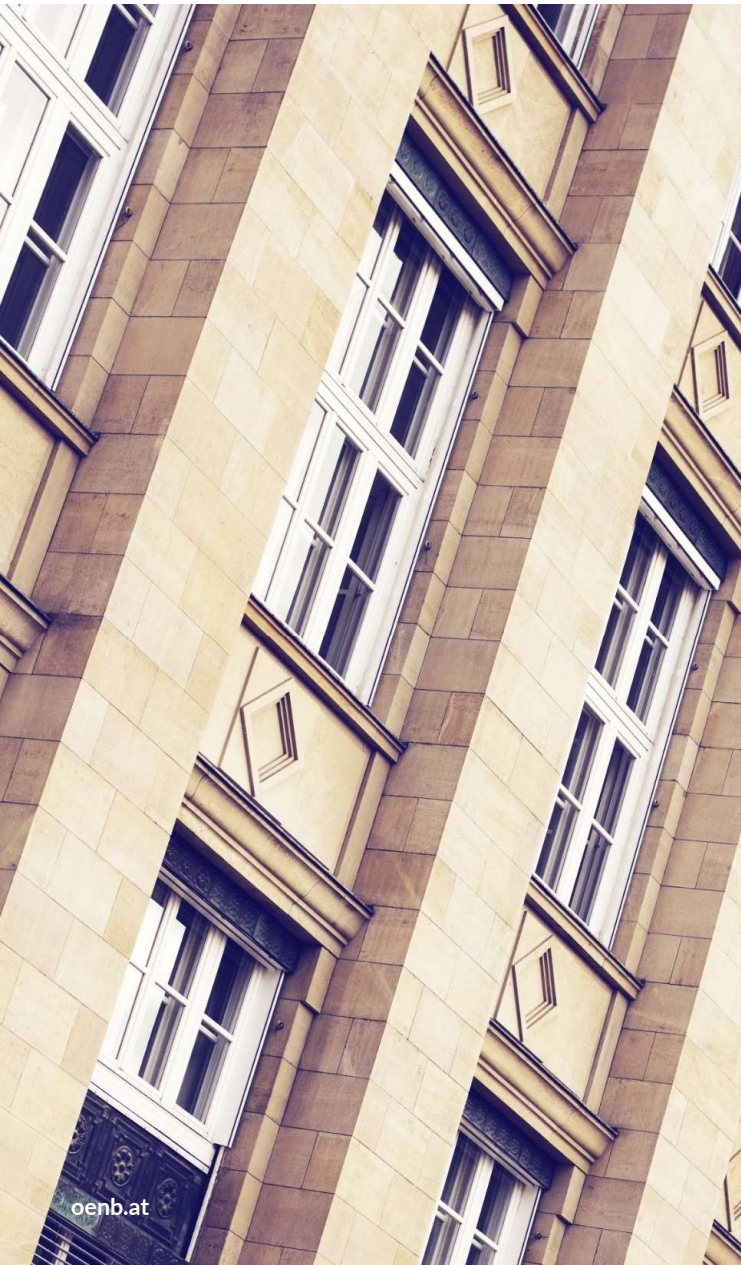




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Current economic and monetary policy issues

Meeting with investors - Citi

Bangkok, October 14, 2026

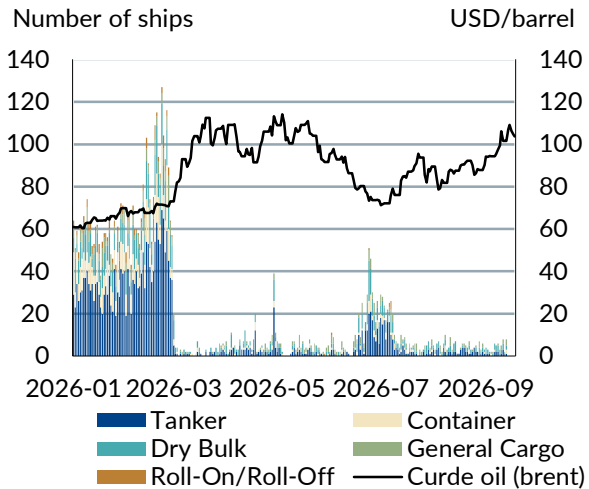
Martin Kocher
Governor Oesterreichische Nationalbank

1

International environment

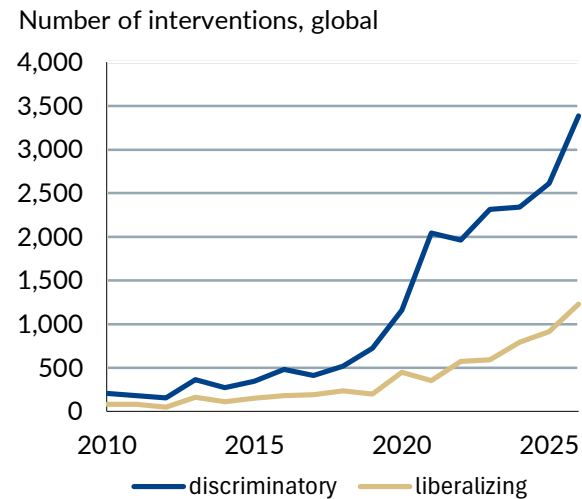
Global environment remains shaped by trade impediments and geopolitical risks

Strait of Hormuz



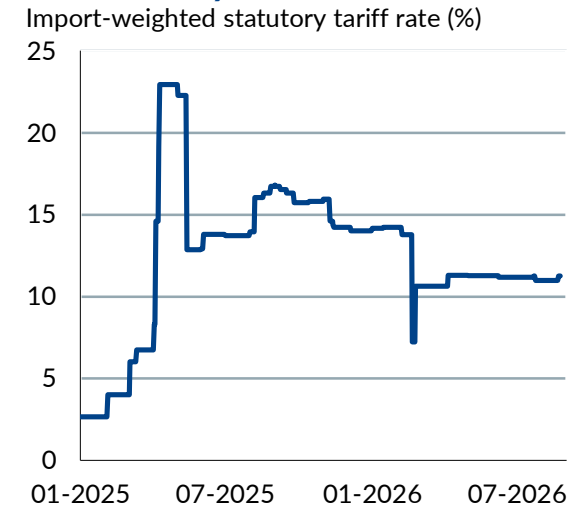
Source: Macrobond (IMF PortWatch).

