

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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Solid output growth seen again in July

Further solid growth of the Northern Ireland private sector was recorded in July, with output and new orders each rising for the third month running. This contributed to increases in both backlogs of work and employment. Meanwhile, cost inflation picked up to the fastest so far this year.

Third successive rise in output

The headline seasonally adjusted Business Activity Index posted 52.6 in July, up marginally from 52.3 in June and signalling a third consecutive monthly increase in activity. The rate of expansion was broadly in line with those seen in the previous two months, remaining weaker than the UK economy average. Three of the four monitored sectors recorded growth of output, but construction activity continued to fall.

Anecdotal evidence suggested that marketing activities had borne fruit, helping lead to growth of new business and subsequently activity. New orders also increased for the third month running, albeit at a weaker pace than in June. As with activity, the sharpest increase in new orders was at retailers, with only construction seeing a decline. New export orders also rose, although the rate of growth was only slight.

Modest increase in employment

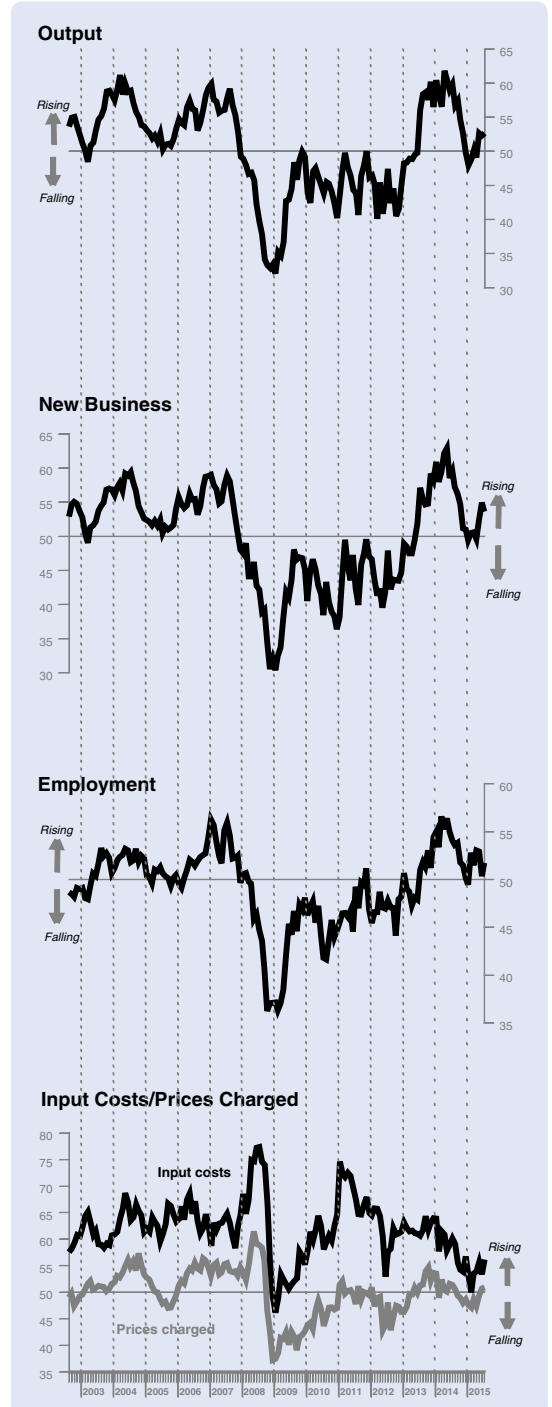
Northern Ireland companies registered a sixth consecutive monthly rise in staffing levels. The rate of job creation was modest, but picked up from the previous month. Staffing levels rose at manufacturing and services companies, but fell in the construction and retail sectors. Northern Ireland posted a weaker rise in employment than the UK average.

Higher new orders led to a build up of outstanding business. However, the rate of accumulation in July was only slight and unchanged from that seen in June.

