



Austria Up-to-date

August 2026

Overview

SENTIMENT IMPROVEMENT STRENGTHENS HOPE FOR RECOVERY

	2024	2025	2026	Rev. ¹⁾	2027	Rev. ¹⁾
GDP (real, change in %)	-0.7	0.8	0.8		1.2	
Inflation (CPI, in %)	2.9	3.6	3.2		2.5	
Unemployment rate (in %)	7.0	7.4	7.5		7.4	

1) Revision since last report

- Moderate recovery expected in the second half of the year**

Due to the energy price shock and supply chain problems during the Iran war, the Austrian economy only stagnated in the second quarter. Notwithstanding the recent escalation, a gradual easing of the geopolitical crisis is expected in the coming months. The sentiment indicators have swung significantly upwards in July. There is a prospect of overcoming the economic dip and returning to a moderate growth path in the course of the second half of the year. We continue to expect economic growth of 0.8 percent in 2026 and a slight improvement to 1.2 percent in 2027.

- Unemployment rate remained at 7.6 percent in Julye**

Due to the unfavorable influence of the consequences of the Iran war on the economy, there has not been the originally expected easing of the labor market in the course of the year so far, but on the contrary even a slight rise in the unemployment rate. The unemployment rate has risen to a seasonally adjusted 7.6 percent. In view of the general conditions, however, the labor market in Austria continues to be quite robust.

Following an unemployment rate of 7.5 per cent on an annual average in 2026, we expect a downward trend to begin in 2027, supported by demographic effects, which should lead to a decline in the unemployment rate to at least 7.4 per cent.

- Double budget for 2027/28 adopted**

On 10 July, parliament adopted the budget estimate for 2027 and 2028. By 2028, the deficit is to be reduced to 3 percent of GDP. In our opinion, the budget calculation is at least very tight in order to achieve the desired goal, there is no room for manoeuvre in the event of a weaker economy, which is why we have raised our forecast for the budget deficit in 2027 to 3.8 percent, after a deficit of 4 percent in 2026.

On the other hand, the budget data to date indicate that despite the difficult framework conditions, the estimate for 2026 can be largely adhered to as planned.

- VAT cut reduced inflation to 2.7 percent yoy in July**

Benefiting from falling fuel prices, inflation in Austria has weakened significantly since its peak of 3.7 percent in May. According to preliminary estimates, the inflation rate fell to 2.7 percent in July, falling below 3 percent for the first time since the outbreak of the Iran conflict. However, the current decline was largely influenced by the VAT reduction on basic foodstuffs. In the first seven months of the year, the average inflation rate was 2.9 percent. However,

inflationary pressures will remain elevated in the coming months. This is indicated by core inflation, which is still above 3 percent. In addition to the strong price dynamics in the service sector, there are risks of stronger food price increases as a result of heat-related crop failures. Energy prices are also likely to decline less sharply than originally expected, as refinery bottlenecks delay the transmission of lower crude oil prices. We continue to expect an inflation rate of 3.2 percent for Austria on average in 2026.

- Renewed monetary policy tightening expected in September**

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. The recent escalation of the conflict in the Gulf region increases the risk of rising energy prices again and thus a renewed acceleration of inflation. For the European Central Bank, this means additional uncertainty in the direction of its monetary policy. In our view, this will in any case increase the likelihood of a further increase in key interest rates. We expect the ECB to raise the key interest rate by 25 basis points in September. It is then likely to take a wait-and-see stance and leave the deposit rate at 2.50%, which we consider to be the upper end of neutral interest rates

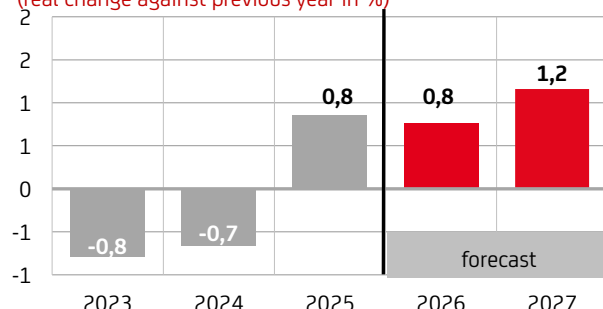
International Environment

	2024	2025	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
	80	68	91	83
Oil (USD/barrel)				
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

