News Release

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# Nevi Netherlands Manufacturing PMI®

## New orders and output expand at faster rates in April, while output price inflation hits new peak

### Key findings

Growth of output and new orders both pick up since March

Output price inflation hits new record

Output expectations remain subdued following March slump

Nevi Netherlands Manufacturing PMI

sa, >50 = improvement since previous month


Sources: Nevi, S&P Global.

Data were collected 11-21 April 2022.

The Dutch manufacturing sector regained some momentum in April, according to the latest PMI® survey data from Nevi and S&P Global. Output, new orders, exports and employment all rose more quickly. That said, confidence regarding the 12-month outlook remained subdued as the war in Ukraine continued and lockdowns in China impacted supply chains. Cost inflationary pressures escalated, leading to a record rise in manufacturing output prices.

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 rose to 59.9 in April, from 58.4 in March. The latest figure was broadly in line with the trend for the first quarter (59.7) and indicative of a strong overall improvement in manufacturing business conditions. That said, the PMI remained elevated partly due to the suppliers' delivery times component, reflecting the ongoing problems with global supply chains.

The upward movement in the PMI of 1.5 points was mainly driven by the new orders component, which accounted for 0.8 points of the rise. Output, employment and stocks of purchases all had contributions of 0.2-0.3 points while suppliers' delivery times was broadly neutral.

Growth of new orders rebounded in April following the weakest expansion in 17 months in March, with a notable boost in demand for consumer goods. Some firms reported advance purchasing by customers looking to build safety stocks. The overall rate of new order growth was above the long-run average but still below the trend shown in the current 21-month growth sequence. Exports followed a similar overall trend to total new orders.

Output increased at a faster rate in April, one that was broadly in line with the trend for 2022 so far but still below the average for 2021. Production remained constrained by supply shortages and delays, and backlogs of work rose further. The rate of growth in incomplete work was the strongest in five months. Inventories of finished goods rose for the third month running and at the fastest rate since July 2019, which companies linked to the need

### Comment

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

*"The NEVI Netherlands manufacturing PMI increased from 58.4 in March to 59.9 in April, pointing to slightly faster growth. Surprisingly, both output and new orders increased at a faster rate, in spite of the war in Ukraine and expanding lockdowns in China. Again, the increase in output prices accelerated. In April, 71% of firms reported raising their prices, setting a new record.*

*"Firms are operating in a difficult environment. The war in Ukraine has led to shortages of commodities such as steel, leading to fast increases of costs of materials. Even though new orders growth has somewhat recovered after last month's drop, optimism over the one-year outlook has not. Although input prices are high, purchasing managers have stepped up their buying activity, anticipating more supply chain disruption. The war in Ukraine and the increasing number of lockdowns in major manufacturing hubs in China have halted the slow recovery of supply chains.*

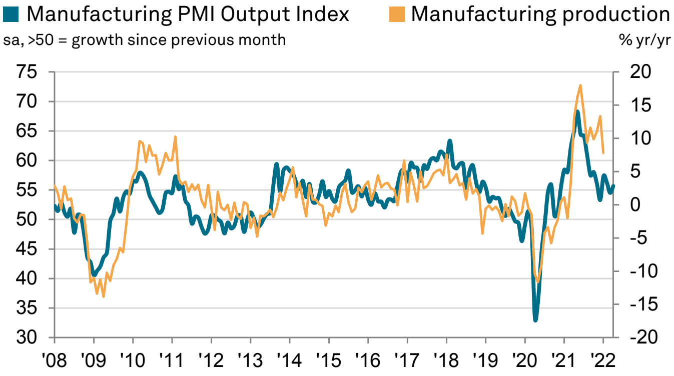
*"It seems that firms need to brace for worse supply chain disruption. The war leads to shortages of materials and record prices of gas and electricity, whereas fresh lockdowns in China will most likely lead to worse shortages of intermediate goods such as electronic parts. Even before the war started, input prices in the Dutch manufacturing sector had already risen by 17% in just one year, according to Statistics Netherlands. The Input Prices Index indicates that input prices are still soaring. Everything is already expensive and will probably get even more expensive, especially since Russia has halted gas supply to Poland and Bulgaria, roiling the European gas market. Indeed, under the circumstances, it's good to have inventory, at least as long as demand remains strong, and if you can afford it."*

for buffer stocks and the inability to ship orders to Russia.

Cost pressures continued to intensify in April, as input price inflation accelerated further to one of the strongest on record. Prior to March's rebound, the rate of inflation had eased six times in seven months. Manufacturers linked rising cost pressures to all raw materials – especially steel and foodstuffs – energy, transport and the war in Ukraine. As a result, they increased their own prices at a new record pace, surpassing March's peak as 71% of respondents reported hiking their prices.

Suppliers' delivery times lengthened again in April, to an extent broadly similar to the trend shown over 2022 so far. Lockdowns in China and the Russia-Ukraine war were reported as having impacted supply chains. Though severe overall, supplier delays remained less acute than in 2021. Manufacturers raised their input stocks at one of the fastest rates on record, reflecting contingency planning for future shortages and price increases.

Manufacturers expanded their workforces at a marked overall rate in April, to meet rising workloads and address backlogs. That said, the 12-month outlook for production was little-changed from March, when sentiment had slumped to a 17-month low mainly due to the Russian invasion of Ukraine.



Sources: Nevi, S&P Global, Eurostat.

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**Survey methodology**

The Nevi Netherlands Manufacturing PMI® is compiled by S&P Global 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. Data collection began in March 2000.

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.

**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.

**About Nevi**

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