



# Austria Up-to-date

**May 2026**

# Overview

## MIDDLE EAST CONFLICT WEAKENS ECONOMY AND INCREASES INFLATION

	2024	2025	2026	Rev. <sup>1)</sup>	2027	Rev. <sup>1)</sup>
GDP (real, change in %)	-0.7	0.6	0.8		1.2	
Inflation (CPI, in %)	2.9	3.5	3.0		2.6	
Unemployment rate (in %)	7.0	7.4	7.5	↗	7.4	↘

1) Revision since last report

- **Slight GDP increase at the beginning of 2026**

The moderate recovery of the Austrian economy continued in the first months of 2026. GDP increased by 0.2 percent in the first quarter compared to the previous quarter, according to Wifo estimates. However, with the start of the Iran war and the subsequent sharp rise in energy prices, sentiment indicators have been pointing noticeably downwards since March. We assume that the tentative recovery of the domestic economy will continue, but that geopolitical uncertainties will limit consumption development and the willingness to invest. We expect economic growth of 0.8 percent in 2026 and a slight improvement to 1.2 percent in 2027.

- **Unemployment rate rose to 7.6 percent in April**

Despite an increasing number of job seekers, the unemployment rate remained stable in the first months of 2026 due to a slight increase in employment. However, the unemployment rate rose to 7.6 percent in April, seasonally adjusted.

As a result of the slowdown in the economic recovery due to the effects of the Iran war, the expected improvement in the labor market will be postponed by a few months.

After the unemployment rate rose to 7.4 percent in 2025, we now expect an unemployment rate of 7.5 percent for 2026. Only in 2027, supported by demographic effects, should a stable downward trend prevail and allow the unemployment rate to fall to at least 7.4 percent.

- **Double budget planned for 2027/28**

The general government deficit fell to 21.5 billion euros or 4.2 percent of GDP in 2025, remaining below the originally planned figure of 4.5 percent of GDP. The governing parties have agreed on the cornerstones of a double budget for 2027/28, which is to be adopted in parliament as early as 10 July. By 2028, the deficit is to be reduced to 3 percent of GDP. The budget provides for an additional financing requirement of 5.1 billion euros. 2.5 billion euros are earmarked for budget consolidation. 2.6 billion are to flow into offensive measures, such as the reduction of non-wage labor costs by one percentage point. The funds are to be financed through savings (e.g. End of the valorization of social benefits, changes to family bonuses and pensions, abolition of the exemption from contributions in unemployment insurance for low-income earners) and additional revenues (e.g. extension of the bank levy, increase of corporate tax to 24 percent). In our opinion, the budget calculation is at least very tight in order to achieve the desired goal, and there is no room for maneuver in the event of a weaker economy.

- **Iran conflict has caused inflation to rise**

Inflation in the first two months of 2026 fell to an average of 2.1 percent year-on-year, 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 rise in energy prices due to the Middle East conflict, inflation rose to over 3 percent in March and April. Inflation will continue to be at least at this level in the coming months. For 2026, we expect average inflation of 3.0 percent and a decline to 2.6 percent in 2027.

- **Interest rate hike in June increasingly likely**

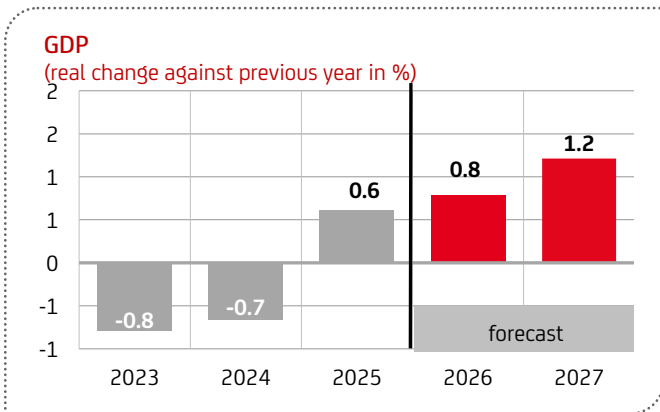
We expect the ECB to raise interest rates by a total of 50 basis points in June and September. From the ECB's point of view, moderate interest rate hikes would anchor inflation expectations and prevent significant second-round effects, while limiting damage to the economy and employment. However, the risks are asymmetrically distributed, and the likelihood of stronger measures by the ECB is much higher in view of the development of the geopolitical situation.

