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NEVI NETHERLANDS MANUFACTURING PMI®

Manufacturing conditions improve at stronger pace in August

KEY FINDINGS

PMI rises for first time since February

Stronger increases in output and new orders

Weakest future output sentiment in nearly two years

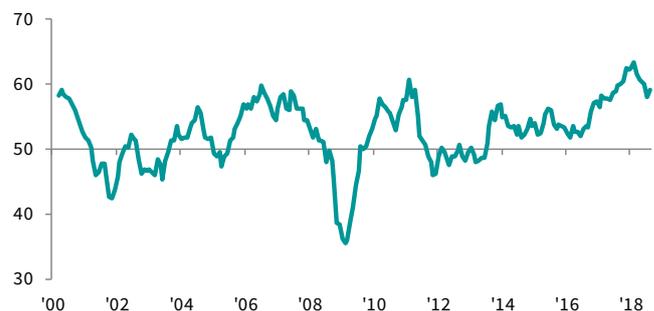
Dutch manufacturing growth quickened in August having previously slowed throughout much of 2018 so far, according to the latest PMI® survey data from NEVI and IHS Markit. The headline PMI rose from July's 14-month low, reflecting faster growth of both output and new work. The latest survey results also revealed sharper increases in new export orders and purchasing, and another historically strong rate of job creation in the sector. That said, the longer-term outlook for production was the weakest in nearly two years.

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 July's 14-month low of 58.0 to 59.1 in August, signalling a stronger overall improvement in manufacturing business conditions. It was the first month-on-month increase in the headline figure since it hit a record high of 63.4 in February. The current sequence of improving business conditions stretches back to July 2013. By sector, investment goods remained the strongest-performing category.

The rise in the headline PMI was reflective of sharper increases in both output and new orders in August. New work increased for the thirtieth month running, and at a pace well above the long-run survey average. Output rose for the sixty-fourth consecutive month – a survey record sequence.

Manufacturing PMI
sa, >50 = improvement since previous month



Continuing a trend stretching back to March 2015, Dutch manufacturing employment rose in August. The rate of growth slowed for the sixth successive month to the weakest for a year, but nevertheless remained strong in the context of the survey history.

Supply chain pressures remained evident in August. Suppliers' delivery times lengthened markedly during the month, albeit to the least extent for nearly a year. The volume of inputs ordered by manufacturers rose at the strongest rate in six months.

Cost pressures remained strong in August. The rate of input price inflation eased to a three-month low, but remained well above the historic trend since the survey began in March 2000. Firms linked higher prices to shortages generally, and also to drought conditions in the case of agricultural products. Output prices charged by manufacturers continued to rise sharply as a result.

Output expectations among Dutch manufacturers remained strongly positive in August. Firms mainly linked positive forecasts to ongoing growth in the European and global economies, and also to new products. That said, the strength of sentiment was the lowest since September 2016.

COMMENT

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

“The Dutch manufacturing PMI improved to 59.1 in August, having previously signalled slowing growth since hitting an all-time high of 63.4 in February. Although at the second-lowest level for a year, the headline figure remains elevated and well above the eurozone aggregate (according to the flash estimate released on 23 August).

“Output, new orders and exports all increased at faster rates in August, while purchases of new inputs rose at the strongest pace in six months. The rate of job creation was the weakest for a year, but still marked overall.

"The latest survey showed some easing of pressure on supply chains, with the incidence of longer input delivery times the lowest in 11 months (but still substantial overall). Less positively, the outlook for output was the weakest in nearly two years."

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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.

August 2018 data were collected 13-22 August 2018.

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).

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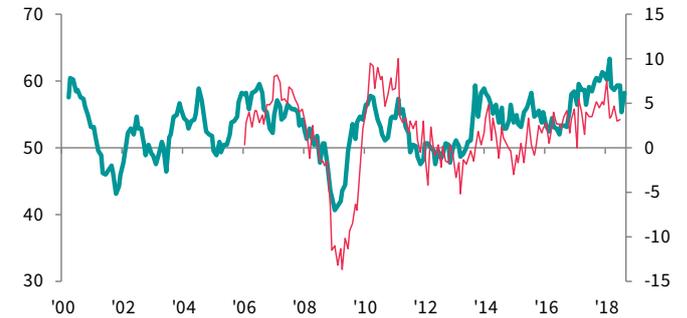
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Output Index

sa, >50 = growth since previous month

Manufacturing production

%yr/yr



Source: IHS Markit, Eurostat.

About IHS Markit

IHS Markit (Nasdaq: 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.

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NEVI

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