



Austria Up-to-date

April 2025

Overview

THIRD CONSECUTIVE GDP DECLINE DUE TO US TARIFF POLICY NOW LIKELY

	2023	2024	Rev. ¹⁾	2025	Rev. ¹⁾	2026	Rev. ¹⁾
GDP (real, change in %)	-1.0	-1.2		-0.2	↘	1.1	↘
Inflation (CPI, in %)	7.8	2.9		2.5		1.9	
Unemployment rate (in %)	6.4	7.0		7.5	↗	7.5	↗

1) Revision since last report

- End of recession, but weak growth remains

The current data indicate that the recession in Austria is likely to have ended in the first quarter, but the expectation of a further gradual improvement in the economy in the coming months is unlikely to be fulfilled for the time being. In view of the burdens of the protectionist measures of the USA on the domestic export industry, we have lowered our GDP forecast for 2025 from +0.1 to -0.2 percent.

We have also lowered our GDP forecast for 2026 as a result of US tariff policy, but we still expect moderate economic growth of 1.1 percent for Austria. On the one hand, private consumption should gain strength as inflation normalizes and the high propensity to save subsides. On the other hand, investment activity should be able to increase due to low interest rates and scattered effects of the expansionary fiscal policy in Germany.

- Unemployment rate is expected to rise to 7.5% in 2025

In view of the ongoing economic challenges, a further deterioration of the situation on the labour market is to be expected in the coming months. Due to the special burdens on the export industry due to US tariff policy, the reduction of employees in industry is expected to accelerate and will not be compensated for by additional jobs in the service sector. At the end of the first quarter, the seasonally adjusted unemployment rate reached 7.4 percent, the highest level since the summer of 2021. Unemployment in Austria will rise somewhat more than previously expected, burdened by the development in the domestic export-oriented industry. We have raised our forecast for the unemployment rate for 2025 from 7.3 to 7.5 percent and expect it to stabilize at this higher level in 2026.

- Budget deficit will exceed 3% of GDP in 2025

According to calculations by Statistics Austria, the overall budget deficit in 2024 was 4.7 percent of GDP. In order to reduce the budget deficit in 2025 below the Maastricht limit of 3 percent of GDP, an austerity package of 6.4 billion euros or 1.3 percent of GDP was put together for 2025. However, the scope of this package of measures will not be sufficient in view of the weak economy and the poor requirements from 2024. We now expect a budget deficit of at least 3.6% of GDP.

- Energy prices will support inflation decline

After inflation rose to over 3 percent at the beginning of the year, mainly due to the abolition of the electricity price brake, inflation has already slowed down again in March to an estimated 2.9 percent year-on-year. On the one hand, the continuing decline in service inflation and the decline in energy prices contributed to this. Both factors will continue to

contribute to the further slowdown in inflation in Austria in the coming months. We continue to expect inflation to average 2.5 percent in 2025 and a decline to 1.9 percent in 2026.

- Further interest rate cuts expected by the ECB

In view of the escalation of trade tensions since the announcement of US tariffs, the risks to economic development in Europe have shifted significantly downwards. A decision by the ECB to cut key interest rates by a further 25 basis points at its April meeting has become very likely, as the burden of higher US tariffs outweighs the positive growth impulses from a more expansionary fiscal policy in Germany and at the EU level. Therefore, the tariff shock is likely to accelerate the convergence of inflation towards the 2 percent target. We therefore expect further cuts in June and September, with the deposit rate peaking at 1.75 percent.

