



CPB Netherlands Bureau for Economic
Policy Analysis

Macroeconomic developments in the Netherlands

Investment briefing: The
Dutch residential market

Dutch embassy in London

Wim Suyker

22 January 2014

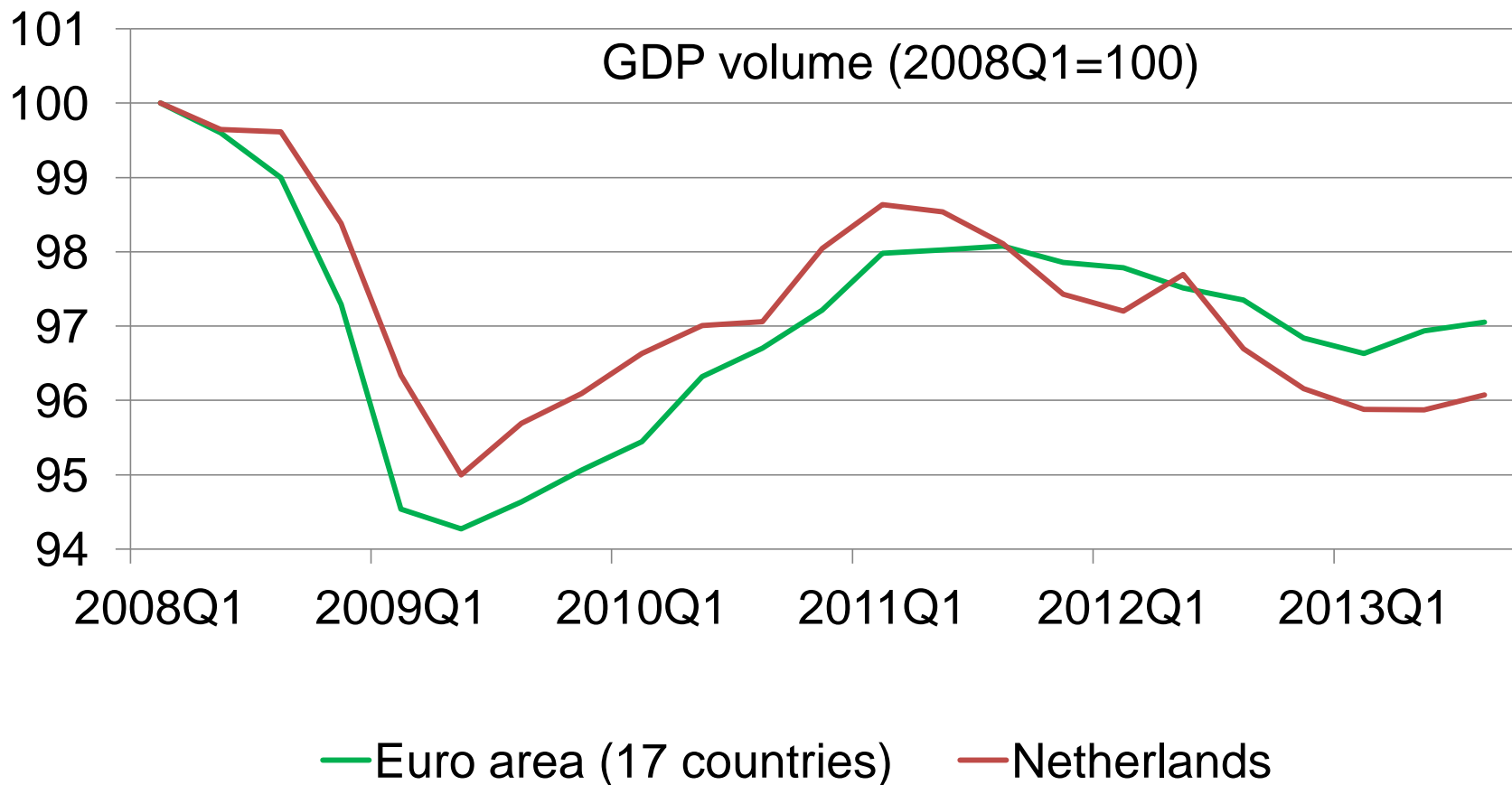


Content presentation

- The Dutch economic development since early 2008 in European perspective
- The most recent Dutch developments
- The short-term outlook
- Structural characteristics of the Dutch economy

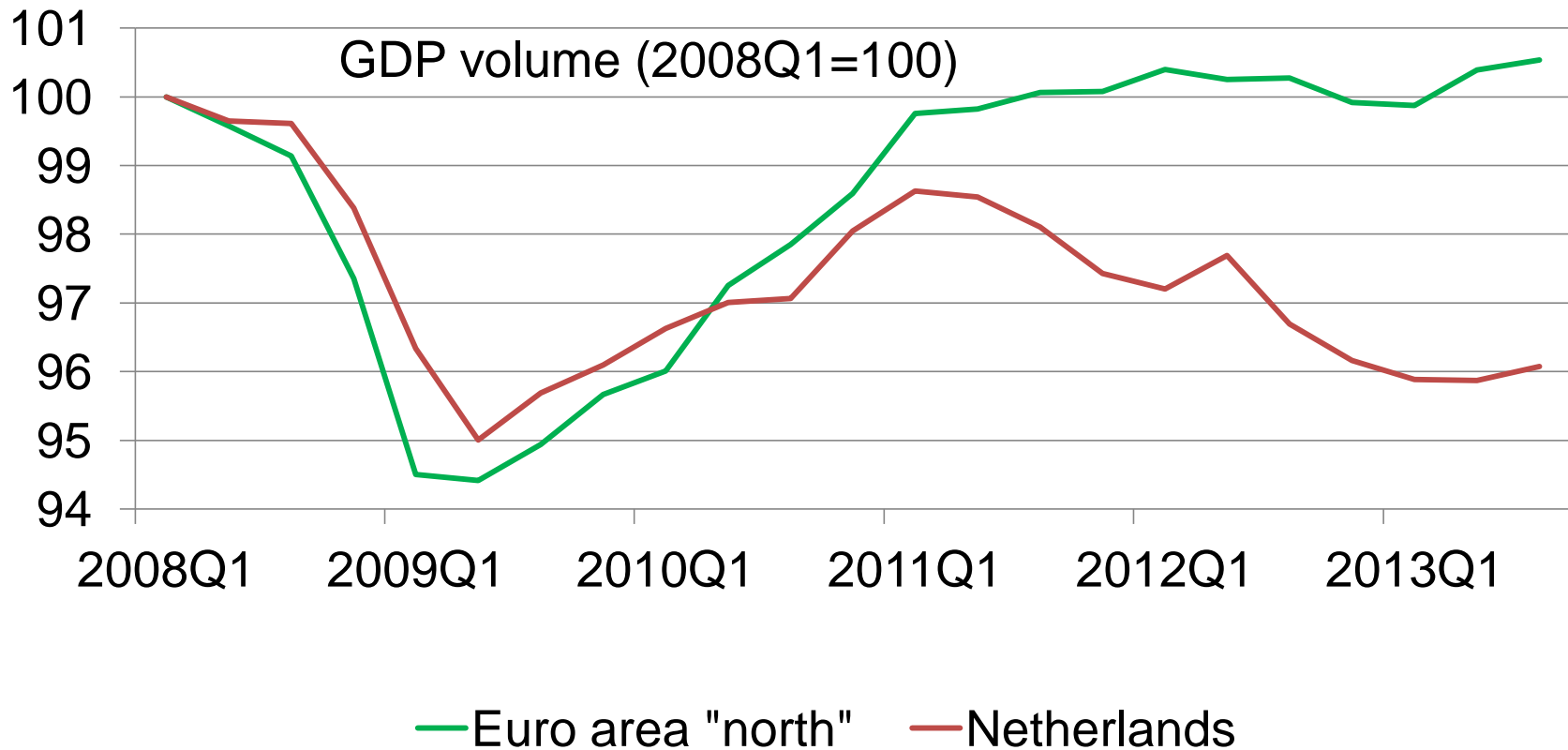


Netherlands lagging euro area in 2012 & 2013





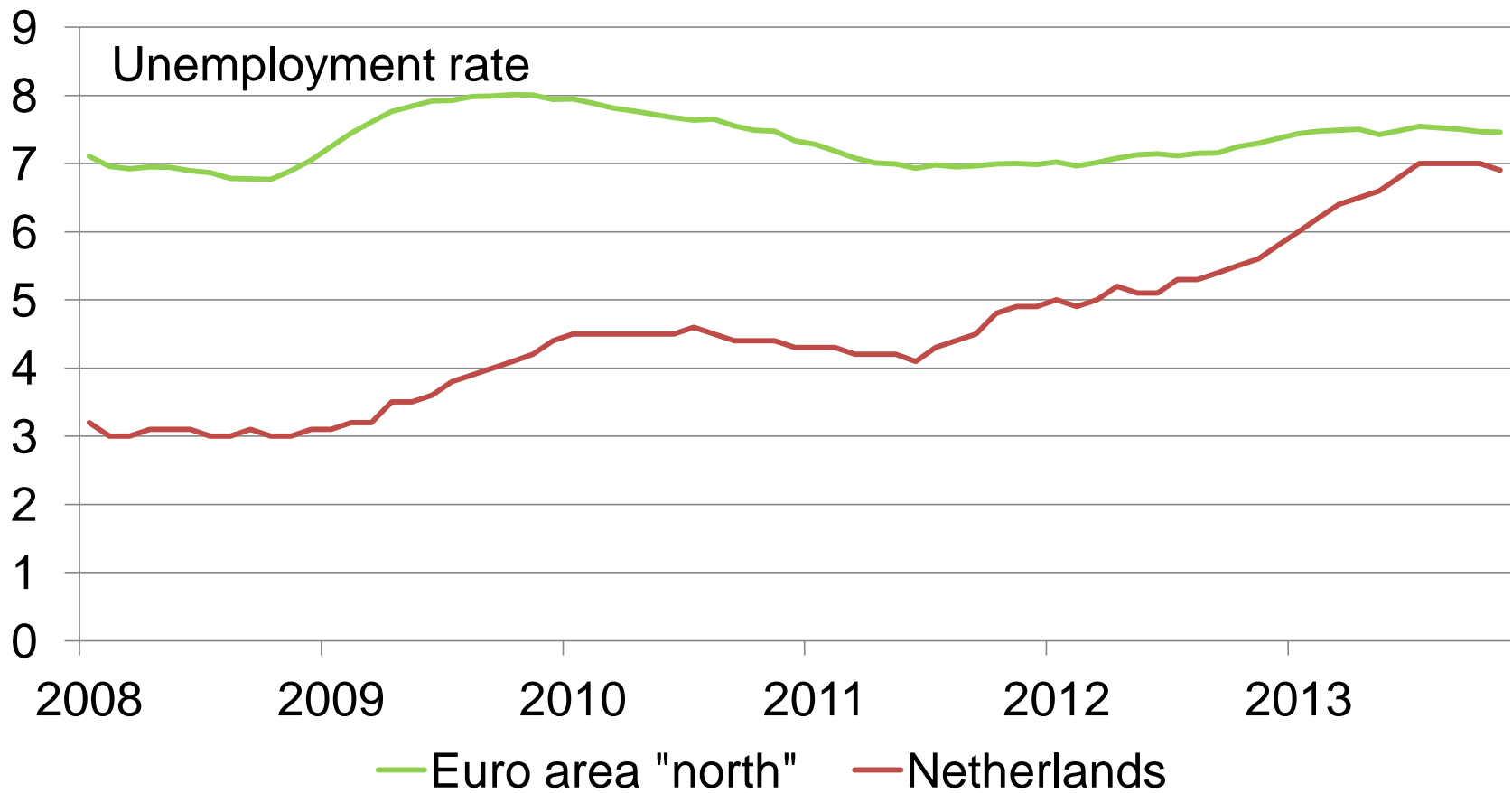
Netherlands lagging its peers from 2011 onwards



