

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

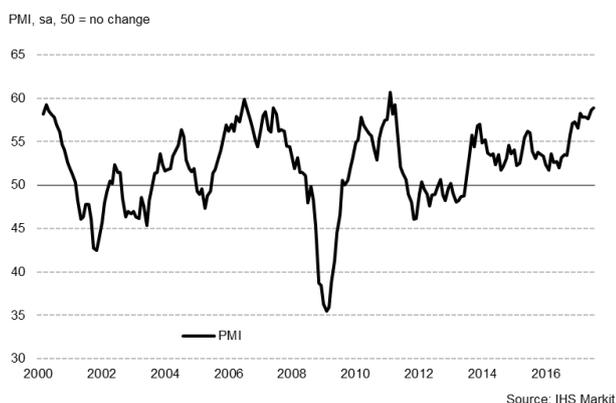
Manufacturing PMI climbs to highest since April 2011

Key points:

- Headline PMI at 75-month high of 58.9, boosted by faster job creation
- Sustained strong growth of output and new orders
- Supplier lead times show greatest increase since March 2011

Data collected July 12-21

NEVI Netherlands Manufacturing PMI



The Dutch manufacturing sector made a strong start to the third quarter, with latest PMI[®] survey data indicating marked increases in output and new orders as well as the fastest rise in factory employment since early-2011. Meanwhile, suppliers' delivery times showed the greatest increase in almost six-and-a-half years as demand for inputs rose sharply.

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 58.9 in July, up from June's 58.6 and its highest reading since April 2011. Alongside the deterioration in supplier performance, stronger growth in employment and stocks of purchases were also behind the rise in the PMI, as manufacturers looked to boost capacity in line with higher demand.

Production levels increased sharply in July, reflecting growth in each of the three main industrial groups: consumer, intermediate and investment goods. Although easing slightly since June, the overall rate of expansion remained among the fastest seen over the past three-and-a-half years.

New orders followed a similar trend to that of output, rising at a slightly slower rate than in the previous survey period but one that remained sharp overall. Boosting order books was a further increase in new business from abroad, the thirteenth in as many months.

In order to meet rising production requirements, Dutch manufacturers continued to take on additional staff during July. Furthermore, having picked up for the second month in a row, the rate of **employment** growth was the fastest seen since February 2011. This extra staffing capacity helped manufacturers keep on top of backlogs which fell for the second time in the past three months, albeit only marginally.

High demand also led manufacturers to sell directly from stock. This resulted in a third straight monthly decrease in post-production inventories, and the fastest since June 2016.

Stocks of purchases, on the other hand, increased for the eleventh month in succession amid a sharp and accelerated rise in manufacturers' buying levels.

The sustained upturn in purchasing activity was reflected in a further deterioration in **supplier performance**, with average lead times increasing

to the greatest extent since March 2011. Survey evidence highlighted vendor capacity constraints and a lack of availability of materials.

Average prices paid for purchases increased sharply, although the rate of inflation eased further from February's recent peak to the lowest since last October. **Output prices** meanwhile rose at the fastest rate for four months.

Comment:

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

“July’s survey signalled the Dutch manufacturing economy moving up a gear, with growth accelerating to its fastest in 75 months. The highest rate of job creation in six-and-a-half years, alongside rising buying activity, indicated firms were reacting to growing production requirements. Sharp increases in output and new orders also fuelled July’s score. The latest result was in line with IHS Markit’s prediction of 2.2% GDP growth y/y in 2017, with the Dutch manufacturing sector showing underlying strength to expand rapidly alongside the other eurozone economies.”

-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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