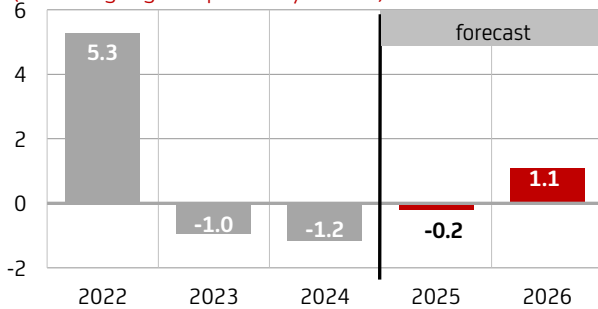
International Environment				
	2023	2024	Forecast	
			2025	2026
(GDP, change in %)				
Eurozone	0.7	0.7	0.9	1.2
Germany	-0.3	-0.2	0.7	1.2
France	0.7	1.1	0.7	1.2
Italy	0.9	0.5	0.8	1.0
Spain	2.5	3.2	1.8	1.9
UK	0.1	0.8	1.0	1.4
USA	2.5	2.8	2.2	2.3
Japan	1.9	0.1	1.0	0.9
	2021	2022	2023	2024
(annual average)				
USD per euro	1.18	1.05	1.08	1.08
CHF per euro	1.08	1.01	0.97	0.95
GBP per euro	0.86	0.85	0.87	0.85
JPY per euro	129.7	138.0	151.9	163.8
Oil (USD/barrel)	69	98	82	80
10y Gov. bond (A)	-0.27	1.61	3.08	2.83
3m Euribor	-0.55	0.34	3.43	3.57

Source: UniCredit Bank Austria

Recession likely to have ended in 1Q25

GDP

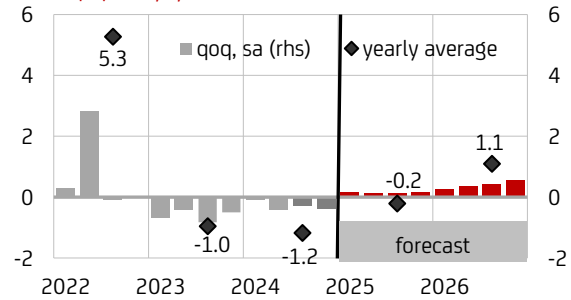
(real change against previous year in %)



According to the latest available estimate, GDP shrank by 1.2 percent in 2024, after the Austrian economy had already fallen by 1 percent in 2023.

GDP

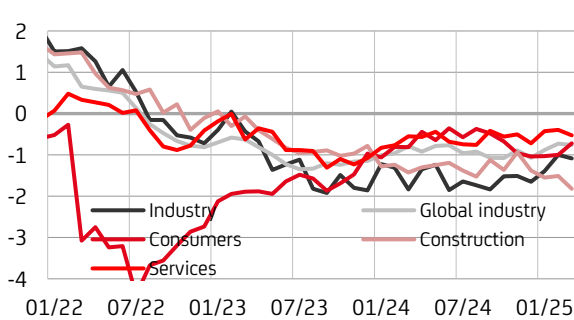
(real, qoq and yoy in %)



Lower inflation holds out the prospect of an improvement of the economy for 2025 by strengthening consumption, despite additional burdens from US tariff policy.

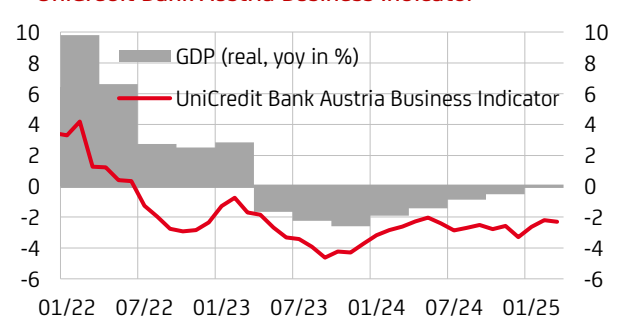
Sentiment setback in March

Sentiment indicators (standardized)



Sentiment deteriorated in all sectors of the economy in March. Only domestic consumers became somewhat more confident, supported by real wage increases and a relatively stable labor market.

UniCredit Bank Austria Business Indicator



The UniCredit Bank Austria Business Indicator fell to minus 2.3 points at the end of the first quarter. However, the decline was minimal at only a tenth of a percentage point.

