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RECOVERING EXPORTS

Thanks to improving international conditions, the economic upturn is gaining momentum in Austria. Export figures and the results of economic surveys point to an upward trend not only in Austria, but throughout the European Union. After a sluggish first half of the year, production growth appears to be more vigorous in the second half.

Economic activity has picked up noticeably since the summer months, thus confirming WIFO's assumption that the setback caused by recent financial crises would be overcome in the second half of 1999. While economic output remained depressed in the first half of the year, initial data now available for the second half and, in particular, the expectations of the business community reveal a clear upward trend.

Above all, exports have been picking up continuously over the year. While export earnings (according to the Austrian National Bank) fell short of the corresponding 1998 figure by 1.25 percent in the first quarter, they exceeded the previous year's level by 7 percent in the third quarter of 1999. The upward trend of exports (seasonally adjusted) set in already in the first quarter and accelerated in the course of the year.

The results of business surveys reflect the economic recovery most clearly. Consecutive polls have shown that industrial enterprises are more and more optimistic as regards order-books production expectations, and business climate.

Business confidence in Europe has improved further in the autumn and consumer confidence remains strong. Currently, France and Spain are the fastest growing economies in Europe. Enterprises in Germany are also regaining their optimism and following the European trend. To date, however, the recovery of exports has had little impact on production figures in Germany.

Capital spending and consumption remained high in Austria even during the phase of sluggish exports; since the summer, additional benefit has been derived from export-generated spill-over effects.

All staff members of the Austrian
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Report.

The labour market situation has improved further in the autumn: the number of jobs in November increased by 43,600 over the previous year. The number of registered unemployed fell by 21,700, the reduction being largely due to intensified measures of labour-market policy.

The rate of inflation increased to 0.8 percent in October. The upward trend of prices was driven by the international commodity markets, with crude oil (on ATS basis) now being about 80 percent more expensive than a year ago.

Cut-off date: 6 December 1999.