

## 3 March 2010

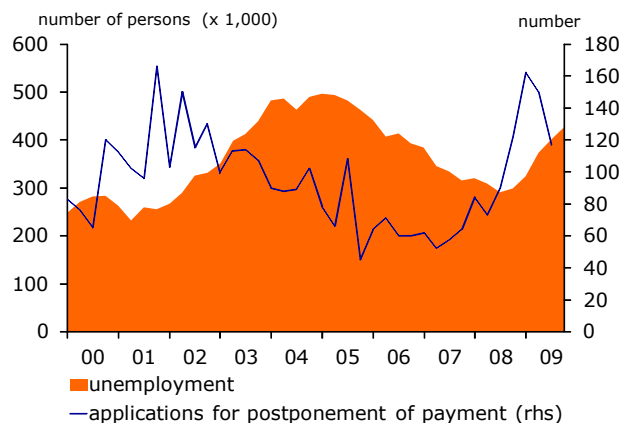
### Modest growth in the fourth quarter of 2009

<i>year-on-year volume change (%)</i>	'09	'10	'11-'15
Gross Domestic Product	-4.0	1	1¾
Private consumption	-2.4	-1	¼
Government spending	3.0	1	0
Private investment	-14.5	-3¾	3¾
Exports of goods and services	-8.4	4½	4½
Imports of goods and services	-8.9	3¾	4
Consumer price index	1.2	1	1¼
Unemployment (% labour force)	4.9	7¼	6½
Government budget balance (% GDP)	-5.3	-6¼	-4½

During the fourth quarter of 2009 the Dutch economy grew by 0.3% compared to the previous quarter. Although growth was modest, it confirms the upward trend of the previous quarter's data. Industrial production and exports were boosted by increased demand from abroad, driven by a combination of government measures and slowing stock reduction. These factors are chiefly temporary in nature and the recovery therefore remains fragile. The outlook for lasting growth factors, spending by companies and consumers, is far from rosy. Unmitigated optimism is therefore uncalled for.

Source: Rabobank

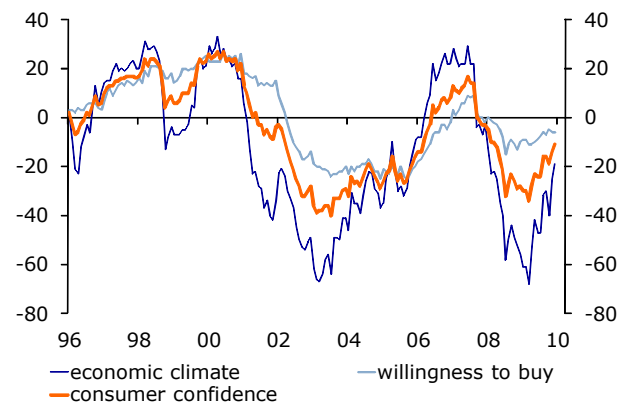
### Unemployment rises further



In January unemployment rose to 5.6% of the workforce. During the past half year unemployment has risen on average by some 10,000 persons per month. Despite the favourable economic development so far, we expect the number of jobless to rise further this year. The industrial sector is not yet back to full productivity, and companies are restructuring. This means that jobs will be cut. During the previous recession we saw that unemployment peaked over two years after the peak in the number of applications for postponement of payment. Following the same pattern this would mean that a turnaround in the labour market will not be seen until early next year.

Source: Statistics Netherlands, DNB

### Consumer confidence takes a step back



In February consumer confidence slipped back somewhat. The indicator registered -13, against -10 a month earlier. This decline is mainly due to a less optimistic view of the future economic situation in the Netherlands. Nonetheless, confidence has improved since the trough of March last year (-34). Still, confidence may well be further undermined by uncertainty about government policy and how this will affect household finances. We know that consumers can be influenced by how policy issues are communicated, as evidenced by the sharp drop in consumer confidence in 2003 in reaction to the discussions about the formation of the Balkenende II cabinet which were dominated by talk of severe cutbacks.

