



Economic & Investment Outlook 2026

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READY FOR YOUR WORLD



**BNP PARIBAS
FORTIS**



Macroeconomic overview

By Koen De Leus



Growth outlook

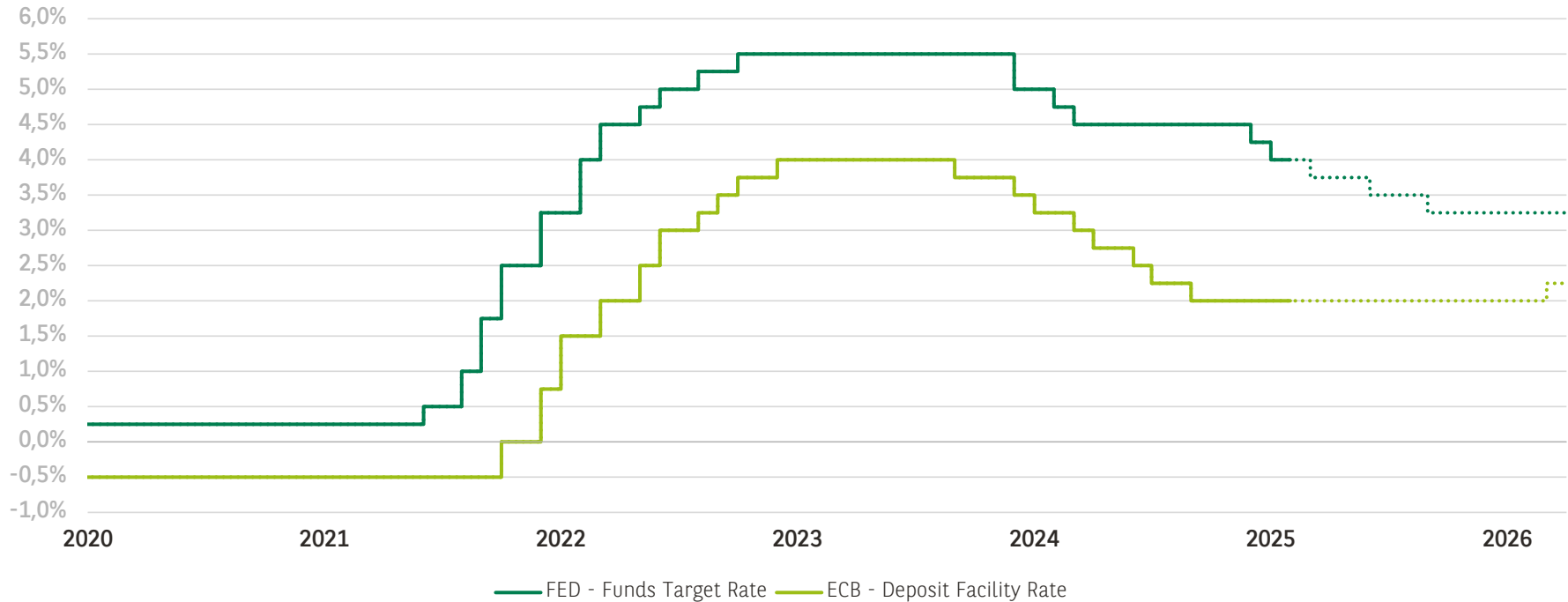
BNP Paribas growth & inflation forecast

	Annual growth (% y/y)			Annual rate (% y/y)		
	2024	2025	2026	2024	2025	2026
US	2.8	1.9	1.9	2.9	2.8	3.1
Eurozone	0.8	1.4	1.4	2.4	2.1	1.8
Germany	-0.5	0.3	1.4	2.5	2.2	1.3
France	1.1	0.8	1.2	2.3	1.0	1.2
Italy	0.5	0.7	1.1	1.1	1.7	1.5
Spain	3.5	3.0	2.3	2.8	2.6	1.9
China	5.0	5.0	4.5	0.2	0.0	1.0
Japan	0.1	1.3	0.6	2.7	3.2	2.5
UK	1.1	1.3	1.0	2.5	3.4	2.6

Source: BNP Paribas



Projected policy rates FED & ECB

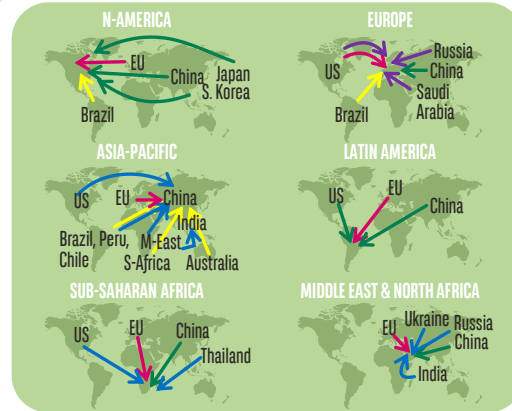




Shifts in global trade landscape create risks for **GROWTH, INFLATION** and **MONETARY POLICY TRANSMISSION** in Europe



**Technological
convergence China-EU**



**Strategic
dependencies**

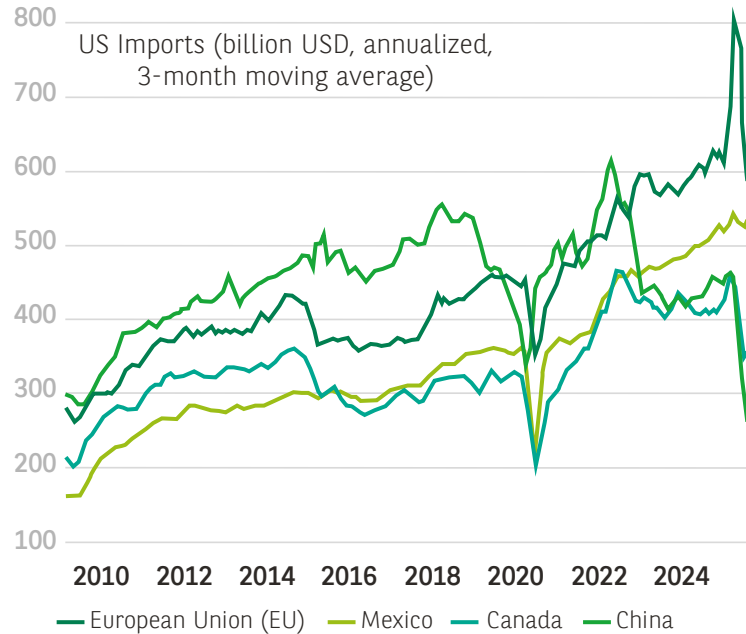


**Selective
fragmentation**



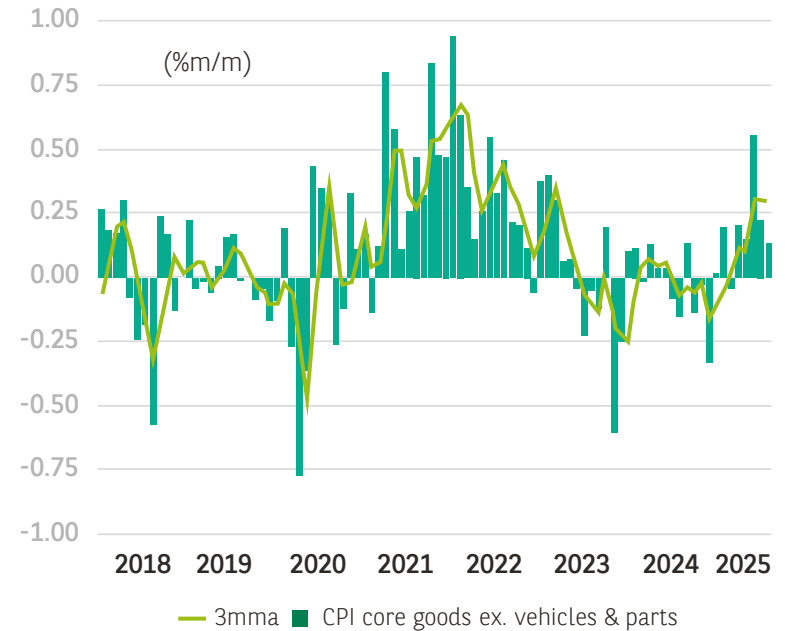
US: (modest) pass-through discernible

Tariffs have induced significant decline in imports, particularly from China



Sources: Census Bureau, Macrobond, BNP Paribas

We estimate about 0.2pp (20%) of pass-through to US inflation from tariffs so far



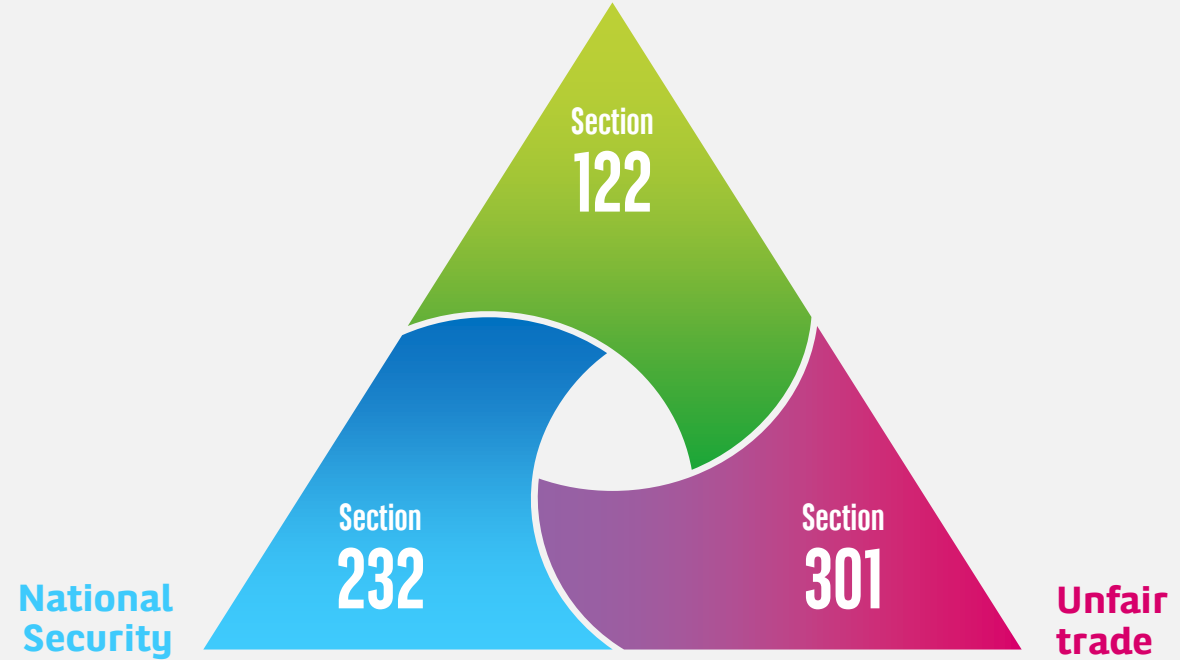
Sources: BLS, Macrobond, BNP Paribas



**NATIONAL
EMERGENCY**



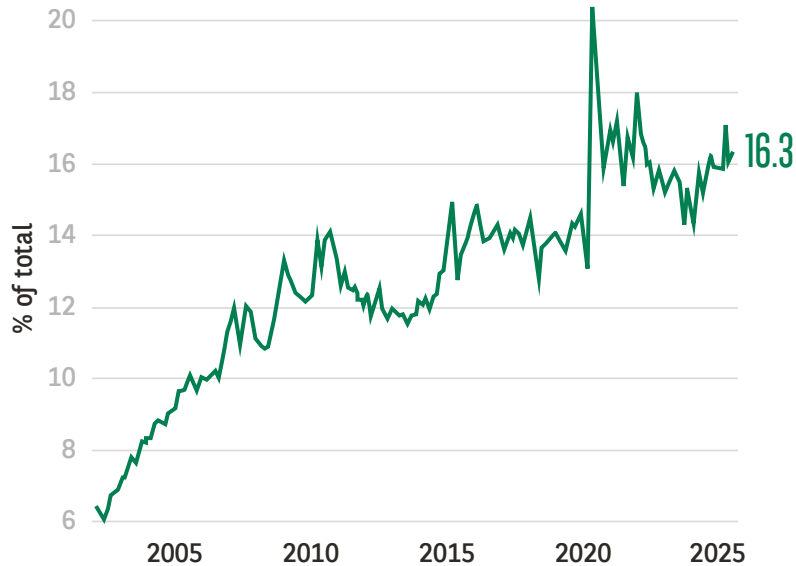
**Balance of
payments deficit**





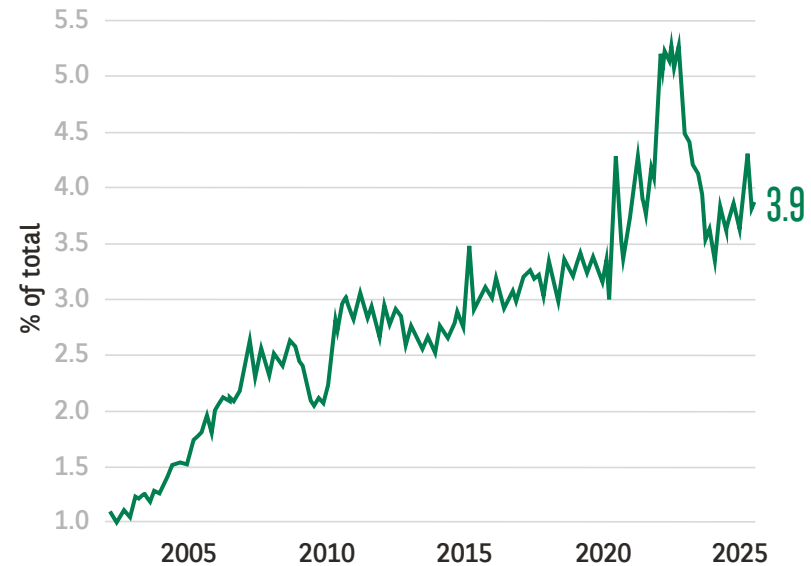
An increasing share of eurozone imports comes from China

China's share in Eurozone imports more than doubled from the early 2000s...



— Imports from China as a share of Eurozone total imports

...such that imports from China have reached around 4% of Eurozone consumption

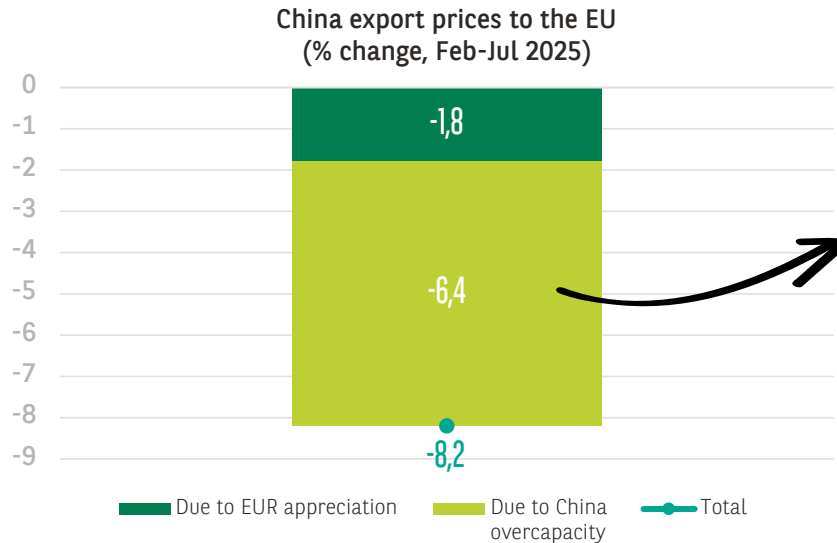


— Imports from China as a share of Eurozone consumption

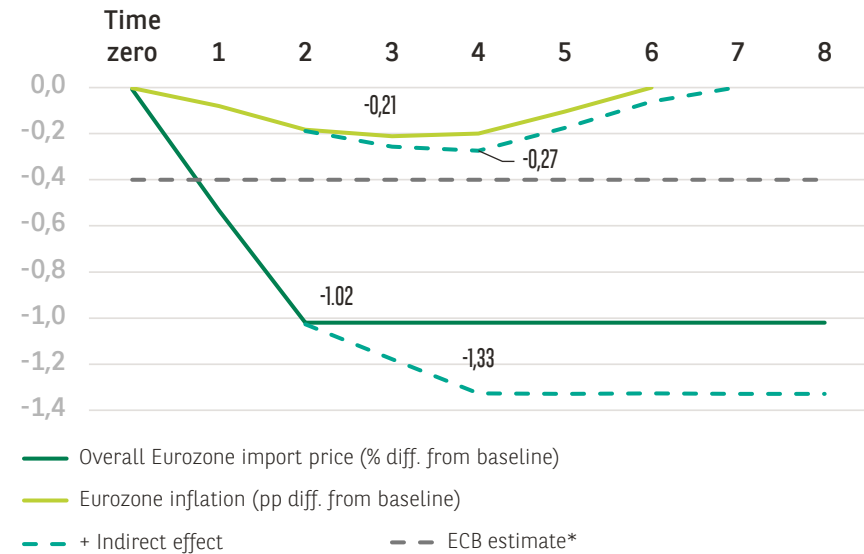


Direct effect on eurozone inflation

Stronger EUR can explain just over one-fifth of the drop in China export prices to the EU



China overcapacity alone could drag eurozone inflation 0.2-0.3pp below baseline



*ECB estimate of impact on Eurozone inflation (pp diff. from baseline); other lines are BNP Paribas projections | We run our simulation with exogenous exchange rates and monetary policy, assuming a permanent drop in Eurozone import prices.

Sources: NiGEM, ECB, BNP Paribas

Sources: ECB, Macrobond, BNP Paribas



China

Real estate

By Koen De Leus



Qualitative comparison of the property market in China and Japan

Aspect

Are conditions in China more supportive?

Before property bubble burst

 Scale of bubble	
 Concentration of bubble	
 Causes of bubble	

After property bubble burst

 Speed and magnitude of housing price decline	
 Property performance in cities	
 Banking-sector performance	
 Supportive policies	

Housing market backdrop

Property tax	
Housing pre-sale model	
Social benefits linked to home ownership	
Housing vacancy rate	
Economic development	



Aspect

Are conditions in China
more supportive?

Before property bubble burst

Scale of bubble	✗
Concentration of bubble	✓
Causes of bubble	?

After property bubble burst

Speed and magnitude of housing price decline	✓
Property performance in cities	?
Banking-sector performance	✓
Supportive policies	?

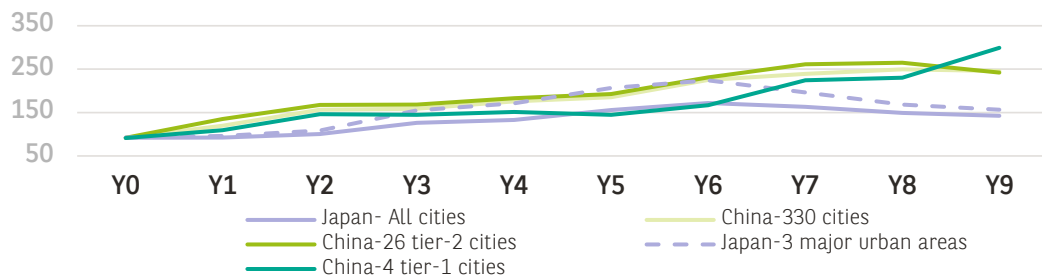
Housing market backdrop

Property tax	✓
Housing pre-sale model	✗
Social benefits linked to home ownership	✓
Housing vacancy rate	✗
Economic development	✓

Property bubble: China versus Japan

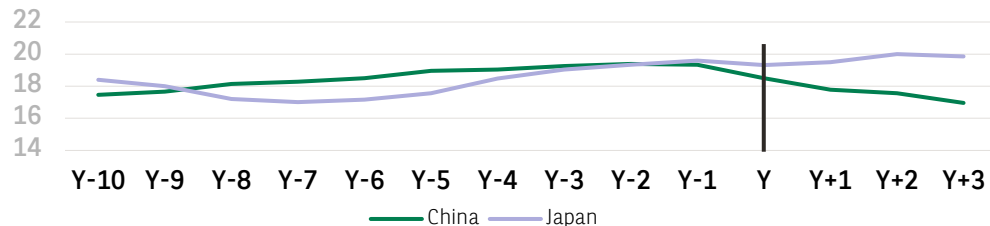
Size matters

Comparison of land prices in Chinese and Japanese cities
(for China, 2015=100; for Japan, 1985=100)



Sources: WIND, CEIC, BNP Paribas

Property and construction's share in China and Japan
(%, Y is the year of the property bubble peak)



To adjust for the difference in calculation methodologies, 4pp were added to the Chinese property and construction's share of each year. | Sources: CEIC, China's NBS, BNP Paribas.



Aspect

Are conditions in China more supportive?

Before property bubble burst

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⊙ Causes of bubble	?

