

Dutch Economy

Chart Book



ING Research – Marcel Klok

June 2023



do your thing

Contents

Dutch economy: main topics

4. **GDP first quarter 2023:** contraction due to inventory reduction and growth in service imports
5. **GDP outlook:** sluggish growth in quarters ahead
6. **Sectors:** contraction in ICT, recreation & culture and industry in first quarter
7. **Trade balance:** while goods trade fell it was the higher service imports that worsened the trade surplus
8. **Exports:** especially higher service import worsened the trade balance
9. **Investment:** still solid investment growth
10. **Profitability:** indication of higher profitability, but especially smaller businesses are still negative about it
11. **Consumption:** low consumer confidence but consumption still growing thanks to services
12. **Inflation:** fall in energy price brings down overall inflation rate
13. **Labour market:** shortage of personnel limits growth potential
14. **Wages:** ongoing labour market strain results in high wage growth
15. **Housing market:** continuing significant price declines and falling number of sales
16. ING Research **forecasts** for the Netherlands (forecast table)

Special topics

17. **Fiscal policy:** much looser than in agreements of previous governments
18. **Fiscal policy:** support in 2023 for energy bills on top of already strongly expansionary coalition agreement
19. **High energy prices:** heavy industry, transportation and agriculture potentially most affected
20. **Supply issues:** major supply chain issues disappeared

Dutch economy:

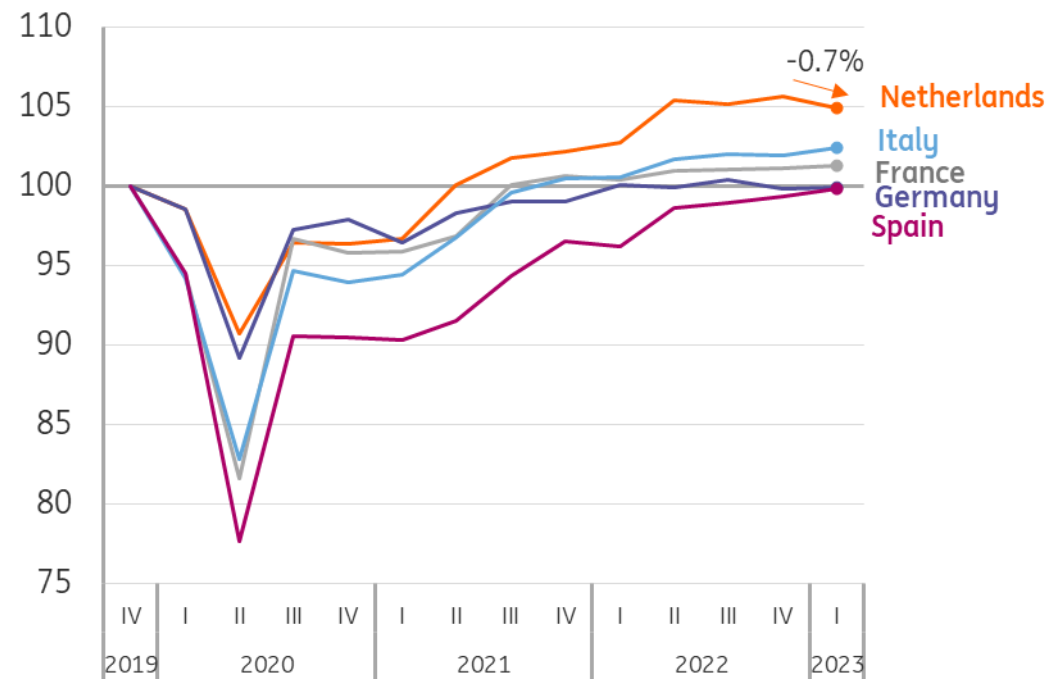
Main topics



GDP first quarter 2023: contraction due to inventory reduction and growth in service imports

Dutch GDP is most ahead of its prepandemic level among 5 largest eurozone economies despite contraction in 1Q23

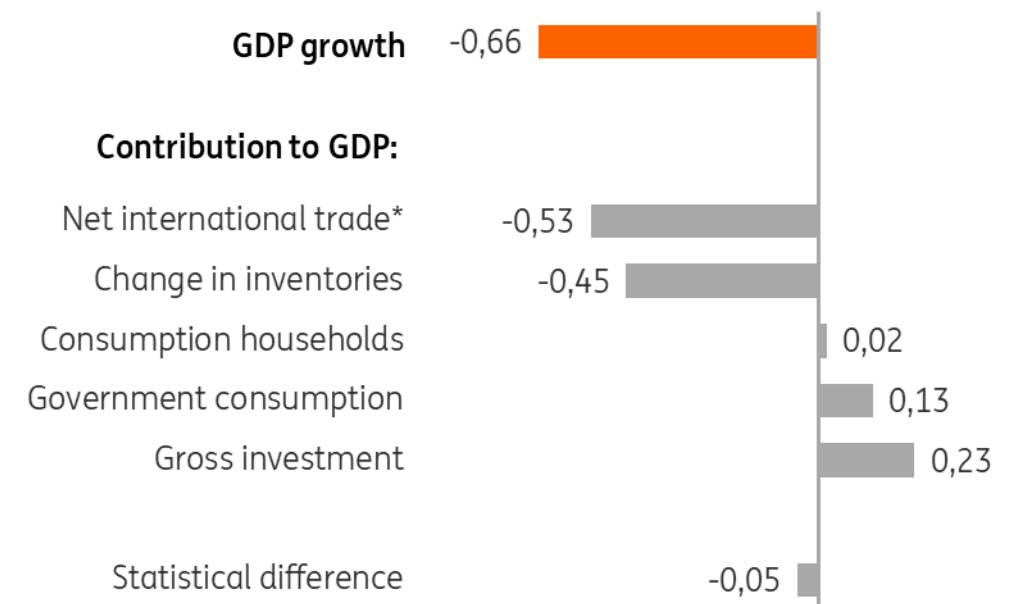
Gross domestic product* of five largest eurozone economies as index where 4th quarter of 2019 = 100



*in constant prices and adjusted for seasons and working days
Source: Macrobond, calculations ING Research

Contraction in first quarter of 2023 especially due to net service trade and reduction in inventories

Contribution to economic growth in 1st quarter of 2023 quarter-on-quarter, in %-points adjusted for seasons and working days



*Exports minus imports

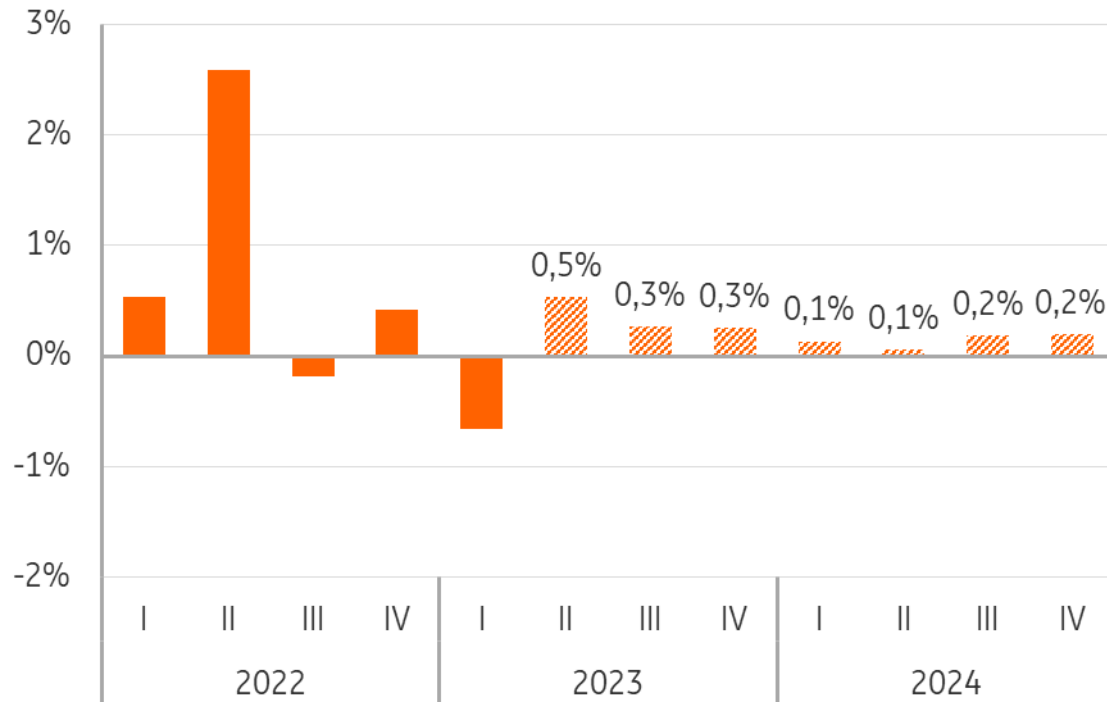
**Other = change in stocks + statistical difference

Source: CBS, calculations ING Research

GDP outlook: sluggish growth in quarters ahead

Subdued economic growth expected

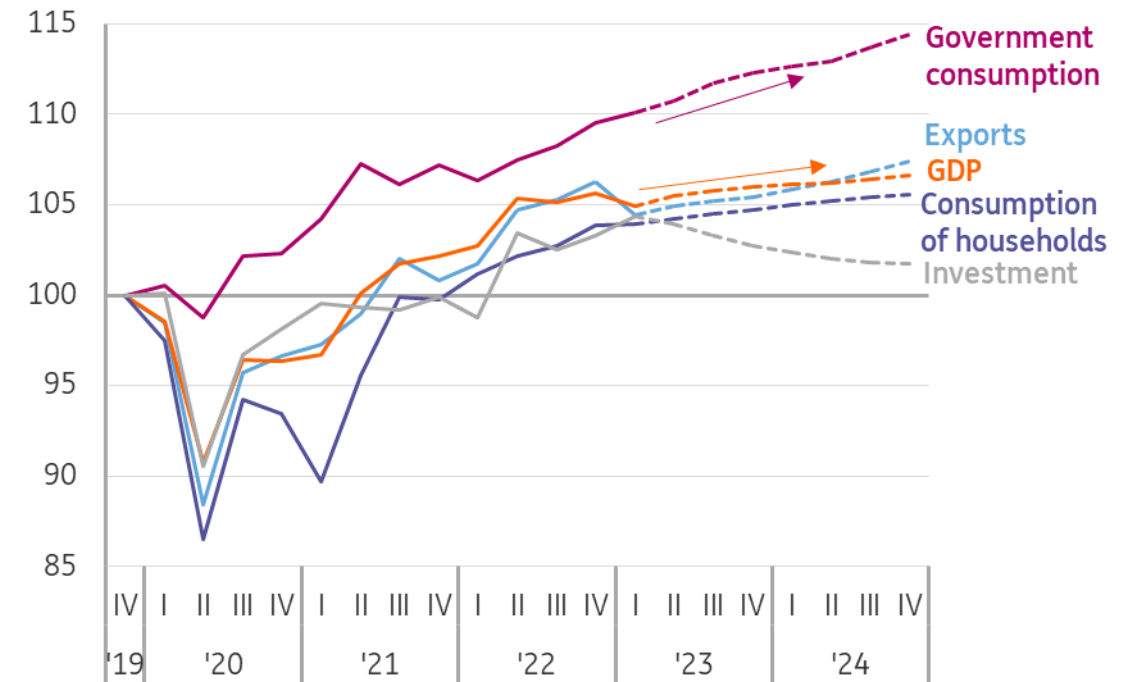
Gross domestic product*, change quarter on quarter



