



Austria Up-to-date

July 2025

Overview

ECONOMY STABLE, BUT INFLATION REMAINS STUBBORN

	2023	2024	2025	Rev. ¹⁾	2026	Rev. ¹⁾
GDP (real, change in %)	-1.0	-1.0	0.1		1.1	
Inflation (CPI, in %)	7.8	2.9	2.9	↗	2.1	↗
Unemployment rate (in %)	6.4	7.0	7.5		7.5	

1) Revision since last report

- Change of small GDP growth in 2025 increased after revision of previous year's data

The latest revision of GDP by Statistics Austria shows a somewhat more favorable picture of the past economic situation. GDP fell by "only" 1.0 percent in 2024 (previously - 1.2 percent). In the first quarter of 2025, GDP rose by 0.1 percent in real terms compared to the previous quarter. Despite the upward trend, the economic situation in Austria remains very challenging, burdened by the protectionist trade policy of the USA, among other things. We continue to expect slight growth in the Austrian economy for the rest of the year. Due to the revision of the previous year, there is now the realistic chance of a slight increase in GDP of 0.1 percent for the year as a whole, with the GDP forecast unchanged during the year.

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. In June, 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.

- Slight decline in inflation in 2H 2025

In the first six months of 2025, 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. Due to the increase in the first half of the year and an expected very modest decline in the coming months, partly due to fee increases, we have raised our inflation forecast for 2025 to 2.9 percent. We expect inflation to average 2.1 percent in 2026.

- Another interest rate cut 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 June 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. We only expect a further cut after the summer, with the deposit rate reaching the low point at 1.75 percent.

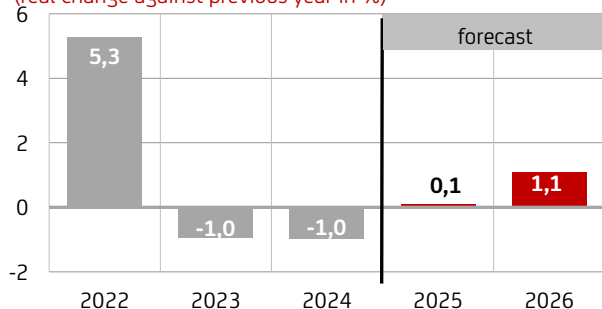
International Environment				
	2023	2024	Forecast	
(GDP, change in %)			2025	2026
Eurozone	0.7	0.8	1.0	1.0
Germany	-0.3	-0.2	0.1	1.3
France	0.9	1.1	0.6	1.1
Italy	0.7	0.5	0.5	0.8
Spain	2.7	3.2	2.4	1.8
UK	0.4	0.9	0.8	1.1
USA	2.9	2.8	1.5	1.9
Japan	1.5	0.2	0.9	0.7
	2021	2022	2023	2024
(annual average)				
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 ended in the first quarter of 2025, but outlook remains subdued

GDP

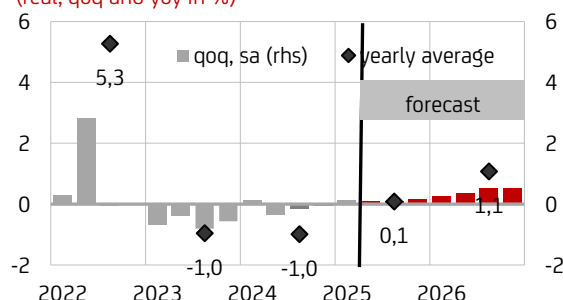
(real change against previous year in %)



According to the latest available estimate, GDP shrank by “only” 1.0 percent in 2024, after the Austrian economy had already fallen by 1 percent in 2023.

