

UniCredit Bank Austria Business Indicator

November 2026

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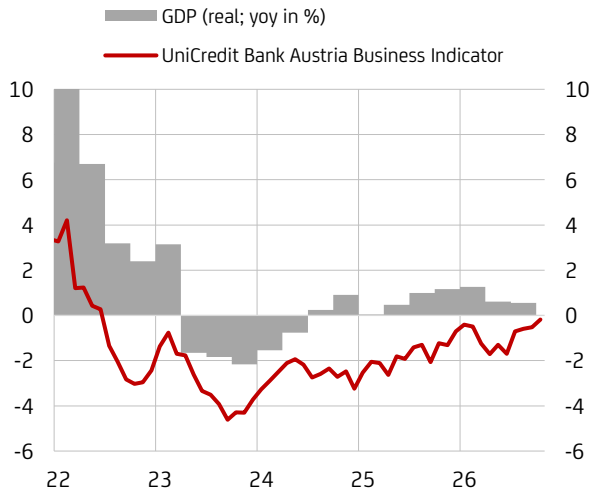
Bank Austria
Member of UniCredit

Overview

AUSTRIA'S ECONOMY CONTINUES ON A MODERATE RECOVERY PATH

- The UniCredit Bank Austria Business Indicator rose to minus 0.2 points in October, reaching its highest level since summer 2022
- Improved sentiment across all economic sectors, but greater caution amongst domestic consumers
- The recovery in industry, underpinned by an improved export environment, suggests that the moderate growth trajectory is set to continue into the fourth quarter
- Following 0.8 per cent economic growth in 2026, we anticipate a slight acceleration in economic momentum to 1.2 per cent in 2027
- The situation on the labour market is beginning to stabilise, though relief is not expected until 2027
- Energy prices continue to keep inflation high: after an annual average of 3.2 per cent in 2026, inflation is set to fall to just 2.8 per cent in 2027
- The ECB is likely to opt for a further interest rate rise of 25 basis points in December

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	3.1
Dec-19	0.3	1.2
Dec-20	-4.9	-0.1
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	10.1	1.2
Jun-22	6.7	0.3
Sep-22	3.2	-2.8
Dec-22	2.4	-2.4
Mar-23	3.1	-1.7
Jun-23	-1.7	-3.3
Sep-23	-1.8	-4.6
Dec-23	-2.2	-3.7
Mar-24	-1.5	-2.5
Jun-24	-0.8	-2.2
Sep-24	0.2	-2.4
Dec-24	0.9	-3.2
Mar-25	0.0	-2.1
Jun-25	0.5	-1.9
Sep-25	1.0	-2.1
Dec-25	1.2	-0.7
Mar-26	1.3	-1.2
Jun-26	0.6	-1.7
Sep-26	0.5	-0.5
Oct-26		-0.2

Source: UniCredit Bank Austria

In detail

UNICREDIT BANK AUSTRIA BUSINESS INDICATOR INCREASED TO MINUS 0.2 POINTS IN OCTOBER

The recovery of the Austrian economy continued at the start of the final quarter of 2026, despite ongoing geopolitical tensions and persistently high energy prices. “The UniCredit Bank Austria Business Indicator improved to minus 0.2 points. The dip caused by the US attack on Iran and the subsequent blockade of key sea lanes has now been fully offset. The indicator rose above the level seen before the start of the war in Iran for the first time and, at the same time, reached its highest level since the summer of 2022. The improvement in sentiment was evident across all economic sectors in October. As a result, the Austrian economy entered the final quarter of 2026 under more favourable conditions.

A TAILWIND ACROSS ALL ECONOMIC SECTORS, YET CONSUMERS BECAME EVEN MORE PESSIMISTIC

The biggest contribution to the improvement in the UniCredit Bank Austria Business Indicator came from the upturn in sentiment within the domestic manufacturing sector. Buoyed by a more favourable order situation, sentiment reached its highest level in more than four years. The main impetus came from the revival in export demand, which had already been evident in international sentiment indicators for several months. The indicator for international industry – weighted according to Austria’s share of trade – has now moved into positive territory and currently stands slightly above its long-term average. The improved industrial climate in the core European countries contributed to this in particular.

Sentiment also continued to improve in the construction sector, although high costs and weak demand – particularly in building construction – remain a drag. In the services sector, the business situation has also brightened further, though it remains well below the level seen at the start of the year. The picture is mixed: whilst business-related services in particular are benefiting from the recovery in industry, the retail sector is being weighed down by rising inflation.

Rising inflation is also dampening consumer sentiment. Household confidence deteriorated once again in October. Austrian consumers therefore remain significantly more pessimistic than they were at the start of the year.

