

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

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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.ulsterbankcapitalmarkets.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

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Ulster Bank and Markit Economics
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Survey-record rise in employment recorded in March

Continued strong growth of business activity and new orders was recorded at Northern Ireland companies in March, helping to support a record rise in employment. Meanwhile, the rate of input cost inflation quickened sharply and output prices rose following a reduction in February.

New order growth quickens

New business at Northern Ireland private-sector firms rose for the tenth successive month in March, and the rate of expansion quickened from that recorded in the previous month. The rise in new orders was faster than the UK average. All four monitored sectors posted increases in new business, led by services. Meanwhile, the construction sector posted a record rise in new orders. New export orders also increased, extending the current sequence of expansion to nine months.

Business activity also rose further in March, with company expansions and strengthening economic sentiment supporting growth. As with new orders, the service sector posted the sharpest rise in activity. However, the increase in output in Northern Ireland was weaker than that seen across the UK economy as a whole.

Record rise in employment

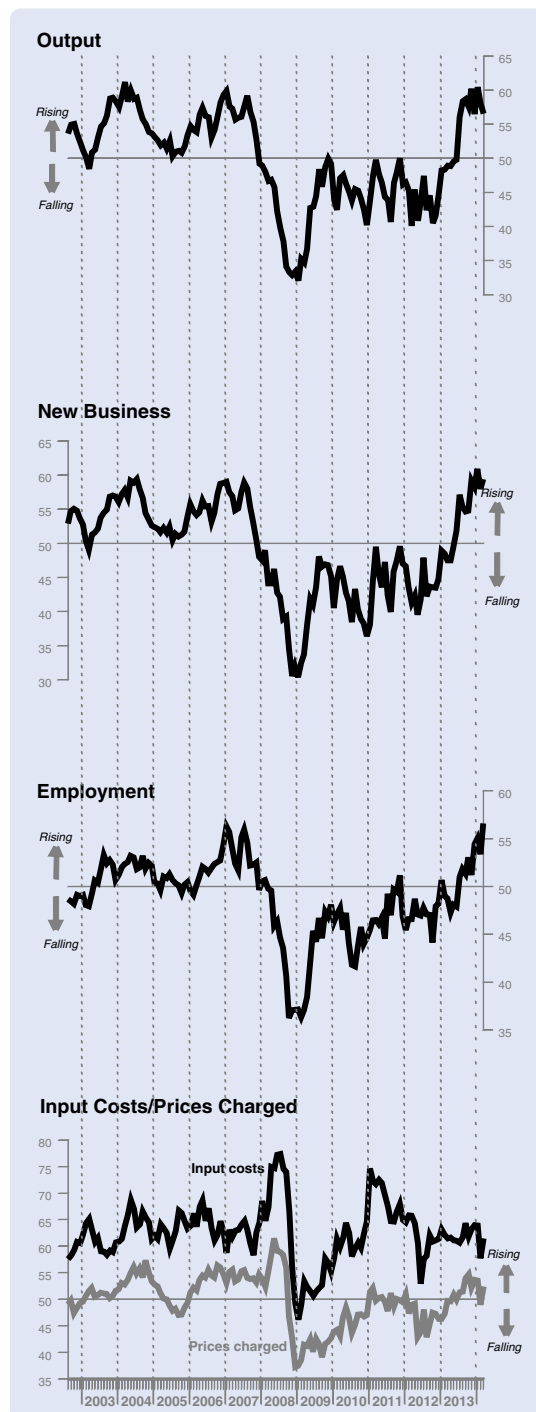
Staffing levels at Northern Ireland companies increased at the fastest pace since the series began in August 2002, with higher employment largely reflecting increased workloads. Sharper rates of job creation were recorded in the manufacturing, services and construction sectors. Staffing numbers in Northern Ireland increased at a quicker pace than at the UK level.

A further accumulation of backlogs of work was recorded in March, with the pace of increase quickening for the second month running. Outstanding business has now risen in each of the past six months.

Rate of cost inflation accelerates

The pace of increase in input prices quickened in March, reversing a slowdown seen in the previous month. The construction sector registered by far the fastest rise in input costs. According to respondents, higher supplier charges and staff costs had contributed to increased cost burdens. The rate of inflation in Northern Ireland was much faster than the UK average.

A rise in output prices was also recorded in March, the eighth in the past nine months. The construction sector saw charges increase at the fastest pace since data were first available in February 2009. The only sector to record a fall in output prices was services, although the pace of reduction eased from the previous month.



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

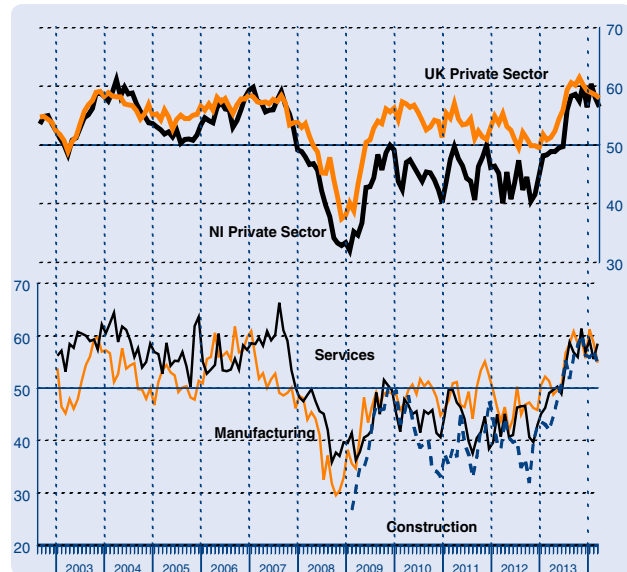
Q. Is the level of output or business activity at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	Oct	30.4	59.3	10.3	20.1	60.0	57.6
	Nov	32.4	56.5	11.1	21.4	60.7	60.3
	Dec	29.9	50.7	19.4	10.5	55.2	56.5
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

Business activity in the Northern Ireland private sector increased sharply again in March. Output has now risen in each of the past nine months. That said, the rate of expansion eased to the slowest seen in 2014 so far and was below the average recorded across the UK as a whole. Respondents indicated that company expansions and improving confidence in the wider economy had contributed to higher activity. The service sector posted the sharpest increase in activity in March, and was the only category to see a faster rise than in the previous month. Meanwhile, manufacturers posted the weakest rate of growth in output since June last year.

By sector

		Construction	Manufacturing	Services
'14	Jan	55.9	61.3	59.2
	Feb	57.3	58.7	55.6
	Mar	54.9	54.8	58.5



New Business

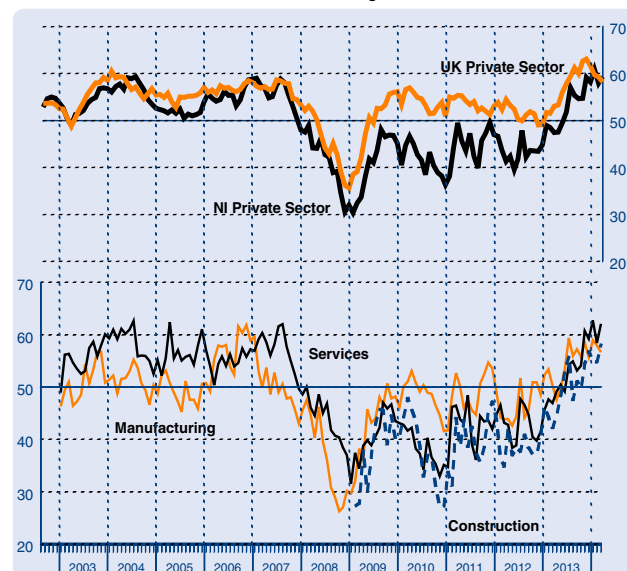
Q. Is the level of new orders or incoming new business at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	Oct	27.6	57.4	15.0	12.6	56.3	54.8
	Nov	35.5	50.3	14.3	21.2	60.6	59.2
	Dec	32.2	46.8	21.0	11.2	55.6	58.3
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

New business increased for the tenth consecutive month in March. Furthermore, the rate of expansion accelerated slightly from that recorded in February. The rise in new orders at Northern Ireland companies was also sharper than that recorded at the UK level. A number of respondents noted an improvement in enquiry numbers during the month. As was the case with activity, services led the overall expansion in new business. The construction sector posted its fastest rise in new orders since data were first available in February 2009. Slower, but still substantial growth was recorded in the manufacturing and retail sectors.

By sector

		Construction	Manufacturing	Services
'14	Jan	54.9	59.0	62.8
	Feb	54.9	58.0	58.5
	Mar	58.2	56.7	62.1



Backlogs

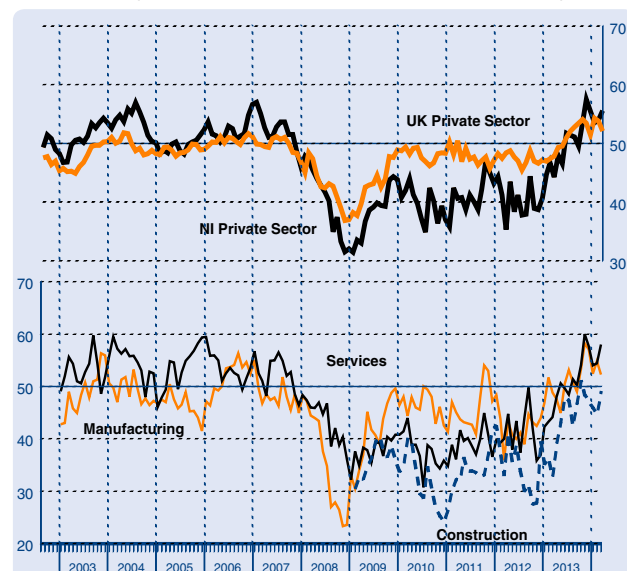
Q. Is the level of business outstanding (i.e. work not yet commenced or completed) at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	Oct	23.2	62.3	14.5	8.7	54.3	53.7
	Nov	28.6	59.0	12.5	16.1	58.0	57.5
	Dec	21.1	65.6	13.3	7.8	53.9	55.6
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

Northern Ireland companies registered another increase in backlogs of work in March, extending the current sequence of accumulation to six months. Moreover, the pace at which work-in-hand rose quickened for the second month running and was the sharpest in three months. The increase in backlogs of work in Northern Ireland was much faster than the UK economy average. The only sector not to record an increase in outstanding business was construction, although the pace of reduction was marginal and the slowest in the current period of deterioration. The strongest rise in backlogs of work was recorded at services companies.

By sector

		Construction	Manufacturing	Services
'14	Jan	46.0	52.5	54.1
	Feb	44.7	54.9	54.4
	Mar	49.0	52.3	58.1



Employment

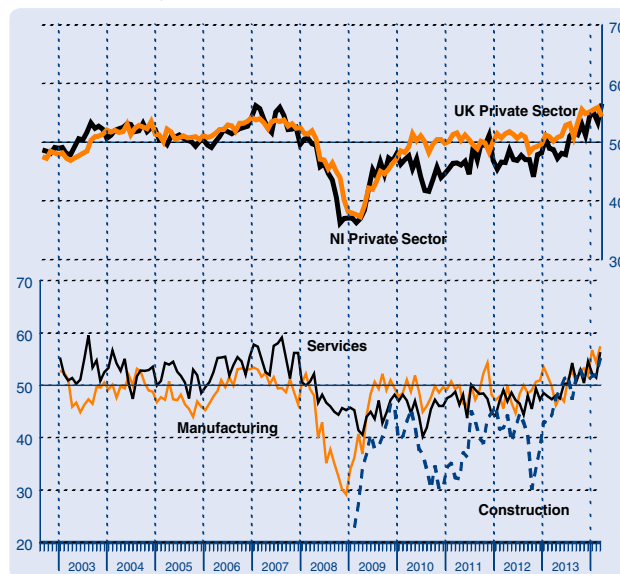
Q. Is the level of employment at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2013 Oct	16.8	76.4	6.8	10.0	55.0	53.1	55.6
Nov	11.5	78.2	10.2	1.3	50.7	51.2	54.9
Dec	16.8	74.4	8.8	8.0	54.0	54.5	55.2
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

Employment at Northern Ireland firms rose at the sharpest pace since the survey began in August 2002, surpassing the previous record from January 2007. Staffing levels have now risen in each of the past nine months, with the latest increase in Northern Ireland faster than the UK average. Anecdotal evidence suggested that higher employment was largely reflective of rising workloads. The manufacturing sector posted the strongest increase in staffing levels, closely followed by services. Both the manufacturing and construction sectors posted record rises in employment during the month.

By sector

		Construction	Manufacturing	Services
'14 Jan		51.8	56.8	52.3
Feb		52.1	54.4	51.5
Mar		55.2	57.5	56.4



Input Costs

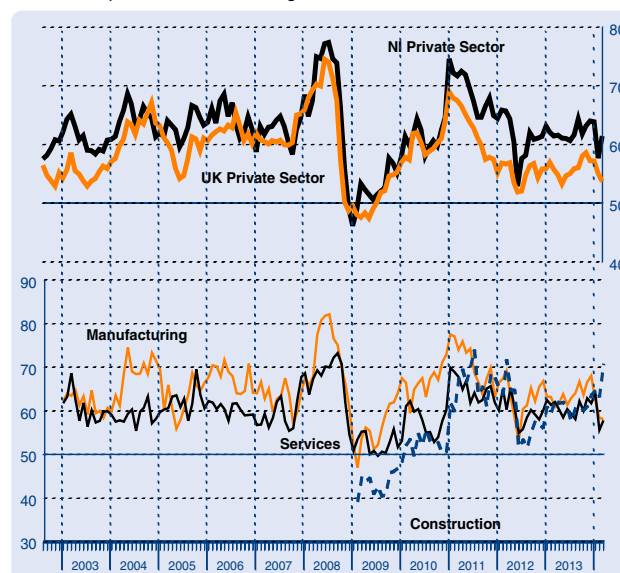
Q. Have average input prices or input costs risen, fallen or remained unchanged this month compared to one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2013 Oct	25.1	72.2	2.7	22.4	61.2	61.9	58.1
Nov	26.4	70.3	3.3	23.1	61.5	63.2	58.6
Dec	23.8	74.0	2.3	21.5	60.8	64.0	57.3
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	55.1
Mar	31.3	67.1	1.6	29.7	64.8	61.5	53.7

After having slowed in the previous month, the rate of input cost inflation accelerated in March but remained slightly slower than the series average. The rise in input prices was much faster than that seen across the UK as a whole where the rate of inflation slowed for the fourth consecutive month. Some panellists reported that higher supplier charges had led to rising cost burdens, while others mentioned increased staff costs. By far the fastest rise in input prices was at construction companies, where the rate of inflation was the sharpest since March 2012. The service sector also posted a faster rise in input costs than seen in February.

By sector

		Construction	Manufacturing	Services
'14 Jan		64.8	62.3	64.0
Feb		63.3	58.5	55.7
Mar		70.7	58.1	57.8



Prices Charged

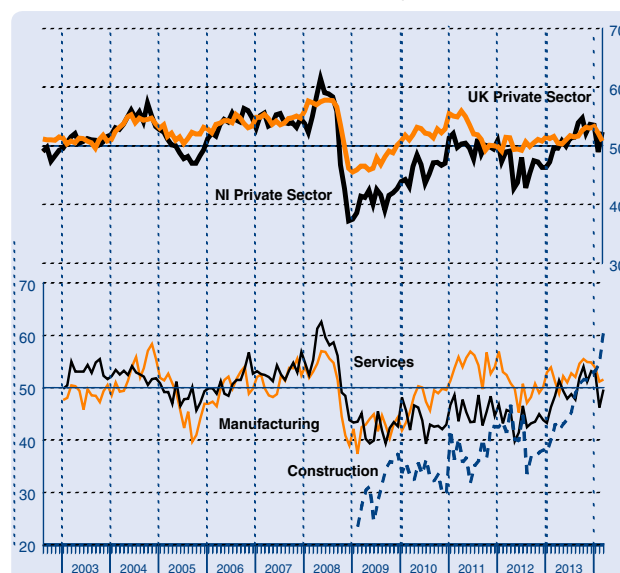
Q. Are the average prices charged for goods and services by your company higher, the same or lower this month than one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2013 Oct	12.5	82.4	5.1	7.5	53.7	54.7	52.7
Nov	7.6	86.1	6.4	1.2	50.6	52.2	53.2
Dec	9.7	85.6	4.7	5.1	52.5	53.7	53.1
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

Higher input prices led companies in Northern Ireland to increase their output charges during March. The latest rise in selling prices was the eighth in the past nine months following a slight reduction in February. The rate of inflation in Northern Ireland was faster than the UK economy average. As was the case with input prices, the sharpest inflation was recorded at construction firms where the increase was the fastest in the series history. Output prices also rose at manufacturing and retail companies. Although the service sector posted a fall in prices charged, the pace of reduction eased from the previous month and was only marginal.

By sector

		Construction	Manufacturing	Services
'14 Jan		53.3	53.8	52.7
Feb		54.8	51.2	46.3
Mar		60.8	51.6	49.7



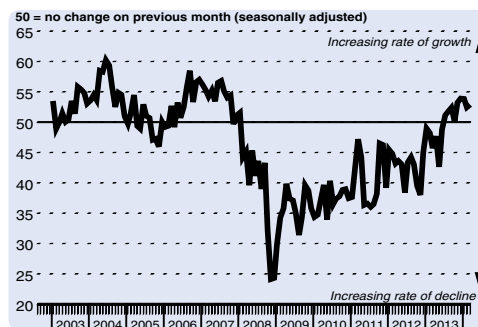
New Export Business*

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
2013	Oct	14.3	73.0	12.7	1.6	50.8	50.2
	Nov	23.6	62.1	14.3	9.3	54.6	53.3
	Dec	22.3	60.8	16.9	5.4	52.7	54.0
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

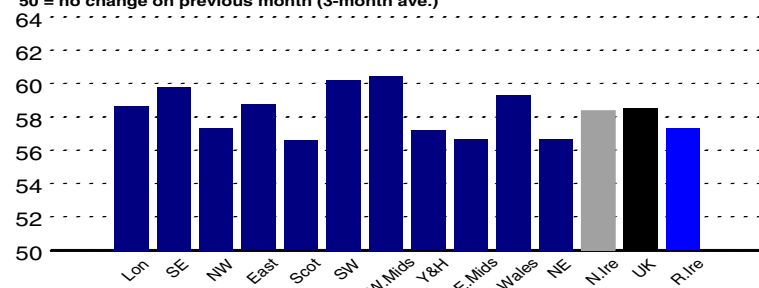
New export business increased in March, as has been the case in each of the past nine months. The rate of expansion was solid and slightly faster than that recorded in February.



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 posted strong output growth on average during the first quarter of the year, with the West Midlands recording the fastest rise. However, in the majority of UK regions the pace of expansion during Q1 2014 was slower than in the final quarter of 2013. The Republic of Ireland posted a sharp rise in activity.

50 = no change on previous month (3-month ave.)

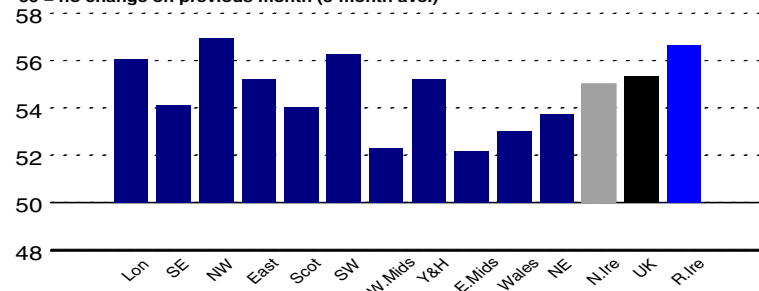


	Share of UK GVA, 2012 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.8%)	59.9	58.7	59.5
South East	(14.9%)	59.1	59.8	58.0
North West	(9.6%)	58.8	57.4	56.1
East of England	(8.6%)	57.6	58.8	58.2
Scotland	(7.8%)	56.2	56.6	56.4
South West	(7.5%)	58.9	60.2	58.8
West Midlands	(7.2%)	58.1	60.4	58.2
Yorks & Humber	(6.9%)	57.4	57.2	55.8
East Midlands	(5.9%)	57.9	56.7	58.2
Wales	(3.5%)	58.1	59.3	60.5
North East	(3.1%)	55.4	56.7	56.6
N.Ireland	(2.2%)	55.9	58.4	56.6
UK	(100.0%)	58.3	58.6	58.1
Rep. of Ireland	n/a	55.6	57.3	59.1

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 private sector staffing levels were recorded across all 12 UK regions during the three months to March. The rate of job creation was strongest in the North West, followed by the South West. Employment in the Republic of Ireland rose at a slightly faster pace than in the UK.

50 = no change on previous month (3-month ave.)



	Share of UK GVA, 2012 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
London	(22.8%)	54.5	56.1	53.3
South East	(14.9%)	53.5	54.1	53.1
North West	(9.6%)	54.1	56.9	56.0
East of England	(8.6%)	53.8	55.2	54.2
Scotland	(7.8%)	52.9	54.0	53.9
South West	(7.5%)	54.7	56.3	54.3
West Midlands	(7.2%)	53.9	52.3	50.7
Yorks & Humber	(6.9%)	51.9	55.2	55.1
East Midlands	(5.9%)	51.4	52.2	52.9
Wales	(3.5%)	52.5	53.0	54.2
North East	(3.1%)	51.5	53.8	53.1
N.Ireland	(2.2%)	51.8	55.0	56.6
UK	(100.0%)	53.7	55.3	54.4
Rep. of Ireland	n/a	54.6	56.6	56.9

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

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*

March 2014 Survey Update

Issued 14th April 2014

Richard Ramsey
Chief Economist Northern Ireland

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.

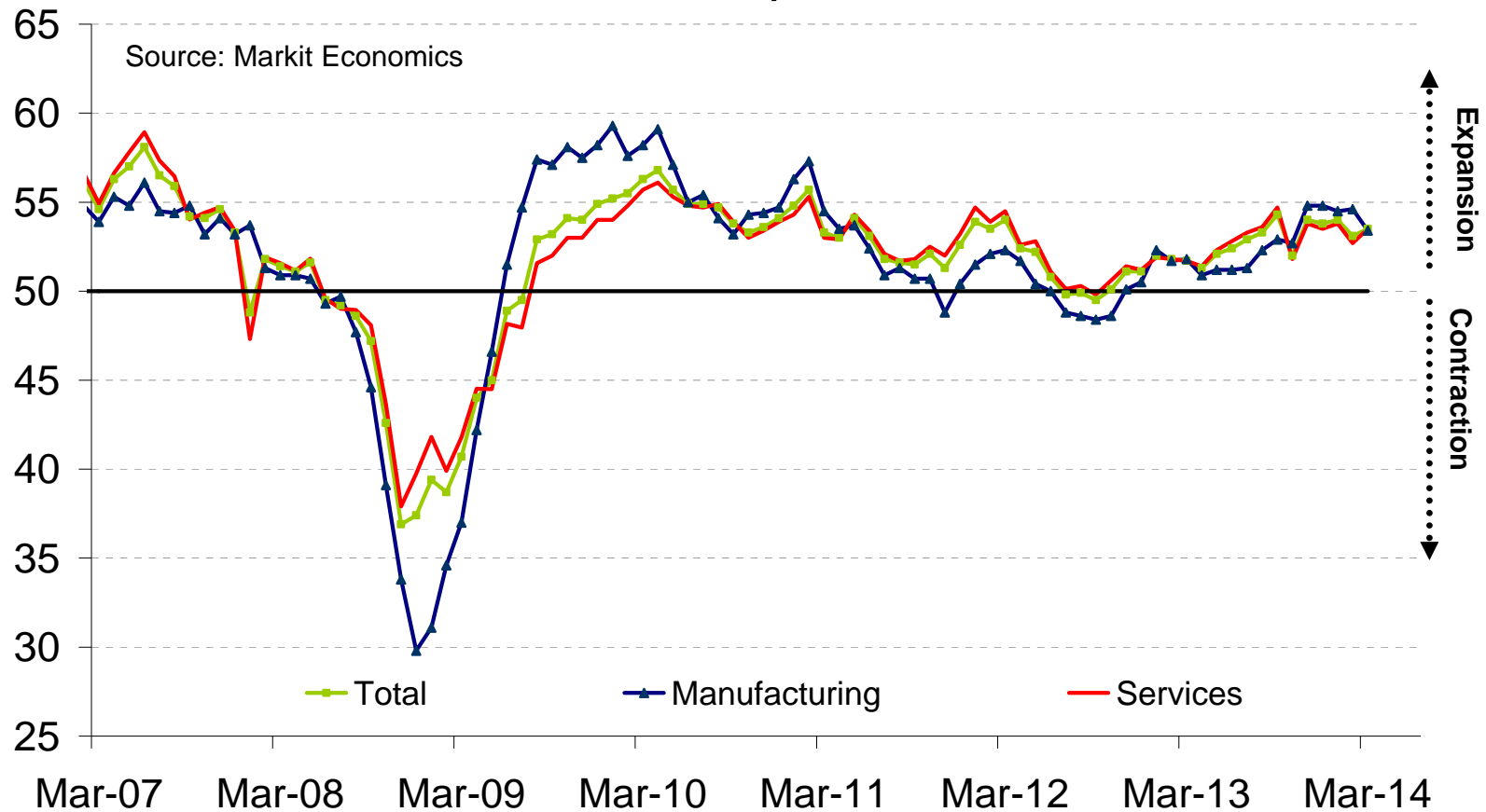
Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 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.*

