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# Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

*December 2012 Survey Update*

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***Richard Ramsey***

***Chief Economist Northern Ireland***

***[richard.ramsey@ulsterbankcm.com](mailto:richard.ramsey@ulsterbankcm.com)***

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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.*

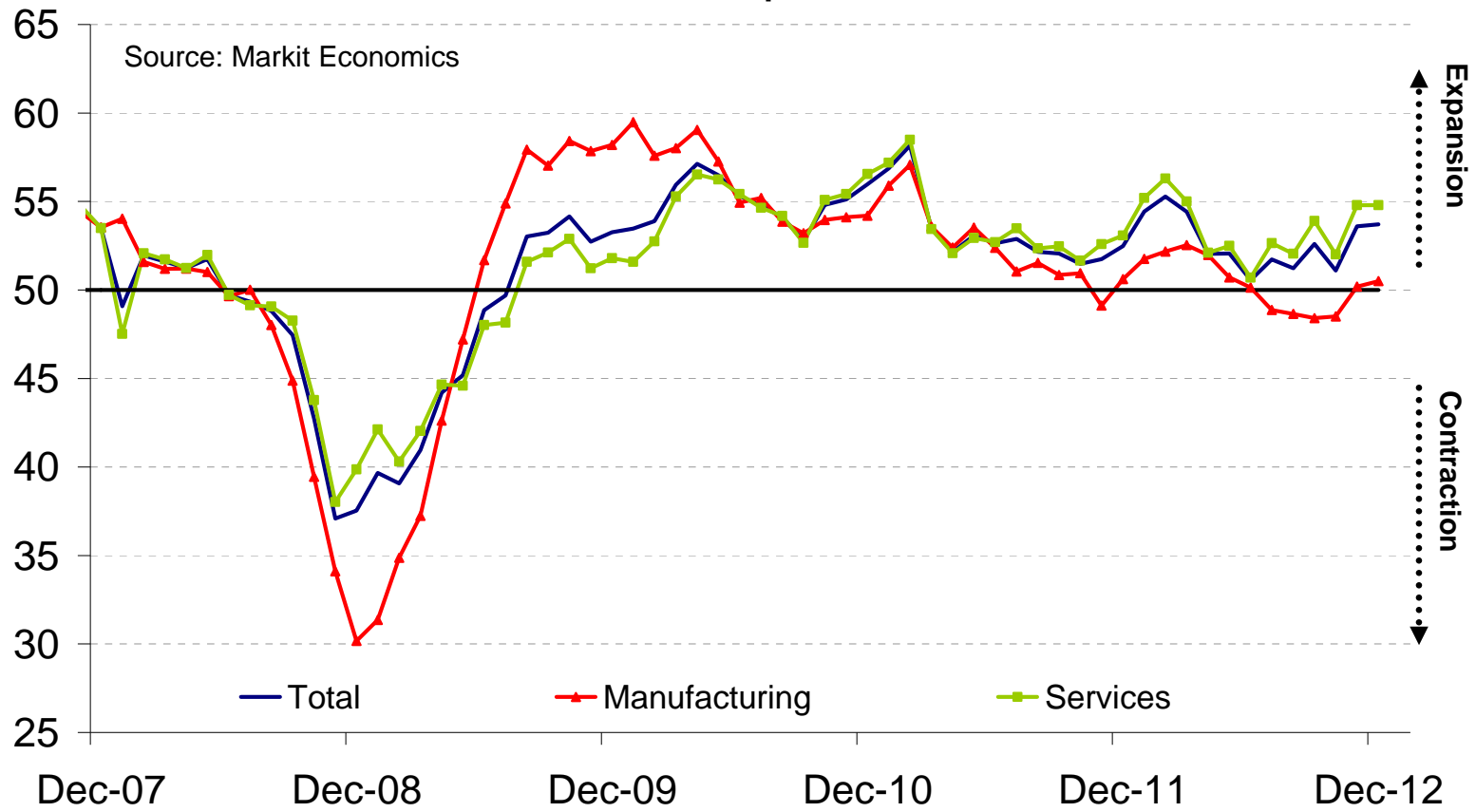
*Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

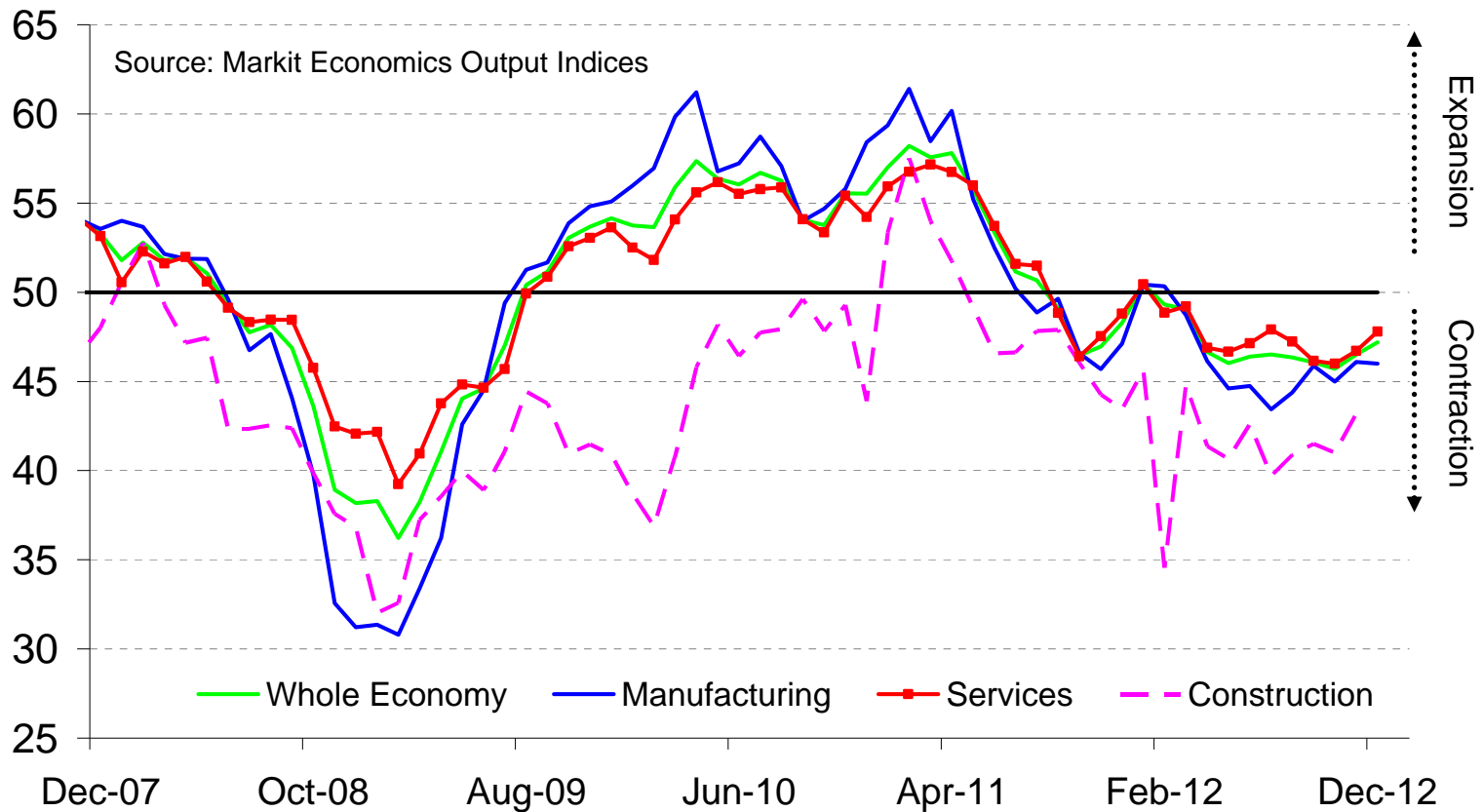
# Global output records its highest reading in 9 months with manufacturing posting its 2<sup>nd</sup> successive month of growth

## Global Output - PMI



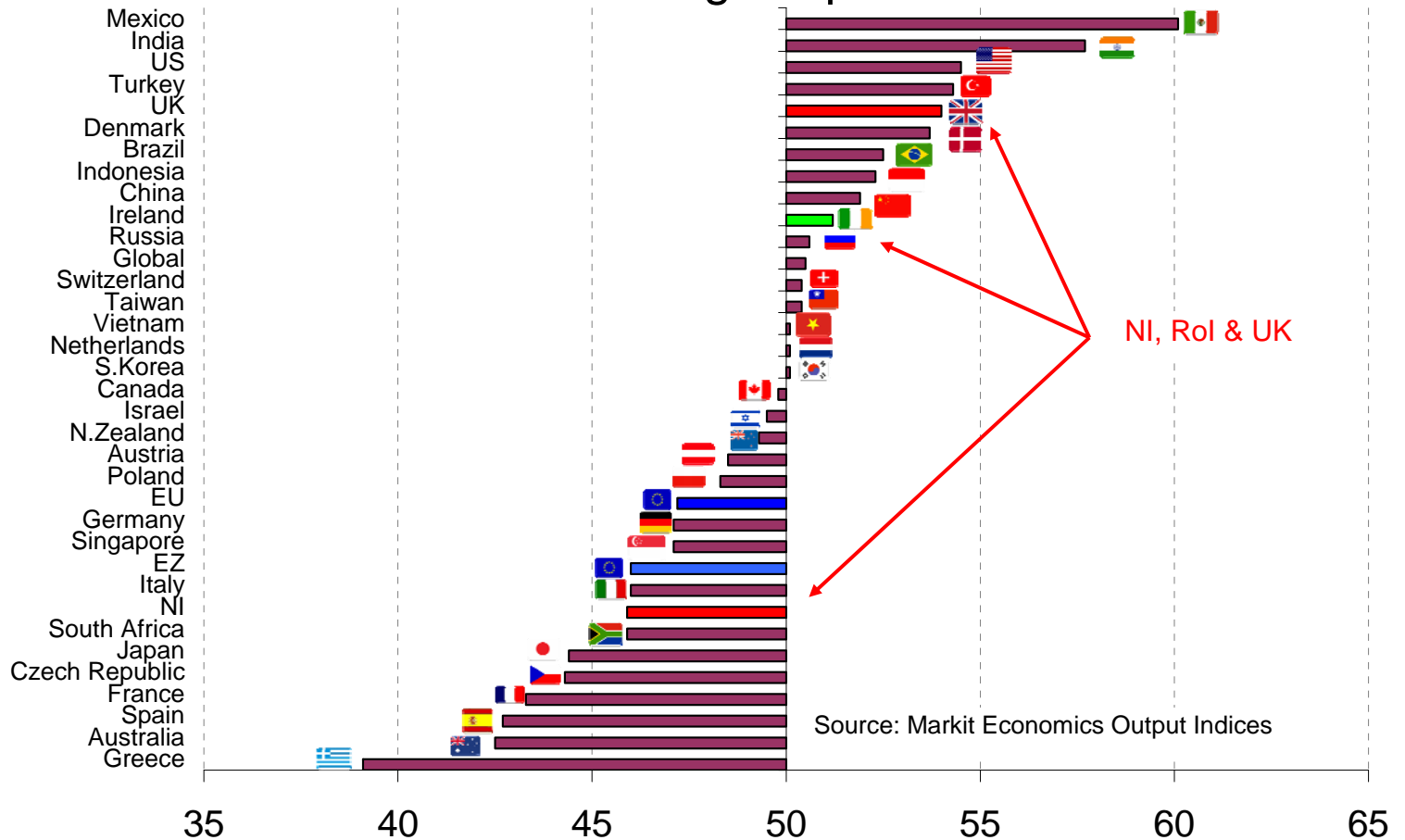
# All sectors within the Eurozone are still contracting

## Eurozone PMIs: Output



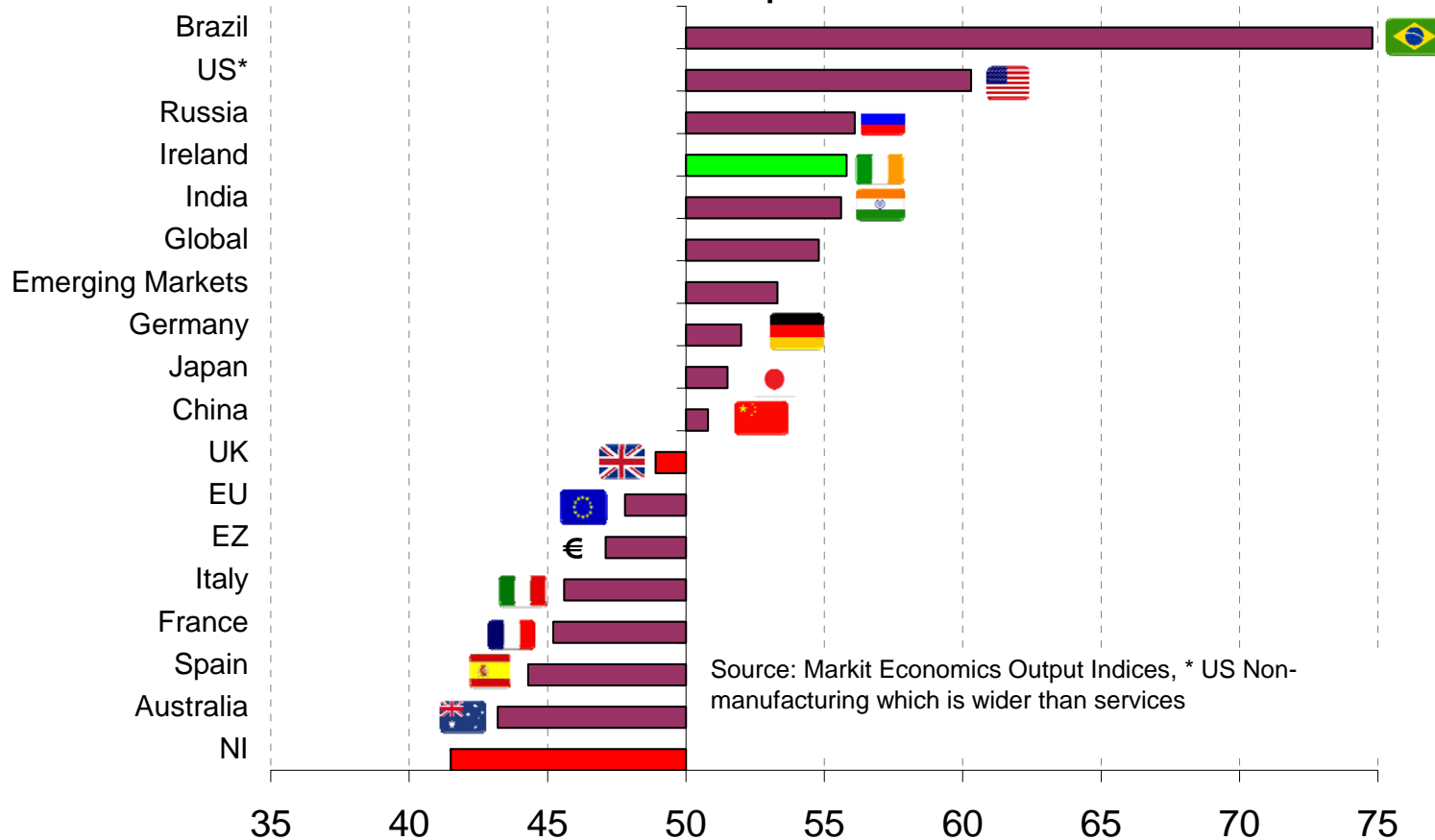
Greece, Australia & Spain post steepest falls in manufacturing output. Mexico & India post strongest gains

PMIs: Manufacturing Output December 2012



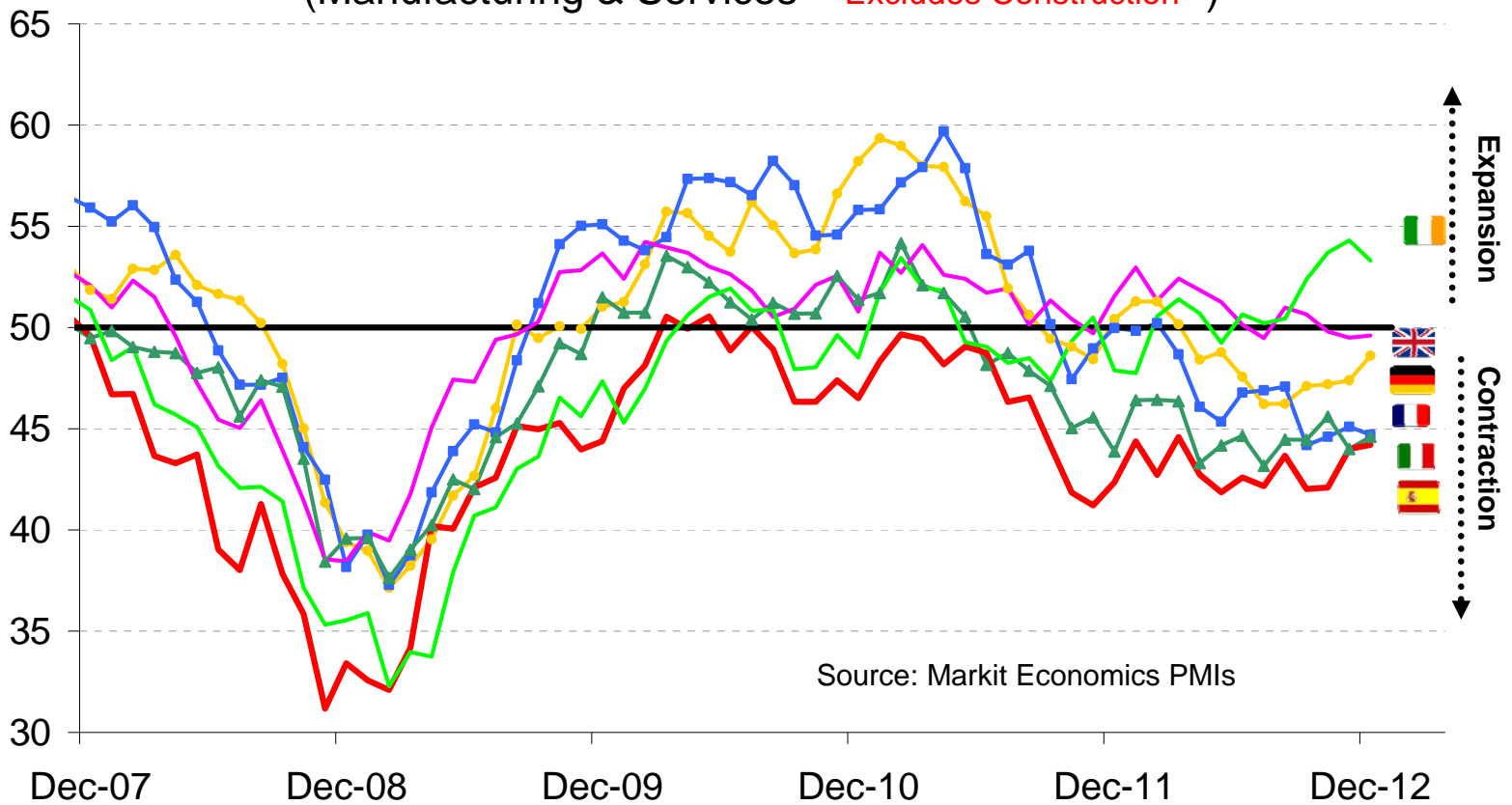
# Services output expanding for BRICs, US, Germany, Japan & Ireland. EZ, UK, NI & Australia all posting contractions

## PMIs: Services Output December 2012



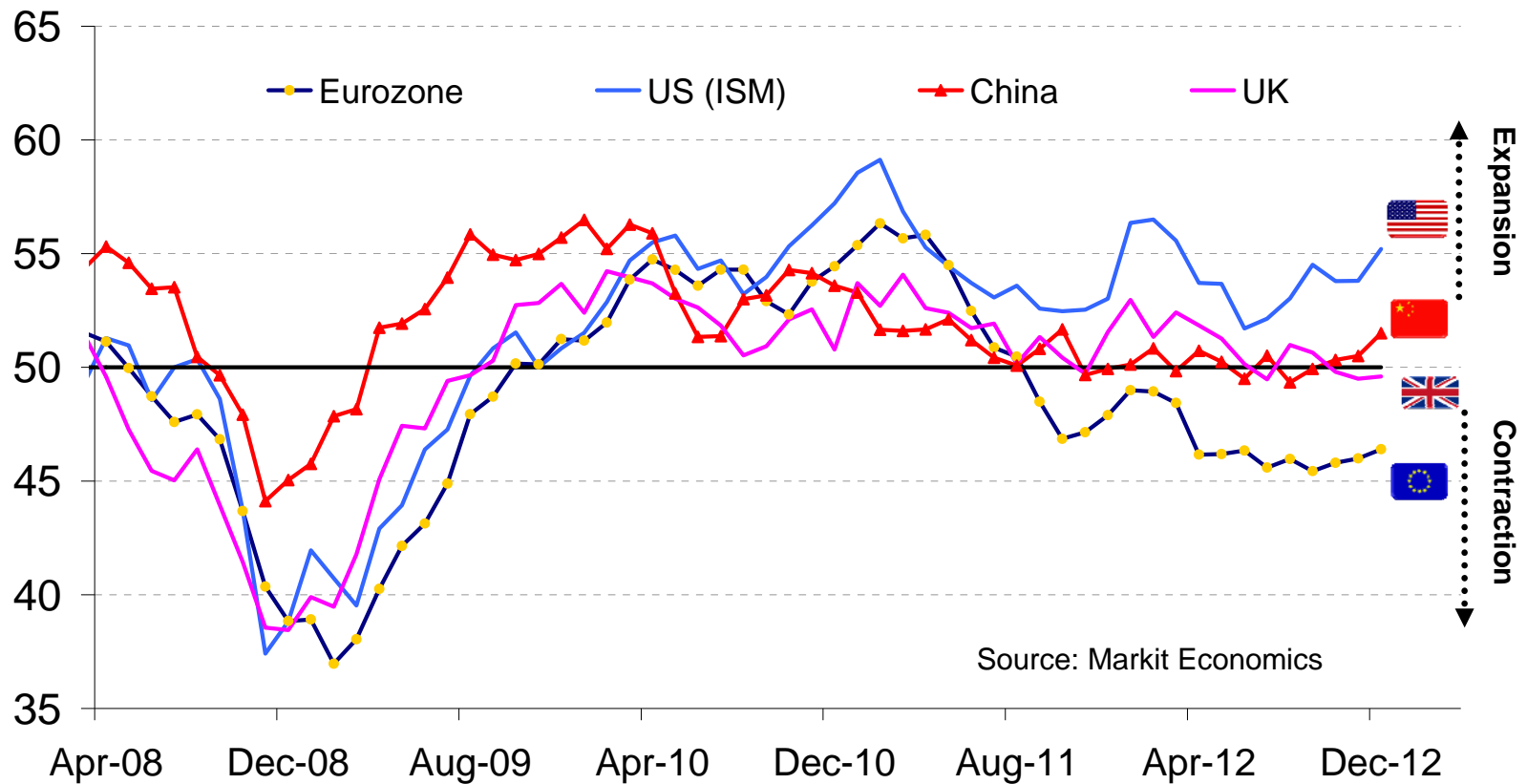
# Republic of Ireland & the UK still outperforming their European competitors in December

