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Economic Recovery Continues

Business Cycle Report of February 2010

The slow recovery of the economy observed for a few months now continues. Indicators in all major economic areas show an improvement. While this positive trend is expected to persist in the months ahead, repeated minor setbacks are likely. Signs of a self-sustaining stabilisation are lacking so far. The stimulus spurring growth continues to emanate from government measures. Economic activity is continuing to pick up also in Austria. The tense labour market situation temporarily stabilised in late 2009. However, employment declined and unemployment began to rise again in January due to the cold weather.

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Evidence from international business and household surveys shows a steady improvement in sentiment since the crisis hit bottom in the first half of 2009. In the USA, the ISM Purchasing Manager's Index in January 2010 rose to its highest level since 2004. Consumer confidence also increased further in January 2010. The US economy registered extremely vigorous growth in the fourth quarter of 2009 (+1.4 percent in real terms, compared with the previous quarter). The main stimulus was provided by the inventory change, but private consumption also gained momentum. Net exports and fixed capital formation, by contrast, rose hardly at all. Factors appearing critical in the USA are labour market developments – as in the euro area, the unemployment rate rose to 10 percent before receding to 9.7 percent only just in January – and the enormous deficit of the public sector.

In the euro area, the economy expanded by 0.1 percent in the fourth quarter 2009 with almost all economic indicators pointing to further expansion. Firms anticipating a production increase in the three months ahead were in the majority already in December 2009, and even more so in January 2010. Industrial production has been recovering for a few months now, albeit at a much slower pace than suggested by the survey data. The situation in the labour market deteriorated steadily. In December 2009, the unemployment rate rose to 10.0 percent and was thus as high as in the USA. Inflation accelerated slightly (to 1.0 percent); it has remained markedly below the ECB's inflation target of 2 percent for more than a year now.

In Austria, too, economic growth moderated in the fourth quarter of 2009 to 0.4 percent in real terms, after an expansion of 0.5 percent in the third quarter. Firms anticipating a production increase in the months ahead meanwhile are once more in the majority in the surveys. In WIFO's January business cycle survey even motor vehicle manufacturers were again clearly more optimistic. According to the survey, capacity utilisation in the manufacturing sector rose above 76 percent; it had hit its lowest level at 73.1 percent in the April 2009 survey, and had slightly exceeded 81 percent on average in the five years before.

The construction industry, by contrast, shows hardly any signs of recovery. While building construction has developed more favourably since mid-2009, according to business surveys, the situation in the civil engineering sector has deteriorated steadily. In the fourth quarter of 2009 construction investment continued to decrease compared to the previous period. Given the cold weather, no substantial improvement may be expected for January 2010.

Austria's tourism industry was relatively successful in 2009 amid tense global economic conditions. In the summer season, the number of overnight stays fell only slightly, partly owing to price reductions by suppliers. The picture was similar in the first two months of the winter season (November and December 2009), with Austrian firms posting substantial gains in market shares.

Inflationary pressures have increased again in recent months, with the rate of inflation reaching 1 percent in December. It had turned negative in mid-2009 in reaction to the drop in crude oil prices.

Labour market indicators, while still deteriorating steadily in year-on-year terms in recent months, did not worsen further compared with the respective previous quarter. Only in January did the number of unemployed rise again, due to the unfavourable weather for the construction industry; employment also fell. The unadjusted unemployment rate according to the Austrian definition rose to 8.9 percent.

