Austria Up-to-date

November 2025

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Bank Austria
Member of UniCredit

Overview

LOW GDP GROWTH IN 2025, MORE MOMENTUM IN 2026

	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

- **Domestic demand and a more stable export economy will give a better boost to the economy in 2026**

  The stabilization of the Austrian economy continues, but the economy will remain weak at the end of the year. In the first three quarters, GDP exceeded the previous year's figure by 0.4 percent. Despite the continued subdued economic development, it now seems quite certain that the Austrian economy will achieve slight economic growth in 2025 after two years of GDP decline. We expect GDP to increase by 0.3 percent.

  There are no signs of a significant change in the economic situation at the beginning of 2026. In the course of the year, however, the Austrian economy should be able to gain stability and dynamism on the basis of a strengthening of domestic demand. In addition, the export business should stabilize. After a subdued start to the year, the economy in Austria should be somewhat more buoyant in the second half of 2026. At 1.0 percent, we expect economic growth in 2026 to be noticeably higher than in 2025.

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

  The stabilization of the economy in recent months is now having an impact on the development of the labor market. Although the seasonally adjusted unemployment rate rose to 7.6 percent in October, this is likely to have reached the peak of the current cycle.

  With the slight easing of the economy, the situation on the labor market is also stabilizing even earlier than originally expected. Although industry continues to cut staff, this is now almost compensated for in the service sector, driven primarily by the public sector. Above all, the demographic development is supportive. We continue to expect the unemployment rate to rise to an average of 7.5 percent in 2025. In 2026, however, even in view of a very limited increase in the labor supply, the unemployment rate should fall to 7.4 percent, although even a sharper decline can no longer be ruled out.

- **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 for 2025. However, the scope of this package of measures will only allow for a small reduction in view of the weak economy and the poor guidance from 2024. According to the official budget estimate, we now expect a budget deficit of 4.5 percent of GDP for 2025. However, unfavorable data of the provinces increases the risk that this target could be exceeded.

- **Sharp decline in inflation at the beginning of 2026**

  At 4.0 percent in October, inflation was now about twice as high as in the previous year for the third month in a row, after inflation had risen sharply at the beginning of 2025 due to the lifting of the electricity price brake and the high momentum in some service sectors.

  We expect only a slight decline in inflation to just below the 4 percent mark by the end of the year. Due to the lower values at the beginning of the year, average inflation is expected to be 3.5 percent in 2025. For 2026, we expect a decline to 2.4 percent, mainly due to the elimination of the effect of the expiry of the electricity price brake from the calculation.

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

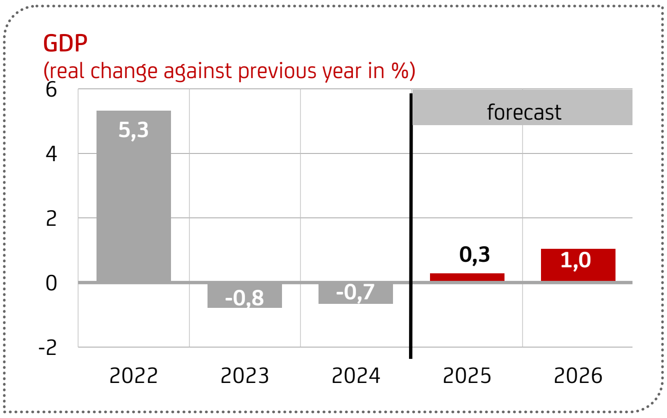
  In view of the current economic and inflation data in the euro area, we assume that the ECB will decide against further interest rate hikes by the end of 2026. However, there is still a risk of a further interest rate cut in the coming quarters, as inflation is expected to remain below two percent beyond 2026, while upward pressure from fiscal stimulus from Germany will only materialize from next year and only gradually.

