

Explanation of the visualisation of Export Conditions

What does the visualisation show?

The visualisation of Export Conditions was developed by Statistics Netherlands (CBS) to analyse changes in exports of goods in the Netherlands and place them in context. Six indicators, selected on the basis of econometric research, can be used to monitor whether conditions for Dutch exports have changed in a favourable or unfavourable direction.

Exports of goods is largely determined by competitiveness and economic developments on the main export markets. The six indicators were chosen because they are strongly correlated with Dutch exports and provide an indication of the two areas mentioned above. Due to the variety of indicators, the visualisation offers the possibility to analyse the underlying factors of export trends. When they are displayed together in a column chart, the indicators provide an easy-to-interpret overall picture of Dutch exports, see figure 1.

The visualisation does not describe a specific reporting period, but provides a picture of export conditions at a given point in time. Any adjustments to an underlying indicator will therefore not lead to an adjustment of the export picture at a given point in time (the picture has already been taken), but to a different export picture at a later point in time.

Relation between indicators and exports

The six selected indicators are:

- Net positive answers (i.e. positive minus negative answers) of Dutch manufacturing companies to the question: "In your opinion, is the number of foreign orders high, normal or low?"
- The year-on-year change of the real effective exchange rate;
- The level of producer confidence in the German manufacturing industry;
- The year-on-year change in manufacturing production in Germany;
- The level of producer confidence in the manufacturing industry in the eurozone;
- Net positive answers (i.e. positive minus negative answers) of European manufacturing companies to the question: "In your opinion, is the number of foreign orders high, normal or low?"

Competitiveness is mainly determined by developments in the relative costs of the exports package, which in turn are determined by developments in exchange rates (and in addition of course by developments in Dutch production costs). The real effective exchange rate is an approximation of the development in relative costs.

The most important market for Dutch exports is the eurozone, and in particular Germany. If economic developments are favourable there, the demand for Dutch export products will increase. Producers' confidence in Germany and in the eurozone, opinions of developments in the number of foreign orders of manufacturers in Europe, and manufacturing production

in Germany give an indication of the state of the economy in Germany and the rest of the eurozone.

How the visualisation works and what it shows

The visualisation presents the six indicators in a stacked column chart (Figure 1). A standardised value is calculated for each indicator. A standardised value above zero means that the indicator has a more favourable value than average. If the value is below zero, the indicator has a less favourable value than average. Figure 1 shows a one-year period.

Export conditions (standardised)

