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No 110 January 2026

Last update: 07 January 2026

Next issue: March 2026

- **MACROECONOMIC DEVELOPMENTS:** Higher tariffs have not derailed the global economy
- **FINANCIAL MARKETS AND INTEREST RATES:** ECB rate cut is priced out and longer-term yields rise
- **SPECIAL TOPIC:** Belgium's business dynamism: strong start-up rates, weak scale-up potential
- **TREASURY HIGHLIGHTS:** 2025 funding completed and 2026 funding plan announced

## CONSENSUS **Average of participants' forecasts**

A spreadsheet available on the NBB's website provides more information on the individual forecasts.

	Belgium				Euro area			
	2025e	2026e	2027e	2028e	2025e	2026e	2027e	2028e
Real GDP <sup>1</sup>	1.0	1.1	1.2	1.2	1.4	1.1	1.4	1.3
Inflation (HICP) <sup>1</sup>	3.0	1.9	1.9	2.2	2.1	1.8	1.9	2.2
Government budget balance <sup>2</sup>	-5.4	-5.3	-5.1	-4.8	-3.1	-3.3	-3.3	-3.3
Public debt <sup>2</sup>	106.4	108.7	109.8	111.8	87.9	89.1	89.5	90.4

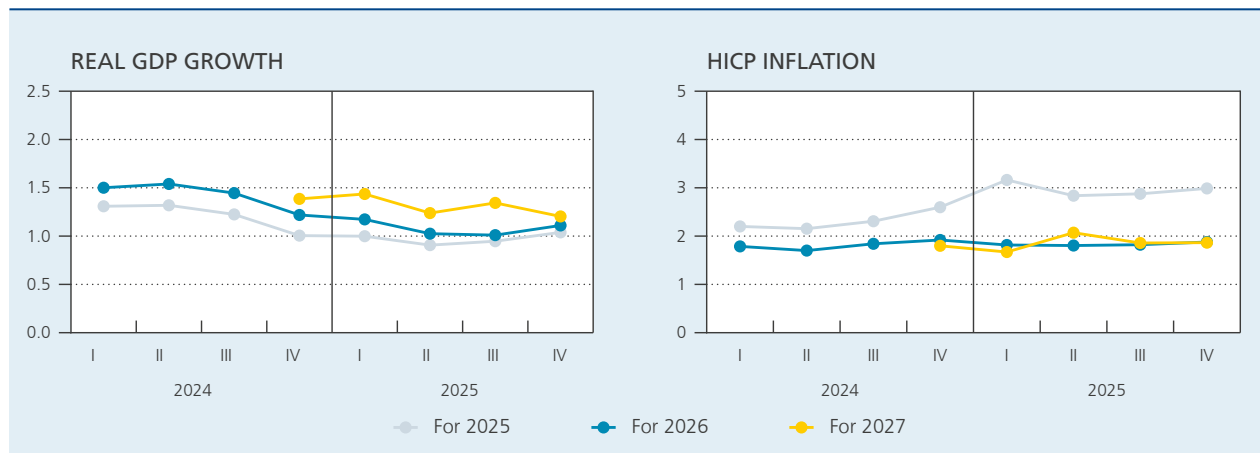
Source: Belgian Prime News.

1 Percentage changes.

2 EDP definition: percentages of GDP.

## FORECASTS FOR BELGIUM

(the lines show the evolution since the start of 2024 of the growth and inflation forecasts for the calendar years 2025, 2026 and 2027)



Source: Belgian Prime News.

The global economy proved resilient throughout 2025, although differences between the major economies persisted. Confidence in the manufacturing industry remains weaker than in the services sector, but there are signs of improvement despite the tariff situation. Trade uncertainty remains high, although it has subsided compared to the peak seen after the announcement of protectionist measures by the US in the spring of 2025. According to the Eurosystem's current assessment, global growth is expected to edge downwards marginally in 2026 yet remain well above 3%. Global trade surprised on the upside in the first half of 2025 but is projected to have slowed in the second half of the year and to gradually pick up again over the course of 2026.

The euro area economy expanded by 0.3% in the third quarter of 2025, following some volatility in the first half of the year, in part due to trade frontloading. With regard to the annual outlook, Belgian Prime News (BPN) respondents now expect **euro area real GDP growth to reach 1.4% on average in 2025**, up from the consensus forecast in September, before subsequently hitting 1.1% in 2026, 1.4% in 2027 and 1.3% in 2028. Euro area headline inflation has been close to 2% since the start of the year and **respondents currently expect it to moderate somewhat further towards (and even temporarily drop below) 2% over the projection horizon**, before marginally edging back up again in 2028.