Table 1: Flash estimates of quarterly national accounts

	2008		2009			
	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Adjusted for seasonal and working day effects, percentage changes from previous quarter, volume						
<i>GDP, expenditure approach</i>						
Final consumption expenditure						
Households ¹	+ 0.1	+ 0.1	+ 0.2	+ 0.3	+ 0.3	+ 0.3
General government	- 0.8	+ 1.6	- 1.5	+ 0.3	+ 1.6	+ 0.1
Gross capital formation	- 2.3	- 4.1	- 3.5	- 3.0	- 2.6	- 0.6
Gross fixed capital formation	- 1.4	- 2.0	- 2.3	- 2.2	- 1.5	- 1.1
Exports	- 3.2	- 5.2	- 6.7	- 2.3	+ 1.8	+ 1.5
Imports	- 2.9	- 3.8	- 5.1	- 2.1	+ 1.5	+ 1.0
Gross domestic product	- 0.7	- 1.3	- 2.2	- 0.5	+ 0.5	+ 0.4
<i>GDP, output approach</i>						
Agriculture, forestry	- 1.1	- 0.6	- 0.4	- 0.5	+ 0.2	+ 0.1
Industry, including energy	- 1.7	- 4.1	- 7.2	- 1.0	+ 1.9	+ 1.2
Manufacturing	- 2.2	- 4.7	- 7.8	- 1.4	+ 2.0	+ 1.4
Construction	- 1.1	- 1.3	- 2.7	- 0.9	- 0.3	+ 0.0
Wholesale and retail trade; repairs; hotels and restaurants; transport, communication	- 1.1	- 1.4	- 2.0	- 0.8	- 0.5	- 0.1
Financial intermediation; real estate, renting and business activities	+ 0.0	- 0.6	- 0.8	- 0.6	- 0.2	+ 0.1
Other service activities	+ 0.5	+ 0.5	+ 0.5	+ 0.5	+ 0.6	+ 0.7
Taxes on products	- 0.5	- 0.7	- 0.5	+ 0.0	+ 0.1	+ 0.1
Subsidies on products	+ 0.3	- 1.1	- 2.6	- 1.6	- 0.7	+ 0.3
Percentage change from previous year						
Gross domestic product, volume	+ 2.3	- 0.3	- 5.0	- 5.2	- 3.3	- 1.5

Source: WIFO. – ¹ Including private non-profit institutions serving households.

In the fourth quarter of 2009, US real GDP expanded by 1.4 percent quarter-on-quarter. The growth rate thus exceeded even the highest rate recorded in previous years (first quarter of 2006 +1.3 percent). Overall, GDP fell by a mere 2.4 percent in 2009 – a favourable result, particularly since the crisis had emanated from the USA and euro-area GDP is estimated to have shrunk by almost 4 percent. It reflects the quick reaction of hitherto unprecedented extent by the central bank and fiscal policy.

The European Commission estimates the fiscal stimulus in 2009 at 2½ percent of GDP for the USA and 1 percent for the euro area. Without these stimuli – and without taking multipliers and monetary policy measures into account – the decline in economic output in 2009 would have been similar in extent in both economic areas. For 2010, the European Commission expects the fiscal stimulus to exceed 3 percent in the USA owing to the measures adopted, while it is set to fall below 1 percent in the euro area.

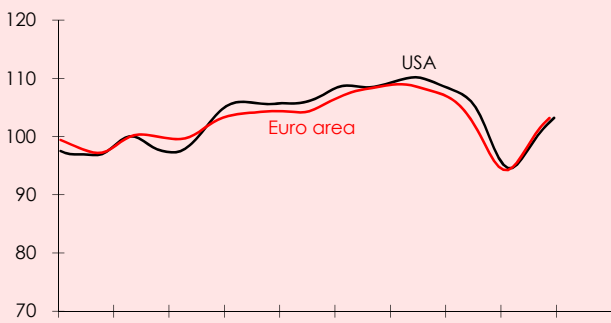
Vigorous US economic growth in late 2009

In the USA, the main effects of the economic stabilisation programme will fully come to bear only in 2010. The economy probably benefited from it already in the fourth quarter of 2009, though. Signs of a lasting upswing are generally still lacking, despite high growth.

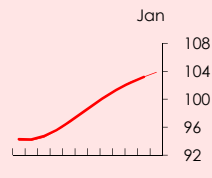
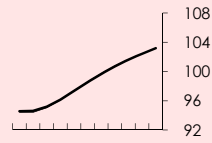
Figure 1: International business climate

Seasonally adjusted, 2000 = 100, 3-month moving average

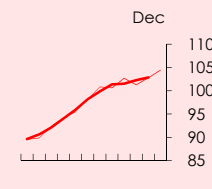
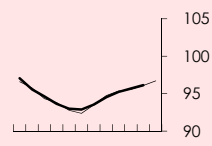
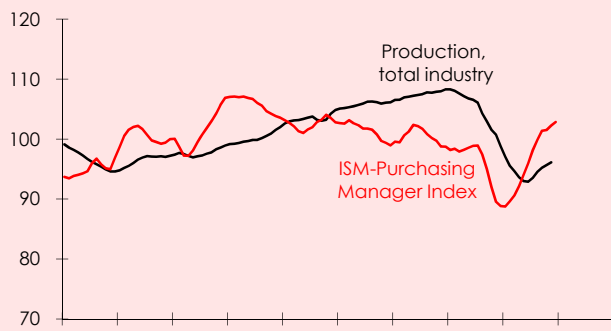
Leading indicators



