

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

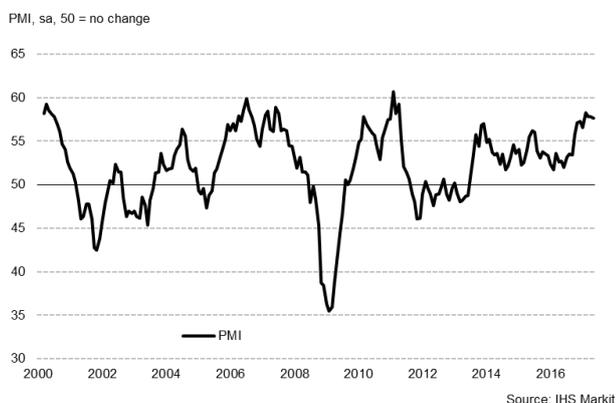
Growth in Dutch manufacturing sector remains sharp

Key points:

- Headline PMI dips fractionally, but remains elevated at 57.6
- Steep new order growth from both domestic and export markets
- Price pressures ease further

Data collected May 12-22

NEVI Netherlands Manufacturing PMI



Latest PMI[®] survey data signalled continued growth momentum in the Dutch manufacturing economy. Data indicated a sharp expansion, albeit at a fractionally slower rate than in the preceding survey. Strong increases in new orders, exports and output, as well as marked job creation, all contributed to the latest improvement in business conditions. On the price front, cost pressures eased again in May.

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 57.6 in May, down fractionally from 57.8 in April. Although this

was its lowest score since January, it remained among the highest seen in the past six years.

Dutch manufacturing **production** rose sharply in May, despite the rate of expansion easing to its slowest in four months. Growth was broad-based across the three monitored sub-sectors, with the investment goods category recording the sharpest rise.

Strong **new order** books were a key factor behind output growth in the Dutch manufacturing sector, according to anecdotal evidence. The latest data suggested that the level of new business placed at firms rose at a steep pace in May. The consumer goods category was the main driver behind new order growth. **New export business** also rose markedly during the month.

Cost pressures faced by Dutch manufacturing firms continued to ease in May. **Input price** inflation eased to its lowest level in seven months. That said, higher raw material prices and wage growth drove up average cost burdens for firms, according to anecdotal evidence.

Output price inflation eased alongside that of input costs. Data showed that factory gate prices rose at the slowest rate in five months, but one that remained marked overall.

Despite easing marginally from the preceding survey, growth in **employment** remained above the long-run average and was strong overall. Increased production requirements led to more people being hired in the Dutch manufacturing sector, according to panellists.

The level of **work outstanding** contracted for the first time in seven months. Respondents noted that increased production had enabled them to clear backlogs.

Stocks of finished goods dipped in the latest survey, the first fall since December 2016. That said, the contraction was only slight overall and was slower than the series long-run average.

Finally, companies remained confident towards future growth prospects in May. Firms attributed positive sentiment to higher export orders, improving business conditions and new product launches.

Comment:

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

“The latest PMI data indicate that the Dutch manufacturing sector continued to grow sharply midway through the second quarter. Strong growth in both exports and domestic new orders were the key contributors behind the latest result and signalled the relative competitiveness of the Dutch economy. Although higher input costs continue to burden firms, price pressures eased in May, further sweetening the results. Overall, the sector remains on track to support expected GDP growth of 2.2% in 2017, according to IHS Markit forecasts.”

-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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