



Austria Up-to-date

December 2025

Overview

AFTER STABILIZATION, ON THE ROAD TO RECOVERY

	2024	2025	2026	Rev. ¹⁾	2027	Rev. ¹⁾
GDP (real, change in %)	-0.7	0.3	1.0		1.5	
Inflation (CPI, in %)	2.9	3.5	2.4		2.0	
Unemployment rate (in %)	7.0	7.5	7.4		7.3	

1) Revision since last report

- Economic hopes continue to rest on domestic demand

Domestic demand has countered the burdens of US tariff policy on foreign trade in 2025 and enabled a slight increase in GDP of an expected 0.3 percent after two years of decline. The strength of the recovery of the domestic economy in 2026 will depend decisively on the development of domestic demand. On the one hand, the aftermath of the key interest rate cuts should have a positive effect on investment activity. On the other hand, the decline in inflation should contribute to a slow decline in the propensity to save and be able to give private consumption a little more momentum. Foreign trade is expected to continue to weigh on the economy in Austria at least in 2026. However, the negative effect should gradually decrease. Economic growth is expected to increase to 1.0 percent in 2026 and further to 1.5 percent in 2027.

- Demographic effects relieve the labor market

The stabilization of the economy in recent months is now having an impact on the development of the labor market. The seasonally adjusted unemployment rate stagnated at 7.5 percent in November. The peak of the current cycle is likely to have been reached. 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 sectors, driven primarily by the public sectors. Above all, the demographic development is supportive. After an average of 7.5 percent in 2025, the unemployment rate should fall to 7.4 percent in 2026 and further to 7.3 percent in 2027, even in view of a very limited increase in the labor supply, although even a faster decline can no longer be ruled out.

- Budget deficit will exceed 4% of GDP in 2026 again

For 2025, we expect a marginal decline in the budget deficit to 4.5 percent of GDP, after 4.7 percent in 2024. The consolidation measures already in place will have a stronger effect in 2026, so that the budget deficit is expected to fall further to 4.2 percent of GDP. Only in 2027, supported by the improved economic development, do we expect the outflow in the general government budget to be reduced to less than 4 percent of GDP. As a result of the persistent deficits, total debt will continue to rise to almost 84 percent of GDP by 2027.

- Sharp decline in inflation at the beginning of 2026

At 4.1 percent in November, inflation was now about twice as high as in the previous year for the fourth 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 do not expect a noticeable decline in inflation until the beginning of 2026 due to the elimination of the effect of the expiry of the electricity price brake from the calculation. After an average of 3.5 percent in 2025, inflation should fall to 2.4 percent in 2026. Provided that there are no sharp fluctuations in commodity prices, inflation should continue in 2027 and allow an inflation rate of only 2.0 percent. This means that inflation in Austria is expected to reach the ECB's annual average target in 2027 for the first time in seven years.

- End of the euro area rat cut cycle?

We expect the ECB to keep the deposit rate at 2 percent for an extended period of time. In the first half of 2026, however, there is a risk of a final cut of 25 basis points, given the still weak growth and low inflation. A progressive strengthening of economic momentum could trigger a 25 basis point rate hike towards the end of 2027. We see quantitative tightening continuing at the current pace in 2026, after which liquidity conditions could lead to increased volatility in money market rates.

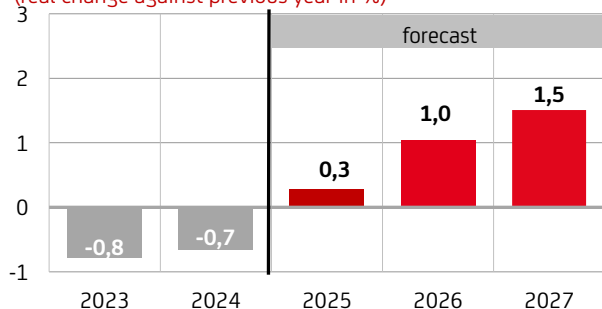
International Environment

	2024	2025	Forecast	
			2026	2027
<i>(GDP, change in %)</i>				
Eurozone	0.9	1.4	1.0	1.4
Germany	-0.5	0.2	1.2	1.9
France	1.2	0.8	0.9	1.1
Italy	0.5	0.5	0.6	0.8
Spain	3.2	2.9	2.1	1.8
UK	0.9	1.4	1.0	1.2
USA	2.8	1.9	2.1	2.0
Japan	0.2	1.0	0.8	0.8
<i>(annual average)</i>				
USD per euro	1.08	1.13	1.16	1.19
CHF per euro	0.95	0.94	0.94	0.97
GBP per euro	0.85	0.86	0.90	0.94
JPY per euro	163.8	168.5	174.0	170.6
Oil (USD/barrel)	80	68	63	65
10y Gov. bond (A)	2.83	3.02	3.21	3.35
3m Euribor	3.57	2.18	2.00	2.08