*Seasonally adjusted and in constant prices
Source: CBS and Macrobond, forecasts ING Research

Subdued GDP growth during 2023 largely driven by government spending

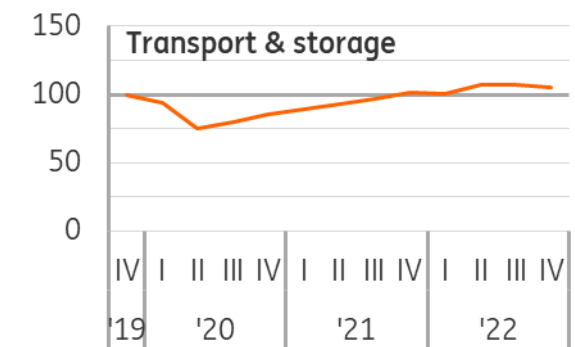
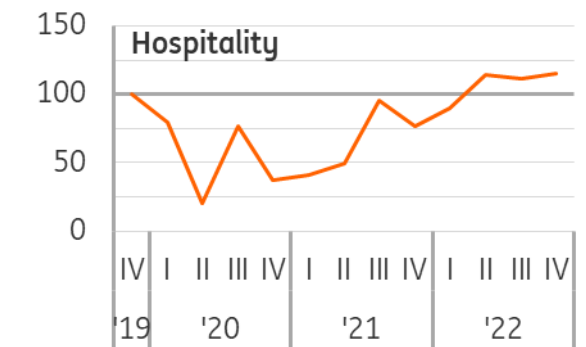
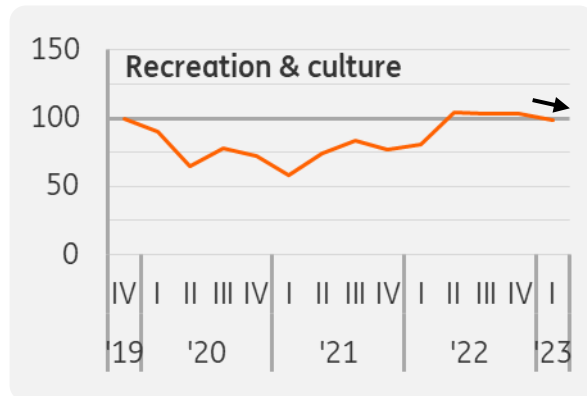
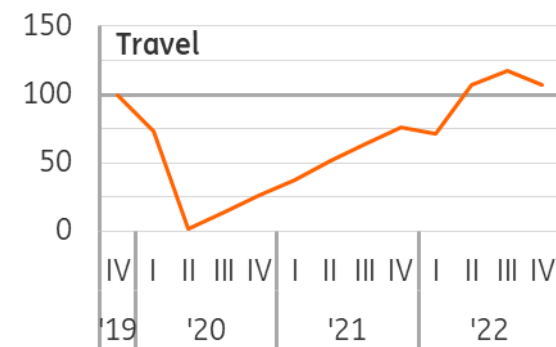
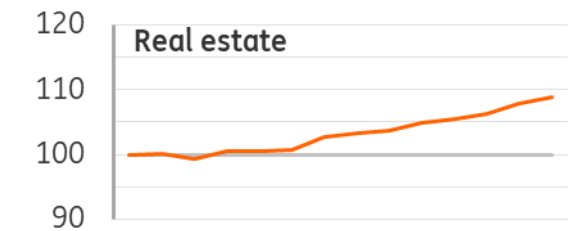
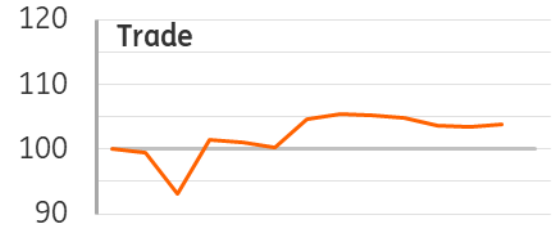
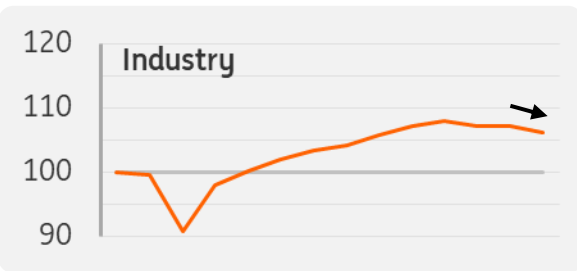
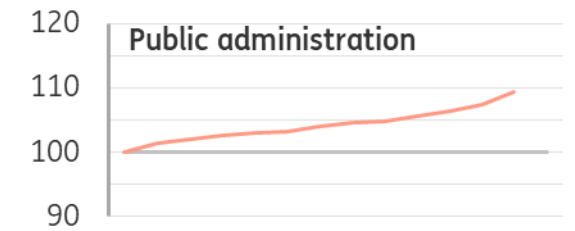
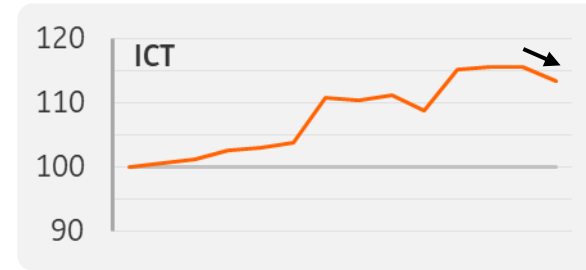
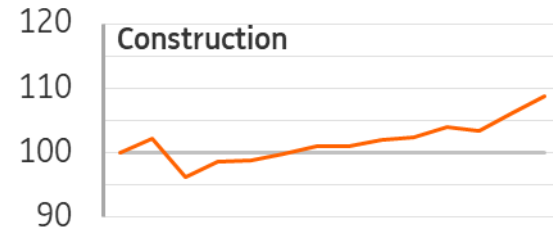
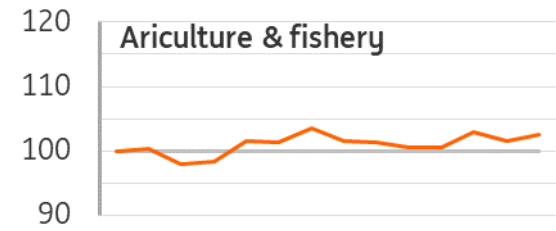
Expenditures* in the Netherlands as index where 4th quarter of 2019 = 100



*seasonally adjusted and in constant prices
Source: CBS via Macrobond, ING Research forecasts as of 2Q23

Sectors: contraction in ICT, recreation & culture and industry in first quarter

Gross value added*, index where 4th quarter of 2019 = 100

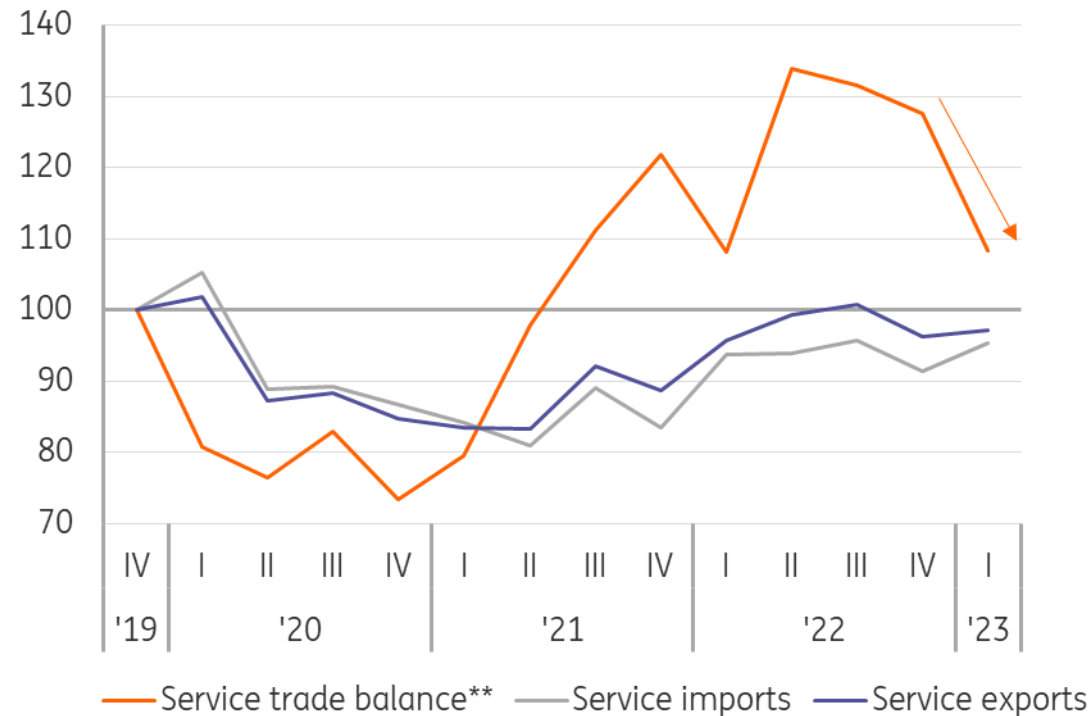


*Seasonally adjusted and in constant basic prices
Source: CBS, calculations ING Research

Trade balance: especially higher service import worsened the trade balance

Relative big expansion in service imports made service trade surplus decline in the first quarter

