



8 August 2012

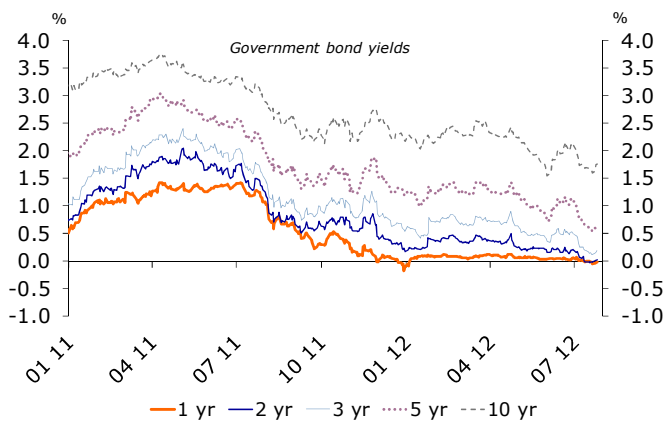
Low domestic dynamic

	2011	2012	2013
<i>Year-on-year change in %</i>			
Gross Domestic Product	1.1	-¾	½
Private consumption	-1.0	-1¼	-1¼
Government expenditures	0.1	1	-2
Private investment	8.9	-4	1
Exports of goods and services	3.9	-½	4¼
Imports of goods and services	3.6	-1¼	3¼
Consumer price index	2.3	2½	2¼
Unemployment (% labour force)	5.4	6½	7
Government budget (% GDP)	-4.7	-4	-3¼
Government debt (% GDP)	65.2	70¼	73
Current account balance (% GDP)	6¾	7¼	7

The Dutch economy continues to look to international trade for impetus, while domestic demand dynamics weakens. In the second quarter of 2012, all indicators continued to point in this direction. Whereas net international trade is growing, industrial production is stagnating, and consumers are buying fewer goods. The picture is expected to remain unchanged for the coming quarters, with consumers remaining cautious on account of reduced disposable income and rising unemployment. Cutbacks will put an end to the positive contribution from government spending, which partly compensated for weak domestic demand during the 2009 to 2011 period.

Source: Statistics Netherlands, Rabobank

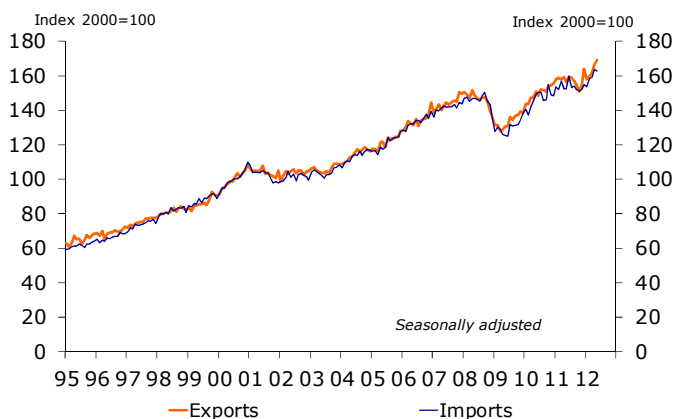
Moody's publishes negative outlook rating



On July 23, Moody's, a rating agency, changed the credit rating outlook for the Netherlands from stable to negative. This is an indication that Dutch creditworthiness may be downgraded in the future. The main reason is the increased risk of a Greek exit from the Eurozone, which would mean the Dutch government might have to pay more towards the support of Southern-European countries. Moody's report led to a temporary increase in Dutch government bond yields. Interest rates are currently at historic lows, which means the cost of borrowing money for the Dutch government is currently declining.

