

## Dutch GDP ekes out small second quarter growth

Growth of 0.1% quarter-on-quarter is in line with an economy that is dampened by uncertainty, as households show weaker spending and business sentiment remains muted. Expect growth to remain sluggish for the near future, before picking up on the back of strengthening domestic demand



Amsterdam's Royal Palace from Dam Square

The Dutch economy continued to grow in the second quarter, albeit at a slower pace than in the first. The figures reflect weaker household spending and a jump in imports. Investment growth accelerated, primarily in the transport goods sector. The question is how sustainable strong investment growth is at the moment, as business uncertainty is high and the recent fall of the government is delaying decisions that could take away investment blockages.

So far, the trade war has not caused overall exports to suffer. Gross exports growth to the rest of the world increased from 0.2 to 0.9% in 2Q, despite higher US tariffs coming into force. The Dutch did not experience a large amount of US frontloading in 1Q, which has also muted an offsetting effect in 2Q after higher tariffs came into effect. But a strong increase in imports made the overall effect of trade on GDP negative for the quarter.

Dutch consumers continued to be in saving mode for the second quarter as high uncertainty about the economy and overall low consumer confidence is keeping household consumption muted. Despite a continued recovery of real wages, consumption fell by -0.4% compared to 1Q, spending less on leisure and clothing. The question is when confidence will return to the consumer, which is likely to translate into an acceleration of spending again. For now, expect consumption to be muted given global economic uncertainties.

For the coming quarters, we don't expect sentiment from businesses and consumers to improve dramatically. We expect a slightly accelerating growth path for the Dutch economy over the coming quarters as uncertainty eases bit by bit, which would especially improve the outlook for domestic demand.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).