

Embargoed until 0900 CET (0800 UTC) 2 December 2019

NEVI NETHERLANDS MANUFACTURING PMI®

Operating conditions deteriorate for first time in over six years in November

KEY FINDINGS

PMI falls to lowest since June 2013 amid declining output

Quickest reduction in new orders for over six-and-a-half years

Input prices and output charges decline

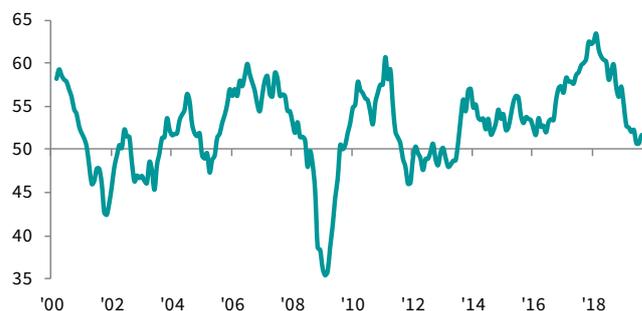
The Dutch manufacturing sector slipped into contractionary territory in November, according to the latest PMI® survey data from NEVI and IHS Markit. Key to the deterioration in operating conditions was a renewed fall in order book volumes, which declined at the fastest pace since April 2013, alongside a reduction in output and softer employment growth. Meanwhile, both input costs and output charges fell at the fastest rates for over three years.

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 50.3 in October to 49.6 in November, to signal the first deterioration in the health of the Dutch manufacturing sector since June 2013. That said, the pace of deterioration was only fractional overall.

Sub-sector data indicated that the decline was driven by weaker performances of both the intermediate and investment goods sectors, which both saw operating conditions deteriorate. In contrast, consumer goods registered a solid improvement in operating conditions to defy the overall trend.

Key to the worsening of the health of the manufacturing sector was the fastest fall in order book volumes since April 2013. Panellists associated the reduction with unfavourable demand conditions and continued uncertainty. Foreign demand for Dutch goods also declined in November. The reduction in new business from abroad was the quickest

Manufacturing PMI
sa, >50 = improvement since previous month



since July, albeit only mild.

Meanwhile, output fell for a second consecutive month in November, with the rate of decline accelerating slightly from October.

Concurrently, input costs declined for a second consecutive month in November, with anecdotal evidence linking the reduction to lower raw material costs. Latest survey data also highlighted the first reduction in average prices charged by Dutch manufacturing firms since September 2016. Panellists associated the decline with increased competitive pressures.

Manufacturers continued to increase workforce numbers in November, albeit at the softest pace since early-2015. Backlogs of work meanwhile declined for the ninth successive month. That said, the rate of backlog depletion was only marginal.

Pre-production inventories declined again amid a marginal reduction in buying activity. Stocks of finished items also fell, although at a softer rate than seen in October.

Nonetheless, Dutch goods producers remained optimistic that output will expand over the coming 12 months, with sentiment strengthening from October. Expectations remain subdued in the context of historical data, however.

COMMENT

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

"The Dutch manufacturing sector slipped into contractionary territory in November, with the headline PMI figure falling below the 50.0 no-change mark to signal a deterioration in operating conditions for the first time in over six years.

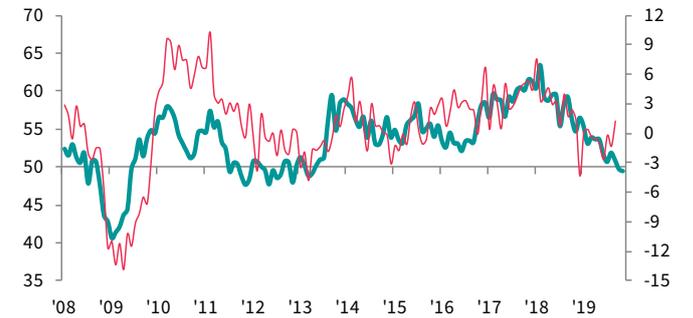
"A key finding from the latest survey was a reduction in order book volumes, which declined at the fastest pace for over six-and-a-half years. Output fell for the second month in a row, albeit only fractionally, while weak demand conditions also weighed on buying activity.

"Notably, input costs fell for the second successive month and at the fastest pace for over three years. Concurrently, average prices charged by Dutch manufacturers also declined. The fall was the first since September 2016, albeit only slight.

"Nonetheless, manufacturing firms across the Netherlands continued to increase workforce numbers, although growth eased to the slowest for over four-and-a-half years. Meanwhile, firms' expectations regarding output over the coming 12 months remained upbeat, but sentiment was subdued in the context of historical data."

Output Index

sa, >50 = growth since previous month



Source: IHS Markit, Eurostat.

Manufacturing production

%yr/yr

CONTACT

IHS Markit

Lewis Cooper
Economist
T: +44-1491-461-019
lewis.cooper@ihsmarkit.com

Katherine Smith
Corporate Communications
T: +1-781-301-9311
katherine.smith@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.

November 2019 data were collected 12-21 November 2019. 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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

NEVI

With over 8000 purchasing professionals, NEVI® is the 3rd largest purchasing association in the world and has been the knowledge network for purchasing and supply management since 1956. NEVI makes purchasing knowhow accessible for everyone involved in the purchasing process by organising (inter) national conventions, networking events, certificated professional educational programmes and national and international customized (in-house) training. NEVI is the first purchasing association to have received the Global Standard for its educational programmes in purchasing. It has a research foundation and supports university professors, lecturers and doctoral students. The NEVI code of conduct is groundbreaking in its field. For more information about NEVI activities and membership, please visit our website: www.nevi.nl.