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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, Société Générale Corporate & Investment Banking

No 111 March 2026

Last update: 13 March 2026

Next issue: June 2026

- **MACROECONOMIC DEVELOPMENTS:** 2026 began with yet more geopolitical instability
- **FINANCIAL MARKETS AND INTEREST RATES:** The impacts of successive geopolitical crises are reverberating across financial markets
- **SPECIAL TOPIC:** Artificial intelligence and the Belgian labour market
- **TREASURY HIGHLIGHTS:** 30% of the funding target has been raised

CONSENSUS **Average of participants' forecasts**

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

	<u>Belgium</u>				<u>Euro area</u>			
	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e
Real GDP ¹	1.0	1.0	1.2	1.2	1.4	1.2	1.4	1.2
Inflation (HICP) ¹	3.0	2.0	1.9	2.1	2.1	1.9	1.8	2.2
Government budget balance ²	-5.3	-5.2	-5.1	-4.8	-3.0	-3.3	-3.3	-3.2
Public debt ²	107.4	108.8	110.3	111.9	87.3	89.3	89.9	90.1

Source: Belgian Prime News.

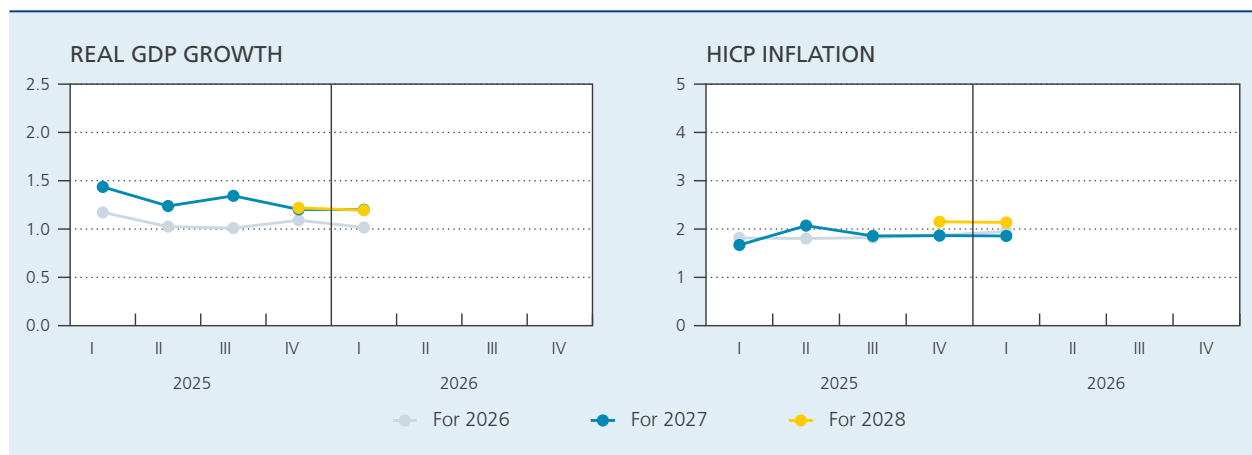
1 Percentage changes.

2 EDP definition: percentages of GDP.

FORECASTS FOR BELGIUM

(the lines show the evolution since the start of 2025 of the growth and inflation forecasts for the calendar years 2026, 2027 and 2028)

Most forecasts were submitted before the Middle East conflict started.



Source: Belgian Prime News.

The global economy proved resilient throughout 2025, as did global trade flows. In February 2026, additional legal uncertainty surrounding US tariffs was created by the US Supreme Court's ruling that the reciprocal tariffs under IEEPA were illegal and President Trump's reaction imposing a new global tariff of at least 10% ¹ under Section 122 of the Trade Act of 1974. In addition, the international climate has been marked by heightened geopolitical uncertainty, after US-Israeli coordinated strikes on Iran at the end of February sparked a new military conflict in the Middle East. This conflict could lead to supply chain issues (due to the closure of the Strait of Hormuz, for example) and has already exerted upward pressure on energy prices in particular. **Most forecasts received from Belgian Prime News participants for this edition did not yet incorporate any impact of the 2026 Iran war.**

The euro area economy held up well at the end of last year, expanding by 0.2% in the fourth quarter of 2025. For the year as a whole, GDP growth came in at 1.4%, slightly boosted by extraordinarily high Irish exports. Looking ahead, Belgian Prime News (BPN) respondents expect **euro area real GDP growth to reach 1.2% on average in 2026**, before subsequently hitting 1.4% in 2027 and 1.2% in 2028. Euro area headline inflation was close to 2% on average in 2025, and – prior to the Iran war – **respondents expected it to moderate somewhat further towards (and even temporarily drop below) 2% over the projection horizon**, before marginally edging back up again in 2028.