International Environment

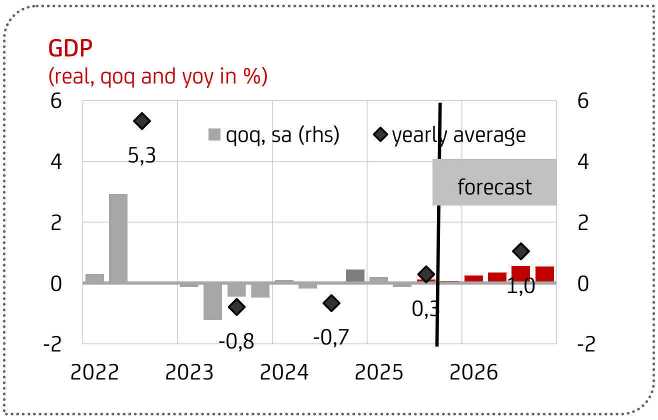
			Forecast	
	2023	2024	2025	2026
(GDP, change in %)				
Eurozone	0.7	0.9	1.2	0.9
Germany	-0.3	-0.5	0.1	1.3
France	0.9	1.2	0.7	0.9
Italy	0.7	0.5	0.5	0.8
Spain	2.7	3.2	2.8	1.9
UK	0.4	0.9	1.4	1.1
USA	2.9	2.8	2.0	2.1
Japan	1.5	0.2	0.9	0.7
	2021	2022	2023	2024
(annual average)				
USD per euro	1.18	1.05	1.08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

Slight GDP increase in 2025 seems assured after growth in the third quarter

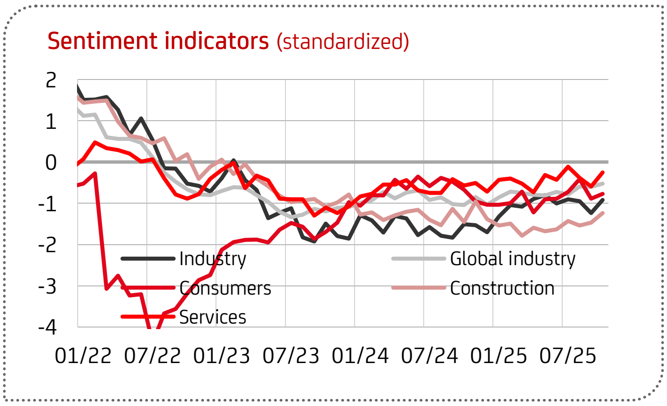


GDP shrank by "only" 0.7 percent in 2024, and after the Austrian economy had already contracted by 0.8 percent in 2023, the economy began to stabilize in 2025.

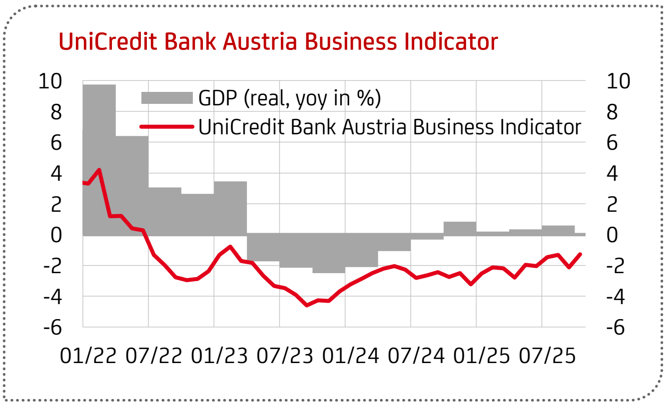


After a subdued start to the year, the economy is expected to be somewhat more buoyant in the second half of 2026, supported by domestic demand and a more stable development in foreign trade.

Improvement in sentiment in the Austrian economy at the beginning of the final quarter of 2025



In October, the mood in the Austrian economy brightened somewhat in all sectors. Pessimism decreased significantly in the service sector in particular.



The UniCredit Bank Austria Business Indicator rose to minus 1.3 points in October, the best value since the beginning of 2023.

