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Economic Assessments Largely Unchanged.

Results of the WIFO-Konjunkturtest
(Business Cycle Survey) Quarterly Survey
of October 2025

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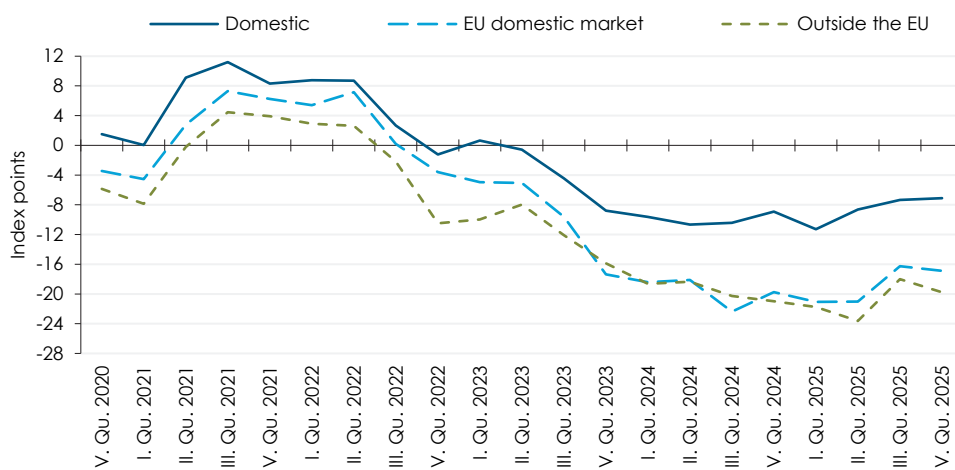
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- Economic sentiment improved slightly recently. The companies surveyed were somewhat more confident about their economic situation than in the summer, and the WIFO-Konjunkturampel (economic traffic light) showed green in October.
- Despite the improvement, economic assessments in manufacturing remained predominantly sceptical.
- Business uncertainty was higher in October than in the previous quarter.
- Capacity utilisation in manufacturing and construction increased, 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 are predominantly pessimistic. Export markets have recently shown a slight deterioration again."

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 deterioration in their competitive position over the last three months is subtracted from the proportion of companies that reported an improvement (source: WIFO-Konjunkturtest, seasonally adjusted).

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December 2025

Economic Assessments Largely Unchanged. Results of the WIFO-Konjunkturtest (Business Cycle Survey) Quarterly Survey of October 2025

Economic sentiment improved slightly in October in all sectors except retail trade, although scepticism remained prevalent in manufacturing. Business uncertainty rose quarter-on-quarter and remained high in manufacturing and construction, while capacity utilisation improved in these sectors. "Insufficient demand" was again the most frequently cited obstacle to business activity in all sectors of the economy in October.

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Economic expectations improved at least slightly in all sectors, but remained predominantly sceptical in manufacturing and retail trade.

The results of the WIFO-Konjunkturtest (business cycle survey)¹ for October 2025 (beginning of the fourth quarter) show a slight improvement in economic sentiment compared to the summer: the WIFO Business Climate Index rose by 0.8 points quarter-on-quarter and, at -1.5 points, was 5.2 points above the previous year's figure (Table 1). The index of current business situation gained 0.7 points compared to July, but remained below zero at -2.2 points, which separates negative from positive economic assessments. Business expectations improved by 1.1 points compared to July to -0.5 points.

The sectors continue to differ both in terms of the level of economic indicators and in terms of changes compared with the previous quarter. In manufacturing, the WIFO

Business Climate Index improved by 3.0 points compared with July, but the October figure of -7.0 points continues to reflect pronounced scepticism. Assessments of the situation in the manufacturing sector remain particularly pessimistic. Although the corresponding index improved by 3.8 points compared with July, it remained clearly in negative territory at -11.6 points. Business expectations also remained subdued at -2.2 points, but the increase compared with July (+2.3 points) points to a continuing stabilisation of the industrial economy. In October 2024, the expectations index was still at -12.7 points. Manufacturing companies' assessments of changes in their competitive position in the various markets are less favourable than expected (see figure "Change in competitive position in manufacturing" on p. 1). In the last quarter, these

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-wifo-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.

improved only slightly and remained at a low level with regard to domestic markets. Assessments of the competitive position on export markets, on the other hand, deteriorated slightly again.

