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Middle East war leads to significant rise in inflation

Economic Outlook for Austria from 2026 to 2028 (June 2026)

The Austrian economy made a surprisingly positive start to 2026. Since March, the war in the Middle East has, however, caused inflation to soar and is likely to significantly dampen growth in the real economy in mid-2026. Overall, the Oesterreichische Nationalbank (OeNB) expects the Austrian economy to grow by 0.6% in 2026 and by more than 1% in each of the following two years. Inflation will rise to 3.2% in 2026 and is only expected to fall notably from the second quarter of 2027. Despite considerable consolidation measures, the OeNB projects the budget deficit to contract to just 3.8% of nominal GDP by 2028.

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GDP forecast almost unchanged from March

The Austrian economy grew more strongly in 2025, outperforming data released in March 2026, and has therefore got off to a better start to 2026. At the same time, higher energy prices are dampening private consumption and businesses' willingness to invest. Overall, the OeNB has slightly adjusted its outlook compared with March.

Inflation forecast revised upwards to over 3%

The war in the Middle East has led to a sharp rise in energy prices, particularly for crude oil. Given its immediate impact on fuel prices, this rise is driving up inflation. But the OeNB expects oil prices to fall as the year progresses. Inflation is therefore forecast to remain elevated until the end of the year and to fall from the second quarter of 2027 onwards.

Budget deficit improves only slightly despite substantial consolidation

While the adopted consolidation measures are reducing the budget deficit, these efforts are being undermined by the macroeconomic environment, increasing interest expenditure and demographic trends. As a result, the budget deficit is likely to shrink to just 3.8% of nominal GDP.

The Austrian economy grew more strongly in 2025 than previously reported, and the start to 2026 has also been more favourable than expected. The positive economic momentum is being disrupted by the Middle East war, however. In particular, the rise in crude oil prices weighs most heavily on the Austrian economy. In line with Eurosystem guidelines, the outlook is based on market expectations regarding the future trend in oil prices. Market participants currently expect the war to end soon and oil prices to decrease rapidly as the year progresses. Yet, compared with the March 2026 outlook, the oil price assumptions for 2026 had to be raised by another USD 15 per barrel. Despite another increase in crude oil prices, the OeNB has revised its economic outlook for 2026 slightly upwards. In view of more buoyant growth in 2025 and early 2026, the OeNB currently expects the economy to grow by 0.6% in 2026, or 0.1 percentage points more than projected in March. In 2027 and 2028, the rate of GDP growth is expected to pick up to just over 1%, in line with commodity prices returning to lower levels. The current outlook is based on data available up to and including 21 May 2026.

Table 1

OeNB June 2026 outlook for Austria – main results

			June 2026: baseline and scenarios			
		March 2026	June 2026	Mild scenario	Adverse scenario	Severe scenario
Real GDP	2026	0.5	0.6	0.7	0.5	0.3
	2027	1.0	1.1	1.3	0.7	0.0
	2028	1.1	1.2	1.4	1.1	1.0
HICP Inflation	2026	2.7	3.2	3.0	3.5	4.2
	2027	2.3	2.4	1.8	3.2	5.4
	2028	2.1	2.1	1.9	2.4	3.0
Budget balance (% of GDP)	2026		-4.1	-4.1	-4.2	-4.3
	2027		-3.9	-3.8	-4.2	-4.6
	2028		-3.8	-3.6	-4.2	-4.9

Source: OeNB.

The Austrian labour market is likely to weather the economic downturn in 2026 fairly well. The OeNB forecasts an unemployment rate (national definition) of 7.4% for 2026, unchanged from the previous year. In 2027 and 2028, unemployment is projected to drop by 0.2 percentage points in each year. In the current round of wage negotiations – starting with the wage agreements reached since autumn 2025 – the majority of agreements have been concluded at levels below the rate of inflation. This should help to ensure that Austria's relative unit labour cost position vis-à-vis the euro area does not deteriorate further and that second-round effects on inflation could be mitigated.

With regard to inflation, the OeNB expects HICP inflation to climb to 3.2% in 2026 as a result of the energy price shock, before declining to 2.4% in 2027 and 2.1% in 2028. Although market expectations point to a rapid fall in energy prices, inflation for food and industrial goods (excluding energy) is likely to accelerate and rise over the entire forecast horizon due to indirect effects. In the services sector, however, which, at 4%, has the highest inflation rate alongside the energy sector, a moderate decline in inflation is expected as a result of slowing wage growth. Compared with the March 2026 outlook, HICP inflation has been revised upwards by a notable 0.5 percentage points for 2026 and by 0.1 percentage points each for 2027 and 2028.

Even though the net consolidation volume, i.e. consolidation minus expansionary measures, is substantial at 0.6%, the 2026 budget balance is expected to improve only marginally, by 0.1 percentage points, to -4.1%. A more significant improvement is cancelled out, in particular, by higher interest payments, increased EU contributions and higher expenditure resulting from demographic trends. In 2027 and 2028, the cumulative net consolidation volume will amount to 1.4% of GDP. Nevertheless, the budget balance is likely to still stand at just -3.8% of GDP in 2028. Furthermore, due to persistently high budget deficits, the public debt-to-GDP ratio is set to reach 86.4% of GDP by 2028.

Given the uncertainty surrounding geopolitical developments and potential supply shortages, price expectations are very volatile. To account for these developments, the OeNB has – like the ECB – calculated three scenarios in addition to its forecast: a mild, an adverse and a severe scenario (see box 1). The scenarios are based on different assumptions regarding commodity prices, expectations regarding developments in the financial markets and possible second-round effects. Under the severe scenario, the domestic economy would stagnate in 2027 and inflation would rise to over 5%. Under the mild scenario, growth would increase to just under 1.5% and inflation would fall below 2%. Even in the mild scenario, it does not appear realistic from the current perspective that the budget deficit will meet the 3% mark in 2028. In the severe scenario, the budget deficit is set to rise to just under 5% in 2028.

Apart from higher oil prices, stronger second-round effects and potential supply bottlenecks represent significant downside risks to the economic outlook and upside risks to the inflation forecast. Further developments in the war against Ukraine, tariff disputes, geopolitical tensions and the possibility of sudden market corrections also remain key sources of uncertainty. Domestically, further downside risks stem from higher import prices resulting from the global impact of the war, stronger destocking, additional consolidation measures and reluctance to invest due to increased uncertainty. On the other hand, a sharper fall in the savings rate, structural improvements and a faster impact of widespread implementation of artificial intelligence could provide additional economic stimulus.

Box 1

War in Middle East represents a key risk in the OeNB's June outlook

The Strait of Hormuz is one of the most important routes in global trade. Before the outbreak of the war, around 20% to 25% of the world's oil and gas supplies were shipped through this strait. For other raw materials too, such as ammonia, which is crucial for fertiliser production, and helium, which is central to the semiconductor manufacturing process, the share was over 25%. Asian countries, in particular, are already affected by supply bottlenecks; the impact in Europe and Austria has so far been mainly due to rising world market prices for various raw materials.

Crude oil prices have the most immediate and significant impact on macroeconomic development. Their rise had already driven up fuel prices in March 2026. Disposable household income hence shrinks and, by extension, so does private consumption. At the same time, the increased uncertainty is dampening business sentiment and, consequently, companies' willingness to invest. A supply shortage also affects crude oil-based products and drives up transport costs. Further, investment projects are also being hampered by the deterioration in financing conditions. As a small, open economy, Austria is moreover being held back by shrinking demand from its trading partners that have likewise been hit by rising energy prices.

The scenario calculations set out below were estimated based on the technical assumptions agreed within the Eurosystem. Like in March 2026, the ECB calculated three scenarios – mild, adverse and severe – for the euro area.[1] Unlike in March, no explicit assumptions were made in June regarding the future course of the war, nor were price paths determined on that basis. Instead, the commodity price assumptions rely on market-based probability distributions. In the adverse scenario, oil prices (gas prices) increase to an annual average of USD 107 per barrel (EUR 52 per MWh) in 2026 and decrease to USD 92 (EUR 32) in 2028. In the severe scenario, 2026 prices stand at USD 128 (EUR 73), advance further in 2027 and drop to USD 126 (EUR 59) in 2028.[2] The estimates were calculated using the OeNB's Austrian Quarterly Model (AQM). Non-linearities and stronger second-round effects on inflation were taken into account through expert judgement and additional satellite models.

The main results of the estimates, including a breakdown of the effects across the individual impact channels, are presented in charts 1 and 2 of box 1. The first chart in box 1 illustrates the effects on real growth, the second chart on HICP inflation. Both charts cover the three-year forecasting horizon and show the results of the three scenarios for each forecast year. The starting point is the OeNB's current June outlook, which is depicted as a line. Based on this, the change in the respective scenario is plotted and indicated as a point. The difference against the June forecast is broken down across the individual impact channels.

The results are comparable with those for the euro area. In the adverse scenario, GDP growth in Austria contracts to around 0.75% in 2027, but increases to over 1% in 2028. Inflation climbs to more than 4% in 2026.

