

News Release

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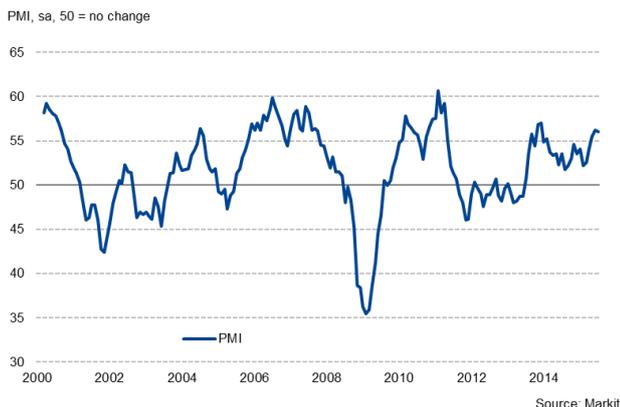
NEVI Netherlands Manufacturing PMI®

Output rises at sharpest rate in 19 months during July

Key points:

- Production growth accelerates despite slower increase in new orders
- Job creation remains close to four-year high
- Purchasing activity continues to rise at marked pace

Historical Overview:



Summary:

Business conditions in the Dutch manufacturing sector continued to improve in July. 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 56.0, only fractionally below June's one-and-a-half year high of 56.2.

Output at Dutch manufacturers increased further in July, continuing the trend recorded since May 2013. Moreover, the rate of expansion accelerated to the sharpest in 19 months.

Supporting higher production was a further expansion of **new orders** received by manufacturers in the Netherlands. The rate of expansion in new work eased to a three-month low, but remained marked overall. Panellists commented that new order growth had been

underpinned by robust demand conditions and extended product ranges. **New export orders** received by Dutch manufacturers rose at the fastest pace in 19 months, with a number of respondents indicating that contracts had been secured from clients based in the US.

July data pointed to an increase in **backlogs of work** at Dutch manufacturers. It was the first rise in outstanding business for 19 months, albeit slight overall.

Employment in the Dutch manufacturing sector rose for a fifth month in succession during July. The rate of jobs growth was solid, despite easing marginally from June's four-year high.

Stocks of finished goods held by Dutch manufacturers contracted further in July. That said, the rate of decline eased from June's 26-month record and was moderate overall.

Purchasing activity by Dutch manufacturers for use in production continued to rise in July, extending the current growth period to two years. Although marked, the latest increase was slightly weaker than in June.

Stocks of purchases held by Dutch manufacturers remained broadly unchanged in the latest survey period, following a modest increase one month previously.

Suppliers' delivery times faced by Dutch manufacturers continued to lengthen in July. The rate at which vendor performance deteriorated accelerated to the sharpest since May 2011, with panellists commenting on rising demand for raw materials and, in some cases, shortages at vendors' units.

Input price inflation in the Dutch manufacturing sector remained marked in July, although eased slightly from June's 38-month high. **Output prices** rose for the second month running, albeit modestly and at a slower pace than in the previous survey period.

Comment:

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

“The Dutch manufacturing sector delivered another punchy performance at the start of the third quarter, with output growth quickening to the fastest for over one-and-a-half years. Job creation was maintained at a solid pace as companies looked to boost

operating capacity. New order growth softened to a three-month low, but continues to run at a robust rate, helped by sharply rising export orders – the latest increase in new work from abroad was the fastest in 19 months, a sign that the weaker euro is supporting sales in key foreign markets.”

-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 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/economics.

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