

Press release: 12.331-171/20

Austrian economy dropped by 12.1% in the second quarter of 2020, growth in 2019 at 1.4%

Vienna, 2020-09-28 – The Austrian gross domestic product (GDP) dropped by 12.1% in volume terms (seasonal and working day adjusted) during the second quarter of 2020 compared to the first quarter of 2020 and by 14.3% (unadjusted in real terms) compared to the second quarter of 2019. According to Statistics Austria, the measures to contain COVID-19 affected nearly all economic indicators.

In 2019, the Austrian economy grew by 1.4%, which means a slowdown in growth dynamics compared to the previous years (2017: +2.4%; 2018: +2.6%).

GDP in the second quarter of 2020: production, domestic demand and foreign trade equally affected

Private consumption declined by 12.6% in volume terms compared to the previous quarter (-16.1% compared to Q2/2019), mainly due to the lockdown of leisure services (accommodation, food service, arts and entertainment). Consumption of housing (rents, electricity) and food/beverages grew slightly.

Capital formation fell by 7.5% in volume terms compared to the first quarter of 2020 (-12.3% compared to Q2/2019). Capital formation in transportation and in machinery were particularly affected, with a decline by 14.8% in volume terms compared to the first quarter of 2020 (-41.0% compared to Q2/2019) and by 12.9% (-19.7% compared to Q2/2019), respectively. Capital formation in construction also recorded a decrease (-7.4% in volume terms compared to Q1/2020; -8.1% compared to Q2/2019).

Foreign trade had already slowed down in 2019. Imports declined from the second quarter of 2019 on and were severely hit in the second quarter of 2020, when the decline reached -13.2% in volume terms compared to the first quarter of 2020 (-17.4% compared to Q2/2019). Goods and services were affected equally. Exports show a similar pattern (-13.2% in volume terms compared to Q1/2020; -18.1% compared to Q2/2019). The absence of tourists is reflected in a significant decrease of exports of services by -14.6% in volume terms compared to the first quarter of 2020 (-20.9% compared to Q2/2019).

The COVID-19 measures also left their mark in the **service sector**, with accommodation and food services being most affected. They recorded a decline of 65.2% in volume terms compared to the first quarter of 2020 (-61.1% compared to Q2/2019). As expected, arts, entertainment and recreation also suffered losses (-27.0% in volume terms compared to Q1/2020; -35.3% compared to Q2/2019).

In total, each **economic activity** recorded negative volume growth in the second quarter of 2020 compared to the first quarter in 2020. However, the negative impacts differ substantially. Real estate activities (-0.7% in volume terms compared to Q1/2020; +2.2% compared to Q2/2019), health and public administration (-0.5% in volume terms compared to Q1/2020; -0.6% compared to Q2/2019) as well as information and communication (-1.3% in volume terms compared to Q1/2020; +1.1% compared to Q2/2019) were hardly affected. Similar to the development of foreign trade, manufacturing already slowed down in 2019. The lockdown then led to another remarkable slump by 15.6% in terms of volume compared to the first quarter of 2020 (-18.4% compared to Q2/2019).

The overall tense economic situation is also reflected in **employment** indicators. The measures concerning short-term work resulted in a decline of hours worked by 12.9% compared to the first quarter of 2020 (-16.6% compared to Q2/2019), but kept the decline of employment relatively small (-4.5% compared to Q1/2020; -4.9% compared to Q2/2019). Compensation of employees fell by 7.2% in current prices compared to the first quarter of 2020, and by 6.2% compared to the second quarter of 2019.

GDP growth in 2019 was close to EU average

The latest estimate for the Austrian **economic growth** of +1.4% is slightly below the preliminary ones. In the European Union, real GDP growth was 1.5% and thus similar to the increase in Austria. The growth rates for Germany (+0.6%) and Italy (+0.3%), Austria's most important trading partners in the EU, were clearly lacking behind (source: Eurostat database).

