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June 2024

Declining inflation drives economic recovery

Security through stability.

2024/7

Declining inflation drives economic recovery

Economic Outlook for Austria from 2024 to 2026 (June 2024)

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The Austrian economy was in recession in 2023. This was due to a combination of persistently high inflation, a very weak external environment and the resulting poor overall sentiment. In 2024, the OeNB expects the economy to stabilize and grow at a very low rate of 0.3%. Private consumption is recovering on the back of a significant increase in real wages, with exports also making a positive contribution to economic growth. Gross fixed capital formation, by contrast, will continue to shrink in 2024. High financing costs and a poor earnings outlook are weighing particularly on residential construction investment and on – highly cyclical – investment in plant and equipment. Looking further ahead, we expect the economy to grow by 1.8% in 2025 and by 1.5% in 2026, driven by an improvement in the external environment, and, in particular, by very strong growth in real consumption. The labor market remains resilient, with the unemployment rate, as per national definition, rising only slightly to 6.7% in 2024, and coming down to 6.3% by 2026.

Austrian HICP inflation will fall to 3.4% in 2024, more than halving from 7.7% in 2023. Inflation is expected to continue on its downward trajectory, falling to 2.7% in 2025 and dropping to 2.5% in 2026. The inflation differential with the euro area has narrowed significantly during recent months and, at around half a percentage point in 2025 and 2026, will return to the level before the inflation shock. Core inflation will remain above HICP inflation throughout the forecast period.

In 2024, the budget deficit will widen to 3.1% of GDP, from 2.7% in 2023, thus slightly exceeding the Maastricht deficit threshold. This is mainly due to the delayed impact of the inflation shock on public finances. The budget deficit will widen further in 2025, but drop back to 3.0% in 2026. Government debt will fall to 77.3% in 2024, but rise in the following years, reaching 78.2% in 2026.

Table 1

OeNB June 2024 outlook for Austria – main results

	2023	2024	2025	2026
	Real annual change in %			
Gross domestic product	−0.7	0.3	1.8	1.5
Harmonised Index of Consumer Prices (HICP)	7.7	3.4	2.7	2.5
Unemployment rate (national definition)(%)	6.4	6.7	6.5	6.3
	% of nominal GDP			
Current account balance	2.7	2.8	2.9	2.9
Budget balance	−2.7	−3.1	−3.3	−3.0
Government debt	77.8	77.3	77.6	78.2

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

Risks to the growth outlook are balanced. Geopolitical tensions and Austria's reliance on Russian natural gas represent downside risks, while a stronger recovery in domestic demand is an upside risk. For the inflation forecast, all of these three factors are upside risks.

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1 Export growth remains moderate

Austria's external environment deteriorated markedly in late 2022 and in 2023. The global economy was slowed down by the war in Ukraine, high inflation and the tightening of monetary policy by major central banks. Economic growth in advanced economies halved in 2022, and almost halved in 2023 as well. However, growth varied across regions. While US economic growth actually accelerated slightly in 2023, growth in the euro area almost came to a standstill. The euro area was weighed down by Germany, where real economic output stagnated in 2023, and by recessions in Ireland, Austria and Finland. Growth was also very moderate in CESEE EU member states.

Sluggish global growth was also reflected in very weak global trade growth in 2023. After a 6.2% increase in 2022, global trade growth came almost to a halt in 2023 (0.4%). Austria's trading partners suffered an even larger setback, with growth in Austrian export markets declining from +7.3% in 2022 to –1.1%. As a result, Austria's export growth almost stagnated in 2023 (+0.3%). Nevertheless, Austrian exporters were able to gain some market share.

The forecast is based on the assumption that global trade will recover. The global economy has improved considerably since the end of last year. Growth in demand for Austrian exports will be weak this year (1.2%), in 2025 and 2026, it will accelerate to about 3.3%, just below the 3.5% average in 2012–2019, which was recorded between the global financial crisis and the COVID-19 crisis. The sharp rise in unit labor costs and the associated loss of price competitiveness are acting as a drag. However, unit labor cost growth rates will decline over the forecast horizon and the differential with the euro area will narrow.

Table 2

Foreign trade and current account

	2023	2024	2025	2026
	Annual change in %			
Exports of goods and services	0.3	1.5	2.6	2.9
Imports of goods and services	–1.4	1.5	3.2	3.3
	% of nominal GDP			
Current account balance	2.7	2.8	2.9	2.9

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

At 1.5% in 2024, 2.6% in 2025 and 2.9% in 2026, real export growth will be moderate, but move toward the 3.2% average seen in 2012–2019 following the global financial crisis. Due to the deterioration in price competitiveness, Austrian exporters face the risk of slight market share declines from 2025 onward.

Despite a difficult international environment, the current account turned around from a deficit of 0.3% in 2022 to a surplus of 2.7% of GDP in 2023, a high level even by historical standards. A crucial factor in this regard was trade in goods, which was boosted by a decline in energy prices. Travel also contributed to the improvement. We expect a stable and high current account surplus over the forecast period.

Short-term forecast for Austrian economic growth

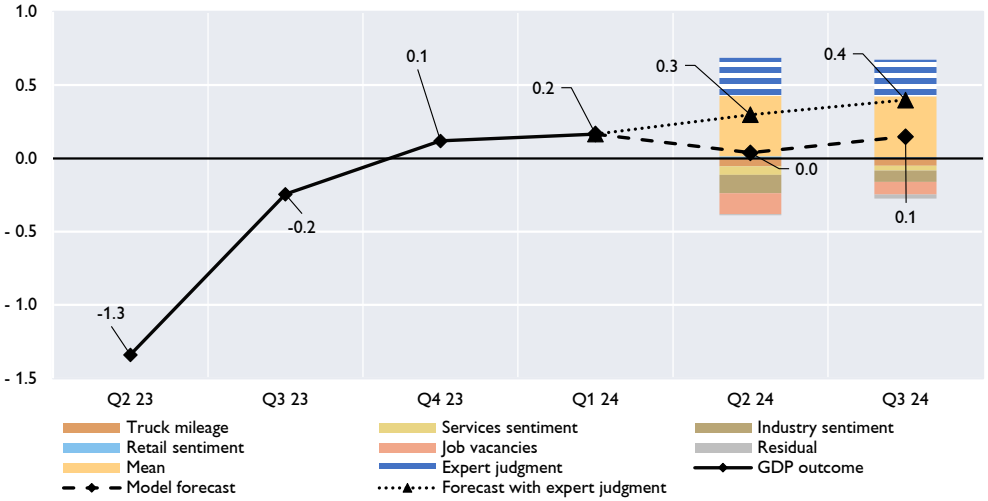
Following the 2023 recession, the Austrian economy started 2024 at a very modest pace. The economy is bifurcated, with industry and construction still in recession, while the services sector is starting to make a positive contribution to growth. Sentiment in industry remains below its long-term average in early 2024, but expectation indicators are showing signs of improvement. Export orders are weak as the global economy is weighed down by geopolitical tensions. However, in recent months, leading indicators have pointed to a stabilization and a slight recovery. At the beginning of the year, sentiment in the construction sector continued to deteriorate as construction and financing costs rose sharply and the volume of new housing loans contracted, weighing on activity. The slow growth at the beginning of the year was driven by the recovery in the services sector. So far, leading indicators for services, retail and consumer sentiment showed a steady improvement. Driven by strong real income growth, private consumption was supporting growth at the start of the year.

An improvement in sentiment and growing demand in Austrian export markets are likely to contribute to a recovery in industry over the rest of the year. Exports and investments should gradually recover. As the restrictive impact of higher interest rates fades and the Austrian government has approved a housing stimulus package, construction activity is likely to receive a boost in the medium term. In the short term, however, we do not expect that the construction industry will contribute to growth, or that residential construction investment will recover. The output of the OeNB short-term forecast model[2] remains strongly influenced by below-average sentiment in industry and a weak labor market, and points to very subdued growth. However, a recovery in real net disposable household income is likely to provide a significant boost to private consumption in 2024. To take into account these developments that are not sufficiently reflected in the model, we use our expert judgment to increase our growth forecast by 0.25 percentage points for both the second and the third quarters. In total, we expect the Austrian economy to grow by 0.3% in the second quarter and by 0.4% in the third quarter (figures are on a quarter-on-quarter basis).

Chart B1

Short-term forecast of real GDP growth (seasonally and working-day adjusted)

Quarterly change in %



Source: OeNB Economic Indicator. Data as at June 3, 2024.

[2] The short-term forecast is based on a dynamic factor model. A short documentation of the model methodology can be found here (in German).

