
Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

February 2012 Survey Update

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PMI Surveys

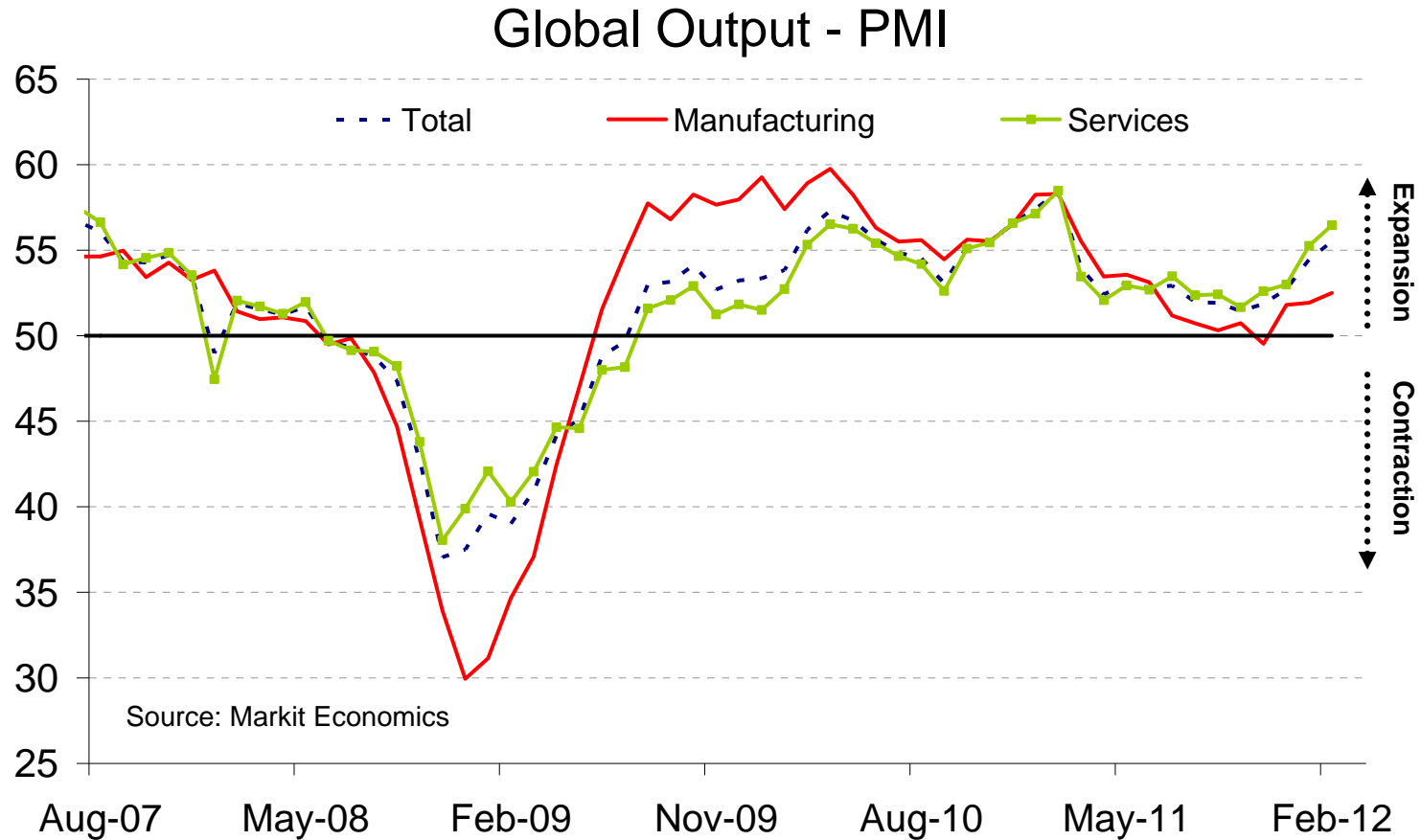
Purchasing Managers' Indexes (PMIs) are monthly surveys of private sector companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across different sectors.

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

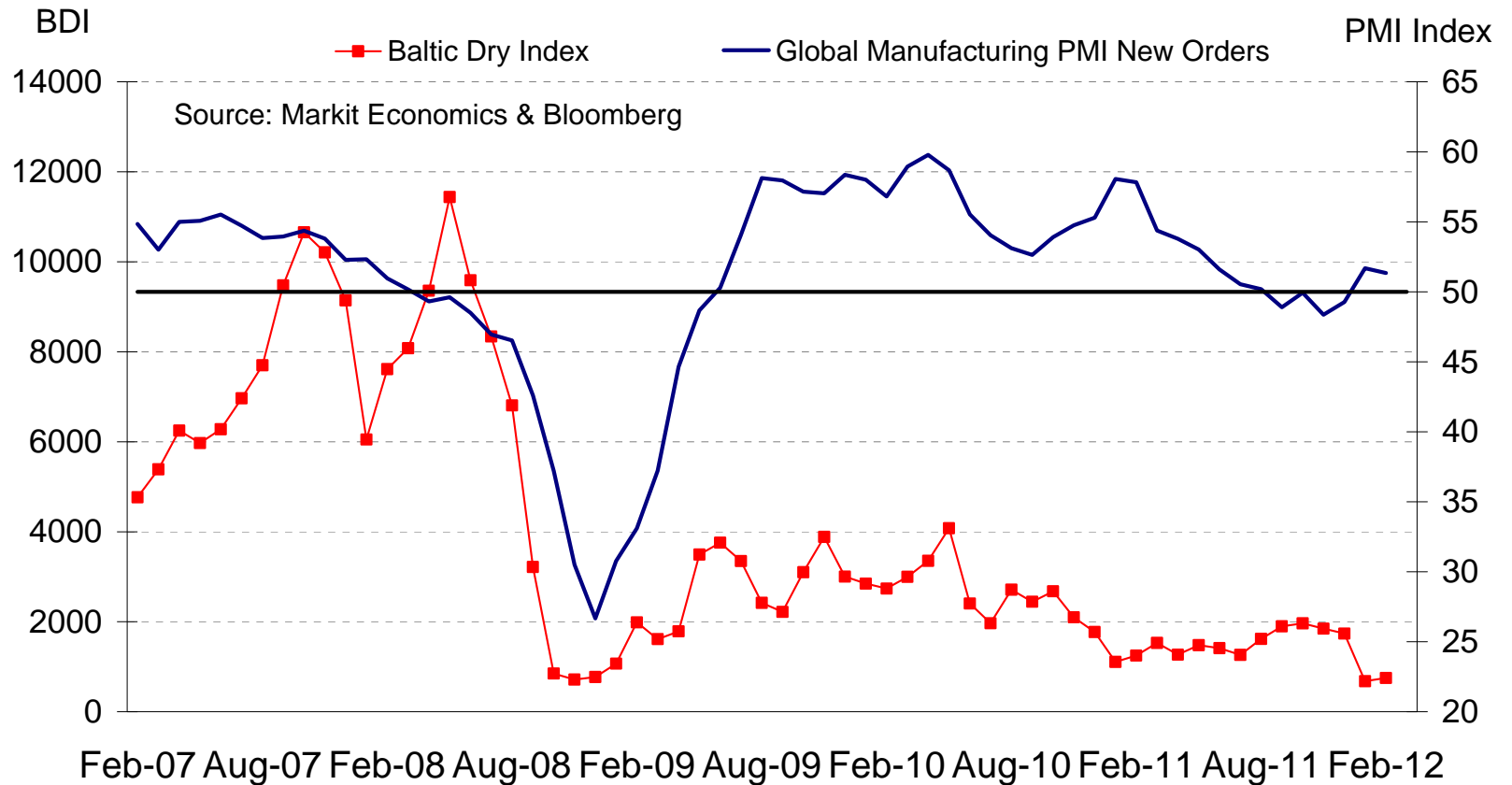
*Data at a sector level are more volatile and **3-month moving averages** have been used to more accurately identify the broad trends.*

Global output accelerates in February driven by strong growth in services (*particularly the US*)



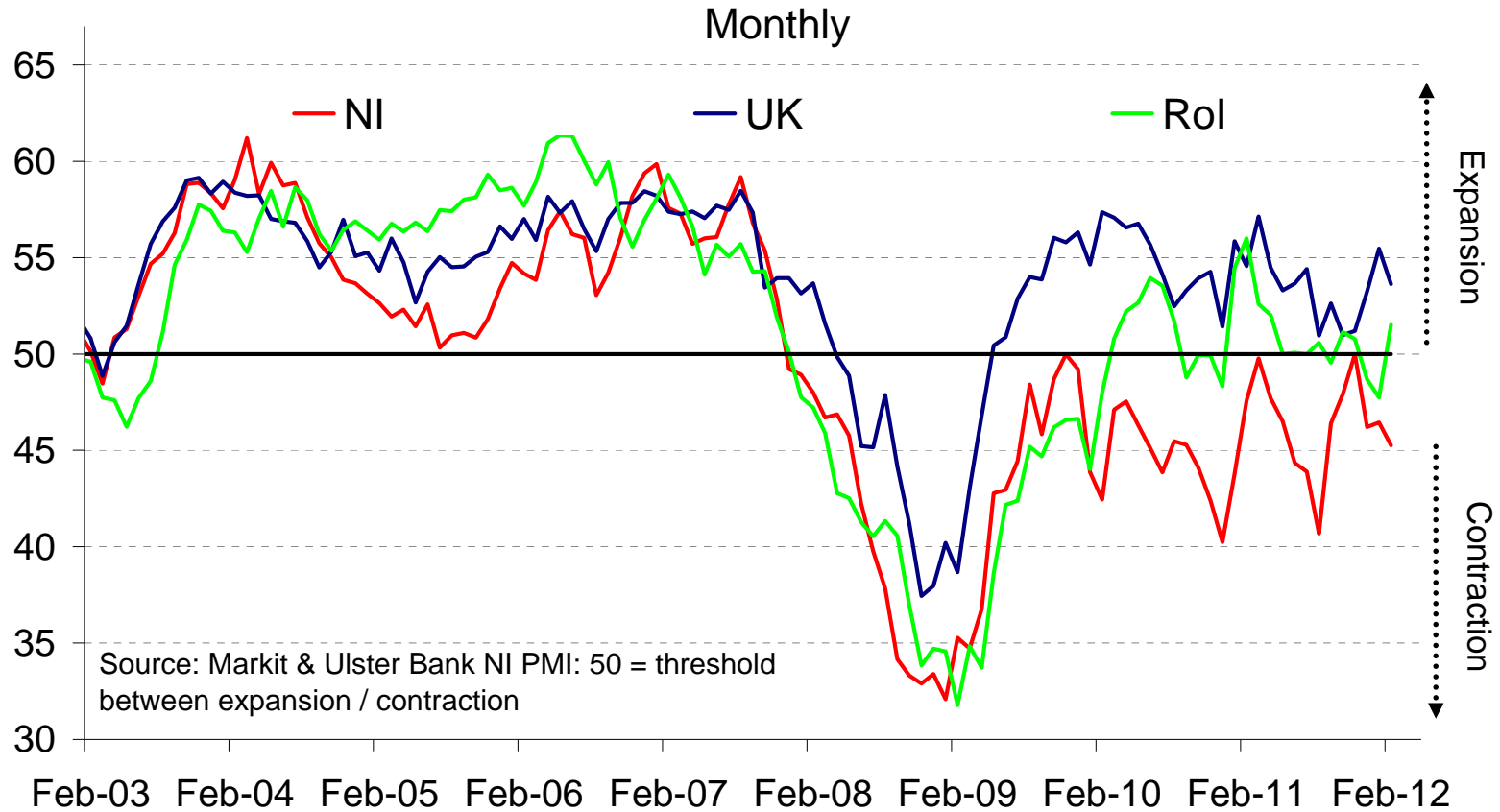
The Baltic Dry Index (*measures shipping prices*) appears to be exaggerating the collapse in global trade as PMI points to growth

Baltic Dry Index v Global Manufacturing PMI New Orders



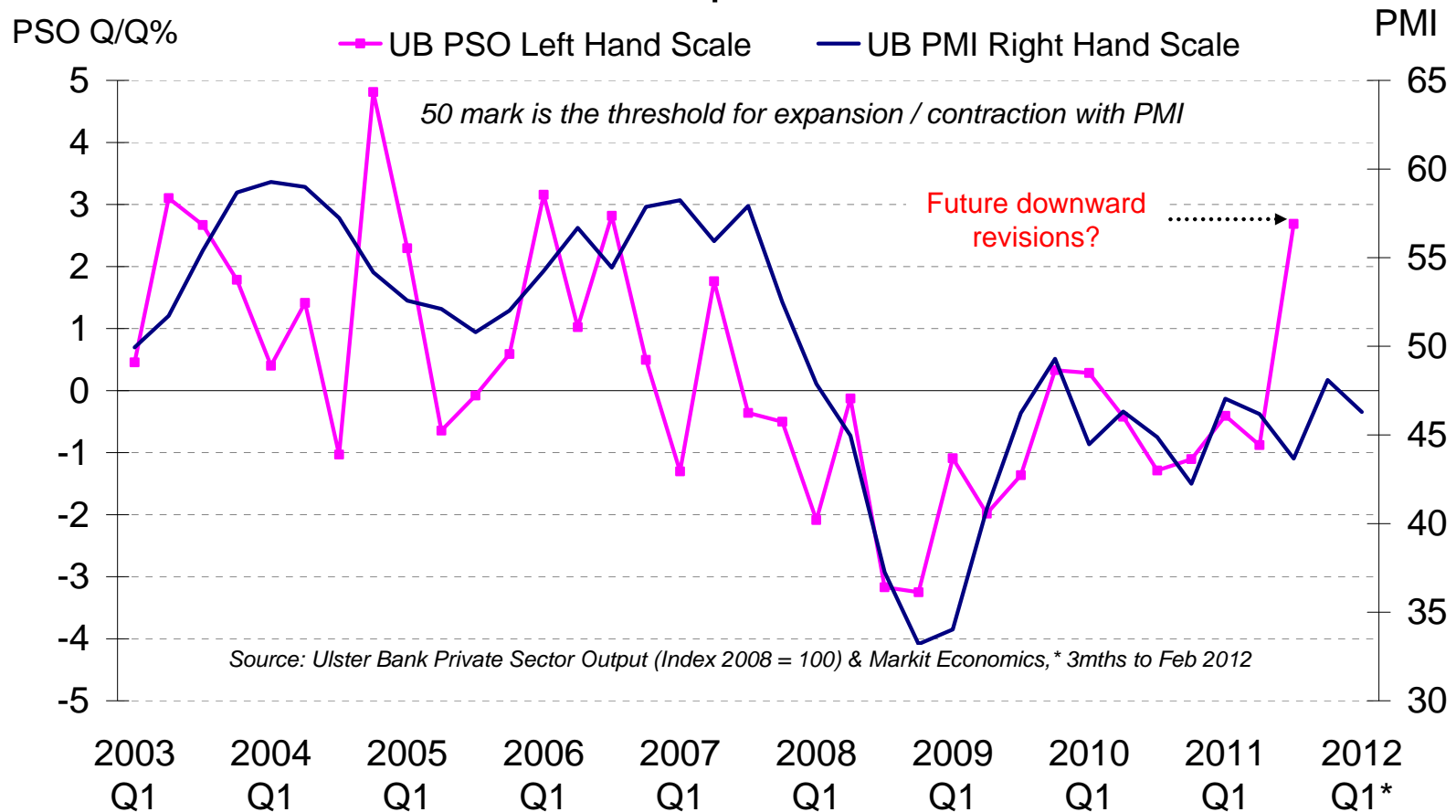
NI's private sector contraction continues in February while the RoI is back into expansion territory

