

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

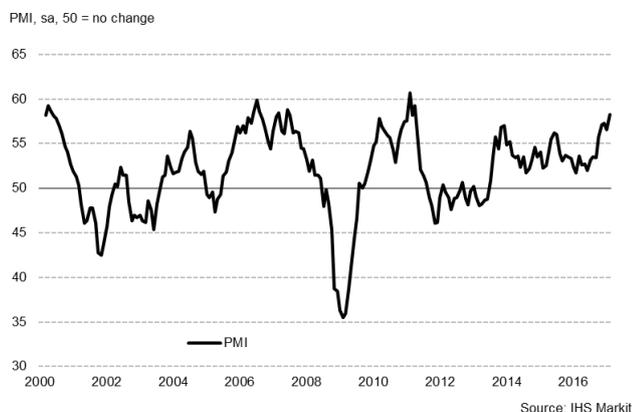
PMI hits 70-month high in February

Key points:

- Output expands at quickest pace since July 2006
- Employment growth reaches six-year high
- Sharpest rise in input costs since April 2011

Data collected February 10-20

NEVI Netherlands Manufacturing PMI



Companies in the Dutch manufacturing sector signalled the strongest improvement in overall business conditions for nearly six years in February. The latest improvement was partly driven by the sharpest increase in output for just over ten-and-a-half years, which in turn contributed to the fastest increase in employment since early 2011. Meanwhile, input costs rose to the greatest extent since April 2011, which contributed to a further hike in average selling prices.

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 58.3 in February.

Up from 56.5 in January, the latest index reading signalled the sharpest improvement in overall sector conditions since April 2011.

The headline PMI was supported by a twelfth consecutive rise in **new business**. Moreover, the rate of growth was the most marked in 38 months. A number of panellists linked the latest increase to improved underlying demand conditions. **Foreign demand** for Dutch goods also gathered pace in February amid reports of strong demand from the UK and the US.

Faced with greater client demand, firms raised their **production** for the forty-sixth successive month in February. Moreover, the rate of growth was the sharpest since July 2006. As a result, **post-production inventories** increased for the second month in a row.

Dutch manufacturing companies took on additional **staff** at the quickest rate in six years during February. Anecdotal evidence suggested that firms enhanced their operational capacity to meet higher output requirements. In spite of this, the level of **unfinished work** increased slightly over the month.

To supplement higher workforce numbers, goods-producing companies in the Netherlands raised their **purchasing activity** during February, the twelfth time in as many months this has been the case. Some firms placed their purchases into stock, which resulted in a sixth successive monthly rise in **pre-production inventories**.

Meanwhile, firms were faced with stronger cost pressures in February. Moreover, the rate of **input price** inflation was the most marked since April 2011. Where an increase was reported, firms generally commented on higher raw material costs. Firms generally passed their greater cost burdens on to their clients through higher output **charges**.

Finally, average **lead times** for inputs lengthened for a forty-fourth successive month. Moreover, the rate of deterioration in vendor performance was the

most marked since May 2011 amid reports that higher client demand had contributed to longer delivery times.

Comment:

Alex Gill, Economist at IHS Markit, which compiles the Netherlands Manufacturing PMI® survey, commented:

“The latest data signalled the strongest improvement in operating conditions at Dutch manufacturing companies since April 2011. Growth was driven by greater demand across both foreign and domestic markets, which prompted firms to increase output at the quickest pace in over ten years. This translated into good news for the labour market, with manufacturers taking on extra staff at the fastest rate in six years. Furthermore, positive expectations suggest the sector is well-placed to continue its upward trajectory in the coming months.”

-Ends-

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Notes to Editors:

The NEVI Netherlands Manufacturing PMI (Purchasing Managers' Index) is produced by Markit. The report features original survey data collected from a representative panel of around 400 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.

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@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

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