



Austria Up-to-date

May 2025

Overview

END OF THE RECESSION, BUT NO LIBERATING BLOW

	2023	2024	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

- **GDP up 0.2 percent sequentially at the beginning of the year**

After a total of eight consecutive quarters of GDP decline, the downward trend was interrupted at the beginning of 2025. According to the first official estimate for the first quarter, real economic output rose by 0.2 percent compared to the previous quarter. Despite the upward trend, the economic situation in Austria remains very challenging. In view of the burdens caused by the protectionist measures of the USA on the domestic export industry, we expect a further GDP decline of 0.2 percent for 2025.

Expectations for 2026 remain low as a result of US tariff policy, but we still expect moderate economic growth of 1.1 percent. 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 labor 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 beginning of the second quarter, the seasonally adjusted unemployment rate reached 7.5 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 assume an average unemployment rate of 7.5 percent for 2025. For 2026, we expect stabilization at this higher level.

- **Budget deficit will exceed 4% of GDP in 2025 again**

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, an austerity package of 6.4 billion euros or 1.3 percent of GDP was put together. However, the scope of this package of measures will only allow for a small reduction in view of the weak economy and the poor numbers from 2024. According to the official budget estimate, we now expect a budget deficit of 4.5 percent of GDP for 2025.

- **Energy prices will support inflation decline**

In the first third of the year, inflation rose to an average of 3.1 percent, mainly due to the abolition of the electricity price

brake. We expect inflation to gradually slow in the coming months. On the one hand, the reduction in service inflation and the decline in energy prices will contribute to this. We 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. At its April meeting, the ECB decided to cut key interest rates further by 25 basis points, 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.

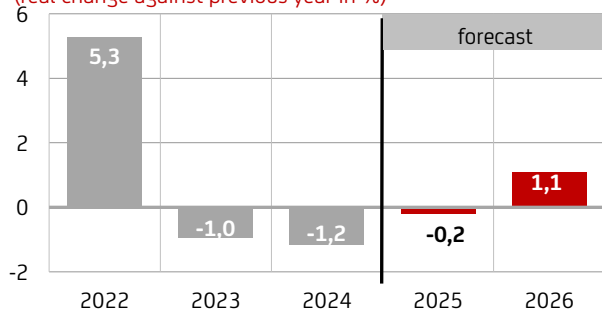
International Environment				
	2023	2024	Forecast	
			2025	2026
<i>(GDP, change in %)</i>				
Eurozone	0.7	0.8	0.9	1.0
Germany	-0.3	-0.2	0.1	1.3
France	0.9	1.2	0.6	1.1
Italy	0.7	0.7	0.5	0.8
Spain	2.7	3.2	2.4	1.8
UK	0.4	0.9	0.8	1.1
USA	2.9	2.8	1.5	1.9
Japan	1.5	0.1	0.9	0.7
	2021	2022	2023	2024
<i>(annual average)</i>				
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

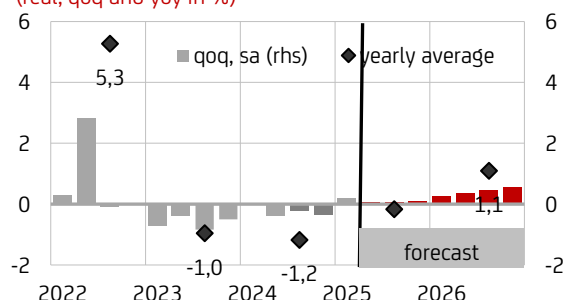
(real change against previous year in %)



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

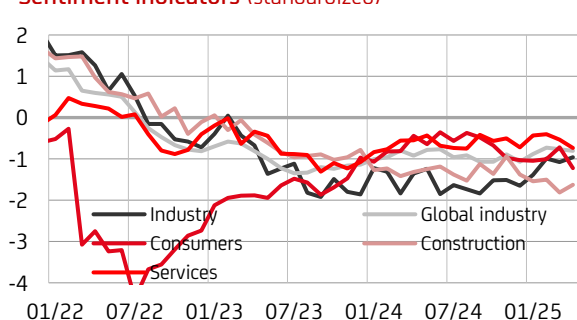
(real, qoq and yoy in %)