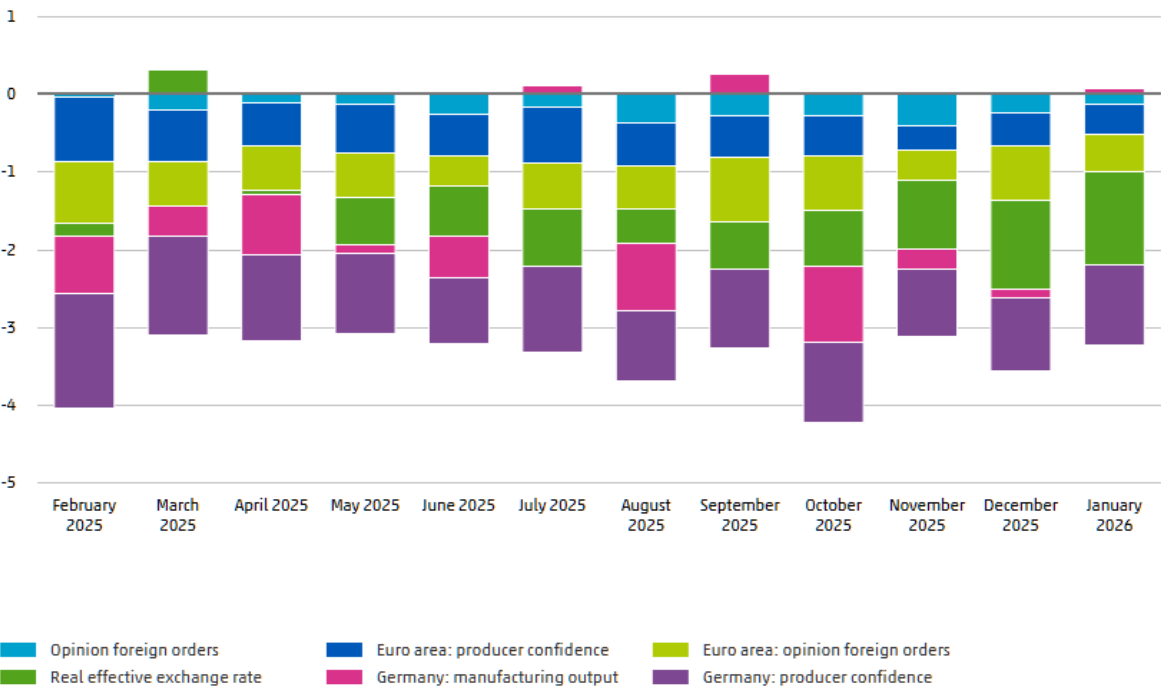
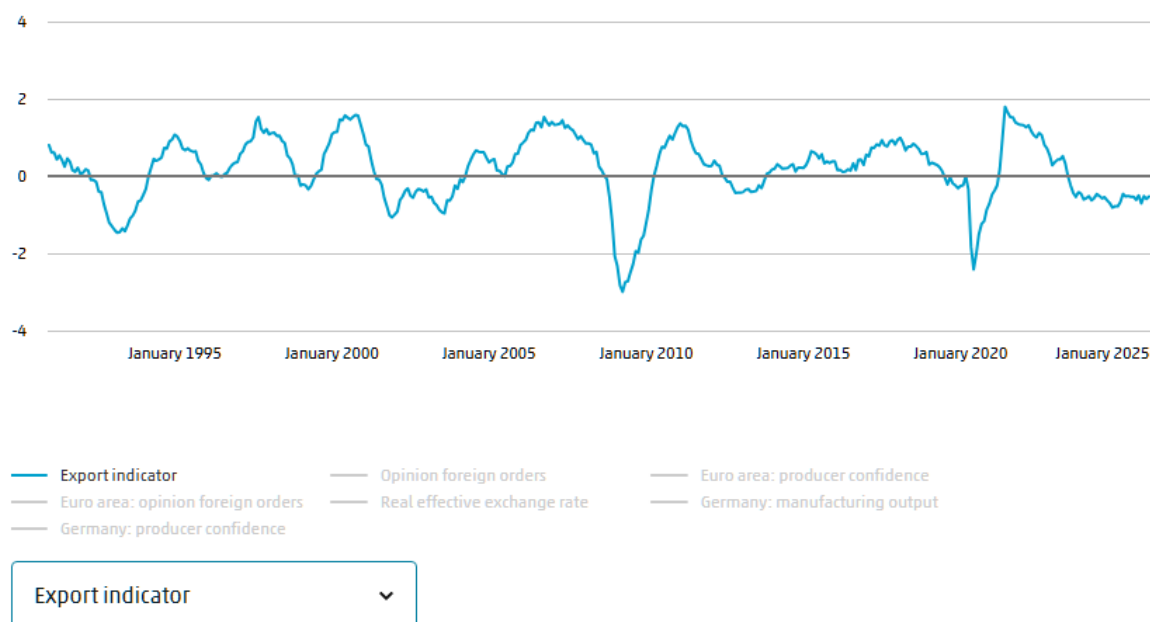


Figure 2 shows a time series of the average of the six selected export conditions. The time series of the individual indicators can also be selected.

Time series export indicator (standardised, unweighted average of the 6 indicators)



It is important to note that the values of the indicators in the visualisation do not necessarily relate to the same reporting period. The visualisation is published once a month. At the time of publication, the most recent figures available for the six indicators are presented, reflecting the prevailing situation at that point in time.

Calculating the standardised values

In order to calculate the standardised values, the long-term average is first subtracted from the original value. Subsequently, the difference is divided by the standard deviation.

The formula is as follows:

Standardised value = (original value – long-term average) / (standard deviation).

Expenditure Conditions

The visualisation of Export Conditions is one of the several ways to visualise the export conditions published by Statistics Netherlands (CBS). The others are Consumption Conditions and Investment Conditions.