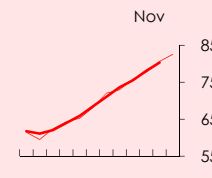
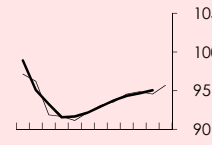
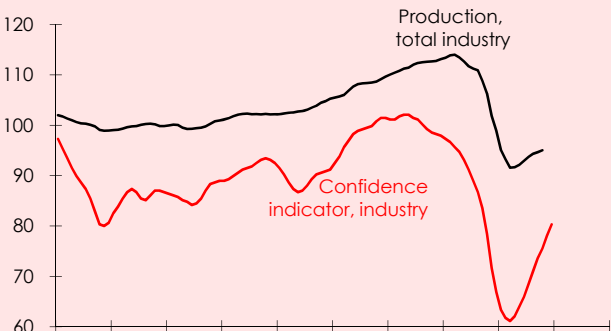
12-month performance



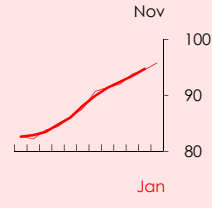
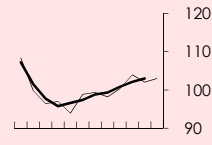
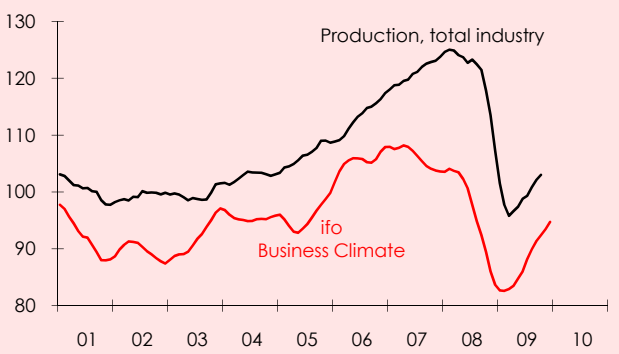
USA



Euro area



Germany



Source: European Commission, Deutsche Bundesbank, ISM (Institute for Supply Management™), ifo (Institute for Economic Research, Munich), OECD.

Although the expansionary economic policy has stimulated growth in the USA, signs of a self-sustaining recovery are generally still lacking so far. Notably business spending on machinery and equipment, which was not directly supported by measures but drives long-term growth, has not yet gotten off the ground. While in the fourth quarter of 2009 changes in inventories contributed 0.9 percentage points to overall economic growth of 1.4 percent, the contribution from gross fixed capital investment was only 0.1 percentage point.

Household consumption expenditure also increased in the fourth quarter of 2009 (+0.5 percent in real terms, quarter-on-quarter), but this was largely attributable to the enormous fiscal support measures in the form of transfers and tax reductions. Real exports rose by around 4.2 percent, imports by 2.5 percent. Given the bigger weight of imports, net trade contributed only +0.1 percentage point to growth.

The economic stimulus measures adopted for 2010 are expected to boost economic growth in the USA also this year. However, the financing deficit of the state (2010 close to 11 percent of GDP) has consequently increased significantly, and so the government is likely to exercise more thrift in the near future. Should a lasting upswing not have set in by then, it will be difficult to provide further stimulus.

The US unemployment rate has doubled since the economic crisis began in 2007, reaching 10 percent in November and December 2009 before receding slightly to 9.7 percent in January. The government is spending a great deal of money to keep private consumption going nonetheless. Inflation has been gradually picking up again, following the decline in the general price level both in the USA and in the euro area in mid-2009 compared with a year earlier. In December 2009, the inflation rate jumped to 2.7 percent. In 2009 as a whole, prices nevertheless declined by 0.3 percent year-on-year.

According to official information, China's economy grew by 10.7 percent in real terms in the fourth quarter of 2009, compared with the same period a year earlier. For 2009 as a whole, production increased by 8.7 percent. But the repercussions of the global economic crisis were noticeable also in China. The central government introduced the most extensive stimulus package of all countries to support the domestic economy. As a consequence, economic growth only slowed to just above 6 percent in the first quarter of 2009, despite the massive slump in exports. The extent of the stimulus measures also benefited other countries in the region. The commodities supplier country Australia even had to tighten its monetary policy and increase its key interest rate. Although inflation in China stood at only 1.9 percent in December 2009, an overheating of the economy followed by a pickup in inflation would have to be expected in this situation in case of a marked revival of foreign trade.