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

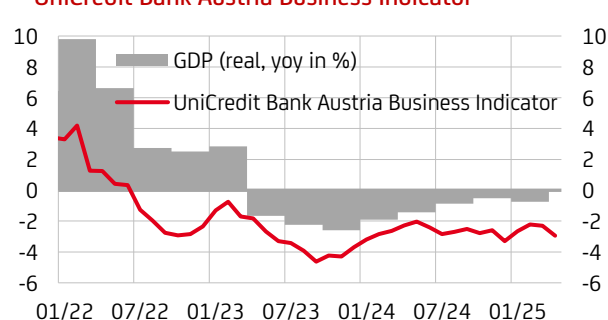
Uncertainty of the consumers dampened sentiment in the service sector in April

Sentiment indicators (standardized)



While sentiment improved slightly in industry and construction in April, uncertainty increased in the service sector.

UniCredit Bank Austria Business Indicator



The UniCredit Bank Austria Business Indicator fell to minus 2.9 points at the beginning of the second quarter. The decline was due to the lower expectations of consumers and the service sector.

Economic outlook

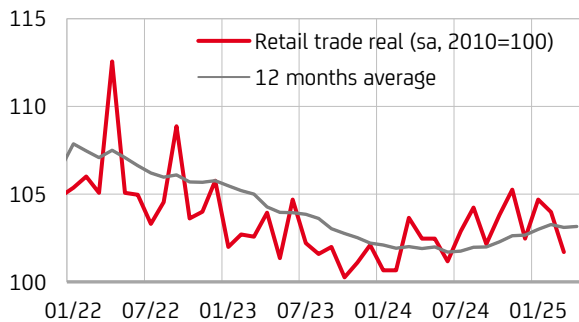
Forecast

	2018	2019	2020	2021	2022	2023	2024	2025	2026
<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	1.1	1.4
Gross fixed capital formation	4.4	4.3	-5.3	6.0	0.4	-3.2	-3.3	0.2	1.5
Exports	5.2	4.0	-10.5	9.5	10.0	-0.4	-4.3	-1.6	1.1
Imports	5.1	2.4	-9.6	14.1	7.1	-4.6	-5.0	0.3	1.6
<i>CPI change yoy in %</i>									
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	-4.5	-4.2
Public debt (in % of GDP)	74.6	71.0	83.2	82.4	78.4	78.5	81.8	84.7	86.4

Source: UniCredit Bank Austria

Uncertainties burden retail trade

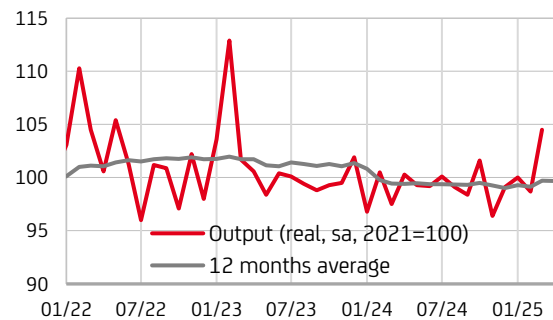
Retail trade



After an upward trend in the second half of 2024, retail sales are under pressure again. In the first quarter of 2025, real sales only stagnated.

