

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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Employment rises at fastest pace since August 2007

The improvements in the Northern Ireland private sector seen in the third quarter of the year continued in October, with further solid rises in output and new orders recorded. Higher new business supported the strongest increase in employment in more than six years. Input prices continued to rise sharply and companies increased their output charges at a slightly faster pace in response.

Fourth successive rise in output

Northern Ireland companies posted another strong expansion of private sector output in October, although the rate of growth remained slower than the UK economy average. All four sectors posted higher activity, with the construction sector seeing growth accelerate to the strongest since the series began in early-2009. Where output rose, panellists mainly linked this to higher new orders.

Improving economic conditions led to higher demand from both new and existing clients in October, according to respondents. New orders rose markedly, extending the current sequence of expansion to five months. New export orders also increased, albeit only marginally.

Solid rise in employment

Higher workloads fed through to rises in both backlogs of work and employment during October, with each increasing at the fastest rate in 74 months. The accumulation of outstanding business was the fourth in the past five months following a marginal decline in September.

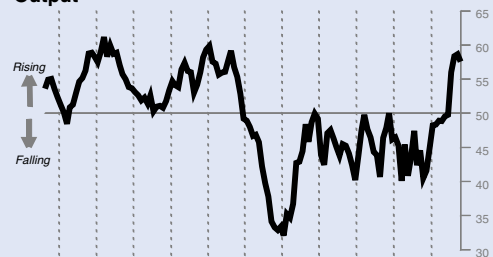
Staffing levels increased for the fourth consecutive month, although the rate of job creation at Northern Ireland companies was slower than recorded across the UK economy as a whole. Solid increases in staffing levels were recorded across all four monitored sectors.

Cost inflation eases from September

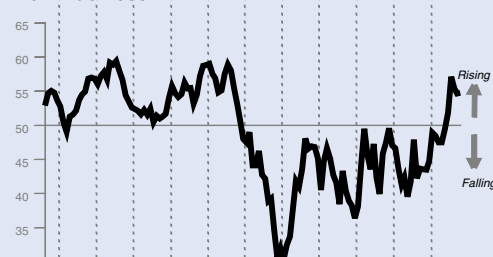
The rate of input cost inflation slowed from September's 17-month high and was weaker than the series average. That said, the rise in input costs was still faster than the UK average. Where input prices increased, this was partly linked to higher energy costs, while some respondents mentioned a rise in the national minimum wage. Manufacturers posted the fastest rate of cost inflation during the month.

The rate of output price inflation quickened for the third month running in October and was the sharpest since September 2008. Respondents indicated that the rise in charges mainly reflected attempts to pass on higher input costs to clients. All four monitored sectors posted inflation of output prices, with the sharpest rises seen at manufacturers and retailers.

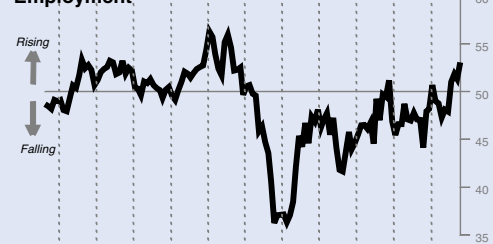
Output



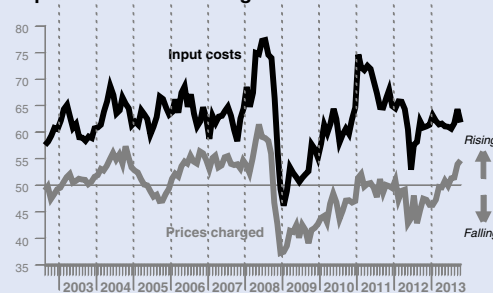
New Business



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?

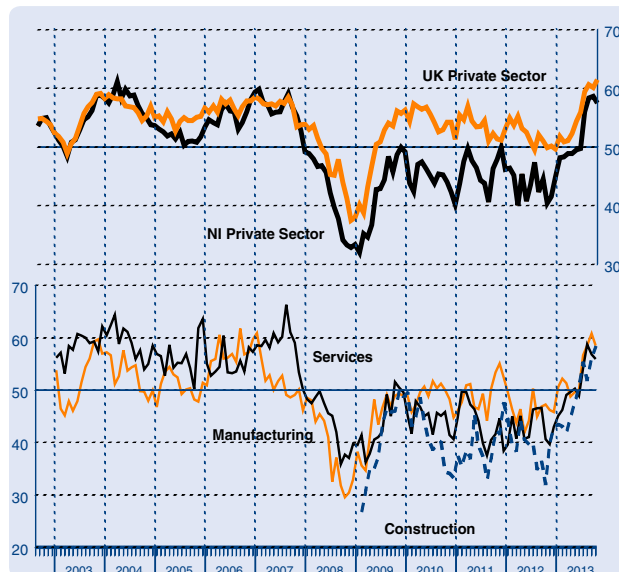
Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	May	26.2	50.2	23.5	2.7	51.3	49.6
	Jun	22.6	54.2	23.2	-0.5	49.7	49.8
	Jul	32.8	45.9	21.3	11.5	55.7	56.1
	Aug	30.0	55.4	14.7	15.3	57.6	58.4
	Sep	36.0	52.5	11.5	24.4	62.2	58.7
	Oct	30.4	59.3	10.3	20.1	60.0	57.6

Northern Ireland private-sector firms recorded a fourth successive monthly rise in output during October. The rate of expansion remained strong despite easing slightly from the previous month, but was still slower than the UK economy average. Respondents indicated that greater new business was the main factor leading to higher activity, while there were some mentions of strength in the construction sector. All four sectors posted higher activity, led by retail.

Meanwhile, construction activity increased at the sharpest pace since the series began in February 2009. Further strong growth was seen in the manufacturing and service sectors.

By sector

		Construction	Manufacturing	Services
'13	Aug	51.9	58.5	58.8
	Sep	56.2	60.9	56.8
	Oct	58.4	58.5	56.0



New Business

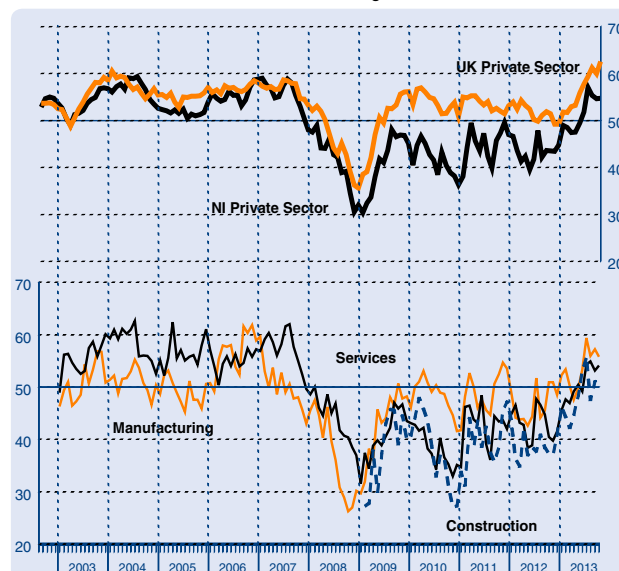
Q. Is the level of new orders or incoming new business at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	May	26.4	48.4	25.2	1.2	50.6	49.5
	Jun	28.6	47.5	24.0	4.6	52.3	51.9
	Jul	28.0	53.2	18.9	9.1	54.6	57.1
	Aug	28.5	51.2	20.3	8.1	54.1	55.4
	Sep	30.2	57.6	12.2	18.0	59.0	54.7
	Oct	27.6	57.4	15.0	12.6	56.3	54.8

A further marked increase in new business was recorded during October, with the rate of expansion broadly unchanged from that seen in September. The rise in new orders at Northern Ireland companies was slower than that registered across the UK as a whole. Improving market conditions were mentioned by some of those respondents that recorded growth of new orders, with reports of higher new business from both new and existing clients. Retail, manufacturing and services each posted higher new orders in the latest survey period. Meanwhile, construction saw little change in new business, following a slight rise in the previous month.

By sector

		Construction	Manufacturing	Services
'13	Aug	47.5	56.0	55.0
	Sep	51.2	57.3	53.2
	Oct	49.8	55.8	54.2



Backlogs

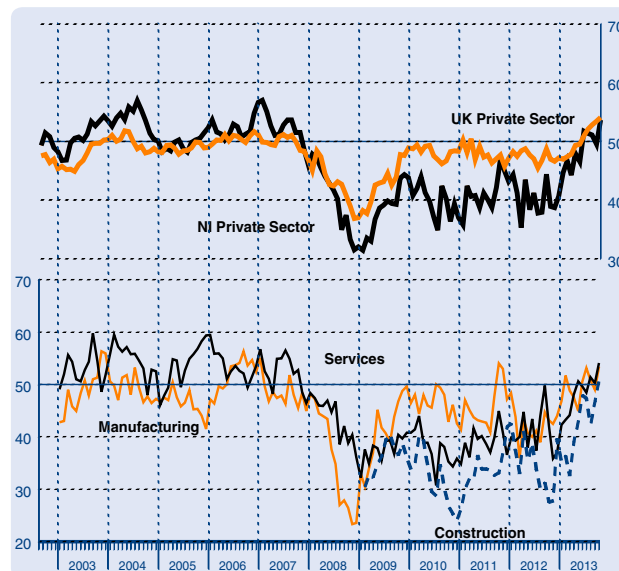
Q. Is the level of business outstanding (i.e. work not yet commenced or completed) at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	May	15.5	61.5	23.0	-7.4	46.3	46.6
	Jun	20.8	67.9	11.3	9.5	54.7	51.8
	Jul	17.6	63.0	19.4	-1.8	49.1	51.4
	Aug	16.8	63.9	19.3	-2.5	48.8	51.2
	Sep	19.4	66.5	14.0	5.4	52.7	49.6
	Oct	23.2	62.3	14.5	8.7	54.3	53.7

According to respondents, rising new business in October contributed to an accumulation of backlogs of work during the month. Outstanding business increased at a solid pace that was the strongest since August 2007. This followed a marginal fall in the previous month and was the fourth monthly accumulation since June. The UK as a whole also posted a solid rise in backlogs, and one that was slightly faster than registered in Northern Ireland. All four monitored sectors posted a rise in outstanding business, with the sharpest increases seen at service providers and manufacturers.

By sector

		Construction	Manufacturing	Services
'13	Aug	42.4	50.9	51.4
	Sep	46.8	49.0	50.3
	Oct	51.1	53.4	54.2



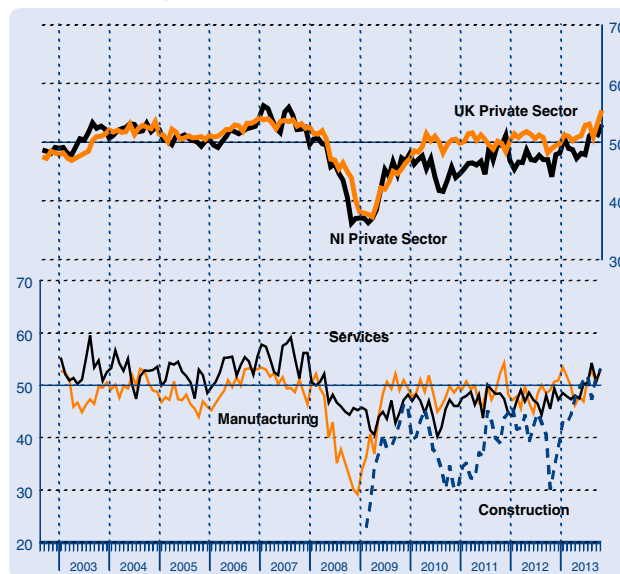
Employment

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
2013 May	11.2	75.8	13.1	-1.9	49.0	48.1	51.1
Jun	9.2	79.2	11.6	-2.4	48.8	47.9	52.9
Jul	15.9	72.3	11.8	4.1	52.0	51.0	53.2
Aug	14.4	75.7	9.9	4.5	52.3	51.8	50.9
Sep	15.0	73.4	11.6	3.4	51.7	51.4	53.4
Oct	16.8	76.4	6.8	10.0	55.0	53.1	55.5

October data pointed to a further increase in employment at Northern Ireland companies, extending the current sequence of job creation to four months. Furthermore, the pace of increase was solid, having accelerated to the fastest in more than six years. That said, the rate of job creation at Northern Ireland firms was still weaker than the UK economy average. Solid employment growth was recorded across each of the four broad sectors covered by the survey. Retailers took on extra staff at the fastest pace since early 2007, while the rise in construction employment was the sharpest in the five-year series history.

By sector				
		Construction	Manuf-acturing	Services
'13 Aug		47.5	52.8	54.3
Sep		51.9	50.5	50.8
Oct		53.1	52.9	52.9



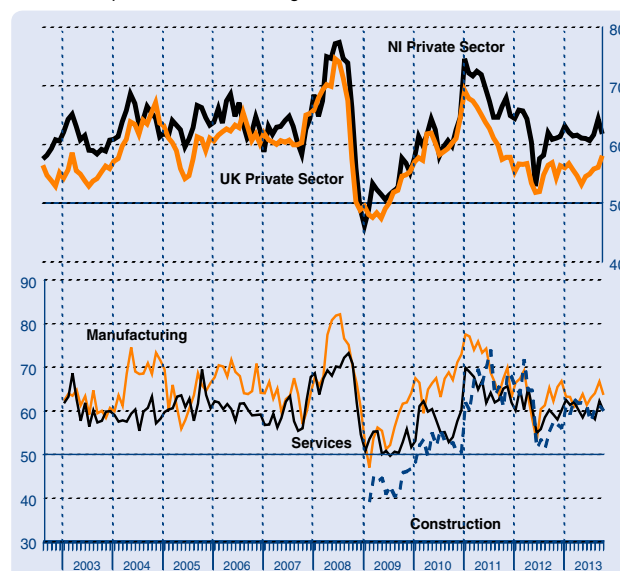
Input Costs

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
2013 May	27.9	70.0	2.1	25.7	62.9	61.1	53.2
Jun	26.5	71.1	2.4	24.0	62.0	61.0	54.6
Jul	20.9	76.9	2.2	18.7	59.4	60.7	55.0
Aug	24.4	73.7	2.0	22.4	61.2	61.7	55.9
Sep	33.1	64.0	3.0	30.1	65.1	64.4	56.1
Oct	25.1	72.2	2.7	22.4	61.2	61.9	58.2

Northern Ireland companies registered a further increase in input prices during October. The rate of inflation slowed from the 17-month high registered in September and was weaker than the series average, but input costs at Northern Ireland firms still rose at a faster pace than across the UK as a whole. More than 25% of respondents noted a rise in input prices, linked partly to higher energy costs. Some companies reported that a rise in the minimum wage had added to staff costs. On the other hand, just 3% of panellists saw input prices decrease. Manufacturing firms posted the sharpest inflation during the month.

By sector				
		Construction	Manuf-acturing	Services
'13 Aug		60.8	64.1	58.1
Sep		61.2	66.8	62.3
Oct		60.2	63.7	60.0



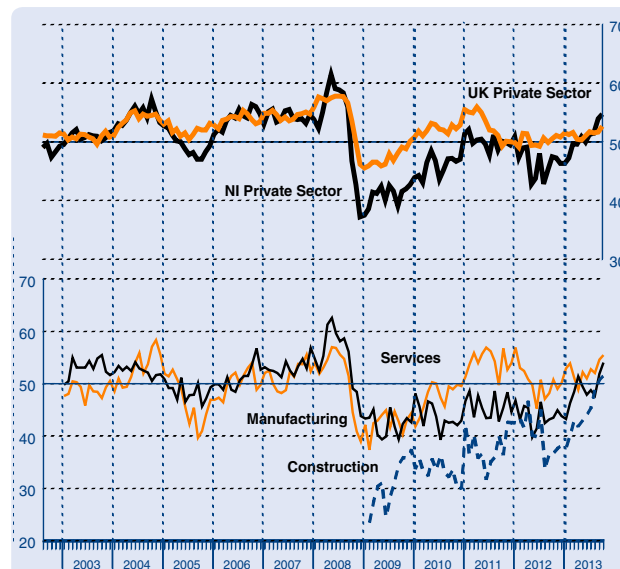
Prices Charged

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
2013 May	15.8	76.4	7.8	8.0	54.0	50.9	50.4
Jun	6.7	85.6	7.7	-1.0	49.5	50.0	51.1
Jul	10.0	80.3	9.7	0.3	50.1	51.3	51.8
Aug	9.3	83.8	6.9	2.4	51.2	51.5	51.6
Sep	11.8	83.5	4.6	7.2	53.6	54.0	51.7
Oct	12.5	82.4	5.1	7.5	53.7	54.7	52.7

Anecdotal evidence for October suggested that higher input costs led companies to raise their output prices during the month. Charges in the Northern Ireland private sector have now increased in five of the past six months. The rate of inflation accelerated for the third successive month in October and was the sharpest since September 2008. The rise in output prices at Northern Ireland companies was also faster than the UK average. The overall rise in prices charged was led by the manufacturing and retail sectors. The rate of inflation in services quickened to the fastest in just over five years, while the increase at construction firms was more modest.

By sector				
		Construction	Manuf-acturing	Services
'13 Aug		49.2	52.1	47.8
Sep		50.8	54.7	51.9
Oct		51.6	55.5	54.0



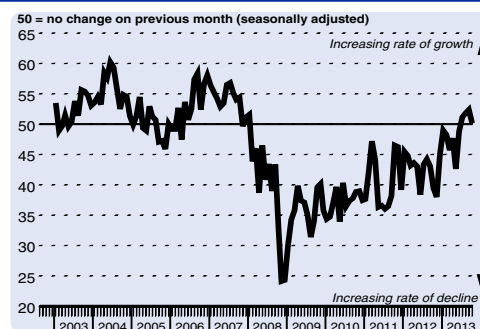
New Export Business*

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

Northern Ireland Companies

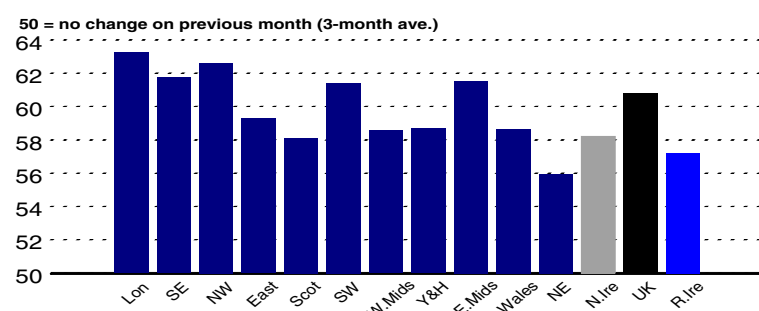
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	May	6.8	68.8	24.5	-17.7	41.2	42.7
	Jun	17.9	67.6	14.4	3.5	51.8	48.8
	Jul	14.3	71.7	14.0	0.3	50.2	51.2
	Aug	23.4	56.6	20.0	3.3	51.7	51.9
	Sep	27.1	54.2	18.8	8.3	54.1	52.4
	Oct	14.3	73.0	12.7	1.6	50.8	50.2

New export orders increased for the fourth month running at Northern Ireland companies in October. However, the rate of expansion was only fractional and the slowest in this sequence.



Regional Comparisons: Output / Business Activity

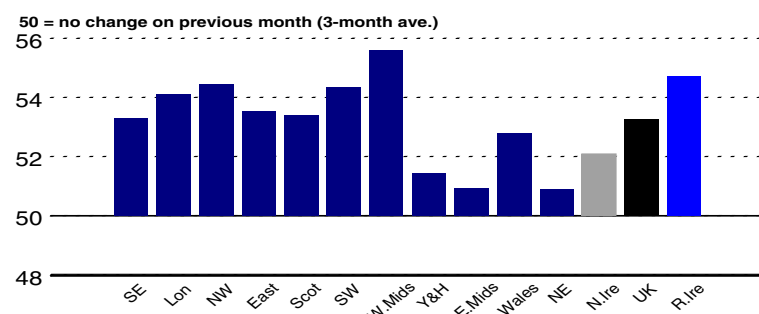
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). Strong rates of output growth were recorded in all 12 UK regions during the three months to October. London posted the fastest pace of expansion, followed by the North West. A solid expansion of output was also recorded across the Republic of Ireland.



	Share of UK GVA, 2010 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(21.5%)	56.6	63.3	65.0
South East	(14.7%)	55.2	61.8	61.9
North West	(9.5%)	55.6	62.6	61.5
East of England	(8.7%)	54.1	59.3	60.0
Scotland	(8.3%)	54.4	58.1	57.8
South West	(7.7%)	54.3	61.4	61.7
West Midlands	(7.3%)	53.8	58.6	58.3
Yorks & Humber	(7.0%)	55.5	58.7	59.0
East Midlands	(6.4%)	54.7	61.5	63.9
Wales	(3.6%)	55.8	58.7	59.1
North East	(3.2%)	51.9	56.0	55.3
N.Ireland	(2.2%)	50.9	58.2	57.6
UK	(100.0%)	54.9	60.8	61.5
Rep. of Ireland	n/a	53.6	57.2	58.8

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). Net job creation was broad-based across the 12 UK regions on average in the three months to October. The West Midlands recorded the most marked rise in staffing levels. Companies in the Republic of Ireland increased employment at a sharp pace.



	Contribution to UK Employment, 2008 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
South East	(14.6%)	52.2	53.3	56.3
London	(12.3%)	51.7	54.1	57.7
North West	(10.9%)	51.3	54.4	54.6
East of England	(9.6%)	52.1	53.5	55.4
Scotland	(8.7%)	51.7	53.4	53.4
South West	(8.6%)	51.8	54.3	56.2
West Midlands	(8.6%)	52.9	55.6	56.2
Yorks & Humber	(8.2%)	50.5	51.4	52.0
East Midlands	(7.3%)	51.2	50.9	51.4
Wales	(4.6%)	51.7	52.8	55.2
North East	(3.9%)	50.3	50.9	51.8
N.Ireland	(2.7%)	49.6	52.1	53.1
UK	(100.0%)	51.6	53.3	55.5
Rep. of Ireland	n/a	53.0	54.7	55.7

PMI® Survey Methodology

Purchasing Managers' Indexes® (or PMIs®) 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

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 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*

October 2013 Survey Update

Issued 11th November 2013

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PMI Surveys

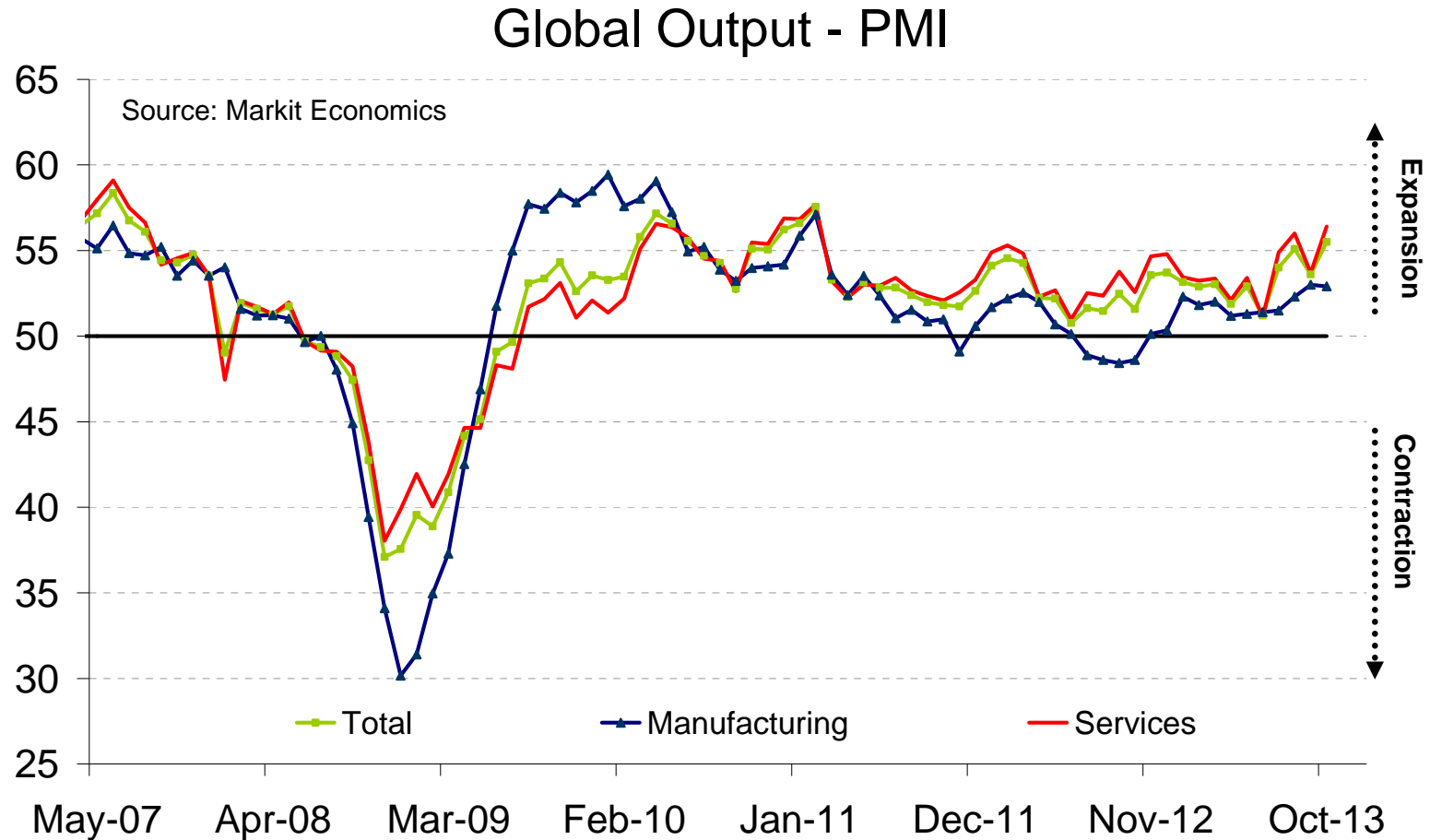
Purchasing Managers' Indexes (PMIs) are monthly surveys of private sector companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across different sectors.