Private Sector Business Activity - PMIs



PMI did not signal rebound in Q3 output that the private sector composite index (combines DFP indices for construction, services and industrial production) did

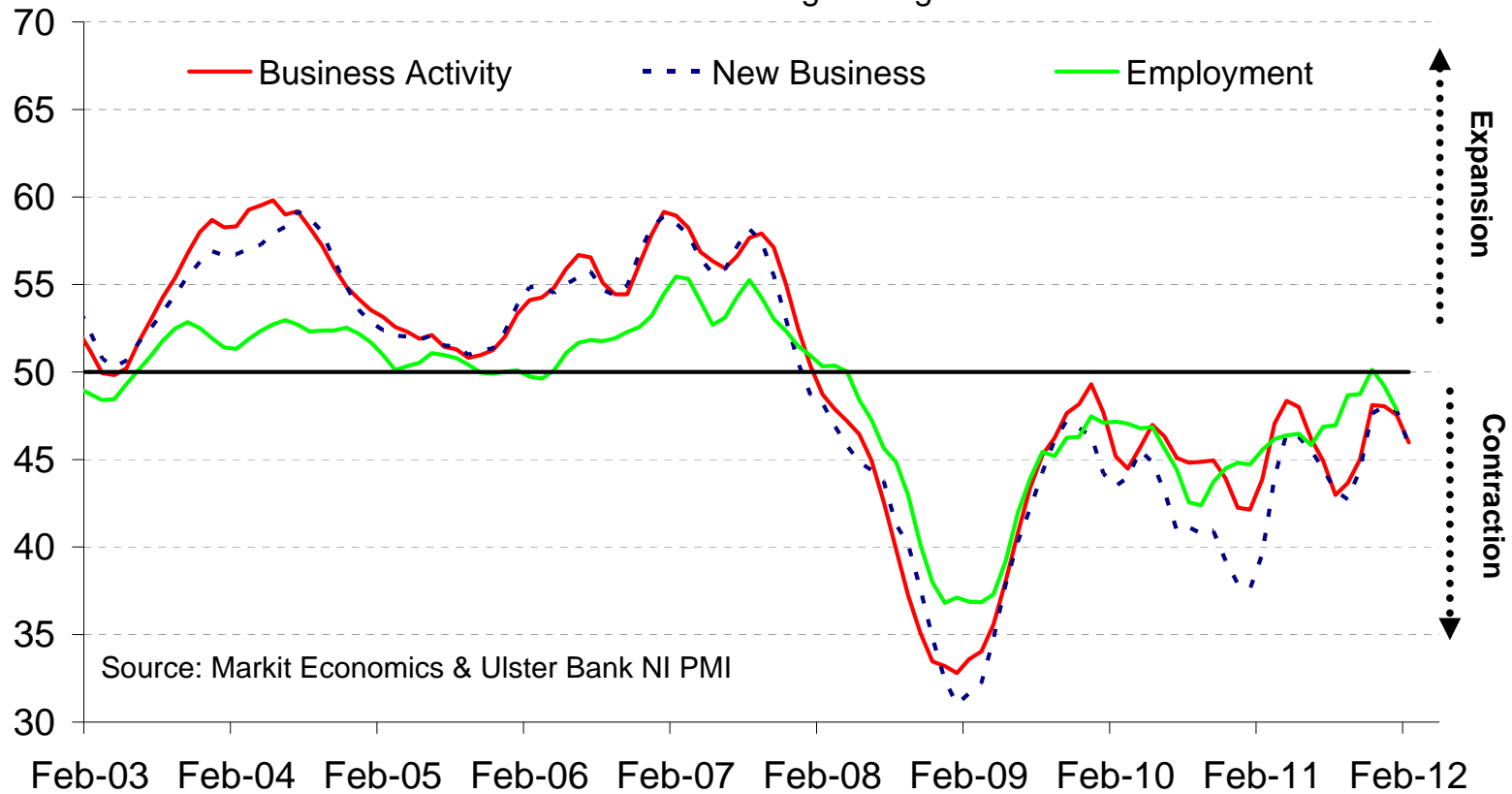
NI Private Sector Output Index Versus NI PMI