2 Slow recovery in investment

In 2023, business sentiment deteriorated due to increased financing costs, high energy costs, lower demand and a high level of overall uncertainty. Total gross fixed capital formation fell by 2.2%. Looking at the various components of gross fixed capital formation, there is wide variance in growth rates, a pattern that is expected to continue throughout the forecast period.

Investment in plant and equipment, which is particularly sensitive to the business cycle, has been shrinking since 2022. That component is particularly affected by the economic environment that is weighing on investment. After a further decline of more than 2% in 2024, we expect investment in plant and equipment to grow by 2.3% in 2025 and by 2.6% in 2026, in line with a recovery in the wider economy.

Residential construction investment is weighed down by a number of negative factors. Increased financing costs and tighter financing conditions have been compounded by the end of the residential construction boom and falling demand due a decline in real income. In 2022, 77,000 dwellings (new builds and conversions) were completed, an all-time high. At the same time, however, building permits slumped by as much as 20%, a trend that continued in 2023. This means that a further sharp decline in completions is to be expected as the median time required for completion, once a permit has been granted, is two years. In 2023, residential construction investment fell by 8.8%. This was the largest decline since the introduction of the current national accounts in 1995. We expect residential construction investment to shrink by another 5.6% in 2024, but to return to relatively strong growth in 2025 and 2026. Growth in residential construction investment is supported by the federal government's housing stimulus package, which primarily includes subsidies for residential construction and renovation, more favorable depreciation rules and affordable loans. In total, these factors will boost economic growth over the forecast period by a cumulative 0.2 percentage points.

Table 3

Investment

	2023	2024	2025	2026
	Annual change in %			
Total gross fixed capital formation (real)	−2.2	−1.9	3.0	2.7
Investment in plant and equipment	*−2.1*	*−2.3*	*2.3*	*2.6*
Investment in research and development	*3.8*	*0.6*	*3.4*	*3.8*
Residential construction investment	*−8.8*	*−5.6*	*5.0*	*2.9*
Nonresidential construction and other investment	*−2.3*	*−1.9*	*2.5*	*1.5*

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

Nonresidential construction investment and other investment peaked in 2019 and has been in decline ever since. We expect investment in this subcategory to stabilize somewhat in 2025 and 2026.

Research and development investment was relatively robust, expanding by 5.2% in 2022 and 3.8% in 2023. Growth in this category is forecast to be weak in 2024 at 0.6%, but is expected to pick up significantly in 2025 and 2026.

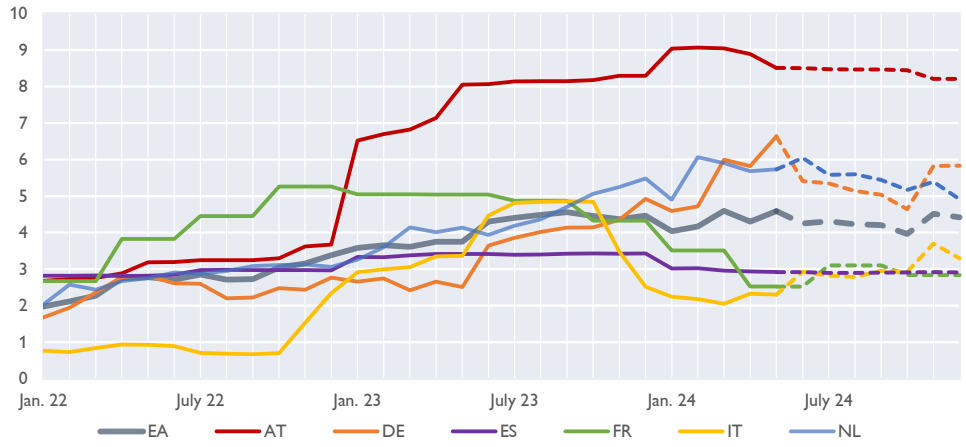
Overall, the OeNB expects total gross fixed capital formation to shrink by a further 1.9% in 2024, and to recover in 2025 and 2026, growing at a rate of 3.0% and 2.7%, respectively. Growth will therefore return to the long-term average following the global financial crisis (2012–2019: 2.8%). The investment ratio rose steadily from a low of 21.6% of GDP in 2010 to as much as 25.8% in 2021. In 2023, the ratio declined and it will take until 2025 for the ratio to rebound. The forecast for 2026 is 23.9%.

3 Decline in wage growth and slight increase in unemployment

Growth in collectively agreed wages can be forecast with relative certainty for 2024 as the vast majority of collective wage agreements come into force between January and May. It will amount to 8.3% in 2024, up slightly from an elevated 7.6% in the previous year. The OeNB Wage Tracker (chart 1) for collectively agreed wages shows that growth during 2024 was highest at the beginning of the year, but declines over the course of the year (see the red line in the chart). Wage growth will continue to moderate in the following years (table 4). This trend is driven by a decline in inflation as wage increases under Austrian collective agreements are effectively indexed to the average inflation of the past twelve months ("rolling inflation").

Chart 1

Wage Tracker: Growth of collectively agreed wages in the euro area



Source: Eurosystem.
Notes: Dashed lines: forward-looking wage tracker. The data series for DE, IT, NL and the euro area also include one-off payments.

The chart also shows a euro area comparison, with growth in collectively agreed wages accelerating particularly in Germany and in the Netherlands. However, Austria will continue to record the highest growth rates this year. This has implications for private consumption (section 4) and inflation (section 5). The sharp rise in unit labor costs (table A1 in the annex of tables) also reduces price competitiveness. In the export-oriented metal industry, this negative impact on competitiveness is mitigated by an agreement under which collectively agreed minimum wages go up by 8.5%, below the rolling inflation rate of 9.5%.

Table 4

Labor market and wage growth

	2023	2024	2025	2026
	Annual change in %			
Total employment (persons)	0.9	0.4	1.0	0.9
Total hours worked	1.0	0.3	0.7	0.7
Compensation per employee	*Annual change in %*			
Collectively agreed wages and salaries[1]	7.6	8.3	4.0	2.8
Wage drift	0.2	−0.7	0.2	0.1
Gross[2] compensation (nominal)	7.7	7.7	4.2	2.9
HICP inflation rate	7.7	3.4	2.7	2.5
Gross[2] compensation, real (HICP)	0.0	4.2	1.4	0.3
Net[3] compensation, real (HICP)	0.7	4.8	1.5	0.2
Unemployment rate	*% of labor supply*			
Eurostat definition	5.1	5.3	5.1	5.0
National definition	6.4	6.7	6.5	6.3

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook

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

In addition, the collective agreement for this industry contains a provision that allows companies with a high share of labor costs to reduce the effective wage increase by up to three percentage

points. It should also be noted that in 2024, wage growth in the public sector will be significantly higher than in the private sector. This is because the public sector negotiated a collective agreement that will see wages go up by 9.3%, i.e. at a high rate relative to other sectors, and because of a negative wage drift in the private sector caused by the economic situation. In 2024, the differential in compensation between public and private sector employees will be 2.3 percentage points.

Growth in the number of persons employed will be weak in 2024 at 0.4%, reflecting the economic situation, but will recover to 1.0% in 2025 and 0.9% in 2026. Throughout the forecast period, growth in hours worked will be only slightly lower than that of the number of people employed (table 4). This also implies sustained growth in hours worked during this period, following several years marked by weakness in hours worked (see box 2). The unemployment rate, as per national definition, will rise to 6.7% in 2024, but will be lower in the following years. The same patterns can be seen in the unemployment rate according to Eurostat, which will be at 5.3% this year and then go down.

Trends in working hours in Austria and the euro area

This box analyzes trends in working hours, broken down by the number of people employed and average hours worked, for various periods for Austria, the euro area and selected euro area countries.

Column 3 of table B2 shows that growth in total hours worked in the euro area and in Austria, as well as in most member states listed in the table, was high when the economy was strong, i.e. in the period leading up to the Great Recession (2005–2008) and in the economic upswing between 2014 and 2019. During these periods, both average hours worked (column 4) and the number of people employed (column 5) grew at a pace that exceeded the long-term average rate. The opposite happened from 2008 to 2014, a period of stagnation in the euro area. In Austria, we see that long-term average growth was slightly below the euro area average, while the decrease in average hours worked, at –0.8% per year, was relatively high compared to other countries.

In 2019–2023, the euro area saw a significant 0.8% increase in annual hours worked, a pace which was only slightly below the 1.0% growth rate in the number of people employed. In many euro area countries, the number of hours worked increased significantly despite the crises that occurred during this period (COVID-19 pandemic and the war in Ukraine), particularly in France, Italy and the Netherlands. In Austria and Germany, by contrast, the number of hours worked in 2023 did not fully recover to the level of 2019. Both countries saw a decline in average hours worked, with the trend being particularly pronounced in Austria at –1.3%.