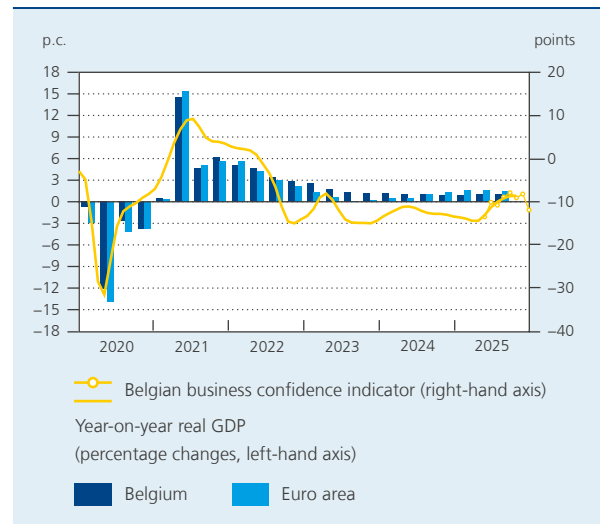
The Belgian economy grew by 0.3% in the third quarter of 2025, on the back of strong business investment growth, among other factors. According to the December issue of the NBB's Business Cycle Monitor, the growth rate for the fourth quarter is likely to have remained at this level. **BPN respondents expect annual real GDP growth to come in at 1% in 2025, 1.1% in 2026, and 1.2% in 2027 and 2028.** This outlook is still very close to the BPN consensus forecast from September.

The Belgian labour market also continued to expand in the third quarter of 2025, with domestic employment growing by 0.2% quarter-on-quarter. Job creation was mainly driven by non-market services and the self-employed. As of 2026, job creation is expected to gain further momentum due to the new federal government measures aimed specifically at increasing the employment rate. The harmonised unemployment rate remains very low and is projected to stay close to 6% in the coming years.

The headline inflation rate in Belgium, measured using the HICP, was more persistent in 2025 than previously anticipated, averaging out at 3% over the year. **According to the latest BPN consensus forecast, the headline inflation rate in Belgium is expected to decline further in 2026 and 2027, to 1.9%, before edging back up to 2.2% in 2028.** On average, BPN inflation expectations are still very similar to those in September, despite newly announced government measures likely affecting the inflation outlook in 2026.

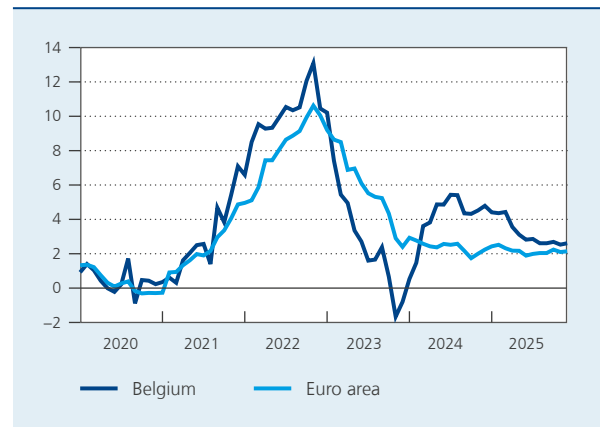
At the end of November, the federal government announced additional fiscal consolidation measures. BPN respondents currently expect the budget deficit to narrow slightly over the projection period, from 5.4% of GDP in 2025 to 4.8% of GDP in 2028. They still see Belgian public debt creeping up further, from around 104% of GDP in 2024 to 112% of GDP by 2028.

### GDP GROWTH AND BUSINESS CONFIDENCE



Sources: EC, NAI, NBB.

### INFLATION (HICP) (annual percentage change)



Source: EC.

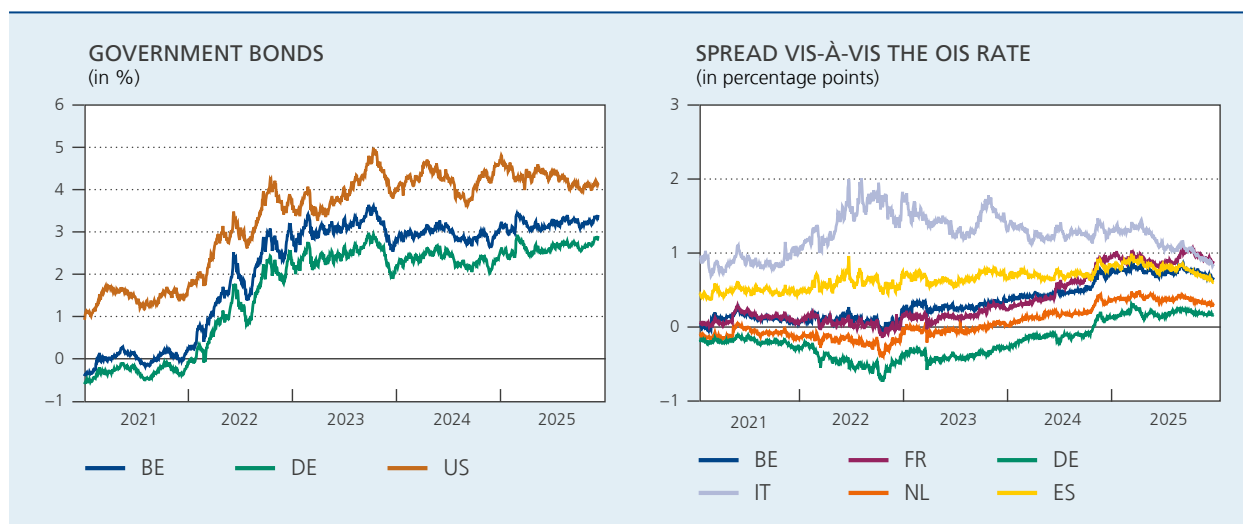
Between September and the end of the year, euro area financial markets reflected stronger-than-expected macroeconomic data. Equity prices rose on the back of improved earnings forecasts and a global AI-driven rally. Euro area firms with high AI exposure outperformed their peers, despite some mid-period pullback over fears of an AI bubble. Equity valuations in the euro area remain near the historical median and well below US levels.

