

Ulster Bank Northern Ireland PMI®

The Ulster Bank Northern Ireland PMI® (Purchasing Managers' Index®) is produced by Markit Economics.

The report features original survey data collected from a representative panel of companies based in Northern Ireland and operating in the manufacturing, service, construction and retail/wholesale sectors.

Ulster Bank Ireland Limited,
Registered in Republic of Ireland
No 25766 Registered Office:

Ulster Bank Group Centre
George's Quay
Dublin 2

Ulster Bank Ireland Limited is regulated
by the Irish Financial Services Regulatory
Authority.

Calls may be recorded.

For further information please contact:

Richard Ramsey
Chief Economist, Northern Ireland
Ulster Bank Group
Tel: +44 (0)28 9027 6354
Mobile: +44 (0)7881 930955
Email: richard.ramsey@ulsterbankcm.com
Web: www.ulstereconomix.com

Twitter: @UB_Economics

Markit Economics

Henley on Thames
Oxon RG9 1HG, UK

Tel: +44 1491 461000
Fax: +44 1491 461001

e-mail: economics@markit.com

The Ulster Bank Northern Ireland PMI® is produced by Markit Economics, an independent research company that produces highly-regarded surveys of business conditions in nations around the world.

Ulster Bank and Markit Economics
acknowledge the support of CIPS in the
production of this report.



The intellectual property rights to the Northern Ireland PMI® provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Ulster Bank use the above marks under license. Markit is a registered trade mark of Markit Group Limited.

Activity returns to growth in May

Companies in Northern Ireland saw returns to growth in both output and new orders during May amid reports of improved market conditions. Firms continued to take on extra staff as a result. Meanwhile, the rate of cost inflation accelerated to the sharpest seen in 2015 so far.

Solid growth of output

The headline seasonally adjusted Business Activity Index rose back above the 50.0 no-change mark in May, posting 52.7 following a reading of 49.1 in April. Moreover, the rate of expansion in activity signalled by the index was solid and the fastest since last October. However, growth in Northern Ireland was slower than the UK economy average. Growth of new orders and improved market confidence were the main factors leading activity to rise, according to respondents. The overall increase in output was driven by the manufacturing and service sectors.

New business also rose solidly in May following a reduction in the previous month. The increase in new orders was the sharpest in seven months. In contrast, new business from abroad decreased, largely reflective of the strength of sterling against the euro.

Further rise in employment

With new orders returning to growth in May, companies continued to increase their staffing levels during the month. Employment rose for the fourth month in a row, and at a solid pace that was little-changed from that seen in April. All four monitored sectors posted increases in staffing levels.

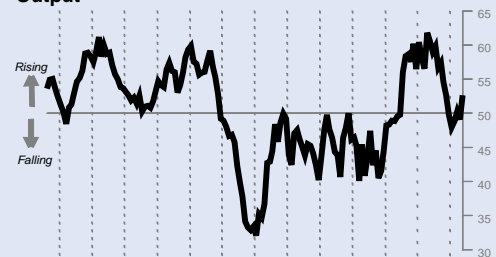
This increase in operating capacity helped firms to keep on top of workloads despite a rise in new work. Backlogs fell in May, albeit at a marginal pace that was the slowest since last October.

Cost inflation picks up

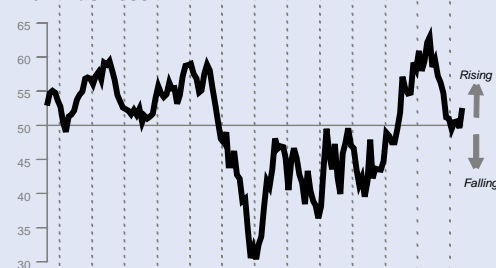
The rate of input price inflation continued to quicken during May and was the sharpest seen in 2015 so far. The rise in input costs was also faster than the UK average. Higher staff costs were mentioned by a number of respondents, while others indicated higher costs for purchases. On the other hand, some panellists reported that the strength of sterling had led import prices to decrease. The sharpest increase in input costs was seen at service providers.

Although input prices increased, Northern Ireland firms lowered their charges. However, the rate of decline in output prices was only marginal and the slowest since September 2014. Where charges fell, this was largely attributed to strong competition. Lower selling prices were recorded at manufacturers and retailers, while the service and construction sectors saw rises in charges.

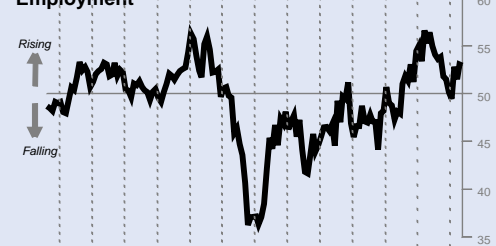
Output



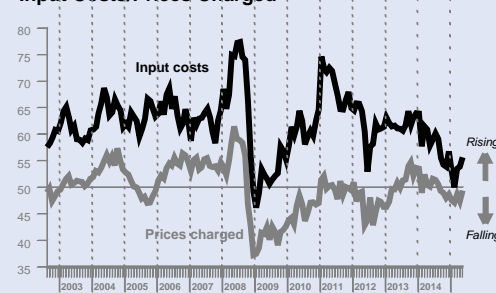
New Business



Employment



Input Costs/Prices Charged



The above charts plot the seasonally adjusted indicators of business conditions in Northern Ireland. Index readings above 50.0 signal an increase on the previous month while readings below 50.0 signal a decrease.

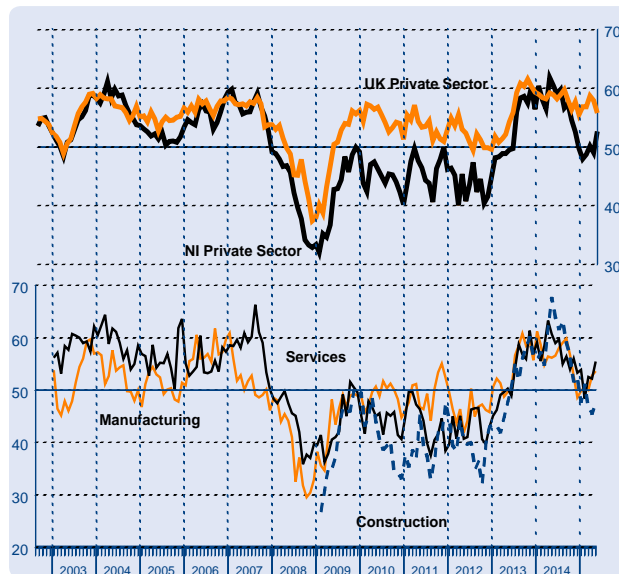
Output / Business Activity

Q. Is the level of output or business activity at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Dec	19.3	56.4	24.3	-5.0	47.5	49.8
2015	Jan	17.4	51.1	31.5	-14.1	42.9	48.0
	Feb	22.7	54.1	23.2	-0.5	49.7	48.8
	Mar	25.6	54.8	19.6	6.0	53.0	50.2
	Apr	22.4	61.4	16.2	6.2	53.1	49.1
	May	27.6	59.5	12.8	14.8	57.4	52.7

Business activity increased in the Northern Ireland private sector for the second time in the past three months during May. Moreover, the rate of expansion was solid and the fastest since last October. That said, the rise in output in Northern Ireland was weaker than recorded across the UK as a whole. Growth of new business had led activity to increase at some firms, while others reported improved market confidence. Both the manufacturing and service sectors posted rising output, with growth in services activity the strongest since November 2014. Construction and retail continued to record contractions, albeit at weaker rates.

By sector					Construction	Manufacturing	Services
'15	Mar	46.9	50.1	52.5			
	Apr	45.5	52.8	52.2			
	May	47.8	53.7	55.5			



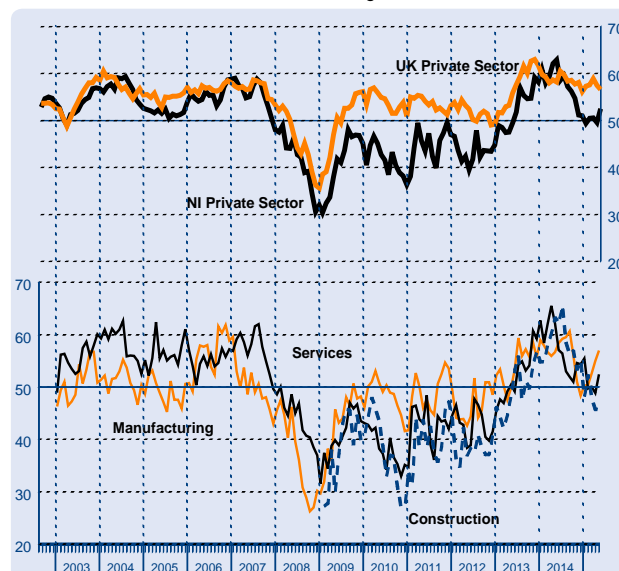
New Business

Q. Is the level of new orders or incoming new business at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Dec	18.8	58.5	22.7	-3.9	48.1	51.0
2015	Jan	20.8	49.5	29.7	-8.9	45.5	49.4
	Feb	26.4	51.8	21.8	4.7	52.3	50.5
	Mar	27.5	48.6	23.9	3.6	51.8	50.6
	Apr	25.2	56.2	18.6	6.6	53.3	49.6
	May	32.3	48.9	18.8	13.5	56.8	52.6

After having fallen marginally in the previous month, new business rose during May, the third time in the past four months in which an expansion has been registered. Furthermore, the rate of growth was the sharpest since October. A number of respondents signalled increased market activity during the month. More than 32% of panellists recorded an expansion of new business, against 19% that posted a decline. As was the case with activity, the manufacturing and service sectors were the main drivers of growth. Manufacturing new orders rose sharply, and to the greatest extent since last September.

By sector					Construction	Manufacturing	Services
'15	Mar	48.0	52.6	50.1			
	Apr	45.8	55.1	48.9			
	May	45.7	57.0	52.5			



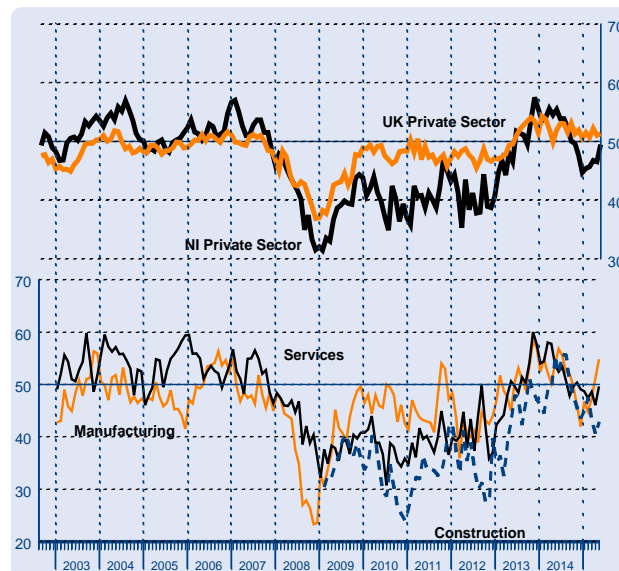
Backlogs

Q. Is the level of business outstanding (i.e. work not yet commenced or completed) at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Dec	9.5	65.0	25.5	-16.0	42.0	44.7
2015	Jan	13.2	61.1	25.7	-12.4	43.8	45.4
	Feb	16.8	59.7	23.5	-6.7	46.7	45.7
	Mar	15.8	64.3	20.0	-4.2	47.9	46.8
	Apr	13.5	70.7	15.8	-2.3	48.8	46.6
	May	22.1	61.5	16.4	5.7	52.8	49.5

Although new orders increased solidly in May, there was evidence of spare capacity remaining in the private sector as backlogs of work decreased. That said, the rate of depletion was marginal, having slowed from the previous month to the weakest since October 2014. The fall in outstanding business in Northern Ireland contrasted with a slight increase across the UK economy as a whole. The manufacturing sector was the only monitored category to post an increase in backlogs during the month. However, the three remaining sectors all saw outstanding business fall at weaker rates.

By sector					Construction	Manufacturing	Services
'15	Mar	43.5	47.4	48.6			
	Apr	40.5	51.2	46.1			
	May	42.8	54.9	49.7			



Employment

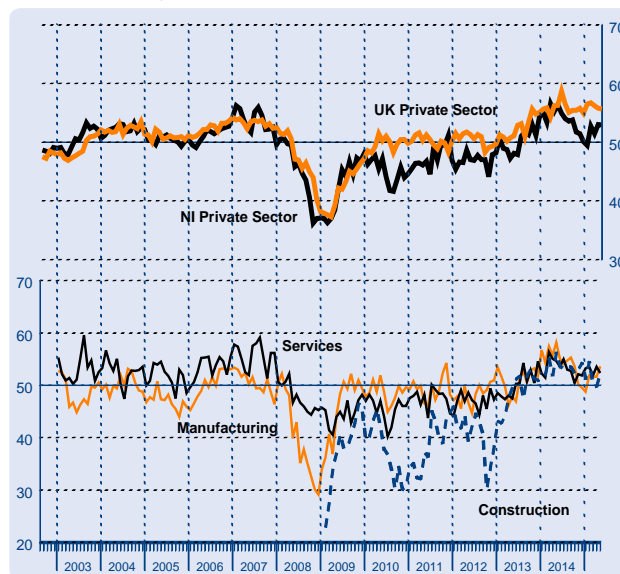
Q. Is the level of employment at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2014 Dec	9.3	79.9	10.8	-1.5	49.2	50.1	55.0
2015 Jan	7.0	83.4	9.6	-2.6	48.7	49.5	56.6
Feb	11.2	82.2	6.6	4.6	52.3	52.8	56.7
Mar	8.8	84.3	6.9	1.9	50.9	51.5	56.3
Apr	12.8	83.4	3.8	9.0	54.5	53.1	55.8
May	16.3	75.6	8.1	8.2	54.1	53.0	55.7

Staffing levels at companies in Northern Ireland increased for the fourth successive month in May, and at a solid pace that was little-changed from that seen in April. Anecdotal evidence suggested that higher new business was the principal reason for the rise in employment, with approximately twice as many panellists taking on extra staff as reduced headcounts. Each of the four sectors covered by the survey signalled an increase in staffing levels, led by manufacturing where the rate of job creation was the fastest in seven months. Construction posted a solid rise in employment, following stagnation in April.

By sector

		Construction	Manufacturing	Services
'15 Mar		50.5	51.7	51.9
Apr		49.9	51.7	53.6
May		52.4	53.7	52.4



Input Costs

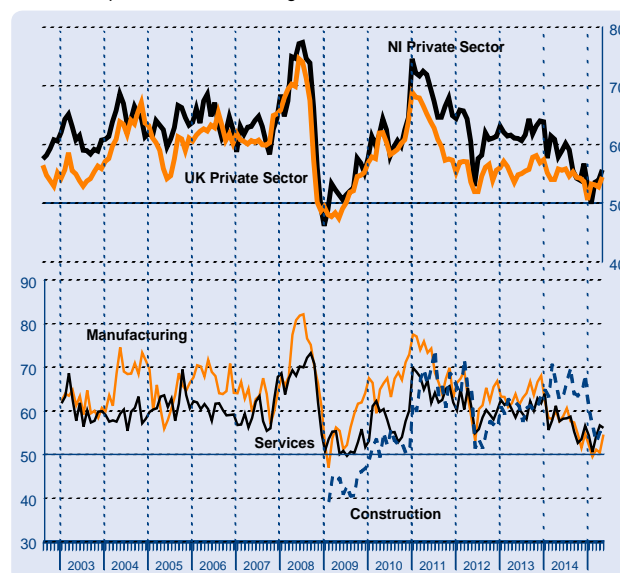
Q. Have average input prices or input costs risen, fallen or remained unchanged this month compared to one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2014 Dec	20.1	69.6	10.4	9.7	54.9	56.8	53.7
2015 Jan	16.6	72.7	10.8	5.8	52.9	53.1	50.6
Feb	10.1	79.7	10.1	0.0	50.0	50.0	53.3
Mar	20.9	74.0	5.1	15.8	57.9	53.6	53.2
Apr	21.4	70.8	7.8	13.6	56.8	54.0	52.8
May	20.5	72.3	7.2	13.3	56.7	55.7	54.5

The rate of input cost inflation continued to build in May and was the strongest recorded in 2015 so far. The increase in input prices in Northern Ireland was faster than the UK average. A number of respondents indicated that higher wages and salaries had been the main factor leading input costs to increase, while some mentioned higher prices for purchases. On the other hand, the strength of sterling against the euro had reportedly led to cost savings at some firms. Service providers registered the fastest rise in input costs, followed by manufacturers and constructors. Manufacturing and retail posted faster increases in input prices in May than in April.

By sector

		Construction	Manufacturing	Services
'15 Mar		52.9	51.2	54.2
Apr		55.2	50.5	56.8
May		54.2	54.6	56.2



Prices Charged

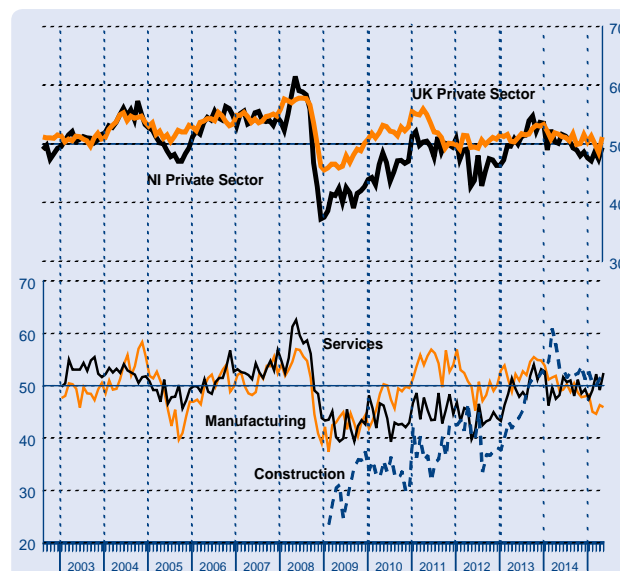
Q. Are the average prices charged for goods and services by your company higher, the same or lower this month than one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2014 Dec	8.3	78.1	13.6	-5.4	47.3	48.7	51.6
2015 Jan	9.4	77.9	12.6	-3.2	48.4	47.6	50.4
Feb	5.2	79.7	15.1	-9.9	45.0	47.1	51.3
Mar	11.0	78.3	10.8	0.2	50.1	48.7	50.0
Apr	10.2	78.3	11.5	-1.3	49.3	47.4	48.6
May	11.0	80.5	8.5	2.5	51.3	49.4	51.2

As has been the case in each of the past nine months, output prices at companies in Northern Ireland decreased in May. That said, the pace of reduction was only marginal, and the joint-weakest in the current sequence of decline. The fall in charges in Northern Ireland contrasted with a slight rise across the UK as a whole. Where output prices decreased, this was mainly linked by respondents to strong competition. Differing trends were recorded across the monitored sectors. Both services and construction posted rises in output prices, in the case of services following a fall in April. Meanwhile, faster reductions were seen in manufacturing and retail.

By sector

		Construction	Manufacturing	Services
'15 Mar		50.1	44.7	52.3
Apr		51.6	46.3	49.2
May		51.7	45.9	52.4



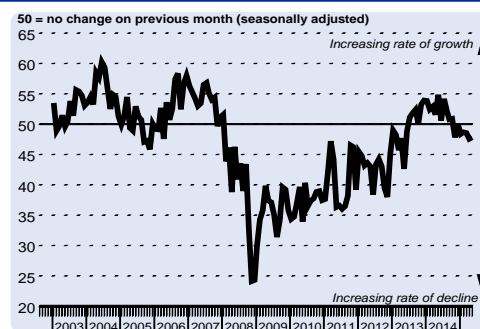
New Export Business*

Is the level of new export business at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies

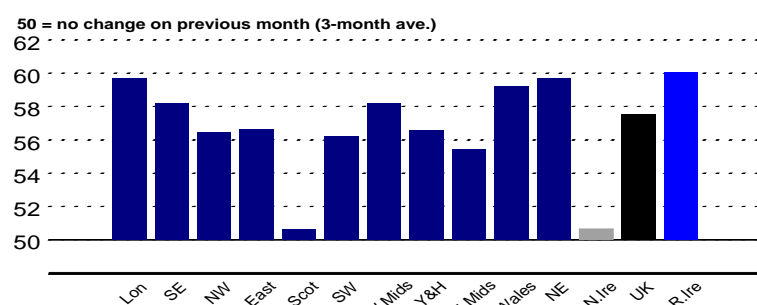
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Dec	17.0	63.6	19.4	-2.3	48.8	50.0
2015	Jan	12.4	66.9	20.8	-8.4	45.8	48.4
	Feb	18.4	63.3	18.2	0.2	50.1	48.7
	Mar	15.1	65.0	19.9	-4.8	47.6	48.6
	Apr	18.7	59.4	21.9	-3.2	48.4	47.6
	May	14.4	65.1	20.4	-6.0	47.0	47.9

Northern Ireland companies recorded a fall in new export orders for the fifth successive month in May. The rate of decline was solid, and only slightly slower than in the previous month. Where new business from abroad fell, this was largely reflective of the strength of sterling versus the euro.



Regional Comparisons: Output / Business Activity

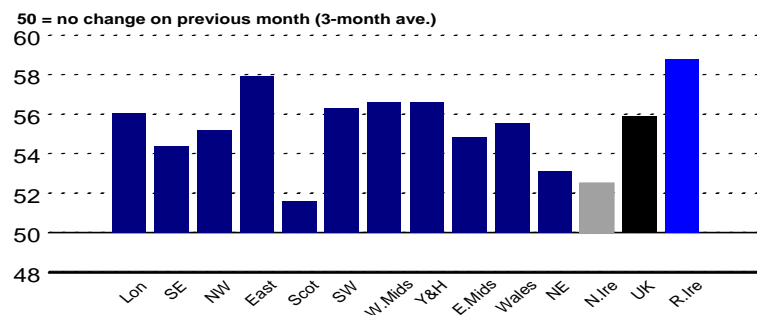
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). The North East of England and London recorded the joint-fastest growth in business activity in the three months to May, ahead of Wales. Meanwhile, Scotland and Northern Ireland were the worst performers, registering the same modest rate of expansion. Output continued to rise sharply in the Republic of Ireland.



	Share of UK GVA, 2013 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.6%)	58.3	59.7	57.0
South East	(15.2%)	58.2	58.2	55.4
North West	(9.4%)	56.8	56.4	55.6
East of England	(8.7%)	57.7	56.6	57.8
Scotland	(7.8%)	52.4	50.7	51.9
South West	(7.6%)	56.2	56.2	55.1
West Midlands	(7.4%)	57.9	58.2	54.7
Yorks & Humber	(6.8%)	57.4	56.6	53.6
East Midlands	(5.9%)	56.7	55.4	54.0
Wales	(3.5%)	58.5	59.2	58.6
North East	(3.0%)	58.6	59.7	59.7
N. Ireland	(2.2%)	53.2	50.7	52.7
UK	(100.0%)	57.6	57.5	55.8
Rep. of Ireland	n/a	60.4	60.1	60.9

Regional Comparisons: Employment

The graph below shows the regional PMI Employment Indexes for the UK. An average of the latest three months is used (see also the table to the right). The East of England led job creation in the latest three-month period, just ahead of the West Midlands and Yorkshire & Humber. Scotland recorded the slowest overall rise in employment, followed by Northern Ireland and then the North East of England. Job creation in the Republic of Ireland outpaced that of all UK regions.



	Share of UK GVA, 2013 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
London	(22.6%)	56.0	56.1	55.6
South East	(15.2%)	55.3	54.4	52.7
North West	(9.4%)	55.4	55.2	55.7
East of England	(8.7%)	57.6	57.9	59.5
Scotland	(7.8%)	52.8	51.6	51.6
South West	(7.6%)	55.5	56.3	55.9
West Midlands	(7.4%)	56.7	56.6	55.7
Yorks & Humber	(6.8%)	56.6	56.6	55.0
East Midlands	(5.9%)	55.0	54.8	54.2
Wales	(3.5%)	54.8	55.6	56.7
North East	(3.0%)	51.7	53.1	52.7
N. Ireland	(2.2%)	52.5	52.5	53.0
UK	(100.0%)	56.1	55.9	55.7
Rep. of Ireland	n/a	58.4	58.8	59.8

PMI® Survey Methodology

The Purchasing Managers' Index® (or PMI®) surveys are monthly surveys of carefully selected companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across both manufacturing and service sectors. Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration. The greater the divergence from 50.0, the greater the rate of change (expansion or contraction) signalled. The indices are

seasonally adjusted to take into consideration expected variations for the time of year, such as summer shutdowns and national holidays.

Sector data published in the Ulster Bank Northern Ireland PMI report are intended to give a indication of underlying trends in the manufacturing, services and construction industries within the Northern Ireland private sector economy. Data at the sector level are more volatile than the headline total private sector economy figures, and month-on-month movements in the sector data should therefore be treated with a degree of caution.

*Exports are defined as sales outside of the United Kingdom.

Ulster Bank and Markit Economics

Ulster Bank is a member of The Royal Bank of Scotland Group. Ulster Bank acts as a full service institution to its customer base, providing an extensive range of retail banking, business banking, investment banking and capital markets services to corporate, personal and institutional clients.

Our focus is firmly centred on our customers. Every business customer benefits from access to a dedicated, professional and highly trained relationship manager. Their role is to gain a genuine understanding of our customers' business needs and provide dedicated financial information and assistance.

We work together to achieve business success, no matter how simple or complex our customers' requirements. A combination of size, financial strength

and wide ranging capability means we can deliver for our customers, whatever their business may be.

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is 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.

Disclaimer

The Northern Ireland PMI® is issued exclusively for the general information of clients, contacts and staff of Ulster Bank. The contents are not a substitute for specific advice and should not be relied upon as such. Accordingly, whilst every care has been taken in the

preparation of this publication, no representation or warranty is made or given in respect of its contents and no responsibility is accepted for the consequences of any reliance placed on it by any person.

Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

*Includes analysis of Global, Eurozone, UK, UK Regions, NI &
Republic of Ireland economic performance by sector*

May 2015 Survey Update

Issued 8th June 2015

Richard Ramsey
Chief Economist Northern Ireland

www.ulstereconomix.com
richard.ramsey@ulsterbankcm.com
Twitter @UB_Economics

PMI Surveys

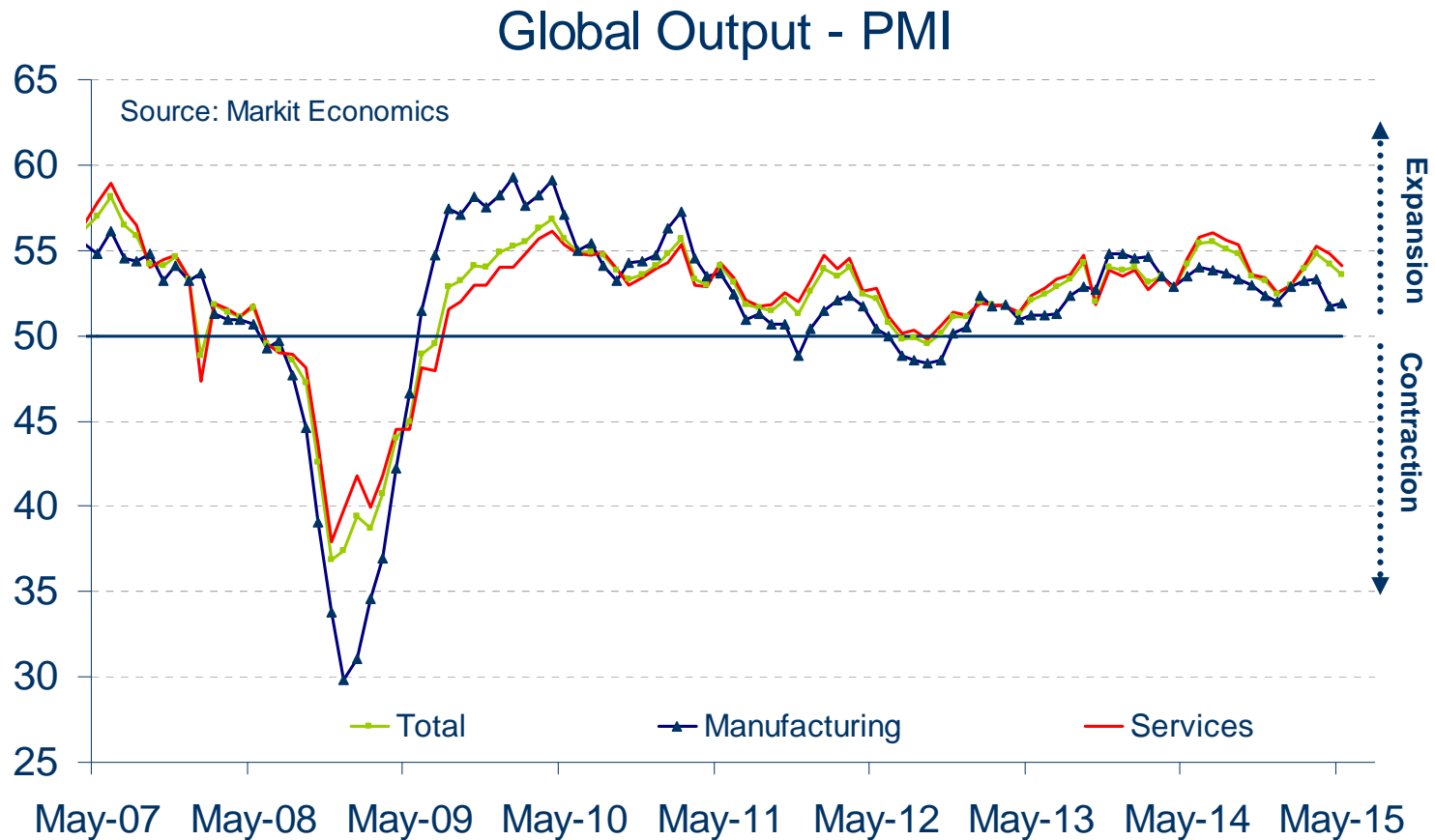
Purchasing Managers' Indexes (PMIs) are monthly surveys of private sector companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across different sectors.

Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration. The greater the divergence from 50.0 the greater the rate of change (expansion or contraction). The indices are seasonally adjusted to take into consideration expected variations for the time of year, such as summer shutdowns or holidays.

