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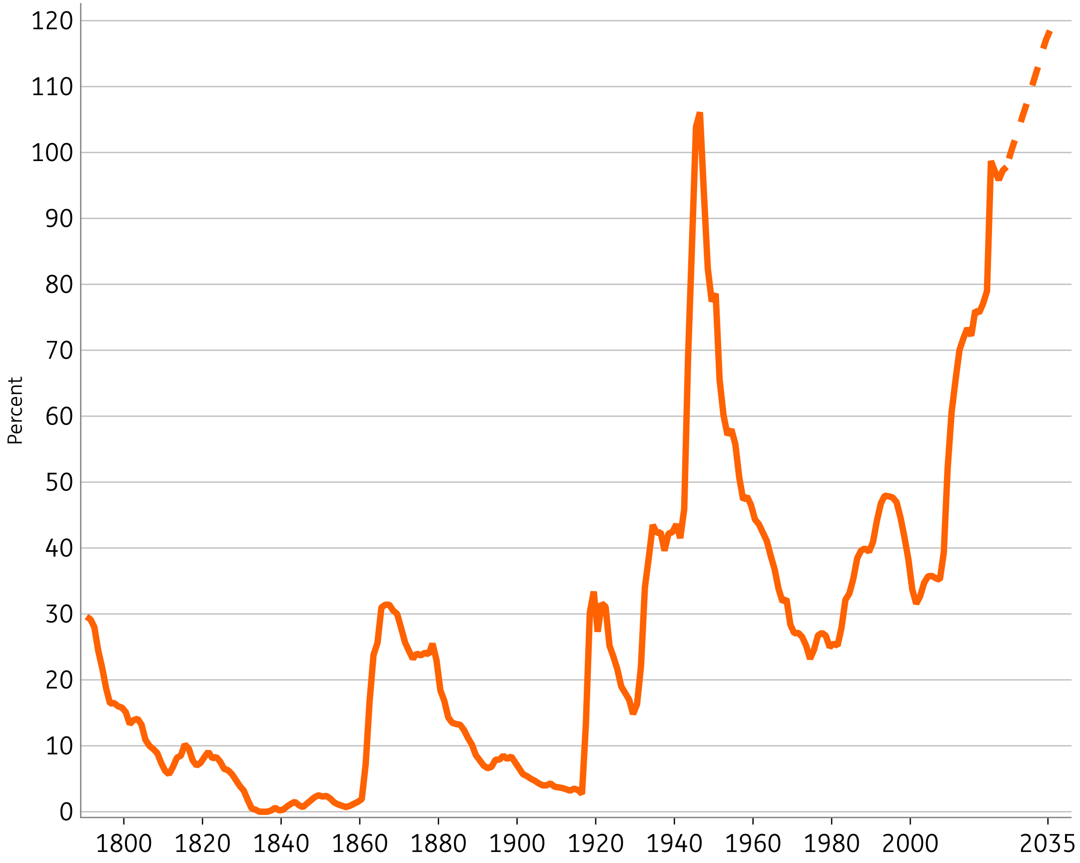
Beware the return of Eurozone investment

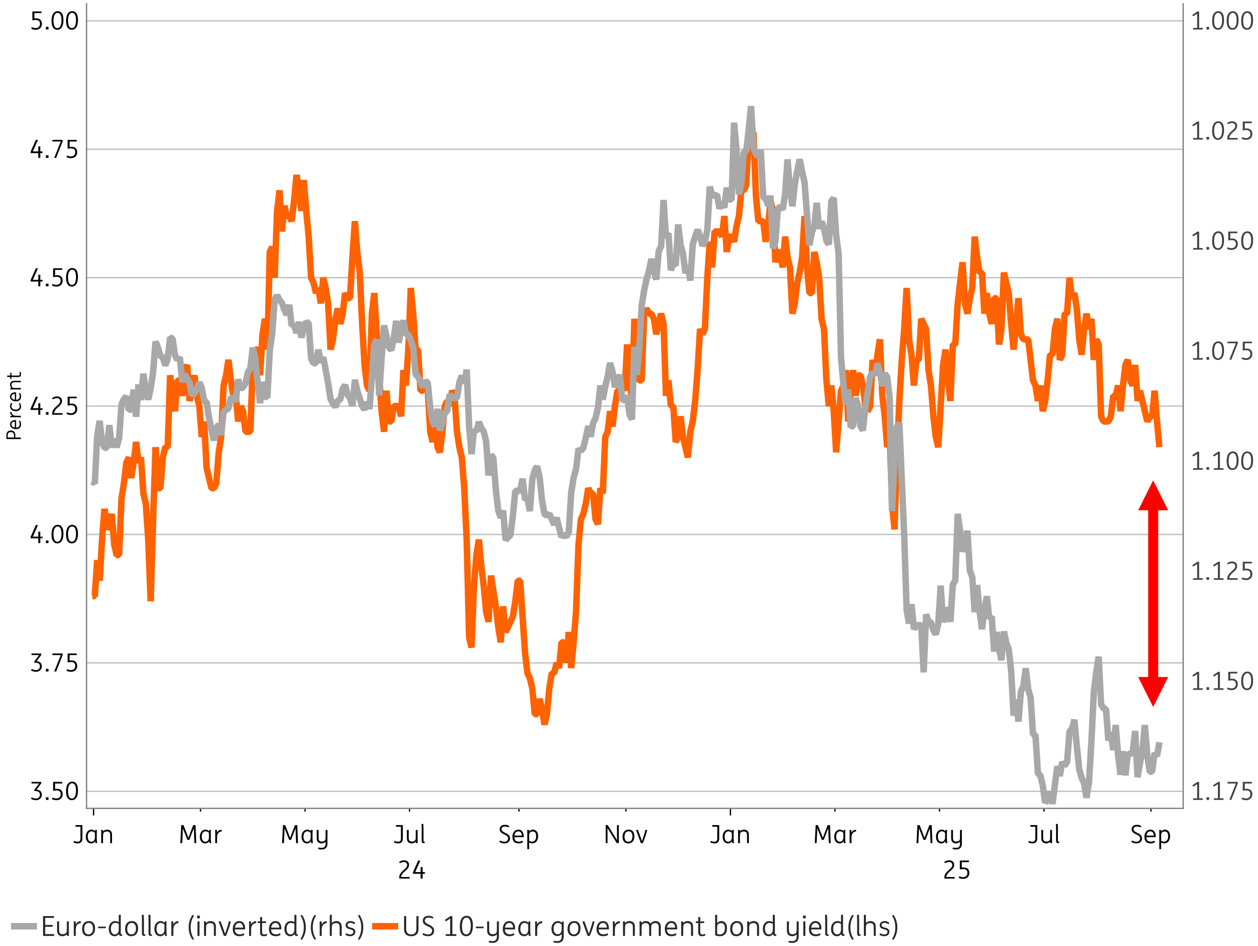
October 2025 Bert Colijn / Chief Economist Netherlands

What’s the plan?