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

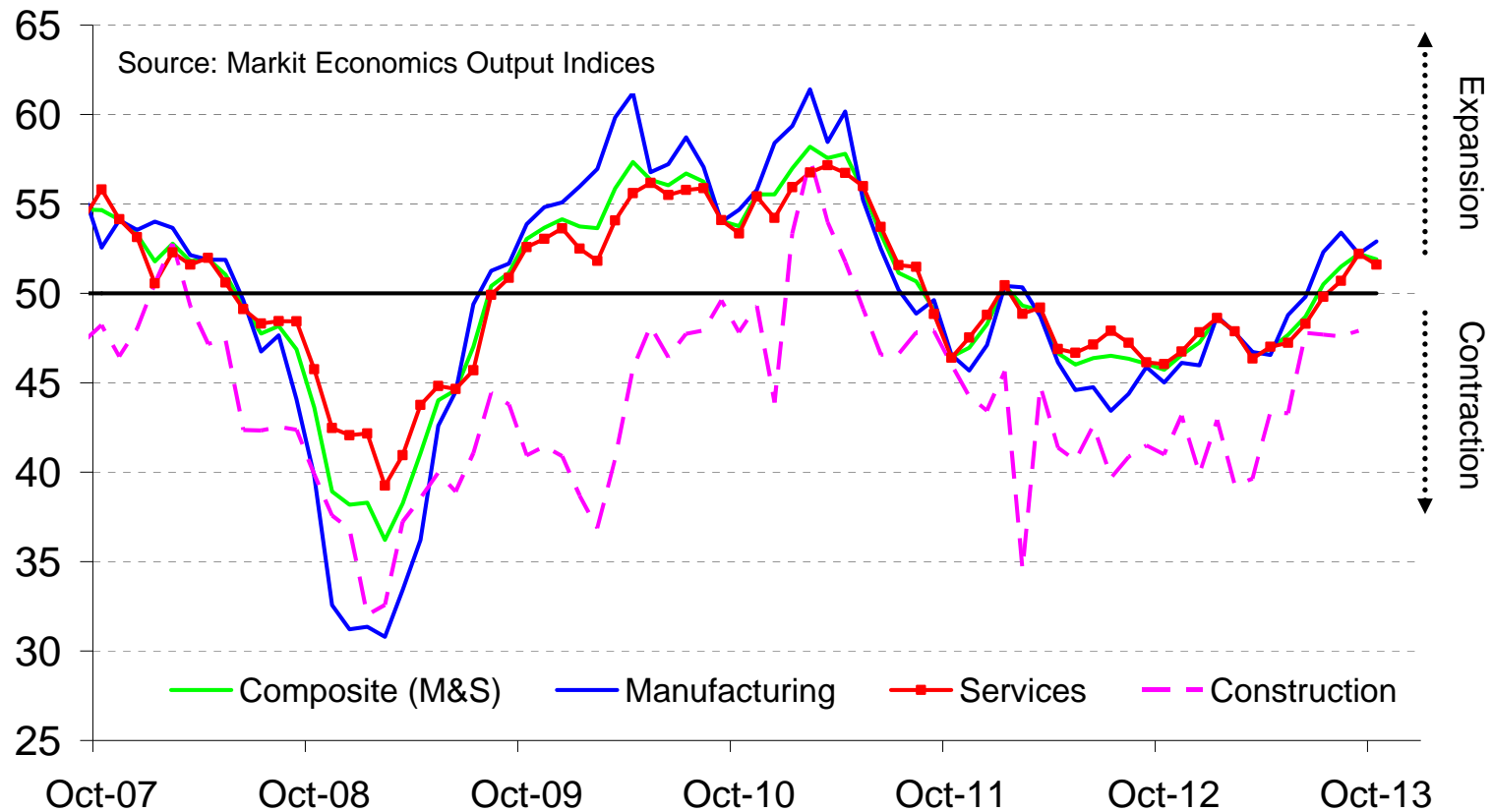
*Data at a sector level are more volatile and **3-month moving averages** have been used to more accurately identify the broad trends.*

Global output growth accelerates in October due to the services sector with manufacturing slowing...



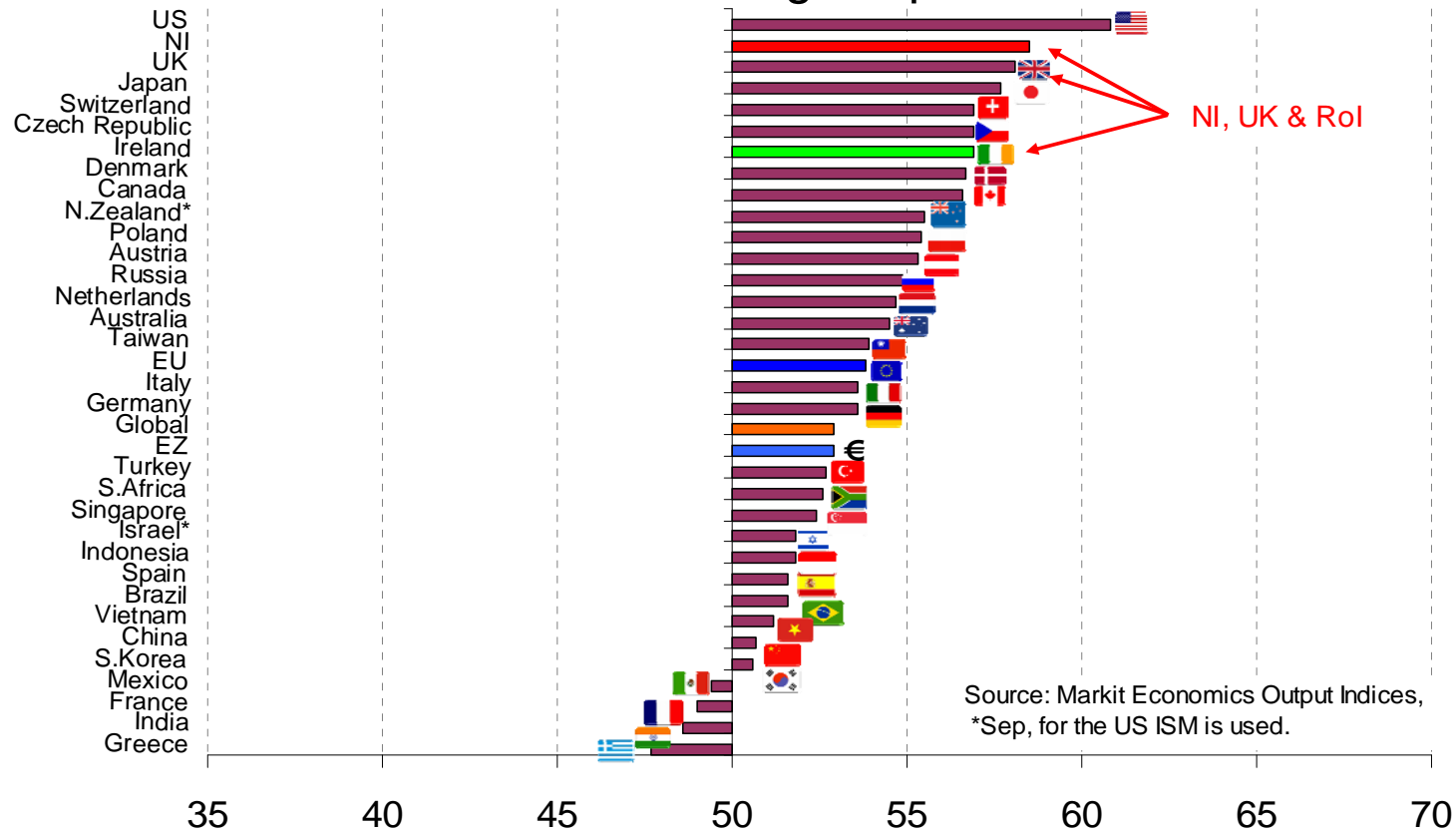
... but the Eurozone experiences the opposite trend with service sector output slowing & manufacturing picking up

Eurozone PMIs: Output



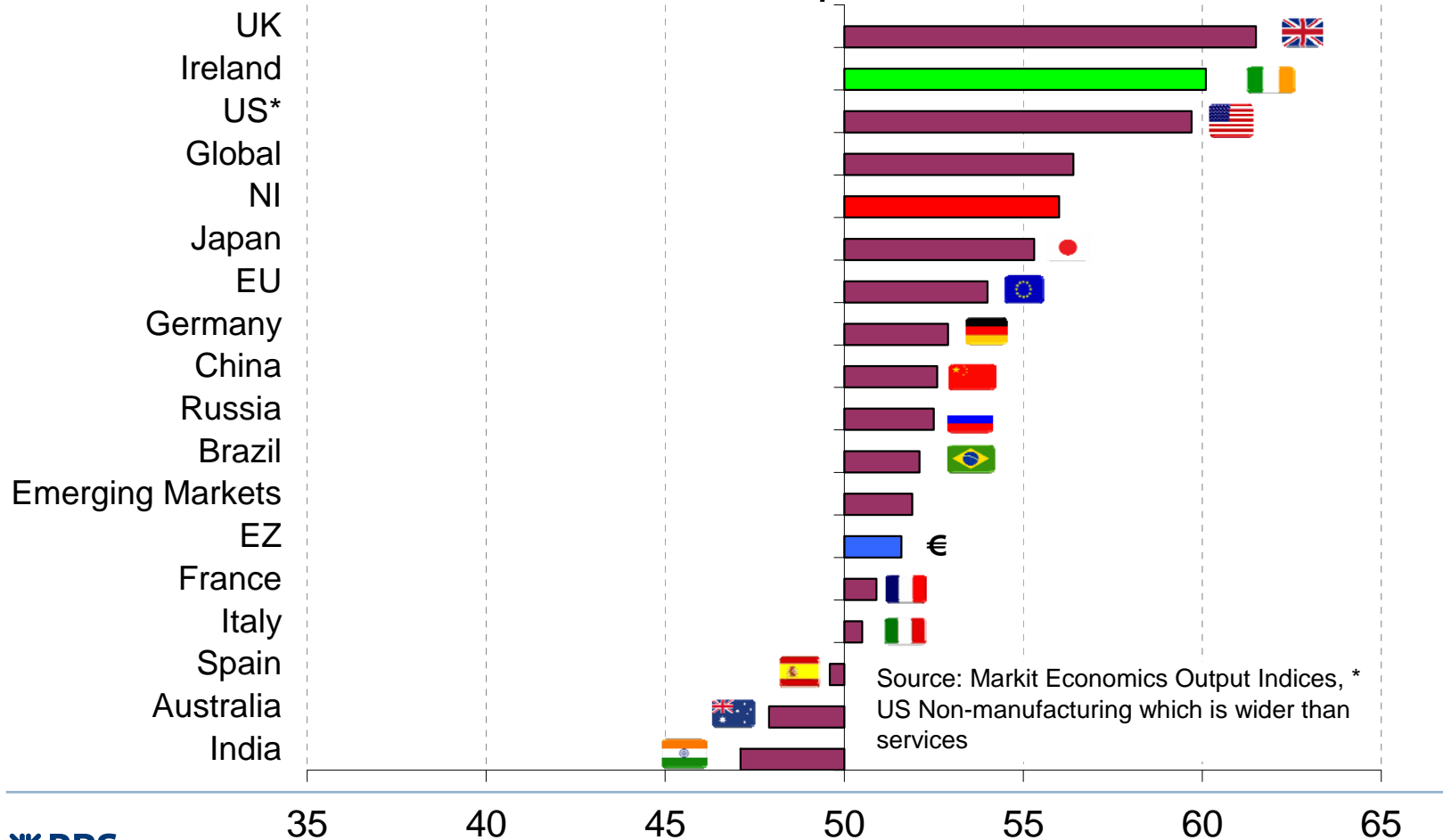
Top performers within manufacturing incl. US, NI & UK. Underperformers incl. Mexico, France, Greece & India

PMIs: Manufacturing Output October 2013

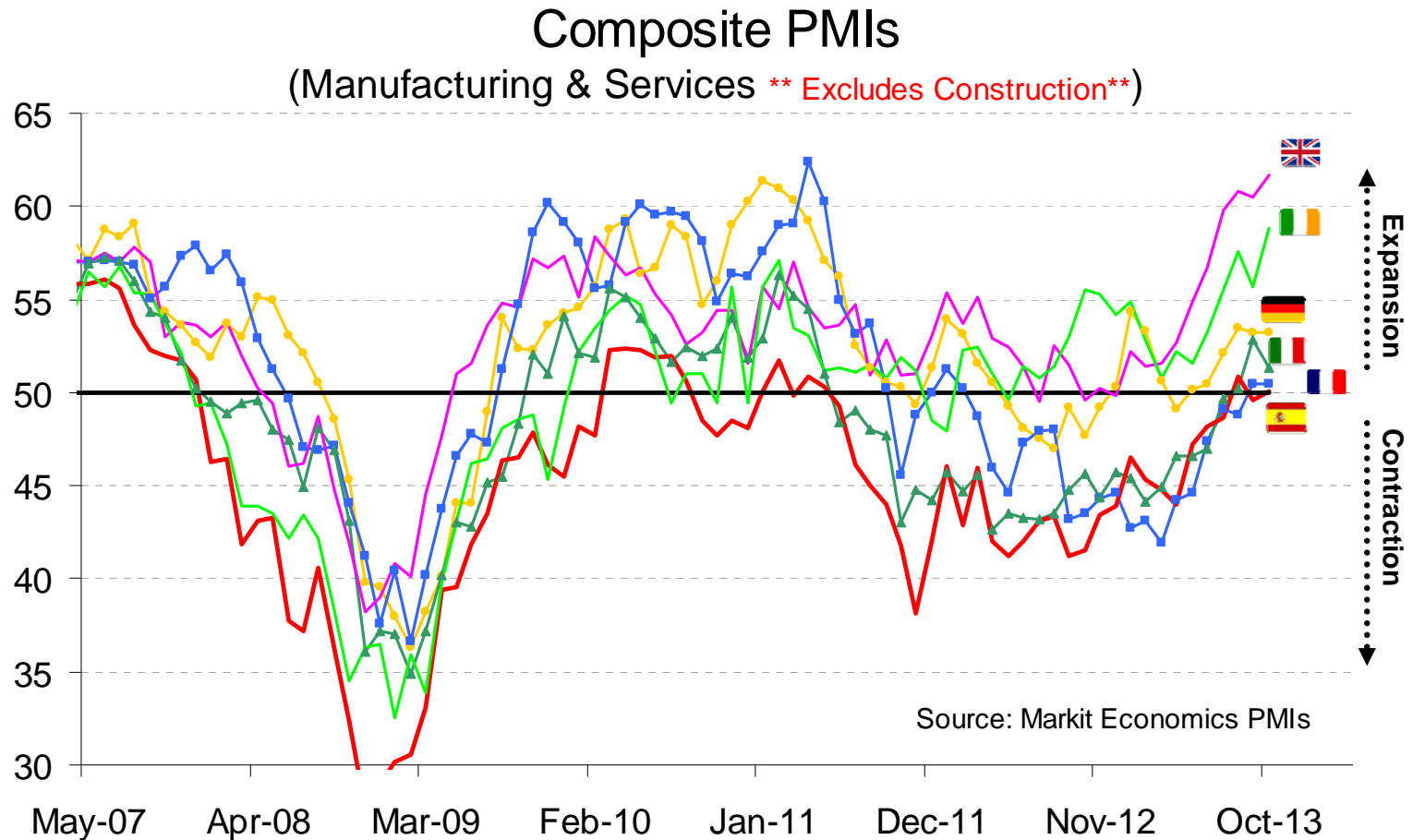


The UK, Ireland & the US post the fastest rate of service sector output growth in October

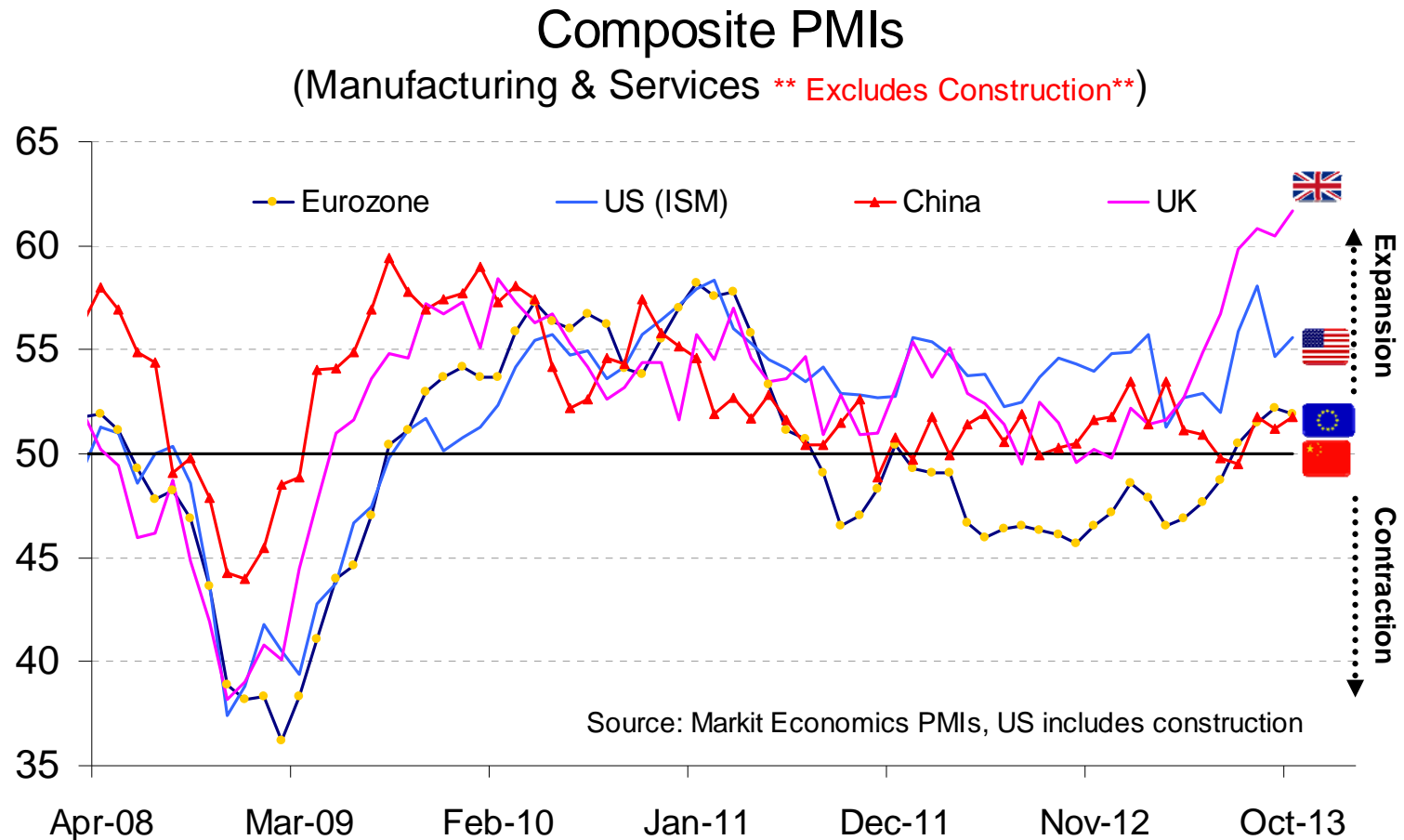
PMIs: Services Output October 2013



All 4 of the largest economies within the eurozone are now expanding but UK & RoI are outperforming them

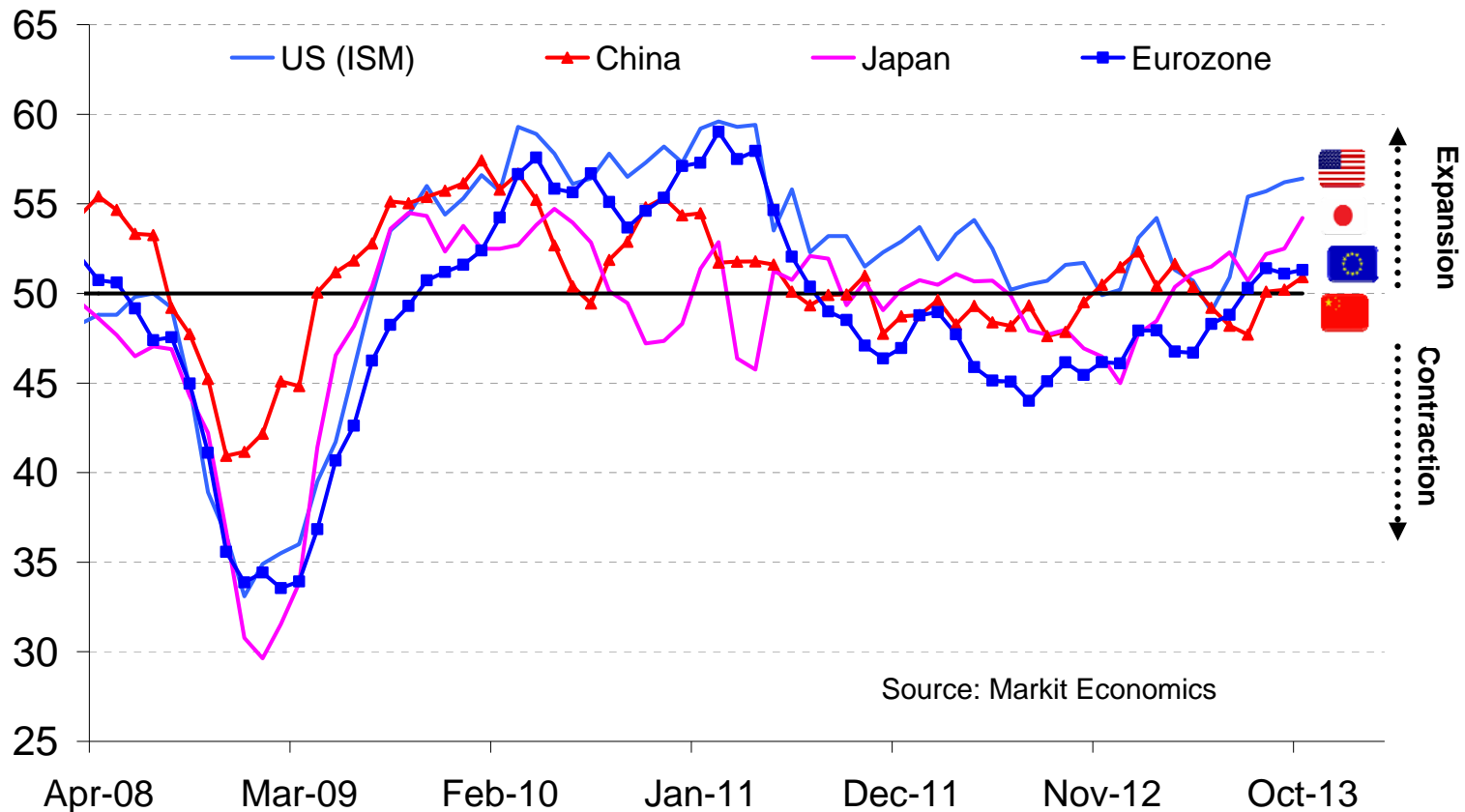


The UK, US & China all saw an acceleration in growth in October while the rate of growth eased in the Eurozone

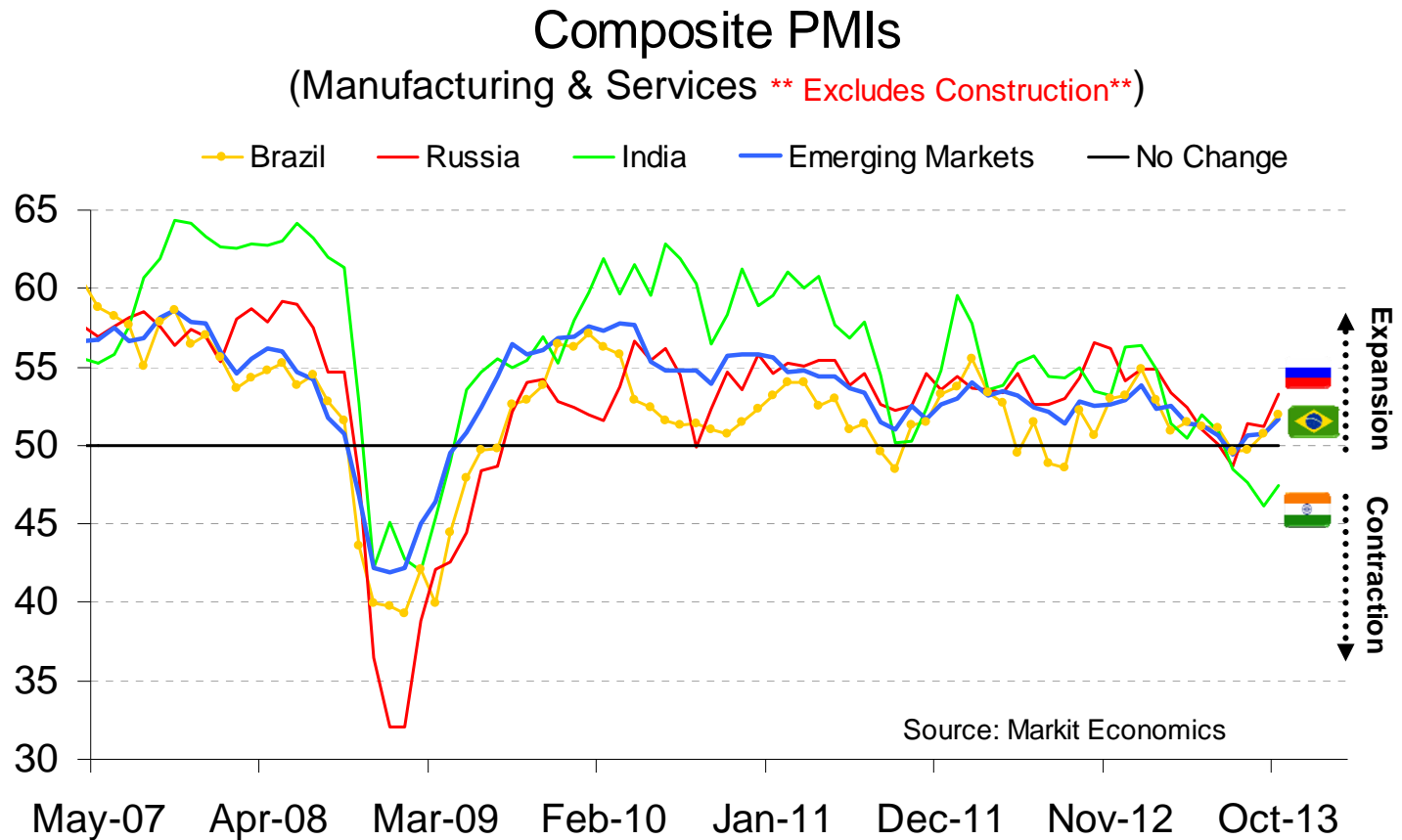


The US, Japan, EZ & China all posted an acceleration in manufacturing activity in October