< 50.0 = Contraction 50.0 = No Change > 50.0 = Expansion

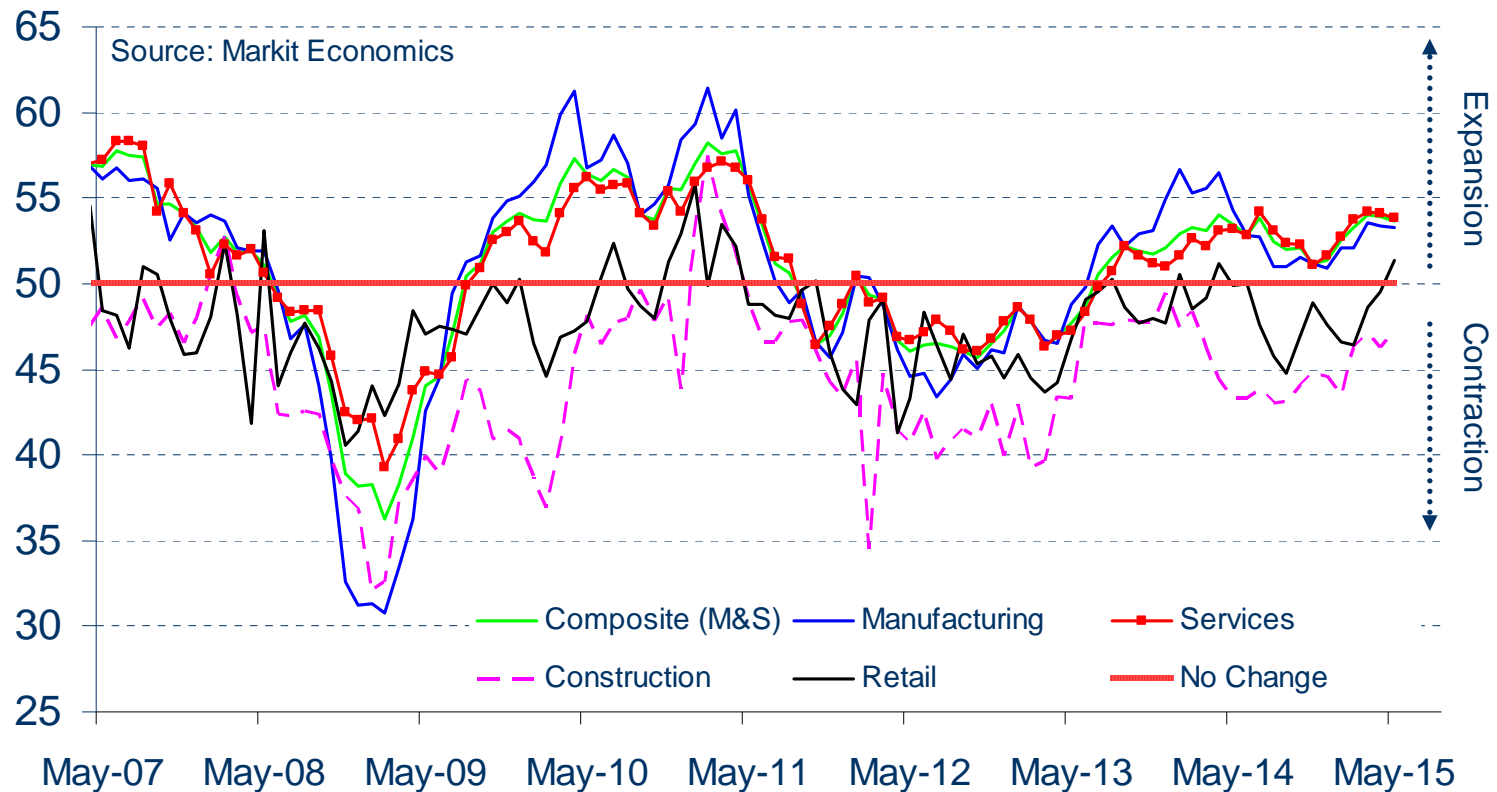
*Data at a sector level are more volatile and **3-month moving averages** have been used to more accurately identify the broad trends.*

Global output growth eases to a 4-month low due to a slowdown in services activity

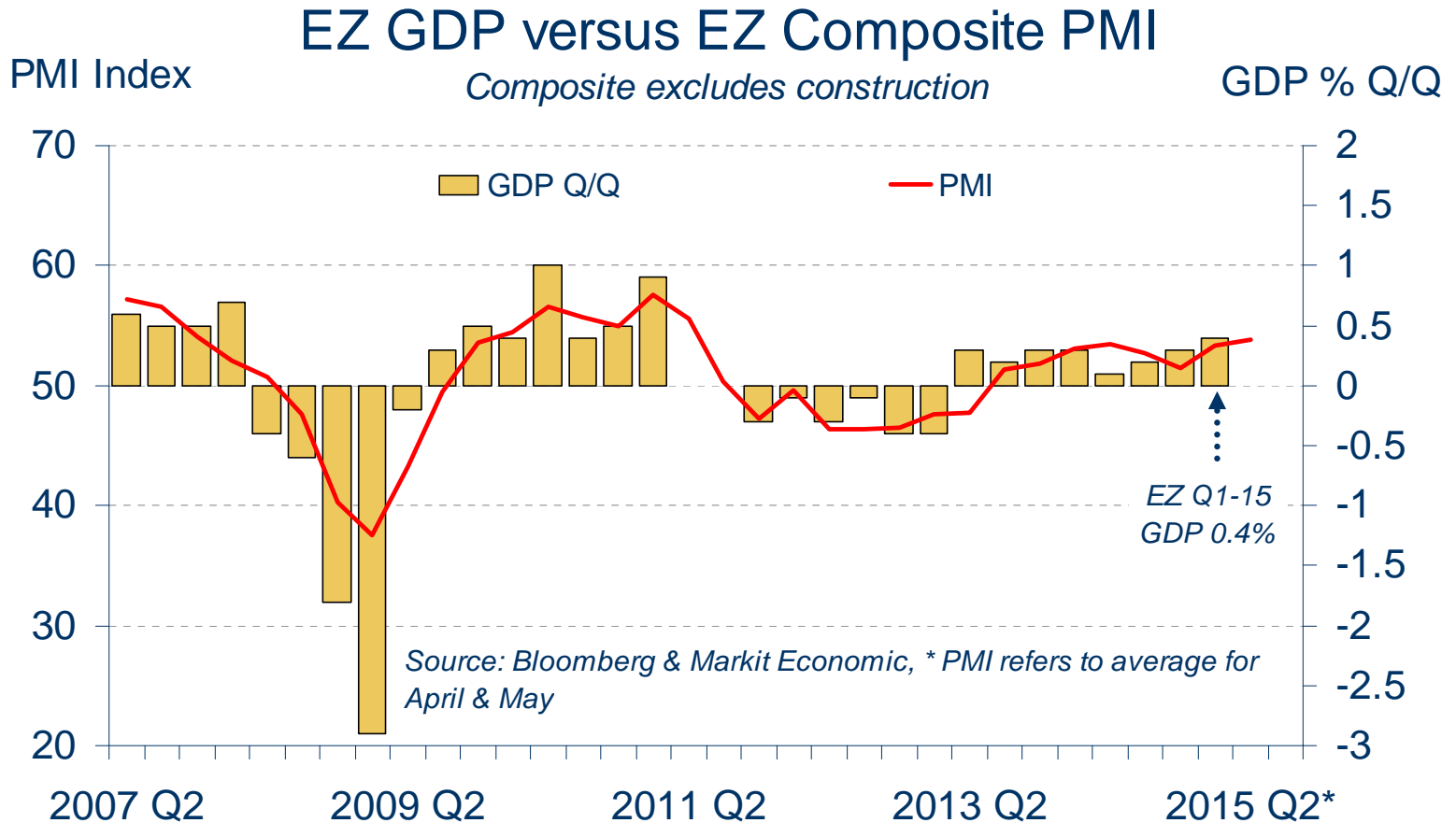


EZ manufacturing & services sectors growth eases slightly with retail returning to growth for the 1st time in 14mths

Eurozone PMIs: Output

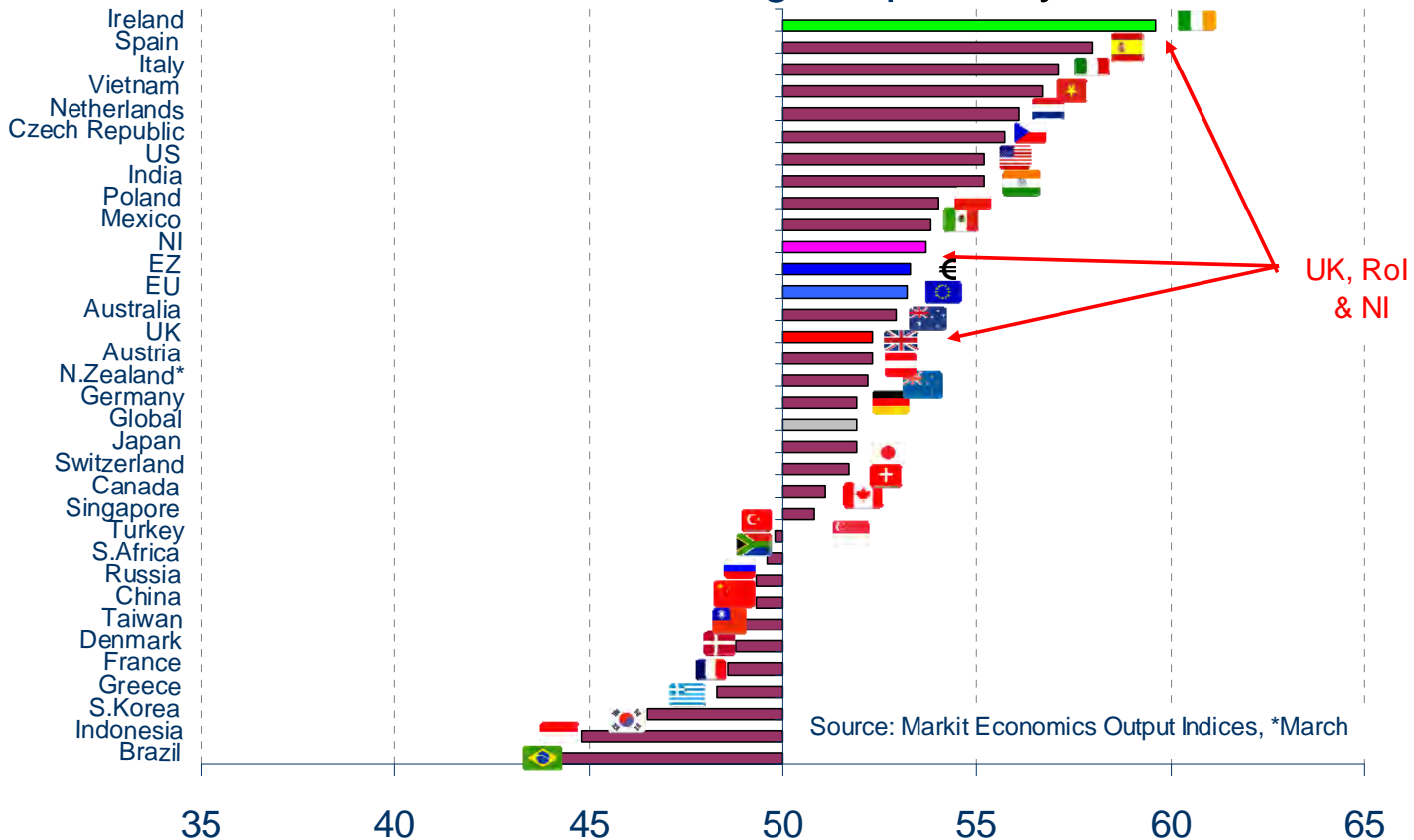


The Eurozone's composite PMI signals economic growth rate rising in H1 2015



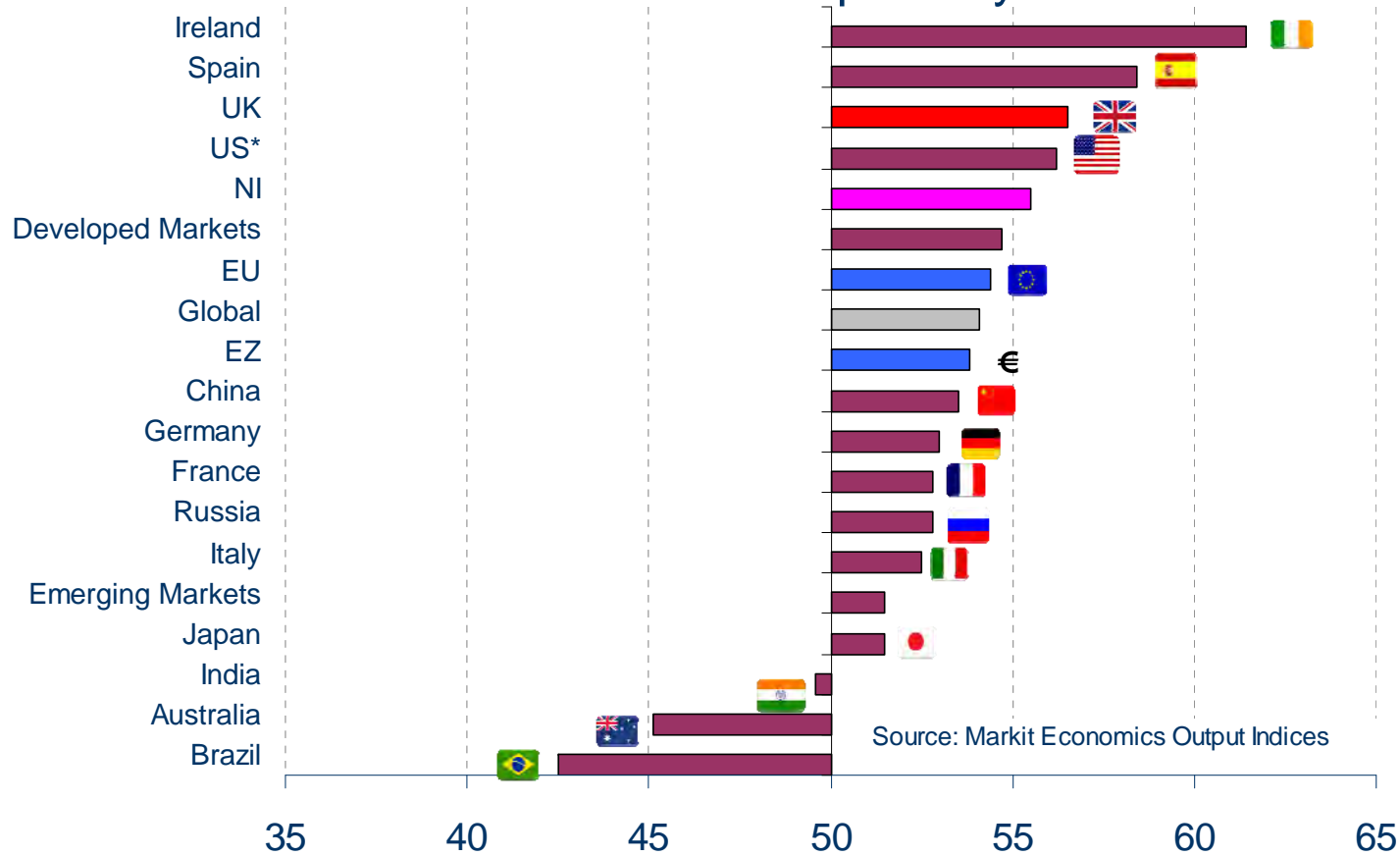
The RoI is ranked 1st in terms of manufacturing output growth performance again in May

PMIs: Manufacturing Output May 2015

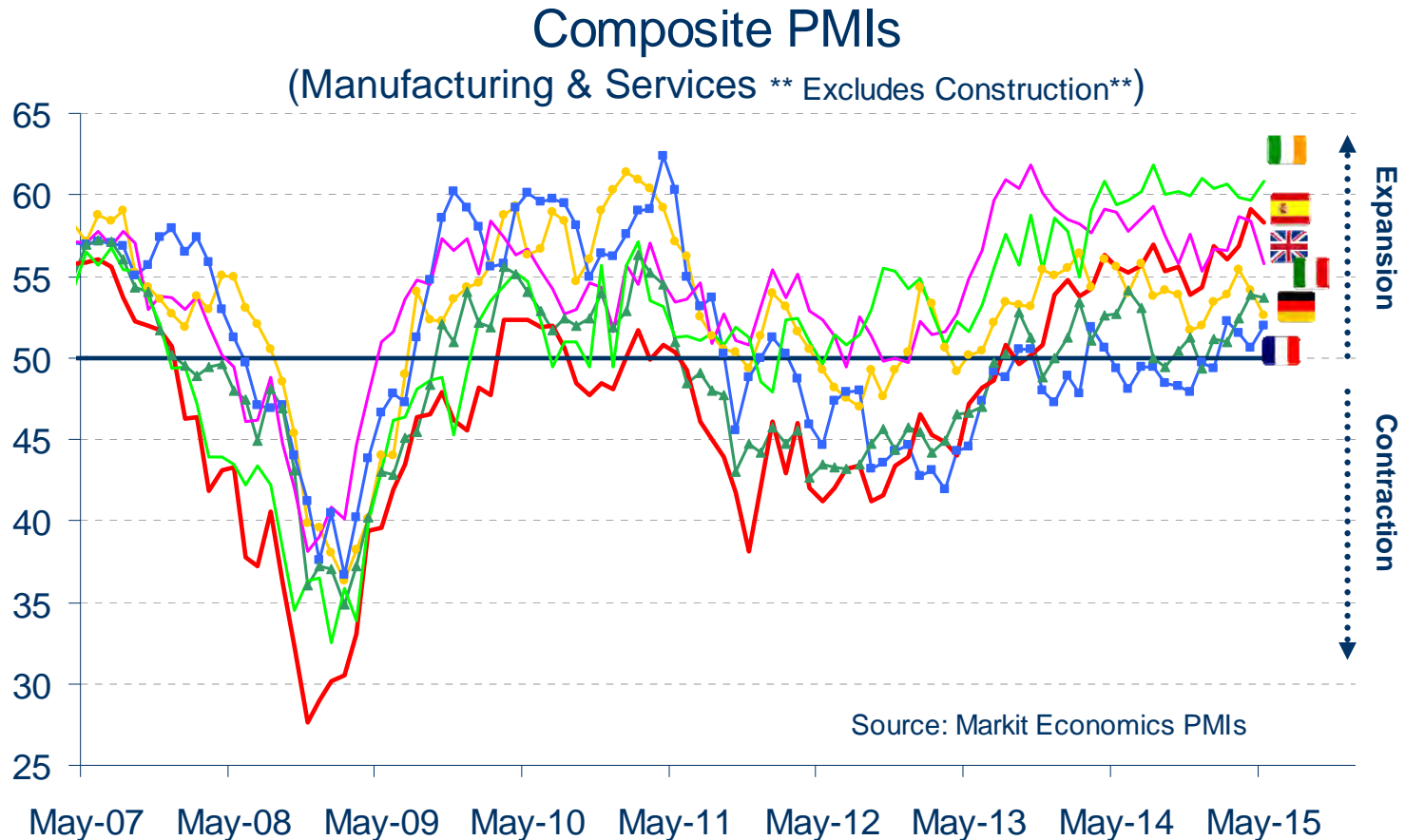


The Republic of Ireland, Spain & the UK posted the fastest rates of service sector output growth in May

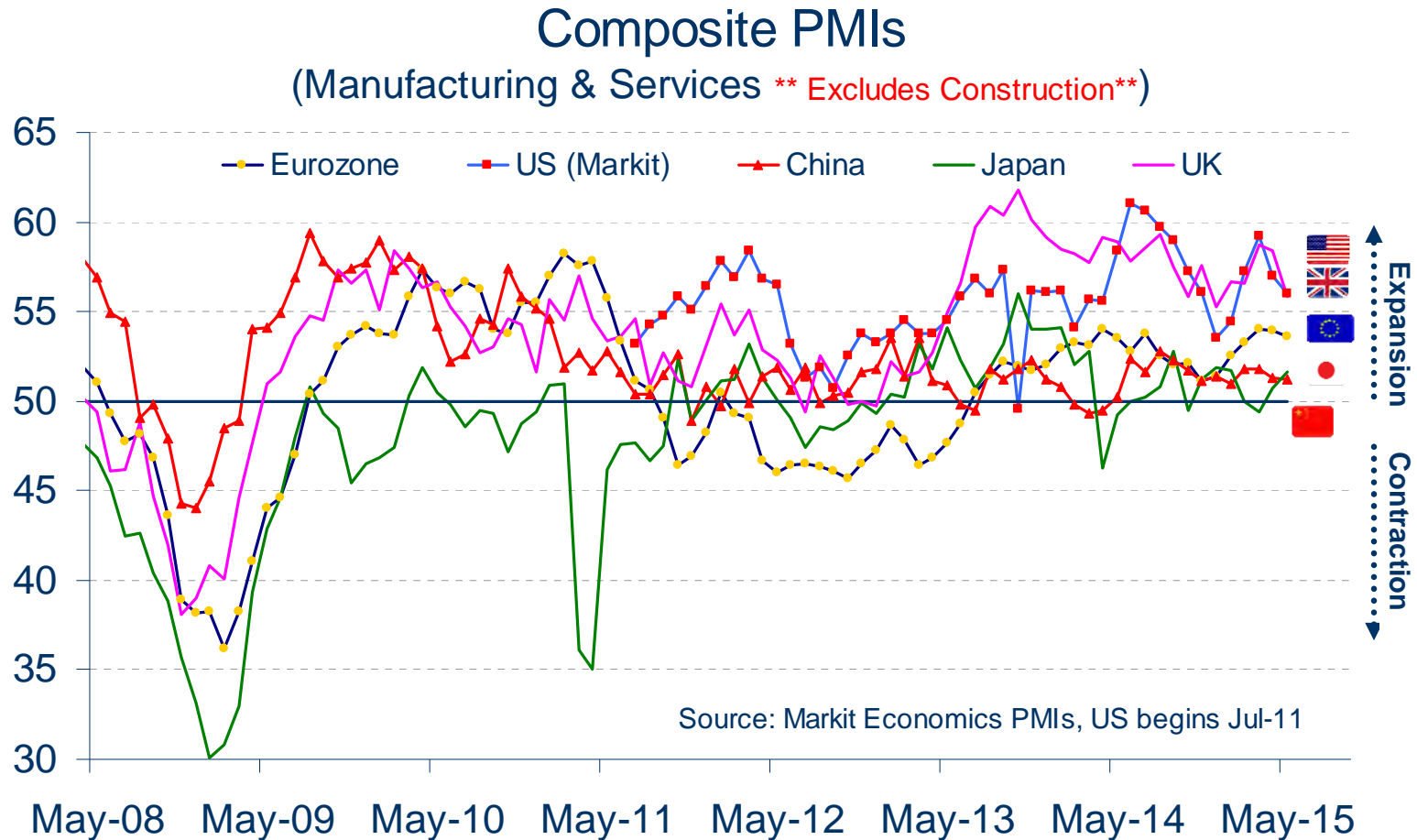
PMIs: Services Output May 2015



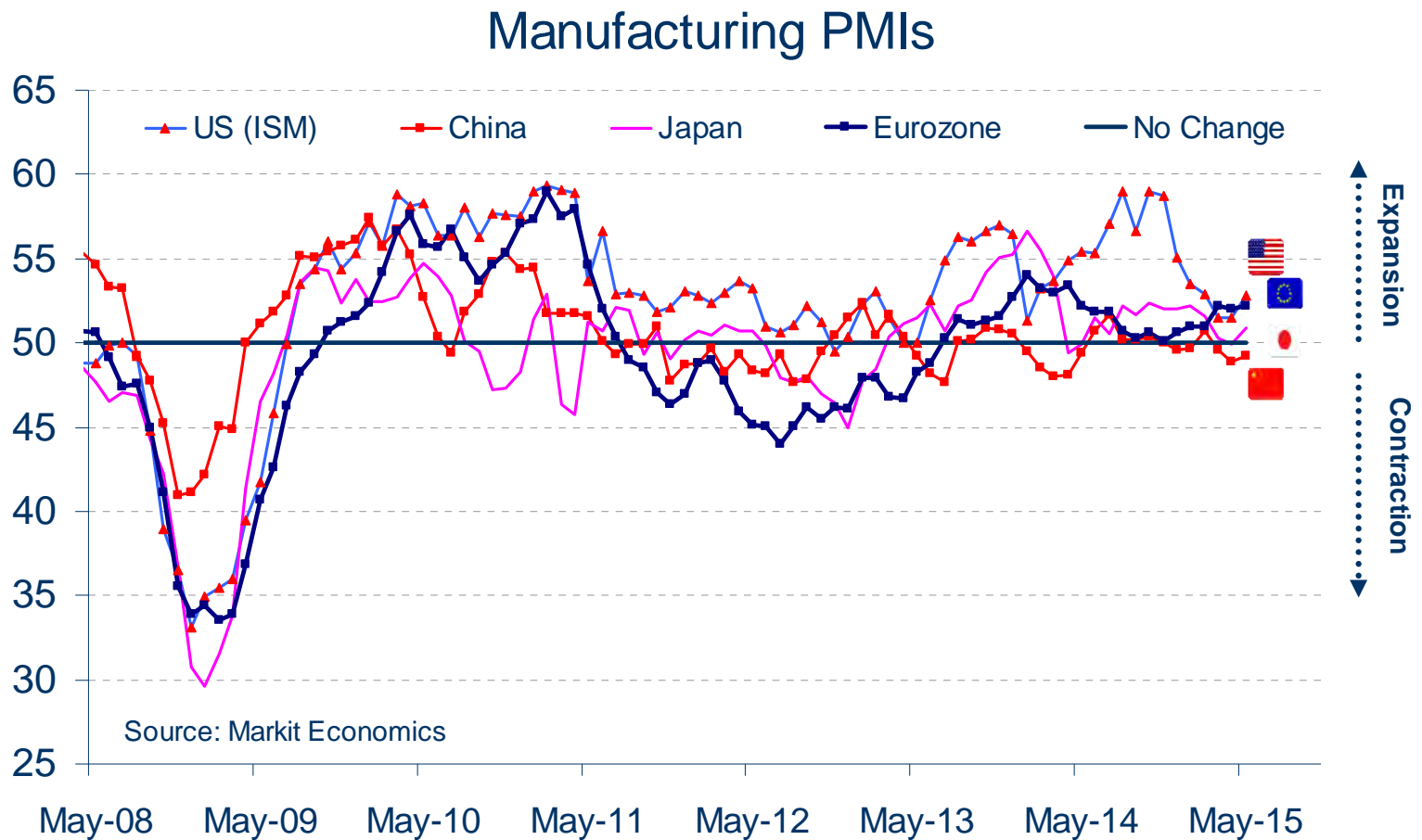
Ireland & France saw growth accelerate in May whereas other economies reported a slowdown



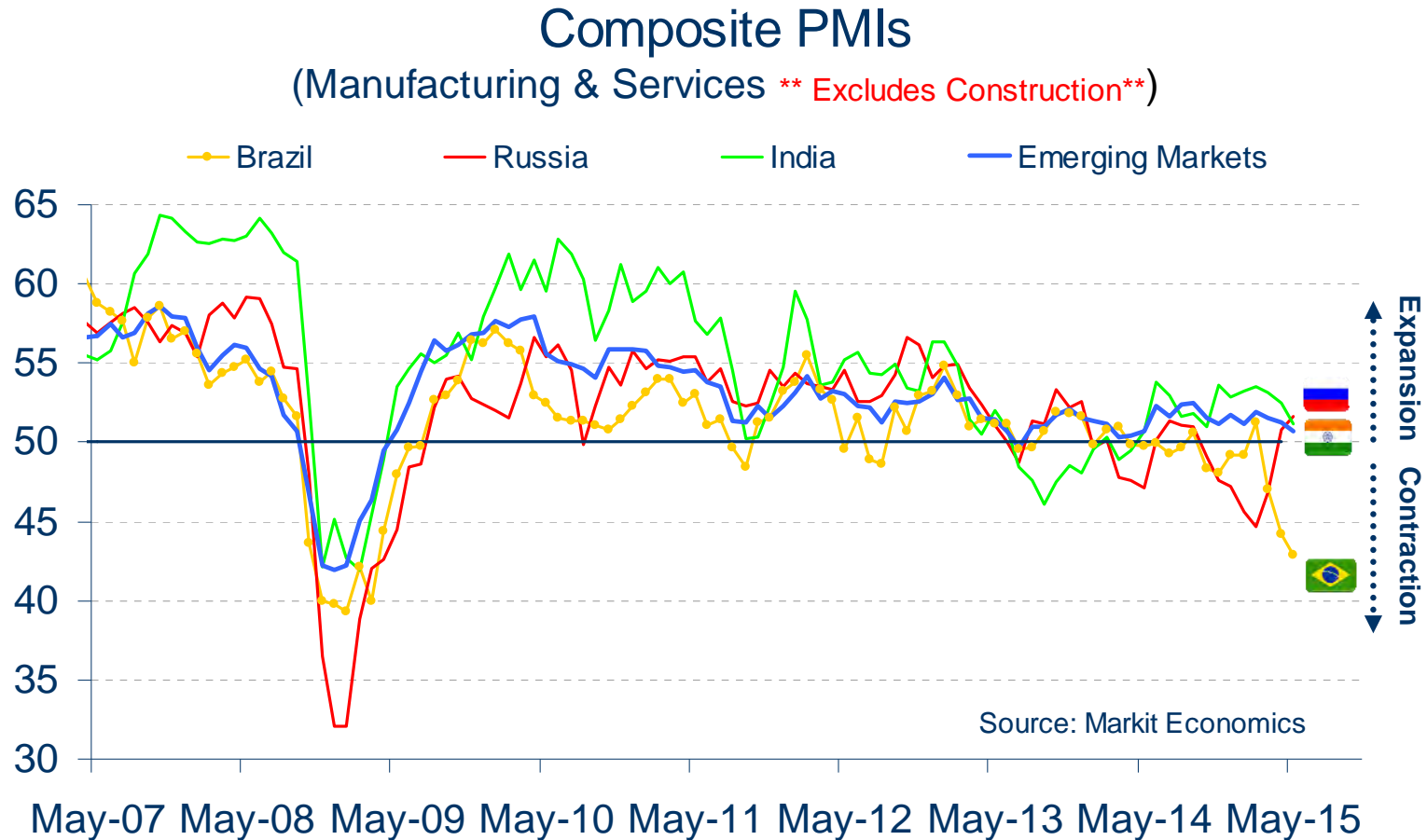
US, EZ, UK & China PMIs posted a slowdown in growth in May. Japan saw a pick-up in its growth rate