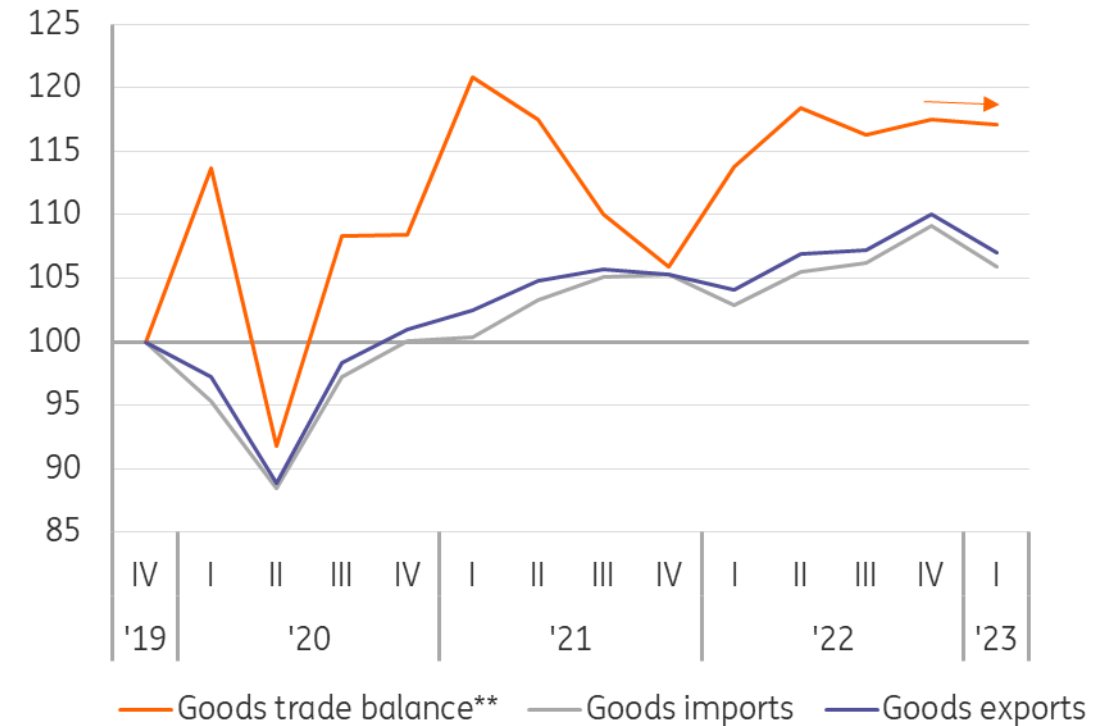
Export indices* where the 4th quarter of 2019 = 100



*Adjusted for seasons and in constant prices
 **Service exports minus service imports
 Source: Macrobond, calculations ING Research

Stable goods trade balance in the first quarter of 2023

Export indices* where the 4th quarter of 2019 = 100

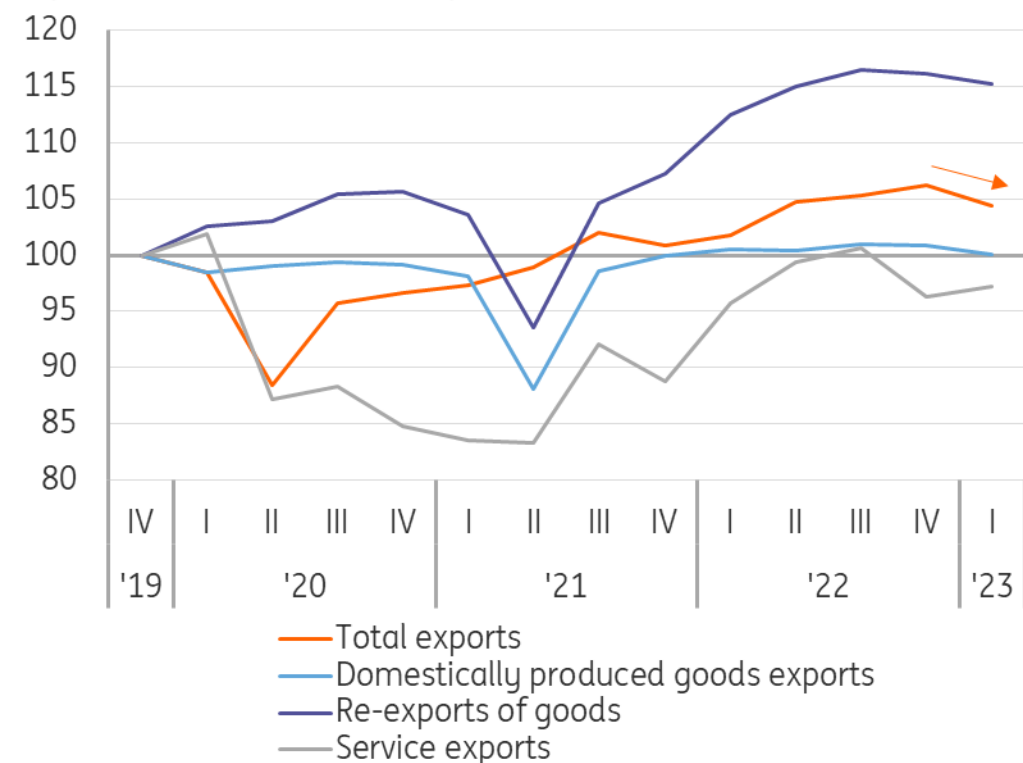


*Adjusted for seasons and in constant prices
 **Service exports minus service imports
 Source: Macrobond, calculations ING Research

Exports: while total exports fell businesses also became negative about export order book

Exports fell due to contraction in domestically produced exports and re-exports

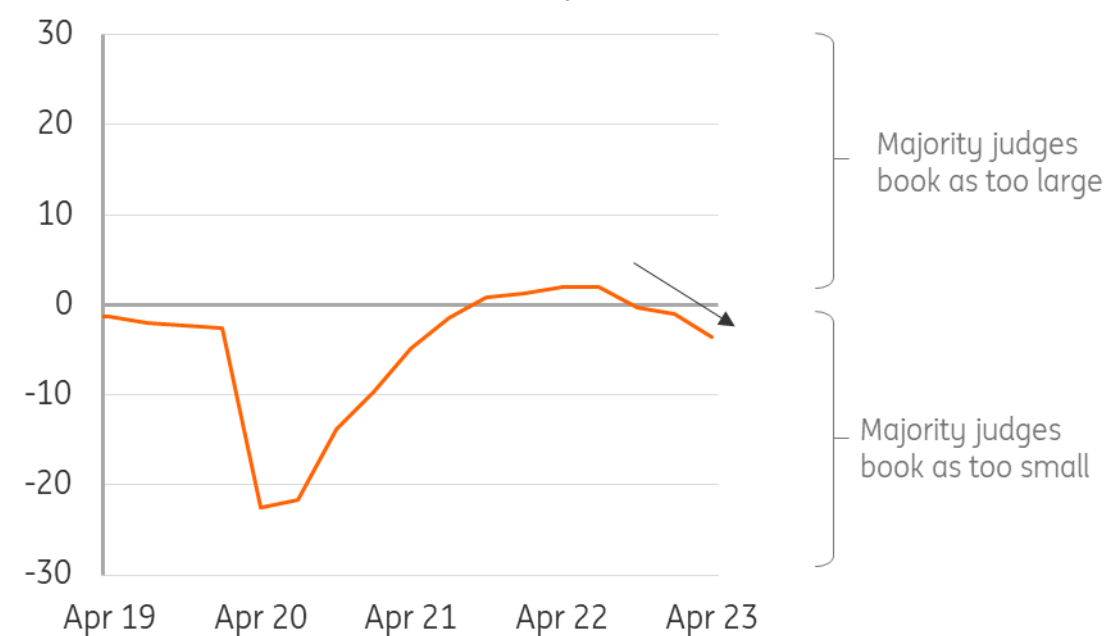
Export indices* where the 4th quarter of 2019 = 100



*Adjusted for seasons and in constant prices
Source: Macrobond, calculations ING Research

Business became pessimistic about export order book

Assessment* of businesses** about export order book



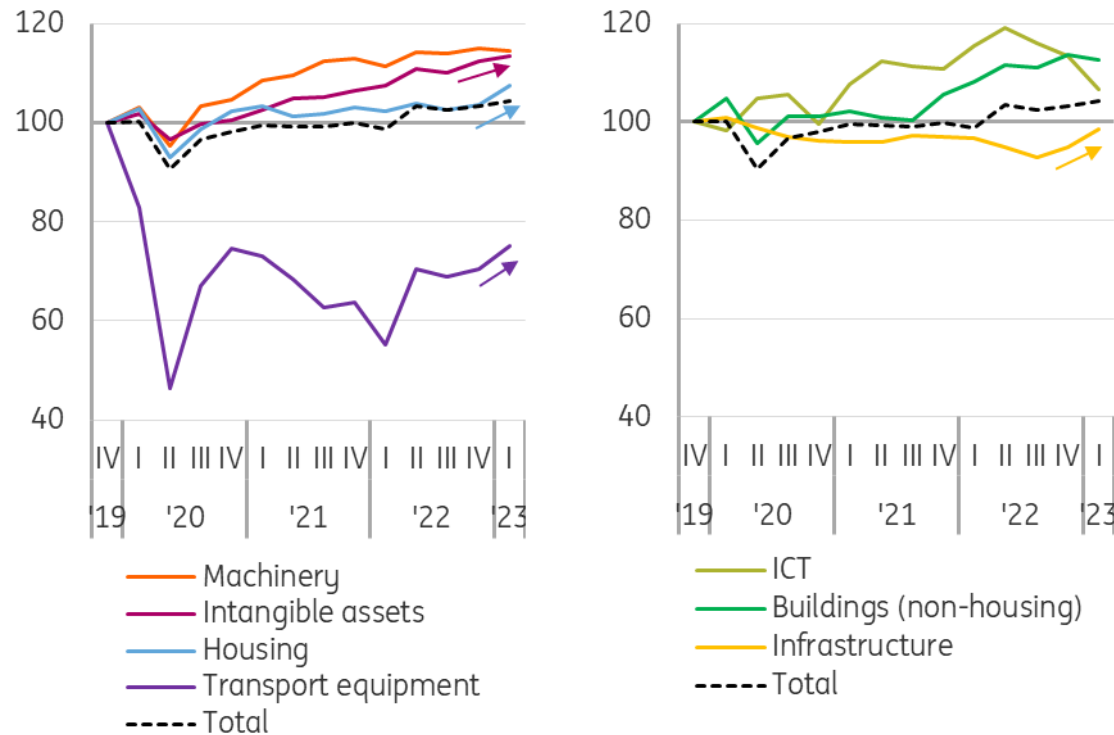
*Seasonally adjusted size-weighted share of businesses that consider export order book as too large minus share that considers it too small, taking into account the time of the year.