Manufacturing PMIs

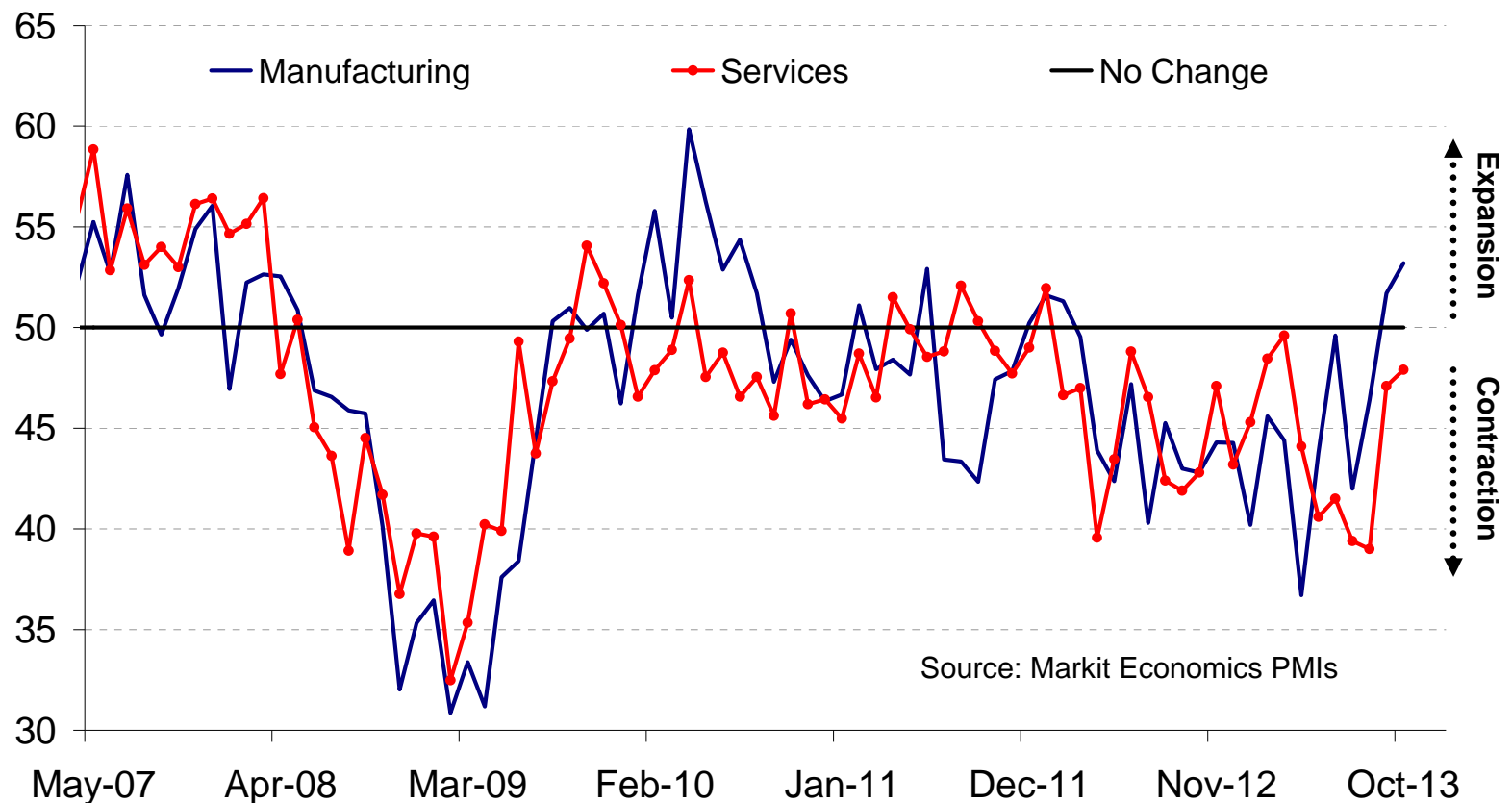


Russia & Brazil post an acceleration in output but pace of contraction continues in India



... with Australia's service sector still contracting though manufacturing sector continues to improve

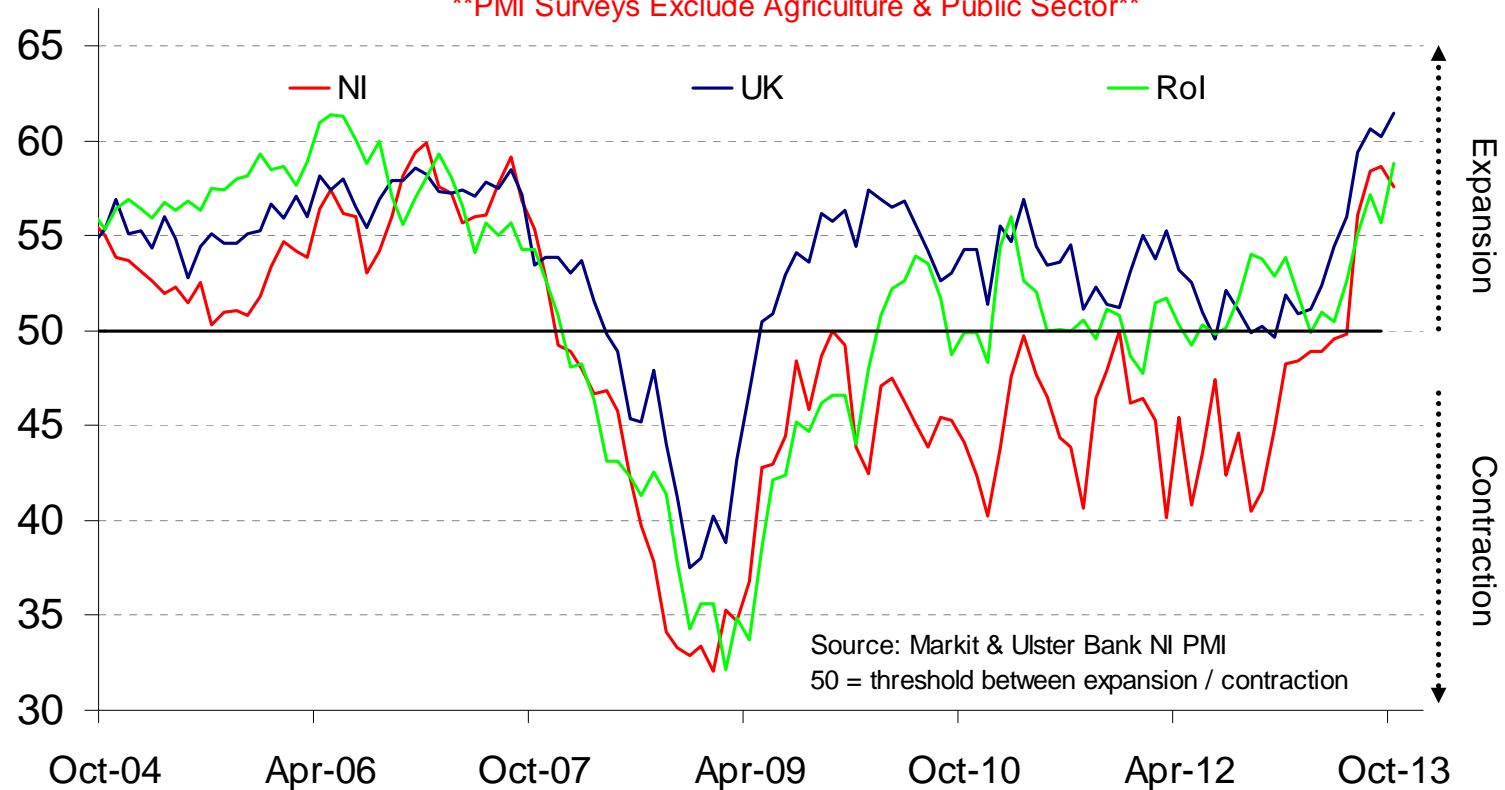
Australia - PMI



NI, UK & the RoI all post strong rates of growth in October

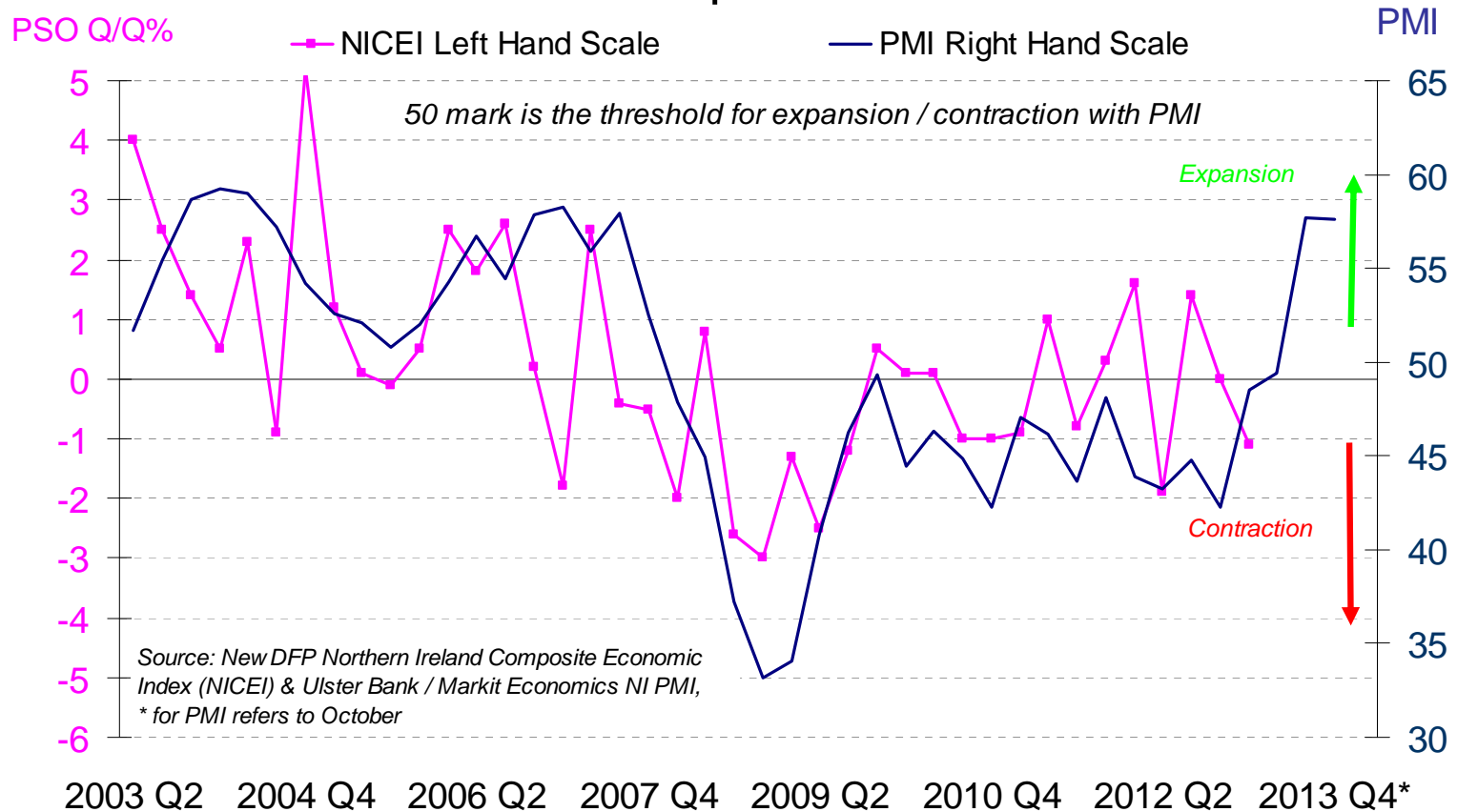
Private Sector Business Activity - PMIs

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



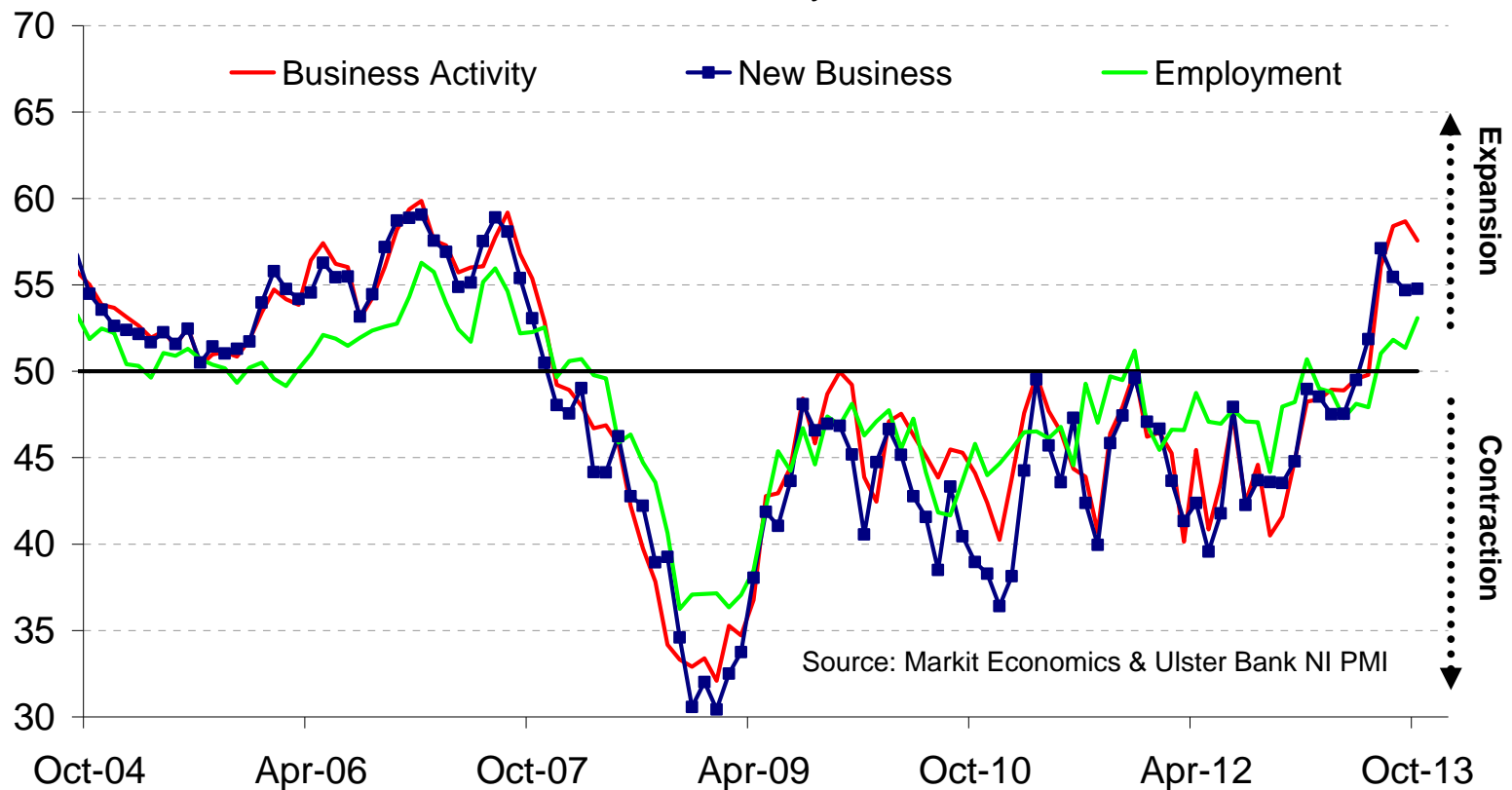
PMI suggests growth in DFP's new private sector composite index (combines indices for construction, services, agriculture & industrial production) in Q2, Q3 & Q4

NI Private Sector Output Index Versus NI PMI



NI firms report an increase in business activity, new orders & employment in October

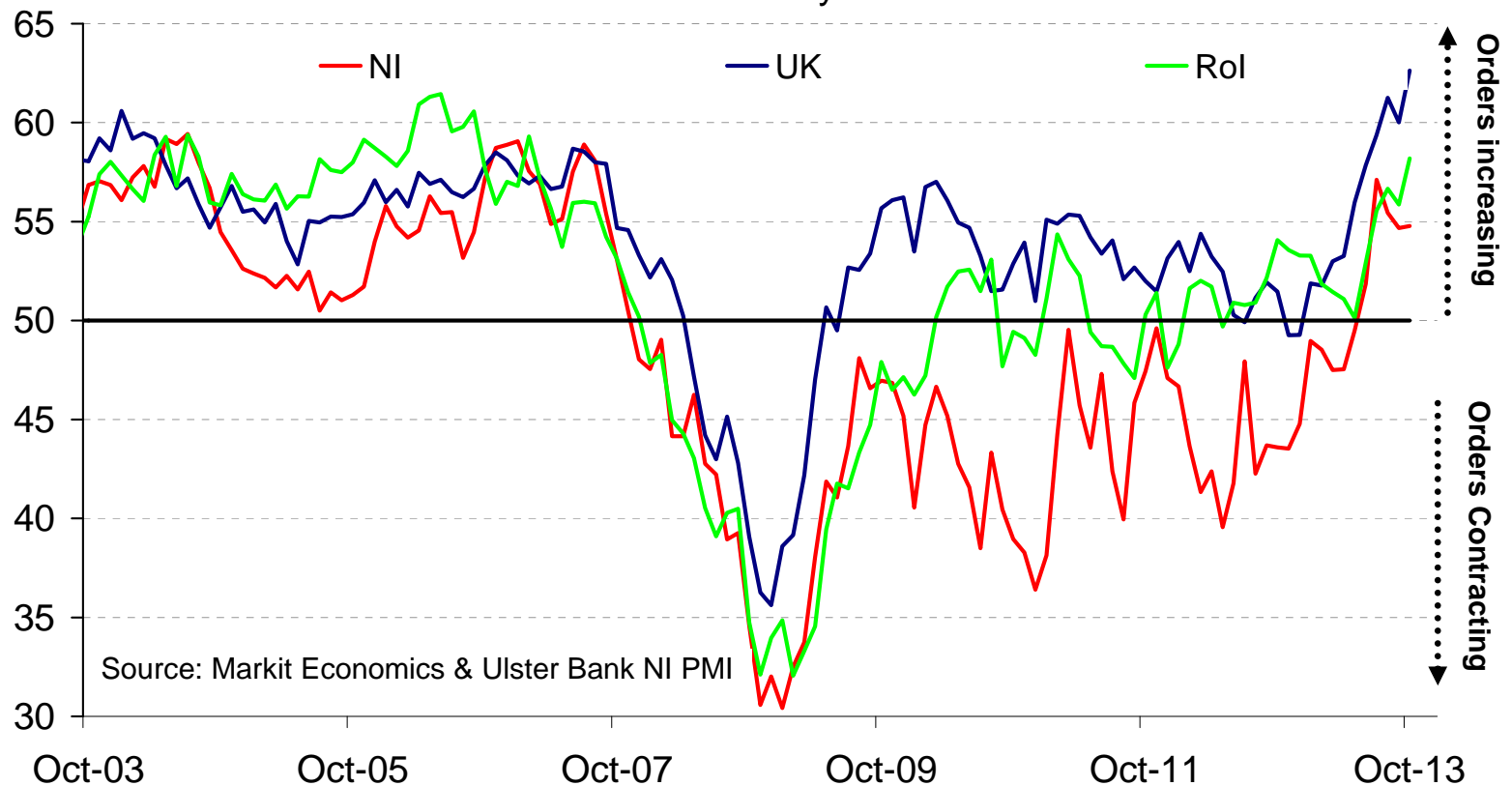
NI Private Sector Activity Monthly



Forward looking indicators suggest more growth in all three economies in the months ahead