Source: Statistics Netherlands

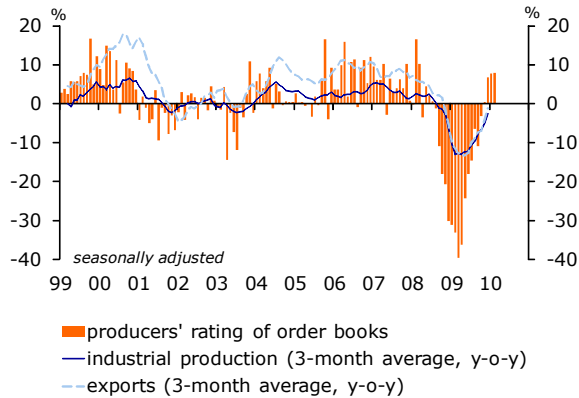
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# Monthly Update The Netherlands

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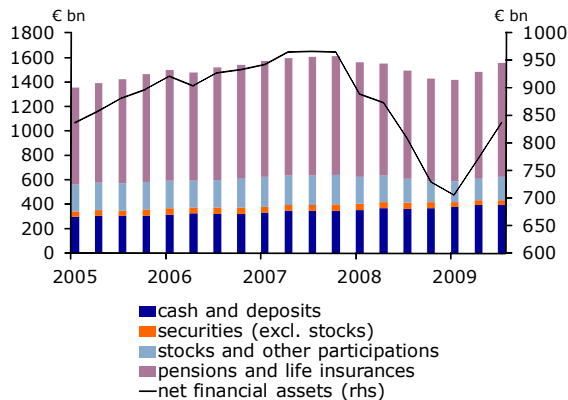
### Industry bosses less gloomy



Source: Statistics Netherlands, Rabobank

In contrast to consumers, sentiment among producers improved in February, rising from -8.3 to -6.9. This can be attributed chiefly to an improvement in the order position, which has been steadily recovering since the trough of March last year. The global push to refill inventories has driven up orders, boosting industrial production in the Netherlands. Accordingly, the recovery of semi-manufactured goods started in mid-2009, because these are at the start of the production process.

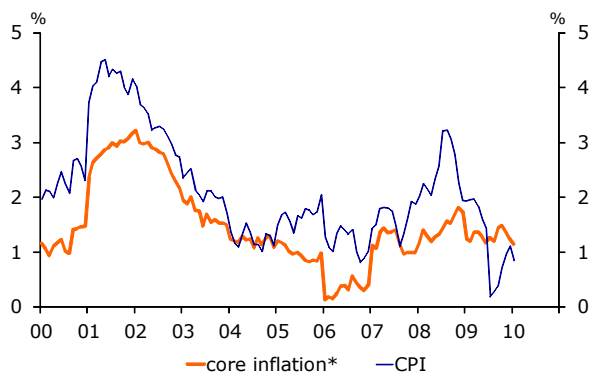
### Consumers may possibly save less in 2010



Source: Statistics Netherlands, DNB

Stock market recovery has helped households regain some of their wealth losses. Net financial assets of households rose by almost €132 bn in the second and third quarters of 2009. Pressure on homeowner equity is also decreasing as a result of an expected stabilisation in house prices during the course of 2010. Nonetheless, consumers remain cautious in the face of a difficult situation on the labour market and uncertainty about government policy. Still, we do not expect households to increase their savings rate further this year. Saving does not only mean beefing up a deposit account; it can also consist of accumulating assets.

### Inflation pushed down by lower energy bills



\*adjusted for food and energy price development

Source: Statistics Netherlands, Rabobank

Inflation amounted to 0.8% in January, registering a drop for the first time in five months, and is now 0.3%-point less than last December. This decline is related to a fall in energy prices, which are 17% lower than a year ago. The drop in energy prices is the result of lower oil prices which are reflected with a lag in energy prices in the Netherlands. Inflation is also being pushed down by capacity under-utilization in the economy. In addition, businesses are keeping prices down in order to maintain sales. And declining wage costs will continue to put downward pressure on inflation both this year and next year.

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