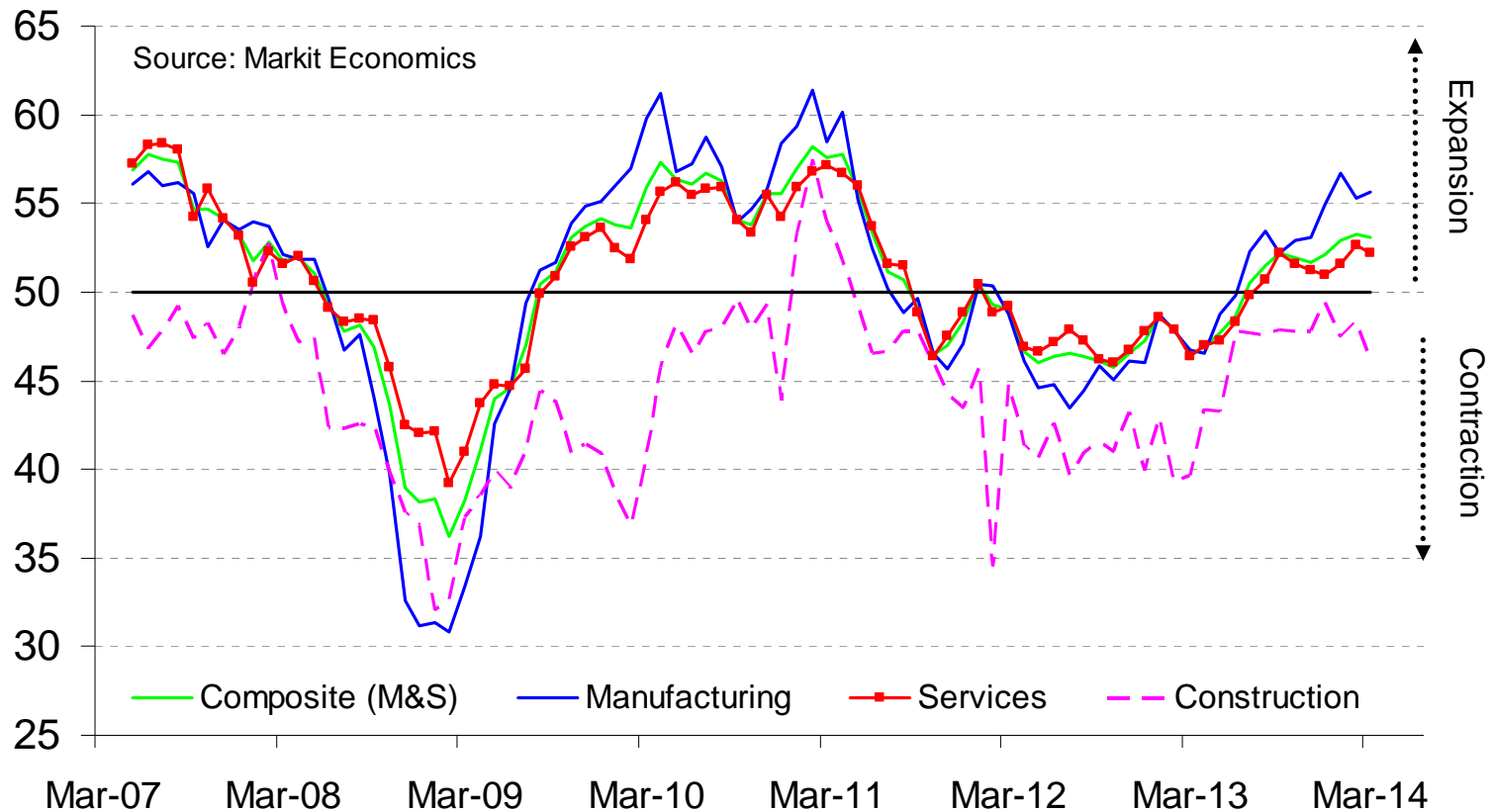
Global output begins 2014 on a firmer footing than it started 2013 but manufacturing growth eases in March

Global Output - PMI



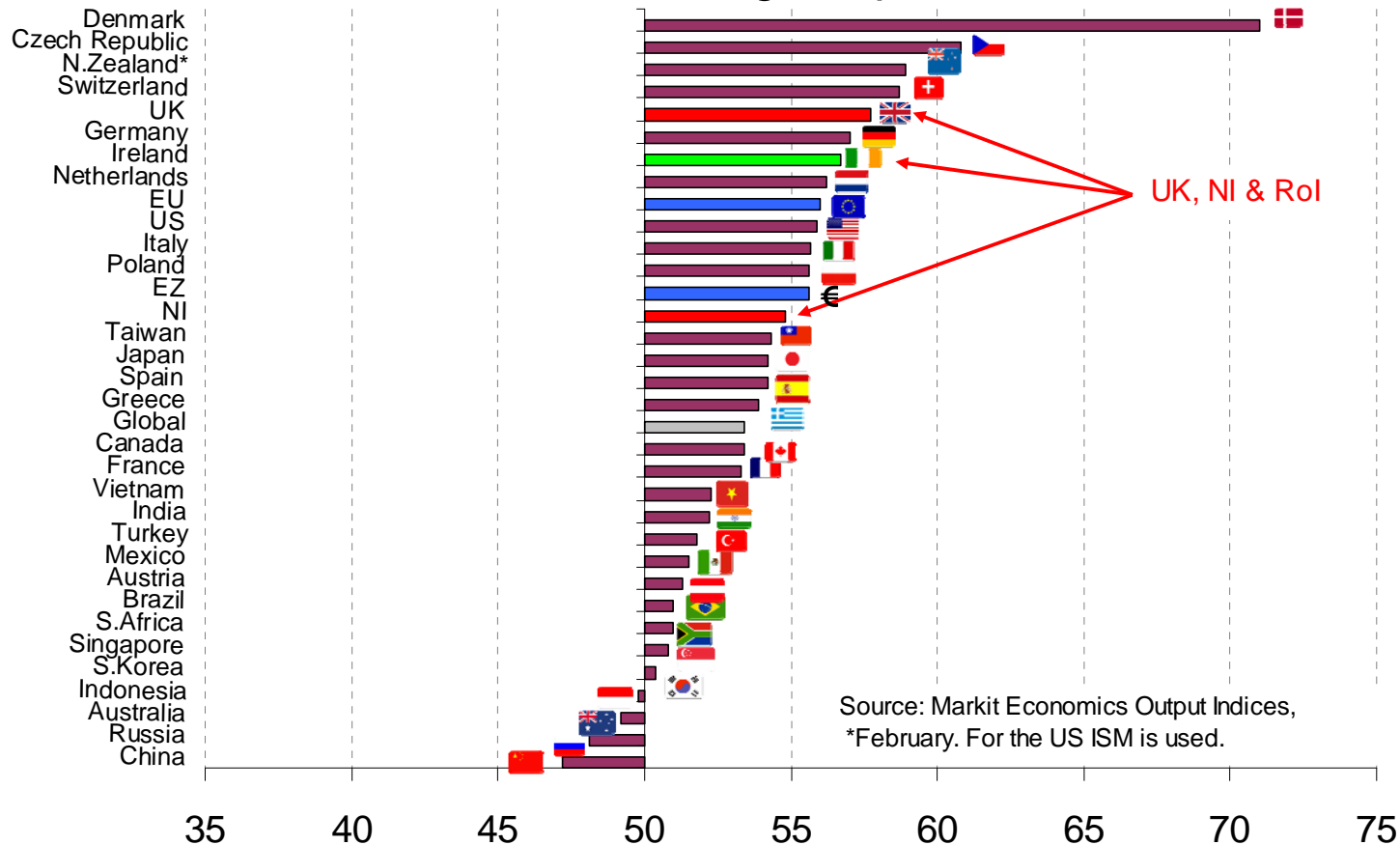
The Eurozone started 2013 with all sectors contracting
now only construction is waiting for a return to growth

Eurozone PMIs: Output



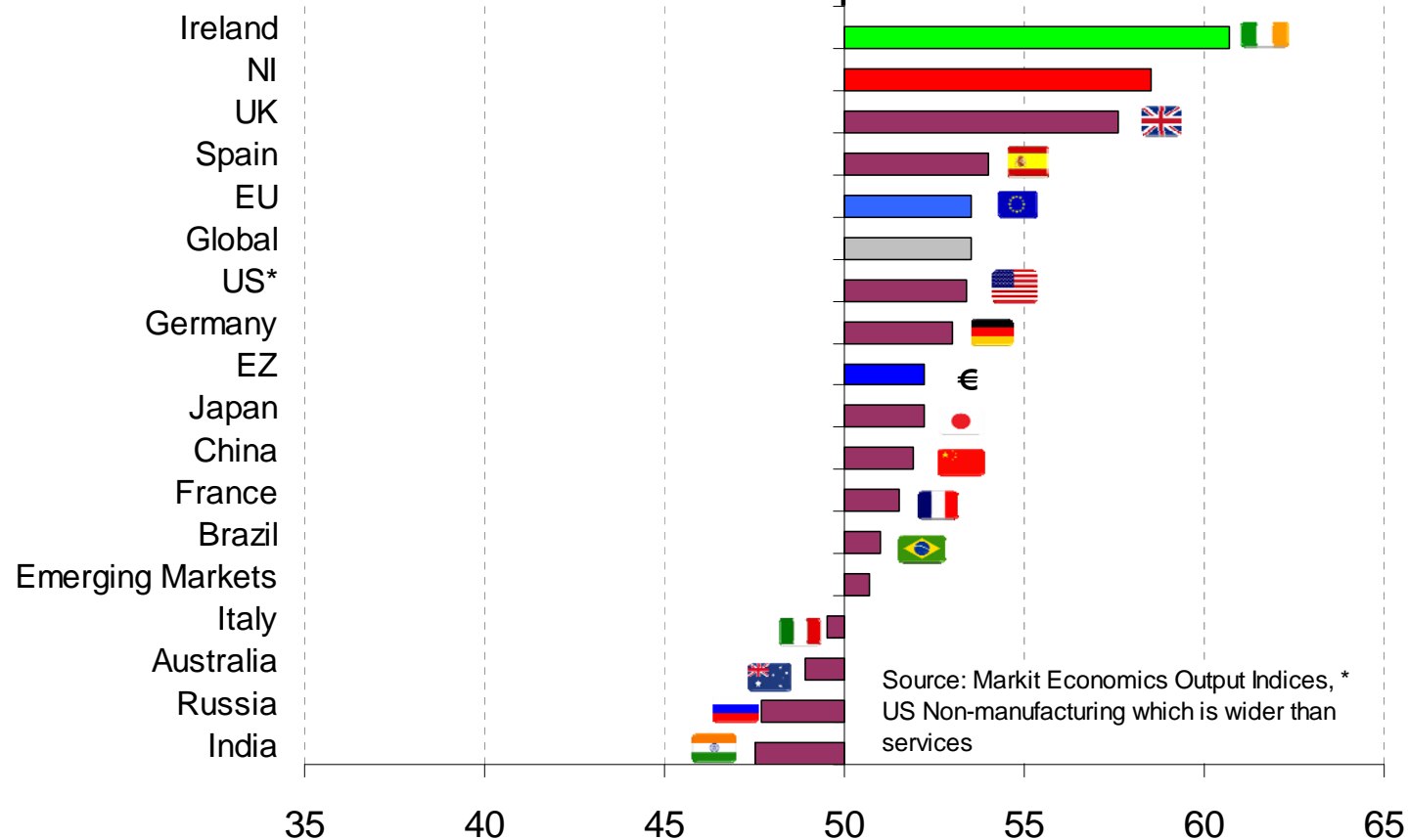
Most economies post manufacturing output growth in March

PMIs: Manufacturing Output March 2014

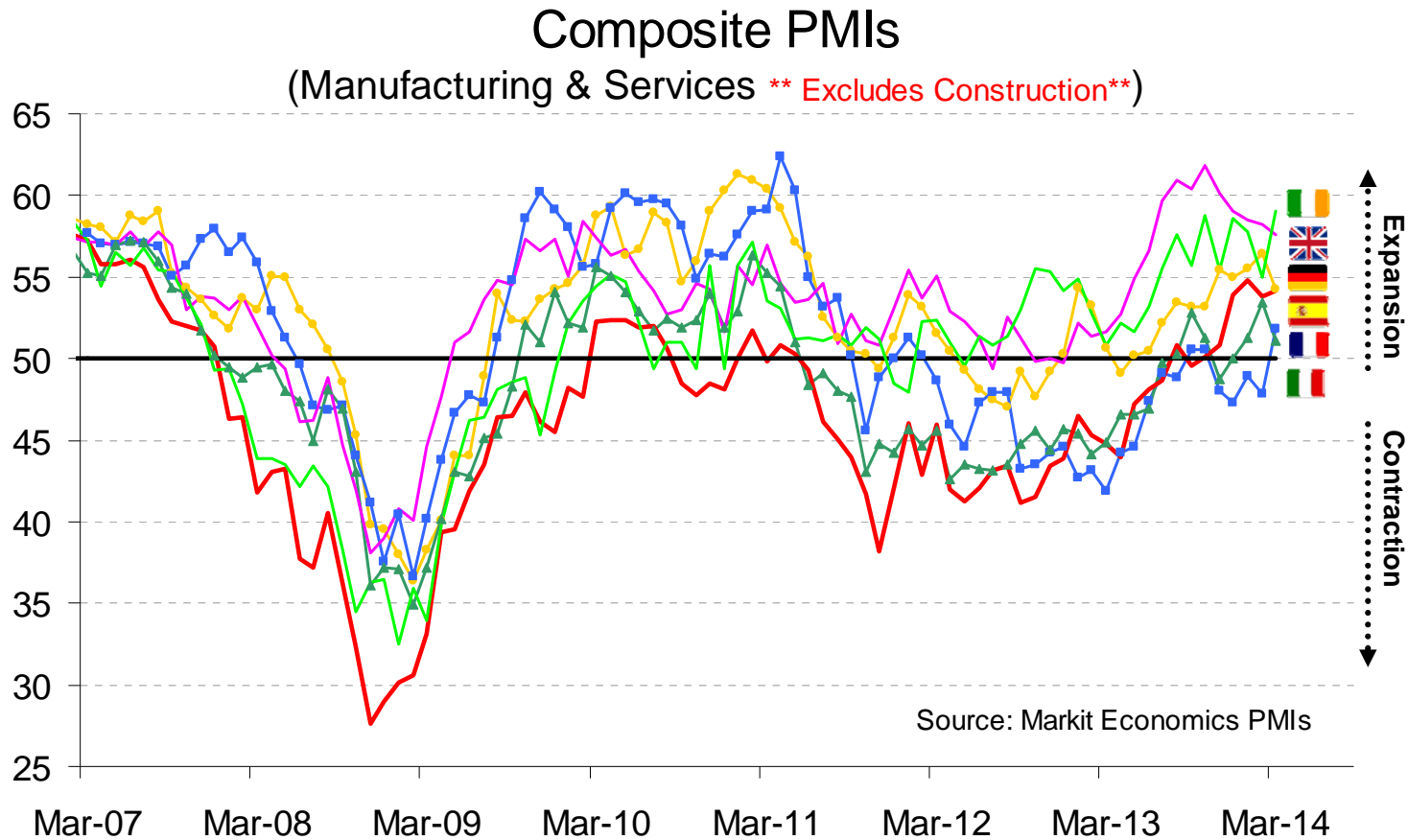


The Republic of Ireland & Northern Ireland posted the fastest rates of service sector output growth in March

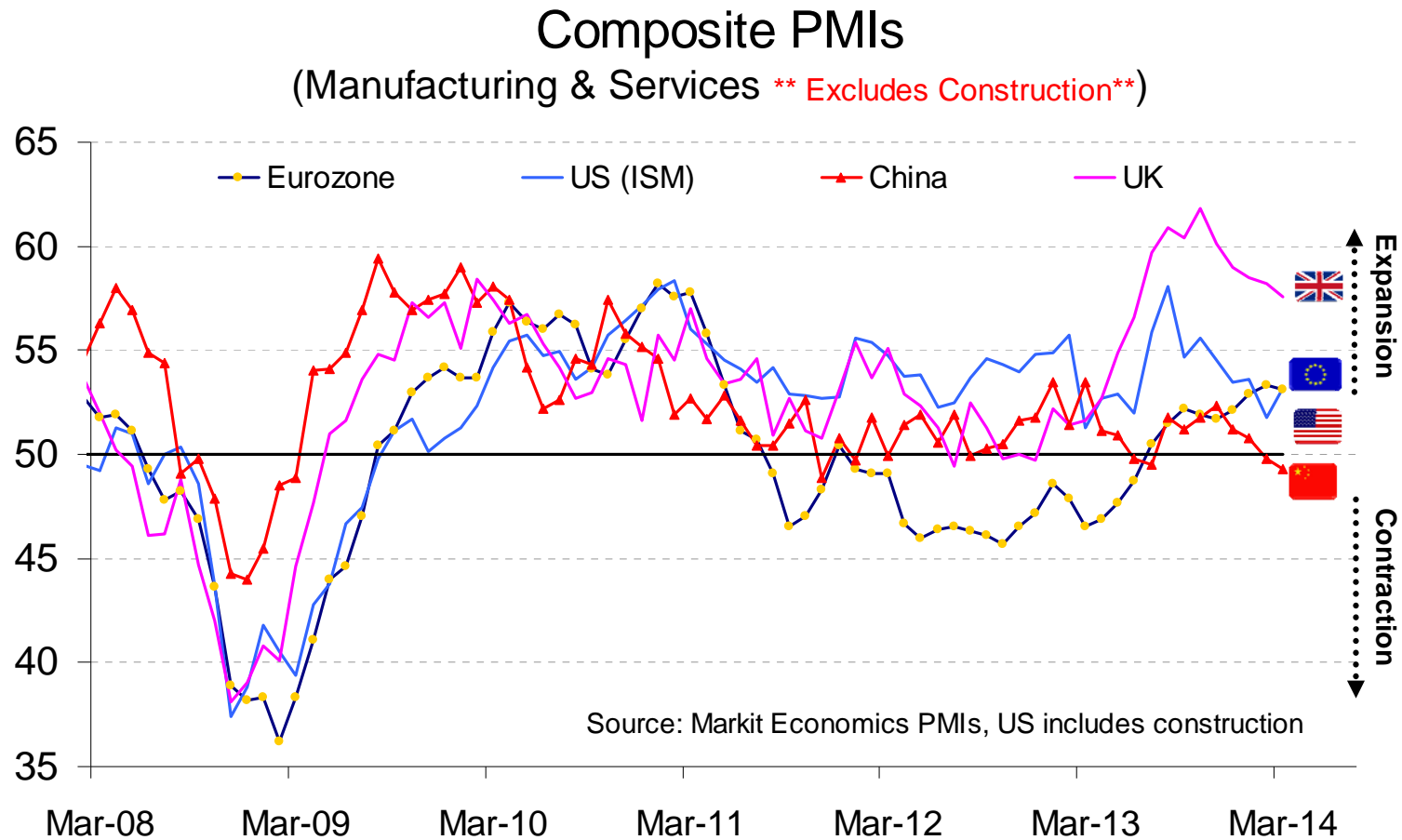
PMIs: Services Output March 2014



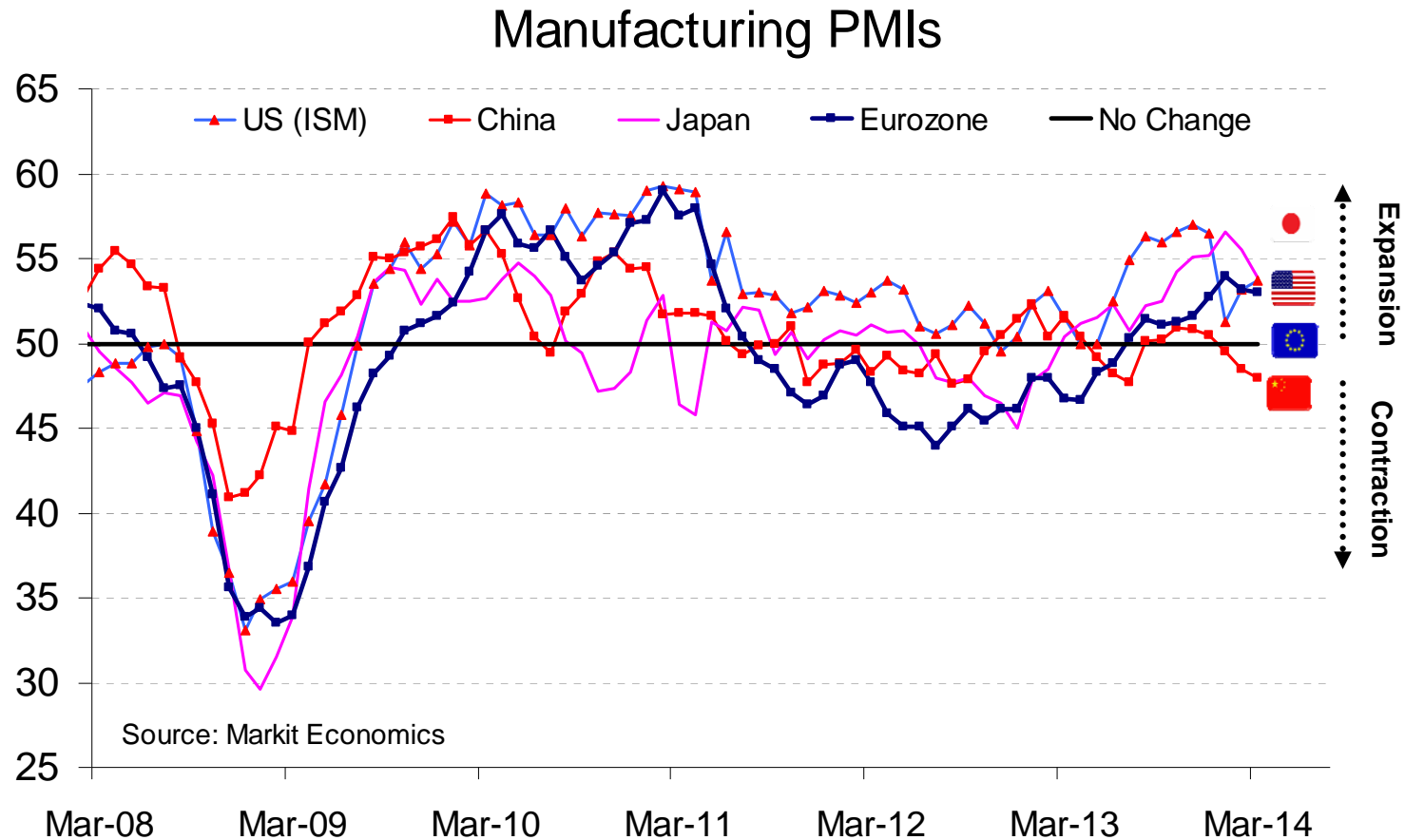
France, Spain & Ireland see growth accelerate in March while Germany, UK & Italy see growth ease



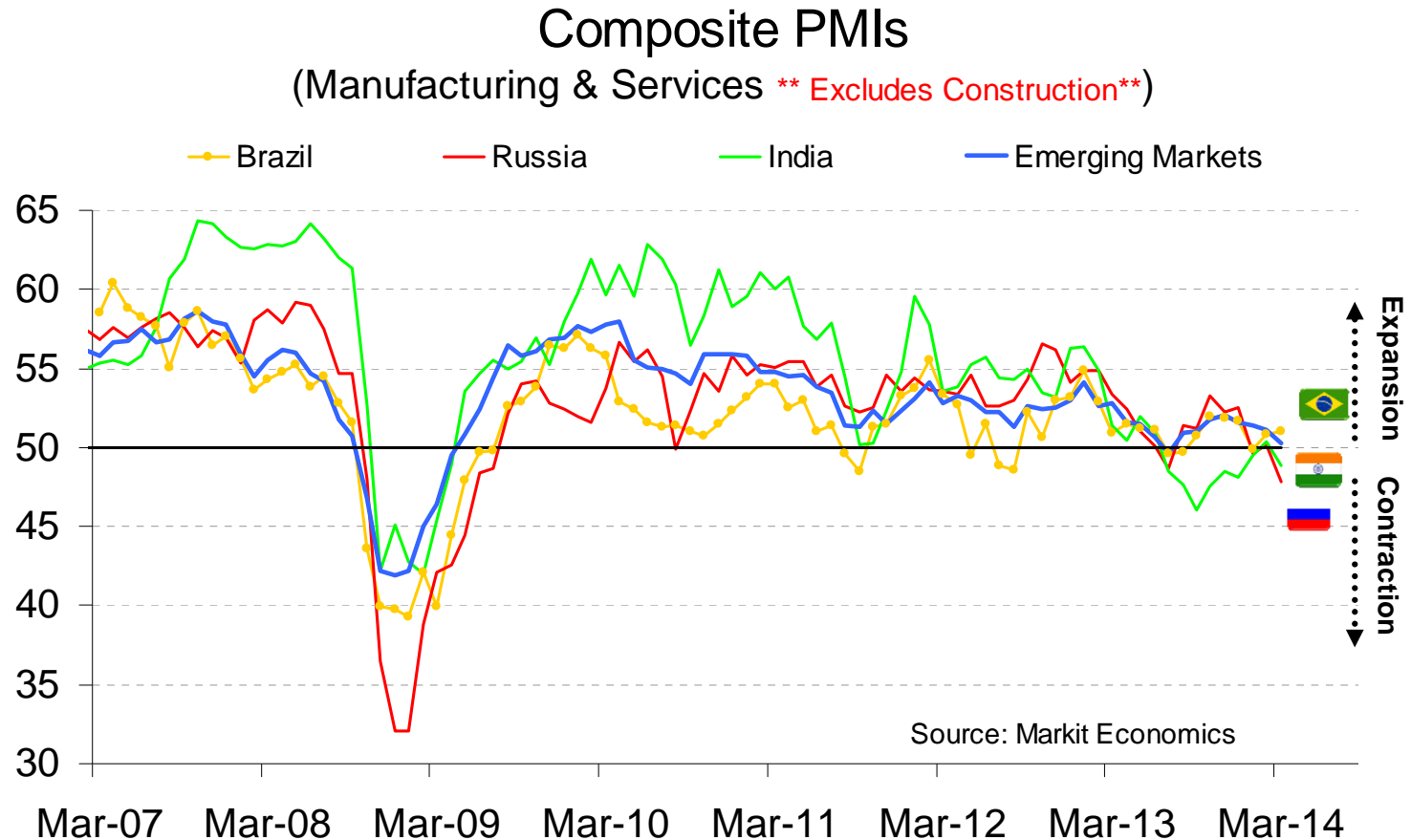
The US was the only Composite PMI to improve in March



The US saw its PMI rebound after the adverse weather conditions in January & February

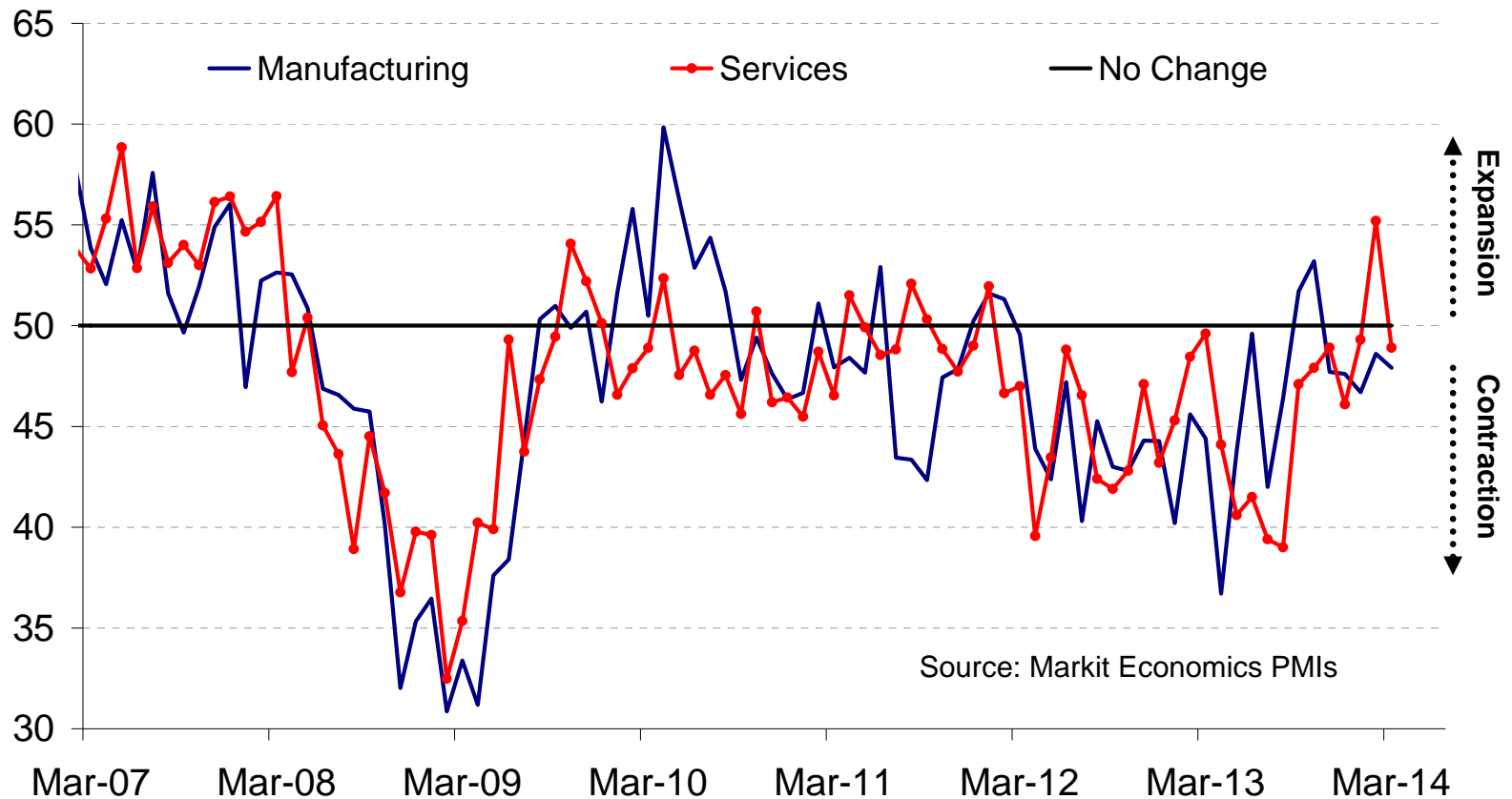


Emerging markets slowdown continues. Russian PMI is contracting at its fastest rate since May 2009...



