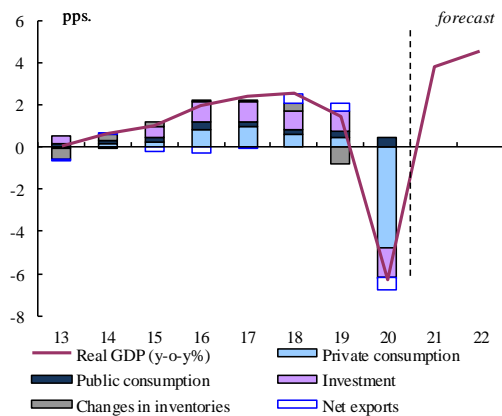


## 2.15. AUSTRIA

After a decline of 1.1% q-o-q of GDP in the first quarter of the year, real GDP growth is projected to bounce back to 3.5% in the second quarter and 3.6% in the third. On an annual basis, after a contraction of GDP by 6.3% in 2020, real GDP growth is expected to increase to 3.8% in 2021 and 4.5% in 2022. This is slightly higher than projected in the Spring Forecast as it takes into account the good progress of the vaccination campaign and favourable impulses from world trade. It also reflects the performance of sentiment indicators in May, which returned to or surpassed pre-pandemic levels in many sectors.

The improvement in the health situation has prompted a further relaxation of restrictions since mid-May. As a result, the Austrian tourism industry is setting high hopes for the summer, especially given the lost winter season. However, as some travel restrictions still apply and pose certain difficulties especially for tourists from more distant destinations, the share of domestic tourism is expected to be higher in 2021 than on average in pre-pandemic years. Pent-up demand is expected to support private consumption while external demand for goods and business services, driven by favourable world trade developments, is set to benefit Austria's export industry. Going forward, further expanding domestic and external demand as well as the implementation of the Recovery and Resilience Plan should support the economic recovery and GDP growth.

Graph 2.15: Austria-Real GDP growth and contributions



Rising oil prices on the back of expanding global economic activity partly explain the noticeable increase in inflation since the beginning of the year. Price pressures in the service sector that prevailed also during the lockdown phases are set to continue when restrictions are further lifted. After reaching 1.4% in 2020, HICP inflation is expected to peak at 2.1% in 2021 before gradually decreasing to 1.9% in 2022.