

Austria Country Profile

October 2010

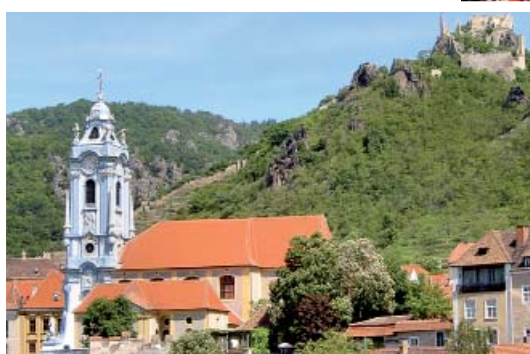
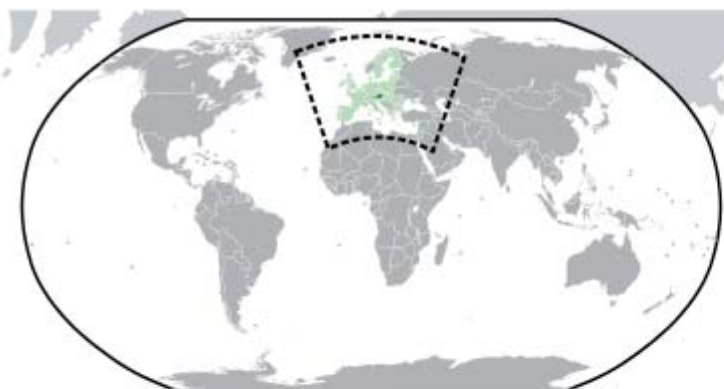


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Quick facts

Austrian economy



Republic of Austria*

Capital	Vienna
Type	Federal Republic
Language	German
Currency	Euro

Population (mn)	8.42
Labor force (mn)	3.68
Life expectancy	79.5

GDP (USD bn)	318
GDP per capita (USD)	37,810
GDP per capita at PPP (USD)	48,958
Stock of FDI abroad (USD bn)	291

Exports (% of GDP)	65
Imports (% of GDP)	58
Private consumption (% of GDP)	64
GFCF (% of GDP)	23
Public consumption (% of GDP)	22
C/A balance (% of GDP)	3.5

Public debt (% of GDP)	70
General budget balance (% of GDP)	-4.7
External debt (USD bn)	800

*Data as of 2010

International economy Economic data in comparison

	GDP, real % yoy				Consumer Price Index % yoy			
	2009	2010e	2011f	2012f	2009	2010e	2011f	2012f
Austria	-3.9	1.9	1.5	2.2	0.4	1.5	1.0	1.5
Germany	-4.6	3.3	2.0	2.1	0.2	1.1	1.2	1.3
France	-2.5	1.6	1.4	2.1	0.1	1.7	1.8	2.2
Netherlands	-3.9	1.8	1.4	2.1	1.0	0.8	1.6	2.5
Italy	-5.0	1.0	0.9	1.5	0.8	1.5	1.7	1.9
Spain	-3.7	-0.5	0.4	1.3	-0.2	1.6	1.5	1.6
Eurozone	-4.0	1.7	1.2	1.9	0.3	1.5	1.6	1.8
Poland	1.7	3.2	3.4	4.1	3.5	2.6	3.0	2.5
Hungary	-6.3	1.0	2.5	3.0	4.2	4.8	3.0	2.6
Czech Republic	-4.0	1.7	1.5	2.3	1.0	1.5	2.1	2.3
Slovakia	-4.7	4.2	4.0	4.5	1.6	1.3	3.2	3.0
CE	-1.9	2.5	2.8	3.5	2.7	2.5	2.8	2.5
SEE	-5.5	-1.5	2.2	3.7	4.5	4.3	5.0	3.9
CIS	-8.2	4.2	3.6	4.1	12.1	7.1	9.0	7.7
CEE	-5.7	2.9	3.2	3.8	8.0	5.2	6.4	5.4
EU-27	-4.0	1.6	1.3	2.0	0.8	1.6	1.7	1.9
Switzerland	-1.9	2.7	1.0	1.3	-0.5	0.5	0.2	1.7
UK	-5.0	1.6	1.6	2.2	2.2	3.1	2.6	2.0
Japan	-5.3	2.5	0.7	1.2	-1.4	-1.0	2.0	0.1
USA	-2.6	2.5	1.4	3.0	-0.4	1.5	1.3	2.2

	Current Account % of GDP				Fiscal Balance % of GDP			
	2009	2010e	2011f	2012f	2009	2010e	2011f	2012f
Austria	2.7	3.5	3.0	3.0	-3.4	-4.7	-4.0	-3.3
Germany	4.9	5.2	4.5	4.0	-3.3	-5.0	-4.7	-3.5
France	-1.9	-1.9	-2.0	-2.2	-7.5	-8.0	-7.4	-4.6
Netherlands	5.0	6.5	5.0	4.5	-5.3	-6.3	-5.1	-4.5
Italy	-3.2	-3.4	-3.0	-3.0	-5.3	-5.0	-3.9	-2.7
Spain	-5.5	-4.5	-3.5	-3.5	-11.2	-9.3	-6.0	-3.0
Eurozone	-0.6	-0.5	-0.2	-0.3	-6.3	-6.7	-5.8	-3.6
Poland	-1.6	-1.8	-2.8	-3.4	-7.1	-7.2	-5.6	-3.0
Hungary	0.2	0.0	-2.3	-3.3	-4.0	-4.0	-3.0	-2.9
Czech Republic	-1.0	-1.9	-0.8	-0.5	-5.9	-5.9	-5.2	-4.0
Slovakia	-3.2	-1.1	-1.8	-1.4	-8.0	-7.8	-4.9	-3.9
CE	-1.3	-1.4	-2.1	-2.5	-6.4	-6.4	-5.0	-3.4
SEE	-6.1	-5.6	-6.1	-5.7	-5.8	-6.3	-4.7	-3.8
CIS	3.0	4.2	2.8	2.0	-6.3	-5.1	-3.1	-2.5
CEE	-0.9	0.3	1.0	0.0	-6.3	-5.7	-3.9	-2.9
EU-27	-0.9	-0.8	-0.7	-0.8	-7.1	-7.2	-6.4	-4.2
Switzerland	11.9	10.0	8.0	9.0	-0.2	-2.9	-1.7	-0.5
UK	-1.5	-1.6	-1.8	-2.1	-12.5	-10.1	-7.5	-5.6
Japan	2.8	3.5	2.0	2.5	-10.3	-9.8	-9.1	-8.5
USA	-2.7	-2.9	-3.0	-3.5	-10.9	-11.2	-8.9	-5.9