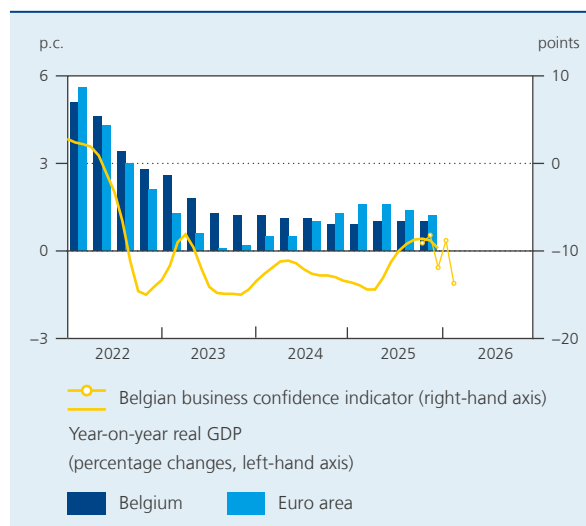
The Belgian economy grew by a mere 0.1% in the final quarter of 2025, bringing annual GDP growth to 1%. According to the March issue of the NBB's Business Cycle Monitor, the growth rate for the first quarter of 2026 is likely to pick up somewhat, to 0.2%. **BPN respondents expect annual real GDP growth to come in at 1% for 2026 and at 1.2% for 2027 and 2028.** This outlook is still very close to the December BPN consensus forecast.

The Belgian labour market grew by 0.4% on an annual basis in 2025, but a significant part of employment creation can be attributed to the rising number of self-employed workers. For salaried employment, net job gains were once again only in service industries, mostly non-market services, while manufacturing and construction reported net job losses. As of 2026, job creation in the private sector is expected to pick up due to the new federal government measures aimed specifically at increasing the employment rate.

The headline inflation rate in Belgium, measured using the HICP, was quite persistent throughout 2025, averaging out at 3% over the year, but declined significantly towards the end of the year. Based on the most recent reading, HICP inflation amounted to 1.4% in January and February 2026. **According to the March BPN consensus forecast, the headline inflation rate in Belgium is expected to hover closely around 2% over 2026-2028.**

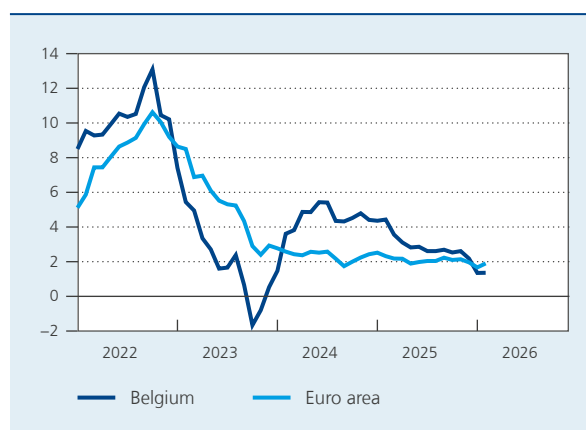
At the end of November, the federal government announced additional fiscal consolidation measures, some of which had to be postponed or are currently being renegotiated. BPN respondents expect the budget deficit to narrow only slightly over the projection period, from 5.3% of GDP in 2025 to 4.8% of GDP in 2028. They still see Belgian public debt creeping up further, from around 107% of GDP in 2025 to 112% of GDP by 2028.

GDP GROWTH AND BUSINESS CONFIDENCE



Sources: EC, NAI, NBB.

INFLATION (HICP) (annual percentage change)



Source: EC.

¹ A 10% global tariff took effect on 24 February, even though President Trump had announced that it would amount to 15%.

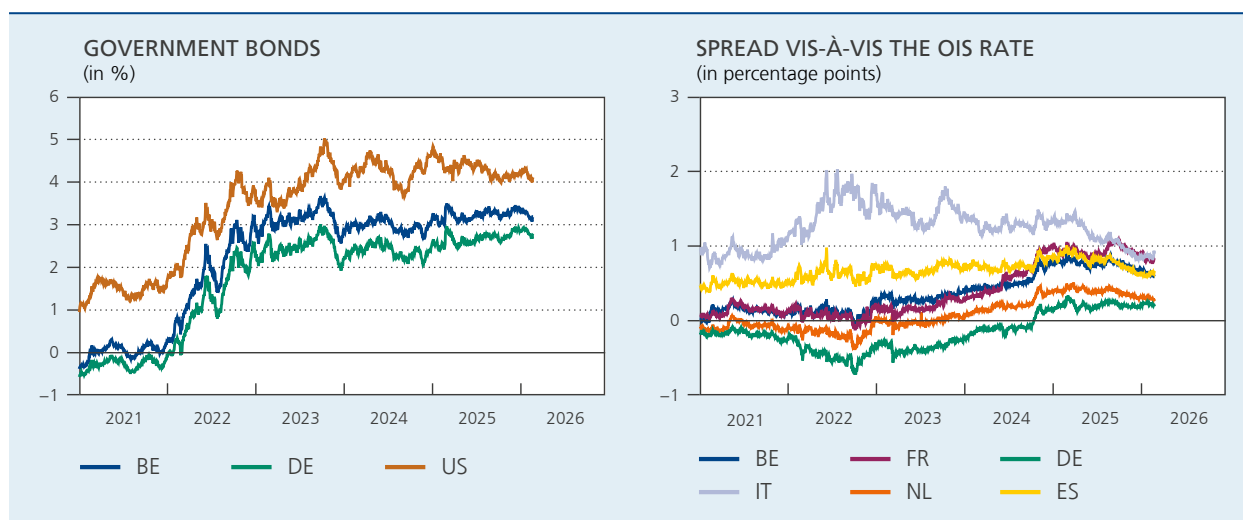
Since the start of the year, geopolitical events have been key for financial market developments. Equity indices on both sides of the Atlantic initially lost ground amid escalating threats from the US administration to annex Greenland, which temporarily weakened risk appetite. Markets later rebounded after President Trump signaled a willingness to de-escalate. However, at the end of February, the outbreak of the US–Israeli war against Iran and broader tensions in the Middle East triggered renewed risk-off sentiment and a sharp decline in stock prices. Overall, despite heightened market volatility and the repricing observed up to the 10 March cut-off date, equity prices have remained broadly stable in the United States and are somewhat higher in the euro area when compared with late-2025 levels, although market conditions were still evolving at the time of writing.