GDP

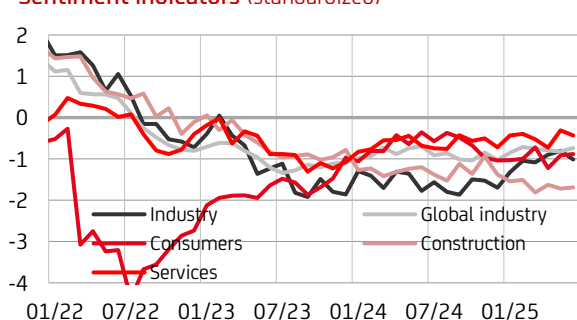
(real, qoq and yoy in %)



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

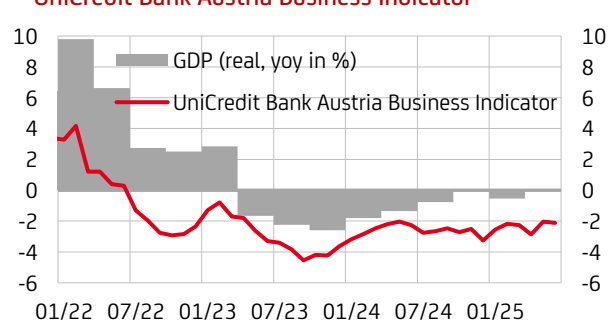
Sentiment in the industry and the service sector has decreased

Sentiment indicators (standardized)



While sentiment in the construction sector was stable, there was a slight deterioration in industry and, above all, in the service sector in June.

UniCredit Bank Austria Business Indicator



The UniCredit Bank Austria Business Indicator declined to minus 2.1 points in June. The decrease was mainly due to worser sentiment in the service sector.

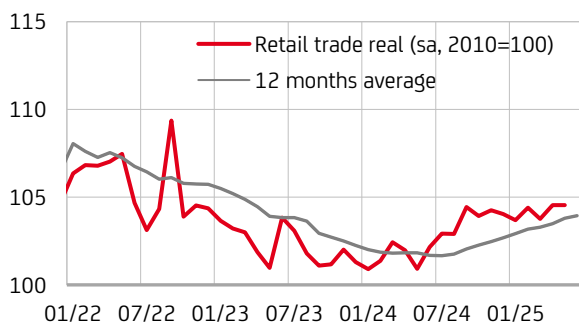
Economic outlook

	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	-1.0	0.1	1.1
Industrial production	4.2	0.0	-7.1	11.0	5.9	-1.7	-4.6	1.5	2.5
Private consumption	0.8	0.7	-7.6	4.8	4.9	-0.5	0.4	1.3	1.4
Gross fixed capital formation	4.4	4.3	-5.3	6.0	0.4	-3.2	-1.9	-0.4	1.5
Exports	5.2	4.0	-10.5	9.5	10.0	-0.4	-3.5	-1.5	1.2
Imports	5.1	2.4	-9.6	14.1	7.1	-4.6	-3.3	-0.3	1.5
CPI change yoy in %	2.0	1.5	1.4	2.8	8.6	7.8	2.9	2.9	2.1
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	2.1
General Government balance (in % of GDP)	0.2	0.5	-8.2	-5.7	-3.4	-2.6	-4.6	-4.5	-4.2
Public debt (in % of GDP)	74.6	71.0	83.2	82.4	78.4	78.5	81.4	83.8	85.4

Source: UniCredit Bank Austria

Volatile upward trend in retail

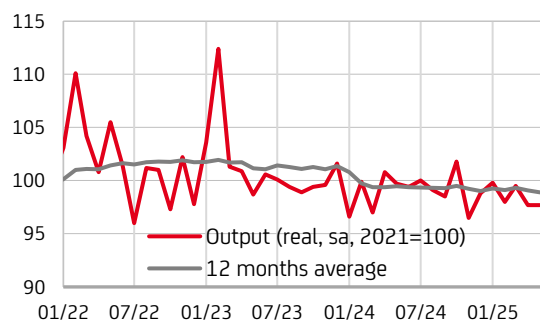
Retail trade



The slight upward trend in retail sales picked up again in the 2Q. From January to May, turnover rose by 1.9 percent in real terms compared to the previous year.

