



# **Austria Up-to-date**

**August 2025**

# Overview

## SLIGHT IMPROVEMENT OF SENTIMENT AT THE BEGINNING OF THE SECOND HALF OF 2025

	2023	2024	2025	Rev. <sup>1)</sup>	2026	Rev. <sup>1)</sup>
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

- **Chance of small GDP growth in 2025**

In the first half of 2025, GDP fell short of the previous year's figure by 0.2 percent. The current UniCredit Bank Austria Business Indicator suggests that the domestic economy will receive some tailwind in the coming months. This will be ensured in the second half of the year by domestic demand, which should gradually strengthen. On the one hand, the increased purchasing power is likely to be perceived more strongly by consumers. On the other hand, the ECB's key interest rate cuts will have a positive impact on the willingness to invest. We expect the economy to gain more momentum in the second half of the year due to a further upturn in consumption and investment. However, the trees will not grow into the sky. Burdened by the tariff measures of the USA, the export industry will dampen economic development. We continue to expect a slight increase of 0.1 percent in 2025 as a whole.

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 July, the seasonally adjusted unemployment rate reached 7.5 percent. 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 expected**

In the first seven months of 2025, inflation rose to an average of 3.2 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 so far and an expected very modest decline in the coming months, partly due to fee increases, we have expect inflation for 2025 to average 2.9 percent at least. We expect inflation to average 2.1 percent in 2026.

- **Further ECB rate cut becomes less likely**

After the wait-and-see attitude in July, the ECB will assess the impact of the US tariff agreement on the economy and inflation at its September meeting. In our view, the downside risks to the European economy due to the protectionist trade policy of the US outweighs the upside risks to inflation, which would well justify a 25 basis point cut in key interest rates. However, the data may not yet be sufficient for the decision-making in September, so that ECB Governing Council members are likely to be very divided about the need for further monetary easing. In recent weeks, it has become more likely that the ECB will extend the interest rate pause in September. The deposit interest rate is thus expected to be frozen at 2 percent for the time being.

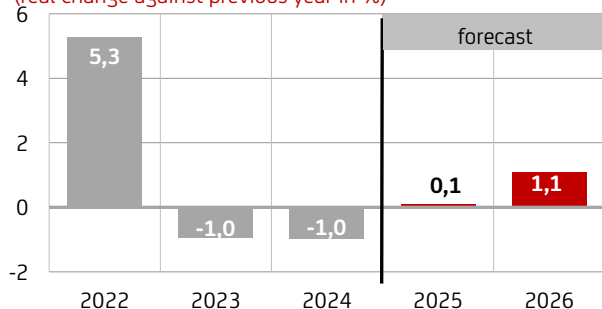
International Environment				
	2023	2024	Forecast	
			2025	2026
<i>(GDP, change in %)</i>				
Eurozone	0.7	0.8	1.0	1.0
Germany	-0.3	-0.2	0.1	1.3
France	0.9	1.1	0.6	1.1
Italy	0.7	0.5	0.5	0.8
Spain	2.7	3.2	2.4	1.8
UK	0.4	0.9	0.8	1.1
USA	2.9	2.8	1.5	1.9
Japan	1.5	0.2	0.9	0.7
	2021	2022	2023	2024
<i>(annual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

### GDP

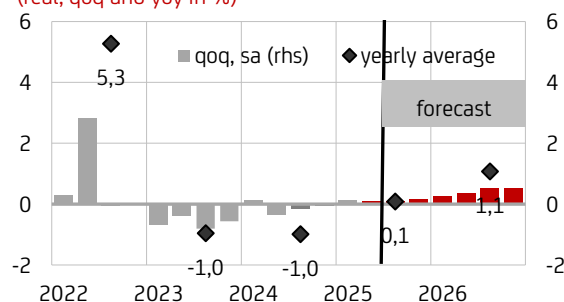
(real change against previous year in %)



