Report | 18 December 2019 AUSTRIA

Austria: The golden days are coming to an end

Our Economic Chart Book details just what s happening in Austria, and what we can expect going into 2020

Executive summary

Austria’s economy lost momentum during the course of 2019 given the challenging global environment. Overall, however, the economy remains on a solid although slower growth path, with domestic consumption and construction serving as growth drivers.

In this report, we look at how the Austrian economy is doing. Austria's peak years have come to an end as economic sentiment deteriorates and the industry is stuttering. Nevertheless, the labour market has improved markedly, with growing wages fuelling robust domestic competition. Austria's inflation rally has eased up, and with an improved fiscal situation, overall lending conditions remain favourable.

We also look at any weak spots in Austria's economy. Structural problems are a concern for the future as the proportion of the population aged 60 years and over has steadily increased.

Austria's current political landscape is another topic we look into. The Austrian People's party scored better in 2019 than they did in 2017 but they still lack a coalition partner.

While climate change is becoming more important throughout the EU, the majority of Austrians are still optimistic about the future of the EU.

Germany remains Austria's main trading partner, accounting for more than 30% of its exports and imports while Eastern European countries make up about 1/5th. With a high number of imports from Germany and China, Austria's trade balances are negative.

So how does Brexit impact the Austrian economy? Goods exports to the UK only accounted for just over 1% of GDP in both 2017 and 2018. This means the Austrian economy is less exposed to a no-deal Brexit compared to countries like Belgium and the Netherlands.

However, the population continues to age and with falling numbers of asylum applicants, this may be a problem.

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