Construction industry shrinks more slowly

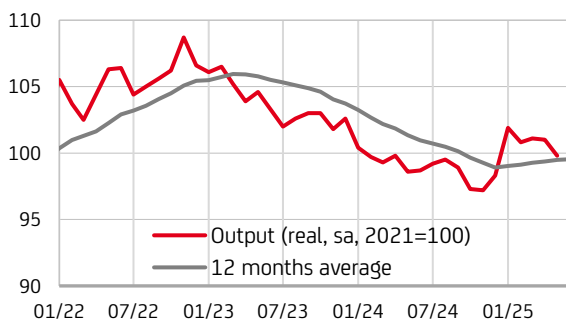
Construction



Construction output fell by an average of 1.5 percent in 2024 (in real terms, wda). From January to May 2025, according to updated data, there was a slightly smaller decline of 0.7 percent compared to the previous year.

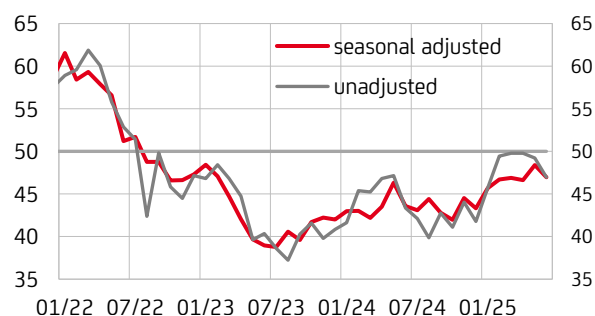
Situation in industry improved at the beginning of the year 2025

Industry



After industrial production fell by an average of 4.7 percent in 2024 (in real terms, adjusted for working days), the first five months of 2025 showed an increase of around 1.5 percent year-on-year.

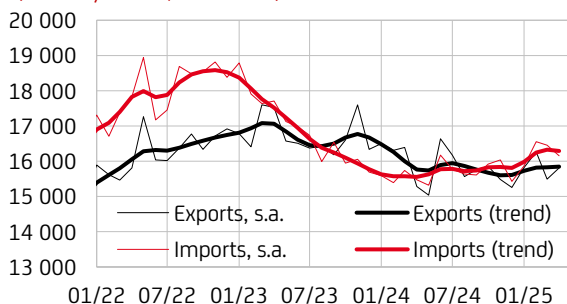
UCBA Purchasing Managers' Index



In June, the UniCredit Bank Austria Purchasing Managers' Index fell to 47.0 points. Above all, the lack of new orders weighted on the index.

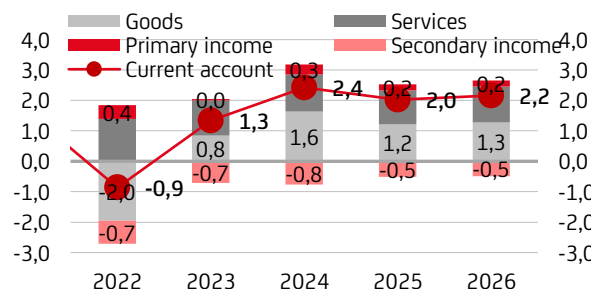
Exports fall, current account surplus to decrease in 2025

Exports and imports (monthly values, in EUR mn)



Exports fell by 2.9 percent in the first four months of 2025, while imports rose by 3.3 percent year-on-year. The trade balance slipped into the red.

Current account balance (in % of GDP)



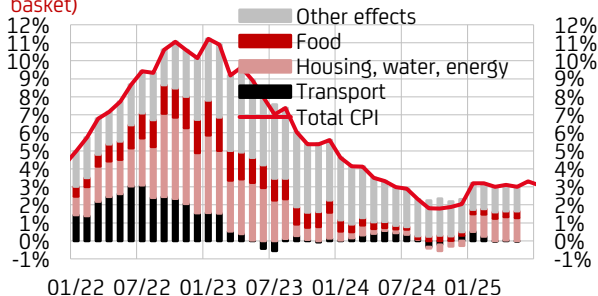
Mainly due to a high surplus in the movement of goods, the current account balance rose to 2.4 percent of GDP in 2024. For 2025, we expect a reduction in the positive balance due to a worsening of the trade balance.

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

Inflation increased to 3.3% yoy in June 2025

Inflation

(with effects resulting from goods contained in the basket)



Inflation rose to 3.3 percent year-on-year in June, mainly due to the upward pressure on service prices.