CEE = CE + SEE + CIS

2010e: expected, 2011f: Forecast

Source: Thomson Reuters, Raiffeisen RESEARCH

Money and fixed income markets

Money Market (3 months)

Countries	current	Forecast			
		Dec-10	Mar-11	Jun-11	Sep-11
Eurozone	0.89	1.00	1.10	1.10	1.20
Switzerland	0.18	0.25	0.25	0.25	0.50
Japan	0.22	0.25	0.25	0.25	0.25
USA	0.29	0.40	0.40	0.50	0.70

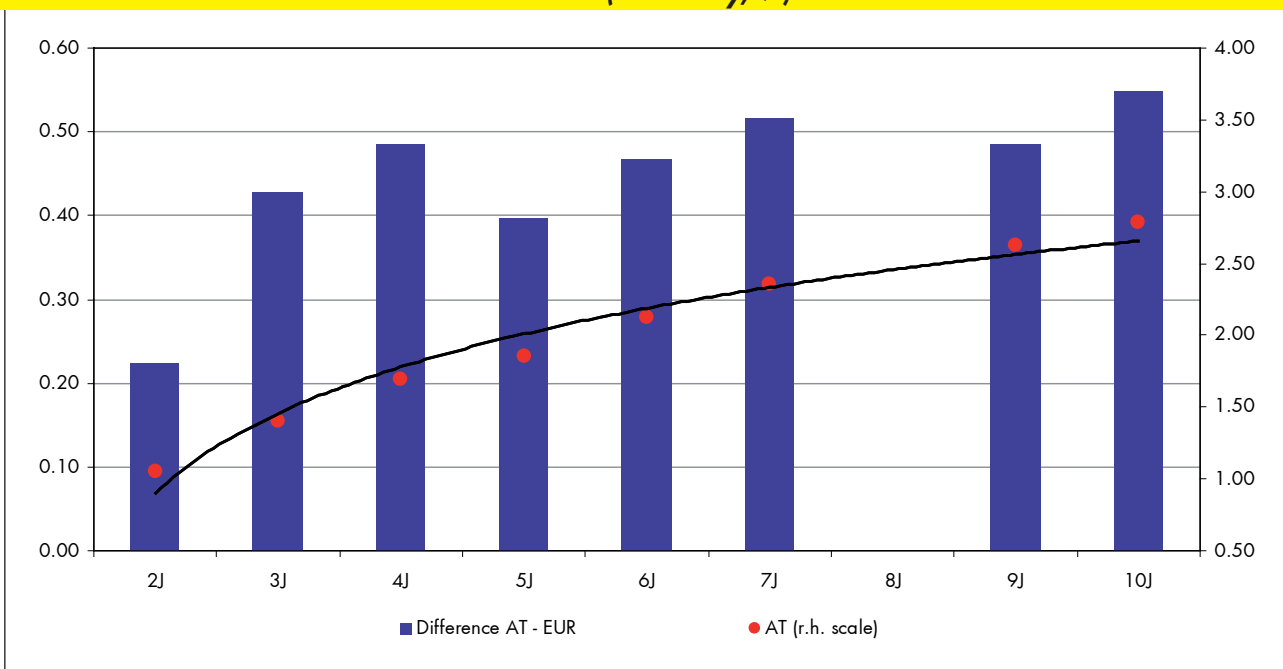
Source: Thomson Reuters, Raiffeisen RESEARCH

10y-yields Government Bonds

Countries	current	Forecast			
		Dec-10	Mar-11	Jun-11	Sep-11
Eurozone*	2.24	2.20	2.50	2.70	3.00
Austria	2.79	2.60	2.90	3.10	3.30
Switzerland	1.36	1.30	1.50	1.70	2.00
Japan	0.94	0.90	1.00	1.20	1.30
USA	2.47	2.40	3.00	3.50	3.60

