

Economic impact of the war in Ukraine: a Belgian perspective

Dashboard compiled by

- National Bank of Belgium
- Federal Planning Bureau
- FPS Economy

March 23rd, 2023



Overview of the presentation

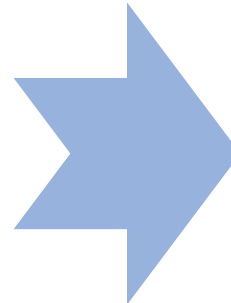
External developments

1. Energy/commodity markets

2. Trade and FDI exposure

3. Global economic developments and forecasts

4. Financial markets



5. Belgium: overview

7. Households

10. Financial sector

6. Energy markets in Belgium

8. Labour markets and wages

9. Firms

11. Government

12. Useful information sources (news, databases. ...)

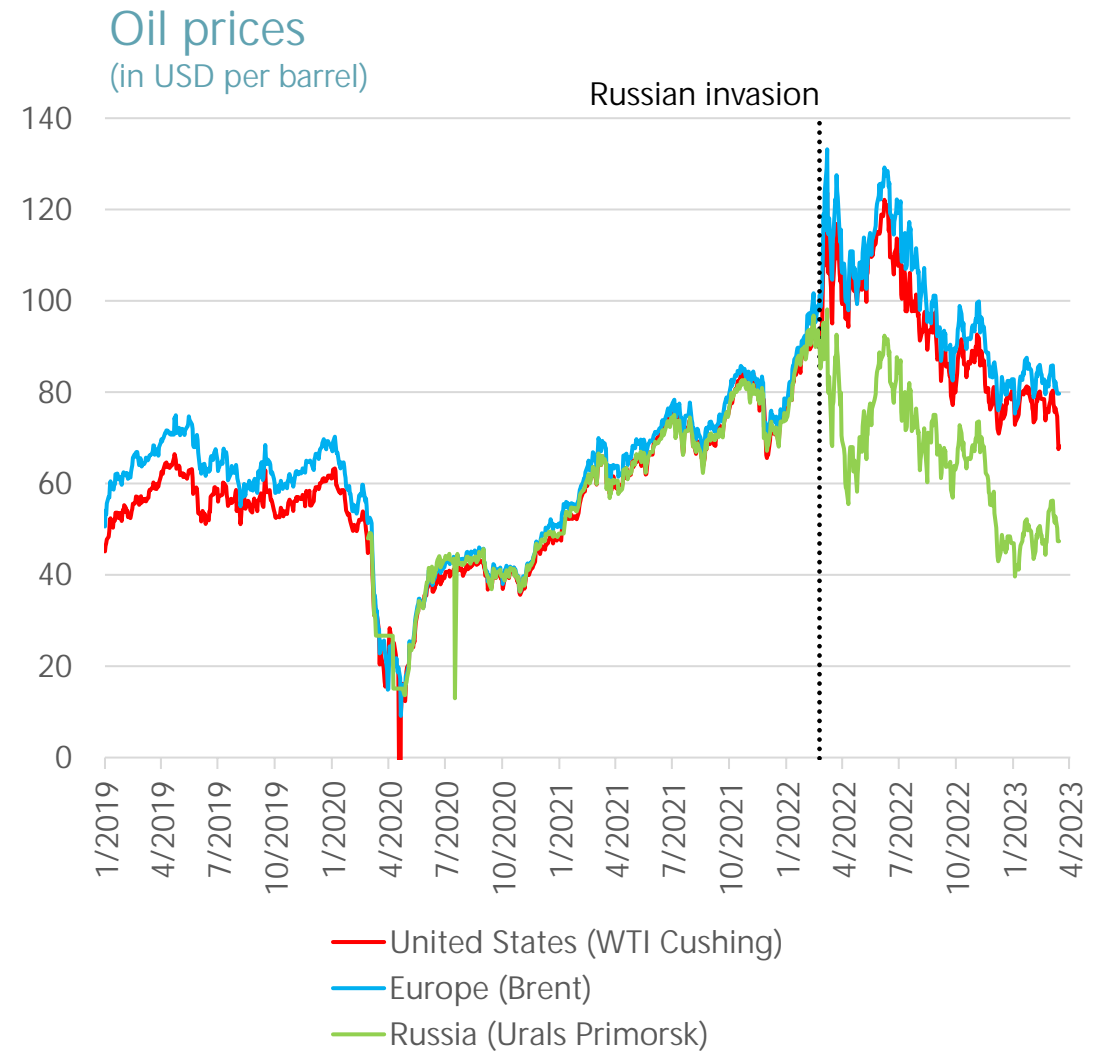
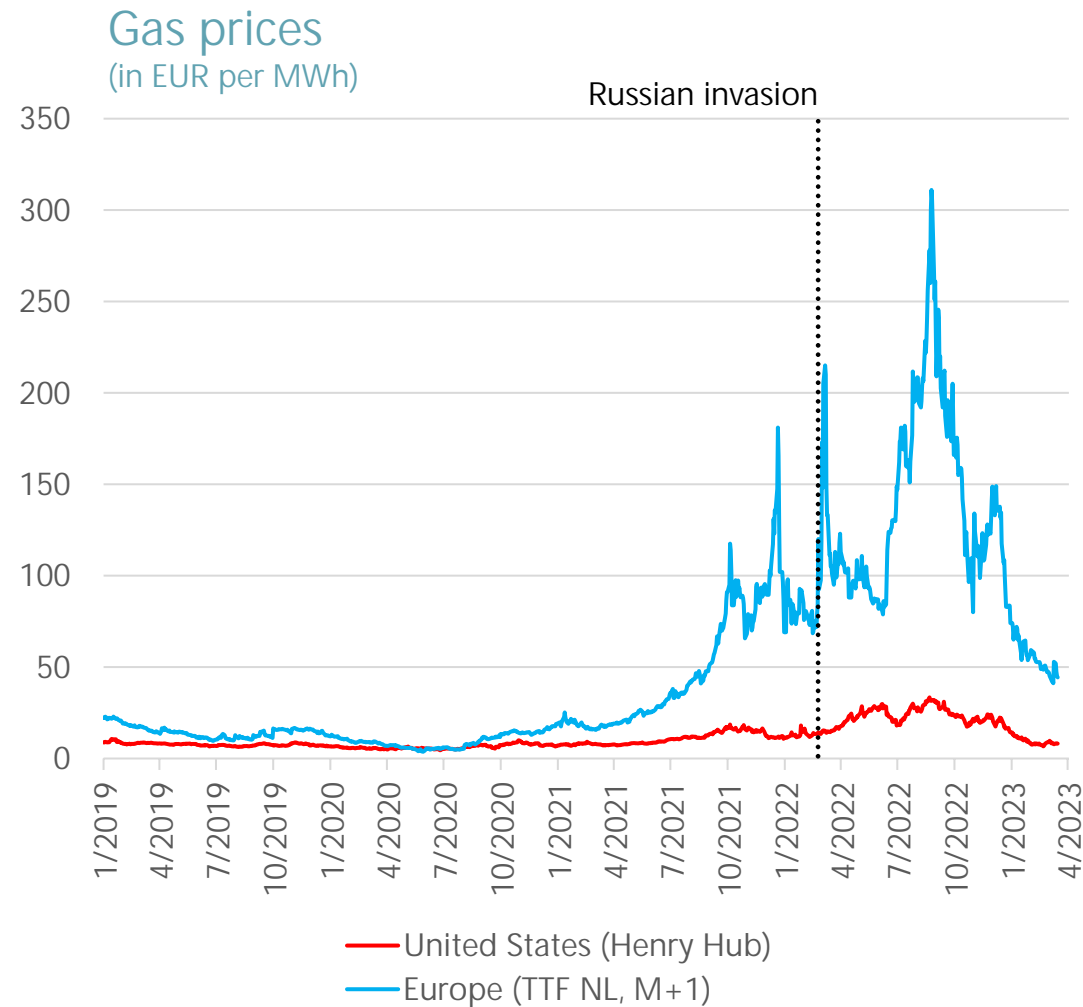


1. Energy/commodity markets

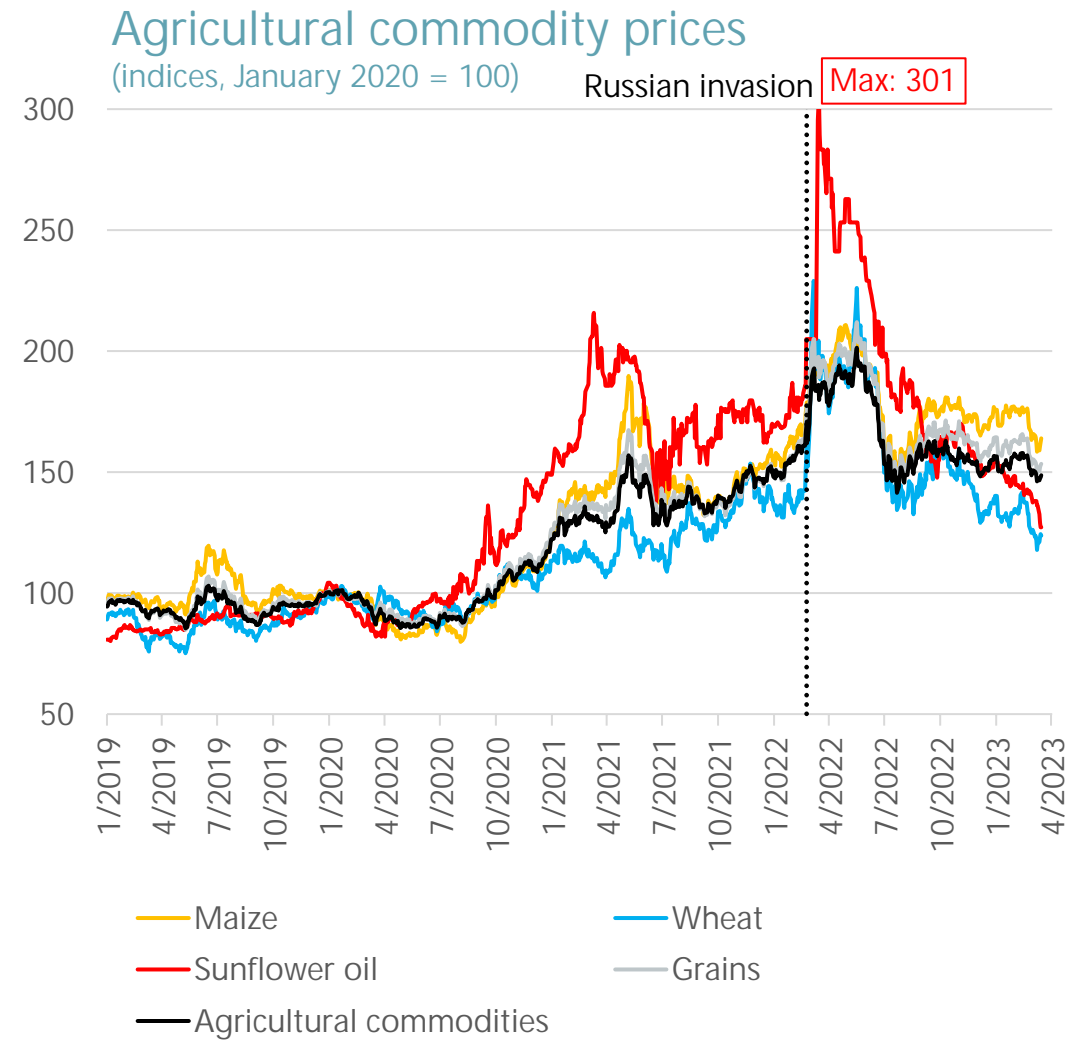
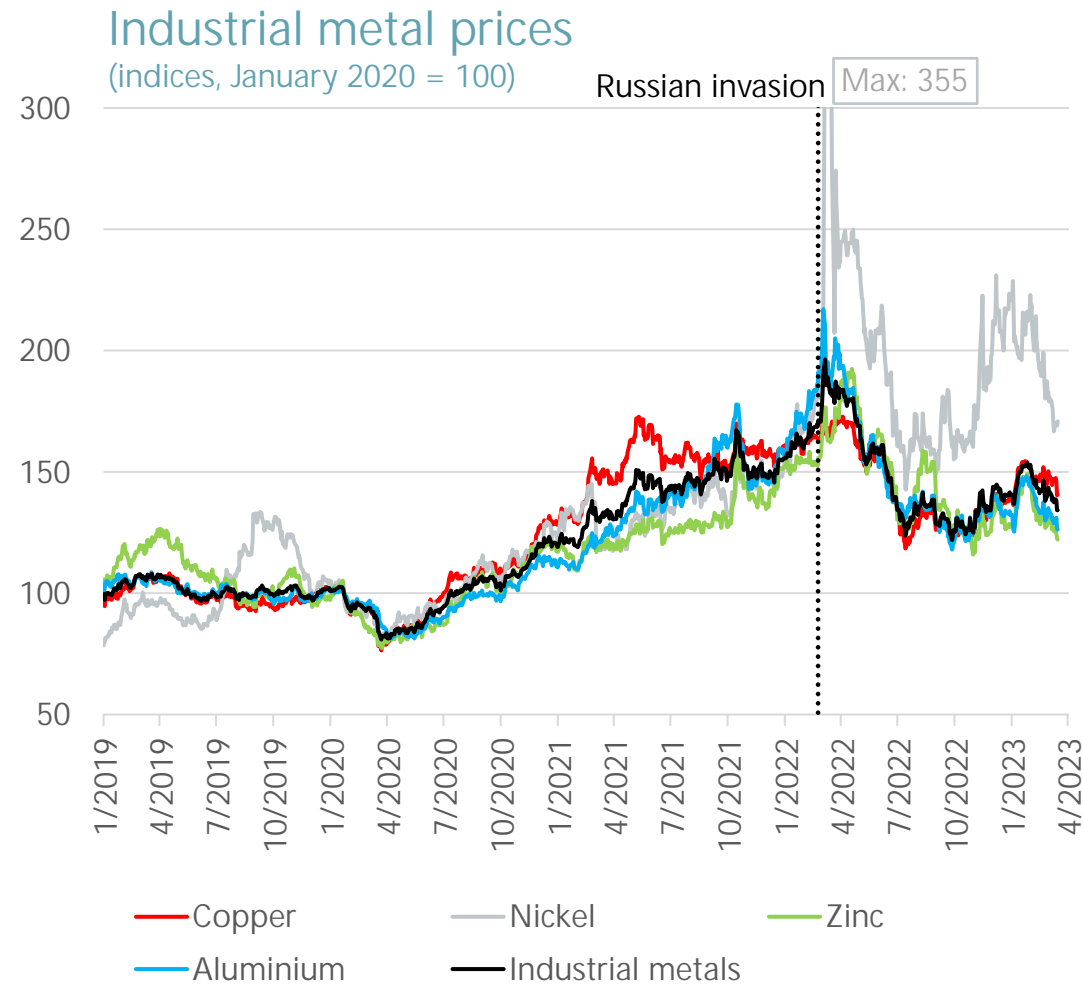
Energy and other commodity prices initially surged due to Russian invasion of Ukraine, but have now come down significantly

- Russian invasion initially raised uncertainty about energy supplies, driving up energy prices
 - Cuts in Russian supplies and rush to replenish gas reserves in time for winter pushed European gas prices to record levels
 - After price peaks in summer of 2022, European gas prices eased significantly, as energy demand was reduced, alternative supplies (incl. LNG) were found, winter temperatures were mild, and gas stocks were built up faster than expected
- Other, non-energy commodity prices were also strongly affected
 - Before invasion, Russia and Ukraine were key exporters of important non-energy commodities (incl. industrial metals, grains and fertilisers) (cf. [May 2022 Dashboard](#) – slide 8)
 - After initially steep price surges, due to supply chain disruptions, slowing demand (especially from China) pushed most industrial metal prices down
 - Agri-food prices have also eased, due to (partial) resumption of Black Sea trade and good harvests in other producer countries
- Rebound of Chinese economy, after end of zero-COVID policy, may put upward pressure on commodity prices, especially of industrial metals but also of energy sources (coal, oil and LNG)

Energy prices have dropped to below pre-invasion levels



Other commodity prices have eased upon slowing demand and improved supply



Despite reduced energy prices, costs of energy support measures in euro area have further increased for 2023

Estimated total 2023 budgetary costs of euro area governments' energy support measures ¹

(colour code according to % of GDP range)

| | |
|----|----|
| AT | IE |
| BE | IT |
| CY | LT |
| DE | LU |
| EE | LV |
| EL | MT |
| ES | NL |
| FI | PT |
| FR | SI |
| HR | SK |

| | |
|--|--|
|  Cost lower than 0.5 % of GDP |  Cost of 1.5 % to 2 % of GDP |
|  Cost of 0.5 % to 1 % of GDP |  Cost of 2 % to 2.5 % of GDP |
|  Cost of 1 % to 1.5 % of GDP |  Cost of 2.5 % of GDP or higher |

- 2023 costs of energy support measures are now estimated at around 1.5 % of GDP for total euro area (vs. 1.3 % of GDP in 2022)
- Shift towards income measures that preserve price signal, driven by new measures in a few large euro area members
- Reported measures may still underestimate eventual budgetary impact



2. Trade and FDI exposure



Une exposition directe au conflit russo-ukrainien limitée

- L'exposition directe de la Belgique au conflit russo-ukrainien est limitée:
 - la Fédération de Russie ne représente que 0,9 % et 1,8 % des échanges totaux belges en termes d'exportations et d'importations de biens et de services avec le reste du monde (0,2 % et 0,1 % vis-à-vis de l'Ukraine)¹
 - le nombre de firmes directement exposées est peu important et peu d'entre elles le sont de manière significative
 - les relations d'investissements directs sont également restreintes
- La Belgique pourrait toutefois être affectée de manière plus importante par le biais des répercussions sur ses partenaires commerciaux européens plus étroitement liés à la Russie et à l'Ukraine

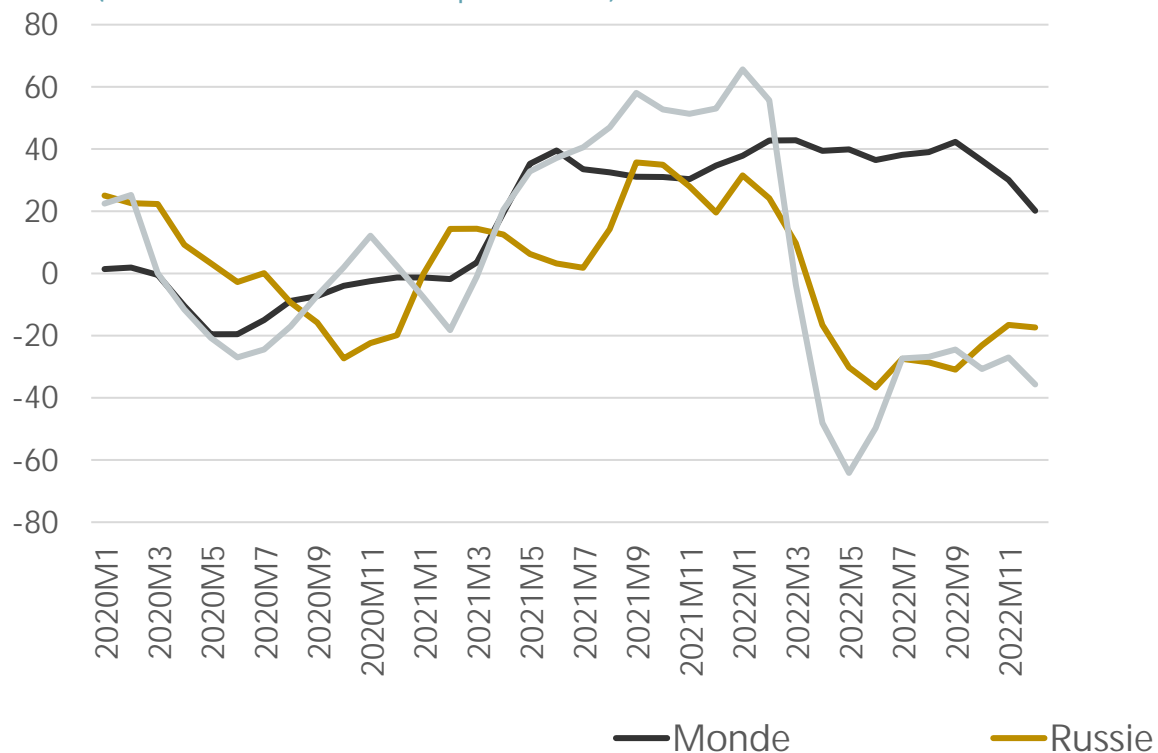
Plus de détails dans



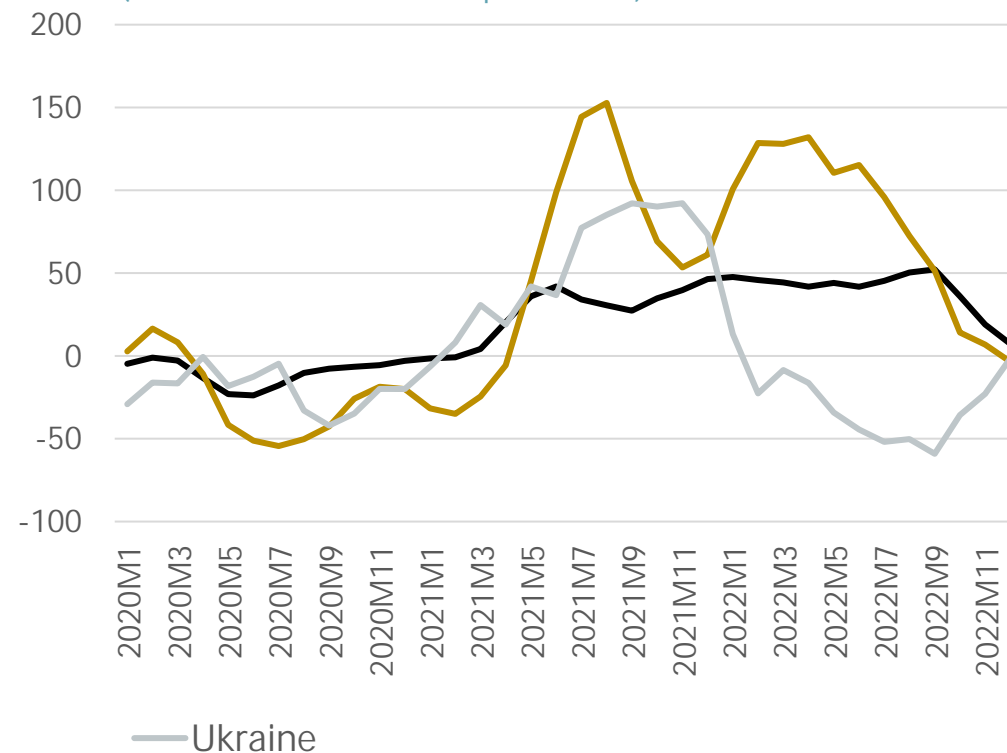
Et: [Dashboard Economic impact of the war in Ukraine - a Belgian perspective. May 2022 - slides 11 à 13](#)

Les flux commerciaux de biens vers la Russie et l'Ukraine sont globalement en baisse bien que les importations en provenance de Russie étaient encore soutenues en première partie d'année 2022 par la hausse des prix énergétiques

Exportations de biens¹ (données en valeur, concept national)



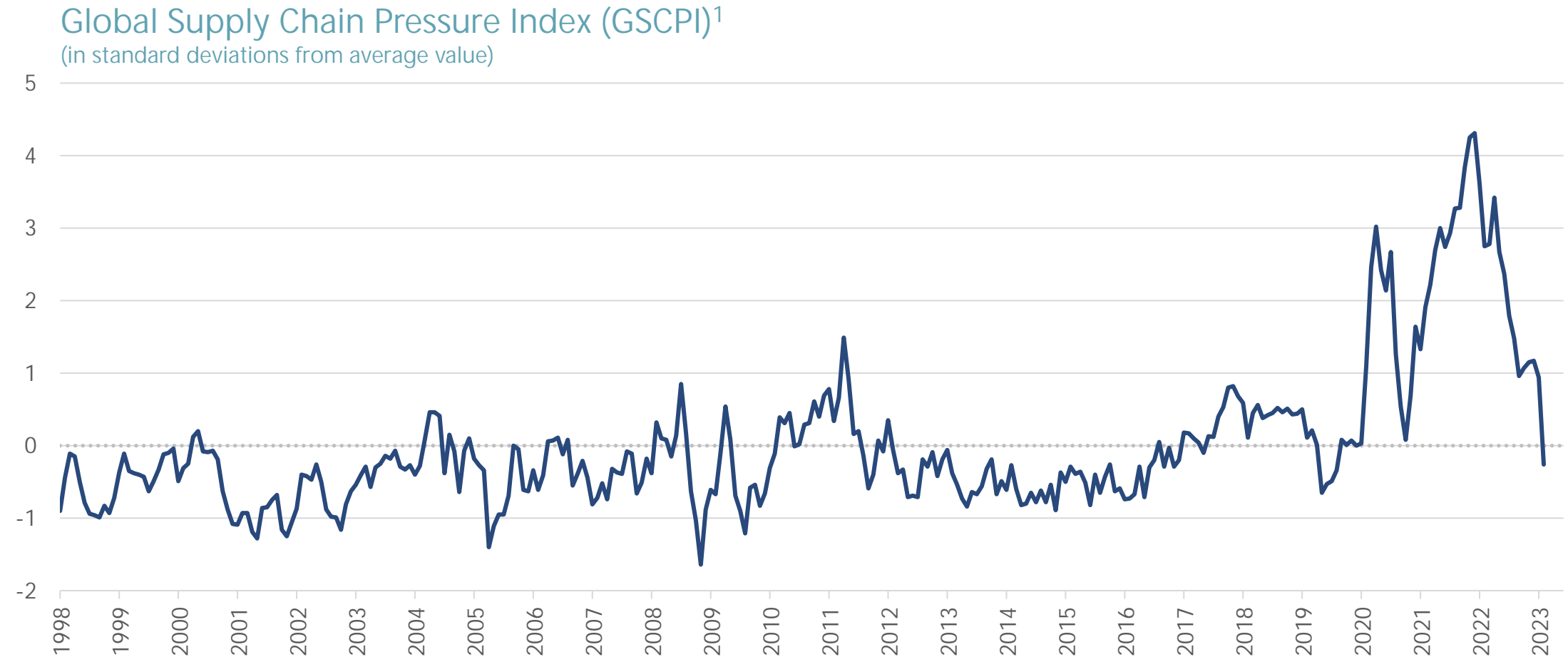
Importations de biens¹ (données en valeur, concept national)



World economy has proven relatively resilient against a series of supply shocks

- Record-high supply chain disruptions in aftermath of COVID crisis eased in 2022 but remained high for most of the year due to Russian invasion of Ukraine and series of new lockdowns in China
- Together with energy and other commodity price developments, disrupted supply chains put upward pressure on producer and consumer prices
- Over recent months, supply chain pressures have returned to normal, in part due to full reopening of Chinese economy after annulment of its zero-COVID policy early December 2022
- In large economic blocs, decline in headline CPI inflation has yet to be matched by falling core inflation
- Inflation expectations signal only gradual return of inflation to central bank targets. Market expectations of inflation developments over short term remain more benign for the US than for euro area
- Latest economic forecasts (*pre-dating recent US/Swiss bank failures*):
 - Positive growth surprise end 2022 and improved short-term outlook
 - Tighter monetary policy, financing conditions, and gradual withdrawal of fiscal support (in euro area) will weigh on medium-term growth
 - Headline inflation now expected to fall at faster rate (but still gradually)

Global supply chain pressures have now dropped below long-run average



Source: Federal Reserve Bank of New York, latest data point: February 2023.

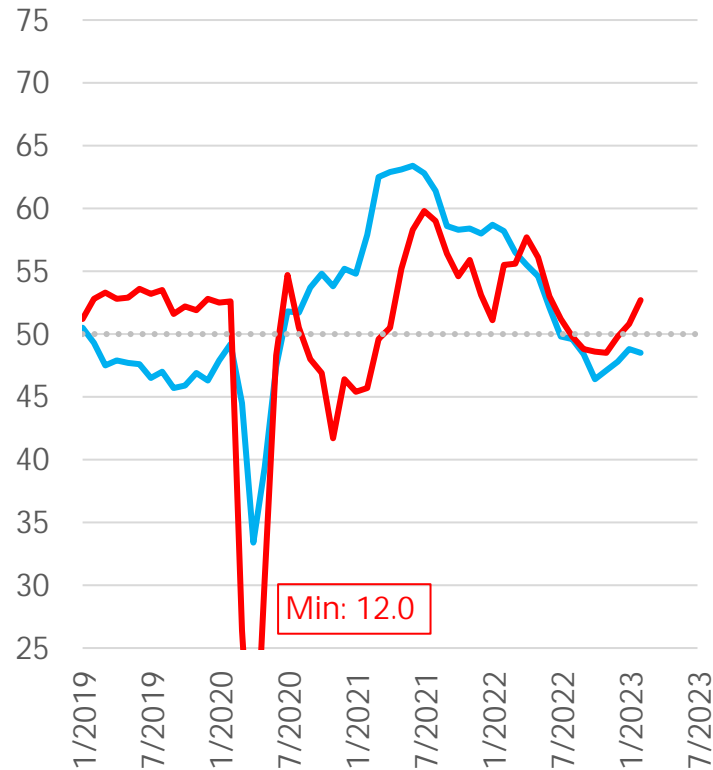
¹ The GSCPI combines global transportation costs (shipping, air freight) with supply chain-related components of PMI (Purchasing Manager Index) surveys (delivery times, backlogs, purchased stocks) for US, EA, UK, Japan, China, South Korea and Taiwan by means of principal component analysis. Demand effects are purged from the underlying 27 series by regressing them on the “new orders” and “inputs purchased” components of the PMI surveys.

See: [A New Barometer of Global Supply Chain Pressures](#).

Economic activity has picked up, with a particularly strong rebound in China

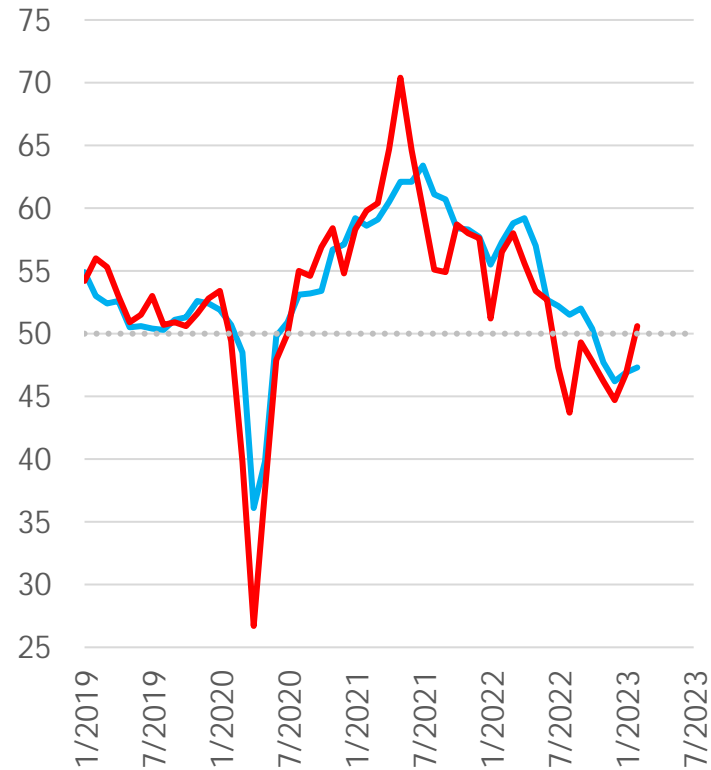
Euro area

PMI sector composites¹
(diffusion indices, seasonally adjusted)



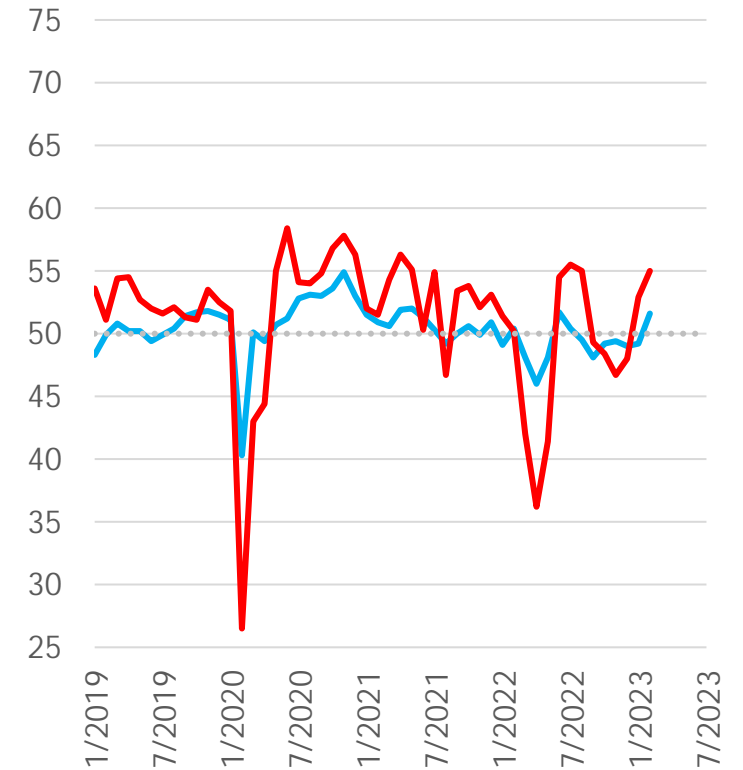
United States

PMI sector composites¹
(diffusion indices, seasonally adjusted)



China (Caixin)

PMI sector composites¹
(diffusion indices, seasonally adjusted)



— PMI Manufacturing sector — PMI Services sector

Sources: Refinitiv (an LSEG Business), S&P Global. Last data points: February 2023.

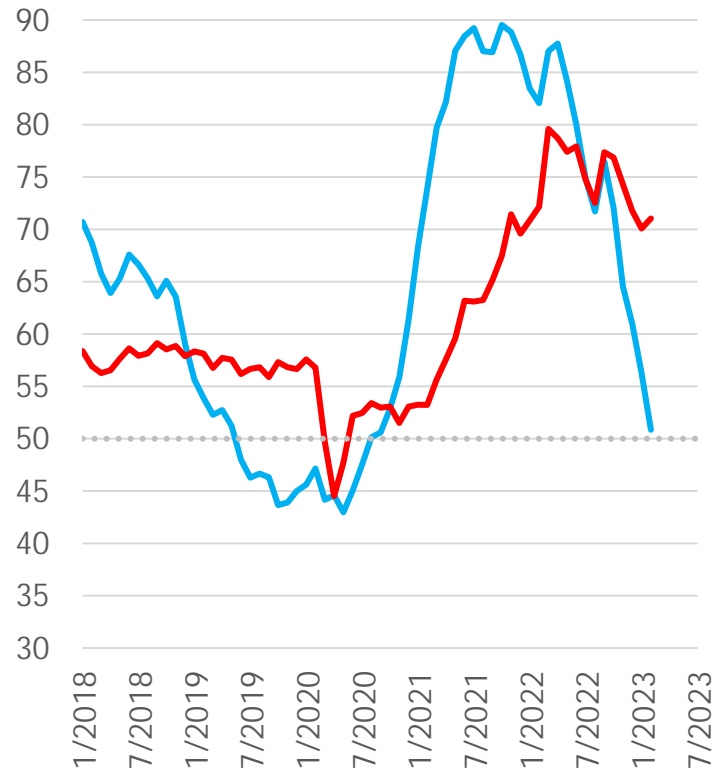
¹ Diffusion indices vary between 0 and 100 with a level of 50 signaling an unchanged activity level compared to the previous month. Readings above (below) 50 signal increasing (decreasing) activity relative to the previous month.