Construction up since the beginning of the year

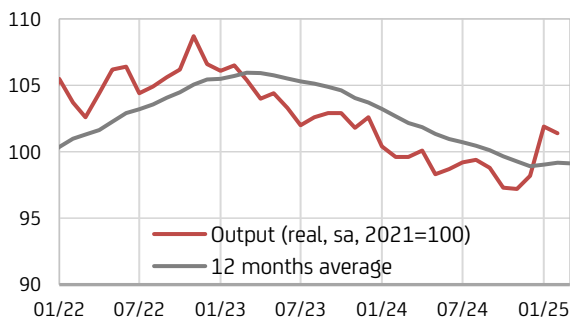
Construction



From January to March 2025, there was a real increase in construction output of 1.6 percent compared to the previous year.

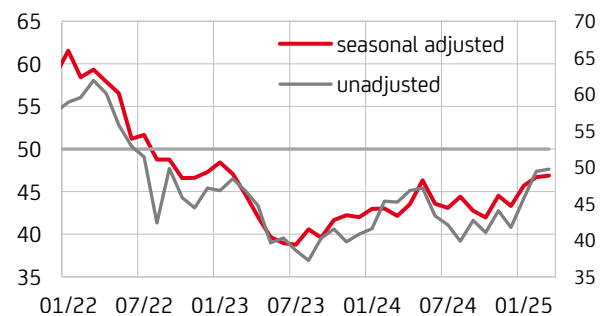
Situation in industry improved at the beginning of the year 2025

Industry



After industrial production fell by an average of 4.7 percent in 2024 (in real terms, adjusted for working days), the first three months of 2025 showed an increase of 1.1 percent year-on-year.

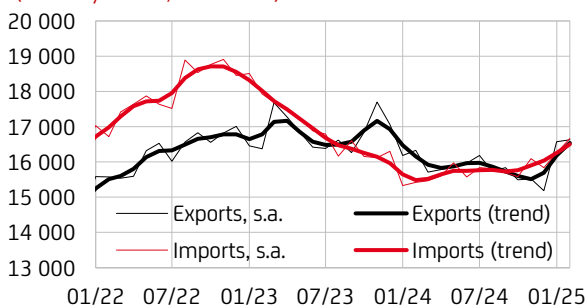
UCBA Purchasing Managers' Index



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

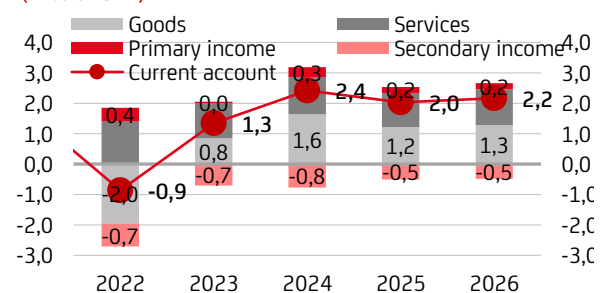
Exports fall, current account surplus to decrease in 2025

Exports and imports (monthly values, in EUR mn)



Exports fell by 2.3 percent in the first two months 2025, while imports rose by 2.7 percent year-on-year. Nevertheless, a positive trade balance of around 300 million euros was reported.

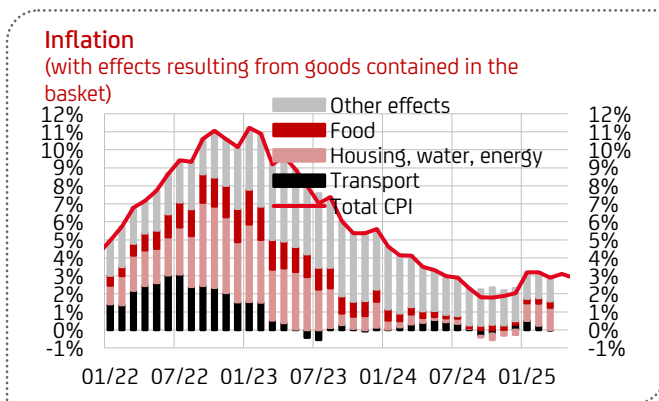
Current account balance (in % of GDP)



