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# Hesitant Improvement in Economic Assessments at the Start of the Year.

## Results of the WIFO-Konjunkturtest Quarterly Survey of January 2026

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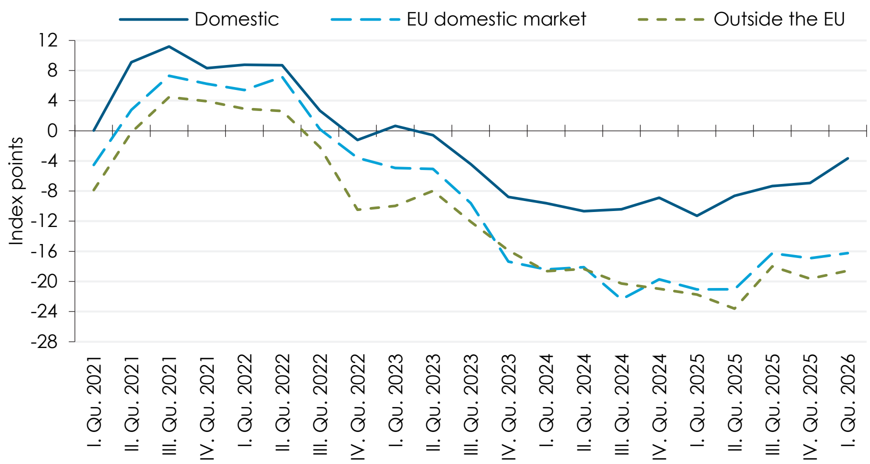
- Economic sentiment improved slightly compared with October 2025, but remained subdued.
- Despite a slight increase, economic assessments in manufacturing remained largely sceptical. In construction, sentiment deteriorated again.
- The WIFO-Konjunkturampel (economic traffic light) recently slipped into the yellow indifference area.
- Business uncertainty was lower in January than in the previous quarter.
- Capacity utilisation in manufacturing increased slightly but remained below average.
- As in previous quarters, "insufficient demand" was the most frequently cited obstacle to business activity in all sectors.

**Change in competitive position in manufacturing**

Balance as a percentage of all reports




**"Manufacturing companies' self-assessments of their competitive position remain predominantly pessimistic. With regard to the domestic market, there has been a significant improvement recently."**

The WIFO-Konjunkturtest (business cycle survey) surveys quarterly how the competitive position of Austrian manufacturing companies has changed. The change is represented by balances: the proportion of companies that reported an improvement in their competitive position over the last three months is subtracted from the proportion of companies that reported a deterioration (source: WIFO-Konjunkturtest (business cycle survey), seasonally adjusted).

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February 2026

**Hesitant Improvement in Economic Assessments at the Start of the Year.** Results of the WIFO-Konjunkturtest Quarterly Survey of January 2026

In the Austrian economy, economic sentiment improved slightly compared with the previous quarter, but remained subdued. In construction, economic assessments declined again, while in the manufacturing sector they remained predominantly sceptical despite an increase. Business uncertainty decreased compared with October but remained high. Capacity utilisation improved in manufacturing and services but declined in the construction industry. At the beginning of 2026, "insufficient demand" was still the most frequently cited obstacle to business activity in all sectors of the economy.

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**Economic expectations improved in all sectors except construction, but remained predominantly sceptical, particularly in manufacturing.**

The results of the WIFO-Konjunkturtest (business cycle survey)[1] from January 2026 (beginning of the first quarter) show a slight improvement in economic sentiment compared to autumn 2025: the WIFO Business Climate Index rose slightly by 1.1 points quarter-on-quarter and, at –0.4 points, was 4.6 points above the previous year's figure (Table 1). The index of current business situation gained 1.2 points compared to October, but remained just below the zero line that separates negative from positive economic assessments at –1.1 points. Business expectations improved by 0.4 points compared to October to –0.1 points.