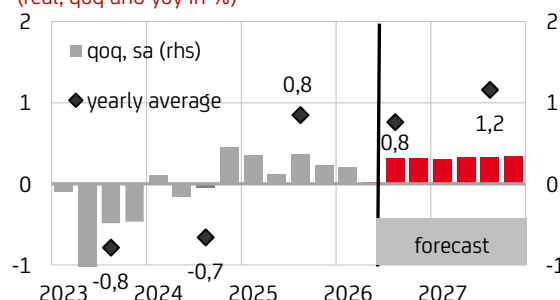
Iran war caused economic dip in Q2

GDP
(real change against previous year in %)



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.

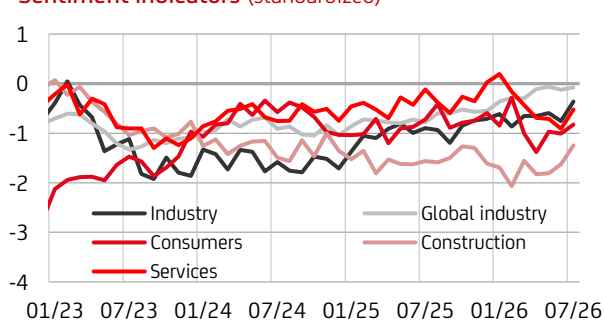
GDP
(real, qoq and yoy in %)



After the slight increase in GDP in the first quarter, the impact of the Iran war on consumption and investment led to stagnation in the 2nd quarter.

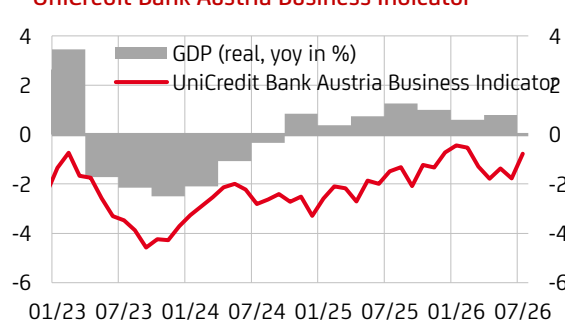
Sentiment in the Austrian economy improved in July

Sentiment indicators (standardized)



The improvement in sentiment in July affected all sectors. The improvement was particularly strong in industry, but the service sector also showed a noticeable recovery.

UniCredit Bank Austria Business Indicator



The UniCredit Bank Austria Business Indicator rose to minus 0.8 points in July. It thus reached its highest level since the upheavals caused by the US attack on Iran and the blockade of the Strait of Hormuz.

