

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.

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Fastest increase in employment for five months

Continued growth of output and new orders was recorded at the start of the fourth quarter of the year, with companies increasing employment at a faster pace in response. The rate of input cost inflation picked up slightly, but remained relatively weak and output prices were lowered for the third successive month.

Activity rises for sixth month running

The headline seasonally adjusted Business Activity Index posted 51.8 in October, down slightly from 52.9 in September but still signalling modest growth of output in the Northern Ireland private sector. Activity has now risen in each of the past six months, although the latest expansion was weaker than the UK economy average.

The overall rise in output was led by a solid increase in the construction sector. Slower expansions were seen in services and retail, while manufacturing production rose only fractionally.

New business also continued to increase, albeit at a slight pace that was the slowest in the current six-month sequence of growth. The construction sector posted its sharpest expansion of new business in 2015 so far. New export orders also rose, the second consecutive month in which that has been the case.

Rate of job creation accelerates

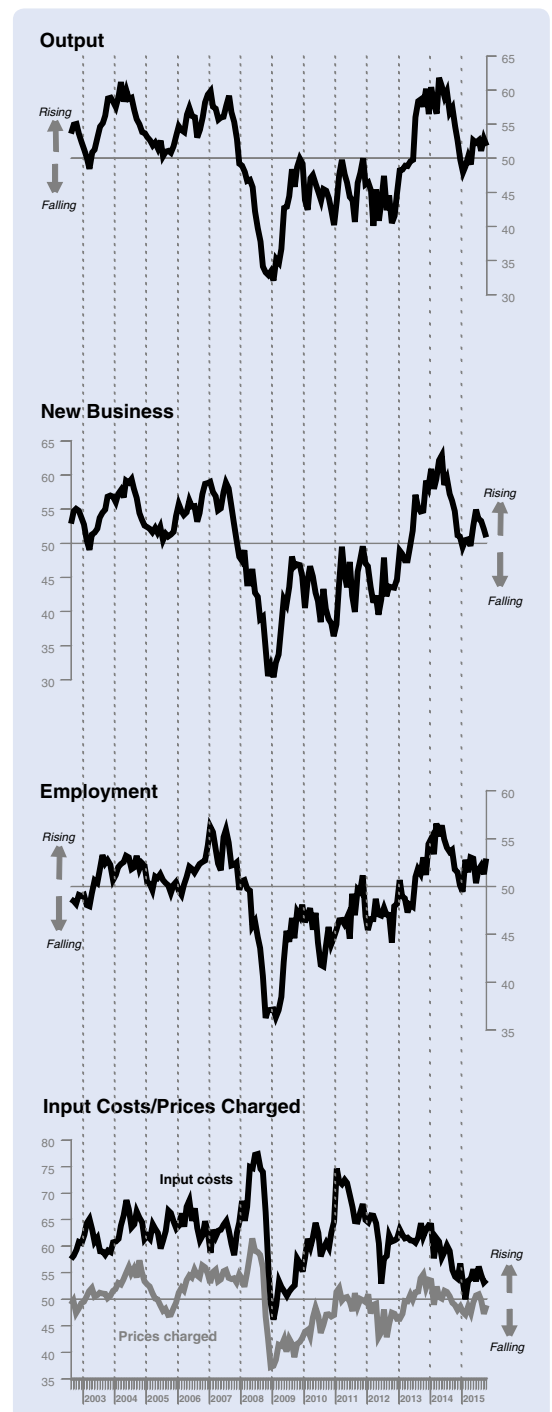
Northern Ireland companies increased their staffing levels for the ninth month in a row during October, and at a solid pace that was the fastest since May. Panellists mainly linked higher employment to rising workloads. Retail posted the sharpest rate of job creation, while manufacturing was the only sector to record a decrease in employment.

Outstanding business declined for the second month running, and at a slightly faster pace. This was reflective of falling backlogs in the manufacturing and service sectors.