Input cost inflation has continued to ease, especially in manufacturing

Euro area

PMI input prices¹

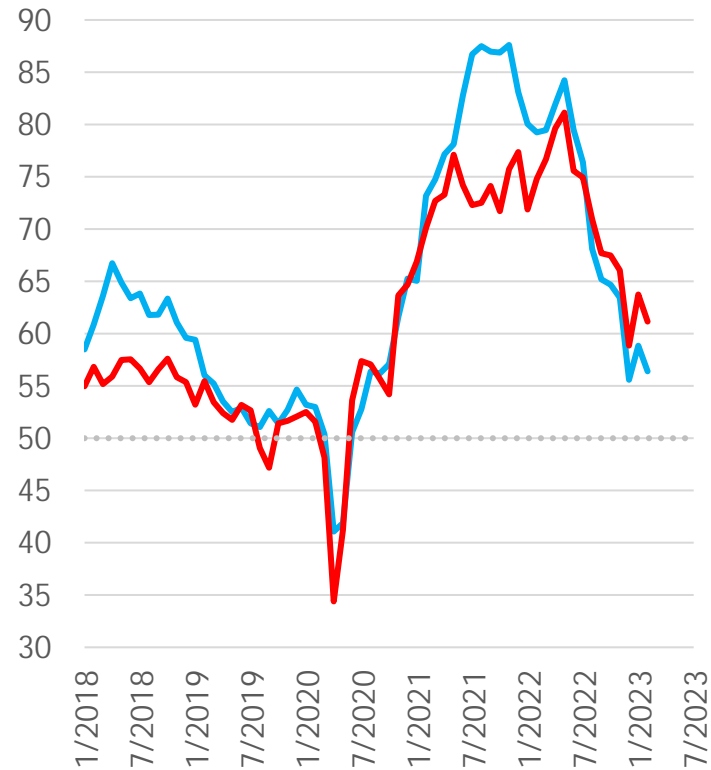
(diffusion indices, seasonally adjusted)



United States

PMI input prices¹

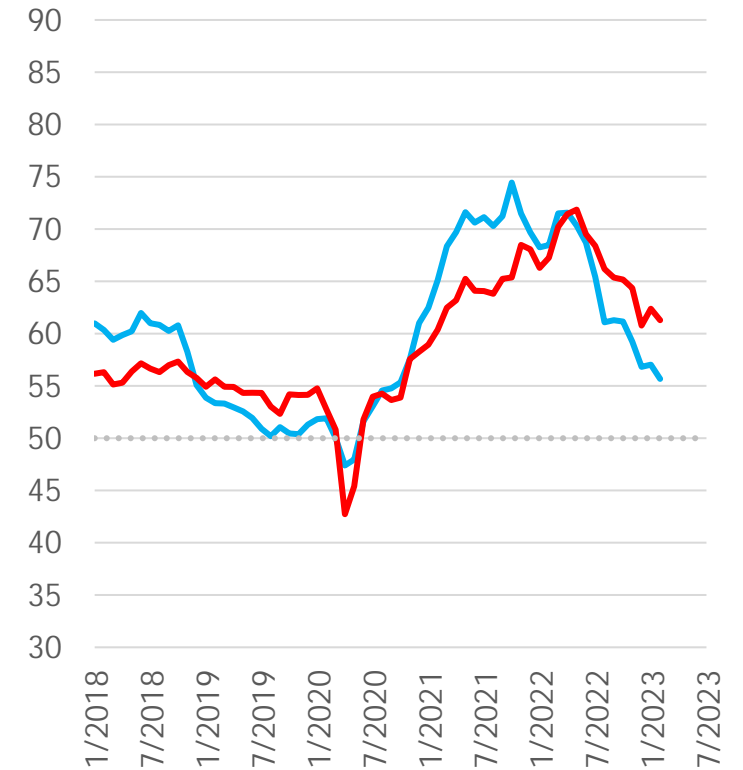
(diffusion indices, seasonally adjusted)



World

PMI input prices¹

(diffusion indices, seasonally adjusted)

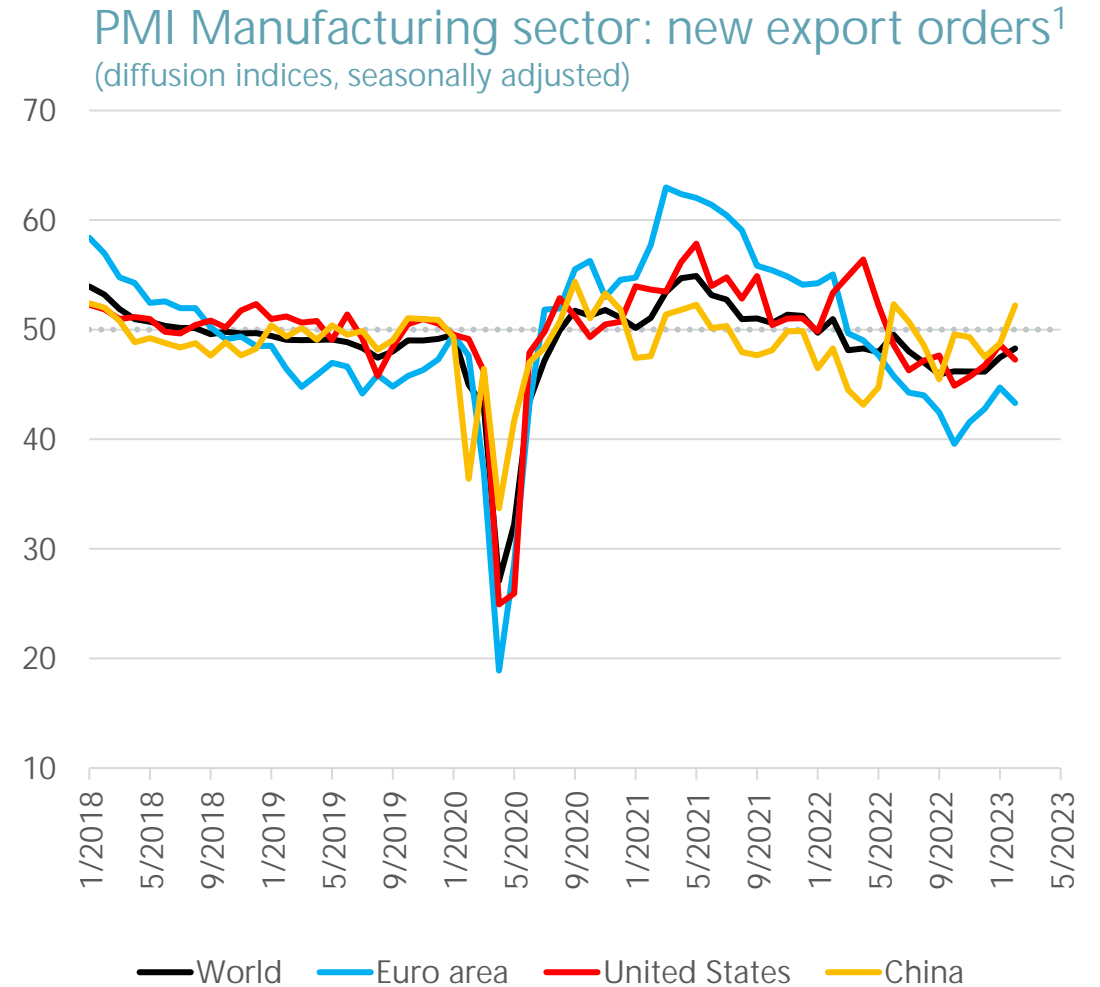
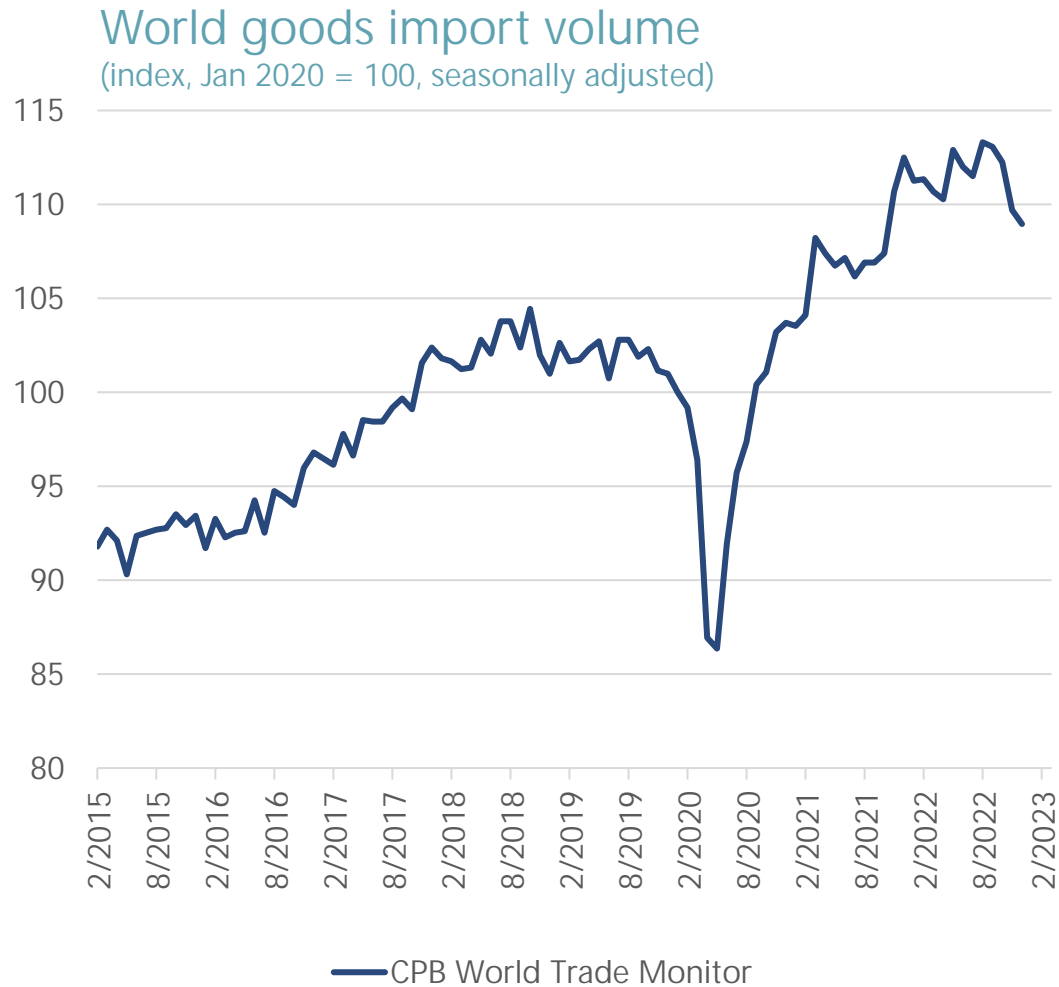


— PMI Manufacturing sector — PMI Services sector

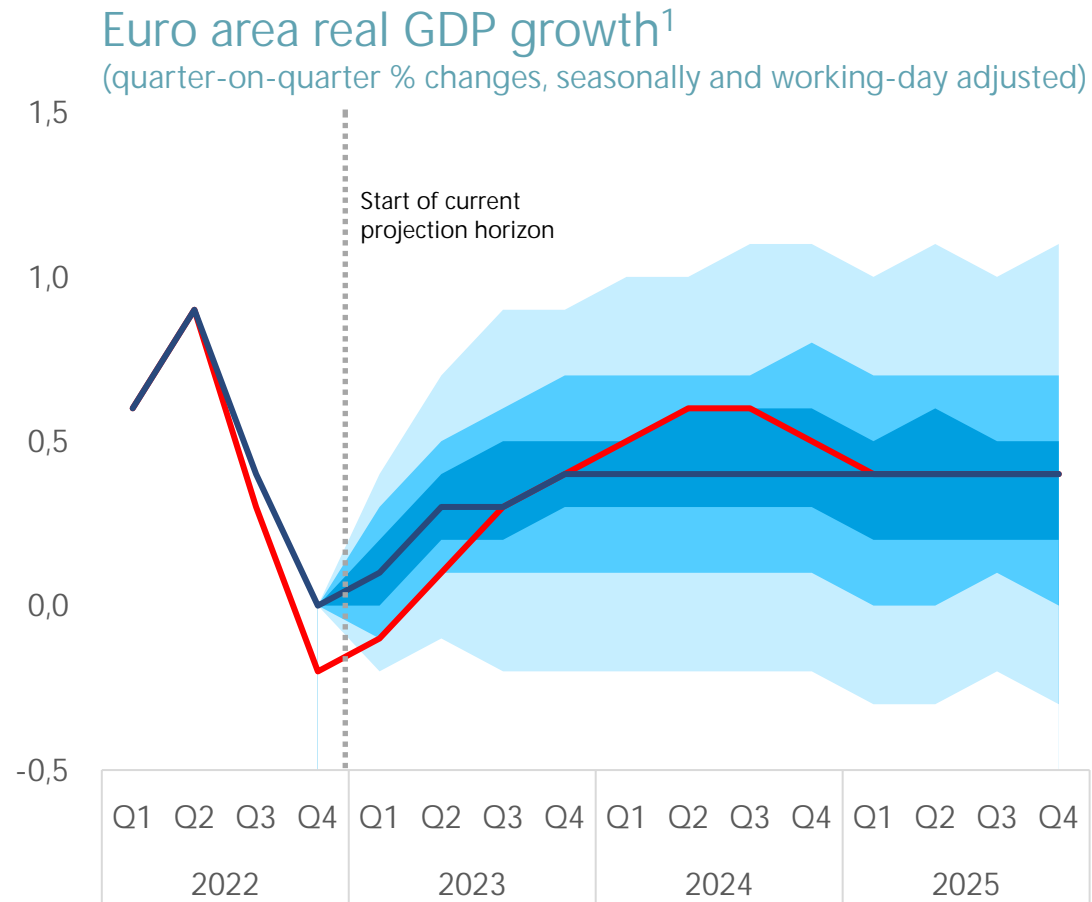
Sources: Refinitiv (an LSEG Business), S&P Global. Last data points: February 2023.

¹ Diffusion indices vary between 0 and 100 with a level of 50 signaling an unchanged price level compared to the previous month. Readings above (below) 50 signal increasing (decreasing) prices relative to the previous month.

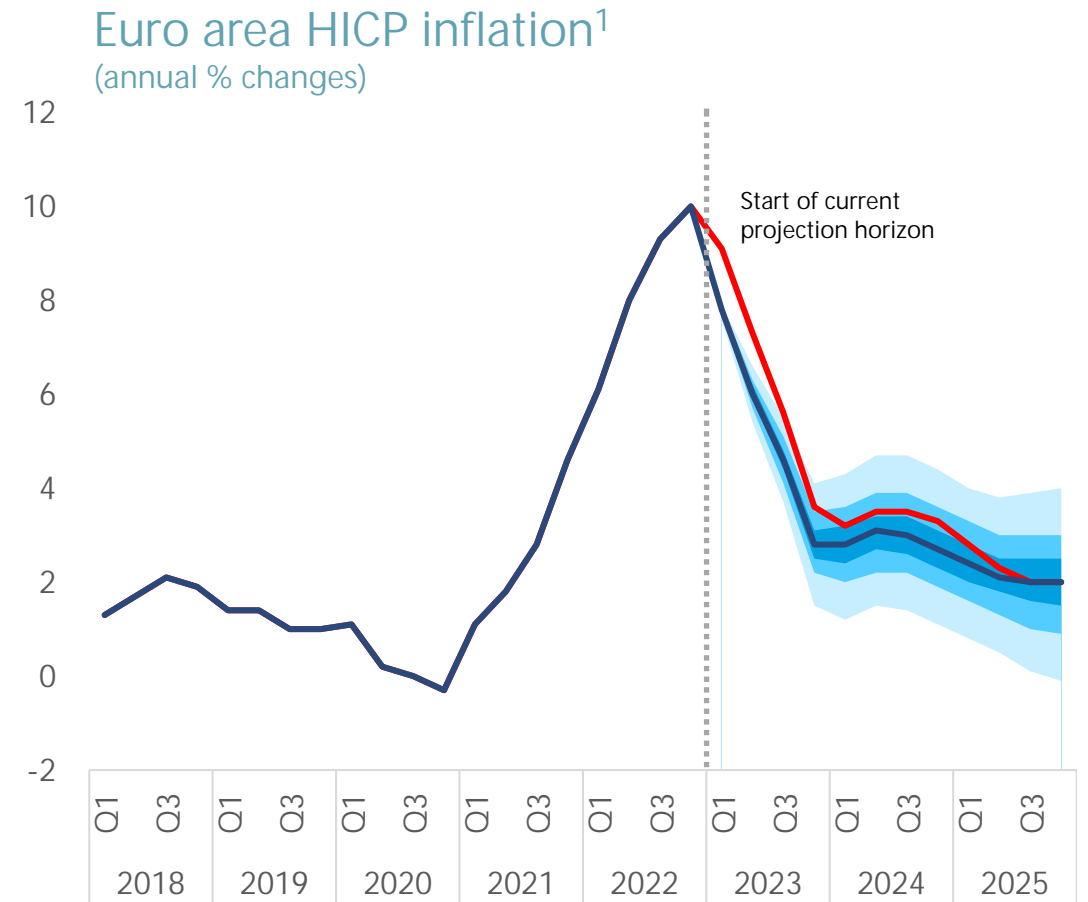
World trade has started to decline, and near-term outlook is relatively weak



March ECB projections: positive growth surprise and faster decline in inflation



— December 2022 Eurosystem staff projections



— March 2023 ECB staff projections

Sources: ECB. See [March 2023 Macroeconomic projections](#).

¹ The bands around the central projections are based on past projection errors, after adjustment for outliers. From darkest to lightest, they depict the 30 %, 60 % and 90 % probabilities that the outcome of real GDP growth / HICP inflation will fall within the respective intervals.

Comparison of forecasts: upward revision to 2023 real GDP growth projections

Real GDP growth

(%, year-on-year)

| | ECB Staff MPE baseline March 2023 (revision in ppt compared to BMPE of December 2022) | | OECD Interim Economic Outlook March 2023 | | EC Winter Economic Forecast February 2023 | | IMF World Economic Outlook Update January 2023 | | Consensus (moving average) ¹ 17 March 2023 | |
|--------------------|---|-------------------|--|------------|---|------|---|------------|---|------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| World ² | 3.0 (+0.4) | 3.2 (+0.1) | 2.6 | 2.9 | 3.0 | 3.3 | 2.9 | 3.1 | | |
| Euro area | 1.0 (+0.5) | 1.6 (-0.3) | 0.8 | 1.5 | 0.9 | 1.5 | 0.7 | 1.6 | 0.5 | 1.0 |
| Germany | | | 0.3 | 1.7 | 0.2 | 1.3 | 0.1 | 1.4 | -0.1 | 1.3 |
| France | | | 0.7 | 1.3 | 0.6 | 1.4 | 0.7 | 1.6 | 0.6 | 1.1 |
| Italy | | | 0.6 | 1.0 | 0.8 | 1.0 | 0.6 | 0.9 | 0.6 | 1.0 |
| Spain | | | 1.7 | 1.7 | 1.4 | 2.0 | 1.1 | 2.4 | 1.4 | 1.8 |
| Netherlands | | | | | 0.9 | 1.3 | | | 1.2 | 1.1 |
| Belgium | | | | | 0.8 | 1.6 | | | 0.4 | 1.3 |
| UK | | | -0.2 | 0.9 | | | -0.6 | 0.9 | -0.3 | 0.9 |
| US | | | 1.5 | 1.0 | | | 1.4 | 1.0 | 1.2 | 0.7 |
| Japan | | | 1.4 | 1.1 | | | 1.8 | 0.9 | 1.1 | 1.1 |
| China | | | 5.3 | 4.9 | | | 5.2 | 4.5 | 5.7 | 5.0 |

¹ Average of last forecast revisions, including updates in between monthly surveys of forecasters.

² For ECB (EC) forecasts, world aggregate excludes the euro area (EU).

Medium and long-term market-based measures of inflation compensation remain slightly above 2 % in EA and US



— EA — US

Source: Refinitiv. Last data point: 17/03/2023.

¹ Inflation-linked swap rates. Five-days moving averages. These measures contain risk premia so need not correspond to the true/genuine expectations of market participants. Sharp movements in the short-term ILSR also reflect base effects (= shifts of the month to which the inflation swap contract refers).

Euro area inflation expected to continue to come down slowly

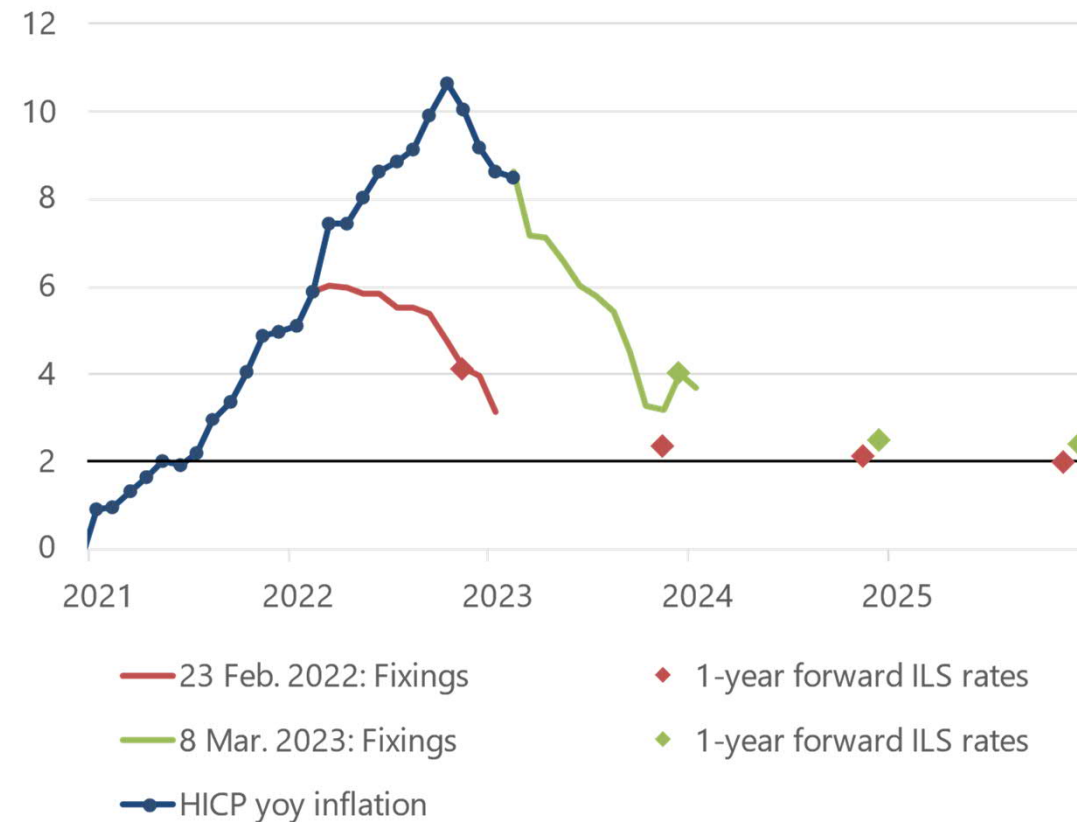
Recent headline inflation projections (yoy % change)

| | 2023 | 2024 | 2025 | 2027 |
|---------------------------|------|------|------|------|
| MPE March 23 | 5.3 | 2.9 | 2.1 | - |
| SPF Q1 2023 | 5.9 | 2.7 | 2.1 | 2.1 |
| SMA March 23 ² | 3.2 | 2.2 | 2.0 | - |

Recent core inflation projections¹ (yoy % change)

| | 2023 | 2024 | 2025 | 2027 |
|---------------------------|------|------|------|------|
| MPE March 23 | 4.6 | 2.5 | 2.2 | - |
| SPF Q1 2023 | 4.4 | 2.8 | 2.3 | 2.0 |
| SMA March 23 ² | 3.6 | 2.3 | 2.0 | - |

Market-based measures of inflation compensation (yoy % change)





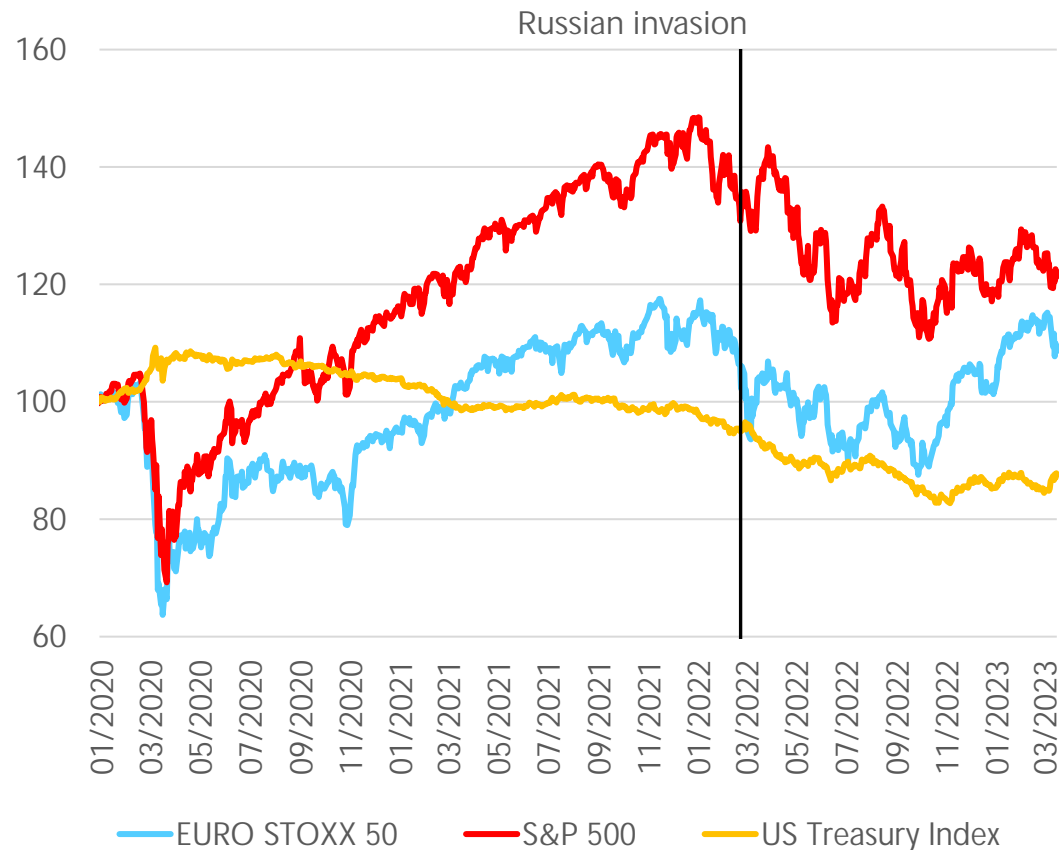
4. Financial markets

Uncertainty, inflation and growth prospects weigh on financial markets

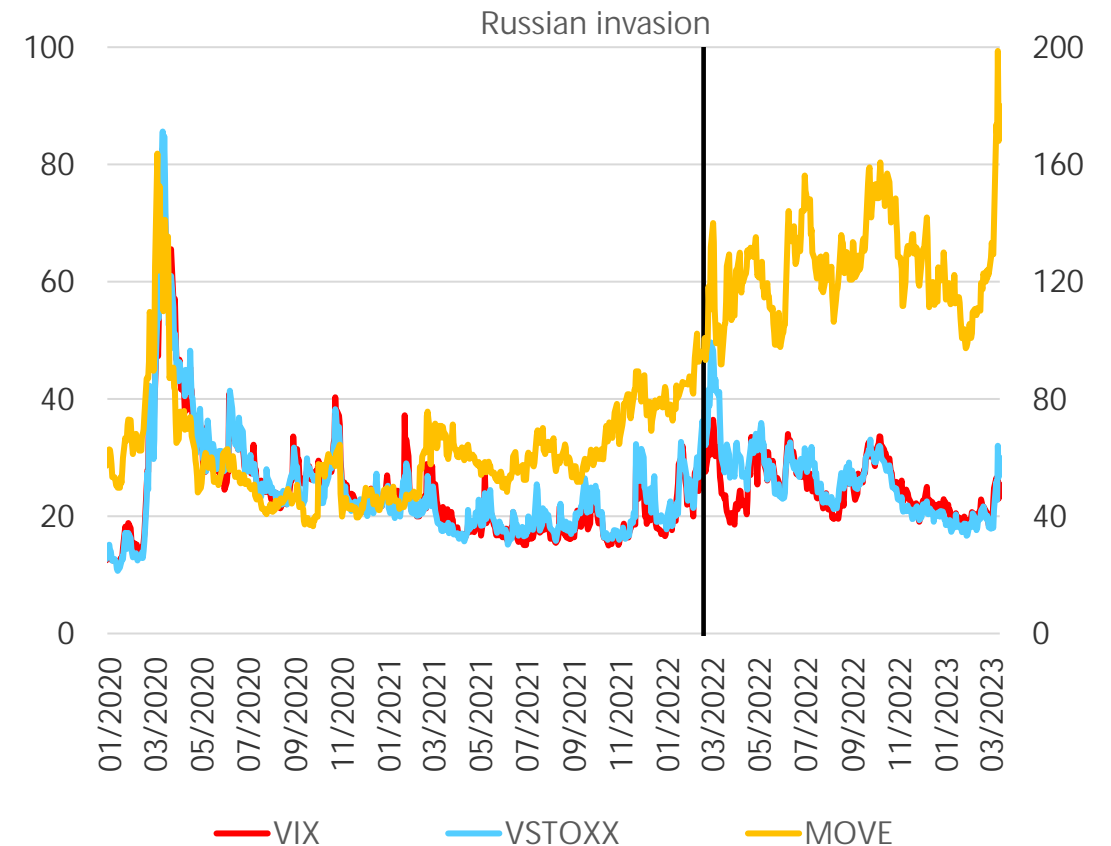
- Asset prices continued to seesaw, recovering some of the losses of previous months
 - Recent defaults in US banking sector have heightened volatility in stock and bond markets
 - Forward curves show markets expect slower rate increases
 - The euro appreciates, following easing of the energy crisis, better growth prospects and tighter monetary policy
- Interest rate expectations:
 - Forward markets expect US interest rates to recede
 - ECB monetary policy rate hikes (relevant policy rate currently at 300 basis points)
- The continued application of PEPP (Pandemic Emergency Purchase Programme) flexibility and the background presence of the TPI (Transmission Protection Instrument) helped contain fragmentation risks in the euro area

Stock/bond market volatility heightens following banking turmoil

Major stock and bond market indices
(01/2020=100)



Implied stock and bond market volatility
(in %; MOVE¹ on rhs axis. VIX and VSTOXX on lhs axis)

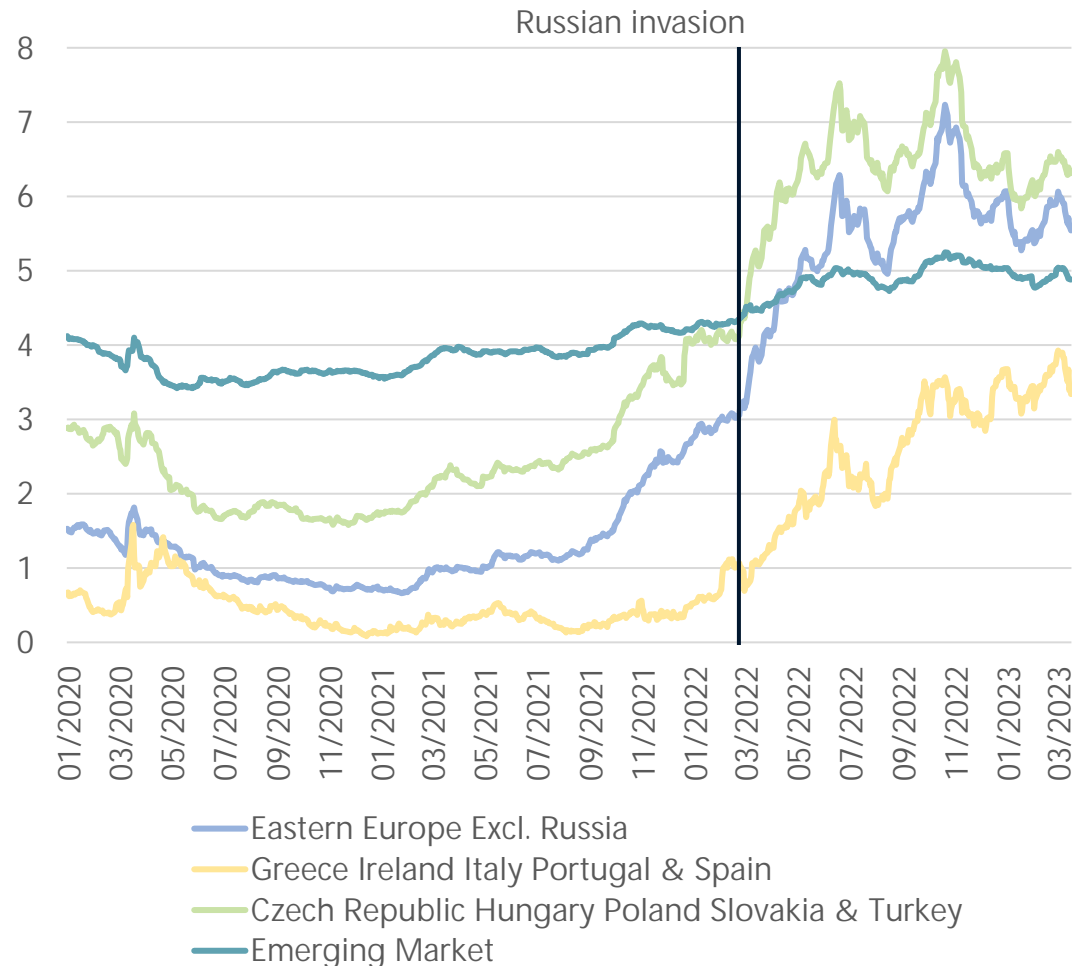


Source: Refinitiv, last data point: 17/03/2023.

¹ The MOVE Index is a yield curve weighted index of the normalised implied volatility on 1-month US Treasury options which are weighted on the 2-, 5-, 10-, and 30-year contracts.

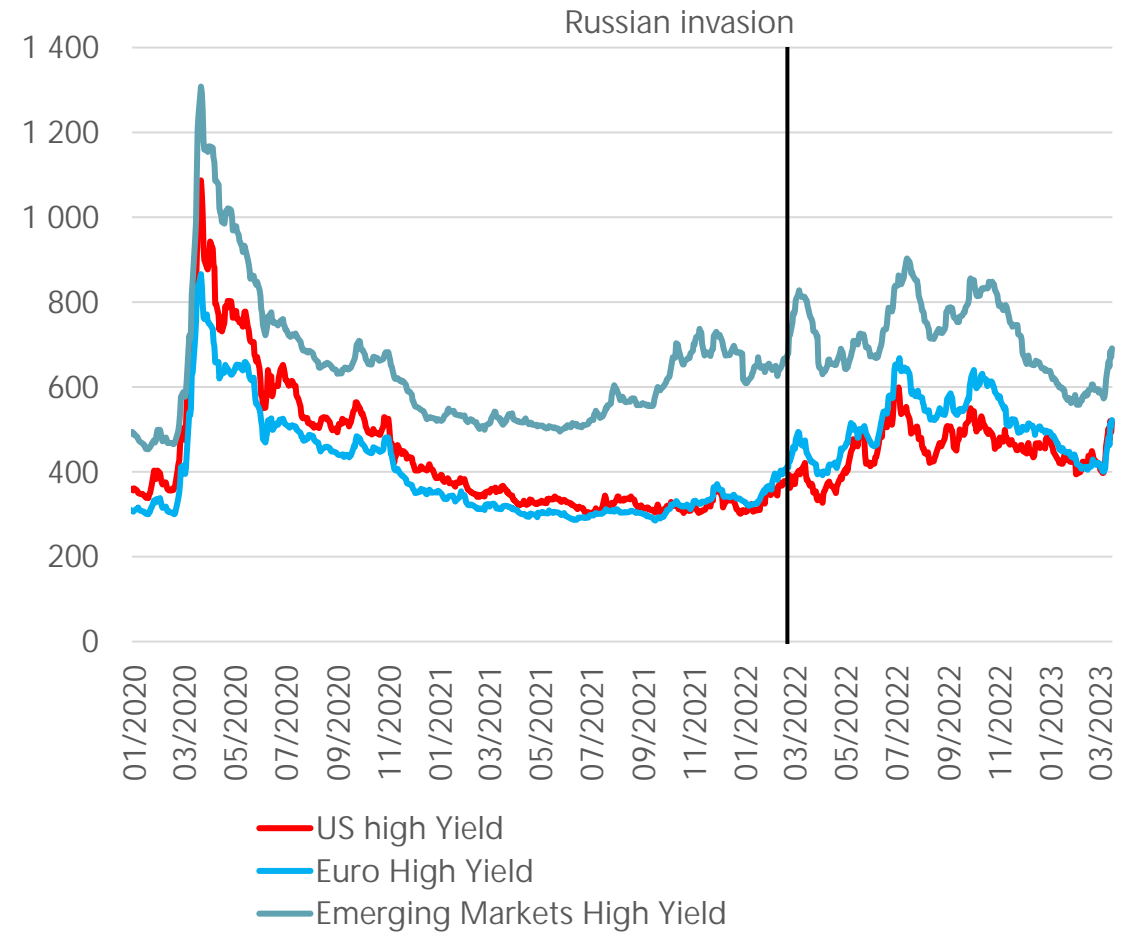
Spreads of high-yield corporates and emerging market sovereigns remain wide

Government bond yields (%)

