



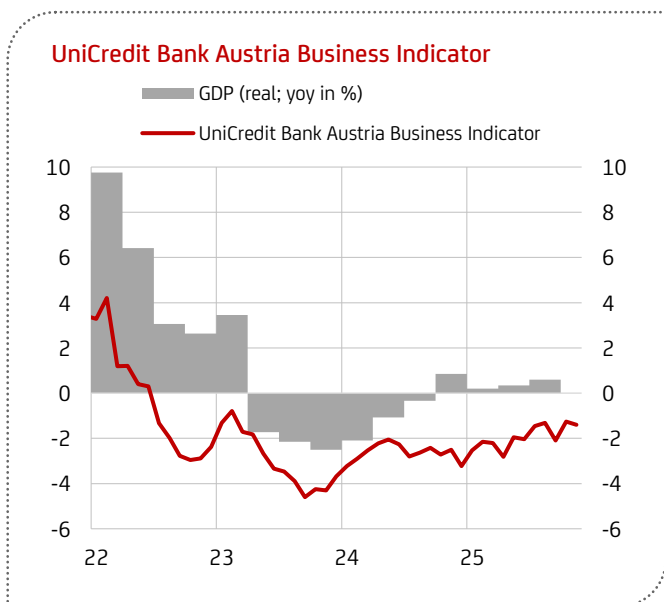
UniCredit Bank Austria Business Indicator

December 2025

Overview

MIXED MOOD STABILIZATION

- The UniCredit Bank Austria Business Indicator fell marginally to minus 1.4 points in November
- Improved sentiment in industry with a stable export environment, but decline in construction and services
- Domestic demand in Austria should ensure GDP growth of 1.0 percent in 2026/27 and 1.5 percent in 2027, despite fiscal constraints. Burden from foreign trade expected to decrease
- Unemployment rate expected to decline to 7.4 percent in 2026 and to 7.3 percent in 2027, supported by demographic effects
- Inflation slowly calms down to an average of 2.4 percent in 2026 and 2.0 percent in 2027
- The ECB remains on hold



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	7.2
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	-3.2
Mar-25	0.2	-2.2
Jun-25	0.3	-2.0
Sep-25	0.6	-2.1
Oct-25		-1.3
Nov-25		-1.4

Source: UniCredit Bank Austria

In details

UNICREDIT BANK AUSTRIA BUSINESS INDICATOR DECREASED TO MINUS 1.4 POINTS IN NOVEMBER

The Austrian economy has found its way out of recession in 2025 and is slowly starting to recover after a stabilization phase. Sentiment in the domestic economy has improved in all economic sectors over the course of 2025. The UniCredit Bank Austria economic indicator fell marginally to minus 1.4 points in November, but this still reflects a pessimistic mood and emphasizes the still fragile economic trend.

In November, sentiment in industry improved in a stable export environment. In contrast, there was a slight decline in the construction and service sectors, although the economic situation in the service sector is still considered to be more favorable than in the eurozone.

ECONOMIC HOPES CONTINUE TO REST ON DOMESTIC DEMAND

Domestic demand has countered the negative impact of US tariff policy on foreign trade in 2025, enabling a slight increase in GDP of an expected 0.3 per cent after two years of decline. However, the development of domestic demand fell short of expectations. As a result of economic and geopolitical uncertainties, a high level of investment restraint persisted despite lower interest rates. In addition, consumer momentum remained muted as a result of the high propensity to save, which is primarily due to stubborn inflation.

The strength of the domestic economic recovery in 2026 will depend crucially on the development of domestic demand. On the one hand, the after-effects of the key interest rate cuts should have a positive impact on investment activity, especially as there appear to be signs of a slight upturn in building construction activity. On the other hand, the decline in inflation should contribute to a slow decline in the propensity to save and give private consumption a little more momentum. In view of the consequences of the US economic policy realignment for global trade and the structural problems in the heavily export-oriented Austrian industrial sector, foreign trade is likely to continue to weigh on the Austrian economy at least in 2026. However, the negative effect should gradually diminish, as domestic companies are increasingly able to adapt to the new framework conditions.

We expect the fragile economic improvement to continue and a moderate recovery to set in. Economic growth should increase to 1.0 per cent in 2026 and further to 1.5 per cent in 2027.

