

## Dutch economy sees recent momentum beginning to fade

The Dutch economy started 2026 on a relatively strong footing, but recent developments have weakened the outlook somewhat. Economic momentum has eased, and with energy prices expected to remain elevated for longer, expect weaker growth in the quarters ahead



Growth is still to be expected for the Dutch economy, but we think the outlook appears slightly more subdued than it did at the start of the year

### Momentum in the Dutch economy has started to fade

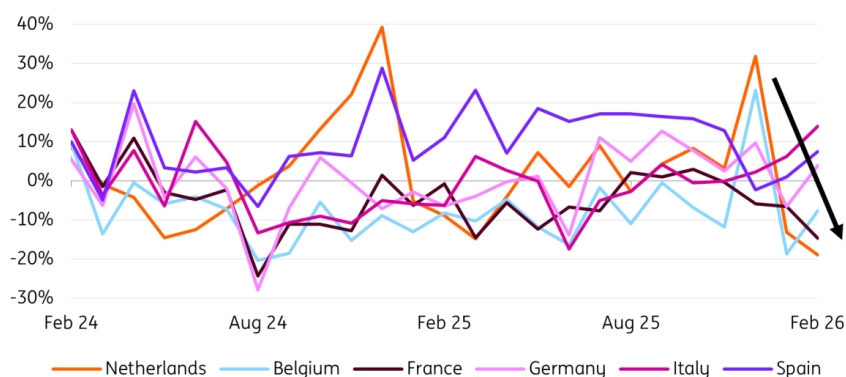
At the start of the year, the Dutch economy still showed solid underlying dynamics. Growth in the fourth quarter of 2025 surprised on the upside, supported by strong exports, robust public spending and households stepping up consumption further. This provided a favourable carry over into 2026. However, more recent data suggests that economic momentum weakened during the course of the first quarter.

After a strong January, industrial production, exports and retail sales declined month on month in February. Car registrations also fell sharply, reaching their lowest level since mid 2022. This largely reflects an expected correction after front loading at the end of last year, when higher taxation on leased electric vehicles prompted firms to bring purchases forward, which should weigh on

investment figures.

## Falling car registrations in the Netherlands after frontloading due to fiscal incentives

New passenger car registrations, year-on-year change



Source: ACEA via Macrobond, calculations ING Research

Falling cars registrations in the Netherlands after frontloading due to fiscal incentives

At the same time, consumer confidence dropped noticeably in March to its lowest level since September 2025 following the Iran war and as inflation expectations jumped up. Taken together, these developments point to a marked slowdown in quarterly growth, with the Dutch economy expanding only marginally at the start of 2026.

## Higher energy prices for longer worsen the inflation outlook

The war in the Middle East is clearly the main drag on the economic outlook for the Netherlands. Continued strain on oil and gas markets has materially worsened our inflation expectations, and [in our base scenario](#), we now assume that energy and fuel prices will remain high for at least a year. We are now assuming that Brent crude oil prices remain at least above \$80 per barrel through the first quarter of 2026, while the TTF gas price stays at €40 per MWh or higher, compared with the maximum quarterly averages of \$58 and €30 assumed in February. While this is not expected to trigger a repeat of the extreme inflation episode of 2022-23, it does imply a more persistent period of above normal inflation than previously anticipated. Before the Iran war, HICP consumer price inflation was set to slowly approach the 2% target during 2026, but it is now more likely to come in higher than in 2025, around 3.4%.

Dutch consumers are already facing higher fuel prices and rising transportation costs, while selling price expectations of firms have increased sharply to their highest level since April 2023. Over time, higher energy costs will feed through to other prices with varying lags – first into food, then into industrial goods, and later into services such as hospitality. As a result, inflation is now expected to remain elevated in both 2026 and 2027, eroding part of the purchasing power gains that households were set to enjoy earlier this year.

So far, no government support measures – neither for households nor for businesses – have been announced in response to high energy prices, even though [various newspapers suggest](#) that the

Dutch government is considering a mix of support measures.

## Dutch households see incomes rise, but caution is rising too

Despite the deteriorating outlook, the starting position of Dutch households remains relatively strong. Wage growth is still historically quite high, pension benefits are increasing for many retirees as the transition to the new pension system continues, and unemployment remains low. These factors limit the immediate downside risks to consumption somewhat.

That said, higher energy prices and renewed geopolitical uncertainty are likely to reinforce precautionary behaviour. The Dutch household savings rate is already high by historical standards, partly reflecting lingering concerns about price levels after several years of above average inflation. With consumer confidence taking another hit, a larger share of income gains is now likely to be saved rather than spent, resulting in more muted consumption growth than previously expected. But for now, some consumption growth is still expected for 2026, nevertheless.

## Sluggishness still visible in private investment

Business investment remains one of the weaker links in the Dutch growth outlook. Elevated energy costs and geopolitical tensions have increased uncertainty and raised the cost of doing business. At the same time, longstanding structural constraints continue to weigh on investment, including nitrogen emission restrictions, electricity grid congestion and a lack of international price competitiveness in energy intensive industries such as chemicals. Just before the start of the Iran war in Europe, the industrial cycle was starting to turn for the better, but it now remains to be seen how much of the global demand growth for industrial products really pushes through enough to encourage business investment to expand.

While housing remains a relatively bright spot in private investment, anecdotal evidence suggests that the latest energy shock can again trigger wait and see behaviour among firms. Public investment, by contrast, is increasing substantially, driven by infrastructure, housing related projects and defence spending, providing a buffer for overall growth.

## Public spending remains the main growth pillar

In 2026, public spending is expected to be the primary driver of GDP growth in the Netherlands. Although growth in public consumption is set to slow compared to last year – reflecting earlier front loading of purchasing power measures and a reduction in central government employment – structural factors such as population ageing continue to push healthcare spending higher. Combined with rising public investment, this helps to stabilise growth in an otherwise more challenging environment. Comforting for this year's growth is that any austerity measures the government aims to implement to make room for structurally higher defence spending, without worsening public finances, will not take effect before 2027.

## More subdued outlook for the Dutch economy, but still growth expected

Overall, the Dutch economy is expected to slow from solid growth of 1.8% in 2025 to a more moderate pace of 1.3% in 2026. The economy remains resilient, supported by a strong labour market, ongoing wage growth and expanding public spending. However, the assumption of higher energy prices for longer materially worsens the outlook by pushing up inflation, dampening

consumption growth and holding back investment.

As a highly open economy and a major logistics hub, the Netherlands also remains particularly exposed to global shocks. Downside risks have clearly increased, and economic growth is likely to remain subdued until energy market pressures ease more decisively.

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