The economic growth of both the **producing sector** and the **service sector** was 1.4% in real terms. Growth in construction (+2.7% in real terms) and in energy supply (+2.5% in real terms) was significantly above average. Manufacturing, which predominantly shaped the producing sector in the last years, showed a slowdown in growth (+0.7% in real terms). Within the service sector, the highest growth rates were observed for information and communication services (+3.7% in real terms), followed by financial and insurance services (+3.0% in real terms). On the other hand, trade services, which contribute substantially to overall gross value added, increased by only 0.6% in real terms.

On the **expenditure** side, **gross fixed capital formation** was the predominant category of domestic demand (+4.0% in real terms), thereby showing the most significant increase for transport equipment (+7.9% in real terms). Investments in construction rose by 3.6% in real terms, so did investments in research and development. The demand for machinery and equipment was also significant (+3.3% in real terms).

The increase in **consumption expenditure** was 1.0% in real terms and was thus similar to the growth in the previous year (2018: +1.1% in real terms), showing a stronger growth for government consumption expenditure (+1.5% in real terms) than for household consumption expenditure (+0.8% in real terms), caused by an increase of government expenditure on individual consumption (comprising mainly health and education services) by 2.2% in real terms.

Growth in **exports** of goods and services (+2.9% in real terms) was significantly below the previous years (2017: +4.9%; 2018: +5.4%), reflecting the slowdown in manufacturing. **Imports** of goods and services increased by 2.4%. However, the overall surplus in the external balance (+13.4 bn euros) was mainly based on the balance of travel (+9.3 bn euros).

Employment expressed in full-time equivalents increased by 1.5%. The number of jobs rose by 1.3%, reaching an all-time high of more than 4.8 million. Compensation of employees grew by 4.2% in 2019.

For more detailed results and further information concerning national accounts please refer to our [website](#).

Information on methods, definitions: The national accounts estimates are based on the European System of National and Regional Accounts (**ESA 2010**), the implementation of which is obligatory for all EU member states by a council regulation to ensure that basic concepts and methods are standardized and comparable.

Quarterly estimates for the national accounts main aggregates were compiled by Statistics Austria for the first time in September 2020.

Due to the extraordinary economic situation there may be revisions in future releases.

Table 1: Quarterly growth rates of GDP in terms of volume

| | 2018 | | | | 2019 | | | | 2020 | |
|---|------|------|------|------|------|------|------|------|------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| % to previous quarter, seasonal and calendar adjusted | +1.2 | +0.4 | +0.2 | +0.9 | +0.8 | -0.3 | +0.3 | -0.5 | -2.5 | -12.1 |
| % to previous year, unadjusted | +2.7 | +2.5 | +2.1 | +3.0 | +2.2 | +1.4 | +1.7 | +0.4 | -3.4 | -14.3 |

S: STATISTICS AUSTRIA, National Accounts. – September 2020.

Table 2: Gross Domestic Product, annual data

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GDP, current prices, bn EUR | 310.13 | 318.65 | 323.91 | 333.15 | 344.27 | 357.61 | 369.34 | 385.36 | 397.58 |
| % change | +4.8 | +2.7 | +1.6 | +2.9 | +3.3 | +3.9 | +3.3 | +4.3 | +3.2 |
| % change, real terms | +2.9 | +0.7 | ±0.0 | +0.7 | +1.0 | +2.0 | +2.4 | +2.6 | +1.4 |

S: STATISTICS AUSTRIA, National Accounts Data, Data as of September 2020.