**Excluding financials, utilities and business with fewer than 5 employees
Source: CBS, EIB, MKB Nederland, KvK and VNO-NCW, calculations ING Research

Investment: still solid investment growth

Investment growth especially in transport equipment, housing, infrastructure and intangibles

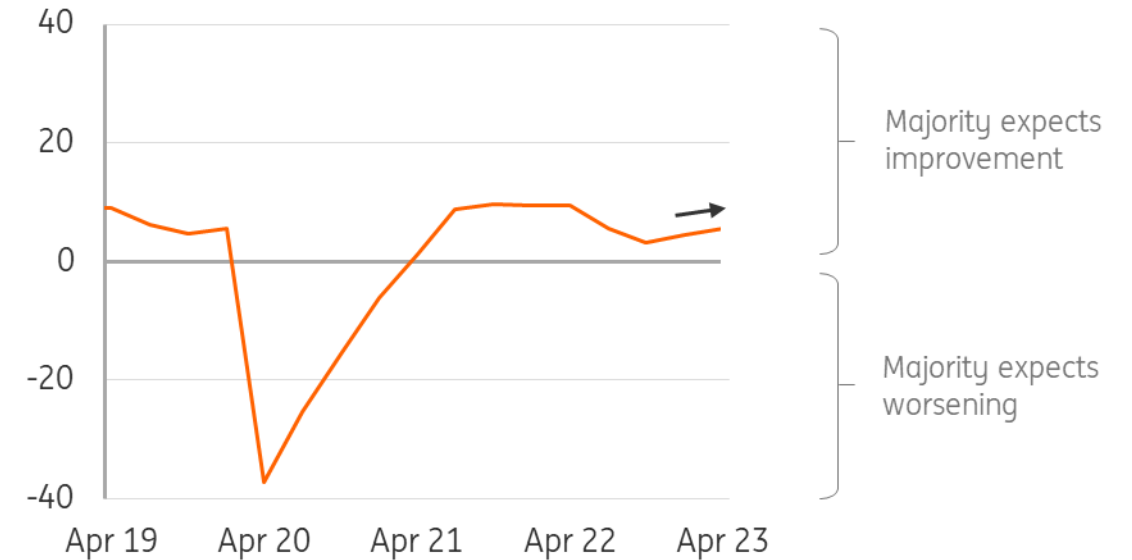
Gross capital formation in fixed assets (index*, 4th quarter of 2019 = 100)



*Seasonally adjusted
Source: CBS and Macrobond, calculations ING Research

Investment expectations stay remarkably high

Investment expectations* of non-financial businesses** for the current year



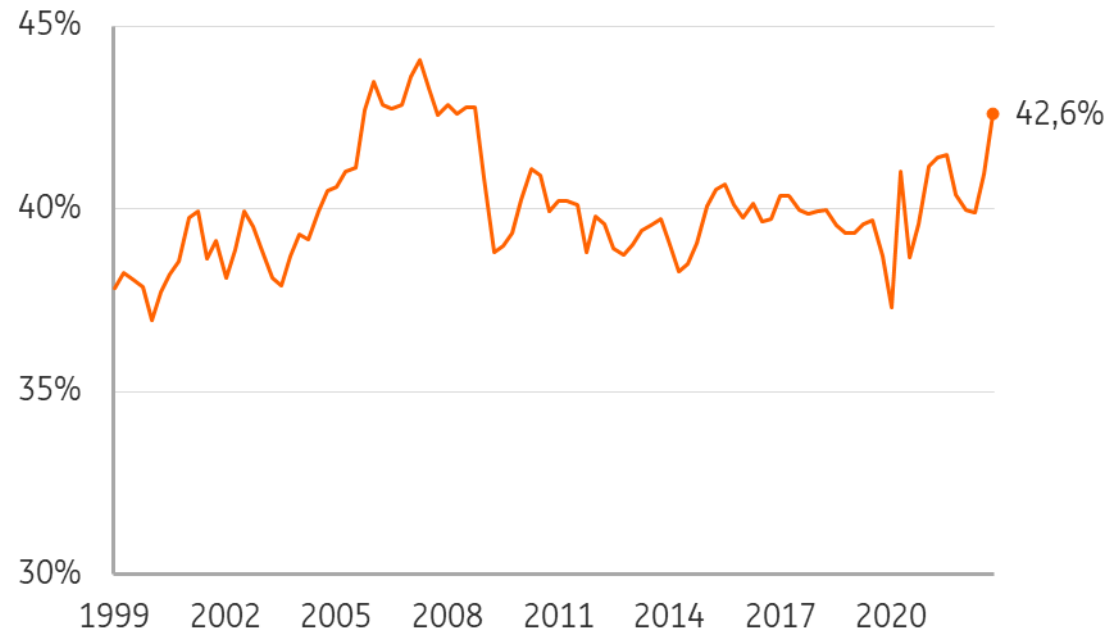
*Seasonally adjusted. Weighted percentage of businesses expecting an increase in investment in fixed assets in the current year compared to the previous year minus the weighted percentage of businesses expecting a decrease.

**Excluding financial businesses and utilities and firms with fewer than 5 employees
Source: CBS, KVK, EIB, MKB-Nederland and VNO-NCW, calc. ING Research

Profitability: indication of higher profitability, but especially smaller businesses are still negative about it

Profit ratio recently high

Gross operating surplus as percentage of gross value added* of non-financial businesses



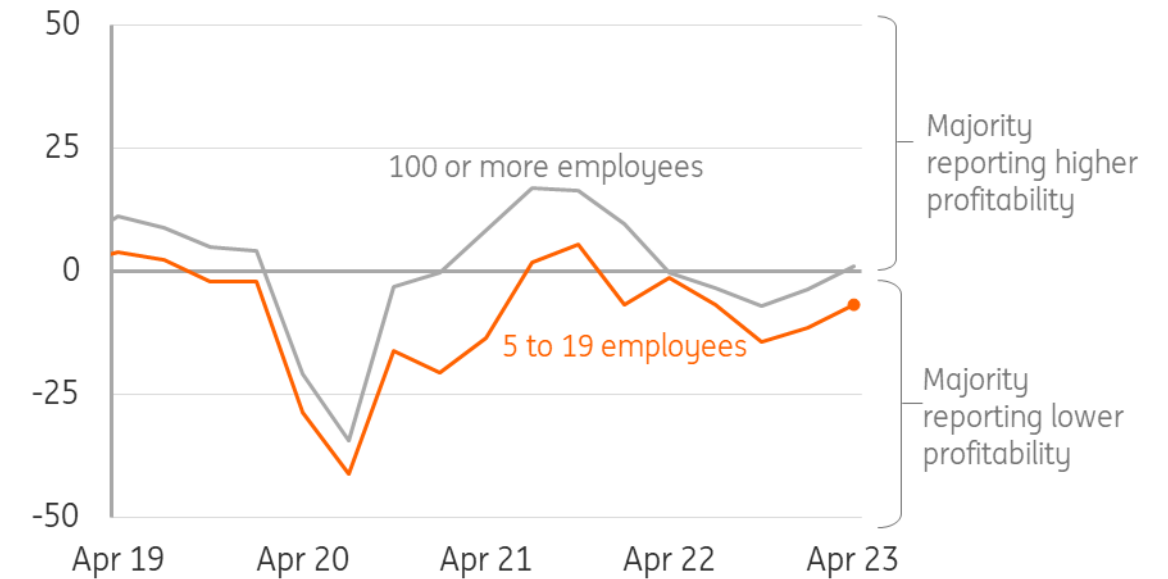
*Profit ratio indicator, at basic constant prices and seasonally adjusted

**Excluding (usually smaller) unincorporated businesses

Source: CBS, calculations ING Research

While assessment of development of profitability improved, it remains negative among small businesses

Net %* of firms** reporting higher (+) or lower (-) profitability



*Seasonally adjusted. Size-weighted percentage of businesses reporting higher profitability in last 3 months compared to previous 3 months minus the share reporting lower profitability

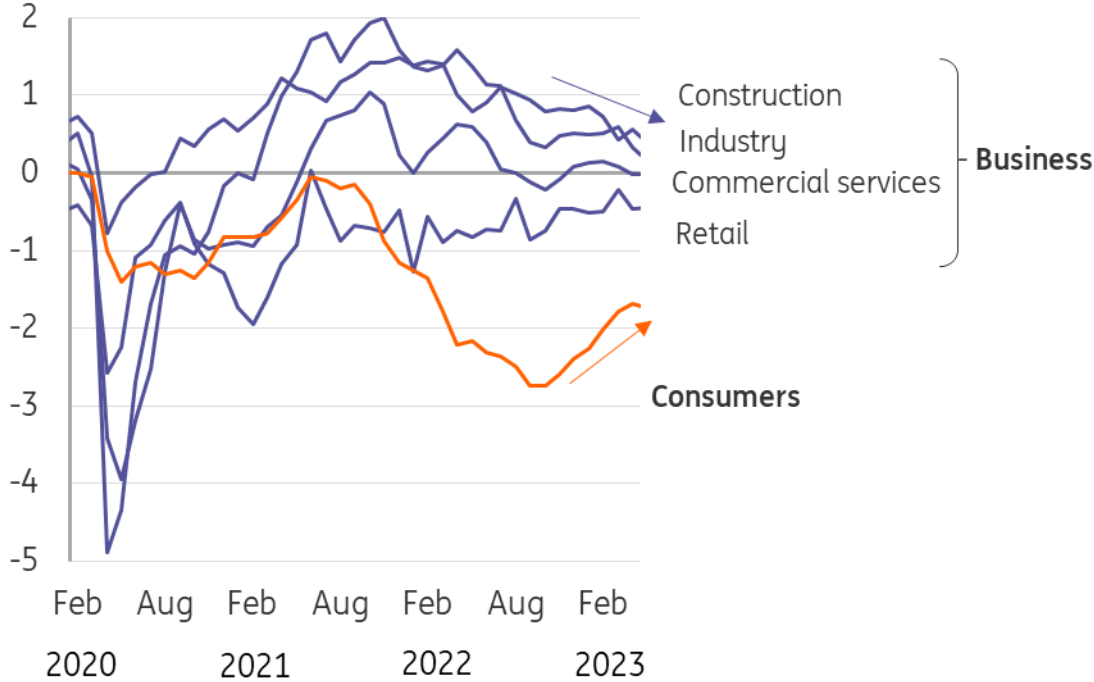
**Excluding financial businesses and utilities

Source: CBS, KVK, EIB, MKB-Nederland and VNO-NCW, calc. ING Research

Consumption: low consumer confidence but consumption still growing thanks to services

While business sentiment falls, consumers confidence improves

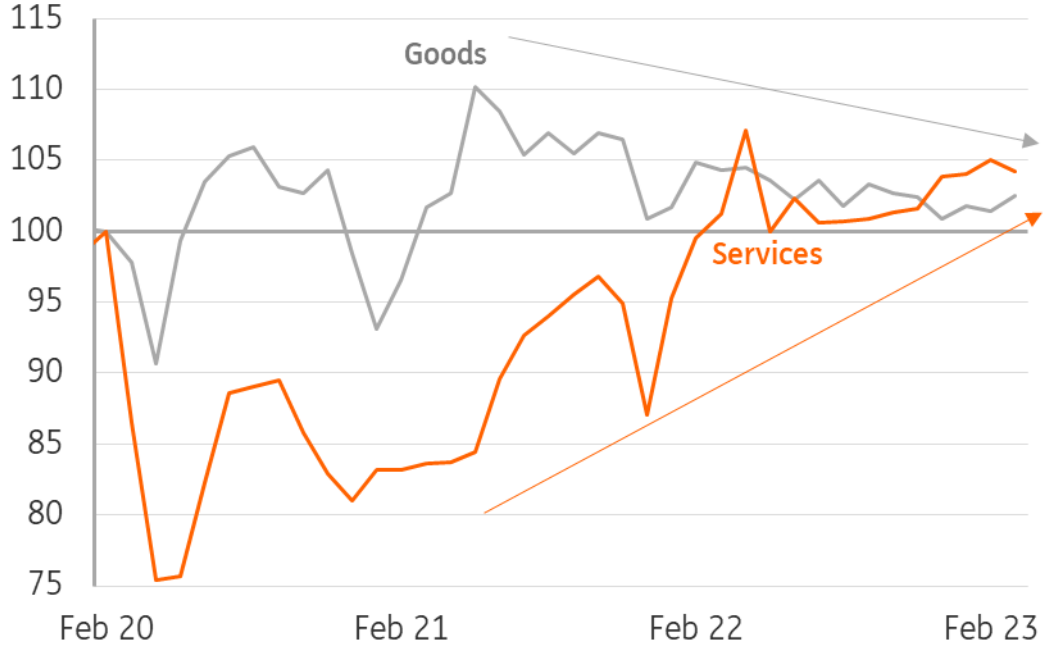
Economic Sentiment Indicator by sector*



*Seasonally adjusted and in standard deviations from long term mean
Source: European Commission via Macrobond, calculations ING Research