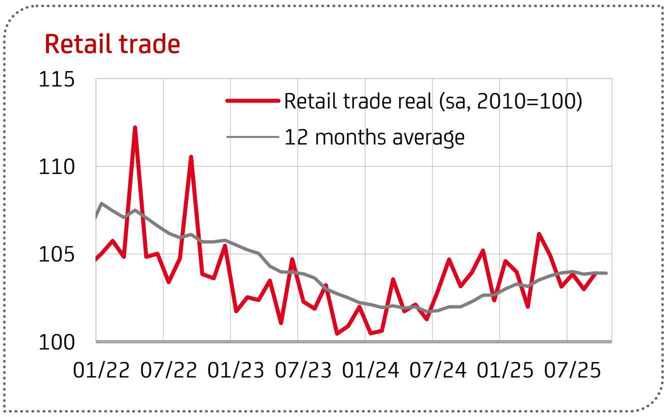
Economic outlook

	2017	2018	2019	2020	2021	2022	2023	2024	Forecast 2025	Forecast 2026
GDP (real, yoy in %)	**2.3**	**2.5**	**1.8**	**-6.3**	**4.9**	**5.3**	**-0.8**	**-0.7**	**0.3**	**1.0**
Industrial output (real, yoy in %)	4.2	4.2	0.0	-7.1	11.0	5.9	-1.7	-4.9	2.5	1.5
Private consumption (real, yoy in %)	1.9	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.8	1.2
Investments (real, yoy in %) *)	4.2	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.9	2.0
Inflation rate (change against prev. year in %)	**2.1**	**2.0**	**1.5**	**1.4**	**2.8**	**8.6**	**7.8**	**2.9**	**3.5**	**2.4**
Unemployment rate (national definition)	**8.5**	**7.7**	**7.4**	**9.9**	**8.0**	**6.3**	**6.4**	**7.0**	**7.5**	**7.4**
Employment (change against prev. year in %) **)	**2.0**	**2.5**	**1.6**	**-2.0**	**2.5**	**3.0**	**1.2**	**0.2**	**0.1**	**0.4**
Public-sector balance (in % of GDP)	**-0.8**	**0.2**	**0.5**	**-8.2**	**-5.7**	**-3.4**	**-2.6**	**-4.7**	**-4.5**	**-4.2**
Total public debt (in % of GDP)	**79.1**	**74.6**	**71.0**	**83.2**	**82.4**	**78.1**	**77.8**	**79.9**	**81.7**	**83.2**

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

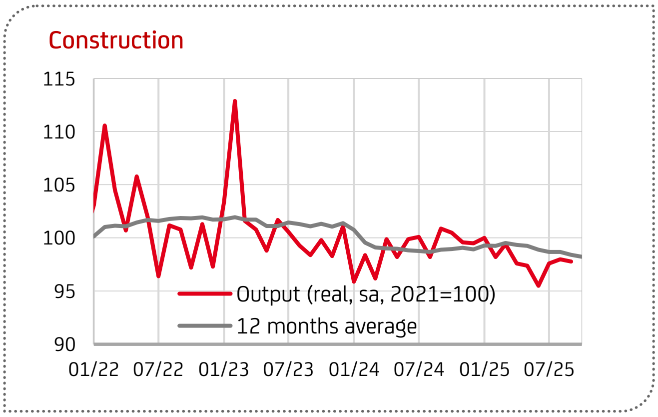
Source: UniCredit Bank Austria

Upward trend in retail sector weakens



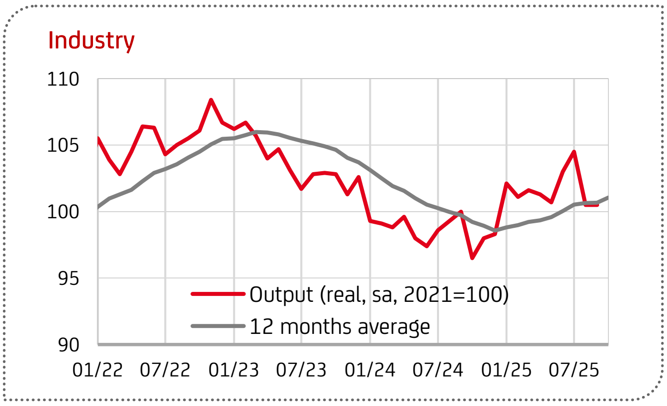
The slight upward trend in retail sales flattened out somewhat in the third quarter. From January to Septembert, sales rose by 1.1 percent in real terms compared to the previous year.

Weaker downward trend in construction

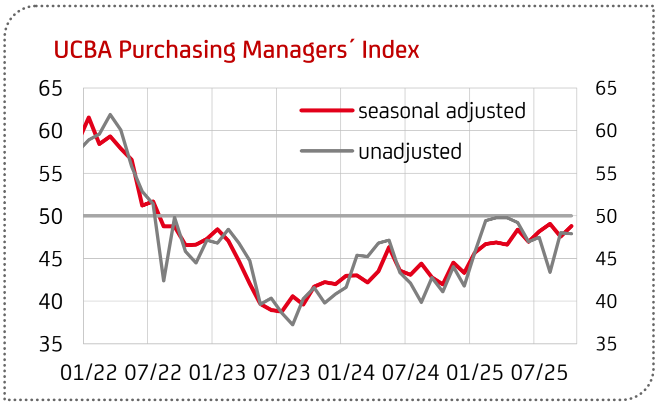


Construction output fell by an average of 2 percent in 2024 (in real terms, adjusted for the number of working days). From January to September 2025, there was a further decline of just under 1 % compared to the previous year.

Industry with year-on-year increase in production

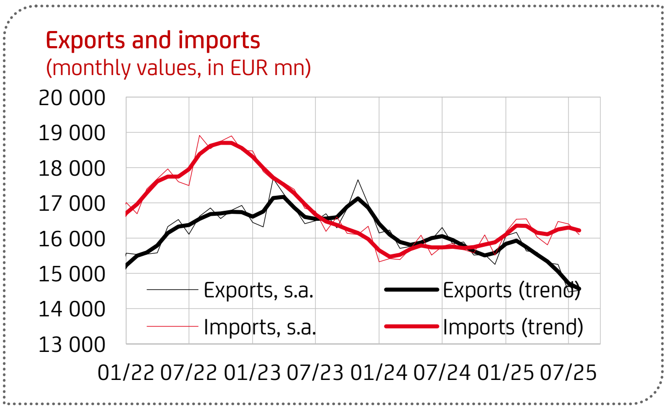


After the decline in industrial production in 2024 by an average of 5.0 percent (in real terms, adjusted for working days), the first nine months showed an increase of almost 3 percent year-on-year.

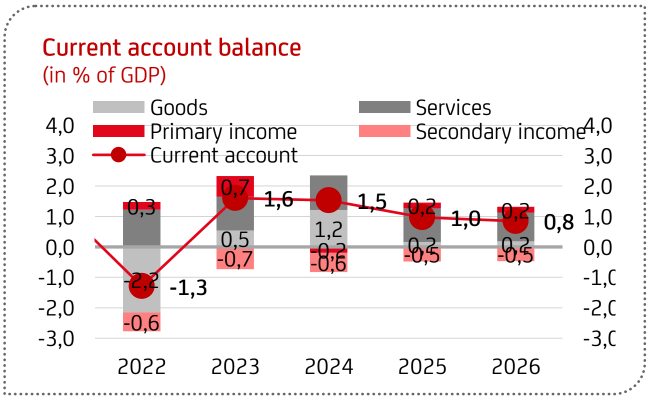


In October, the UniCredit Bank Austria Purchasing Managers' Index rose to 48.8 points. The improvement in the order situation was the main reason for the increase.

Exports fall, current account surplus to decrease in 2025



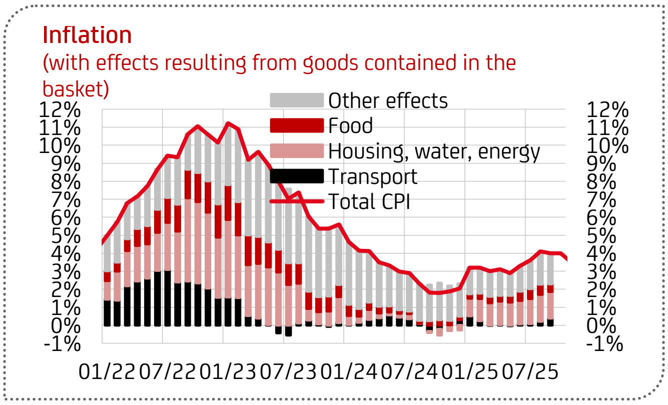
Nominal exports fell by 5.1 percent in the first eight months of 2025 with a clear upward trend, while imports rose by 2.7 percent year-on-year. The trade balance slipped further into the red.



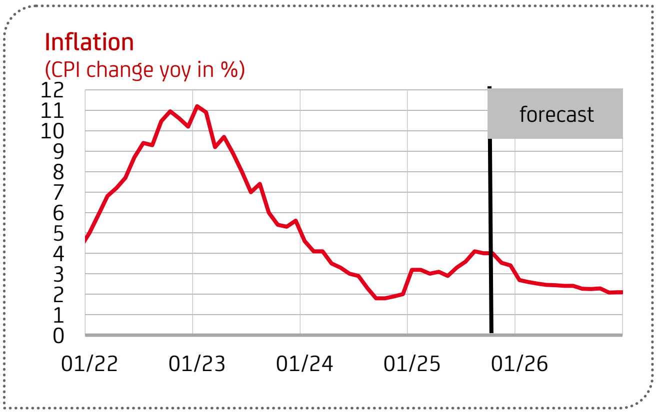
The positive current account balance is expected to decline significantly in 2025 due to a reduction in the surplus in goods, and this trend is expected to continue in 2026, albeit at a slower pace.

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

Inflation remained at 4.0% yoy in October 2025, according to flash estimate

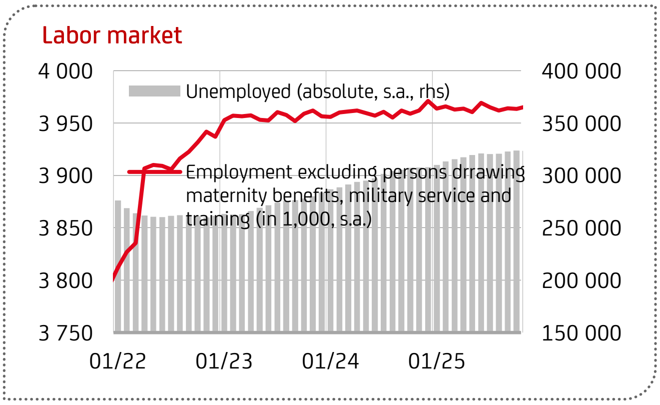


Inflation is expected to be 4.0 percent year-on-year again in October. The rise in service and energy prices fueled inflation.

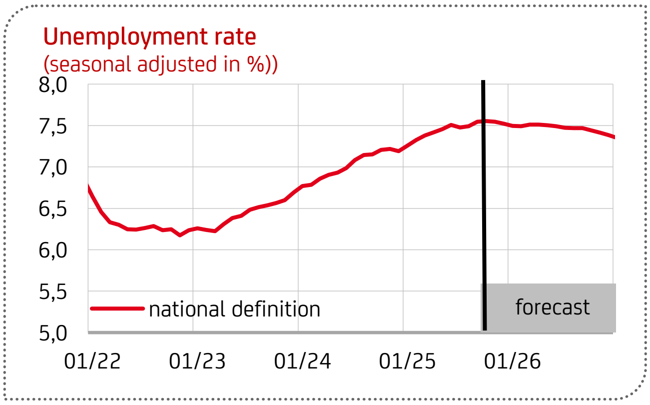


After rising to an average of 3.4 percent in the first ten months, inflation is expected to fall only slightly over the course of the year, but should fall sharply at the beginning of 2026 due to the "electricity price brake effect".