### International Environment

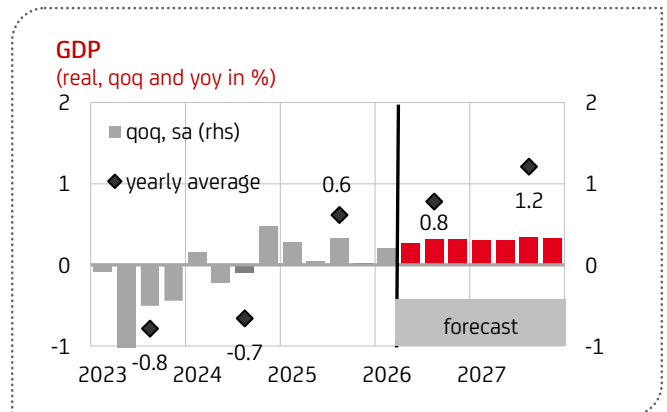
	2024	2025	Forecast	
	2024	2025	2026	2027
<i>(GDP, change in %)</i>				
Eurozone	0.9	1.5	0.8	1.1
Germany	-0.5	0.2	0.9	1.6
France	1.2	0.9	0.7	1.0
Italy	0.7	0.7	0.5	0.6
Spain	3.2	2.8	2.3	1.6
UK	0.9	1.3	0.6	1.0
USA	2.8	2.1	2.3	2.0
Japan	0.2	1.0	0.8	0.8
	2024	2025	2026	2027
<i>(annual average)</i>				
USD per euro	1.08	1.13	1.18	1.20
CHF per euro	0.95	0.94	0.92	0.95
GBP per euro	0.85	0.86	0.88	0.92
JPY per euro	163.8	169.0	183.2	178.4
Oil (USD/barrel)	80	68	91	83
10y Gov. bond (A)	2.83	2.98	3.30	3.30
3m Euribor	3.57	2.18	2.32	2.17

Source: Macrobond, UniCredit Bank Austria

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

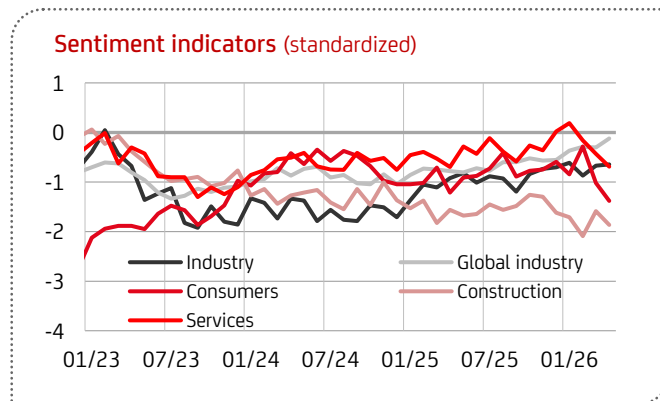


After two years of GDP declines, the Austrian economy began to recover slightly in 2025. According to current estimates, GDP rose by 0.6 percent in real terms.

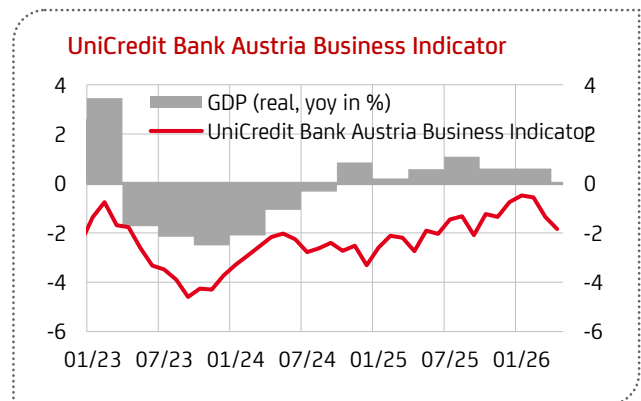


The first quarter of 2026 brought an increase in GDP supported by domestic demand. Higher inflation will weigh on consumption and investment without stopping the recovery entirely.

## Sentiment in the Austrian economy fell in April again



In April, economic sentiment in Austria deteriorated significantly as a result of the Middle East conflict, weighed down above all by rising pessimism among consumers.



The UniCredit Bank Austria Business Indicator fell significantly in April to minus 1.8 points, the lowest value since September last year.

