

SPRING 2008 ECONOMIC OUTLOOK FOR AUSTRIA: ANSWERS FROM IV

| MAIN FORECAST | | | | | | |
|---|--|---|--|---|--|--|
| | 2007 | 2008 | 2009 | | | |
| Real GDP growth | 3.4 | 2.1 | 1.7 | | | |
| Consumer price inflation | 2.2 | 2.9 | 2.3 | | | |
| Unemployment rate | 4.3 | 4.2 | 4.3 | | | |
| Employment growth | 1.2 | 1.0 | 0.9 | | | |
| Components of aggregate demand | | | | | | |
| <i>Annual % change</i> | 2007 | 2008 | 2009 | | | |
| Private consumption | 3.6 | 4.1 | 3.7 | | | |
| Public consumption | 4.0 | 5.7 | 1.7 | | | |
| Investment (Gross fixed capital formation) | 8.1 | 4.9 | 4.3 | | | |
| Exports | 9.9 | 7.0 | 7.8 | | | |
| Imports | 8.0 | 7.7 | 7.1 | | | |
| ECONOMIC SENTIMENT | | | | | | |
| Trend in business climate over the next 6 months | <i>Positive</i> | <i>Negative</i> Industry Services | <i>Unchanged</i> | | | |
| Trend in profitability over the next 6 months | <i>Positive</i> | <i>Negative</i> Industry | <i>Unchanged</i> Services | | | |
| Investment intentions over the next 6 months | <i>Increase (faster pace)</i> | <i>Increase (slower pace)</i> | <i>Unchanged</i> Industry | <i>Decrease (slower pace)</i> | <i>Decrease (faster pace)</i> | |
| Driving force behind investment decisions in the next 6 months | <i>Replacement</i> na | <i>Extension</i> Same | <i>Rationalisation</i> Up | <i>Innovation</i> Up | | |
| Trend in consumer confidence over the next 6 months | <i>Positive</i> | <i>Negative</i> yes | <i>Unchanged</i> | | | |
| Overall trend in employment | <i>Industry: past 6 months</i> Up | <i>Industry: next 6 months</i> na | <i>Services: past 6 months</i> Up | <i>Services: next 6 months</i> Same | | |
| Over the next 6 months, cost/access to finance will be... | <i>Higher / more difficult</i> Cost Access | <i>Same</i> | <i>Lower / less difficult</i> | <i>to a large extent</i> | <i>to some extent</i> | <i>to a limited extent</i> <i>not at all</i> |
| Financial market turmoil has affected companies' investment decisions negatively ... | | | yes | | | |
| EXCHANGE RATE DEVELOPMENTS | | | | | | |
| Where will the EUR/USD stand in October 2008 ? | <i>Dollar per euro</i> 1.43 | | | | | |
| POLICY MIX | | | | | | |
| Progress towards medium-term budgetary objective is... | <i>Not necessary, situation is satisfactory</i> | <i>Excellent</i> | <i>Satisfactory</i> | <i>Neither satisfactory nor unsatisfactory</i> | <i>Unsatisfactory</i> yes | <i>Deteriorating</i> |
| Monetary policy is... | <i>Tight, appropriate for the euro area</i> | <i>Tight</i> | <i>Appropriate</i> | <i>Loose</i> yes | <i>Loose, appropriate for the euro area</i> | |
| Focus on elements of the ECB analysis underlying its current policy stance is... | <i>Above-target inflation</i> insufficient | <i>Downside risks to growth over medium term</i> appropriate | <i>Inflation pressures from high oil and commodity prices</i> appropriate | <i>Upside risks to wage inflation</i> insufficient | <i>Risks related to credit market turbulences</i> appropriate | <i>Risks of further euro appreciation</i> appropriate |
| Consistency between fiscal and monetary policies | <i>Adequate</i> | <i>Inadequate</i> yes | | | | |