

## NEVI Netherlands Manufacturing PMI<sup>®</sup>

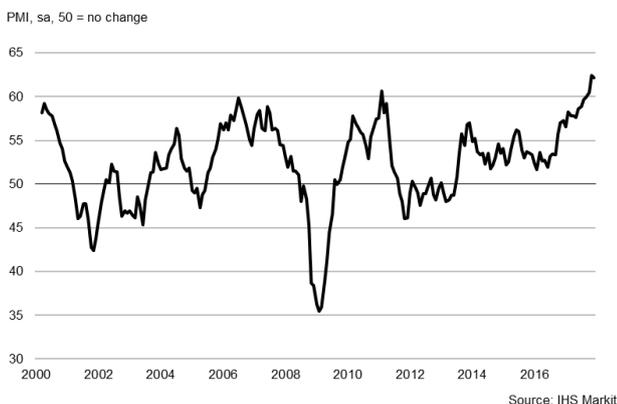
### Dutch manufacturing growth remains close to record in December

#### Key points:

- PMI eases fractionally from November's record high to 62.2
- Manufacturing employment growth accelerates to new record
- Strongest growth of new export orders since April 2010

Data collected December 5-13

#### NEVI Netherlands Manufacturing PMI



The pace of Dutch manufacturing growth showed little sign of abating in December, according to the latest PMI<sup>®</sup> survey data from NEVI and IHS Markit. Growth rates for output, new orders, and exports all remained close to record levels, while manufacturing employment growth hit a new peak. The headline PMI was only fractionally lower than November's all-time high. Inflation of input and output prices both eased slightly during the month, but remained strong overall.

The headline NEVI Netherlands Manufacturing PMI is a composite single-figure indicator of

manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI edged lower in December to 62.2 from November's survey-record 62.4, although the latest figure was nonetheless comfortably higher than the next-strongest reading set back in February 2011. The data signalled that Dutch manufacturers continued to experience a strong improvement in business conditions at the end of 2017, backed by a near-record increase in new orders. Moreover, all five of the components of the headline figure were at or close to record levels.

New orders increased at the fourth-fastest rate since the survey started in March 2000, and for the twenty-second month in succession. Furthermore, the rate of growth in new export orders in the latest period has been bettered only once before in the survey history, in April 2010.

Surging new order inflows spurred output higher in December. The rate of growth in production was the second-fastest on record, easing only fractionally since November's peak.

Manufacturing employment increased at a record rate in December, with the respective index rising to a new peak for the third month in a row. Despite this boost to capacity, backlogs of work increased at the sharpest rate since February 2007.

Demand for manufacturing inputs remained strong in December, with purchases increasing at one of the fastest rates in the survey history. This led to further pressure on supply chains, with delivery times lengthening to the greatest extent since September 2006.

The latest survey data signalled further strong inflationary pressures in the manufacturing sector, even though both input prices and output charges

rose more slowly than in November. A wide range of raw materials were reported as up in price, including steel, paper, wood, chemicals and oil-related inputs.

The 12-month outlook for Dutch manufacturing output remained strong in December, with overall sentiment remaining close to the record level seen in October.

**Comment:**

Trevor Balchin, Director at IHS Markit, which compiles the Netherlands Manufacturing PMI survey, commented:

*“Having risen for the sixth successive month to a new high of 62.4 in November, the Dutch manufacturing PMI edged lower to 62.2 in the final month of 2017. That said, this figure was still comfortably the second-highest since the survey began in March 2000, signalling strong overall growth of the sector.*

*“All five components of the PMI were at or close to records in December. Employment growth hit a new peak for the third successive month, while growth of output and stocks of purchases were both the second-strongest to date. New order expansion was the fourth-fastest on record, while suppliers’ delivery times rose by more than in any other survey period except July and September 2006. The latest survey data also signalled further strong price pressures.”*

-Ends-

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#### Notes to Editors:

The NEVI Netherlands Manufacturing PMI<sup>®</sup> (Purchasing Managers' Index<sup>®</sup>) 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](mailto: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<sup>®</sup> 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](http://www.nevi.nl)

#### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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#### About PMI

Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) surveys are now available for over 40 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](http://www.markit.com/product/pmi)

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