In construction, the WIFO Business Climate Index rose by 1.7 points to 4.2 points compared with the previous quarter, remaining above zero. The index of current business situation gained 0.7 points and stood at 4.2 points in October. The index of business expectations rose more strongly (+2.7 points to 4.4 points).

In services, the indices in October painted a very similar picture to that seen in the summer. The WIFO Business Climate Index remained unchanged compared with the previous quarter and was slightly positive at 1.2 points. The index of current business situation lost 0.5 points to 0.9 points, while the index of business expectations rose by 0.4 points to 1.6 points.

The economic indices for retail trade, which WIFO calculates on the basis of surveys conducted by the Austrian Institute for SME Research, lost slightly ground compared with the previous quarter. At -4.6 points, the WIFO Business Climate Index in October was 1.2 points below the July figure. The index of current business situation fell by 2.4 points compared with the previous quarter, but remained just above zero at 1.4 points. Retailers' expectations remained virtually unchanged (+0.1 points compared to July 2025). At -10.6 points, the latest figure was still negative, but corresponded to an average level for retail trade.

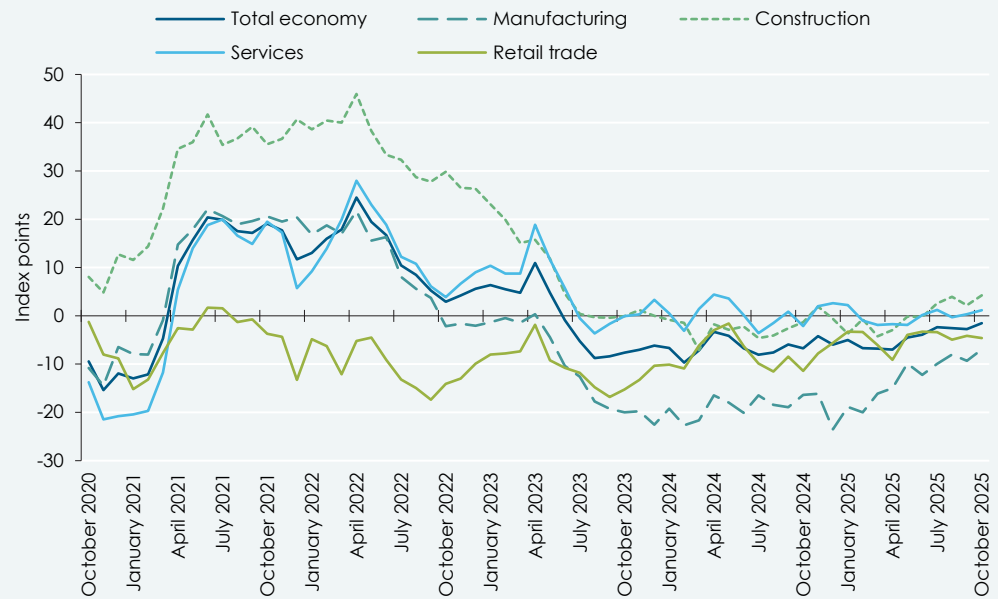
The longer-term trend in the WIFO Business Climate Indices reflects the recession resulting from the COVID-19 crisis, the recovery until spring 2022, the economic slowdown resulting from the energy price shock and the war in Ukraine until winter 2022-23, the downturn in spring and summer 2023, which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

