

Article | 30 January 2026

AUSTRIA BELGIUM

Eurozone countries outlook for 2026

Our analysts provide a breakdown of the economic performance of the eurozone's nine largest member countries



Spain's economy remains a eurozone outperformer with 2025 growth nearing 3%

Germany

Despite a disappointing year in 2025 and still sluggish sentiment indicators, there are good reasons to be more positive about the German economy. The latest macro data indicate a clear turning point in industry at the end of last year. Industrial orders have now increased for three consecutive months, and even the argument that bulk orders drove the November surge does not really concern us; with the fiscal spending programme, more of these bulk orders will come this year. In fact, bulk orders could be the new normal, not the exception.

While industry is going through a soft and tentative period of cyclical turning, admittedly at still shockingly weak levels, the announced infrastructure and defence investment plans should finally begin to reach the economy this year. Critics often overlook the sluggishness of Germany's federal decision-making process. It took until late last year for parliament to approve the 2026 budget and almost 30 military procurement contracts. Needless to say, the cyclical upswing will not remove the structural challenges after years of de facto stagnation, but the return to growth could be a first step to end the national depression.

Carsten Brzeski

France

In France, uncertainty surrounding the budget is finally easing with the adoption of a compromise budget. The text includes a tax increase, mainly targeting large companies and investors, as well as a very slight reduction in the state's operating expenses. This should allow the deficit to reach 5% of GDP in 2026, compared with 5.4% in 2025 – still higher than previously promised – and would push public debt to 118% of GDP in 2026.

The end of this long budgetary saga reduces economic uncertainty and lowers the risk of early elections, which will support economic activity in 2026 and help bring French-German spreads to their lowest levels since summer 2024.

However, the budget remains unfavourable to businesses, and higher taxes could weigh on investment and job creation. We expect 1% growth in 2026, supported by improving industrial prospects and a modest rebound in consumption. With no structural issues addressed, the preparation of the 2027 budget will be even more challenging and will continue to weigh on economic activity in France, keeping growth below the European average.

Charlotte De Montpellier

Italy

Recent data has confirmed that resilience in the labour market, inflation under control and decent wage growth should have allowed further gains in Italian households' purchasing power by the turn of the year. 2026 looks set to start along the same lines as last year, with modest growth and private investment again the leading driver, almost on par with private consumption.

Investment growth will likely be led by the infrastructural component of construction, spurred by the upcoming deadline of the EU-funded recovery and resilience programme. Consumption growth should build on further gains in disposable income and on a gradual reduction in households' saving ratio after recent post-Covid highs.

With deficit consolidation a top priority, there will be no fiscal room to provide any significant direct growth push. However, as fiscal discipline and political stability are being rewarded by shrinking government bond spreads, the entire economy should indirectly benefit through lower financing costs.

Paolo Pizzoli

Spain

Spain's economy remains a eurozone outperformer with 2025 growth nearing 3%. However, much of this momentum is quantity-driven: immigration has increased the population, making

Spain's performance less impressive when measured by GDP per capita or labour productivity gains.

The key challenge now is for growth to become more quality-led, driven by higher productivity. This will be especially crucial in 2026, as government consumption's growth contribution will be limited in the absence of a budget, net exports will be muted partly due to the strong euro, and private consumption growth is normalising.

Investment is thus set to play a pivotal role, with the EU's Recovery and Resilience Facility (RRF) funds providing significant upside: Spain still has around €20bn in RRF grants to disburse by August 2026, roughly 6% of annual investment spending. While the productivity impact may not be immediate, these investments could mark a turning point toward quality-driven growth and help keep Spain ahead of its eurozone peers in 2026 and beyond.

Ruben Dewitte

The Netherlands

Recent data reveals that Dutch GDP growth remains resilient, driven by unexpectedly robust exports. In 2026, the economy will be perhaps more reliant on consumer spending. While export growth is set to moderate, investment growth continues to lag despite increased government investment and housing construction. This weakness stems from low capacity utilisation in certain sectors and ongoing supply-side issues, including nitrogen-emission restrictions and electricity grid congestion.