Private Sector New Orders

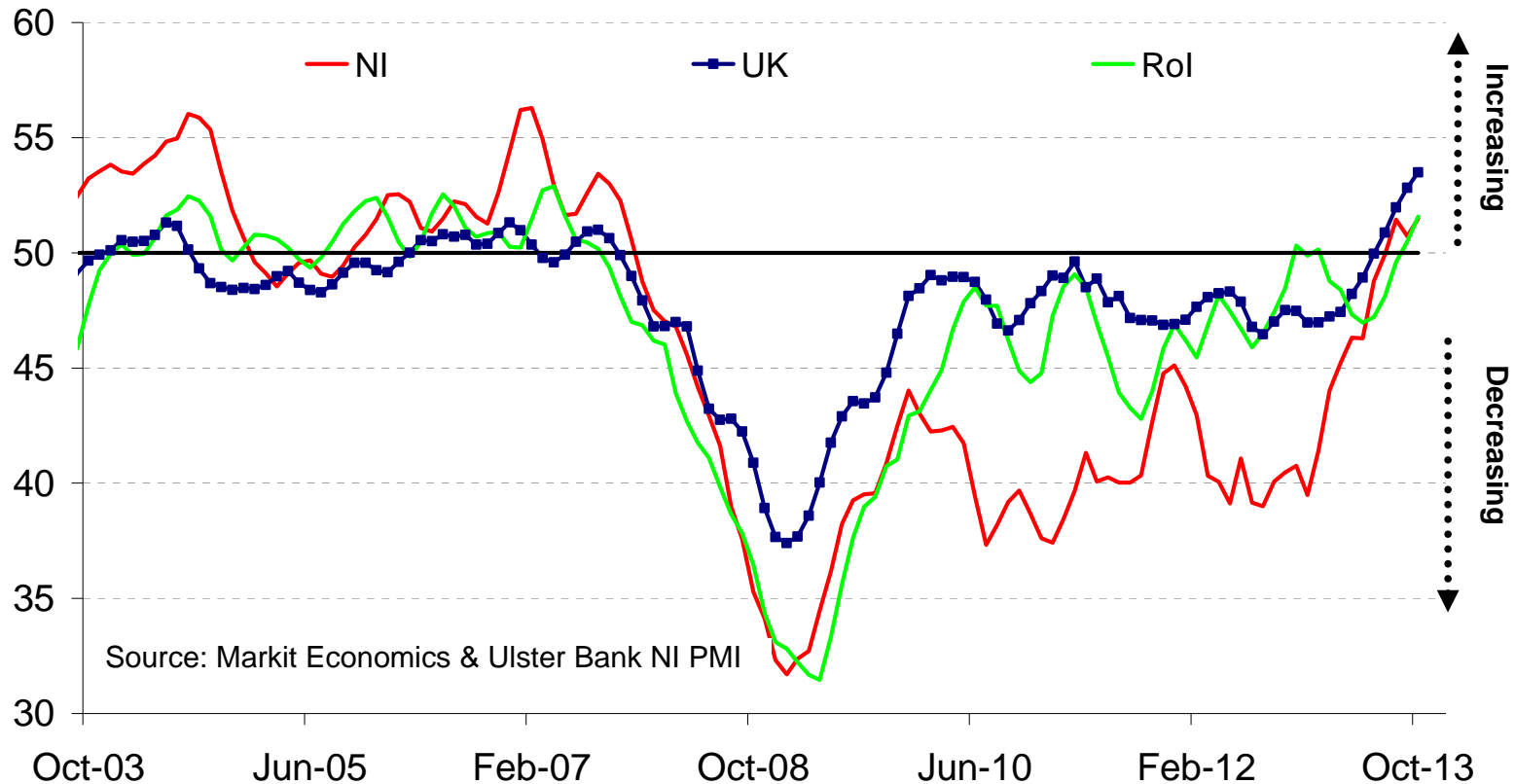
Monthly



Surge in demand is leading to backlogs of work

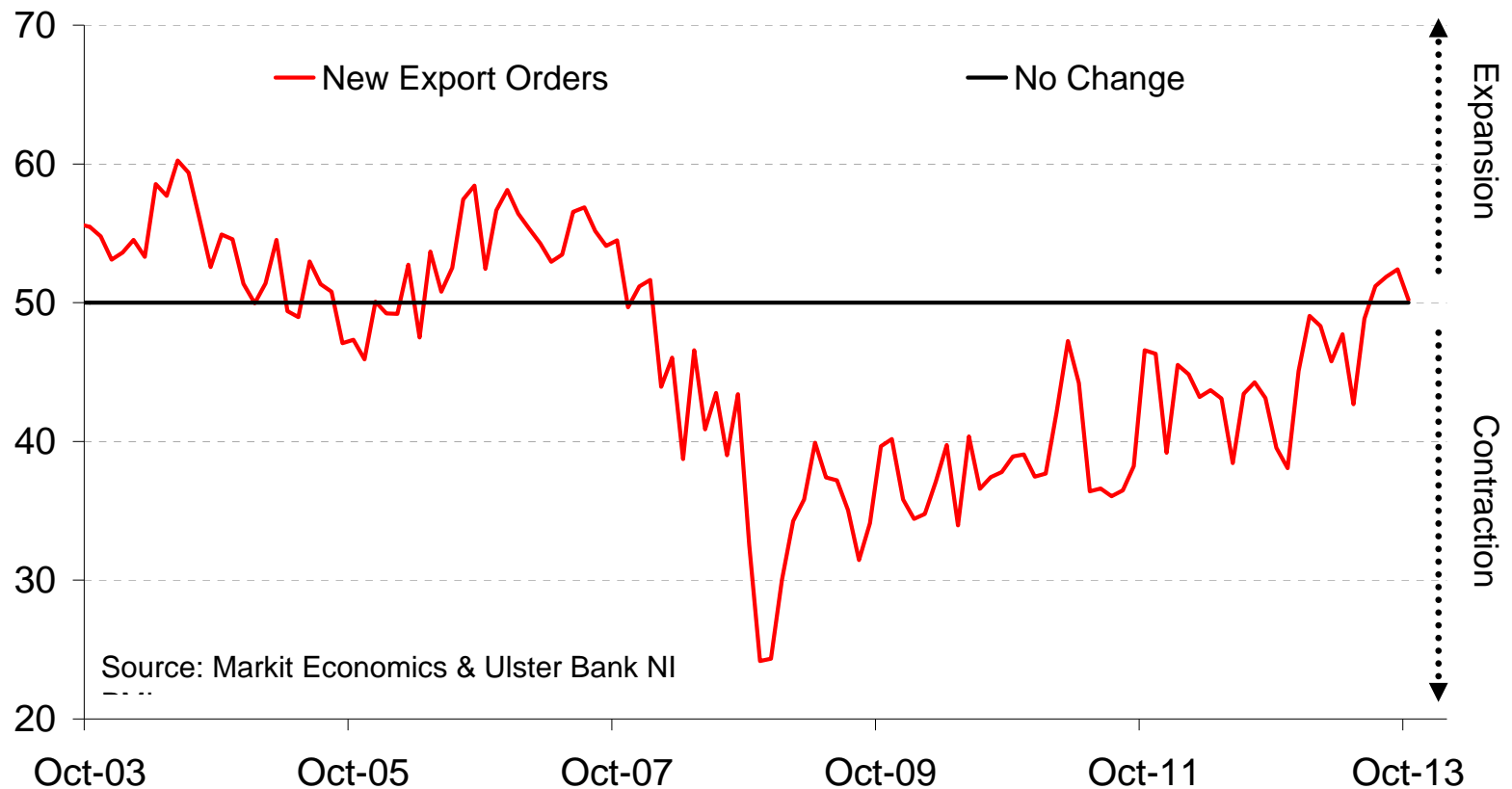
Private Sector Backlogs

3 month moving average

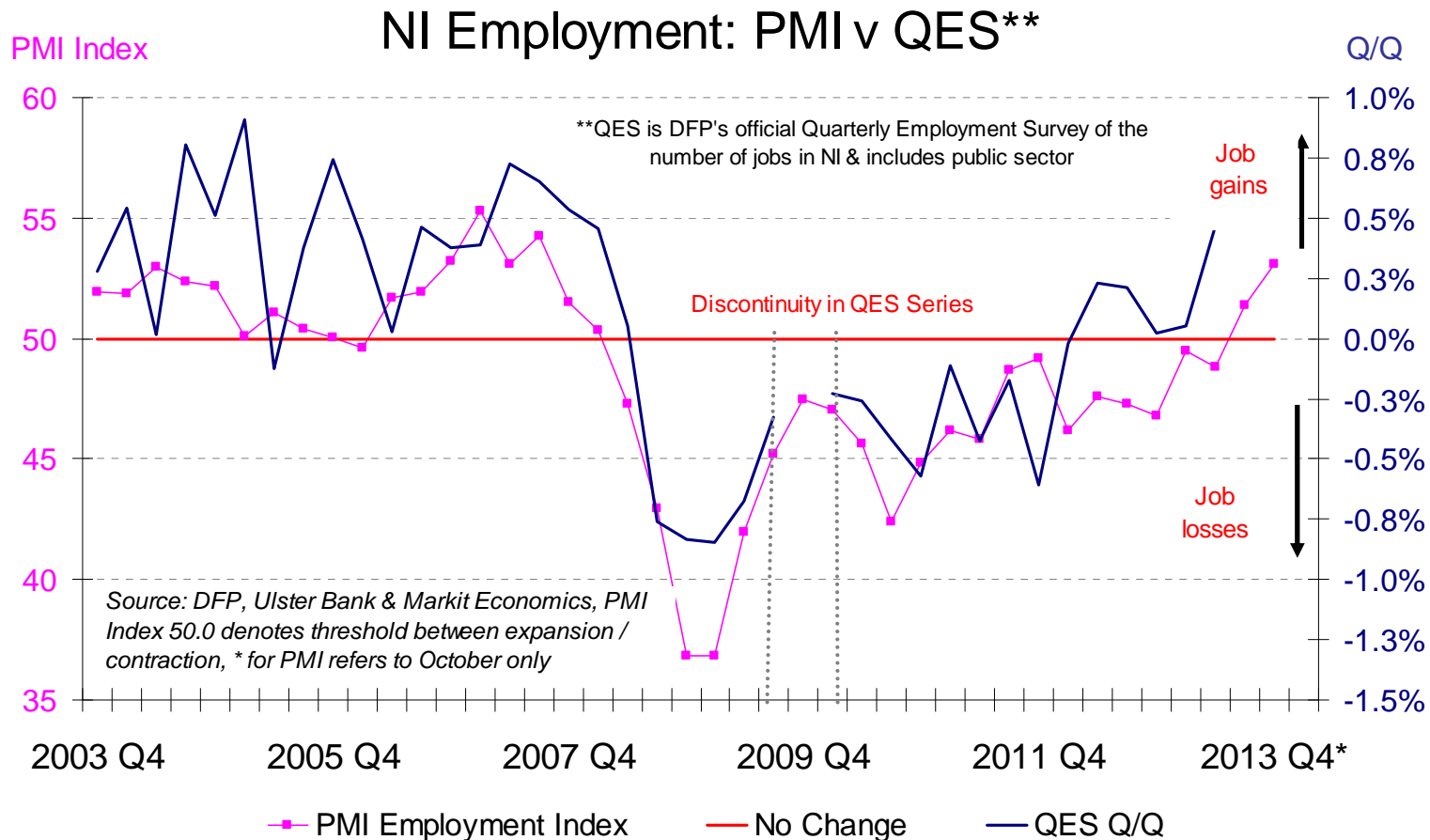


NI firms post their 4th successive increase in export orders in October

NI New Export Business

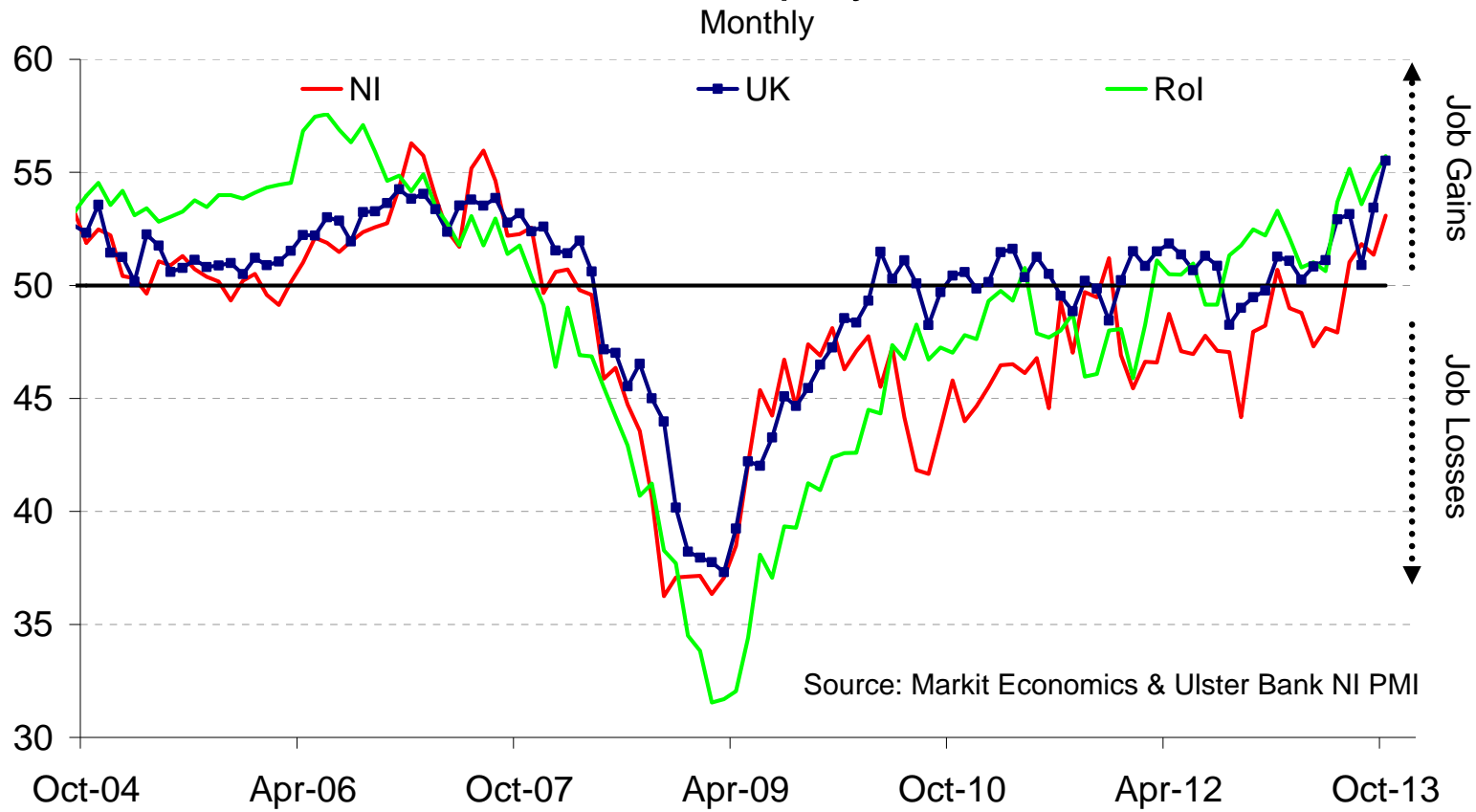


PMI underestimated job gains in 2012 (relative to official jobs survey).
PMI for Q3 signals fastest rate of jobs growth since Q4 2007



Firms within the UK, RoI & NI all experienced a faster rate of jobs growth in October

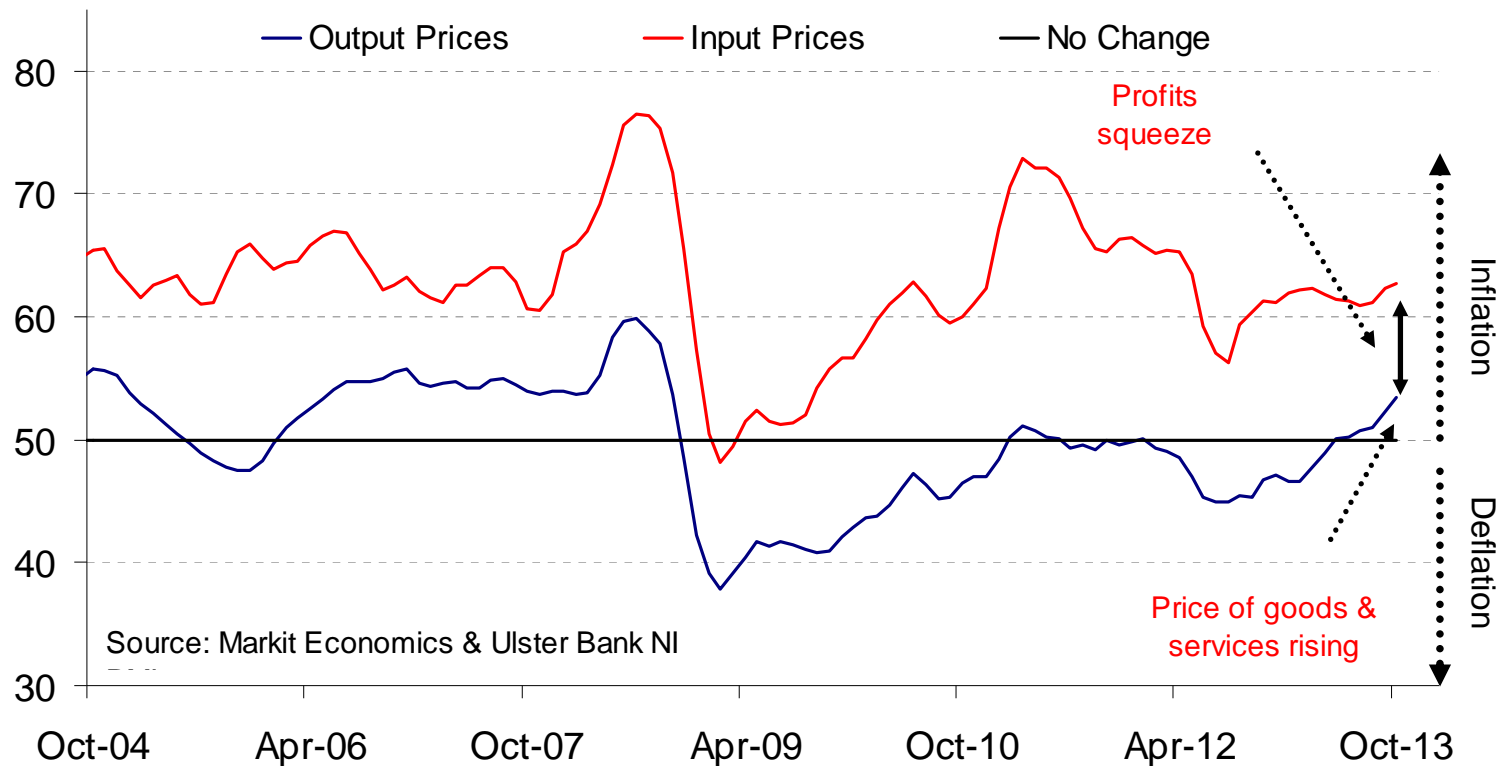
Private Sector Employment Levels



Private sector's profitability squeeze remains but pricing power is on the rise

NI Private Sector Profit Squeeze

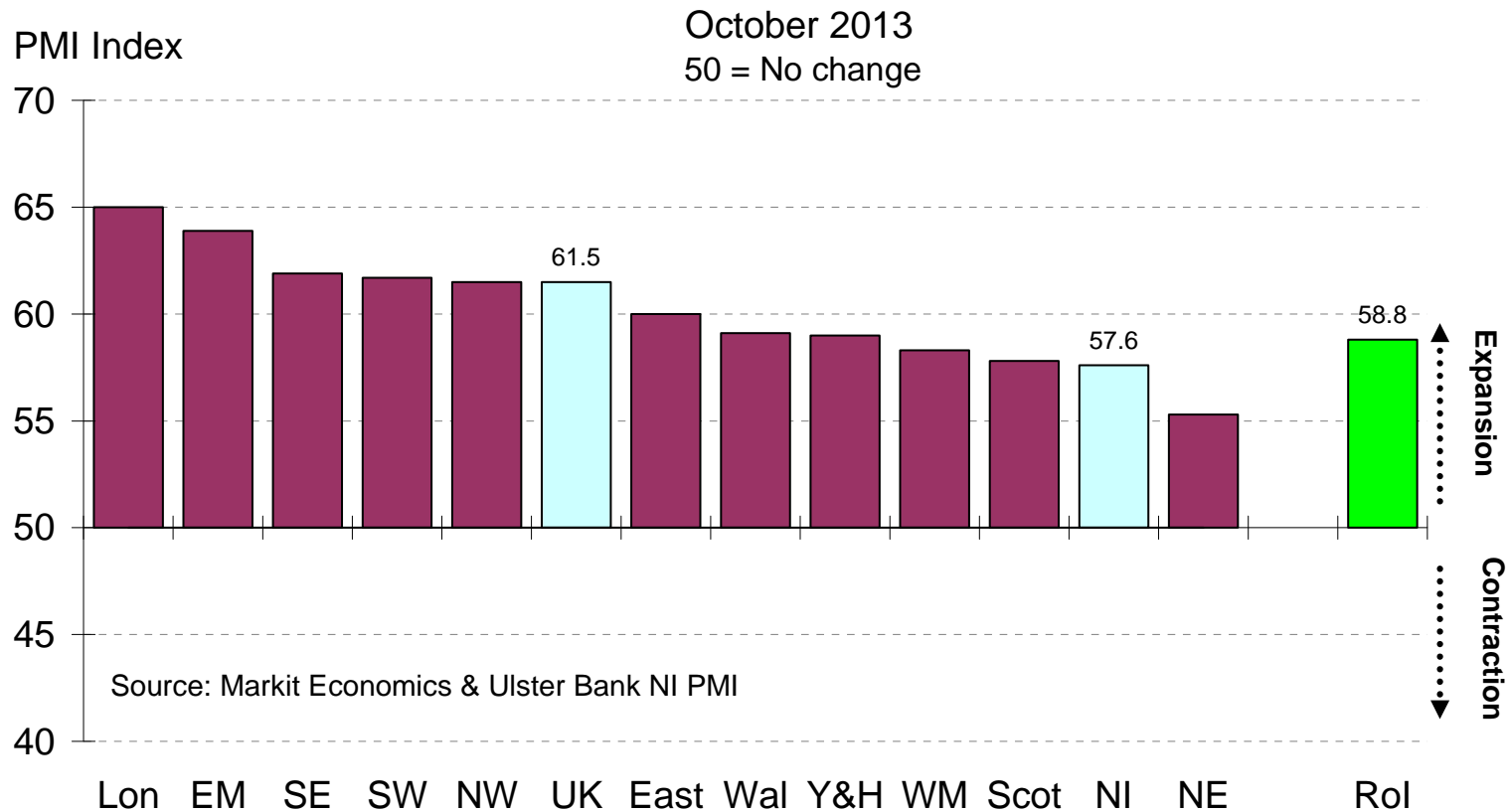
3 Month Moving Average



Regional Comparisons

PMIs experience an Indian summer in October with strong growth reported everywhere...

Output / Business Activity



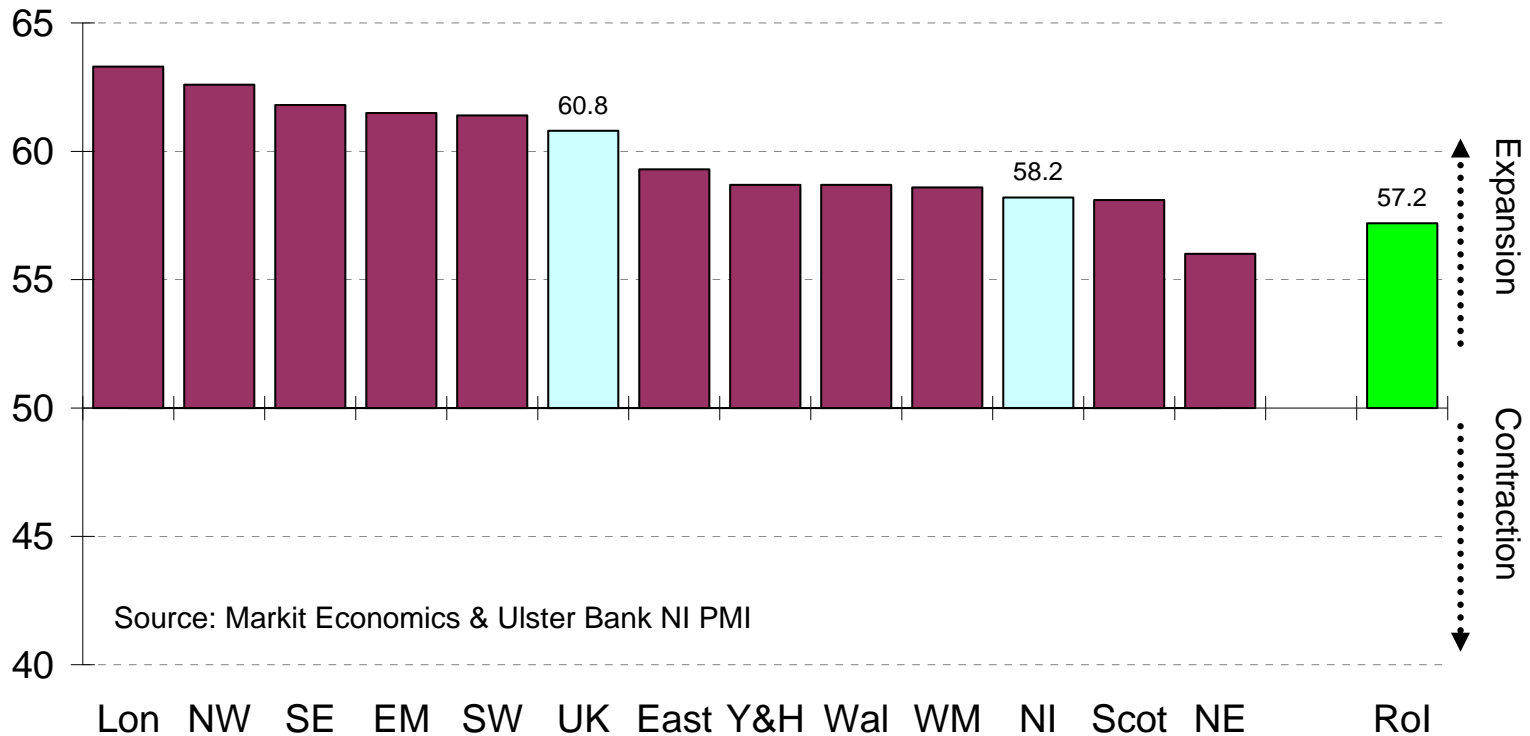
...all the UK regions post growth over the last 3 months

Output / Business Activity

3 months to October 2013

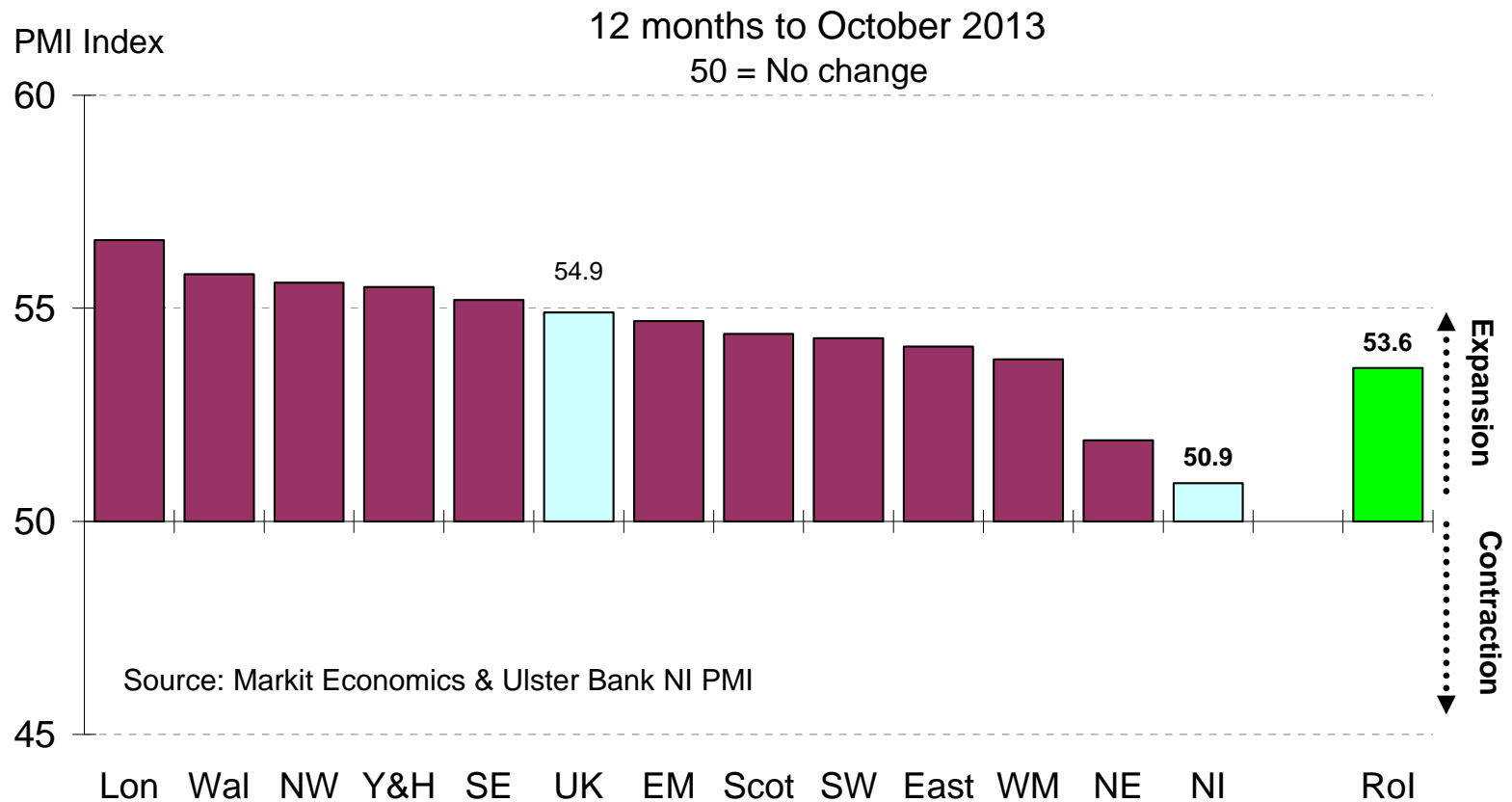
50 = No change

PMI Index



... and NI is the last UK region to finally post a rise in output over the last 12 months

Output / Business Activity

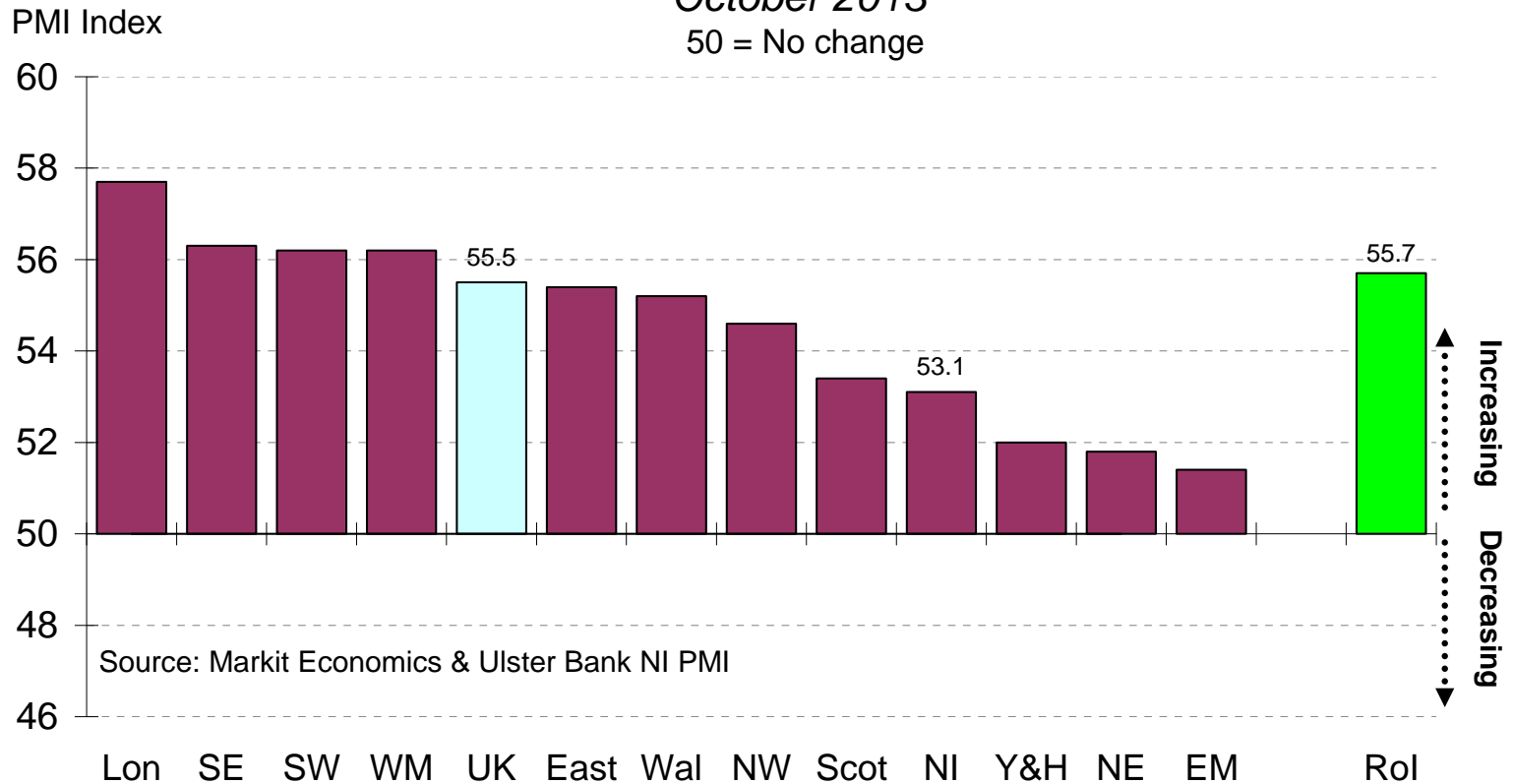


All the UK regions and the Republic of Ireland post employment growth in October ...