Commodity markets also reacted strongly to the conflict in the Middle East, amid fears of supply disruptions and tighter global energy balances. Energy prices moved sharply, with the Trump administration’s messaging regarding a possibly imminent end to the war and the reopening of the Strait of Hormuz. By the close on 10 March, European gas prices were around 48% above their pre-war level, while oil prices were roughly 24% higher. This repricing in energy markets has reinforced short-term inflation concerns.

Against this backdrop, long-term euro area sovereign yields declined slightly compared with end-2025, despite an upward adjustment toward the end of the period in response to the war. The Belgian ten-year sovereign yield decreased by 9 basis points to 3.26% in March, while the German Bund yield remained unchanged at 2.86%. The longer-term impact of the war in the Middle East remains uncertain at this stage. On the one hand, this conflict could trigger a safe-haven effect, increasing demand for highly-rated sovereign bonds. On the other hand, if it persists and amplifies, it could lead to higher energy prices, increased inflation risk premia and, more generally, higher compensation for risks. In the United States, the ten-year Treasury yield remained broadly stable at 4.14%, while the Federal Reserve kept its target range for the federal funds rate unchanged at 3.50%–3.75% in the first quarter of 2026.

The ten-year spread narrowed in Belgium (–6 basis points), reaching 61 basis points. There was also a decline in France (–5 points) to 83 basis points, amid easing political uncertainty. Meanwhile, there were slight increases in Italy (+5 points), Spain (+5 points) and Germany (+3 points), bringing their ten-year spreads to 88, 66 and 21 basis points, respectively. These limited movements suggest that cross-country spread dispersion remained broadly unchanged at historically low levels.

10-YEAR INTEREST RATES



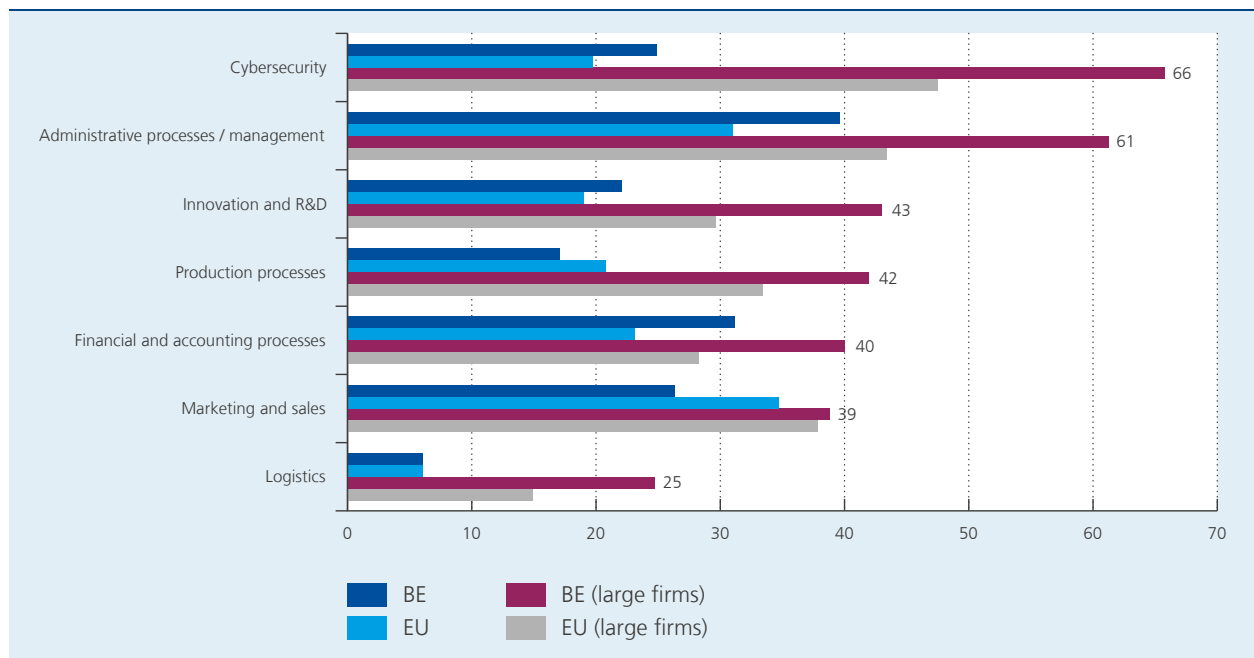
Source: Haver Analytics. Daily data up to 10 March.

The High Council for Employment has published a report on “Artificial intelligence and the Belgian labour market”.¹ While Belgian companies and workers are quickly embracing AI, a shortage of digital and AI skills – especially among young people – is slowing down more widespread use. The Council has duly issued recommendations centred around three main themes: using AI to improve the efficiency of the labour market; developing an AI skills strategy; and promoting the responsible use of AI across the economy.

