

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



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Current period of growth in output extends to one year

The current sequence of output growth in the Northern Ireland private sector extended to a year in June, helped by a further increase in new business. With workloads continuing to rise, panellists increased their staffing levels. Meanwhile, both input costs and output prices rose at faster rates than in May.

Further expansion in activity in June

As has been the case on a monthly basis throughout the past year, business activity at Northern Ireland private sector firms increased in June. The rate of expansion remained sharp and was slightly faster than the UK-wide average, despite slowing from the previous month. Activity rose across all four monitored sectors, led by retail and construction.

Respondents mainly linked higher activity to another increase in new business, the thirteenth in as many months. The latest rise in new orders was sharp, albeit the weakest since February. As with activity, the retail sector posted the fastest growth in new business. New export orders also increased, with panellists reporting greater volumes of incoming new work from the Republic of Ireland.

Marked rise in employment

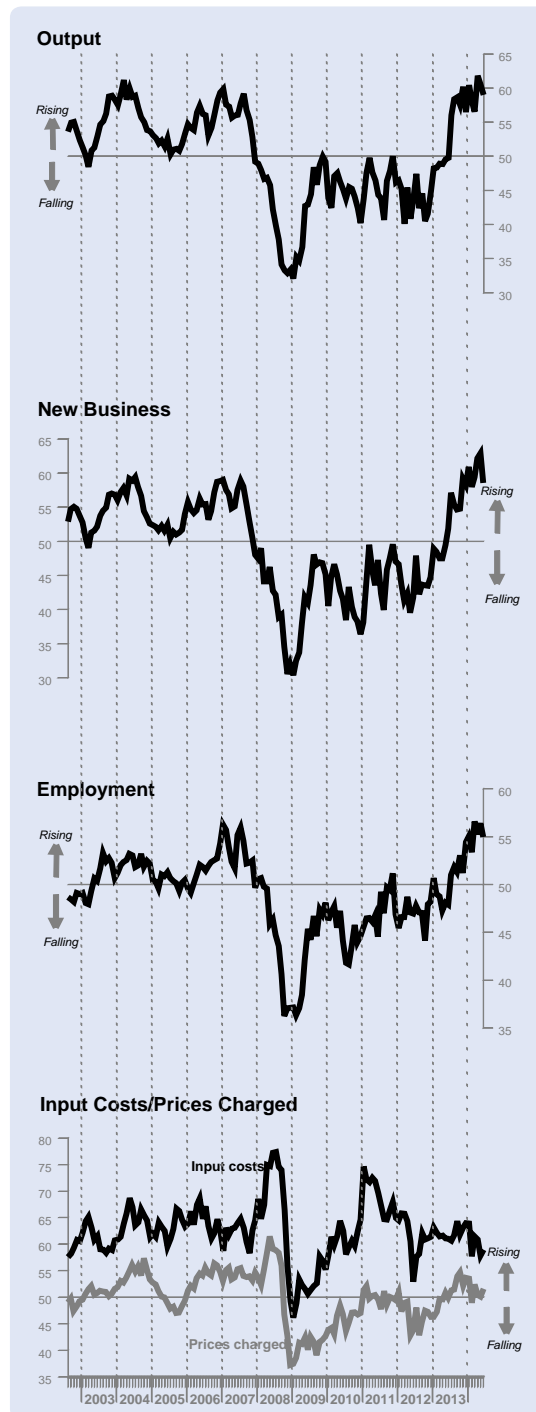
Higher new orders led to a further increase in backlogs of work in June. Although slowing from the previous month, the rate of accumulation was solid and sharper than that seen across the UK as a whole.

Companies responded to additional workloads by taking on extra staff. Employment in Northern Ireland has now increased in each of the past 12 months. While slowing from the previous month, the rate of job creation remained marked in June. Staffing levels rose across all four monitored sectors, led by retail and manufacturing.

Faster increase in input costs

The rate of cost inflation in Northern Ireland remained much faster than the UK average in June, and picked up from that seen in May. Reasons for the latest rise in cost burdens included higher prices for energy and raw materials, and increased staff costs. The fastest increase in input prices was at construction firms.

Some companies were able to pass on higher input costs to their clients in June, helped by improving demand. This contributed to a fourth successive monthly increase in output prices. However, other respondents indicated that they had offered discounts in order to encourage new business. As a result, the rate of inflation was only modest, despite quickening from May. Prices charged fell at manufacturing firms, but rose in the three remaining sectors.



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

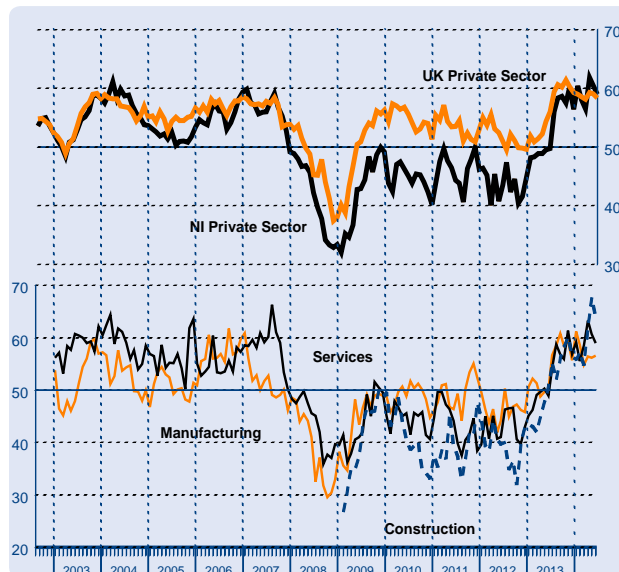
Q. Is the level of output or business activity at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Jan	32.7	44.0	23.3	9.4	54.7	60.4
	Feb	33.5	49.6	16.9	16.6	58.3	58.1
	Mar	29.2	59.2	11.5	17.7	58.8	56.6
	Apr	41.5	53.9	4.6	36.9	68.5	61.9
	May	29.6	61.8	8.6	21.0	60.5	60.6
	Jun	28.4	57.3	14.4	14.0	57.0	59.0

Business activity at companies in Northern Ireland increased again in June, extending the current sequence of growth to a year. The rate of expansion remained sharp, despite easing slightly from the previous month. The increase in output at Northern Ireland companies was marginally faster than the UK average. Where activity rose, this was largely reflective of increased new orders. Around twice as many respondents signalled a rise in output as posted a fall. The retail sector registered the sharpest increase in activity, followed by construction. Manufacturers and service providers also recorded strong expansions of activity during the month.

By sector

		Construction	Manufacturing	Services
'14	Apr	62.3	56.4	63.3
	May	67.7	56.2	60.8
	Jun	63.9	56.7	59.0



New Business

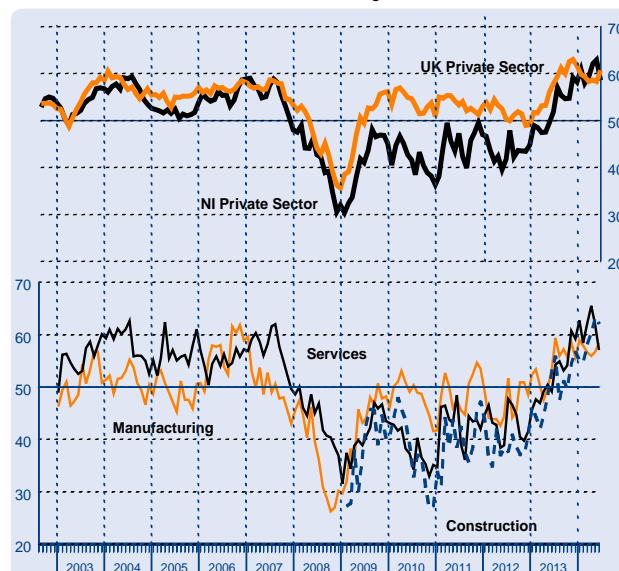
Q. Is the level of new orders or incoming new business at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Jan	31.5	50.5	18.0	13.5	56.7	60.9
	Feb	36.3	47.6	16.0	20.3	60.2	58.0
	Mar	34.8	53.3	11.9	22.9	61.4	59.5
	Apr	42.1	49.1	8.8	33.3	66.6	62.2
	May	32.8	58.6	8.6	24.1	62.1	62.9
	Jun	31.4	51.4	17.3	14.1	57.1	58.6

As has been the case in each month since June last year, new business increased in the Northern Ireland private sector during June. The rate of expansion slowed to the weakest since February, but was sharp nonetheless. Meanwhile, the UK as a whole posted an accelerated rise in new work that was faster than that seen in Northern Ireland. Those respondents that posted an increase in new orders linked this to greater confidence among clients which had made them more willing to invest. The retail and construction sectors posted the fastest rates of growth in new business, while services new orders rose at the weakest pace since last October.

By sector

		Construction	Manufacturing	Services
'14	Apr	60.4	56.0	65.5
	May	63.4	56.7	62.2
	Jun	62.1	58.4	57.1



Backlogs

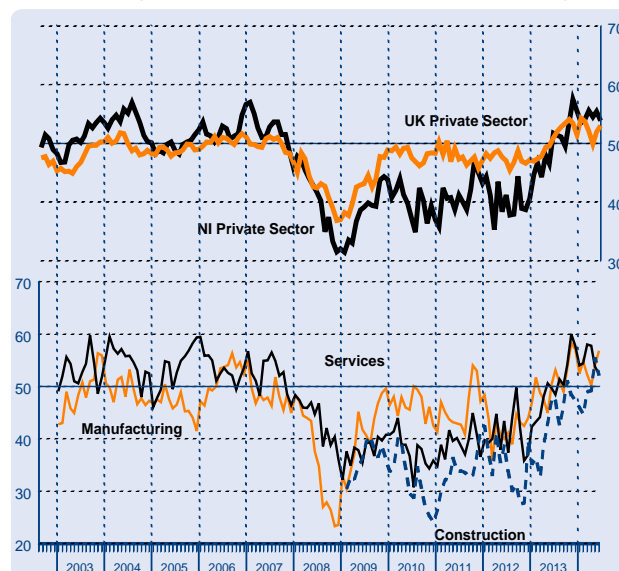
Q. Is the level of business outstanding (i.e. work not yet commenced or completed) at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Jan	16.5	66.0	17.4	-0.9	49.5	53.6
	Feb	22.4	64.9	12.8	9.6	54.8	54.1
	Mar	25.7	62.0	12.3	13.4	56.7	55.6
	Apr	24.4	66.3	9.3	15.2	57.6	54.5
	May	21.5	67.1	11.5	10.0	55.0	55.5
	Jun	22.0	66.0	12.0	10.0	55.0	53.9

Increased new business contributed to another build up of backlogs of work in June, the ninth in as many months. The rate of accumulation of outstanding business was solid and faster than the UK average, despite having eased from May. Exactly 22% of respondents noted a rise in work that had either not been commenced or was in progress, while 12% posted a fall. The retail sector posted the sharpest accumulation, followed by manufacturing which saw outstanding work rise at the fastest pace in 2014 so far. Meanwhile, more modest increases were seen in the services and construction sectors.

By sector

		Construction	Manufacturing	Services
'14	Apr	49.3	50.3	57.8
	May	55.6	54.0	53.8
	Jun	52.1	56.9	52.5



Employment

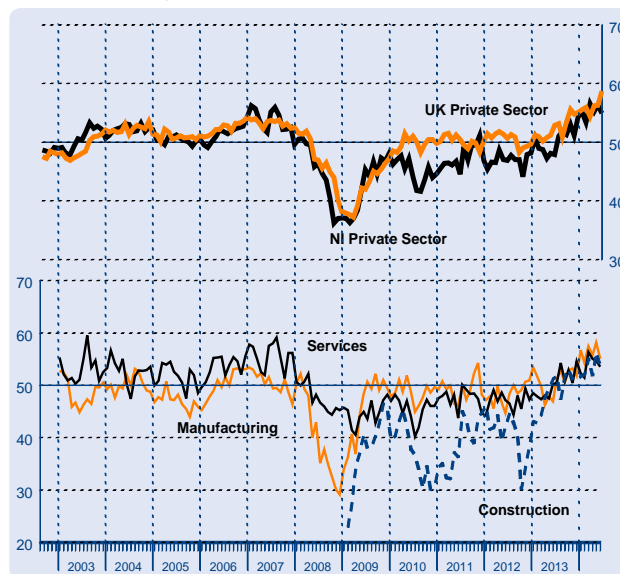
Q. Is the level of employment at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2014 Jan	18.3	72.2	9.5	8.8	54.4	55.0	55.6
Feb	11.8	80.4	7.7	4.1	52.0	53.4	56.0
Mar	19.4	74.2	6.4	13.1	56.5	56.6	54.4
Apr	14.9	80.6	4.5	10.4	55.2	55.3	56.3
May	17.0	79.9	3.1	13.9	57.0	56.4	56.4
Jun	13.1	83.1	3.8	9.3	54.7	55.0	58.8

June data signalled a further increase in employment at companies in Northern Ireland. Although slowing from the previous month, the rate of job creation remained marked. That said, staffing levels at companies in Northern Ireland rose at a slower pace than the UK average. Employment has now increased on a monthly basis throughout the past year. All four monitored sectors posted job creation, led by retail

which was the only category to see a faster rise in employment than in the month before. Solid increases in staffing levels were still recorded elsewhere, however.

By sector			
	Construction	Manufacturing	Services
'14 Apr	51.9	55.8	55.1
May	56.3	58.2	54.7
Jun	53.8	55.1	53.6



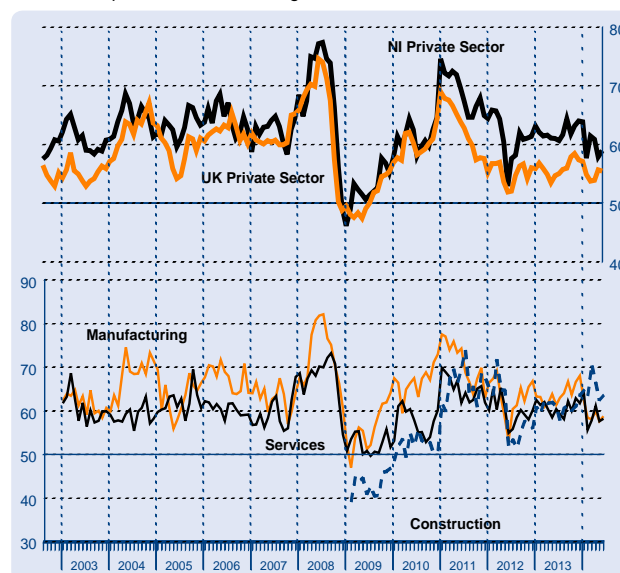
Input Costs

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 Jan	31.4	64.4	4.1	27.3	63.6	63.9	57.2
Feb	16.9	80.2	2.9	14.0	57.0	57.7	54.9
Mar	31.3	67.1	1.6	29.7	64.8	61.5	53.8
Apr	26.8	72.1	1.1	25.6	62.8	60.9	54.0
May	20.8	76.2	2.9	17.9	59.0	57.9	55.7
Jun	23.4	72.8	3.8	19.6	59.8	59.0	55.5

The rate of input cost inflation quickened slightly in June and was much faster than the UK economy average. That said, the rise in input prices in Northern Ireland was still slower than the series average. Where input costs increased, this was linked by panellists to higher raw material and energy prices as well as rising staff costs. The fastest increase in input costs was at construction companies where the rate of inflation quickened during June. Faster rises in input prices were also recorded at manufacturers and service providers over the month. The only sector to post a slower increase in input costs was retail, but the rate of inflation remained strong.

By sector			
	Construction	Manufacturing	Services
'14 Apr	66.4	60.0	61.2
May	62.5	57.6	57.7
Jun	63.6	58.8	58.3



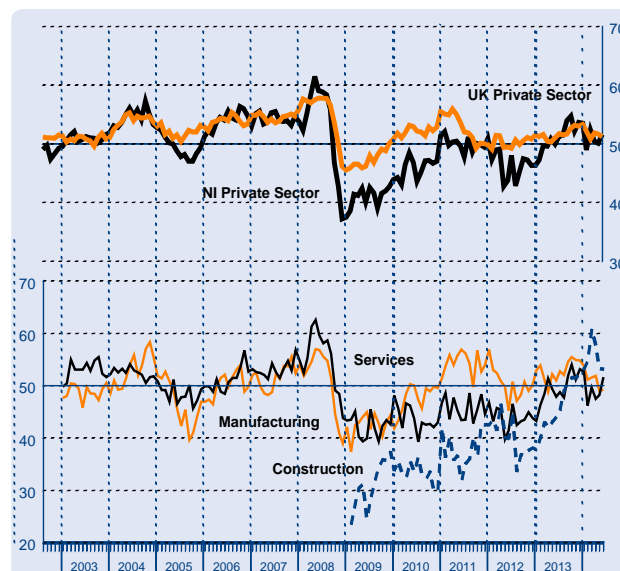
Prices Charged

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 Jan	15.5	77.6	6.9	8.7	54.3	53.6	53.3
Feb	7.6	83.0	9.4	-1.8	49.1	49.0	52.2
Mar	14.1	78.1	7.8	6.3	53.1	52.4	50.8
Apr	11.3	81.7	7.0	4.3	52.1	50.4	51.9
May	9.7	83.7	6.5	3.2	51.6	50.1	51.7
Jun	9.6	85.2	5.2	4.4	52.2	51.6	51.2

A modest rise in output prices was recorded in June, extending the current sequence of inflation to four months. The rise in charges at Northern Ireland companies was broadly in line with that seen across the UK economy as a whole. Those respondents that increased their output prices indicated that improved client demand had meant they were more able to pass on higher input prices. On the other hand, discounting in order to secure new business was still mentioned by some panellists. Charge inflation was recorded across three of the four monitored sectors, the exception being manufacturing where output prices fell for the second month running.

By sector			
	Construction	Manufacturing	Services
'14 Apr	57.9	51.9	47.5
May	53.3	49.1	48.3
Jun	53.2	49.3	51.7



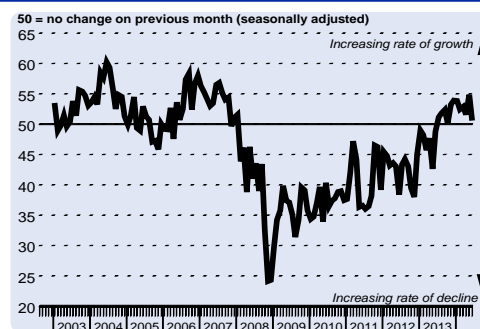
New Export Business*

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

Northern Ireland Companies

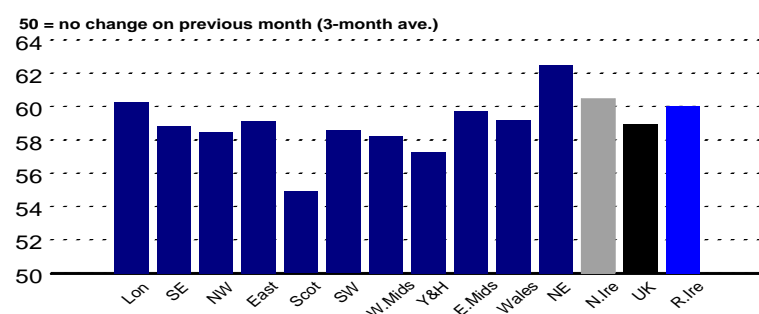
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2014	Jan	18.6	69.9	11.6	7.0	53.5	53.9
	Feb	19.2	69.9	10.9	8.3	54.1	52.5
	Mar	19.4	64.6	16.0	3.4	51.7	52.9
	Apr	14.2	76.6	9.2	5.1	52.5	51.6
	May	27.6	59.2	13.2	14.4	57.2	54.9
	Jun	18.0	66.0	16.0	2.0	51.0	50.7

Northern Ireland companies registered a twelfth successive monthly increase in new business from abroad, although the rate of expansion slowed over the month and was only slight. Higher new orders from clients in the Republic of Ireland were mentioned by a number of firms.



Regional Comparisons: Output / Business Activity

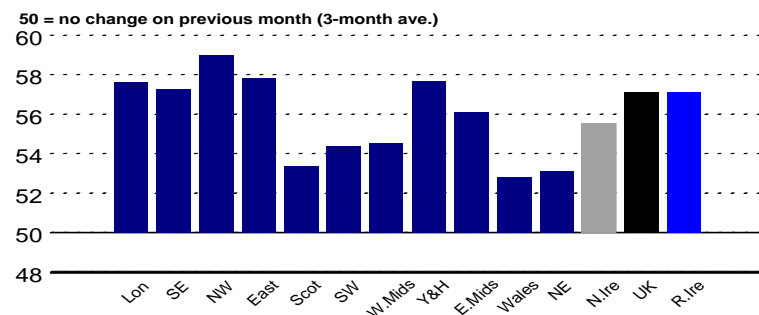
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). All UK regions posted sharp rises in business activity on average over the second quarter of 2014, with the fastest rate of expansion seen in the North East. Output in the Republic of Ireland rose at a similar pace to that seen in Northern Ireland.



	Share of UK GVA, 2012 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.8%)	60.9	60.3	58.4
South East	(14.9%)	60.4	58.9	58.0
North West	(9.6%)	59.7	58.5	57.8
East of England	(8.6%)	59.2	59.1	58.9
Scotland	(7.8%)	56.3	54.9	55.9
South West	(7.5%)	60.3	58.6	59.4
West Midlands	(7.2%)	59.3	58.2	57.6
Yorks & Humber	(6.9%)	57.7	57.3	58.1
East Midlands	(5.9%)	59.4	59.7	58.4
Wales	(3.5%)	58.7	59.2	59.3
North East	(3.1%)	58.3	62.5	64.8
N.Ireland	(2.2%)	58.7	60.5	59.0
UK	(100.0%)	59.5	58.9	58.4
Rep. of Ireland	n/a	57.8	60.0	59.7

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). Increased payroll numbers were recorded across all UK regions on average during the second quarter of 2014. Companies in the North West posted the steepest rise in staffing levels, followed by the East of England. Meanwhile, a sharp increase in employment was seen in the Republic of Ireland.



	Share of UK GVA, 2012 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
London	(22.8%)	56.0	57.7	59.7
South East	(14.9%)	54.8	57.3	58.9
North West	(9.6%)	56.2	59.0	59.0
East of England	(8.6%)	55.3	57.8	59.6
Scotland	(7.8%)	53.3	53.4	54.0
South West	(7.5%)	55.3	54.4	54.4
West Midlands	(7.2%)	54.3	54.5	57.2
Yorks & Humber	(6.9%)	53.9	57.7	58.5
East Midlands	(5.9%)	52.8	56.1	56.0
Wales	(3.5%)	52.7	52.8	52.0
North East	(3.1%)	52.5	53.1	54.7
N.Ireland	(2.2%)	53.7	55.5	55.0
UK	(100.0%)	55.1	57.1	58.8
Rep. of Ireland	n/a	56.0	57.1	57.0

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.

Ulster Bank and Markit Economics

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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 32 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.

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Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

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

June 2014 Survey Update

Issued 15th July 2014

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PMI Surveys

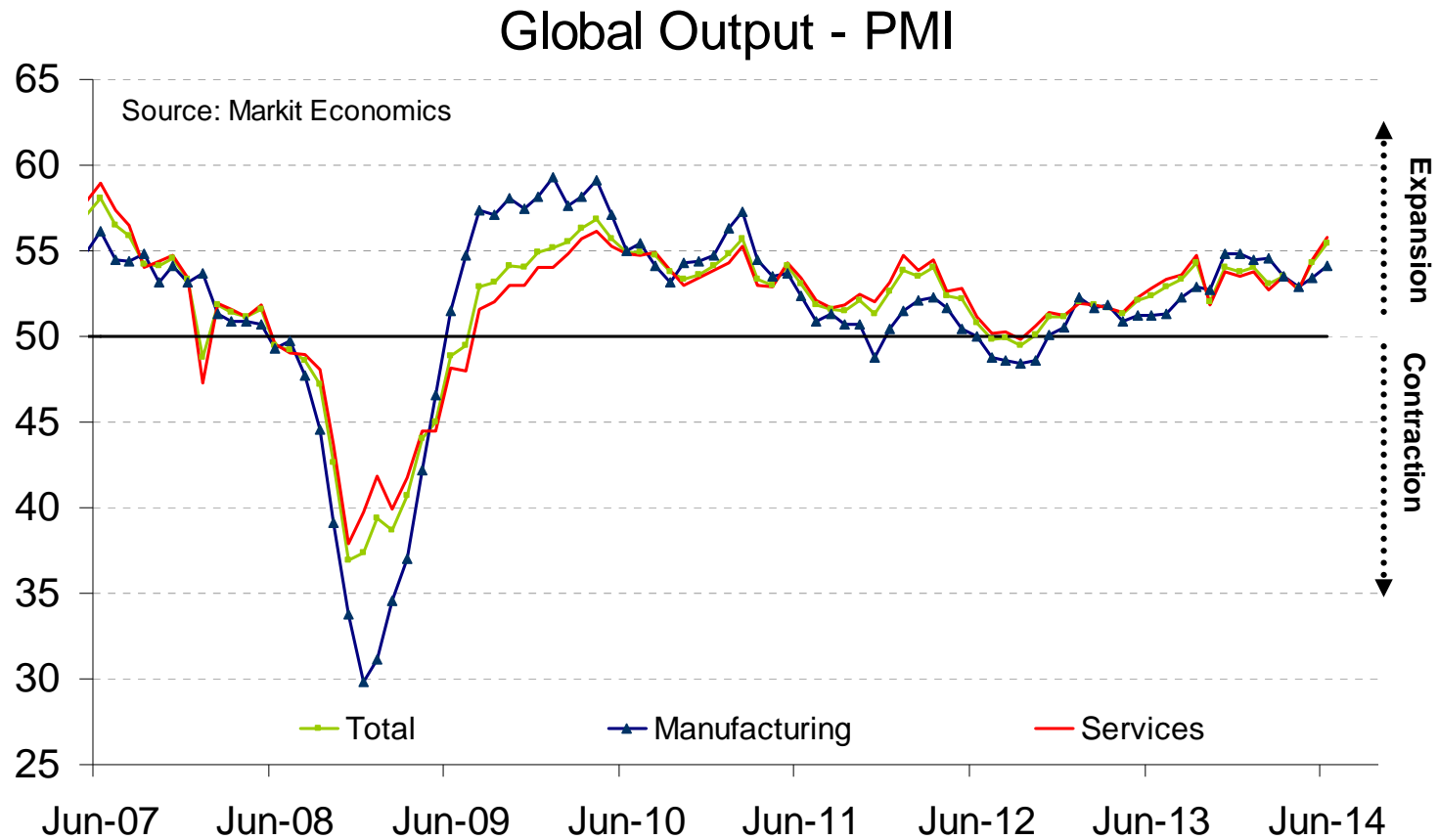
Purchasing Managers' Indexes (PMIs) are monthly surveys of private sector companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across different sectors.

