Austria Up-to-date

October 2025

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Overview

HIGH INFLATION SLOWS DOWN THE ECONOMY

	2023	2024	2025	Rev.[1]	2026	Rev.[1]
GDP (real, change in %)	-0.8	-0.7	0.3	↗	1.0	↘
Inflation (CPI, in %)	7.8	2.9	3.5		2.4	
Unemployment rate (in %)	6.4	7.0	7.5		7.4	

1) Revision since last report

- **Low GDP growth in 2025 is becoming increasingly likely**

  According to the latest revision of the national accounts data from 2023, a slight increase in GDP after two declining years is becoming increasingly likely. We have slightly raised our growth forecast from 0.1 percent to 0.3 percent for 2025 as a whole. In the first half of the year, GDP exceeded the previous year's figure by 0.3 percent. The slight deterioration in economic sentiment at the beginning of autumn, which is also reflected in a decline in the UniCredit Bank Austria Business Indicator, suggests that the slight tailwind for the domestic economy will subside in the coming months. However, domestic demand will continue to support the economy, while the export industry is likely to dampen economic development due to the tariff measures of the USA.

  Under the somewhat more favorable conditions for domestic demand, we expect economic growth of 1.0 percent for 2026.

- **Unemployment rate expected to fall slightly in 2026**

  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 September, the seasonally adjusted unemployment rate was 7.6 percent. Unemployment in Austria will be burdened by the development in the domestic export-oriented industry. We assume an average unemployment rate of 7.5 percent for 2025. However, the deterioration of the situation on the domestic labor market is slowing down and, supported by demographic effects, we expect the unemployment rate to fall slightly to 7.4 per cent in 2026 despite only moderate economic growth.

- **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 August, inflation fell to 4.0 percent, according to a flash estimate by Statistics Austria. This means that inflation in the first nine months of 2025 averaged 3.4 percent. In addition to the abolition of the electricity price brake at the beginning of the year, the high dynamics of service prices and food prices caused the increase. We expect inflation to slow further 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 surprisingly strong increase so far and an expected very modest decline in the coming months, slowed down by fee increases, among other things, we now expect inflation to average 3.5 percent in 2025. For 2026, we expect a decline to 2.4 percent.

- **End of the euro area rat cut cycle?**

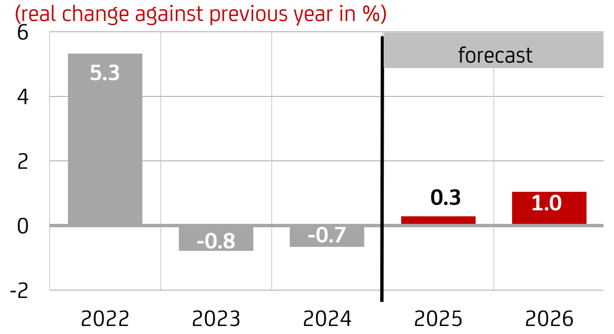
  Inflation in the euro area is just around the target of 2 percent, wage growth is weakening and the economy has so far weathered the burden of US tariffs even better than expected. We therefore assume that the ECB will not make any further interest rate cuts for the time being. The deposit interest rate should be 2 percent by the end of 2026. However, the downside risks outweigh the risks.

International Environment

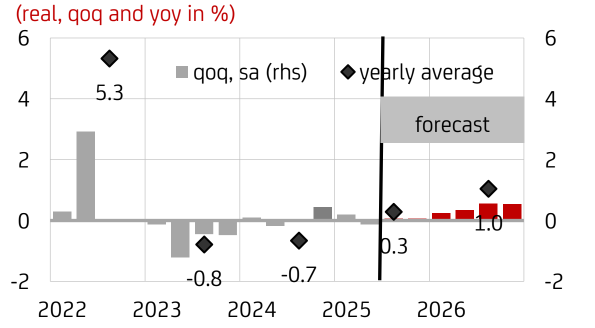
			Forecast	
	2023	2024	2025	2026
(GDP, change in %)				
Eurozone	0.7	0.9	1.2	0.9
Germany	-0.3	-0.5	0.1	1.3
France	0.9	1.2	0.7	0.9
Italy	0.7	0.5	0.5	0.8
Spain	2.7	3.2	2.8	1.9
UK	0.4	0.9	1.4	1.1
USA	2.9	2.8	2.0	2.1
Japan	1.5	0.2	0.9	0.7
	2021	2022	2023	2024
(annual average)				
USD per euro	1.18	1.05	1.08	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

The stabilization of the economy continued in the second quarter of 2025

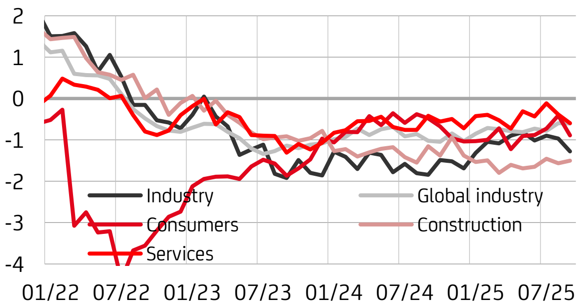


According to the latest available estimate, GDP shrank by "only" 0.7 percent in 2024, after the Austrian economy had already fallen by 0.8 percent in 2023.

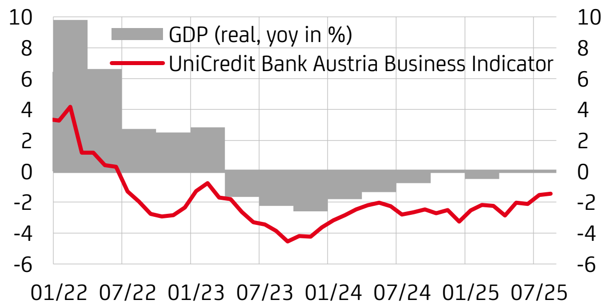


Lower inflation holds out the prospect of a slight improvement in the economy for 2025 by strengthening domestic demand, despite burdens from US tariff policy.

Deterioration in sentiment in the Austrian economy at the beginning of autumn



In September, the mood in the Austrian economy deteriorated in all sectors. Pessimism increased particularly in the service sector and among consumer confidence.



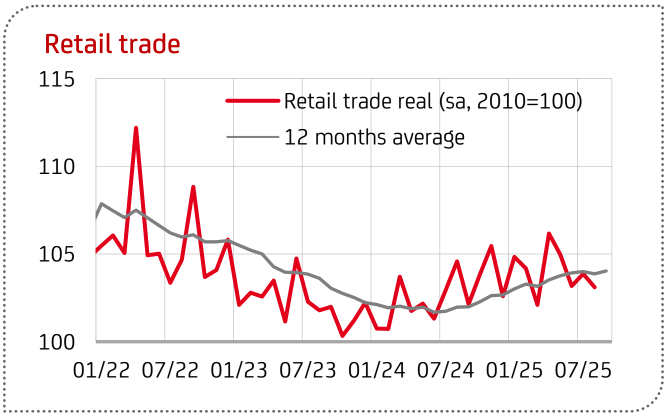
The UniCredit Bank Austria Business Indicator fell to minus 2.2 points in September, the worst value since April.

Economic outlook

	2018	2019	2020	2021	2022	2023	2024	*Forecast* 2025	2026
Real change yoy in %									
GDP	2.5	1.8	-6.3	4.9	5.3	-0.8	-0.7	0.3	1.0
Industrial production	4.2	0.0	-7.1	11.0	5.9	-1.7	-4.9	2.5	1.5
Private consumption	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.8	1.2
Gross fixed capital formation	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.9	2.0
Exports	5.2	4.0	-10.5	9.5	9.4	-0.6	-2.3	-0.7	1.2
Imports	5.1	2.4	-9.6	14.1	6.9	-4.3	-2.6	1.4	1.9
CPI change yoy in %)	2.0	1.5	1.4	2.8	8.6	7.8	2.9	3.5	2.4
Unemployment rate (in %, nat. def.)	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.5	7.4
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	-1.3	1.6	1.5	1.0	0.8
General Government balance (in % of GDP)	0.2	0.5	-8.2	-5.7	-3.4	-2.6	-4.7	-4.5	-4.2
Public debt (in % of GDP)	74.6	71.0	83.2	82.4	78.1	77.8	79.9	81.7	83.2

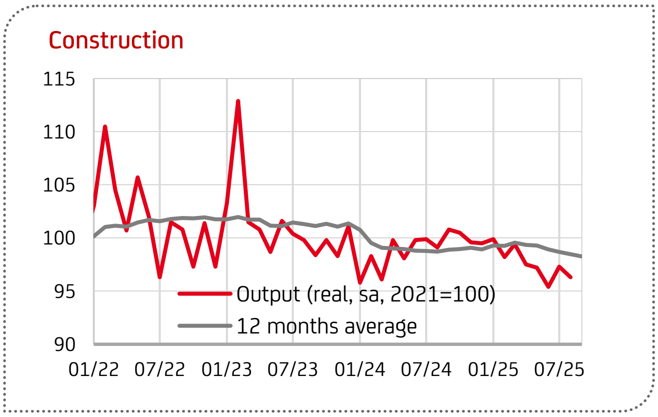
Source: UniCredit Bank Austria

Upward trend in retail sector weakens



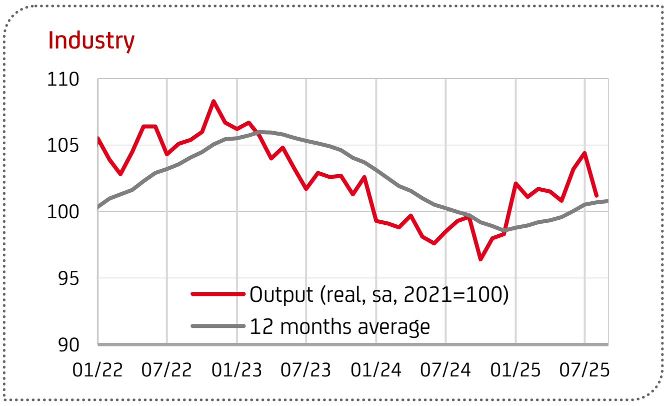
The slight upward trend in retail sales flattened out somewhat in the third quarter. From January to August, sales rose by 1.1 percent in real terms compared to the previous year.

Weaker downward trend in construction

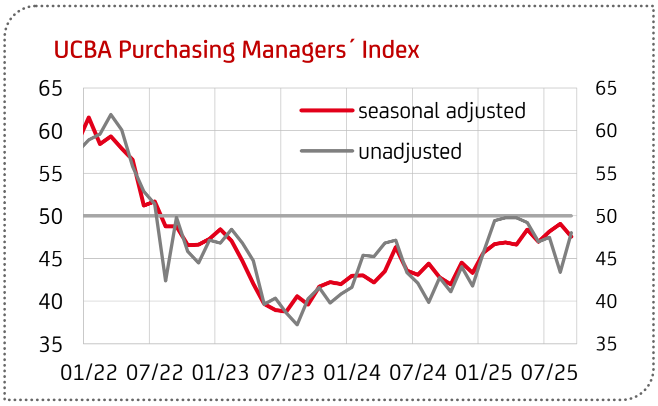


Construction output fell by an average of 2 percent in 2024 (in real terms, adjusted for the number of working days). From January to August 2025, there was a further decline of 1 percent compared to the previous year.

Industry with year-on-year increase in production

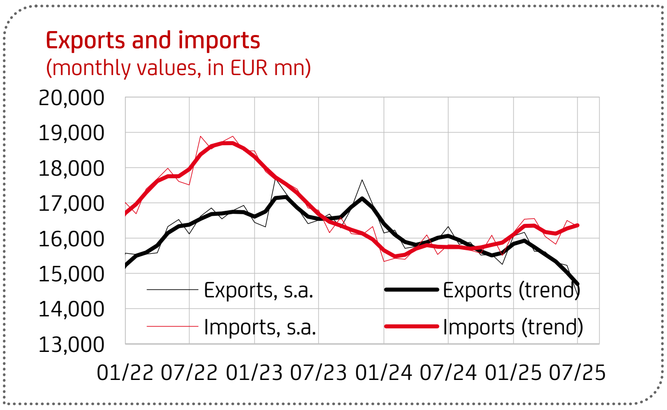


After the decline in industrial production in 2024 by an average of 5.0 percent (in real terms, adjusted for working days), there was an increase of 3.3 percent year-on-year in the first eight months of 2025.

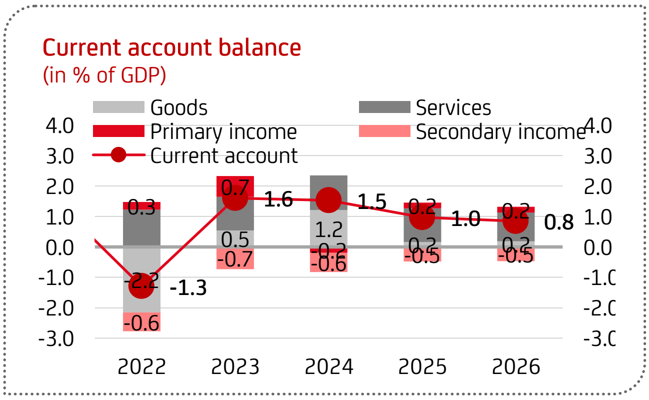


In September, the UniCredit Bank Austria Purchasing Managers' Index fell to 47.6 points. Above all, the lack of orders is weighing on industrial activity.

Exports fall, current account surplus to decrease in 2025



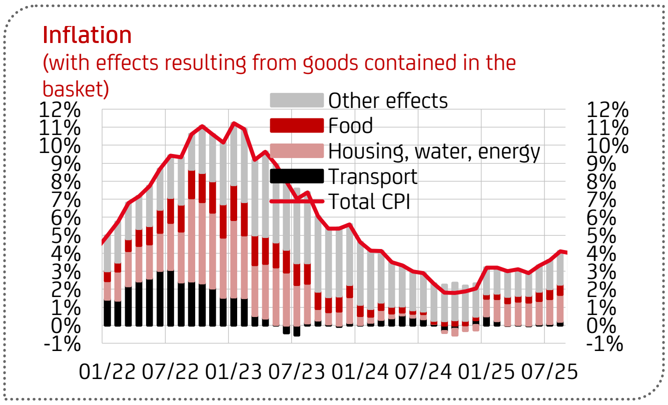
Nominal exports fell by 4.4 percent in the first seven months of 2025 with a clear upward trend, while imports rose by 3.1 percent year-on-year. The trade balance slipped further into the red.



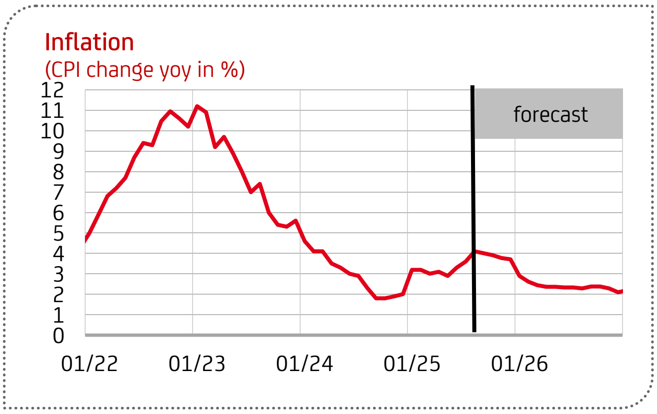
The positive current account balance is expected to decline significantly in 2025 due to a reduction in the surplus in goods, and this trend is expected to continue in 2026, albeit at a slower pace.

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

Inflation fell to 4.0% yoy in September 2025, according to flash estimate

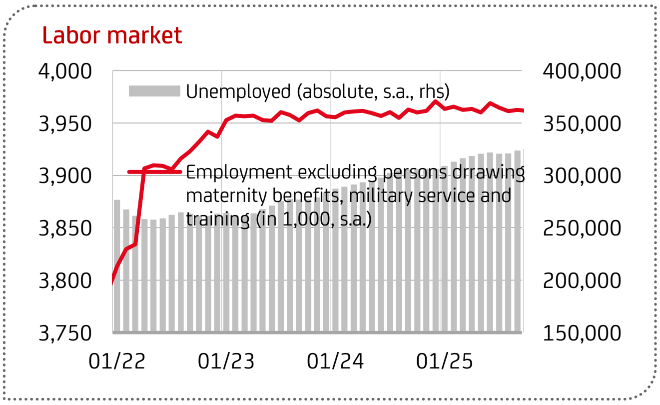


Inflation decreased to 4.0 percent year-on-year in September, mainly due to the upward pressure on service and food prices.

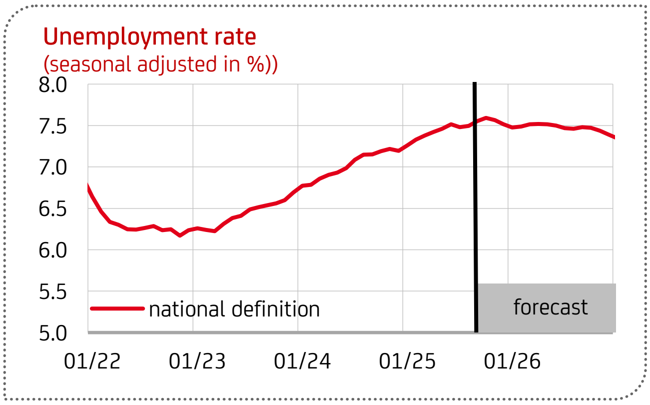


After the increase in the first nine months of 2025 to 3.4 percent on average, inflation will slowly ease again over the course of the year, supported by a slowdown in the second-round effects in the service sector.

Stress on the labor market will slow down

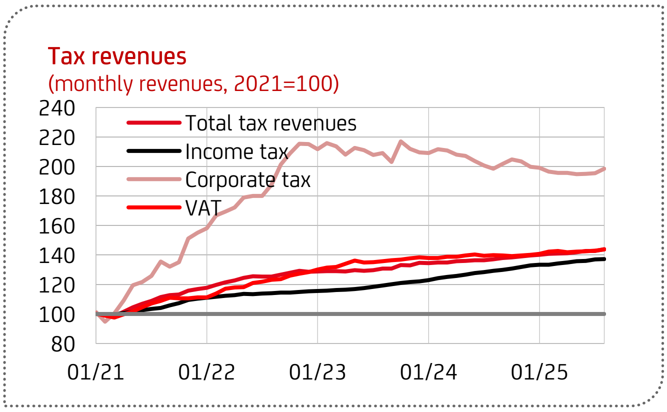


The seasonally adjusted unemployment rate was 7.6 percent in September. The creeping upward trend is now slowing down, although there are strong job cuts, especially in industry.

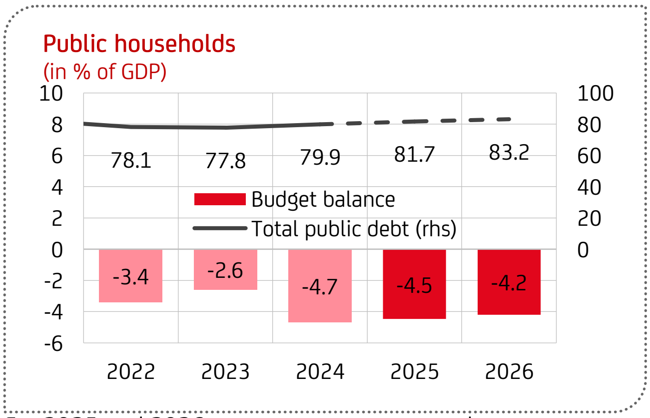


After an unemployment rate of 7.0 percent on average in 2024, we expect an increase to 7.5 percent in 2025. A slight reduction is possible for 2026, supported by the slower increase in labor supply

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



In the first eight months of 2025, payments rose by 2.9 percent to 65.3 billion euros. Disbursements in the federal budget rose by 1.5 percent to 78.5 billion euros. The net financial balance fell to EUR -13.2 billion.



For 2025 and 2026, 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

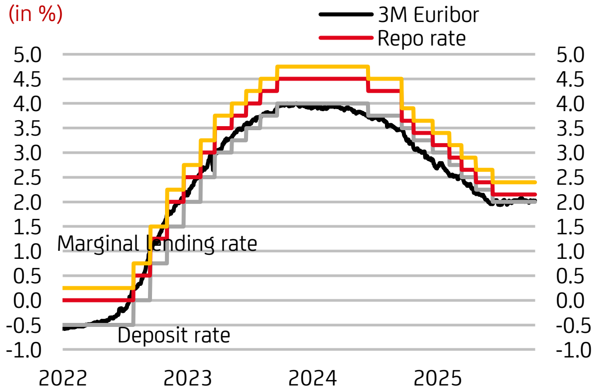
	2022	2023	2024	IV 24	I 25	II 25	III 25	04/25	05/25	06/25	07/25	08/25	09/25
UniCredit Bank Austria Business Indicator	**-0.3**	**-3.0**	**-2.6**	**-2.8**	**-2.3**	**-2.3**	**-1.7**	**-2.8**	**-2.0**	**-2.0**	**-1.5**	**-1.4**	**-2.2**
GDP growth (qoq, annualized)	**5.3**	**-0.8**	**-0.7**	**1.7**	**0.8**	**-0.5**							
Confidence Indicator eurozone manufacturing	**5**	**-6**	**-11**	**-13**	**-11**	**-11**	**-10**	**-11**	**-10**	**-12**	**-10**	**-10**	**-10**
Germany	12	-8	-20	-14	-12	-11	-11	-20	-18	-21	-18	-20	-20
France	-2	-8	-8	-12	-9	-10	-11	-6	-10	-13	-12	-10	-10
Italy	2	-4	-8	-9	-8	-8	-8	-9	-8	-8	-7	-8	-8
Netherlands	4	-2	-3	-3	-1	-4	-3	-3	-3	-4	-5	-3	-2
Spain	-1	-7	-5	-6	-5	-5	-5	-4	-5	-6	-5	-6	-5
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	**6**	**-7**	**-14**	**-17**	**-16**	**-14**	**-14**	**-14**	**-13**	**-15**	**-13**	**-14**	**-14**
UniCredit Bank Austria Purchasing Managers' Index (PMI)	**52.9**	**42.1**	**43.5**	**43.3**	**46.4**	**47.3**	**48.3**	**46.6**	**48.4**	**47.0**	**48.2**	**49.1**	**47.6**
New orders	45	37	43	43.0	47.5	45.1	46.7	44	47	44	46	48	46
New export orders	45	38	42	41.1	45.8	44.9	46.5	44	46	45	46	47	46
Output	50	44	44	43.3	47.7	49.4	50.9	49	50	49	50	52	50
Confidence indicator Austria manufacturing, total	**2.2**	**-13.2**	**-19.7**	**-21.0**	**-16.9**	**-14.5**	**-16.5**	**-14.3**	**-13.4**	**-15.8**	**-14.6**	**-15.5**	**-19.3**
Industrial production													
Change against previous year (in %)	5.9	-1.7	-4.9	-4.6	2.6	3.4		1.8	2.1	2.1	2.9	1.8	
Change against previous month (seasonally adjusted, in %)								-0.2	0.0	0.0	0.4	-0.2	
Foreign trade													
Exports (yoy change in %)	17.6	3.1	-4.8	-6.4	-3.2	-2.9		-0.8	0.2	-8.0	-11.9		
Exports (mom change, s.a. in %, 3-MMAV)								-0.1	-2.0	-0.5	0.0		
Imports (yoy in %)	20.6	-5.8	-6.8	0.5	4.0	2.2		2.1	1.7	2.7	3.4		
Imports (mom, s.a.. in %, 3-MMAV)								-3.0	-1.4	4.2	0.0		
Ex-Im (12 months cumulated, EUR billion)	40.0	-2.0	2.2	5.4	5.9	5.2		-1.8	-2.0	-3.7	-6.3		
Construction													
Confidence indicator	9.0	-6.5	-14.2	-13.3	-18.1	-18.8	-17.2	-18.2	-19.3	-18.8	-16.4	-17.9	-17.2
Retail trade													
Confidence indicator	-10.9	-23.9	-16.2	-17.7	-18.2	-19.4	-16.6	-21.3	-18.5	-18.4	-17.0	-14.1	-18.7
Retail trade nom. (change against previous year in %)	8.2	2.9	2.8	4.4	1.8	5.0		6.5	5.5	3.1	3.6	1.2	
Retail trade nom. (change against previous year in %, 3mav.)								2.4	4.0	5.0	4.0	2.6	
Retail trade real (change against previous year in %)	-0.8	-3.5	0.9	3.3	0.2	3.1		4.8	3.6	1.0	0.9	-2.2	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								0.5	0.3	0.4	-0.7	-0.6	
Automobile trade nom. (change against prev. year in %)	-0.5	11.8	2.4	2.9	1.4	5.2		4.4	9.0	2.3	16.6		
Tourism													
Overnight stay (change against previous year in %)	392.1	11.3	2.0	7.6	-4.2	10.1		26.0	-10.2	14.6	-1.2	0.7	
Labor market													
Employment*) (change against previous year in %)	3.0	1.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.5	0.2	0.1	0.1
Employment (s.a., change against previous month in %)								0.02	-0.08	0.22	-0.10	-0.08	0.03
Unemployed (change against previous year in ´000)	-68.6	7.7	27.1	27.1	24.2	24.0	16.1	24.3	23.1	24.5	15.0	14.0	19.5
Unemployment rate (in %, s.a.)	6.3	6.4	7.0	7.2	7.3	7.5	7.5	7.4	7.5	7.5	7.5	7.5	7.6
Prices													
CPI (change against previous year in %)	8.6	7.8	2.9	1.9	3.1	3.1	3.9	3.1	2.9	3.3	3.6	4.1	4.0
HCPI (change against previous year in %)	8.6	7.7	2.9	1.9	3.3	3.2	3.9	3.3	3.0	3.2	3.7	4.1	3.9
Crude oil (in USD per barrel)	98.4	81.6	79.7	73.8	74.7	66.5	67.9	66.0	63.8	69.7	69.4	67.1	67.3
Crude oil (in EUR, change against previous year in %)	62.2	-15.5	-2.4	-9.4	-5.3	-25.5	-18.3	-28.8	-26.3	-21.3	-23.1	-19.4	-12.5
Financial market													
3M Euribor	0.34	3.43	3.57	3.00	2.56	2.11	2.01	2.24	2.09	1.98	1.99	2.02	2.02
10-year government bonds (yield in %)	1.61	3.08	2.83	2.71	2.96	2.96	3.02	2.96	2.97	2.94	3.02	3.03	3.03
USD per euro	1.05	1.08	1.08	1.07	1.05	1.13	1.17	1.12	1.13	1.15	1.17	1.16	1.17
Total loans (change against previous year in %, eop)	5.0	0.7	0.7	0.7	0.6	1.2		1.2	1.2	1.2	1.5	1.7	
Consumption loans (change against prev. year in %, eop)	3.6	-1.9	-0.9	-0.9	-0.9	0.1		-0.1	0.0	0.1	0.2	0.6	

