



## 3 July 2012

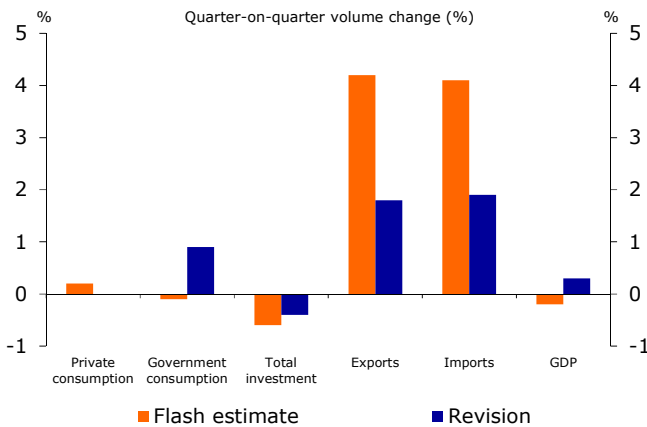
### No recession, hoping for improvement

	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	¾
Consumer price index	2.3	2½	2¾
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

Although the Dutch economy is technically no longer in a recession (see below), we are still hoping for the situation to improve. Consumption, investment and net trade are developing feebly. Measures from the Spring Memorandum will slow the economy down further over the course of the coming years. In 2012 as a whole, the economy is expected to contract by ¾% in real terms. In 2013, GDP volume will only experience a limited increase. A number of important issues (housing, the labour market, healthcare) need to become clear before the economy can gather momentum again, but it is unlikely that this will happen any time soon after the 12 September elections.

Source: Statistics Netherlands, Rabobank

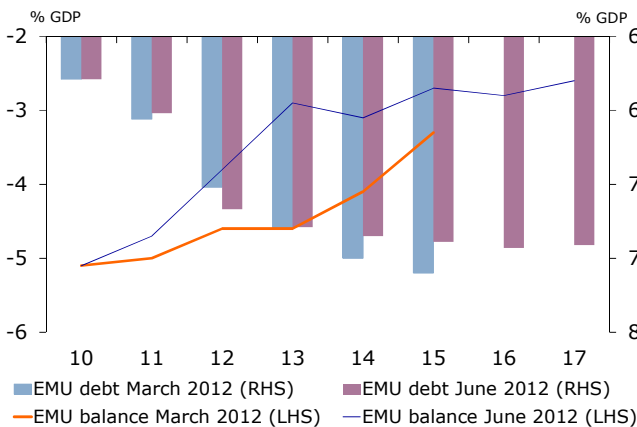
### First quarter growth



Over the first quarter, the economy did not contract; instead, it showed growth, according to Statistics Netherlands' most recent estimates. The revision indicates GDP volume over 12Q1 increased by 0.3% (q-o-q). This is 0.5% points higher than previously indicated by the flash estimate, an unusually large revision for Statistics Netherlands. The upward GDP adjustment was mainly caused by an unexpectedly strong increase in government consumption by 0.9%. Private consumption, investment and the contribution made by net trade were all adjusted downward. GDP realisations over 2011 were also adjusted downward, which in turn allowed q-o-q growth for 12Q1 to stand out more.

Source: Rabobank, Bureau for Economic Policy Analysis

### EMU targets within reach



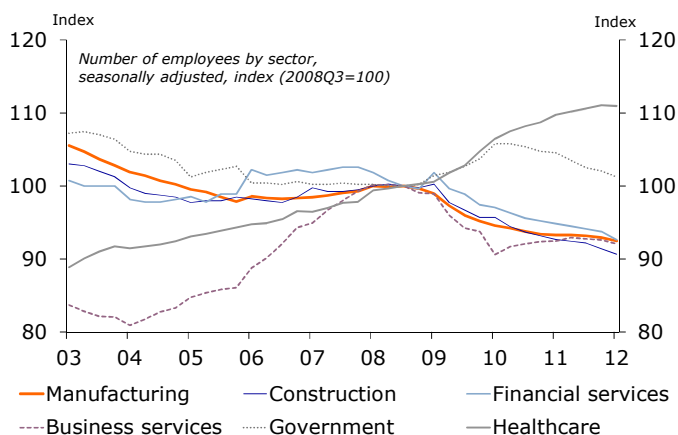
The Netherlands Bureau for Economic Policy Analysis' calculations of the Spring Memorandum show that the current package of measures will reduce the EMU-deficit to 2.9% by 2013. This is based on a €10.8bn austerity package, €1.6bn less than foreseen by the Spring coalition. The fact that the required target of 3% EMU-deficit could be reached is due in part to windfalls in the government budget. Government interest payments and natural gas revenues were better than expected, for example. By 2014 the budget deficit will have risen to 3.1% again, and in subsequent years the budget deficit will also hover around the 3% mark. The Dutch sovereign debt will stabilise over the coming years around 74% of GDP.

