

Embargoed until 0900 CET (0800 UTC) 2 January 2019

## NEVI NETHERLANDS MANUFACTURING PMI®

### Dutch manufacturing conditions strengthen in December

#### KEY FINDINGS

PMI rises to three-month high of 57.2

Input price inflation eases to 16-month low

Firms confident of growth during 2019

The final PMI® survey data from NEVI and IHS Markit for 2018 pointed to a stronger performance of the Dutch manufacturing sector. The headline PMI improved to a three-month high as growth rates for output, new orders and employment all picked up from November. Input price inflation slowed further to the weakest since August 2017, but remained strong overall. Firms were confident regarding the 12-month outlook for production, though less optimistic than earlier in the year.

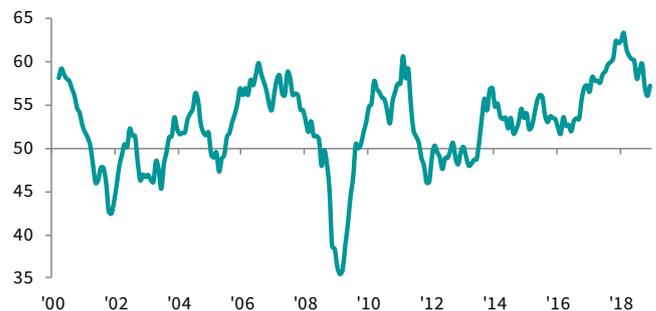
The NEVI Netherlands Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose from 56.1 in November to 57.2 in December, signalling the strongest overall improvement in manufacturing business conditions since September. The average for the final quarter of 2018 as a whole (56.8) was the lowest since Q4 2016, but remained well above the long-run trend level of 52.7. The PMI averaged 59.7 in 2018, a new record for a calendar year in the survey's 19-year history (beating 2017's 59.2).

By sector, consumer goods experienced the strongest upturn in December, following a comparatively weak November.

The rise in the headline PMI was mainly reflective of faster increases in output, new orders and employment, which all grew at the strongest rates since September. Stocks of

Manufacturing PMI  
sa, >50 = improvement since previous month



purchases also contributed positively to the headline figure, with the sharpest expansion in seven months.

The sharper increase in new business during the month contributed to an accumulation of backlogs for the first time since September. Firms also blamed higher levels of incomplete work on shortages of raw materials. Suppliers' delivery times continued to lengthen markedly, although the overall degree to which lead times increased was the weakest since April 2017.

Cost pressures in the Dutch manufacturing sector remained strong in December, linked to raw materials in general. The rate of input price inflation slowed to a 16-month low but remained well above the long-run survey average (since March 2000). Manufacturing output price inflation also remained strong despite easing to a 14-month low. Consumer goods manufacturers raised their charges the most during the month.

Respondents remained confident regarding output growth over the course of 2019. Companies linked optimism to expected new customers, projects and products. That said, sentiment eased further from the record levels seen earlier in 2018.

## COMMENT

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

*“Dutch manufacturing ended a stellar 2018 on a high as output, new orders and employment all increased in December at the fastest rates since September.*

*“The PMI average for the fourth quarter (56.8) was the lowest since Q4 2016 but the overall trend for 2018 set a new survey record of 59.7, beating the previous peak of 59.2 achieved in 2017.*

*“Dutch manufacturers continued to leave their eurozone peers behind in December. The differential with the euro PMI – based on flash data – widened to 5.8 points during the month, the second-largest on record (below September’s 6.6-point high). The Dutch PMI has trended 4.7 points above the eurozone PMI over 2018 as a whole, also the highest on record.”*

## CONTACT

### IHS Markit

Trevor Balchin  
Director  
T: +44-1491-461-065  
[trevor.balchin@ihsmarkit.com](mailto:trevor.balchin@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### 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.

December 2018 data were collected 5-13 December 2018.

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).

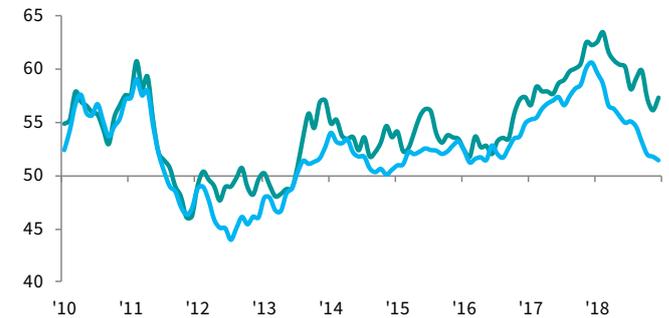
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### Manufacturing PMI

Netherlands / Eurozone\*

sa, >50 = improvement since previous month



\*December 2018 flash estimate published 14 December 2018.