Employment Levels

October 2013

50 = No change



... and over the last 3 months to October

Employment Levels

3 months to October 2013

50 = No change

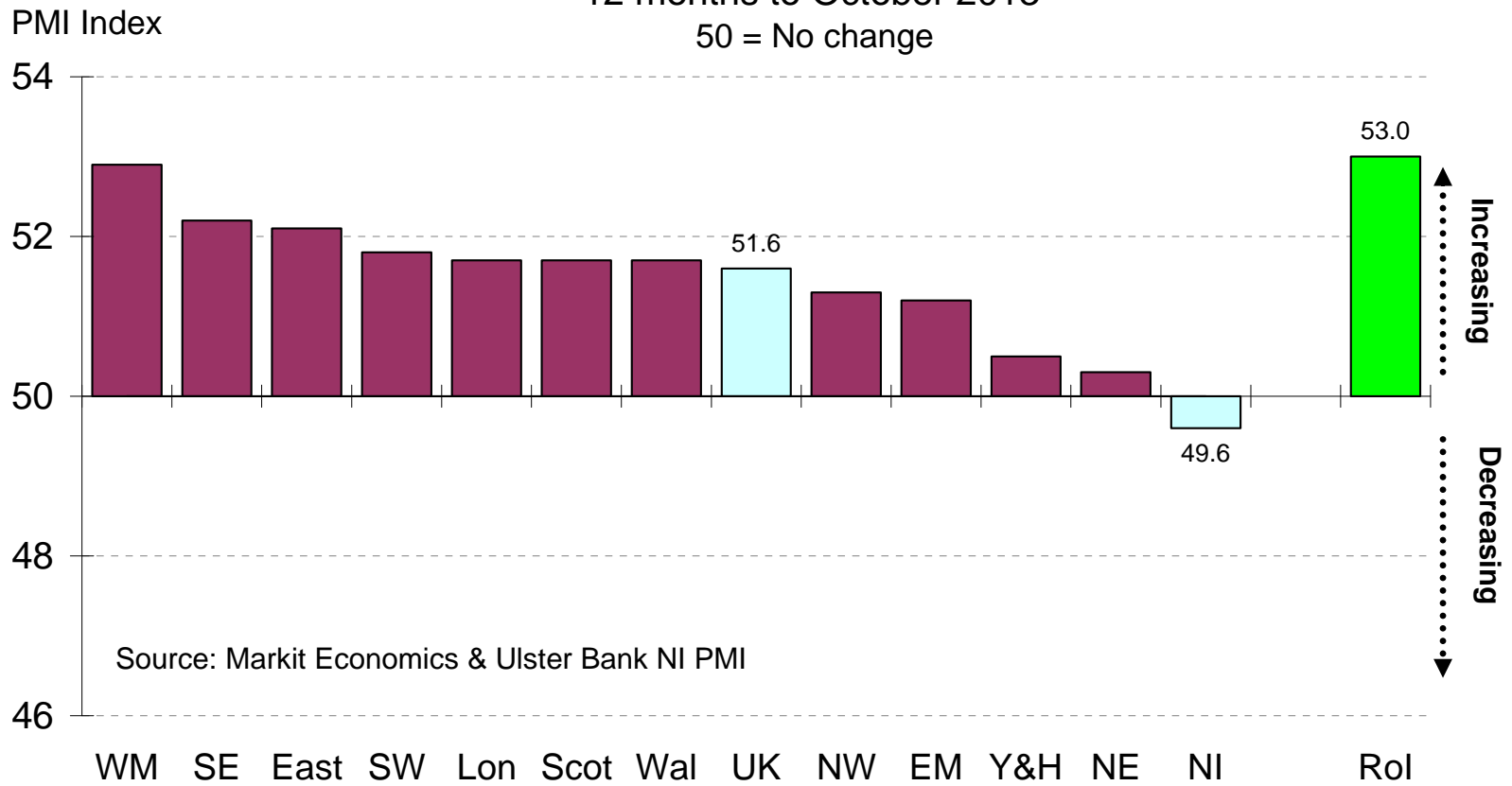


NI posts a marginal decline in employment & RoI the sharpest rise over the last 12 months

Employment Levels

12 months to October 2013

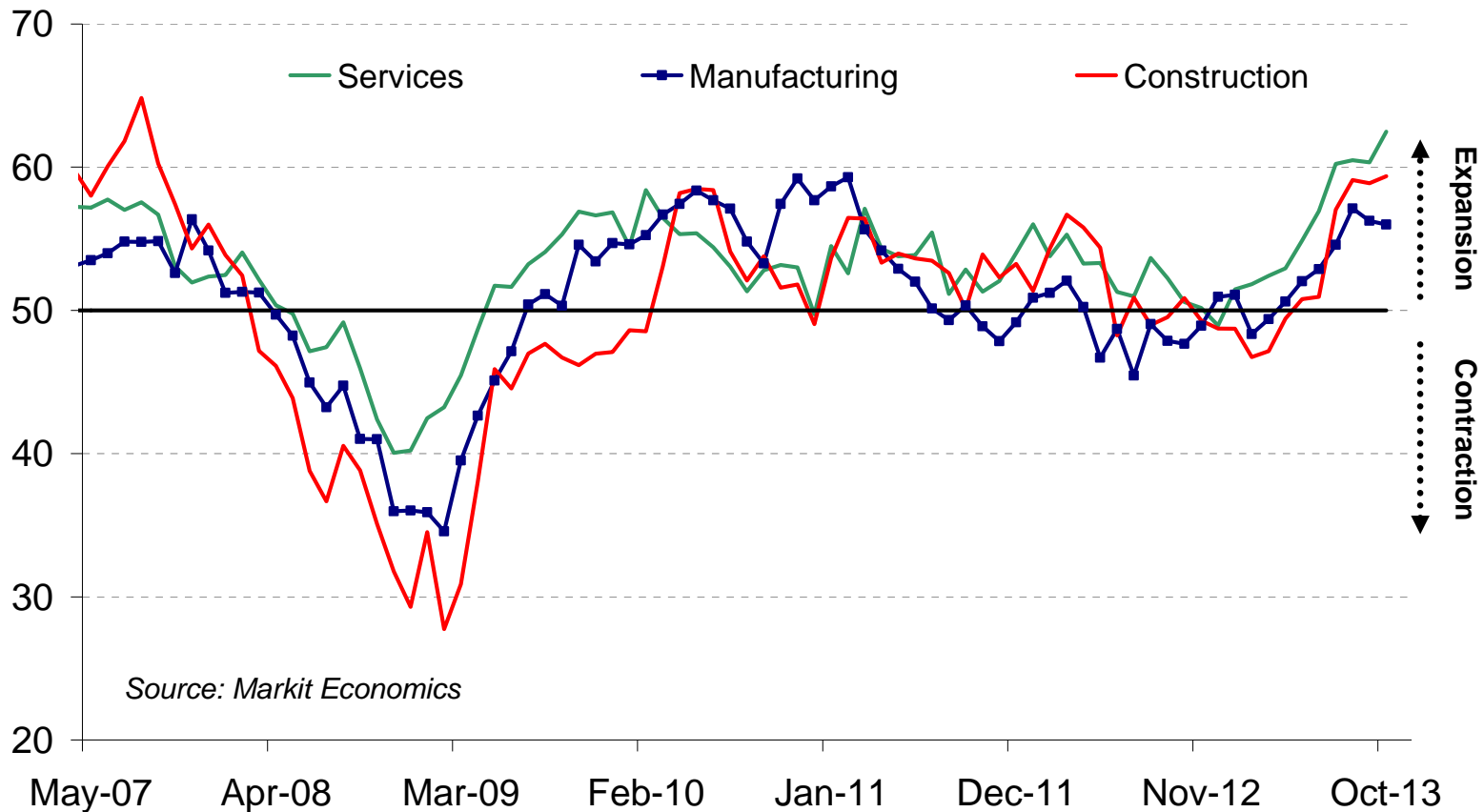
50 = No change



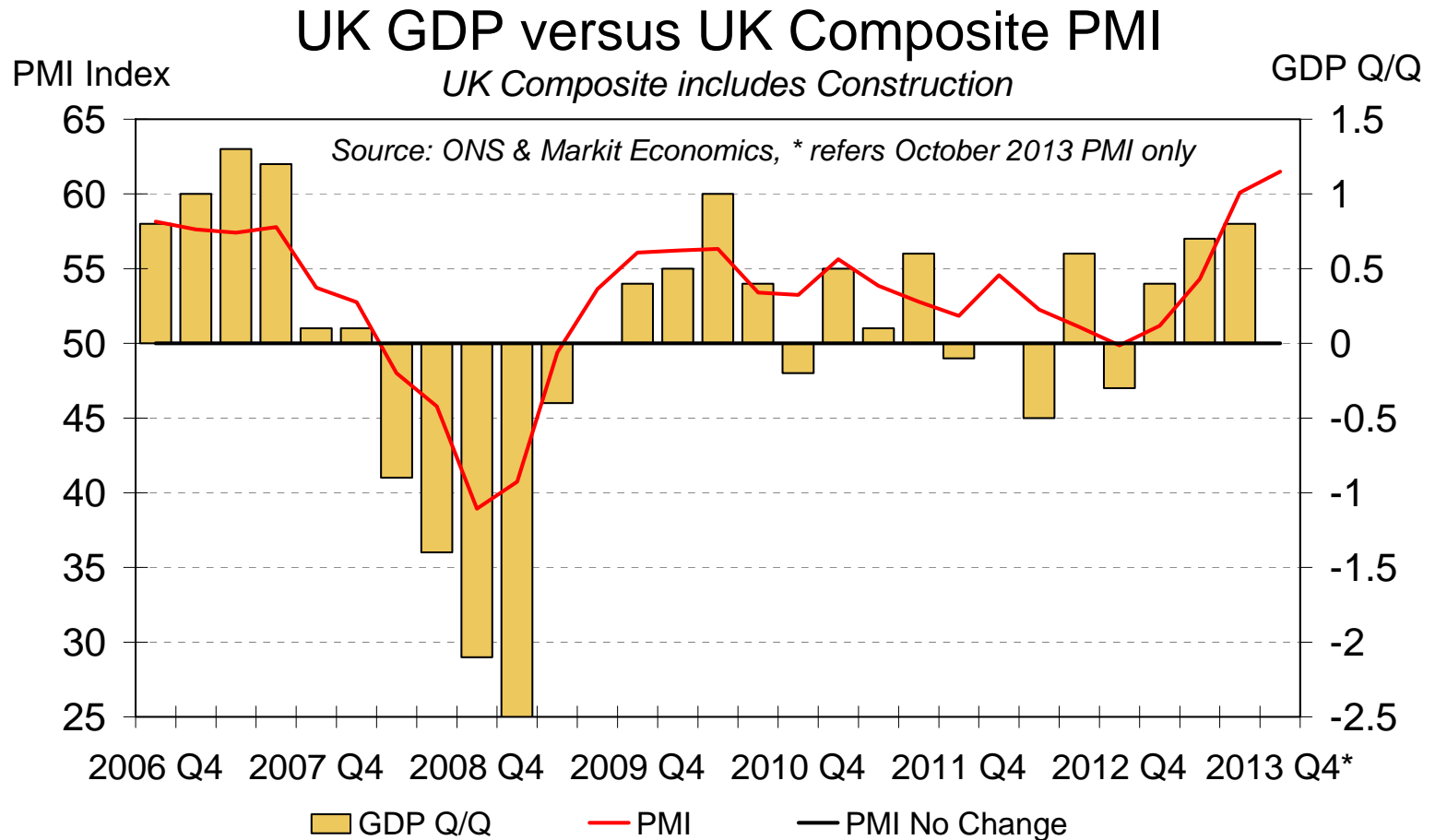
Sectoral Comparisons

All three broad UK sectors maintain strong rates of growth in October with services growth at a 16-year high

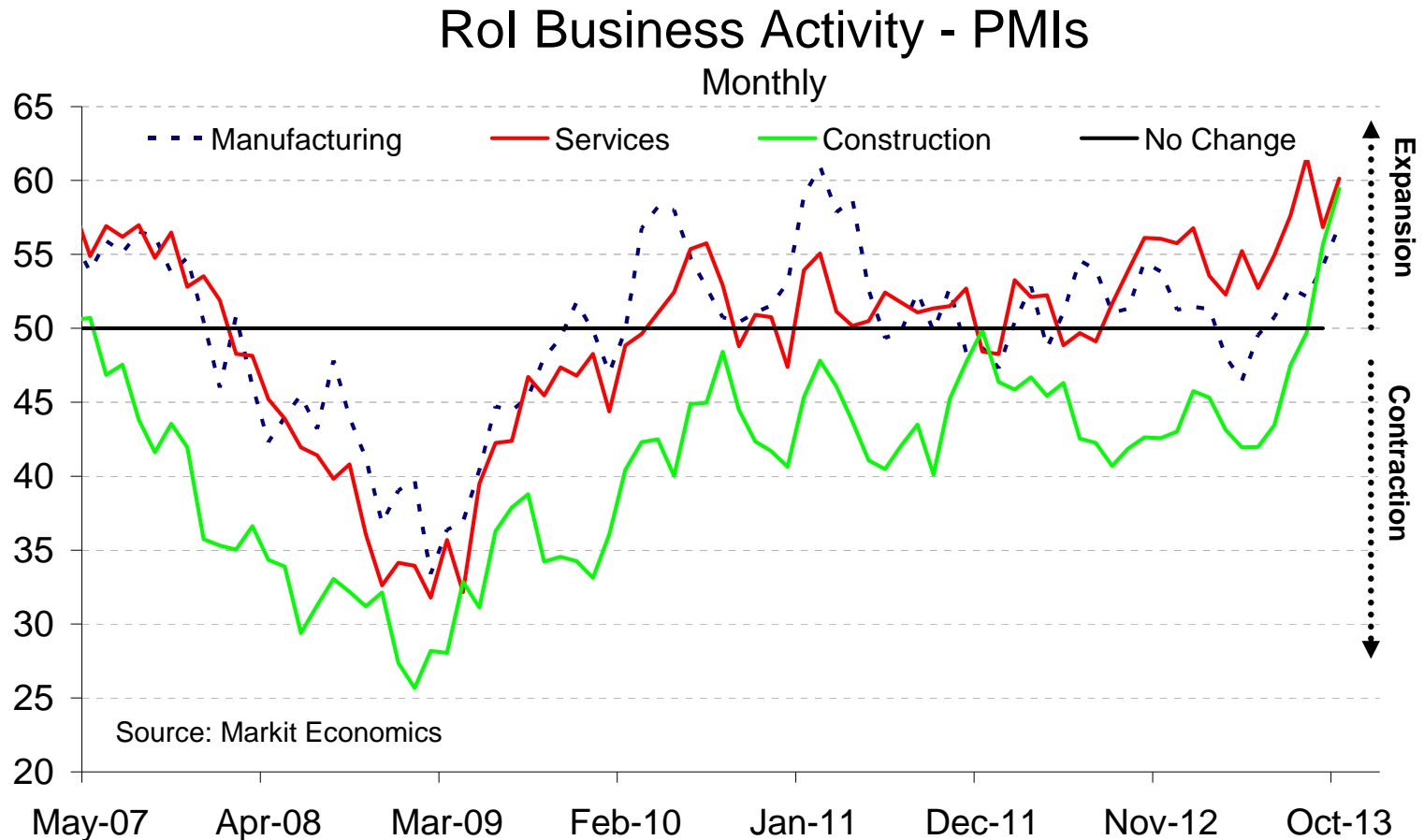
UK Business Activity / Output - PMIs



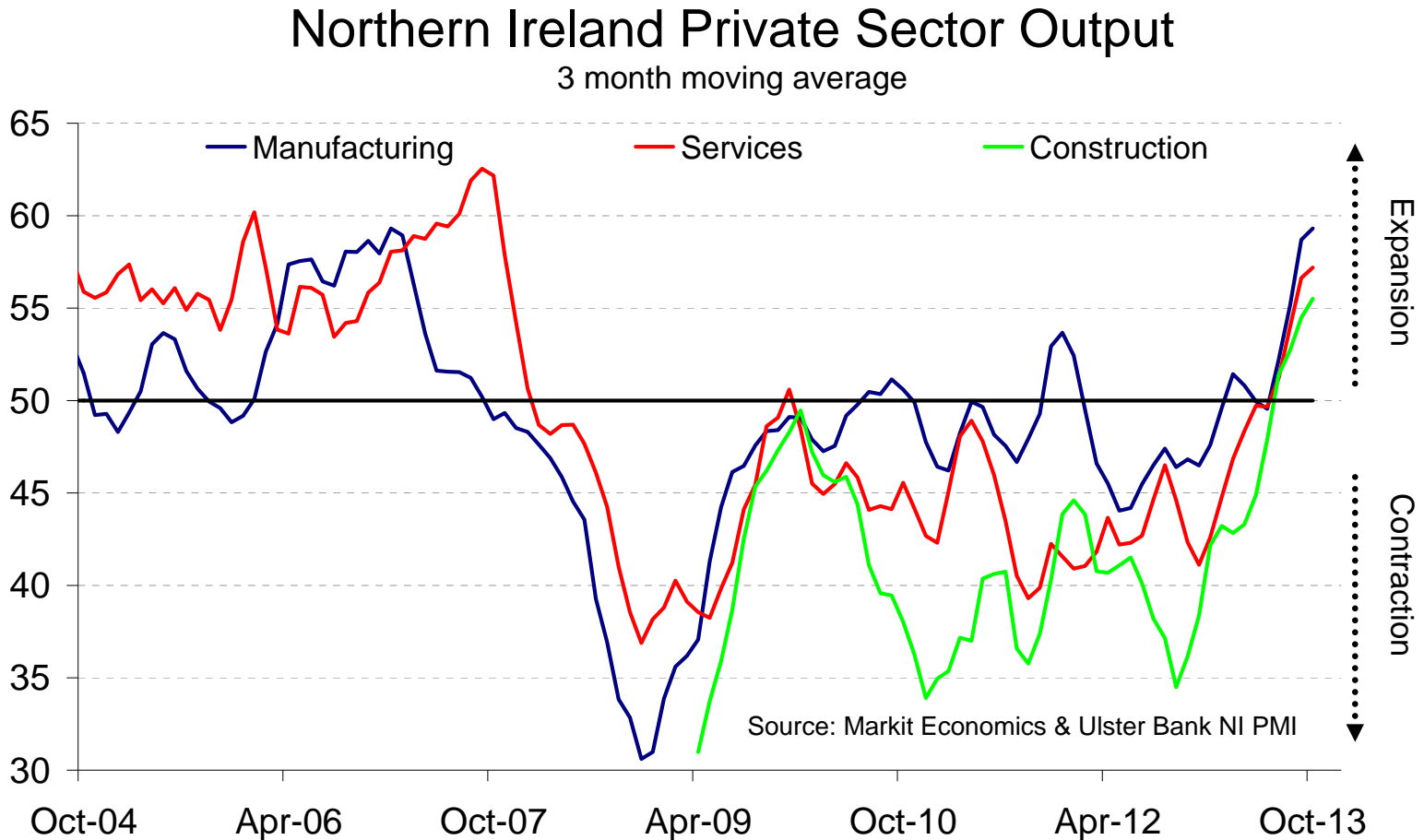
UK economic growth accelerates in Q2, Q3 & Q4



All three sectors of the ROI economy post an acceleration in their growth rates in October



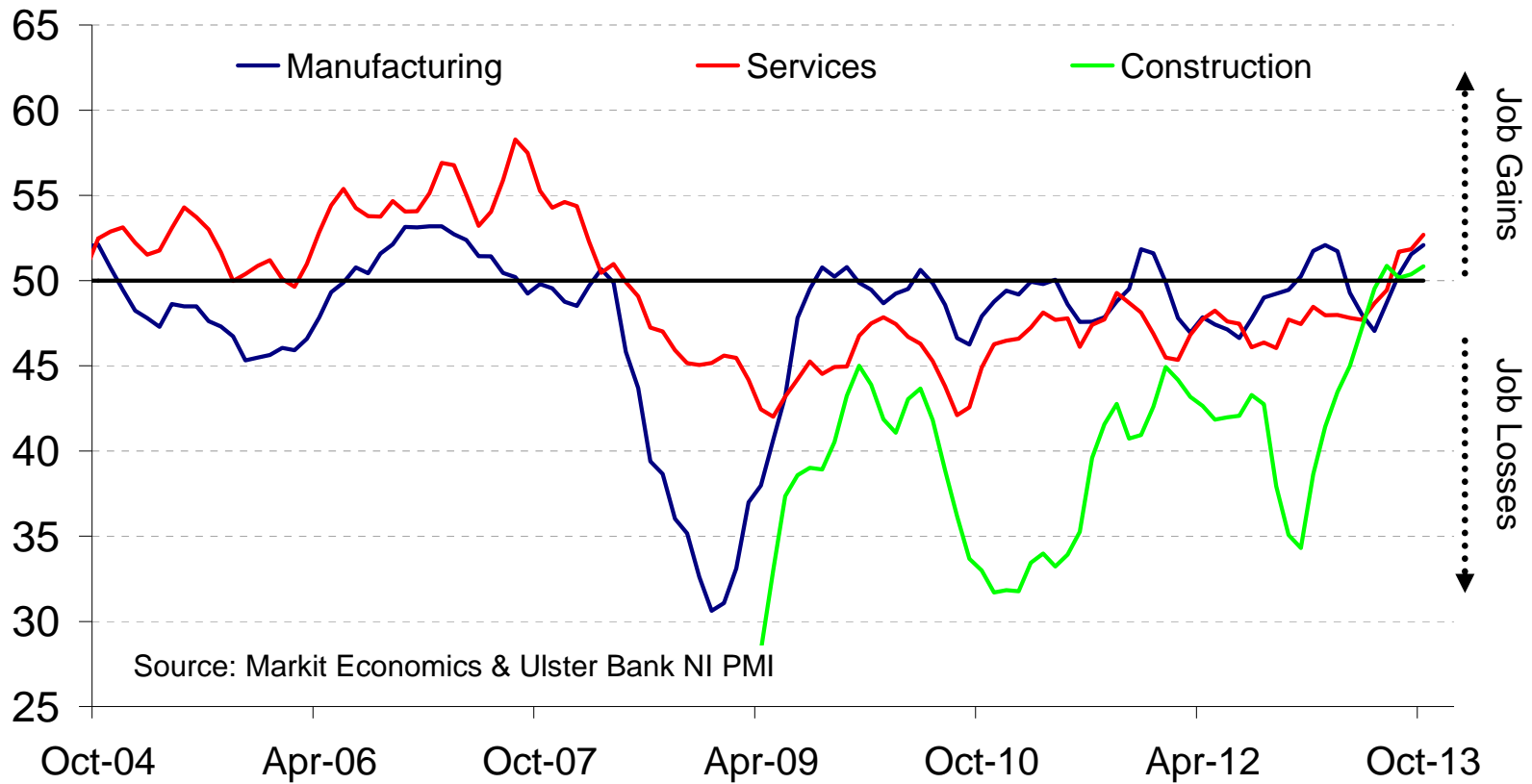
All three broad sectors in NI reported increased levels of business activity over the last 3 months



