



11 January 2011

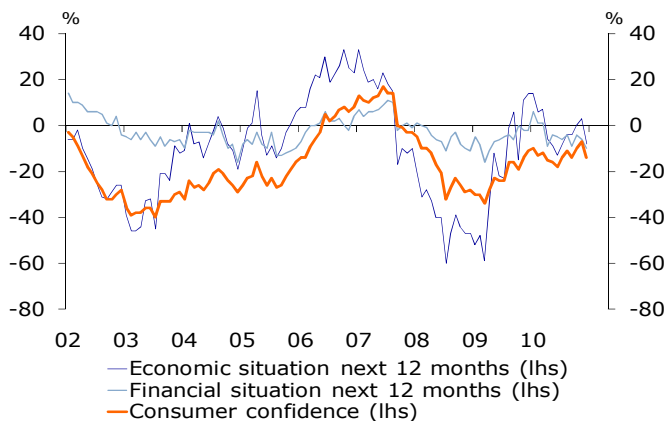
A freeze or a thaw?

| <i>year-on-year volume change (%)</i> | '09 | '10 | '11 |
|---------------------------------------|-------|-----|-----|
| Gross Domestic Product | -3.9 | 1¾ | 1½ |
| Private consumption | -2.5 | ¼ | ½ |
| Government spending | 3.7 | ½ | ¾ |
| Private investment | -16.5 | -5 | 2¾ |
| Exports of goods and services | -7.9 | 9½ | 4¾ |
| Imports of goods and services | -8.5 | 10 | 3¾ |
| Consumer price index | 1.2 | 1¼ | 1¼ |
| Unemployment (% labour force) | 4.9 | 5½ | 5¼ |
| Government budget balance (% GDP) | -5.4 | -6 | -4 |
| Government debt (% GDP) | 60.8 | 65 | 66 |

The recent freeze has caused a sharp surge in gas production, but plummeting construction output. Difficult driving conditions may also have had a negative effect on the transport sector and on the retail trade. However, the effect of the higher gas production is likely to be dominant, which means the cold weather will presumably push growth figures up for the fourth quarter of 2010. However, this effect will be temporary. With the return of higher temperatures, gas production will rapidly drop back, which may push down economic growth for the first quarter of 2011.

Source: Statistics Netherlands, Rabobank

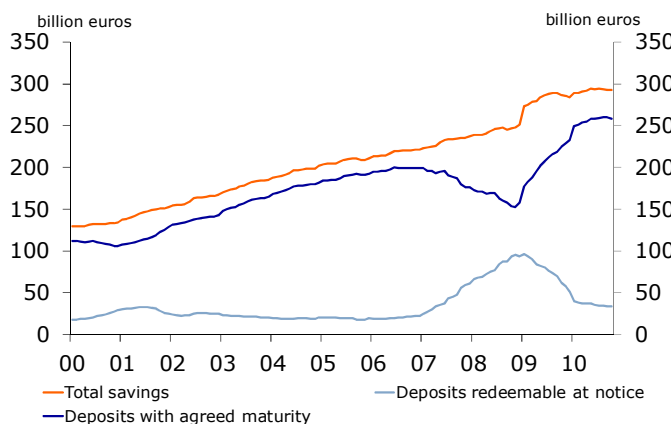
Consumers forced to spend more



With the cold weather, consumers spent more, though not by choice. Willingness to spend more is still absent, due to a lack of confidence. In December, consumer confidence declined to -14 from -7 a month earlier. Consumers were pessimistic about the general economic situation and their own financial situation in the next 12 months. Sentiment may have been affected by a combination of disappointing third quarter growth data (0.0% q-o-q), the freezing of a portion of pension payments and the announcement of new health care premiums.

Source: Statistics Netherlands

Lack of spending readiness, but not of money



From the savings balance of Dutch consumers it is clear that it is the lack of willingness to spend (much) more, rather than a shortage of money. During the crisis years savings piled up, but even last year, households continued to nurture their nest egg. Total savings rose from €284,095 million in January 2010 to €293,075 million in October. While there has been some degree of stabilisation since July, it appears that consumers are not yet ready to go on a spending spree. Indeed, this is unsurprising, given the impact of government austerity measures on wallets, as well as the slower pace of labour market recovery.

Source: Statistics Netherlands

Monthly Update The Netherlands

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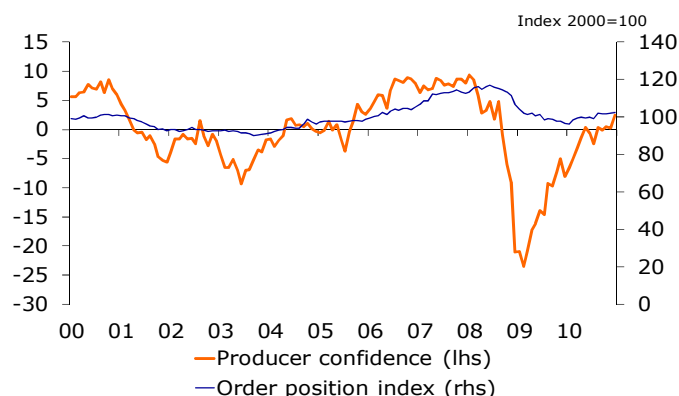
Slower pace of labour market recovery



Source: Statistics Netherlands

Between September and November, average unemployment declined monthly by some 2,000 people. This compares to an average monthly drop of 6,000 during 10H2. In November, the unemployment rate was 5.2%. Jobs growth (+11,000) was also less marked in the third quarter than in the previous quarter, when 23,000 jobs were created. This slowdown in the jobs market recovery is having an impact on consumer sentiment. While one in four consumers in November expected unemployment to decline further during the coming 12 months, this was down to one in five in December.

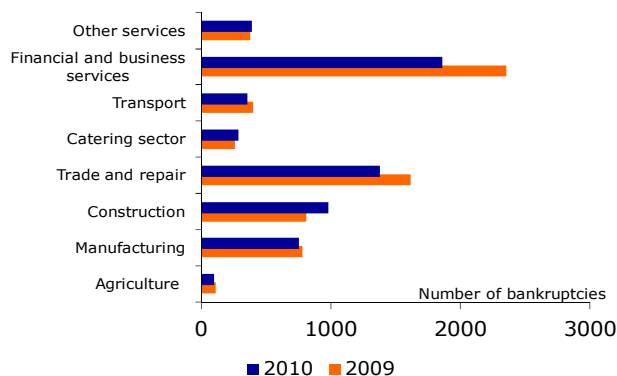
Industry bosses end the year positively



Source: Statistics Netherlands

Producer confidence has risen sharply, climbing to 2.5 in December, from 0.3 a month earlier. This was the first clear expression of positive sentiment since the start of the crisis in 2008. However, the number of entrepreneurs who predict a decline in production are in the majority – for the first time since January 2010. The fact that producers were optimistic is due to the well-filled order books. The order positions index (orders expressed in months of work) rose from 102.0 in November to 102.6 in December. This represents an increase of over 6% on December 2009.

More bankruptcies in November



Source: Statistics Netherlands

In November there were 525 (three-month average) bankruptcies of businesses and organisations (excluding self-employed), compared to 501 in October. This brought the total number of businesses that went under in the period January-October 2010 to 6,117. In the same period in 2009 a record number of 6,724 companies went bankrupt. Only in the building industry, the catering sector and other services were there more bankruptcies this time than in the same period in 2009. The recovery is slower to pick up in these sectors than in the rest of the economy because these industries are dependent on consumer demand, which has not yet got off the ground.

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