



# Austria Up-to-date

**June 2026**

# Overview

## ECONOMIC DIP OVER THE SUMMER AND HIGHER INFLATION

	2024	2025	2026	Rev. <sup>1)</sup>	2027	Rev. <sup>1)</sup>
GDP (real, change in %)	-0.7	0.8	0.8		1.2	
Inflation (CPI, in %)	2.9	3.6	3.4	↗	2.6	
Unemployment rate (in %)	7.0	7.4	7.5		7.4	

1) Revision since last report

- Slight economic dip due to Middle East conflict**

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. 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 therefore expect stagnation for the second quarter, weighed down by the consequences of geopolitical uncertainties on consumption and investment development. However, the tentative recovery of the domestic economy should continue as the Middle East conflict calms down. We continue to 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**

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 and remained there in May.

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 which is why

we have raised our forecast for the budget deficit to 3.8 percent for 2027, following a deficit of 4 percent in 2026.

- Following fuel prices, services prices are now rising**

Due to the rise in energy prices due to the Middle East conflict, inflation rose significantly from March onwards and is expected to reach as much as 3.7 percent in May, burdened by initial knock-on effects on service prices. Inflation will continue to be at least at this level in the coming months. We have therefore raised our inflation forecast for 2026 from 3.0 to 3.4 percent and continue to expect a decline to 2.6 percent in 2027.

- Key interest rate raised by 25 bp in June**

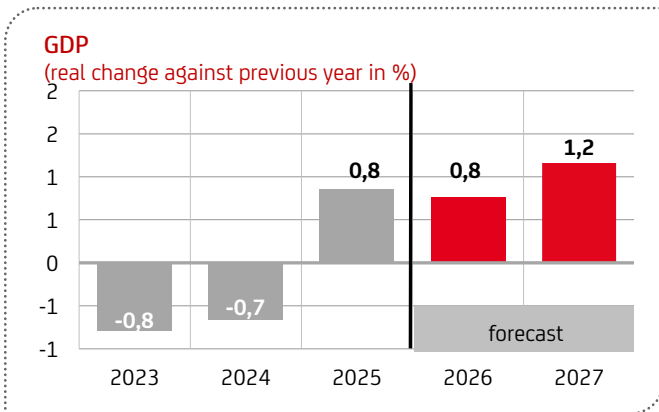
After the ECB's expected interest rate hike of 25 basis points in June, we believe that the ECB will wait to take further steps for the time being. However, we expect the ECB to deliver another 25 basis point rate hike in September. From the ECB's point of view, moderate interest rate hikes would anchor inflation expectations and prevent significant second-round effects, while a damage to the economy and employment is limited. 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

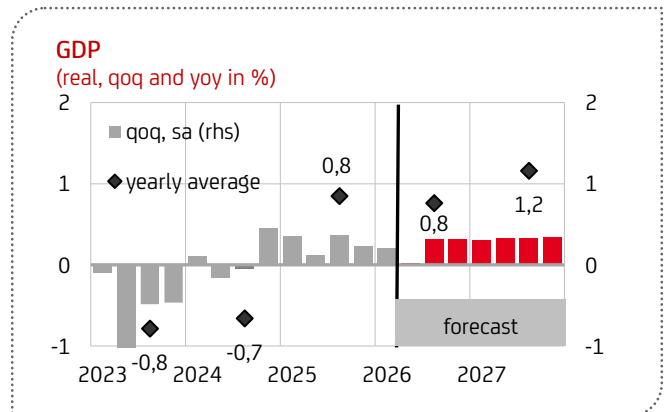
	Forecast			
	2024	2025	2026	2027
<i>(GDP, change in %)</i>				
Eurozone	1.0	1.5	0.3	1.1
Germany	-0.5	0.2	0.9	1.6
France	1.2	0.9	0.7	1.0
Italy	0.8	0.7	0.5	0.6
Spain	3.5	2.8	2.3	1.6
UK	1.1	1.3	0.6	1.0
USA	2.8	2.1	2.3	2.0
Japan	-0.2	1.0	0.8	0.8
	2024	2025	2026	2027
<i>(annual average)</i>				
USD per euro	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	183.1	178.4
Oil (USD/barrel)	80	68	91	83
10y Gov. bond (A)	2.83	2.98	3.28	3.29
3m Euribor	3.57	2.18	2.32	2.40

