
Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

December 2011 Survey Update

Issued 9 January 2012

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PMI Surveys

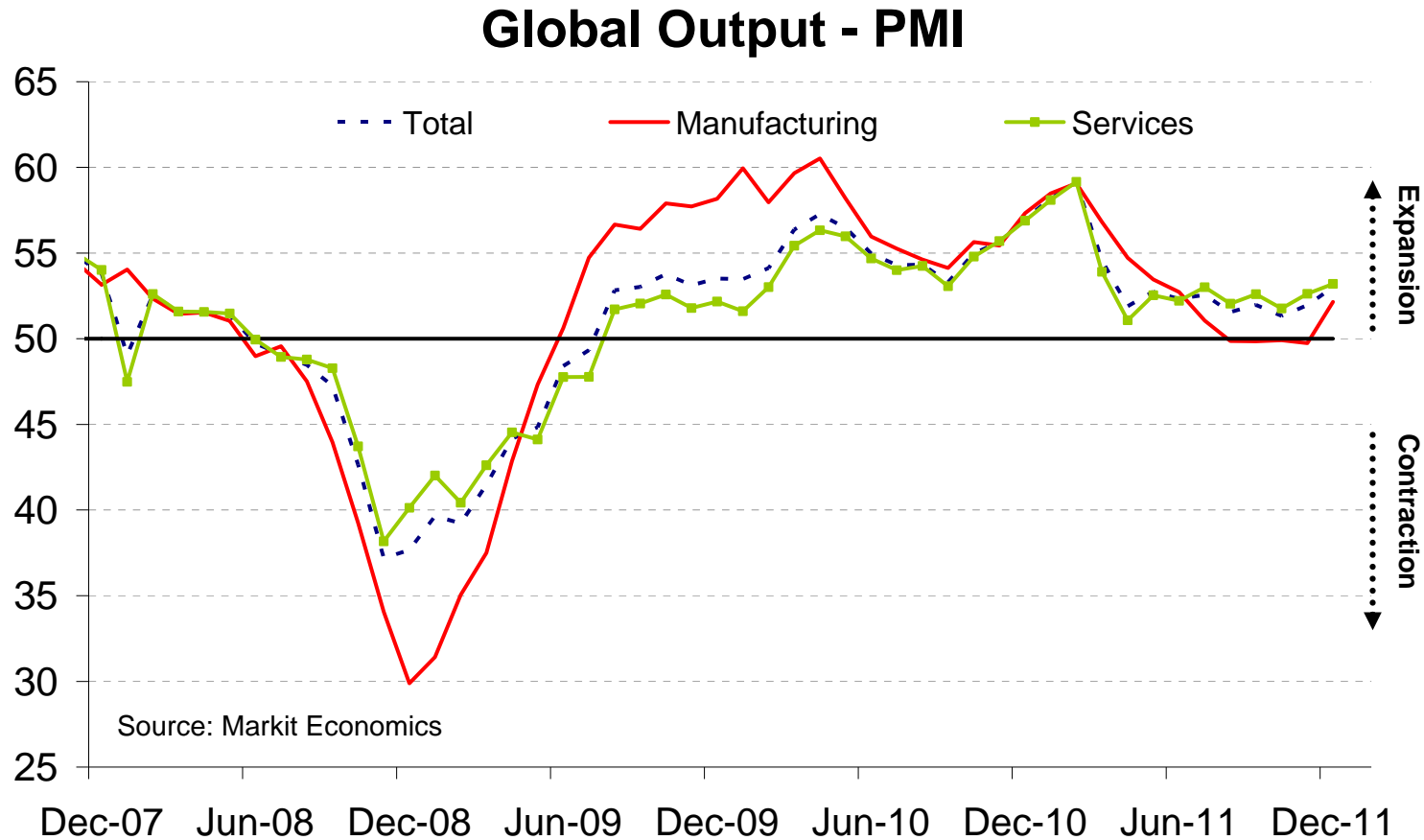
Purchasing Managers' Indexes (PMIs) are monthly surveys of private sector companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across different sectors.

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

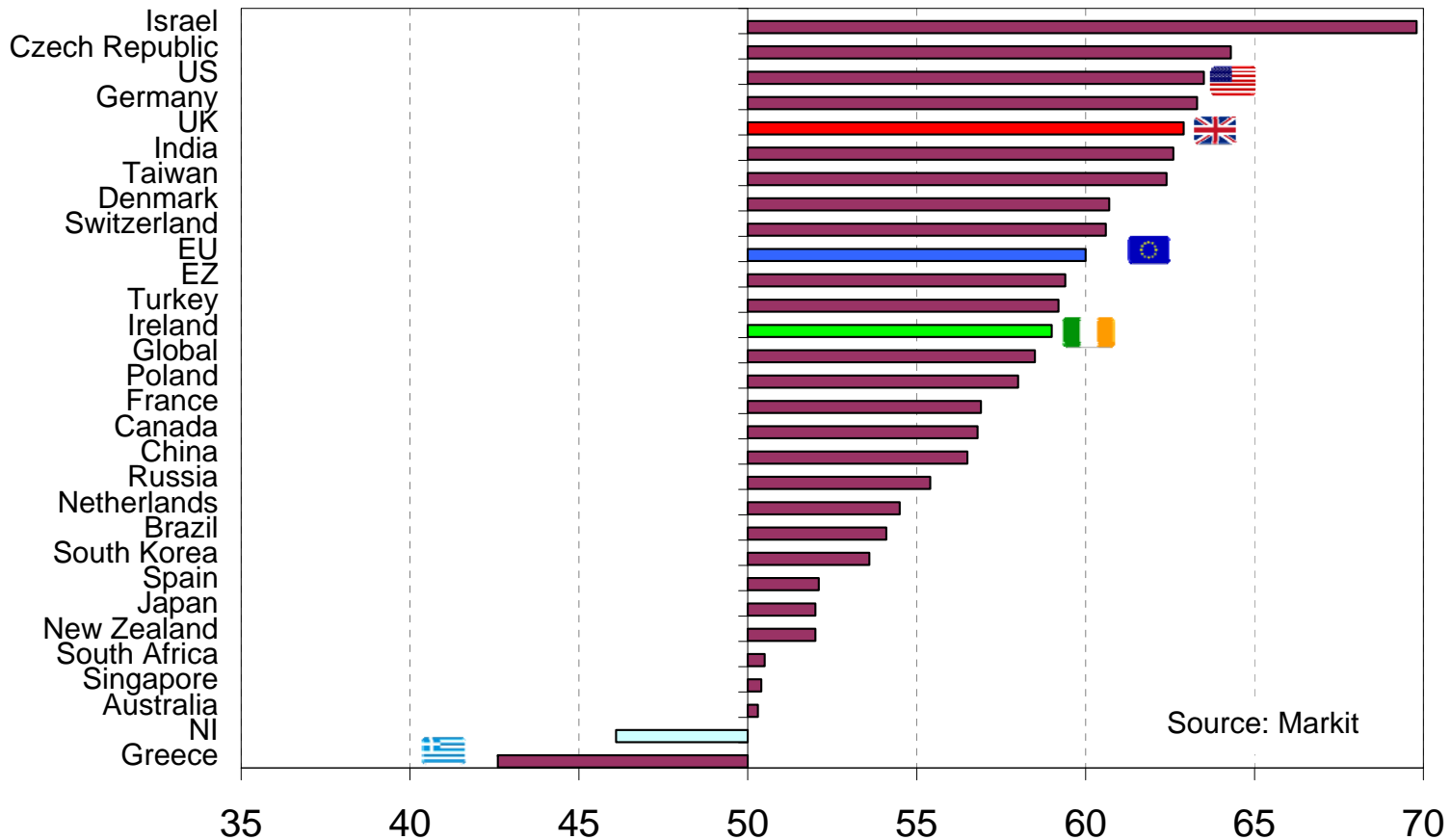
*Data at a sector level are more volatile and **3-month moving averages** have been used to more accurately identify the broad trends.*

Global PMI picks up in December for both manufacturing & services sectors



Most economies started 2011 better than they finished it although N.Ireland is a notable exception

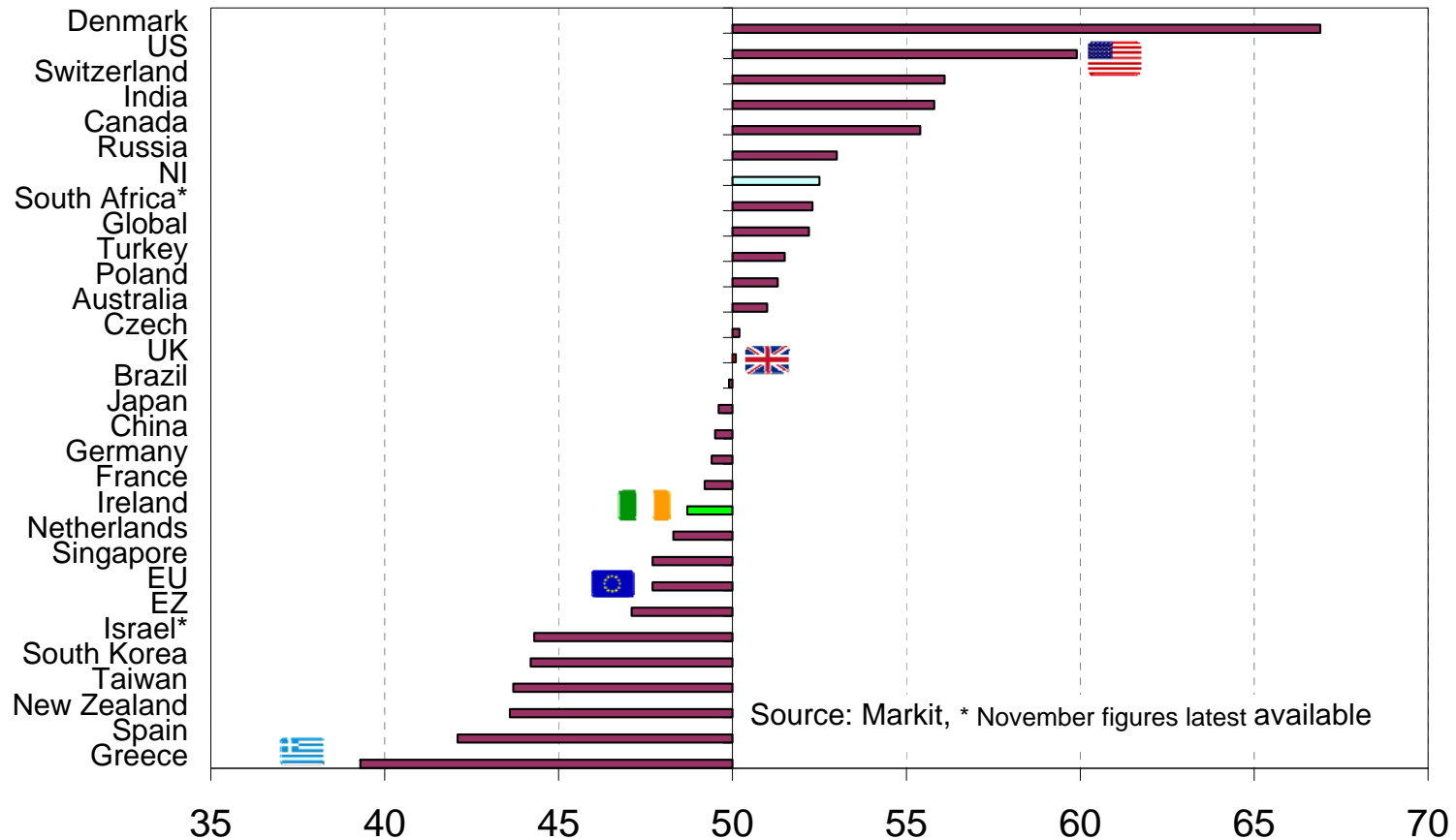
Manufacturing PMIs January 2011



Source: Markit

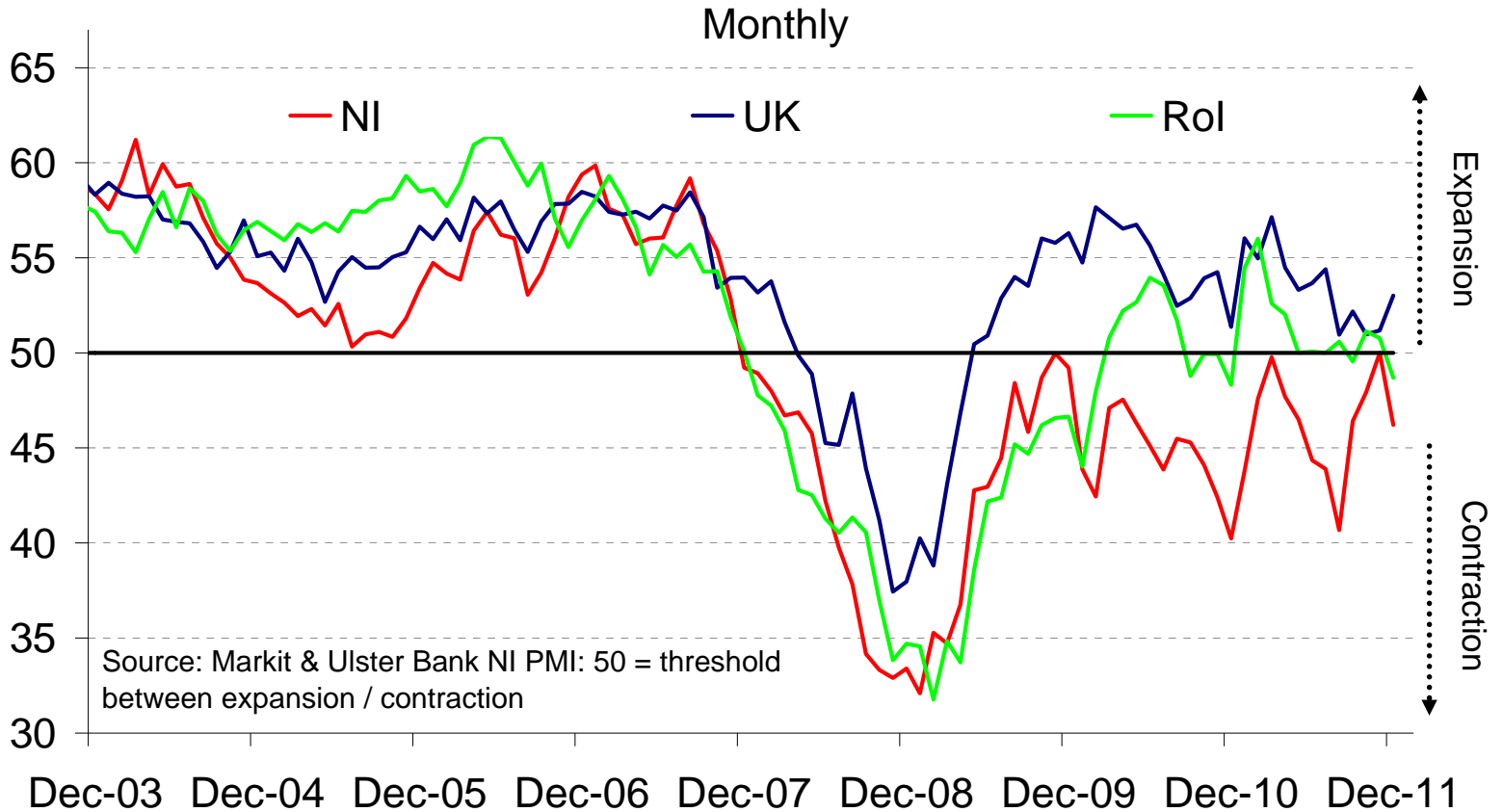
Denmark & US top performers in December 2011

