



Austria Up-to-date

February 2026

Overview

RECOVERY CONTINUES, INFLATION SIGNIFICANTLY LOWER

	2024	2025	2026	Rev. ¹⁾	2027	Rev. ¹⁾
GDP (real, change in %)	-0.7	0.5	1.0		1.5	
Inflation (CPI, in %)	2.9	3.5	1.9	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**

The moderate recovery of the Austrian economy continued at the end of 2025. However, after the 0.4 percent increase in GDP in the 3rd quarter of 2025, the pace of expansion slowed in the 4th quarter to 0.2 percent compared to the previous quarter, according to the first official estimate of the economic research institute. Compared to the previous year, the economy grew by 0.8 percent in real terms towards the end of the year. Overall, this results in economic growth of 0.5 percent for 2025 as a whole.

There are no signs of a significant change in the economic situation for 2026. However, the recovery 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.

We expect economic growth to accelerate slightly to 1.0 percent in 2026 and 1.5 percent in 2027.

- Unemployment rate increased slightly in January 2026**

The improvement in the Austrian economy in the second half of the year has a positive effect on the labor market. However, after the seasonally adjusted unemployment rate fell to 7.4 percent in December, it rose slightly again to 7.5 percent at the beginning of 2026.

More favorable economic development will drive the trend reversal on the labor market in 2026, but setbacks such as those at the beginning of the year cannot be ruled out, depending primarily on the development of employment in industry.

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.

- Deficit of the 2025 federal budget lower than planned**

The consolidation efforts in the public budget took effect in the second half of 2025. At 2.8 percent, net financing for the year as a whole remained well below the estimate of 3.5 percent of GDP. In view of this positive development, we expect a decline in the general government budget deficit to 4.0 percent of GDP, despite the challenges in the state and municipal budgets. Total debt is thus likely to have risen to around 81 percent of GDP in 2025.

- 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. On average in 2025, inflation was 3.6 percent, compared with 2.9 percent in the previous year.

Inflation fell to only 2.0 percent in January, mainly due to the elimination of the effect of the expiry of the electricity price brake from the calculation, but also due to declining upward pressure from food and service prices. Due to the surprisingly sharp decline, we have lowered our inflation forecast for 2026 to an average of 1.9 percent. This means that inflation in Austria will not exceed the ECB's target value for the first time in five years.

- ECB key interest rates expected to remain stable**

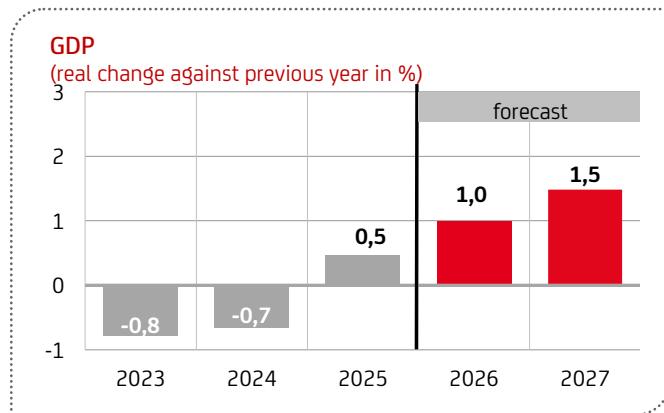
We expect the ECB to keep the deposit rate at 2 percent for an extended period of time. In the first half of 2026, however, there is a risk of a final cut of 25 basis points, given the still weak growth and low inflation. A progressive strengthening of economic momentum could trigger a 25 basis point 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.