- "north": Belgium, France, Germany, Netherlands, Austria, Finland

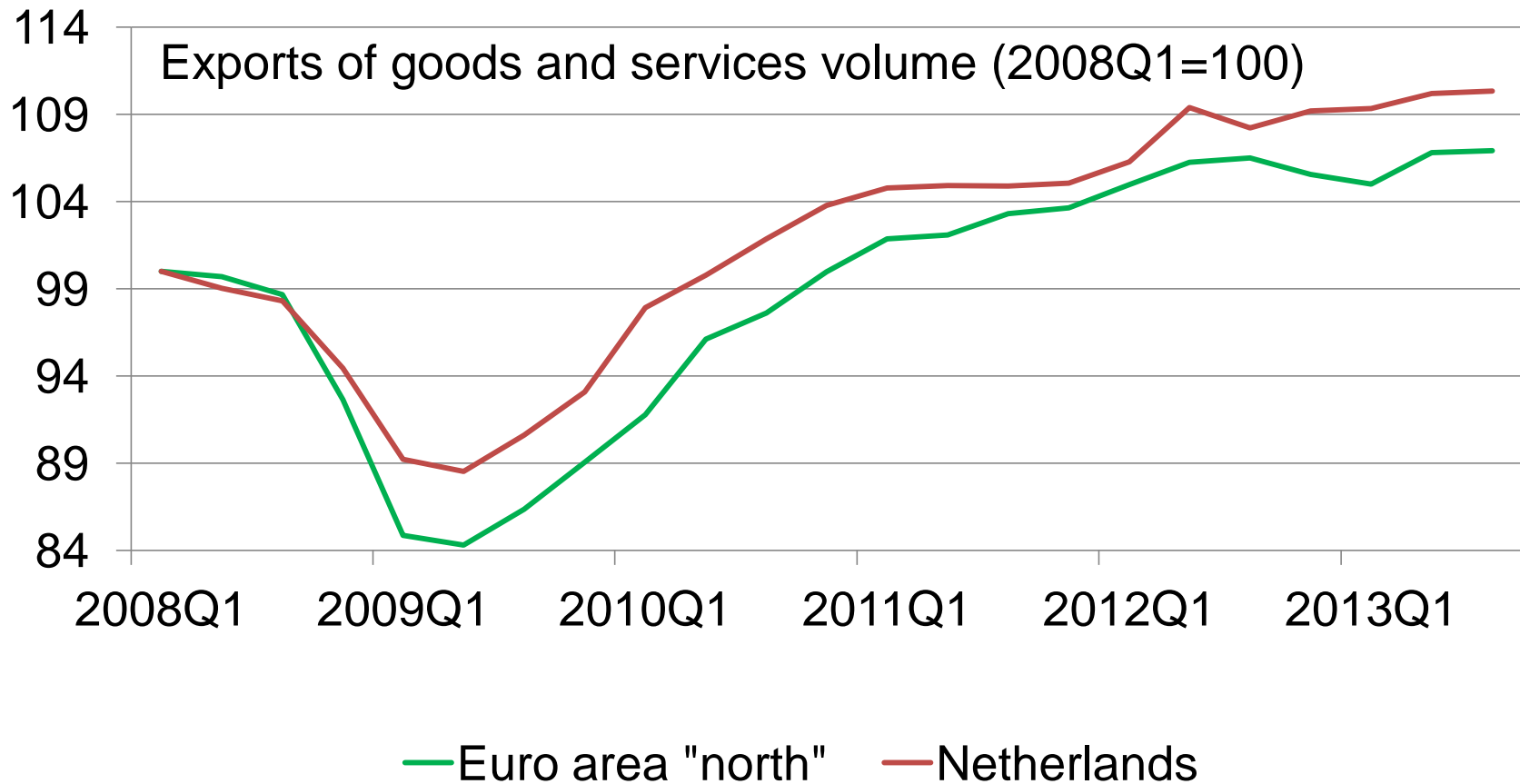


Showing up in unemployment



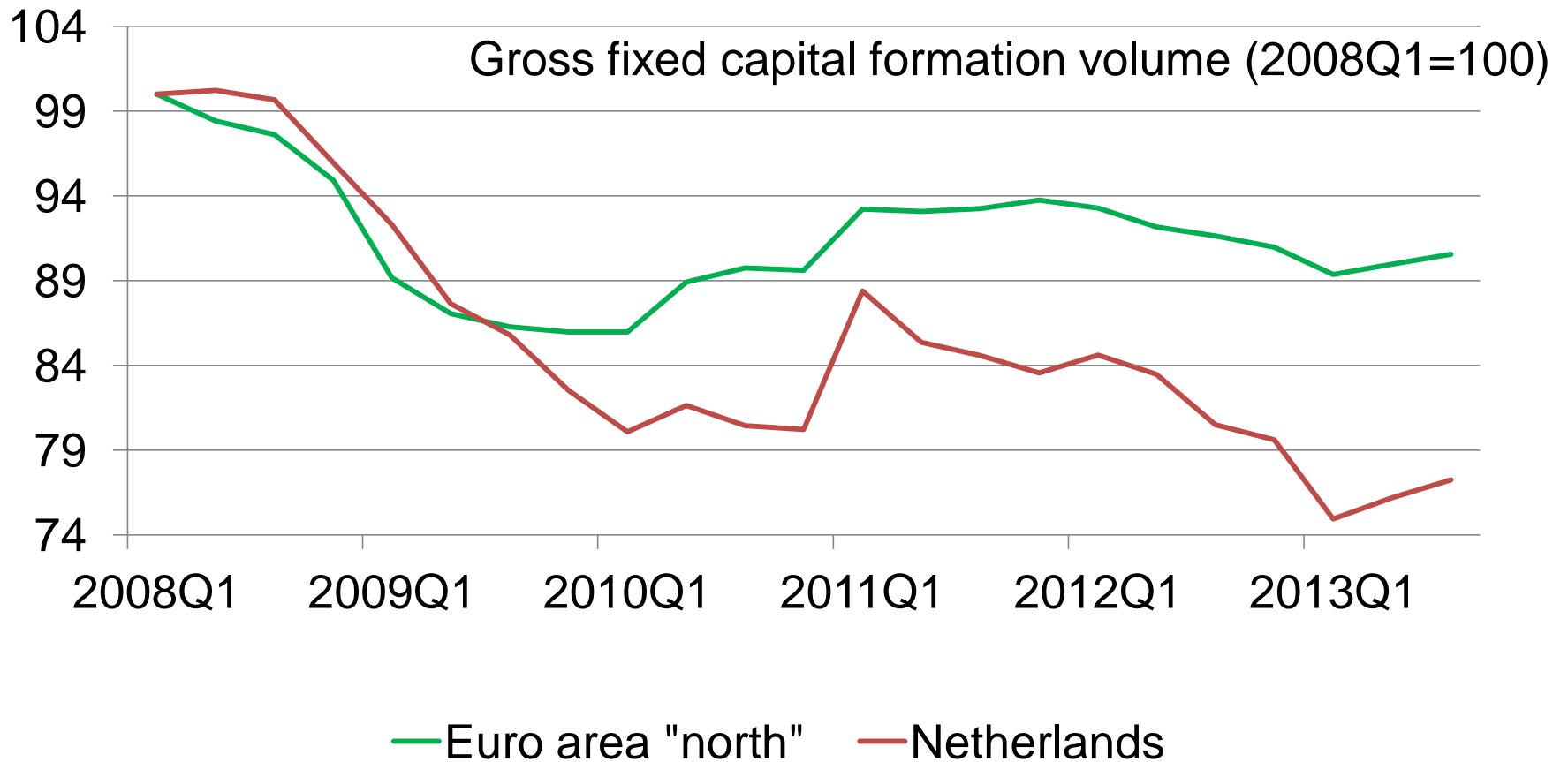


Lagging behind not due to exports



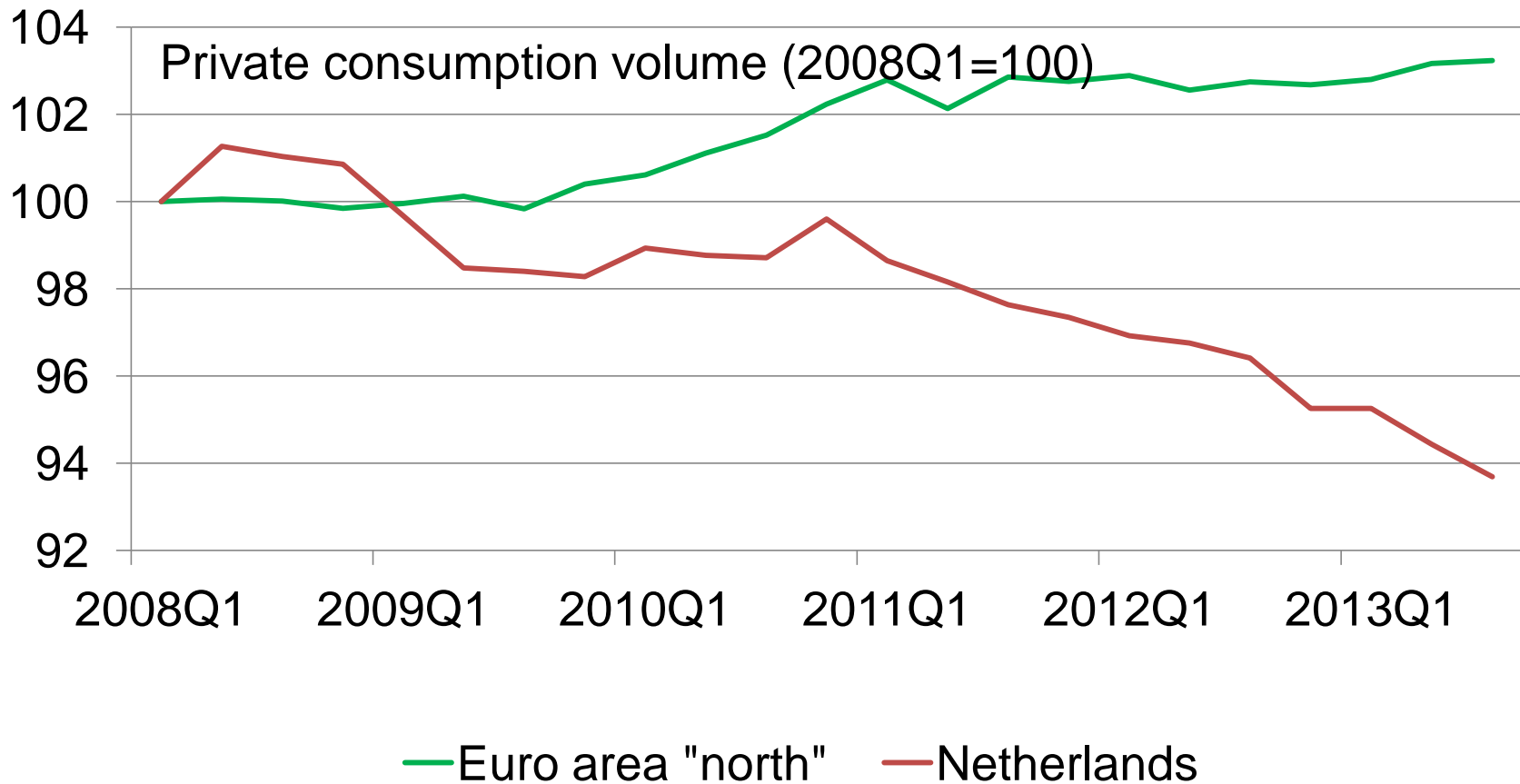


... but due to investments and



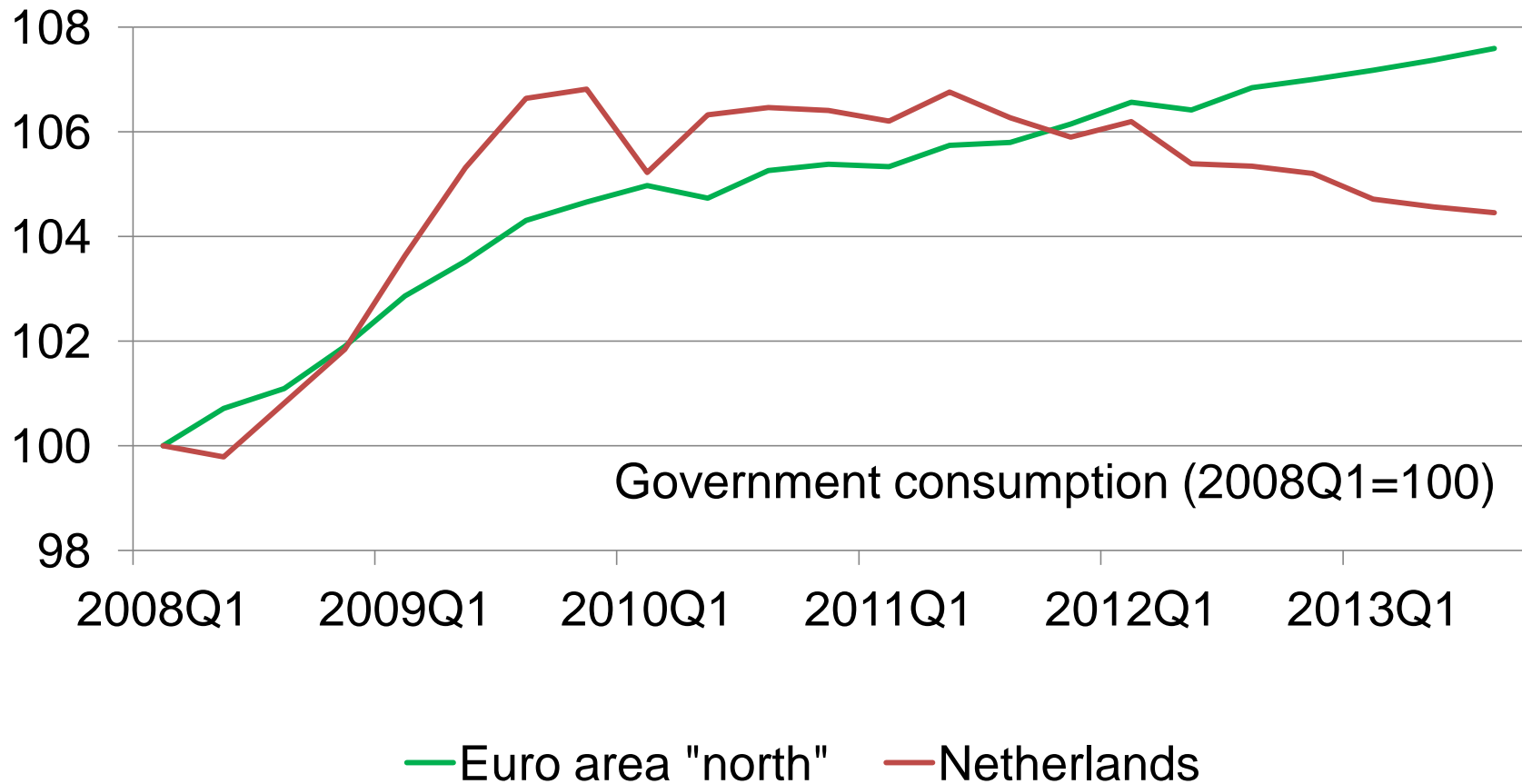


.... and private consumption





Rise government consumption less than elsewhere



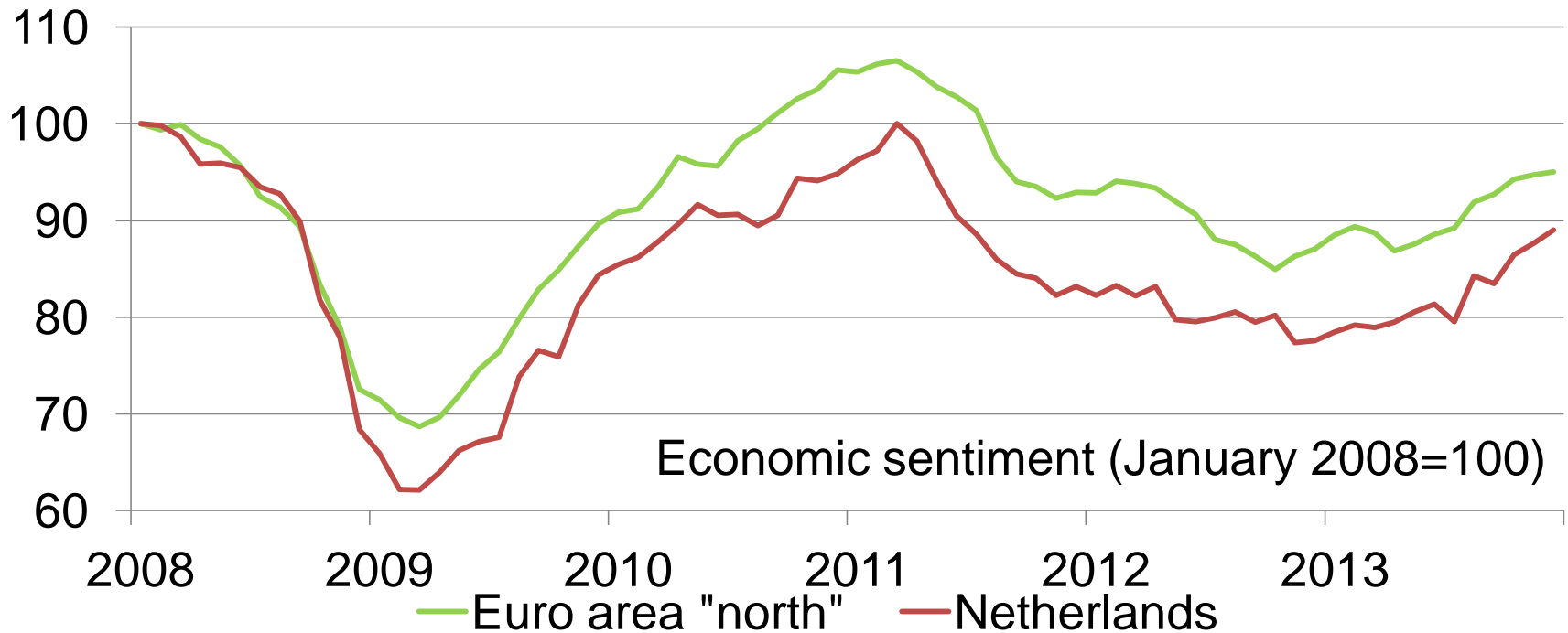


Causes of the relative weak Dutch development?

1. Housing market?
2. Pension fund?
3. Fiscal policy?
4. Mood of consumers and producers?



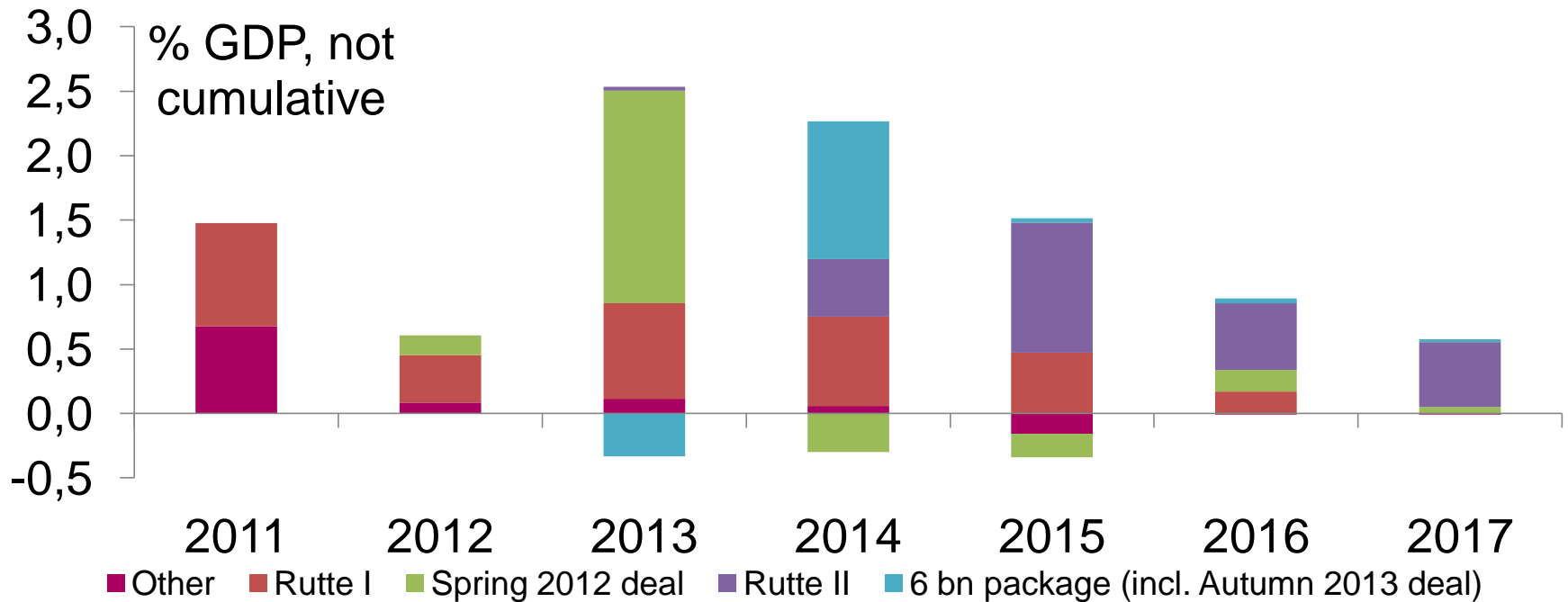