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

	2024 October	January	April	2025 July Index points	August	September	October	2025 October Change compared to July (previous quarter)
total economy								
WIFO Business Climate Index	- 6.7	- 5.0	- 7.0	- 2.4	- 2.6	- 2.7	- 1.5	+ 0.8
Index of current business situation	- 8.8	- 4.2	- 6.7	- 2.9	- 2.9	- 3.6	- 2.2	+ 0.7
Index of business expectations	- 5.5	- 6.2	- 6.7	- 1.6	- 2.0	- 1.7	- 0.5	+ 1.1
Manufacturing								
WIFO Business Climate Index	- 16.4	- 18.9	- 15.0	- 9.9	- 8.0	- 9.3	- 7.0	+ 3.0
Index of current business situation	- 21.1	- 22.0	- 18.6	- 15.4	- 11.0	- 12.8	- 11.6	+ 3.8
Index of business expectations	- 12.7	- 16.2	- 11.4	- 4.5	- 5.0	- 5.8	- 2.2	+ 2.3
Construction								
WIFO Business Climate Index	- 1.3	- 3.7	- 3.0	2.6	3.9	2.2	4.2	+ 1.7
Index of current business situation	- 1.6	- 5.9	- 2.8	3.4	4.5	1.9	4.2	+ 0.7
Index of business expectations	- 0.7	- 1.7	- 3.1	1.7	3.4	2.5	4.4	+ 2.7
Services								
WIFO Business Climate Index	- 2.1	2.2	- 1.7	1.2	- 0.3	0.3	1.2	+ 0.0
Index of current business situation	- 5.4	4.6	- 1.2	1.4	- 0.8	- 1.0	0.9	- 0.5
Index of business expectations	0.4	- 0.4	- 2.0	1.2	0.3	1.9	1.6	+ 0.4
Retail trade								
WIFO Business Climate Index	- 11.4	- 3.3	- 9.1	- 3.4	- 4.9	- 4.1	- 4.6	- 1.2
Index of current business situation	- 0.8	3.9	- 0.5	3.8	0.8	3.4	1.4	- 2.4
Index of business expectations	- 22.2	- 10.3	- 17.6	- 10.7	- 10.5	- 11.6	- 10.6	+ 0.1

Source: WIFO-Konjunkturtest (business cycle survey).

Figure 1: WIFO Business Climate Indices

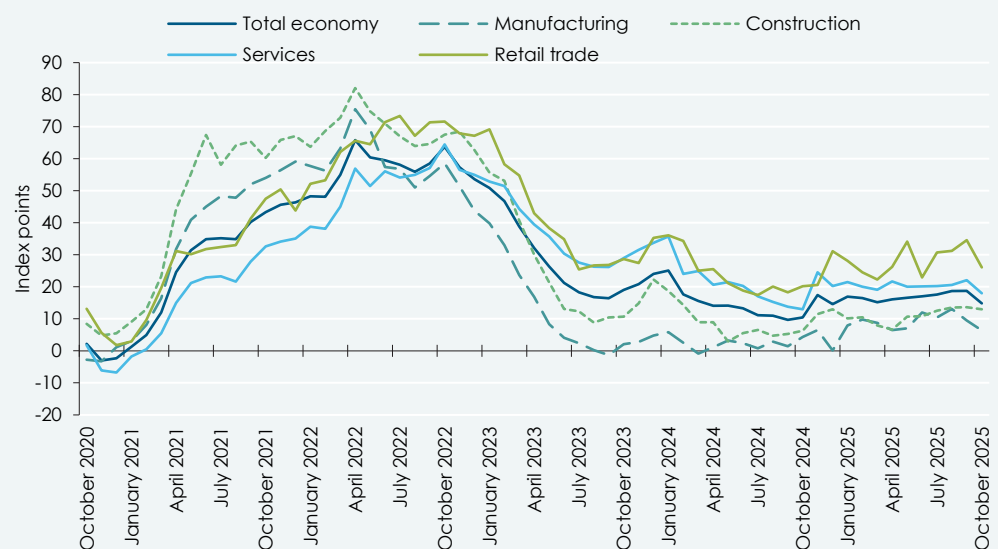


Source: WIFO-Konjunkturtest (business cycle survey), seasonally adjusted.

High inflation in the wake of the energy price shock was also reflected in companies' sales price expectations. These are presented in the WIFO-Konjunkturtest as balances, i.e. as the difference between the proportion of positive responses (increase in sales prices) and the proportion of negative responses (decline in sales prices) in all reports. They range from -100 to +100 points. The latest results show another slight decline in sales price expectations (Figure 2). In the total economy, the balance was most

recently at 14.8 points, 2.8 points below the July 2025 figure and well below the average for the last five years (28.0 points). Over the last three months, sales price expectations have fallen in all sectors except construction (services -2.3 points to 18.0 points, manufacturing -4.1 points to 6.4 points, retail trade -4.6 points to 26.1 points). In the construction industry, sales price expectations rose by 0.4 points to 13.0 points compared to July. In all sectors, the balances in October 2025 were lower than in previous years.

