

# Energy Prices Only Briefly Slow Down Austria's Economy

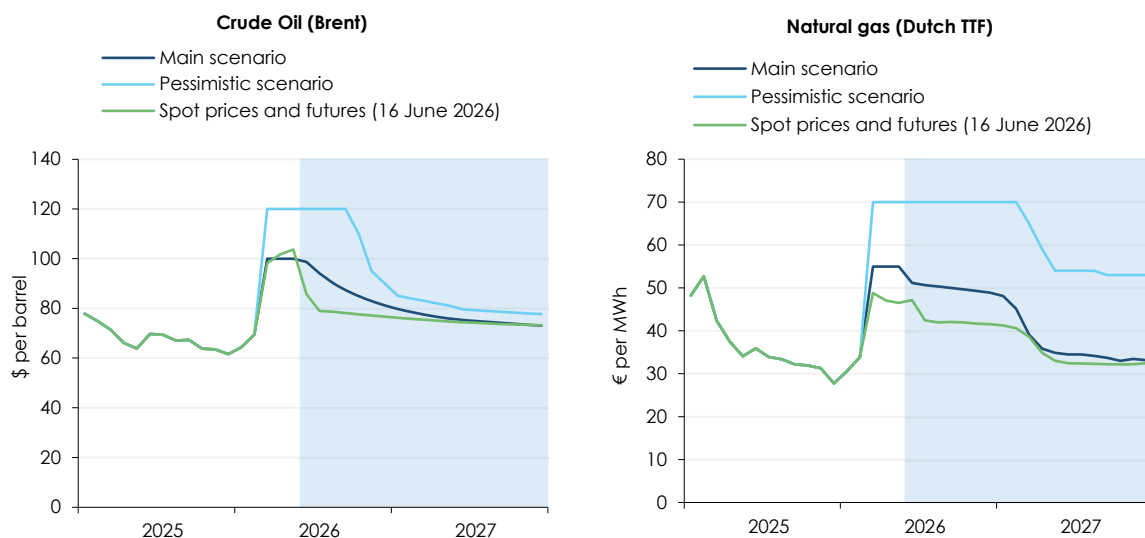
## Economic Outlook for 2026 and 2027

The Austrian economy grew more strongly last year than assumed in the WIFO spring forecast of April 2026, resulting in a more favourable starting position for the current year. However, the war in Iran is taking its toll. Inflation has risen significantly, and sentiment has deteriorated. As energy prices fall, economic activity will regain momentum from the second half of the year onwards. Austria's economy is expected to grow by around 1 percent in both 2026 and 2027. Average annual inflation will stand at 3.2 percent in 2026 and decrease to 2.4 percent in 2027. The unemployment rate will rise slightly in the current year and fall to 7.3 percent in 2027.

"Futures markets currently expect energy prices to decline faster than we assumed in the latest WIFO forecast. A steeper decline would lead to a faster economic recovery," said Stefan Ederer, the author of the latest WIFO Economic Outlook.

The Austrian economy showed a steady upward trend in 2025. According to National Accounts data published in early June, the recovery began in the fourth quarter of 2024 and continued into the first quarter of 2026. This makes the starting position for the current year more favourable than assumed in the WIFO Economic Outlook of April 2026.

Figure 1: Energy price trends compared with the assumptions in the WIFO Economic Outlook from spring 2026



On the futures markets for crude oil and natural gas, quotations for the forecast period were recently lower than assumed in the main scenario of the WIFO Economic Outlook from April 2026 (source: Intercontinental Exchange (ICE), Macrobond. WIFO-calculations. The shaded area shows the time range of the present economic forecast).

The war in Iran and the associated rise in crude oil and natural gas prices are holding back the economy. Consumer price inflation rose significantly in the spring, and sentiment among households and companies has deteriorated. In the manufacturing sector, however, the assessment of the current situation remains significantly more favourable than a year ago. With the gradual normalisation of global production and transport volumes of crude oil and natural gas from the second half of 2026 onwards, and the corresponding fall in energy prices, economic activity is expected to regain momentum. Overall, the Austrian economy is set to grow by about 1 per cent per year over the forecast period.

