



# Austria Up-to-date

## January 2026

# Overview

## MODERATE RECOVERY

	2024	2025	2026	Rev. <sup>1)</sup>	2027	Rev. <sup>1)</sup>
GDP (real, change in %)	-0.7	0.5	1.0		1.5	
Inflation (CPI, in %)	2.9	3.5	2.4		2.0	
Unemployment rate (in %)	7.0	7.4	7.3	↘	7.2	↘

1) Revision since last report

- Sustained economic recovery thanks to positive domestic demand and stabilization of foreign trade**

We have increased our GDP estimate for 2025 from 0.3 to 0.5 percent due to a data revision and continued good sentiment and economic data.

There are no signs of a significant change in the economic situation at the beginning of 2026. However, the recovery of the Austrian economy should be able to increase in stability and momentum in the course of the year, supported by a continuation of the positive development of domestic demand. In addition, the export business should stabilize again and thus at least no longer dampen economic development as much as in 2025.

After a moderate start to the year, the economy in Austria should be able to pick up speed in the future. We expect economic growth to accelerate slightly to 1.0 percent in 2026 and 1.5 percent in 2027.

- Unemployment rate at the end of 2025 fell for the first time in three years**

The improvement in the Austrian economy in the second half of the year has a positive effect on the labor market. The seasonally adjusted unemployment rate fell to 7.4 percent in December.

With the more favorable economic development, the trend reversal on the domestic labor market began shortly before the turn of the year. However, this has not yet reached all sectors of the economy, because while employment is rising in the service sector, especially in the public sector, industry is still cutting staff. In the course of 2026, however, the positive development should prevail in all sectors. After the unemployment rate rose to 7.4 percent in 2025, we expect it to fall to 7.3 percent in 2026 and continue to at least 7.2 percent in 2027.

- Budget deficit will exceed 4% of GDP in 2026 again**

For 2025, we expect a marginal decline in the budget deficit to 4.5 percent of GDP, after 4.7 percent in 2024. The consolidation measures already in place will have a stronger effect in 2026, so that the budget deficit is expected to fall further to 4.2 percent of GDP. Only in 2027, supported by the improved economic development, do we expect the outflow in the general government budget to be reduced to less than 4 percent of GDP. As a result of the persistent deficits, total debt will continue to rise to almost 84 percent of GDP by 2027.

- Sharp decline in inflation at the beginning of 2026**

Due to the lifting of the electricity price brake and the high dynamics in some service sectors, inflation in Austria remained high until the end of 2025. However, dampened by lower fuel prices, inflation fell to 3.8 percent in December for the first time in five months, at least below the 4 percent mark. On average in 2025, inflation rose to 3.5 percent after 2.9 percent in the previous year.

For 2026, we expect inflation to fall to an average of 2.4 percent, mainly due to the elimination of the effect of the expiry of the electricity price brake from the calculation. However, after the sharp decline at the beginning of the year due to this base effect, inflation will only move slightly downwards, weighed down by fee hikes and continued strong momentum in service and food prices.

- End of the euro area rate cut cycle?**

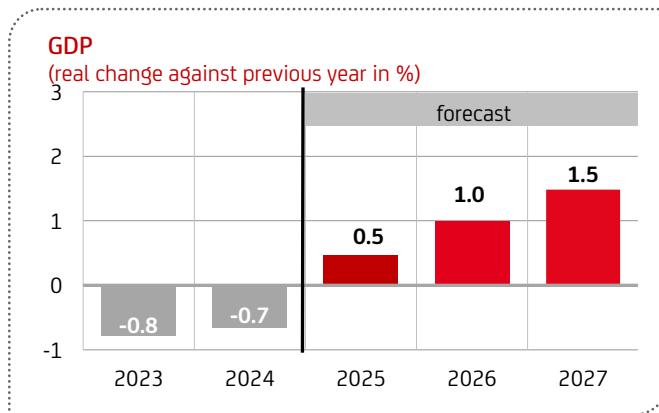
We expect the ECB to keep the deposit rate at 2 percent for an extended period of time. In the first half of 2026, however, there is a risk of a final cut of 25 basis points, given the still weak growth and low inflation. A progressive strengthening of economic momentum could trigger a 25 basis point rate hike towards the end of 2027. We see quantitative tightening continuing at the current pace in 2026, after which liquidity conditions could lead to increased volatility in money market rates.

