

**AUTUMN 2010 ECONOMIC OUTLOOK FOR AUSTRIA: ANSWERS FROM IV**
**MAIN FORECAST**

<b>Annual % change</b>	<b>2010</b>	<b>2011</b>
Real GDP growth	1.8	2.0
Consumer price inflation	1.7	1.8
Unemployment rate	4.4	4.2
Employment growth	0.9	1.0
government net lending (% of GDP)	-4.1	-3.5
gross public debt (% of GDP)	69.8	70.8
current account balance (% of GDP)	2.3	2.4

**Components of aggregate demand - in real terms**

<b>Annual % change</b>		
Private consumption	1.0	1.2
Public consumption	0.5	0.2
Investment (Gross Fixed Capital Formation)	-0.5	2.1
Private non-residential investment	-1.0	3.5
Exports	9.3	6.5
Imports	7.7	5.5

**ECONOMIC SENTIMENT**

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
<b>Trend in business climate over the next 6 months</b>			Industry		Services	
<b>Trend in profitability over the next 6 months</b>			Industry		Services	
<b>Investment intentions over the next 6 months</b>	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
	Industry					
	Services					
<b>Influence on companies' investment decisions</b>	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
	positive	neutral	neutral	neutral	positive	neutral
<b>Driving force behind investment decisions in the next 6 months</b>	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	positive	neutral	neutral	neutral		
<b>Overall trend in employment</b>	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
	Up	Same	Up	Up		

**ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH**

<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>			Cost	
<i>for larger companies (&gt;250 employees)</i>			Cost	

<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>			Cost Access	
<i>for larger companies (&gt;250 employees)</i>			Cost Access	

	<b>Measures to improve bank lending capacity</b>	<b>Facilitating access to capital markets (corporate bonds and stock markets)</b>	<b>Improving conditions for equity financing</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Moderate effect	Very limited effect	Moderate effect

**POLICY MIX**

	<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>
<i>Monetary policy is...</i>					
	<i>adequate</i> yes	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>					
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>					
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</i>					
<i>Tight fiscal rules and more effective institutions</i>				yes	
<i>Greater efficiency of public administrations</i>					yes
<i>Credible cost-cutting measures</i>					yes
<i>Increased scope of public-private partnerships</i>					
<i>Reform of pension systems</i>					yes
<i>Improved efficiency of healthcare sector</i>					yes
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i>					
<i>More and better-targeted education and training</i>					yes
<i>More and better targeted R&amp;D and innovation efforts</i>			yes		
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>					yes
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	no			