Source: Macrobond, UniCredit Bank Austria

## GDP growth still expected at 0.8 percent in 2026

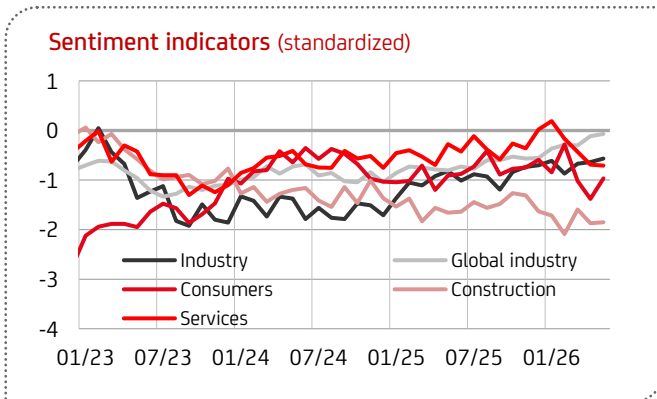


After two years of GDP declines, the Austrian economy began to recover slightly in 2025. According to the latest estimate, GDP growth was revised to 0.8 percent in real terms.

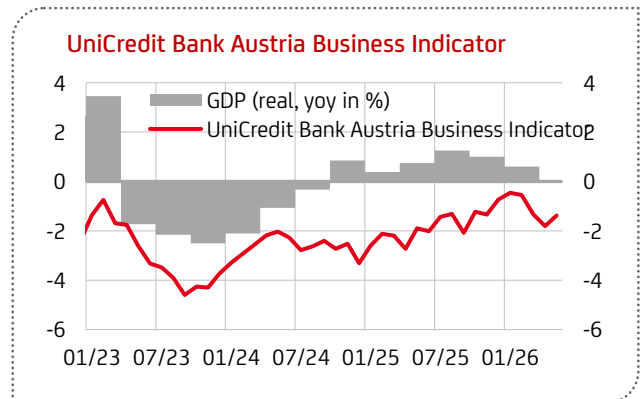


The first quarter of 2026 brought an increase in GDP supported by domestic demand. Higher inflation will weigh on consumption and investment without stopping the recovery entirely.

## Sentiment in the Austrian economy improved somewhat in May



In May, economic sentiment in Austria improved somewhat, but the service sector and the construction industry were more burdened.



The UniCredit Bank Austria Business Indicator rose to minus 1.4 points in May, supported by less pessimism in industry and among consumers.

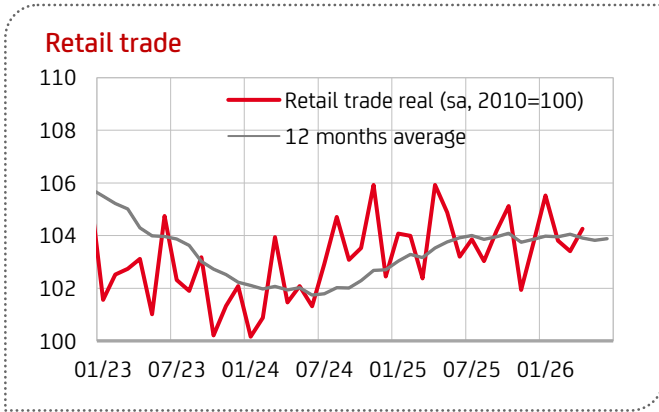
## Economic outlook

	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	0.8	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	0.7	0.5	1.1
Investments (real, yoy in %) <sup>*)</sup>	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	2.9	0.7	1.6
<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	3.4	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	-4.0	-3.8
<b>Total public debt</b> (in % of GDP)	74.6	71.0	83.2	82.4	78.1	77.8	80.0	81.3	82.0	82.8

