# Dutch growth slows

Growth of the Dutch economy slowed to 0.1%QoQ in the first few months of the year. While exports contracted considerably and household consumption stagnated, investment and public consumption expanded. As higher imported energy inflation gradually hits, we expect GDP to continue expanding at a moderate pace

The Dutch economy remains somewhat resilient, due to high wage growth and more public spending

0.1%

GDP growth rate

1Q26 (QoQ)

As expected

The Dutch economy expanded at a much weaker pace in the first quarter of this year compared to the fourth quarter of 2025 (0.5% QonQ). This was in line with our forecast, as monthly figures had already shown indications of fading momentum. That was especially visible in exports, particularly of machinery and transport equipment. The contribution of net exports (exports minus imports) to economic growth in the first quarter was considerably negative (-0.5pp). While merchandise trade fell by a considerable 1.2%, service trade expanded by 0.8%. Imports stagnated overall.

Household consumption was weak in the first quarter, as it stagnated. Gains in purchasing power were ongoing, with wages outpacing inflation and a large number of pensioners benefiting from higher pension benefits, which was facilitated by the first pension funds moving from the defined benefit system to the defined contribution system. At the same time, consumer sentiment fell at the end of the quarter in response to the war in the Middle East and harsh winter weather limited purchases earlier in the quarter.

Government consumption continued to expand while decelerating its pace to 0.5%, as expected. Yet again, the number of hours worked expanded in public administration and healthcare, as the reduction in public sector employment set out by the new government is not expected to kick in before 2027.

Investment growth was a positive surprise. Expenditures in the machinery category were up, in part likely due to more purchases of military equipment. Also, investment in infrastructure, transport equipment (which may also include military purchases) and intangibles (which include expenditures such as R&D, intellectual property and exploration for new gas fields) increased. Commercial real estate, ICT hardware and housing investment contracted. Inventories fell somewhat, but since the contraction was smaller than in the fourth quarter, the contribution to quarterly GDP growth was positive in the first quarter.

All in all, the results were as we had expected for the first quarter: not buoyant, but positive. Looking ahead, the economy remains somewhat resilient, due to high wage growth and more public spending, especially on defence and healthcare. But the outlook is worsened, compared to a few months ago, by persistent energy market pressures, pushing up inflation, dampening consumption growth and holding back investment in 2026. That means moderate growth.

For now, government policy is not going to change that very much. The Dutch government recently announced a support package of gross €774m (0.06% of GDP) for 2026 and €469m (0.04% of GDP) for 2027, which was – with some amendments – accepted by parliament.

The package contains a lot of small measures. Income support is provided directly via allowances for low incomes and tax-free allowances for commuting costs, but also indirectly via cheap public transport tickets, lower road taxes for vans and trucks and subsidies for replacing old, fuel cars with electric cars. There are also plans for (higher) subsidies for insulation, greening home heating and energy/fertiliser savings for firms and households, and extensions of existing guarantee schemes for solvent firms. Financing measures include (structural) indexation of alcohol taxes, lower tax deductions for working costs (such as employer-financed gym subscriptions) and for self-employed startups, and the use of envelopes of budgeted expenditures that were still unassigned.

While the support package is partially targeted at vulnerable groups such as low-income households that might spend most of the extra money, it also includes higher taxes, cuts to other expenditures and shifts of expenditures planned for later years. This means the net economic impact is probably only slightly positive for 2026. Parliament seems willing to do more, such as lowering the VAT on energy. But for now, the government has signalled that it is not eager to provide more support until conditions worsen.

## Author

**Marcel Klok**
Senior Economist, Netherlands
marcel.klok@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.