

Ulster Bank Northern Ireland PMI®

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

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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Modest acceleration in business activity growth in April

Latest survey data pointed to a stronger rate of expansion in private sector business activity across Northern Ireland at the start of the second quarter. New orders increased, particularly from overseas, leading to a further rise in backlogs of work. To accommodate for this, firms continued to hire additional staff.

Output growth accelerates

The headline seasonally adjusted Business Activity Index increased to 53.5 in April, up from 53.2 in March, to signal a solid and faster pace of expansion in the Northern Ireland private sector. Furthermore, all four sectors covered by the survey recorded expansions in activity, and the rate of growth was above the UK average. Output growth was partly attributed to successful tendering for contracts.

Underpinning the latest rise in activity was sustained growth of new orders. According to anecdotal evidence, new client acquisitions and advertising campaigns supported the rise in new sales. That said, the pace of expansion was only marginally quicker than March's 17-month low.

Additionally, panellists mentioned stronger demand from the Republic of Ireland. In turn, new business from abroad increased markedly during the latest survey period, extending the current upturn to 22 months.

Rate of job creation eases

As has been the case in every month since February 2015, employment was raised by Northern Ireland businesses. Panellists noted that increased workloads had prompted them to recruit new staff. Nonetheless, capacity pressures persisted, with backlogs of work rising for a tenth straight month in April.

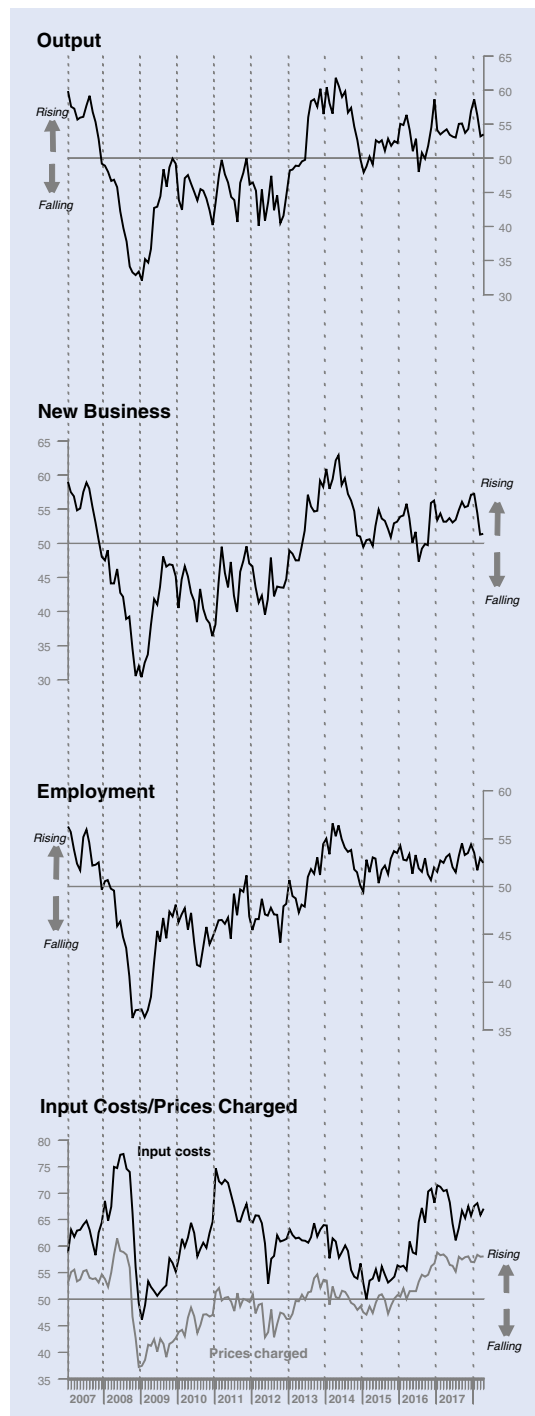
Inflationary pressures remain strong

Northern Ireland firms faced further cost rises during April. The rate of input price inflation was steep overall and accelerated on that seen in March. Panellists reported unfavourable exchange rate movements, higher energy prices and wage increases as factors driving up operating expenses.

