

## 3 September 2012

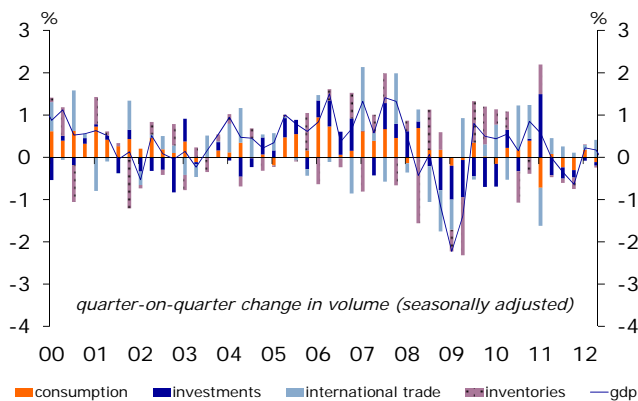
### Dutch economy inching along

	2011	2012	2013
<i>Year-on-year change in %</i>			
Gross Domestic Product	1.1	-½	½
Private consumption	-1.0	-1	0
Government expenditures	0.1	-¼	-1
Private investment	8.9	-2¼	1
Exports of goods and services	3.9	4¼	5
Imports of goods and services	3.6	3¼	4
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Consumer price index	2.4	2½	2
Unemployment (% labour force)	5.4	6½	7
Government budget (% GDP)	-5.0	-3.6	-2.7
Government debt (% GDP)	65.4	71,6	72.9
Current account balance (% GDP)	6¼	7¼	7

In the second quarter, the Dutch economy grew by 0.2% compared to the previous quarter. This is the second successive quarterly growth. In the first quarter, after a substantial adjustment to the provisional data, q-o-q growth was likewise 0.2% thanks to an unexpectedly large contribution from government spending. Despite these two quarters of growth, economic recovery is expected to be sluggish in the months ahead. Not only is there ongoing uncertainty about the European debt crisis, the imminent national elections and subsequent coalition talks will be unlikely to boost confidence among consumers any time soon.

Source: Statistics Netherlands, Rabobank

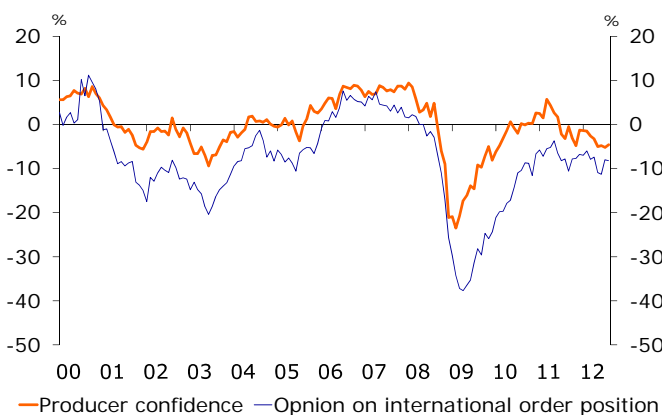
### Domestic recession continues



In the second quarter, the Dutch economy continued to depend on international trade. Net international trade contributed 0.4% point to economic growth. However, the outlook for the global economy is not very rosy. The pace of growth is declining in Germany, the country's main trading partner. The domestic dynamic also remains weak. Private consumption made a negative contribution to growth in the past quarter (-0.1% point), while the contribution of private investment was zero. In view of the government's austerity programme, it is not surprising that government spending also made a negative contribution to economic growth (-0.1% point).

Source: Statistics Netherlands

### Entrepreneurs less pessimistic



Sentiment among industrial entrepreneurs improved somewhat in August. Producer confidence reached -4,6, against -5,2 in July. For the first time since April, a majority of producers expect to see an increase in production for the coming three months. One possible reason is a rise in new orders. However, there is not much reason for optimism. At 78.8% capacity utilization remains well below the long-term average of 83%. Furthermore, the declining growth rate of the most important trading partners will lead to reduced international order receipts. The volume of investment is currently more than 18% below pre-crisis levels.