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

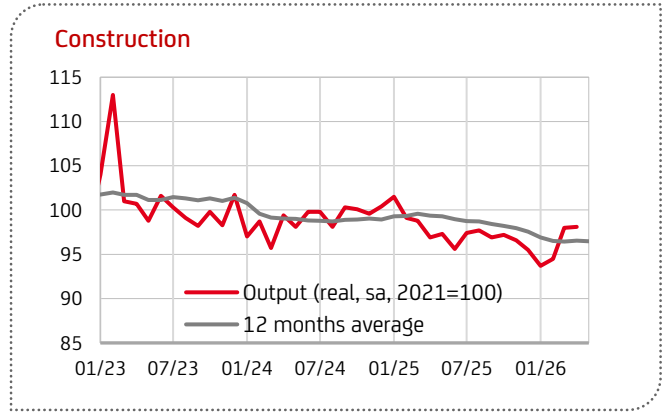
Source: UniCredit Bank Austria

## Retail begins to feel higher inflation



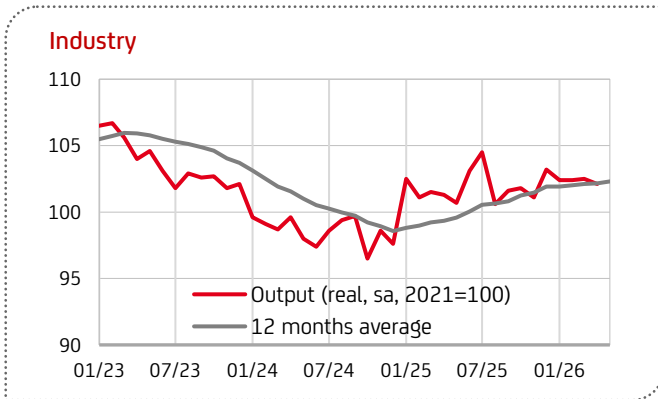
After the 0.8 percent increase in real sales in 2025, the upward trend continued at the beginning of the year. But the pace slowed down. In the first four months, sales rose by 0.2 percent in real terms.

## Construction crises continues

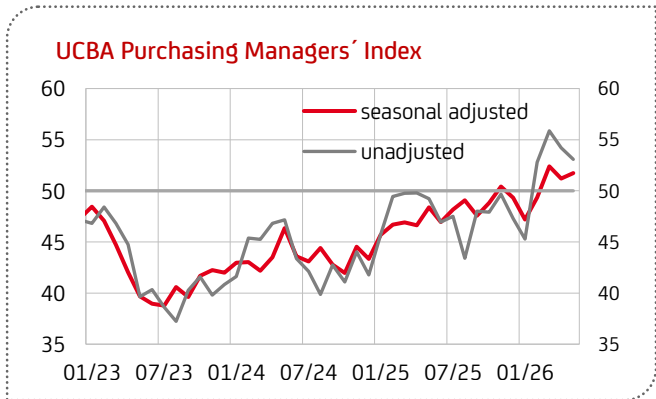


Construction output fell by 1.4 percent in 2025 (in real terms, adjusted for the number of working days). In the first four months of 2026, production output even fell by 2.4 percent despite an upward trend in the spring.

## Industry recovery makes small progress

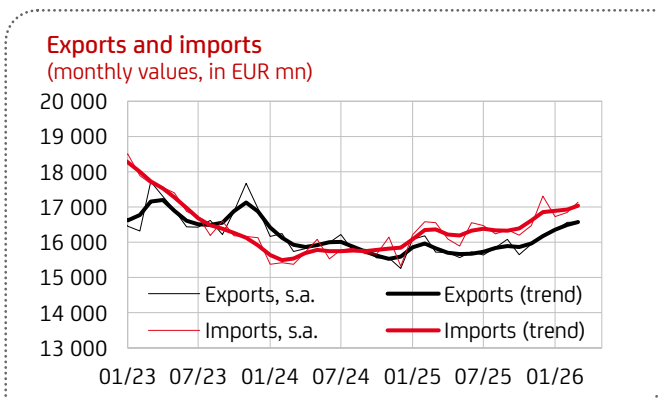


Industrial production (manufacture of goods, in real terms, adjusted for working days) rose by around 3 percent in 2025. After a weak start, industry grew by about 1 percent year-on-year in the first four months.