After property bubble burst

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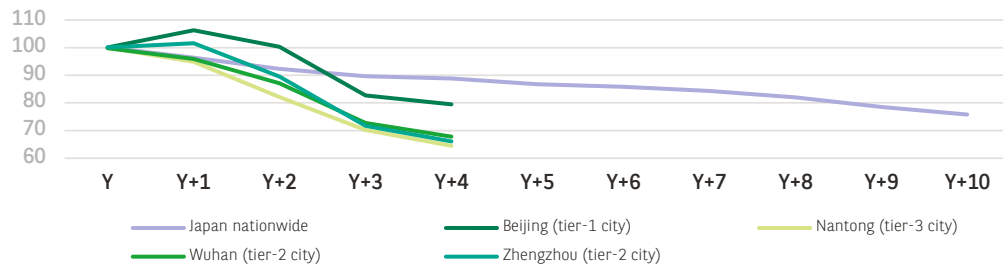
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Property bubble: China versus Japan

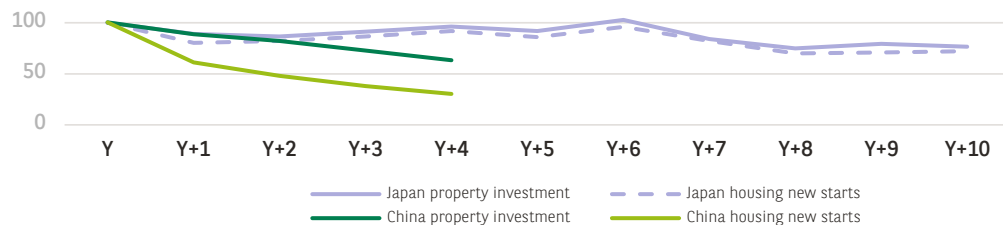
Faster market decline

Housing prices after the bubble burst in China and Japan (Y=100)



Y is 2021 for China and 1991 for Japan. China's 2025 (Y+4) data are till August 2025; Japan's national home price is derived from the BIS residential property price index | Sources: BIS, Anjuke.com, BNP Paribas

Property investment and new starts after the bubble burst (Y=100)



Y is 2021 for Chinese cities and 1990 for Japan. China's 2025 (Y+4) data are till August 2025. Sources: BIS, WIND, BNP Paribas



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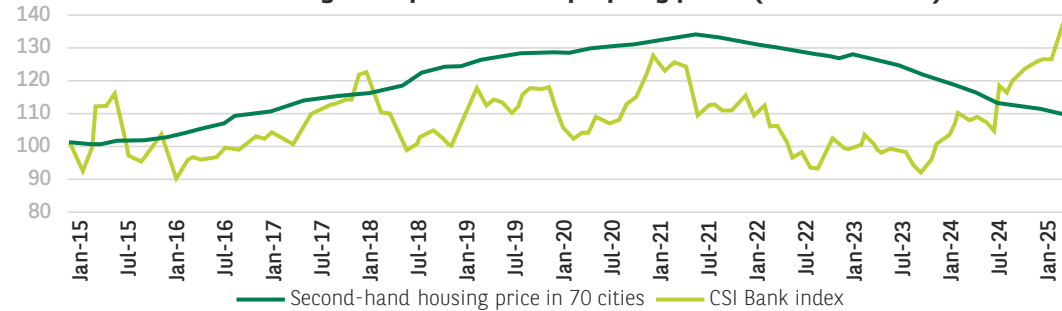
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Property bubble: China versus Japan

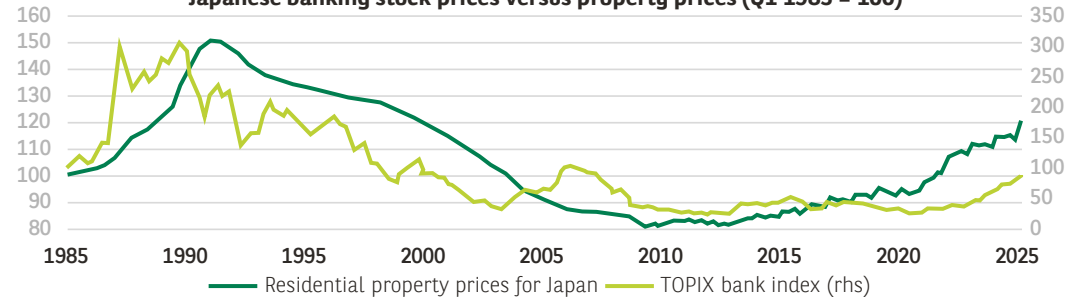
Limited contagion

Chinese banking stock prices versus property prices (Jan 2015 = 100)



Sources: WIND, China's NBS, BNP Paribas

Japanese banking stock prices versus property prices (Q1 1985 = 100)



Sources: Bloomberg, BIS, BNP Paribas



Aspect

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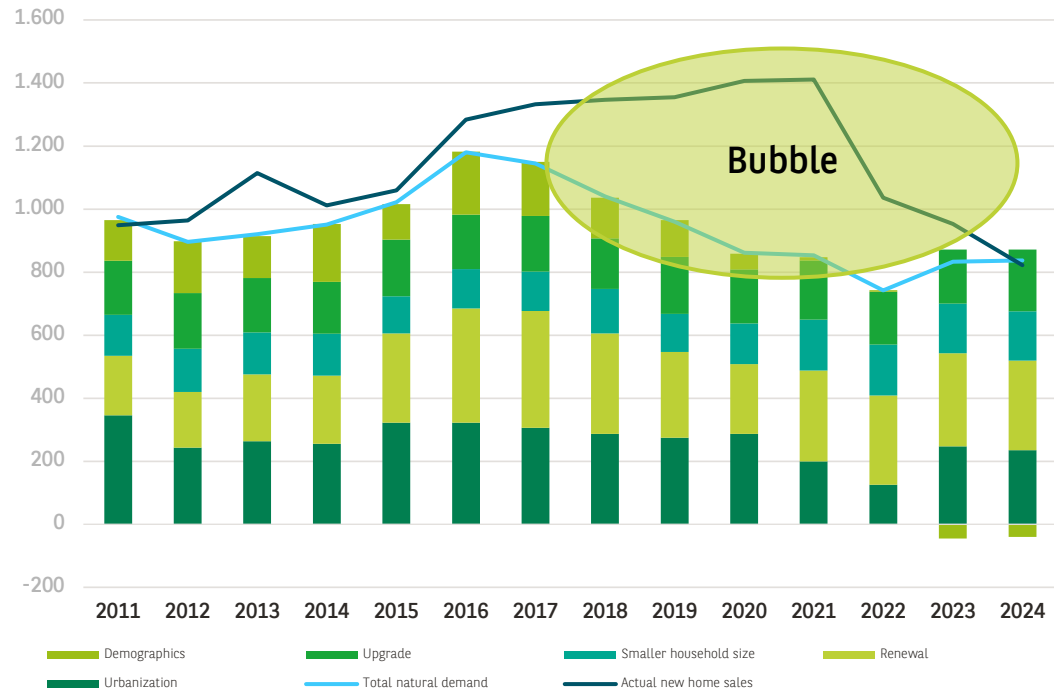
After property bubble burst

⚡ Speed and magnitude of housing price decline	✓
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🏠 Supportive policies	?

Housing market backdrop

Property tax	✓
Housing pre-sale model	✗
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Housing vacancy rate	✗
Economic development	✓

Housing demand versus actual home sales



Sources: China's NBS, WIND, CEIC, BNP Paribas estimates



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Housing market backdrop

Property tax	✓
Housing pre-sale model	✗
Social benefits linked to home ownership	✓
Housing vacancy rate	✗
Economic development	✓

Housing demand during 2021-2030

Housing demand driver	Key assumptions	Recent / Past	Base case
Demographics	Annual population decline (%)	From +7 to -8 mio/year	-0.09
	New-home demand (million sqm)		-34
Urbanisation	2030 urbanization rate (%)	Actual: 67%	70.6
	New-home demand (million sqm)		166
Renewal	?????	2010-2020: 262/year	
	New-home demand (million sqm)		287
Smaller household size	Avg size of urban families by 2030 (persons)	2010-2020: 2,85 to 2,57	2.35
	New-home demand (million sqm)		162
Upgrade	Annual per-capital living space increase for households living in homes built before 2010	2020: 30,9 m² vs 47,5 (Ge) & 60,9 (US)	0.4
	New-home demand (million sqm)		191
Total	Total new-home demand (million sqm)		771

**Home sale 2024
= 815 mio sqm**

5%

Sources: China's NBS, WIND, CEIC, BNP Paribas estimates



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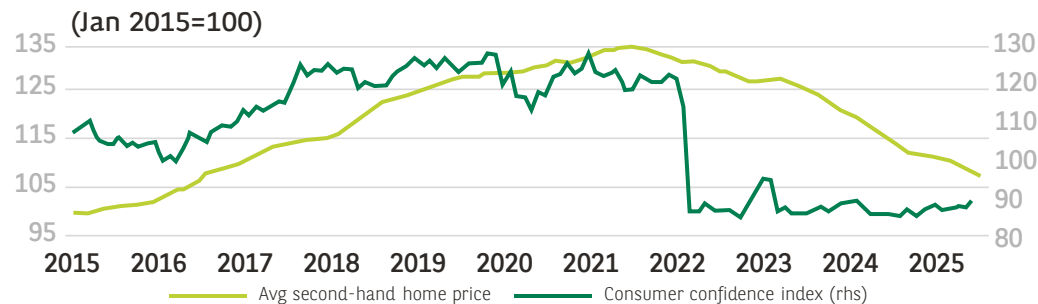
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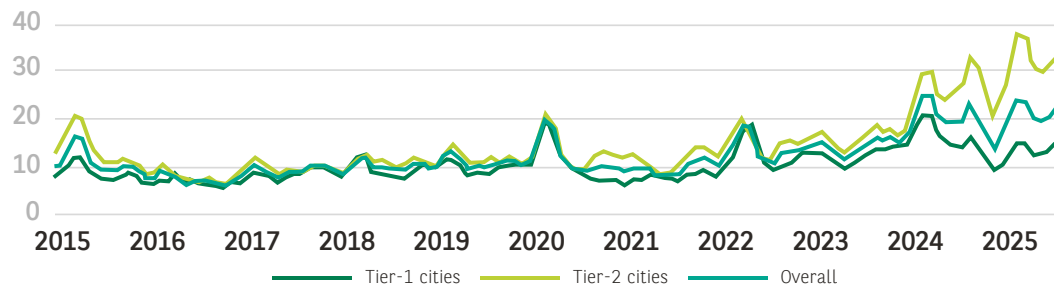
Cyclical elements

Consumer confidence index versus avg second-hand home price in 70 cities



Sources: China's NBS, CEIC, BNP Paribas

Months needed to destock existing new-home inventories



Sources: WIND, BNP Paribas



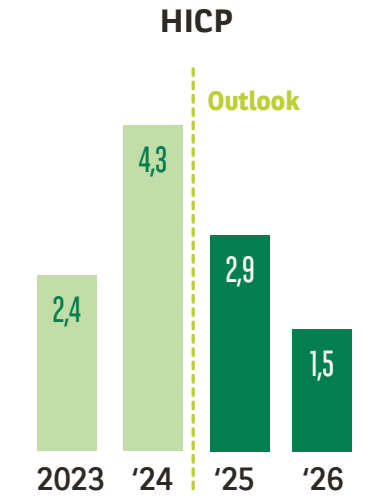
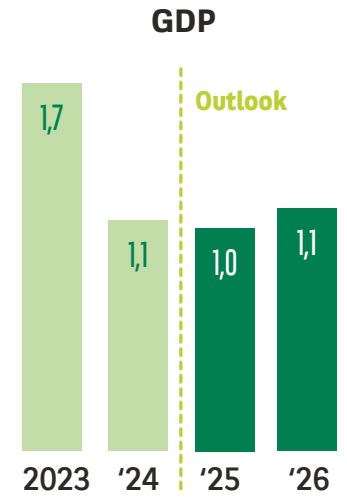
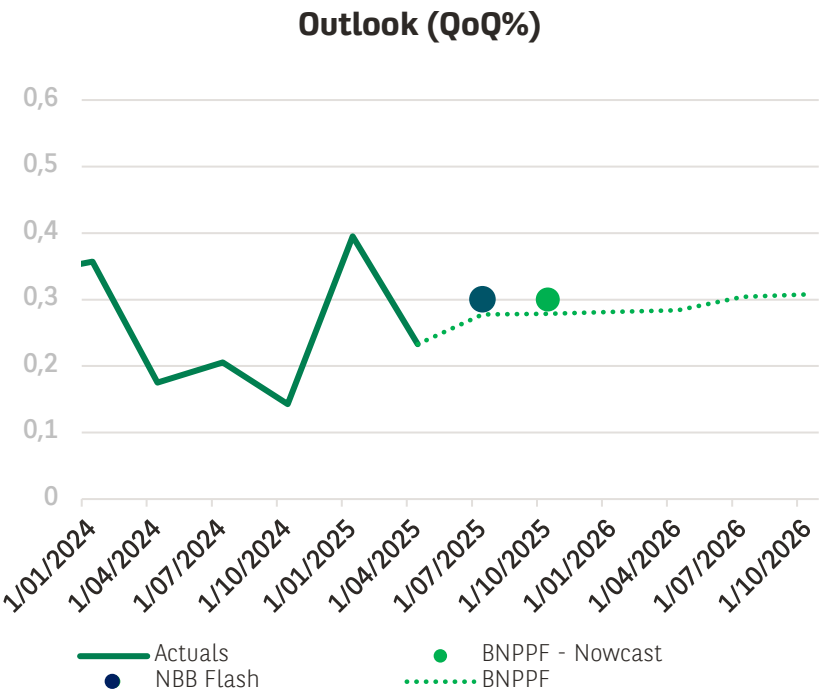
Belgium

By Koen De Leus





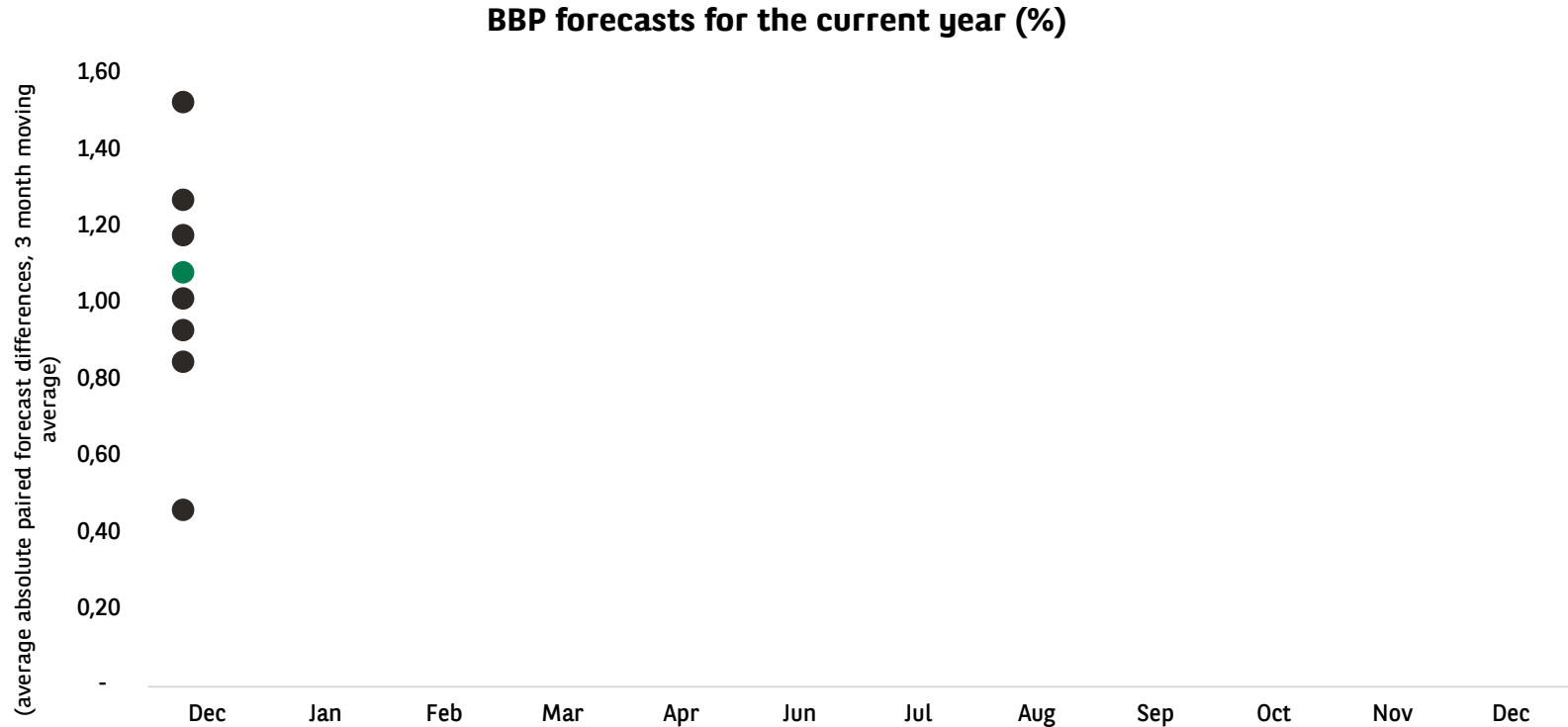
Today & tomorrow: growth



Sources: BNP Paribas Fortis, Eurosystem, NAI, National Bank of Belgium, Federal Reserve, Macrobond



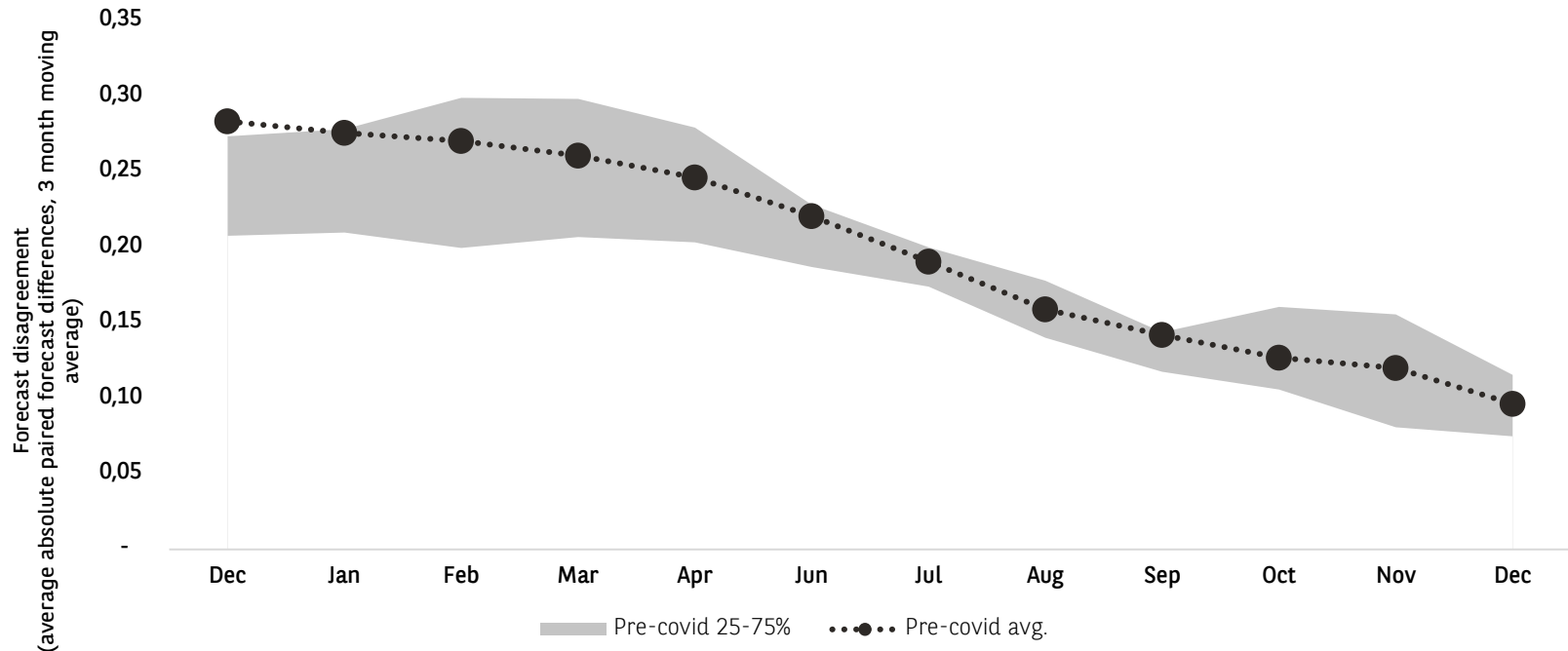
But huge uncertainty





But huge uncertainty

Forecast disagreement declines during the forecasted year...
(EURO Area GDP, average absolute paired forecast disagreement for top 10 forecasters, 3mma)

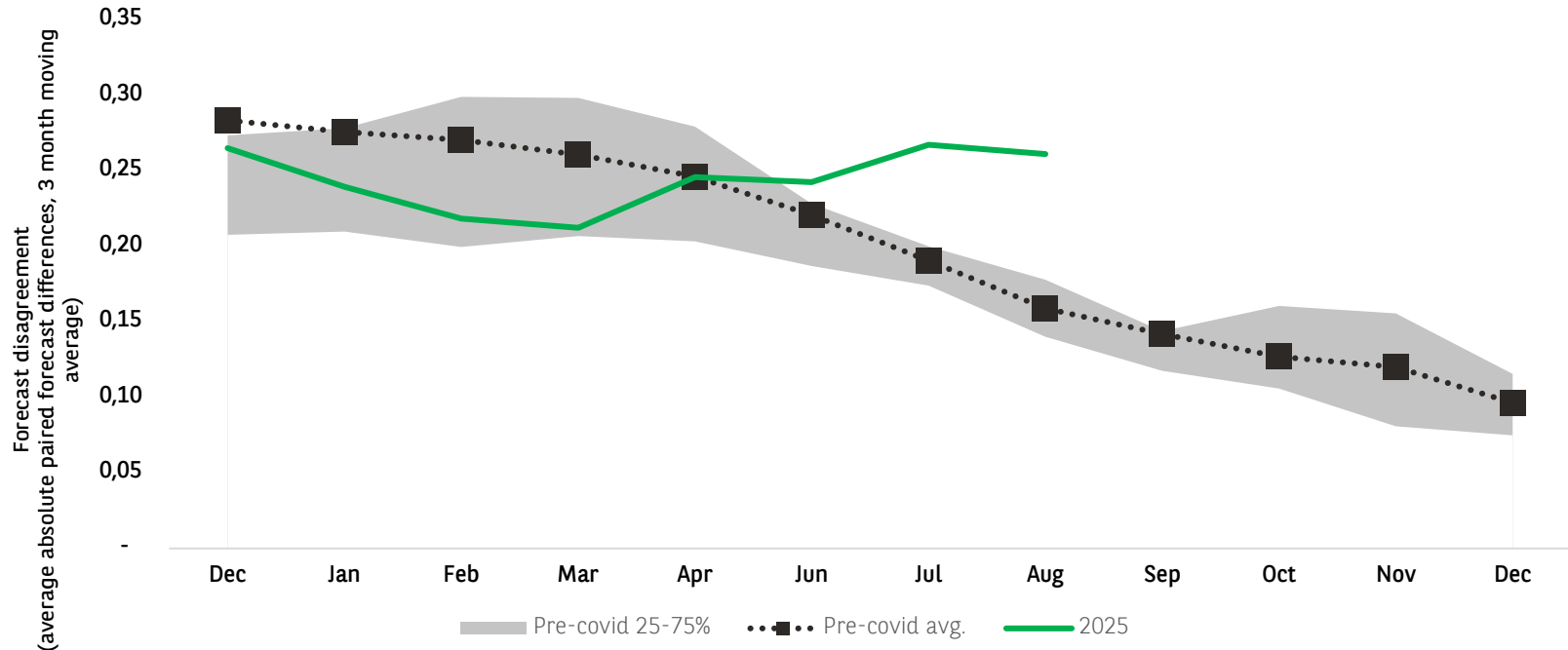


Source: BNP Paribas Fortis



But huge uncertainty

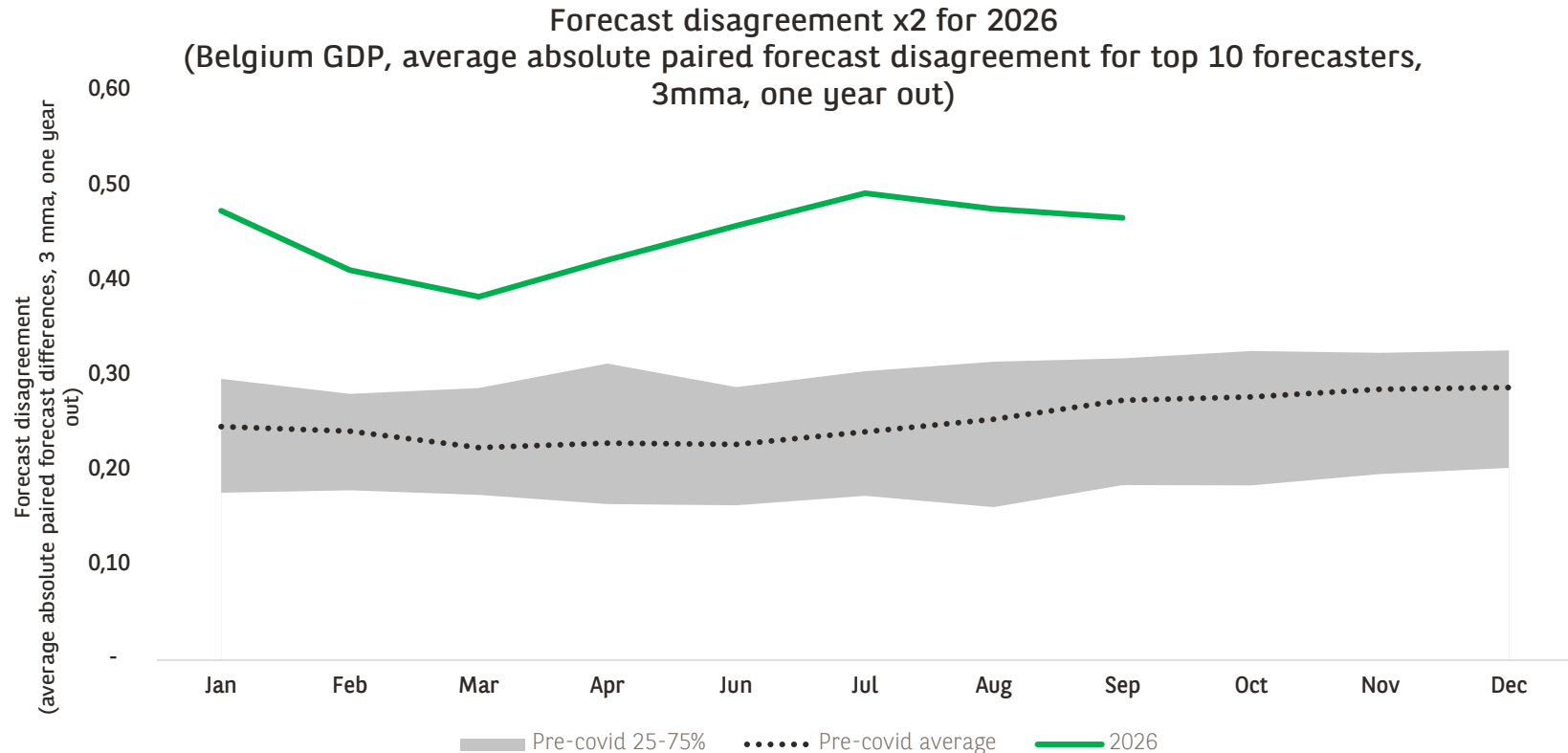
Forecast disagreement declines during the forecasted year, but not in 2025
(EURO Area GDP, average absolute paired forecast disagreement for top 10 forecasters, 3-months moving average)