Source: UniCredit Bank Austria

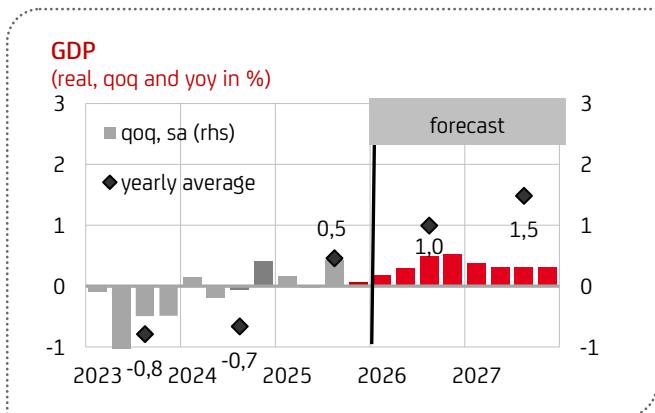
International Environment

	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

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

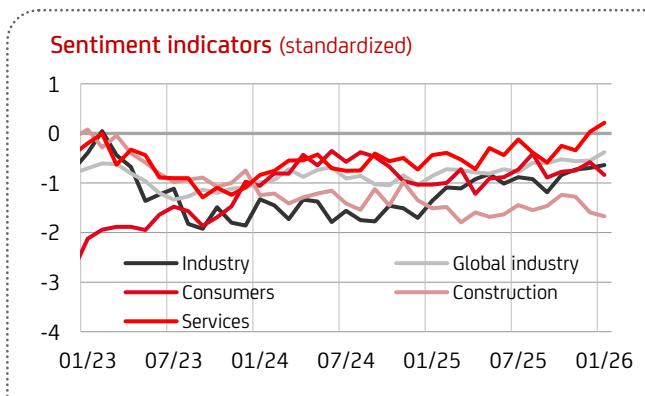


After two years of GDP declines, the economy began to stabilize in 2025. According to the first official estimate, GDP rose by 0.5 percent in real terms in 2025.

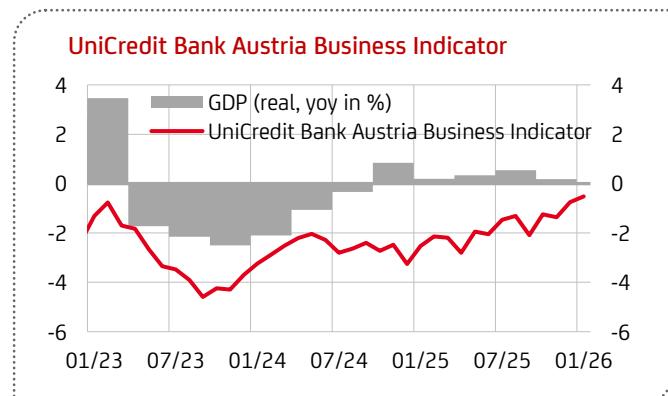


After a subdued start to the year, the economy is expected to be somewhat more buoyant in the second half of 2026, supported by domestic demand and a more stable development in foreign trade.

Improvement in sentiment in the Austrian economy continued



The improvement in sentiment in Austria largely continued at the beginning of 2026. However, there was another clouding of assessments in construction.



Supported primarily by the improvement in sentiment in the service sector, the UniCredit Bank Austria Business Indicator rose to minus 0.5 points in January.

Economic outlook

	2017	2018	2019	2020	2021	2022	2023	2024	2025	Estimate	Forecast
	2026	2027									
GDP (real, yoy in %)	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	3,1	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 %) ^{*)}	4,2	4,4	4,3	-5,3	6,0	-0,3	-1,3	-4,1	1,6	1,8	2,2
Inflation rate (change against prev. year in %)	2,1	2,0	1,5	1,4	2,8	8,6	7,8	2,9	3,6	1,9	2,0
Unemployment rate (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 %) ^{**)}	2,0	2,5	1,6	-2,0	2,5	3,0	1,2	0,2	0,2	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	-4,0	-3,7	-3,0
Total public 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

^{*)} Gross fixed capital formation ^{**) excl. maternity/paternity leave, military service and training programmes}