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

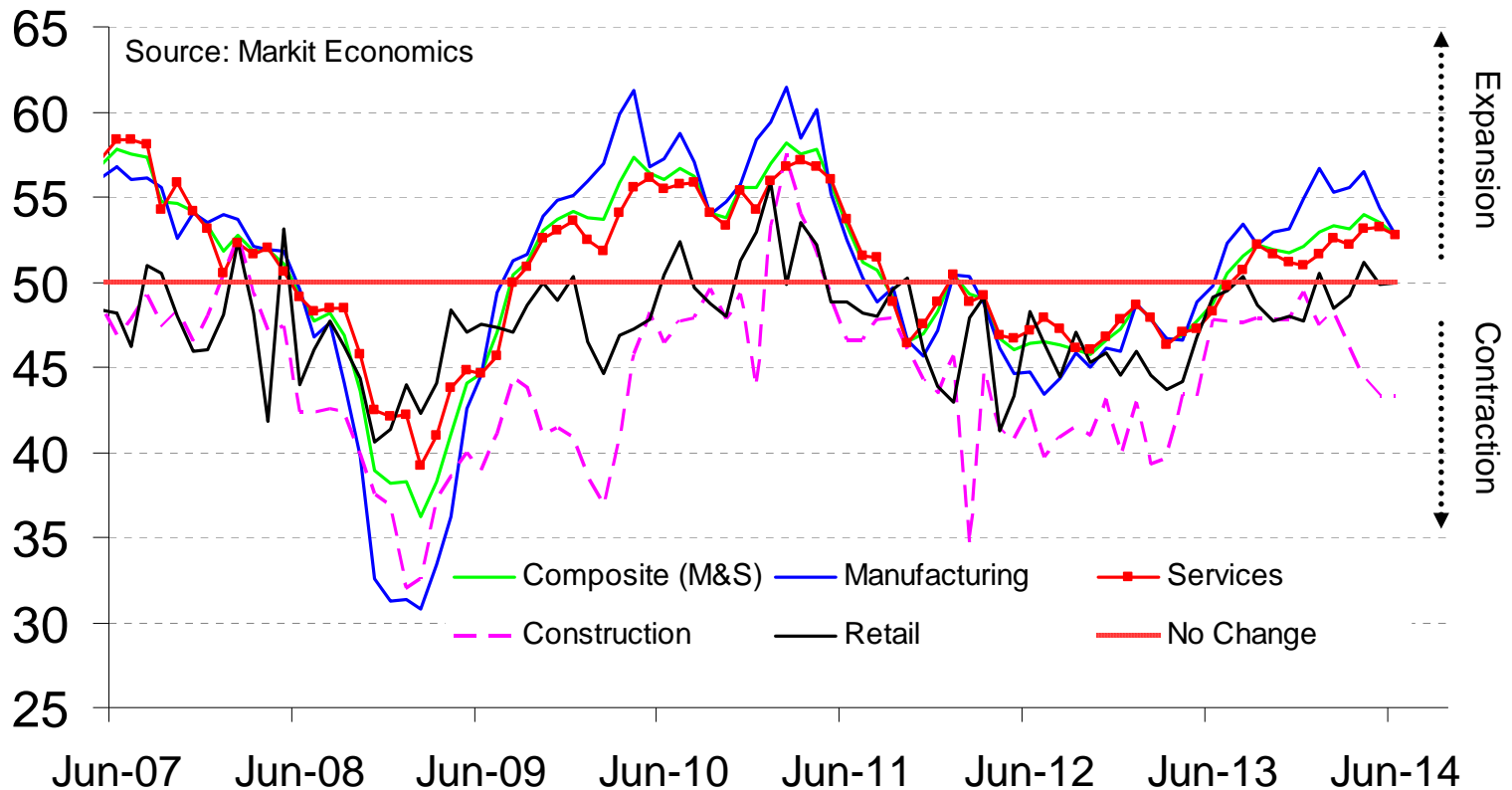
*Data at a sector level are more volatile and **3-month moving averages** have been used to more accurately identify the broad trends.*

Global manufacturing & services output growth picks up in June with services output at a 50-month high



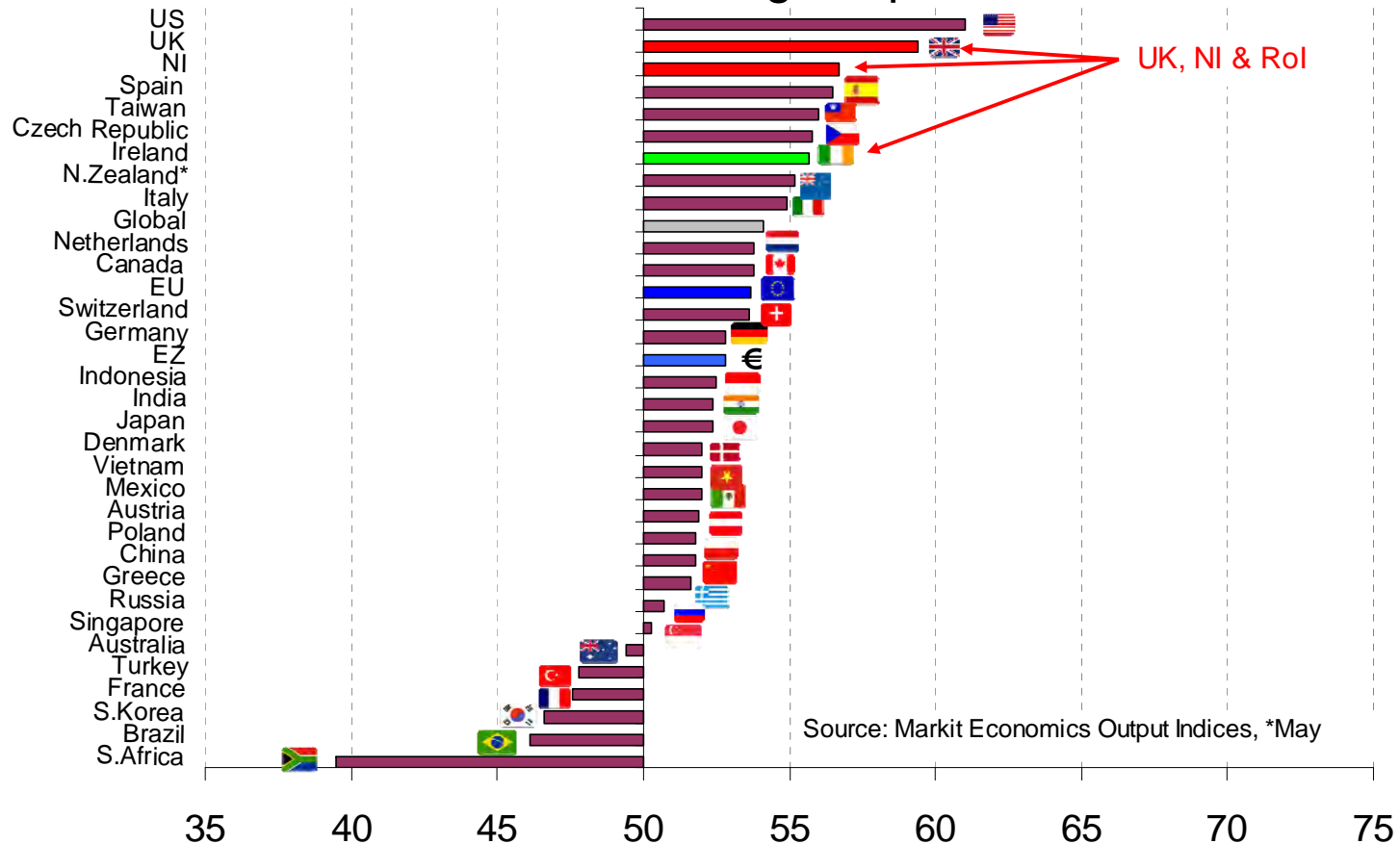
The Eurozone's recovery loses some momentum with retail flat and construction still contracting

Eurozone PMIs: Output



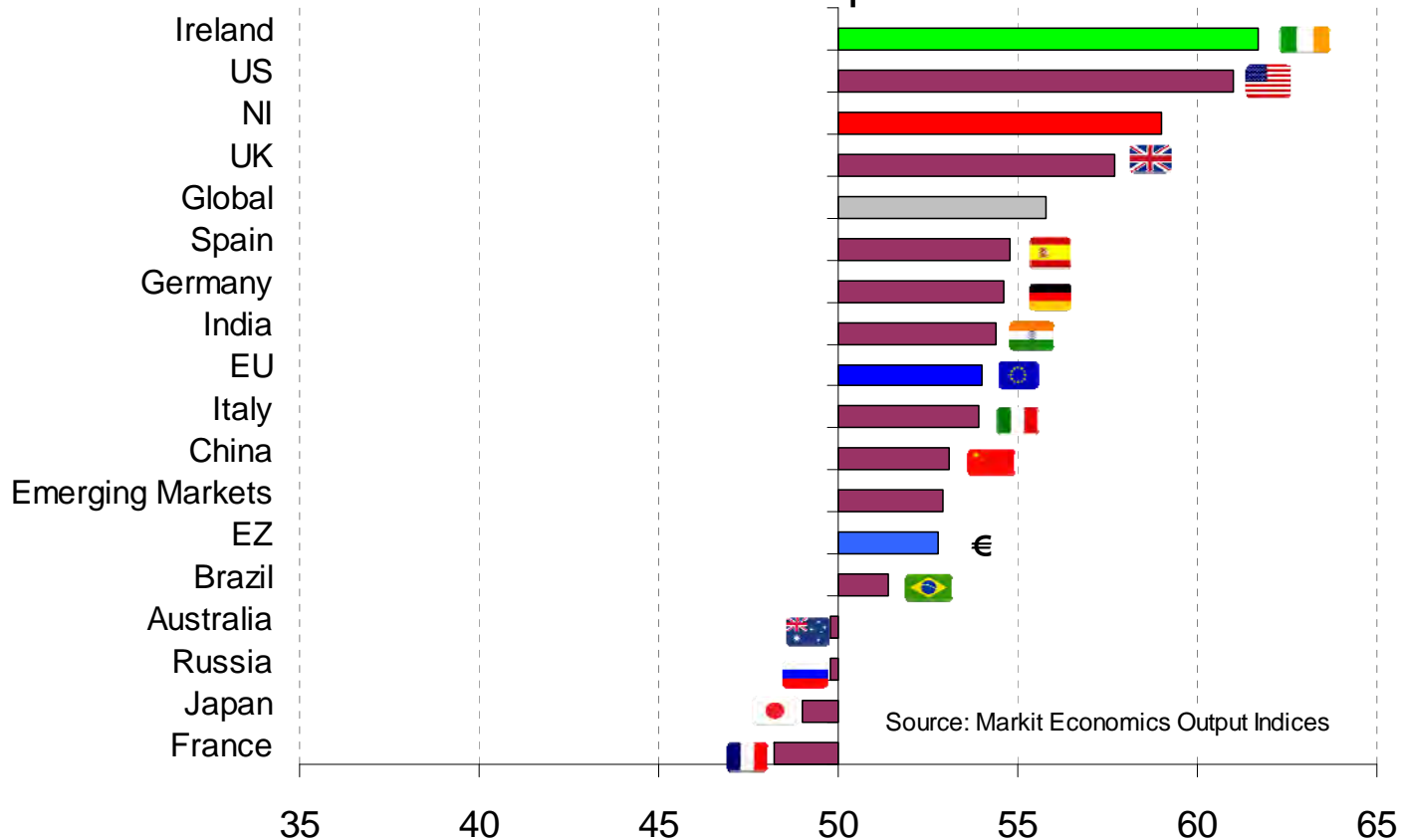
The US, the UK & NI posted the fastest rates of manufacturing output growth in June

PMIs: Manufacturing Output June 2014

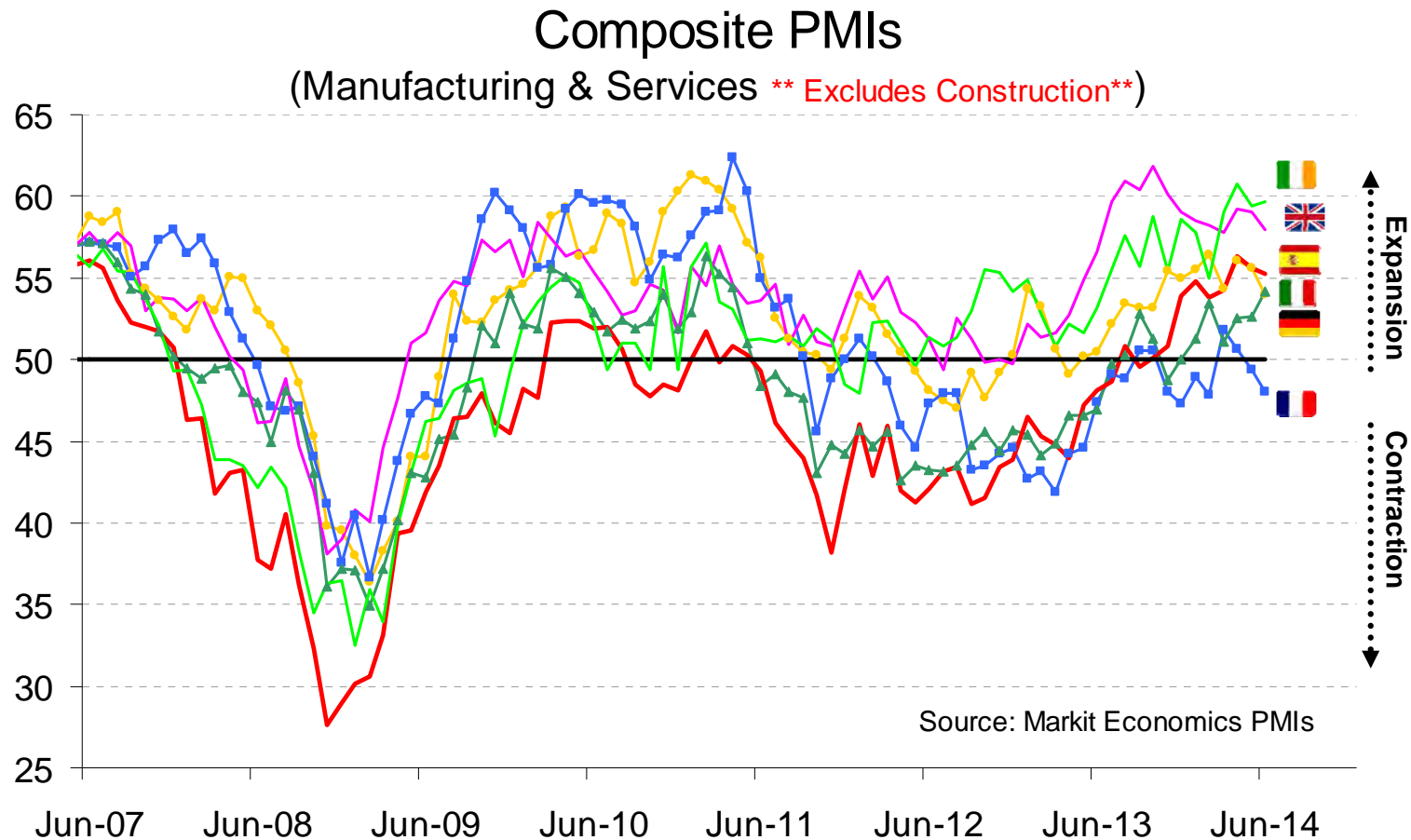


The Republic of Ireland, the US & Northern Ireland posted the fastest rates of service sector output growth in June

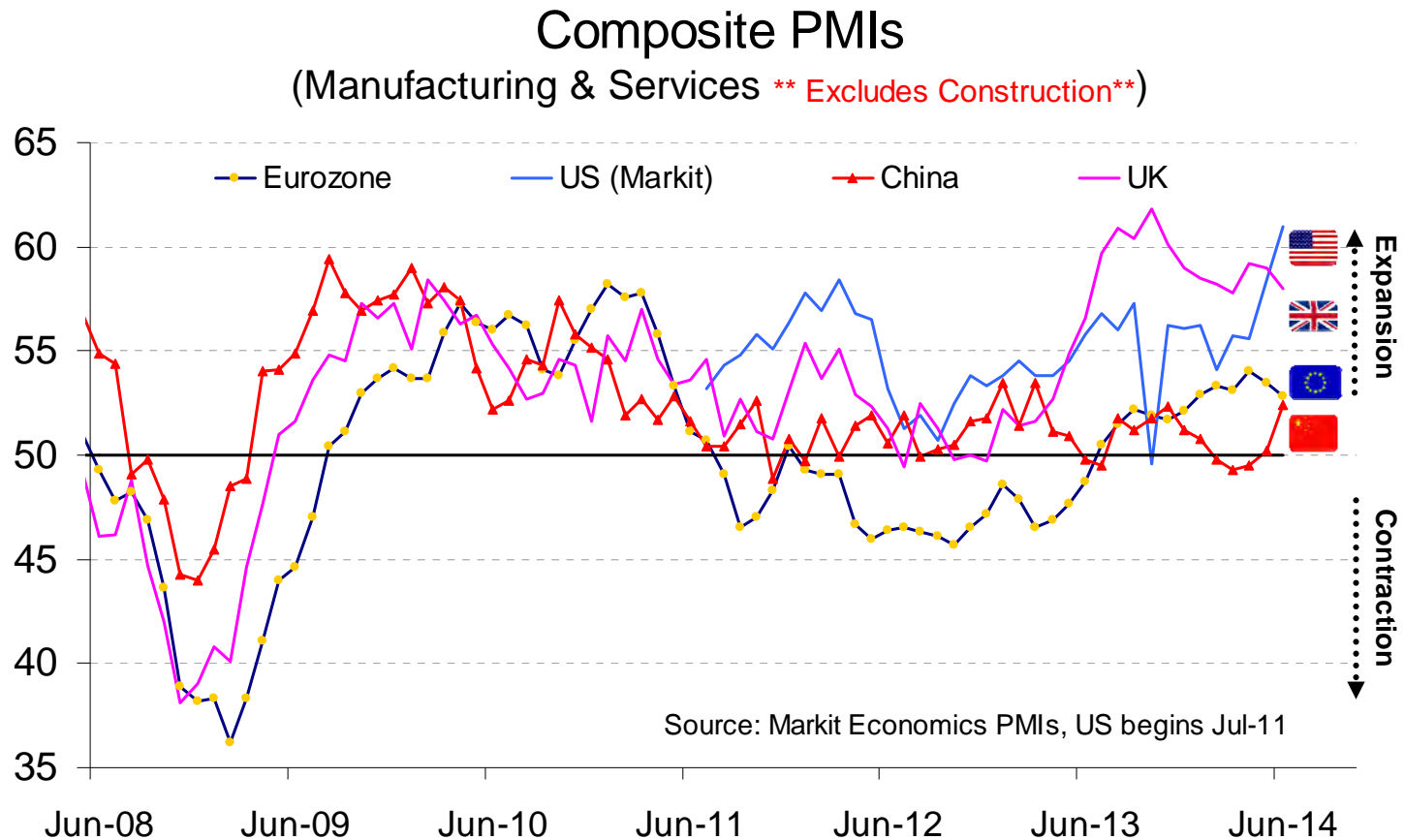
PMIs: Services Output June 2014



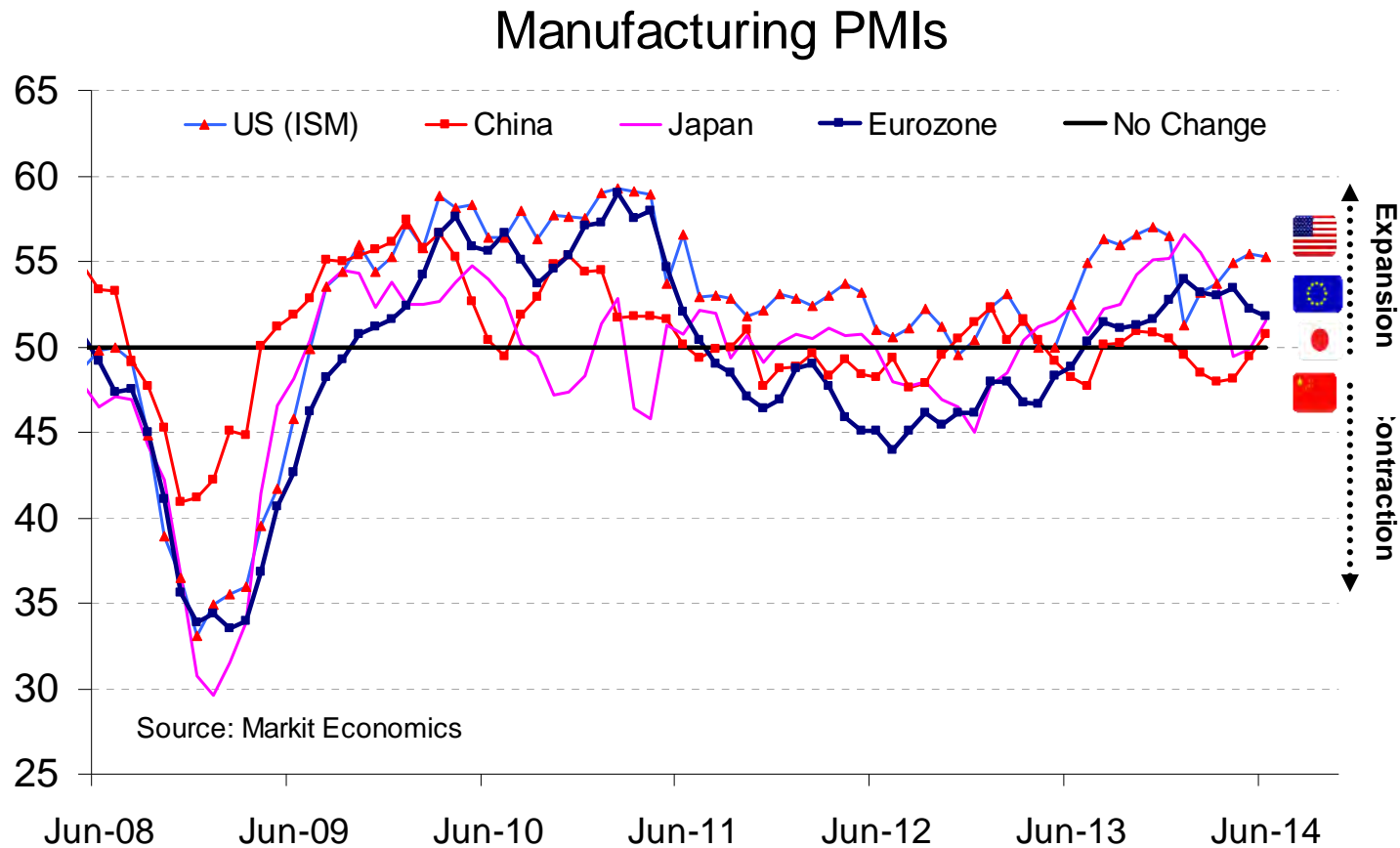
Italy & Ireland saw an improvement in their composite PMIs in June. Meanwhile France's contraction accelerates



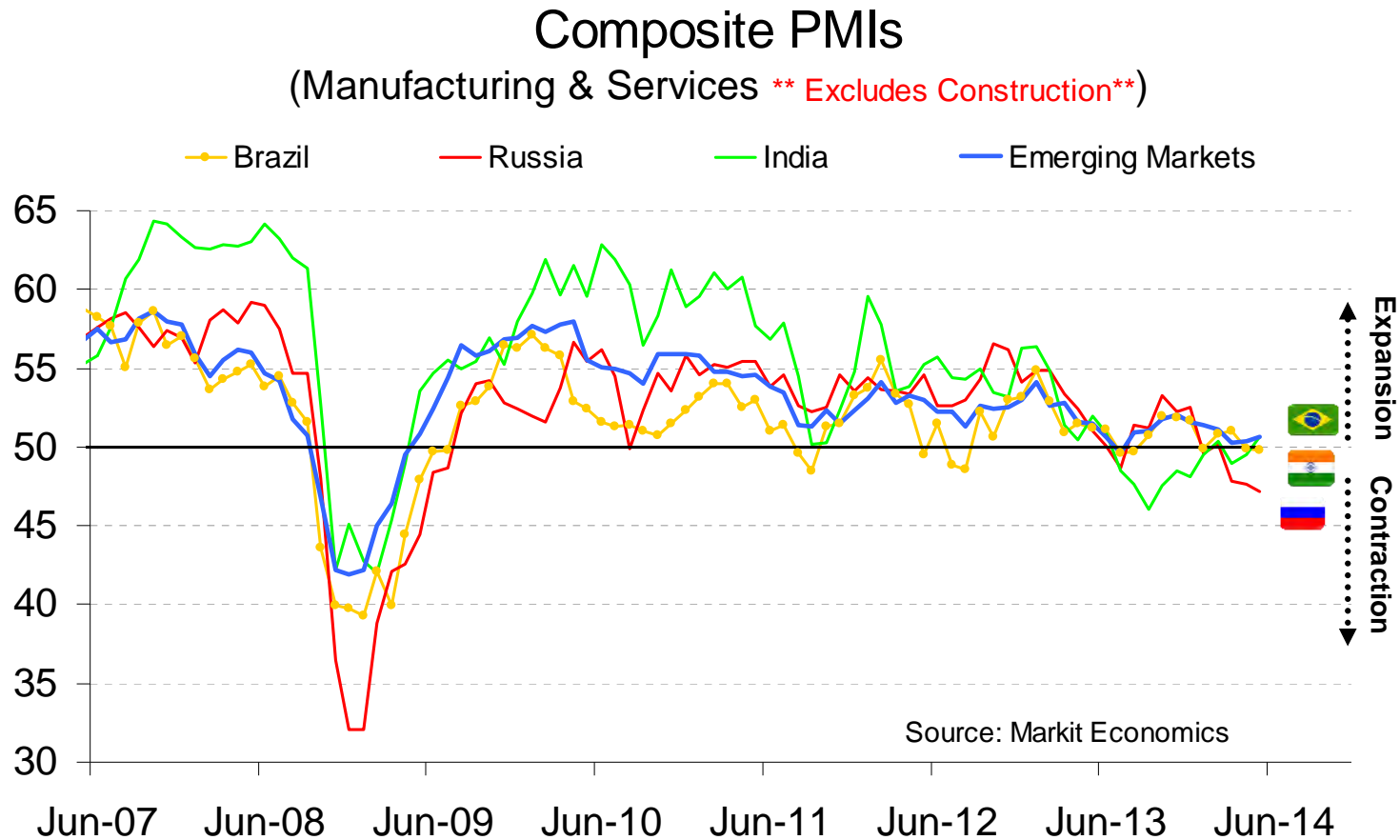
The US & Chinese Composite PMIs improve in June



The US recovery continues with Japan & China reporting a pick-up in manufacturing activity in June