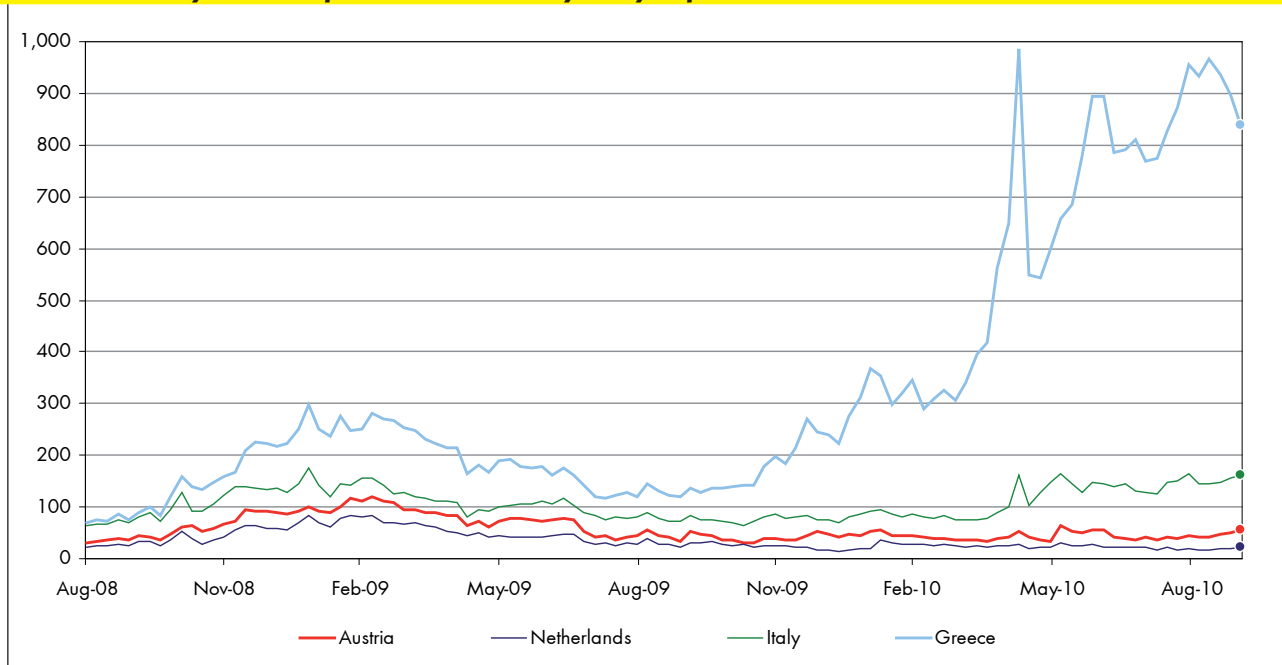
* Eurozone corresponds to German Benchmark
Source: Thomson Reuters, Raiffeisen RESEARCH

Yield difference Austria vs EUR-benchmark (Germany, %)



* Yield difference in short and middle segment due to different maturities of Reuters-Benchmarkbond
Source: Thomson Reuters

Difference in yield compared to Germany (10y, bp)



Source: Thomson Reuters

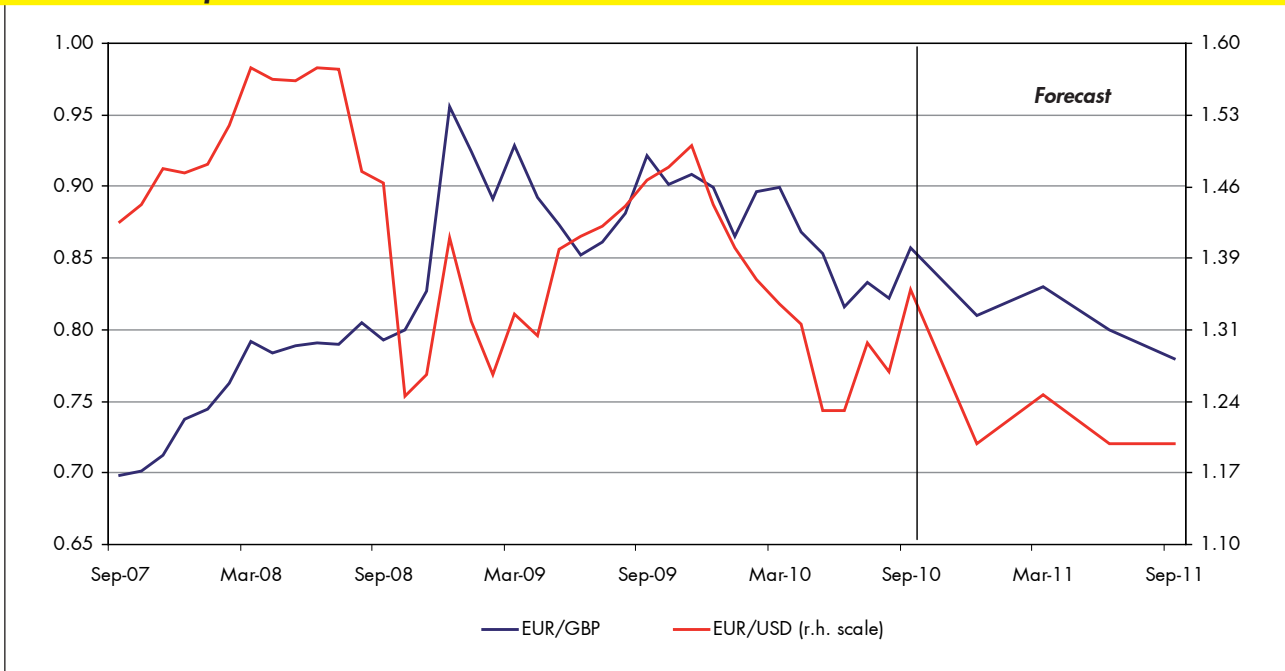
Spreads in Basis Points

		Mar 2010	Jun 2010	Aug 2010	current
Austria	Spread 10y	38	55	45	55
	Spread 5y	30	57	46	40
	CDS Spread 5y	60	90	77	n.a.
Netherlands	Spread 10y	25	28	21	26
	Spread 5y	20	27	24	14
	CDS Spread 5y	34	53	39	n.a.
Finland	Spread 10y	26	28	26	31
	Spread 5y	23	28	25	15
	CDS Spread 5y	27	35	26	n.a.
Italy	Spread 10y	77	148	163	164
	Spread 5y	43	140	135	126
	CDS Spread 5y	103	186	136	n.a.
Spain	Spread 10y	70	193	193	190
	Spread 5y	44	223	191	169
	CDS Spread 5y	107	266	183	n.a.
Portugal	Spread 10y	118	322	347	417
	Spread 5y	90	334	310	430
	CDS Spread 5y	138	336	228	n.a.
Greece	Spread 10y	306	896	955	839
	Spread 5y	335	1065	1127	912
	CDS Spread 5y	322	1037	751	n.a.