Politically, the Christian democrats (CDA), social liberals (D66), and liberal conservatives (VVD) are attempting to form a minority government, relying on varying sets of opposition parties. The practical stability and capability of such a coalition to deliver needed reforms and maintain budget discipline are uncertain. The recent split within the PVV, where seven of its 26 seats formed the new Group Markuszower, may improve prospects for tackling long-standing bottlenecks. Businesses are watching closely, aware that effective governance is crucial for actual investment in growth potential.

Marcel Klok

Belgium

Household consumption is expected to slow this year, reducing one of the Belgian economy's main growth drivers. Several factors contribute to this trend: income growth will be constrained by government reforms, including limits on unemployment benefits, caps on indexation, VAT adjustments, and new taxes, including capital gains.

Moreover, with the savings rate already at a low level – unlike in other eurozone countries – there is little room for further decline to offset weaker income growth. Labour market reforms

are expected to progressively boost employment, providing some support to nominal income.

At the corporate level, exports to the United States are likely to slow further. However, this may be partially offset by stronger trade flows with other European partners, notably Germany. Business investment should rise modestly, driven by the need for more efficiency and competitiveness, despite subdued demand.

Public finances will remain under pressure. Despite increased taxation, spending cuts, and pension and labour market reforms, the public deficit is projected to stay close to 5% of GDP this year. Consequently, the risk of a sovereign rating downgrade remains elevated. All in all, Belgian growth in 2026 is expected to remain below the eurozone average, a trend likely to persist into 2027.

Philippe Ledent

Austria

After years of soaring inflation and sluggish growth, Austria finally sees some glimmers of hope. As negative energy base effects fade, and the VAT on staple foods is halved by mid-year, inflation – among the eurozone's highest in 2025 – should ease in 2026.

Growth is expected to come in at around 1% in 2026, ending three years of near stagnation. External demand, supported by recoveries in Germany and Eastern Europe, will lift Austrian industry and exports. Domestic demand remains weak as households keep saving amid a cooling labour market.

Furthermore, Austria's structural weaknesses cast long shadows. High energy prices, labour shortages, elevated labour costs and years of underinvestment continue to erode competitiveness. The government's late-2025 stimulus package – though modest in net effect – may offer some tailwinds, yet without bolder reforms, the outlook risks remaining persistently anaemic. Unfortunately, with an ongoing excessive deficit procedure, delivering transformational measures and extra growth remains difficult.

Franziska Biehl

Portugal

Portugal's economy continues to outperform the euro area, with solid growth in 2025 expected to carry into 2026. This headline strength, however, masks persistent structural weaknesses, notably weak productivity growth and modest gains in GDP per capita. As export momentum eases, reflecting softer tourism activity, US tariff effects, and a challenging global environment, domestic demand is set to remain the main growth driver.

Private consumption is supported by income tax cuts and an expansionary fiscal stance

following the 2025 snap elections. Despite this, public finances should remain sustainable, aided by favourable nominal growth. Investment will be shaped by the final disbursements under the RRF, with around €6bn still to be allocated by 2026, nearly 10% of annual investment.

Politically, the presidential election requires a second round of voting scheduled for 8 February 2026, with a right-wing populist Chega candidate advancing to the second round. However, given Portugal's semi-presidential system and the largely ceremonial role of the president, no economic impact is expected from the election outcome.

Ruben Dewitte

Greece

We expect 2026 to follow in last year's footsteps, with the Greek economy outperforming the eurozone thanks to a domestic demand boost. Private consumption should continue to benefit from further improvements in disposable income resulting from decelerating gains in employment, above-inflation wage growth, tax reliefs and pension increases.

Investments, in particular infrastructure and energy investments, might see a final rush in view of the upcoming RRF deadline. Given the high import content of investment, a side effect will likely be stronger imports and, consequently, a small drag on net exports on GDP growth.

Coming from a sound fiscal position in 2025, with an almost balanced budget and public debt on a solidly declining path at around 146% of GDP, Greece can afford an expansionary budget this year, which should not prevent a further decline in the debt-to-GDP ratio below the 140% threshold.

Paolo Pizzoli

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Franziska Biehl

Senior Economist

Franziska.Marie.Biehl@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

THINK economic and financial analysis

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.