The economic indicators for the sectors differ both in terms of index levels and in terms of changes compared with the previous quarter. In manufacturing, the WIFO Business Climate Index improved by 1.0 points compared with October, but the January figure of –6.2 points still reflects scepticism. The manufacturing companies surveyed remain particularly pessimistic in their assessments of the situation. Although the corresponding sub-index gained 2.0 points compared with October, it remained clearly in negative territory at –10.0 points. Business expectations were closer to zero (–2.2 points), with the slight increase compared with October (+0.2 points) indicating a very sluggish stabilisation in the manufacturing sector. In January 2025, however, the expectations index was still at –16.2 points. Manufacturing companies' assessments of changes in their competitive position in the various markets (see figure "Change in competitive position in

[1] The WIFO-Konjunkturtest is a monthly survey of Austrian companies on their current economic situation and developments in the coming months. Once a quarter, the WIFO-Konjunkturtest questionnaire is expanded to include additional questions ("quarterly questions") that provide relevant information on the business cycle but are not included in the monthly indices of the WIFO-Konjunkturtest. The current results of the WIFO-Konjunkturtest are available on the WIFO website https://www.wifo.ac.at/en/ publications/wifo-konjunkturtest) and on the business cycle and forecasts page (https://www.wifo.ac.at/en/research priorities/business_cycle_and_forecasting or www.konjunkturtest.at). Hölzl and Schwarz (2014) provide an overview of the WIFO-Konjunkturtest. Detailed results for the subsectors of manufacturing and services can be downloaded as a graphical appendix from the project homepage.

manufacturing" on p. 1) improved compared with October, especially with regard to domestic markets, but remained below average.

In construction, the WIFO Business Climate Index fell by 5.6 points compared with the previous quarter to –1.4 points, thus falling below zero again. The index of current business situation lost 5.8 points and stood at –1.7 points in January. The unusually cold winter may have played a role here, as indicated by the feedback on production constraints (chapter 4). The index of business expectations fell similarly sharply (–5.3 points to –1.0 points).

In services, the indices showed gains in January compared with the autumn. The WIFO Business Climate Index rose by 2.3 points compared with the previous quarter and stood at 3.7 points in positive territory. The index of current business situation gained 2.6 points to stand at 3.7 points, while the index of business expectations rose by 1.4 points to 3.2 points.

The economic indices for retail trade, which WIFO calculates on the basis of surveys conducted by the Austrian Institute for SME Research, also rose slightly in a quarterly comparison. In January, the WIFO Business Climate Index was 1.9 points above the October 2025 figure. The index of current business situation gained 0.6 points quarter-on-quarter and stood at 2.0 points above zero. Retailers' expectations improved by 3.3 points. At –7.2 points, the latest figure was still negative, but corresponded to a slightly above-average level for retail trade.

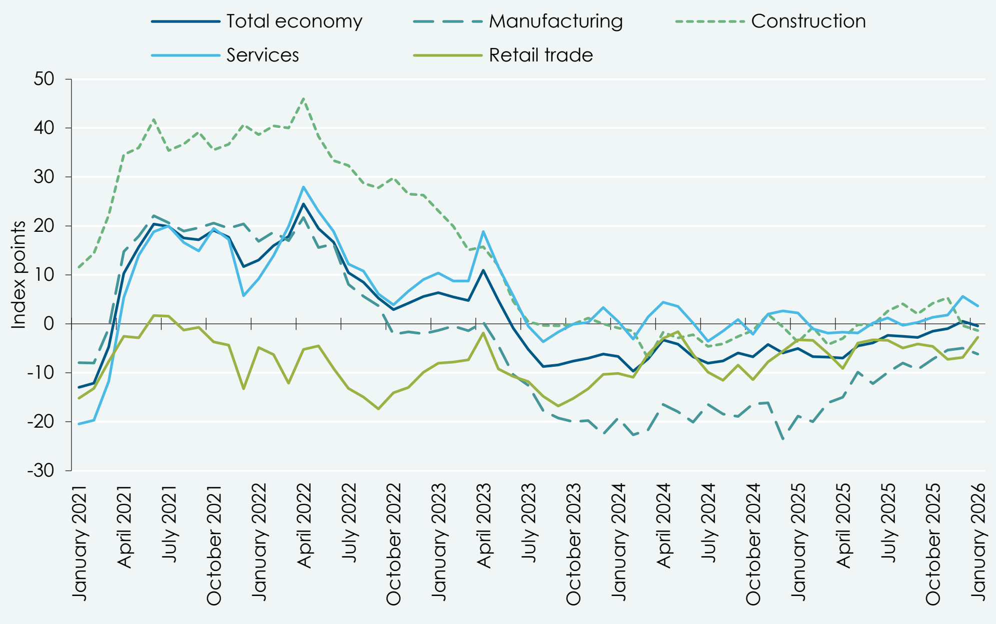
The longer-term trend in the WIFO Business Climate Indices reflects the COVID-19 crisis, the recovery until spring 2022, the economic slowdown resulting from the energy price shock and the war in Ukraine until winter 2022-23, the downturn in spring and summer 2023, which hit manufacturing particularly hard, and finally the recent slow stabilisation of the business cycle (Figure 1).