Source: Thomson Reuters

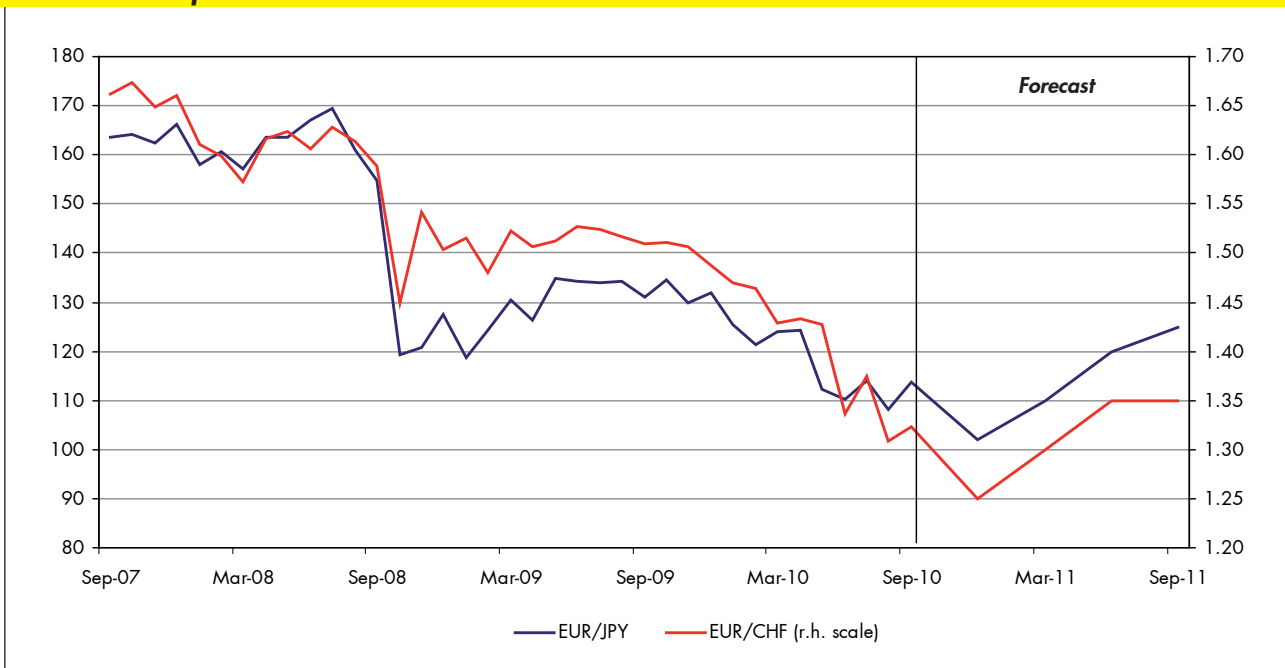
Foreign exchange

USD and GBP per EUR



Source: Thomson Reuters, Raiffeisen RESEARCH

JPY and CHF per EUR



Source: Thomson Reuters, Raiffeisen RESEARCH

Austrian economy Macroeconomic overview

Economic indicators

	2009	2010e	2011f	2012f
Real GDP (% yoy)	-3.9	1.9	1.5	2.2
Private consumption (% yoy)	1.1	0.9	1.0	1.4
Fixed investments (% yoy)	-8.9	-2.7	2.0	3.3
Nominal exports (% yoy)	-12.2	8.8	5.9	7.1
Nominal imports (% yoy)	-10.3	6.3	5.2	6.9
Trade balance (EUR bn)	n.a.	n.a.	n.a.	n.a.
Current account balance (EUR bn)	6.3	8.6	7.6	7.9
General budget balance (EUR bn)*	-8.1	-11.5	-10.1	-8.7
General budget balance (% of GDP)*	-3.4	-4.7	-4.0	-3.3
Unemployment rate (avg, %, EU definition)	4.8	6.0	5.0	4.5
Consumer prices (avg, % yoy)	0.4	1.5	1.0	1.5
Real wages (% yoy)	1.4	-0.3	1.0	2.0
Unit labour costs (% yoy)	3.9	-2.7	0.0	1.3

* According to Balance of Payments
Source: Thomson Reuters, Raiffeisen RESEARCH

GDP-demand

Change (% yoy*)	2009	2010e	2011f	2012f
Private consumption	1.1	0.9	1.0	1.4
Public consumption	0.5	1.0	1.2	1.2
Gross capital formation	-8.9	-2.7	2.0	3.3
Equipment	-14.3	-5.0	3.0	5.0
Construction	-4.2	-0.8	1.2	1.9
Exports (broad definition)	-13.7	7.7	4.6	4.8
Imports (broad definition)	-11.8	5.2	3.9	4.6

* At last year prices, seasonal- and workday adjusted
Source: WIFO, Raiffeisen RESEARCH