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

NI Private Sector Activity

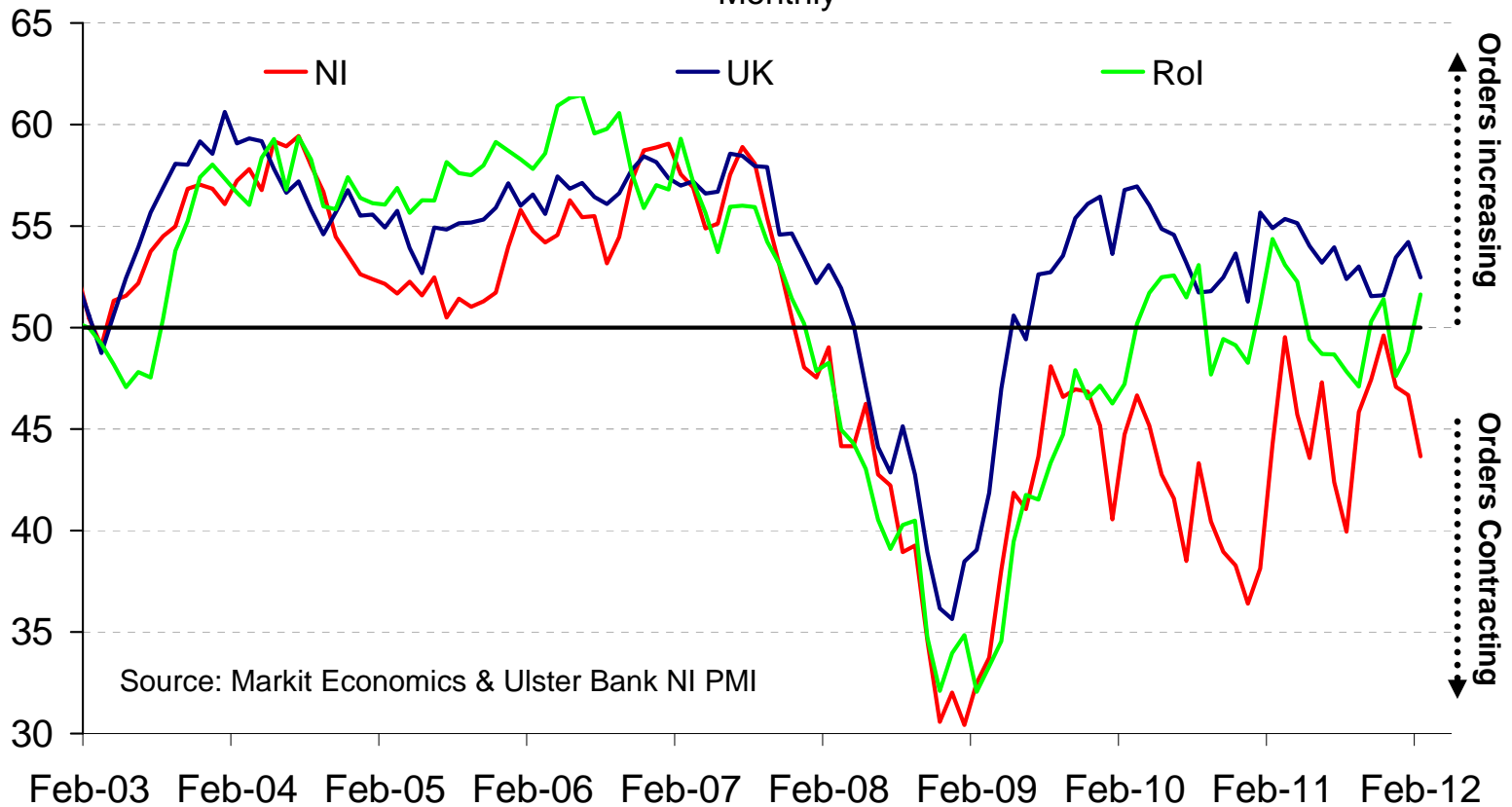
3 month moving average



Forward looking new orders indices head north for RoI and south for NI

Private Sector New Orders

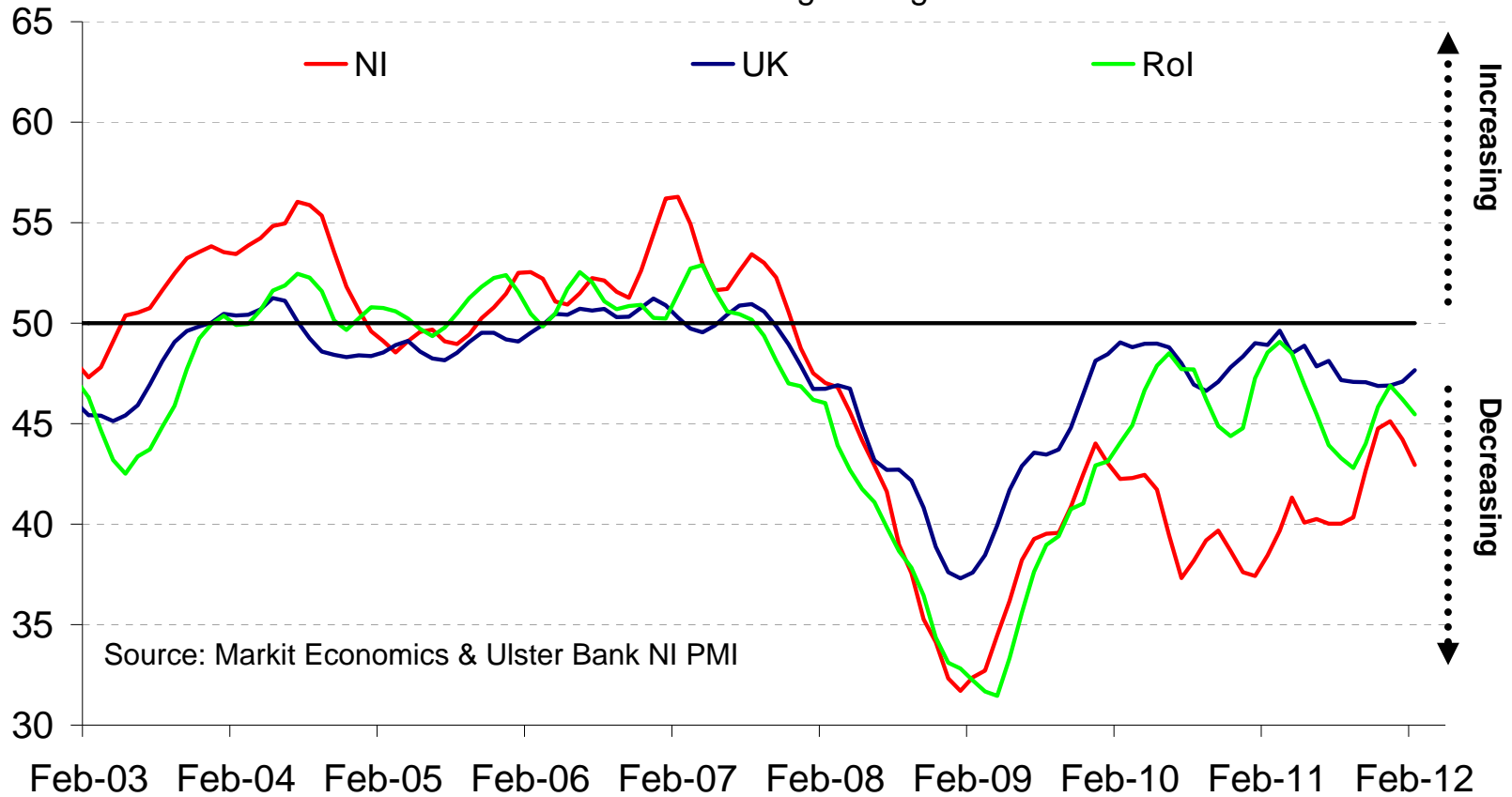
Monthly



NI's levels of work outstanding are still falling sharply

Private Sector Backlogs

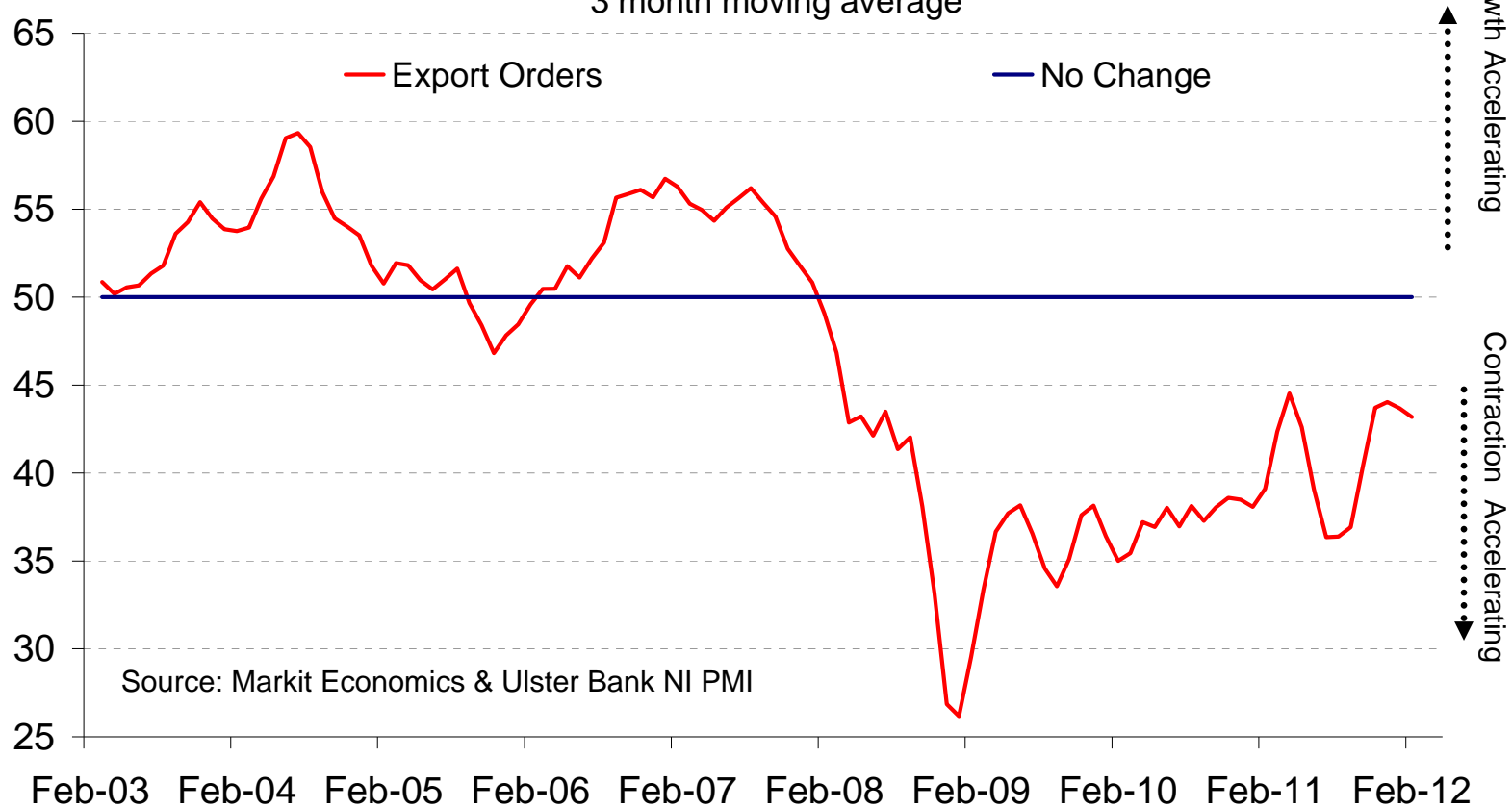
3 month moving average



31% of firms saw export orders fall in February, weak demand in RoI still cited as a key factor