Table 1: **Indices of the WIFO-Konjunkturtest (business cycle survey)**

| | 2025 | | | | | | 2026 | |
|---|---|---|---|---|---|---|---|---|
| | January | April | July | October | November | December | January | January |
| | Index points | | | | | | | Change compared to October (previous quarter) |
| **Total economy** | | | | | | | | |
| WIFO Business Climate Index | – 5.0 | – 7.0 | – 2.4 | – 1.5 | – 1.0 | 0.5 | – 0.4 | + 1.1 |
| Index of current business situation | – 4.2 | – 6.7 | – 2.9 | – 2.3 | – 1.5 | – 0.3 | – 1.1 | + 1.2 |
| Index of business expectations | – 6.2 | – 6.7 | – 1.6 | – 0.4 | – 0.3 | 1.1 | – 0.1 | + 0.4 |
| **Manufacturing** | | | | | | | | |
| WIFO Business Climate Index | – 18.9 | – 15.0 | – 9.9 | – 7.2 | – 5.4 | – 5.0 | – 6.2 | + 1.0 |
| Index of current business situation | – 22.0 | – 18.6 | – 15.4 | – 12.0 | – 7.3 | – 8.9 | – 10.0 | + 2.0 |
| Index of business expectations | – 16.2 | – 11.4 | – 4.5 | – 2.4 | – 3.4 | – 0.9 | – 2.2 | + 0.2 |
| **Construction** | | | | | | | | |
| WIFO Business Climate Index | – 3.7 | – 3.0 | 2.6 | 4.2 | 5.3 | – 0.4 | – 1.4 | – 5.6 |
| Index of current business situation | – 5.9 | – 2.8 | 3.5 | 4.1 | 5.6 | – 2.0 | – 1.7 | – 5.8 |
| Index of business expectations | – 1.7 | – 3.1 | 1.7 | 4.4 | 4.9 | 1.5 | – 1.0 | – 5.3 |
| **Services** | | | | | | | | |
| WIFO Business Climate Index | 2.2 | – 1.7 | 1.2 | 1.3 | 1.8 | 5.6 | 3.7 | + 2.3 |
| Index of current business situation | 4.6 | – 1.2 | 1.4 | 1.1 | 0.2 | 5.2 | 3.7 | + 2.6 |
| Index of business expectations | – 0.4 | – 2.0 | 1.2 | 1.8 | 3.5 | 5.6 | 3.2 | + 1.4 |
| **Retail trade** | | | | | | | | |
| WIFO Business Climate Index | – 3.3 | – 9.1 | – 3.4 | – 4.6 | – 7.3 | – 6.9 | – 2.7 | + 1.9 |
| Index of current business situation | 3.9 | – 0.5 | 3.8 | 1.4 | – 0.4 | 0.0 | 2.0 | + 0.6 |
| Index of business expectations | – 10.3 | – 17.6 | – 10.7 | – 10.6 | – 13.6 | – 13.6 | – 7.2 | + 3.3 |

Source: WIFO-Konjunkturtest (business cycle survey).

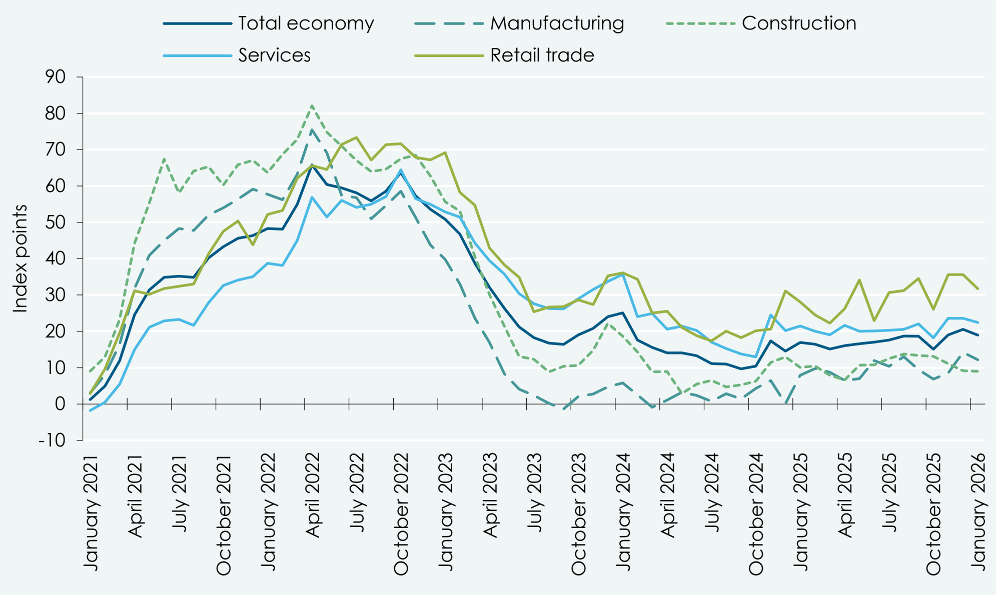
Figure 1: **WIFO Business Climate Indices**




Source: WIFO-Konjunkturtest (business cycle survey), seasonally adjusted.

