

Embargoed until 0900 CET (0800 UTC) 1 March 2019

## NEVI NETHERLANDS MANUFACTURING PMI®

### New orders rise at slowest pace in three years in February

#### KEY FINDINGS

Demand slows further as exports stagnate

PMI dips to 32-month low of 52.7

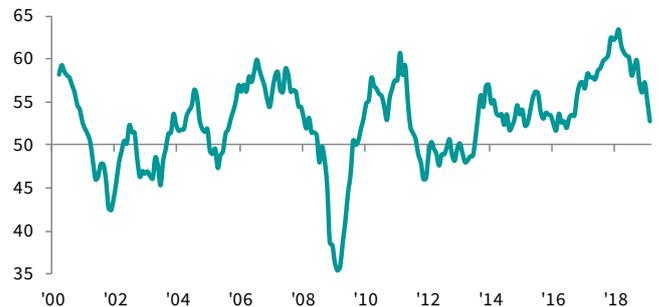
Weakest output expectations in over three years

Dutch manufacturing lost further growth momentum as exports stalled in February, according to the latest PMI® survey data from NEVI and IHS Markit. Stagnant exports weighed on total new order growth, which slipped to a three-year low. Output rose more sharply than new work and stocks of finished goods expanded for a survey-record fifth month running as a result. This, along with further stockpiling of inputs, was partly attributed to preparations for Brexit, according to survey respondents. The latest survey also revealed the slowest growth of employment for nearly two-and-a-half years, amid weaker output expectations.

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 to a 32-month low of 52.7 in February, from 55.1 in January, signalling a weaker improvement in business conditions. The latest headline figure equalled its long-run level (since March 2000) and contrasted markedly with the all-time high of 63.4 set in February 2018. By sub-sector, business conditions were notably weak in the intermediate goods category.

The volume of new export business in the Dutch manufacturing sector was unchanged in February compared with the opening month of 2019. This ended a 31-month sequence of uninterrupted expansion. Moreover, new export orders fell at makers of both intermediate and investment goods. Weak international demand weighed on growth of total new work during the month, with the slowest rise in the current three-year period of expansion.

Manufacturing PMI  
sa, >50 = improvement since previous month



Growth of production slowed for the fourth time in five months in February to the weakest since June 2016. Output continued to increase more sharply than new work, suggesting a lack of pressure on capacity. Subsequently, backlogs of work were unchanged in February. Meanwhile, stocks of finished goods expanded for the fifth month running, a survey-record sequence of growth.

With new orders rising only modestly during February, firms adjusted purchasing activity. Input volumes continued to rise, but at the slowest pace in 33 months. This alleviated some pressure on supplier's delivery times. Stocks of inputs at manufacturers continued to expand, however.

Rates of inflation of both input and output prices slowed sharply in February, to 29- and 18-month lows respectively.

Although Dutch manufacturers were on balance optimistic regarding future output in February, the strength of sentiment was the weakest since November 2015. Anecdotal evidence linked this to expectations of slower growth in the wider economy. Reflecting this, employment increased at the softest rate in nearly two-and-a-half years.

## COMMENT

Trevor Balchin, Director at IHS Markit, which compiles the Netherlands Manufacturing PMI survey, commented:

*“Dutch manufacturers reported the slowest improvement in overall business conditions in over two-and-a-half years in February. Notably, new export business stalled during the month, resulting in the weakest total new order growth in three years. This clearly poses downside risks to output in the coming months, particularly as stocks of finished goods continued to accumulate.*

*“Although the Dutch PMI remained above the eurozone aggregate – which slipped below 50.0 for the first time since mid-2013 according to the flash estimate – the differential between the two indices has narrowed recently from an all-time high back in September.*

*“Looking ahead, Dutch manufacturers are the least confident regarding output in over three years as the wider European economy is expected to slow in 2019.”*

## Manufacturing PMI

Netherlands / Eurozone\*

sa, &gt;50 = improvement since previous month



\*February 2019 flash estimate published 21 February 2019.

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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.

February 2019 data were collected 12-20 February 2019.

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

## 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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