Economic outlook

	2018	2019	2020	2021	2022	2023	2024	2025	2026
<i>Forecast</i>									
<i>Real change yoy in %</i>									
GDP	2.5	1.8	-6.3	4.8	5.3	-1.0	-1.2	-0.2	1.1
Industrial production	4.2	0.0	-7.1	11.0	5.9	-1.7	-4.6	-1.0	2.5
Private consumption	0.8	0.7	-7.6	4.8	4.9	-0.5	0.1	1.0	1.4
Gross fixed capital formation	4.4	4.3	-5.3	6.0	0.4	-3.2	-3.3	0.6	1.5
Exports	5.2	4.0	-10.5	9.5	10.0	-0.4	-4.3	-2.7	1.1
Imports	5.1	2.4	-9.6	14.1	7.1	-4.6	-5.0	-0.7	1.6
CPI change yoy in %	2.0	1.5	1.4	2.8	8.6	7.8	2.9	2.5	1.9
Unemployment rate (in %, nat. def.)	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.5	7.5
Unemployment rate (in %, Eurostat def.)	5.2	4.8	6.0	6.2	4.8	5.1	5.2	5.6	5.6
Current account balance (in % of GDP)	0.8	2.4	3.4	1.7	-0.9	1.3	2.4	2.0	2.2
General Government balance (in % of GDP)	0.2	0.5	-8.2	-5.7	-3.4	-2.6	-4.7	-3.6	-2.9
Public debt (in % of GDP)	74.6	71.0	83.2	82.4	78.4	78.5	81.8	84.2	85.3

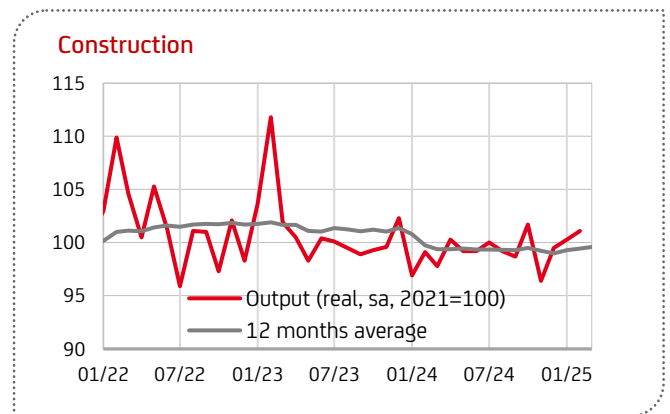
Source: UniCredit Bank Austria

Retail trade on the upward trend



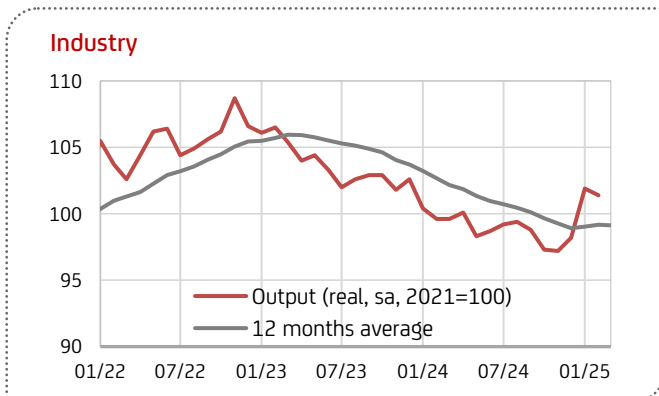
Retail sales have been on an upward trend since the second half of 2024. In the first two months of 2025, real sales rose by 1.3 percent compared to the previous year.