The high inflation in the wake of the energy price shock showed up also in companies' sales price expectations. These are presented in the WIFO-Konjunkturtest as balances, i.e. as the difference between the proportion of positive (increase in sales prices) and negative responses (decline in sales prices) in all reports. They range in value from –100 to +100 points. The latest results show another slight increase in sales price expectations (Figure 2). In the total economy, the balance was recently at 18.9 points, 3.9 points above the October 2025 figure, but still below the average for the last five years (29.0 points). Compared with autumn, sales price expectations rose in all sectors except construction (services +4.2 points to 22.4 points, manufacturing +5.3 points to 12.2 points, retail trade +5.7 points to 31.8 points). In construction, sales price expectations fell by 4.1 points to 9.0 points compared with October.

Figure 2: **Sales price expectations**




Source: WIFO-Konjunkturtest (business cycle survey), seasonally adjusted.

**Indices of the WIFO-Konjunkturtest (business cycle survey)**

The indices of the WIFO-Konjunkturtest are determined at sector level for manufacturing, construction, services and retail trade. The surveys are conducted monthly by WIFO (manufacturing, construction and services) and the Austrian Institute for SME Research (retail trade). The sector indices are used to calculate the "total economy indices" by weighting (weights: services 0.5, manufacturing 0.3, construction and retail trade 0.1 each). The summary WIFO Business Climate Index aggregates two sub-indices, which are reported separately:

- The index of current business situation is based on monthly surveys assessing the current situation and developments over the last three months. It is designed as a coincident index, which, due to its early availability (around two months before the current data from official statistics), has a lead over official economic statistics.
- The index of business expectations summarises those monthly questions that relate to developments in the months following the survey. It is designed as a leading indicator.

Details on the indices are provided by Hölzl and Schwarz (2014).

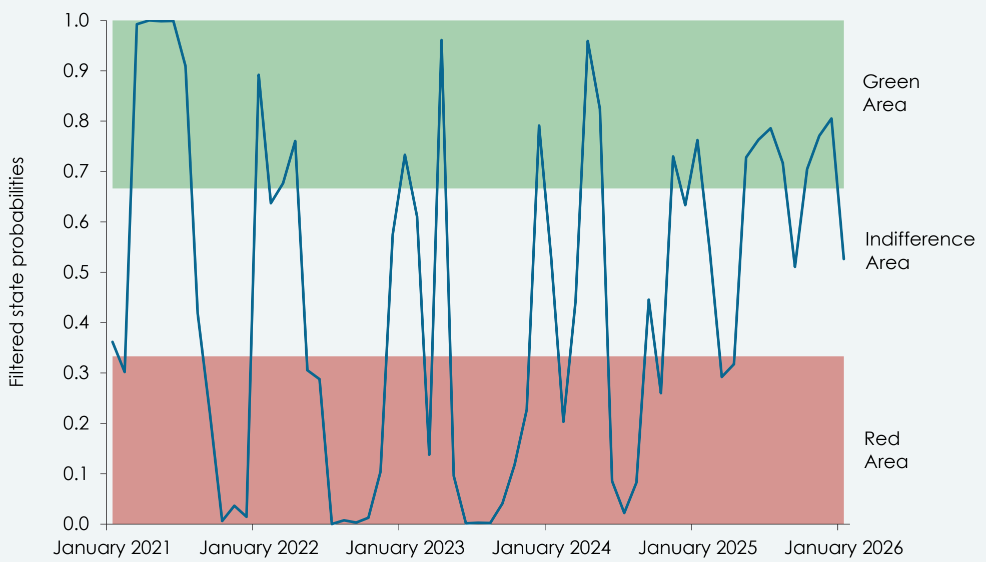
## 1. Economic traffic light signals sideways movement

Using a Markov regime switching model, the WIFO-Konjunkturampel (economic traffic light) calculates the probability that the current values of the WIFO-Konjunkturtest indicators correspond to an improvement or deterioration in economic assessments compared with the previous period (Glocker & Hölzl, 2015)[2]. The probability determined can fall into one of three categories, which are collectively referred to as the "economic traffic light":

- In the "green area" (improvement), there is a probability of more than two-thirds that the change in the current index values compared with the previous measurement point reflects an improvement in economic assessments.
- In the "red area" (deterioration), the probability is less than one-third that the current index value represents an improvement over the previous measurement point.
- Between the "green area" and the "red area" lies the indifference area. In this case, the development of economic assessments cannot be clearly classified.