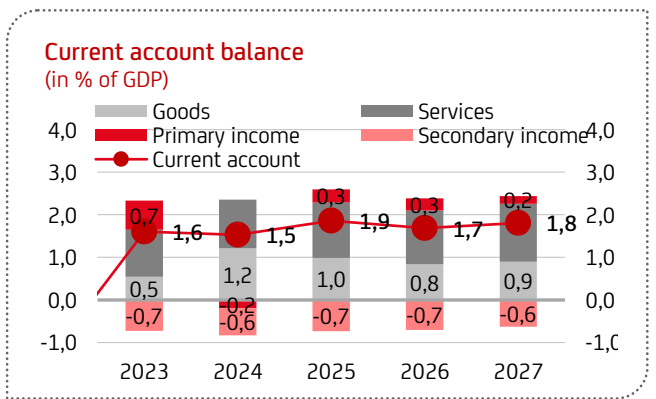


In May, the UniCredit Bank Austria Purchasing Managers' Index rose to 51.7 points, supported by an increase in production output.

## Exports improve, current account surplus to fall



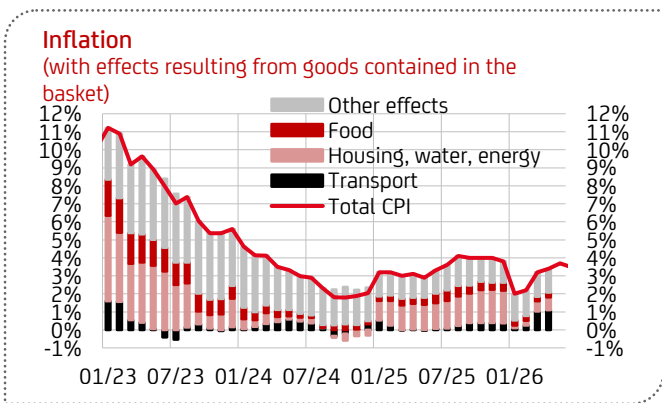
In the first three months of 2026, exports of goods rose by 3.4 percent year-on-year, while imports increased by 3.0 percent. The trade deficit fell to 1.2 billion euros.



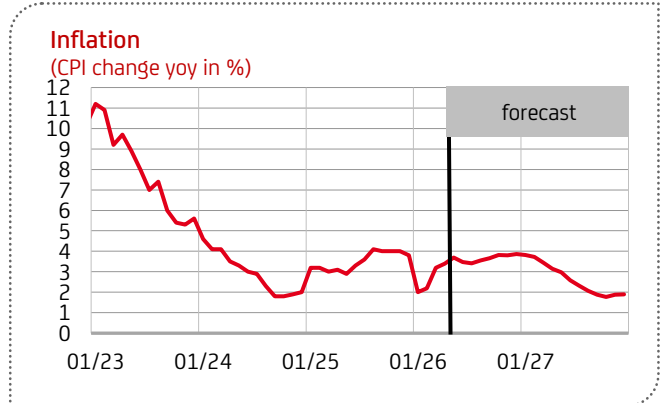
The current account balance improved in 2025 despite a lower trade balance surplus thanks to the higher increase in services trade. For 2026, we expect a slight deterioration in the current account balance

