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## NEVI NETHERLANDS MANUFACTURING PMI®

### Slowest growth of Dutch manufacturing sector since mid-2013

#### KEY FINDINGS

PMI falls to 76-month low amid declining production

New orders rise only marginally

Output expectations weaken, reversing September trend

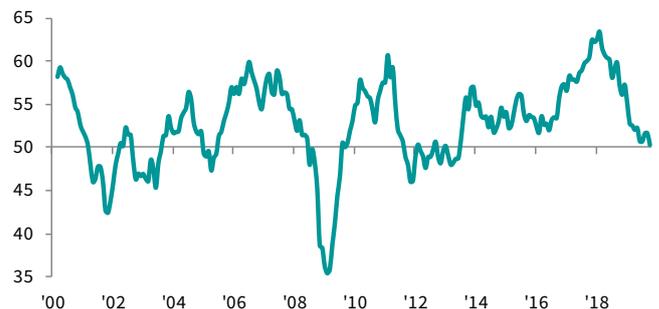
The Dutch manufacturing sector grew at the slowest rate for over six years in October, according to the latest PMI® survey data from NEVI and IHS Markit. Key to the subdued improvement in operating conditions was the first fall in output since April 2013, alongside easing growth of employment. Manufacturers' output expectations softened to the second-lowest since August 2013. Meanwhile, input costs fell for the first time in over three years, while charge inflation softened to a marginal rate.

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 PMI fell from 51.6 in September to 50.3 in October, signalling only fractional growth of the sector. Moreover, the headline index was the lowest since June 2013.

Consumer goods reported the best performance of the monitored sub-sectors with a solid improvement in conditions that outweighed deteriorations in both intermediate and investment goods.

Slower overall growth of the sector in October partly reflected trends in output and new orders. Production declined for the first time in six-and-a-half years, albeit fractionally, amid reports of weaker market conditions. Meanwhile, order book volumes rose only marginally, with the rate of increase easing to a three-month low. Domestic conditions contrasted with that in foreign markets, as new business from abroad increased following September's decline.

Manufacturing PMI  
sa, >50 = improvement since previous month



Amid falling production and weaker demand, sentiment moderated to the second-lowest since August 2013, although was still positive overall.

On the price front, input costs fell marginally for the first time in over three years, with respondents linking the reduction to lower demand influencing raw material costs. Moreover, the decline was the fastest since April 2016. On the other hand, average prices charged by firms continued to rise in October. That said, the rate of charge inflation was only fractional, and the slowest in over three years.

Employment continued to increase in October, stretching the current sequence of workforce growth that began in March 2015. The rate of job creation eased, however, to the slowest in seven months. Backlogs of work continued to decline, highlighting further spare capacity in the sector. However, the rate of depletion eased to the second-slowest in the current eight-month sequence of reduction.

Meanwhile, buying activity declined at the fastest rate in over six years. Subsequently, pre-production inventories fell marginally, following three months of consecutive growth.

Stocks of finished goods declined for the second successive month, with the fall gathering pace to the fastest since June 2015.

## COMMENT

Lewis Cooper, Economist at IHS Markit, which compiles the Netherlands Manufacturing PMI survey, commented:

*"The Dutch manufacturing sector began the final quarter of 2019 on a weaker footing. The headline PMI figure fell to the lowest seen since June 2013 in October, and signalled only a fractional improvement in operating conditions.*

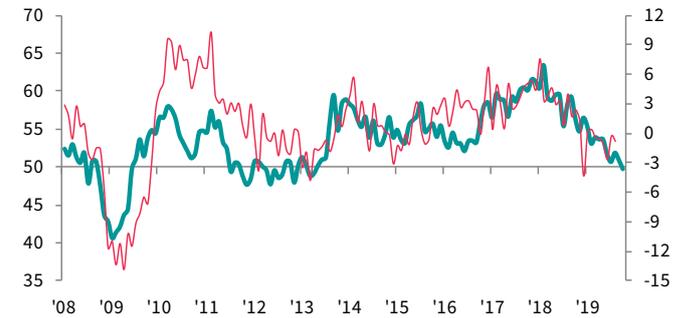
*"The first fall in output for over six years weighed on the sectors performance, whilst new orders increased only fractionally and pre-production inventories fell sharply. Manufacturers were less confident regarding their output expectations, with sentiment among the lowest in survey history.*

*"Still, there were some positive signs in October, with new export orders rising slightly and sustained workforce growth.*

*"Nonetheless, the latest official data (updated to August) indicated a year-on-year fall in production of 0.8%, with PMI data for September and October hinting that this trend may continue."*

## Output Index

sa, >50 = growth since previous month



Source: IHS Markit, Eurostat.

## Manufacturing production

%yr/yr

## CONTACT

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### 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.

October 2019 data were collected 11-23 October 2019.

### 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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

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### NEVI

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