## International Environment

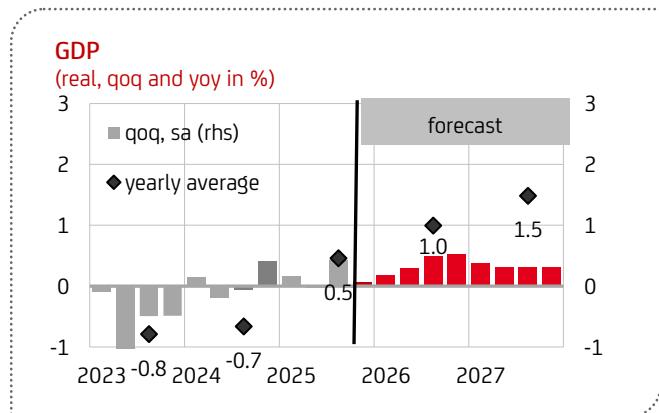
	Forecast			
	2024	2025	2026	2027
<i>(GDP, change in %)</i>				
Eurozone	0.9	1.4	1.0	1.4
Germany	-0.5	0.2	1.2	1.9
France	1.2	0.8	0.9	1.1
Italy	0.5	0.5	0.6	0.8
Spain	3.2	2.9	2.1	1.8
UK	0.9	1.3	0.8	1.2
USA	2.8	2.1	2.3	2.0
Japan	0.2	1.0	0.8	0.8
<i>(annual average)</i>				
USD per euro	1.08	1.13	1.16	1.19
CHF per euro	0.95	0.94	0.94	0.97
GBP per euro	0.85	0.86	0.90	0.94
JPY per euro	163.8	169.0	174.5	170.6
<i>Oil (USD/barrel)</i>				
	80	68	62	65
10y Gov. bond (A)	2.83	2.98	3.10	3.24
3m Euribor	3.57	2.18	2.00	2.08

Source: UniCredit Bank Austria

## Slight GDP increase in 2025, moderate acceleration in 2026/27

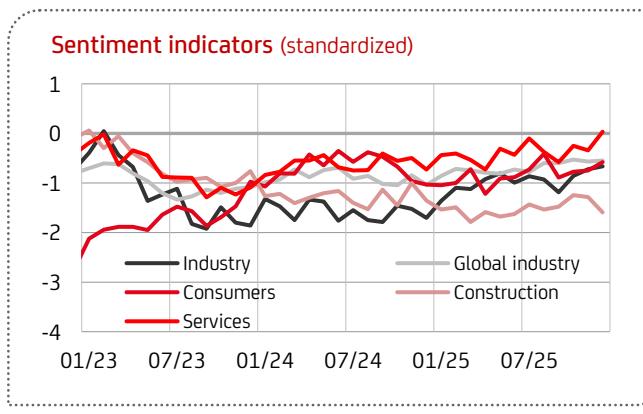


After two years of GDP declines, the economy began to stabilize in 2025. We expect a small GDP increase of 0.3 percent for 2025.

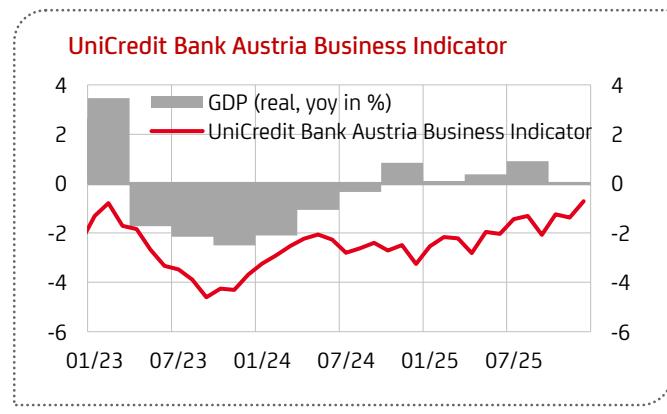


After a subdued start to the year, the economy is expected to be somewhat more buoyant in the second half of 2026, supported by domestic demand and a more stable development in foreign trade.

## Improvement in sentiment in the Austrian economy at the beginning of the final quarter of 2025



In November, sentiment improved in industry amid a stable export environment. In contrast, there was a decline in construction and also in the service sector.