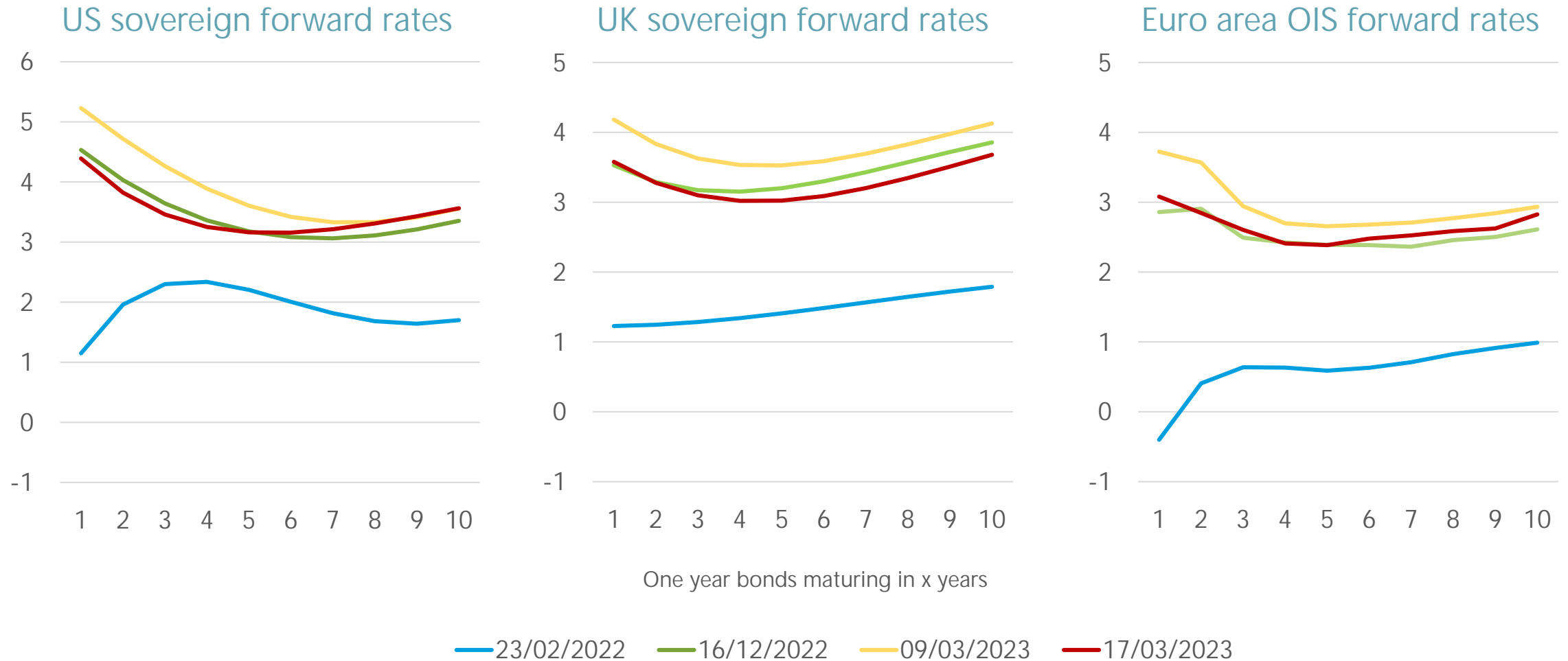


Corporate bond spreads

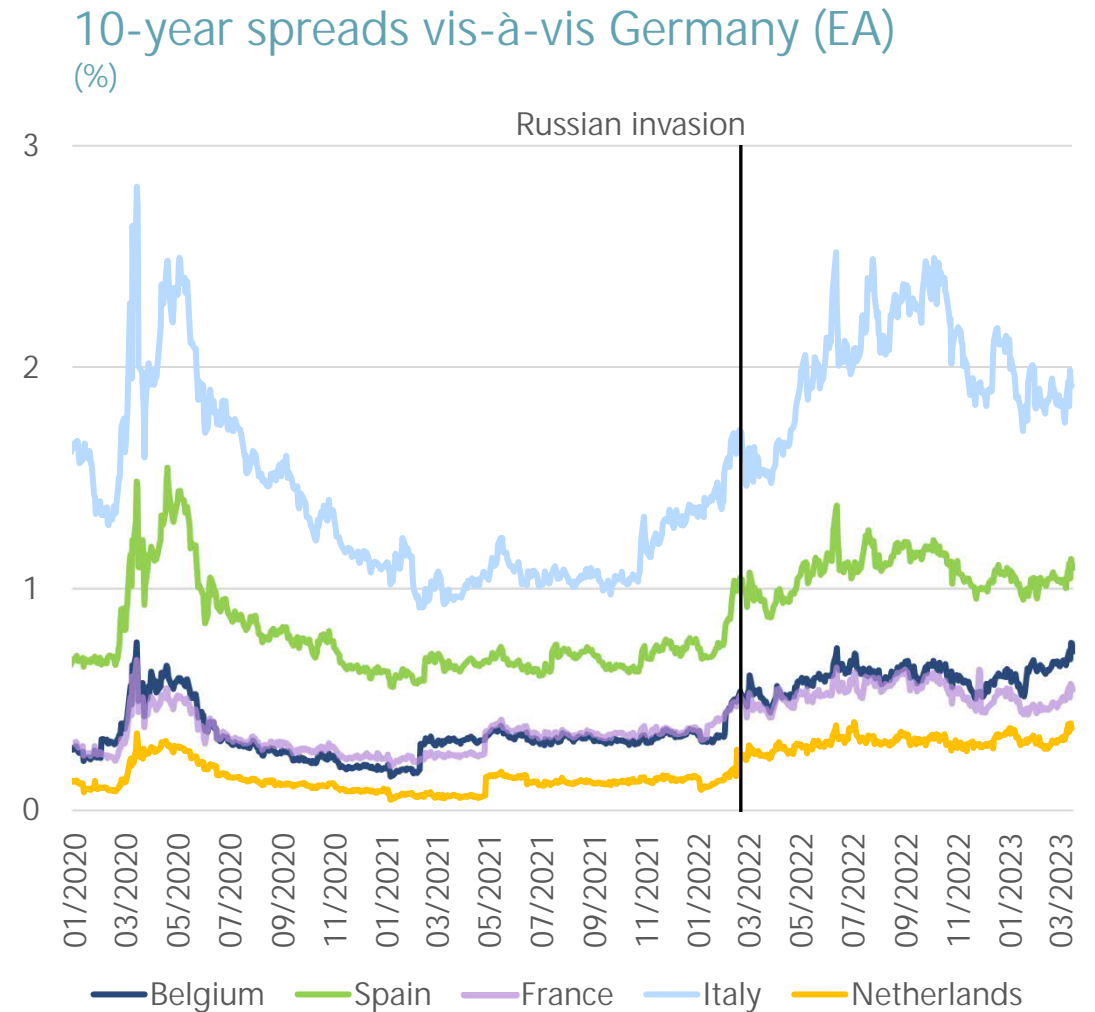
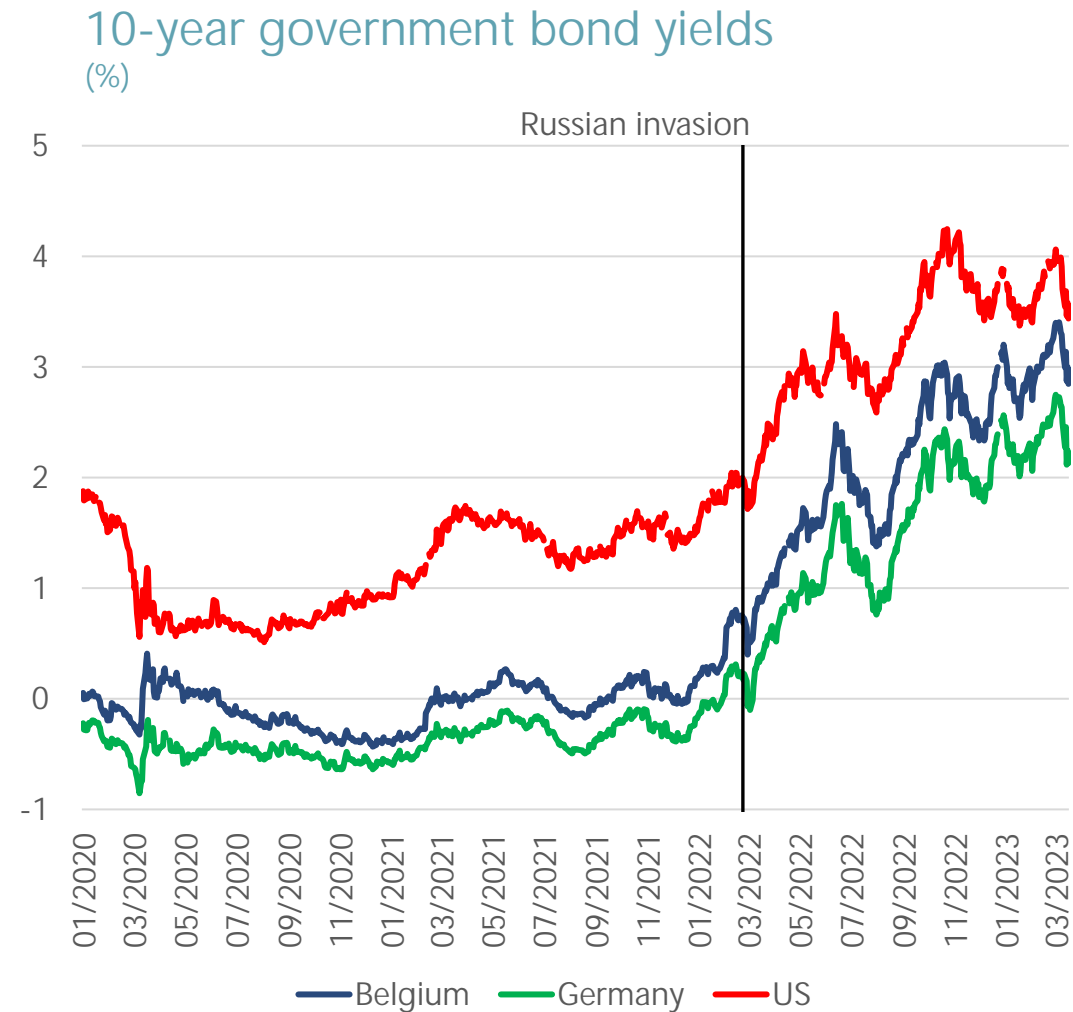
(difference vis-à-vis sovereign, basis points)



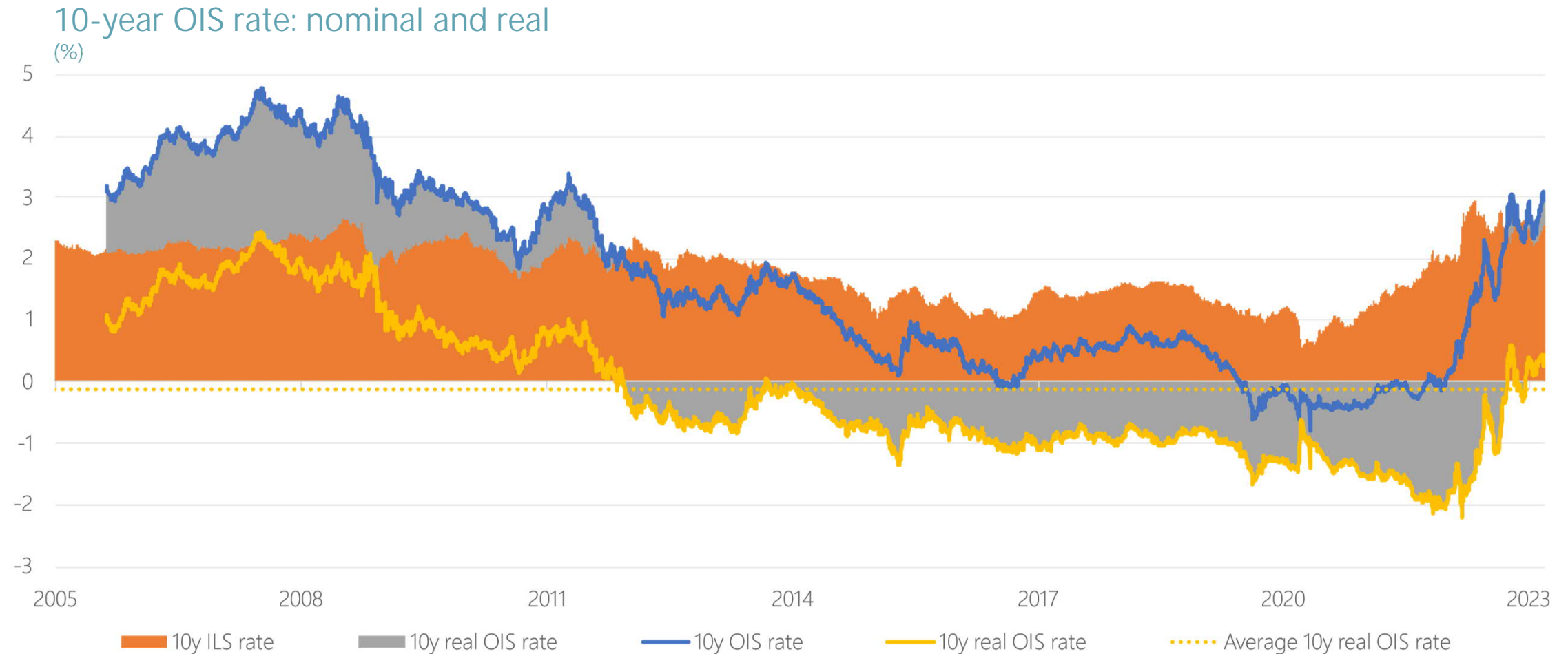
Uncertain economic outlook reflected in paths of central bank rates



Recent macroeconomic and financial events drive sovereign bond yield volatility



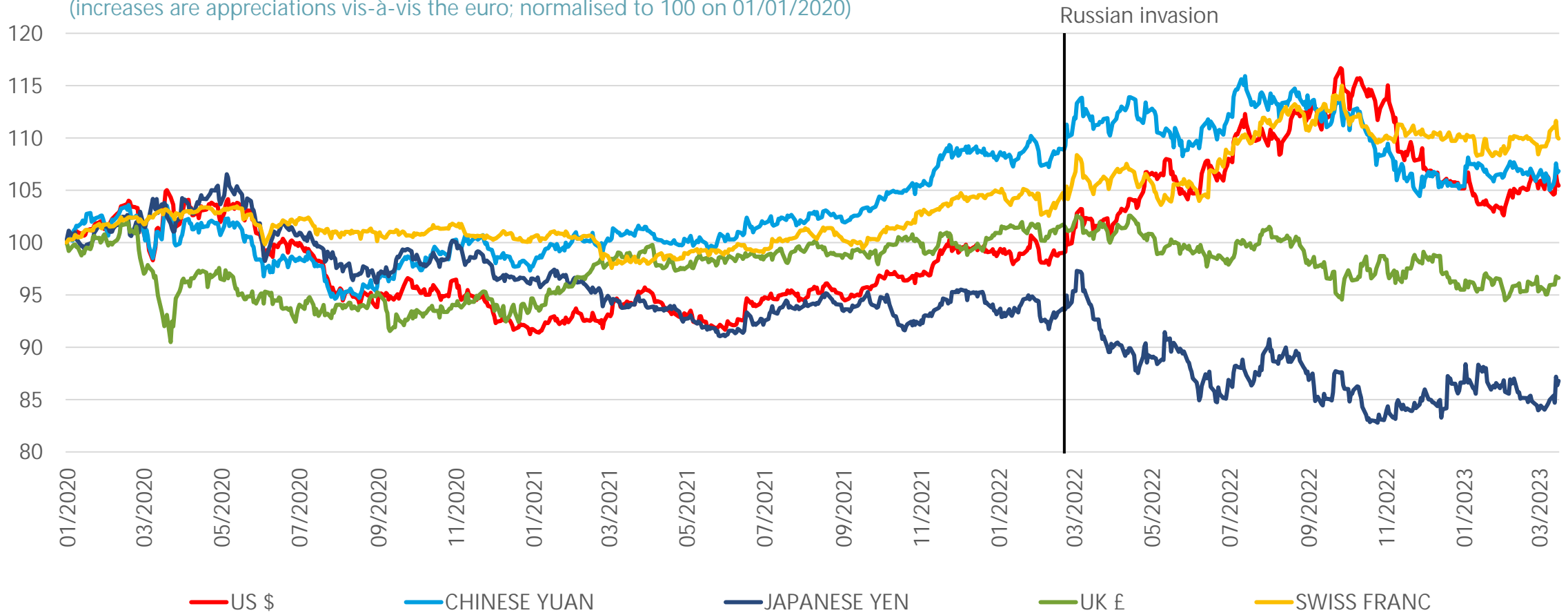
Recent dynamic of EA long-term interest rates is driven by the real component



Euro recovers, due to better-than-expected growth prospects, EA monetary policy tightening, and easing of energy crisis in Europe

Exchange rates to euro

(increases are appreciations vis-à-vis the euro; normalised to 100 on 01/01/2020)



An aerial photograph of a Dutch village, likely in the Netherlands, showing a cluster of houses with red-tiled roofs and a prominent church tower. The village is surrounded by lush green fields and a network of canals. The sky is filled with large, white, fluffy clouds, and the overall scene is bright and scenic. A semi-transparent white banner is overlaid on the center of the image, containing the text "5. Belgium: overview".

5. Belgium: overview



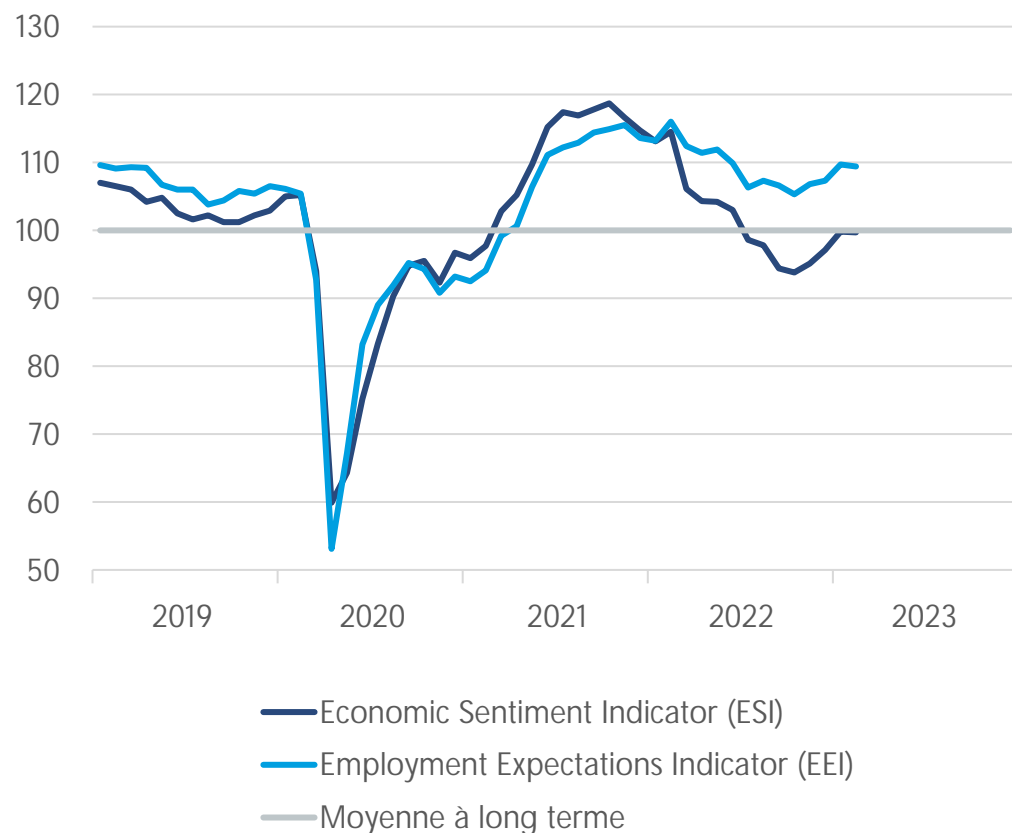
L'activité économique belge a ralenti au cours du dernier trimestre de 2022, mais elle ne s'est pas contractée, tandis que l'inflation est moindre que précédemment

- Le PIB réel de la Belgique a finalement augmenté de 0,1 % au quatrième trimestre de 2022, et ne s'est pas contractée comme anticipé préalablement
 - La consommation des particuliers a enregistré une progression remarquablement soutenue et tout porte à croire que celle-ci s'accélèrera davantage au premier trimestre de 2023 (compte tenu notamment de l'amélioration des indicateurs de confiance)
 - Les investissements des entreprises ont progressé de façon inattendue, et ce malgré la hausse rapide des coûts (salariaux) et les perspectives économiques incertaines
 - L'investissement résidentiel s'est contracté et devrait croître à l'avenir de manière limitée en raison notamment de la hausse des taux d'intérêt et du prix des matériaux de construction
- Les pressions inflationnistes se sont quelque peu atténuées en raison du recul des prix de l'énergie mais l'inflation reste toutefois soutenue par l'alimentation, les services et les biens industriels
 - L'inflation est de plus en plus "intérieure" en raison des effets indirects de la hausse des prix de l'énergie et des salaires

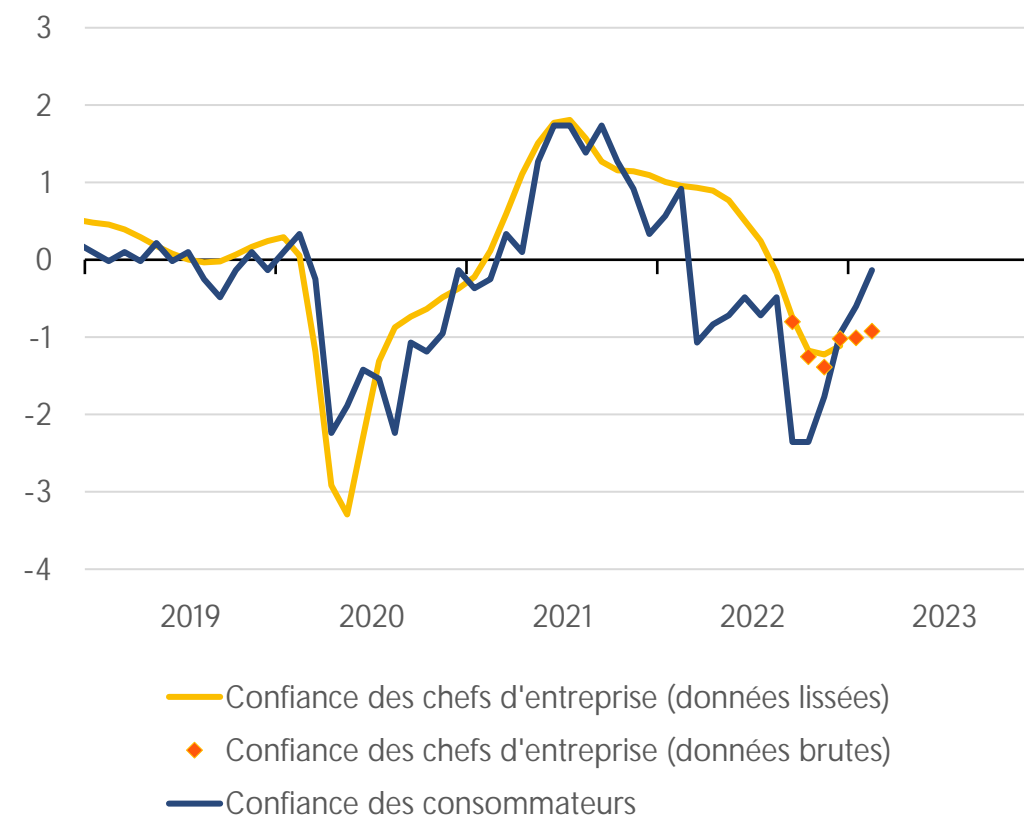
Plus de détails dans: [Projections économiques BNB automne 2022](#), [BNB Business Cycle Monitor Mars 2023](#)

The only way is up? Le redressement naissant des indicateurs de confiance suggère que la croissance continuerait d'augmenter

Indicateurs de confiance dans la zone euro (dernière observation: février)



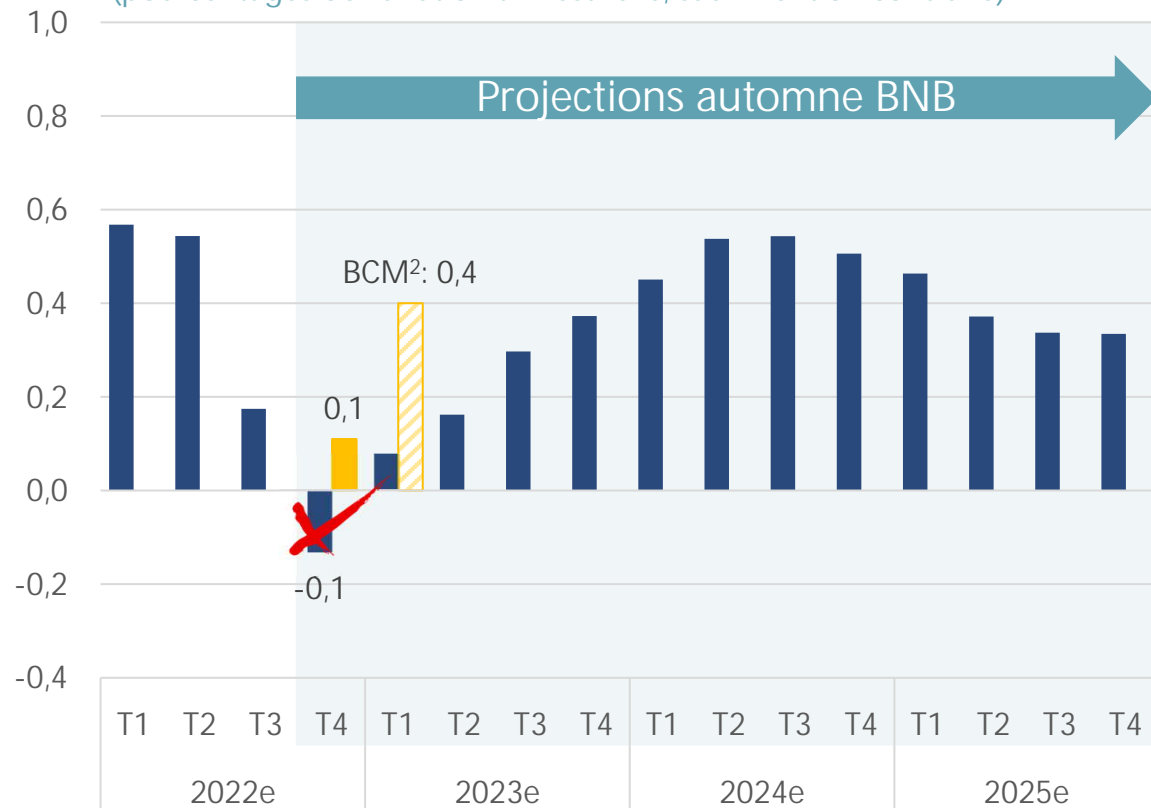
Indicateurs de confiance en Belgique (dernière observation: février, les soldes ont été normalisés¹)



Projections d'automne 2022 de la BNB : ralentissement de la croissance, pas la crise annoncée - l'économie dépasse même légèrement les attentes

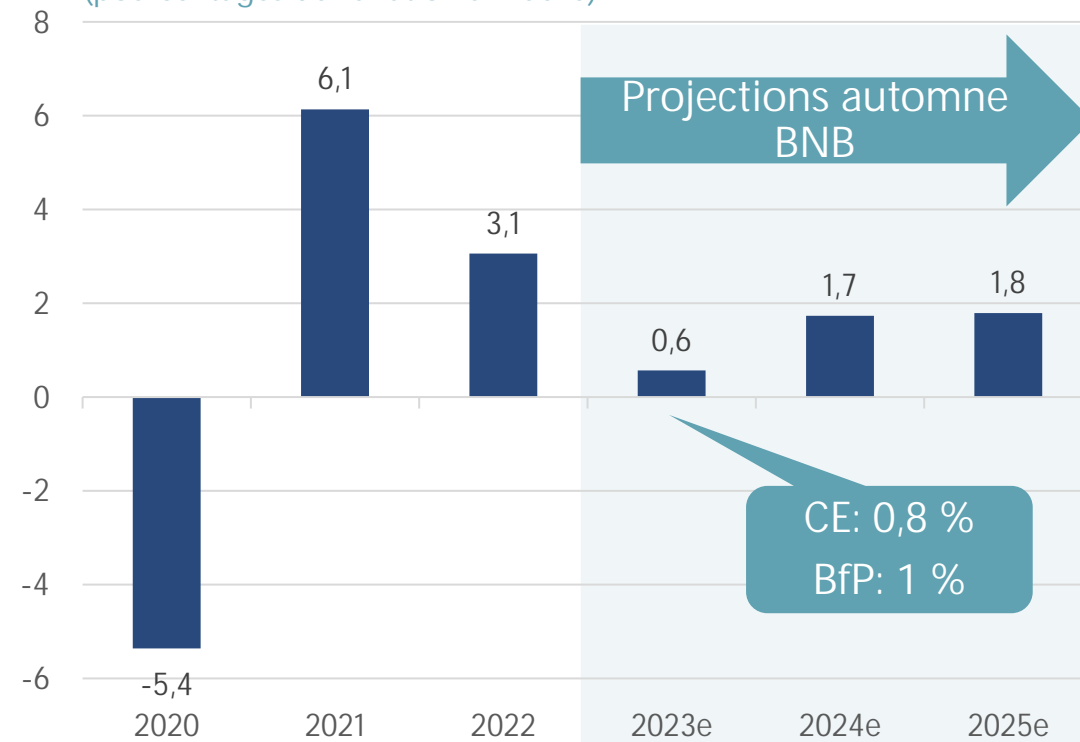
Croissance du PIB belge en volume¹

(pourcentages de variation trimestrielle, sauf mention contraire)



■ Dernière observation

(pourcentages de variation annuelle)



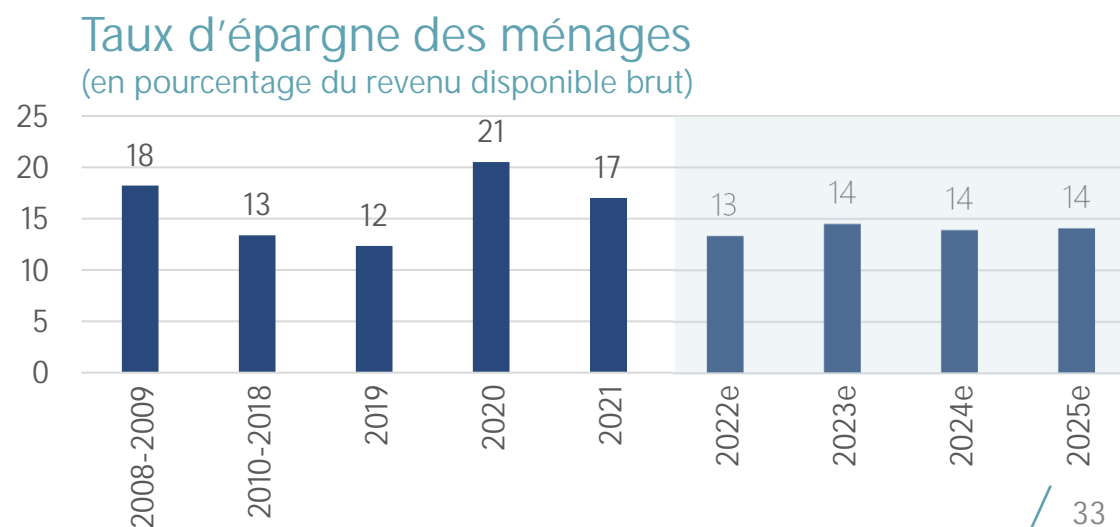
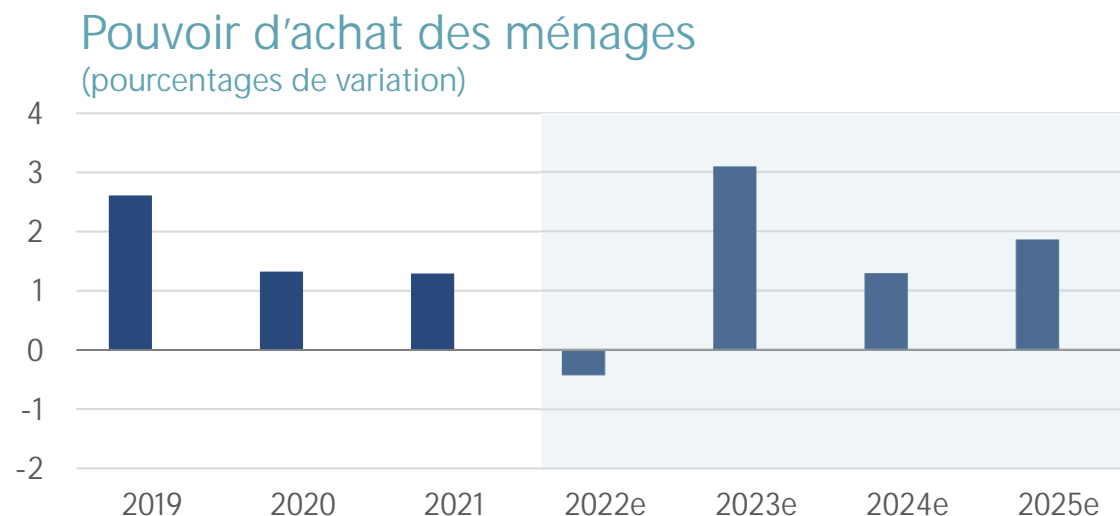
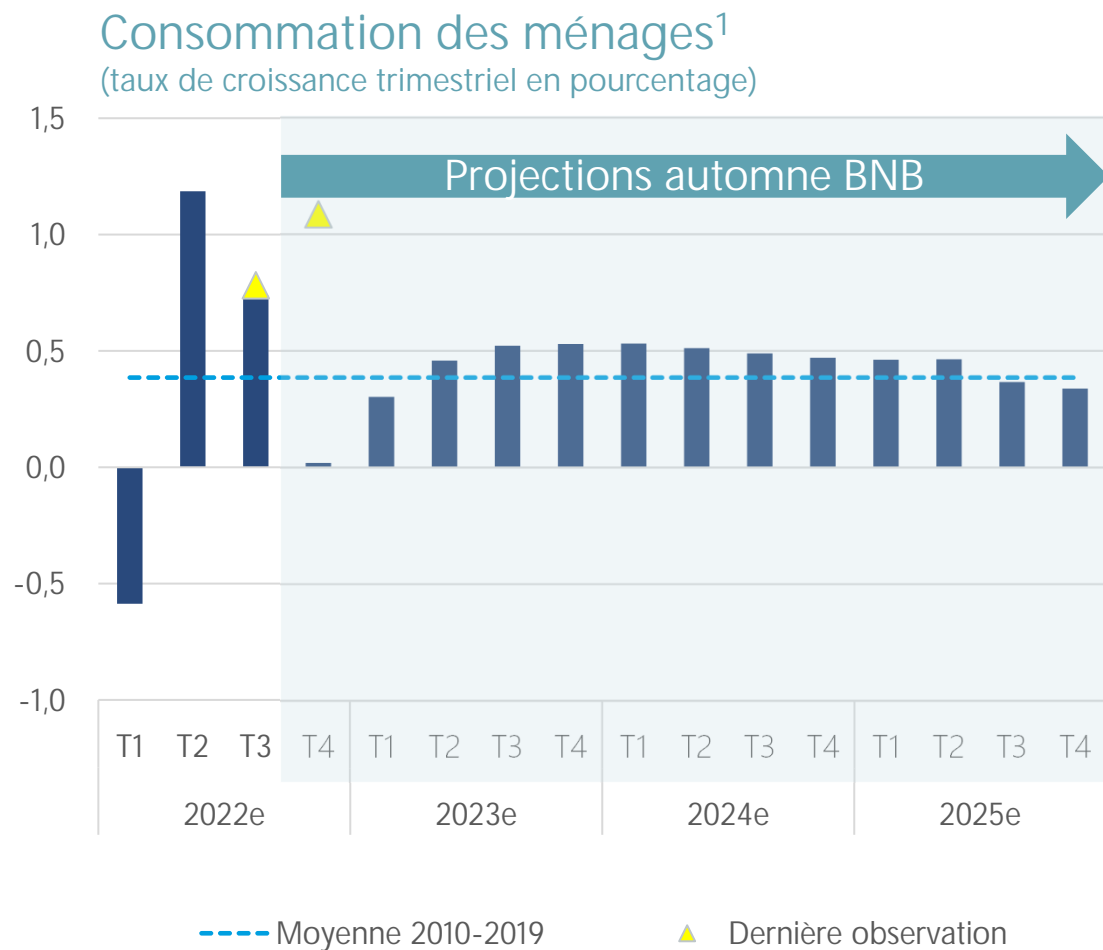
CE: 0,8 %
BfP: 1 %

Sources: ICN, BNB.

¹ Selon les [Projections économiques BNB automne 2022](#).