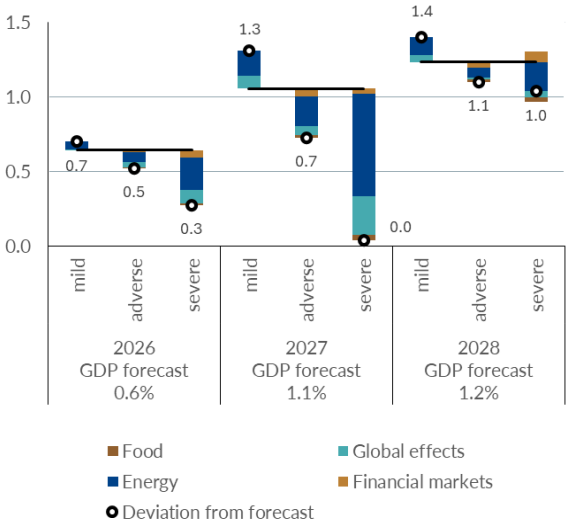
[1] Scenario names in line with the ECB's June 2026 projections.

[2] Deviations from the baseline scenario will be implemented from the third quarter onwards. In the adverse scenario, oil and gas prices follow the 75th percentile, and in the severe scenario, the 95th percentile of the option-implied densities. In the mild scenario, the 25th percentile is used. The scenario calculations presented here are based on commodity price data available up to and including 28 May 2026.

Chart 1 B1

Austria: GDP effects for Middle East scenarios

GDP forecast (lines): change from previous year in %

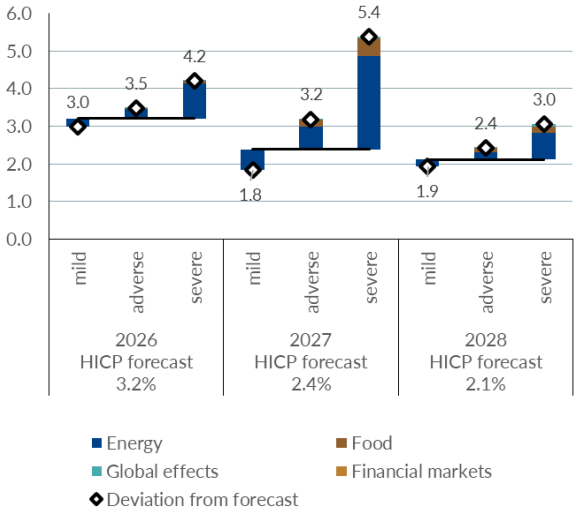


Source: OeNB, ECB.

Chart 2 B1

Austria: HICP effects for Middle East scenarios

HICP forecast (lines): change from previous year in %
Columns and diamonds: change against forecast in percentage points



Source: OeNB, ECB.

In the severe scenario, however, the economy stagnates in 2027 and inflation rises to over 5%. Even in the mild scenario, it does not appear realistic from the current perspective that the budget deficit will drop to 3% in 2028. In the severe scenario, the budget deficit is set to rise to just under 5% in 2028. Oil prices, as well as market expectations, have been highly volatile since the beginning of March. On a third of the days since the outbreak of the Middle East war, the price of Brent crude oil has gone up or down by more than 5% on a day-on-day basis. At the same time, market expectations showed pronounced backwardation (falling market prices), suggesting that markets do not anticipate any long-term supply shortages and that prices are therefore likely to decline rapidly. This trend peaked in early April 2026, when the difference between the price of oil for delivery in the current month and that for delivery in two months' time rose to USD 34. The expectation of a swift agreement and an unrestricted and rapid resumption of oil production and supply through the Strait of Hormuz is also reflected in the production forecasts of the International Energy Agency (IEA), which forecasts that global production will have passed its lowest point in May 2026. At the same time, crude oil stock levels have fallen sharply recently. This overall situation represents by far the greatest risk to the forecast. Against this background, the scenarios presented here offer a range that is very likely to capture the actual outcome.

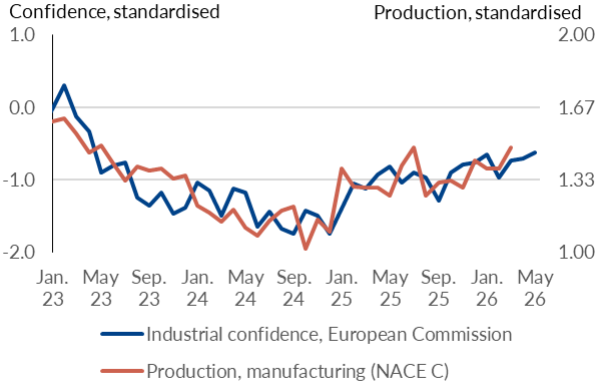
1 Austria's economy off to strong start in 2026 – followed by mid-year slowdown in growth due to Middle East war

The domestic economy proved resilient at the turn of the year. Economic output rose by 0.2% in the first quarter of 2026 (seasonally and working-day adjusted, compared with the previous quarter). For the final quarter of 2025, the latest national accounts release now also shows an increase of 0.2%, rather than the previously reported stagnation. For the year 2025 as a whole, GDP growth is shown to have amounted to 1.0%. This, too, corresponds to an upward revision of 0.2 percentage points and improves the starting point for the current year by 0.2 percentage points.

This upward revision is primarily attributable to the performance of the manufacturing sector. The data on industrial production have been gradually revised upwards over the past few months. Evident across many industrial sectors, the upward dynamic is broadly based. Chart 1 shows that this dynamic is consistent with the industrial confidence survey conducted by the European Commission. The UniCredit Bank Austria Purchasing Managers' Index likewise confirms robust industrial activity, with the monthly figures since November 2025 averaging out above the 50-point threshold, which signals growth. According to the latest national accounts data, manufacturing has now been supporting gross value added with positive growth rates since the start of 2025. In recent months, this momentum has outpaced developments in the services sector, which has not provided any significant impetus for growth in the past quarters.

Chart 1

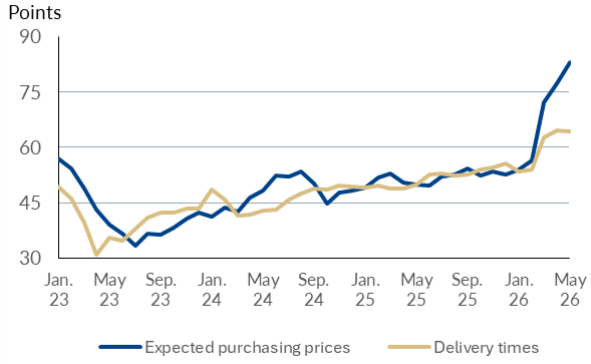
Industrial confidence & industrial production



Source: Economic Sentiment Indicator, EC, Statistics Austria.

Chart 2

Expected purchasing prices & delivery times



Source: UniCredit Bank Austria Purchasing Managers' Index.

The robust performance seen at the start of 2026 is facing headwinds in the form of yet another energy price shock caused by the war in the Middle East. Compared with the March 2026 outlook, oil price assumptions had to be raised once more across the entire forecast horizon – by USD 15 per barrel for 2026 alone. In anticipation of rising input prices, companies are stocking up on raw materials and intermediate goods, and delivery times are lengthening as demand for raw materials and intermediate goods exceeds current supply. Initially, this process may still have a positive impact on GDP growth, but in the medium term, higher prices could lead to a decline in orders and an increase in production using stocks of input materials.

At the same time, higher energy costs are putting a strain on households' disposable income and are contributing to greater uncertainty. This weighs on private consumption and diminishes investment.

Overall, following a strong start to 2026, growth is expected to slow down noticeably in the middle of the year. Due to higher energy prices, compared with the March forecast, economic growth for 2026 as a whole has been revised downwards by around 0.1 percentage points. However, the higher base figure from the previous year is boosting growth in 2026 by 0.2 percentage points. All of this results in a slight upward revision of GDP growth for 2026 by 0.1 percentage points to 0.6%. However, based on the assumptions – particularly regarding the trend in crude oil prices – this is merely a temporary dip in growth, which is unlikely to stifle the fundamentally positive growth momentum. The lower growth rates in mid-2026 will slightly lower the starting point for the coming year. Yet, with energy prices falling and inflation consequently declining, the OeNB now expects growth to be higher during 2027, which should be slightly above the growth potential overall.

2 Energy price shock dampens growth in private consumption

Following a sharp rise of 4.3% in 2024, real net disposable household income fell significantly by 1.5% in 2025. Employees' earnings contributed 3.3 percentage points to growth, whereas a decline in government transfer payments (net of direct taxes) resulted in a negative contribution to growth of 1.2 percentage points. Income from assets also made a negative contribution of 1.5 percentage points to growth in real net disposable household income. Income from self-employment and operating surpluses rose slightly by 0.7%. However, the increase in private consumer spending, together with the dynamic in the price level for consumer spending, led to the aforementioned decline in real disposable household income (+1.2% in nominal terms and -1.5% in real terms). Real private consumption expenditure, which grew by 0.7% last year, thus markedly exceeded disposable income growth and contributed to a decline in the household saving ratio. While the saving ratio had stood at 11.7% in 2024, it sank to 10.0% in 2025 (which continued to be significantly higher than the level seen in the years before the outbreak of the COVID-19 pandemic).