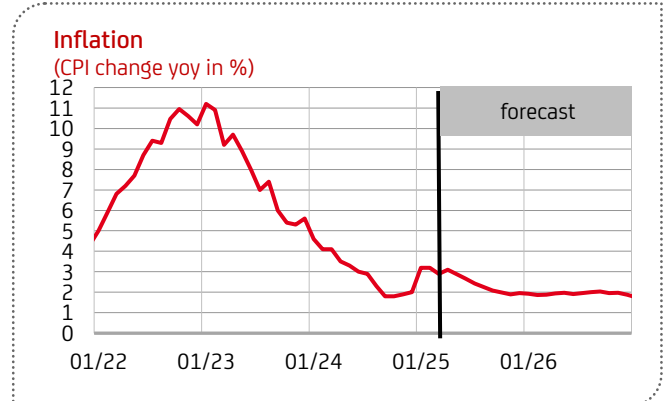
Mainly due to a high surplus in the movement of goods, the current account balance rose to 2.4 percent of GDP in 2024. For 2025, we expect a reduction in the positive balance due to freight transport.

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

According to flash estimate, inflation increased to 3.1% yoy in April 2025

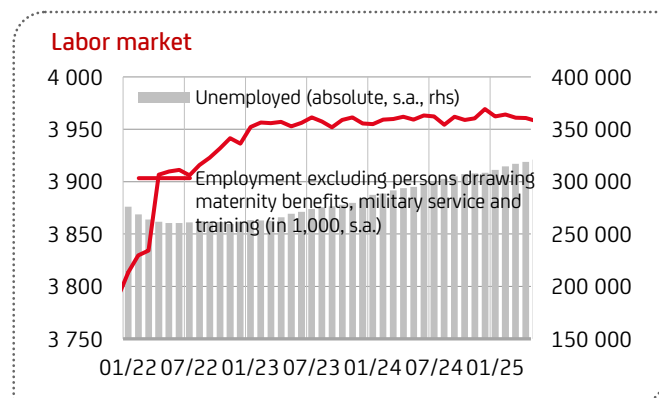


According to preliminary estimates by Statistics Austria, inflation rose to 3.1 percent year-on-year in April, mainly due to the significant upward pressure on service prices.

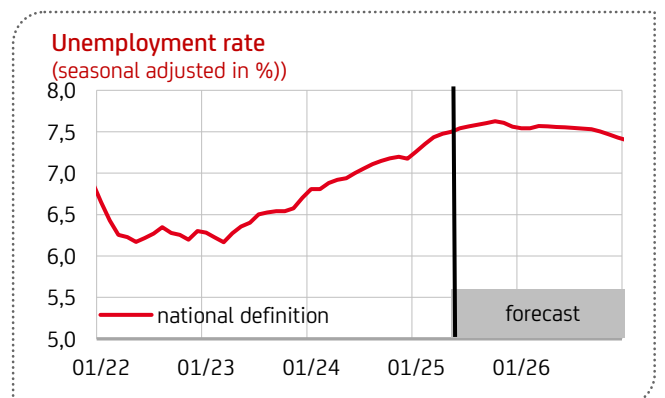


After the significant increase at the beginning of 2025, inflation will slowly ease again over the course of the year, supported by a slowdown in the second-round effects in the service sector.

Strain on the labor market continues to increase

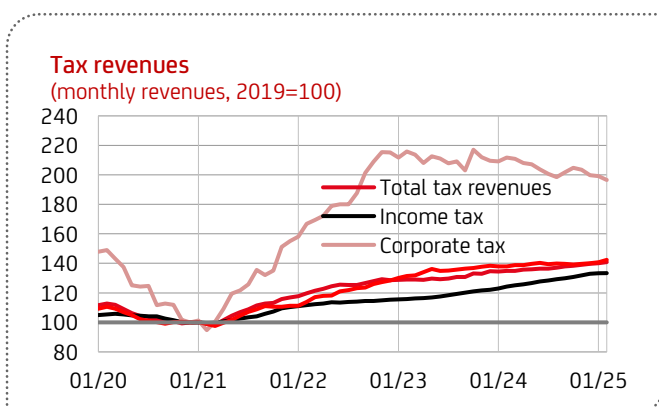


The seasonally adjusted unemployment rate was 7.5 percent in April. The upward trend will continue, weighed down above all by developments in industry.