4. Mood of consumers and producers



- No major difference. Moreover hard to say whether pessimism caused weak development or weak development caused pessimism.



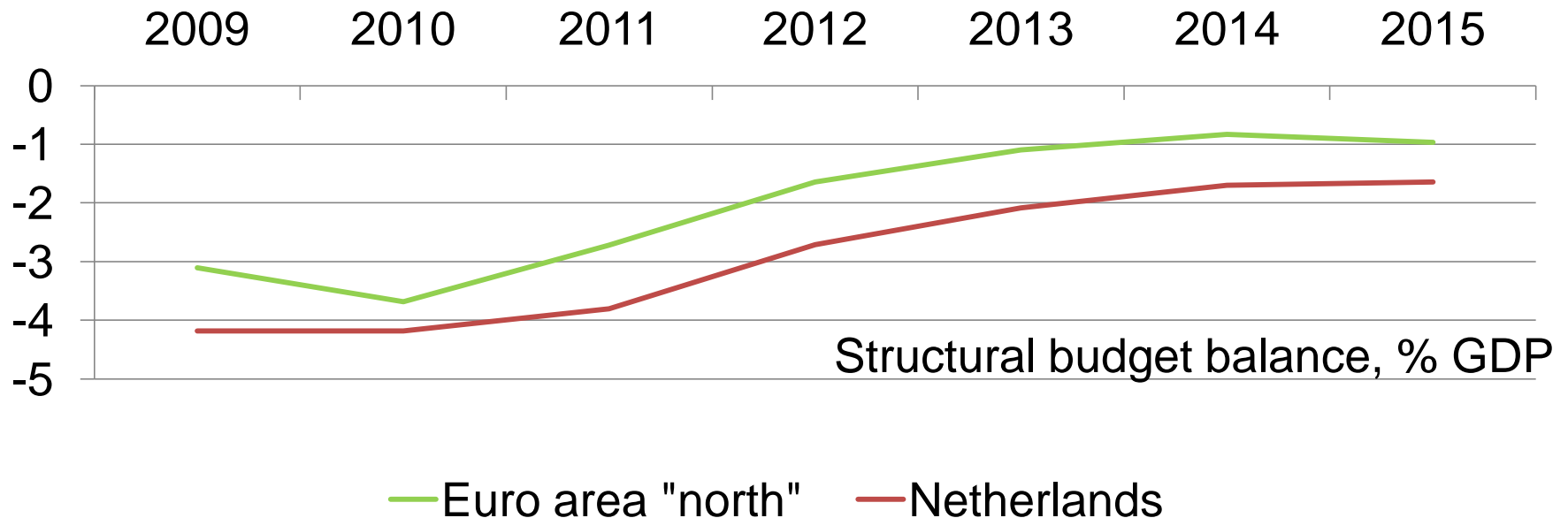
3. Fiscal policy: consolidation measures



- Fiscal policy has been clearly restrictive in the Netherlands.



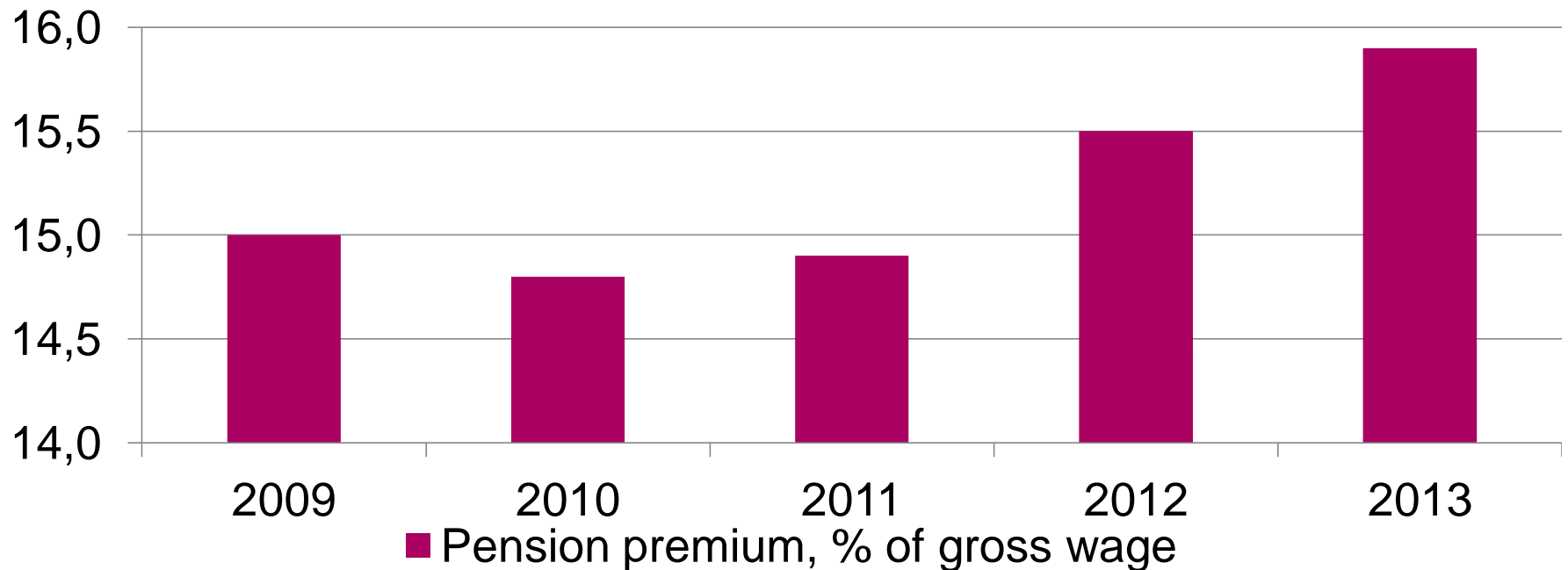
3. Fiscal policy



- Netherlands was not the only country with austerity. International comparison is tough. Structural budget balance is a problematic indicator (big differences between Commission, OECD and IMF indicator). Indicator of Commission: average austerity in the Netherlands