Manufacturing PMIs December 2011



NI's private sector contraction resumes in December

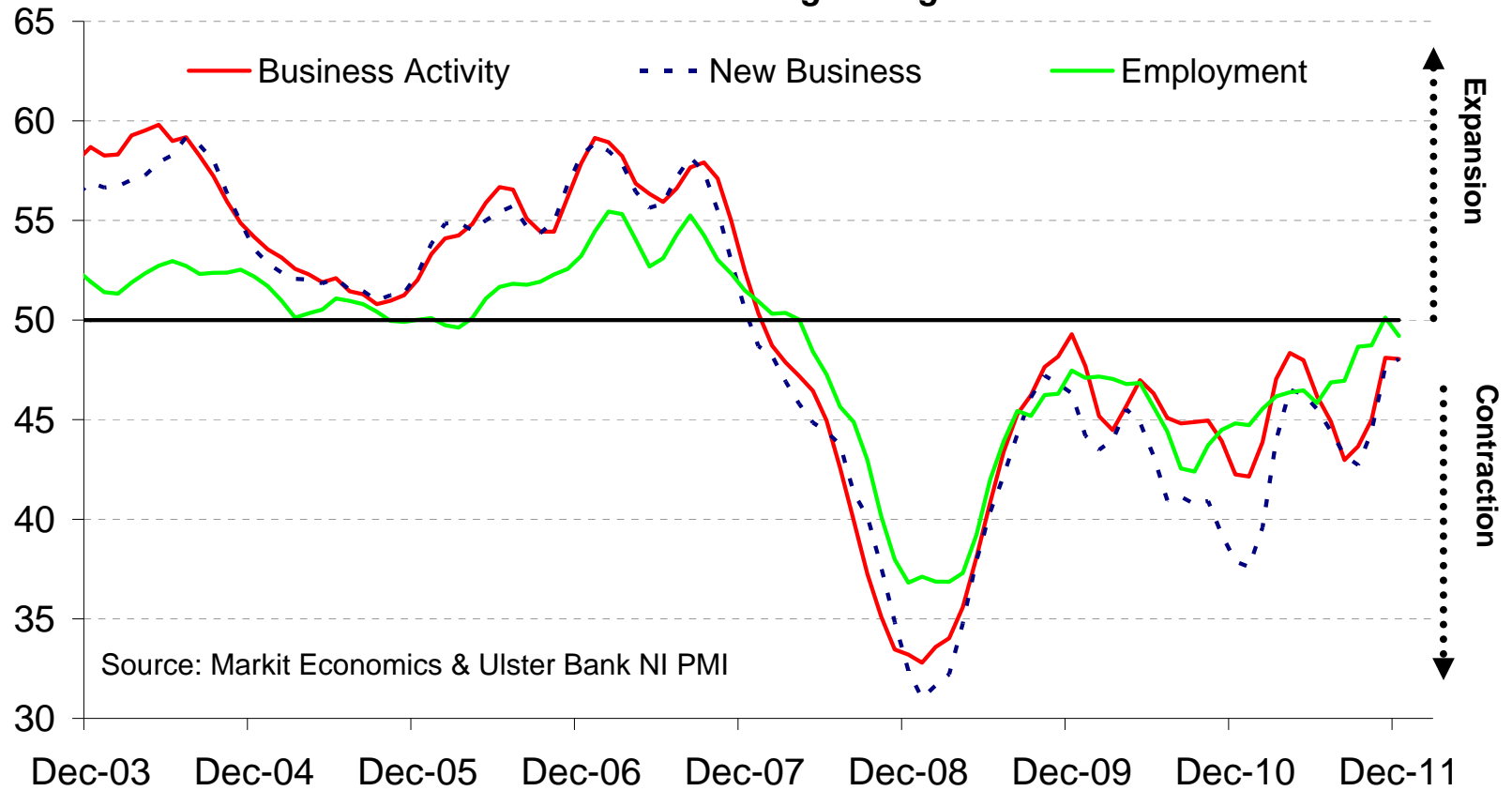
Private Sector Business Activity - PMIs



NI output, orders and employment all contracting in Q4 2011

NI Private Sector Activity

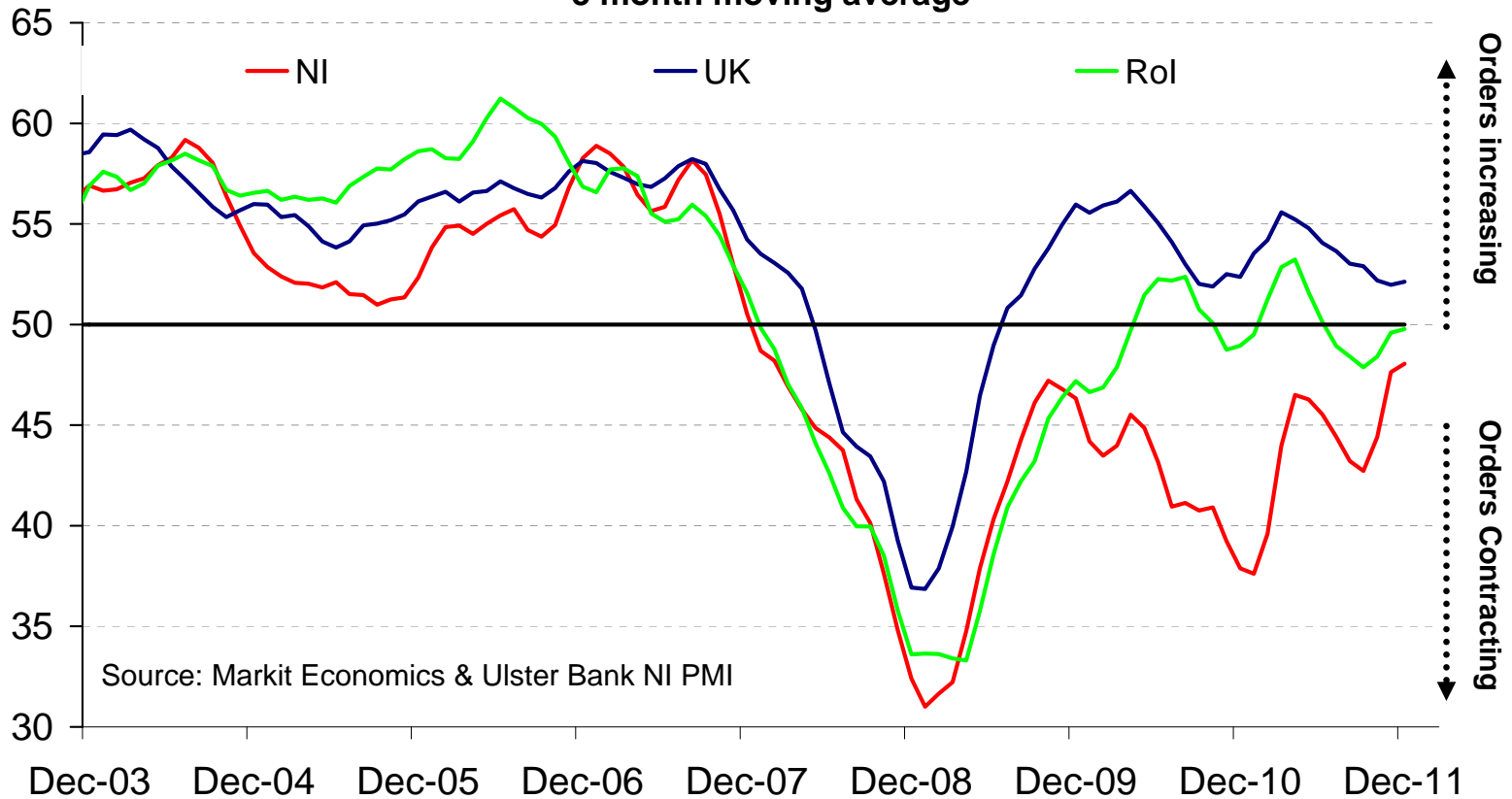
3 month moving average



Although pace of NI's decline in new orders has eased

Private Sector New Orders

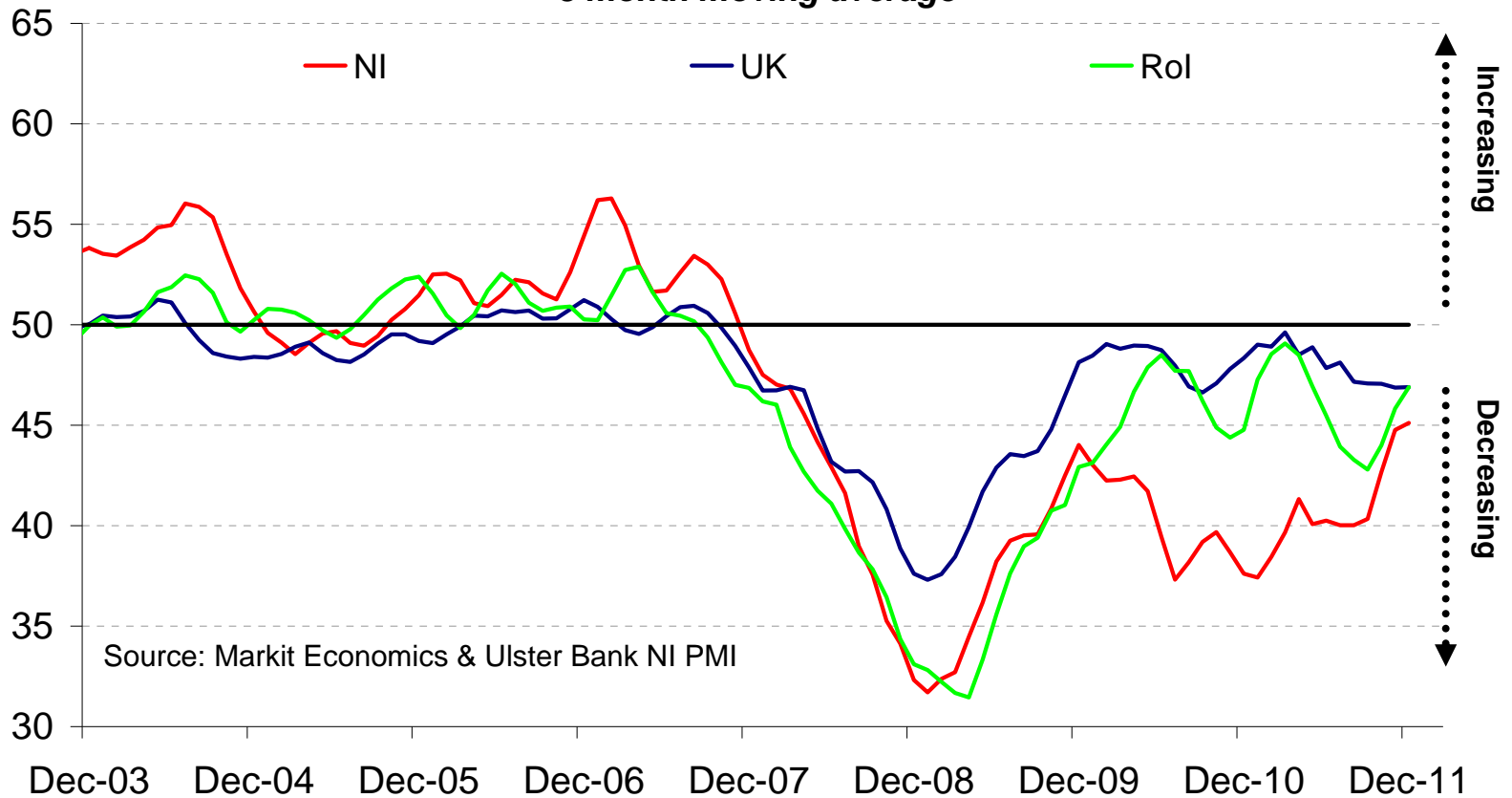
3 month moving average



NI's levels of work outstanding are still falling sharply but at a slower rate

Private Sector Backlogs

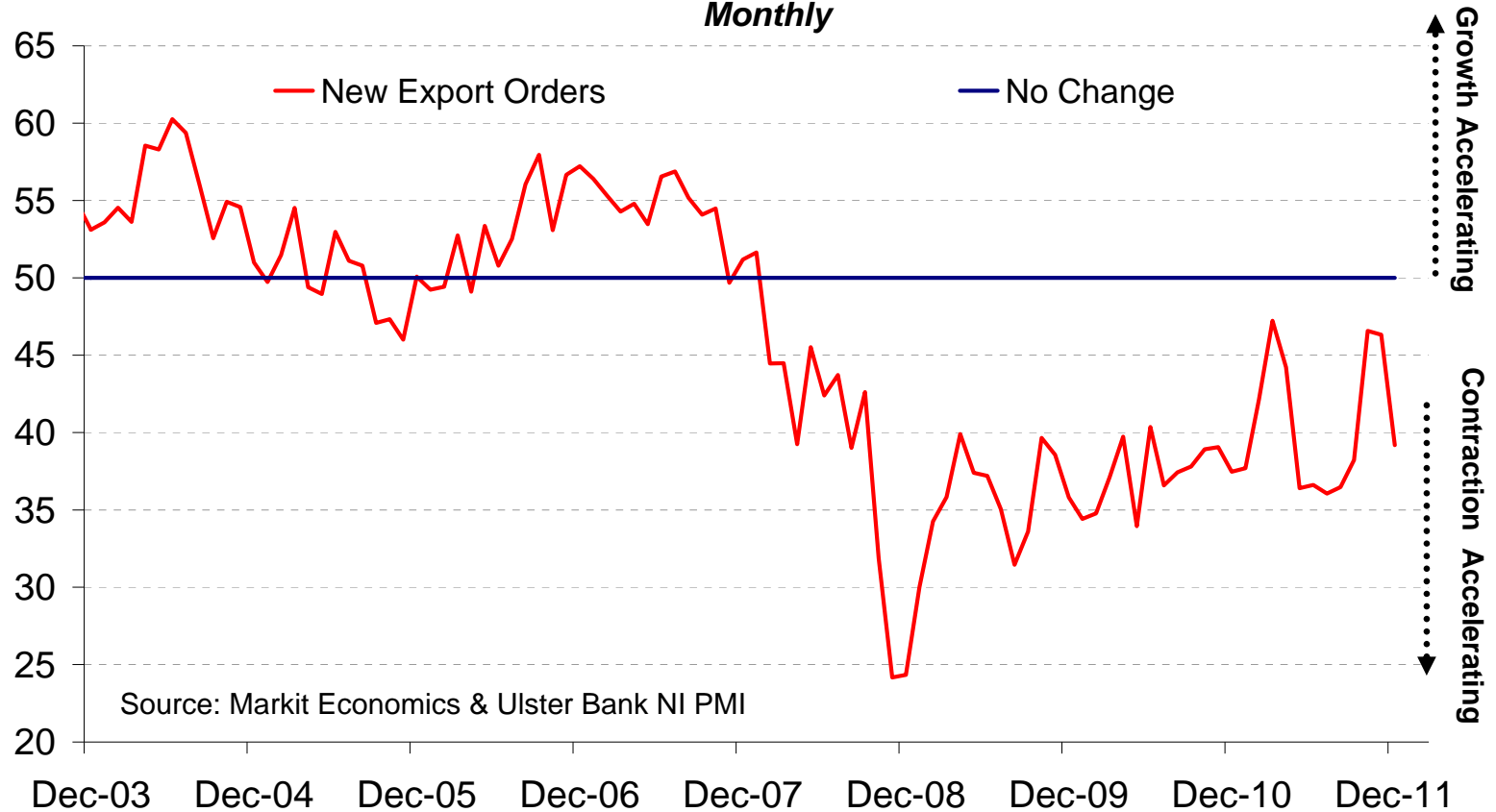
3 month moving average



44% of firms saw export orders fall in December

NI New Export Business

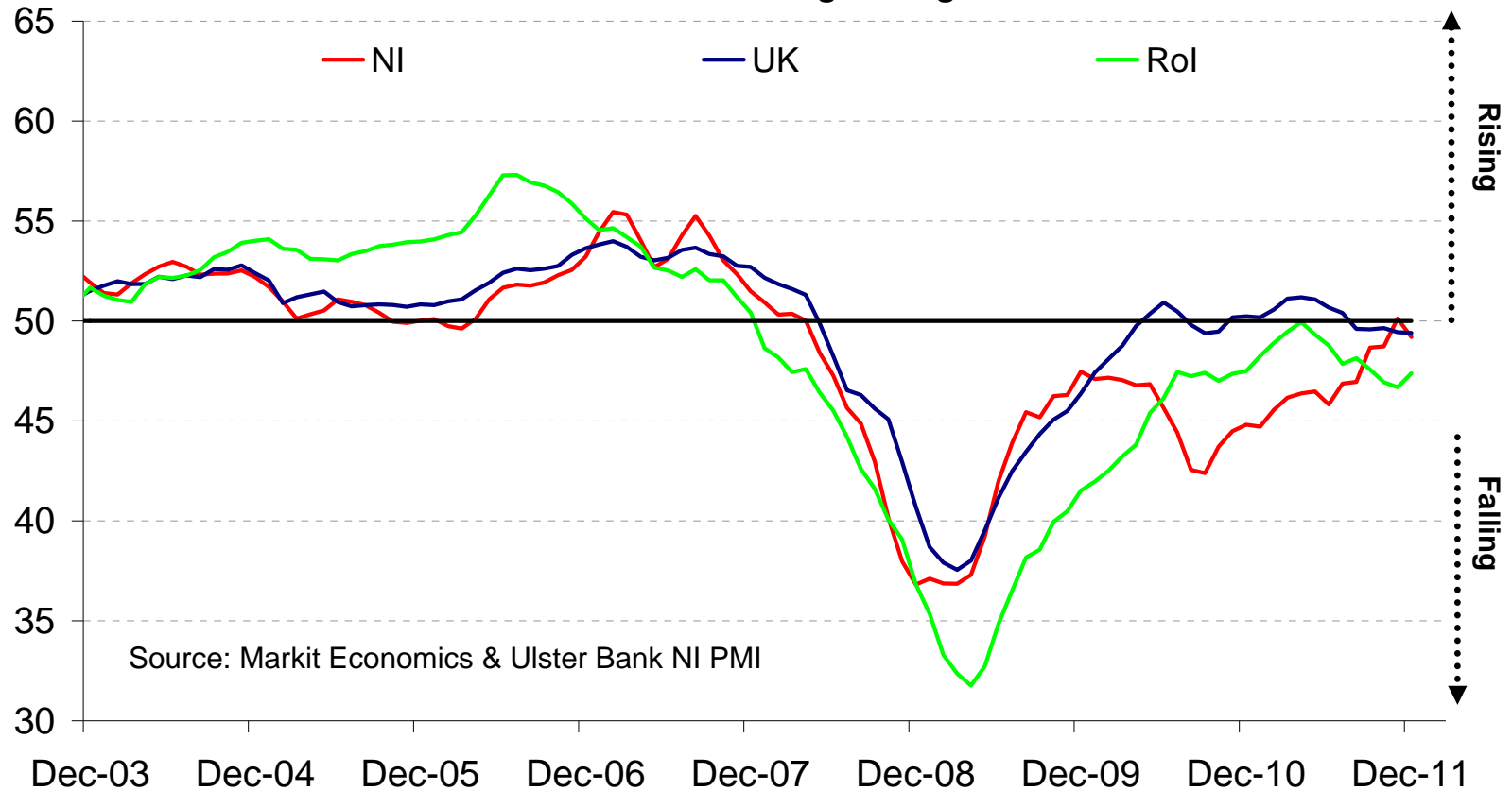
Monthly



NI records employment growth for first time since February 2008 in November but followed by steep fall in December

