News Release

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Nevi Netherlands Manufacturing PMI®

Dutch manufacturing operating conditions remain subdued in May

Key findings

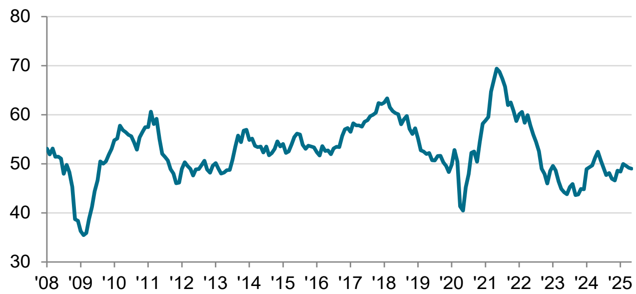
Output rises only slightly as order book volumes fall further

Inflationary pressures cool to their weakest in year-to-date

Sharp reductions in employment and input buying

Nevi Netherlands Manufacturing PMI

sa, >50 = improvement since previous month



Sources: Nevi, ABN AMRO, S&P Global PMI.
Data were collected 12-21 May 2025.

The Dutch manufacturing downturn was sustained in May, owing to subdued demand conditions. The weak sales environment continued to weigh on the sector, playing a part in firms' decisions to reduce employment and input buying. Lower demand for inputs also saw cost pressures come down and delivery times shorten.

More positively, production volumes continued to increase at a steady rate and manufacturers widely forecast growth in the coming year.

The headline Nevi Netherlands Manufacturing PMI® 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 index ticked down from 49.2 in April to 49.0 in May, to signal a stronger but still only modest deterioration in the health of the sector. Output was the only one of the five PMI components to provide an overall positive contribution.

The total volume of new orders continued to fall midway through the second quarter, marking the tenth drop in the past 11 months. Panellists noted that customers remained hesitant to place orders in the current climate. The rate of contraction was little-changed since April and only fractional, however. There was also a similarly mild drop in export sales.

Dutch manufacturers continued to increase their output in May, with additional production in part a reflection of new projects and work on backlogged orders. The latest rise in production volumes was only marginal and driven by the consumer and investment goods segments.

With output outpacing orders, there was again slack across the sector, allowing manufacturers to run down their backlogs of work in May. The rate of reduction was only modest and largely in line with that seen in April, however. The sustained run of backlog depletion, which stretches back more than two years, led firms to reduce their workforce numbers again. Employment levels fell at a sharp rate that was the fastest since December 2023. The decrease in staffing numbers was a result of restructuring and cost-saving initiatives, anecdotal evidence showed.

Firms also remained in retrenchment mode when it came to purchasing in May. Input buying has now decreased in each month for a year, with the most recent decline attributed to weak sales. Moreover, the rate of reduction was marked, albeit slightly softer than in April. Concurrently, stocks of purchases were lowered again in May, with manufacturers retaining a preference for lean inventory levels. Although solid, the rate of reduction in input stocks was the least pronounced since August last year.

Weaker demand for inputs helped to reduce strain on suppliers, with average delivery times shorter than in April. Albeit only modest, the improvement in vendor performance was the first seen in a year. It also contrasted with the historical trend of decline (index average: 42.8).

At the same time, there was a further softening of cost

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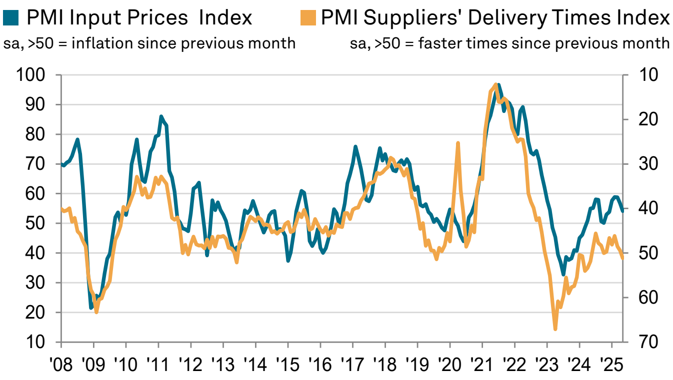
pressures in May. The rate of input price inflation eased for the third consecutive month to its weakest in 2025 so far. Qualitative evidence provided by panellists showed that wages, energy, raw materials and foodstuffs were among the key drivers of cost inflation. Dutch manufacturers were similarly less aggressive in their price setting. The rate of charge inflation was likewise the softest in the year-to-date.

Looking to the next 12 months, Dutch goods producers were confident that output would rise from present levels. Upbeat growth forecasts were in part linked to the prospect of new customers and strong sales pipelines. The degree of positive sentiment picked up on the month but remained subdued when put into a historical context.



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

Comment

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

"The Nevi Dutch Manufacturing PMI fell further in May, from 49.2 to 49.0. Despite the uncertainty surrounding trade policy and a further decline in the number of new orders, the Dutch manufacturing industry increased production for the third month in a row, albeit slightly.

"The overall index fell in part due to a further decline in employment, which fell for the tenth month in a row. While at first mainly temporary workers and employees with a temporary contract were sent away, there are now also layoffs, partly due to restructuring.

"Entrepreneurs were slightly more optimistic in May than in April, according to the future output index, which reflects expectations for the next twelve months. A possible explanation is that entrepreneurs are relieved about the provisional trade agreement that the United States (US) and China concluded in Geneva on 12 May.

"The decrease in the number of new orders is also not too bad, given the great uncertainty. Order books are shrinking, but only slightly. Although the United States has lowered tariffs, American importers still have to pay hefty tariffs, for example 10 percent on most European production, and 25 percent on cars, car parts, steel and aluminium. In addition, there is a possibility that the levies will soon go up again. President Trump has put a pause in talks with the European Union (EU) until July 9. There is also a possibility of a new escalation of trade tensions between the US and China.

"The Dutch machinery industry, among others, exports a relatively large amount to the US. In recent years, for example, about 15 to 20 percent of the machines produced in the Netherlands for the food industry were destined for the US, according to figures from Statistics Netherlands (CBS). In talks with ABN AMRO, several Dutch manufacturers indicate that projects that are already underway are still going ahead, but that the number of new orders is falling. Presumably, buyers are postponing their investment decisions. Some Dutch producers that are already active in the US with a small sales office or distribution centre are also considering assembling there to avoid import duties, although it will not be easy to recruit the necessary technically trained employees.

"Although world trade has been disrupted, mainly due to trade tensions between the US and China in April, the supply to Dutch industry is still functioning well. Delivery times even decreased in May, according to the Nevi survey. This may be because there is less demand from the US, which means that other markets can be supplied faster.

"Trade tensions between the US and Europe could ease after the NATO summit that takes place in The Hague, the Netherlands, at the end of June. European NATO member states are expected to make commitments on additional spending on defence, which may be spent in part on U.S. weapons systems. That would reduce the EU's trade surplus with the U.S. denounced by President Trump."

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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.

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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