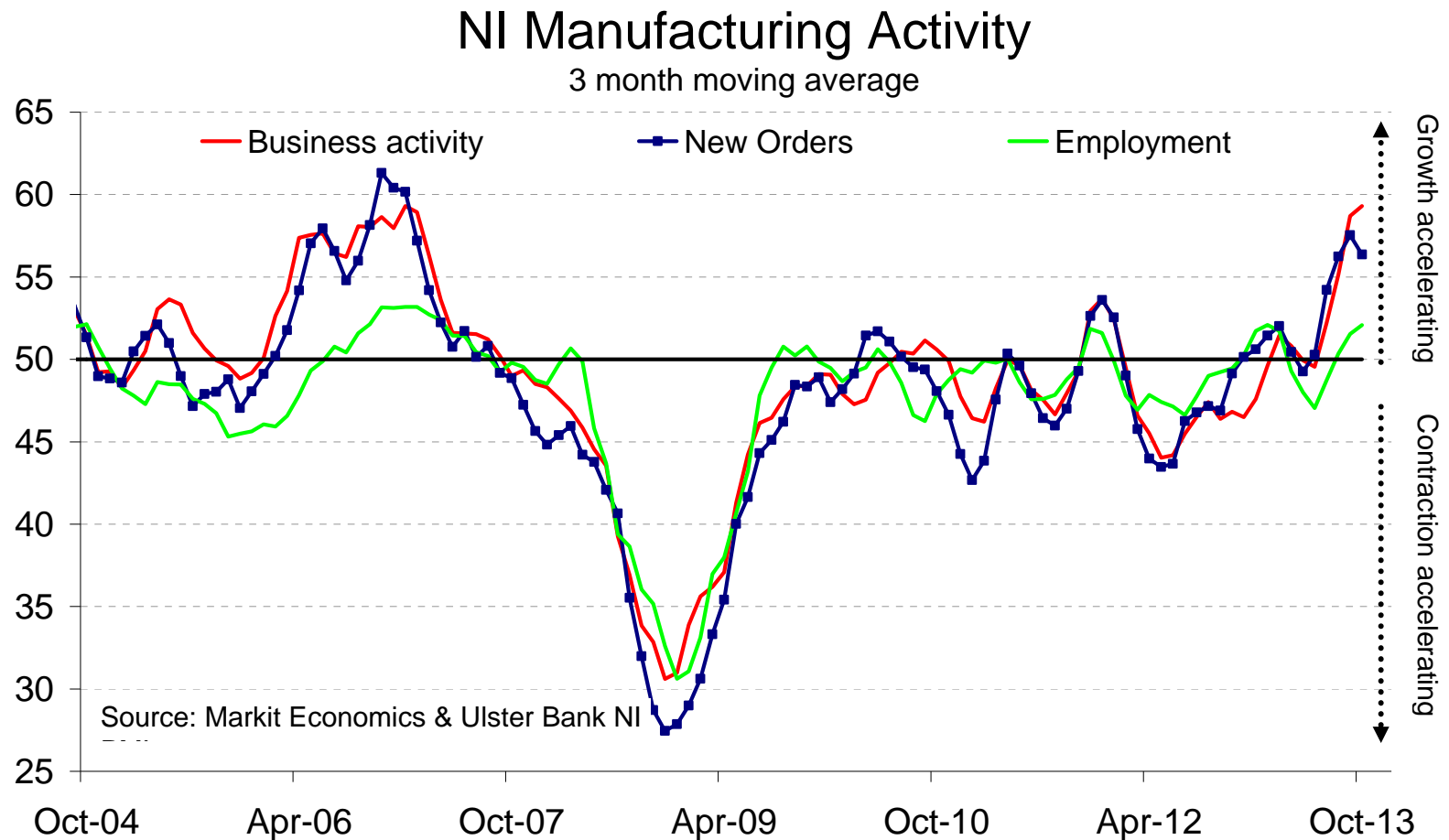
...with all sectors also reporting job gains over the last 3 months

NI PMI - Employment Index

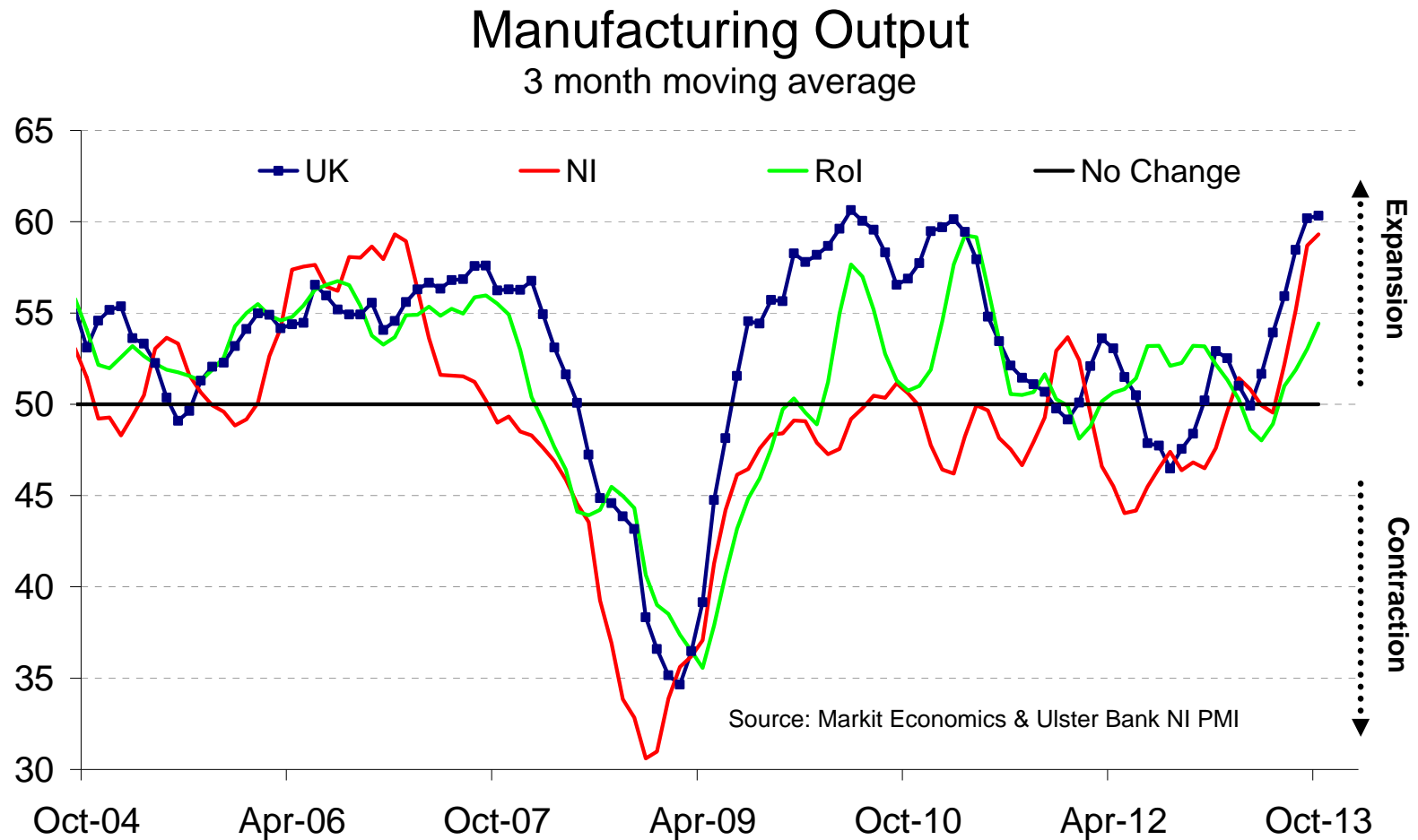
3 month moving average



NI's manufacturing sector posts an acceleration in employment & output growth over the last 3 months



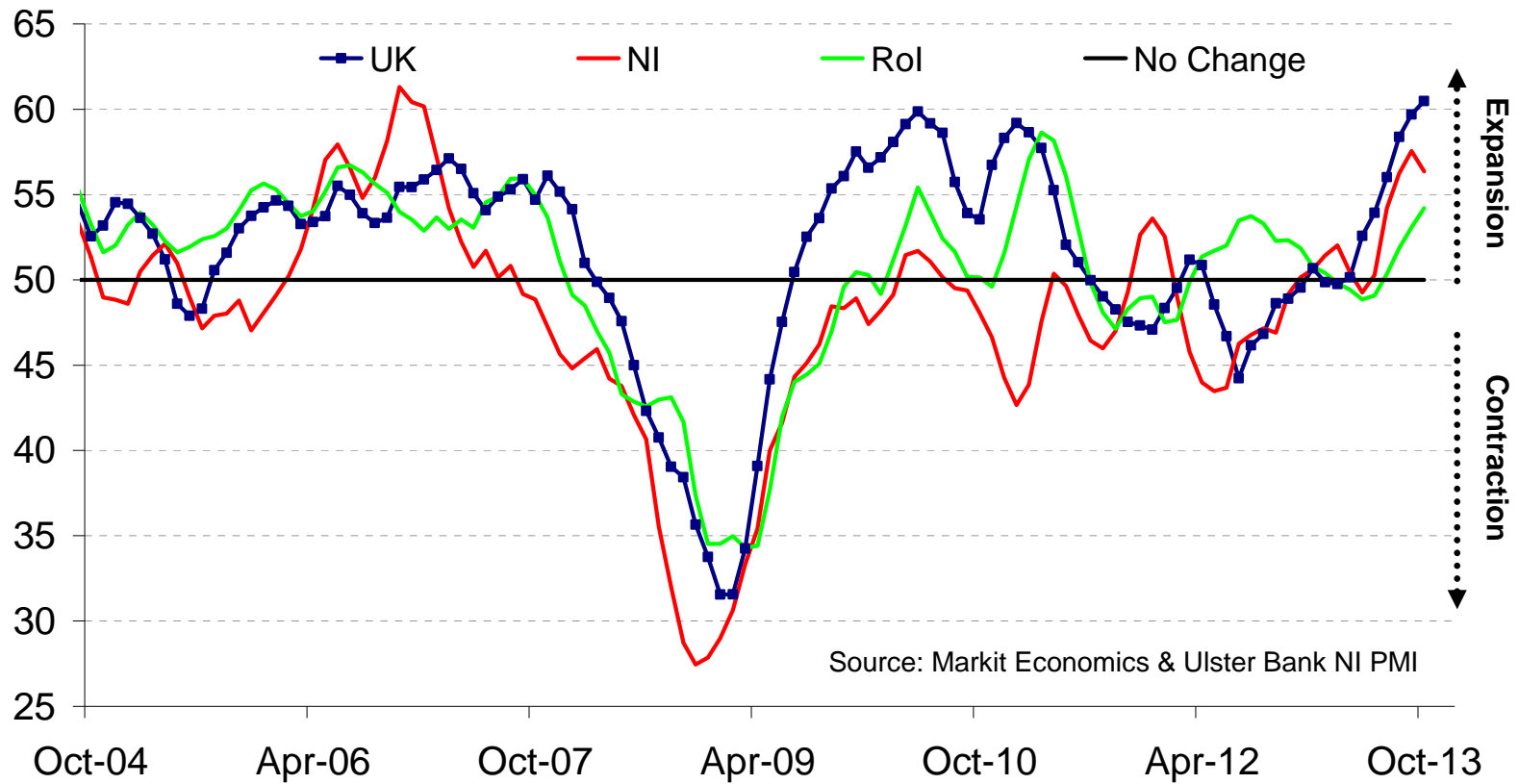
The UK, RoI and NI all witness an acceleration in manufacturing output during the last 3 months



The UK posts the strongest growth in new orders

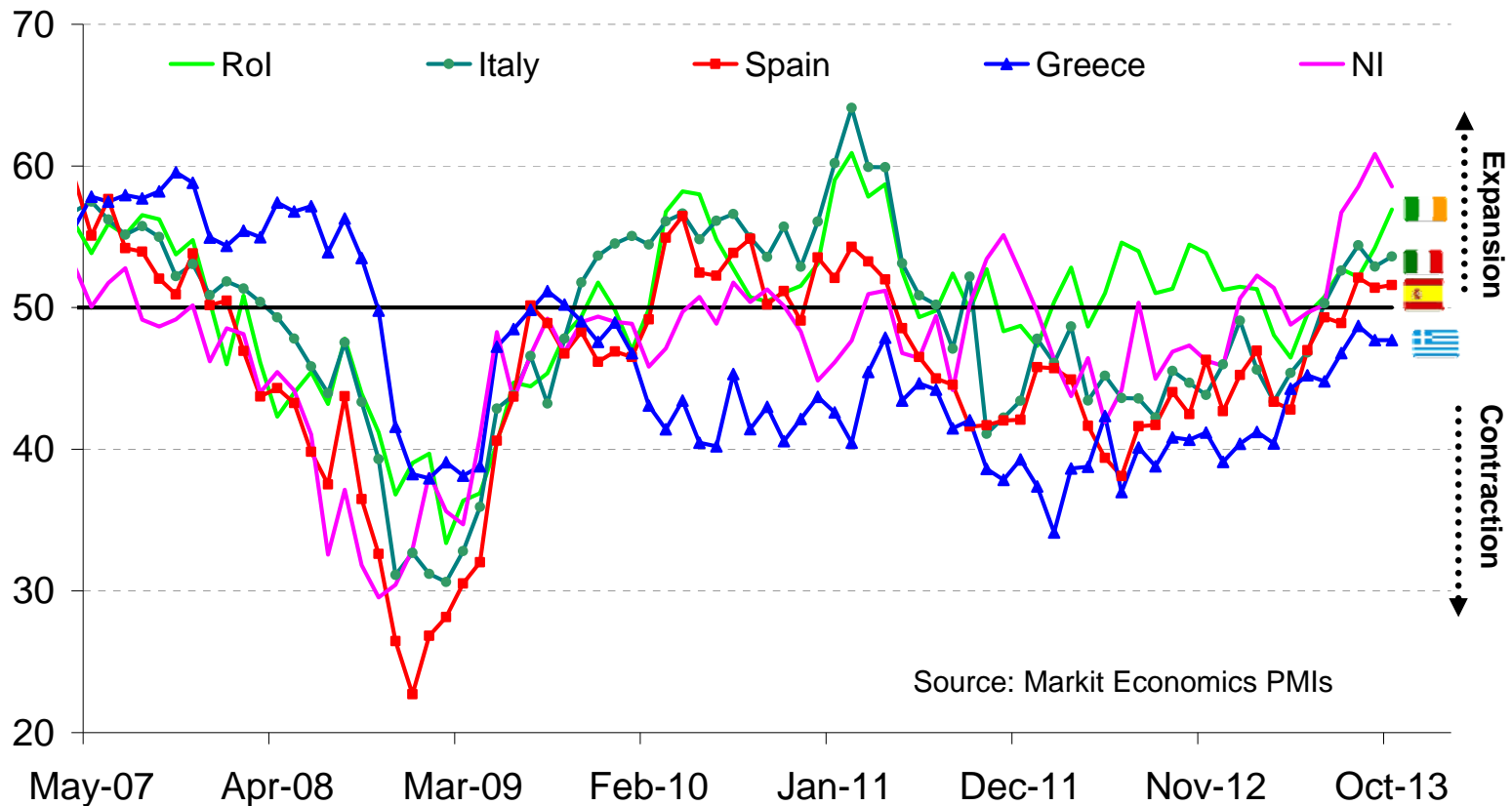
Manufacturing New Orders

3 month moving average



N.Ireland is outperforming its European competitors

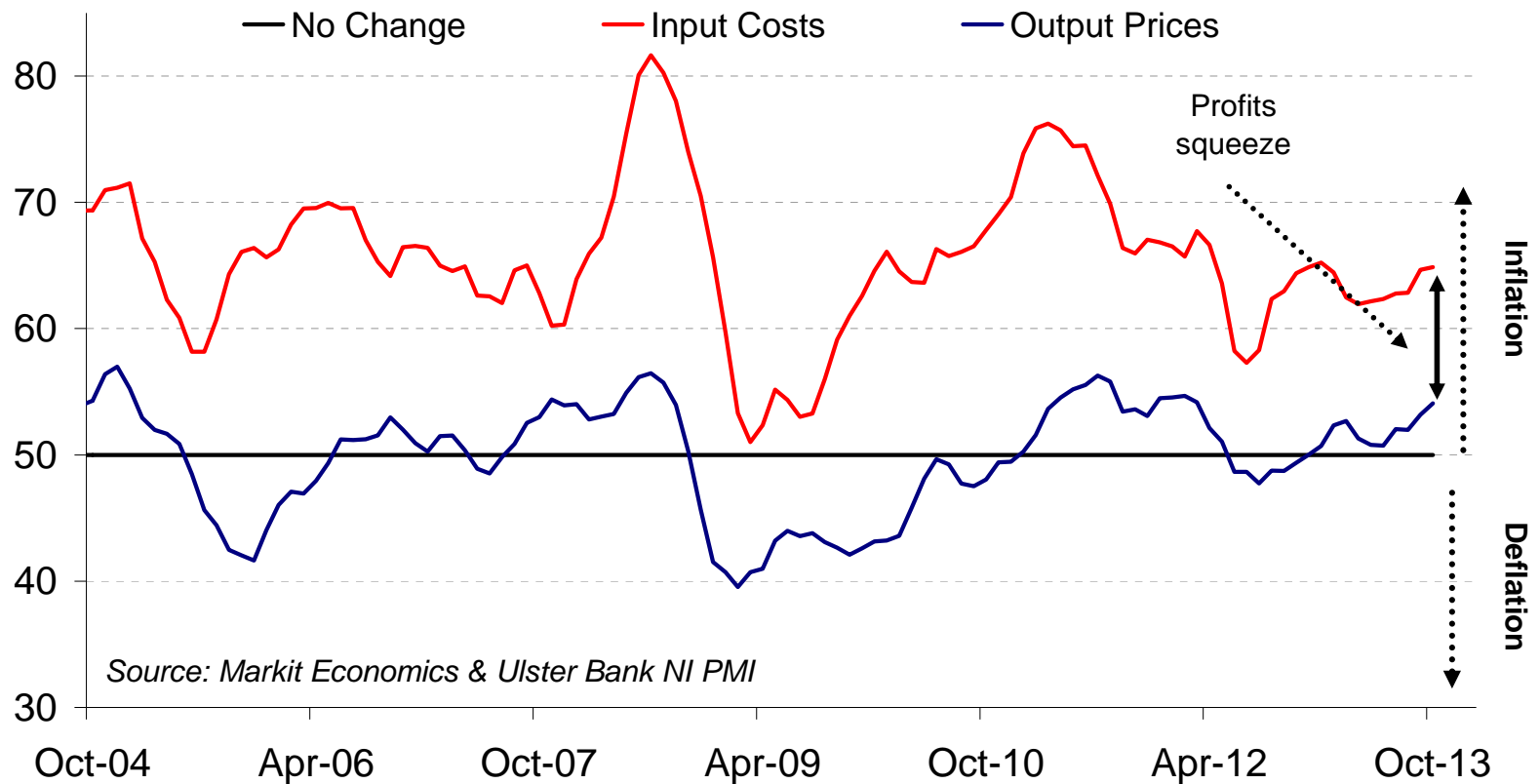
Manufacturing Output - PMI



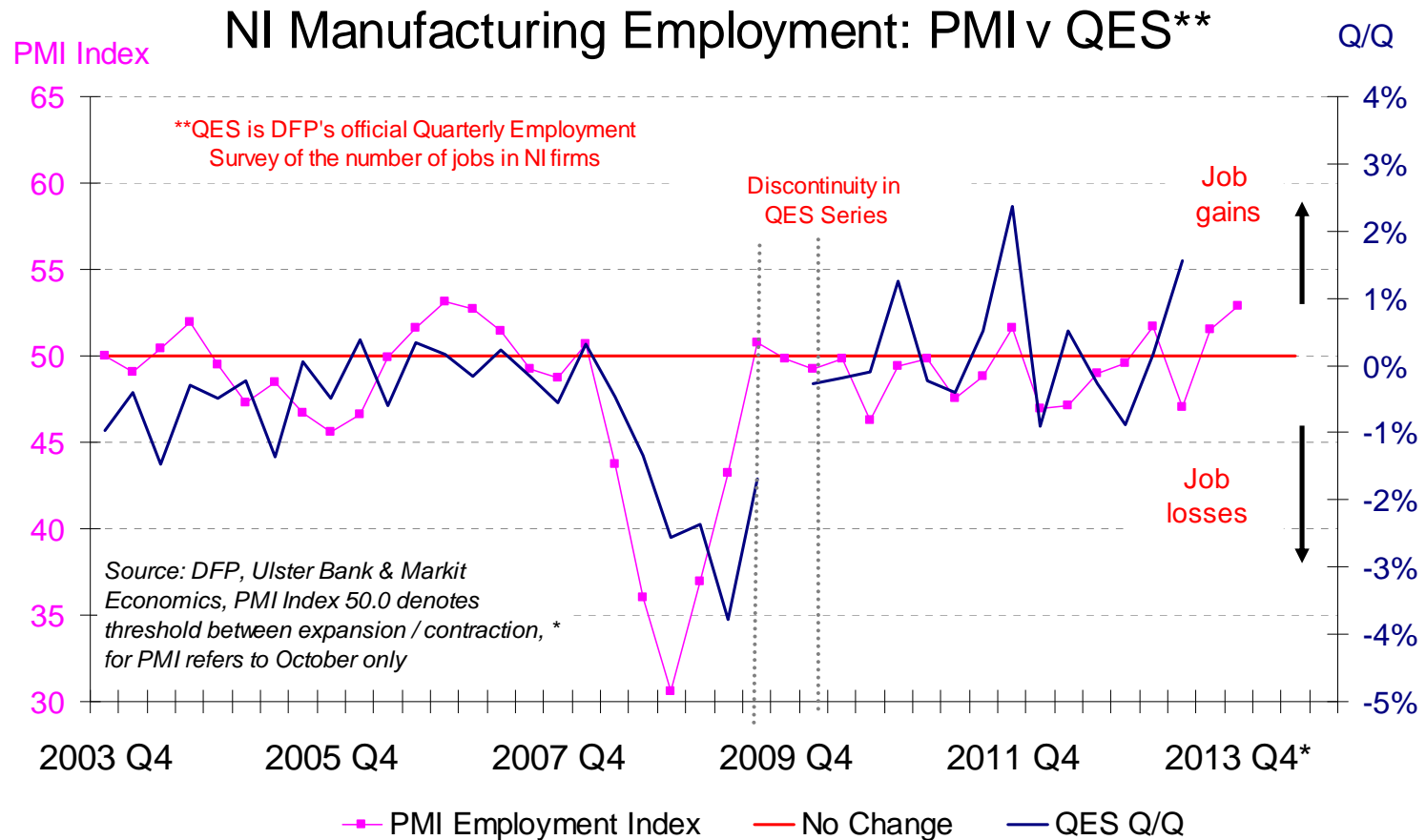
Cost price inflation remains for local manufacturing firms but pricing power is improving with increased demand

NI Manufacturing Input & Output Inflation

3 month moving average



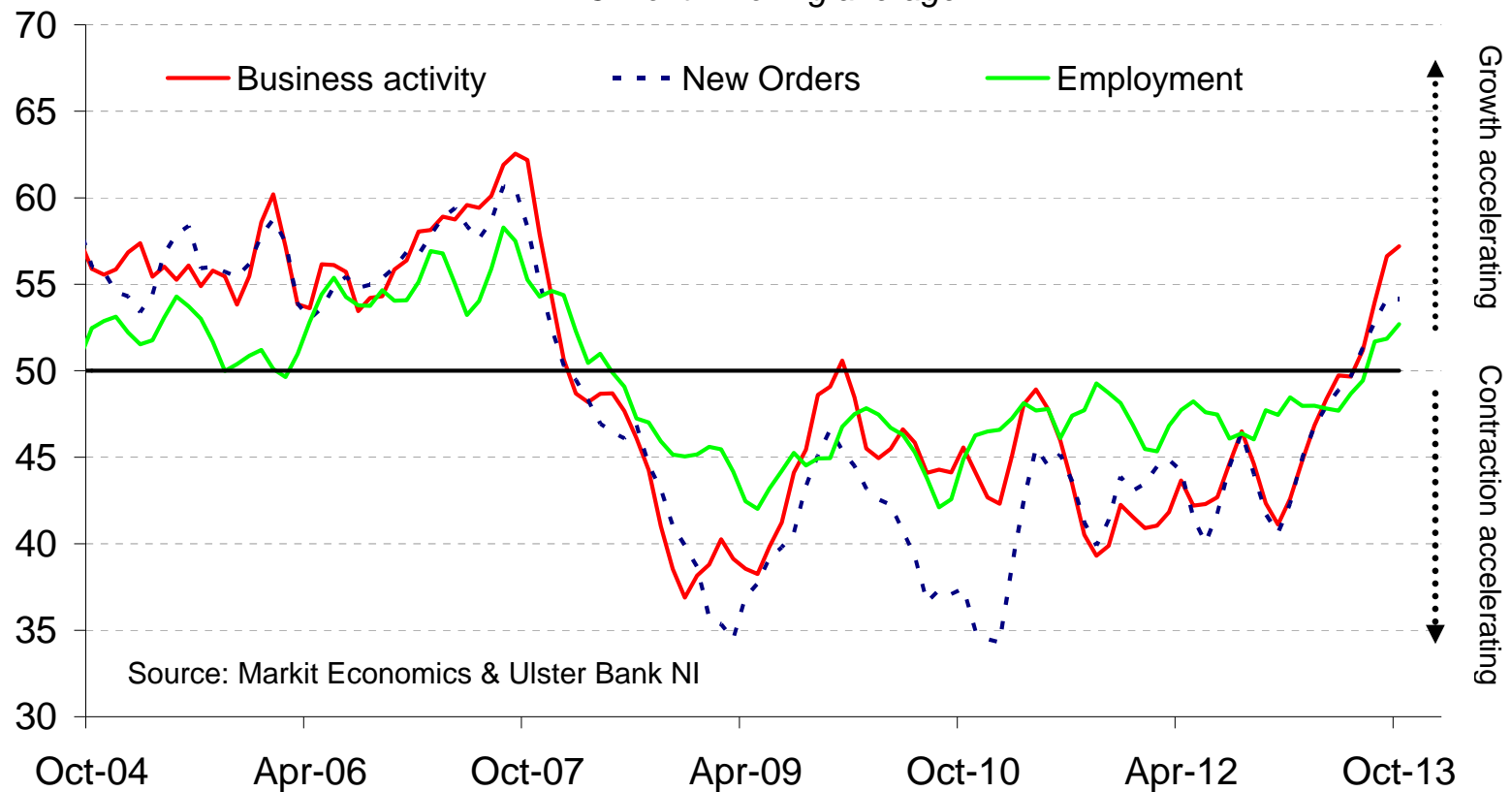
PMI underestimated manufacturing job surge in Q2. PMI suggests further job gains in Q3 & Q4 2013



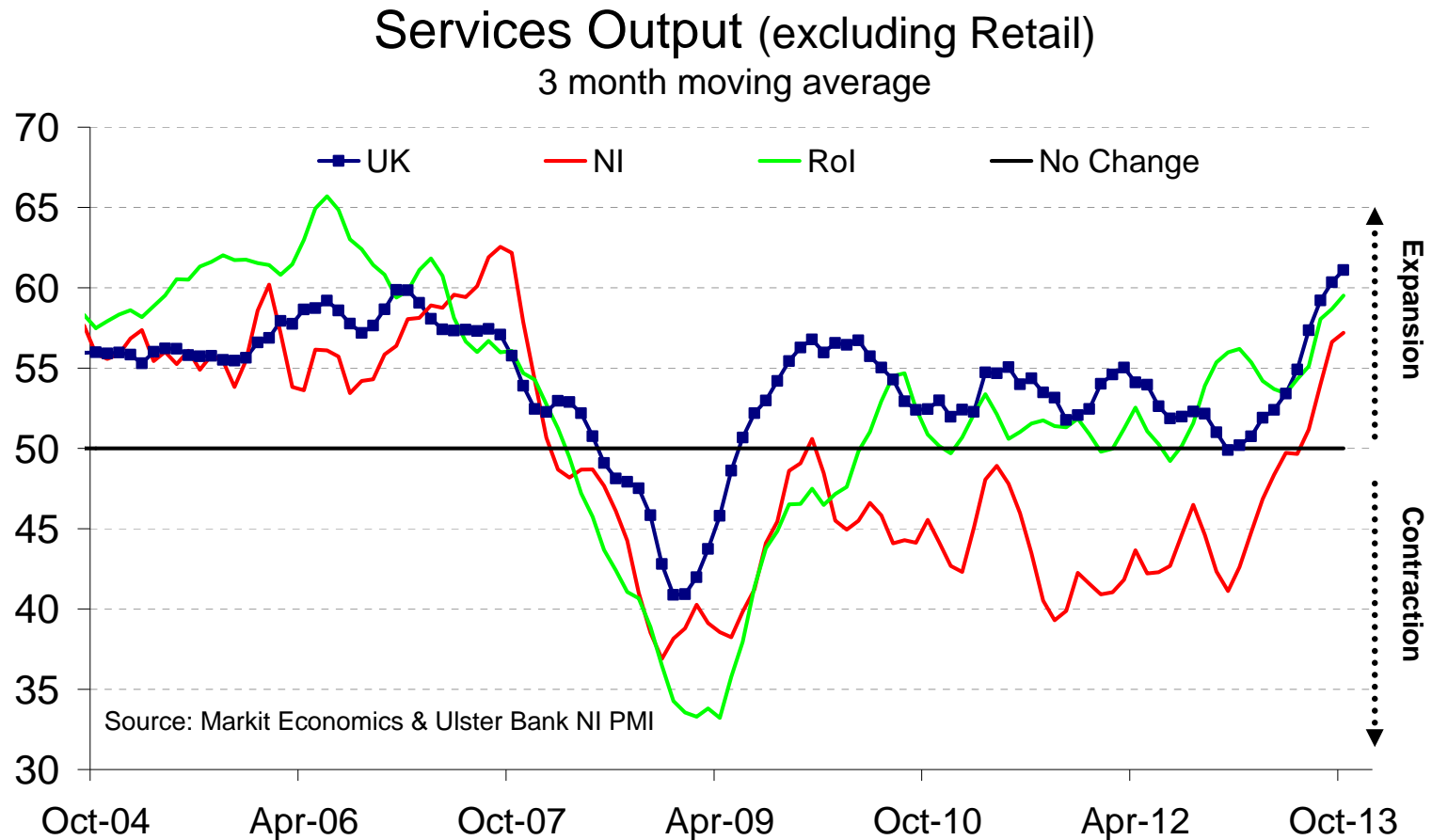
Recent growth in NI service sector output / orders is feeding through into higher levels of employment...