Business sentiment in Austria remained significantly more subdued in October than in the euro area. For the eighth month running, domestic companies have rated the economic situation in all sectors as worse than the eurozone average. This difference remained particularly pronounced in the manufacturing sector. However, the gap has narrowed significantly recently. Sentiment in the domestic manufacturing sector is gradually catching up, thereby confirming the comparatively more favourable performance of Austrian manufacturing compared with the eurozone so far this year.

Among consumers, however, the opposite picture emerges. Despite inflation having been lower than in the euro area for the past four months, the sentiment among Austrian households has recently continued to deteriorate and has diverged from the trend in the rest of Europe.

RECOVERY IS GRADUALLY BROADENING

The current economic sentiment points to a continuation of the Austrian economy’s moderate growth trajectory in the coming months. Whilst geopolitical tensions, high energy prices and a more restrictive monetary and fiscal policy environment remain headwinds, economic momentum should gradually improve.

The recovery is being driven primarily by the manufacturing sector, which, despite a challenging competitive environment due to rising costs, should continue to benefit from stronger foreign demand. The construction sector is also likely to continue its stabilisation process. The services sector remains an important pillar of the economy, even if it will not, for the time being, match the momentum of earlier upturns.

For the time being, business-related services will benefit most from the recovery in industry. At the same time, higher inflation is eroding the purchasing power of private households, thereby limiting growth in consumer-related service sectors and the retail trade. Private consumption is also being held back by ongoing uncertainty, only modest growth in real incomes and higher interest rates. Higher interest rates are also weighing on investment activity, particularly as high energy and labour costs, coupled with only a gradual improvement in sales prospects, are acting as further brakes.

As the international environment continues to improve, domestic demand should also gradually pick up over the course of 2027 and be able to contribute increasingly to the recovery. Following an expected economic growth rate of 0.8 per cent in 2026, growth is likely to accelerate to 1.2 per cent in 2027.

LABOUR MARKET STABILISES AS THE ECONOMY RECOVERS

As the Austrian economy recovers gradually, the situation on the labour market is also beginning to stabilise. Although the seasonally adjusted unemployment rate, at 7.6 per cent, remains above the previous year’s level, the rise in unemployment has lost considerable momentum. For 2026 as a whole, an average unemployment rate of 7.6 per cent is expected, up from 7.4 per cent in the previous year.

However, the trend varies from region to region. In the more industrialised federal states, particularly Styria, Upper Austria, Vorarlberg and Lower Austria, unemployment rose more sharply in 2026 as companies adapted to the changed economic conditions. In federal states where the services sector plays a more significant role – notably Salzburg and Vienna – the unemployment rate, by contrast, has remained largely stable. In Vienna, the large public sector is now even contributing to a fall in the unemployment rate compared with the previous year.

Despite this improvement, Vienna is expected to continue to have the highest unemployment rate among the federal states in 2026, with an annual average of 11.9 per cent. As expected, Tyrol and Salzburg will record the lowest rates, at around 4.6 per cent each.

As the economic recovery progresses, the situation on the Austrian labour market is likely to improve further in the course of 2027. Supported by the slowing growth in the labour supply, we expect unemployment in Austria to fall again for the first time since 2022. The unemployment rate should fall to 7.4 per cent in 2027.

ENERGY PRICES ARE DRIVING INFLATION, BUT TO A LESSER EXTENT THAN IN THE EURO AREA

The period of elevated inflation has continued recently. Owing to high energy prices, the inflation rate is likely to have stood at 3.6 per cent again in October. For 2026 as a whole, we expect average inflation of 3.2 per cent, following 3.6 per cent in the previous year. On a positive note, inflation in Austria has been below that of the euro area since July. This is the first time this has been the case in around two years and is expected to continue at least until the turn of the year.

Inflation is also expected to remain above the ECB's target in 2027. This is indicated in particular by the continued high level of core inflation and the persistently strong price growth in the services sector. We anticipate a gradual easing of the geopolitical situation and, as a result, a stabilisation of energy prices; however, a noticeable decline in inflation is not expected until the second half of 2027. We forecast an annual average inflation rate of 2.8 per cent.

In view of the resurgence in inflation and rising inflation expectations, the European Central Bank is unlikely to have completed its monetary tightening cycle just yet. We expect a further 25 basis point increase in the deposit rate in December, bringing it to 2.75 per cent. This would mean interest rates are a total of 75 basis points higher than at the start of the year. We see scope for interest rate cuts towards the end of 2027 at the earliest. However, given the persistent inflation risks, it cannot be ruled out that the ECB will maintain a restrictive monetary policy stance for a longer period.

