

# 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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## Record rise in new export orders

The rate of expansion in activity at companies in Northern Ireland accelerated in November on the back of a return to growth of new business. A record rise in new export orders was signalled as companies benefited from sterling weakness. On the other hand, the rate of input cost inflation quickened again and companies raised their output prices sharply.

### Fastest rise in activity for eight months

The headline seasonally adjusted Business Activity Index registered above the 50.0 no-change mark for the second successive month in November. Moreover, at 54.5, up from 51.9 in October, the index signalled a solid monthly expansion, and one that was the sharpest since March. Retail posted the fastest rise of the four monitored sectors, while growth was also recorded in manufacturing and services. On the other hand, construction activity continued to fall.

Higher activity mainly reflected a return to growth of new business. New orders rose sharply, ending a four-month sequence of decline. The rise in new orders in Northern Ireland was sharper than the UK average.

Growth of total new orders was supported by a record rise in new business from abroad. Panellists reported higher new export orders from the Republic of Ireland, linked to the weakness of sterling against the euro.

### Outstanding business picks up

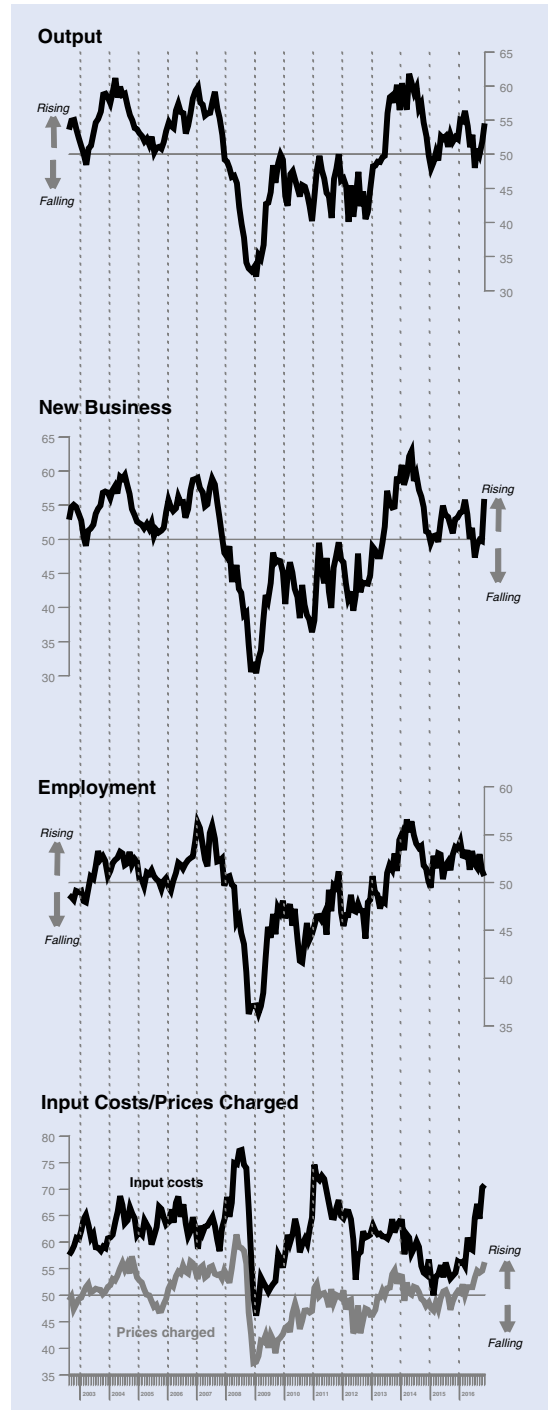
Backlogs of work increased for the first time in seven months during November amid the sharp rise in new business. Three of the four sectors recorded an increase in outstanding business, the exception being construction.

Employment rose for the twenty-second successive month, although the rate of job creation was marginal and the slowest since June 2015. Some panellists raised staffing levels in line with higher workloads, but others mentioned that cost considerations had impacted on hiring decisions.