NI New Export Business

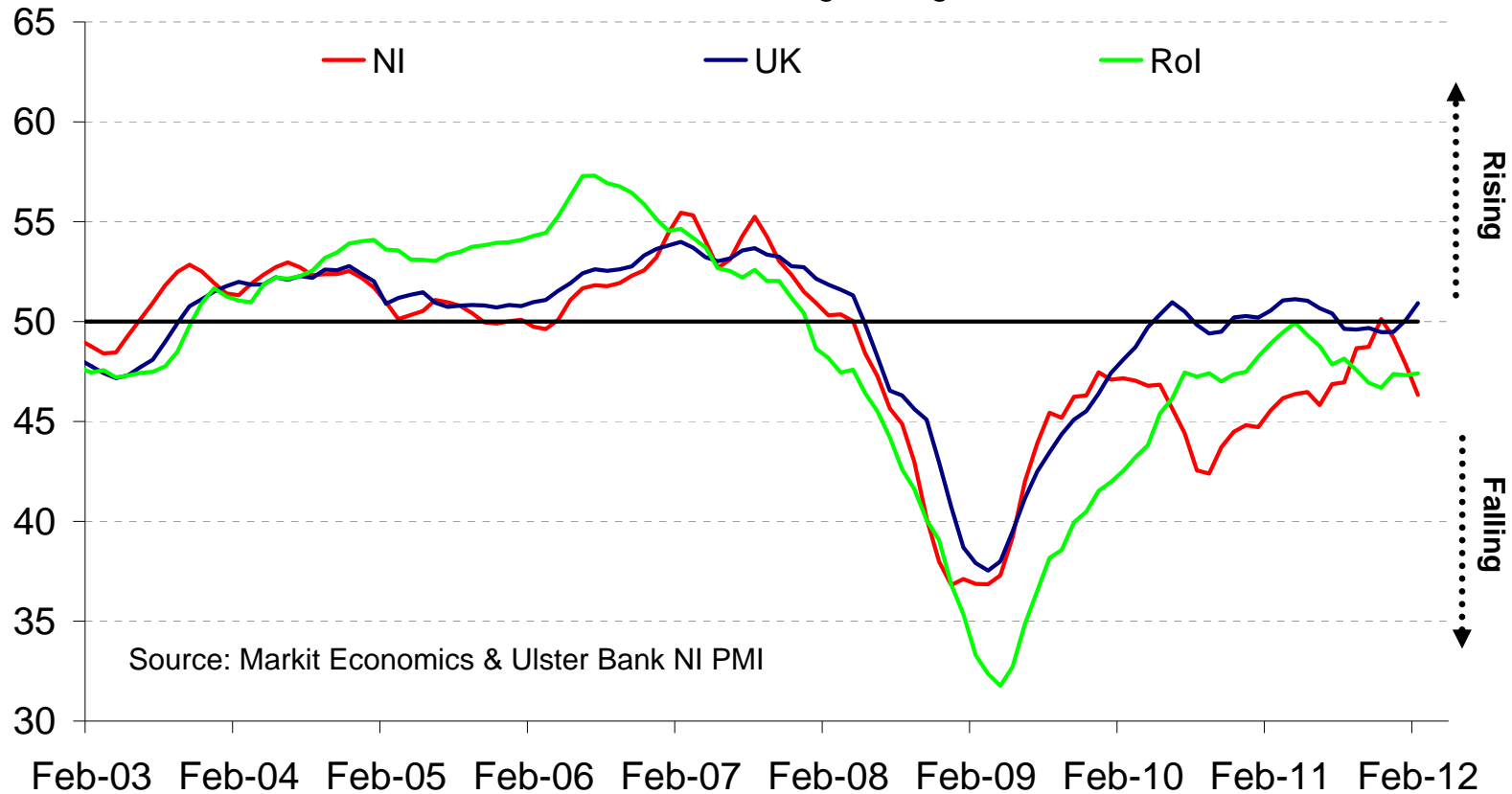
3 month moving average



NI records a sharp rate of job losses during the last 3 months

Private Sector Employment Levels

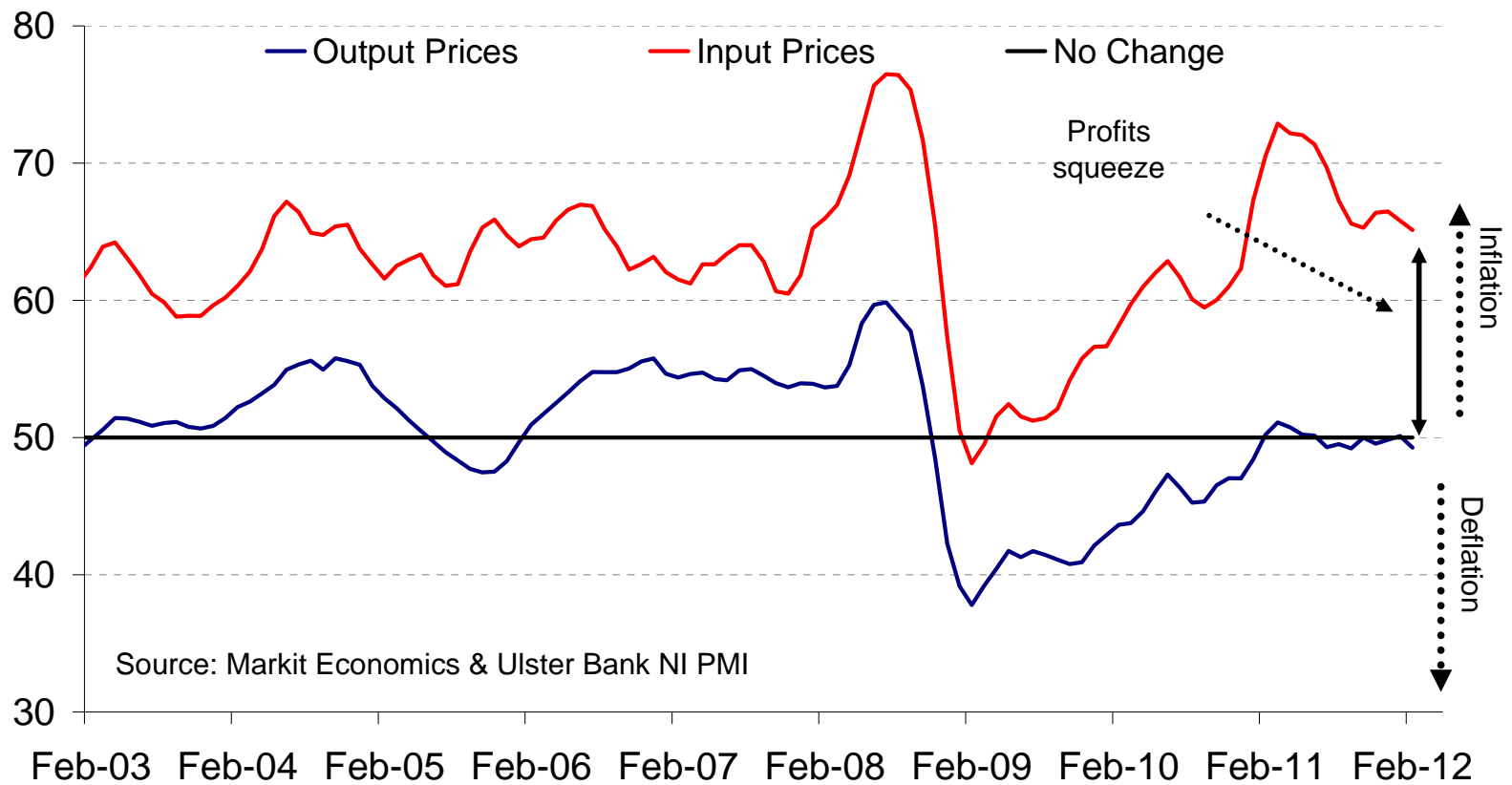
3 month moving average



NI profit squeeze remains with pricing power easing

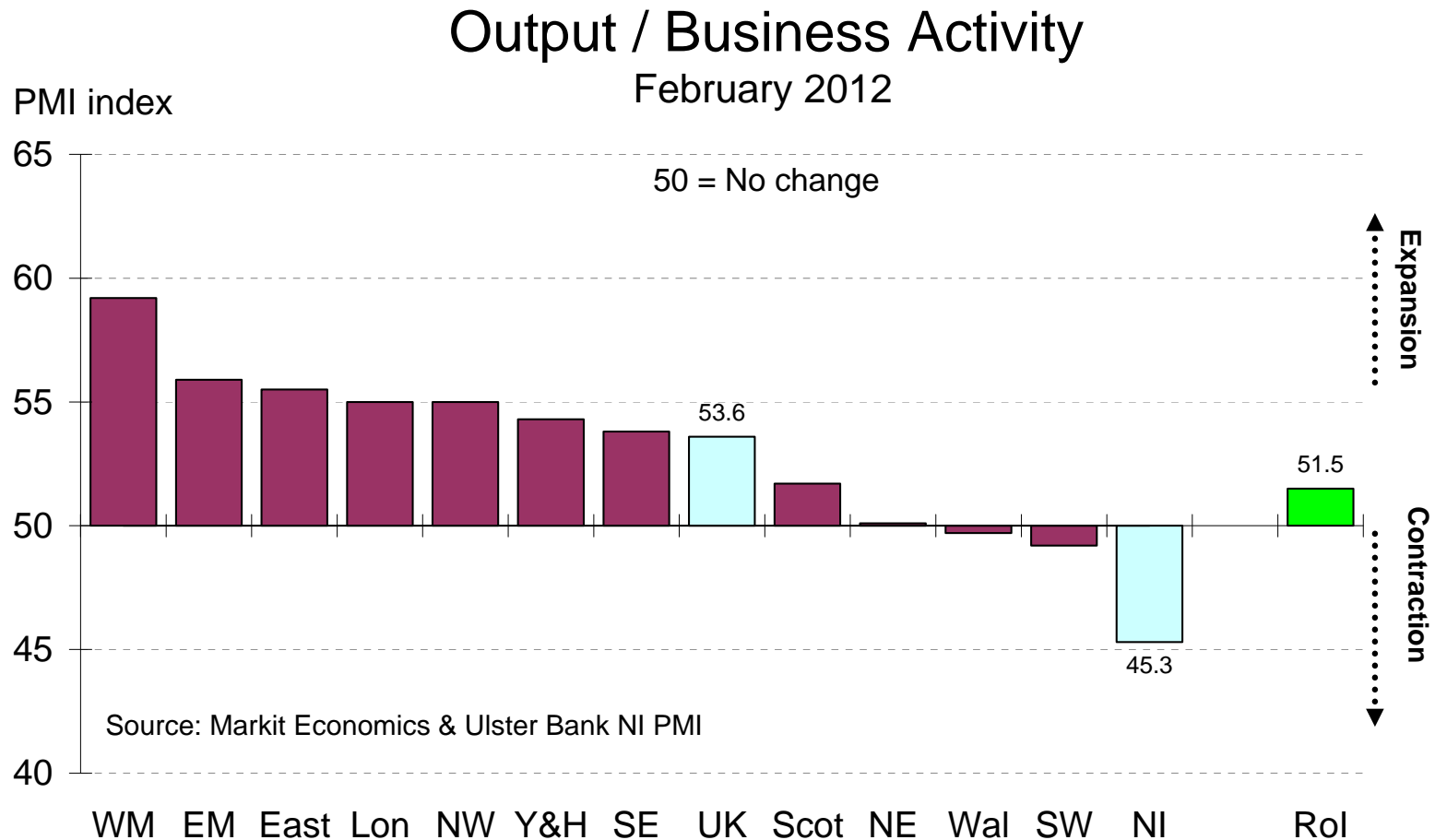
NI Private Sector Profit Squeeze

3 Month Moving Average



*Regional
Comparisons*

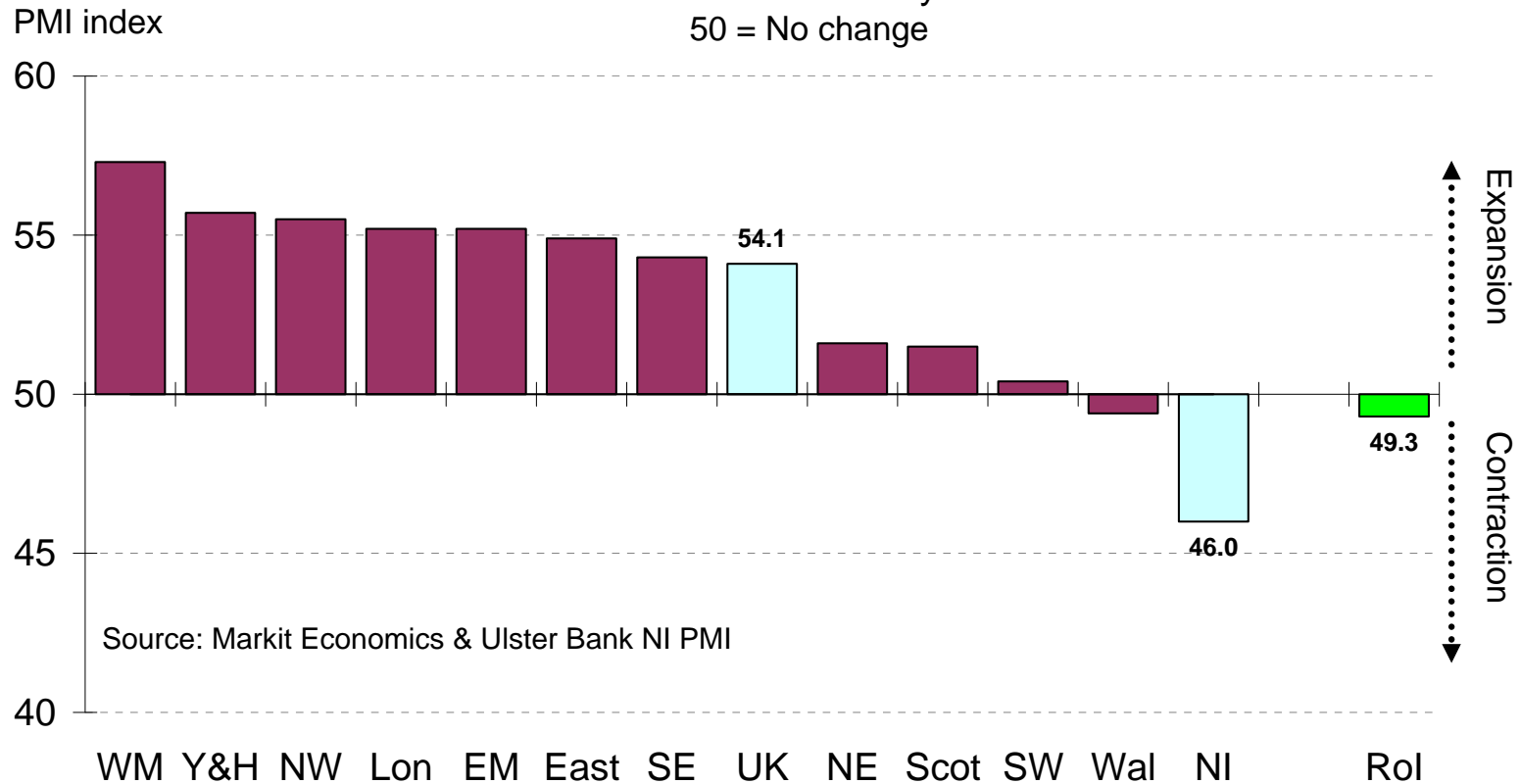
3 UK regions, including NI, contracting last month whilst the RoI returns to growth



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

Output / Business Activity

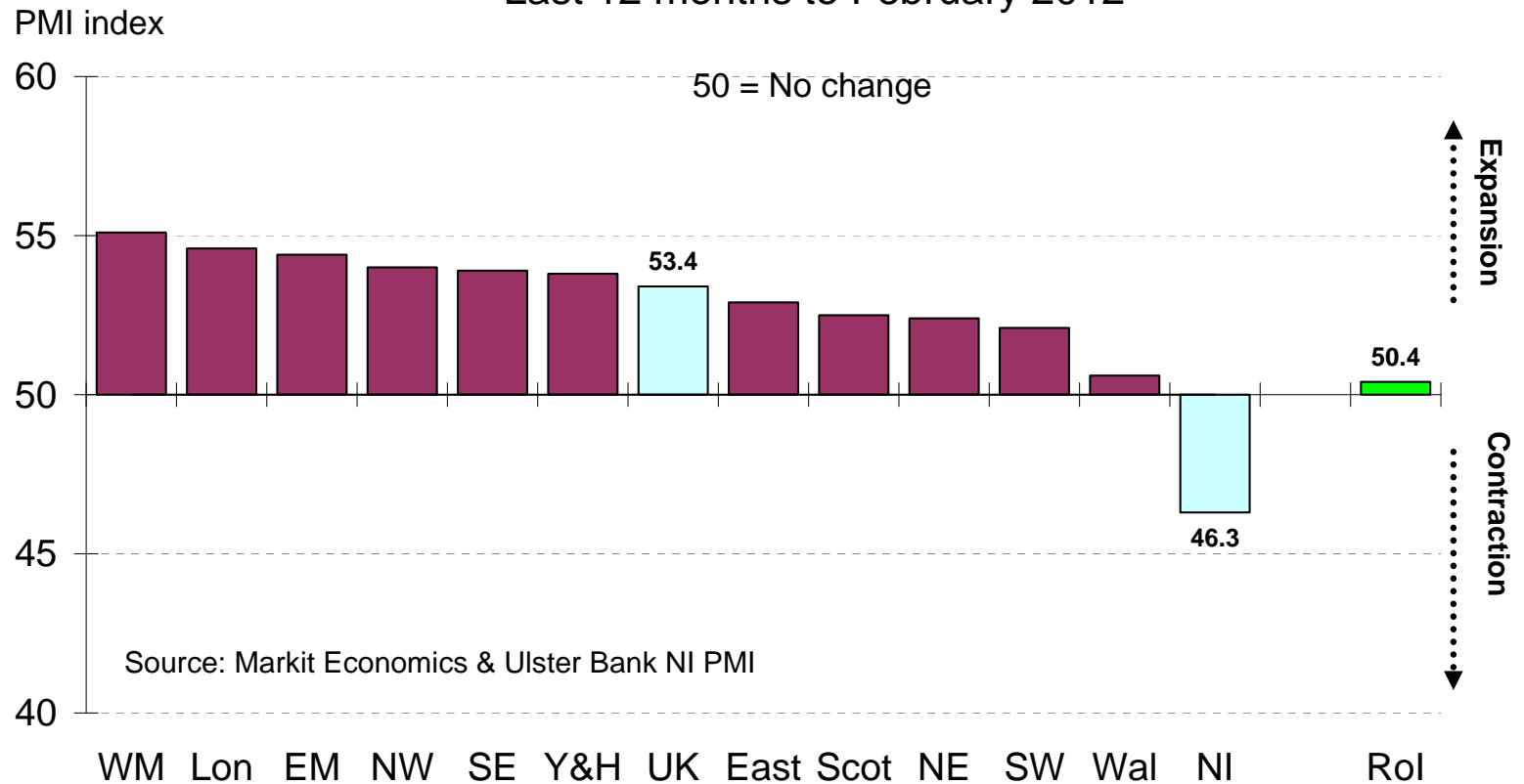
3 months to February 2012
50 = No change



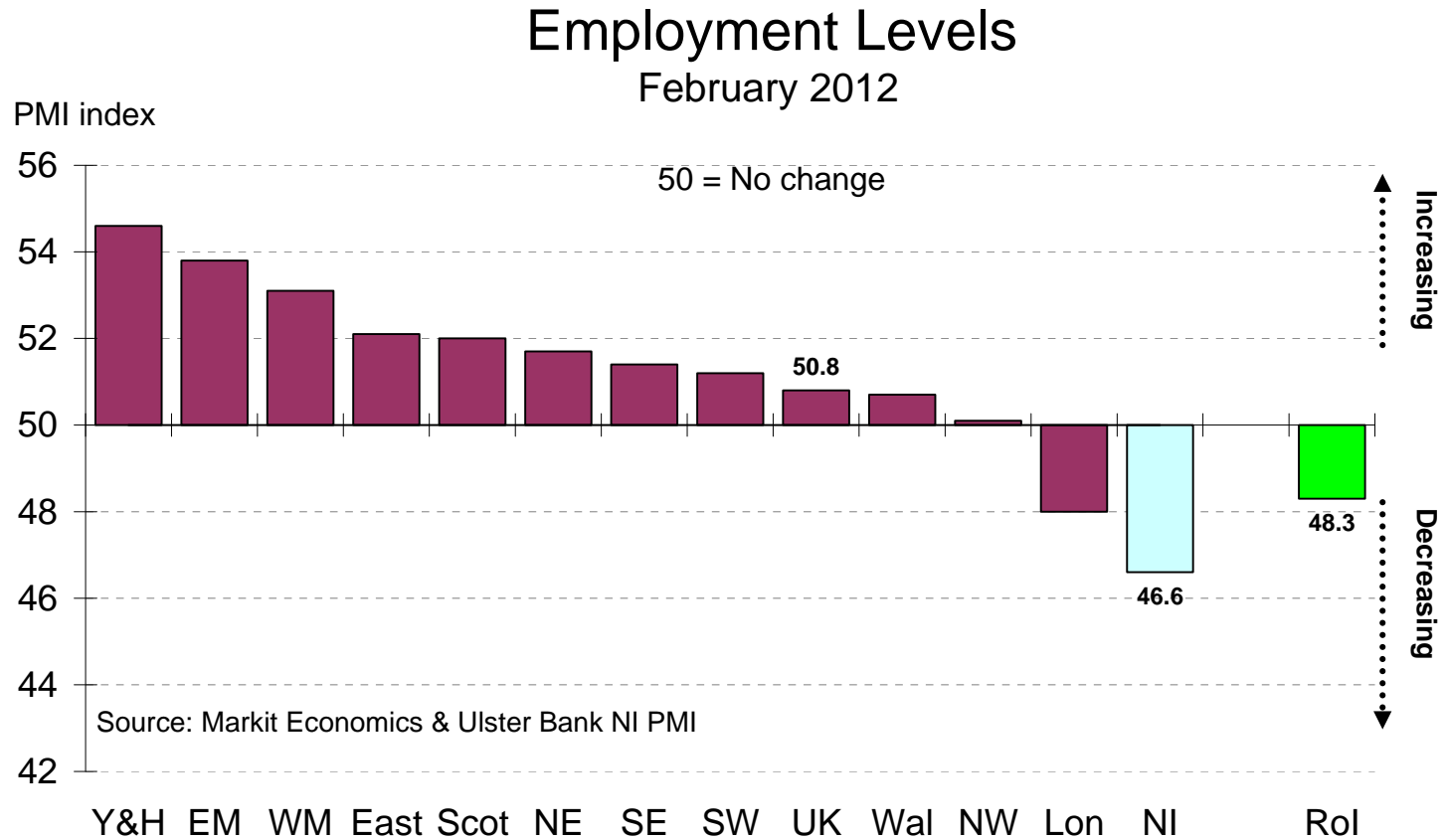
.....and over the last 12 months

Output / Business Activity

Last 12 months to February 2012



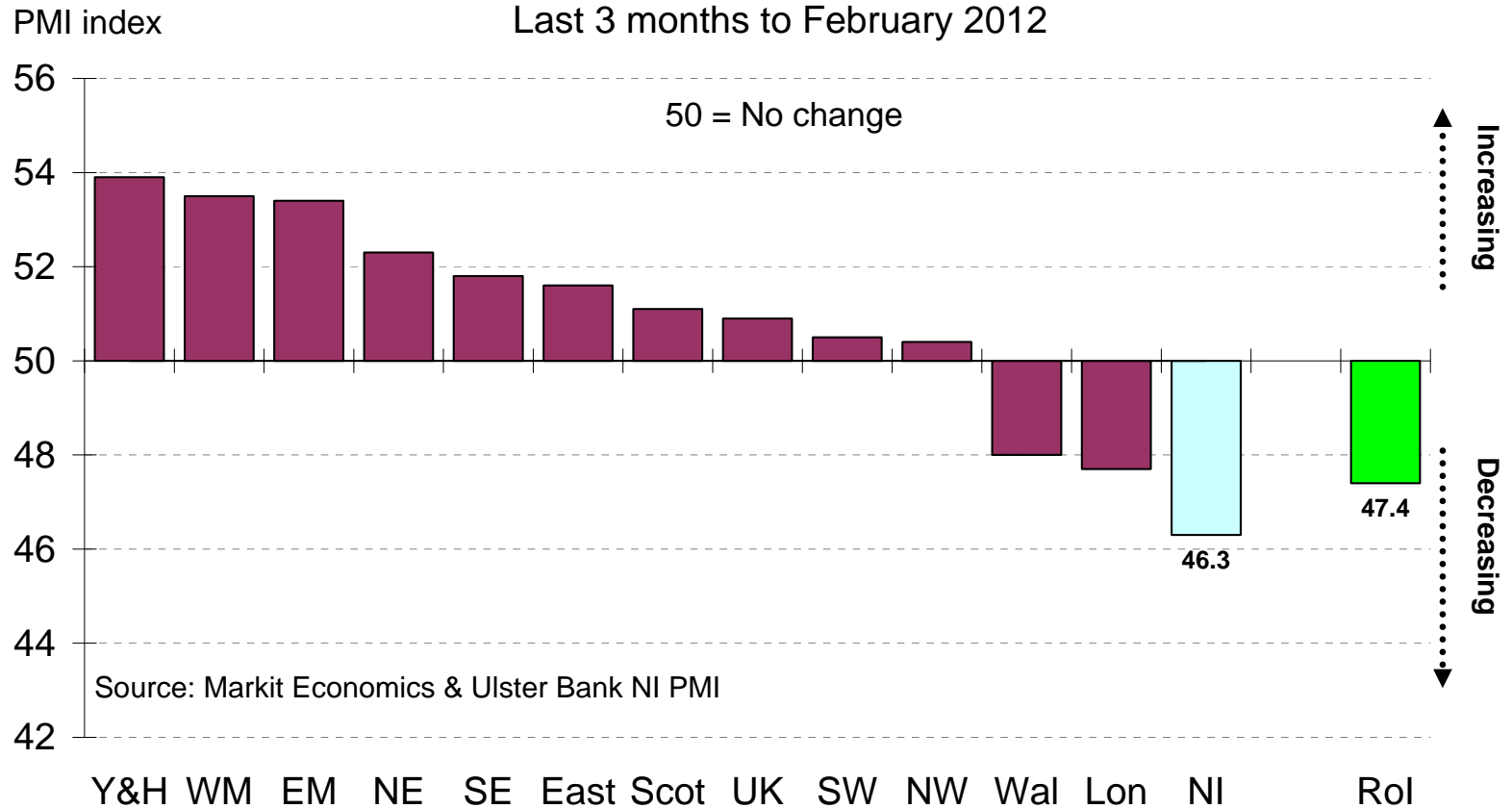
NI posted the sharpest decline in employment in February



...and over the last 3 months...