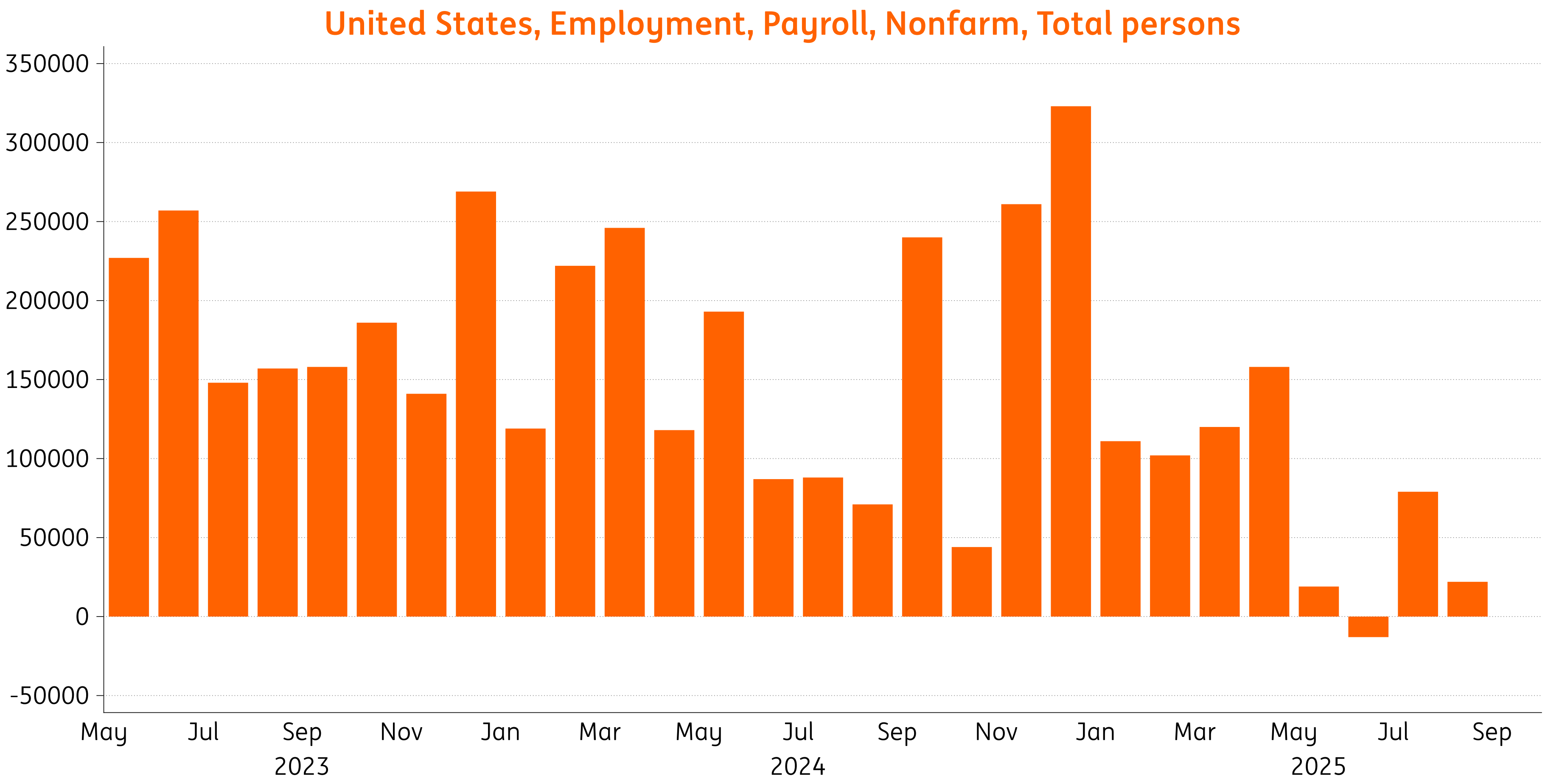
Markets remain relatively calm under US policy change confusion

United States, Congressional Budget Office, 10-Year Budget Projections, By Category, Debt Held by the Public, Estimate, Percent of GDP



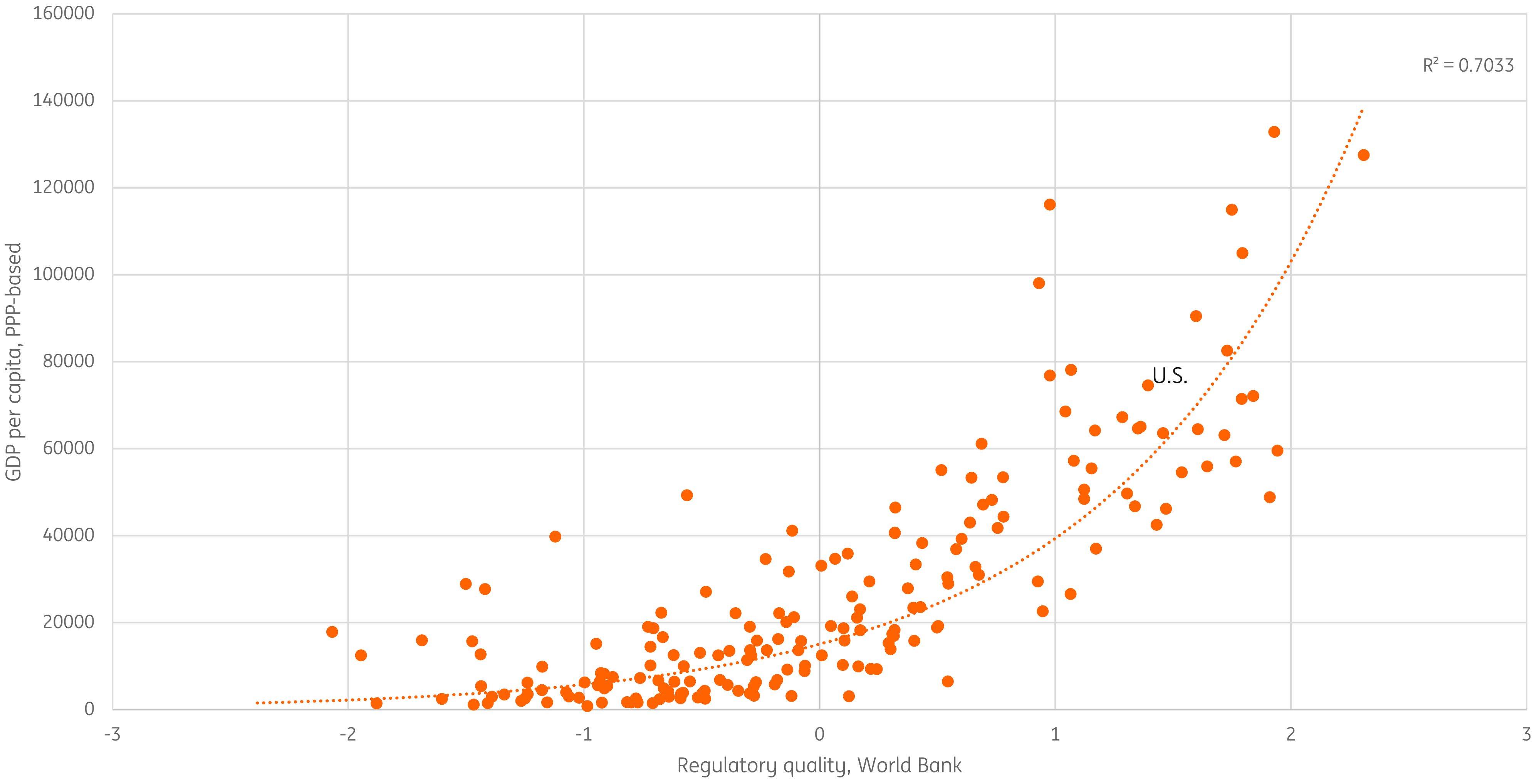


The economy seems to be cooling on the back of higher uncertainty and increased tariffs



