

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:00 (UK Time), 2 March 2015

NEVI Netherlands Manufacturing PMI®

Dutch manufacturing sector expansion cools in February

Key points:

- Growth of output and new orders eases
- Slight drop in employment
- Stocks of finished goods contract at sharper rate

Historical Overview:



Summary:

Growth momentum in the Dutch manufacturing sector eased during February. This was signalled by 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 – dropping to a five-month low of 52.2, from 54.1 in January.

Weighing on the PMI were weaker expansions of output and new orders, while employment decreased and stocks of purchases fell at a sharper rate. Suppliers' delivery times meanwhile lengthened to a lesser degree.

Production at Dutch manufacturers continued to rise in February. The latest increase was solid, albeit the slowest in five months. This reflected a weaker expansion of **new orders**. The latest rise in incoming new work was the least marked since last

September. Moreover, growth of **new export orders** moderated to a six-month low.

Backlogs of work at manufacturers in the Netherlands decreased for a fourteenth consecutive month in February. Furthermore, the rate of contraction accelerated to the sharpest since last November.

Dutch manufacturers shed staff in the latest survey period. The reduction in **employment** was the first in 11 months, albeit modest overall.

Purchasing activity by Dutch manufacturers rose for a nineteenth consecutive month during February, and at the fastest rate since last November. **Stocks of purchases** continued to decrease, with the rate of contraction accelerating to the sharpest in six months.

Input prices faced by Dutch manufacturers decreased for the sixth month running during February. Although easing since January, the rate of decline remained marked. Panel members commented on lower prices for oil and general raw materials as key contributors to the drop in purchasing costs.

Output prices fell for a seventh month in succession. That said, the latest reduction was less marked than in January. Strong competitive pressures were widely cited as having weighed on firms' pricing power.

Suppliers' delivery times faced by manufacturers in the Netherlands lengthened further during February, which panellists frequently linked to low stock levels. The rate at which lead times increased was sharp, albeit the least marked since September 2014.

Finally, **stocks of finished goods** held by Dutch manufacturers decreased for a second consecutive month during February. Moreover, the rate of contraction in post-production inventories accelerated to the sharpest since April 2013.

Comment:

Jack Kennedy, Senior Economist at Markit, which compiles the Netherlands Manufacturing PMI® survey, commented:

“Dutch manufacturers saw growth momentum cool in February, with output and new orders both rising at slower rates. Firms responded by trimming

staffing levels for the first time in almost a year. Falling input prices afforded manufacturers scope to cut output charges further, which they will hope to boost order intakes in coming months.”

-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 400 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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