DEMOGRAPHIC EFFECTS RELIEVE PRESSURE ON THE AUSTRIAN LABOUR MARKET

Despite the only moderate pace of recovery in the Austrian economy, the unemployment rate is expected to fall over the next two years. The tension on the labor market had already eased significantly by the end of 2026. Seasonally adjusted employment stabilized and the number of jobseekers rose only marginally. The average unemployment rate is expected to fall to 7.4 per cent in 2026, down from 7.5 per cent in 2025. The unemployment rate is expected to fall further to at least 7.3 per

cent in 2027, supported by a subdued development in labor supply, partly due to the retirement of baby boomers from the labor market.

CALMING INFLATION, BUT NO ALL-CLEAR

Inflation will fall significantly at the beginning of 2026 - favored by the elimination of the increasing effect of the expiry of the electricity price brake at the beginning of 2025 from the calculation. However, second-round effects in the services sector will continue to cause inflation to be significantly higher than in the eurozone. "We expect inflation to fall to 2.4 per cent in 2026, compared to an annual average of 3.5 per cent in 2025. Provided there are no sharp spikes in commodity prices, inflation should continue to slow in 2027, allowing for an inflation rate of just 2.0 per cent. This means that inflation in Austria is likely to reach the ECB's target in 2027 for the first time in seven years.

ECB REMAINS ON HOLD, BUT TWO FED RATE CUTS EXPECTED

We do not expect the European Central Bank to make any interest rate cuts for the time being, which means that the deposit rate will be held at 2 per cent for an extended period. In view of the still weak economy and inflation slightly below the target value, there is a risk that the ECB could make a further, final rate cut in the first half of 2026. In any case, the improvement in the economy should prompt the ECB to raise interest rates by 25 basis points at the end of 2027.

In contrast to the ECB, the US Federal Reserve will lower the key interest rate, probably in two steps at the beginning of the second half of the year and at the end of 2026 to a range of 3.25 to 3.50 per cent, and will not take any further steps in 2027. The high core inflation and solid growth argue against earlier or stronger interest rate cuts. Although political influence could increase with the end of Jerome Powell's term as Fed Chairman, the independence of the central bank should not be called into question.

Although the interest rate differential would favor a strengthening of the US dollar against the euro, selling pressure on the US dollar is likely to continue in 2026 given the political uncertainties. We expect an exchange rate of 1.18 at the end of 2026 and 1.20 at the end of 2027. There does not seem to be any room for a rise above the 1.20 mark for one euro.

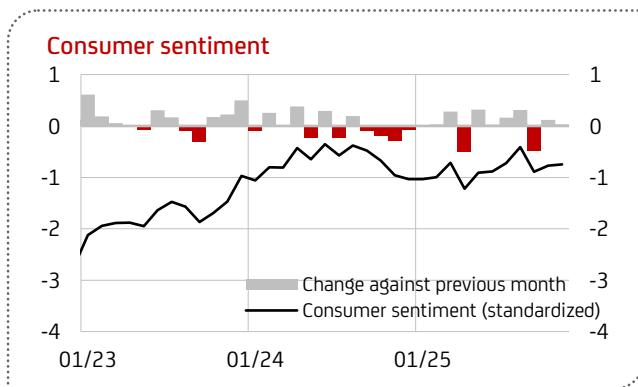
Economic Forecast

	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	0.3	1.0	1.5
Private consumption	1.9	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.8	1.2	1.3
Public consumption	0.6	1.0	1.3	-0.8	7.7	0.0	0.6	3.8	2.8	0.5	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	2.2
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	3.0
Investments in construction	2.5	5.6	3.5	-3.5	4.3	-2.1	-4.5	-5.9	-0.9	1.0	1.5
Exports	4.9	5.2	4.0	-10.5	9.5	9.4	-0.6	-2.3	-0.7	1.2	3.0
Imports	5.3	5.1	2.4	-9.6	14.1	6.9	-4.3	-2.6	1.4	1.9	2.9
CPI (change in %)	2.1	2.0	1.5	1.4	2.8	8.6	7.8	2.9	3.5	2.4	2.0
HCPI (change in %)	2.2	2.1	1.5	1.4	2.8	8.6	7.7	2.9	3.6	2.4	2.1
Saving ratio (in %)	7.1	7.7	7.2	13.6	11.3	9.1	8.6	11.7	11.1	9.9	9.2
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	5.5
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	1.0
Employment (in 1,000)**)	3,573	3,661	3,720	3,644	3,734	3,845	3,889	3,898	3,900	3,915	3,946
Employment (change in % **)	2.0	2.5	1.6	-2.0	2.5	3.0	1.2	0.2	0.1	0.4	0.8
Unemployment rate (nat. def.)	8.5	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.5	7.4	7.3
Unemployment rate (EU def.)	6.0	5.2	4.8	6.0	6.2	4.8	5.1	5.2	5.6	5.6	5.3
Unemployed (annual average in 1,000)	340	312	301	410	332	263	271	298	319	320	317
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	-3.5
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	83.8
Nominal GDP (in euro bn)	367	383	396	380	406.2	449.4	477.8	494.1	512.8	530.6	549.4