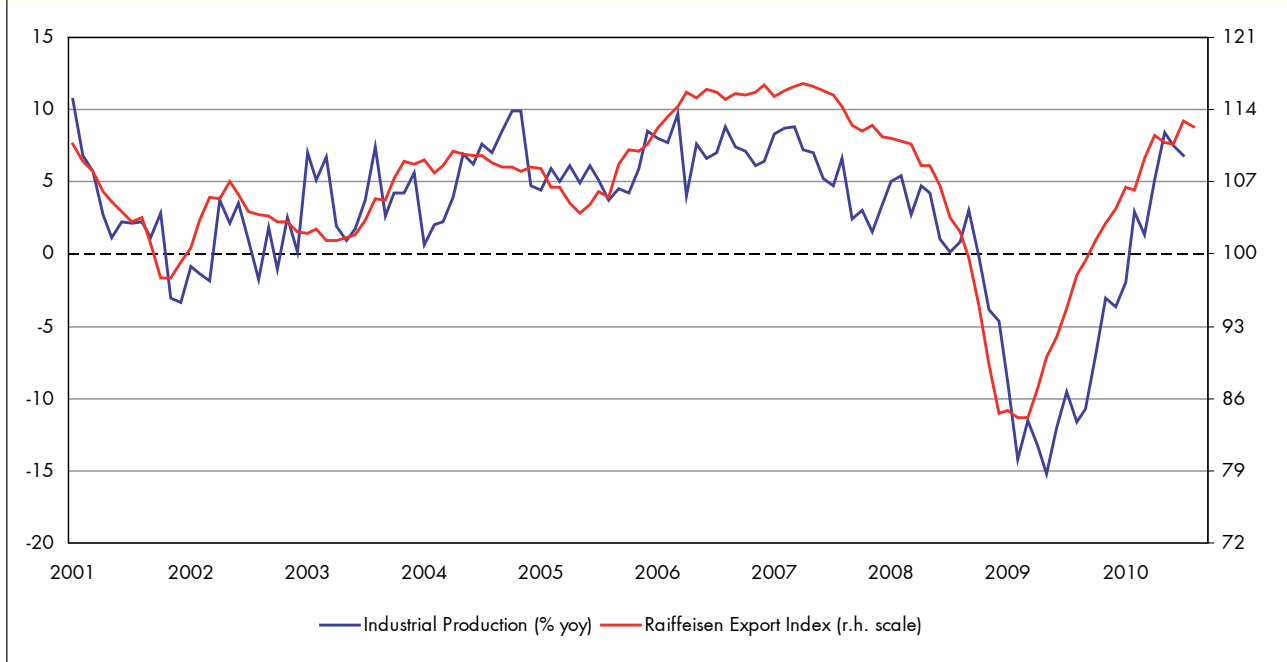
Industrial production and new orders

Industrial production and new orders

in EUR bn	2007	2008	2009	Apr-10	May-10	Jun-10
Industrial Production						
change in % mom	-	-	-	-5.2%	3.4%	4.9%
change. in % yoy	3.4%	-4.6%	-3.6%	5.1%	8.4%	7.5%
New orders						
in EUR bn	115.7	115.3	94.4	8.81	8.42	n.a.
change in % yoy	14.8%	-0.3%	-18.2%	13.9%	14.9%	n.a.