In response, selling charges were raised to partly offset higher cost burdens, continuing a run of inflation that began in November 2015.

Business confidence strengthens

Northern Ireland firms retained an optimistic outlook towards future output in April. In fact, the degree of optimism was the highest observed since the index began in March 2017. Positive sentiment was linked to forecasts of new client wins and stronger demand.



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

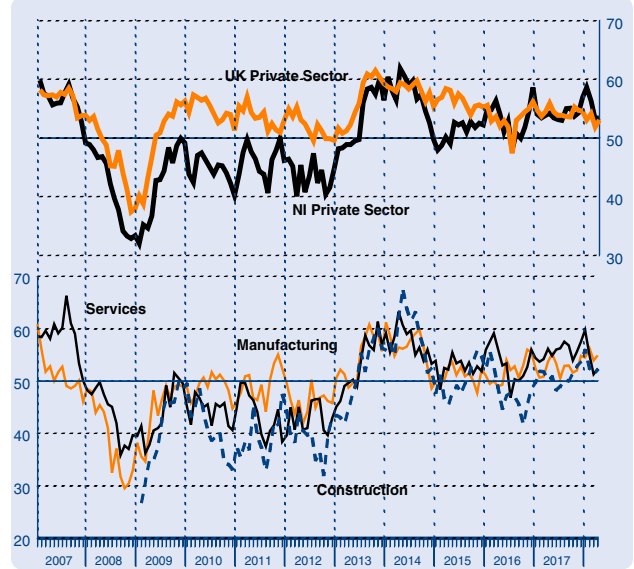
Output / Business Activity

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

Northern Ireland Companies				All UK				
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2017	Nov	28.8	56.1	15.1	13.8	56.9	54.3	54.8
	Dec	33.0	55.1	11.9	21.0	60.5	56.9	54.6
2018	Jan	22.8	58.2	19.0	3.8	51.9	58.7	53.1
	Feb	20.9	62.5	16.6	4.3	52.2	56.3	54.2
	Mar	21.8	64.7	13.6	8.2	54.1	53.2	51.9
	Apr	26.8	54.3	18.8	8.0	54.0	53.5	53.2

Firms operating in the Northern Ireland private sector signalled a nineteenth successive monthly increase in business activity during April. Panellists attributed the latest upturn in output to successful tendering for contracts. Overall, the pace of expansion was solid and slightly faster than that seen in March. Furthermore, the increase in business activity in Northern Ireland was stronger than the UK average. Service providers observed a solid and faster rate of business activity growth, while paces of expansion in the retail, construction and manufacturing sectors slowed to nine-, seven- and five-month lows respectively.

By sector				
		Construction	Manufacturing	Services
'18	Feb	52.5	56.3	54.9
	Mar	51.3	54.0	51.4
	Apr	50.4	53.0	53.9