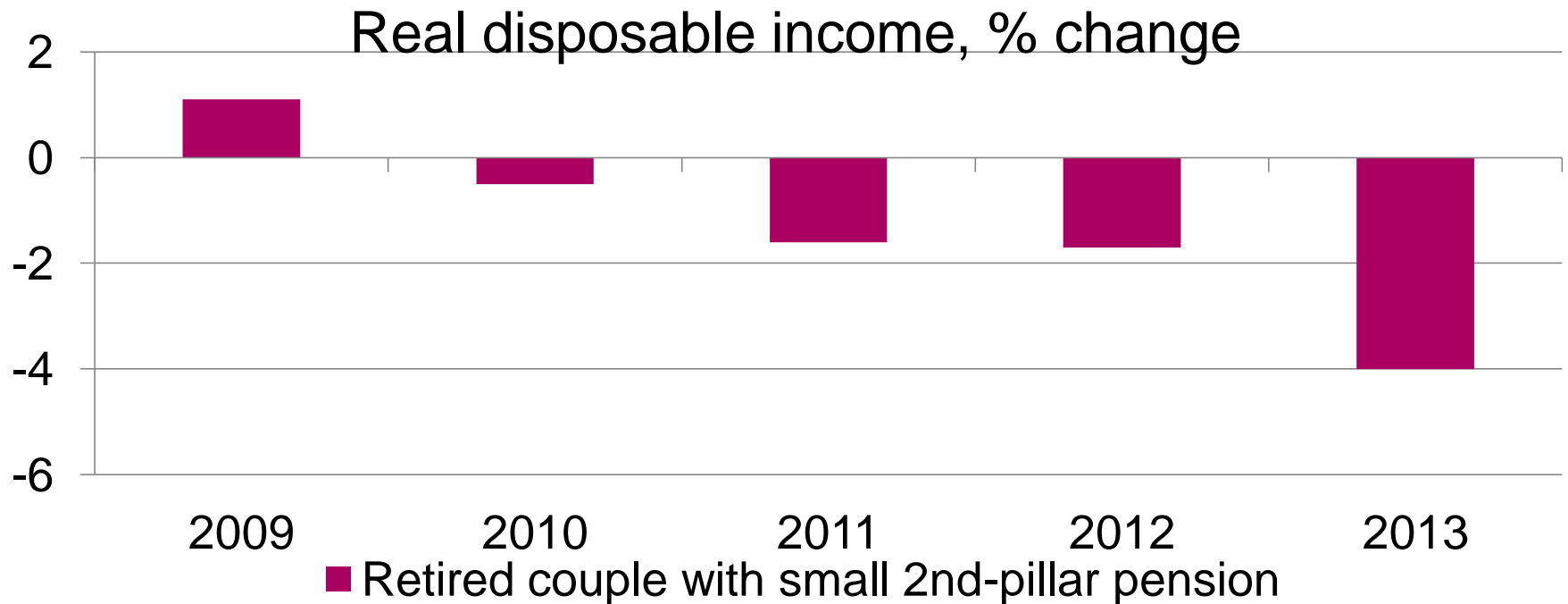
2. Pension funds



- Pension funds bigger in the Netherlands. There are no international comparable data on pension premiums and pensions received. Pension premiums have been a drag on growth in the Netherlands.



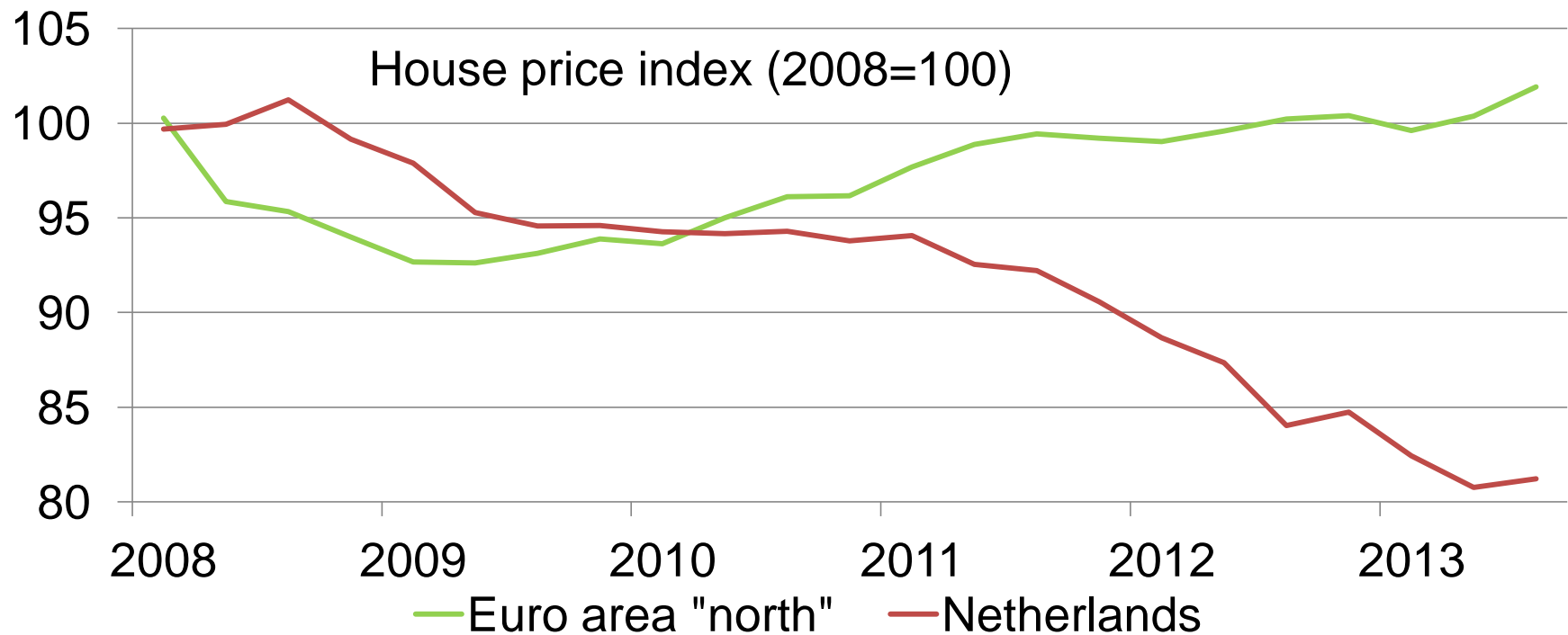
2. Pension funds



- Pension funds bigger in the Netherlands. There are no international comparable data on pension premiums and pensions received. Pension payments have clearly been a drag on growth in NL.



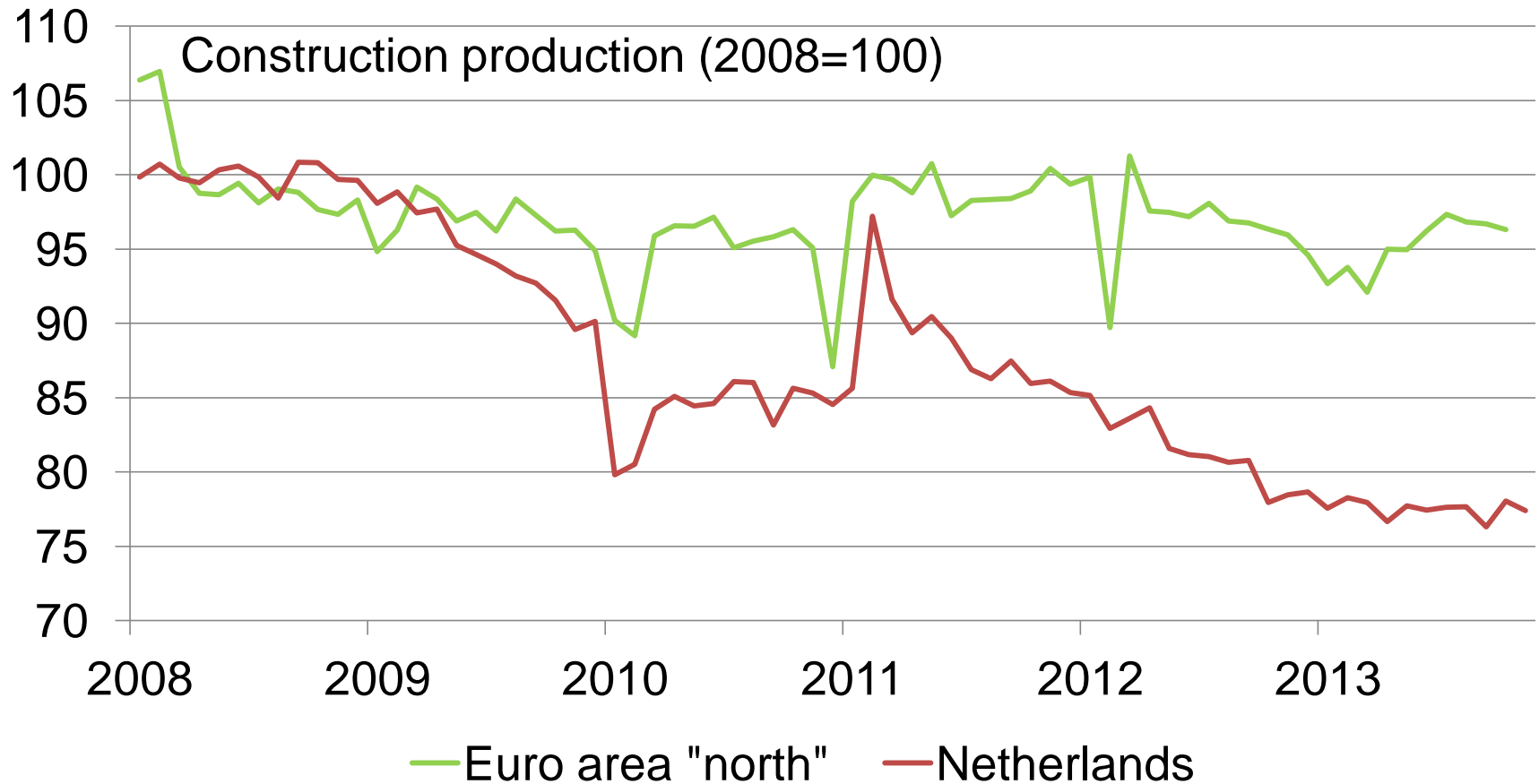
1. Housing market



- Strong drop in Dutch house prices has had a negative impact on private consumption through wealth effects.



