

News Release

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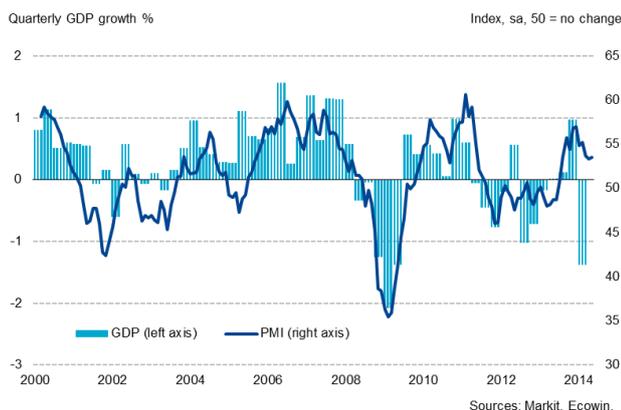
NEVI Netherlands Manufacturing PMI[®]

Output growth accelerates, despite weaker rise in new orders

Key points:

- Production increases at fastest rate in three months
- Slowest rise in new orders in current 11-month period of expansion
- Backlogs depleted at sharper rate

Historical Overview:



Summary:

Dutch manufacturers reported a further improvement in business conditions during May. The headline NEVI *Purchasing Managers' Index[®]* (PMI[®]) – a composite indicator designed to provide a single-figure snapshot of the performance of the manufacturing economy – recorded 53.6, up fractionally from 53.4 in April. The latest reading pointed to a solid improvement in overall operating conditions.

Boosting the PMI were stronger expansions in output and employment during May, while suppliers' delivery times exerted a fractionally stronger influence. However, the remaining two components, new orders and stocks of purchases, both weighed on the headline index compared with one month previously.

Output growth in the Dutch manufacturing sector accelerated to a three-month high in May. This was

despite a further moderation in the rate of expansion of new orders. The latest rise in new business was the slowest in the current 11-month period of growth. Some panellists commented on subdued consumer confidence and clients postponing decisions on new projects. Data suggested that domestic demand was the main area of softness, as new export orders increased at a solid rate that was the sharpest in three months.

Supporting faster output growth was a sharper rate of backlog depletion during May. Outstanding business fell for the fifth month running, and at the strongest rate since July 2013.

Aiding the clearance of unfinished work was a further rise in employment. Staffing levels increased for a second consecutive month and, although moderate, the rate of jobs growth was the sharpest since November 2013.

In line with rising production requirements, the quantity of inputs purchased by Dutch manufacturers increased at a stronger rate in May. Growth of purchasing activity accelerated to the fastest in three months. However, this was insufficient to prevent stocks of purchases contracting for the first time since January, albeit marginally. Suppliers' delivery times continued to lengthen at a solid pace on average.

Input prices fell for a third consecutive month in May, although the rate of decline was modest and weaker than in April. Some panellists commented that purchasing costs had decreased as a result of switching to cheaper suppliers.

In contrast, prices charged by Dutch manufacturers for finished goods rose for the third month running. The rate of charge inflation remained slight, despite quickening to the sharpest since November 2013.

Finally, latest data pointed to a further slight reduction in stocks of finished goods held by Dutch manufacturers.

Comment:

Jack Kennedy, Senior Economist at Markit, which compiles the Netherlands Manufacturing PMI[®] survey, commented:

“The Dutch manufacturing sector delivered another solid overall performance in May, adding to hopes that second-quarter GDP will show a healthy rebound following the energy-related slump in the first quarter. That said, slowing new order growth

and a faster reduction of backlogs suggest that the current strong pace of output expansion may not be sustained in coming months. Some panellists commented on a certain softness and hesitancy in domestic demand, which was only partially offset by a sharper rise in export orders.”

Ends-

For further information, please contact:

Markit

Jack Kennedy, Senior Economist
Telephone +44-1491-461-087
Email jack.kennedy@markit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@markit.com

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 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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