Modest increase in input prices

The rate of input cost inflation remained relatively modest in October, despite quickening from the previous month. Higher wages and salaries had been the main contributor to cost inflation, according to respondents. Services posted the sharpest increase in input prices of the four monitored sectors.

Companies continued to lower their output prices, with the latest reduction the third in as many months. That said, the decrease was only slight and weaker than that seen in September. Some panellists mentioned passing on lower input costs to clients amid competitive pressures. The manufacturing sector posted the fastest reduction in charges. Increases in output prices were seen at services and construction companies.



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.

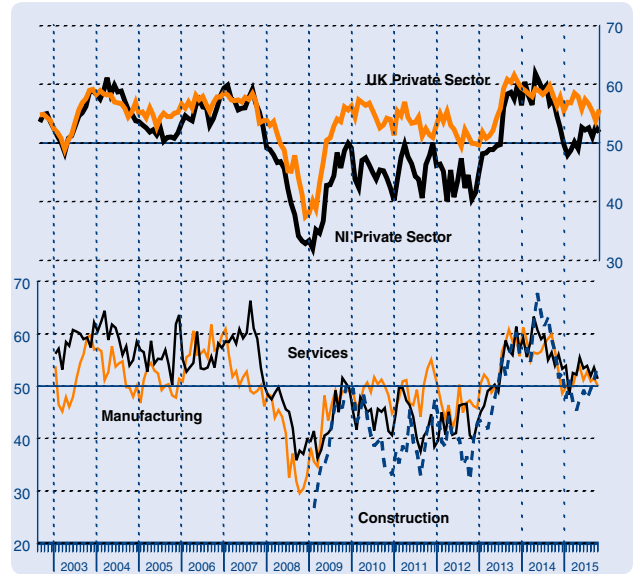
Output / Business Activity

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	S.Adj'd Index
2015	May	27.6	59.5	12.8	14.8	57.4	52.7	55.8
	Jun	24.4	60.2	15.4	9.0	54.5	52.3	57.5
	Jul	20.8	62.4	16.8	4.1	52.0	52.6	56.7
	Aug	24.7	47.1	28.2	-3.5	48.2	51.1	55.4
	Sep	27.5	57.7	14.8	12.6	56.3	52.9	53.9
	Oct	22.2	55.5	22.3	0.0	50.0	51.8	55.7

Business activity at companies in Northern Ireland continued to rise during October. Output has now increased in each of the past six months. That said, the rate of expansion was only modest, having slowed from the previous month. The rise in Northern Ireland was also weaker than the UK economy average. Success in securing new orders had been behind the increase in activity, according to panellists. Each of the four monitored sectors posted increases in output, led by construction where the rate of growth was the sharpest since October last year. Slower rises were recorded elsewhere, with manufacturing production increasing only fractionally.

By sector				
		Construction	Manufacturing	Services
'15	Aug	49.6	50.9	52.0
	Sep	51.4	51.5	53.6
	Oct	53.9	50.1	51.4



