

Vienna, October 7, 2025

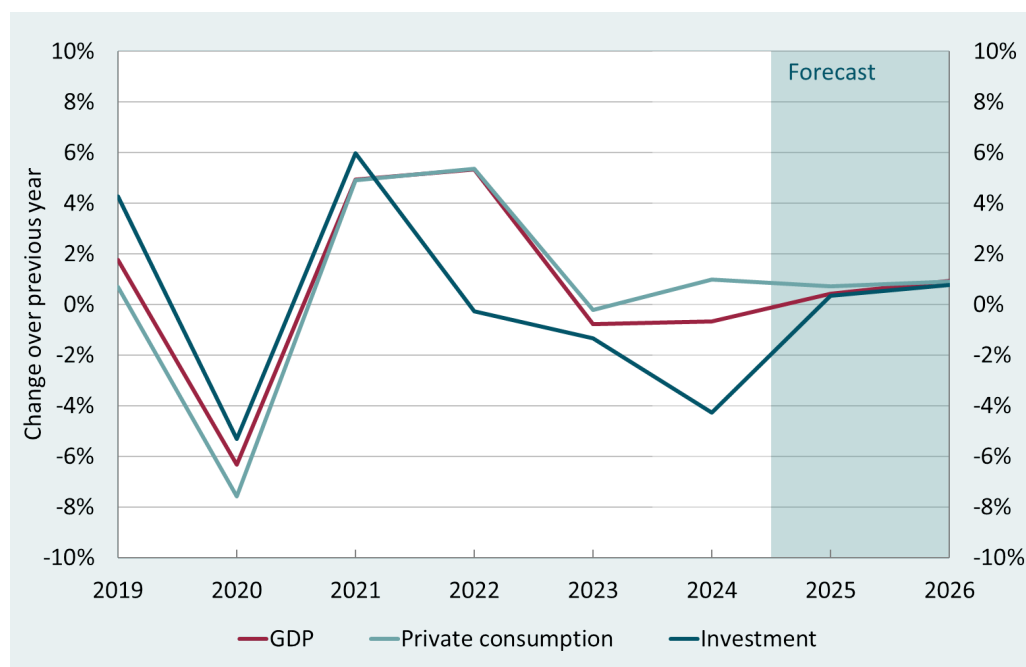
Embargo: October 7, 2025, 10:00 a.m.

Recession overcome, but inflation remains high

Autumn Forecast of the Austrian Economy 2025–2026

At the end of last year, Austria's economy emerged from recession and has been growing modestly ever since. Due to structural weaknesses and external economic pressures, economic growth is likely to remain slower over the forecast period than in previous upturns. According to the IHS Autumn forecast, real GDP is expected to grow by 0.4 % this year and 0.9 % next year. CPI inflation is likely to be significantly higher than previously expected, at 3.5 % and 2.4 %, respectively. The unemployment rate is expected to rise from 7.0 % in the previous year to an annual average of 7.4 % in 2025. Next year, it is likely to fall only slightly to 7.3 %. IHS forecasts a budget deficit of 4.3 % and 4.1 % of GDP in 2025 and 2026, respectively.

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	−0.7	0.4	0.9
Private consumption, real	1.0	0.7	0.9
Gross capital formation, real	−9.1	3.3	1.4
Gross fixed capital formation, real	−4.3	0.3	0.8
of which: equipment, real	−2.8	2.5	1.0
of which: construction, real	−5.9	−2.3	0.5
Domestic demand, real	−0.8	1.5	0.8
Exports of goods and services, real	−2.3	−1.1	1.8
of which: goods, real	−4.5	−1.4	1.5
of which: tourism, real	0.8	−1.0	2.0
Imports of goods and services, real	−2.6	0.6	1.6
of which: goods, real	−5.3	0.8	1.5
of which: tourism, real	4.0	1.3	2.0
Employment (employees)	0.2	0.2	0.5
Unemployment rate: national definition ⁱ	7.0	7.4	7.3
Unemployment rate: Eurostat definition ⁱ	5.2	5.5	5.4
Compensation per employee	7.2	3.7	2.2
GDP deflator	4.1	2.8	2.3
Consumer price index	2.9	3.5	2.4
Budget balance in % of GDP (Maastricht definition) ⁱ	−4.7	−4.3	−4.1
3-month Euribor ⁱ	3.6	2.2	2.1
10-year government bond yield ⁱ	2.8	3.0	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	1.8	−0.9	−0.5	0.3	1.2
Italy	4.8	1.0	0.7	0.6	0.8
France	2.7	1.4	1.2	0.7	1.0
United Kingdom	4.8	0.4	1.1	1.4	1.2
Switzerland	3.0	0.7	1.3	1.2	1.0
USA	2.5	2.9	2.8	1.8	1.7
Japan	0.9	1.5	0.1	1.1	0.6
China	3.1	5.4	5.0	4.7	4.3
Poland	5.3	0.2	2.9	3.3	3.0
Slovakia	0.4	2.2	2.1	0.8	1.5
Czech Republic	2.8	0.0	1.2	2.3	2.2
Hungary	4.3	−0.8	0.5	0.5	2.5
Slovenia	2.7	2.4	1.7	0.6	2.0
MOEL-5 ⁱ	4.1	0.3	2.1	2.4	2.6
Bulgaria	4.0	1.9	2.8	3.0	2.5
Romania	4.0	2.4	0.8	1.3	2.0
Croatia	7.3	3.3	3.9	3.0	2.8
Russia	−1.4	4.1	4.3	1.0	0.8
Euro area	3.6	0.4	0.9	1.3	1.0
NMS-5 ⁱⁱ	4.4	0.6	1.9	2.4	2.6
EU-27	3.5	0.4	1.0	1.4	1.2
OECD	3.2	1.8	1.8	1.7	1.6
World	3.5	3.4	3.3	3.1	3.0
World trade (goods, CPB)	3.2	−0.7	2.5	2.8	0.5
Austrian export markets	7.3	0.0	1.2	2.0	1.5
USD/EUR exchange rate ⁱⁱⁱ	1.05	1.08	1.08	1.13	1.17
Oil price (USD/barrel Brent) ⁱⁱⁱ	100.8	82.6	80.5	70.1	66.1

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

Contact for further inquiries

Institut für Höhere Studien – Institute for Advanced Studies (IHS)

Josefstädter Straße 39, A-1080 Wien

T +43 1 59991-0

www.ihs.ac.at

ZVR: 066207973

Contact

Holger Bonin

Scientific Director

T +43 1 59991-125

E holger.bonin@ihs.ac.at

Helmut Hofer

Head of Economic Forecasting

T +43 1 59991-251

E hofer@ihs.ac.at

Klaus Weyerstraß

Expert for International Economics

T +43 1 59991-233

E klaus.weyerstrass@ihs.ac.at

Melanie Gadringer

Press Officer

T +43 1 59991-212

E gadringer@ihs.ac.at