



UniCredit Bank Austria Business Indicator

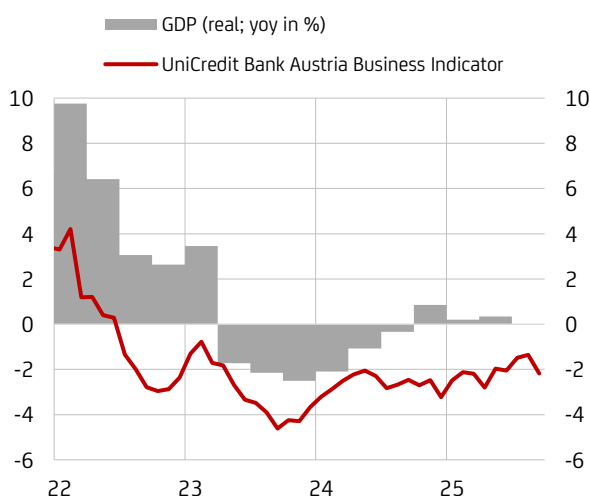
October 2025

Overview

CLOUDING OF SENTIMENT LEADS TO ECONOMIC SLOWDOWN AT THE END OF THE YEAR

- The UniCredit Bank Austria Business Indicator fell to minus 2.2 points in September, the lowest value since spring
- Deteriorating sentiment in all economic sectors, higher pessimism among consumers
- Despite the economic slowdown at the start of autumn, the Austrian economy will grow slightly faster than previously assumed at 0.3% in 2025 thanks to revised prior-year data
- Supported by domestic demand and a more stable export economy, economic growth of 1.0 per cent is possible in 2026
- After an average of 7.5 per cent in 2025, the unemployment rate should even fall slightly to 7.4 per cent in 2026, supported by demographic change
- Inflation is unlikely to stabilise over the remainder of 2025, but inflation is expected to fall sharply in 2026 as the effect of the end of the electricity price brake is no longer taken into account

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	1.9
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	3.1
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	-2.5
Dec-24	0.8	-3.2
Mar-25	0.2	-2.2
Jun-25	0.3	-2.0
Jul-25		-1.5
Aug-25		-1.4
Sep-25		-2.2

Source: UniCredit Bank Austria

In details

UNICREDIT BANK AUSTRIA BUSINESS INDICATOR DECREASED TO MINUS 2.2 POINTS IN SEPTEMBER

Economic sentiment in Austria deteriorated at the start of autumn. The UniCredit Bank Austria Business Indicator fell to minus 2.2 points in September, the lowest value since the spring. The unsteady upward trend in the economy since the beginning of the year has taken another dip. After the economic picture had already been more mixed in the previous month, sentiment deteriorated in all sectors of the economy at the beginning of autumn. Economic concerns increased significantly in domestic industry and the service sector in particular. In addition, uncertainty among domestic consumers increased again for the first time in six months.

DECLINE IN SENTIMENT ACROSS THE BOARD

The 0.8-point fall in the UniCredit Bank Austria Business Indicator in September compared to the previous month was the sharpest setback in almost two and a half years. The decline in all components of the indicator - for the first time since the end of 2024 - points to a broad-based deterioration in economic sentiment in Austria. Nevertheless, the assessments of business leaders and consumers at the beginning of autumn are still better than around the turn of the year 2024/25.

The high inflation rates of recent months are likely to have played a major role in the deterioration in economic sentiment, especially consumer confidence. Domestic consumer sentiment fell to its lowest level in six months and was the biggest contributor to the decline in the UniCredit Bank Austria Business Indicator.

Due to the rise in inflation to around 4 per cent year-on-year, the strong nominal wage increases of the current year were no longer sufficient to achieve further real increases in purchasing power. This also had a negative impact on sentiment in the services sector, as the high cost increases could only be passed on to customer prices to a limited extent due to a drop in demand, which had a negative impact on the earnings situation.

In the construction industry, too, restrained new business led to a cautious assessment of the economic situation. However, economic concerns only increased in building construction, while the mood in civil engineering and the ancillary trades brightened slightly.