Economic outlook

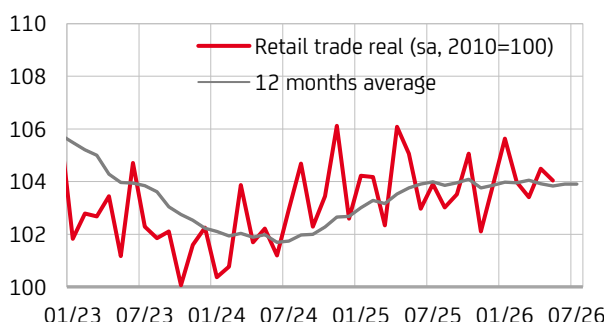
	2020	2021	2022	2023	2024	2025	Forecast	
							2026	2027
GDP (real, yoy in %)	-6.3	4.9	5.3	-0.8	-0.7	0.8	0.8	1.2
Industrial output (real, yoy in %)	-7.1	11.0	5.9	-1.7	-4.9	3.5	1.0	2.5
Private consumption (real, yoy in %)	-7.6	4.9	5.4	-0.2	1.0	0.7	0.5	1.1
Investments (real, yoy in %) ^{*)}	-5.3	6.0	-0.3	-1.3	-4.1	2.9	0.7	1.6
Inflation rate (change against prev. year in %)	1.4	2.8	8.6	7.8	2.9	3.6	3.2	2.5
Unemployment rate (national definition)	9.9	8.0	6.3	6.4	7.0	7.4	7.5	7.4
Employment (change against prev. year in %) ^{**)}	-2.0	2.5	3.0	1.2	0.2	0.2	0.4	0.4
Public-sector balance (in % of GDP)	-8.2	-5.7	-3.4	-2.6	-4.6	-4.2	-4.0	-3.8
Total public debt (in % of GDP)	83.2	82.4	78.1	77.8	80.0	81.3	82.5	83.4

^{*)} Gross fixed capital formation ^{**)} excl. maternity/paternity leave, military service and training programmes

Source: UniCredit Bank Austria

Retail weak, weighted down by inflation

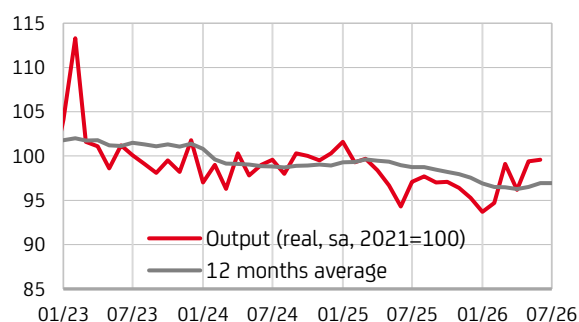
Retail trade



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 half of the year, real sales largely stagnated.

Downward trend in construction has subsided

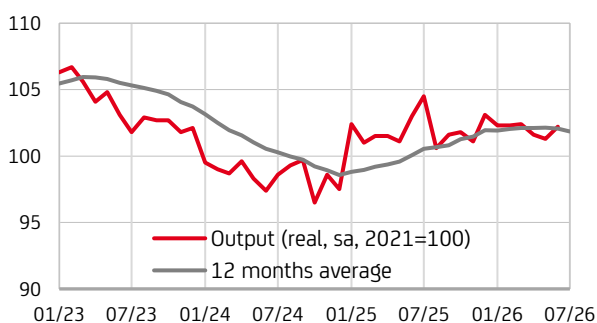
Construction



Construction output fell by 1.4 percent in 2025 (in real terms, adjusted for the number of working days). In the first six months of 2026, production output continued to decline, but at a slightly slower pace.

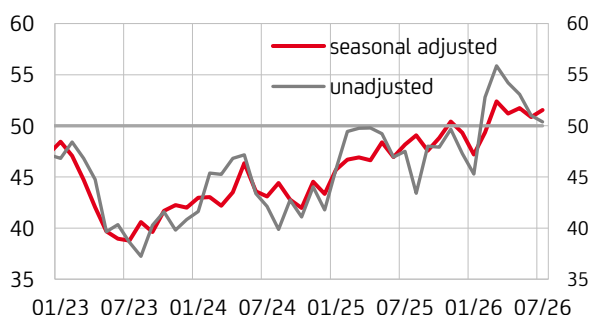
Industry recovery makes small progress

Industry



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 0.5 percent year-on-year in the first six months.

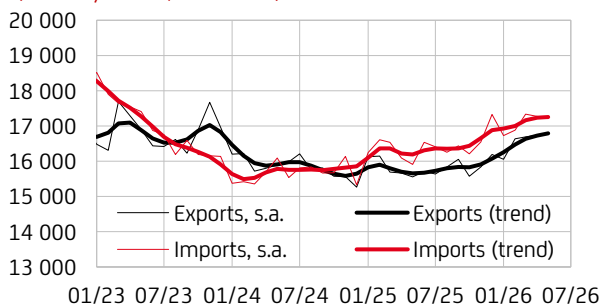
UCBA Purchasing Managers' Index



In July, the UniCredit Bank Austria Purchasing Managers' Index rose to 51.5 points, mainly due to an expansion in production despite weak order development.