Inflation

(CPI change yoy in %)



After the increase in the first half of 2025 to 3.1 percent on average, 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

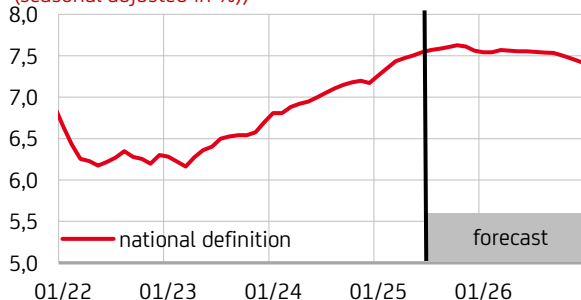
Labor market



The seasonally adjusted unemployment rate was 7.6 percent in June. The upward trend will continue, caused above all by developments in industry.

Unemployment rate

(seasonal adjusted in %)

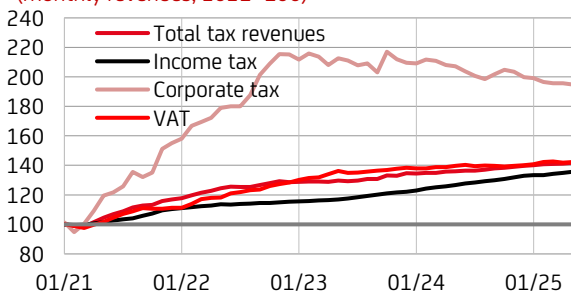


After an unemployment rate of 7.0 percent on average in 2024, we expect an increase to 7.5 percent in 2025, which should stabilize at this level in 2026.

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

Tax revenues

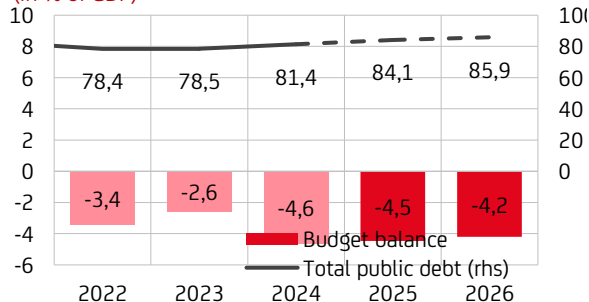
(monthly revenues, 2021=100)



In the first five months of 2025, revenues rose by 2.2 percent to 39.1 billion euros. Expenditures in the federal budget rose by 2.6 percent to 49.6 billion euros. The negative net financing balance fell to EUR -10.5 billion.

Public households

(in % of GDP)



