

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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NEVI Netherlands Manufacturing PMI®

Dutch manufacturing sector sees further strong growth

Key points:

- Headline PMI equals March's strong score of 57.8
- Output and new orders see steep rates of growth
- Inflationary pressure eases

Data collected April 11-20

NEVI Netherlands Manufacturing PMI



The health of the Dutch manufacturing sector showed strong improvement in April. Output and new order growth eased marginally but remained sharp. There was also a steep rise in employment as Dutch manufacturers registered high levels of confidence. Meanwhile, the rate of input price inflation was the slowest in 2017 so far, leading to a weaker rise in factory gate prices.

The seasonally adjusted headline **NEVI Purchasing Managers' Index® (PMI®)** – a composite indicator designed to provide a single-figure snapshot of the performance of the manufacturing economy – posted 57.8 in April, matching the score recorded in March. The reading was markedly above the historical average and

extended the current sequence of improving business conditions to almost four years.

April survey data marked four years of continual production growth in the Netherlands manufacturing sector. The rate of growth eased fractionally from the previous month but remained strong when compared with the long-run average. Companies attributed expansion to greater demand for Dutch-produced goods. **Output** expansion was broad-based across the three monitored sub-sectors and highest in the intermediate goods category.

New work placed at Dutch manufacturing companies increased sharply in April. That said, the rate of growth was the slowest for three months. **Export order** growth was meanwhile little-changed from the strong pace seen in March. Anecdotal evidence suggested that demand for Dutch-produced goods increased in Europe and Asia.

Meanwhile, Dutch manufacturing firms took on additional **new workers** in order to improve operational capacity in line with increased demand. In April, the rate of job creation was sharp overall and close to February's six-year high.

On the price front, the five-month trend of accelerating **output charge** inflation ended in April, as the rate of increase eased. That said, price hikes were still notable overall as companies continued to pass on rising cost burdens.

Input price inflation remained sharp. However, the rate of inflation eased to a four-month low. Panellists reported that high demand for raw materials contributed to the rise in prices. Furthermore, strong demand for raw materials led to another deterioration of **supplier delivery times**, in April. Lead times lengthened to the greatest extent for six years.

Despite easing slightly, sentiment remained strongly positive in the Dutch manufacturing sector. Firms attributed **confidence** to upward economic

trends, planned business investment and new product launches.

Comment:

Sam Teague, Economist at IHS Markit, which compiles the Netherlands Manufacturing PMI® survey, commented:

“Business activity in the Dutch manufacturing sector rose strongly in April, continuing the stellar performance that has been seen throughout 2017 so far. Increases in output, new orders and employment were all key components behind the robust PMI score. The five-month sequence of accelerating factory gate price inflation also ended in April as the rate of increase in output prices dipped, the ease in inflation further sweetening the latest survey results. Manufacturers’ confidence remained high, which was justified by growth of demand in both domestic and foreign markets.”

-Ends-

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Notes to Editors:

The NEVI Netherlands Manufacturing PMI (Purchasing Managers' Index) is produced by 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.

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 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

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About PMI

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