Private Sector Employment Levels

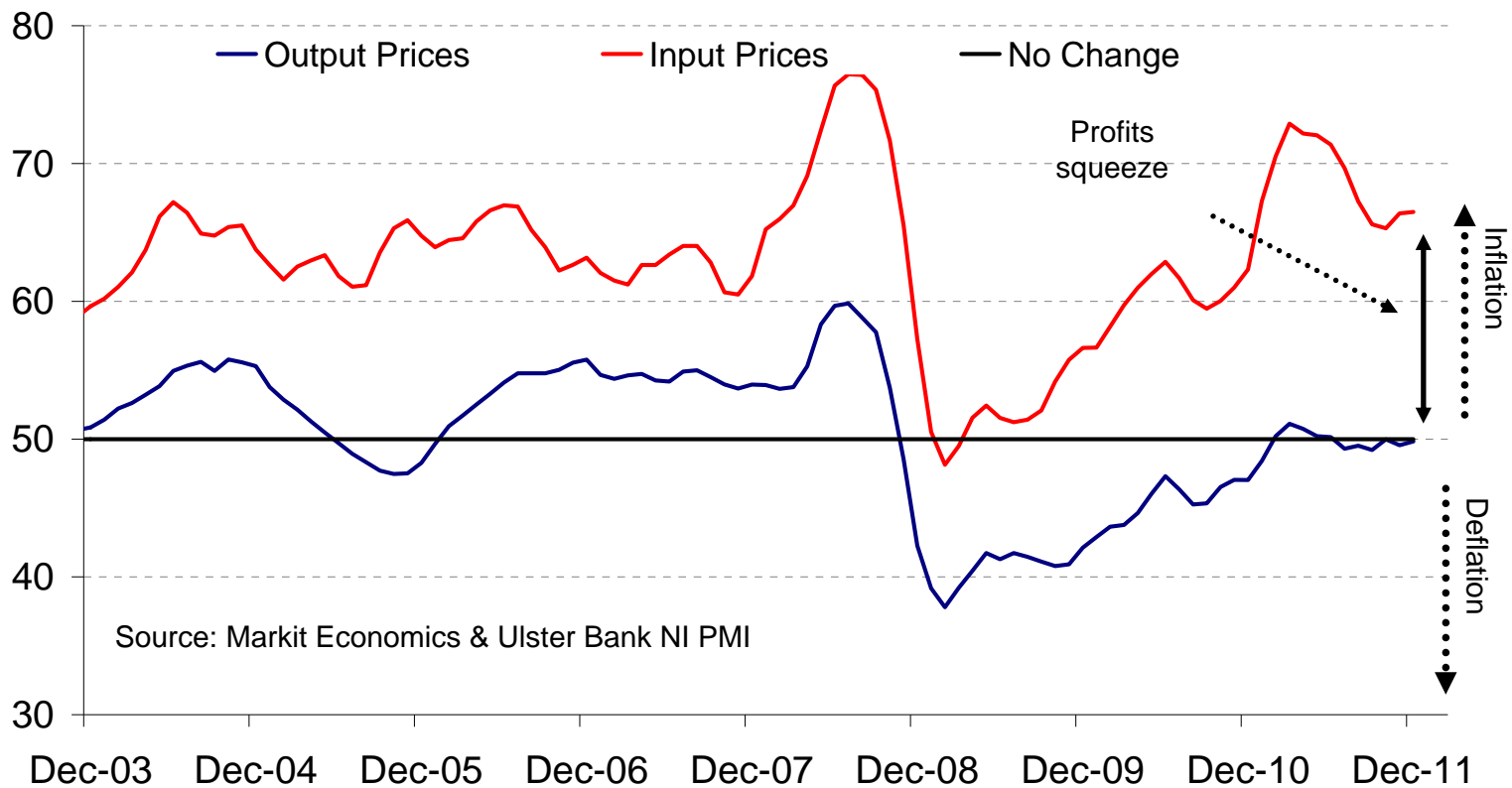
3 month moving average



NI profit squeeze remains with pricing power broadly static

NI Private Sector Profit Squeeze

3 Month Moving Average

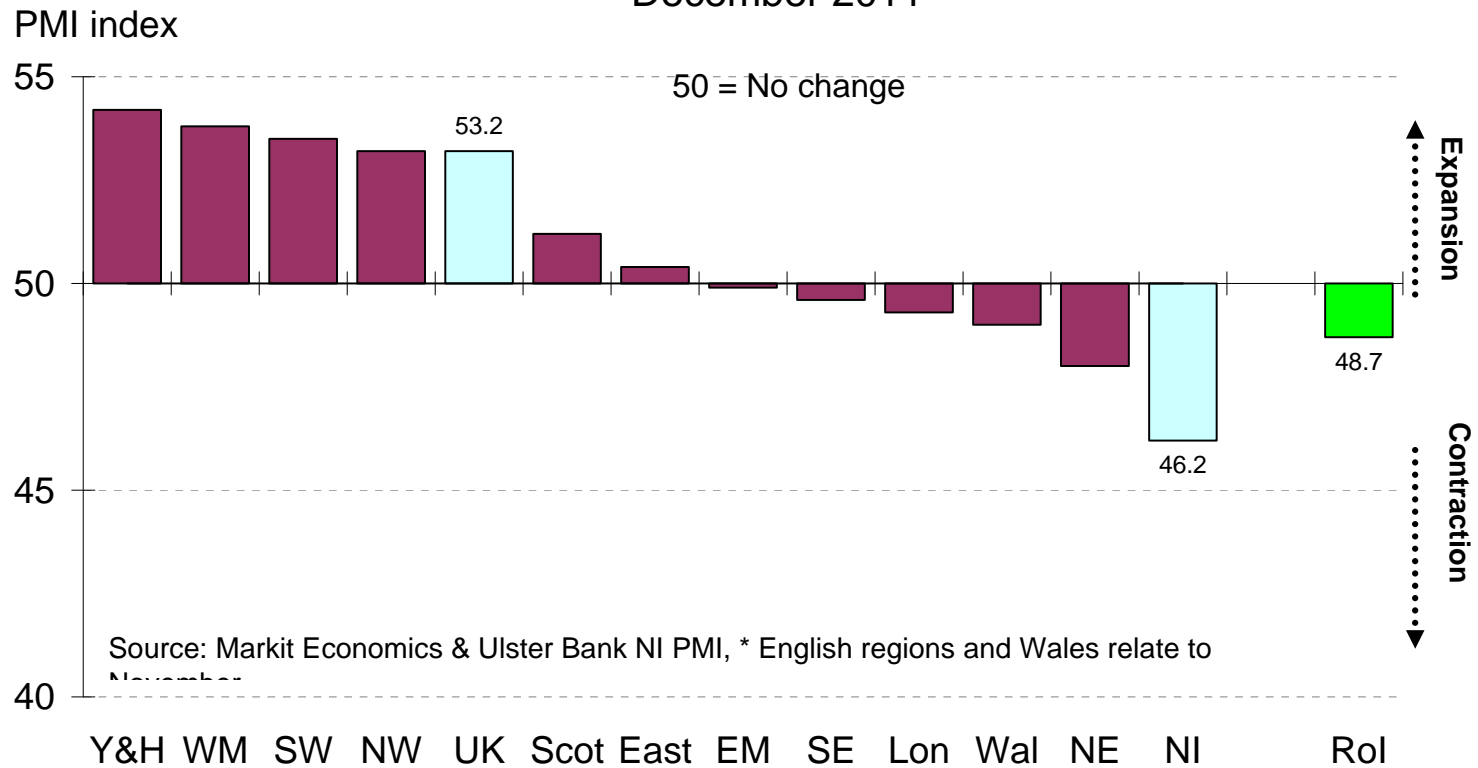


*Regional
Comparisons*

NI and the Rol contracting in December

Output / Business Activity

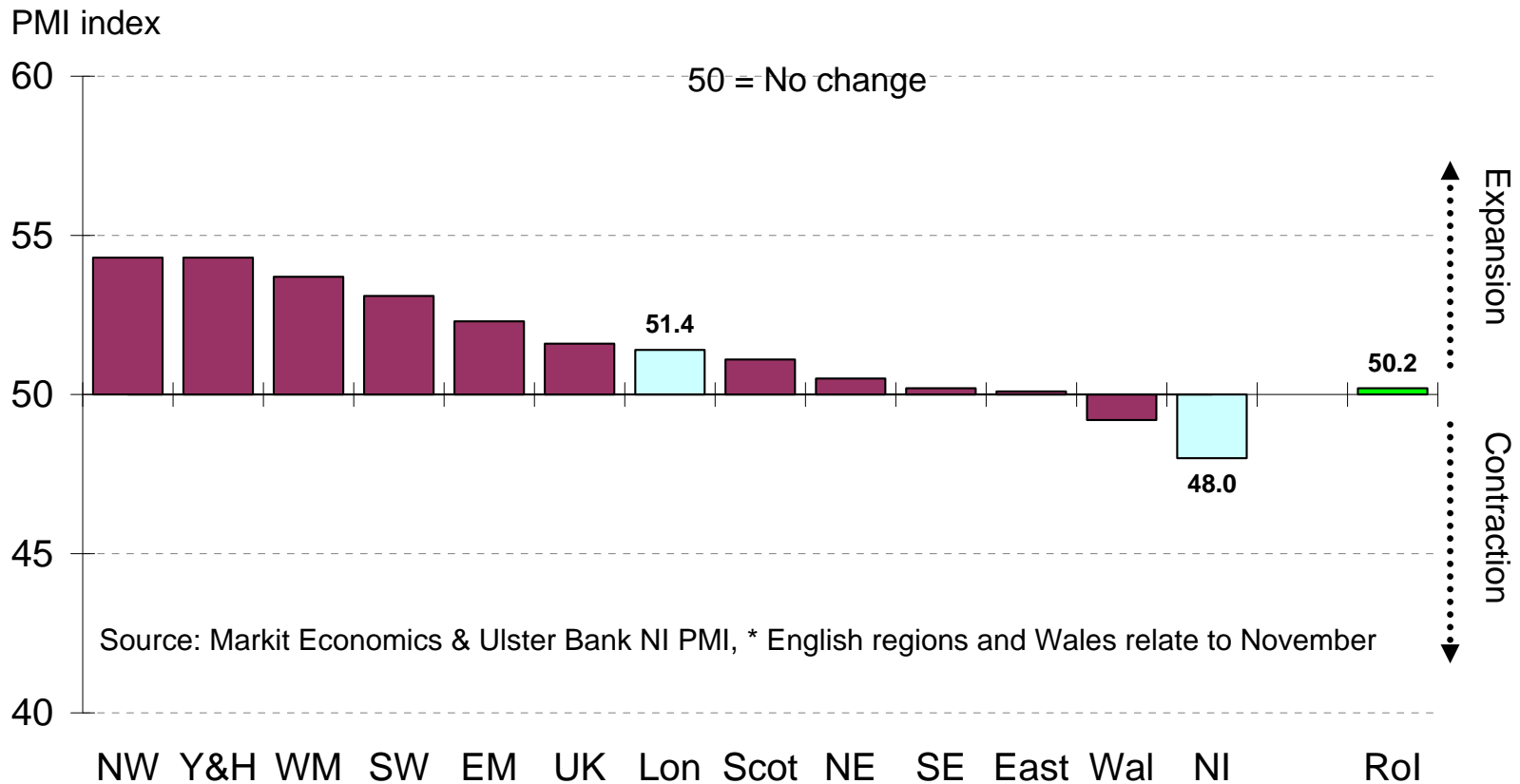
December 2011*



NI posts sharpest rate of decline over the last 3 months...