Sentiment in the domestic economy has improved over the course of 2025. According to preliminary figures, the UniCredit Bank Austria Business Indicator reached minus 1.4 points in November.

## Economic outlook

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>GDP (real, yoy in %)</b>	2.3	2.5	1.8	-6.3	4.9	5.3	-0.8	-0.7	0.5	1.0	1.5
Industrial output (real, yoy in %)	4.2	4.2	0.0	-7.1	11.0	5.9	-1.7	-4.9	2.5	1.5	2.5
Private consumption (real, yoy in %)	1.9	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.6	1.0	1.3
Investments (real, yoy in %) <sup>*)</sup>	4.2	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.6	1.8	2.2
<b>Inflation rate</b> (change against prev. year in %)	2.1	2.0	1.5	1.4	2.8	8.6	7.8	2.9	3.5	2.4	2.0
<b>Unemployment rate</b> (national definition)	8.5	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.4	7.3	7.2
Employment (change against prev. year in %) <sup>**) excl. maternity/paternity leave, military service and training programmes</sup>	2.0	2.5	1.6	-2.0	2.5	3.0	1.2	0.2	0.1	0.4	0.5
Public-sector 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
<b>Total public debt</b> (in % of GDP)	79.1	74.6	71.0	83.2	82.4	78.1	77.8	79.9	81.6	83.1	83.7

<sup>\*)</sup> Gross fixed capital formation <sup>\*\*) excl. maternity/paternity leave, military service and training programmes</sup>

Source: UniCredit Bank Austria

## Retail sales volatile

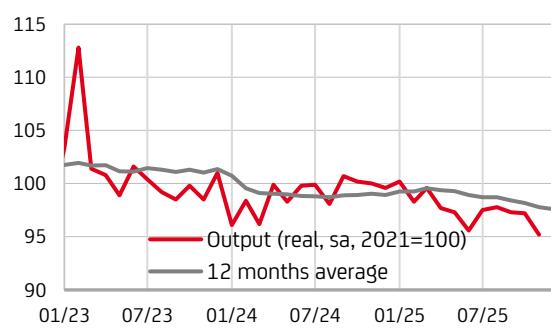
### Retail trade



The slight upward trend in retail sales flattened out somewhat at the start of the fourth quarter. From January to November, sales rose by 0.7 percent in real terms compared to the previous year.

## Downward trend in construction continues

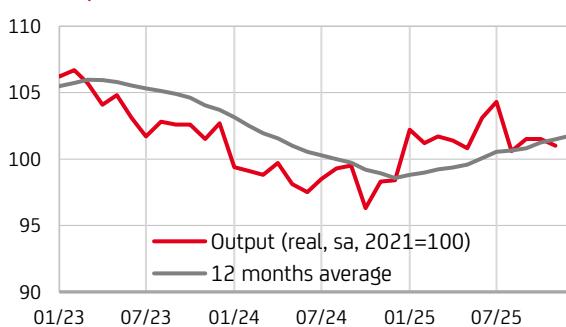
### Construction



Construction output fell by an average of 2 percent in 2024 (in real terms, adjusted for the number of working days). From January to November 2025, there was a further decline of around 1.5 percent compared to the previous year.

## Industry with year-on-year increase in production

### Industry



After the decline in industrial production in 2024 by an average of 5.0 percent (in real terms, adjusted for working days), the first eleven months showed an increase of more than 3 percent year-on-year.

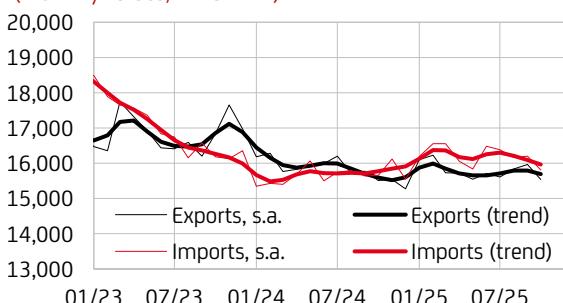
### UCBA Purchasing Managers' Index



In December, the UniCredit Bank Austria PMI decreased to 49.3 points, mainly burdened by weak new business.