All manufacturing PMIs improved in May relative to April

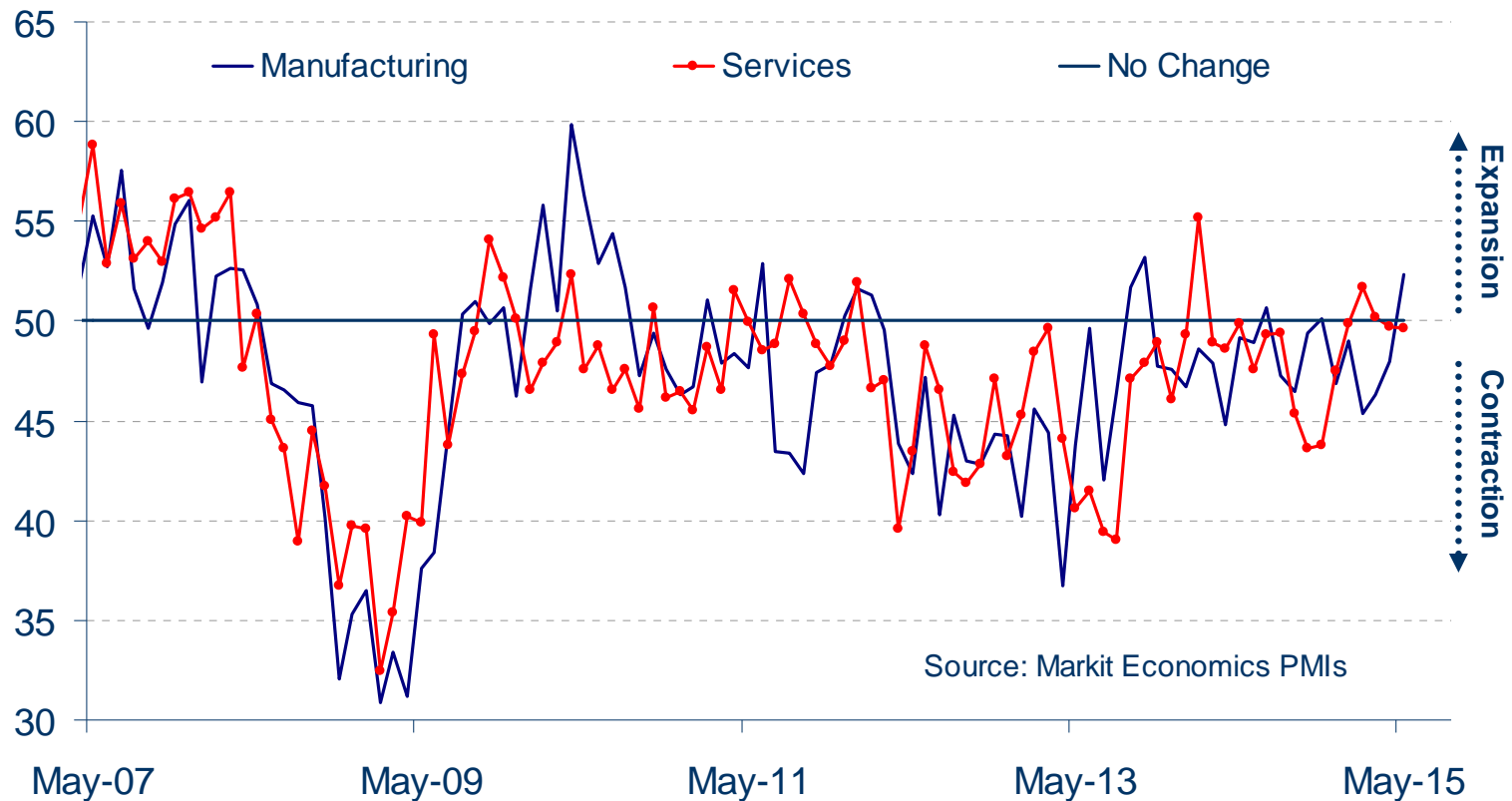


Diverging Emerging Markets performance with Russia improving but Brazil's recession deepens



Australia's services & manufacturing sectors on opposite sides of the 50 threshold in May

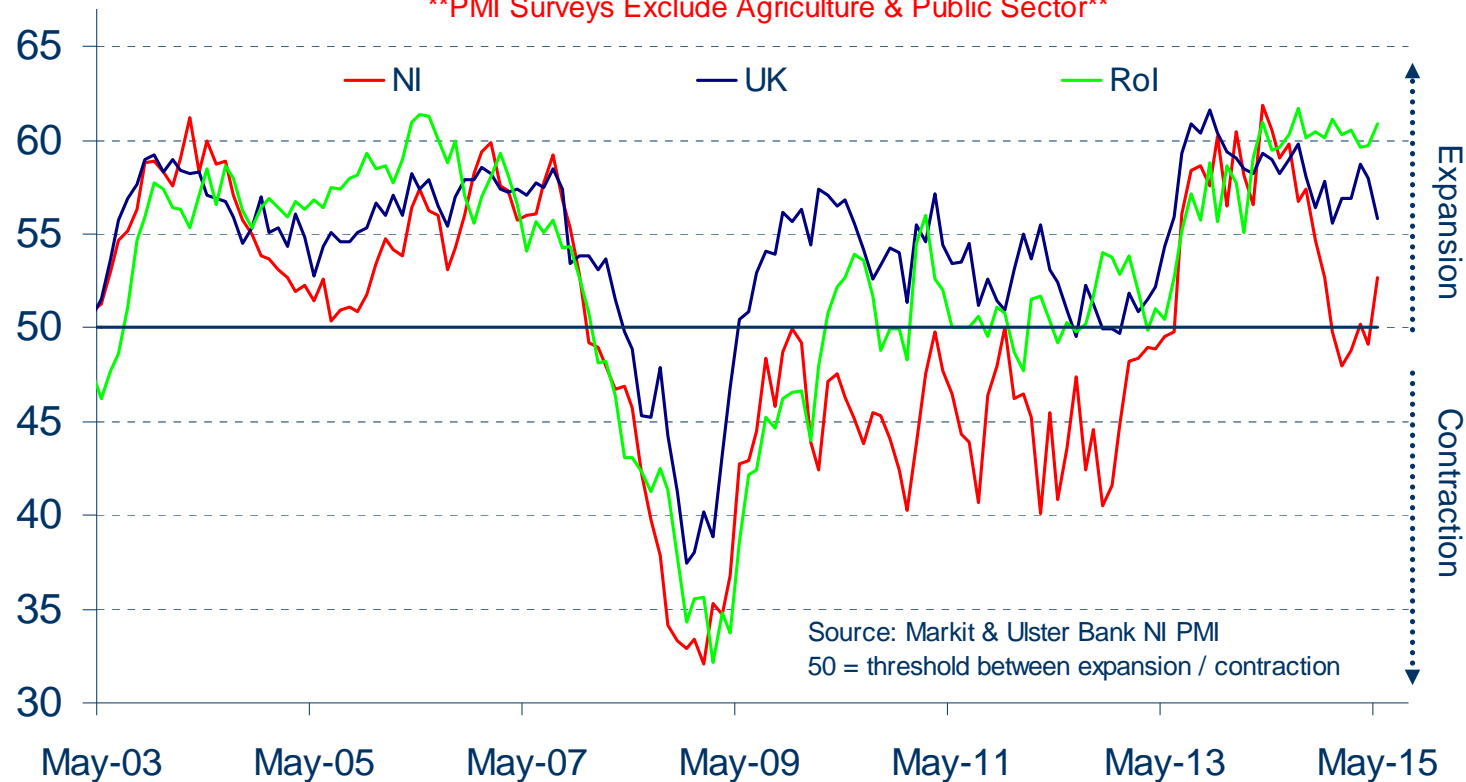
Australia - PMI



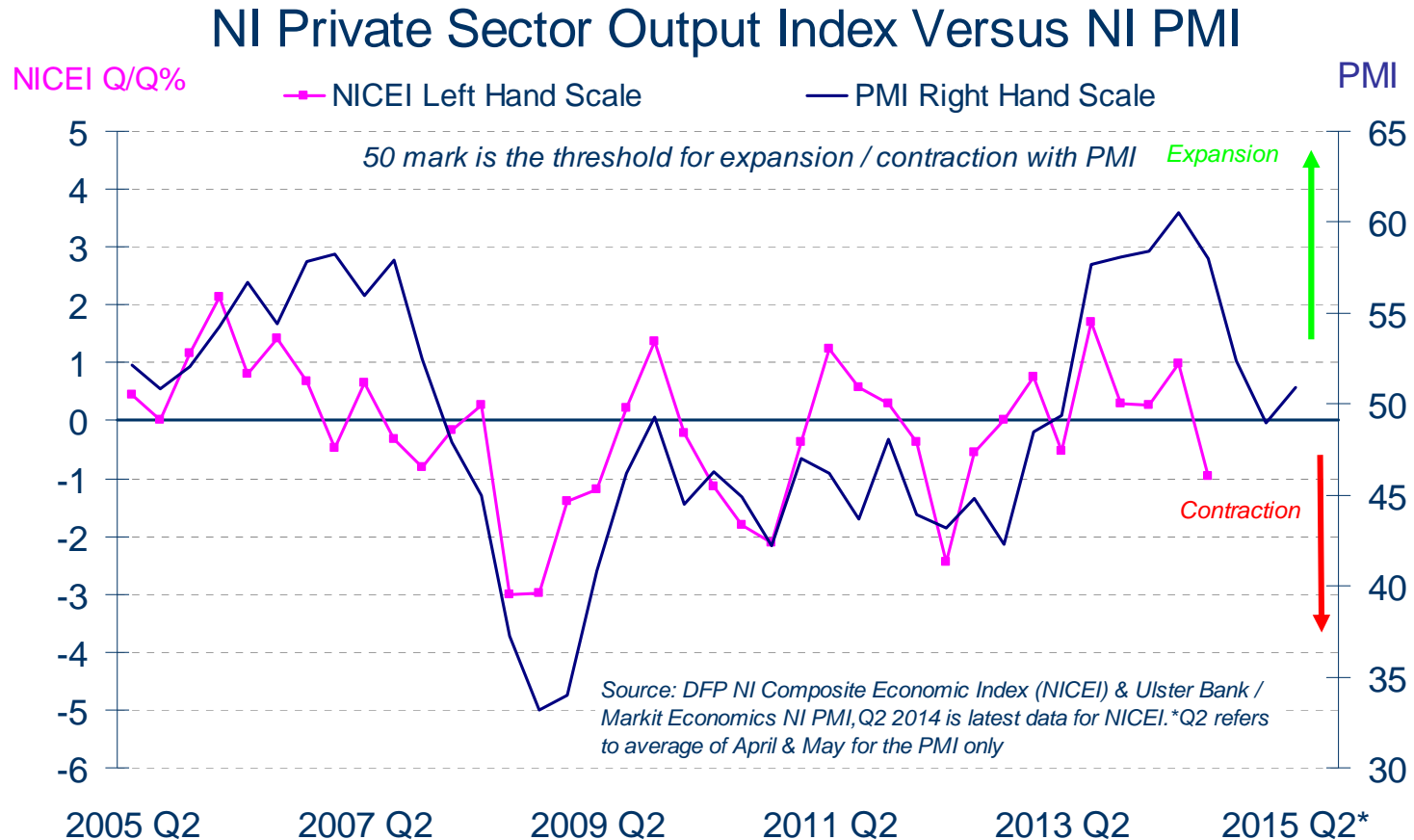
NI posts its fastest rate of output growth in 7 months but continues to lag behind the UK & RoI

Private Sector Business Activity - PMIs

****PMI Surveys Exclude Agriculture & Public Sector****



PMI suggests growth in DFP's private sector composite index throughout 2014 but recovery stalls in H1 2015



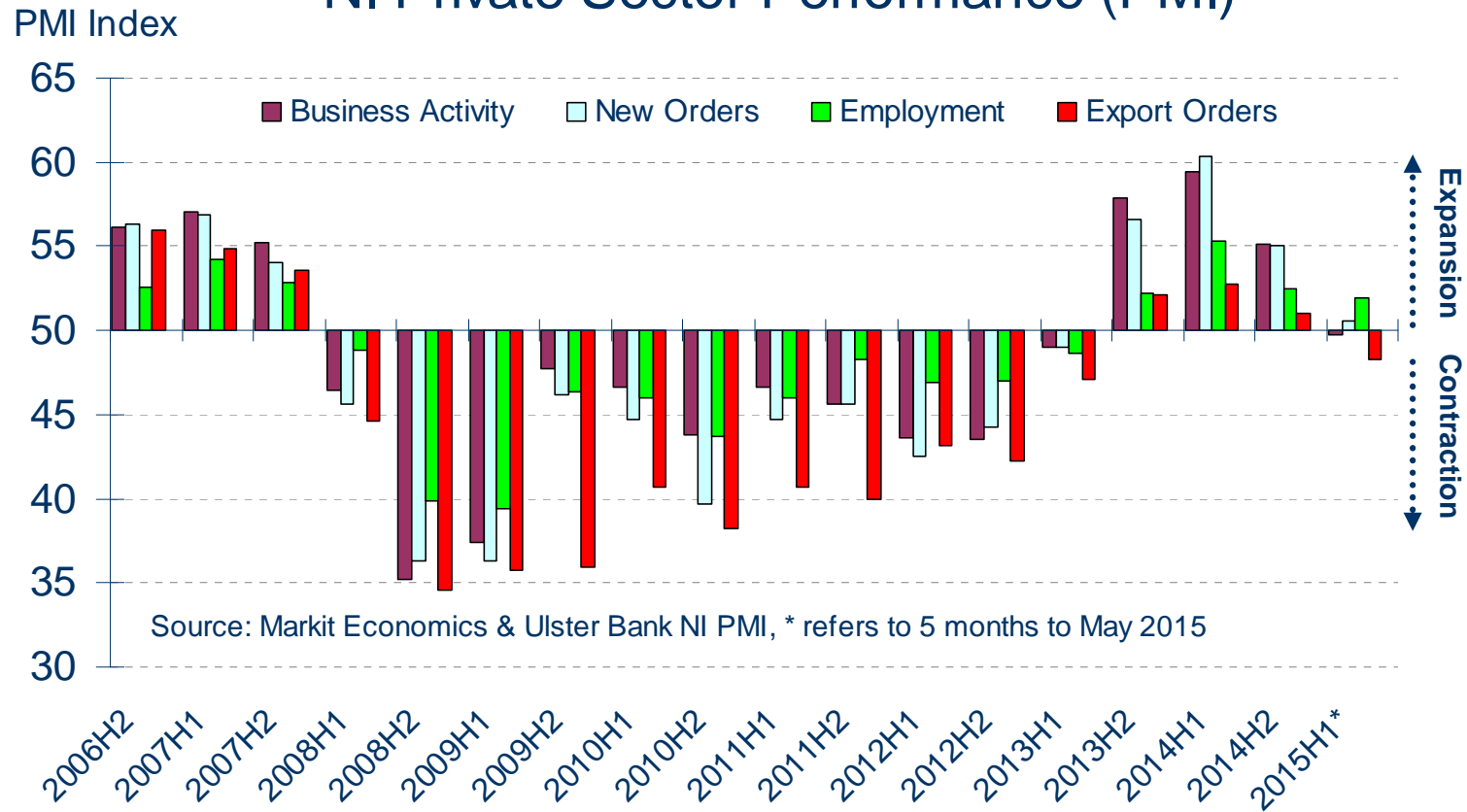
2014 was the first year in 7 years that business activity, new orders, employment & export orders all expanded

NI Private Sector Performance (PMI)

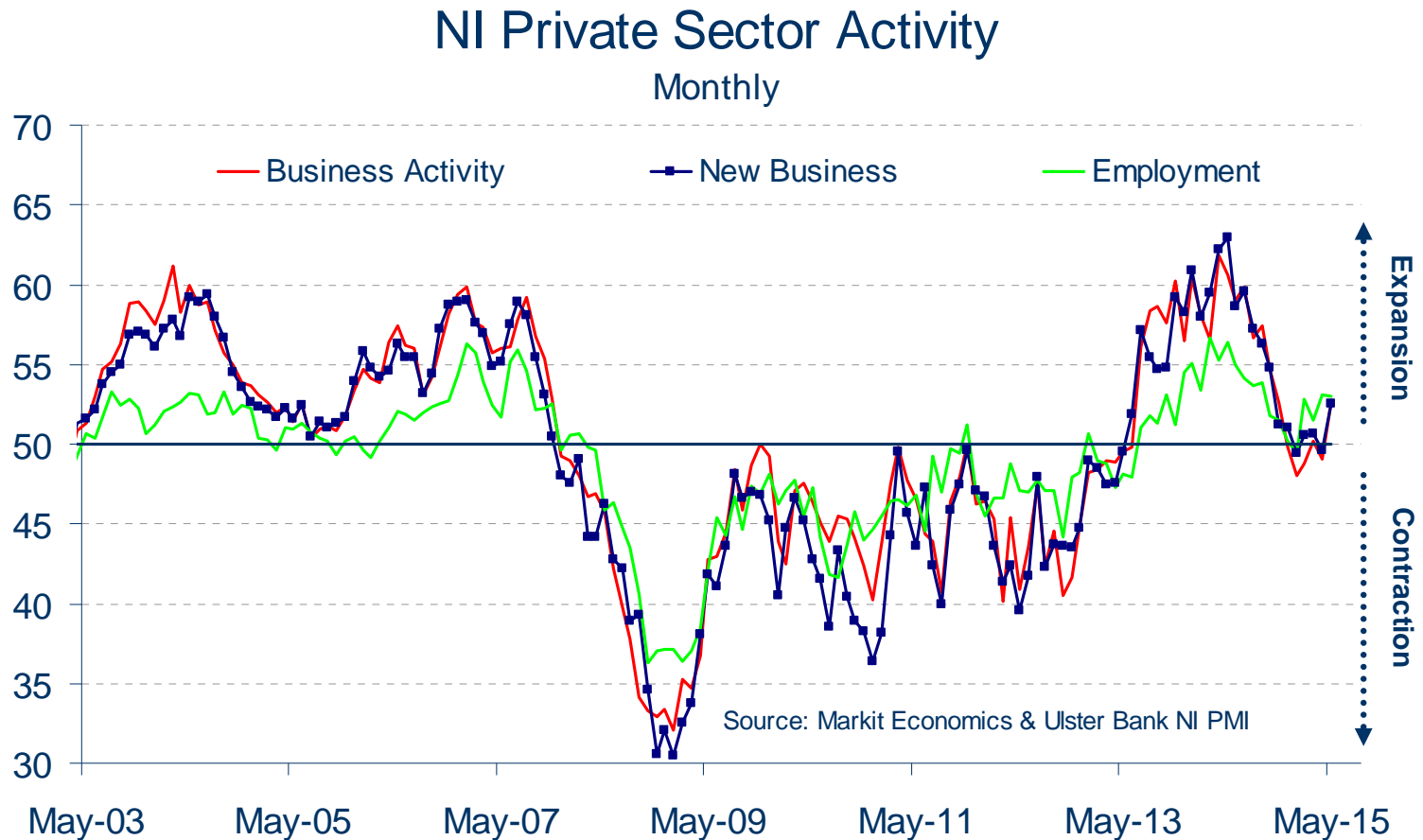


NI recovery took hold in H2-13, all indicators improved in H1-14 & eased in H2-14. Exports & business activity fell in H1-15

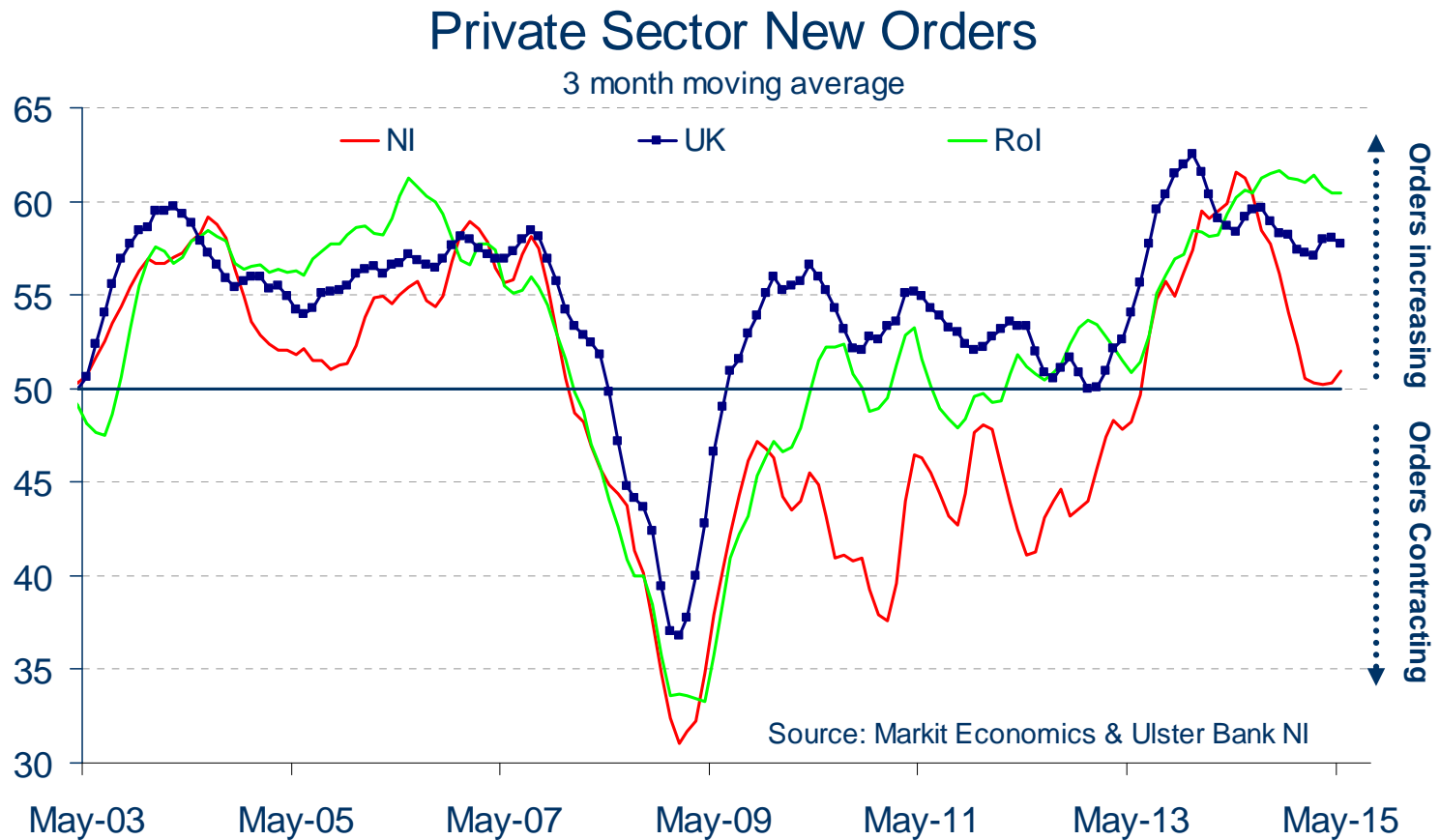
NI Private Sector Performance (PMI)



NI firms report a marked pick-up in business activity and new orders with employment growth continuing



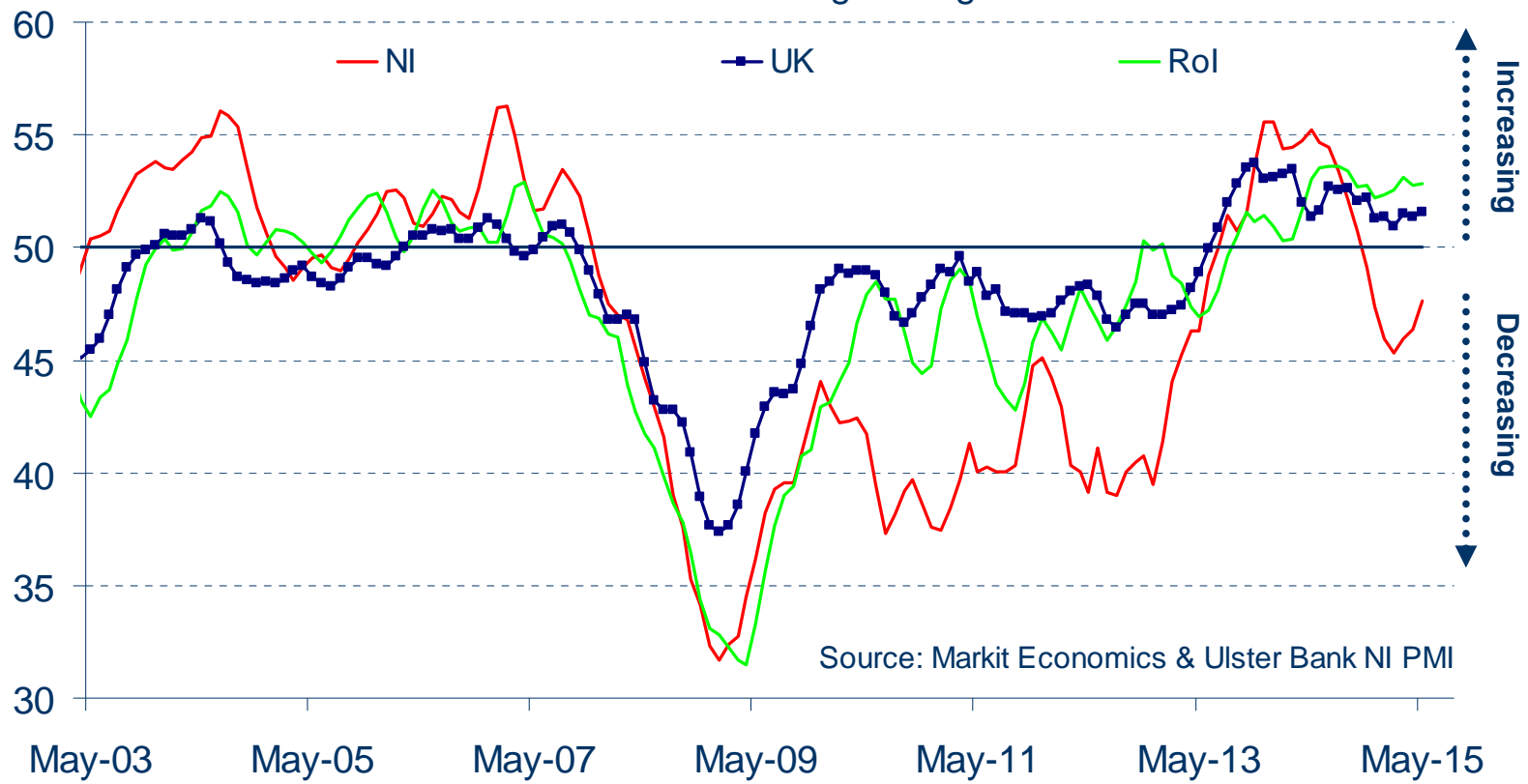
UK & RoI continue to report robust rates of orders growth while NI firms post modest rates of expansion



Backlogs of work continue to grow in the UK & RoI but NI posts an 8th month of contraction

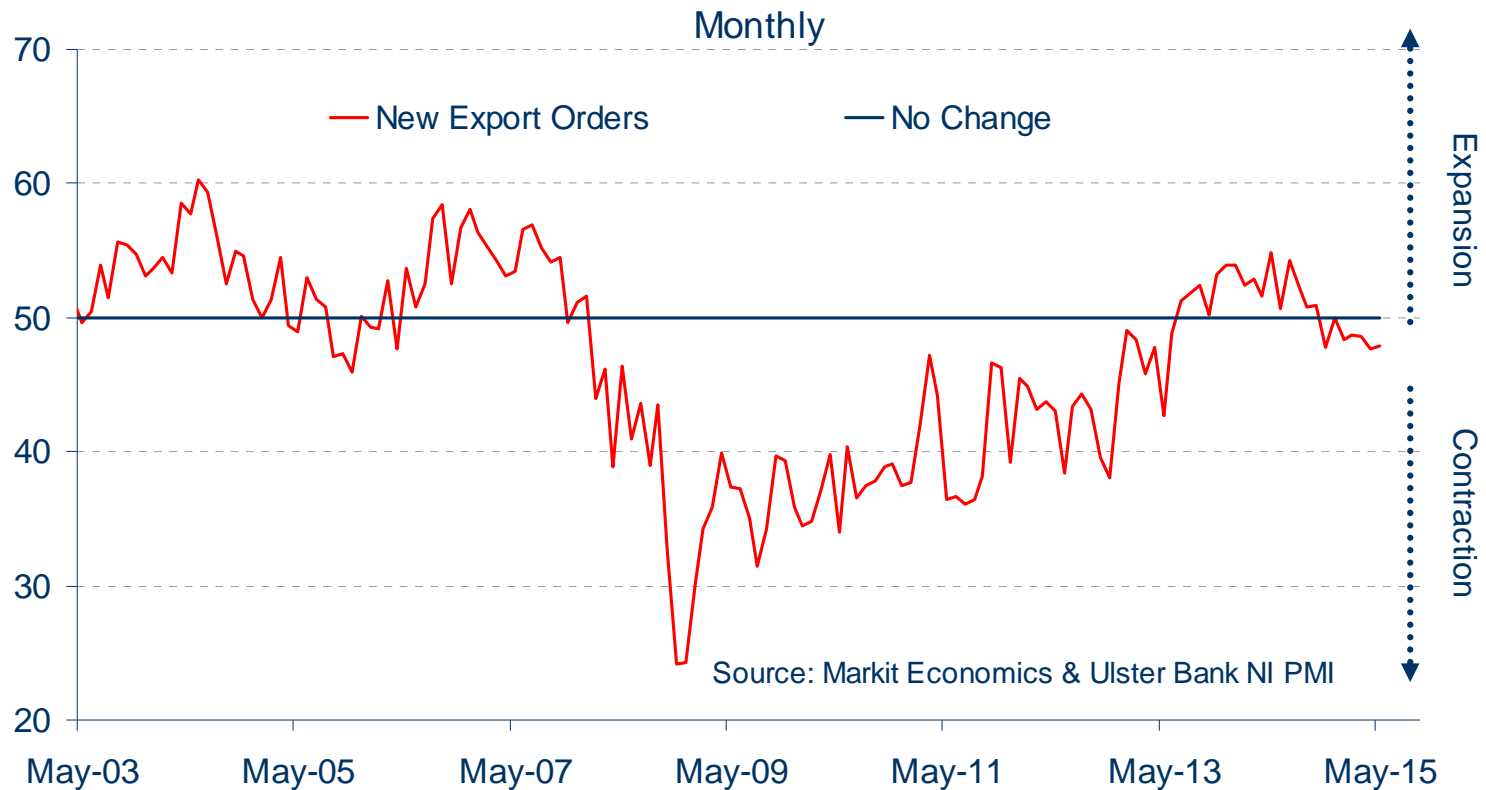
Private Sector Backlogs

3 month moving average

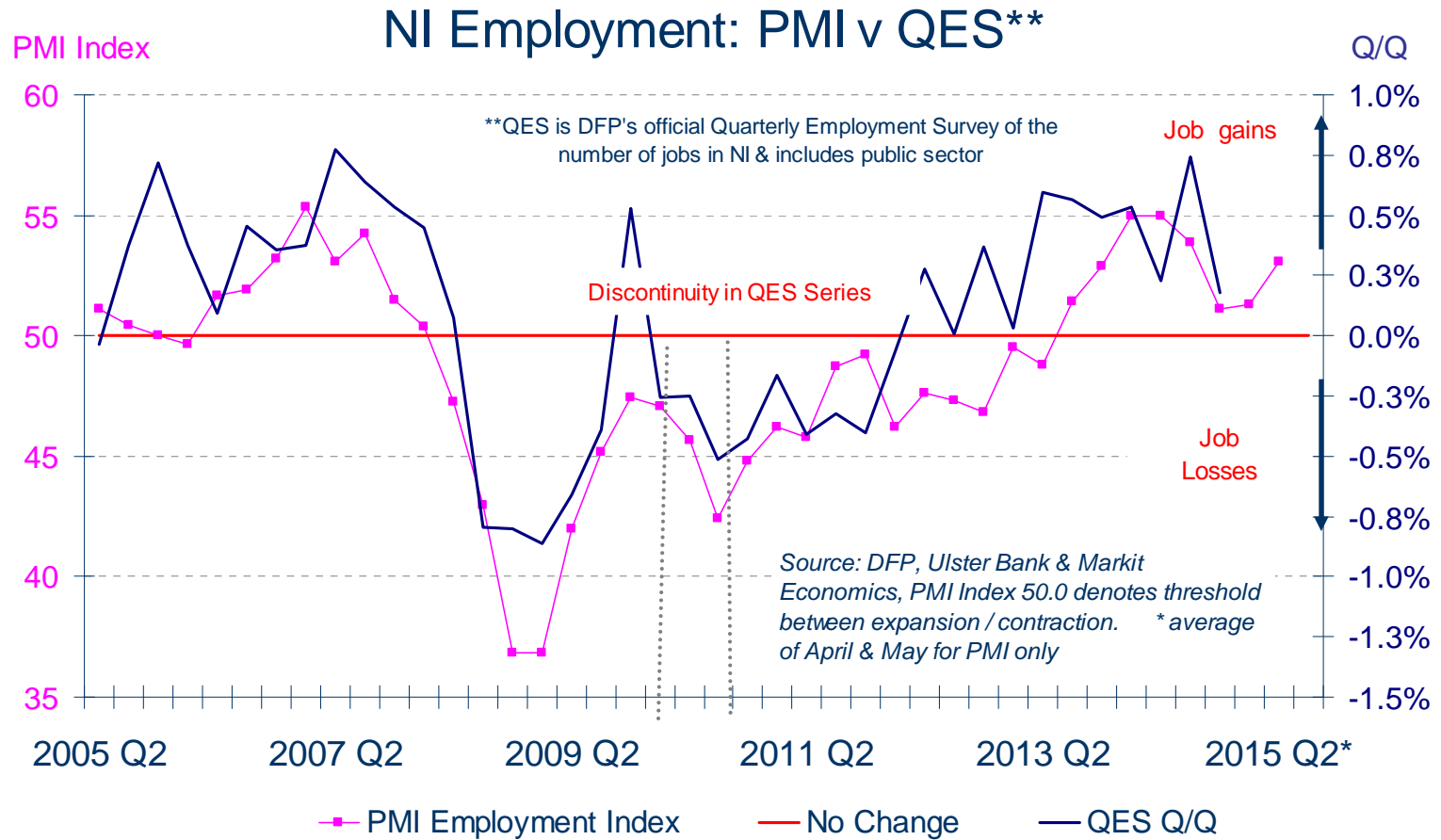


Export orders flat or falling in each of the last 7 months with £/€ exchange rate impacting on price competitiveness