1. Housing market





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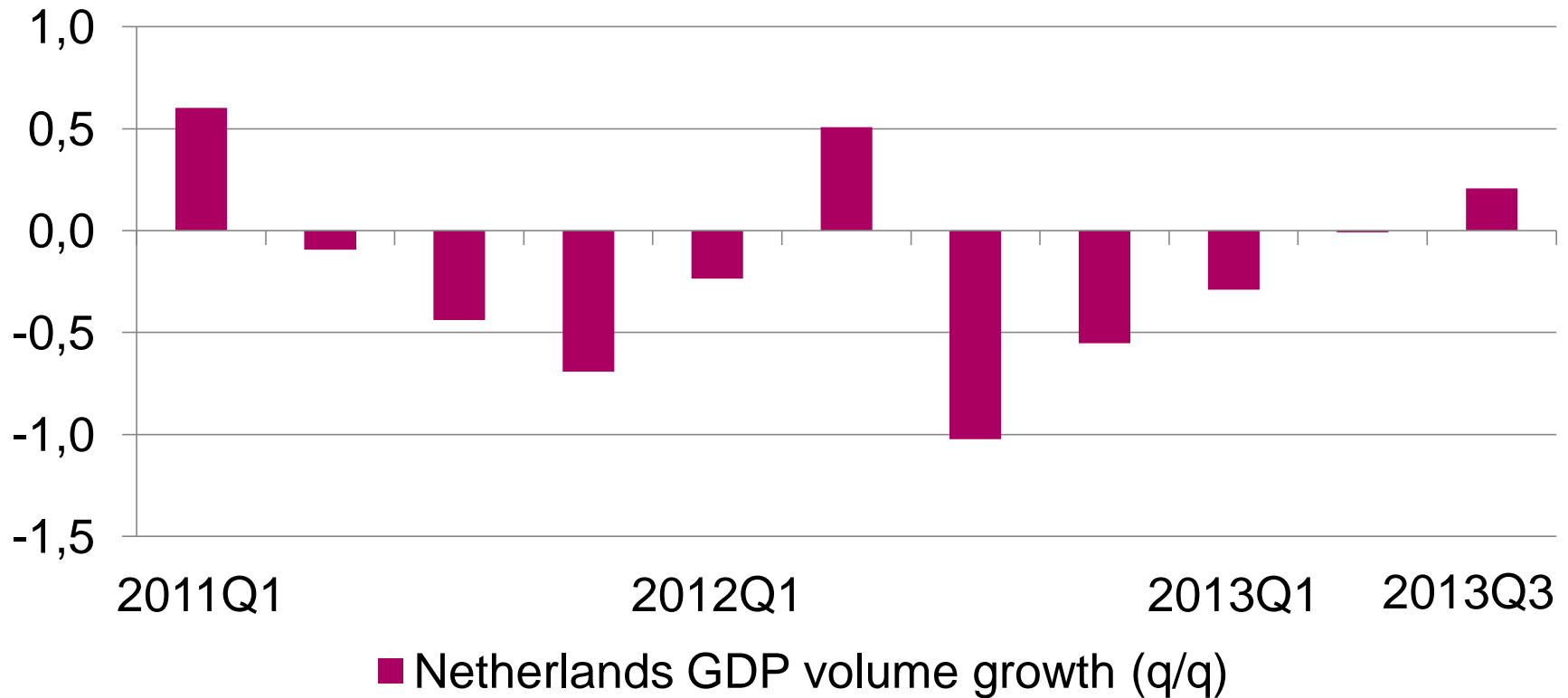
Content presentation

- The Dutch economic development since early 2008 in European perspective
- **The most recent Dutch developments: on its way up**
- The short-term outlook
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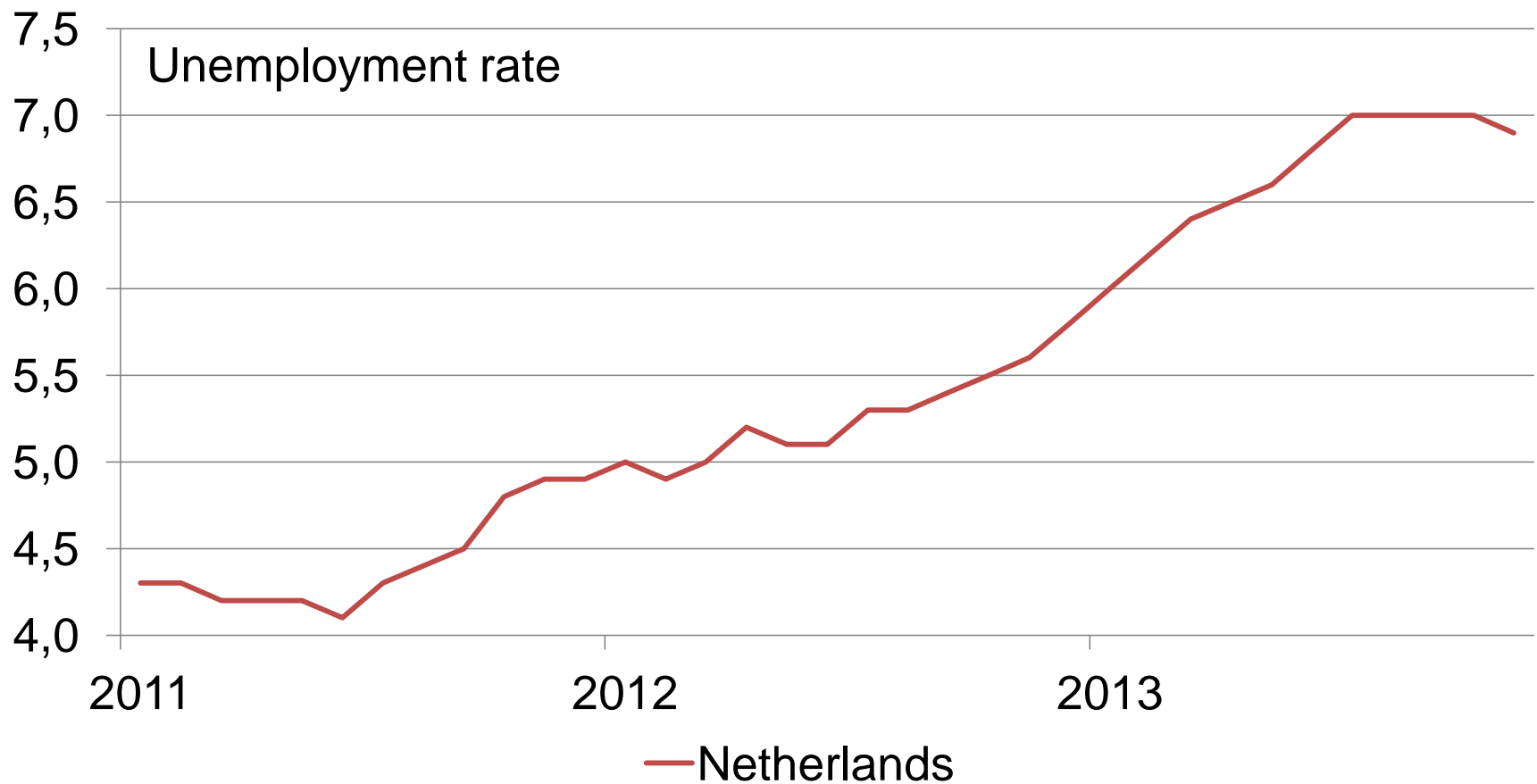
Recession has ended 2013 Q1

Netherlands GDP volume growth (q/q)





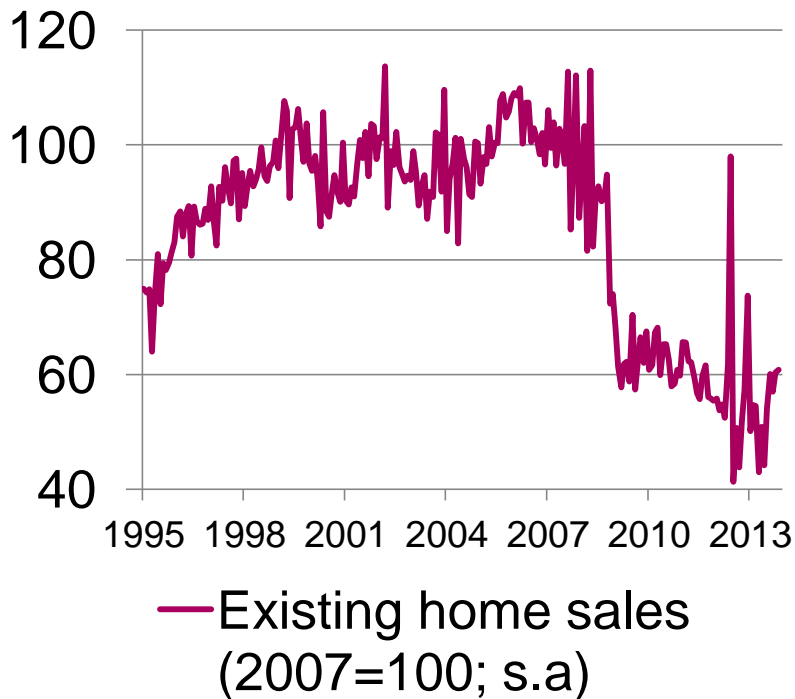
Unemployment no longer rising steeply



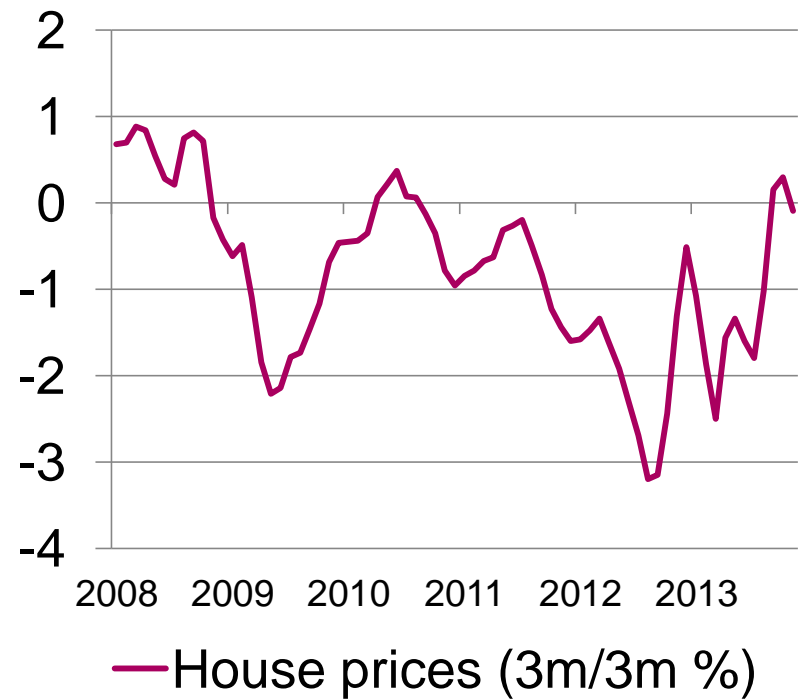


Housing market is bottoming out

Existing home sales (2007=100; s.a)



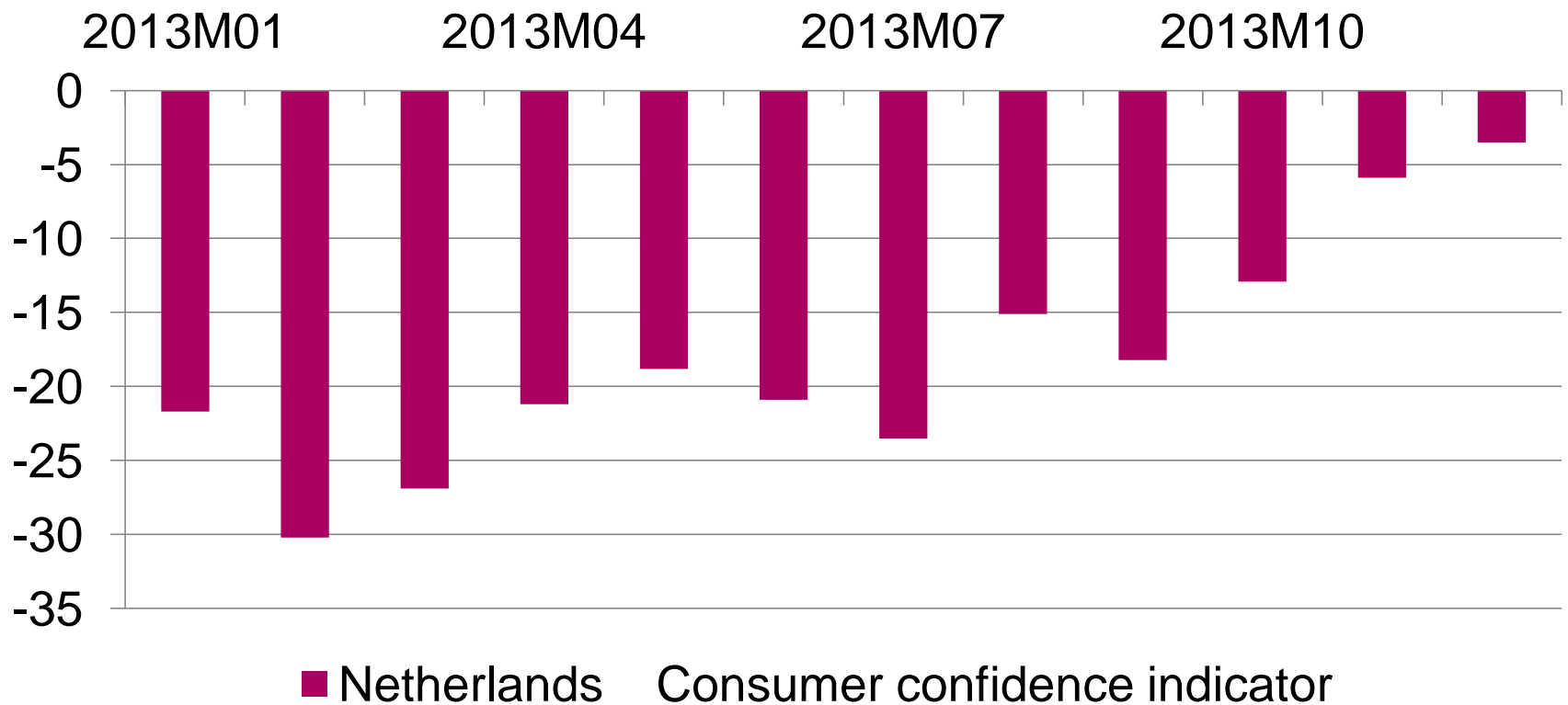
House prices (3m/3m %)