Input cost inflation accelerates

The rate of input price inflation quickened to the strongest since December 2014 in July and was faster than the UK average. According to respondents, higher staff costs and increased raw material prices were behind the latest rise in cost burdens. Services and construction posted the sharpest rises in input prices, while no change was seen in the retail sector. A solid increase input prices was recorded at manufacturing firms.

In response to rising input costs, companies increased their output prices for a second successive month. That said, the rate of inflation remained only marginal. The construction sector posted the fastest rise in charges, while slight increases were seen in services and retail. The only sector to record a fall in output prices was manufacturing.



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

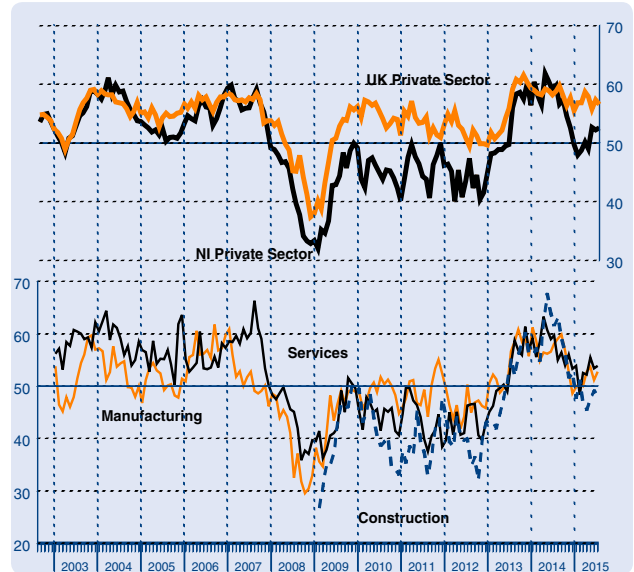
Output / Business Activity

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

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2015 Feb	22.7	54.1	23.2	-0.5	49.7	48.8	56.9
Mar	25.6	54.8	19.6	6.0	53.0	50.2	58.8
Apr	22.4	61.4	16.2	6.2	53.1	49.1	58.0
May	27.6	59.5	12.8	14.8	57.4	52.7	55.8
Jun	24.4	60.2	15.4	9.0	54.5	52.3	57.4
Jul	20.8	62.4	16.8	4.1	52.0	52.6	56.7

July data pointed to a third successive monthly increase in business activity at companies in Northern Ireland, with the pace of expansion broadly in line with those seen in the previous two months. That said, the rate of growth of output in Northern Ireland was weaker than seen across the UK as a whole. Higher levels of new business and marketing campaigns were mentioned as factors leading to increased output. Three of the four sectors posted rising output, the exception being construction. The strongest expansion was at retailers, the first increase in 11 months. Both manufacturing and services posted faster rises in output than in June.

By sector				
		Construction	Manufacturing	Services
'15 May		47.8	53.7	55.5
Jun		49.2	51.2	53.4
Jul		47.7	52.8	53.9



