

News Release

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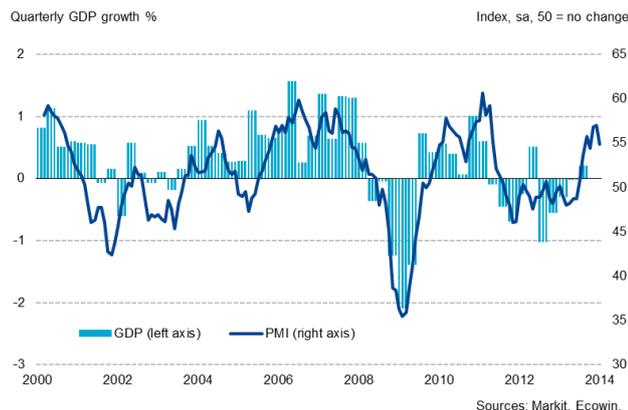
NEVI Netherlands Manufacturing PMI[®]

Expansion of Dutch manufacturing sector maintained at start of 2014

Key points:

- Solid improvement in business conditions, albeit slowest in three months
- Growth of output and new orders moderates
- Employment falls for first time since August

Historical Overview:



Summary:

Dutch manufacturers reported a solid, albeit slower, improvement in operating conditions during January. The headline NEVI *Purchasing Managers' Index[®]* (PMI[®]) – a composite indicator designed to provide a single-figure snapshot of the performance of the manufacturing economy – posted a three-month low of 54.8, down from 57.0. However, the PMI remained comfortably above its average since data were first available in March 2000 (51.6).

The drop in the PMI was driven by weaker contributions from all five of its constituent components. Slower growth of new orders and production were signalled, while employment and stocks of purchases slipped into decline and suppliers' delivery times lengthened to a lesser degree than in December.

Although easing slightly in January, the rate of output expansion remained strong. Sector data showed that consumer goods producers led the way in terms of

growth, although production also increased markedly in the intermediate and investment goods categories.

Higher output was supported by a further rise in new orders. Although easing from December's 32-month high to the slowest since October, the rate of expansion in new work was robust nonetheless. Data suggested similarly strong growth of both domestic and export business.

Stocks of finished goods held by Dutch manufacturers were depleted further in January, extending the current period of contraction to 22 months. Although moderate, the rate of decline was the sharpest since September.

Employment in the Dutch manufacturing sector decreased for the first time in five months at the start of 2014, with a number of panellists citing company restructuring policies. Despite lower staffing levels, backlogs of work fell fractionally, following increases in the previous two months.

Purchasing activity increased further in January, reflecting higher production requirements. The rate of growth eased to the slowest since October, but remained marked. Stocks of purchases fell slightly, registering the first reduction in six months.

Suppliers continued to take longer on average to deliver purchased items. The rate of deterioration in vendor performance remained substantial, although the latest increase in lead times was the least marked in three months.

Prices paid by Dutch manufacturers for raw materials and semi-manufactured goods increased for a fifth consecutive month in January. That said, the rate of cost inflation eased from December's 15-month high and was well below the survey's long-run average. Output prices meanwhile decreased for the first time in five months, although the fall was marginal.

Comment:

Jack Kennedy, Senior Economist at Markit commented:

"The latest PMI data indicate that the Dutch manufacturing sector started 2014 on a solid

footing, despite growth slowing from the marked rates seen at the end of last year. With demand still healthy both at home and abroad, output growth continues to run at a historically strong rate. However, a first fall in employment for five months

was less encouraging and, combined with a slight drop in backlogs of work, indicates that many companies continue to have ample spare capacity.”

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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