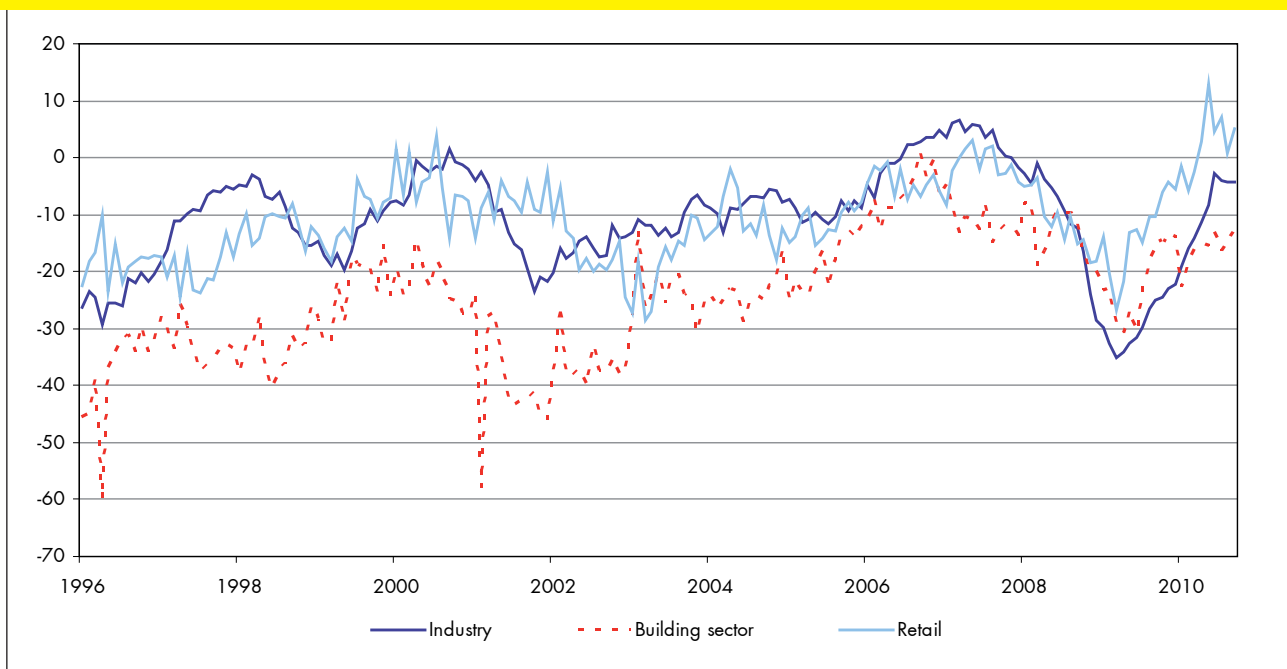
Source: Statistik Austria

Industrial production, % yoy



Source: Thomson Reuters

Economic sentiment



Source: Thomson Reuters

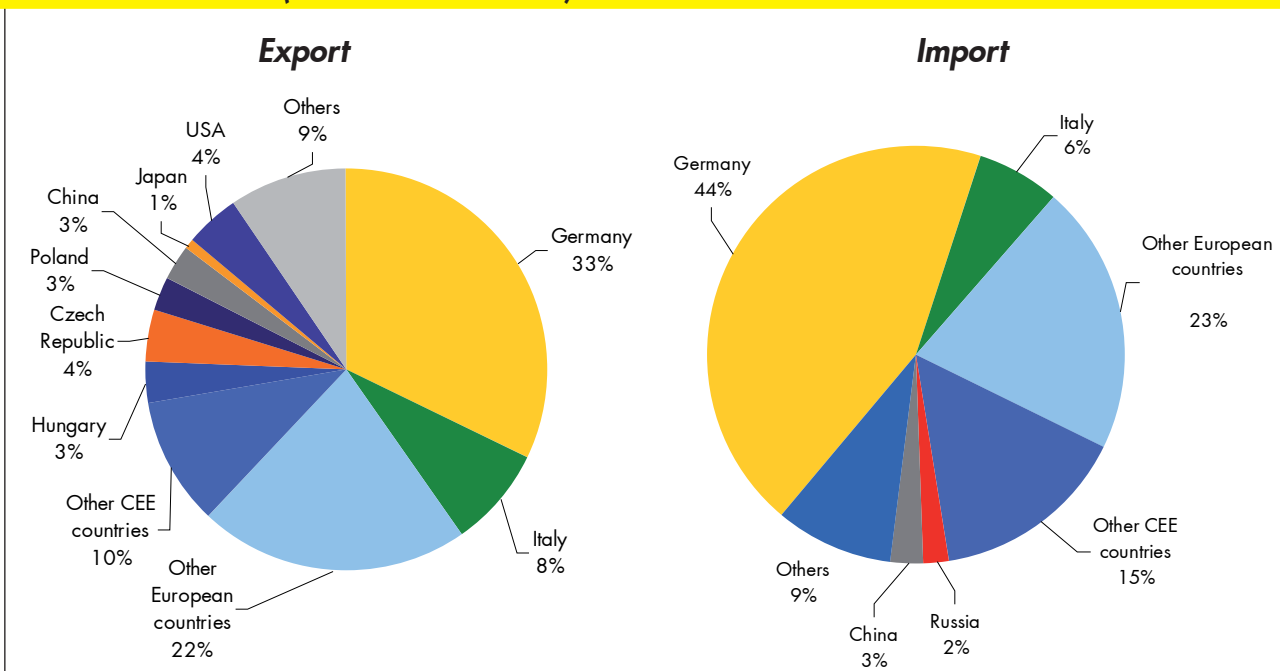
Trade

Balance of payments

in EUR bn	2007	2008	2009	Q2 10
Current Account	9.62	9.24	6.32	0.48
Goods	1.30	-0.56	0.00	-0.38
Services	11.16	13.18	11.64	1.92
Income	0.00	0.00	0.00	-0.50
Current Transfers	0.00	0.00	0.00	-0.55
Capital Transfer	0.20	-0.04	0.22	-0.09
Foreign Direct Investments	-0.01	-0.02	2.35	5.17
Portfolio Investments	22.67	26.53	-0.01	4.60
Other Investments	-0.03	-0.03	0.00	0.00
Financial Derivatives	-0.72	0.28	0.58	-0.69
Official Currency Reserves	0.00	0.59	2.38	-0.33

Source: OeNB

Trade flows Austria (in % of total volume)



Source: Thomson Reuters, Raiffeisen RESEARCH

Exports Austria*

	in %	EUR bn	in % yoy
Germany	32.34%	10.65	12.7%
Italy	8.06%	2.65	3.2%
Other European countries	21.65%	7.13	-1.6%
Other CEE countries	10.20%	3.36	10.7%
Hungary	3.42%	1.126	8.4%
Czech Republic	4.14%	1.364	9.6%
Poland	2.79%	0.918	-1.7%
China	2.62%	0.86	82.3%
Japan	0.92%	0.30	18.1%
USA	4.45%	1.47	31.7%
Others	9.41%	3.10	n.a.
World	100.00%	32.94	16.6%

* Year beginning until April 2010

Source: Thomson Reuters, Raiffeisen RESEARCH

Imports Austria*

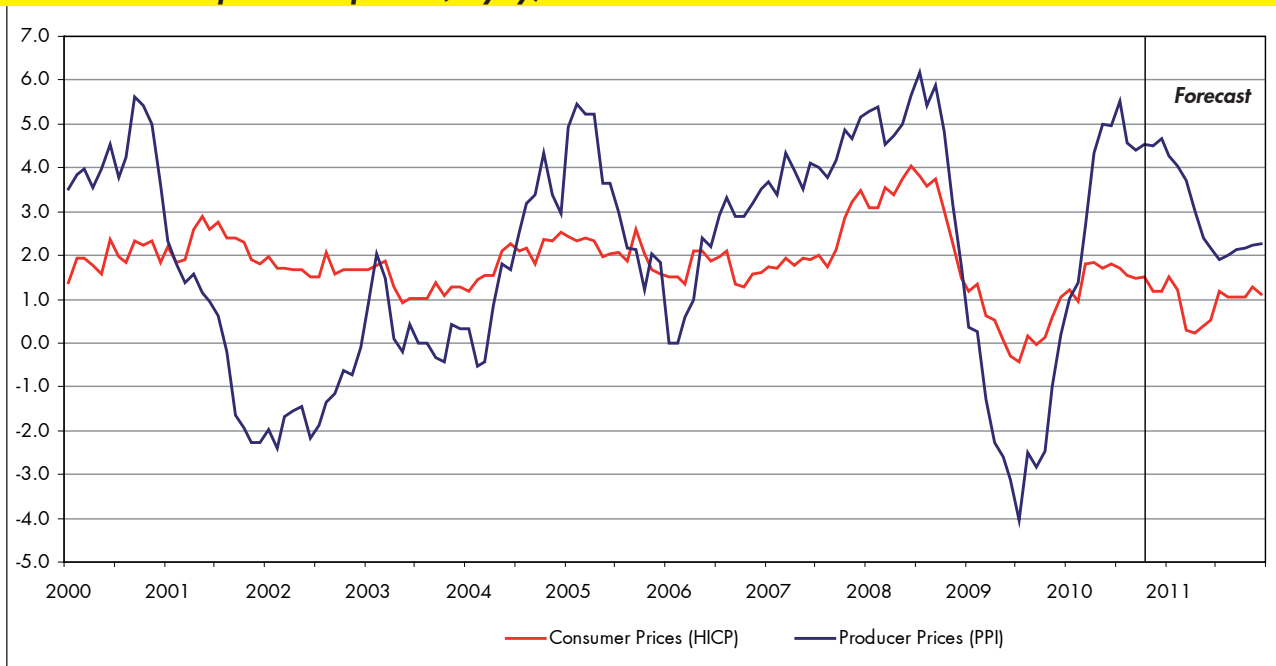
	in %	Mrd. EUR	in % yoy
Germany	44.82%	15.97	5.3%
Italy	6.55%	2.34	5.0%
Other European countries	21.14%	7.53	-0.8%
Other CEE countries	15.45%	5.51	35.2%
Russia	1.95%	0.69	34.8%
China	2.70%	0.96	7.5%
Others	9.33%	3.33	n.v.
World	100.00%	35.64	6.4%

