

Economy stabilizes amid challenging environment

Economic Outlook for Austria from 2025 to 2028 (December 2025)

Austria's economy is staging a modest recovery after a two-year recession. We expect GDP to expand at a subdued rate of 0.6% in 2025. Growth will accelerate to 0.8% in 2026 and 1.1% in 2027. The weak economy is leaving its mark on the labor market. The unemployment rate rises to 7.5% in 2025 and will not come down before 2027. Inflation is expected to stand at 3.6% in 2025. As wage growth slows and energy price base effects drop out of the calculation, inflation will fall to 2.4% in 2026 and 2.1% in 2027. The budget deficit will narrow to 4.5% of GDP in 2025. If the fiscal consolidation measures that have been sufficiently specified so far are implemented, it will further decline to 4.2% in 2026 and 2027.

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Export recovery remains subdued

Austria's exports are weighed down by increasing competition from China, US tariffs, close links to the German automotive industry and declining competitiveness due to high labor and energy costs. Between 2019 and 2024, unit labor cost in Austria rose by 30%, significantly outpacing growth in the euro area. In 2025, Austrian exporters saw their market share decline by as much as 4.5%.



Low-income households hit harder by inflation

An analysis of household-specific inflation rates for 2022–2025 shows that, in 2022, inflation was higher for households in higher-income deciles than for lower-income deciles. Since 2023, the opposite has been true. While income influences household-specific inflation, it is not the only factor. Measured by cumulative inflation since 2021, pensioners, people with compulsory-school education, owner-occupiers, households in rural municipalities, and single-person households experienced the highest inflation rates.



Additional fiscal consolidation represents a risk to growth

The fiscal consolidation measures implemented so far are unlikely to be a significant drag on economic activity. In 2025, we expect the contribution to growth to be slightly positive, as many measures take effect near the end of the year. However, additional consolidation packages could affect areas that have a more negative impact on growth, e.g. public investment.

After two years of recession, the Austrian economy returns to growth in 2025. At 0.6%, the rate of growth is subdued. Growth is expected to accelerate somewhat to 0.8% in 2026 and 1.1% in 2027 – a very modest recovery following a recession.

The export industry, a key pillar of the Austrian economy, is under pressure on several fronts. Weakness in German industry, US tariffs, high wage and energy costs as well as increasing competition from China are weighing on exports. As a result, the majority of the export-oriented industry remains relatively pessimistic about its situation – despite a slight recovery in 2025. In addition, the construction industry is not expected to deliver any strong boost to the economy in the next three years. Residential construction investment has fallen significantly since 2022, reflecting higher financing costs, the end of the residential construction boom and general economic weakness, and will only recover modestly in the coming years. The saving ratio is expected to gradually come down from its historically high levels in 2025 and 2026, driving modest growth in private consumption despite real household disposable income being almost flat.

Table 1

OeNB December 2025 outlook for Austria – main results

	December 2025					Revisions since September 2025		
	2024	2025	2026	2027	2028	2025	2026	2027
Annual change in %	Percentage points							
Gross domestic product (real)	-0.8	0.6	0.8	1.1	1.0	0.3	0.0	0.0
Harmonised Index of Consumer Prices (HICP)	2.9	3.6	2.4	2.1	2.1	0.1	0.0	-0.2
Unemployment rate (national definition)	7.0	7.5	7.5	7.3	7.3	0.1	0.1	0.1
% of nominal GDP								
Budget balance	-4.7	-4.5	-4.2	-4.2	-4.4	x	x	x
Government debt	79.9	81.9	83.8	85.2	86.8	x	x	x

Source: OeNB outlooks of December 2025 and September 2025.

The economic weakness of the past three years is increasingly filtering through to the labor market. The unemployment rate (national definition) rose by 0.5 percentage points to 7.5% in 2025 and will not come down before 2027. Losses in price competitiveness and strong pressure for austerity in the public sector have led to moderate wage agreements in the fall of 2025. The multiyear agreements in the metal industry, the public sector and the retail and wholesale sector are below the rolling inflation rate, some markedly so, and help to reduce cost-push price pressure.

The Austrian HICP inflation rate has stabilized at around 4.0% in recent months. We expect HICP inflation to decline to 2.4% in 2026 and to fall to 2.1% in 2027 and 2028. At 2.7%, core inflation, which excludes energy and food, is expected to remain above headline inflation in 2026, and come down to 2.1% in the following years, a level consistent with HICP inflation. The decline in inflation is mainly driven by weaker wage growth, energy price base effects, falling energy commodity prices and the appreciation of the euro.

The Austrian general government budget deficit will narrow slightly to 4.5% of GDP in 2025. We expect the deficit to narrow to 4.2% in 2026 and 2027, based on fiscal consolidation measures that have been announced so far and are sufficiently specific.

In 2028, the deficit will widen to 4.4% due to the introduction of EU-wide CO₂ pricing under the ETS2 emissions trading system. The current national carbon tax expires at the end of 2027, but the revenues

from ETS2 will not be recognized as government revenue until 2029. Austria's debt-to-GDP ratio is expected to be 81.9% in 2025 and to increase to 86.8% by 2028, driven by persistently high primary deficits and low growth in nominal gross domestic product.

The risks to growth are largely balanced: While the need for additional fiscal consolidation and the high level of geopolitical uncertainty represent downside risks, a stronger recovery in residential construction and a recovery in consumer confidence could boost growth.

In the inflation forecast, upside and downside risks are currently balanced as well. Additional fiscal consolidation in the public sector represents an upside risk. The reduction in the electricity levy, approved after the finalization of the December outlook, could not be incorporated in our calculations. This measure is expected to reduce 2026 HICP inflation by around 0.1 percentage points.

1 Global uncertainty and declining competitiveness weigh on export recovery

Austria's export-oriented economy is facing a challenging environment. In 2024, Austria's goods exports declined by nearly 5%. Exports to the EU were particularly affected, reflecting the weak economic situation in that region. By contrast, exports to America and Asia increased. Exports to the USA showed particular strength in 2024, growing at a rate of 10%. This growth was driven by exports of pharmaceutical products. More recently, however, this momentum has slowed down considerably.

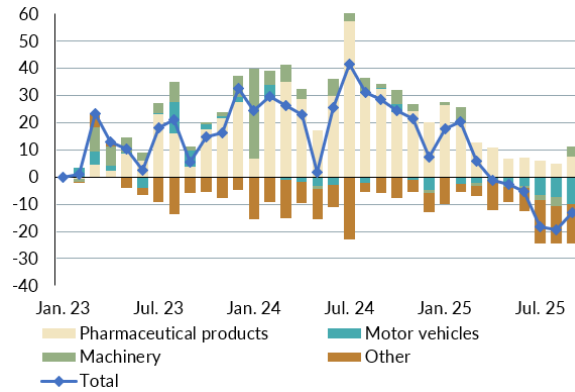
In 2025, export activity was significantly impacted by US tariffs: Strong growth in real exports of goods and services in the first half of the year was followed by a slump in the second half. We expect the negative impact of US tariffs on growth to fade starting in 2026.

In addition to US tariffs, high wage and energy costs and increasing competition from China are also weighing on export growth (see box 1). Austria's unit labor cost increased by 30% between 2019 and 2024, well above the euro area average of 20%. Although growth in unit labor cost slowed noticeably in 2025, the Austrian export industry still saw a significant 4.5% decline in market share. We expect a further decline in unit labor cost growth over the forecast horizon. This means that Austria is unlikely to face further losses in price competitiveness. As a result, the loss of market share is likely to slow down considerably.

Chart 1

Austrian goods exports to the USA

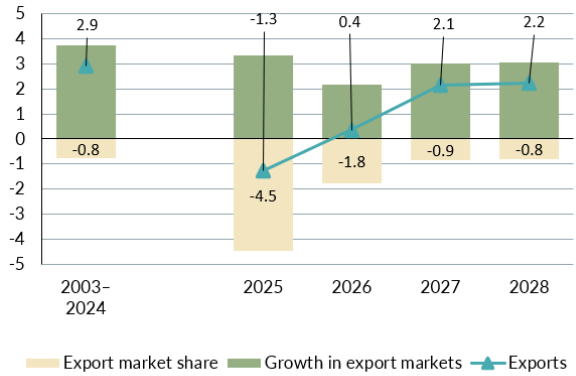
Nominal change since January 2023 in % (seasonally and working-day adjusted), growth contributions in percentage points



Source: Statistics Austria.

Export growth, price competitiveness and market share

Annual change in %



Source: OeNB, Statistics Austria, Eurosystem.

Table 2

Foreign trade and current account

Foreign trade	2024	2025	2026	2027	2028
Annual change in %					
Exports of goods and services	-2.8	-1.3	0.4	2.1	2.2
Imports of goods and services	-2.9	1.5	1.6	2.6	2.6
% of nominal GDP					
Current account balance	2.4	1.1	1.1	1.2	1.0

Source: OeNB December 2025 outlook.

The current account surplus narrowed in 2025 due to the decline in exports year on year and will remain at around 1% of nominal GDP in the following years.

Box 1

Austrian exporters face increasing pressure from Chinese competitors

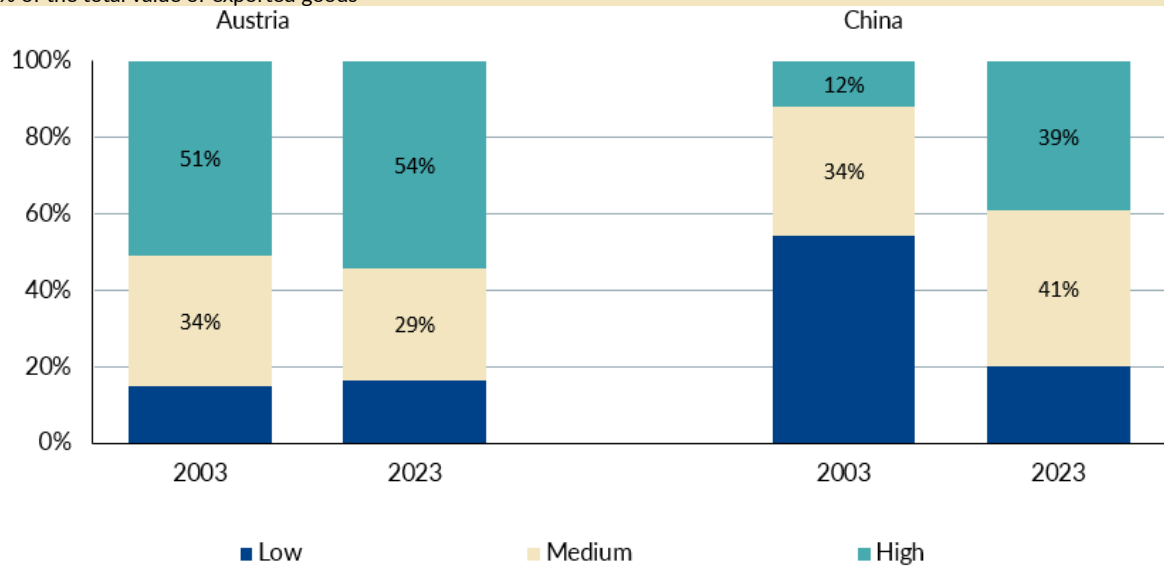
Since joining the World Trade Organization (WTO) in 2001, China has become a direct competitor to European economies such as Austria. China is increasingly exporting products with higher-technology content, entering the traditional markets of developed economies. One way to empirically measure a product's technological content is product complexity.¹ A product's complexity is high if it is only manufactured in a few countries that typically specialize in the production of other complex products. The share of China's high-complexity exports rose from 12% in 2003 to 39% in 2023. In Austria, high-complexity goods accounted for 51% of exports in 2003, rising to 54% in 2023 (chart 1 B1).

¹ For an exact calculation of product complexity (PCI), see Stojkoski et al. (2023).

Chart 1 B1

Complexity of exported goods¹

% of the total value of exported goods



¹ Value of goods and product complexity at HS-2002 6-digit level (HS = harmonized system): “Low” corresponds to the bottom third, “medium” to the middle third and “high” to the top third of the product complexity distribution in a given year. Source: BACI V202501 (see Gaulier and Zignago, 2010), *PCI Rankings (HS02) | The Observatory of Economic Complexity* (see Simoes and Hidalgo, 2011), OeNB calculations.

One way to assess how China directly competes with Austria is to examine product-specific comparative advantages.² Under this approach, a country is considered to have a comparative advantage in exporting a product if the product’s share in the country’s total exports exceeds the product’s share in total global exports. A higher export share is interpreted as an indicator of specialization and/or a competitive advantage. Two countries are considered to be direct competitors for a product if they both have a comparative advantage in the product.

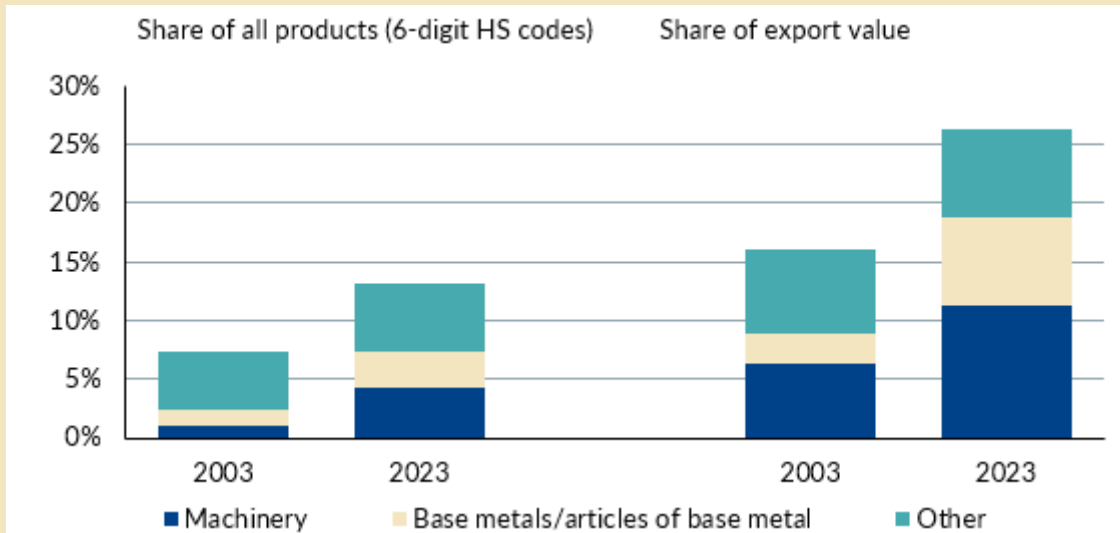
Chart 2 B1 shows how Sino-Austrian competition evolved between 2003 and 2023. The bars show the share of Austrian exports, measured by the number of products (left) and the value of goods (right), in which Austria and China are direct competitors. Between 2003 and 2023, this share rose from 7.5% to 13% (in terms of the number of products) and from 16% to 26% (in terms of product value). Particularly affected by this trend are machinery and parts thereof (e.g. injection molding machines, front loaders, voltage converters, transistors) as well as metals (iron, steel, aluminum) and products made from these metals.

² For a formal description of comparative advantages (or RSCA – revealed symmetric comparative advantage – the concept we use), see Laursen (2015).

Chart 2 B1

Sino-Austrian competition: comparative advantages in products¹

%



¹ Products (HS subtitle) in which both Austria and China have a comparative advantage (RSCA > 0). Base metals and articles of base metal: HS72–83, machinery and electrical equipment: HS84–85.
Source: BACI V202501 (see Gaulier and Zignago, 2010), OeNB.

Given this increasing competition, the loss of market share that Austrian goods exporters experienced between 2003 and 2023 was relatively limited. The 16% decline was much smaller than in almost all other comparable European countries (left panel of chart 3 B1). The data used so far have the advantage of allowing international comparisons at a granular product level. However, as these data for nominal foreign trade in goods are only available until 2023, we use aggregated real data from this outlook for trade in goods and services. The right panel of chart 3 B1 shows how Austria's market share of real exports of goods and services evolved from 2003 to 2024 (along with a forecast for 2025–2028). The decline in 2024 was particularly sharp at 4.2%. According to the OeNB's recent assessment, it will continue unabated in 2025 (-4.5%) and slow down afterward.

This sharp loss of market share is driven by two trends that are gaining momentum: Even after the energy price shock has faded, energy prices in Austria remain above previous levels, leading to higher production costs. In addition, Austrian companies continue to be affected by the sharp rise in unit labor cost. This growth has been slowed down by moderation in recent wage agreements. However, this does not reverse the relatively significant increase that Austria has seen in recent years compared to its most important trading partners.

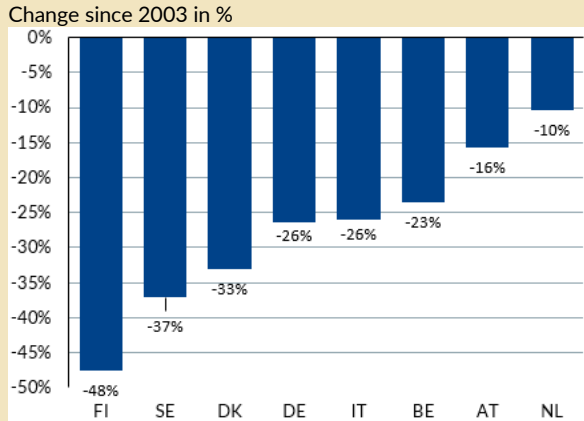
In addition to the decline in the price competitiveness of Austrian companies, a change in China's foreign trade strategy is also having an impact. An ECB article³ shows that China's exports and imports grew at roughly the same rates between 2011 and 2019. However, since 2021 and especially since 2024, real export growth has been significantly above China's import growth. It is particularly economic sectors where domestic revenues are flat that recorded above-average export growth. By contrast, sectors where domestic consumption is growing show export growth in line with the long-term trend.

³ See Al-Haschimi et al. (2025).

Chart 3 B1

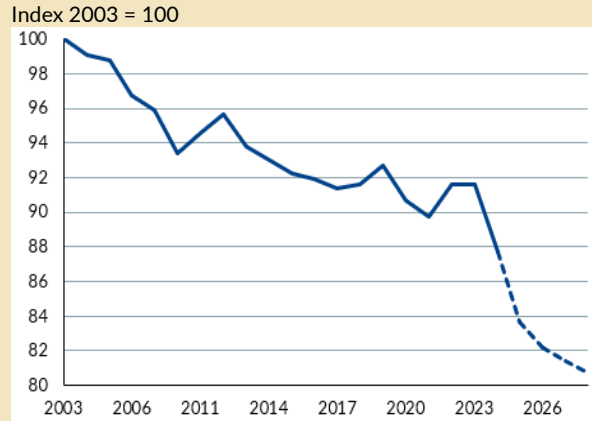
Export market shares

International comparison (2003–2023)
(goods, nominal)



Source: BACI V202501 (Gaulier and Zignago, 2010), OeNB.

Austria (2003–2024; 2025–2028: forecast)
(goods and services, real)



Source: Statistics Austria, Eurosystem, OeNB.

These developments suggest that China is aiming to sell more of its excess capacity abroad. The persistent weakness of the Chinese economy, combined with continuing declines in producer prices, do not point to a rapid turnaround. It is therefore to be expected that China will continue to try to sustain economic growth through exports. This means that the coming years will continue to be very challenging for Austria's export-oriented industry.

2 Low capacity utilization and weak construction sector weigh on investment growth

After almost two years of industrial recession, Austrian goods production saw a noticeable rebound in the first quarter of 2025. The recovery was driven by energy-intensive sectors such as metal production and the chemical industry as well as the automotive and pharmaceutical sectors. In the following two quarters, however, growth slowed down significantly. The sentiment indicators of the European Commission and the UniCredit Bank Austria Purchasing Manager Index are pointing to a slight improvement in the fourth quarter of 2025, but the indicators remain predominantly well below average. The OeNB's Economic Indicator shows as of December 2025 that weak industrial sentiment continues to be a slight drag on economic growth in the fourth quarter.

The industrial recession is leaving its mark in the form of weak capacity utilization in industry. At the beginning of October, capacity utilization stood at 82%, about 3 percentage points below the long-term average and at roughly the same level as at the end of 2020. New corporate lending has picked up since early 2025 but remains at a low level (75% of 2019 lending). Due to the sluggish recovery in goods production and weak capacity utilization, investment in plant and equipment is likely to recover only moderately. After a sharp 4.5% decline in 2024 and an unexpectedly strong recovery in the first three quarters, we forecast that investment in plant and equipment will expand by 7.8% in 2025. Growth will slow to 2.5% in 2026, 1.8% in 2027 and 1.9% in 2028.

Table 3

Investment

	2012–2019	2024	2025	2026	2027	2028
Annual change in %						
Total gross fixed capital formation (real)	2.8	–4.4	1.7	1.5	1.8	1.9
Investment in plant and equipment	2.9	–4.5	7.8	2.5	1.8	1.9
Investment in research and development	5.0	–0.8	–0.2	1.9	3.2	3.1
Residential construction investment	3.7	–3.3	–4.1	0.1	1.1	1.1
Nonresidential construction and other investment	0.0	–9.1	1.8	1.1	0.7	1.0

Source: OeNB December 2025 outlook.

Residential construction investment in Austria fell by around 20% in real terms between the beginning of 2022 and the end of 2025. It is expected to contract by 4.1% in 2025. Compared to other European countries, Austria is facing one of the deepest crises in residential construction. Due to the rising number of households and rising incomes, single-family home construction by households is expected to pick up. This has already been reflected in a slight increase in building permits since the beginning of 2024. By contrast, construction activity by commercial developers – whose output has halved since 2019 – is likely to remain weak. Following the sharp decline in 2025, residential construction investment is expected to stagnate in the following year. For 2027 and 2028, we anticipate moderate growth of 1.1%. Nonresidential construction investment and other investment fell by around 15% between 2021 and 2024. It is expected to grow by 1.8% in 2025. Thereafter, we expect investment in this category to expand by 1.1% in 2026, 0.7% in 2027 and 1.0% in 2028. Investment in research and development declined by 0.8% in 2024 and will be largely unchanged in 2025. We then expect research and development investment to recover to 1.9% in 2026, 3.2% in 2027 and 3.1% in 2028. Overall, investment in research and development, residential construction, and plant and equipment is therefore projected to grow at a slower rate than the average between the financial crisis and the COVID-19 pandemic.

3 Unemployment remains elevated – collectively agreed wage growth revised down

Persistently low economic growth has led to a noticeable increase in unemployment in 2025: The unemployment rate (national definition) rose by 0.5 percentage points to 7.5%. The Austrian economy will grow modestly in 2026, but this will not be sufficient to reduce unemployment. Looking further ahead, the unemployment rate is expected to come down slightly to 7.3% in 2027 and 2028. Total employment in persons will be flat in 2025 and grow by an average annual rate of 0.5% over the forecast horizon. The number of total hours worked has already started to rebound this year and will mirror the trend in the number of people employed from 2026 to 2028.

As many relevant collective bargaining agreements have already been concluded, 2026 growth in collectively agreed wages and salaries can be forecast with a high degree of certainty: After an increase of 3.9% this year, they will grow by 2.4% in 2026, representing a downward revision of 0.3 percentage points compared with the OeNB's previous September 2025 outlook. This decline, which reflects a partial departure from the practice of allowing wages to catch up with consumer price inflation, is primarily attributable to three major sectors in which relatively low settlements have been reached.

Table 4

Labor market and wages

	2024	2025	2026	2027	2028
Employment					
Annual change in %					
Total employment (persons)	0.1	0.0	0.4	0.6	0.5
Total hours worked	-0.1	0.5	0.4	0.6	0.4
Wages and inflation					
Annual change in %					
Collectively agreed wages and salaries ¹	8.5	3.9	2.4	2.2	2.1
Wage drift	-1.3	-0.1	0.1	0.2	0.1
Gross ² compensation (nominal)	7.2	3.8	2.5	2.4	2.1
HICP inflation rate	2.9	3.6	2.4	2.1	2.1
Gross ² compensation, real (HICP)	4.2	0.2	0.1	0.3	0.1
Net ³ compensation, real (HICP)	3.6	0.1	-0.2	0.2	-0.1
Unemployment rates					
% of labor supply					
Eurostat definition	5.2	5.6	5.7	5.6	5.5
National (AMS) definition	7.0	7.5	7.5	7.3	7.3

¹ Overall economy. ² Including employers' social security contributions.

³ After tax and social security contributions.

Source: OeNB December 2025 outlook.

In the metal industry, a two-year agreement was concluded in September 2025. At the beginning of November 2025, collectively agreed minimum wages were increased by 2%, which is well below rolling inflation (although two one-time EUR 500 payments are made in the first year of the collective agreement). In November 2026, collectively agreed minimum wages will rise by another 2.1% (but no one-time payments will be made). In the public sector, the difficult budget situation led to a renegotiation of the two-year agreement concluded in 2024. Contrary to the original plan to use rolling inflation as a basis for pay increases at the beginning of 2026, the new three-year agreement provides that salaries will increase by 3.3% in 2026, and not before July. In August 2027, public sector pay will be raised by an average of 1%. A third increase will follow in September 2028, also by an average of 1%. This means that the average annual increase from 2026 to 2028 will be 1.5%, well below the inflation forecast for that period. In the wholesale and retail sector, too, a two-year agreement had been in place for white-collar workers, but the terms for the second year were renegotiated. At the start of 2026, minimum salaries will rise by 2.55%, which is just under 0.5 percentage points below rolling inflation. Originally, pay increases were to exceed rolling inflation by 0.5 percentage points.

4 Saving ratio falls but remains above pre-crisis levels

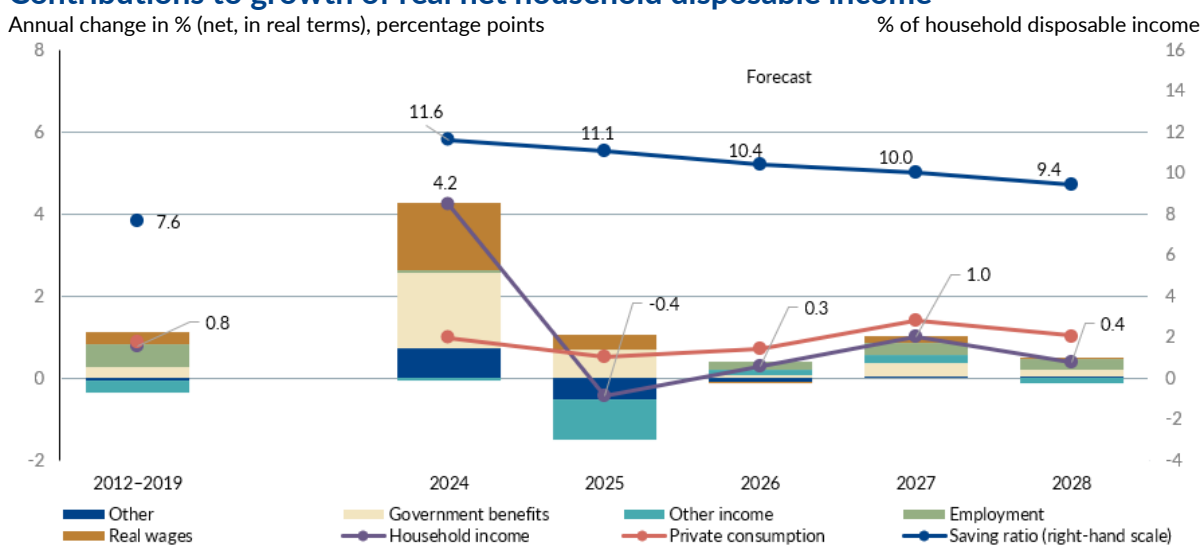
Real disposable net household income rose by a strong 4.2% in 2024. This was mainly driven by the strong increase in real net wages per employee, which contributed 1.6 percentage points, higher government benefits (+1.8 percentage points; mainly delayed pension increases) and transfers such as the "climate bonus" payments (+0.7 percentage points), which was increased in 2024 compared to the previous year. However, real private consumption grew by only 1%, a rate well below income growth. The saving ratio increased from 8.7% in 2023 to 11.6% in 2024.

Consumer sentiment remains subdued in 2025. The European Commission's consumer sentiment indicator remained flat at a below-average level in 2025. Consumers' unemployment expectations rose slightly and remained above average. We therefore forecast that real private consumption will grow by

only 0.5% in 2025. Real household disposable income is expected to decline by 0.4%, implying a slight decrease in the saving ratio. As in 2024, employment will not make a significant contribution to real household disposable income growth in 2025. Due to the significantly lower growth in collectively agreed wages in 2025, the contribution of real net wages per employee will also fall (+0.4 percentage points). In addition, we expect a decline in contributions from other income (capital, self-employment and interest), which together will contribute -1 percentage point. Fiscal consolidation will be a drag in 2025, while the measures to curb government benefits will not have a major effect until 2026.

Chart 2

Contributions to growth of real net household disposable income



Source: Statistics Austria, OeNB.

For the years 2026 to 2028, real household disposable income is expected to increase again. Employment growth will increasingly contribute to income growth, with its contribution peaking at 0.3 percentage points in 2027. By contrast, real wage growth per employee will remain modest and not make a noticeable contribution before 2027. Contributions from other types of income will be largely neutral. Government benefits will make a significantly lower contribution to real disposable net household income than in 2024 and 2025.

Growth in real private consumption is expected to exceed income growth between 2026 and 2028. As a result, the net saving ratio will drop from 11.6% in 2024 to 9.4% in 2028. This places it above the average of 7.6% recorded between the financial crisis and the COVID-19 pandemic (2012–2019) and roughly in line with the longer-term average of 9.6% since Austria joined the euro area (1999–2019).⁴

⁴ To calculate the averages, we specifically selected time periods until 2019 as the unusually high saving ratios during the COVID-19 pandemic would otherwise distort the results.

Table 5

Household income and private consumption

	2024	2025	2026	2027	2028
Annual change in %					
Household disposable income (real)	4.2	-0.4	0.3	1.0	0.4
Private consumption (real)	1.0	0.5	0.7	1.4	1.0
% of household disposable income					
Saving ratio	11.6	11.1	10.4	10.0	9.4

Source: OeNB December 2025 outlook.

5 Inflation will come down significantly

Austrian HICP inflation has stabilized at a high level of about 4% since August 2025, after having risen sharply in the preceding months. This increase was primarily driven by higher prices for clothing, footwear and energy. While clothing prices have since returned to more normal levels, energy prices remain above average. In addition, government consolidation efforts have moderately increased inflation, particularly through higher prices for administrative services.

5.1 Inflation slows by more than 1 percentage point in 2026, drops to 2.1% in 2027 and 2028

Inflation is expected to decline across all special aggregates over the coming quarters. In particular, energy price inflation is likely to fall sharply at the beginning of 2026, mainly due to a strong base effect in 2025, when network charges for electricity and gas increased significantly and government energy subsidies, such as the electricity price cap, expired. In addition, wholesale prices for household energy have declined sharply since early 2025. This drop is likely to be increasingly reflected in consumer prices. A similar trend can be seen in crude oil prices, which fell sharply in 2025. Futures prices⁵ suggest that they will remain on a moderate downward trend. These declines will more than offset the increase in network charges for household energy at the beginning of 2026 and the announced increase in district heating prices in Vienna. The reduction in the electricity levy, which is to take effect in January 2026, was approved after the December outlook was finalized and therefore not incorporated in our calculations.⁶ It is likely to reduce inflation by about 0.1 percentage points.

Inflation in services and nonenergy industrial goods is also expected to ease. The main drivers are a significant slowdown in wage growth, the appreciation of the euro against the US dollar and a weak economy. In addition, an affordable housing package⁷ agreed in September 2025 limits rent increases in regulated and unregulated markets. This is expected to reduce 2026 HICP inflation by about 0.1 percentage points.⁸ Food inflation is also expected to decline, as falling energy and input costs, together with lower wage increases, slow down price increases.

⁵ Futures prices are prices agreed today for delivery at a future date. Typical examples are futures contracts for commodities, energy and financial products.

⁶ In 2026, the electricity levy for households will be reduced from 1.5 cents per kWh to 0.1 cents per kWh. For businesses, the levy will be cut from 1.5 cents per kWh to 0.82 cents per kWh. These inflation reduction figures relate only to direct effects in the household sector; indirect effects (also via the corporate sector) are likely to be negligible.

⁷ The affordable housing package was announced by the Austrian federal government in the fall of 2025.

⁸ This calculation assumes that the next increase in regulated rents would have occurred in 2026 and amounted to around 8% (the last increase took place in 2023). In the unregulated sector, rents would have been increased by about 3.6% in 2026. Due to the

HICP inflation is forecast to come to 2.4% in 2026. As part of fiscal consolidation efforts, the federal government and Vienna are implementing significant price and fee increases (tobacco tax, KlimaTicket public transport pass, charges for the e-card, the Austrian health insurance card, local government fees, etc.). However, due to their low share in the basket of goods and services, they only have a moderate impact, accelerating inflation by around 0.2 percentage points. At 2.7% in 2026, core inflation will continue to be above headline HICP inflation, as inflation in the services sector remains above average.

Table 6

Inflation

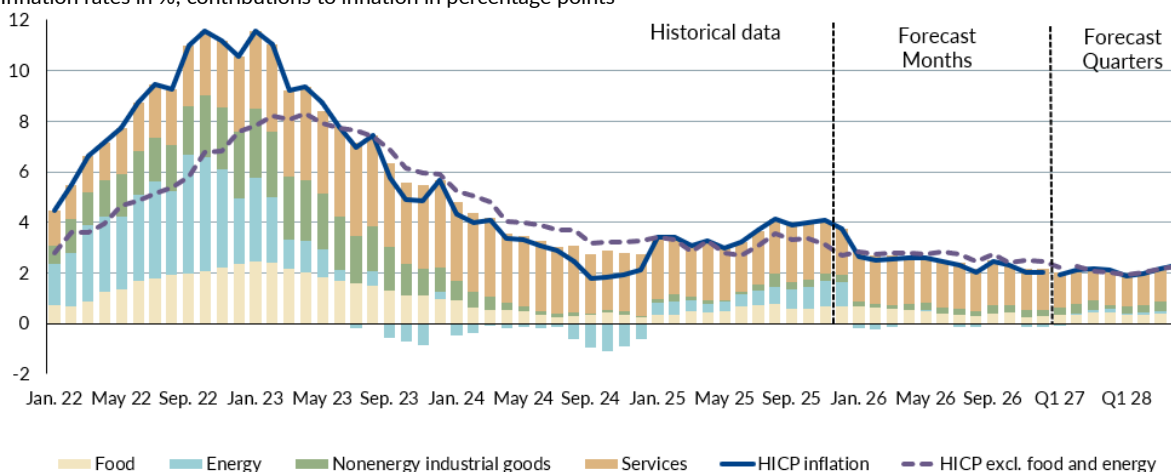
	Current outlook					Revisions since September 2025		
	2024	2025	2026	2027	2028	2025	2026	2027
Annual change in %	Percentage points							
HICP inflation	2.9	3.6	2.4	2.1	2.1	0.0	-0.1	-0.2
Food	2.9	3.6	2.8	2.5	2.3	-0.2	-0.7	0.0
of which: unprocessed food	0.6	2.9	2.4	x	x	-0.3	-0.3	x
of which: processed food	3.4	3.8	2.9	x	x	-0.2	-0.7	x
Nonenergy industrial goods	0.9	0.9	0.8	1.1	1.2	0.1	-0.1	x
Energy	-5.4	7.7	-1.4	0.6	1.4	0.6	2.2	0.8
Services	5.7	4.4	3.8	2.8	2.6	0.3	0.4	x
HICP excluding energy	3.7	3.2	2.7	2.2	2.1	0.0	-0.3	-0.3
HICP excluding energy and food	3.9	3.1	2.7	2.1	2.1	0.0	-0.2	-0.4

Source: OeNB outlooks of December 2025 and September 2025.

Chart 3

Contributions to Austrian HICP inflation

Inflation rates in %; contributions to inflation in percentage points



Source: OeNB, Statistics Austria.

The following subsections present a forecast for the main components of inflation as well as an outlook for Austria's inflation differential with the euro area.

affordable housing package, rents in the unregulated sector are expected to increase by 3.3%. In 2027 and 2028, the affordable housing package is not expected to reduce inflation as HICP inflation is expected to fall well below 3%.

5.2 Energy sector: Inflation comes down driven by base effects as well as falling crude oil and wholesale household energy prices

Energy inflation has exceeded 10% in recent months and is expected to remain elevated through the end of the year. The main drivers are household energy prices, particularly electricity, as well as district heating prices, which are rising by around 15% in Vienna.

At the beginning of 2026, inflation in this category will slow down significantly due to strong base effects. This reflects the expiry of government support measures as well as increases in carbon taxes and network charges implemented at the beginning of 2025. In addition, falling crude oil prices and declining wholesale prices for electricity and gas will exert downward pressure on inflation. According to current futures prices, crude oil prices are expected to fall by around 10% in 2026, while wholesale prices for household energy are projected to decline between 7% and 15%. These drops more than offset the impact of another increase in network charges and the rise in Vienna district heating prices. The present outlook therefore expects energy price inflation to fall from 7.7% in 2025 to -1.4% in 2026. The reduction in the electricity levy, approved after the finalization of the December outlook, is likely to reduce 2026 energy price inflation by another percentage point. For the subsequent years, we project a moderate increase in energy-sector inflation: 0.6% in 2027 and 1.4% in 2028.

The forecast assumes that the CO₂ price will remain unchanged at EUR 55 per tonne in 2026 and 2027. From 2028 onward, we expect a price of around EUR 46 per tonne following the introduction of ETS₂, the European emissions trading system. Between 2026 and 2028, carbon pricing is unlikely to have a noticeable impact on the inflation rate. The 2028 reduction in the CO₂ price is unlikely to be fully passed on to consumers. If the price reduction were to be passed on in full, energy inflation would go down by about 1 percentage point and overall inflation would slow by about 0.1 percentage points.

5.3 Services inflation, a key driver of headline inflation

Services are currently the most important driver of headline inflation. In November 2025, the services sector accounted for slightly more than half of the 4.1% HICP inflation rate. Services inflation is expected to amount to 4.4% in 2025, decline to 3.8% in 2026, and fall further to 2.8% in 2027 and 2.6% in 2028. By 2028, inflation in the services sector will therefore be only moderately above its long-term average. The decline mainly reflects a significant slowdown in wage growth, which is projected to decrease by around 2 percentage points between 2025 and 2028.

In addition, due to the affordable housing package approved in September 2025, rent inflation is expected to make a smaller contribution to headline inflation than in previous years. Increases in regulated rents are capped at 1%, while the following ceiling applies to unregulated rents: If inflation exceeds 3%, only half of the portion above that threshold can be passed on. With headline inflation projected to be 3.5% in 2025, unregulated are therefore expected to rise by 3.25% in 2026.

Service components that are not wage-dependent, such as administered prices, will not contribute to the decline in 2026. Much rather, the recent fiscal consolidation is leading to fee increases, particularly in the services sector. The charge for e-cards, the Austrian health insurance card, rises sharply (+81%), as do fees for passports and driving licenses (+48%). The prices of the KlimaTicket public transport pass will increase in two steps, by 19% in 2025 and by another 8% in 2026. Vienna is also raising prices for public transport tickets and parking fees by about 30%. Overall, these fee increases will contribute just under 0.4 percentage points to services inflation in 2026.

5.4 Wages, lower energy costs and euro appreciation reduce food inflation

Food inflation is expected to slow from 3.6% in 2025 to 2.8% in 2026. Despite this marked deceleration, inflation in this sector will remain about 0.5 percentage points above its long-term average in 2026. The appreciation of the euro puts downward pressure on inflation as it reduces the cost of imported food commodities. In addition, lower energy costs reduce production and input costs, which is likely to be reflected in lower consumer prices. Slower wage growth is also expected to help slow inflation in this category.

The tobacco tax increase adopted as part of fiscal consolidation will raise food inflation by around 0.3 percentage points in 2026 (and headline inflation by around 0.1 percentage points). From 2027 onward, this tax-related base effect will drop out of the calculation. Coupled with energy prices that remain low, this means that food inflation is expected to decline to 2.5% in 2027 and 2.3% in 2028. As a result, food inflation will return to a level close to its long-term average.

5.5 Recent rise in industrial goods inflation is not persistent

Nonenergy industrial goods inflation jumped to 2.1% in August 2025, mainly driven by higher prices for clothing and footwear. Inflation in this category fell back to 1.1% in September and remained unchanged at that level in October. According to EU business and consumer surveys, short-term price expectations (for the next three months) in key retail segments⁹ are currently in line with their long-term averages. For the forecast horizon, we expect inflation rates of about 1%.

5.6 Revisions compared to the September outlook

Compared to the September 2025 outlook, the OeNB leaves its HICP inflation forecast virtually unchanged for 2025 and 2026, and makes a slight downward revision for 2027. The slight downward revision for 2027 mainly reflects lower projected growth in labor costs compared to the previous outlook. At the same time, the forecast for energy inflation has been revised up due to forecast errors in recent months, which means that the downward revision to headline inflation is smaller than to core inflation.

5.7 Risks to the inflation forecast are balanced

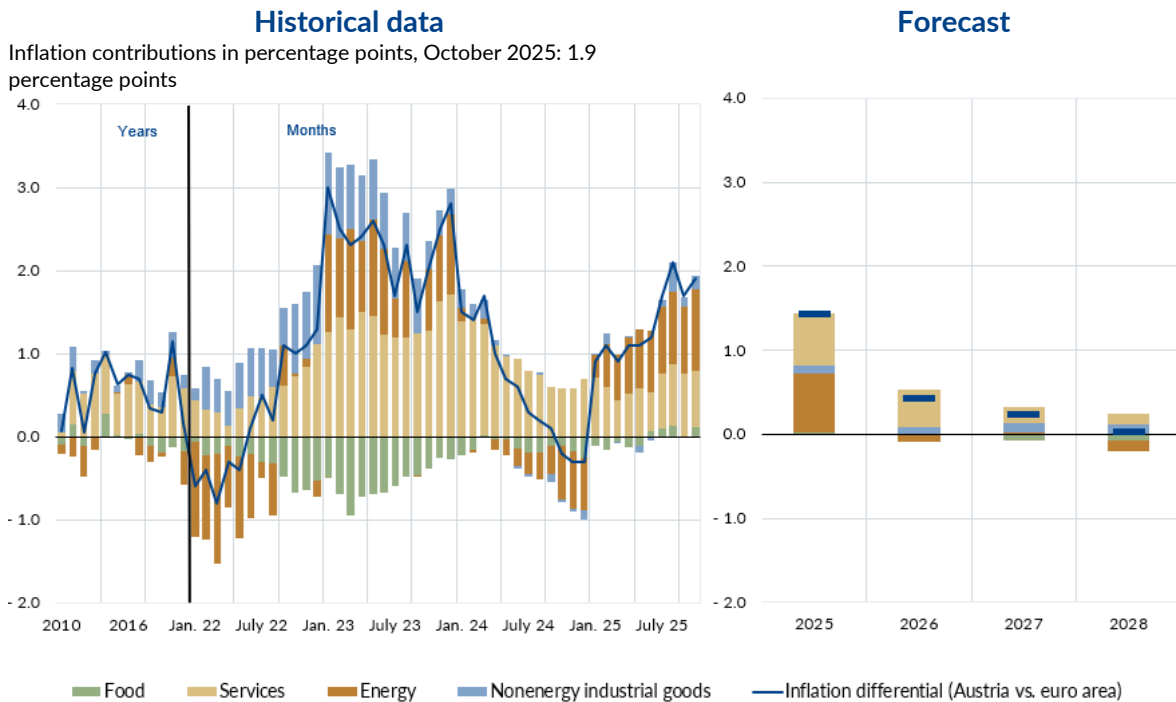
Potential additional fiscal consolidation efforts by the public sector represent a slight upside risk to the inflation forecast. The inflation rate would rise if the consolidation was implemented by means of further price increases for government-provided goods and services. The reduction in the electricity levy, approved after the finalization of the December outlook, could not be incorporated in our calculations. This measure is expected to reduce 2026 HICP inflation by around 0.1 percentage points. Overall, the risks to the inflation forecast are balanced.

5.8 Inflation differential with euro area narrows due to energy and services

In late 2024, Austria's inflation rate was slightly below that of the euro area. This was mainly due to government support measures (such as the electricity price cap), which had lowered energy prices in Austria. In the euro area, by contrast, most measures to reduce energy prices were phased out at earlier dates.

⁹ Food, information and communication equipment, household goods and leisure goods.

Inflation differential (Austria vs. euro area)



Source: OeNB, Eurosystem, Eurostat.

At the beginning of 2025, however, energy prices once again led to a widening of the inflation differential. The phaseout of government support measures caused energy inflation in Austria to rise sharply in January 2025. For 2025 as a whole, Austria is expected to record an annual inflation rate that is roughly 1.5 percentage points above the euro area average. Energy and services contribute to this differential in roughly equal measure. Food and nonenergy industrial goods have little impact on the gap with the euro area inflation rate. In 2026, the inflation differential is expected to narrow by about 0.8 percentage points due to a base effect resulting from the increase in the inflation rate at the beginning of 2025. The contribution of services will also decline in 2026 and continue to fall further in 2027 and 2028. This trend is mainly driven by a marked slowdown in wage growth. According to our current forecast, growth in compensation per employee will on average be 0.7 percentage points lower than in the euro area between 2026 and 2028.

Distribution of inflation rates at the household level¹⁰

This box calculates household-level inflation rates for the years from 2022 onward. The key question is: How did household-level inflation rates evolve during the period of the strongest surge in inflation since the 1970s and during the subsequent decline in price pressures?

To answer this question, we use microdata from the 2019/2020 Austrian household budget survey and detailed price data. Households are grouped by socioeconomic characteristics: income, municipality size, household type, housing status (tenants vs. owner-occupiers), age, level of education and employment status¹¹

Households in higher income deciles faced higher inflation in 2022; starting in 2023, inflation has mainly affected lower income deciles

In 2022, higher income deciles experienced higher inflation than lower income deciles. This was mainly due to above-average price increases in transportation as well as in recreation and culture. Compared to households in the lower income deciles, high-income households spend a larger share of their consumption on goods and services in these categories. In 2023, 2024 and the first three quarters of 2025, however, inflation in the lower income deciles consistently exceeded that in the higher deciles. The differential was particularly pronounced in 2023: The inflation rate of the first income decile was 8.7%, while that of the tenth decile was 7.6% – a gap of about 1 percentage point. As inflation rates declined after 2023, this differential narrowed: In 2024 and in the first three quarters of 2025, the gap between the first and tenth income deciles stood at about 0.5 percentage points.¹²

This trend is driven by price changes in certain products and differences in consumption patterns between households. Food and energy prices increased due to supply chain disruptions and the war in Ukraine. Housing costs were affected by higher energy prices and are often indexed to overall inflation. Above-average price increases in these categories hit low-income households particularly hard as a large part of their spending goes toward these goods and services. While housing, water, energy and food account for slightly more than half of household spending in the first income decile, the tenth income decile spends less than 40% on these categories.

Income influences a household's inflation rate but is not the only factor. Chart 1 B2 shows that differences within income deciles are considerably larger than across deciles. Other characteristics also play a decisive role, such as household type, age, level of education, employment status, place of residence (municipality size) and housing status (tenants vs. owner-occupiers). These factors determine the composition of a household's individual basket of goods and services and therefore the extent to which it is affected by price increases in various categories of goods and services.

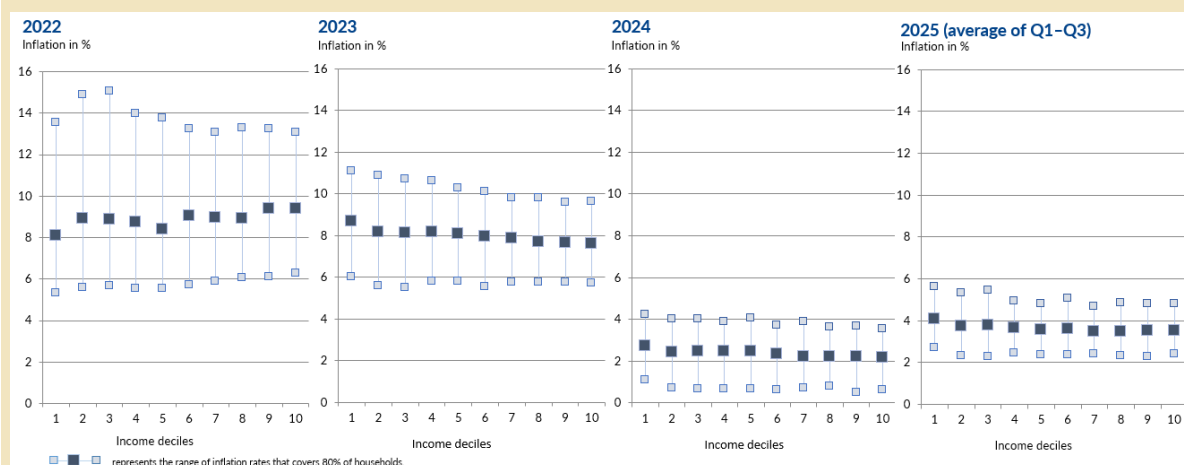
¹⁰ This analysis is based on a methodology developed in Fessler et al. (2023).

¹¹ The household budget survey involves, for each household, a specific interview with the head of household or the reference person who makes the largest contribution to household income.

¹² A similar pattern can also be observed for the euro area. According to Charalampakis et al. (2022), the differential in inflation rates between the first income quintile and the fifth income quintile widened to about 2 percentage points as inflation accelerated in 2022. OeNB calculations for Austrian households show an inflation differential of about 1 percentage point for 2022.

Chart 1 B2

Household inflation rates by net income decile



Source: 2019/2020 Austrian household budget survey, 2021–2025 micro price data, OeNB.

Inflation does not always hit the same groups of households

Size of municipality: In 2022, households in rural areas as well as owner-occupiers faced the highest inflation rates. In 2023, the pattern reversed: Households in large cities such as Vienna saw the highest inflation (see table 1 B2). Specifically, people in Vienna faced an inflation rate that was 1.6 percentage points higher than in small municipalities (with a population of up to 2,500). This gap narrowed significantly after 2023.

Housing status: In 2024, tenants were confronted with relatively high inflation rates. Their inflation rate was about 0.8 percentage points higher than that of owner-occupiers, not least due to a sharp increase in rents. In 2025, this gap narrowed but remained slightly positive.

Household size and employment status: In 2025, single-person households and unemployed households had the highest inflation rates. Specifically, the inflation rate for single-person households was 0.2 to 0.3 percentage points higher than for multi-person households.

Age: Since 2023, the inflation rate for households with heads aged over 65 has been 0.3 to 0.4 percentage points higher than for households with heads aged between 18 and 29. This difference has remained relatively stable since then.

Measured by cumulative inflation since 2021, pensioners, people with compulsory education, owner-occupiers, households in rural municipalities and single-person households have experienced the highest inflation rates (see table 1 B2).

Households with limited means are hit hardest

Rising prices reduce the purchasing power of all households but have the greatest negative effects on those with limited financial means. Measured by various indicators of financial strain (net income, liquid assets, savings), single parents, unemployed households and people in other types of employment (e.g. apprentices, freelancers) are especially constrained in their resources.

At the same time, unemployed households and people in other types of employment have faced relatively high inflation rates in recent years. Particularly in 2023, when inflation reached 7.9%, this is likely to have placed considerable financial pressure on these households.

Table 1 B2

Household-specific inflation rates by socioeconomic criteria

			Inflation rate			Cumulative rate of inflation
			2023	2024	2025 ¹	2022–2025 ²
		%				
Median inflation		8.6	8.0	2.4	3.6	24.4
Size of municipality	Population up to 2,500	10.8	7.3	2.0	3.6	13.3
	2,501–10,000	10.3	7.6	2.2	3.7	14.0
	10,001–100,000	9.3	8.2	2.3	3.7	14.7
	100,001 and above (excluding Vienna)	7.9	8.4	2.6	3.7	15.4
	Vienna	7.8	8.9	2.7	3.8	16.0
Household status	Single	9.2	8.3	2.5	3.9	15.4
	Couple with children	9.4	7.7	2.1	3.5	13.9
	Couple without children	9.8	7.9	2.2	3.6	14.3
	Single parent	8.4	8.3	2.3	3.7	14.8
	Single parent and other adults	9.5	8.0	2.2	3.8	14.5
	Other	9.6	7.7	2.2	4.0	14.5
Housing status	Owner-occupier	10.6	7.7	2.0	3.6	13.9
	Tenants: municipal housing	8.1	8.9	2.5	4.0	16.1
	Tenants: co-operative housing	7.8	8.3	2.6	3.7	15.3
	Other primary tenants	7.6	8.1	2.9	3.7	15.4
	Other (e.g. subtenants)	10.4	7.8	2.2	3.8	14.4
Age	18 to 29	8.0	8.0	2.5	3.5	14.6
	30 to 39	8.4	8.0	2.4	3.5	14.5
	40 to 49	9.2	7.8	2.3	3.6	14.2
	50 to 64	9.8	7.9	2.2	3.6	14.3
	65 and above	10.3	8.2	2.4	4.0	15.3
Education	Compulsory education	10.0	8.3	2.3	4.0	15.3
	Apprenticeship or vocational training	9.9	7.8	2.2	3.7	14.3
	Upper secondary school leaving certificate	8.8	8.1	2.4	3.6	14.7
	University	8.4	8.1	2.5	3.6	14.8
Employment	Blue-collar worker	9.9	7.6	2.1	3.5	13.6
	White-collar worker	8.8	8.0	2.3	3.5	14.3
	Civil servant	9.3	7.7	2.3	3.5	14.0
	Self-employed	9.7	8.0	2.3	3.6	14.5
	Other employment	8.5	8.4	2.9	3.7	15.6
	Unemployment	8.5	8.5	2.5	4.0	15.7
	Pensioner	10.1	8.2	2.3	3.9	15.1
	Other (e.g. apprentices)	8.1	8.24	2.63	3.73	15.2

¹ Average inflation rate from January 2025 to September 2025.

² Up to Q3 2025.

³ The inflation rate that is exactly in the middle when all household inflation rates are sorted. Due to data granularity and calculation methods, it may differ slightly from the published inflation rate.

Source: 2019/2020 Austrian household budget survey, 2023–2025 micro price data, OeNB.

Conclusions

Income is a major factor determining to what extent inflation affects a household. Low-income households spend a larger portion of their budget on essentials such as food, energy and housing. As the prices of these goods have risen sharply in recent years, low-income households have been hit harder by inflation than households in higher income deciles. However, income is not the only – and not even the most important – socioeconomic factor explaining the wide variation in household-specific inflation rates.

In addition, high inflation does not always affect the same groups of households. In 2022, households in smaller municipalities and owner-occupiers faced the highest inflation rates. This changed in 2023, when households in large cities with populations of more than 100,000 were disproportionately affected by rising prices. The differential between households in small municipalities and in large cities ranged from 1 to 1.5 percentage points in 2023. In 2024, tenants and households in large cities faced high inflation rates. In 2025, households with non-employed heads, single-person households and blue-collar households recorded relatively high inflation rates. Measured by cumulative inflation since 2021, pensioners, people with compulsory-school education, owner-occupiers, households in rural municipalities and single-person households experienced the highest inflation rates.

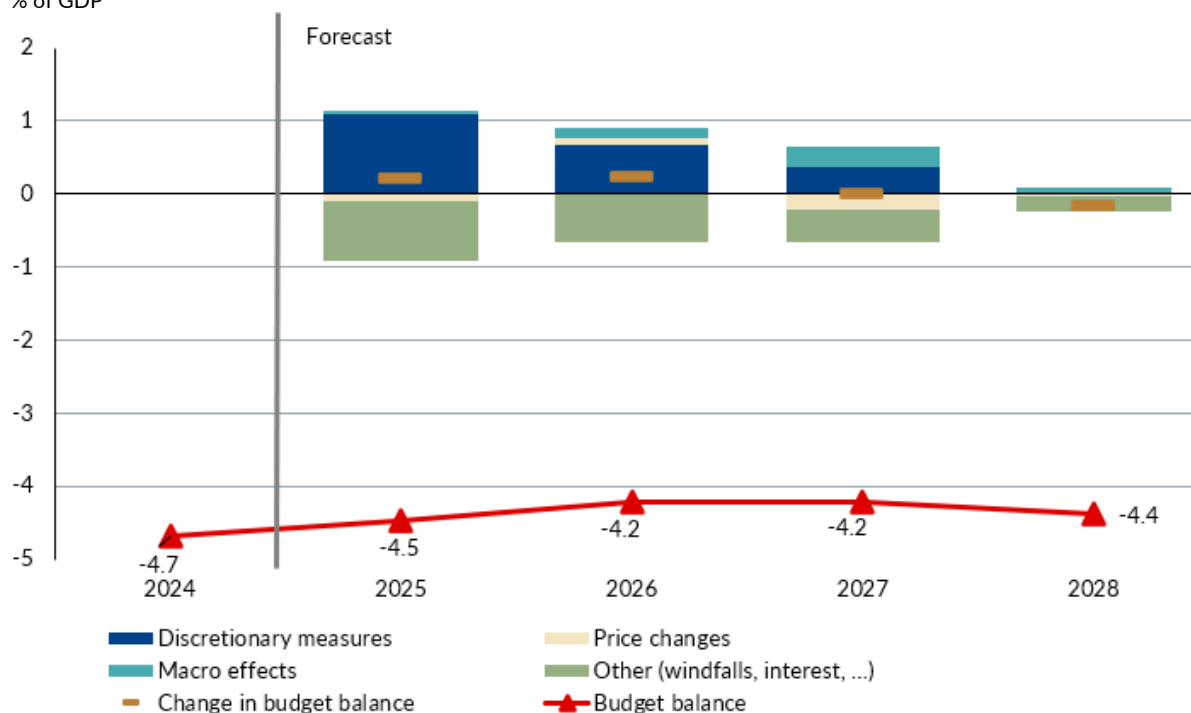
High inflation does not necessarily impose a significant burden – the impact varies by household. Those most affected are low-income households, which have to spend a large share of their income and are unable to build substantial savings, if any. This includes unemployed households, people in other types of employment (e.g. apprentices, freelancers) as well as single parents.

6 More fiscal consolidation efforts needed

The general government budget balance came in at -4.5% of GDP in 2025, a 0.2 percentage point improvement over 2024. The OeNB's June 2025 outlook had forecast an even stronger improvement. The downward revision mainly reflects a weaker economic environment: Expenditures for healthcare, pensions, unemployment and interest payments are somewhat higher than anticipated in the second quarter of 2025. In addition, revenues from VAT and corporate tax remained below previous estimates. For 2026, based on the fiscal consolidation measures that have been announced so far, we expect the budget deficit to narrow to 4.2%. As things stand, only few budget cuts are in effect and/or have been sufficiently specified for 2027 and 2028, and the cyclical contribution remains limited. Consequently, the budget deficit is not expected to narrow further. The deficit will widen to 4.4% in 2028, driven by a statistical effect related to the decision to postpone the introduction of the EU's ETS2 emissions trading system by one year. Austria's national carbon tax will be phased out at the end of 2027, but ETS2 revenues will not be recorded as government revenue until 2029.

Budget balance and change over previous year

% of GDP



Source: OeNB.

Austria's debt-to-GDP ratio is expected to be 81.9% in 2025 and to increase to 86.8% by 2028. This increase is driven both by persistently high primary deficits and by weak nominal GDP growth (denominator effect). We estimate that the latest fiscal consolidation package will only have a small impact on GDP growth, as many of the measures have only very little direct impact on demand. In fact, the public sector is making a positive 0.15 percentage point contribution to growth this year: Although price and budget measures have a negative impact on growth, government consumption continues to grow at a strong pace. In subsequent years, the positive effect of government consumption will decrease due to the need for austerity. What remains is the negative annual 2 percentage point effect of the fiscal consolidation. A further fiscal consolidation package, however, could also affect areas that trigger stronger growth effects, such as public sector investment. This would represent an additional downside risk to growth.

Table 7

Growth in net primary expenditure

Annual change in %	2025	2026	2027	2028
Limit according to Federal Ministry of Finance	2.6	2.2	2.2	2.2
OeNB forecast	2.4	2.1	2.9	3.1
OeNB forecast including exemption for defense spending	2.2	1.6	2.1	2.5
Difference (percentage points)	0.2	0.1	-0.7	-0.9
Difference including exemption (percentage points)	0.4	0.6	0.1	-0.3

Source: Federal Ministry of Finance, OeNB.

Austria is currently subject to an excessive deficit procedure (EDP) and has committed to a multiyear path of fiscal consolidation. Compliance with this commitment is assessed by the European Commission and measured only by annual expenditure growth (net, adjusted for tax policy, excluding interest payments). Austria also plans to activate a national defense exemption, which allows a part of defense spending to be excluded from the calculation. For 2025 and 2026, expenditure growth is well below the prescribed limits, meaning Austria goes beyond what is required. In 2027, the targets will only be met if the exemption is activated. In 2028, Austria exceeds the expenditure path, even with the exemption, but only marginally so, remaining within the margin of permissible deviations. Nevertheless, additional consolidation will be necessary to achieve the planned deficit of 3% in 2028.

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8 Annex of tables

Table A1

Main results of the forecast

Economic activity	2024	2025	2026	2027	2028
Annual change in % (real)					
Gross domestic product (GDP)	-0.8	0.6	0.8	1.1	1.0
Private consumption	1.0	0.5	0.7	1.4	1.0
Government consumption	3.8	3.0	1.2	0.9	0.8
Gross fixed capital formation	-4.4	1.7	1.5	1.8	1.9
Exports of goods and services	-2.8	-1.3	0.4	2.1	2.2
Imports of goods and services	-2.9	1.5	1.6	2.6	2.6
% of nominal GDP					
Current account balance	2.4	1.1	1.1	1.2	1.0
Import-adjusted contributions to GDP growth¹					
Percentage points of GDP					
Exports	-1.1	-0.5	0.0	0.4	0.4
Domestic demand (excluding changes in inventories)	0.2	0.6	0.6	0.7	0.6
Private consumption	0.3	0.1	0.2	0.4	0.2
Government consumption	0.7	0.5	0.2	0.1	0.1
Gross fixed capital formation	-0.7	0.0	0.2	0.2	0.2
Changes in inventories (including statistical discrepancy)	0.0	0.4	0.1	0.0	0.0
Prices					
Annual change in %					
Harmonised Index of Consumer Prices (HICP)	2.9	3.6	2.4	2.1	2.1
Private consumption expenditure deflator	3.3	3.0	2.3	2.1	2.1
GDP deflator	4.1	3.1	2.7	2.1	2.0
Unit labor costs (whole economy)	8.2	3.2	2.0	1.8	1.6
Terms of trade	1.2	1.5	0.8	0.2	0.0
Income and savings					
Annual change in %					
Real disposable household income	4.2	-0.4	0.3	1.0	0.4
% of nominal disposable household income					
Saving ratio	11.6	11.1	10.4	10.0	9.4
Labor market					
Annual change in %					
Payroll employment	0.2	0.1	0.4	0.6	0.5
Hours worked (payroll employment)	0.0	0.5	0.4	0.7	0.5
% of labor supply					
Unemployment rate (Eurostat definition)	5.2	5.6	5.7	5.6	5.5
Unemployment rate (national definition)	7.0	7.5	7.5	7.3	7.3
Public finances					
% of nominal GDP					
Budget balance (Maastricht definition)	-4.7	-4.5	-4.2	-4.2	-4.4
Government debt	79.9	81.9	83.8	85.2	86.8

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 December 2025 outlook.

Table A2

Underlying global economic conditions

Gross domestic product (GDP)	2024	2025	2026	2027	2028
Annual change in % (real)					
World excluding the euro area	3.6	3.5	3.3	3.3	3.3
USA	2.8	1.9	2.0	2.0	1.9
China	5.0	5.0	4.6	4.2	4.0
India	6.7	6.9	5.8	6.6	6.6
Japan	-0.2	1.3	0.5	0.8	0.8
Latin America	2.0	2.4	2.1	2.4	2.4
United Kingdom	1.1	1.4	1.1	1.2	1.4
CESEE EU member states ¹	4.4	1.8	2.0	1.9	1.8
Switzerland	1.4	1.4	1.2	1.6	1.6
Euro area	0.9	1.4	1.2	1.4	1.4
World trade (imports of goods and services)					
Annual change in % (real)					
World economy	3.2	4.1	2.1	3.0	3.0
World excluding the euro area	4.3	4.4	2.0	3.1	3.1
Growth of euro area export markets (real)	3.7	3.8	1.9	3.1	3.0
Growth of Austrian export markets (real)	1.4	3.3	2.2	3.0	3.0
Prices					
Oil price in USD/barrel (Brent)	81.2	69.2	62.5	62.6	64.0
Three-month interest rate in %	3.6	2.2	2.0	2.1	2.3
Long-term interest rate in %	2.8	3.0	3.2	3.4	3.6
USD/EUR exchange rate	1.1	1.1	1.2	1.2	1.2
Nominal effective exchange rate of the euro	124	128	130	130	130

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

Source: Eurosystem December 2025 outlook.

Table A3

Foreign trade

	2024	2025	2026	2027	2028
Exports					
Annual change in %					
Competitor prices in Austria's export markets	0.4	-0.2	0.7	1.9	2.0
Export deflator	0.8	1.8	2.0	2.0	1.9
Price competitiveness	-0.4	-2.0	-1.3	-0.1	0.0
Import demand in Austria's export markets	1.4	3.3	2.2	3.0	3.0
Austrian exports of goods and services (real)	-2.8	-1.3	0.4	2.1	2.2
Austrian market share	-4.2	-4.5	-1.8	-0.9	-0.8
Imports					
Annual change in %					
Competitor prices in Austria's export markets	0.5	0.4	1.1	1.9	2.0
Import deflator	-0.4	0.3	1.2	1.8	1.9
Austrian imports of goods and services (real)	-2.9	1.5	1.6	2.6	2.6
Net exports, trade shares and terms of trade					
Percentage points of real GDP growth					
Contribution of net exports to GDP growth	-0.1	-1.6	-0.7	-0.2	-0.2
% of nominal GDP					
Export ratio	55.7	54.0	53.4	53.9	54.5
Import ratio	53.2	52.2	51.9	52.4	53.2
Annual change in %					
Terms of trade	1.2	1.5	0.8	0.2	0.0

Source: OeNB December 2025 outlook.

Table A4

Current account

	2024	2025	2026	2027	2028
% of nominal GDP					
Balance of trade	2.9	1.6	1.6	1.7	1.5
Balance of goods	1.6	0.5	0.4	0.5	0.4
Balance of services	1.2	1.1	1.1	1.2	1.1
Balance of primary income ¹	0.3	0.3	0.3	0.3	0.3
Balance of secondary income ²	-0.8	-0.8	-0.8	-0.8	-0.8
Current account balance	2.4	1.1	1.1	1.2	1.0

¹ Balance of income (e.g. compensation of labor, investment income).² Balance of current transfers.

Source: OeNB December 2025 outlook.

Table A5

Household income and private consumption

	2024	2025	2026	2027	2028
Annual change in %					
Payroll employment	0.2	0.1	0.4	0.6	0.5
Wages and salaries per employee	7.2	3.8	2.5	2.4	2.1
Compensation of employees	7.4	3.9	2.9	3.1	2.7
Investment income	-3.9	-7.9	5.3	4.1	2.8
Self-employment income and operating surpluses	7.4	3.9	2.1	2.5	1.6
Contribution to household disposable income growth					
Compensation of employees	6.4	3.4	2.6	2.7	2.4
Investment income	-0.4	-0.7	0.4	0.3	0.2
Self-employment income and operating surpluses	1.2	0.6	0.3	0.4	0.3
Net transfers less direct taxes ¹	0.6	-0.7	-0.5	-0.3	-0.4
Annual change in %					
Household disposable income (nominal)	7.6	2.6	2.6	3.1	2.4
Consumption deflator	3.3	3.0	2.3	2.1	2.1
Household disposable income (real)	4.2	-0.4	0.3	1.0	0.4
Private consumption (real)	1.0	0.5	0.7	1.4	1.0
% of household disposable income					
Saving ratio	11.6	11.1	10.4	10.0	9.4

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

Source: OeNB December 2025 outlook.

Table A6

Investment

	2024	2025	2026	2027	2028
Annual change in %					
Gross fixed capital formation (real)	-4.4	1.7	1.5	1.8	1.9
of which					
investment in plant and equipment	-4.5	7.8	2.5	1.8	1.9
residential construction investment	-3.3	-4.1	0.1	1.1	1.1
nonresidential construction and other investment	-9.1	1.8	1.1	0.7	1.0
investment in research and development	-0.8	-0.2	1.9	3.2	3.1
public sector investment	7.2	-0.9	4.8	2.2	-0.4
private investment	-6.7	2.3	0.8	1.7	2.4
Contribution to real gross fixed capital formation growth					
Percentage points					
Investment in plant and equipment	-1.5	2.5	0.8	0.6	0.7
Residential construction investment	-0.7	-0.9	0.0	0.2	0.2
Nonresidential construction and other investment	-1.9	0.4	0.2	0.1	0.2
Investment in research and development	-0.2	0.0	0.5	0.8	0.8
Contribution to real GDP growth					
Percentage points					
Total gross fixed capital formation	-1.1	0.4	0.4	0.4	0.5
Changes in inventories	-1.3	0.6	0.5	0.0	0.0
% of nominal GDP					
Investment ratio	23.6	23.6	23.6	23.7	23.9

Source: OeNB December 2025 outlook.

Table A7

Labor market

	2024	2025	2026	2027	2028
Employment					
Annual change in %					
Total employment (persons)	0.1	0.0	0.4	0.6	0.5
Payroll employment (persons)	0.2	0.1	0.4	0.6	0.5
of which: public sector employees	1.9	1.4	0.5	0.2	0.4
Self-employment (persons)	-0.4	-0.4	-0.1	0.1	0.1
Total hours worked	-0.1	0.5	0.4	0.6	0.4
Payroll employment (hours)	0.0	0.5	0.4	0.7	0.5
Self-employment (hours)	-0.6	0.4	0.2	0.2	0.0
Labor supply	0.2	0.4	0.4	0.5	0.4
Registered unemployment	10.1	5.8	-2.6	-0.9	0.0
Unemployment rate					
% of labor supply					
Eurostat definition	5.2	5.6	5.7	5.6	5.5
National definition	7.0	7.5	7.5	7.3	7.3

Source: OeNB December 2025 outlook.

Table A8

Compensation of employees

	2024	2025	2026	2027	2028
Annual change in %					
Gross wages and salaries ¹ , nominal	7.4	3.9	2.9	3.1	2.7
Consumption deflator	3.3	3.0	2.3	2.1	2.1
Gross wages and salaries ¹ , real	4.1	0.9	0.6	1.0	0.6
Collectively agreed wages and salaries ¹	8.5	3.9	2.4	2.2	2.1
Wage drift	-1.3	-0.1	0.1	0.2	0.1
Compensation per employee					
Gross ² , nominal	7.2	3.8	2.5	2.4	2.1
Gross, real (private consumption deflator)	3.9	0.8	0.1	0.3	0.1
Net ³ , real (private consumption deflator)	3.2	0.6	-0.2	0.2	0.0
Compensation per hour worked					
Gross, nominal	7.4	3.4	2.5	2.4	2.2
Gross, real (private consumption deflator)	4.0	0.3	0.1	0.3	0.2
% of nominal GDP					
Wage share	51.0	51.1	50.8	50.7	50.6

¹ Overall economy. ² Including employers' social security contributions.

³ After tax and social security contributions.

Source: OeNB December 2025 outlook.

Table A9

Prices

HICP and components	2024	2025	2026	2027	2028
Annual change in %					
Harmonised Index of Consumer Prices (HICP)	2.9	3.6	2.4	2.1	2.1
Food	2.9	3.6	2.8	2.5	2.3
Unprocessed food	0.6	2.9	2.4	x	x
Processed food	3.4	3.8	2.9	x	x
Nonenergy industrial goods	0.9	0.9	0.8	1.1	1.2
Energy	-5.4	7.7	-1.4	0.6	1.4
Electricity	1.9	38.4	1.4	-0.4	-0.4
Natural gas	-16.1	-5.9	-4.7	-1.1	-3.6
Liquid fuels	-2.4	-4.5	-5.8	-1.0	-1.0
Services	5.7	4.4	3.8	2.8	2.6
HICP excluding energy	3.7	3.2	2.7	2.2	2.1
HICP excluding energy and food	3.9	3.1	2.7	2.1	2.1
Deflators (national accounts)					
Private consumption expenditure deflator	3.3	3.0	2.3	2.1	2.1
Investment deflator	3.0	1.9	1.9	2.0	2.0
Import deflator	-0.4	0.3	1.2	1.8	1.9
Export deflator	0.8	1.8	2.0	2.0	1.9
Terms of trade	1.2	1.5	0.8	0.2	0.0
GDP deflator at factor cost	4.2	2.6	2.9	1.9	2.6

Source: OeNB December 2025 outlook.

Table A10

Breakdown of forecast revisions since September 2025

	GDP			HICP		
	2025	2026	2027	2025	2026	2027
Annual change in %, percentage points						
December 2025 outlook	0.6	0.8	1.1	3.6	2.4	2.1
September 2025 outlook	0.3	0.8	1.1	3.5	2.4	2.3
Difference	0.3	0.0	0.0	0.1	0.0	-0.2
Caused by:						
Percentage points						
External assumptions	0.0	0.0	0.1	0.0	-0.2	0.1
Short-term forecast for Q4 25 and Q1 26	0.0	-0.1	0.0	x	x	x
New data ¹	0.3	0.1	0.0	0.1	0.0	0.0
of which: revisions to historical data up to Q2 25	0.1	-0.1	0.0	x	x	x
forecast errors for Q3 25	0.2	0.2	0.0	0.1	0.0	0.0
Other reasons ²	0.0	-0.1	-0.1	0.0	0.2	-0.3

¹ "New data" refer to data on GDP growth 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.

Source: OeNB December 2025 and September 2025 outlooks.

Table A11

Comparison of recent economic forecasts for Austria

	OeNB				WIFO			IHS			OECD			IMF		European Commission			
	December 2025				December 2025			December 2025			December 2025			October 2025		November 2025			
	2025	2026	2027	2028	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2025	2026	2027	
Main results																			
Annual change in %																			
GDP (real)	0.6	0.8	1.1	1.0	0.5	1.2	1.4	0.5	1.0	1.1	0.3	0.9	1.2	0.3	0.8	0.3	0.9	1.2	
Private consumption (real)	0.5	0.7	1.4	1.0	0.7	0.8	0.9	0.8	0.8	1.0	0.7	0.9	1.2	x	x	0.7	0.7	0.9	
Government consumption (real)	3.0	1.2	0.9	0.8	2.8	0.6	0.5	2.8	0.0	0.2	2.9	0.4	0.1	x	x	2.9	1.0	0.7	
Gross fixed capital formation (real)	1.7	1.5	1.8	1.9	1.0	1.5	2.1	0.7	1.6	1.8	1.7	1.3	1.8	x	x	1.5	1.7	2.2	
Exports (real)	-1.3	0.4	2.1	2.2	-0.7	1.2	1.9	-1.6	1.2	2.1	-0.4	1.0	1.7	0.1	1.3	-0.3	1.7	2.4	
Imports (real)	1.5	1.6	2.6	2.6	1.4	1.4	1.8	1.3	1.2	2.2	1.6	0.9	1.4	0.2	1.7	1.6	2.0	2.2	
Labor productivity ¹	0.6	0.4	0.6	0.5	0.4	0.6	0.6	0.3	0.5	0.5	0.3	0.6	1.0	x	x	0.2	0.4	0.6	
GDP deflator	3.1	2.7	2.1	2.0	3.2	2.3	2.1	3.0	2.2	1.9	2.8	2.4	1.9	3.3	2.4	3.6	2.8	2.6	
HICP	3.6	2.4	2.1	2.1	3.5	2.6	2.4	3.6	2.5	1.9	3.6	2.6	2.2	3.6	2.3	3.5	2.4	2.2	
Unit labor costs	3.2	2.0	1.8	1.6	3.5	1.8	2.0	3.4	1.5	1.3	3.6	2.8	1.9	x	x	3.4	2.0	1.7	
Payroll employment ²	0.0	0.4	0.6	0.5	0.2	0.7	0.9	0.2	0.5	0.6	0.1	0.2	0.2	-0.3	0.3	0.1	0.4	0.6	
% of labor supply																			
Unemployment rate ³ (Eurostat definition)	5.6	5.7	5.6	5.5	5.6	5.5	5.2	5.6	5.5	5.4	5.8	5.7	5.7	5.7	5.6	5.6	5.5	5.3	
% of nominal GDP																			
Current account balance	1.1	1.1	1.2	1.0	0.7	0.7	0.8	x	x	x	1.1	0.8	0.8	1.8	2.2	1.2	1.6	2.3	
Budget balance (Maastricht definition)	-4.5	-4.2	-4.2	-4.4	-4.6	-4.2	-4.0	-4.4	-4.2	-4.0	-4.5	-4.4	-4.1	-4.2	-3.9	-4.4	-4.1	-4.3	
External assumptions																			
Oil price in USD/barrel (Brent)	69.2	62.5	62.6	64.0	69.0	62.0	63.0	69.2	62.1	62.4	69.3	65.0	65.0	68.9	65.8	68.9	62.4	63.3	
Short-term interest rate in %	2.2	2.0	2.1	2.3	2.2	2.0	2.1	2.2	2.1	2.1	2.2	2.0	2.0	2.0	2.1	2.2	1.9	2.0	
USD/EUR exchange rate	1.1	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.1	1.2	1.1	1.2	1.2	
Euro area GDP (real)	1.4	1.2	1.4	1.4	1.4	1.0	1.4	1.4	1.1	1.4	1.3	1.2	1.4	1.2	1.1	1.3	1.2	1.4	
US GDP (real)	1.9	2.0	2.0	1.9	2.0	2.2	2.4	1.9	1.8	1.8	2.0	1.7	1.9	2.0	2.1	1.8	1.9	2.1	
World GDP (real)	3.2	3.1	3.1	3.0	x	x	x	3.1	2.9	3.0	3.2	2.9	3.1	3.2	3.1	3.1	3.1	3.2	
World trade ³	4.1	2.1	3.0	3.0	x	x	x	4.5	2.3	2.3	4.2	2.3	2.8	3.6	2.3	2.8	2.1	2.7	

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.

Source: OeNB, WIFO, IHS, OECD, IMF, European Commission. Note: x = no data available.

Table A12

Quarterly outlook results

	2025	2026	2027	2028	2025				2026				2027				2028			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Prices, wages and costs																				
Annual change in %																				
HICP ¹	3.6	2.4	2.1	2.1	3.3	3.2	3.9	3.9	2.6	2.6	2.3	2.1	1.9	2.1	2.1	2.1	1.9	2.0	2.1	2.3
HICP excluding energy ¹	3.2	2.7	2.2	2.1	3.1	3.0	3.5	3.2	3.0	2.8	2.6	2.4	2.2	2.3	2.2	2.1	1.9	2.0	2.2	2.3
Private consumption expenditure deflator	3.0	2.3	2.1	2.1	2.5	2.3	3.1	4.2	2.7	2.7	2.1	1.8	1.9	2.1	2.2	2.2	2.1	2.1	2.0	2.0
Gross fixed capital formation deflator	1.9	1.9	2.0	2.0	2.0	2.1	1.9	1.7	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9
GDP deflator	3.1	2.7	2.1	2.0	2.9	2.9	3.1	3.5	3.2	2.8	2.4	2.3	2.1	2.1	2.2	2.2	2.1	2.0	1.9	1.8
Unit labor costs	3.2	2.0	1.8	1.6	4.2	3.4	2.4	3.0	2.6	2.0	2.2	1.3	2.0	2.0	1.8	1.6	1.3	1.4	1.7	2.1
Nominal wages and salaries per employee	3.8	2.5	2.4	2.1	4.4	3.9	3.7	3.3	3.0	2.6	2.3	2.0	2.6	2.6	2.4	2.1	1.9	2.0	2.2	2.5
Productivity	0.6	0.4	0.6	0.5	0.2	0.5	1.3	0.3	0.4	0.6	0.1	0.7	0.6	0.5	0.5	0.6	0.6	0.5	0.5	0.4
Real wages and salaries per employee	0.8	0.1	0.3	0.1	1.9	1.5	0.6	-0.9	0.2	-0.1	0.1	0.2	0.6	0.5	0.2	-0.1	-0.3	-0.1	0.2	0.5
Import deflator	0.3	1.2	1.8	1.9	1.9	-0.3	0.2	-0.4	0.5	1.7	1.3	1.4	1.6	1.8	1.9	1.9	1.8	1.8	1.9	1.9
Export deflator	1.8	2.0	2.0	1.9	2.6	1.1	1.7	1.8	1.8	2.3	2.1	1.9	1.9	2.0	2.1	2.0	1.9	1.9	1.9	1.9
Terms of trade	1.5	0.8	0.2	0.0	0.7	1.4	1.5	2.2	1.4	0.6	0.8	0.6	0.3	0.2	0.1	0.1	0.1	0.0	0.0	0.0
Economic activity																				
Annual or quarterly changes in % (real)																				
GDP	0.6	0.8	1.1	1.0	0.2	0.0	0.4	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Private consumption	0.5	0.7	1.4	1.0	-0.3	0.3	-0.3	0.0	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Government consumption	3.0	1.2	0.9	0.8	0.8	0.3	0.7	0.8	0.0	0.1	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Gross fixed capital formation	1.7	1.5	1.8	1.9	0.5	1.1	-0.1	0.6	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Exports	-1.3	0.4	2.1	2.2	1.0	0.2	-1.6	-0.2	0.6	0.4	0.4	0.4	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Imports	1.5	1.6	2.6	2.6	0.9	1.6	-0.5	0.2	0.5	0.5	0.6	0.5	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6
Contribution to real GDP growth in percentage points																				
Domestic demand	0.6	0.6	0.7	0.6	0.0	-0.1	0.3	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Net exports	-0.5	0.0	0.4	0.4	0.2	-0.2	-0.2	-0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Changes in inventories	0.4	0.1	0.0	0.0	-0.1	0.3	0.4	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Labor market																				
% of labor supply																				
Unemployment rate (Eurostat definition)	5.6	5.7	5.6	5.5	5.4	5.7	5.6	5.7	5.7	5.7	5.6	5.6	5.6	5.6	5.5	5.5	5.5	5.5	5.4	5.4
Annual or quarterly changes in %																				
Total employment	0.0	0.4	0.6	0.5	0.0	0.0	-0.3	0.6	-0.1	0.0	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2
of which: private sector	-0.3	0.3	0.7	0.5	-0.1	-0.1	-0.4	0.7	-0.2	0.0	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.2
Payroll employment	0.1	0.4	0.6	0.5	0.1	-0.1	-0.1	0.3	0.0	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2
Additional variables																				
Annual or quarterly changes in % (real)																				
Disposable household income	-0.4	0.3	1.0	0.4	-1.5	-0.8	0.5	-0.1	-0.1	0.2	0.4	0.4	0.4	0.1	0.0	0.0	0.0	0.2	0.2	0.3
% of real GDP																				
Output gap	-0.5	-0.4	-0.1	0.0	-0.5	-0.7	-0.4	-0.5	-0.5	-0.5	-0.4	-0.3	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0

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

Source: Eurosystem, OeNB.

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