



UniCredit Bank Austria Business Indicator

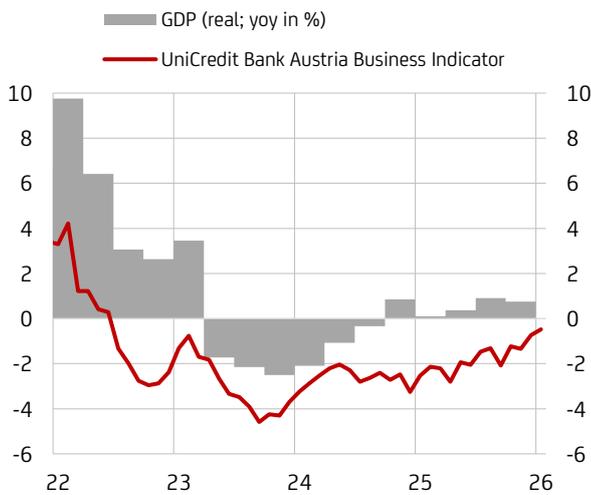
February 2026

Overview

STRONG DECLINE IN INFLATION WILL SUPPORT RECOVERY OF AUSTRIAN ECONOMY

- The UniCredit Bank Austria Business Indicator improved to minus 0.5 points at the beginning of 2026
- Mixed economic sentiment in individual economic sectors with significant improvement in the service sector but further deterioration in construction
- After GDP growth of 0.5 per cent in 2025, economic growth is expected to increase to 1.0 per cent in 2026 and 1.5 per cent in 2027
- The economic recovery will continue, supported by domestic demand and a more stable export economy
- A smaller increase in the labour supply will enable the unemployment rate to fall to 7.3 per cent in 2026 and 7.2 per cent in 2027
- Falling energy prices, weaker food price inflation and the phasing out of second-round effects in the service sector could even push annual average inflation below the ECB's 2 per cent target in 2026

UniCredit Bank Austria Business Indicator



Source: Statistik Austria, Wifo, UniCredit Bank Austria

	GDP real (yoy in %)	UniCredit Bank Austria Business Indicator
Dec-98	3.3	3.2
Dec-99	4.5	4.4
Dec-00	2.9	3.9
Dec-01	0.0	0.4
Dec-02	0.8	1.8
Dec-03	2.4	2.7
Dec-04	2.6	2.8
Dec-05	2.7	2.9
Dec-06	3.5	3.9
Dec-07	2.9	2.9
Dec-08	-1.2	-2.0
Dec-09	-0.7	0.7
Dec-10	2.6	2.2
Dec-11	1.5	0.6
Dec-12	0.0	0.6
Dec-13	0.7	1.5
Dec-14	1.0	0.8
Dec-15	1.4	1.7
Dec-16	2.0	3.1
Dec-17	3.1	5.2
Dec-18	3.1	3.2
Dec-19	0.3	1.3
Dec-20	-4.9	0.0
Mar-21	-5.3	2.3
Jun-21	14.3	7.1
Sep-21	5.0	5.5
Dec-21	6.8	3.4
Mar-22	9.8	1.2
Jun-22	6.4	0.3
Sep-22	3.1	-2.8
Dec-22	2.6	-2.4
Mar-23	3.5	-1.7
Jun-23	-1.7	-3.3
Sep-23	-2.2	-4.6
Dec-23	-2.5	-3.7
Mar-24	-2.1	-2.5
Jun-24	-1.1	-2.3
Sep-24	-0.3	-2.4
Dec-24	0.8	-3.3
Mar-25	0.1	-2.2
Jun-25	0.4	-2.0
Sep-25	0.9	-2.1
Dec-25	0.8	-0.7
Jan-26		-0.5

Source: UniCredit Bank Austria

In details

UNICREDIT BANK AUSTRIA BUSINESS INDICATOR INCREASED TO MINUS 0.5 POINTS IN JANUARY

The recovery of the Austrian economy continued at the beginning of 2026. The gradual improvement in economic sentiment even strengthened. The volatile upward trend of the Bank Austria Business Indicator continued in January with an increase to minus 0.5 points. The indicator thus reached its highest level since summer 2022 and signals a further slight expansion of the Austrian economy at the beginning of the year, continuing the positive development of the second half of 2025.

The headwinds for the Austrian economy continued to subside at the beginning of the year, but the recovery is still on shaky ground. Despite political uncertainties and simmering trade conflicts, the global export environment has stabilized and pessimism in domestic industry has eased. Renewed optimism in the service sector points to a strengthening of the domestic economy, but the renewed downturn in the construction sector is dampening expectations.