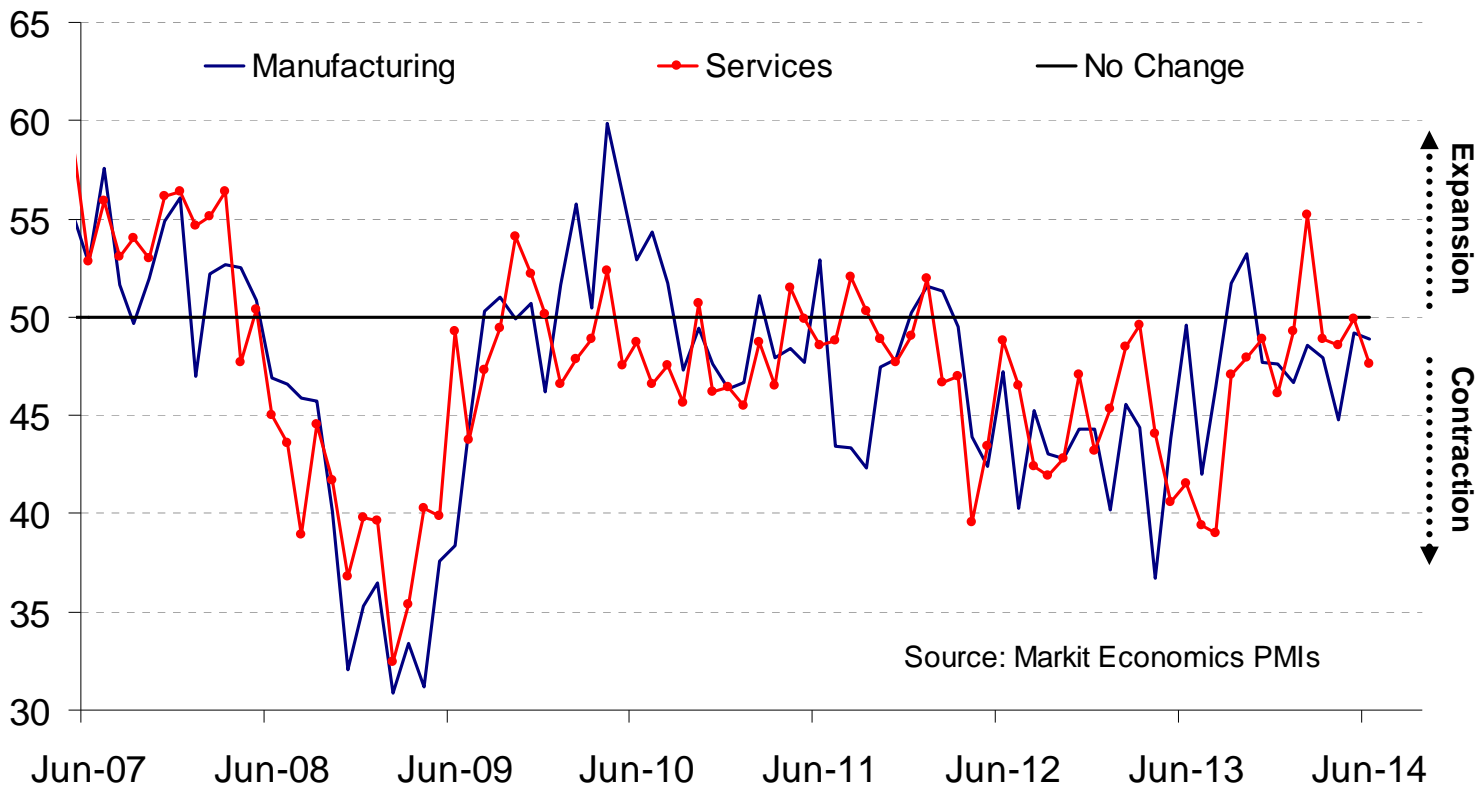


Emerging markets post their strongest rate of growth in 15 months due primarily to a pick-up in China & India



Australia's services & manufacturing sectors remain 'Down Under' the 50 threshold in June

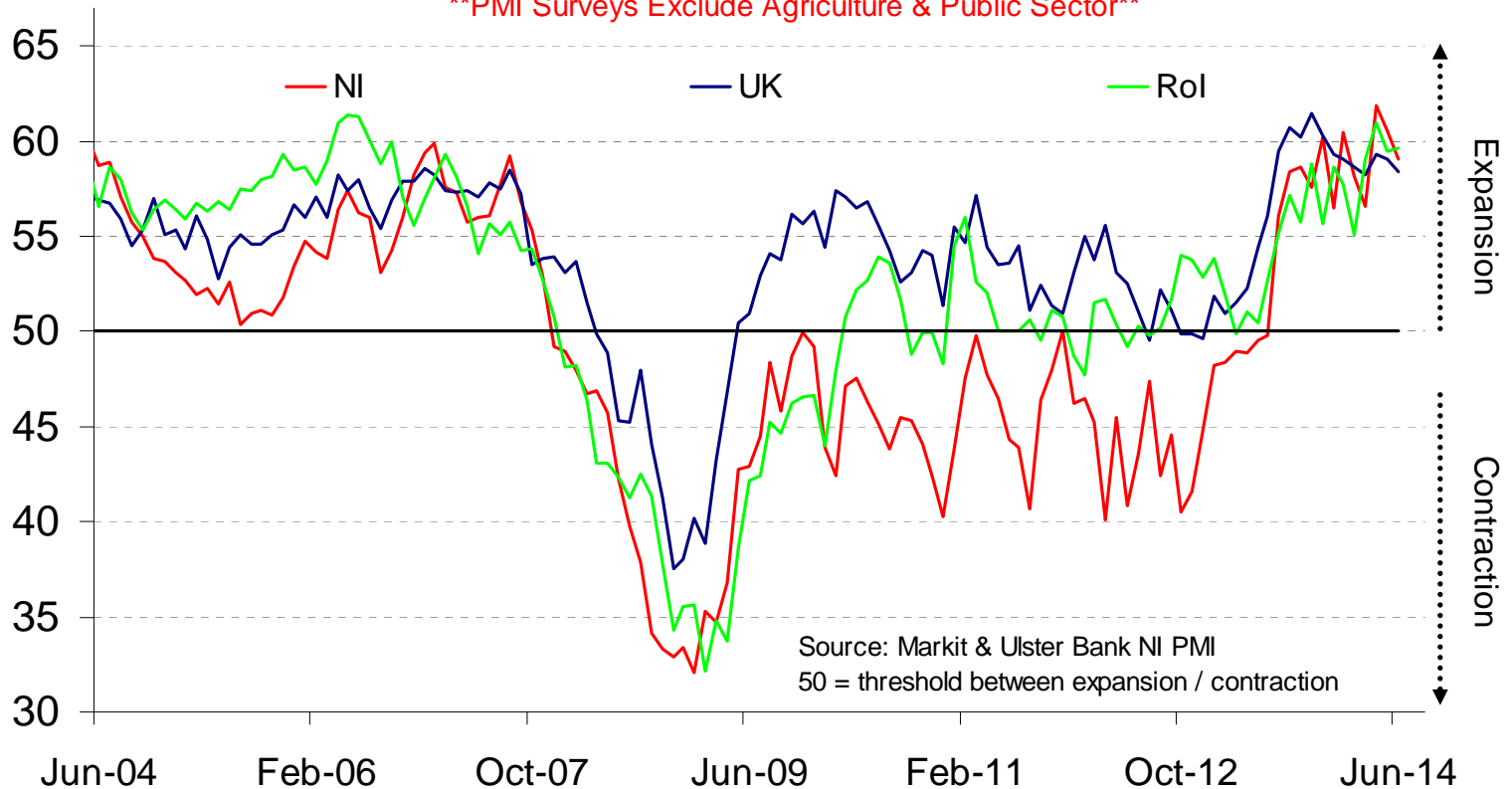
Australia - PMI



Firms in the UK & NI signal an easing in their rates of growth in output in June but growth remains strong

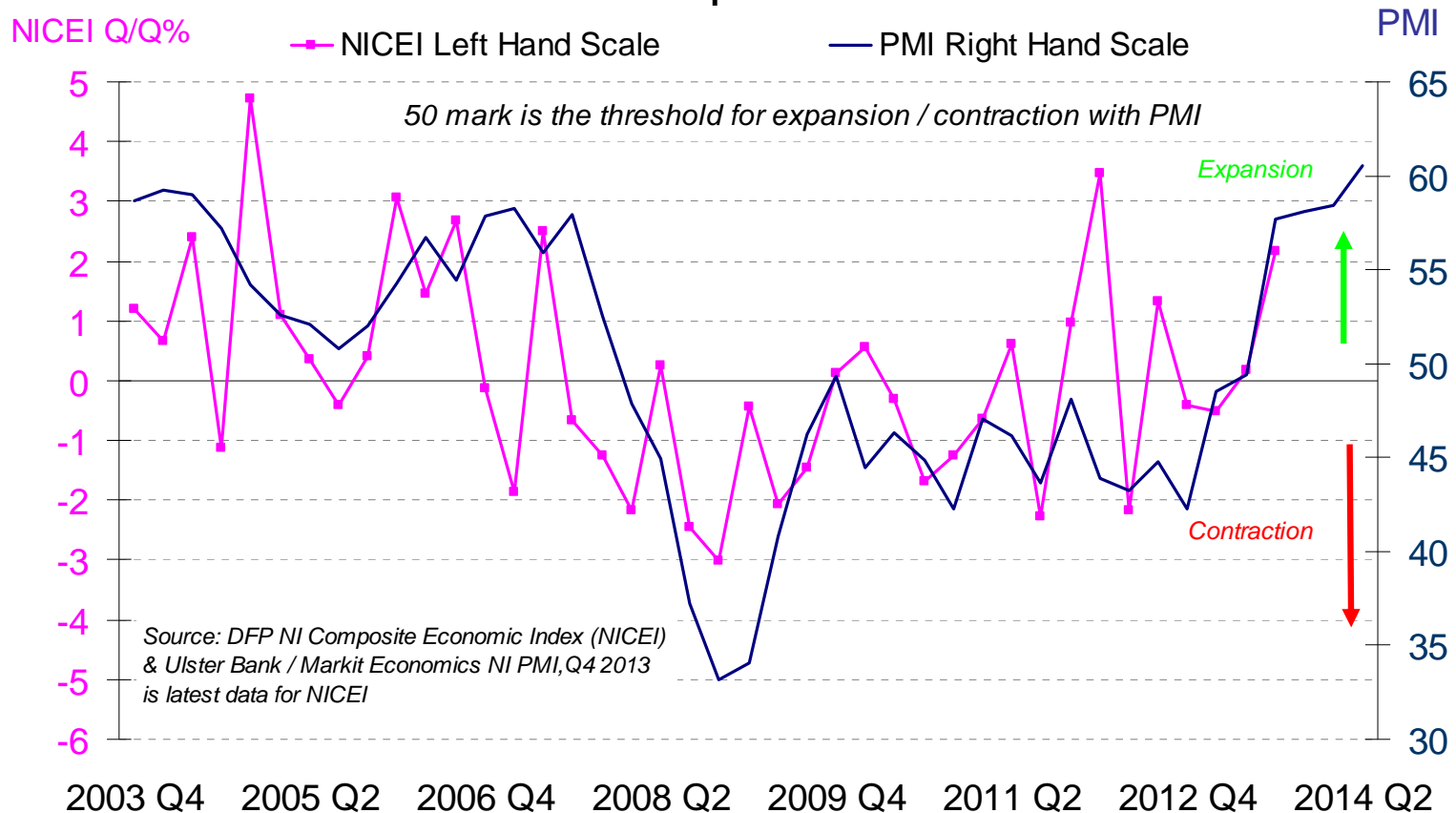
Private Sector Business Activity - PMIs

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



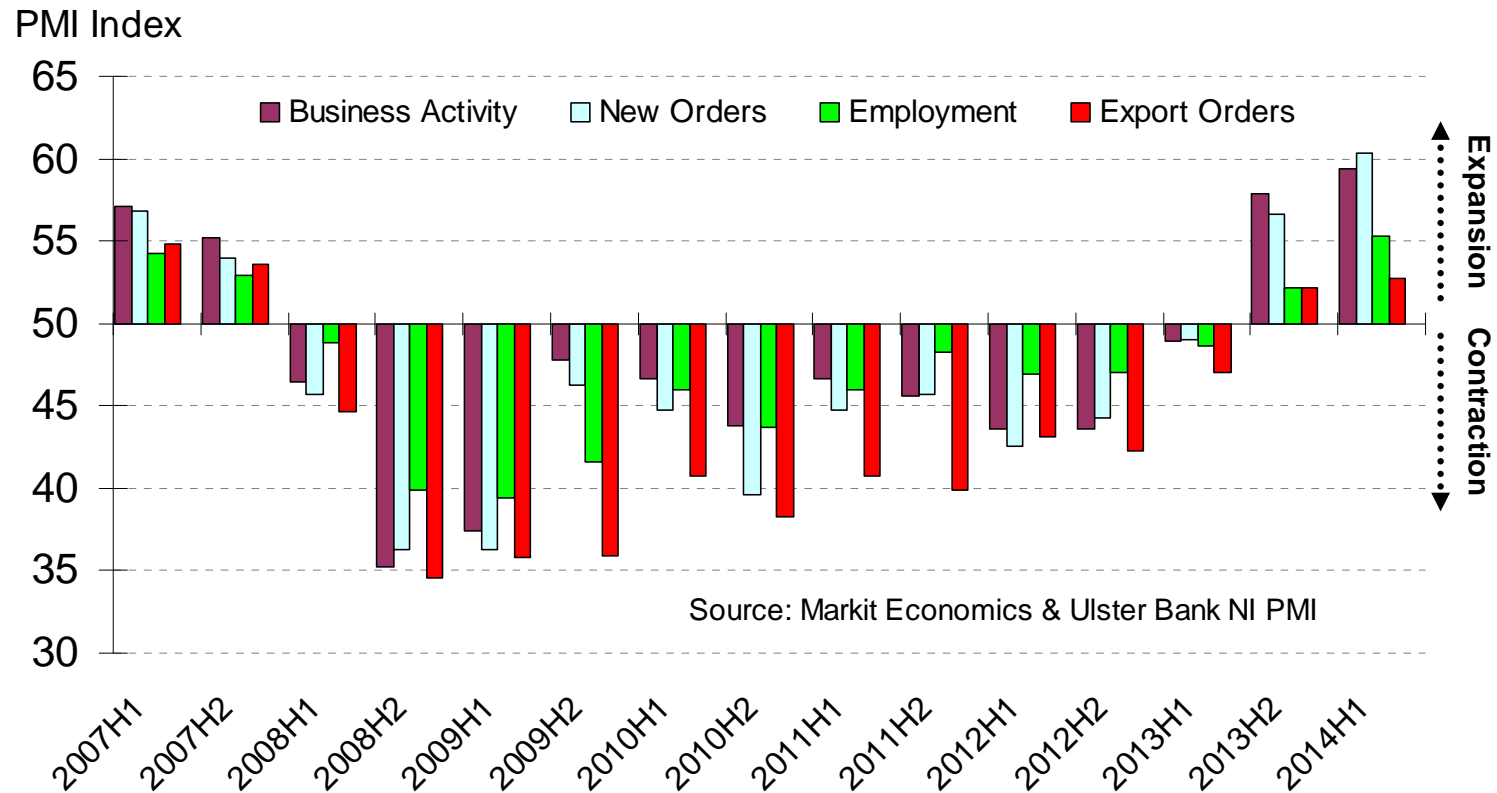
PMI suggests growth in DFP's private sector composite index *(combines indices for construction, services, agriculture & industrial production)* in Q1 & Q2 2014

NI Private Sector Output Index Versus NI PMI

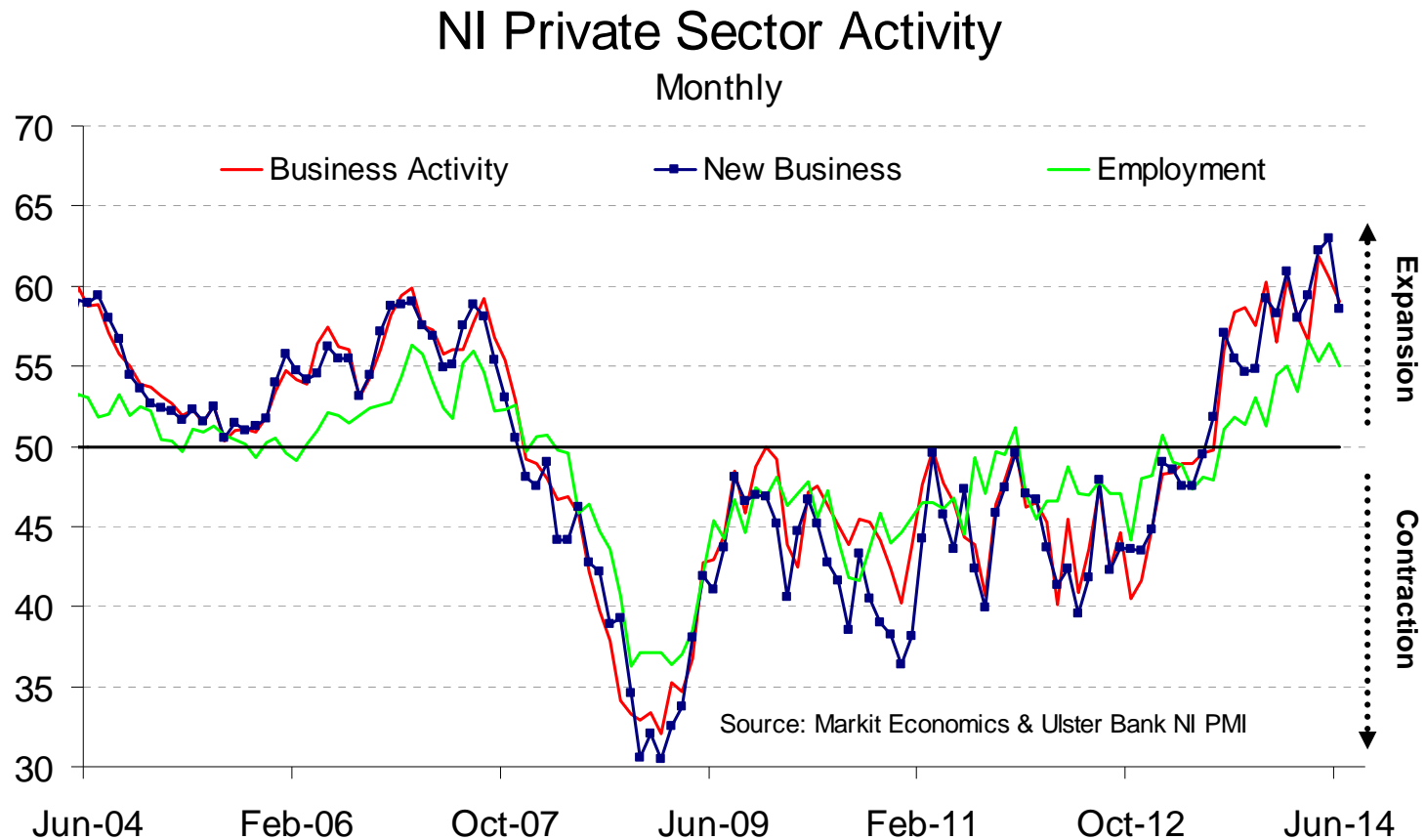


NI's recovery took hold in the second half (H2) of 2013 with all indicators improving in (H1) 2014

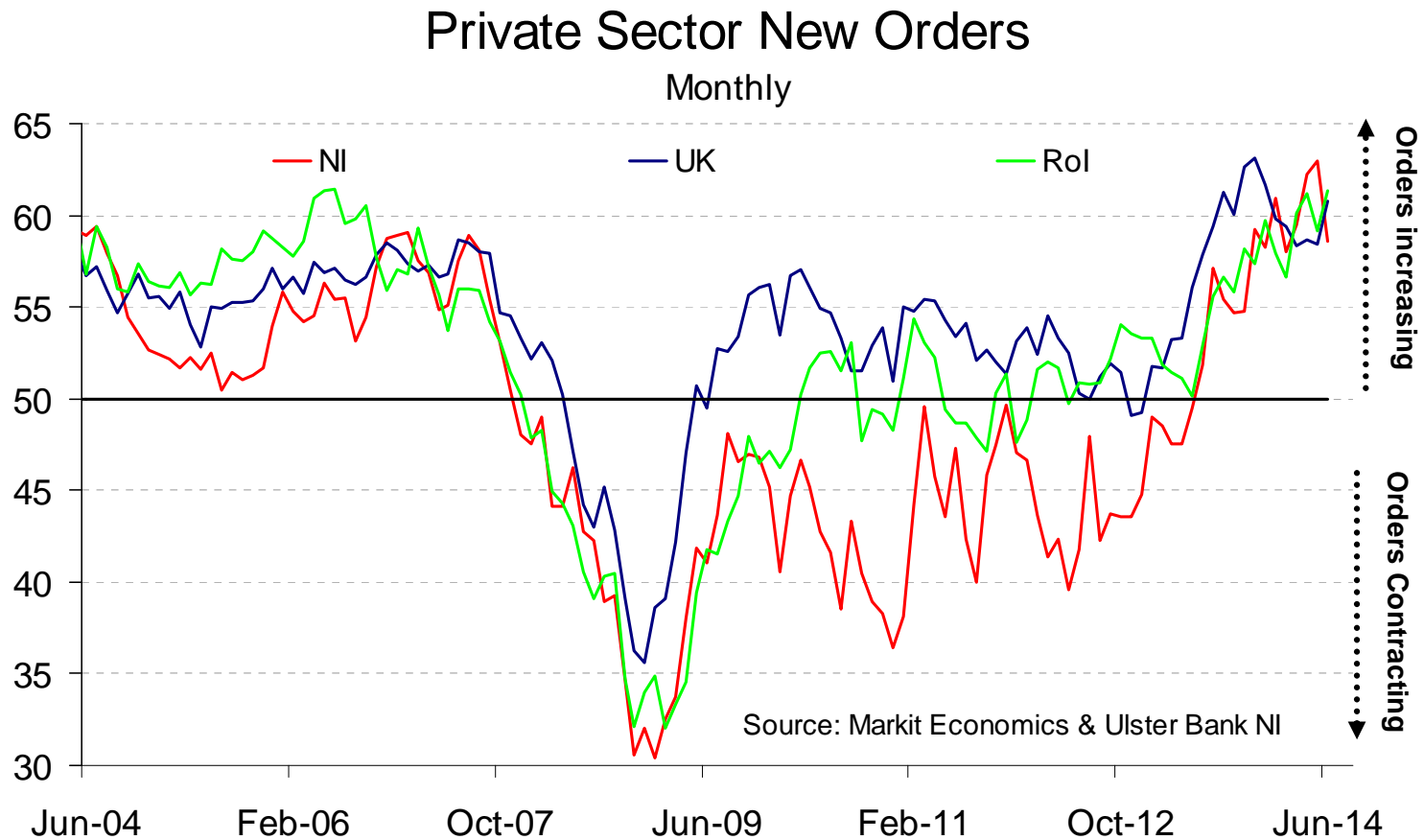
NI Private Sector Performance (PMI)



The pace of growth in employment, new orders & output amongst NI firms eased in June from its recent highs



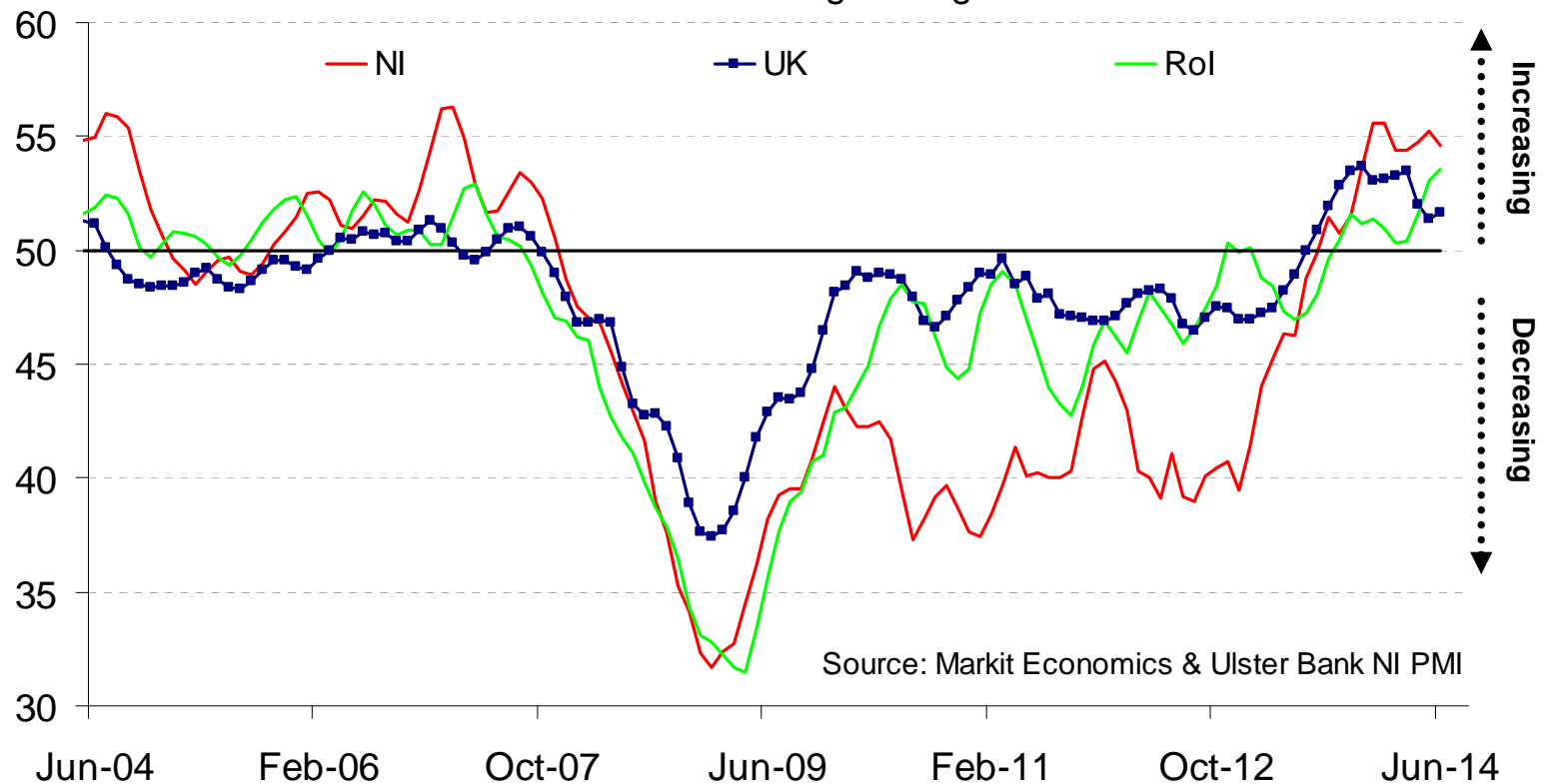
NI order books were growing at a record rate in May but the pace of growth eased in June



Surge in demand has led to rising backlogs of work particularly within NI and RoI