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

## Inflation rose to 3.7 percent year-on-year in May 2026 according to flash estimate

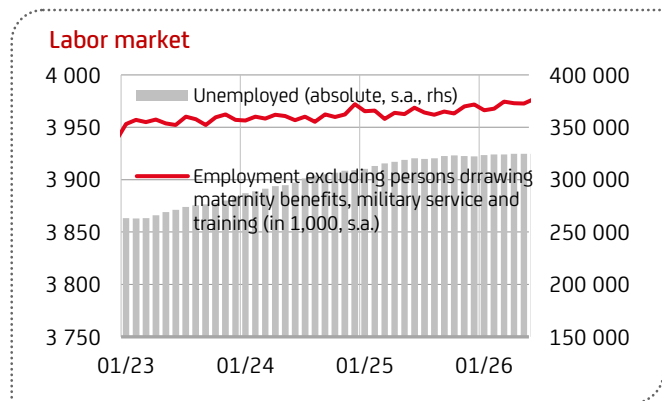


Inflation is expected to be 3.7 percent year-on-year in May. In addition to fuel prices, rising service prices also caused the acceleration.

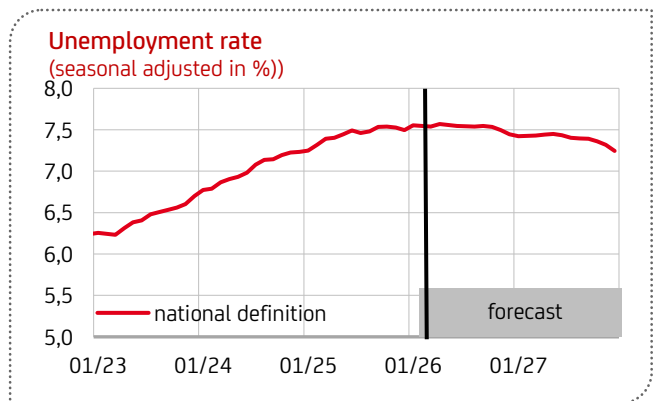


After the sharp decline in inflation at the beginning of 2026, higher values are to be expected for the time being as a result of the Iran war. We expect average inflation of 3.4 percent for 2026.

## Trend reversal on the labor market postponed

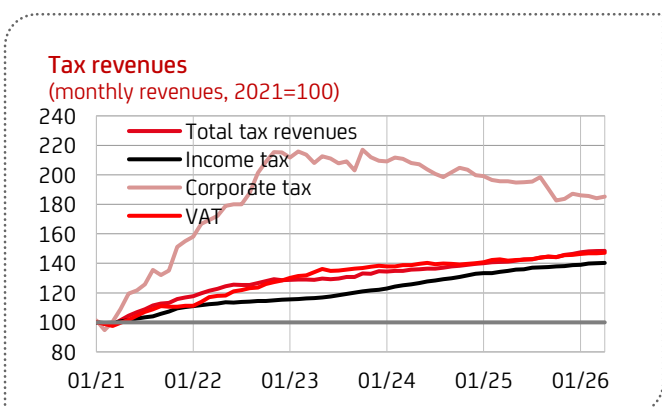


The seasonally adjusted unemployment rate was 7.6 percent in May. The expected improvement trend has been postponed for the time being.

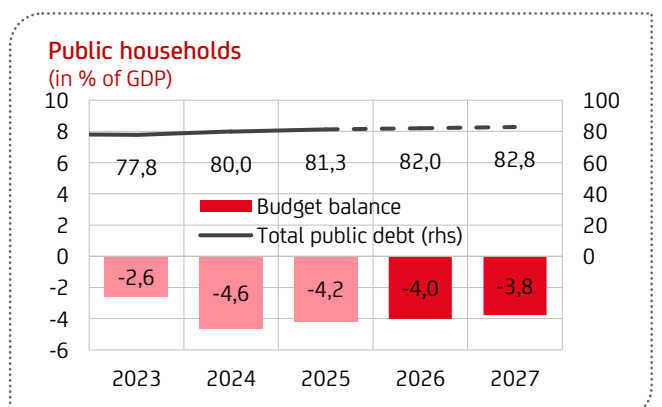


After an average of 7.4 percent in 2025, we expect an unemployment rate of 7.5 percent in 2026. It should not fall to 7.4 percent until 2027, supported by the slower increase in labor supply.