Employment Levels

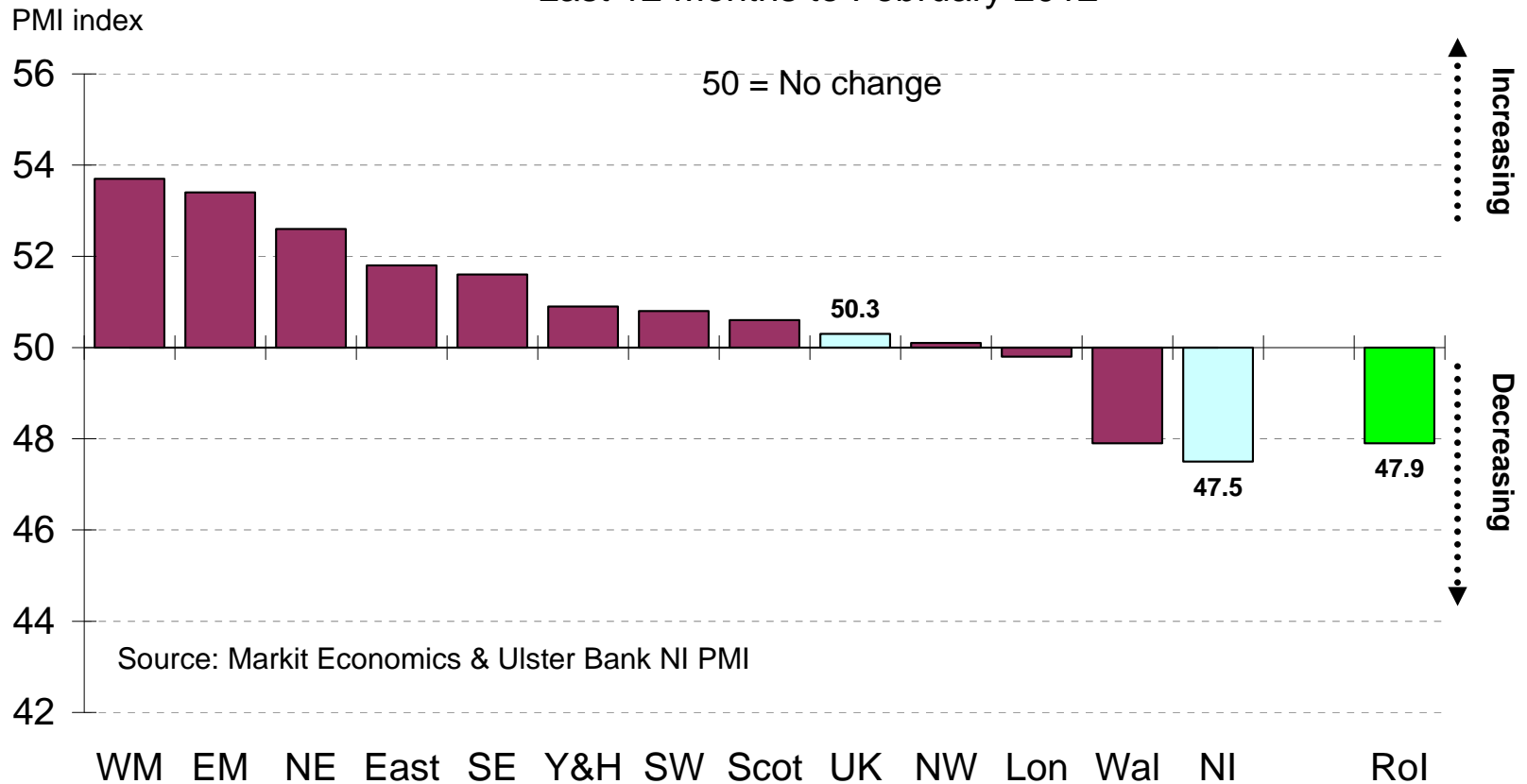
Last 3 months to February 2012



...and over the last 12 months

Employment Levels

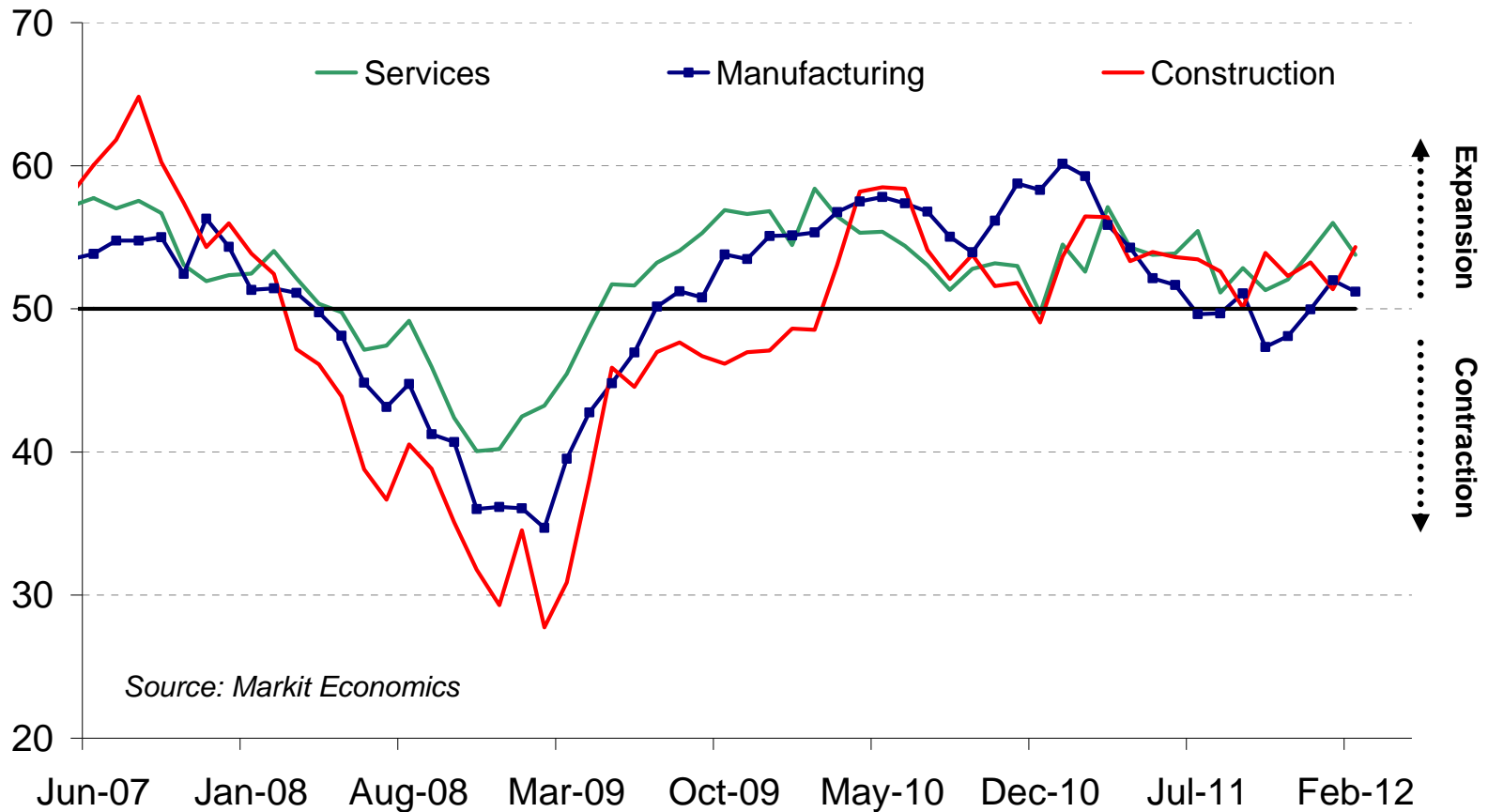
Last 12 Months to February 2012



Sectoral Comparisons

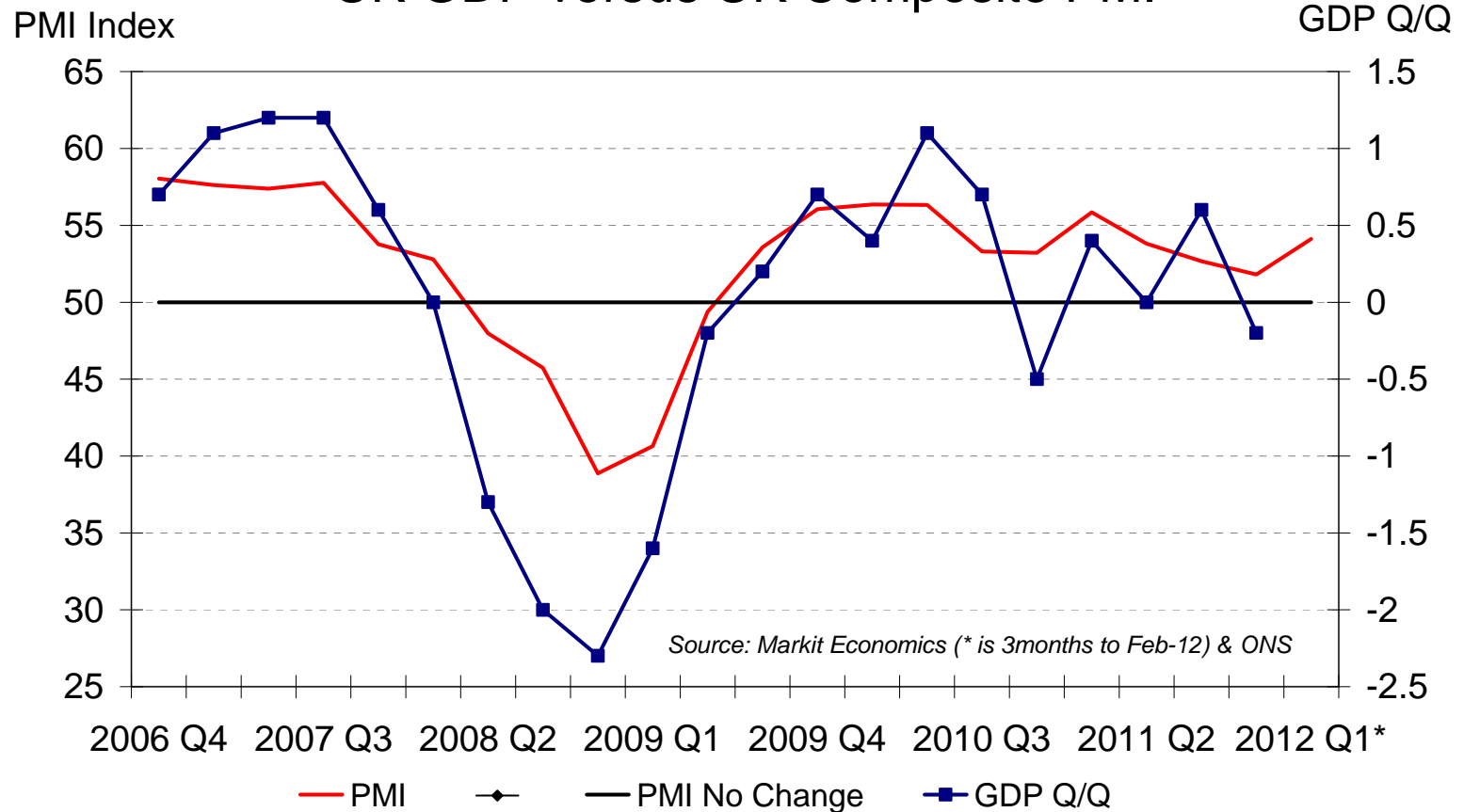
All UK sectors expanding in February but only construction sees growth rate accelerate

UK Business Activity / Output - PMIs



UK composite PMI suggests no contraction in GDP in Q4 2011, potential for Q4 GDP (-0.2%) to be revised up