² Selon le [Business Cycle Monitor](#) Mars 2023

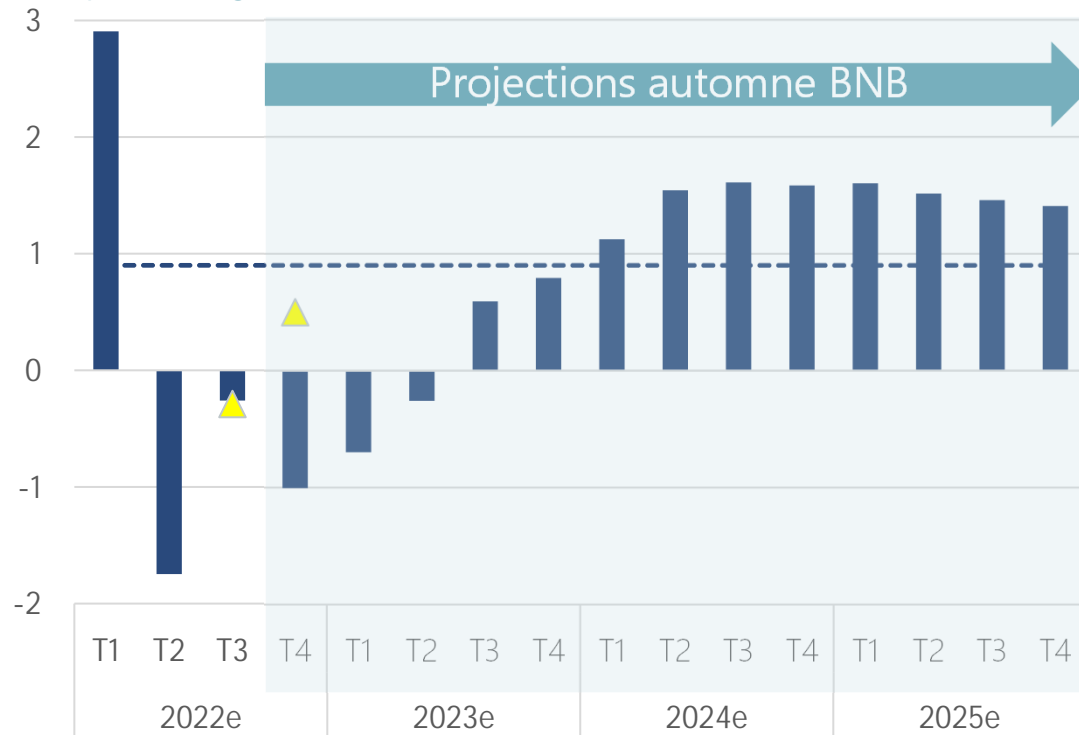
La consommation des ménages n'a que faiblement ralenti en 2022 et serait soutenue à la hausse en 2023 grâce à la progression du pouvoir d'achat



Les investissements des entreprises ont reculé en moyenne annuelle en 2022 mais ont progressé de façon inattendue au dernier trimestre

Investissements des entreprises¹

(pourcentages de variation trimestrielle)

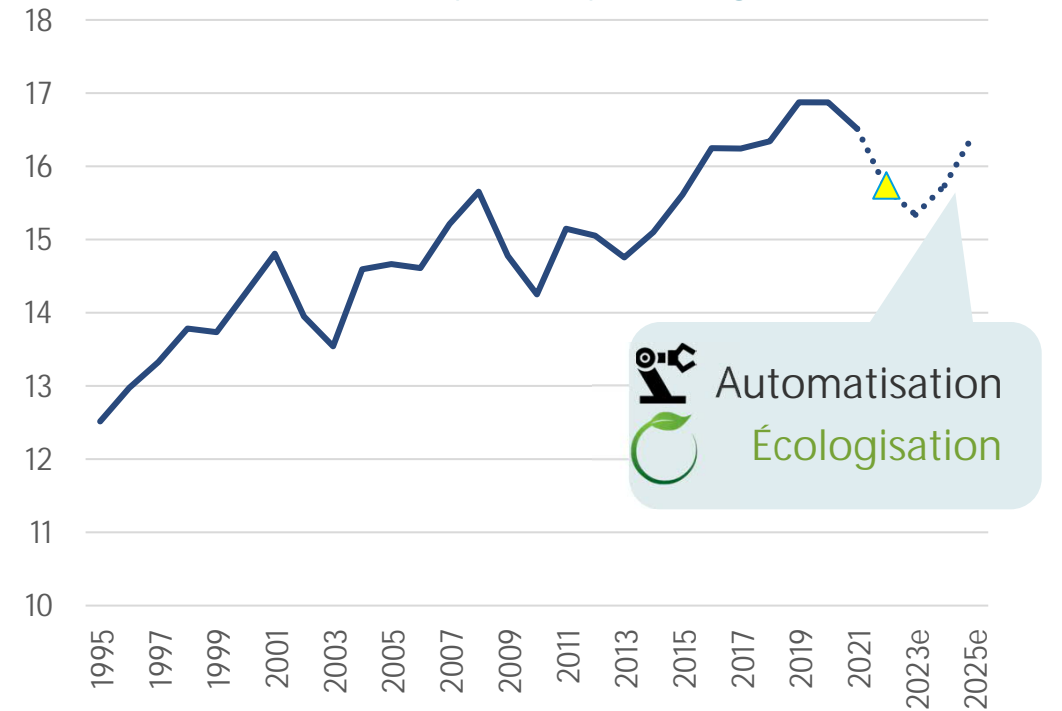


--- p.m. moyenne 2010-2019

▲ Dernière donnée

Taux d'investissement¹

(investissements des entreprises en pourcentage du PIB, en volume)

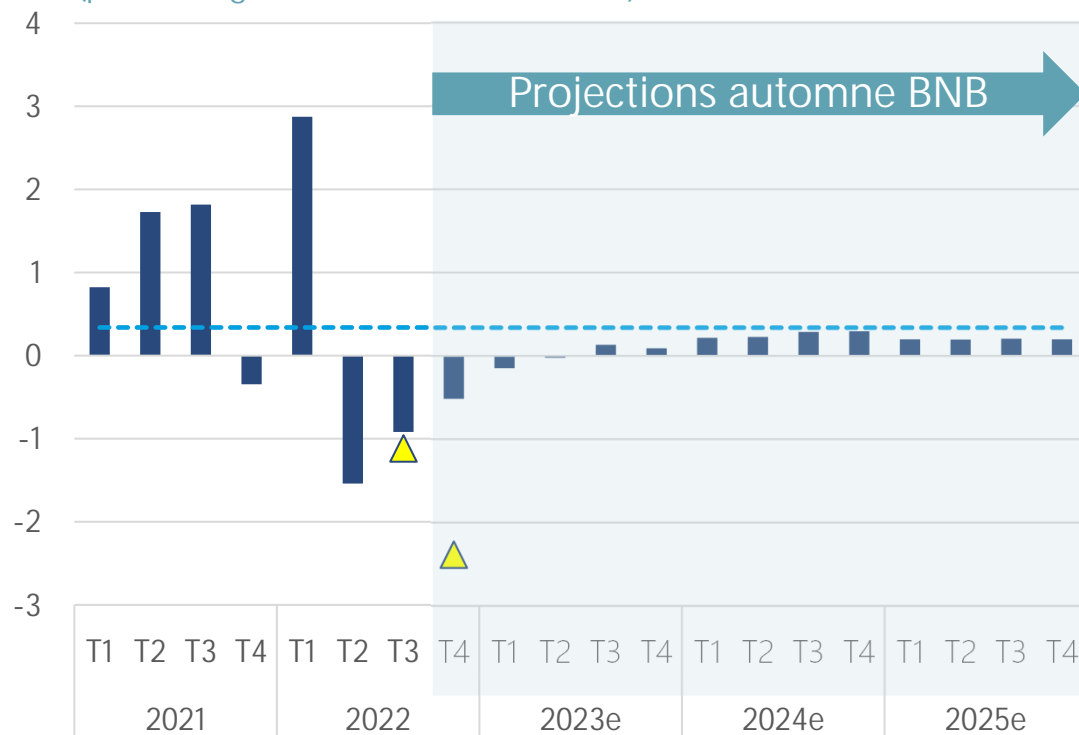


▲ Dernière donnée

La hausse des taux d'intérêt et du prix des matériaux de construction a pesé sur l'investissement résidentiel en 2022, qui devrait croître de manière limitée à l'avenir

Investissements résidentiels

(pourcentages de variation trimestrielle)

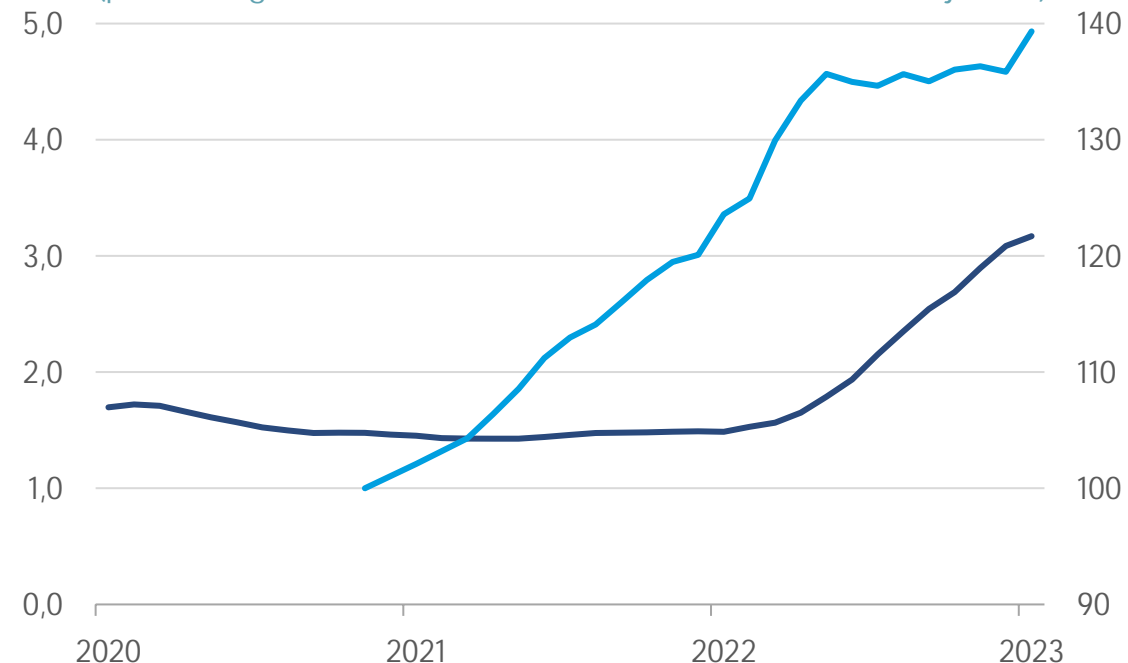


----- p.m. moyenne 2010-2019

▲ Dernière donnée

Taux hypothécaires et coûts de construction

(pourcentages sauf mention contraire, dernière observation: janvier)

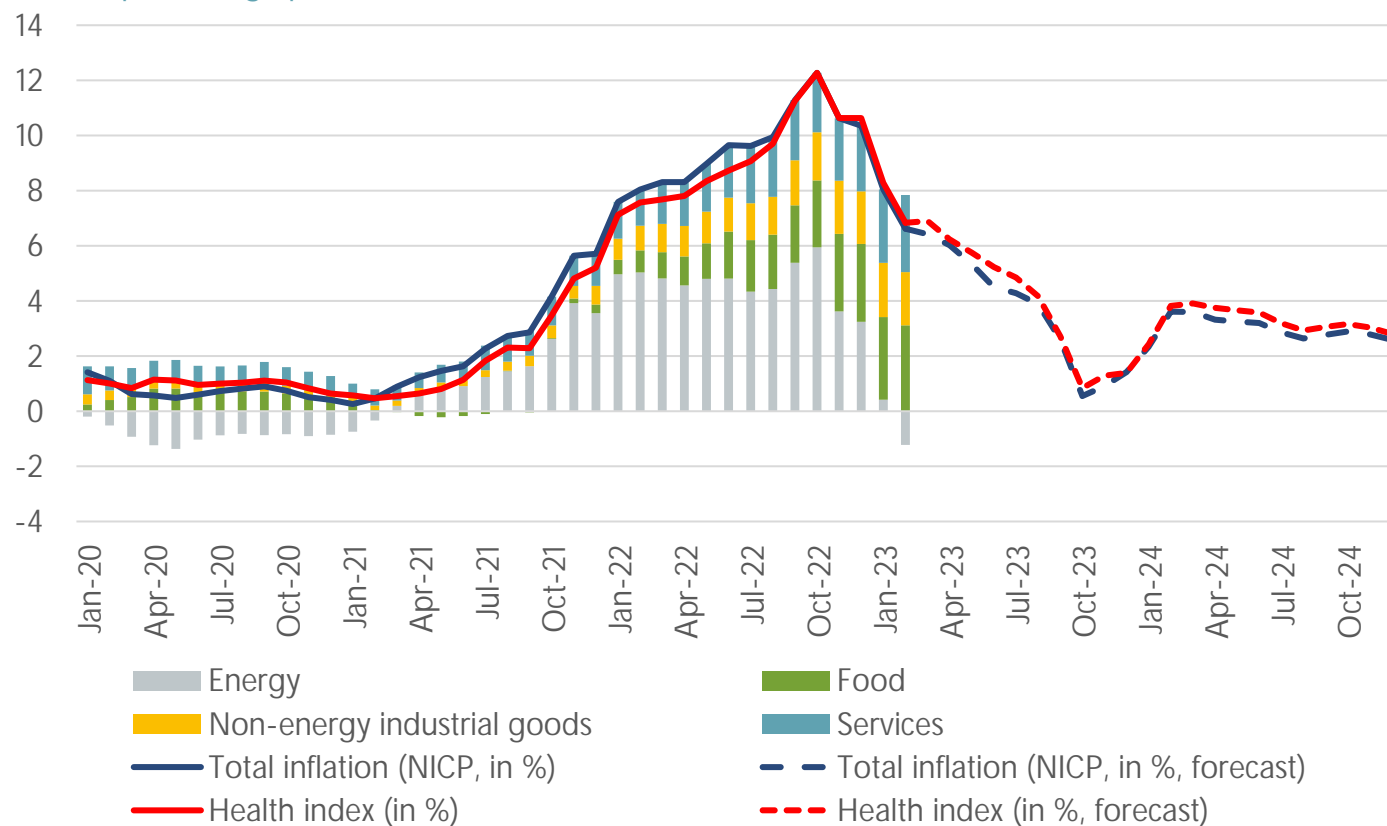


— Taux d'intérêt hypothécaires moyens pondérés¹

— Indice des prix des matériaux de construction² (échelle de droite)

Inflation is now driven by food, services and industrial goods. By contrast, energy takes it down

Inflation, contributions (NICP) and health index¹
(in percentage points)



Average annual inflation
(in percentages)

| | Headline (NICP) | Health |
|-------|--------------------|--------|
| 2020 | 0.7 | 1.0 |
| 2021 | 2.4 | 2.0 |
| 2022 | 9.6 | 9.3 |
| 2023e | 4.2 | 4.5 |
| 2024e | 3.0 | 3.3 |

Sources: FPB, Statbel.

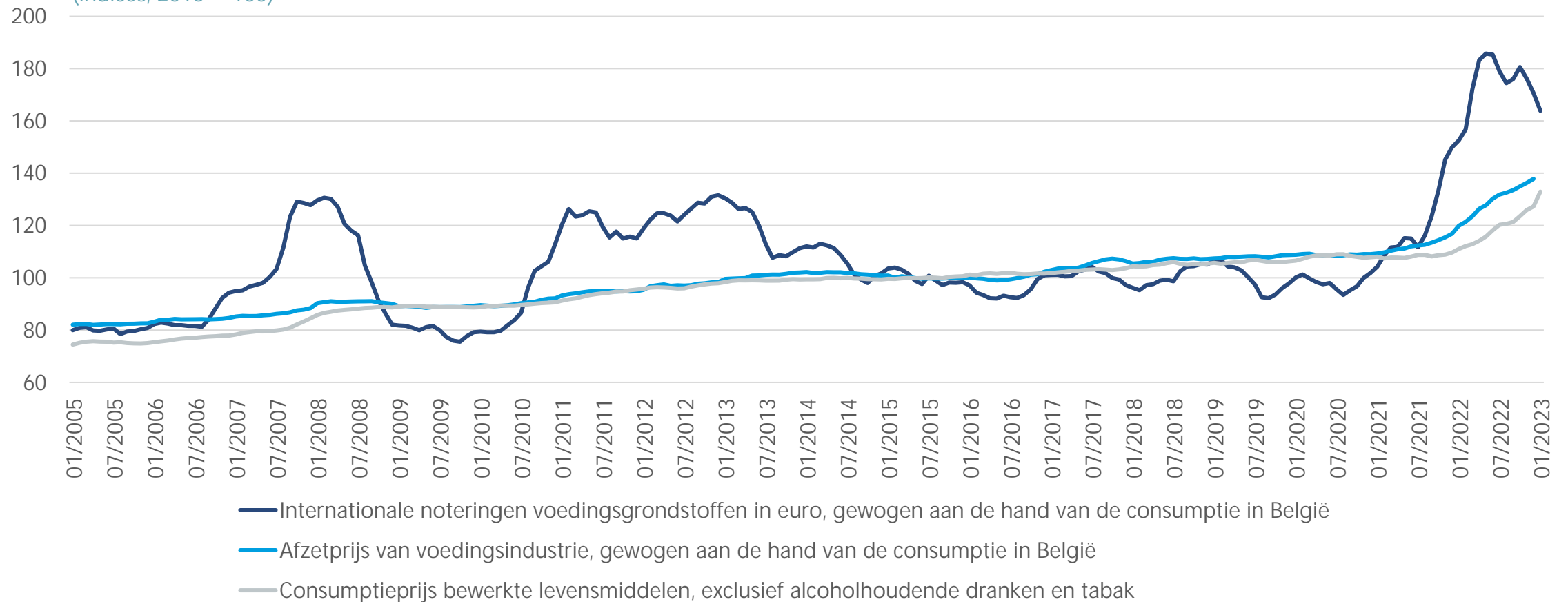
¹ The health index is the national consumer price index (NICP) excluding motor fuels, alcoholic beverages and tobacco. The dotted lines are the FPB forecasts of March 2023.

Remark: for the calculation of electricity and gas inflation, only new contracts are taken into account. This is in line with Eurostat recommendations for the construction of the HICP index. See [Energy prices and inflation: it's complicated | nbb.be](https://www.nbb.be/energy-prices-and-inflation-its-complicated) for more information.

De consumptieprijzen van voedingsmiddelen stijgen verder, ondanks de vertraging van voedingsgrondstoffenprijzen

Prijzevolutie van de voedingsgrondstoffen en de voedingsprijzen

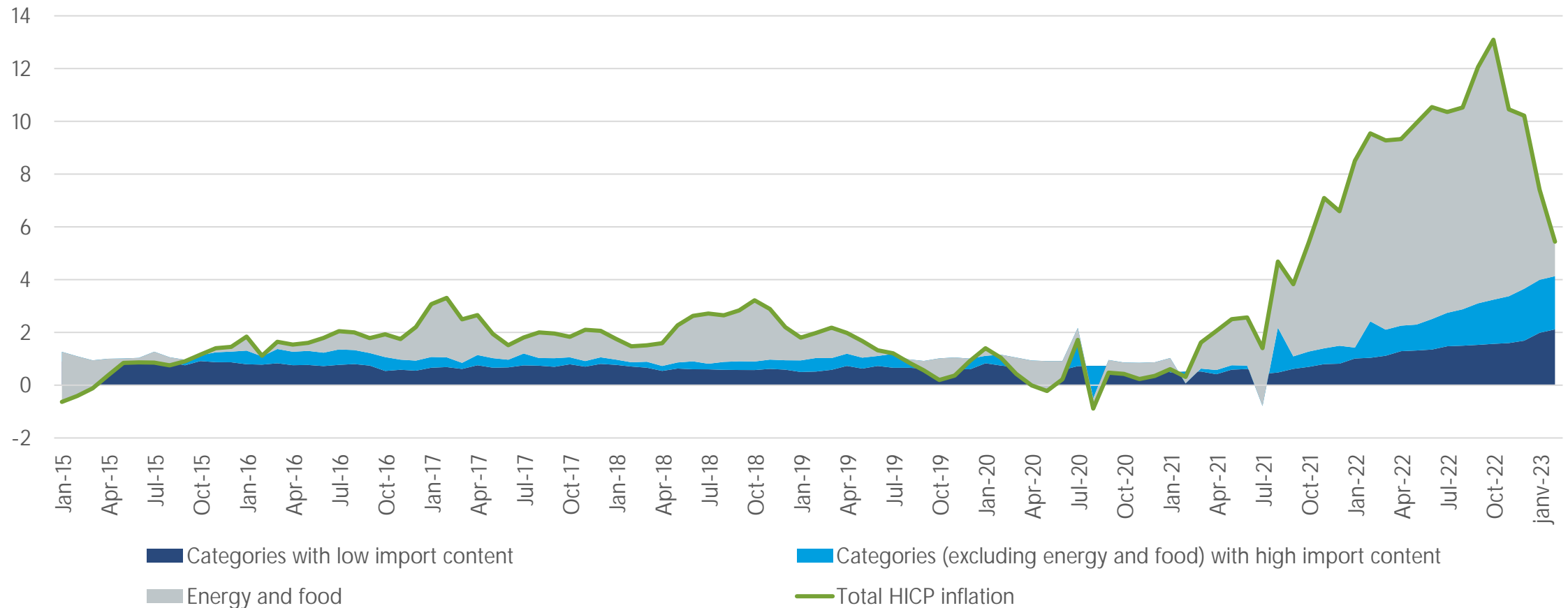
(indices, 2015 = 100)



Inflation is becoming increasingly widespread and more “domestic” through indirect effects from higher energy prices and wages

Contribution of inflation by different components according to import content

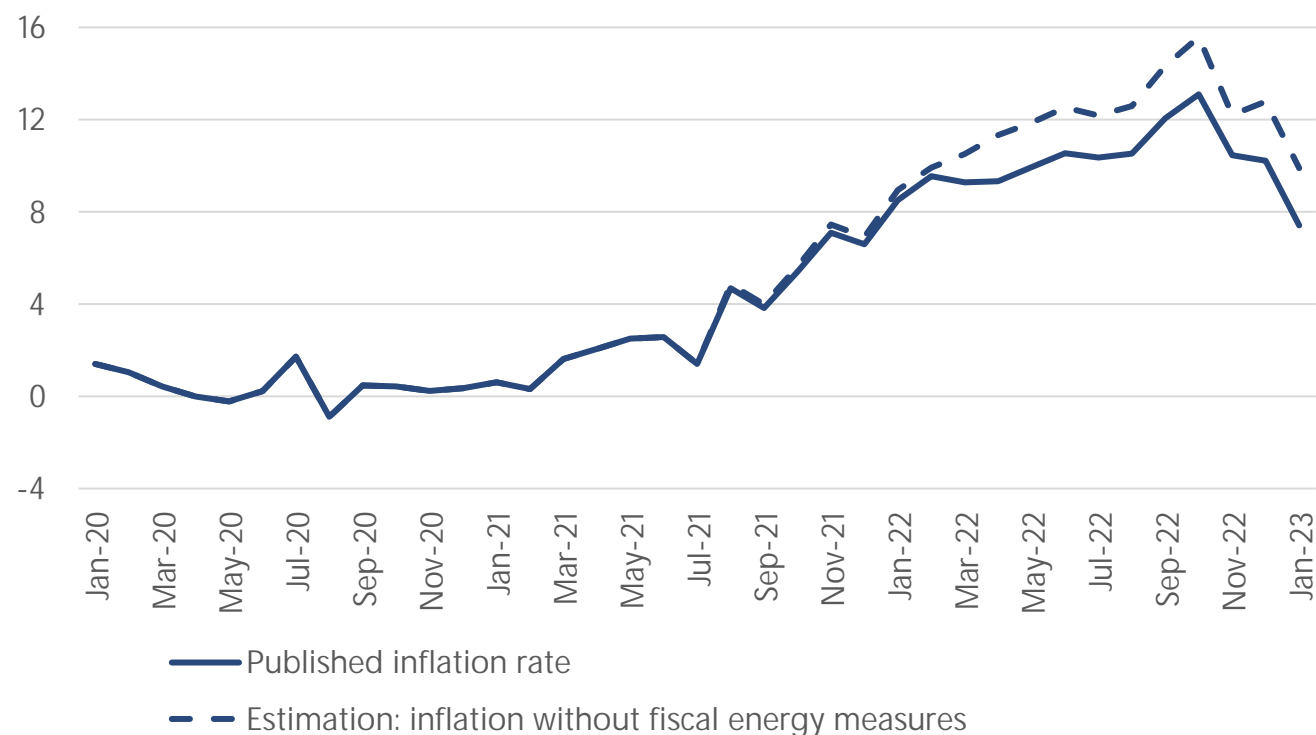
(in percentage points, unless otherwise mentioned)



Inflation would have turned out even higher without the fiscal energy measures to support purchasing power

HICP inflation

(year-on-year changes of the index, in %)



Impact of fiscal energy measures on headline inflation

(in percentage points)

| | impact |
|------|--------|
| 2021 | -0.1 |
| 2022 | -1.7 |

Sources: Eurostat, own calculation.

Measures taken into account: widening of the social tariff from about 10 % to about 20 % of the households since August 2021, reduction of VAT rate from 21 % to 6 % on gas and electricity since April 2022 and March 2022 respectively, "basic package" of 61 euros per month on electricity and 135 euros per month on gas for the months November 2022 – March 2023, extra 80 euros credit on gas and electricity for those benefitting from social tariff throughout 2022, "heating cheque" of 100 euros applicable on gas and heating oil from April 2022 to March 2023, "heating oil cheque" of 225 euros from August 2022 to July 2023 and of 75 euros from November 2022 to October 2023, lower excise duties on motor fuels between end of March 2022 and March 2023.

Prévisions pour la Belgique

Prévisions de croissance

| | date | 2022 | 2023 | 2024 | 2025 |
|-----------|------|------|------|------|------|
| OCDE | nov | 2,9 | 0,5 | 1,1 | |
| BPN | janv | 3,0 | 0,0 | 1,1 | 1,8 |
| BFP | fév | 3,1 | 1,0 | 1,7 | 1,3 |
| CE | fév | 3,1 | 0,8 | 1,6 | |
| Consensus | fév | 3,1 | 0,4 | 1,5 | |
| FMI | mars | 3,0 | 0,2 | 1,3 | 1,2 |
| BNB | déc | 3,1 | 0,6 | 1,7 | 1,8 |

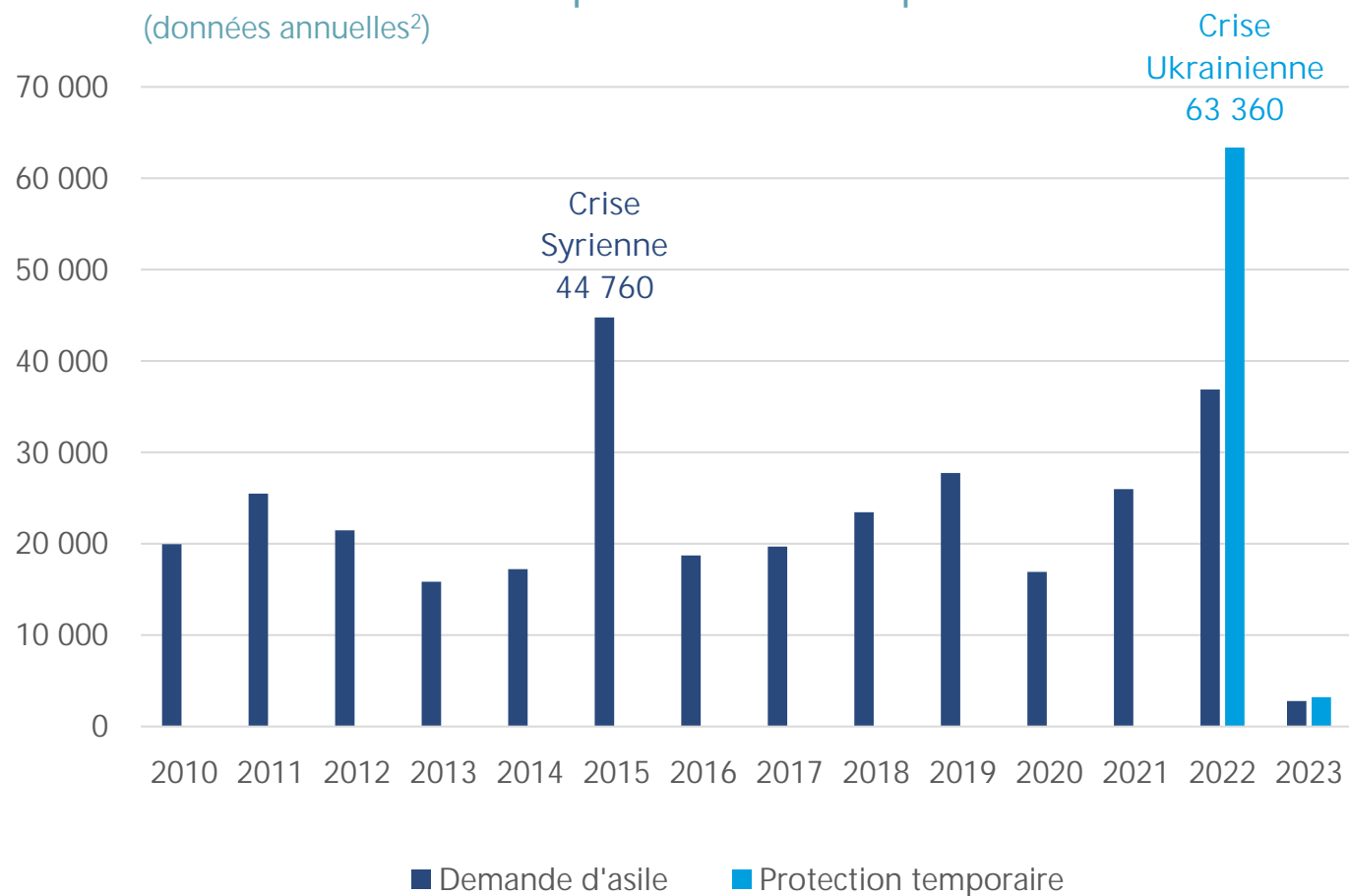
Prévisions d'inflation (IPCH)¹

| | date | 2022 | 2023 | 2024 | 2025 |
|------------------|------|------|------|------|------|
| OCDE | nov | 9,9 | 6,6 | 4,1 | |
| BPN | janv | 10,3 | 6,8 | 2,4 | 1,8 |
| CE | fév | 10,3 | 4,3 | 2,7 | |
| Consensus | fév | 10,3 | 5,5 | 2,4 | |
| FMI | mars | 10,3 | 5,5 | 2,2 | 1,8 |
| BFP ² | mars | 9,6 | 4,2 | 3,0 | |
| BNB | déc | 10,4 | 4,4 | 2,4 | 1,1 |

Plus de détails sur les estimations BNB: [Projections économiques BNB automne 2022](#)

L'arrivée de réfugiés ukrainiens s'est nettement ralentie

Demandes d'asile et protections temporaires ¹ (données annuelles²)



Ressortissants Ukrainien

- 61 % de femmes
- 33 % de mineurs
- 7 400 inscrits comme demandeurs d'emploi (en décembre 2022)



6. Energy markets in Belgium



EU's improved gas situation: all options used at EU level to ensure security of supply (SoS) for gas through the 2022-23 winter heating season and ahead

- EU natural gas demand and supply adjust following the RU crisis
 - Fall in gas demand by 13 % in 2022 compared to 2021: record high prices lead to fuel switching, behavioural changes, energy efficiency and production curtailments + 'save gas/energy' campaigns
 - Compensation for accelerated decline of RU deliveries by other suppliers
 - flexible LNG supplies available (attracted by the strong TTF price signal)
 - new EU floating storage and regasification units (NL, DE, FI) increase EU's LNG import capacity
 - new intra-EU pipeline infrastructure and optimization in the use of existing infrastructure (reverse flows)
- EU gas storages filled-in adequately allowed to pass through the 2022-23 heating season (helped by mild weather that delayed the start of the heating season and by high wind power output)
- !!! Stay focused to be prepared properly for winter 2023-24
 - Ability to repeat same "storage fill-in scenario" ? (incremental LNG supply in 2023 could be insufficient if reduced/no availability of the remaining Russian piped gas)
 - ! Market conditions remain tight with spot gas prices reacting to the first sign of trouble and the EU exposed to exogenous risks accordingly (i.e. Chinese LNG demand, Russian and LNG supplies, weather)
- Need to reduce EU gas demand in a structural manner: boosting the roll-out of renewables (and their infrastructure) at unprecedented speed and scale and encourage behavioural changes

Strong fall in EU's gas demand in 2022 in response to the Russian gas curtailment

Δ 2021-2022 EU natural gas demand
(in billion cubic meters – Bcm)

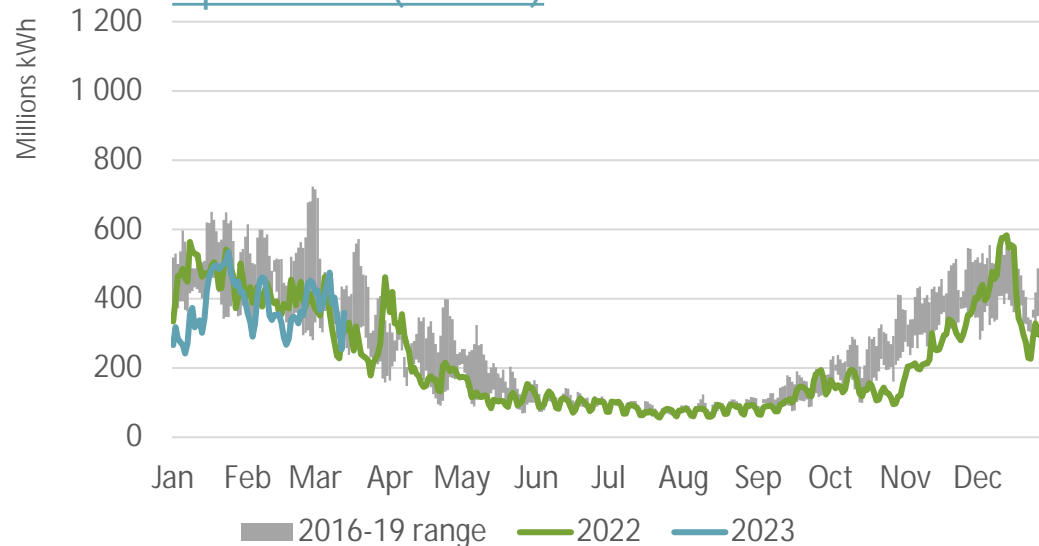
| Drivers of change | Power | Buildings | Industry |
|--|-------|-----------|----------|
| Less hydro | +12 | | |
| Less nuclear | +22 | | |
| More coal | -6 | | |
| More renewable | -11 | | |
| Weather | | -18 | |
| Efficiency | | -3 | -3 |
| Behaviour/fuel switching | | -7 | -7 |
| Production curtailment | | | -13 |
| Other avoided demand (lower demand) | -15 | | -2 |

13 % drop in EU gas demand in a single year

- Power gas demand increased by 2 Bcm
 - Less hydro and nuclear led to this increase
 - Policy support to RES (+50 GW wind & solar)
 - Lower electricity demand (! high prices)
- Buildings gas demand dropped by 17 %
 - Weather effects (lower heating)
 - Fuel switching and behaviour (lower thermostats, fuel poverty, saving campaigns)
 - Efficiency (boiler replacements, heat pumps)
- Industries' gas demand fell by 25 %
 - Production curtailment (fertiliser) – will come back ?
 - Fuel switching and efficiency gains

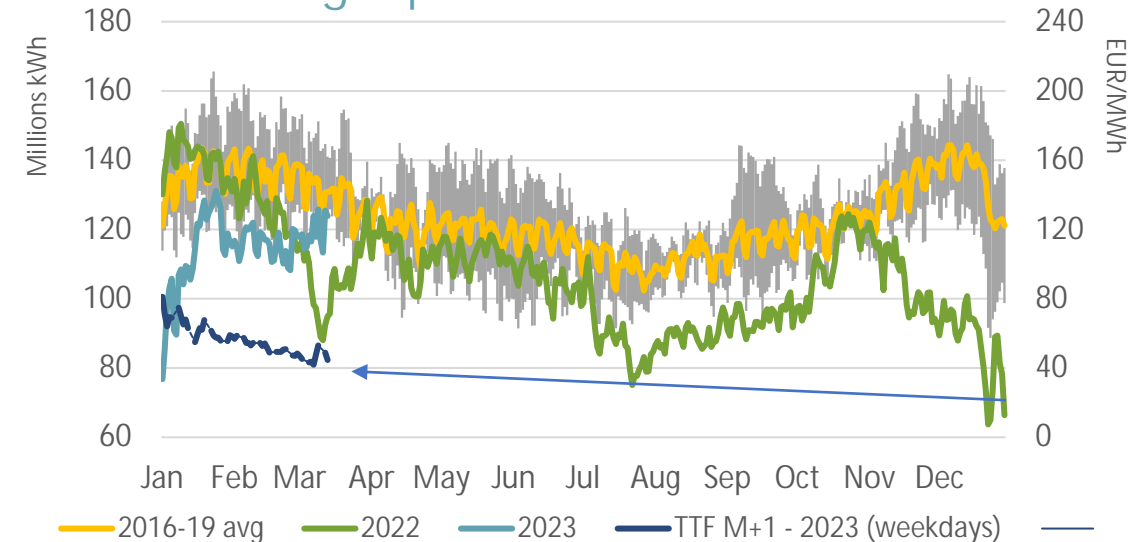
BE: reduced gas offtakes by Distribution Network Operators continue in 1Q2023 while large industrial consumption increases progressively back to its 2016-19 avg

Daily offtake by distribution network operators (DNOs)



- DNOs' gas offtake did not bounce as strong as usual when entering the winter 2022-23 heating period
 - Consumption adjustments to high prices, impact of conservation measures and mild weather
 - Mid-December deep freeze drove briefly residential and commercial gas demand which moved back in 1Q2023 to the lower end of the 2016-19 range (! not t° adjusted)

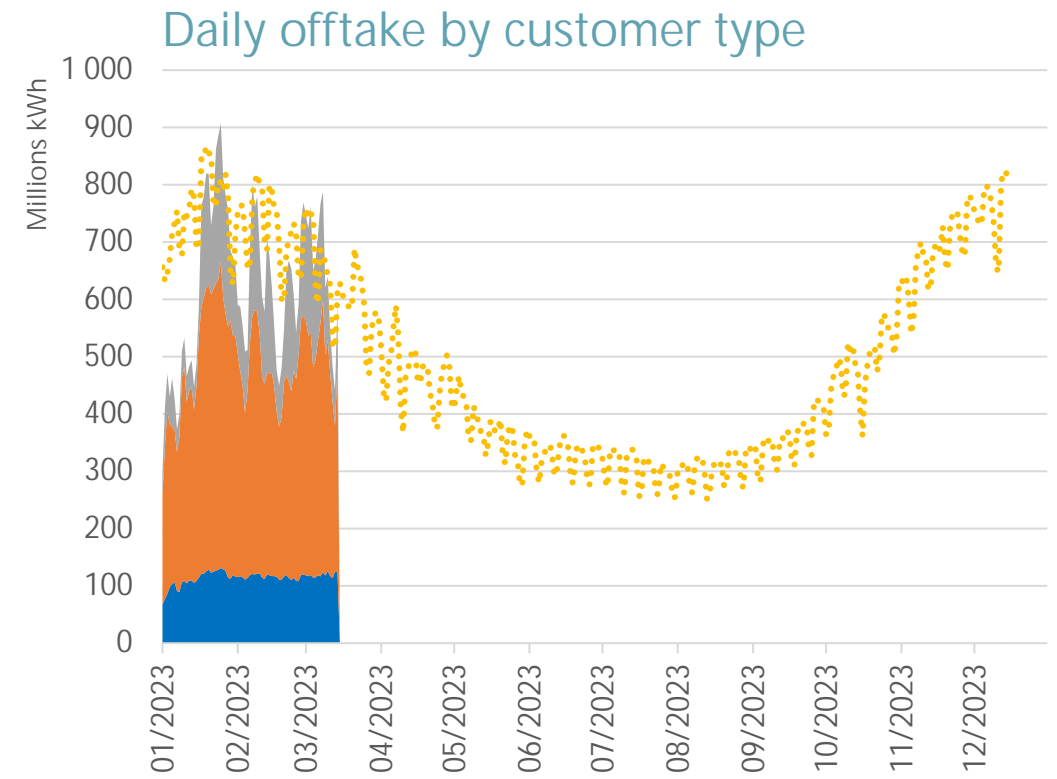
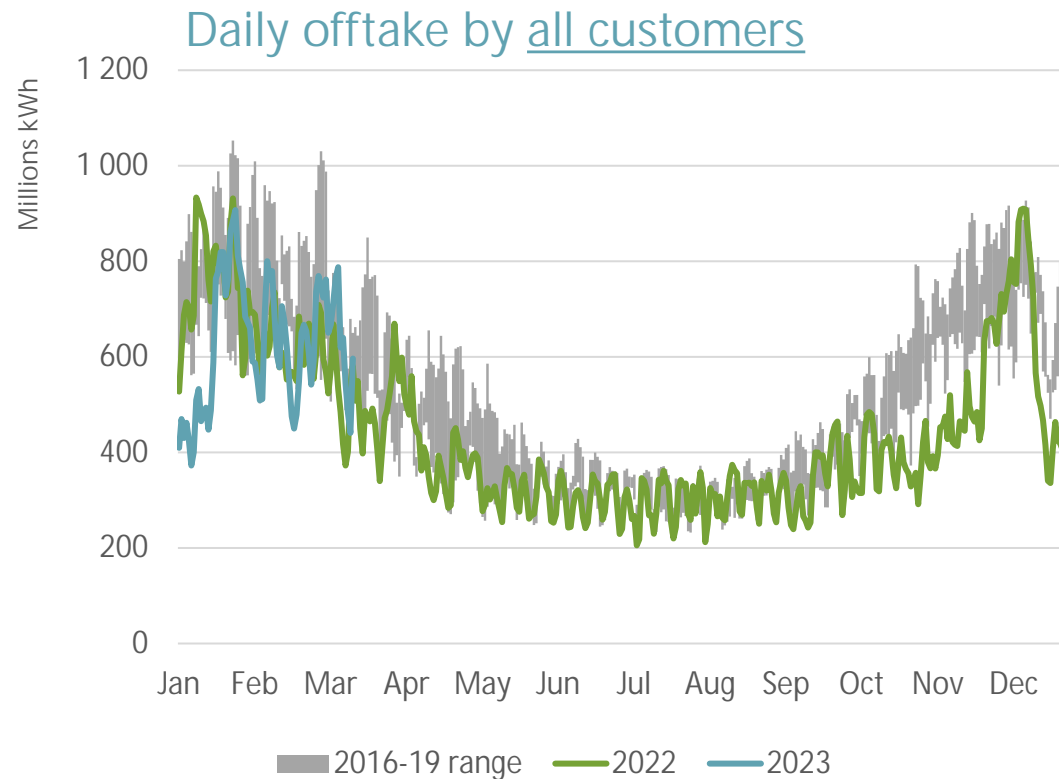
Daily offtake by industrial customers & natural gas price



- From mid-June on, industries adjust consumption following higher prices: offtake 18 % below the 2016-19 avg, with consumption at its lowest in late July (-30 % below 2016-19 avg)
- End-October consumption shortly back to its average but again depressed (-32 %) end-December. Gas prices not as high as in summer but still x7 their pre-crisis level
- 1Q2023: industrial demand recovers with prices returning to a range similar to a year earlier but still double the pre-crisis level

BE: sustained offtakes for gas-fired electricity generation support the shift back to an overall gas consumption close to its past level