Construction up since the beginning of the year

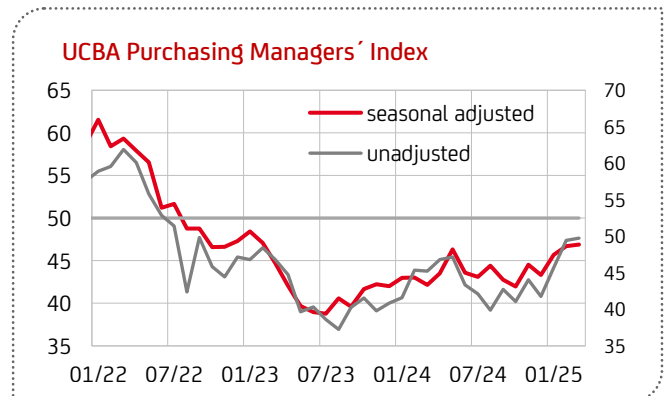


From January to February 2025, on the other hand, there was a real increase in construction output of 3.8 percent compared to the previous year.

Situation in industry improved at the beginning of the year

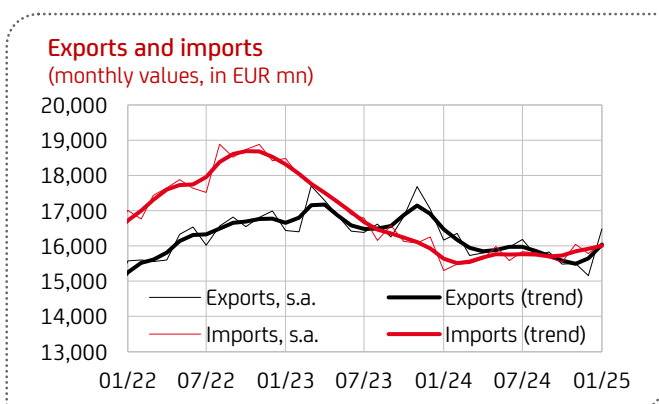


After industrial production fell by an average of 4.7 percent in 2024 (in real terms, adjusted for working days), the first two months of 2025 showed an increase of 1.7 percent year-on-year.

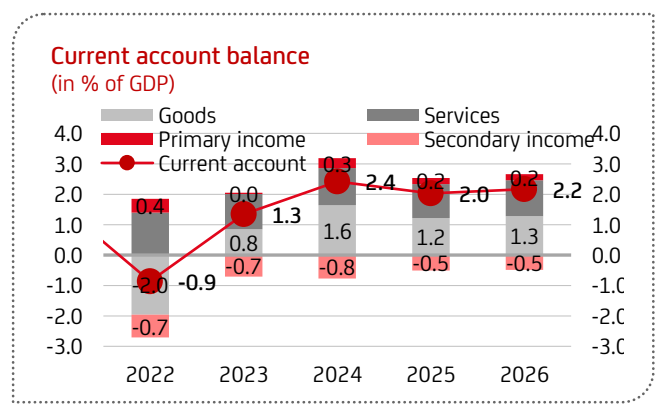


In March, the UniCredit Bank Austria Purchasing Managers' Index rose for the third month in a row to 46.9 points.

Exports fall, current account surplus to decrease in 2025



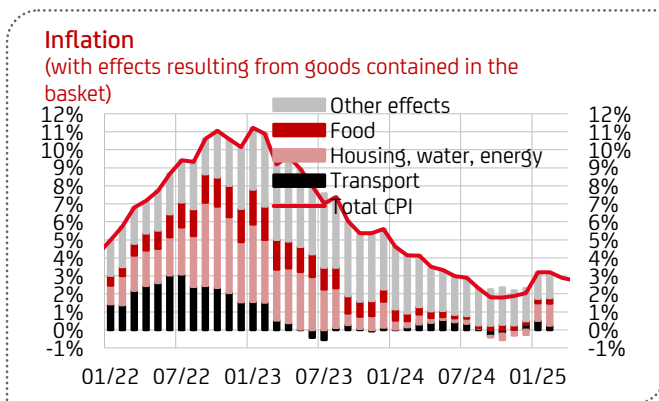
Exports fell by 1.7 percent in January 2025, while imports rose by 1.5 percent year-on-year. Nevertheless, a positive trade balance of around 300 million euros was reported in January.