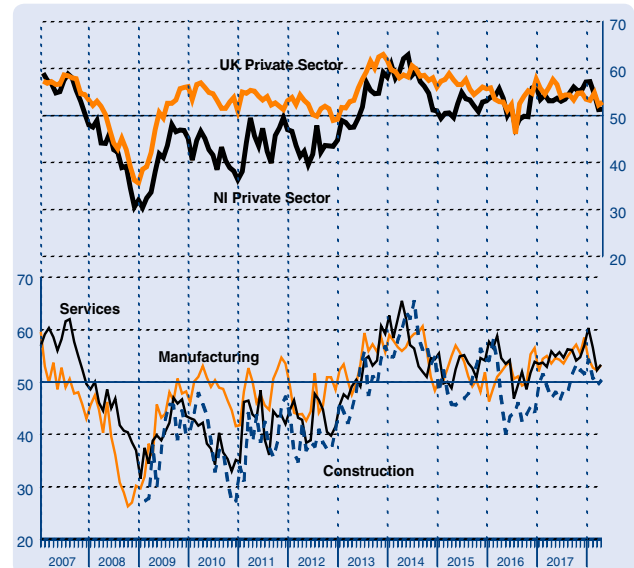
New Business

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

Northern Ireland Companies				All UK				
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2017	Nov	24.9	60.2	14.9	10.0	55.0	55.5	54.9
	Dec	33.3	53.0	13.7	19.5	59.8	57.2	53.6
2018	Jan	22.1	60.9	17.0	5.1	52.5	57.3	53.3
	Feb	21.9	64.9	13.2	8.6	54.3	54.5	54.8
	Mar	23.1	57.8	19.2	3.9	52.0	51.3	52.3
	Apr	27.1	52.1	20.8	6.2	53.1	51.4	53.0

Another month of rising new business receipts was recorded during the April. In line with the trend seen for output, new orders increased at a slightly faster pace. Around 27% of panellists noted greater demand, compared to 21% that reported a decline. According to surveyed firms, increased advertising and new customer wins underpinned the upturn in new sales. That said, the rate of growth was relatively weak. Accelerated rates of growth were recorded in both the manufacturing and service sectors. In the construction sector however, new business inflows declined at a faster pace, while retail firms observed the first fall since July 2016.

By sector				
		Construction	Manufacturing	Services
'18	Feb	50.8	52.8	56.6
	Mar	49.4	52.3	52.3
	Apr	47.7	54.0	53.1



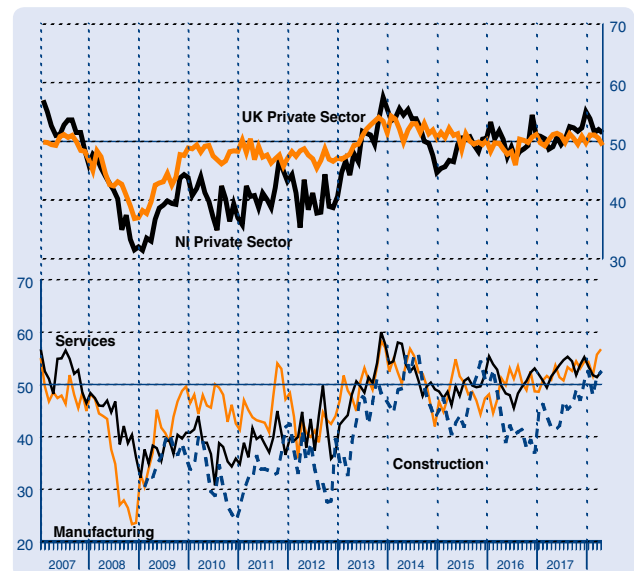
Backlogs

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	S.Adj'd Index
2017	Nov	21.7	65.9	12.4	9.3	54.6	52.4	50.9
	Dec	18.8	70.9	10.2	8.6	54.3	55.1	49.8
2018	Jan	16.0	71.0	13.1	2.9	51.5	53.9	51.1
	Feb	12.3	74.9	12.8	-0.5	49.8	51.6	51.1
	Mar	16.4	71.5	12.1	4.3	52.1	52.1	50.6
	Apr	17.5	69.7	12.8	4.7	52.3	51.5	49.4

April data signalled an increase in outstanding business across the Northern Ireland private sector. Capacity pressures were linked to increased new business. That said, the rate of backlog accumulation was only modest and eased to a nine-month low. This contrasted with the trend at the national level however, where incomplete work decreased for the first time since December 2017. Sector data indicated that backlogs of work were cleared by retail and construction sector firms amid lower order book volumes. However, increased levels of incomplete work were noted in both the service and manufacturing sectors.