Source: BNP Paribas Fortis



But huge uncertainty

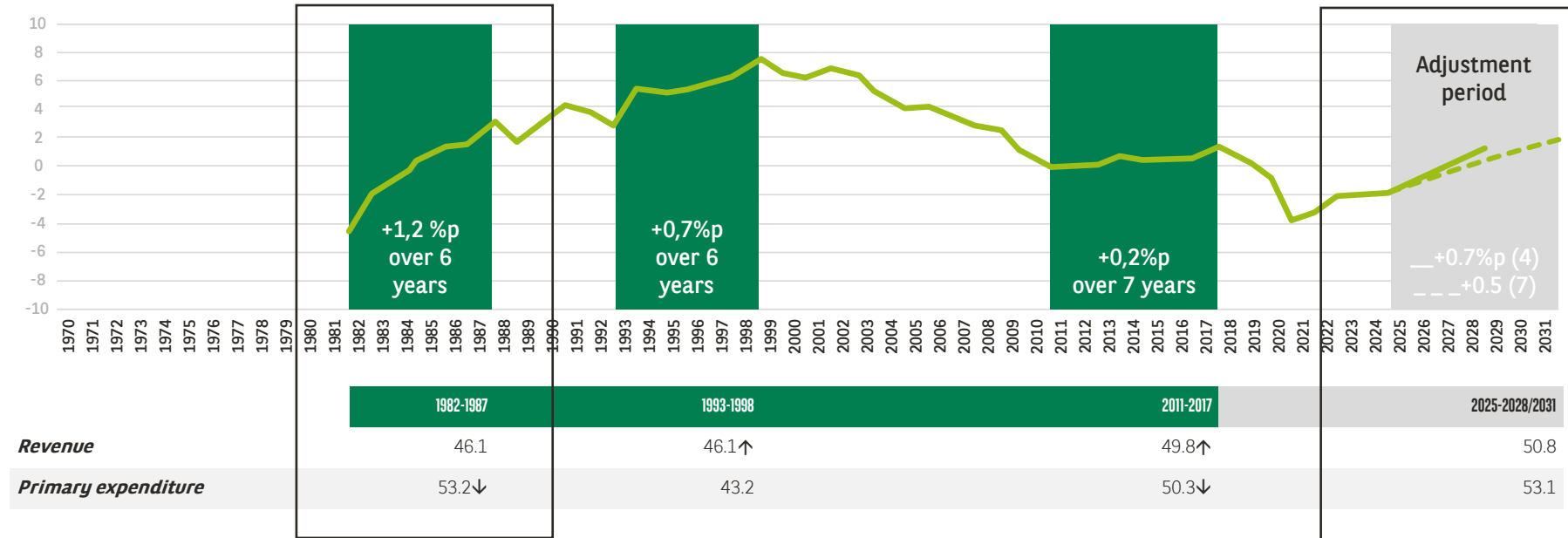




Because of budget

The required structural improvement is considerable

(Structural primary balance, in % of GDP)