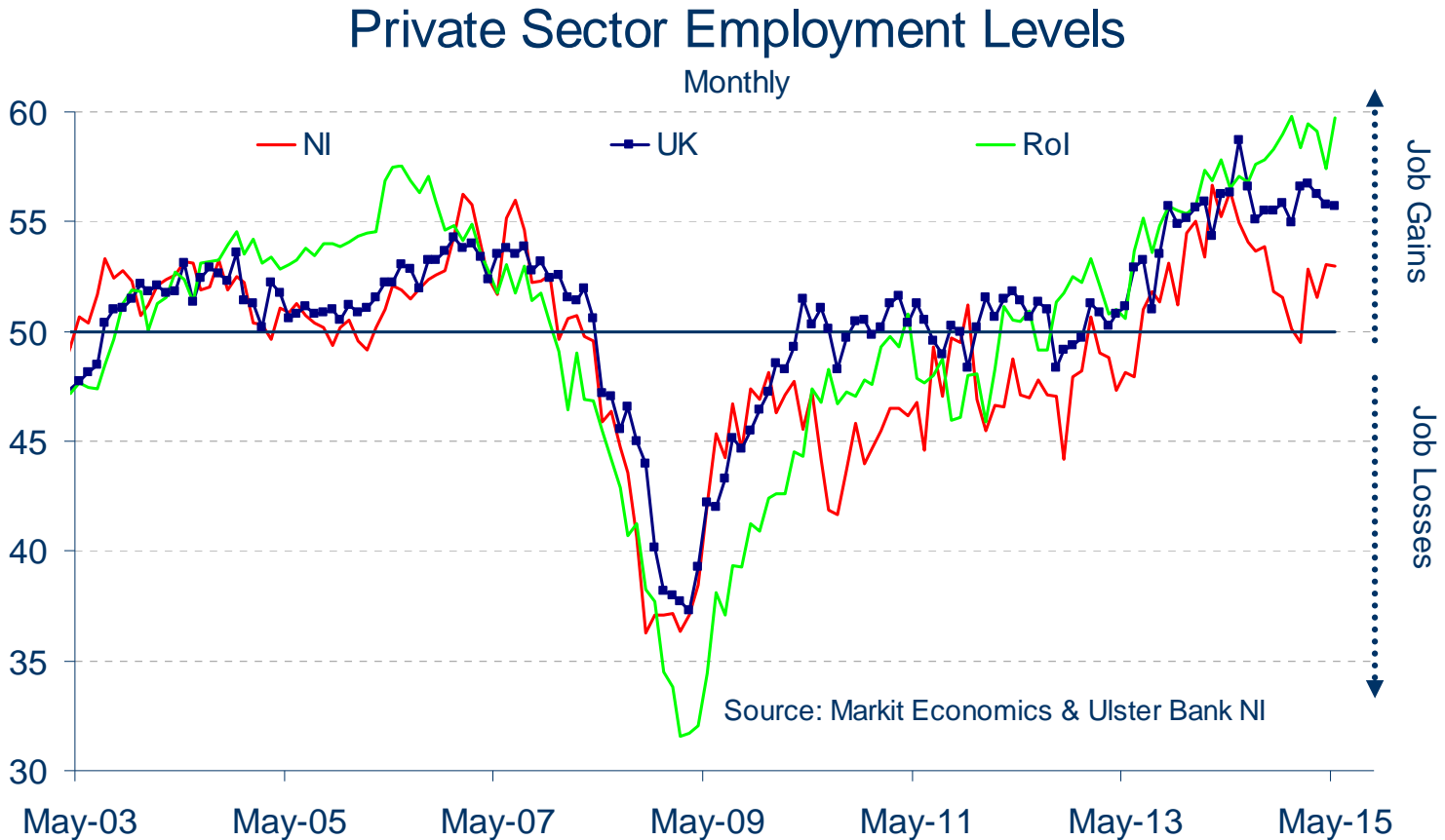
NI New Export Business



PMI signals fastest rate of jobs growth in 7yrs in Q2 but rate of jobs growth eases sharply in H2-14 but rebounds in H1-15



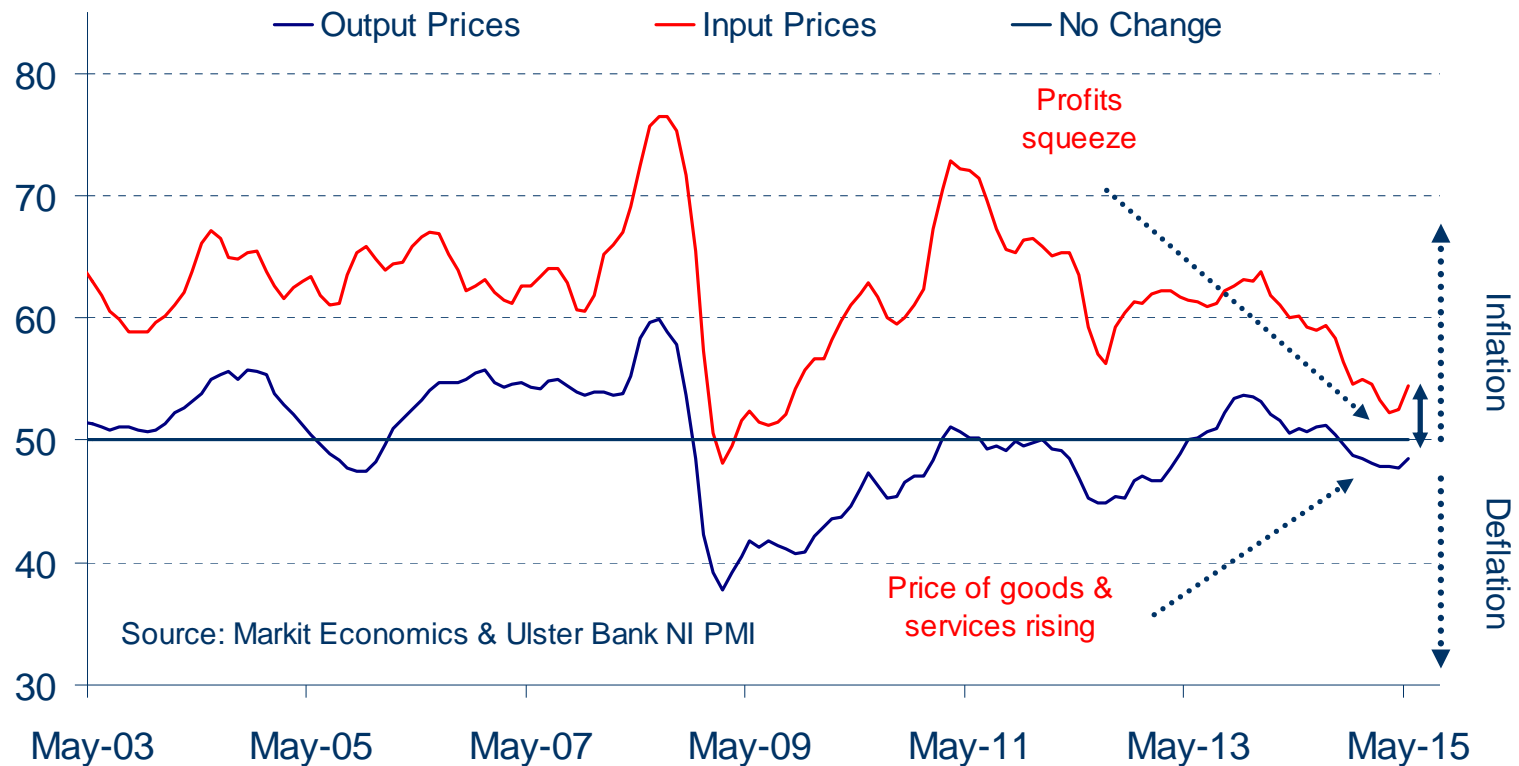
Rol firms report a pick-up in employment growth in May with NI & UK maintaining their April rates of growth



Inflationary pressures remain subdued but have been picking up whereas output prices continue to fall

NI Private Sector Profit Squeeze

3 Month Moving Average

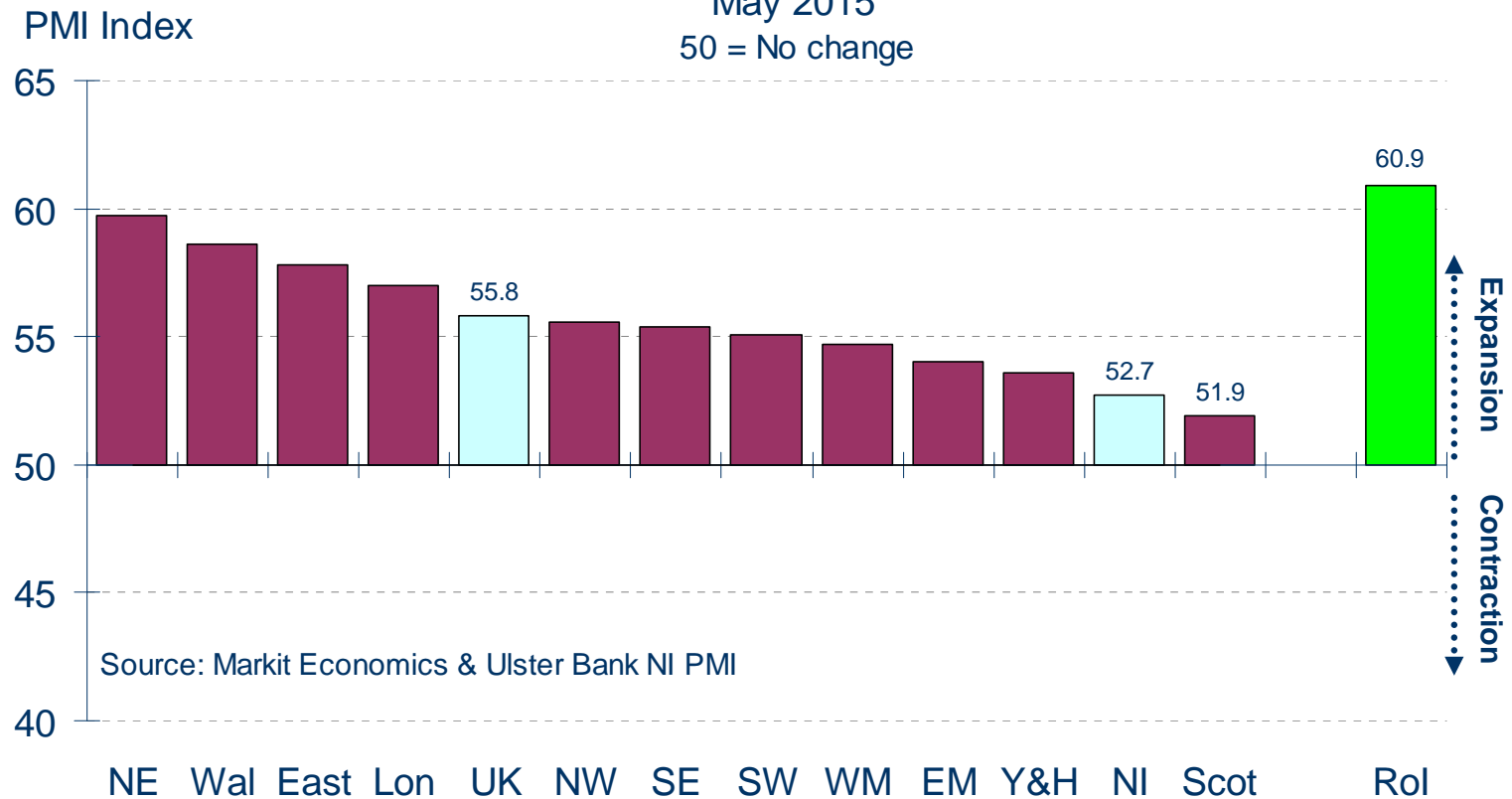


Regional Comparisons

All UK regions report output growth in May

Output / Business Activity

May 2015
50 = No change

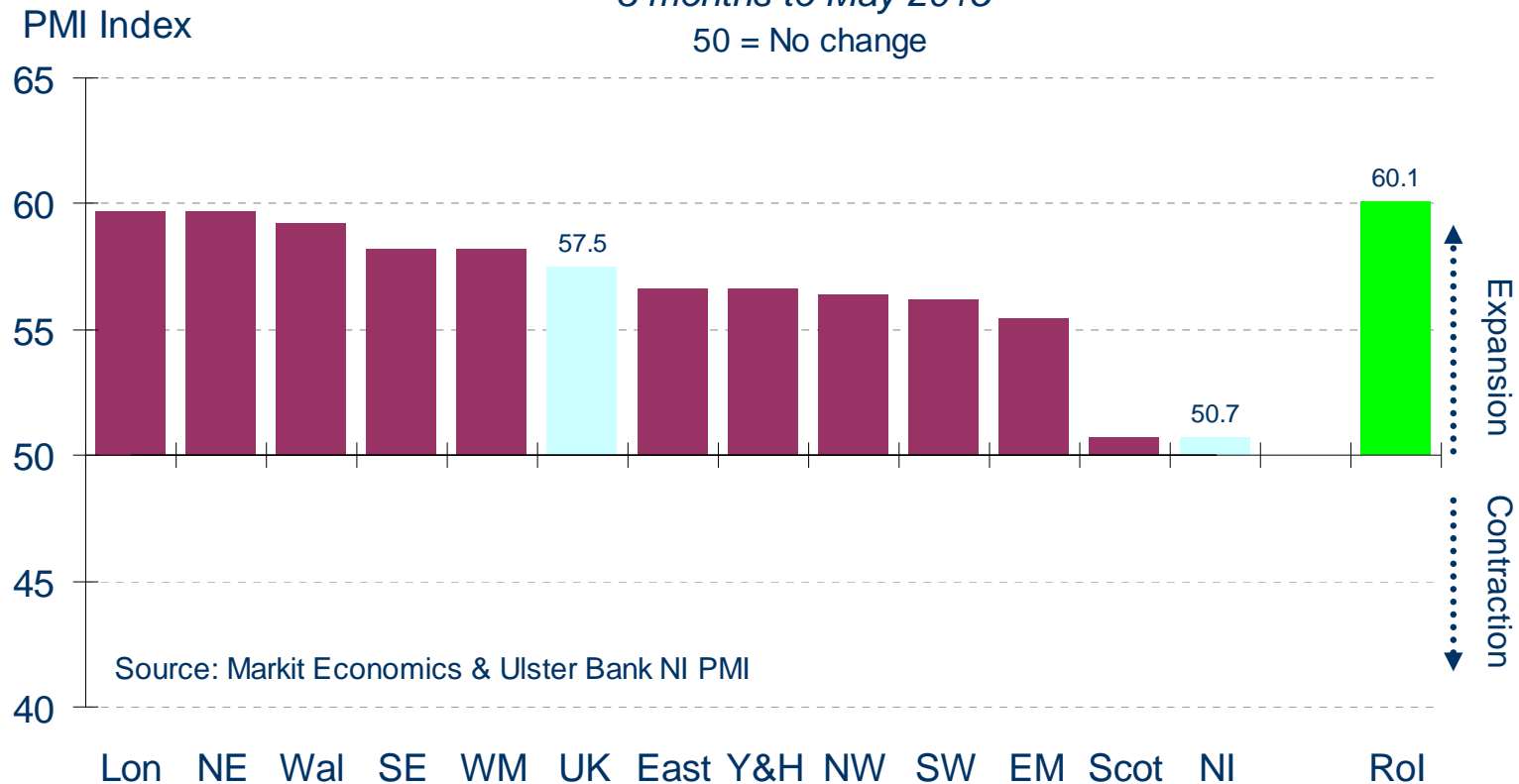


Most of the UK regions posted strong rates of growth over the last 3 months but rates of growth weak for Scotland & NI

Output / Business Activity

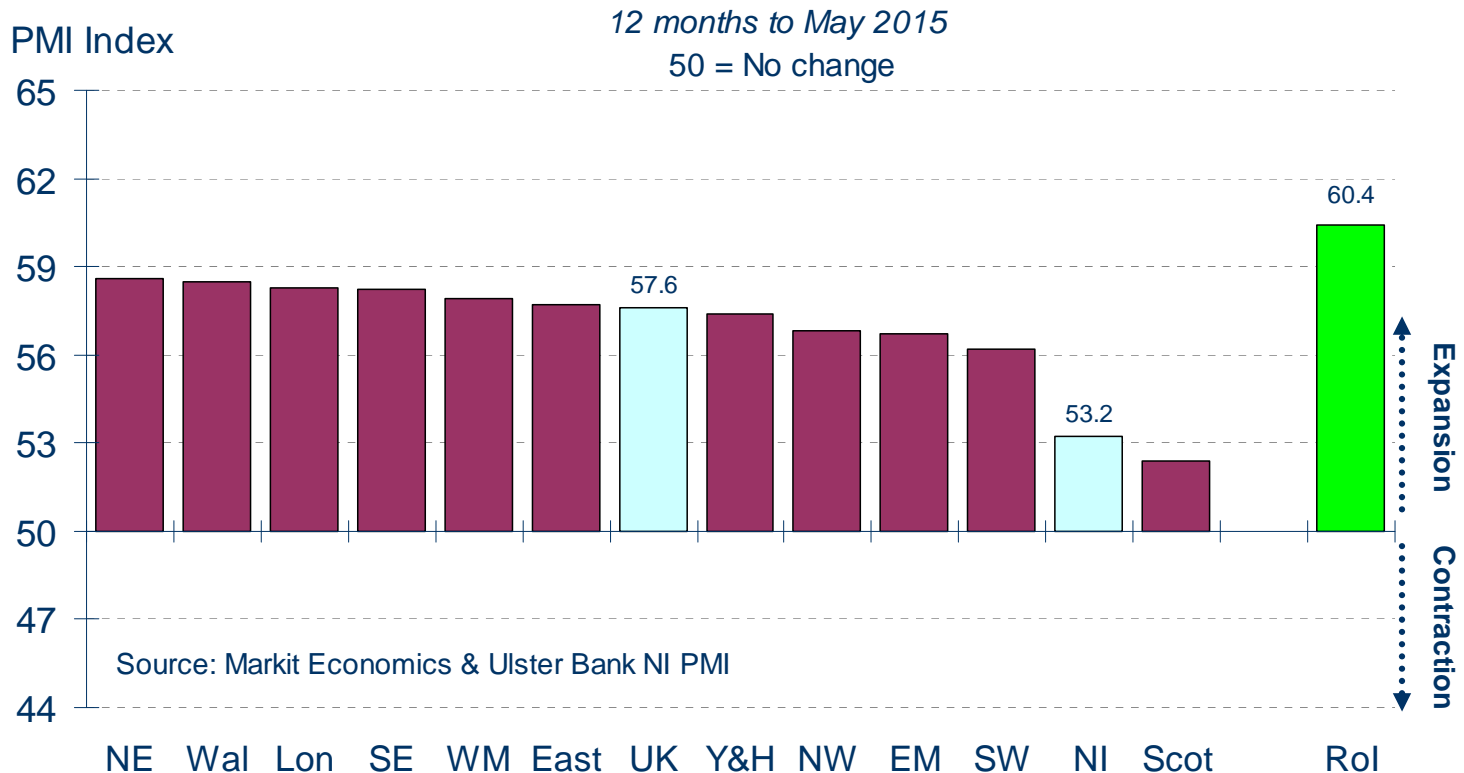
3 months to May 2015

50 = No change



The RoI reported the fastest rate of growth in business activity over the last 12 months & Scotland the slowest

Output / Business Activity

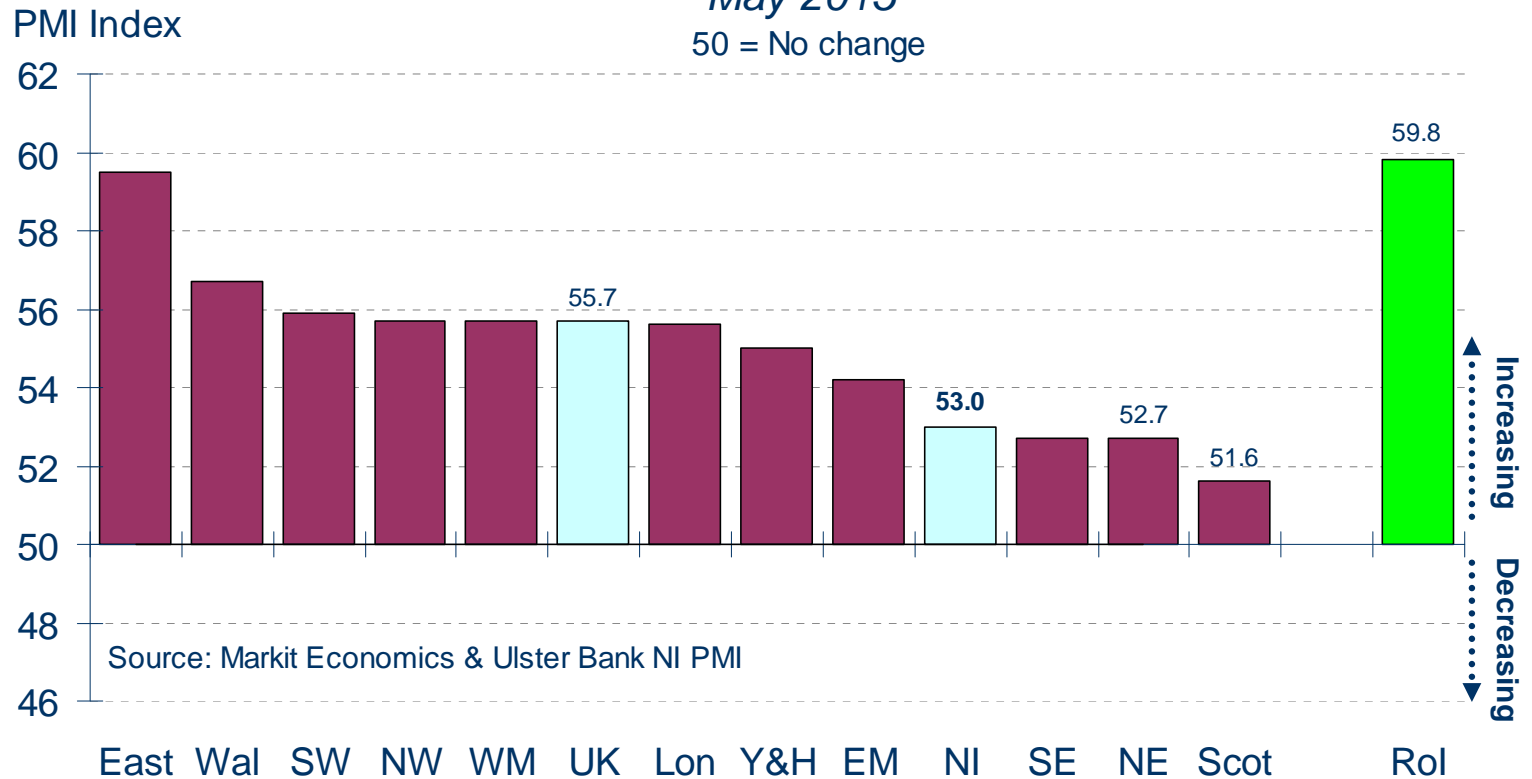


The Rol posts the fastest rate of employment growth while Scotland records the slowest pace of job creation

Employment Levels

May 2015

50 = No change

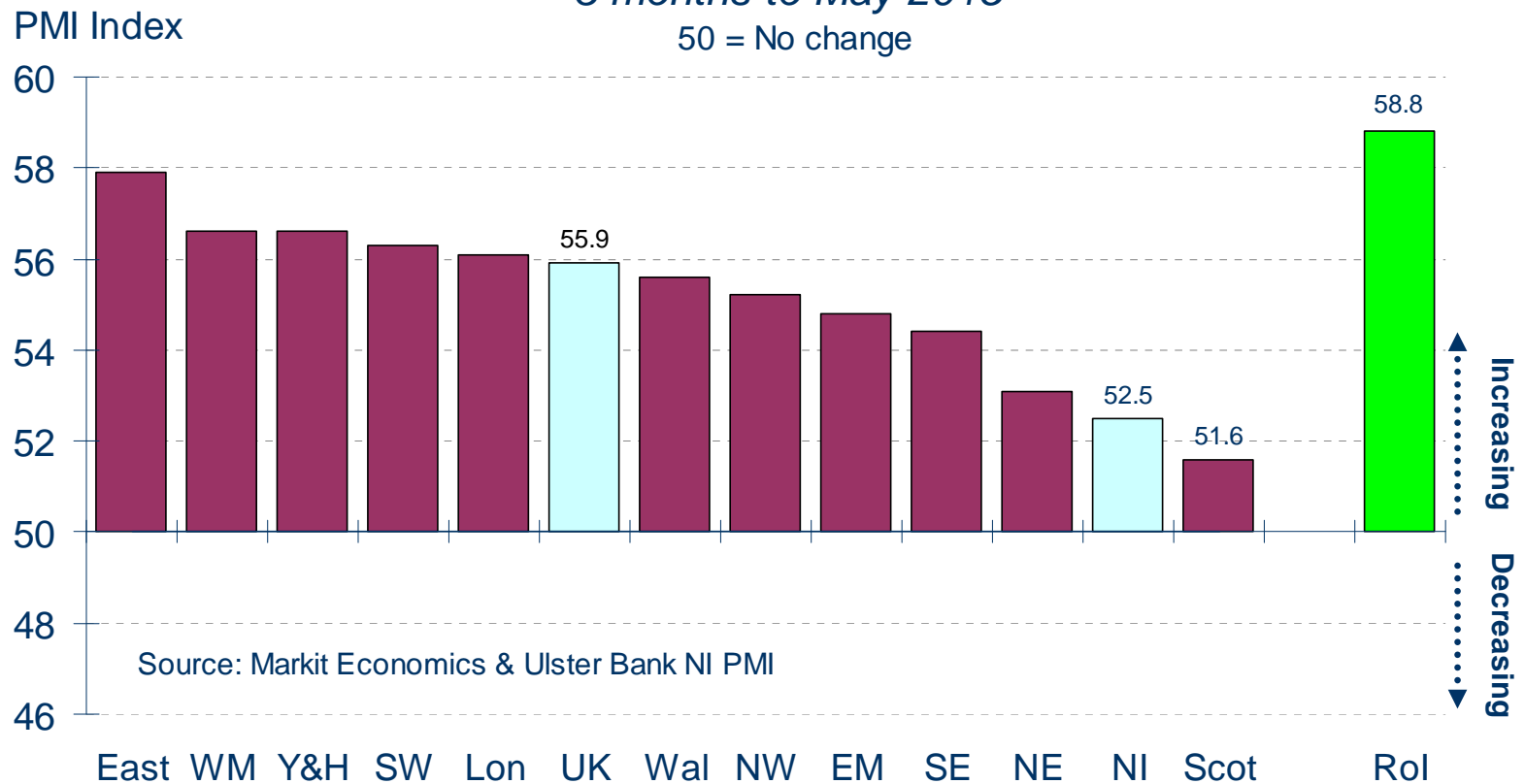


NI & Scotland post the weakest rates of job creation within the UK over the last 3 months