Japan's economy has so far benefited only little from the measures taken in China and the USA. It grew by a mere 0.3 percent in real terms quarter-on-quarter in the third quarter of 2009. Evidence from business surveys points to acceleration in the fourth quarter of 2009, though. However, the flare-up of deflation poses a renewed threat to economic growth over the medium term. Consumer prices fell by 1.7 percent year-on-year in December, following a decline also in November (-1.9 percent). For 2009 as a whole, the decline was 1.3 percent.

Business surveys in the euro area reflect the economic recovery under way since the first half of 2009. The upward trend has been quite uniform, according to the latest quarterly national accounts data. This applies not only to those countries that, having experienced the sharpest decline in GDP by international standards in the first quarter of 2009 due to their high export share, recorded the most significant improvement in the third quarter as global trade rebounded (Figure 1). The economies of the countries that were affected by the bursting of the house price bubble also recovered. Spain, for instance, saw the decline in GDP slow gradually, following its trough in the first quarter (-1.6 percent in real terms) (second quarter -1.1 percent, third quarter -0.3 percent). Ireland posted positive growth again as early as in the third quarter (+0.3 percent), while Portugal's economy has been growing already

China's stimulus measures support economy in the region

While China's extremely export-oriented economy also saw exports collapse at the beginning of 2009, growth flattened only little, as economic policy measures were able to provide sufficient stimulus to domestic demand.

Growth cycles of euro countries largely synchronous

since the second quarter (+0.5 percent, +0.7 percent). In Great Britain GDP continued to decline also in the third quarter of 2009 (-0.2 percent), with the flash estimate for the fourth quarter showing a slight pickup, though (+0.1 percent).

The economies of the countries where the real estate boom had over-inflated the construction sector, are, however, expected to register below-trend growth in the years ahead until the re-dimensioning of this sector will have been completed.

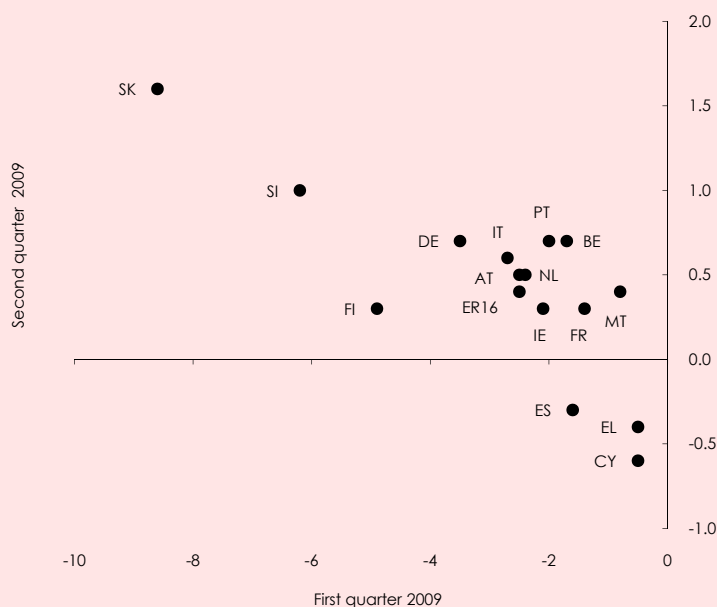
Evidence from business surveys shows that industrial confidence has been improving significantly in all countries of the euro area and in almost all countries of the European Union since hitting its low in the first and second quarters of 2009. In January 2010 only France posted another slight decline.

The main stimulus to growth in the euro area in the third quarter – like in the USA in the fourth quarter – came from the change in inventories (+0.5 percentage points), whereas private consumption and gross fixed investment declined compared with the previous quarter. The external sector contributed only 0.1 percentage point to growth. In October 2009, the surplus on merchandise trade improved once again. From January to March 2009 – at the peak of the crisis – the balance had without exception been negative.

In the euro area, the economies of those countries that registered the sharpest downturn appear to recover fastest. In many countries the sharpest fall in GDP was experienced in the first quarter of 2009. The decline has weakened since, or has even been superseded by an increase. This applies also to those countries where a real estate bubble had burst, such as Ireland, Spain and Portugal.