Australia's services & manufacturing sector 'Down under' the 50 threshold in March

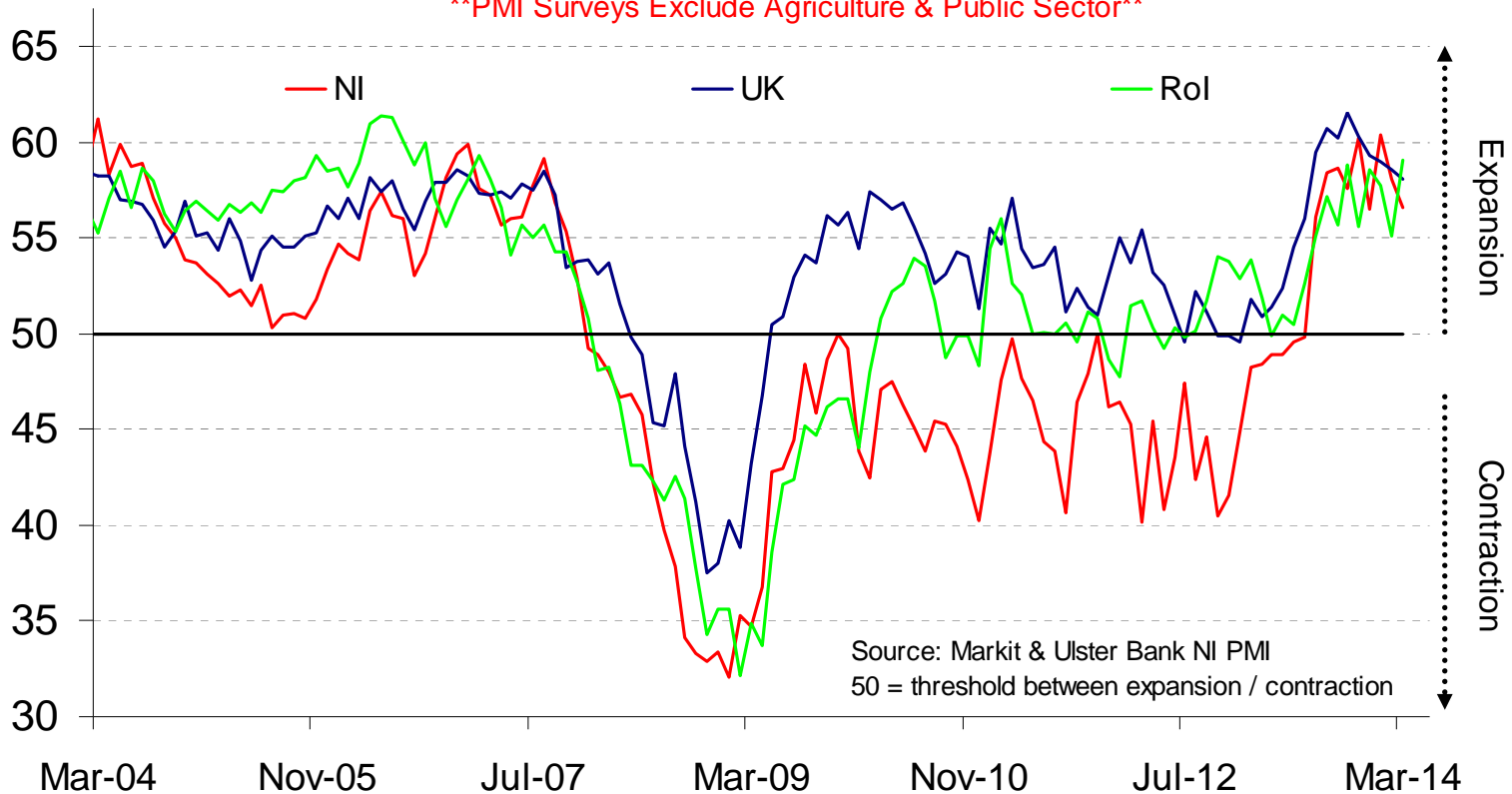
Australia - PMI



The UK & NI see their growth rates ease in March with the RoI firms signalling a pick-up in their growth rates

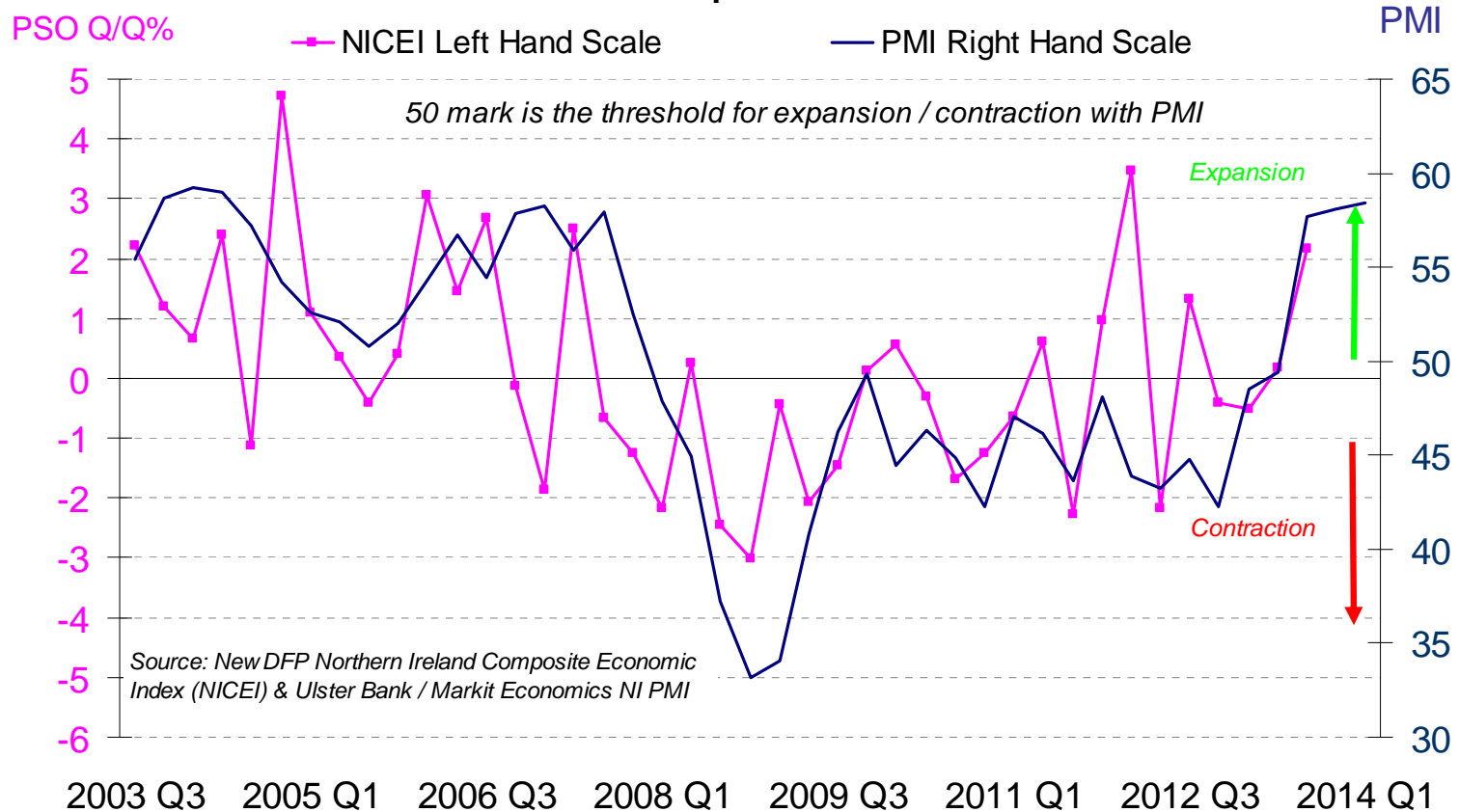
Private Sector Business Activity - PMIs

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



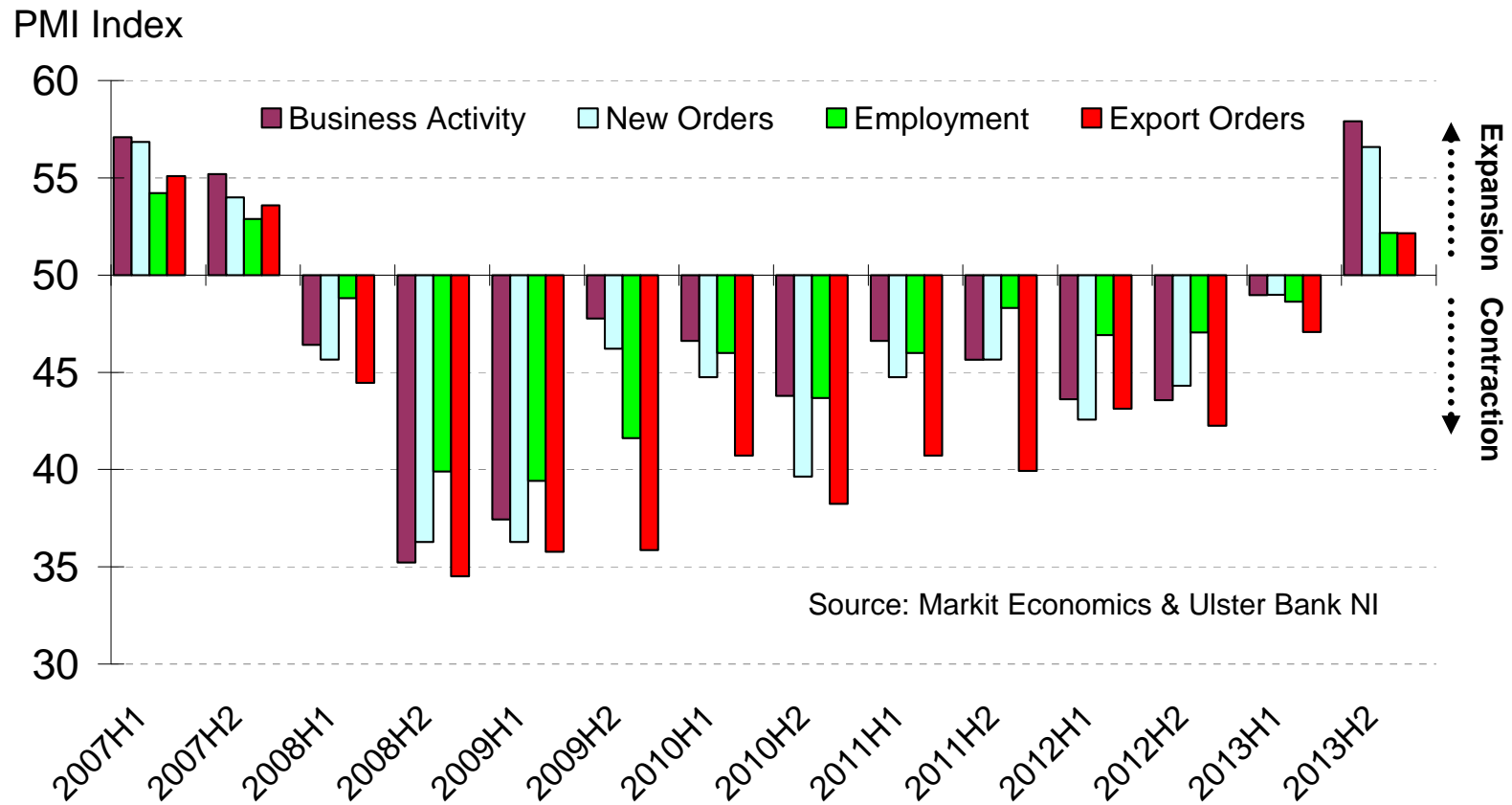
PMI suggests growth in DFP's new private sector composite index (combines indices for construction, services, agriculture & industrial production) in Q4 & Q1-14

NI Private Sector Output Index Versus NI PMI



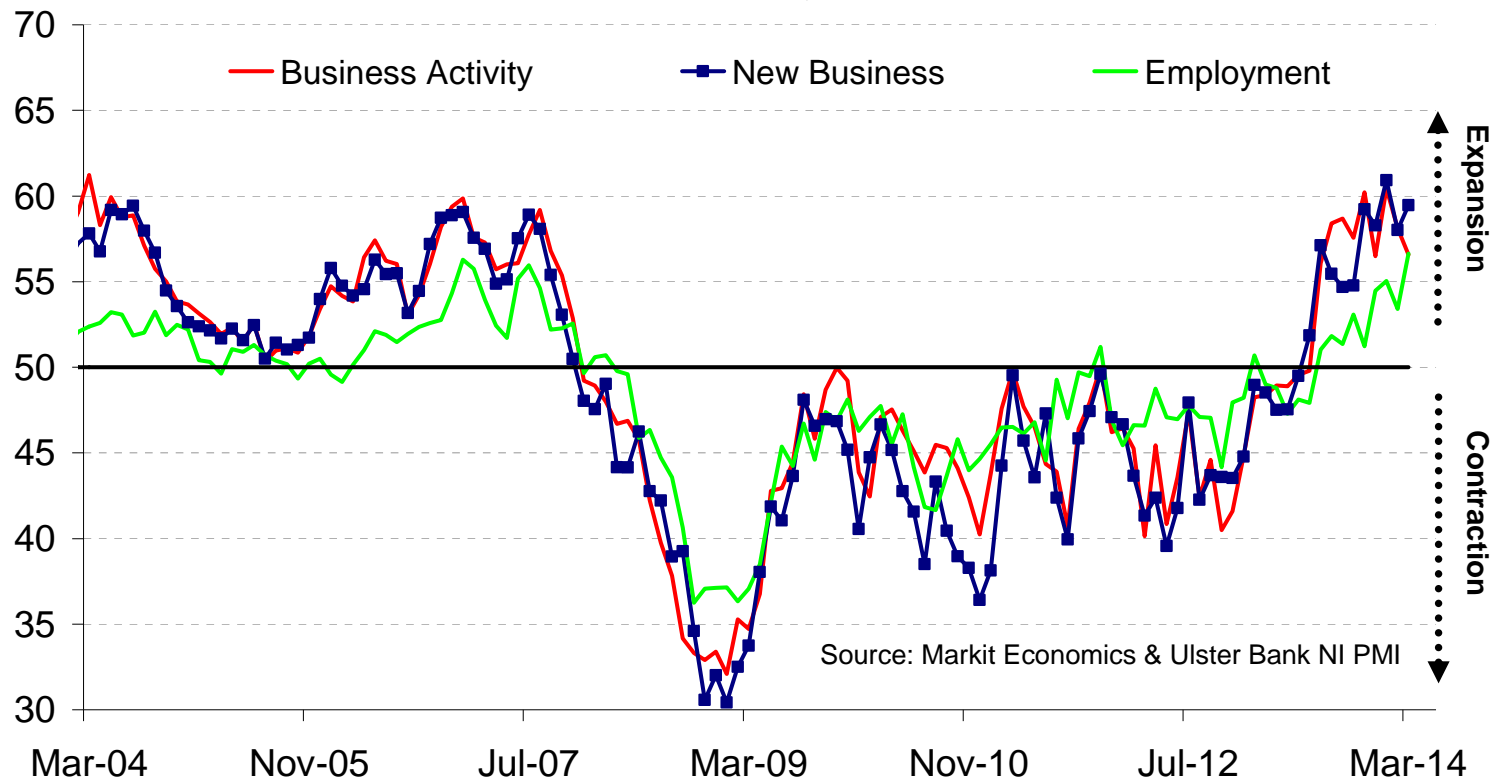
NI's recovery took hold in the second half (H2) of 2013

NI Private Sector Performance (PMI)

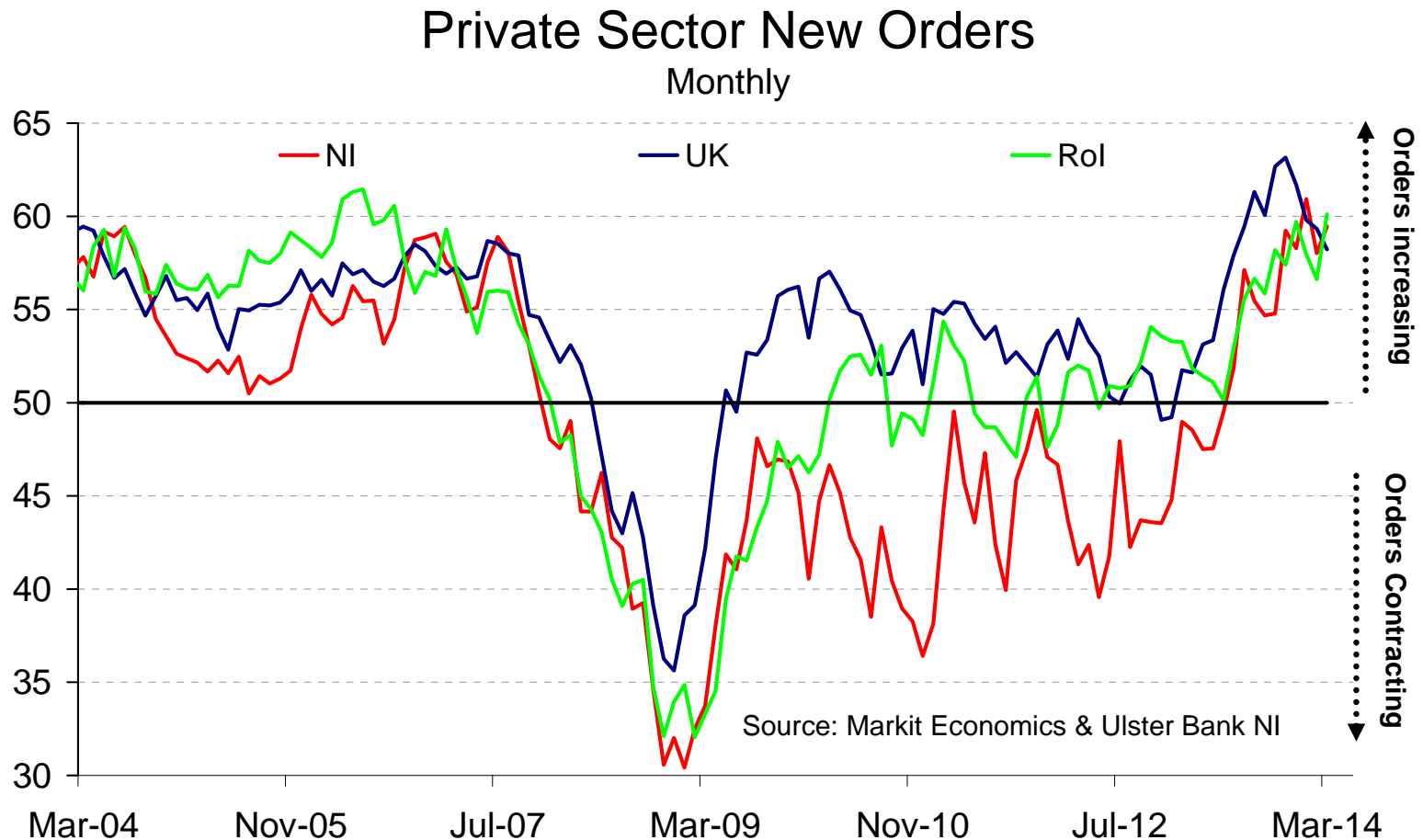


NI firms report an easing in rates of output growth but employment growth & new orders growth accelerates

NI Private Sector Activity Monthly



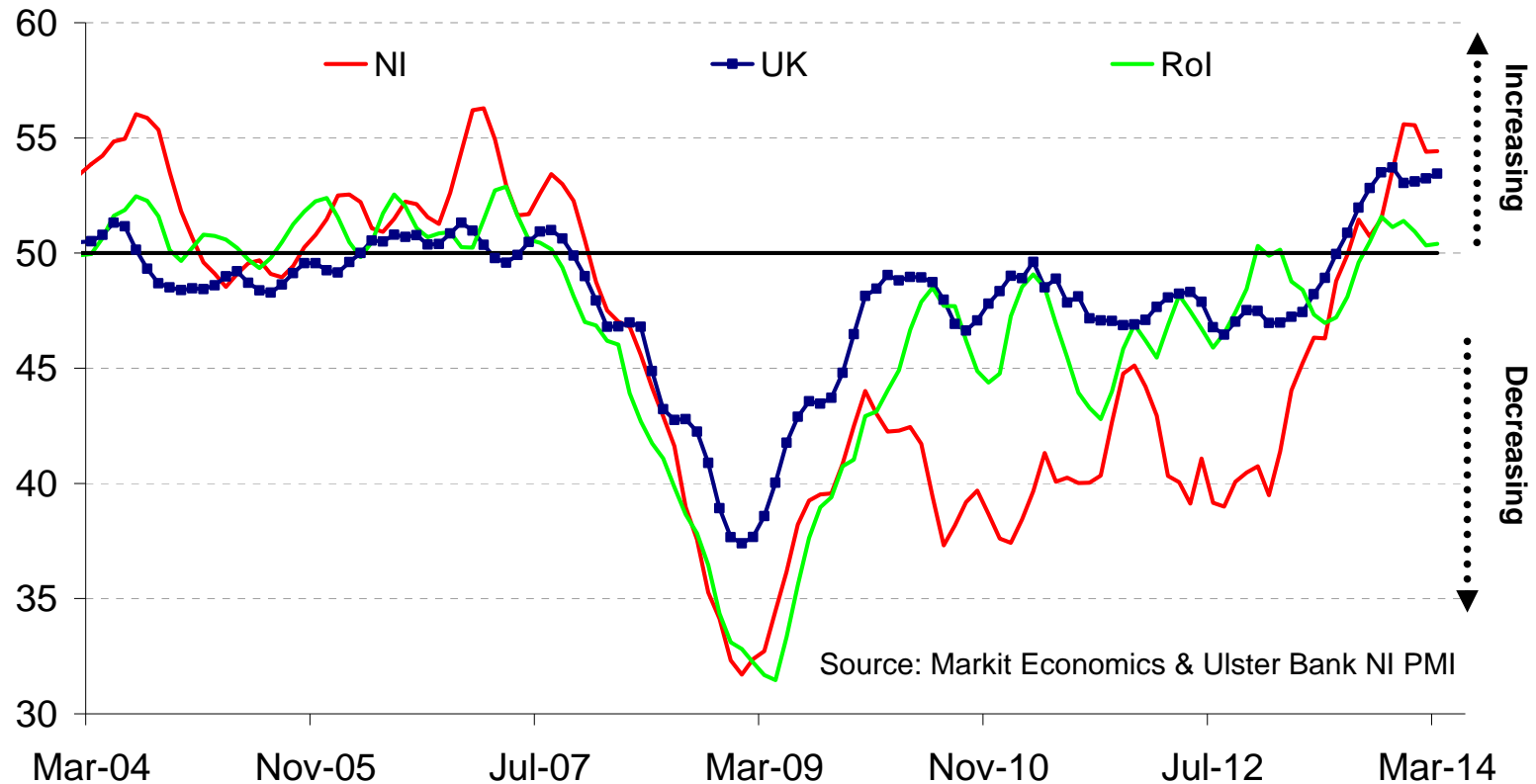
Buoyant order books suggest more growth in the months ahead. But pace of UK growth slowing from a strong position