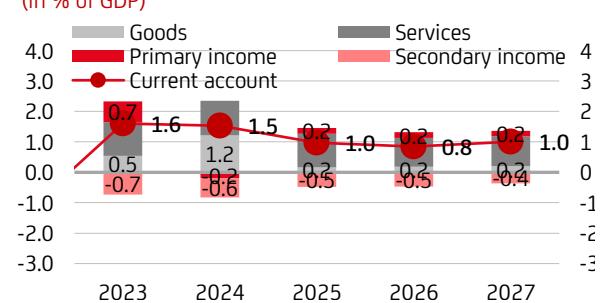
## Exports continue to decline, current account surplus to decrease

### Exports and imports (monthly values, in EUR mn)



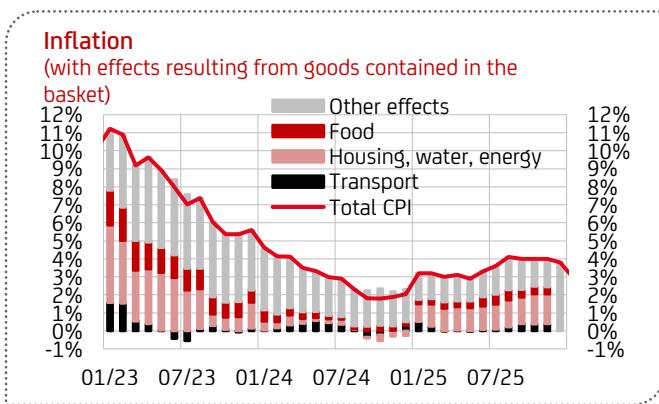
Nominal exports fell by 1.6 percent in the first ten months of 2025 weighed down by US customs policy, while imports rose by 3.1 percent year-on-year. The trade balance slipped further into the red.

### Current account balance (in % of GDP)

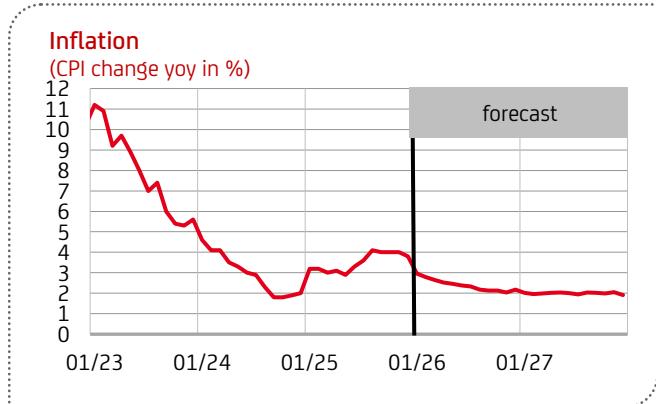


The positive current account balance will be significantly lower in 2025 than in 2024 due to a reduction in the surplus in goods, and this trend is expected to continue in 2026, albeit at a slower pace.

## Inflation decreased to 3.8% yoy in December 2025, according to flash estimate

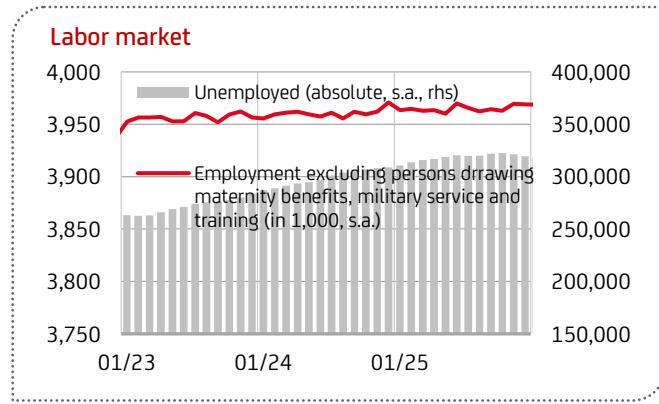


Inflation is expected to be 3.8 percent year-on-year in December. The rise in service and energy prices fueled inflation, while lower fuel prices dampened the increase.