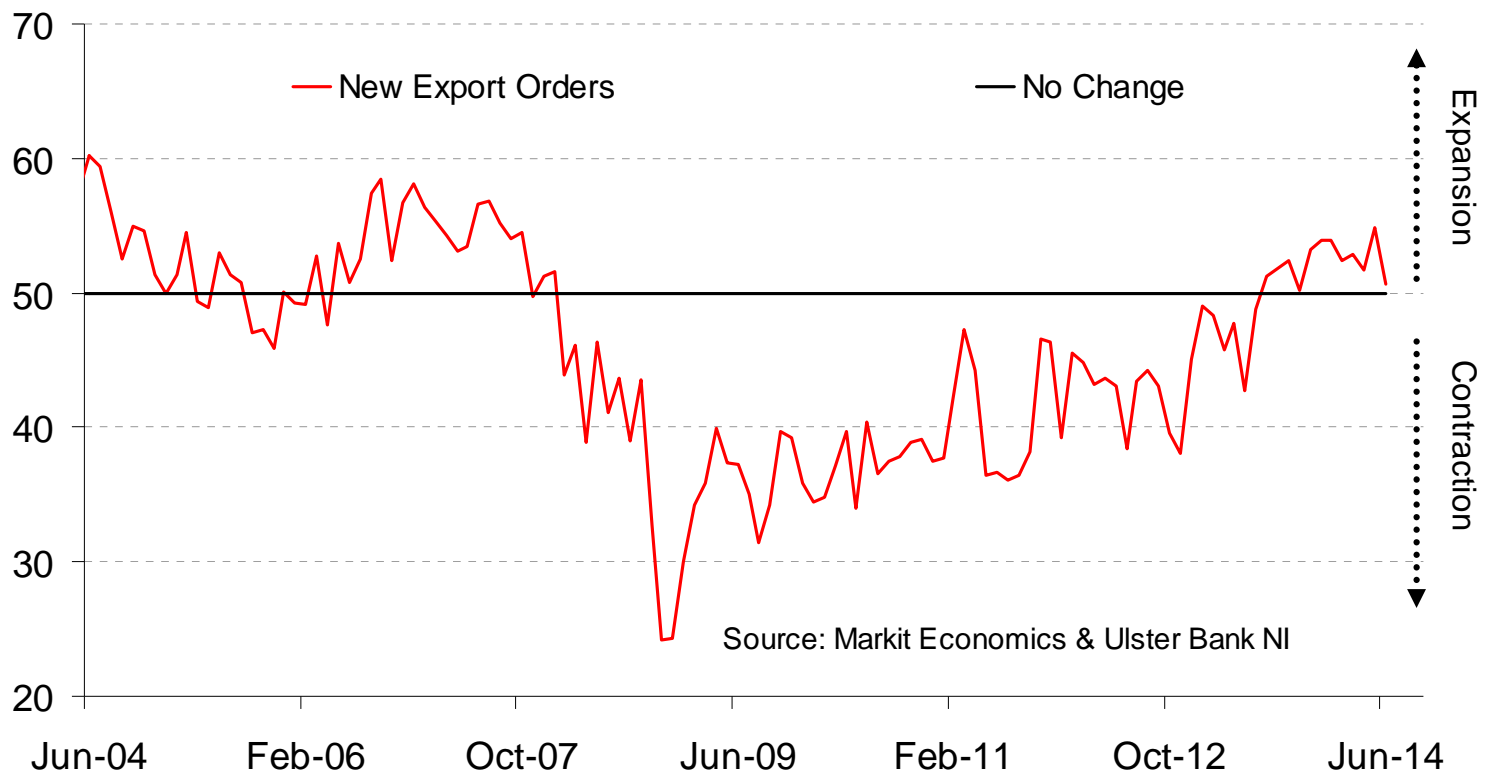
Private Sector Backlogs

3 month moving average

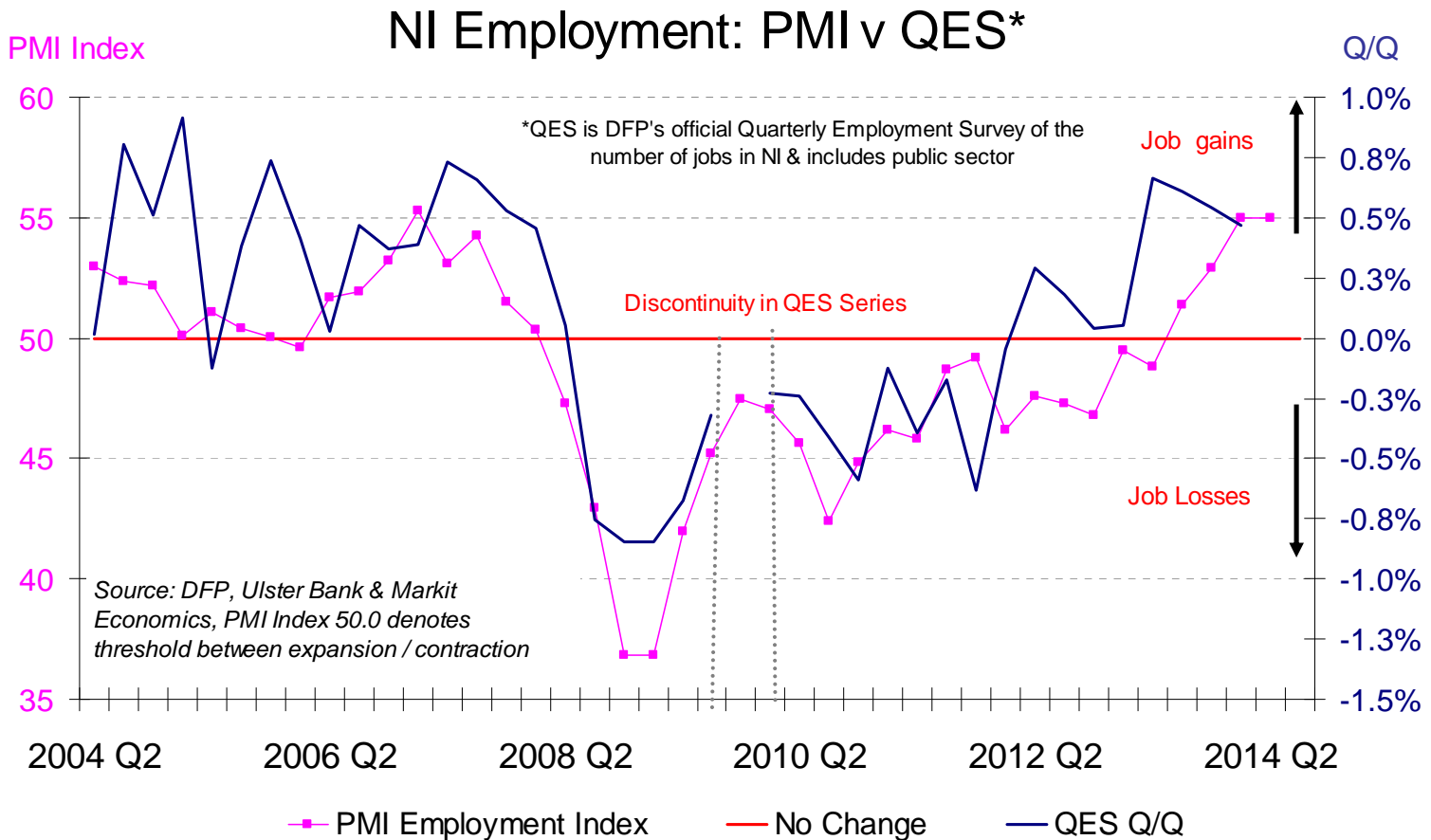


NI firms post their 12th successive monthly rise in export orders in June but the pace of growth slows

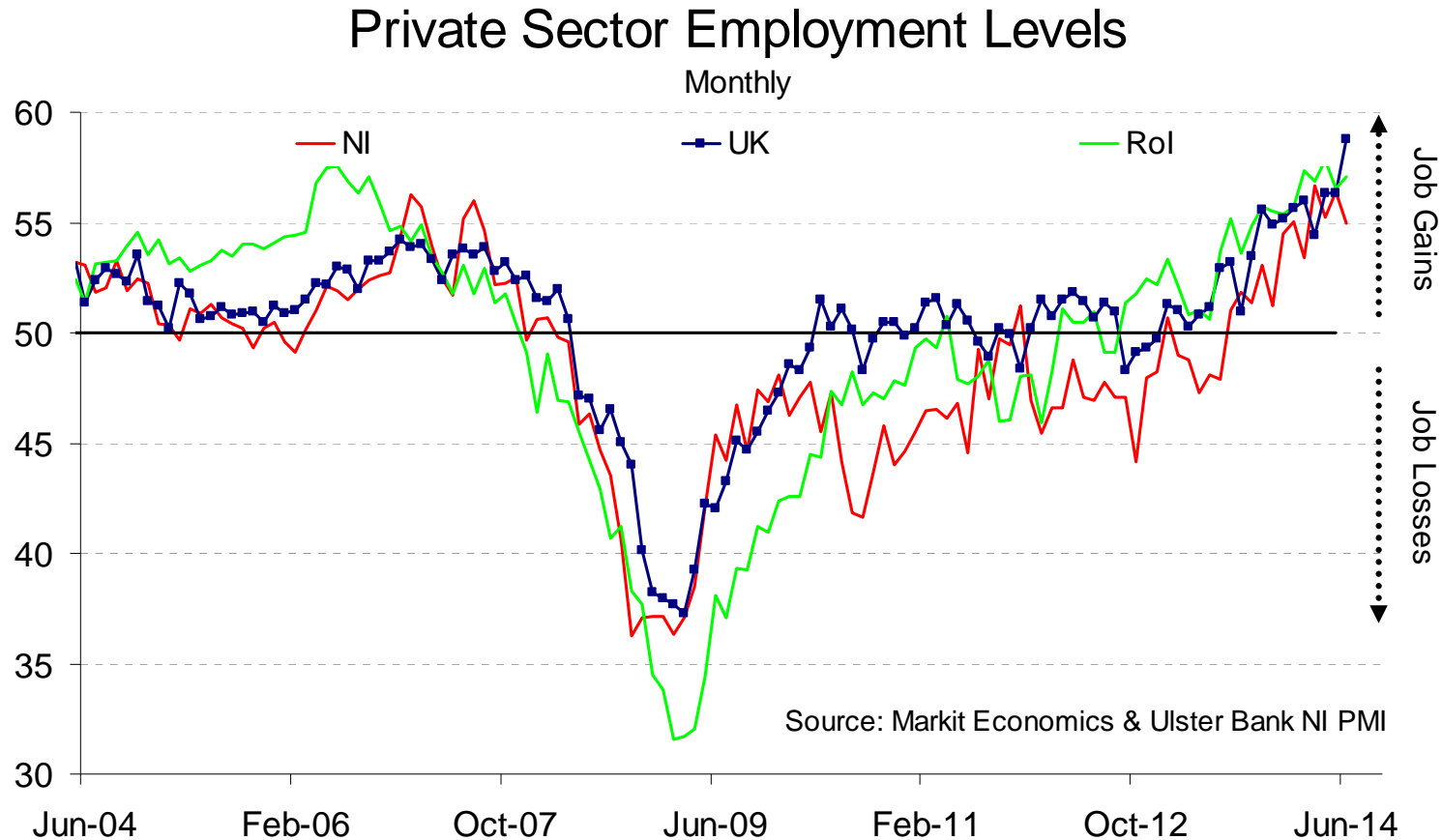
NI New Export Business



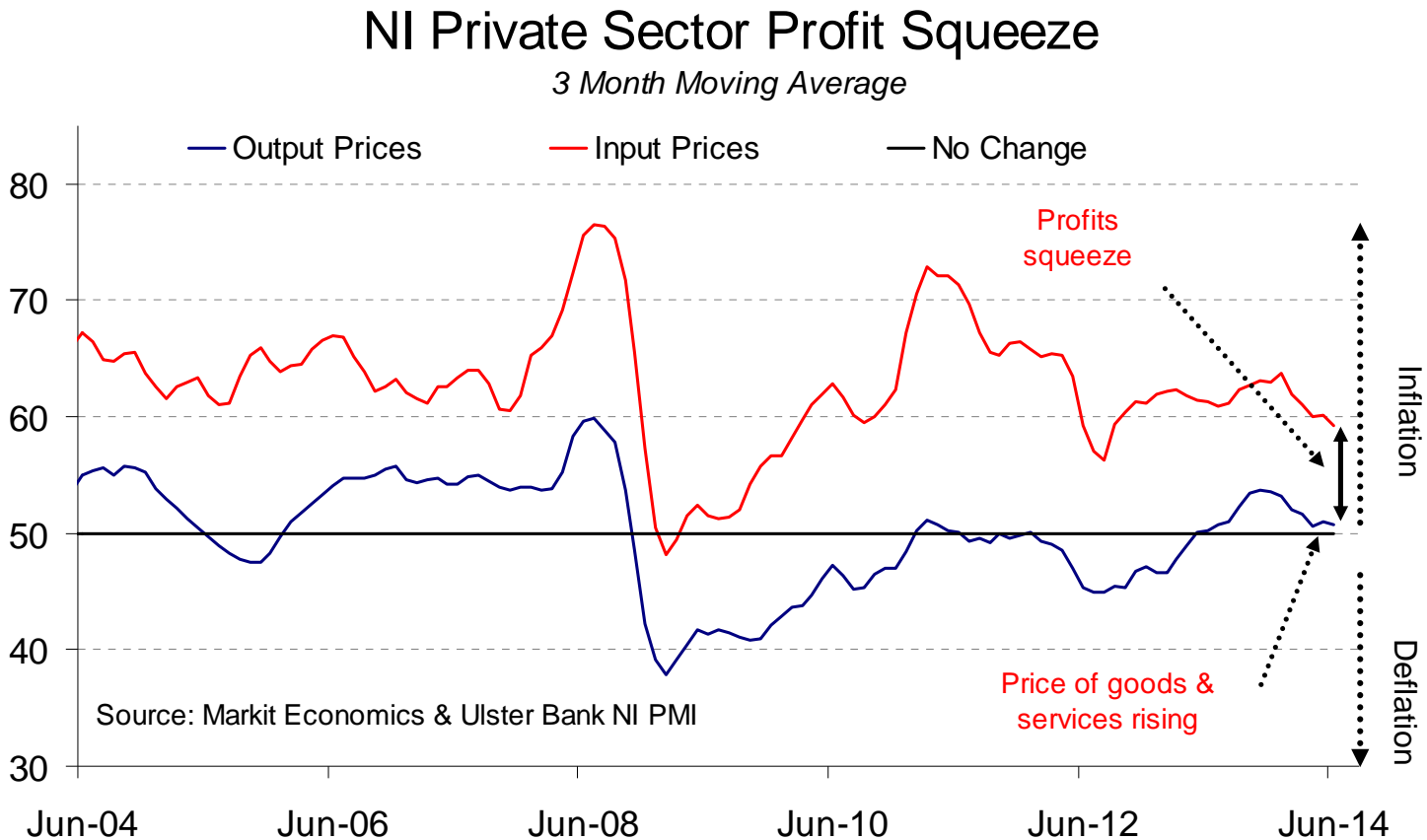
PMI signals the fastest rate of jobs growth in 7 years



Job creation accelerates in the UK & RoI with the pace of employment growth easing in NI



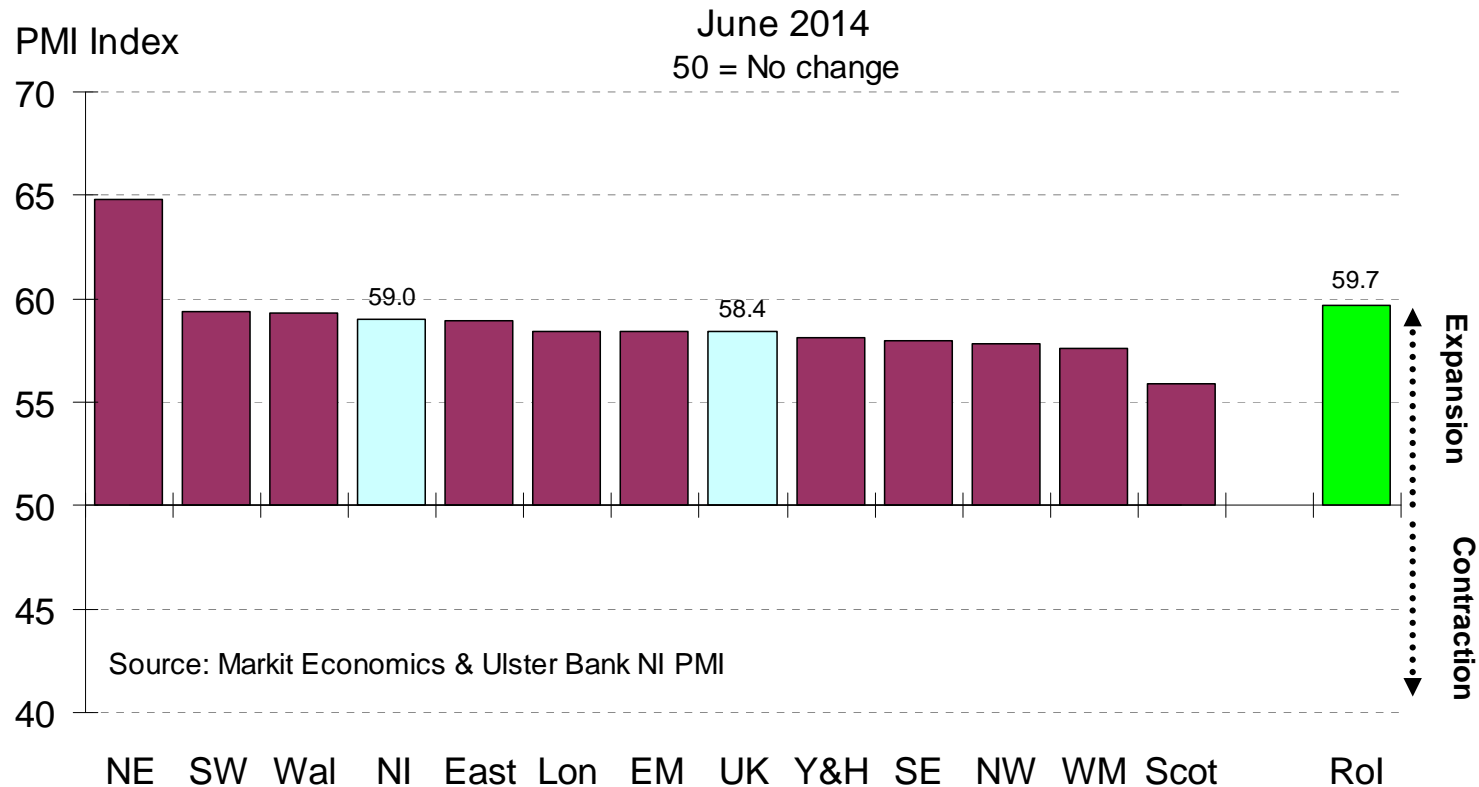
Output cost inflation remains subdued



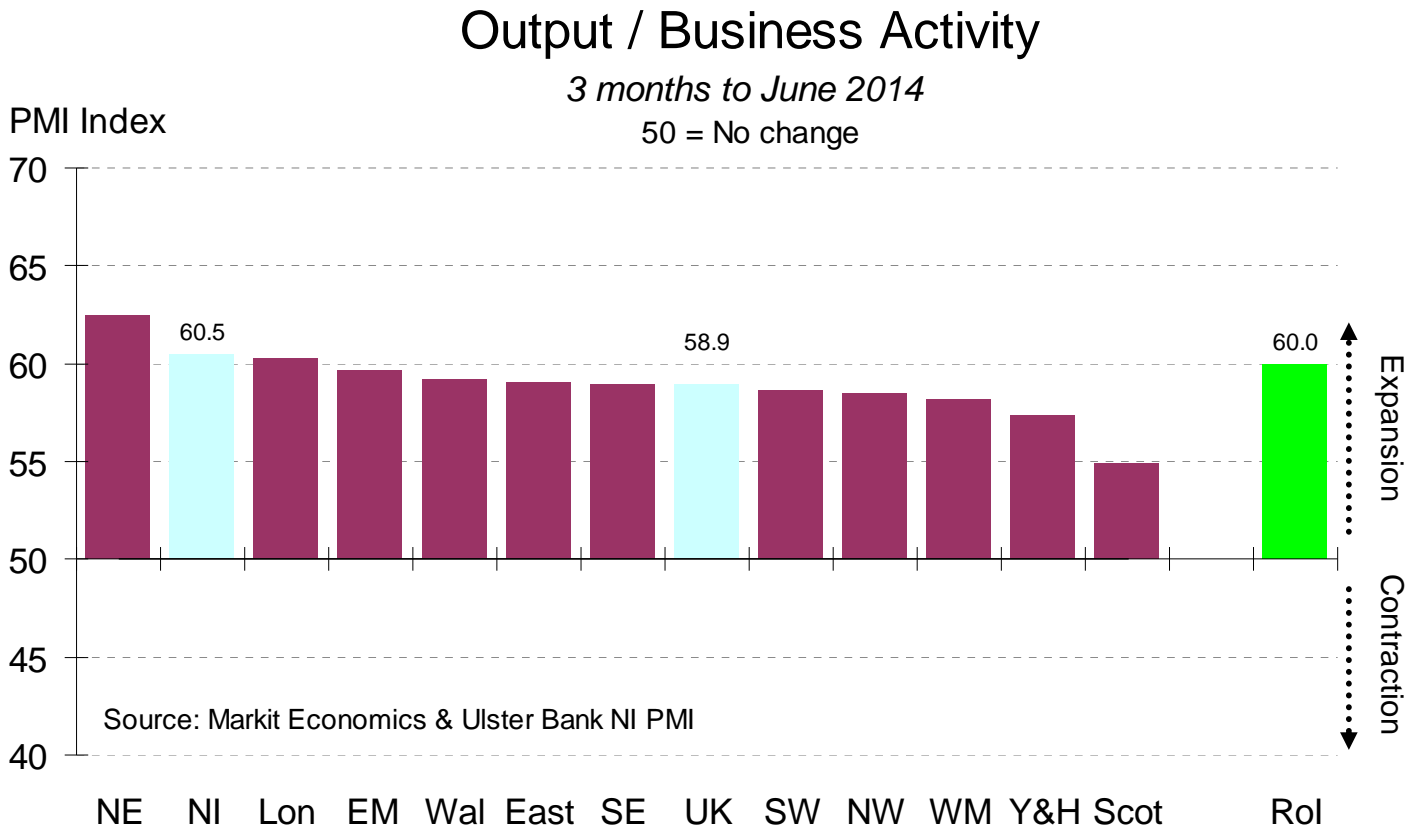
Regional Comparisons

Strong growth across all UK regions & the Rol in June

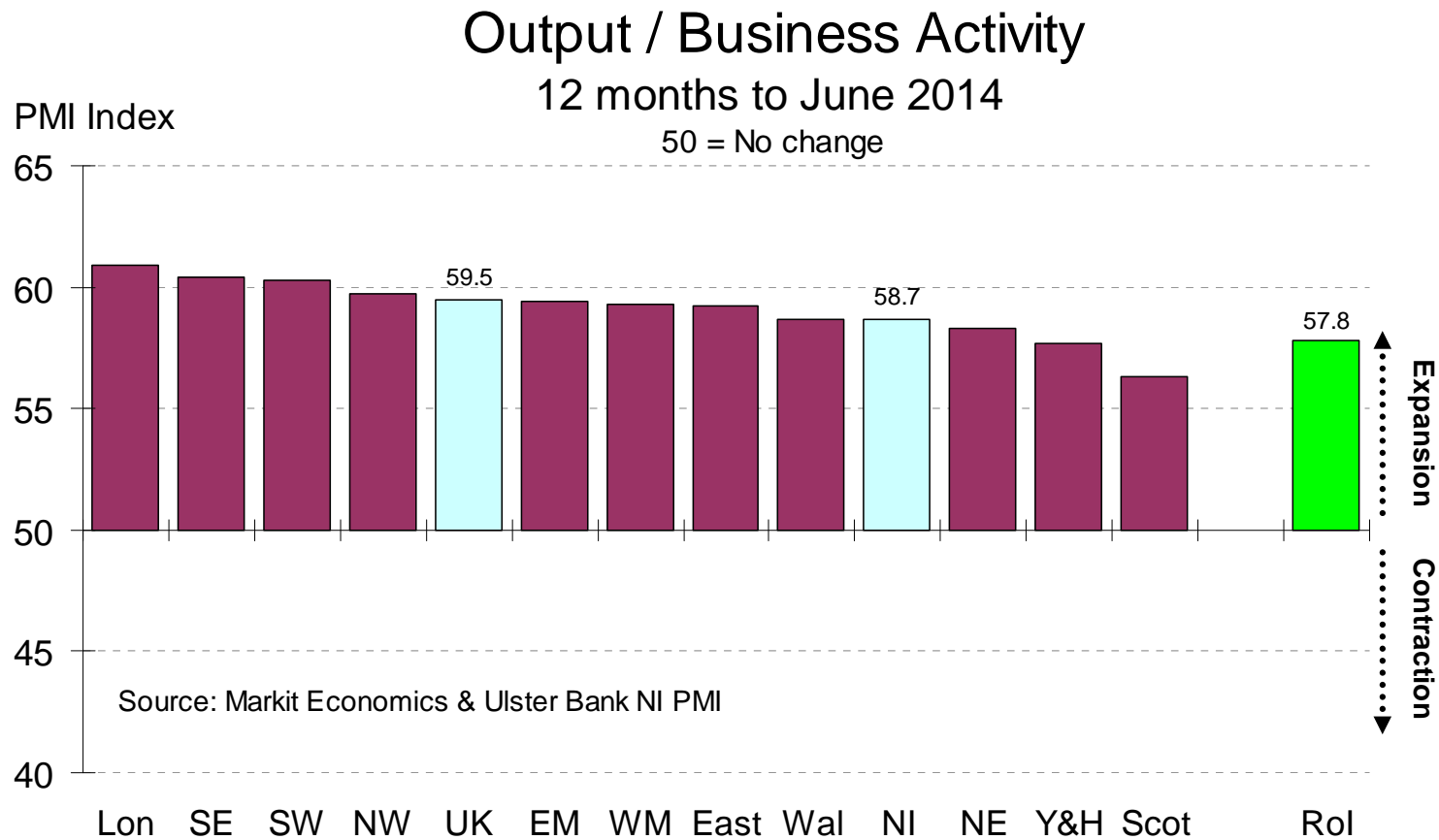
Output / Business Activity



...all the UK regions & the RoI post strong rates of growth over the last 3 months...



