

Embargoed until 0900 CET (0800 UTC) 2 January 2020

## NEVI NETHERLANDS MANUFACTURING PMI®

### Dutch manufacturing conditions deteriorate at fastest pace for over six-and-a-half years

#### KEY FINDINGS

PMI at lowest level since April 2013

Output falls at fastest rate for more than a decade, amid sharp drop in sales

First slide in workforce numbers since February 2015

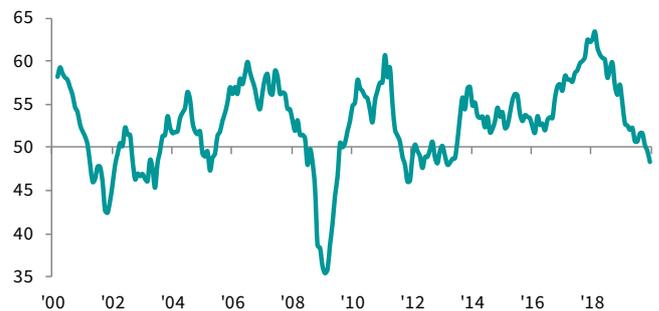
The Dutch manufacturing sector fell further into contractionary territory in December, according to the latest PMI® survey data from NEVI and IHS Markit. Central to the weaker performance was the fastest reduction in output since May 2009 and a sharp fall in order book volumes. Meanwhile, Firms cut jobs for the first time since February 2015, while paring back on purchasing activity. Inflationary pressures remained historically subdued.

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 49.6 in November to 48.3 in December, to signal the sharpest deterioration in the health of the Dutch manufacturing sector since April 2013. Moreover, the headline figure is among the lowest seen since late-2009.

Sub-sector data highlighted further divergence, with the intermediate and investment goods segments driving the overall decline. In contrast, consumer goods producers reported a further improvement in operating conditions, bucking the overall trend for the second month running.

The fall in the headline PMI figure was partly reflective of the trends seen for both output and new orders in December. Production declined for the third month running and at the sharpest rate for over a decade. Order book volumes fell sharply and at the fastest pace for over seven years, with anecdotal evidence linking the reduction to increased competition and weak client demand. Meanwhile, new

Manufacturing PMI  
sa, >50 = improvement since previous month



orders from abroad declined further amid reports of sluggish demand in key markets. The rate of decline was the quickest for over eight years and solid overall.

In line with lower production requirements, Dutch manufacturers cut their workforce numbers in December, thereby ending a 57-month sequence of employment growth. The rate of job shedding was only slight, however. Meanwhile, backlogs of work continued to decline during December, thereby stretching the current sequence of reduction to ten months. The rate of backlog depletion was the fastest since August.

On the prices front, cost burdens rose in December following two months of consecutive falls. Panellists associated the increase, albeit only mild, with greater raw material costs and supplier shortages. Average prices charged by Dutch manufacturers also increased, however the rate of charge inflation was only fractional.

Concurrently, buying activity fell for the third consecutive month in December. The rate of decline was the fastest since May 2013 and solid overall.

Finally, Dutch goods producers remained optimistic output will increase over the next year. The level of positive sentiment rose to a three-month high, but remained historically subdued overall.

## COMMENT

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

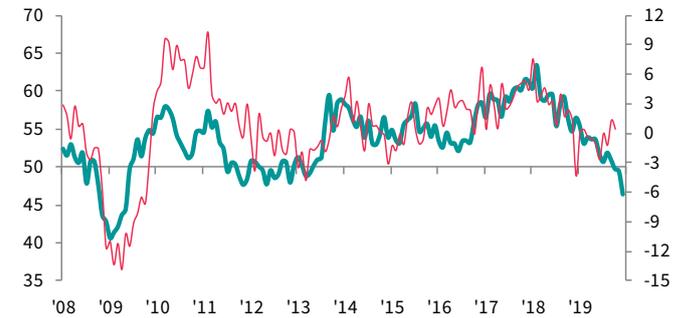
*"December data highlighted a disappointing end to the year for the Dutch manufacturing sector, with operating conditions deteriorating further and the headline figure slipping to the lowest level since April 2013.*

*"Key to the downturn was the quickest decline in output for over a decade, alongside a sharp fall in order book volumes. Incoming new business fell at the fastest rate for over seven years, whilst production declined at the quickest rate since May 2009. Consequently, manufacturers cut their workforce numbers for the first time in nearly five years.*

*"Meanwhile, inflationary pressures remain historically subdued. Input prices rose only mildly following two months of reduction, whilst the rate of charge inflation was only fractional."*

## 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](mailto:lewis.cooper@ihsmarkit.com)

Katherine Smith  
Corporate Communications  
T: +1-781-301-9311  
[katherine.smith@ihsmarkit.com](mailto: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.

December 2019 data were collected 05-13 December 2019.

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).

### 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 © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@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](http://www.nevi.nl).