Figure 2: Economic revival in the euro area

Real GDP, seasonally adjusted, percentage changes from previous quarter



Source: Eurostat.

The current loss in the value of the euro against the dollar may bolster the expansion of the external sector. The exchange rate has fluctuated strongly of late. Prior to the economic crisis, the euro had steadily gained in value – by around one third between 2006 and mid-2008. The financial crisis in 2008 triggered a worldwide flight to US Treasury bonds, with consequently the dollar appreciating again by almost 25 percent against the euro in the second half of the year. As financial markets turbulences calmed down during 2009, the euro exchange rate received a boost, rising by around 15 percent until the end of the year. Since then, the euro has again lost somewhat in value (January 2010 -2.3 percent compared with December 2009, -4.3 percent relative to November 2009).

The consumer price index rose again moderately year-on-year once the special effects petered out. Consumer prices in the euro area had fallen in the period June to October 2009, before edging up slightly again in November and December (+0.5 percent and +0.9 percent, respectively). For 2009 as a whole, inflation aver-

aged 0.3 percent. A flash estimate by Eurostat projects inflation in January 2010 at 1 percent.

The weak economic situation continues to dampen price developments; inflation is not likely to accelerate in the near future, notwithstanding the persistently loose monetary policy. The money supply M3 fell month-on-month both in November and December 2009, according to ECB data. Bank loans to private institutions stagnated in December, after declining in the two preceding months. Crude oil prices should also not spur inflation in the months ahead. Brent crude oil prices have been fluctuating between \$ 72 and \$ 82 a barrel since mid-October 2009 without following a clear trend.

Euro area labour markets are only just now feeling the full impact of the recession: The seasonally adjusted unemployment rate increased to 10.0 percent in December 2009, and was therefore as high as in the USA. But the pace of the increase slowed markedly towards the end of the year: While it had amounted to 0.3 percentage points in each of the months from January to March 2009, it reached only 0.1 percentage point in the months thereafter. In November the unemployment rate stagnated for the first time (9.9 percent) before rising again moderately in December 2009. Compared with its mid-2007 low (7.1 percent), the unemployment rate thus increased by close to 3 percentage points.

Confidence among Austrian firms regarding future developments is improving progressively. In January, they were clearly more positive in their appraisal of the business outlook for the three months ahead than they were in the previous survey. This was the second time since the onset of the economic crisis that positive responses outnumbered negative ones. The indicator again reached the level prevailing in mid-2008. Economic activity had already begun to decline then, but the recession did not set in until the fourth quarter of 2008.

The assessment of order books given in WIFO's business cycle survey has also been improving since the second quarter of 2009, but still remains far below the levels seen in the last few years. Here the development follows the dynamics of export order books. Lagging somewhat behind the mid-2008 collapse in commodity prices, the majority of companies have been expecting a decline in sales prices since the first quarter of 2009.

The economic rebound is no longer reflected only in business expectations, but is already apparent also in industrial production. The production index, after hitting its low in May 2009 – at approximately the level recorded in 2005 – has followed a moderate upward trend since then. The capacity utilisation rate in manufacturing compiled by WIFO also shows that production is rising again. It had fallen from 85 percent at the beginning of 2007 to 82 percent in the October 2008 survey. The global recession dragged down the capacity utilisation rate to close to 73 percent in the second quarter of 2009. Since then, it has been rising again moderately. In the January survey it reached 76.1 percent and was thus still well below 81.4 percent, the average for the preceding five years.

Expectations for the three months ahead and for the business situation in six months have recently improved in all sectors. The indicator rose at a particularly brisk pace in those lines of business that had experienced an exceptionally sharp decline (motor vehicle manufacturers, capital goods producers), but remained markedly below the levels prevailing in the last five years. The survey results for construction industry suppliers improved the least. The latter gave an even more negative assessment of production trends and selling prices than in the previous survey. This appraisal is evidence of the weak performance of Austria's construction sector.

Activity in Austria's construction industry remains weak. Production in the civil engineering sector fell sharply in December 2008 and has not recovered since. Trend calculations by Statistics Austria as well as the WIFO business cycle survey even show that the downward trend accelerated in mid-2009. The government did try to counteract this development, but the funds spent are modest compared with the annual

Austrian firms display greater optimism

Business surveys conducted in January show that expectations have improved further in Austria. While the majority of companies still describe the situation as bad, firms expecting a production increase meanwhile once more outnumber those anticipating a decline.

