

## The Netherlands: Solid GDP as global economy slows

While leading indicators point to a slowdown in the Dutch economy, the Netherlands still delivered a solid performance in 4Q. GDP grew by 0.5% quarter-on-quarter, according to the first estimate of Statistics Netherlands. Worse figures were feared after manufacturing production took a nosedive of almost -4% month-on-month in December



Source: Shutterstock

**0.5%** GDP growth rate  
4Q18 (QoQ)

Consumer confidence has fallen month after month but households nevertheless stepped up their spending by 0.5% QoQ in 4Q. While the labour market is already starting to become a supply side restriction to growth, the number of jobs still rose by 50,000 (0.6%) QoQ in 4Q18, adding to the

positive domestic spending momentum. Government consumption also increased by 0.5% QoQ, although 2018 fell short with respect to the expansionary medium-term fiscal plans.

Investment recovered from a decline in 3Q, growing 0.7% in 4Q. Businesses invested 4.0% more in transport equipment while scaling down expenditures on machinery & other equipment (-1.1%). Investment in commercial real estate, ICT-equipment and intangible assets remained roughly constant. Residential investment increased 2.7% QoQ while the number of home sales has already started to normalise.

In line with a weaker trade environment, both exports (-1.3%) and imports (-2.1%) fell quarter on quarter. In part this is due to the fact that a multinational moved part of its business abroad. On the export side, mainly goods exports (-1.7%) fell, while on the import side, services (-4.6% QoQ) fell most and considerably so.

Sector-wise, commercial services were the main engine of growth, growing by 0.3% QoQ. Construction recovered from a decline in 3Q, with growth of 0.1% QoQ in 4Q. Manufacturing declined by -0.4%. While housing market and construction-related industries performed well, most manufacturing industries scaled down production. Producers of transport equipment, electronics, machinery and food took a considerable hit.

The GDP figure for 2018 came in at 2.5%, falling just short of our earlier downward revised projection of 2.6%. The fourth quarter figure confirms our expectation that the Dutch economy will be able to grow faster than the eurozone average. As long as major external risks remain, such as a hard Brexit, a deepening of the Italian recession and an escalation of the trade war, the probability of revisions to our existing GDP forecast for 2019 of 2.0% remains elevated.

## Author

### Marcel Klok

Senior Economist, Netherlands

[marcel.klok@ing.com](mailto: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 <http://www.ing.com>.