

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

Dutch manufacturing growth hits six-and-a-half-year high

Key points:

- Headline PMI accelerates to 59.7 in August, from 58.9
- Output and new order growth both hit multi-year highs
- Input price pressures sharpen

Data collected August 12-22

NEVI Netherlands Manufacturing PMI



Growth in the Dutch manufacturing sector accelerated in August and reached a 78-month high. Sharp rates of expansion in output and new orders (both domestic and export) were key drivers behind the latest improvement. Furthermore, job creation remained strong in the most recent survey. On a less positive note, input price pressures sharpened in August. Cost burdens faced by Dutch manufacturers increased sharply, whilst output charges rose at a slower pace.

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 – rose to 59.7 in August, up from 58.9 in July. The latest figure was the strongest recorded since February 2011 and the third-highest in the survey's 17-year history. Furthermore, it extended the current sequence of growth registered in the sector to 50 months.

Manufacturers in the Netherlands reported a sharp increase in **output** in August. The rate of growth accelerated in the latest survey and was the fastest since May 2000.

Rising production requirements reflected strong client demand. **New orders** received by Dutch manufacturers rose at the fastest pace since December 2013 in the latest survey. Sector data indicated that the intermediate goods category registered the sharpest rate of expansion.

In line with the trend for total new orders, growth in **new business from abroad** accelerated in August. The rate of expansion was steep overall and well above the series' historical average. According to anecdotal evidence, demand from Asia and North America for Dutch-produced goods was strong.

August's data indicated that the level of **employment** in the Dutch manufacturing sector continued to rise. Firms commonly noted that they took on new hires to meet rising output requirements.

On the price front, **input price inflation** ticked up for the first time in six months. Furthermore, the rate at which average cost burdens rose was sharp overall. Conversely, output charge inflation in the sector eased during August.

Suppliers' delivery times further worsened in August. Moreover, the extent to which vendor performance deteriorated was the greatest for 77 months. Panellists commonly blamed supplier shortages as the cause.

Backlogs of work returned to growth in the latest survey, with the strongest rate of increase in over three-and-a-half years.

Finally, sentiment towards **future output** growth prospects remained strongly positive in August. An economic upturn was expected by many panellists.

Comment:

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

“The Dutch manufacturing sector continued to build momentum in August, with the latest PMI signalling the fastest pace of growth for six-and-a-half years. The latest expansion was fuelled by accelerations in production and new order growth which both hit multi-year highs. Strong job creation and a positive growth outlook given by panellists further sweetened the latest good news. The manufacturing sector appears to be on track to contribute towards an upswing in GDP growth in 2017, as forecasted by IHS Markit.”

-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

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