Construction sector impaired by cold winter and weak demand

construction investment volume of close to € 34 billion. Besides, some projects are difficult to accelerate or bring forward, given their long planning phase.

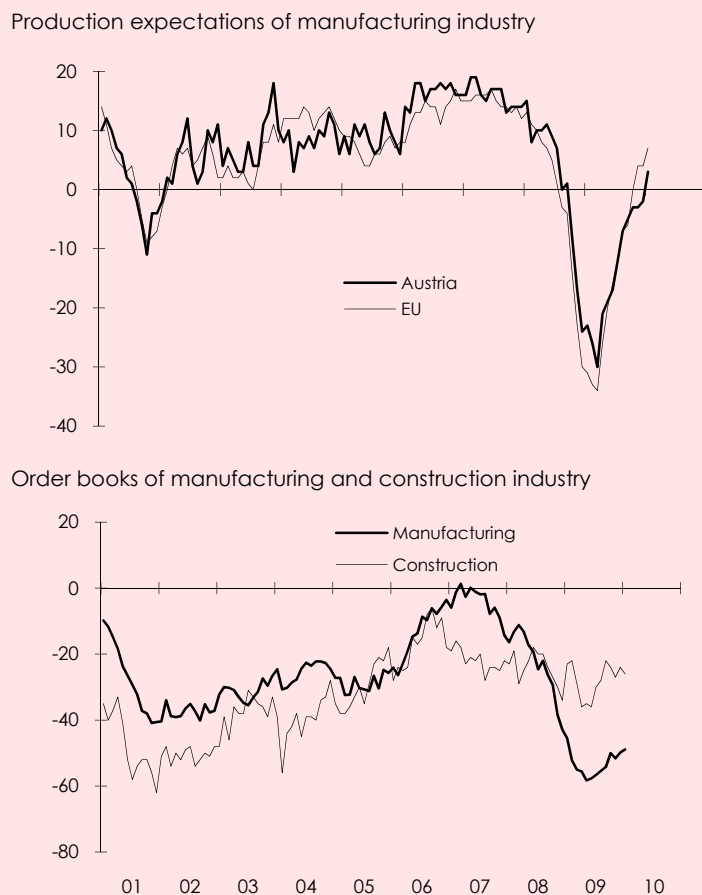
The situation in the building construction sector is only slightly better. Here production slumped already in June 2008. The situation improved slowly thereafter, with a setback following in the spring and early summer of 2009. A modest upward movement was again noticeable until November. However, evidence from the WIFO business cycle survey does not suggest further acceleration in the months ahead. Hence the situation is likely to remain tense in the near future also in the building construction sector. The cold winter weather further dampened the result for January 2010. Employment declined, while unemployment rose at the same time.

Overall, construction firms do not anticipate an increase in their staff numbers and also expect building prices to fall further.

While the manufacturing industry is benefiting from the revival of global trade, Austria's construction sector remains mired in recession.

Figure 3: WIFO business cycle survey

Differences between the percentage shares of correspondents giving positive and negative replies, seasonally adjusted



Source: European Commission, WIFO business cycle survey.

Against the background of the economic crisis, overnight stays declined by around 2 percent in 2009, according to provisional calculations. Sales fell somewhat more strongly, by -3 percent or more, as many tourism enterprises counteract the staying away of guests with special offers. Austria benefits in the crisis from its geographical proximity to the markets. Many guests from neighbouring countries are likely to have decided in favour of destinations closer to home and against long-haul trips. Nights spent by non-resident guests dropped by around 3 percent, according to provisional calculations – a small decline by international standards. Nights spent by resident guests even rose by 1½ percent in Austria in 2009, with a year-on-year increase

Tourism so far little affected by crisis

observed notably in the second half of the year. By contrast, the demand by resident travellers for trips abroad slackened, and tourism imports fell.

The 2009-10 winter season also started off with small losses: Overnight stays fell by 2.3 percent and sales by 3.3 percent year-on-year in November and December, according to provisional calculations. Hence it appears that the decline has not accelerated to date. Given the lagged reaction of the labour market to the economic crisis, a downturn in tourism later on cannot be ruled out.