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



In the first four months, federal disbursements rose by 3.0 percent year-on-year. Payments rose by 5.1 percent. At EUR -12.2 billion, the net financial balance was slightly below the previous year's level.



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.

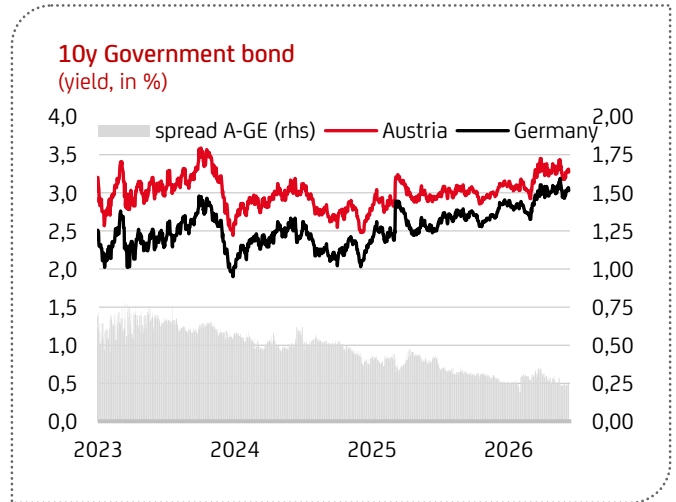
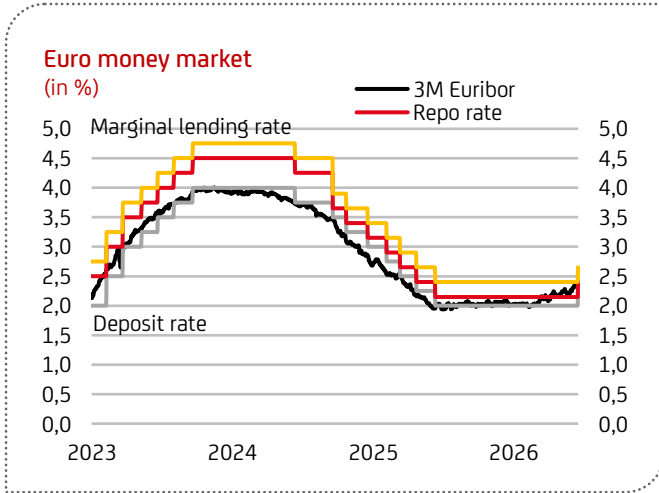
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