## Composite PMIs (Manufacturing & Services \*\* Excludes Construction\*\*)



# US remains the best performer relative to China, UK & EZ

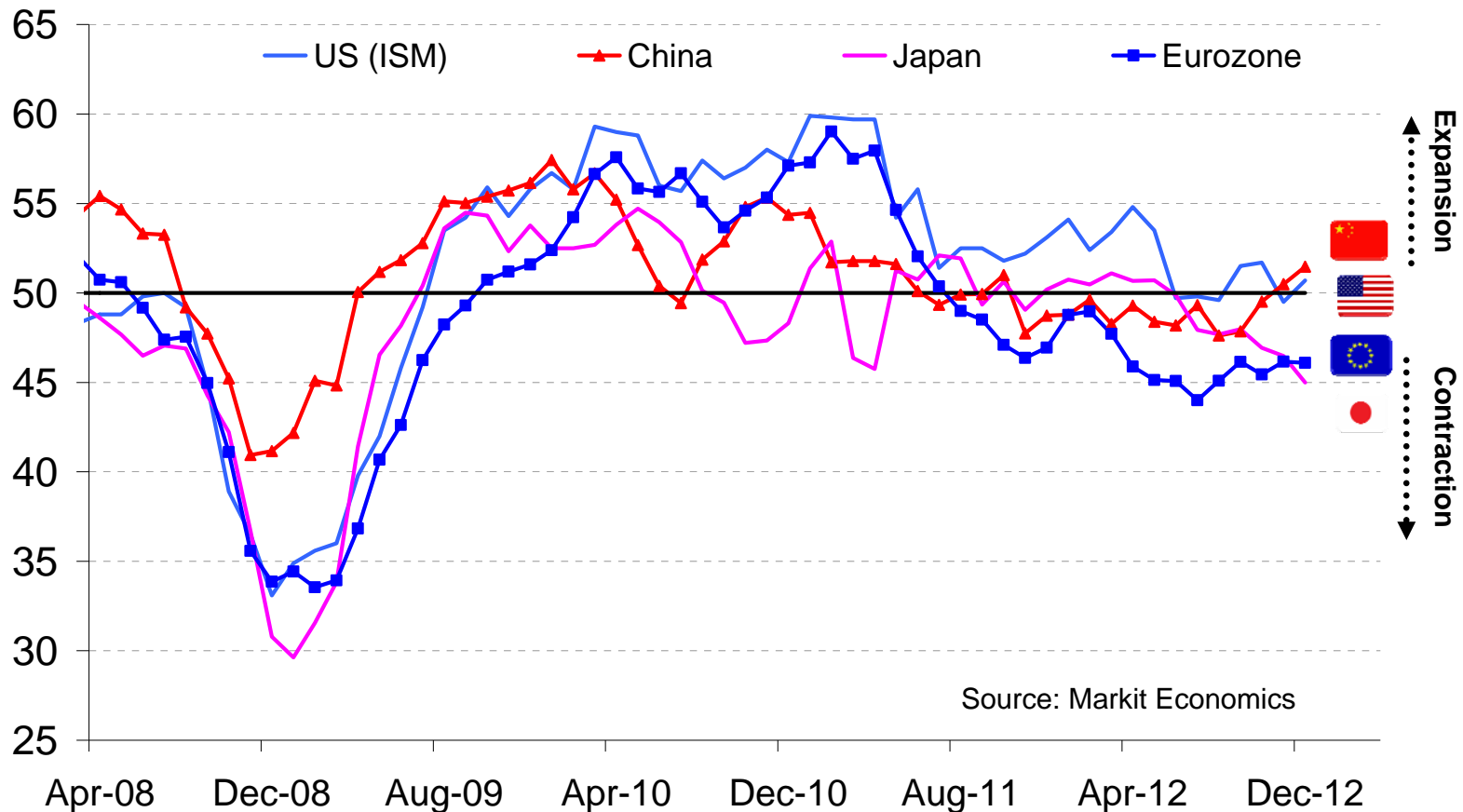
## Composite PMIs (Manufacturing & Services \*\* Excludes Construction\*\*)





... but Chinese manufacturing is expanding at a faster rate than the US

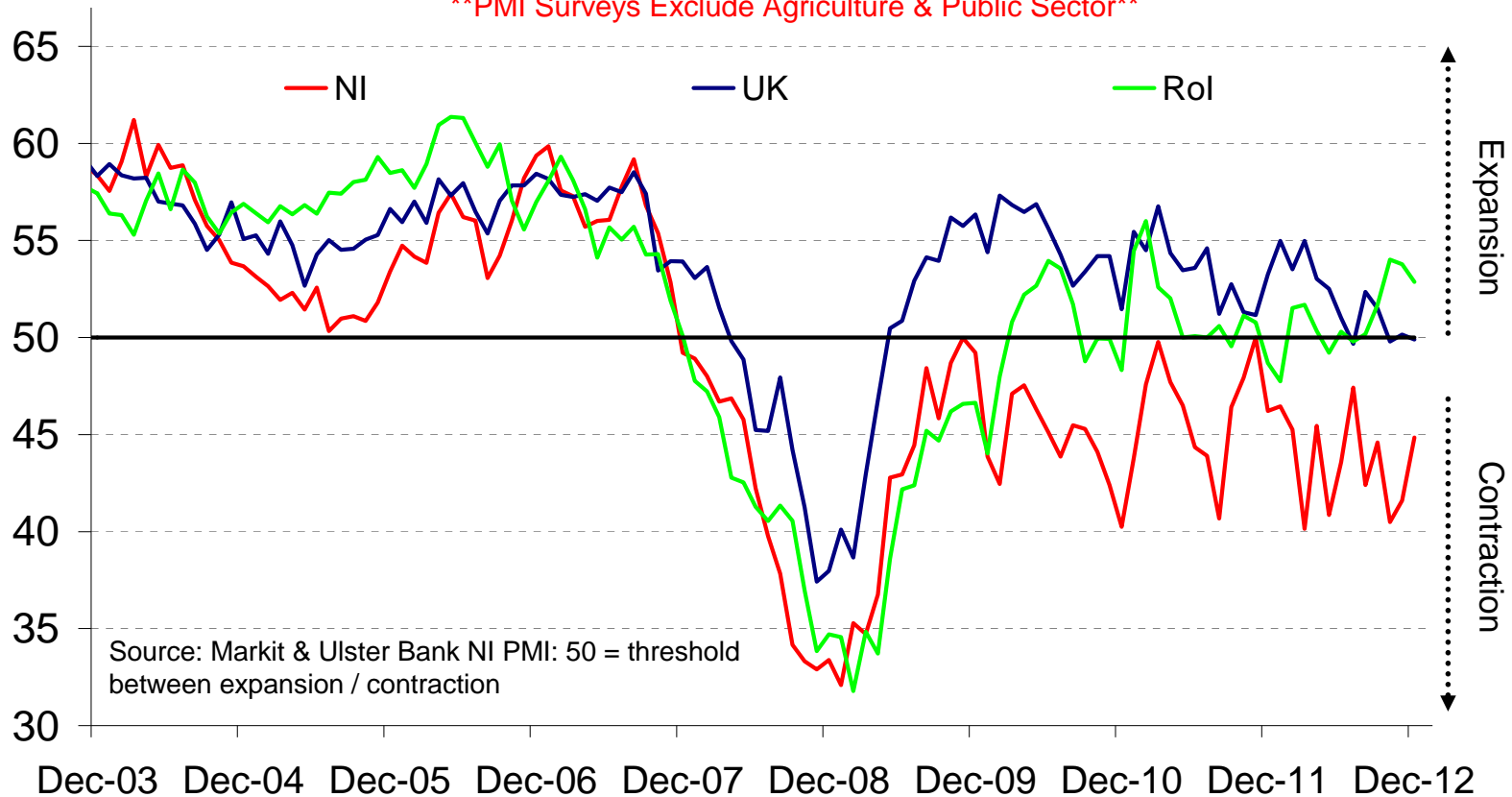
### Manufacturing PMIs



# UK just below expansion threshold whilst the rate of contraction remains steep for Northern Ireland

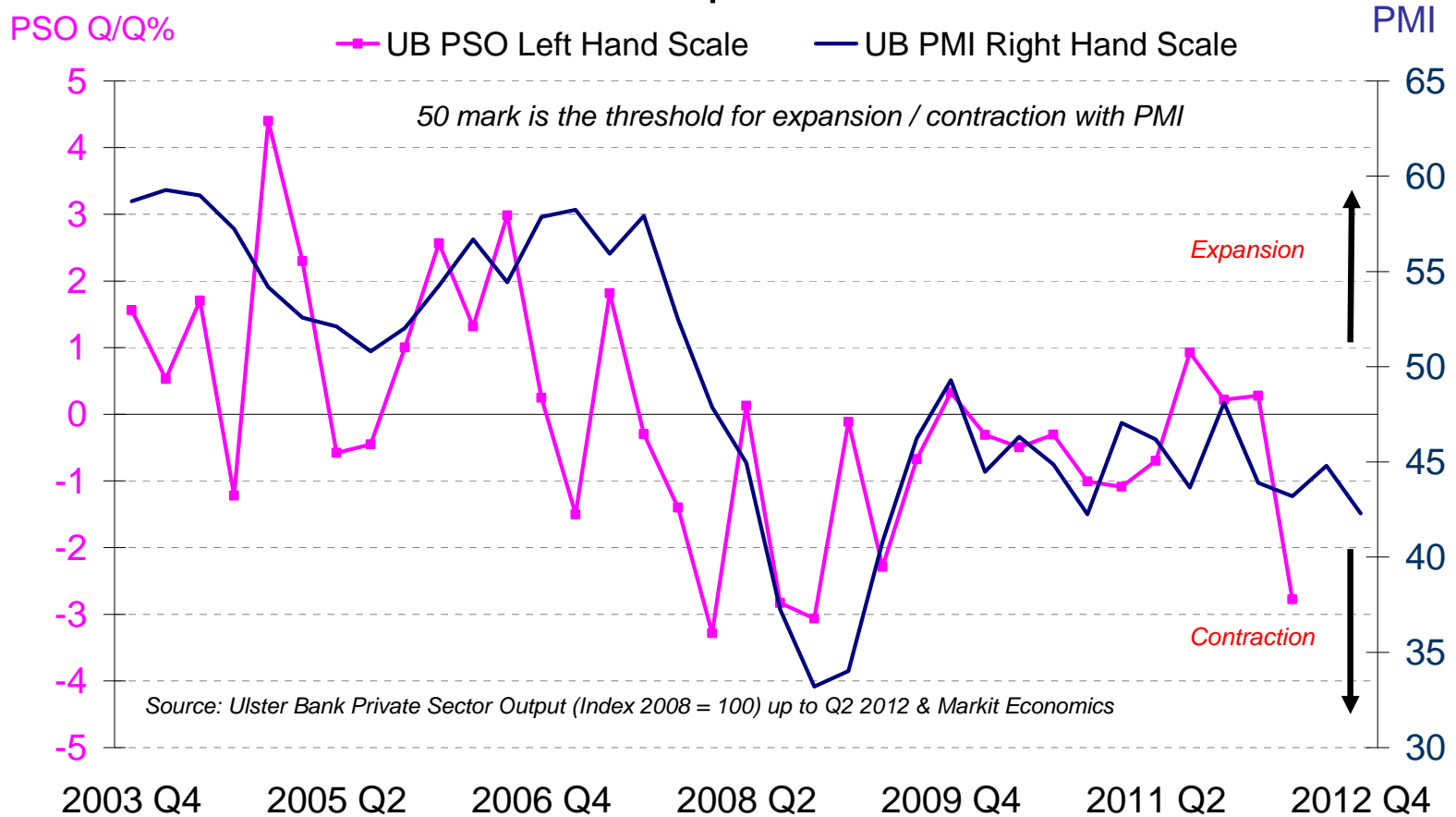
## Private Sector Business Activity - PMIs

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



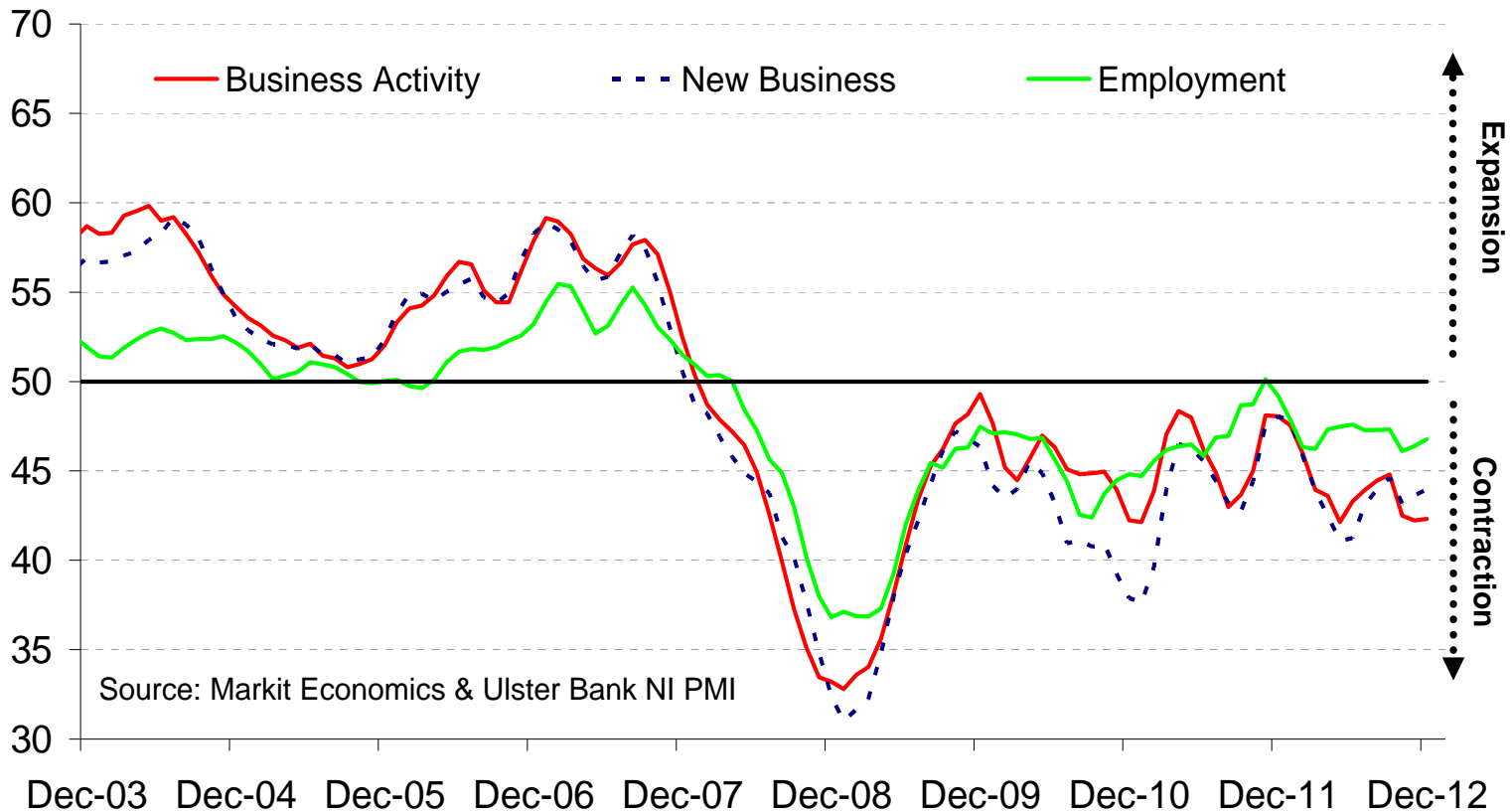
PMI suggests further falls in private sector composite index (combines DFP indices for construction, services and industrial production) in Q3 & Q4 2012

## NI Private Sector Output Index Versus NI PMI



# NI output, new orders and employment all contracting over the last 3 months

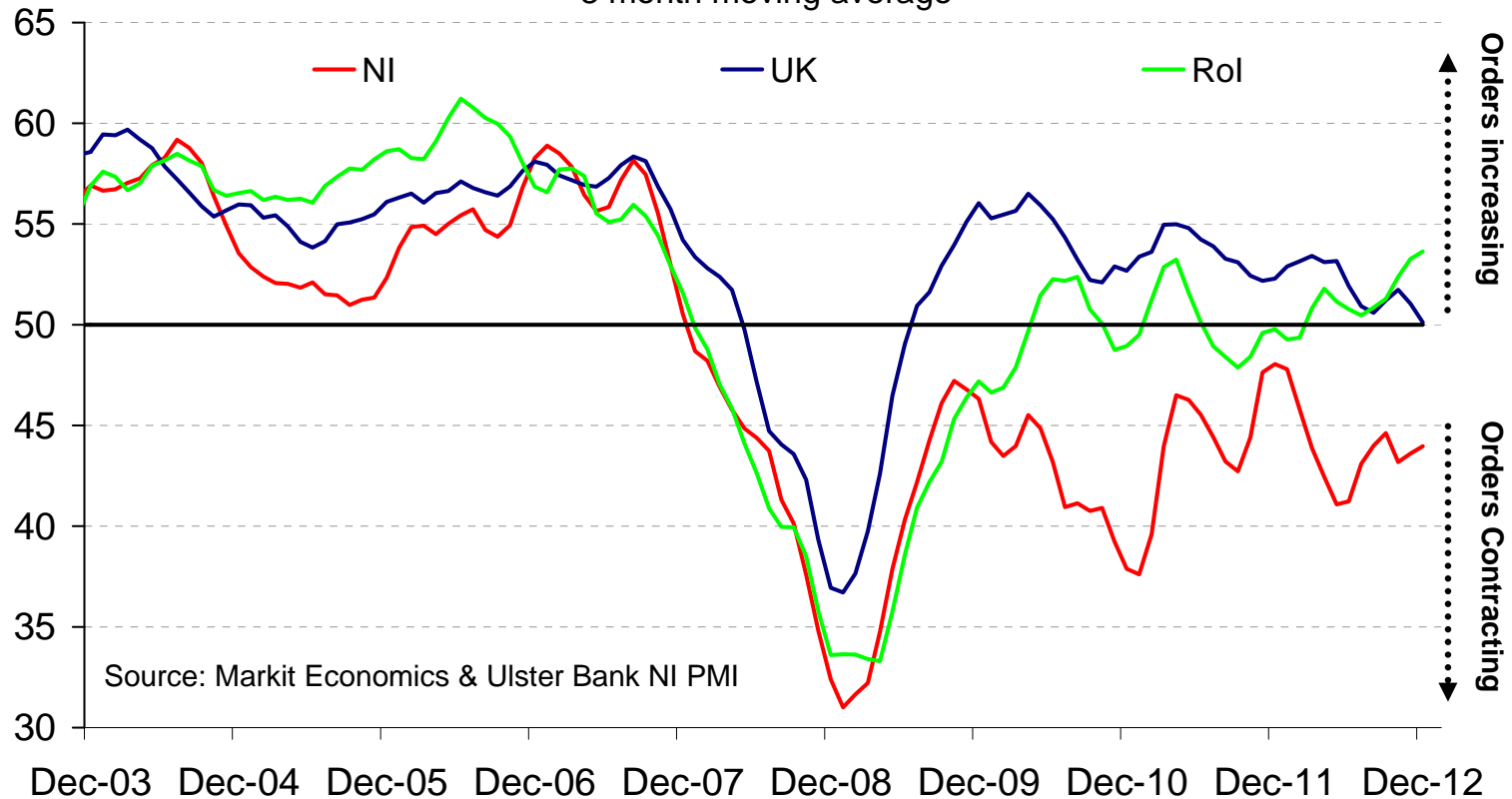
## NI Private Sector Activity 3 month moving average



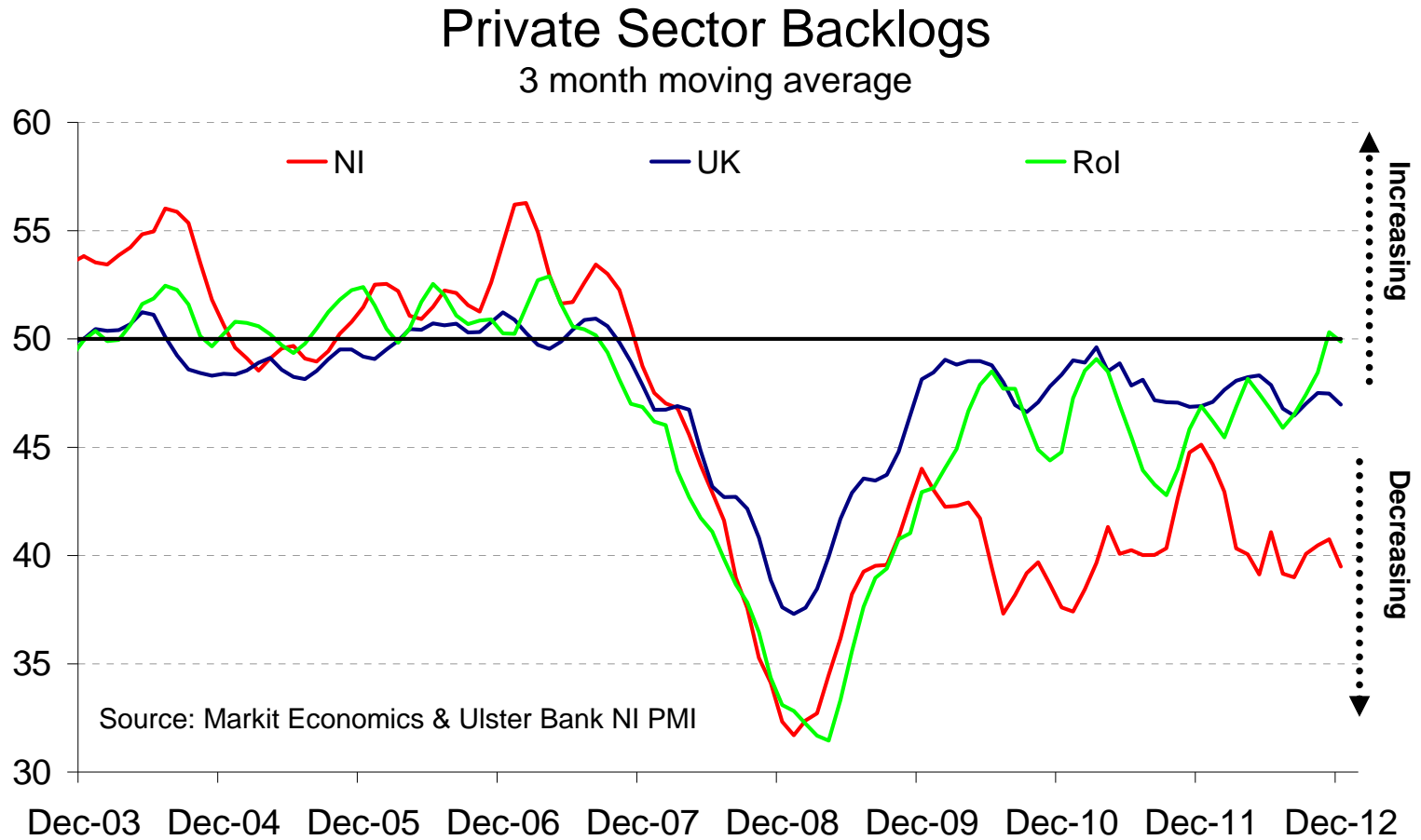
# Pace of contraction in NI new orders remains steep with UK flat