More consumption of services and less of goods seems the recent trend

Domestic consumption of households*, index February 2020 = 100

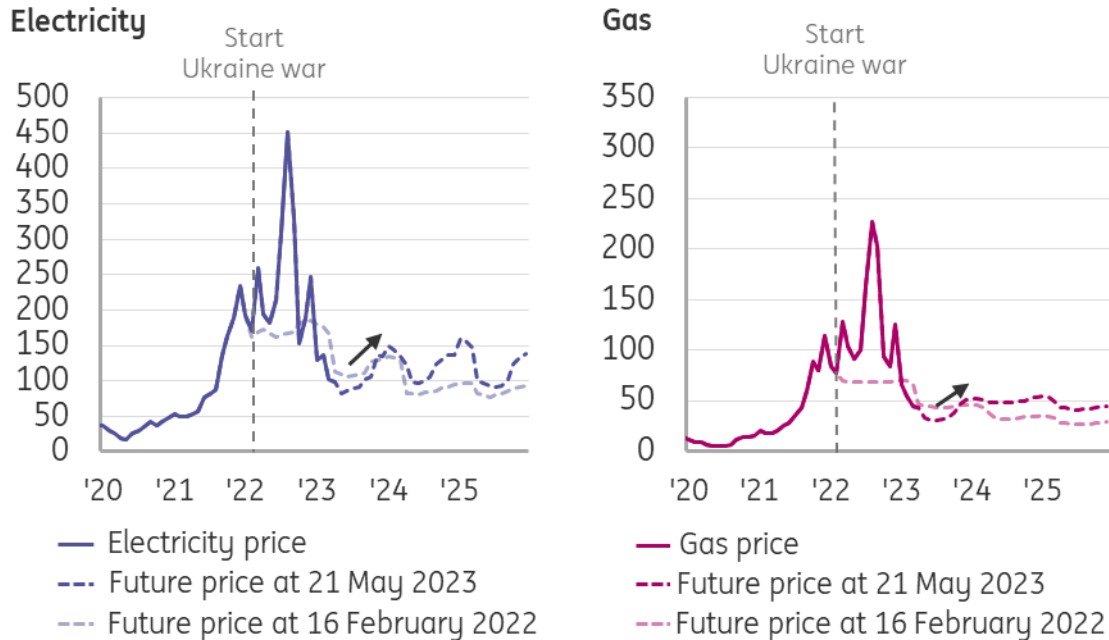


*Adjusted for seasons and shopping days and in constant prices
Sources: CBS via Macrobond, calculations ING Research

Inflation: fall in energy price brings down overall inflation rate

Only a limited rise in energy prices expected for next winter

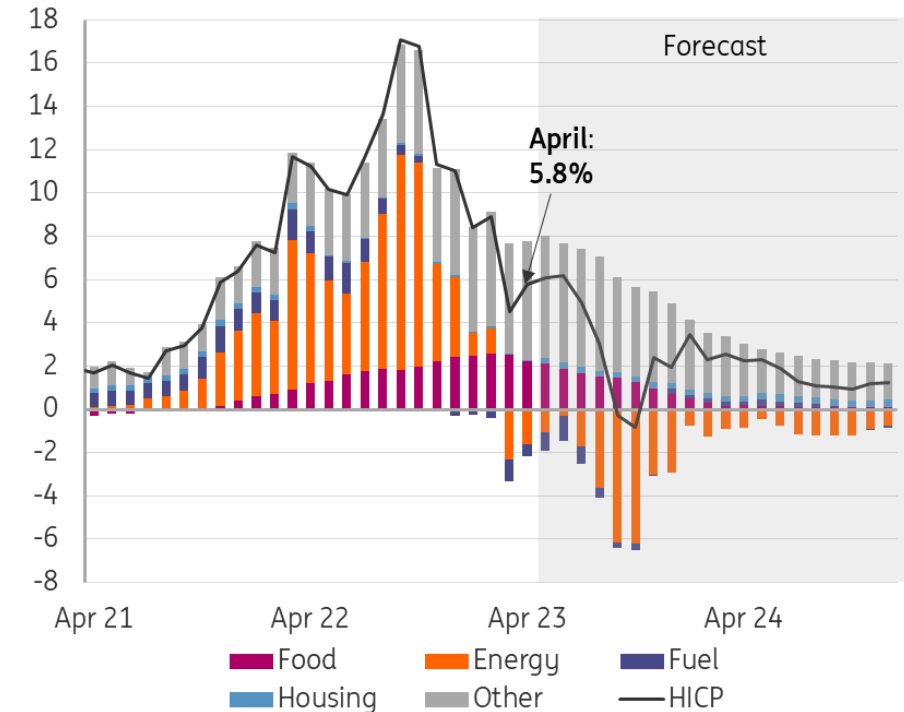
Price on future market* in euro/MWh



*APX base load and TTF, monthly average, outturns based on one day ahead
Source: Eikon Refinitiv, calculations ING Research

Lower inflation ahead due to lower energy prices

Change in harmonised index of consumer prices year-on-year in % and contributions in %-points

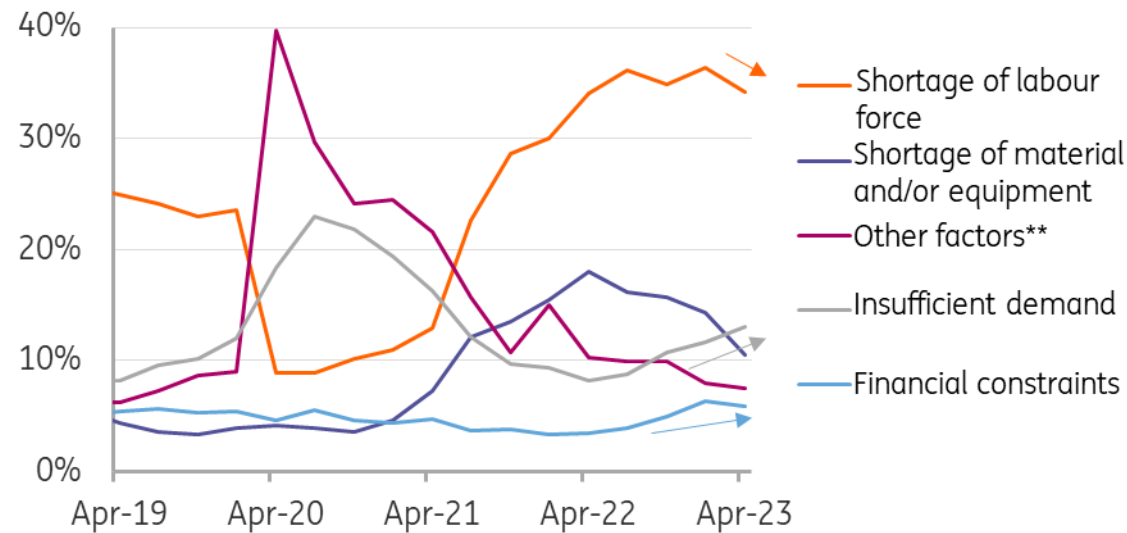


Source: CBS and Macrobond, forecasts ING Research

Labour market: shortage of personnel limits growth potential

Shortage of personnel still key factor limiting production, but financial constraints and especially demand are a rising concern

Weighted share of businesses* in response to the question: "What main factors are currently limiting your production?"**



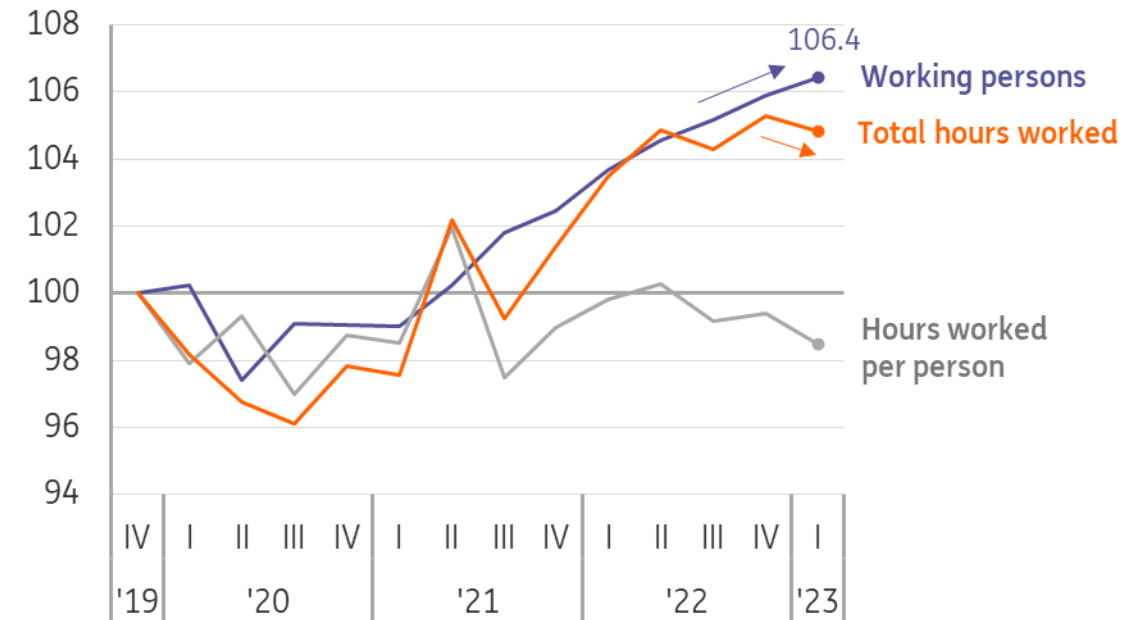
*Seasonally adjusted, excluding financials and utilities and business with fewer than 5 employees