What is behind this trend? Complementing the national accounts figures presented above, data from the EU labour force survey make it possible to break out growth in the number of people employed by gender and by full-time and part-time employment. The chart K2 below shows that during periods of high employment growth (2005–2008 and 2014–2019), there was an increase in full-time and part-time employment for women and men almost across the board. From 2008 to 2014, however, full-time employment declined in almost every member state.

Table B2

Average annual growth of hours worked

Region/ country	Period	Hours worked, total	*Of which: Average hours worked*	*Of which: People employed*
EA	2005–2008	1.6	*0.0*	*1.7*
	2008–2014	–1.0	*–0.5*	*–0.5*
	2014–2019	1.3	*–0.2*	*1.5*
	2019–2023	0.8	*–0.3*	*1.0*
	2005–2023	**0.5**	***–0.3***	***0.8***
AT	2005–2008	1.2	*–0.8*	*2.0*
	2008–2014	–0.3	*–1.0*	*0.8*
	2014–2019	1.4	*0.0*	*1.4*
	2019–2023	–0.1	*–1.3*	*1.1*
	2005–2023	**0.4**	***–0.8***	***1.2***
DE	2005–2008	1.8	*0.4*	*1.4*
	2008–2014	0.3	*–0.5*	*0.8*
	2014–2019	0.9	*–0.4*	*1.3*
	2019–2023	–0.2	*–0.6*	*0.4*
	2005–2023	**0.5**	***–0.4***	***0.9***
ES	2005–2008	2.4	*–0.3*	*2.7*
	2008–2014	–3.1	*–0.2*	*–2.9*
	2014–2019	2.6	*–0.2*	*2.7*
	2019–2023	0.6	*–0.6*	*1.1*
	2005–2023	**0.4**	***–0.3***	***0.7***
FR	2005–2008	1.4	*0.3*	*1.1*
	2008–2014	–0.2	*–0.3*	*0.1*
	2014–2019	0.9	*0.0*	*0.9*
	2019–2023	1.7	*–0.2*	*1.8*
	2005–2023	**0.8**	***–0.1***	***0.9***
IT	2005–2008	1.1	*–0.2*	*1.3*
	2008–2014	–1.6	*–0.9*	*–0.7*
	2014–2019	0.9	*–0.2*	*1.0*
	2019–2023	1.5	*0.8*	*0.6*
	2005–2023	**0.3**	***–0.1***	***0.4***
NL	2005–2008	2.4	*0.0*	*2.4*
	2008–2014	–0.4	*0.0*	*–0.4*
	2014–2019	2.4	*0.3*	*2.2*
	2019–2023	1.2	*–0.7*	*2.0*
	2005–2023	**1.2**	***–0.1***	***1.3***

Source: Eurostat, OeNB.

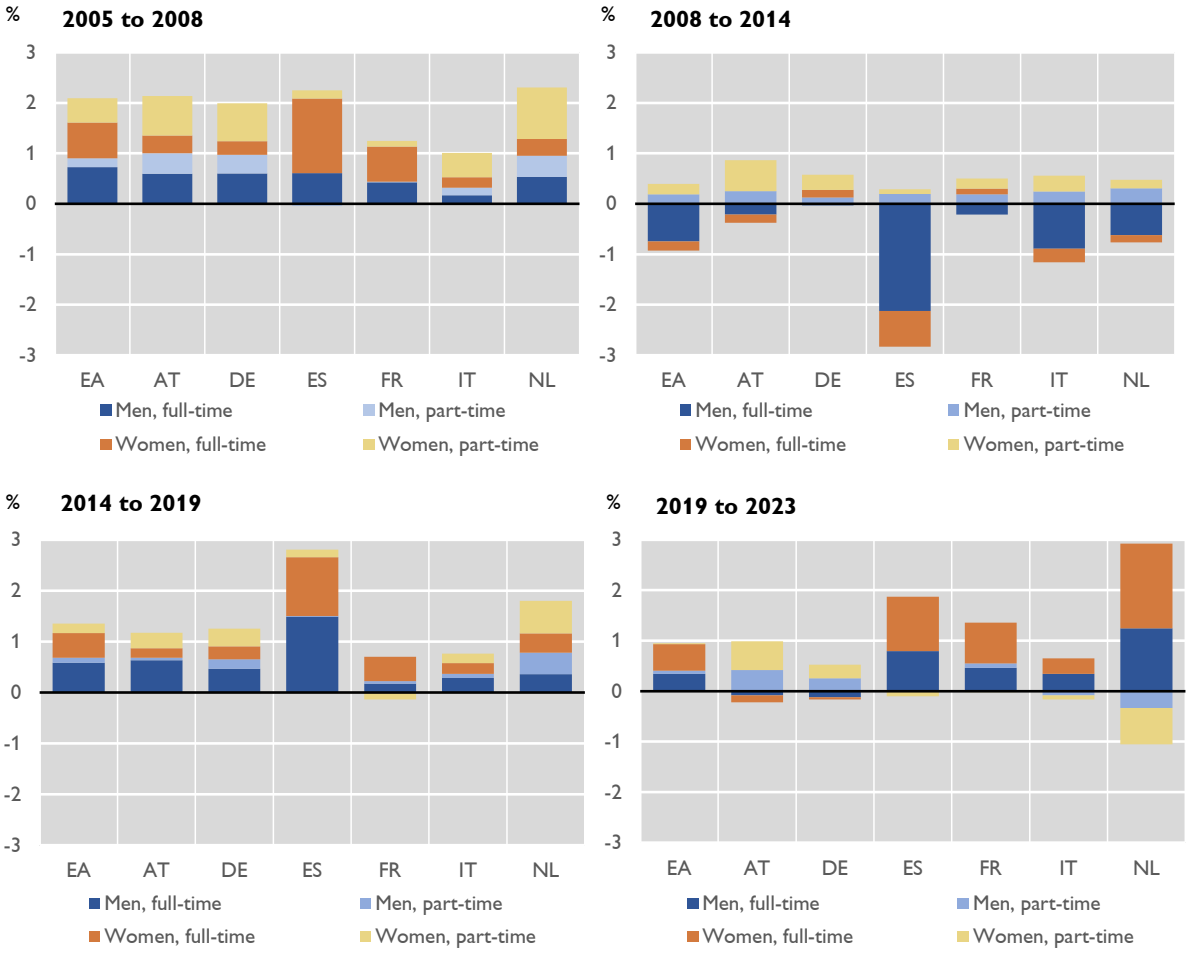
Notes: The data refer to both dependent employment and self-employment.
Totals and components may not add up due to rounding.

In the most recent period (2019–2023), by contrast, there was relatively wide variation between countries. While euro area employment increased across all categories, and the Netherlands, Spain and France recorded strong employment growth with an increase in full-time employment, Austria and Germany only saw an increase in part-time employment, for both women and men, while full-time employment actually declined slightly. So far at least, the picture in both Austria and Germany is similar to that of the period of stagnation from 2008 to 2014.

The increase in part-time employment can be observed in both Germany and Austria among younger (up to 39 years) and older (40 years and above) workers. An analysis by level of education shows that the increase in female part-time employment was mainly seen in women with tertiary education, while the increase in male part-time employment is more evenly distributed across levels of education.

Chart B2

Contributions to average growth in employment by period



Source: Eurostat, OeNB.

