



## 5 June 2012

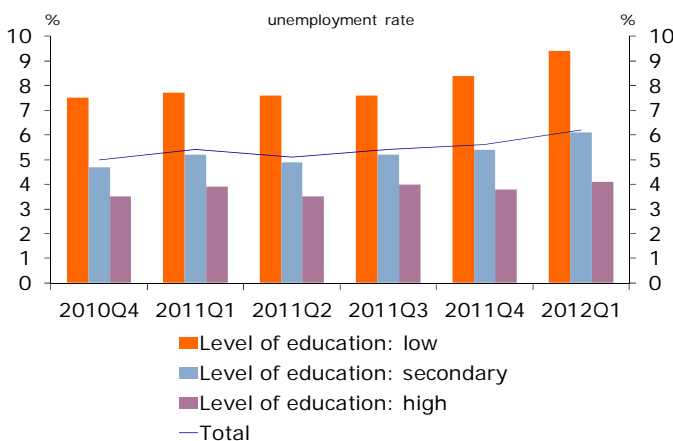
### Economy remains fragile

	2011	2012	2013
<i>Year-on-year change in %</i>			
Gross Domestic Product	1.2	-1¼	½
Private consumption	-0.9	-1½	-1¼
Government expenditures	0.4	-1½	-2
Private investment	5.8	-2¾	1
Exports of goods and services	3.7	1¾	4¼
Imports of goods and services	3.5	1	3¼
<hr/>			
Consumer price index	2.4	2¾	2¾
Unemployment (% labour force)	5.4	6½	7
Government budget (% GDP)	-5	-4	-3¼
Government debt (% GDP)	65.4	70¼	73
Current account balance (% GDP)	6¾	7¼	7

Source: Statistics Netherlands, Rabobank

In the first quarter the economy contracted by 1.1% compared to the same quarter last year. This represents a decline of 0.2% on the last quarter of 2011, and is the third successive quarterly contraction. Thus the Netherlands is still in recession. Consumption remains low, held back by (proposed) tax increases and cutbacks combined with low consumer confidence. Investments declined further by 0.6% quarter-on-quarter. During the first quarter, exports continued to be the engine of the Dutch economy. In the second half of 2012 we expect to see an end to the economic contraction, but not much growth. For the year as a whole growth will average at an estimated -¾%.

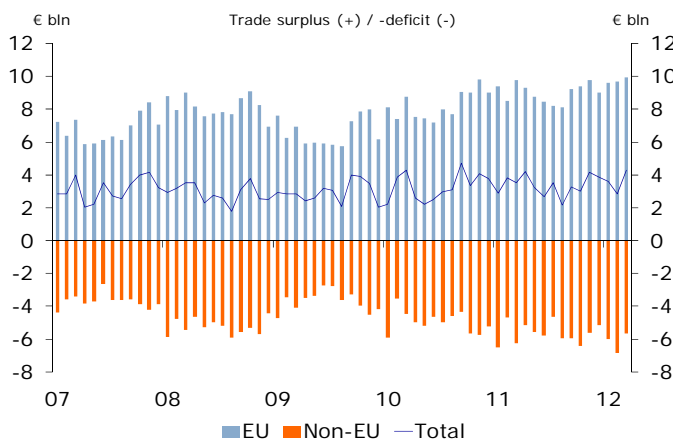
### Unemployment on the rise



In April, there was a rise of 24,000 in the number of unemployed, which now stands at 498,000. This accounts for 6.2% of the working population. The rise is due to an increase of 14,000 persons seeking work and at the same time a loss of 10,000 jobs. Unemployment rose across the board, among all educational levels, although the increase was most pronounced among least educated groups. In the first quarter of 2012, 9.4% of this group were unemployed, compared to 4.1% of those with the highest level of education. The number of job vacancies fell by 4% q-o-q, most markedly in the financial services, trade and real estate sectors. There was also a decline in the number of hours worked in temp jobs (-2%).