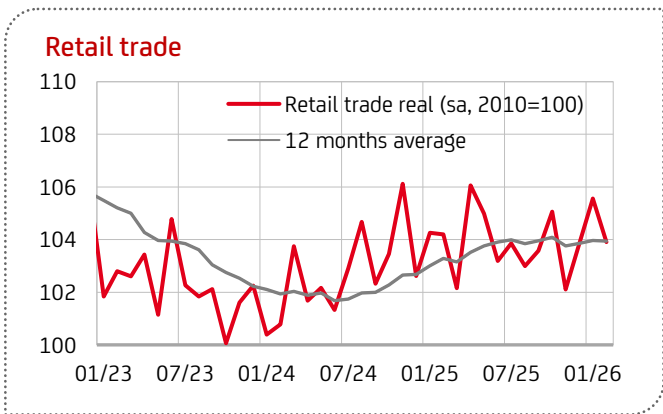
## Economic outlook

	2018	2019	2020	2021	2022	2023	2024	2025	Forecast	
<b>GDP</b> (real, yoy in %)	2.5	1.8	-6.3	4.9	5.3	-0.8	-0.7	0.6	0.8	1.2
Industrial output (real, yoy in %)	4.2	0.0	-7.1	11.0	5.9	-1.7	-4.9	3.2	1.0	2.5
Private consumption (real, yoy in %)	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.5	0.5	1.1
Investments (real, yoy in %) <sup>*)</sup>	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.7	0.5	1.7
<b>Inflation rate</b> (change against prev. year in %)	2.0	1.5	1.4	2.8	8.6	7.8	2.9	3.6	3.0	2.6
<b>Unemployment rate</b> (national definition)	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.4	7.5	7.4
<b>Employment</b> (change against prev. year in %) <sup>**)</sup>	2.5	1.6	-2.0	2.5	3.0	1.2	0.2	0.2	0.4	0.4
<b>Public-sector balance</b> (in % of GDP)	0.2	0.5	-8.2	-5.7	-3.4	-2.6	-4.6	-4.2	-3.9	-3.2
<b>Total public debt</b> (in % of GDP)	74.6	71.0	83.2	82.4	78.1	77.8	80.0	81.5	82.4	82.5

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

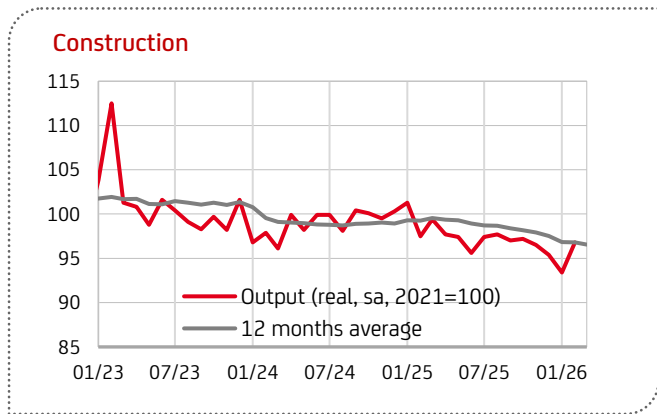
Source: UniCredit Bank Austria

### Volatile retail dynamics



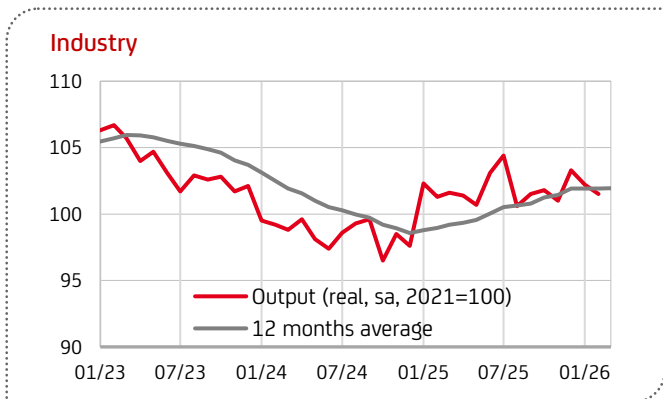
After the 0.8 percent increase in real sales in 2025, the upward trend continued volatily. In the first quarter, sales also rose by 0.8 percent in real terms compared to the previous year.

### Downward trend in construction accelerated

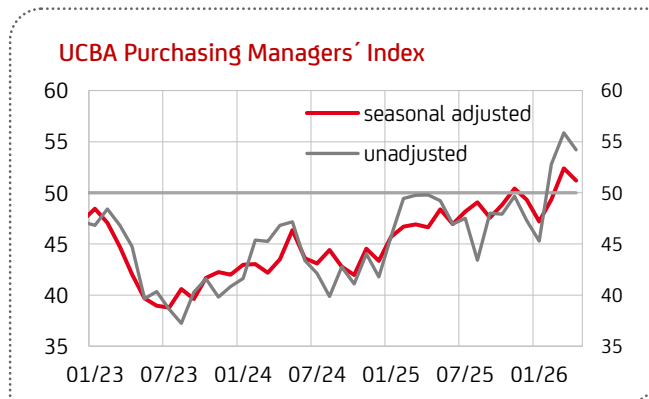


Construction output fell by 1.4 percent in 2025 (in real terms, adjusted for the number of working days) In the first quarter, production output even fell by more than 5 percent, burdened by the development in building construction.

