

## Belgium: 10.7% third quarter growth, so what?

Unsurprisingly, the Belgian economy rebounded in the third quarter. But it remains well below its pre-crisis level, while a new negative shock is already looming



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### 3Q was not bad

According to the first estimate made by the National Bank, Belgium's gross domestic product grew by 10.7% in the third quarter (quarter-on-quarter, non-annualised). The figure for the second quarter has been revised upwards. There is now talk of a contraction of 11.8% (previously 12.1%). All in all, it means that Belgium's GDP level in the third quarter was still 6% below its pre-crisis level. This provides a better understanding of the distress of the economy. No details of the third-quarter figure are yet available. Nevertheless, it can be assumed that all sectors of the economy have regained strength.

## 4Q to be negative

This being said, the Belgian economy is now facing a new (very strong) wave of the pandemic. The number of hospitalisations already exceeds the peak reached during the first wave, and the number of people having to be hospitalised does not yet seem to be slowing down. In response, the federal and regional governments have in recent weeks been taking further restrictions and closures to reduce social contacts – without success. As a result, new measures are expected to be announced soon. They could go as far as a complete lockdown.

As a result, even without a further tightening of lockdown measures, the Belgian economy will suffer another negative shock in the fourth quarter. Thereafter, depending on the evolution of the pandemic, it could return to growth in the first quarter of next year. However, we will have to wait for the arrival and wide diffusion of a vaccine to see the situation really improve. During this period, consumers and businesses will continue to be petrified by fear of the future, while governments will this time be very cautious in the relaxation measures that will be taken.

In conclusion, the recovery path of the Belgian economy is heavily affected and our growth forecast for the year 2021 will most likely have to be revised down, depending on the severity of new containment measures.

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