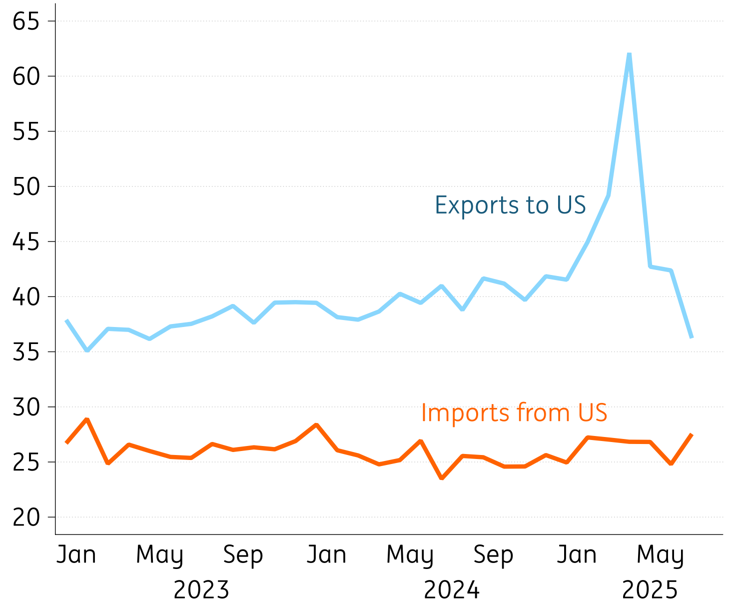
Source: ING, Macrobond

In the long-run, the big concern is around rule-of-law and impact on the US and world economy



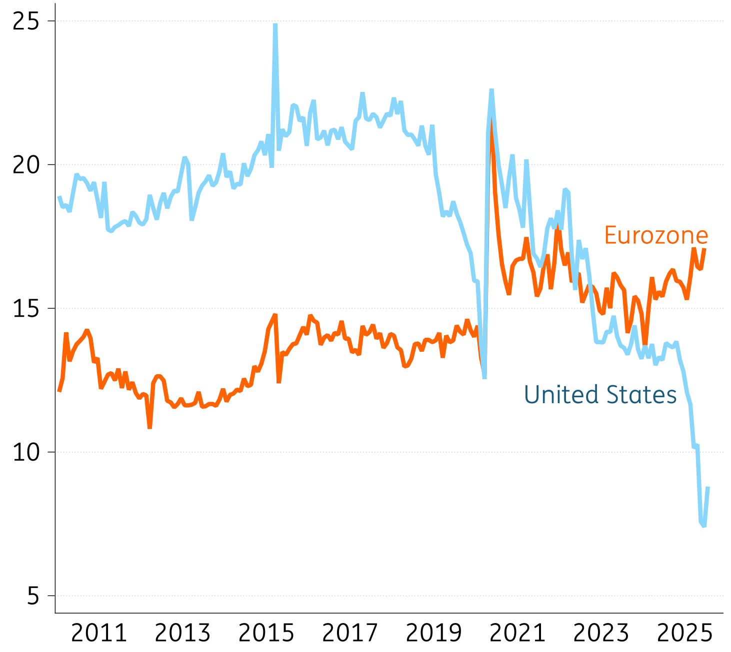
European companies starting to see signs from the reversal of frontloading and Chinese dumping

Euro Area 20, Eurostat, International Trade in Goods, United States, Euro bn.



