

## AUTUMN 2007 ECONOMIC OUTLOOK FOR BELGIUM: ANSWERS FROM FEB-VBO

| <b>MAIN FORECAST</b>   |   |                                 |  |  |   |
|--|---|---------------------------------|--|--|---|
|  | <b>2007</b>                                     | <b>2008</b>                     | <b>2009</b>  |  |   |
| Real GDP growth  | 2.7   | 2.3                             | 2.1  |  |   |
| Consumer price inflation   | 1.6   | 1.8                             | na   |  |   |
| Unemployment rate  | 7.6   | 7.2                             | na   |  |   |
| Employment growth  | 1.4   | 1.3                             | na   |  |   |
| <b>Components of aggregate demand</b>  |   |                                 |  |  |   |
| <i>Annual % change</i>   | <b>2007</b>                                     | <b>2008</b>                     | <b>2009</b>  |  |   |
| Private consumption  | 2.5   | 2.2                             | 1.7  |  |   |
| Public consumption   | 1.9   | 1.7                             | 1.9  |  |   |
| Investment (Gross fixed capital formation)   | 6.8   | 3.7                             | 2.7  |  |   |
| Exports  | 4.6   | 3.7                             | 5.6  |  |   |
| Imports  | 5.2   | 3.3                             | 5.6  |  |   |
| <b>ECONOMIC SENTIMENT</b>  |   |                                 |  |  |   |
| <b>Question 1</b>  | <b>Positive</b>                                 | <b>Negative</b>                 | <b>Unchanged</b>                                     |  |   |
| Trend in business climate over the next 6 months   |   | Industry                        | Services   |  |   |
| <b>Question 2</b>  | <b>Positive</b>                                 | <b>Negative</b>                 | <b>Unchanged</b>                                     |  |   |
| Trend in profitability over the next 6 months  |   |                                 | Industry<br>Services                                 |  |   |
| <b>Question 3</b>  | <b>Increase (faster pace)</b>                   | <b>Increase (slower pace)</b>   | <b>Unchanged</b>                                     | <b>Decrease (slower pace)</b>                    | <b>Decrease (faster pace)</b>               |
| Investment intentions over the next 6 months (compared to the last 12 months)                  |   |                                 | Industry<br>Services                                 |  |   |
| <b>Question 4</b>  | <b>Replacement</b>                              | <b>Extension</b>                | <b>Rationalisation</b>                               | <b>Innovation</b>                                |   |
| Driving force behind investment decisions in the next six months                               | Same  | Down                            | Up   | Same   |   |
| <b>Question 5</b>  | <b>Positive</b>                                 | <b>Negative</b>                 | <b>Unchanged</b>                                     |  |   |
| Trend in consumer confidence over the next 6 months  |   |                                 | yes  |  |   |
| <b>Question 6</b>  | <b>Industry: past 6 months</b>                  | <b>Industry: next 6 months</b>  | <b>Services: past 6 months</b>                       | <b>Services: next 6 months</b>                   |   |
| Overall trend in employment  | Up  | Up                              | Up   | Up   |   |
| <b>Question 7</b>  | <b>Higher / more difficult</b>                  | <b>Same</b>                     | <b>Lower / less difficult</b>                        |  |   |
| Compared to 6 months ago, SME's cost/access to capital for business development will be...     |   | Cost<br>Access                  |  |  |   |
| <b>Question 8</b>  | <b>to a large extent</b>                        | <b>to some extent</b>           | <b>not at all</b>                                    |  |   |
| Effect of financial market turmoil on assessment of financing conditions for next 6 months ... |   |                                 | yes  |  |   |
| <b>MAIN RISKS</b>  |   |                                 |  |  |   |
| <b>Question 9</b>  | <b>Dollar per euro</b>                          |                                 |  | <b>Question 10</b>                               | <b>Dollar per euro</b>                      |
| Above which EUR/USD level will the national economy be significantly hurt ?                    | 1.40  |                                 |  | Where will the EUR/USD stand in April 2008 ?     | 1.45  |
| <b>POLICY MIX</b>  |   |                                 |  |  |   |
| <b>Question 11</b>   | <b>Excellent</b>                                | <b>Satisfactory</b>             | <b>Neither satisfactory nor unsatisfactory</b>       | <b>Unsatisfactory</b>                            | <b>Deteriorating</b>                        |
| Progress towards medium-term budgetary objective is...   |   |                                 |  | yes  |   |
| <b>Question 12</b>   | <b>Tight, appropriate for the euro area</b>     | <b>Tight</b>                    | <b>Appropriate</b>                                   | <b>Loose</b>                                     | <b>Loose, appropriate for the euro area</b> |
| Monetary policy is...  |   |                                 | yes  |  |   |
| <b>Question 13</b>   | <b>Robust growth and above-target inflation</b> | <b>Downside risks to growth</b> | <b>Risks to price stability from high oil prices</b> | <b>Risks from money supply and credit growth</b> | <b>Risks of euro appreciation</b>           |
| Focus on elements of the ECB analysis underlying its current policy stance is...               | appropriate                                     | appropriate                     | appropriate  | excessive  | appropriate                                 |
| <b>Question 14</b>   | <b>Adequate</b>                                 | <b>Inadequate</b>               |  |  |   |
| Consistency between the fiscal and the monetary policies                                       |   | yes                             |  |  |   |