### Charge inflation sharpest in more than eight years

The rate of input cost inflation quickened to the fastest since May 2011 in November, with panellists indicating that the latest rise was principally due to sterling weakness.

A number of respondents signalled the passing on of higher input costs to clients. As a result, output prices increased sharply and at the strongest pace since August 2008. Retail posted the fastest increase in charges, while manufacturing selling prices rose to the greatest extent since the series began in January 2003.



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.

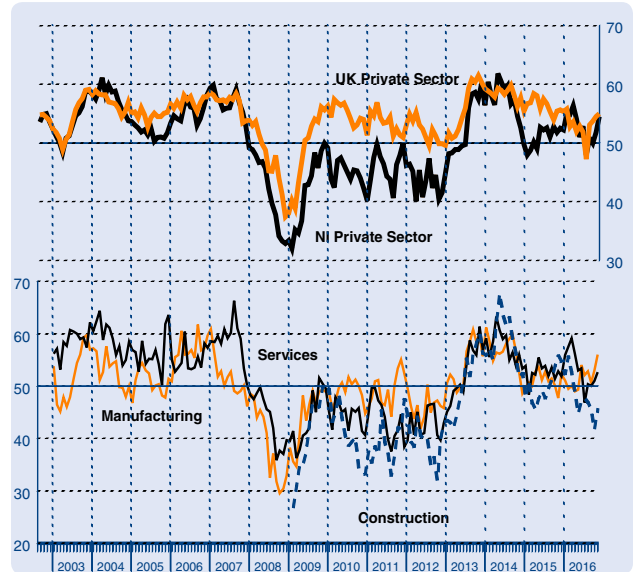
**Output / Business Activity**

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
2016	Jun	24.4	60.3	15.3	9.1	54.5	52.9	51.9
	Jul	19.1	51.9	29.0	-9.9	45.0	48.0	47.3
	Aug	22.5	53.0	24.6	-2.1	49.0	50.8	53.1
	Sep	21.7	63.1	15.2	6.5	53.2	50.0	53.7
	Oct	22.2	58.9	18.9	3.3	51.6	51.9	54.5
	Nov	25.1	62.2	12.7	12.4	56.2	54.5	55.0

Northern Ireland companies posted a solid and accelerated monthly rise in output during November, with the rate of expansion the fastest since March. The increase in output in Northern Ireland was the second in as many months and only slightly weaker than the UK average. Respondents mainly linked higher activity to rising new orders. The retail sector registered the strongest expansion as the rate of growth in the sector accelerated to its fastest since June 2014. The rate of expansion in manufacturing production quickened to a 25-month high, while services activity also rose at a faster pace. Construction activity continued to fall, however.

By sector				
		Construction	Manufacturing	Services
'16	Sep	45.6	50.7	50.1
	Oct	41.7	53.0	51.0
	Nov	45.7	56.1	52.7



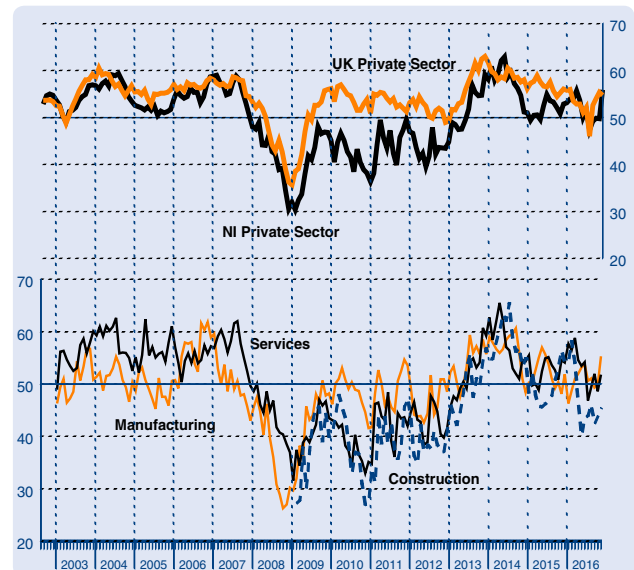
**New Business**

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
2016	Jun	26.3	55.3	18.5	7.8	53.9	51.7	52.2
	Jul	18.0	51.5	30.5	-12.5	43.7	47.4	46.1
	Aug	24.1	48.8	27.1	-3.1	48.5	49.3	52.7
	Sep	19.9	65.6	14.5	5.4	52.7	49.9	54.1
	Oct	21.4	54.3	24.3	-3.0	48.5	49.8	55.4
	Nov	26.5	61.1	12.4	14.1	57.0	55.9	54.8