Labor market deterioration slows down

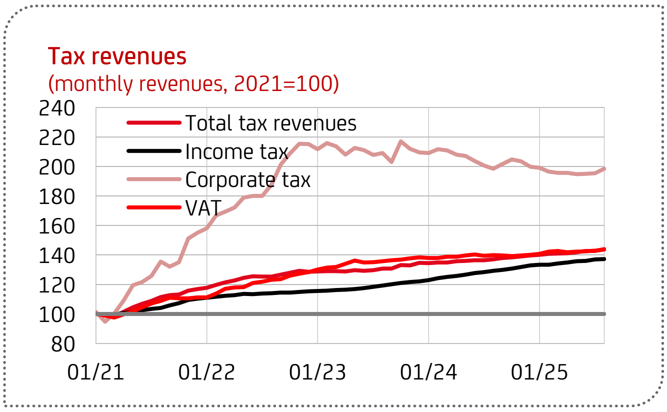


The seasonally adjusted unemployment rate was 7.6 percent in October. The creeping upward trend is slowly coming to an end, although there are strong job cuts, especially in industry.

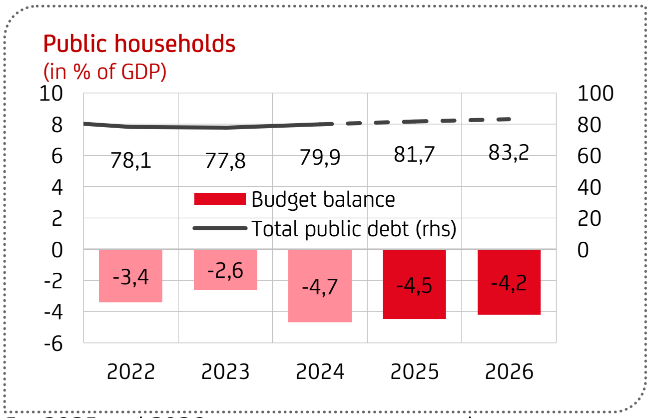


We expect the unemployment rate to rise to 7.5 percent in 2025. A slight reduction is possible for 2026, supported by the slower increase in labor supply.

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



In the first nine months of 2025, payments rose by 4.8 percent to 75.7 billion euros. Disbursements in the federal budget fell by 0.5 percent to 86.8 billion euros. The net financial balance fell to EUR -11.1 billion.



For 2025 and 2026, we now expect a general government budget deficit of well 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

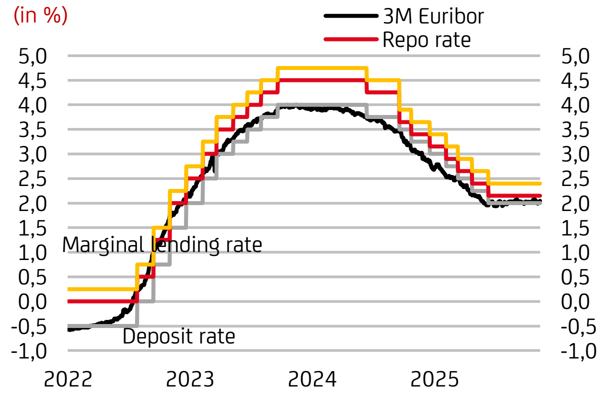
	2022	2023	2024	IV 24	I 25	II 25	III 25	05/25	06/25	07/25	08/25	09/25	10/25
UniCredit Bank Austria Business Indicator	-0.3	-3.0	-2.6	-2.8	-2.3	-2.3	-1.6	-2.0	-2.0	-1.5	-1.3	-2.1	-1.3
GDP growth (qoq, annualized)	5.3	-0.8	-0.7	1.7	0.8	-0.5	0.4						
Confidence Indicator eurozone manufacturing	5	-6	-11	-13	-11	-11	-10	-10	-12	-10	-10	-10	-8
Germany	12	-8	-20	-14	-12	-11	-11	-18	-21	-18	-20	-20	-18
France	-2	-8	-8	-12	-9	-10	-11	-10	-12	-12	-10	-10	-6
Italy	2	-4	-8	-9	-8	-8	-7	-8	-8	-7	-8	-8	-7
Netherlands	4	-2	-3	-3	-1	-3	-3	-3	-4	-5	-2	-2	-2
Spain	-1	-7	-5	-6	-5	-5	-5	-5	-6	-5	-6	-5	-5
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	6	-7	-14	-17	-16	-14	-14	-13	-15	-13	-14	-14	-13
UniCredit Bank Austria Purchasing Managers' Index (PMI)	52.9	42.1	43.5	43.3	46.4	47.3	48.3	48.4	47.0	48.2	49.1	47.6	48.8
New orders	45	37	43	43.0	47.5	45.1	46.7	47	44	46	48	46	49
New export orders	45	38	42	41.1	45.8	44.9	46.5	46	45	46	47	46	49
Output	50	44	44	43.3	47.7	49.4	50.9	50	49	50	52	50	51
Confidence indicator Austria manufacturing, total	2.2	-13.2	-19.7	-21.2	-17.0	-14.4	-16.2	-13.3	-15.7	-14.6	-15.3	-18.8	-15.2
Industrial production													
Change against previous year (in %)	5.9	-1.7	-4.9	-4.5	2.6	3.4	2.6	2.1	2.1	2.9	1.8	2.6	
Change against previous month (seasonally adjusted, in %)								0.0	0.0	0.4	-0.2	-0.9	
Foreign trade													
Exports (yoy change in %)	17.6	3.1	-4.8	-6.4	-3.2	-2.8		0.2	-7.8	-11.3	-11.7		
Exports (mom change, s.a. in %, 3-MMAV)								-1.9	-0.3	-5.1	0.3		
Imports (yoy in %)	20.6	-5.8	-6.8	0.5	4.0	2.1		1.7	2.6	4.2	-1.9		
Imports (mom, s.a.. in %, 3-MMAV)								-1.4	4.1	-0.4	-1.8		
Ex-Im (12 months cumulated, EUR billion)	40.0	-2.0	2.2	5.4	5.9	5.2		-2.0	-3.7	-6.3	-7.6		
Construction													
Confidence indicator	9.0	-6.5	-14.2	-13.7	-18.1	-18.6	-16.8	-19.1	-18.5	-16.1	-17.5	-16.7	-13.8
Retail trade													
Confidence indicator	-11.0	-23.9	-16.2	-17.7	-18.2	-19.4	-16.6	-18.5	-18.4	-17.0	-14.1	-18.7	-17.7
Retail trade nom. (change against previous year in %)	8.2	2.9	2.8	4.4	1.8	5.0	2.8	5.5	3.1	3.6	0.9	3.9	
Retail trade nom. (change against previous year in %, 3mav.)								4.0	5.0	4.0	2.5	2.8	
Retail trade real (change against previous year in %)	-0.8	-3.5	0.9	3.3	0.2	3.1	0.0	3.6	1.0	0.9	-2.4	1.4	
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								0.3	0.4	-0.7	-0.6	0.2	
Automobile trade nom. (change against prev. year in %)	-0.5	11.8	2.4	2.9	1.4	5.2	13.3	9.0	2.3	16.6	10.0		
Tourism													
Overnight stay (change against previous year in %)	392.1	11.3	2.0	7.6	-4.2	10.1	2.6	-10.2	14.6	-1.2	1.0	7.8	
Labor market													
Employment*) (change against previous year in %)	3.0	1.2	0.2	0.2	0.2	0.2	0.2	0.0	0.5	0.2	0.1	0.2	0.1
Employment (s.a., change against previous month in %)								-0.08	0.22	-0.10	-0.08	0.06	-0.02
Unemployed (change against previous year in ´000)	-68.6	7.7	27.1	27.1	24.2	24.0	16.1	23.1	24.5	15.0	14.0	19.5	17.2
Unemployment rate (in %, s.a.)	6.3	6.4	7.0	7.2	7.3	7.5	7.5	7.5	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	2.9	3.3	3.6	4.1	4.0	4.0
HCPI (change against previous year in %)	8.6	7.7	2.9	1.9	3.3	3.2	3.9	3.0	3.2	3.7	4.1	3.9	4.0
Crude oil (in USD per barrel)	98.4	81.6	79.7	73.8	74.7	66.5	67.9	63.8	69.7	69.4	67.1	67.3	63.8
Crude oil (in EUR, change against previous year in %)	62.2	-15.5	-2.4	-9.4	-5.3	-25.5	-18.3	-26.3	-21.3	-23.1	-19.4	-12.5	-20.6
Financial market													
3M Euribor	0.34	3.43	3.57	3.00	2.56	2.11	2.01	2.09	1.98	1.99	2.02	2.02	2.03
10-year government bonds (yield in %)	1.61	3.08	2.83	2.71	2.96	2.96	3.02	2.97	2.94	3.02	3.03	3.03	2.94
USD per euro	1.05	1.08	1.08	1.07	1.05	1.13	1.17	1.13	1.15	1.17	1.16	1.17	1.16
Total loans (change against previous year in %, eop)	5.0	0.7	0.7	0.7	0.6	1.2		1.2	1.2	1.5	1.7	1.6	
Consumption loans (change against prev. year in %, eop)	3.6	-1.9	-0.9	-0.9	-0.9	0.1		0.0	0.1	0.2	0.6	0.6	

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

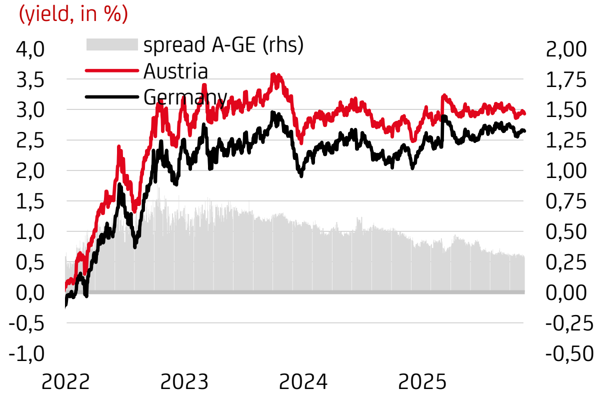
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market

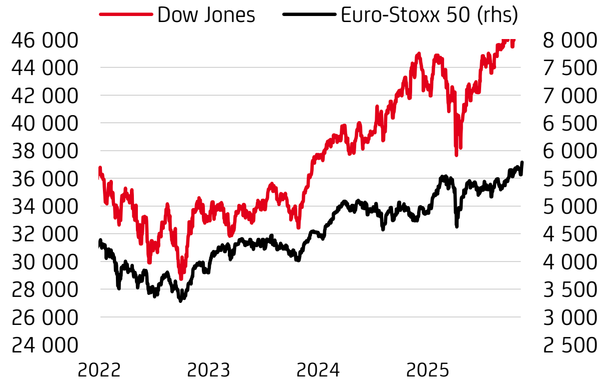


10y Government bond

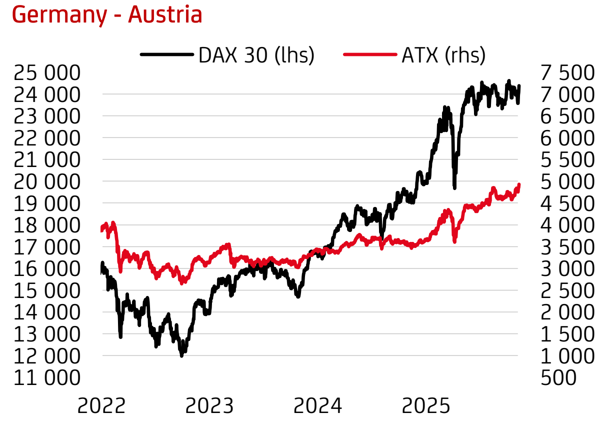


Stock markets

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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