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

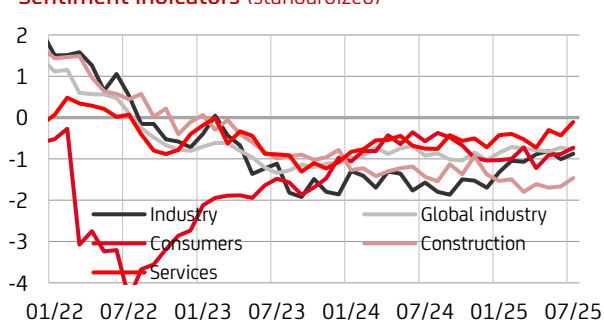
(real, qoq and yoy in %)



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

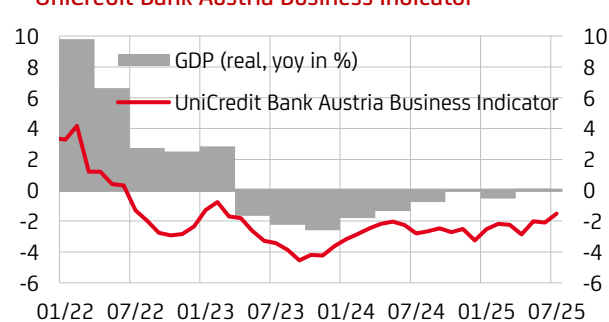
## Sentiment in the industry and the service sector has decreased

### Sentiment indicators (standardized)



↑ In July, sentiment improved in all sectors of Austria's economy.

### UniCredit Bank Austria Business Indicator



The UniCredit Bank Austria Business Indicator increased to 1.5 in July, the best result for 2.5 years.

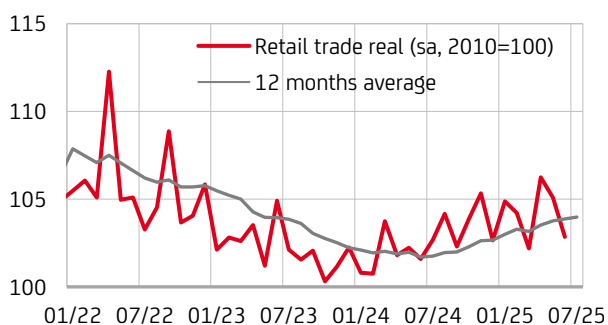
## Economic outlook

	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	-1.0	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

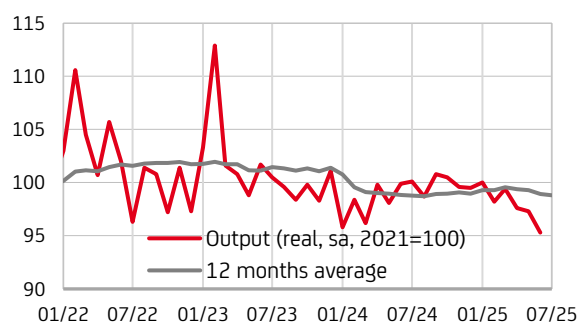
### Retail trade



The slight upward trend in retail sales picked up again in the 2Q. From January to June, turnover rose by 1.6 percent in real terms compared to the previous year.

## Construction on a downward trend again

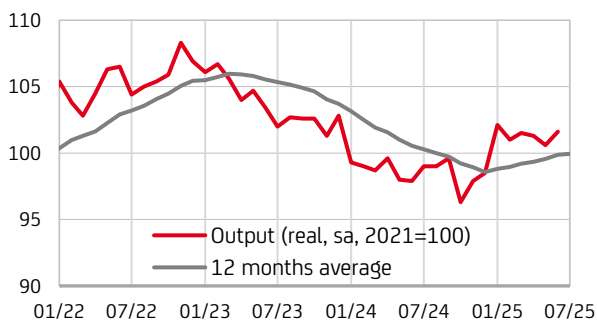
### Construction



Construction output fell by an average of 1.5 percent in 2024 (in real terms, wda). From January to June 2025, according to updated data, there was a slightly smaller decline of 1.2 percent compared to the previous year.