In January 2026, the model estimated the probability of being in an improvement regime at 0.53. This meant that the WIFO-Konjunkturampel was yellow – reflecting the recent stagnation in the total economy's stabilisation.

Figure 3: **WIFO-Konjunkturampel (economic traffic light)**




Source: WIFO-Konjunkturtest (business cycle survey). The WIFO-Konjunkturampel (economic traffic light) for Austria shows the monthly probability of the phases "improvement in economic assessments" ("green area") and "deterioration in economic assessments" ("red area"). In the indifference area, the development of economic assessments cannot be clearly classified.

[2] Deterioration is defined as the opposite of "improvement": the probability of being in a state of "improvement" ($q$) is 1 minus the probability of being in a state of "deterioration" ($p = 1 - q$).

## 2. Business uncertainty slightly declining

Since the 1980s, WIFO has been conducting its WIFO-Konjunkturtest to assess companies' perceptions of uncertainty about the future business situation, which influences investment and employment decisions (Glocker & Hölzl, 2022). In May 2021, the wording of the relevant question was changed as part of its inclusion in the Joint Harmonised EU Programme of Business and Consumer Surveys (European Commission 2023). In addition, the question on uncertainty has since been asked monthly instead of quarterly (Figure 4).

Figure 4: **Business uncertainty indicator for the total economy and the sectors**

Indicator values


Standardised time series


Source: WIFO-Konjunkturtest (business cycle survey), not seasonally adjusted. 0 . . . no uncertainty, 100 . . . highest uncertainty. Standardised presentation: Normalisation of all indicators to a mean value of 0 and a standard deviation of 1. This makes it easier to assess the economic trend of the uncertainty indicator.

The indicator of uncertainty about the future business situation ranges from 0 (no uncertainty) to 100 (highest uncertainty). For the total economy, the value in January (beginning of the first quarter of 2026) was 59.4 points (–1.0 points lower than in October; long-term average 60.6 points).

The war in Ukraine and the subsequent energy price shock caused business uncertainty to rise from March 2022 onwards, particularly in export-oriented manufacturing companies. Uncertainty increased there until the end of 2023 and has remained high since then. In January 2026, the uncertainty indicator stood at 65.8 points, 1.2 points below the October figure and in line with the average for the last five years (65.6 points). Trade policy conflicts continue to cause uncertainty in manufacturing, as does weak demand. In the construction industry, uncertainty increased by 0.1 points compared with October and, at 64.4 points, was above the long-term average (60.7 points). By contrast, the service sectors reported a decrease in uncertainty (–1.0 points to 55.1 points; long-term average 57.0 points) and the retail trade sector (–1.7 points to 57.1 points; long-term average 62.9 points).

**Since autumn, business uncertainty has decreased in all sectors except construction, where it remains at a high level.**

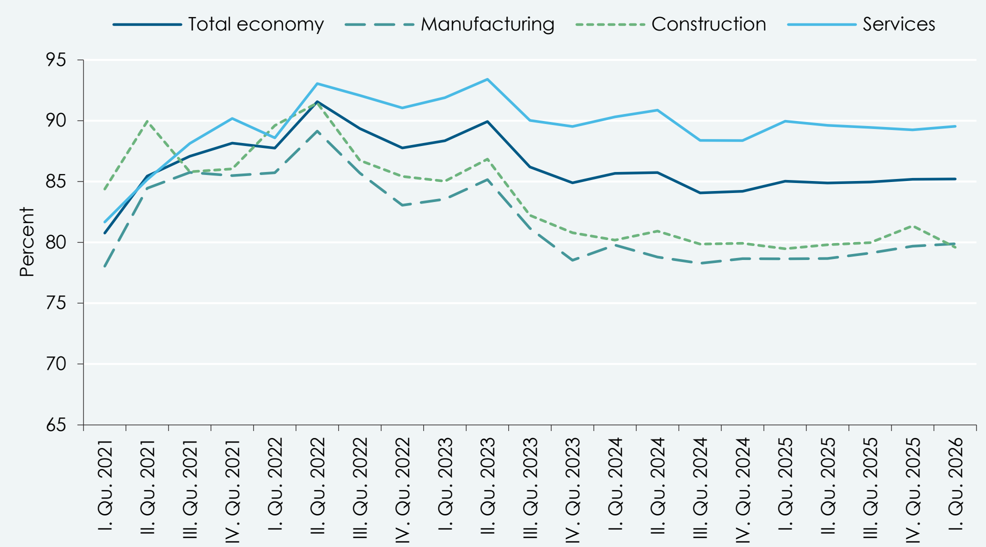
## 3. Capacity utilisation remains below average