Source: Rabobank, Bureau for Economic Policy Analysis

# Economic Update The Netherlands

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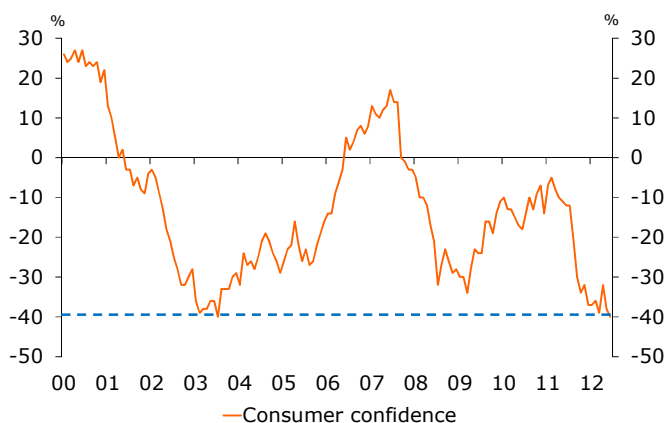
### Healthcare creating job growth



In May, seasonally adjusted unemployment remained at the previous month's level of 489,000 persons (6.2% of the workforce). The number of persons seeking employment rose by 14,000, equal to the increase in jobs. Unemployment has risen over the past few months, but is still at a low level when compared internationally. This can be explained in part by the fact that some sectors have still experienced a considerable increase in employment since the financial crisis. This is most pronounced in healthcare, which has grown by 127,000 jobs since 08Q3. Without this growth, unemployment would stand at a much higher level today, given the decrease seen in many other sectors.

Source: Statistics Netherlands, Rabobank

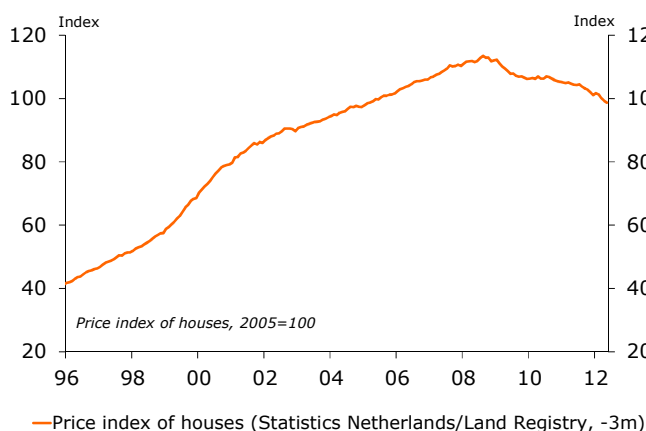
### Consumers seeking certainty



Consumer confidence fell by 2 points to -40 in June, an historical low. This slump in consumer confidence stems from a more negative assessment of the economic climate. Consumers are particularly more pessimistic about the economic situation for the coming 12 months. Their willingness to buy did not change. This negative mood can be traced back to uncertainty about government policy, loss of capital (housing market, stock market), rising unemployment and decreasing purchasing power. Presumably, problems at the European level (the Spanish banking sector, Greek elections) also contributed to the negative mood in the month of June.

Source: Statistics Netherlands, Rabobank

### Housing now more affordable



The prices of existing residential properties have fallen by 5.5% in May (y-o-y). Over the last few months, property prices have been falling at an accelerated pace. Price levels are now 13% lower than the peak seen in August 2008. This was measured using the price index of houses (PBK), which adjusts for the type of property and the region in which the house is being sold. In May, 10,182 houses changed hands, an increase compared to the previous year. An explanation for this increase could be that home owners were anticipating the expiry of reduced transfer tax (stamp duty). Initially, the lower rate of 2% was due to expire in July this year, but this reduced transfer tax has since been made permanent.

Source: Statistics Netherlands, Land Registry, Rabobank

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