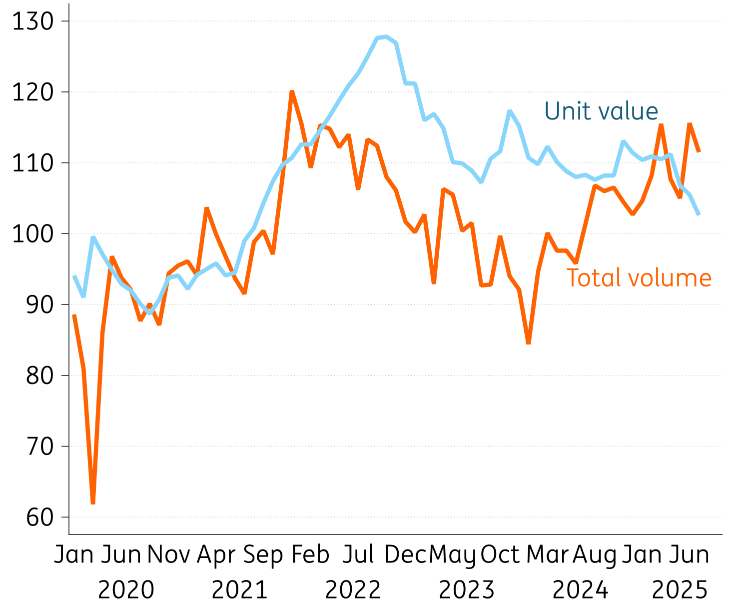
Source: ING, Macrobond

Imports from China as % of total



Source: ING, Macrobond

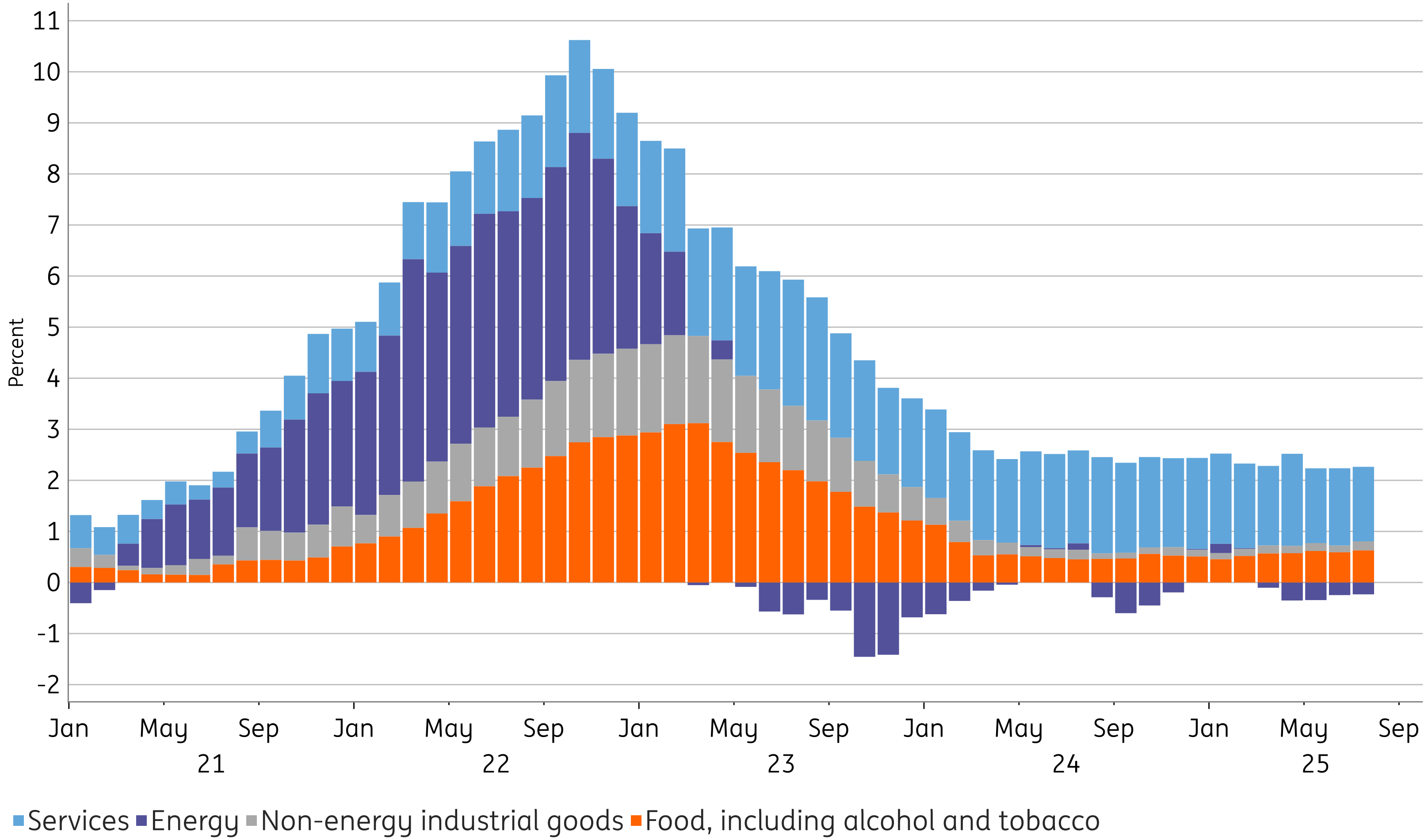
Euro Area 20, Imports, China excl. Hong Kong, Index



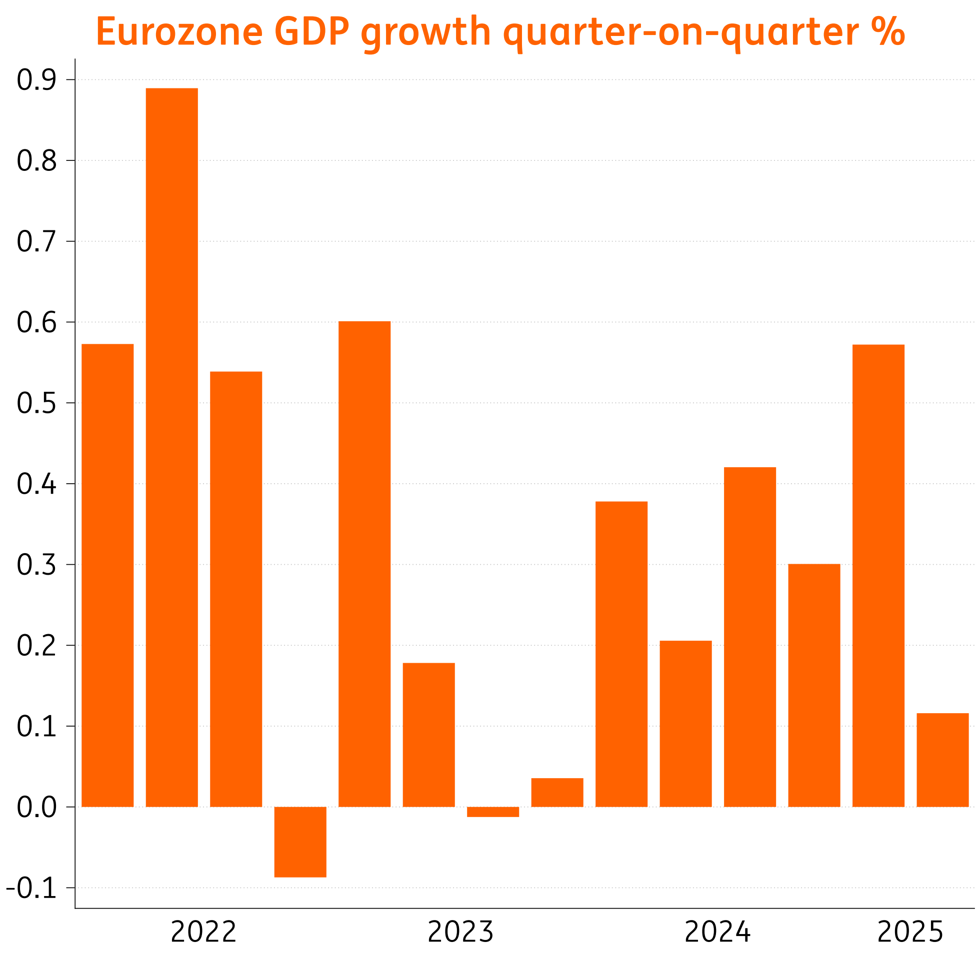
Source: ING, Macrobond

Without retaliation, EU inflation is unlikely to increase materially because of tariffs