New business increased in November, ending a four-month sequence of decline. Furthermore, the rate of growth was sharp and the steepest since September 2014. The rise in Northern Ireland was also faster than the average for the UK as a whole. Anecdotal evidence suggested that improved client confidence had encouraged them to commit to new projects. The strongest increase in new work was registered at retail companies, with the rate of expansion the fastest since June 2014. Both the manufacturing and service sectors saw a return to growth of new business, but construction recorded another contraction.

By sector				
		Construction	Manufacturing	Services
'16	Sep	42.5	49.3	52.0
	Oct	43.9	49.8	48.7
	Nov	45.4	55.4	51.8



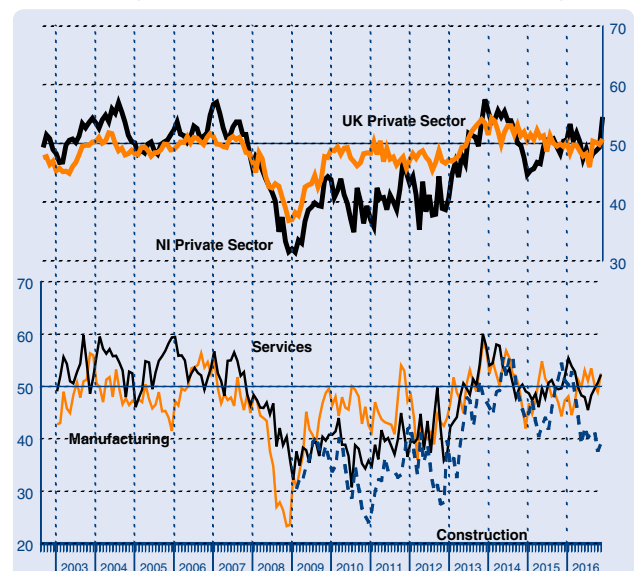
**Backlogs**

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
2016	Jun	17.6	64.9	17.5	0.0	50.0	49.1	48.3
	Jul	14.1	63.7	22.2	-8.1	46.0	47.1	46.0
	Aug	15.6	62.9	21.5	-5.9	47.0	48.3	50.4
	Sep	16.2	67.5	16.2	0.0	50.0	48.8	50.2
	Oct	13.9	69.2	16.9	-3.0	48.5	49.3	49.9
	Nov	21.3	68.7	10.1	11.2	55.6	54.6	50.8

According to respondents, a sharp rise in new business was the main factor leading to an accumulation of backlogs of work during November. Outstanding business increased for the first time in seven months and at a marked pace that was the sharpest since May 2014. The rise in backlogs in Northern Ireland was much faster than the UK average. Three of the four monitored sectors saw outstanding business increase, the exception being construction where backlogs fell sharply. The strongest increase in work-in-hand was in the retail sector, where the rate of accumulation was the fastest in 33 months.

By sector				
		Construction	Manufacturing	Services
'16	Sep	41.5	50.4	49.6
	Oct	37.7	49.0	50.7
	Nov	39.4	52.5	52.4