**Possible answers not shown are "none" and "weather"

Source: CBS, EIB, MKB Nederland, KvK and VNO-NCW, calc. ING Research

Record level of persons with a job while the number of hours worked falls

Indices* for employment where 4th quarter of 2019 = 100



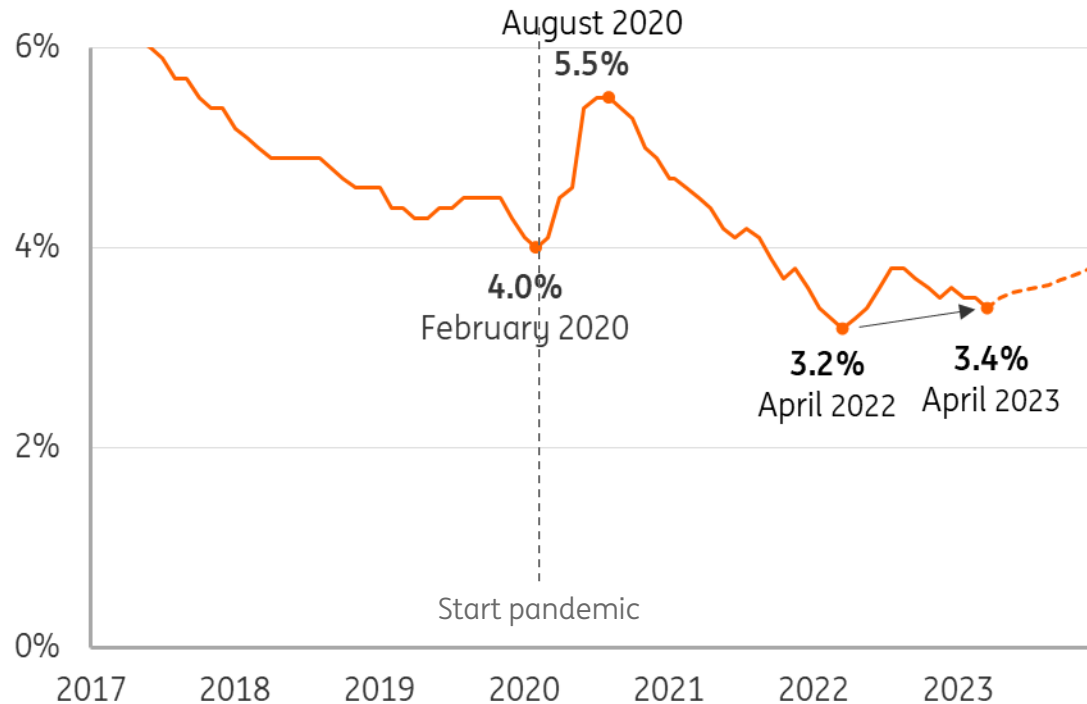
*Seasonally adjusted

Source: CBS via Macrobond, calculations ING Research

Wages: ongoing labour market strain results in high wage growth

Unemployment rate started to rise, but is still low

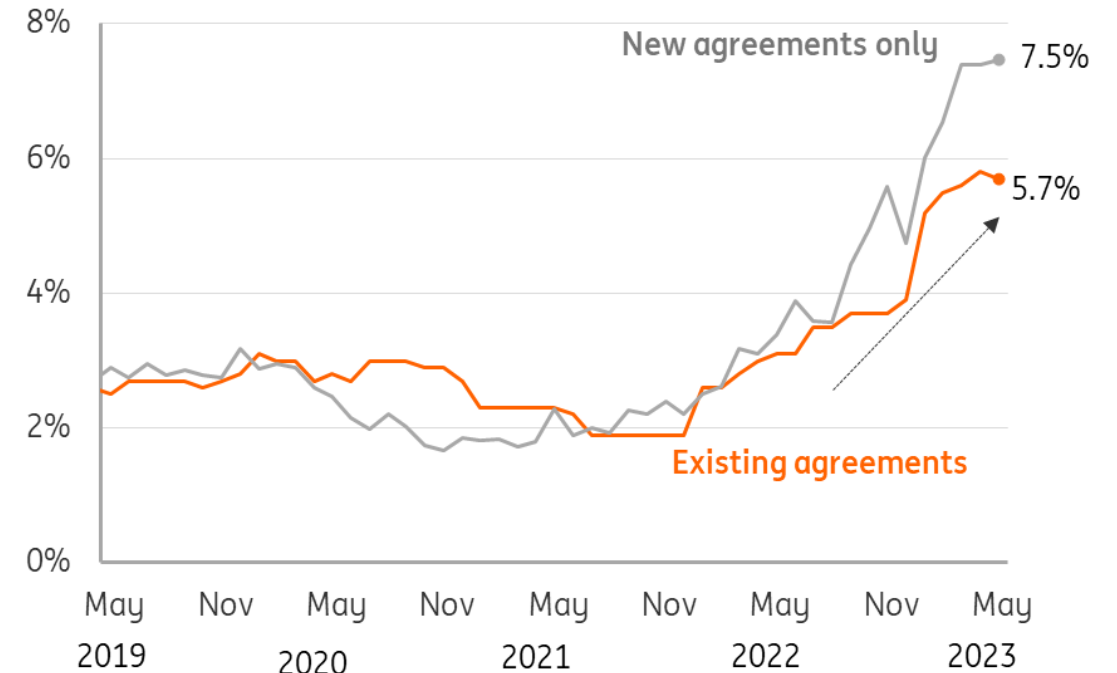
Share of unemployed (15-75 year) in labour force, seasonally adjusted



Source: CBS, calculations ING Research

Wage growth increases to pace last seen in 1982

Change in contractual wages, year on year

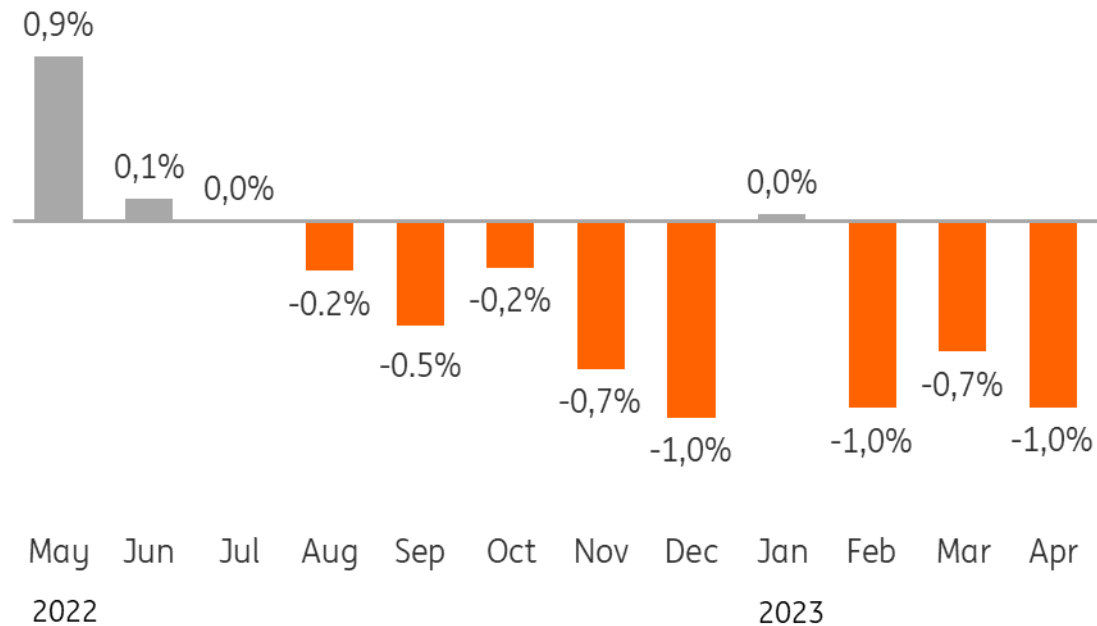


Source: AWWN (new agreements timed at moment of agreement, 12-month average) and CBS (all existing agreements, year-on-year), calculations ING Research

Housing market: continuing price declines and falling number of sales

House price development is negative already for eight months now

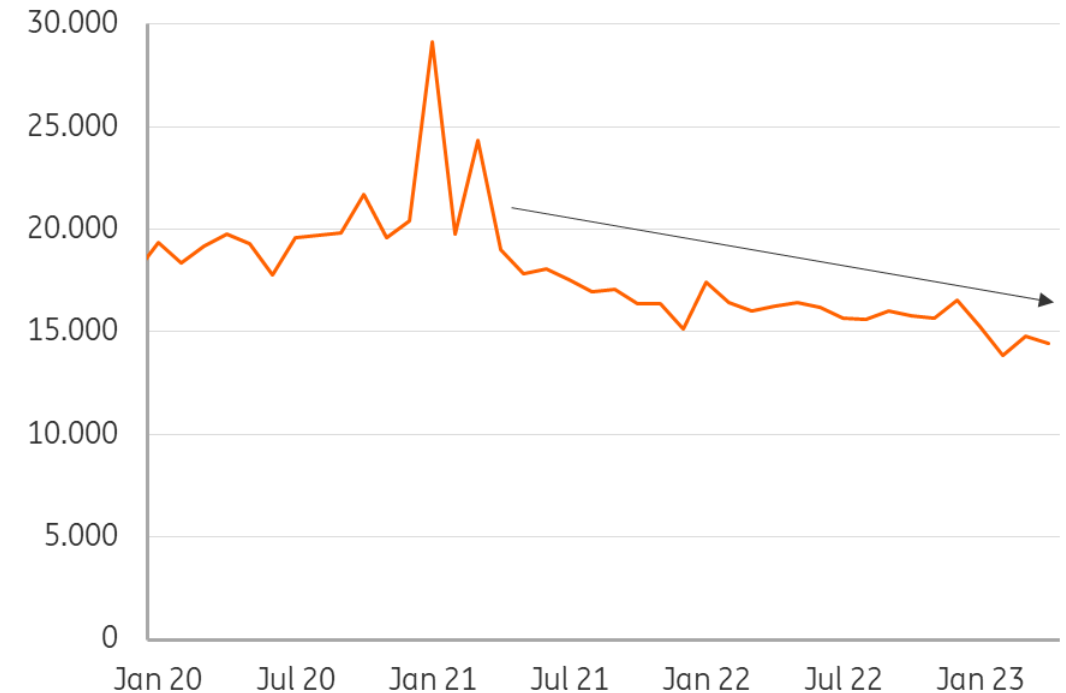
Price development of existing owner-occupied dwellings compared to previous month, seasonally adjusted



