

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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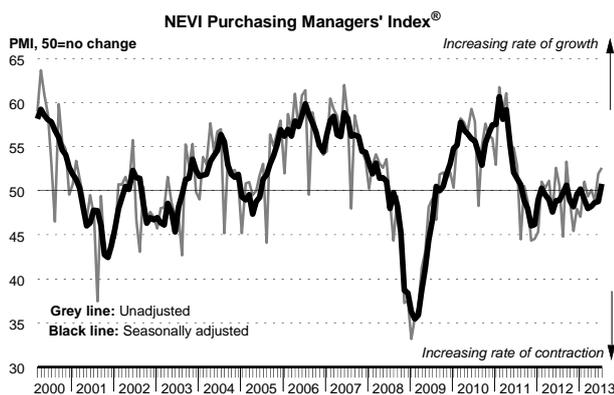
NEVI Netherlands Manufacturing PMI®

New orders rise at fastest pace for over two years in July

Key points:

- Solid gain in new orders drives output higher
- Fastest increase in export orders since August 2012
- Rate of job shedding eases

Historical Overview:



Source: Markit

Summary:

Operating conditions in the Dutch manufacturing sector improved during July. The headline NEVI *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to provide a single-figure snapshot of the performance of the manufacturing economy – climbed above the 50.0 no-change mark for the first time in six months. That said, at 50.8, up from 48.8 in June, the latest index reading was indicative of only a slight improvement in overall business conditions.

Contributing to the rise in the PMI was a solid expansion of incoming new orders during July. The increase in new work was the first in ten months and the strongest since May 2011. Panellists reported that new order growth was supported by an improved demand environment, the introduction of new product lines and competitive pricing strategies. Data signalled particular strength in the export component, with foreign sales increasing at a

marked pace that was the sharpest since August 2012.

New order growth was partly met through the depletion of stocks of finished goods. Post-production inventories fell at the sharpest rate in three months during July.

Although new orders rose in the latest month, Dutch manufacturers were nevertheless able to make further inroads into their backlogs of work. Outstanding business was down for a twenty-eighth consecutive month during July, and at a faster pace than in June.

Dutch manufacturers continued to shed jobs on average in July. Employment was down for a sixth consecutive month. That said, the latest reduction was the slowest in this sequence.

Amid reports of lower prices paid for a range of raw materials, latest data signalled a reduction in Dutch manufacturers' purchasing costs for the fifth month running.

Output charges were also lower, falling for a fifth consecutive month. That said, the latest decrease was the weakest since March. Strong competitive pressures were generally cited by those panellists reporting a drop in selling prices.

Purchasing activity in the Dutch manufacturing sector was broadly unchanged during July, following a continuous decline throughout the previous two years.

Stocks of purchases continued to fall, however, extending the current period of contraction to 26 months. In some cases, lower pre-production inventories were linked by panellists to cost-cutting efforts.

Finally, supplier delivery times lengthened in July, following an improvement in vendor performance registered one month previously. Low stock levels at vendors' units were cited as a factor contributing to slower lead times.

Comment:

Jack Kennedy, Senior Economist at Markit commented:

“The Dutch manufacturing sector picked up momentum at the start of the third quarter, led by the fastest growth of new orders in over two years. A particularly positive reading was seen for new export orders, amid reports of stronger demand from key markets such as Germany and the UK. There were a number of reports from panellists that new order growth had been aided by competitive pricing, as falling input costs gave manufacturers scope to reduce their output prices further.”

Ends-

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Notes to Editors:

The NEVI Netherlands Manufacturing PMI (Purchasing Managers' Index) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 500 companies based in the Dutch manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

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.

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 Markit. Please contact economics@markit.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 Markit

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About PMIs

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for 32 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 www.markit.com/economics.

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