## Employment

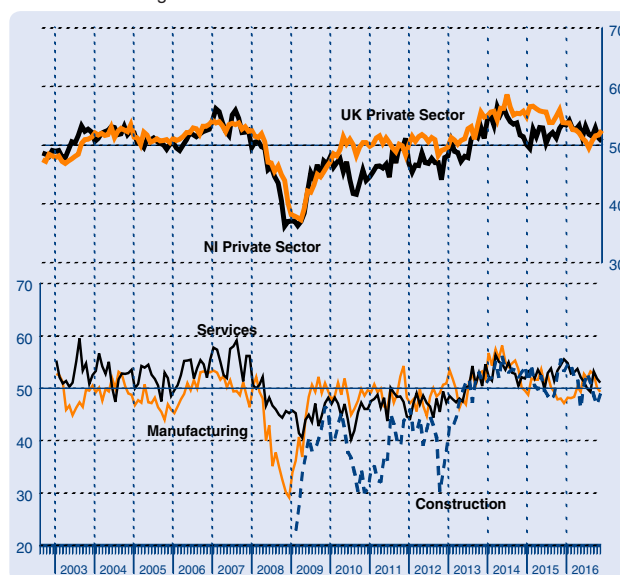
Q. Is the level of employment at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2016 Jun	14.7	78.6	6.8	7.9	54.0	53.3	50.7
Jul	9.9	84.2	5.8	4.1	52.0	51.9	49.6
Aug	11.8	80.3	7.8	4.0	52.0	51.6	50.8
Sep	15.4	75.4	9.1	6.3	53.2	53.0	51.6
Oct	10.1	80.6	9.3	0.8	50.4	51.3	51.7
Nov	8.6	84.0	7.4	1.2	50.6	50.7	52.6

Northern Ireland companies continued to take on extra staff during November, extending the current sequence of job creation to 22 months. That said, the latest increase was only marginal and the slowest since June 2015. The rise in Northern Ireland was also slower than that seen across the UK as a whole. While some companies increased employment in line with higher workloads, others mentioned the non-replacement of leavers in line with efforts to limit costs. Staffing levels rose at retailers and service providers, but fell in the manufacturing and construction sectors.

### By sector

	Construction	Manufacturing	Services
'16 Sep	48.7	52.8	53.2
Oct	46.9	50.1	51.9
Nov	49.0	49.4	51.2



## Input Costs

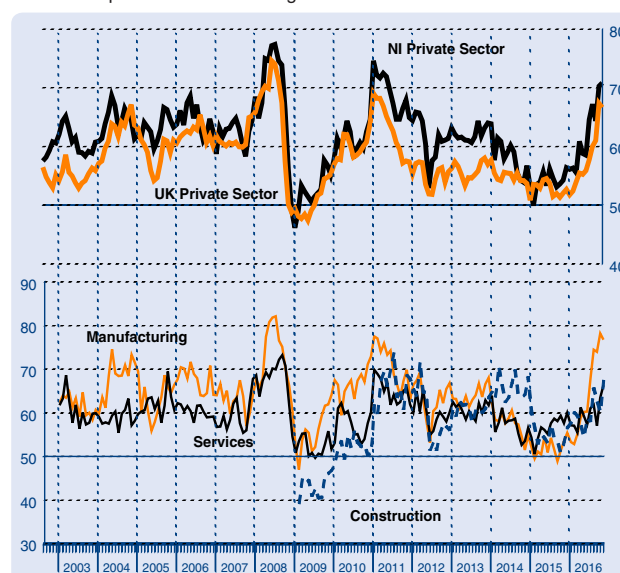
Q. Have average input prices or input costs risen, fallen or remained unchanged this month compared to one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2016 Jun	18.7	79.7	1.6	17.1	58.5	58.5	55.9
Jul	34.6	64.2	1.2	33.3	66.7	64.6	57.8
Aug	33.4	66.6	0.0	33.4	66.7	67.3	60.1
Sep	29.5	69.9	0.6	28.9	64.4	64.4	61.1
Oct	39.8	58.5	1.6	38.2	69.1	70.3	67.4
Nov	40.0	59.7	0.4	39.6	69.8	70.9	66.7

The rate of input cost inflation accelerated for the second successive month in November and was the sharpest since May 2011. The rise in Northern Ireland was also faster than the UK average. Exactly 40% of respondents signalled a rise in input prices, while less than 1% saw a fall. The weakness of sterling was the key factor leading input costs to rise, with a number of firms also mentioning increased fuel prices. Input prices increased sharply across each of the four sectors covered by the survey. The fastest increase was in retail, closely followed by manufacturing, which was nevertheless the only sector to see a slower rise than in the previous month.