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

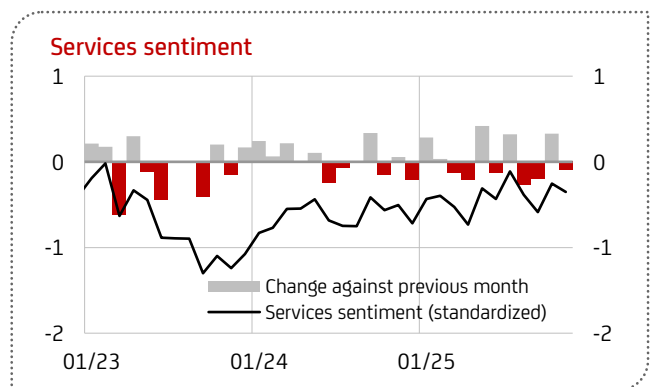
Source: UniCredit Bank Austria

Consumer sentiment slightly better again



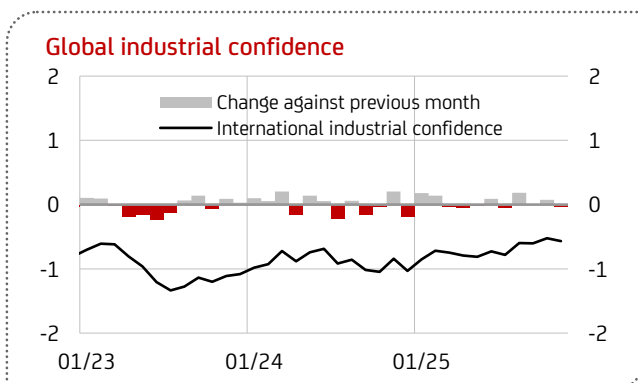
Domestic consumer sentiment rose slightly again after the slump in November, supported by a stabilization of inflation.

Service sentiment decreased

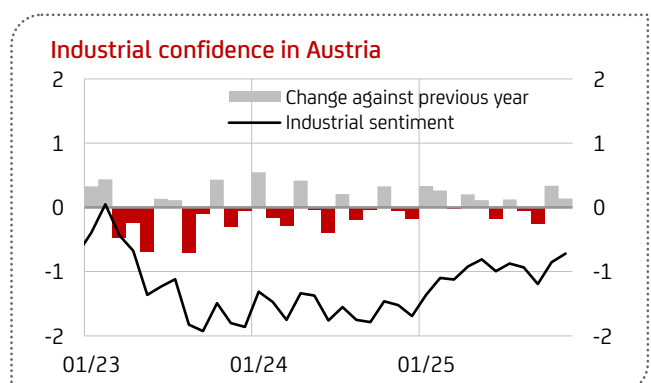


Sentiment in the service sector deteriorated somewhat in November, weighed down by less favorable new orders.

Stabilization global industrial sentiment supports sentiment in Austria's industry

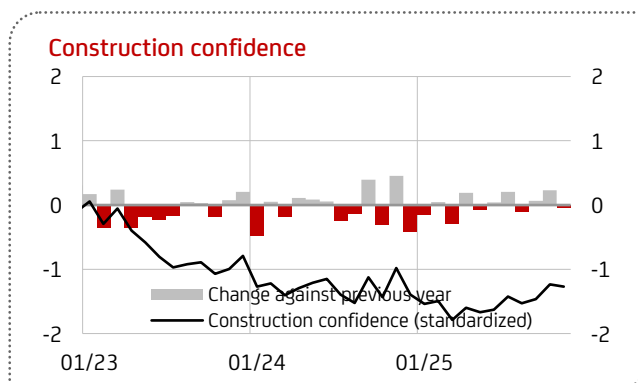


The indicator for global industrial sentiment stabilized in November near the previous month's value and remains below the long-term average.