## Private Sector New Orders

3 month moving average

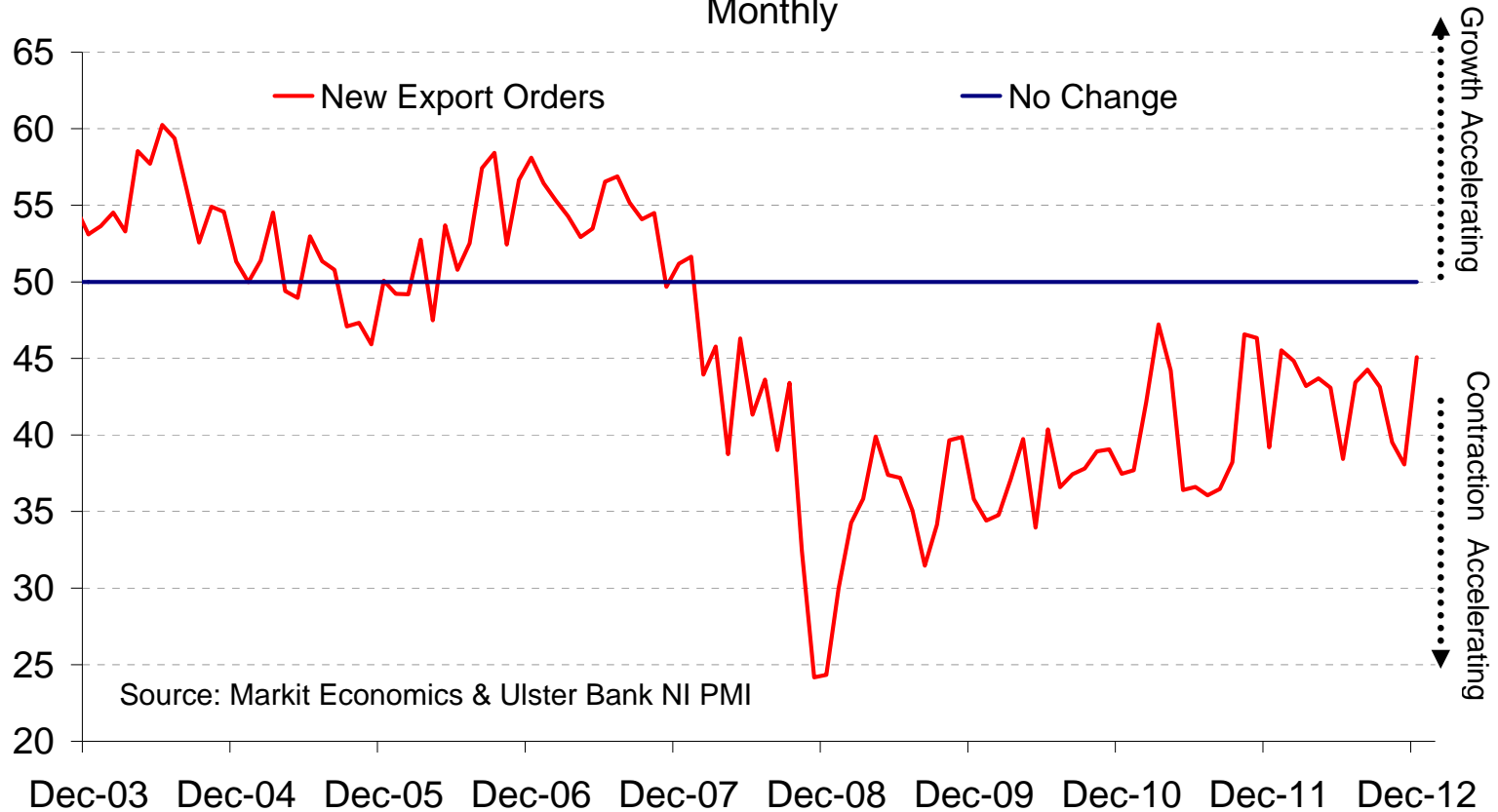


# NI's levels of work outstanding still falling at a rapid rate

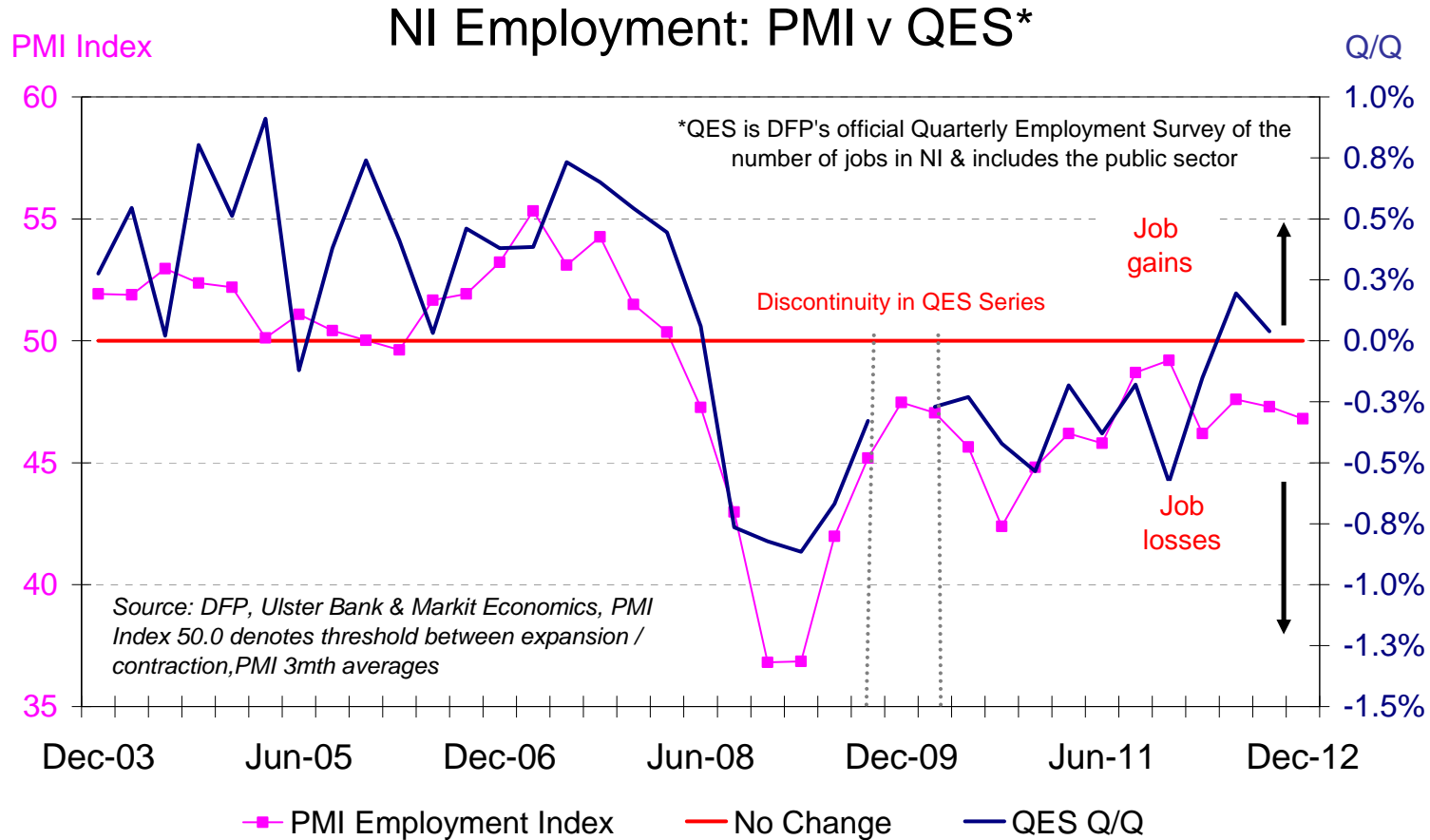


# Export orders have been falling since February 2008

## NI New Export Business Monthly



# PMI underestimated job gains in Q2 & Q3 (relative to official Quarterly Employment Survey – QES) further job losses signalled in Q4 2012

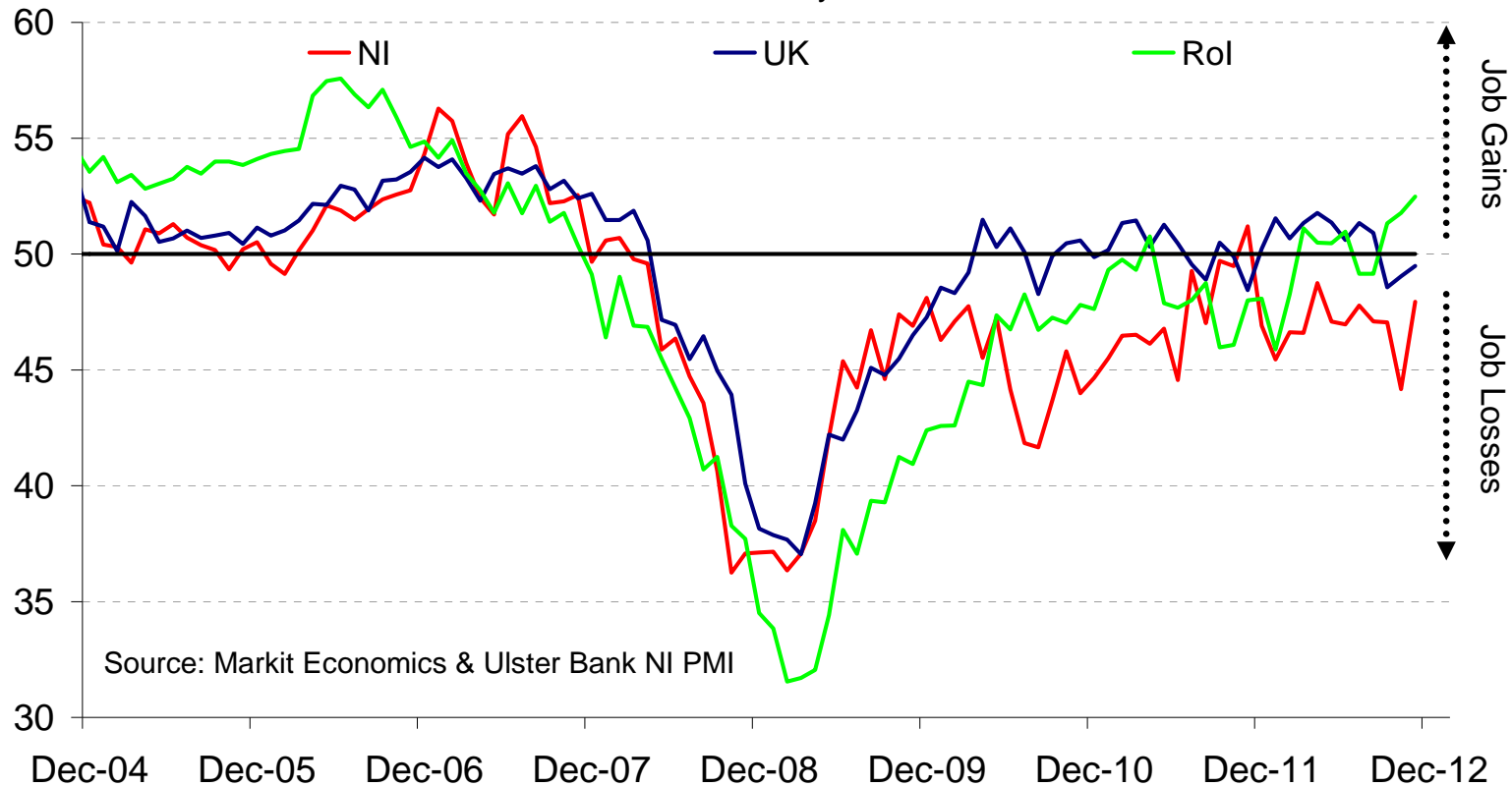




# Northern Ireland's rate of decline in employment levels eases sharply in December while the RoI posts jobs growth

## Private Sector Employment Levels

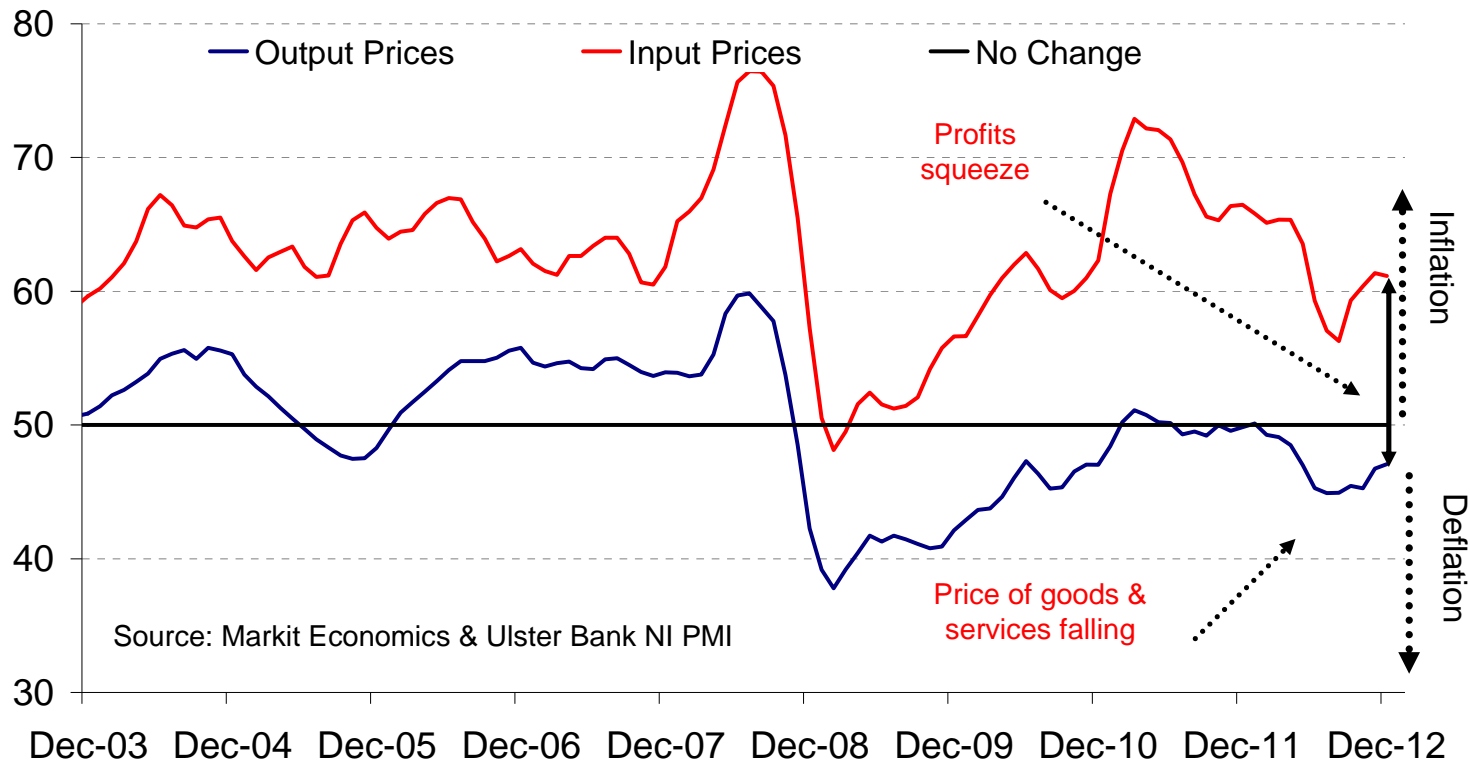
Monthly



# Input cost inflation remains a problem with output prices and charges still falling

## NI Private Sector Profit Squeeze

3 Month Moving Average

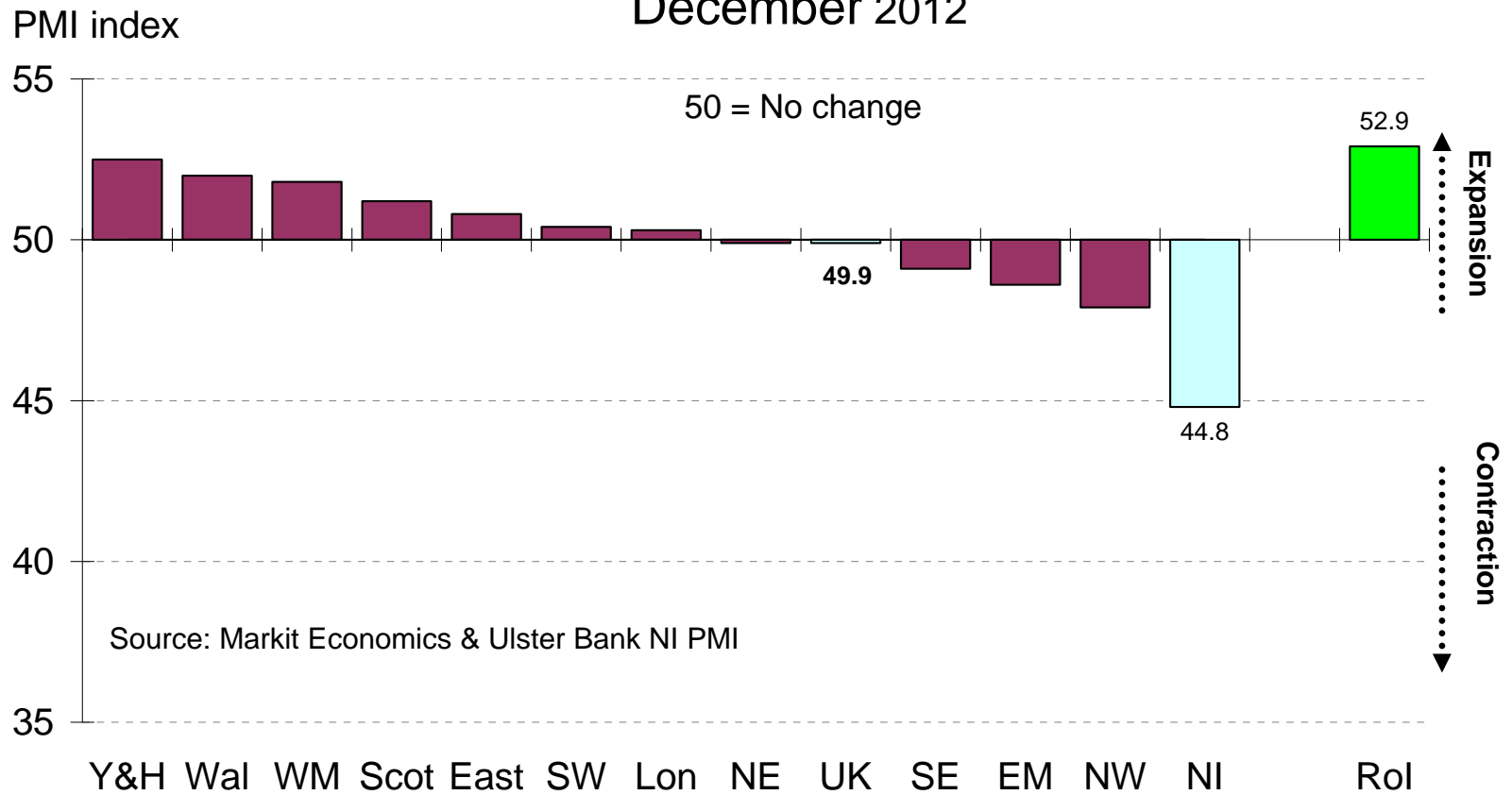


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*Regional  
Comparisons*

# 4 UK regions post a contraction in December with Northern Ireland posting the steepest decline...

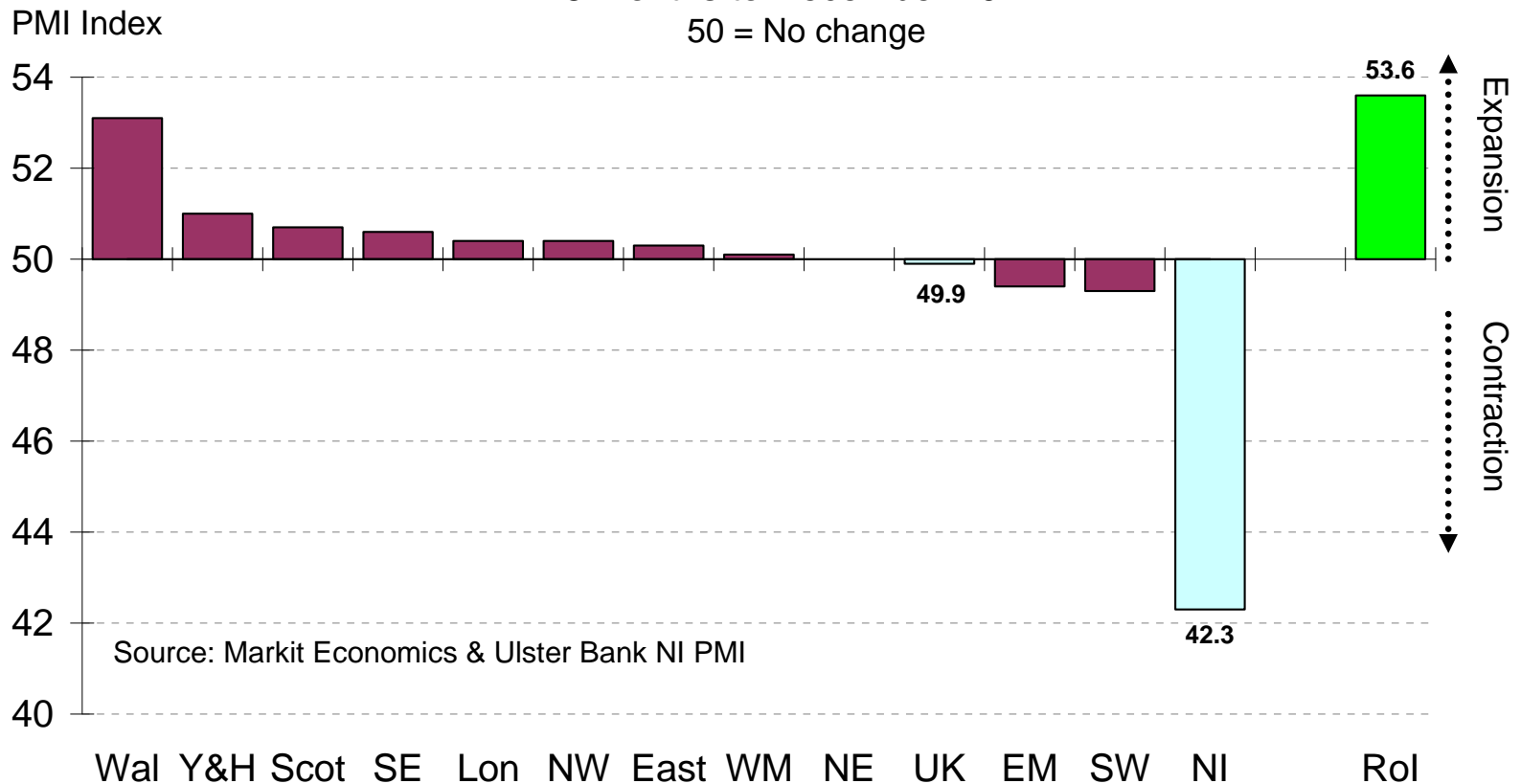
## Output / Business Activity December 2012