IMPROVEMENT TREND AT THE BEGINNING OF THE YEAR CHARACTERISED BY MIXED SENTIMENT

The mood in the construction industry deteriorated for the fourth month in a row in January 2026, reaching its lowest level in almost a year. While the cautious stabilization in building construction continued, developments in ancillary trades and, above all, in civil engineering were responsible for the gloomy mood at the beginning of the year, with the reduced scope for public spending causing increasing concern. Despite the stabilization of the labor market and the noticeable decline in inflation, domestic consumer sentiment also became somewhat more cautious in January.

The renewed improvement in the UniCredit Bank Austria Business Indicator at the beginning of the year was primarily due to the favorable development of sentiment in the service sector. The tourism sector enjoyed high capacity utilization in the winter season to date, and the retail sector benefited from good Christmas sales. Business sentiment also improved in the IT and financial sectors at the beginning of the year. In addition, the moderate improvement in sentiment in Austrian industry continued for the fourth month in a row, boosted by a more favorable export environment. The indicator for the assessment of the economic situation in global industry, weighted by Austrian trade shares, rose slightly due to slightly more tailwinds from Europe and important emerging markets.

In Austria, the gradual improvement in economic sentiment continued at the beginning of the year, with the UniCredit Bank Austria Business Indicator maintaining its positive trend. The significant improvement in sentiment in the service sector and the slightly more favorable assessment in industry compensated for renewed economic concerns in the construction sector. Sentiment in the service sector in January was even above the long-term average, and service companies in Austria were also significantly more optimistic than in the eurozone. In industry and construction, on the other hand, pessimism continued to prevail. In addition, sentiment in both sectors was significantly worse than in the eurozone. This

situation has persisted in the construction industry for eight years now and in industry for three and a half years.

MORE STABLE RECOVERY, BUT HARDLY ANY MORE MOMENTUM

The economic recovery in Austria is continuing at the start of the year, but the pace of recovery is significantly slower than in previous upturns. This is partly because domestic demand is only picking up modestly and the foreign trade sector is struggling to gain momentum due to political disruptions and unresolved geopolitical issues. We therefore expect only a slight increase in economic growth to 1.0 and 1.5 per cent in 2026 and 2027, respectively.

The higher GDP growth will be driven, among other things, by stronger impetus from private consumption. The stable employment situation and significantly lower inflation, which is enabling minimal real income growth, are supporting the upward trend, especially as this should slowly reduce the propensity to save. However, consumers' cautious mood means that the savings ratio remains above average, and efforts to consolidate public finances are limiting the momentum of private consumption.

Investment should also develop more favorably in the coming years than in 2025, provided financing conditions remain favorable, especially as there is pent-up demand for replacement investment after a long period of restraint. However, below-average capacity utilization and limited growth prospects for industry are limiting willingness to invest. The slight upward trend in domestic demand is accompanied by a stabilization of the export economy. This means that foreign trade will at least not dampen economic momentum to the same extent this year as it did in 2025. However, due to the challenging competitive situation and increased protectionism in foreign trade, no strong impetus is to be expected.

FIRST SIGNS OF A TURNAROUND IN THE LABOUR MARKET

Despite the sluggish recovery of the domestic economy, the situation on the labor market has stabilized and there are increasing signs of a turnaround. The seasonally adjusted unemployment rate has remained stable at 7.5 per cent since mid-2025. Employment has already increased slightly in recent months, while the number of job seekers has fallen minimally on a seasonally adjusted basis. Even if the pace of recovery is likely to increase only slightly in the coming months, the domestic labor market should see a slight easing in the coming months.

We expect the unemployment rate to fall to an annual average of 7.3 per cent in 2026 and to decline further to at least 7.2 per cent in 2027. The slight recovery in the domestic economy, supported by a modest increase in the labor supply due to demographic factors, will reinforce the slight downward trend in the further course of the year. The stabilization in the employment-intensive construction industry and the gradual recovery in industry should also contribute to this. However, the service sector will be the main driver of the turnaround in the labor market.

SIGNIFICANT DECLINE IN INFLATION IN 2026

As expected, inflation in Austria fell significantly at the beginning of the year. The elimination of the base effect of the expiring electricity price cap made the largest contribution to this. In addition, the downward trend in energy prices provided relief, especially as the government also reduced taxes.

The decline in inflation at the beginning of the year to an estimated 2.0 per cent year-on-year was surprisingly sharp. We expect inflation in Austria to remain close to this level in the coming months. Falling energy prices, a slowdown in food price inflation – supported slightly from the second half of the year by a tax cut on basic foodstuffs – and weaker second-round effects in the service sector will stabilize inflation. We have therefore lowered our inflation forecast for the 2026 annual average from 2.4 per cent to 1.9 per cent," said Pudschedl. This means that inflation in Austria will essentially be on a par with the eurozone, where inflation fell to 1.7 per cent at the beginning of the year and is expected to average 1.8 per cent for the year, after the difference grew to 1.5 percentage points in 2025.