Source: Statistic Netherlands

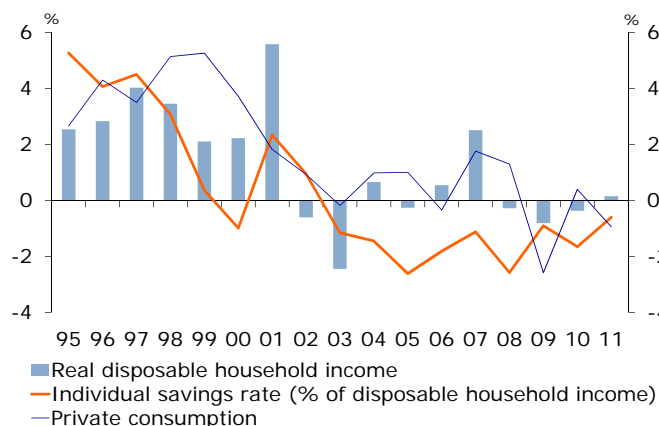
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# Economic Update The Netherlands

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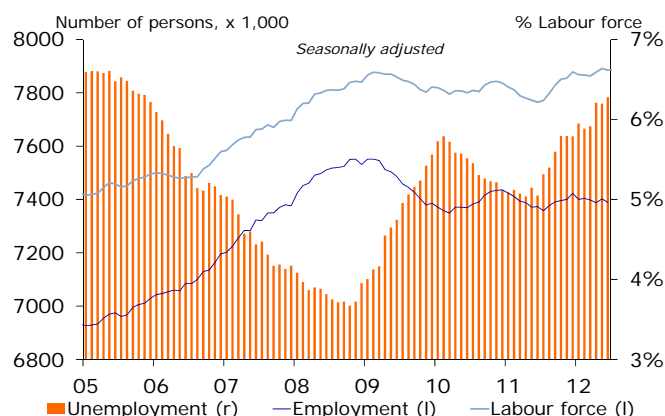
### Consumers remain tight-fisted



Although consumer confidence seems to have bottomed out, sentiment remained very low in August, at -32. The level of consumption is currently more than 4% below the pre-crisis level. Purchasing power has been under pressure for some time, because wage growth is not keeping up with inflation. At the same time costs, in particular medical costs have increased. For years, households have been spending more than their disposable income, as evidenced by the negative individual savings rate. They are also faced with wealth losses as house prices continue to fall - by a total of some 15% since the start of the crisis.

Source: Statistic Netherlands

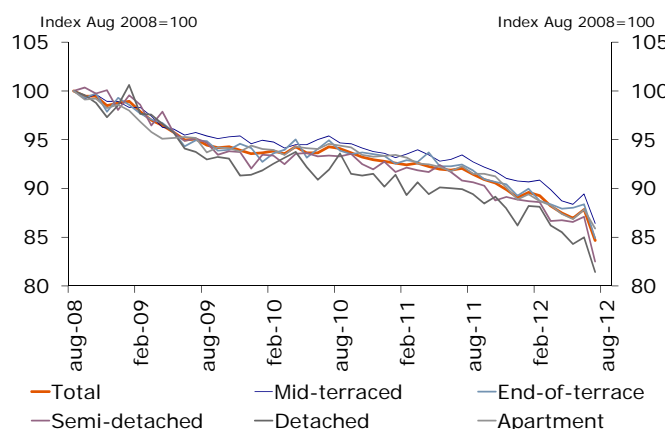
### Unemployment rises further



Unemployment has been rising steadily since the summer of 2011. In July this year, 6.5% of the working population were unemployed - a rise of 0.2% month-on-month. Altogether 510,000 people were out of work - 14,000 more than in June. A total of 11,000 jobs were lost, while the labour supply increased by 3,000. Since employment has been declining for five successive months now, it is becoming increasingly difficult for the unemployed to find a job. Nearly half of all the unemployed have been jobless for longer than six months. The overall trend is expected to continue during the coming months, with unemployment set to average 6.5% for the year as a whole.

Source: Statistics Netherlands

### Sharp decline in house prices



In July second-hand house prices fell by 3.6% compared to June. This was the sharpest month-on-month drop since the start of the housing market crisis. Compared to a year ago, the total price decline is 8%. One possible explanation for the accelerated decline is the uncertainty about the stamp duty rate, which induced many house buyers and vendors to complete the transfer before 1 July. The number of houses sold in July (7,451) was less than half the total sold a month earlier. Accordingly, the price development is based on fewer sales which means the measurement is less accurate and also more volatile.

Source: Statistic Netherlands

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