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## Neve Netherlands Manufacturing PMI<sup>®</sup>

### Dutch manufacturing sector remains in decline in January

#### Key findings

Slightly faster decreases in output and new orders

Cost pressures rise substantially...

...prompting the sharpest increase in charges for two years

The Dutch manufacturing sector remained in contraction at the start of the year, as business conditions deteriorated for the seventh month in a row. Weak demand conditions remained a key driving factor behind the downturn, and was central to firms' decision-making around production and staffing. The rates of decline in output, new orders and employment picked up on the month, but only slightly.

On the price front, both cost and charge inflation accelerated noticeably in January. In fact, average selling prices were raised at the most pronounced rate for two years, as firms looked to pass increased cost burdens to customers.

More positively, the outlook for future output was brighter in January. Moreover, the degree of optimism jumped to a level exceeding the long-run average.

The Neve Netherlands Manufacturing PMI<sup>®</sup> 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 headline PMI ticked down slightly from 48.6 in December to 48.4 in January, signalling a stronger decline in the health of the sector. Four of the five headline PMI components posed negative directional influences, though their movements were only slight in nature. Stocks of purchases was the only exception, having recorded a slower rate of decline.

Subdued demand conditions and uncertainty at clients dampened factory orders in January, according to panel

Neve Netherlands Manufacturing PMI

sa, >50 = improvement since previous month



Sources: Neve, ABN AMRO, S&P Global PMI.  
Data were collected 9-23 January 2025.

members. The latest decrease in sales was moderate and slightly faster than in December. Weighing on total new orders was a sharper decline in export sales. Some firms reportedly found it difficult to compete on price with foreign producers.

In response to muted new business inflows, manufacturers in the Netherlands continued to lower their production volumes at the start of 2025.

The sustained drop in order book volumes reduced pressure on capacity, leading backlogs to fall again. The latest decrease in work outstanding extended the trend of depletion to exactly two years. This triggered a further round of job cuts at Dutch factories, where panellists often mentioned reducing temporary staff numbers.

Amid lower input requirements, goods producers in the Netherlands continued to cut their purchasing quantities in January. The rate of reduction was solid but the slowest for five months. Manufacturers meanwhile streamlined their pre-production inventories in January. The rate of stock depletion was the slowest for three months, but it remained stronger than the long-run series average.

Suppliers' delivery times continued to lengthen, reportedly reflecting raw material shortages and understaffing issues at vendors. The decline in supplier performance was only modest, however, and noticeably less pronounced than the historical average.

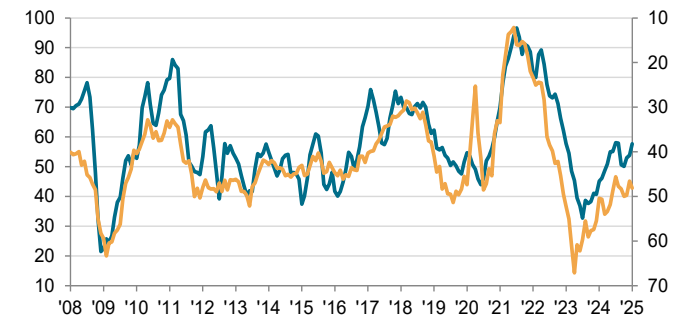
Pressure on supply chains was reflected in the latest data on average input prices in January. The rate of cost inflation accelerated to its strongest since August last

year and was marked overall. Higher raw material, wage and transportation costs reportedly drove the latest uplift.

In line with growing cost pressures, Dutch manufacturers were more aggressive in their price setting. In fact, the rate of charge inflation was its strongest for two years and substantial overall.

Finally, goods producers were increasingly optimistic that output would rise from present levels over the next 12 months. The degree of confidence moved above its historical average and was its strongest since April 2024. Predictions of improved economic conditions, new client wins and growth plans reportedly underpinned optimism.

■ PMI Input Prices Index    ■ PMI Suppliers' Delivery Times Index  
 sa, >50 = inflation since previous month    sa, >50 = faster times since previous month



Sources: Nevi, ABN AMRO, S&P Global PMI.

## Comment

Albert Jan Swart, Manufacturing Sector Economist at ABN AMRO, commented:

"The Nevi Netherlands Manufacturing PMI fell by two tenths to 48.4 in January. Output fell slightly faster than in the previous month. However, entrepreneurs have become quite optimistic about the coming year, as many as 45 percent expect a recovery. Thanks to the fierce competition for AI, the chip market may pick up this year.

"ASML confirmed its growth expectations for 2025 at the end of January. In addition, the chip machine manufacturer reported that it had had a strong fourth quarter, mainly thanks to upgrades of previously delivered machines. If the positive expectations for 2025 come true, the many Dutch suppliers will benefit.

"ASML's growth is mainly due to investments in Artificial Intelligence (AI). This requires very powerful chips, which can only be produced with the best chip machines. Taiwanese chip manufacturer TSMC also reported strong results for the fourth quarter of 2024 and increased the budget for investments in 2025.

"There is fierce competition between the United States, China and Europe around AI. American tech companies are investing heavily in the necessary data centers, and President Donald Trump announced on the day after his inauguration that he wants to invest hundreds of billions in AI together with the business community. Last week, Chinese startup DeepSeek claimed that it has developed a ChatGPT-like model at a much lower cost. If the Chinese were indeed to succeed in developing AI applications that require much less computing power, it could put pressure on investments in data centers in the coming years.

"In any case, it is clear that the competition for AI is not yet settled. The European Commission also announced plans to boost investment in AI. All in all, it seems that the demand for chip machines will continue to grow strongly in the coming years. Dutch industry is at the

forefront of this and will therefore benefit from it.

"High energy costs and strict regulations are putting pressure on the competitiveness of European industry, especially in energy-intensive industries such as the chemical industry and the steel industry. On the advice of Mario Draghi, former Prime Minister of Italy and former President of the European Central Bank (ECB), the European Commission is coming up with plans to simplify regulations and improve the competitiveness of European industry. Reportedly, the European Commission wants to cut administrative obligations around sustainability and strict regulations on mergers and acquisitions. The Commission, which will present detailed plans at the end of February, also wants to do something about the high energy costs for European industry.

"In the meantime, Trump is also not standing idly by when it comes to new industrial policy. His finance minister, Scott Bessent, wants to introduce a universal import tariff of 2.5 percent in the short term, which can then be increased by 2.5 percentage points every month, up to 20 percent. Other countries will then have time to negotiate with the Americans. The European Commission has been preparing for negotiations for months.

"The preliminary purchasing managers' index for the German manufacturing sector improved slightly in January, but German industry remains very weak, presumably due to the slump in the German automotive industry and in energy-intensive industries. As a result, European industry is not yet recovering, although consumer demand for goods is picking up thanks to improved purchasing power. Dutch companies increased the production of consumer goods in January, according to the Nevi Netherlands Manufacturing PMI."

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### Survey methodology

The Nevi Netherlands Manufacturing PMI® is compiled by S&P Global 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. Data collection began in March 2000.

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.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.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.

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