# Dutch economy keeps pace, but growth drivers are gradually shifting

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The Dutch economy continues to grow at a decent pace. While somewhat higher inflation and interest rate expectations moderated the outlook for 2027 a bit, expectations for 2026 have improved on the back of continued strong export demand

## Higher inflation slightly weakens the 2027 growth outlook

Higher energy prices in this month’s baseline have slightly weakened the outlook for the Dutch economy for 2027. We raised our HICP inflation expectation for 2026 and 2027 to 2.9% and 2.7%, respectively, with less benign price developments for energy, fuel and food. Higher inflation is eroding purchasing power developments towards the end of 2026 and the first half of 2027 more than initially expected. Together with persistent uncertainty over the Gulf region and somewhat higher long-term rates, this is likely to temper investment growth.

Still, we expect moderate growth for next year, with GDP expanding around 1.3%. While the growth contributions of public spending and household consumption will probably be lower than this year due to the start of austerity measures and declines in household purchasing power, investment and exports are expected to contribute more. As stronger investment growth will be driven in part by imports of defence equipment, import growth is also expected to pick up.

## Stronger exports push up the 2026 forecast

By contrast, the outlook for 2026 has improved on balance, with GDP growth now forecast at 1.4%. The improvement is mainly driven by stronger export expectations, as the Netherlands continues to benefit from the global AI-related investment cycle. This is reflected in more optimistic production expectations in industry. More specifically, semiconductor machinery manufacturer ASML has raised its turnover forecast from €36-40bn to €43-45bn. On a mechanical basis, and depending on the timing of deliveries, ASML’s higher turnover alone could raise the Dutch GDP growth forecast for 2026 by around 0.2-0.3 percentage points, because the domestic value-added content of these sales is significant. Slightly stronger-than-expected second-quarter GDP data also lifted the annual forecast, while persistently low consumer confidence has been trending upwards in recent months. This was only partially offset by our minor downward revision for the second half of the year, driven by higher inflation and interest rate expectations.

## Stable growth masks a changing economic mix

On balance, the economic outlook has changed marginally. Despite the upward revision, GDP growth in 2026 is still expected to be slightly slower than in 2025, while growth in 2027 should proceed at a similar pace. That apparent stability masks a shift in composition: exports and investment are becoming more important growth drivers, while the contributions from household consumption and public spending are gradually diminishing.

That said, all expenditure categories are expected to contribute positively to economic growth in both years, apart from inventory investment. Steady as she goes!

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Source: https://think.ing.com/articles/dutch-economy-keeps-pace-but-growth-drivers-are-gradually-shifting/