Source: Statistics Netherlands

### Exports increase



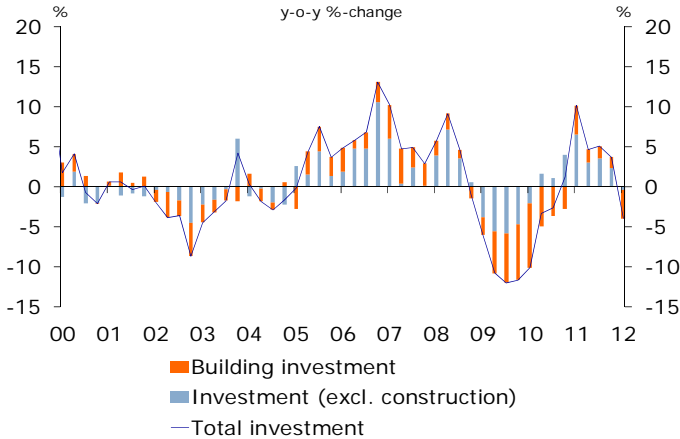
Source: Statistics Netherlands

Currently, exports are the driving force behind economic performance. In March, the volume of exports of goods was over 3% larger than a year earlier. During the same period, the volume of imports rose by 1%. The trade balance (the difference between the exports value of goods produced in The Netherlands and the value of imported goods for use or consumption in The Netherlands) increased and amounted to €4.3 billion in March. This was mainly due to an increase in trade with countries outside the EU. Besides, re-exports also increased. Re-exports are products imported into the Netherlands, which are exported without undergoing any -or only very little- further processing here. The added value of re-exports is however limited.

# Economic Update The Netherlands

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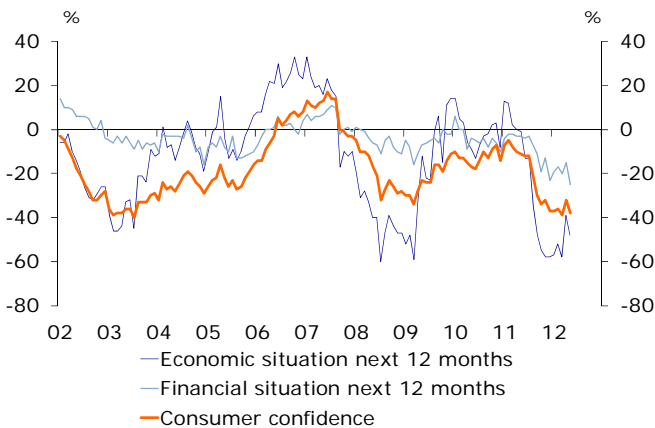
## Decline in investment



In the first quarter, the total investment volume (private and public investment in tangible and intangible assets) was 4.2% lower than in the same period a year before. The decline can mainly be ascribed to a drop in building investment. Investment in residential construction was down 6.6% year-on-year. The decline in commercial construction was even more marked - down 14% on the first quarter of 2011. Government investment has been declining for a number of quarters in succession. Producer confidence is still waning, capacity utilisation is low and entrepreneurs are particularly negative about their order books. Strong growth in investment volume therefore appears unlikely.

Source: Statistics Netherlands

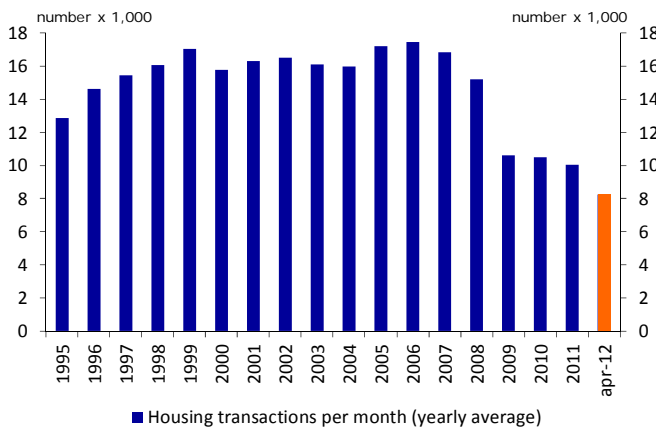
## Consumers still pessimistic



After a short-lived upswing in April, consumer confidence fell again in May. The confidence indicator fell by 6 points to -38. Sentiment is therefore virtually back to the low level of March, and is even worse than during the economic crisis of 2009. Consumers are particularly negative about their own financial prospects for the coming 12 months, showing a drop from -15 in April to -25 in May. The measurement took place shortly after a € 12 billion austerity package had been agreed by a coalition of political parties. This may explain consumers' gloominess about their financial situation.

Source: Statistics Netherlands

## Sharper drop in house prices



The average house price fell more sharply in April than in the previous month. On an annual basis, houses lost 5.2% in value. The decline in March was 4.7%. Altogether house prices have fallen by over 12% since the peak in 2008. Moreover, fewer houses are being sold. The number of houses sold in April was over 18% lower on an annual basis. Some 8,000 homes changed hands, compared to the pre-crisis years when almost twice that number were sold each month. The poor performance can be blamed on a combination of the deterioration in the jobs market, lack of confidence and ongoing uncertainty about future housing market policy.

Source: Netherlands Central Bank (DNB)

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