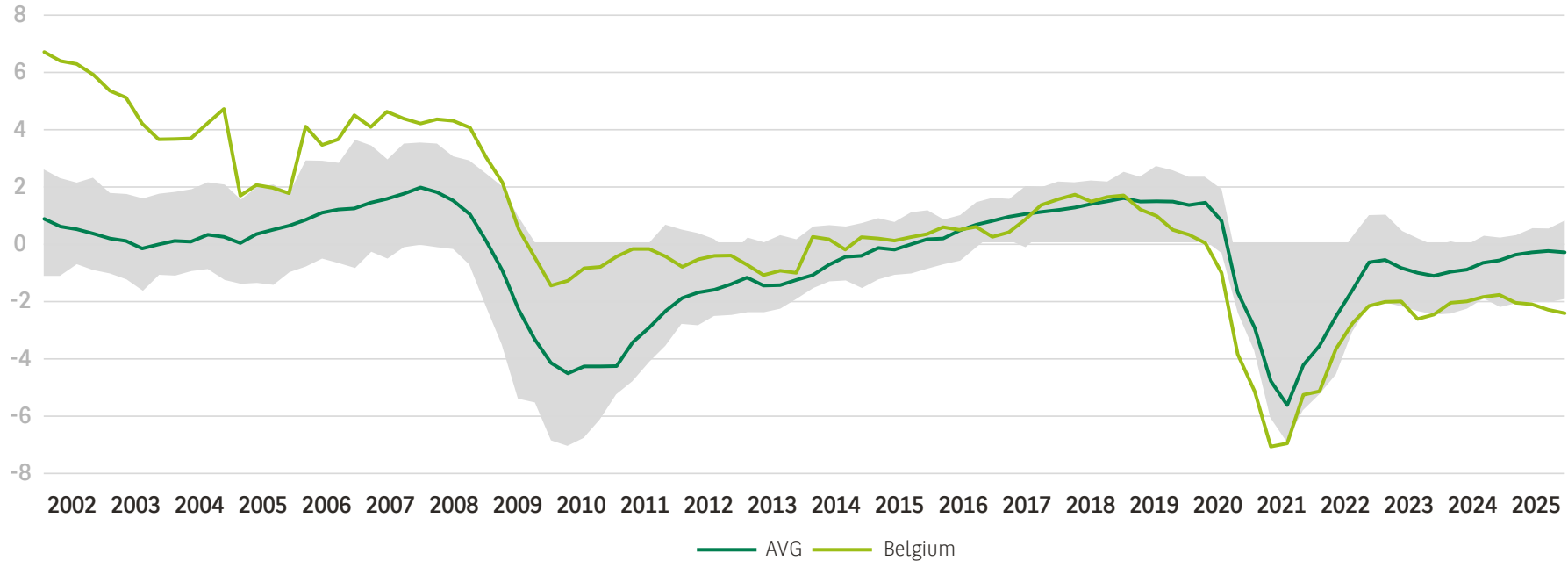
EU & OECD Countries





Primary balance

% of Belgium and EU & OECD-avg, surface shows 25th-75th percentile



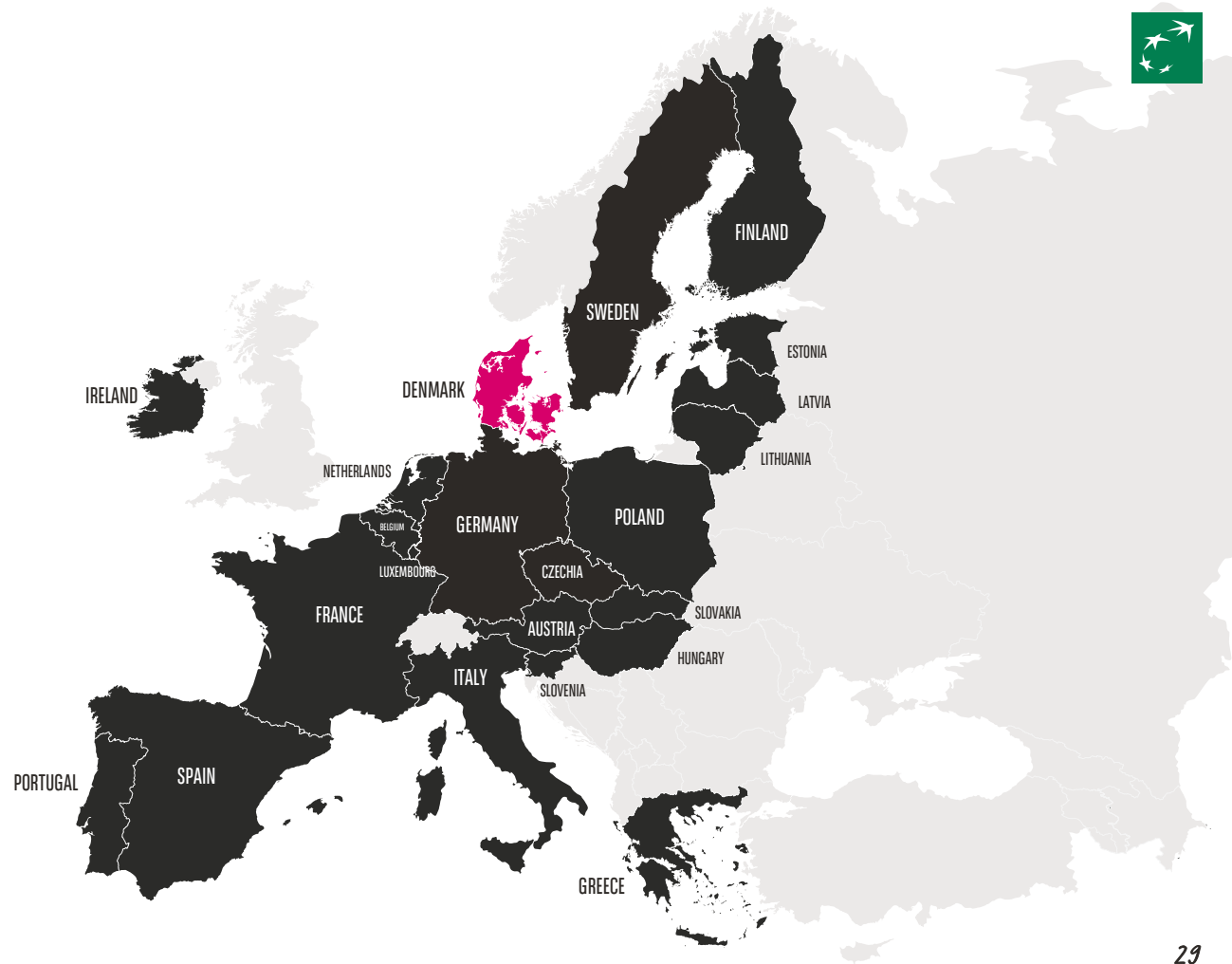
EU & OECD Countries 2000



EU & OECD Countries 2001



EU & OECD Countries 2002



EU & OECD Countries 2003



EU & OECD Countries 2004



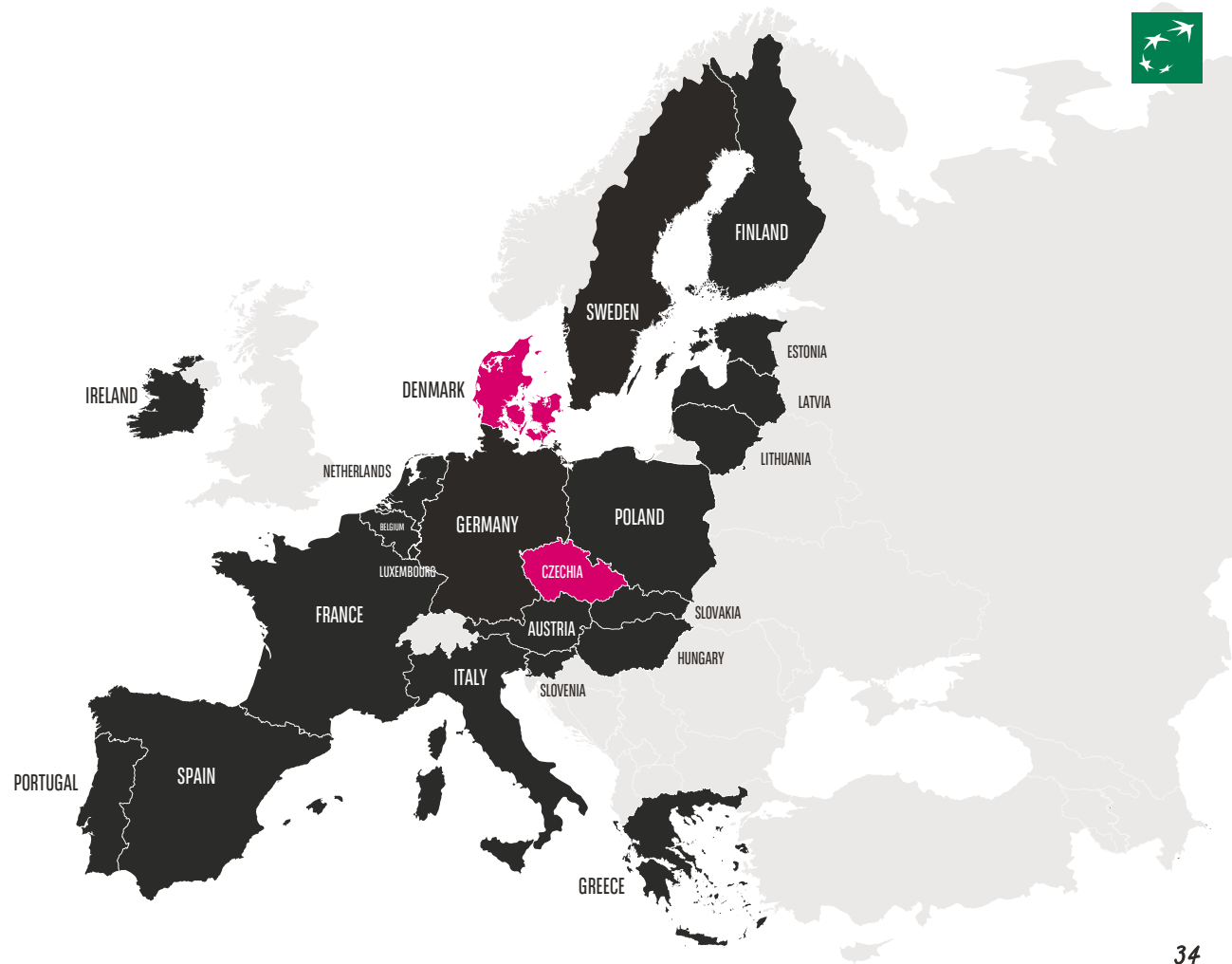
EU & OECD Countries 2005



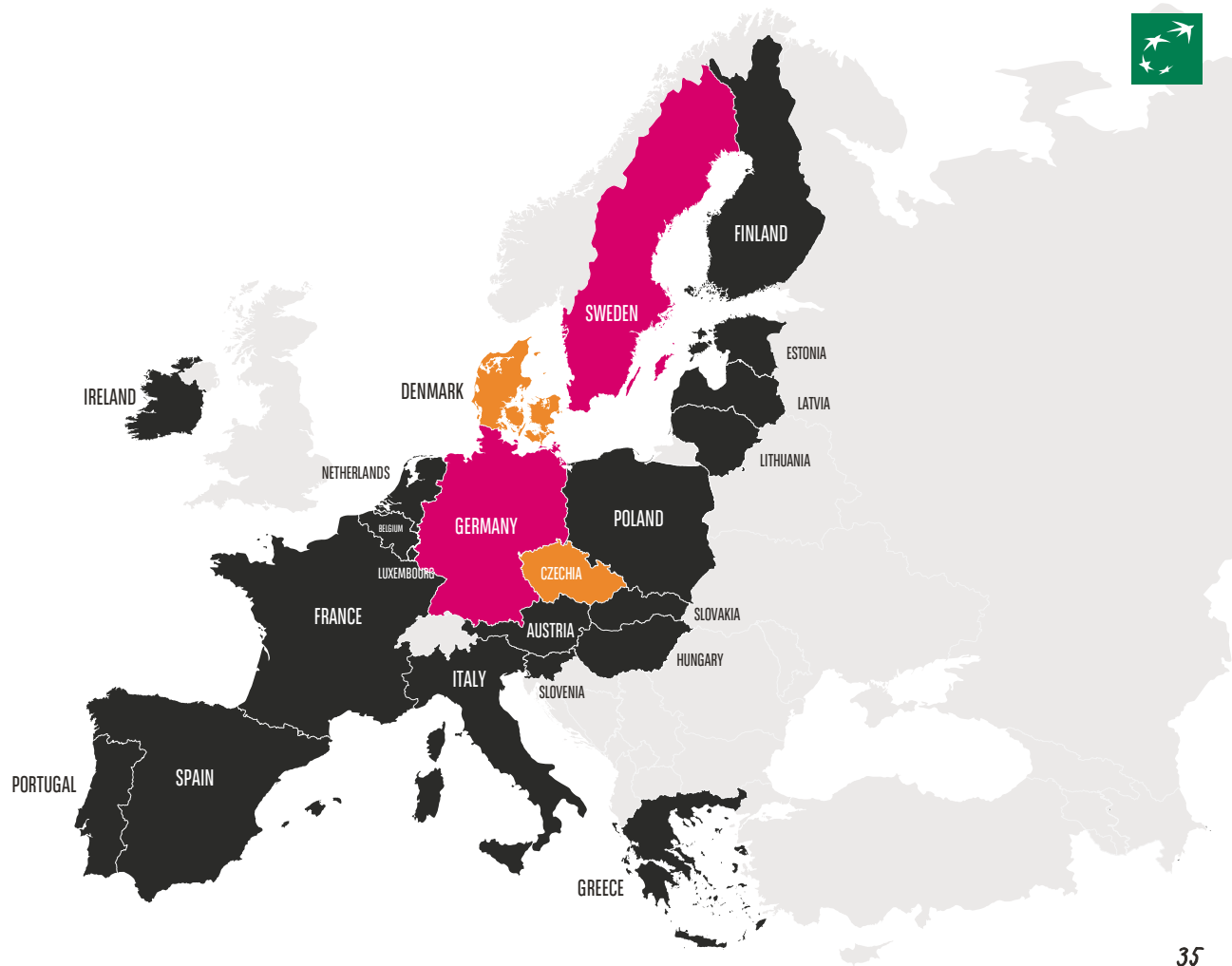
EU & OECD Countries 2006



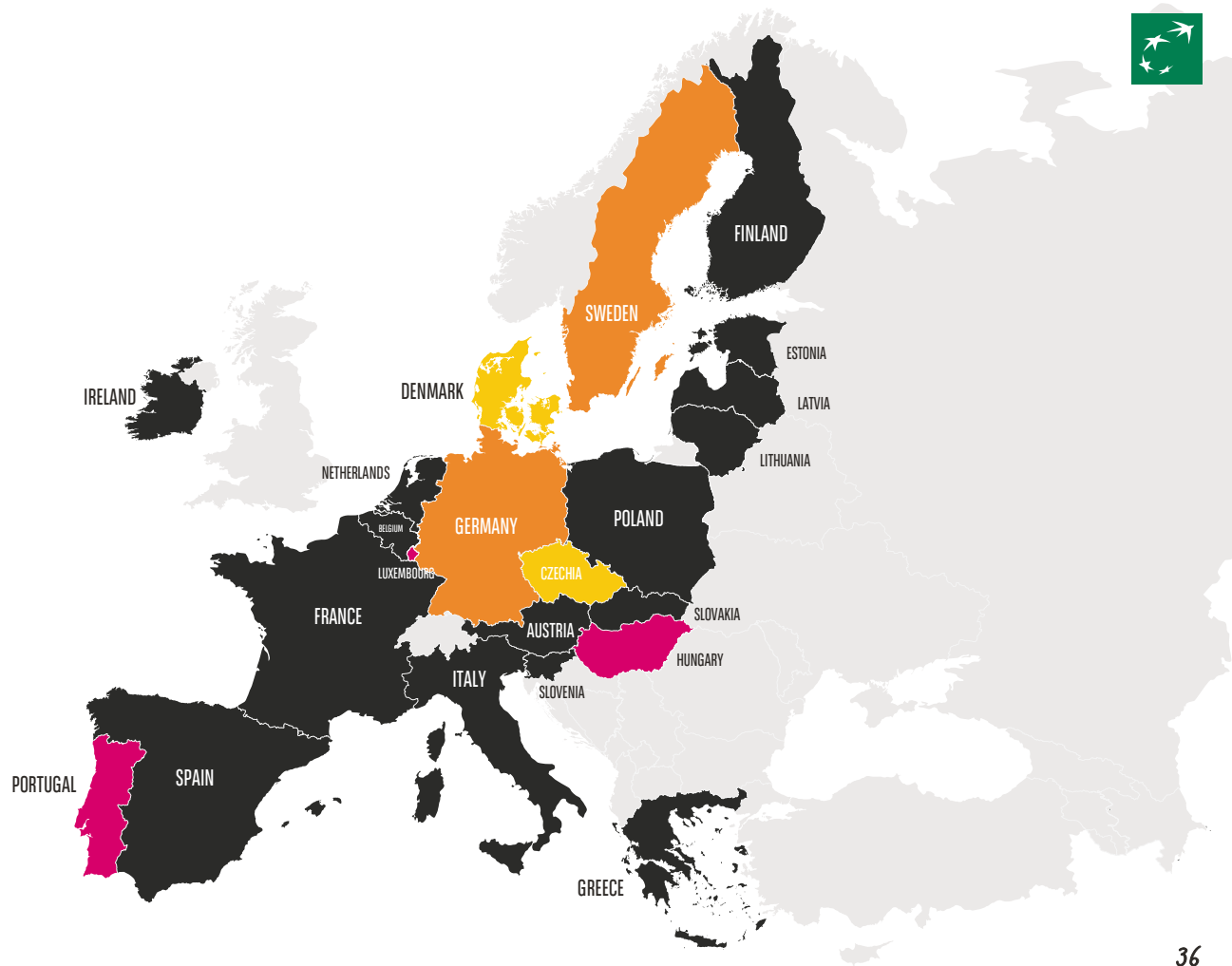
EU & OECD Countries 2002



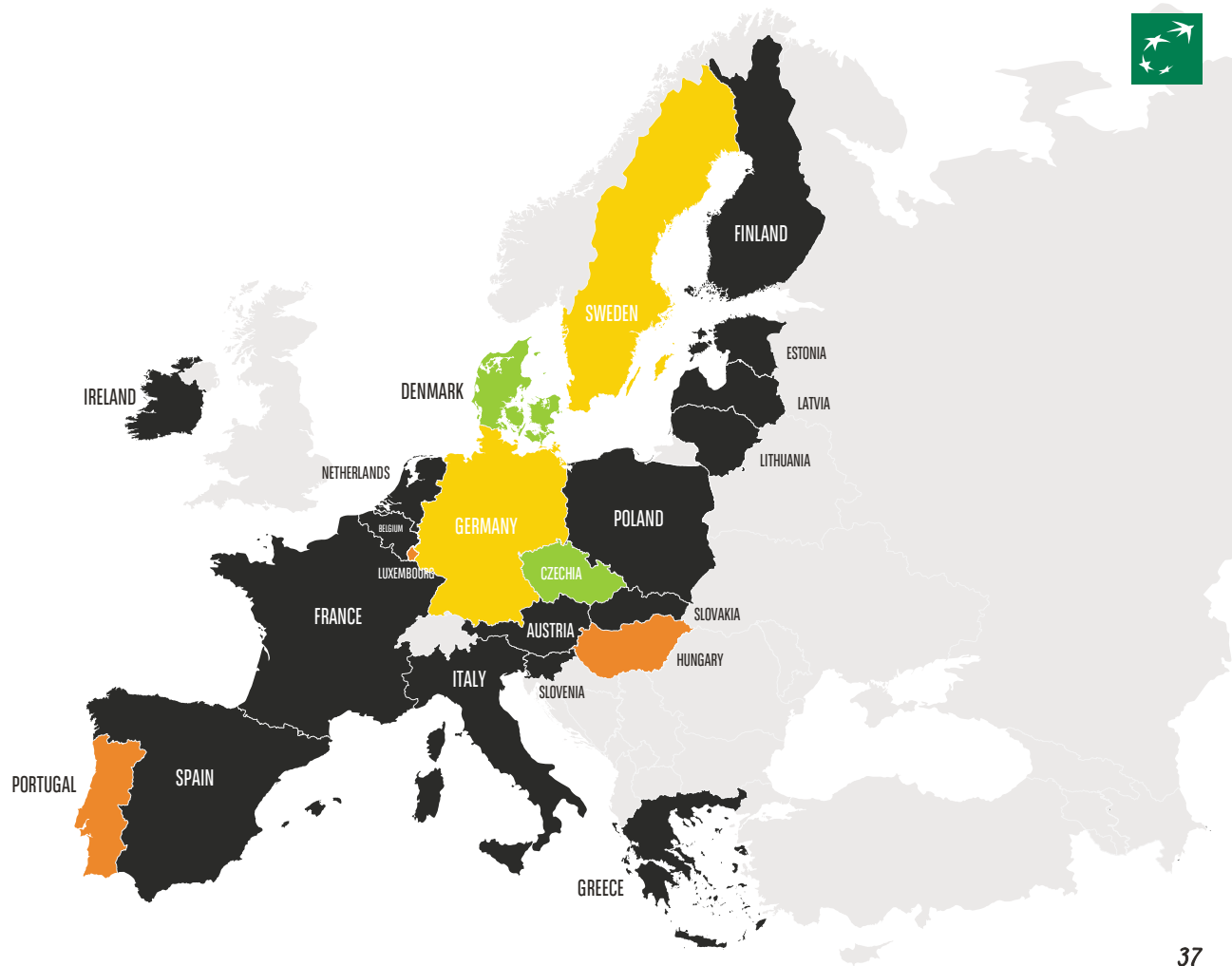
EU & OECD Countries 2003



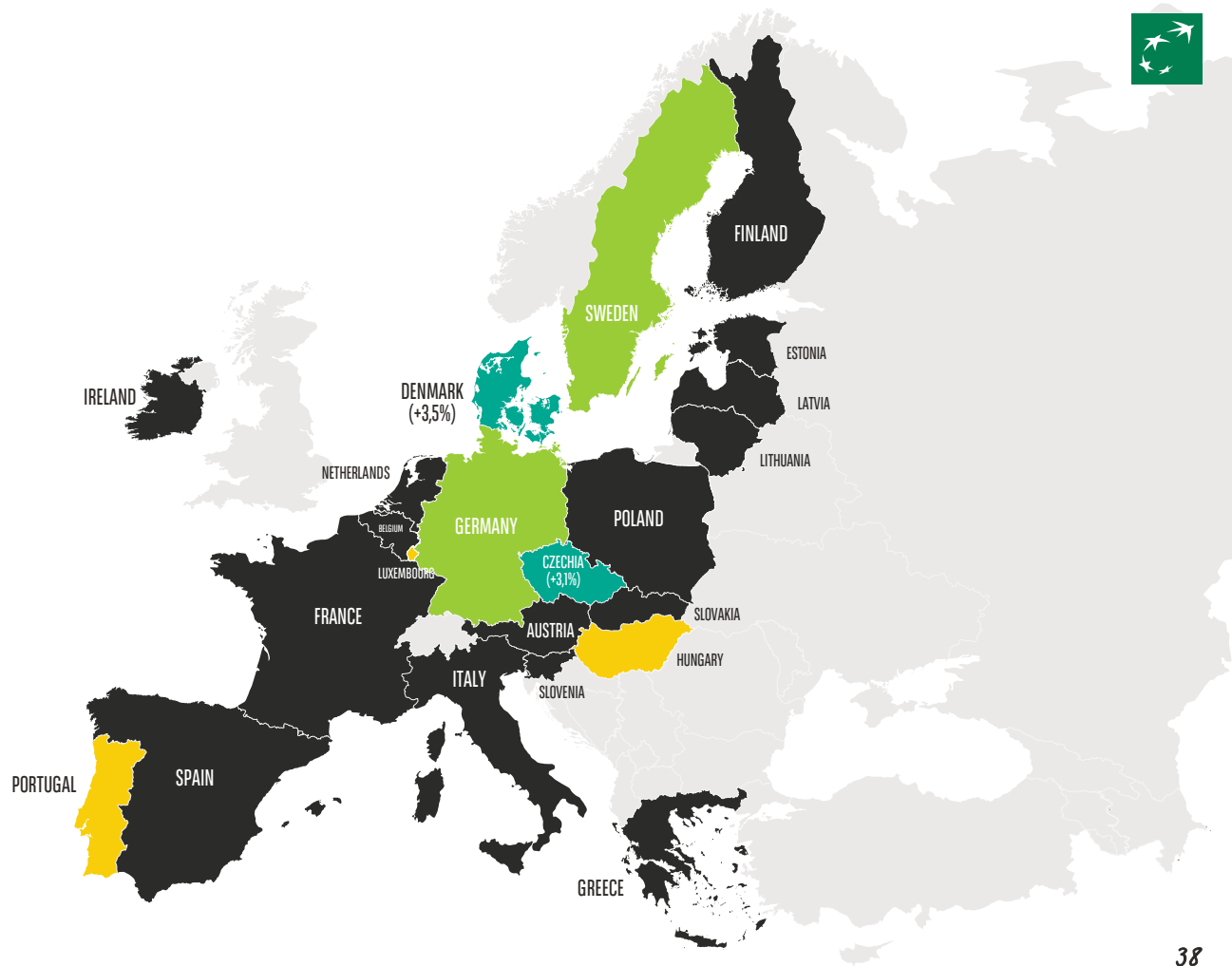
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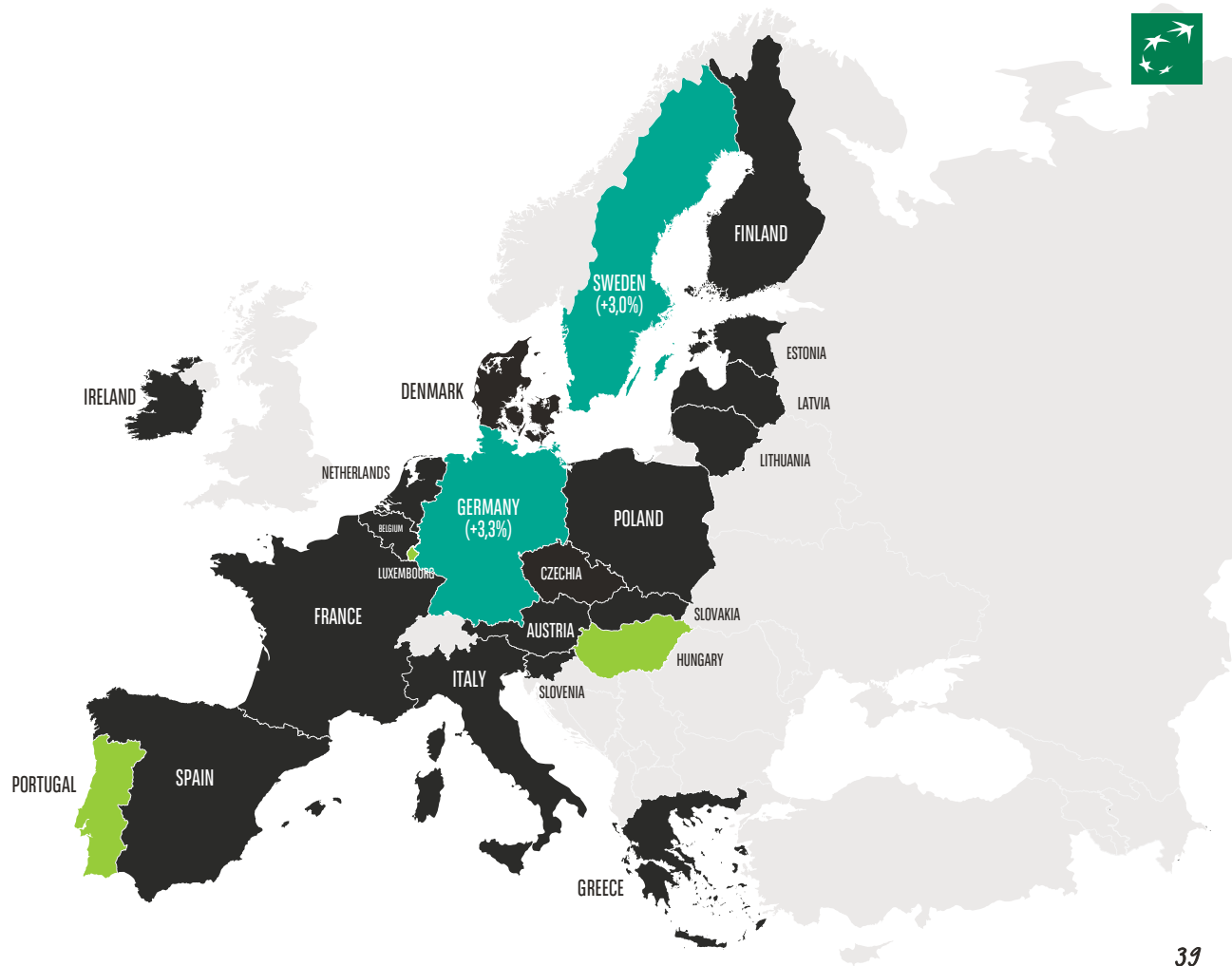
EU & OECD Countries 2005



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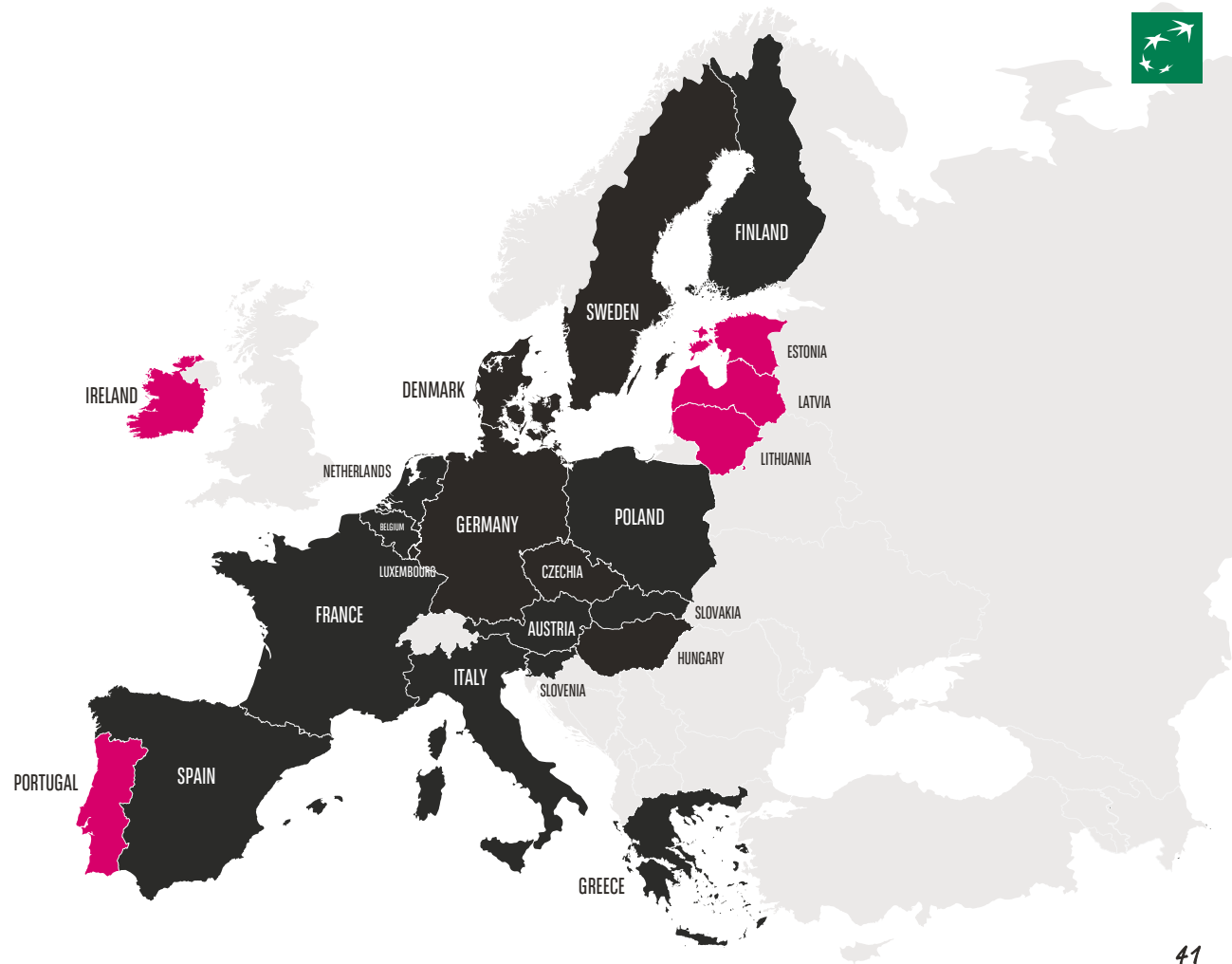
EU & OECD Countries 2007