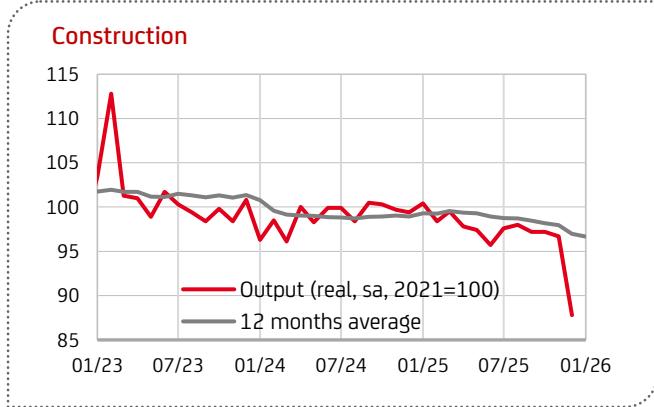
Source: UniCredit Bank Austria

Retail sales volatile



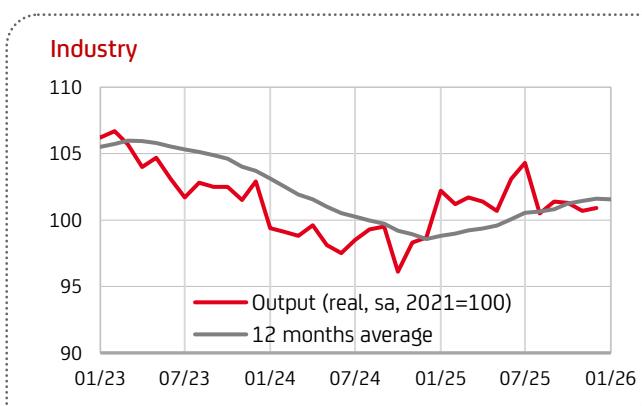
The slight growth in retail sales continued in the fourth quarter. In 2025 sales growth average 0.7 percent in real terms compared to the previous year, after 0.9 percent in 2026.

Downward trend in construction continues



Construction output fell by an average of 1.4 percent in 2025 (in real terms, adjusted for the number of working days) with a significant acceleration of the negative trend at the end of the year.

Industry with year-on-year increase in production in 2025

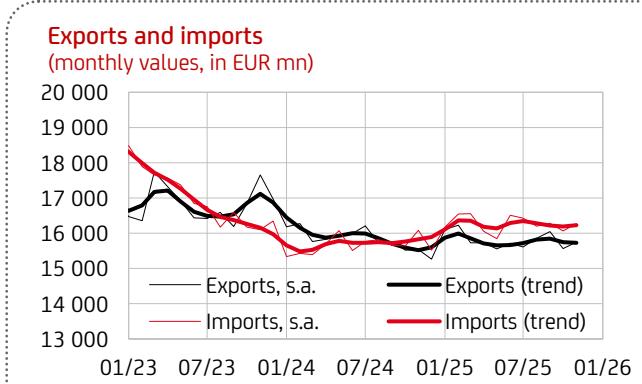


After the decline in industrial production in 2024 by an average of 5.0 percent (in real terms, adjusted for working days), there was a first countermovement in 2025 with a real increase of 3.1 percent year-on-year.

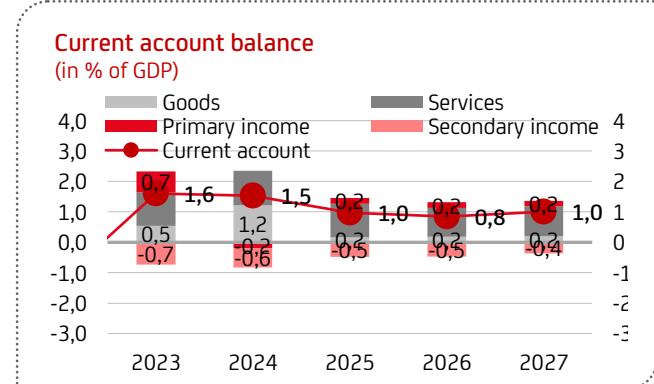


In January, the UniCredit Bank Austria PMI decreased to 47.2 points, mainly burdened by weak new business.