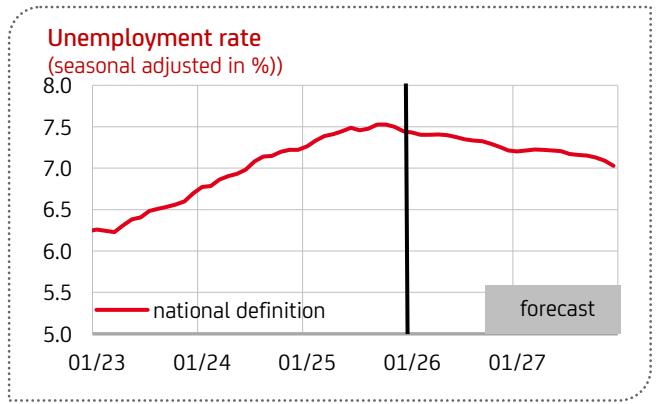


After rising to an average of 3.5 percent in 2025, inflation is expected to fall sharply at the beginning of 2026 due to the "electricity price brake effect".

## Trend reversal on the labor market

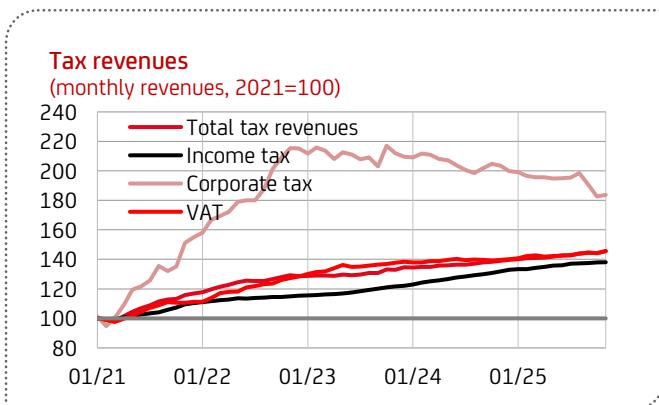


The seasonally adjusted unemployment rate decreased to 7.4 percent in December. Despite strong job cuts in industry, the trend reversal on the labor market has begun.

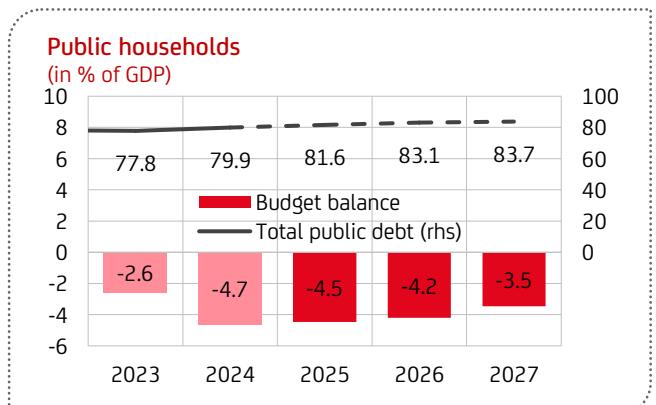


After an average of 7.4 percent in 2025, we expect the unemployment rate to fall to 7.3 percent in 2026 and to 7.2 percent in 2027, supported by the slower increase in labor supply.

## Austerity package only slightly reduced budget deficit: total debt rose noticeably



In the first eleven months of 2025, revenues rose by 5.0 percent to 96.7 billion euros. Expenditures in the federal budget rose by 0.3 percent to 108.4 billion euros. The net financial balance fell to -11.7 billion euros.



For 2025 and 2026, we now expect a general government budget deficit of well over 4 percent of GDP. As a result, the total debt ratio as a percentage of GDP will continue to rise noticeably.

