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NEVI NETHERLANDS MANUFACTURING PMI®

Dutch manufacturers report strengthening business conditions in September

KEY FINDINGS

- Headline PMI improves to three-month high
- Fastest rise in new export orders since February
- Pressure on supply chains remains severe

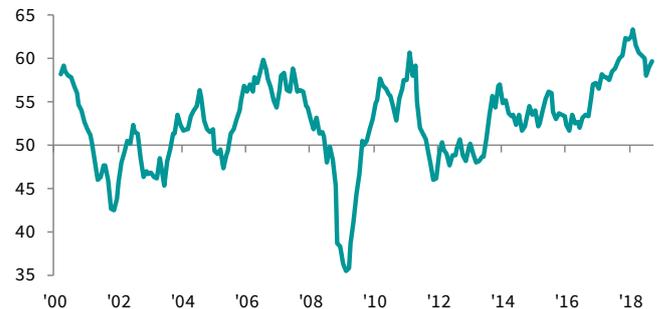
Dutch manufacturing growth strengthened further in September having previously slowed during the middle of the year, according to the latest PMI® survey data from NEVI and IHS Markit. The headline PMI rose further from July's 14-month low to a three-month high, reflecting faster growth of output, new orders and employment. The latest survey results also revealed the fastest increase in new export orders since February, and further severe delays from suppliers. Cost pressures intensified as a result.

The NEVI Netherlands Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose from 59.1 in August to 59.8 in September, signalling a stronger overall improvement in manufacturing business conditions. It was the second successive month-on-month increase in the headline figure following a five-month easing sequence. The current sequence of improving business conditions stretches back to July 2013. By sector, investment goods remained the strongest-performing category.

The rise in the headline PMI was reflective of sharper increases in output, new orders and employment, and worsening input delivery times. Production and new work both increased at the strongest rates in three months. Output rose for the sixty-fifth consecutive month – a survey record sequence. New

Manufacturing PMI
sa, >50 = improvement since previous month



export orders increased at the fastest rate in seven months. Continuing a trend stretching back to March 2015, Dutch manufacturing employment rose in September. The rate of job creation quickened for the first time in eight months, and was strong in the context of the survey history.

Supply chain pressures remained evident in September. Suppliers' delivery times lengthened markedly during the month, with the respective index at its sixth-lowest level on record. The volume of inputs ordered by manufacturers continued to rise sharply.

Cost pressures intensified in September. The rate of input price inflation rose to an eight-month high, remaining well above the historic trend since the survey began in March 2000. Firms reported shortages of raw materials in general, and higher prices for steel and oil-related inputs. Output price inflation hit a seven-month high as firms passed on higher costs.

Output expectations among Dutch manufacturers were the strongest in five months in September. Firms reported plans to boost capacity and introduce new products with demand expected to remain strong.

COMMENT

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

“The Dutch manufacturing sector continued to defy a wider eurozone slowdown in September. The headline PMI improved to 59.8, well above the latest flash estimate of 53.3 for the single currency area as a whole. The differential of 6.5 points is the largest on record since the Dutch survey began in March 2000.

“Output, new orders and employment all increased at faster rates in September, while new export business grew at the strongest pace in seven months.

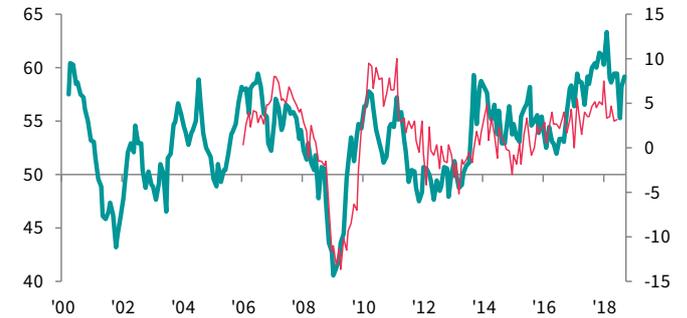
“The strength of demand inevitably translated into further pressure on supply chains and prices. Input price inflation rose to an eight-month high and the suppliers' delivery times index posted its sixth-lowest level on record, signalling lengthier delays.”

Output Index

sa, >50 = growth since previous month

Manufacturing production

%yr/yr



Source: IHS Markit, Eurostat.

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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.

September 2018 data were collected 12-20 September 2018.

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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