In 2025, nearly 35% of Belgian companies made use of AI technologies – an increase of 20 percentage points in two years – and one in three workers used generative AI at work. Belgium is among the leading countries in Europe in these regards. However, AI adoption in Belgium is uneven: 78% of ICT firms and 57% of firms undertaking professional, scientific and technical activities made use of AI, compared to 1 in 5 in the construction and transport sectors. Similarly, 76% of large firms have adopted AI technologies, compared to only 29% of small firms. In practice, AI is mainly used within administrative processes, for work planning, and for cybersecurity, while the use of AI robotics remains limited for now.

AI IS PRIMARILY USED FOR CYBERSECURITY AND ADMINISTRATIVE PROCESSES IN LARGE FIRMS¹

(as a percentage of firms using at least one ai technology, 2025)



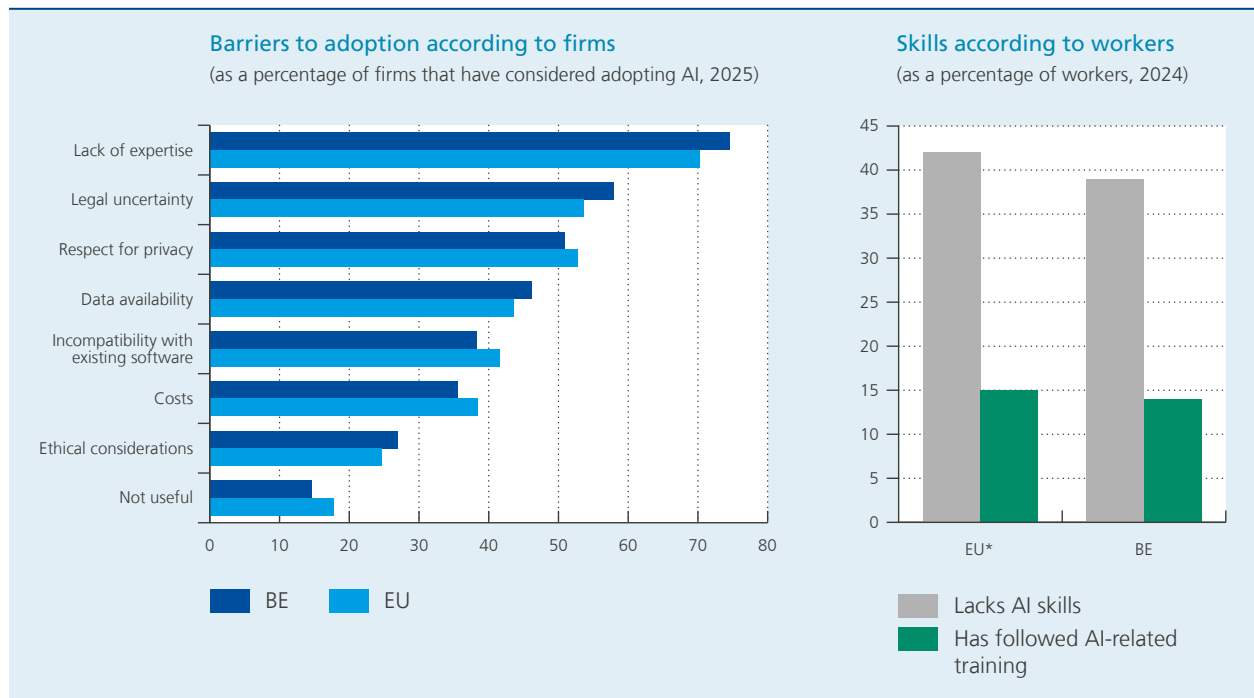
Source: Eurostat.

¹ AI use among firms with at least ten employees. A firm is classified as large when it has at least 250 employees.

Due to the rapidly evolving nature of AI technologies, workers are struggling to keep their skills up to date: although 39% of workers say they need to deepen their AI competences for their job, only 14% have completed relevant training. In Belgium, workers have a generally moderate level of digital skills, while young people score below the European average. In sectors with a lot of potential for AI – such as the financial and public sectors – the level of digital skills remains moderate.

Skills shortages are therefore the most common barrier to firms making use of these technologies: 3 out of 4 firms that have considered adopting AI cited this as a reason for not having done so. However, they also face temporary obstacles – such as legal uncertainty and software incompatibility – as well as more structural challenges including limited data availability and privacy concerns.

¹ See Conseil supérieur de l'emploi (2026) *L'intelligence artificielle et le marché du travail en Belgique*.



Sources: Cedefop (2025), Eurostat.

* In this graph, the data for the EU relates to the average of the eleven countries that participated in the survey: Belgium, Portugal, Greece, Spain, Luxembourg, Ireland, Germany, France, Slovakia, Poland, and the Czech Republic.

(1) Due to unavailability of EA data for all subsectors, this graph shows the average percentage change in the subsectors of the five largest EA countries (ES, DE, FR, IT, NL).

AI may not only replace tasks and jobs but also create new ones. So far, there is no clear effect on total employment, but there are differences between groups of workers. Opportunities in entry-level jobs with high AI-exposure may be declining, making it more difficult for young people to take their first steps onto the career ladder. While women and men work to a similar degree in jobs exposed to AI, women are more often employed in administrative roles with a higher substitution risk. Lower-skilled workers are, on average, less likely to be employed in jobs with a high exposure to AI. However, they are more vulnerable to the potential long-term impacts of AI on the labour market, given their already weaker digital skills and lower rates of participation in lifelong learning. As AI continues to reshape the labour market, strengthening workers' skills will be essential to ensure they can work with these technologies and make the most of their potential.