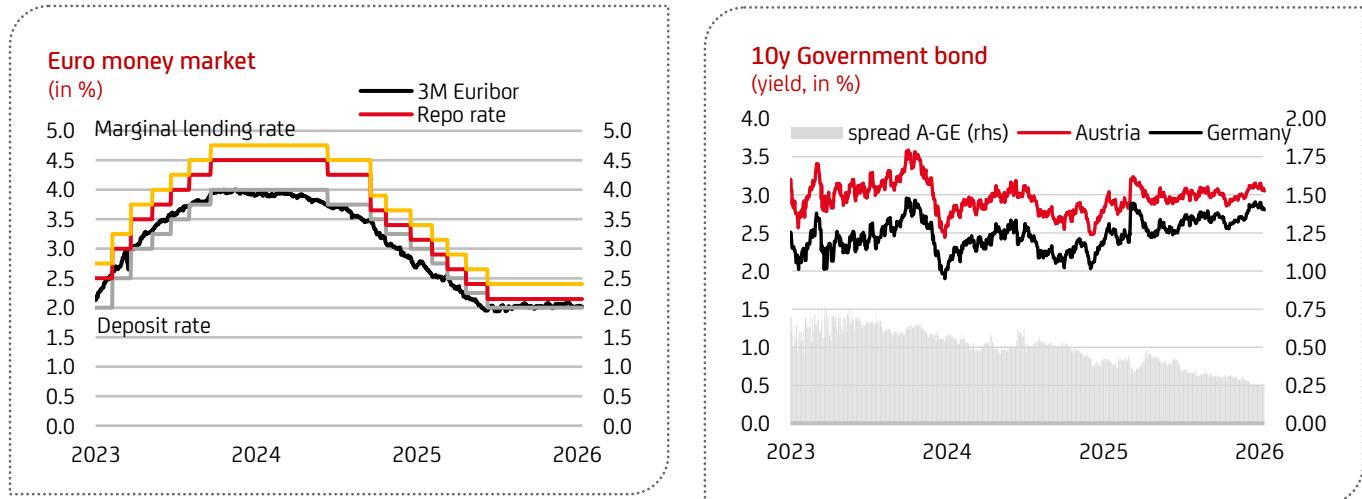
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