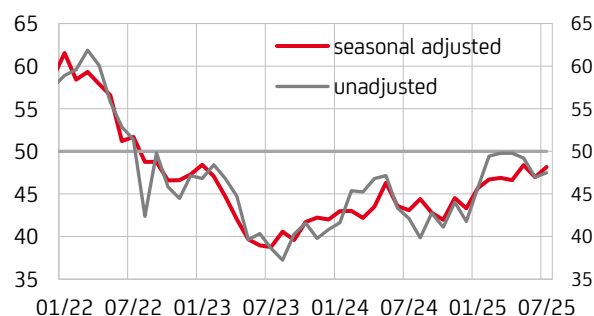
## Situation in industry improved since start of the year 2025

### Industry



After industrial production fell by an average of 4.7 percent in 2024 (in real terms, adjusted for working days), the first half of 2025 showed an increase of 2.6 percent year-on-year.

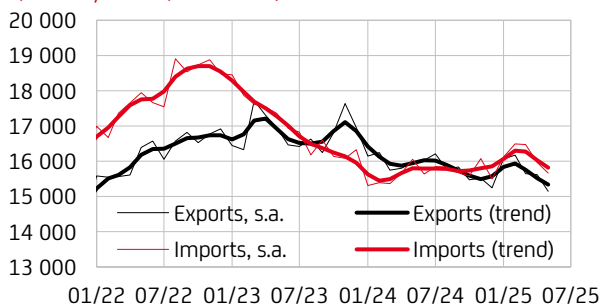
### UCBA Purchasing Managers' Index



In July, the UniCredit Bank Austria Purchasing Managers' Index increased to 48.2 points. Above all, the lack of new orders weighed on the index.

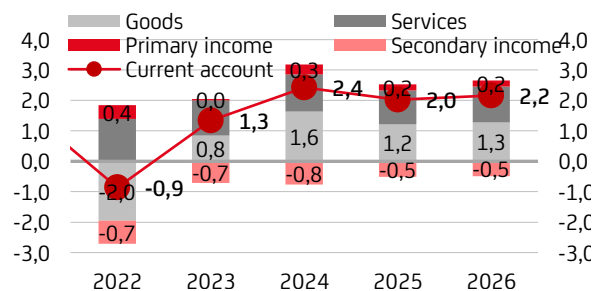
## Exports fall, current account surplus to decrease in 2025

### Exports and imports (monthly values, in EUR mn)



Exports fell by 2.5 percent in the first five months of 2025, while imports rose by 2.9 percent year-on-year. The trade balance slipped into the red.

### Current account balance (in % of GDP)

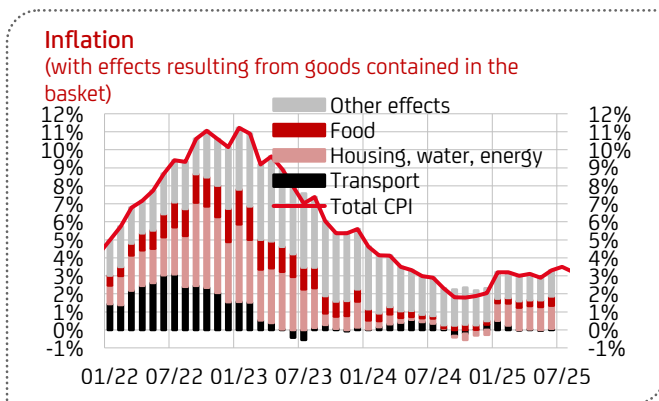


Mainly due to a high surplus in the movement of goods, the current account balance rose to 2.4 percent of GDP in 2024. For 2025, we expect a reduction in the positive balance due to a worsening of the trade balance.