So far, household consumption has remained stable and has even picked up slightly, despite the severe economic crisis and the concomitant deterioration of employment. It therefore contributes significantly to cushioning the economic downturn. Currently developments continue to benefit from the tax reform and social transfers flowing to households in 2009. At first the latter stepped up consumption only little but increased household savings, with the savings rate estimated to have risen by 1 percentage point to around 13 percent in 2009. In December, real retail sales (excluding cars) grew by 2.6 percent year-on-year, according to preliminary calculations.

The rate of inflation rose again to 1.0 percent towards the end of the year, following a few months in negative territory in mid-2009. Price developments were driven by the rise in rents (December 2009 +5.8 percent). The abolition of tuition fees meant a price decline in the category "Education", and foodstuffs also became cheaper.

For 2009 as a whole, the inflation rate was 0.5 percent according to the national definition, and 0.4 percent according to the harmonised EU definition. Hence the general inflation rate more or less corresponded to the euro area average (+0.3 percent). Inflation fears are unfounded also in Austria, given firms' under-utilisation of capacity due to the economic crisis as well as the smooth development of oil prices observed for several months now.

Seasonally adjusted unemployment began to rise already in April 2008 – thus quite early in the economic downturn. From 2009 onwards the global recession significantly accelerated this negative development; until October 2009 the seasonally adjusted number of persons unemployed increased by around 58,500 to close to 266,000, before stagnating for a short period thereafter.

The turnaround in unemployment set off by the economic crisis was accompanied by a slowdown in employment growth. Nevertheless, seasonally adjusted employment still increased until June 2008. A modest decline was recorded thereafter, which accelerated dramatically after a few months. This development was stopped in September 2009, and a moderate increase could be observed again in the following months.

In January 2010, seasonally adjusted employment fell again for the first time month-on-month (around -1,000), while unemployment rose to approximately the same extent. While this deterioration may be attributable to the difficult weather conditions for the construction industry, labour market pressures must still be expected to mount further. Lagged effects of the economic downturn might yet lead to another increase in unemployment.

Compared with a year before, the number of persons in active dependent employment fell by 35,000 or 1.1 percent respectively, in January 2010, while the number of persons registered as unemployed increased by 22,100 or 7.3 percent respectively, over the same period. In January 2010 the unadjusted unemployment rate rose to 8.9 percent, according to the national method of calculation (December 8.6 percent), while the seasonally adjusted EU-harmonised rate reached 5.4 percent in December 2009. The number of persons in AMS (Public Employment Service) training programmes also increased markedly compared with a year earlier. In January 2010 it amounted to 79,000, an increase by 25,500 from a year before.

The number of overnight stays and sales fell only little during the 2009 summer season, and the picture is similar for the beginning of the 2009-10 winter season.

Consumption growth continues, inflation remains low

Last year's economic stimulus and employment packages and low inflation still have a positive effect on private consumption. Households are now reducing the savings they built up in 2009, thus enabling continued moderate consumption growth despite somewhat accelerated price pressures and the difficult labour market situation.

Pressure on labour market mounting again

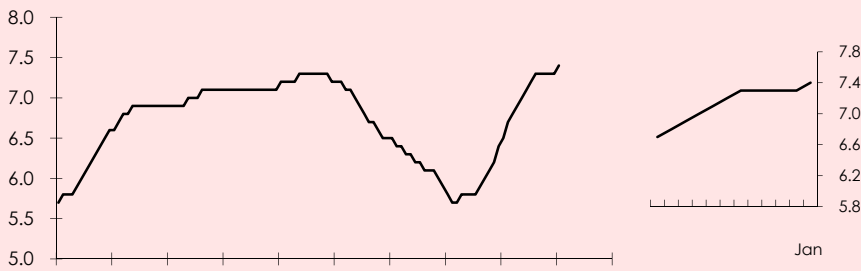
After employment and unemployment stabilised in the second half of 2009, a renewed deterioration may be in the offing. In January, the result was further impaired by the unfavourable weather for the construction industry.

