News Release

Embargoed until 0900 CEST (0700 UTC) 1 July 2019

NEVI NETHERLANDS MANUFACTURING PMI®

Manufacturing new orders fall for first time in six years in June

KEY FINDINGS

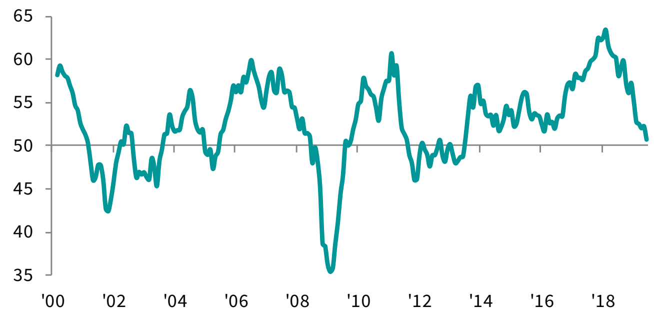
Demand weakens in Dutch goods-producing sector

PMI falls to six-year low of 50.7

Output growth slows but expectations brighten

Manufacturing PMI

sa, >50 = improvement since previous month



The Dutch manufacturing sector posted its weakest performance in six years in June, according to the latest PMI® survey data from NEVI and IHS Markit. Central to the subdued nature of overall business conditions was the first decline in new orders in six years, leading to slower growth of output and employment. Manufacturers cleared backlogs at a sharp rate and cut purchases of new inputs for the first time in over three years. More positively, output expectations over the next 12 months brightened, and input price inflation eased to a 33-month low.

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 remained above 50.0 in June, taking the current sequence of readings signalling expansion to six years. That said, it fell to 50.7, the lowest mark over this period, from 52.2 in May.

As has been the case throughout 2019 so far, consumer goods was the strongest-performing category in June. In fact, overall business conditions worsened slightly in both the intermediate and investment goods sub-sectors.

The overall loss of momentum in the Dutch manufacturing sector in June primarily reflected lower intakes of new orders, the first decline in six years. This was despite a stronger increase in the consumer goods sector. New export orders were broadly unchanged, reflecting weak demand in Germany, the US and UK according to panel members.

June data signalled that growth of output was sustained mainly through backlog clearance. Output rose at the slowest rate since July 2013, and the level of outstanding business was depleted by the most since February 2015. Moreover, weak demand resulted in a build-up of unsold stock for the eighth time in nine months.

Lower new orders led manufacturers to cut their purchasing of inputs in June for the first time since February 2016. Moreover, the rate of decline was the sharpest in six years. Stocks of inputs held by manufacturers fell for the second month running, the first back-to-back contraction since early-2016.

Cost pressures moderated further in June. Input price inflation was the slowest since September 2016, and purchase prices fell at makers of intermediate goods. Some firms reported lower prices for basic materials including metals and wood products. Meanwhile, manufacturing output prices continued to rise solidly.

Output expectations at Dutch manufacturers brightened in June, rising to the strongest in five months. Some firms linked positive forecasts to new products, bigger budgets and a revival in exports.

COMMENT

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

“A decline in new orders in June pushed the Dutch Manufacturing PMI closer to contraction territory. Also weighing on the headline figure were slower increases in output and employment.

"Other survey indicators suggest that the PMI may dip below 50.0 soon as the current record run of output growth is threatened. Higher production in June mainly reflected a strong drop in backlogs, and stocks of unsold goods continued to build up. In a further sign that production may be cut in the coming months, manufacturers reduced their purchasing of new inputs for the first time in over three years.

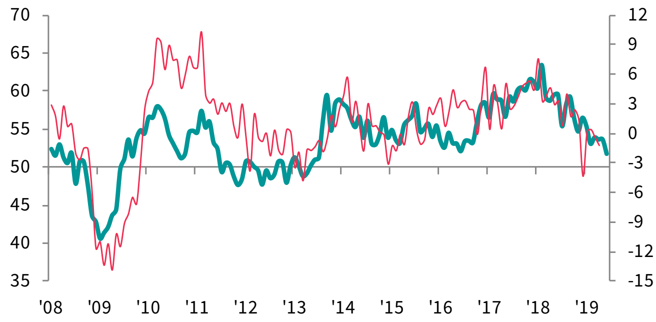
"The only positives from the latest survey were a further moderation in input price inflation and stronger 12-month output expectations."

Output Index

sa, >50 = growth since previous month

Manufacturing production

%yr/yr



Source: IHS Markit, Eurostat.

CONTACT

IHS Markit

Trevor Balchin
Director
T: +44-1491-461-065
trevor.balchin@ihsmarkit.com

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

June 2019 data were collected 12-20 June 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.

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.

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.