Surge in demand has led to backlogs of work particularly within the UK & NI

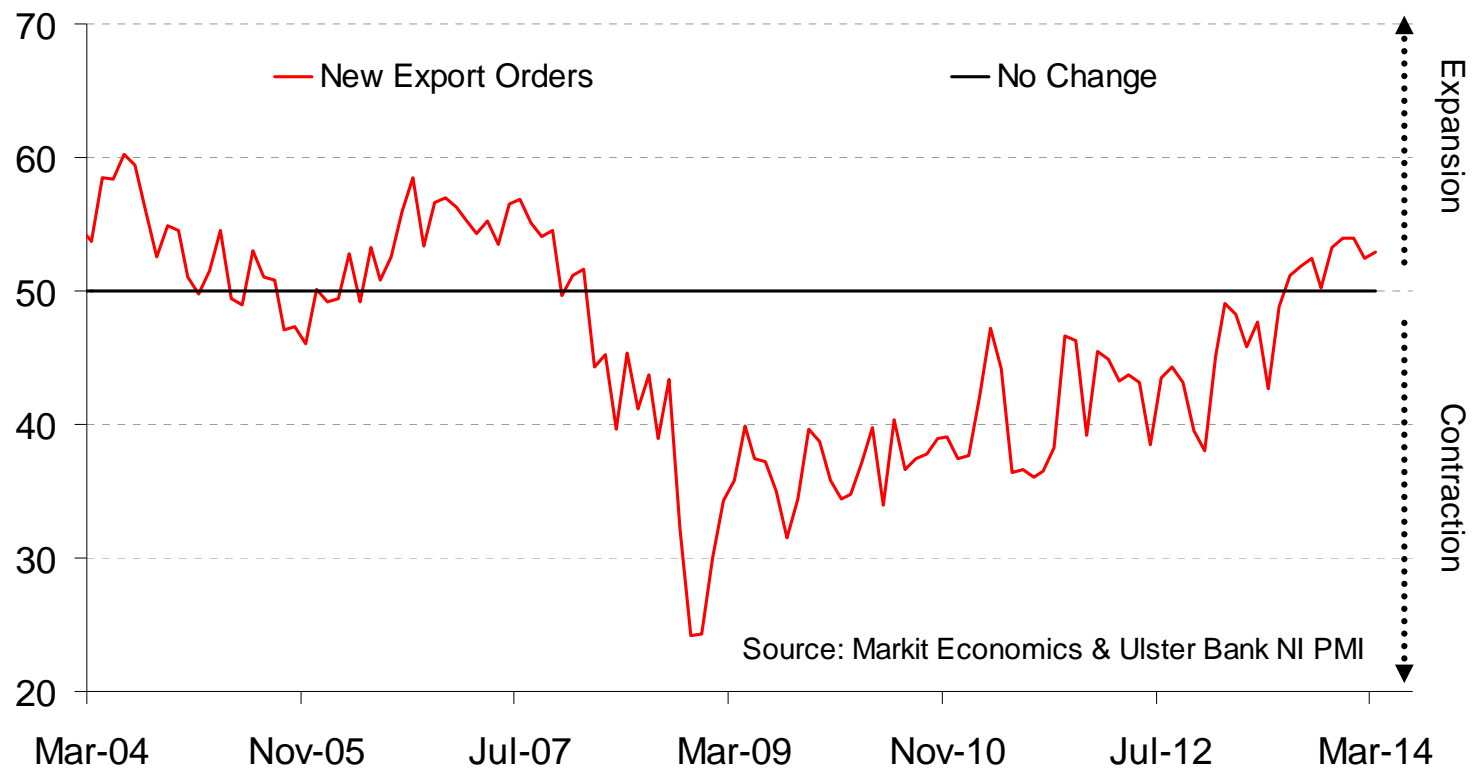
Private Sector Backlogs

3 month moving average

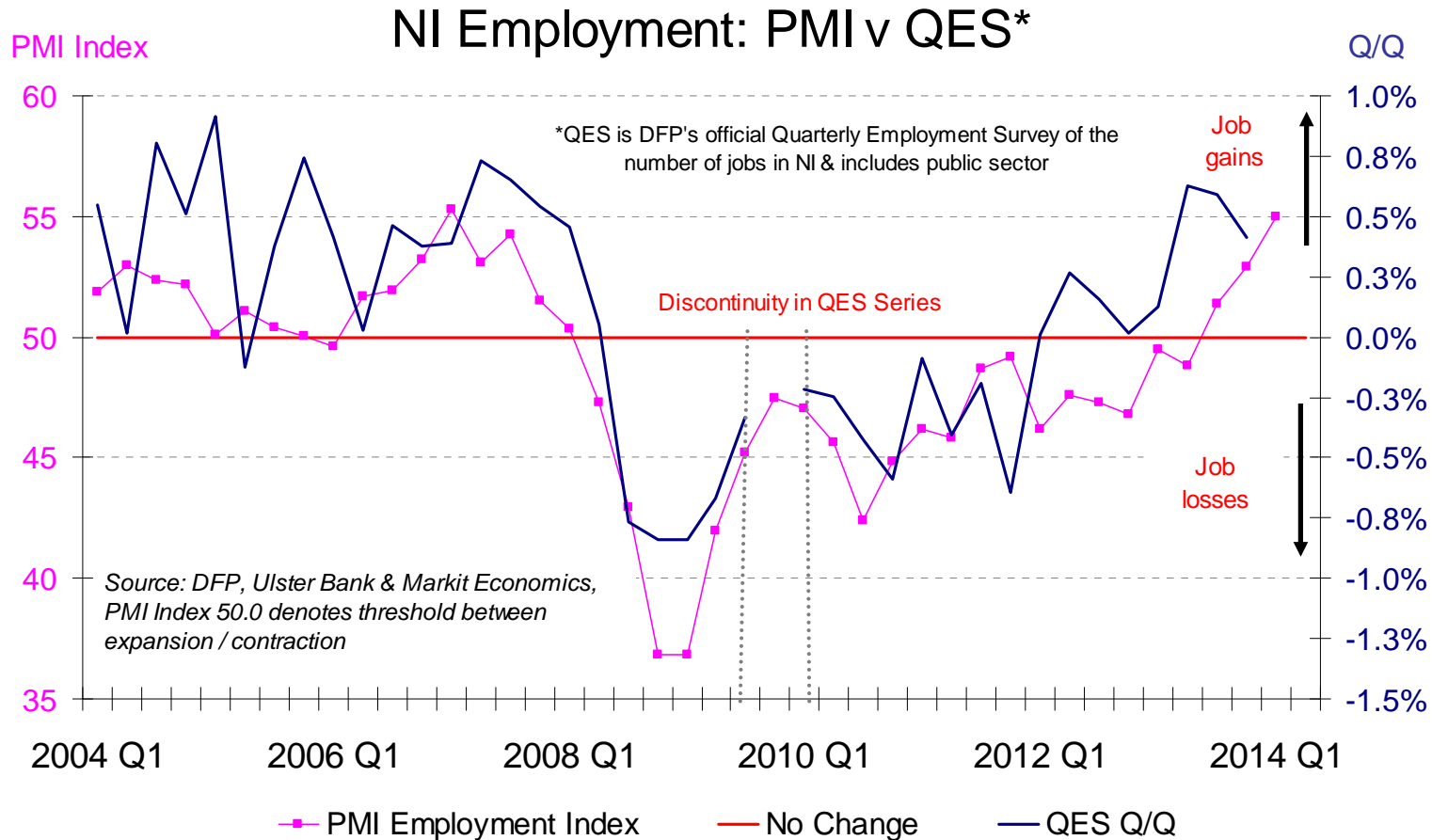


NI firms post their 9th successive rise in export orders

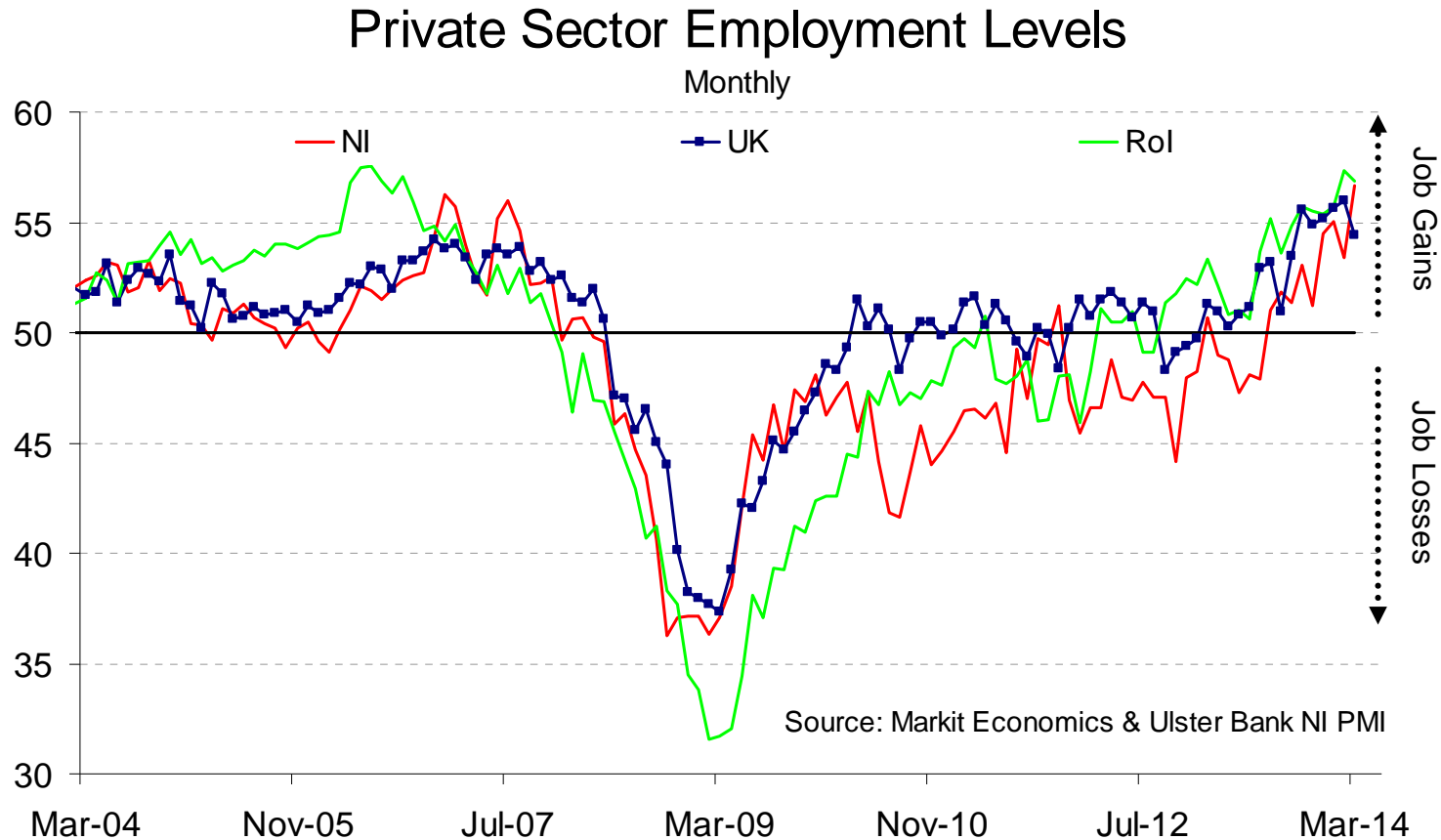
NI New Export Business



PMI for Q1 signals fastest rate of jobs growth in 7 years



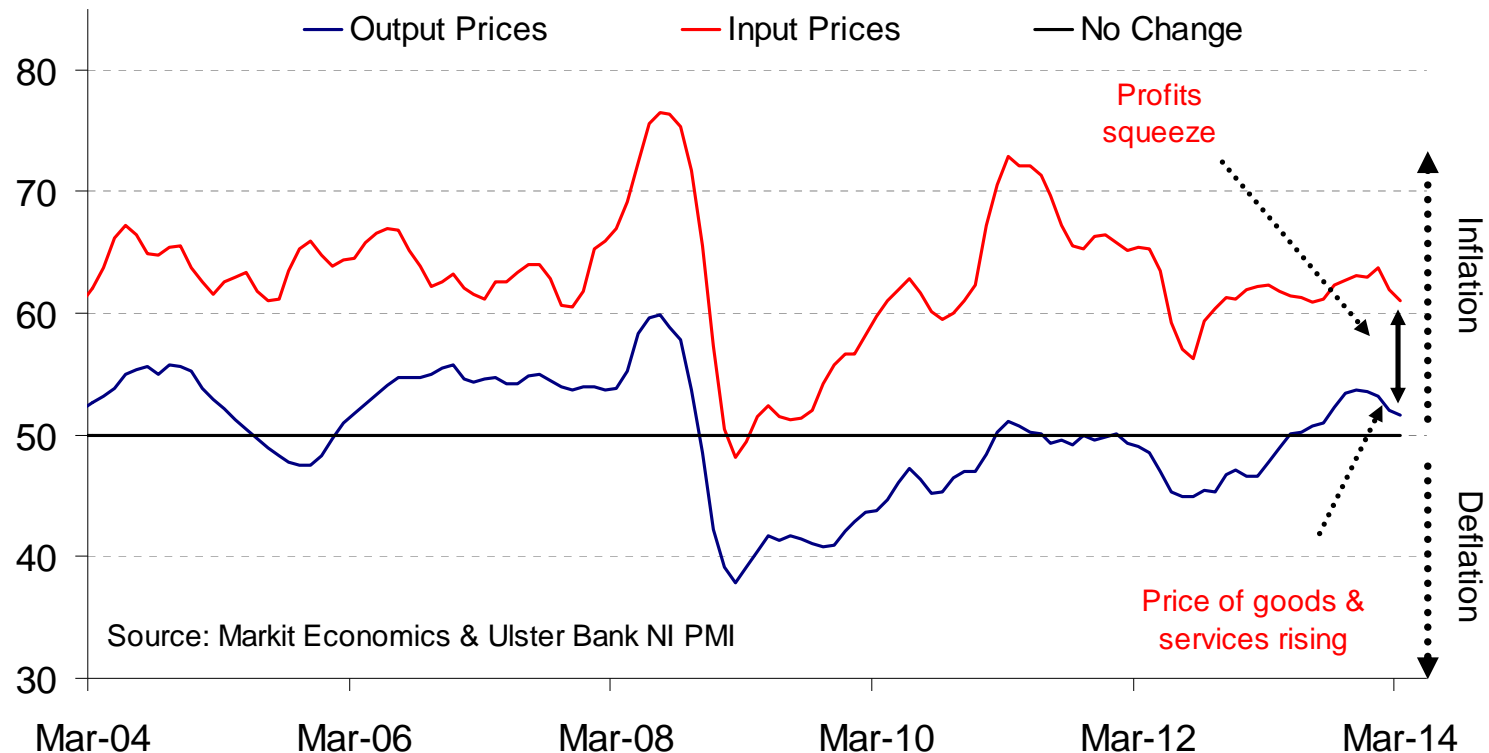
UK & RoI firms report an easing in rate of job creation while employment growth expands at a record rate for NI firms



Input & output cost inflation eases over the 3 months to March

NI Private Sector Profit Squeeze

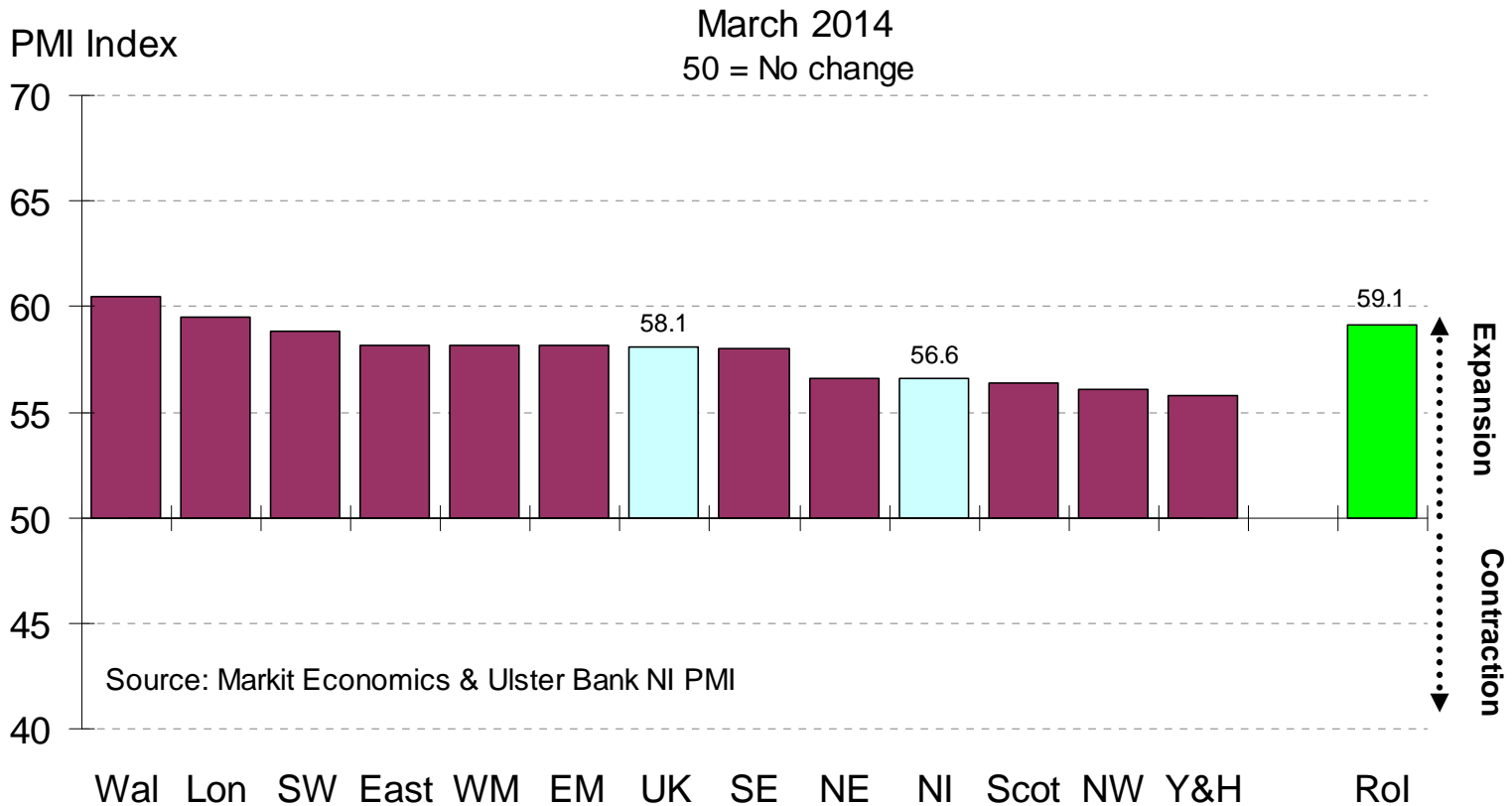
3 Month Moving Average



Regional Comparisons

Strong growth across all UK regions & the RoI in March

Output / Business Activity



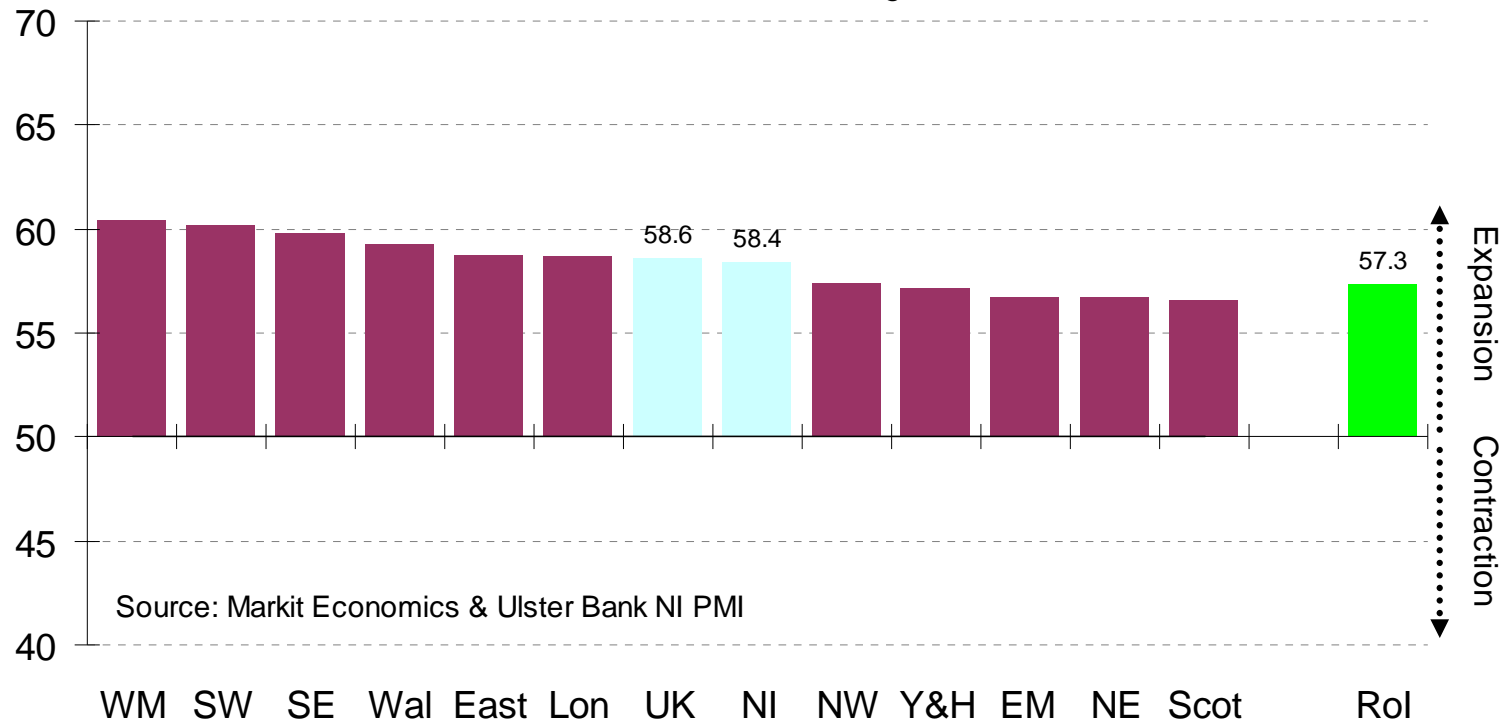
...all the UK regions & the RoI post strong rates of growth over the last 3 months...

Output / Business Activity

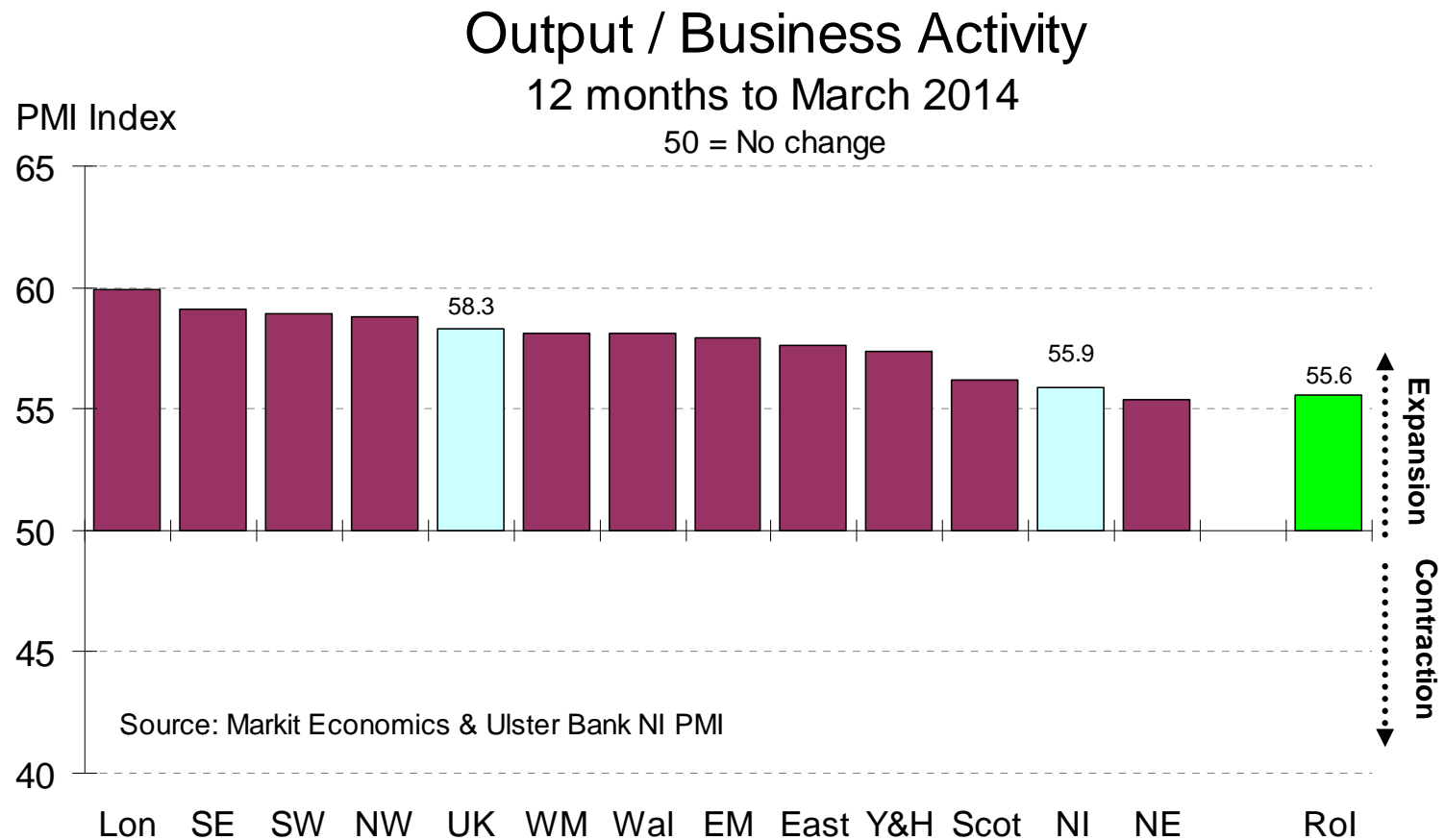
3 months to March 2014

50 = No change

PMI Index



... and over the last 12 months

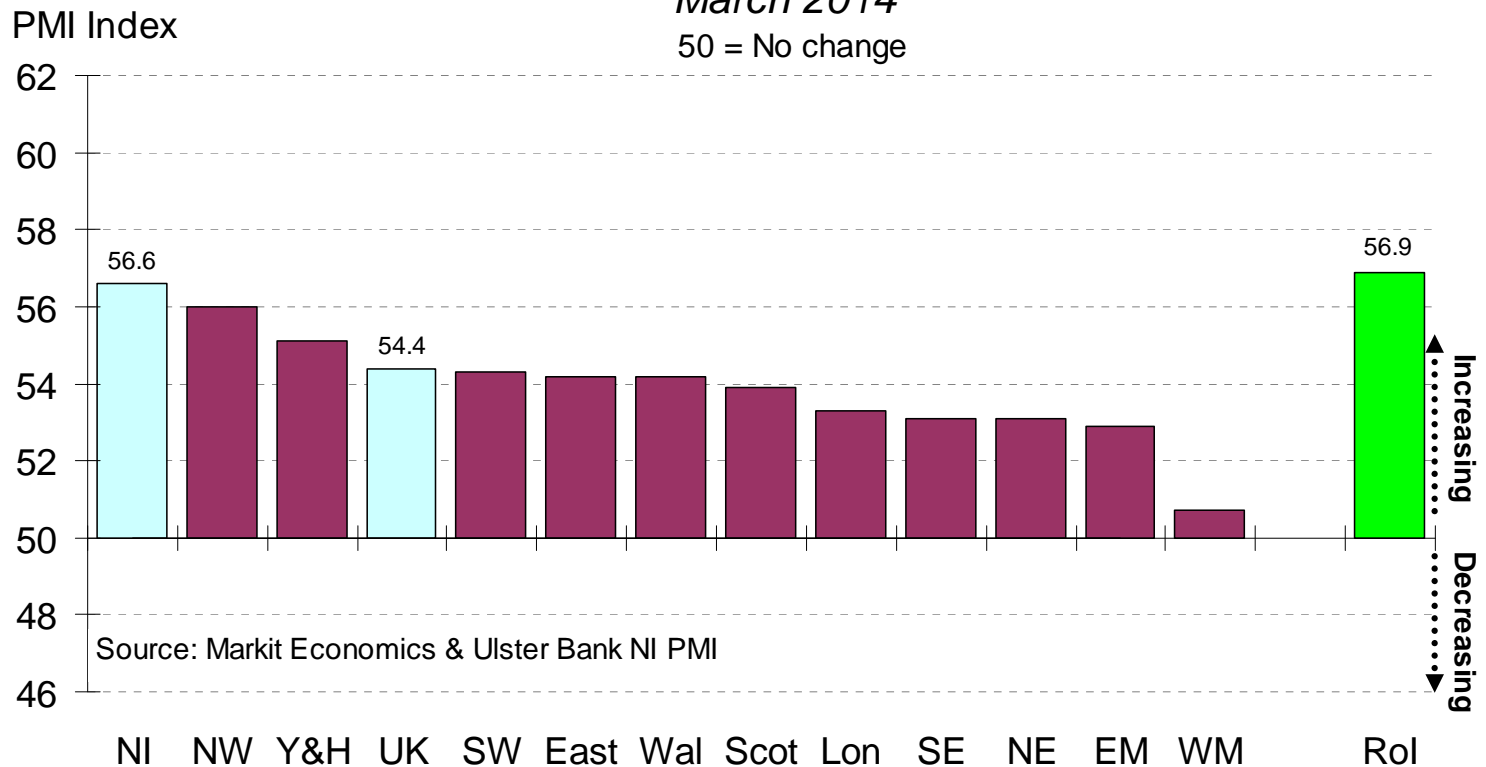


NI posts the fastest rate of employment growth of all the UK regions and slightly below that of the RoI