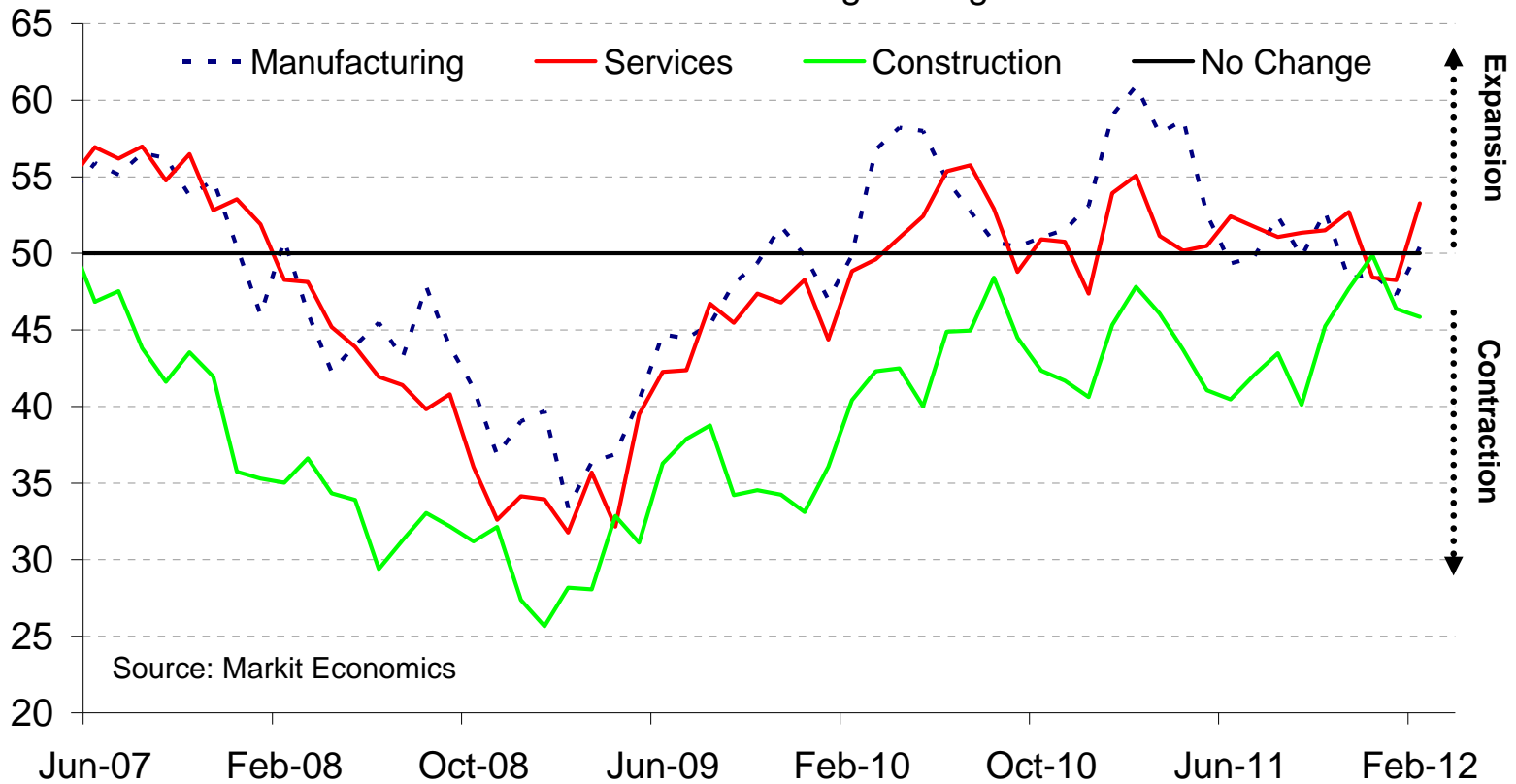
UK GDP versus UK Composite PMI



...and only construction is sub-50 in the RoI

RoI Business Activity - PMIs

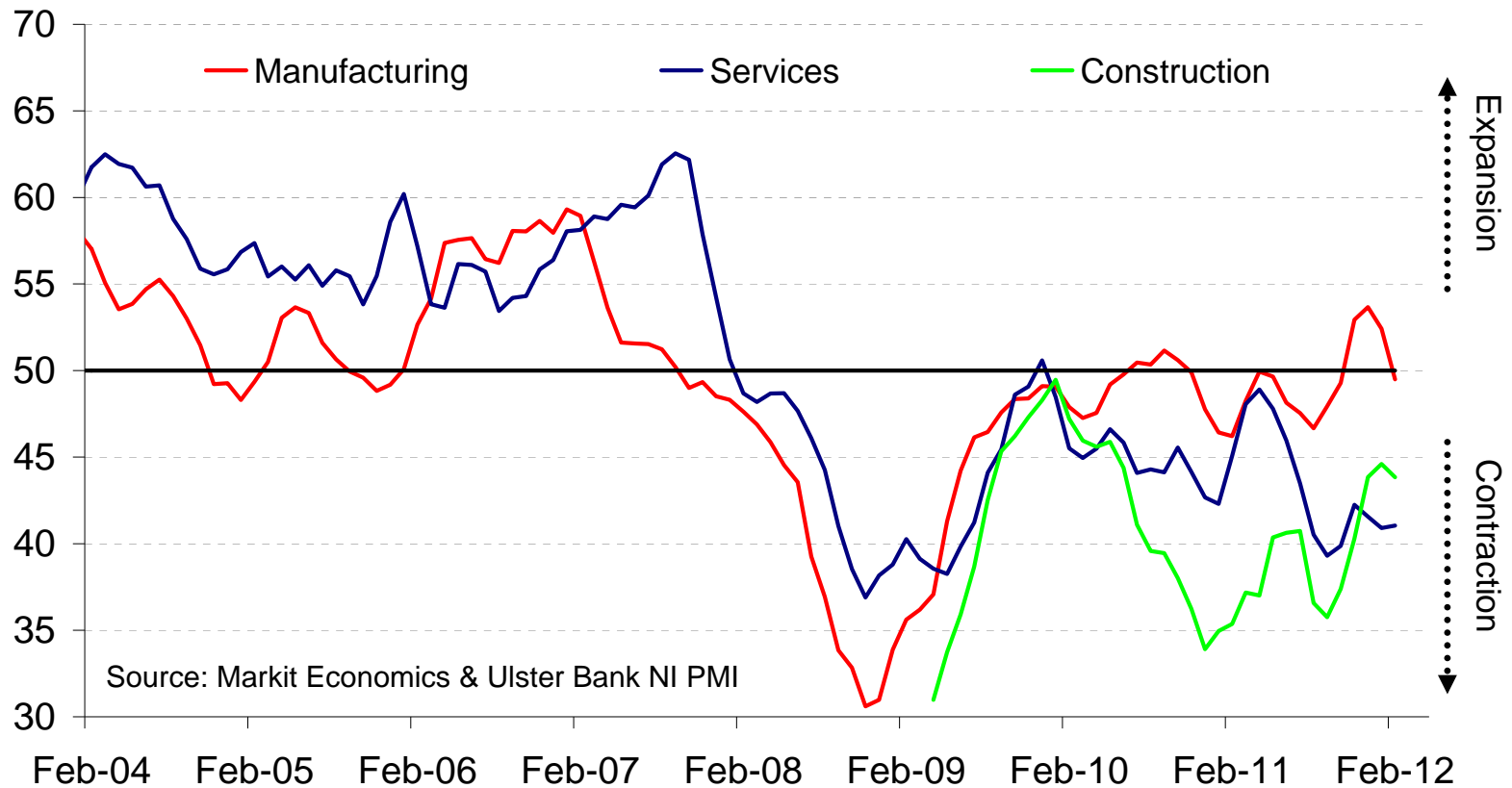
3 month moving average



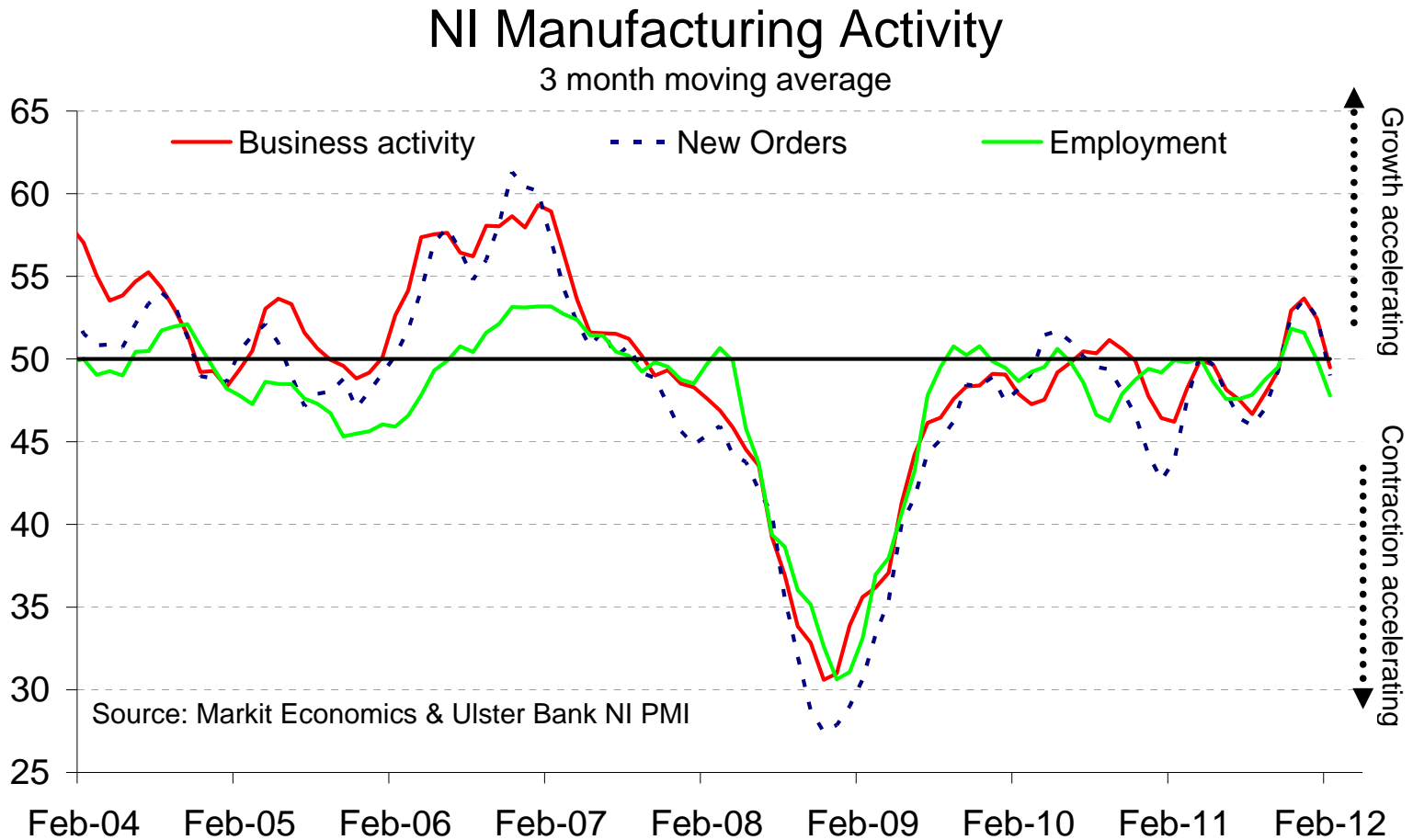
Manufacturing remains the star performer over the last 3 months with the pace of contraction greatest for services

NI Private Sector Output

3 month moving average

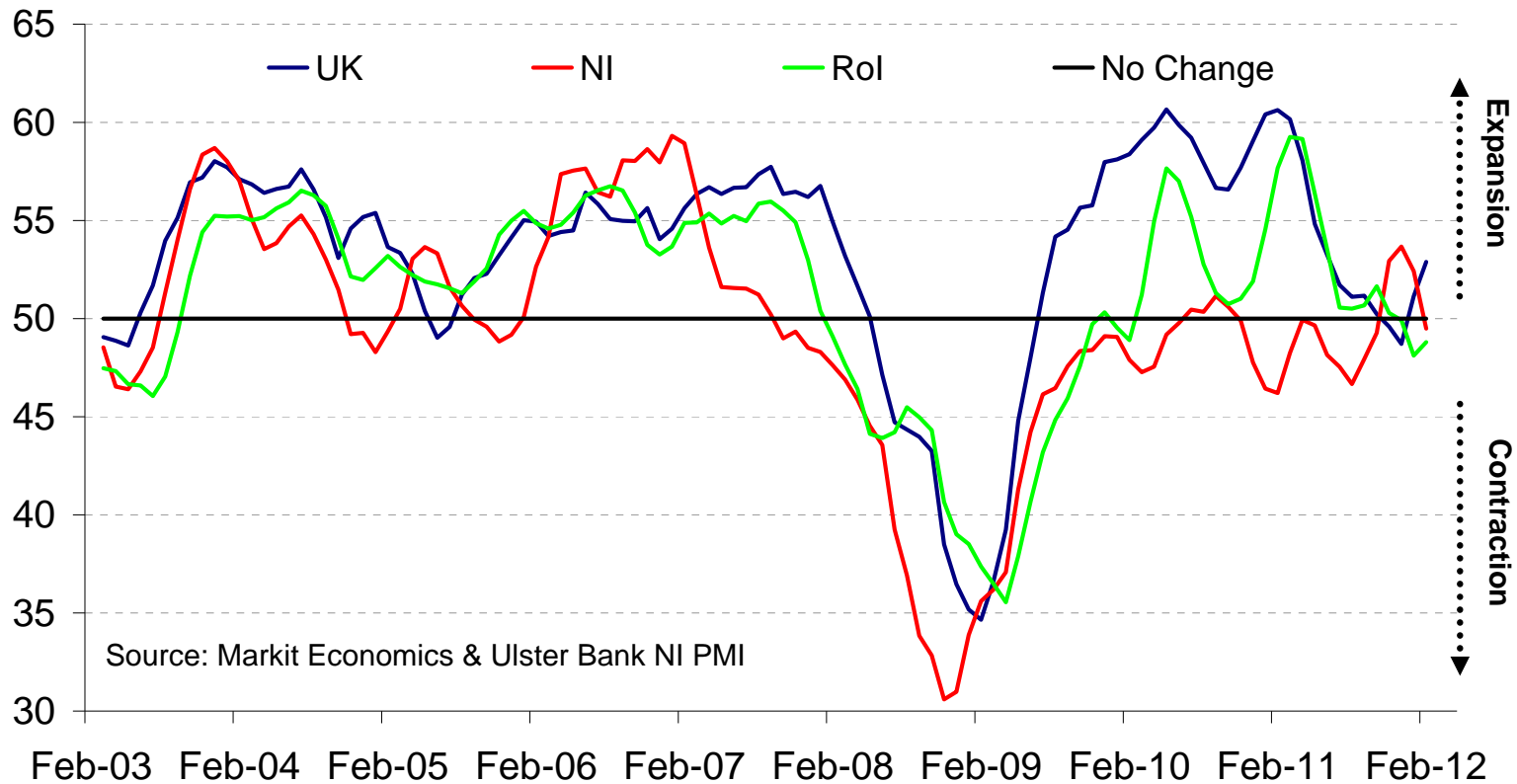


Manufacturing indices continue to fall from recent highs



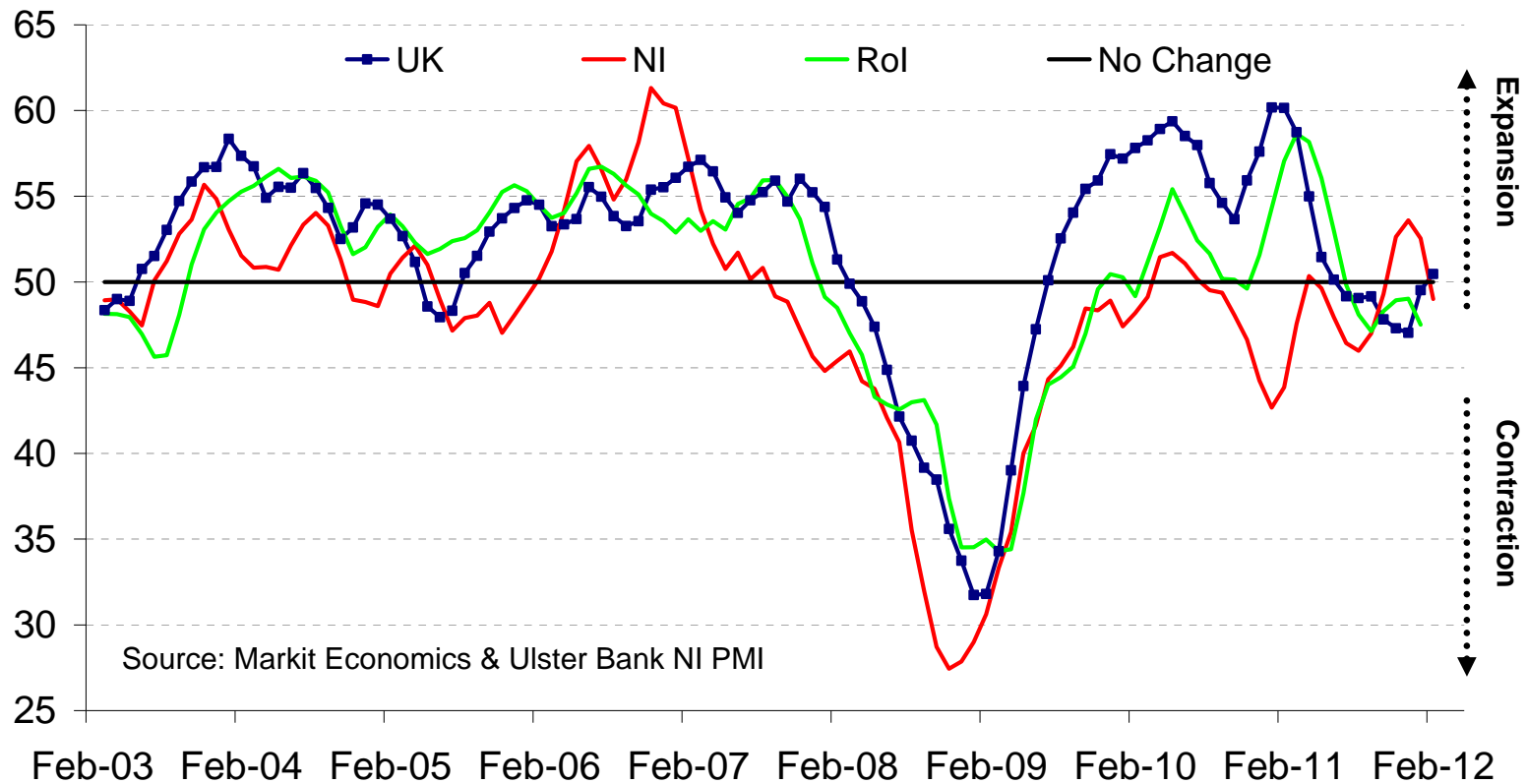
NI's manufacturing brief out-performance of the UK has come to an end