While the ECB maintained its key interest rates over the past few months, the market pricing of ECB rates shifted upwards as expectations of a rate cut in 2026 fell. Short-term unsecured money market rates remained sensitive to inflation surprises but displayed low volatility, even as excess liquidity continued to decline. Secured rates, however, showed early signs of heightened sensitivity – although less so than in the US, for instance. In this respect, the Federal Open Market Committee announced as-needed purchases of shorter-term US Treasuries to maintain an ample supply of reserves.

Long-term euro area sovereign yields are now higher than at the end of September, in keeping with the recent global curve-steepening trend. Ten-year yields on Belgian and German bonds rose by 13 and 18 basis points, respectively, to 3.40% and 2.90%. More specifically, yields tended to decrease initially, amid the resurfacing of US-China trade tensions, but then began to rise in late November against the backdrop of improved euro area growth expectations, likely driven by better-than-expected economic resilience and anticipated fiscal stimulus, improved trade sentiment bolstered by agreements between the US and several Asian countries and an easing of geopolitical tensions in the Middle East. This rise was confined to real rates as market-based measures of inflation expectations remained unchanged. The US ten-year Treasury yield showed a similar pattern but held steady overall in the fourth quarter. Unlike the ECB, the Federal Reserve cut the federal funds target range by 25 basis points at its meetings in both October and December, to 3.50% – 3.75%.

Euro area sovereign yields did not fully follow the rise in risk-free rates. The ten-year spread with the OIS rate narrowed significantly in Belgium, Germany, France, Italy and Spain, by 10, 7, 15, 24 and 16 basis points, respectively, to 67, 17, 89, 82 and 60 basis points. In France, in particular, signs of improved political stability contributed to this narrowing, while changes in ratings and the ratings outlook did not have a substantial impact. Overall, these narrower spreads imply lower cross-country yields and spread dispersion.

### 10-YEAR INTEREST RATES



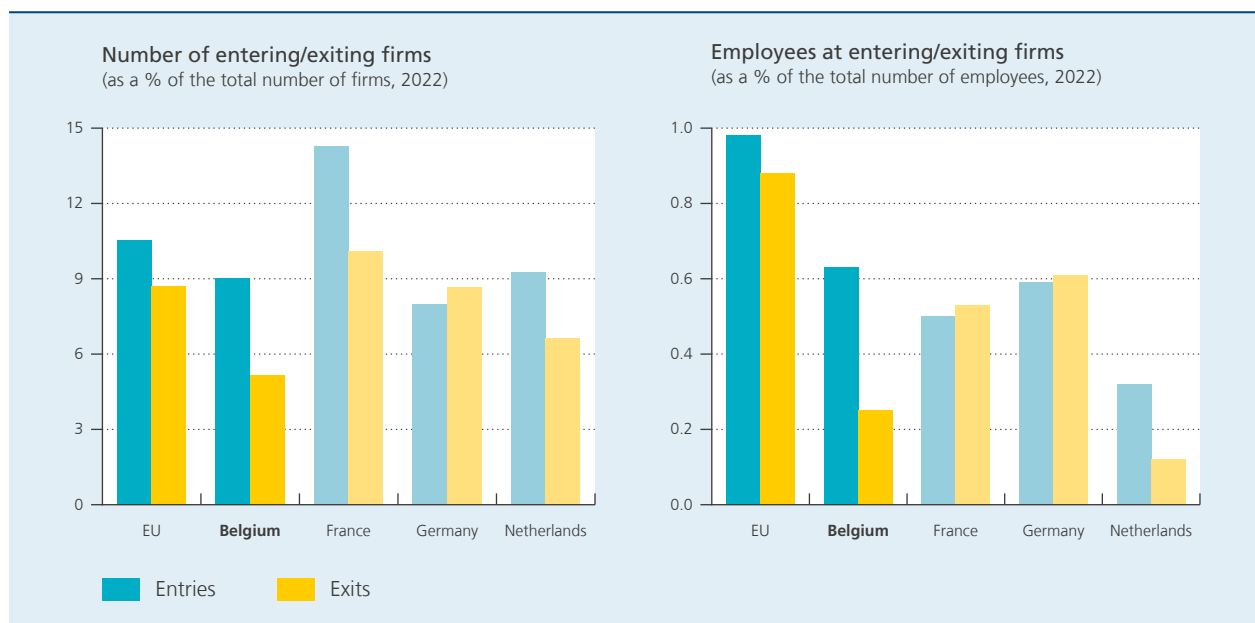
Source: Haver Analytics. Daily data up to 19 December.