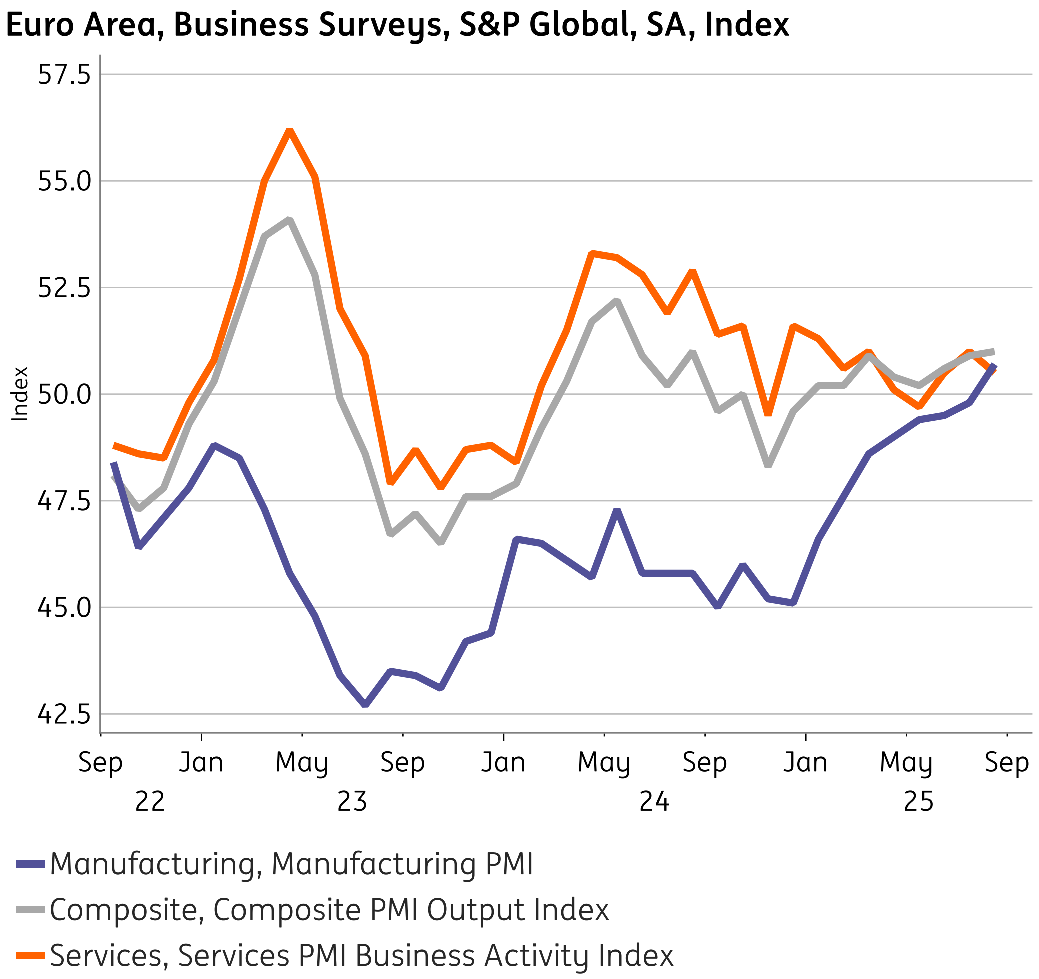
Eurozone inflation contributions (HICP)



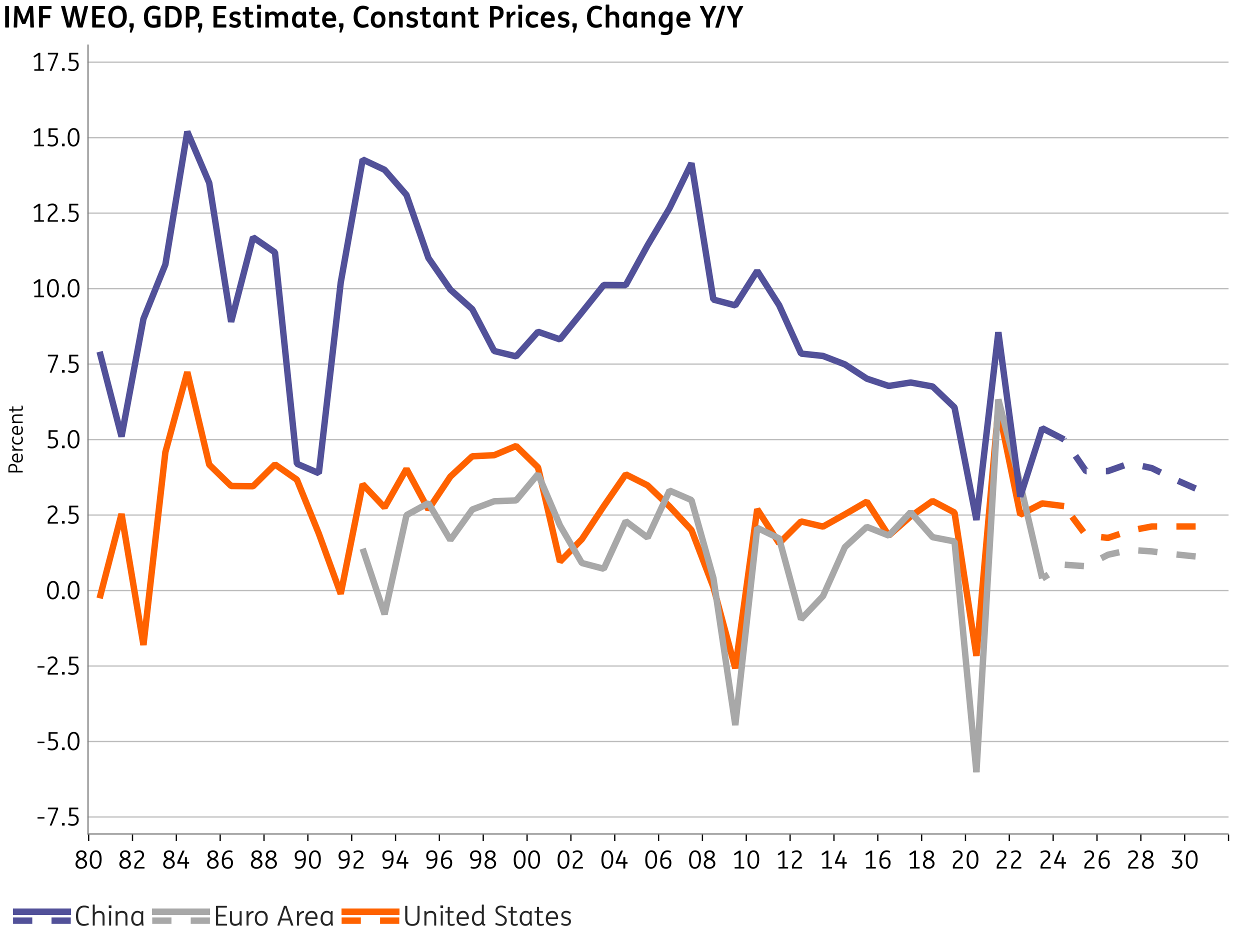
But so far the economy continues to show growth and expectations are decent