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

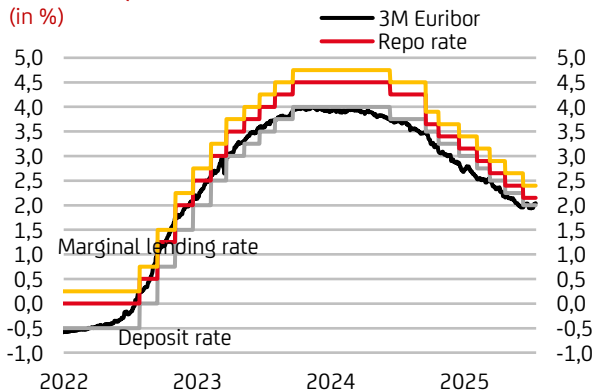
	2022	2023	2024	III 24	IV 24	I 25	II 25	01/25	02/25	03/25	04/25	05/25	06/25
UniCredit Bank Austria Business Indicator	-0.3	-2.9	-2.6	-2.6	-2.8	-2.3	-2.3	-2.5	-2.2	-2.3	-2.9	-2.0	-2.1
GDP growth (qoq, annualized)	5.3	-1.0	-1.0	-0.6	-0.2	0.6							
Confidence Indicator eurozone manufacturing	5	-6	-11	-11	-13	-11	-11	-12	-11	-11	-11	-10	-12
Germany	12	-8	-20	-11	-14	-12	-11	-25	-23	-21	-20	-18	-21
France	-2	-8	-8	-7	-12	-9	-10	-11	-8	-9	-7	-11	-13
Italy	2	-4	-8	-8	-9	-8	-8	-8	-8	-8	-9	-8	-8
Netherlands	4	-2	-3	-2	-3	-1	-4	-2	-1	-1	-3	-3	-4
Spain	-1	-7	-5	-3	-6	-5	-5	-4	-6	-6	-4	-5	-6
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	6	-7	-14	-14	-17	-16	-14	-17	-16	-15	-14	-13	-15
UniCredit Bank Austria Purchasing Managers' Index (PMI)	52.9	42.1	43.5	43.4	43.3	46.4	47.3	45.7	46.7	46.9	46.6	48.4	47.0
New orders	45	37	43	42.6	43.0	47.5	45.1	47	48	47	44	47	44
New export orders	45	38	42	41.1	41.1	45.8	44.9	47	45	45	44	46	45
Output	50	44	44	44.1	43.3	47.7	49.4	47	48	48	49	50	49
Confidence indicator Austria manufacturing, total	2.2	-13.2	-19.7	-22.1	-21.1	-17.0	-14.5	-18.8	-15.8	-16.3	-14.3	-13.3	-15.8
Industrial production													
Change against previous year (in %)	5.9	-1.7	-4.6	-3.4	-4.8	1.6		1.6	1.2	1.9	1.3	1.2	1.2
Change against previous month (seasonally adjusted, in %)								2.3	0.2	0.2	-0.2	0.2	0.2
Foreign trade													
Exports (yoy change in %)	17.6	3.1	-4.8	-1.6	-6.4	-3.4		-4.1	-5.4	-0.8	-1.4		
Exports (mom change, s.a. in %, 3-MMAV)								3.7	2.8	-4.8	2.0		
Imports (yoy in %)	20.6	-5.8	-6.8	-3.4	0.5	3.7		1.7	2.3	7.1	1.9		
Imports (mom, s.a. in %, 3-MMAV)								2.9	4.3	-0.6	-1.8		
Ex-Im (12 months cumulated, EUR billion)	40.0	-2.0	2.2	5.8	5.4	5.9		1.3	0.0	-1.3	-1.8		
Construction													
Confidence indicator	9.0	-6.5	-14.2	-14.9	-13.2	-18.3	-19.2	-17.2	-16.9	-20.8	-18.5	-19.7	-19.3
Retail trade													
Confidence indicator	-11.0	-23.9	-16.2	-13.7	-17.7	-18.2	-19.4	-19.2	-19.0	-16.5	-21.3	-18.6	-18.4
Retail trade nom. (change against previous year in %)	8.2	2.9	2.8	2.6	4.4	1.8		4.9	0.8	-0.1	6.5	5.5	
Retail trade nom. (change against previous year in %, 3mav.)								4.0	2.7	1.9	2.4	4.0	
Retail trade real (change against previous year in %)	-0.8	-3.5	0.9	1.4	3.3	0.2		3.6	-0.7	-1.9	4.8	3.7	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								-0.1	0.0	-0.1	0.3	0.0	
Automobile trade nom. (change against prev. year in %)	-0.5	11.8	2.4	-1.1	2.9	1.4		1.5	-2.3	5.0	4.4		
Tourism													
Overnight stay (change against previous year in %)	392.1	11.3	2.0	-1.2	7.6	-4.2		3.1	-6.9	-8.9	26.0	-10.2	
Labor market													
Employment*) (change against previous year in %)	3.0	1.2	0.2	0.2	0.2	0.2	0.0	0.3	0.2	0.1	0.1	0.0	0.0
Employment (s.a., change against previous month in %)								-0.18	0.05	-0.08	0.02	-0.08	0.00
Unemployed (change against previous year in '000)	-68.6	7.7	27.1	26.3	27.1	24.2	24.0	21.9	25.8	24.9	24.3	23.1	24.5
Unemployment rate (in %, s.a.)	6.3	6.4	7.0	7.1	7.2	7.3	7.5	7.3	7.3	7.4	7.5	7.5	7.5
Prices													
CPI (change against previous year in %)	8.6	7.8	2.9	2.3	1.9	3.1	3.1	3.2	3.2	3.0	3.1	3.0	3.3
HCPI (change against previous year in %)	8.6	7.7	2.9	2.4	1.9	3.3	3.2	3.4	3.4	3.1	3.3	3.0	3.2
Crude oil (in USD per barrel)	98.4	81.6	79.7	78.5	73.8	74.7	66.5	77.8	74.8	71.4	66.0	63.8	69.7
Crude oil (in EUR, change against previous year in %)	62.2	-15.5	-2.4	-8.4	-9.4	-5.3	-25.4	3.7	-4.6	-14.9	-28.8	-26.3	-21.1
Financial market													
3M Euribor	0.34	3.43	3.57	3.56	3.00	2.56	2.11	2.71	2.53	2.44	2.24	2.09	1.99
10-year government bonds (yield in %)	1.61	3.08	2.83	2.81	2.71	2.96	2.96	2.90	2.84	3.12	2.96	2.97	2.93
USD per euro	1.05	1.08	1.08	1.10	1.07	1.05	1.13	1.04	1.04	1.08	1.12	1.13	1.15
Total loans (change against previous year in %, eop)	5.0	0.7	0.7	0.6	0.7	0.6		1.1	0.7	0.6	1.2	1.2	
Consumption loans (change against prev. year in %, eop)	3.6	-1.9	-0.9	-1.0	-0.9	-0.9		-1.1	-0.8	-0.3	-0.1	0.2	

