

# Press Release

Hanover, January 13<sup>th</sup>, 2026

## **NORD/LB New Year's Forecast 2026: Solid Growth Driven by Investment and Fiscal Stimulus**

- // **NORD/LB expects GDP growth of 1.1 per cent in Germany and 1.0 per cent in Lower Saxony in 2026**
- // **Fiscal policy and investment underpin the economy – uncertainty persists due to geopolitics and trade conflicts**
- // **ECB signals stable key interest rates for the foreseeable future**

NORD/LB Norddeutsche Landesbank today presented its New Year's forecast for 2026. After three years of economic weakness and heightened uncertainty, NORD/LB takes an optimistic view of Germany's prospects for the coming year. The Bank's projections indicate that the German economy will return to a moderate growth path in 2026. "We expect real gross domestic product to increase by 1.1 per cent. This means that in 2026, the German economy will leave behind its prolonged period of weakness, following signs of stabilization last year," said Christian Lips, Chief Economist at NORD/LB.

The conditions for this upturn are multifaceted: On the one hand, the international environment remains shaped by geopolitical tensions and ongoing trade disputes. US tariff policy continues to weigh on exports, while many companies are feeling the effects of growing competition from China. On the other hand, expansionary fiscal policy and targeted investment are laying the foundations for a strengthening domestic economy. In particular, measures from the special fund for "Infrastructure and Climate Neutrality" are expected to provide tangible impetus for the real economy over the course of 2026. "It will now be crucial for increased public investment to have the most sustainable impact possible, which is why all measures to enhance the effectiveness and efficiency of resource allocation are to be welcomed," Lips added. According to NORD/LB's economists, the high level of uncertainty does not represent an insurmountable obstacle. As early as 2025, the global economy and financial markets demonstrated remarkable resilience.

"We expect the German economy to gradually return to a growth trajectory in 2026. Expansionary fiscal policy and higher public investment in infrastructure and defense are set to

deliver noticeable stimulus. At the same time, the ECB's interest rate level is no longer restrictive, and further rate hikes remain a distant prospect. There are therefore good reasons for a more optimistic outlook, although the spark has yet to fully ignite," Lips commented on the economic outlook.

At the turn of the year, business sentiment remains largely cautious. The unemployment rate is expected to average 6.3 per cent, unchanged from the previous year. Inflation is forecast by NORD/LB to remain within target; for 2026, the rate of price increase in Germany and the euro area is expected to be just below 2.0 per cent.

A positive development is also anticipated for Lower Saxony. "We expect real economic output in the state to grow by 1.0 per cent in 2026," predicted Valentin Jansen, Economist at NORD/LB. The region's economy will be driven primarily by investment programs and a strengthening domestic economy. The manufacturing and construction sectors, in particular, stand to benefit from increased public investment and regulatory easing. Jansen emphasized: "However, progress will depend on the willingness to invest in key industries and the continued implementation of infrastructure and energy projects." The labor market remains stable: following an unemployment rate of 6.0 per cent at the end of 2025, a figure below the national average is also expected for 2026. Challenges persist for industry – especially in the automotive, mechanical engineering and energy-intensive sectors. Ongoing burdens stem from international trade conflicts, high energy costs and uncertainty. At the same time, the ramp-up of investment in 2026, particularly in infrastructure and renewable energy, offers new opportunities for Lower Saxony as a business location.

For the euro area, NORD/LB expects moderate growth of 1.2 per cent in 2026. Against this backdrop, the European Central Bank is likely to maintain its monetary policy stance and keep the deposit rate at the current level of 2.00 per cent. "In December, there was market speculation about a rapid rate hike. These expectations were exaggerated and, following the recent marked decline in inflation, have rightly been shelved," explained Lips. In the capital markets, expansionary fiscal policy and the investment offensive are expected to lead to further slight increases in yields; the yield on ten-year German government bonds is forecast to reach around 3.0 per cent by the end of 2026 and to rise further in the medium term.

The Bank's economists stress that uncertainty in the global environment remains high. Risks arise in particular from international trade policy, geopolitics, currency developments and structural changes in key markets. At the same time, targeted investment, stable monetary policy and the ongoing transformation of the economy offer opportunities for sustainably positive development.

Starting from 13 January 2026, 12:00 p.m., the Economic Outlook for Lower Saxony will be available at the following link: <https://www.nordlb.de/die-nordlb/research/>

**Contact:**

Annabel Rust  
Mobile: +49 15785166763  
E-Mail: [annabel.rust@nordlb.de](mailto:annabel.rust@nordlb.de)

**About NORD/LB**

NORD/LB Norddeutsche Landesbank is one of the leading German commercial banks. The core business segments include business with corporate customers, private and commercial customers including private banking as well as structured finance in the energy and infrastructure sector and commercial real estate finance. The bank is headquartered in Hanover, Brunswick and Magdeburg and has branches in Oldenburg, Hamburg, Schwerin, Düsseldorf and Munich. Outside Germany NORD/LB is represented by a Pfandbrief Bank (NORD/LB Covered Bond Bank) in Luxembourg and branches in London and New York.

[www.nordlb.de](http://www.nordlb.de)

If you no longer wish to receive our press releases, please contact us by e-mail at [presse@nordlb.de](mailto:presse@nordlb.de). Notes on data protection and the right of revocation can be found in our privacy policy at

<https://www.nordlb.de/rechtliches/datenschutz/>