By sector				
		Construction	Manufacturing	Services
'18	Feb	48.0	51.7	51.8
	Mar	51.6	55.8	51.5
	Apr	49.5	53.2	53.6



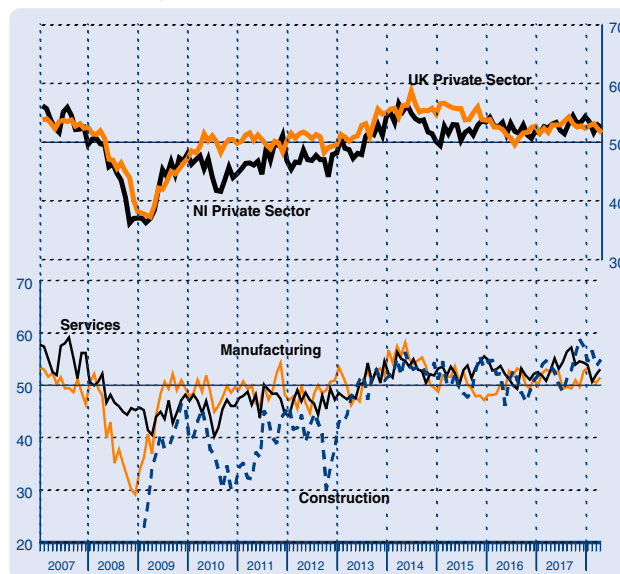
Employment

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
2017	Nov	13.0	79.9	7.1	6.0	53.0	52.8
	Dec	11.7	83.9	4.4	7.2	53.6	52.4
2018	Jan	13.2	77.4	9.4	3.8	51.9	52.8
	Feb	8.7	84.1	7.3	1.4	50.7	53.2
	Mar	13.7	79.2	7.1	6.7	53.3	52.4
	Apr	15.1	77.5	7.4	7.8	53.9	51.6

Northern Ireland based-companies raised employment at the beginning of the second quarter, thereby sustaining a trend which has been apparent since February 2015. Survey respondents indicated that additional staff were recruited to cope with current workloads. Although the rate of job creation softened, it remained greater than that seen for the UK as a whole. Roughly twice as many panellists reported a rise in workforce numbers as those that posted a fall. That said, job shedding was noted at manufacturers in April. Solid rates of employment growth in the service, construction and retail sectors offset this, however.

By sector				
		Construction	Manuf-acturing	Services
'18	Feb	56.6	50.9	50.7
	Mar	53.9	50.5	52.1
	Apr	53.8	47.8	53.5



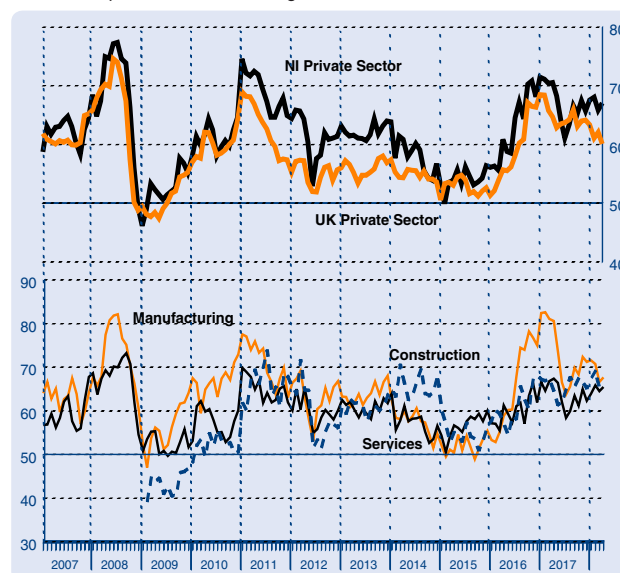
Input Costs

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
2017	Nov	36.3	63.7	0.0	36.3	68.2	64.0
	Dec	29.4	69.1	1.5	27.9	63.9	64.2
2018	Jan	37.5	61.2	1.3	36.2	68.1	63.4
	Feb	38.8	60.4	0.8	38.0	69.0	61.1
	Mar	34.6	65.1	0.4	34.2	67.1	62.1
	Apr	39.8	59.6	0.6	39.2	69.6	60.1

Profit margins in the Northern Ireland private sector continued to come under pressure during April, with input prices rising to a steep and greater extent. Almost 40% of the survey panel observed higher cost burdens, compared to just 1% that reported a fall. Panellists highlighted unfavourable currency movements, increased wages and higher energy prices as factors driving greater operating expenses. All four monitored sectors of the private sector economy saw intensified cost pressures during April, with the fastest pace of input price inflation seen at retailers.