Employment Levels

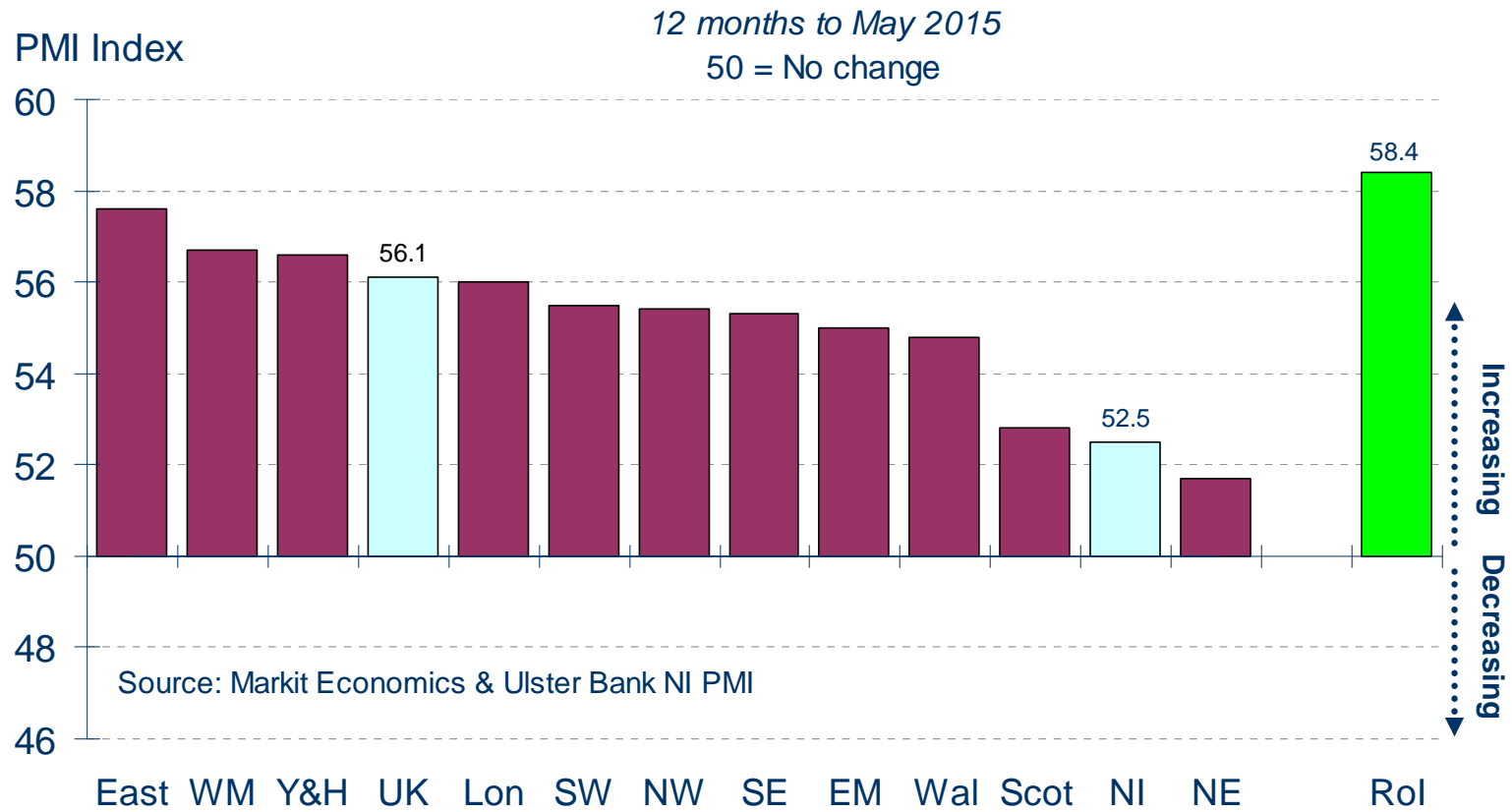
3 months to May 2015

50 = No change



Scotland, the North East & NI posted the weakest rates of jobs growth over the last year with the RoI the strongest

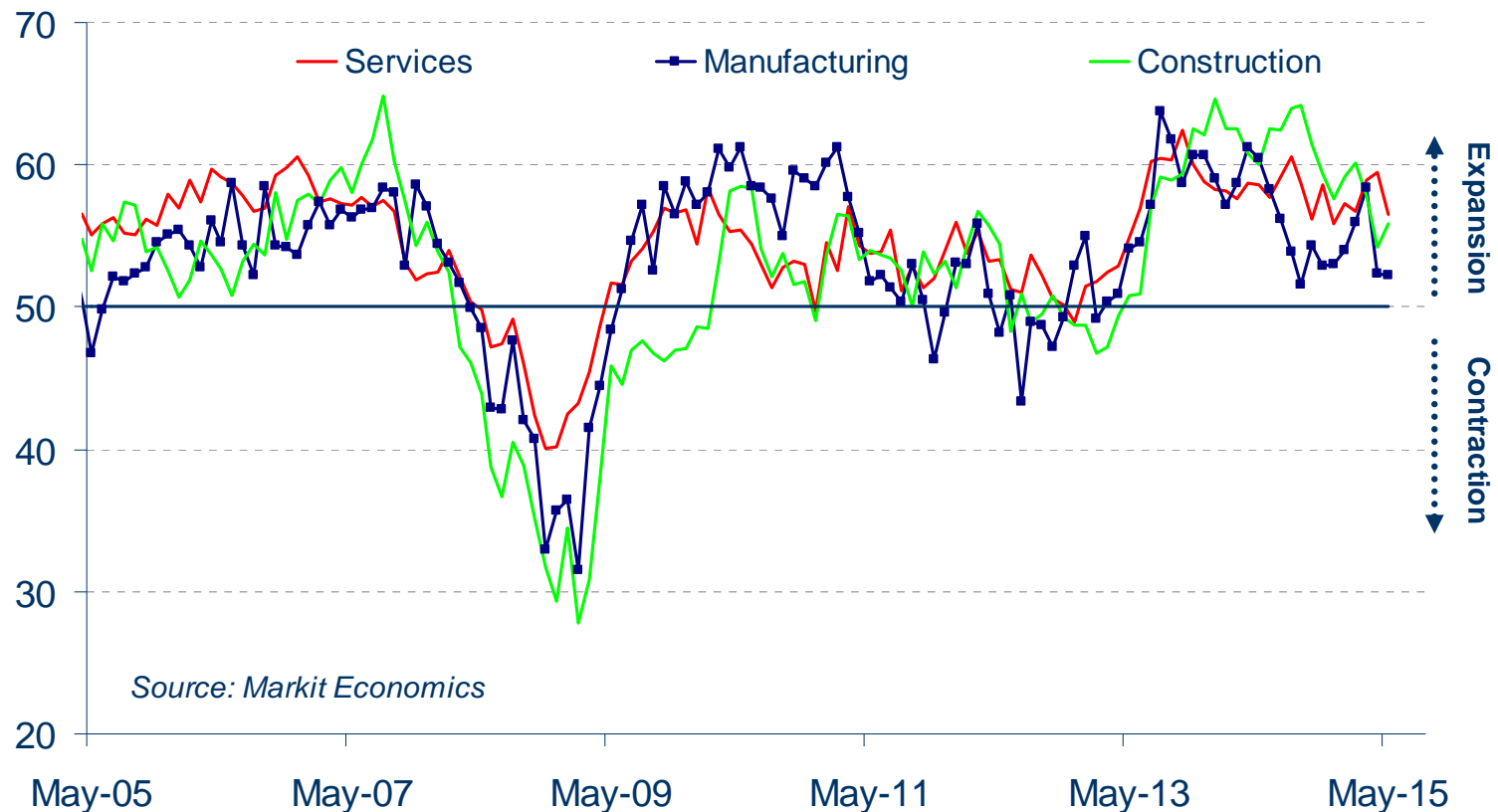
Employment Levels



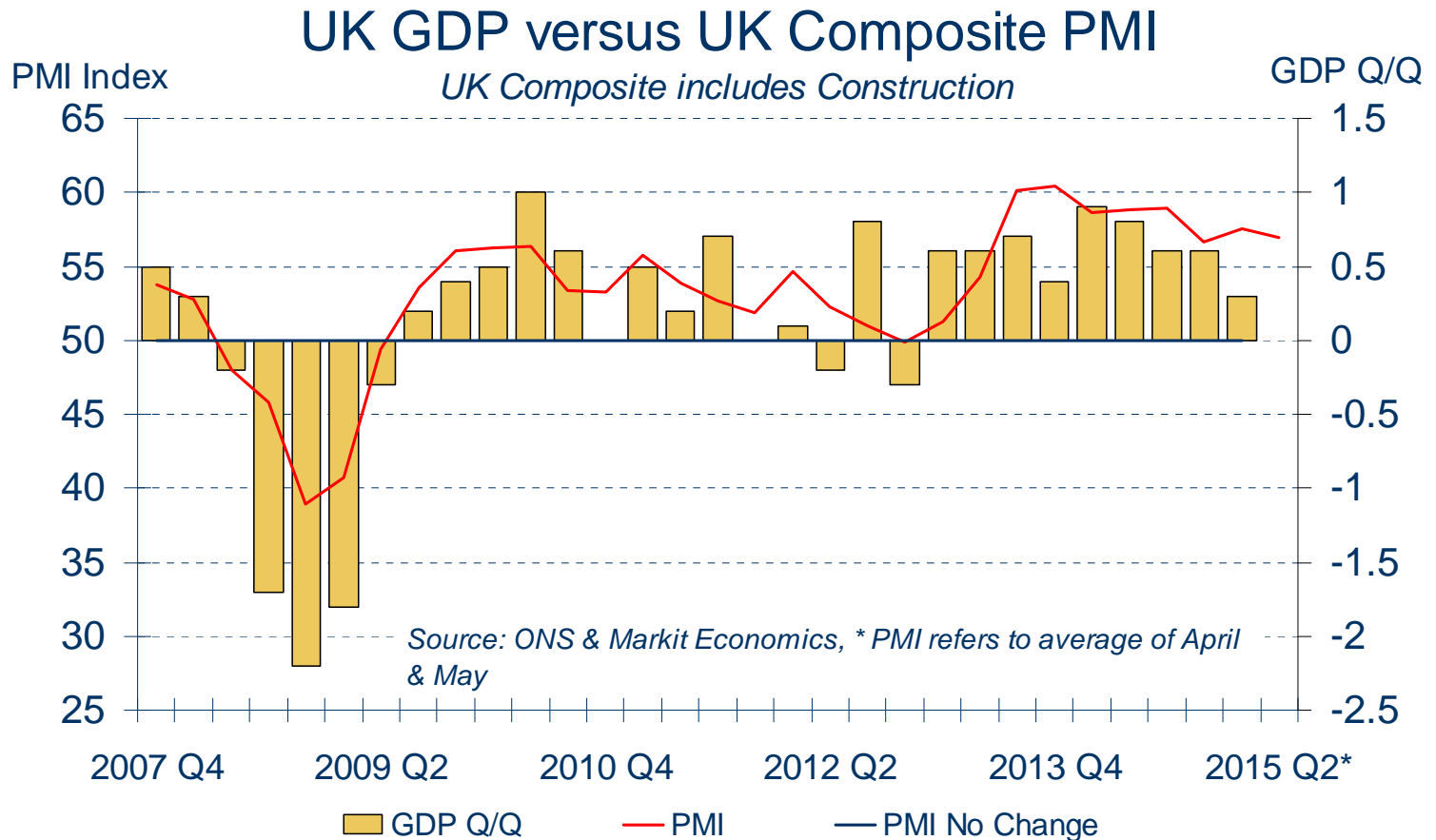
Sectoral Comparisons

UK manufacturing & services output growth eases in May with construction reporting a pick-up in its growth rate

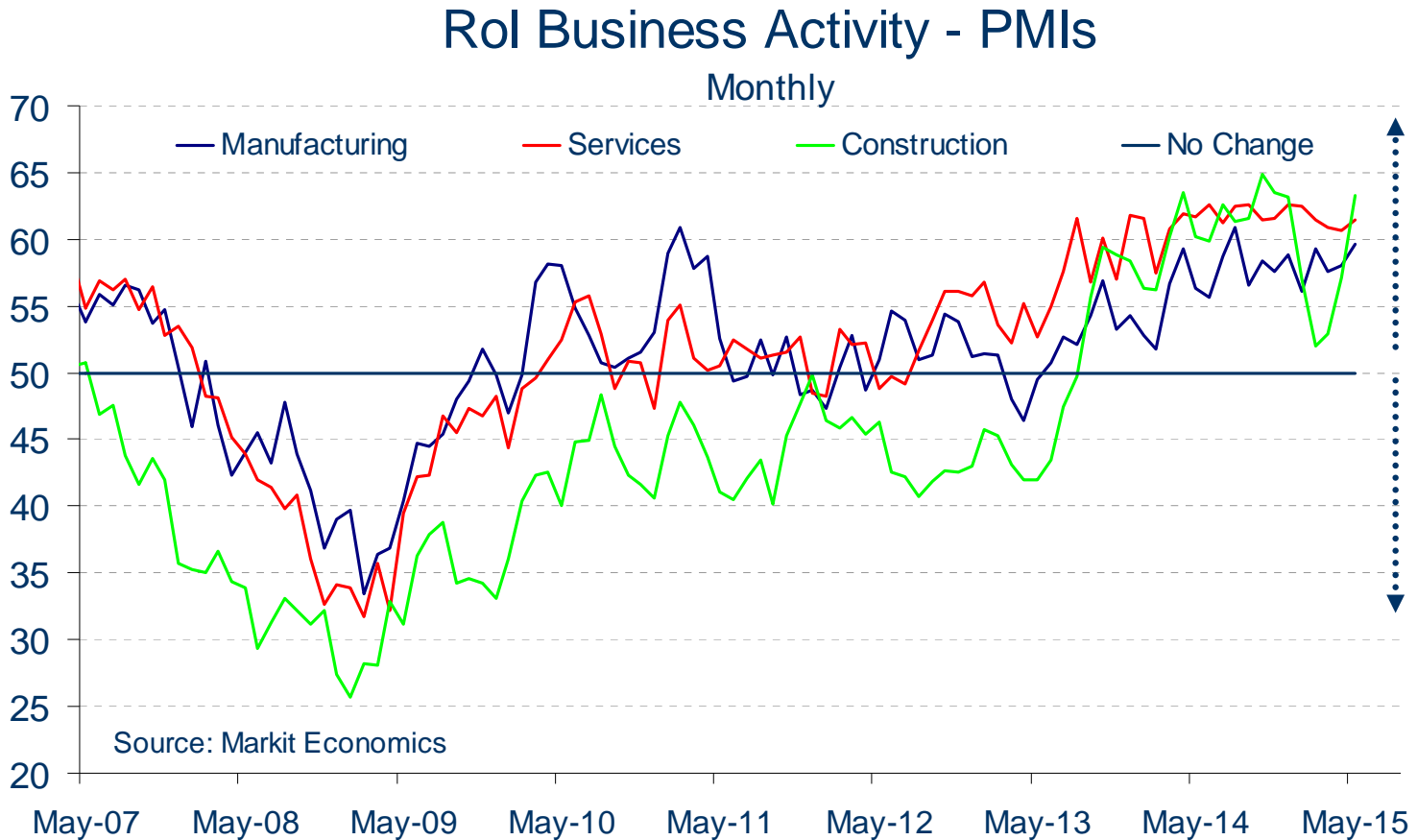
UK Business Activity / Output - PMIs



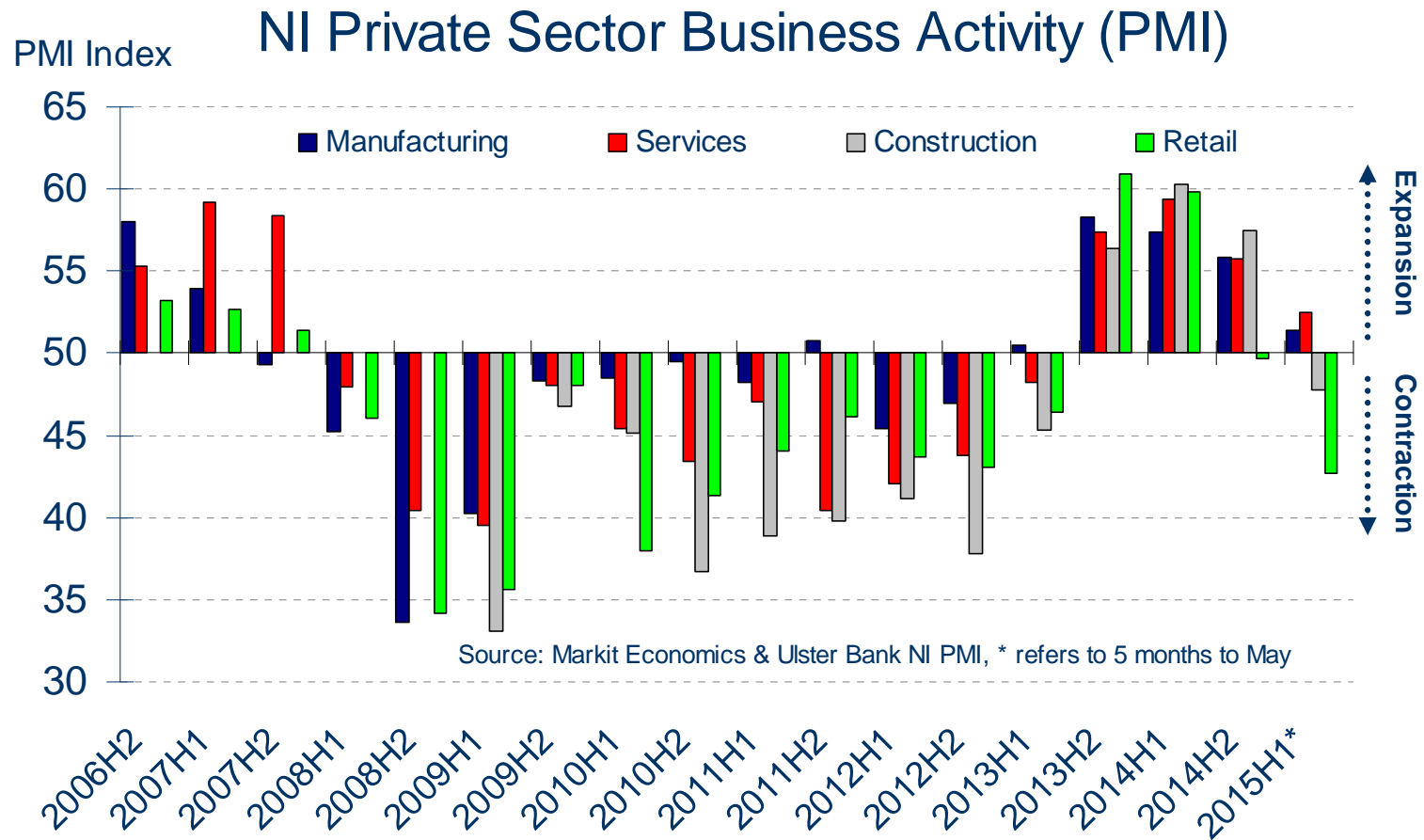
UK posts strong rates of growth between Q1-13 & Q3-14. Growth eased in Q1 contrary to what the PMI signalled



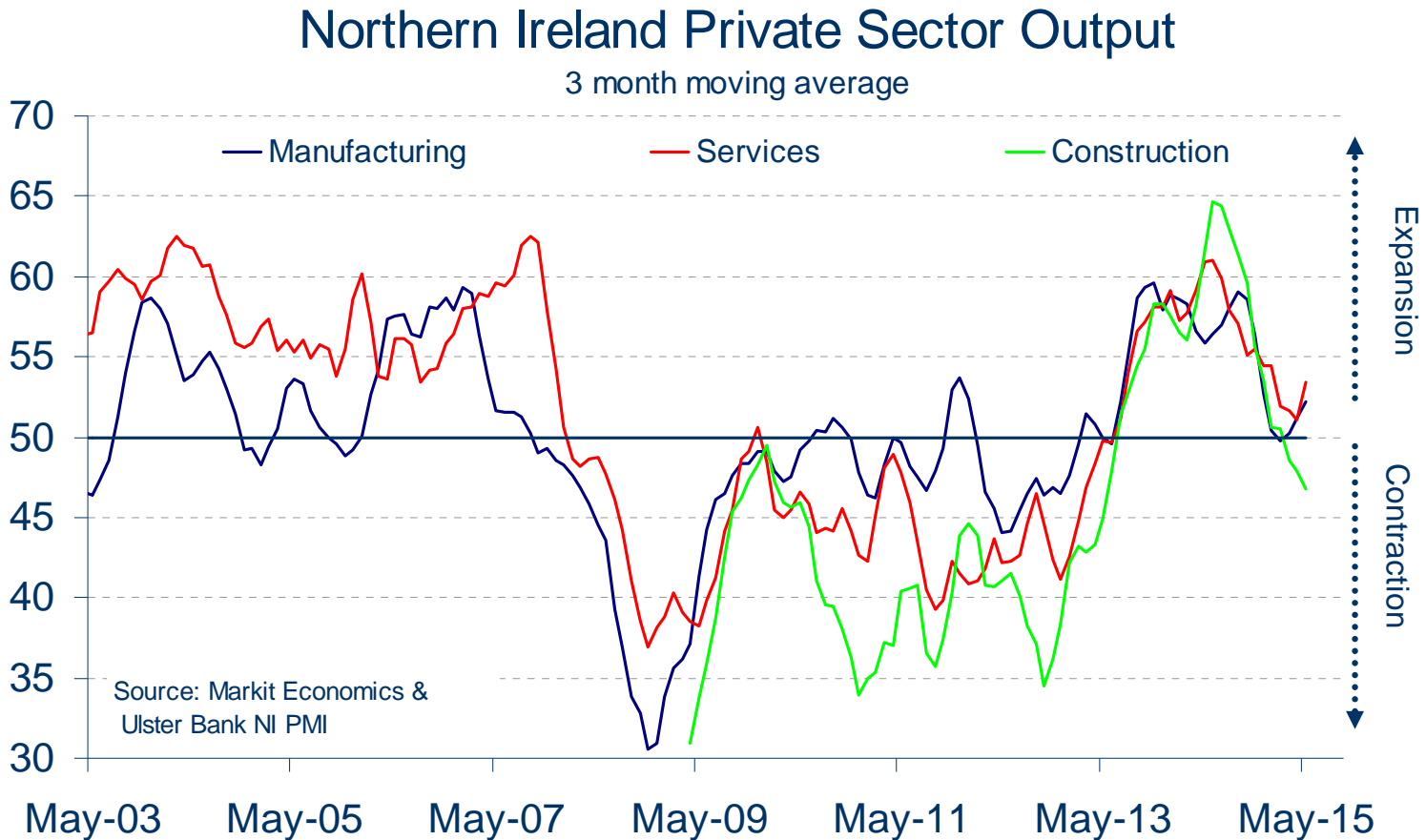
Rol output growth accelerates across all sectors in May



All sectors experienced weaker growth in H2-14 relative to H1-14 with H1-15 set to be even weaker



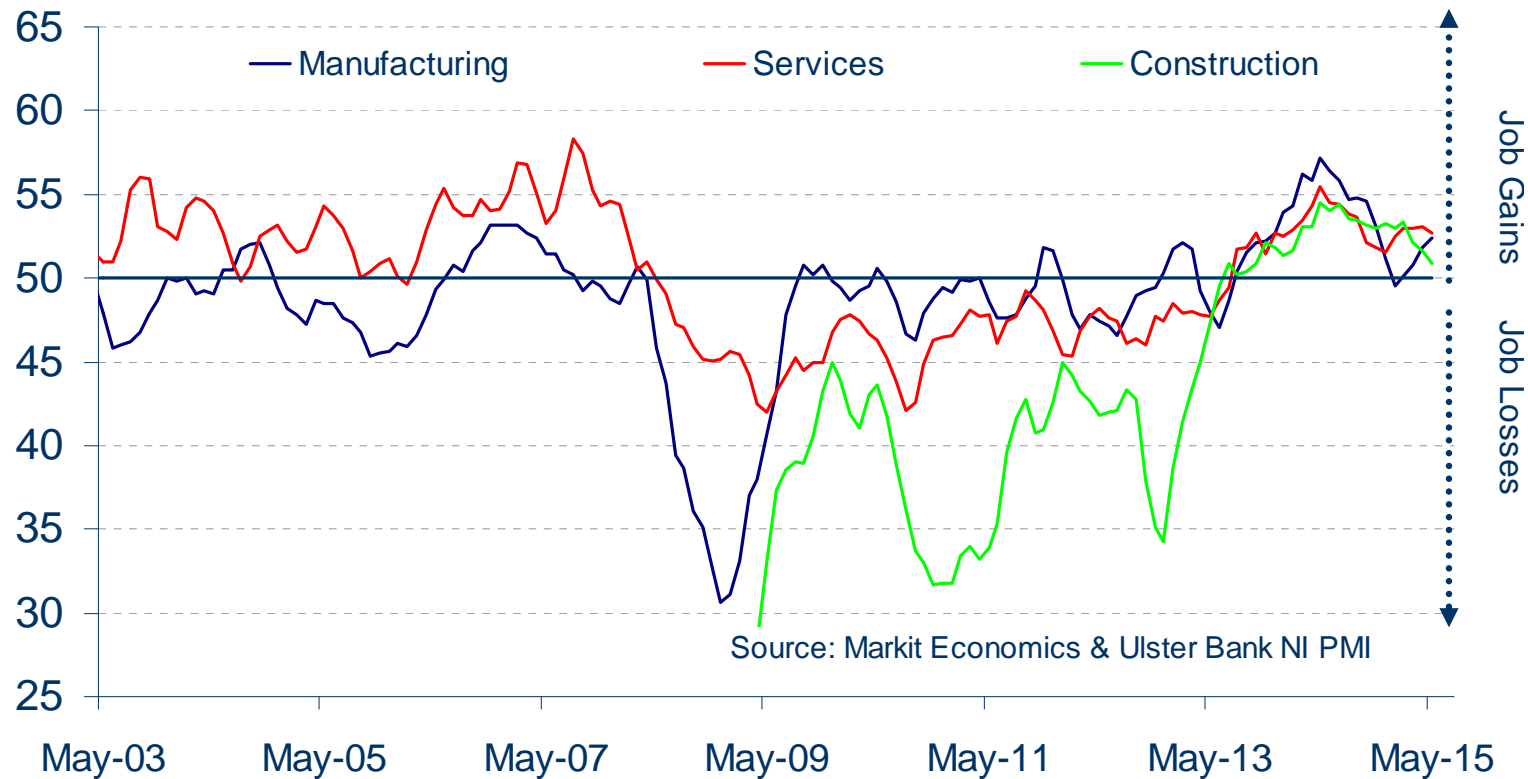
NI's manufacturing & services firms report a marked pick-up in output growth in May



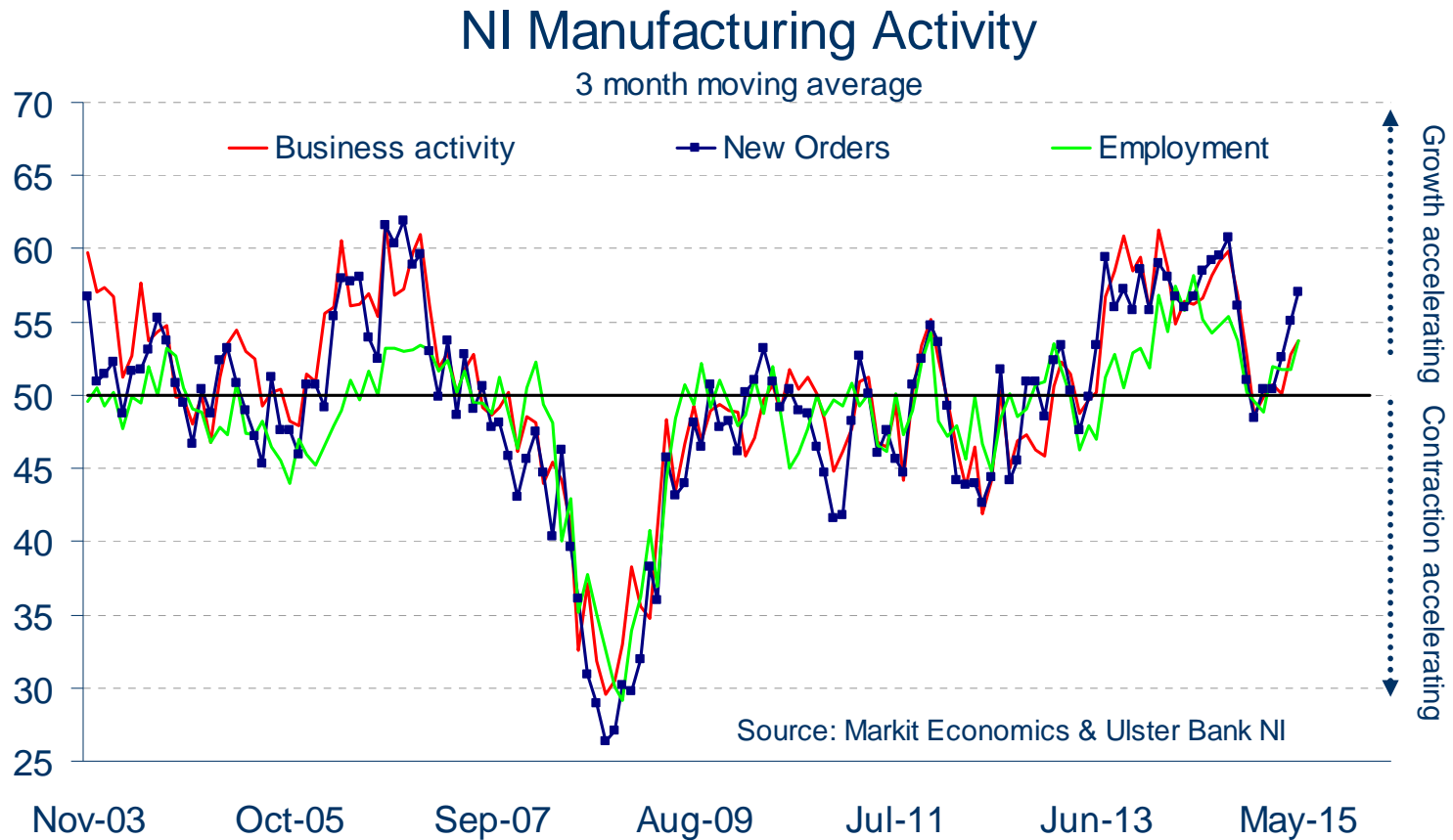
Services, manufacturing & construction firms all reported employment growth during the last 3 months