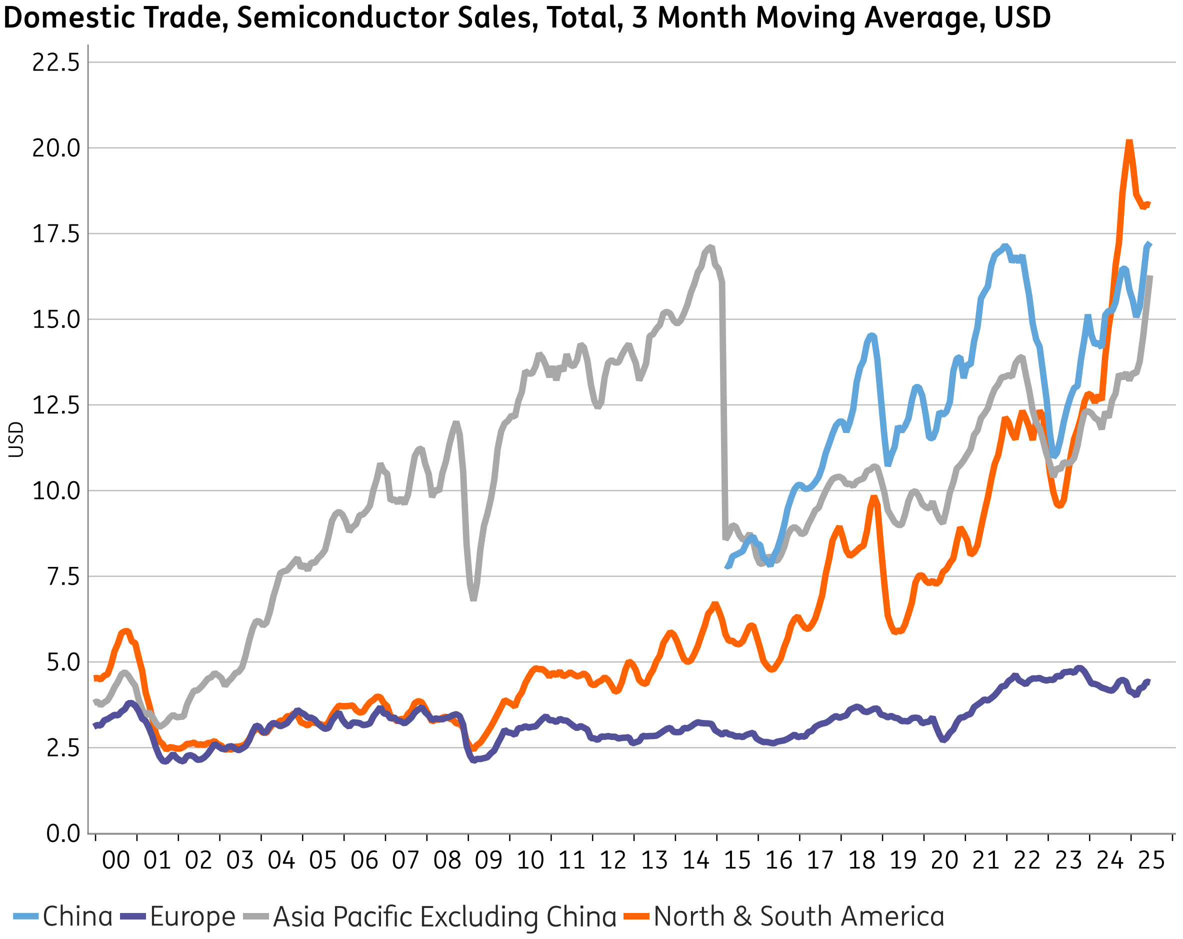


Source: ING, Macrobond

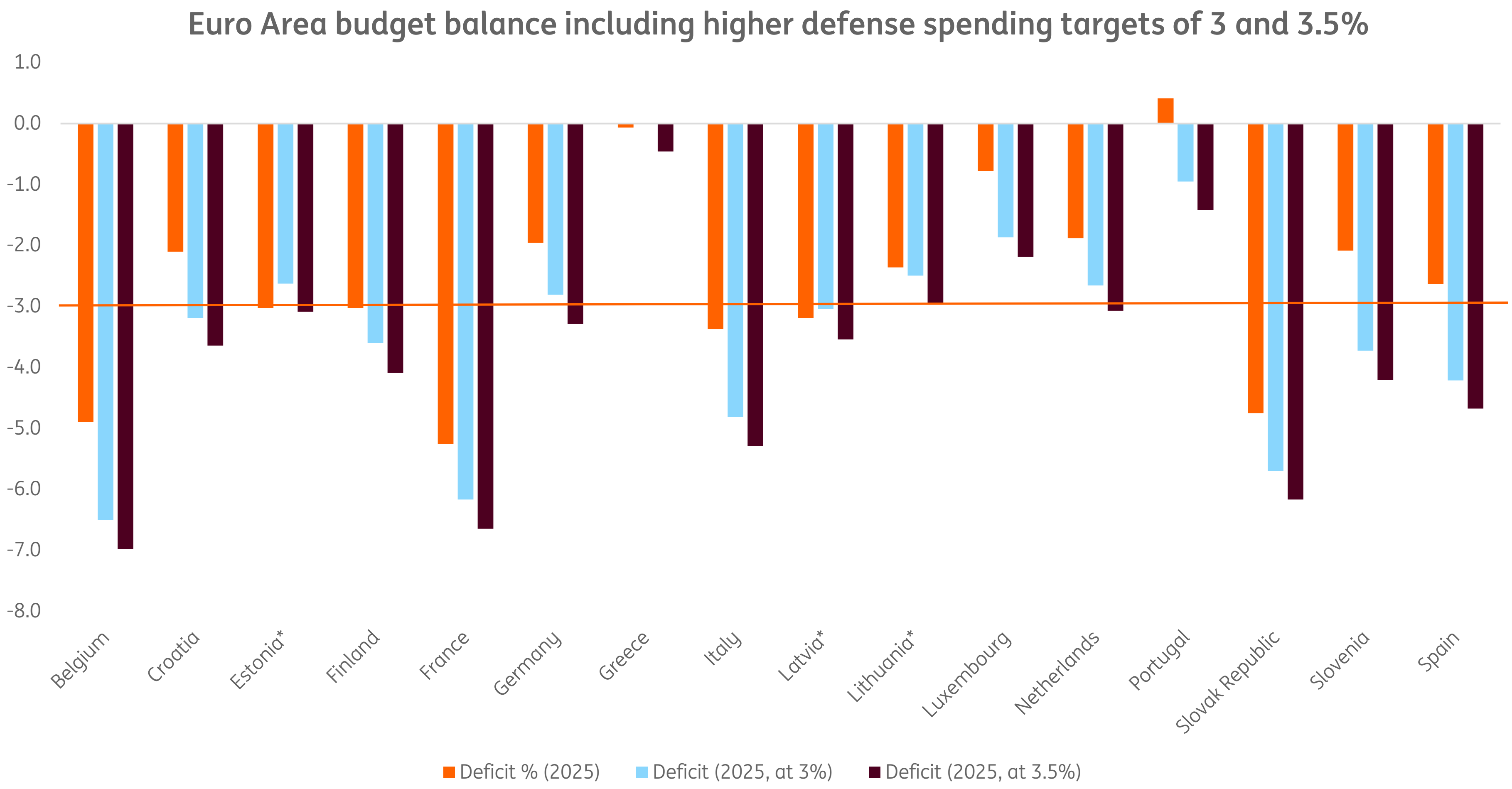


The race for technological gains is central to economic growth and geopolitical developments