NI Service Sector (excludes Retail)

3 month moving average



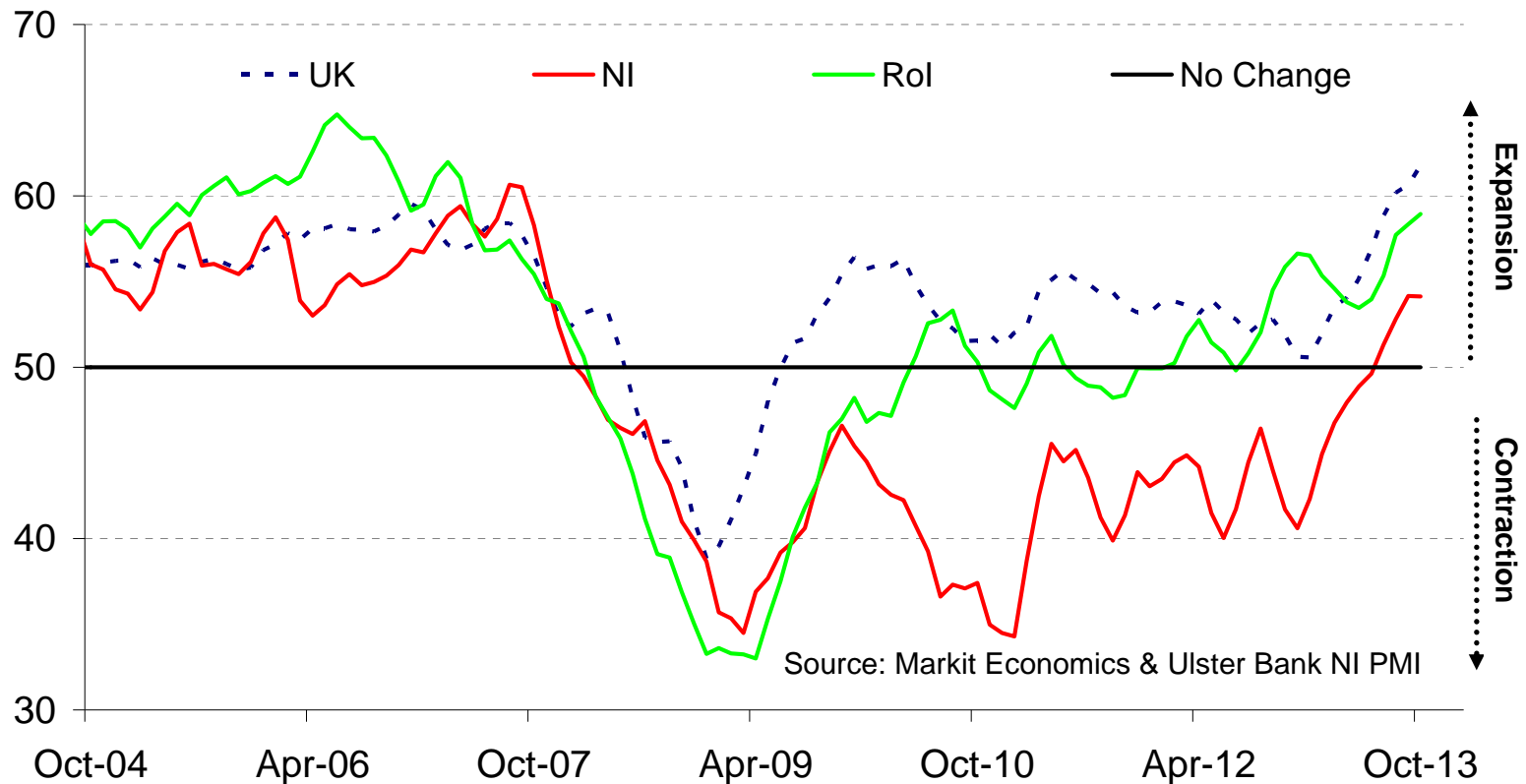
All three economies post an acceleration in services output growth in the 3 months to October...



... and strong new orders growth too

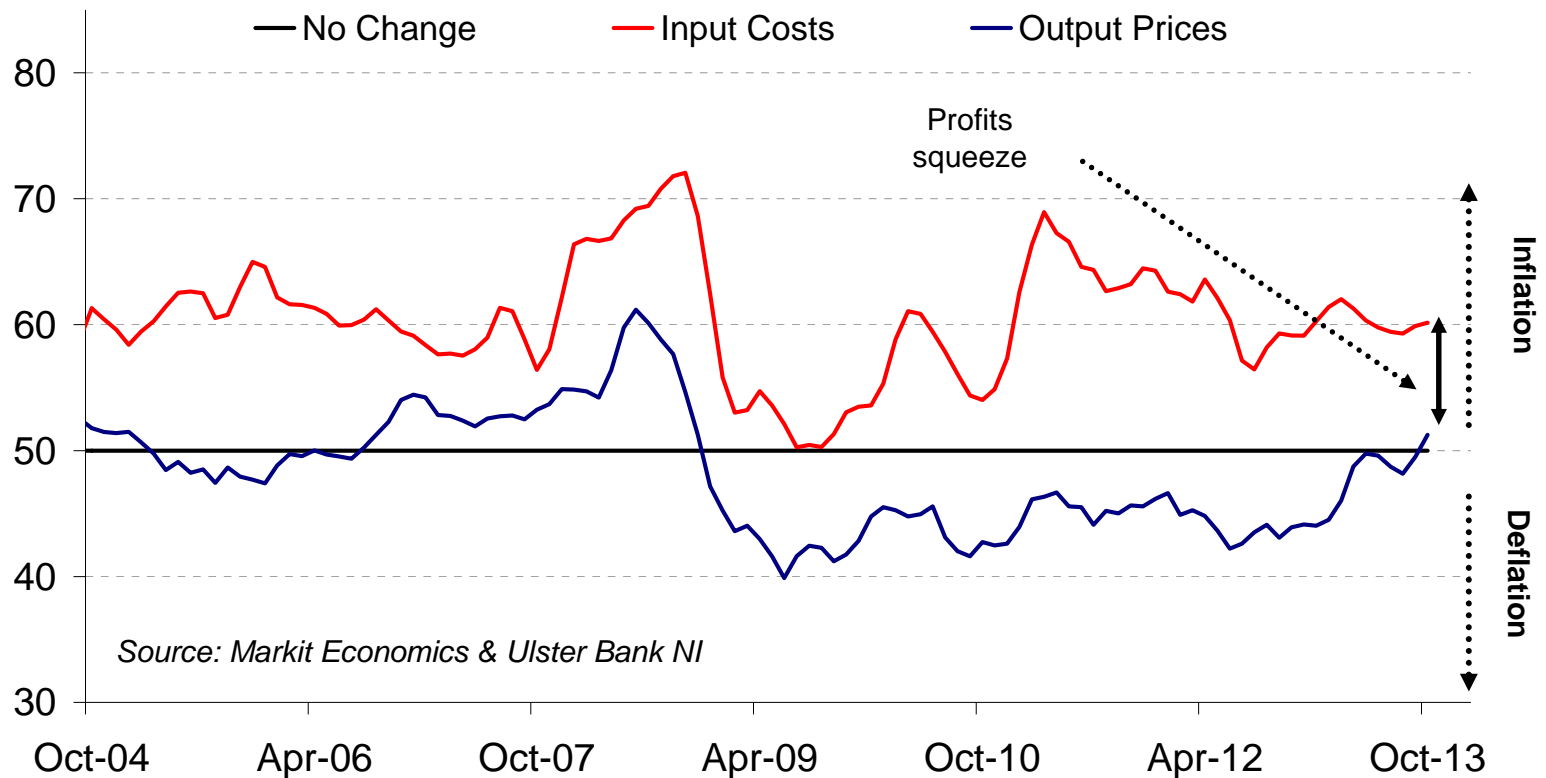
Services New Orders (*excluding Retail*)

3 month moving average

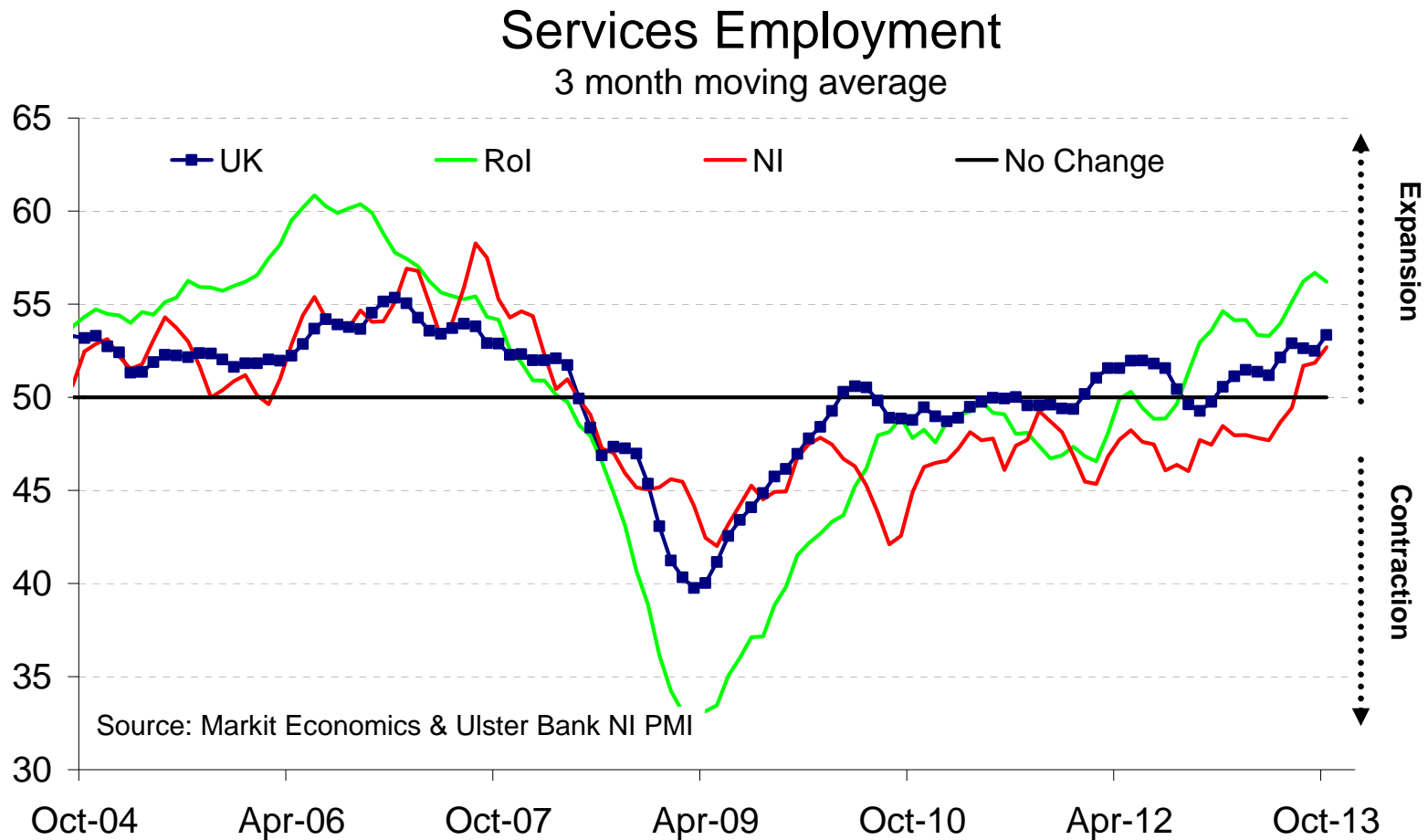


Output prices within service sector firms rise at their fastest rate in October in over 5 years

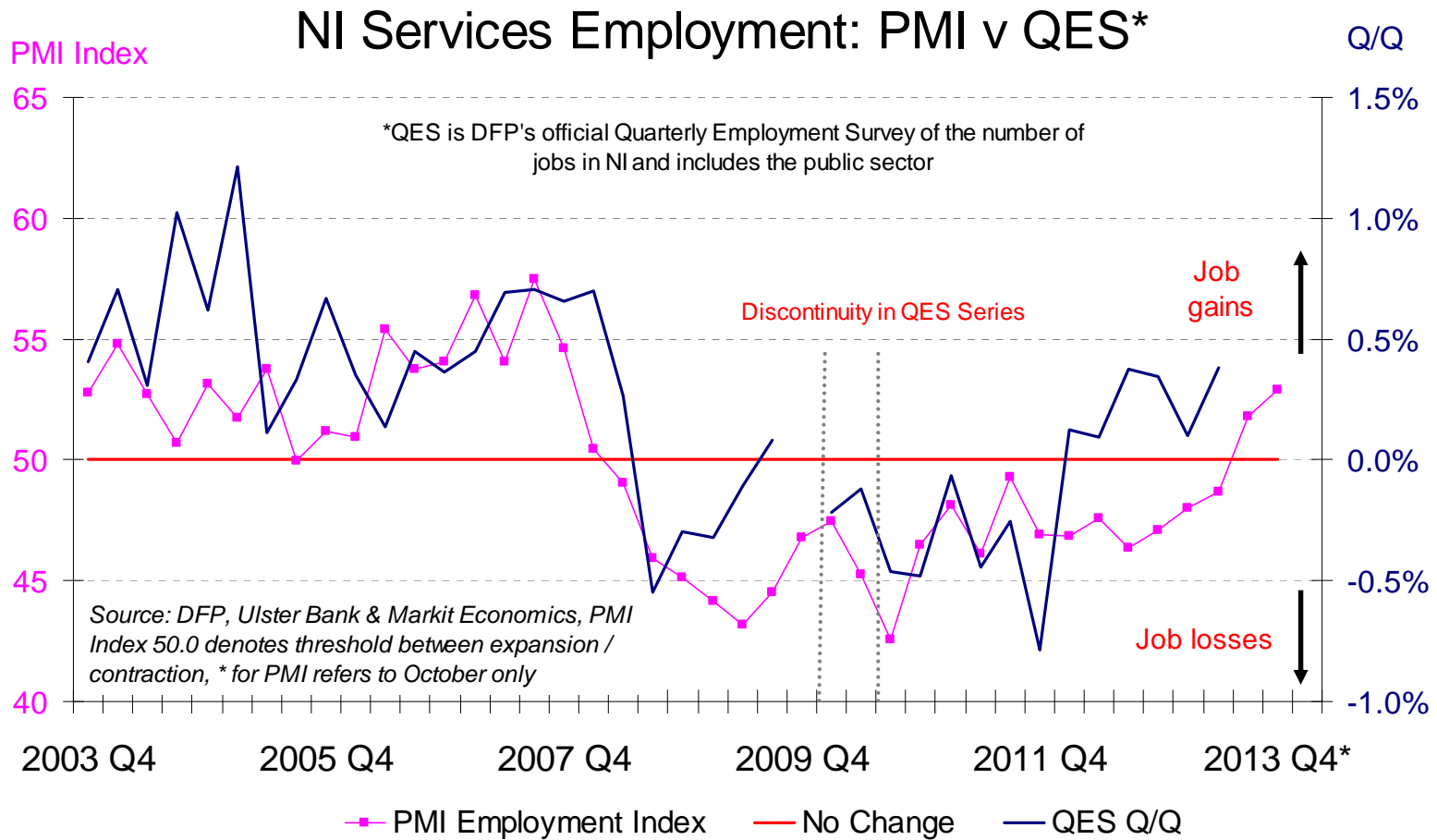
NI Services Input & Output Inflation 3 month moving average



...with employment growth accelerating in the UK & NI whilst remaining strong in the RoI



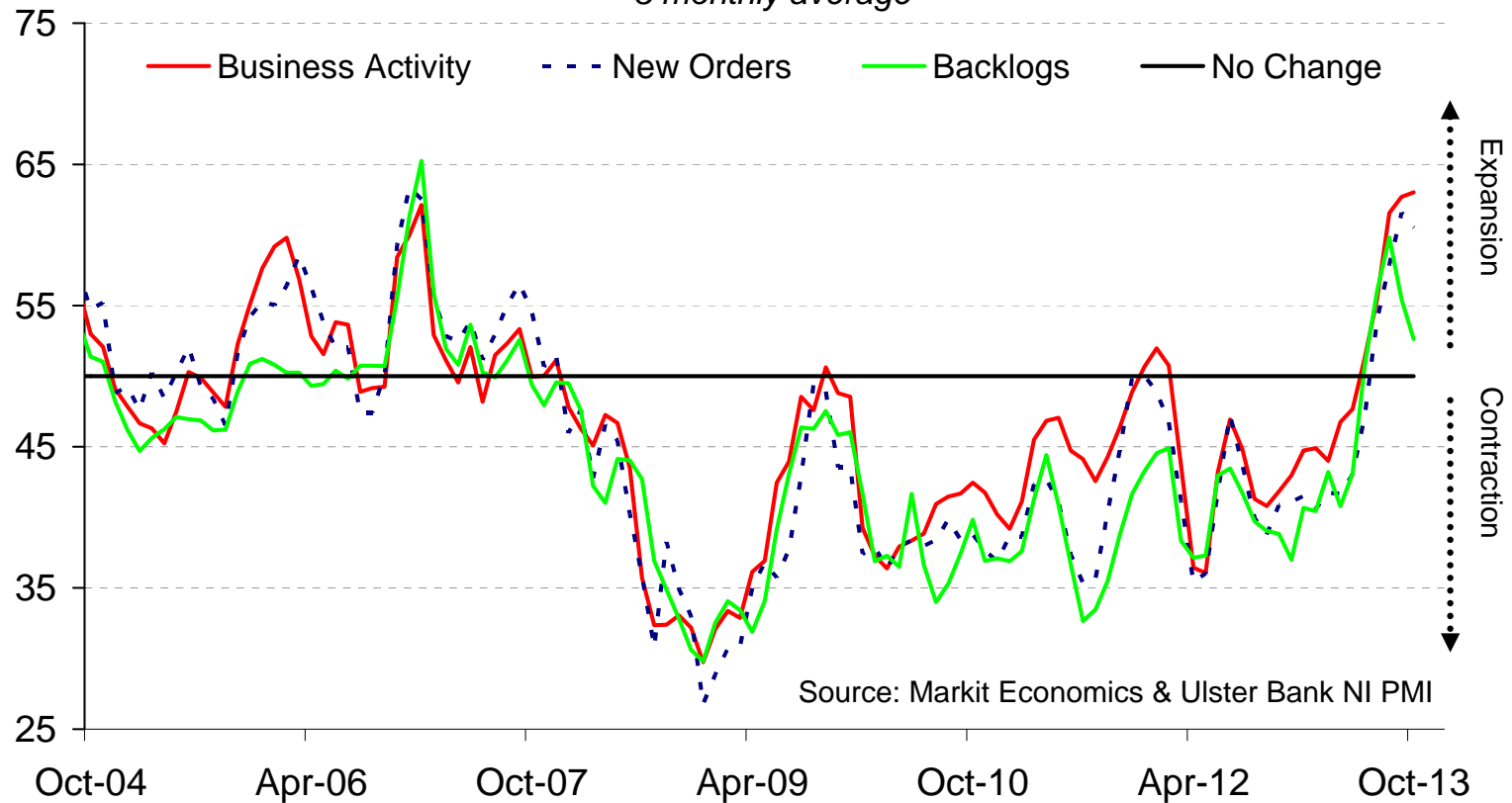
In Q3 the services PMI finally shows quarterly employment growth for the first time since Q1 2008



Retailers summer boom extends into October

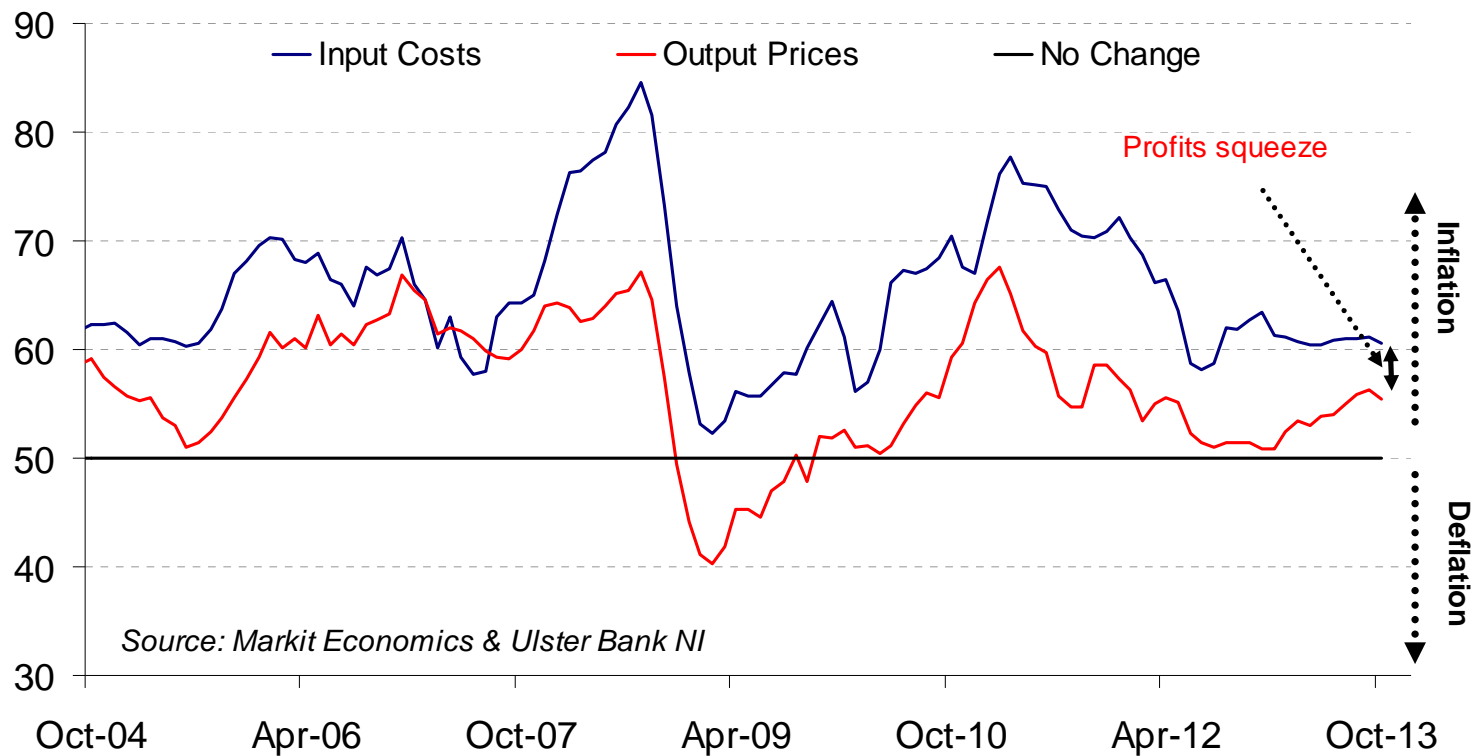
Northern Ireland Retail PMI

3 monthly average



Local retailers maintain pricing power in October

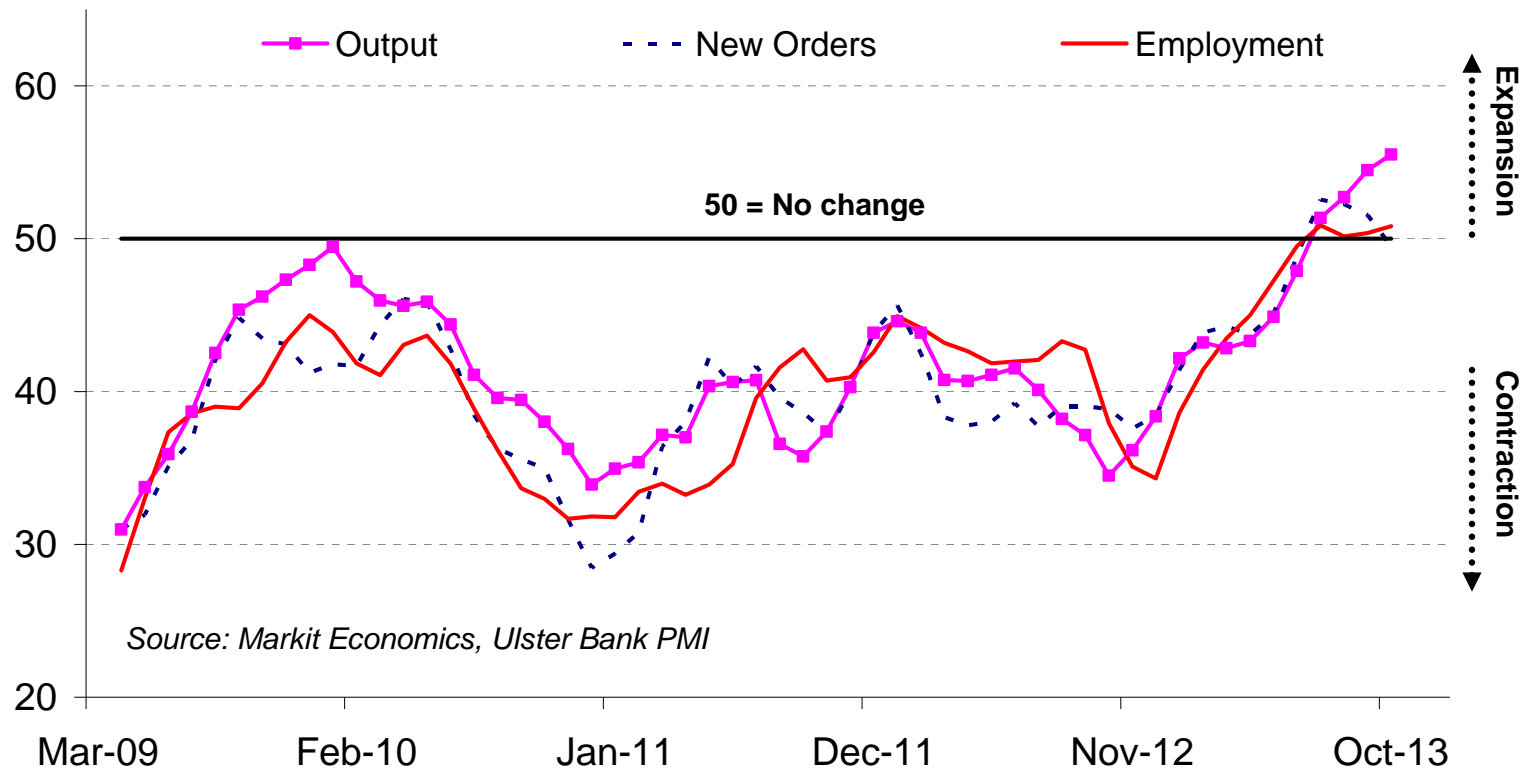
NI Retail Input & Output Inflation 3 month moving average



