

Embargoed until 0900 CEST (0700 UTC) 1 June 2021

NEVI Netherlands Manufacturing PMI®

Dutch manufacturing sector sees record growth in May

Key findings

Output, New Orders and Export indices all hit record highs

Supply disruption intensifies with delays most widespread in series history

Inflationary pressures strongest on record amid ongoing shortages

Data were collected 11-20 May 2021.

The Dutch manufacturing sector recorded another stellar performance during May, according to the latest PMI® survey from NEVI and IHS Markit, as output, new orders and exports all expanded at the steepest rates on record amid reports of surging sales in both domestic and foreign markets. Supply chain disruption continued to hinder manufacturers, however, with delays the most severe in the series history, linked by panellists to shortages, transport issues and capacity constraints. This again impacted prices, with both input costs and average charges rising at unprecedented rates.

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 gained more than two points on the month, rising from 67.2 in April to a fresh series record of 69.4 in May, and signalled a steep improvement in the health of the sector.

Output and new orders gave the strongest boosts to the headline figure. Factory production growth hit a fresh series record, while for new work, the rate of expansion surpassed the previous high set in March 2020. According to panellists, output had risen steeply due to surging sales, linked in turn to greater client confidence. Firmer customer demand was also recorded in foreign markets in May, as export order volumes rose at the most marked rate since data collection began in 2000.

In response to greater output requirements, Dutch goods producers upped their buying activity again in May. Subsequently, stocks of purchases rose at the fastest pace in the survey's history. Anecdotal evidence cited attempts to firm up inventories due to shortages and delivery delays.

Indeed, May data pointed to more severe supply chain disruption amid reports of material shortages, capacity pressures at suppliers and logistical issues. Delays worsened slightly since April and were the

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



Source: IHS Markit.

Comment

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

"For the third month in a row, the NEVI Netherlands manufacturing PMI set a fresh record. In May, the headline PMI improved further from 67.2 to 69.4. Almost all underlying indicators show that the Dutch manufacturing sector is growing at record speed: New orders, output, suppliers' delivery times and stocks of purchases all show record growth. Industrial output keeps growing in spite of record suppliers' delivery times and shortages of a wide range of materials. Moreover, some material shortages might impact entire supply chains. For example, the chip shortages force car factories to shut down temporarily, constraining car production for months, hence also impacting orders for other inputs.

"Cost inflation, too, was the steepest on record. Both input prices and output prices increased at record speed. Commodity prices, transport fees and costs of intermediate goods are all soaring. In order to meet customer demand, some buyers are probably happy to be able to lay hands on the right materials at all, whatever it takes. This might put pressure on operating margins, especially if the capacity cannot be utilized fully due to shortages.

"Although chip shortages will probably ease somewhat after the summer, we believe some firms might have to deal with shortages for the rest of the year, particularly car manufacturing. Still, we think the manufacturing sector will show solid growth overall. Many firms are hiring additional staff, another sign of optimism about the future output."

continued...

most widespread in the series history.

A lack of raw materials was also attributed by panellists to a sharp increase in backlogs during May, which rose at the quickest rate on record.

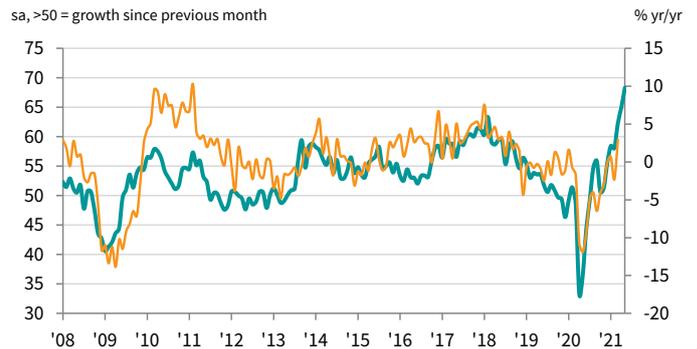
Supplier delays once again pushed up prices midway through the second quarter, as inflationary pressures strengthened. Higher transport fees and greater raw material prices were frequently cited as key drivers of cost inflation, which was the steepest on record. Firms raised their output charges to the greatest extent in the series history as a result.

Meanwhile, Dutch goods producers continued to take on additional staff in May, extending the current sequence of rising employment to seven months. The latest upturn was attributed by respondents to greater output requirements and capacity pressures, with the rate of job creation the most marked for over three years.

Looking ahead, business confidence remained robust. Although moderating slightly on the month, the level of positive sentiment in May was among the strongest on record. Anecdotal evidence linked optimism to improved client demand, greater output requirements, easing COVID-19 restrictions and expectations of a sharp economic rebound.

Netherlands Manufacturing PMI Output Index

Manufacturing production



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

Joanna Vickers
Corporate Communications
T: +44 207 260 2234
joanna.vickers@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 11-20 May 2021.

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 © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please contact joanna.vickers@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.