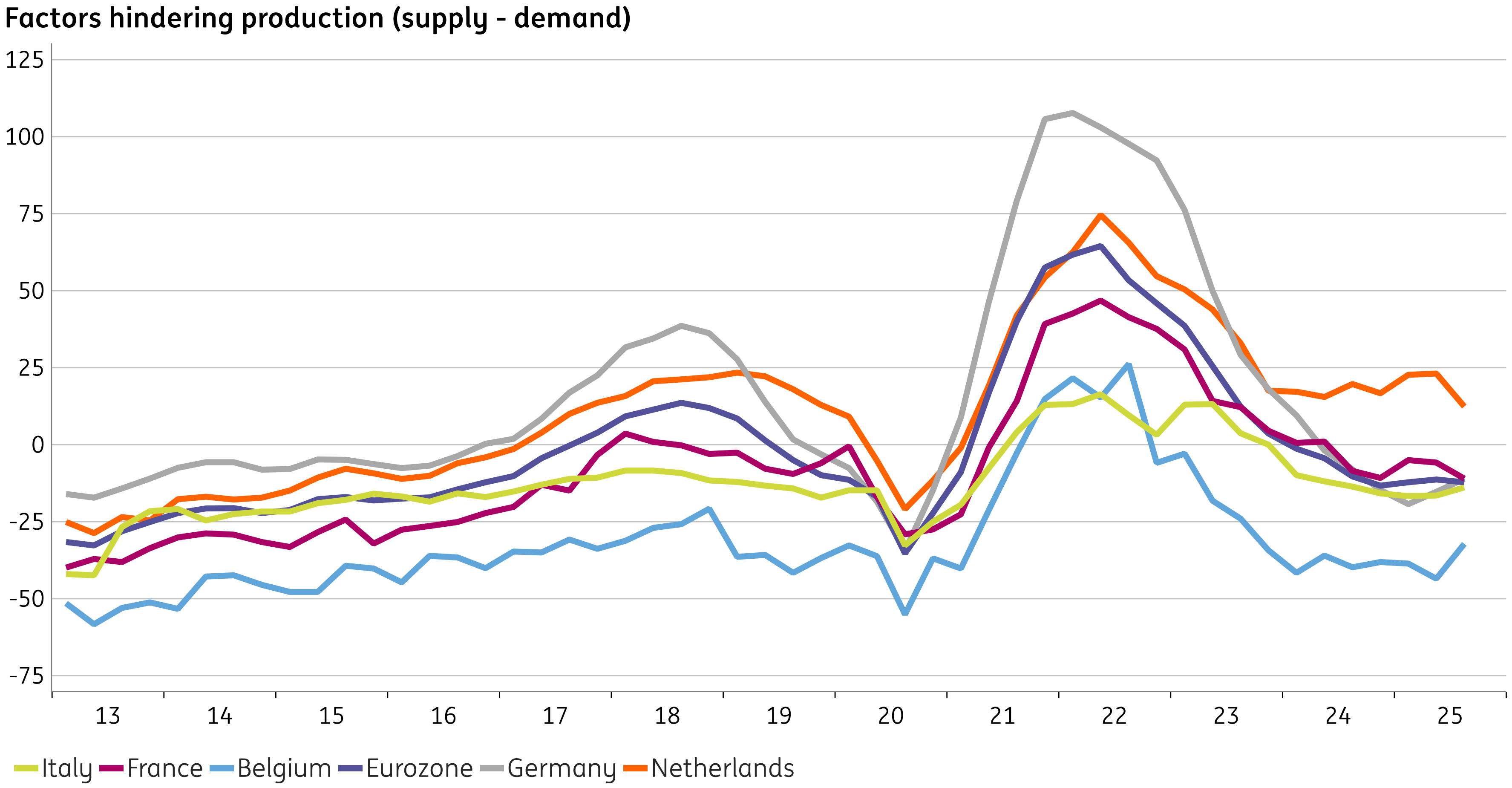




Defense spending will boost broader EU economic activity, but beware of the budget consequences



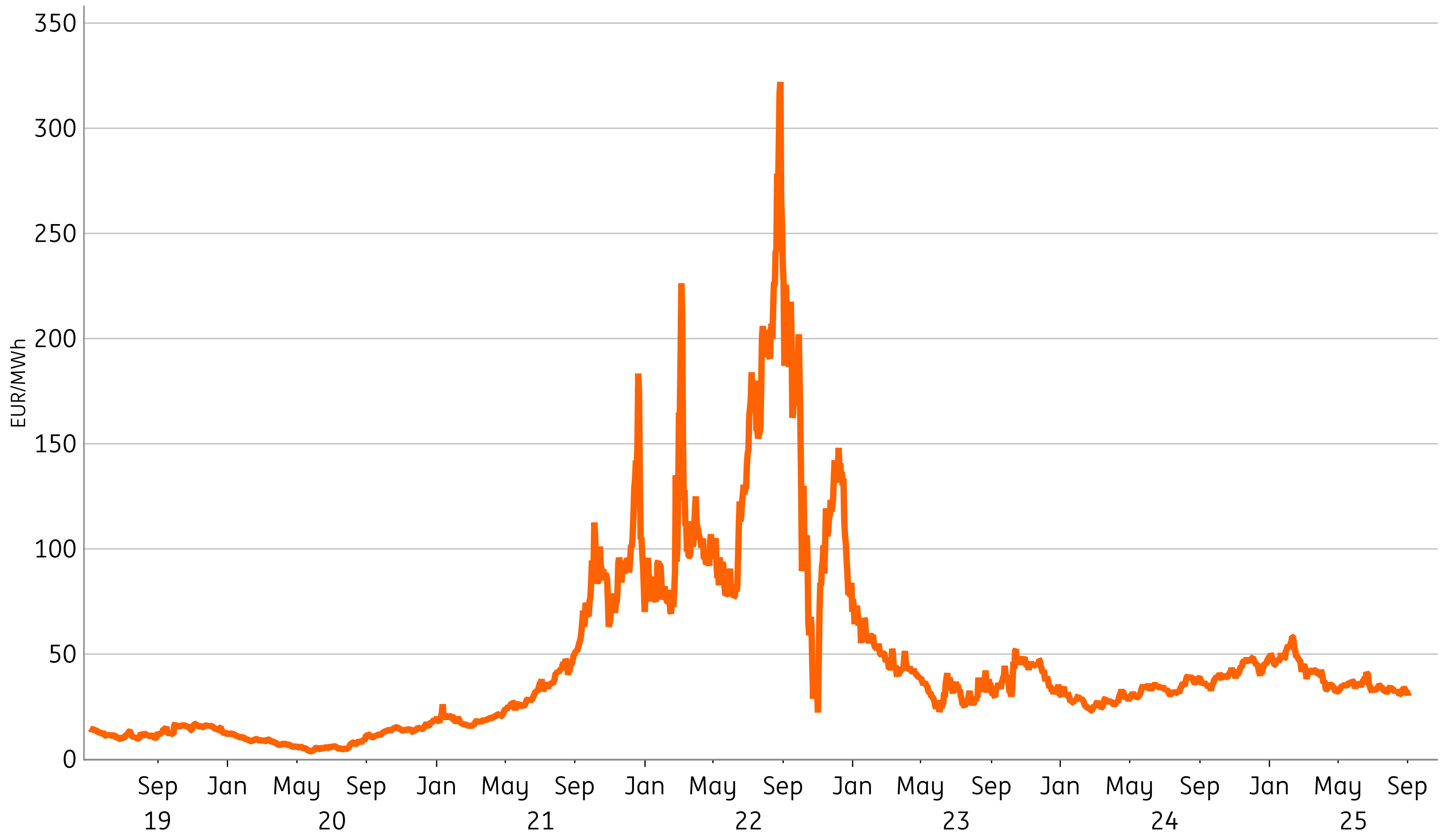
And in economies which suffer from supply constraints, more public spending adds to competition for inputs