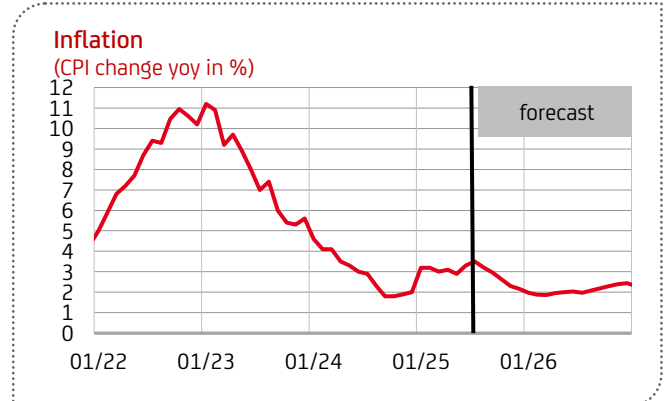
Sources: Statistik Austria, OeNB, Macrobond, UniCredit Bank Austria



## Inflation increased to 3.5% yoy in July 2025, according to flash estimate

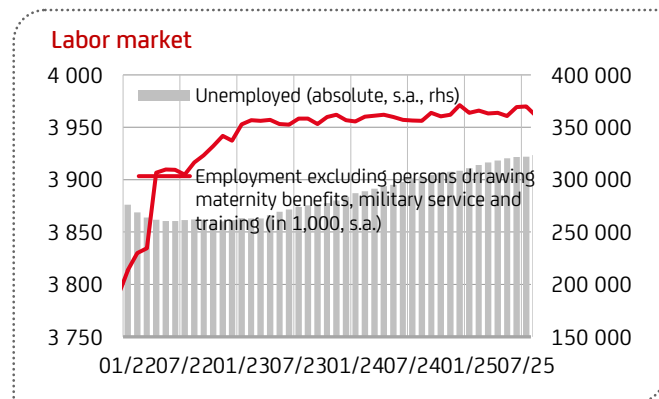


Inflation rose to 3.5 percent year-on-year in July, mainly due to the upward pressure on service and food prices.

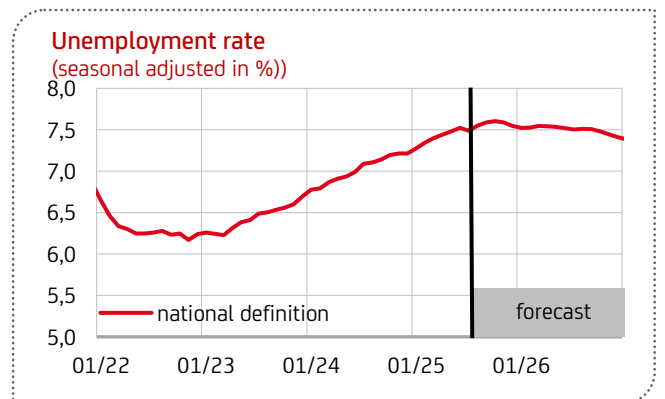


After the increase in the first seven months of 2025 to 3.2 percent on average, inflation will slowly ease again over the course of the year, supported by a slowdown in the second-round effects in the service sector.

## Stress on the labor market will slow

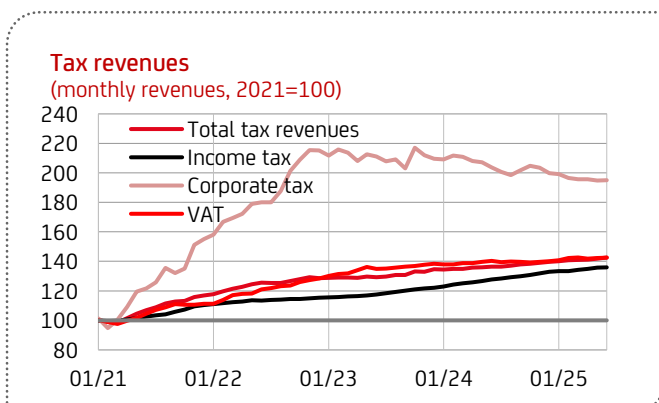


The seasonally adjusted unemployment rate was 7.6 percent in July. The upward trend will continue, caused above all by developments in industry.