Belgium’s economy generates many new firms, but too few of them grow. [Recent research](#) from the National Bank of Belgium (NBB) shows that the country performs well in terms of entrepreneurial entry yet falls behind its peers when it comes to scaling up young firms. This weak post-entry growth reduces job creation, hampers resource reallocation and ultimately weighs on productivity growth. As Europe enters a decade shaped by climate-related and digital transitions as well as heightened global competition, understanding the reasons for Belgium’s scale-up gap is becoming a key macroeconomic issue.

**Belgium creates plenty of firms, but most remain very small**

Belgium’s firm entry rate is comparable to other major euro area economies. As illustrated below, the annual number of newly created firms mirrors that of France, Germany and the Netherlands. However, many entrants are sole traders or firms without salaried workers. They boost the count of start-ups but do not meaningfully contribute to job creation.

**ENTRY AND EXIT RATES IN BELGIUM AND NEIGHBOURING COUNTRIES**



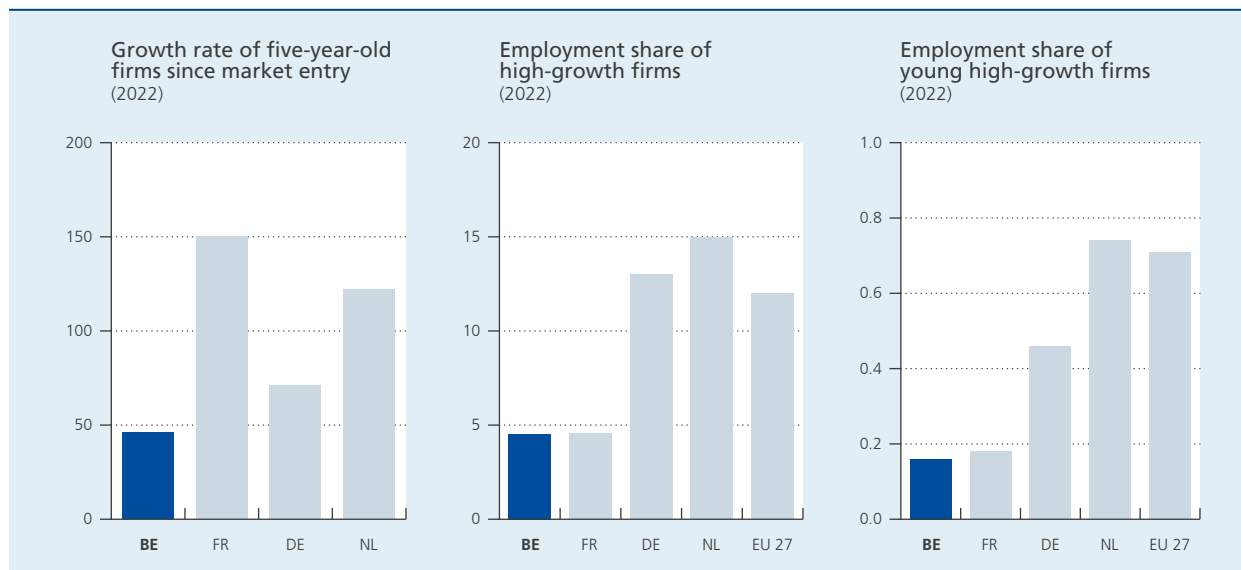
Source: Eurostat.

A dynamic economy requires not only new firm entry but also resource reallocation. In economies with high dynamism, underperforming firms shrink or exit, releasing labour, capital and ideas for use by more productive firms. Belgium’s exit rates, measured by jobs affected, are below the EU average, implying weaker creative destruction. This reduces the pace at which highly productive firms can expand.

**The scale-up gap: young Belgian firms are far less likely to grow than their peers**

The most striking weakness is post-entry growth. Employment at Belgian firms expands by only ~46% over the first five years after market entry. In France, the equivalent figure is ~150%. Germany and the Netherlands also outperform Belgium.

## SCALE-UP RATES IN BELGIUM AND NEIGHBOURING COUNTRIES



Source: Eurostat.

(1) High-growth firms are defined as enterprises with at least ten employees in year t-3 and with average annualised growth in the number of employees above 10% per annum, over a three-year period (t-3 to t). Young high-growth firms are a subset of high-growth firms that are four or five years old at the time of observation (i.e. they were born in t-4 or t-5).

This explains Belgium's limited pool of high-growth firms. These firms have a share of only around 5% of total employment in Belgium, roughly half the EU average. Young high-growth firms ("gazelles") represent only ~0.2% of Belgian employment, compared with ~0.7% in the EU. Such firms, although rare, account disproportionately for job creation, innovation and international expansion. Despite being limited, their presence has broad macroeconomic effects.

The structural factors that lie behind this situation include Belgium's rigid labour market institutions and its high recruitment costs and administrative barriers, and these combine to discourage scaling up. In Belgium, wages are strongly linked to age and seniority, while extensive collective bargaining and strict protections against dismissal ensure job stability but also result in low job mobility. This means that experienced talent tends to remain in older, less innovative and less productive firms for longer, whereas young, growing companies struggle to attract these profiles. For employers, the complexity of the regulatory environment can act as a deterrent: staying small often feels safer and simpler than expanding.