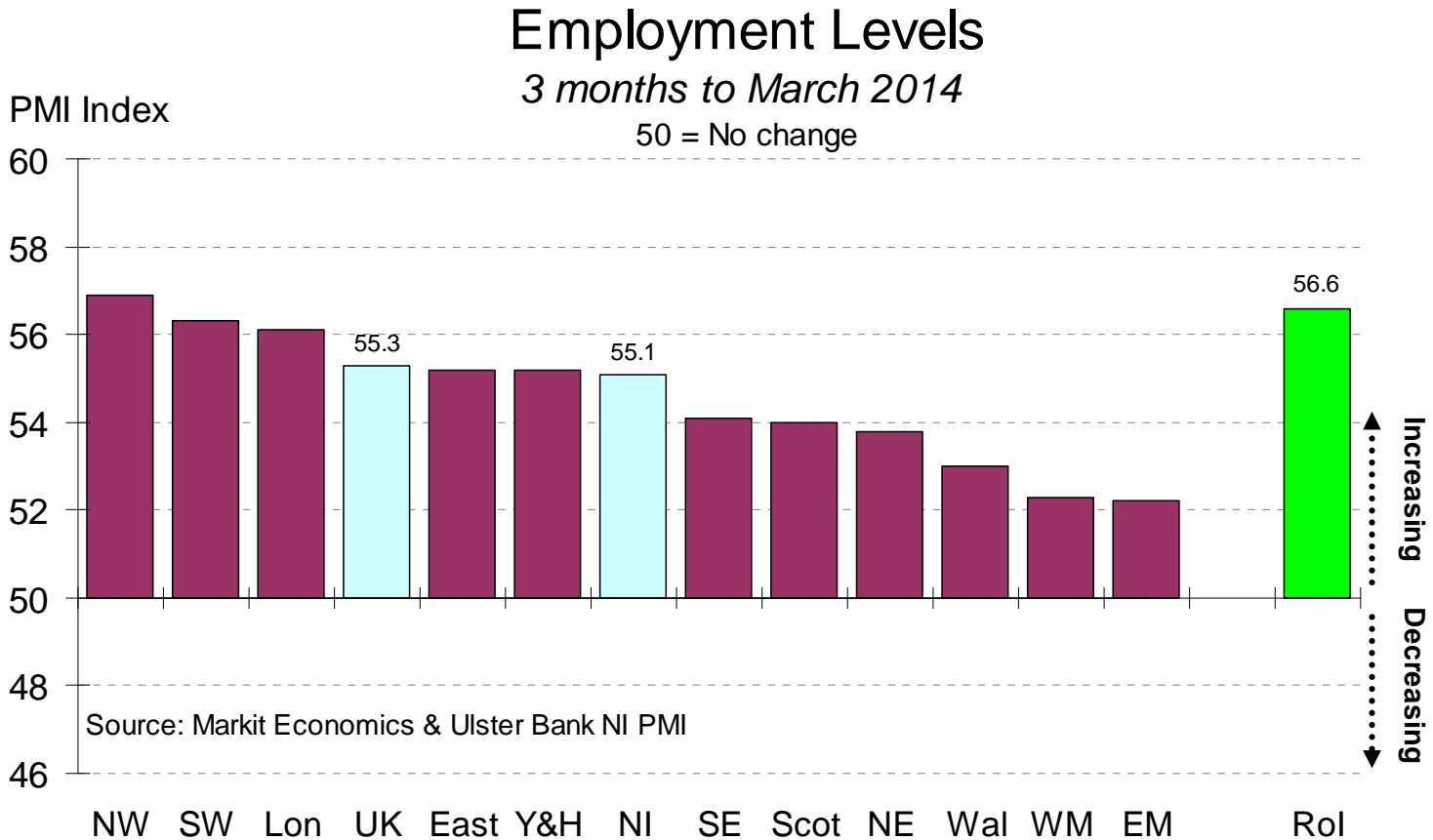
Employment Levels

March 2014

50 = No change



All UK regions and the RoI post employment growth over the last 3 months

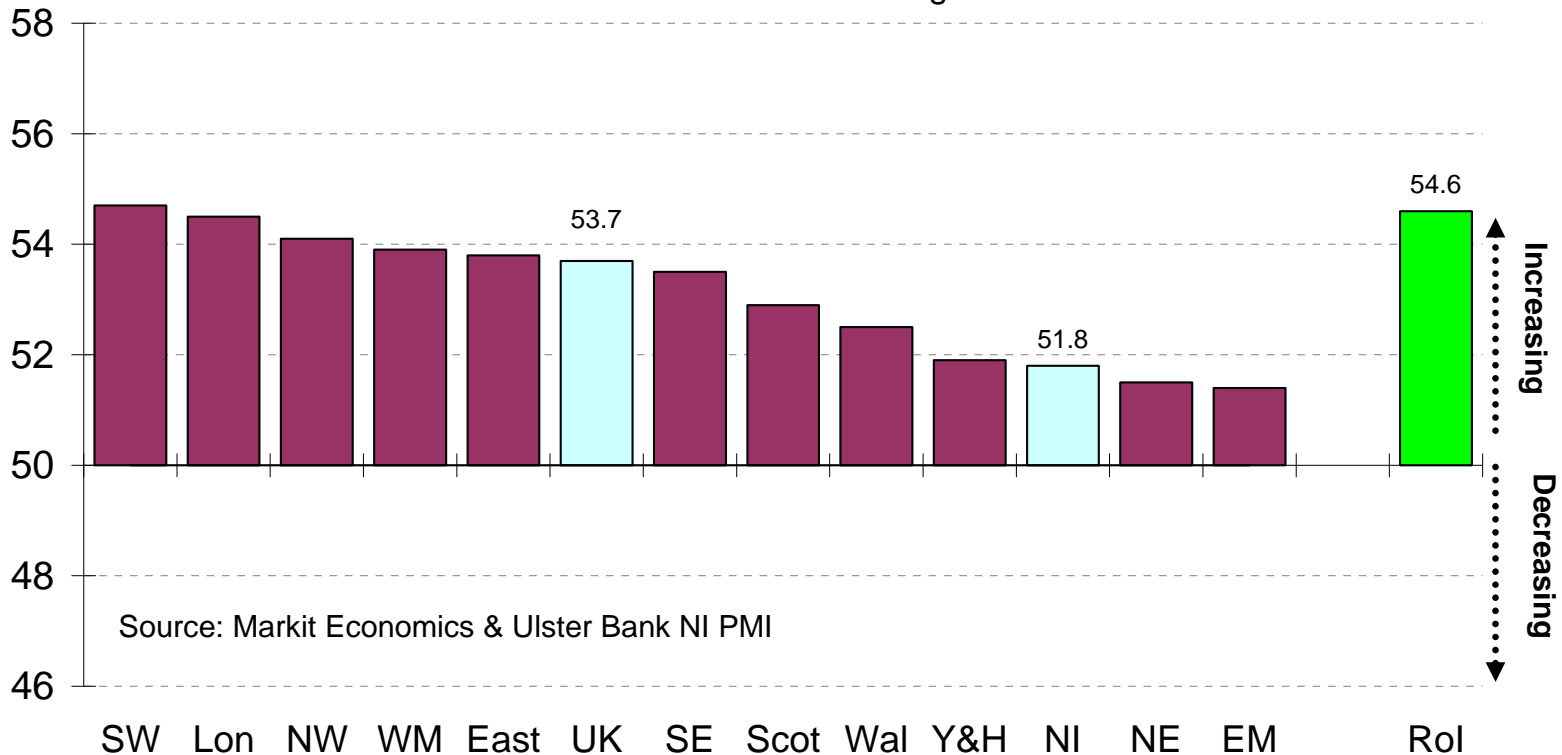


In 2013 NI posted its 1st annual increase in private sector employment since 2007 with trend continuing in 2014

Employment Levels 12 Months to March 2014

50 = No change

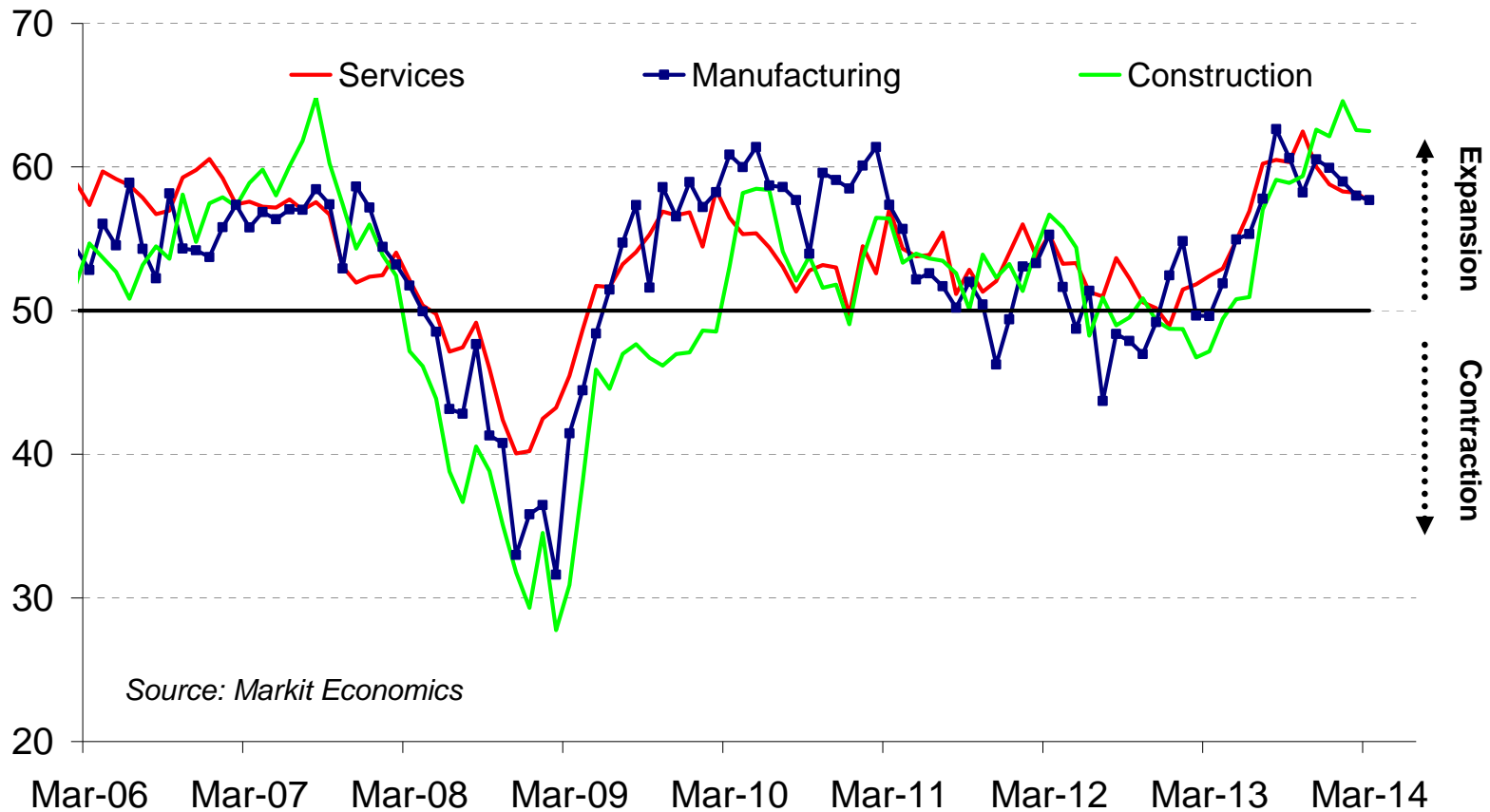
PMI Index



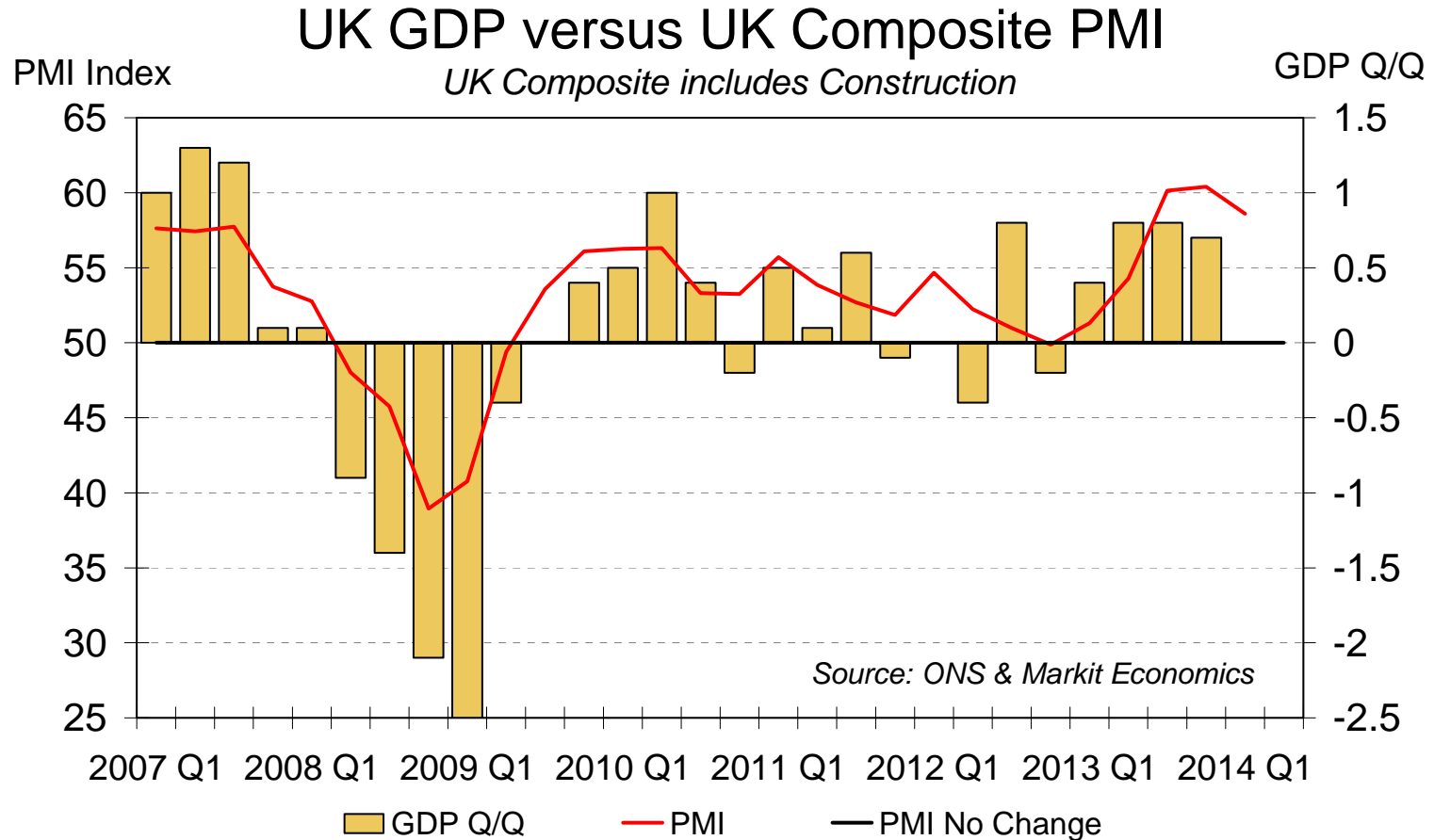
Sectoral Comparisons

All sectors post strong growth in March although manufacturing & services lose some momentum

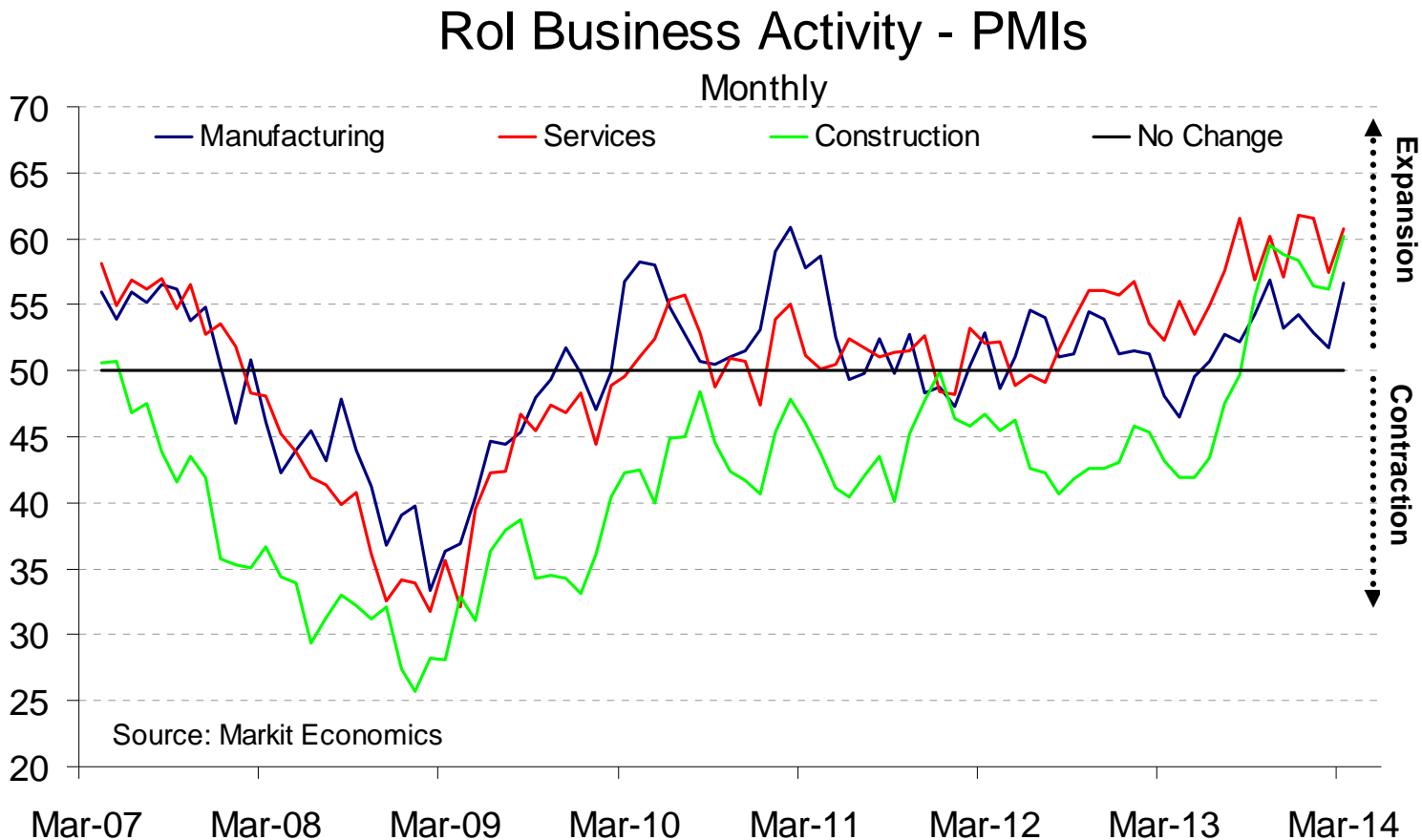
UK Business Activity / Output - PMIs



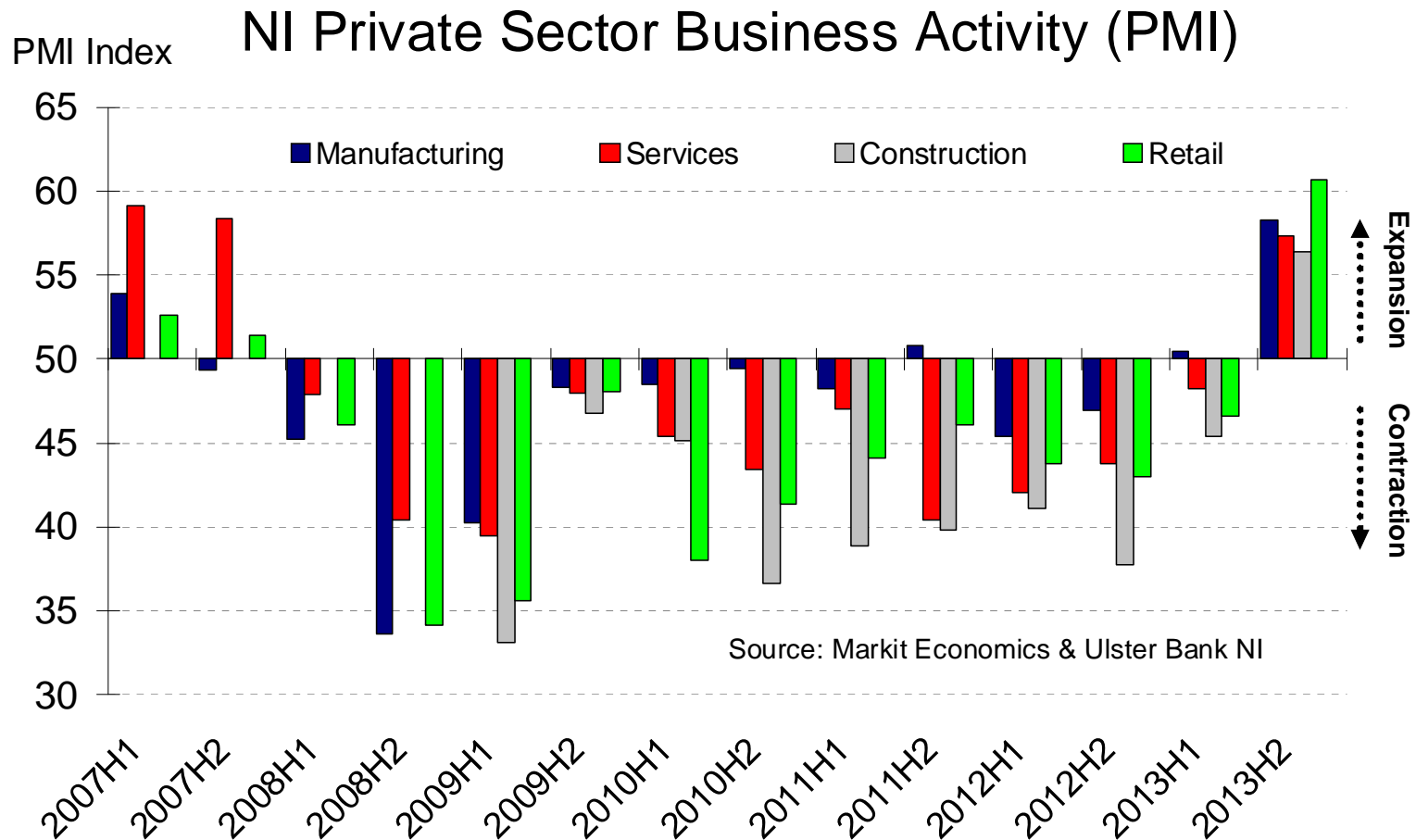
UK posts strong rates of economic growth in Q2-Q4 with further growth expected in Q1 2014



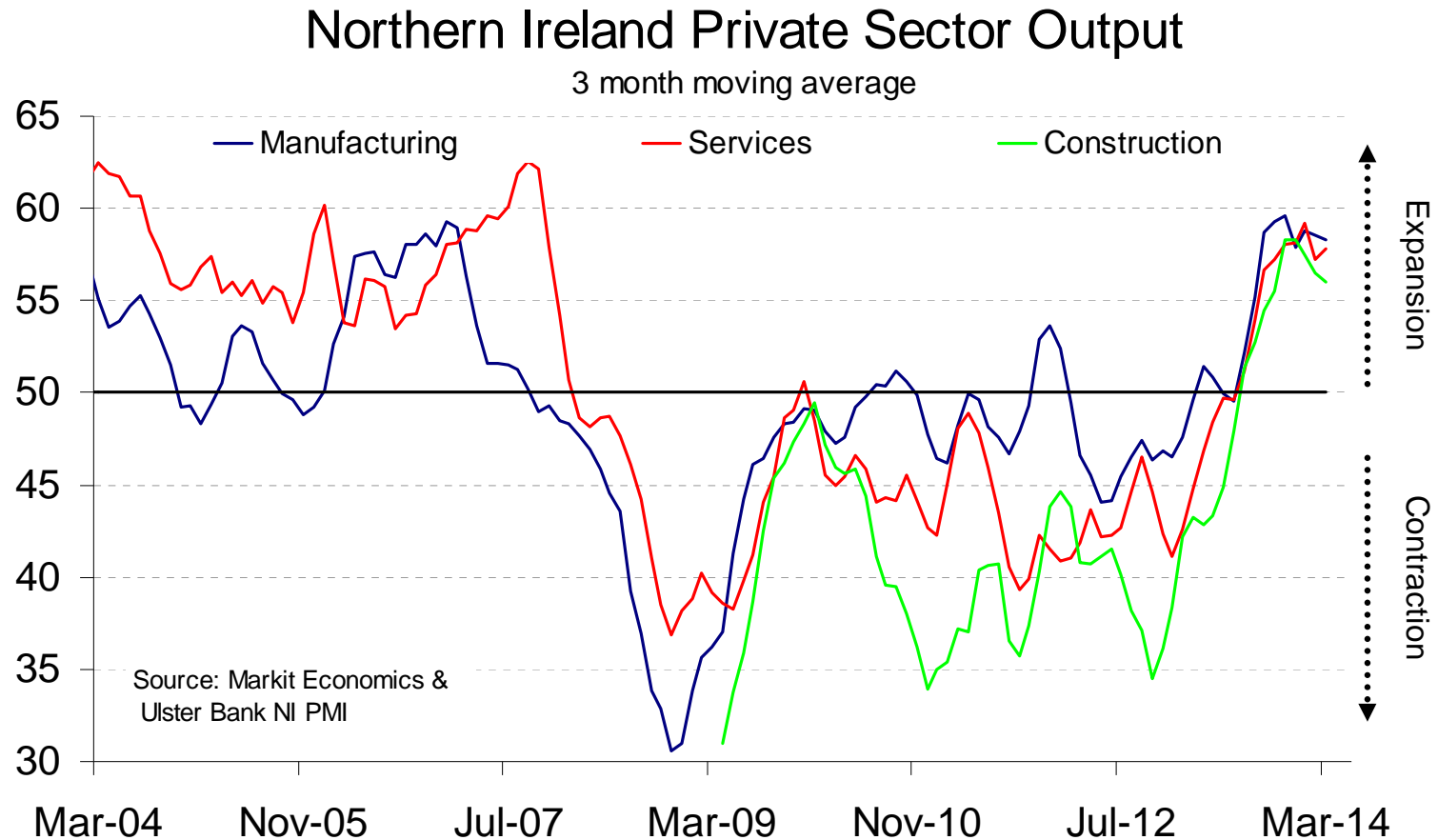
Rol output growth accelerates across all sectors in March



All 3 broad sectors within NI saw a marked turnaround in business activity in H2 2013