### Industry recovery makes progress

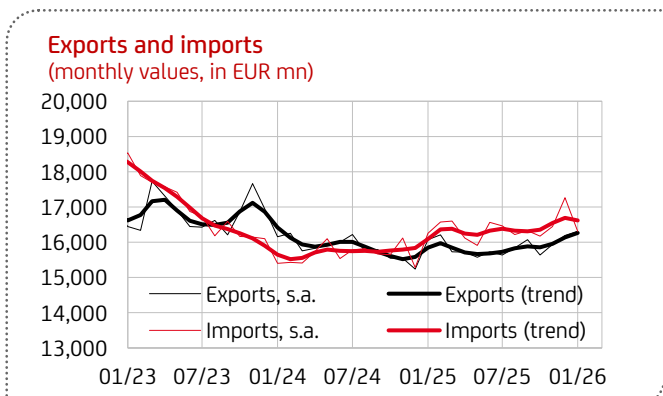


Industrial production (manufacture of goods, in real terms, adjusted for working days) rose by around 3 percent in 2025. After a weak start, industry grew by 1.6 percent year-on-year in the first quarter of 2026.

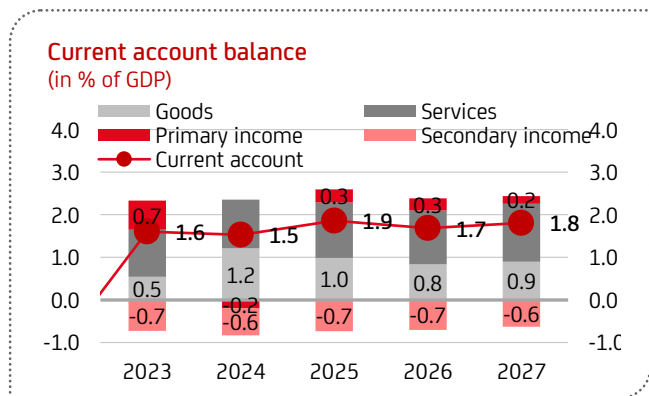


In April, the UniCredit Bank Austria Purchasing Managers' Index fell to 51.2 points, burdened by a decline in demand and production output.

### Exports improve, current account surplus to fall will decrease



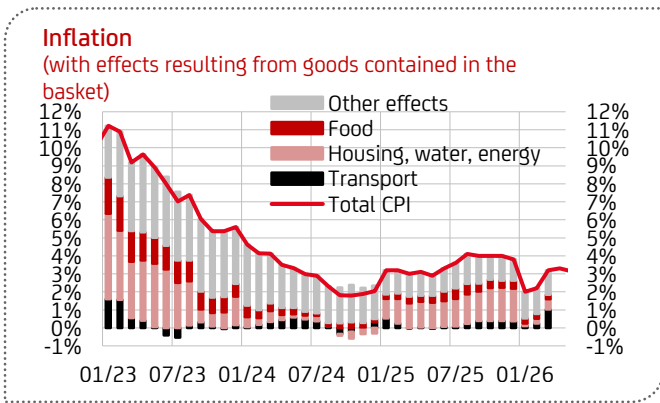
In the first two months of 2026, exports of goods fell by 0.2 percent year-on-year, while imports decreased by 1.9 percent. The trade deficit fell to 0.1 million euros.



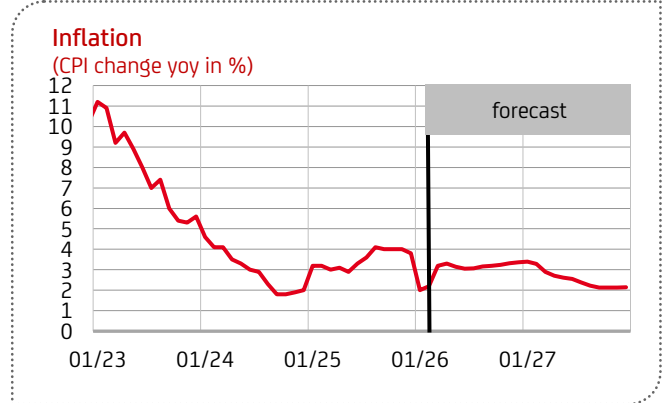
The current account balance improved in 2025 despite a lower trade balance surplus thanks to the higher increase in services trade. For 2026, we expect a slight deterioration in the current account balance