A possible interest rate cut by the ECB due to low inflation, the weakness of the US dollar or the sluggish economy in the eurozone is unlikely. The moderate gains in the euro exchange rate make this unnecessary, and inflation will not fall permanently below the ECB's target. In addition, the eurozone economy is proving more resilient than expected and also appears to be gaining momentum," says Bruckbauer, adding: "We expect the deposit rate to remain stable at 2 per cent for the time being. The next interest rate move in the eurozone will be upwards, probably in the second half of 2027, when a stronger economy makes this possible.

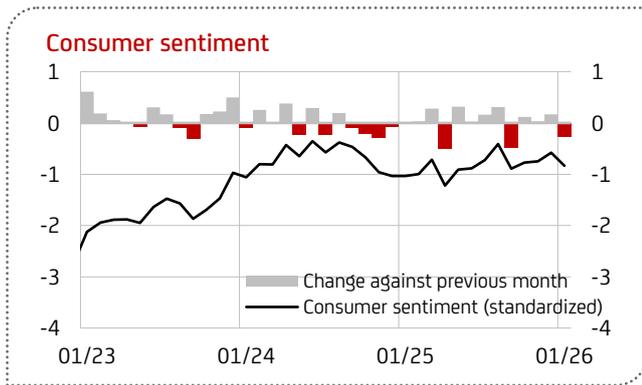
Economic Forecast

	2017	2018	2019	2020	2021	2022	2023	2024	estimate 2025	forecast UCBA 2026	2027
<i>Real change in %</i>											
GDP	2.3	2.5	1.8	-6.3	4.9	5.3	-0.8	-0.7	0.5	1.0	1.5
Private consumption	1.9	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.6	1.0	1.3
Public consumption	0.6	1.0	1.3	-0.8	7.7	0.0	0.6	3.8	2.8	0.8	0.5
Gross fixed capital formation*)	4.2	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.6	1.8	2.2
Investments in plant and machinery	7.7	1.3	1.0	-8.2	8.8	-1.7	1.2	-4.4	3.8	2.5	3.0
Investments in construction	2.5	5.6	3.5	-3.5	4.3	-2.1	-4.5	-5.9	-1.5	0.5	1.5
Exports	4.9	5.2	4.0	-10.5	9.5	9.4	-0.6	-2.3	-1.4	1.0	3.0
Imports	5.3	5.1	2.4	-9.6	14.1	6.9	-4.3	-2.6	1.3	1.7	2.9
CPI (change in %)	2.1	2.0	1.5	1.4	2.8	8.6	7.8	2.9	3.6	1.9	2.0
HCPI (change in %)	2.2	2.1	1.5	1.4	2.8	8.6	7.7	2.9	3.6	1.9	2.0
Saving ratio (in %)	7.1	7.7	7.2	13.6	11.3	9.1	8.6	11.7	11.2	10.7	10.0
Current account (in euro bn)	4.6	3.2	9.4	12.8	7.0	-5.8	7.7	7.5	6.5	5.5	5.5
Current account (in % of GDP)	1.3	0.8	2.4	3.4	1.7	-1.3	1.6	1.5	1.3	1.0	1.0
Employment (in 1,000)**)	3,573	3,661	3,720	3,644	3,734	3,845	3,889	3,898	3,905	3,919	3,938
Employment (change in %)**)	2.0	2.5	1.6	-2.0	2.5	3.0	1.2	0.2	0.2	0.4	0.5
Unemployment rate (nat. def.)	8.5	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.4	7.3	7.2
Unemployment rate (EU def.)	6.0	5.2	4.8	6.0	6.2	4.8	5.1	5.2	5.7	5.6	5.3
Unemployed (annual average in 1,000)	340	312	301	410	332	263	271	298	318	314	308
General gov. balance (in % of GDP)	-0.8	0.2	0.5	-8.2	-5.7	-3.4	-2.6	-4.7	-4.0	-3.7	-3.0
Public-sector debt (in % of GDP)	79.1	74.6	71.0	83.2	82.4	78.1	77.8	79.9	81.0	82.4	82.6
Nominal GDP (in euro bn)	367	383	396	380	406.2	449.4	477.8	494.1	514.3	529.5	548.1

*) excluding changes in inventory **) excluding persons drawing maternity benefits, military service and training

