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## NEVI Netherlands Manufacturing PMI®

### Manufacturing growth remains rapid in June, as demand continues to strengthen

#### Key findings

Output growth remains rapid as order books expand at record pace

Prices indices hit fresh peaks as delivery times worsen again

Firms step up hiring efforts amid strongest capacity pressures on record

Data were collected 11-22 June 2021.

The Dutch manufacturing sector saw further rapid growth during June, according to the latest PMI® survey from NEVI and IHS Markit. A record upturn in new orders led to another sharp expansion of manufacturing output, as the easing of lockdown restrictions spurred on demand both domestically and abroad. Firms once again upped their hiring efforts as capacity pressures intensified, with ongoing shortages and the most widespread supplier delays in the survey's history contributing not only to strained capacity at manufacturers, but record rates of both cost and charge inflation.

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 posted 68.8 in June. This was down slightly from May's survey high of 69.4, but still signalled the second-quickest improvement in the performance of the sector on record.

Central to growth in June was a further surge in new orders at Dutch firms, with the respective seasonally adjusted index reaching a fresh series peak. Anecdotal evidence attributed the latest upturn in sales to the easing of COVID-19 restrictions. Foreign demand also rose further during June. The rate of export order growth slowed on the month, but was nonetheless among the most marked on record. As a result, output rose further, with the rate of expansion the third-quickest in the series history and marked, despite easing on the month.

Meanwhile, firms recorded another sharp upturn in purchasing activity during June, with the rate of increase easing only slightly from May's peak. According to panellists, ongoing supply constraints and shortages had meant firms were attempting to buffer their inventories. Indeed, average lead times for inputs lengthened to the greatest extent on record, with panellists blaming delays on shortages, stockpiling and logistical issues.

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



Source: IHS Markit.

#### Comment

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

*"In spite of the longest suppliers' delivery times on record, the Dutch manufacturing sector continues to increase output. The NEVI Netherlands manufacturing PMI decreased slightly from its record high in May, but still points to fast growth. Demand is strong, as evidenced by the new orders index, which reached a fresh record. Suppliers' delivery times and both input and output prices also increased at record speed.*

*"Supply chains continue to be severely disrupted. Apart from chips, many firms have to deal with shortages of even basic materials such as lumber and plastics. Supply chains were disrupted further in June due to delays in container shipping. A new outbreak of Covid-19 near the city of Shenzhen, a manufacturing powerhouse in southern China, prompted a new local lockdown which disrupted terminal operations in Yantian, the second-largest port of China. Firms tried to ship their cargo through other ports in the region, which led to widespread congestion of shipping. A large amount of cargo has been delayed by weeks and it might take months to get the vessels back on schedule. It seems that supply chains might be disrupted more often by quarantine measures until staff in the transportation sector has been fully vaccinated in all major economies.*

*"Backlogs of work increase at record speed in June. Apart from material shortages, other capacity constraints might also play a role. Although some subsectors are not utilizing their full capacity, such as car manufacturing, the output of the Dutch manufacturing sector as a whole seems to have recovered to pre-pandemic levels. If subsectors can indeed utilize their full capacity, firms might raise output prices even further and invest in additional fixed assets."*

Subsequently, pre-production inventories rose markedly amid widespread reports of stockpiling. Holdings of finished goods fell further, however, as firms fulfilled orders from inventories where possible.

Supply issues also continued to add to growing inflationary pressures in June. Input costs rose at a survey record pace, with price hikes at suppliers, shortages and higher transport fees all cited by panellists as drivers of inflation. In response, firms increased their factory gate charges for the eleventh month in a row, with the rate of inflation the steepest on record.

June data also pointed to stronger capacity pressures at Dutch manufacturers. Backlogs of work rose for the seventh month running, with the rate of accumulation the fastest in the series history.

In efforts to stave off the squeeze on capacity, goods producers ramped up their hiring efforts in June. The rate of job creation was the fastest since March 2018.

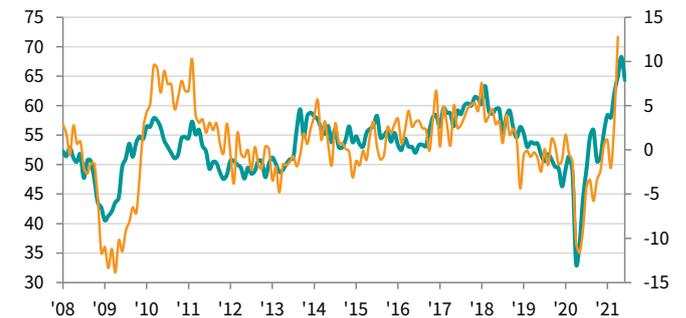
Looking ahead, firms remained highly optimistic regarding output over the coming 12 months in June. Confidence was attributed to surging demand and hopes of sustained growth. Sentiment moderated slightly on the month, but was historically elevated nonetheless.

Netherlands Manufacturing PMI Output Index

sa, &gt;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 11-22 June 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).