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

## Inflation rose to 3.3 percent year-on-year in April 2026 according to flash estimate

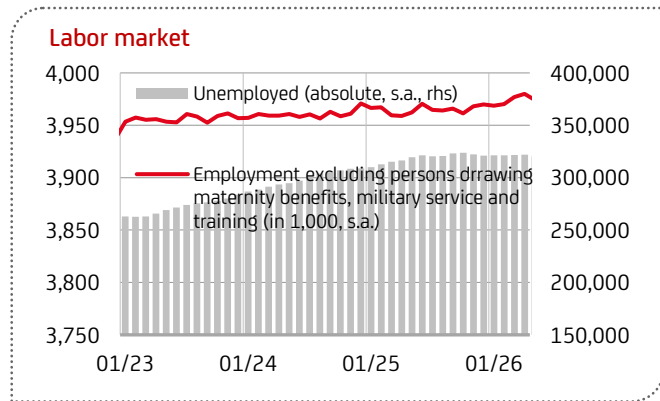


Inflation is expected to be 3.3 percent year-on-year in April. The rise in oil prices and as a result of fuel prices has caused inflation to accelerate again.

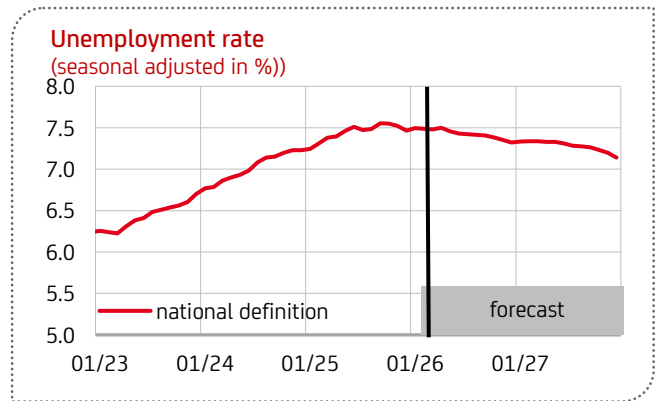


After the sharp decline in inflation at the beginning of 2026, higher values are to be expected for the time being as a result of the Iran war. We expect average inflation of 3.0 percent for 2026.

## Trend reversal on the labor market postponed

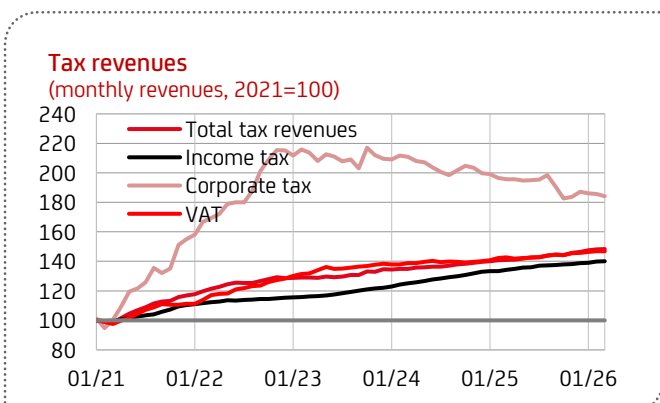


The seasonally adjusted unemployment rate increased to 7.6 percent in April. The expected trend of improvement has been postponed for the time being.

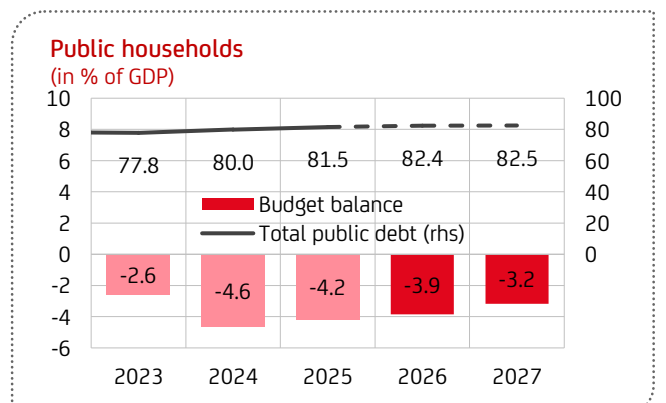


After an average of 7.4 percent in 2025, we expect an unemployment rate of 7.5 percent in 2026. It should not fall to 7.4 percent until 2027, supported by the slower increase in labor supply.

## Budget deficit in 2025 lower than planned, consolidation to be continued



In the first quarter, expenditure rose by 4.5 percent year-on-year. Revenues rose by 6 percent. At EUR -7.4 billion, the net financing balance remained the same as in the previous year.



