



7 February 2012

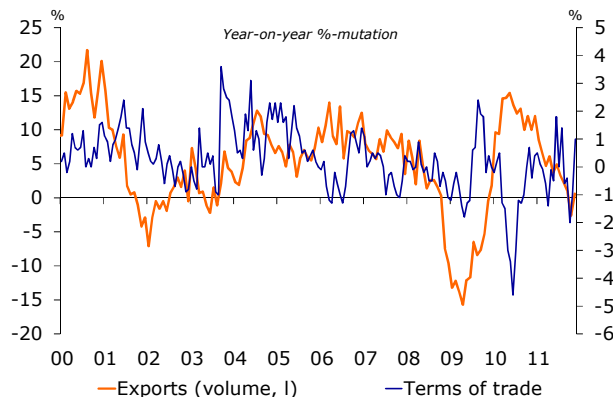
A thaw on the way?

	2010	2011	2012
<i>Year-on-year change in %</i>			
Gross Domestic Product	1,8	1½	½
Private consumption	0,4	-¾	-¾
Government expenditures	1,5	½	-½
Private investment	-4,7	6¼	2¼
Exports of goods and services	10,9	4¾	3½
Imports of goods and services	10,5	4¾	2¼
Consumer price index	1,3	2¼	2
Unemployment (% labour force)	5,5	5¼	5¾
Government budget (% GDP)	-5,4	-4¾	-3½
Government debt (% GDP)	62,8	64¾	65¼
Current account balance (% GDP)	5,5	6	6¼

It is virtually certain that the economy slid into recession in the second half of last year - only two years after the last recession in the second quarter of 2009. This sluggish economic performance has many negative consequences: unemployment is rising, house prices continue to drop, and further public sector cutbacks appear inevitable. Nonetheless, there are some positive news as well. The stress in the financial markets appears to have abated in recent weeks, and stock markets have recovered somewhat. However, the current cold winter weather may have a further dampening effect on economic activity in 12Q1, particularly in the construction sector.

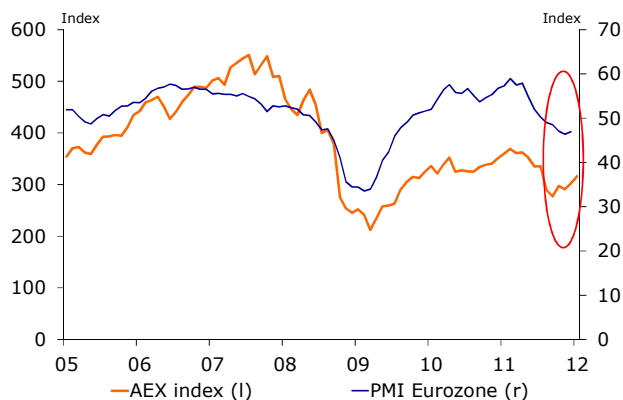
Source: CBS (Statistics Netherlands), Rabobank

Growth in exports



The volume of exports rose by 0.6% y-o-y in November 2011. The terms of trade - the difference between the prices of exports and imports - improved by 1% in the same month. The value of exports rose by 3.7% and the value of imports by 2.7%. By contrast, the four months prior to November had seen a deterioration in the terms of trade. November's improvement is largely due to higher prices for natural gas and petroleum products. An increase in the terms of trade implies that Dutch goods have become relatively more expensive. In the longer term, this could lead to a loss of market share.

Investors becoming more optimistic



Since last October, stock markets have managed to find their way out of the doldrums. On January 7, the AEX index closed at 326 points. Investors have reacted positively to the long-term refinancing operations of the ECB. There is also increased optimism that a deal can soon be reached between the Greek government and private investors. December also saw an improvement in sentiment among producers in the eurozone, with last month's PMI reaching 48.2. While this is still a touchbelow the critical level of 50, which represents the difference between growth and contraction, the good news is that it reflects a reverse of the downward trend seen since April of last year.

