

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

Manufacturing growth strongest in over six years

Key points:

- Headline PMI rises to 58.6, highest in 74 months
- Steep expansions in output, new orders and employment
- Delivery times worsen to the greatest extent in over six years

Data collected June 12-22

NEVI Netherlands Manufacturing PMI



Latest PMI® data indicated a strong end to the second quarter for Dutch manufacturers, signalled by sharp improvements across the sector. Steep growth in output, new orders and employment all contributed towards the overall upturn. On the price front, output and input price inflation continued to ease, but remained above their historical averages.

The seasonally adjusted headline **NEVI Purchasing Managers' Index® (PMI)** – a composite indicator designed to provide a single-figure snapshot of the performance of the manufacturing economy – posted 58.6 in June, up from 57.6 in May. The latest result signalled the

steepest improvement in the Dutch manufacturing sector for 74 months.

Dutch manufacturers increased their volume of **production** at the sharpest rate in four months, with the rate of expansion recovering after easing in the preceding survey. Strong growth was broad-based across the three monitored goods categories. Panellists frequently noted that high levels of new orders led to an increase in output requirements.

New orders from both foreign and domestic markets rose at steep rates in June. Furthermore, the respective expansions were sharper than in May. Panellists attributed higher demand towards an economic upturn in central Europe.

In response to increasing production requirements, **employment** in the Dutch manufacturing sector grew steeply in June. Firms noted that in order to keep up with new orders they had increased their payroll numbers.

Despite remaining sharp overall, **input price** inflation eased in the latest survey. The rate of increase was the lowest in eight months, and the latest survey extended the current trend of slowing inflation to three months. Anecdotal evidence suggested that high raw material costs were still the major factor behind increased cost burdens for Dutch manufacturing companies.

In response to easing input price inflation, the rate of increase in **output prices** charged by Dutch goods-producing firms eased for the third month in a row. Panellists noted that they still had to pass on part of the burden of higher input costs, however, and output charge inflation remained solid overall.

Vendor performance worsened to the greatest degree since April 2011 in the latest survey. Anecdotal evidence suggested that there were capacity shortages at suppliers, who had trouble coping with additional demand requirements.

Slower delivery times were registered across the consumer, intermediate and investment categories.

Finally, **confidence** towards future output growth prospects remained strong in June, despite easing fractionally since May.

Comment:

Sam Teague, Economist at IHS Markit, which compiles the Netherlands Manufacturing PMI survey, commented:

“June’s PMI survey data painted a positive picture of the Dutch economy. Steep rises in production and new orders provided solid evidence of a healthy operating environment. Easing input and output price inflation further sweetened the good news, although inflation remained high in the context of historical data. Confidence towards future growth prospects remained elevated in the latest survey. These strong second-quarter results alongside high business confidence back up the upbeat growth predictions for the Dutch economy in 2017. IHS Markit is currently forecasting GDP growth of 2.2% in 2017, the highest for ten years.”

-Ends-

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Notes to Editors:

The NEVI Netherlands Manufacturing PMI (Purchasing Managers' Index) is produced by IHS Markit. The report features original survey data collected from a representative panel of more than 350 companies based in the Dutch manufacturing sector. The panel is stratified by GDP and company workforce size.

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.

IHS 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 IHS Markit. Please contact economics@ihsmarkit.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 NEVI

With over 8000 purchasing professionals, NEVI[®] is the 3rd largest purchasing association in the world and has been the knowledge network for purchasing and supply management since 1956. NEVI makes purchasing knowhow accessible for everyone involved in the purchasing process by organising (inter)national conventions, networking events, certificated professional educational programmes and national and international customized (in-house) training. NEVI is the first purchasing association to have received the Global Standard for its educational programmes in purchasing. It has a research foundation and supports university professors, lecturers and doctoral students. The NEVI code of conduct is ground-breaking in its field. For more information about NEVI activities and membership, please visit our website: www.nevi.nl

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About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 30 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/product/pmi

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