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Neve Netherlands Manufacturing PMI[®]

Dutch manufacturing output growth sustained despite ongoing weakness in demand

Key findings

New orders fall at fastest pace for three months

Production rises for second month running, albeit only marginally

Cost pressures cool amid reduced purchasing and employment

Business conditions remained challenging across the Dutch manufacturing sector in April, with firms recording a sustained decline in new orders. Output nevertheless rose, but the rate of growth was only marginal and slower than the month before.

As demand conditions remained subdued, manufacturers were cautious in their purchasing and employment decisions. However, this helped to ease pressure on costs. The benefit of this was at least partially passed to customers, as charge inflation likewise cooled to its softest rate of 2025 so far.

The headline Neve 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.

Excluding a brief period of stabilisation in February, Dutch manufacturing operating conditions have deteriorated in each month since July 2024. At 49.2 in April, down from 49.6 in March, the headline PMI was at its lowest level for three months.

Notably, the downward movement in the headline index was reflective of small negative directional influences across all five of its components.

New work intakes fell for a second month in row in April, reflective of stagnant market conditions and geopolitical uncertainty. The contraction was only marginal in nature as a rise in the investment goods segment partially offset reductions elsewhere. Meanwhile, the latest decline

Neve Netherlands Manufacturing PMI

sa, >50 = improvement since previous month



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

Data were collected 9-22 April 2025.

export orders was only fractional and the softest in nearly a year.

Subdued demand played a part in limiting firms' production schedules, as output rose only marginally and at a rate that was below trend. The increase in production was linked by panellists to a combination of new client wins, efforts to increase capacity and, less frequently, a pick-up in orders.

A lack of incoming new business triggered lower purchasing as well as efforts to reduce stocks at Dutch manufacturers. The latest decrease in input buying was steep and the strongest of the year-to-date. Subsequently, pre-production inventories were depleted at a sharper pace that was elevated by historical standards.

Signs of stabilisation in supply chains was one consequence of the drop in demand for inputs. Average lead times lengthened fractionally in April, reflective of stock issues and maintenance stops at suppliers, according to panellists.

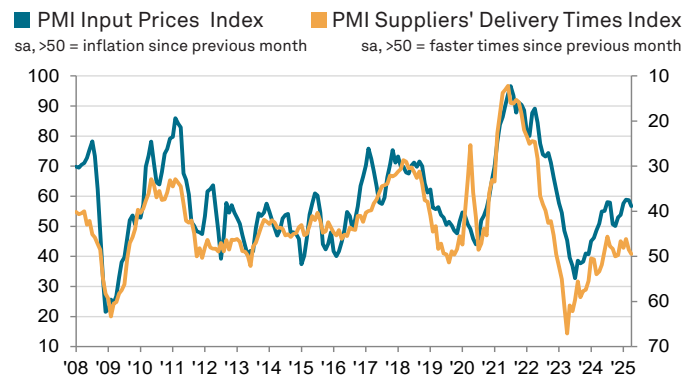
More positively for manufacturers, reduced purchasing helped to further ease cost pressures in April. The rate of input price inflation, although marked, was subdued compared to the long-run average and the softest seen since the start of the year. Where an increase in purchase prices was reported, higher raw material and wage costs were most frequently cited.

At the same time, output prices continued to increase at a strong pace at the start of the second quarter, as firms attempted to pass on increased cost burdens to

customers. However, the rate of charge inflation was likewise the weakest seen in 2025 so far.

On the jobs front, there was a ninth consecutive monthly drop in workforce numbers at Dutch factories in April. The rate of job shedding was the quickest seen since December 2023 and solid overall. The decrease in employment was reportedly achieved by lowering temporary staff numbers and opting not to replace leavers. In line with deeper job cuts, the rate at which backlogs of work were depleted eased noticeably to the softest in over two years.

Output expectations among Dutch manufacturers remained positive, but they were the lowest in four months and subdued in the context of the series history in April. Although the current geopolitical climate weighed on overall confidence, a number of firms were hopeful for a pick-up in order numbers.



Comment

David Kemps, Sector Banker Manufacturing Sector at ABN AMRO, commented:

"Conditions remained challenging in April for the Dutch industrial sector, with a sustained decline in new orders and only marginal growth in output. The Nevi Purchasing Managers' Index (Nevi PMI) dropped from 49.6 to 49.2 in April 2025, its lowest level in three months.

"The high costs of personnel, energy and raw materials, and above all the weak demand resulting from President Trump's will-he won't-he imposition of high import tariffs, are inevitably causing manufacturers to be cautious with their purchasing and investment decisions. Although industrial companies produced slightly more in March and April, output expectations for the coming months were relatively soft amid subdued demand. This applies across the board: from chemicals to metal, from engineering to semiconductors. For example, in the publication of its first quarter figures, ASML reported an inflow of new orders that was 20 percent lower than the average figure analysts had expected.

"Trade uncertainty between the USA and China may lead to structural changes in global trade flows, with major consequences for Dutch industry. Although only 6 percent of total Dutch exports are destined for the USA, some Dutch exports to Germany also ultimately end up in products for the American market, such as cars and machinery. ABN AMRO is therefore reducing its sector forecast for industry to 1 percent growth in 2025 (previously 4 percent) and 4 percent in 2026. From 2026, Dutch industry is expected to profit from the proposed major investments in European defence and German infrastructure.

"The number of employees in Dutch factories declined for the ninth consecutive month. The rate of job losses in April was the fastest since December 2023, primarily through the

reduction of temporary staff and non-replacement of leavers. Redundancies are, however, expected in the period ahead. The Dutch employee insurance agency UWV reports a sharp rise in the number of large-scale redundancies in the first quarter of 2025. Cost management and reorganisations are primarily given as reasons for the redundancies. This mainly concerns employees of SME companies in industry, but in addition to the closure of a number of large chemical factories in Rotterdam, Tata Steel Nederland has also announced mass redundancies. These measures are largely due to high energy costs. At the time of writing, it was not yet known whether the proposed climate and energy package, comprising half a million euros in state aid, had made the Spring Budget Report. This would be a great encouragement for energy-intensive industry such as the chemicals and steel industries to stay in the Netherlands."

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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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