	2023	2024	2025	I 25	II 25	III 25	IV 25	07/25	08/25	09/25	10/25	11/25	12/25
<b>UniCredit Bank Austria Business Indicator</b>	<b>-3.0</b>	<b>-2.6</b>	<b>-1.8</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-1.6</b>	<b>-1.1</b>	<b>-1.4</b>	<b>-1.3</b>	<b>-2.1</b>	<b>-1.2</b>	<b>-1.4</b>	<b>-0.7</b>
GDP growth (qoq, annualized)	-0.8	-0.7		0.6	-0.1	1.7							
<b>Confidence Indicator eurozone manufacturing</b>	<b>-6</b>	<b>-11</b>	<b>-10</b>	<b>-11</b>	<b>-11</b>	<b>-10</b>	<b>-9</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-8</b>	<b>-9</b>	<b>-9</b>
Germany	-8	-20	-20	-12	-11	-11	-10	-18	-20	-20	-18	-19	-20
France	-8	-8	-9	-9	-10	-11	-8	-12	-10	-10	-7	-9	-9
Italy	-4	-8	-8	-8	-8	-7	-6	-7	-8	-8	-7	-6	-7
Netherlands	-2	-3	-2	-1	-3	-3	-2	-5	-2	-2	-2	-2	-1
Spain	-7	-5	-5	-5	-5	-5	-4	-5	-6	-5	-5	-3	-4
<b>UniCredit Bank Austria Eurozone Confidence Indicator</b>													
Manufacturing	-7	-14	-14	-16	-14	-14	-13	-13	-14	-14	-13	-13	-13
<b>UniCredit Bank Austria Purchasing Managers' Index (PMI)</b>	<b>42.1</b>	<b>43.5</b>	<b>47.9</b>	<b>46.4</b>	<b>47.3</b>	<b>48.3</b>	<b>49.5</b>	<b>48.2</b>	<b>49.1</b>	<b>47.6</b>	<b>48.8</b>	<b>50.4</b>	<b>49.3</b>
New orders	37	43	47	47.5	45.1	46.7	47.2	46	48	46	49	51	47
New export orders	38	42	47	45.8	44.9	46.5	48.9	46	47	46	49	51	46
Output	44	44	50	47.7	49.4	50.9	51.2	50	52	50	51	53	50
<b>Confidence indicator Austria manufacturing, total</b>	<b>-13.2</b>	<b>-19.7</b>	<b>-15.3</b>	<b>-17.5</b>	<b>-14.5</b>	<b>-15.8</b>	<b>-13.3</b>	<b>-14.2</b>	<b>-15.1</b>	<b>-18.2</b>	<b>-14.5</b>	<b>-13.0</b>	<b>-12.4</b>
<b>Industrial production</b>													
Change against previous year (in %)	-1.7	-4.9		2.6	3.4	3.2	3.9	2.9	1.8	2.6	5.9	6.0	
Change against previous month (seasonally adjusted, in %)								0.4	-0.2	-0.9	2.5	0.4	
<b>Foreign trade</b>													
Exports (yoY change in %)	3.1	-4.8		-3.2	-1.6	-0.5		-3.6	-2.9	5.1	0.1		
Exports (mom change, s.a. in %, 3-MMAV)								-0.6	1.4	0.8	0.0		
Imports (yoY in %)	-5.8	-6.8		4.0	2.3	3.4		4.2	-1.1	7.3	0.8		
Imports (mom, s.a. in %, 3-MMAV)								-0.6	-1.4	0.2	0.0		
Ex-Im (12 months cumulated, EUR billion)	-2.0	2.2		5.9	5.2	2.9		-4.5	-4.7	-5.0	-5.2		
<b>Construction</b>													
Confidence indicator	-6.5	-14.2	-17.2	-18.1	-18.5	-16.8	-15.5	-16.1	-17.5	-16.8	-13.9	-14.3	-18.4
<b>Retail trade</b>													
Confidence indicator	-23.9	-16.2	-4.9	-18.3	-19.4	-16.6	-17.1	-17.0	-14.1	-18.7	-17.7	-17.5	-16.0
Retail trade nom. (change against previous year in %)	2.9	2.8		1.8	5.0	2.9		3.6	0.9	4.3	4.1	-1.9	
Retail trade nom. (change against previous year in %, 3mav.)								4.0	2.5	2.9	3.1	2.2	
Retail trade real (change against previous year in %)	-3.5	0.9		0.2	3.1	0.1		0.9	-2.4	1.8	1.8	-3.9	
Retail trade real (chq. against prev. month in %, s.a., 3mav.)								-0.7	-0.6	0.1	0.4	-0.1	
Automobile trade nom. (change against prev. year in %)	11.8	2.4		1.4	5.2	13.0		16.6	10.0	12.3	6.5	0.0	
<b>Tourism</b>													
Overnight stay (change against previous year in %)	11.3	2.0		-4.2	10.1	2.6		-1.2	1.0	7.8	1.9	3.4	
<b>Labor market</b>													
Employment* (change against previous year in %)	1.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.2
Employment (s.a., change against previous month in %)								-0.11	-0.09	0.06	-0.04	0.17	-0.01
Unemployed (change against previous year in '000)	7.7	27.1	19.7	24.2	24.0	16.1	14.4	15.0	14.0	19.5	17.2	16.0	10.1
Unemployment rate (in %, s.a.)	6.4	7.0	7.4	7.3	7.4	7.5	7.5	7.5	7.5	7.5	7.5	7.4	
<b>Prices</b>													
CPI (change against previous year in %)	7.8	2.9	3.5	3.1	3.1	3.9	3.9	3.6	4.1	4.0	4.0	4.0	3.8
HCPI (change against previous year in %)	7.7	2.9	3.6	3.3	3.2	3.9	4.0	3.7	4.1	3.9	4.0	4.0	3.9
Crude oil (in USD per barrel)	81.6	79.7	68.0	74.7	66.5	67.9	62.9	69.4	67.1	67.3	63.8	63.5	61.6
Crude oil (in EUR, change against previous year in %)	-15.5	-2.4	-17.7	-5.3	-25.5	-18.3	-21.8	-23.1	-19.4	-12.5	-20.7	-20.2	-24.6
<b>Financial market</b>													
3M Euribor	3.43	3.57	2.18	2.56	2.11	2.01	2.04	1.99	2.02	2.02	2.03	2.04	2.05
10-year government bonds (yield in %)	3.08	2.83	2.98	2.96	2.96	3.02	3.00	3.02	3.03	3.03	2.94	2.97	3.09
USD per euro	1.08	1.08	1.13	1.05	1.13	1.17	1.16	1.17	1.16	1.17	1.16	1.16	1.17
Total loans (change against previous year in %, eop)	0.7	0.7		0.6	1.2	1.6		1.5	1.7	1.6	1.5		
Consumption loans (change against prev. year in %, eop)	-1.9	-0.9		-0.9	0.1	0.6		0.2	0.6	0.6	0.9		