In industry, the tense competitive situation caused by high cost increases in the energy and labor sectors as well as the headwind in exports due to the protectionist policies of the USA once again led to a deterioration in business assessments. The sentiment in the domestic industry fell to its lowest level of the current year, although the global export environment showed a certain tendency towards stabilization.

GDP REVISION LED TO AN INCREASE IN THE GROWTH FORECAST FOR 2025

Following the latest official data revision from 2023, a slight increase in GDP in the current year 2025 is becoming increasingly likely. We have raised our growth forecast slightly from 0.1 per cent to 0.3 per cent for 2025. In the first half of the

year, GDP exceeded the previous year's figure by 0.3 per cent. The deterioration in economic sentiment at the start of autumn suggests that the slight tailwind for the domestic economy will ease in the coming months. However, domestic demand will continue to support the economy, while foreign trade is likely to dampen economic development due to the US customs policy measures.

Domestic demand will continue to be the sole driver of growth in the Austrian economy in 2026. However, support from private consumption is likely to increase less than was expected some time ago due to wage increases below the inflation trend, such as in the metal industry or in the public sector. In addition, investment demand is likely to remain fairly subdued for the time being, burdened by high uncertainty in a weakening demand environment.

Given that the ECB's key interest rates are likely to remain unchanged, financing conditions are not expected to improve any further. On the contrary, the high financing requirements of the public sector may even lead to a further rise in long-term interest rates. Growth impetus from foreign trade is not expected in 2026 either, as protectionist policies will continue, starting in the USA. However, the investment programme in Germany should support the domestic export economy at least slightly, meaning that the dampening effect of foreign trade on the domestic economy should be less than in 2025.

We have adjusted our growth forecast for 2026 downwards by 0.1 percentage points compared to our previous estimate, mainly due to the latest official data revision. However, at 1.0 per cent, economic growth in 2026 is still expected to be noticeably higher than in 2025, supported by domestic demand and a more stable development in foreign trade.

STABILIZATION ON THE LABOUR MARKET DESPITE A SUBDUED ECONOMY

In view of the weak economy, the situation on the labor market will deteriorate somewhat in the coming months, mainly due to lower staffing requirements in industry. The momentum in the service sectors, driven primarily by the public sector, will remain too weak to compensate for this. As a result, we do not expect the labor market to stabilize until the end of 2025 and, with the somewhat more favorable economic development for 2026, a slight easing, which will be supported by the slowing increase in the labor supply. After an increase in the unemployment rate to an average of 7.5 per cent in 2025, there could be a slight decline to 7.4 per cent in 2026.

INFLATION WILL FALL NOTICEABLY IN 2026, BUT WILL REMAIN HIGHER THAN IN THE EUROZONE

Inflation in Austria rose to an average of 3.4 per cent in the first nine months of 2025 due to the expiry of the electricity price brake, but also due to the sharp rise in food and service prices. As the dampening effect of lower oil prices and the slowing rise in service prices is only slowly taking hold, only a slight slowdown in inflation is expected in the final months of the current year compared to the peaks of 4 per cent and more in August and September, also slowed by the increase in public charges as part of the budget restructuring measures.

We expect inflation to rise to an average of 3.5 per cent in 2025. Inflation will fall abruptly at the start of 2026, as the expiry of the electricity price brake will no longer be included in the

calculation. In addition, service price momentum is likely to be lower than in 2025 due to more moderate wage growth. Low oil prices and a slightly stronger euro should also ease the upward pressure on prices. We continue to expect inflation to fall to an annual average of 2.4 per cent in 2026. However, this means that inflation in Austria will once again be significantly higher than in the eurozone, which the economists at UniCredit Bank Austria expect to be 2 per cent.