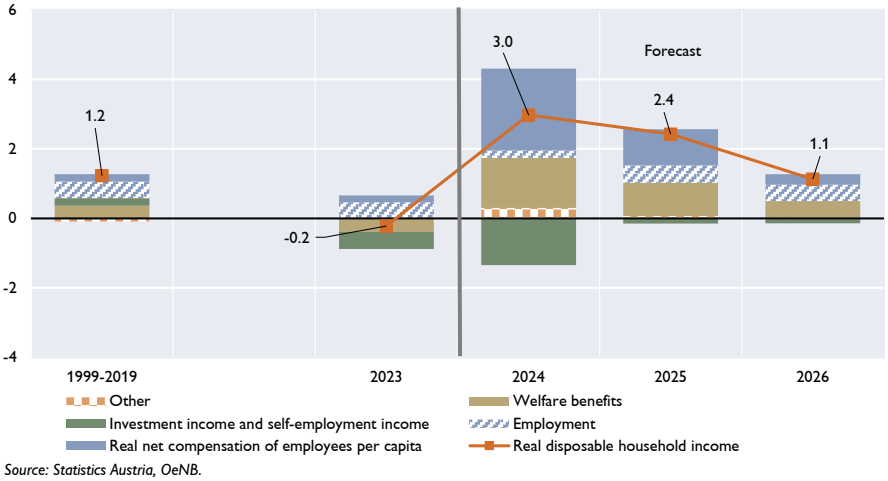
4 Private consumption, the most important driver of economic growth

In 2023, real disposable household income shrank by 0.2% as a result of the inflation shock. Growth in real compensation of employees contributed little to household income growth. In line with the Austrian wage-setting process, high inflation rates are reflected in collective wage increases with a one-year delay. This delayed adjustment to inflation means that when people suffer a decline in real incomes, they only recoup these losses when inflation is going down. Real net compensation of employees will therefore increase significantly in 2024 and 2025. Their contribution to growth in real disposable household income will be 2.4 percentage points in 2024, the highest level since the introduction of the euro in 1999. Compensation of employees (i.e. wages per capita and number of people employed) will also make an above-average 1.5 percentage point contribution to household income growth in 2025. In addition, real household income will be supported by welfare benefits, contributing 1.4 percentage points to growth in 2024 and 1.0 percentage point in 2025. We can see, again, that cost-of-living adjustments are made with a delay, for example for pension payments and family benefits. By contrast, trends in self-employment and investment income will reduce real disposable household income in 2024, with the decline primarily attributable to dividends, withdrawals and rental income from companies. In 2025 and 2026, we do not expect any significant contributions to real household income from self-employment and investment income.

Chart 2

Contributions to growth of real disposable net household income

Annual change in %, percentage points



Source: Statistics Austria, OeNB.

The sharp rise in disposable household income is driving stronger private consumer demand that will be the main pillar of the economic recovery. Growing at 1.5% in 2024, 2.2% in 2025 and 1.6% in 2026, private consumption growth is well above the 0.8% average growth rate seen before the COVID-19 pandemic (2012–2019). Despite very strong growth in private consumption, the saving ratio is expected to rise to 10.3% in 2024 due to precautionary motives, and confidence effects (2023: 9.0%). The saving ratio will stabilize in 2025 and inch down to 10.1% in 2026.

Table 5

Real household income and private consumption

	2023	2024	2025	2026
	Annual change in %			
Disposable household income (real)	−0.2	3.0	2.4	1.1
Private consumption (real)	−0.2	1.5	2.2	1.6
	% of disposable household income			
Saving ratio	9.0	10.3	10.5	10.1

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

5 Inflation to drop by more than half in 2024, compared to 2023

In its current inflation forecast, the OeNB expects HICP inflation to fall by more than half, from 7.7% in 2023 to 3.4% in 2024. In the two following years, disinflation will slow, with inflation dropping to 2.7% in 2025 and to 2.5% in 2026. Core inflation (HICP inflation excluding energy and food) will fall to 4.2% in 2024, partly driven by base effects, but will stay above HICP inflation. Afterward, core inflation will remain above headline inflation, running at 2.9% in 2025 and 2.6% in 2026. Throughout the forecast period, both headline inflation and core inflation will therefore remain well above their long-term averages (1.9% and 2.0%, respectively, from 2011 to 2019).

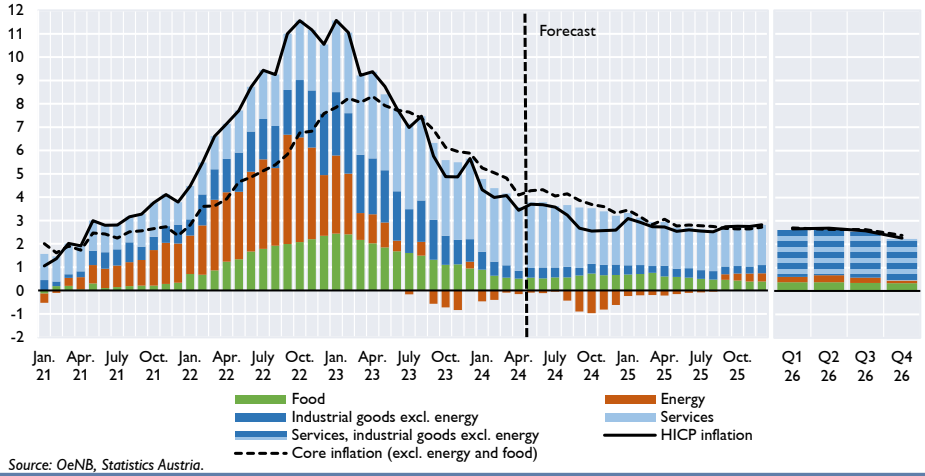
The decline in the inflation rate in 2024 is driven by all main components of the HICP, especially by industrial goods excluding energy as well as energy and food. This is mainly due to weak demand and falling producer prices. In addition, household energy prices are expected to continue their decline in the second half of 2024. In the services sector, strong growth in labor costs prevents a steeper decline in the inflation rate.

Fiscal policy primarily influences energy and services inflation. At the beginning of 2025, the phaseout of fiscal policy measures (electricity price cap, reinstatement of the electricity and natural gas levy, reinstatement of the renewables levy) and the increase in the CO2 price will raise the HICP inflation rate by around 0.6 percentage points, if viewed in isolation.[3] In addition, the Austrian government decided in August 2023 to limit rent increases and not to adjust certain government fees for inflation, which will slightly reduce services inflation in 2024 and in subsequent years.

Chart 3

Contributions of components to HICP inflation

Inflation rates in %; contributions to inflation in percentage points



Source: OeNB, Statistics Austria.

Compared to March 2024, the OeNB forecast for headline inflation was revised downward by 0.2 percentage points for 2024, left unchanged for 2025 (table 6) and raised by 0.2 percentage points for 2026. Major revisions have been made to main components of the HICP, particularly for 2024. The 2024 HICP services inflation forecast was revised upward due to higher expected wage growth, while the inflation forecast for industrial goods excluding energy as well as for food and energy was revised downward. In industrial goods excluding energy, the revision was made to reflect weaker demand compared to the March 2024 Interim Outlook. The food inflation forecast was reduced due to a downward revision of agricultural commodity prices.

The inflation forecast is subject to upside risks. Both geopolitical tensions and Austria's reliance on Russian gas could lead to higher price pressures than forecast. A stronger and faster recovery

[3] This calculation only includes direct effects.

in domestic demand would also put upward pressure on inflation.

The average inflation differential between Austria and the euro area average was 2.3 percentage points in 2023. By April 2024, the inflation differential had narrowed to 1.0 percentage point. This decline is primarily attributable to energy, with industrial goods excluding energy also having an impact. In 2025 and 2026, the inflation differential will return to its long-term average of 0.6 percentage points (the inflation differential from 2011 to 2019 was 0.6 percentage points). One reason for the normalization of the inflation differential is the pass-through of lower wholesale prices for household energy to end consumers. This trend will continue to increase, particularly in the second half of 2024. Furthermore, services inflation will go down significantly in 2025 and contribute to narrowing the inflation differential.

Table 6

Inflation

	June 2024 outlook				Revisions since Mar. 2024		
	2023	2024	2025	2026	2024	2025	2026
	Annual change in %				*Percentage points*		
HICP inflation	7.7	3.4	2.7	2.5	−0.2	0.0	0.2
Food	10.0	4.0	3.5	2.3	−0.8	0.0	−0.2
of which: unprocessed food	*7.6*	*2.3*	*2.7*	*x*	*−1.0*	*x*	*x*
of which: processed food	*10.6*	*4.4*	*3.7*	*x*	*−0.7*	*x*	*x*
Industrial goods excluding energy	6.4	1.6	1.3	x	−0.7	x	x
Energy	6.9	−4.7	−0.5	2.6	−1.2	5.7	5.0
Services	7.8	5.7	3.7	x	0.4	x	x
HICP excluding energy	7.8	4.2	3.0	2.5	−0.1	−0.5	−0.3
HICP excluding energy and food	7.3	4.2	2.9	2.6	0.0	−0.6	−0.3

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 and March 2024 outlooks.