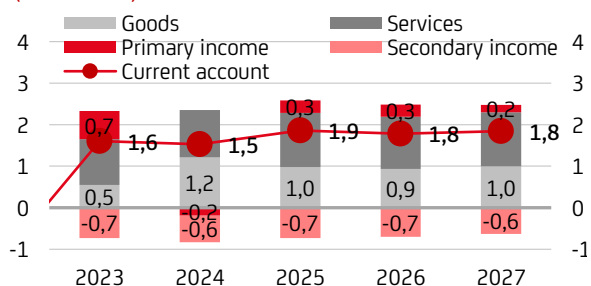
Exports and imports rise slightly, current account surplus remains stable

Exports and imports (monthly values, in EUR mn)



In the first five months of 2026, exports of goods rose by 3.5 percent year-on-year, while imports increased by 3.8 percent. The trade deficit rose slightly to 2.7 billion euros.

Current account balance (in % of GDP)



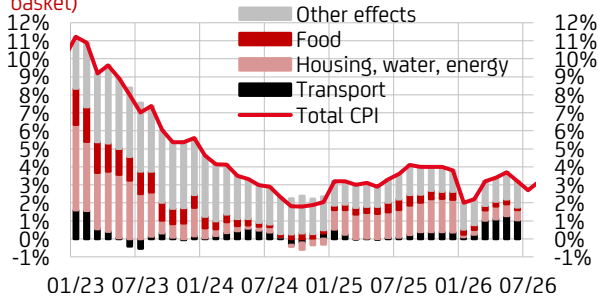
The current account balance improved in 2025 despite a lower surplus in goods thanks to the higher increase in services trade. For 2026, we expect the current account balance to remain largely unchanged.

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

Inflation fell to 2.7 percent year-on-year in July 2026 according to flash estimate

Inflation

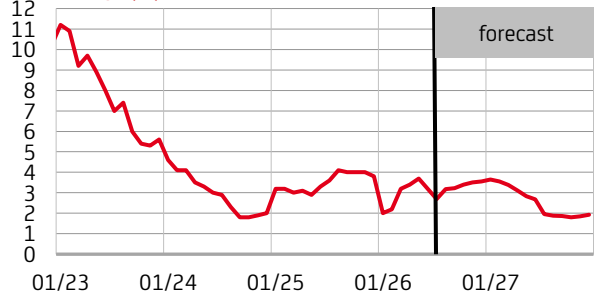
(with effects resulting from goods contained in the basket)



Inflation in July is expected to be 2.7 percent year-on-year. Among other things, the reduction in VAT on basic foodstuffs dampened inflation.

Inflation

(CPI change yoy in %)



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 higher energy prices. We still expect average inflation of 3.2 percent for 2026.

Labor market remains tight, but relatively robust in view of the difficult economic environment

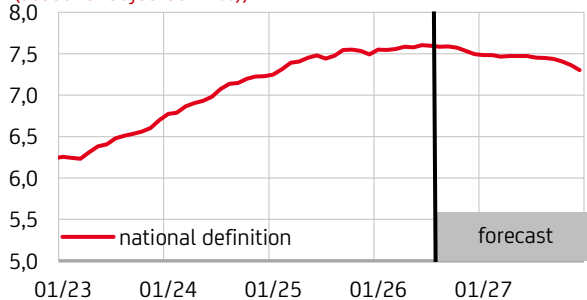
Labor market



The seasonally adjusted unemployment rate was again 7.6 percent in July. The continuing increase in the number of jobseekers continues to be cushioned by a slight increase in the number of employees.