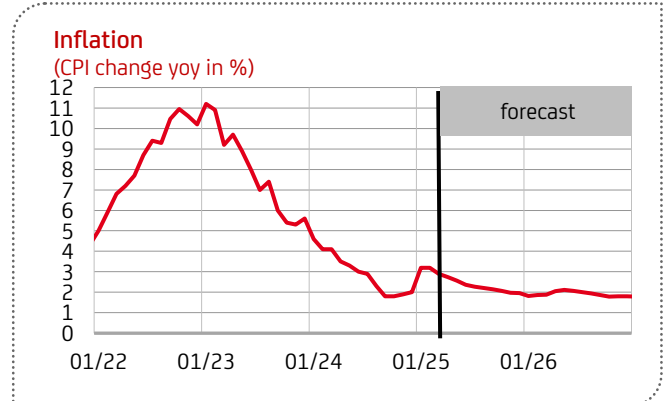
Mainly due to a high surplus in the movement of goods, the current account balance rose to 2.4 percent of GDP in 2024. For 2025, we expect a reduction in the positive balance due to freight transport.

Sources: Statistik Austria, OeNB, Macrobond, UniCredit Bank Austria

According to flash estimate, inflation fell to 2.9% yoy in March 2025

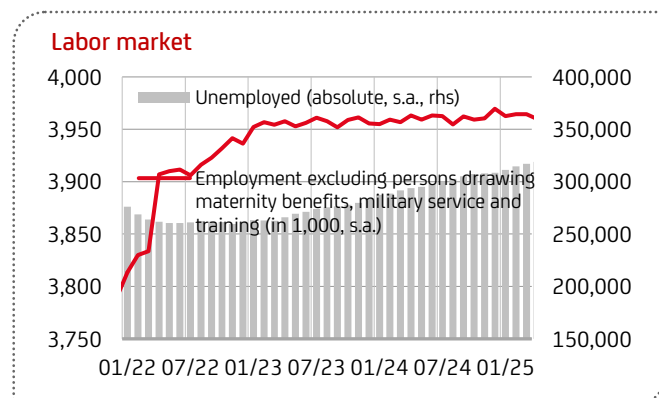


According to preliminary estimates by Statistics Austria, inflation fell to 2.9 percent year-on-year in March, mainly due to the easing upward pressure on energy prices.

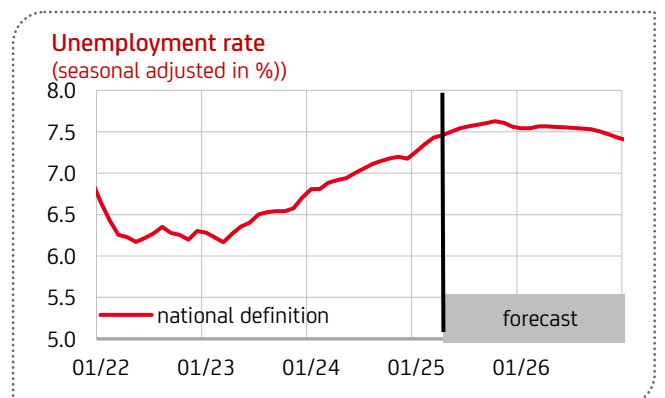


After the significant increase at the beginning of 2025, inflation will slowly ease again over the course of the year, supported by a slowdown in the second-round effects in the service sector.