By sector				
		Construction	Manuf-acturing	Services
'18	Feb	69.3	70.8	65.9
	Mar	65.1	66.7	64.5
	Apr	65.3	69.8	66.5



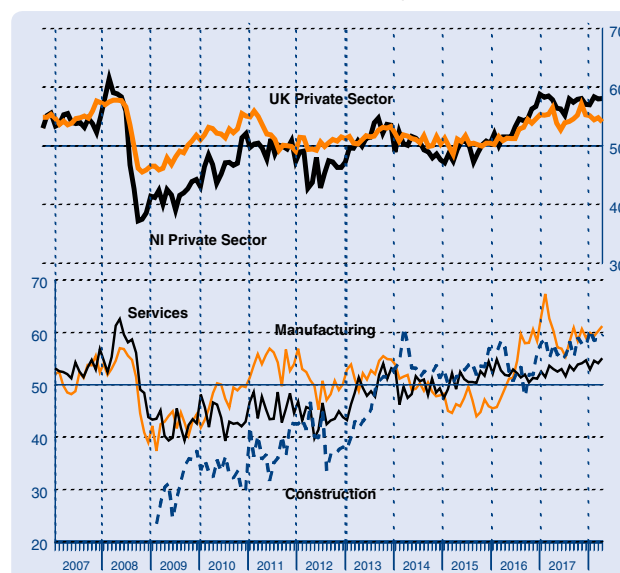
Prices Charged

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
2017	Nov	17.1	79.9	3.0	14.0	57.0	57.2
	Dec	14.9	82.6	2.5	12.4	56.2	55.4
2018	Jan	19.5	77.2	3.3	16.2	58.1	55.2
	Feb	21.9	74.4	3.7	18.1	59.1	54.5
	Mar	21.3	76.3	2.4	18.9	59.5	54.9
	Apr	22.9	72.7	4.4	18.5	59.2	54.2

Matching the acceleration in input price inflation, Northern Ireland firms raised selling charges to a stronger degree during April. Latest data extended the current run of inflation to 30 successive survey periods, with the rate of increase remaining well above the UK average. As was the case with input costs, output prices increased at the sharpest rate in the retail sector. Charge inflation also quickened at manufacturers; however, service providers and construction reported slower rises in April. Nonetheless, higher selling charges have been seen across all four monitored sectors in every month since October 2016.

By sector				
		Construction	Manuf-acturing	Services
'18	Feb	58.5	59.4	54.6
	Mar	58.6	60.3	54.1
	Apr	56.7	62.3	53.9



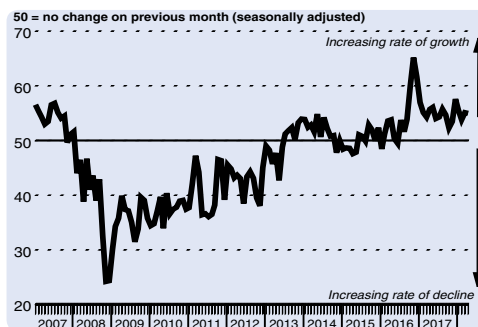
New Export Business*

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
2017	Nov	19.1	71.2	9.7	9.3	54.7	53.5
	Dec	36.6	56.6	6.8	29.8	64.9	57.6
2018	Jan	13.3	73.7	13.0	0.4	50.2	55.6
	Feb	18.9	69.7	11.4	7.5	53.7	53.9
	Mar	23.1	65.3	11.6	11.5	55.7	55.2
	Apr	23.7	67.1	9.2	14.5	57.3	55.0

April data pointed to a further rise in new orders from abroad placed with Northern Ireland companies, extending the current sequence of expansion to 22 months. The upturn in new export sales was often associated with increased demand from the Republic of Ireland. Despite easing slightly, the rate of growth remained strong overall.