Source: CBS (National Statistics), ING Research

Number of home sales continues to fall

Number of sales of existing homes sales per month, seasonally adjusted



Source: CBS and Macrobond, calculations ING Research

ING Research forecasts for the Netherlands

percent change unless otherwise noted	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Demand and output														
Gross domestic product	1,5	-1,0	-0,1	1,4	2,0	2,2	2,9	2,4	2,0	-3,9	4,9	4,5	0,4	1,2
Private consumption	0,1	-1,1	-1,0	0,4	2,0	1,1	2,1	2,2	0,9	-6,4	3,6	6,5	1,5	1,3
Government consumption	-0,4	-1,2	0,0	0,6	-0,1	1,3	0,9	1,7	2,8	1,6	5,2	1,5	2,9	2,2
Investment	4,9	-6,3	-1,6	-2,4	29,2	-7,3	4,2	3,6	6,2	-2,6	3,3	2,5	2,3	-2,3
of which private	6,5	-5,9	-1,1	-2,2	35,3	-8,8	4,8	3,9	7,0	-4,0	4,3	3,8	2,1	-2,1
Net exports (%-point contribution to GDP)	1,2	1,0	0,4	1,3	-3,9	2,9	0,9	0,2	-0,7	-0,1	1,5	0,9	-1,2	0,3
Labour and housing market														
Employment (based on hours worked)	0,7	-0,6	-0,6	0,4	1,2	2,1	2,6	2,7	2,3	-2,9	3,0	4,4	0,6	0,9
Unemployment (% of labour force)	6,0	6,8	8,2	8,3	7,9	7,0	5,9	4,9	4,4	4,9	4,2	3,5	3,6	4,1
House prices	-2,4	-6,5	-6,6	0,9	2,9	5,0	7,6	9,0	6,9	7,8	15,2	13,5	-5,0	-4,0
Existing home sales (in 000s)	121	117	110	154	178	215	242	218	219	236	226	193	180	185
Government finances														
Government budget (% of GDP)	-4,4	-3,9	-3,0	-2,3	-1,9	0,1	1,4	1,5	1,8	-3,7	-2,4	0,0	-1,6	-2,5
Government debt (% of GDP)	61,7	66,2	67,7	67,9	64,6	61,9	57,0	52,4	48,5	54,7	52,5	51,0	48,9	49,8
Prices and rates														
Inflation (HICP)	2,5	2,8	2,6	0,3	0,2	0,1	1,3	1,6	2,7	1,1	2,8	11,6	4,1	1,8
Euribor, 3 month (% eop)	1,4	0,2	0,3	0,1	-0,1	-0,3	-0,3	-0,3	-0,4	-0,5	-0,6	2,1	3,7	2,9
Dutch gov't bond yield, 10yr (% eop)	2,2	1,5	2,2	0,7	0,8	0,4	0,5	0,4	-0,1	-0,5	0,0	2,9	2,5	2,5

Source: CBS and Macrobond, forecasts ING Research as of 1 June 2023. See [here](#) for the most recent update [in Dutch](#) and [here in English](#)

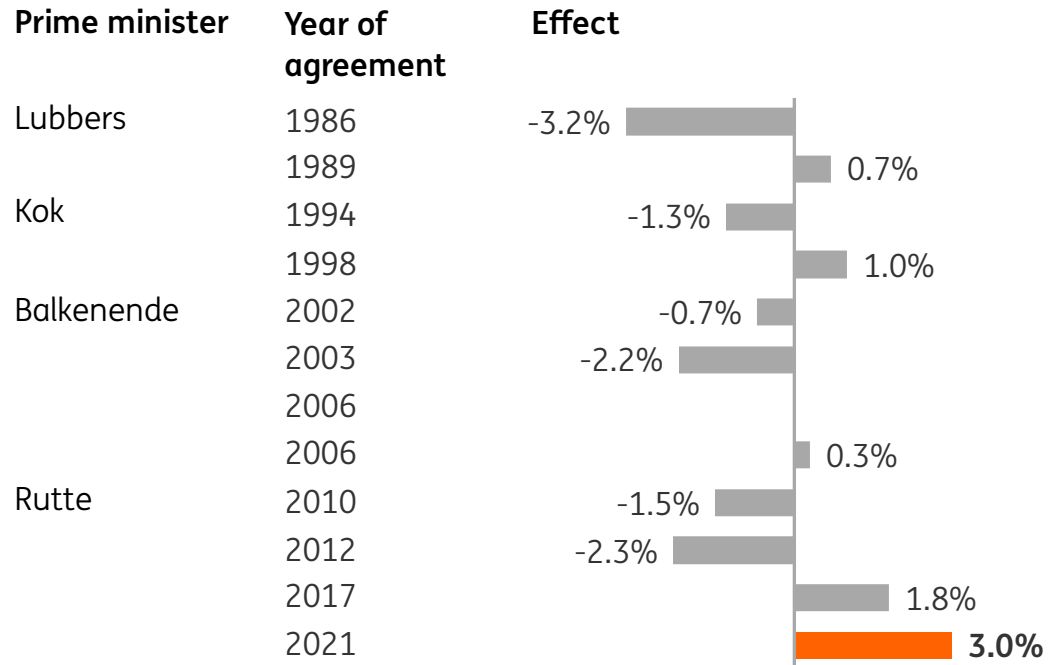
Special topics



Fiscal policy: much looser than in agreements of previous governments

Planned net expenditure increase of Rutte IV unprecedented

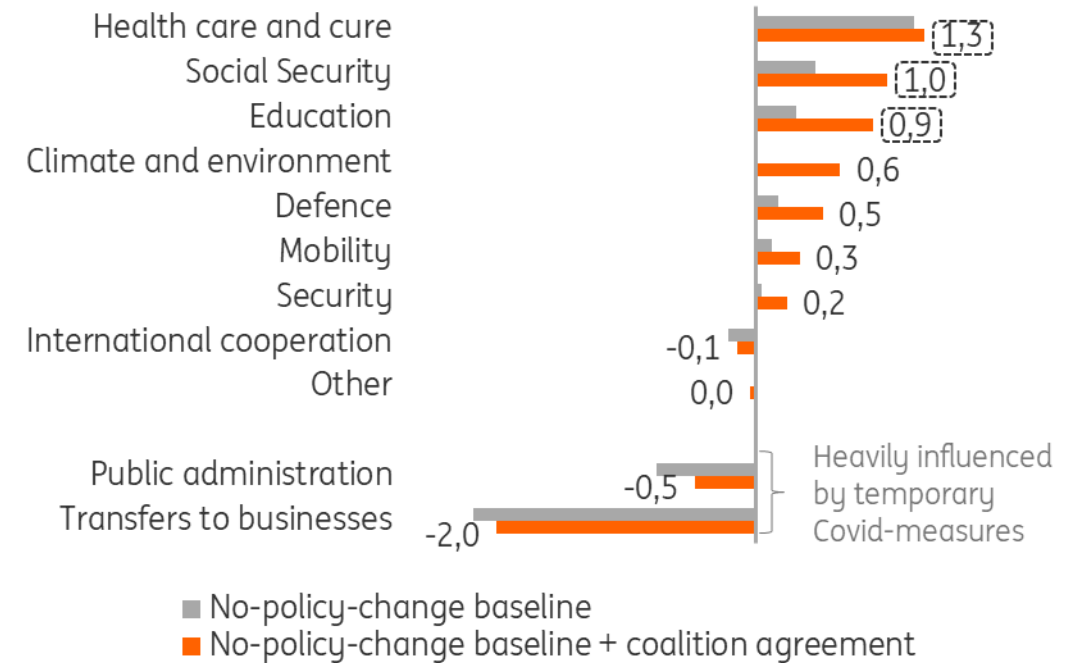
Ex-ante effect of policies in coalition agreement on net annual expenditures per analysed agreement (in % GDP, in last year of term)



Source: Wim Suyker, Wimar Bolhuis and CPB, calculations by ING Research

Most additional spending to health, social security and education

Ex-ante change in government expenditures, 2025 vs. 2021 in % GDP in constant (2021) prices

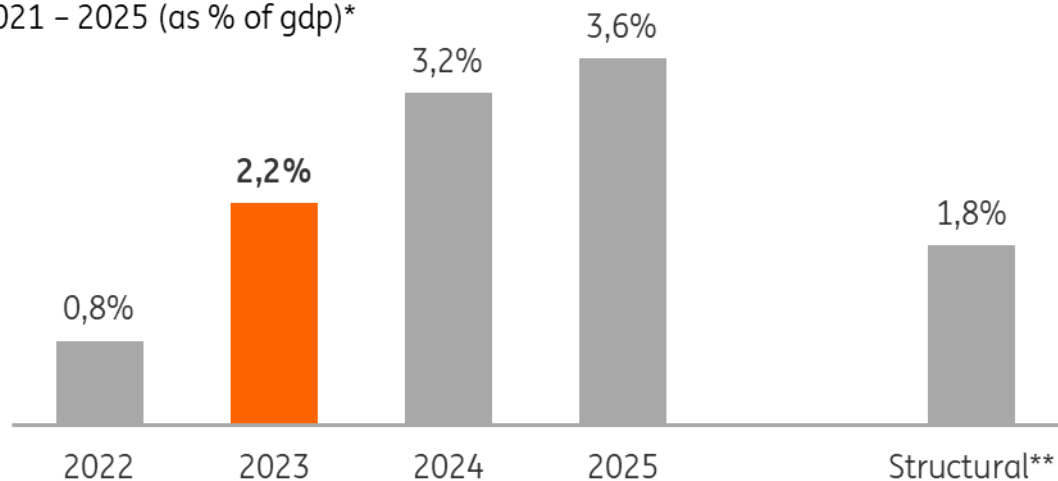


Source: CPB, calculations ING Research

Fiscal policy: support in 2023 for energy bills on top of already strongly expansionary coalition agreement

While the increase in intended net expenditures in 2023 resulting from the coalition agreement is already large...

Planned increase in net expenditures resulting from policy measures (i.e. compared to no policy change base case) in Dutch coalition agreement 2021 – 2025 (as % of gdp)*



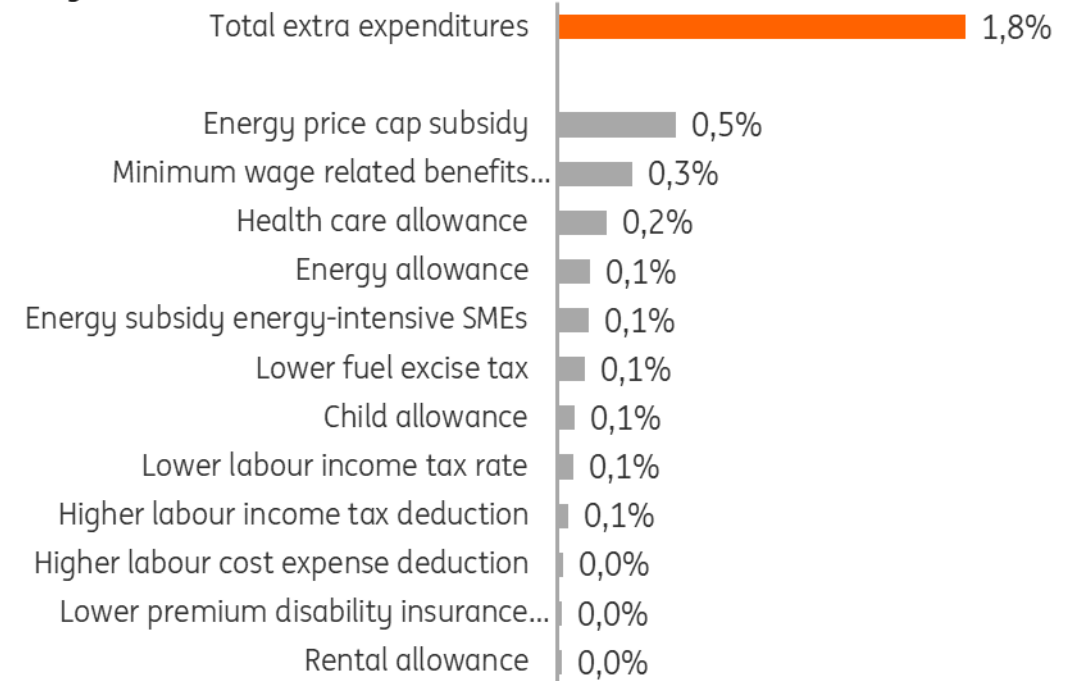
*Based on info of January 2022, excluding new measures that were announced later during 2022 aimed at boosting purchasing power of households in light of the energy crisis.