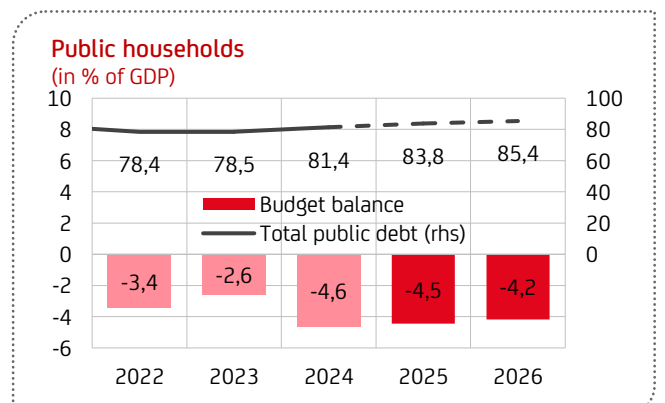


After an unemployment rate of 7.0 percent on average in 2024, we expect an increase to 7.5 percent in 2025, which should stabilize at this level in 2026.

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



In the first six months of 2025, revenues rose by 2.5 percent to 47.1 billion euros. Expenditures in the federal budget rose by 2.0 percent to 60.8 billion euros. The negative net financing balance fell to EUR -13.7 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

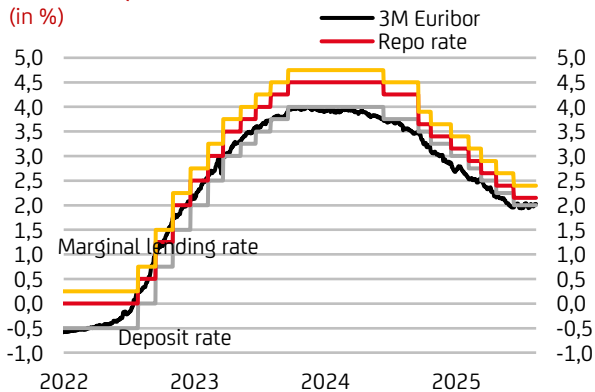
	2022	2023	2024	III 24	IV 24	I 25	II 25	02/25	03/25	04/25	05/25	06/25	07/25
<b>UniCredit Bank Austria Business Indicator</b>	<b>-0.3</b>	<b>-2.9</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.8</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-2.2</b>	<b>-2.2</b>	<b>-2.9</b>	<b>-2.0</b>	<b>-2.1</b>	<b>-1.5</b>
GDP growth (qoq, annualized)	5.3	-1.0	-1.0	-0.6	-0.2	0.6							
<b>Confidence Indicator eurozone manufacturing</b>	<b>5</b>	<b>-6</b>	<b>-11</b>	<b>-11</b>	<b>-13</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-10</b>	<b>-12</b>	<b>-10</b>
Germany	12	-8	-20	-11	-14	-12	-11	-23	-21	-20	-18	-21	-18
France	-2	-8	-8	-7	-12	-9	-10	-8	-9	-6	-11	-13	-11
Italy	2	-4	-8	-8	-9	-8	-8	-8	-8	-9	-8	-8	-7
Netherlands	4	-2	-3	-2	-3	-1	-4	-1	-1	-3	-4	-4	-5
Spain	-1	-7	-5	-3	-6	-5	-5	-6	-6	-4	-5	-6	-5
<b>UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing</b>	<b>6</b>	<b>-7</b>	<b>-14</b>	<b>-14</b>	<b>-17</b>	<b>-16</b>	<b>-14</b>	<b>-16</b>	<b>-15</b>	<b>-14</b>	<b>-13</b>	<b>-15</b>	<b>-13</b>
<b>UniCredit Bank Austria Purchasing Managers' Index (PMI)</b>	<b>52.9</b>	<b>42.1</b>	<b>43.5</b>	<b>43.4</b>	<b>43.3</b>	<b>46.4</b>	<b>47.3</b>	<b>46.7</b>	<b>46.9</b>	<b>46.6</b>	<b>48.4</b>	<b>47.0</b>	<b>48.2</b>
New orders	45	37	43	42.6	43.0	47.5	45.1	48	47	44	47	44	46
New export orders	45	38	42	41.1	41.1	45.8	44.9	45	45	44	46	45	46
Output	50	44	44	44.1	43.3	47.7	49.4	48	48	49	50	49	50
<b>Confidence indicator Austria manufacturing, total</b>	<b>2.2</b>	<b>-13.2</b>	<b>-19.7</b>	<b>-22.1</b>	<b>-21.1</b>	<b>-17.0</b>	<b>-14.5</b>	<b>-15.8</b>	<b>-16.2</b>	<b>-14.2</b>	<b>-13.3</b>	<b>-15.7</b>	<b>-14.3</b>
<b>Industrial production</b>													
Change against previous year (in %)	5.8	-1.7	-4.9	-3.1	-4.6	2.6		2.1	2.9	1.8	2.1	2.1	
Change against previous month (seasonally adjusted, in %)								0.1	0.3	-0.1	0.1	0.1	
<b>Foreign trade</b>													
Exports (yoy change in %)	17.6	3.1	-4.8	-1.6	-6.4	-3.3		-5.3	-0.6	-1.2	-1.6		