### By sector

	Construction	Manufacturing	Services
'16 Sep	62.9	74.0	57.1
Oct	60.3	78.2	63.5
Nov	67.4	76.8	66.4



## Prices Charged

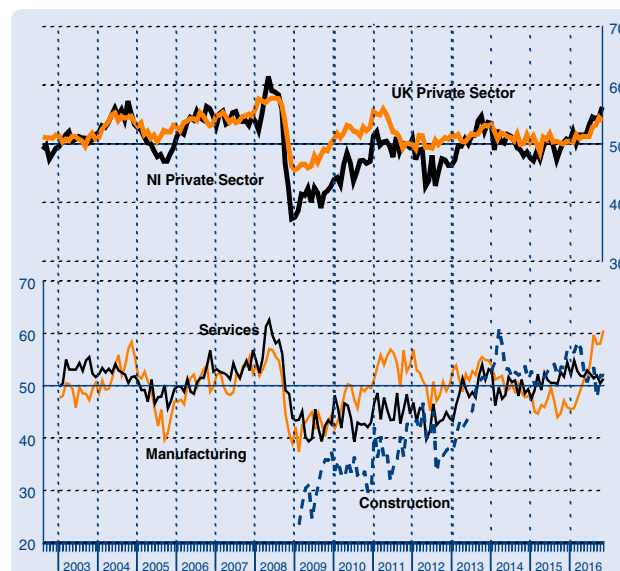
Q. Are the average prices charged for goods and services by your company higher, the same or lower this month than one month ago?

Northern Ireland Companies				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2016 Jun	11.5	82.3	6.2	5.2	52.6	51.5	51.3
Jul	16.1	75.7	8.2	7.8	53.9	53.3	51.3
Aug	14.8	78.9	6.3	8.4	54.2	54.6	52.9
Sep	11.1	85.3	3.6	7.5	53.7	54.3	53.2
Oct	11.3	84.7	4.0	7.2	53.6	54.6	54.5
Nov	17.0	77.1	5.9	11.1	55.6	56.3	53.9

Sharp rises in input costs led to a further monthly increase in output prices during November. Moreover, the rate of inflation was sharp, having accelerated to the fastest in more than eight years. The increase in Northern Ireland was the thirteenth in as many months and was also sharper than the UK average. The strongest rise in charges was recorded in the retail sector, where the increase was the fastest since March 2011. The rate of charge inflation in manufacturing was the sharpest since the series began in January 2003, surpassing the previous record seen in August. Services and construction posted modest increases in output prices.

### By sector

	Construction	Manufacturing	Services
'16 Sep	47.9	58.0	52.0
Oct	52.0	58.1	50.5
Nov	52.0	60.6	51.3



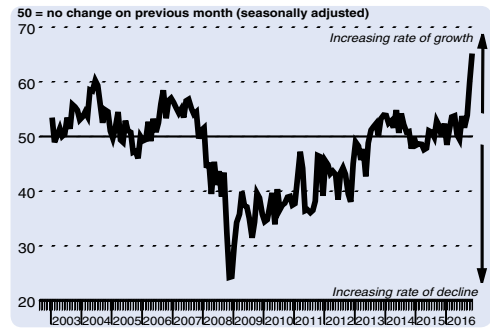
**New Export Business\***

*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
2016	Jun	14.3	73.5	12.2	2.1	51.1	49.5
	Jul	26.0	58.7	15.3	10.6	55.3	53.8
	Aug	20.5	58.5	21.0	-0.5	49.8	51.6
	Sep	22.1	70.3	7.6	14.4	57.2	53.9
	Oct	31.2	60.5	8.3	22.9	61.4	60.0
	Nov	33.0	62.0	5.0	28.0	64.0	65.2