Table 1: **Main results**

	2022	2023	2024	2025	2026	2027	
	Percentage changes from previous year						
Gross domestic product, volume	+ 5.3	– 0.8	– 0.7	+ 0.8	+ 0.9	+ 1.1	
Manufacturing	+ 8.3	– 3.3	– 5.6	+ 1.6	+ 1.5	+ 1.4	
Wholesale and retail trade	+ 1.0	– 7.9	– 3.0	+ 0.9	+ 0.3	+ 1.0	
Private consumption expenditure <sup>1</sup> , volume	+ 5.4	– 0.2	+ 1.0	+ 0.7	+ 0.4	+ 0.4	
Consumer durables <sup>2</sup>	– 4.5	– 5.5	– 0.2	+ 3.2	+ 0.7	+ 1.0	
Gross fixed capital formation, volume	– 0.3	– 1.3	– 4.3	+ 2.5	+ 1.3	+ 1.8	
Machinery and equipment <sup>3</sup>	+ 1.4	+ 1.7	– 2.8	+ 6.5	+ 2.4	+ 2.4	
Construction	– 2.1	– 4.5	– 5.9	– 2.3	– 0.2	+ 1.0	
Exports, volume	+ 9.4	– 0.6	– 2.3	+ 1.2	+ 1.1	+ 1.6	
Exports of goods, fob	+ 5.6	– 0.9	– 4.5	+ 1.1	+ 1.0	+ 1.2	
Imports, volume	+ 6.9	– 4.3	– 2.6	+ 1.8	+ 1.5	+ 1.5	
Imports of goods, fob	+ 3.2	– 7.0	– 5.3	+ 1.6	+ 1.2	+ 1.2	
Gross domestic product, value	+10.6	+ 6.3	+ 3.4	+ 4.1	+ 3.5	+ 3.5	
	billion €	449.38	477.84	494.09	514.33	532.57	551.07
Current account balance as a percentage of GDP	– 1.3	1.6	1.5	1.9	1.4	1.6	
Consumer prices	+ 8.6	+ 7.8	+ 2.9	+ 3.6	+ 3.2	+ 2.4	
GDP deflator	+ 5.0	+ 7.2	+ 4.1	+ 3.2	+ 2.6	+ 2.3	
General government net lending, Maastricht definition as a percentage of GDP	– 3.4	– 2.6	– 4.6	– 4.2	– 4.0	– 3.7	
Persons in active dependent employment <sup>4</sup>	+ 3.0	+ 1.2	+ 0.2	+ 0.2	+ 0.5	+ 0.7	
Unemployment rate <sup>5</sup>	6.3	6.4	7.0	7.4	7.5	7.3	
Command-basis GDP per capita <sup>6</sup>	+ 1.1	– 1.4	– 0.6	+ 0.6	+ 0.5	+ 1.0	
At-risk-of-poverty rate <sup>7</sup>	percent	14.9	14.3	15.9	15.7	15.6	15.8
Income quintile share ratio <sup>7</sup>	ratio	4.3	4.3	4.2	4.3	4.3	4.3
Greenhouse gas emissions <sup>8</sup>	– 5.9	– 6.6	– 2.5	+ 1.3	– 2.4	– 2.4	
	Million t CO <sub>2</sub> equivalents	73.52	68.70	67.00	67.86	66.25	64.65

Source: WIFO, Public Employment Service Austria, Federation of Social Insurances, OeNB, Statistics Austria, Environment Agency Austria. 2026 and 2027: forecast. – <sup>1</sup> Including non-profit institutions serving households. – <sup>2</sup> WIFO calculation based on the shares of consumer durables according to the domestic concept. – <sup>3</sup> Including weapons systems and other investment. – <sup>4</sup> Excluding persons in valid employment contract receiving child care benefit or being in military service. – <sup>5</sup> As a percentage of dependent labour force, national definition. – <sup>6</sup> Nominal GDP deflated by the implicit price index of domestic demand. – <sup>7</sup> Eurostat definition (see WIFO Business Cycle Reporting Glossary), assigned to the income reference year. From 2025 forecast. – <sup>8</sup> From 2025: forecast.

Austria's industry and export economy are expected to participate in the global economic upturn again over the forecast horizon. In the construction sector, however, no strong growth is anticipated.

Consumer prices are likely to rise more rapidly in 2026 than expected in the latest WIFO Economic Outlook. On the one hand, petrol prices in Austria have reacted more quickly to the

global rise in crude oil prices. On the other hand, WIFO expects the fuel price cap to expire at the end of June. Next year, consumer prices for district heating, gas and electricity will rise with a time lag; however, the decline in mineral oil prices will outweigh this and dampen inflation. Overall, consumer price inflation will stand at 3.2 percent in 2026 and fall to 2.4 percent in 2027.

Modest wage settlements from the previous year and high inflation are dampening purchasing power in the current year, causing real household incomes to shrink once again. Consequently, consumer spending and value added in consumption-related service sectors will increase only moderately over the forecast period.

Employment is expected to expand only moderately in the current year. As a result, the unemployment rate will initially rise further to an annual average of 7.5 percent in 2026. In 2027, the increase in employment will be stronger, causing the unemployment rate to fall slightly for the first time to 7.3 percent.

General government fiscal balance is expected to improve slightly further over the forecast period. It is projected to stand at –4 percent of GDP in 2026 and –3.7 percent in 2027. The public debt-to-GDP ratio will rise to nearly 84 percent by 2027.

Vienna, 25 June 2026

For further information, please contact on Thursday, 25 June 2026, from 11 a.m. to 1 p.m., Dr. Stefan Ederer, Tel. (1) 798 26 01 – 464, [stefan.ederer@wifo.ac.at](mailto:stefan.ederer@wifo.ac.at).

For definitions, see "Methodological notes and brief glossary", <https://www.wifo.ac.at/wp-content/uploads/upload-1041/WIFO-BusinessCycleReporting-Glossary.pdf>