* Year beginning until April 2010

Source: Thomson Reuters, Raiffeisen RESEARCH

Prices

Consumer and producer prices (% yoy)



Source: Thomson Reuters, Raiffeisen RESEARCH

Price Index - Development

Change (% yoy)	2008	2009	2010e	2011f	Apr-10	May-10	Jun-10	Jul-10
HICP (% yoy)	0.4	1.5	1.0	1.5	1.8	1.7	1.8	1.7
HICP (% mom)	-	-	-	-	0.2	-0.1	0.0	-0.5
PPI (% yoy)	-1.8	4.0	3.0	1.5	4.3	5.0	5.0	5.5
PPI (% mom)	-	-	-	-	0.9	0.2	0.2	0.1
Real wages (% yoy)	0.4	1.4	-0.3	1.0	0.3	-0.2	-0.3	-0.3
Unit labour costs	3.4	3.9	-2.7	0.0	-	-	-	-

Source: Statistik Austria, OeNB, Raiffeisen RESEARCH

Public finances

Budget data Austria (general budget)

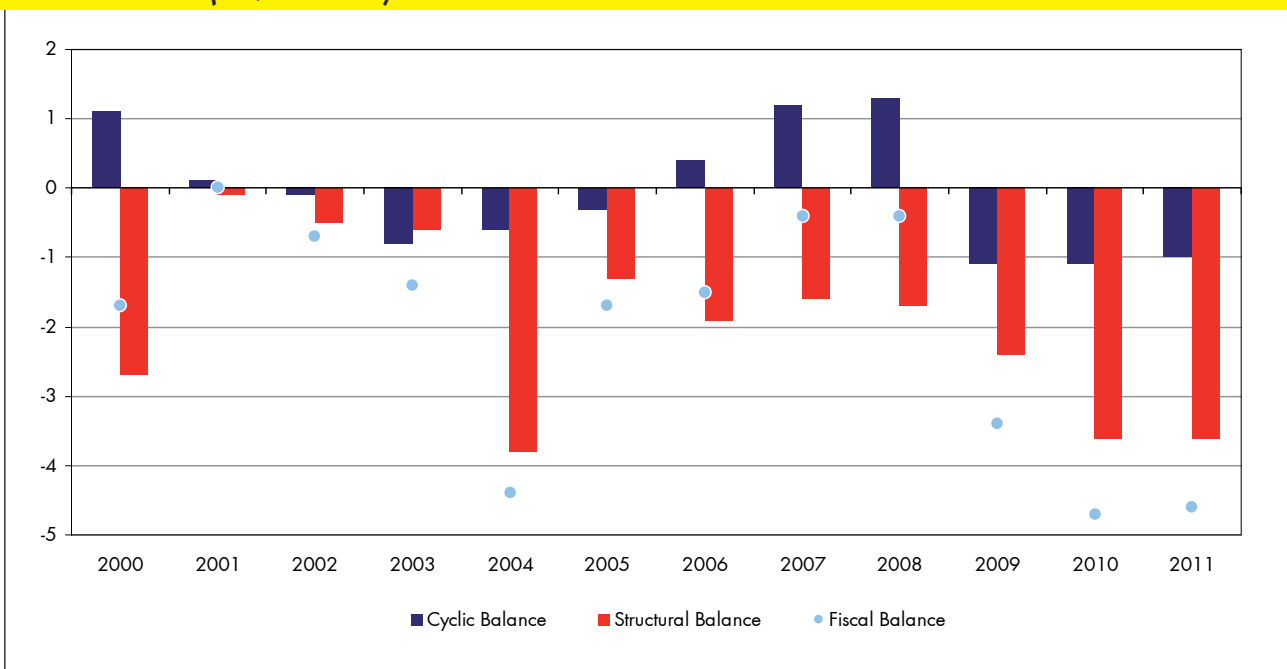
in EUR bn	2007	2008	2009*	2010**
Spending	72.3	80.3	69.5	70.8
Earnings	69.5	70.7	62.4	57.6
thereof				
Income Tax	2.6	2.7	2.6	1.9
Corporate Tax	5.7	5.9	3.8	4.5
Wage Tax	19.7	21.3	19.9	20.3
Capital Income Tax	3.2	3.8	3.0	2.8
Value Added Tax	20.8	21.9	21.6	22.1
Fiscal Balance (federal)	-0.9	-1.0	-8.1	-11.5
Indebtedness (federal)	161	177	184	198
Fiscal Balance (Austria)	-0.4	-0.4	-3.4	-4.7
in % GDP				
Fiscal Balance Eurozone	-0.6	-6.3	-6.7	-5.8
Public Debt Austria	59.5	62.6	66.5	70.2
Public Debt Eurozone	66.2	69.7	78.7	84.7

* Preliminary planned budget figures

** Government proposal

Source: OeNB, BMF, Raiffeisen RESEARCH

Fiscal balance (in % of GDP)