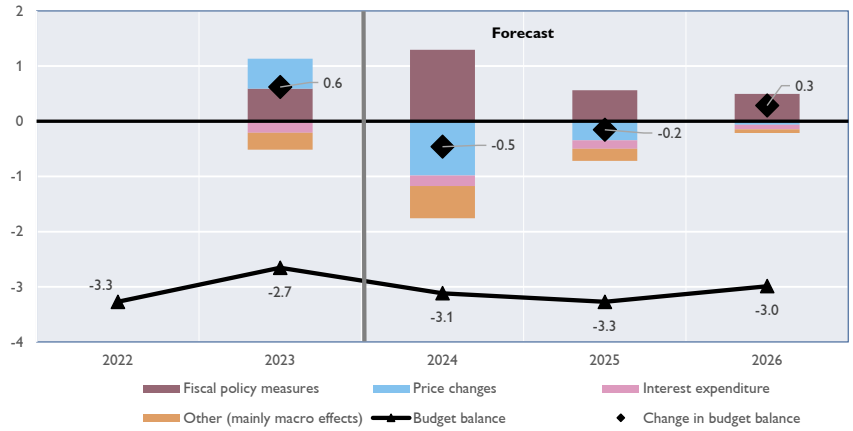
6 Budget deficit exceeds Maastricht threshold in 2024

In 2024, the budget balance will deteriorate from –2.7% to –3.1% of GDP (black line in chart 4). This is mainly due to the delayed negative impact of the inflation shock on public finances. In particular, public sector pay and pensions were both raised by about 9.5%, a rate that is significantly higher than private sector wage growth and the GDP deflator. These developments caused the budget balance to deteriorate by around 1% of GDP (blue columns) in 2024. This is compounded by the impact of the weak labor market on tax revenues and unemployment benefit outlays (orange columns) as well as an increase in interest expenditure (pink columns). These negative effects offset the phase-out (and reduction) of numerous expansionary fiscal policy measures in the energy sector (red columns).

Chart 4

Budget balance and change by components

% of GDP



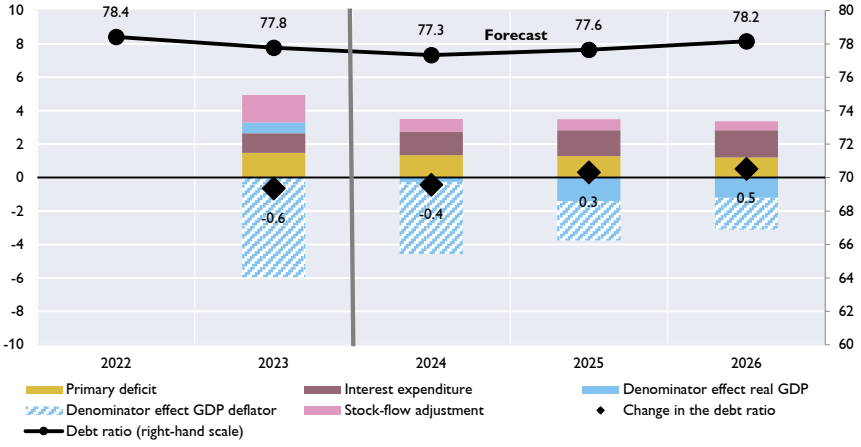
Source: Statistics Austria, OeNB.

In 2025 and 2026, the budget deficit will remain roughly unchanged from 2024. Expansionary fiscal policy measures will continue to be phased out. Particularly in 2025, however, there will be offsetting effects from an increase in interest expenditure and the delayed impact of very unfavorable macro and inflation trends in recent years. The budget outlook is not compatible with the reactivation of the European fiscal rules in 2024: We expect budget deficits in excess of 3% of GDP in 2024 and 2025. In addition, the forecast for budget consolidation in 2025 and 2026 is below the requirements that are expected to apply following a reform of the debt rule. Additional fiscal consolidation therefore appears to be necessary in the next two years; however, additional consolidation measures have not been included in this economic outlook as it is based on an assumption of no policy change.

Chart 5

Public debt ratio and change by components

% of GDP



Source: OeNB, Statistics Austria.

Government debt will fall slightly to 77.3% of GDP in 2024 (after 77.8% in 2023; black line) due to high GDP deflator growth (hatched blue columns in chart 5). In the following years, the ratio will inch back up because of an overall decline in nominal GDP growth (sum of solid blue and hatched blue columns).

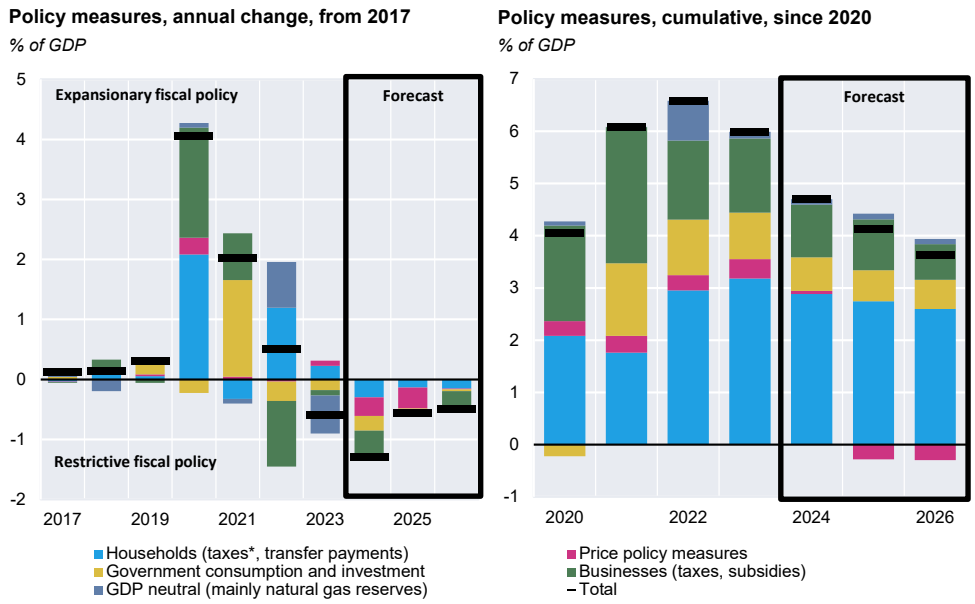
New Fiscal Impact Measure: Fiscal policy to weigh on economic growth in 2024

The public sector influences the economy directly by means of its own demand (government consumption and investment), and indirectly by stimulating private demand (private consumption and investment) and/or private production. The OeNB's newly developed Fiscal Impact Measure (FIM) aims to provide an in-depth analysis of the fiscal stance and its impact on real GDP growth. Specifically, the FIM makes it possible to analyze over time when government policies had an expansionary effect (i.e. stimulating economic growth) and when budget consolidation resulted in a restrictive fiscal stance (i.e. slowing down economic growth).

Assessing the fiscal stance requires a baseline scenario in which we assume that the government has a "neutral" effect on growth.[4] This baseline scenario refers to deviations from applicable indexation rules and other discretionary measures for taxes, social security contributions and welfare benefits. For example, income tax cuts are only considered as expansionary if they go beyond offsetting bracket creep.[5] For other expenditure, in particular government consumption and investment, the trend growth in GDP serves as a neutral benchmark. Government consumption growth above (below) GDP trend growth results in an expansionary (restrictive) effect on growth.

Chart 1 B3

Extent of discretionary fiscal policy



Source: OeNB, Statistics Austria.
** Income tax: net effect of tax rate cuts less bracket creep.*

The new Fiscal Impact Measure focuses on the effects of fiscal policy on year-on-year GDP growth. Crucial in this regard are year-on-year changes in fiscal policy tools. From this perspective, fiscal policy was very expansionary from 2020 to 2022 and has been slightly restrictive since 2023 (left-hand panel of chart 1 B3). The extent of the stimulus measures was exceptionally large in 2020 and 2021. This is why it is instructive to carry out an analysis of the cumulative stimulus. In total, expansionary fiscal policy measures equivalent to about 3.6% of GDP will remain in place in 2026, compared to 2019 (right-hand panel of chart 1 B3). However, the structure of the measures has changed significantly over time. In 2020 and 2021, a large proportion of the expansionary fiscal policy measures were targeted at businesses (in particular subsidies provided by Austrian COVID-19 funding agency COFAG). Subsequently, expansionary policy mainly boosted household incomes, especially in the form of above-inflation pension increases and a significant reduction in the taxation of labor.

In assessing the impact on GDP growth, it is crucially important to take into account these structural shifts, as different policy measures have a different impact on growth. While policies targeted at households have

[4] However, a neutral growth position does not necessarily imply a constant cyclically adjusted primary balance as the neutral growth rates for revenues and expenditure may differ.