Unemployment rate

(seasonal adjusted in %)

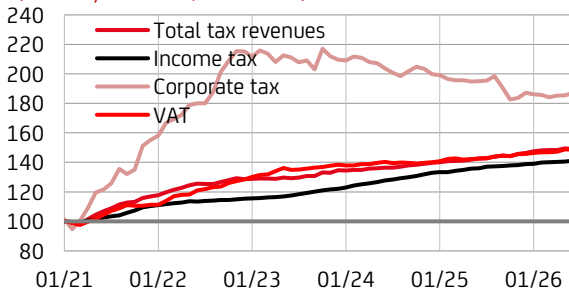


After an average of 7.4 percent in 2025, we expect an unemployment rate of 7.5 percent in 2026. It should not fall to 7.4 percent until 2027, supported by the slower increase in labor supply.

Budget deficit in 2025 lower than planned, budget plan fulfilment in 2026 becomes more likely

Tax revenues

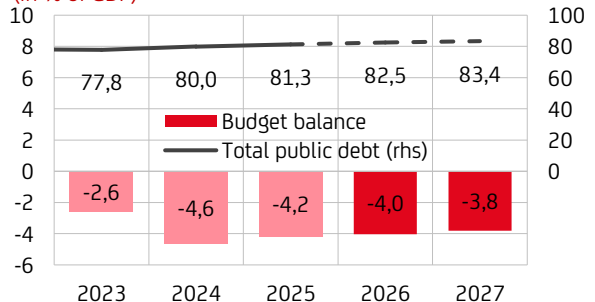
(monthly revenues, 2021=100)



In the first six months, federal revenues rose by 2.8 percent year-on-year. Expenditure rose by 4.6 percent. At EUR -13.3 billion, the net financing balance was slightly below the previous year.

Public households

(in % of GDP)