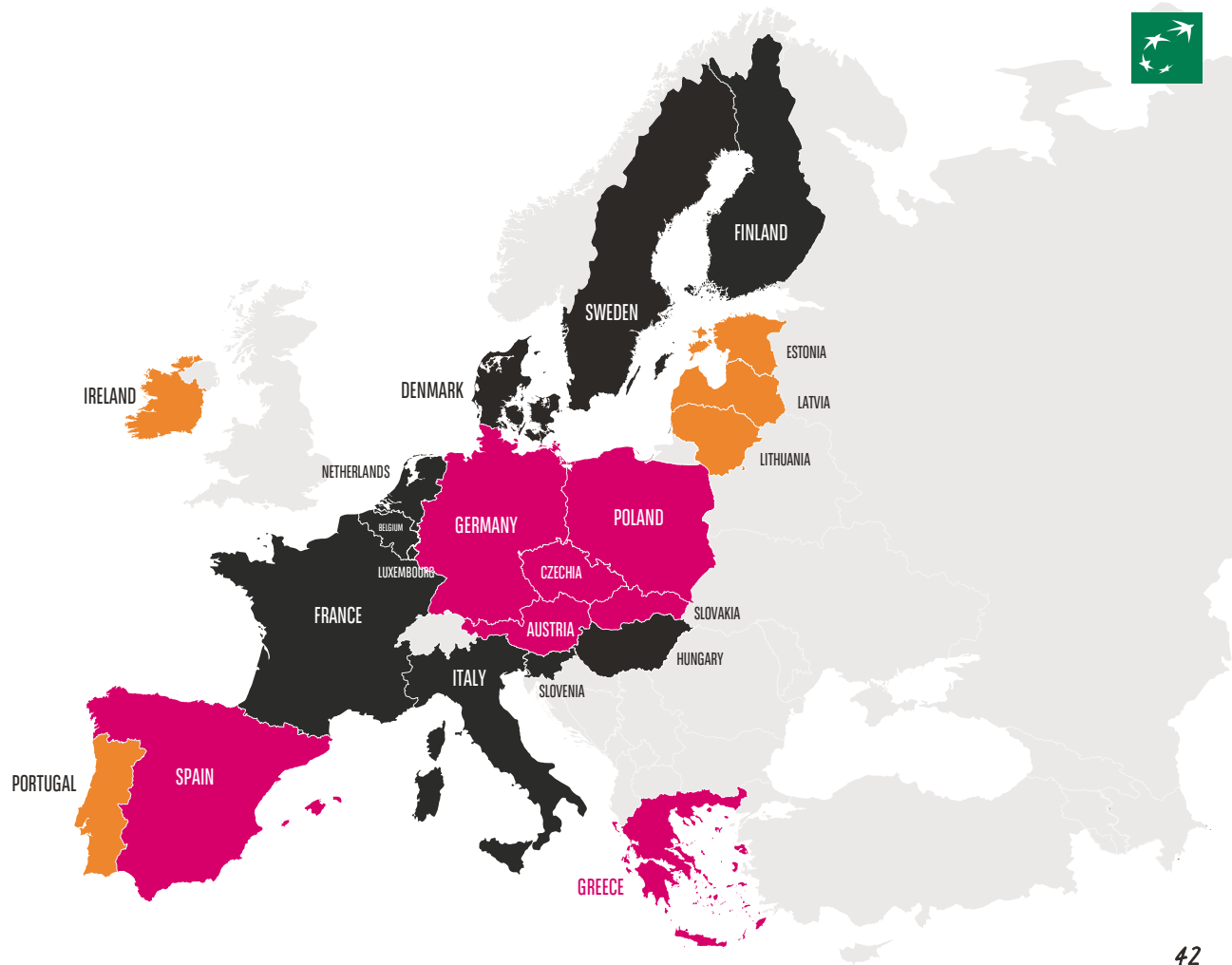
EU & OECD Countries 2008



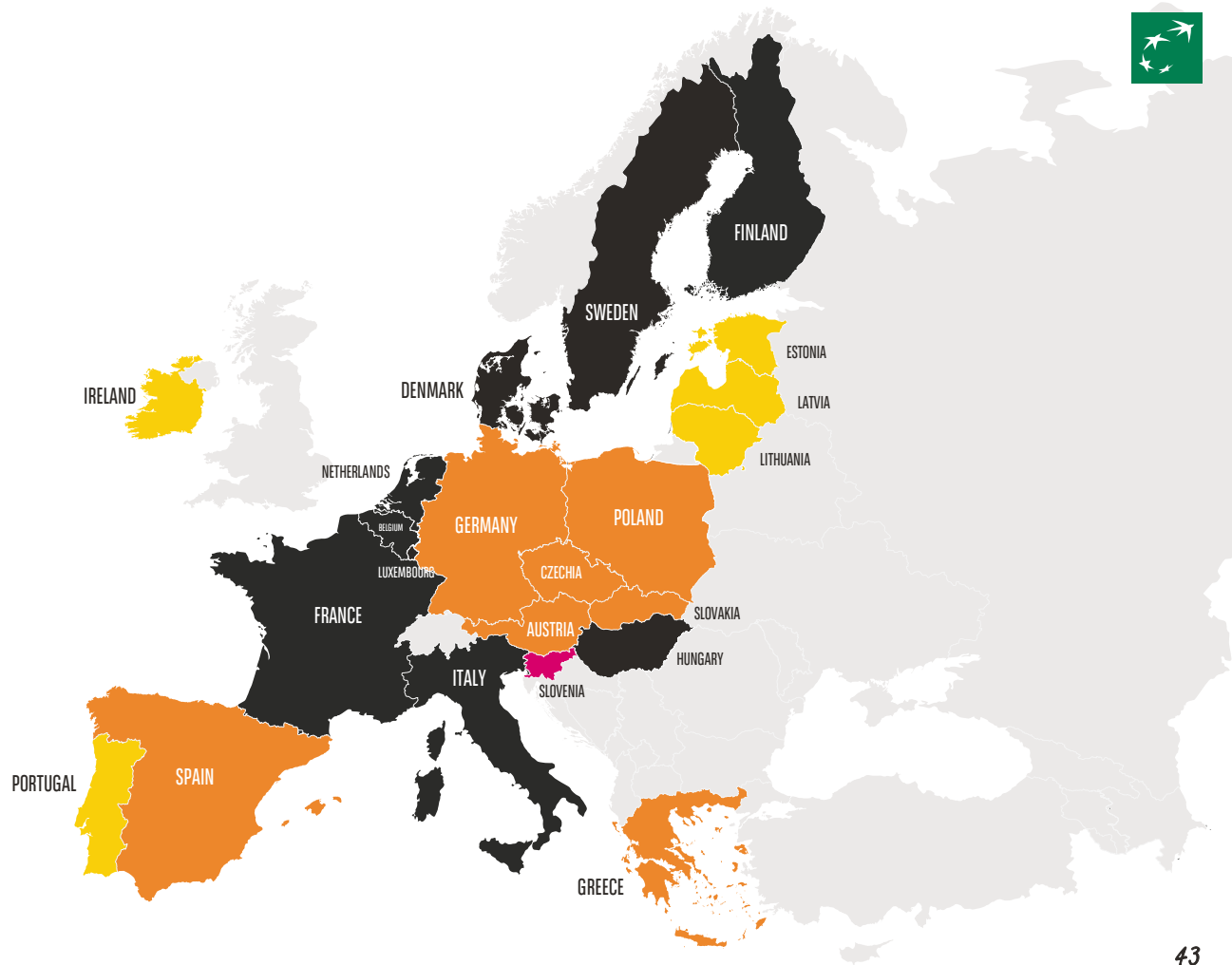
EU & OECD Countries 2009



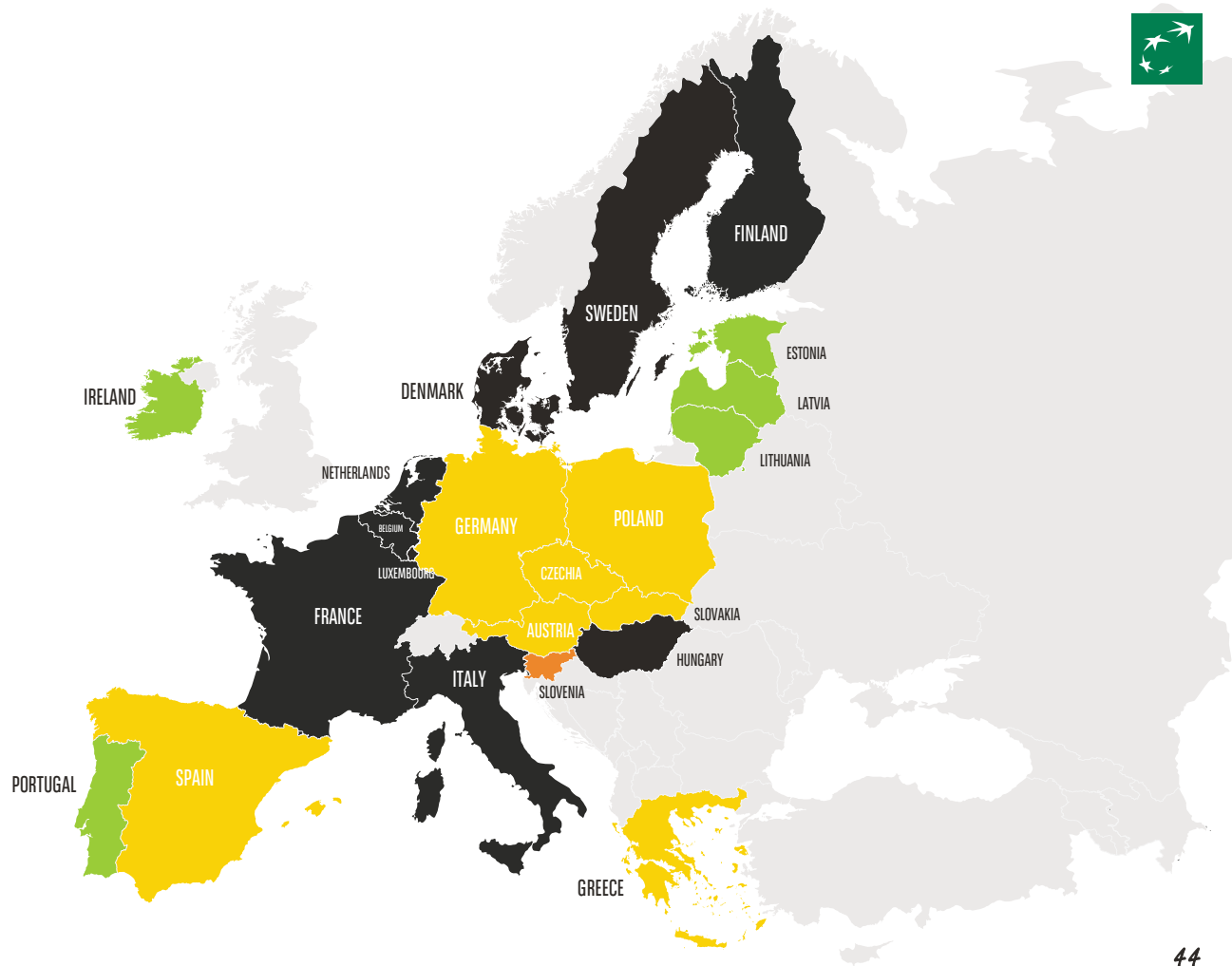
EU & OECD Countries 2010



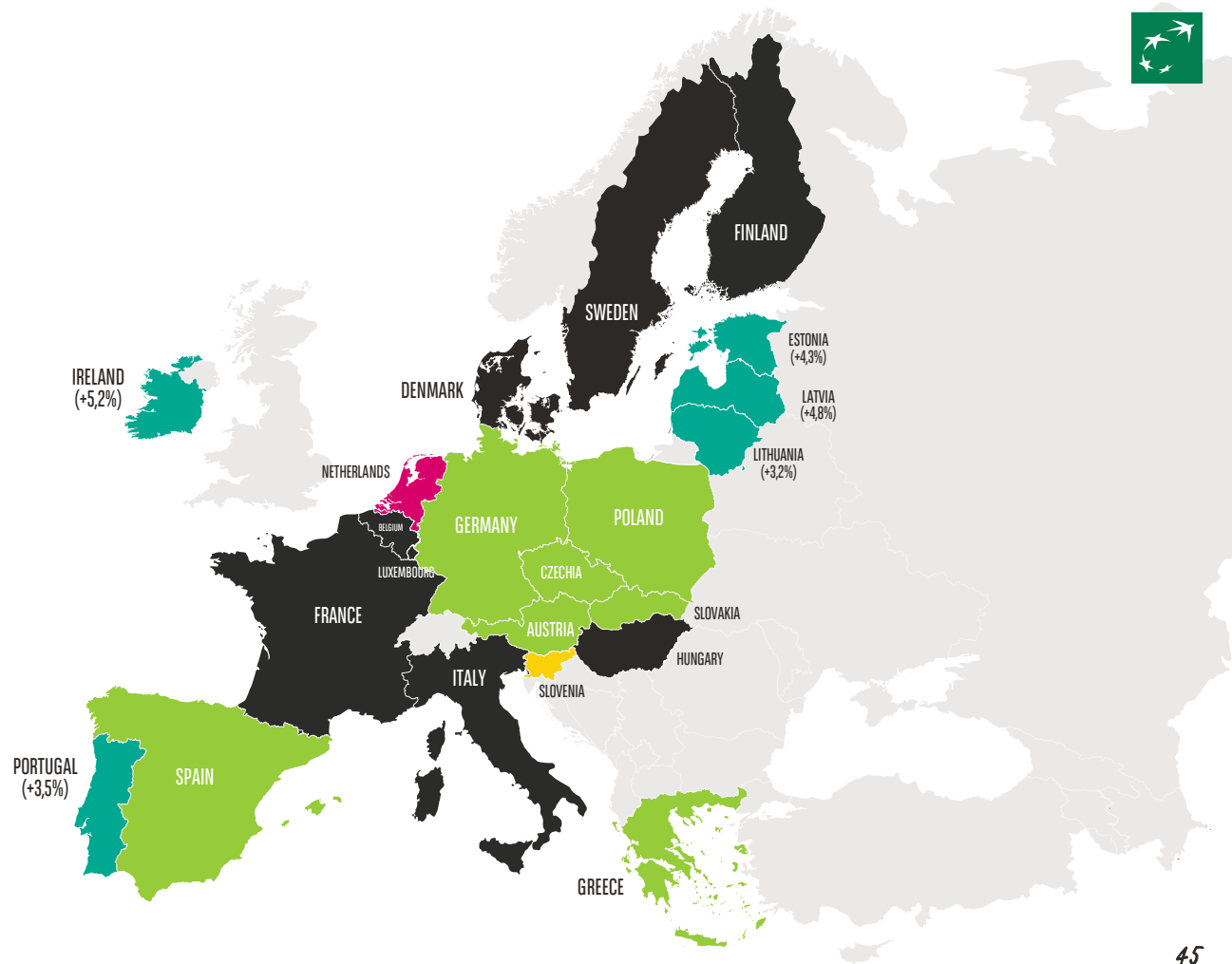
EU & OECD Countries 2011



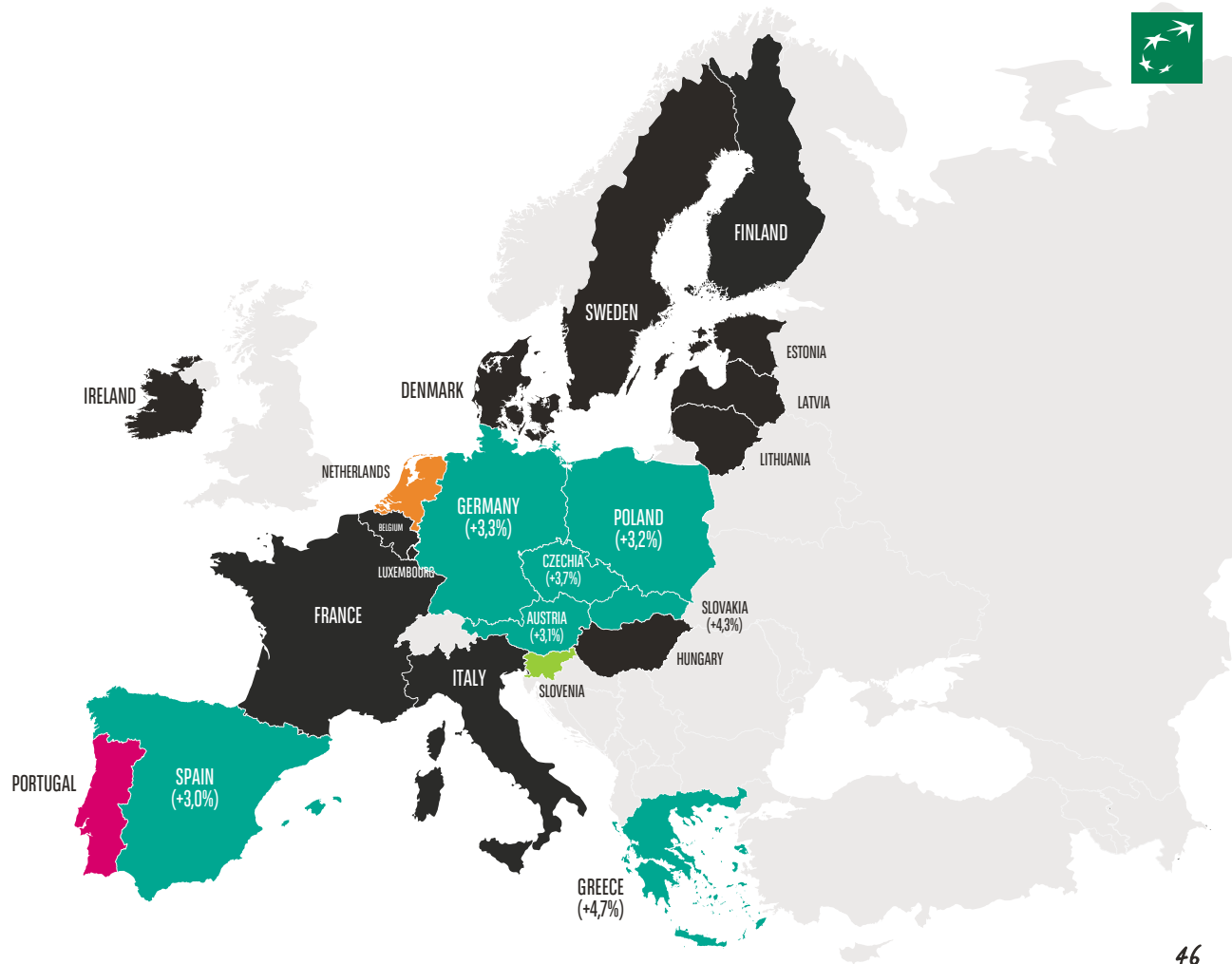
EU & OECD Countries 2012



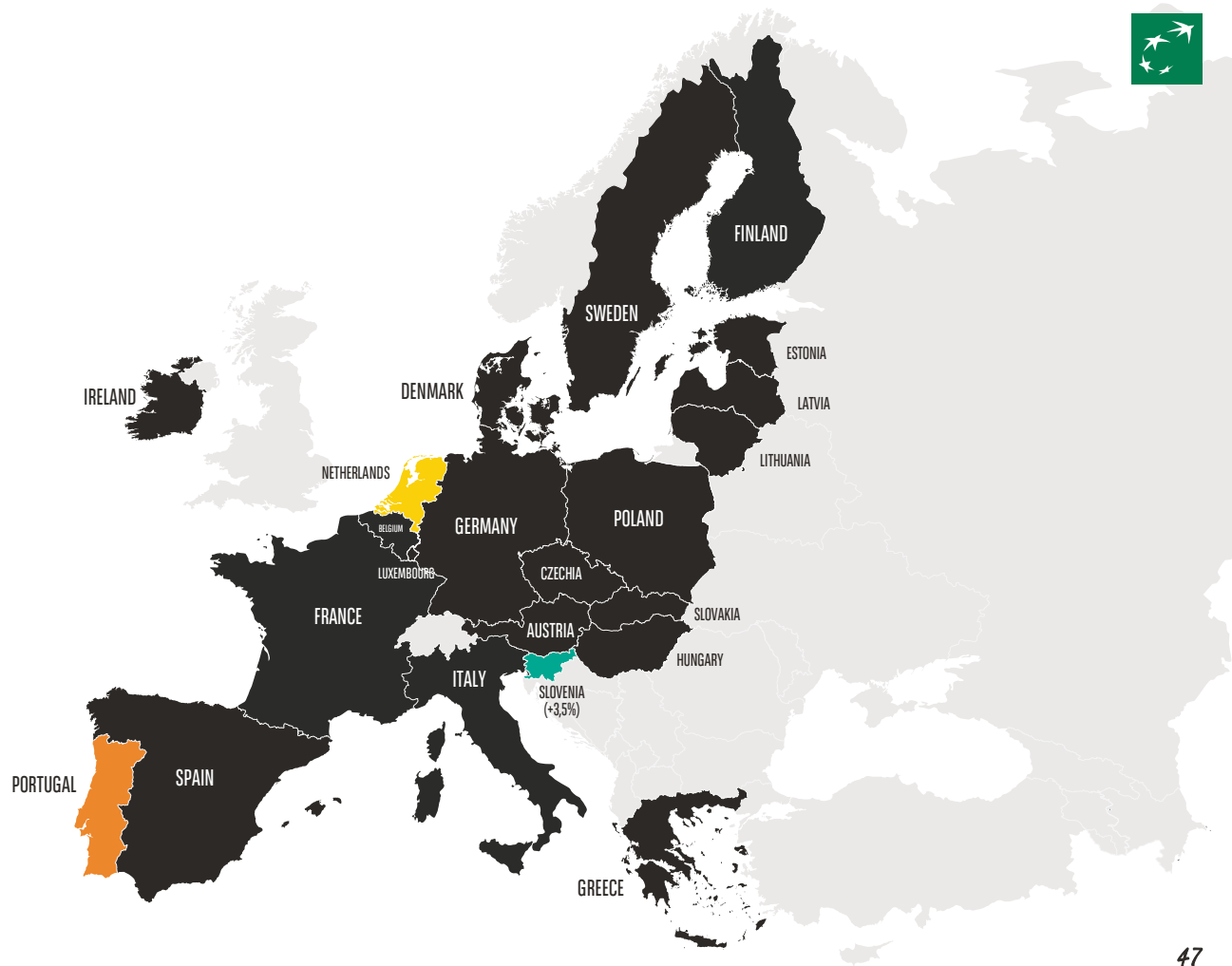
EU & OECD Countries 2013



EU & OECD Countries 2014



EU & OECD Countries 2015



EU & OECD Countries 2016



EU & OECD Countries 2017



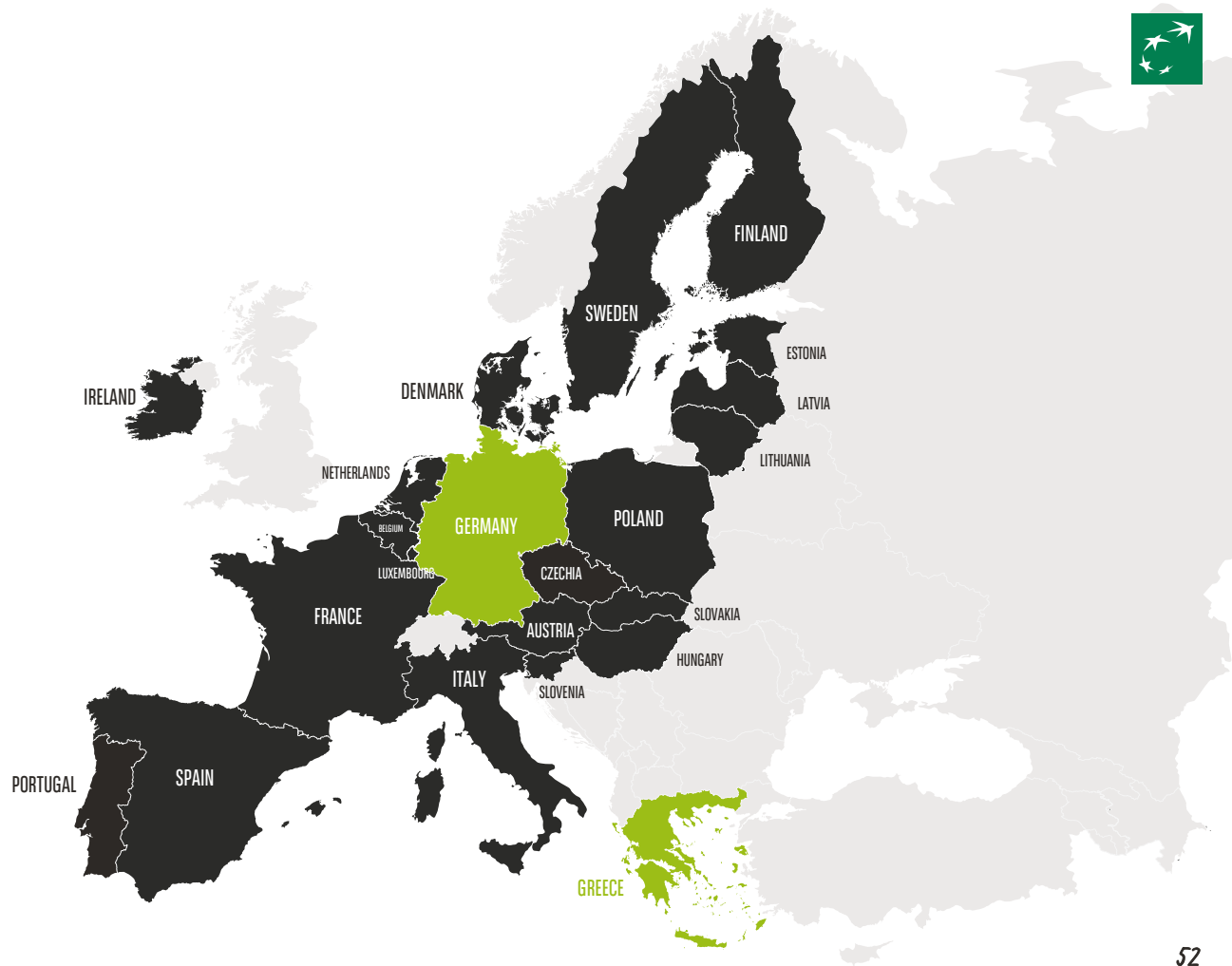
EU & OECD Countries 2018



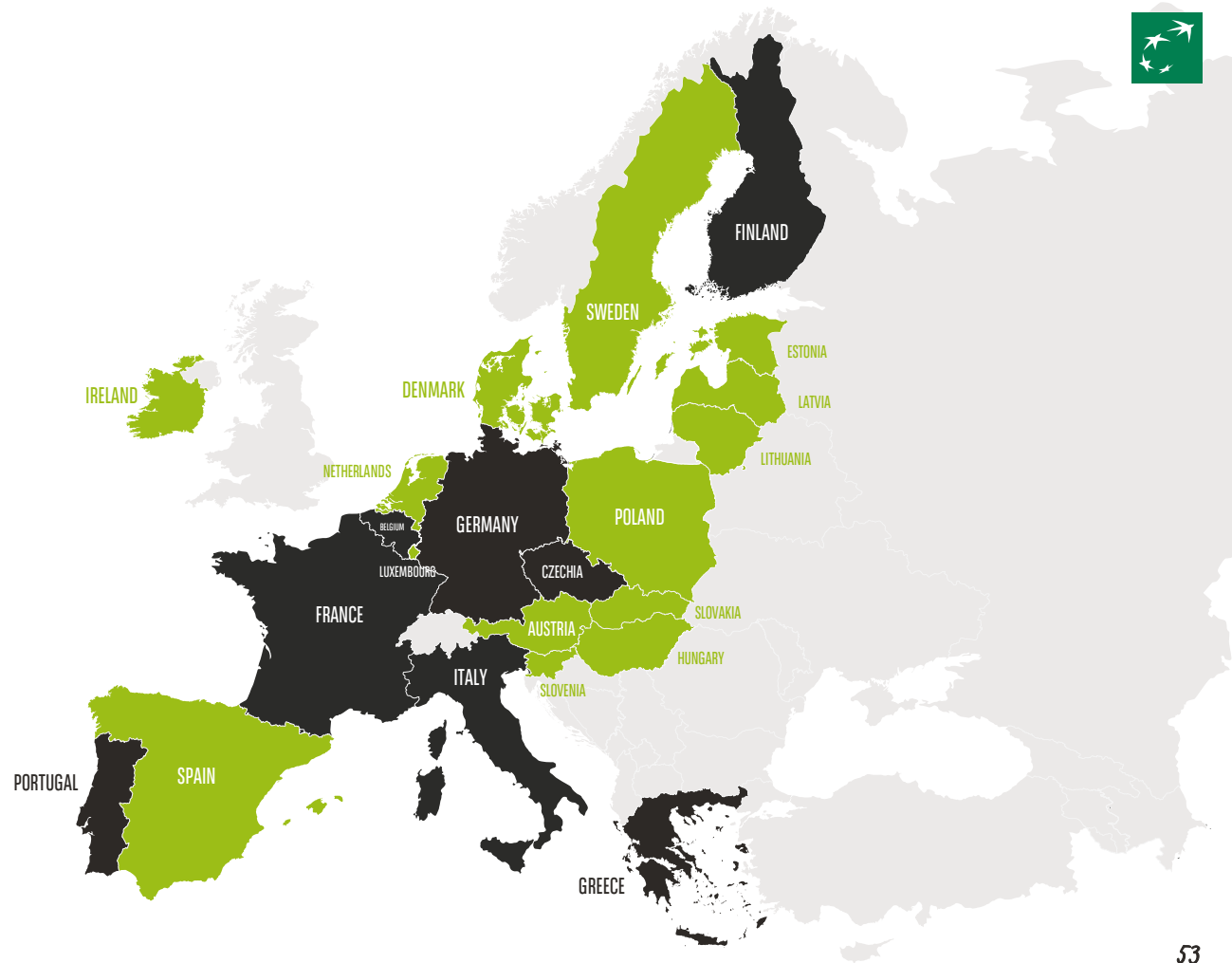
EU & OECD countries with 3 fiscal consolidations



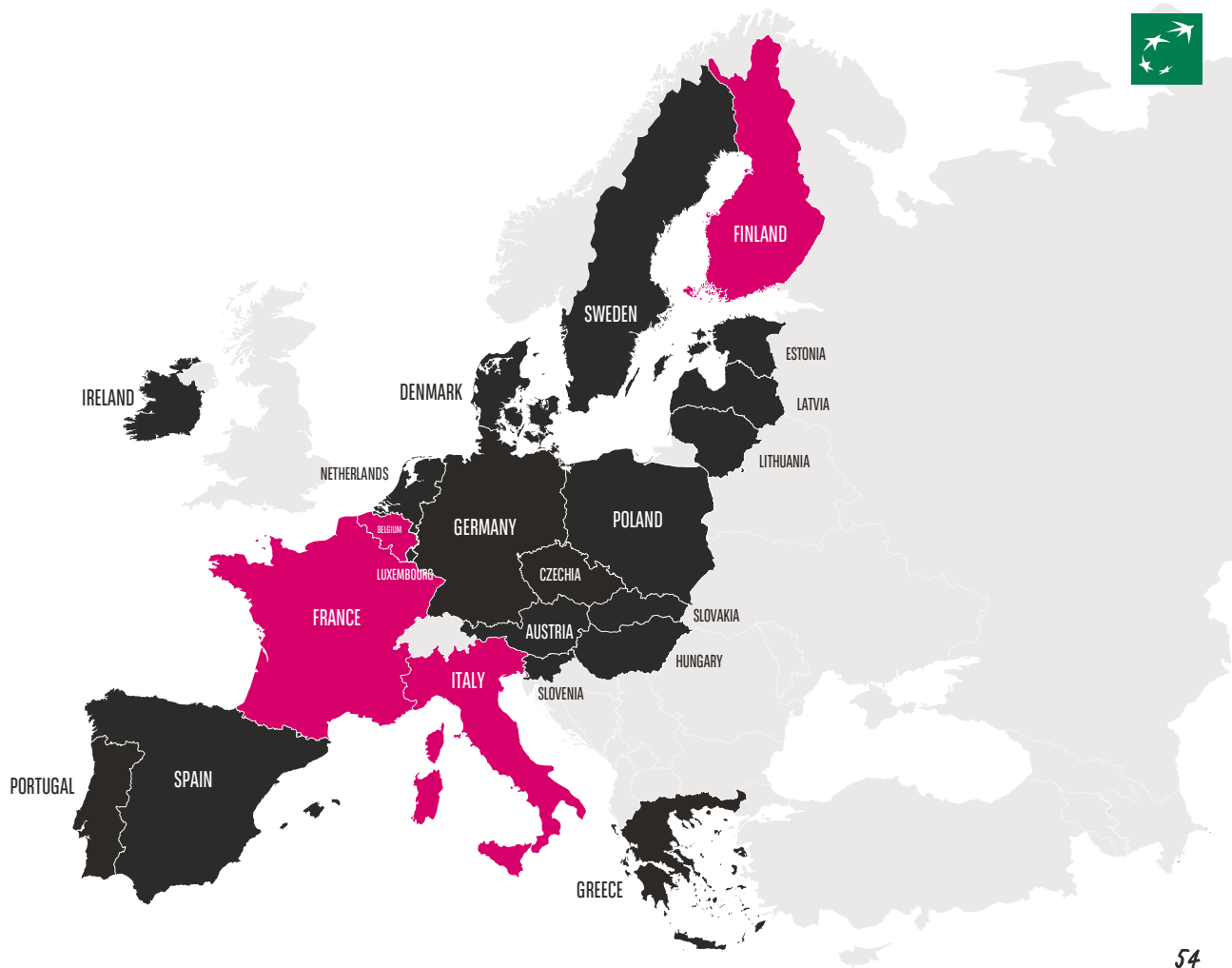
EU & OECD countries with 2 fiscal consolidations