Indicators of consumer confidence have deteriorated noticeably in recent months. The European Commission's overall consumer confidence indicator remained at a below-average level in 2025, but showed a positive dynamic at the turn of the year. The upward dynamic came to an abrupt end because of the war in the Middle East. A reversal was also observed in the level of unemployment expected by consumers. The improvement from a high level at the start of the year abruptly stalled in March 2026. We therefore forecast that real private consumption will only grow by a subdued 0.5% in 2026. Real disposable household income is expected to decline by 0.3%, which implies a decrease in the saving ratio to 8.9%. As in 2025, employment is not likely to make a significant contribution to real disposable household income growth in 2026. With collectively agreed wage growth in 2026 markedly lower than the rolling HICP inflation rate (see box 2), real net wages per employee are falling (-1.4%).

For 2027 and 2028, we expect a pick-up in consumer spending and slight increases in real disposable household income. As a result, the net saving rate will edge down to 8.6% (2028), but will still remain above the 7.6% average recorded between the financial crisis and the COVID-19 pandemic (2012–2019).[3]

Table 2

Household income and private consumption

	2025	2026	2027	2028
Annual change in %				
Household disposable income (real)	-1.5	-0.3	0.9	0.6
Private consumption (real)	0.7	0.5	1.0	0.8
% of household disposable income				
Saving ratio	10.0	8.9	8.8	8.6

Source: OeNB June 2026 outlook.

3 Investment upturn is being held back by uncertainty; the housing construction cycle continues to struggle to recover

The positive signs for 2025 in terms of real value added in industry and manufacturing stand in contrast to an extremely volatile growth pattern in gross fixed capital formation. Over the course of 2025, these figures developed more positively than had recently been anticipated, but stagnated in the first quarter of 2026. Investment in housing construction once again showed a negative dynamic last year and will also make a negative contribution of 0.3 percentage points to real gross fixed capital formation in 2026. Non-residential construction investment and other investment will likewise have a negative impact of 0.3 percentage points on investment growth this year.

Residential construction investment performed extremely poorly in 2025, falling by 5.2%. The number of building permits dropped again slightly in 2025, and, at 47,636 permits, trails the 2019 figure by more than 45%, which had marked the peak of the previous residential construction cycle. For 2026, the number is forecast to decline by another 1.3%. By contrast, investment in plant and equipment surged last year, by 9.9%, which points to a significant recovery in production activity in 2025. Significantly lower growth rates are expected for 2026 and the next two years.

[3] To calculate averages, we specifically selected time periods until 2019 as the unusually high saving ratios during the COVID-19 pandemic would otherwise distort the results.

At present, the outlook for the development of value added – and, in particular, for business investment – remains uncertain as a result of the Middle East war. Since March 2026, the European Commission's sentiment indicators for business expectations in the services and retail sectors have been signalling a marked deterioration.

Table 3

Investment

	2012–2019	2025	2026	2027	2028
Annual change in %					
Total gross fixed capital formation (real)	2.8	2.6	0.5	1.5	2.1
Investment in plant and equipment	2.9	9.9	2.7	1.5	2.2
Investment in research and development	5.0	2.4	1.2	2.9	3.0
Residential construction investment	3.7	-5.2	-1.3	0.8	1.2
Non-residential construction and other investment	0.0	1.4	-1.6	0.6	1.5

Source: OeNB June 2026 outlook.

For 2026 as a whole, we expect investment in plant and equipment to show below-average, albeit positive growth, at 2.7%. Gross fixed capital formation, in contrast, is likely to grow by just 0.5%. In 2027 and 2028, it is expected to rise by 1.5% and 2.1%, with residential construction investment beginning to recover. All told, this suggests a subdued outlook for investment activity in 2026.

4 Loss of market share in foreign trade

Table 4

Foreign trade and current account

Foreign trade	2025	2026	2027	2028
Annual change in %				
Exports of goods and services	1.5	1.3	2.1	2.8
Imports of goods and services	2.0	1.5	2.2	2.8
% of nominal GDP				
Current account balance	1.9	1.2	1.9	2.3

Source: OeNB June 2026 outlook.

The volatile and uncertain situation on the world market is also reflected in Austria's foreign trade figures. While the global market recovered notably in 2025, the Austrian export sector recorded below-average growth. As prices for Austrian export goods rose at a comparatively faster rate, Austria's price competitiveness declined, thereby weakening the competitive position of export-oriented companies. Although demand on Austrian export markets increased by 3.7%, Austrian exports expanded only by a modest 1.5%. Austria thus suffered a further loss of global market share.

With the outbreak of the Middle East war at end-February 2026, the euro exchange rate fell. This development should support the price competitiveness of the euro area countries' export sector. In Austria, this is already becoming apparent, potentially, in the form of a more positive assessment by businesses of their competitive position. However, higher energy prices and the increase in relative unit labour costs in recent years are putting pressure on the price competitiveness of export-oriented sectors. Although relative unit labour costs are not expected to deteriorate further vis-à-vis the euro area over the forecasting horizon (see box 2), past losses will not be recouped either. Austria is therefore likely to lose further market share in the period 2026–2028, following significant market share losses in 2024

and 2025, although the losses will be less severe. Real export growth is expected to accelerate from 1.3% in 2026 to 2.8% in 2028, remaining on average just over 0.5% below the growth rate of export markets (see tables A2–A4 in the annex for detailed results and the assumptions regarding the international environment).

Since investment in plant and equipment in particular, which is import-intensive, as well as private consumption and exports all grew in 2025, import volumes likewise rose by 2.0%. At +1.5%, this upward dynamic is set to continue in 2026, albeit at a more moderate rate. In 2027 and 2028, imports will expand more strongly, by 2.2% and 2.8%. The resulting current account balance (as a percentage of nominal GDP) will be dampened by the terms-of-trade shock in 2026 and will stand at 1.2%. The figure is expected to widen again in 2027 (1.9%) and 2028 (2.3%). Taken as a whole, net exports are expected to make a negative contribution of -0.1 percentage points to real GDP growth in 2026. For 2027 and 2028, net exports are projected to make a slightly positive contribution of +0.1% in each year.

5 Unemployment remains stable in 2026 – growth in collectively agreed wages is slowing

The weak economic performance in 2023 and 2024 has led to a significant increase in unemployment. In 2025, the unemployment rate stood at 7.4% (national definition), and at 5.7% as defined by Eurostat. In 2026, the former rate will not rise any further, while the Eurostat rate will actually recede slightly. As the economy picks up in 2027 and 2028, both unemployment rates will fall by 0.2 percentage points in each year. The number of people employed will grow slightly (by 0.1%) this year, whereas the number of hours worked will decline by 0.2%. In 2027 and 2028, employment is set to rise by 0.7% and 0.6%, and the number of hours worked is expected to increase at a slightly slower rate in each year.

As most of this year's collective wage agreements have already been concluded, it is possible to estimate their rate of growth for 2026 with a high degree of certainty. Growth in collectively agreed wages is expected to come to 2.3% in 2026 and, despite the higher inflation forecast for the remainder of the forecast horizon, is likely to rise only slightly thereafter (2027: 2.7% and 2028: 2.4%). Box 2 zeroes in on the current trends in collective wage agreements, contrasting them with previous rounds of wage negotiations.

Table 5

Labour market and wages

Employment	2025	2026	2027	2028
Annual change in %				
Total employment (persons)	0.0	0.1	0.7	0.6
Total hours worked	0.6	-0.2	0.6	0.5
Wages and inflation				
Annual change in %				
Collectively agreed wages and salaries[1]	3.9	2.3	2.7	2.4
Wage drift	0.0	0.0	0.1	0.1
Gross[2] compensation (nominal)	3.8	2.3	2.8	2.6
HICP inflation rate	3.6	3.2	2.4	2.1
Gross[2] compensation, real (HICP)	0.2	-0.8	0.4	0.4
Net[3] compensation, real (HICP)	0.2	-1.2	-0.1	0.1
Unemployment rates				
% of labour supply				
Eurostat definition	5.7	5.6	5.4	5.2
National definition	7.4	7.4	7.2	7.0

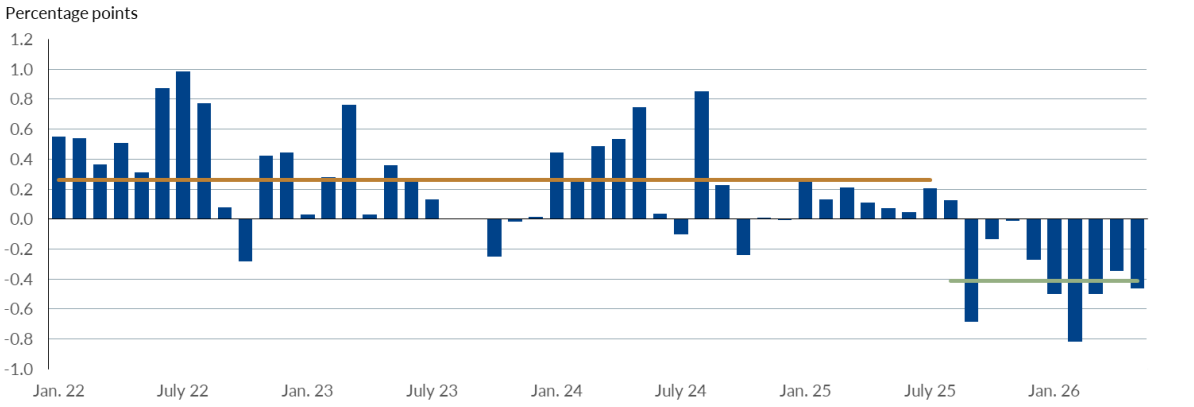
[1] Overall economy.
[2] Including employers' social security contributions.
[3] After tax and social security contributions.
Source: OeNB June 2026 outlook.

