

NEVI Netherlands Manufacturing PMI[®]

Manufacturing growth cools to nine-month low

Key points:

- PMI remains at strong overall level despite easing for fourth straight month
- Slowest rise in employment since August 2017
- Outlook for production softest since October 2016

Data collected June 12-21

NEVI Netherlands Manufacturing PMI



Dutch manufacturing growth continued to lose momentum in June but remained strong overall, according to the latest PMI[®] survey data from NEVI and IHS Markit. The headline PMI eased to a nine-month low, reflecting weaker job creation and slower inventory growth, but remained among the highest levels seen in the survey history. Output rose at the strongest rate in four months, spurred by an uptick in new business growth. The latest prices data suggested growing pressure on margins, however, as input price inflation hit a five-month high but output prices increased at the slowest rate since October 2017.

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 fell to a nine-month low of 60.1 in June, from 60.3 in May. The latest figure nevertheless signalled that Dutch manufacturers continued to experience rapidly improving business conditions, and was the tenth-highest since the series started in March 2000. Business conditions have improved continuously since July 2013.

New orders rose further in June, extending the current sequence of growth to 28 months. The pace of expansion was strong and picked up to a three-month high, but was weaker than those registered between November 2017 and March 2018. New export orders also increased at the fastest rate in three months.

Dutch manufacturing output continued to expand sharply in June. Production has risen continuously for over five years, a survey-record sequence. Moreover, the rate of expansion accelerated to a four-month high. Growth remained strongest in the investment goods sub-sector.

The rate of manufacturing employment growth eased for the fourth month running in June to a ten-month low. That said, job creation remained relatively strong.

Dutch manufacturing capacity remained under pressure in June, as backlogs of work increased for the eleventh successive month – the longest sequence in over 11 years. Meanwhile, suppliers' delivery times lengthened to the third-greatest extent on record.

Cost pressures remained strong in June. Input price inflation accelerated to a five-month high, linked to metals, plastics and paper. In contrast, output prices rose at the weakest rate in eight months,

implying growing pressure on manufacturing profit margins.

Output expectations among Dutch manufacturers remained strongly positive in June, but eased to a 20-month low.

Comment:

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

“The latest PMI data signalled an ongoing cooling of the recent record phase of expansion in the Dutch manufacturing sector. The headline PMI eased to a nine-month low, but was still at an elevated level and the tenth-highest on record since the survey began over 18 years ago. Dutch manufacturing growth has also been more resilient than the recent trends seen in other eurozone nations, notably Germany, where the flash manufacturing PMI fell to an 18-month low in June.

“The dip in the headline figure also masked stronger growth of output and new orders in June, which increased at the fastest rates in four and three months respectively. This was offset by slower growth of employment and stocks of purchases, while suppliers’ delivery times remained under severe pressure.”

-Ends-

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Notes to Editors:

The NEVI Netherlands Manufacturing PMI® (Purchasing Managers' Index®) is produced by IHS Markit. The report features original survey data collected from a representative panel of more than 350 companies based in the Dutch manufacturing sector. The panel is stratified by GDP and company workforce size.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

The Manufacturing *Purchasing Managers' Index (PMI)* is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The *Purchasing Managers' Index (PMI)* survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

About 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

About IHS Markit (www.ihsmarkit.com)

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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 <https://ihsmarkit.com/products/pmi.html>.

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