Table 3: Quarterly growth rates of selected expenditure aggregates

| | 2018 | | | | 2019 | | | | 2020 | |
|---|------|------|------|------|------|------|------|------|------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Consumption | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | +1.3 | ±0.0 | -0.6 | +0.7 | +1.3 | -0.5 | ±0.0 | -0.5 | -2.1 | -8.9 |
| % to previous year, unadjusted | +1.2 | +1.8 | +0.1 | +1.4 | +1.1 | +0.8 | +1.6 | +0.6 | -3.5 | -11.5 |
| Consumption of private households | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | +1.7 | -0.6 | -0.4 | +0.4 | +1.5 | -0.6 | -0.4 | -0.4 | -3.3 | -12.6 |
| % to previous year, unadjusted | +1.5 | +1.5 | -0.2 | +1.2 | +0.4 | +1.1 | +1.2 | +0.5 | -5.3 | -16.1 |
| Gross fixed capital formation | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | +0.6 | +2.8 | -1.0 | +2.6 | +2.3 | +0.7 | -1.2 | -2.1 | -0.4 | -7.5 |
| % to previous year, unadjusted | +3.1 | +4.7 | +2.5 | +5.0 | +7.6 | +4.5 | +4.7 | ±0.0 | -2.9 | -12.3 |
| Exports of goods and services | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | +0.4 | +2.9 | -0.8 | +1.2 | +2.7 | -1.4 | +0.3 | -0.2 | -4.9 | -13.2 |
| % to previous year, unadjusted | +6.0 | +5.7 | +5.2 | +5.3 | +4.4 | +2.4 | +2.6 | +2.2 | -5.3 | -18.1 |

S: STATISTICS AUSTRIA, National Accounts. – September 2020.

Table 4: Selected expenditure aggregates, annual data

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Consumption expenditure, current prices, bn EUR | 227.25 | 233.64 | 238.33 | 243.86 | 249.40 | 257.17 | 265.90 | 274.58 | 282.86 |
| % change | +3.8 | +2.8 | +2.0 | +2.3 | +2.3 | +3.1 | +3.4 | +3.3 | +3.0 |
| % change, real terms | +1.0 | +0.4 | +0.1 | +0.4 | +0.6 | +1.6 | +1.6 | +1.1 | +1.0 |
| Gross fixed capital formation, current prices, bn EUR | 69.69 | 72.17 | 74.63 | 75.49 | 78.14 | 82.59 | 87.26 | 92.43 | 98.14 |
| % change | +9.1 | +3.6 | +3.4 | +1.2 | +3.5 | +5.7 | +5.6 | +5.9 | +6.2 |
| % change, real terms | +6.6 | +0.9 | +1.6 | -0.4 | +2.3 | +4.3 | +4.1 | +3.9 | +4.0 |
| Exports of goods and services, current prices, bn EUR | 167.31 | 171.99 | 173.10 | 177.86 | 172.77 | 187.41 | 199.64 | 214.61 | 220.95 |
| % change | +10.3 | +2.8 | +0.6 | +2.7 | +2.8 | 2.5 | 6.5 | 7.5 | 3.0 |
| % change, real terms | 5.9 | 1.4 | 0.6 | 2.9 | 3.0 | 3.0 | 4.9 | 5.5 | 2.9 |

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Table 5: Quarterly growth rates of selected economic activities

| | 2018 | | | | 2019 | | | | 2020 | |
|--|------|-----|------|-----|------|------|------|------|------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Production industry (NACE B to E) | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | 1.5 | 0.8 | 1.3 | 2.3 | 0.2 | -0.9 | -0.8 | -1.9 | -0.9 | -14.3 |
| % to previous year, unadjusted | 3.5 | 4.9 | 4.5 | 6.7 | 5.0 | 1.9 | 0.9 | -3.4 | -5.3 | -17.5 |
| Construction | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | 0.0 | 0.8 | 0.4 | 1.0 | 0.6 | 0.7 | 0.7 | 0.8 | 0.0 | -9.7 |
| % to previous year, unadjusted | 1.4 | 1.4 | 1.7 | 2.4 | 2.5 | 2.5 | 2.8 | 2.8 | 1.9 | -8.6 |
| Trade, transportation, accommodation and food service (NACE G to I) | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | 1.4 | 0.1 | -0.5 | 1.1 | 0.4 | -0.4 | 1.4 | -1.0 | -7.3 | -21.8 |
| % to previous year, unadjusted | 3.3 | 1.0 | 1.4 | 2.7 | 0.3 | 1.0 | 2.8 | 0.7 | -8.1 | -26.5 |
| Public administration | | | | | | | | | | |
| % to previous quarter, seasonal and calendar adjusted | 0.1 | 0.4 | 0.1 | 0.1 | 0.3 | 0.3 | 0.0 | 0.1 | 0.2 | -0.5 |
| % to previous year, unadjusted | 0.8 | 1.0 | 0.7 | 0.8 | 0.9 | 0.4 | 0.5 | 0.7 | 0.7 | -0.6 |