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

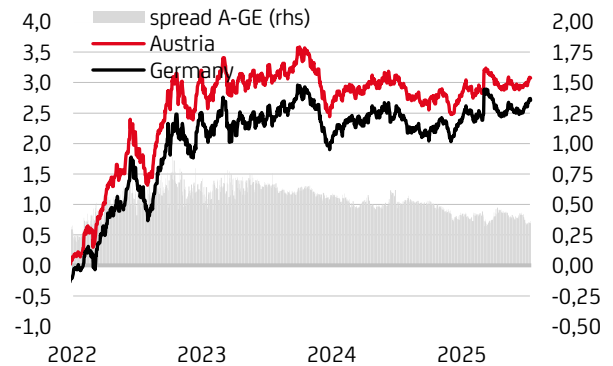
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market
(in %)

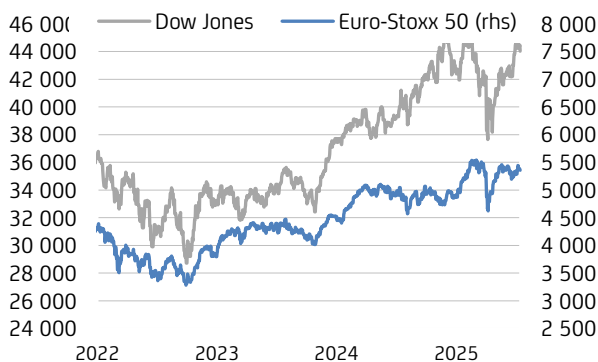


10y Government bond
(yield, in %)

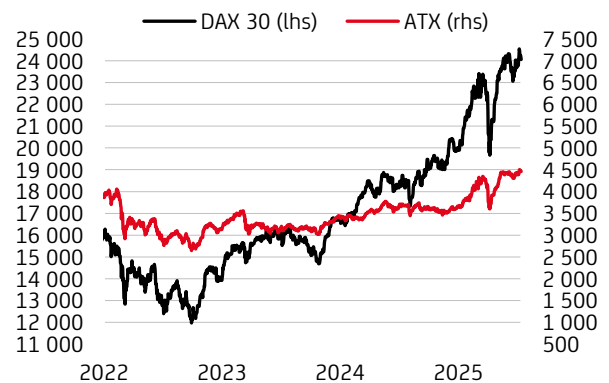


Stock markets

US - Euro area



Germany - Austria



FX trends

USD per euro



CHF per euro



Sources: Macrobond, UniCredit Bank Austria

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