	2023	2024	2025	II 25	III 25	IV 25	I 26	12/25	01/26	02/26	03/26	04/26	05/26
<b>UniCredit Bank Austria Business Indicator</b>	-3.0	-2.6	-1.8	-2.2	-1.6	-1.1	-0.8	-0.7	-0.5	-0.6	-1.3	-1.8	-1.4
GDP growth (qoq, annualized)	-0.8	-0.7	0.8	0.5	1.5	0.9							
<b>Confidence Indicator eurozone manufacturing</b>	-6	-11	-10	-11	-10	-9	-7	-9	-7	-7	-7	-8	-8
Germany	-8	-20	-20	-11	-11	-10	-8	-21	-17	-15	-15	-15	-16
France	-8	-8	-9	-10	-11	-8	-5	-9	-1	-6	-8	-8	-7
Italy	-4	-8	-8	-8	-7	-6	-6	-7	-6	-7	-6	-7	-7
Netherlands	-2	-3	-2	-3	-3	-2	0	-1	1	-1	0	0	-2
Spain	-7	-5	-5	-5	-5	-4	-3	-4	-3	-3	-4	-5	-4
<b>UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing</b>	-7	-14	-14	-14	-13	-13	-11	-14	-11	-11	-11	-11	-11
<b>UniCredit Bank Austria Purchasing Managers' Index (PMI)</b>	42.1	43.5	47.9	47.3	48.3	49.5	49.7	49.3	47.2	49.4	52.4	51.2	51.7
New orders	37	43	47	45.1	46.7	49.0	49.4	47	46	50	52	49	50
New export orders	38	42	47	44.9	46.5	48.9	48.4	46	46	48	51	49	51
Output	44	44	50	49.4	50.9	51.2	49.7	50	47	50	52	50	83
<b>Confidence indicator Austria manufacturing, total</b>	-13.2	-19.7	-15.3	-14.6	-15.9	-13.5	-13.2	-12.9	-11.9	-15.0	-12.7	-12.4	-11.6
<b>Industrial production</b>													
Change against previous year (in %)	-2.1	-4.3	3.0	3.5	3.1	4.5	0.8	5.8	0.0	1.2	1.1	0.8	
Change against previous month (seasonally adjusted, in %)								2.9	-2.3	1.0	0.2	-0.3	
<b>Foreign trade</b>													
Exports (yoy change in %)	3.1	-4.8	-0.5	-1.5	-0.3	3.1	3.3	6.2	-2.1	2.5	9.5		
Exports (mom change, s.a. in %, 3-MMAV)								1.6	0.8	1.4	0.1		
Imports (yoy in %)	-5.8	-6.8	4.1	2.5	3.8	6.1	2.8	13.1	-0.3	1.6	7.1		
Imports (mom, s.a. in %, 3-MMAV)								5.1	-3.4	0.7	1.7		
Ex-Im (12 months cumulated, EUR billion)	-2.0	2.2	-6.6	5.2	2.9	2.2	1.2	-6.6	-6.9	-6.7	-6.4		
<b>Construction</b>													
Confidence indicator	-6.5	-14.2	-17.3	-18.4	-17.0	-15.9	-21.8	-18.9	-20.3	-25.7	-19.5	-23.6	-23.9
<b>Retail trade</b>													
Confidence indicator	-24.0	-16.2	-4.9	-19.3	-16.6	-17.1	-17.4	-16.1	-18.6	-13.3	-20.4	-24.1	-20.3
Retail trade nom. (change against previous year in %)	2.9	2.8	2.9	5.0	2.9	1.9	7.8	3.5	2.5	1.3	3.0	0.2	
Retail trade nom. (change against previous year in %, 3mav.)								1.9	1.3	2.4	2.2	1.5	
Retail trade real (change against previous year in %)	-3.5	0.9	0.8	3.1	0.1	-0.3	0.8	1.2	1.0	-0.2	1.5	-1.5	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								-0.4	-0.6	0.6	0.8	-0.1	
Automobile trade nom. (change against prev. year in %)	11.8	2.4	6.3	5.2	13.0	5.7	4.4	5.9	-3.5	4.5	12.2		
<b>Tourism</b>													
Overnight stay (change against previous year in %)	11.3	2.0	3.4	10.1	2.6	5.3	1.3	10.0	2.9	5.5	-4.5	-5.9	
<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	0.1	0.2	0.7	0.4	0.4
Employment (s.a., change against previous month in %)								0.05	-0.14	0.04	0.16	-0.03	-0.01
Unemployed (change against previous year in '000)	7.7	27.1	19.7	24.0	16.1	14.4	10.2	10.1	14.0	10.1	6.4	8.5	5.5
Unemployment rate (in %, s.a.)	6.4	7.0	7.4	7.4	7.5	7.5	7.5	7.5	7.6	7.5	7.5	7.6	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	3.8	2.0	2.2	3.2	3.4	3.7
HCPI (change against previous year in %)	7.7	2.9	3.6	3.2	3.9	4.0	2.5	3.9	2.0	2.3	3.1	3.4	3.7
Crude oil (in USD per barrel)	81.6	79.7	68.0	66.5	67.9	62.9	77.3	61.6	64.3	69.4	98.2	101.4	103.7
Crude oil (in EUR, change against previous year in %)	-15.5	-2.4	-17.7	-25.5	-18.3	-21.8	-5.6	-24.6	-27.0	-18.4	28.7	47.5	57.2
<b>Financial market</b>													
3M Euribor	3.43	3.57	2.18	2.11	2.01	2.04	2.05	2.05	2.03	2.01	2.11	2.17	2.23
10-year government bonds (yield in %)	3.08	2.83	2.98	2.96	3.02	3.00	3.13	3.09	3.08	3.06	3.25	3.30	3.29
USD per euro	1.08	1.08	1.13	1.13	1.17	1.16	1.17	1.17	1.17	1.18	1.16	1.17	1.17
Total loans (change against previous year in %, eop)	0.7	0.7	1.8	1.2	1.6	1.8	2.2	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	1.4	1.0	1.4	1.4	1.4		