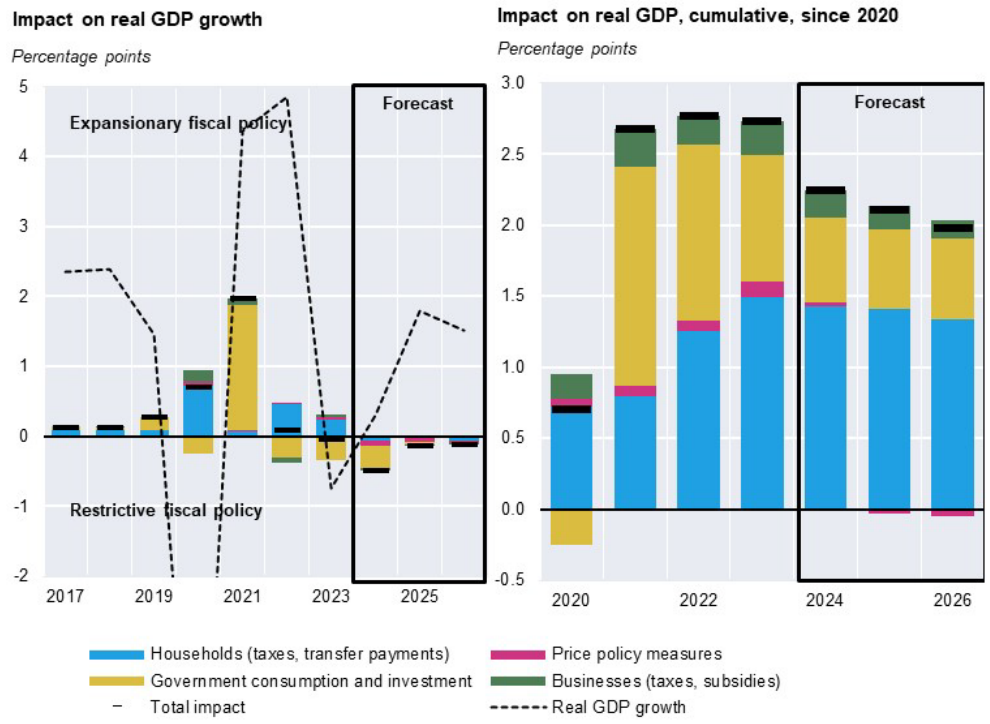
[5] Income tax brackets and tax credits as well as the most important family benefits have only been automatically indexed for inflation since 2023 (and the care allowance since 2020). To increase comparability, bracket creep and inflation-induced declines in the real value of welfare benefits that occurred prior to the introduction of indexation were therefore deducted from the discretionary measures.

significant growth effects through consumption, changes to business taxation and subsidies have a smaller impact. Direct changes in demand (i.e. government consumption and investment) have the largest impact.

Chart 2 B3 (left-hand panel) shows the effect of discretionary fiscal policy measures, as calculated for the Fiscal Impact Measure, and real economic growth. From 2017 to 2019, when economic growth was strong, the fiscal impulse was close to zero and therefore largely neutral. In 2020, the first year of the COVID-19 pandemic, a sharp contraction in economic output (–6.7%) was accompanied by a strong countercyclical expansion of fiscal policy measures to support household incomes, especially in the form of subsidies for short-time work. Despite the economic recovery in 2021, the fiscal stimulus remained positive as COVID-19 tests and vaccinations contributed to a strong increase in public consumption. The fiscal stance returned to neutral in 2022 and 2023, resulting from a reduction in COVID-19 aid (restrictive) and a simultaneous expansion in energy and inflation aid for households (expansionary). In 2024, we expect the phase-out of sizable fiscal policy measures to slow down GDP growth by a significant 0.4 percentage points (restrictive fiscal policy). However, the cumulative effect of the fiscal policy measures that have been put in place since 2020 will remain deep in positive territory in 2024 (right-hand panel of chart 2 B3). Assuming no policy changes, fiscal policy will be only slightly restrictive in 2025 and 2026.

Chart 2 B3

Impact of discretionary fiscal policy



Source: OeNB, Statistics Austria.

7 Annex of tables

Table A1

Main results of the forecast

	June 2024				Revisions since Dec. 2023		
	2023	2024	2025	2026	2024	2025	2026
Economic activity	*Real annual change in % (real)*						
Gross domestic product (GDP)	−0.7	0.3	1.8	1.5	−0.3	0.1	0.3
Private consumption	−0.2	1.5	2.2	1.6	0.0	0.4	0.3
Government consumption	−0.4	−0.1	1.0	1.1	−0.4	0.1	0.0
Gross fixed capital formation	−2.2	−1.9	3.0	2.7	−1.7	0.2	0.5
Exports of goods and services	0.3	1.5	2.6	2.9	0.0	0.4	0.3
Imports of goods and services	−1.4	1.5	3.2	3.3	−0.7	0.6	0.3
	% of nominal GDP						
Current account balance	2.7	2.8	2.9	2.9	0.8	0.6	0.7
Import-adjusted contributions to GDP growth[1]	*Percentage points*						
Private consumption	0.0	0.4	0.7	0.4	0.0	0.1	0.1
Government consumption	−0.1	0.0	0.2	0.2	−0.1	0.0	0.0
Gross fixed capital formation	−0.3	−0.3	0.4	0.3	−0.3	0.0	0.1
Domestic demand (excluding changes in inventories)	−0.4	0.1	1.3	0.9	−0.3	0.2	0.2
Exports	0.2	0.2	0.7	0.6	0.0	0.1	0.1
Changes in inventories (including statistical discrepancy)	−0.4	0.0	0.0	0.0	−0.1	0.0	0.0
Prices	*Annual change in %*						
Harmonised Index of Consumer Prices (HICP)	7.7	3.4	2.7	2.5	−0.6	−0.2	0.0
Private consumption expenditure deflator	8.1	3.8	2.4	2.3	−0.1	−0.5	−0.2
GDP deflator	7.6	5.5	3.0	2.5	1.5	−0.5	−0.3
Unit labor costs (whole economy)	9.6	7.8	3.3	2.2	0.3	−0.4	−0.4
Compensation per employee	7.7	7.7	4.2	2.9	0.1	−0.2	0.0
Compensation per hour worked	7.5	7.6	4.4	3.0	0.4	−0.3	−0.2
Import prices	0.0	−0.1	2.3	2.2	−1.8	−0.1	0.0
Export prices	2.4	2.4	2.7	2.3	−0.2	−0.2	−0.1
Terms of trade	2.5	2.4	0.5	0.1	1.6	−0.1	−0.1
Income and savings	*Annual change in %*						
Real disposable household income	−0.2	3.0	2.4	1.1	−0.8	−0.2	−0.2
	% of disposable household income						
Saving ratio	9.0	10.3	10.5	10.1	2.1	1.6	1.1
Labor market	*Annual change in %*						
Payroll employment	1.2	0.4	1.0	1.0	−0.3	−0.1	−0.1
Hours worked (payroll employment)	1.4	0.5	0.8	0.9	−0.6	0.0	0.1
	% of labor supply						
Unemployment rate (Eurostat definition)	5.1	5.3	5.1	5.0	−0.2	−0.2	−0.2
Unemployment rate (national definition)	6.4	6.7	6.5	6.3	−0.1	−0.1	−0.2
Public finances	*% of nominal GDP*						
Budget balance (Maastricht definition)	−2.7	−3.1	−3.3	−3.0	−0.4	−0.4	−0.2
Government debt	77.8	77.3	77.6	78.2	0.9	2.0	2.6

Source: 2023: Statistics Austria; 2024 to 2026: OeNB's June 2024 and December 2023 outlooks.

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

Table A2

Underlying global economic conditions

	2023	2024	2025	2026
Gross domestic product (GDP)	*Annual change in % (real)*			
World excluding the euro area	3.5	3.3	3.3	3.2
USA	2.5	2.5	1.8	1.8
China	5.2	4.6	4.0	3.8
India	7.7	7.0	6.6	6.6
Japan	1.9	0.4	1.2	0.8
Latin America	2.2	1.6	2.5	2.6
United Kingdom	0.1	0.7	1.2	1.6
CESEE EU member states[1]	3.9	2.9	2.2	1.7
Switzerland	0.8	1.5	1.3	1.6
Euro area[2]	0.6	0.9	1.4	1.6
World trade (imports of goods and services)	*Annual change in % (real)*			
World economy	0.4	2.1	3.3	3.2
World excluding the euro area	1.0	2.6	3.3	3.3
Growth of euro area export markets (real)	0.8	2.1	3.4	3.3
Growth of Austrian export markets (real)	−1.1	1.2	3.4	3.3
Prices				
Oil price in USD/barrel (Brent)	83.7	83.8	78.0	74.5
Three-month interest rate in %	3.4	3.6	2.8	2.5
Long-term interest rate in %	3.1	2.9	2.9	3.0
USD/EUR exchange rate	1.08	1.08	1.08	1.08
Nominal effective exchange rate of the euro (euro area index)	121.8	124.0	124.2	124.2

Source: Eurosystem.