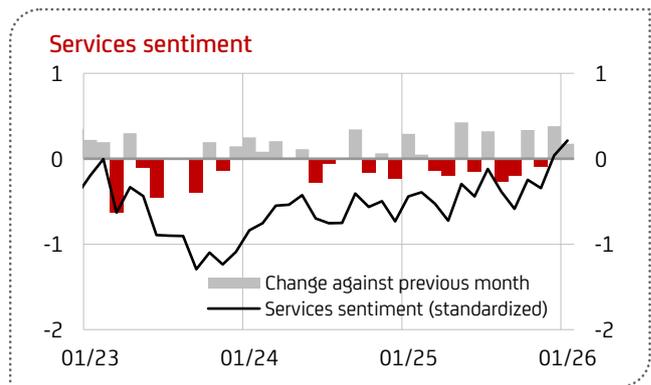
Source: UniCredit Bank Austria

Consumer sentiment clouded over again



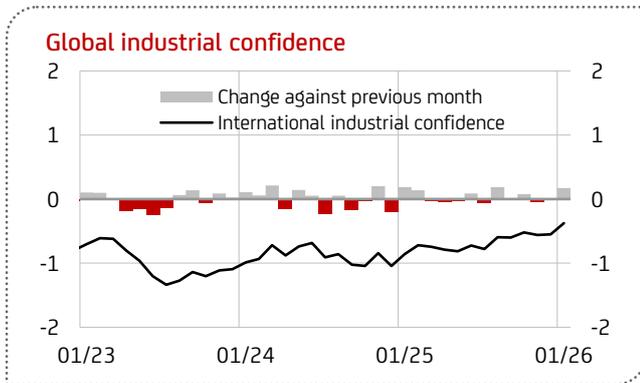
Domestic consumer sentiment deteriorated somewhat at the beginning of the year, despite the slowdown in inflation.

Service sentiment significantly improved



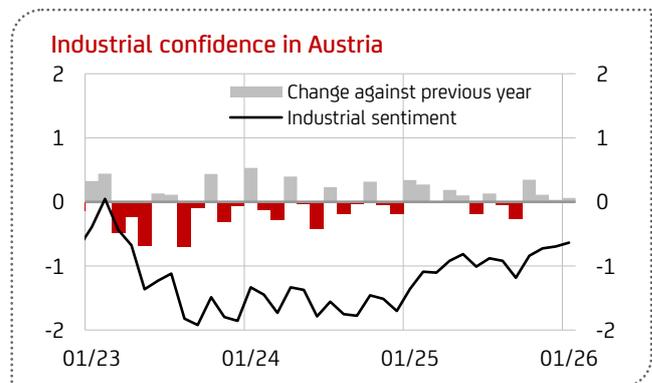
Sentiment in the service sector improved again in January and now even exceeds the long-term average.

Export environment remains challenging



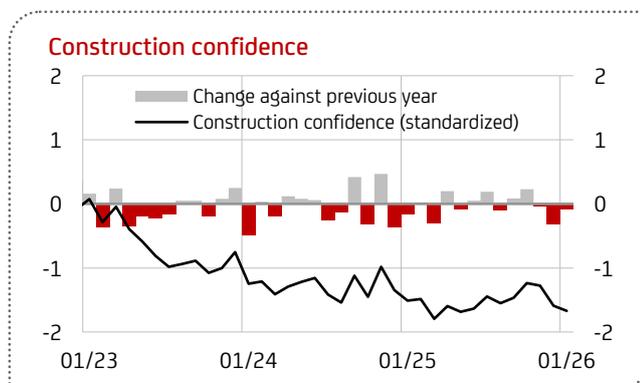
The indicator for global industrial sentiment improved significantly in January, supported above all by a brightening in the European markets.

Sentiment in manufacturing improved slightly



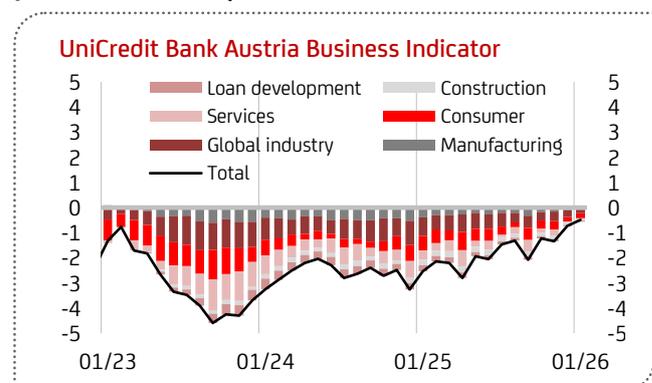
Despite the tense competitive situation and the headwind in exports due to US tariff policy, the mood in the domestic industry increased, albeit only minimal.

Continuing downward trend in construction



In the construction industry, sentiment deteriorated in January for the third month in a row to its lowest level since March 2025.

UCBA Business Indicator increased to minus 0.5 points in January



The increase of 0.2 points in the UniCredit Bank Austria Business Indicator in January compared to December was mainly due to the improvement in sentiment in the service sector.

Quelle: EU Kommission, Statistik Austria, UniCredit

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AUTHORS

Walter Pudschedl, Senior economist, UniCredit Bank Austria (walter.pudschedl@unicreditgroup.at)

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