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BELGIUM

Belgian consumers: Brave, confident... and spending!

Belgian consumer confidence is defying fiscal uncertainty, rising even as social tensions and political challenges intensify. Unlike in the wider anxious eurozone, Belgian households are fuelling a surge in consumption, driven by a steady increase in optimism



Shoppers in Brussels are helping to fuel a consumption surge

Confidence increases in October

Belgian consumer confidence edged up once again in October, rising from -1 the previous month to 0. While this shift may seem modest, it's worth noting that it comes at a time when the federal government is attempting to engage in what many are calling a 'historic' fiscal consolidation, unprecedented in the last 30 years. Belgian households, well-versed in the country's long history of deficits and mounting debt, understand that such measures inevitably mean higher taxes or reductions in social benefits. Despite this, confidence continues to climb.

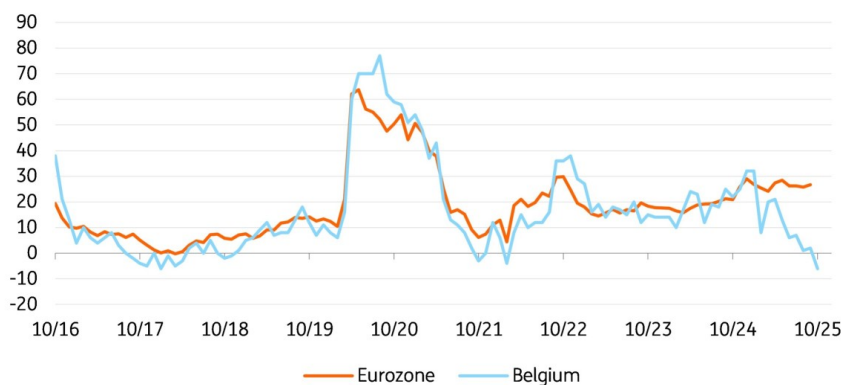
A Positive trajectory

The real story lies not in the month-to-month changes, but in the steady strengthening of household confidence since the start of the year (except for April, when Trump's tariff

announcements cast a shadow over Belgian sentiment, as they did elsewhere in Europe). This trend stands in stark contrast to the rest of the eurozone, where consumer confidence has wavered.

This divergence is especially pronounced in unemployment expectations. While eurozone consumers are increasingly anxious about job prospects, Belgians are growing more optimistic, as you can see in the chart below. Such a sharp decline in unemployment fears might be expected in a country such as Spain, given its recent economic acceleration, but it is striking to see it in Belgium.

Unemployment fears plummet in Belgium, unlike in the eurozone



Source: Eurostat, NBB, Datastream

Social tensions persist

Several factors may be supporting Belgian morale: economic growth remained positive: 1.1% in 2024, with quarterly growth of 0.4% and 0.2% in the first and second quarters of 2025, respectively. Job creation has been robust, with as many positions added in the first half of the year as during the entirety of 2024.

The formation of a new federal government in January, committed to structural reforms, may have also buoyed spirits. Additionally, automatic wage indexation has continued to lift nominal incomes. As inflation normalises and energy prices are currently falling, households are getting a sense of improved purchasing power.

Households are getting a sense of improved purchasing power

Yet, aside from indexation – a uniquely Belgian mechanism – these factors alone seem insufficient to explain the current optimism. The economic and employment dynamics are not markedly different from those in the eurozone. The unemployment rate has even ticked up

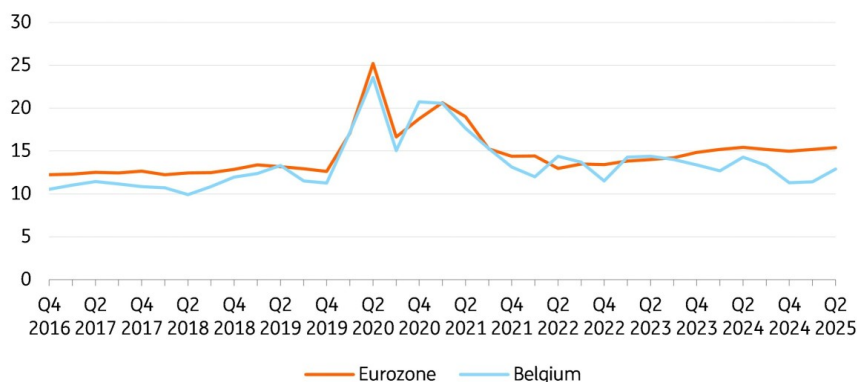
slightly over the past year, hovering near 6%. Political renewal has quickly lost momentum, and ongoing budget negotiations are fuelling tensions. A new political crisis cannot be ruled out.

Paradoxically, confidence is rising even as social unrest intensifies: last week, nearly 100,000 people joined a major union demonstration in Brussels, the largest in years. Unions have announced further actions over three consecutive days in November. Things could turn increasingly volatile.

Confidence Spurs Consumption

This contrast is striking. The unwavering optimism of Belgian households is translating into a surge in consumption. In the second quarter, private consumption grew by more than 2.4% year-on-year, a remarkable figure. Buoyed by their confidence, households slightly reduced their savings rate to support spending, while their eurozone counterparts are saving more, wary of rising unemployment, as you can see below.

Belgian saving rates return to near pre-Covid levels



Source: Eurostat, NBB, Datastream

Frankly, explaining why Belgians stand out as a 'village of resistance' in a eurozone beset by anxiety and tension is no easy task, at least not on economic grounds. Perhaps Belgians believe their economy is insulated from global shocks, or trust that public policies and a generous social safety net will continue to cushion the impact. As Caesar once said, "*Of all the peoples of Gaul, the Belgians are the bravest.*". Today, at the very least, they certainly seem to be the most optimistic.

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