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 shows green

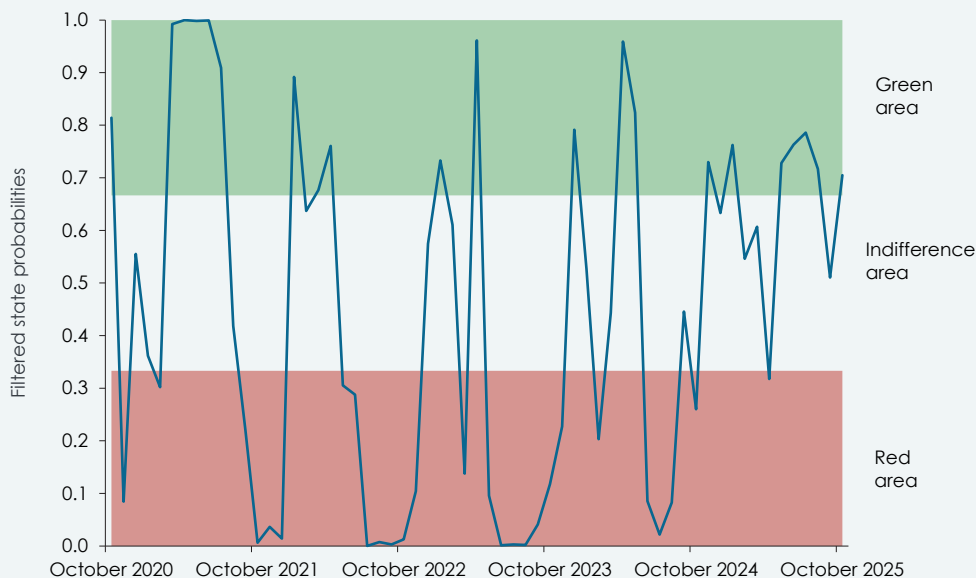
Using a Markov regime switching model, the WIFO-Konjunkturampel (economic traffic light) calculates the probability that the current values of the WIFO-Konjunkturtest indicators correspond to an improvement or deterioration in economic assessments compared with the previous period (Glocker & Hölzl, 2015)².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

- In the red area (deterioration), there is less than a one-third probability 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 assigned.

In October 2025, the model estimated the probability of being in an improvement regime at 0.70. This meant that the WIFO-Konjunkturampel jumped back into the green area, further consolidating the stabilisation trends in the total economy.

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 rises slightly again

Business uncertainty has risen in all sectors since the summer, but most recently only reached elevated levels in manufacturing and construction.

Since the 1980s, WIFO has been conducting its WIFO-Konjunkturtest to gauge companies' assessments 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).

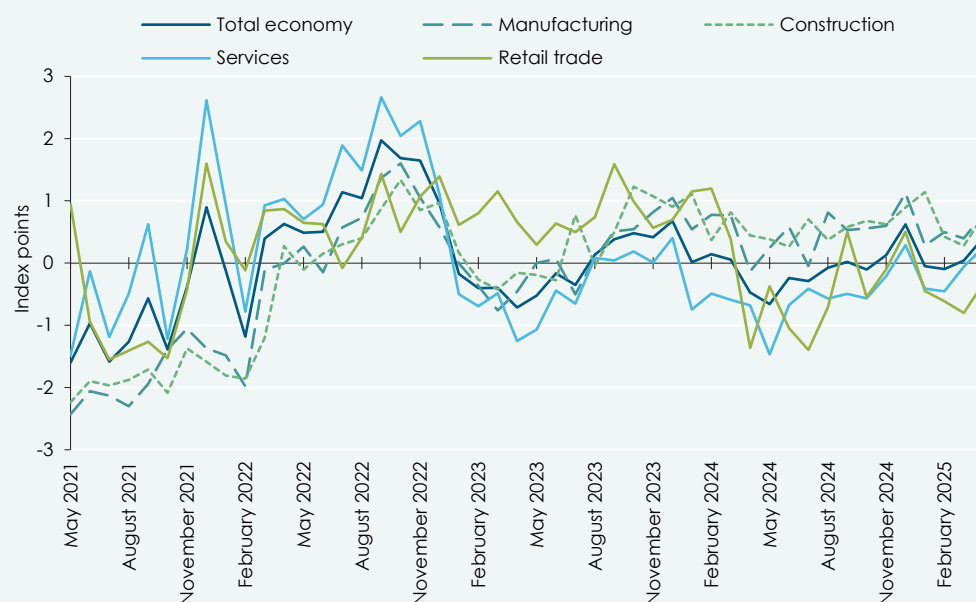
The indicator of uncertainty about the future business situation ranges from 0 (no uncertainty) to 100 (highest uncertainty). For the total economy, the value in October (beginning of the fourth quarter of 2025) was 60.5 points (+1.5 points compared to July; long-term average 60.6 points).