NI PMI - Employment Index

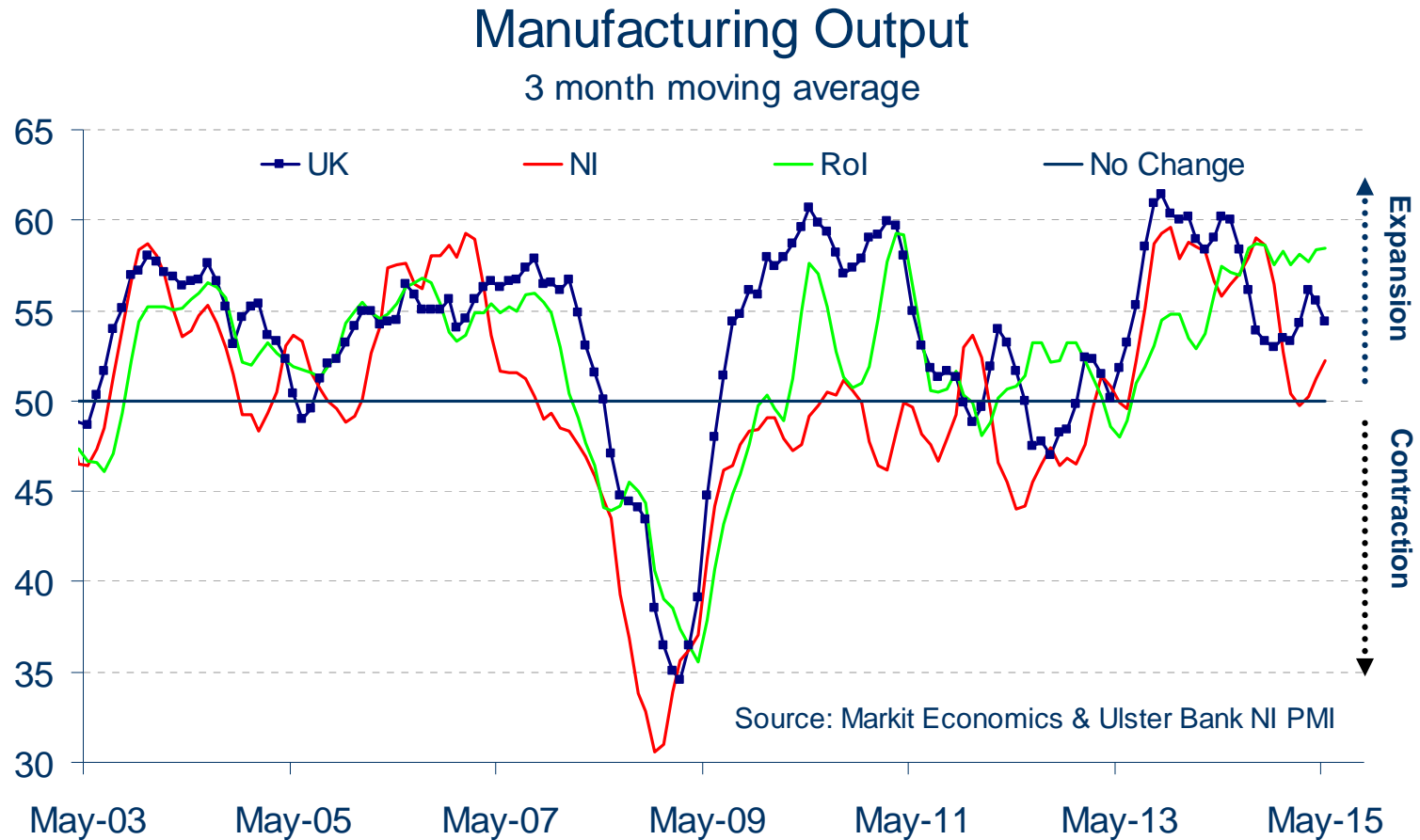
3 month moving average



Manufacturing firms report a sharp slowdown in Q4-14 with a strong rebound in activity in the 3 months to May



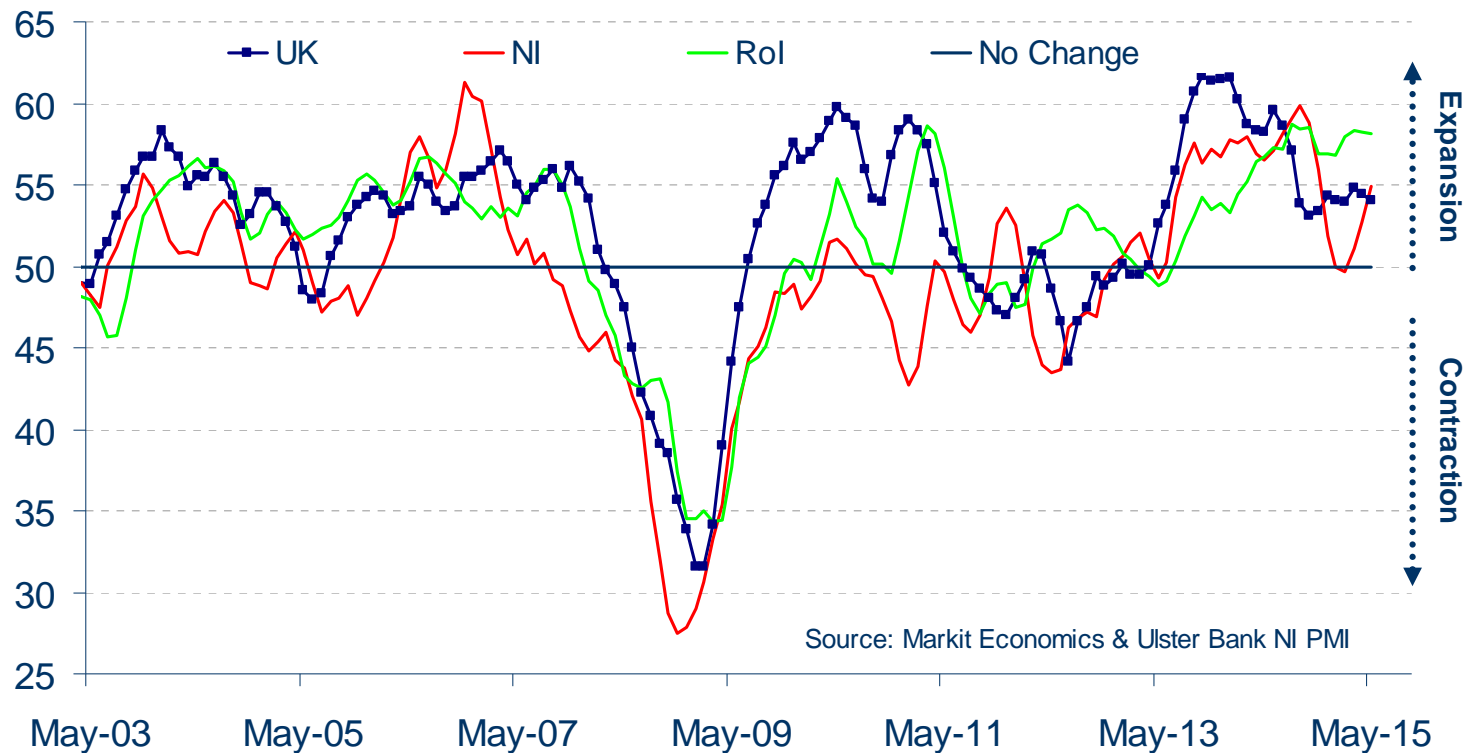
Rol firms continue to post strong rates of output growth with NI firms reporting a pick-up in growth in April & May



NI firms report a significant rebound in new orders growth in April & May with RoI firms still outperforming UK & NI

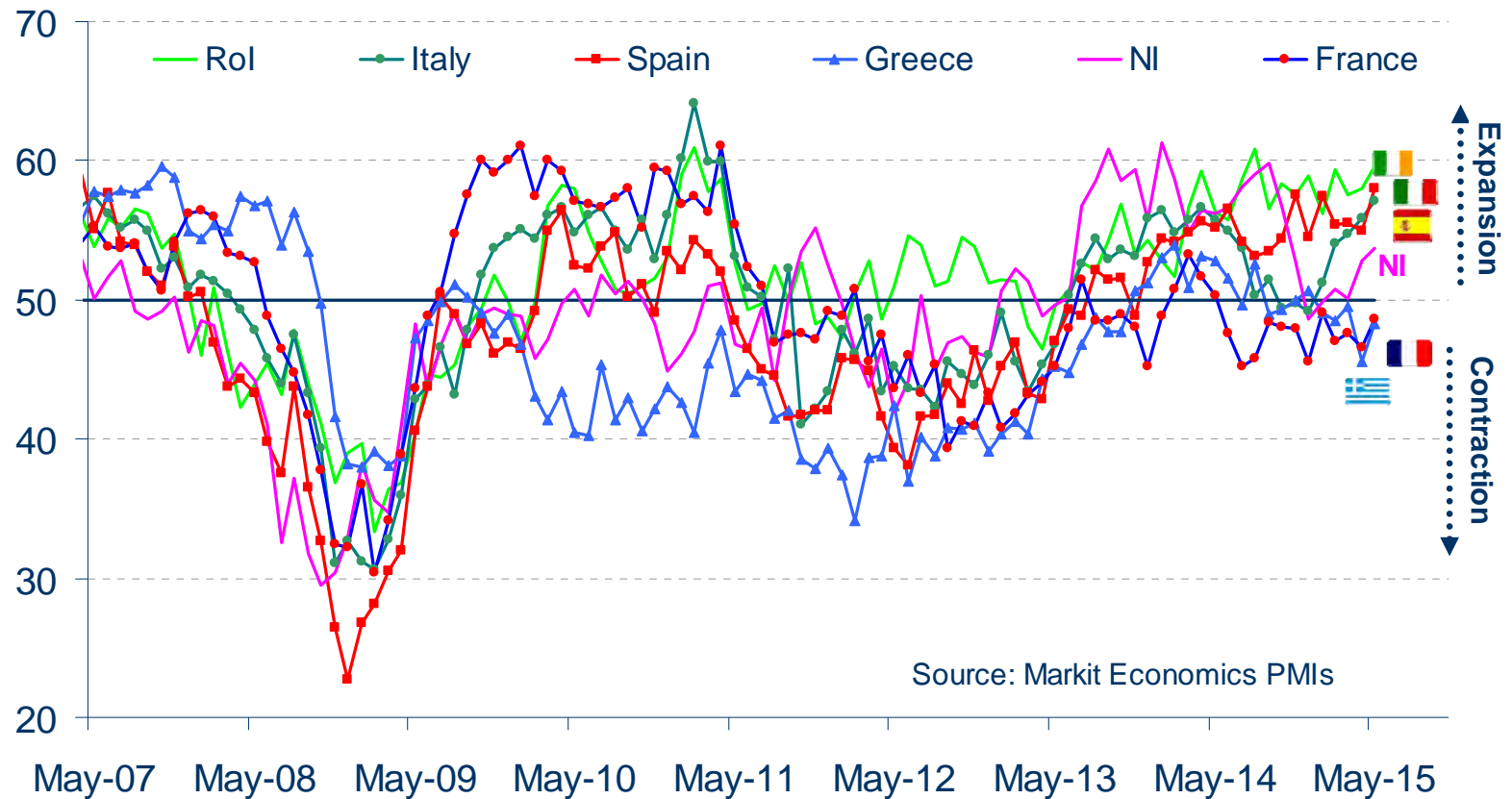
Manufacturing New Orders

3 month moving average



Until recently, NI had been outperforming most of its European competitors. But is now mid-table

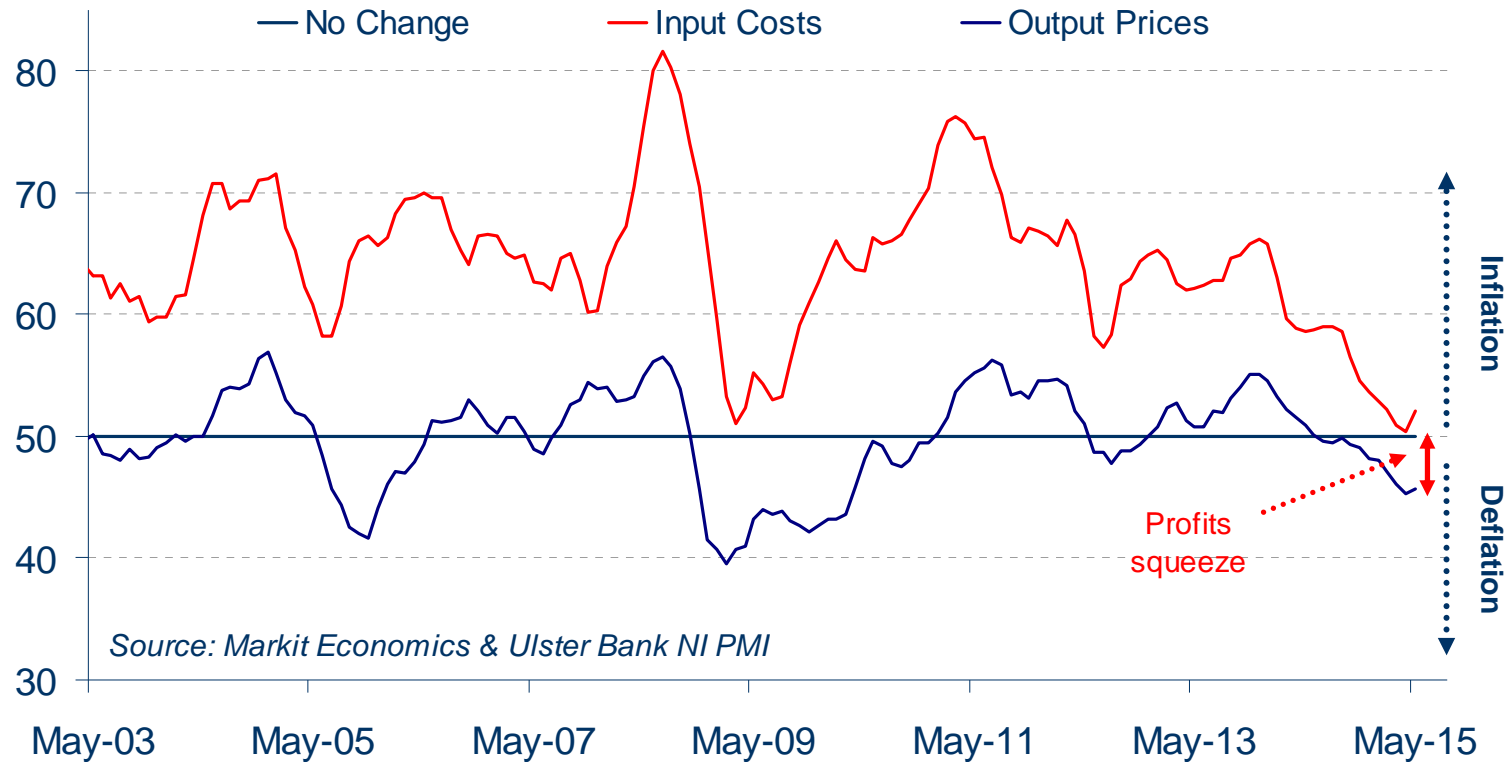
Manufacturing Output - PMI



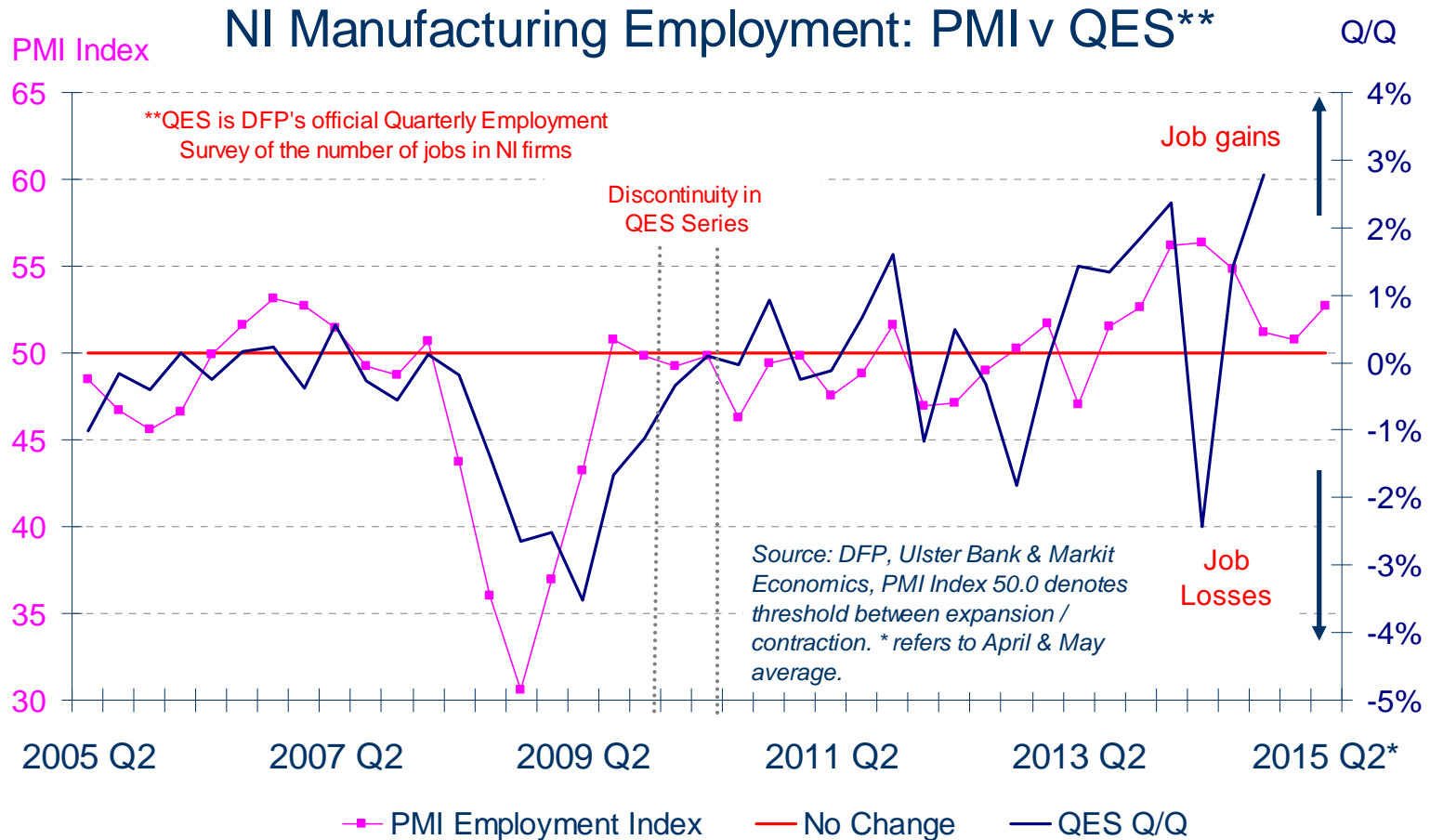
Input cost inflation picking up but remains subdued with output prices still falling

NI Manufacturing Input & Output Inflation

3 month moving average



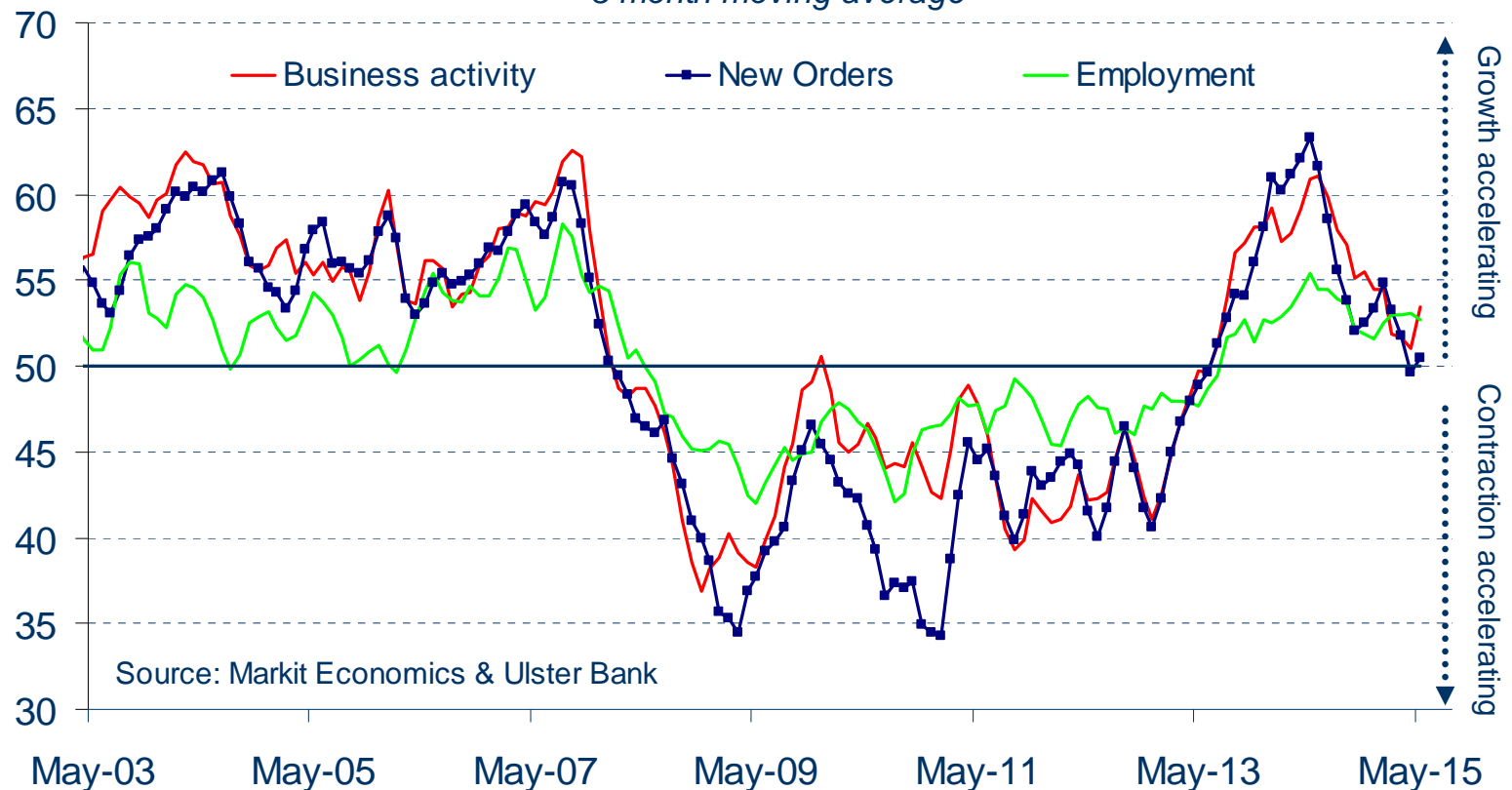
PMI signals moderation in manufacturing jobs growth in H2-14 & Q1-15 following record high in Q2 but rebound in Q2-15



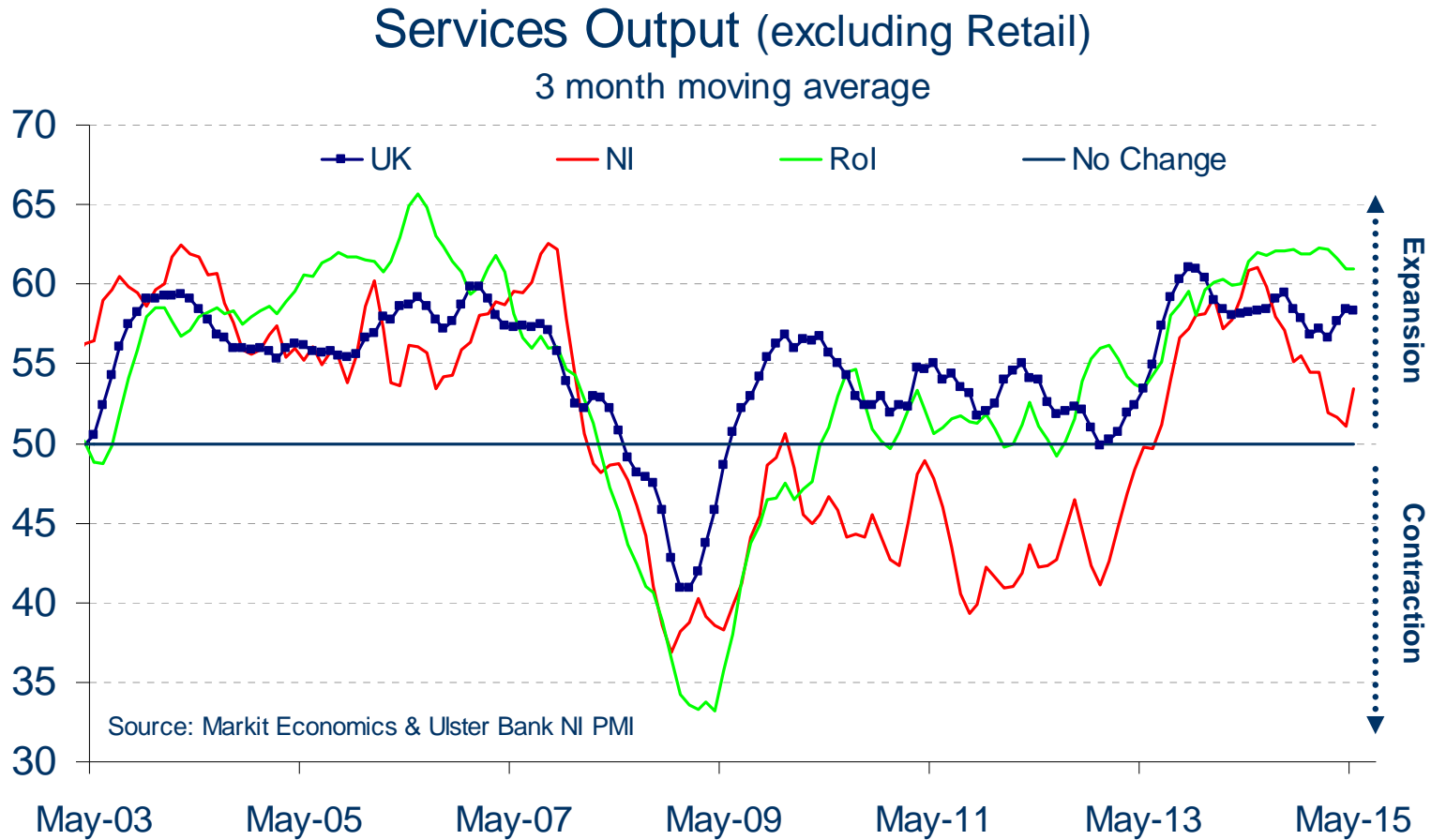
Service sector experiences a pick-up in output and orders growth but firms are hiring staff at a slower rate

NI Service Sector (excludes Retail)

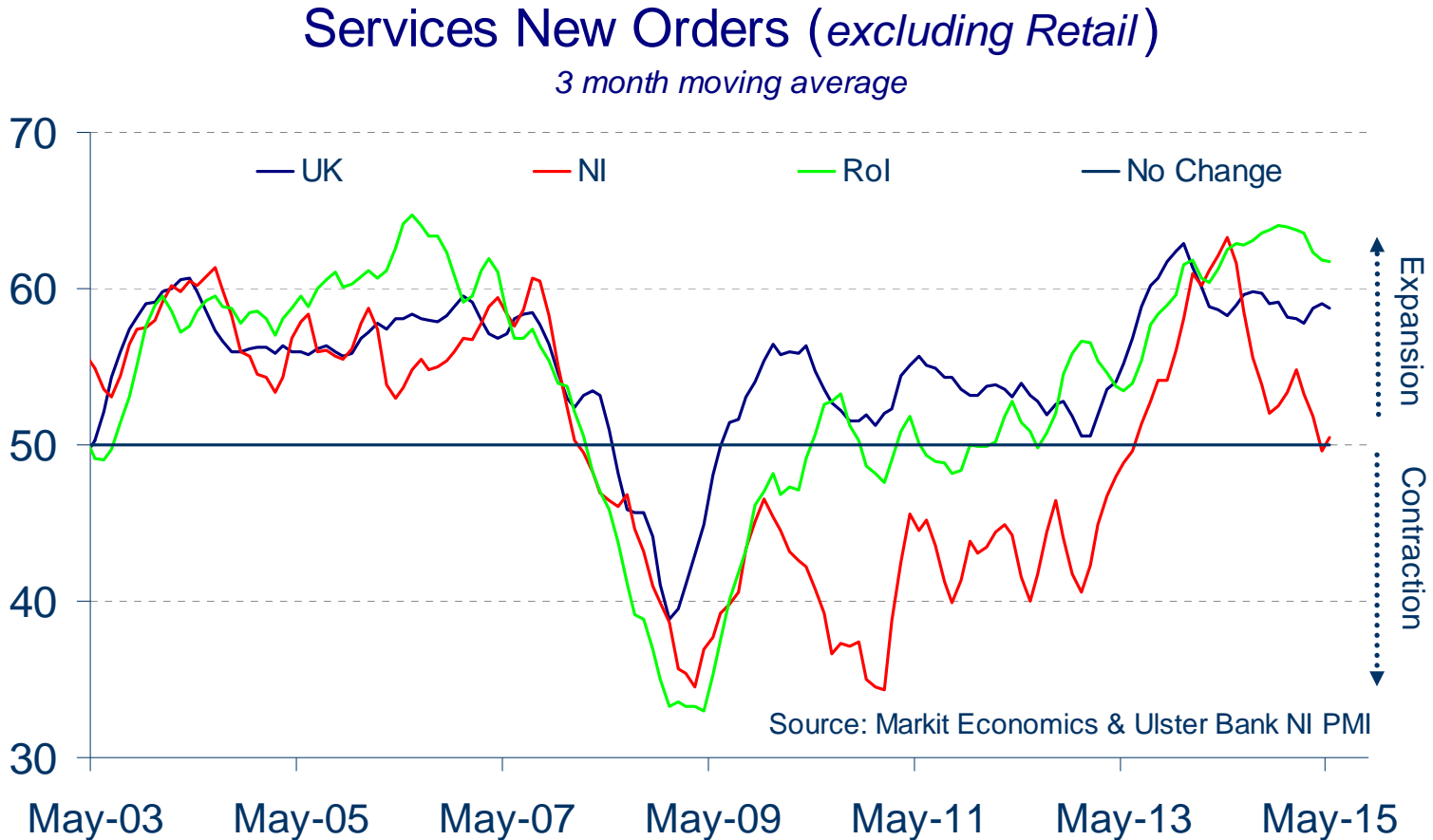
3 month moving average



Rol firms maintain strong rates of output growth but NI firms have experienced a marked slowdown in H1 2015