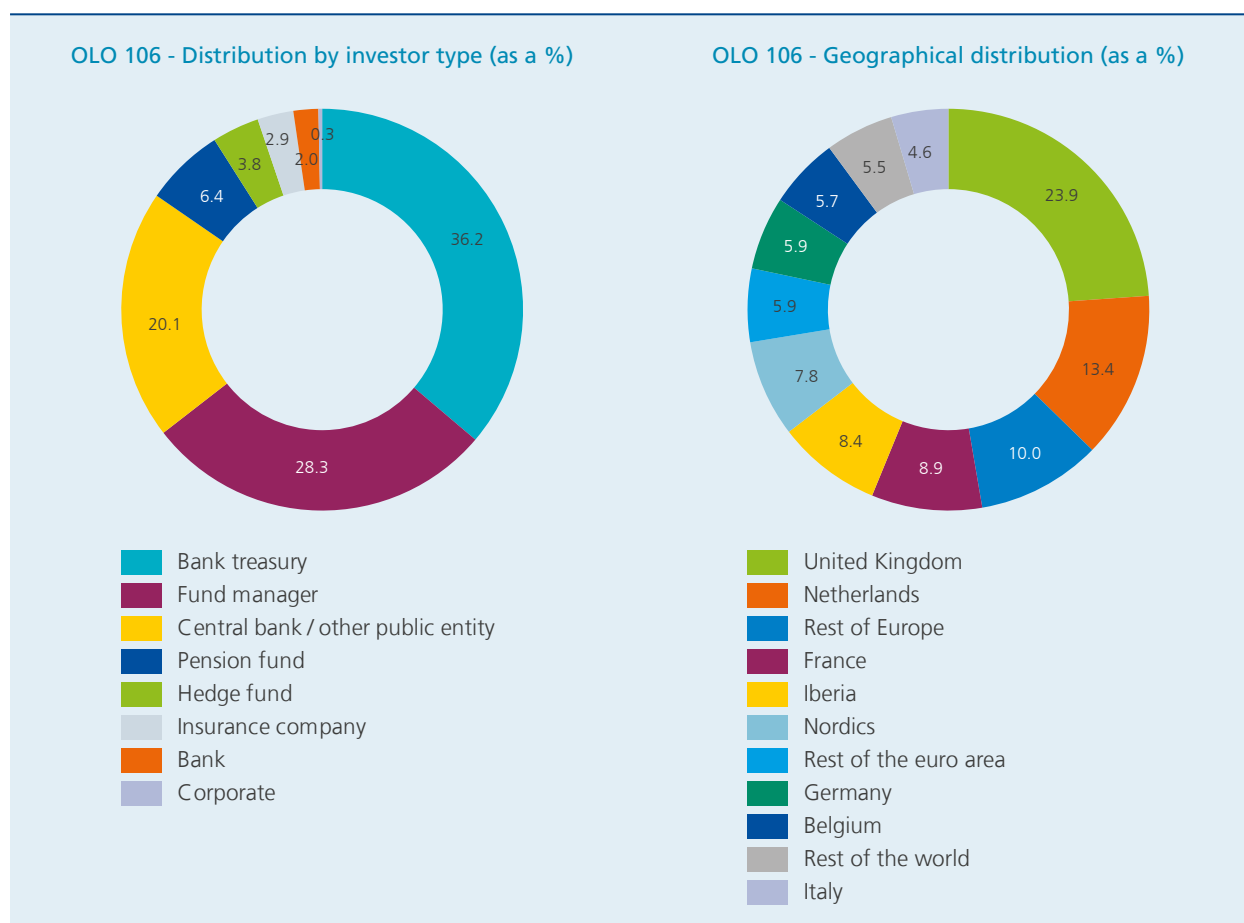
TREASURY HIGHLIGHTS **Treasury Highlights: 30% of the funding target has been raised**

In 2026, the Belgian Debt Agency plans to issue medium- and long-term instruments worth **€56.32 billion**, including **€51.60 billion in OLOs**. This represents an increase of €5.89 billion from 2025, when the Debt Agency issued €45.71 billion.

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

OLO syndication (€8 billion for the 10-year benchmark)

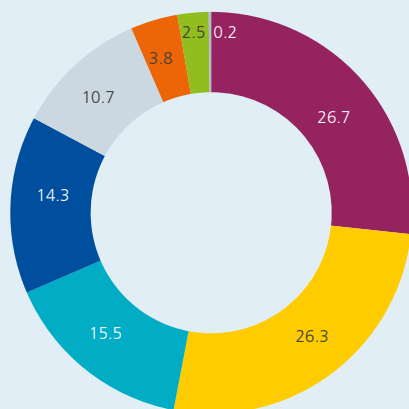
On 7 January 2026, the Belgian Debt Agency issued its first new OLO benchmark of the year: the new 10-year OLO maturing on 22 June 2036. The new €8 billion OLO 106 pays an annual coupon of 3.40% and was priced at a spread of 54 basis points over mid-swap, giving a reoffer yield of 3.436%. The joint lead managers were Barclays, BNP Paribas Fortis, Crédit Agricole, HSBC and J.P. Morgan.