Figure 4: Key economic indicators

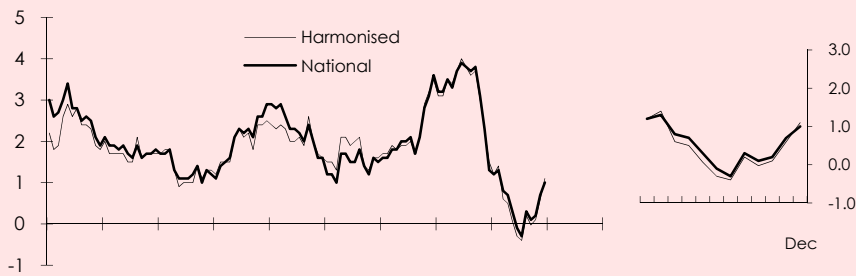
Persons in active dependent employment¹, (1,000), seasonally adjusted



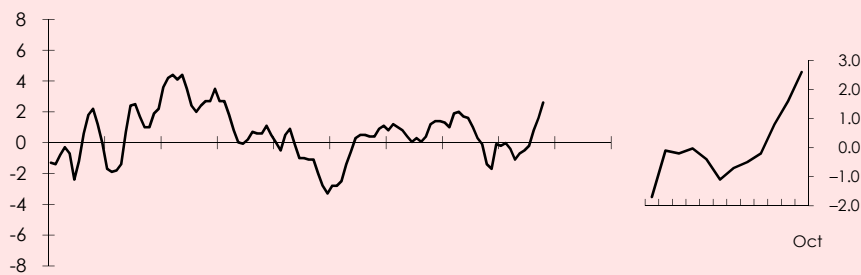
Unemployment rate, traditional Austrian method², seasonally adjusted



Consumer prices, year-to-year percentage changes



Real effective exchange rate, year-to-year percentage changes



10-year central government bonds (benchmark), percent



Source: Public Employment Service Austria, Federation of Austrian Social Security Institutions, Oesterreichische Nationalbank, Statistics Austria, WIFO calculations. – ¹ Excluding parental leave, military service, and unemployed persons in training. – ² As a percentage of total labour force excluding self employed, according to Public Employment Service.

*Methodological Notes and Short Glossary**Period comparisons*

Time-series comparisons with the previous period, e.g., the previous quarter, are adjusted for seasonal effects. They also include effects that result from a different number of working days in the period (e.g., Easter). In the text, this is referred to as "seasonally and working day adjusted changes".

The phrase "changed compared with a year before . . .", on the other hand, describes a change compared with the same period a year before and refers to unadjusted time series.

The analysis of the seasonally and working day adjusted development provides more precise information about the actual course of economic activity and shows turning points sooner. However, the data are subject to additional revisions as seasonal adjustment is based on statistical methods.

Real and nominal values

In principle, the values shown must be understood as real values, i.e., adjusted for price effects. Whenever values are shown as nominal values (e.g., foreign trade statistics), this is specifically mentioned.

Inflation, CPI und HICP

The inflation rate measures changes in consumer prices compared with a year before. The Consumer Price Index (CPI) is a measure of national inflation. The Harmonised Index of Consumer Prices (HICP) is the basis for comparable measurement of inflation in the EU and for the evaluation of price stability in the euro area (see <http://www.statistik.at/>).

WIFO Business Cycle Survey and WIFO Investment Survey

The WIFO business cycle survey is a monthly survey in which around 1,100 Austrian firms are asked to assess their current and future economic situation. The WIFO investment survey is conducted twice a year, asking companies about their investment activity (<http://www.itkt.at/>). The indicators are balances between the positive and negative responses expressed as a percentage of the total number of firms sampled.

Unemployment rate

Austrian national definition: The number of persons registered as job seekers with the Public Employment Service expressed as a percentage of the dependent labour force. Labour force is the sum of the unemployed and the persons in dependent employment (measured in standard employment relationships). Database: registrations with the Public Employment Service (AMS) and Association of Austrian social insurance agencies.

Definition according to ILO and EUROSTAT: Any person who is not gainfully employed and is actively seeking work is considered unemployed. Gainfully employed persons comprise all persons who during the reference week worked for at least one hour in a self-employed capacity or in paid employment. Persons receiving child-care benefit and apprentices are classified as gainfully employed, whereas persons in military service or persons carrying out alternative service are not. The unemployment rate is the number of unemployed persons expressed as a percentage of the total labour force (unemployed persons plus gainfully employed persons). Database: data from household surveys ("Mikrozensus").

Terms used in connection with the national definition of the unemployment rate

Persons in training: Persons who at a set date are enrolled in AMS (Public Employment Service) training programmes. When calculating the unemployment rate, their number is not taken into account either in the denominator or in the numerator.

Persons in dependent active employment: "Persons in dependent employment" include persons receiving child-care benefit, as well as persons in military service or persons carrying out alternative service with a valid employment contract. By deducting their number one arrives at the number of "persons in dependent active employment".