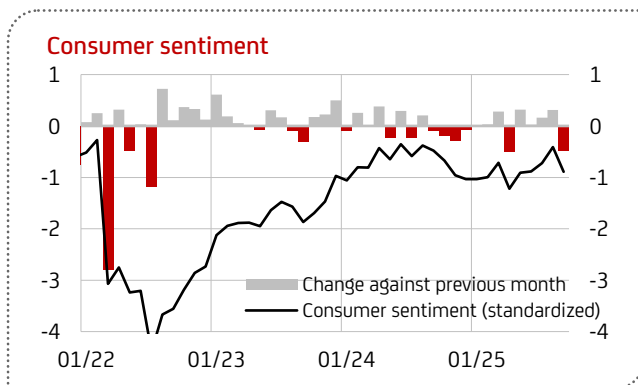
Economic Forecast

	2017	2018	2019	2020	2021	2022	2023	2024	forecast UCBA	
									2025	2026
<i>Real change in %</i>										
GDP	2.3	2.5	1.8	-6.3	4.9	5.3	-0.8	-0.7	0.3	1.0
Private consumption	1.9	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.8	1.2
Public consumption	0.6	1.0	1.3	-0.8	7.7	0.0	0.6	3.8	2.8	0.5
Gross fixed capital formation*)	4.2	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.9	2.0
Investments in plant and machinery	7.7	1.3	1.0	-8.2	8.8	-1.7	1.2	-4.4	2.9	2.5
Investments in construction	2.5	5.6	3.5	-3.5	4.3	-2.1	-4.5	-5.9	-0.9	1.0
Exports	4.9	5.2	4.0	-10.5	9.5	9.4	-0.6	-2.3	-0.7	1.2
Imports	5.3	5.1	2.4	-9.6	14.1	6.9	-4.3	-2.6	1.4	1.9
CPI (change in %)	2.1	2.0	1.5	1.4	2.8	8.6	7.8	2.9	3.5	2.4
HCPI (change in %)	2.2	2.1	1.5	1.4	2.8	8.6	7.7	2.9	3.5	2.4
Saving ratio (in %)	7.1	7.7	7.2	13.6	11.3	9.1	8.6	11.7	11.1	9.9
Current account (in euro bn)	4.6	3.2	9.4	12.8	7.0	-5.8	7.7	7.5	5.0	4.5
Current account (in % of GDP)	1.3	0.8	2.4	3.4	1.7	-1.3	1.6	1.5	1.0	0.8
Employment (in 1,000)**)	3,573	3,661	3,720	3,644	3,734	3,845	3,889	3,898	3,900	3,915
Employment (change in %) **)	2.0	2.5	1.6	-2.0	2.5	3.0	1.2	0.2	0.1	0.4
Unemployment rate (nat. def.)	8.5	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.5	7.4
Unemployment rate (EU def.)	5.9	5.2	4.8	6.0	6.2	4.8	5.1	5.2	5.6	5.6
Unemployed (annual average in 1,000)	340	312	301	410	332	263	271	298	319	320
General gov. balance (in % of GDP)	-0.8	0.2	0.5	-8.2	-5.7	-3.4	-2.6	-4.7	-4.5	-4.2
Public-sector debt (in % of GDP)	79.1	74.6	71.0	83.2	82.4	78.1	77.8	79.9	81.7	83.2
Nominal GDP (in euro bn)	367	383	396	380	406.2	449.4	477.8	494.1	512.8	530.6