The general government deficit fell to 4.2 percent of GDP in 2025. The consolidation path will continue, but the total debt ratio as a percentage of GDP will continue to rise.

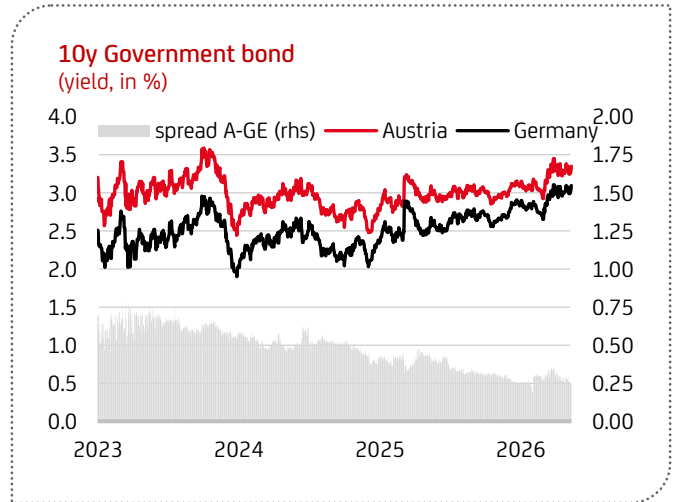
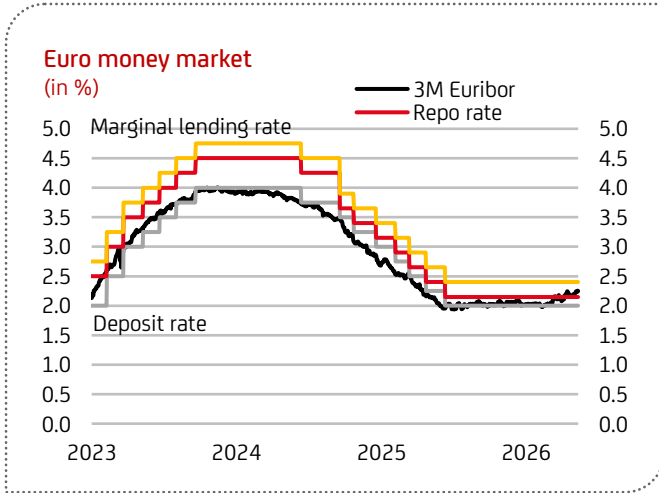
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