Consumer sentiment up

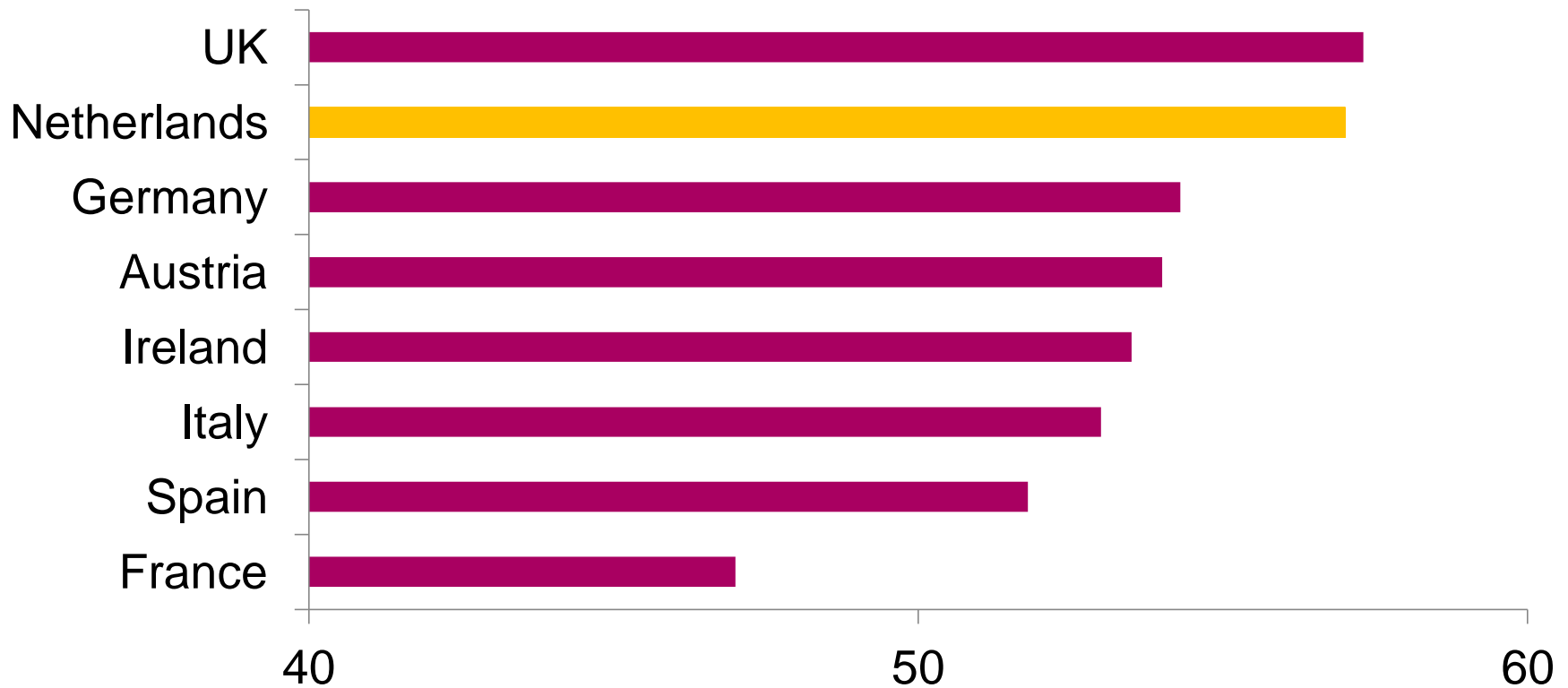
Netherlands Consumer confidence indicator





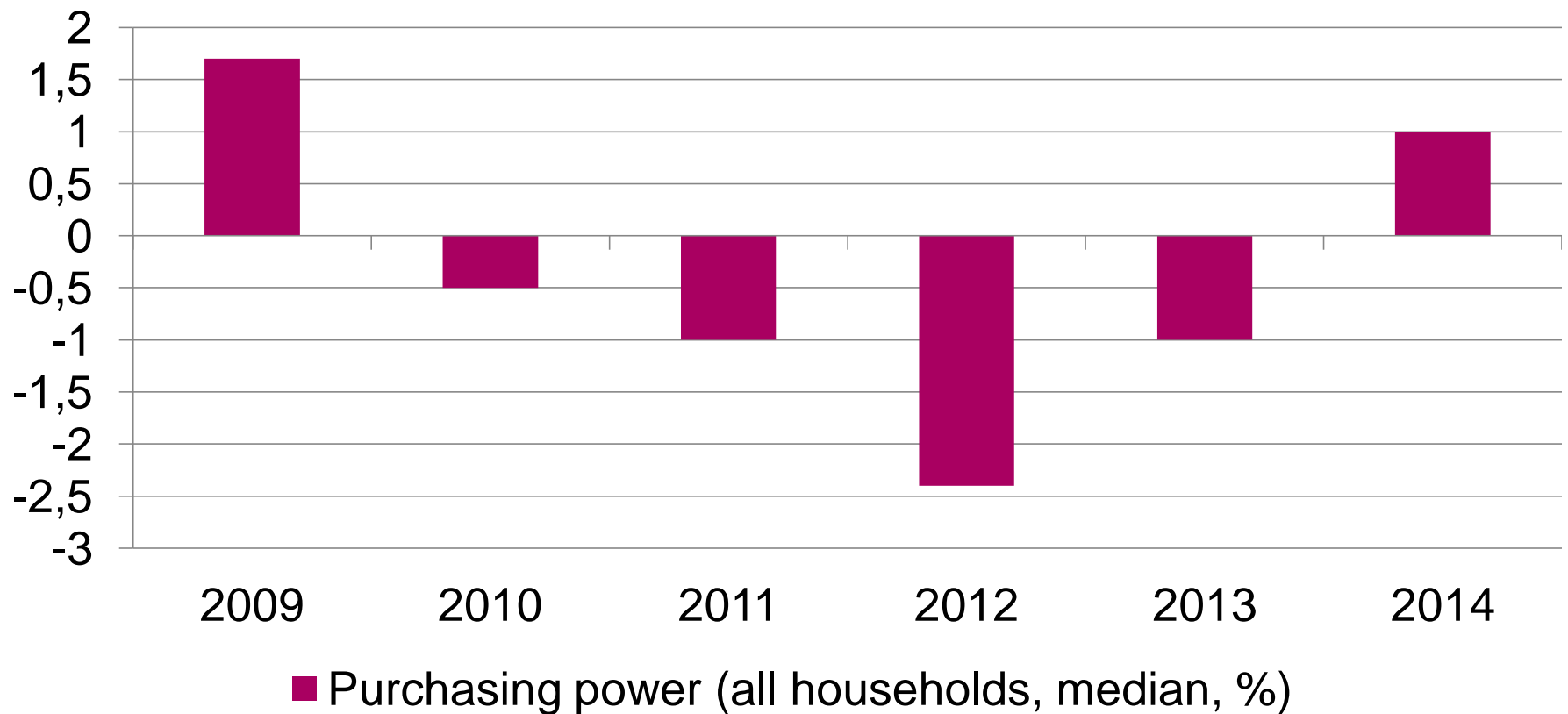
Purchasing managers index very strong

PMI manufacturing December 2013





After 4 years drop, a purchasing power rise in 2014





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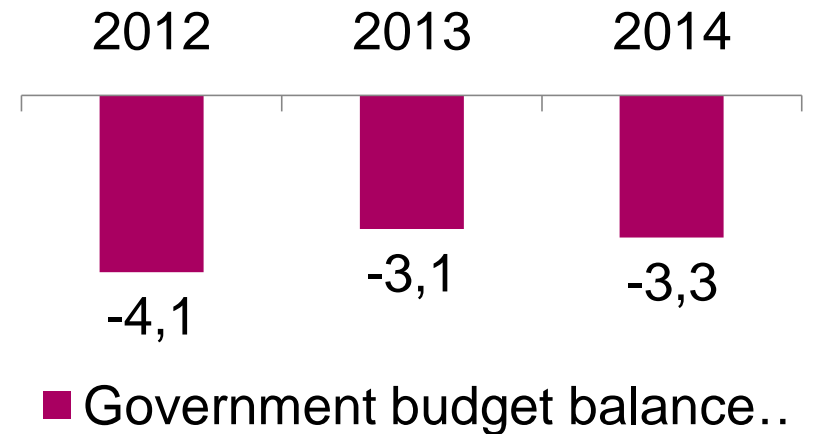
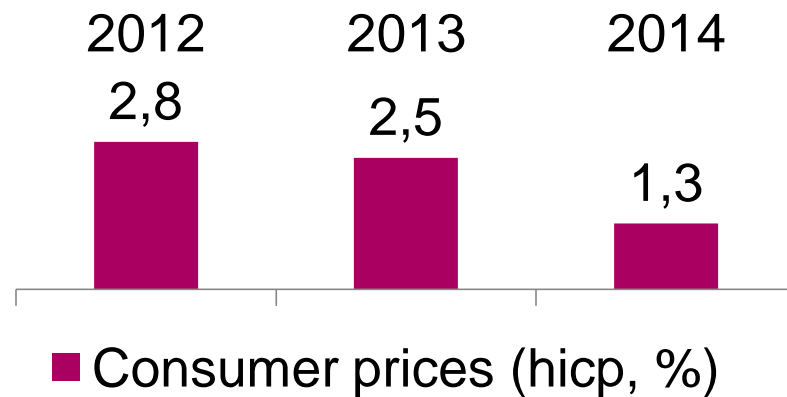
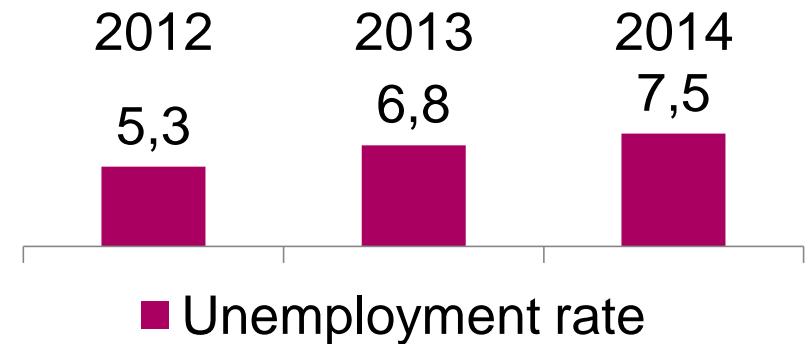
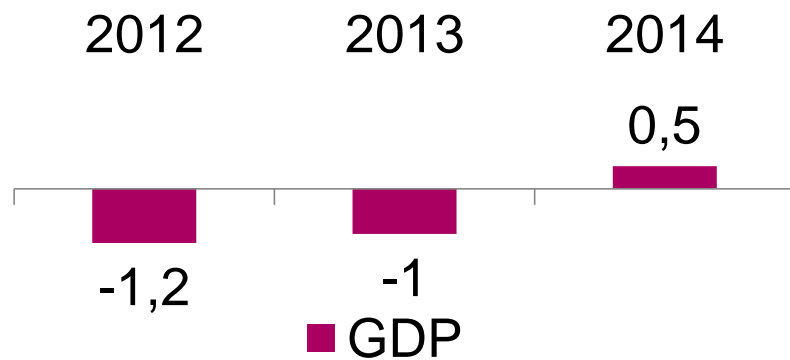


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- **The short-term outlook: slow growth out of recession**
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Outlook: slow growth out of recession