Strain on the labor market continues to increase

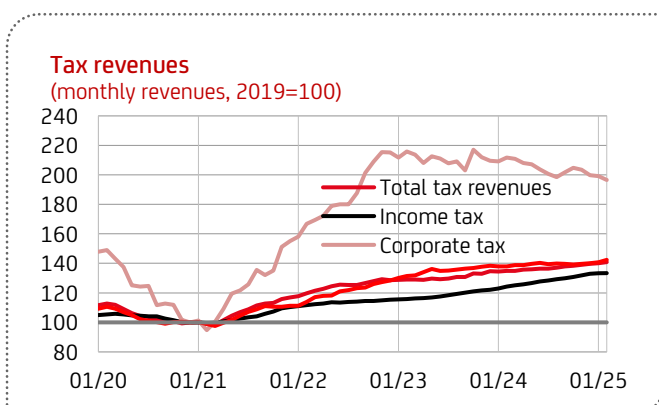


The seasonally adjusted unemployment rate was 7.4 percent in March. The upward trend will continue, weighed down above all by developments in industry.

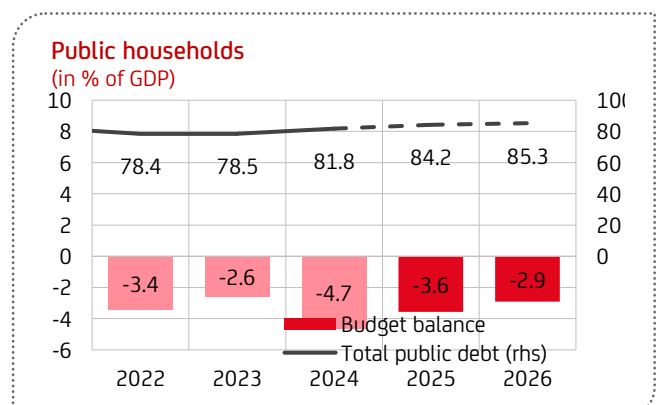


After an unemployment rate of 7.0 percent on average in 2024, we expect an increase to 7.5 percent in 2025, which should stabilize at this level in 2026.

Austerity package to reduce budget deficit in 2025, but total debt will continue to rise



In the first two months of 2025, payments rose by 2.4 percent to 15.7 billion euros. Disbursements in the federal budget rose by 4.4 percent to 18.9 billion euros. The net financial balance climbed to -3.2 billion euros.



For 2024, we expect the general government budget deficit to increase to 4 percent of GDP. This has also increased the total debt ratio to over 80 percent of GDP.