Economic Forecast

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	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real change in %									
GDP	**1.8**	**-6.3**	**4.9**	**5.5**	**-0.7**	**-0.3**	**0.7**	**0.8**	**1.2**
Private consumption	0.7	-7.6	4.9	6.1	-0.1	1.3	0.5	0.7	1.0
Public consumption	1.3	-0.8	7.7	-0.2	0.2	3.8	2.0	1.4	0.5
Gross fixed capital formation*)	4.3	-5.3	6.0	-0.1	-1.7	-2.4	1.4	1.3	1.8
Investments in plant and machinery	1.0	-8.2	8.8	-1.4	4.0	-1.5	7.9	2.5	2.5
Investments in construction	3.5	-3.5	4.3	-1.9	-6.6	-6.6	-2.9	-0.5	1.0
Exports	4.0	-10.5	9.5	9.4	-0.4	-1.9	1.3	2.0	2.8
Imports	2.4	-9.6	14.1	7.8	-4.2	-2.5	2.8	1.8	2.6
CPI (change in %)	**1.5**	**1.4**	**2.8**	**8.6**	**7.8**	**2.9**	**3.6**	**3.2**	**2.8**
HCPI (change in %)	1.5	1.4	2.8	8.6	7.7	2.9	3.6	3.2	2.7
Saving ratio (in %) *)**	**7.2**	**13.6**	**11.3**	**9.0**	**8.9**	**11.5**	**9.7**	**9.0**	**8.1**
Current account (in euro bn) ***)	9.4	12.8	7.0	-5.8	7.7	7.5	5.1	13.5	12.9
Current account (in % of GDP) ***)	2.4	3.4	1.7	-1.3	1.6	1.5	1.0	2.5	2.3
Employment (in 1,000)**)	3,720	3,644	3,734	3,845	3,889	3,898	3,905	3,913	3,924
Employment (change in %) **)	1.6	-2.0	2.5	3.0	1.2	0.2	0.2	0.2	0.3
Unemployment rate (nat. def.)	**7.4**	**9.9**	**8.0**	**6.3**	**6.4**	**7.0**	**7.4**	**7.6**	**7.4**
Unemployment rate (EU def.)	4.8	6.0	6.2	4.8	5.1	5.2	5.7	5.9	5.7
Unemployed (annual average in 1,000)	301	410	332	263	271	298	318	325	321
General gov. balance (in % of GDP)	**0.5**	**-8.2**	**-5.7**	**-3.4**	**-2.6**	**-4.6**	**-4.1**	**-4.0**	**-3.8**
Public-sector debt (in % of GDP)	71.0	83.2	82.4	78.1	77.4	79.0	80.7	82.0	82.5
Nominal GDP (in euro bn)	396	380	406.2	449.4	479.9	499.9	518.2	536.7	558.5

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

Source: UniCredit Bank Austria

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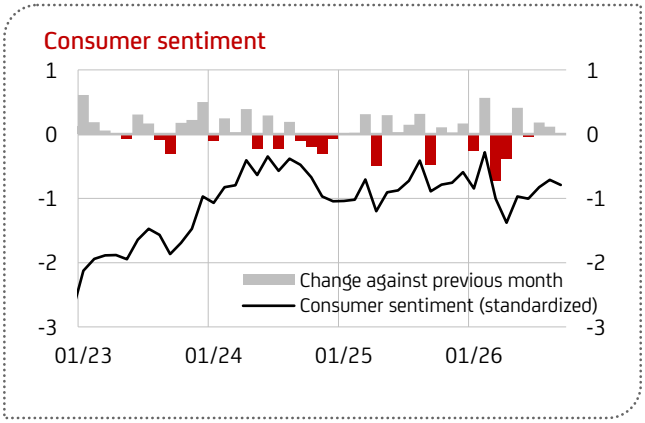
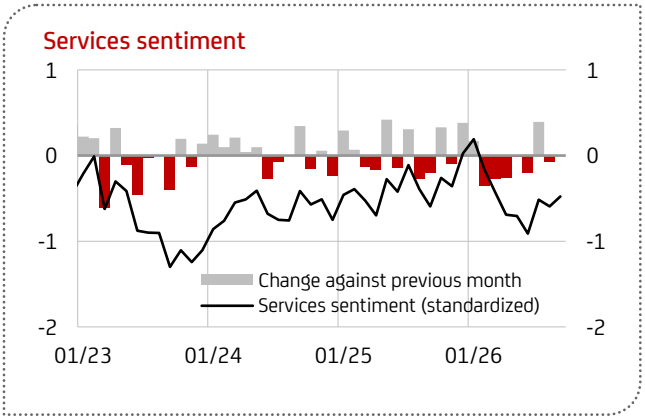
Consumers remain sceptical