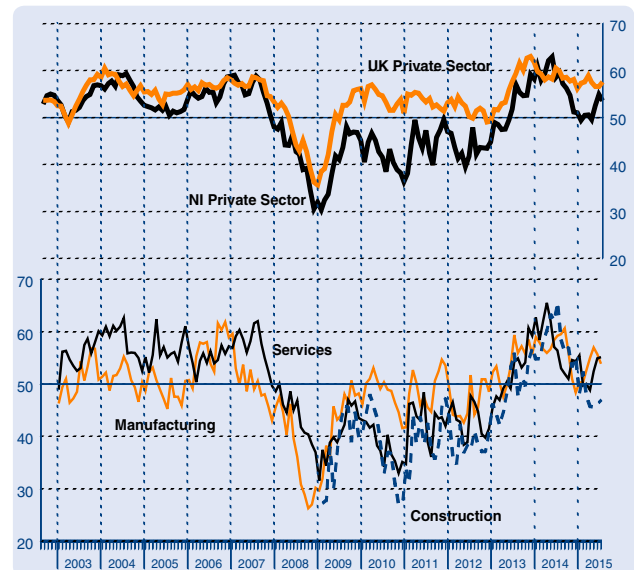
New Business

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
2015 Feb	26.4	51.8	21.8	4.7	52.3	50.5	57.6
Mar	27.5	48.6	23.9	3.6	51.8	50.6	59.0
Apr	25.2	56.2	18.6	6.6	53.3	49.6	57.5
May	32.3	48.9	18.8	13.5	56.8	52.6	56.6
Jun	28.2	57.8	14.0	14.2	57.1	54.9	56.6
Jul	20.7	63.5	15.9	4.8	52.4	53.6	57.6

New business rose at a solid pace during July, extending the current sequence of expansion to three months. That said, the rate of growth was weaker than in the previous month, and slower than that seen across the UK economy as a whole. According to respondents, successful marketing activities had helped lead to growth of new work. Close to 21% of panellists recorded a rise in new business during the month. As with activity, the fastest increase was seen at retailers. Service providers posted the sharpest rise in new work since January, while manufacturing new orders increased solidly. The only sector to record a decline in new business was construction.

By sector				
		Construction	Manufacturing	Services
'15 May		45.7	57.0	52.5
Jun		46.2	55.7	55.0
Jul		47.0	53.9	55.2



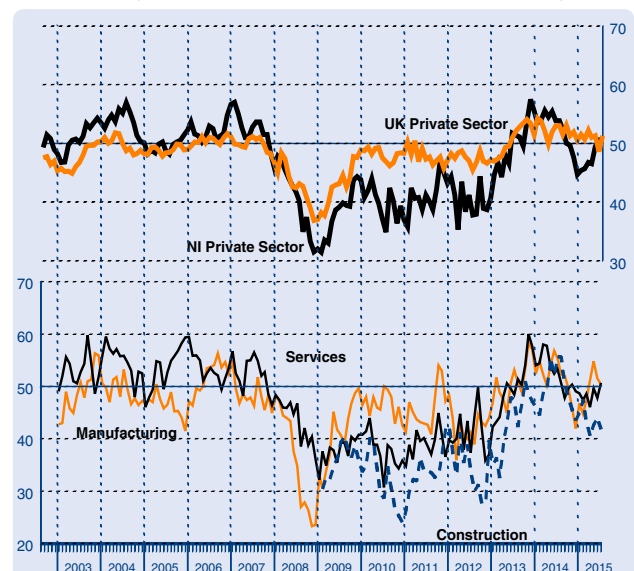
Backlogs

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	S.Adj'd Index
2015 Feb	16.8	59.7	23.5	-6.7	46.7	45.7	50.7
Mar	15.8	64.3	20.0	-4.2	47.9	46.8	52.3
Apr	13.5	70.7	15.8	-2.3	48.8	46.6	51.1
May	22.1	61.5	16.4	5.7	52.8	49.5	51.3
Jun	19.6	64.1	16.3	3.2	51.6	50.6	48.6
Jul	16.1	66.6	17.3	-1.3	49.4	50.6	51.4

Backlogs of work were accumulated by companies in Northern Ireland for the second consecutive month in July, with the pace of increase unchanged from that registered in June. Those companies that saw outstanding business increase during the month mainly linked this to higher new orders. Manufacturing backlogs rose for the fourth month running, albeit at a slower pace. Meanwhile, the service and retail sectors saw accumulations for the first time in eight and ten months respectively. Construction outstanding business decreased at a sharp and accelerated pace in July.