Box 2

2025/26 wage negotiations result in significantly lower wage settlements

Chart 1 B2

Deviations of average wage settlements from rolling inflation[1]



[1] Rolling inflation: moving average of CPI inflation over the past 12 months, lagged by two months. The assignment of settlements to months was based on ÖGB publication dates. As of 27 May 2026.
Source: Austrian Trade Union Federation (ÖGB), Statistics Austria, OeNB.

Compared with previous years, the current wage negotiations are characterised by modest wage settlements. While in the years from 2022 onwards, most wage hikes had at least matched the rolling CPI inflation rate over the previous twelve months, 2025/26 wage growth is falling short of this "benchmark". The columns in chart 1 of box 2 show the deviations of the average monthly wage increases from (lagged) rolling inflation. From early 2022 until the summer of 2025, the deviations were positive on average; since September 2025, they have been consistently negative.

Table 1 in box 2 provides further details. In past wage negotiations (2021–2025), 74% of all settlements provided for pay rises that exceeded the relevant rolling inflation rate at the time. In the current round of wage negotiations, however, so far around 84% of agreements have been concluded below the rate of inflation.

Table 1 B2

Wage increases and rolling inflation

	Wage negotiations 2021–2025			Wage negotiations 2025/26		
	Number	Share in %	Average deviation[1]	Number	Share in %	Average deviation[1]
Wage settlements below rolling inflation	214	26.3	-0.7	111	84.1	-0.6
Wage settlements above rolling inflation	601	73.7	0.7	21	15.9	0.2
Total	815	100.0	0.3	132	100.0	-0.4

[1] In percentage points.

Source: Austrian Trade Union Federation (ÖGB), OeNB.

The current round is also marked by more multi-year agreements. Since September 2025, 10.3% of all collective agreements have been concluded for a term of two or more years, whereas this proportion stood at just 3.7% between November 2021 and August 2025. In previous pay rounds, wage increases for the second (and, where applicable, third) year had been specified in all multi-year agreements based on past inflation. In the current round of wage negotiations, however, the majority (81% to be precise) of multi-year contracts contains fixed wage increases.

Inflation is not the only criterion for assessing wage settlements. According to the so-called Benya formula, wage increases under collective agreements should correspond to rolling inflation plus the (medium-term) growth in aggregate labour productivity. If we take the average growth in hourly productivity over the last twelve quarters as a measure of productivity, it becomes apparent that this

growth has been negative since mid-2025. In the final quarter of 2025, medium-term hourly productivity stood at -0.7%; a year earlier, it had been +0.2%. According to the Benya formula, the decline in productivity growth would imply wage settlements below the relevant inflation rate.

Between 2022 and 2025, unit labour costs in Austria rose by 6 percentage points more than in the euro area. As a result, the Austrian economy's price competitiveness has deteriorated markedly. The current wage settlements are helping to keep unit labour cost growth more moderate. At the very least, they ensure that the gap in unit labour costs vis-à-vis the euro area does not widen further and keep second-round effects in the inflation process in check (see OeNB Policy Brief 2026/1 on "High wage growth in recent years – low settlements in the current round of wage negotiations" available in German only).

6 Middle East war pushes inflation up to 3.2% in 2026 – significant easing of inflation from 2027 onwards

According to a flash estimate by Statistics Austria, domestic HICP inflation rose to 3.7% in May 2026 (January 2026: 2.1%). The sharp rise since the start of the year was primarily due to higher energy prices, particularly for petrol and heating oil, resulting from the war in the Middle East. Around two-thirds of the rise in inflation were attributable to energy, with the remaining third due to services and non-energy industrial goods. Inflation in the euro area likewise accelerated significantly, from 1.7% in January 2026 to 3.2% in May 2026, with higher energy prices accounting for the bulk of the rise too.

Austria's inflation differential with the euro area amounted to some 0.5 percentage points in the first five months of 2026, which was approximately 1 percentage point lower than the equivalent 2025 figure. The decline was largely due to base effects in the electricity sector: The expiry of the electricity price cap caused electricity inflation to surge to almost 40% in 2025, which resulted in a correspondingly dampening base effect at the start of 2026. In addition, the electricity levy was significantly reduced in January 2026, which lowered inflation further.

6.1 Inflation to stand at 3.2% in 2026, decline to 2.4% in 2027 and reach 2.1% in 2028

Energy prices on the international commodities markets have gone up considerably from end-February 2026, when the Middle East war started. Oil prices have recently soared to levels last seen at the start of 2022. Based on market expectations of 21 May 2026 for the whole of 2026, they were around 45% higher than the figures expected before the war. European wholesale gas prices reacted to a similar extent; on 21 May 2026, they exceeded pre-war prices by 45%.

The current forecast rests on the market expectations of 21 May 2026. It is complemented by a number of alternative scenarios (see box 1). The OeNB expects inflation to stay above 3.0% until the first quarter of 2027. Only in the second quarter of 2027 is headline inflation expected to sink significantly, as the high energy prices of the previous year will lead to pronounced base effects, causing the energy inflation rate to turn negative. Yet, for this to happen, current market expectations of a rapid fall in oil prices will have to materialise. Consequently, HICP inflation is set to climb to 3.2% in 2026, before declining to 2.4% in 2027 and to 2.1% in 2028.

Economic policy measures to reduce energy and food prices (fuel price cap, reduction in VAT on basic food items)[4] will have an inflation-dampening effect in 2026 and reduce HICP inflation by around 0.1 percentage points. At the same time, the fee increases agreed as part of the budget consolidation (e.g. for passports, driving licences and other administrative services), together with the increase in tobacco duty in 2026, are expected to push up inflation by around 0.2 percentage points.

The industrial electricity package and the energy price crisis mechanism adopted by the federal government at the end of May 2026 are not expected to impact on consumer prices over the forecast period. Household electricity prices are not expected to rise above the threshold of 16.5 cents per kWh required to trigger the mechanism.

[4] As a result of the Austrian government's decision to reduce the tax on mineral oils and cap profit margins (fuel price cap), fuel prices declined by about 10 cents per litre in April 2026, by around 5.75 cents per litre in May and by some 1.75 cents per litre in June. The government will decide month by month on the continuation and level of the fuel price cap. From July 2026, the VAT on basic food items will be permanently reduced from 10% to 4.9%.

Energy inflation is likely to remain at an elevated level until early 2027. The gradual decline in inflation for fuels and heating oil will be largely offset by the delayed rise in gas inflation. The latter is due to longer contract terms. As things progress, strong base effects will cause energy inflation to go down notably. In 2026, energy inflation is projected to average out at 7.1% (see table 6). In 2027, it is expected to decelerate to -1.0% primarily on the back of falling energy commodity prices and pronounced negative base effects. And in 2028 it will also remain slightly negative at -0.7%. The transition from the national CO2 pricing scheme to the EU emissions trading system ETS2 reduces the cost per tonne of CO2 emissions from EUR 55 to EUR 46. The ETS2 price assumptions were set by the Eurosystem in line with the assumptions made by the European Commission in its autumn 2025 forecast. In this forecast, we assume that this cost reduction will not be passed on to consumers. In the case of a complete pass-through, energy inflation could be around 1 percentage point lower in 2028; this would dampen headline inflation by around 0.1 percentage points. Food inflation is expected to increase to 3.1% in 2027, up from 2.5% in 2026. This will be mainly due to rising prices for agricultural commodities on account of higher energy and fertiliser costs as well as to indirect effects of the energy price shock. In 2028, inflation in the food sector will ease to 2.7%, while still remaining around half a percentage point above the long-term average. From January 2026 to date, inflation for non-energy industrial goods has stayed at around 0.5%, thus trailing its long-term average. We expect the inflation rate in this sector to average out at 0.9% for 2026, and inch up to 1.4% each in 2027 and 2028. This profile reflects delayed indirect effects of the energy price shock. They manifest themselves, for instance, in mounting import prices and consequently higher input costs in the manufacturing sector. HICP inflation for services is expected to decrease gradually, from 4.2% in 2026 to 3.2% in 2027 and 2.7% in 2028. This trend is driven by slowing wage growth. Over the forecasting horizon, HICP inflation excluding energy and food is set to decelerate at a much slower pace than headline inflation and is therefore likely to remain above HICP inflation both in 2027 (2.6%) and 2028 (2.3%).

