

## Austria's rebound is certainly no recovery

Austria's third-quarter GDP growth came in at amazing 11.1% quarter-on-quarter. But with the economy still some 5.3% below its 2019 level, a rebound is not the same as a recovery



Shoppers in Vienna

### The rebound in numbers

After a historic decline in economic activity during the second quarter of 2020, the Austrian economy staged a strong rebound in Q3, growing by 11.1% QoQ. According to first estimates, the rebound was mainly driven by a sharp increase in private consumption after the lifting of containment measures and by a rise in industrial production and exports. The opening of borders has led to a more than seven times increase in tourism activity since Q2, albeit levels are still 39% below the same period one year ago and they've been declining since September.

As in the rest of the eurozone, Austrian economic activity had already slowed down in September. The weekly GDP tracker of the Austrian central bank has also dropped and points to a widening of the GDP gap since the end of September to currently -3.7%, whereas the figures for the last two weeks will be published later today and should show a much larger gap.

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*Another round of lockdowns will hit the Austrian economy harder than most of its peers*

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As infection numbers are also on the rise in Austria, reporting more than double the daily number of new infections per 100,000 inhabitants over the last 7 days than their German neighbours, the government will discuss further measures on Saturday. Expect Germany's decision to be followed and a second lockdown, in whatever form, will be introduced. Given the high importance of the tourism sector for the total economy, another round of lockdowns in Austria and the rest of the eurozone will hit the Austrian economy harder than most of its peers. Tourism contributes 5.1% to total Austrian GDP, compared to 1.2% that tourism contributes to GDP in the EU as a whole. The more structural damage from yet another major tourism season becoming victim of the virus is high.

In recent days, the risk of a double-dip recession in the entire eurozone has clearly increased. Austria is no exemption.

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