NI construction sector reports growth in output & employment over the last 3 months but dip in new orders

NI Construction PMI

3 month moving average

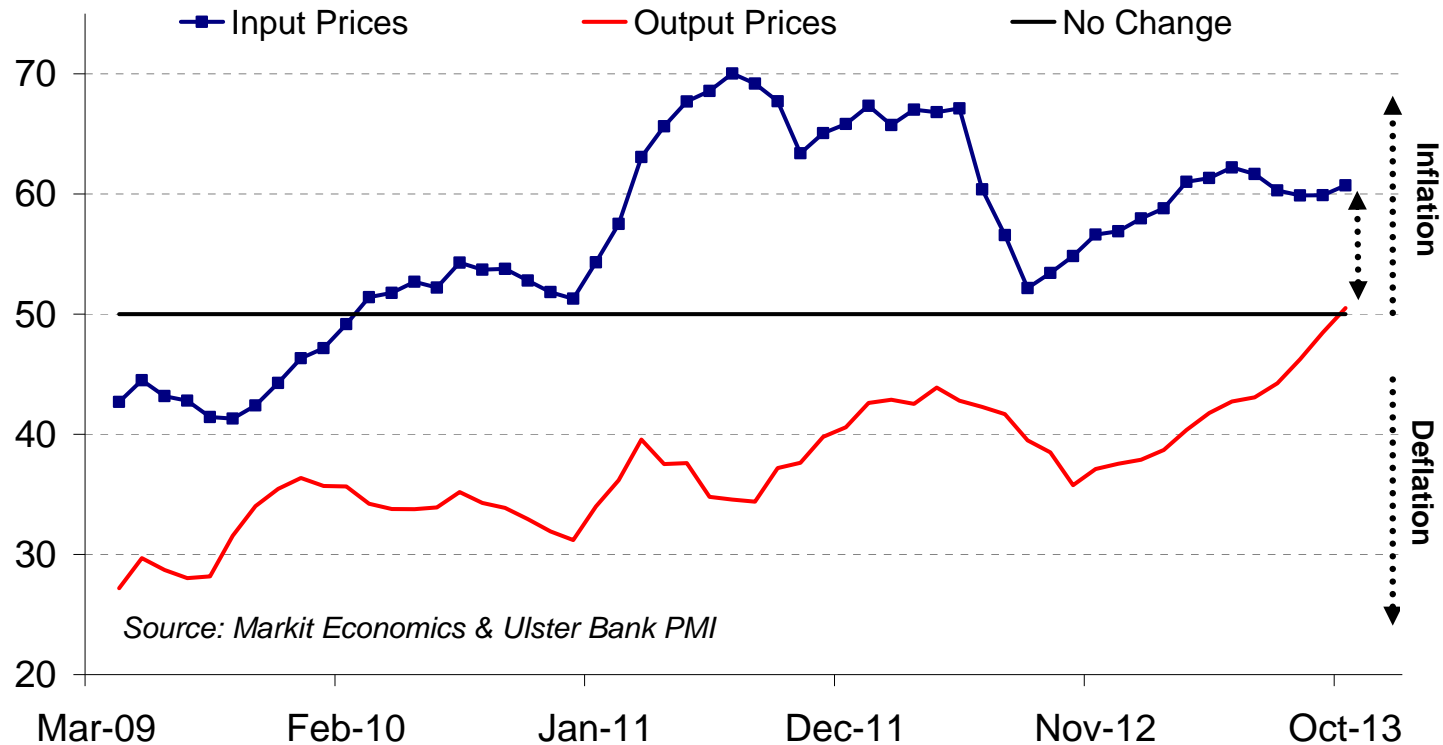


...but output prices have stopped falling

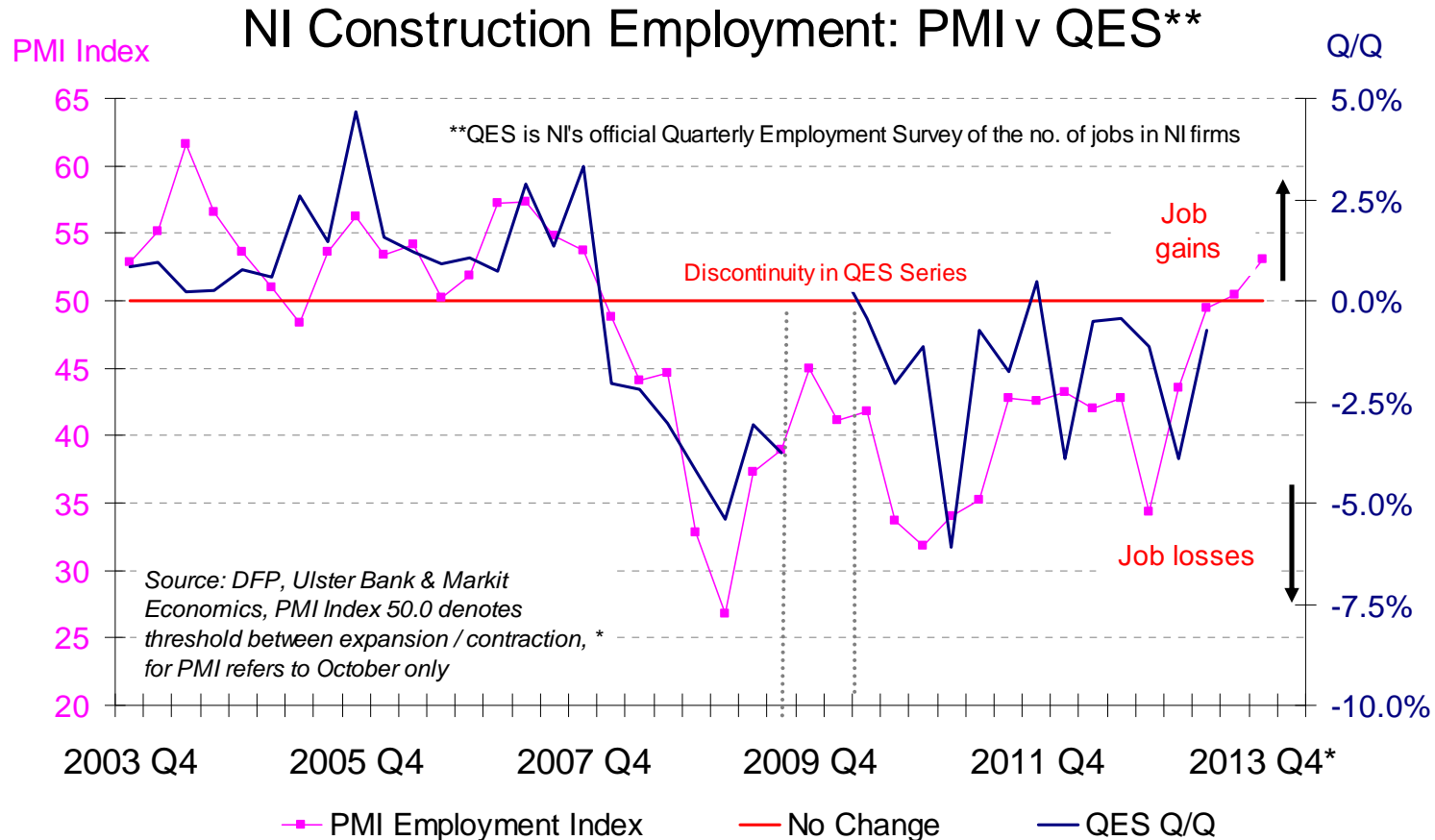
NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



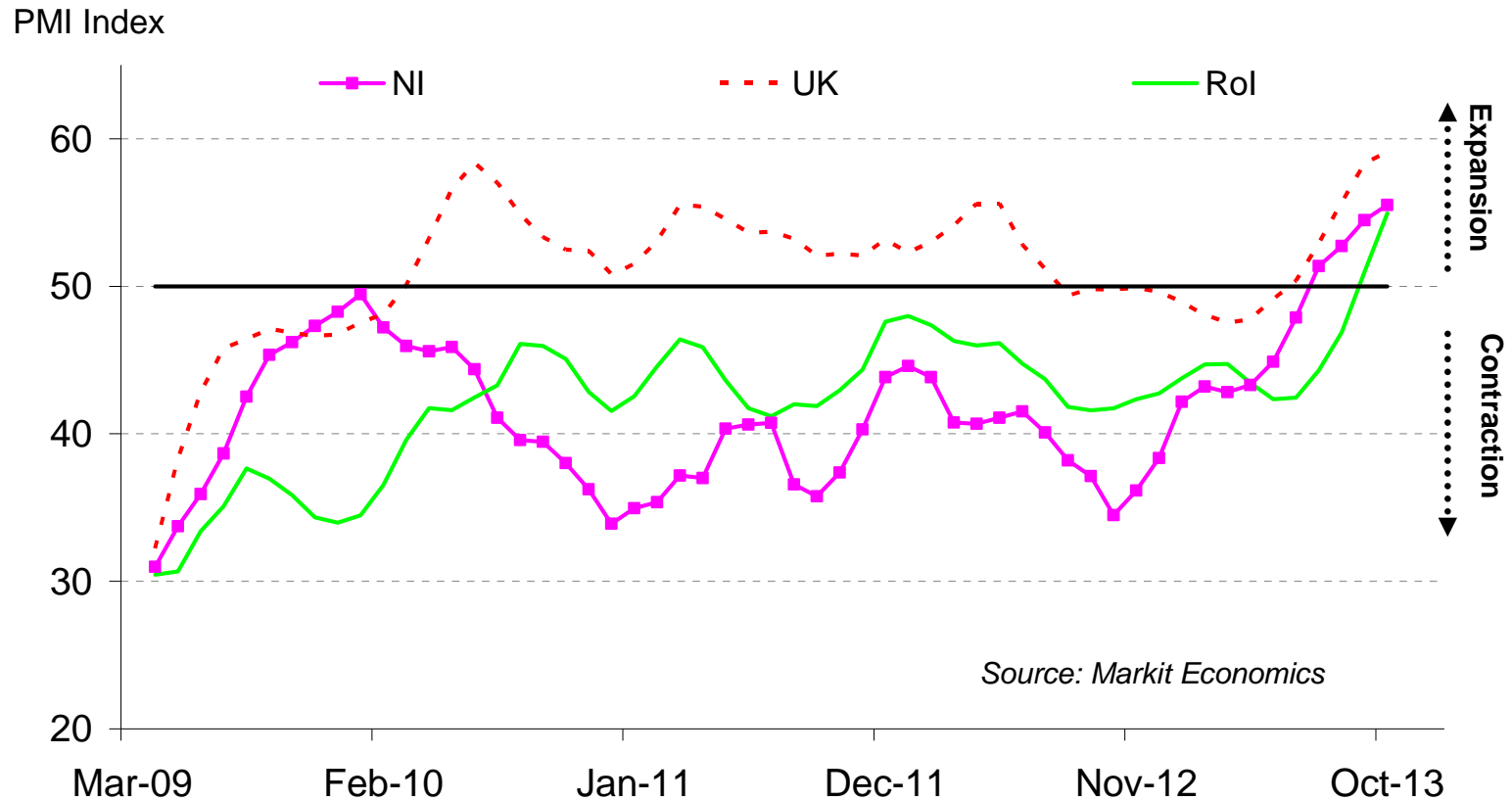
NI's construction PMI posted its first quarter of employment growth in Q3 2013 since Q4 2007



Construction output accelerates in the UK, RoI and NI over the last 3 months

Construction Sector Output - PMI

3 month moving average

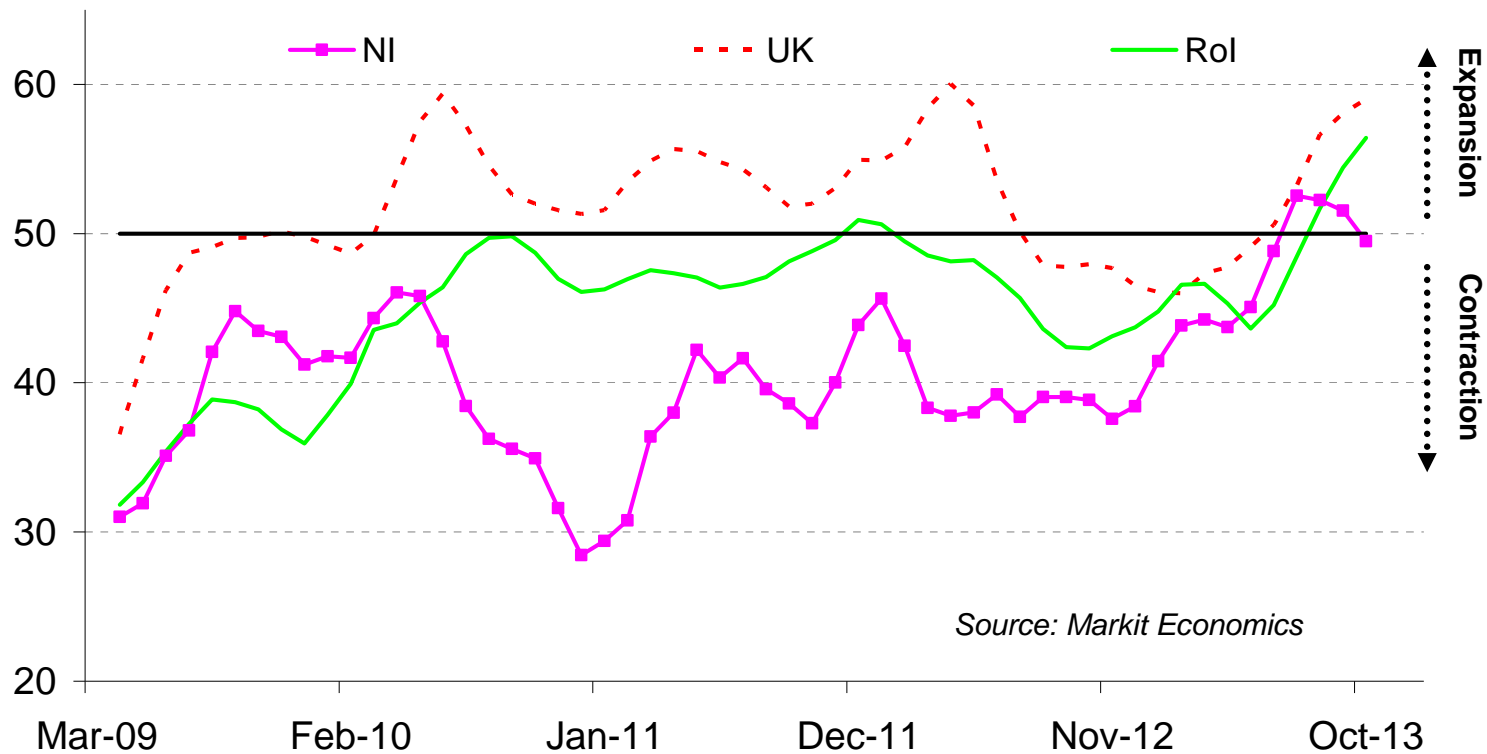


New orders growth accelerating in the UK & RoI but dips in NI

Construction Sector New Orders - PMI

3 month moving average

PMI Index

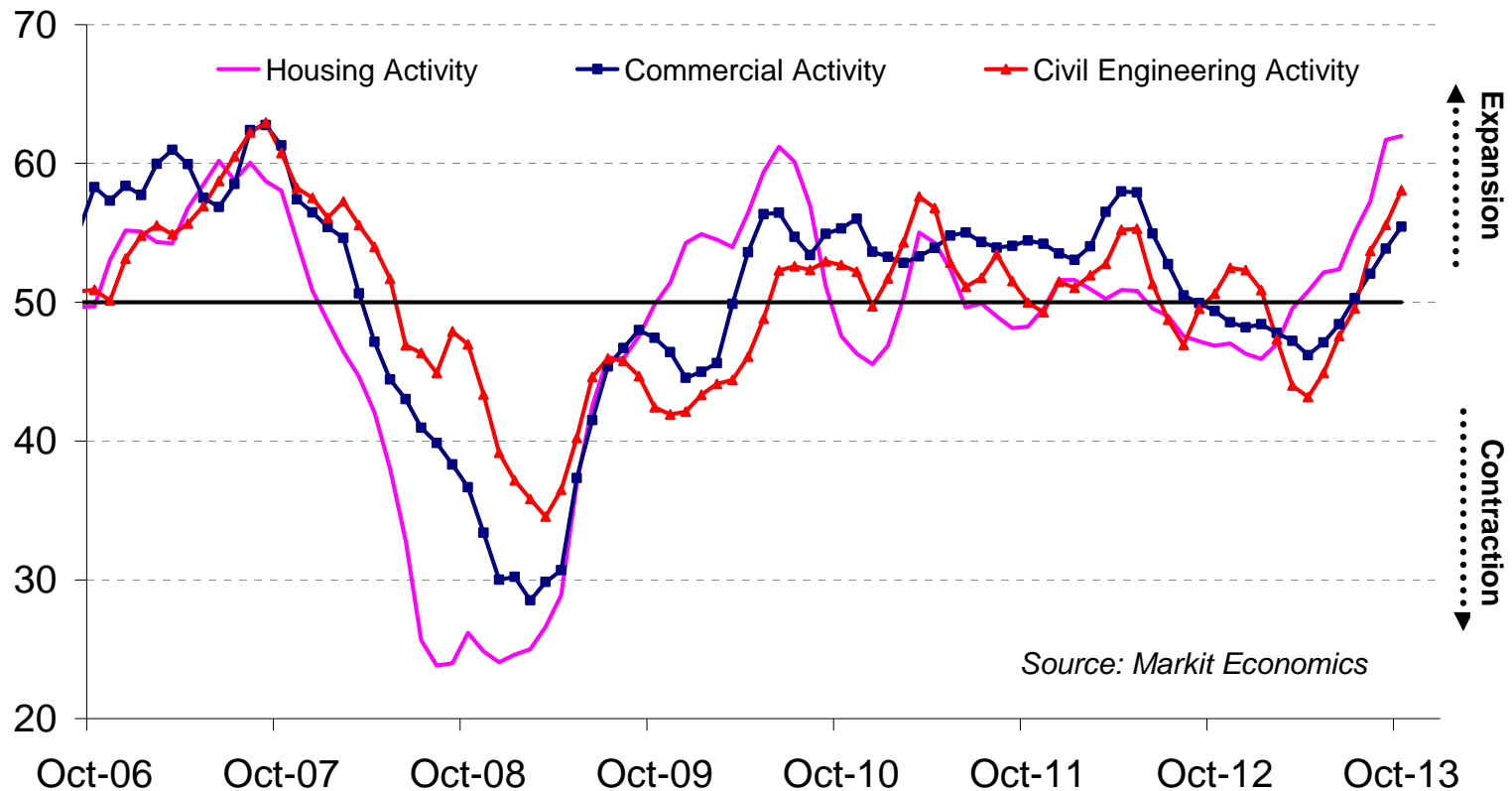


Source: Markit Economics

Opportunities for NI firms within GB market. House building sector expanding at its fastest rate in almost 10 years...

UK Construction Activity - PMIs

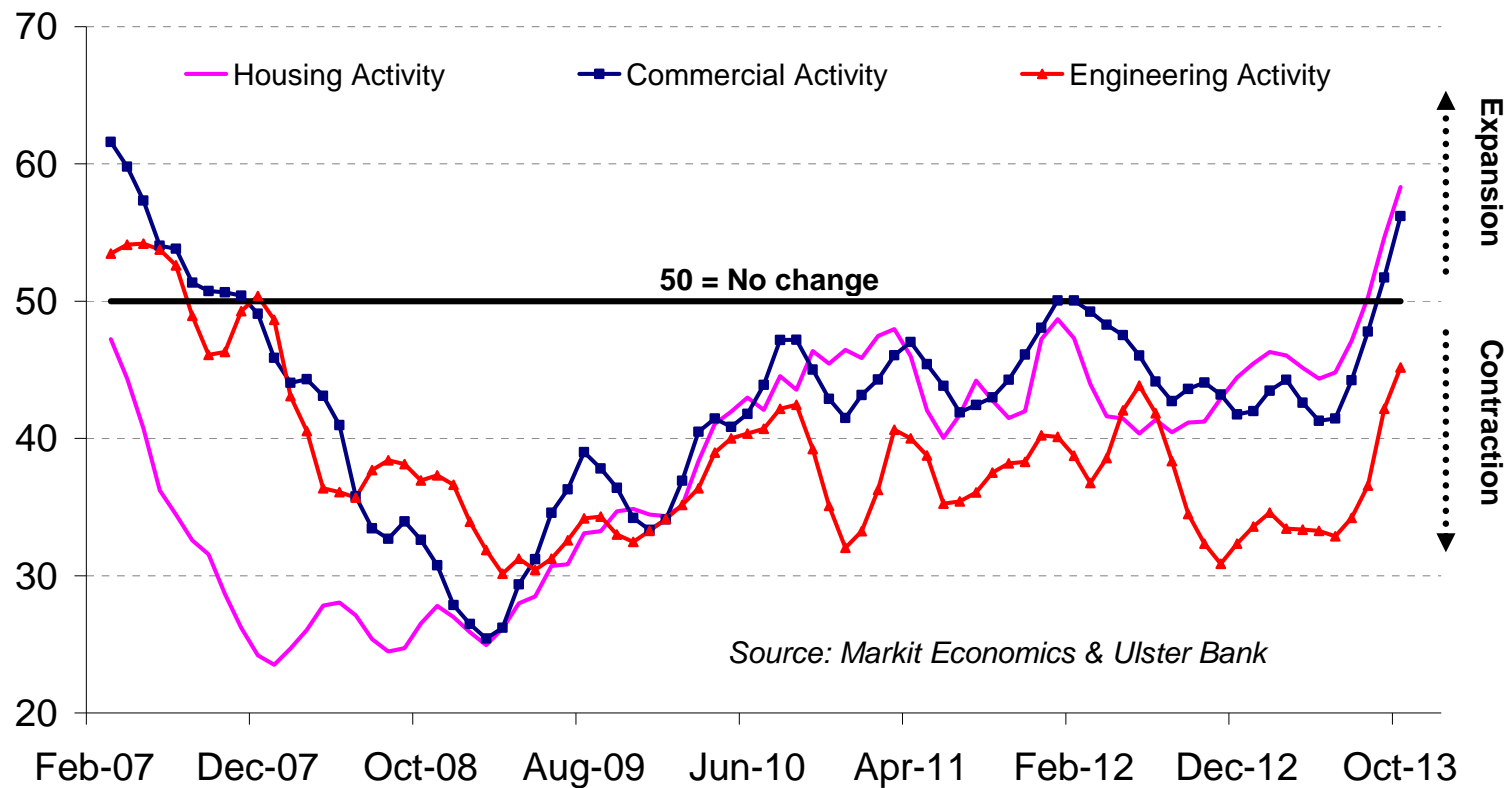
3 month moving average



...with opportunities returning within the RoI too

Republic of Ireland Construction Activity - PMI

3 month moving average



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