- Q4 2022: total offtake remains on average 22 % lower with a noticeable surge in offtakes by distribution network operators and power plants in response to freezing weather mid-December
- Total gas consumption has resumed since mid-January 2023 at levels closer to those of the past

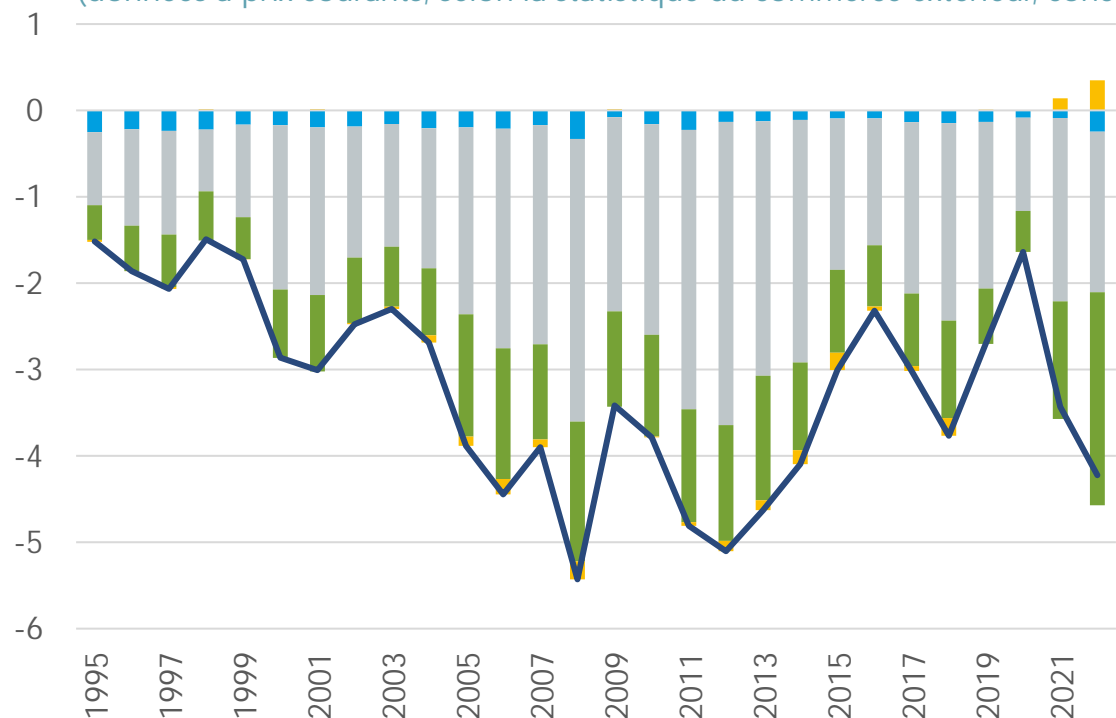


- Industrial customers
- Distribution network operators
- Power plants
- 2016-19 average

La facture énergétique nette de la Belgique a augmenté vis-à-vis de l'étranger en 2022 bien qu'elle se soit quelque peu amoindrie en fin d'année

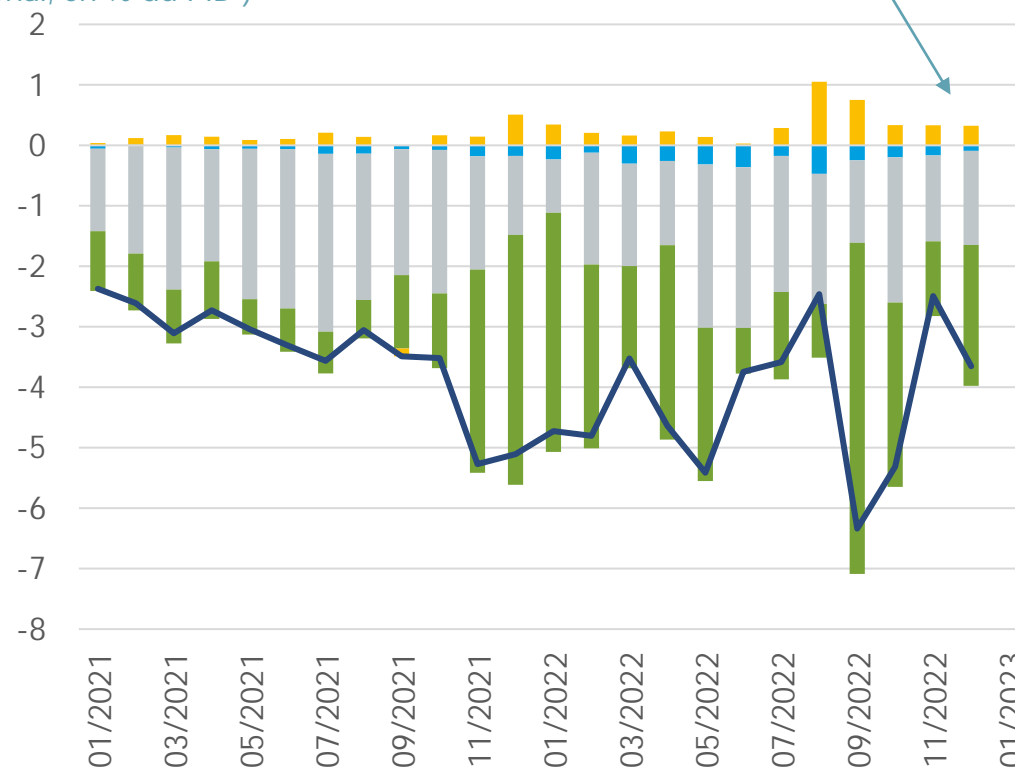
Exportations nettes de produits énergétiques

(données à prix courants, selon la statistique du commerce extérieur, concept national, en % du PIB¹)



- Houilles, cokes et briquettes
- Gaz naturel et gaz manufacturé
- Total combustibles, minéraux, lubrifiants et produits connexes

Les données mensuelles récentes sont provisoires



- Pétrole, produits dérivés du pétrole et connexes
- Énergie électrique

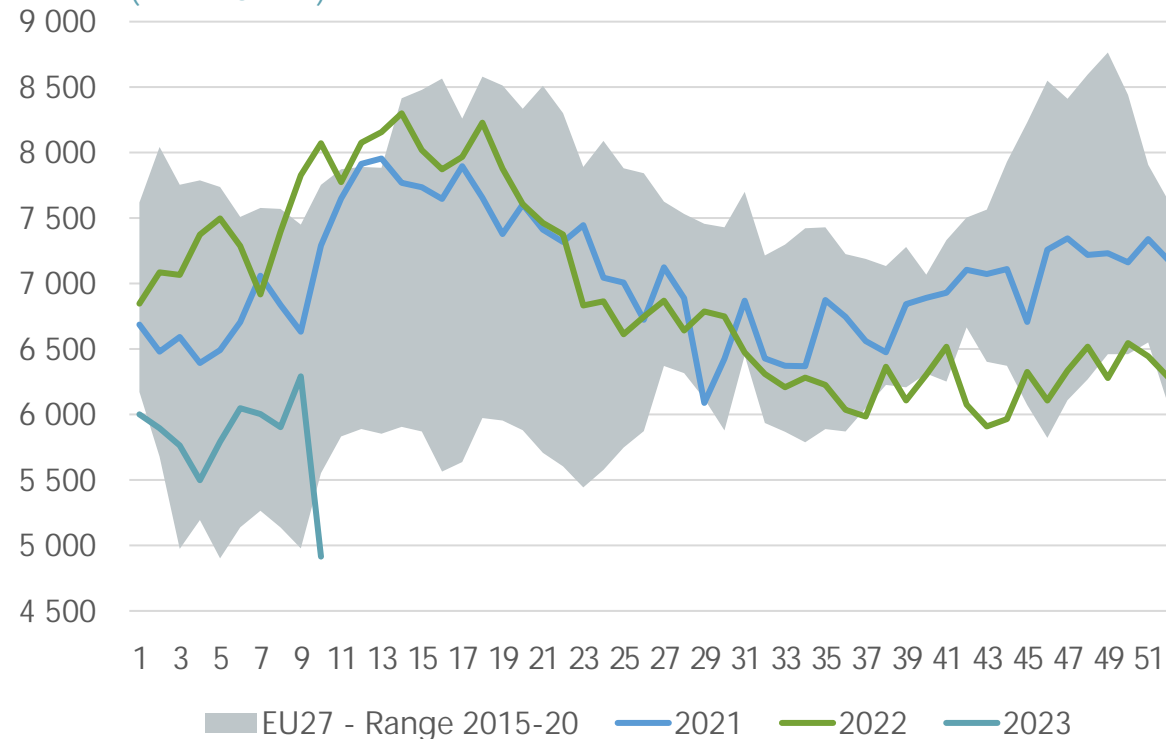
Sources: ICN, calculs BNB.

¹ Pour les évolutions mensuelles, un PIB mensuel est estimé en divisant la valeur du PIB annuel de 2021 par douze pour les mois de 2021 et en divisant le PIB de l'année 2022 pour les mois de 2022.

1Q2027 sees a drop in extra-EU27 gas imports which remain at a lower level than before, along with a redistribution in the sourcing of EU's gas supplies...

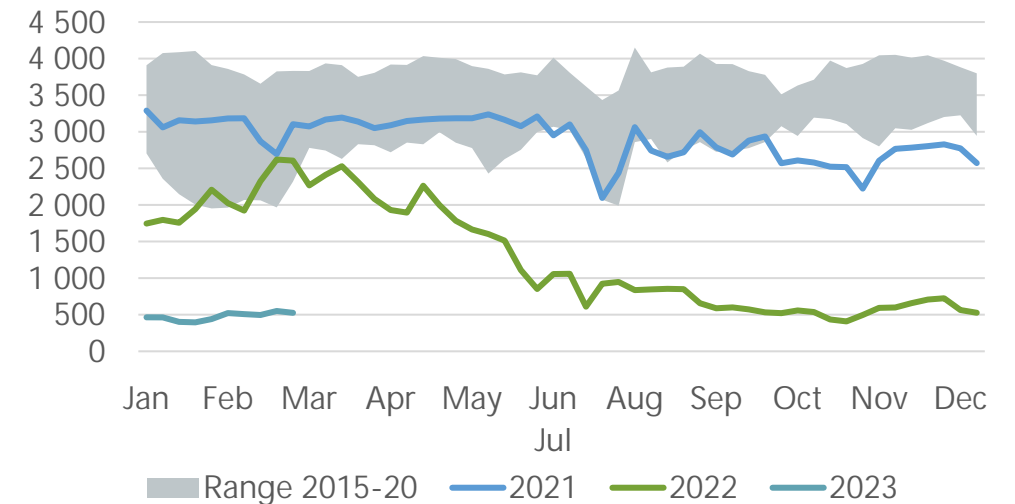
Extra-EU27 weekly natural gas imports

(in million m³)



Russian (piped) gas curtailment to EU27

(in million m³)



- Since April 2022
 - RU gas supply cuts on LT contracts
 - Reduced transmission capacity: lower transit via UA and no flows through Yamal and Nord stream 1
 - RU = 8 % of current extra-EU27 gas imports (from ~28 % one year ago)
- Mainly LNG has taken over

... with a switch mostly to Norwegian and LNG deliveries (including through the transit of in the UK landed gas)

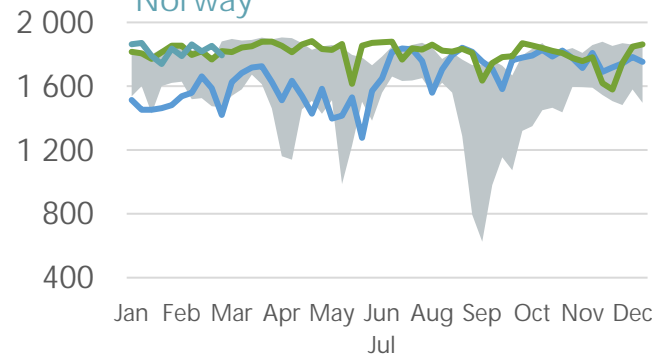
Norway

- Pipelines operating close to nameplate capacity

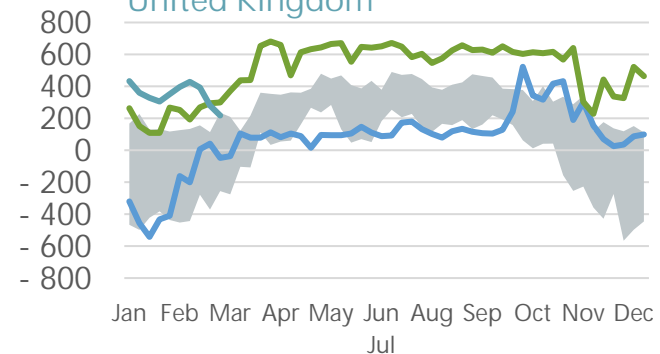
Extra-EU27 weekly natural gas imports by source

(in million m³/week)

Norway



United Kingdom

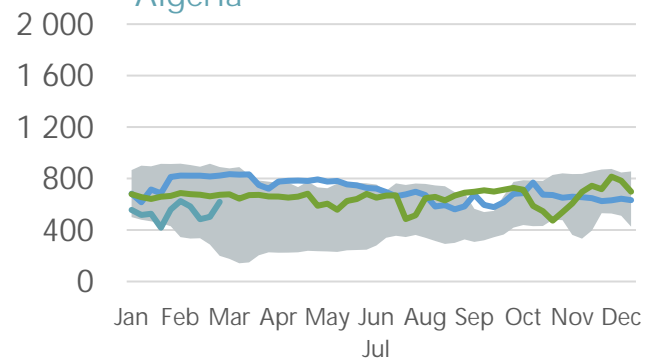


■ Range 2015-20 2021 2022 2023

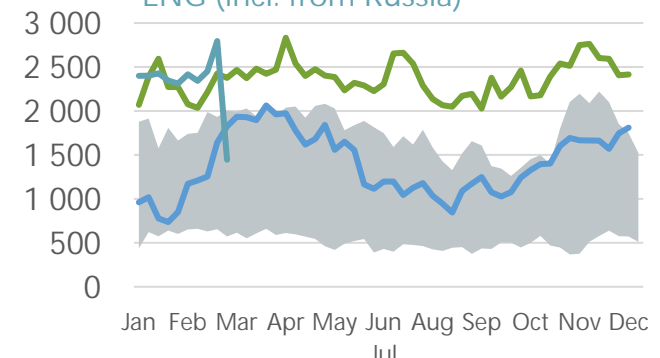
Algeria

- Growing domestic market + LT contracts with customers to supply
- Constrained on the ability to produce more

Algeria



LNG (incl. from Russia)



United Kingdom

- 2022 net gas imports from UK above the level of past 2015-20 imports ...
- ... net imports also during winter ...
- ... in 1Q2023 too
- Use of UK gas and LNG import capacity for gas transit to continental EU

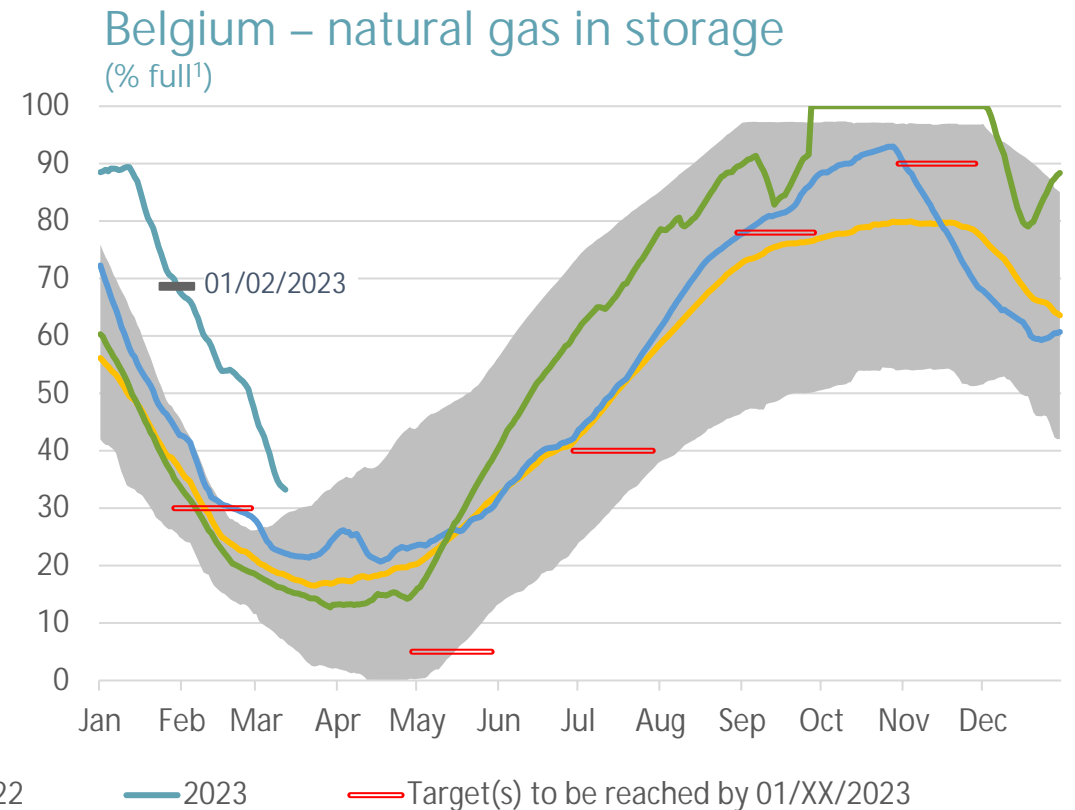
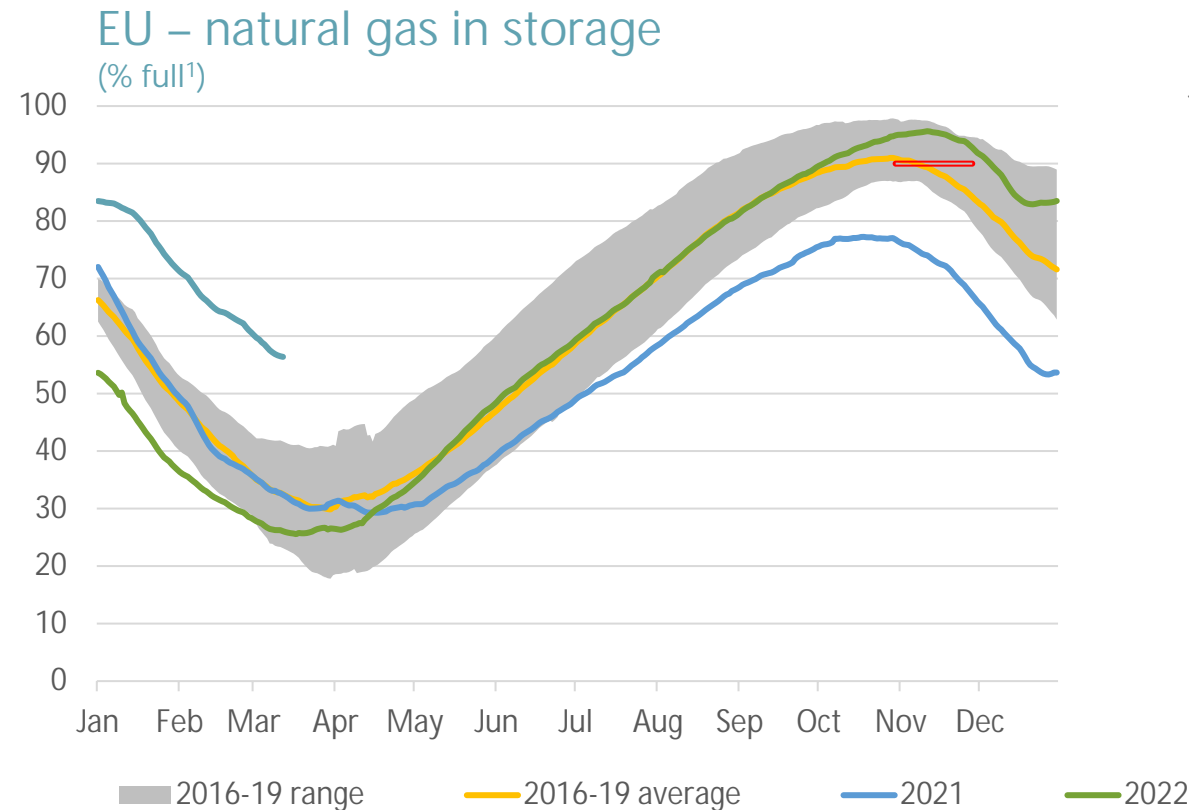
LNG cargoes

- US LNG deliveries to EU to the rescue
- Russian LNG to EU (~380 Mm³/wk last 12 months)
- 2022-23 ahead = diversion from other markets – ramp-up of US and African liquefaction projects

Intra-EU flows benefit from improved infrastructure with 4 new interconnectors (Baltic pipe, interconnectors Poland-Lithuania, Poland-Slovakia, Bulgaria-Greece)

Gas storage filling in 1Q2023 20 p.p. above historical levels

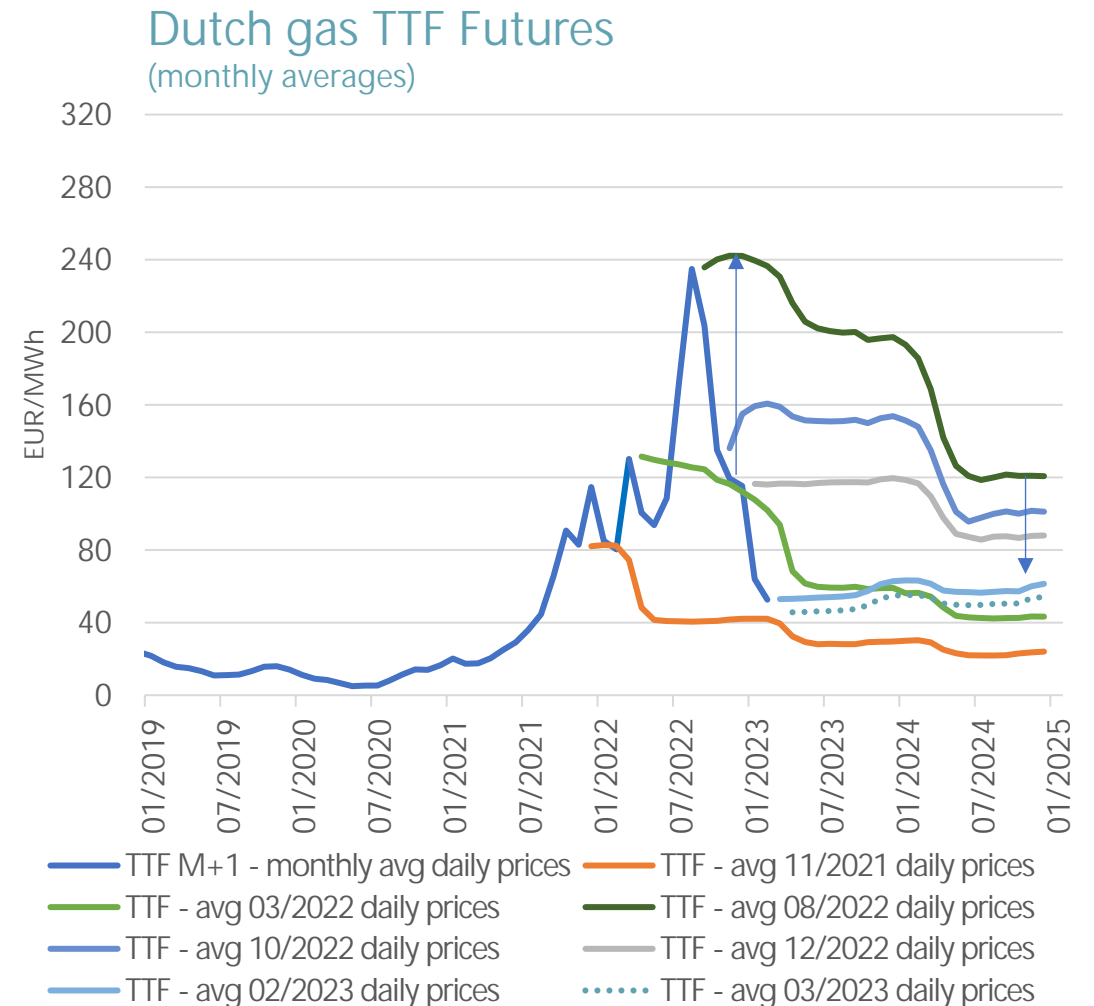
- Combined effect of mild temperatures, energy consumption reduction and improved LNG supplies replacing RU gas
- EC regulation: gas storage filling target of 90 % at EU level to meet on 1st November 2023 – intermediate targets have been set by member state ahead of a still challenging 2023-24 winter
- Belgium' gas storage level 38 p.p. higher than its intermediate target for the 1st February 2023



Improved EU gas demand-supply balance meant lower imports/better stock filling

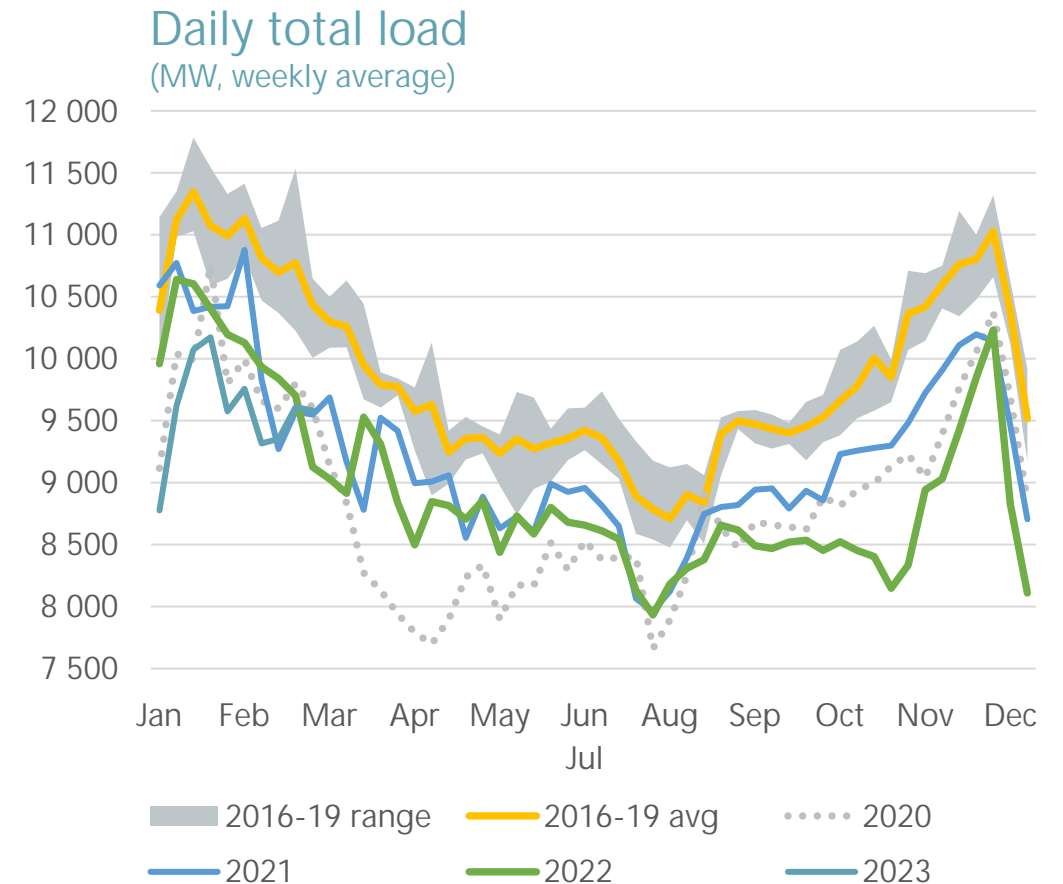
Market futures expect prices to stabilise but still at twice the pre-crisis level

- Russian pipeline deliveries could drop to zero
- Tight global LNG market: higher supply from LNG = more exposed to global LNG dynamics
- Possible competition with Asia (recovering of Chinese LNG imports) to secure supply
- Potential pressure on prices both in Europe & Asia
- ! European and global gas balance outlook for 2023 remain submitted to a wide range of uncertainties that could still lead to higher-than-expected price levels



Since begin 2023, Belgium's electricity consumption remains 12 %¹ below the 2016-19 average and still at a lower level than during the COVID period

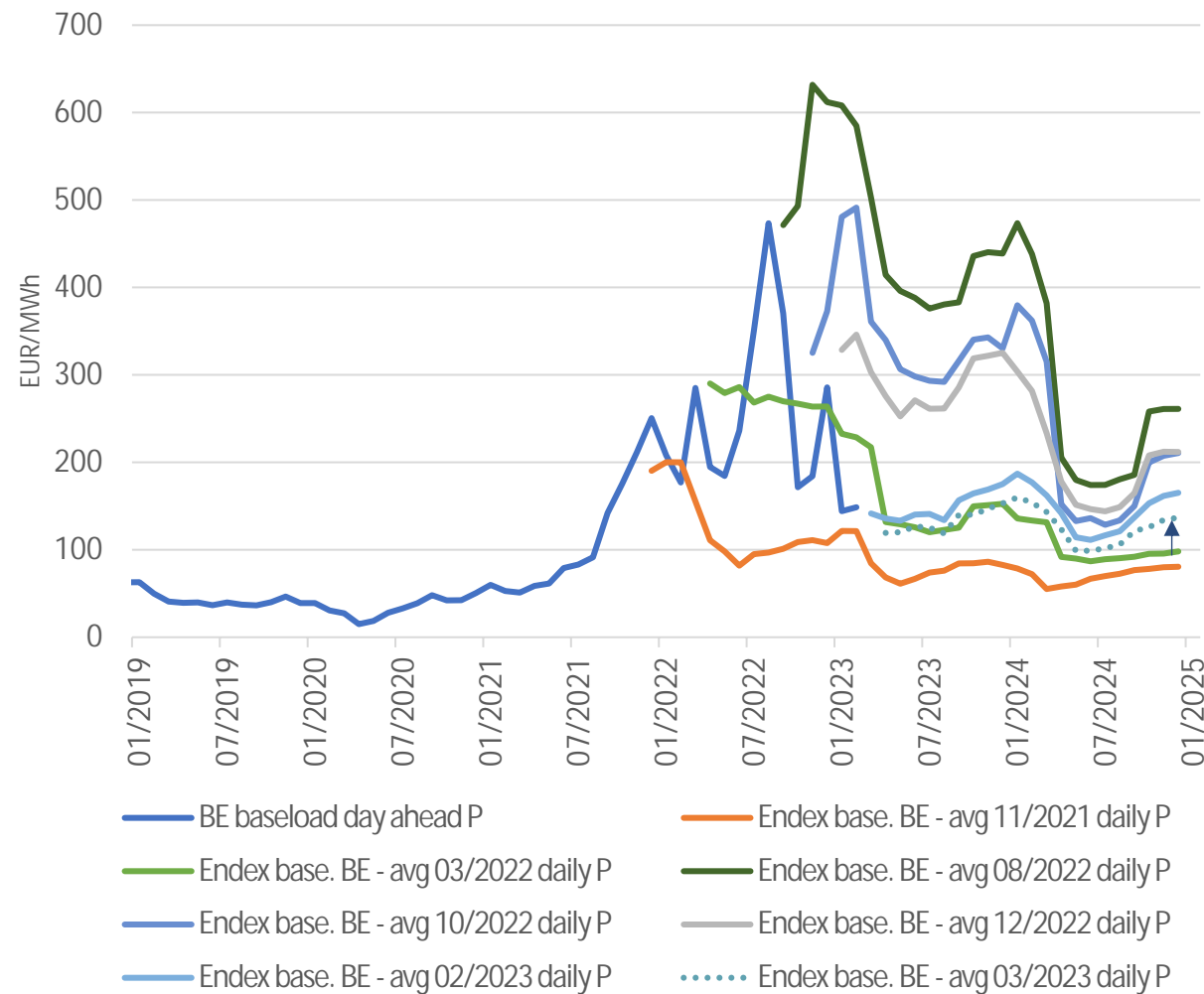
- Total load on the Transport System Operator grid
 - similar to its 2020 level until 09/2022
 - followed the seasonal consumption upturn later in the winter (winter freeze begin December 2022)
 - growing gap to the average 2016-19 consumption (! not t° adjusted) in 4Q2022
09/22: -9 %; 10/22: -14 %; 11/22: -16 %



Electricity production issues abroad undermine confidence on BE future SoS

- Authorities were confident about Belgium's winter 2022-23 security of energy supply (SoS)
 - availability of gas infrastructure: i.e. fully operational gas terminal and gas storage for balancing
 - availability of electricity infrastructure by postponing their maintenance until after the 2022-23 winter
- Concern on electricity SoS ahead of 2023 (adverse scenario of unavailability of 4 additional FR nuclear units – based on ELIA's June 2021 "Adequacy and Flexibility Study for Belgium" – to be updated in June 2023)
 - Winter 2023-24: SoS is ensured even if uncertainties remain with negative (-) / positive (+) impacts
 - (-): FR nuclear availability, ↑ in electricity consumption abroad, unfavourable investment climate
 - (+): BE nuclear availability, ↓ BE consumption & peak load need, ↑ BE storage capacity, coal generation abroad
 - Winter 2024-25: reduced BE imports margin – gap of 500 MW = auction to organize to ensure SoS
 - (-): uncertain FR nuclear availability due to delay in maintenance and lifetime extension works, corrosion issue
 - (+): contained electricity consumption in BE and FR, ↑ BE storage capacity
 - Winter 2025-26: CRM¹ in place = need of 2.2 to 2.5 GW (↑↑ due to FR nuclear + UA war) – 1.3 GW from (possibly limited) CRM auction = gap of 0.9 to 1.2 GW needed capacity
 - Winter 2026-27: gap of 1.25 GW – Winters 2027-30: SoS ensured with previous measures taken + CRM
- January 2023: agreement with Engie on the arrangements for restarting Doel 3 and Tihange 4 on 1st November 2026

Expectations on (record) high electricity prices gradually lowered in 1Q2023

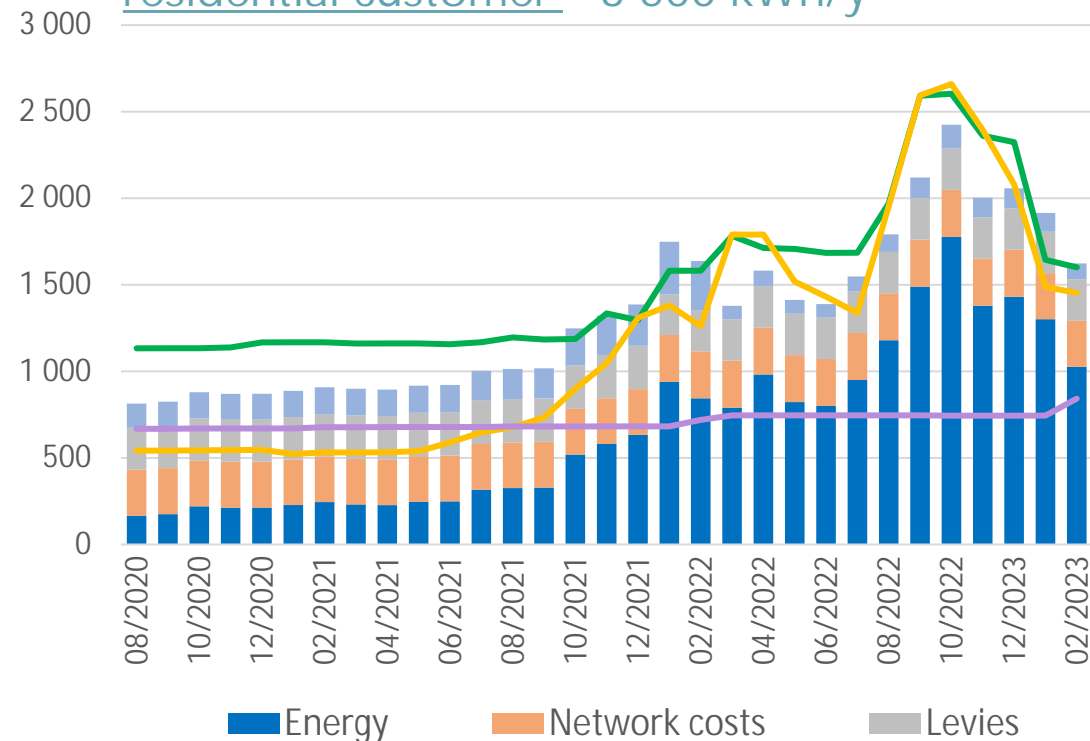


- Electricity prices increased from ~50 EUR/MWh in the past to 200 EUR/MWh end-2021 and peaked 08/2022 due to the dominating effect of gas prices on electricity prices and generation issues in neighbouring countries
- European power markets resilient to winter heating period and cold t° in 11/2022-12/2022 with the return of French nuclear generation, rebounding coal and gas-fired generation and contained electricity consumption
- 1Q2023: mild weather helped to temper prices, but uncertainties contribute to keep the front months' delivery prices higher than in recent years
 - French nuclear generation?
 - Hydro. generation with rather low water levels?
 - Electricity demand level?