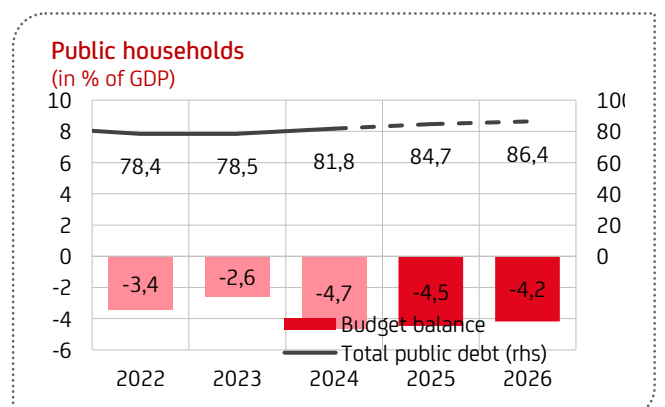


After an unemployment rate of 7.0 percent on average in 2024, we expect an increase to 7.5 percent in 2025, which should stabilize at this level in 2026.

Austerity package will only slightly reduce budget deficit in 2025: total debt will rise noticeably



In the first quarter of 2025, revenues rose by 3.8 percent to 21.6 billion euros. Expenditures in the federal budget rose by 1.1 percent to 29.2 billion euros. The negative net financing balance climbed to EUR -7.6 billion.



For 2025, too, we now expect a general government budget deficit of 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