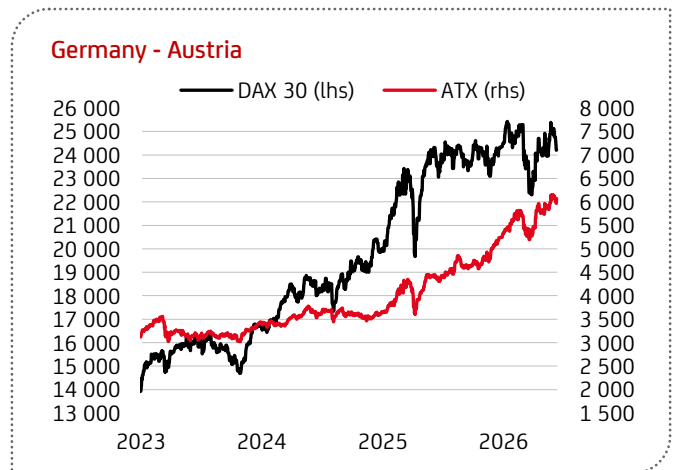
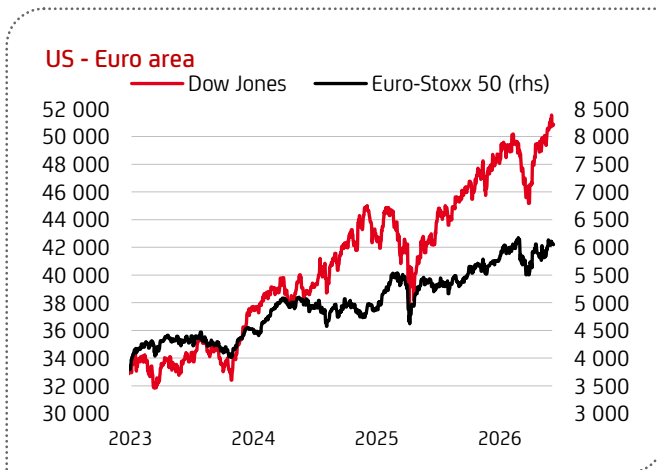
\*) excl. maternity/paternity leave, military service and training programs

Sources: Statistik Austria, OeNB, UniCredit Bank Austria

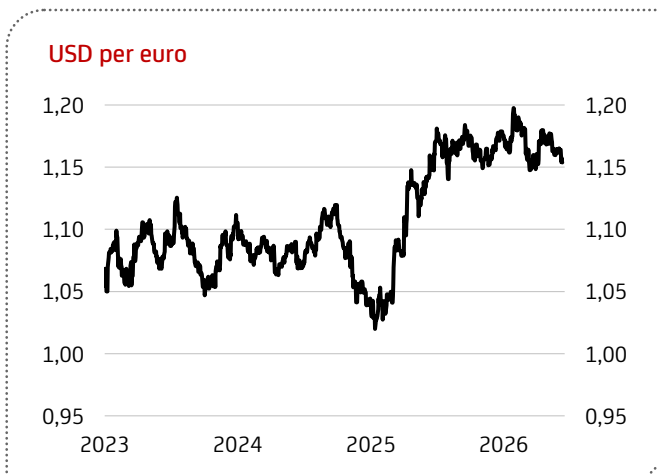
## Money market and long-term interest



## Stock markets



## FX trends



Sources: Macrobond, UniCredit Bank Austria

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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)

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