	2023	2024	2025	II 25	III 25	IV 25	I 26	11/25	12/25	01/26	02/26	03/26	04/26
<b>UniCredit Bank Austria Business Indicator</b>	<b>-3.0</b>	<b>-2.6</b>	<b>-1.8</b>	<b>-2.2</b>	<b>-1.6</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-1.4</b>	<b>-0.8</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-1.4</b>	<b>-1.8</b>
GDP growth (qoq, annualized)	-0.8	-0.7	0.6	0.2	1.3	0.1							
<b>Confidence Indicator eurozone manufacturing</b>	<b>-6</b>	<b>-11</b>	<b>-10</b>	<b>-11</b>	<b>-10</b>	<b>-9</b>	<b>-7</b>	<b>-9</b>	<b>-9</b>	<b>-7</b>	<b>-7</b>	<b>-7</b>	<b>-8</b>
Germany	-8	-20	-20	-11	-11	-10	-8	-19	-21	-17	-15	-15	-15
France	-8	-8	-9	-10	-11	-8	-5	-9	-9	-1	-6	-8	-8
Italy	-4	-8	-8	-8	-7	-6	-6	-6	-7	-6	-6	-6	-7
Netherlands	-2	-3	-2	-3	-3	-2	0	-2	-1	1	-1	0	0
Spain	-7	-5	-5	-5	-5	-4	-3	-4	-4	-3	-3	-4	-5
<b>UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing</b>	<b>-7</b>	<b>-14</b>	<b>-14</b>	<b>-14</b>	<b>-14</b>	<b>-13</b>	<b>-11</b>	<b>-13</b>	<b>-14</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-10</b>
<b>UniCredit Bank Austria Purchasing Managers' Index (PMI)</b>	<b>42.1</b>	<b>43.5</b>	<b>47.9</b>	<b>47.3</b>	<b>48.3</b>	<b>49.5</b>	<b>49.7</b>	<b>50.4</b>	<b>49.3</b>	<b>47.2</b>	<b>49.4</b>	<b>52.4</b>	<b>51.2</b>
New orders	37	43	47	45.1	46.7	49.0	49.4	51	47	46	50	52	49
New export orders	38	42	47	44.9	46.5	48.9	48.4	51	46	46	48	51	49
Output	44	44	50	49.4	50.9	51.2	49.7	53	50	47	50	52	50
<b>Confidence indicator Austria manufacturing, total</b>	<b>-13.2</b>	<b>-19.7</b>	<b>-15.3</b>	<b>-14.6</b>	<b>-15.9</b>	<b>-13.5</b>	<b>-13.2</b>	<b>-13.2</b>	<b>-12.9</b>	<b>-11.9</b>	<b>-15.0</b>	<b>-12.7</b>	<b>-12.5</b>
<b>Industrial production</b>													
Change against previous year (in %)	-2.1	-4.3	3.0	3.5	3.1	4.5		2.3	5.9	0.0	1.2	3.2	
Change against previous month (seasonally adjusted, in %)								-0.7	2.9	-2.3	1.0	1.8	
<b>Foreign trade</b>													
Exports (yoy change in %)	3.1	-4.8	-0.5	-1.5	-0.3	3.1		2.5	6.2	-2.4	2.0		
Exports (mom change, s.a. in %, 3-MMAV)								1.9	1.6	0.5	1.3		
Imports (yoy in %)	-5.8	-6.8	4.1	2.5	3.8	6.1		2.0	13.1	-0.6	-1.9		
Imports (mom, s.a. in %, 3-MMAV)								1.6	5.0	-3.7	-1.8		
Ex-Im (12 months cumulated, EUR billion)	-2.0	2.2	-6.6	5.2	2.9	2.2		-5.6	-6.6	-6.9	-6.2		
<b>Construction</b>													
Confidence indicator	-6.5	-14.2	-17.3	-18.5	-17.0	-15.8	-21.8	-14.5	-18.8	-20.2	-25.7	-19.4	-23.5
<b>Retail trade</b>													
Confidence indicator	-24.0	-16.2	-4.9	-19.3	-16.6	-17.1	-17.4	-17.5	-16.1	-18.6	-13.3	-20.4	-24.1
Retail trade nom. (change against previous year in %)	2.9	2.8	2.9	5.0	2.9	1.9		-2.0	3.5	2.5	1.3	2.8	
Retail trade nom. (change against previous year in %, 3mav.)								2.1	1.9	1.3	2.4	2.2	
Retail trade real (change against previous year in %)	-3.5	0.9	0.8	3.1	0.1	-0.3		-4.1	1.2	1.0	-0.2	1.4	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								-0.2	-0.4	-0.6	0.6	0.7	
Automobile trade nom. (change against prev. year in %)	11.8	2.4	6.3	5.2	13.0	5.7		4.7	5.9	-3.5	4.5		
<b>Tourism</b>													
Overnight stay (change against previous year in %)	11.3	2.0	3.4	10.1	2.6	5.3		4.0	10.0	2.9	5.5	-4.9	
<b>Labor market</b>													
Employment*) (change against previous year in %)	1.2	0.2	0.2	0.2	0.2	0.2	0.4	0.2	0.2	0.1	0.2	0.7	0.8
Employment (s.a., change against previous month in %)								0.17	0.05	-0.14	0.04	0.16	0.13
Unemployed (change against previous year in '000)	7.7	27.1	19.7	24.0	16.1	14.4	10.2	16.0	10.1	14.0	10.1	6.4	8.5
Unemployment rate (in %, s.a.)	6.4	7.0	7.4	7.4	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.6
<b>Prices</b>													
CPI (change against previous year in %)	7.8	2.9	3.6	3.1	3.9	3.9	2.5	4.0	3.8	2.0	2.2	3.2	3.3
HCPI (change against previous year in %)	7.7	2.9	3.6	3.2	3.9	4.0	2.5	4.0	3.9	2.0	2.3	3.1	3.3
Crude oil (in USD per barrel)	81.6	79.7	68.0	66.5	67.9	62.9	77.3	63.5	61.6	64.3	69.4	98.2	101.4
Crude oil (in EUR, change against previous year in %)	-15.5	-2.4	-17.7	-25.5	-18.3	-21.8	-5.6	-20.2	-24.6	-27.0	-18.4	28.7	47.5
<b>Financial market</b>													
3M Euribor	3.43	3.57	2.18	2.11	2.01	2.04	2.05	2.04	2.05	2.03	2.01	2.11	2.17
10-year government bonds (yield in %)	3.08	2.83	2.98	2.96	3.02	3.00	3.13	2.97	3.09	3.08	3.06	3.25	3.30
USD per euro	1.08	1.08	1.13	1.13	1.17	1.16	1.17	1.16	1.17	1.17	1.18	1.16	1.17
Total loans (change against previous year in %, eop)	0.7	0.7	1.8	1.2	1.6	1.8		1.3	1.8	1.8	2.3	2.2	
Consumption loans (change against prev. year in %, eop)	-1.9	-0.9	1.0	0.1	0.6	1.0		1.0	1.0	1.4	1.4	1.4	