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

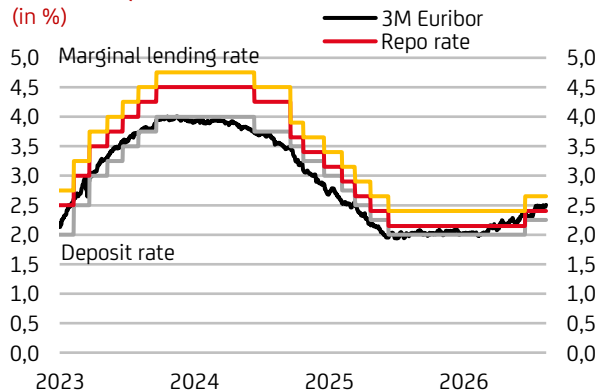
	2023	2024	2025	III 25	IV 25	I 26	II 26	02/26	03/26	04/26	05/26	06/26	07/26
UniCredit Bank Austria Business Indicator	-3,0	-2,6	-1,8	-1,6	-1,1	-0,8	-1,6	-0,5	-1,3	-1,8	-1,4	-1,8	-0,8
GDP growth (qoq, annualized)	-0,8	-0,7	0,8	1,5	0,9								
Confidence Indicator eurozone manufacturing	-6	-11	-10	-10	-9	-7	-8	-7	-7	-8	-8	-8	-6
Germany	-8	-20	-20	-11	-10	-8	-8	-15	-15	-14	-15	-13	-13
France	-8	-8	-9	-11	-8	-5	-8	-6	-8	-8	-7	-8	-6
Italy	-4	-8	-8	-8	-6	-6	-7	-6	-6	-7	-7	-6	-5
Netherlands	-2	-3	-2	-3	-2	0	0	-1	0	0	-2	2	2
Spain	-7	-5	-5	-5	-4	-3	-4	-2	-4	-5	-4	-3	-3
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	-7	-14	-14	-14	-13	-11	-10	-11	-10	-10	-11	-10	-9
UniCredit Bank Austria Purchasing Managers' Index (PMI)	42,1	43,5	47,9	48,3	49,5	49,7	51,3	49,4	52,4	51,2	51,7	50,9	51,5
New orders	37	43	47	46,7	49,0	49,4	49,1	50	52	49	50	49	48
New export orders	38	42	47	46,5	48,9	48,4	49,6	48	51	49	51	49	46
Output	44	44	50	50,9	51,2	49,7	50,5	50	52	50	83	78	68
Confidence indicator Austria manufacturing, total	-13,2	-19,7	-15,3	-16,0	-13,6	-13,1	-12,8	-15,0	-12,5	-12,6	-11,9	-13,9	-9,3
Industrial production													
Change against previous year (in %)	-2,1	-4,3	3,0	3,2	4,5	0,8		1,2	1,1	0,2	0,1	-0,6	
Change against previous month (seasonally adjusted, in %)								0,9	0,2	-0,8	-0,6	1,3	
Foreign trade													
Exports (yoy change in %)	3,1	-4,8	-0,7	-0,4	2,5	3,2		3,2	10,5	6,9	0,2		
Exports (mom change, s.a. in %, 3-MMAV)								3,6	0,3	0,0	0,3		
Imports (yoy in %)	-5,8	-6,8	4,2	3,8	6,3	3,2		1,6	8,5	7,4	1,1		
Imports (mom, s.a. in %, 3-MMAV)								0,9	2,7	-0,4	-0,3		
Ex-Im (12 months cumulated, EUR billion)	-2,0	2,2	-7,1	-5,3	-7,1	-7,2		-7,4	-7,2	-7,3	-7,5		
Construction													
Confidence indicator	-6,5	-14,2	-17,3	-17,7	-15,8	-21,5	-22,5	-25,4	-19,0	-23,0	-23,2	-21,2	-16,1
Retail trade													
Confidence indicator	-24,0	-16,2	-4,9	-16,6	-17,1	-17,4	-21,7	-13,3	-20,3	-24,1	-20,3	-20,8	-19,2
Retail trade nom. (change against previous year in %)	2,9	2,8	2,9	2,9	1,9	7,8		1,3	3,0	0,2	-0,7	4,6	
Retail trade nom. (change against previous year in %, 3mav.)								2,4	2,2	1,5	0,9	1,4	
Retail trade real (change against previous year in %)	-3,5	0,9	0,8	0,1	-0,3	0,8		-0,2	1,5	-1,4	-2,2	3,2	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								0,6	0,8	0,0	-0,7	-0,2	
Automobile trade nom. (change against prev. year in %)	11,8	2,4	6,3	13,0	5,7	4,4		4,5	12,2	7,1	1,4		
Tourism													
Overnight stay (change against previous year in %)	11,3	2,0	3,4	2,6	5,3	1,3		5,5	-4,5	-5,4	12,9		
Labor market													
Employment*) (change against previous year in %)	1,2	0,2	0,2	0,2	0,2	0,4	0,4	0,2	0,7	0,4	0,5	0,3	0,5
Employment (s.a., change against previous month in %)								0,04	0,14	-0,03	0,03	-0,05	0,05
Unemployed (change against previous year in '000)	7,7	27,1	19,7	16,1	14,4	10,2	7,0	10,1	6,4	8,5	5,5	6,9	8,9
Unemployment rate (in %, s.a.)	6,4	7,0	7,4	7,5	7,5	7,5	7,6	7,5	7,6	7,6	7,6	7,6	7,6
Prices													
CPI (change against previous year in %)	7,8	2,9	3,6	3,9	3,9	2,5	3,4	2,2	3,2	3,4	3,7	3,2	2,7
HCPI (change against previous year in %)	7,7	2,9	3,6	3,9	4,0	2,5	3,4	2,3	3,1	3,4	3,7	3,1	2,6
Crude oil (in USD per barrel)	81,6	79,7	68,0	67,9	62,9	77,3	96,5	69,4	98,2	101,4	103,7	84,3	82,9
Crude oil (in EUR, change against previous year in %)	-15,5	-2,4	-17,7	-18,3	-21,8	-5,6	41,9	-18,4	28,7	47,5	57,2	21,0	22,3
Financial market													
3M Euribor	3,43	3,57	2,18	2,01	2,04	2,05	2,24	2,01	2,11	2,17	2,23	2,34	2,43
10-year government bonds (yield in %)	3,08	2,83	2,98	3,02	3,00	3,13	3,27	3,06	3,25	3,30	3,29	3,21	3,32
USD per euro	1,08	1,08	1,13	1,17	1,16	1,17	1,16	1,18	1,16	1,17	1,17	1,15	1,14
Total loans (change against previous year in %, eop)	0,7	0,7	1,8	1,6	1,8	2,2		2,3	2,2	2,0	2,0	2,6	
Consumption loans (change against prev. year in %, eop)	-1,9	-0,9	1,0	0,6	1,0	1,4		1,4	1,4	1,6	1,9	2,0	