Exports (mom change, s.a. in %, 3-MMAV)								0.7	-3.3	-0.2	-3.0		
Imports (yoy in %)	20.6	-5.8	-6.8	-3.4	0.5	3.9		2.4	7.5	2.0	0.9		
Imports (mom, s.a. in %, 3-MMAV)								2.3	-0.1	-3.1	-1.9		
Ex-Im (12 months cumulated, EUR billion)	40.0	-2.0	2.2	5.8	5.4	5.9		0.0	-1.3	-1.8	-2.2		
<b>Construction</b>													
Confidence indicator	9.0	-6.5	-14.2	-15.3	-13.2	-18.1	-18.9	-16.7	-20.6	-18.3	-19.4	-19.0	-16.6
<b>Retail trade</b>													
Confidence indicator	-11.0	-23.9	-16.2	-13.7	-17.7	-18.2	-19.4	-19.0	-16.5	-21.3	-18.5	-18.4	-17.0
Retail trade nom. (change against previous year in %)	8.2	2.9	2.8	2.6	4.4	1.8		0.8	-0.1	6.5	5.5	2.3	
Retail trade nom. (change against previous year in %, 3mav.)								2.7	1.9	2.4	4.0	4.7	
Retail trade real (change against previous year in %)	-0.8	-3.5	0.9	1.4	3.3	0.2		-0.7	-1.9	4.8	3.6	0.2	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								-0.3	-0.1	0.5	0.3	0.2	
Automobile trade nom. (change against prev. year in %)	-0.5	11.8	2.4	-1.1	2.9	1.4		-2.3	5.0	4.4	9.0		
<b>Tourism</b>													
Overnight stay (change against previous year in %)	392.1	11.3	2.0	-1.2	7.6	-4.2		-6.9	-8.9	26.0	-10.2	14.6	
<b>Labor market</b>													
Employment*) (change against previous year in %)	3.0	1.2	0.2	0.2	0.2	0.2		0.2	0.1	0.1	0.0	0.5	0.5
Employment (s.a., change against previous month in %)								0.06	-0.07	0.02	-0.08	0.22	0.01
Unemployed (change against previous year in '000)	-68.6	7.7	27.1	26.3	27.1	24.2	24.0	25.8	24.9	24.3	23.1	24.5	15.0
Unemployment rate (in %, s.a.)	6.3	6.4	7.0	7.1	7.2	7.3	7.5	7.3	7.4	7.4	7.5	7.5	7.5
<b>Prices</b>													
CPI (change against previous year in %)	8.6	7.8	2.9	2.3	1.9	3.1	3.1	3.2	3.0	3.1	2.9	3.3	3.5
HCPI (change against previous year in %)	8.6	7.7	2.9	2.4	1.9	3.3	3.2	3.4	3.1	3.3	3.0	3.2	3.6
Crude oil (in USD per barrel)	98.4	81.6	79.7	78.5	73.8	74.7	66.5	74.8	71.4	66.0	63.8	69.7	68.8
Crude oil (in EUR, change against previous year in %)	62.2	-15.5	-2.4	-8.4	-9.4	-5.3	-25.5	-4.6	-14.9	-28.8	-26.3	-21.3	-23.3
<b>Financial market</b>													
3M Euribor	0.34	3.43	3.57	3.56	3.00	2.56	2.11	2.53	2.44	2.24	2.09	1.98	1.99
10-year government bonds (yield in %)	1.61	3.08	2.83	2.81	2.71	2.96	2.96	2.84	3.12	2.96	2.97	2.94	3.02
USD per euro	1.05	1.08	1.08	1.10	1.07	1.05	1.13	1.04	1.08	1.12	1.13	1.15	1.17
Total loans (change against previous year in %, eop)	5.0	0.7	0.7	0.6	0.7	0.6		0.7	0.6	1.2	1.2	1.2	
Consumption loans (change against prev. year in %, eop)	3.6	-1.9	-0.9	-1.0	-0.9	-0.9		-0.8	-0.3	-0.1	0.0	0.1	