Compared with the March 2026 outlook, HICP inflation has been revised upwards by 0.5 percentage points for 2026 and by 0.1 percentage points each for 2027 and 2028. The upward revision in 2026 is above all attributable to the energy component. In our current forecast, inflation for food and non-energy industrial goods is expected to exceed the 2027 and 2028 projections presented in the March forecast (chart 3). These revisions are driven by the rise in energy prices following the onset of the Middle East war. While the direct effects of this rise were felt almost immediately, the indirect effects are impacting the prices of food and non-energy industrial goods with a lag.

Table 6

OeNB June 2026 inflation outlook

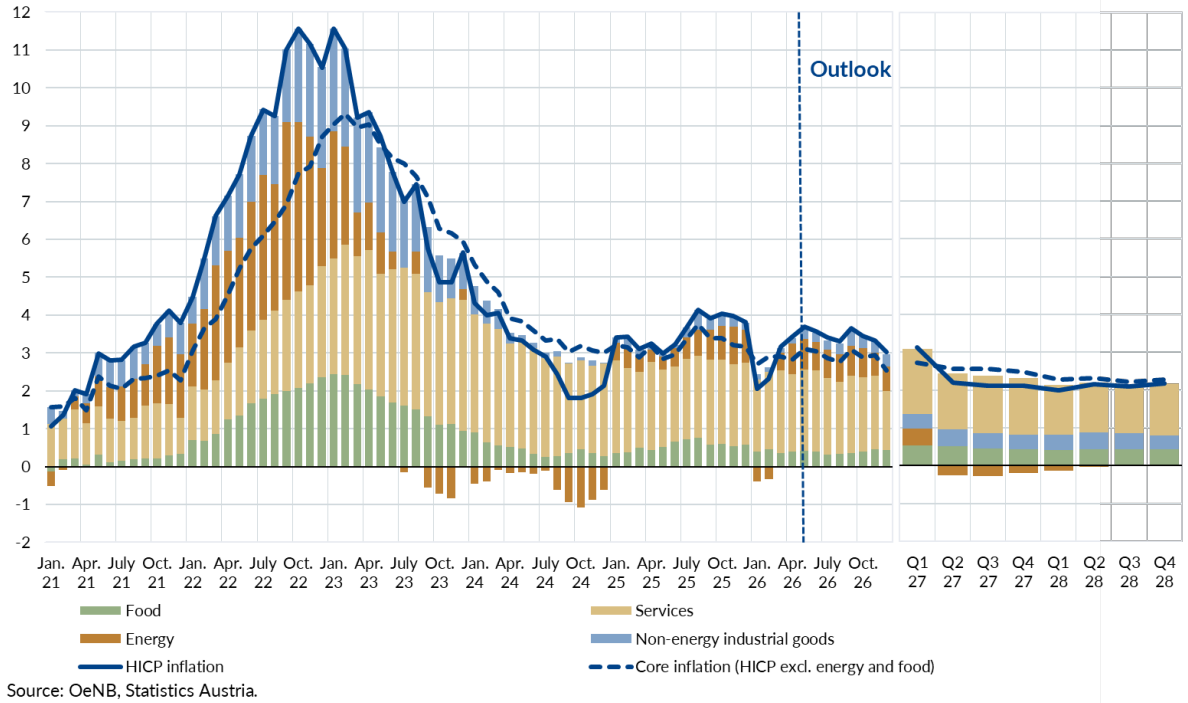
		Current outlook			Revision compared to March 2026		
	2025	2026	2027	2028	2026	2027	2028
	Annual change in %				Percentage points		
HICP inflation	3.6	3.2	2.4	2.1	0.5	0.1	0.1
Food	3.5	2.5	3.1	2.7	-0.4	0.4	0.2
of which: unprocessed food	2.8	3.5	3.1		-0.2	x	x
of which: processed food	3.7	2.2	3.1		-0.4	x	x
Industrial goods excluding energy	0.9	0.9	1.4	1.4	0.0	0.1	0.2
Energy	7.6	7.1	-1.0	-0.7	4.9	-1.9	-0.4
Services	4.5	4.2	3.2	2.7	0.4	0.4	0.0
HICP excluding energy	3.2	2.9	2.7	2.3	0.2	0.3	0.1
HICP excluding energy and food	3.2	2.8	2.6	2.3	0.3	0.3	0.1

Source: OeNB, Statistics Austria.

Contributions to Austrian HICP inflation

Chart 3

Inflation rates in %; contributions to inflation in percentage points

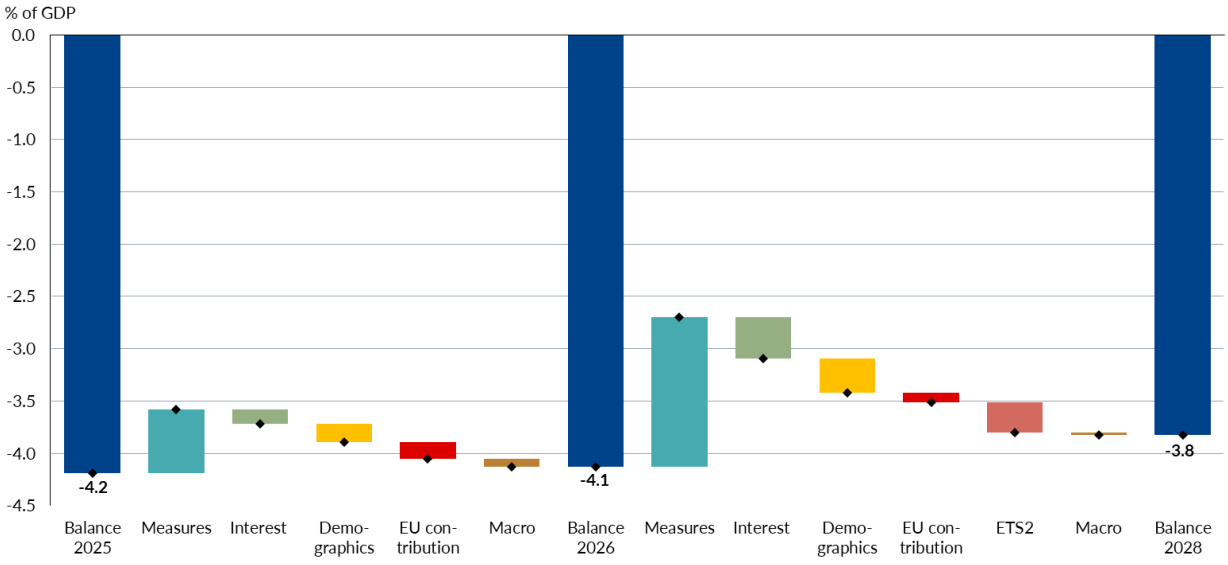


Source: OeNB, Statistics Austria.

7 Budget deficit improves only slightly despite substantial consolidation

The budget balance is projected to improve only slightly in 2026, to -4.1% of GDP (2025: -4.2% of GDP; dark blue columns in chart 4). The net consolidation volume[5] in 2026 amounts to approximately 0.6% of GDP (turquoise columns in chart 4). It comprises measures like cuts to environmental subsidies and only partial adjustments of public sector salaries, pensions and income tax bands in line with past HICP inflation. The gross volume of the planned consolidation is even higher, but it is offset by stimulus measures such as a cut of non-wage labour costs. Overall, the effects of the consolidation package are more or less offset by the following factors: Interest expenditure (green columns) and the contribution to the European Union (red columns) will rise quite sharply in 2026. Additional factors are substantial demographic pressures on pension expenditure (yellow columns) and negative effects of economic and price trends (brown columns). The latter effect is primarily due to imported inflation, which pushes up expenditure more strongly than revenue.

Change in budget balance 2025–2028 Chart 4



Source: OeNB.

Note: "Measures" show the net effect of consolidation and expansionary measures. "Demographics" only refers to social benefits in cash (mainly pensions). "EU contribution" also includes revenue from the EU budget (e.g. NGEU). "Macro" refers to impacts of the business cycle, terms of trade and to revenue windfalls.

In 2027 and 2028, the general government consolidation effort alone is estimated at approximately 1.4% of GDP (turquoise columns), based on the information available up to the cut-off date for this outlook and the OeNB's assessment. A large proportion of the consolidation volume is attributable to measures that were already set out in 2025 in the federal medium-term expenditure framework and budget-related legislation. These measures include, in particular, a policy of not filling vacant posts and low pay settlements in the public sector, an increase in the effective retirement age and a partial suspension of compensation for "bracket creep". Added to this are further cuts to environmental subsidies and modest growth in expenditure on goods and services. In total, these measures account for approximately 0.5%

[5] The net consolidation volumes given in this report for each year include all fiscal measures coming into force in that year. They also include measures that were adopted in previous parliamentary terms, such as raising the retirement age for women or the phasing out of older expansionary fiscal measures.

of GDP in both 2027 and 2028 (sand-coloured column segments in chart 5); the cumulative effect is therefore around 1% of GDP.

In April 2026, the federal government announced an additional package with a cumulative net value of EUR 2.5 billion, or just under 0.5% of GDP.

It is meant to be adopted via budget-related legislation as part of the two-year budget and comprises expansionary measures of some EUR 2.5 billion and consolidation measures of around EUR 5 billion. The package was, for the most part, sufficiently specified to be included in the current forecast (blue column segments in chart 5). The largest single measure is a reduction of non-wage labour costs, which has an expansionary effect. This cut will, however, be more than offset by numerous tax increases (social security contributions, income tax, corporate income tax) and cuts to social benefits (pension increases below the rate of inflation, non-indexation of family benefits).

The very extensive consolidation notwithstanding, the budget balance is expected to improve to only -3.8% of GDP by 2028 (dark blue columns in chart 4). While the cyclical contribution will not deteriorate further between 2026 and 2028 (brown columns), sharply rising interest payments (green columns) and pension expenditure (yellow columns) will continue to weigh heavily on the budgetary position. In addition, there will be a one-off statistical effect in 2028: Revenue from the ETS2 emissions trading system, which comes into force in 2028, will not be recognised until the year following emissions (i.e. from 2029). By contrast, revenue from the national CO2 levy, which expires at the end of 2027, is recognised in the year emissions occur. In 2028, this will result in a statistical shortfall in revenue of just under 0.3% of GDP (orange columns).

This effect applies exclusively to the federal government. The marked rises in pension, interest and military expenditure are also placing a burden primarily on the federal level. At the same time, regional and local governments will greatly benefit from the composition of the federal government's April 2026 package. The cost of the expansionary reduction of non-wage labour costs is borne almost exclusively by the federal government, whereas a large proportion of the tax increases also boosts the revenue shares of regional and local governments. Consequently, a large part of the improvement in the general government budget balance by 2028 is likely to be attributable to regional and local governments (table 7).

Table 7

Fiscal rule indicators

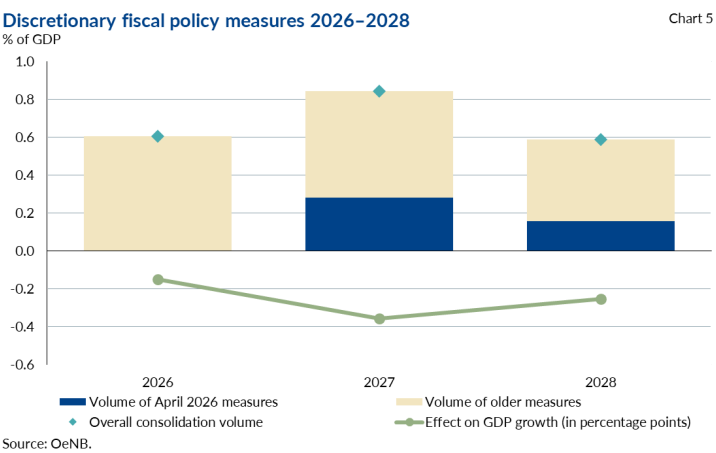
	2025	2026	2027	2028
	% of GDP			
OeNB outlook for EDP indicators				
Budget balance	-4.2	-4.1	-3.9	-3.8
Balance federal government and social security funds	-3.1	-3.2	-3.1	-3.2
Balance regional and local governments	-1.1	-1.0	-0.9	-0.6
Public debt	81.5	84.2	85.6	86.4
	Annual change in %			
Growth in net primary expenditures				
Maximum growth rate according to European Commission	2.6	2.2	2.2	2.0
OeNB outlook incl. military spending and ETS2[1]	2.0	2.2	2.3	2.5
Difference (in percentage points)	0.6	0.0	-0.1	-0.5

1 Assumption: Statistical revenue shortfall from ETS2 changeover will be factored out.
Source: Statistics Austria, European Commission, OeNB.

According to the OeNB's current assessment, Austria is likely to miss its target of a budget deficit that does not exceed 3% in 2028. Furthermore, due to persistently high budget deficits, the public debt-to-GDP ratio is set to rise to 86.4% of GDP by 2028 (2025: 81.5% of GDP). At the same time, Austria however complies with the European Commission's targets under the new expenditure rule in the excessive deficit procedure. In 2025, expenditure growth was well below the targets, and in 2026 and 2027, it is expected to be broadly in line with them (table 7). This will offset the expected overspend in 2028. As a result, this is likely to lead only to an extension of the excessive deficit procedure and not to financial sanctions.

Discretionary fiscal policy measures 2026–2028

Chart 5



Source: OeNB.

The fiscal measures are dampening GDP growth over the forecast horizon (green line in chart 5). The main reasons for this are the sluggish growth in public-sector employment, a decline in real public investment and the negative fiscal impact on household income (cuts to social security benefits and increases in income tax and social security contributions). In 2026, the negative impact on GDP growth will be relatively small, as public investment will grow at a faster rate than in subsequent years. In 2027 and 2028, the fiscal consolidation package of EUR 2.5 billion announced in April 2026 will play only a minor role (blue column segments in chart 5). In terms of scale, it is smaller than the cost-cutting measures announced previously (sand-coloured column segments in chart 5). Furthermore, its composition makes it slightly more conducive to growth, as it provides only for minor cuts to public investment and public consumption (in contrast to the measures already decided upon before April 2026).

8 Annex of tables

Table A1

Main results of the forecast

Economic activity	2025	2026	2027	2028
Annual change in % (real)				
Gross domestic product (GDP)	1.0	0.6	1.1	1.2
Private consumption	0.7	0.5	1.0	0.8
Government consumption	2.5	0.7	0.7	0.9
Gross fixed capital formation	2.6	0.5	1.5	2.1
Exports of goods and services	1.5	1.3	2.1	2.8
Imports of goods and services	2.0	1.5	2.2	2.8
% of nominal GDP				
Current account balance	1.9	1.2	1.9	2.3
Import-adjusted contributions to GDP growth[1]				
Percentage points of GDP				
Exports	0.0	0.2	0.4	0.6
Domestic demand (excluding changes in inventories)	-0.1	0.1	0.5	0.5
Private consumption	-0.3	0.1	0.2	0.2
Government consumption	-0.4	0.1	0.1	0.1
Gross fixed capital formation	0.2	-0.1	0.1	0.2
Changes in inventories (including statistical discrepancy)	-0.4	0.2	0.0	0.0
Prices				
Annual change in %				
Harmonised Index of Consumer Prices (HICP)	3.6	3.2	2.4	2.1
Private consumption expenditure deflator	8.1	3.4	2.4	2.1
GDP deflator	7.6	1.3	2.0	2.3
Unit labour costs (whole economy)	9.6	1.7	2.3	2.0
Terms of trade	2.5	-2.0	-0.5	0.7
Income and savings				
Annual change in %				
Real household disposable income	-0.2	-0.3	0.9	0.6
% of nominal household disposable income				
Saving ratio	10.0	8.9	8.8	8.6
Labour market				
Annual change in %				
Payroll employment	0.0	-0.1	0.7	0.7
Hours worked (payroll employment)	0.6	-0.7	0.7	0.6
% of labour supply				
Unemployment rate (Eurostat definition)	5.7	5.6	5.4	5.2
Unemployment rate (national definition)	6.4	7.4	7.2	7.0
Public finances				
% of nominal GDP				
Budget balance (Maastricht definition)	-4.2	-4.1	-3.9	-3.8
Government debt	81.5	84.1	85.5	86.2

[1] The import-adjusted growth contributions were calculated by offsetting each final demand component with corresponding imports, which were obtained from input-output tables.

Source: OeNB June 2026 outlook.

Table A2

Underlying global economic conditions

Gross domestic product (GDP)	2025	2026	2027	2028
Annual change in % (real)				
World excluding euro area	3.6	3.0	3.2	3.3
USA	2.1	2.1	1.8	1.9
China	5.0	4.7	4.1	4.0
India	7.5	5.1	6.3	7.5
Japan	1.2	0.4	0.7	0.8
Latin America	2.5	1.5	1.3	2.3
United Kingdom	1.4	1.0	1.1	1.5
CESEE EU member states[1]	1.8	1.6	1.6	1.7
Switzerland	1.3	0.4	1.5	1.5
Euro area	0.0	0.0	0.0	0.0
World trade (imports of goods and services)				
Annual change in % (real)				
World economy	5.1	3.5	3.3	3.4
World excluding euro area	5.5	4.2	3.6	3.5
Growth of euro area export markets (real)	4.6	3.2	3.4	3.4
Growth of Austria's export markets (real)	3.7	2.0	2.8	3.3
Prices				
Oil price in USD/barrel (Brent)	69.1	96.9	82.2	77.1
Three-month interest rate in %	2.2	2.4	2.8	2.7
Long-term interest rate in %	3.0	3.3	3.6	3.7
USD/EUR exchange rate	1.1	1.2	1.2	1.2
Nominal effective exchange rate of the euro	128	130	130	130

[1] Bulgaria, Czechia, Croatia, Hungary, Poland and Romania.

Source: June 2026 Eurosystem staff projections.

Table A3

Foreign trade

Exports	2025	2026	2027	2028
Annual change in %				
Competitor prices in Austria's export markets	-0.6	3.1	2.7	1.7
Export deflator	1.6	2.7	2.9	2.3
Price competitiveness	-2.1	0.3	-0.3	-0.6
Import demand in Austria's export markets	3.7	2.0	2.8	3.3
Austrian exports of goods and services (real)	1.5	1.3	2.1	2.8
Austrian market share	-2.1	-0.8	-0.6	-0.5
Imports				
Annual change in %				
Competitor prices in Austria's export markets	0.4	3.4	2.7	1.8
Import deflator	1.4	4.9	3.5	1.7
Austrian imports of goods and services (real)	2.0	1.5	2.2	2.8
Net exports, trade shares and terms of trade				
Percentage points of real GDP growth				
Contribution of net exports to GDP growth	-0.2	-0.1	0.1	0.1
% of nominal GDP				
Export ratio	55.2	56.3	57.4	58.3
Import ratio	52.7	55.1	56.5	57.0
Annual change in %				
Terms of trade	0.2	-2.0	-0.5	0.7

Source: OeNB June 2026 outlook.

Table A4

Current account

	2025	2026	2027	2028
% of nominal GDP				
Balance of trade	2.3	1.7	2.3	2.7
Balance of goods	1.0	0.4	0.9	1.3
Balance of services	1.3	1.3	1.3	1.3
Balance of primary income[1]	0.3	0.3	0.3	0.3
Balance of secondary income[2]	-0.7	-0.7	-0.7	-0.7
Current account balance	1.9	1.2	1.9	2.3

[1] Balance of income (e.g. compensation of labour, investment income).
[2] Balance of current transfers.
Source: OeNB June 2026 outlook.

Table A5

Household income and private consumption

	2025	2026	2027	2028
Annual change in %				
Payroll employment	0.0	-0.1	0.7	0.7
Wages and salaries per employee	3.8	2.3	2.8	2.6
Compensation of employees	3.8	2.2	3.5	3.3
Investment income	-18.2	9.5	4.7	3.1
Self-employment income and operating surpluses	4.5	2.3	2.6	2.7
Contribution to household disposable income growth in percentage points				
Compensation of employees	3.3	2.0	3.1	2.9
Investment income	-1.5	0.6	0.3	0.2
Self-employment income and operating surpluses	0.7	0.4	0.4	0.4
Net transfers less direct taxes[1]	-1.2	-0.5	-0.6	-0.8
Annual change in %				
Household disposable income (nominal)	1.2	3.1	3.3	2.7
Consumption deflator	2.7	3.4	2.4	2.1
Household disposable income (real)	-1.5	-0.3	0.9	0.6
Private consumption (real)	0.7	0.5	1.0	0.8
% of household disposable income				
Saving ratio	10.0	8.9	8.8	8.6

[1] Negative values indicate an increase in (negative) net transfers less direct taxes, positive values indicate a decrease.

Source: OeNB June 2026 outlook.

Table A6

Investment

	2025	2026	2027	2028
Annual change in %				
Gross fixed capital formation (real)	2.6	0.5	1.5	2.1
of which:				
investment in plant and equipment	9.9	2.7	1.5	2.2
residential construction investment	-5.2	-1.3	0.8	1.2
non-residential construction and other investment	1.4	-1.6	0.6	1.5
investment in research and development	2.4	1.2	2.9	3.0
public sector investment	0.8	6.5	0.8	-1.7
private investment	3.0	-0.8	1.7	2.9
Contribution to real gross fixed capital formation growth				
Percentage points				
Investment in plant and equipment	3.2	0.9	0.5	0.8
Residential construction investment	-1.1	-0.3	0.2	0.2
Non-residential construction and other investment	0.3	-0.3	0.1	0.3
Investment in research and development	0.6	0.3	0.8	0.8
Contribution to real GDP growth				
Percentage points				
Total gross fixed capital formation	0.6	0.1	0.4	0.5
Changes in inventories	0.6	0.0	0.0	0.0
% of nominal GDP				
Investment ratio	23.8	24.1	24.3	24.5

Source: OeNB June 2026 outlook.

Table A7

Labour market

Employment	2025	2026	2027	2028
Annual change in %				
Total employment (persons)	0.0	0.1	0.7	0.6
Payroll employment (persons)	0.0	-0.1	0.7	0.7
of which: public sector employees	1.3	0.5	0.4	0.3
Self-employment (persons)	0.3	1.1	0.3	0.2
Total hours worked	0.6	-0.2	0.6	0.5
Payroll employment (hours)	0.6	-0.7	0.7	0.6
Self-employment (hours)	0.7	1.9	0.3	0.2
Labour supply	0.5	0.0	0.5	0.4
Registered unemployment	5.8	-2.6	-0.9	0.0
Unemployment rate				
% of labour supply				
Eurostat definition	5.7	5.6	5.4	5.2
National definition	7.4	7.4	7.2	7.0

Source: OeNB June 2026 outlook.

Table A8

Compensation of employees

	2025	2026	2027	2028
Annual change in %				
Gross wages and salaries[1], nominal	3.8	2.2	3.5	3.3
Consumption deflator	2.7	3.4	2.4	2.1
Gross wages and salaries[1], real	1.1	-1.2	1.1	1.1
Collectively agreed wages and salaries[1]	3.9	2.3	2.7	2.4
Wage drift	0.0	0.0	0.1	0.1
Compensation per employee				
Gross[2], nominal	3.8	2.3	2.8	2.6
Gross, real (private consumption deflator)	1.1	-1.0	0.3	0.4
Net[3], real (private consumption deflator)	1.0	-1.4	-0.1	0.0
Compensation per hour worked				
Gross, nominal	3.2	2.9	2.8	2.6
Gross, real (private consumption deflator)	0.4	-0.5	0.4	0.5
% of nominal GDP				
Wage share	50.8	51.0	51.2	51.1

[1] Overall economy.
[2] Including employers' social security contributions.
[3] After tax and social security contributions.
Source: OeNB June 2026 outlook.

Table A9

Prices

HICP and components	2025	2026	2027	2028
Annual change in %				
Harmonised Index of Consumer Prices (HICP)	3.6	3.2	2.4	2.1
Food	3.5	2.5	3.1	2.7
Unprocessed food	2.8	3.5	x	x
Processed food	3.7	2.2	x	x
Non-energy industrial goods	0.9	0.9	1.4	1.4
Energy	7.6	7.1	-1.0	-0.7
Electricity	37.7	-7.6	4.3	1.2
Natural gas	-6.1	8.0	5.4	-5.9
Liquid fuels	-3.7	15.4	-1.2	-0.1
Services	4.5	4.2	3.2	2.7
HICP excluding energy	3.2	2.9	2.7	2.3
HICP excluding energy and food	3.1	2.8	2.5	2.3
Deflators (national accounts)				
Private consumption expenditure deflator	2.7	3.4	2.4	2.1
Investment deflator	2.4	2.9	2.5	2.1
Import deflator	1.4	4.9	3.5	1.7
Export deflator	1.6	2.7	2.9	2.3
Terms of trade	0.2	-2.0	-0.5	0.7
GDP deflator at factor cost	2.8	1.1	2.0	2.3

Note: x = no data available.
Source: OeNB June 2026 outlook.

Table A10

Breakdown of forecast revisions since March 2026

	GDP			HICP		
	2026	2027	2028	2026	2027	2028
Annual change in %, percentage points						
June 2026 outlook	0.6	1.1	1.2	2.8	2.3	2.1
December 2025 outlook	0.5	1.0	1.1	2.8	2.3	2.1
Difference	0.1	0.1	0.1	0.0	0.0	0.0
Caused by:						
Percentage points						
External assumptions	0.0	0.0	0.1	0.0	-0.2	0.1
Short-term forecast for Q2 26 and Q3 26	0.0	-0.1	0.0	x	x	x
New data[1]	0.1	0.1	0.0	0.1	0.0	0.0
of which: revisions to historical data up to Q4 25	0.1	-0.1	0.0	x	x	x
of which: new data for Q1 26	0.0	0.2	0.0	0.1	0.0	0.0
Other reasons[2]	0.0	0.0	0.0	-0.1	0.2	-0.1

[1] "New data" refer to data on GDP and/or inflation that have become available since the publication of the preceding OeNB outlook.

[2] Different assumptions about trends in domestic variables such as wages, government consumption, effects of tax measures, other changes in assessments and model changes.

Note: x = not appicable.

Source: OeNB June 2026 and March 2026 outlooks.

Table A11

Comparison of recent economic forecasts for Austria

	OeNB			WIFO		IHS		OECD		IMF		European Commission	
	June 2026			April 2026		April 2026		June 2026		April 2026		May 2026	
Main results	2026	2027	2028	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Annual change in %													
GDP (real)	0.6	1.1	1.2	0.9	1.3	0.5	0.8	0.7	1.1	0.7	1.0	0.6	0.9
Private consumption (real)	0.5	1.0	0.8	0.5	0.6	0.5	0.7	0.9	1.0	x	x	0.5	0.7
Government consumption (real)	0.7	0.7	0.9	1.2	1.0	0.0	0.2	1.0	0.7	x	x	0.3	0.2
Gross fixed capital formation (real)	0.5	1.5	2.1	1.0	2.1	0.0	0.7	0.7	1.5	x	x	0.7	1.8
Exports (real)	1.3	2.1	2.8	1.5	2.2	1.1	2.1	1.0	1.9	0.9	1.3	1.6	2.1
Imports (real)	1.5	2.2	2.8	1.0	2.0	1.0	2.2	1.4	1.7	0.8	1.3	1.5	2.0
Labour productivity[1]	0.6	0.4	0.6	0.4	0.5	0.3	0.4	0.4	0.7	x	x	0.3	0.3
GDP deflator	1.3	2.0	2.3	2.2	2.2	2.3	2.0	2.5	1.6	2.3	2.6	2.1	2.9
HICP	3.2	2.4	2.1	2.7	2.4	2.9	2.4	2.8	2.4	2.5	2.6	3.0	2.5
Unit labour costs	1.7	2.3	2.0	1.7	2.0	1.7	1.8	2.2	1.7	x	x	2.2	2.4
Payroll employment[2]	0.1	0.7	0.6	0.5	0.8	0.2	0.4	0.0	0.2	0.2	0.3	0.3	0.6
% of labour supply													
Unemployment rate[3] (Eurostat definition)	5.6	5.4	5.2	5.8	5.5	5.7	5.6	5.8	5.6	5.7	5.6	5.7	5.6
% of nominal GDP													
Current account balance	1.2	1.9	2.3	1.5	1.4	x	x	1.4	0.9	0.4	0.7	0.7	1.3
Budget balance (Maastricht definition)	-4.1	-3.9	–3.8	–4.1	–4.0	–4.2	–4.1	–4.0	–4.2	–4.2	–3.8	–4.1	–4.1
External assumptions													
Oil price in USD/barrel (Brent)	96.9	82.2	77.1	88.0	76.0	92.5	80.7	91.8	80.2	82.2	76.0	91.2	78.2
Short-term interest rate in %	2.4	2.8	2.7	2.0	2.1	2.4	2.8	2.2	2.2	2.0	2.0	2.4	2.6
USD/EUR exchange rate	1.2	1.2	1.17	1.16	1.16	1.15	1.16	1.18	1.18	1.18	x	1.17	1.17
Annual change in %													
Euro area GDP (real)	0.8	1.2	1.5	1.0	1.3	0.8	1.1	0.8	1.2	1.1	1.2	0.9	1.2
US GDP (real)	2.1	1.8	1.9	2.3	2.1	1.8	1.8	2.0	1.8	2.3	2.1	2.2	2.1
World GDP (real)	2.8	2.9	3.1	x	x	2.8	2.8	2.9	3.1	3.1	3.2	2.8	3.2
World trade[3]	3.5	3.3	3.4	x	x	0.2	2.0	3.1	2.9	2.8	3.8	2.0	3.1

[1] OeNB, WIFO: GDP per hour worked. IHS, OECD, European Commission: GDP per employee.

[2] WIFO, IHS: based on active payroll.

[3] IHS: goods according to CPB.

Note: x = no data available.

Source: OeNB, WIFO, IHS, OECD, IMF, European Commission.

Table A12

Quarterly outlook results

	2025	2026	2027	2028	2025				2026				2027				2028			
Prices, wages and costs					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Annual change in %																				
HICP[1]	3.6	3.2	2.4	2.1	3.3	3.2	3.9	3.9	2.5	3.6	3.5	3.3	3.1	2.2	2.1	2.1	2.0	2.2	2.1	2.2
HICP excluding energy[1]	3.2	2.9	2.7	2.3	3.1	3.0	3.5	3.3	2.8	3.0	2.9	2.8	2.9	2.7	2.6	2.5	2.3	2.4	2.3	2.4
Private consumption expenditure deflator	2.7	3.4	2.4	2.1	2.4	2.2	3.0	3.3	2.6	3.8	3.4	3.8	3.3	2.2	2.0	2.1	2.1	2.2	2.2	2.1
Gross fixed capital formation deflator	2.4	2.9	2.5	2.1	2.2	2.3	2.5	2.4	2.4	2.9	3.1	3.3	3.3	2.6	2.1	1.9	1.9	2.0	2.1	2.3
GDP deflator	3.2	1.3	2.0	2.3	3.2	3.0	3.2	3.5	1.9	1.4	0.9	1.0	1.7	2.0	2.2	2.0	2.1	2.3	2.3	2.3
Unit labour costs	2.9	1.7	2.3	2.0	4.0	3.0	2.3	2.2	1.2	1.7	2.0	2.0	3.0	2.4	2.1	1.9	1.9	2.0	2.0	1.9
Nominal wages per employee	3.8	2.3	2.8	2.6	4.5	3.9	3.7	3.3	2.3	2.6	2.3	2.1	2.9	2.7	2.7	2.7	2.7	2.6	2.5	2.4
Productivity	1.0	0.6	0.4	0.6	0.5	0.9	1.4	1.1	1.1	0.9	0.3	0.1	-0.1	0.3	0.7	0.8	0.8	0.6	0.5	0.5
Real wages per employee	1.1	-1.0	0.3	0.4	2.1	1.6	0.7	0.0	-0.3	-1.2	-1.1	-1.6	-0.4	0.5	0.7	0.7	0.6	0.4	0.3	0.3
Import deflator	1.4	4.9	3.5	1.7	2.9	0.9	0.8	0.9	1.1	5.2	6.8	6.5	6.7	3.6	2.1	1.7	1.6	1.6	1.7	1.8
Export deflator	1.6	2.7	2.9	2.3	2.5	1.3	1.1	1.3	1.3	2.3	3.5	3.8	3.9	3.1	2.6	2.2	2.2	2.4	2.4	2.3
Terms of trade	0.2	-2.0	-0.5	0.7	-0.3	0.4	0.3	0.4	0.2	-2.7	-3.0	-2.5	-2.6	-0.4	0.5	0.5	0.7	0.8	0.7	0.5
Economic activity																				
Annual or quarterly changes in % (real)																				
GDP	1.0	0.6	1.1	1.2	0.4	0.1	0.4	0.2	0.2	0.0	0.0	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Private consumption	0.7	0.5	1.0	0.8	-0.2	0.5	-0.6	0.4	0.2	0.1	0.1	0.2	0.3	0.3	0.3	0.2	0.1	0.2	0.2	0.2
Government consumption	2.5	0.7	0.7	0.9	0.1	0.6	0.8	-0.3	1.6	-1.8	0.1	0.3	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.1
Gross fixed capital formation	2.6	0.5	1.5	2.1	0.9	1.6	1.0	-0.9	0.0	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.5
Exports	1.5	1.3	2.1	2.8	1.8	1.0	1.3	0.9	-0.7	0.2	0.3	0.4	0.6	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Imports	2.0	1.5	2.2	2.8	0.9	1.7	0.7	0.9	-0.5	0.2	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.7	0.7
Contribution to real GDP growth in percentage points																				
Domestic demand	0.7	0.1	0.5	0.5	0.0	0.0	0.1	0.1	0.2	-0.4	0.0	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Net exports	0.4	0.2	0.4	0.6	0.5	0.0	0.6	0.4	-0.4	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Changes in inventories	-0.8	0.2	0.0	0.0	-0.6	0.0	-0.4	0.1	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Labour market																				
% of labour supply																				
Unemployment rate (Eurostat definition)	5.7	5.6	5.4	5.2	5.5	5.7	5.7	5.8	5.6	5.7	5.6	5.6	5.5	5.5	5.4	5.4	5.3	5.3	5.2	5.2
Annual or quarterly changes in %																				
Total employment	0.0	0.1	0.7	0.6	0.1	0.0	-0.1	0.0	-0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
of which: private sector	-0.3	0.0	0.7	0.7	0.0	-0.1	-0.1	0.0	-0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Payroll employment	0.0	-0.1	0.7	0.7	0.1	-0.1	-0.2	-0.1	-0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Additional variables																				
Annual or quarterly changes in % (real)																				
Household disposable income	-1.5	-0.3	0.9	0.6	-2.5	-0.8	-0.2	2.1	-0.8	-1.1	0.1	0.3	0.4	0.4	0.3	0.2	0.1	0.0	0.0	0.0
% of real GDP																				
Output gap	-0.2	-0.2	0.1	0.4	-0.3	-0.3	-0.1	0.0	0.0	-0.2	-0.4	-0.4	-0.2	0.0	0.2	0.3	0.3	0.4	0.4	0.5

[1] All variables except HICP and HICP excluding energy are seasonally and working-day adjusted.

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