**Annual increase in the long run of structural measures only.

Source: Coalition agreement 2021 – 2025, VVD, D66, CDA and ChristenUnie, calculations ING Research

...a large policy package to support households and SMEs in 2023 in the energy crisis means even more public spending

Cost of largest new government spending measures* of purchasing power package for 2023 in % GDP



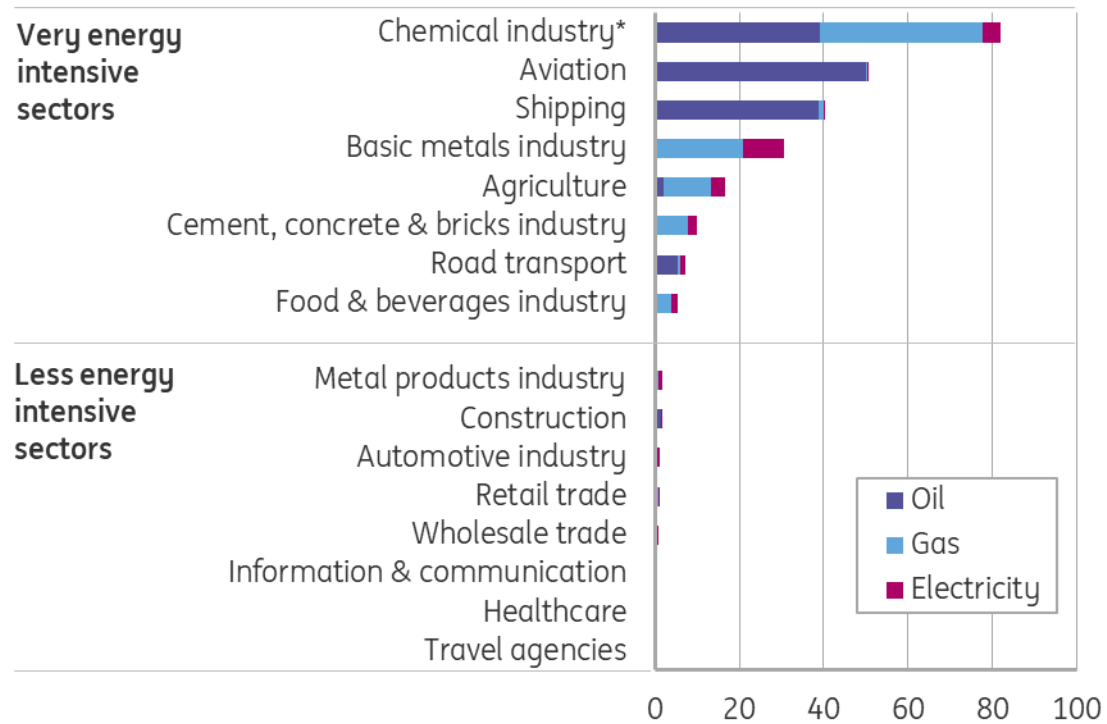
*Including both temporary and structural measures, excluding revenue measures)

Source: Dutch general government and CPB, calculations ING Research

High energy prices: heavy industry, transportation and agriculture potentially most affected

Especially Dutch transportation, heavy industry and agri-food are energy intensive

Energy use of Dutch sectors in 2019, in terajoule per € 1 million value added

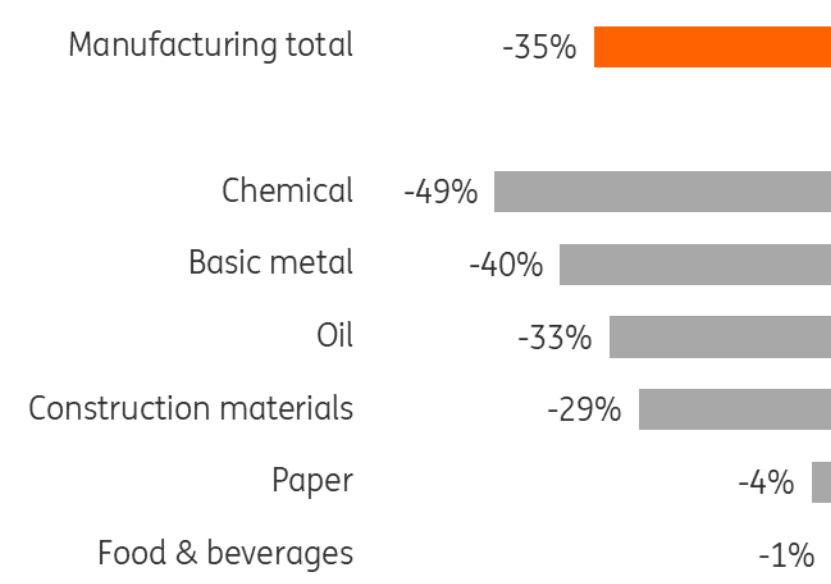


*Estimation

Source: Eurostat, ING Research

Gas use by Dutch manufacturing sector in 2023 tens of percentages lower than in 2019

Change in weekly gas use of Dutch manufacturing (sub sectors) in 2023 compared to same week in 2019

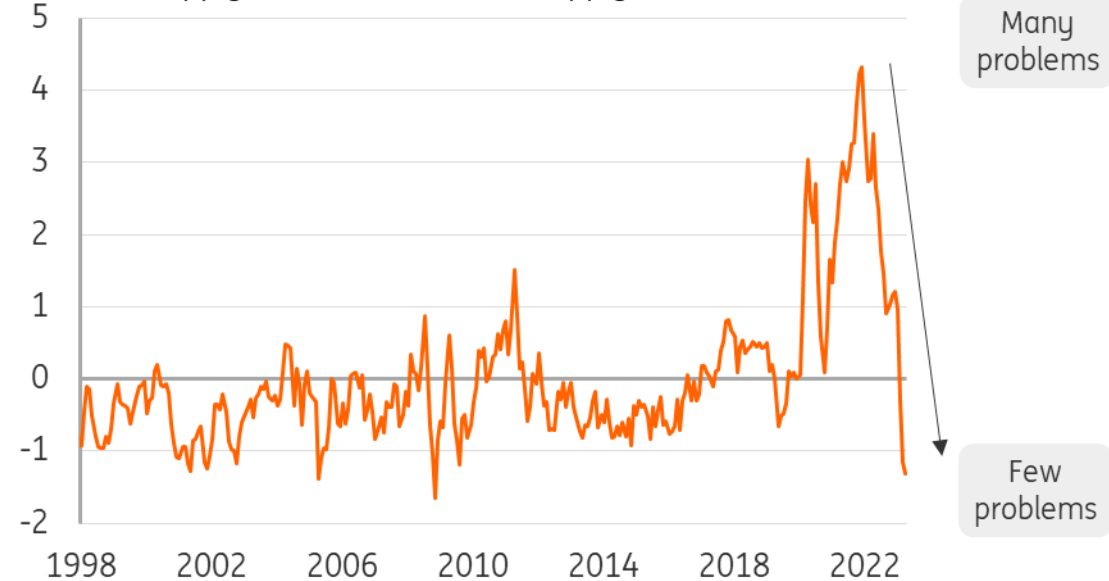


Source: CBS, calculations ING Research

Supply issues: major supply chain issues disappeared

Problems in worldwide supply chains have fallen below long term average

Index for supply issues in worldwide supply chains*

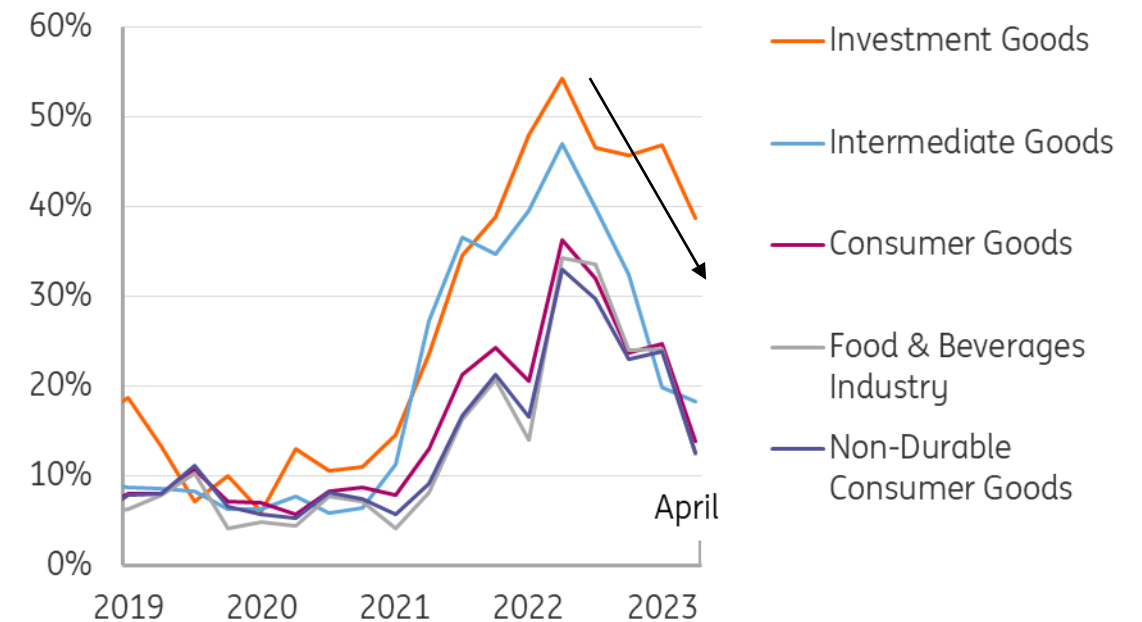


*The GSCPI is a composite index based on PMI surveys about delivery times, backlogs and purchased stocks for manufacturing in China, the euro area, Japan, Taiwan, UK, US and South Korea and transport cost for sea containers, bulk and air freight, corrected for demand factors based on new orders. In standard deviations from its mean normalised at 0.

Source: Federal Reserve Bank of New York via Macrobond, calculations ING Research

Input shortages in manufacturing production less prevalent

Share of firms with shortage of material and/or equipment as most important limiting factor to production of Dutch manufacturing*



*Seasonally adjusted

Source: European Commission (DGECFIN) Business Survey, calculations ING Research

Contact details



Marcel Klok

Senior macro-economist for the Netherlands

@ Marcel.Klok@ing.com

@klok_marcel

linkedin.com/in/marcelklok/

+31 (0)6 11491616

Disclaimer and acknowledgement

This document has been prepared by the FICC Research department 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 this document 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 document 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 document. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the document and are subject to change without notice.

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

Copyright and database rights protection exists in this document 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.

Publication with contributions by Mirjam Bani, Dimitry Fleming and Maurice van Sante and thanks to Marten van Garderen and Lex Hoekstra.



ING Research

@INGnl_Economie

Dutch website

Global website

Yammer: Economics by ING Research NL

Our publications in your inbox



Dutch



English