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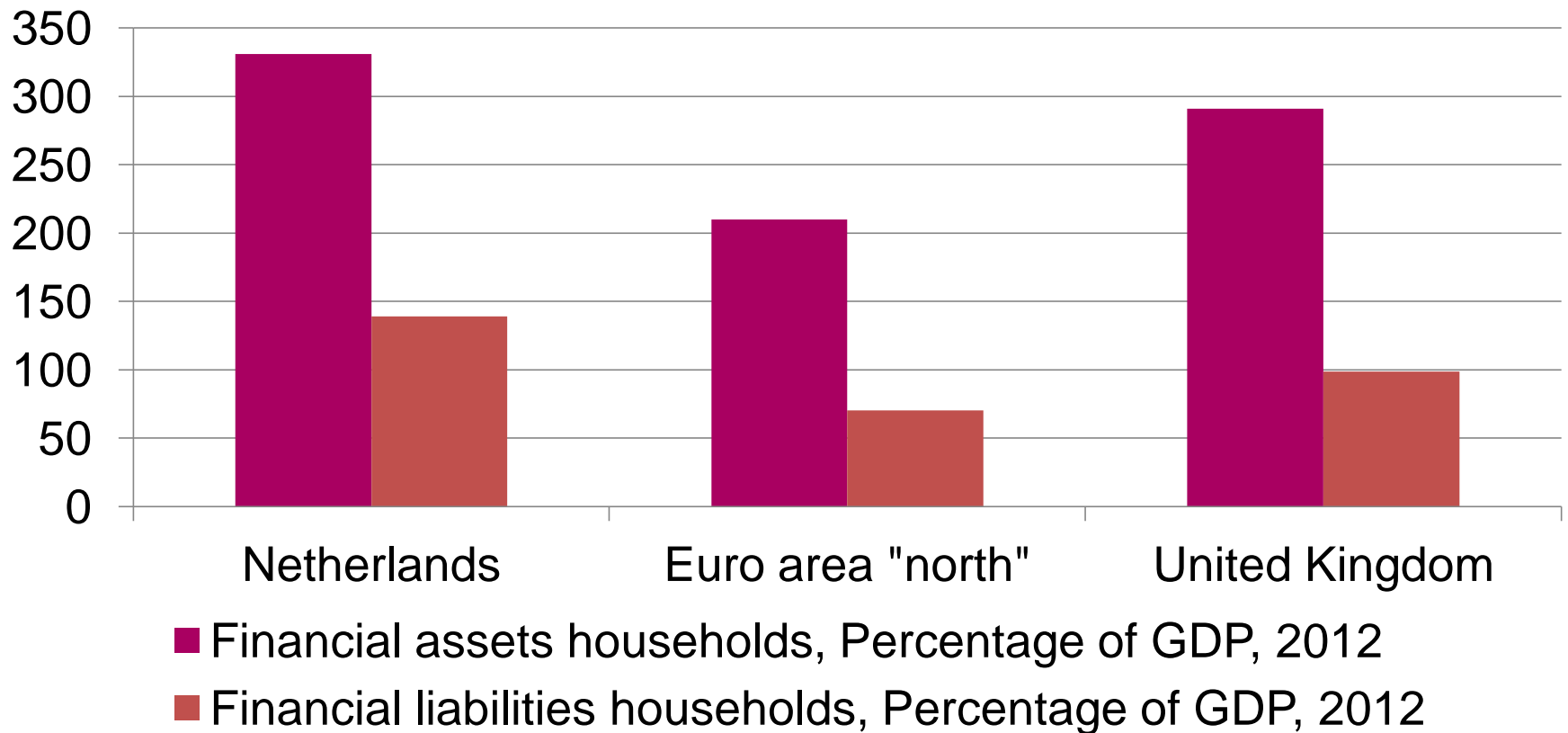


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- **Structural characteristics of the Dutch economy: strong**



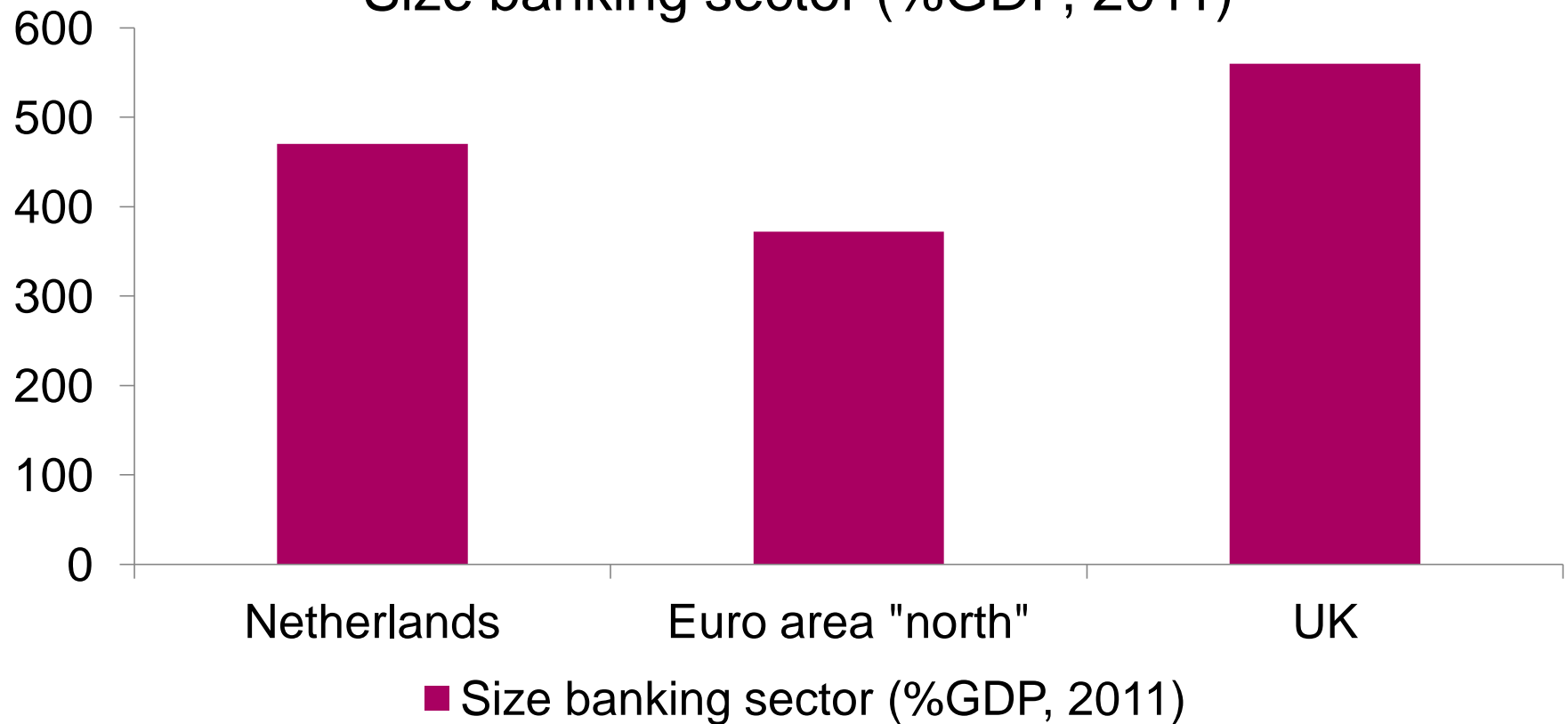
Strong economy but long balance sheets households ...





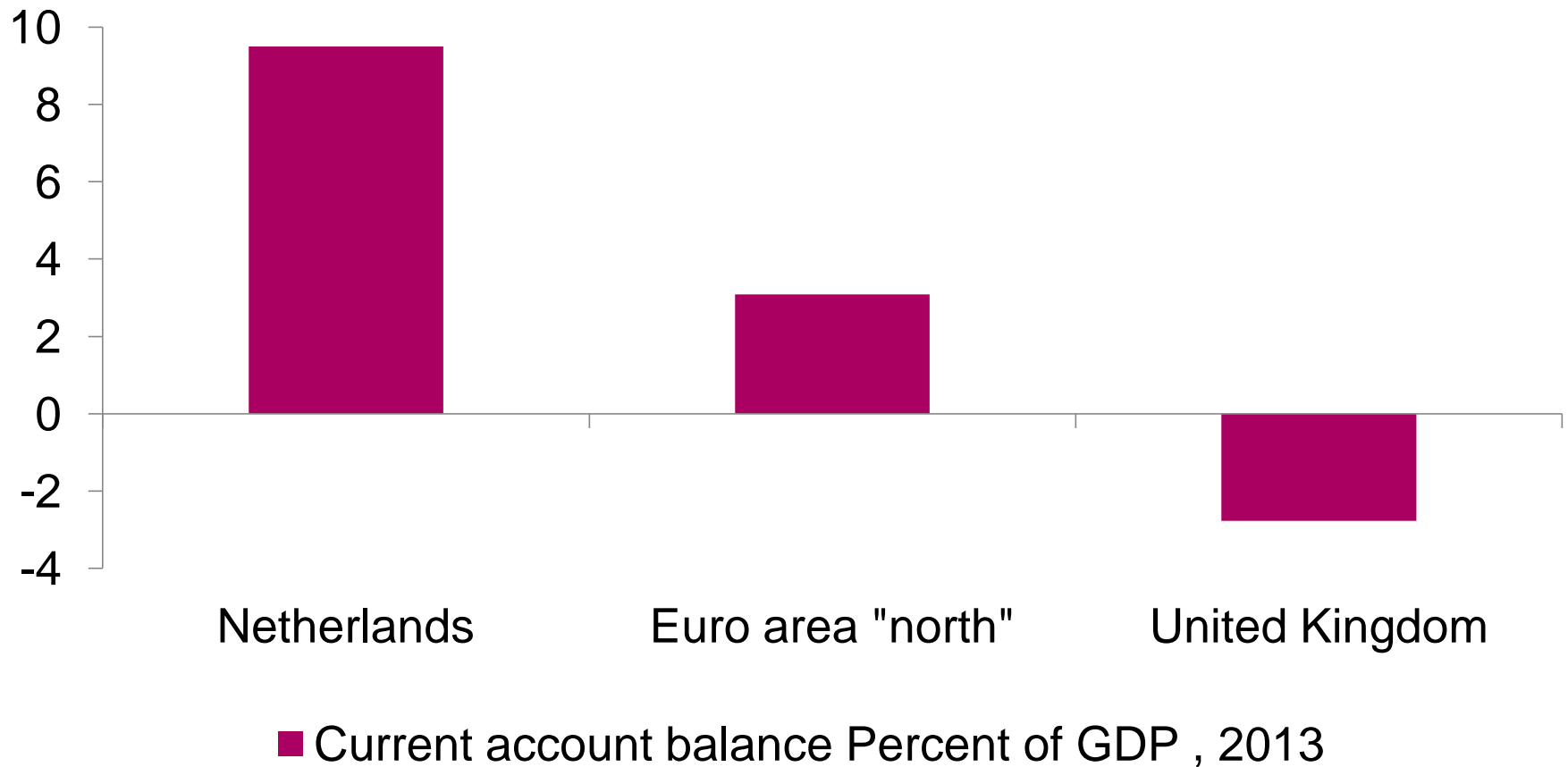
... and vulnerable due to big banking sector ...

Size banking sector (%GDP, 2011)





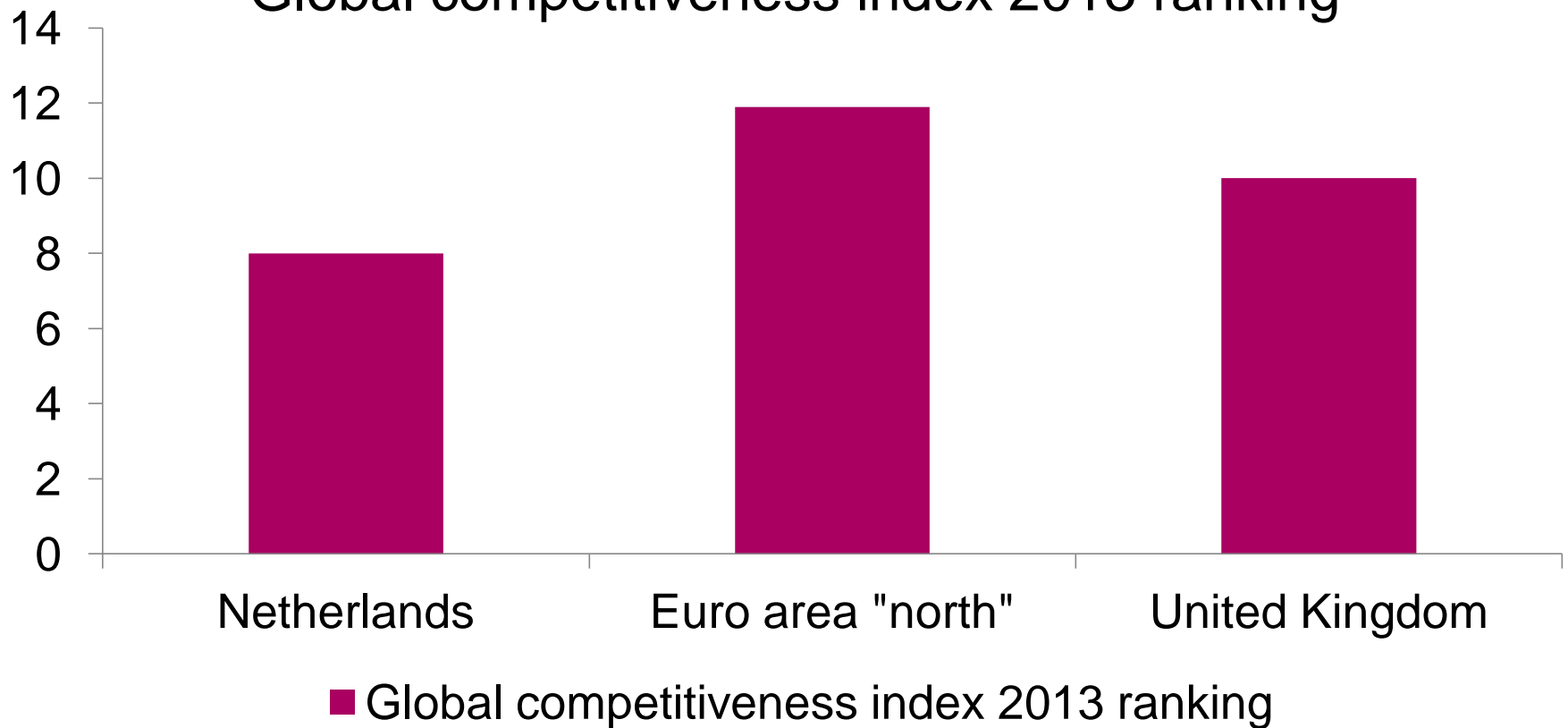
... and with a puzzling current account balance





