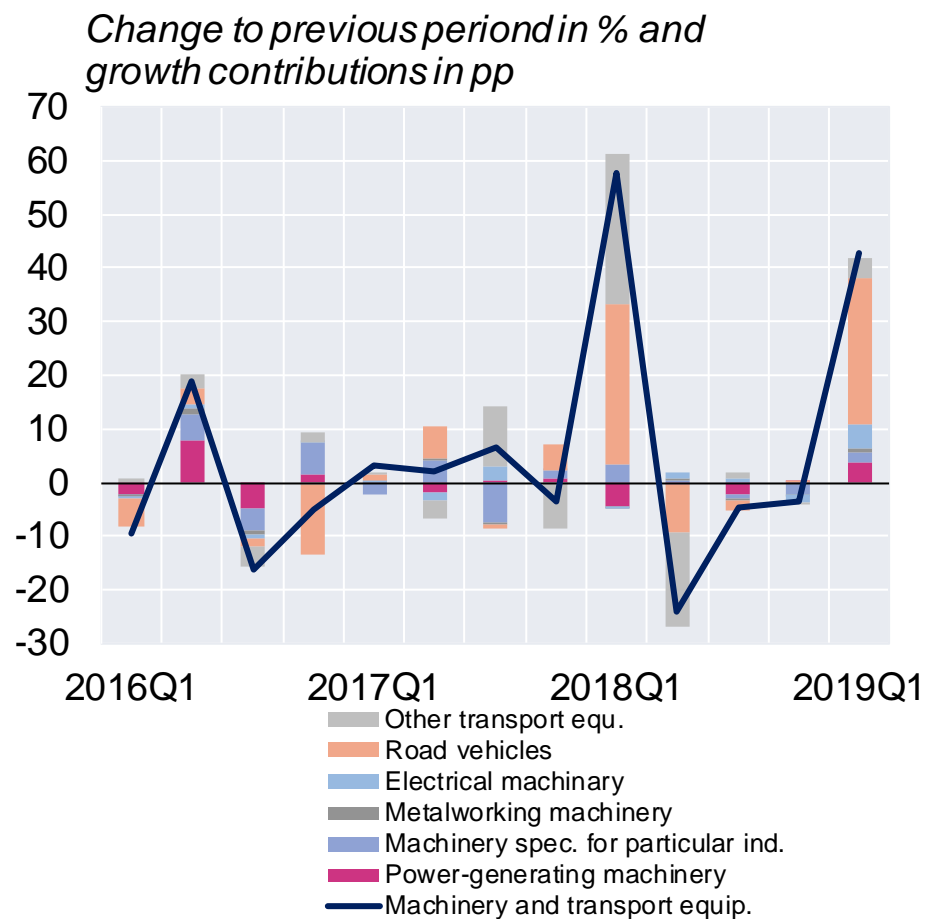
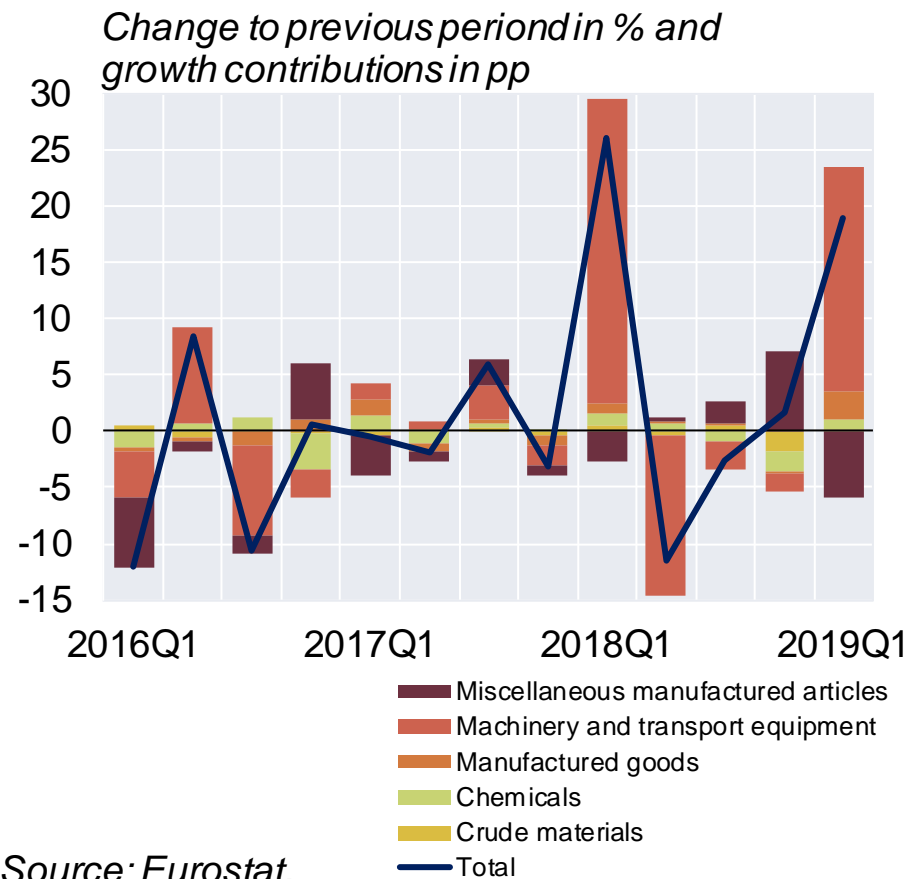
Decomposition of UK imports



Source: Eurostat.

... high imports from road vehicles from Austria

Decomposition of UK imports from Austria



Source: Eurostat.