Output / Business Activity

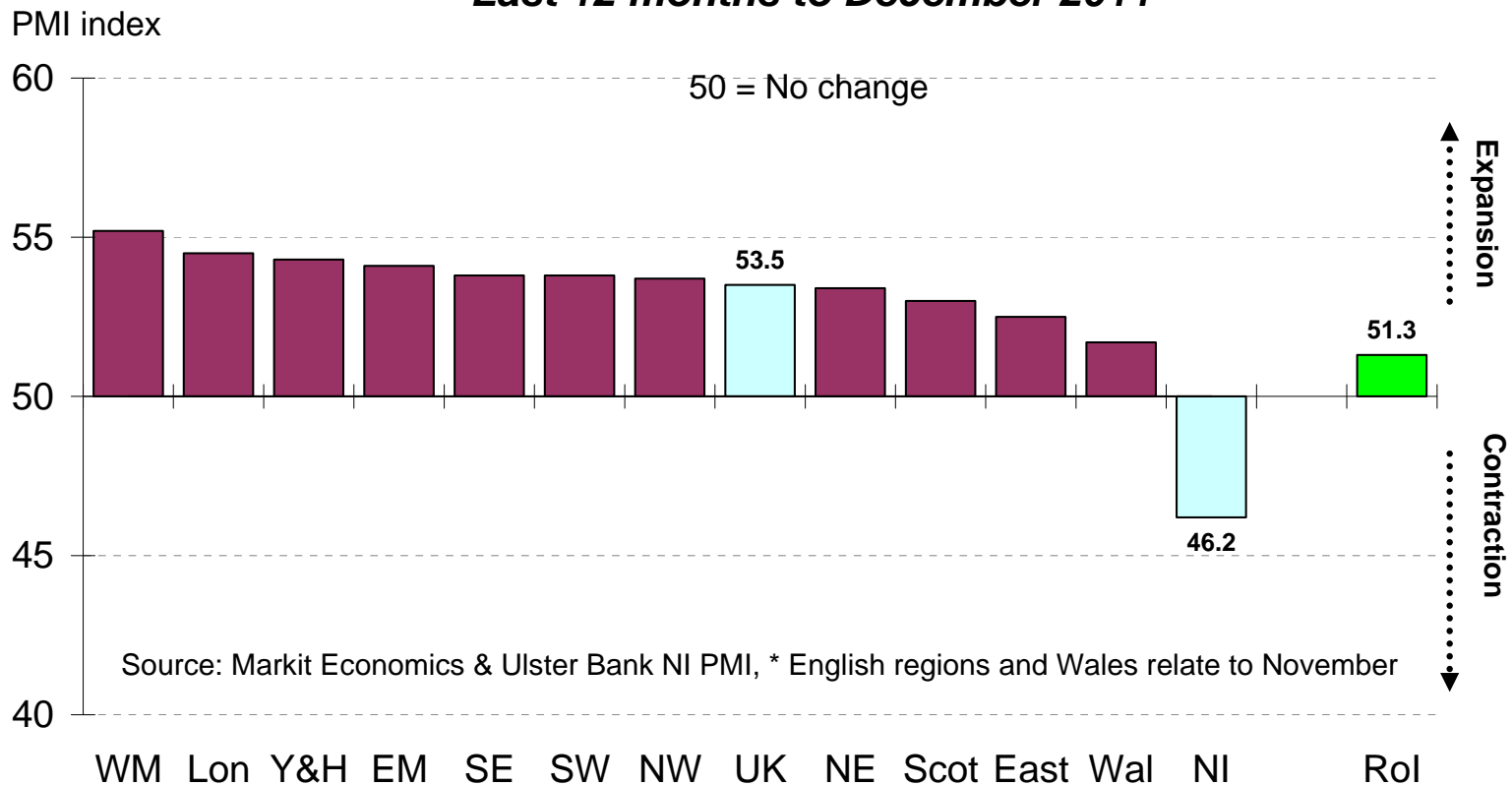
3 months to December* 2011



.....and over the last 12 months

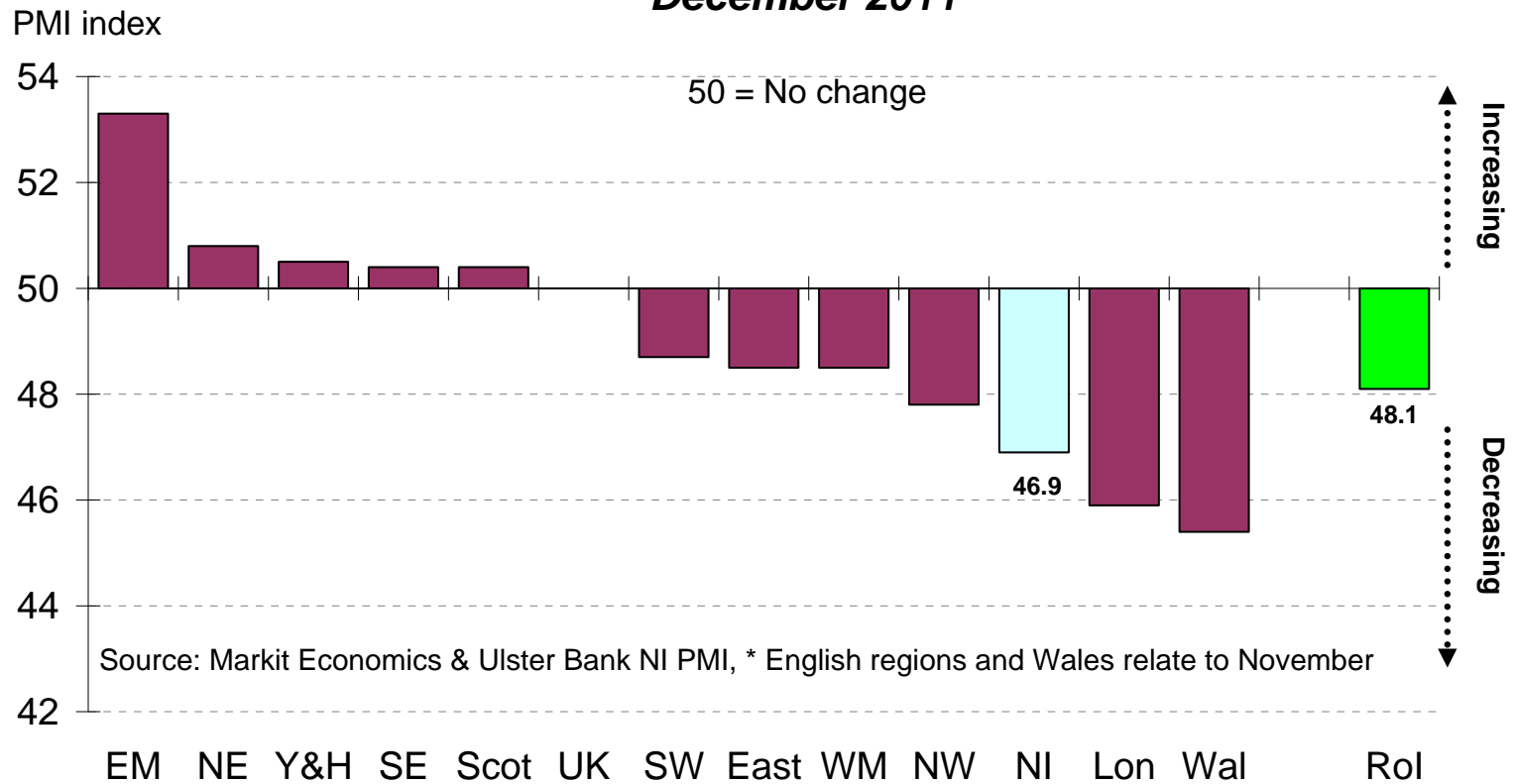
Output / Business Activity

Last 12 months to December 2011



In November NI posted its first rise in employment since February 2008 but December sees a sharp U-turn

Employment Levels December 2011

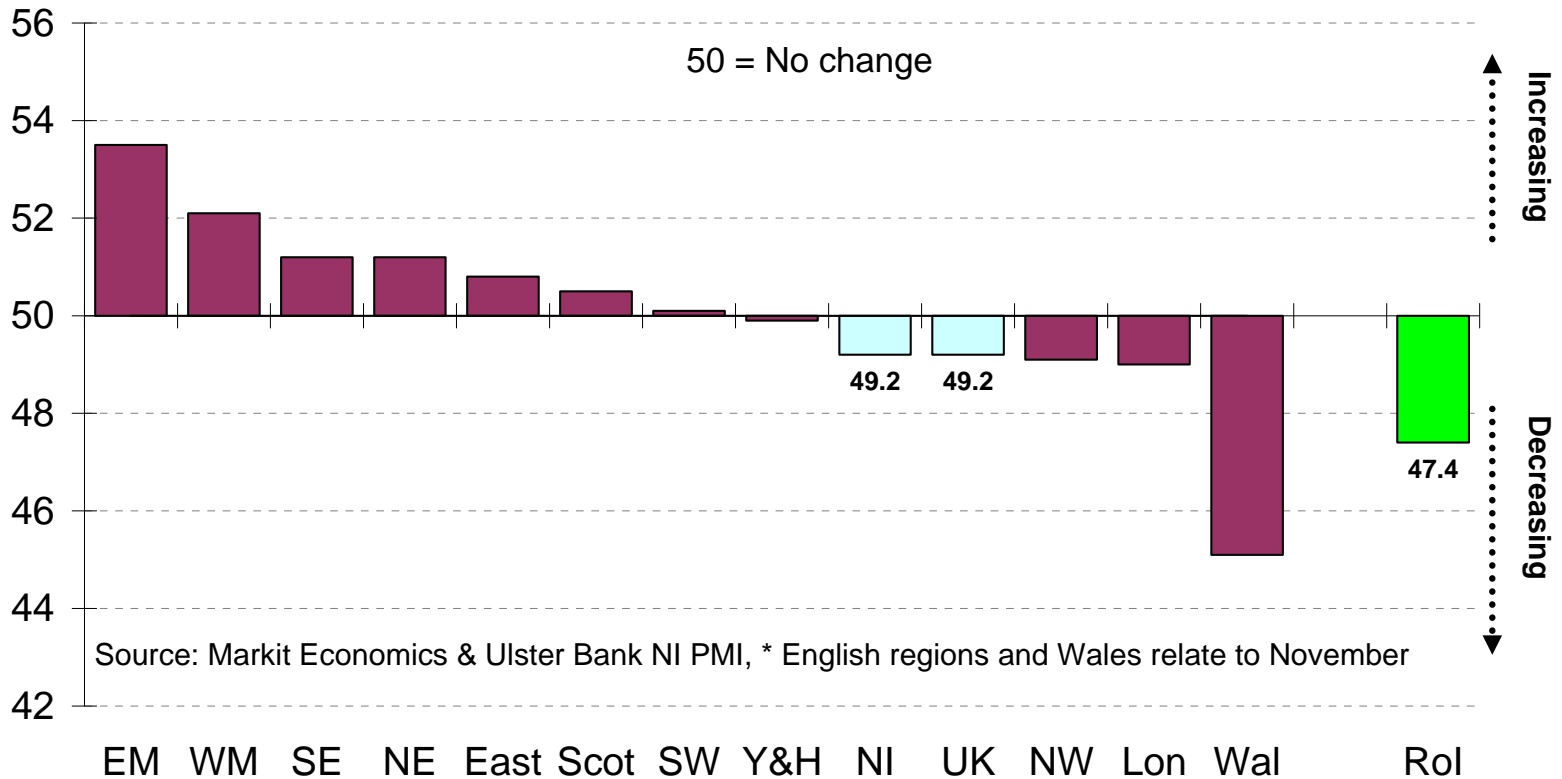


NI & UK contracting at the same rate in Q4 2011

Employment Levels

Last 3 months to December 2011

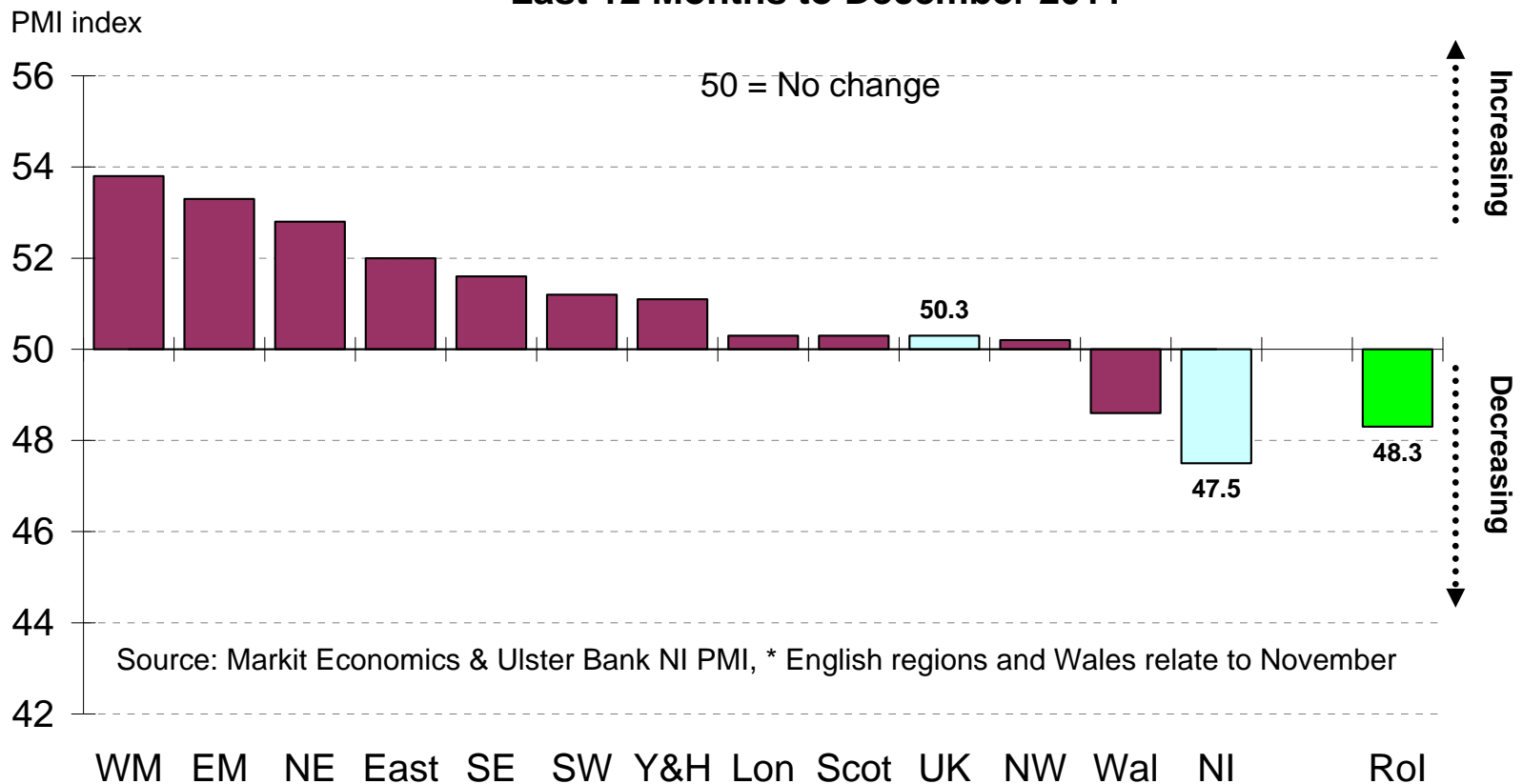
PMI index



Source: Markit Economics & Ulster Bank NI PMI, * English regions and Wales relate to November

But NI has recorded the sharpest rate of job losses over the last 12 months

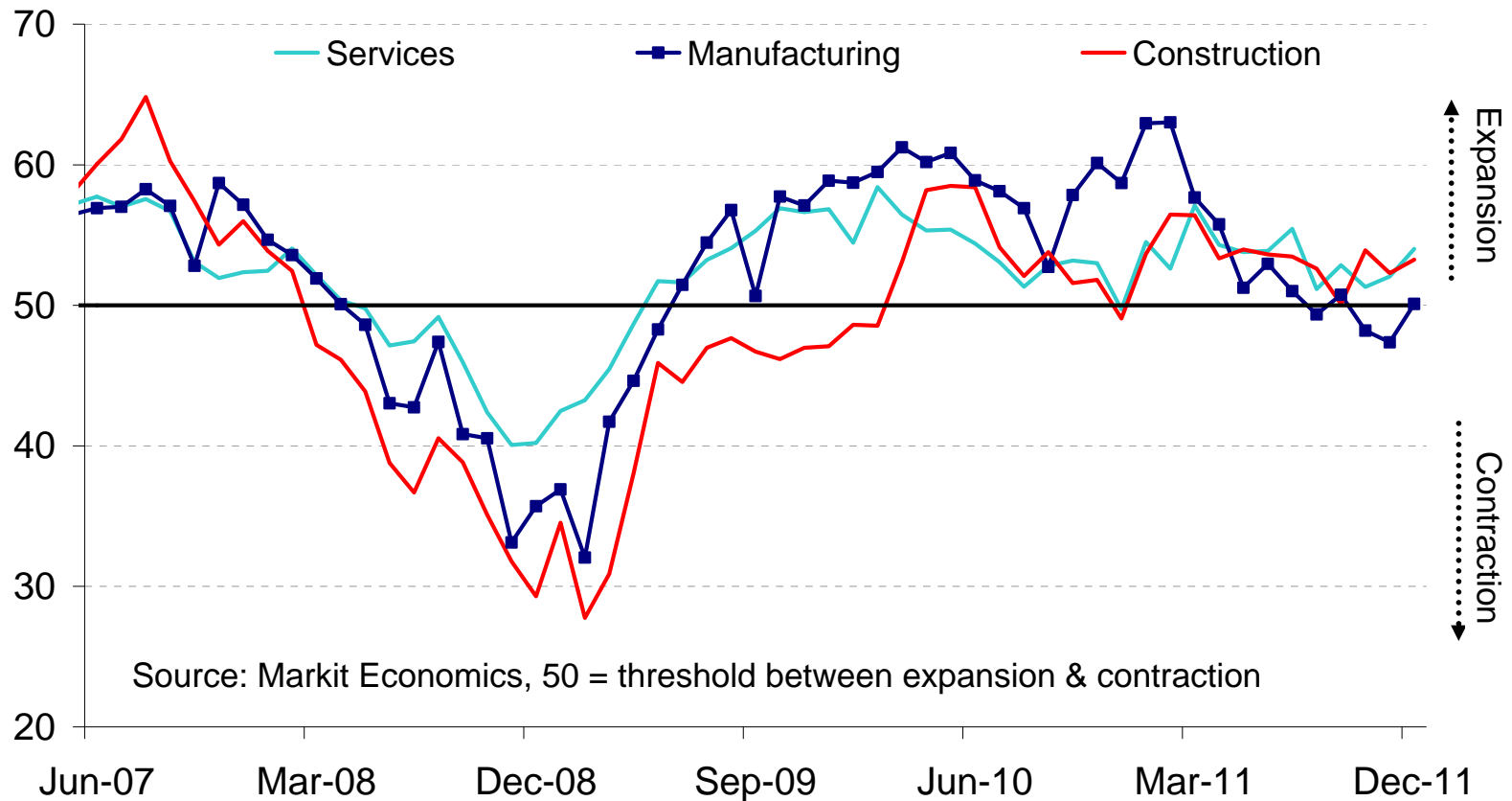
Employment Levels Last 12 Months to December 2011