Sources: Statistik Austria, OeNB, UniCredit Bank Austria

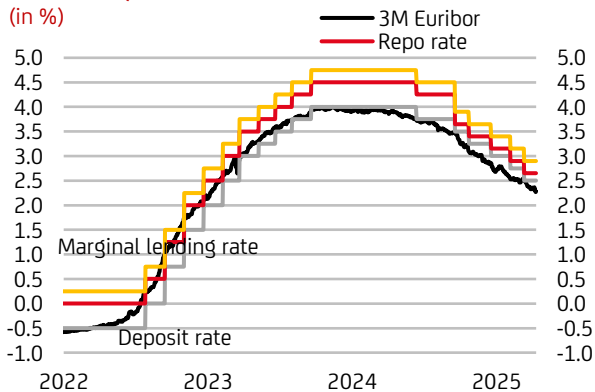
	2022	2023	2024	II 24	III 24	IV 24	I 25	10/24	11/24	12/24	01/25	02/25	03/25
UniCredit Bank Austria Business Indicator	-0.3	-3.0	-2.7	-2.2	-2.7	-2.9	-2.4	-2.8	-2.6	-3.3	-2.6	-2.2	-2.3
GDP growth (qoq, annualized)	5.3	-1.0	-1.2	-1.7	-1.1	-1.5							
Confidence Indicator eurozone manufacturing	5	-6	-11	-11	-11	-13	-11	-13	-11	-14	-12	-11	-11
Germany	12	-8	-20	-11	-11	-14	-12	-23	-23	-28	-25	-23	-21
France	-2	-8	-8	-8	-7	-12	-9	-14	-9	-11	-11	-8	-9
Italy	2	-4	-8	-7	-8	-9	-8	-9	-9	-9	-8	-8	-8
Netherlands	4	-2	-3	-3	-3	-3	-1	-4	-2	-2	-2	-1	-1
Spain	-1	-7	-5	-6	-3	-6	-5	-8	-5	-5	-4	-6	-6
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	6	-7	-14	-13	-14	-17	-16	-17	-16	-19	-17	-16	-15
UniCredit Bank Austria Purchasing Managers' Index (PMI)	52.9	42.1	43.5	44.5	43.4	43.3	46.4	42.0	44.5	43.3	45.7	46.7	46.9
New orders	45	37	43	45.1	42.6	43.0	47.5	41	46	43	47	48	47
New export orders	45	38	42	44.5	41.1	41.1	45.8	38	42	43	47	45	45
Output	50	44	44	46.5	44.1	43.3	47.7	41	46	42	47	48	48
Confidence indicator Austria manufacturing, total	2.2	-13.2	-19.6	-18.3	-22.0	-20.9	-17.1	-20.2	-20.4	-22.2	-19.6	-15.3	-16.3
Industrial production													
Change against previous year (in %)	5.9	-1.7	-4.6	-4.7	-3.4	-4.8	1.7	-5.5	-4.7	-4.2	1.6	1.8	
Change against previous month (seasonally adjusted, in %)								-1.5	0.2	1.4	2.4	0.5	
Foreign trade													
Exports (yoy change in %)	17.6	3.1		-5.7	-1.7	-7.0		-1.0	-15.6	-4.4	-1.7		
Exports (mom change, s.a. in %, 3-MMAV)								-2.2	0.1	-2.2	8.7		
Imports (yoy in %)	20.6	-5.8		-8.6	-3.3	1.2		3.2	-3.5	4.1	1.5		
Imports (mom, s.a. in %, 3-MMAV)								-0.8	3.2	-1.6	1.9		
Ex-Im (12 months cumulated, EUR billion)	40.0	-2.0		5.1	6.0	5.5		5.3	2.9	1.7	1.2		
Construction													
Confidence indicator	9.0	-6.5	-14.2	-13.9	-14.9	-13.2	-18.4	-15.0	-9.5	-15.1	-17.3	-16.9	-20.9
Retail trade													
Confidence indicator	-11.0	-23.9	-16.2	-13.7	-13.7	-17.7		-15.6	-18.3	-19.1	-19.2	-19.0	
Retail trade nom. (change against previous year in %)	8.2	2.9	2.8	0.5	2.6	4.4		6.2	4.9	2.3	4.9	0.4	
Retail trade nom. (change against previous year in %, 3mav.)								3.5	4.0	4.5	4.0	2.5	
Retail trade real (change against previous year in %)	-0.8	-3.5	0.9	-1.3	1.4	3.3		4.9	3.8	1.4	3.6	-1.0	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								0.3	0.4	0.2	0.3	-0.4	
Automobile trade nom. (change against prev. year in %)	-0.5	11.8	0.0	2.8	-1.1	2.9		8.6	-2.3	2.5	1.5		
Tourism													
Overnight stay (change against previous year in %)	392.1	11.3	2.0	-3.7	-1.2	7.6	-1.9	4.8	7.1	10.9	3.1	-6.9	
Labor market													
Employment*) (change against previous year in %)	3.0	1.2	0.2	0.3	0.2	0.2	0.3	0.1	0.0	0.6	0.3	0.2	0.3
Employment (s.a., change against previous month in %)								-0.07	0.03	0.23	-0.18	0.05	0.00
Unemployed (change against previous year in '000)	-68.6	7.7	27.1	26.2	26.3	27.1	24.2	29.1	28.7	23.5	21.9	25.8	24.9
Unemployment rate (in %, s.a.)	6.3	6.4	7.0	7.0	7.1	7.2	7.3	7.2	7.2	7.2	7.3	7.4	7.4
Prices													
CPI (change against previous year in %)	8.6	7.8	2.9	3.3	2.3	1.9	3.1	1.8	1.9	2.0	3.2	3.2	2.9
HCPI (change against previous year in %)	8.6	7.7	2.9	3.3	2.4	1.9	3.3	1.8	1.9	2.1	3.4	3.4	3.1
Crude oil (in USD per barrel)	98.4	81.6	79.7	84.7	78.5	73.8	74.7	75.3	73.1	73.1	77.8	74.8	71.4
Crude oil (in EUR, change against previous year in %)	62.2	-15.5	-2.4	10.0	-8.4	-9.4	-5.3	-17.6	-9.1	-1.5	3.7	-4.6	-14.9
Financial market													
3M Euribor	0.34	3.43	3.57	3.81	3.56	3.00	2.56	3.17	3.01	2.81	2.71	2.53	2.46
10-year government bonds (yield in %)	1.61	3.08	2.83	3.00	2.81	2.71	2.96	2.74	2.76	2.62	2.90	2.84	3.13
USD per euro	1.05	1.08	1.08	1.08	1.10	1.07	1.05	1.09	1.06	1.05	1.04	1.04	1.08
Total loans (change against previous year in %, eop)	5.0	0.7	0.7	0.5	0.6	0.7	0.4	0.8	1.3	0.7	1.1	0.7	
Consumption loans (change against prev. year in %, eop)	3.6	-1.9	-0.9	-1.5	-1.0	-0.9	-0.9	-1.0	-1.0	-0.9	-1.1	-0.8	