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Table 6: Selected economic activities, annual data

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Manufacturing, current prices, bn EUR | 51.47 | 53.23 | 53.43 | 55.17 | 57.46 | 60.96 | 62.20 | 65.06 | 66.06 |
| % change | 5.6 | 3.4 | 0.4 | 3.3 | 4.2 | 6.1 | 2.0 | 4.6 | 1.5 |
| % change, real terms | 7.2 | 2.0 | 0.3 | 2.2 | 0.9 | 4.4 | 3.7 | 5.3 | 0.7 |
| Construction, current prices, bn EUR | 17.48 | 18.03 | 18.55 | 18.96 | 19.17 | 19.95 | 21.15 | 22.43 | 24.19 |
| % change | 2.1 | 3.2 | 2.9 | 2.2 | 1.1 | 4.1 | 6.0 | 6.1 | 7.8 |
| % change, real terms | -0.9 | -0.6 | -1.2 | -2.3 | -2.5 | -0.1 | 3.3 | 1.8 | 2.7 |
| Wholesale and retail trade, current prices, bn EUR | 36.25 | 36.41 | 35.41 | 36.64 | 37.53 | 37.97 | 37.87 | 40.69 | 40.42 |
| % change | 5.6 | 0.5 | -2.8 | 3.5 | 2.4 | 1.2 | -0.3 | 7.4 | -0.7 |
| % change, real terms | 3.4 | -1.7 | -2.3 | 2.2 | 2.1 | 0.6 | 0.1 | 2.9 | 0.6 |
| Accommodation and food service activities, current prices, bn EUR | 13.36 | 14.04 | 14.48 | 15.12 | 15.70 | 16.66 | 17.22 | 18.10 | 19.14 |
| % change | 4.6 | 5.1 | 3.2 | 4.4 | 3.8 | 6.2 | 3.4 | 5.1 | 5.8 |
| % change, real terms | 0.7 | 1.8 | -0.2 | -0.4 | -0.2 | 1.7 | 0.7 | 1.3 | 2.1 |
| Information and communication, current prices, bn EUR | 9.22 | 9.41 | 9.80 | 10.36 | 10.70 | 11.46 | 11.72 | 12.87 | 13.54 |
| % change | 8.2 | 2.0 | 4.2 | 5.7 | 3.2 | 7.1 | 2.3 | 9.8 | 5.2 |
| % change, real terms | 7.3 | -0.8 | 2.2 | 1.4 | 1.5 | 5.6 | 2.1 | 9.8 | 3.7 |
| Real estate activities, current prices, bn EUR | 25.28 | 26.37 | 27.74 | 28.68 | 29.90 | 31.01 | 32.69 | 34.07 | 35.31 |
| % change | 5.1 | 4.3 | 5.2 | 3.4 | 4.3 | 3.7 | 5.4 | 4.2 | 3.6 |
| % change, real terms | 3.2 | 1.7 | 1.9 | 0.9 | -0.5 | 1.0 | 1.3 | 1.1 | 1.2 |
| Public Administration, current prices, bn EUR | 14.53 | 14.88 | 14.97 | 15.23 | 15.72 | 16.21 | 16.64 | 17.17 | 17.60 |
| % change | 0.9 | 2.5 | 0.6 | 1.8 | 3.2 | 3.1 | 2.7 | 3.2 | 2.5 |
| % change, real terms | -0.3 | -0.1 | -0.5 | 0.1 | 1.3 | 1.8 | 1.3 | 1.1 | -0.3 |

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