By sector				
		Construction	Manufacturing	Services
'15 May		42.8	54.9	49.7
Jun		44.1	51.6	47.8
Jul		42.0	50.4	50.7



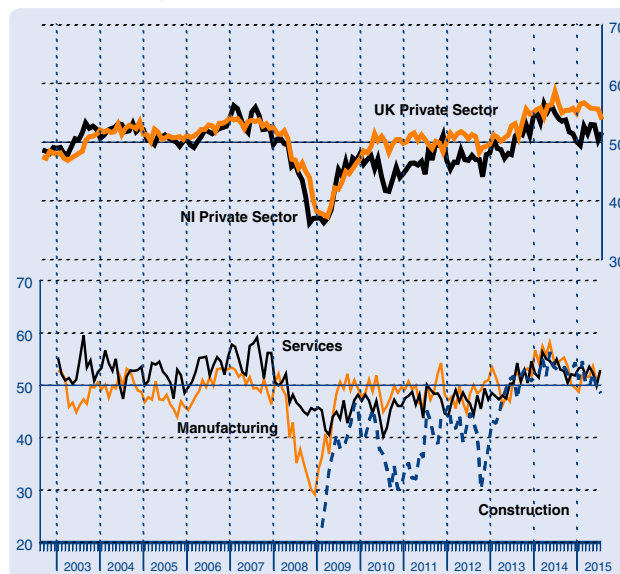
Employment

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

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2015 Feb	11.2	82.2	6.6	4.6	52.3	52.8	56.8
Mar	8.8	84.3	6.9	1.9	50.9	51.5	56.3
Apr	12.8	83.4	3.8	9.0	54.5	53.1	55.8
May	16.3	75.6	8.1	8.2	54.1	53.0	55.8
Jun	6.9	84.9	8.2	-1.3	49.3	50.4	55.7
Jul	12.4	81.8	5.8	6.6	53.3	51.7	53.9

As has been the case in each of the past six months, Northern Ireland companies increased their staffing levels during July. The rate of job creation was modest, but faster than that seen in the previous month. The rise in employment in Northern Ireland was weaker than the UK economy average. More than 12% of respondents registered job creation in July, while 6% recorded a fall in employment. Increased staffing levels were recorded in the manufacturing and service sectors during the month. Meanwhile, reductions in workforce numbers were seen at construction firms and retailers.

By sector				
		Construction	Manuf-acturing	Services
'15 May		52.4	53.7	52.4
Jun		49.6	50.9	50.0
Jul		48.6	52.5	53.0



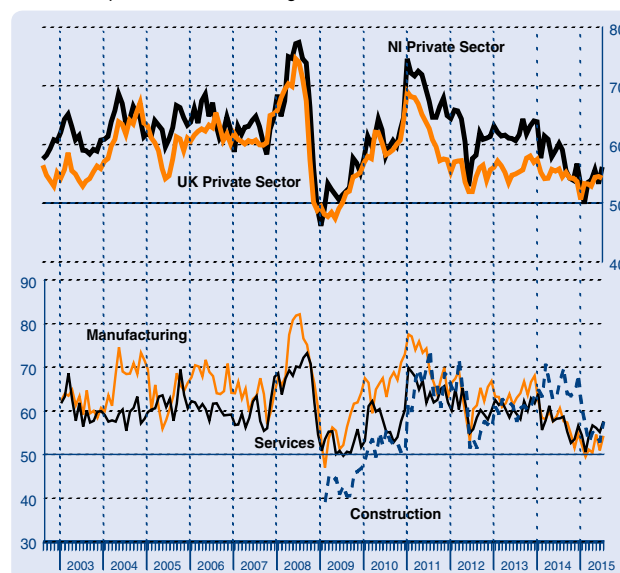
Input Costs

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

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2015 Feb	10.1	79.7	10.1	0.0	50.0	50.0	53.4
Mar	20.9	74.0	5.1	15.8	57.9	53.6	53.3
Apr	21.4	70.8	7.8	13.6	56.8	54.0	53.0
May	20.5	72.3	7.2	13.3	56.7	55.7	54.5
Jun	14.1	79.6	6.3	7.8	53.9	53.4	54.6
Jul	19.6	76.2	4.1	15.5	57.7	56.2	54.3

The rate of input cost inflation picked up in July and was the sharpest seen in 2015 so far. The increase in input prices at Northern Ireland companies was also quicker than that seen across the UK as a whole. A number of panellists reported that higher staff costs had been the main factor leading input prices to rise, while there were some reports of increased raw material prices. Three of the four monitored sectors saw input prices rise, the exception being retail where costs were unchanged. The service sector posted the fastest rise in input prices for almost a year, while inflation also quickened in the construction and manufacturing sectors.

