

News Release

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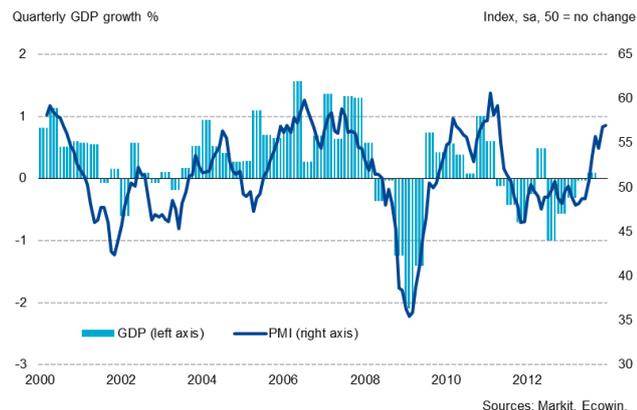
NEVI Netherlands Manufacturing PMI[®]

Dutch manufacturing sector business conditions continue to strengthen

Key points:

- PMI rises to 32-month high in December
- New orders increase at sharpest rate since April 2011
- Strong growth of purchasing activity

Historical Overview:



Summary:

Operating conditions in the Dutch manufacturing sector improved further in December. 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 from 56.8 in November to 57.0, its highest level since April 2011.

Boosting the sector's performance in December was a sharper rise in incoming new orders. Growth of new work accelerated to the fastest in 32 months, with panellists commenting on improved client confidence and stronger demand conditions. Export orders increased for an eighth consecutive month, with the rate of growth quickening to the highest since February 2011.

Manufacturers raised production accordingly. Output growth was strong and the fastest in three months, at a rate only just shy of September's recent peak. However, it remained slower than that of new orders,

resulting in a further drawdown on stocks of finished goods. The latest reduction in post-production inventories was the twenty-first in consecutive months.

Backlogs of work at Dutch manufacturers rose for the second month running in December. The rate of expansion was solid, having accelerated to the sharpest for three-and-a-half years. Delays in the receipt of raw materials purchased from suppliers was a frequently cited reason for higher outstanding business.

Indeed, suppliers' delivery times continued to lengthen markedly on average in the latest survey period. A number of panellists commented that low stock levels at vendors' units had resulted in slower deliveries.

Suppliers' stocks remained under pressure amid a further strong rise in purchasing activity during December. The rate of growth of input buying was the fastest since April 2011. However, stocks of purchases rose only marginally and at the weakest rate in the current five-month sequence of expansion.

Input price inflation in the Dutch manufacturing sector gathered pace in December, reaching its sharpest rate in 15 months. That said, the latest increase in average purchasing costs was slower than the survey's historical average. There were reports from the survey panel of higher prices paid for a range of raw materials.

In contrast, output prices increased only modestly in December. The rate of charge inflation eased to the weakest in the current four-month period of rising selling prices.

Finally, employment in the Dutch manufacturing sector remained unchanged in December. This brought to an end a three-month period of job creation.

Comment:

Jack Kennedy, Senior Economist at Markit commented:

“The Dutch manufacturing sector recovery continues to go from strength to strength. With new orders rising at the sharpest rate in 32 months in December, production levels increased strongly, while the impact on the supply chain was felt in the shape of a marked rise in purchasing activity. The latest upbeat data further suggest that manufacturing is set to provide a solid boost to fourth quarter GDP growth.”

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.

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About PMI

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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