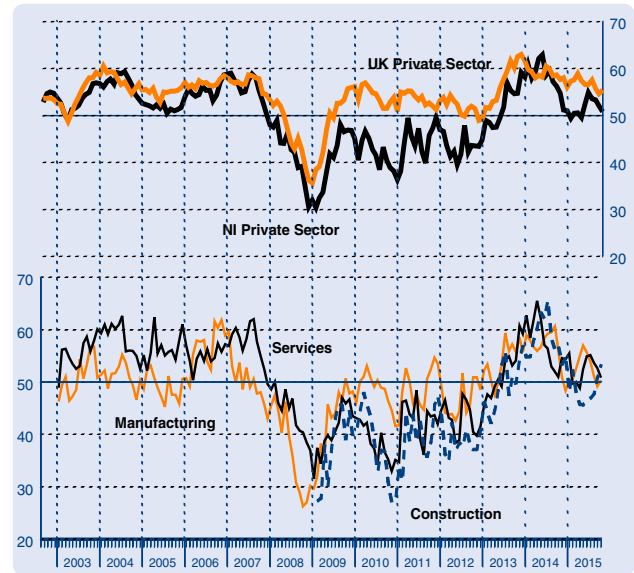
New Business

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	S.Adj'd Index
2015	May	32.3	48.9	18.8	13.5	56.8	52.6	56.6
	Jun	28.2	57.8	14.0	14.2	57.1	54.9	56.7
	Jul	20.7	63.5	15.9	4.8	52.4	53.6	57.6
	Aug	27.2	49.4	23.4	3.8	51.9	53.3	55.8
	Sep	23.6	62.3	14.1	9.6	54.8	52.1	54.7
	Oct	25.0	52.0	23.0	2.0	51.0	50.9	55.5

New business increased slightly at Northern Ireland companies during October, extending the current sequence of expansion to six months. The rate of growth was the slowest in the current period of rising new work, and much weaker than the UK average. Higher new orders were partly linked to improvements in economic conditions. One-quarter of respondents signalled a rise in new business, while 23% posted a fall. As was the case with activity, the construction sector posted the strongest rise in new business in October. Manufacturing new orders increased marginally, following a fall in the previous month.

By sector				
		Construction	Manufacturing	Services
'15	Aug	47.9	51.1	53.7
	Sep	50.9	49.2	52.7
	Oct	53.3	50.4	50.9



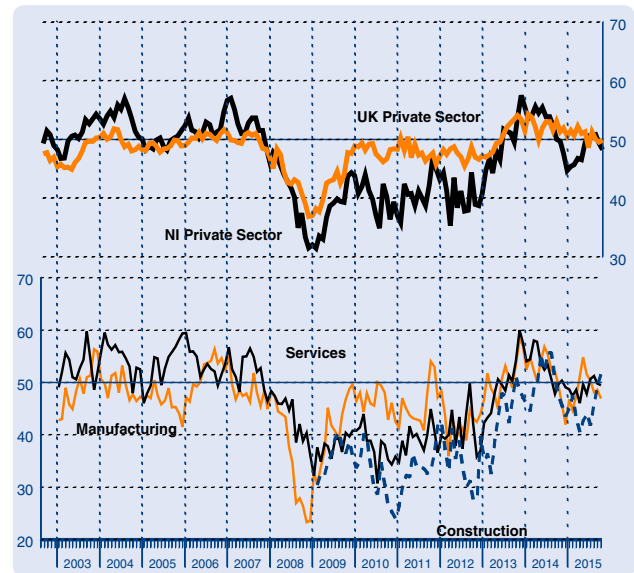
Backlogs

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	S.Adj'd Index
2015	May	22.1	61.5	16.4	5.7	52.8	49.5	51.3
	Jun	19.6	64.1	16.3	3.2	51.6	50.6	48.6
	Jul	16.1	66.6	17.3	-1.3	49.4	50.6	51.4
	Aug	18.7	62.4	18.9	-0.2	49.9	50.9	50.1
	Sep	14.5	70.6	14.9	-0.4	49.8	49.5	49.5
	Oct	16.6	62.5	20.9	-4.3	47.8	48.3	49.9

The Northern Ireland private sector saw a second successive monthly reduction in backlogs of work in October. Moreover, the rate of depletion quickened from that recorded in September and was the sharpest since April. The fall in outstanding business in Northern Ireland compared with broadly no change across the UK as a whole. Some respondents indicated that the completion of projects had enabled them to work through backlogs. Falling outstanding business was recorded in the manufacturing and service sectors, with the rate of depletion in manufacturing backlogs the strongest since February.