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

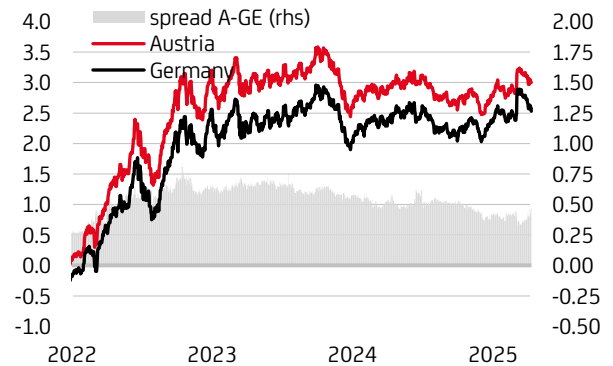
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market
(in %)

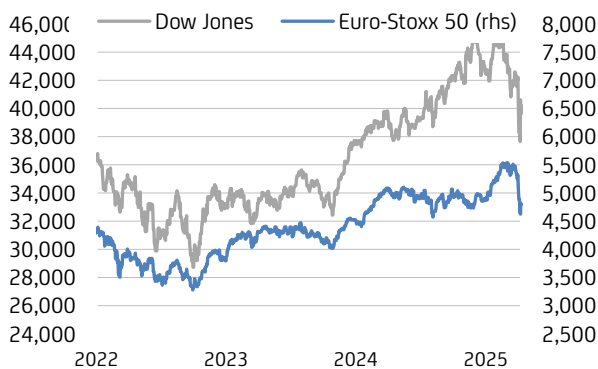


10y Government bond
(yield, in %)

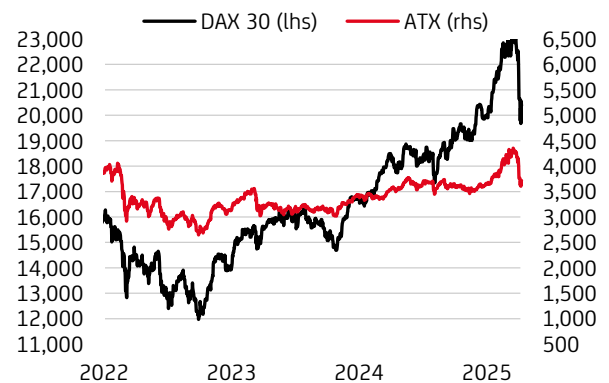


Stock markets

US - Euro area



Germany - Austria



FX trends

USD per euro



CHF per euro



Sources: Macrobond, UniCredit Bank Austria

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