... and over the last 12 months



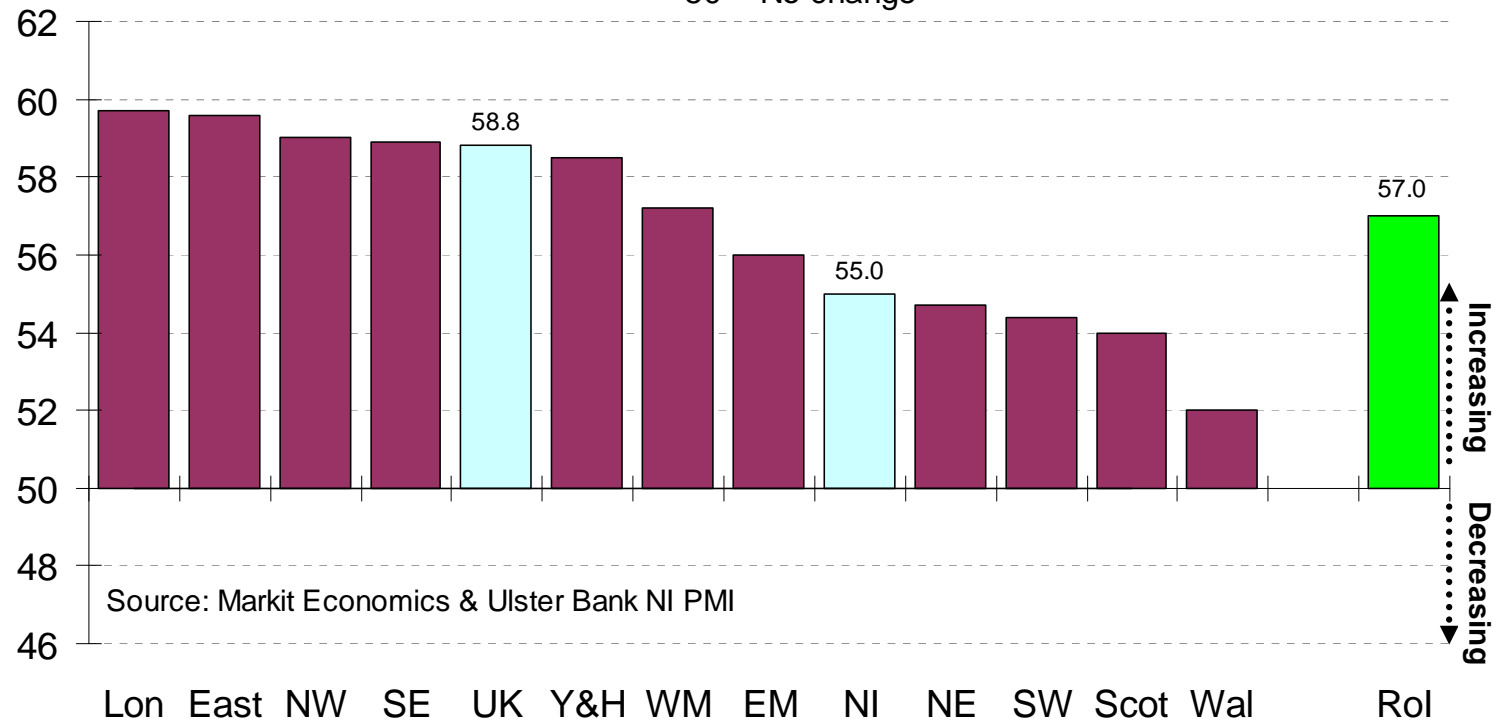
NI posts further job gains in June but rate of employment growth lags behind the UK and the Rol

Employment Levels

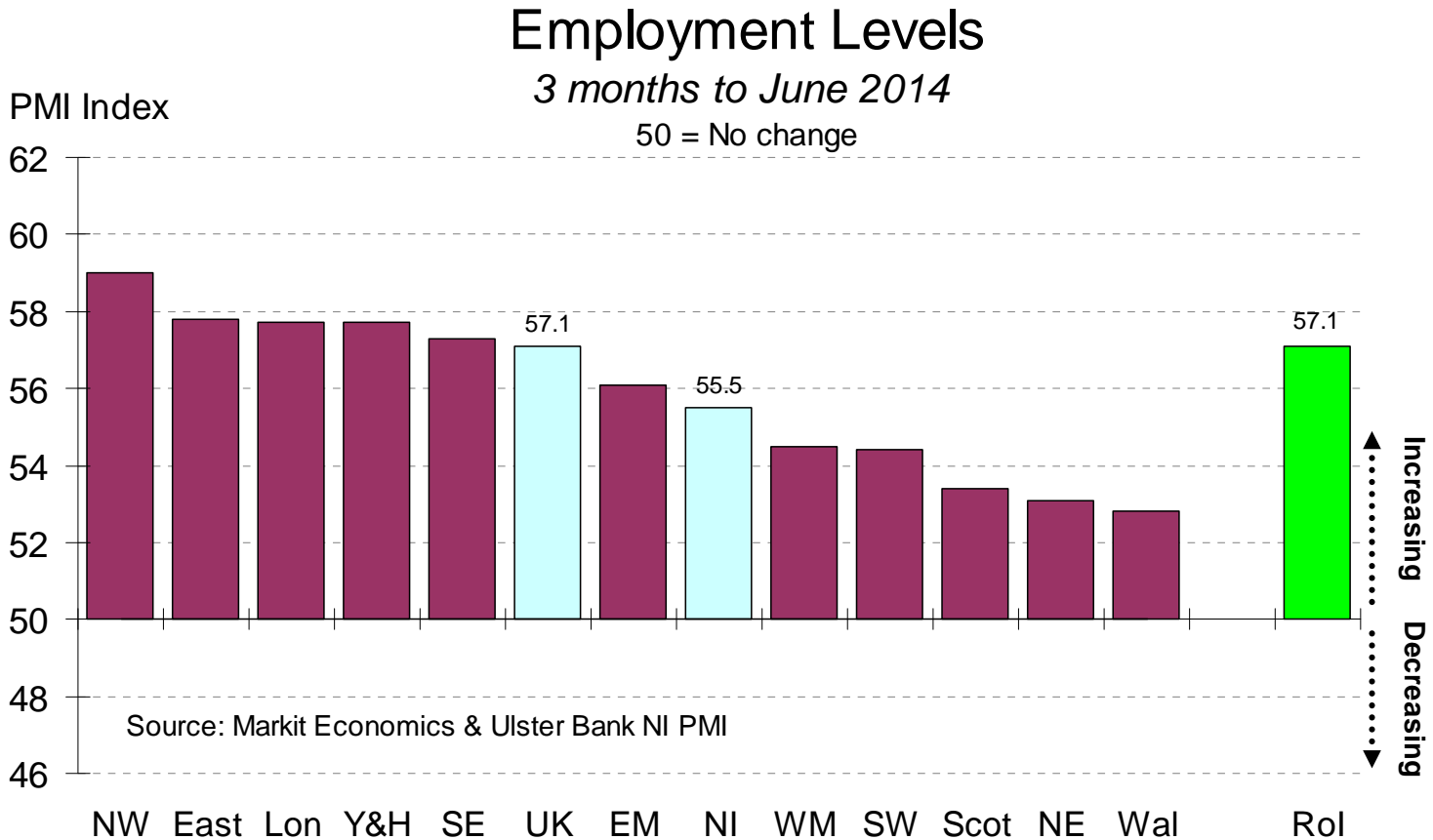
June 2014

50 = No change

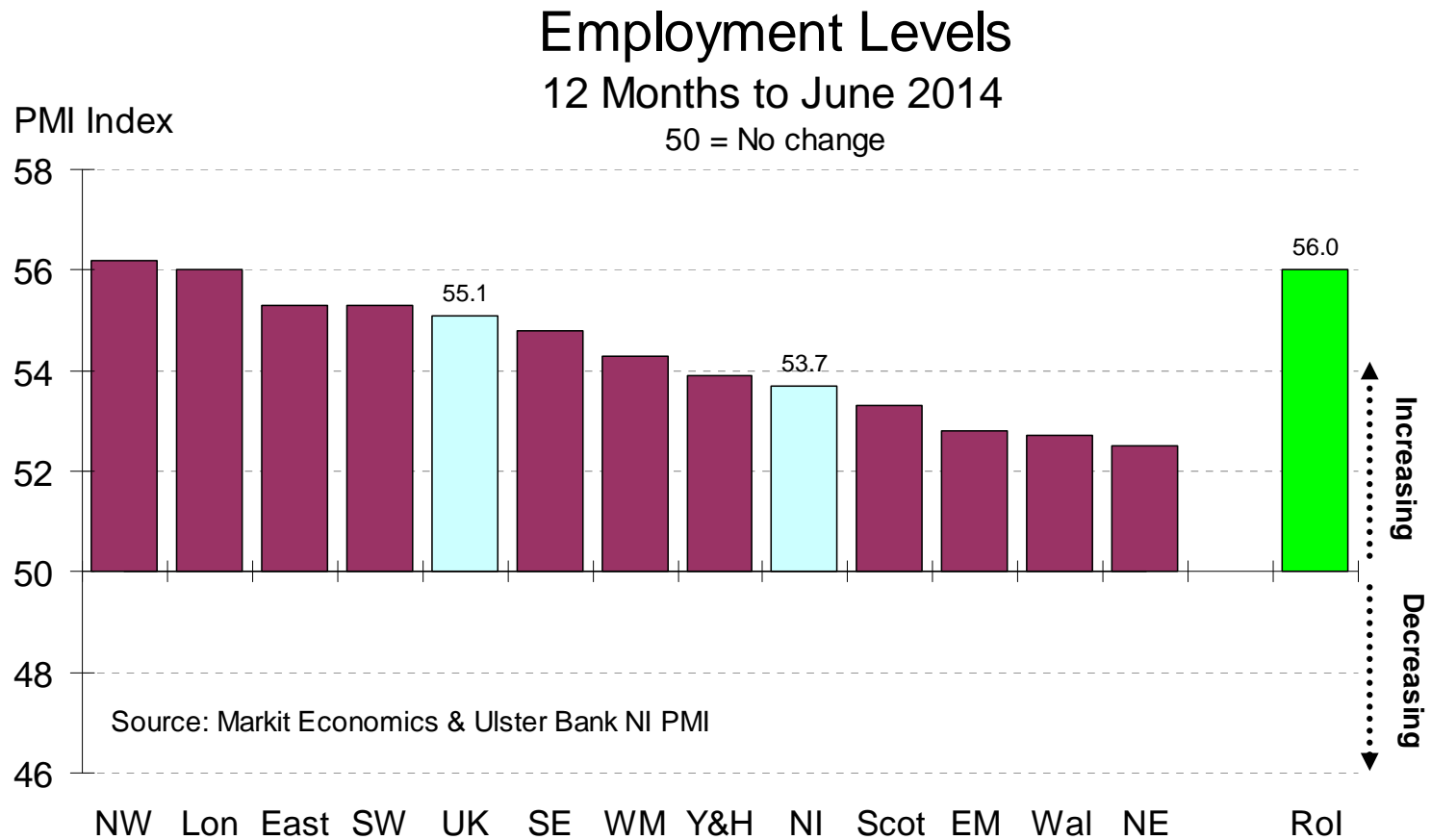
PMI Index



Most UK regions (including NI) and the RoI post strong rates of employment growth over the last 3 months



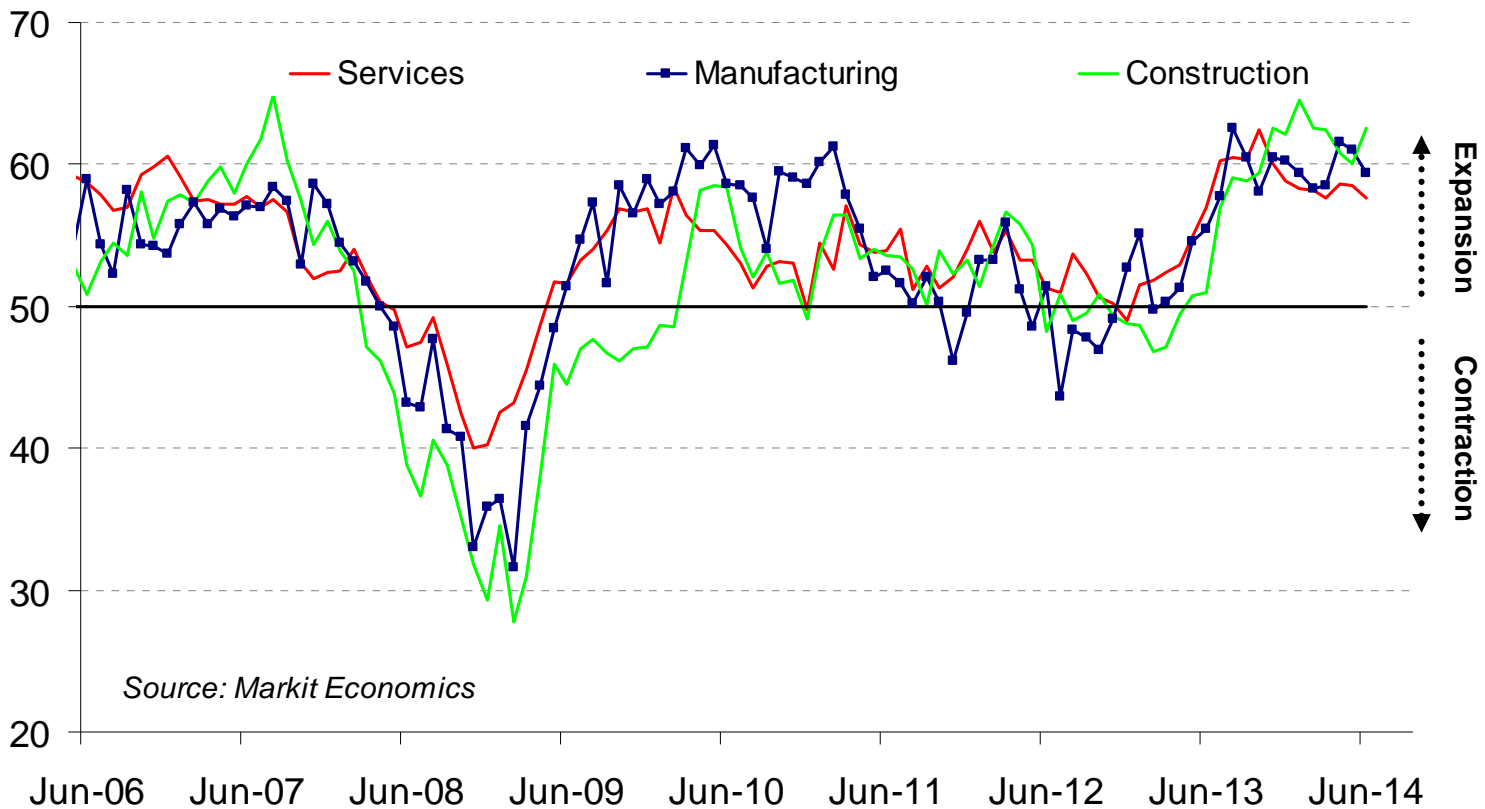
The Rol posts the sharpest rise in employment levels over the last year



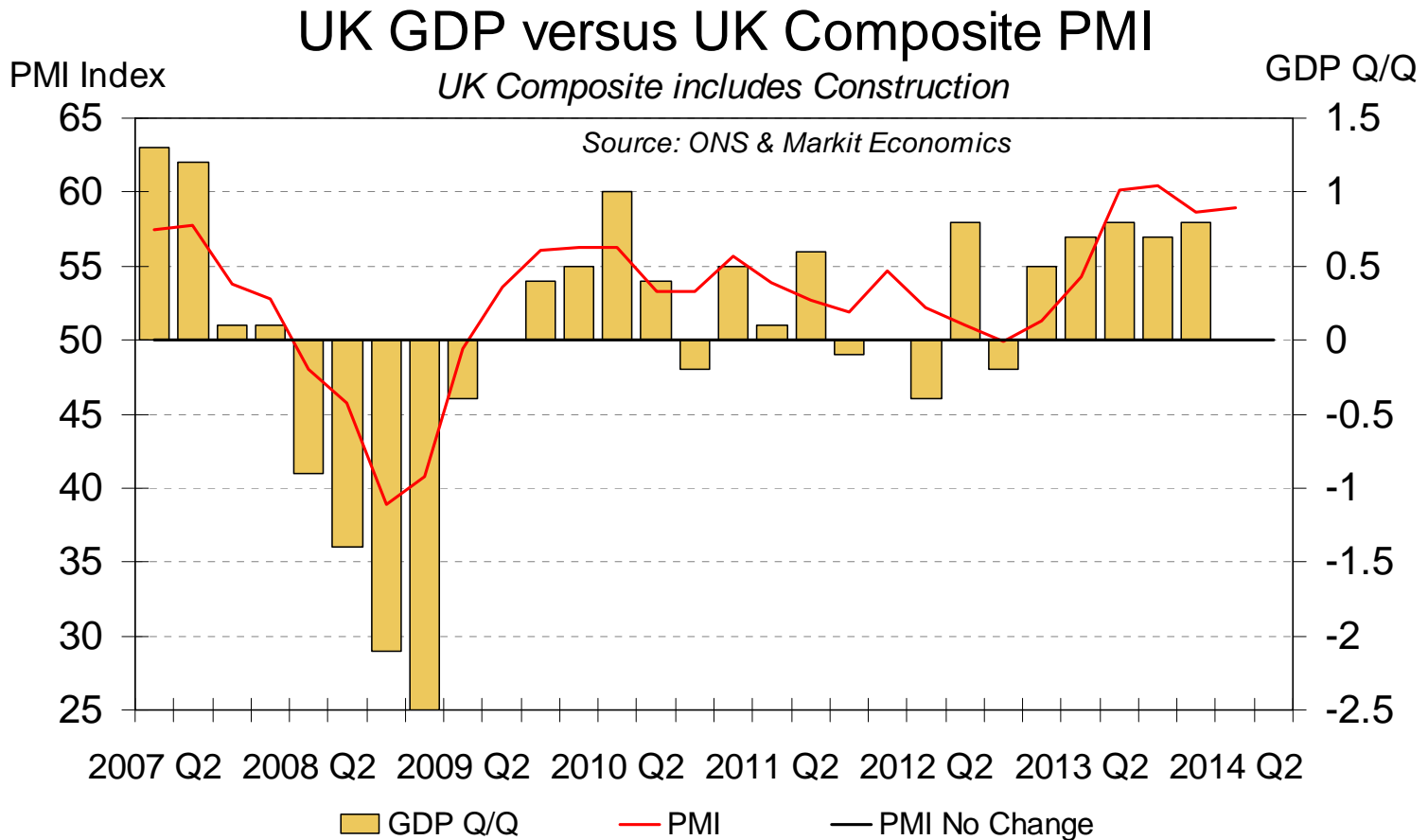
Sectoral Comparisons

All UK sectors maintain strong rates of growth in June

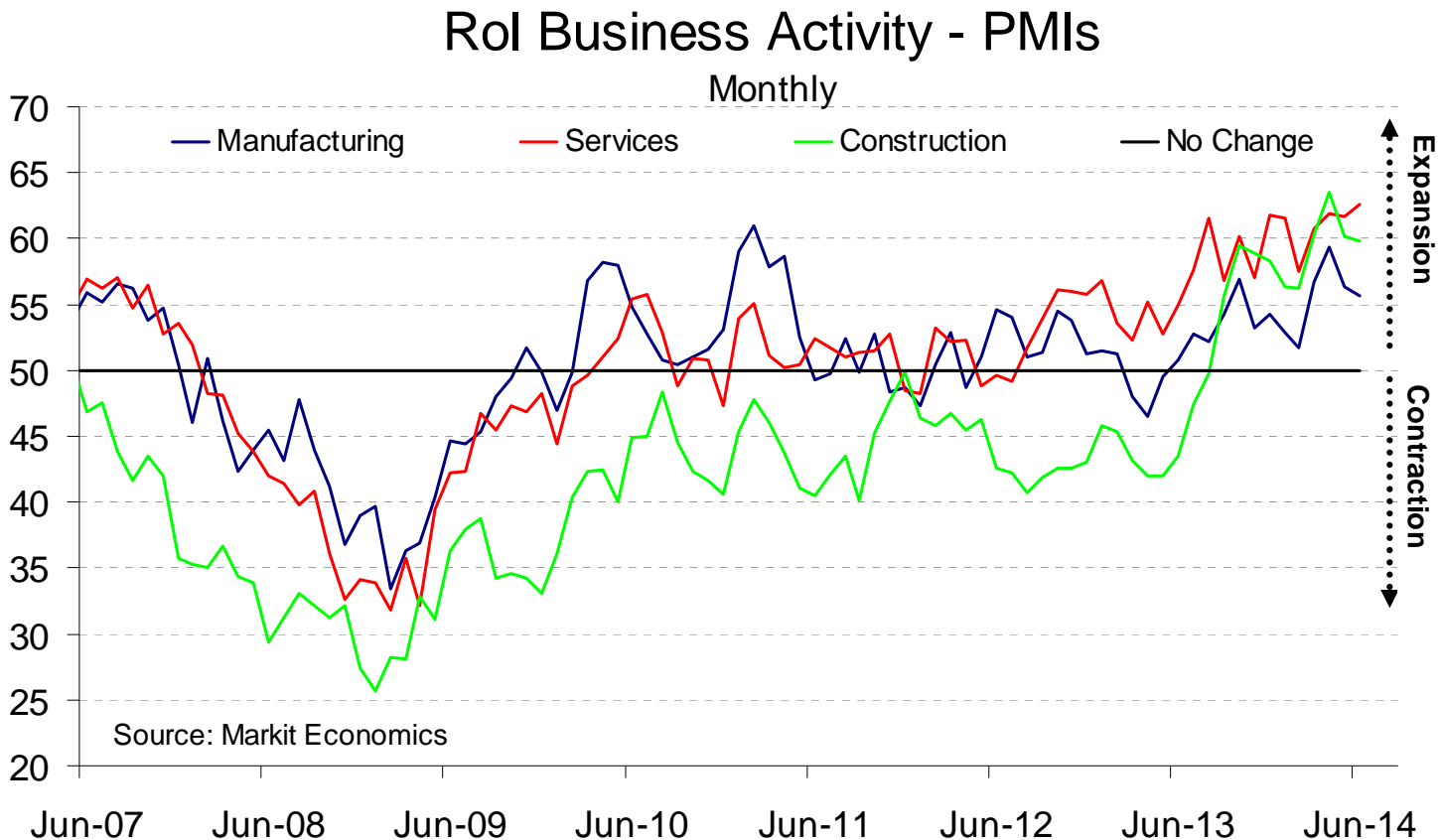
UK Business Activity / Output - PMIs



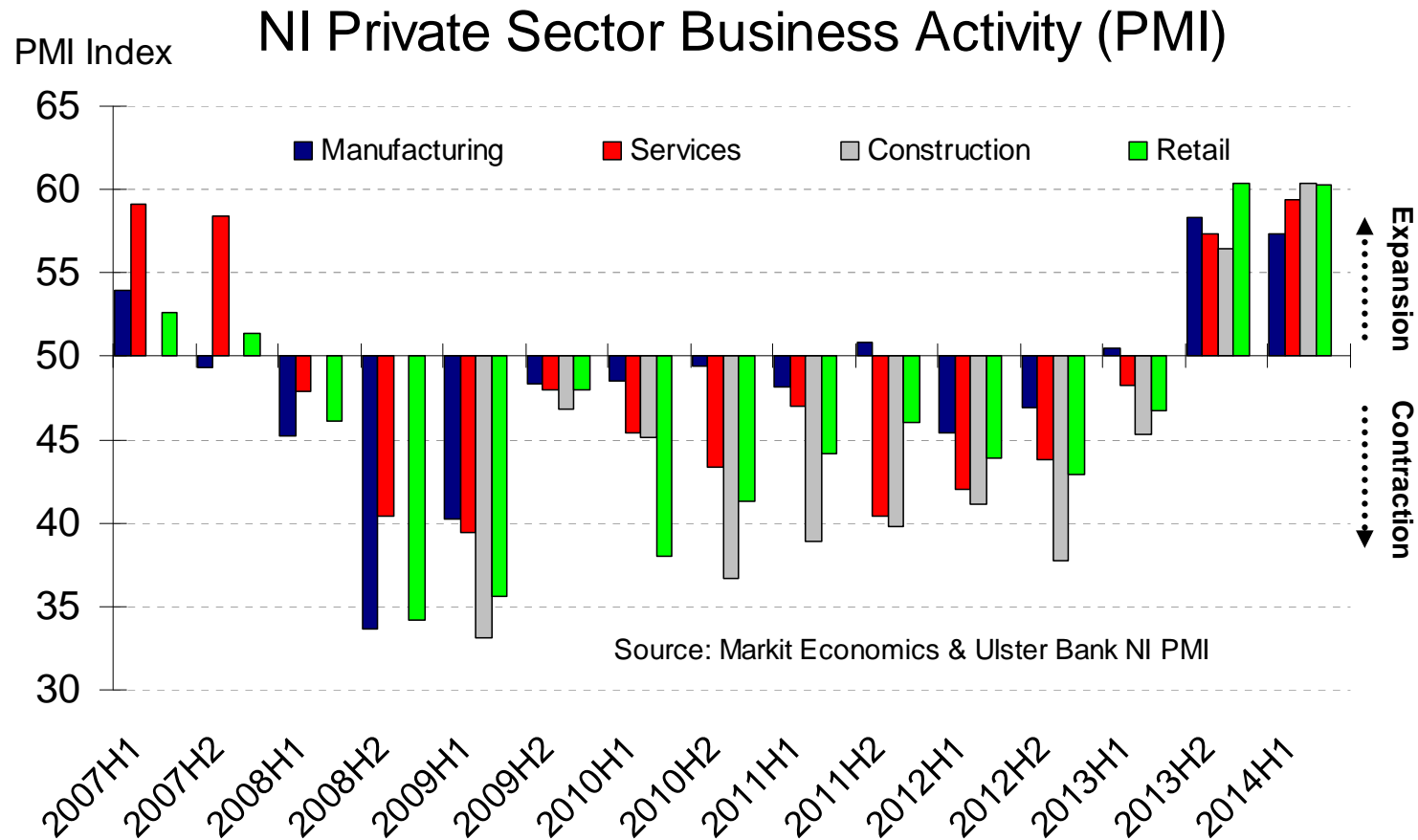
UK posts strong rates of economic growth between Q2 2013 & Q1 2014 with further growth expected in Q2



Rol output growth accelerates within services but eases within manufacturing & construction



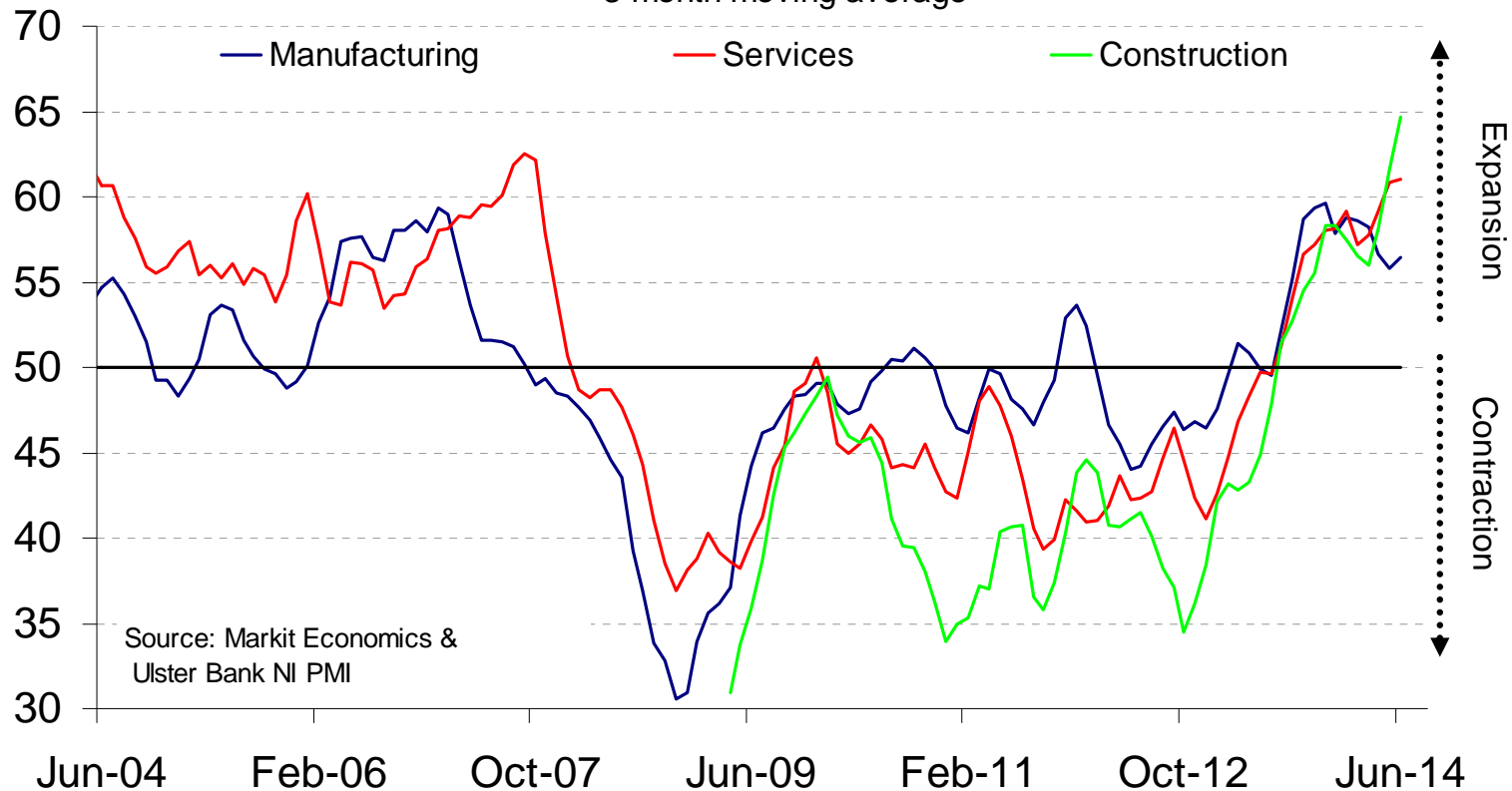
NI's services & construction firms reported stronger rates of growth in output in H1 2014 relative to H2 2013



NI's services and construction sectors saw output accelerate in Q2 relative to Q1...