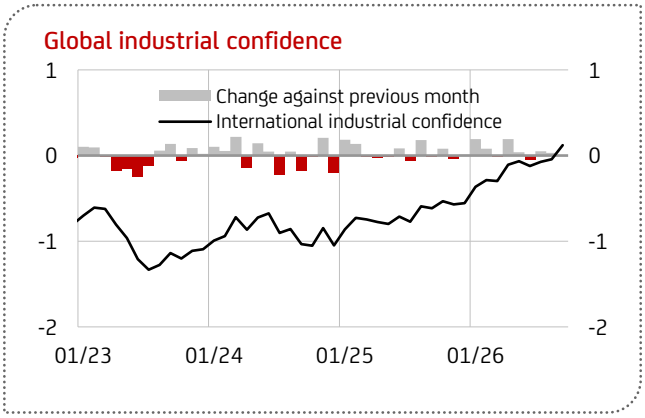
In view of the ongoing geopolitical tensions, the mood among domestic consumers deteriorated slightly again.

Services sentiment slightly improved



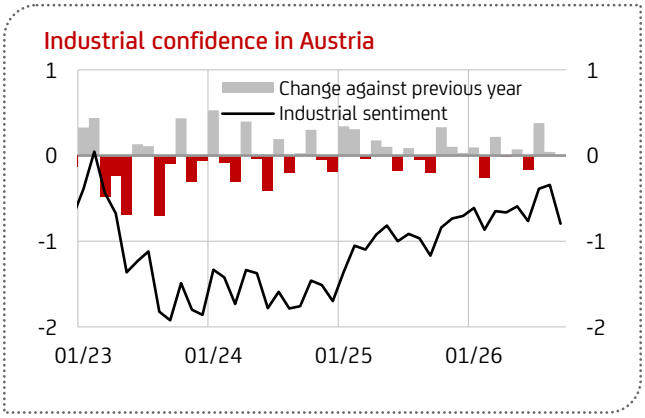
Sentiment in the service sector improved somewhat in October despite persistently high inflation, reaching its best level since spring.

Global industrial sentiment improved



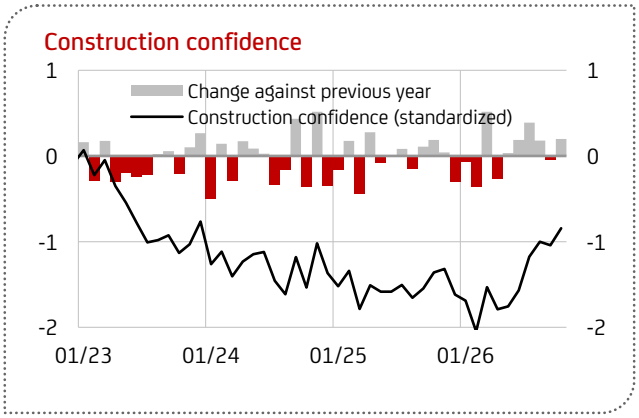
The indicator for global industrial sentiment, weighted by Austria's trade shares, rose in October to its highest level since July 2022.

Brightening of the industrial sentiment



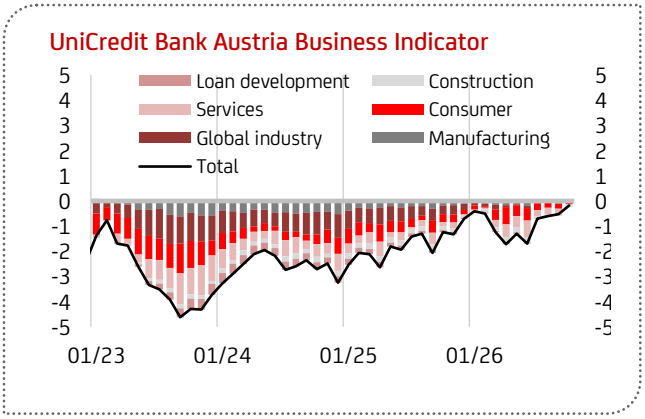
The improved export environment led to an increase in sentiment in domestic industry.

Further improvement in the mood in construction



The mood in the construction sector remained tense at the beginning of the final quarter of the year. Despite the weak order situation, sentiment improved mainly driven by the development in civil engineering.

UCBA Business Indicator rose to minus 0.2 points in October



The increase in the UCBA Business Indicator in October was due to an improvement in sentiment in all sectors of the economy.

Sources: EU-Commission, Statistik Austria, UniCredit

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