Source: Reuters EcoWin, Markit

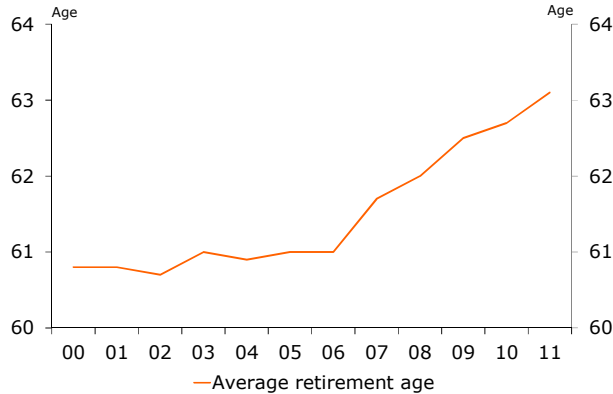
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Economic Update the Netherlands

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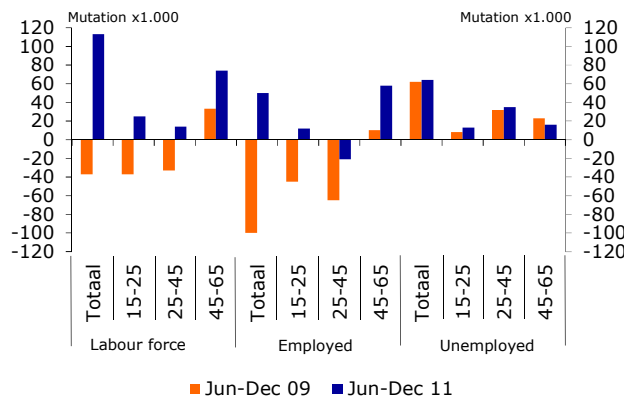
Retirement age rising



The average retirement age for employees rose above 63 for the first time in 2011. Having remained stable between 2000 and 2006, the retirement age rose steadily from 2007. The main reason is the tightening of requirements for early retirement. As a result, the percentage of employees aged 65 or older at the time of retirement has doubled from 15% in 2006 to 30% in 2011. A higher average retirement age is badly needed in the longer term, on account of ageing population. In the short term, however, it may lead to higher unemployment, with more people entering the labour market (see below).

Source: CBS (Statistics Netherlands)

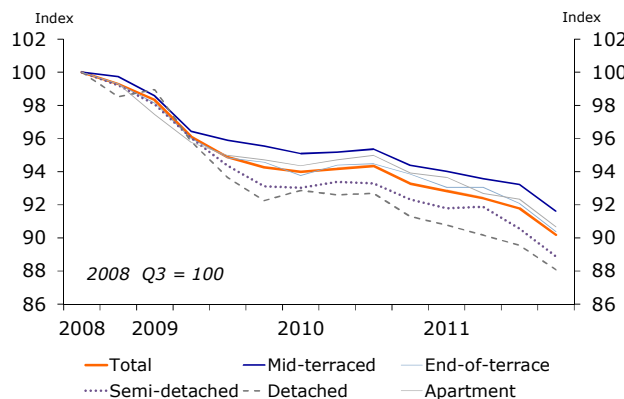
Unemployment stabilises



Unemployment remained unchanged at 5.8% in December 2011. However, cumulatively, it has risen by 0.8%-point since June of last year. This rise can mainly be attributed to an increase in the labour supply, which was most marked in the 45-65 year age bracket. This can be explained to a significant extent by stricter rules on retirement, designed to phase out early retirement arrangements. In 2009, unemployment likewise rose during the June to December period, climbing from 4.8% to 5.6%. However, at that time the cause was the disappearance of as many as 100,000 jobs. The labour supply actually declined in that year.

Source: CBS (Statistics Netherlands)

House prices slipping further



According to the existing homes index (PBK-index) of CBS/Land Registry, house prices declined by 2.3% in 2011 compared to 2010. This is the third successive year in which house prices have dropped. During the fourth quarter prices fell by 1.7% on a quarterly basis, a steeper drop than in the first three quarters, when the average price drop was 0.5%. The slump is due to ongoing uncertainty about pensions, mortgage interest rate deductibility and the health of the labour market. Moreover, the purchasing power of households remains under pressure.

Source: CBS (Statistics Netherlands)

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