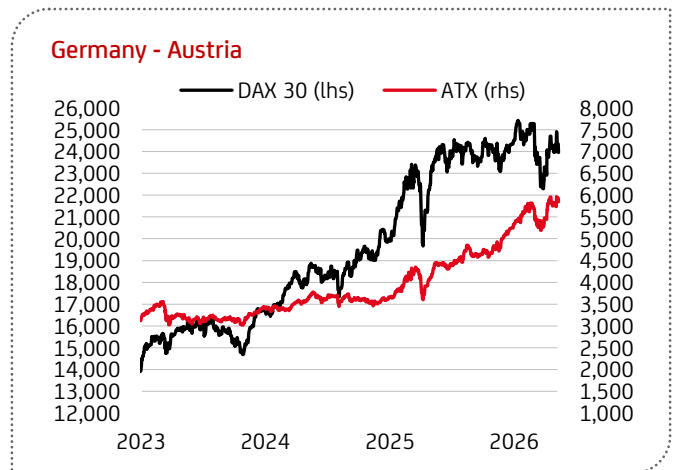
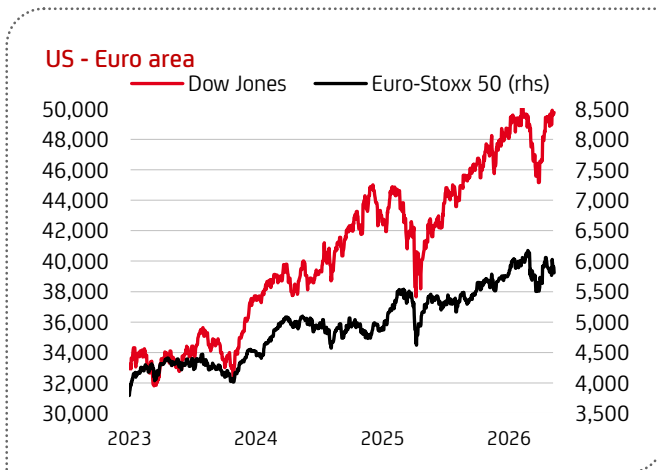
\*) excl. maternity/paternity leave, military service and training programs

Sources: Statistik Austria, OeNB, UniCredit Bank Austria

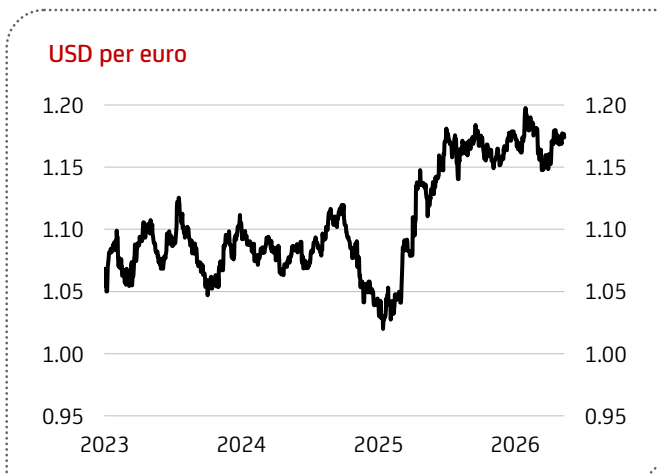
## Money market and long-term interest



## Stock markets



## FX trends



Sources: Macrobond, UniCredit Bank Austria

## MORE TO READ

We invite you to visit the economic analyses on Bank Austria's website: [www.bankaustria.at](http://www.bankaustria.at) under "Direct access – Markets & Research - Analyses & Research" in the section "Economic Research Austria" or directly at [Economy online: Analyses & Research](#).

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](mailto:econresearch.austria@unicreditgroup.at).

## AUTHORS

Walter Pudschedl, Senior Economist, UniCredit Bank Austria ([walter.pudschedl@unicreditgroup.at](mailto: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, Albrecht Angersbach, Daniela Barco, H  l  ne Buffin, Dieter Hengl, Emilio Manca, Marion Morales Albi  ana-Rosner, Svetlana Pancenko.

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 [Shareholders - UniCredit](#)).

“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](https://mobilebanking.bankaustria.at)



### **Our customer service on the Internet**

[bankaustria.at/customer-support](https://bankaustria.at/customer-support)



### **Our branches throughout Austria**

[filialfinder.bankaustria.at](https://filialfinder.bankaustria.at)

You can find us on:

