



Austria Up-to-date

October 2026

Overview

UPSWING WITH HEADWINDS

	2024	2025	2026	Rev. ¹⁾	2027	Rev. ¹⁾
GDP (real, change in %)	-0.3	0.7	0.8		1.2	
Inflation (CPI, in %)	2.9	3.6	3.2		2.8	↗
Unemployment rate (in %)	7.0	7.4	7.6	↗	7.4	

1) Revision since last report

- Moderate economic improvement in the second half of the year**

Due to the energy price shock and supply chain problems during the Iran war, the Austrian economy recorded a slight decline in GDP in the second quarter. Notwithstanding the recent escalation, a gradual easing of the geopolitical crisis is expected in the coming months. Sentiment indicators have risen in recent months and real economic data, especially in industry, also show an improvement. We continue to expect economic growth of 0.8 percent in 2026 and a slight acceleration to 1.2 percent in 2027.

- Unemployment rate remained at 7.6 percent in September**

Due to the unfavourable impact of the consequences of the Iran war on the economy, there has not been the originally expected easing of the labour market so far this year, but on the contrary there has even been a slight increase in the unemployment rate to currently 7.6 per cent seasonally adjusted.

In view of the general conditions, however, the labour market in Austria remains quite robust. Nevertheless, we have had to raise our forecast for 2026 from 7.5 to 7.6 percent. For 2027, we continue to expect a decline to an average of 7.4 percent, supported by demographic effects.

- 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.

- Renewed fuel price increase fuels inflation again**

Inflation in Austria has risen again due to renewed fuel prices. In September, inflation reached 3.6 percent year-on-year, according to flash estimates, although the reduction in VAT on basic foodstuffs and the increase in the fuel price brake dampened the increase somewhat. In the first nine months of the year, the average inflation rate was 3.0 percent. However, inflationary pressure will remain elevated in the coming months. This is indicated by the fact that core inflation remains 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 continue to fuel inflation. We continue to expect an inflation rate of 3.2 percent on average for Austria in 2026.

- Further tightening of monetary policy expected in December**

Following the ECB's interest rate hike of 25 basis points in June and September, the ECB's tightening of European monetary policy is unlikely to be over yet. The escalation of the conflict in the Gulf region increases the risk of 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 increases the likelihood of a further increase in key interest rates. We assume that the ECB will raise the key interest rate by a further 25 basis points in December. It is then likely to take a wait-and-see approach and leave the deposit rate at 2.75 percent.

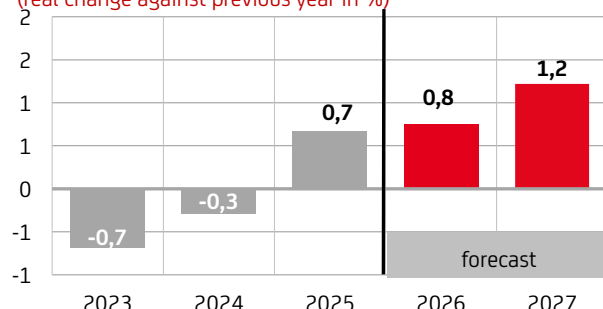
International Environment

	2024	2025	Forecast	
	2024	2025	2026	2027
<i>(GDP, change in %)</i>				
Eurozone	1.0	1.3	0.9	1.2
Germany	-0.5	0.2	1.2	1.6
France	1.2	0.9	0.4	0.8
Italy	0.8	0.7	0.8	0.6
Spain	3.5	2.8	2.6	1.8
UK	1.1	1.3	1.1	1.2
USA	2.8	2.3	2.3	2.0
Japan	-0.2	1.2	0.7	0.8
<i>(annual average)</i>				
USD per euro	1.08	1.13	1.16	1.16
CHF per euro	0.95	0.94	0.93	0.96
GBP per euro	0.85	0.86	0.86	0.88
JPY per euro	163.8	169.0	182.7	177.3
Oil (USD/barrel)	80	68	89	77
10y Gov. bond (A)	2.83	2.98	3.38	3.53
3m Euribor	3.57	2.18	2.39	2.75

Source: Macrobond, UniCredit Bank Austria

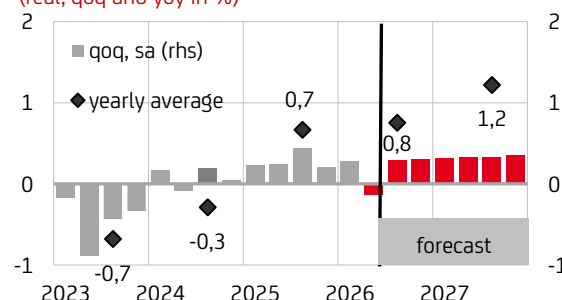
Iran war caused economic dip in Q2

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 0.7 percent in real terms.

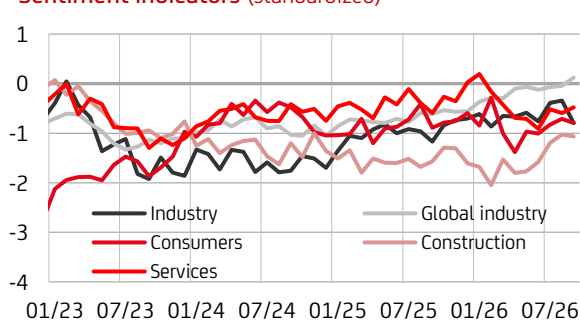
GDP
(real, qoq and yoy in %)



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

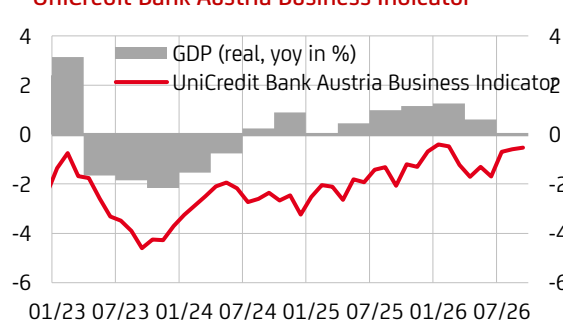
Sentiment in the Austrian economy continued to improve in September

Sentiment indicators (standardized)



The improvement in sentiment continued in September. The improvement in the global export environment was particularly strong in industry, but also in the service sector.

UniCredit Bank Austria Business Indicator



The UniCredit Bank Austria Business Indicator rose to minus 0.5 points in August. It thus reached its highest level since the upheavals caused by the US attack on Iran.

Economic outlook

	2020	2021	2022	2023	2024	2025	Forecast	
							2026	2027
GDP (real, yoy in %)	-6.3	4.9	5.5	-0.7	-0.3	0.7	0.8	1.2
Industrial output (real, yoy in %)	-7.1	11.0	5.9	-1.7	-4.9	3.2	1.0	2.5
Private consumption (real, yoy in %)	-7.6	4.9	6.1	-0.1	1.3	0.5	0.7	1.0
Investments (real, yoy in %) ^{*)}	-5.3	6.0	-0.1	-1.7	-2.4	1.4	1.3	1.8
Inflation rate (change against prev. year in %)	1.4	2.8	8.6	7.8	2.9	3.6	3.2	2.8
Unemployment rate (national definition)	9.9	8.0	6.3	6.4	7.0	7.4	7.6	7.4
Employment (change against prev. year in %) ^{**)}	-2.0	2.5	3.0	1.2	0.2	0.2	0.2	0.3
Public-sector balance (in % of GDP)	-8.2	-5.7	-3.4	-2.6	-4.6	-4.1	-4.0	-3.8
Total public debt (in % of GDP)	83.2	82.4	78.1	77.4	79.0	80.7	82.0	82.5

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

Source: UniCredit Bank Austria

Retail has been picking up speed since the summer

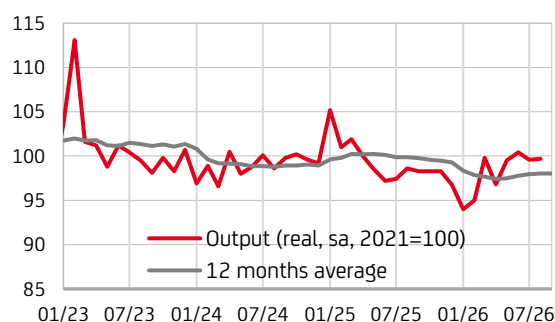
Retail trade



After the 0.8 percent increase in real sales in 2025, the upward trend continued at the beginning of the year. After a dip, the pace recently picked up again. In the first eight months, sales rose by 0.6 percent.

Downward trend in construction is slowing

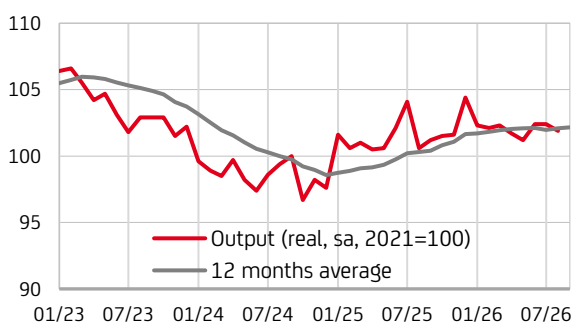
Construction



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

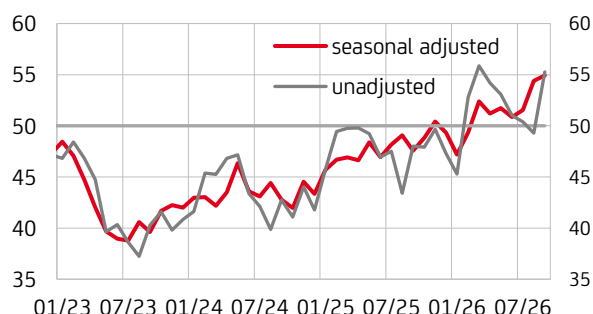
Industry recovery continues to make progress

Industry



Industrial production (manufacturing of goods, in real terms, adjusted for working days) rose by around 3 percent in 2025. After a weak start, industry grew by 0.6 percent year-on-year in the first eight months.

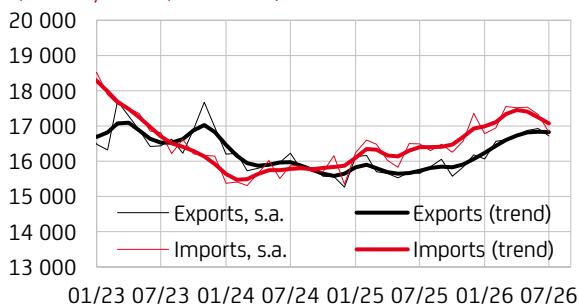
UCBA Purchasing Managers' Index



In September, the UniCredit Bank Austria Purchasing Managers' Index rose to 54.9 points, mainly due to an expansion in production supported by stronger new business.

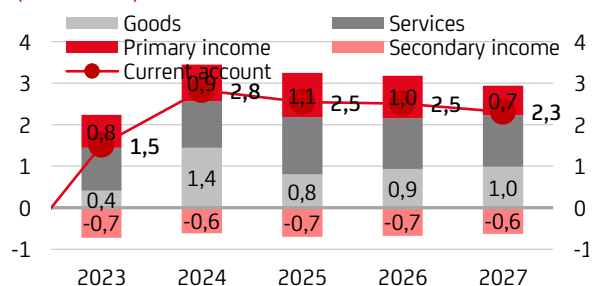
Exports and imports rise, current account surplus remains stable

Exports and imports (monthly values, in EUR mn)



In the first seven months of 2026, exports and imports of goods rose by 5.7 percent year-on-year. The trade deficit increased slightly to 3.9 billion euros.

Current account balance (in % of GDP)



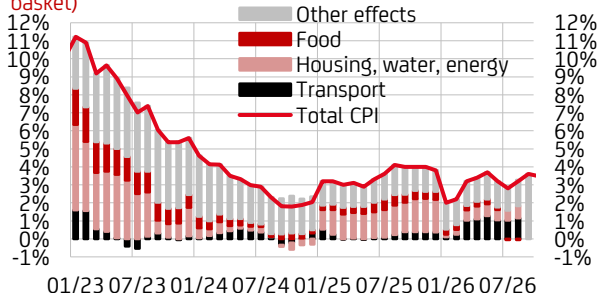
The current account balance deteriorated in 2025, mainly due to the lower trade surplus in goods. For 2026, we expect the current account balance to remain largely unchanged.

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

Inflation rose to 3.6 percent year-on-year in September 2026 according to flash estimate

Inflation

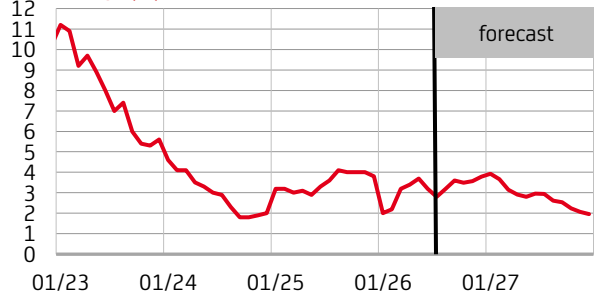
(with effects resulting from goods contained in the basket)



Inflation is expected to be 3.6 percent year-on-year in September, driven by the renewed rise in fuel prices due to tensions in the Middle East.

Inflation

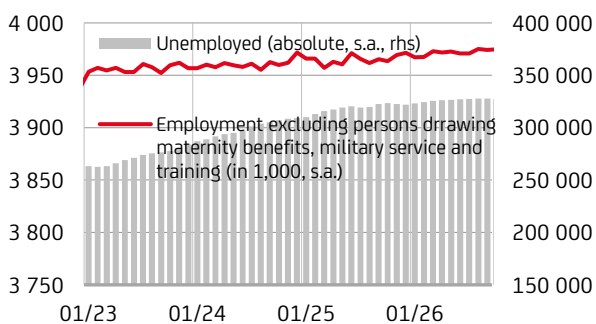
(CPI change yoy in %)



After the sharp decline in inflation at the beginning of 2026, higher values are expected for the time being due to high energy prices. We continue to expect inflation of 3.2 percent for 2026.

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

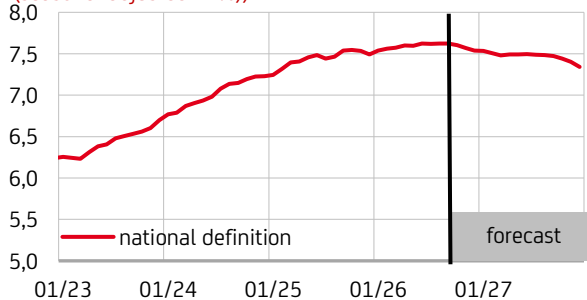
Labor market



The seasonally adjusted unemployment rate was again 7.6 percent in September. The continuing increase in the number of jobseekers will continue to be cushioned by a slight increase in employment.

Unemployment rate

(seasonal adjusted in %)

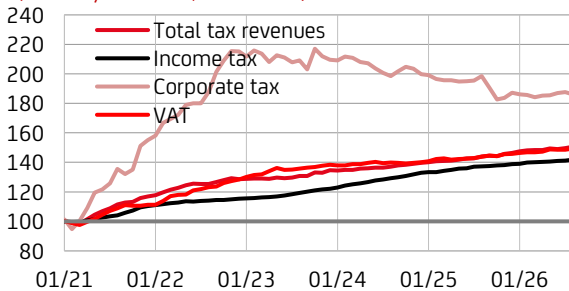


After an average of 7.4 percent in 2025, we now expect an unemployment rate of 7.6 percent for 2026. It should fall to 7.4 percent in 2027, supported by the slower increase in labor supply..

Budget plan fulfilment in 2026 becomes more likely, but total public debt continues to rise

Tax revenues

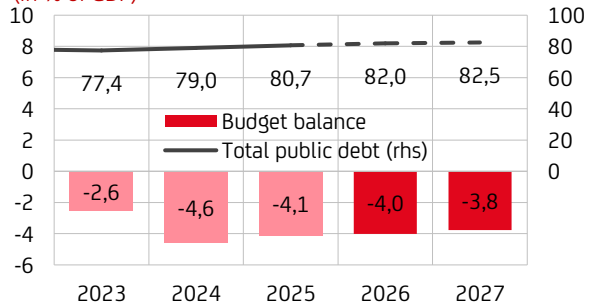
(monthly revenues, 2021=100)



In the first eight months, the federal government's disbursements rose by 2.8 percent year-on-year. Payments rose by 5.8 percent. At -11.7 billion euros, the net financial balance remained well below the previous year.

Public households

(in % of GDP)



The general government deficit fell to 4.1 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

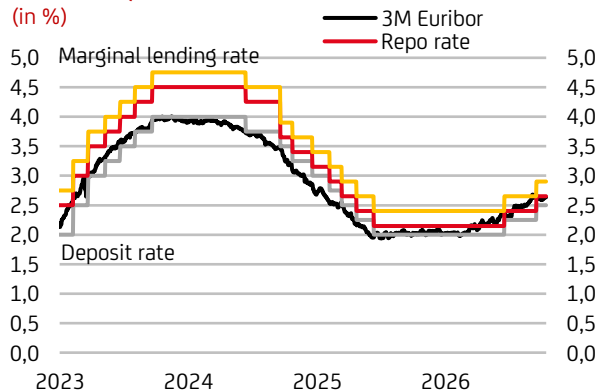
	2023	2024	2025	IV 25	I 26	II 26	III 26	04/26	05/26	06/26	07/26	08/26	09/26
UniCredit Bank Austria Business Indicator	-3.0	-2.6	-1.8	-1.1	-0.7	-1.6	-0.6	-1.7	-1.3	-1.7	-0.7	-0.6	-0.5
GDP growth (qoq, annualized)	-0.7	-0.3	0.7	0.8	1.1	-0.5							
Confidence Indicator eurozone manufacturing	-6	-11	-10	-9	-7	-8	-5	-8	-8	-7	-6	-5	-4
Germany	-8	-20	-20	-10	-8	-8	-6	-14	-15	-13	-13	-11	-8
France	-8	-8	-9	-8	-5	-8	-5	-8	-7	-8	-6	-3	-5
Italy	-4	-8	-8	-6	-6	-6	-4	-7	-7	-6	-5	-4	-3
Netherlands	-2	-3	-2	-2	0	0	3	0	-2	2	2	3	4
Spain	-7	-5	-5	-4	-3	-4	-3	-5	-4	-3	-2	-4	-1
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	-7	-14	-14	-13	-11	-10	-8	-10	-11	-10	-9	-8	-6
UniCredit Bank Austria Purchasing Managers' Index (PMI)	42.1	43.5	47.9	49.5	49.7	51.3	53.6	51.2	51.7	50.9	51.5	54.4	54.9
New orders	37	43	47	49.0	49.4	49.1	52.2	49	50	49	48	54	55
New export orders	38	42	47	48.9	48.4	49.6	50.8	49	51	49	46	53	54
Output	44	44	50	51.2	49.7	50.5	54.8	50	83	78	68	69	72
Confidence indicator Austria manufacturing, total	-13.2	-19.7	-15.3	-13.5	-13.1	-12.9	-11.1	-12.7	-11.9	-14.0	-9.6	-9.1	-14.5
Industrial production													
Change against previous year (in %)	-2.1	-4.3	2.7	5.1	1.2	0.6		1.3	0.4	0.2	-1.5	1.1	
Change against previous month (seasonally adjusted, in %)								-0.6	-0.9	1.4	-0.6	-0.3	
Foreign trade													
Exports (yoy change in %)	3.1	-4.8	-0.7	2.5	2.8	8.1		7.0	0.9	16.4	6.7		
Exports (mom change, s.a. in %, 3-MMAV)								0.0	0.8	0.3	0.0		
Imports (yoy in %)	-5.8	-6.8	4.2	6.3	4.1	8.5		9.4	3.7	12.4	1.9		
Imports (mom, s.a. in %, 3-MMAV)								-0.2	0.1	-1.2	0.0		
Ex-Im (12 months cumulated, EUR billion)	-2.0	2.2	-7.1	-7.1	-7.8	-8.2		-8.3	-8.7	-8.2	-7.4		
Construction													
Confidence indicator	-6.6	-14.2	-17.3	-15.9	-21.3	-21.9	-14.1	-22.6	-22.7	-20.5	-15.3	-13.1	-13.8
Retail trade													
Confidence indicator	-24.0	-16.2	-4.9	-17.2	-17.4	-21.7	-18.8	-24.1	-20.3	-20.8	-19.2	-18.2	-19.1
Retail trade nom. (change against previous year in %)	2.9	2.8	2.9	1.9	7.8	1.4		0.2	-0.7	4.9	2.7	0.5	
Retail trade nom. (change against previous year in %, 3mav.)								1.5	0.9	1.5	2.3	2.7	
Retail trade real (change against previous year in %)	-3.5	0.9	0.8	-0.3	0.8	-0.1		-1.4	-2.2	3.5	2.4	0.2	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								0.0	-0.7	-0.1	1.2	2.0	
Automobile trade nom. (change against prev. year in %)	11.8	2.4	6.3	5.7	4.4	6.9		7.1	1.4	12.4	-3.4		
Tourism													
Overnight stay (change against previous year in %)	11.3	2.0	3.4	5.3	1.3	0.8		-5.4	12.9	-5.2	5.4	0.5	
Labor market													
Employment*) (change against previous year in %)	1.2	0.2	0.2	0.2	0.4	0.4	0.5	0.4	0.5	0.3	0.4	0.6	0.5
Employment (s.a., change against previous month in %)								-0.03	0.03	-0.05	0.00	0.11	-0.03
Unemployed (change against previous year in '000)	7.7	27.1	19.7	14.4	10.2	7.0	8.8	8.5	5.5	6.9	8.9	10.0	7.4
Unemployment rate (in %, s.a.)	6.4	7.0	7.4	7.5	7.6	7.6	7.6	7.6	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	2.5	3.4	3.2	3.4	3.7	3.2	2.8	3.2	3.6
HCPI (change against previous year in %)	7.7	2.9	3.6	4.0	2.5	3.4	3.0	3.4	3.7	3.2	2.7	2.9	3.5
Crude oil (in USD per barrel)	81.6	79.7	68.0	62.9	77.3	96.5	90.3	101.4	103.7	84.3	82.9	86.8	101.3
Crude oil (in EUR, change against previous year in %)	-15.5	-2.4	-17.7	-21.8	-5.6	41.9	35.1	47.5	57.2	21.0	22.3	29.8	53.2
Financial market													
3M Euribor	3.43	3.57	2.18	2.04	2.05	2.24	2.52	2.17	2.23	2.34	2.43	2.51	2.64
10-year government bonds (yield in %)	3.08	2.83	2.98	3.00	3.13	3.27	3.47	3.30	3.29	3.21	3.32	3.42	3.69
USD per euro	1.08	1.08	1.13	1.16	1.17	1.16	1.15	1.17	1.17	1.15	1.14	1.16	1.15
Total loans (change against previous year in %, eop)	0.7	0.7	1.8	1.8	2.2	2.6		2.0	2.0	2.6	2.9	2.4	
Consumption loans (change against prev. year in %, eop)	-1.9	-0.9	1.0	1.0	1.4	2.0		1.6	1.9	2.0	1.7	1.9	

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

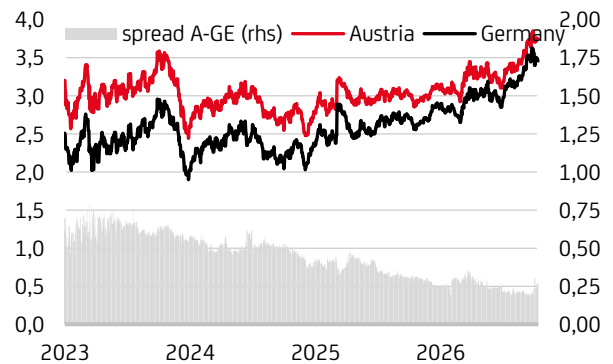
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market
(in %)

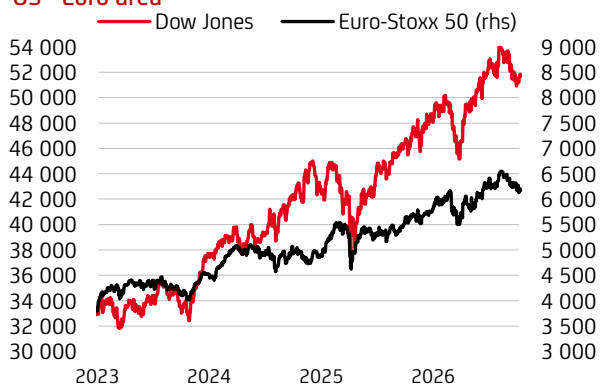


10y Government bond
(yield, in %)

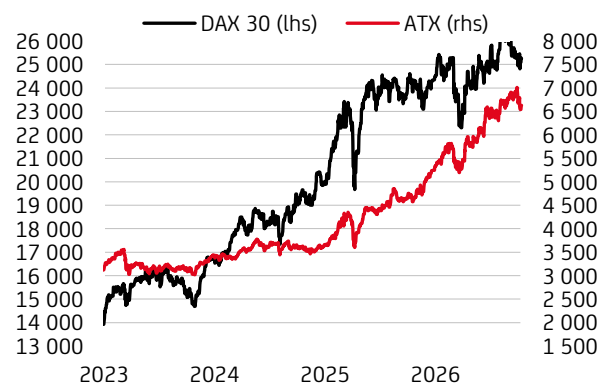


Stock markets

US - Euro area

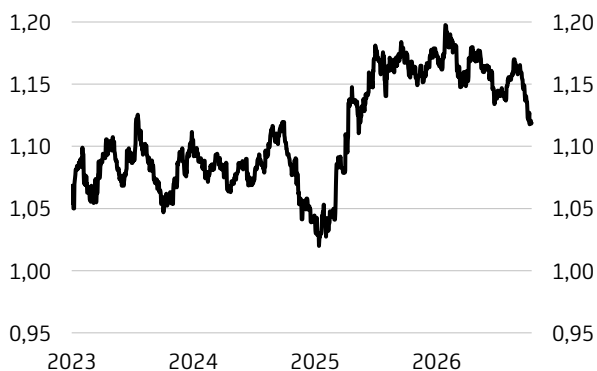


Germany - Austria



FX trends

USD per euro



CHF per euro



Sources: Macrobond, UniCredit Bank Austria

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