Trade policy measures



Source: Global Trade Alert.

US statutory tariff rate

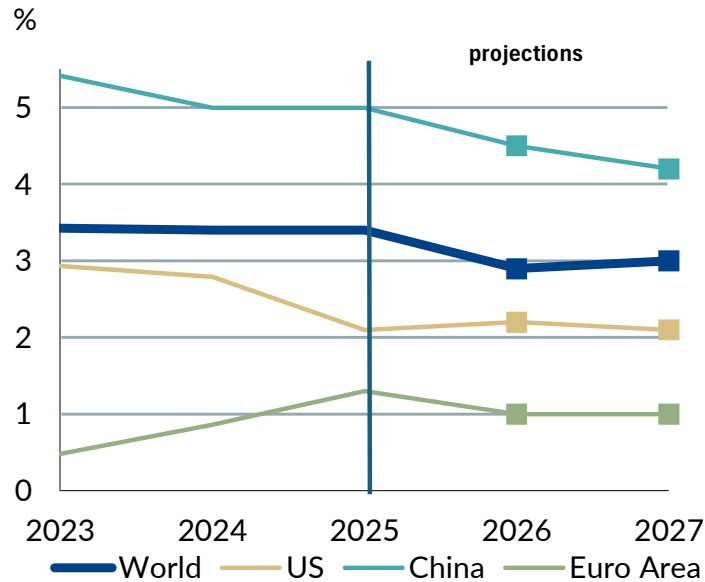


Source: Yale Budget Lab.

- **Strait of Hormuz** traffic remains severely constrained, keeping **energy supply risks elevated**
- **Global trade policy** has become **increasingly restrictive**, despite some liberalizing measures
- **US tariffs** have declined from their 2025 peak but **remain historically high**

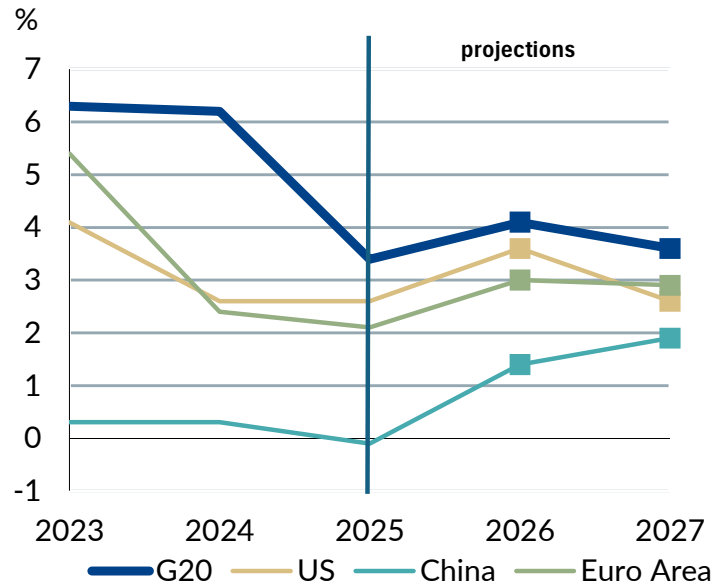
Global growth slowdown expected for 2026

Real GDP growth forecasts



Source: OECD, September 2026.

Headline inflation forecasts



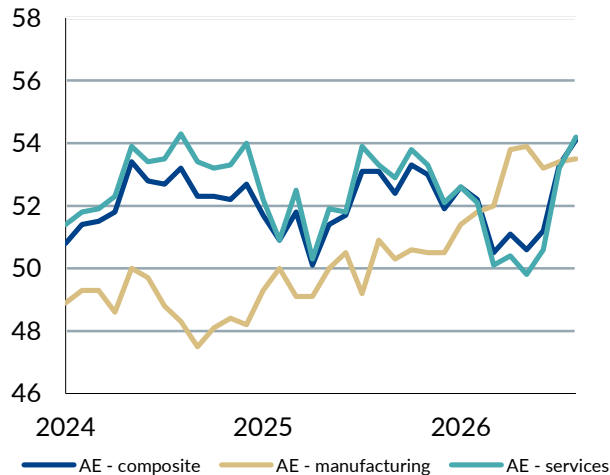
Source: OECD, September 2026.

- **Global growth expected to slow down in 2026**
 - Headwinds from higher prices, weaker real income growth and higher interest rates
 - AI-related spending and production remain supportive
- **Inflation expected to remain elevated for longer**
 - Renewed energy price pressures are the main driver
- **Outlook subject to considerable uncertainty**
 - Especially due to energy markets,
 - but also weather-related supply shocks (extreme weather events, El Niño)

Despite a subdued growth outlook, recent indicators point to resilient near-term momentum

PMI advanced economies

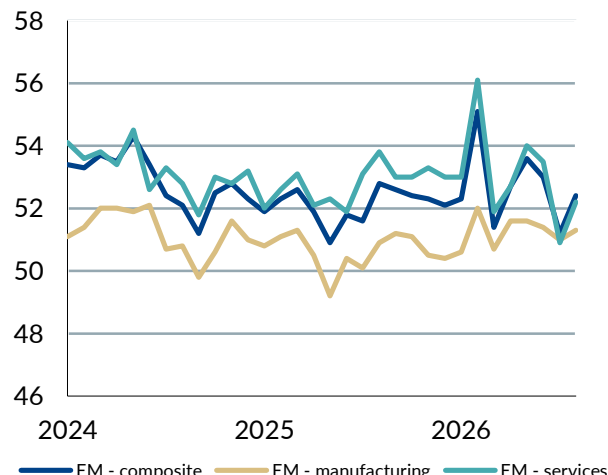
Index; value above [below] 50 indicates expansion [contraction]



Source: Macrobond.

PMI emerging markets

Index; value above [below] 50 indicates expansion [contraction]



Source: Macrobond.

- **Recent PMIs point to resilient – and lately strengthening – momentum**
 - Improvement led by advanced economies (AEs), while momentum in emerging markets (EMs) more moderate
- **Services continue to support activity in both AEs and EMs**
 - Recent acceleration particularly pronounced in AEs
- **Manufacturing weakness has eased markedly in AEs**
 - AE manufacturing moved from contraction into solid expansion
 - EM manufacturing remains expansionary, but with little recent momentum

2

Macroeconomic forecast for the euro area and monetary policy

Euro area forecast: Slight upward revision of inflation with stronger growth

Main results Euro area

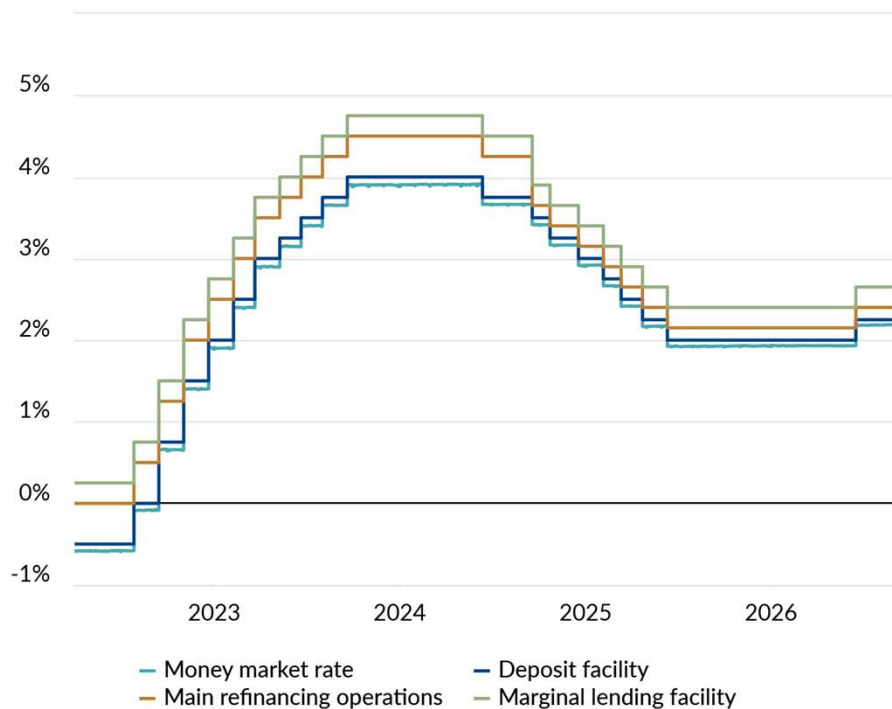
	September 2026				Revision compared to June 2026		
	Change from the previous year in %				Difference in percentage points		
	2025	2026	2027	2028	2026	2027	2028
Real GDP	1.3	0.9	1.4	1.5	0.1	0.2	0.0
HICP	2.1	3.0	2.5	2.1	0.0	0.2	0.1
Core inflation*	2.4	2.5	2.6	2.3	0.0	0.1	0.1

Source: ECB; *Note: Core inflation: HICP inflation excluding energy and food.

- Recovery already gains noticeably in strength
- Inflationary pressure eases in 2027
- Revisions:
 - Stronger **growth** in the first half of 2026
 - Higher **HICP inflation** due to rising energy prices
- Reflecting the **high uncertainty** due to the Middle East war through scenarios
- In the “severe scenario”, growth falls in 2027 to 0,4 %; inflation rises to up to 5,4 % in 2027

September 2026: ECB raises key interest rates by 25 basis points

Key ECB interest rates and money market rates



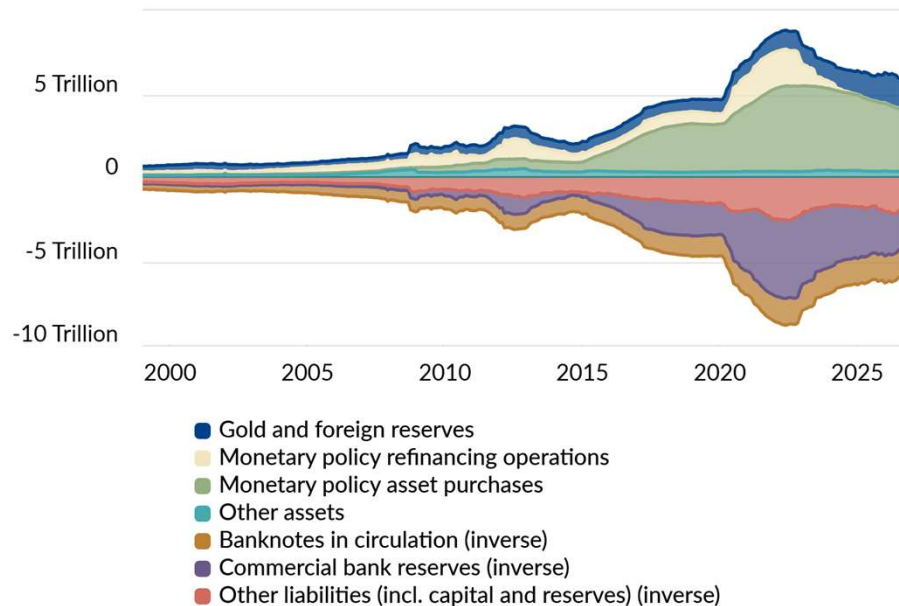
Source: ECB SDW (public).

- Following its decision in June, the Governing Council decided again on 10 September 2026 to raise the three key ECB interest rates by **25 basis points**.
- The interest rates on the **deposit facility**, the **main refinancing operations** and the **marginal lending facility** will be increased to **2.50%**, **2.65%** and **2.90%**, respectively, with effect from 16 September 2026.
- The conflict in the Middle East continues to generate **inflation pressures**, and inflation is set to remain well above target for an extended period.
- The outlook remains **highly uncertain**, with risks to the **upside** for **inflation** and to the **downside** for **economic growth**.

...while quantitative tightening is shrinking the Eurosystem balance sheet

Consolidated financial statement of the Eurosystem

Assets vs. Liabilities



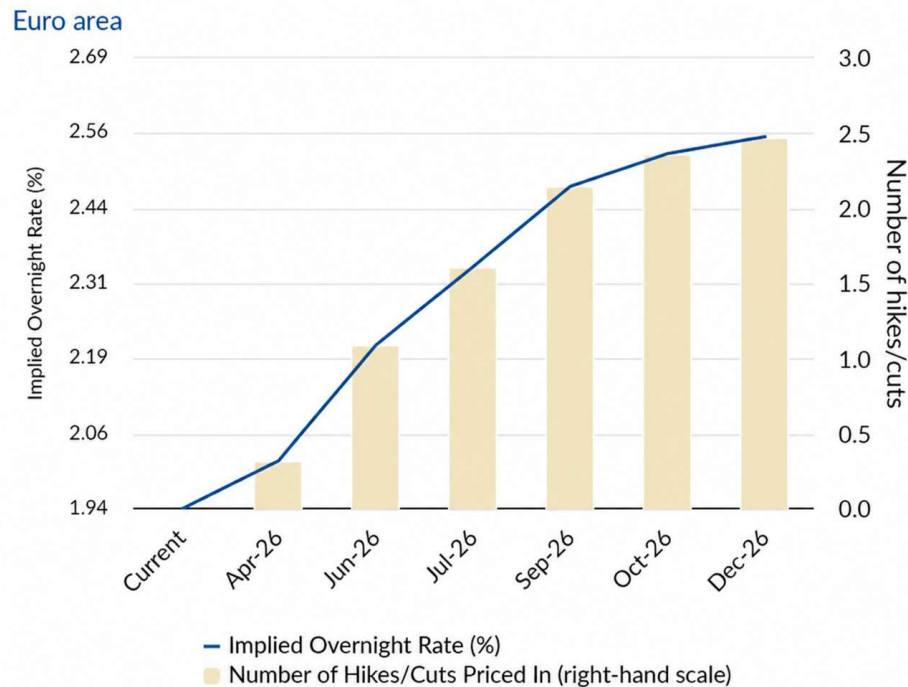
Latest observation: September 25, 2026
Source: ECB SDW (public).

Consolidated financial statement of the Eurosystem

- Peak in mid-2022: EUR 8.8 trillion
 - Decline due to the maturing of targeted longer-term refinancing operations: -EUR 2.2 trillion
 - Reduction of monetary policy assets: -EUR 1.4 trillion
 - Partly counteracting:
Increase in other items: e.g. gold reserves
- **Since its peak, the total balance sheet has been reduced by EUR 2.7 trillion**
 - By the end of 2027, a further EUR 0.8 trillion in securities will reach maturity, further reducing the central bank's balance sheet

Monetary policy: What does the future hold for the ECB's key interest rates?

Implied overnight rate and number of hikes/cuts (± 25bps) priced in at upcoming GovC meetings



Source: Bloomberg, Macrobond, OeNB calculations.

- In its September baseline, the ECB expects headline inflation to average **3.0% in 2026**, **2.5% in 2027** and **2.1% in 2028**.
- Uncertainty remains high, mainly reflecting **geopolitical tensions, energy-price developments and global trade risks**.
- The ECB Governing Council will continue to follow a **meeting-by-meeting and data-dependent approach** in determining the appropriate monetary policy stance.
- Following the September hike, markets are pricing a **high probability of another 25 bp increase by December 2026**, while expectations for an October move remain less clear.

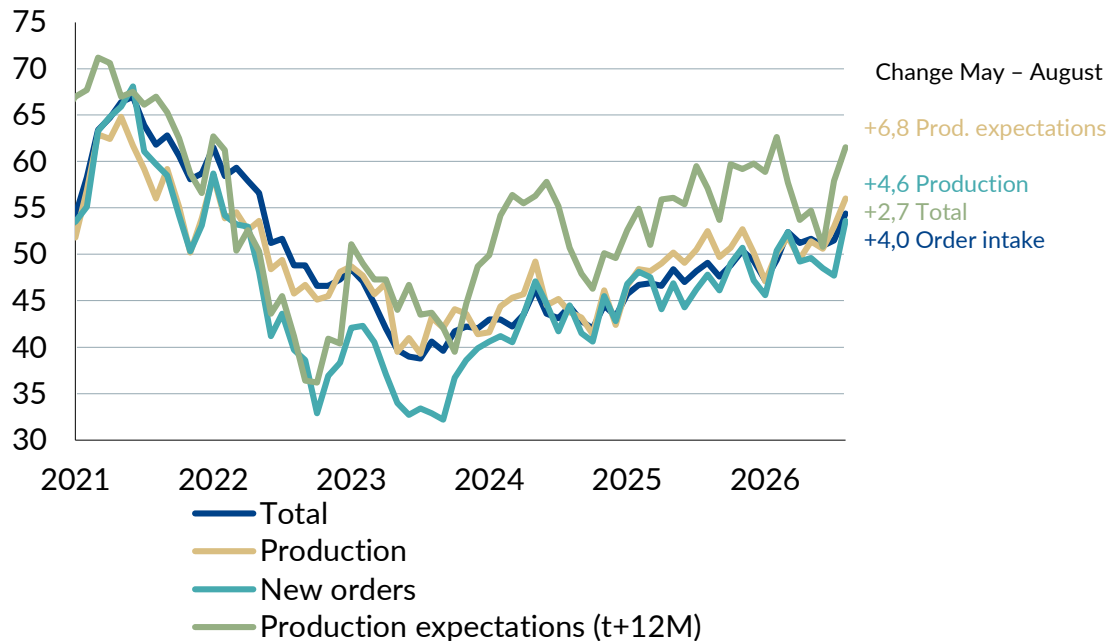
3

Macroeconomic forecast for Austria

Sentiment in the industry noticeably brightened; truck transport performance signals a continuation of the strong export dynamics

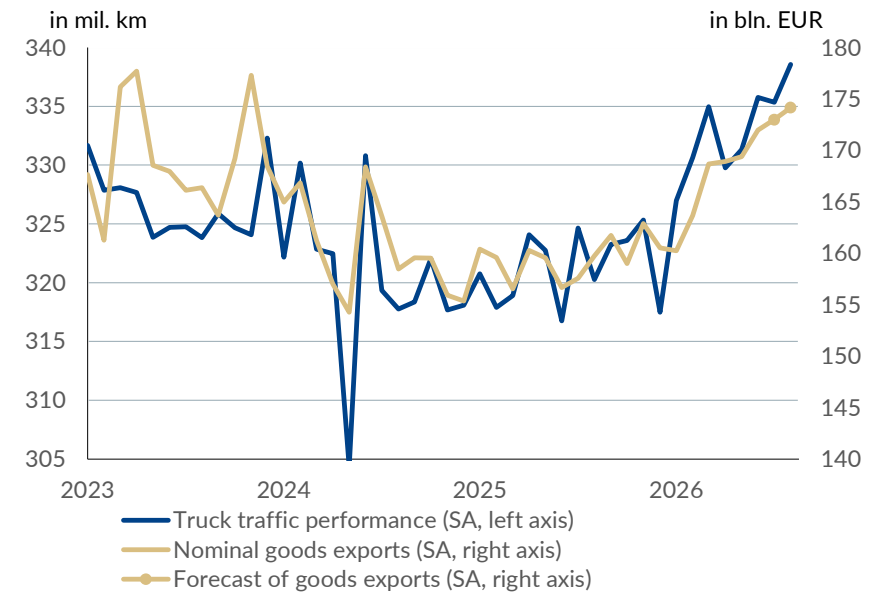
Business sentiment

Index points, neutral = 50



Source: Bank Austria.

Truck traffic performance and goods exports (seasonally and working-day adjusted)

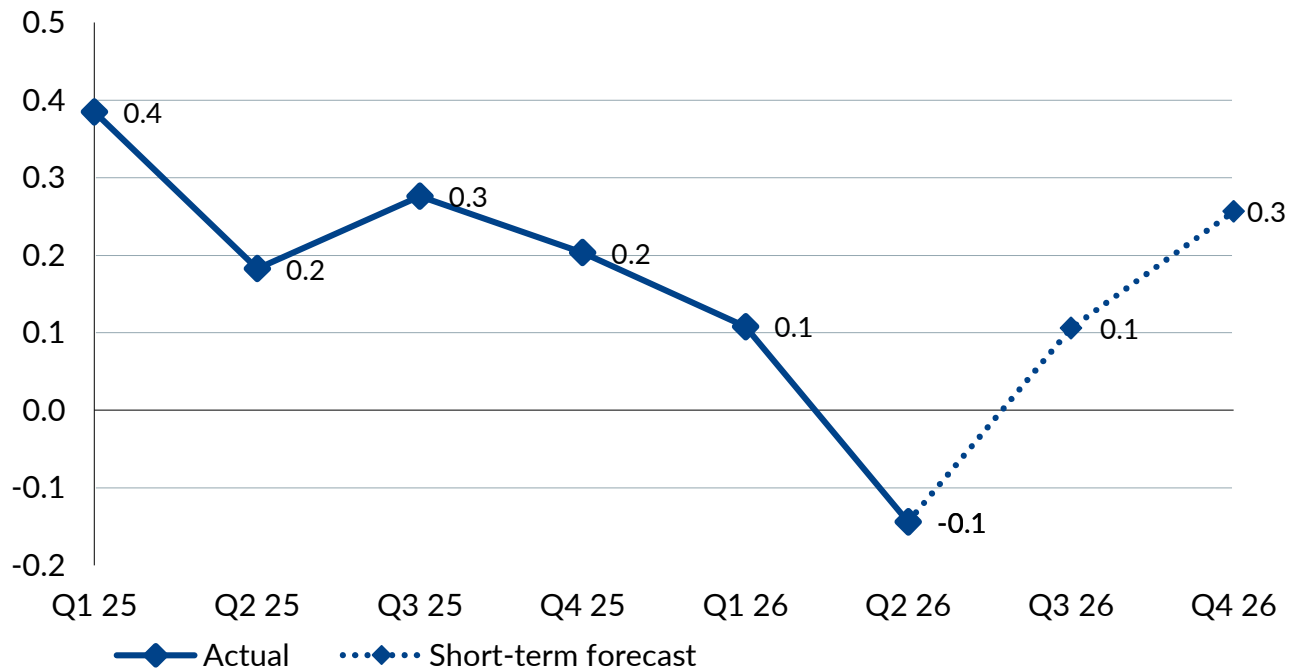


Source: ASFINAG, OeNB.

Economic recovery in the second half of 2026

Growth of real gross domestic product

in % compared to the previous quarter



Source: Statistik Austria, OeNB.

OeNB short-term forecast for Q3 and Q4

- Upward trend driven by industry
- Agricultural drought damages reduce real GDP in the full year 2026 by 0.1 percentage points

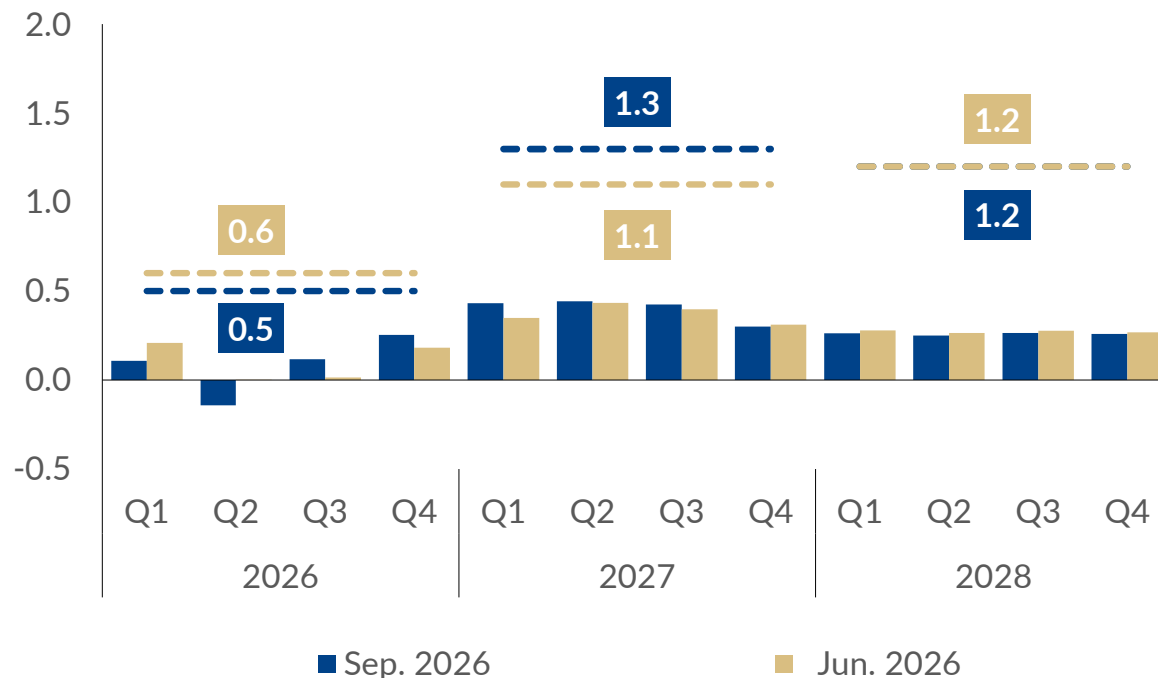
Weaker first half of 2026

- Growth in Q2 negative
- Downward revision of GDP growth in Q1 and Q2 by 0.1 and 0.15 percentage points since June forecast

Interim forecast for Austria: improved economic outlook for 2027

GDP growth compared to the June forecast

Change from the previous quarter (bars) or year-on-year in % (lines)



Source: OeNB.

Growth

- Growth in 2026 at +0.5%
 - Slight downward revision due to the weaker first half of the year
- Upward revision for 2027 to 1.3%
 - More optimistic outlook from mid-2026 only apparent in the 2027 annual growth
- Growth in 2028 unchanged at 1.2%

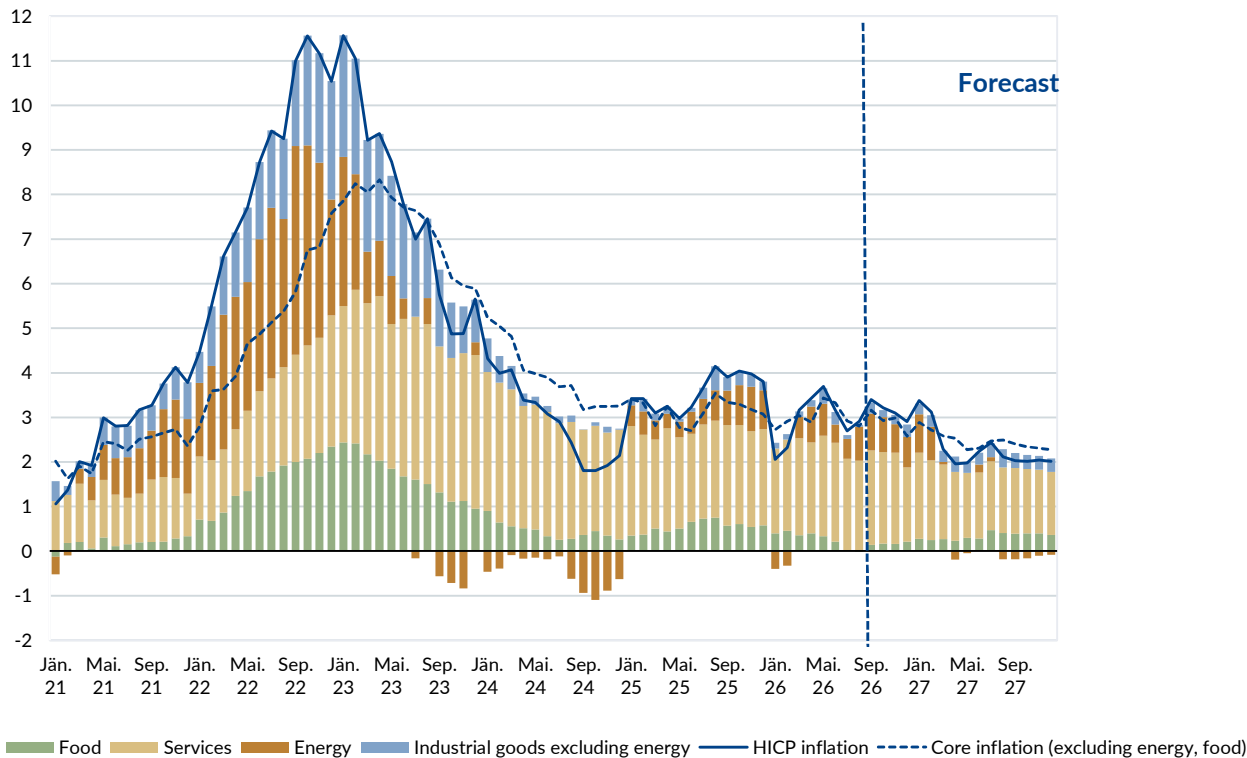
Unemployment

- Unemployment remains at 7.5% in 2026 and falls to 7.3% and 7.1% in the following two years

Inflation forecast: HICP inflation drops 2026 to 3%

Contributions of components to HICP inflation

Inflation rates in %; inflation contributions of components in percentage points



Source: OeNB, Statistics Austria.

Inflation forecast September 2026

	Forecast			
	2025	2026	2027	2028
Change from the previous year in %				
HICP inflation	3.6	3.0	2.3	2.2
Core inflation 1)	3.1	3.0	2.5	2.4

1) HICP excluding energy and food.

Source: OeNB, Statistik Austria.

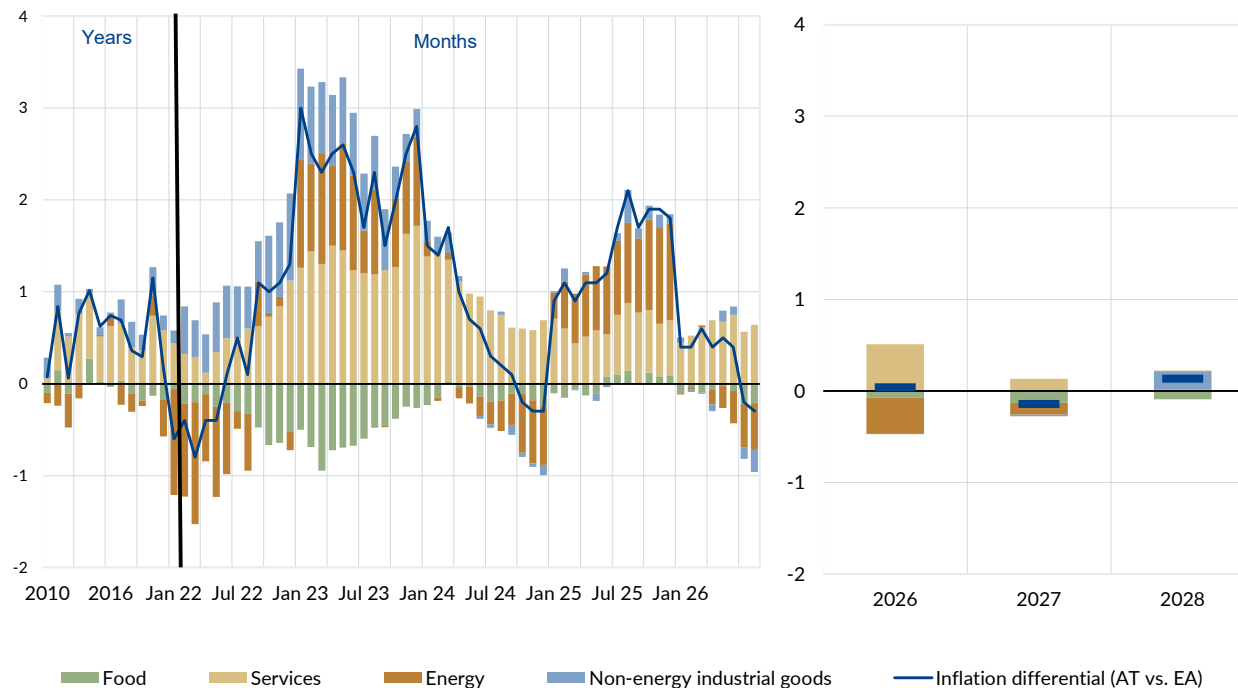
- Forecast revised down compared to June: 2026: -0.2; 2027: -0.1 percentage point
- Marked decline in inflation in the summer months of 2026 driven by industrial goods and food
- Low food inflation supported by a VAT cut
- Energy inflation remains high in 2026 and falls from March 2027 (base effect)
- Low inflation effects of drought damage

Inflation gap with the euro area disappears – service inflation in 2027 for the first time since 2010 again close to the euro area average

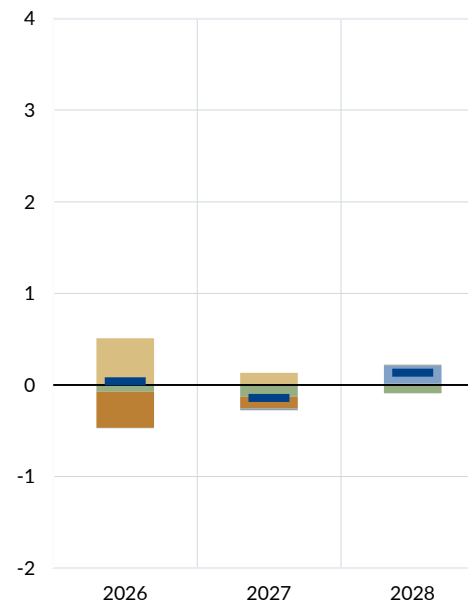
Inflation differential: Austria - Euro Area

Contributions in percentage points

September 2026: -0.3 percentage points



Forecast of the inflation differential



Inflation difference with the euro area close to zero from 2026

Energy

- 2026 government energy measures dampen the inflation gap
- No further increase of the CO2 price in 2028 in Austria (ETS2)

Food

- VAT reduction dampens food inflation

Services

- Collective agreement wage growth from 2026 as strong as in the euro area → inflation difference in services decreases

Source: OeNB, Eurosystem, Eurostat.

Investment in Austria? Selected arguments in a nutshell

Wealthy economy ¹⁾

GDP/Capita	Rank 4 in EA, Rank 5 in EU (AT: 118.5; EA=103.8, EU=100)
Private consumption/Capita ¹⁾	Rank 5 in EA, Rank 5 in EU (AT: 116.9; EA=103.9, EU=100)

High investment dynamics

R&D investment in % of GDP ²⁾	Rank 1 in EA, Rank 2 in EU (AT: 3.3%, EA: 2.3%, EU: 2.2%)
Investment share ³⁾	Rank 6 in EA, Rank 9 in EU (AT: 23.6%, EA: 21.4%, EU: 21.3%)
Net international investment position ⁴⁾	Rank 5 in EA, Rank 7 in EU (AT: 26.2%)

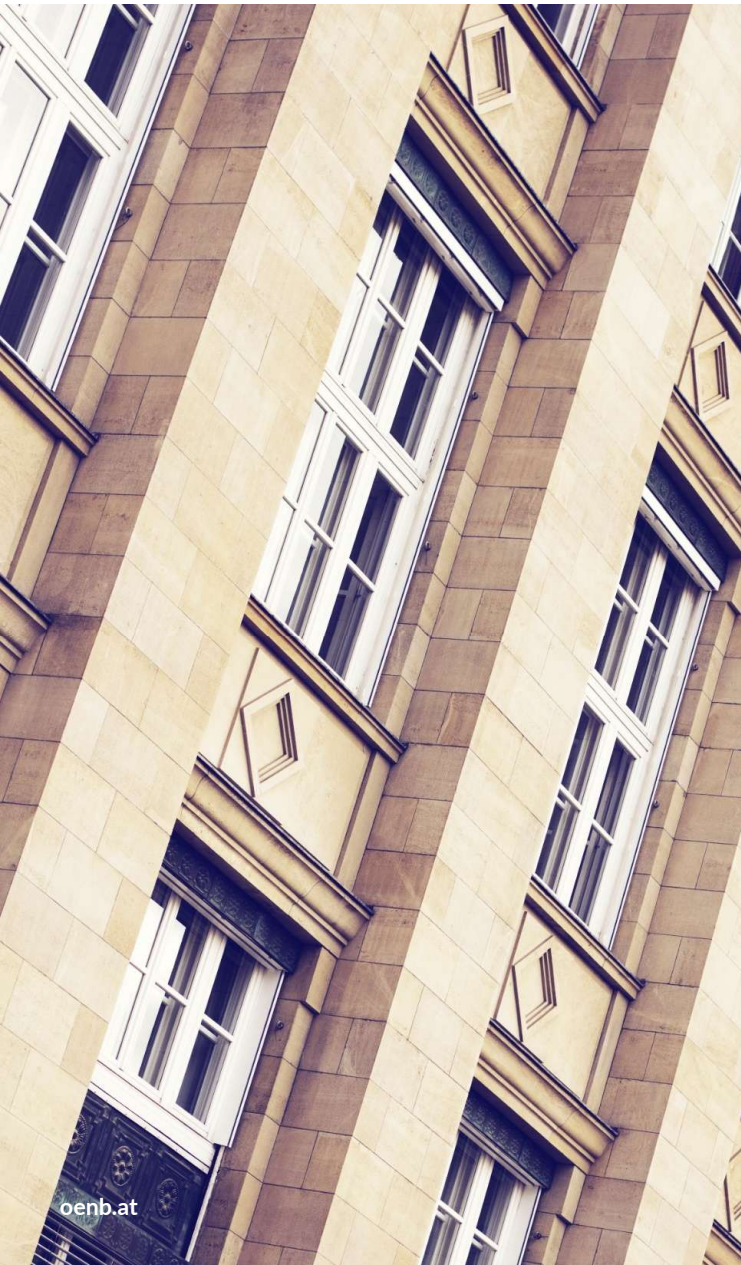
Well diversified and stable economy

No major macroeconomic imbalances - EC Scoreboard ⁵⁾	No in-depth review has been carried out for Austria so far
Export oriented economy; regionally diversified	"In the heart of Europe", Exports to "Western" and "Eastern" Europe
Stable social conditions ⁶⁾	Low number of strike days (AT: 7.6, DE: 20.8, FR: 77.3, UK: 90.6)
Ratings between AAA and AA+ ⁷⁾	S&P: AA+, Moody's: Aa1, Fitch: AA, DBRS: AA, Scope: AA+

1) GDP and private consumption measured in PPP, Eurostat 2025, 2) Eurostat 2024, 3) Eurostat 2025, 4) Eurostat and ECB 2025,

5) EC: Scoreboard Macroeconomic Imbalance Procedure, 6) European Trade Union Institute, average 2020- 2022, per 1000 Employees,

7) OeBFA, long run ratings



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