



## 1 November 2011

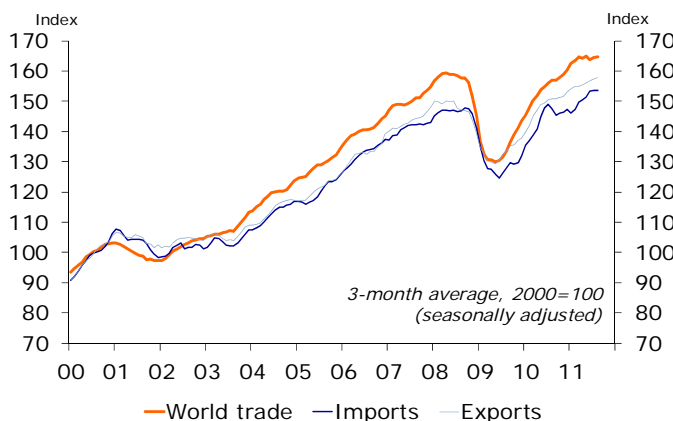
### Economic growth slows

	2010	2011	2012
<i>Year-on-year change in %</i>			
Gross Domestic Product	1.7	1¾	1
Private consumption	0.4	0	0
Government expenditures	1.5	½	-¾
Private investment	-4.6	7	2¾
Exports of goods and services	10.8	6¼	4¼
Imports of goods and services	10.6	6½	3
Consumer price index	1.3	2¼	2
Unemployment (% labour force)	5.4	5	5¼
Government budget (% GDP)	-5.4	-3½	-2½
Government debt (% GDP)	62.8	64	64¾
Current account balance (% GDP)	5.5	6½	7

Growth of economic activity appears to be gradually coming to a halt. Global trade, including Dutch trade, shows limited growth. Industrial production has fallen in recent months, and the outlook based on the state of the order books is not promising. Consumers are unable and unwilling to pitch in, since real household disposable income is declining. Government cut-backs are only adding insult to the injury. However, on a positive note, despite a rise in the unemployment rate, the number of people at work has increased.

Source: Statistics Netherlands and Rabobank

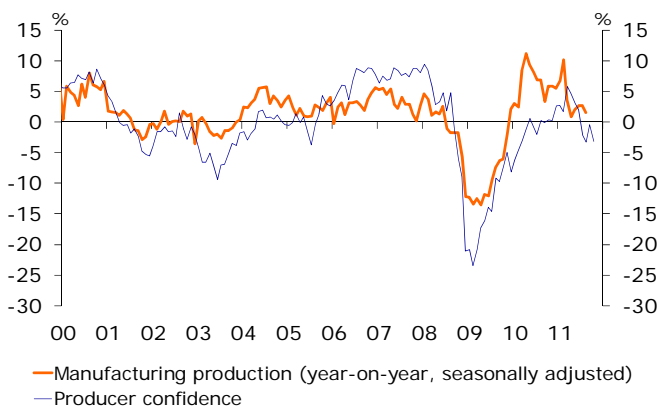
### Growth in world trade stagnates



Compared to March of this year, the volume of world trade has remained stagnant, although the months of July and August showed a month-on-month rise. Dutch trade also rose slightly during this period. The seasonally adjusted figures for imports and exports in August showed a rise of 1.3% and 1.0%, respectively, compared to May (3-month average). In the May to July period, imports and exports rose by 2.1% and 1.3%, respectively, vis à vis the previous three-month period. This picture shows a decline in momentum for Dutch trade. We envisage a stagnation of world trade growth for the coming months.

Source: CPB and Statistics Netherlands

### Poorer prospects for Industry



Between June and August, seasonally corrected industrial output shrank by 0.2% compared to the March to May period. Output growth remained weak owing to a lack of demand. Staff shortages and capacity problems were hardly an issue. Producers expect to see a further decline in industrial production in the coming months. Producer confidence declined in October to -3.2. A negative figure indicates that the majority of producers are pessimistic about expected output, orders and inventories of finished products. The indicator for order receipts also fell in October, dropping to -12.8.