Exports continue to decline, current account surplus to decrease

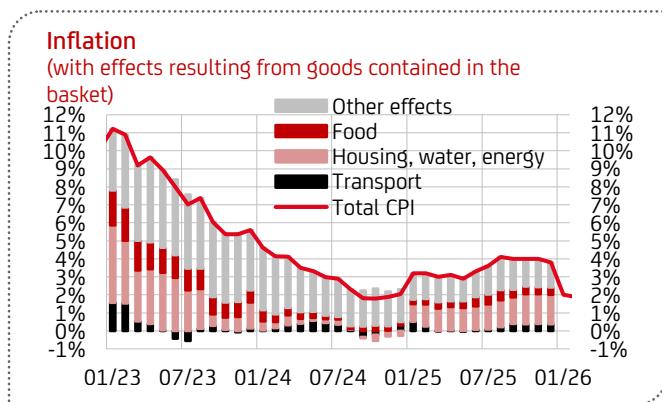


Nominal exports fell by 1.2 percent in the first eleven months of 2025 weighed down by US customs policy, while imports rose by 3.1 percent year-on-year. The trade deficit was 5.1 bn euros.

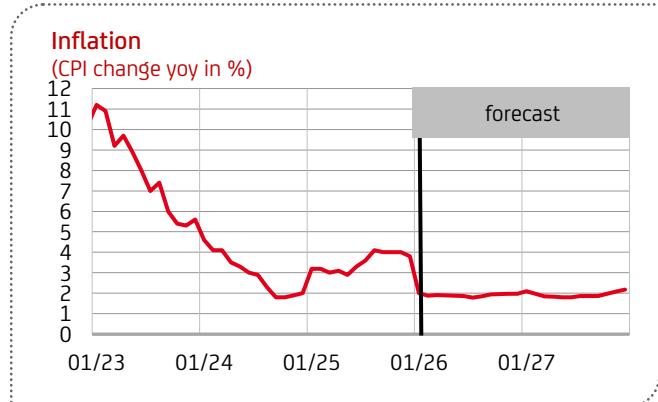


The positive current account balance will be significantly lower in 2025 than in 2024 due to the deterioration in the goods balance, and this trend is expected to continue in 2026, albeit at a slower pace.

Inflation decreased to 2.0% yoy in January 2025, according to flash estimate



Inflation is expected to be only 2.0 percent year-on-year in January. Energy prices played a major role in the sharp decline, supported by the base effect of the end of the "electricity price brake".

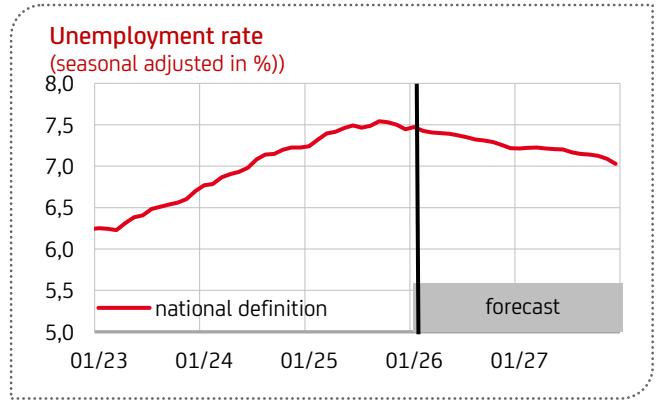


After rising to an average of 3.6 percent in 2025, inflation fell sharply at the beginning of 2026 and should be able to maintain the lower level over the course of the year.