[1] *Bulgaria, Croatia, Czechia, Hungary, Poland and Romania.*

[2] *2023: Eurostat; 2024 to 2026: Results of the Eurosystem staff macroeconomic projections for the euro area of June 2024.*

Table A3

Foreign trade

	2023	2024	2025	2026
Exports	*Annual change in %*			
Competitor prices in Austria's export markets	−2.2	0.4	2.6	2.3
Export deflator	2.4	2.4	2.7	2.3
Changes in price competitiveness	−4.6	−2.0	−0.2	0.0
Import demand in Austria's export markets	−1.1	1.2	3.4	3.3
Austrian exports of goods and services (real)	0.3	1.5	2.6	2.9
Austrian market share	1.3	0.3	−0.8	−0.4
Imports	*Annual change in %*			
Competitor prices in Austria's export markets	−0.7	0.5	2.6	2.3
Import deflator	0.0	−0.1	2.3	2.2
Austrian imports of goods and services (real)	−1.4	1.5	3.2	3.3
Terms of trade	2.5	2.4	0.5	0.1
	Percentage points of real GDP			
Contribution of net exports to GDP growth	1.0	0.1	−0.2	−0.1
	% of nominal GDP			
Export ratio	59.8	58.7	59.0	59.7
Import ratio	56.8	54.4	54.8	55.6

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

Table A4

Current account

	2023	2024	2025	2026
	% of nominal GDP			
Balance of trade	3.6	3.6	3.8	3.9
Balance of goods	1.9	1.6	1.6	1.6
Balance of services	1.6	2.1	2.2	2.3
Balance of primary income[1]	−0.3	−0.3	−0.3	−0.3
Balance of secondary income[2]	−0.6	−0.6	−0.6	−0.6
Current account balance	2.7	2.8	2.9	2.9

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

[1] *Balance of income (e.g. compensation of labor, investment income).*

[2] *Balance of current transfers.*

Table A5

Household income and private consumption

	2023	2024	2025	2026
	Annual change in %			
Payroll employment	1.2	0.4	1.0	1.0
Wages and salaries per employee	7.7	7.7	4.2	2.9
Compensation of employees	9.0	8.2	5.2	3.9
Investment income	7.2	−10.5	2.1	1.7
Self-employment income and operating surpluses (net)	1.5	1.8	1.8	2.5
	Contribution to household disposable income growth in percentage points			
Compensation of employees	7.8	7.2	4.6	3.5
Investment income	0.7	−1.0	0.2	0.1
Self-employment income and operating surpluses (net)	0.2	0.3	0.3	0.3
Net transfers less direct taxes[1]	−0.7	0.1	0.0	−0.4
	Annual change in %			
Disposable household income (nominal)	7.9	6.9	4.9	3.5
Consumption deflator	8.1	3.8	2.4	2.3
Disposable household income (real)	−0.2	3.0	2.4	1.1
Private consumption (real)	−0.2	1.5	2.2	1.6
	% of disposable household income			
Saving ratio	9.0	10.3	10.5	10.1

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

[1] *Negative values indicate an increase in (negative) net transfers less direct taxes; positive values indicate a decrease.*

Table A6

Investment

	2023	2024	2025	2026
	Annual change in %			
Gross fixed capital formation (real)	−2.2	−1.9	3.0	2.7
of which				
investment in plant and equipment	*−2.1*	*−2.3*	*2.3*	*2.6*
residential construction investment	*−8.8*	*−5.6*	*5.0*	*2.9*
nonresidential construction and other investment	*−2.3*	*−1.9*	*2.5*	*1.5*
investment in research and development	*3.8*	*0.6*	*3.4*	*3.8*
public sector investment	*4.9*	*1.0*	*1.0*	*1.0*
private investment	*−3.4*	*−2.3*	*3.4*	*3.0*
Contribution to real gross fixed capital formation growth	*Percentage points*			
Investment in plant and equipment	−0.7	−0.7	0.7	0.8
Residential construction investment	−1.8	−1.0	0.9	0.5
Nonresidential construction and other investment	−0.5	−0.4	0.6	0.3
Investment in research and development	1.0	0.2	1.0	1.1
Contribution to real GDP growth	*Percentage points*			
Total gross fixed capital formation	−0.6	−0.4	0.7	0.7
Changes in inventories	−0.8	0.0	0.0	0.0
	% of nominal GDP			
Investment ratio	24.4	23.4	23.6	23.9

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

Table A7

Labor market

	2023	2024	2025	2026
Employment	*Annual change in %*			
Total employment (persons)	0.9	0.4	1.0	0.9
Payroll employment (persons)	1.2	0.4	1.0	1.0
of which: public sector employees	*1.0*	*1.0*	*0.4*	*0.4*
Self-employment (persons)	−0.9	0.3	0.6	0.3
Total hours worked	1.0	0.3	0.7	0.7
Payroll employment (hours)	1.4	0.5	0.8	0.9
Self-employment (hours)	−0.9	−1.0	0.0	0.0
Labor supply	1.3	0.8	0.8	0.8
Registered unemployment	9.0	7.2	−2.0	−1.9
Unemployment rate	*% of labor supply*			
Eurostat definition	5.1	5.3	5.1	5.0
National definition	6.4	6.7	6.5	6.3

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

Table A8

Compensation of employees

	2023	2024	2025	2026
Gross wages and salaries[1]	*Annual change in %*			
In nominal terms	9.0	8.2	5.2	3.9
Consumption deflator	8.1	3.8	2.4	2.3
In real terms	0.9	4.4	2.8	1.6
Collectively agreed wages and salaries[1]	7.6	8.3	4.0	2.8
Wage drift	0.2	−0.7	0.2	0.1
Compensation per employee				
Gross[2] compensation (nominal)	7.7	7.7	4.2	2.9
Gross compensation (real, private consumption expenditure deflator)	−0.4	3.7	1.7	0.6
Net[3] compensation (real, private consumption expenditure deflator)	0.3	4.4	1.9	0.4
Compensation per hour worked				
Gross compensation (nominal)	7.5	7.6	4.4	3.0
Gross compensation (real, private consumption expenditure deflator)	−0.5	3.6	2.0	0.6
	% of nominal GDP			
Wage share	49.6	50.7	50.8	50.7

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

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

Table A9

Prices

	2023	2024	2025	2026
HICP and subcomponents	*Annual change in %*			
Harmonised Index of Consumer Prices (HICP)	7.7	3.4	2.7	2.5
Food	10.0	4.0	3.5	2.3
Unprocessed food	*7.6*	*2.3*	*2.7*	*x*
Processed food	*10.6*	*4.4*	*3.7*	*x*
Industrial goods excluding energy	6.4	1.6	1.3	*x*
Energy	6.9	−4.7	−0.5	2.6
Electricity	*−3.5*	*2.2*	*18.4*	*0.8*
Natural gas	*54.2*	*−12.1*	*−0.8*	*4.0*
Liquid fuels	*−9.2*	*−2.4*	*−8.3*	*−3.0*
Services	*7.8*	*5.7*	*3.7*	*x*
HICP excluding energy	7.8	4.2	3.0	2.5
HICP excluding energy and food	7.3	4.2	2.9	2.6
Deflators (national accounts)				
Private consumption expenditure deflator	8.1	3.8	2.4	2.3
Investment deflator	5.6	3.3	2.7	2.3
Import deflator	0.0	−0.1	2.3	2.2
Export deflator	2.4	2.4	2.7	2.3
Terms of trade	2.5	2.4	0.5	0.1
GDP deflator at factor cost	8.2	4.8	3.1	2.4

Source: 2023: Statistics Austria; 2024 to 2026: OeNB June 2024 outlook.

Table A10

Breakdown of forecast revisions since Dember 2023

	GDP			HICP		
	2024	2025	2026	2024	2025	2026
	Annual change in %, percentage points					
June 2024 outlook	0.3	1.8	1.5	3.4	2.7	2.5
December 2023 outlook	0.6	1.7	1.3	4.0	3.0	2.5
Difference	−0.3	0.1	0.3	−0.6	−0.2	0.0
Caused by:	*Percentage points*					
External assumptions	−0.1	0.1	0.2	−0.3	−0.2	0.0
New data[1]	0.1	0.0	0.0	−0.1	0.0	0.0
of which: revisions to historical data up to Q3 23	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
forecast errors for Q4 23 and Q1 24	*0.0*	*0.0*	*0.0*	*−0.1*	*0.0*	*0.0*
Other reasons[2]	−0.3	0.1	0.1	−0.2	0.0	0.0

Source: OeNB December 2023 and June 2024 outlooks. The difference and the sum of growth contributions subject to individual revisions may differ from the overall revision due to rounding.