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

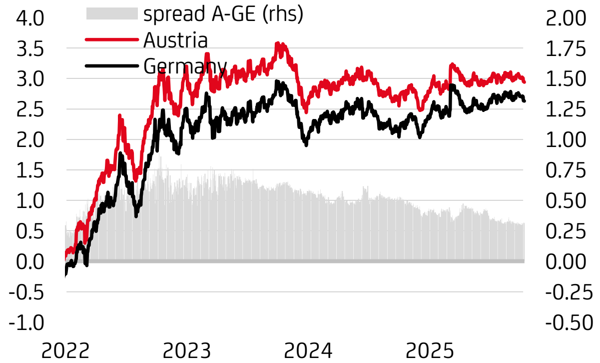
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market
(in %)

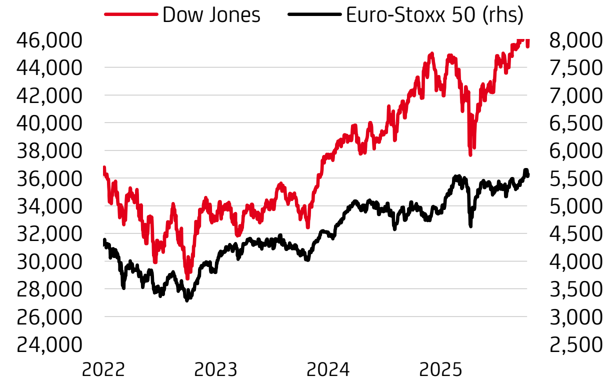


10y Government bond
(yield, in %)

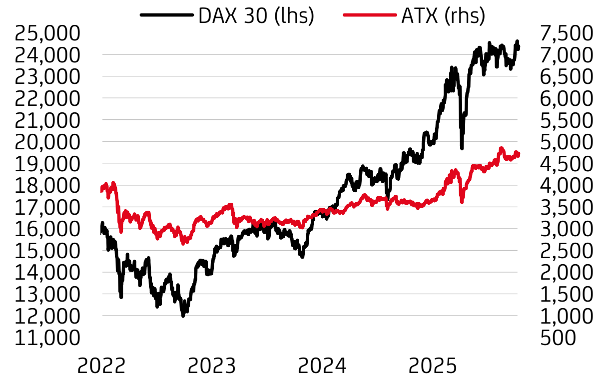


Stock markets

US - Euro area



Germany - Austria



FX trends

USD per euro

CHF per euro

Sources: Macrobond, UniCredit Bank Austria

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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, 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 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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