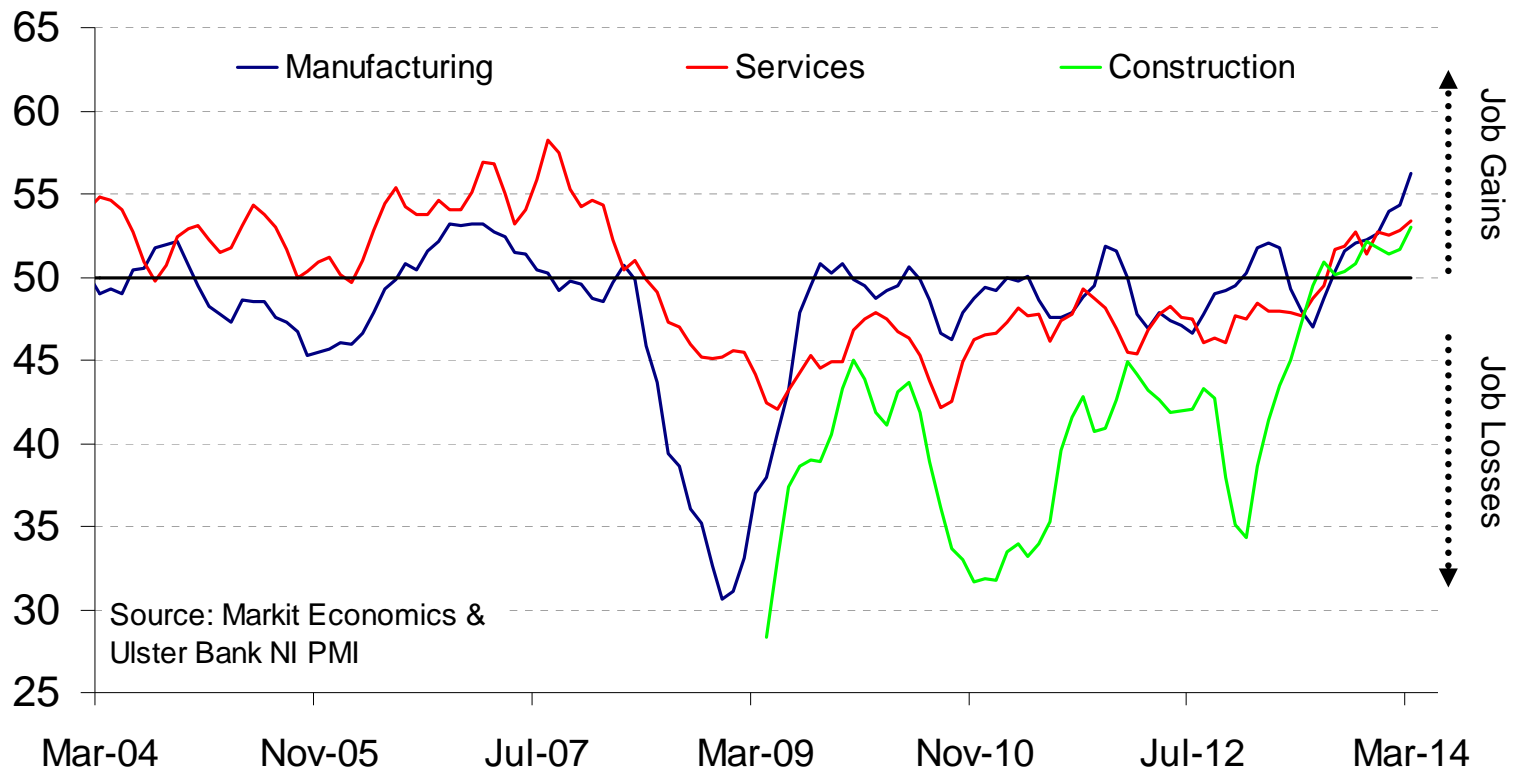
All 3 broad sectors within NI continue to report robust rates of output growth in Q1 2014



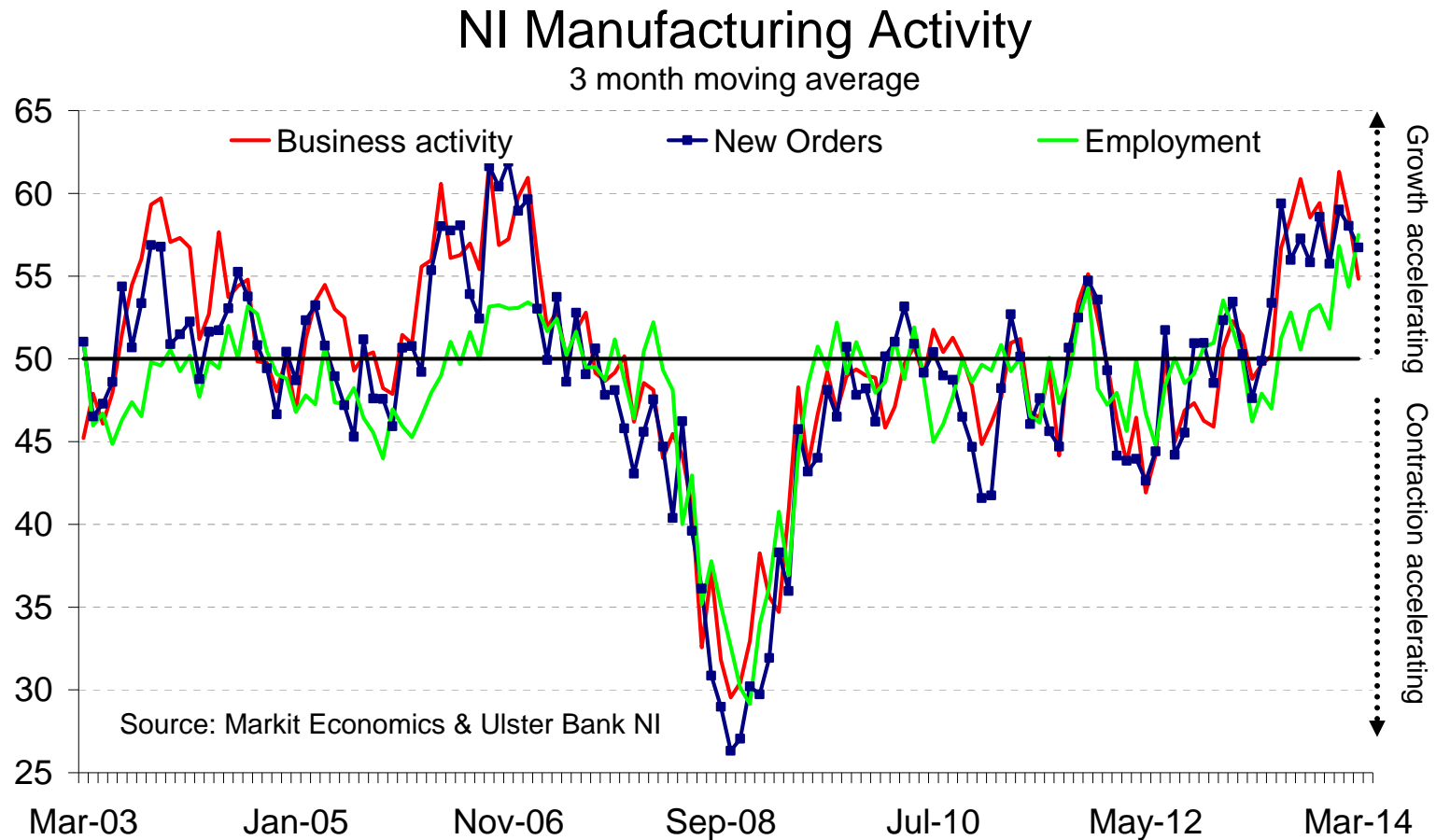
with all sectors reporting employment growth over the last 3 months with manufacturing & construction at record rates

NI PMI - Employment Index

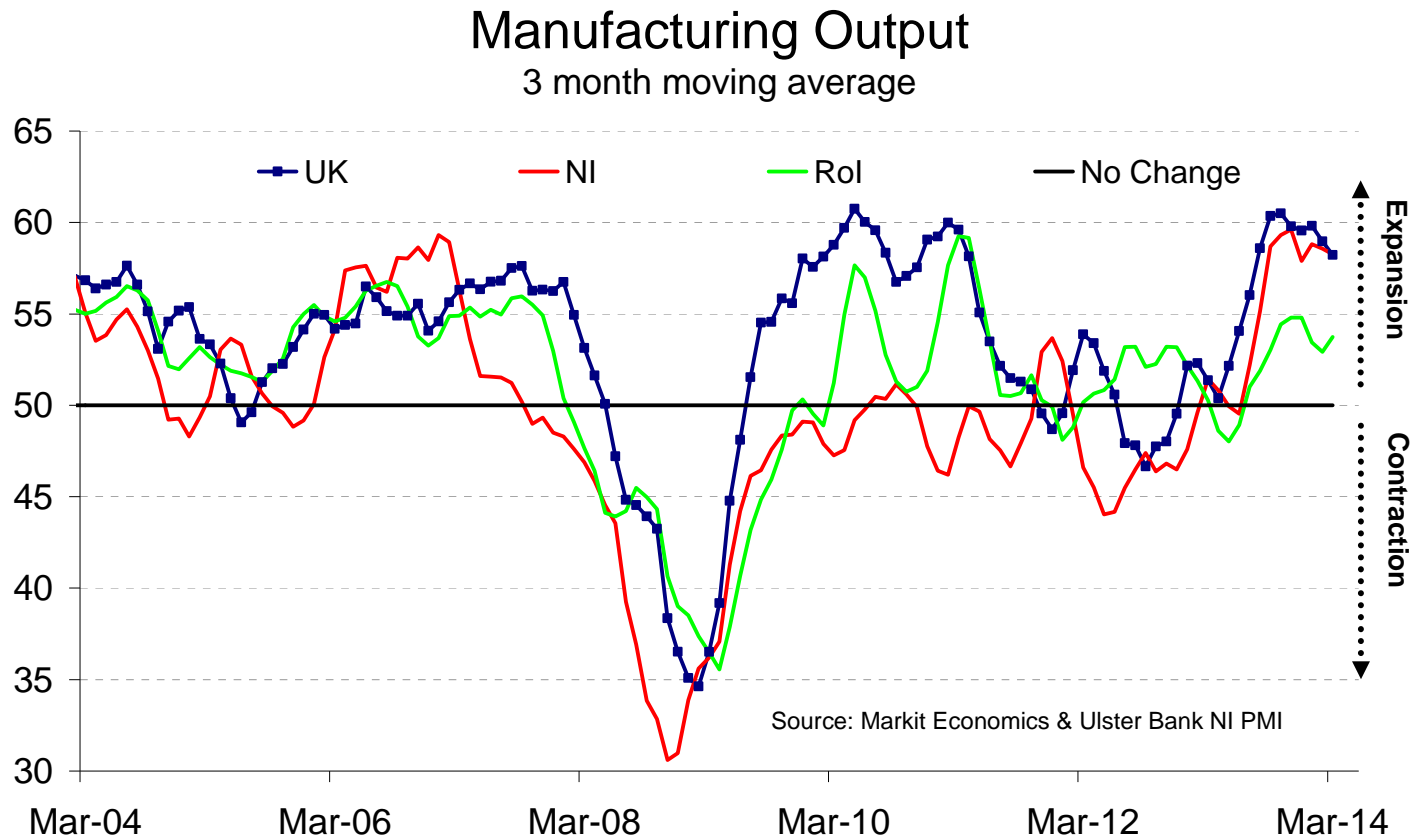
3 month moving average



NI manufacturing firms report an easing in output & orders but a surge in job creation



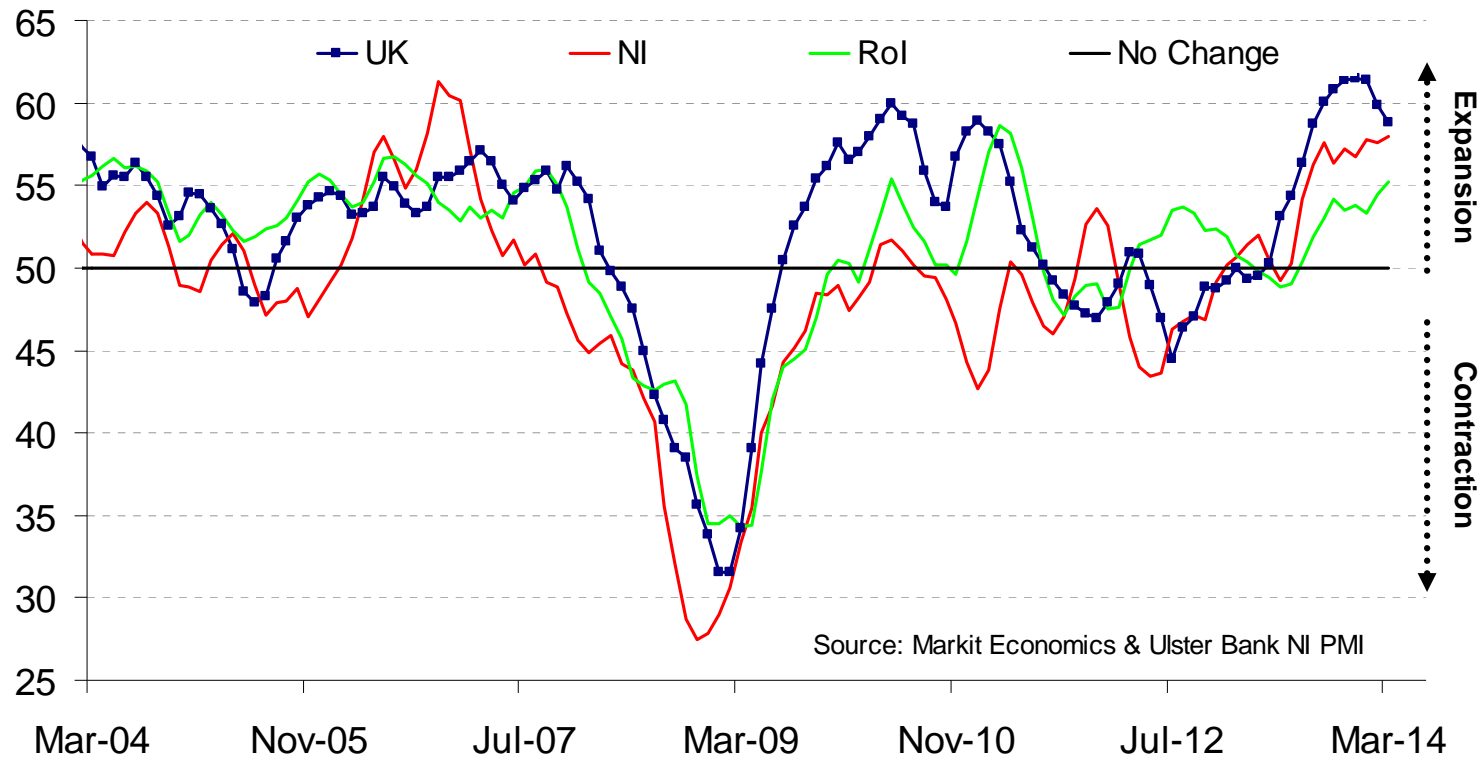
UK & NI manufacturing firms continue to post strong rates of growth in output during the last 3 months



The UK posts the strongest rate of growth in new orders, albeit slowing, while RoI & NI post a pick-up in orders growth

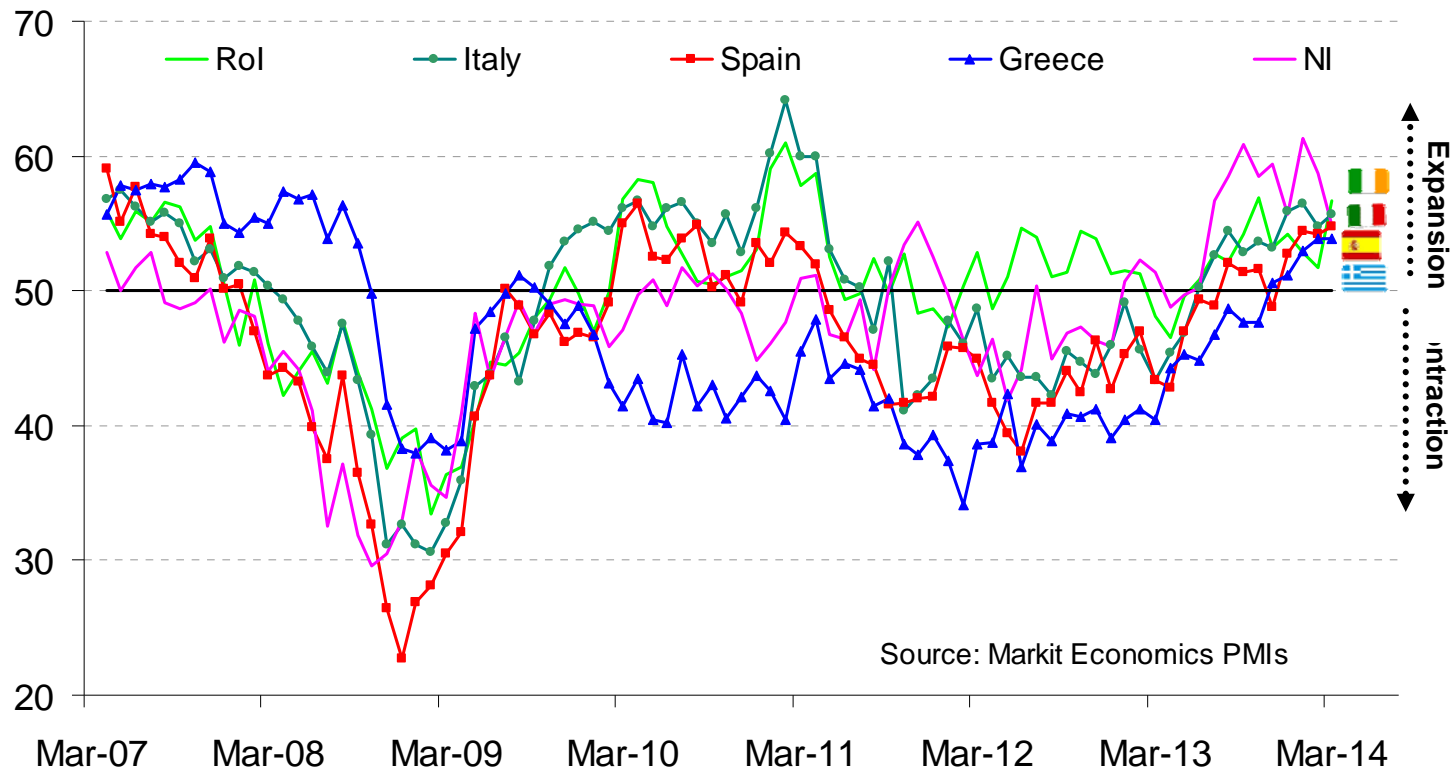
Manufacturing New Orders

3 month moving average

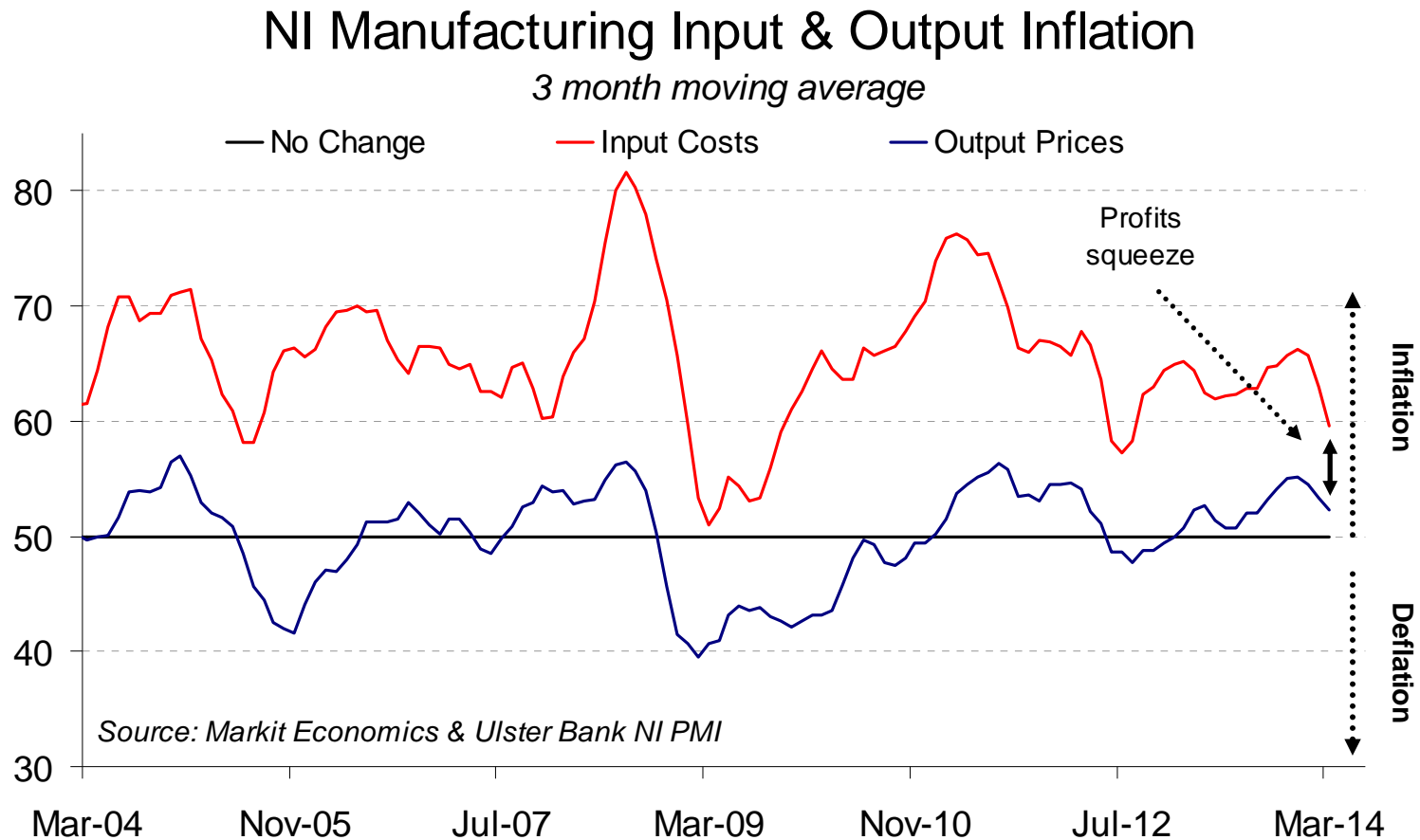


NI has been outperforming some of its European competitors

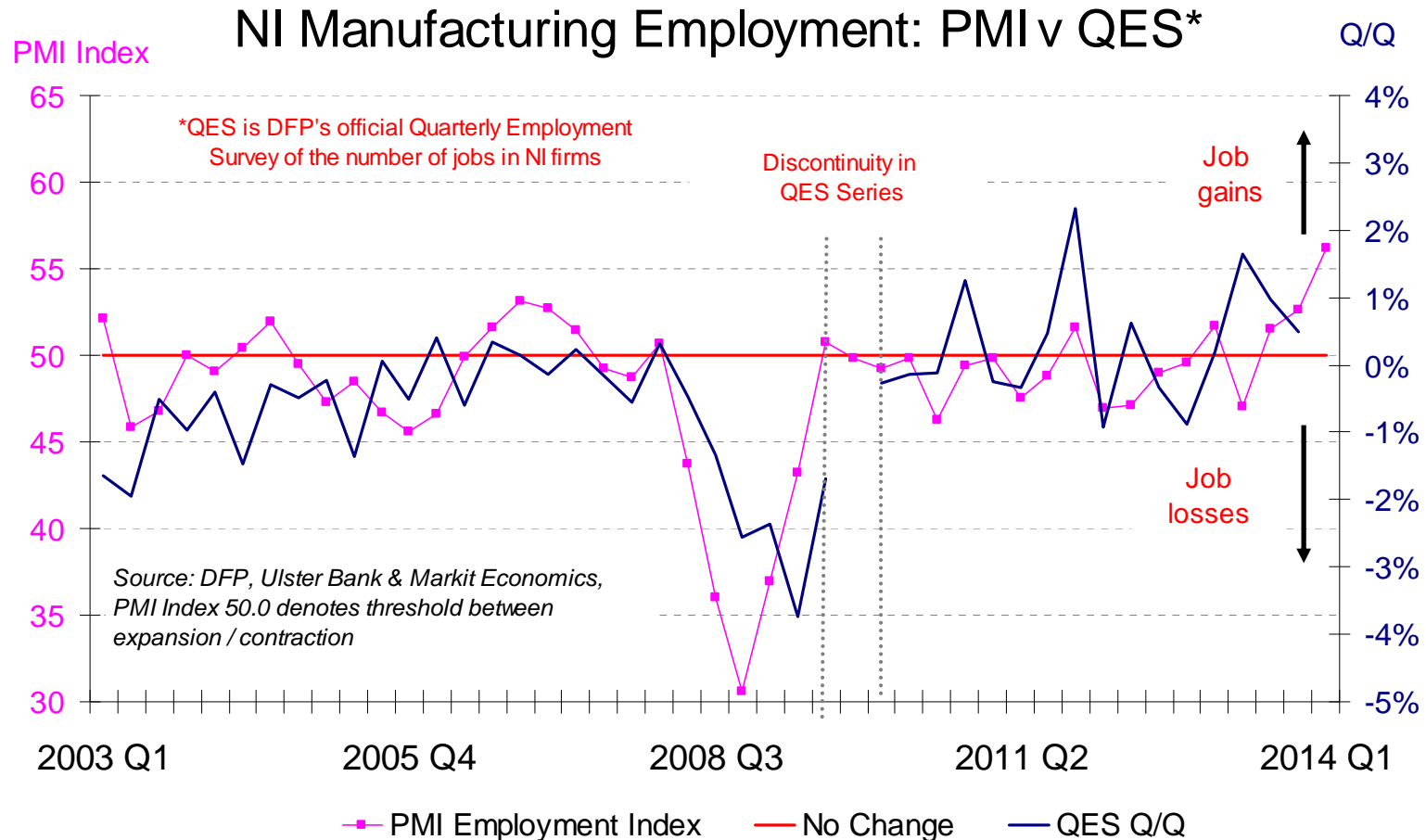
Manufacturing Output - PMI



NI manufacturers post the slowest rate of input cost inflation in March in 21 months