By sector				
		Construction	Manufacturing	Services
'15	Aug	46.0	48.2	51.3
	Sep	49.5	48.6	49.8
	Oct	51.7	47.0	49.5



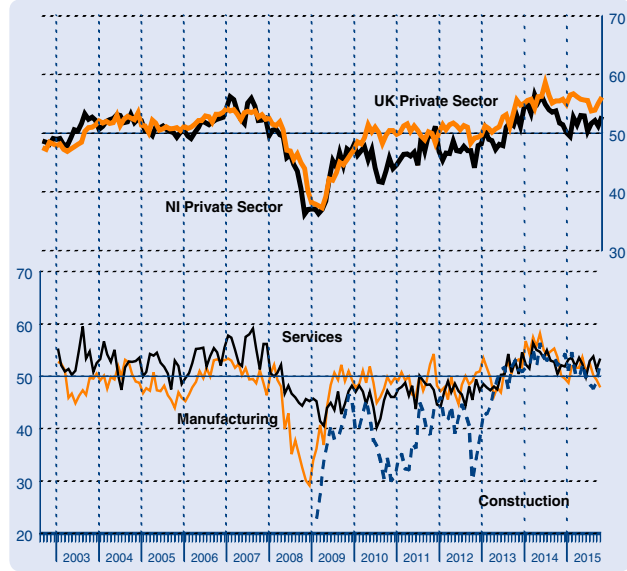
Employment

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
2015 May	16.3	75.6	8.1	8.2	54.1	53.0	55.7
Jun	6.9	84.9	8.2	-1.3	49.3	50.4	55.6
Jul	12.4	81.8	5.8	6.6	53.3	51.7	53.9
Aug	13.5	79.4	7.1	6.4	53.2	52.2	54.0
Sep	14.7	73.2	12.1	2.6	51.3	51.3	55.1
Oct	15.5	76.4	8.1	7.5	53.7	52.9	56.2

October data pointed to another monthly increase in staffing levels at companies in Northern Ireland. Moreover, the rate of job creation was solid, having quickened from the previous month to the fastest since May. The increase in employment in Northern Ireland, however, was weaker than seen across the UK economy as a whole. Rising workloads had been the main factor leading companies to take on extra staff. Retail posted the strongest increase in employment, while construction staffing levels rose for the first time in five months. However, manufacturing payroll numbers decreased for the second month running.

By sector				
		Construction	Manufacturing	Services
'15 Aug		47.8	50.2	53.8
Sep		49.0	49.4	51.4
Oct		52.9	48.0	53.4



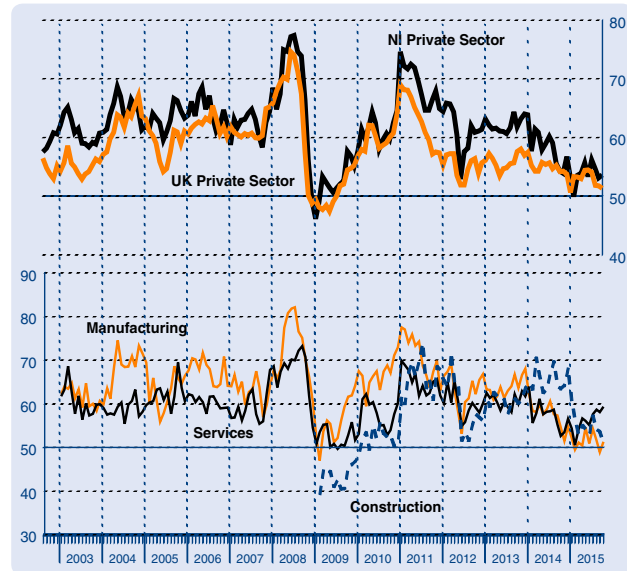
Input Costs

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
2015 May	20.5	72.3	7.2	13.3	56.7	55.7	54.5
Jun	14.1	79.6	6.3	7.8	53.9	53.4	54.6
Jul	19.6	76.2	4.1	15.5	57.7	56.2	54.1
Aug	16.7	73.4	9.9	6.9	53.4	54.7	51.9
Sep	16.4	74.4	9.3	7.1	53.6	53.2	51.8
Oct	12.2	80.6	7.2	5.0	52.5	53.7	51.4

The rate of input cost inflation in the Northern Ireland private sector remained relatively muted in October, despite quickening slightly from the previous month. Panellists reported that higher staff costs had been the principal cause of the increase in input prices. The rise in input costs in Northern Ireland was sharper than the UK economy average. Services companies posted a strong and accelerated increase in input prices, with inflation the fastest since April 2014. Slight rises in input costs were seen at manufacturing and construction companies, while retailers posted a decline in input prices for the fifth survey in a row.