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

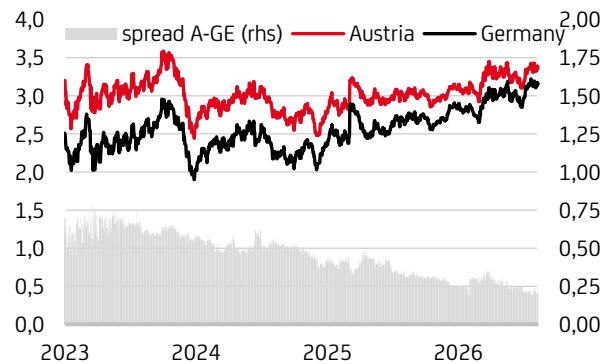
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market
(in %)

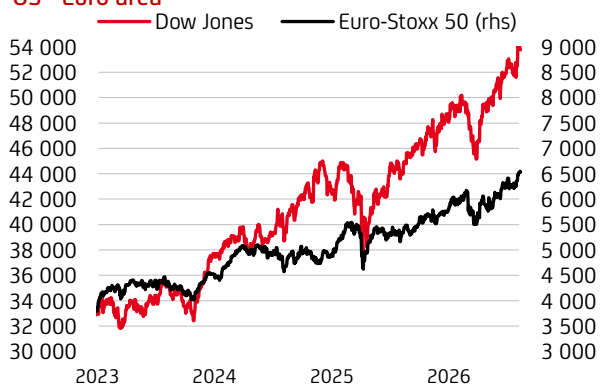


10y Government bond
(yield, in %)

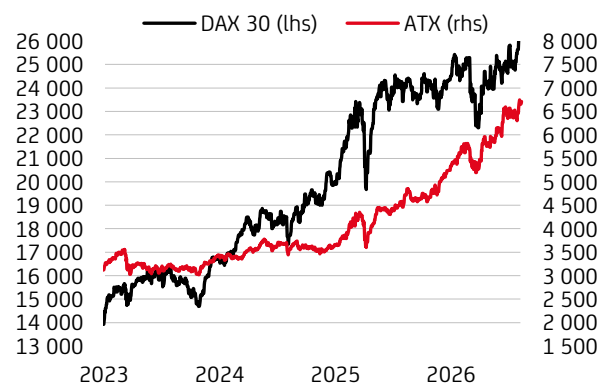


Stock markets

US - Euro area



Germany - Austria



FX trends

USD per euro



CHF per euro



Sources: Macrobond, UniCredit Bank Austria

MORE TO READ

We invite you to visit the economic analyses on Bank Austria's website: 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.

AUTHORS

Walter Pudschedl, Senior Economist, UniCredit Bank Austria (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, Hélène Buffin, Dieter Hengl, Emilio Manca, Marion Morales Albiñana-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



Our customer service on the Internet

bankaustria.at/customer-support



Our branches throughout Austria

filialfinder.bankaustria.at

You can find us on:

