

Middle East war dampens expectations for corporate lending business

Austrian results of the euro area bank lending survey, first quarter of 2026

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Abstract

Austrian banks reported that due to the economic recovery Austrian firms' loan demand has risen from the third quarter of 2025 to the first quarter of 2026.

However, the increase recorded in the last three quarters is unlikely to continue, at least for the time being. For the second quarter of 2026, the banks surveyed expect a decline in demand for credit, particularly for long-term loans. Short-term loans, by contrast, are expected to be in greater demand.

According to the results of the survey, this is due to the consequences of the Middle East war, increased uncertainty and rising prices. On the one hand, companies are becoming more reluctant to make long-term investments. On the other hand, they require more short-term liquidity to finance ongoing operations.

In light of the war in the Middle East, the banks surveyed have tightened their credit standards in certain areas. This only affects a small proportion of companies. Banks reported that the Middle East war has not yet led to a general tightening of the credit supply.

The survey results show that households' demand for housing loans has already been rising for two years, mainly due to the fall in interest rates, and is expected to increase further in the second quarter of 2026. Bank lending to households does not seem to have been affected by the Middle East war, according to the survey results.

Note: The full report in German can be found at [OeNB Reports](#).

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