By sector				
		Construction	Manuf-acturing	Services
'15 May		54.2	54.6	56.2
Jun		53.0	51.0	55.2
Jul		57.4	54.4	57.7



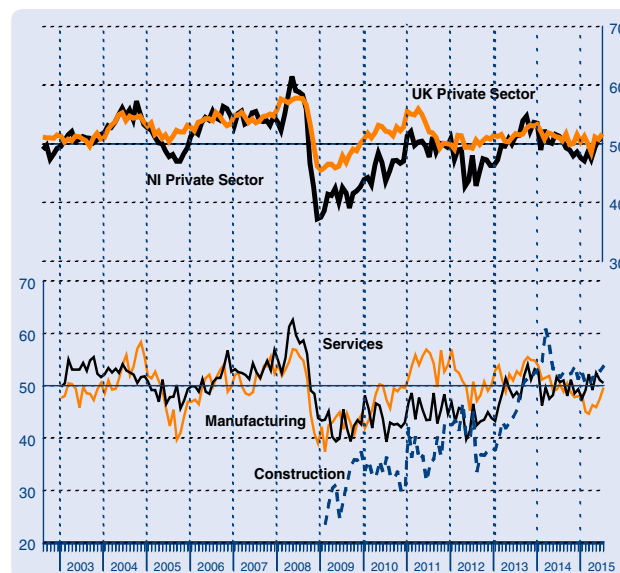
Prices Charged

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

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2015 Feb	5.2	79.7	15.1	-9.9	45.0	47.1	51.3
Mar	11.0	78.3	10.8	0.2	50.1	48.7	50.0
Apr	10.2	78.3	11.5	-1.3	49.3	47.4	48.6
May	11.0	80.5	8.5	2.5	51.3	49.4	51.2
Jun	11.7	80.5	7.8	3.9	51.9	50.8	50.8
Jul	11.7	79.3	9.0	2.7	51.4	50.9	51.8

Northern Ireland private sector firms raised their output prices for the second successive month in July, although the rate of inflation was only marginal and little-changed from the previous month. The rise in charges was also slower than that seen at the UK level. According to respondents, the main factor leading to rises in output prices was higher input costs. Around 12% of panellists increased their charges. The construction sector posted the fastest rise in output prices, with charge inflation quickening to a 15-month high. Modest increases in output prices were seen in the service and retail sectors, while manufacturers registered a marginal fall in charges.

By sector				
		Construction	Manuf-acturing	Services
'15 May		51.7	45.9	52.4
Jun		52.9	47.5	51.1
Jul		53.8	49.7	50.6



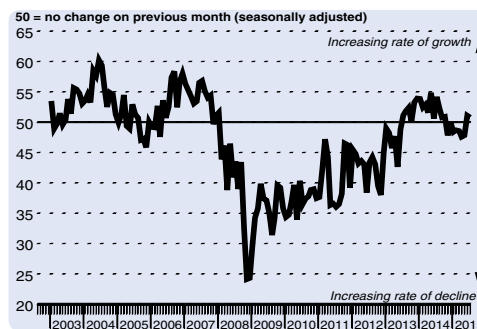
New Export Business*

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

Northern Ireland Companies

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2015	Feb	18.4	63.3	18.2	0.2	50.1	48.7
	Mar	15.1	65.0	19.9	-4.8	47.6	48.6
	Apr	18.7	59.4	21.9	-3.2	48.4	47.6
	May	14.4	65.1	20.4	-6.0	47.0	47.9
	Jun	22.0	65.2	12.7	9.3	54.6	51.1
	Jul	16.2	71.3	12.5	3.7	51.9	50.9