Manufacturing Output 3 month moving average



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

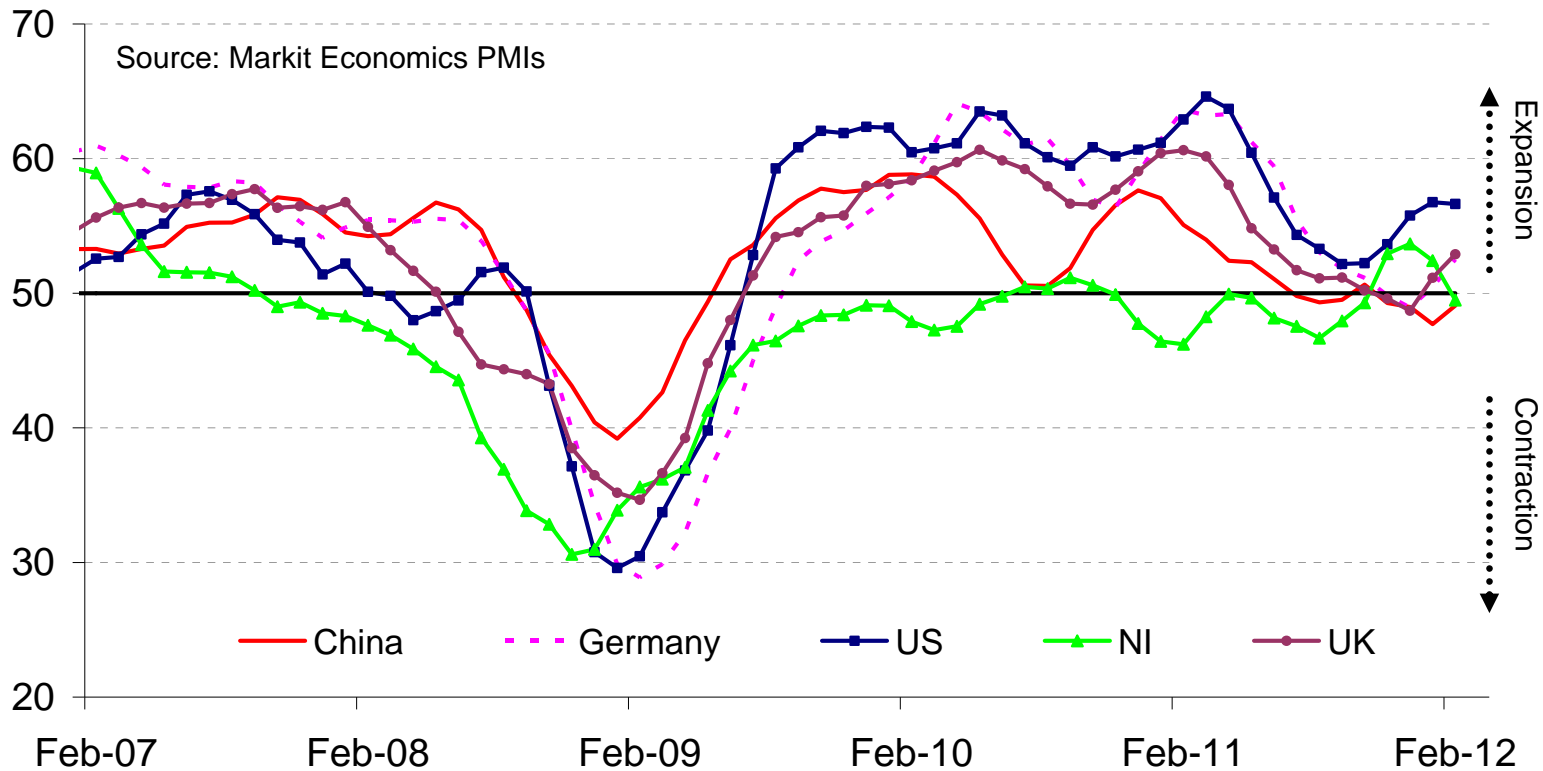
Manufacturing New Orders
3 month moving average



NI's recent robust manufacturing performance has faded

Manufacturing Output - PMI

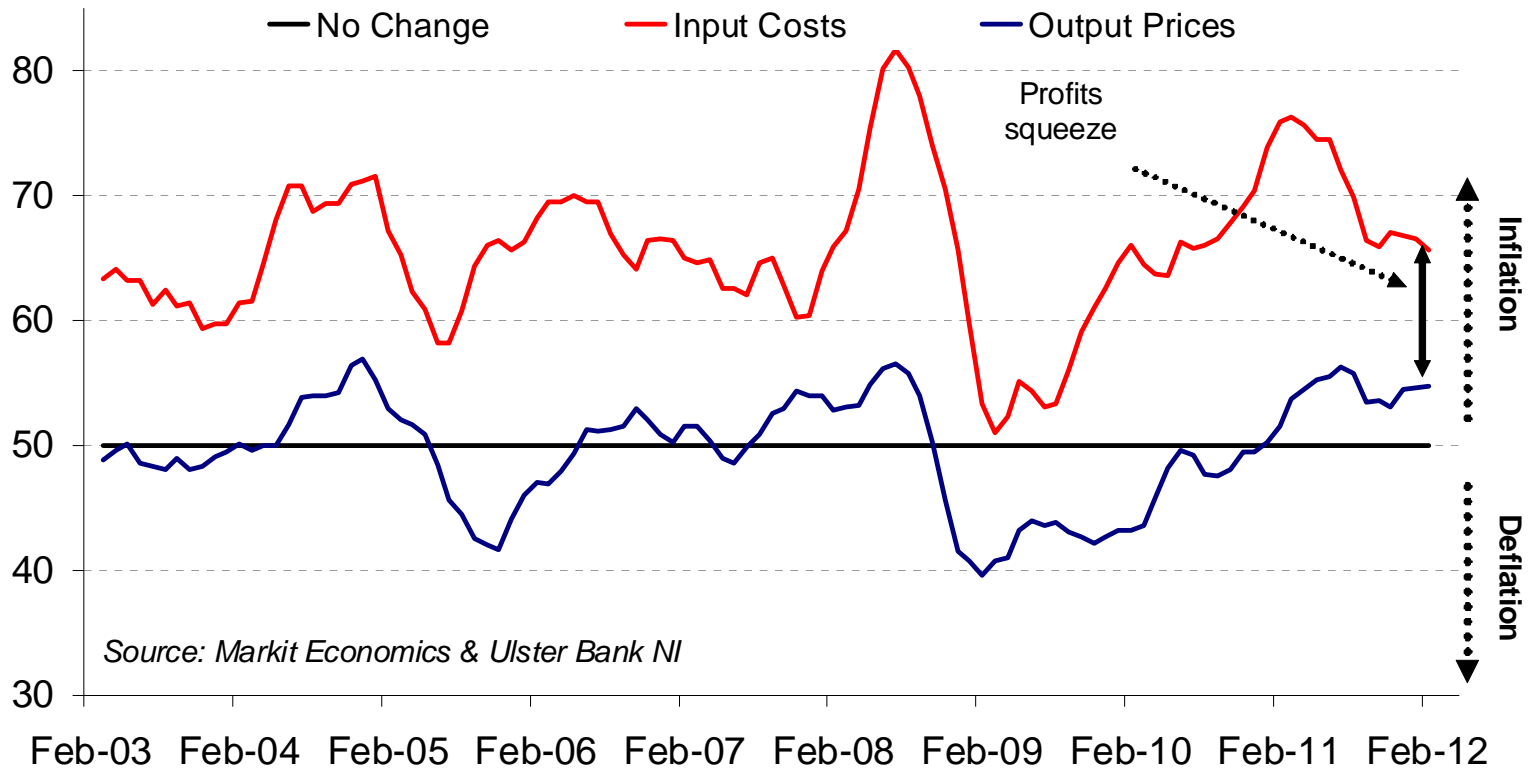
3 month moving average



Cost price inflation easing slightly for manufacturing firms (over 3 months but higher in Feb) & pricing power remains

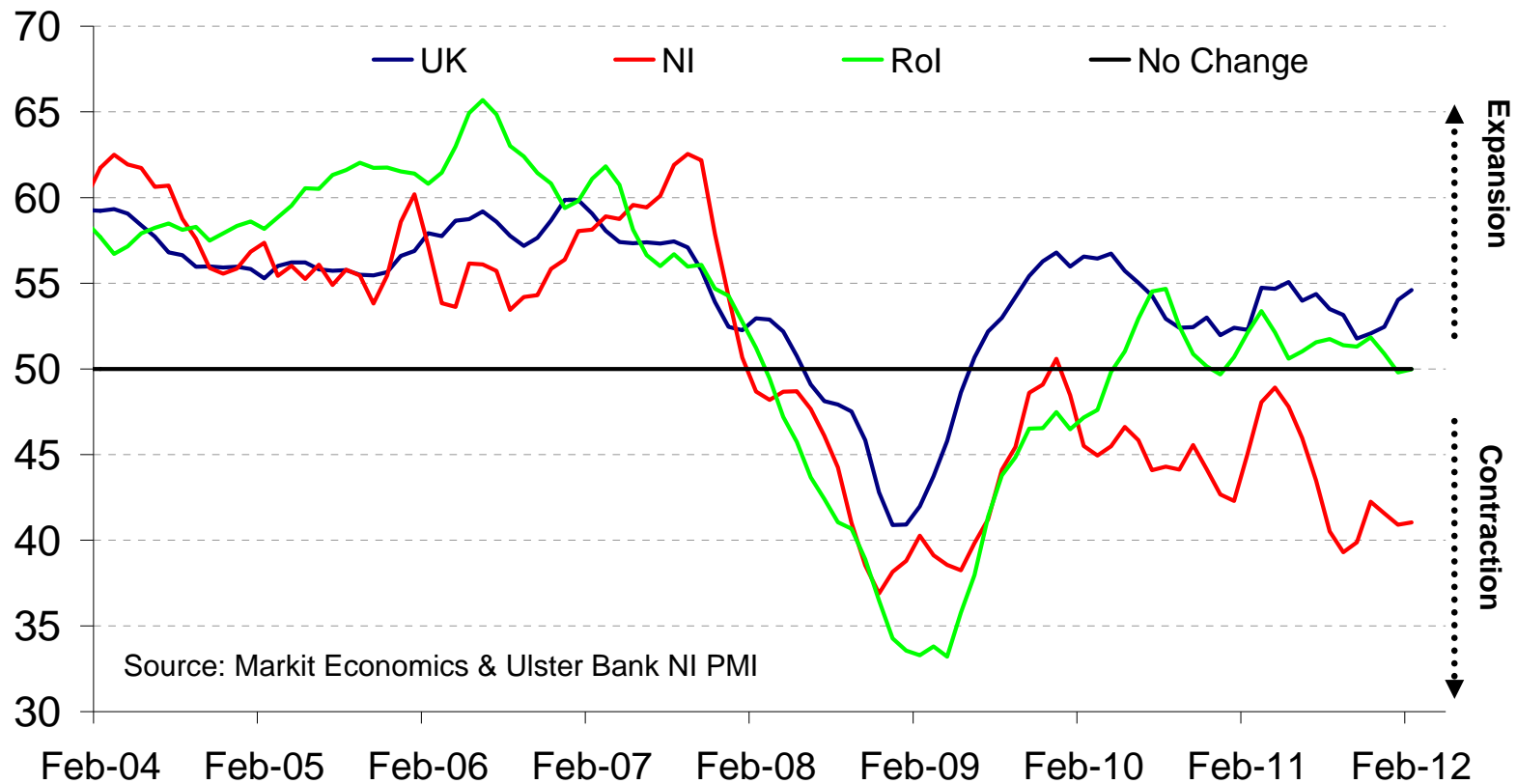
NI Manufacturing Input & Output Inflation

