

Belgium: We're raising our 2020 growth forecast

Despite a mixed international context and the political crisis, economic growth remained at a good level in the last quarter of 2019 (0.4% quarter on quarter non-annualised). For 2020, we now expect GDP growth to reach 1.0%



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Near potential

According to the first estimate, economic activity grew by 0.4% QoQ non-annualised in the last quarter of 2019. This is good news, especially since growth was already relatively solid in the previous quarter (also 0.4%). This figure is close to the potential growth of the Belgian economy. For 2019 as a whole, growth reached 1.4%.

The solid figure for the fourth quarter is a relative surprise, as the international economic context remained fragile at the end of 2019. There were some signs of a stabilisation in the industrial sector, but no real rebound. One might also have thought that the political crisis was weighing on domestic demand (household consumption, business investment), but this is apparently not the case. On the contrary, it can be assumed, once again, that domestic demand has supported economic activity. Indeed, household consumption has accelerated in recent quarters. This is

linked to the good performance of the labour market and thus stronger growth of disposable income. The good growth figure for the fourth quarter suggests that this phenomenon has not yet come to an end, although details of the components of GDP are not yet available.

Forecast on the rise

Given the solid fourth-quarter figure, our growth forecast for 2020 must necessarily be adjusted. We now think economic growth could reach 1.0% this year, up from our previous forecast of 0.8%. But this figure is obviously exposed to negative shocks that could impact the global and Belgian economy.

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