### 3.1 Stagnation in aggregate capacity utilisation

Capacity utilisation is an important economic indicator, particularly in capital-intensive industries with high capacity adjustment costs (Hölzl et al., 2019). It is therefore surveyed in all sectors except retail trade as part of the WIFO-Konjunkturtest. Overall capacity utilisation (excluding retail trade) stood at 85.2 percent in January 2026, unchanged from October 2025 (long-term average: 86.3 percent). In the service sector, capacity utilisation increased by 0.3 percentage points quarter-on-quarter and, at 89.5 percent, was in line with the long-term average. Manufacturing also reported an increase (+0.2 percentage points to 79.9 percent, long-term average: 81.8 percent). In construction, however, capacity utilisation has fallen since autumn (–1.8 percentage points to 79.6 percent, long-term average: 83.6 percent).

**Aggregate capacity utilisation remained unchanged. Increases were recorded in manufacturing and services, while the construction industry saw a decline.**

Figure 5: **Capacity utilisation by sector**




Source: WIFO-Konjunkturtest (business cycle survey), seasonally adjusted.

### 3.2 Secured production time in manufacturing increased

The secured production time – measured in months – is surveyed as part of the quarterly WIFO-Konjunkturtest in manufacturing and construction (Figure 6). In January 2026, the construction companies surveyed stated that their production activity was secured for an average of 5.3 months (–0.3 months compared to October 2025; long-term average: 5.3 months). In the manufacturing sector, the average secured production period was 4.3 months (+0.2 months compared to October), which was also in line with the long-term average.

Figure 6: **Average secured production duration in manufacturing and construction**

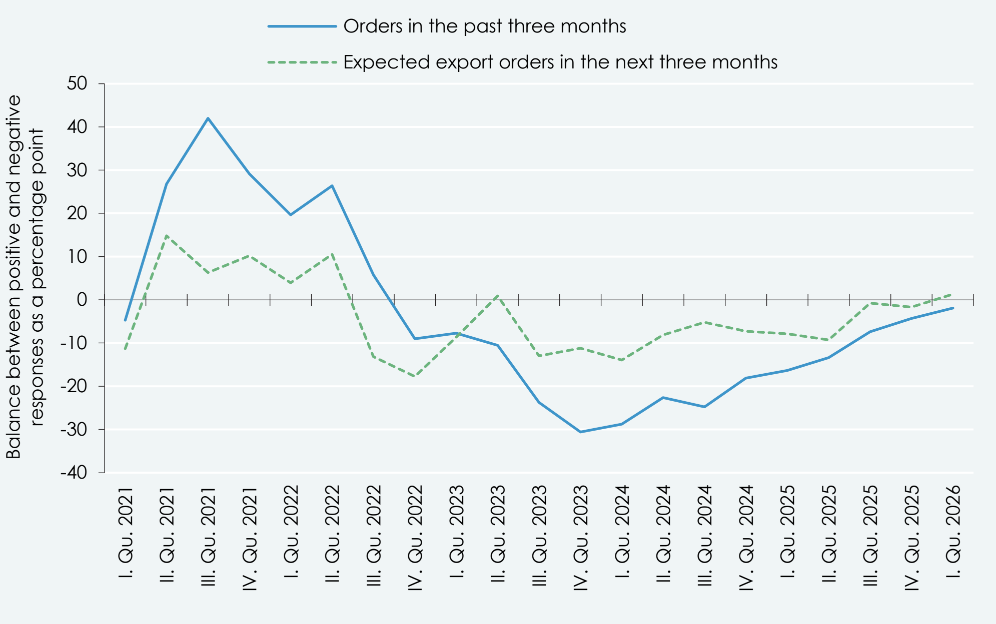

Source: WIFO-Konjunkturtest (business cycle survey).