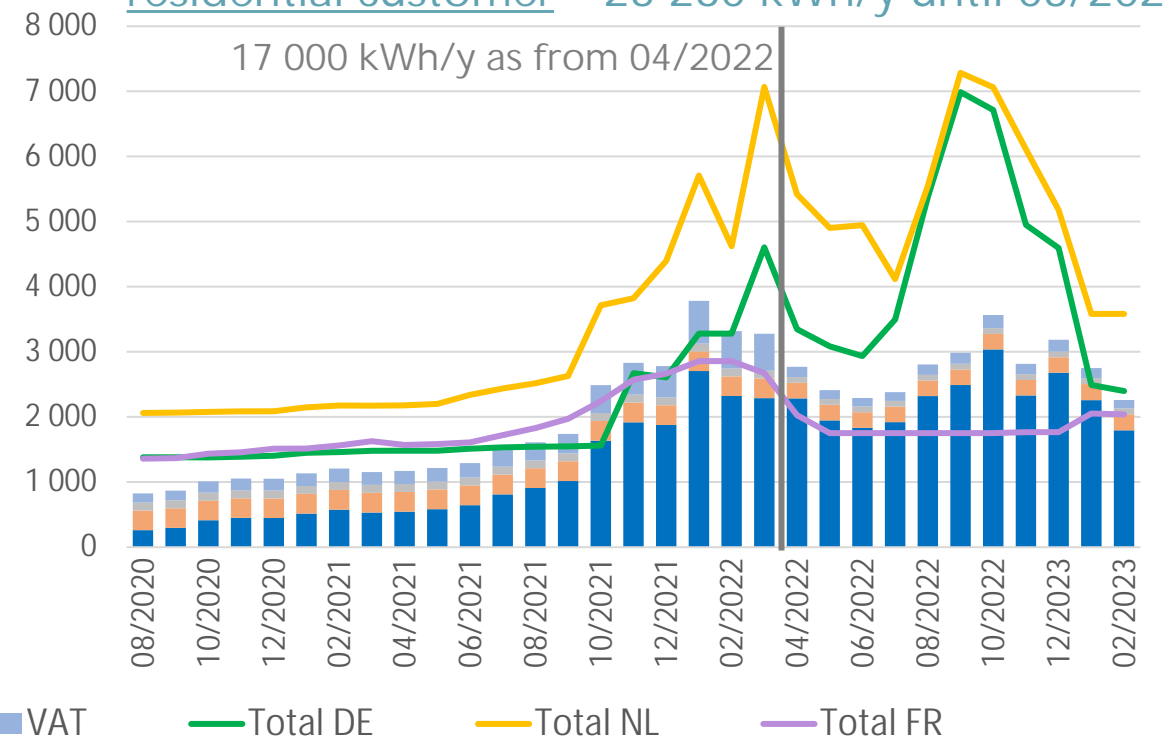
Electricity and gas prices for residential customers have eased across countries the last 4 months

- Electricity prices still lower in France, while gas prices are more aligned between countries
- Strong decrease from the late summer spike but current prices remain still x2 higher compared to two years ago (except for electricity prices in France)

Yearly average invoice in € – electricity to residential customer – 3 500 kWh/y



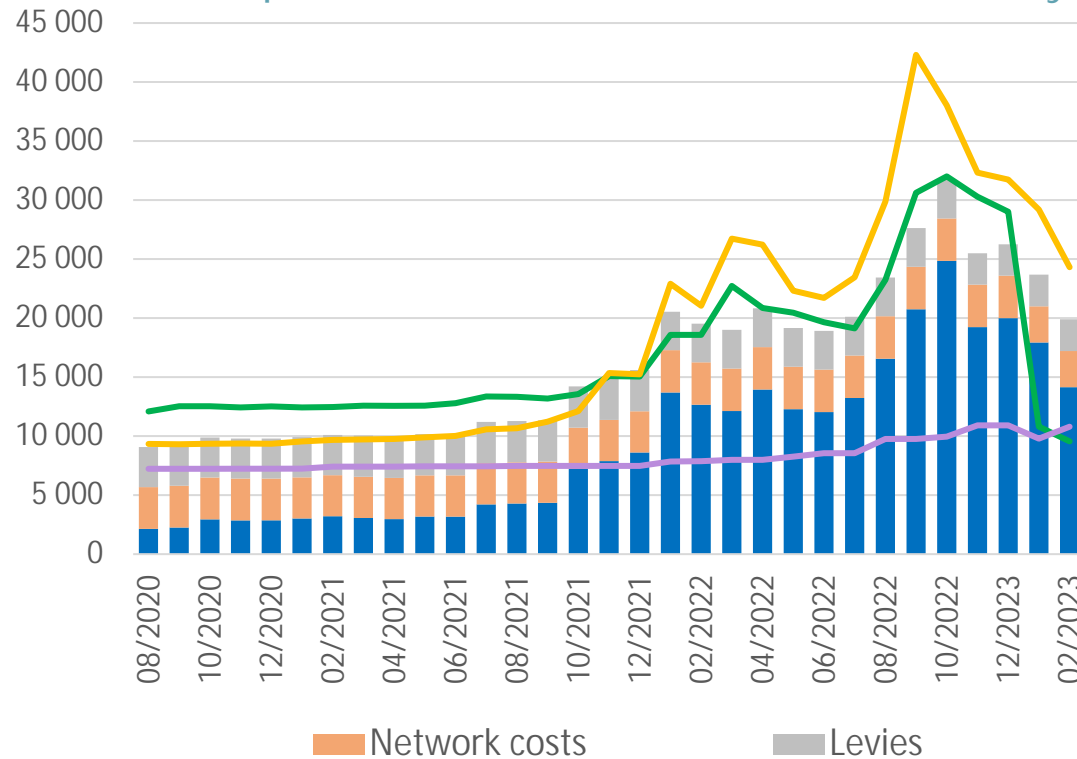
Yearly average invoice in € – natural gas to residential customer – 23 260 kWh/y until 03/2022



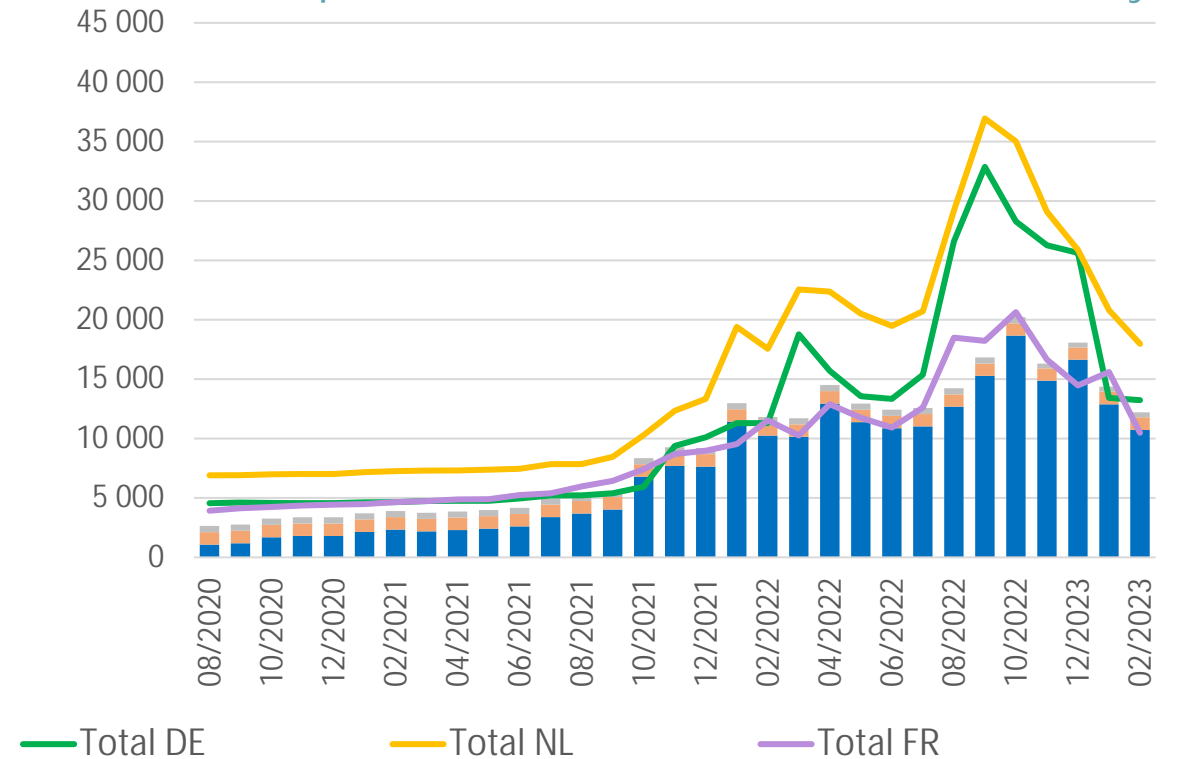
The energy component remains the driver behind electricity and gas prices charged to small business customers across the various countries

- ... except in France, where the price charged for electricity has changed little

Yearly average invoice in € – electricity to small professional customer – 50 000 kWh/y



Yearly average invoice in € – natural gas to small professional customer – 100 000 kWh/y



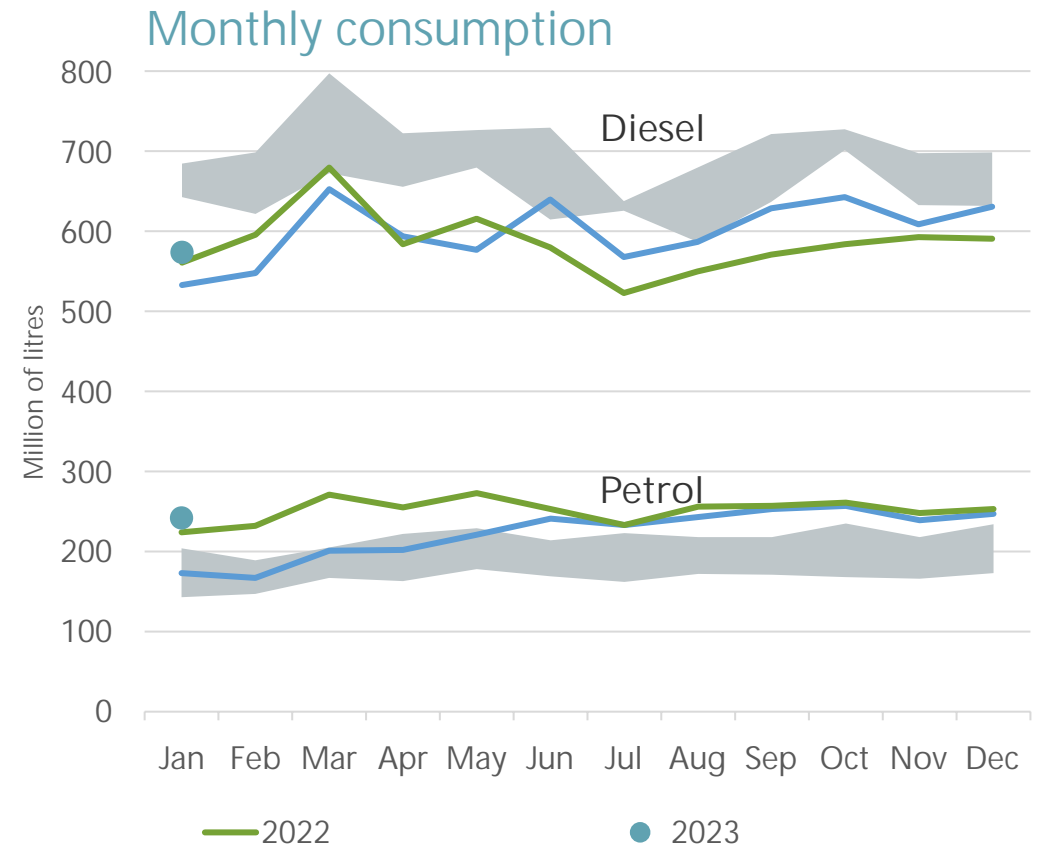
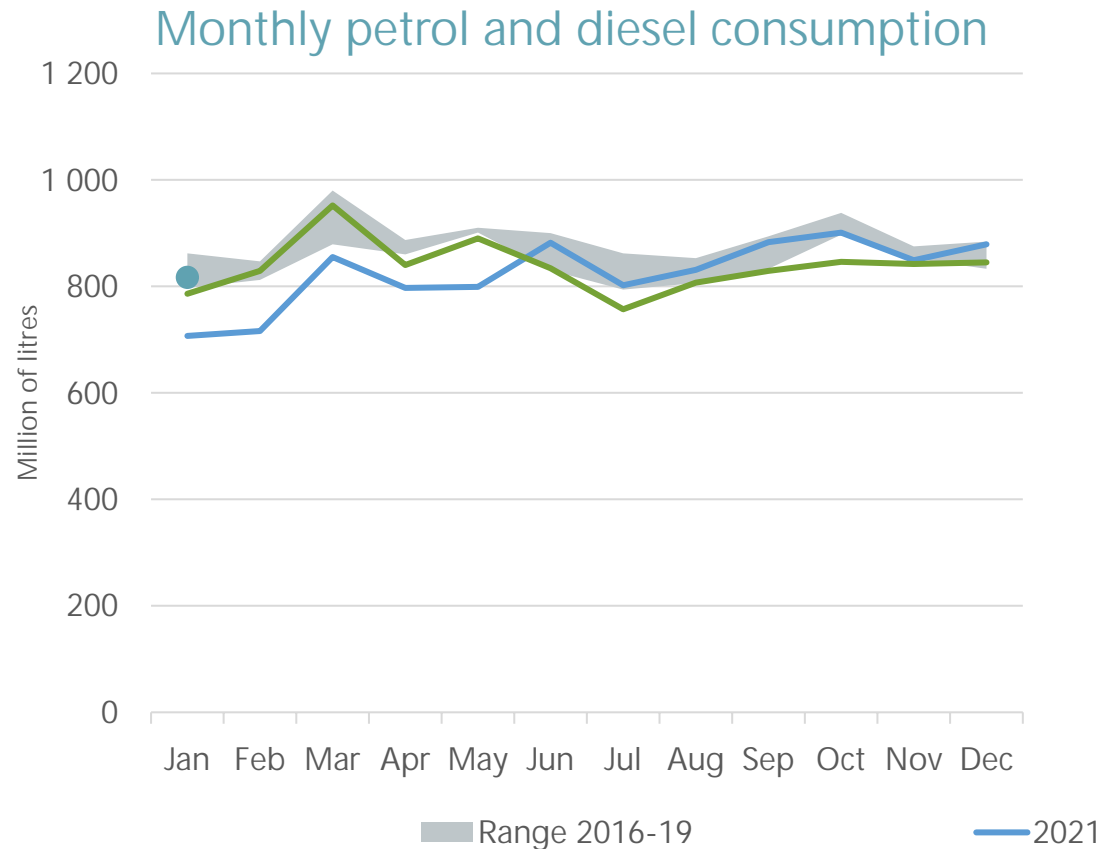
REPowerEU and legislative proposals/actions to ensure SoS and affordable prices

- *Immediate/temporary measures adopted*
 - 06/2022: Minimum gas storage obligation + solidarity agreements
 - 08/2022: Gas saving target: -15 % between 01/02/2022 and 31/03/2023 (proposal to extend by 1 year)
 - 10/2022: Emergency intervention to address high energy prices (overall reduction target of gross electricity consumption + cap market revenues at 180 €/MWh for electricity generators using inframarginal technologies + contribution on fossil fuel companies' taxable profits)
 - 11/2022: New temporary measures to contain high prices (agreement on a joint gas purchase platform to increase EU's negotiation leverage and get better prices, new price benchmark for stable and predictable pricing for LNG transactions to be available 31/03/2023)
 - 12/2022: Temporary emergency regulation (18 months) to accelerate the deployment of renewable energy sources (permitting procedures) and accordingly, the clean energy transition
 - 12/2022: Temporary Market Correction Mechanism (1 year from 01/02/2023) to limit TTF price spikes
- *Medium to long-term measures to reduce prices and enhance EU energy system resilience*
 - 05/2022 EC proposal: increased (binding) EU energy efficiency target from 9 % to 13 % compared to the 2020 Reference Scenario
 - 03/2023 EC proposal: revision of the electricity market design for improving the EU consumers protection and to accelerate the deployment and integration of renewables

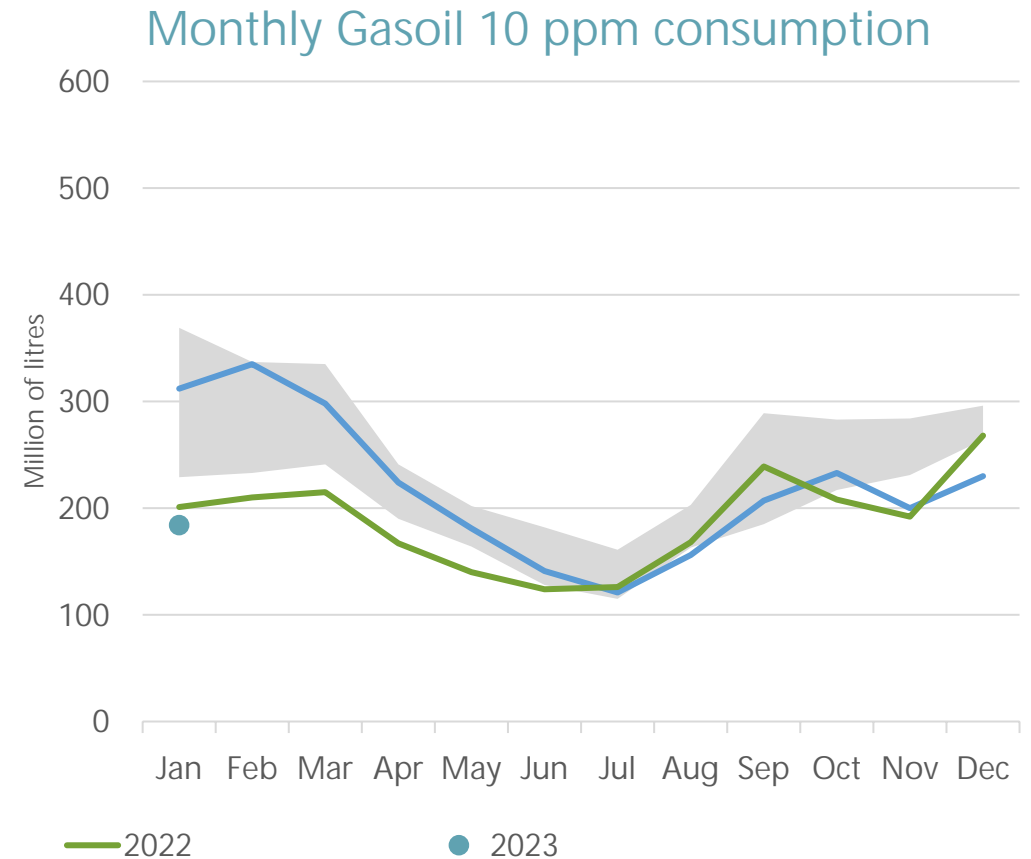
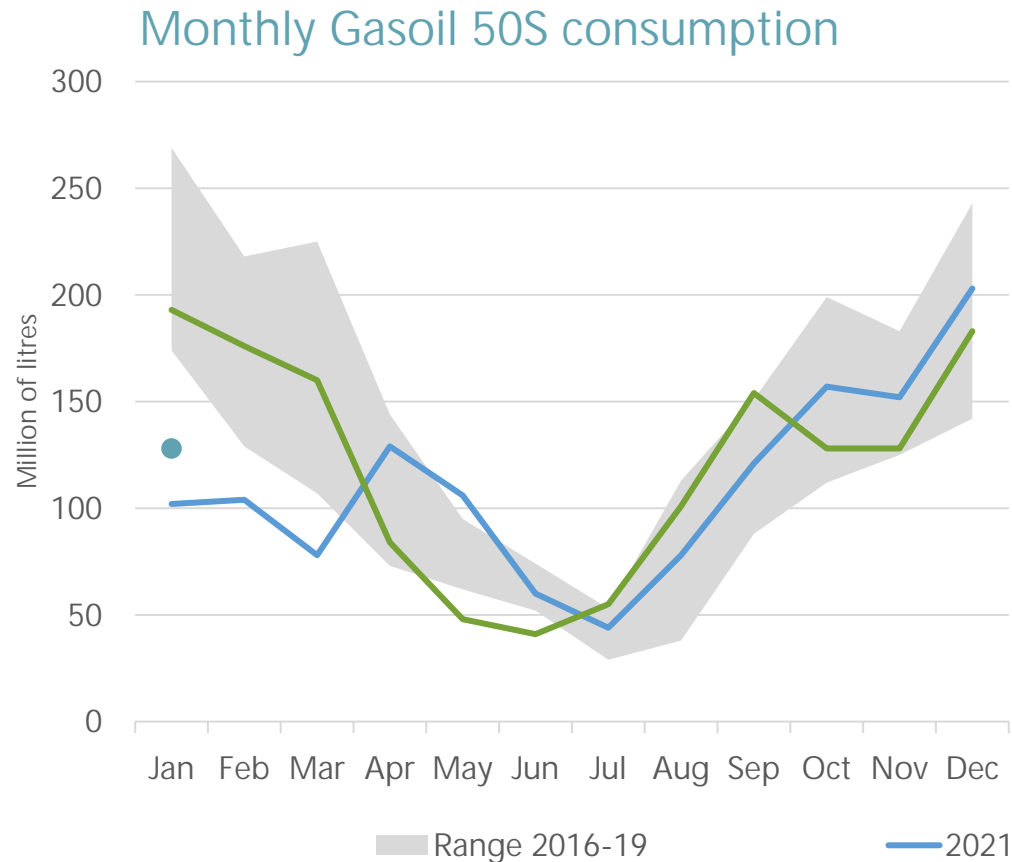
At Belgian level: supporting measures to cope with the burden of rising energy prices

- Policy response at federal level to help citizens and businesses experiencing rising prices (cf. slide 8)
 - Extend existing supporting measures to citizens until 31/03/2023
 - larger target group benefiting from the social tariff, 6 % VAT on electricity and gas, lower excise duties on petrol and diesel, similar financial compensation for heating oil, propane and pellets
 - 11 & 12/2022: reduction of electricity bill (-61 €/month) and gas bill (-135 €/month) – conditional support for the middle class – extended until 03/2023
 - 02/2023: revision of supporting measures to be applied on 01/04/2023
 - 6 % VAT on electricity and gas kept, coupled with excise duties to partly compensate for the loss of VAT revenue
 - progressive reduction in the number of beneficiaries of the extended social tariff: 75 % of social tariff in 2Q2023, 25 % in 3Q2023, and from 01/10/2023 no extended social tariff beneficiary
 - energy suppliers are required to better align energy prepayment bills to changes in energy prices
 - Support to companies (by building on the measures implemented during the COVID crisis)
 - bridging fee in case of an activity cut-off due to unbearable energy costs
 - adjustment of social security payments and provisional contributions (deferral of payments, reduction/exemption of provisional contributions and possible settlement plan)

Monthly petrol and diesel consumption for road transport within the 2016-19 range, lower use of diesel balanced by a steady use of petrol



Gasoil 50S "consumption"¹ for heating decreases begin 2023 as does the consumption of gasoil 10 ppm (includes other applications)² which remains low



Source: FPS Economy (Energy administration).

¹ "Consumption" refers to the volumes of fuels released for consumption. The time of sale to final consumers and, even more so, of actual consumption is often later than the time of release for consumption (especially for gasoil used for heating).

² Gasoil 10 ppm for heating and other applications: for agricultural equipment, for temporary construction sites and for stationary engines in industry.

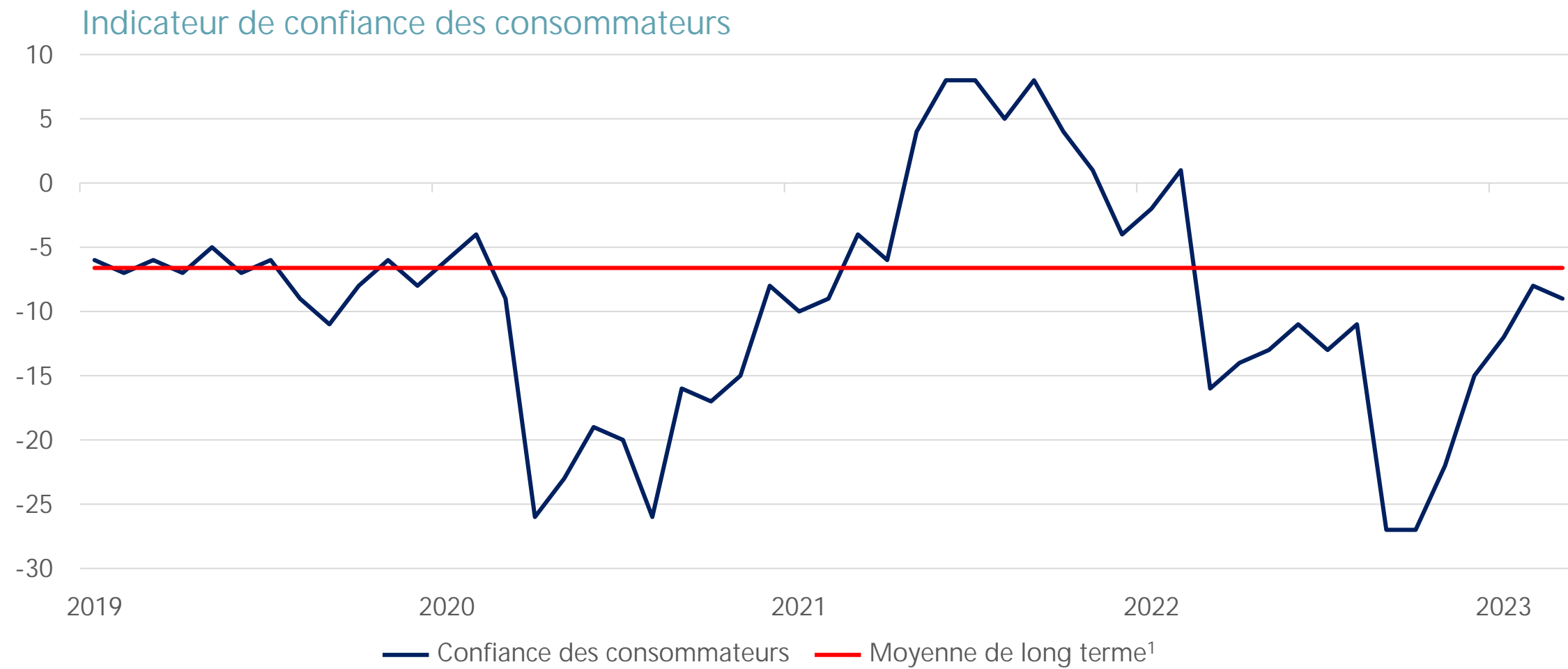
A photograph of a family in a bright, modern living room. An elderly man sits on the left reading a newspaper. A young man and woman sit on a sofa in the background, smiling at each other. In the foreground, a woman sits on the floor reading a book to two children, a boy and a girl, who are playing with blocks. A semi-transparent blue box with the text '7. Households' is overlaid in the center.

7. Households

L'incertitude importante qui pesait sur les ménages semble s'estomper progressivement

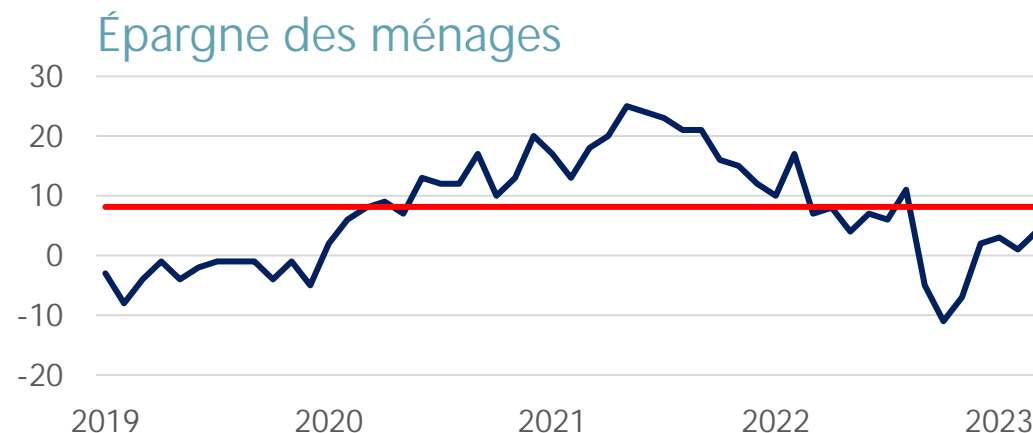
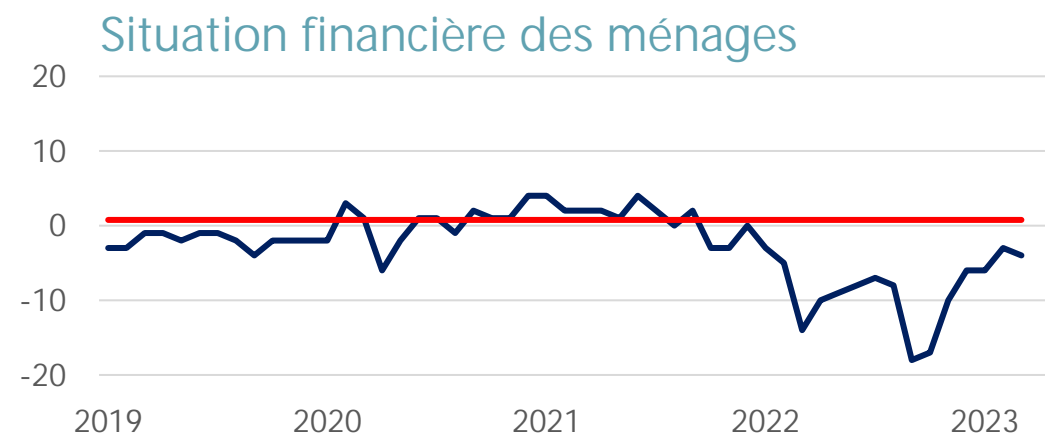
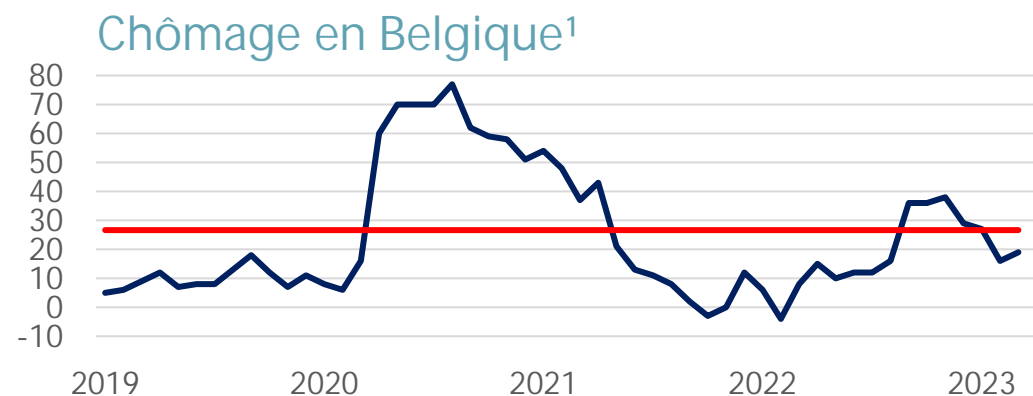
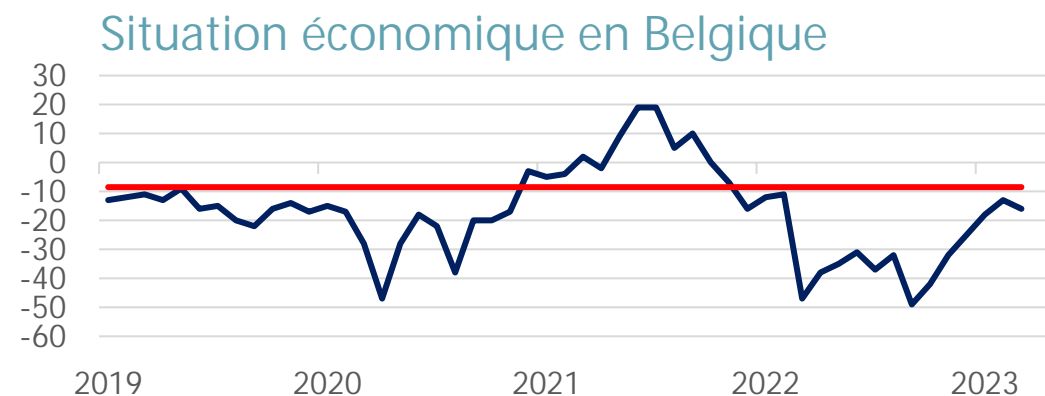
- Les ménages ont été confrontés à des grandes incertitudes parmi lesquelles:
 - la hausse des prix (notamment énergétiques et alimentaires)
 - la guerre en Ukraine et ses répercussions économiques
- Leur confiance s'est cependant considérablement raffermie au cours des derniers mois (à l'exception du dernier mois) pour se rapprocher de sa moyenne de long terme
- Tandis que leur pouvoir d'achat repartirait à la hausse en 2023

Après quatre mois de hausse, la confiance des ménages s'est légèrement affaiblie en mars, se positionnant légèrement en deçà de sa moyenne à long terme



Le redressement observé s'est reflété dans toutes les composantes de l'indicateur, bien qu'en légère baisse, à l'exception de leurs intentions d'épargne, en mars

Indicateur de confiance des consommateurs – mars 2023



— Prévisions au cours des douze prochains mois

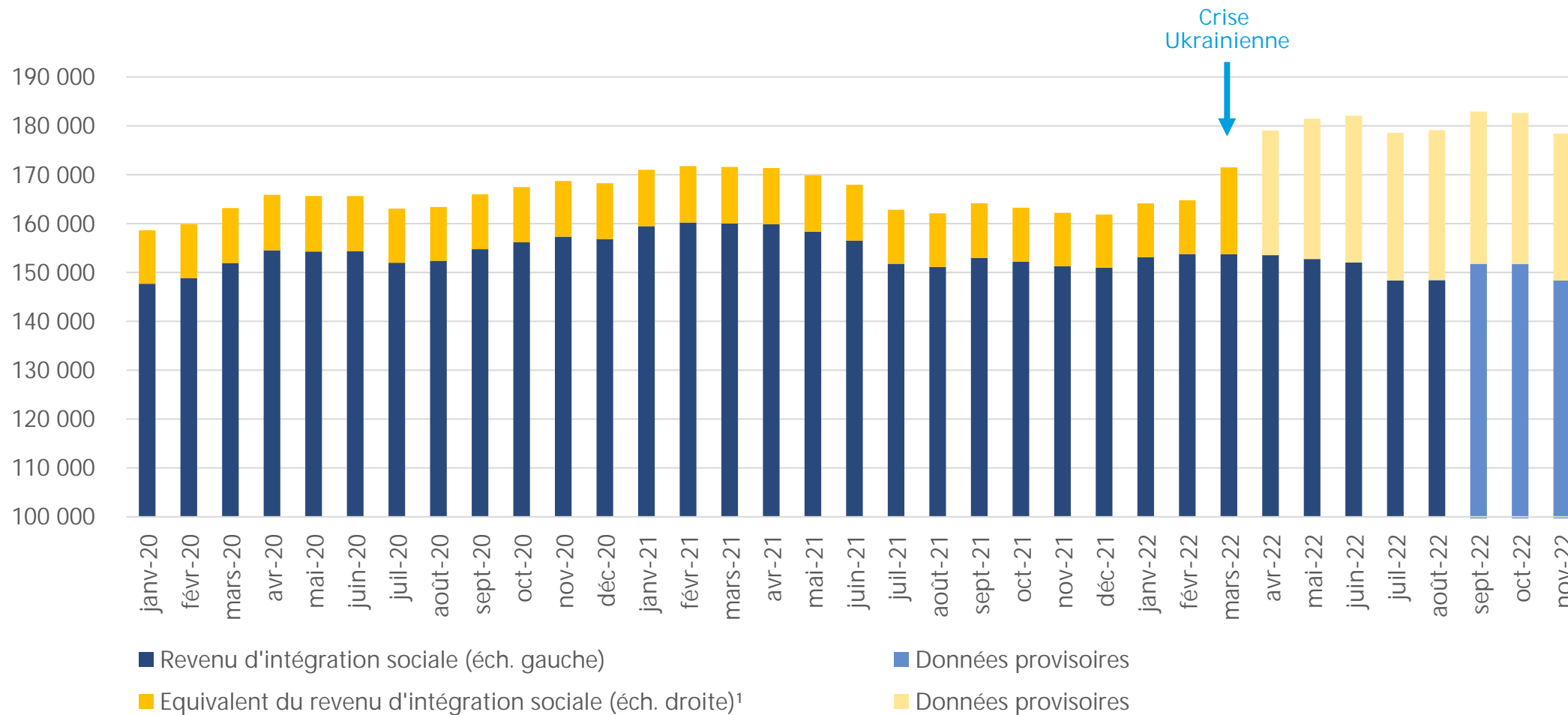
— Moyenne de long terme²

Source: BNB, dernières données disponibles: 22 mars 2023.

¹ En ce qui concerne la question relative aux prévisions de chômage, une augmentation indique une évolution moins favorable tandis qu'une diminution indique une évolution plus favorable.

² La moyenne de long terme est calculée sur la période 1990-2021.

Hausse des bénéficiaires de l'équivalent du revenu d'intégration sociale suite à l'arrivée des réfugiés ukrainiens



Source: WG SIC, à partir des données du SPP Intégration sociale et des enquêtes des CPAS.

¹ À partir de mars 2022, hausse liée à l'octroi de l'équivalent du revenu d'intégration aux réfugiés ukrainiens qui bénéficient du régime de protection temporaire.