Belgium also has a high share of "subsistence" entrepreneurs, individuals who start firms primarily to create employment for themselves or for tax-related reasons, rather than to build a growing enterprise. As a result, the country produces many start-ups but relatively few transformational entrepreneurs. In summary, Belgium has no shortage of entrepreneurs. What it needs are more firms that can grow into substantial employers and innovators. Strengthening the scale-up pipeline is therefore essential for boosting productivity and supporting the country's long-term economic growth.

# TREASURY HIGHLIGHTS **2025 funding completed and 2026 funding plan announced**

## **2025 funding completed**

The Belgian Debt Agency has concluded its 2025 funding plan, issuing a total of €49.50 billion in medium- and long-term debt, corresponding to 100.3% of its €49.35 billion funding target.

There was only one auction in the fourth quarter of 2024, with the following result.

### **OLO auction (€3.004 billion)**

Date	OLO		Issued (€ billion)	Yield	Bid-to-cover
27 October	OLO 2.60% 22/10/2030	OLO 105	1.064	2.533%	1.51
	OLO 1.25% 22/04/2033	OLO 86	0.605	2.804%	1.63
	OLO 3.10% 22/06/2035	OLO 103	1.335	3.149%	1.53
<i>Non-competitive subscriptions</i>			0.000		
October total			<b>3.004</b>		

In addition, two optional reverse inquiries (ORI) were held.

### **ORI (€0.512 billion)**

Date	OLO		Issued (€ billion)	Yield
7 November	OLO 3.45% 22/06/2043	OLO 99	0.250	3.840%
	OLO 2.25% 22/06/2057	OLO 83	0.256	4.241%
November total			<b>0.506</b>	
19 December	OLO 2.25% 22/06/2057	OLO 83	0.375	4.404%
	OLO 0.65% 22/06/2071	OLO 93	0.131	4.167%
December total			<b>0.506</b>	

### **EMTN (€0.647 billion)**

In October and November, five EMTN transactions were completed: two taps of the USD-denominated EMTN75 benchmark and the issuance of three new EMTNs – two denominated in AUD and one in GBP – bringing the total amount across all transactions to an equivalent value of €647 million.

## **2026 funding plan announced**

The Belgian Debt Agency expects the gross borrowing requirement of the federal government to amount to €59.55 billion in 2026. This represents an increase of €6.24 billion on the 2025 borrowing requirement, which amounted to €53.31 billion.

The Agency expects the 2026 net financing requirement to amount to €26.37 billion. Redemptions of medium- and long-term debt are forecast to amount to €28.00 billion. Furthermore, the Belgian Debt Agency plans to buy back €4.60 billion of bonds maturing in 2027 and 2028. The execution of put and call options on certain instruments could also result in the need to borrow an additional €0.58 billion.

In 2026, the Belgian Debt Agency plans to issue €51.60 billion worth of OLOs, representing an increase of €5.89 billion compared to the €45.71 billion issued in 2025, and expects to launch three new OLO fixed-rate benchmarks.

The Debt Agency also expects to issue €3.00 billion in EMTN or alternative funding instruments such as *Schuldscheine*, as well as €0.40 billion in State Notes with maturities of three, five, eight or ten years.

With regard to short-term funding, the outstanding amount of Treasury Certificates is scheduled to increase to an expected volume of €43.39 billion. The outstanding amount of one-year State Notes should rise only slightly (implying that the Debt Agency will issue approximately €1.07 billion of this type of security in 2026). The net change in other short-term debt and financial assets is expected to amount to €1.00 billion.

In 2025, as in previous years, the maximum for both the 12-month refinancing risk and refixing risk was maintained at 17.50%. Ultimately, these risks came in considerably lower. In December 2025, the 12-month refinancing risk amounted to

15.64%, while the 12-month refixing risk stood at 16.08%. The 60-month refinancing risk and refixing risk also remained below their maximum level of 42.50%, standing at 38.61% and 39.02%, respectively, in December 2025.

These risk limits will remain unchanged in 2026, meaning a maximum of 17.50% for 12-month refinancing and refixing risk and 42.50% for 60-month refinancing and refixing risk.

(in € billion)	2026 funding plan	2025 realisations
<b>1. Gross financing requirement</b>	<b>59.55</b>	<b>53.31</b>
• Net financing requirement	26.37	28.35
• Debt maturing in 2026/2025	28.00	22.47
• Planned pre-funding (bonds maturing in 2027-2028/2026)	4.60	2.49
• Other <sup>1</sup>	0.58	0.00
<b>2. Funding sources (long- and medium-term)</b>	<b>56.32</b>	<b>49.48</b>
• OLOs	51.60	45.71
• Euro Medium Term Notes (EMTNs)/ <i>Schuldscheine</i>	3.00	3.52
• Medium- and long-term State Notes	0.40	0.19
• Other (RRF)	1.32	0.06
<b>3. Change in short-term debt</b>	<b>3.23</b>	<b>3.82</b>
• Treasury Certificates <sup>2</sup>	1.98	5.50
• One-year State Notes	0.25	-0.48
• Other <sup>3</sup>	1.00	-1.19

