

Statistics Netherlands flash estimate: economic growth still fragile

- Flash estimate puts q-o-q economic growth at 0.2 percent in third quarter 2014
- Y-o-y growth 1.1 percent in third quarter 2014
- Modest rise in exports, investment and household consumption
- Manufacturing and business services improve, construction still stagnant

According to flash estimate of economic growth released by Statistics Netherlands today, the Dutch economy grew by 0.2 percent from the second quarter to the third quarter of 2014. This slight growth was the result of increased investment and exports.

The flash estimate is a preliminary calculation, based on the most recent data available 45 days after the end of the quarter. Statistics Netherlands publishes it to give a first indication of the current economic situation in the Netherlands. After this first estimate, information continues to become available about the Dutch economy, and is incorporated in subsequent estimates. Statistics Netherlands will publish the second estimate of economic growth on Wednesday 24 December. In the last five years, the absolute adjustment of the second estimate from the flash estimate was 0.1 of a percentage point on average, varying between -0.3 and +0.4 of a percentage point.

The Dutch economy has now shown two consecutive quarters of slight growth, following a contraction in the first quarter. The net result is that the economy was doing better at the end of September 2014 (just over 0.4 percent), although the recovery is still fragile. The business cycle has not been showing any improvement for six months now.

With each estimate of economic growth, Statistics Netherlands also calculates new seasonally adjusted figures for previously published quarters. As a result of this recalculation, second-quarter growth has been adjusted from 0.7 to 0.6 percent.

The remainder of this press release is based on year-on-year comparisons

Flash estimate puts year-on-year economic growth at 1.1 percent

According to the flash estimate, Dutch economic growth was 1.1 percent in the third quarter compared with the third quarter of 2013. This growth was mainly accounted for by higher

exports, a slight increase in investment and more household consumption. Government consumption was around the same level as last year.

Substantial rise in exports of machines and chemicals

Both exports of Dutch products and re-exports - exports of previously imported products - rose in the third quarter. More electrical machinery and equipment and chemical products in particular were exported. Exports of other machines and equipment also grew substantially, just as those of agricultural products. Only exports of oil products were lower than in the third quarter of 2013.

Consumer spending also slightly up

Consumers spent slightly more than in the third quarter of 2013. Spending was up on food, drinks and tobacco, durable goods and services. Services include rent, hotels and restaurants, hairdressers, and spending on telephones and insurance.

In terms of durable goods, households spent more on electrical appliances and home furnishings in particular. This is partly the result of the recovery on the housing market. More houses changed hands in the first nine months of 2014 than in the same period in 2013.

Private sector invests more in machines, computers and software

Private companies invested more this quarter than in the same quarter last year. They spent more to increase production capacity, buying more machines, computers and software. They also spent more on R&D. This corresponds to the increased capacity utilisation rates and improved confidence of manufacturers. Investment in homes, company buildings and infrastructure fell on the other hand. Private sector spending on means of transport, such as cars, was also down.

Manufacturing and business services improve, construction still stagnant

Business services and the manufacturing industry in particular showed good growth rates in the third quarter. Within business services, temp agencies did particularly well. This is also reflected in the jobs figures published by Statistics Netherlands today. The number of people working via temp agencies is rising significantly.

In the manufacturing industry, it is mainly producers of machines, metals, and food, drinks and tobacco who produced more than in the same period last year. Production in mineral extraction, construction and financial institutions was lower on the other hand.