8. Labour markets and wages



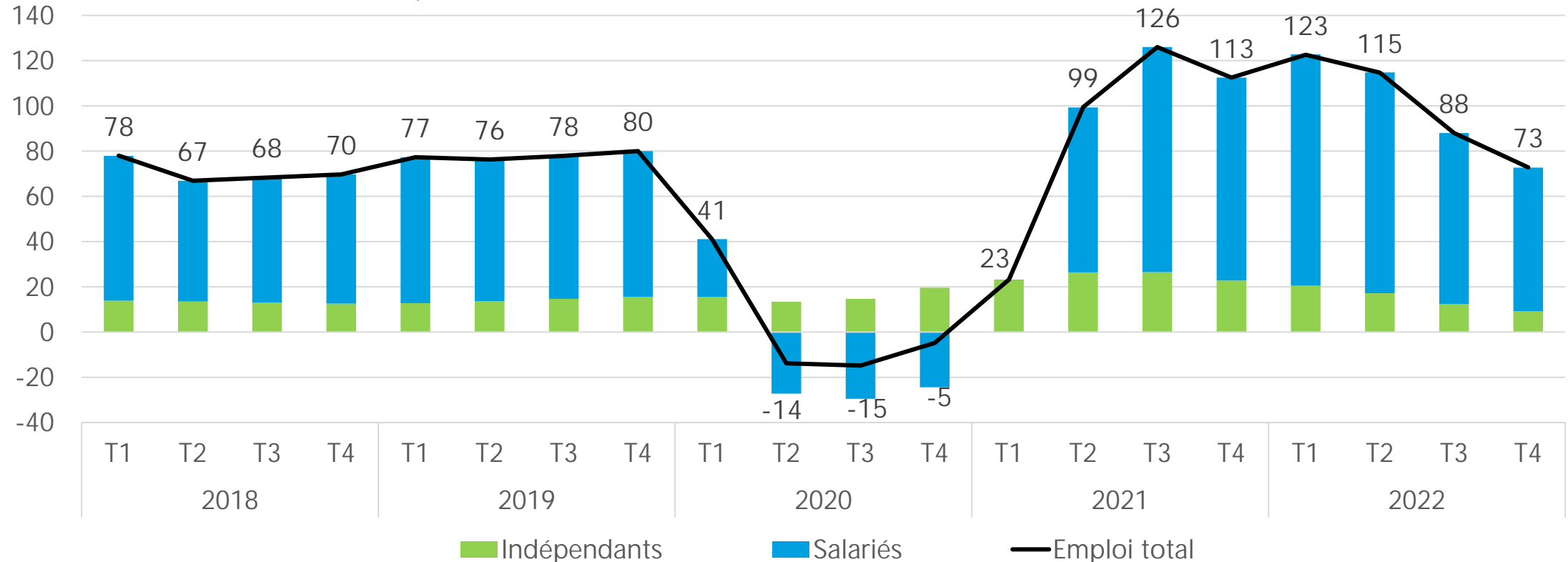
Marché du travail et salaires: les risques s'accumulent

- Les effets de la crise sanitaire sont en grande partie résorbés
 - L'emploi n'a jamais été aussi élevé
 - La plupart des branches d'activité continuent à faire face à des pénuries de main-d'œuvre
- On semble toutefois s'approcher d'un point de retournement
 - Indicateur avancé du dynamisme du marché du travail, l'intérim, s'inscrit en recul
 - Le nombre de demandeurs d'emploi est reparti à la hausse depuis septembre
 - Selon les dernières projections (décembre 2022) de la BNB ce refroidissement se prolongerait en 2023 et 2024
- Via l'indexation, les salaires connaissent une hausse exceptionnelle par sa rapidité et son ampleur. Cela assure une relative protection du pouvoir d'achat mais crée un risque pour la compétitivité des entreprises belges

Depuis son rebond en 2021, la croissance de l'emploi reste forte mais elle ralentit progressivement

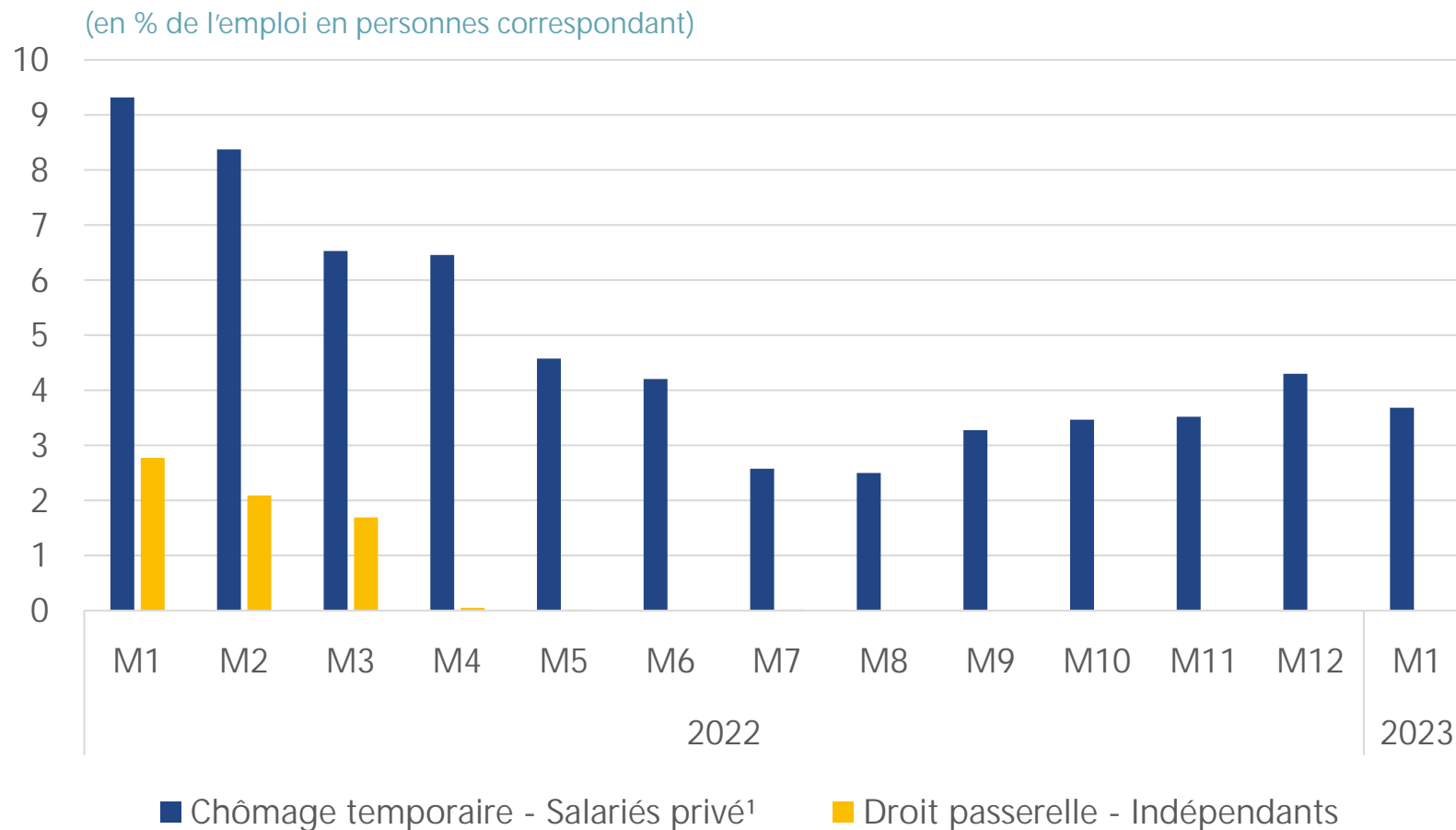
Evolution de l'emploi selon le statut professionnel

(variation annuelle en milliers de personnes)



Niveau record: 5 188 000 personnes en emploi en T4 2022!

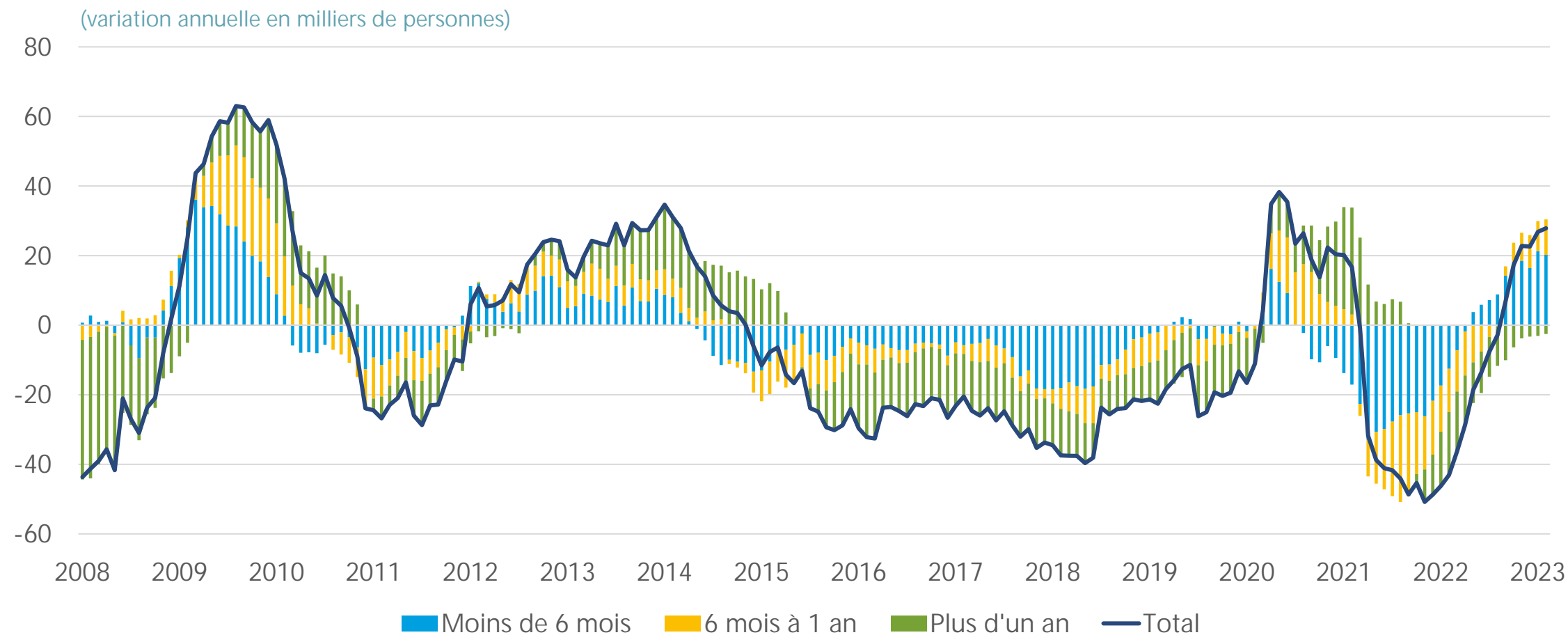
Retour à la normale pour le chômage temporaire et le droit passerelle



En avril 2020, 1 200 000 travailleurs avaient été placés en chômage temporaire « coronavirus »

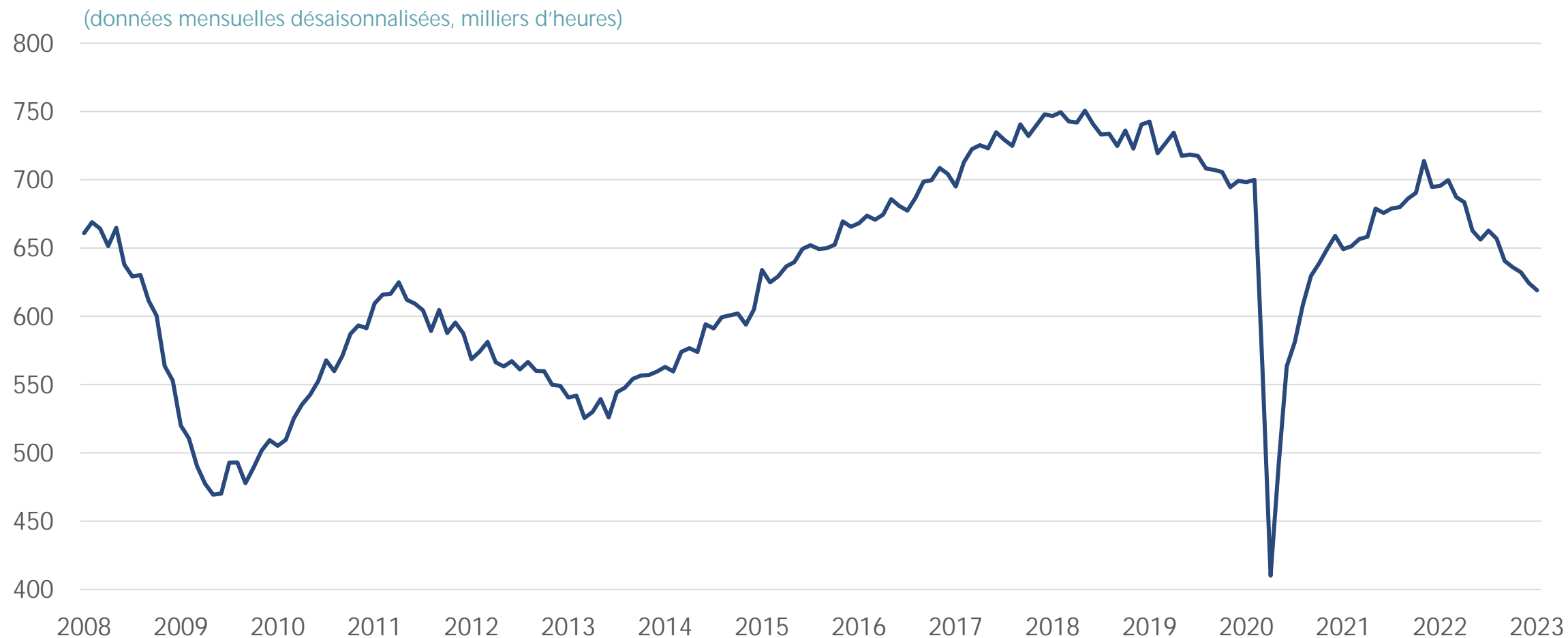
En janvier 2023, ils étaient 21 000 sous le dispositif « énergie »

Le nombre de demandeurs d'emploi est reparti à la hausse depuis septembre

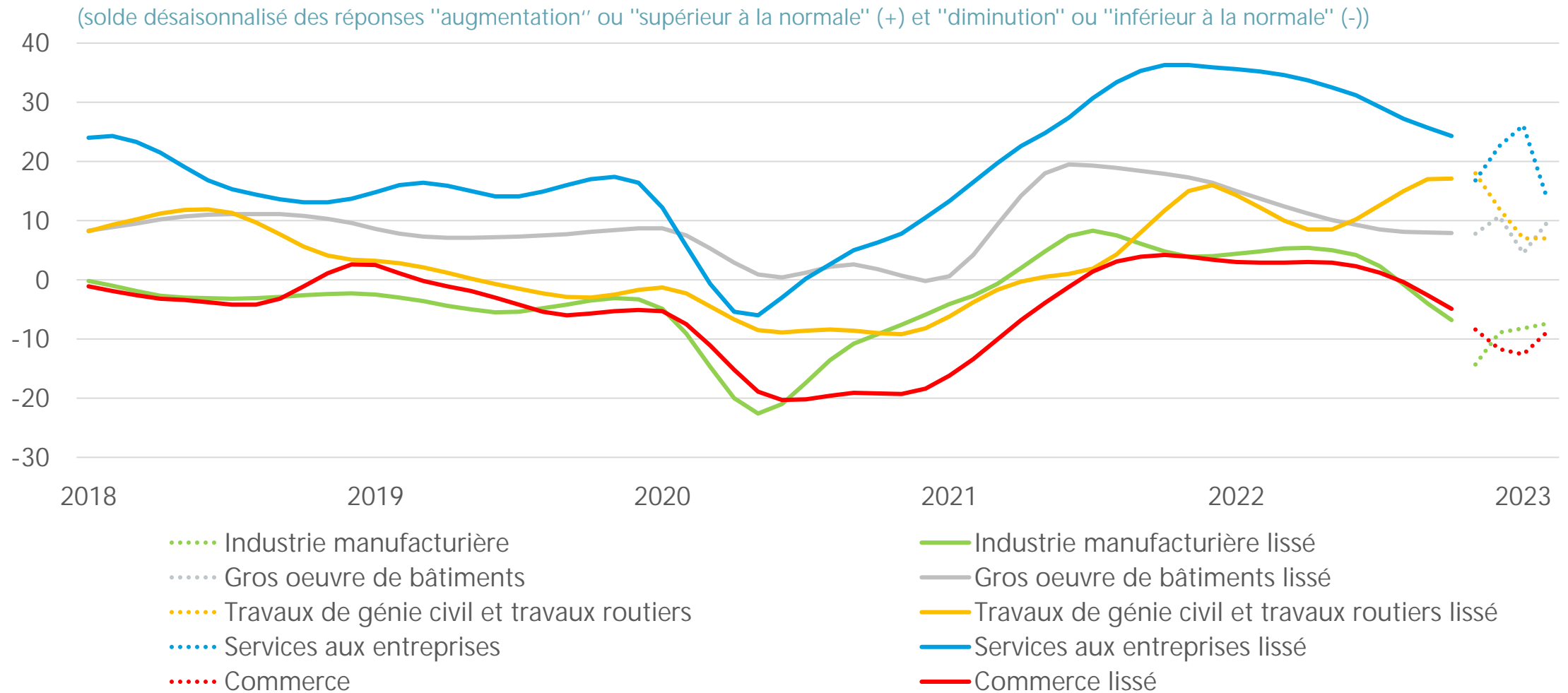


En février 2023, on comptait 473 000 demandeurs d'emploi inoccupés

Le travail intérimaire poursuit sa décroissance

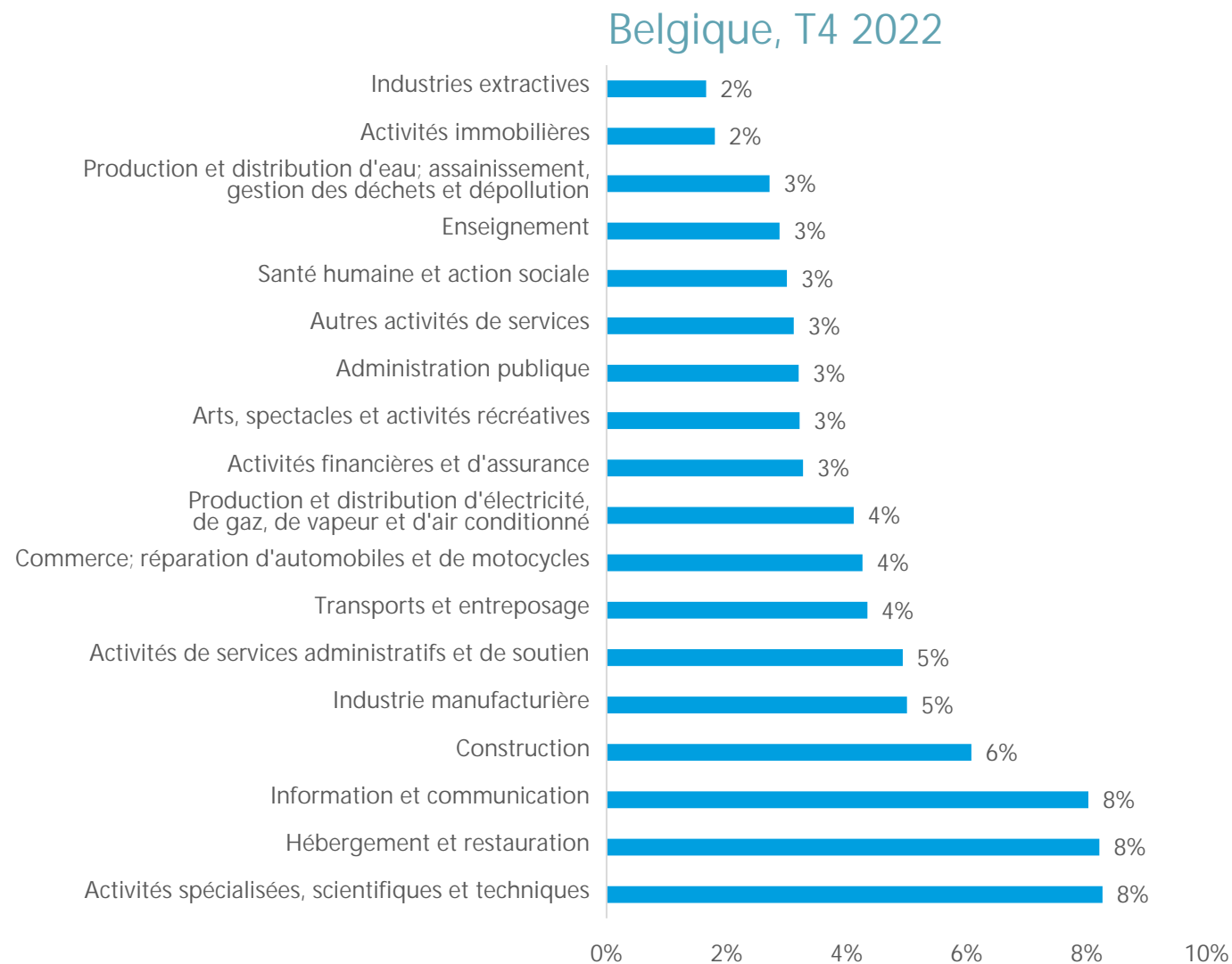
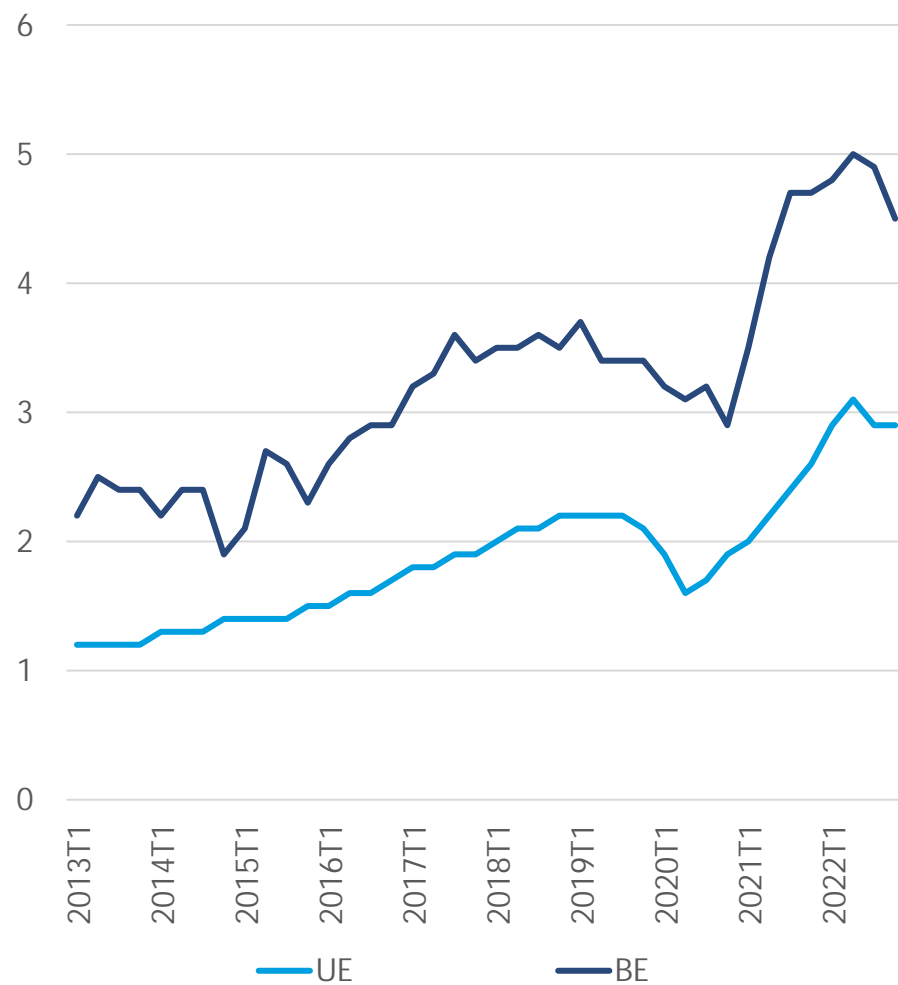


La plupart des secteurs rapportent un fléchissement des prévisions d'emploi

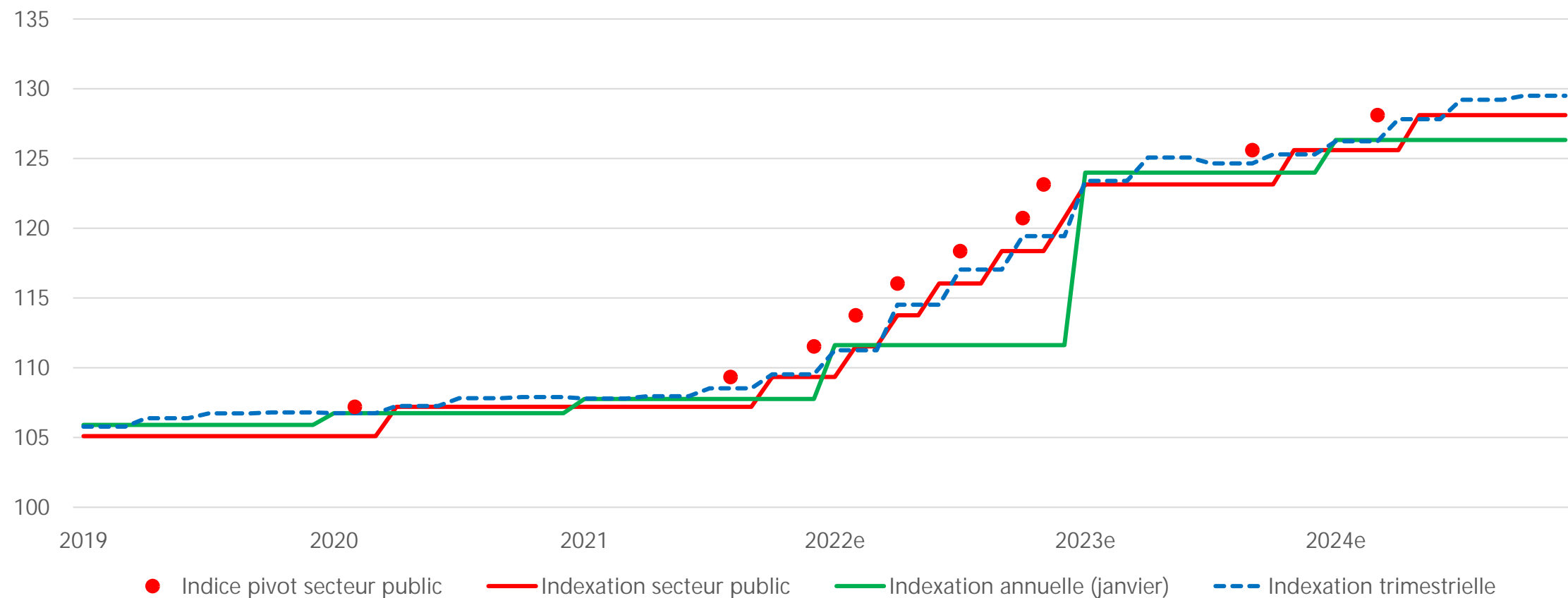


Infléchissement du taux de vacance d'emploi qui demeure historiquement élevé

(en pourcentage des emplois vacants et occupés)



Via l'indexation, l'inflation se transmet automatiquement aux salaires, mais de façon plus ou moins rapide selon les mécanismes propres aux commissions paritaires



[Le chapitre 3 du Rapport Annuel de la BNB contient plus de détails](#)

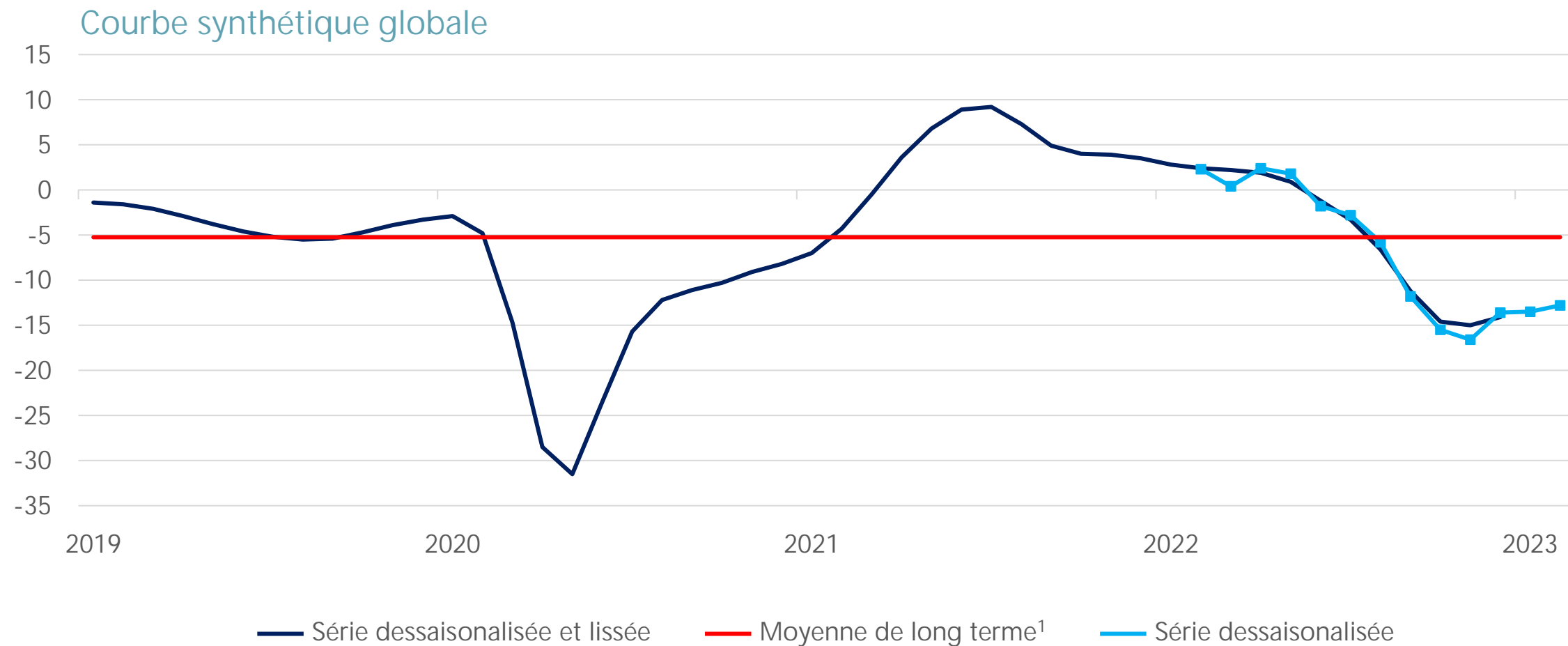


9. Firms

La situation économique continue de peser sur les entreprises malgré une confiance des chefs d'entreprise qui se redresse légèrement au cours des derniers mois

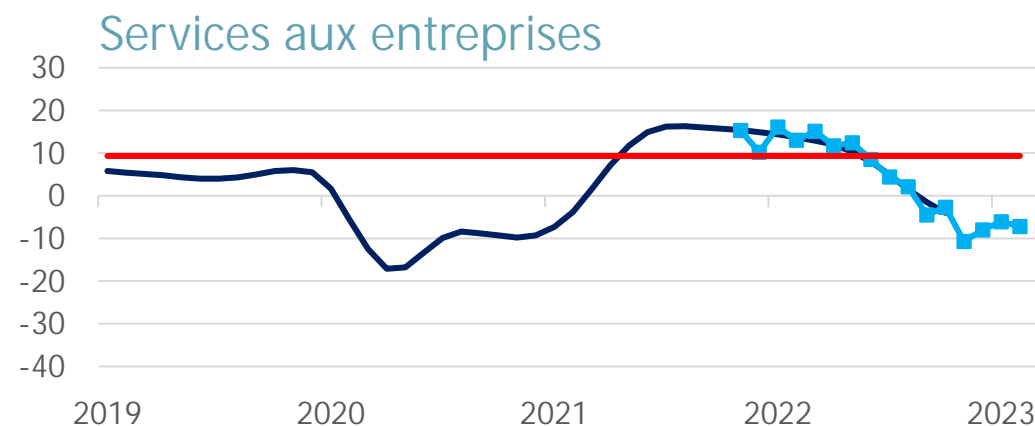
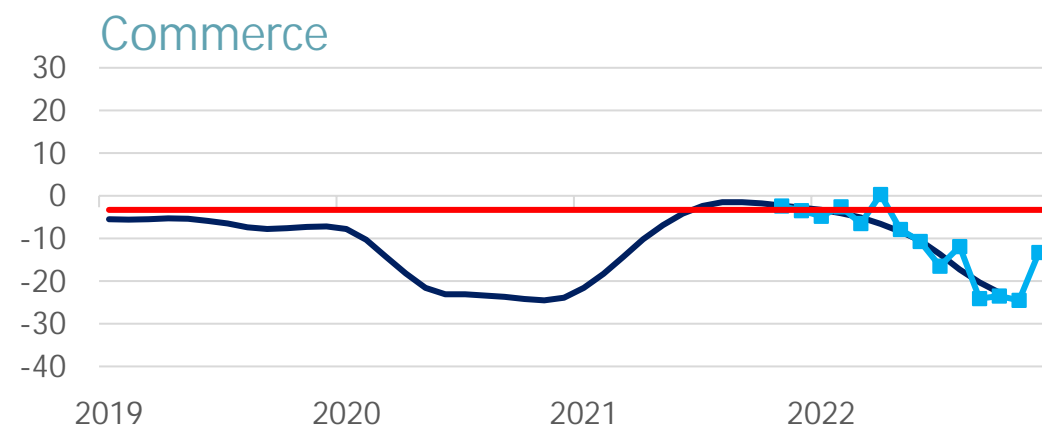
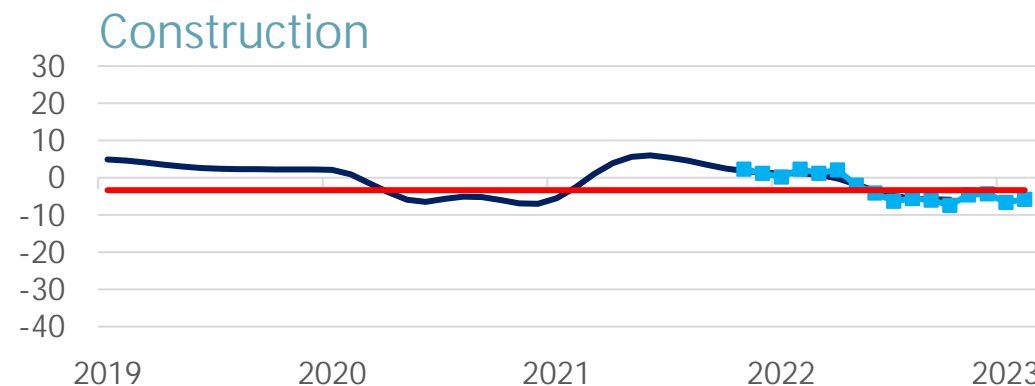
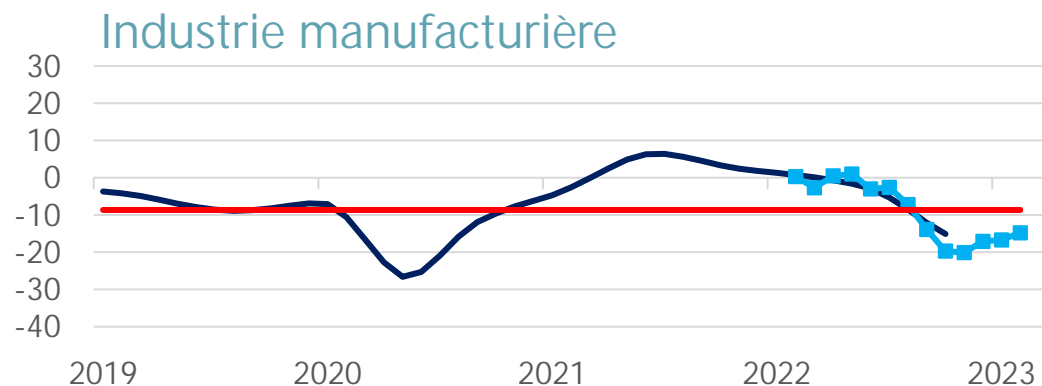
- La confiance des chefs d'entreprise reste en-dessous de sa moyenne historique mais s'est orientée légèrement à la hausse au cours des trois derniers mois, bien qu'elle se soit à nouveau orientée à la baisse dans les services aux entreprises et, surtout, dans le commerce au cours du dernier mois (février 2023)
- Le nombre de faillites au premier trimestre 2023 reste plus important que celui enregistré l'année dernière
- Au niveau macroéconomique, la marge brute des entreprises a augmenté au cours des dernières années et devrait rester supérieure à sa moyenne à long terme mais une analyse désagrégée montre que les marges pour l'entreprise médiane sont relativement faibles. Plus de détails dans l'étude de la BNB: [Les firmes et la hausse des prix énergétiques](#)

La confiance des chefs d'entreprise s'est orientée légèrement à la hausse au cours des trois derniers mois...



... et est visible dans l'ensemble des branches d'activités bien qu'à nouveau orientée à la baisse dans les services aux entreprises et, surtout, dans le commerce au cours du dernier mois

Baromètre de conjoncture – Belgique: Branches d'activité – février 2023



— Série dessaisonnée et lissée — Moyenne de long terme¹ —■ Série dessaisonnée

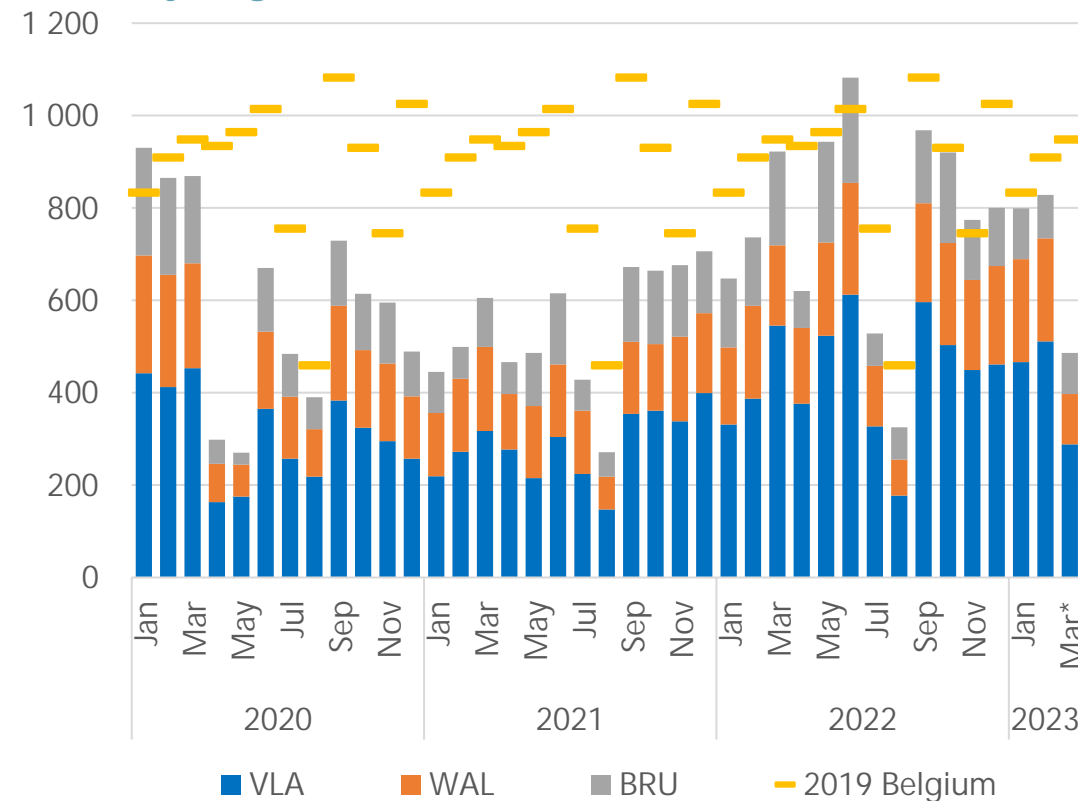
Source: BNB, dernières données disponibles: 22 février 2023.

¹ La moyenne de long terme est calculée sur la période 1990-2021 (sauf pour les services dont données sont disponibles à partir de 1995).