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

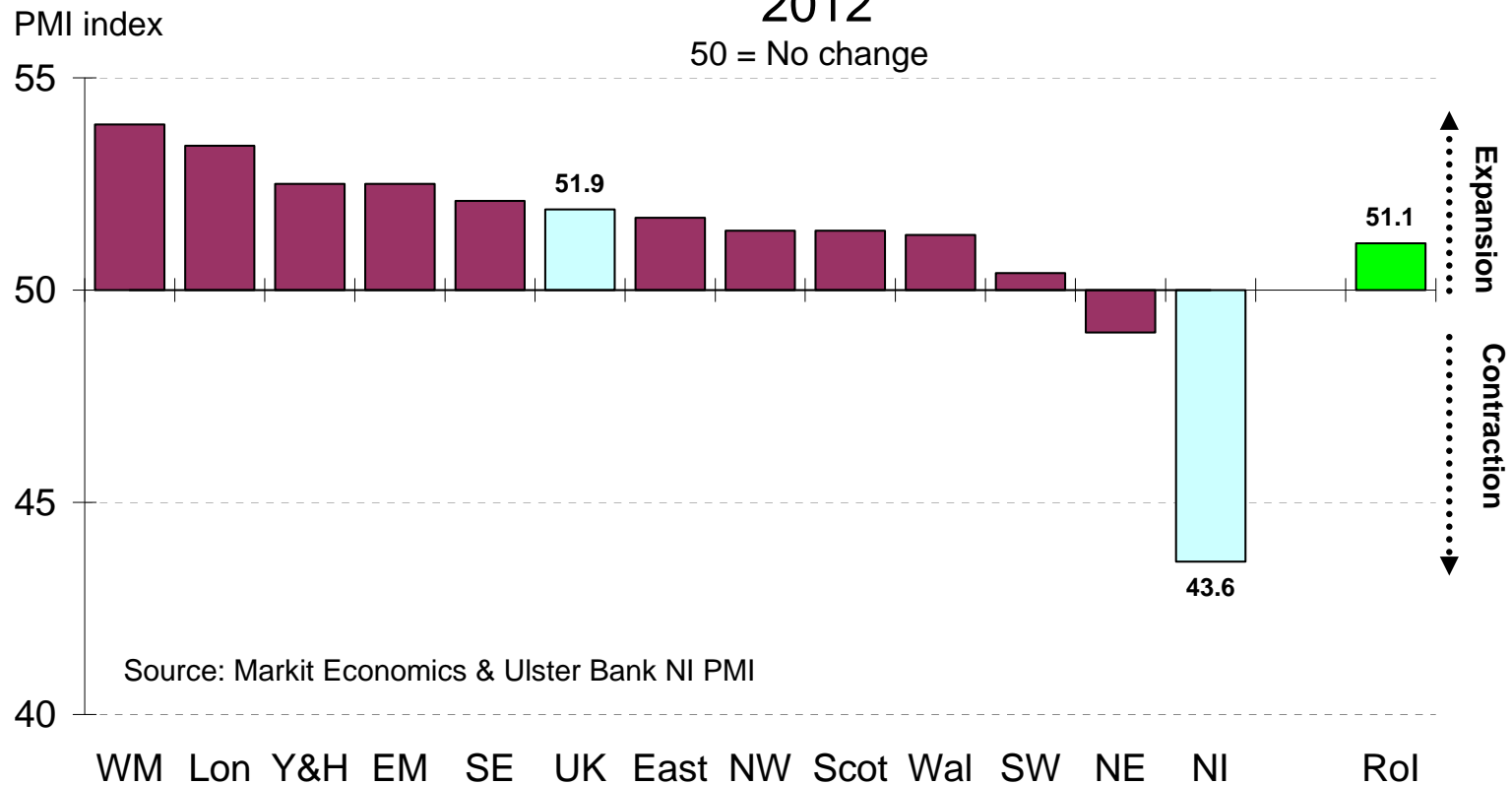
## Output / Business Activity

3 months to December 2012  
50 = No change



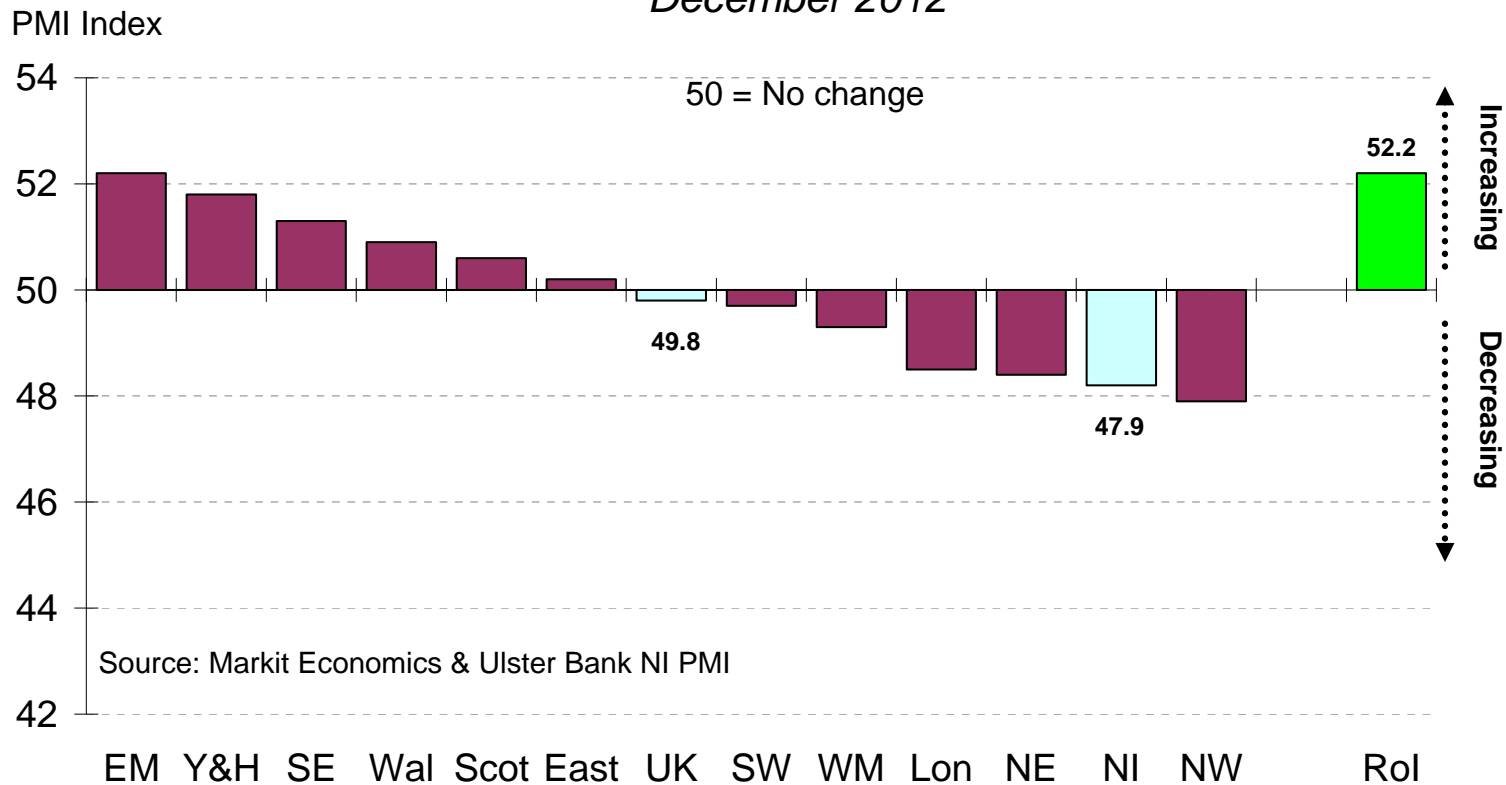
.....and over the last 12 months

## Output / Business Activity 2012

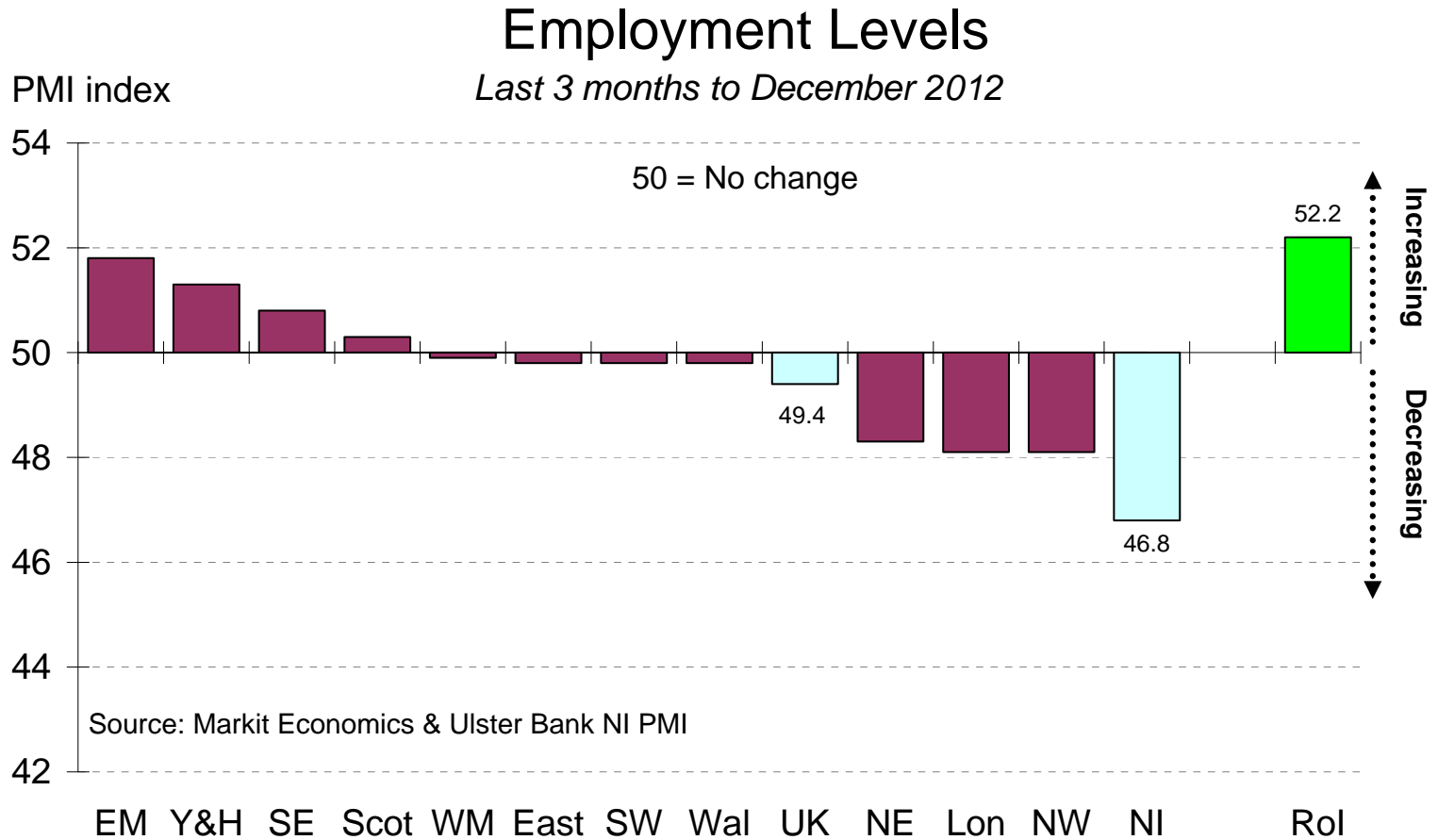


# After the North West, Northern Ireland posts the steepest decline in employment over the last month ...

## Employment Levels December 2012



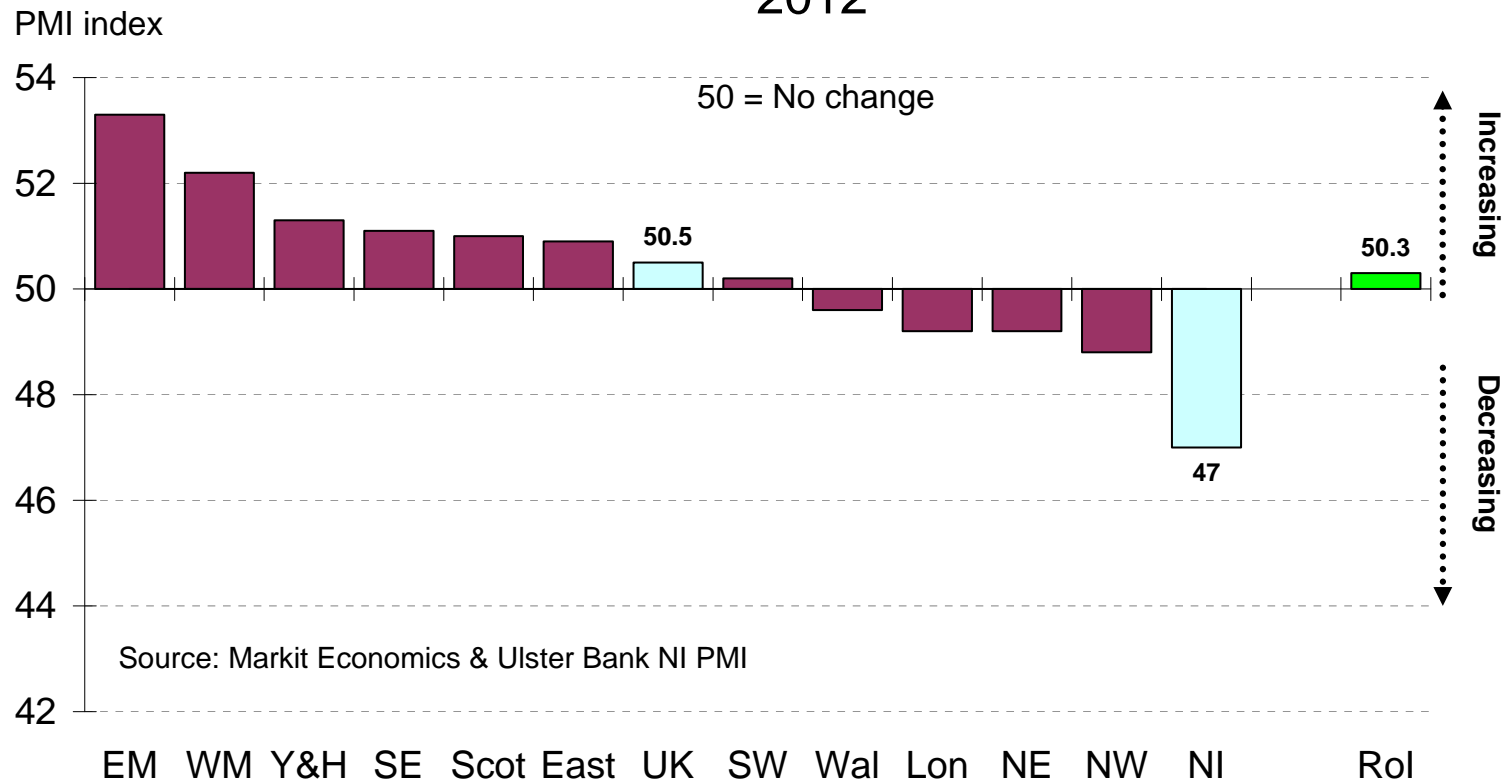
...and steepest decline over the last 3 months...





# ...and over the last 12 months

## Employment Levels 2012

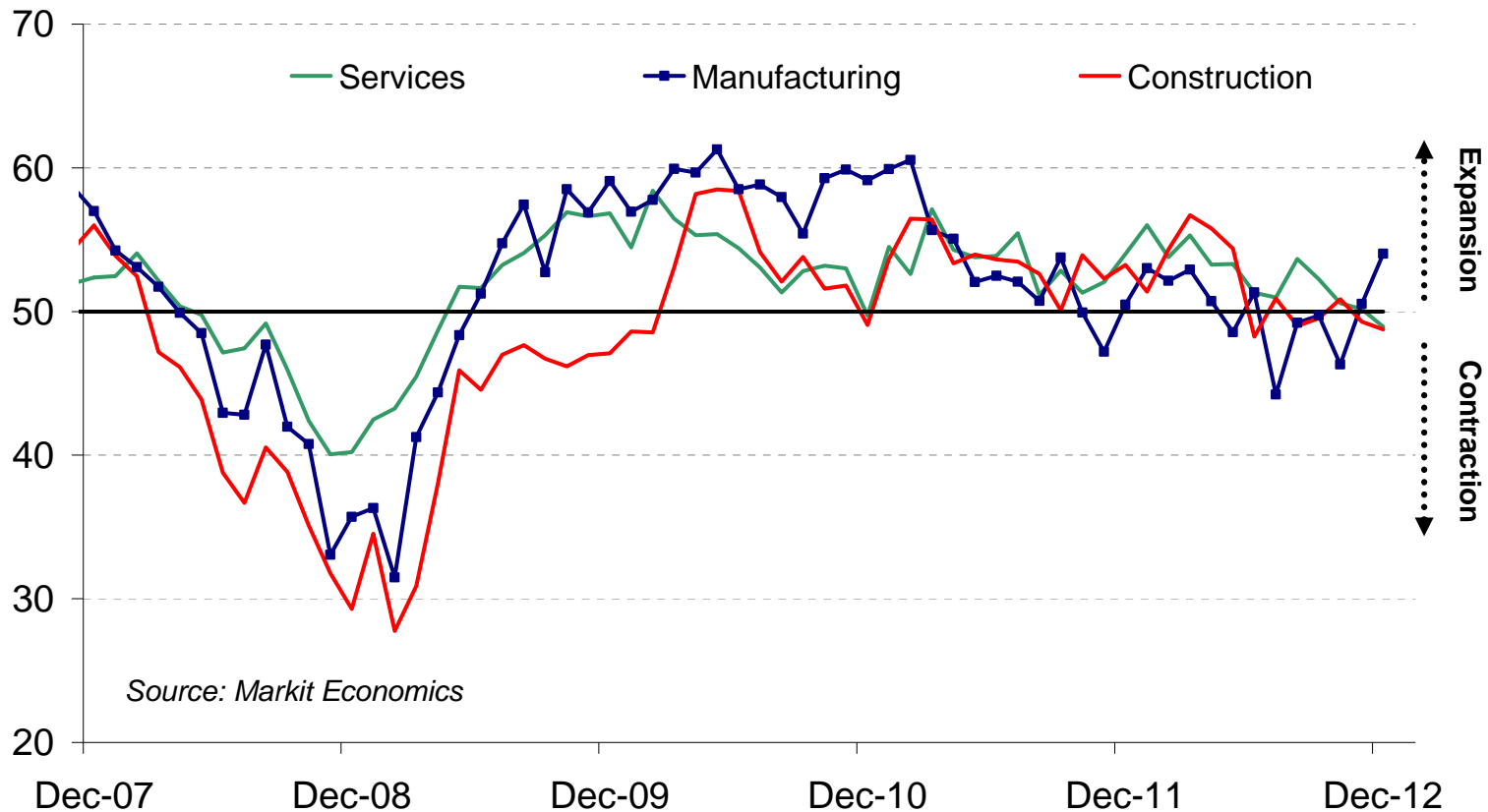


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*Sectoral  
Comparisons*

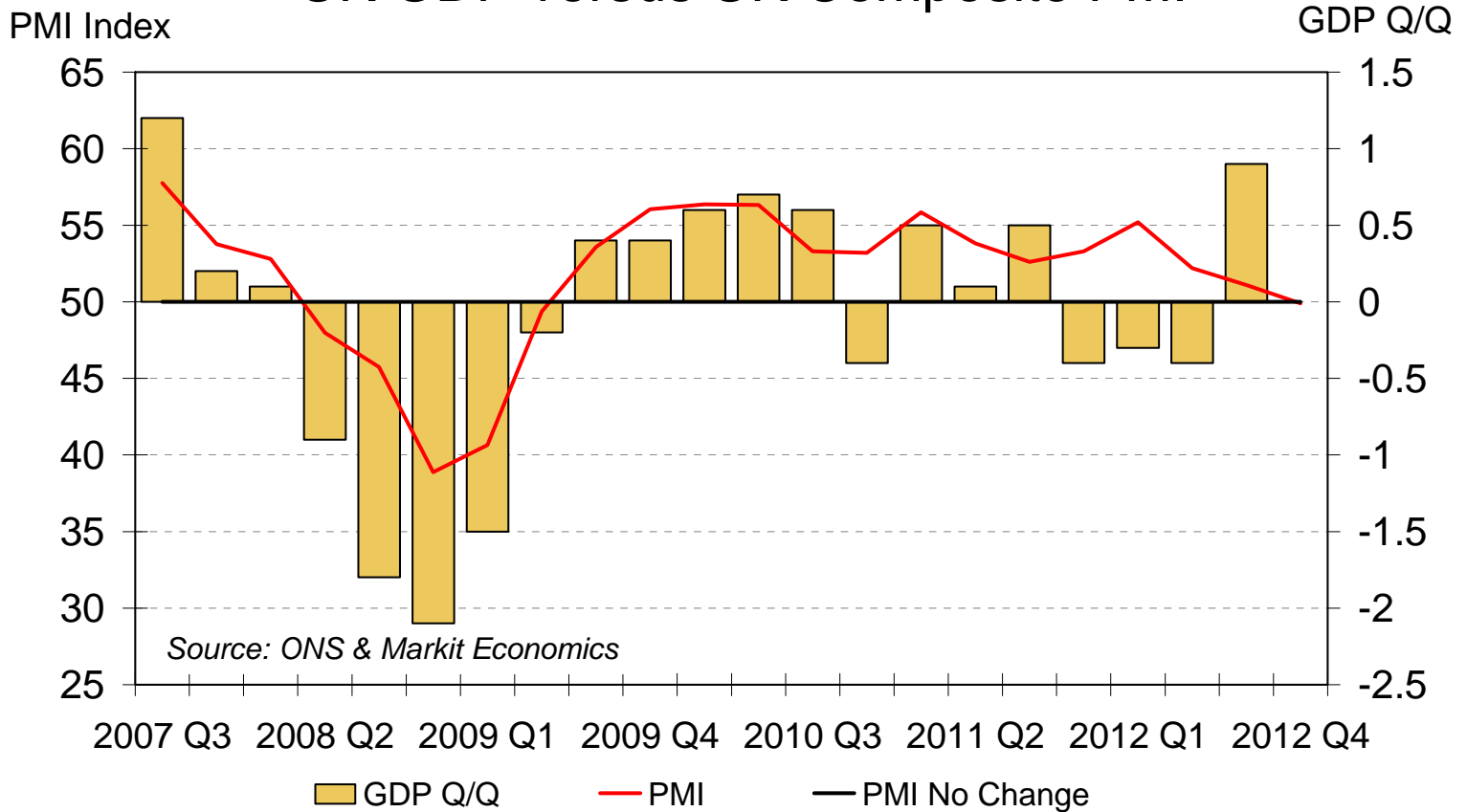
# UK manufacturing output shoots above the 50 expansion threshold but services & construction fall below it