**The order backlog in the manufacturing sector remained average in winter; expectations for foreign orders improved slightly.**

### 3.3 New orders stabilise at a low level

In the manufacturing sector, order trends over the past three months and expectations regarding foreign order backlogs in the coming months are surveyed once a quarter as relevant indicators. The responses are aggregated into balances based on the proportion of positive and negative answers. As Figure 7 shows, order books have recently developed somewhat more favourably than in previous quarters, with a balance of –1.9 points indicating increasing stabilisation. Expectations regarding future foreign order books also improved slightly, climbing into positive territory on balance: The optimistic voices, which expected an increase in foreign orders for the coming three months, outweighed the negative reports by 1.3 percentage points.

Figure 7: **Development of order backlogs and expected development of foreign order backlogs in manufacturing**




Source: WIFO-Konjunkturtest (business cycle survey).

## 4. Insufficient demand remains the most important obstacle to business activity

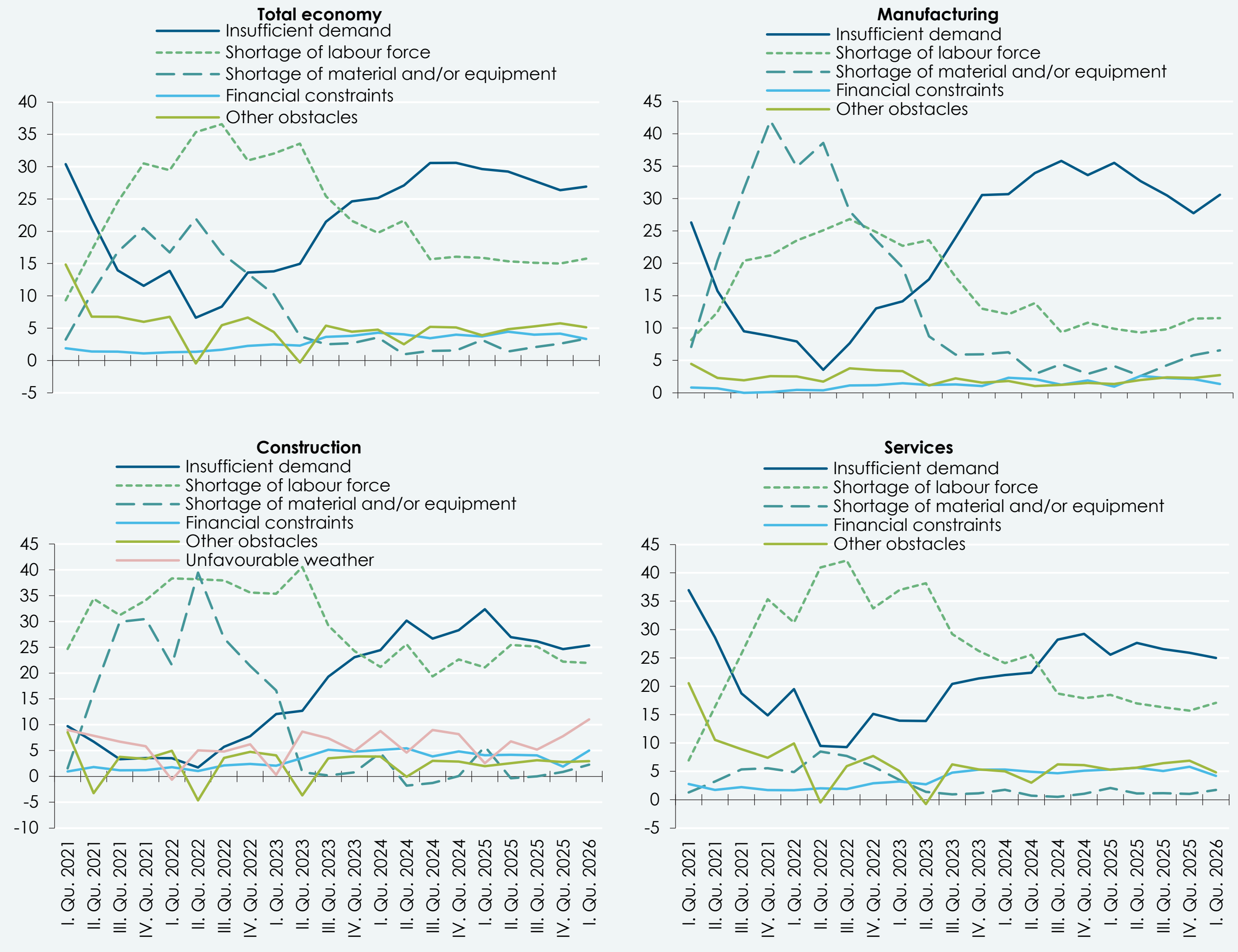
The WIFO-Konjunkturtest collects quarterly data on the most important obstacles to the business activity of the companies surveyed. Companies have the option of reporting no impediment to their economic activity or selecting the most important obstacle from a given list:

- insufficient demand (services and manufacturing) or lack of orders (construction),
- shortage of labour force,
- lack of space or capacity (services) or shortage of materials and/or capacity (manufacturing and construction),
- financial constraints and
- other reasons – this category includes weather conditions (construction) as well as other obstacles (e.g. health policy measures during the COVID-19 pandemic).

In construction, the obstacle of "unfavourable weather" is also surveyed[3].

Figure 8: **Obstacles to economic activity**

Percentage of all reports




Source: WIFO-Konjunkturtest (business cycle survey), seasonally adjusted. Seasonally adjusted values are reported to ensure comparability of time series within the year. Negative values cannot be ruled out due to the "Dainties" seasonal adjustment procedure. These are statistical artefacts.

In the total economy (excluding retail trade), around 55 percent of companies reported disruptions to their business activities in January 2026 (+1 percentage point compared to October). Companies in the individual sectors faced obstacles to varying degrees. Around 69 percent of construction companies (+8 percentage points compared to October), 53 percent of service providers (–2 percentage points) and

[3] When calculating total economy barriers, "unfavourable weather" is classified under "other obstacles".

53 percent of manufacturing companies (+2 percentage points) reported disruptions to their business or production activities. In the retail trade, the proportion of companies facing obstacles fell by 2 percentage points compared with the previous quarter to 54 percent.

**"Insufficient demand" remains the most important obstacle to business activity, ahead of "shortage of labour force".**

In the total economy (excluding retail trade), "insufficient demand" remained the most frequently cited obstacle to business activity in January 2026 (26.9 percent of companies), ahead of "shortage of labour force" (15.8 percent). Although "shortage of materials and/or capacity" (3.4 percent) gained slightly in importance again, it remained of minor significance compared with previous years. "Financial constraints" were cited by 3.3 percent of companies, while "other obstacles" were cited by 5.1 percent (Figure 8).

In manufacturing, "insufficient demand" has been the most frequently cited obstacle to production activity since the third quarter of 2023 (January 2026: 30.6 percent of all companies) and has recently gained in relevance again. The second most frequent obstacle remained "shortage of labour force" (11.5 percent). Around 6.6 percent of manufacturing companies reported "shortage of materials and/or capacity" as the most important obstacle, around 1.4 percent reported "financial constraints" and 2.7 percent reported "other reasons".

In the construction industry, too, "insufficient demand" (25.4 percent) was the most frequently cited obstacle in January, as in the previous quarter, just ahead of "shortage of labour force" (22.0 percent). "Unfavourable weather" is likely to have affected numerous construction companies recently (11.1 percent). 5.0 percent reported "financial constraints" and 2.3 percent reported material shortages or capacity bottlenecks.

In the service sectors, "insufficient demand" (January 2026: 25.0 percent) was the most important obstacle to business activity for the seventh time in a row. This was followed by "shortage of labour force" (17.1 percent), "other obstacles" (4.8 percent) and "financial constraints" (4.2 percent).

In the retail trade, obstacles to business activity have been surveyed since July 2021. In January 2026, 31.8 percent of retailers surveyed reported "insufficient demand" as the most important obstacle, 6.8 percent reported "shortage of labour force", 3.8 percent reported "supply bottlenecks", 5.7 percent reported "financial constraints" and 5.7 percent reported "other obstacles".

## 5. Summary

For the total economy, the results of the WIFO-Konjunkturtest (business cycle survey) from January 2026 show a tentative improvement in economic assessments, especially as the economic indices gained some ground in most sectors. However, sectoral differences in development trends and levels remained. The WIFO-Konjunkturampel signalled a sideways movement in economic sentiment. Despite the continued stabilisation of the indices, the majority of manufacturing companies surveyed remain sceptical. In the construction sector, scepticism has increased again in recent months. In the service sector, on the other hand, companies are more confident about the near future.

Capacity utilisation recently increased in the manufacturing and services sectors. Business uncertainty declined slightly again in a quarter-on-quarter comparison. With regard to obstacles to business activity, "insufficient demand" dominated the reports at the beginning of the year, ahead of "shortage of labour force".

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