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

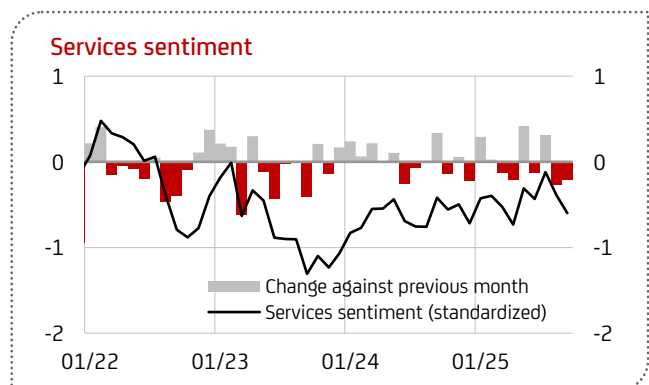
Source: UniCredit Bank Austria

Consumer sentiment deteriorated significantly



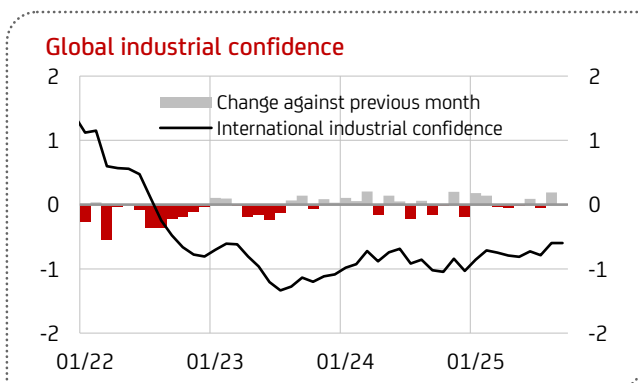
Domestic consumer sentiment fell to its lowest level in six months in September and contributed most to the decline in the UniCredit Bank Austria Business Indicator.

Service sentiment clouded

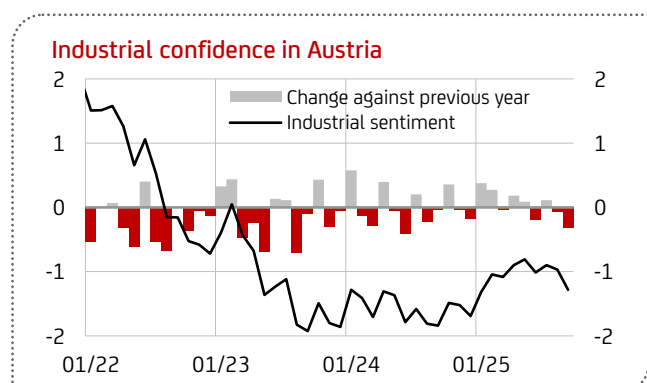


Sentiment in the service sector continued to deteriorate in September, weighed down by high cost increases and declining demand.

Stabilization of global industrial sentiment, but higher economic worries in Austria again

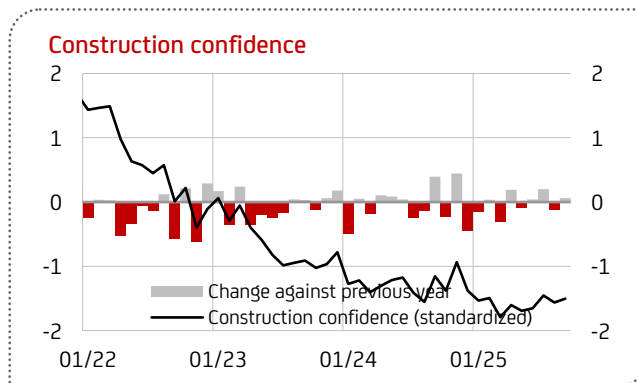


The indicator for global industrial sentiment stabilized in September, but remains below the long-term average.



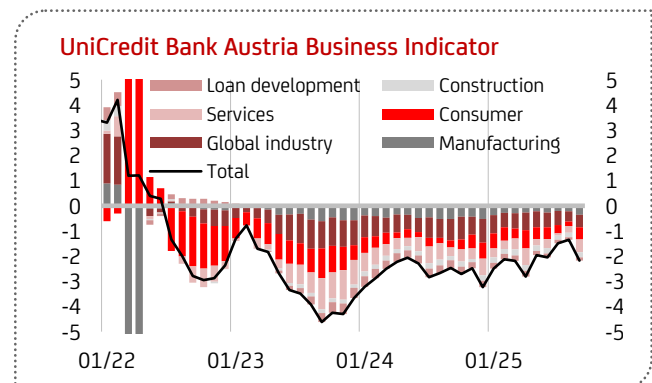
In industry, the tense competitive situation and the headwind in exports due to US tariff policy again led to a deterioration in business assessment.

Sentiment in construction sector is not getting off the ground



In the construction industry, subdued new business led to a continued cautious assessment of the economic situation. However, economic worries only increased in building construction.

UCBA Business Indicator fell to minus 2.2 points in September



The reduction of the UniCredit Bank Austria Business Indicator by 0.8 points in September compared to the previous month was the strongest setback in almost two and a half years.

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