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## NEVI Netherlands Manufacturing PMI®

### PMI hits fresh record high in April as demand continues to surge

#### Key findings

Output expands at fastest rate in over 21 years of data collection

Firms take on additional staff at strongest pace since April 2018

Delivery times lengthen to greatest extent on record

Data were collected 12-22 April 2021.

The start of the second quarter of 2021 saw an unprecedented expansion of the Dutch manufacturing sector, according to the latest PMI® survey from NEVI and IHS Markit. Manufacturing conditions improved at the strongest rate in over 21 years of data collection amid a record expansion in output and a further marked rise in new orders. Subsequently, firms continued to take on additional staff to cope with rising output requirements, with the rate of job creation the fastest since April 2018. Business confidence improved again, with sentiment the third-strongest in the series history.

The NEVI Netherlands Manufacturing PMI is a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. The headline PMI climbed to a fresh record high of 67.2 in April, adding 2.5 points to March's figure of 64.7, and signalled a marked improvement in the health of the sector.

Driving the strong manufacturing performance was further growth of output during April, which increased at the steepest pace in over 21 years of data collection amid a near record expansion in total new work. Firmer demand was also recorded with respect to foreign markets, as new export orders rose at the second-fastest pace in the series history and markedly overall. According to panellists, client demand both domestically and abroad had strengthened further, with firms also attributing growth of output and new work to improved consumer confidence.

At the same time, firms took on extra staff during April, with the rate of job creation the steepest for three years. Respondents linked higher employment to greater production requirements and expectations of sustained strength in demand.

However, surging sales added more pressure to supply chains during the opening month of the second quarter. Average lead times for inputs

Netherlands Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

Albert Jan Swart, Manufacturing Sector Economist at ABN AMRO, commented:

"The NEVI Netherlands Manufacturing PMI increased to 67.2 in April, beating the previous record of 64.7 that was only set a month ago. Many indicators set fresh records, including output, quantity of purchases, suppliers' delivery times and both input and output prices. While the fast growth was previously mostly driven by high demand for investment goods and intermediate goods, new export orders for consumer goods increased very fast too, as most developed economies are about to reopen thanks to the rollout of vaccines.

"The record growth is putting even more pressure on supply chains. As expected, the disruption of shipping through the Suez Canal in March added to the already long suppliers' delivery times. Moreover, shortages of materials are reported for an increasing range of goods, even products that are carried by aircraft such as chips. The chips shortage that started over the past few months in car manufacturing now also affects toasters and washing machines. The Dutch company Philips, which produces medical appliances, warns that even production of critical heart nursing equipment might grind to a halt. "If car factories come to a standstill because of a lack of chips, the same might happen to production of medical equipment", CEO Frans van Houten warned. Thus, it seems that producers of machinery and appliances might also be affected, which could hit a large number of Dutch firms.

"So far, material shortages and longer suppliers' delivery times mostly seem to have led to higher input costs, as output has still grown at a record pace. Hopefully, firms will receive materials on time in order to continue to grow output and meet the strong demand."

continued...

lengthened to the greatest extent on record, with delays attributed by respondents to material shortages, COVID-19 measures and, in some cases, delays in the Suez Canal.

Supply disruption again had a knock-on effect on prices, with inflationary pressures intensifying further. Cost burdens rose at the steepest pace on record amid widespread reports of shortages, higher transport fees and price hikes at suppliers, with firms raising their average charges at the quickest rate in the series history in response.

At the same time, Dutch firms continued to raise their purchasing activity. The latest upturn, which was the fastest in the survey's history, was driven by greater production requirements and efforts to sure up stocks amid supply disruption. Subsequently, pre-production inventories increased at a record pace.

April data also highlighted a tenth straight monthly reduction in stocks of finished goods. According to anecdotal evidence, orders were being fulfilled from inventories where possible to keep up with demand.

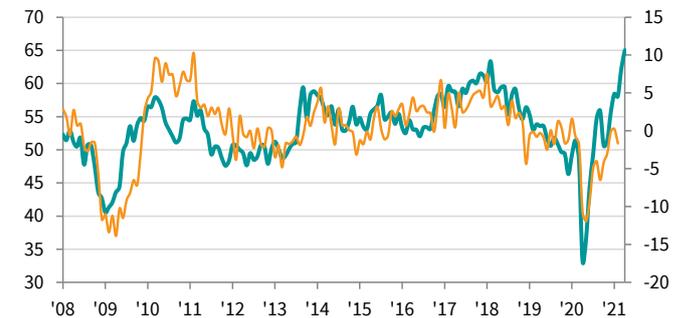
Finally, firms remained confident that output would continue to rise over the next year during April. Optimism was attributed to improved demand and hopes of a robust economic recovery. Moreover, sentiment ticked up to the third-strongest on record.

### Netherlands Manufacturing PMI Output Index

sa, >50 = growth since previous month

### Manufacturing production

% yr/yr



Sources: IHS Markit, Eurostat.

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### Survey methodology

The NEVI Netherlands Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 350 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

Data were collected 12-22 April 2021.

Survey data were first collected March 2000.

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### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).