By sector				
		Construction	Manufacturing	Services
'15 Aug		54.2	51.7	58.7
Sep		53.6	49.0	58.1
Oct		51.0	51.3	59.4



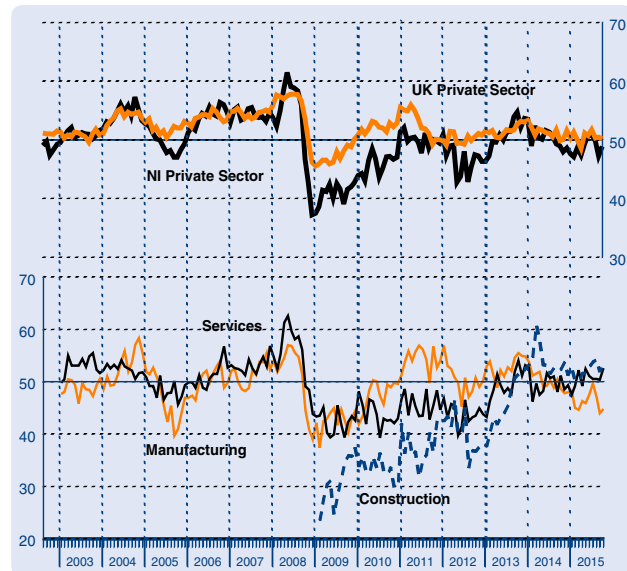
Prices Charged

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
2015 May	11.0	80.5	8.5	2.5	51.3	49.4	51.2
Jun	11.7	80.5	7.8	3.9	51.9	50.8	50.8
Jul	11.7	79.3	9.0	2.7	51.4	50.9	51.8
Aug	5.3	87.3	7.4	-2.1	48.9	49.9	50.3
Sep	4.7	81.9	13.4	-8.7	45.6	47.3	50.5
Oct	5.6	88.0	6.4	-0.8	49.6	48.9	50.2

Northern Ireland companies lowered their output prices for the third consecutive month during October. However, the pace of reduction was only slight, and weaker than seen in September. The fall in charges in Northern Ireland contrasted with a fractional rise in selling prices across the UK as a whole. Those panellists that reduced their output charges mentioned the passing on of lower cost burdens and competitive pressures. Both the manufacturing and retail sectors posted falls in output prices. Manufacturing selling prices have now decreased in each of the past 13 months. Meanwhile, rises were seen in services and construction.

By sector				
		Construction	Manufacturing	Services
'15 Aug		54.1	47.1	50.6
Sep		52.0	44.0	50.4
Oct		53.6	44.8	52.6