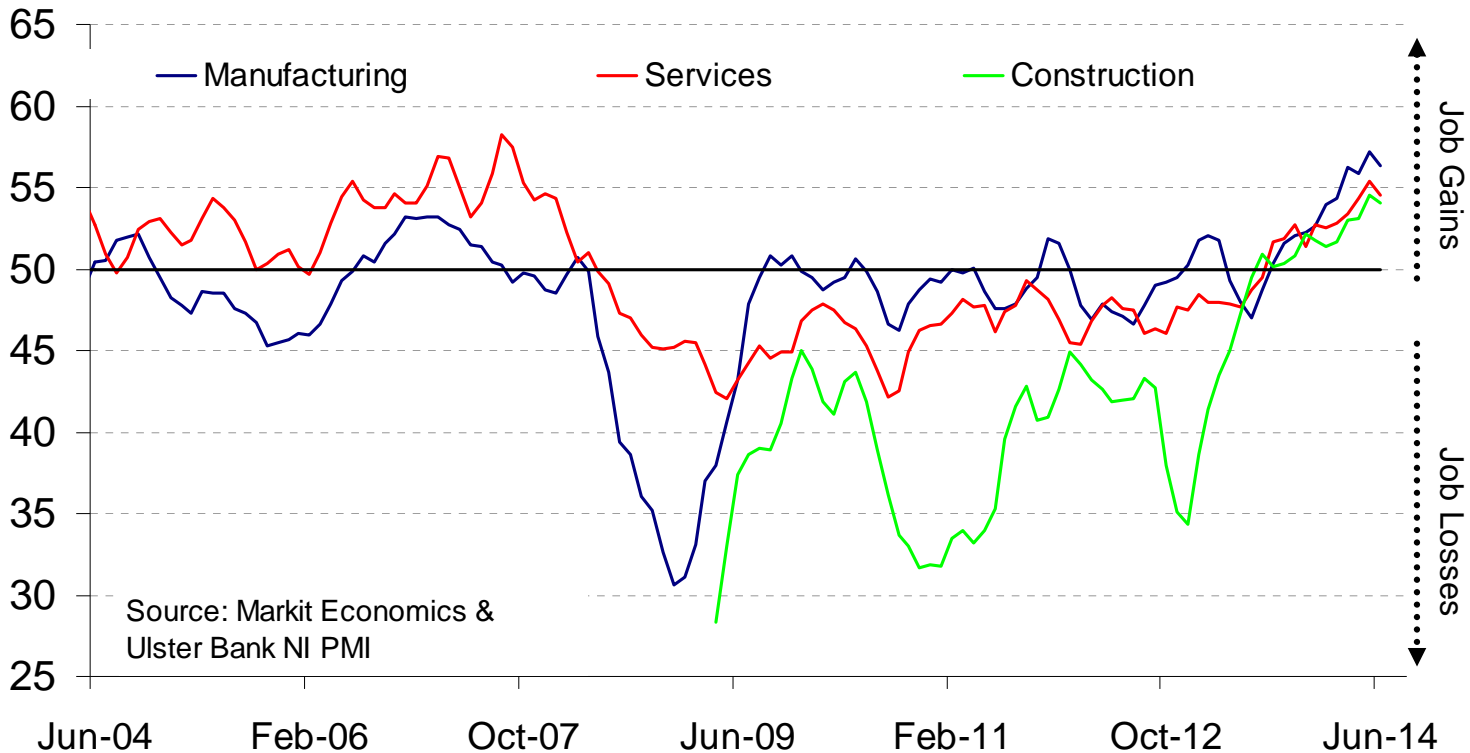
Northern Ireland Private Sector Output

3 month moving average

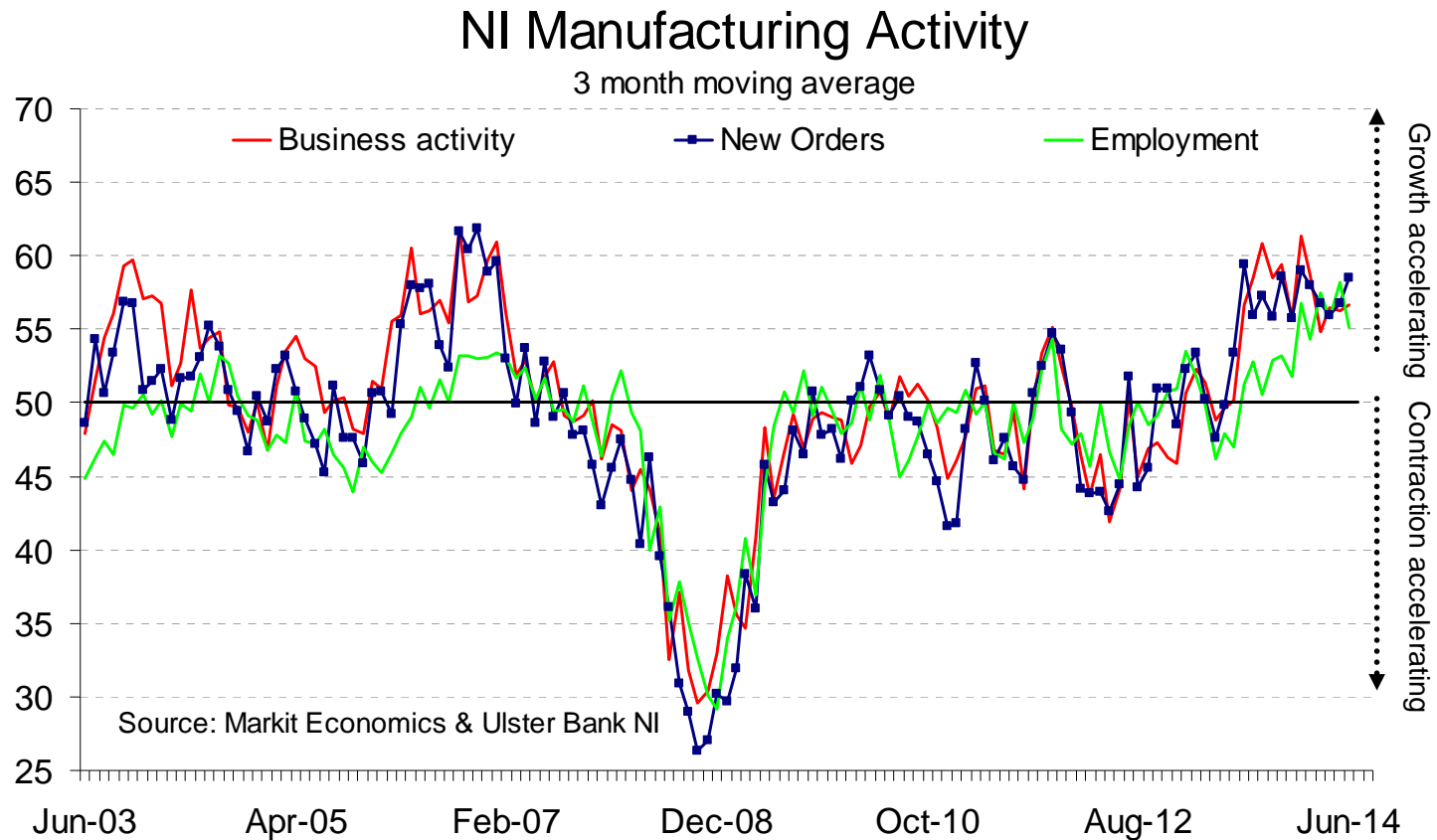


...with all sectors reporting an easing in the rates of employment growth over the last 3 months

NI PMI - Employment Index
3 month moving average

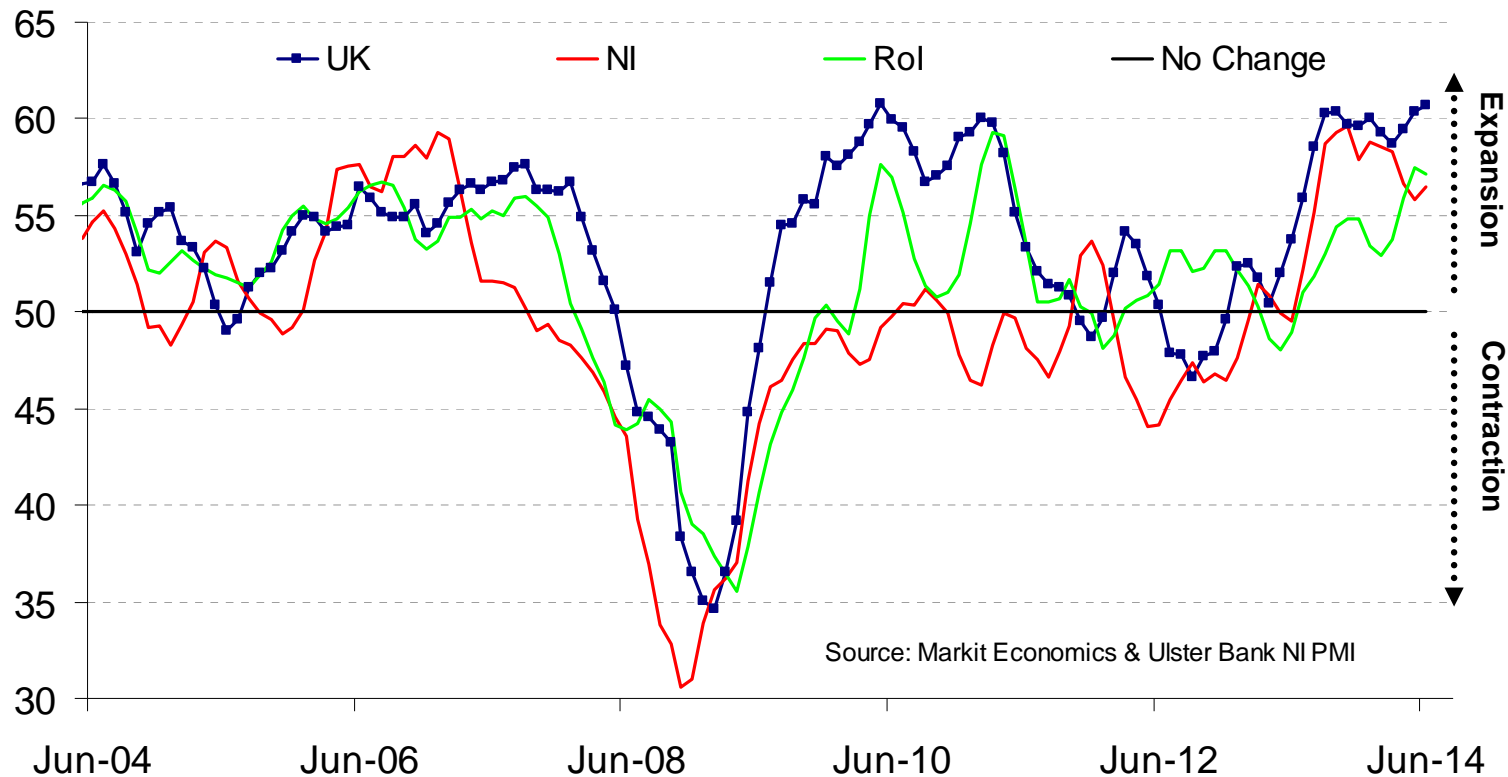


Local firms report strong rates of growth in output & orders. Pace of jobs growth eases from recent record high



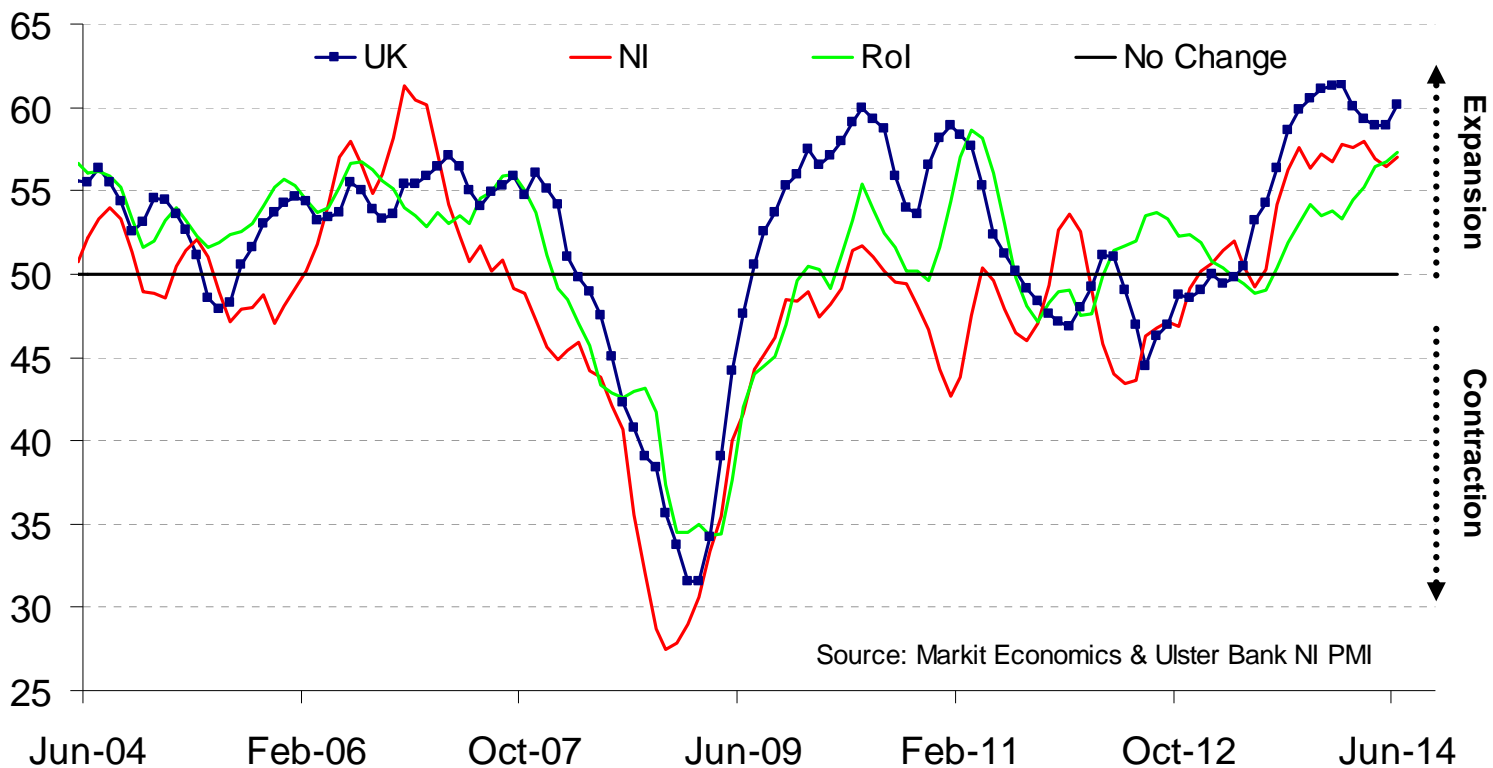
NI & UK manufacturing firms report an acceleration in output growth while the RoI sees its growth rate ease

Manufacturing Output
3 month moving average



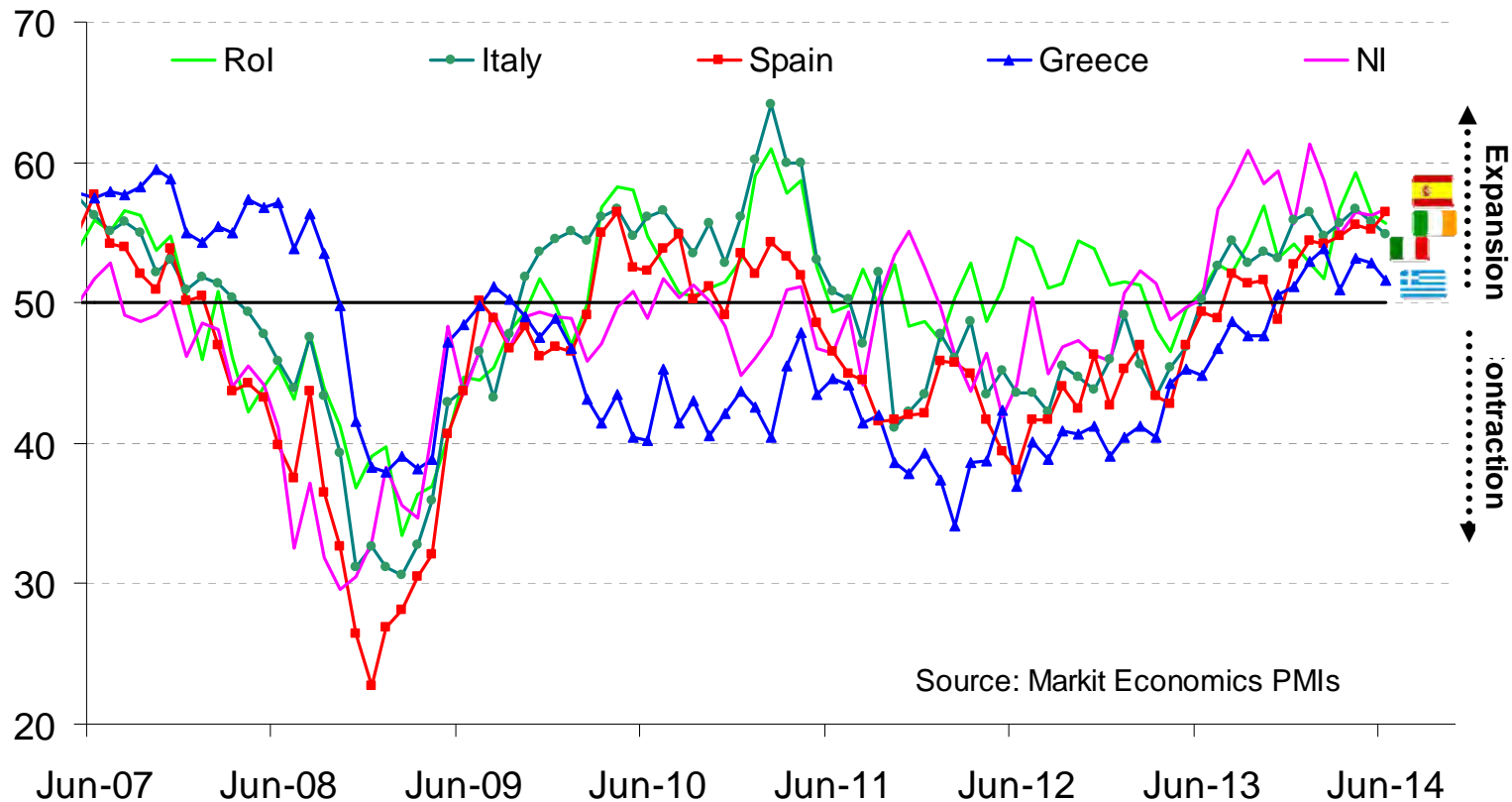
All three economies signal an acceleration in new orders growth in Q2

Manufacturing New Orders 3 month moving average



NI has been outperforming some of its European competitors for most of the last 12 months

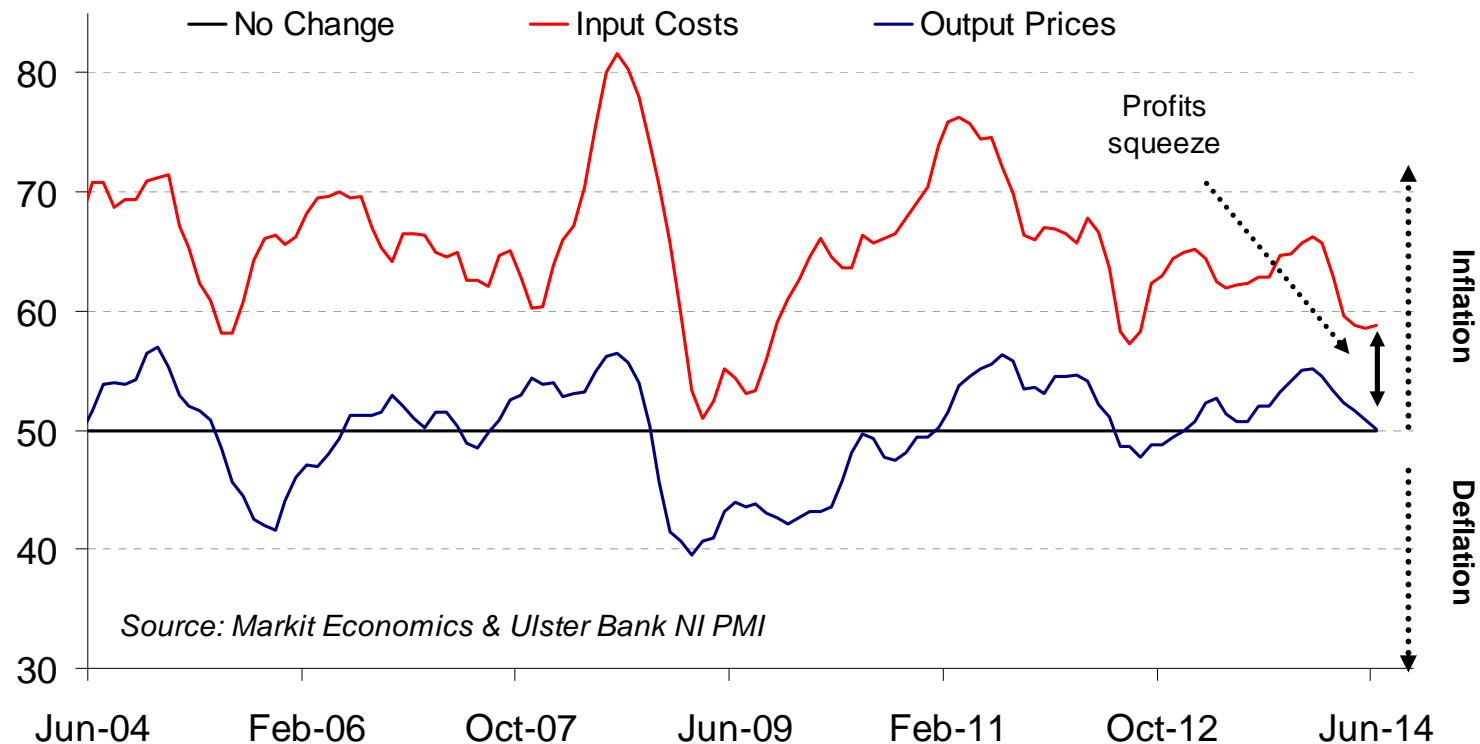
Manufacturing Output - PMI



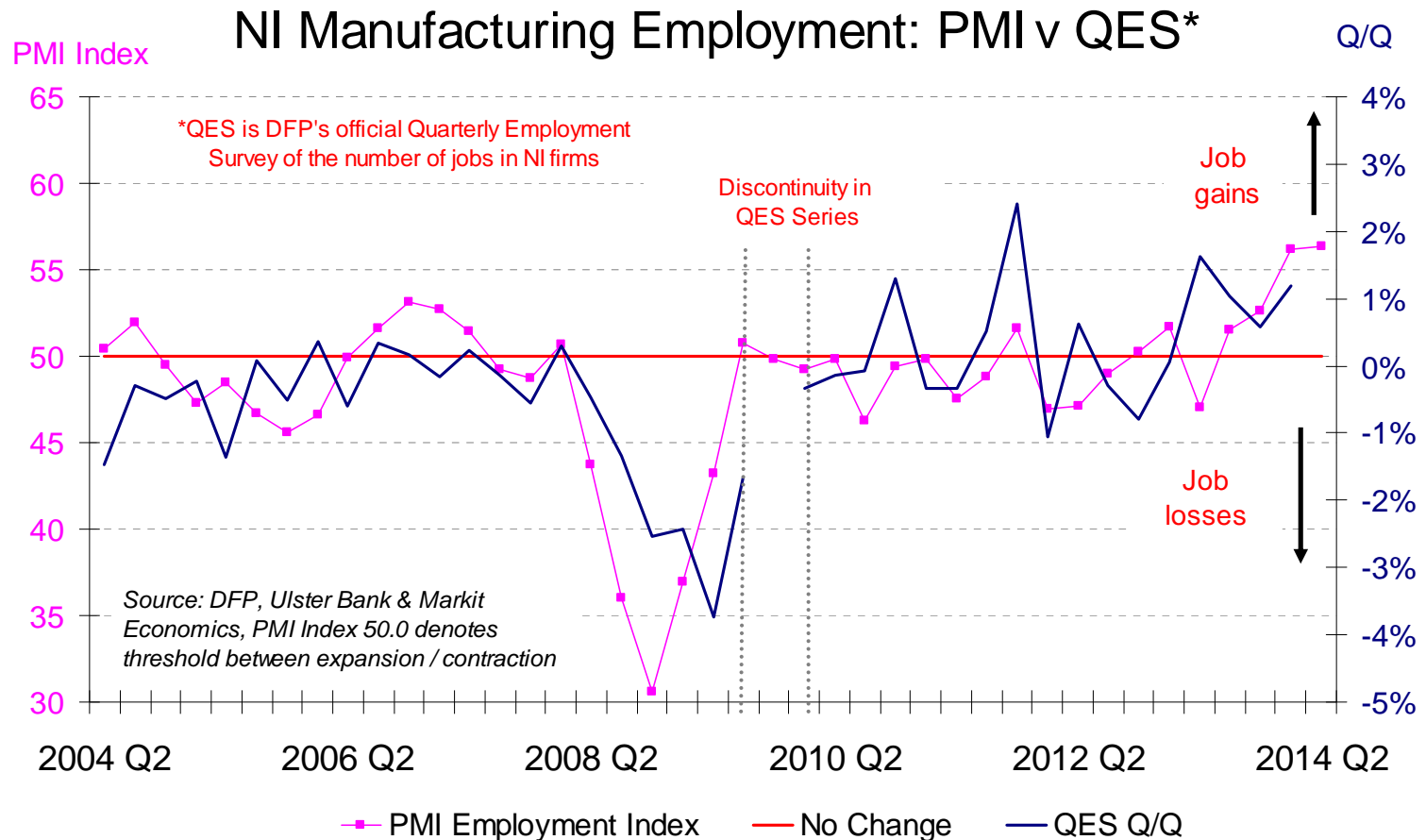
Pricing power eases as NI manufacturing firms report the weakest output price inflation since 2012