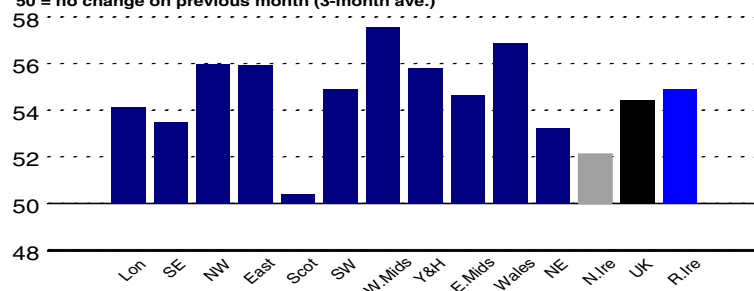
The rate of expansion in new export orders accelerated to a new series record during November, quickening markedly from the previous month as around one-third of respondents reported a rise. New orders from the Republic of Ireland as a result of sterling weakness against the euro was the key factor behind the increase.



**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 fastest growth in business activity in the three months to November was recorded in the West Midlands, closely followed by Wales. Scotland was the worst performer, registering only marginal output growth (on average). Output rose solidly in the Republic of Ireland, and at a slightly faster pace than the UK average.

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

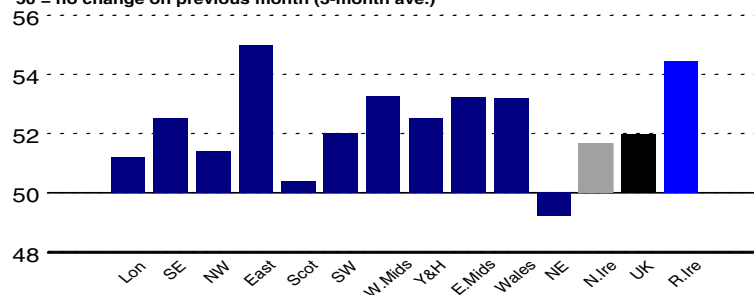


	Share of UK GVA, 2014 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.9%)	52.6	54.1	55.3
South East	(15.1%)	53.5	53.5	54.9
North West	(9.4%)	54.2	56.0	55.7
East of England	(8.7%)	54.8	55.9	57.1
Scotland	(7.8%)	49.8	50.4	49.4
South West	(7.6%)	53.2	54.9	56.6
West Midlands	(7.2%)	54.3	57.6	58.9
Yorks & Humber	(6.7%)	53.6	55.8	54.0
East Midlands	(6.0%)	54.7	54.7	56.7
Wales	(3.4%)	54.6	56.9	57.3
North East	(3.0%)	51.0	53.2	52.2
N. Ireland	(2.2%)	52.7	52.1	54.5
<b>UK</b>	<b>(100.0%)</b>	<b>53.2</b>	<b>54.4</b>	<b>55.0</b>
Rep. of Ireland	n/a	57.9	54.9	55.6

**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). Higher employment was recorded in all monitored regions except for the North East, where modest job losses were seen. The strongest rate of job creation in the UK was registered in the East of England, while the Republic of Ireland also recorded a solid increase in staffing levels.

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



	Share of UK GVA, 2014 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
London	(22.9%)	52.4	51.2	53.0
South East	(15.1%)	51.6	52.5	52.5
North West	(9.4%)	51.0	51.4	52.9
East of England	(8.7%)	54.3	55.0	53.7
Scotland	(7.8%)	49.9	50.4	49.5
South West	(7.6%)	51.9	52.0	53.1
West Midlands	(7.2%)	53.0	53.3	54.6
Yorks & Humber	(6.7%)	50.6	52.5	53.5
East Midlands	(6.0%)	52.4	53.2	55.3
Wales	(3.4%)	52.0	53.2	53.9
North East	(3.0%)	48.6	49.2	47.4
N. Ireland	(2.2%)	52.5	51.7	50.7
<b>UK</b>	<b>(100.0%)</b>	<b>52.0</b>	<b>52.0</b>	<b>52.6</b>
Rep. of Ireland	n/a	56.4	54.5	56.2

**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 30 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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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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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.

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