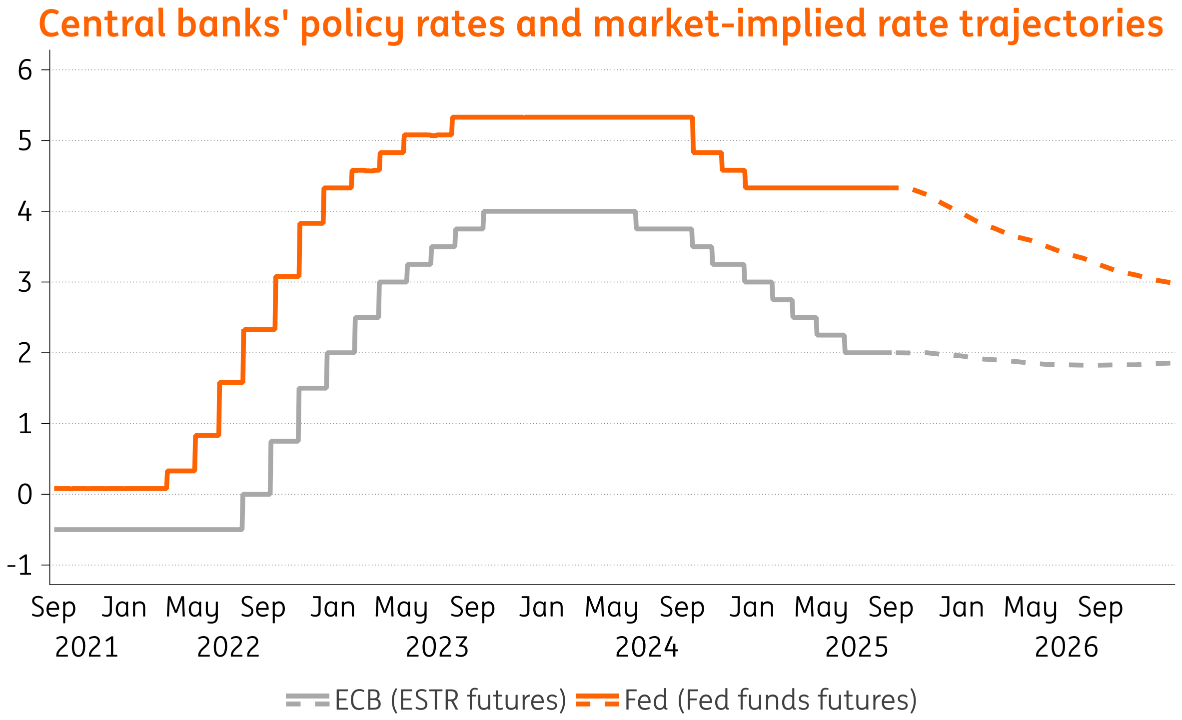
Source: European Commission. Weighted share of companies indicating the factor as a constraint. Supply is a combination of labor and production resources, material, and space.

European energy prices remain inherently less stable than before 2021, although oversupply is possible for 2026

Natural Gas, Future, ICE Dutch TTF Daily Gas, 1st Position, Close, EUR



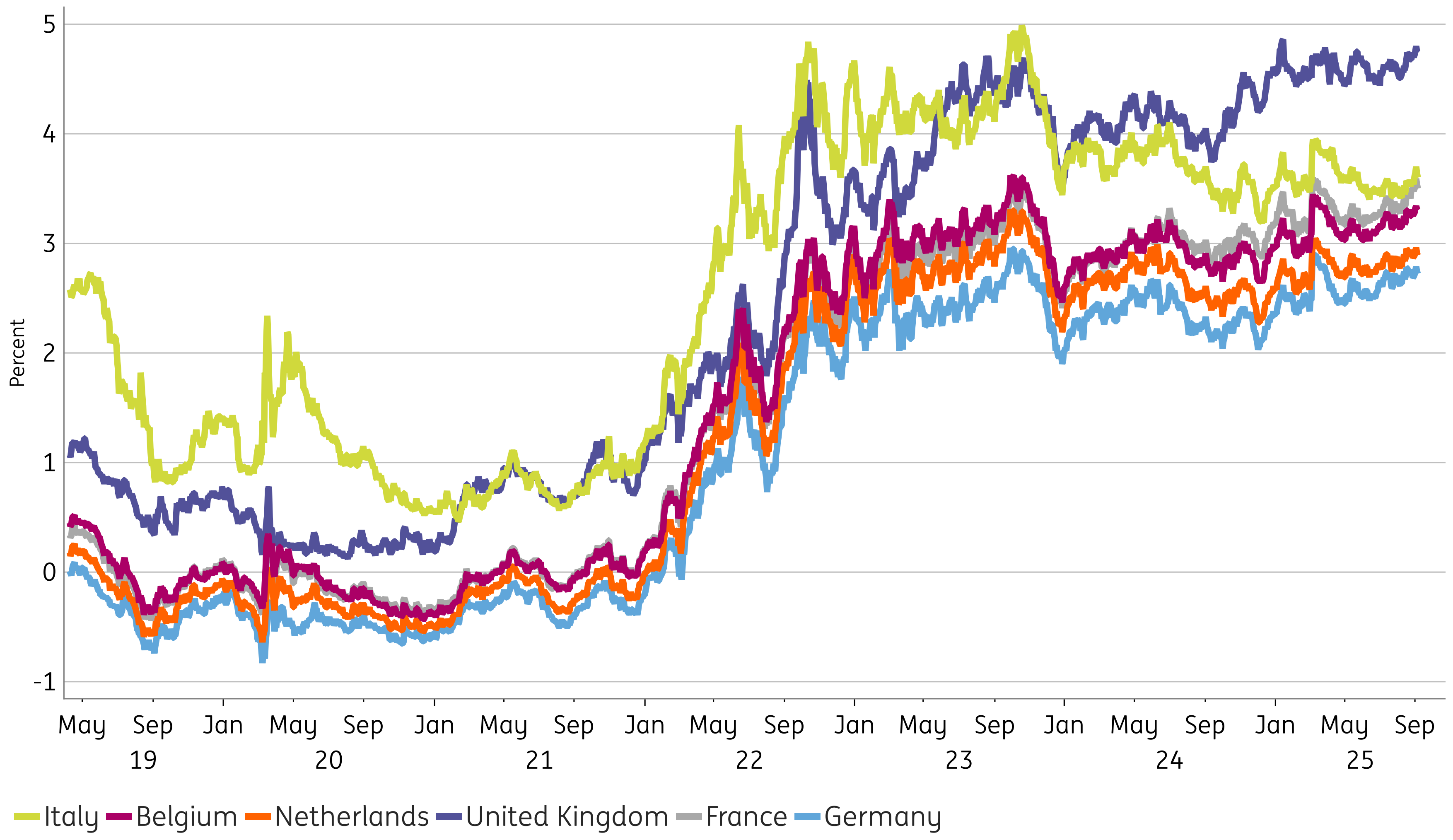
Don’t expect interest rates to return to pre-2022 levels in Europe



Source: ING, Macrobond

Rising long-term rates reflect stronger growth but also more concerns about debt

Government Benchmarks, Macrobond, 10 Year, Yield



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