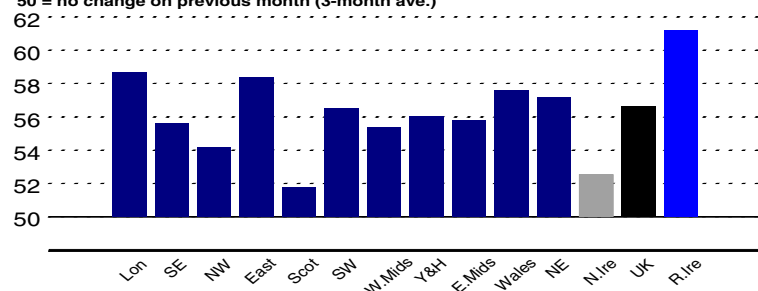
New export orders increased for the second month in a row during July, although the pace of expansion was only modest. More than 16% of respondents signalled a rise in new business from abroad, against 13% that posted a fall.



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). London recorded the fastest average growth of business activity in the three months to July, just ahead of the East of England. The weakest increases in output were meanwhile seen in Scotland and Northern Ireland respectively. Meanwhile, the Republic of Ireland posted a sharp rise in activity that was faster than all UK regions.

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

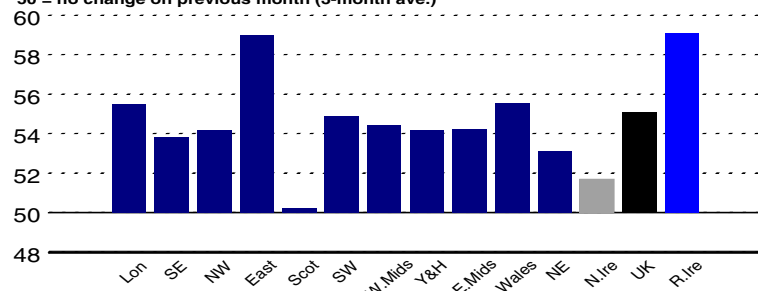


	Share of UK GVA, 2013 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.6%)	58.4	58.7	59.0
South East	(15.2%)	57.6	55.6	55.5
North West	(9.4%)	56.0	54.2	53.5
East of England	(8.7%)	57.7	58.4	58.5
Scotland	(7.8%)	51.6	51.8	52.2
South West	(7.6%)	55.9	56.5	56.3
West Midlands	(7.4%)	57.8	55.4	56.3
Yorks & Humber	(6.8%)	57.2	56.1	56.1
East Midlands	(5.9%)	56.2	55.8	56.6
Wales	(3.5%)	58.1	57.6	55.4
North East	(3.0%)	57.2	57.2	54.7
N. Ireland	(2.2%)	52.1	52.5	52.6
UK	(100.0%)	57.3	56.6	56.7
Rep. of Ireland	n/a	60.6	61.2	61.7

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). Broad-based job creation in the UK was led by the East of England in the three months to July. The next-sharpest rise in employment was in Wales, closely followed by London. Scotland's marginal increase in workforce numbers was the least marked overall. The rate of employment growth in the Republic of Ireland was much faster than seen in the UK.

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



	Share of UK GVA, 2013 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
London	(22.6%)	55.6	55.5	55.6
South East	(15.2%)	54.6	53.8	54.2
North West	(9.4%)	54.6	54.2	52.4
East of England	(8.7%)	57.6	59.0	58.5
Scotland	(7.8%)	52.1	50.2	48.8
South West	(7.6%)	55.4	54.9	53.6
West Midlands	(7.4%)	56.1	54.4	52.5
Yorks & Humber	(6.8%)	56.0	54.2	52.6
East Midlands	(5.9%)	54.7	54.2	53.6
Wales	(3.5%)	55.2	55.6	54.7
North East	(3.0%)	51.6	53.1	52.3
N. Ireland	(2.2%)	51.9	51.7	51.7
UK	(100.0%)	55.6	55.1	53.9
Rep. of Ireland	n/a	58.7	59.1	58.9

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.

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and wide ranging capability means we can deliver for our customers, whatever their business may be.

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.

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

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