EU & OECD countries with 1 fiscal consolidation

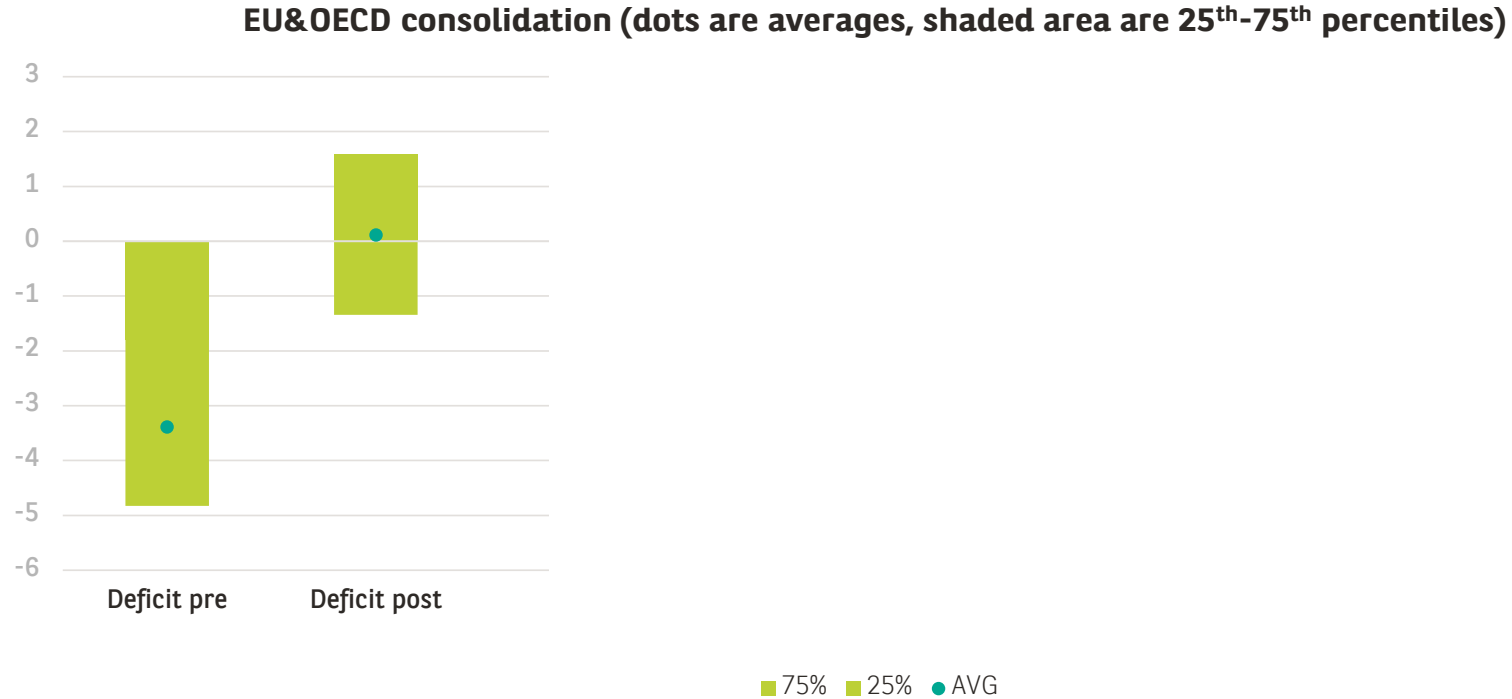


EU & OECD countries with 0 fiscal consolidations





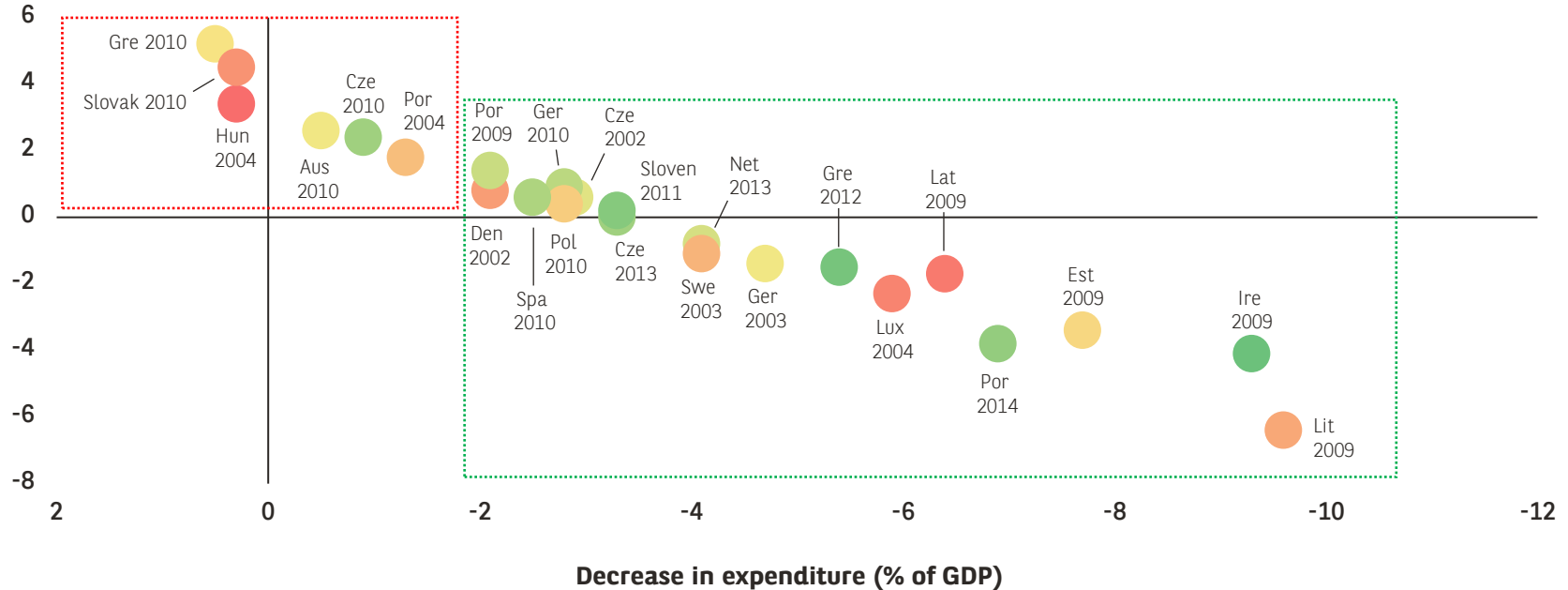
Consolidation...but how?





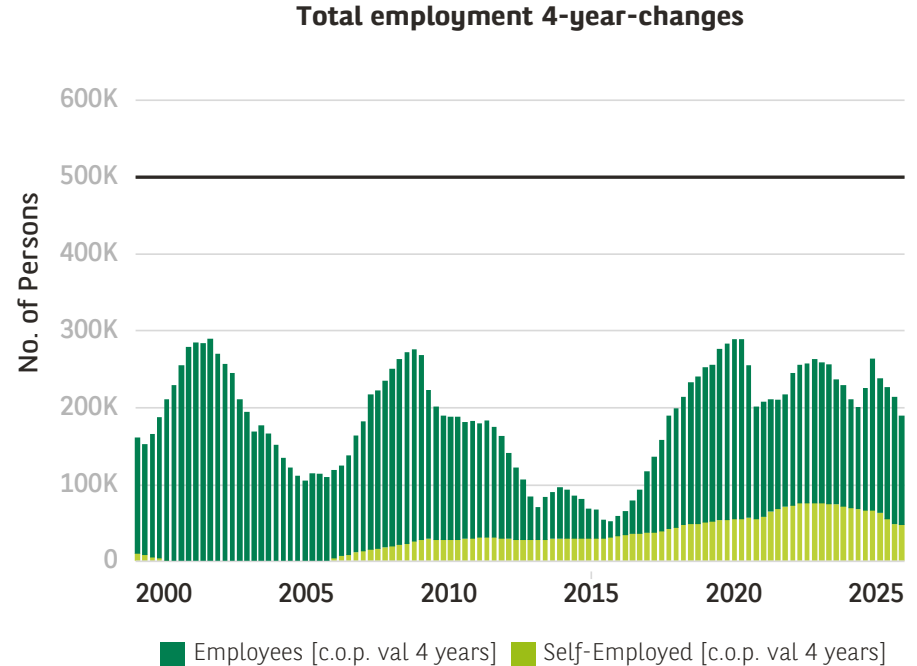
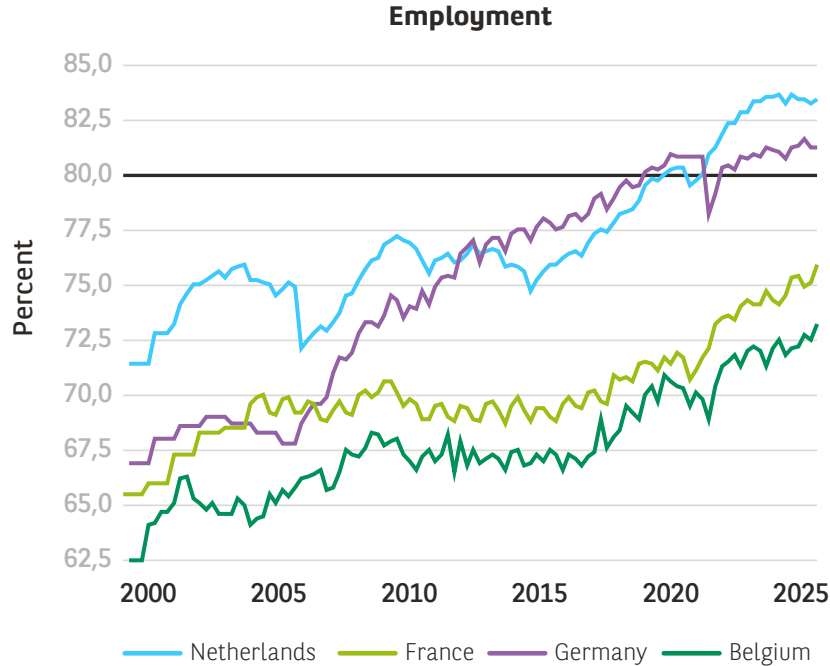
Types of consolidation and growth impact

Increase in
revenue
(% of GDP)





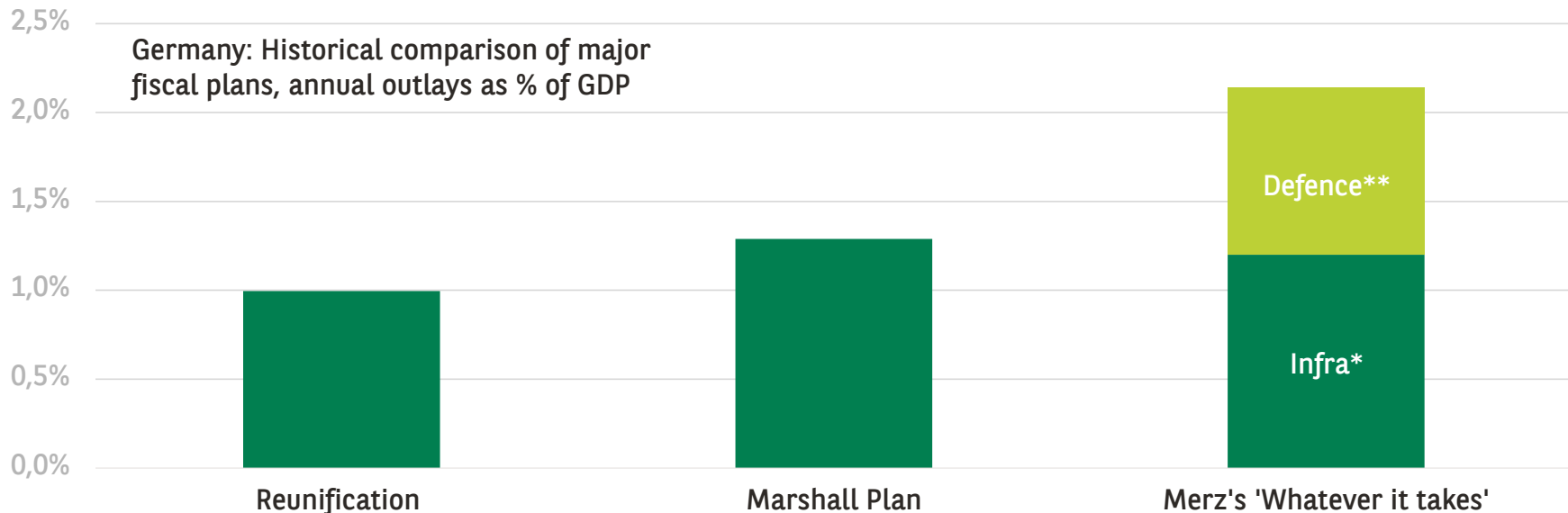
Public finance: hope is not a strategy





Because of Germany

Merz's 'Whatever it takes' in context



*€500bn in 10 years

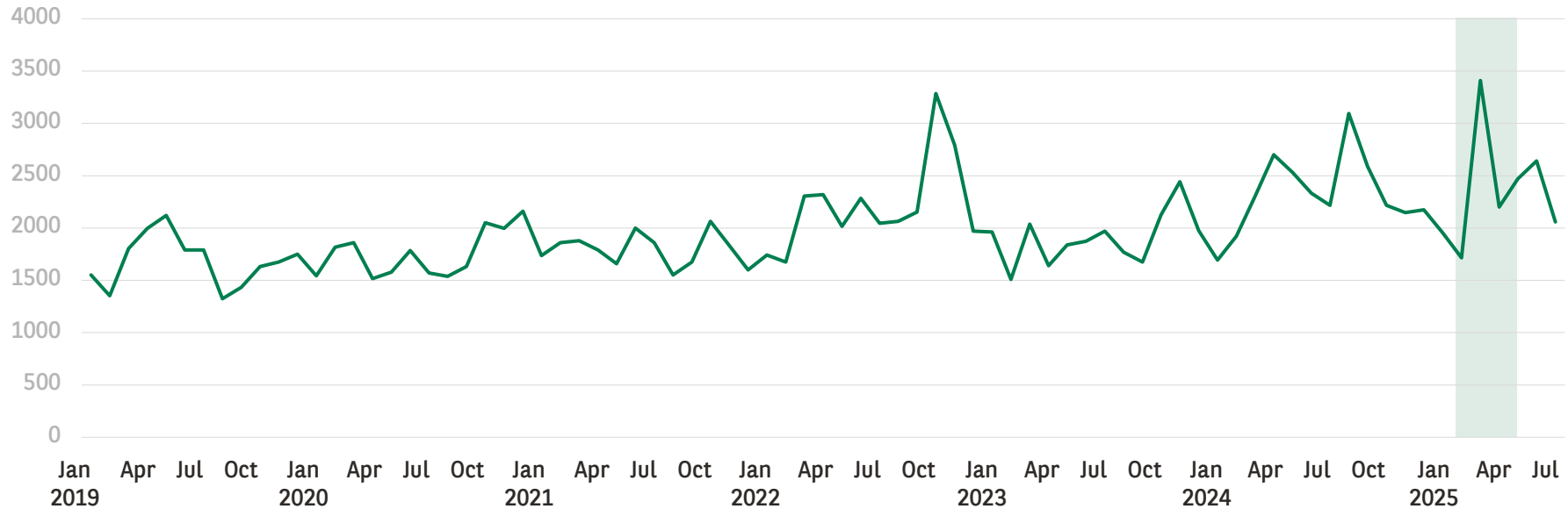
**Virtually uncapped. At €400bn in 10 years (i.e. meeting a 3% NATO target), annual defence spending would be ~0.9% of GDP

Sources: BDI, GlobalData TS Lombard.



Because of import tariffs & uncertainty

Belgium: export goods to US (in mio USD, monthly)



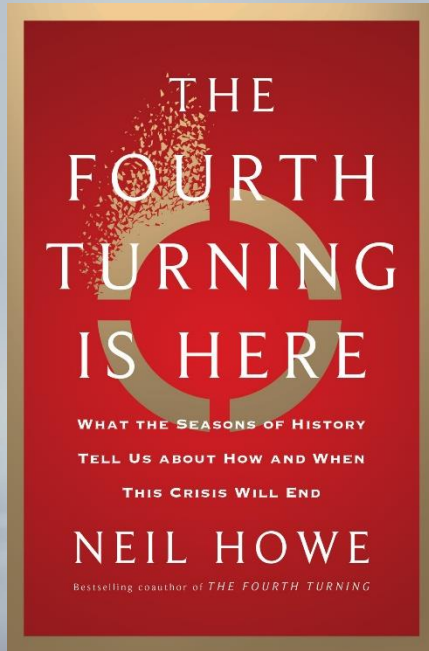


Financial markets

By Philippe Gijssels



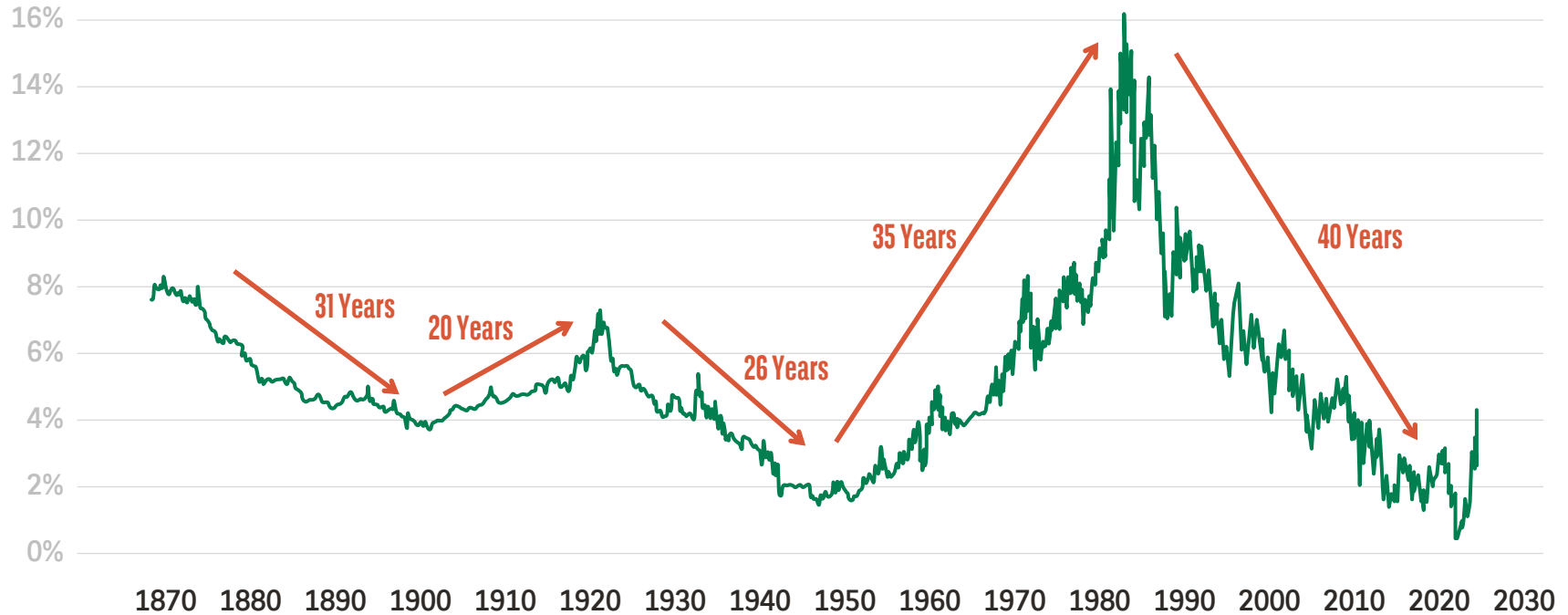
Towards a multipolar world





How far can it go?

10-Year Treasury Yield





Quo vadis dollar

Long-term breakout: euro
EURUSD daily candles

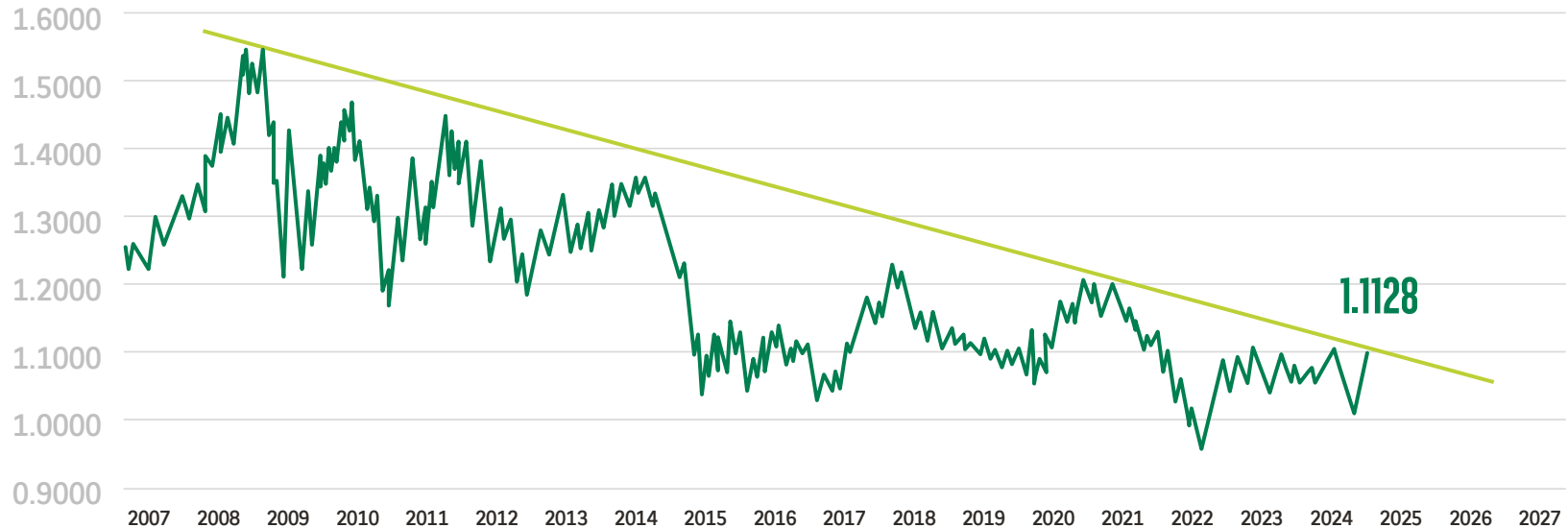
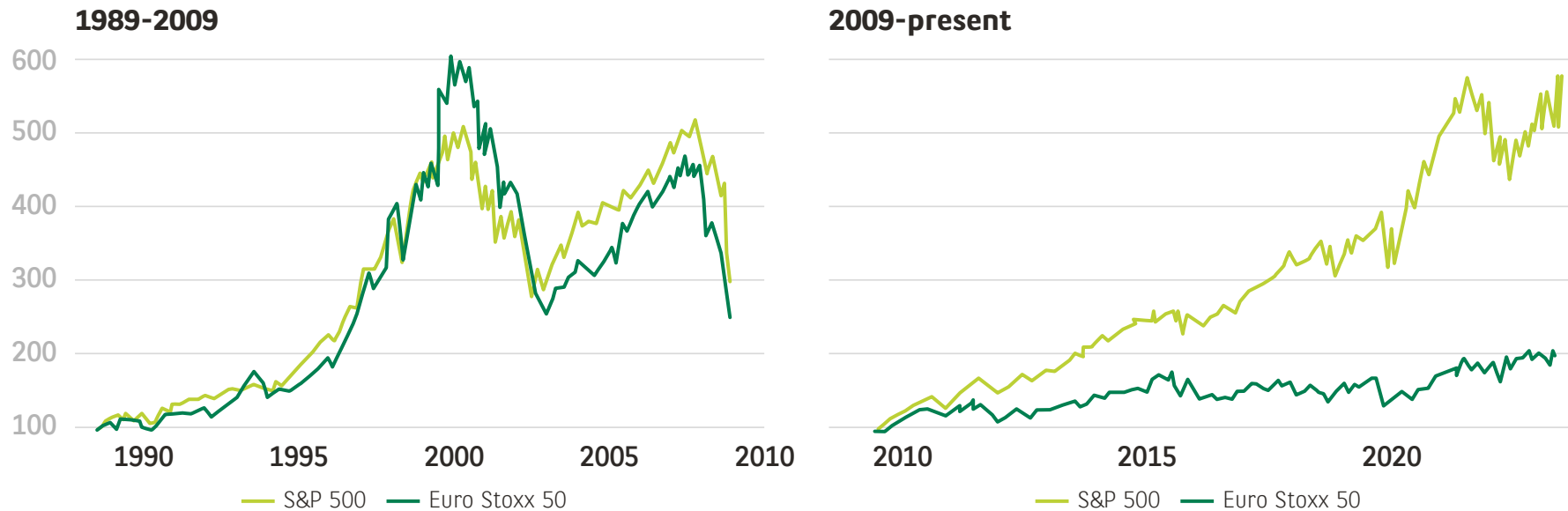