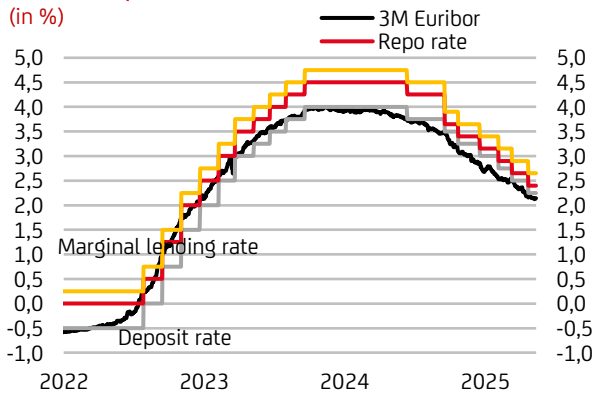
	2022	2023	2024	II 24	III 24	IV 24	I 25	11/24	12/24	01/25	02/25	03/25	04/25
UniCredit Bank Austria Business Indicator	-0.3	-2.9	-2.6	-2.2	-2.6	-2.8	-2.4	-2.5	-3.3	-2.6	-2.2	-2.3	-2.9
GDP growth (qoq, annualized)	5.3	-1.0	-1.2	-1.5	-0.8	-1.4	0.8						
Confidence Indicator eurozone manufacturing	5	-6	-11	-11	-11	-13	-11	-11	-14	-12	-11	-11	-11
Germany	12	-8	-20	-11	-11	-14	-12	-23	-28	-25	-23	-21	-20
France	-2	-8	-8	-8	-7	-12	-9	-9	-11	-11	-8	-9	-7
Italy	2	-4	-8	-7	-8	-9	-8	-9	-9	-8	-8	-9	-9
Netherlands	4	-2	-3	-3	-2	-3	-1	-2	-2	-2	-1	-1	-3
Spain	-1	-7	-5	-6	-3	-6	-5	-5	-5	-4	-6	-6	-4
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	6	-7	-14	-13	-14	-17	-16	-16	-19	-17	-16	-15	-14
UniCredit Bank Austria Purchasing Managers' Index (PMI)	52.9	42.1	43.5	44.5	43.4	43.3	46.4	44.5	43.3	45.7	46.7	46.9	46.6
New orders	45	37	43	45.1	42.6	43.0	47.5	46	43	47	48	47	44
New export orders	45	38	42	44.5	41.1	41.1	45.8	42	43	47	45	45	44
Output	50	44	44	46.5	44.1	43.3	47.7	46	42	47	48	48	49
Confidence indicator Austria manufacturing, total	2.2	-13.2	-19.6	-18.4	-22.0	-20.9	-17.0	-20.4	-22.2	-19.5	-15.2	-16.2	-15.0
Industrial production													
Change against previous year (in %)	5.9	-1.7	-4.6	-4.7	-3.4	-4.8	1.1	-4.7	-4.2	1.6	1.2	0.6	
Change against previous month (seasonally adjusted, in %)								0.2	1.4	2.4	0.0	-0.5	
Foreign trade													
Exports (yoy change in %)	17.6	3.1		-5.7	-1.7	-7.0		-15.6	-4.4	-1.2	-3.3		
Exports (mom change, s.a. in %, 3-MMAV)								0.1	-2.2	9.1	0.4		
Imports (yoy in %)	20.6	-5.8		-8.6	-3.3	1.2		-3.5	4.1	2.3	3.2		
Imports (mom, s.a. in %, 3-MMAV)								3.3	-1.6	2.6	2.5		
Ex-Im (12 months cumulated, EUR billion)	40.0	-2.0		5.1	6.0	5.5		2.9	1.7	1.2	0.1		
Construction													
Confidence indicator	9.0	-6.5	-14.2	-13.9	-14.9	-13.2	-18.3	-9.5	-15.1	-17.2	-16.8	-20.8	-18.5
Retail trade													
Confidence indicator	-11.0	-23.9	-16.2	-13.7	-13.7	-17.7	-18.3	-18.4	-19.1	-19.3	-19.1	-16.5	-21.3
Retail trade nom. (change against previous year in %)	8.2	2.9	2.8	0.5	2.6	4.4	1.6	4.9	2.3	4.9	0.8	-0.4	
Retail trade nom. (change against previous year in %, 3mav.)								4.0	4.5	4.0	2.7	1.7	
Retail trade real (change against previous year in %)	-0.8	-3.5	0.9	-1.3	1.4	3.3	0.1	3.8	1.4	3.6	-0.7	-2.2	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								0.3	0.1	0.3	-0.4	-0.2	
Automobile trade nom. (change against prev. year in %)	-0.5	11.8	0.0	2.8	-1.1	2.9		-2.3	2.5	1.5	-2.3		
Tourism													
Overnight stay (change against previous year in %)	392.1	11.3	2.0	-3.7	-1.2	7.6	-4.2	7.1	10.9	3.1	-6.9	-9.0	0.0
Labor market													
Employment*) (change against previous year in %)	3.0	1.2	0.2	0.3	0.2	0.2	0.2	0.0	0.6	0.3	0.2	0.1	0.0
Employment (s.a., change against previous month in %)								0.03	0.23	-0.18	0.05	-0.08	0.00
Unemployed (change against previous year in '000)	-68.6	7.7	27.1	26.2	26.3	27.1	24.2	28.7	23.5	21.9	25.8	24.9	24.3
Unemployment rate (in %, s.a.)	6.3	6.4	7.0	7.0	7.1	7.2	7.3	7.2	7.2	7.3	7.4	7.4	7.5
Prices													
CPI (change against previous year in %)	8.6	7.8	2.9	3.3	2.3	1.9	3.1	1.9	2.0	3.2	3.2	2.9	3.1
HCPI (change against previous year in %)	8.6	7.7	2.9	3.3	2.4	1.9	3.3	1.9	2.1	3.4	3.4	3.1	3.3
Crude oil (in USD per barrel)	98.4	81.6	79.7	84.7	78.5	73.8	74.7	73.1	73.1	77.8	74.8	71.4	66.0
Crude oil (in EUR, change against previous year in %)	62.2	-15.5	-2.4	10.0	-8.4	-9.4	-5.3	-9.1	-1.5	3.7	-4.6	-14.9	-28.8
Financial market													
3M Euribor	0.34	3.43	3.57	3.81	3.56	3.00	2.56	3.01	2.81	2.71	2.53	2.44	2.24
10-year government bonds (yield in %)	1.61	3.08	2.83	3.00	2.81	2.71	2.96	2.76	2.62	2.90	2.84	3.12	2.96
USD per euro	1.05	1.08	1.08	1.08	1.10	1.07	1.05	1.06	1.05	1.04	1.04	1.08	1.12
Total loans (change against previous year in %, eop)	5.0	0.7	0.7	0.5	0.6	0.7	0.6	1.3	0.7	1.1	0.7	0.6	
Consumption loans (change against prev. year in %, eop)	3.6	-1.9	-0.9	-1.5	-1.0	-0.9	-0.9	-1.0	-0.9	-1.1	-0.8	-0.3	