Quelle: Thomson Reuters, Statistik Austria, Raiffeisen RESEARCH

Money market indicators

Money market indicators

in EUR bn	2006	2007	2008	Apr-10	May-10	Jun-10	Jul-10
Money supply: M1	82.0	88.2	94.0	113.2	112.0	114.7	114.4
change in % yoy	6.3	7.6	6.5				
Money supply: M2	193.7	229.3	243.1	236.6	233.8	235.8	235.4
change in % yoy	8.8	18.4	6.0				
Money supply: M3	200.9	238.1	257.6	244.5	242.8	245.3	244.4
change in % yoy	9.9	18.5	8.2				
Time deposit	25.3	38.3	43.3	n.a.	n.a.	33.6	n.a.
change in % yoy	14.3	51.5	13.1	n.a.	n.a.	-13.2	n.a.
Saving deposit	139.8	146.1	155.4	n.a.	n.a.	156.9	n.a.
change in % yoy	2.1	4.5	6.3	n.a.	n.a.	-0.4	n.a.

Source: OeNB

Interest rates development

Interest rates development

in %	2006	2007	2008	2009	Jul-10	Aug-10	Sep-10
Deposit facility	2.50	3.00	2.00	0.25	0.25	0.25	0.25
Marginal Lending Facility	4.50	5.00	3.00	1.75	1.75	1.75	1.75
Daily allowance (1)	3.69	3.62	2.23	0.33	0.45	0.39	0.41
3-m Euribor (2)	3.73	4.69	2.97	0.71	0.90	0.89	0.89
Savings daily due *	0.92	1.18	1.16	0.45	0.42	n.a.	n.a.
Savings <12 months *	3.27	4.28	3.75	1.67	2.31	n.a.	n.a.
Savings 12-24 months *	3.31	4.14	4.35	2.31	2.59	n.a.	n.a.
Savings >24 months *	2.79	3.18	3.69	2.40	2.34	n.a.	n.a.
Secondary market yield:							
Government	3.93	4.33	3.28	3.12	2.36	1.91	2.16
Dom. Non-Banks	3.94	4.35	3.35	3.13	2.37	1.92	2.17
Dom. Banks	4.27	5.00	4.17	3.56	2.74	2.82	2.66
Issuers total	3.95	4.36	3.36	3.14	2.38	1.92	2.17

* Since January 2003 interest rates of domestic credit institutions correspond to the harmonized ECB-interest rate statistics (MFI), figures before the national guidelines.

Saving deposits interest rates (with agreed maturity) 12-24 months including all maturities > 12 months before 1.1.2003(1) seit 1.1.99 EONIA, Euro Over-Night Index Average;

(1) since 1.1.1999 EONIA, Euro OverNight Index Average;

(2) European Interbank Offered Rate, vor dem 1.1.99 VIBOR

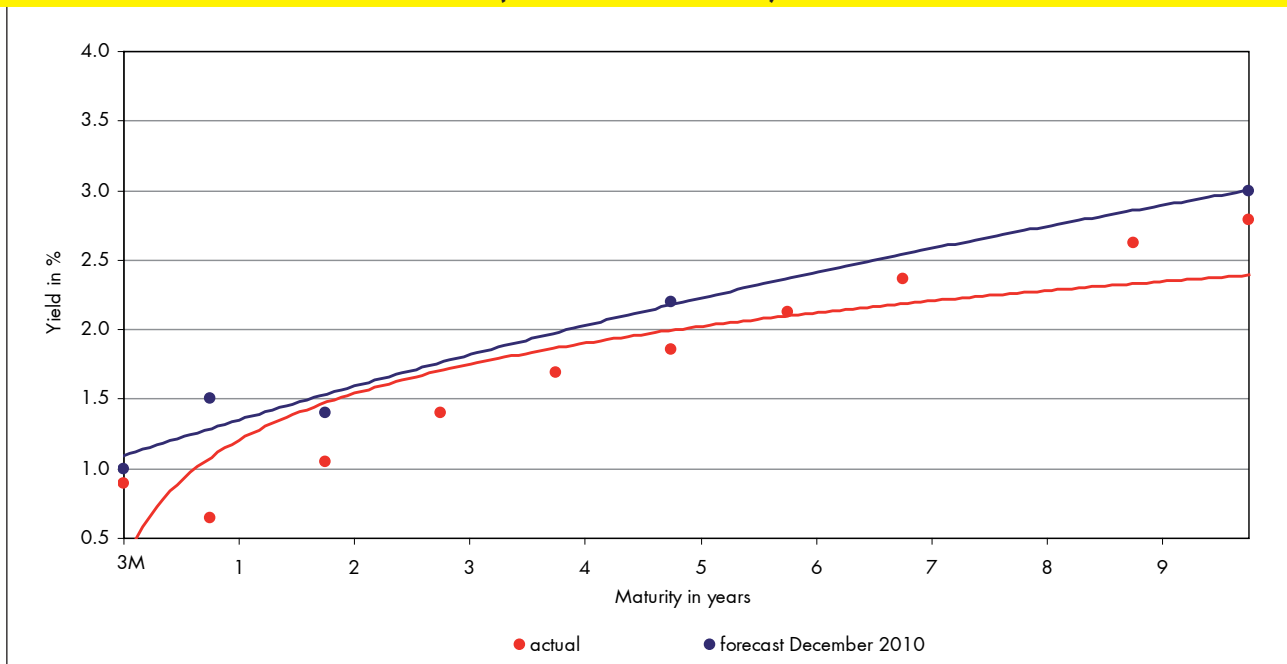
Source: OeNB

Money market and Secondary market yield (in %)



Source: Thomson Reuters, Raiffeisen RESEARCH

Yield structure current and forecast (Austria-Benchmark)



Source: Thomson Reuters, Raiffeisen RESEARCH

Country Profile Austria

Acknowledgements

This report was completed on 1 October 2010

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Klemens Hrovath (1421), Robert Schittler (1537)

Picture page 3: NuclearVacuum

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