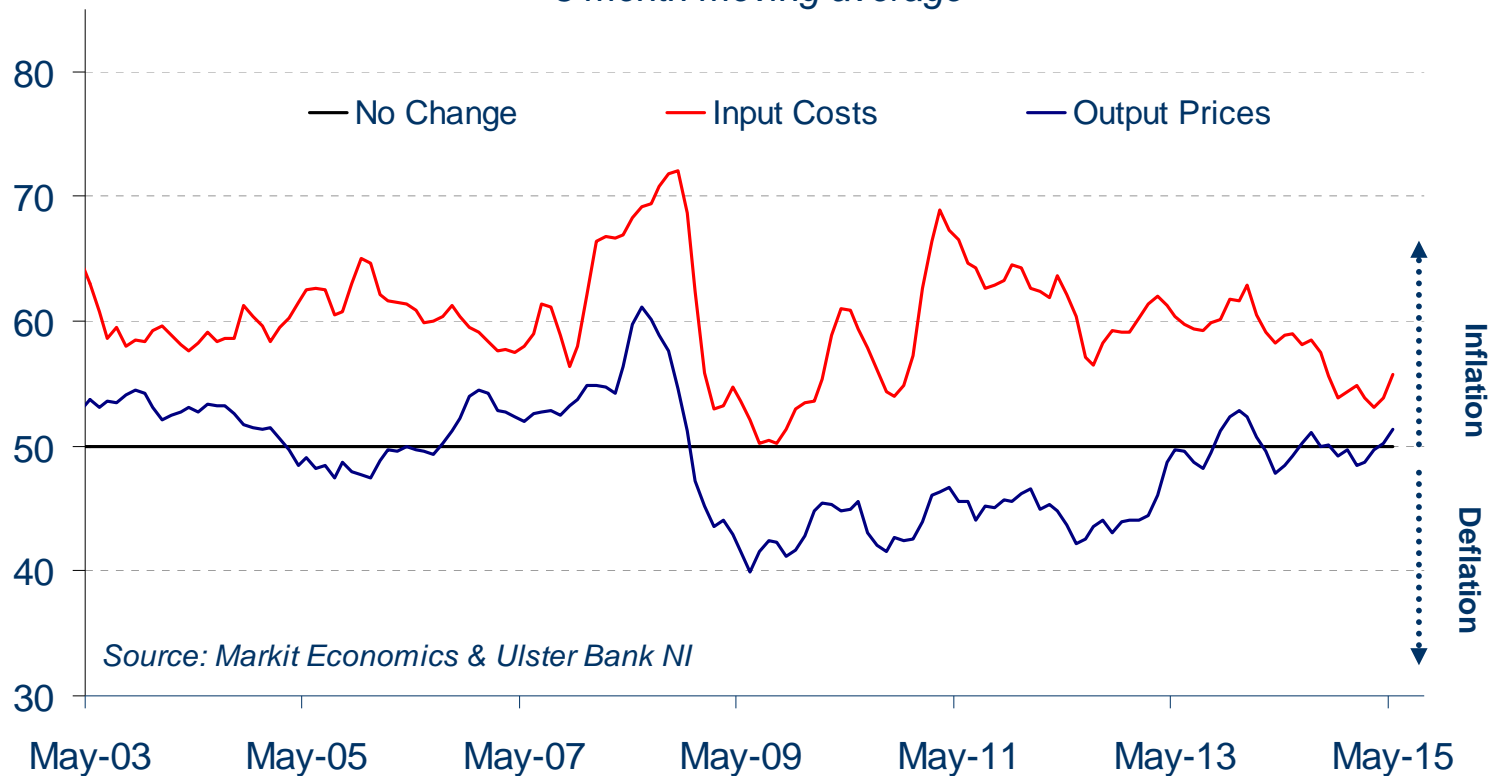
NI firms fail to match the robust rates of growth in the UK & RoI with orders growth rising modestly over last 3 months



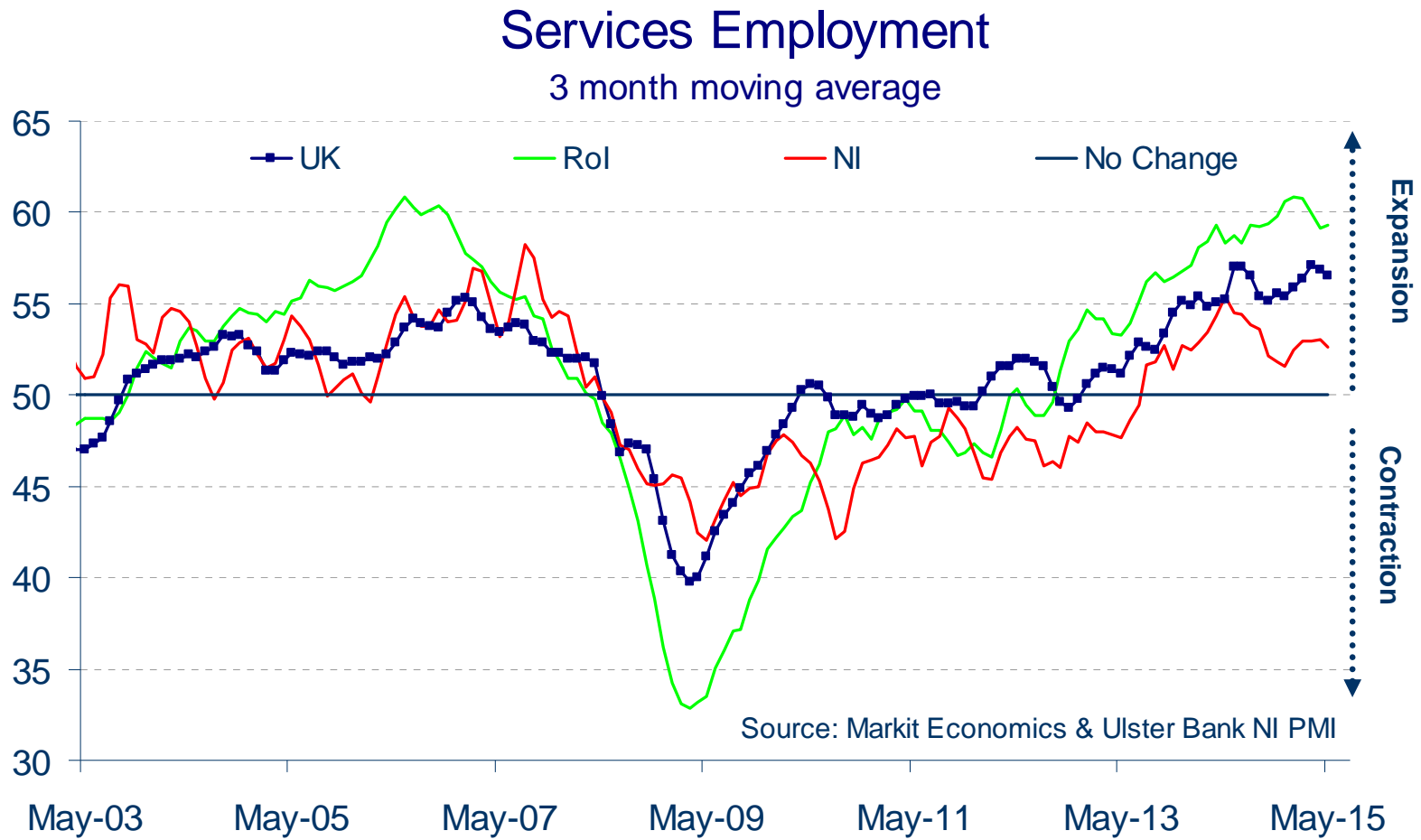
NI's services firms report a pick-up in input cost inflation in May with pricing power returning

NI Services Input & Output Inflation

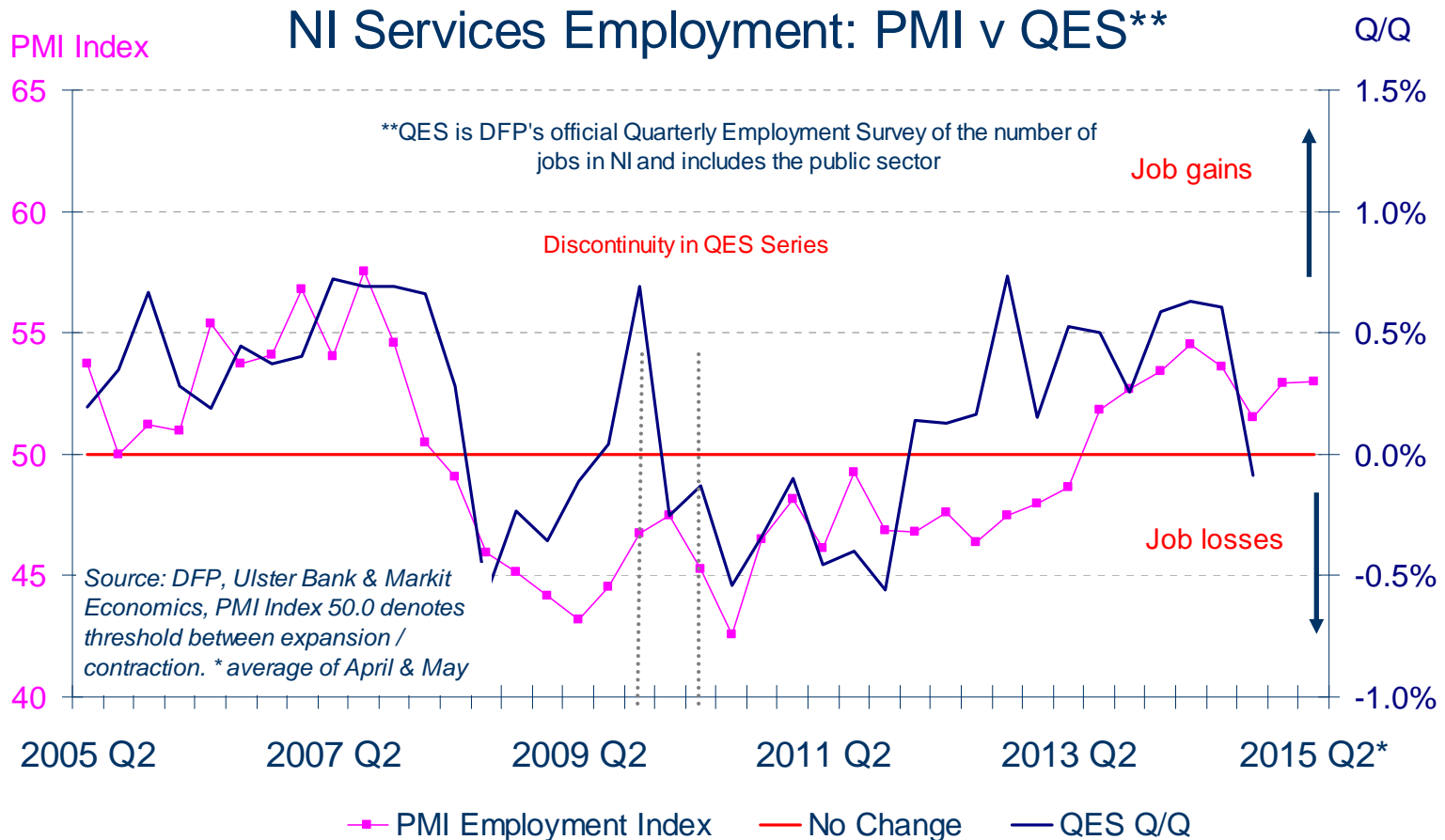
3 month moving average



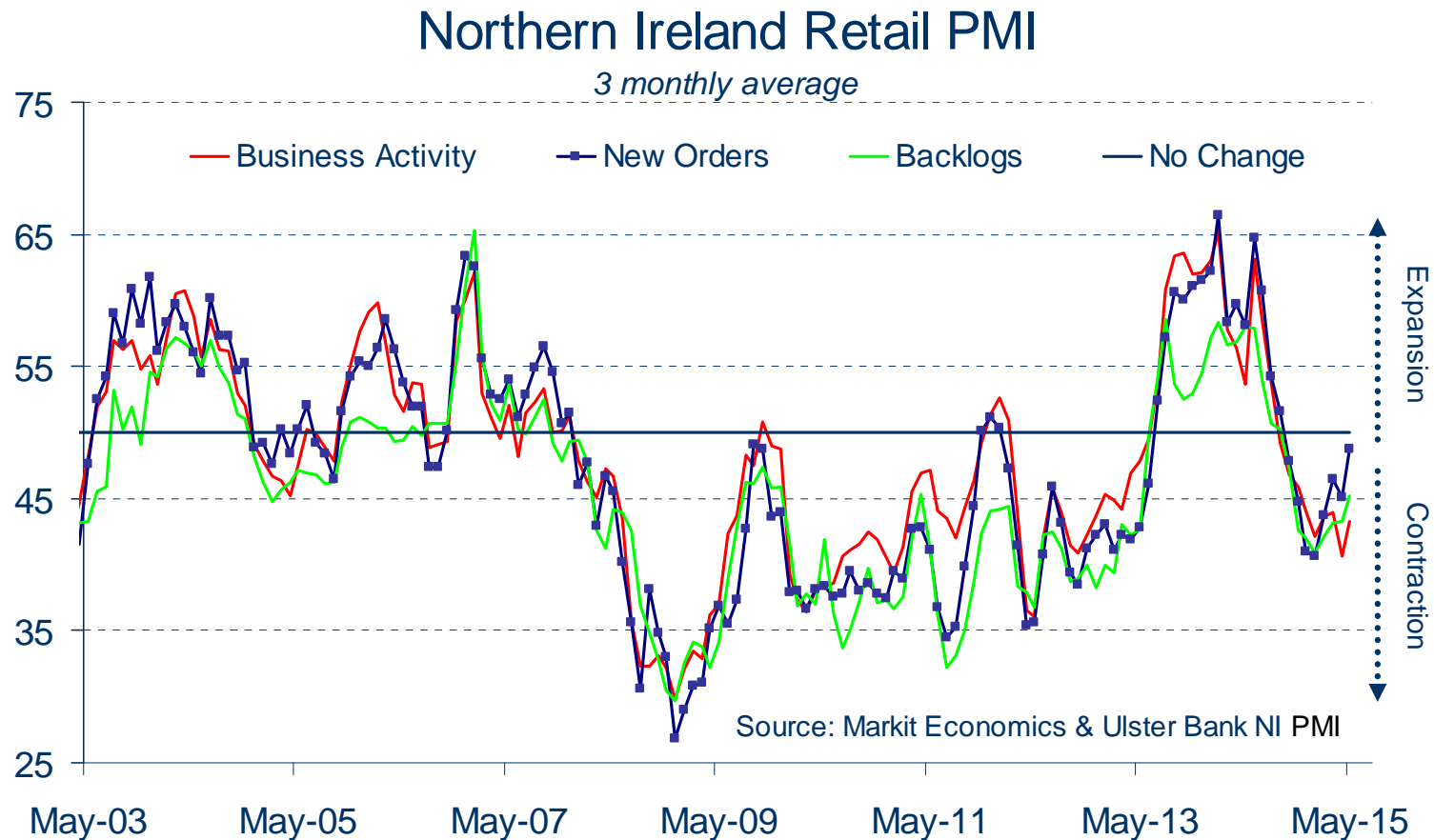
NI services firms increased their staffing levels over the last 3 months but below the rates of growth in the UK & RoI



Pace of job creation within the services sector eased in H2-14 but has picked up in H1-15



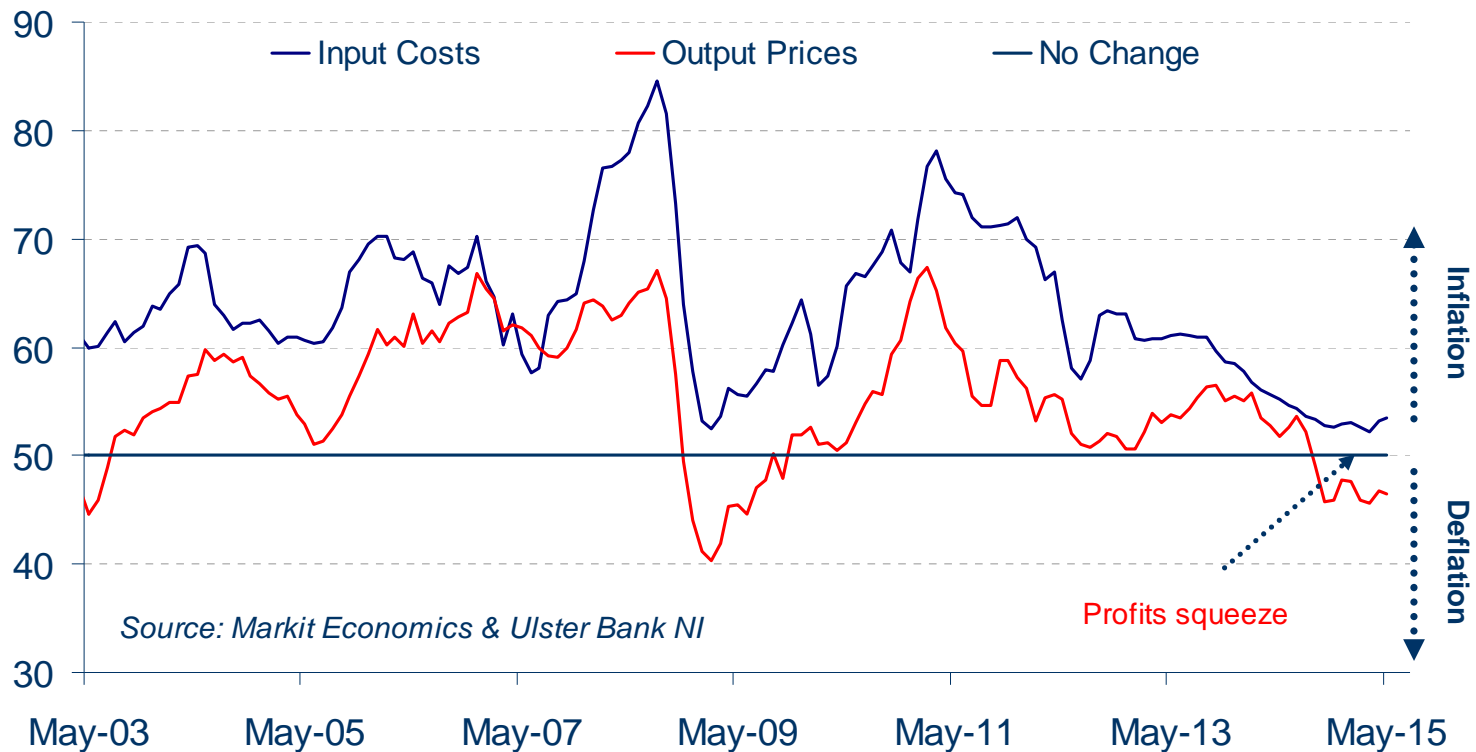
NI retailers continue to report significant contractions in sales although the pace of decline in orders is slowing



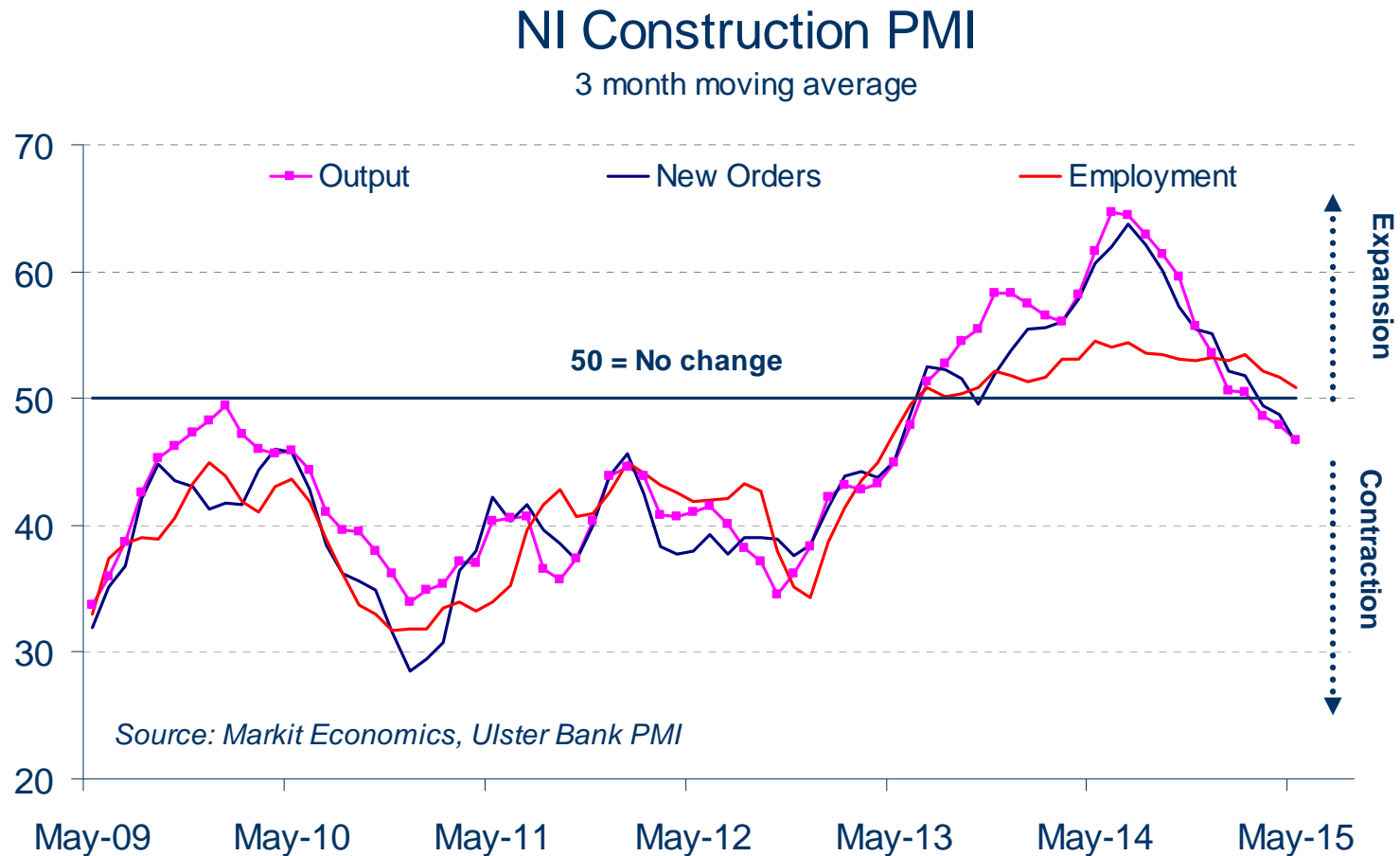
NI retailers report discounting with output prices falling for the last 9 months. Input cost inflation at a 9-month high

NI Retail Input & Output Inflation

3 month moving average



NI's construction firms report a decline in activity and new orders but continue to increase staffing levels

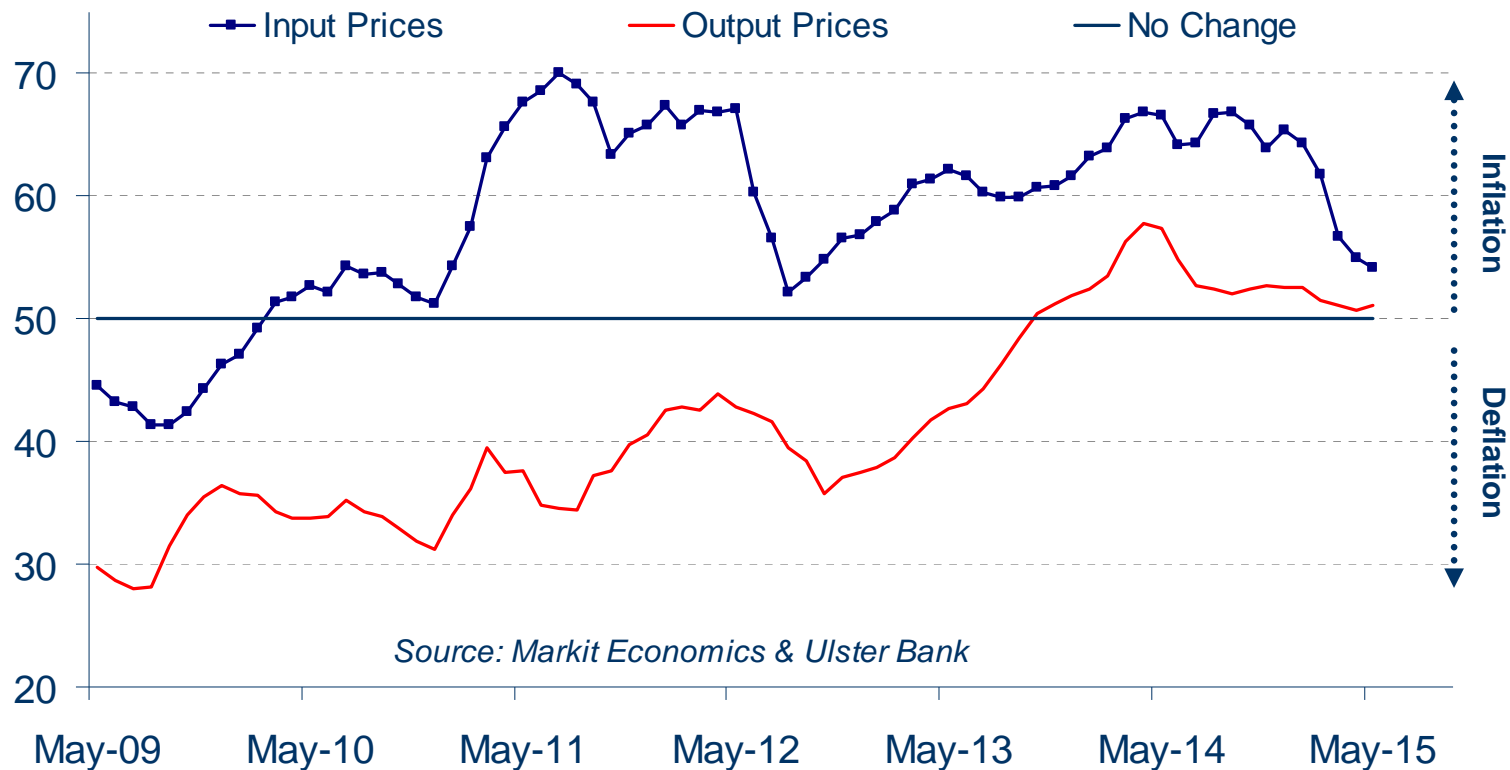


Input cost inflation easing rapidly with output price inflation beginning to rise

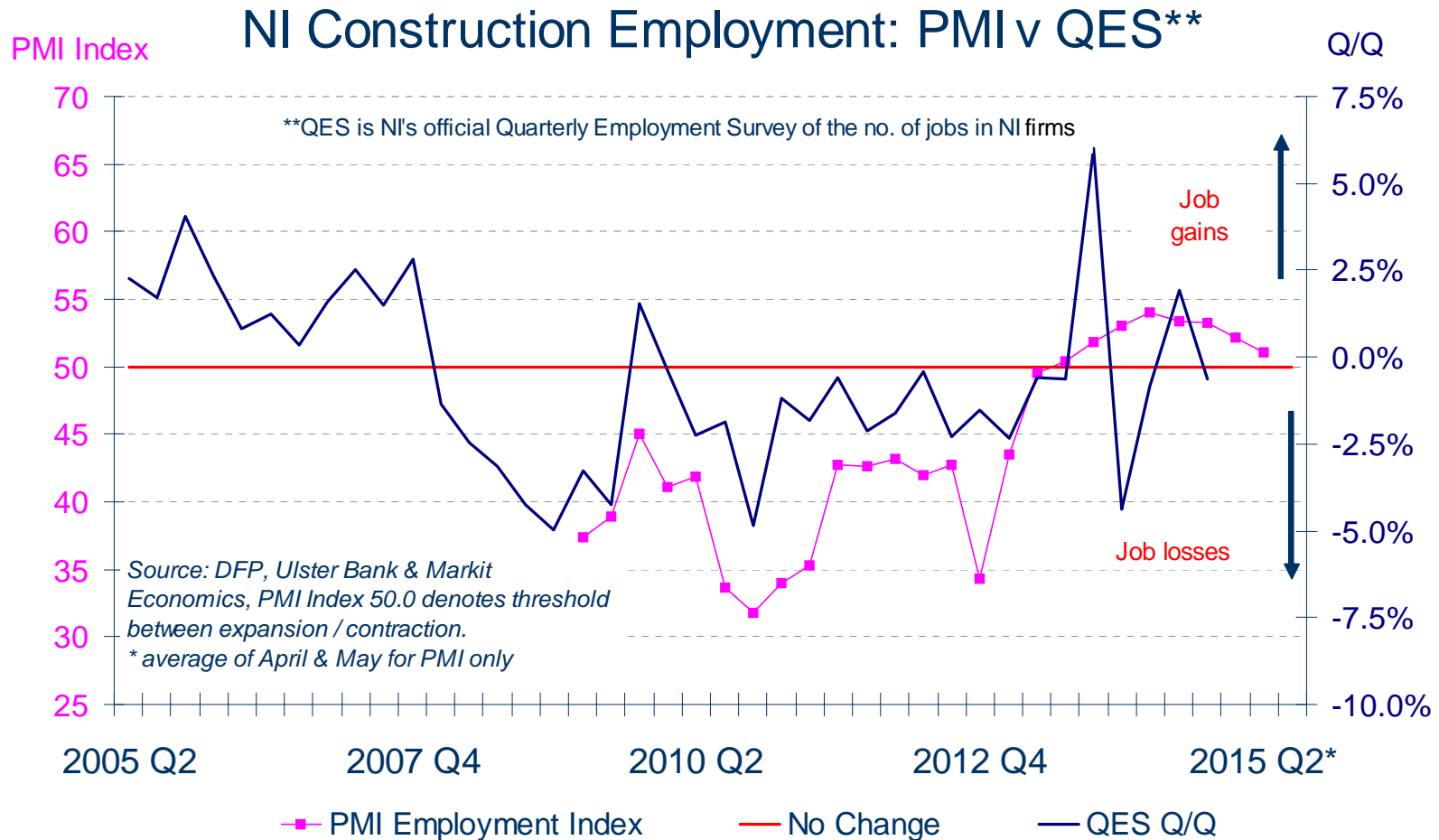
NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