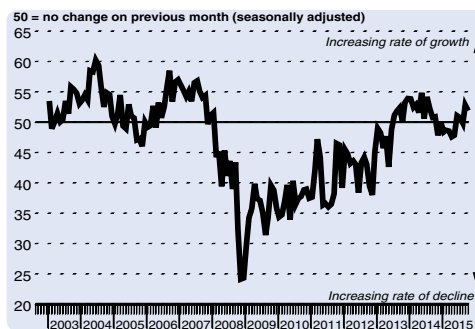
New Export Business*

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

Northern Ireland Companies

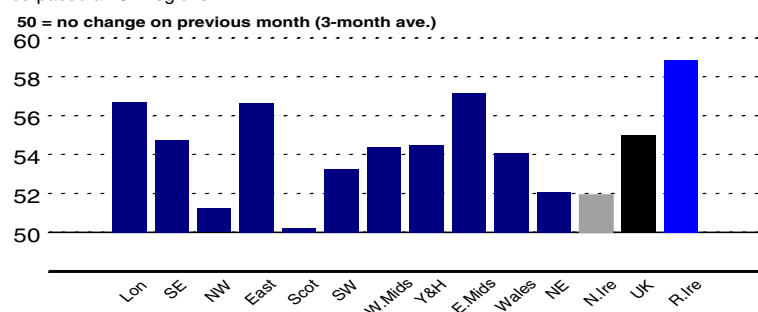
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2015	May	14.4	65.1	20.4	-6.0	47.0	47.9
	Jun	22.0	65.2	12.7	9.3	54.6	51.1
	Jul	16.2	71.3	12.5	3.7	51.9	50.9
	Aug	16.6	64.1	19.2	-2.6	48.7	49.9
	Sep	29.9	58.6	11.5	18.4	59.2	52.9
	Oct	14.4	68.0	17.5	-3.1	48.4	52.0

New export orders at Northern Ireland companies increased for the second month running in October. That said, the rate of expansion eased from the previous month and was modest.



Regional Comparisons: Output / Business Activity

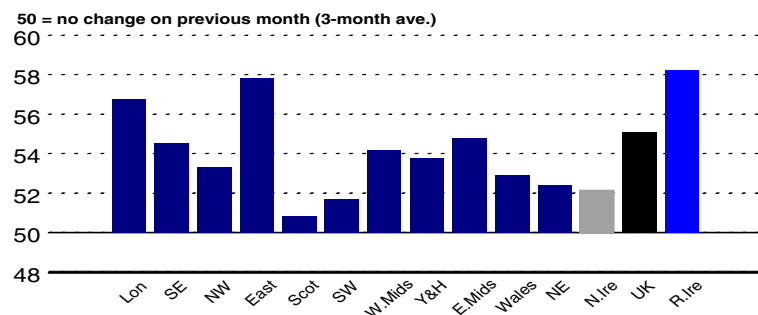
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). All 12 UK regions monitored by the survey recorded increases in business activity in the three months to October, although Scotland saw only marginal growth. The best-performing region was the East Midlands, followed by London and then the East of England. Output growth in the Republic of Ireland outpaced all UK regions.



	Share of UK GVA, 2013 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.6%)	58.4	56.7	57.2
South East	(15.2%)	56.7	54.8	54.7
North West	(9.4%)	54.3	51.2	51.5
East of England	(8.7%)	57.1	56.6	58.1
Scotland	(7.8%)	50.8	50.2	50.9
South West	(7.6%)	55.5	53.2	54.1
West Midlands	(7.4%)	56.7	54.4	54.1
Yorks & Humber	(6.8%)	56.0	54.5	56.7
East Midlands	(5.9%)	56.0	57.2	58.4
Wales	(3.5%)	57.2	54.1	55.4
North East	(3.0%)	55.8	52.1	49.8
N. Ireland	(2.2%)	51.0	51.9	51.8
UK	(100.0%)	56.6	55.0	55.7
Rep. of Ireland	n/a	60.1	58.9	57.6

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). A broad-increase in employment in the latest three-month period was led by the East of England, where the rate of job creation was strong. London recorded the second-sharpest increase in payroll numbers, while the weakest rise was in Scotland. The Republic of Ireland continued to record strong employment growth.



	Share of UK GVA, 2013 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
London	(22.6%)	56.3	56.8	57.8
South East	(15.2%)	54.8	54.5	55.7
North West	(9.4%)	54.5	53.3	53.7
East of England	(8.7%)	57.9	57.8	59.1
Scotland	(7.8%)	51.4	50.8	50.6
South West	(7.6%)	54.3	51.7	52.6
West Midlands	(7.4%)	55.6	54.2	55.0
Yorks & Humber	(6.8%)	55.2	53.8	54.4
East Midlands	(5.9%)	54.7	54.8	55.7
Wales	(3.5%)	54.8	52.9	53.8
North East	(3.0%)	52.6	52.4	51.7
N. Ireland	(2.2%)	51.7	52.2	52.9
UK	(100.0%)	55.5	55.1	56.2
Rep. of Ireland	n/a	58.8	58.2	58.4

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 an 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.

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

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