Trend reversal on the labor market with setbacks

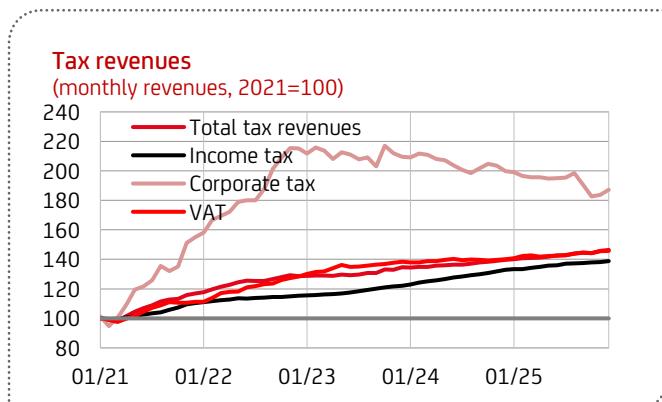


The seasonally adjusted unemployment rate increased to 7.5 percent in January. In view of the challenges facing the industry, further setbacks in the improvement trend cannot be ruled out.

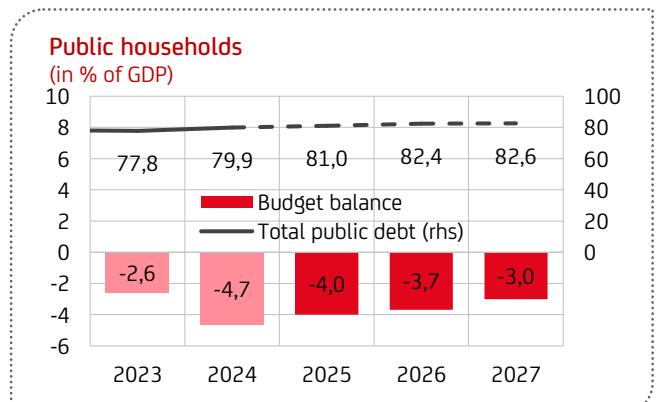


After an average of 7.4 percent in 2025, we expect the unemployment rate to fall to 7.3 percent in 2026 and to 7.2 percent in 2027, supported by the slower increase in labor supply.

Austerity package had an effect: Deficit in the federal budget smaller than planned



2025, revenues rose by 5.4 percent to 107.1 billion euros. Expenditures in the federal budget rose by 0.7 percent to 121.5 billion euros. The net financial balance fell to -14.4 billion euros.



According to the current results in the federal budget, we have lowered our forecast for the general government deficit to 4.0 percent in 2025 and to 3.7 percent for 2026. This means that the total debt ratio will continue to rise.

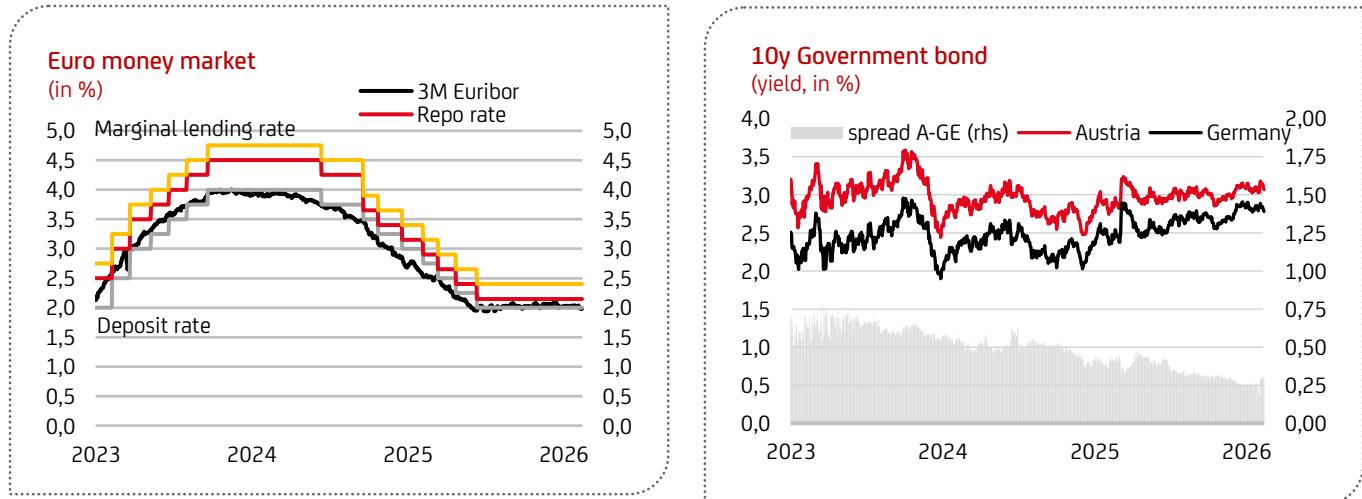
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