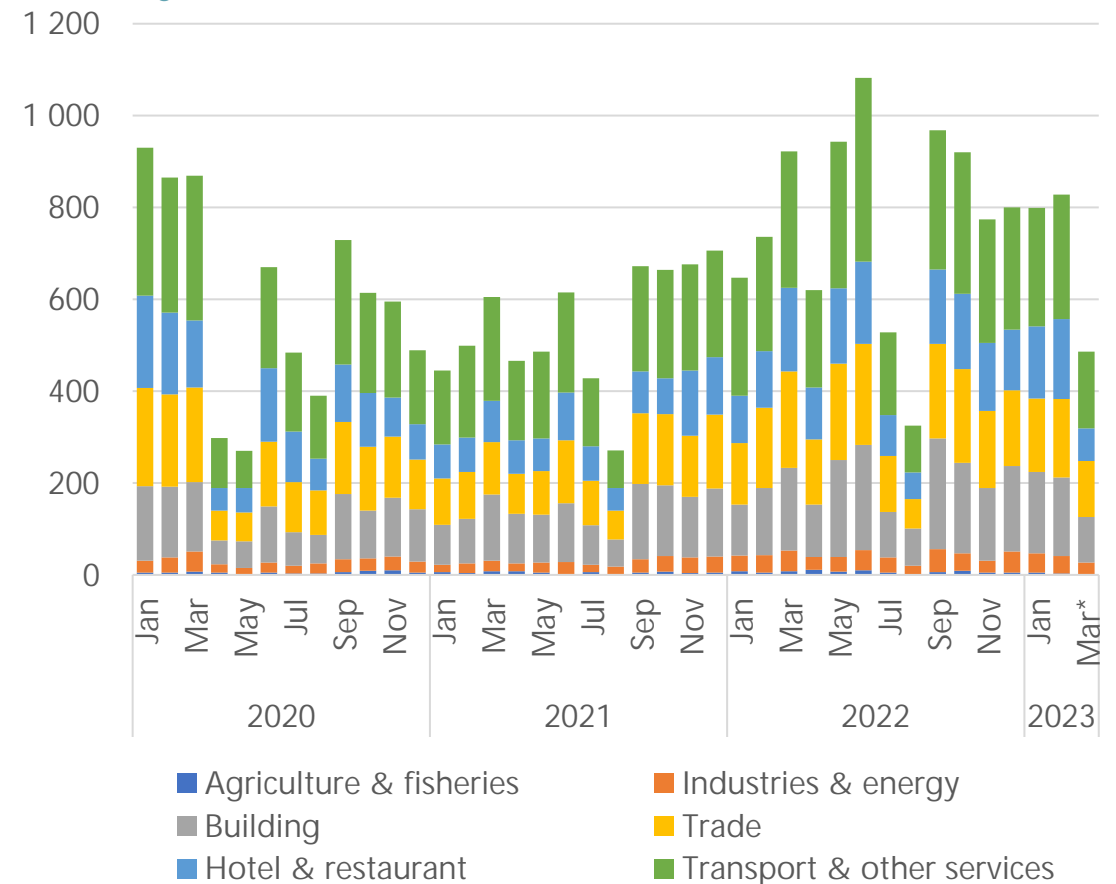
More bankruptcies in 1Q2023 compared to 1Q2022 but still lower than the pre-COVID level

Number of bankruptcies¹

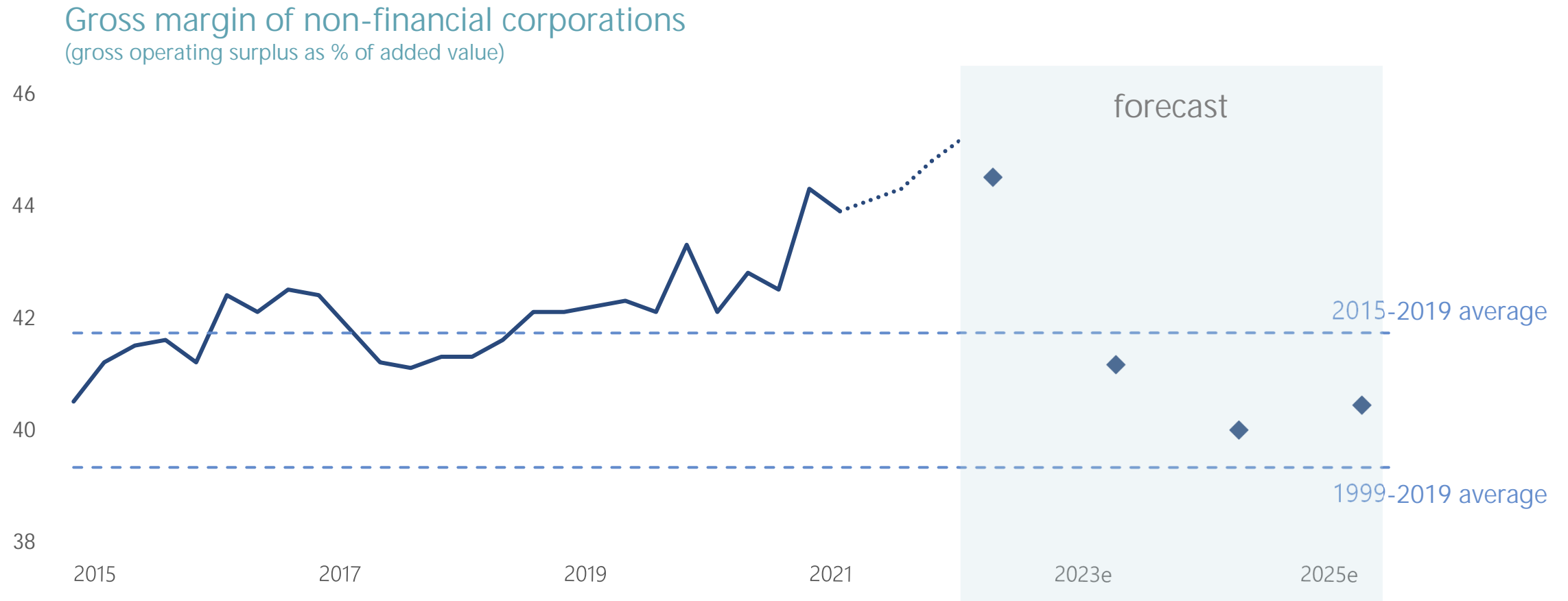
By region



By sector



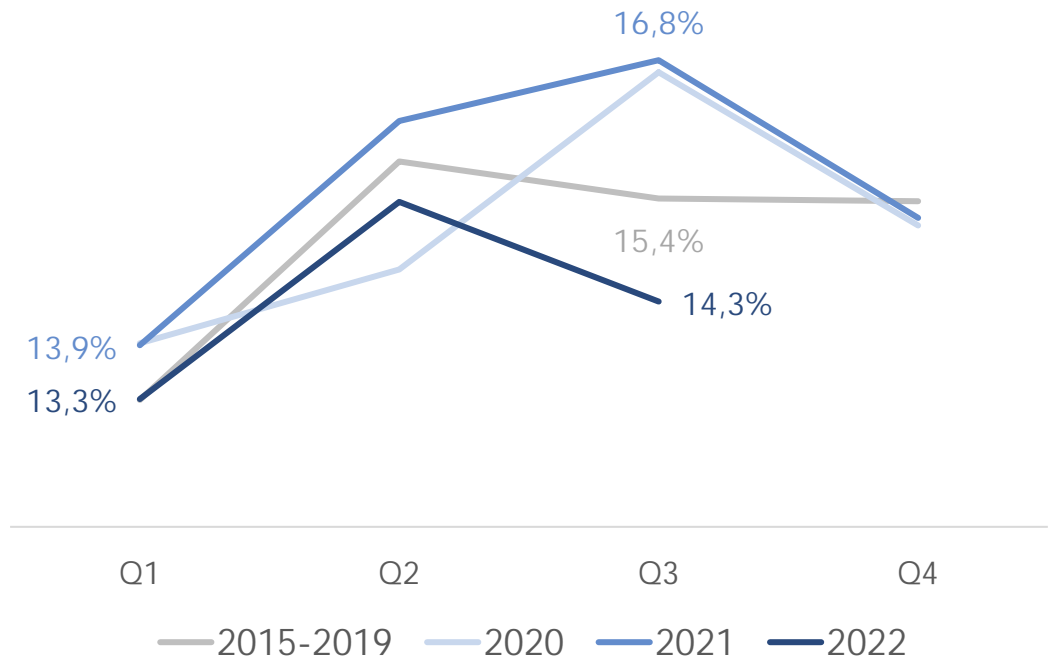
At the macroeconomic level, firms' gross margin has increased over the past years and is expected to stay above its long-term average ...



... but a disaggregated analysis shows that 2022 margins for the median firm are relatively weak

- Macroeconomic data are influenced by a small number of very large firms → there are significant differences between companies and sectors and the macroeconomic situation is not necessarily representative of many companies.
- Analysis of median firm margins at a disaggregated sector level shows that in many sectors the median company's margin started to drop during the first three quarters of 2022 and is now below the 2015-2019 average.
- Overall, the decline is more pronounced in manufacturing than in services.

Median simplified gross margin
(% of sales)



10. Bank credit developments

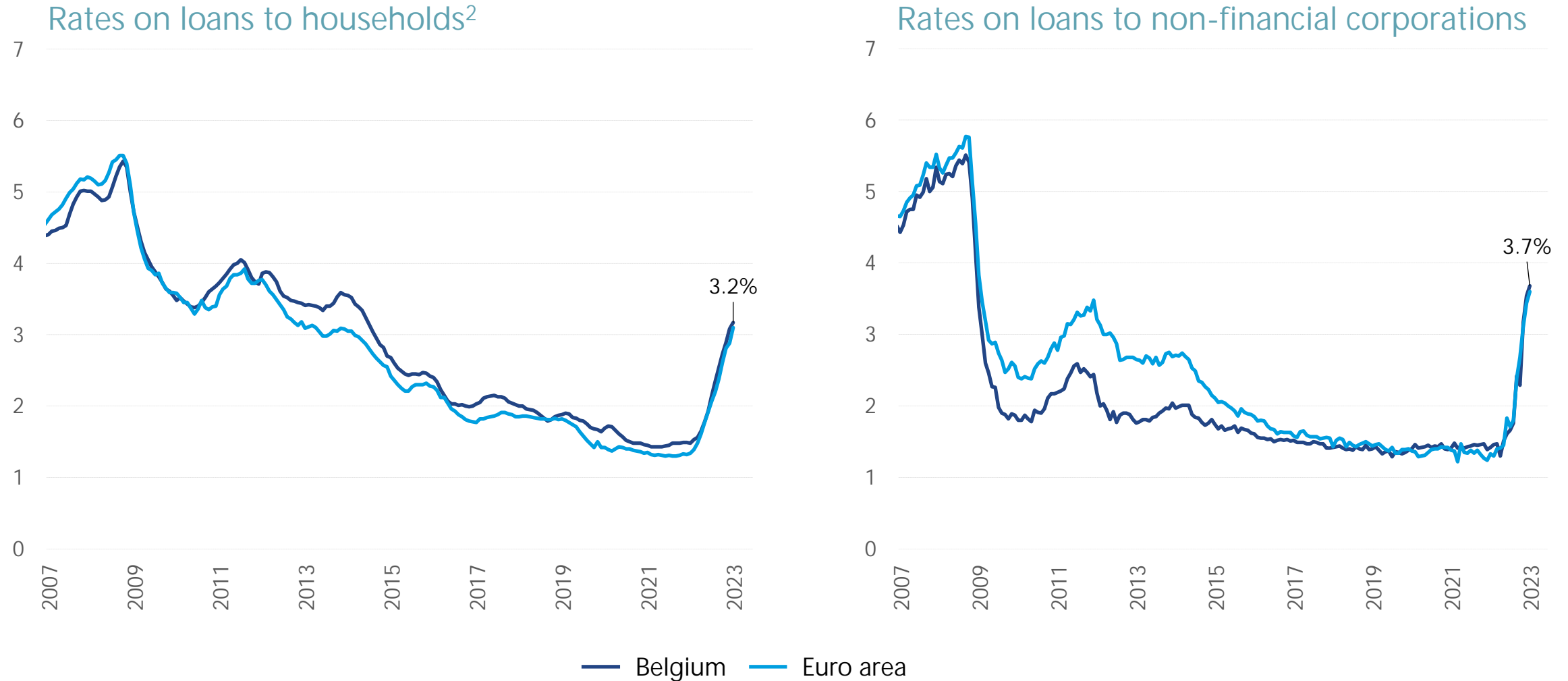


Kredietverlening aan Belgische huishoudens en niet-financiële ondernemingen

- De gevolgen van de hogere inflatie en rentetarieven voor de kredietkwaliteit van de leningen aan de private sector bleven vooralsnog beperkt
 - Geen noemenswaardige toename in het aantal problemleningen en kredieten met schuldherschikking voor huishoudens en niet-financiële ondernemingen
 - In tegenstelling tot tijdens de pandemie maakten huishoudens zeer beperkt gebruik van de mogelijkheid tot betalingsuitstel voor hypothecaire leningen (voor minder dan 0,5 % van het totaal van de lopende leningen)
- De groei van de kredieten aan de huishoudens en de ondernemingen is enigszins vertraagd maar de kredietverlening blijft op peil, niettegenstaande de stijging van de rentevoeten op bankleningen

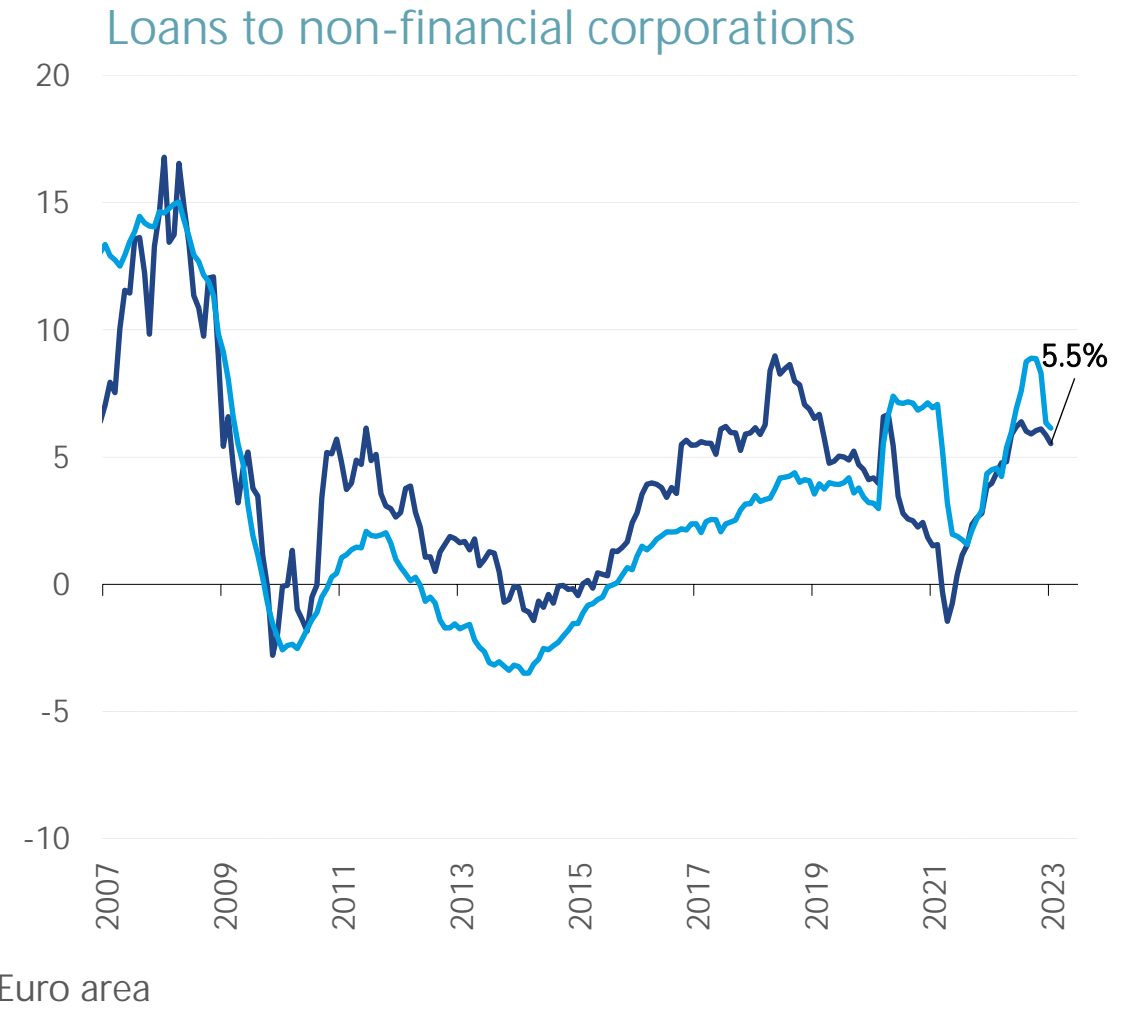
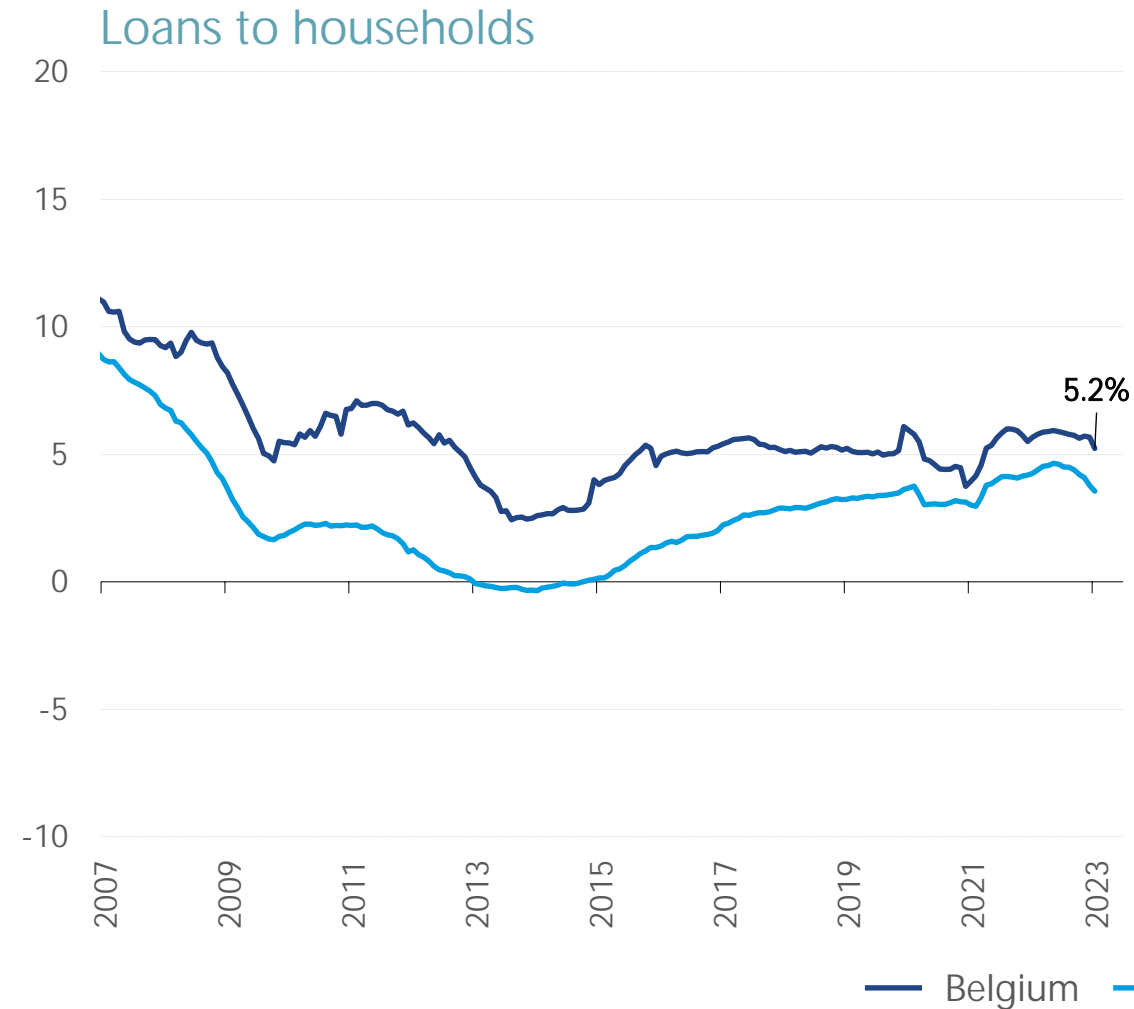
Rise in interest rates since the beginning of 2022

(weighted averages in %¹, up to January 2023)



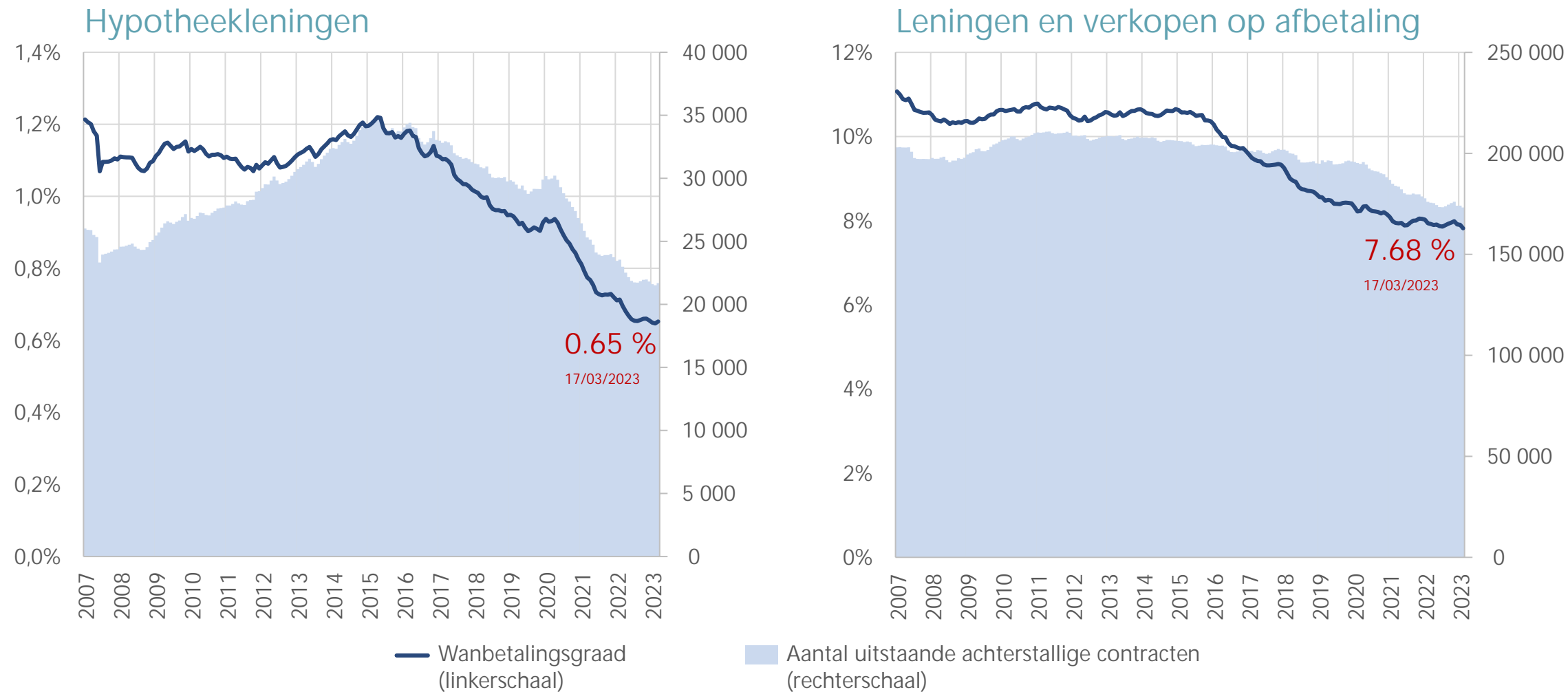
Bank loans to non-financial corporations still growing strongly

(year-on-year % changes¹, up to January 2023)



Wanbetalingsgraad van leningen aan huishoudens op historisch laag niveau

(aantal uitstaande achterstallige contracten in % van alle uitstaande contracten)





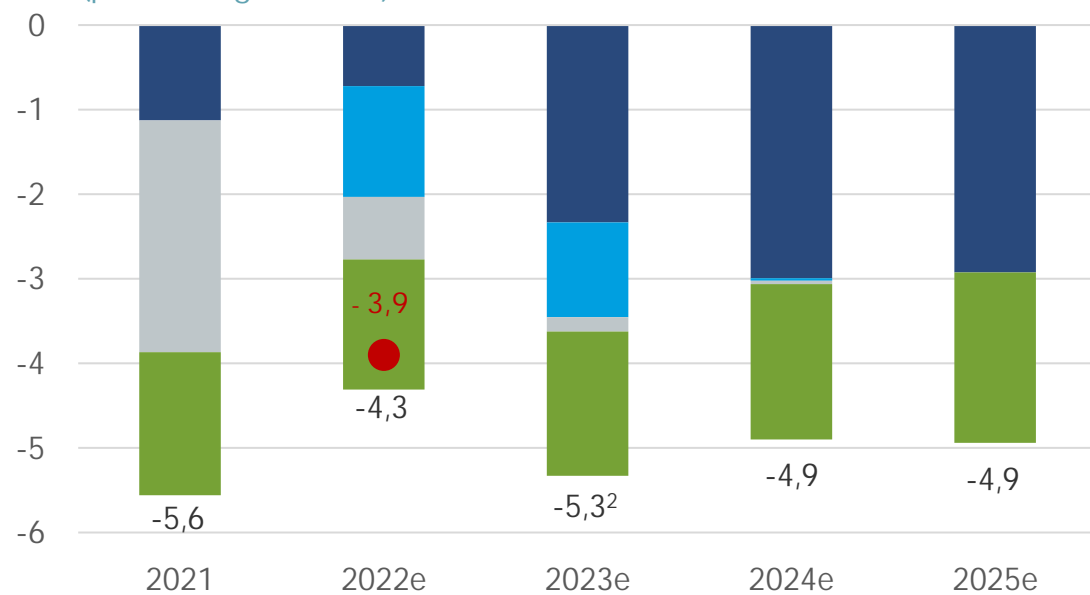
11. Government

De energie- en Oekraïne-crisis zetten de overheidsfinanciën verder onder druk

- Met een persistent hoog begrotingstekort en een opwaartse schulddynamiek waren de Belgische overheidsfinanciën reeds vóór de energie- en Oekraïne-crisis verzwakt
- De marge voor koopkracht-compenserende maatregelen is beperkt. Deze maatregelen worden best enkel gericht op de hardst getroffen gezinnen en zonder het prijssignaal te verstoren
- Momenteel is het grootste deel van de koopkracht-compenserende maatregelen echter gericht op een verlaging van de energieprijis voor een extra eenheid energieconsumptie
- Op korte termijn heeft de hoge (binnenlandse) inflatie een gunstige impact op de schuldgraad dankzij het noemer-effect (een hoger nominaal bbp)
- Op middellange termijn wordt verwacht dat de schuldgraad zal toenemen door de stijgende rente en een groter begrotingstekort

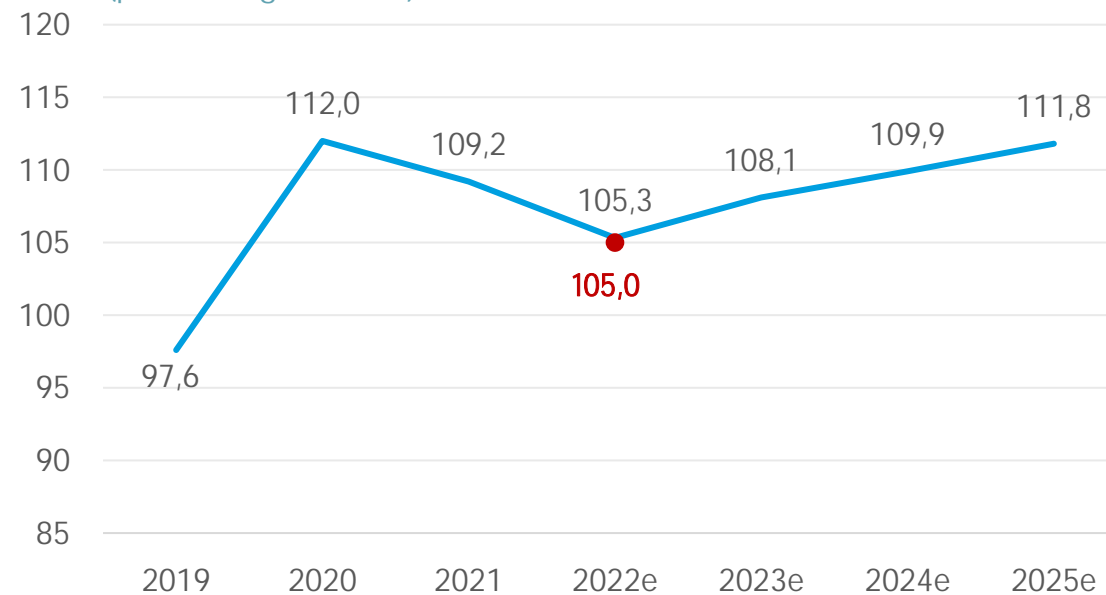
Le déficit reste proche de 5 % du PIB et la dette publique, déjà élevée, augmentera encore à partir de 2023

Le déficit budgétaire¹ reste structurellement élevé (pourcentages du PIB)



- Charges d'intérêts
- Mesures temporaires - COVID-19
- Mesures temporaires - crise énergétique et guerre en Ukraine
- Autres
- Estimation rapport annuel BNB

Le taux d'endettement augmente (pourcentages du PIB)



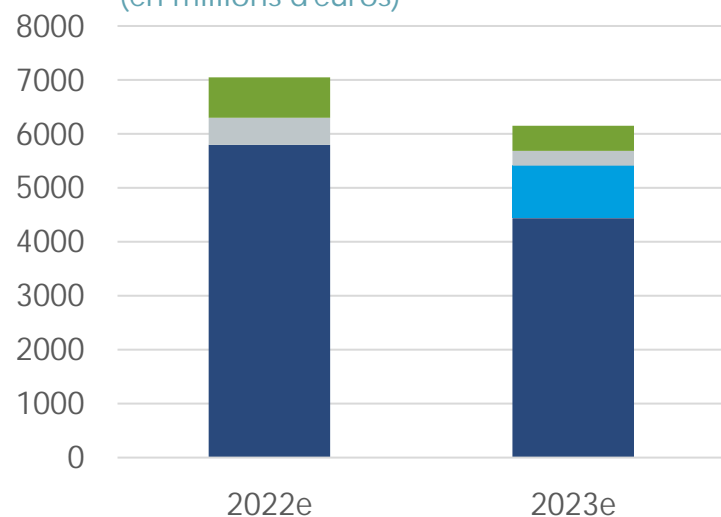
Sources: ICN, BNB projections de décembre 2022.

¹ Ces chiffres ne tiennent pas compte du déficit implicite de 0,4 % du PIB en moyenne par an en 2021-2026, pour le financement par la dette des subventions accordées aux États membres de l'UE dans le cadre du programme NGEU.

² Cette projection ne tenait pas compte de la décision du gouvernement fédéral de février 2023 de rendre la réduction du taux de TVA sur le gaz et l'électricité permanente et d'augmenter les droits d'accises.

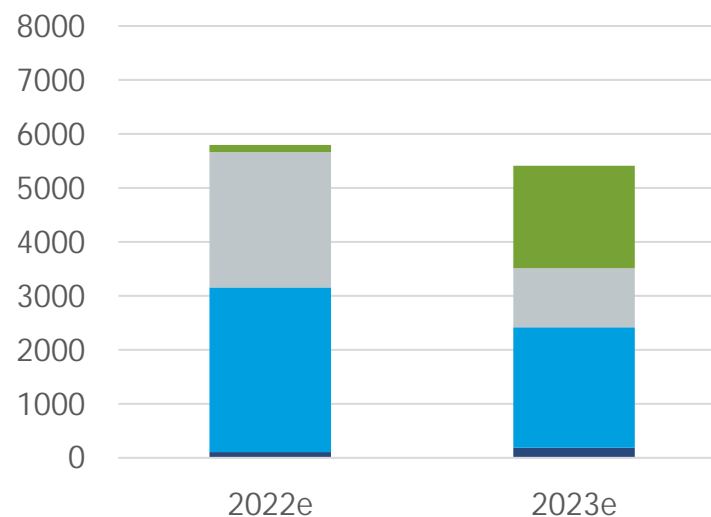
La crise énergétique et la guerre en Ukraine exercent une pression supplémentaire sur les finances publiques en Belgique

Mesures temporaires¹ liées à la crise énergétique et à la guerre en Ukraine (en millions d'euros)



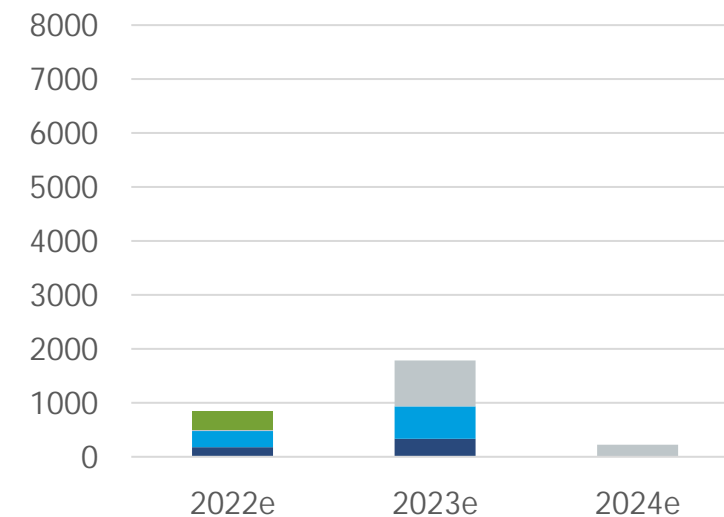
- Ukraine - Autre
- Ukraine - Défense
- Autre mesure pour compenser l'inflation
- Energie

Mesures temporaires liées à la crise énergétique (en millions d'euros)



- Mitiger le coût de l'énergie : soutien aux entreprises
- Mitiger le coût de l'énergie : fiscalité indirecte
- Mitiger le coût de l'énergie : soutien aux ménages
- Encourager la transition énergétique

Financement des mesures liées à la crise énergétique (en millions d'euros)

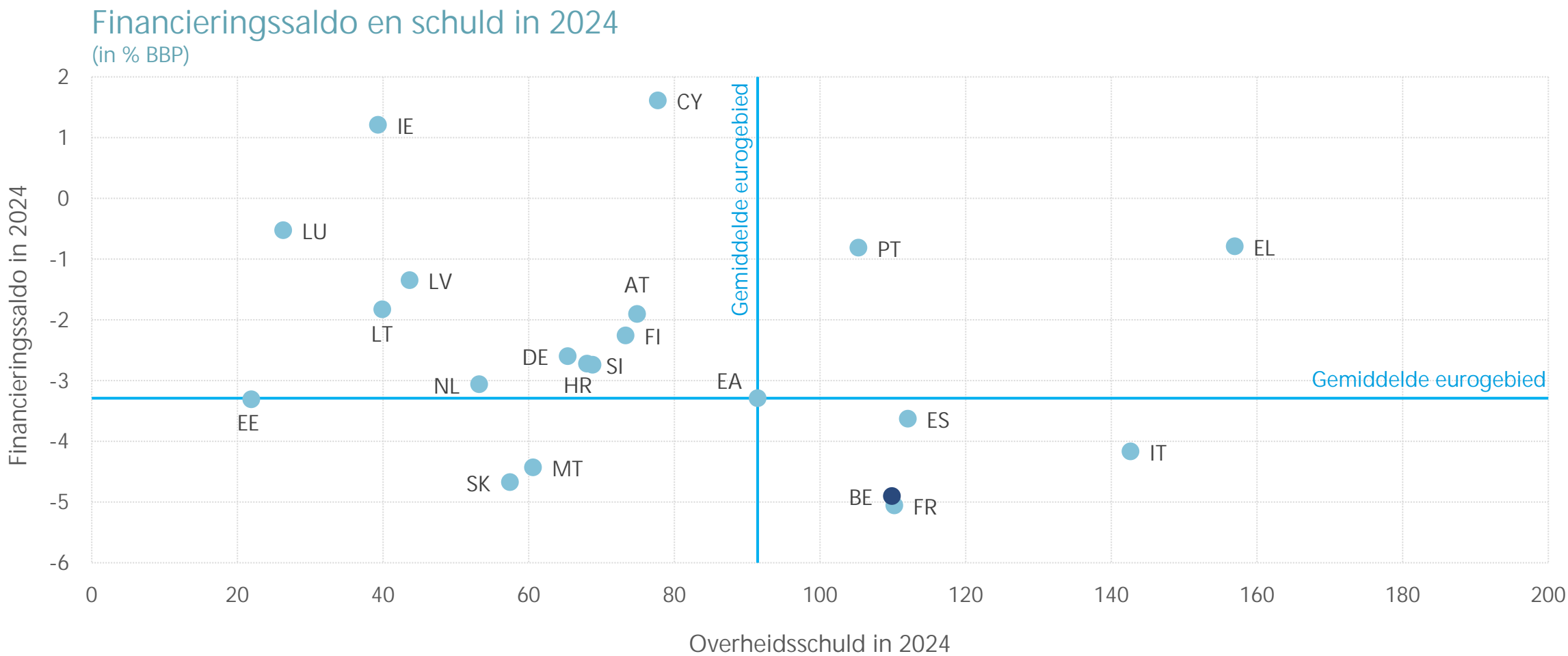


- Autres
- Augmentation de la contribution de secteur nucléaire
- Contribution de Fluxys and du secteur pétrolier
- Taxe sur les surprofits

Source: BNB.

¹ Ils compris le maintien permanent de la TVA réduite à 6 % sur le gaz et l'électricité et la compensation par des accises. Cette compensation aura un coût budgétaire permanent si les prix ne baissent pas à un niveau inférieur à ceux observés en 2021. agit d'une estimation du coût budgétaire qui reprend les informations disponibles en février 2023 et les décisions prises par le gouvernement fédéral, en ce

De schuldgraad en het financieringstekort van de overheid zijn structureel hoog in België





12. Useful information sources

External sources

- [NBB Annual Report \(February 2023\)](#)
- [Bruegel dataset on natural gas imports](#)
- [Bruegel dataset on national policies to shield consumers from rising energy prices](#)
- [Eurostat European Statistical Recovery Dashboard](#)
- [EC Winter European Economic Forecast \(February 2023\)](#)
- [ECB Staff Macroeconomic Projections \(March 2023\)](#)
- [NBB Economic Projections for Belgium \(December 2022\)](#)
- [OECD Interim Economic Outlook \(March 2023\)](#)