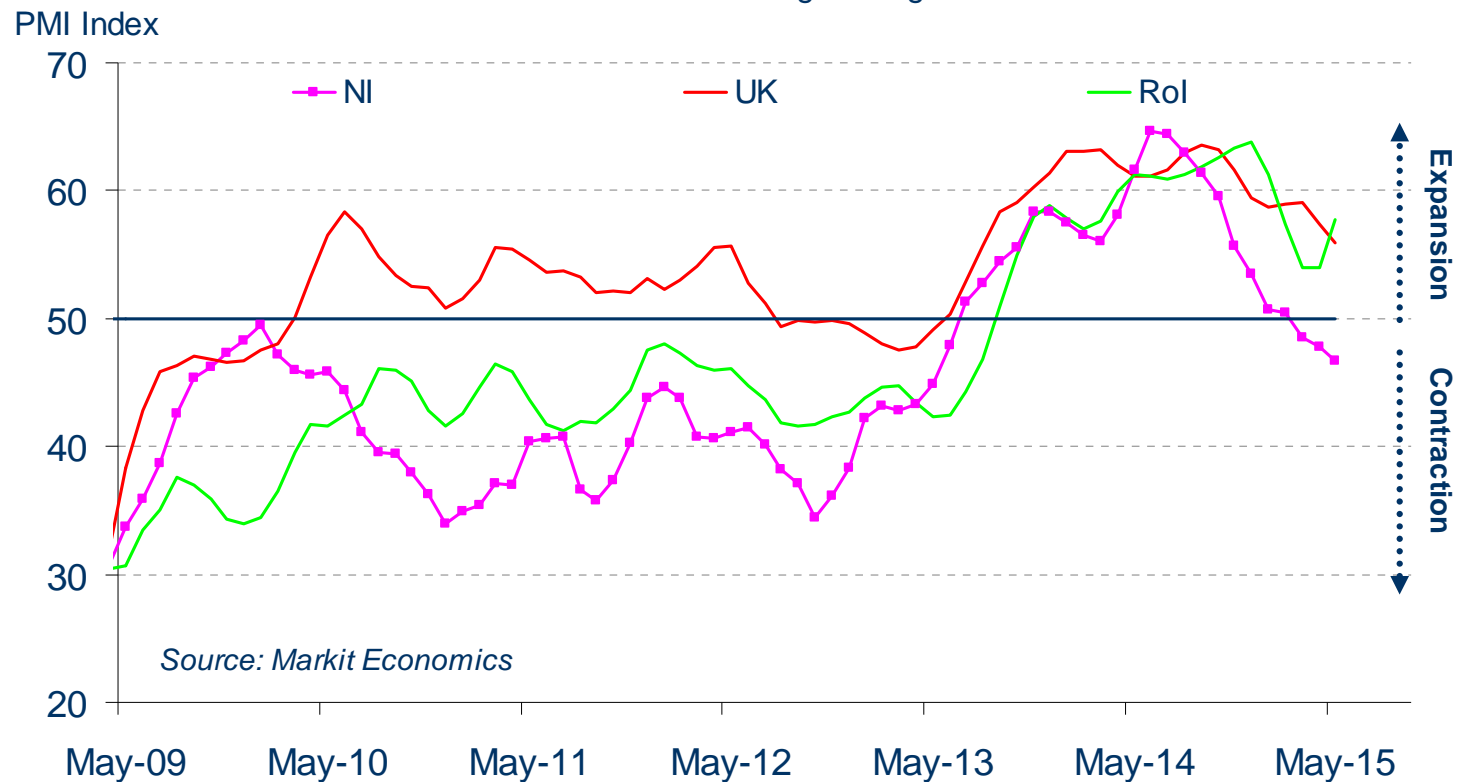
NI's construction PMI posts jobs growth since Q3 2013 but this is largely due to NI firms working outside of NI



Strong rates of output growth amongst Rol firms with slowdown amongst UK firms & contraction with NI firms

Construction Sector Output - PMI

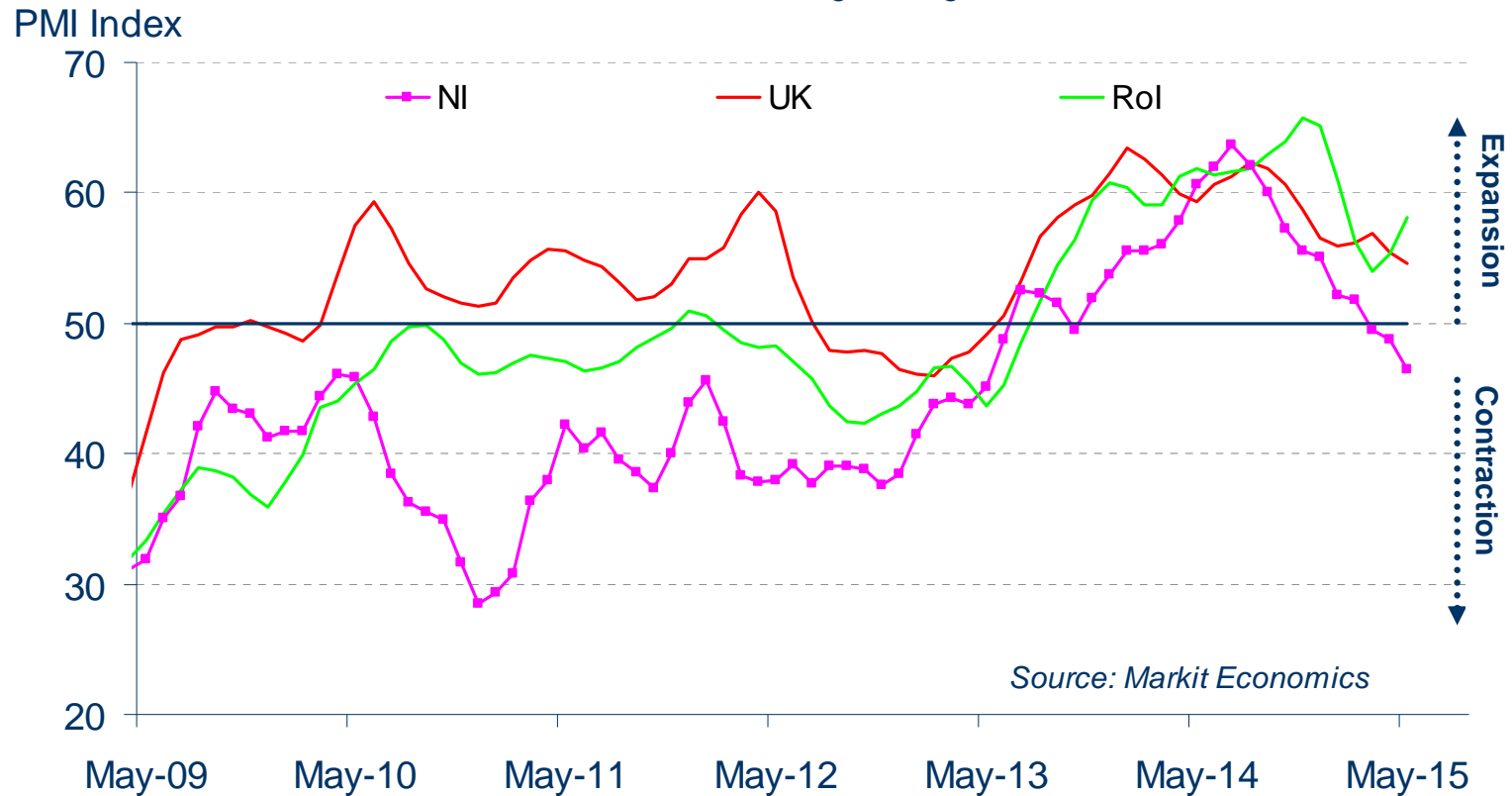
3 month moving average



NI orders decrease over last 3 months with UK growth slowing too. Rol firms reporting a pick-up in demand

Construction Sector New Orders - PMI

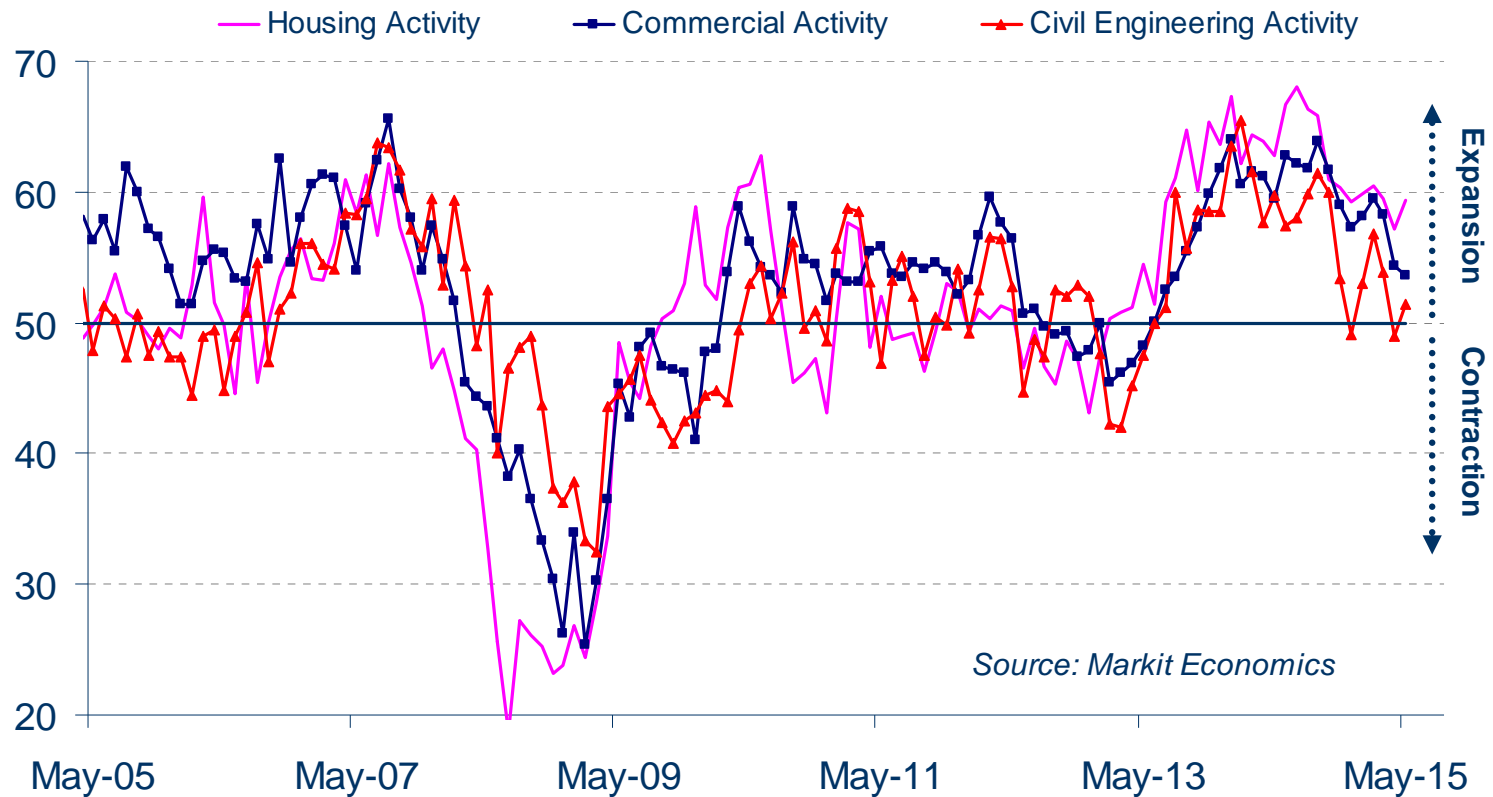
3 month moving average



UK firms report a pick-up in housing & civil engineering activity in May with commercial activity easing

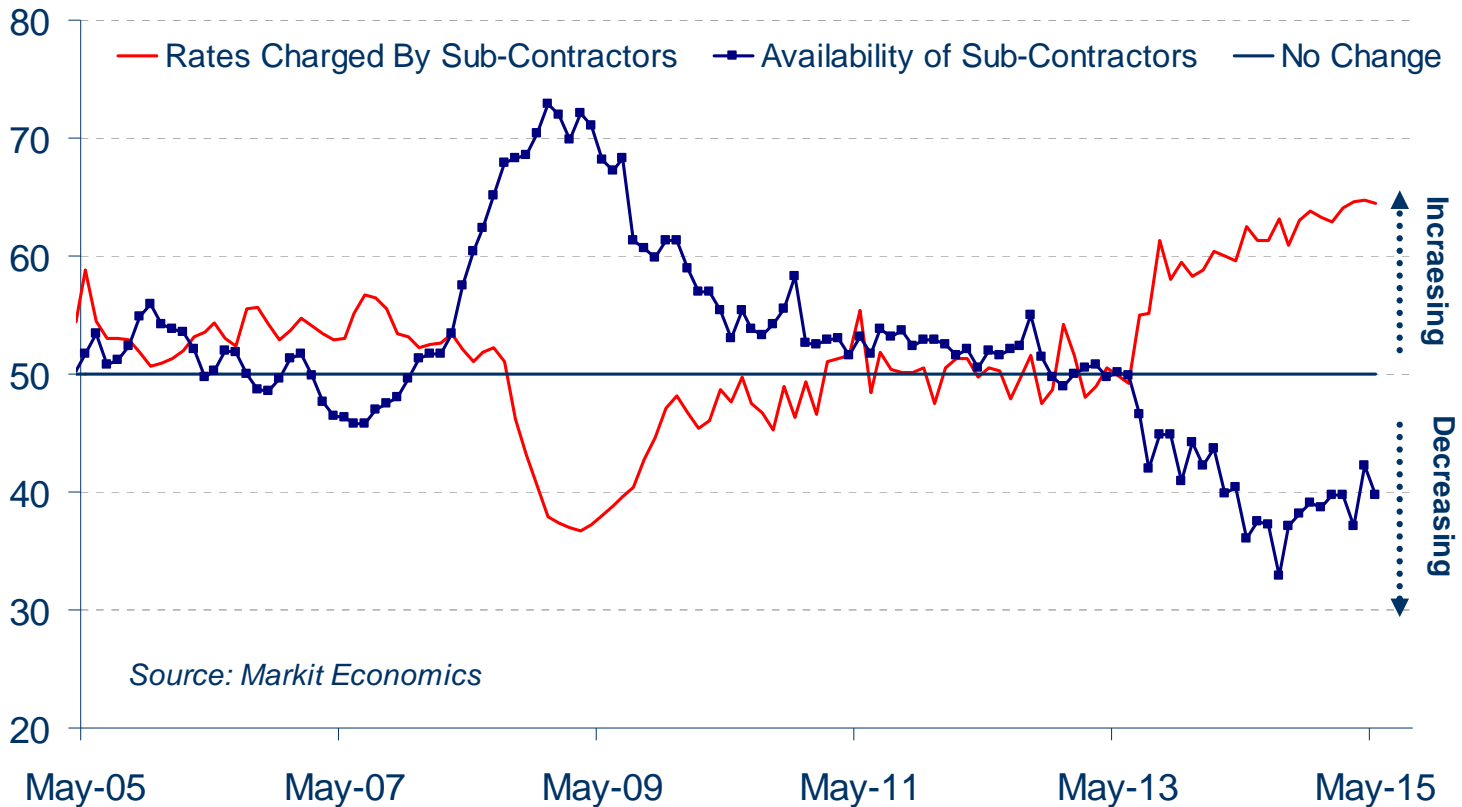
UK Construction Activity - PMIs

Monthly

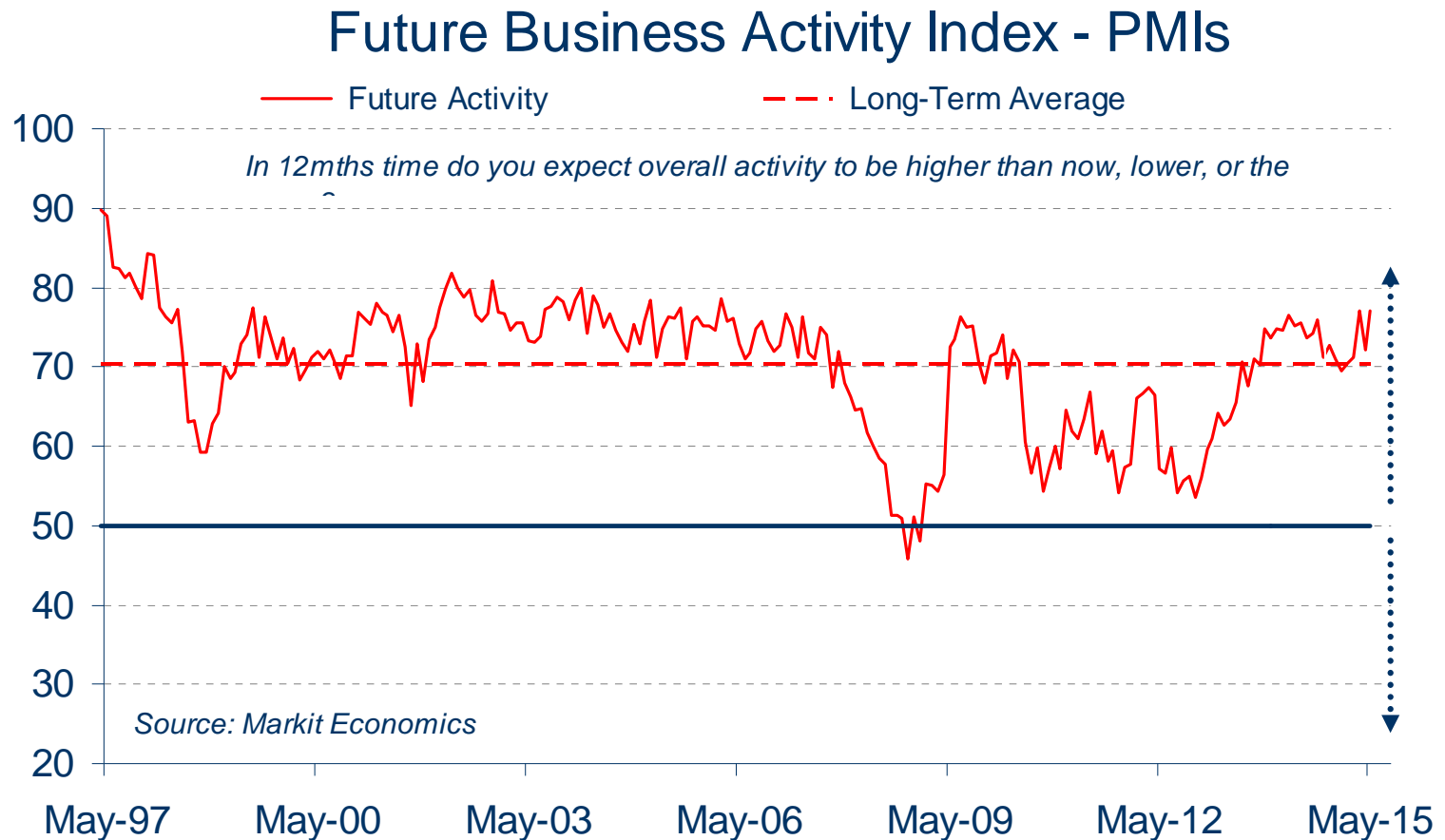


UK sub-contractor rates recently rising at their fastest rate since the survey began as worker availability an issue

UK Construction PMI



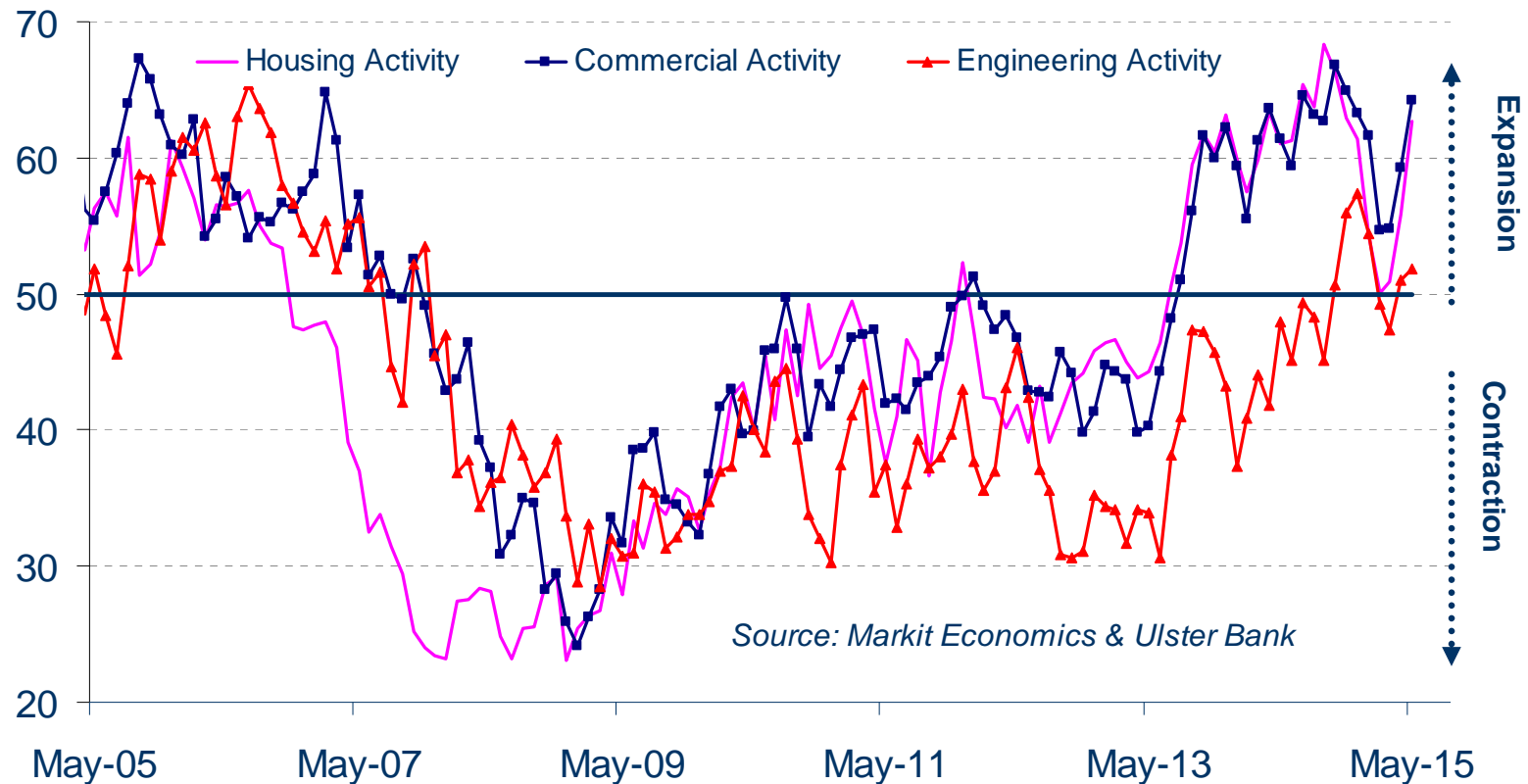
UK construction firms remain more optimistic about the year ahead than at any time since February 2006



Rol's construction activity experiences a marked pick-up in demand in May across all sectors

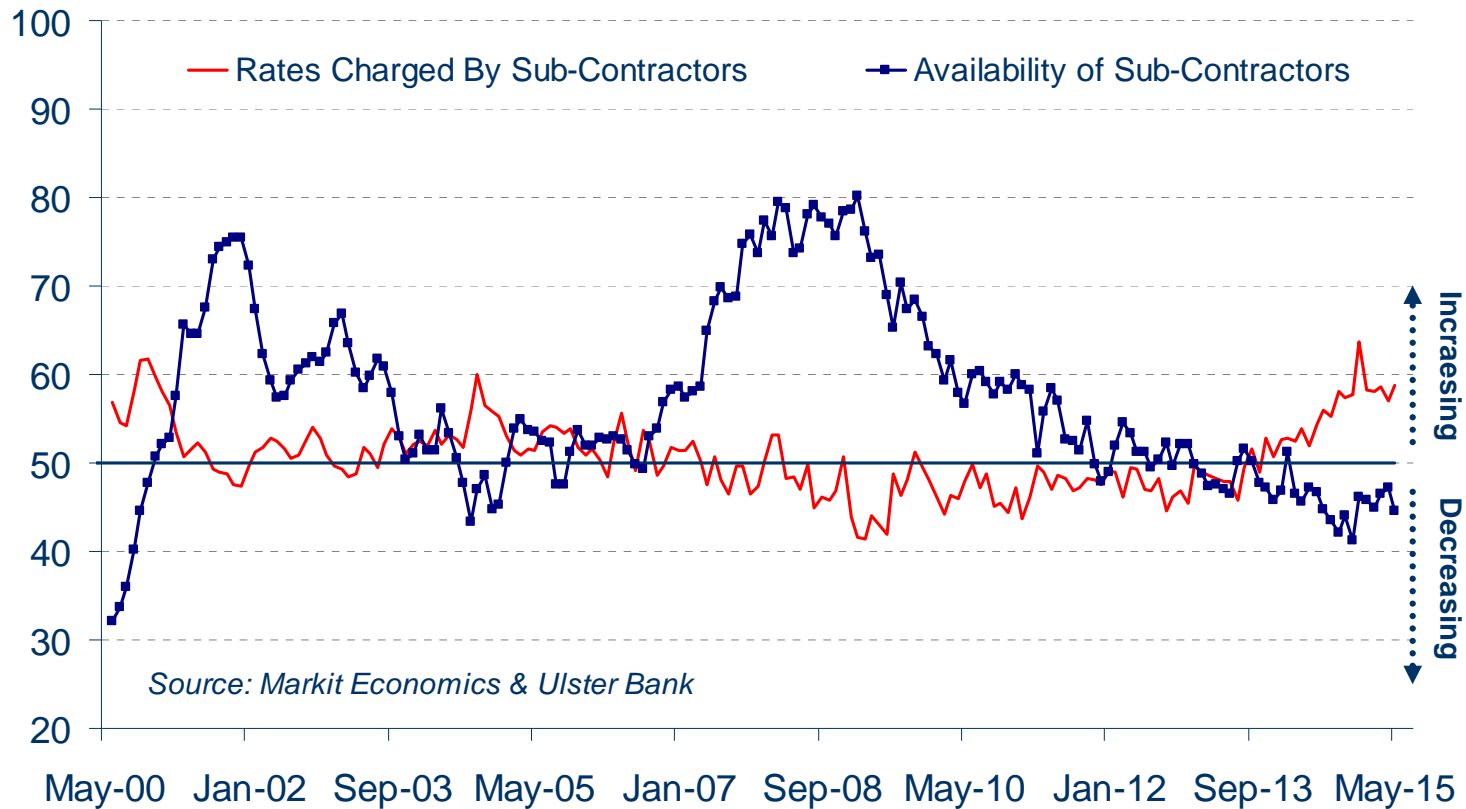
Republic of Ireland Construction Activity - PMI

Monthly



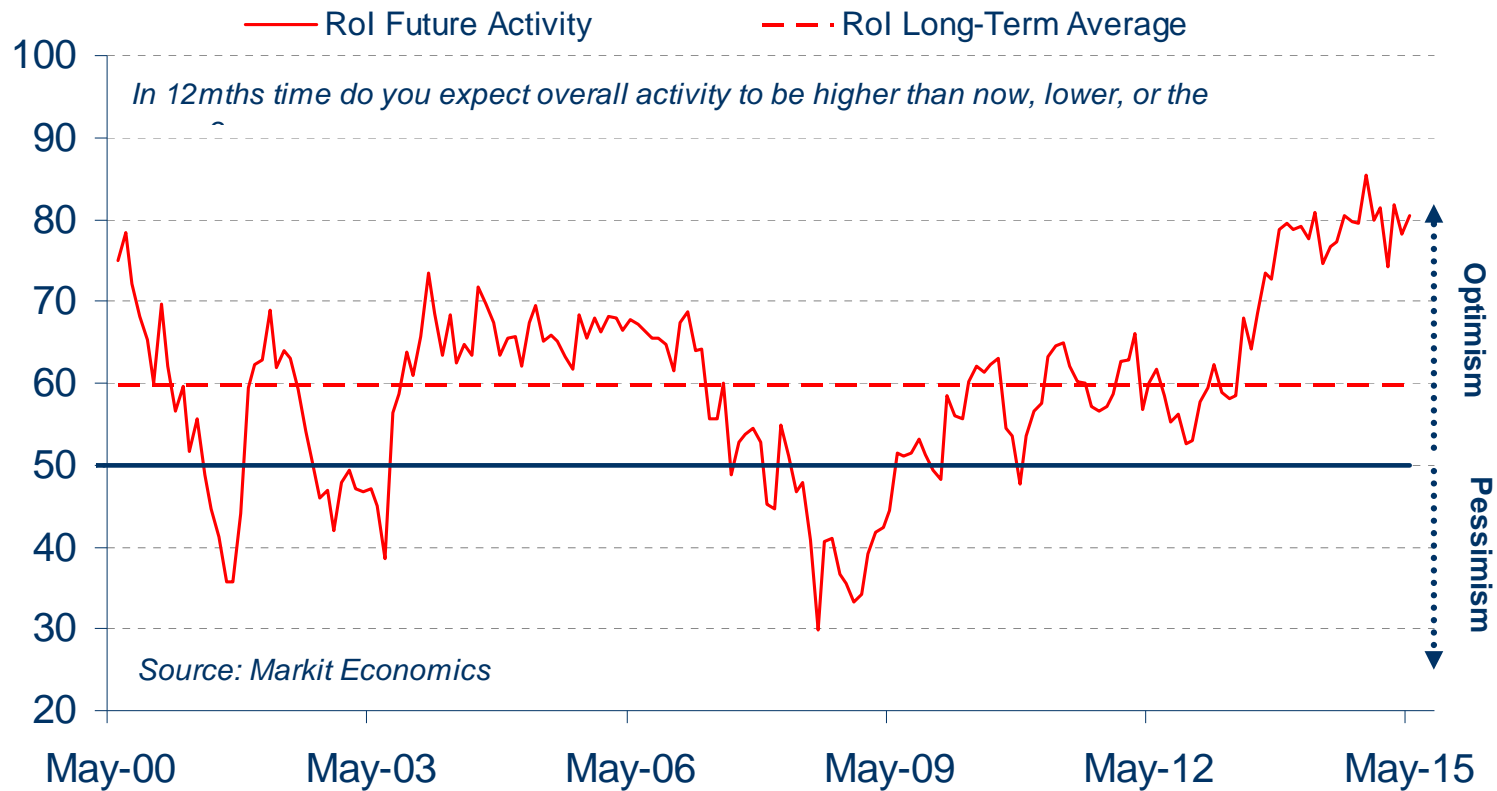
Rol's construction industry still reporting a decrease in the availability of sub-contractors & rising rates of pay

Rol Construction PMI



Rol construction firms remain very optimistic about the year ahead

Future Business Activity Index - PMIs



Disclaimer

This document is intended for clients of Ulster Bank Limited and Ulster Bank Ireland Limited (together and separately, "Ulster Bank") and is not intended for any other person. It does not constitute an offer or invitation to purchase or sell any instrument or to provide any service in any jurisdiction where the required authorisation is not held. Ulster Bank and/or its associates and/or its employees may have a position or engage in transactions in any of the instruments mentioned.

The information including any opinions expressed and the pricing given, is indicative, and constitute our judgement at time of publication and are subject to change without notice. The information contained herein should not be construed as advice, and is not intended to be construed as such.

This publication provides only a brief review of the complex issues discussed and recipients should not rely on information contained here without seeking specific advice on matters that concern them. Ulster Bank make no representations or warranties with respect to the information and disclaim all liability for use the recipient or their advisors make of the information.

Over-the-counter (OTC) derivatives can involve a number of significant and complex risks which are dependent on the terms of the particular transaction and your circumstances. In the event the market has moved against the transaction you have undertaken, you may incur substantial costs if you wish to close out your position.

Calls may be recorded.