Chart as of 10 April 2025
Sources: Bloomberg; Tavi Costa



A tale of two worlds

US and European equity returns were much more similar before 2009
Indices rebased in local currencies



S&P 500

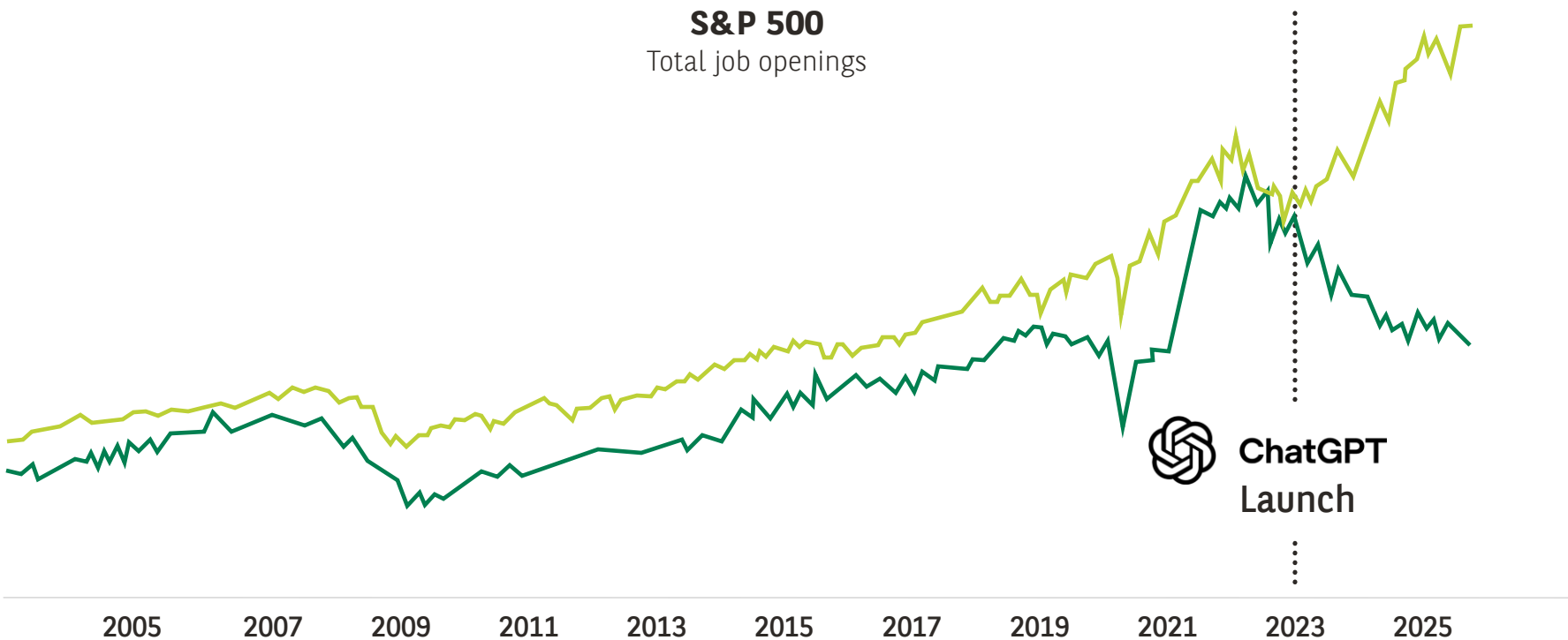


SPY Weekly Log Chart



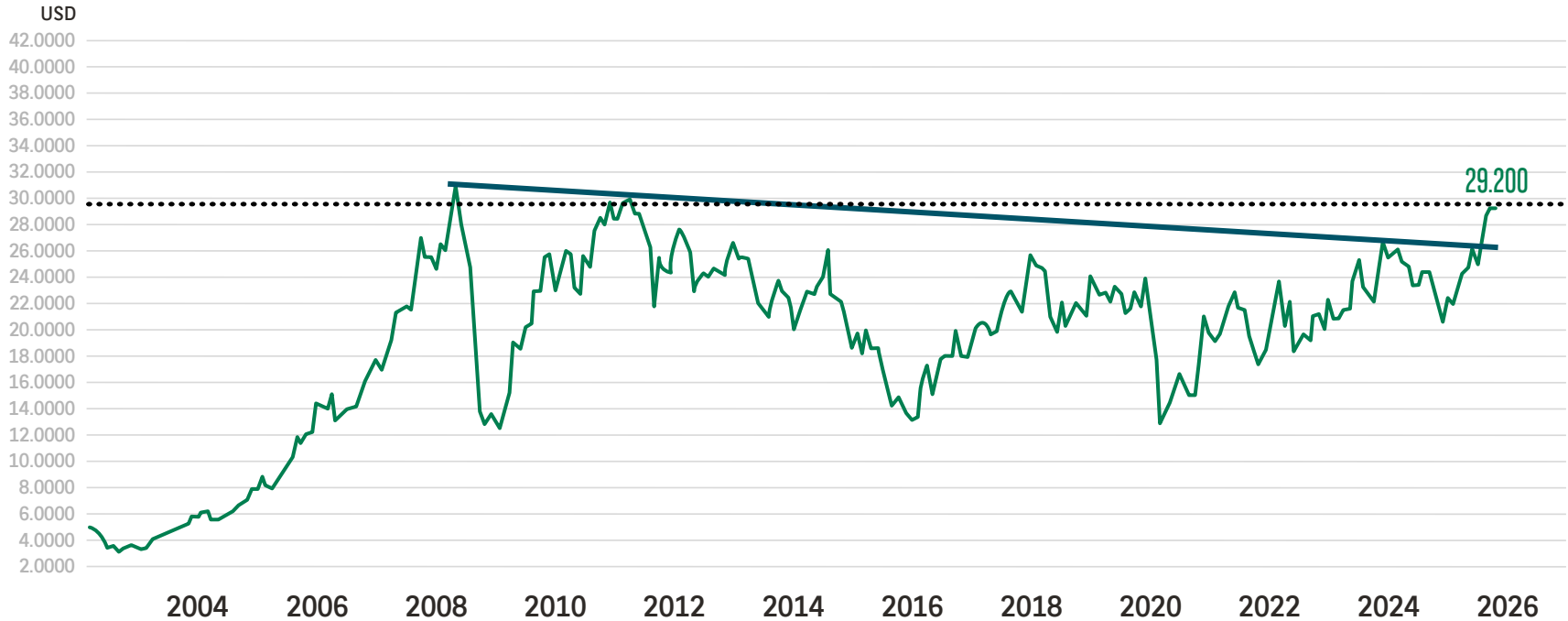


A jobless recovery is not bad for equities



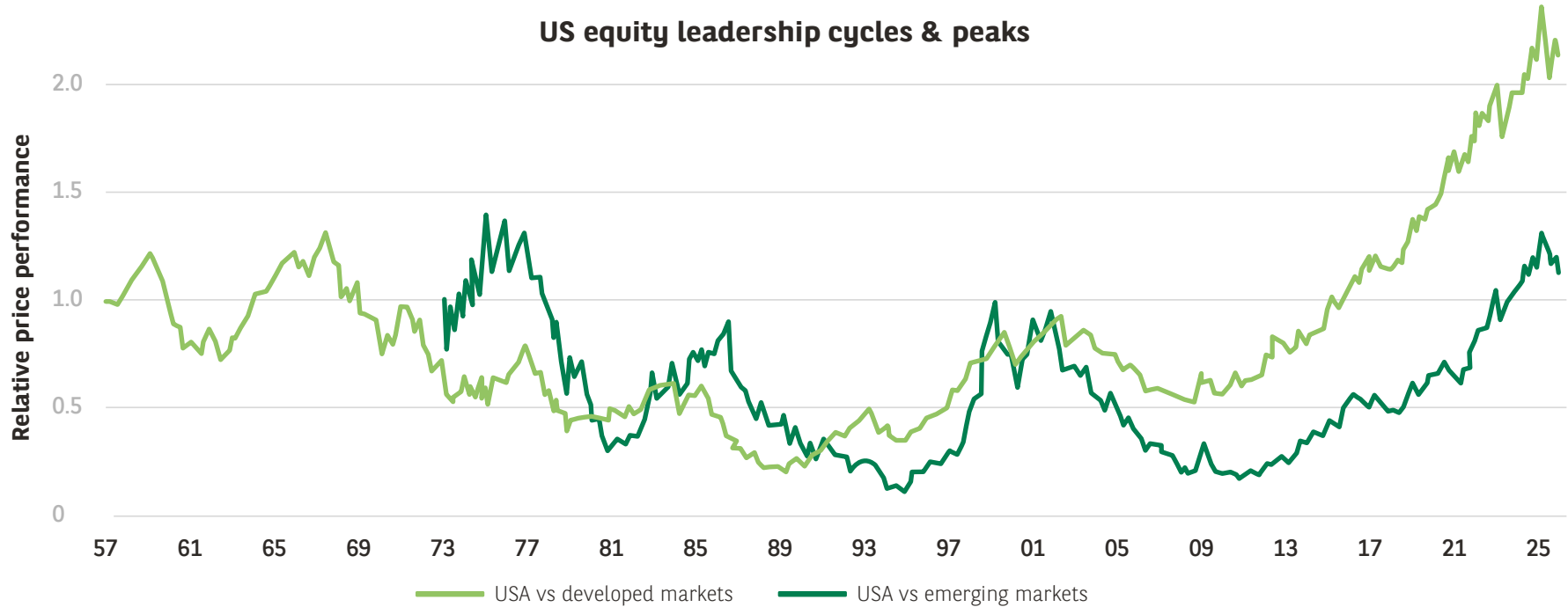


Latin America and emerging countries



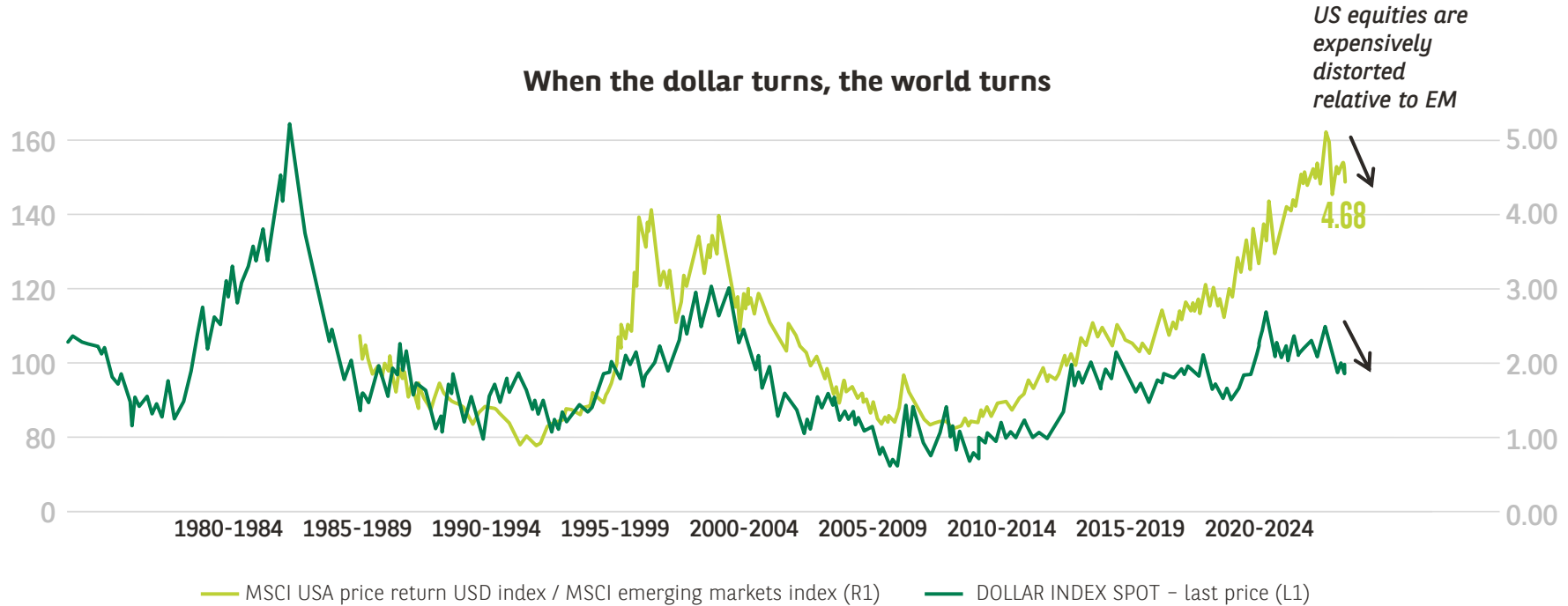


It all comes and goes in waves





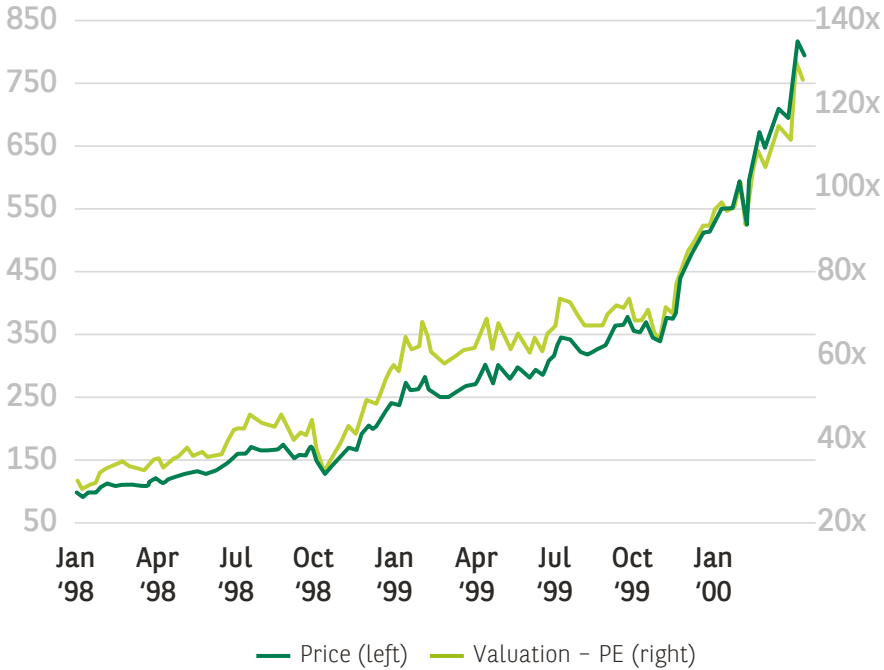
When the dollar turns



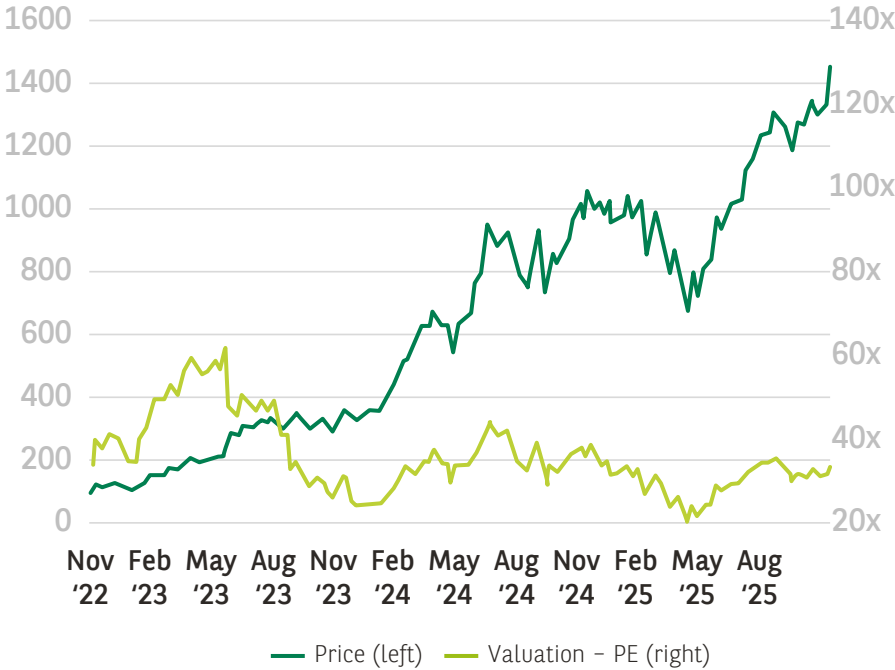


To bubble or not to bubble

Cisco price and valuation
1998 - 2000



Nvidia price and valuation
2023 - Today



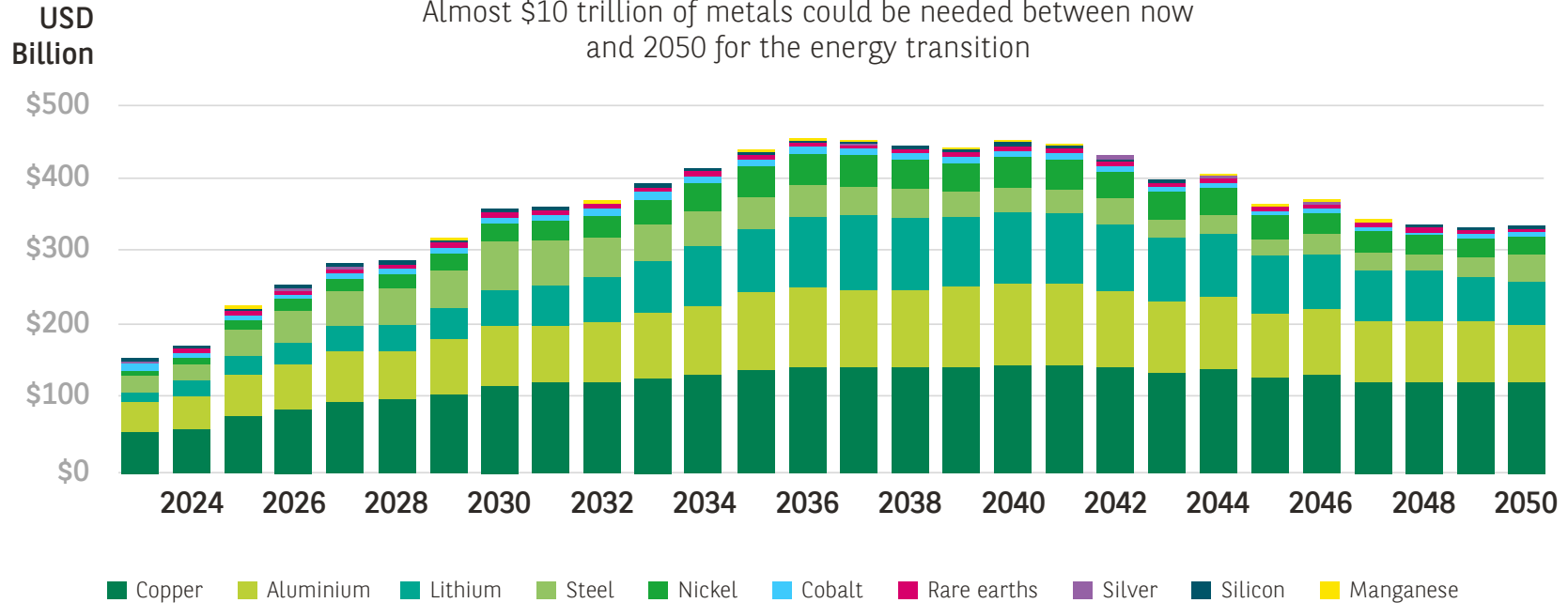
Sources: FactSet, Edward Jones



THE EV REVOLUTION

Multi-trillion dollar net-zero opportunity

Almost \$10 trillion of metals could be needed between now and 2050 for the energy transition

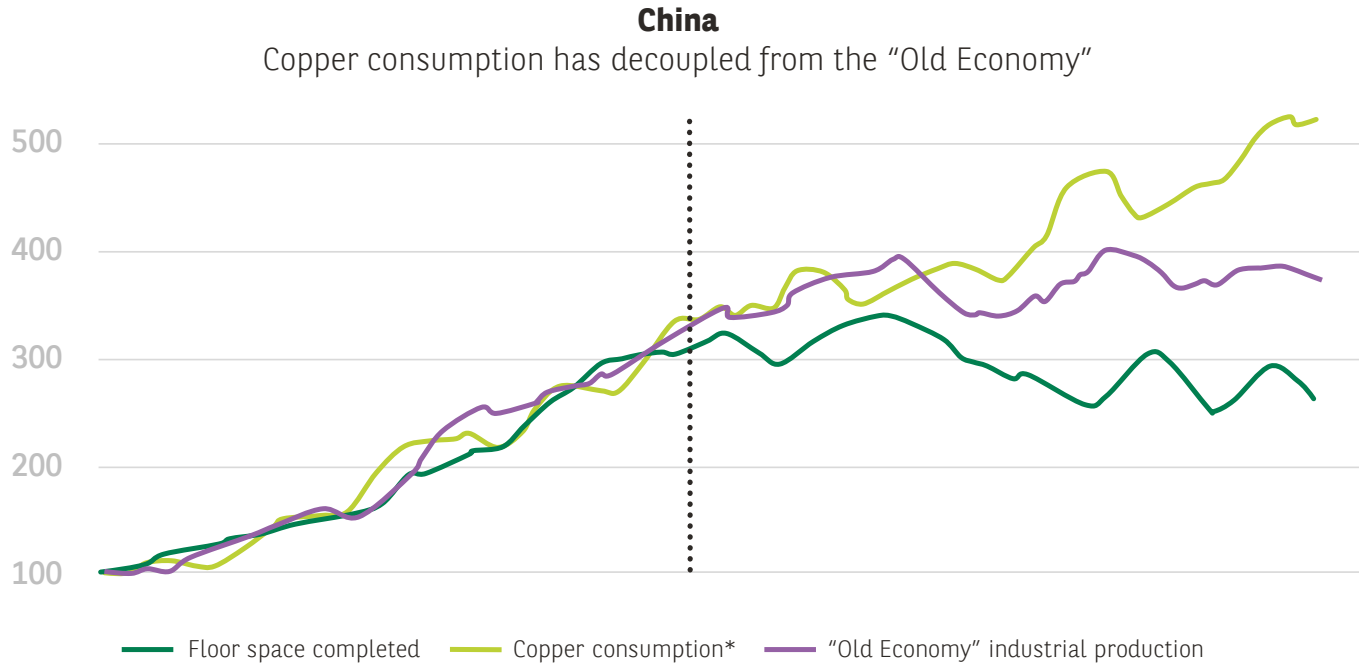


Note: Chart shows value of annual energy transition demand for metals in BNEF's Net Zero Scenario, based on historical 10-year average prices. Energy transition demand includes power generation, battery storage, power grid and transport sectors. See BNEF's Transition Metals Outlook for full list of assumptions made. Values are in 2022 real dollars