	2023	2024	2025	I 25	II 25	III 25	IV 25	08/25	09/25	10/25	11/25	12/25	01/26
UniCredit Bank Austria Business Indicator	-3,0	-2,6	-1,8	-2,3	-2,3	-1,6	-1,1	-1,3	-2,1	-1,2	-1,4	-0,8	-0,5
GDP growth (qoq, annualized)	-0,8	-0,7		0,6	-0,1	1,7	0,8						
Confidence Indicator eurozone manufacturing	-6	-11	-10	-11	-11	-10	-8	-10	-10	-8	-9	-9	-7
Germany	-8	-20	-20	-12	-11	-11	-10	-19	-20	-18	-19	-21	-18
France	-8	-8	-9	-9	-10	-11	-8	-10	-10	-6	-8	-9	-2
Italy	-4	-8	-8	-8	-8	-7	-6	-8	-8	-7	-6	-6	-6
Netherlands	-2	-3	-2	-2	-3	-3	-2	-2	-2	-2	-2	-1	1
Spain	-7	-5	-5	-5	-5	-5	-4	-6	-4	-5	-4	-4	-2
UniCredit Bank Austria Eurozone Confidence Indicator													
Manufacturing	-7	-14	-14	-16	-14	-14	-13	-13	-14	-13	-13	-14	-11
UniCredit Bank Austria Purchasing Managers' Index (PMI)	42,1	43,5	47,9	46,4	47,3	48,3	49,5	49,1	47,6	48,8	50,4	49,3	47,2
New orders	37	43	47	47,5	45,1	46,7	46,4	48	46	49	51	47	46
New export orders	38	42	47	45,8	44,9	46,5	48,9	47	46	49	51	46	46
Output	44	44	50	47,7	49,4	50,9	51,2	52	50	51	53	50	47
Confidence indicator Austria manufacturing, total	-13,2	-19,7	-15,3	-17,4	-14,6	-15,9	-13,4	-15,0	-18,2	-14,3	-13,1	-12,8	-12,2
Industrial production													
Change against previous year (in %)	-1,7	-4,9	3,1 #	2,6	3,4	3,2	3,3	1,8	2,6	5,9	6,0	1,4	2,1
Change against previous month (seasonally adjusted, in %)								-0,2	-0,9	2,5	0,4	-3,2	1,3
Foreign trade													
Exports (yoy change in %)	3,1	-4,8		-3,2	-1,5	-0,2		-2,8	5,7	0,2	1,3		
Exports (mom change, s.a. in %, 3-MMAV)								1,6	1,2	-3,0	1,2		
Imports (yoy in %)	-5,8	-6,8		4,0	2,4	3,6		-1,1	7,6	2,6	1,2		
Imports (mom, s.a. in %, 3-MMAV)								-1,4	0,5	-1,3	1,3		
Ex-Im (12 months cumulated, EUR billion)	-2,0	2,2		5,9	5,2	2,9		-4,7	-5,0	-5,4	-5,4		
Construction													
Confidence indicator	-6,5	-14,2	-17,3	-18,0	-18,6	-16,9	-15,5	-17,7	-16,7	-13,8	-14,2	-18,4	-19,7
Retail trade													
Confidence indicator	-24,0	-16,2	-4,9	-18,2	-19,4	-16,6	-17,1	-14,1	-18,7	-17,7	-17,5	-16,0	-18,5