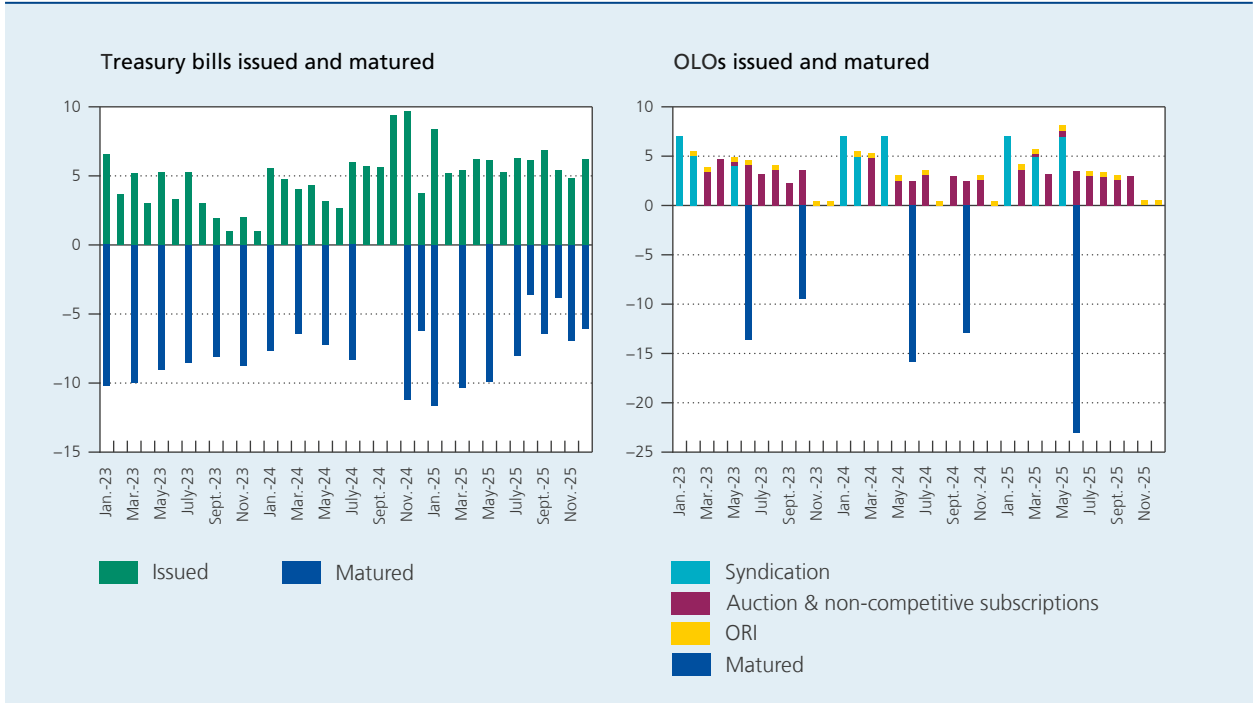
1 Including put/call options exercised on bonds or loans and net redemptions of the Treasury bonds representing Belgium's participation in international organisations.

2 Expected outstanding stock of Treasury Certificates on 1 January 2026: €41.41 billion.

3 Residual financing instruments complementing the reference instruments mentioned above, including collateral/margin changes. A positive figure indicates an increase in the stock of residual financing and/or a reduction in financial assets.

# GOVERNMENT SECURITIES STATISTICS

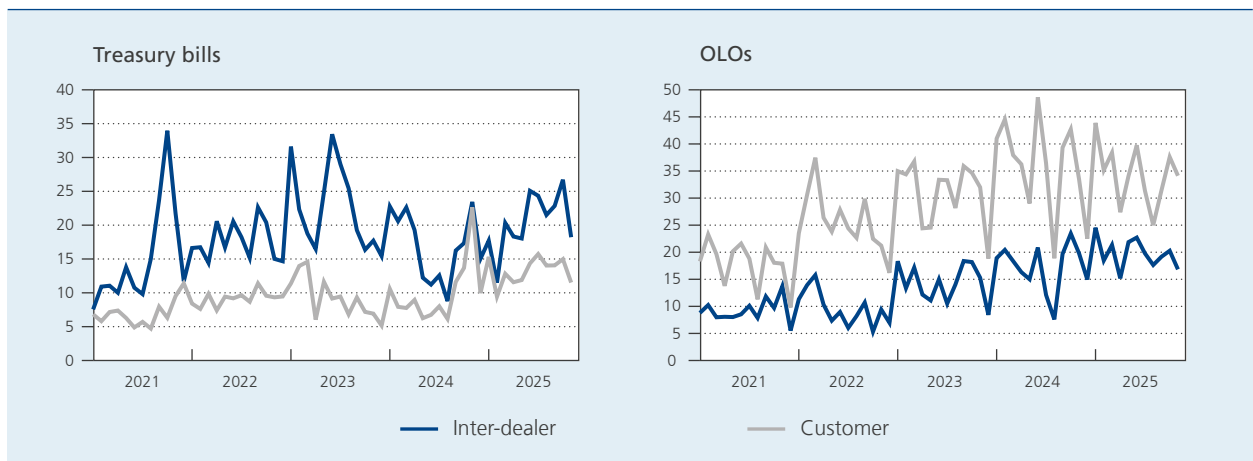
## PRIMARY MARKET (€ billion)



Source : Belgian Debt Agency.