[1] "New data" refer to data on GDP and/or inflation that have become available since the publication of the preceding OeNB outlook.
[2] Different assumptions about trends in domestic variables such as wages, government consumption, effects of tax measures, other changes in assessments and model changes.

Comparison of recent economic forecasts for Austria

	OeNB			WIFO (Austrian Institute of Economic Research)		IHS		OECD		IMF		European Commission	
	June 2024			Mar. 2024		Mar. 2024		May 2024		Apr. 2024		May 2024	
	2024	2025	2026	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Main results	*Annual change in %*												
GDP (real)	0.3	1.8	1.5	0.2	1.8	0.5	1.5	0.2	1.5	0.4	1.6	0.3	1.6
Private consumption (real)	1.5	2.2	1.6	1.2	2.1	1.4	1.6	0.9	1.9	×	×	1.3	2.0
Government consumption (real)	−0.1	1.0	1.1	0.3	0.8	0.0	0.3	0.1	0.8	×	×	0.1	0.5
Gross fixed capital formation (real)	−1.9	3.0	2.7	−2.0	2.2	−0.8	1.9	−0.4	1.2	×	×	−2.2	2.3
Exports (real)	1.5	2.6	2.9	1.2	3.3	1.6	2.3	2.6	2.7	1.8	3.0	1.2	2.4
Imports (real)	1.5	3.2	3.3	1.6	3.5	1.9	2.5	3.5	2.8	1.8	3.5	1.0	2.7
Labor productivity[1]	−0.1	0.8	0.6	0.6	0.6	0.2	1.0	0.3	1.3	×	×	−0.1	0.9
GDP deflator	5.5	3.0	2.5	4.4	2.6	4.0	2.5	4.3	2.8	3.9	2.7	4.1	2.6
CPI	×	×	×	3.8	2.7	3.5	2.6	×	×	×	×	×	×
HICP	3.4	2.7	2.5	3.8	2.7	3.6	2.6	3.7	2.9	3.9	2.8	3.6	2.8
Unit labor costs	7.8	3.3	2.2	8.0	3.3	7.3	2.8	6.7	2.5	×	×	7.2	2.3
Payroll employment[2]	0.4	1.0	0.9	0.4	1.1	0.3	0.5	0.1	0.3	0.0	0.5	0.4	0.7
	% of labor supply												
Unemployment rate[3] (Eurostat defini	5.3	5.1	5.0	5.5	5.4	5.3	5.2	5.5	5.4	5.4	5.2	5.3	5.1
	% of nominal GDP												
Current account balance	2.8	2.9	2.9	2.4	2.4	×	×	2.3	2.1	2.1	2.1	1.9	1.7
Budget balance (Maastricht definition)	−3.1	−3.3	−3.0	−2.9	−2.7	−2.2	−2.1	−2.8	−2.7	−2.6	−2.3	−3.1	−2.9
External assumptions													
Oil price in USD/barrel (Brent)	83.8	78.0	74.5	80.0	75.0	81.2	75.7	84.6	85.0	78.6	73.7	85.4	80.0
Short-term interest rate in %	3.6	2.8	2.5	3.8	3.1	3.7	2.8	3.7	2.8	3.5	2.6	3.6	2.8
USD/EUR exchange rate	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.07	1.07	1.07
Euro area GDP (real)	0,9	1,4	1,6	0.7	1.7	0.7	1.4	0.7	1.5	0.8	1.5	0.8	1.4
US GDP (real)	2.5	1.8	1.8	2.3	1.5	2.0	1.7	2.6	1.8	2.7	1.9	2.4	2.1
World GDP (real)	3.0	3.0	3.0	×	×	2.7	2.9	3.1	3.2	3.2	3.2	3.2	3.3
World trade[3]	2.1	3.3	3.2	×	×	1.3	2.5	2.3	3.3	3.0	3.3	2.7	3.4

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

[1] *OeNB, WIFO: GDP per hour worked IHS, OECD, European Commission: GDP per employee.*

[2] *WIFO, IHS: based on active payroll.*

[3] *IHS: goods according to CPB*

Table A12

Quarterly outlook results

	2024	2025	2026	2024				2025				2026			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Prices, wages and costs	*Annual change in %*														
HICP	3.4	2.7	2.5	4.1	3.6	3.2	2.6	2.9	2.6	2.6	2.8	2.7	2.7	2.6	2.3
HICP excluding energy	4.2	3.0	2.5	4.9	4.1	4.0	3.7	3.4	3.0	2.8	2.6	2.6	2.6	2.6	2.3
Private consumption expenditure deflator	3.8	2.4	2.3	5.3	4.2	2.9	2.8	2.3	2.4	2.5	2.4	2.5	2.4	2.3	2.2
Gross fixed capital formation deflator	3.3	2.7	2.3	3.7	2.9	3.2	3.6	2.5	3.0	2.7	2.5	2.4	2.3	2.2	2.1
GDP deflator	5.5	3.0	2.5	5.0	5.7	5.7	5.7	3.8	3.0	2.7	2.6	2.5	2.5	2.4	2.4
Unit labor costs	7.8	3.3	2.2	9.3	8.4	7.2	6.3	4.5	3.0	2.9	2.7	2.6	2.3	2.0	2.0
Nominal wages per employee	7.7	4.2	2.9	7.5	8.2	7.8	7.3	5.5	4.1	3.7	3.4	3.3	3.0	2.7	2.6
Productivity	−0.1	0.8	0.6	−1.7	−0.1	0.6	0.9	0.9	1.0	0.8	0.6	0.7	0.6	0.6	0.6
Real wages per employee	3.7	1.7	0.6	2.0	3.8	4.7	4.3	3.2	1.6	1.2	0.9	0.9	0.6	0.4	0.4
Import deflator	−0.1	2.3	2.2	−1.7	−0.5	0.8	1.1	1.9	2.4	2.4	2.4	2.3	2.2	2.2	2.1
Export deflator	2.4	2.7	2.3	1.4	1.8	2.9	3.4	2.7	2.8	2.8	2.7	2.5	2.4	2.3	2.2
Terms of trade	2.4	0.5	0.1	3.1	2.3	2.1	2.3	0.7	0.5	0.4	0.3	0.2	0.2	0.1	0.1
Economic activity	*Annual or quarterly changes in % (real)*														
GDP	0.3	1.8	1.5	0.2	0.3	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Private consumption	1.5	2.2	1.6	1.3	0.5	0.5	0.6	0.6	0.5	0.5	0.5	0.3	0.3	0.3	0.3
Government consumption	−0.1	1.0	1.1	−1.2	0.9	0.9	0.9	−0.3	−0.2	0.0	0.2	0.3	0.4	0.4	0.4
Gross fixed capital formation	−1.9	3.0	2.7	−2.7	1.3	0.3	0.4	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.5
Exports	1.5	2.6	2.9	−0.3	0.2	0.4	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Imports	1.5	3.2	3.3	−1.5	1.1	0.6	0.7	0.8	0.8	0.9	0.9	0.8	0.8	0.8	0.8
	Contribution to real GDP growth in percentage points														
Domestic demand	0.1	1.3	0.9	0.0	0.6	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Net exports	0.2	0.7	0.6	−0.2	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.2
Changes in inventories	0.0	0.0	0.0	−0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Labor market	*% of labor supply*														
Unemployment rate (Eurostat definition)	5.3	5.1	5.0	4.8	5.4	5.5	5.5	5.2	5.1	5.1	5.2	5.1	5.0	5.0	4.9
	Annual or quarterly changes in %														
Total employment	0.4	1.0	0.9	0.2	0.1	0.1	0.2	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
of which: private sector.	*0.3*	*1.1*	*1.0*	*0.2*	*0.1*	*0.1*	*0.2*	*0.5*	*0.3*	*0.3*	*0.2*	*0.3*	*0.3*	*0.3*	*0.3*
Payroll employment	0.4	1.0	1.0	0.1	0.0	0.2	0.3	0.4	0.2	0.2	0.2	0.3	0.3	0.3	0.2
Additional variables	*Annual or quarterly changes in % (real)*														
Disposable household income	3.0	2.4	1.1	1.2	1.2	1.0	0.7	0.5	0.5	0.4	0.2	0.2	0.3	0.4	0.4
	% of real GDP														
Output gap	−0.9	−0.3	0.0	−1.0	−1.1	−0.9	−0.7	−0.5	−0.3	−0.2	−0.1	−0.1	0.0	0.1	0.2

Source: Statistics Austria and OeNB June 2024 outlook. Quarterly values based on seasonally and working day-adjusted data.

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