## UK Business Activity / Output - PMIs



# UK composite PMI raises the prospect of negative GDP Q4 reading

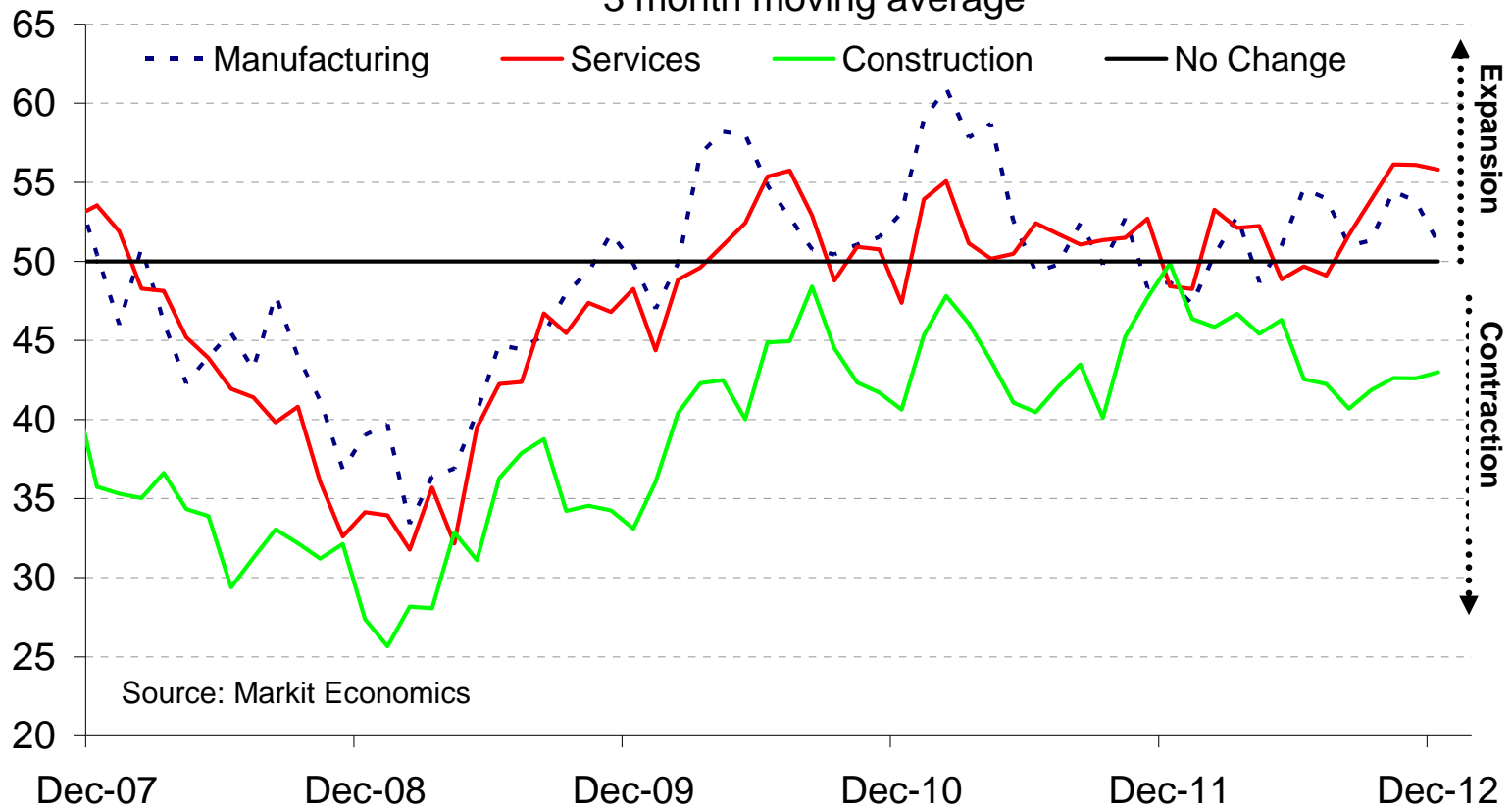
## UK GDP versus UK Composite PMI



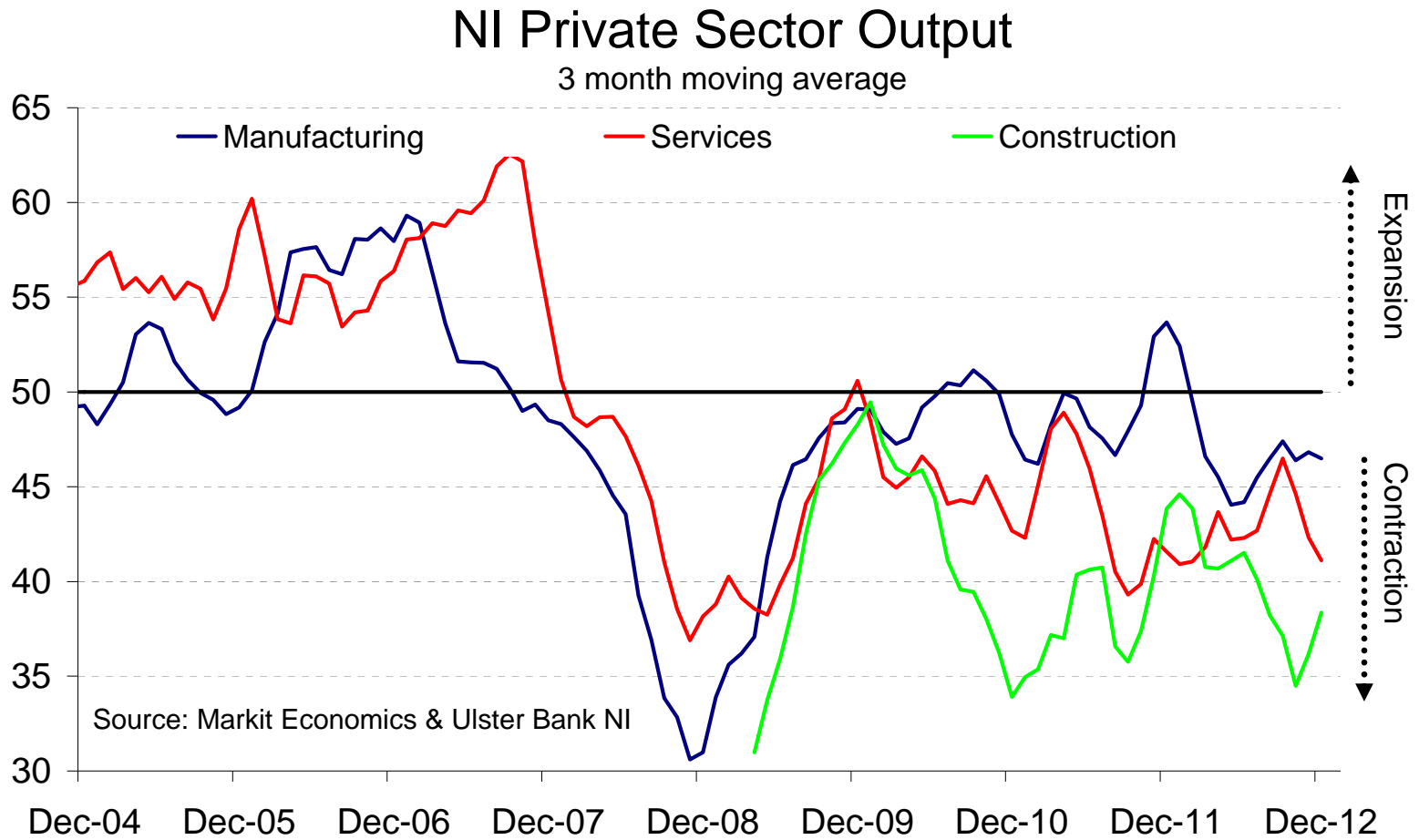
# Services & manufacturing are above 50 in the Rol

## Rol Business Activity - PMIs

3 month moving average

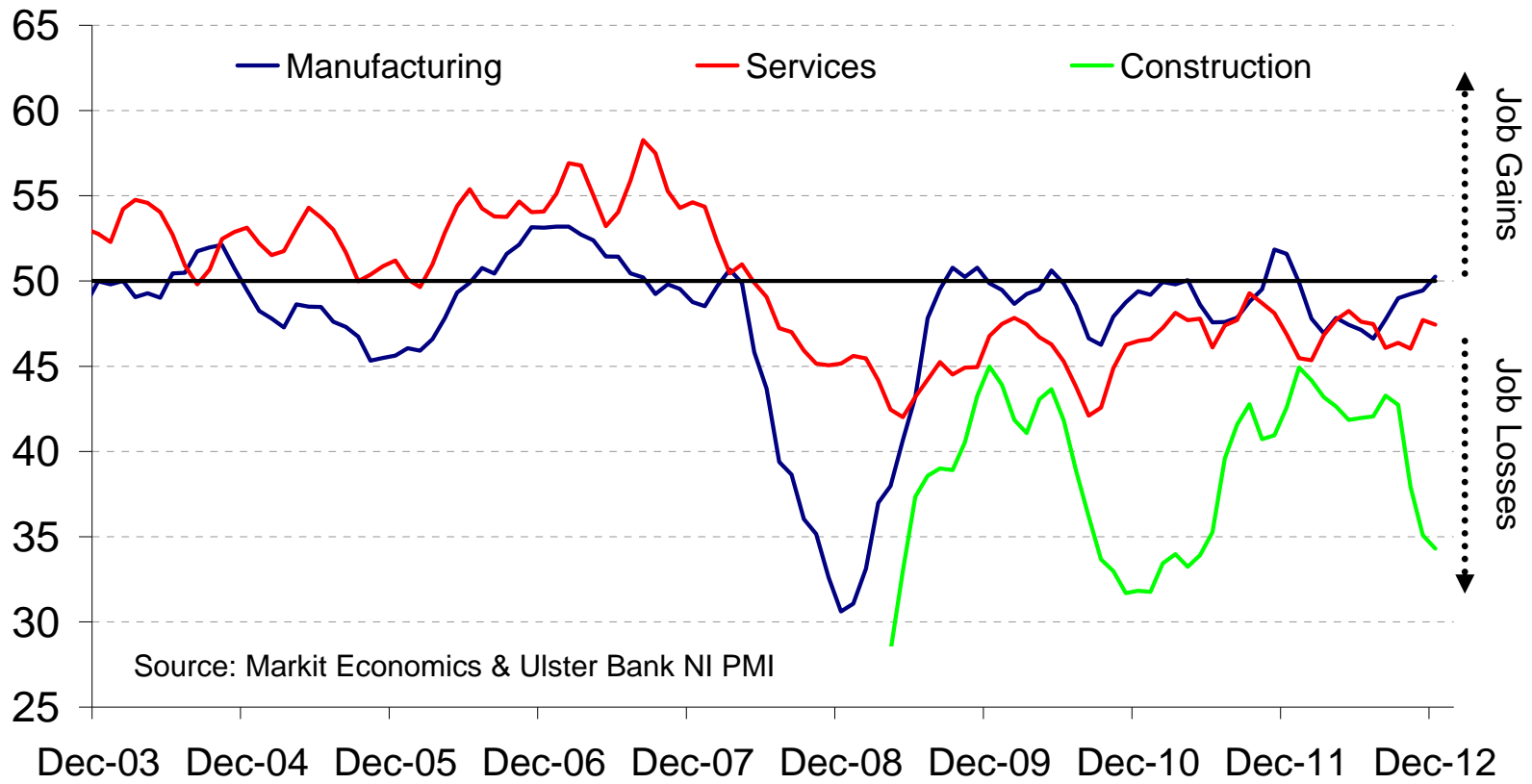


# All sectors in NI contracting....

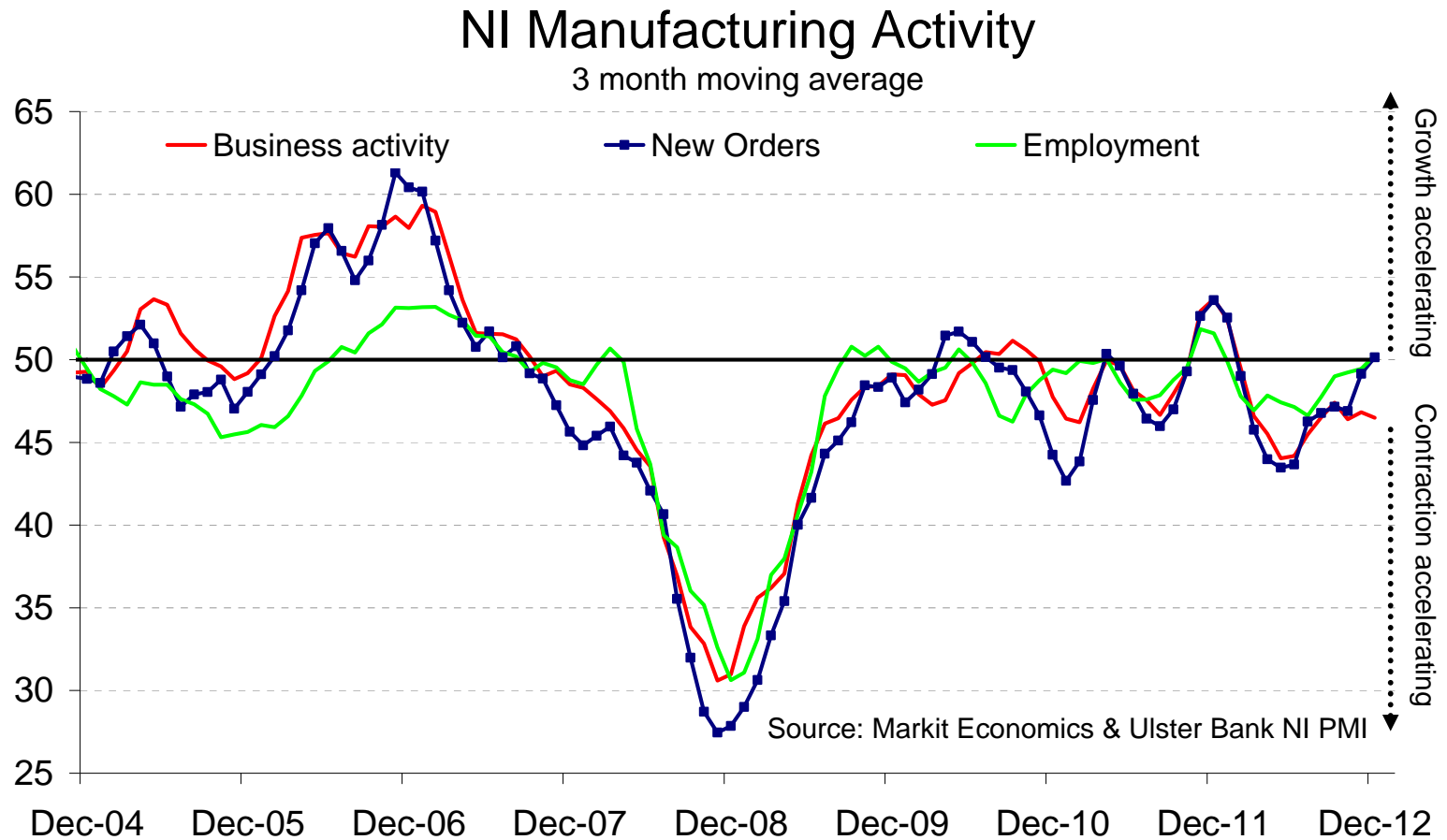


... with services and construction sectors still reporting falling employment levels

NI PMI - Employment Index  
3 month moving average



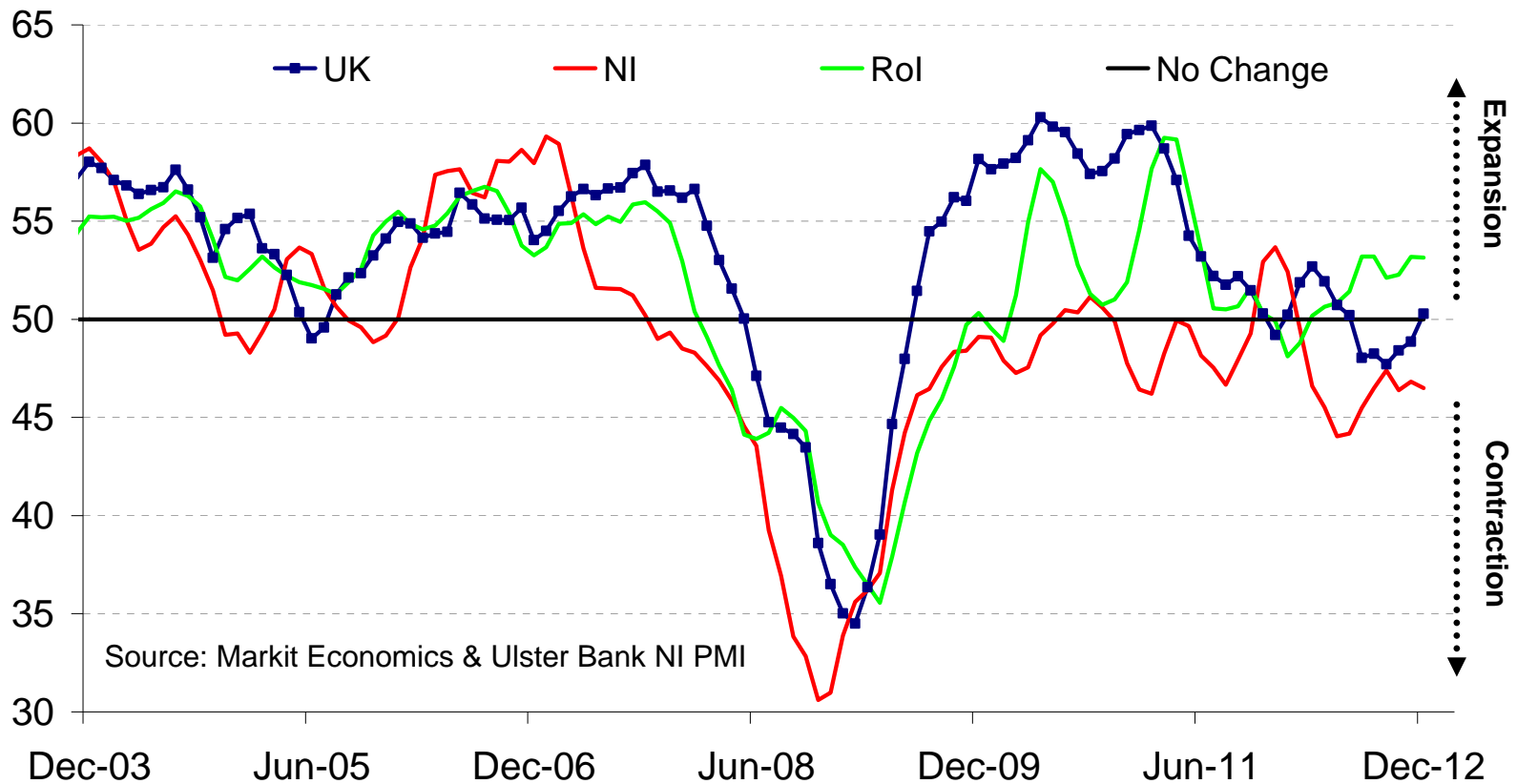
# Manufacturing posts employment and new orders growth in Q4 2012