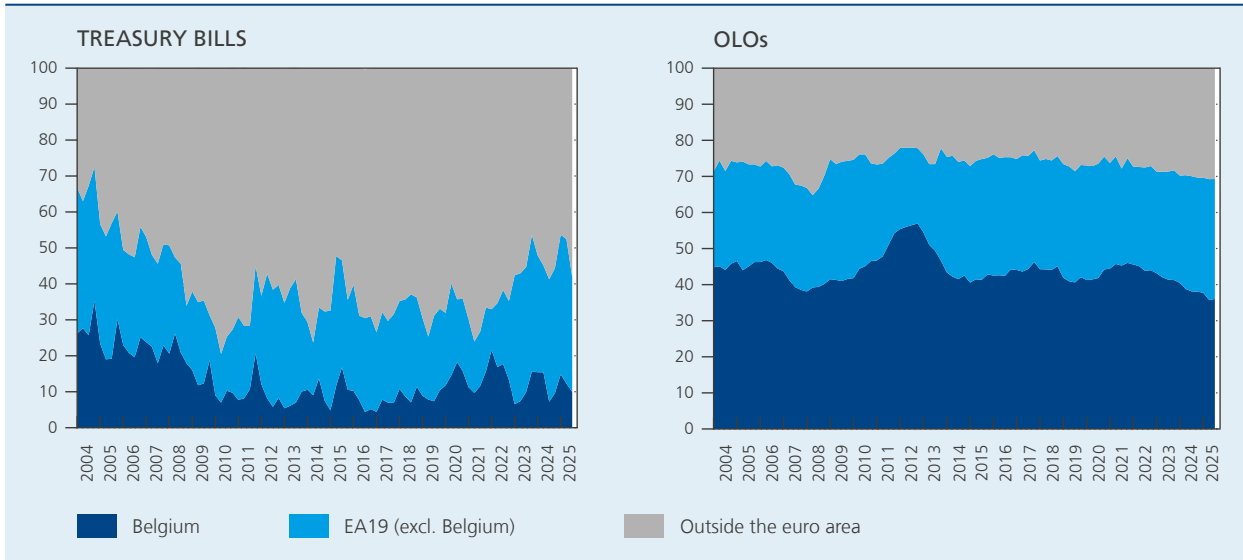
## SECONDARY MARKET TURNOVER

(as reported by primary and recognised dealers to the Debt Agency, € billion)



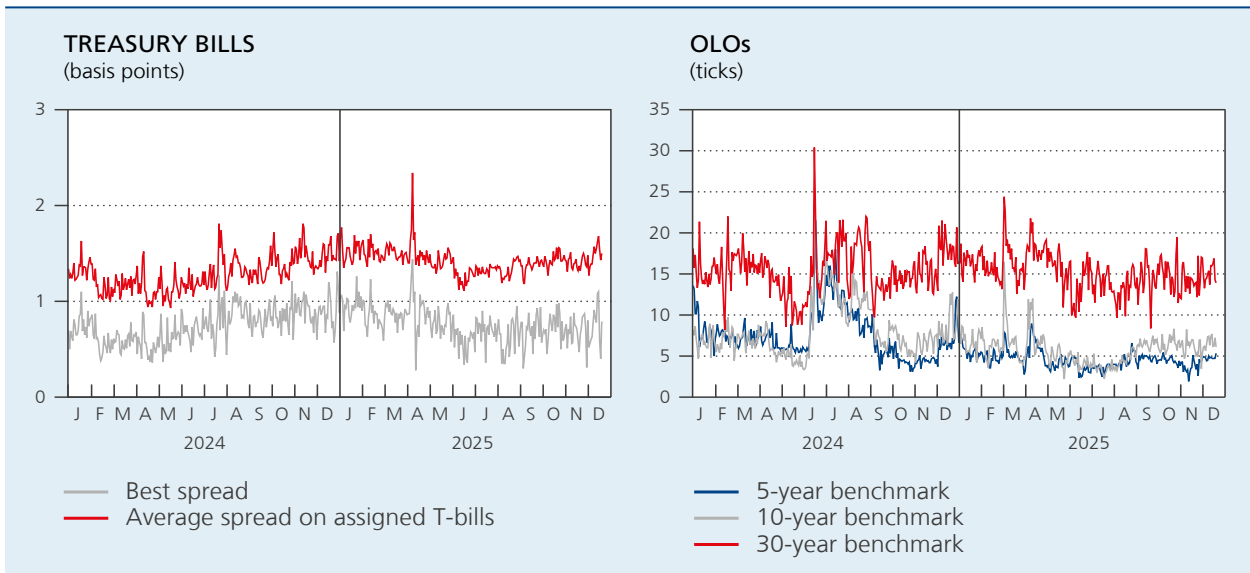
Source : Belgian Debt Agency.