Source: Reuters Ecowin

Dutch economy depending on international trade



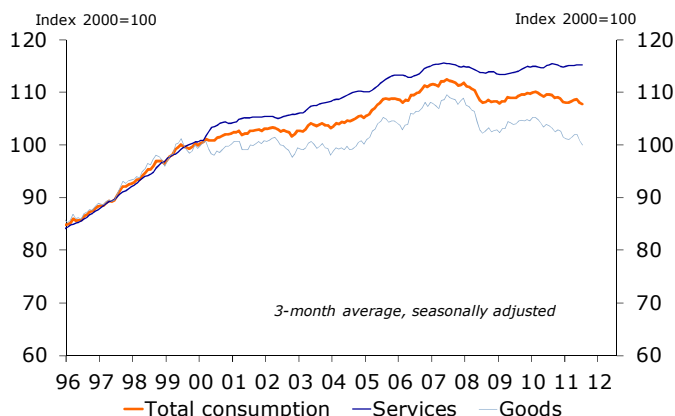
The Dutch economy remains dependent on international trade. On a positive note, the volume of exports in May rose by 6% compared to February (seasonally adjusted). Imports increased by 2.6% over the same period. It appears that the manufacturing industry is not benefiting from increased trade. Industrial production has stagnated since January 2011. The most likely explanation is that the growth of exports can be attributed to a rise in exports of raw materials and energy. Accordingly, both domestic and international demand for industrial goods has been weakening for some time.

Source: Statistics Netherlands

Economic Update the Netherlands

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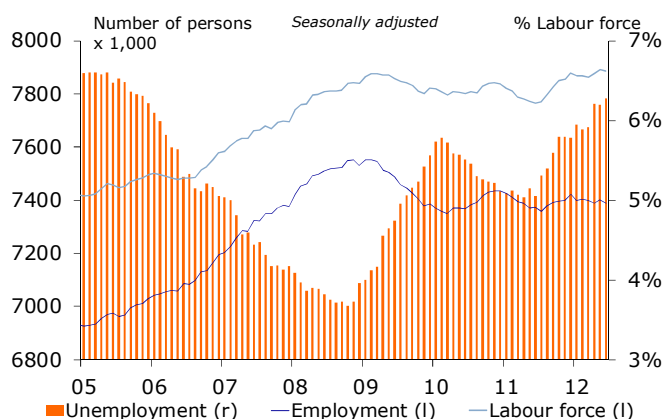
Consumers buying fewer goods



Consumer spending data in May confirmed the picture that Dutch economic growth is not driven by private consumption. In that month, the volume of consumer spending showed a decline of 0.8% since February (3-month average, seasonally adjusted). The decline is mostly due to a drop in demand for consumer goods (-1.9%). Consumption is not expected to pick up during the coming quarters. There remains too much downward pressure on disposable income amid fiscal austerity measures. These include a VAT rise from 19% to 21% as of 1 October 2012.

Source: Statistics Netherlands

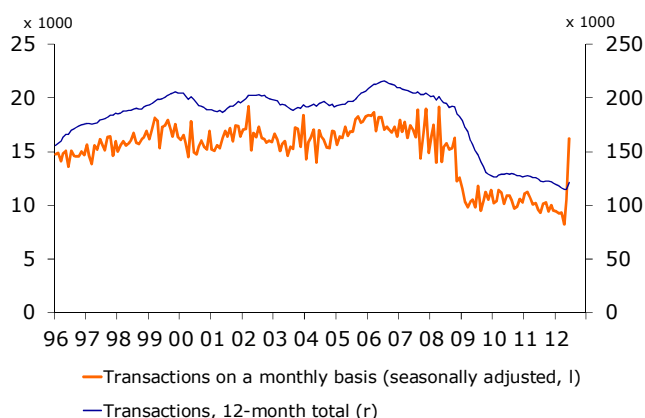
Unemployment creeps up



The number of unemployed rose in June by 6,000 to a total of 495,000 (seasonally adjusted), putting the number of people unemployed at 6.3% of the labour force. The labour supply likewise fell by 6,000 persons, while there was a drop of 13,000 in the number of people at work. This almost fully cancelled out the rise in employment recorded in May. Since January, an additional 34,000 people have lost their jobs. While this drop is not as severe as in early 2011, an improvement is not expected in the near term. On the contrary, unemployment rate is likely to rise to over 7% in 2013.

Source: Statistics Netherlands

Spike in home sales in June



In June, a total of 16,210 home sales were registered – a rise of nearly 70% y-o-y. This increase is almost certainly a one-off event, and can be attributed to prevailing uncertainty about a rise in stamp duty from the 1st of July. This conclusion is drawn based on data from the Netherlands Association of Real Estate Brokers (NVM), which shows that there was no increase in the number of sales agreed in the first two quarters of 2012. The spike in house transfers registered in June can only be explained by a shortening of the period between agreed sales and conveyancing. As a result, we expect the number of sales registered in July and August to plummet.

Source: Statistics Netherlands

www.rabobank.com/economics

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