

Embargoed until 0900 CEST (0700 UTC) 1 October 2020

NEVI Netherlands Manufacturing PMI®

Manufacturing conditions improve at quickest pace since February

Key findings

Headline PMI climbs to seven-month high

Growth in factory production fastest for nearly two years

Job cuts continue amid weak capacity pressures

Data were collected 11-22 September 2020.

Manufacturing conditions in the Netherlands improved at the quickest rate for seven months in September, according to the latest PMI® survey from NEVI and IHS Markit. Growth of both output and new orders was sustained, with the rate of expansion in factory production the sharpest since December 2018. However, as capacity pressures remained weak, firms made further cuts to their staff numbers.

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 headline PMI climbed from 52.3 in August to 52.5 in September, and signalled the quickest improvement in manufacturing conditions since February.

A back-to-back monthly rise in factory production was central to the overall improvement in conditions in September. The latest increase in output was the sharpest recorded for nearly two years, amid frequent reports of improved demand conditions as markets continued to recover from the impact of the coronavirus disease 2019 (COVID-19) pandemic.

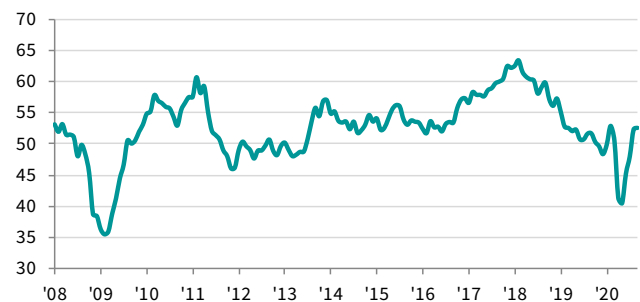
September data also highlighted another increase in total new orders. Anecdotal evidence associated the latest uptick with improved client demand, with some respondents also noting that projects had now been restarted following the easing of COVID-19 restrictions. The rate of increase softened from August's recent high, however.

New orders from abroad also rose during the latest survey period. Improved foreign client demand, and an increase in advanced orders amid expectations of a global economic recovery, were linked by panellists to the latest rise in export sales. The rate of growth remained solid overall, despite easing from August.

Although new orders expanded again, capacity pressures remained weak in September as backlogs of work fell again. The rate of decline

continued...

Netherlands Manufacturing PMI
sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Albert Jan Swart, Manufacturing Sector Economist at ABN AMRO, commented:

"The NEVI Netherlands manufacturing PMI points to a continued recovery of manufacturing conditions in September. The PMI score increased slightly from 52.3 to 52.5. The uptick was mostly driven by a rebound of output, with firms also reporting higher input and output prices. Dutch firms are clearly benefitting from ongoing growth of new export orders.

"However, it is clear that the coronavirus pandemic is still haunting the manufacturing sector. Although new orders are still improving after the disastrous fall in March and April, backlogs of work are still depleted sharply. Many businesses continue to cut jobs in order to save costs. Apart from financial struggles, some firms are also confronted with operational problems, for example ongoing travel disruptions, limiting availability of technical staff.

"The Netherlands is currently facing a much-feared 'second wave' of coronavirus infections. We expect that the consequences for the Dutch manufacturing sector will be minor compared to those of the first wave. During the first wave of the pandemic, automotive assembly plants in Germany and other European countries closed down because of a lack of key parts from Chinese suppliers, causing an unprecedented fall of export orders for Dutch firms. Now that China seems to have the epidemic situation under control and European firms have the right procedures in place to prevent infection among workers, we expect that factories will be able to continue to operate during the second wave, although the pandemic still poses serious risks to demand and availability of workers."

was the softest in the current six-month sequence, but still sharp overall. Subsequently, job cuts persisted for the seventh consecutive month, and at a faster pace than in August, amid reports of the non-replacement of voluntary leavers. That said, the rate of job shedding remained noticeably weaker than at the height of the pandemic in the second quarter.

Meanwhile, Dutch manufacturing firms increased their purchasing activity again in September, albeit at a softer rate. Greater production requirements meant that stocks of purchases fell again, whilst holdings of finished items declined marginally amid reports of the timely delivery of orders to clients.

On the price front, cost burdens rose in September. Panellists linked the increase, which was solid, to greater raw material costs and higher prices at suppliers due to shortages. Greater cost burdens were only partially passed on to clients, as average selling prices rose modestly at the end of the third quarter.

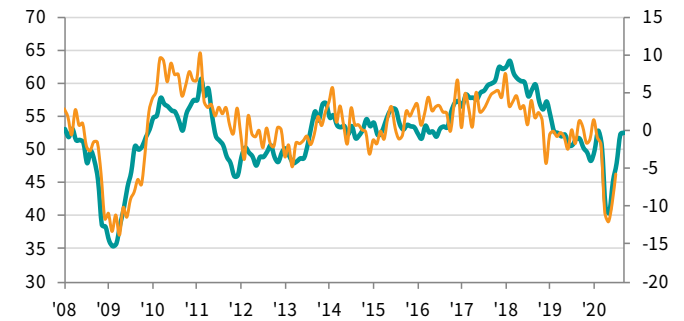
Finally, the 12-month outlook for output remained positive in September. Improved sales and hopes of a swift economic recovery were frequently cited as reasons to be confident. That said, the level of positive sentiment moderated slightly from August, with some firms concerned about the ongoing impact of the pandemic.

Output Index

sa, >50 = growth since previous month

Manufacturing production

% yr/yr



Sources: IHS Markit, Eurostat.

Contact

ABN AMRO

Albert Jan Swart
Manufacturing Sector Economist
T: +31 6 41449681
Albert.Jan.Swart@nl.abnamro.com

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

Survey 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.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Survey dates and history

Data were collected 11-22 September 2020.

Survey data were first collected March 2000.

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.

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 ground-breaking in its field. For more information about NEVI activities and membership, please visit our website: www.nevi.nl.

ABN AMRO

ABN AMRO serves clients in the retail, private banking and corporate banking sectors. Our primary focus is on Northwest Europe. We offer clients in the Netherlands an extensive and comprehensive range of products and services across a variety of channels, including our Mobile Banking app and Internet Banking. Our ambition is to accelerate the transition to an inclusive, circular and sustainable society. Whether by advancing the transition to a circular or sustainable economy, or by helping newcomers on the housing market to borrow the funds they need: we are helping to build a better future. Banking for better, for generations to come: that is our purpose. For more information about ABN AMRO, please visit our website: <https://www.abnamro.nl/en/commercialbanking/>

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 contact katherine.smith@ihsmarkit.com. To read our privacy policy, click [here](#).

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. ihsmarkit.com/products/pmi.html.