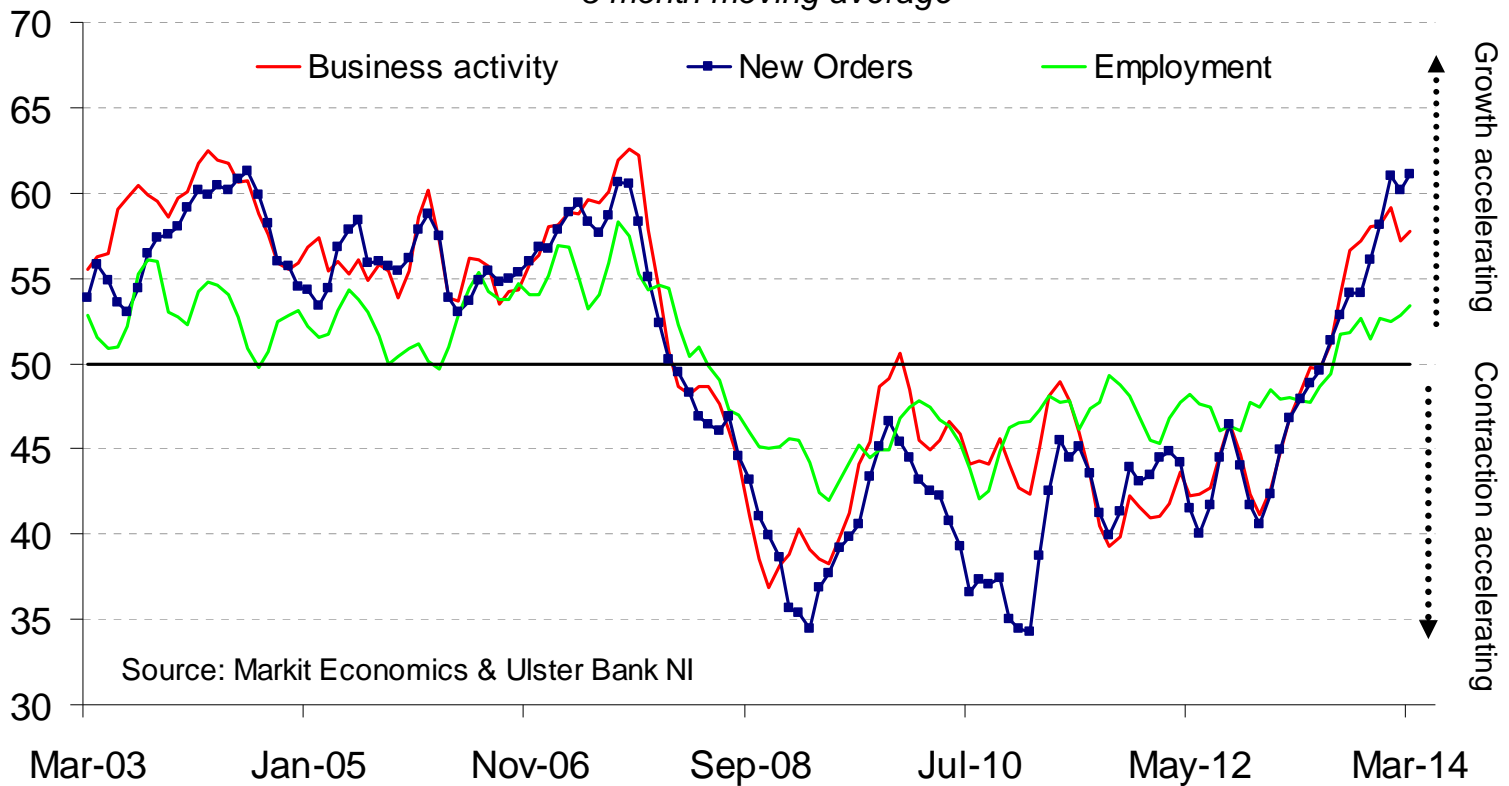
In Q1 2014, PMI signals the fastest rate of manufacturing employment growth since the survey began



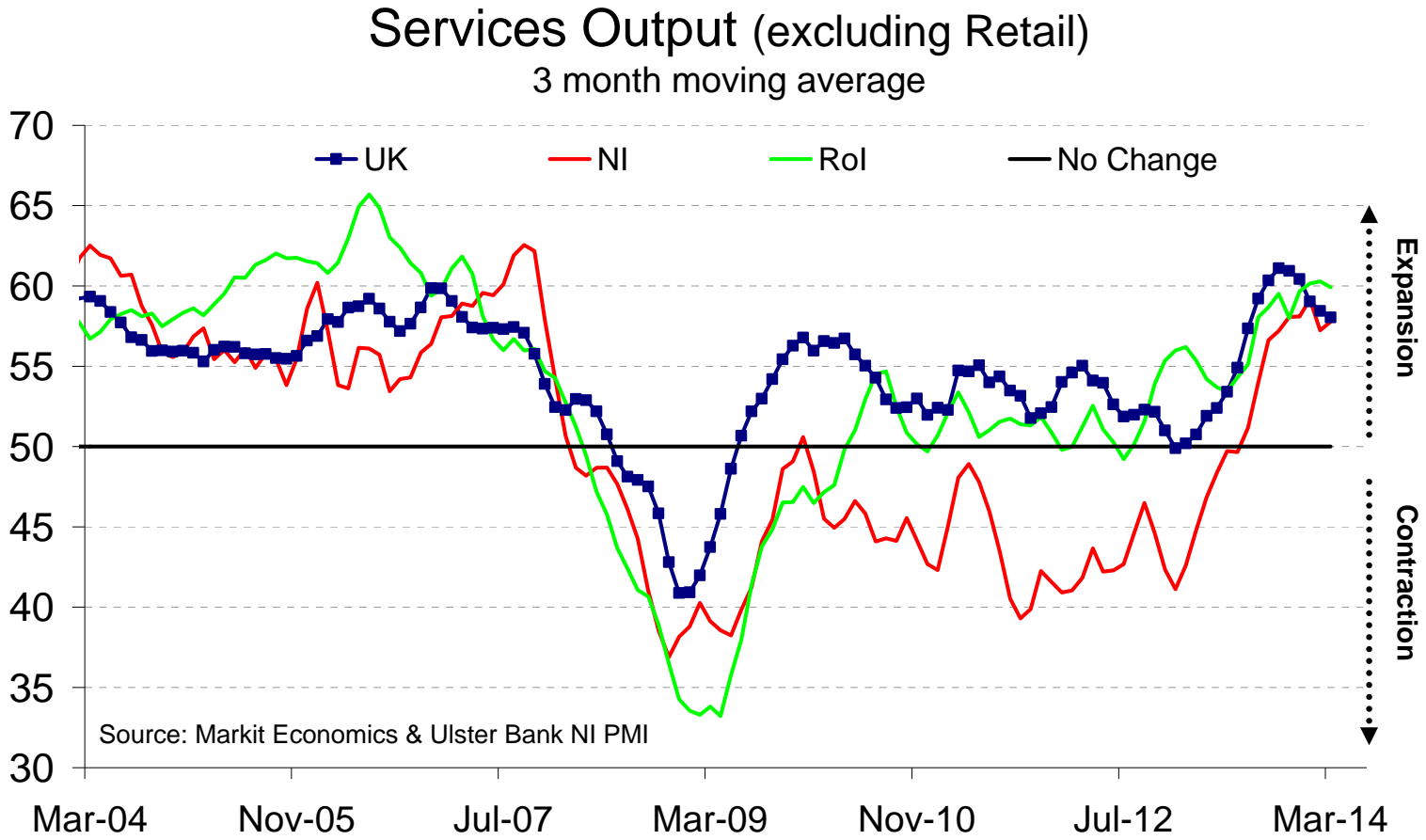
Service sector experiences expansion in output & employment in March

NI Service Sector (excludes Retail)

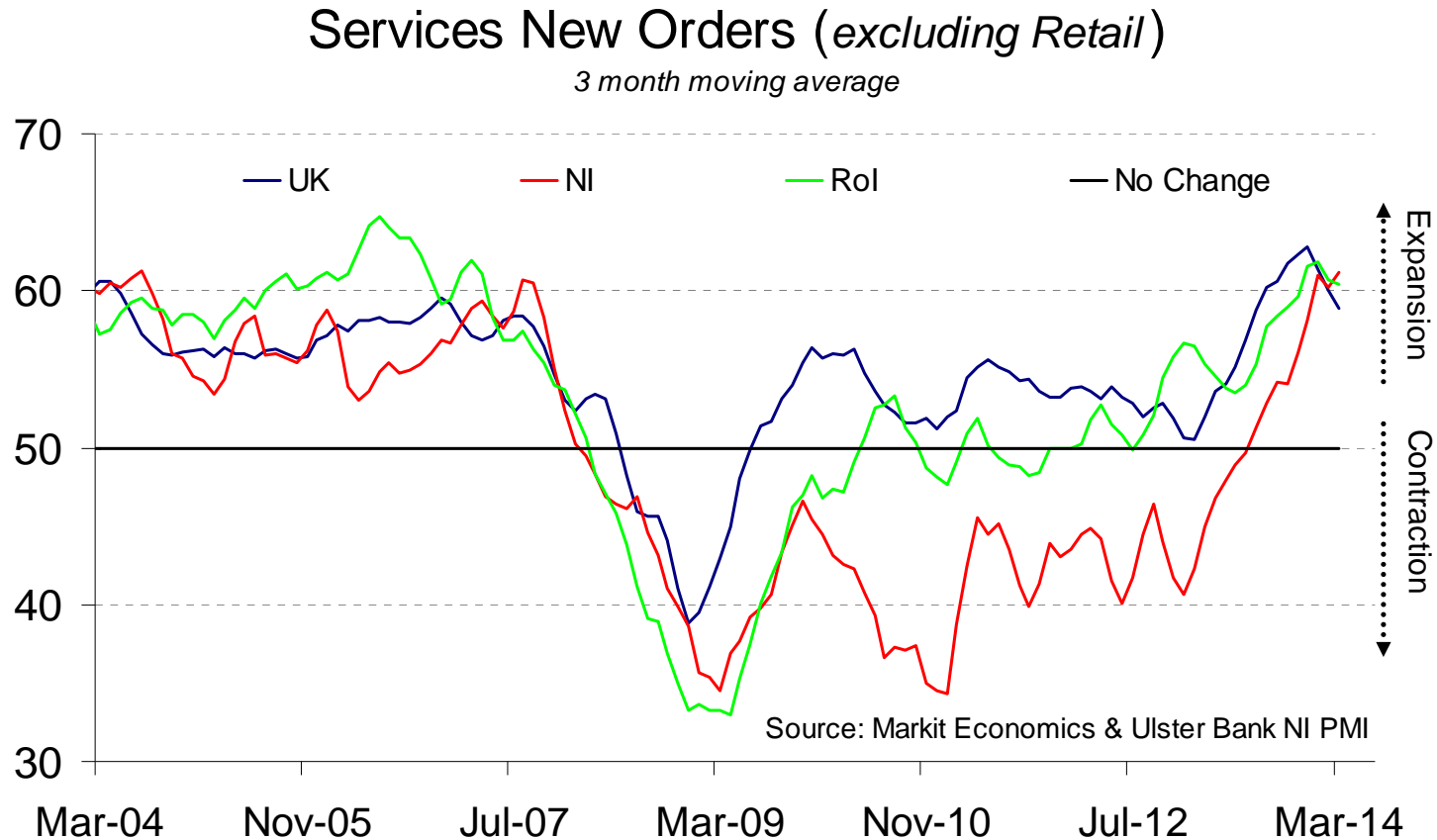
3 month moving average



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



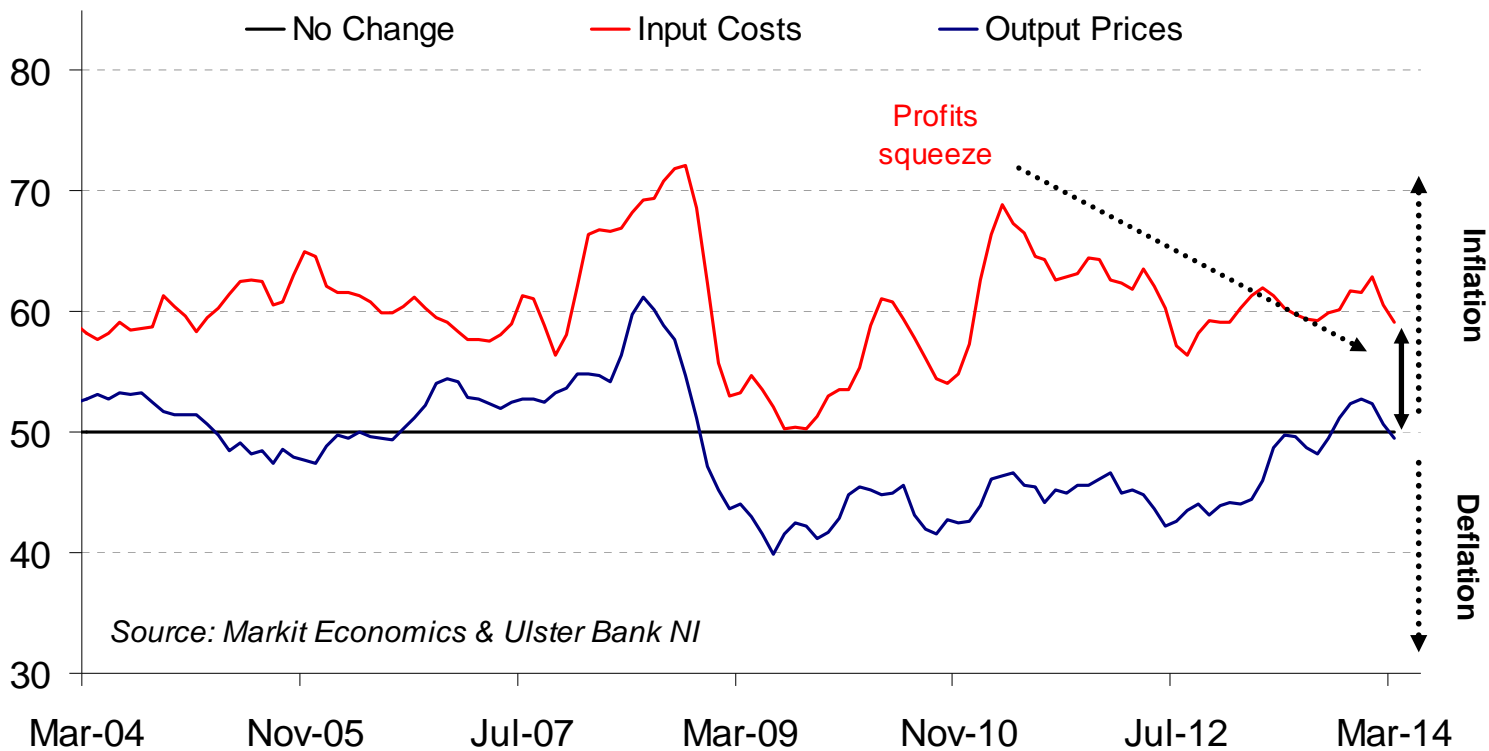
... and new orders growth remains strong too



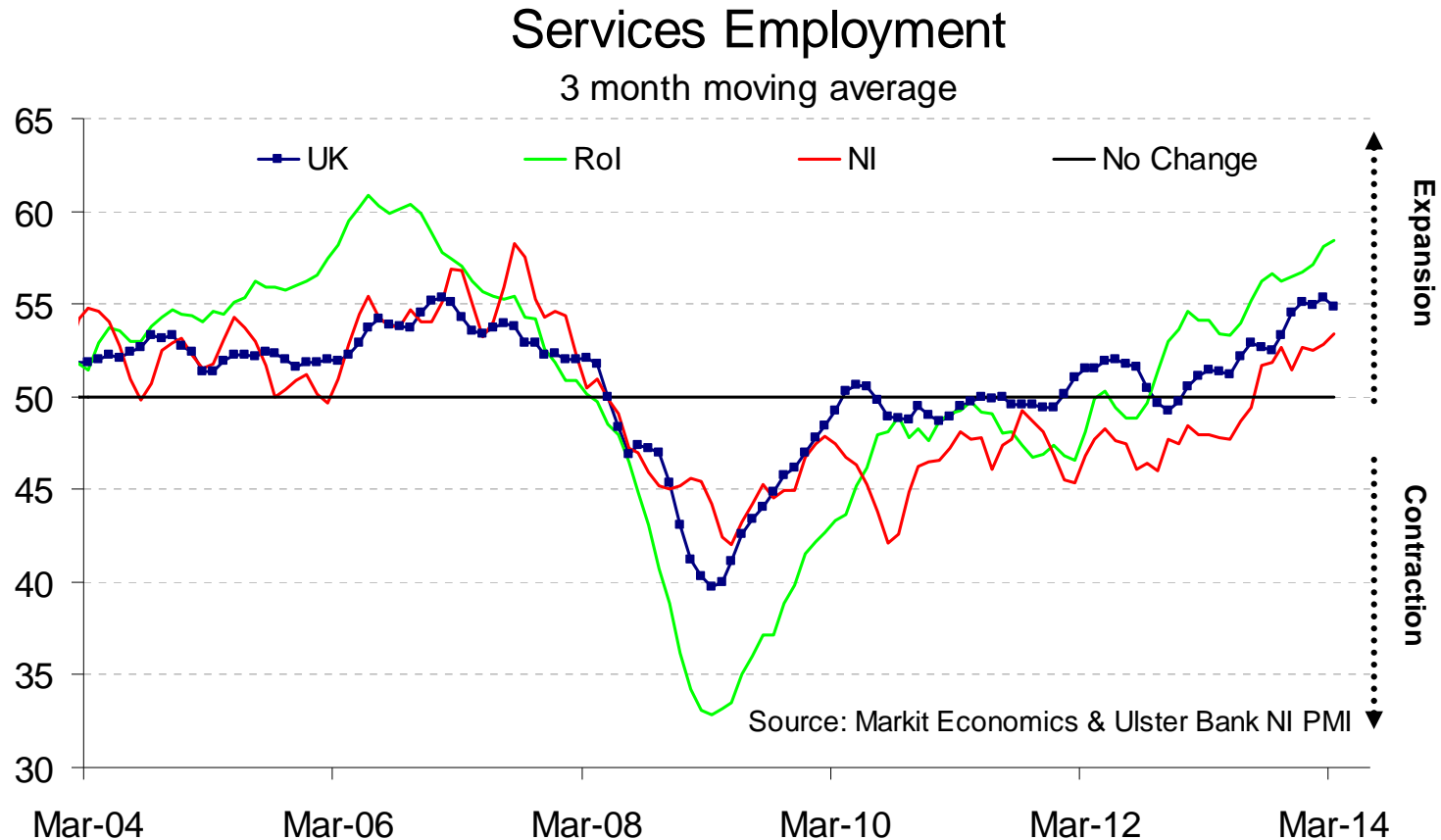
Input cost & output price inflation ease within service sector firms in March with pricing power negative

NI Services Input & Output Inflation

3 month moving average

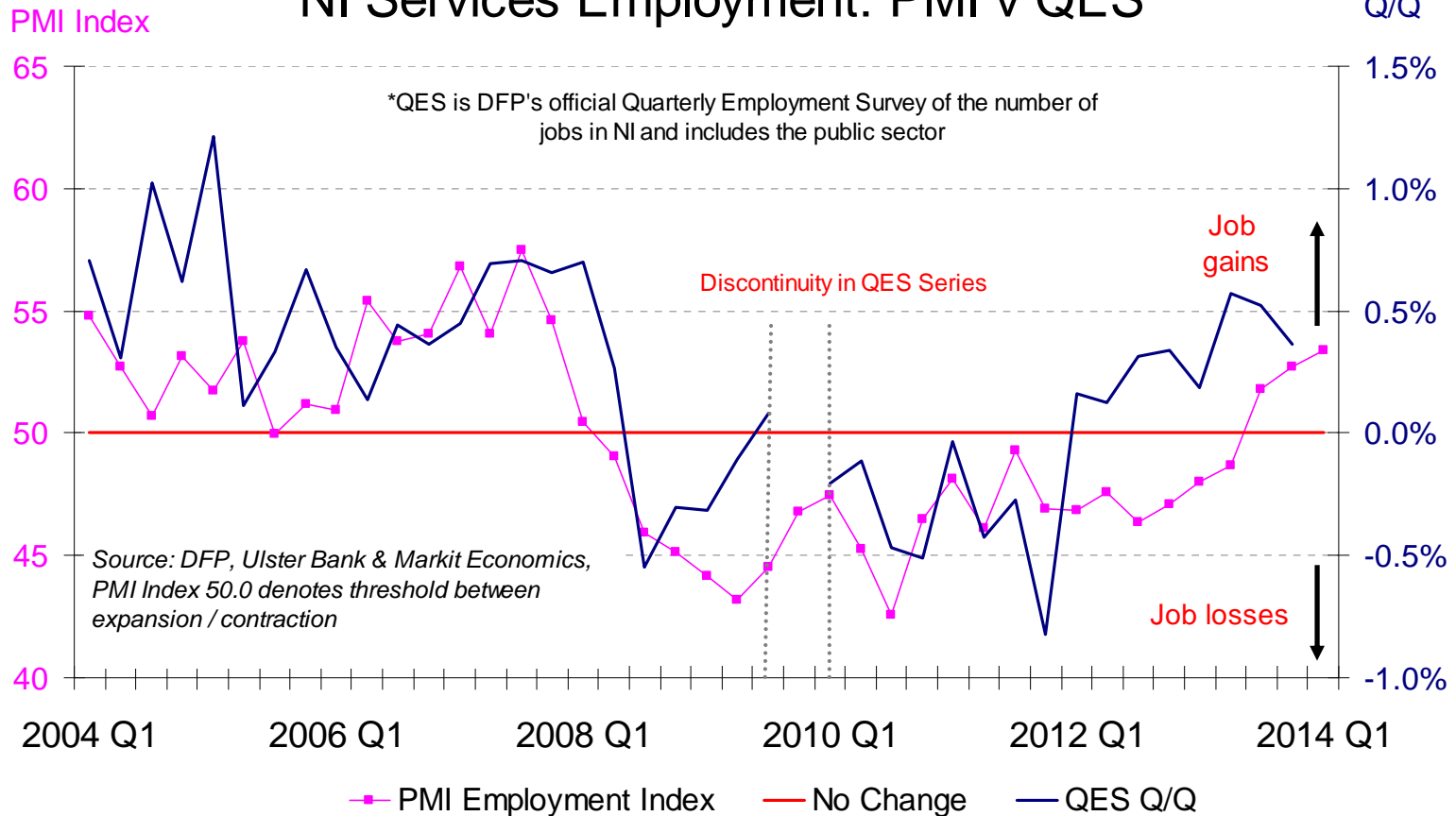


Service sector employment growth accelerates within the RoI & NI over the last 3 months to March

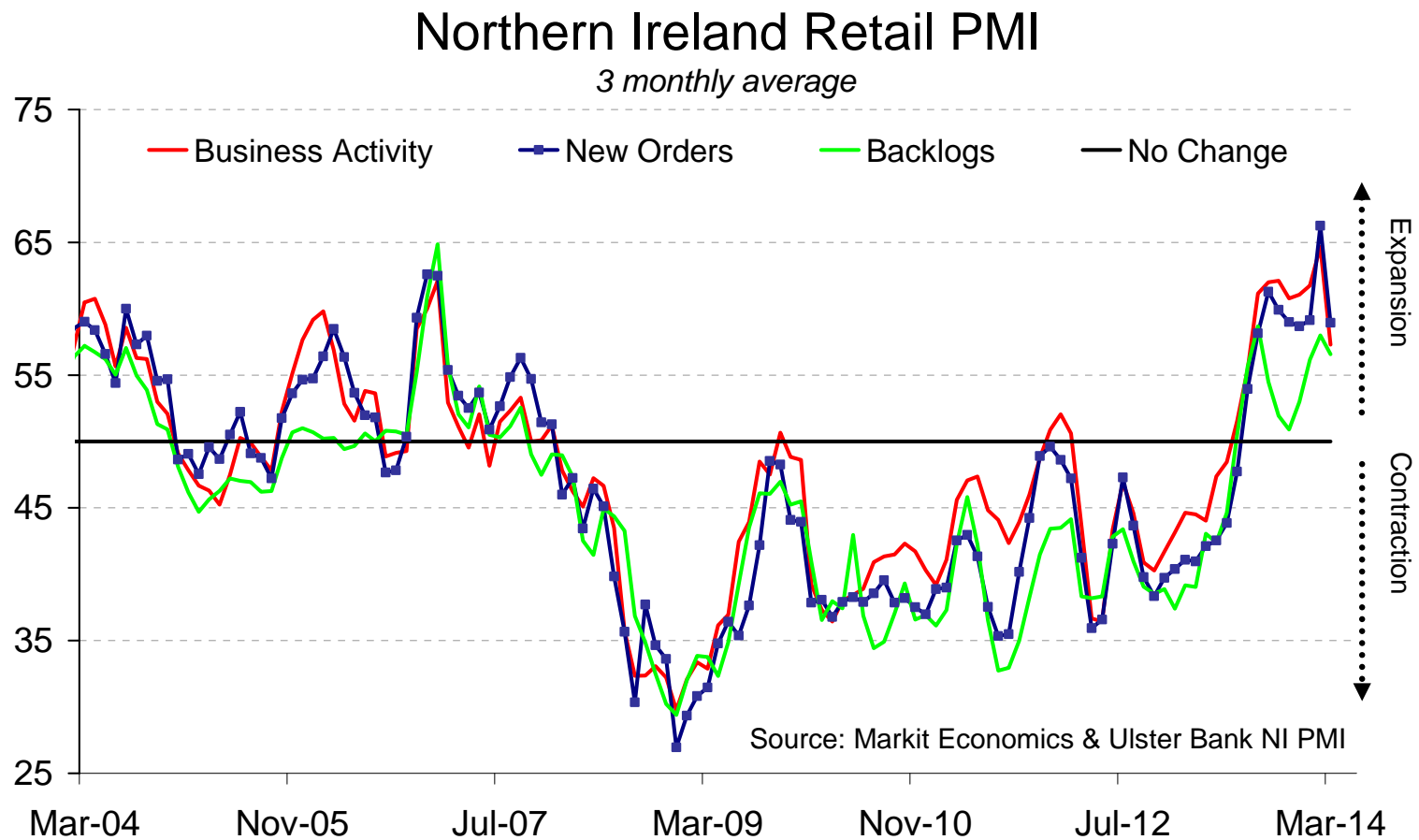


In Q1 the services PMI showed its fastest rate of jobs growth since Q4 2007

NI Services Employment: PMI v QES*

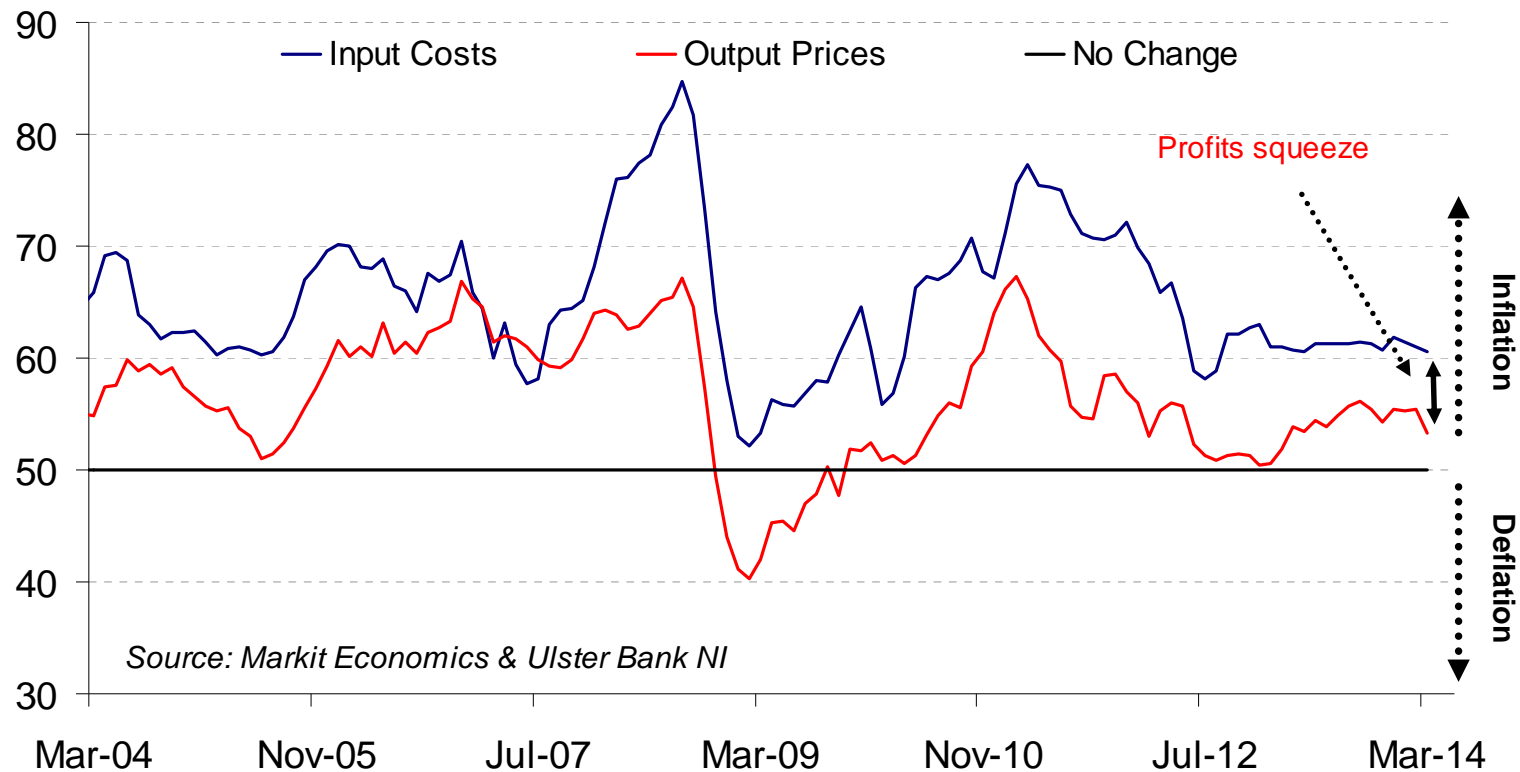


NI retailers report a marked slowdown in sales and new orders in March from its recent highs