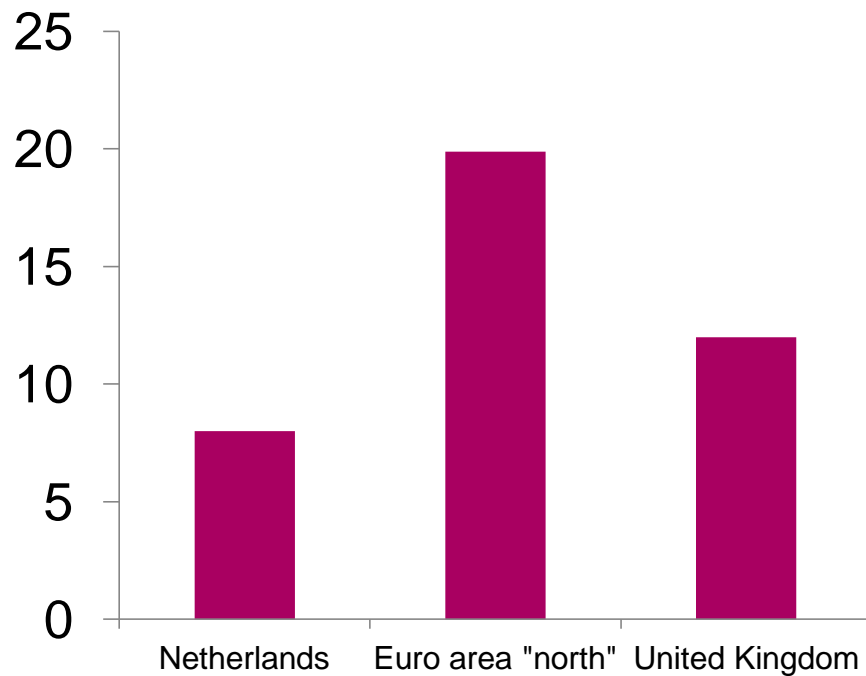
Strong competitive position

Global competitiveness index 2013 ranking

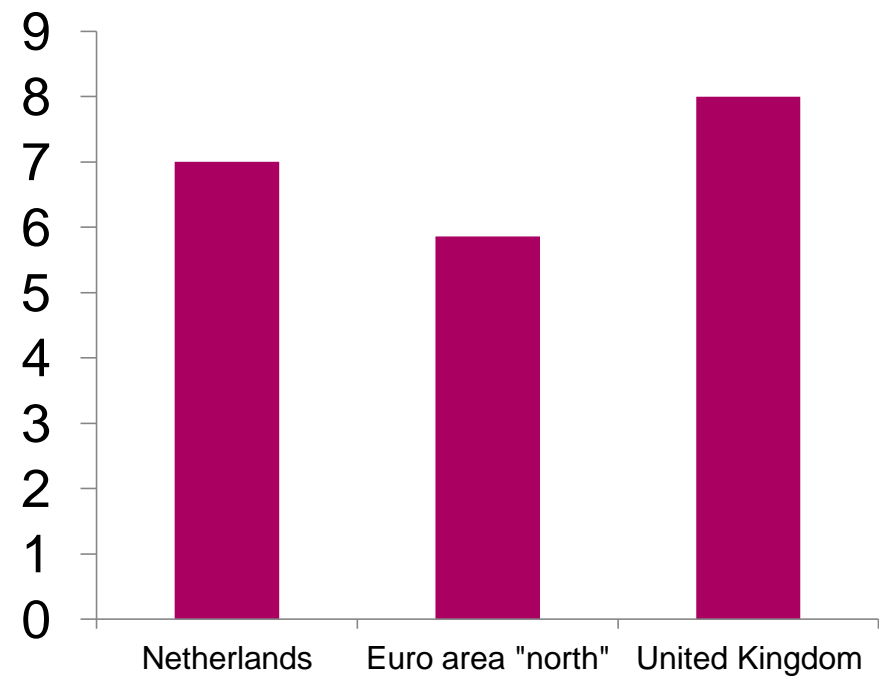




Strong institutions and good infrastructure



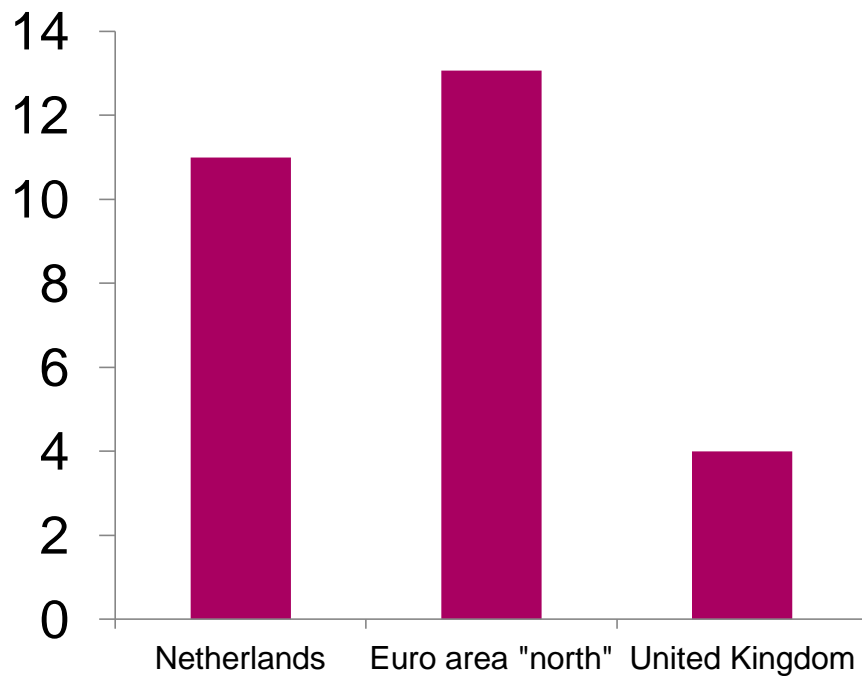
■ Institutions, 2013, ranking



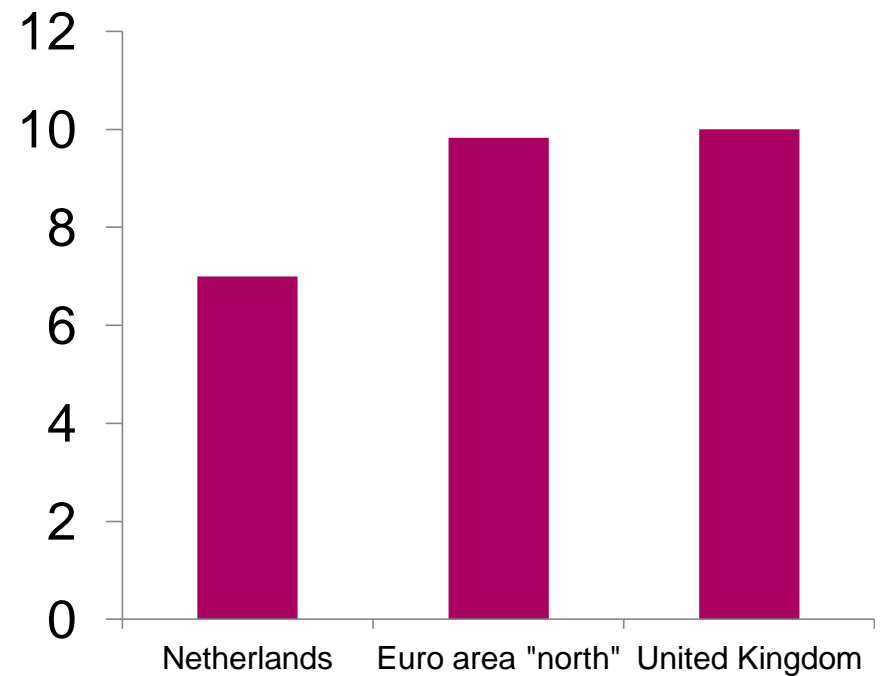
■ Infrastructure, 2013, ranking



Efficient market and education, highly innovative



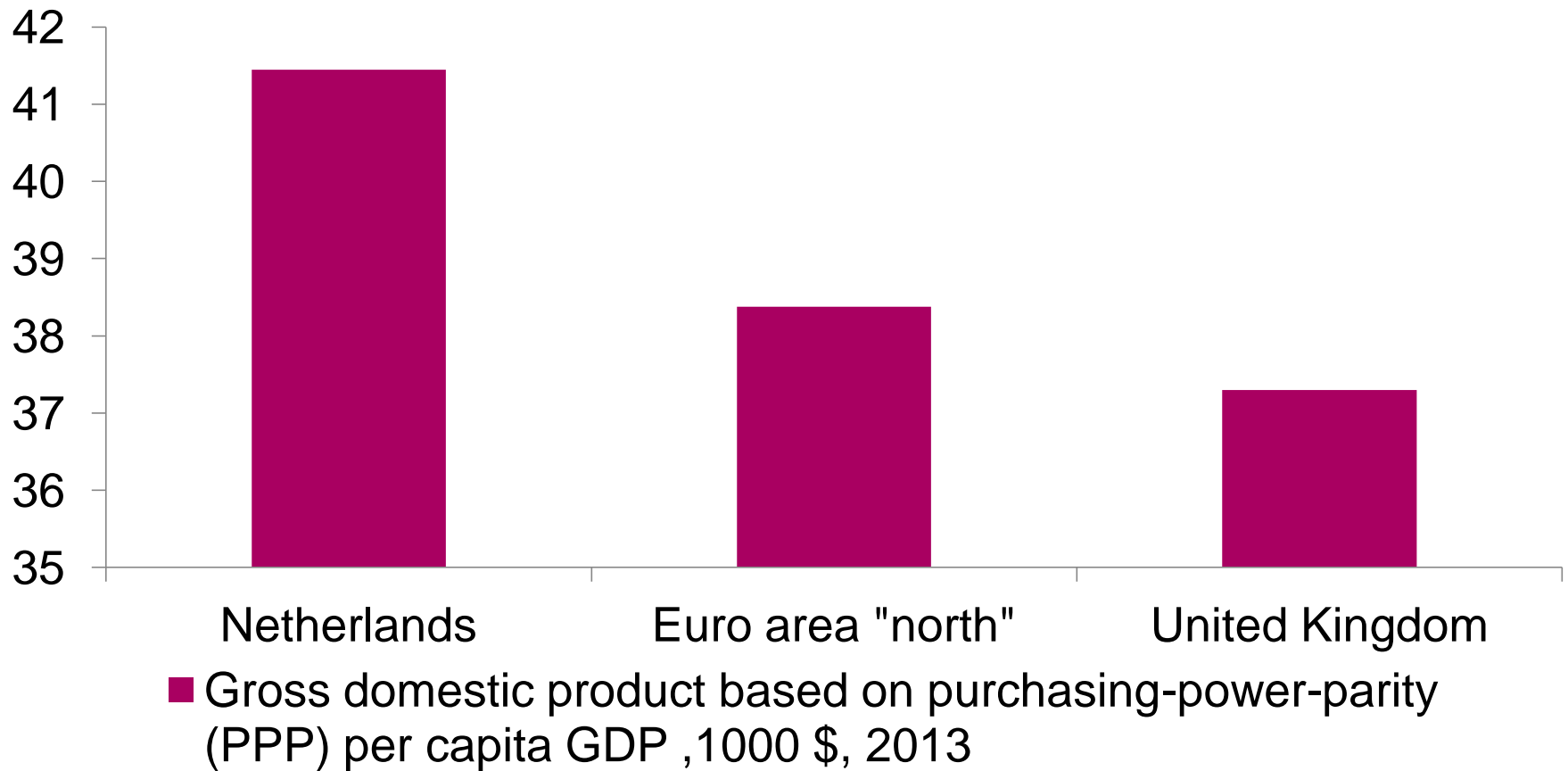
■ Efficiency, 2013, ranking



■ Innovation, 2013, ranking



As a result: High productivity





Thank you



- For more information see www.cpb.nl
- Sources used:
 - Eurostat (GDP, unemployment, house price, financial assets and liabilities, construction production)
 - ECFIN (economic sentiment, consumer confidence)
 - Ameco (structural budget balance)
 - Markit (PMI)
 - IMF WEO (GDP per capita)
 - CPB (forecast December 2013; Dutch consolidation measures).
 - GCI Global Competitiveness Report 2013-2014.