

Austria: Strength in times of weakness

Austrian GDP grew 0.4% quarter-on-quarter in the final quarter of 2018, resulting in full-year growth of 2.7% year-on-year. As in 2018, private consumption remains an important growth driver for this year



Source: Shutterstock

According to a flash estimate from the Austrian Institute of Economic Research, the Austrian economy grew at the same speed as in the previous quarter. The seasonally- and working day-adjusted Eurostat measure confirmed the positive picture but came in lower at 0.2% QoQ. Overall, Austrian GDP grew by 2.7% YoY over the entire year 2018, slightly lower than expected, but exceeding the previous year's GDP growth by 0.1 percentage points.

In the final quarter of 2018, growth remained broad-based with domestic demand and foreign trade contributing positively to growth. However, growth momentum abated in nearly all areas compared to the first half of the year. Household consumption expenditure rose by 0.3% QoQ in the fourth quarter compared to a first half of the year average of +0.4%, remaining a pillar of strength, while public consumption grew sluggishly at +0.1% QoQ. Exports lost momentum over the course of the year, growing 0.4% QoQ in the final quarter compared to an average growth of 0.8% in the first half of the year.

While the growth outlook is slowly deteriorating, Austrians still expect a better financial outlook for

the year 2019 as shown in an [ING survey](#). Some 35% see themselves in a good to very good financial position in the year ahead, while 39% estimate their financial position as neither good nor bad.

Although the upswing is levelling off, and risks are skewed to the downside, the low interest rate environment, persistent investment activity and private consumption, in particular, should stimulate economic activity in 2019. With the labour market healthy, resulting in strong job growth and rising wages, and the government's tax deduction programme, household purchasing power should get a welcome boost.

Author

Inga Fechner

Senior Economist, Global Trade

inga.fechner@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 (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.