Retail trade nom. (change against previous year in %)	2,9	2,8	2,9	1,8	5,0	2,9	1,8	0,9	4,3	4,1	-2,0	3,0	
Retail trade nom. (change against previous year in %, 3mav.)								2,5	2,9	3,1	2,1	1,7	
Retail trade real (change against previous year in %)	-3,5	0,9	0,7	0,2	3,1	0,1	-0,5	-2,4	1,8	1,8	-4,1	0,7	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								-0,6	0,1	0,4	-0,2	-0,5	
Automobile trade nom. (change against prev. year in %)	11,8	2,4		1,4	5,2	13,0	5,6	10,0	12,3	6,5	4,7		
Tourism													
Overnight stay (change against previous year in %)	11,3	2,0		-4,2	10,1	2,6	5,2	1,0	7,8	1,9	4,0	9,9	
Labor market													
Employment*) (change against previous year in %)	1,2	0,2	0,2	0,2	0,2	0,2	0,2	0,1	0,2	0,1	0,2	0,2	0,1
Employment (s.a., change against previous month in %)								-0,09	0,06	-0,04	0,17	-0,01	0,03
Unemployed (change against previous year in '000)	7,7	27,1	19,7	24,2	24,0	16,1	14,4	14,0	19,5	17,2	16,0	10,1	14,0
Unemployment rate (in %, s.a.)	6,4	7,0	7,4	7,3	7,5	7,5	7,5	7,5	7,5	7,5	7,4	7,5	
Prices													
CPI (change against previous year in %)	7,8	2,9	3,6	3,1	3,1	3,9	3,9	4,1	4,0	4,0	4,0	3,8	2,0
HCPI (change against previous year in %)	7,7	2,9	3,6	3,3	3,2	3,9	4,0	4,1	3,9	4,0	4,0	3,9	2,0
Crude oil (in USD per barrel)	81,6	79,7	68,0	74,7	66,5	67,9	62,9	67,1	67,3	63,8	63,5	61,6	64,3
Crude oil (in EUR, change against previous year in %)	-15,5	-2,4	-17,7	-5,3	-25,5	-18,3	-21,8	-19,4	-12,5	-20,7	-20,2	-24,6	-27,0
Financial market													
3M Euribor	3,43	3,57	2,18	2,56	2,11	2,01	2,04	2,02	2,02	2,03	2,04	2,05	2,03
10-year government bonds (yield in %)	3,08	2,83	2,98	2,96	2,96	3,02	3,00	3,03	3,03	2,94	2,97	3,09	3,08
USD per euro	1,08	1,08	1,13	1,05	1,13	1,17	1,16	1,16	1,17	1,16	1,16	1,17	1,17
Total loans (change against previous year in %, eop)	0,7	0,7		0,6	1,2	1,6		1,7	1,6	1,5	1,3	1,8	
Consumption loans (change against prev. year in %, eop)	-1,9	-0,9		-0,9	0,1	0,6		0,6	0,6	0,9	1,0	1,0	