Source: Statistics Netherlands

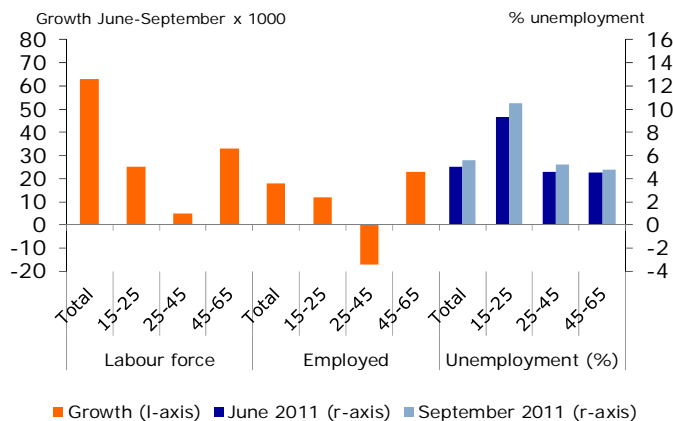
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# Economic Update The Netherlands

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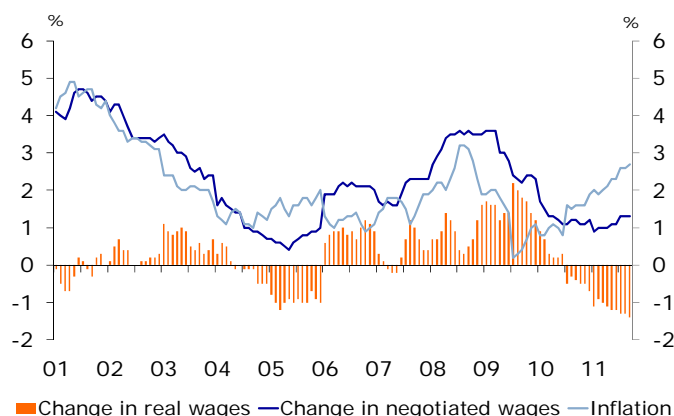
### Higher unemployment, but more people at work



The seasonally corrected unemployment rate rose from 5.0% to 5.6%, between June and September, although 18,000 more people were at work in September, compared to June. The reason for the rise in unemployment is the increase in labour supply, which went up by 63,000. The rise was most pronounced in the 15-25 year age category. Apparently students who prolonged their education somewhat due to the financial crisis are now flowing into the labour market. Part of this new supply has been absorbed by increased employment. However, this does not apply to the 25-45 year age group, where the number of people at work declined.

Source: Statistics Netherlands

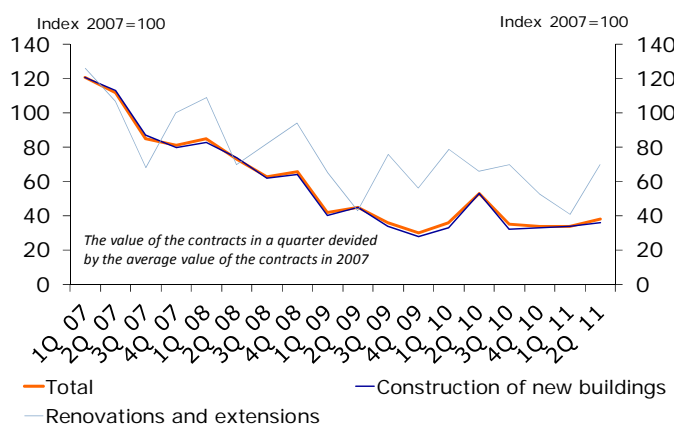
### Drop in real incomes



In August, household consumption declined by 0.3% compared to May (seasonally adjusted, 3-month average). Likewise for the coming months we do not expect a rise in consumption. Important factors in this are the weak housing market, the discussion about the pensions and government cut-backs. In addition, real incomes are declining, because income growth is not keeping up with rising prices. In September average annualised inflation was 2.7%, mainly due to higher energy and fuel prices. During the same period wages rose by only 1.3%. Accordingly, households can buy less for the same money.

Source: Statistics Netherlands

### Transfer tax offers little consolation



Based on the figures from the Netherlands Association of Real Estate Brokers (NVM), annual house sales have risen for the first time in 11Q3 since the first quarter of 2010. Total sales rose by 3.9% compared to the same quarter a year ago. It would appear that the reduction in transfer tax (from 6% to 2%) has created some temporary relief. The rise took place almost entirely in the month of July, according to the NVM. The low sales figures have led to an increase in the number of home renovations and extensions. At the same time, the number of architects employed for new building projects scarcely increased in the second quarter of 2011.

Source: Statistics Netherlands

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