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 war in Ukraine and the subsequent energy price shock caused business uncertainty to rise from March 2022 onwards, particularly in export-oriented manufacturing. Uncertainty increased in this sector until the end of 2023 and has remained high since then. In October, the uncertainty indicator stood at 66.9 points, 1.1 points above the July figure (65.8 points) and slightly above the average for the last five years (65.6 points). The unstable customs policy of

the USA is currently causing uncertainty in industry.

In construction, uncertainty increased by 2.8 points compared with July and, at 64.1 points, was above the long-term average (60.5 points). An increase in uncertainty was also reported by the service sectors (+1.5 points to 56.3 points; long-term average 57.1 points) and the retail trade (+1.3 points to 58.8 points; long-term average 63.1 points).

3. Capacity utilisation remains below average

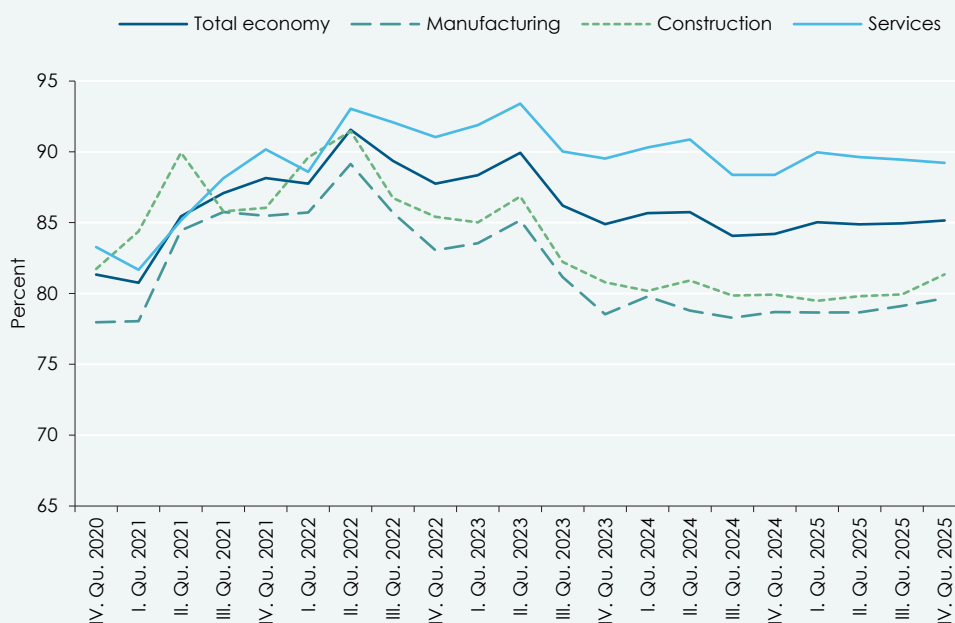
3.1 Slight increase in capacity utilisation of the total economy

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. Capacity utilisation in the total economy (excluding retail trade) stood at 85.2 percent in October 2025, which was slightly higher than in

the summer (long-term average: 86.1 percent). In the service sector, capacity utilisation fell by 0.2 percentage points quarter-on-quarter, but at 89.2 percent was in line with the long-term average. In construction, capacity utilisation rose compared with the summer (+1.4 percentage points to 81.3 percent; long-term average 83.7 percent). The same applies to manufacturing (+0.5 percentage points to 79.7 percent; long-term average 81.7 percent).

Overall capacity utilisation rose slightly in October. Increases were recorded in manufacturing and construction, while the service sectors saw a slight decline.