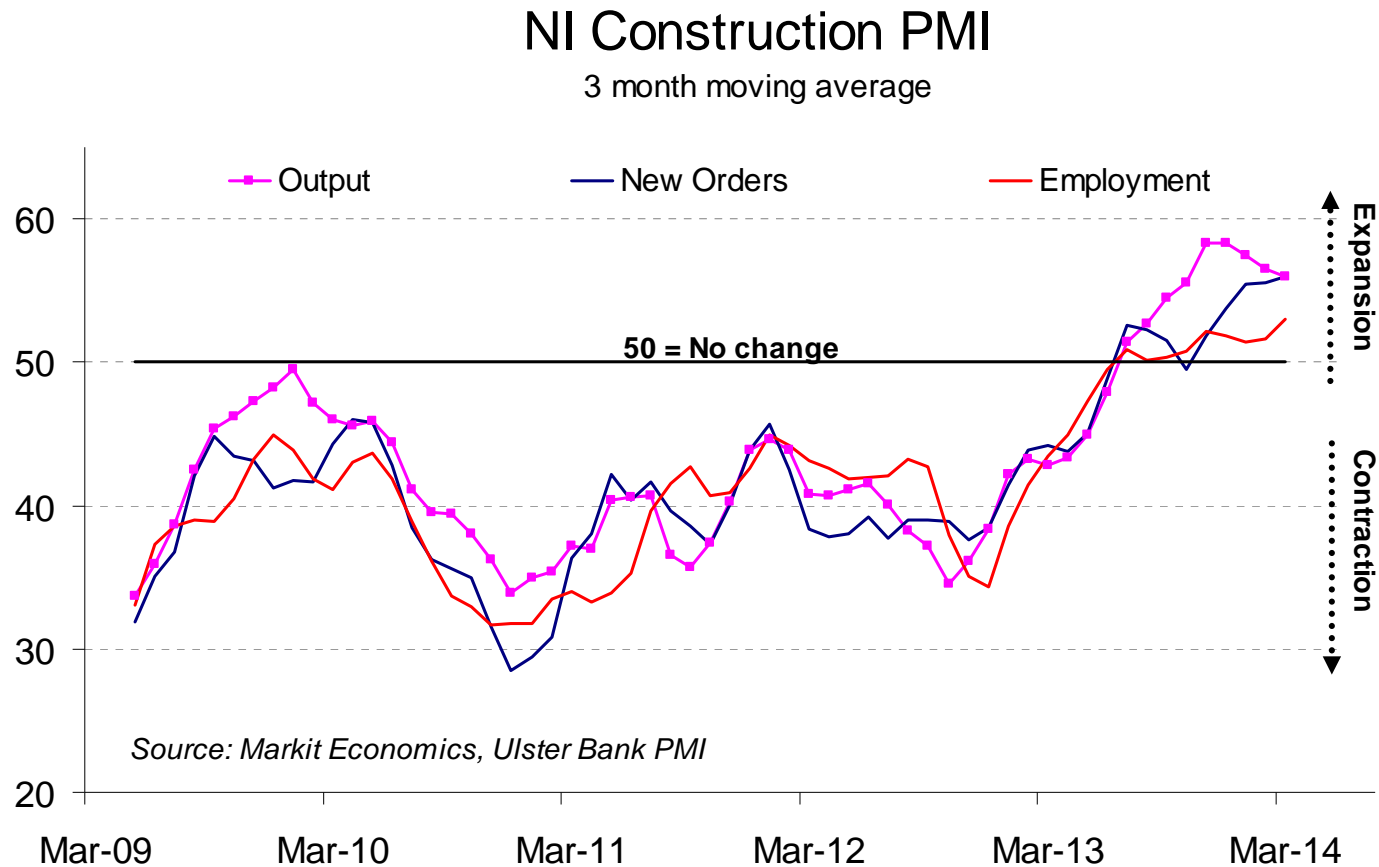


Local retailers maintain pricing power in March

NI Retail Input & Output Inflation
3 month moving average



NI construction sector continues to report growth in output, new orders & employment over the last 3 months

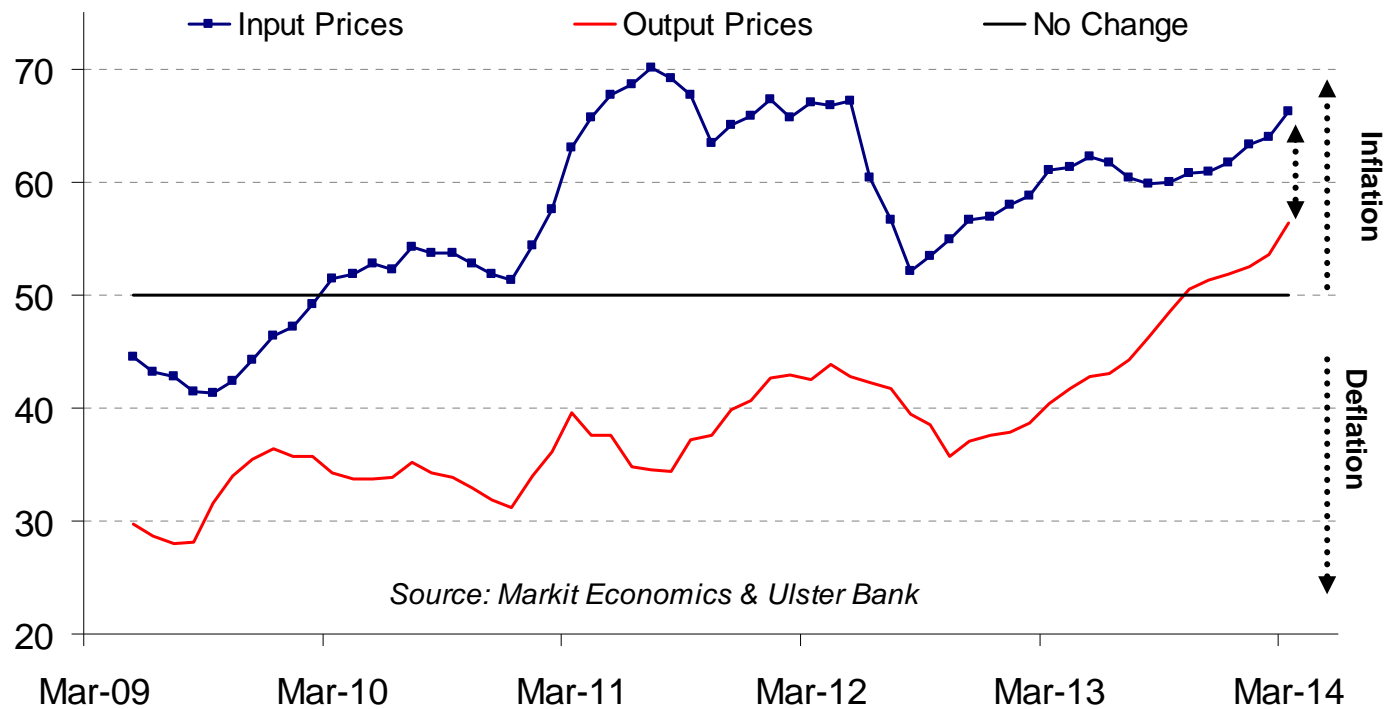


...and output prices have been rising at a record rate

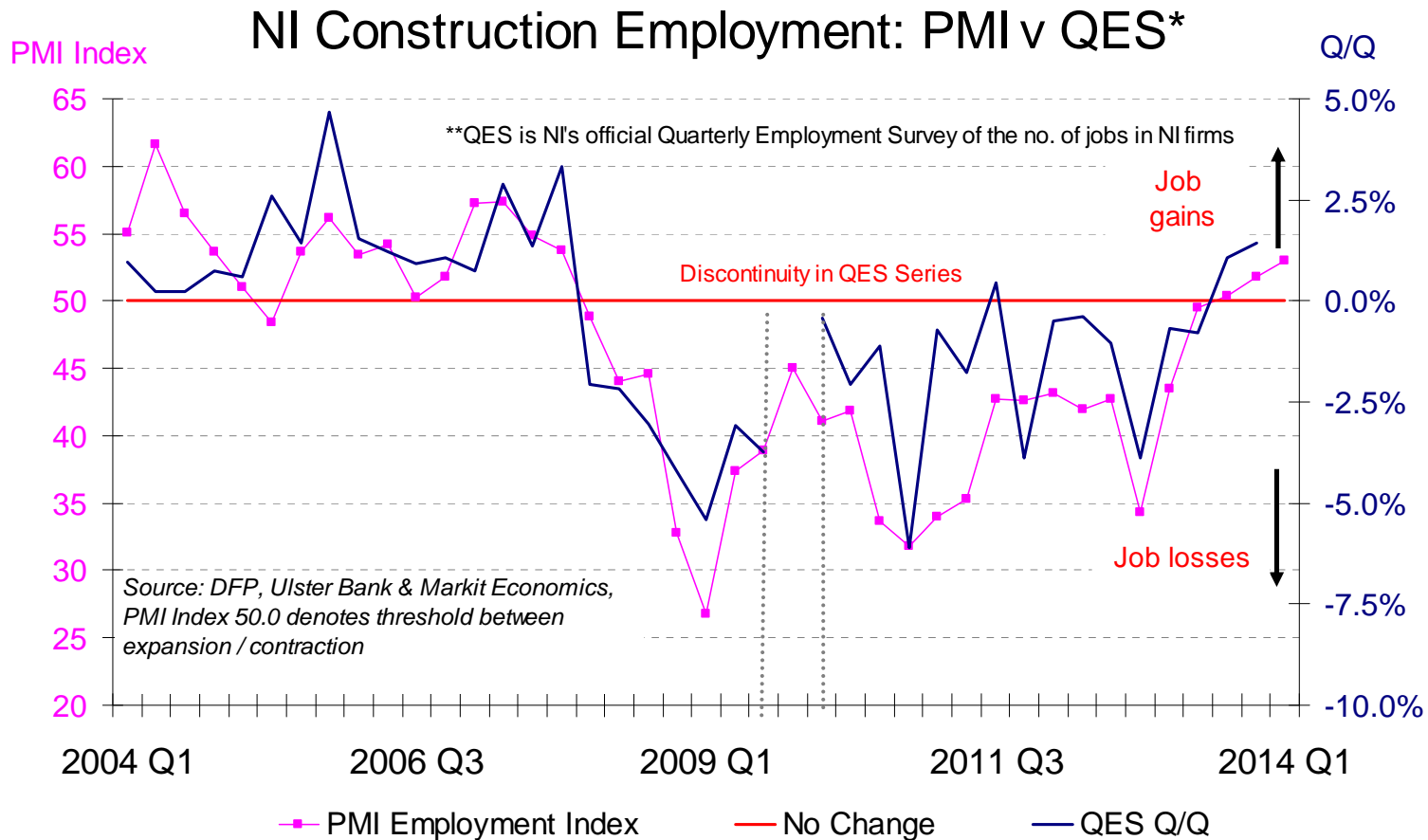
NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



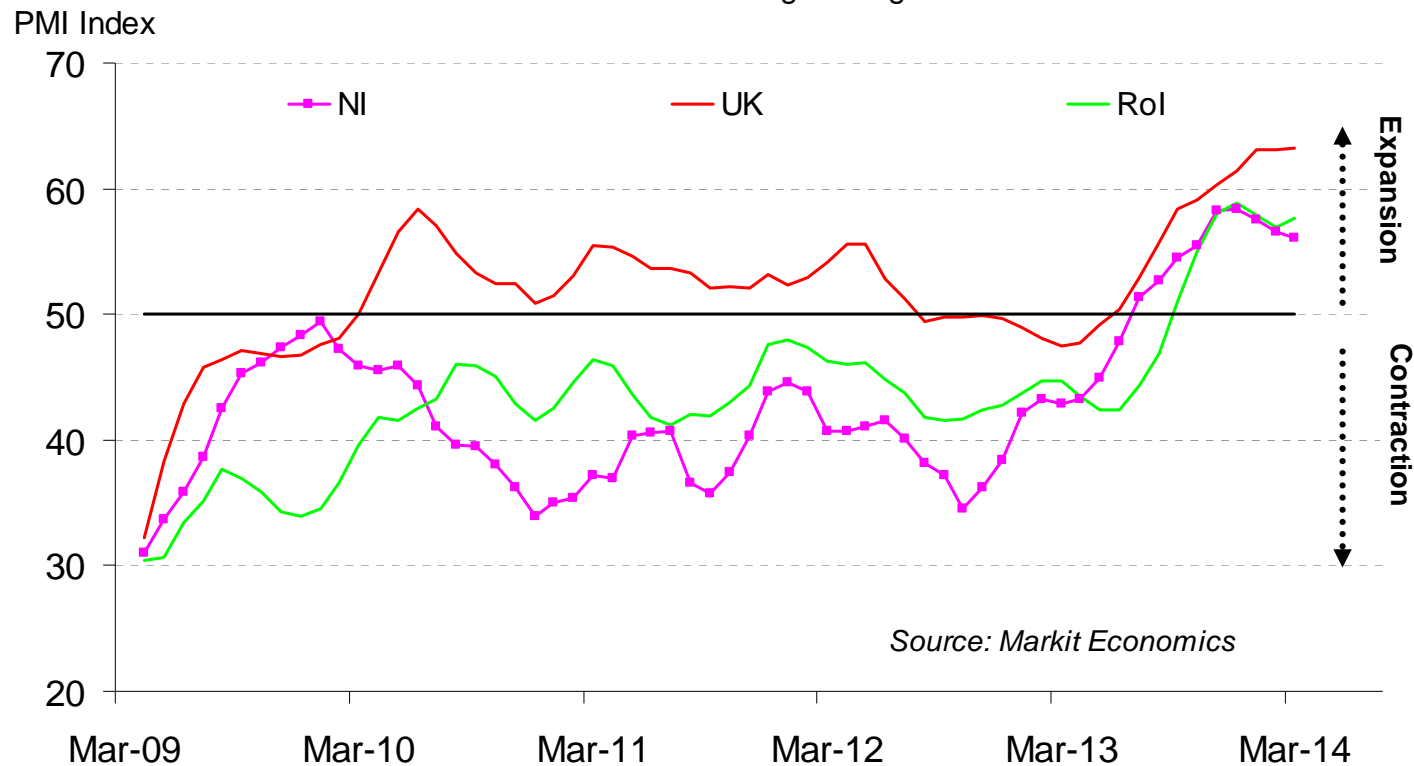
NI's construction PMI posts its third successive quarterly rise in employment in Q1 2014



Construction output growth remains strong particularly within the UK

Construction Sector Output - PMI

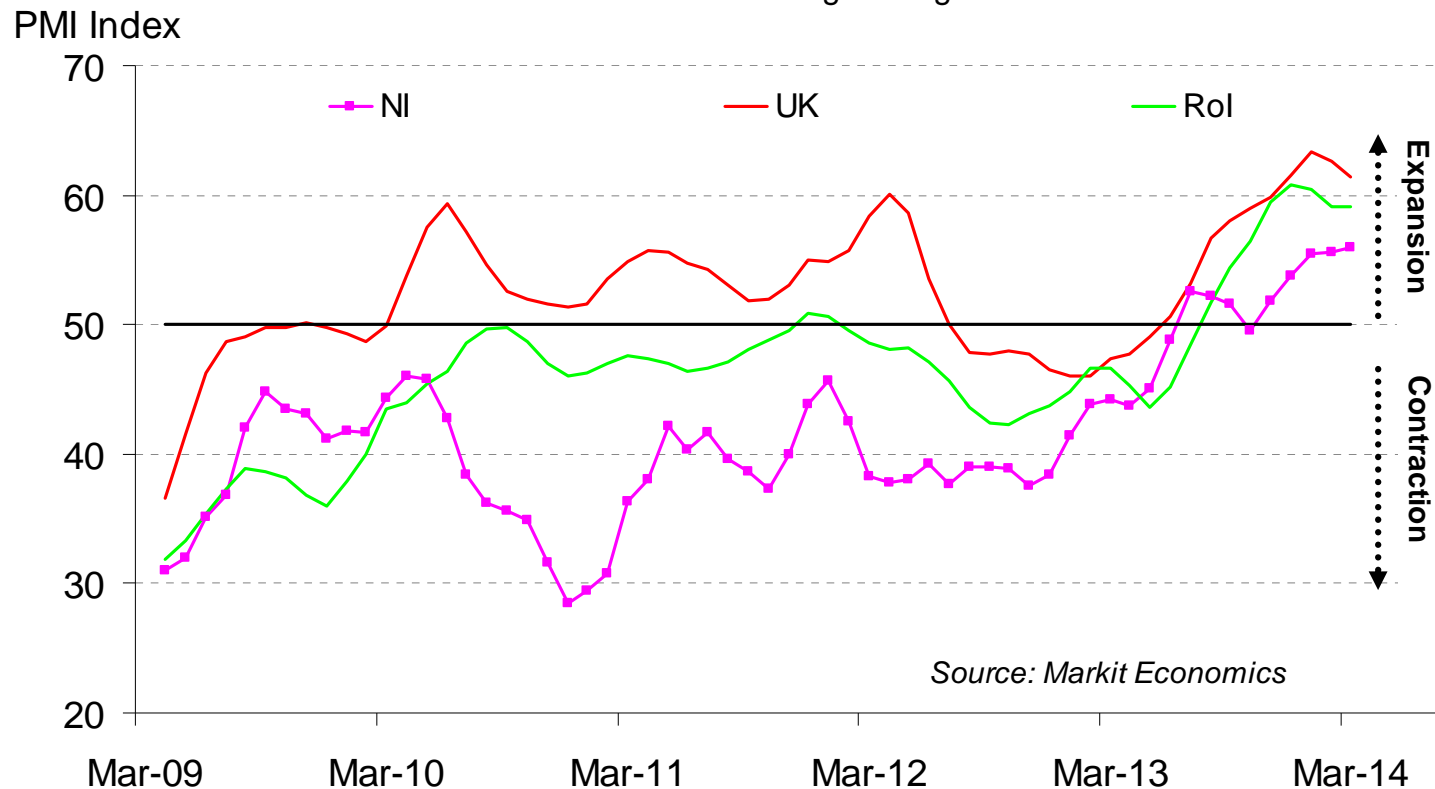
3 month moving average



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

Construction Sector New Orders - PMI

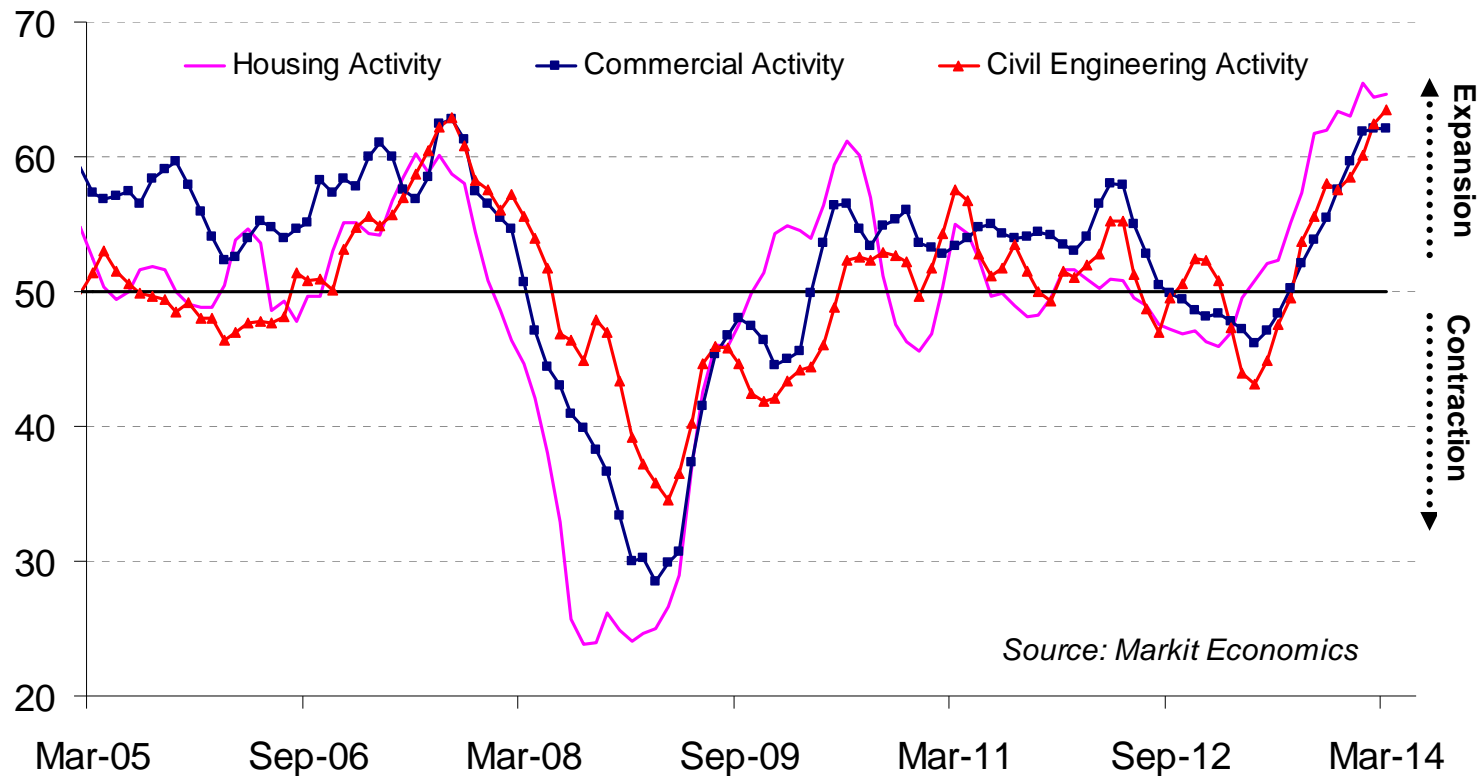
3 month moving average



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

UK Construction Activity - PMIs

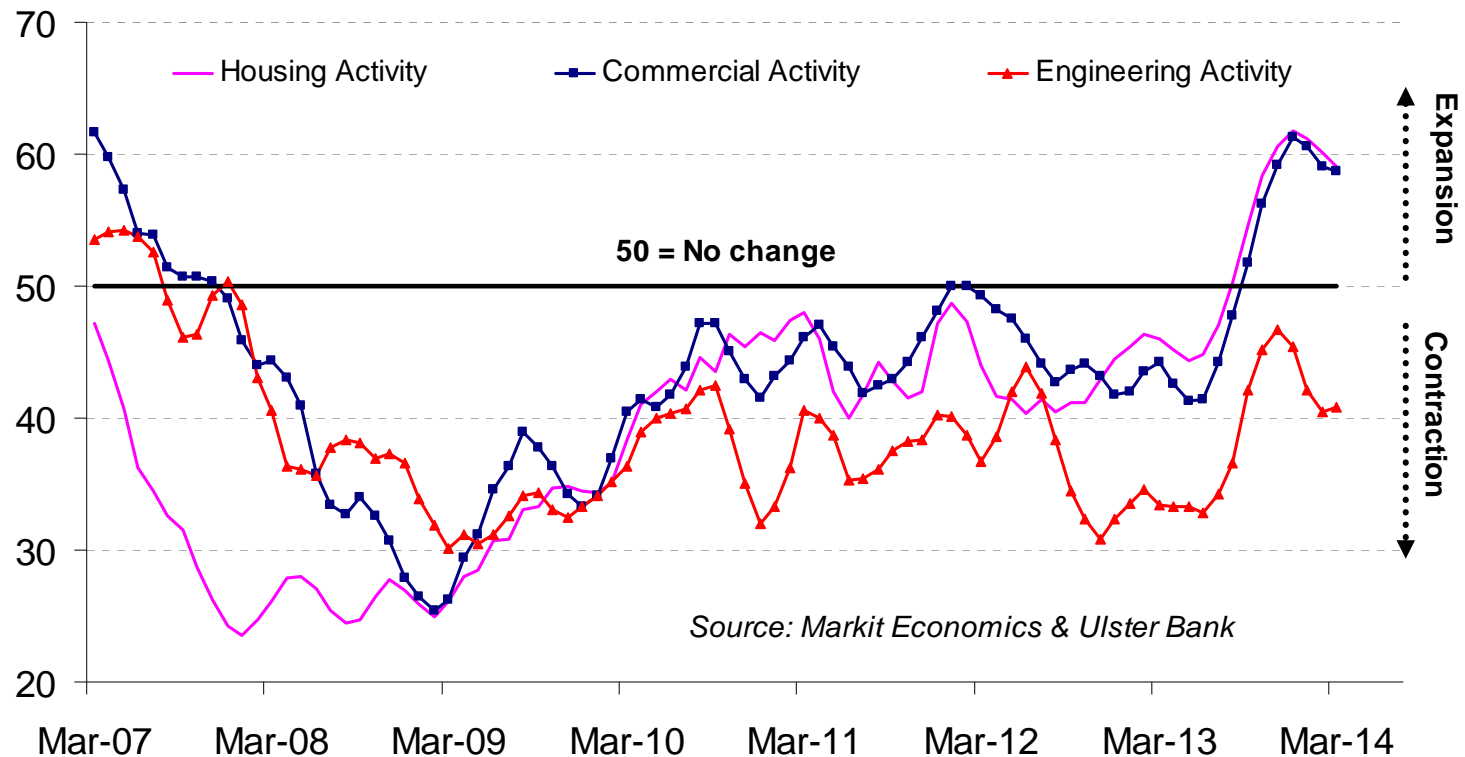
3 month moving average



...with opportunities returning within the RoI too

Republic of Ireland Construction Activity - PMI

3 month moving average



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