Source: UniCredit Bank Austria

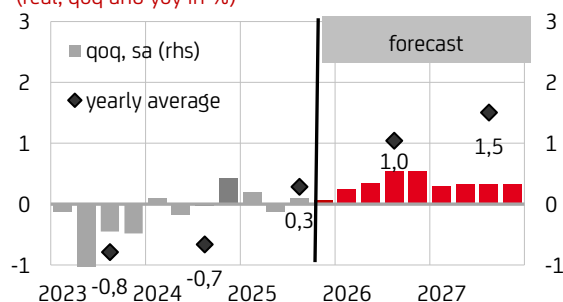
Slight GDP increase in 2025, moderate acceleration in 2026/27

GDP
(real change against previous year in %)



After two years of GDP declines, the economy began to stabilize in 2025. We expect a small GDP increase of 0.3 percent for 2025.

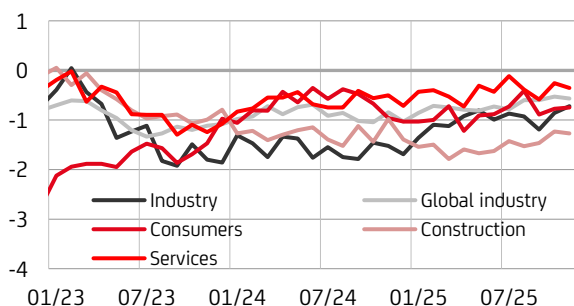
GDP
(real, qoq and yoy in %)



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.

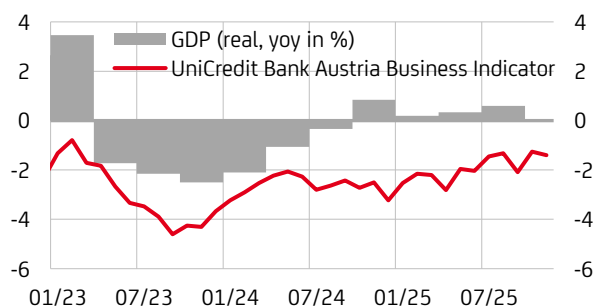
Improvement in sentiment in the Austrian economy at the beginning of the final quarter of 2025

Sentiment indicators (standardized)



In November, sentiment improved in industry amid a stable export environment. In contrast, there was a decline in construction and also in the service sector.

UniCredit Bank Austria Business Indicator



Sentiment in the domestic economy has improved over the course of 2025. According to preliminary figures, the UniCredit Bank Austria Business Indicator reached minus 1.4 points in November.

Economic outlook

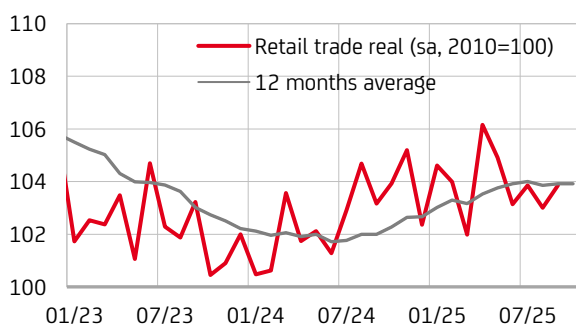
	2017	2018	2019	2020	2021	2022	2023	2024	Estimate 2025	Forecast 2026	Forecast 2027
GDP (real, yoy in %)	2.3	2.5	1.8	-6.3	4.9	5.3	-0.8	-0.7	0.3	1.0	1.5
Industrial output (real, yoy in %)	4.2	4.2	0.0	-7.1	11.0	5.9	-1.7	-4.9	2.5	1.5	2.5
Private consumption (real, yoy in %)	1.9	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.8	1.2	1.3
Investments (real, yoy in %) ^{*)}	4.2	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.9	2.0	2.2
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	2.0
Unemployment rate (national definition)	8.5	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.5	7.4	7.3
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	0.8
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	-3.5
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	83.8

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

Source: UniCredit Bank Austria

Weaker upward trend in retail sales

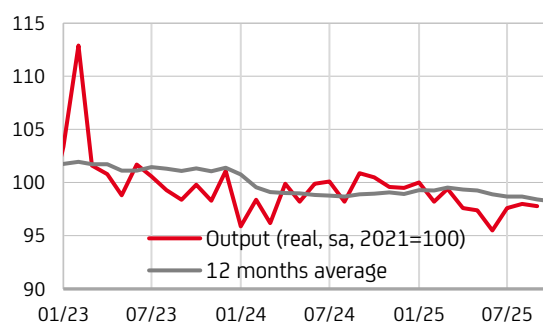
Retail trade



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

Weaker downward trend in construction

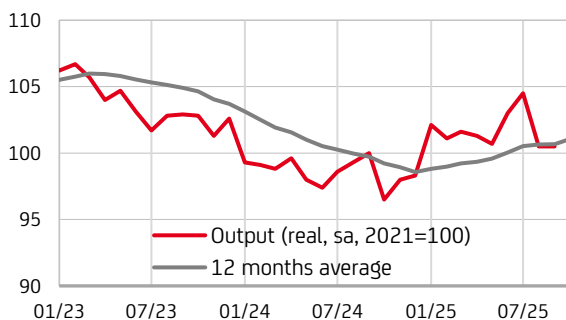
Construction



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.

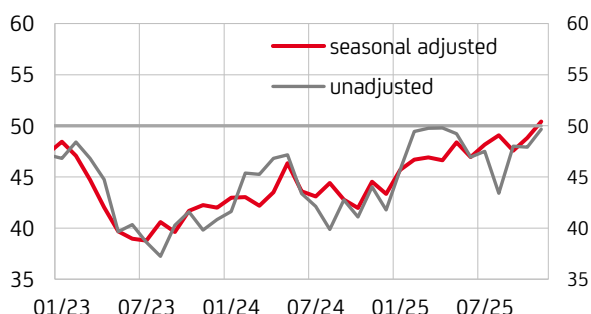
Industry with year-on-year increase in production

Industry



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.

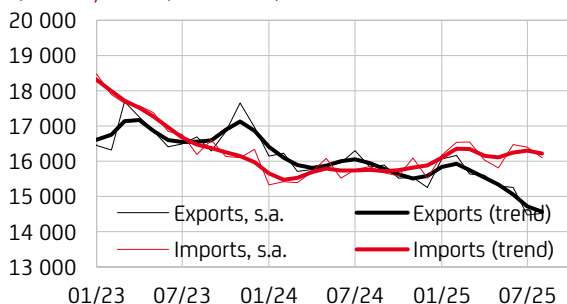
UCBA Purchasing Managers' Index



In November, the UniCredit Bank Austria PMI rose to 50.4 points. For the first time in three and a half years, the neutrality threshold of 50 points was exceeded.

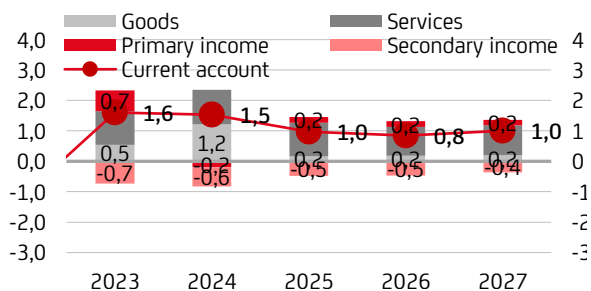
Exports fall, current account surplus to decrease

Exports and imports (monthly values, in EUR mn)



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.

Current account balance (in % of GDP)



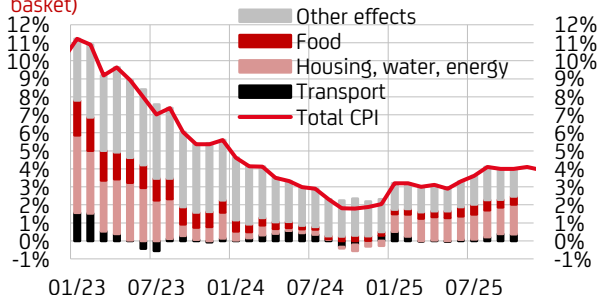
The positive current account balance will be significantly lower in 2025 than in 2024 due to a reduction in the surplus in goods, and this trend is expected to continue in 2026, albeit at a slower pace.

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

Inflation rose to 4.1% yoy in November 2025, according to flash estimate

Inflation

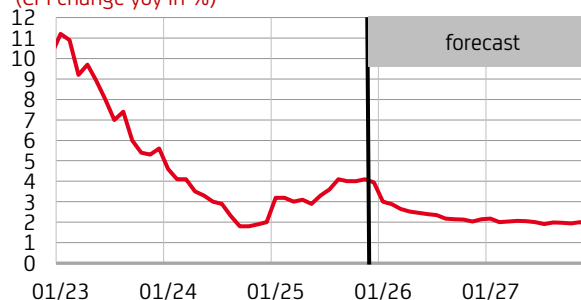
(with effects resulting from goods contained in the basket)



Inflation is expected to be 4.1 percent year-on-year in November. The rise in service and energy prices fueled inflation.

Inflation

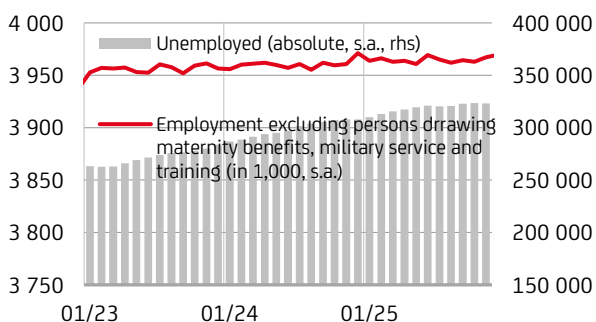
(CPI change yoy in %)



After rising to an average of 3.5 percent in the first eleven months, inflation is expected to fall sharply at the beginning of 2026 due to the "electricity price brake effect".

Labor market deterioration slows down

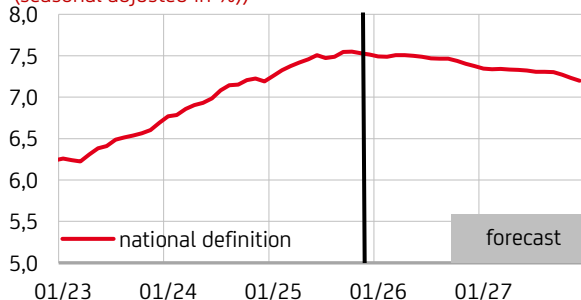
Labor market



The seasonally adjusted unemployment rate was 7.5 percent in November. The creeping upward trend is slowly coming to an end, although there are strong job cuts, especially in industry.

Unemployment rate

(seasonal adjusted in %)

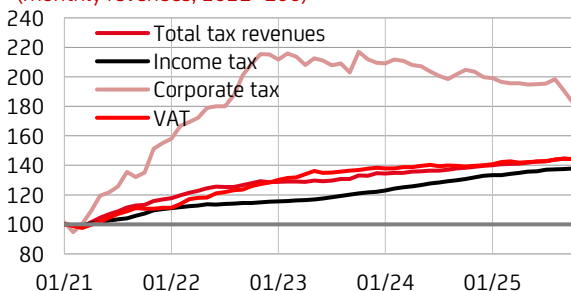


After an average of 7.5 percent in 2025, we expect the unemployment rate to fall to 7.4 percent in 2026 and to 7.3 percent in 2027, supported by the slower increase in labor supply.

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

Tax revenues

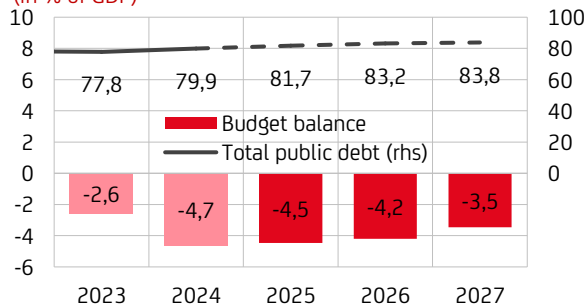
(monthly revenues, 2021=100)



In the first ten months of 2025, payments rose by 3.5 percent to 84.2 billion euros. Disbursements in the federal budget rose by 0.1 percent to 98.1 billion euros. The net financial balance fell to -13.9 billion euros.

Public households

(in % of GDP)



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

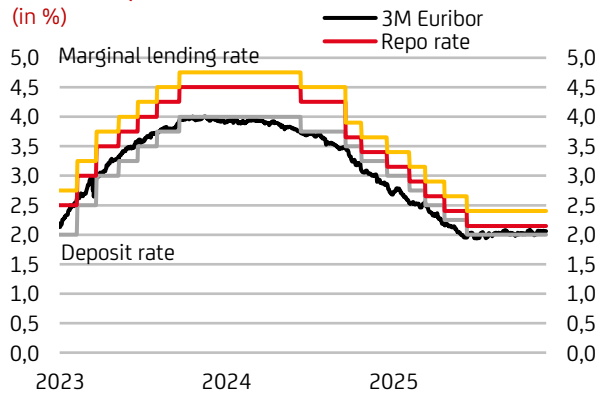
	2022	2023	2024	IV 24	I 25	II 25	III 25	06/25	07/25	08/25	09/25	10/25	11/25
UniCredit Bank Austria Business Indicator	-0.3	-3.0	-2.6	-2.8	-2.3	-2.3	-1.6	-2.0	-1.5	-1.3	-2.1	-1.3	-1.4
GDP growth (qoq, annualized)	5.3	-0.8	-0.7	1.7	0.8	-0.5	0.4						
Confidence Indicator eurozone manufacturing	5	-6	-11	-13	-11	-11	-10	-12	-10	-10	-10	-9	-9
Germany	12	-8	-20	-14	-12	-11	-11	-21	-18	-20	-20	-18	-19
France	-2	-8	-8	-12	-9	-10	-11	-12	-12	-10	-10	-6	-8
Italy	2	-4	-8	-9	-8	-8	-7	-7	-7	-8	-8	-7	-5
Netherlands	4	-2	-3	-3	-1	-3	-3	-4	-5	-2	-2	-2	-2
Spain	-1	-7	-5	-6	-5	-5	-5	-6	-5	-6	-5	-5	-3
UniCredit Bank Austria Eurozone Confidence Indicator Manufacturing	6	-7	-14	-17	-16	-14	-14	-15	-13	-14	-14	-13	-13
UniCredit Bank Austria Purchasing Managers' Index (PMI)	52.9	42.1	43.5	43.3	46.4	47.3	48.3	47.0	48.2	49.1	47.6	48.8	50.4
New orders	45	37	43	43.0	47.5	45.1	46.7	44	46	48	46	49	51
New export orders	45	38	42	41.1	45.8	44.9	46.5	45	46	47	46	49	51
Output	50	44	44	43.3	47.7	49.4	50.9	49	50	52	50	51	53
Confidence indicator Austria manufacturing, total	2.2	-13.2	-19.7	-20.9	-17.5	-14.5	-15.9	-15.6	-14.3	-15.1	-18.3	-14.5	-13.0
Industrial production													
Change against previous year (in %)	5.9	-1.7	-4.9	-4.5	2.6	3.4	2.6	2.1	2.9	1.8	2.6		
Change against previous month (seasonally adjusted, in %)								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		-7.8	-11.3	-11.7			
Exports (mom change, s.a. in %, 3-MMAV)								-0.3	-5.1	0.3			
Imports (yoy in %)	20.6	-5.8	-6.8	0.5	4.0	2.1		2.6	4.2	-1.9			
Imports (mom, s.a., in %, 3-MMAV)								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		-3.7	-6.3	-7.6			
Construction													
Confidence indicator	9.0	-6.5	-14.2	-13.8	-18.1	-18.5	-16.7	-18.5	-16.0	-17.4	-16.6	-13.7	-14.1
Retail trade													
Confidence indicator	-11.0	-23.9	-16.2	-17.7	-18.2	-19.4	-16.6	-18.4	-17.0	-14.1	-18.7	-17.7	-17.5
Retail trade nom. (change against previous year in %)	8.2	2.9	2.8	4.4	1.8	5.0	2.9	3.1	3.6	0.9	4.3		
Retail trade nom. (change against previous year in %, 3mav.)								5.0	4.0	2.5	2.9		
Retail trade real (change against previous year in %)	-0.8	-3.5	0.9	3.3	0.2	3.1	0.1	1.0	0.9	-2.4	1.8		
Retail trade real (chg. against prev. month in %, s.a., 3mav.)								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	13.0	2.3	16.6	10.0	12.3		
Tourism													
Overnight stay (change against previous year in %)	392.1	11.3	2.0	7.6	-4.2	10.1	2.6	14.6	-1.2	1.0	7.8	1.5	
Labor market													
Employment*) (change against previous year in %)	3.0	1.2	0.2	0.2	0.2	0.2	0.2	0.5	0.2	0.1	0.2	0.1	0.2
Employment (s.a., change against previous month in %)								0.22	-0.10	-0.08	0.06	-0.03	0.11
Unemployed (change against previous year in '000)	-68.6	7.7	27.1	27.1	24.2	24.0	16.1	24.5	15.0	14.0	19.5	17.2	16.0
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	7.5
Prices													
CPI (change against previous year in %)	8.6	7.8	2.9	1.9	3.1	3.1	3.9	3.3	3.6	4.1	4.0	4.0	4.1
HCPI (change against previous year in %)	8.6	7.7	2.9	1.9	3.3	3.2	3.9	3.2	3.7	4.1	3.9	4.0	4.1
Crude oil (in USD per barrel)	98.4	81.6	79.7	73.8	74.7	66.5	67.9	69.7	69.4	67.1	67.3	63.8	63.5
Crude oil (in EUR, change against previous year in %)	62.2	-15.5	-2.4	-9.4	-5.3	-25.5	-18.3	-21.3	-23.1	-19.4	-12.5	-20.7	-20.2
Financial market													
3M Euribor	0.34	3.43	3.57	3.00	2.56	2.11	2.01	1.98	1.99	2.02	2.02	2.03	2.04
10-year government bonds (yield in %)	1.61	3.08	2.83	2.71	2.96	2.96	3.02	2.94	3.02	3.03	3.03	2.94	2.97
USD per euro	1.05	1.08	1.08	1.07	1.05	1.13	1.17	1.15	1.17	1.16	1.17	1.16	1.16
Total loans (change against previous year in %, eop)	5.0	0.7	0.7	0.7	0.6	1.2		1.2	1.5	1.7	1.6	1.4	
Consumption loans (change against prev. year in %, eop)	3.6	-1.9	-0.9	-0.9	-0.9	0.1		0.1	0.2	0.6	0.6	0.9	

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

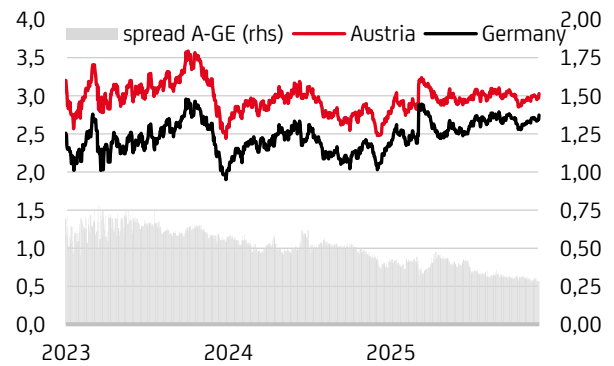
Sources: Statistik Austria, OeNB, UniCredit Bank Austria

Money market and long-term interest

Euro money market
(in %)

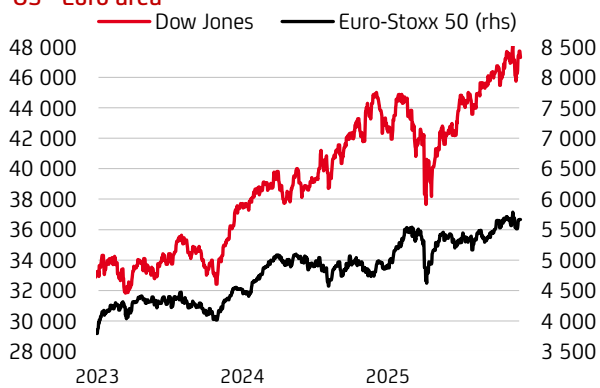


10y Government bond
(yield, in %)

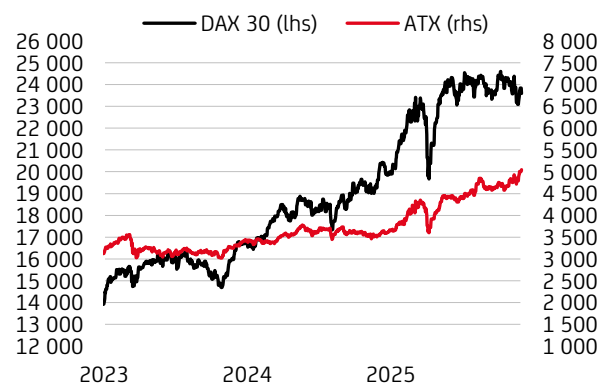


Stock markets

US - Euro area



Germany - Austria



FX trends

USD per euro



CHF per euro



Sources: Macrobond, UniCredit Bank Austria

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