

## Big jump in Dutch GDP

The Dutch economy expanded 1.5% quarter-on-quarter, thanks to a surge in exports.



### Export driven growth

Dutch GDP for the second quarter of 2017 has come in much stronger than expected. The economy expanded by 1.5% QoQ (6.2% annualized), that's a level achieved only twice since 2000. A surge in exports, most notably domestically-produced goods (+2.3% QoQ), was the main growth driver. We don't have all the details, but exports of machines and transportation vehicles appear to have done very well. Domestic demand contributed positively too and expanded for the 13th quarter in a row. Private consumption rose a hefty 0.9% QoQ, fuelled by the strongest job growth since 2008. Investment increased by 0.8%.

**1.5%** Dutch GDP  
Quarter-on-quarter  
Better than expected

Today's exceptionally strong growth number has induced the CPB (Netherlands Bureau for

Economic Policy Analysis) to revise its 2017 growth forecast to 3.3% (from 2.4%). This would be the first 3%-plus growth number since 2007. The forecast for 2018 has been revised to 2.5% from 2.0% previously. The longer-term outlook (2018-21) is also very optimistic with average annual growth of 1.8% pencilled in. The CPB's economic outlook provides input to the 2018 fiscal budget (to be announced in September). It's also the basis for the coalition agreement of the new government, for which negotiations are still ongoing. Government finances appear very healthy. The CPB now forecasts a surplus of 0.9% of GDP in 2018, rising to 1.6% (assuming unchanged policy) in 2021. Government debt – already below 60% of GDP – is expected to drop to 45%. All in all, government finances continue to improve and employment is picking up rapidly. After two years of above-average growth, the economy is still going strong.

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