



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

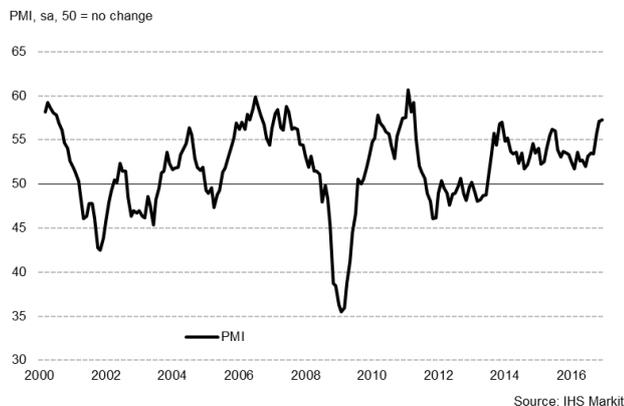
PMI climbs to 68-month record in December

Key points:

- Output and new orders continue to increase sharply
- Further marked rise in staffing numbers
- Sharp pick up in inflationary pressures

Data collected December 6-14

NEVI Netherlands Manufacturing PMI



Dutch manufacturers saw the sharpest improvement in operating conditions since April 2011 during December, driven by further marked expansions in both output and new orders. Manufacturers continued to hire additional staff and increased their purchasing activity further. Meanwhile, input costs and output charges both rose at sharper rates than in the preceding month.

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 57.3 in December. Up from 57.0 in November, the latest index reading was the highest in 68 months and

pointed to a marked improvement in the overall health of the Dutch manufacturing sector.

Underpinning the latest improvement was a further rise in **output**. Moreover, the rate of increase accelerated fractionally from the previous month to a three-year high amid reports of more favourable demand conditions.

In line with the trend for output, **new orders** placed with manufacturing companies in the Netherlands continued to increase during December. The rate of expansion was little-changed from the preceding month and marked overall. Furthermore, **foreign demand** for Dutch manufactured-goods rose at the strongest pace since July 2015.

December pointed to a second successive monthly fall in **post-production** inventories. Some panellists attributed the decline to a strong and sustained upturn in new work.

Encouraged by strong demand conditions, firms increased their **staff numbers** in December so as to enhance their operating capacity. Job creation has been recorded in each month since March 2015. In spite of this, **backlogs** of unfinished work accumulated for the second successive month.

Meanwhile, firms continued to increase their **purchasing activity** at a marked rate in December, which in turn led to a sharp rise in **pre-production inventories**, that was the steepest since data collection began in March 2000.

Dutch manufacturing companies continued to be faced with higher **input costs** in December amid reports of a depreciation of the euro against the US dollar putting upward pressure on import costs. Moreover, the rate of increase was the most marked in over five-and-a-half years.

To help alleviate pressure on their margins, firms generally raised their **selling prices** in December. Moreover, the rate of charge inflation was the sharpest in 58 months.

Finally, average **lead times** lengthened in December for the forty-second consecutive month.

Comment:

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

“The Dutch manufacturing sector finished the year strongly, with further sharp growth in output and new orders. Favourable demand conditions prompted firms to raise their purchasing activity, which, in turn, contributed to the sharpest build-up of pre-production inventories since data collection began in March 2000. Meanwhile, input cost pressures persisted, resulting in the sharpest round of charge inflation in almost five years.”

-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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