Figure 5: **Capacity utilisation by sector**



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

3.2 Secured production time in construction rises noticeably

The secured production duration – measured in months – is surveyed in the quarterly WIFO-Konjunkturtest in manufacturing and construction (Figure 6). At the beginning of the fourth quarter, companies in construc-

tion reported that their production activity was secured for an average of 5.5 months (+0.9 months compared to July 2025; long-term average 5.3 months). In manufacturing, the average secured production period was 4.2 months (unchanged compared to July; long-term average 4.2 months).

Figure 6: Average secured production duration in manufacturing and construction



Source: WIFO-Konjunkturtest (business cycle survey).

At the beginning of autumn, the order backlog in manufacturing remained below average; expectations for foreign orders deteriorated slightly.

3.3 New orders continue to develop weakly

In the manufacturing sector, relevant indicators such as order trends over the past three months and expectations regarding foreign order backlogs for the coming months are surveyed once a quarter. The responses are aggregated into balances based on the proportion of positive and negative answers. As Figure 7 shows, order books at the beginning of the fourth quarter of 2025 developed

somewhat more favourably than in previous quarters. However, the balance value of -4.6 points indicates a continuing, albeit slower, decline over the last three months. Expectations for future foreign order books clouded over slightly and therefore remained negative on balance: pessimistic voices expecting a decline in foreign orders over the next three months outweighed positive reports by 1.9 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 significant obstacle to business activity

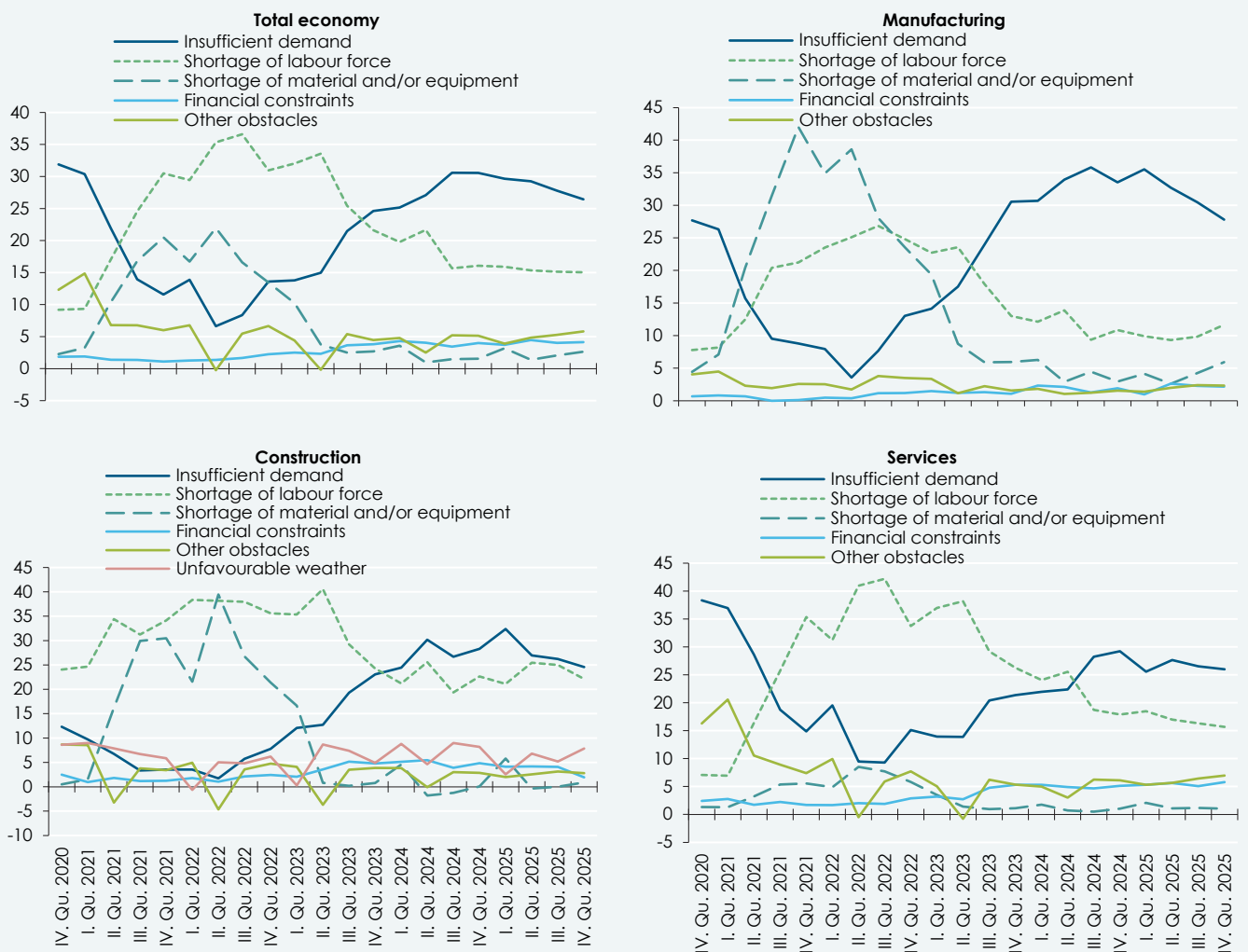
The WIFO-Konjunkturtest surveys the most important obstacles to business activity among the companies surveyed on a quarterly basis. Companies have the option of reporting no impairment to their economic activity or selecting the most important obstacle from a given list:

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

In construction, the obstacle of "unfavourable weather" is also surveyed³.

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 54 percent of companies reported impairments to their business activity

in October 2025 (no change compared to July). Companies in the individual sectors faced obstacles to varying degrees. Around

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

"Insufficient demand" remains the most significant obstacle to business activity. In addition, the "shortage of labour force" remains a challenge.

60 percent of construction companies (–4 percentage points compared to July), 55 percent of service companies (unchanged) and 50 percent of manufacturing companies (+1 percentage point) reported disruptions to their business or production activities. In retail trade, the proportion of companies facing obstacles rose by 6 percentage points compared with the previous quarter to 56 percent.

In the total economy (excluding retail trade), "insufficient demand" remained the most frequently cited obstacle to business activity in October 2025 (26.4 percent of companies), ahead of the "shortage of labour force" (15.0 percent). Although the "shortage of materials and/or capacity" (2.6 percent) gained slightly in importance again, it remained of minor significance compared with previous years. "Financial constraints" were cited by 4.1 percent of companies (Figure 8).

In manufacturing, insufficient demand has been the most frequently cited obstacle to production activity since the third quarter of 2023 (October 2025: 27.8 percent of all companies), but has been losing importance for several quarters. The second most frequent obstacle remained "shortage of labour force" (11.7 percent). Around 5.9 percent of manufacturers reported a "shortage of materials and/or capacity" as the most

important obstacle, around 2.2 percent reported "financial constraints" and 2.3 percent reported "other reasons".

In construction, too, the most frequently cited obstacle in October, as in the previous quarter, was "insufficient demand" (24.6 percent), closely followed by "shortage of labour force" (22.1 percent). "Unfavourable weather" was cited by 7.9 percent of companies. 1.9 percent of construction companies reported "financial constraints". Material shortages and capacity bottlenecks are currently playing virtually no role (around 0.9 percent of companies).

In the service sectors, insufficient demand (October 2025: 26.0 percent) was the most important obstacle to business activity for the sixth time in a row. This was followed by "shortage of labour force" (15.7 percent), "other obstacles" (7.0 percent) and "financial constraints" (5.8 percent).

In the retail trade, obstacles to business activity have been surveyed since July 2021. In October 2025, 30.2 percent of retailers surveyed reported "insufficient demand" as the most significant obstacle, 9.8 percent reported "shortage of labour force", 3.4 percent reported "supply bottlenecks", 7.5 percent reported "financial constraints" and 4.9 percent reported "other obstacles".

5. Summary

For the total economy, the results of the WIFO-Konjunkturtest for October 2025 show a slight improvement in economic assessments, especially as the economic indices for manufacturing and construction gained some ground. However, sectoral differences in terms of development trends and levels remained. For example, despite the continued stabilisation of the indices, the majority of manufacturers surveyed remain sceptical. In most other sectors, on the other hand, the majority of companies are more confident

about the near future. The WIFO-Konjunkturampel was green in October.

Capacity utilisation recently increased in manufacturing and construction. However, business uncertainty also rose slightly in both sectors, probably due in part to the USA's erratic customs policy. In terms of obstacles to business activity, insufficient demand continued to dominate reports in October, ahead of shortage of labour force.

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