NI Manufacturing Input & Output Inflation

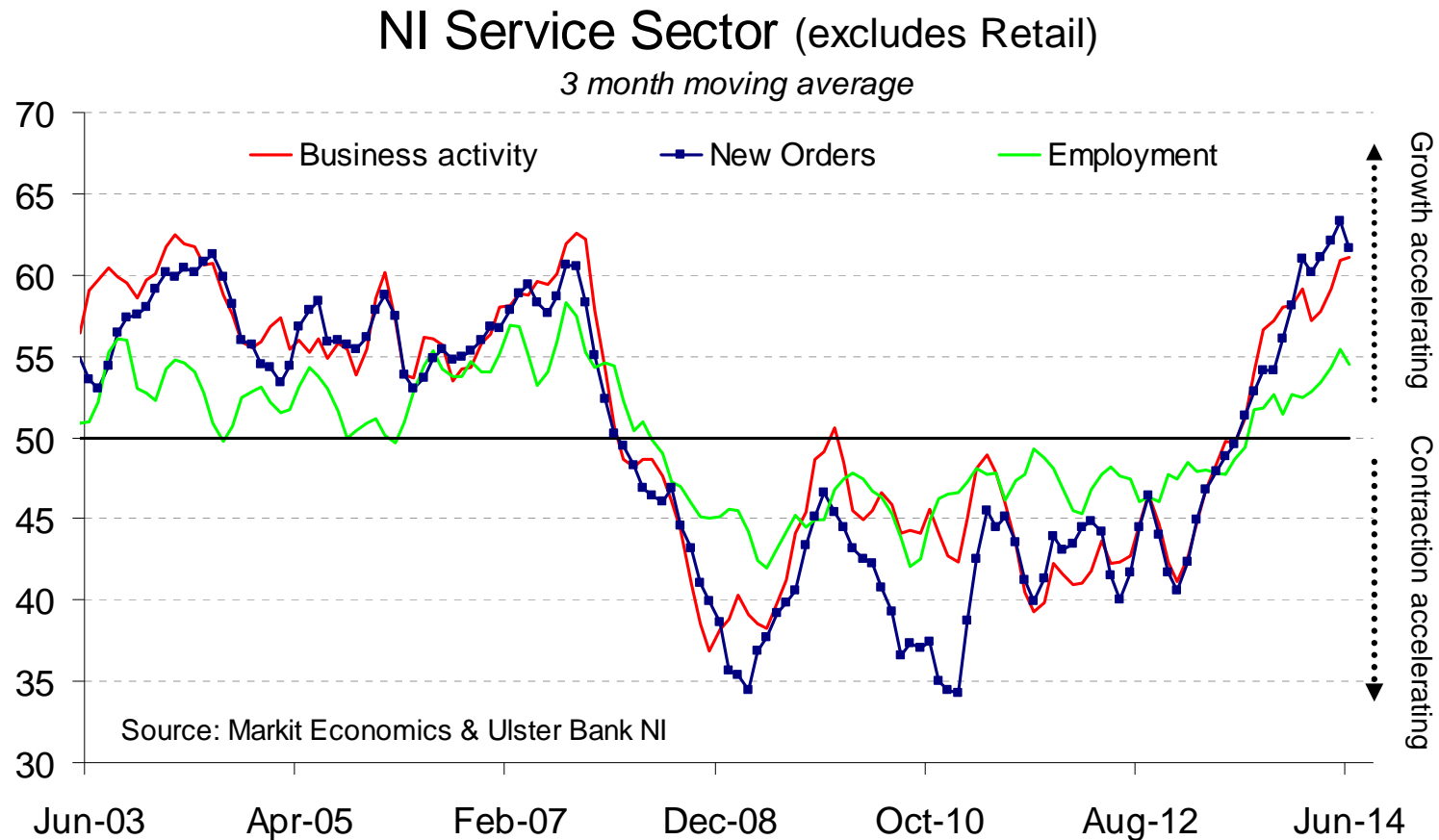
3 month moving average



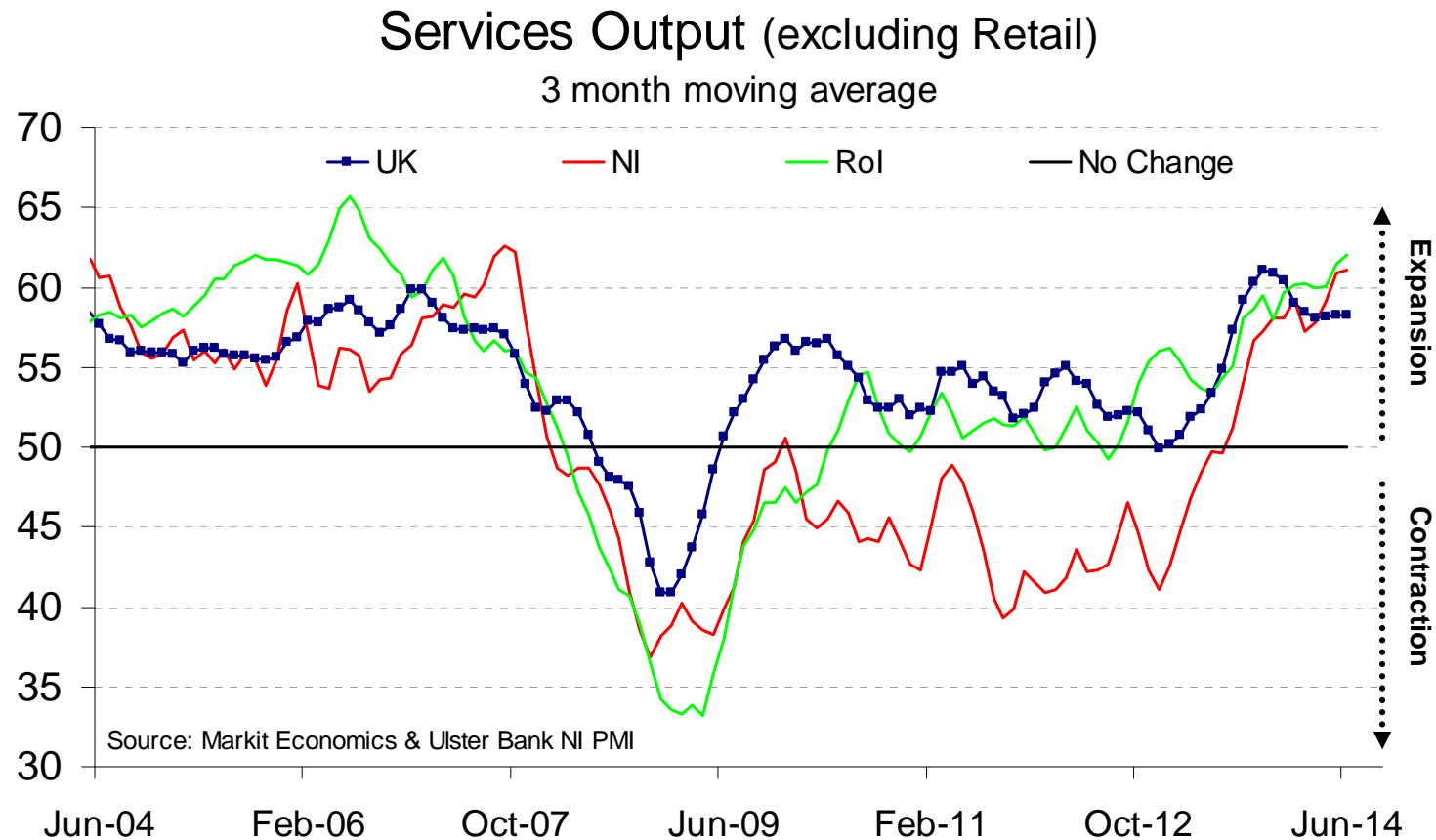
The PMI is signalling the fastest rate of manufacturing employment growth in Q1 & Q2 since the PMI began



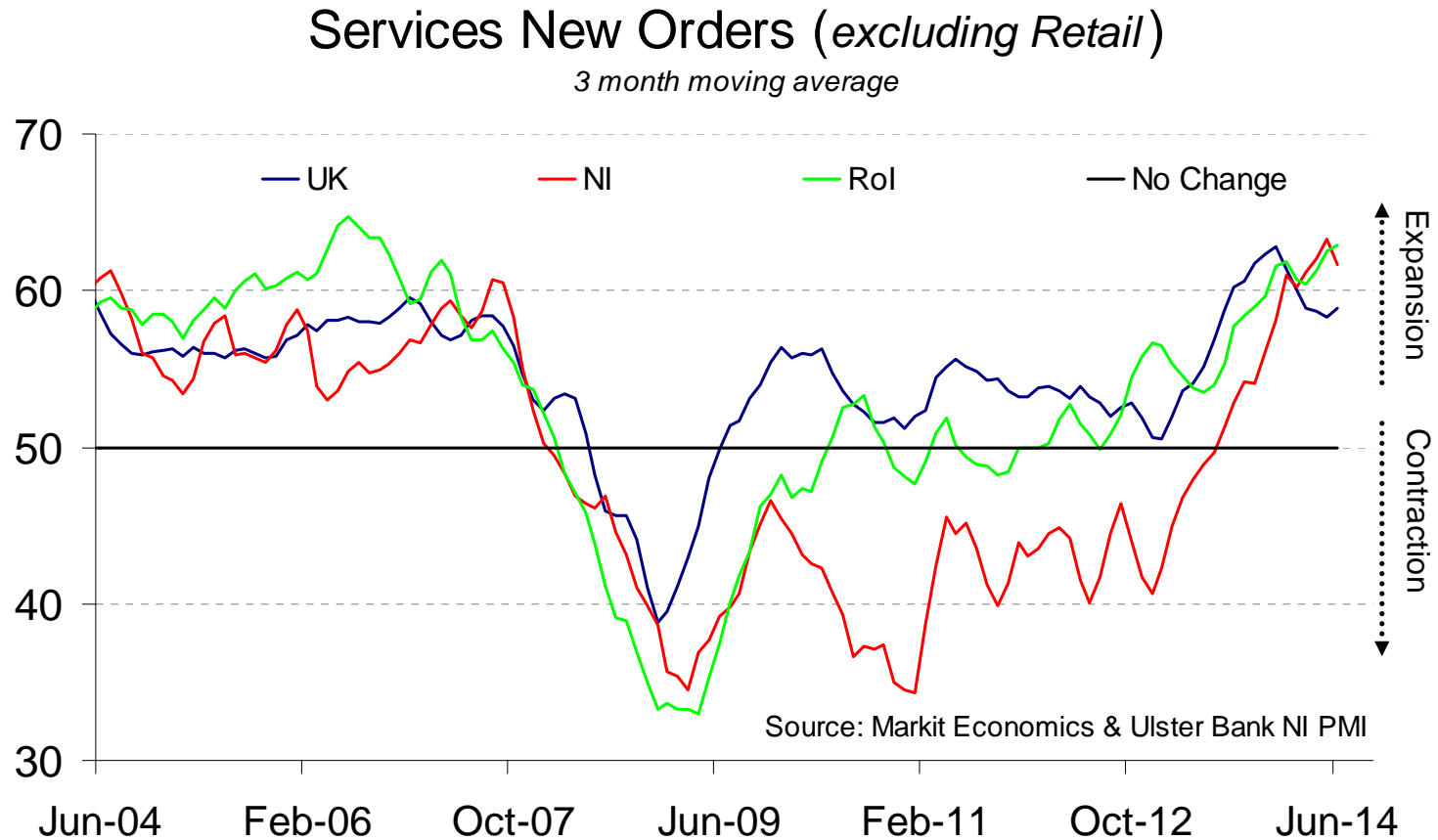
Service sector experiences a slowdown in its rates of growth in employment and new orders



All 3 economies post strong rates of growth in services output in June with the RoI leading the way ...



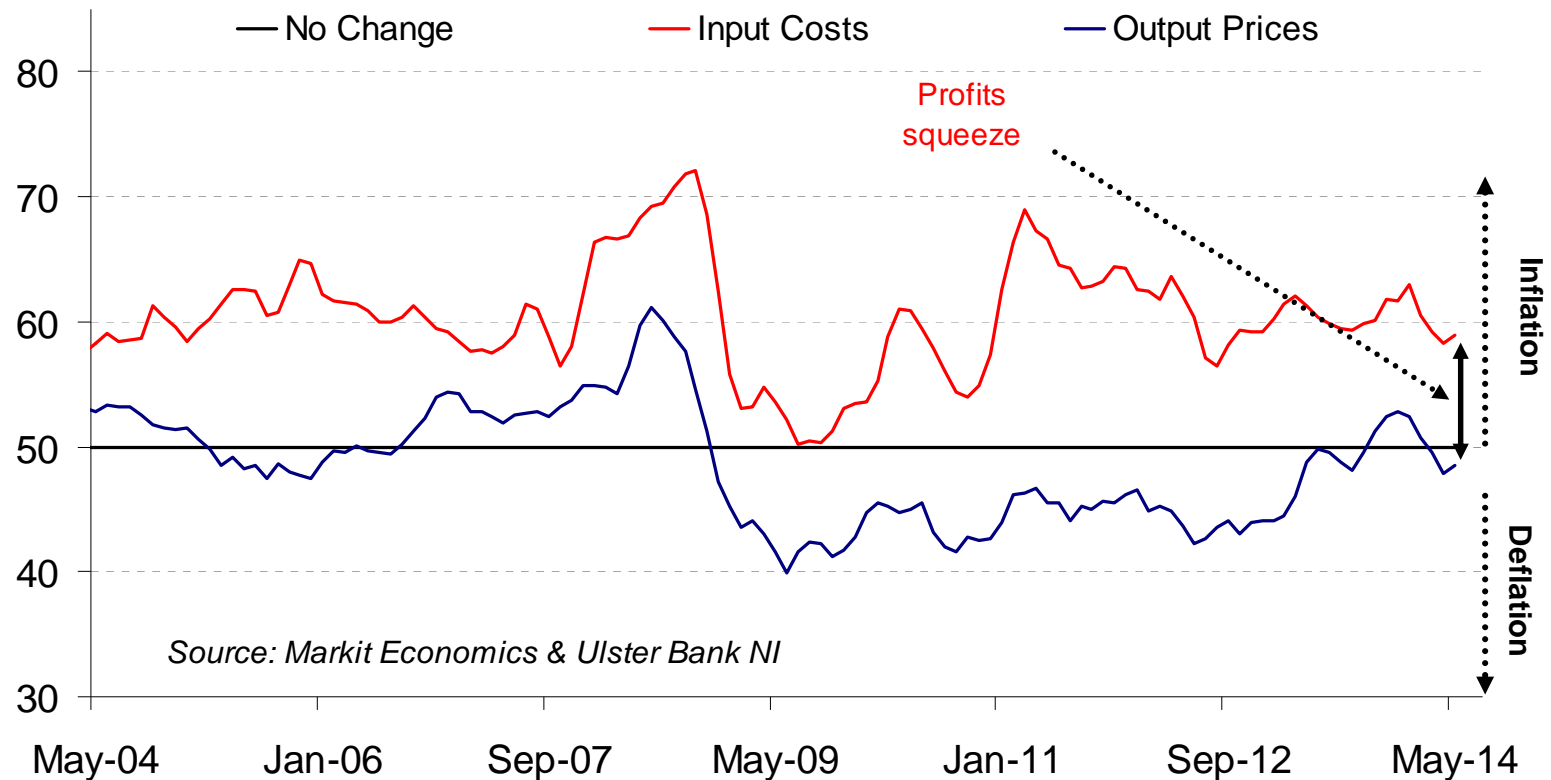
...and very strong rates of new orders growth too



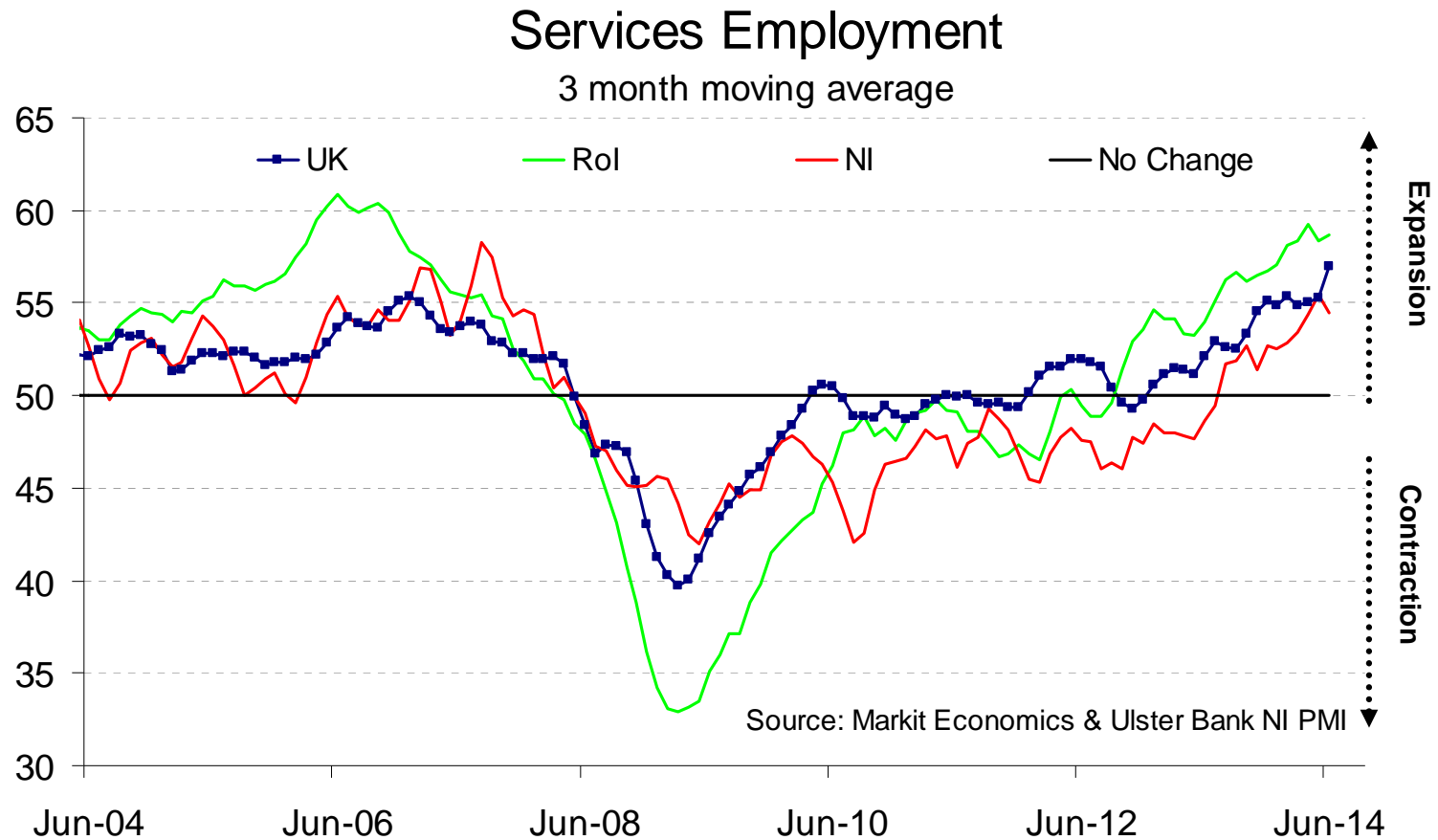
Service sector posts its first monthly rise in output prices in 5-months in June

NI Services Input & Output Inflation

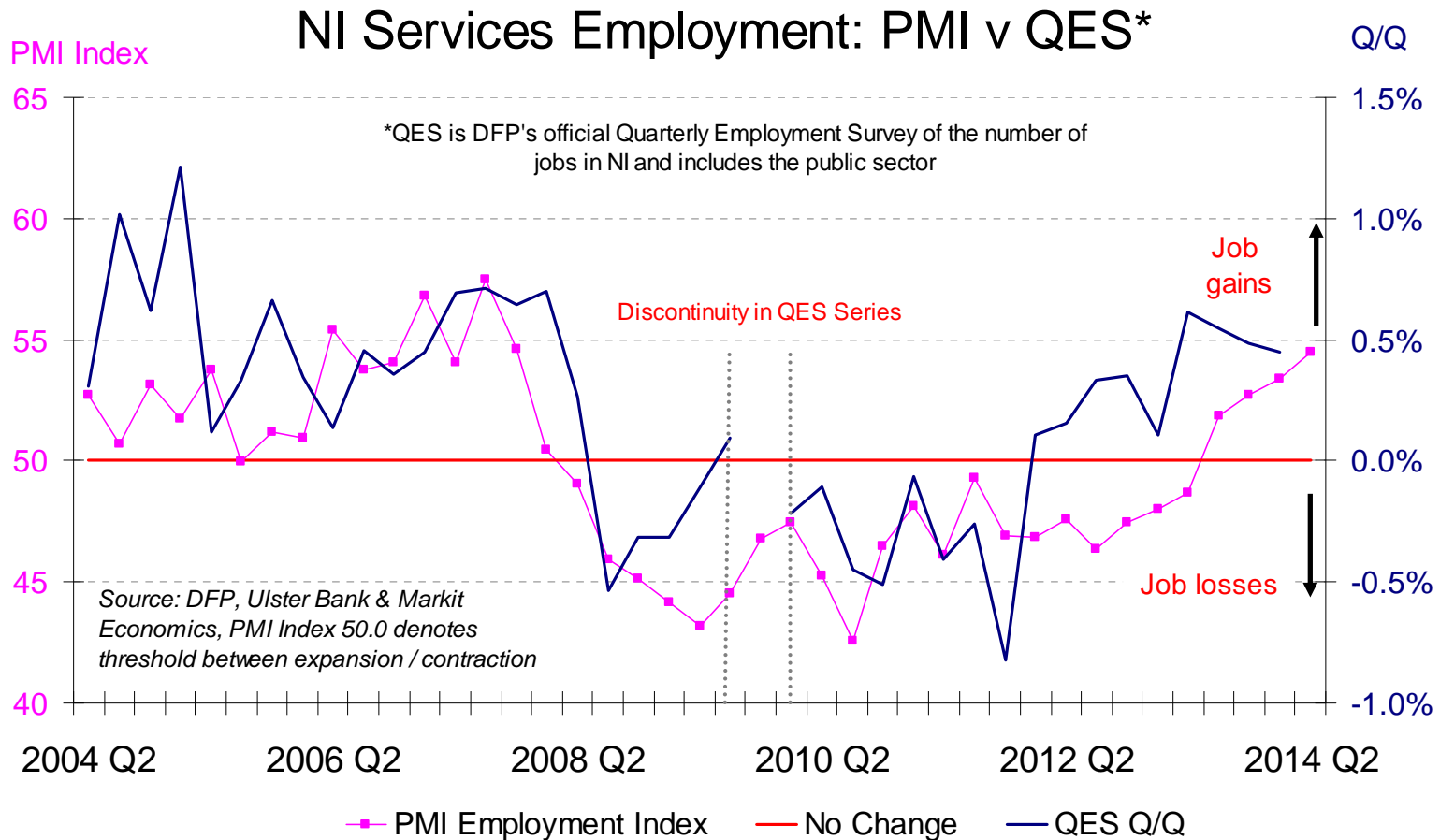
3 month moving average



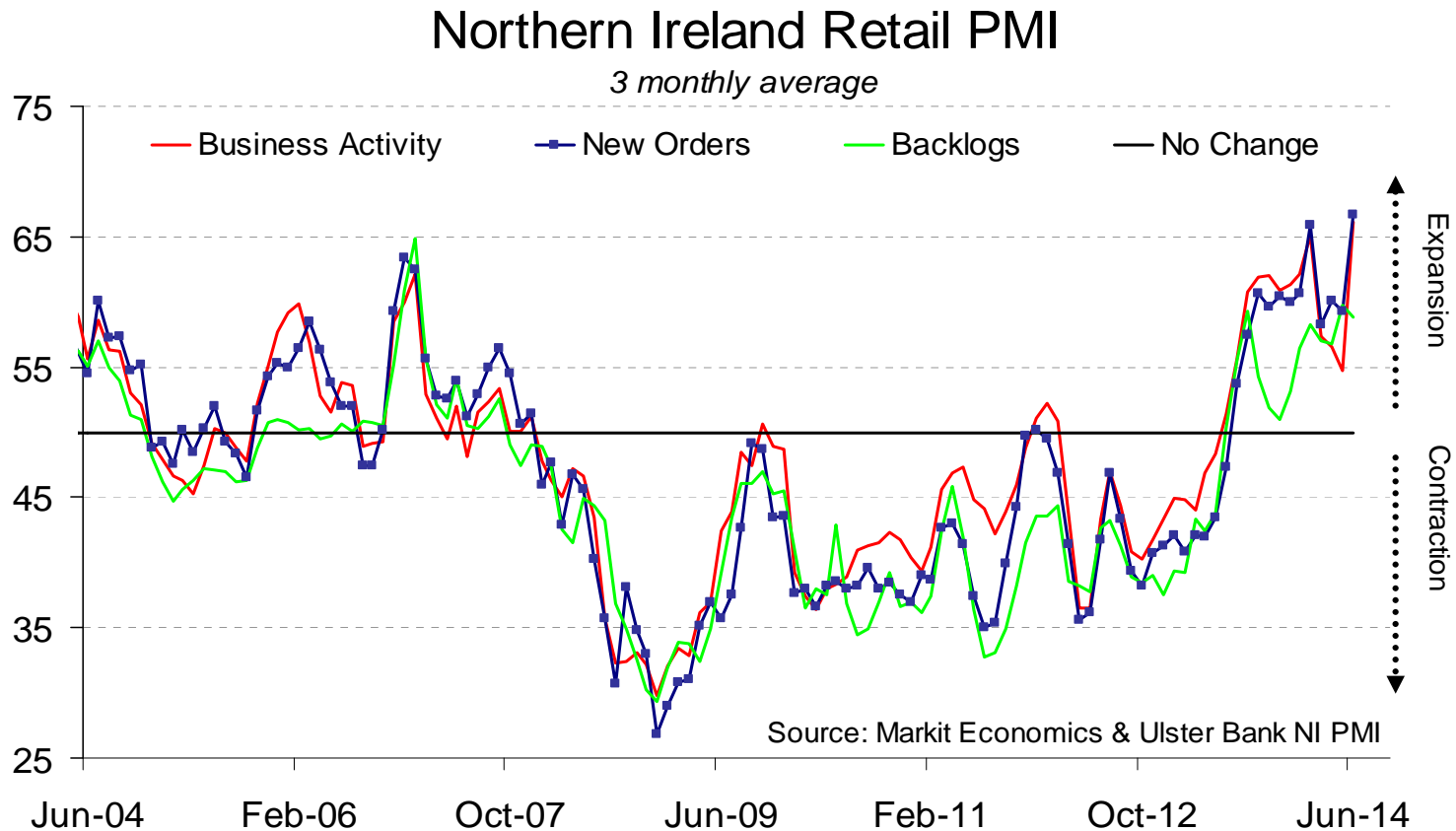
Service sector employment growth remains strong across all 3 economies with NI jobs growth easing



In Q2 the services PMI showed its fastest rate of jobs growth since Q4 2007



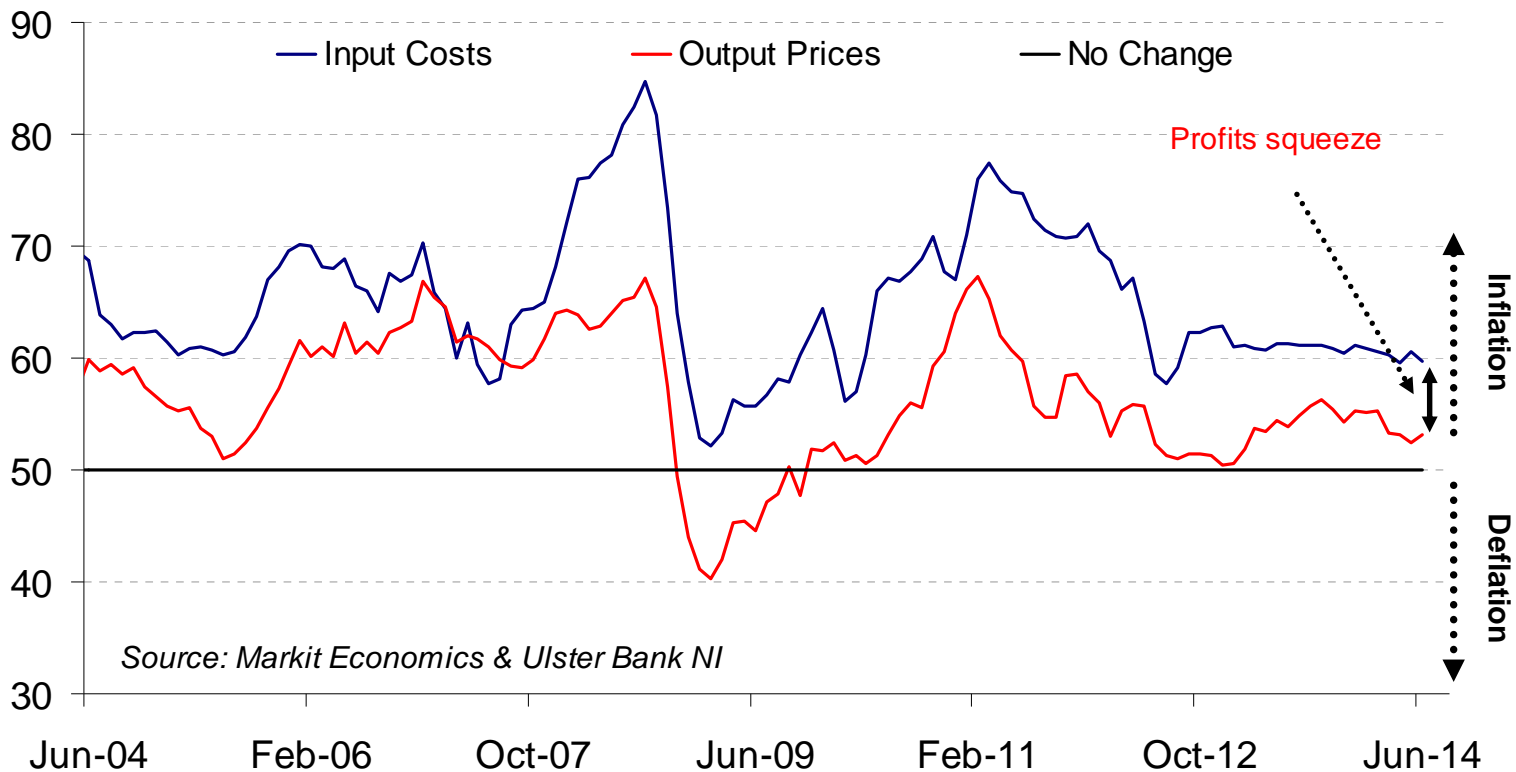
NI retailers report a marked acceleration in sales and new orders in the 3 months to June