*Sectoral
Comparisons*

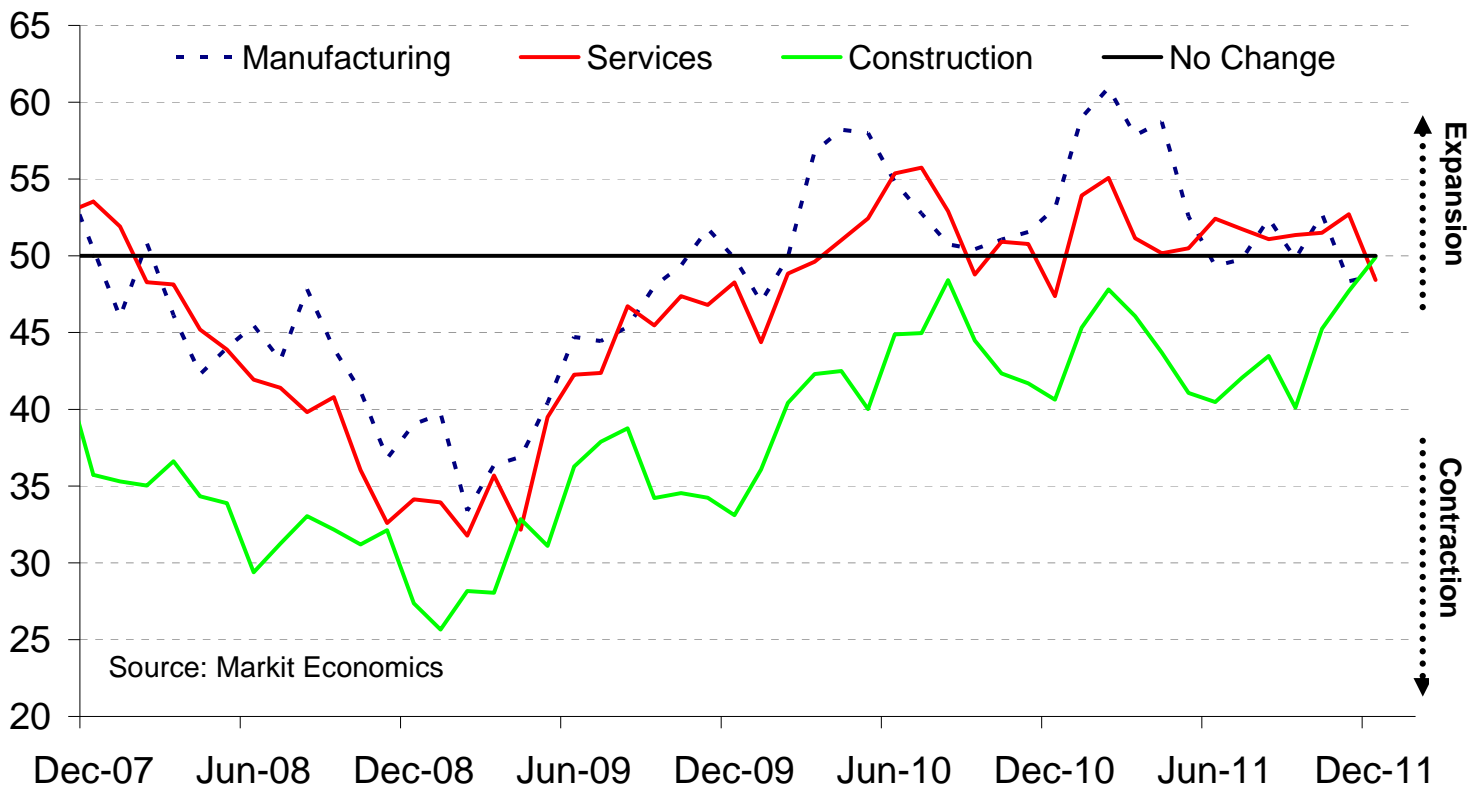
UK construction & services still growing

UK Business Activity - PMIs



...but all of RoI sectors are sub-50. Construction the star performer in December!

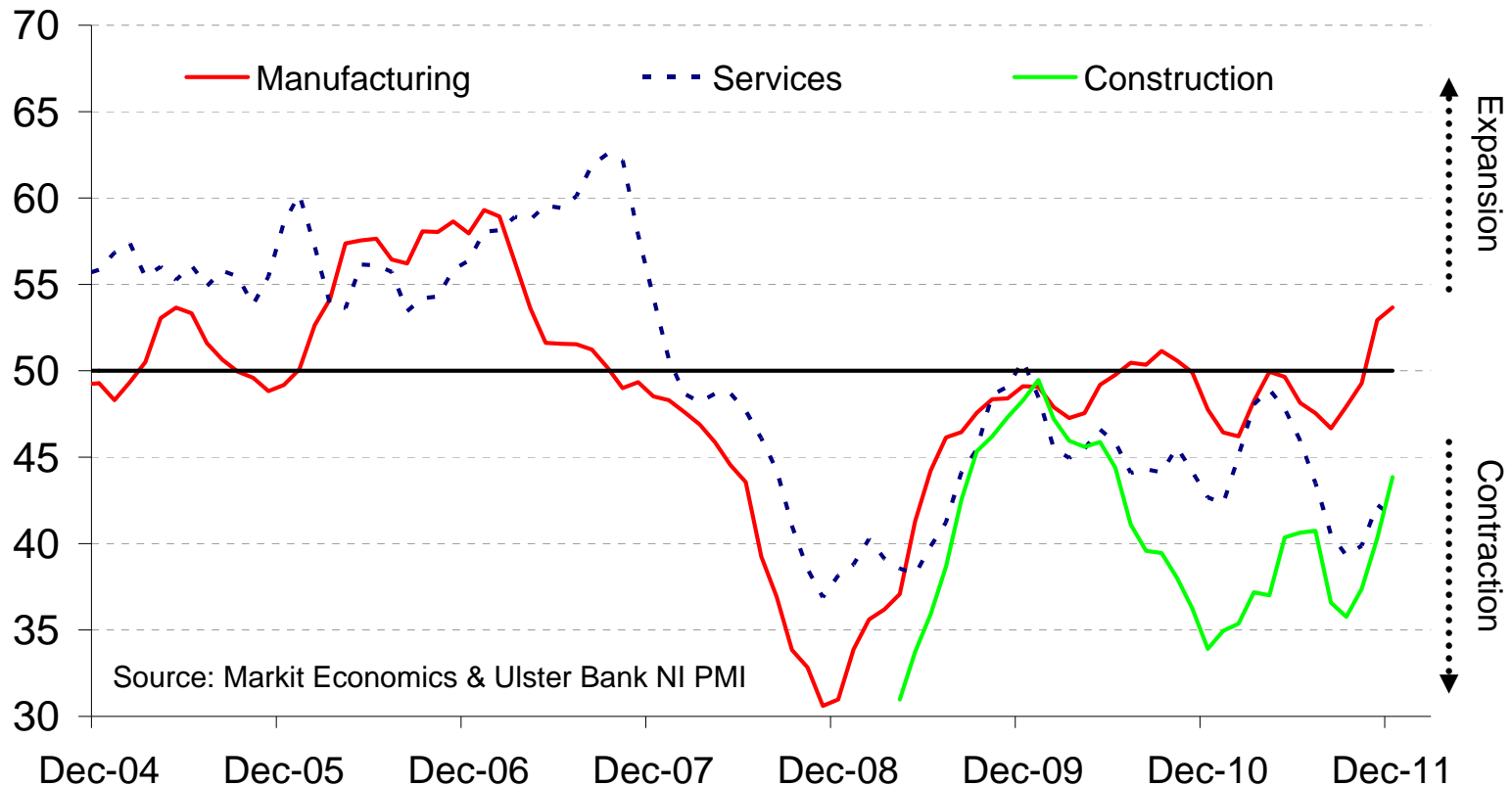
RoI Business Activity - PMIs



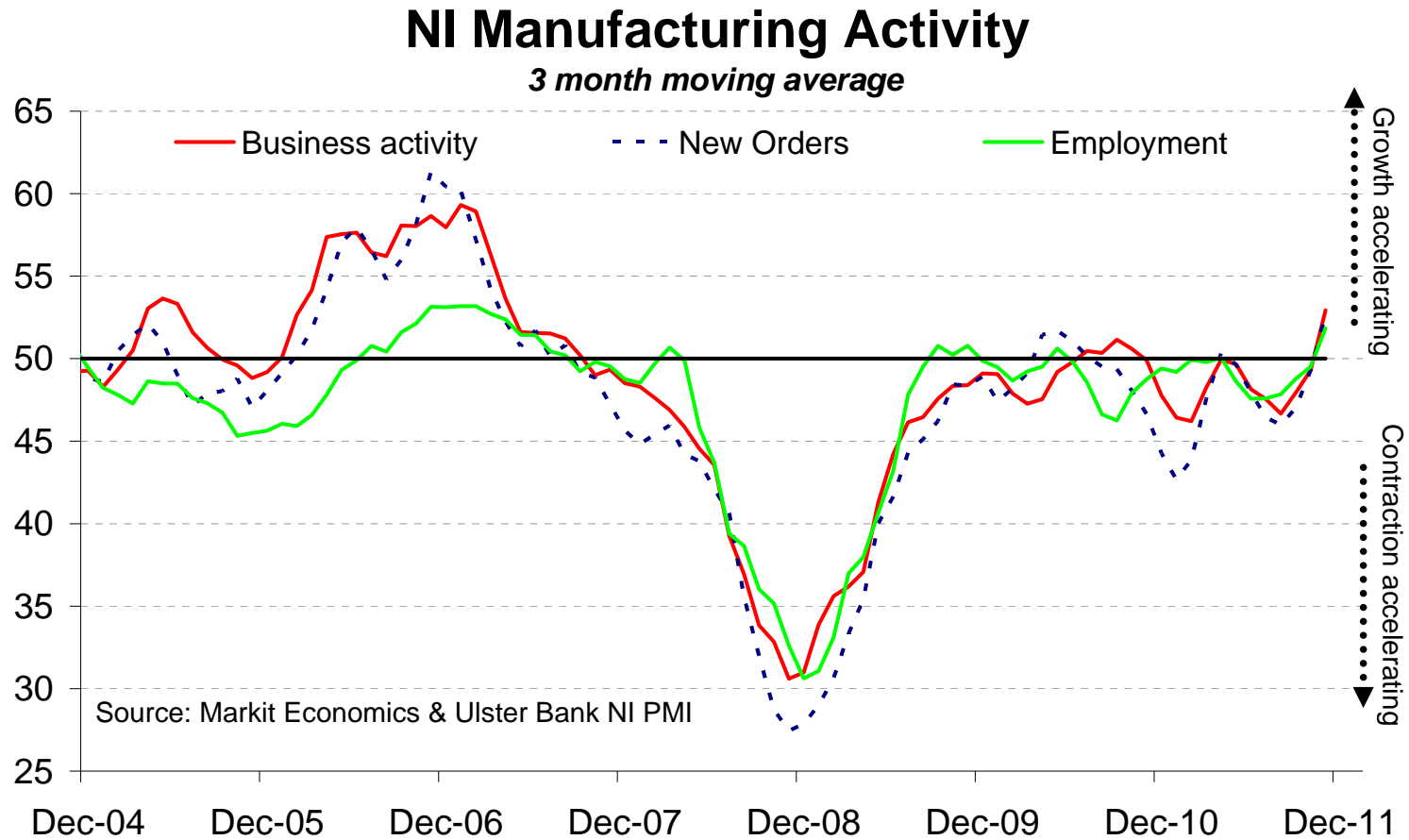
Outside of manufacturing pace of contraction in construction & services remains severe over the last 3 months

NI Private Sector Output

3 month moving average



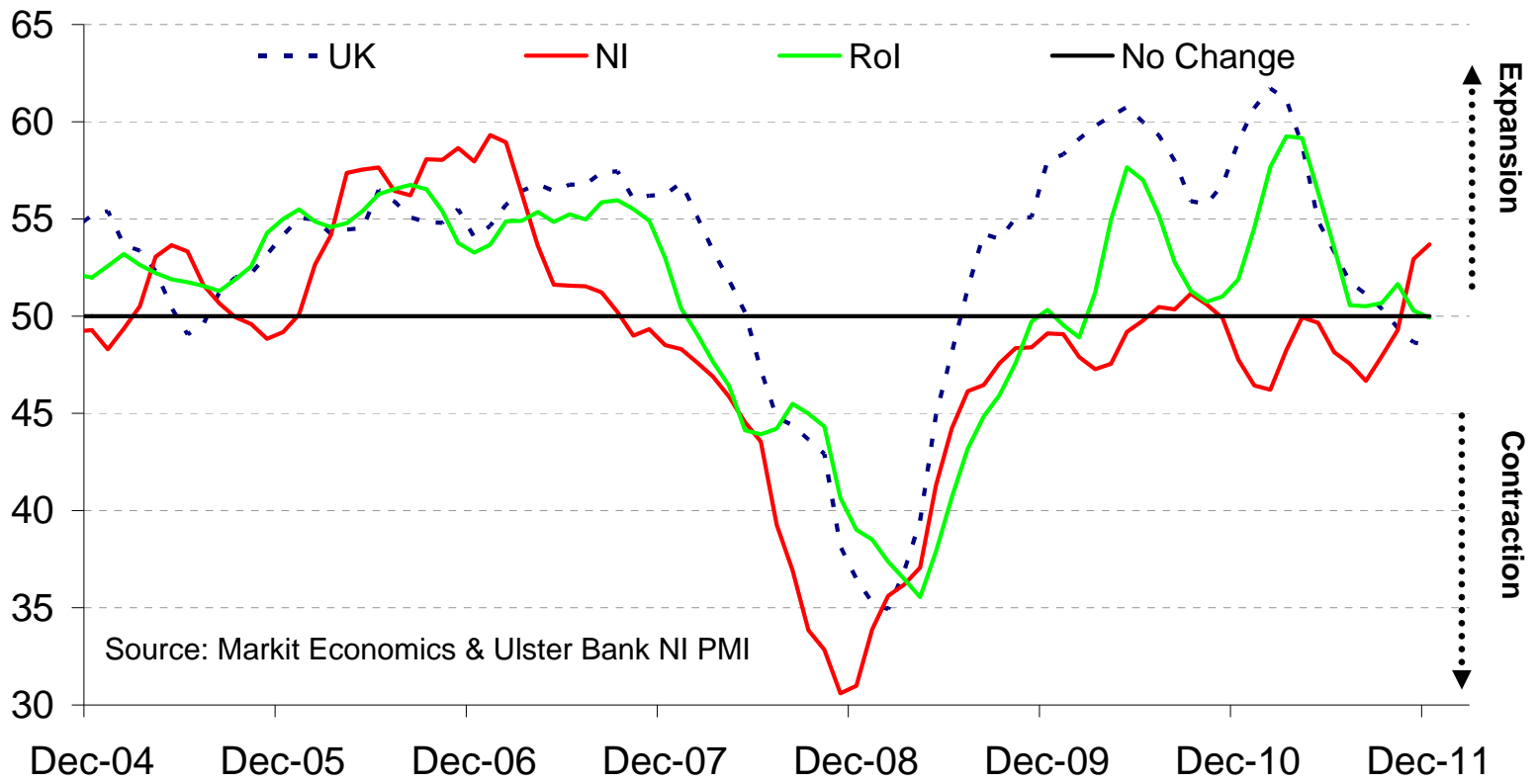
Manufacturing indices all improving over last 3 months