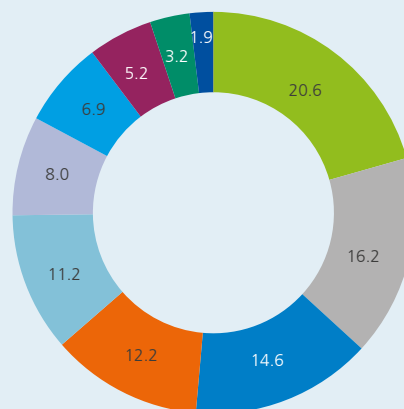
OLO syndication (€6 billion for the 30-year benchmark)

On 4 February 2026, the Belgian Debt Agency issued its second OLO benchmark of the year: the new 30-year OLO maturing on 22 June 2056. The new €6 billion OLO 107 pays an annual coupon of 4.35% and was priced at a spread of four basis points over OLO 101 maturing on 22 June 2055, giving a reoffer yield of 4.355%. The joint lead managers were Barclays, BNP Paribas Fortis, HSBC, J.P. Morgan and Morgan Stanley.

OLO 107 - Distribution by investor type (as a %)



OLO 107 - Geographical distribution (as a %)



OLO auction (€2.534 billion)

On 23 February, the Belgian Debt Agency issued €2.534 billion through its first annual auction, tapping OLO 97 (2033) and OLO 106 (2036).

Date	OLO		Issued (€ billion)	Yield	Bid-to-cover
23 February	OLO 3.00% 22/06/2033 OLO 3.40% 22/06/2036	OLO 97 OLO 106	0.754 1.046	2.809% 3.207%	1.91 1.81
<i>Non-competitive subscriptions</i>			0.734		
February total			2.534		

ORI (€1.025 billion)

Moreover, on 6 February, the Belgian Debt Agency issued an additional €0.501 billion through its ORI facility programme, and another €0.524 billion on 6 March.

Date	OLO		Issued (€ billion)	Yield
6 February	OLO 2.85% 22/10/2034 OLO 3.10% 22/06/2035	OLO 100 OLO 103	0.150 0.351	3.141% 3.239%
6 March	OLO 3.10% 22/06/2035 OLO 0.65% 22/06/2071	OLO 103 OLO 93	0.304 0.220	3.283% 3.992%
February-March total			1.025	

No EMTN or Schuldscheine have been issued thus far.

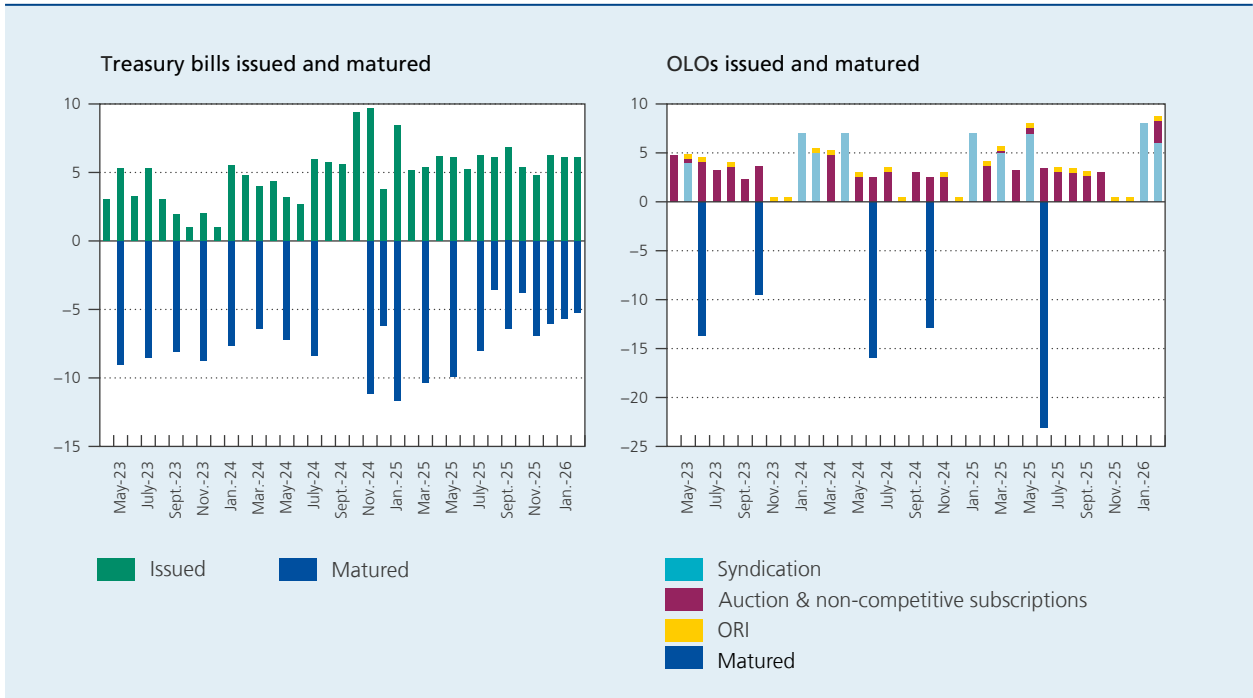
The first State Note campaign of the year was held from 23 February until 3 March and raised €28.7 million for the eight-year State Note with a coupon of 2.80%.

To date, Belgium has issued **€ 17.558 billion**, corresponding to 31.23% of its long-term funding target.

In terms of portfolio structure, the average life of the portfolio is now 10.04 years (at the end of January) and has an implicit yield of 2.03%.