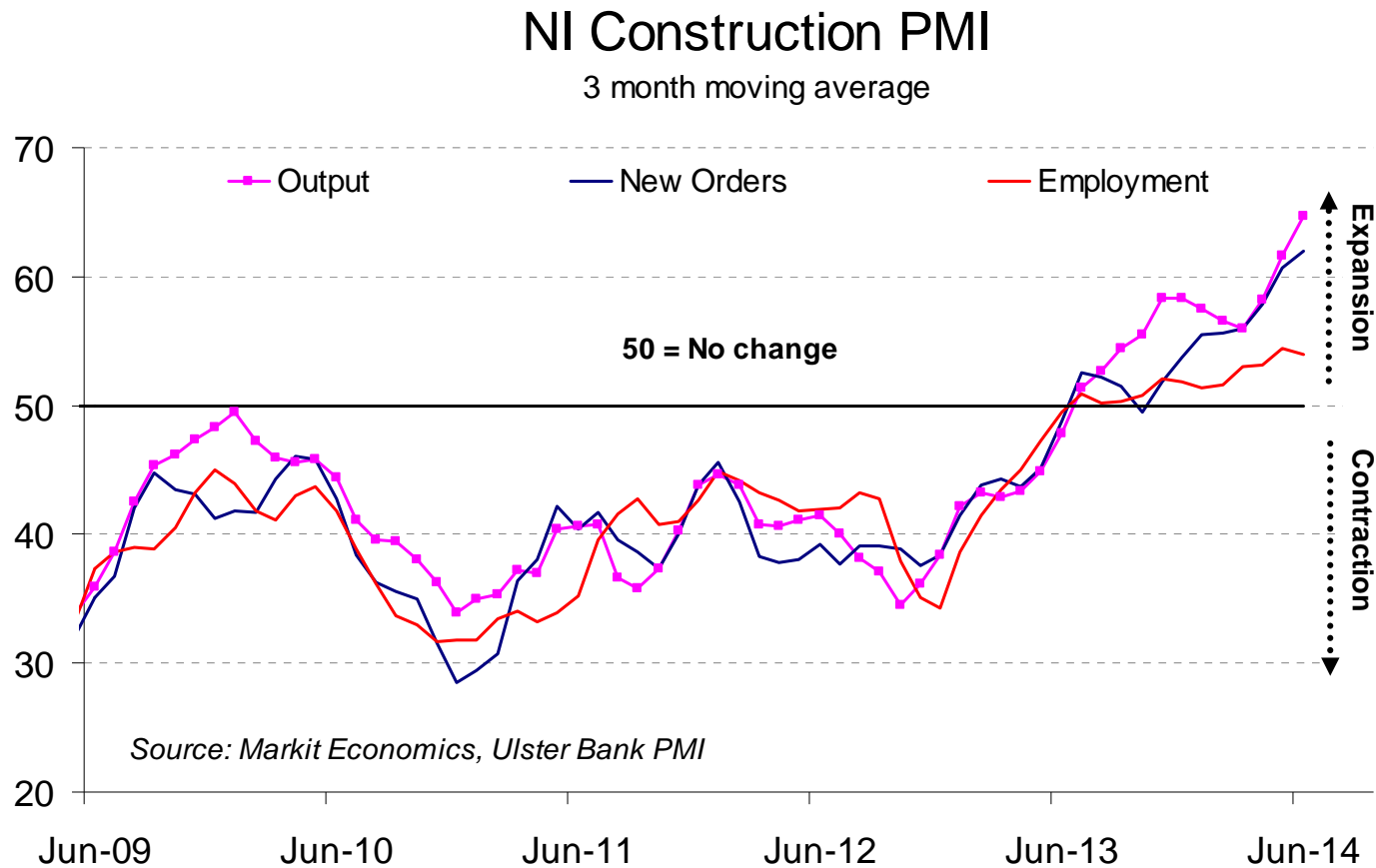
Local retailers report a pick-up in output cost inflation and an easing in input price inflation

NI Retail Input & Output Inflation

3 month moving average



NI's construction sector reports record rates of growth in output & new orders in Q2 with employment also rising

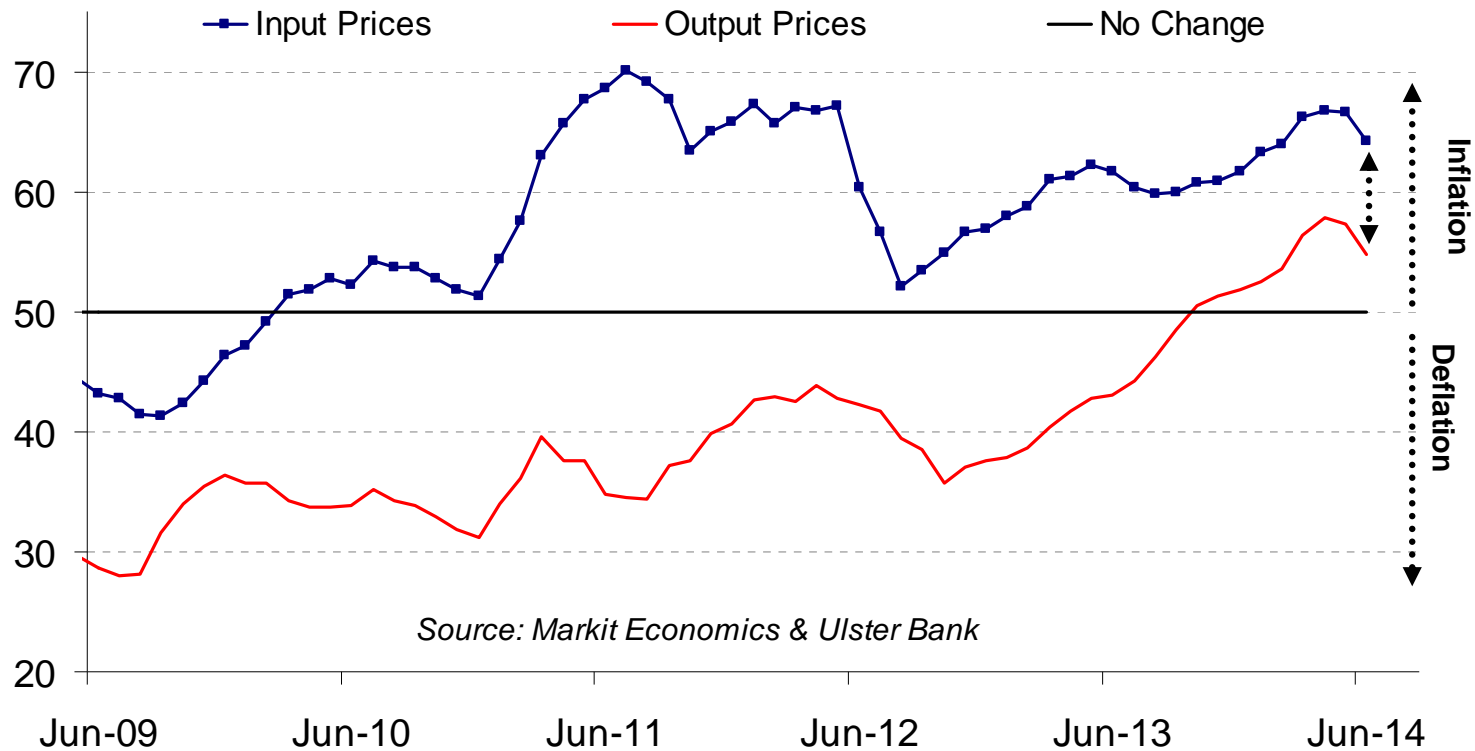


...and output prices have been rising at a record rate

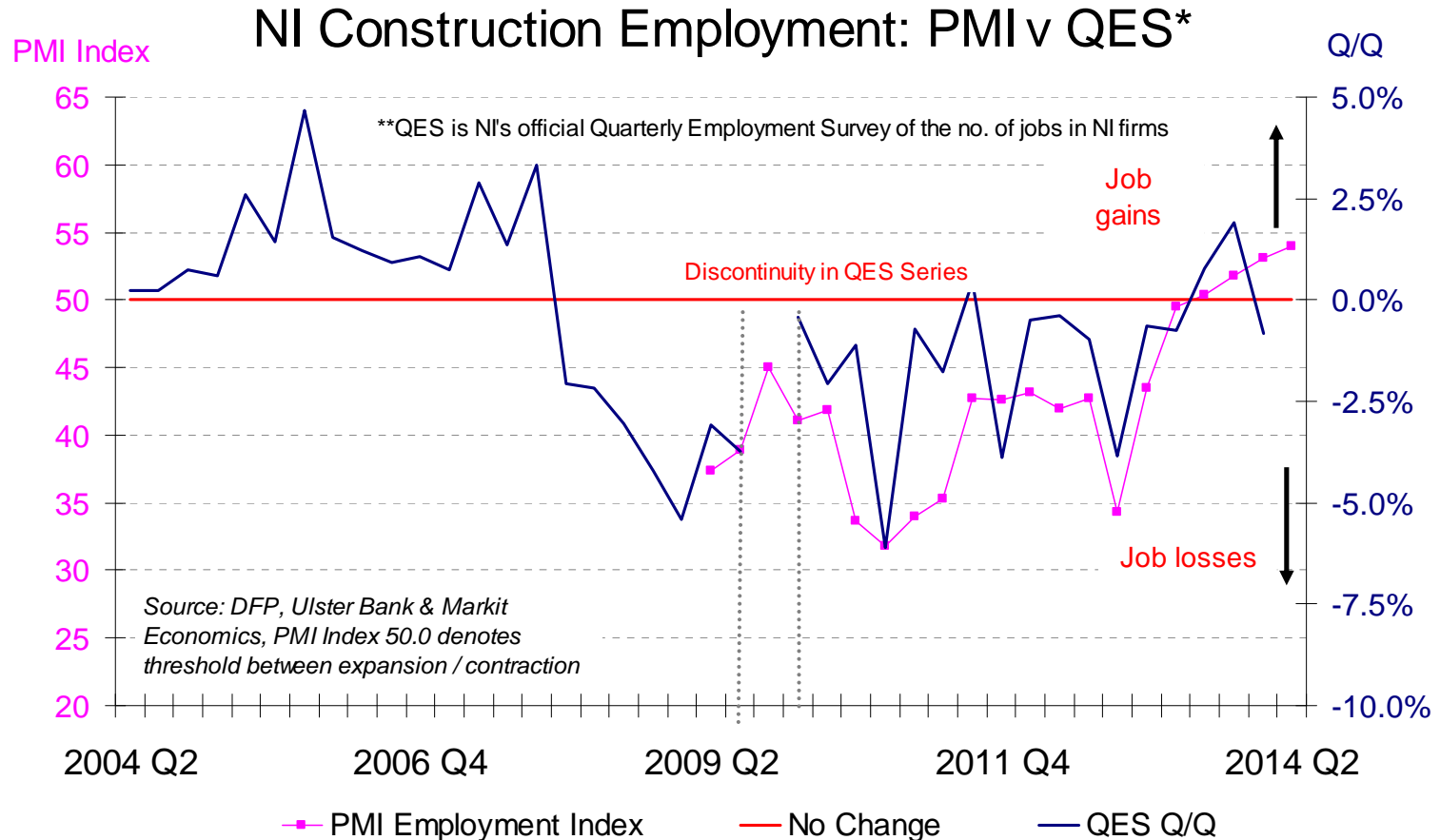
NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



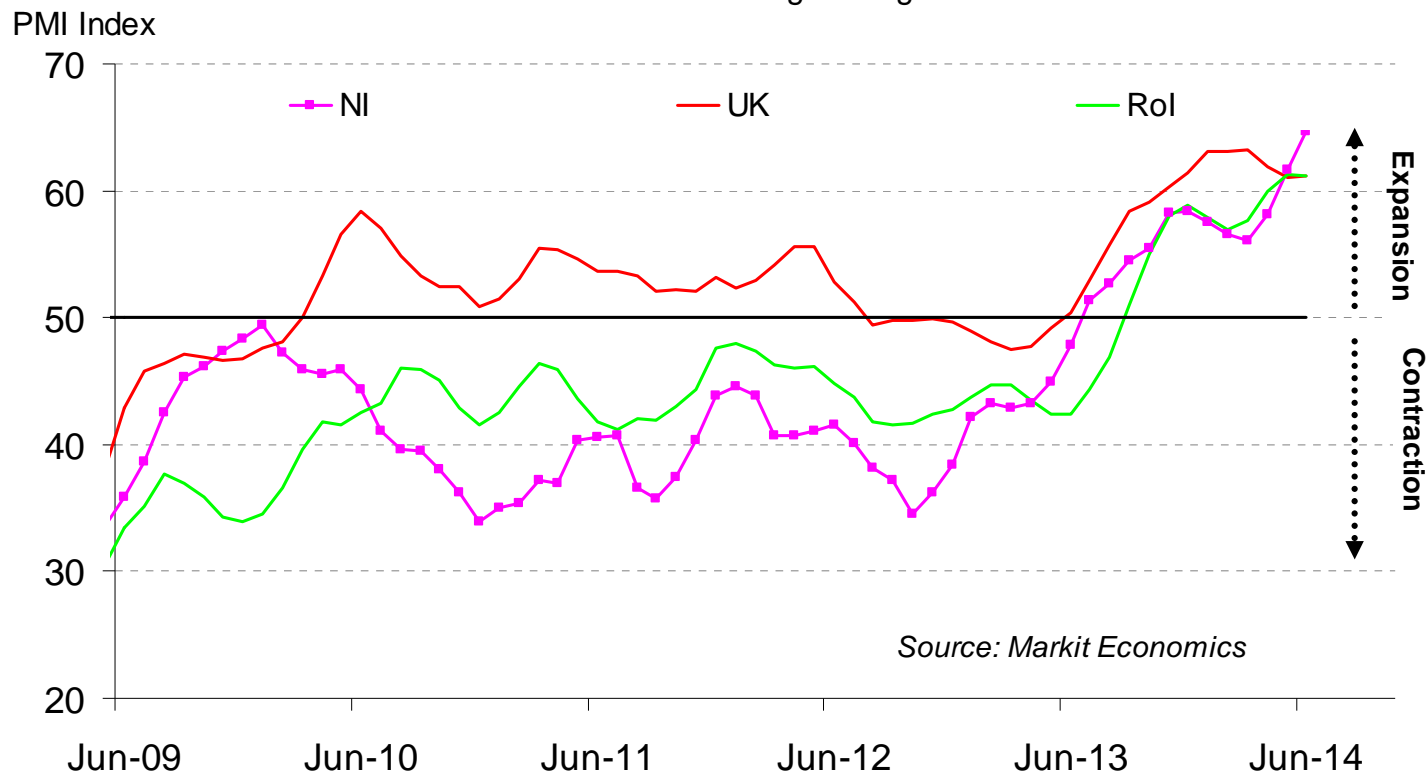
NI's construction PMI posts its 4th successive quarterly rise in employment in Q2 but QES shows a fall in Q1



Construction output growth remains strong in all three economies. Growth accelerating in NI in Q2

Construction Sector Output - PMI

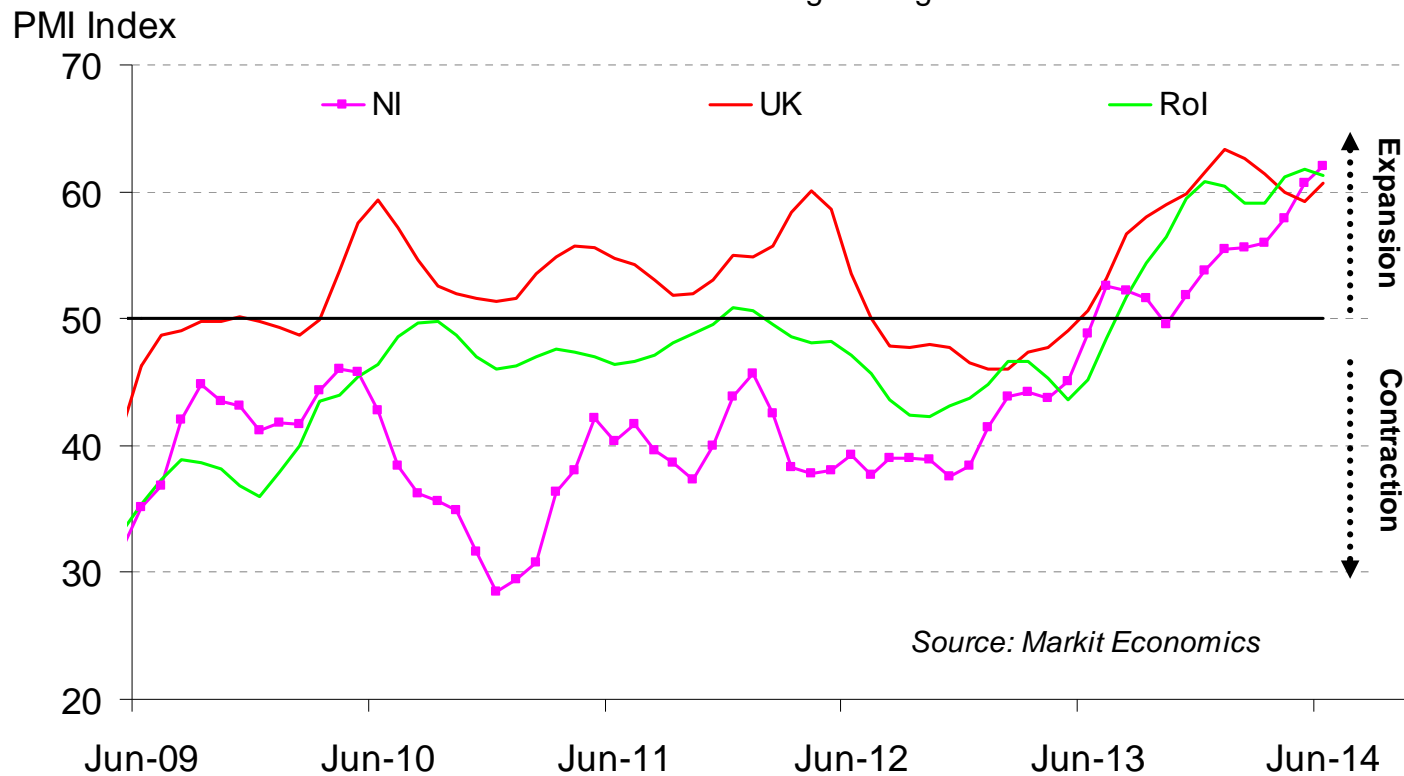
3 month moving average



NI new orders growth hits a record high in Q2 and suggests significant work remains in the pipeline

Construction Sector New Orders - PMI

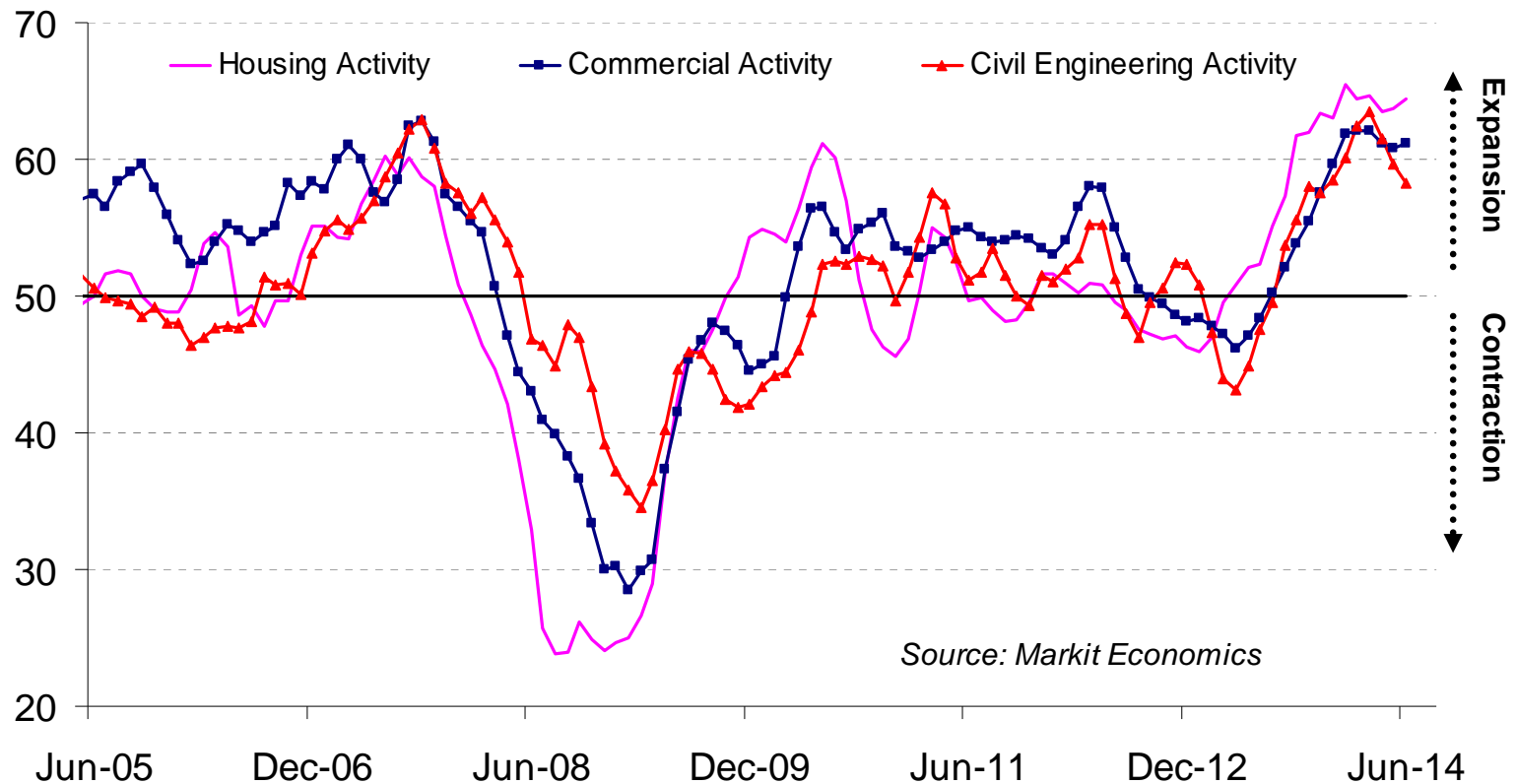
3 month moving average



Opportunities for NI firms within GB. House building has recently been expanding at its fastest rate in over 11 years

UK Construction Activity - PMIs

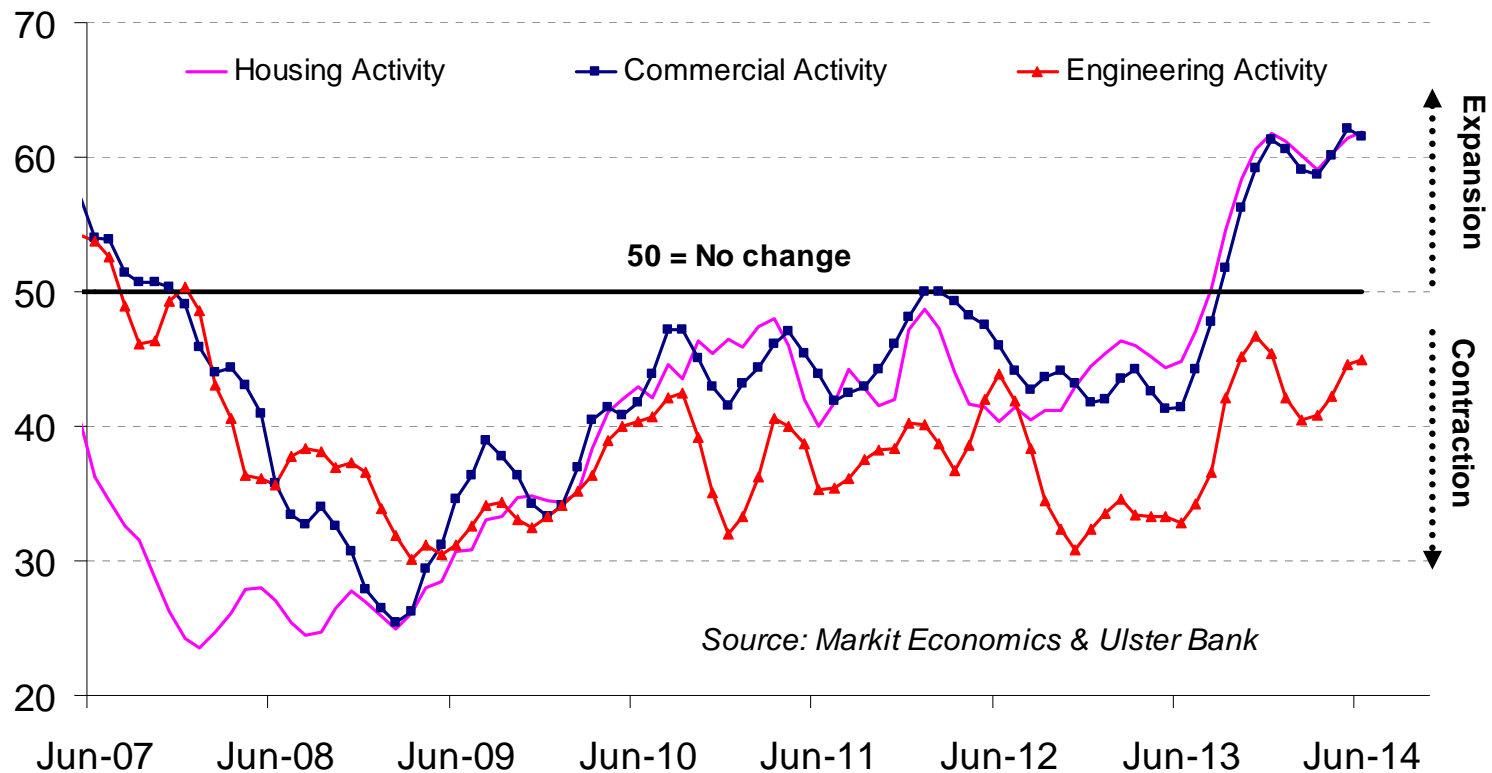
3 month moving average



...with opportunities returning within the RoI too

Republic of Ireland Construction Activity - PMI

3 month moving average



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