NI manufacturing outperforming RoI and UK

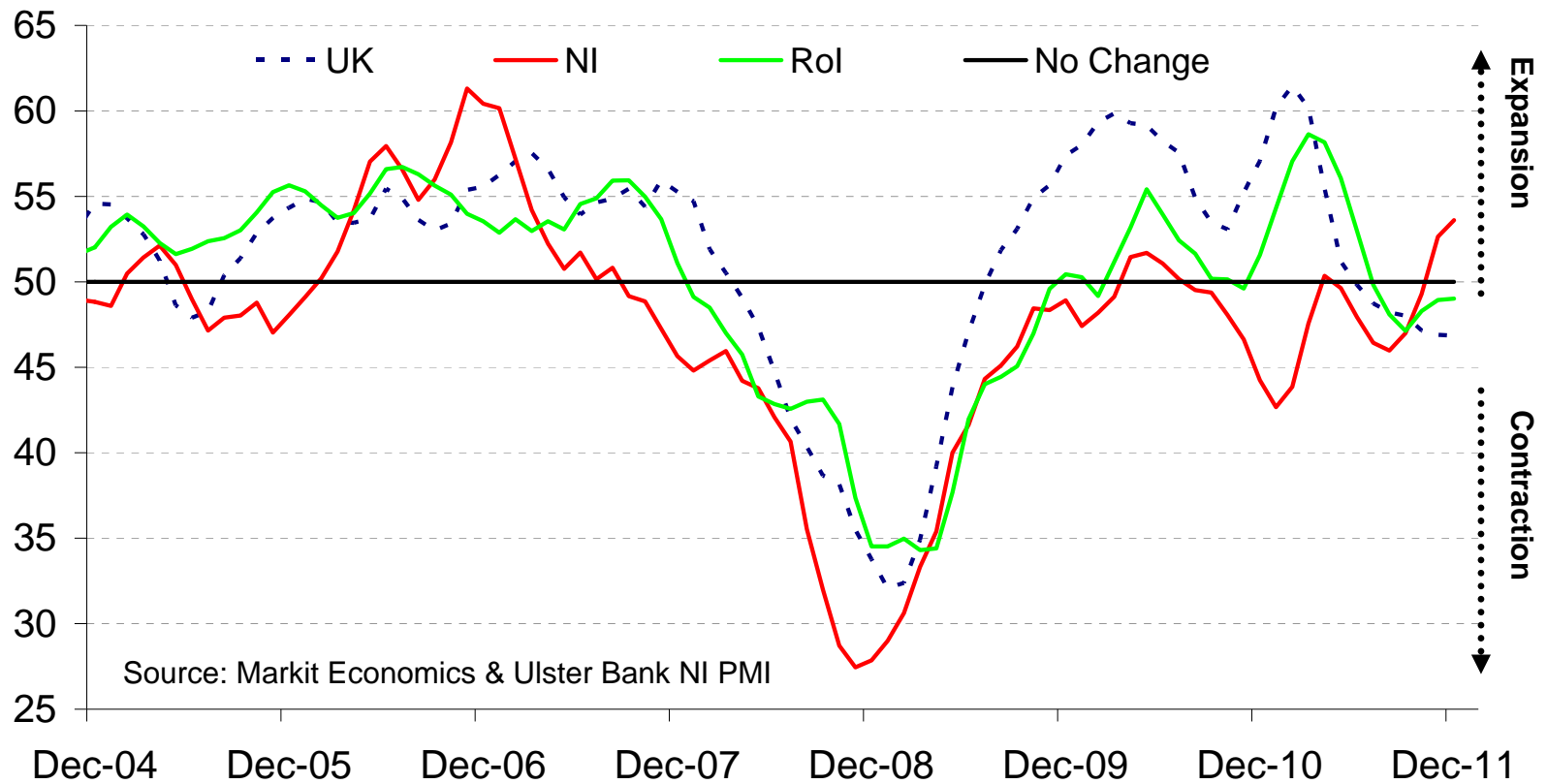
Manufacturing Output

3 month moving average



.....and in terms of new orders too

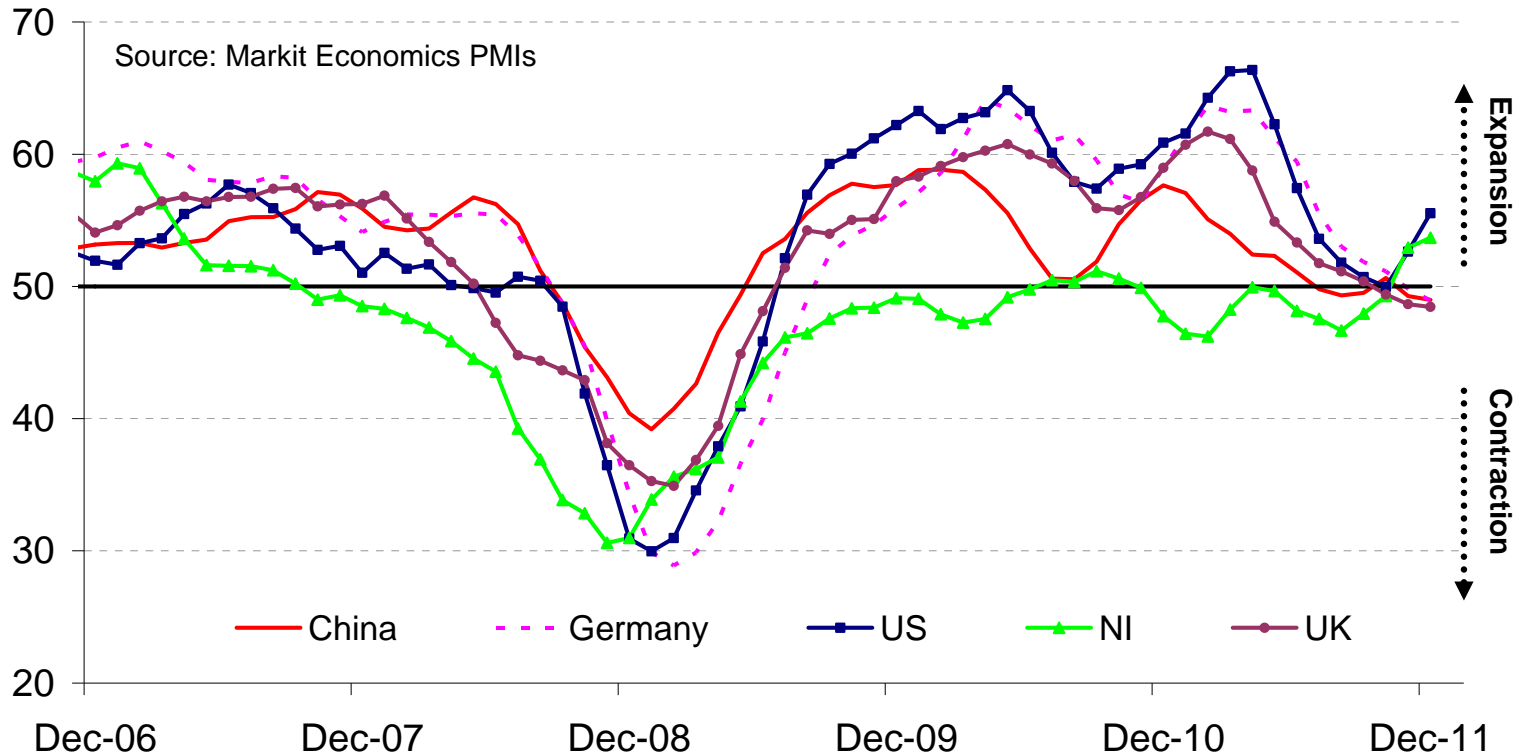
Manufacturing New Orders 3 month moving average



NI's SME exposure to RoI had limited its recovery but NI now outperforming elsewhere – perhaps a lagged effect

Manufacturing Output - PMI

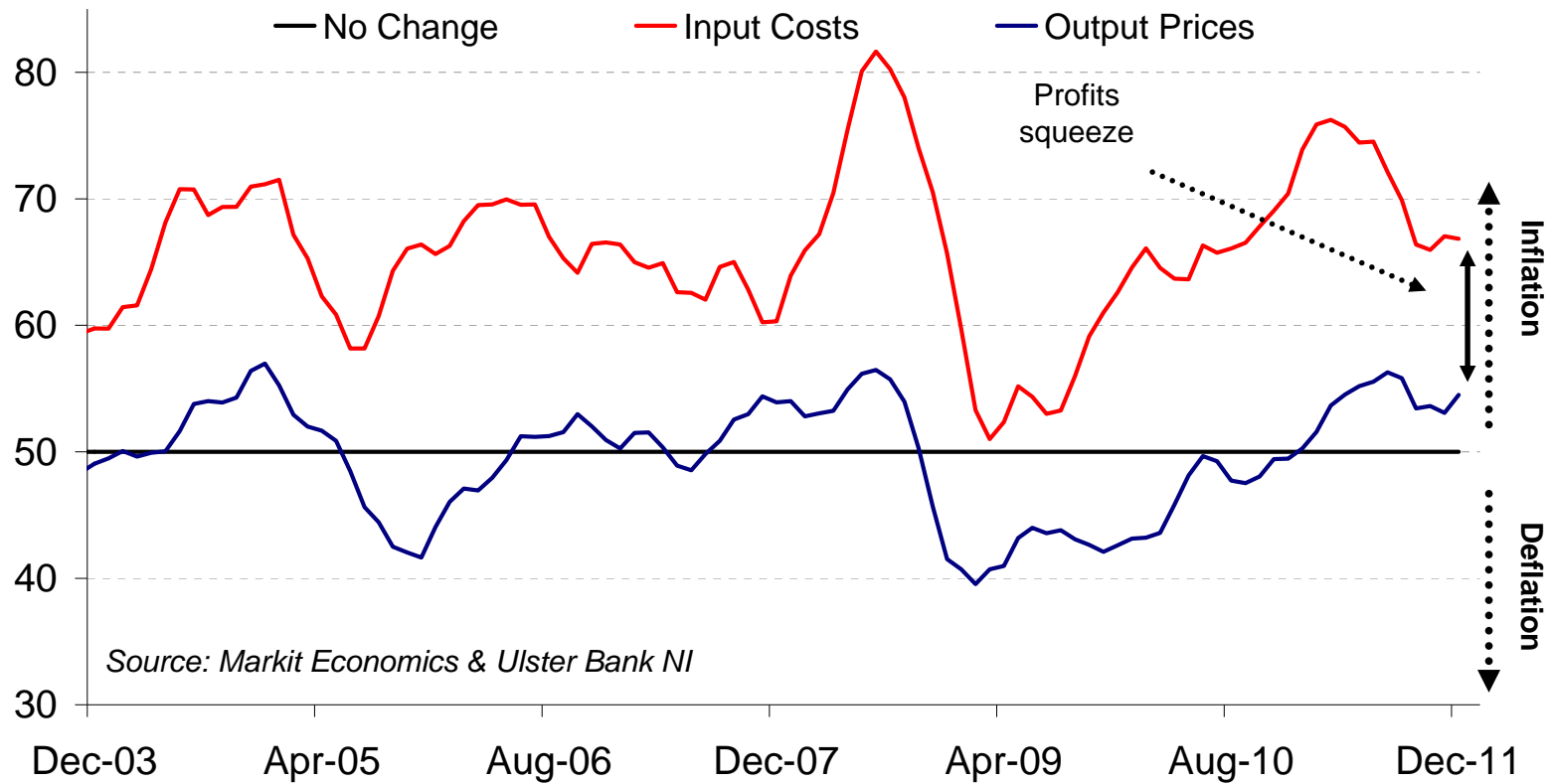
3 month moving average



Cost price inflation picking up for manufacturing firms but pricing power remains