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

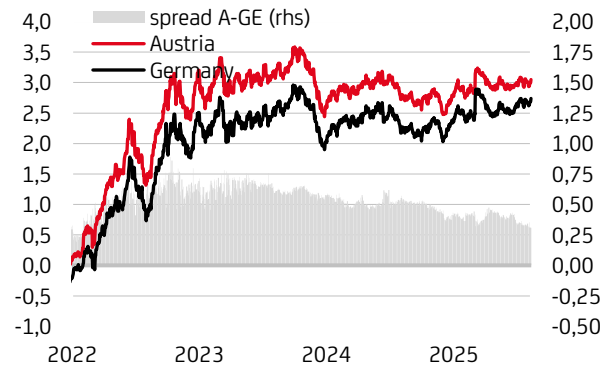
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

## Money market and long-term interest

**Euro money market**  
(in %)

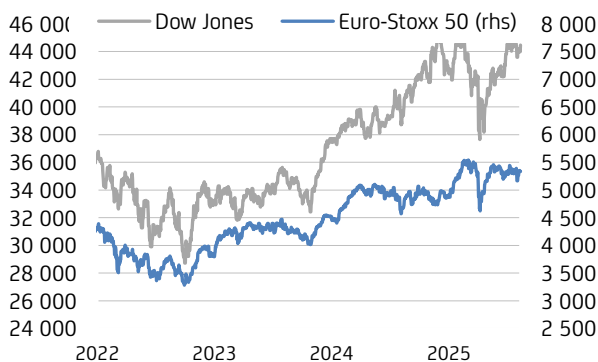


**10y Government bond**  
(yield, in %)

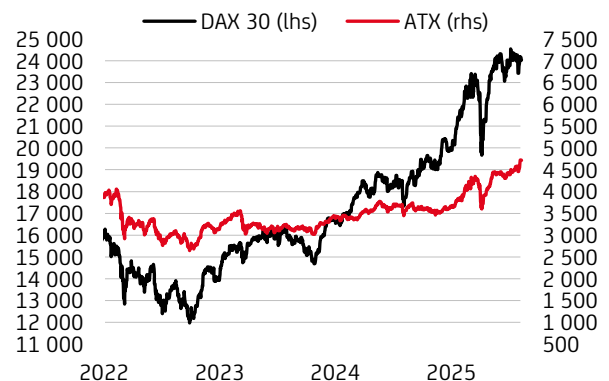


## Stock markets

**US - Euro area**



**Germany - Austria**



## FX trends

**USD per euro**



**CHF per euro**



Sources: Macrobond, UniCredit Bank Austria

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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, Daniela Barco, Hélène Buffin, Dieter Hengl, Emilio Manca, Marion Morales Albiñana-Rosner, Svetlana Pancenko, Wolfgang Schilk.

Supervisory Board of the media owner: Gianfranco Bisagni, Aurelio Maccario, Livia Aliberti Amidani, Christoph Bures, Richard Burton, Adolf Lehner, 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 <https://www.unicreditgroup.eu/en/governance/shareholder-structure.html>).

“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.





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