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

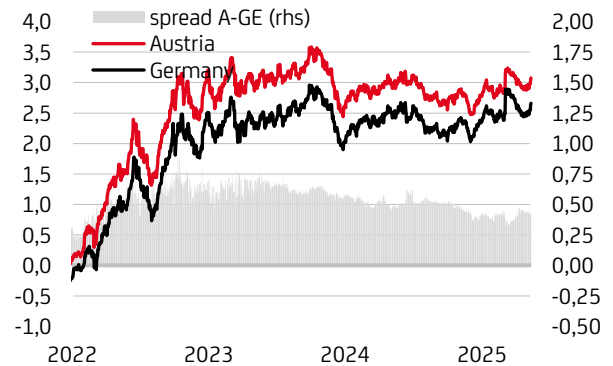
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market
(in %)

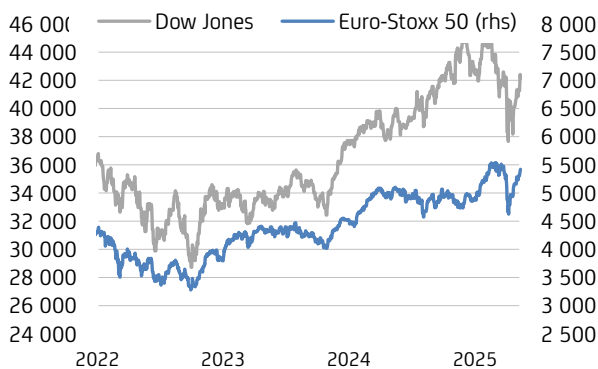


10y Government bond
(yield, in %)

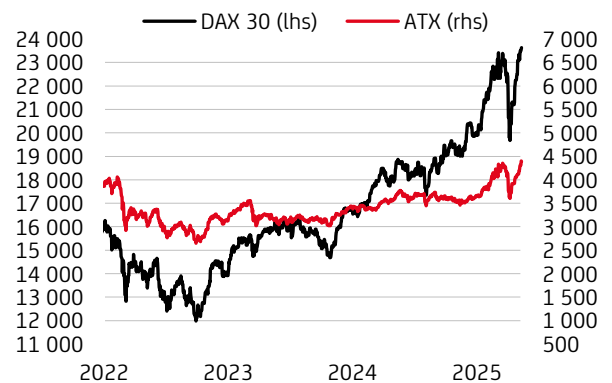


Stock markets

US - Euro area



Germany - Austria



FX trends

USD per euro



CHF per euro



Sources: Macrobond, UniCredit Bank Austria

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