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NEVI NETHERLANDS MANUFACTURING PMI®

New order growth slows to near-stagnation in March

KEY FINDINGS

Weakest rise in new work in over three years

Softest output expectations since end of 2015

Input price inflation at two-and-a-half year low

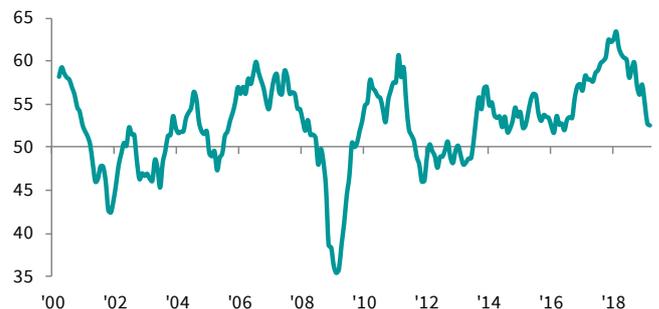
Dutch manufacturing conditions improved in March at the slowest pace since June 2016, according to the latest PMI® survey data from NEVI and IHS Markit. Although new export orders rebounded following February's stagnation, total new work increased at the slowest rate in over three years. Output increased at a slightly faster pace, but companies' 12-month expectations for production were the lowest since November 2015. Subsequently the rate of job creation in the manufacturing sector lost further momentum.

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 to a 33-month low of 52.5 in March, from 52.7 in February, signalling a weaker improvement in business conditions. The latest headline figure was just below its long-run level of 52.7 (since March 2000) and contrasted markedly with the all-time high of 63.4 set in February 2018. By sub-sector, business conditions remained weakest in the intermediate goods category.

The volume of incoming new business received by Dutch manufacturers almost stalled in March, posting the slowest increase in the current 37-month expansionary sequence. Moreover, new business in the intermediate goods sector declined at a faster pace during the month. The slowdown in total new order growth occurred despite a rebound in new export business following February's stagnation.

Manufacturing production increased at a slightly faster

Manufacturing PMI
sa, >50 = improvement since previous month



rate than in February, but growth was still slower than in any other period since September 2016. This was despite a strong increase in consumer goods output during March. Producers' 12-month expectations for output were the weakest since November 2015, reflecting forecasts of slower domestic and global economic growth.

Stocks of finished goods were broadly stable in March, following a survey-record five-month period of continuous expansion. Meanwhile, backlogs of work declined for the fourth time in six months as pressure on capacity eased.

More positively, manufacturers continued to increase employment in March, extending the current series-record sequence of growth to over four years. That said, the rate of job creation was the slowest since June 2016.

Growth of purchasing activity was maintained in March, partly due to ongoing preparations for Brexit as firms built up safety stocks. Pre-production inventories increased for the thirty-first consecutive month. Suppliers' delivery times lengthened further, but supply chains remained under less pressure than in 2017 and 2018. Reflecting this, input price inflation eased to a two-and-a-half year low in March, prompting firms to raise their own charges at the weakest rate since November 2016.

COMMENT

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

"The PMI for the Dutch manufacturing sector edged lower in March on the back of a near-stagnation in new orders and a weaker rate of job creation. Over the first quarter of 2019 as a whole, the sector has witnessed the slowest improvement in business conditions since Q3 2016.

"The small margin of the drop in March, at just 0.2 points, reflected stronger contributions from output, stocks of purchases and suppliers' delivery times. These partly reflect short-term preparations for Brexit, however, while the 12-month outlook for production is the weakest since November 2015.

"More positively, the Netherlands continues to outperform the eurozone as a whole, which saw the strongest manufacturing contraction in nearly six years in March"*

Manufacturing PMI

Netherlands / Eurozone*

sa, >50 = improvement since previous month



*March 2019 flash estimate published 22 March 2019.

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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.

March 2019 data were collected 12-21 March 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).

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NEVI

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