

News Release
Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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NEVI Netherlands Manufacturing PMI[®]

Manufacturing new orders rise at slowest rate for a year

Key points:

- Headline PMI slips to six-month low but remains elevated
- Weakest rise in new export business for 18 months
- Input price inflation eases to seven-month low

Data collected April 12-20

NEVI Netherlands Manufacturing PMI



Dutch manufacturing business conditions continued to improve strongly in April, according to the latest PMI[®] survey data from NEVI and IHS Markit. The headline PMI eased further from February's record high, but remained among the highest levels ever recorded since the survey began in March 2000. Growth rates for new orders, output and employment all eased further, but remained strong. Backlogs rose at a faster rate and suppliers' delivery times continued to lengthen substantially, highlighting pressure on capacity. Inflationary pressures remained sharp, but eased further since the start of 2018.

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 six-month low of 60.7 in April, from 61.5 in March. The latest figure nevertheless signalled that Dutch manufacturers continued to experience rapidly improving business conditions at the end of the first quarter of 2018, and was the joint-sixth highest since the series started in March 2000. Business conditions have improved continuously since July 2013.

New orders rose further in April, extending the current sequence of growth to 26 months. The pace of expansion was strong overall, but eased further to the weakest for a year. Moreover, inflows of new export orders increased at the slowest rate for a year-and-a-half.

Dutch manufacturing output continued to expand sharply in April. Production has risen continuously for five years, a survey-record sequence. That said, the rate of expansion slowed to a nine-month low.

The rate of manufacturing employment growth eased further from the record pace shown in the first two months of 2018, but was nonetheless stronger than in any period over the survey history prior to December 2017.

Pressure on manufacturing capacity remained intense in April, despite the slower intake of new work. Backlogs of work increased at a faster rate and for the ninth successive month – the longest sequence in 11 years. Meanwhile, suppliers' delivery times lengthened to the second-greatest extent to date.

Inflationary pressures remained strong in April. Input price inflation slowed to a seven-month low, but remained among the strongest registered over

the past seven years. Similarly, output prices rose at the fourth-fastest rate since June 2011.

Output expectations among Dutch manufacturers remained strongly positive in April, but eased to an eight-month low.

Comment:

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

“The Dutch manufacturing sector posted another strong overall improvement in business conditions in April, although evidence mounted that the current record upturn in the sector may have peaked. The most obvious incarnation of this was the slowest rise in new orders for a year, which in turn reflected the softest gain in new export business for a year-and-a-half. Meanwhile, output growth slowed to a nine-month low.

“The headline PMI eased to a six-month low in April. It remains at one of the highest levels ever recorded, having been surpassed in its history only during the five months immediately preceding the latest survey. The latest reading was partly supported by another near-record lengthening in suppliers’ delivery times and one of the fastest increases in employment to date.”

-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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