Future Output

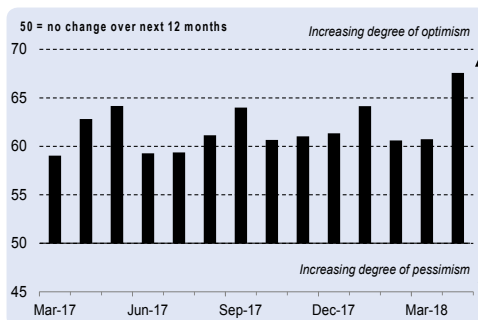
In 12 months' time do you expect the overall volume of output to be higher, the same or lower than now?

Northern Ireland Companies

All UK

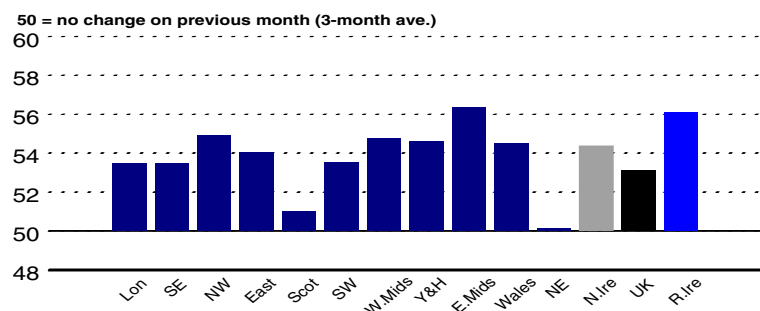
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	Index
2017	Nov	32.6	56.9	10.5	22.1	61.0	n/a	66.2
	Dec	34.6	53.4	12.0	22.7	61.3	n/a	67.3
2018	Jan	37.1	54.2	8.8	28.3	64.1	n/a	69.9
	Feb	30.8	59.6	9.6	21.2	60.6	n/a	68.5
	Mar	31.8	57.8	10.4	21.5	60.7	n/a	65.6
	Apr	41.9	51.3	6.8	35.1	67.6	n/a	69.2

Business expectations towards output over the forthcoming 12 months remained firmly optimistic during April. In fact, the degree of confidence strengthened to the highest since the series began in March 2017. Forecasts of improved demand from both new and existing clients underpinned positive sentiment.



Regional Comparisons: Output / Business Activity

The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). The East Midlands topped the regional rankings for business activity growth in the three months to April, ahead of the North West and West Midlands respectively. The North East was the weakest performer, recording broadly no change in activity (on average).



	Share of UK GVA, 2016 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.9%)	53.9	53.5	53.9
South East	(14.9%)	54.1	53.5	53.1
North West	(9.6%)	56.1	54.9	54.6
East of England	(8.7%)	55.1	54.1	53.1
Scotland	(7.8%)	51.4	51.0	52.6
South West	(7.5%)	53.5	53.5	53.4
West Midlands	(7.4%)	55.6	54.8	54.8
Yorks & Humber	(6.7%)	56.0	54.6	55.0
East Midlands	(5.9%)	56.5	56.4	54.3
Wales	(3.5%)	56.0	54.5	52.7
North East	(3.0%)	51.3	50.1	50.4
N. Ireland	(2.2%)	54.7	54.4	53.5
UK	(100.0%)	53.9	53.1	53.2
Rep. of Ireland	n/a	57.6	56.1	57.7

PMI® Survey Methodology

The Purchasing Managers' Index® (or PMI®) surveys are monthly surveys of carefully selected companies which provide an advance now available for over 40 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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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

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

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We work together to achieve business success, no matter how simple or complex our customers' requirements. A combination of size, financial strength and wide ranging capability means we can deliver for our customers, whatever their business may be.

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