GOVERNMENT SECURITIES STATISTICS

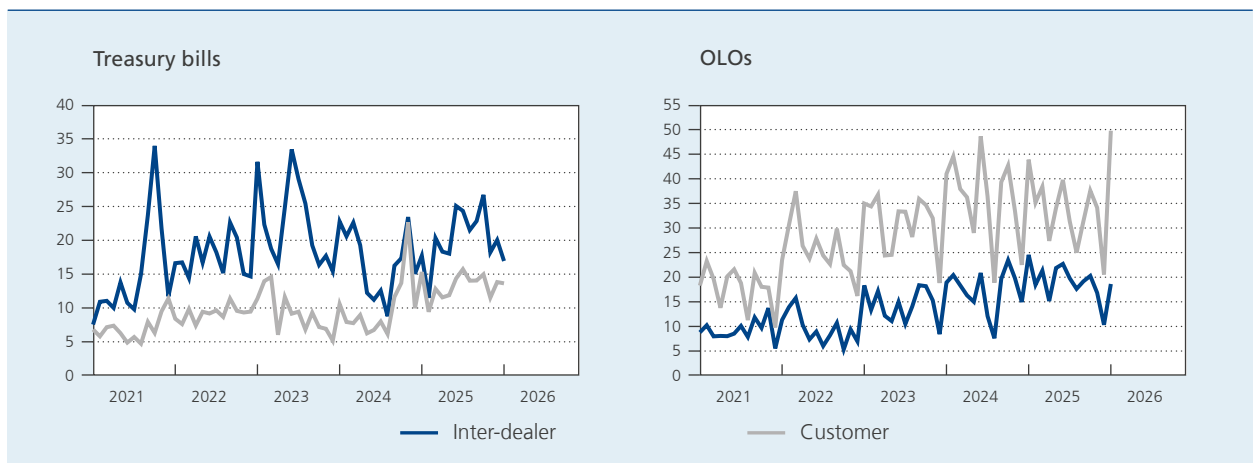
PRIMARY MARKET (€ billion)



Source : Belgian Debt Agency.

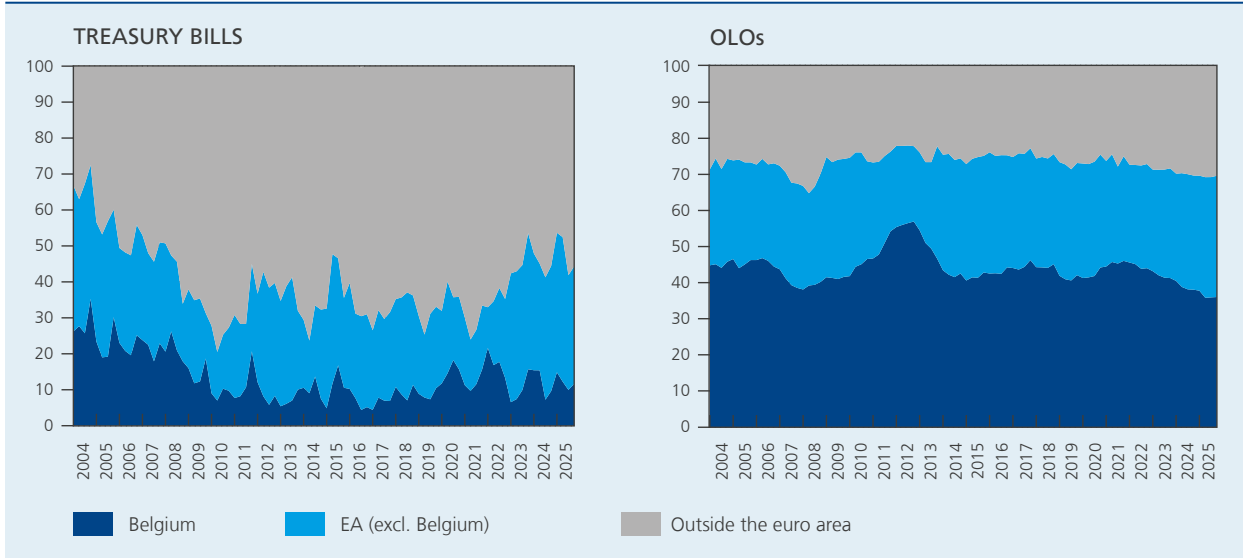
SECONDARY MARKET TURNOVER

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



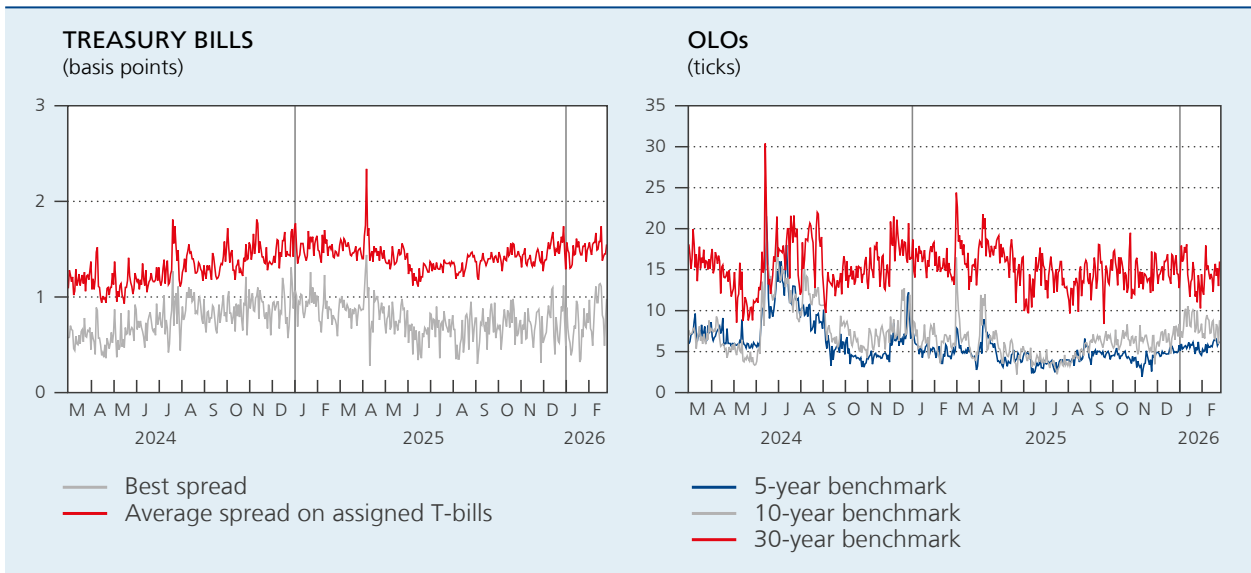
Source : Belgian Debt Agency.

