

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.

Author

Inga Fechner

Senior Economist, Global Trade
inga.fechner@ing.de

Carsten Brzeski

Global Head of Macro
carsten.brzeski@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England

THINK economic and financial analysis

(Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.