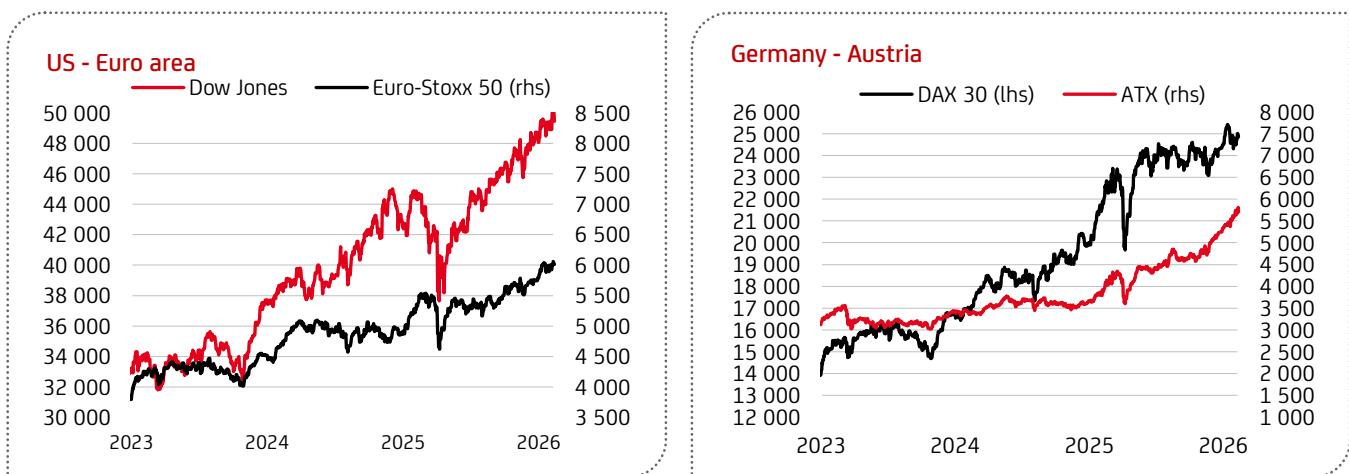
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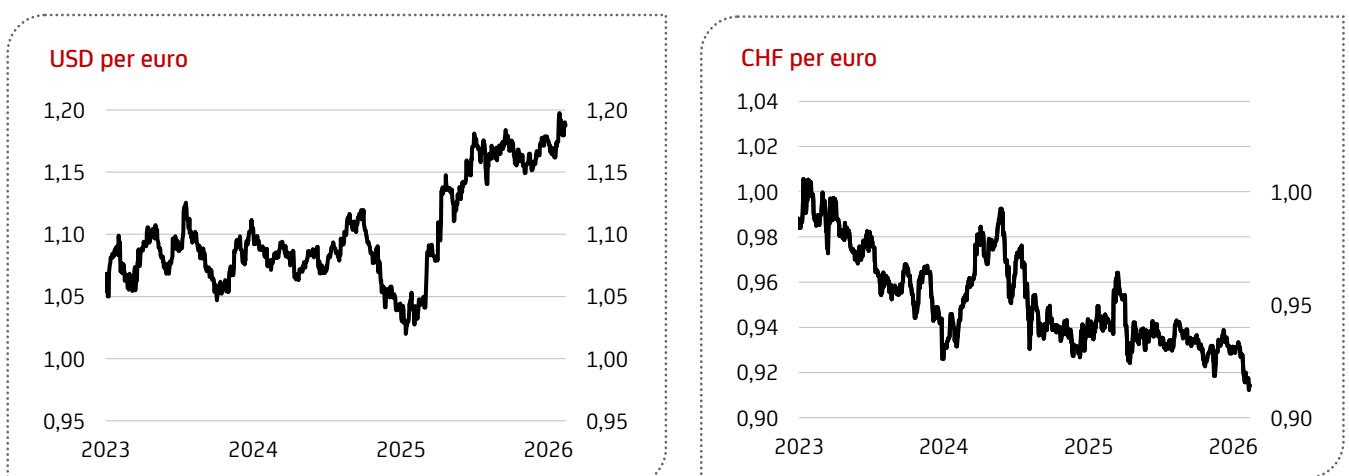
Money market and long-term interest



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FX trends



Sources: Macrobond, UniCredit Bank Austria

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