NI Manufacturing Input & Output Inflation

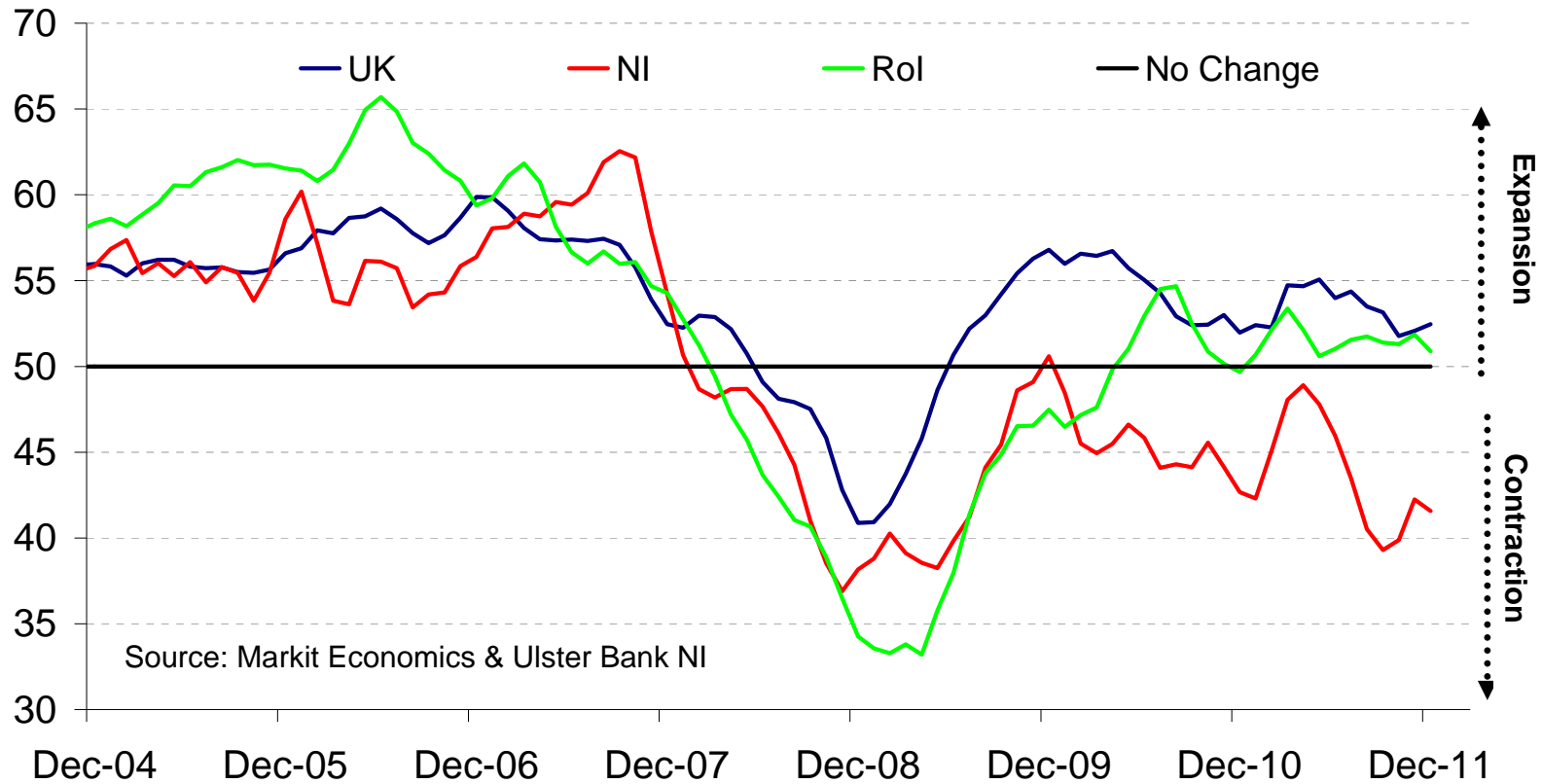
3 month moving average



NI-UK divergence still apparent within service sector

Services Output

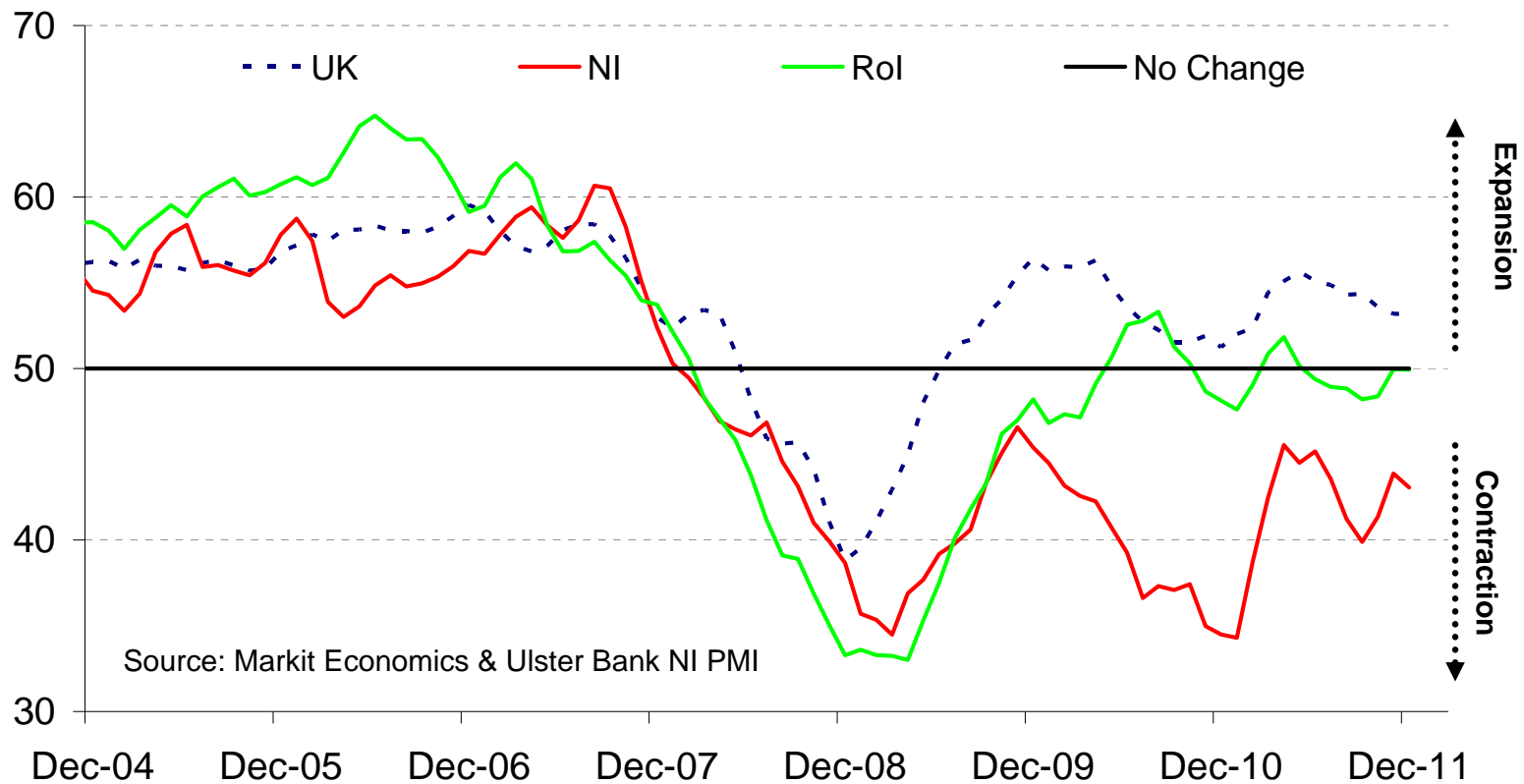
3 month moving average



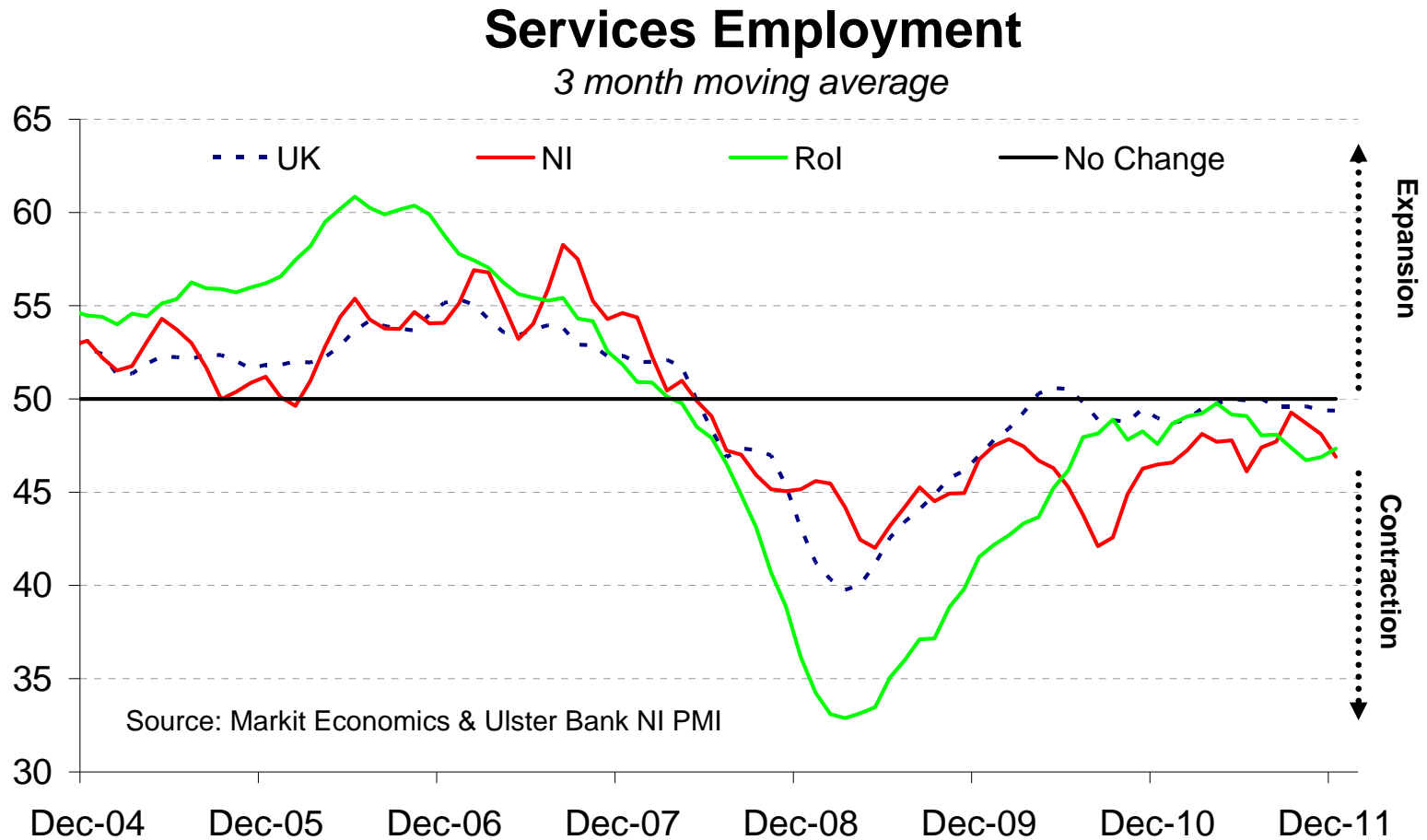
Forward looking new orders suggests no recovery is imminent

Services New Orders (excluding Retail)

3 month moving average



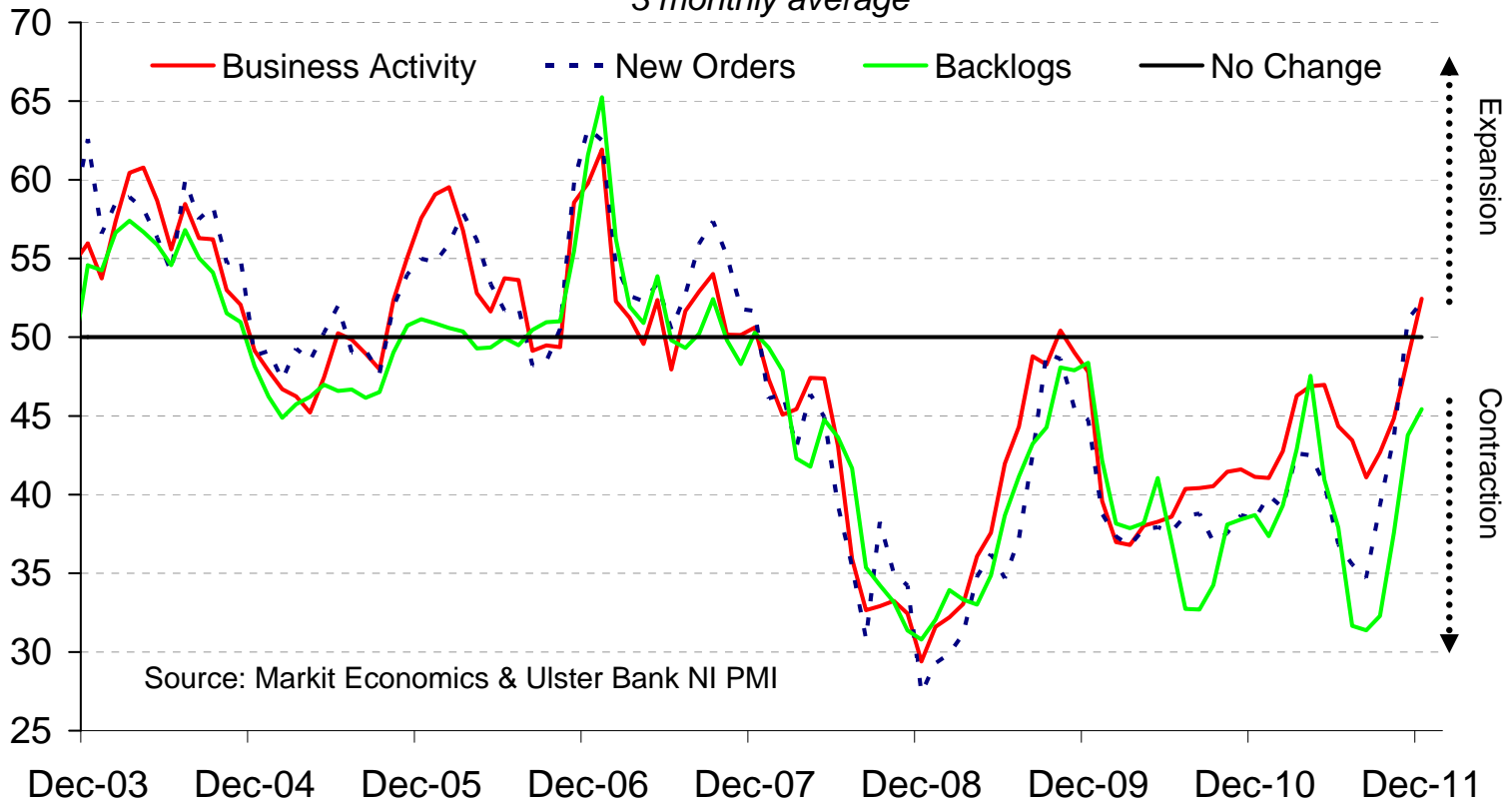
....with employment levels falling at a significant rate



A reversal in fortunes for the retail sector?

Northern Ireland Retail PMI

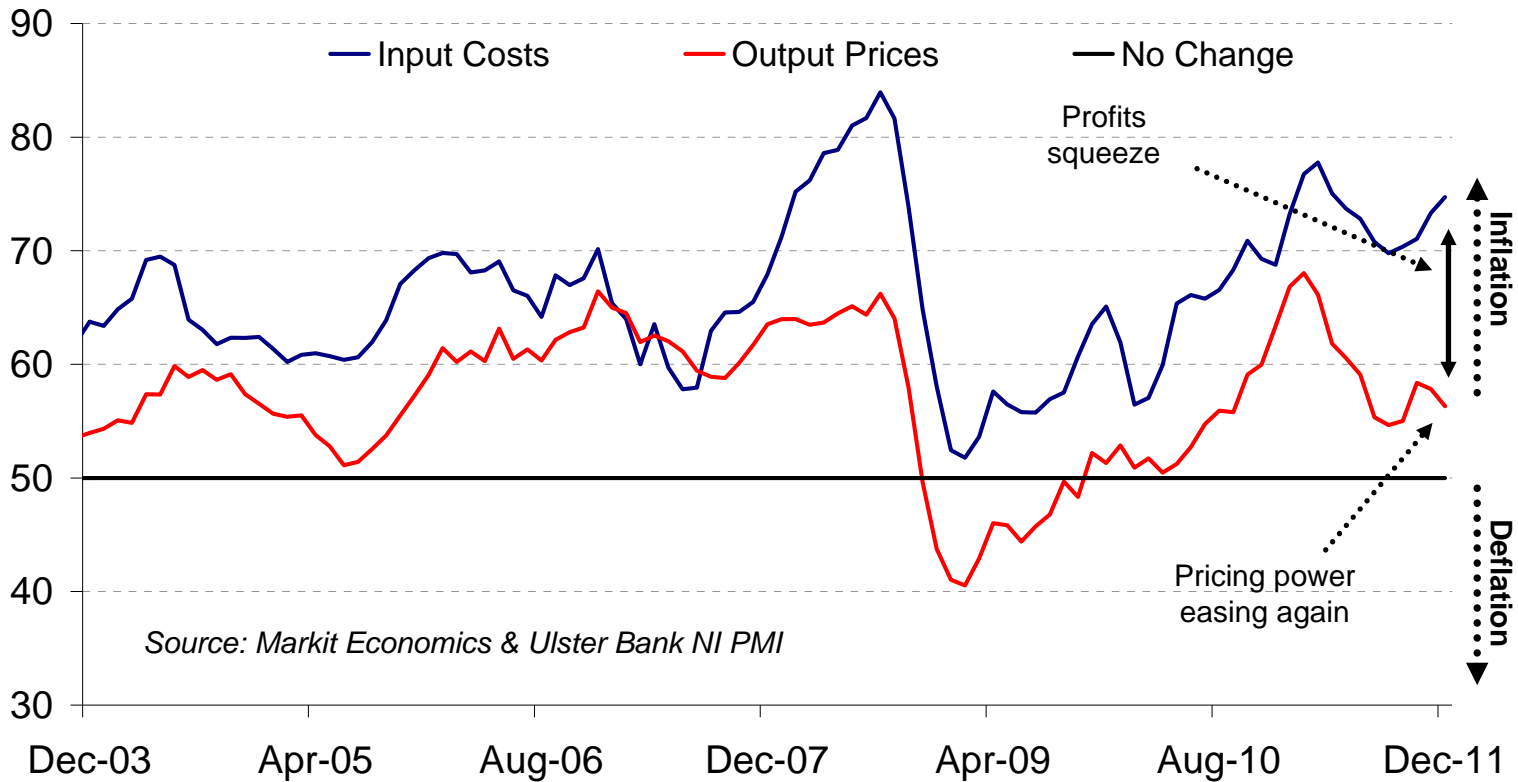
3 monthly average



But not as far as profit margins are concerned. Bumper sales does not equal bumper profits