## HOLDERSHIP OF BELGIAN SECURITIES (in %)



Source: NBB.

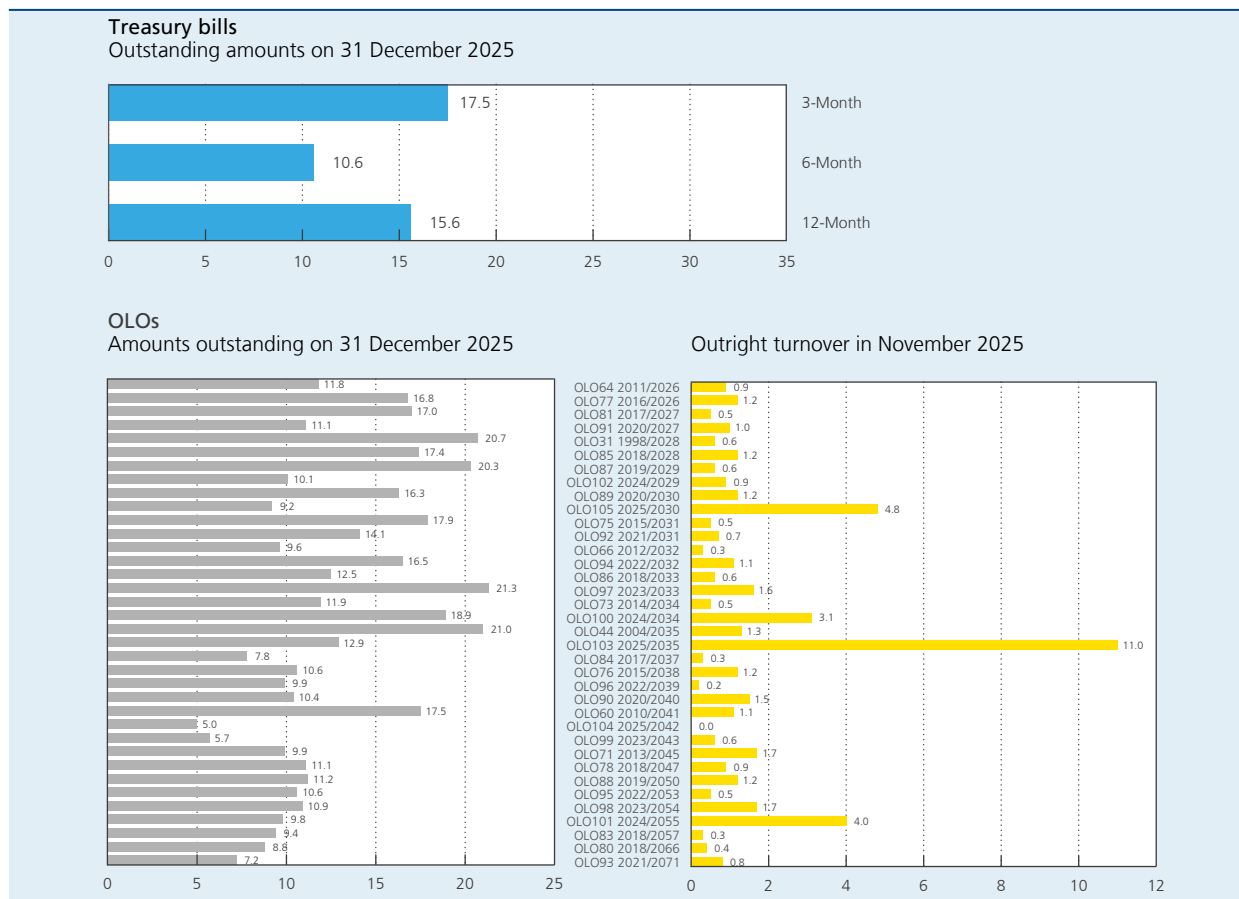
## BEST BID/OFFER SPREADS <sup>1</sup>



Source: Belgian Debt Agency.

(1) As reported by three electronic platforms (MTS, Broker Tec and BGC eSpeed).

## OUTSTANDING AMOUNTS AND TURNOVER (€ billion)



Source: Belgian Debt Agency.

## LIST OF CONTACT PERSONS

### PARTICIPATING INSTITUTIONS

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Bank of America  
Barclays  
Belfius Bank  
BNP Paribas Fortis  
  
Citigroup  
Crédit Agricole CIB  
  
Deutsche Bank  
HSBC  
J.P. Morgan  
KBC Bank  
Morgan Stanley  
Natixis  
NatWest (RBS)  
Nomura  
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Published by: National Bank of Belgium (NBB).

Sources: NBB, unless stated otherwise.

This publication is also available at [www.nbb.be](http://www.nbb.be).

Information on the Belgian government debt can be found on the Debt Agency's website, [www.debtagency.be](http://www.debtagency.be).

General information on the Belgian government can be found at [www.belgium.be](http://www.belgium.be).