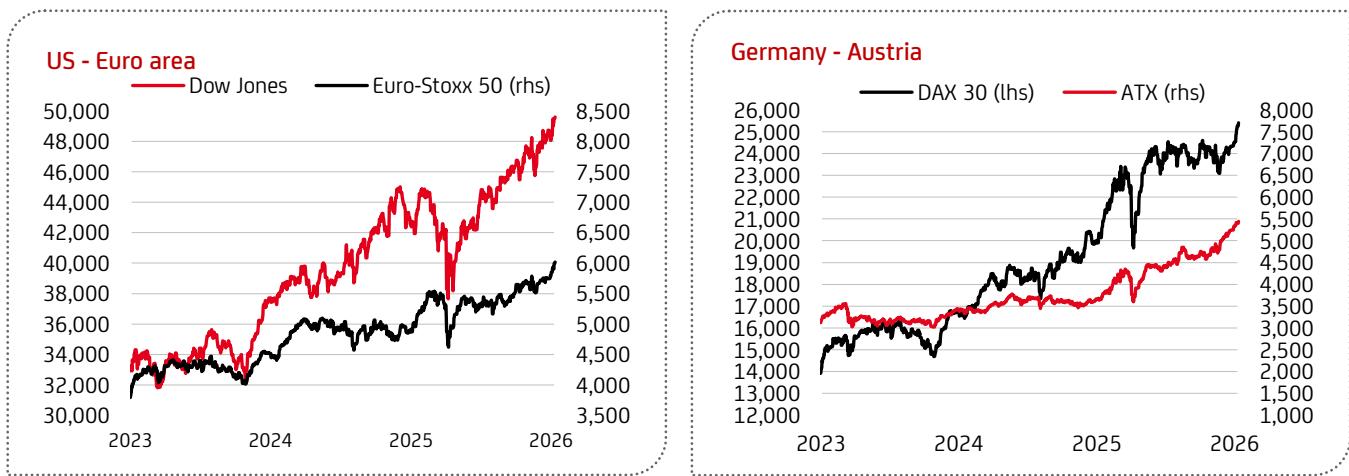
\* excl. maternity/paternity leave, military service and training programs

Sources: Statistik Austria, OeNB, UniCredit Bank Austria

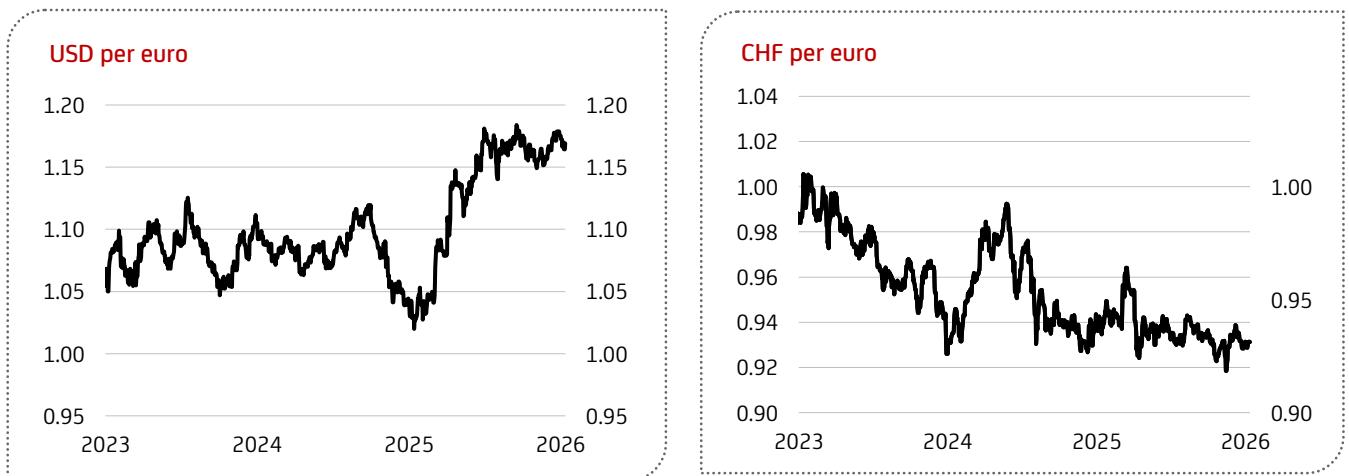
## Money market and long-term interest



## Stock markets



## FX trends



Sources: Macrobond, UniCredit Bank Austria

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