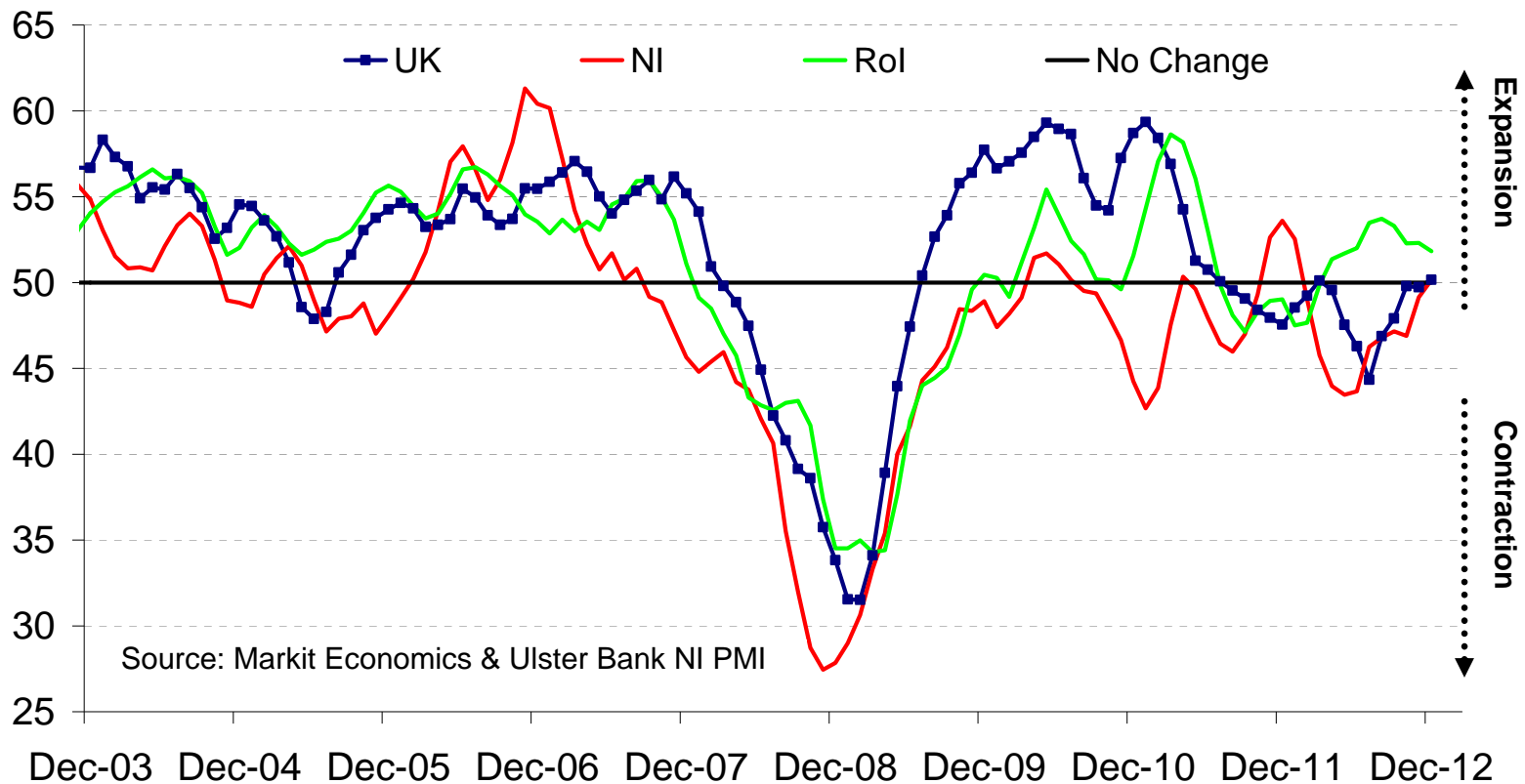
# NI & UK manufacturing performance is diverging whilst the RoI continues to outperform

## Manufacturing Output 3 month moving average



# All 3 economies post growth in new orders for the first time since April 2011

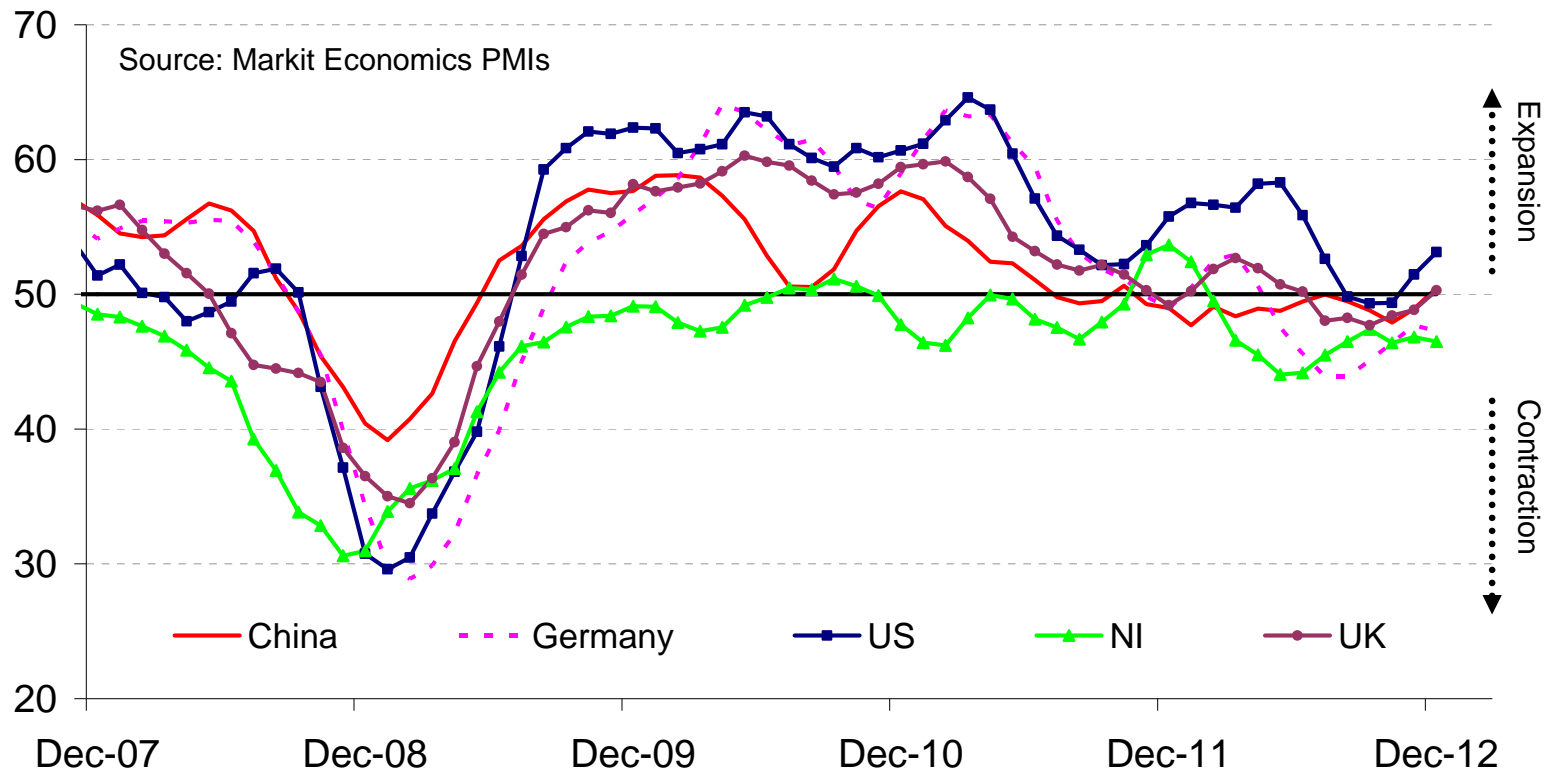
## Manufacturing New Orders 3 month moving average



# N.Ireland manufacturing lagging economies elsewhere

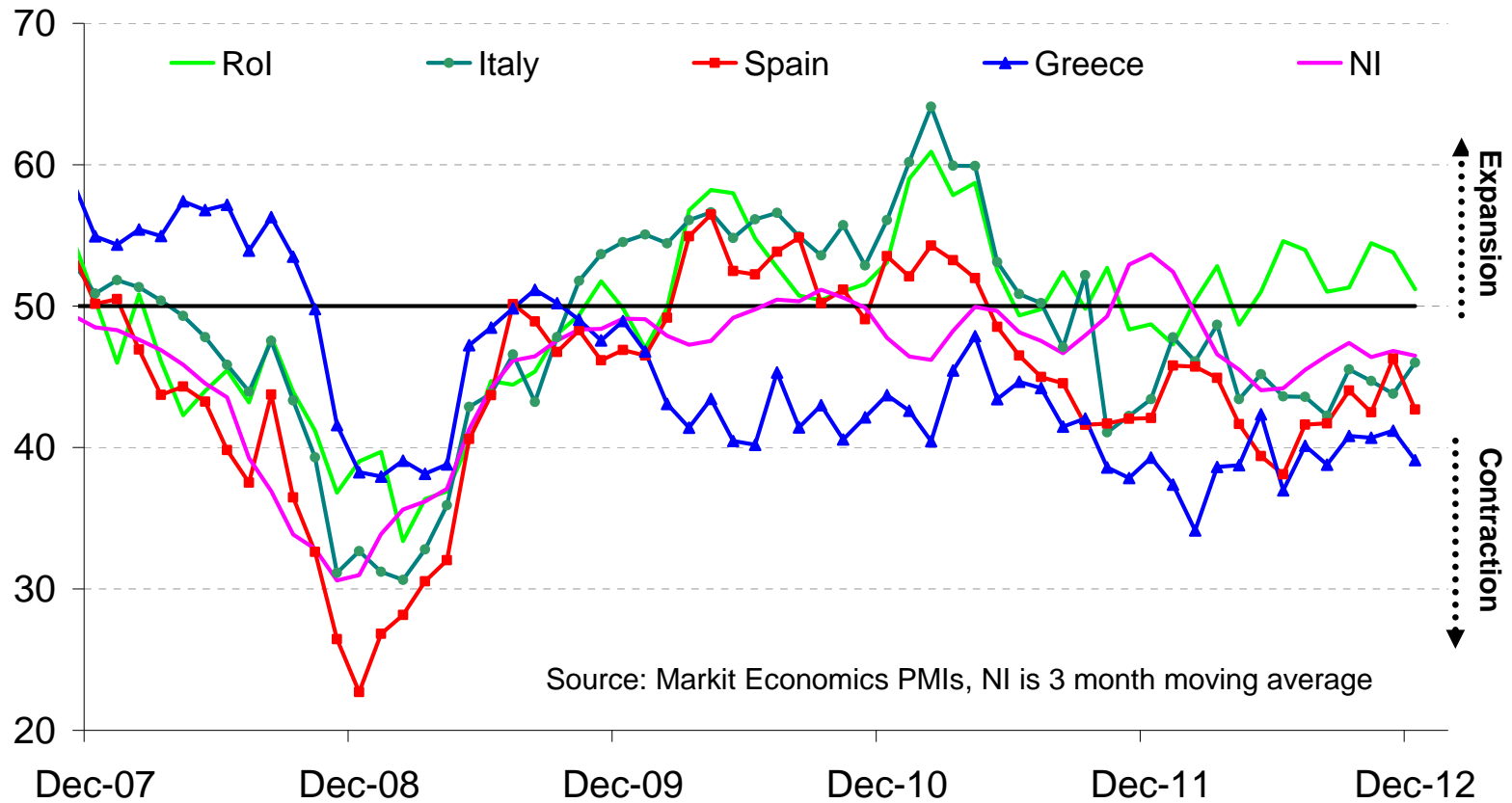
## Manufacturing Output - PMI

3 month moving average



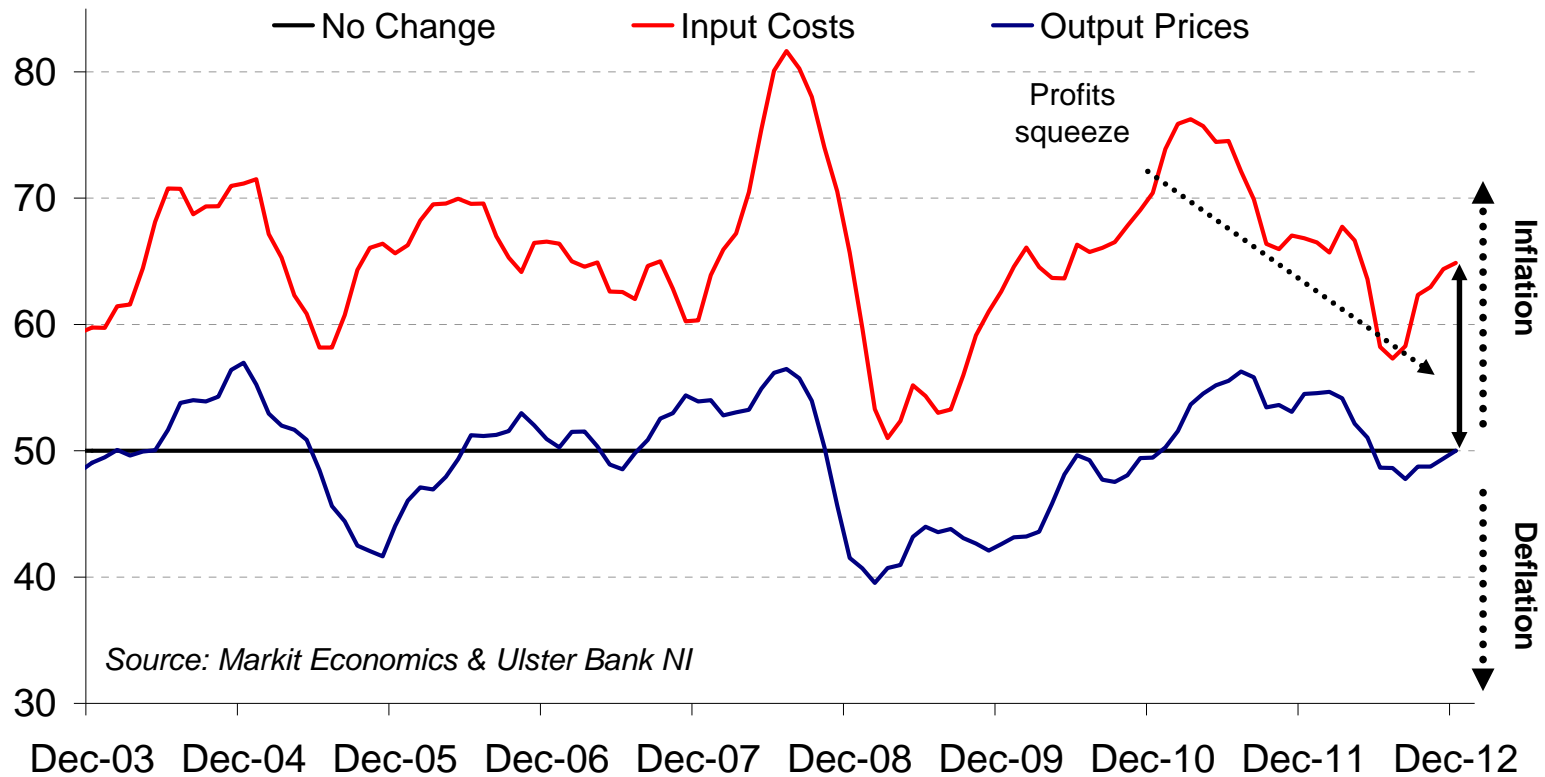
# Ireland outperforming its Eurozone partners & NI

## Manufacturing Output - PMI

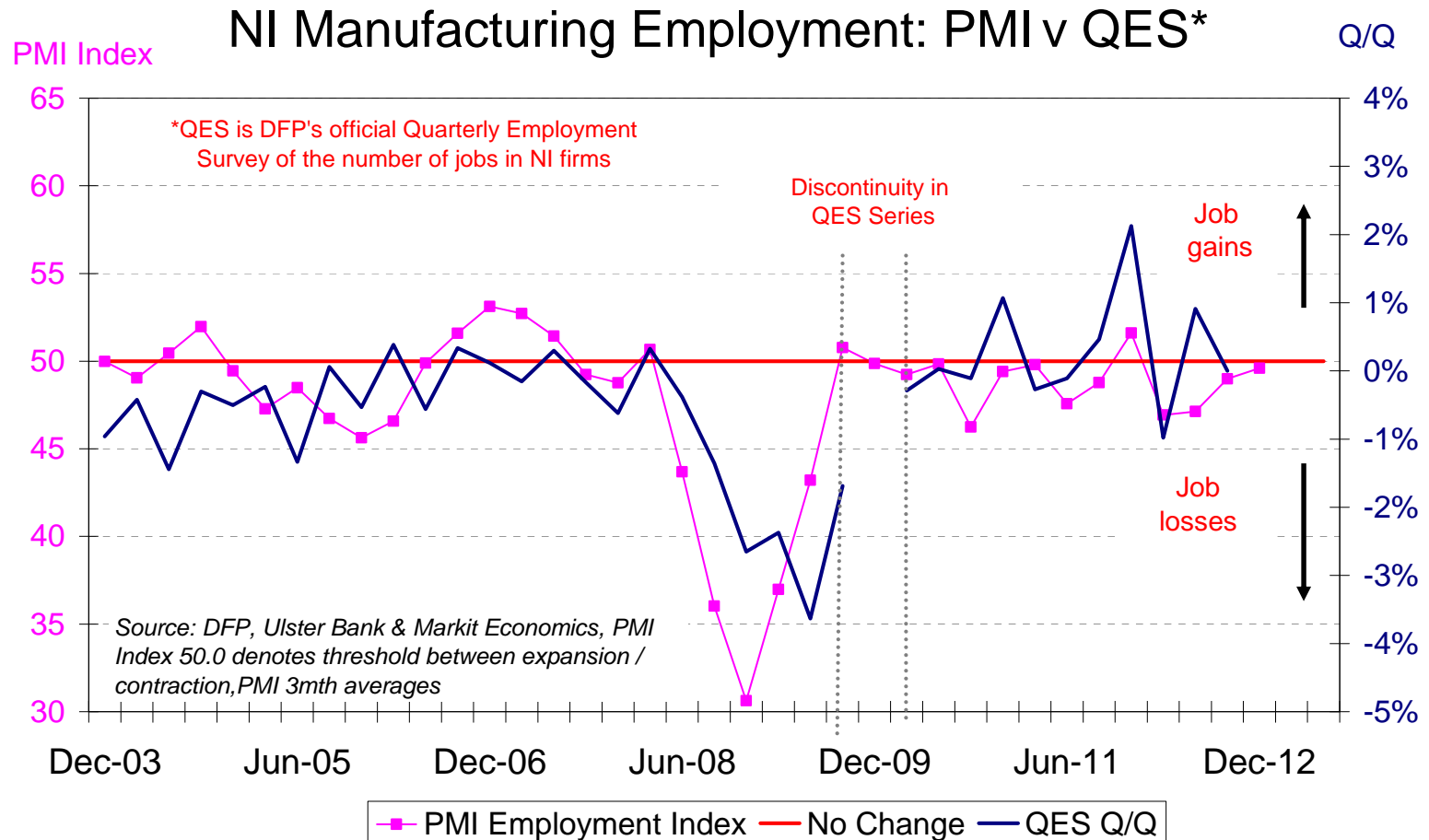


# Cost price inflation accelerating for local manufacturing firms & pricing power still falling = profits squeeze

## NI Manufacturing Input & Output Inflation 3 month moving average

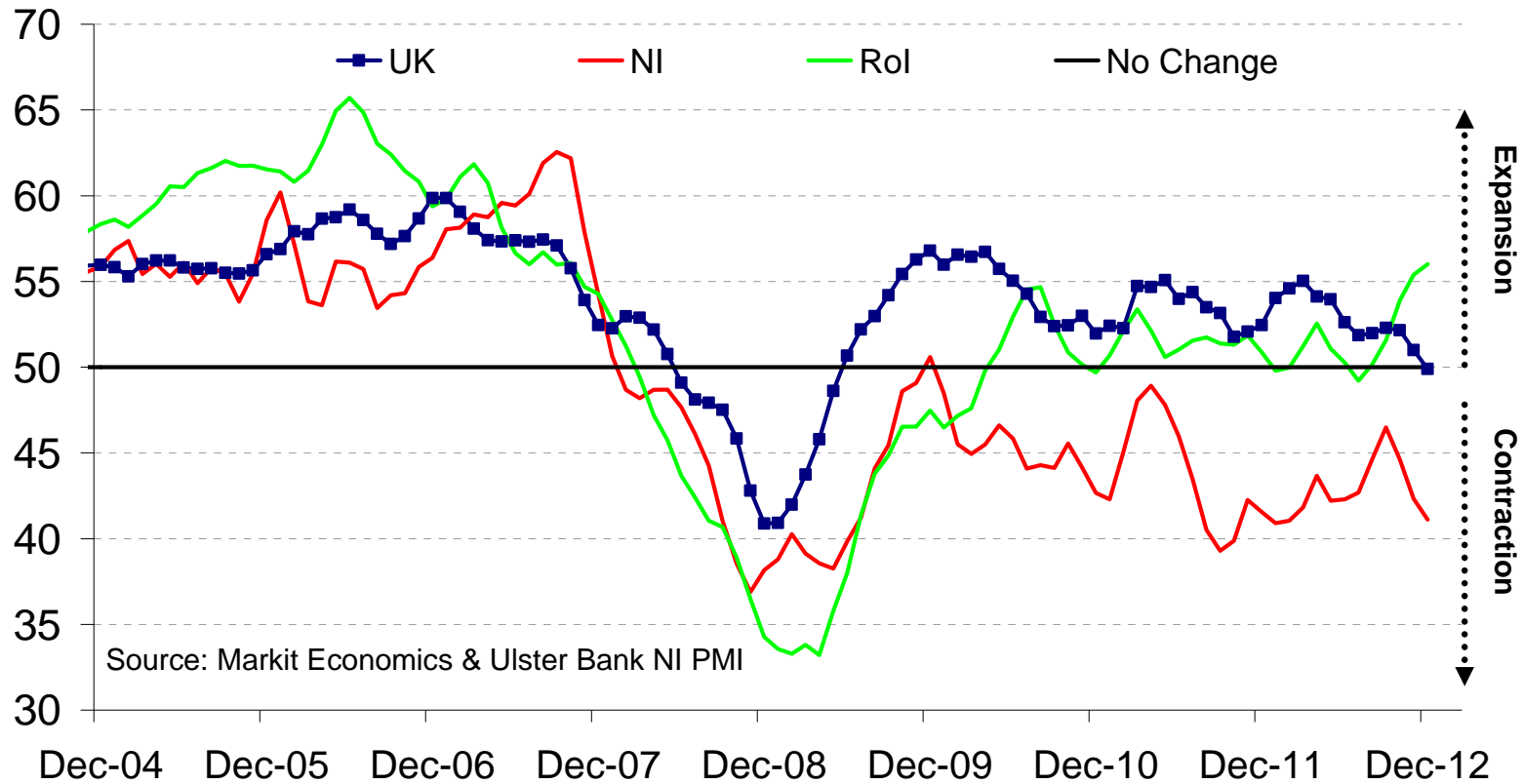


# PMI signals no major manufacturing job losses in Q3 and Q4 but FG Wilson announcement still to take effect



# Rol growth continues while NI & UK post contractions in service sector output

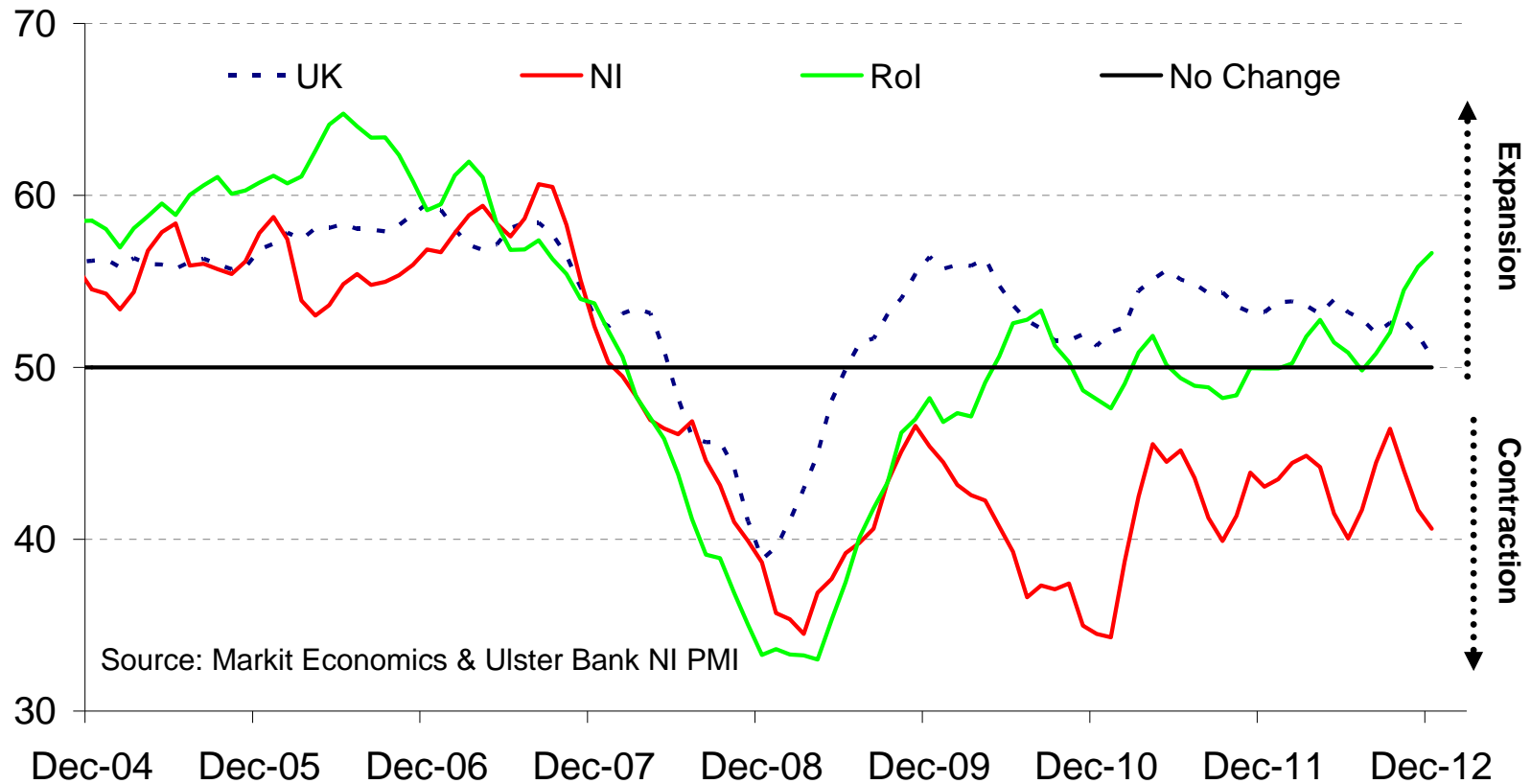
Services Output (excluding Retail)  
3 month moving average



# New orders growth slowing in the UK and continues to contract at a rapid rate in NI

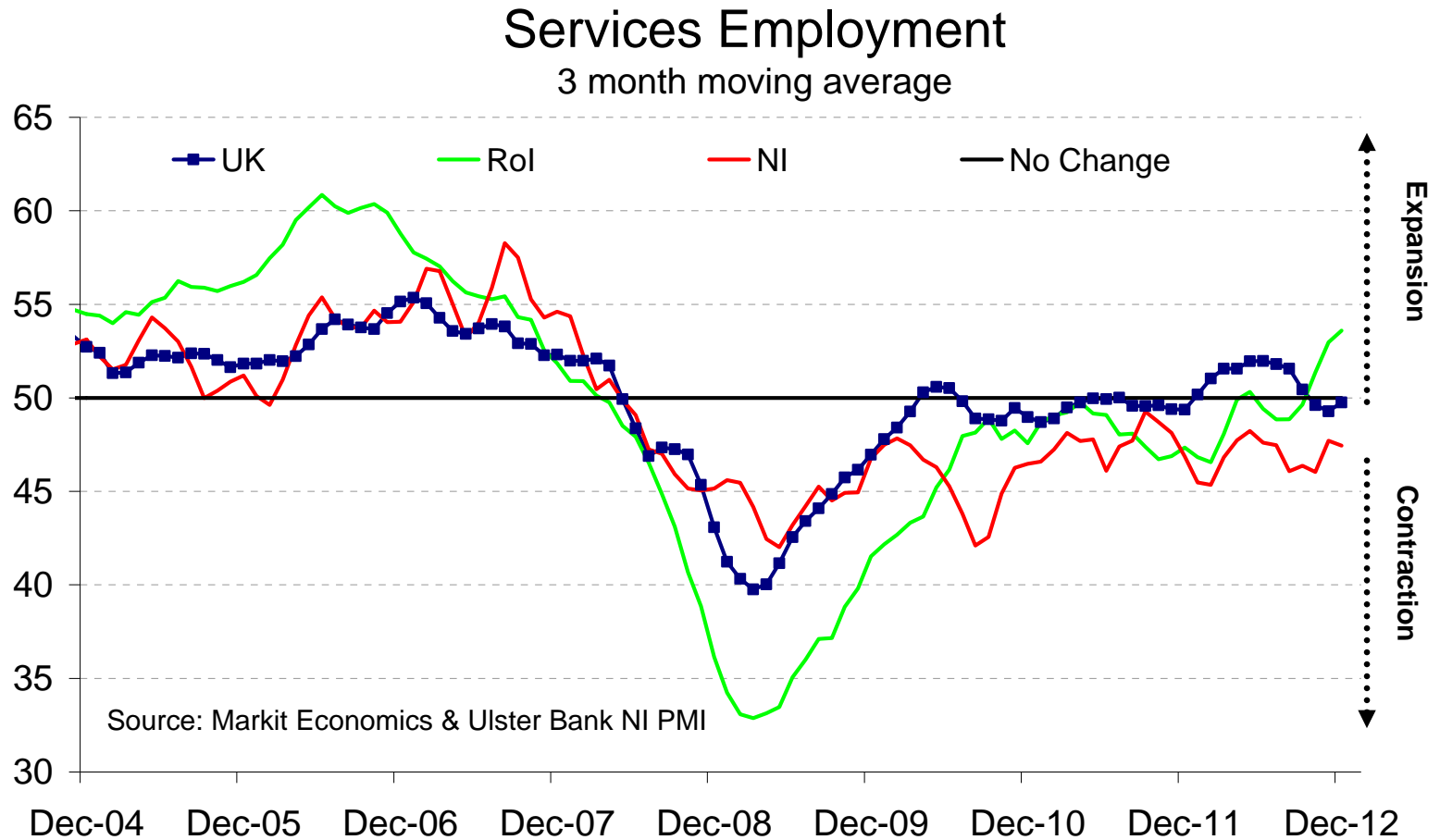
## Services New Orders (*excluding Retail*)

3 month moving average

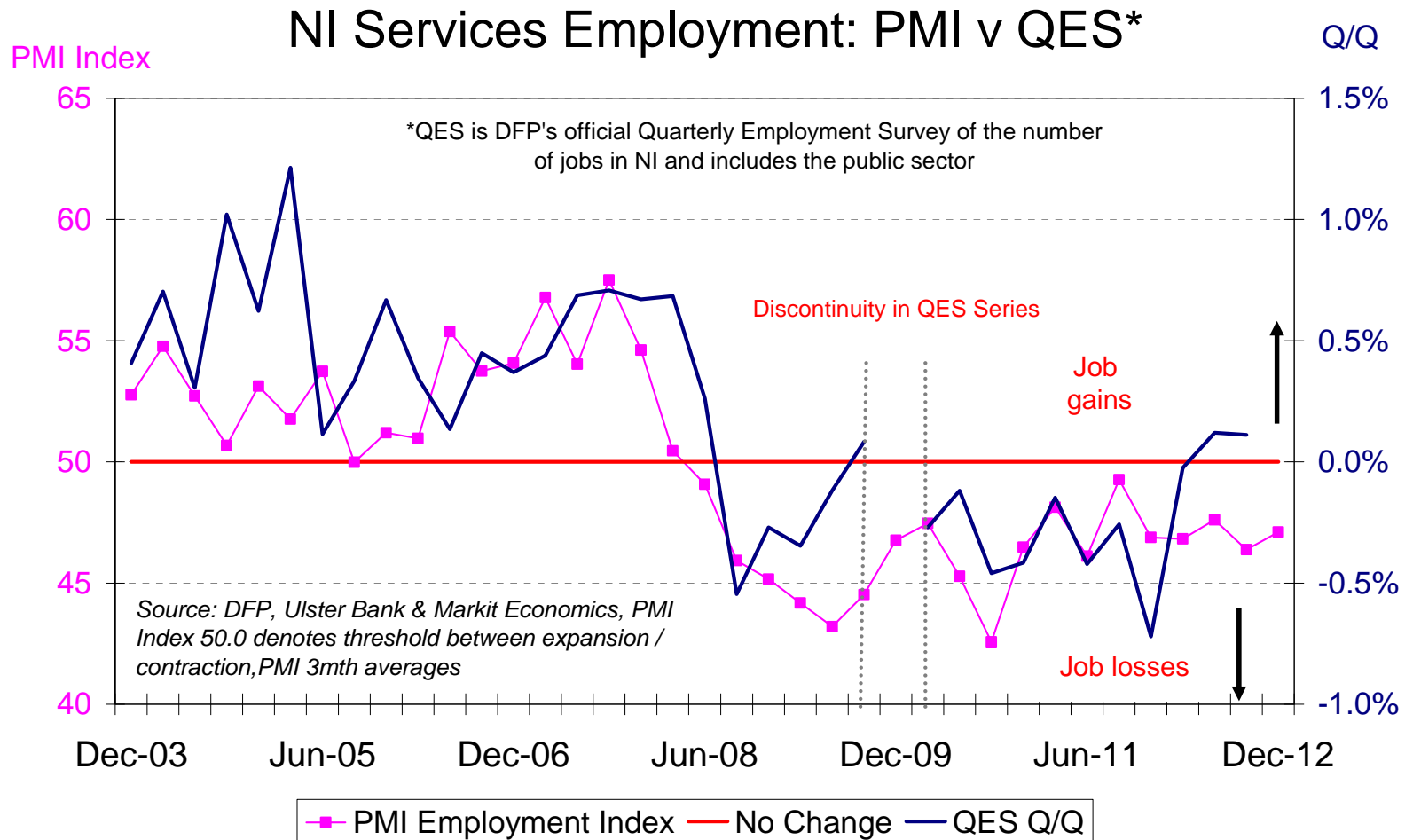




...with employment levels still falling in NI & UK



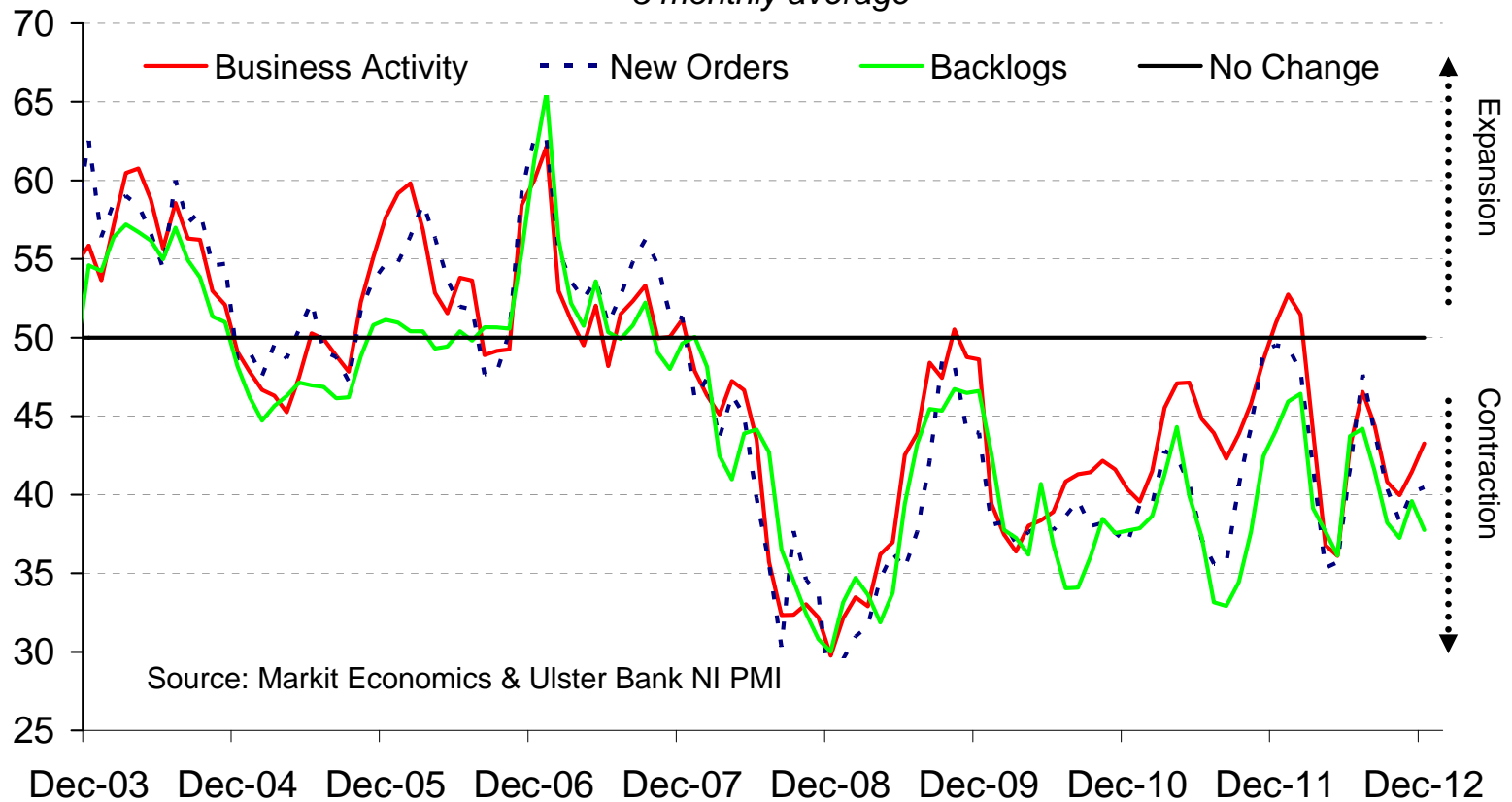
# The PMI signals modest employment declines for the service sector in Q4. But PMI includes private sector only



# Local retailers still reporting falling orders & activity

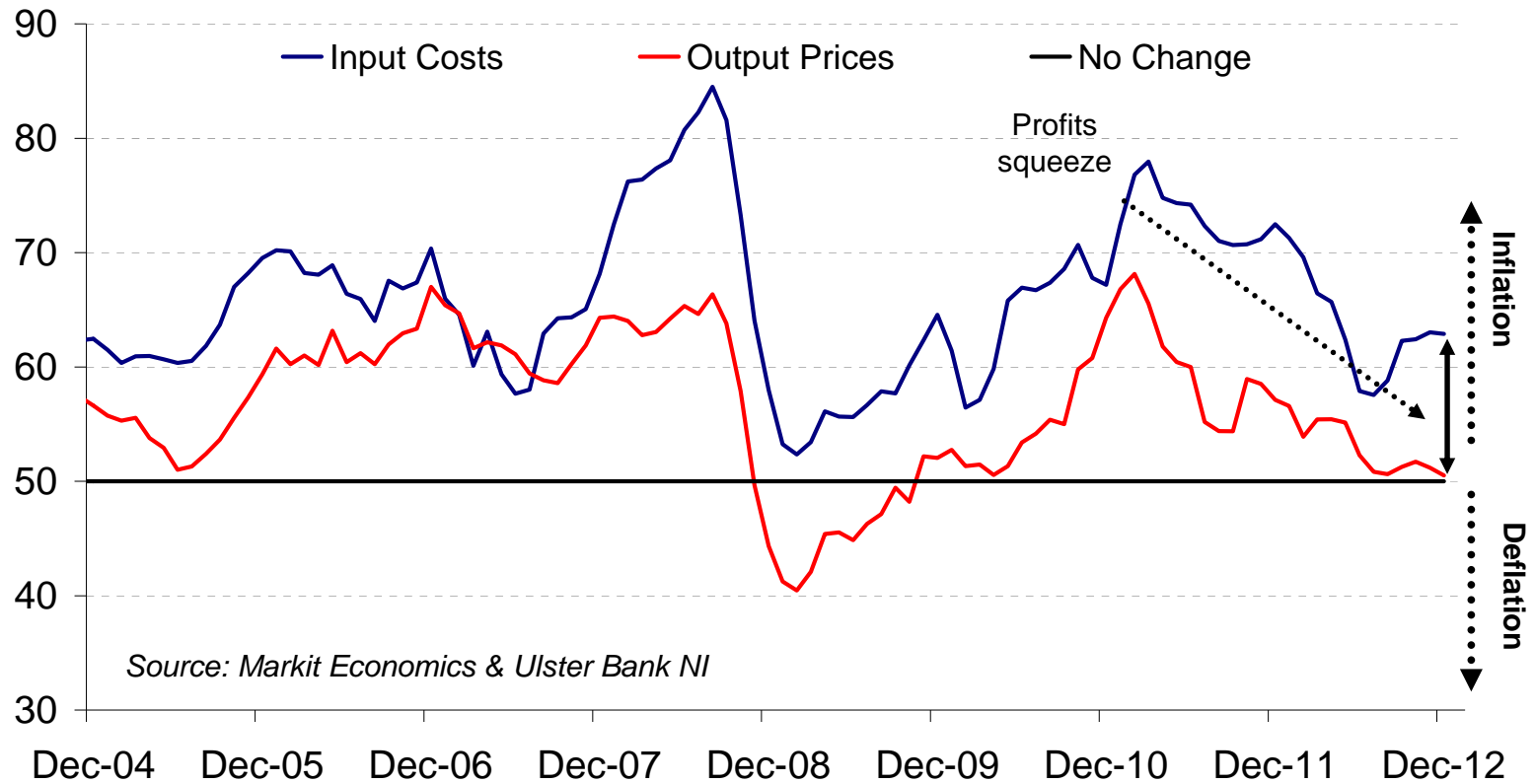
## Northern Ireland Retail PMI

3 monthly average



# Profits squeeze on local retailers intensifies

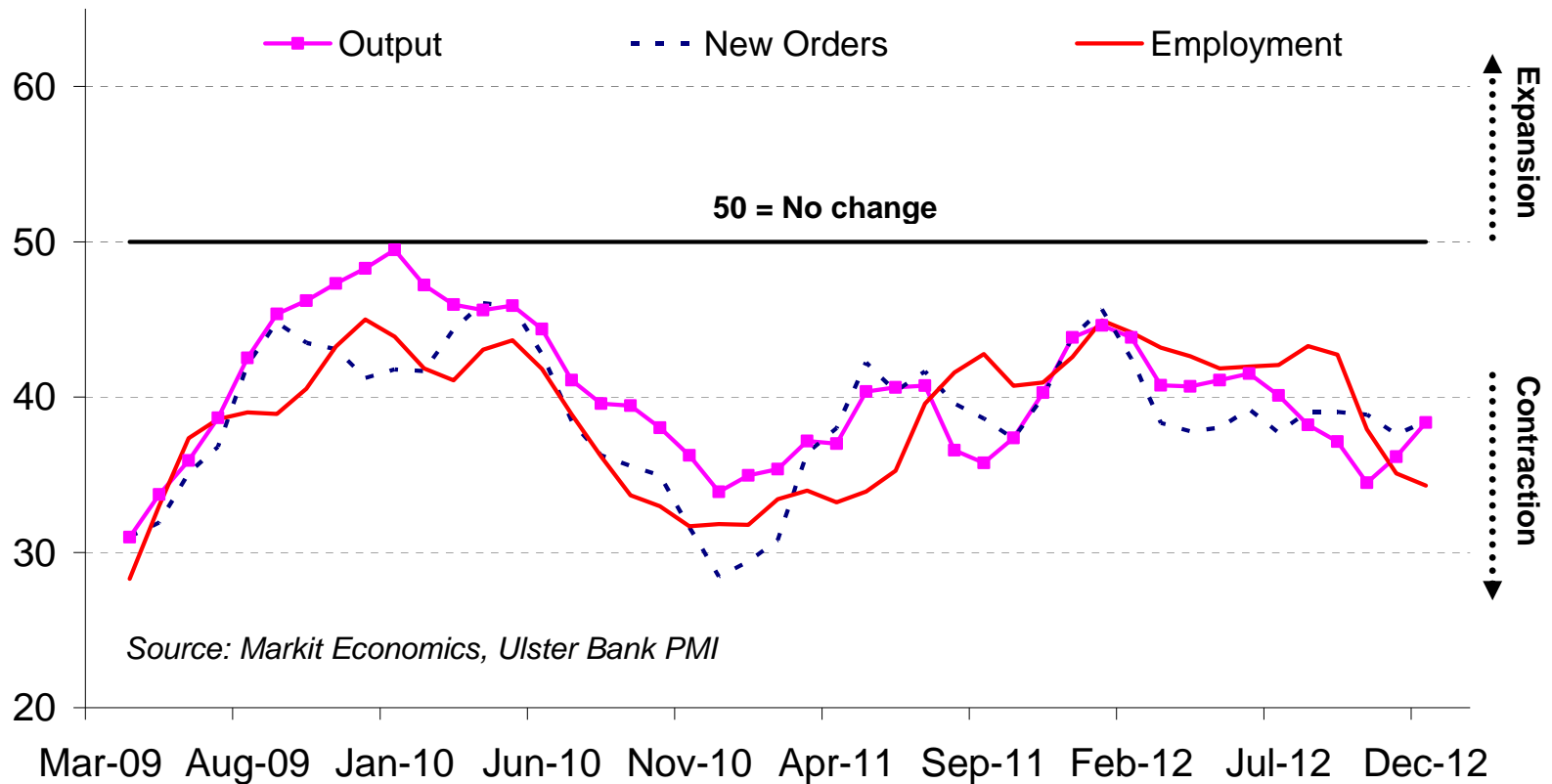
NI Retail Input & Output Inflation  
3 month moving average



# NI construction sector still in the midst of a severe downturn

## NI Construction PMI

3 month moving average

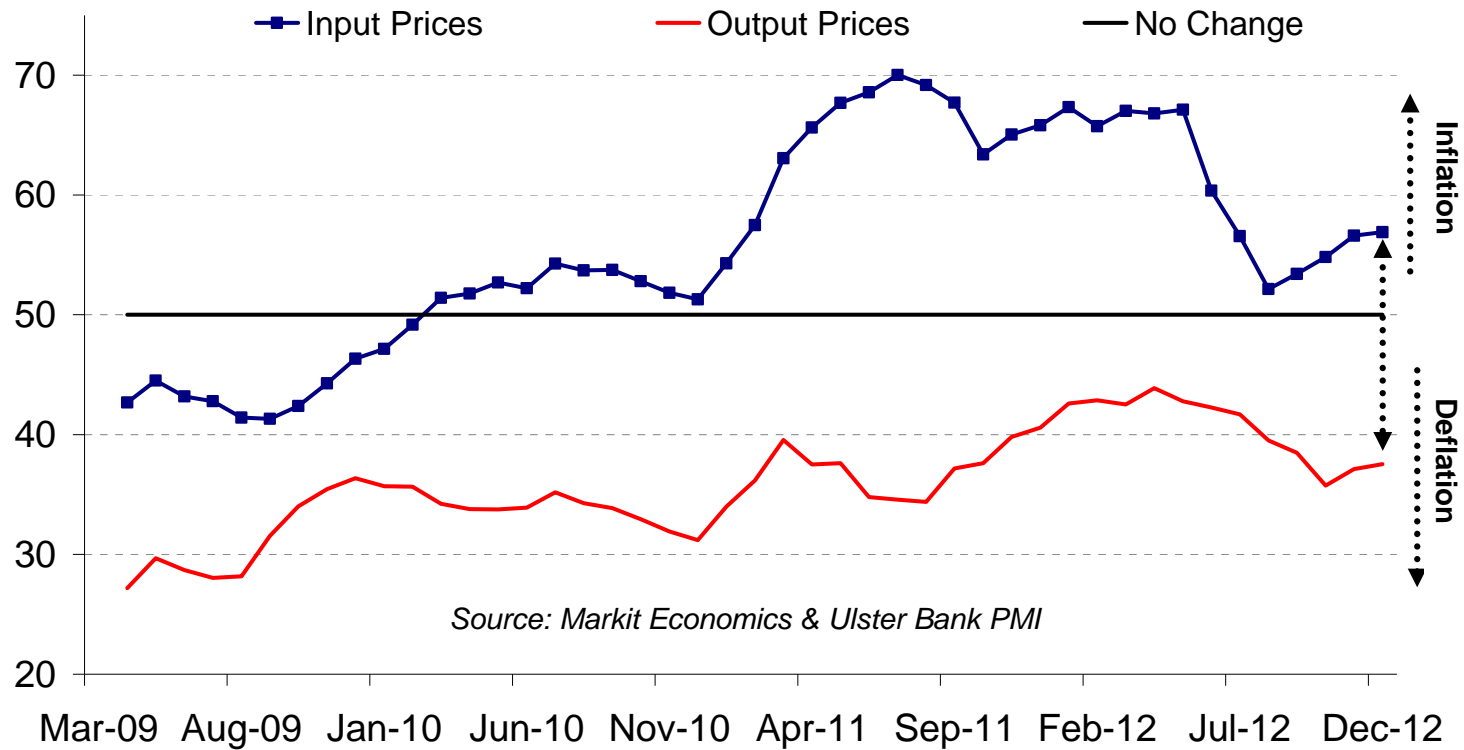


.....with profits squeeze continuing

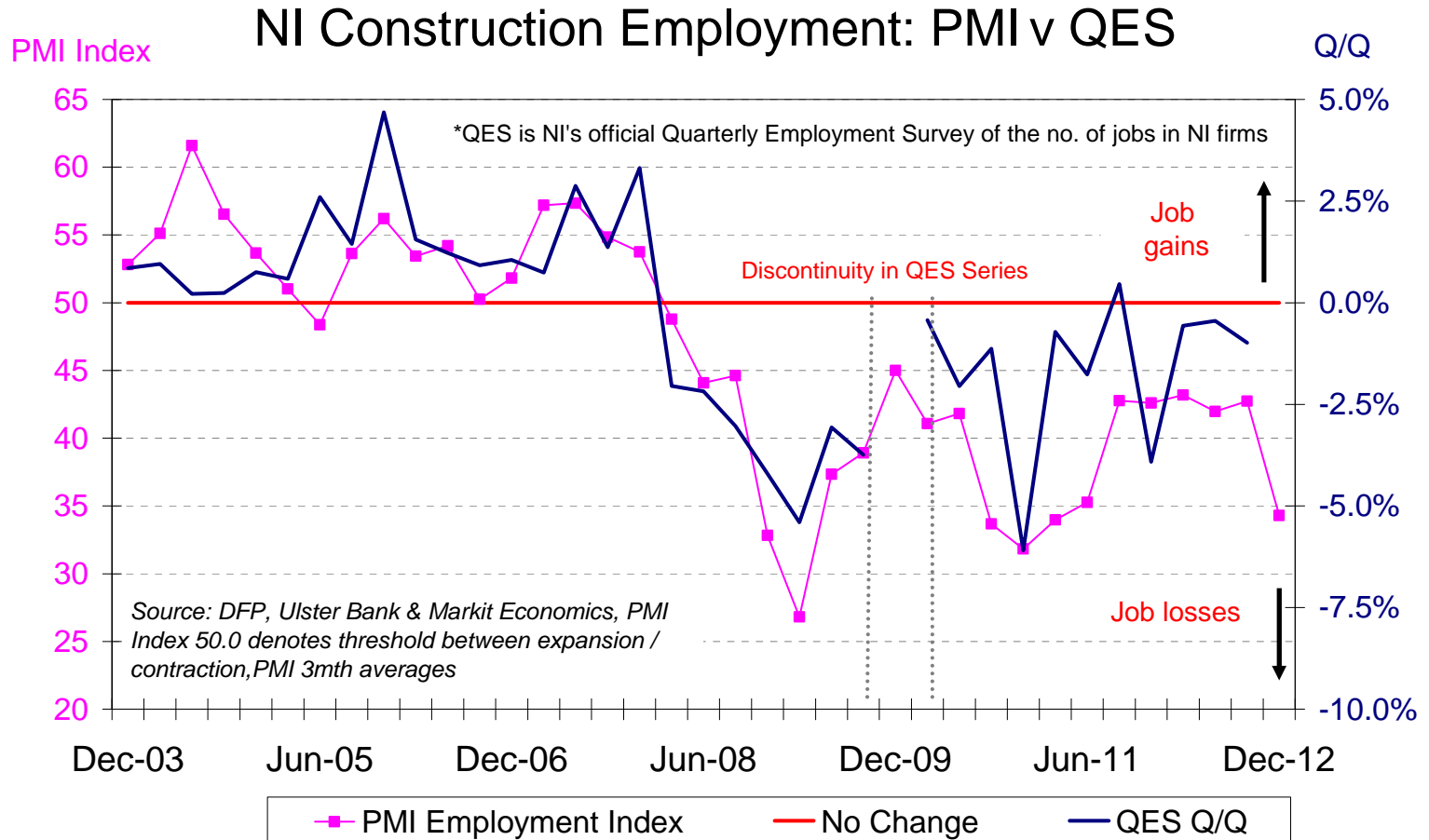
## NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



# NI PMI has been a reasonably good predictor of actual job losses in the official employment surveys (QES)

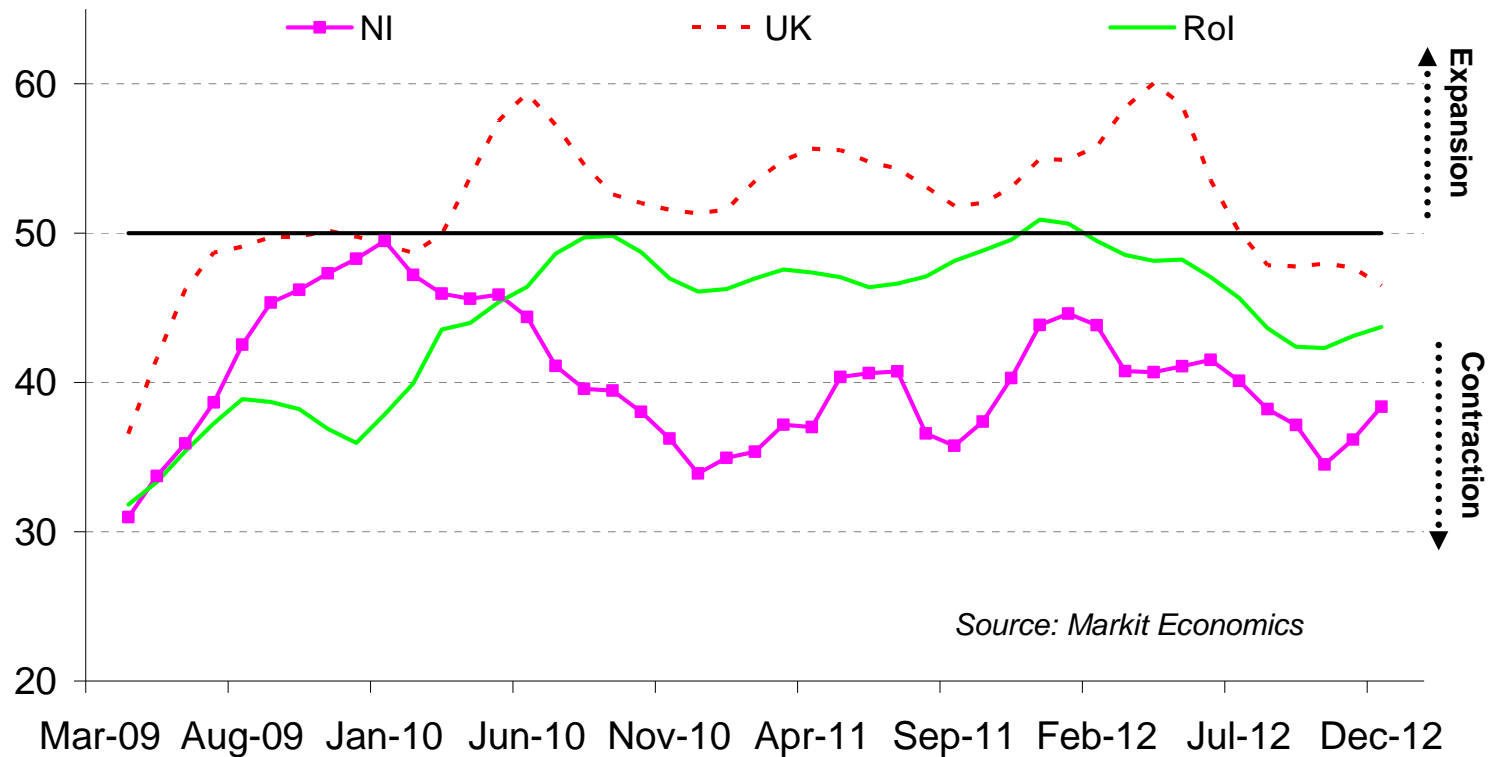


# UK, RoI & NI all recording contractions in output

## Construction Sector Output - PMI

3 month moving average

PMI Index



Source: Markit Economics

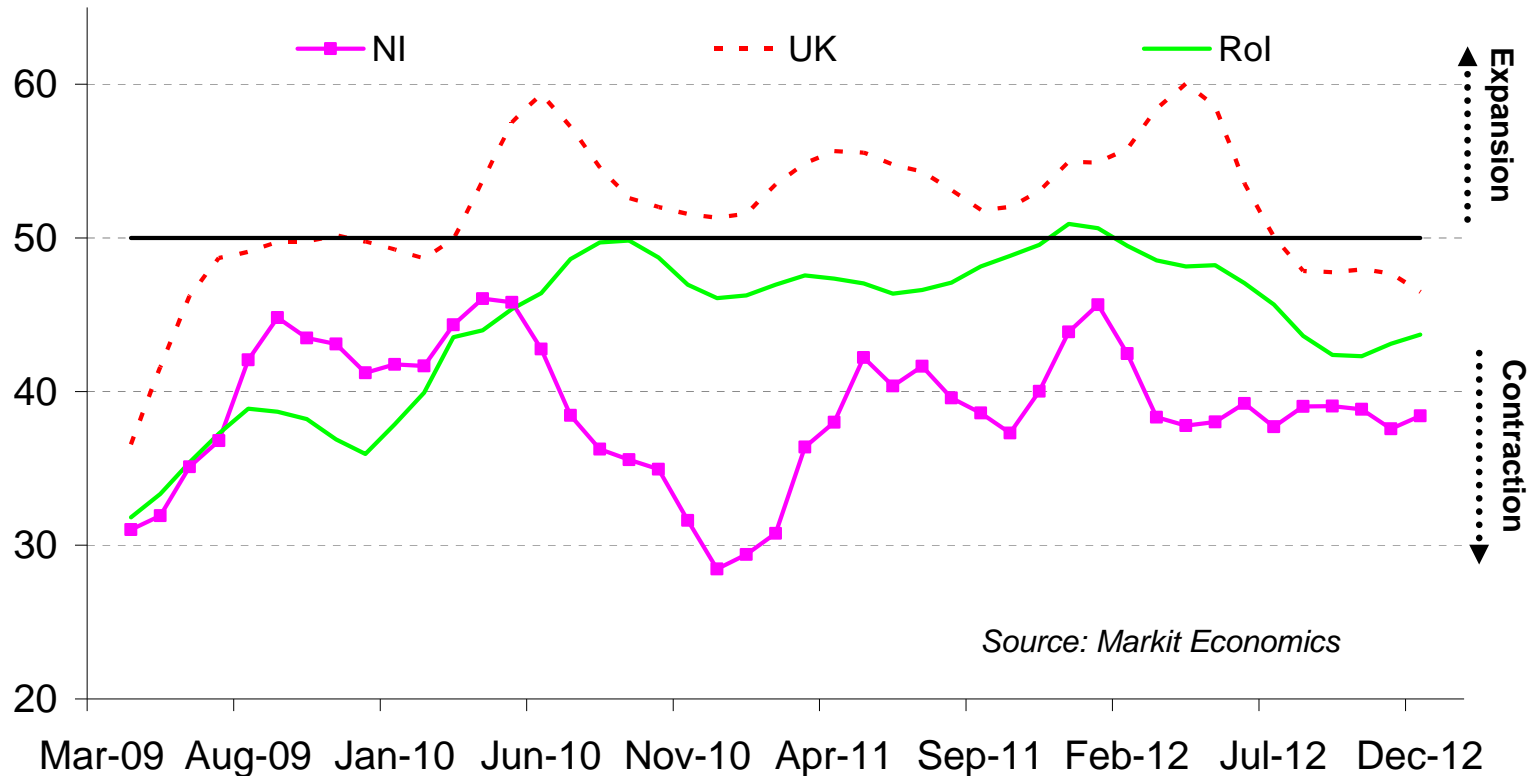


# ... and with new orders falling in NI, UK & RoI

## Construction Sector New Orders - PMI

3 month moving average

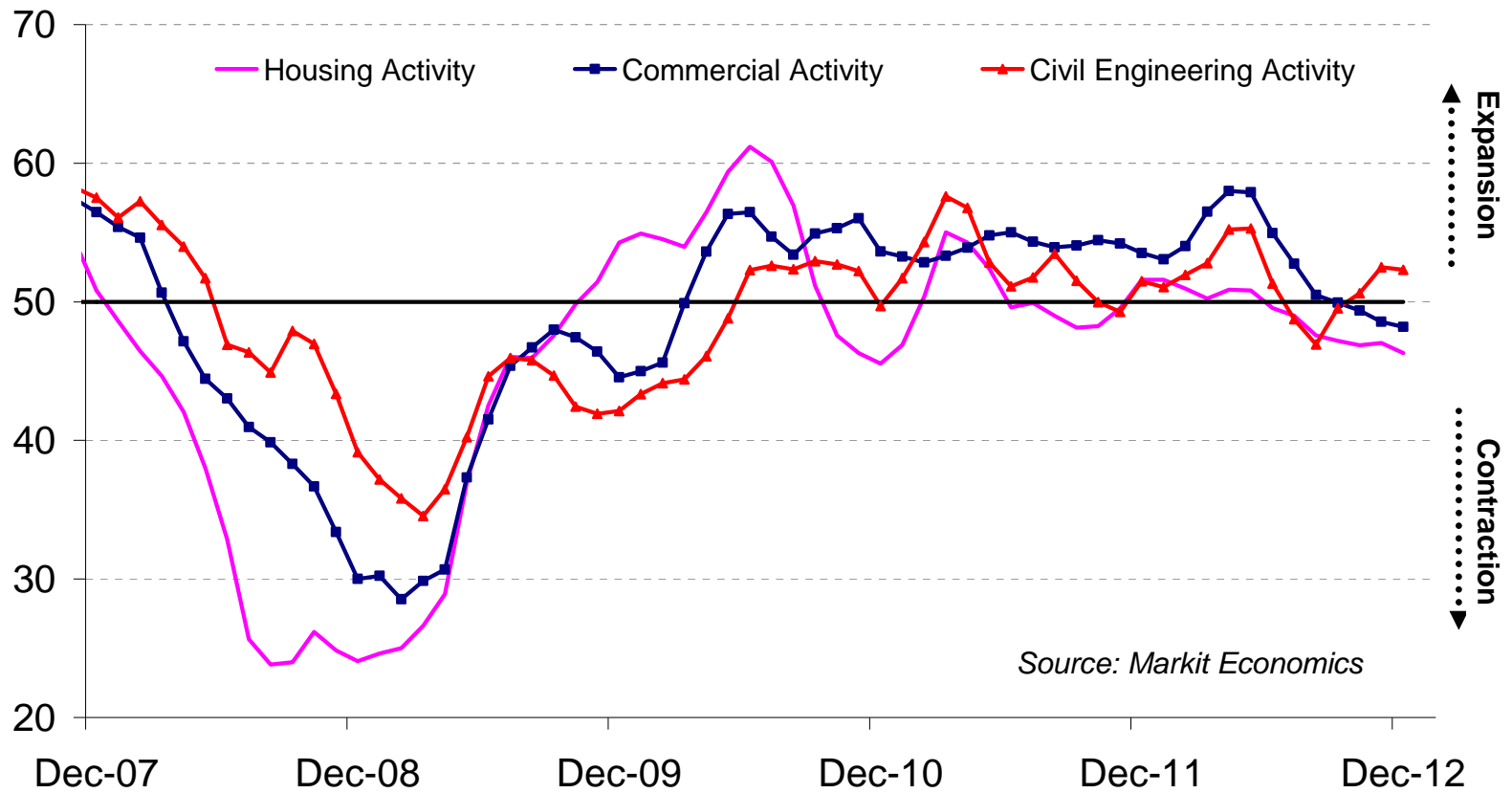
PMI Index



Source: Markit Economics

Growth opportunities for NI firms within GB will wane as activity eases but pick-up in civil engineering sector

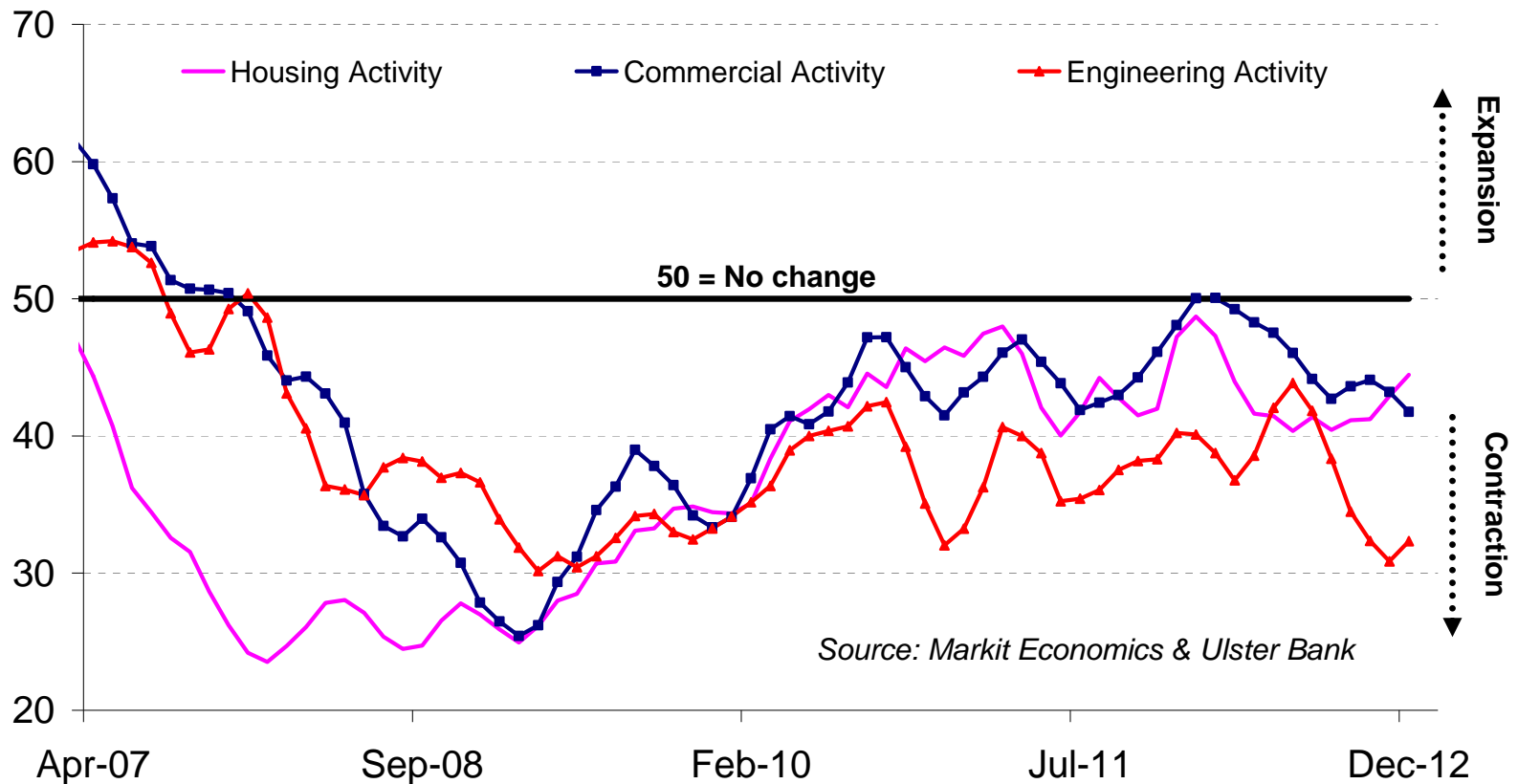
UK Construction Activity - PMIs  
3 month moving average



# Lack of opportunities in the RoI with all construction sub-sectors declining in December

## Republic of Ireland Construction Activity - PMI

3 month moving average



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