Source: BloombergNEF

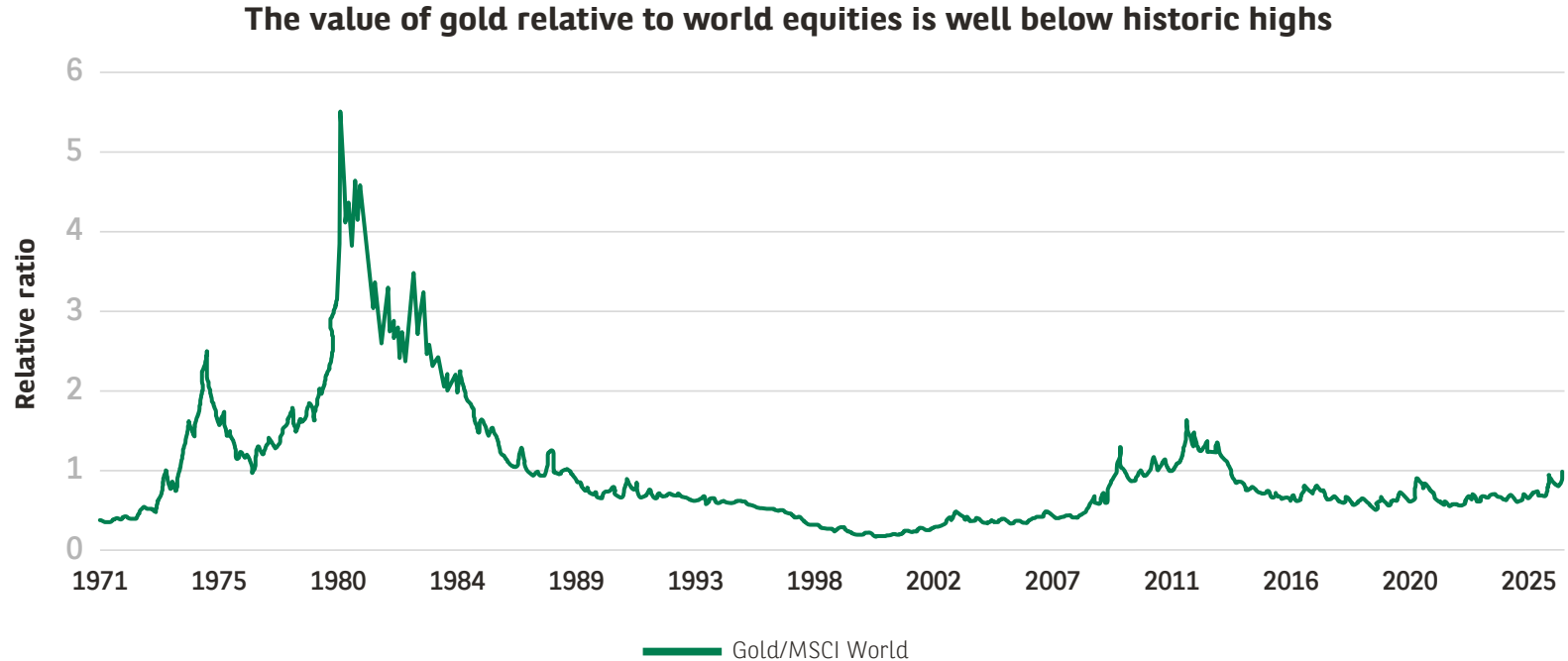


Copper demand





Gold has still some room to run



Data as of 17 October 2025. Based on the LBMA Gold Price PM USD and MSCI World Index.
Sources: Bloomberg, ICE Benchmark Administration, World Gold Council



From treasuries to gold

Foreign central banks hold more gold than treasuries

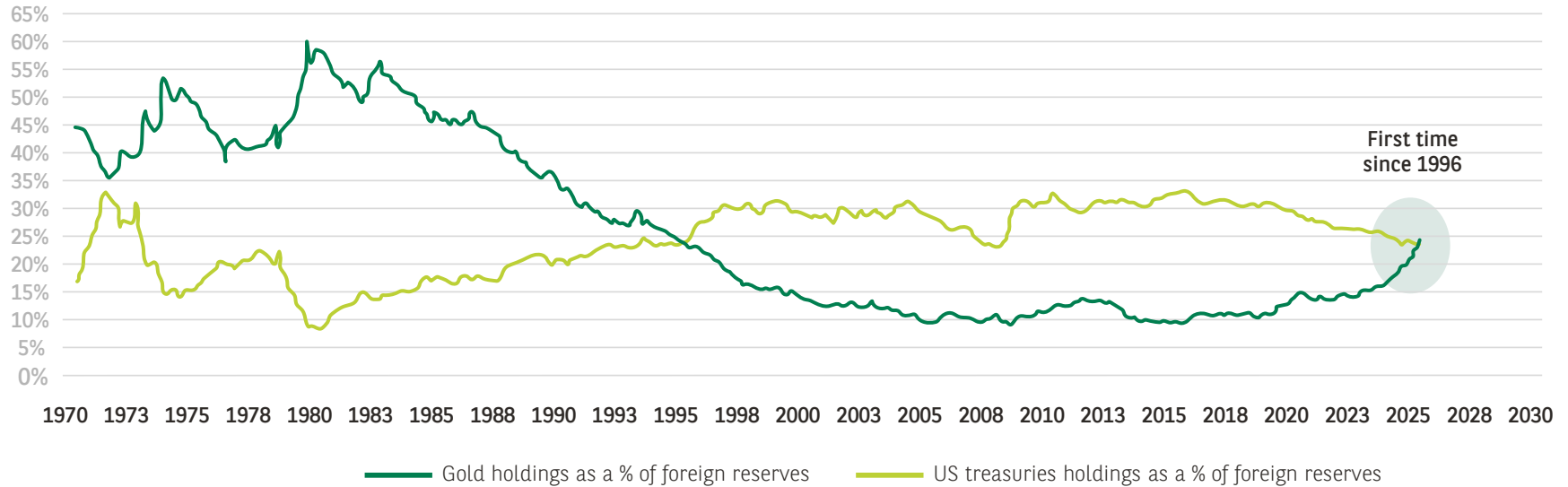


Chart as of 27 August 2025
Sources: Bloomberg; Tavi Costa



Goldminers are a goldmine

Gold miners: prices vs. free-cash-flow growth

Philadelphia stock exchange gold and silver index

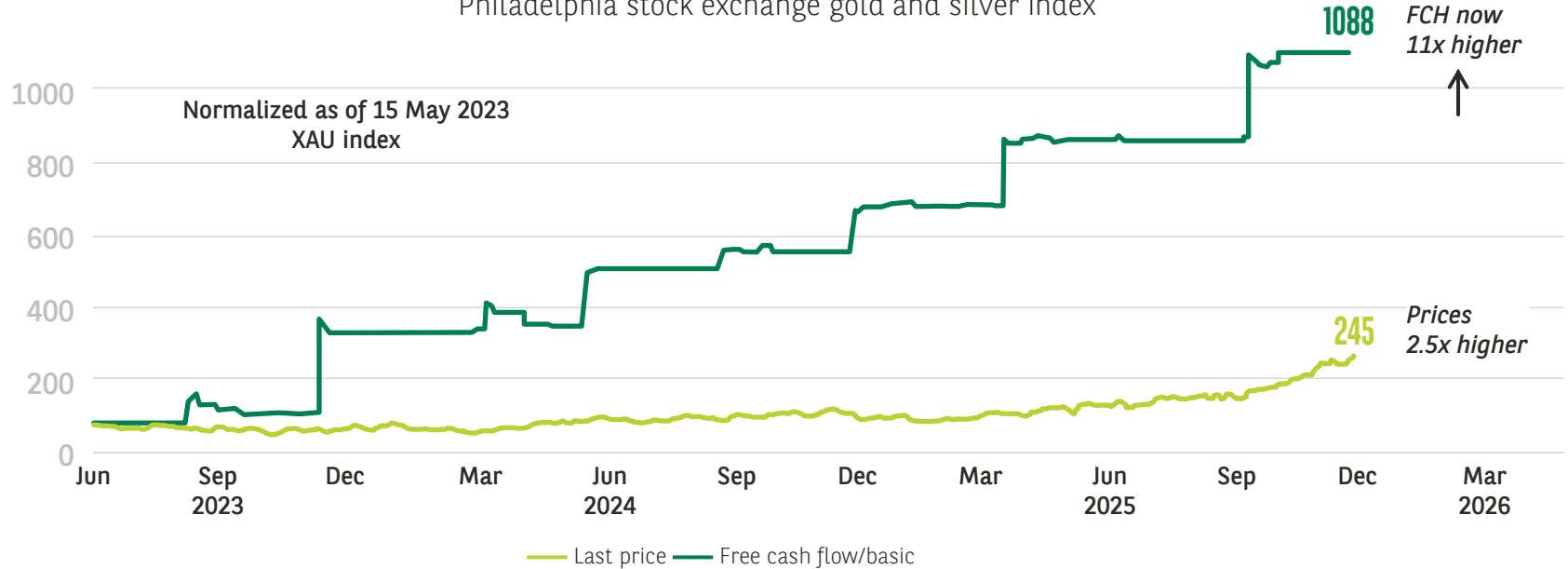


Chart as of 17 October 2025
Sources: Bloomberg; Tavi Costa



It's a material world

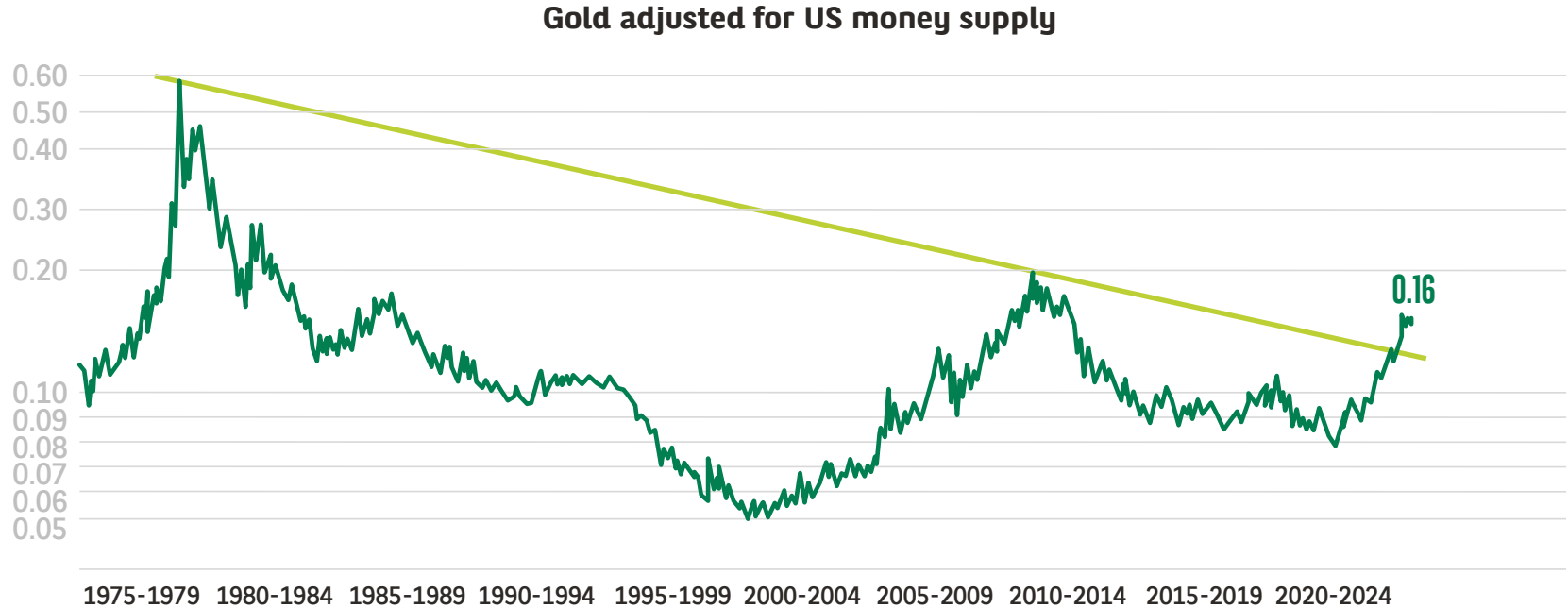
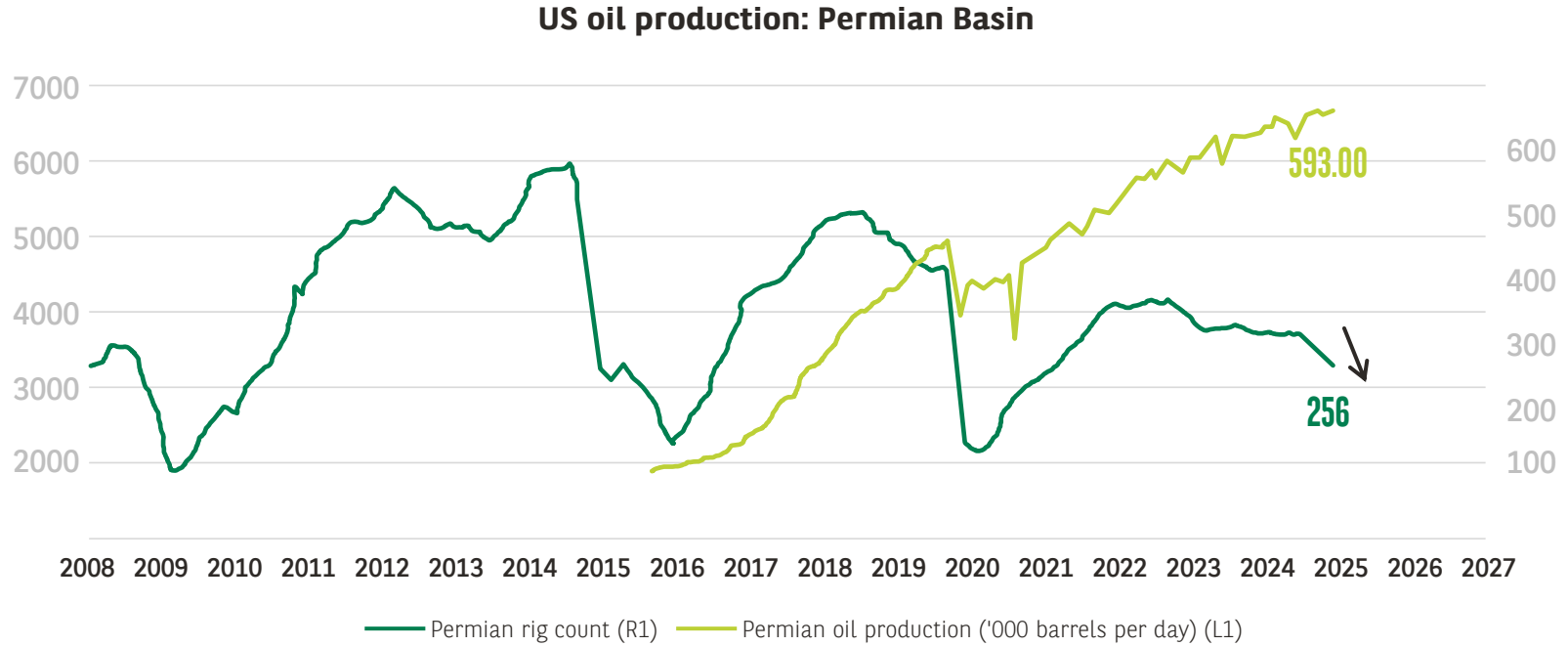


Chart as of 25 September 2025
Sources: Bloomberg; Tavi Costa



Oil the big surprise of 2026?





When the dollar turns

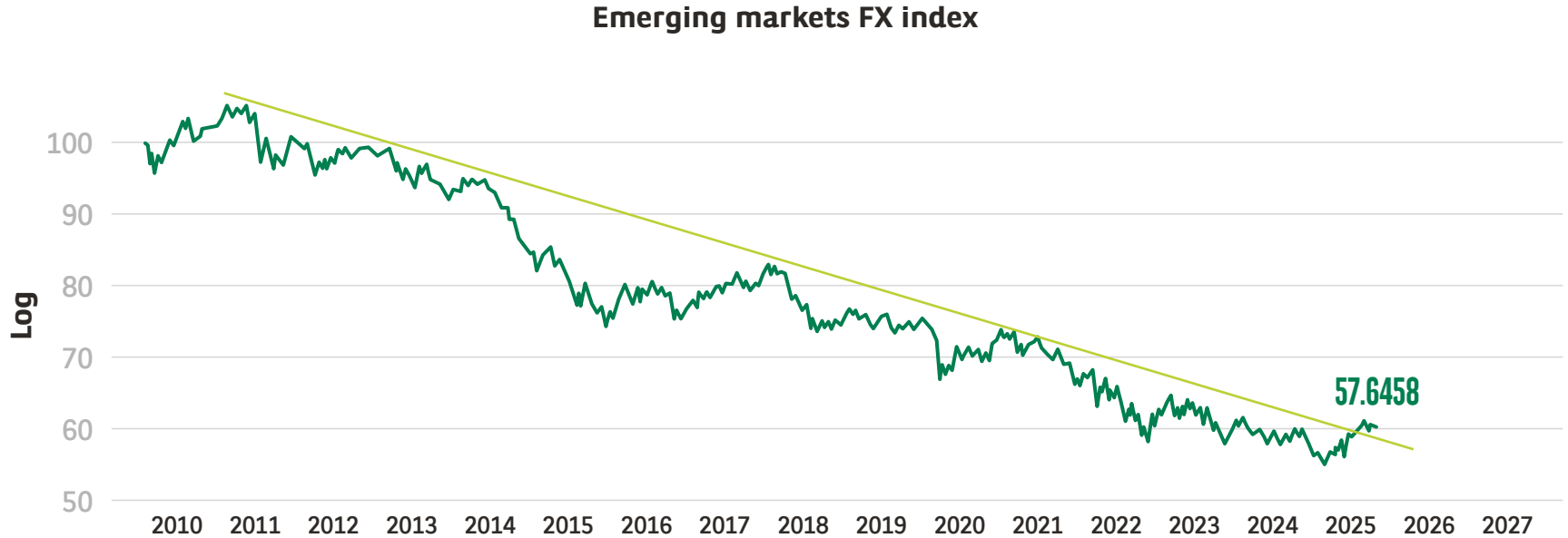


Chart as of 4 September 2025
Sources: Bloomberg; Tavi Costa



Investors rediscovering gold?

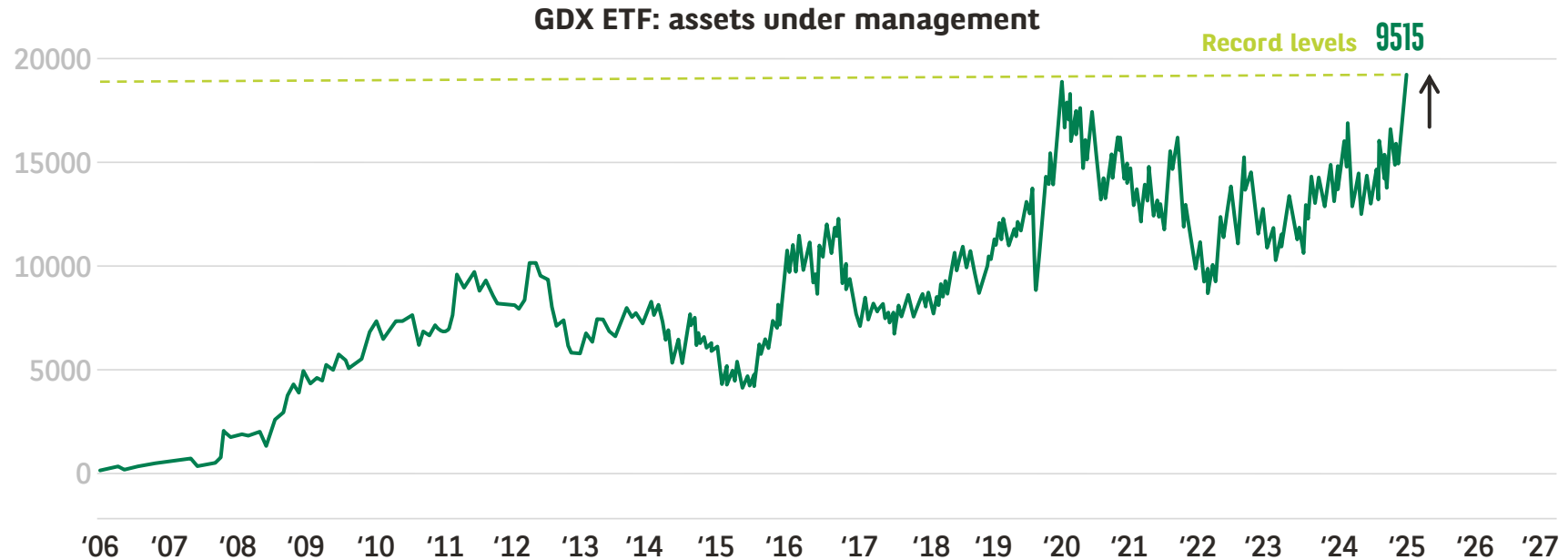
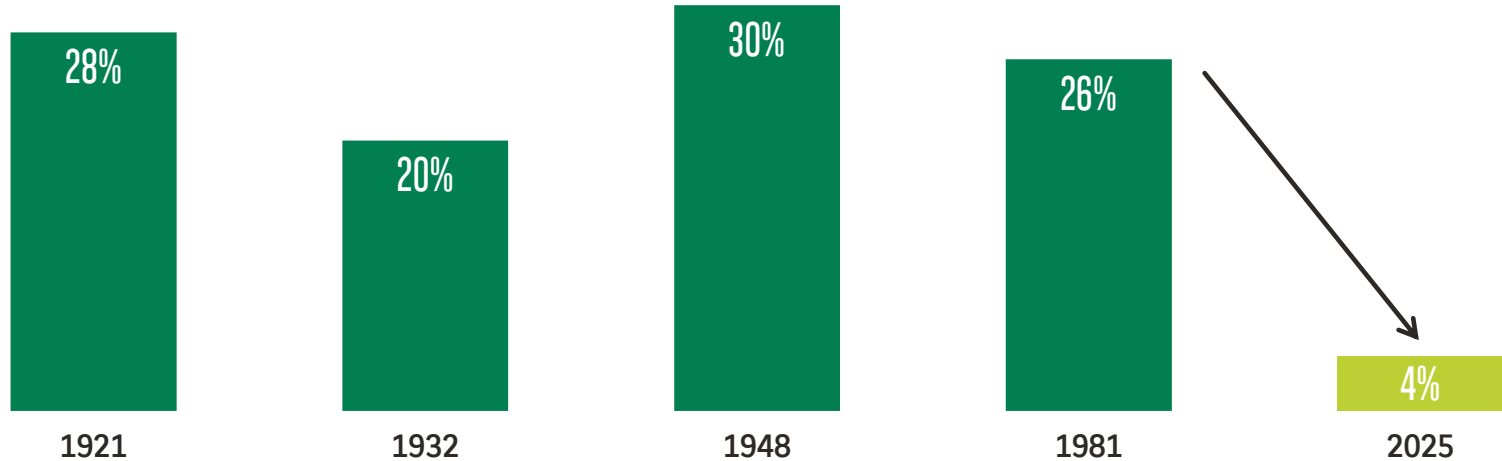


Chart as of 3 September 2025
Sources: Bloomberg; Tavi Costa



Gold still underrepresented in the portfolio's

Gold & gold miners as a % of total global assets



THANK YOU



**BNP PARIBAS
FORTIS**



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