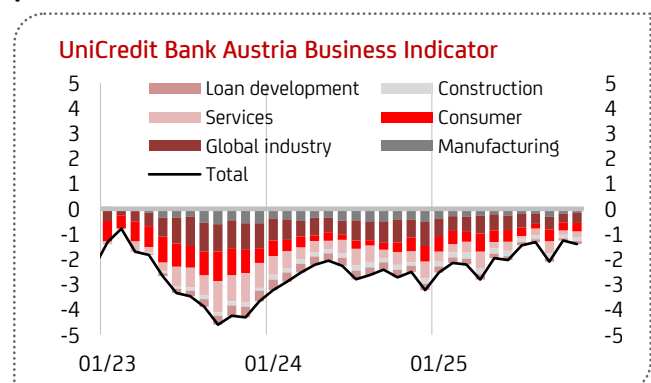
Despite the tense competitive situation and the headwind in exports due to US tariff policy, the mood in the domestic industry increased.

Slight downward trend in construction



In the construction industry, a less favorable new business caused a worse assessment of the economic situation. Economic worries increased especially in civil engineering.

UCBA Business Indicator fell to minus 1.4 points in November



The decline of 0.1 points in the UniCredit Bank Austria Business Indicator in November compared to October was mainly due to the deterioration in sentiment in the service sector.

MORE TO READ

We invite you to visit the economic analyses on Bank Austria's website: www.bankaustria.at under "Direct access – Markets & Research - Analyses & Research" in the section "Economic Research Austria" or directly at <http://www.bankaustria.at/en/about-us-publications-economic-research-austria.jsp>.

If you would like to receive information on our most recent publications by e-mail, please subscribe to the newsletter Bank Austria Economic News via e-mail: econresearch.austria@unicreditgroup.at.

AUTHORS

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

LEGAL INFORMATION

These publications do not constitute investment advice, investment recommendations, marketing communications, or financial analysis. In particular, they are not an offer or solicitation to buy or sell securities and do not constitute a solicitation to make such an offer. They are intended solely as initial information and are no substitute for advice based on the individual circumstances and knowledge of the investor.

It is an analysis based on publicly available economic data. Despite careful research and the use of reliable sources, no responsibility can be taken for completeness, correctness, timeliness and accuracy.

Any investment in securities involves risks. The value of the investment and the income from it may fluctuate suddenly and substantially and therefore they cannot be guaranteed. There is a possibility that the investor will not receive back the full amount invested, particularly if the investment is held for only a short time. In some circumstances, a total loss is also possible.

Possible (return) payments from the product may not protect investors against inflation risk. There can be no assurance, therefore, that the purchasing power of the capital invested will not be affected by a general increase in the prices of consumer goods. Figures and information on performance refer to the past and past performance is not a reliable indicator of future results.

Only in the context of an investment advisory service can UniCredit Bank Austria AG take into account the personal circumstances of the customer (investment objectives, experience and knowledge, risk appetite, financial circumstances and financial loss tolerance) and carry out a product-specific suitability test.

IMPRINT

Disclosure according to Sections 24 and 25 of the Austrian Media Act (Mediengesetz - MedienG):

Published by:

UniCredit Bank Austria AG
1020 Vienna, Rothschildplatz 1

Which is also the media owner.

Business objective: credit institution pursuant to Section 1 (1) of the Austrian Banking Act (Bankwesengesetz)

Persons authorised to act on behalf of the media owner (Management Board): Ivan Vlaho, Daniela Barco, Hélène Buffin, Dieter Hengl, Emilio Manca, Marion Morales Albiñana-Rosner, Svetlana Pancenko, Wolfgang Schilk.

Supervisory Board of the media owner: Gianfranco Bisagni, Aurelio Maccario, Livia Aliberti Amidani, Christoph Bures, Richard Burton, Tamara Haas, Judith Maro, Herbert Pichler, Eveline Steinberger, Doris Tomanek, Roman Zeller.

Interests held in the media owner pursuant to Section 25 of the Austrian Media Act:

UniCredit S.p.A. holds 99.996% of the shares in the media owner (key details of the shareholder structure of UniCredit S.p.A. are available at <https://www.unicreditgroup.eu/en/governance/shareholder-structure.html>).

“Betriebsratsfonds des Betriebsrats der Angestellten der UniCredit Bank Austria AG, Region Wien” (the Employees’ Council Fund of the Employees’ Council of employees of UniCredit Bank Austria AG in the Vienna area) and “Privatstiftung zur Verwaltung von Anteilsrechten” (a private foundation under Austrian law; founder: Anteilsverwaltung-Zentralsparkasse; beneficiary: WWTF – Wiener Wissenschafts-, Forschungs- und Technologiefonds) have a combined interest of 0.004% in the media owner.



MobileBanking App

Simply download it from your provider's app store.
All information: mobilebanking.bankaustria.at



Our customer service on the Internet

bankaustria.at/customer-support



Our branches throughout Austria

filialfinder.bankaustria.at

You can find us on:

