

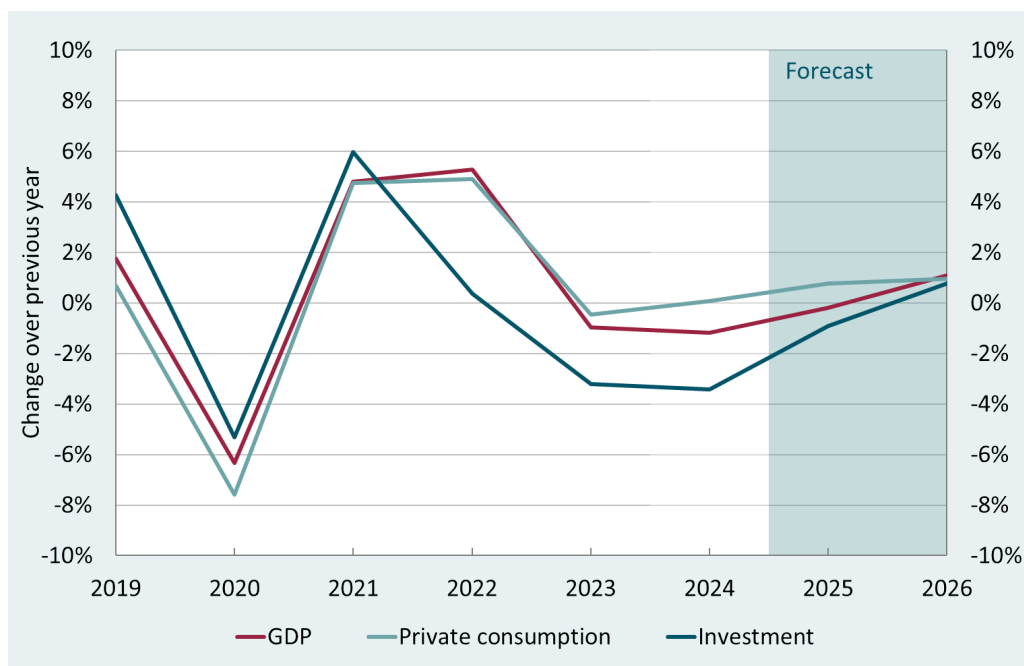
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Spring Forecast of the Austrian Economy 2025–2026

Third year of recession intensifies need for structural reforms

In 2024, the Austrian economy remained in a recession, with GDP contracting by 1.2 %. According to the IHS forecast, 2025 will mark the third consecutive year of a recession, with output projected to decline by 0.2 %. Budget consolidation by the new federal government is expected to dampen growth by 0.3 percentage points. However, a cautious rise in private consumption, lower interest rates compared to the previous year, and an economic upturn in the euro area should help Austria return to modest growth in the second half of 2025. In 2026, GDP is forecasted to increase by 1.1 %. Consumer prices are projected to rise by 2.9 % in 2025, slightly exceeding IHS's winter forecast. In 2026, inflation is expected to ease to 2.0 %. The unemployment rate is anticipated to increase to 7.5 % in 2025 before slightly declining to 7.3 % in 2026. Significant downside risks remain, driven by a potential escalation of international trade conflicts initiated by the Trump administration.

Figure 1: GDP, private consumption, investment



Source: Statistics Austria, from 2025 IHS forecast

Table 1: Key results of IHS forecast
Change over previous year in percent

	2024	2025	2026
Gross domestic product, real	-1.2	-0.2	1.1
Private consumption, real	0.1	0.8	0.9
Gross capital formation, real	-7.4	-0.9	2.7
Gross fixed capital formation, real	-3.4	-0.9	0.8
of which: equipment, real	-1.8	-1.3	1.0
of which: construction, real	-5.4	-0.5	0.5
Domestic demand, real	-1.6	-0.1	0.9
Exports of goods and services, real	-4.3	0.5	1.8
of which: goods, real	-5.9	0.3	1.5
of which: tourism, real	1.5	1.8	2.0
Imports of goods and services, real	-5.0	0.7	1.6
of which: goods, real	-7.1	0.4	1.5
of which: tourism, real	4.4	2.0	2.0
Employment (employees)	0.2	0.2	0.5
Unemployment rate: national definition ⁱ	7.0	7.5	7.3
Unemployment rate: Eurostat definition ⁱ	5.2	5.4	5.3
Compensation per employee	8.3	3.3	2.3
GDP deflator	3.1	2.3	2.0
Consumer price index	2.9	2.9	2.0
Budget balance in % of GDP (Maastricht definition) ⁱ	-4.0	-3.2	-3.2
3-month Euribor ⁱ	3.6	2.4	2.3
10-year government bond yield ⁱ	2.8	3.1	3.1

ⁱabsolute values

Source: Statistics Austria, LSEG Datastream, from 2025 IHS forecast

Table 2: International environment
Change over previous year in percent

	2022	2023	2024	2025	2026
GDP, real					
Germany	1.4	-0.3	-0.2	0.0	1.2
Italy	4.8	0.7	0.7	0.6	1.0
France	2.6	0.9	1.2	0.7	1.2
United Kingdom	4.8	0.4	0.9	1.1	1.4
Switzerland	3.1	0.7	1.3	1.2	1.8
USA	2.5	2.9	2.8	1.9	1.8
Japan	0.9	1.5	0.1	1.0	0.8
China	3.1	5.4	5.0	4.5	4.3
Poland	5.3	0.1	2.9	3.5	3.0
Slovakia	0.4	1.4	2.0	2.3	2.5
Czech Republic	2.8	-0.1	1.1	2.3	2.5
Hungary	4.3	-0.9	0.5	2.0	3.0
Slovenia	2.7	2.1	1.6	2.0	2.5
MOEL-5 ⁱ	4.1	0.1	2.1	2.9	2.8
Bulgaria	4.0	1.9	2.8	2.8	3.0
Romania	4.0	2.4	0.9	2.0	3.0
Croatia	7.3	3.3	3.8	2.8	2.8
Russia	-1.4	4.1	4.1	1.3	1.3
Euro area	3.5	0.4	0.9	1.0	1.4
NMS-5 ⁱⁱ	4.4	0.5	1.9	2.8	2.9
EU-27	3.5	0.4	1.0	1.2	1.6
OECD	3.0	1.8	1.8	1.7	1.7
World	3.4	3.2	3.2	3.1	3.1
World trade (goods, CPB)	3.3	-1.3	1.8	1.7	1.6
Austrian export markets	7.2	0.0	1.0	1.3	2.3
USD/EUR exchange rate ⁱⁱⁱ	1.05	1.08	1.08	1.09	1.09
Oil price (Brent, USD/barrel) ⁱⁱⁱ	100.8	82.6	80.5	70.6	66.8

ⁱMOEL-5: Poland, Slovakia, Czech Republic, Hungary, Slovenia

ⁱⁱNMS-5: Poland, Czech Republic, Hungary, Bulgaria, Romania

ⁱⁱⁱabsolute values

Source: Eurostat, IMF, OECD, CPB, national statistical offices, LSEG Datastream, from 2025 IHS forecast

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