HOLDERSHIP OF BELGIAN SECURITIES
(in %)



Source: NBB.

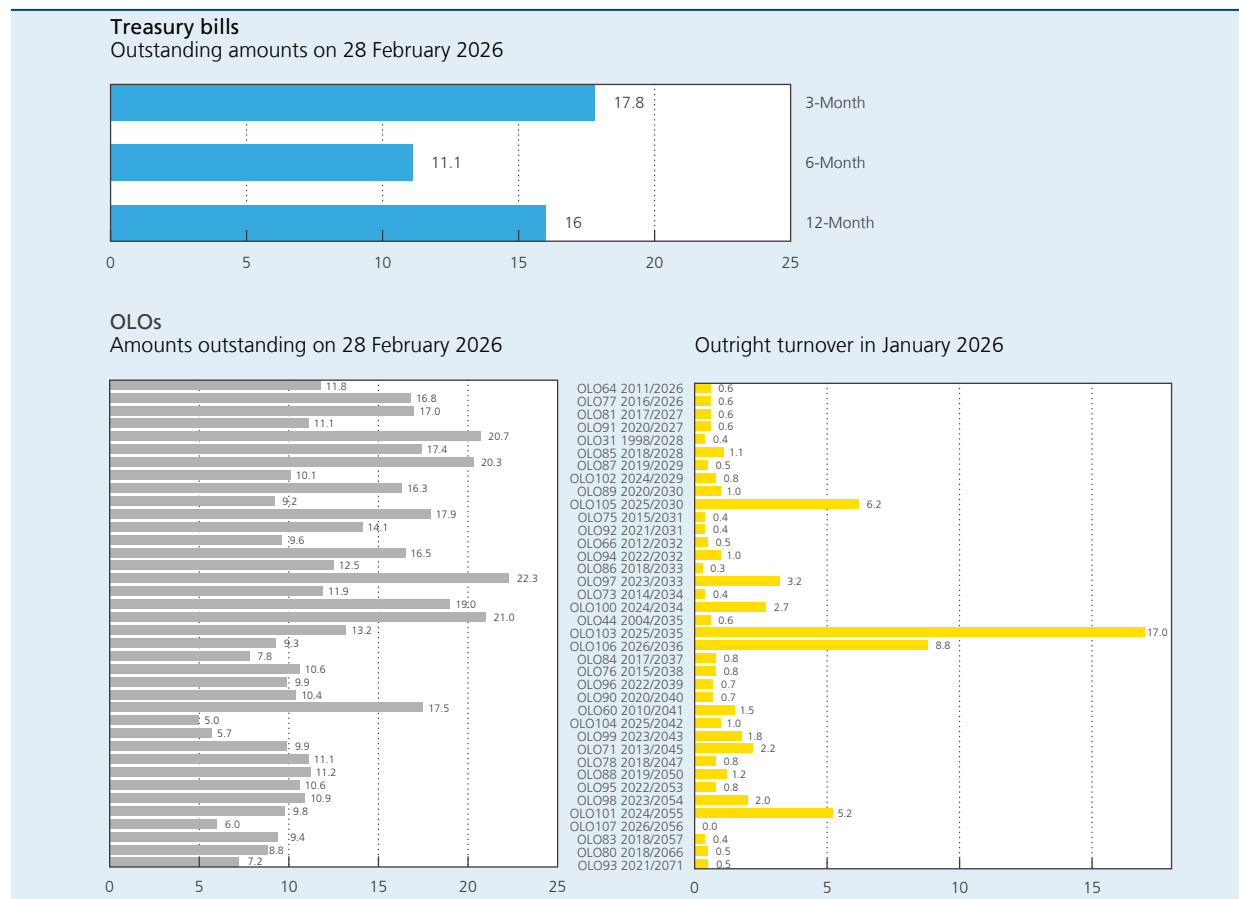
BEST BID/OFFER SPREADS ¹



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.

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BNP Paribas Fortis

Citigroup
Crédit Agricole CIB

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HSBC
J.P. Morgan
KBC Bank
Morgan Stanley
Natixis
NatWest (RBS)
Nomura
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This publication is also available at www.nbb.be.

Information on the Belgian government debt can be found on the Debt Agency's website, www.debtagency.be.

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