NI Retail Input & Output Inflation

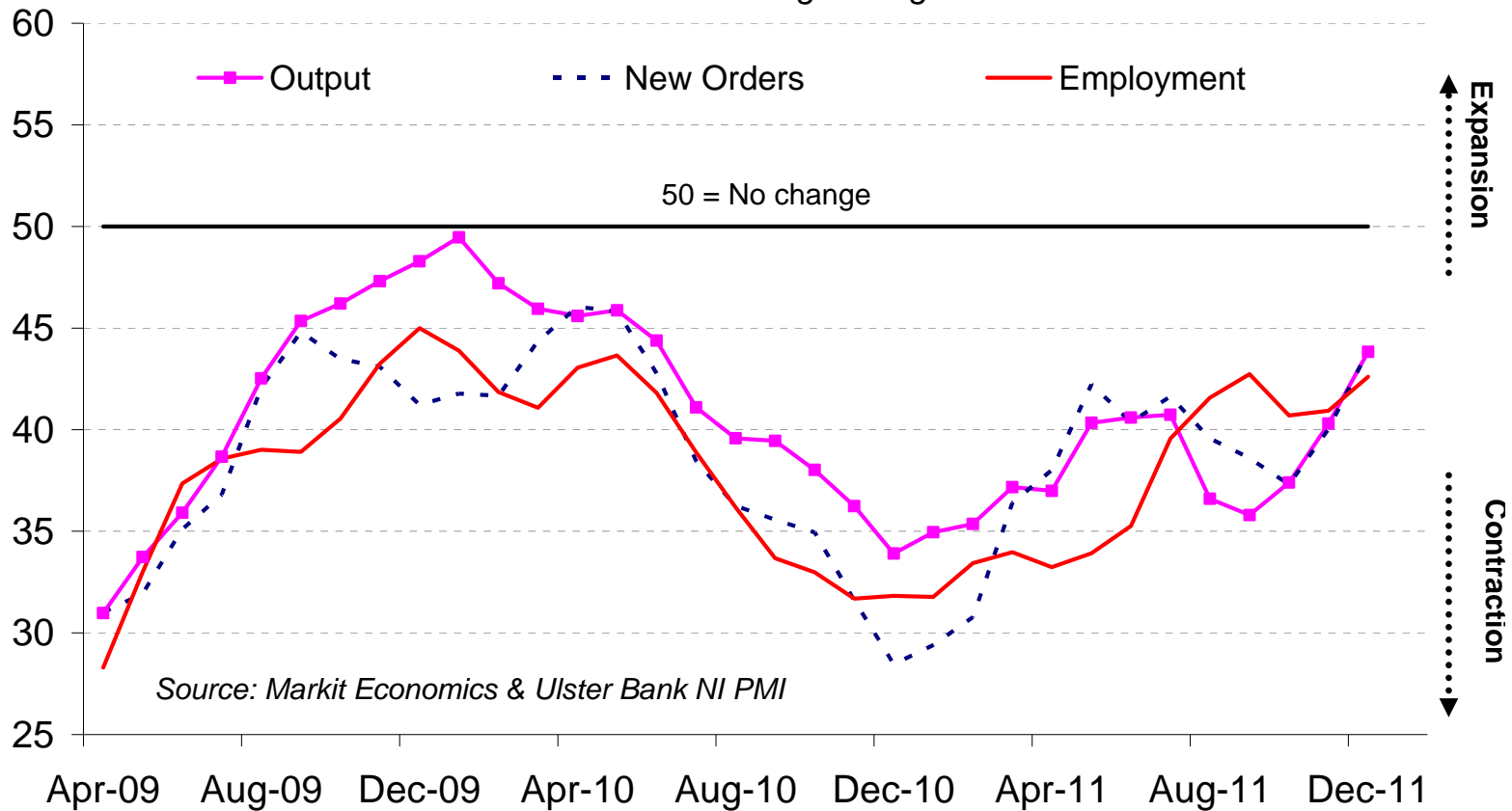
3 month moving average



NI construction sector continues to weaken

NI Construction PMI

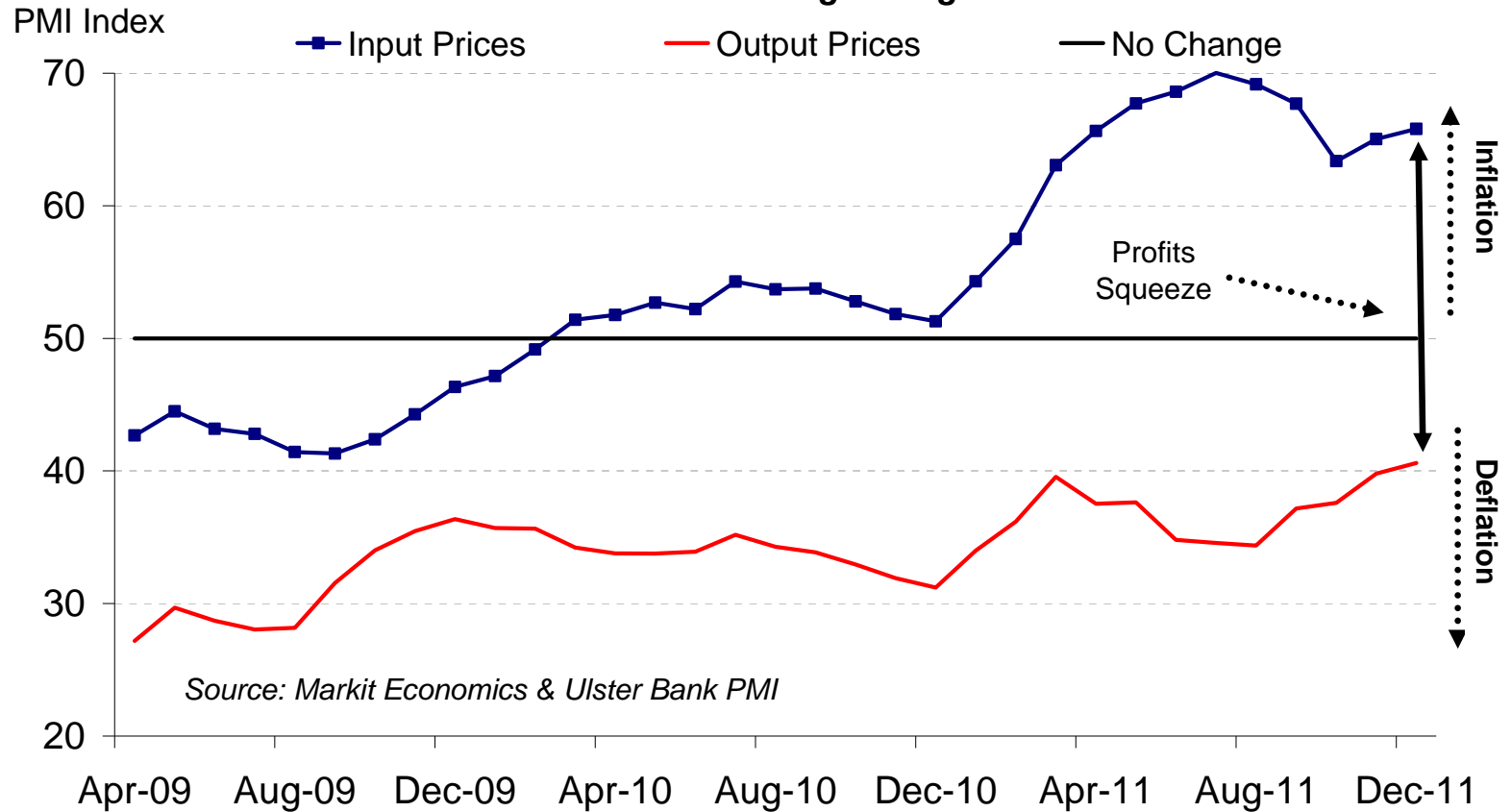
3 month moving average



.....with profits squeeze easing still severe

NI Construction Sector Profits Squeeze

3 month moving average

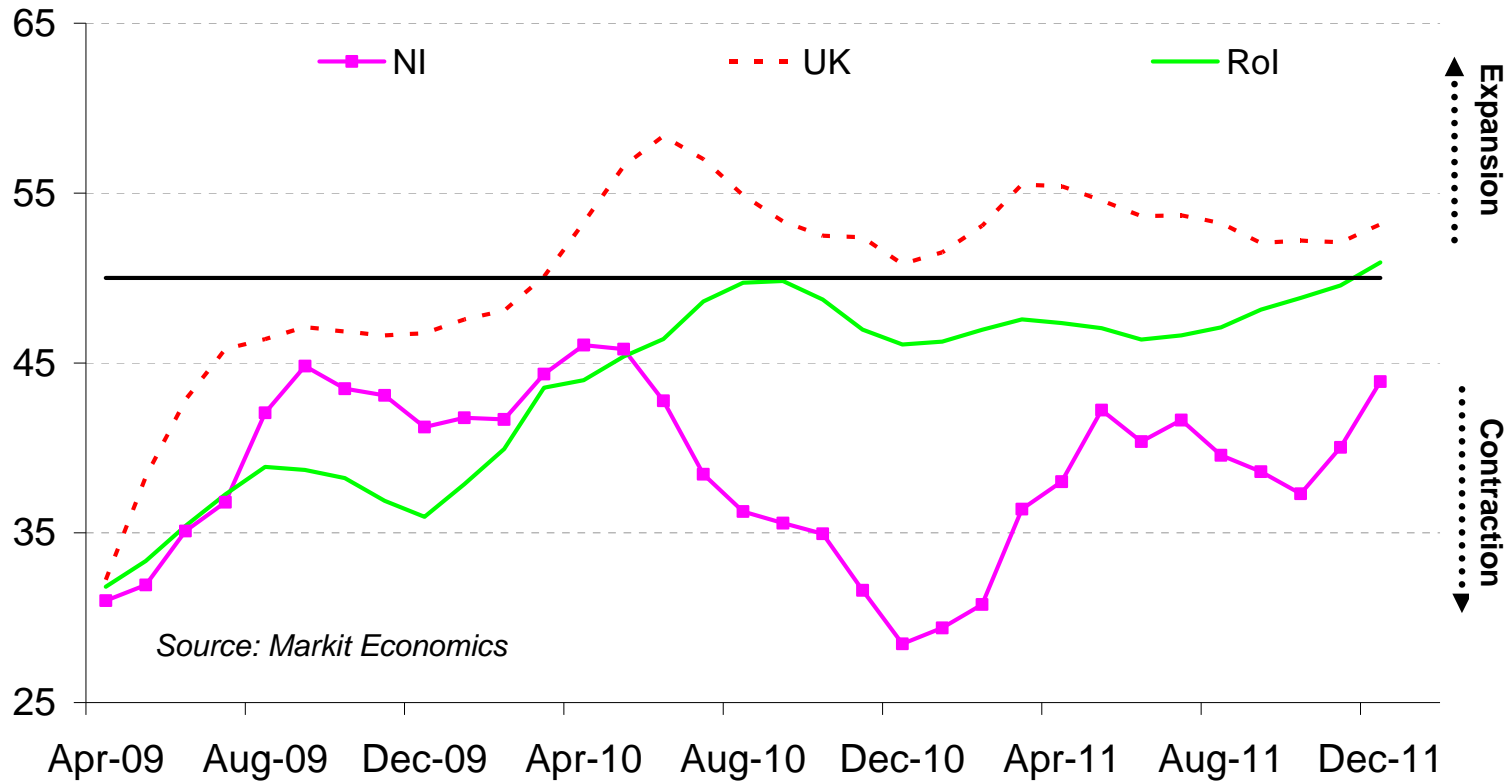


NI-UK divergence marked in terms of new orders

Construction Sector New Orders - PMI

3 month moving average

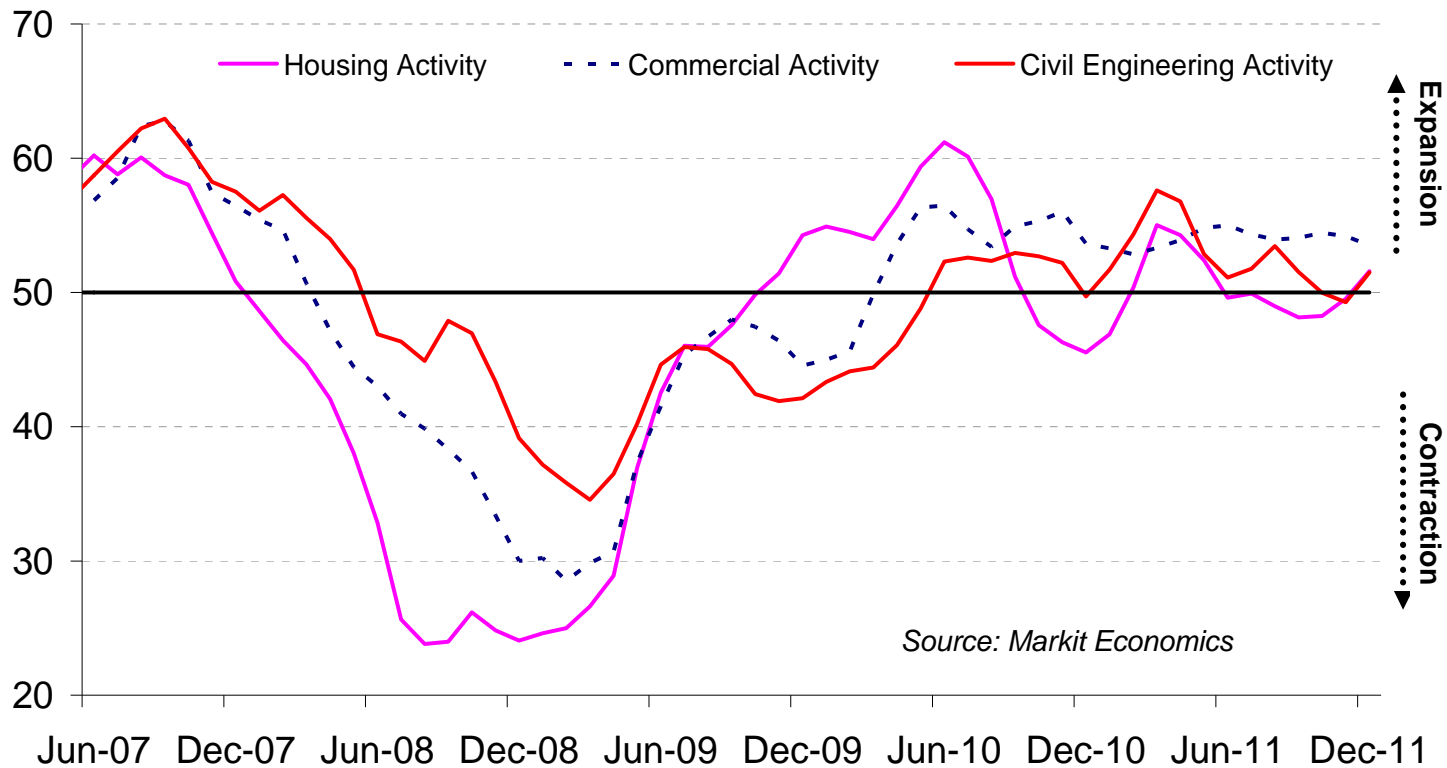
PMI Index



Continued growth in GB offers opportunities for NI firms

UK Construction Activity - PMIs

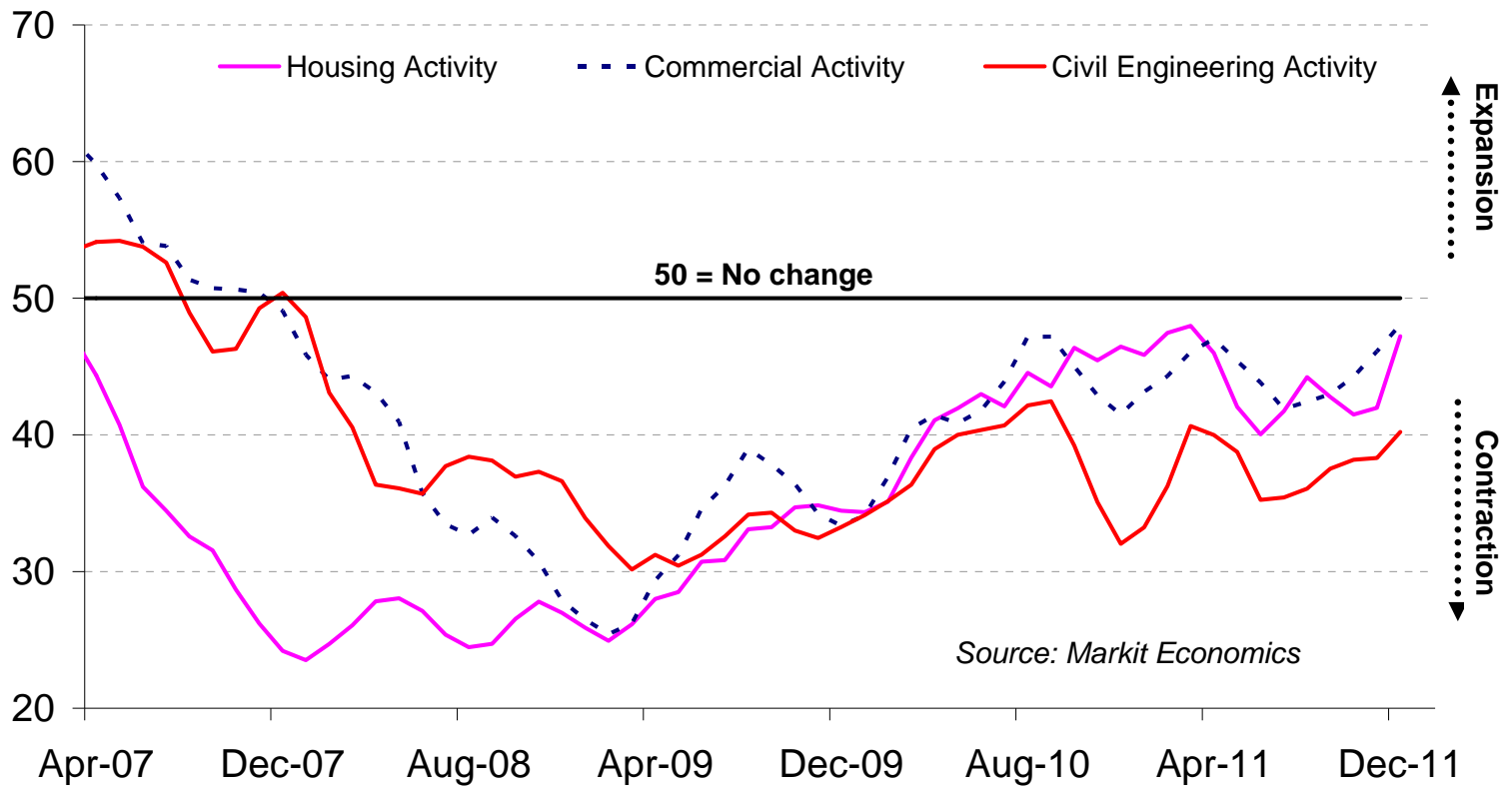
3 month moving average



.....particularly with continued weakness in the RoI

Republic of Ireland Construction Activity - PMI

3 month moving average



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