3 month moving average



NI-UK divergence within service sector widens

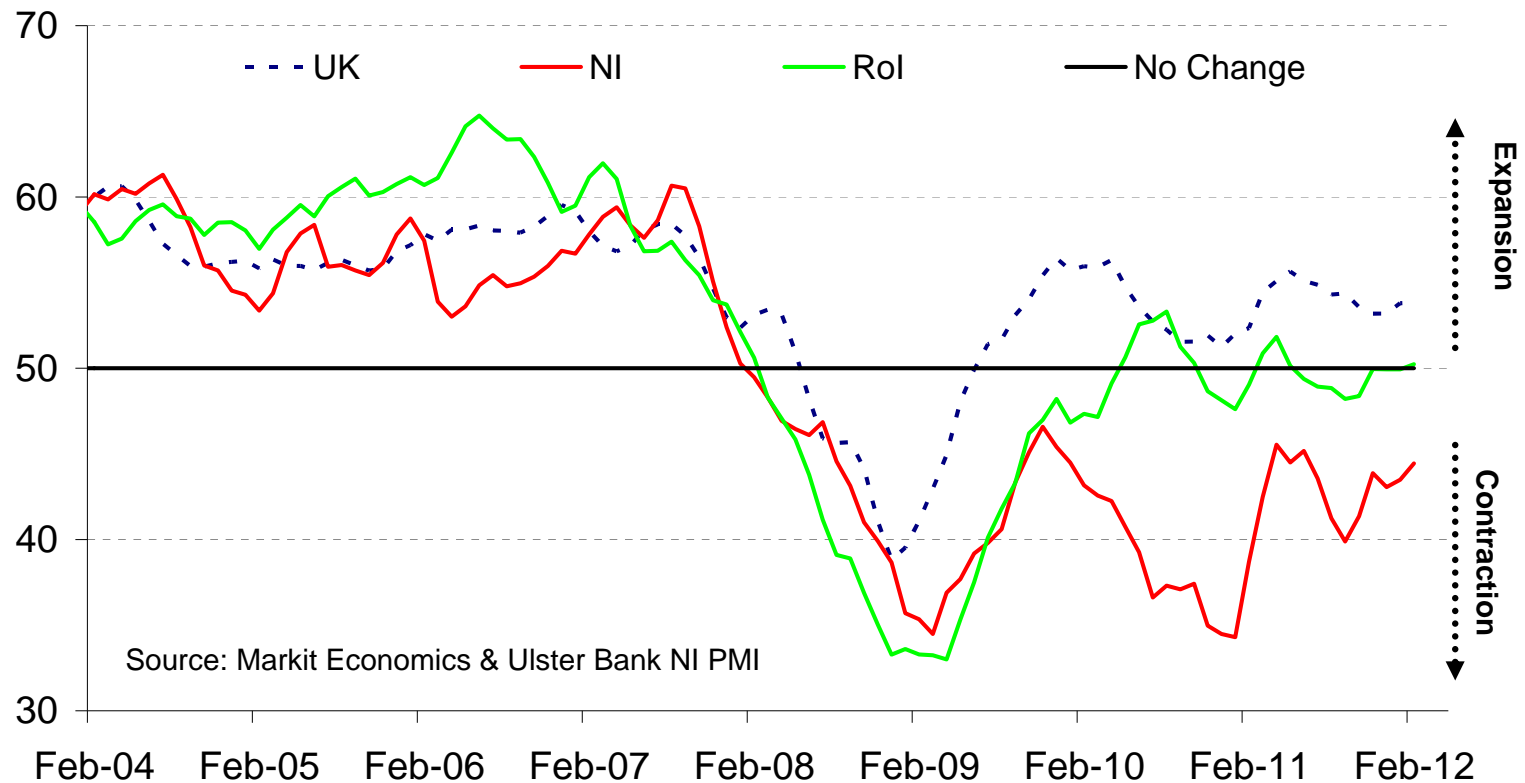
Services Output (excluding Retail)
3 month moving average



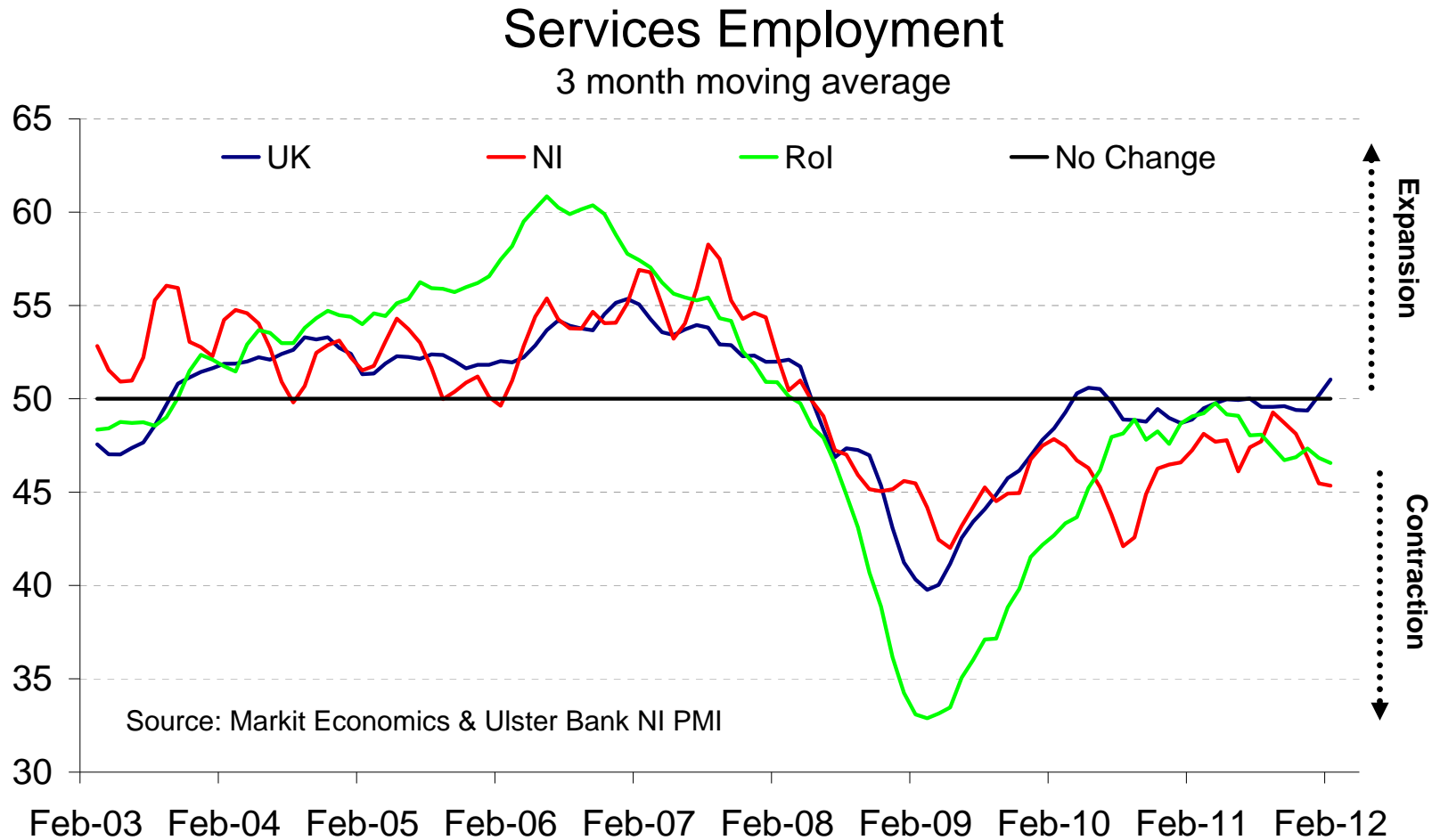
Forward looking new orders suggests no recovery is imminent

Services New Orders (excluding Retail)

3 month moving average



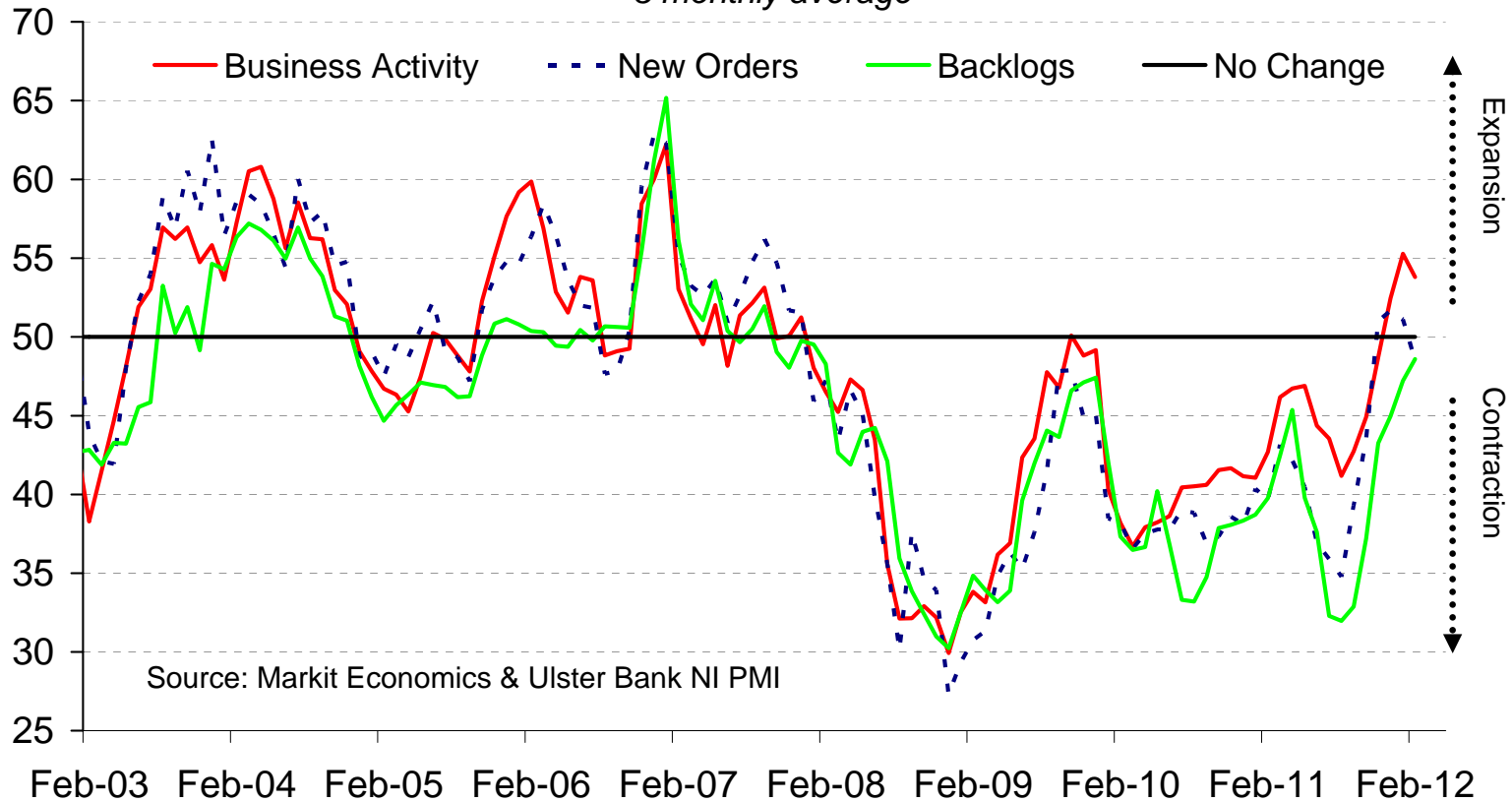
...with employment levels falling at an accelerating rate



A reversal in fortunes for the retail sector?

Northern Ireland Retail PMI

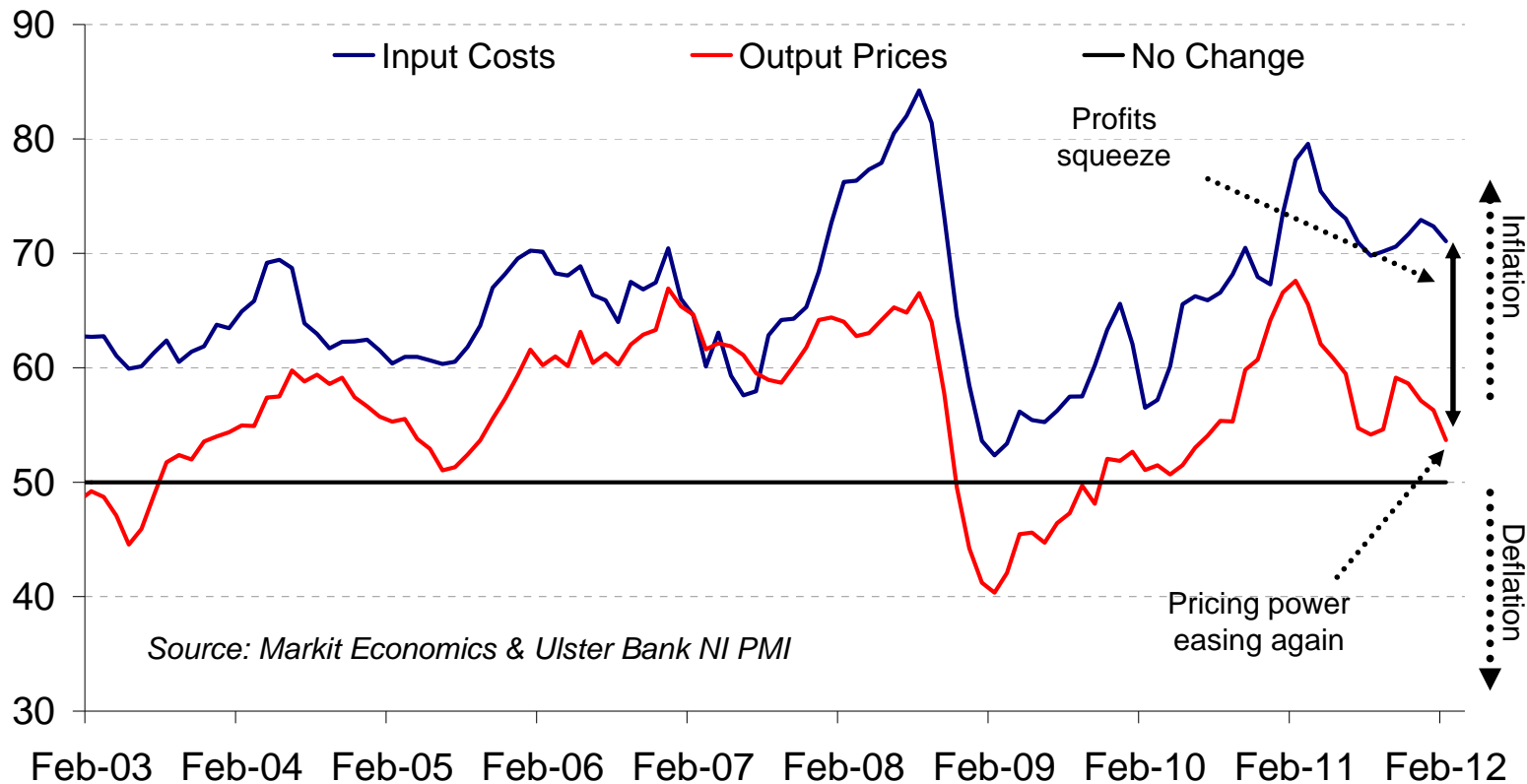
3 monthly average



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

NI Retail Input & Output Inflation

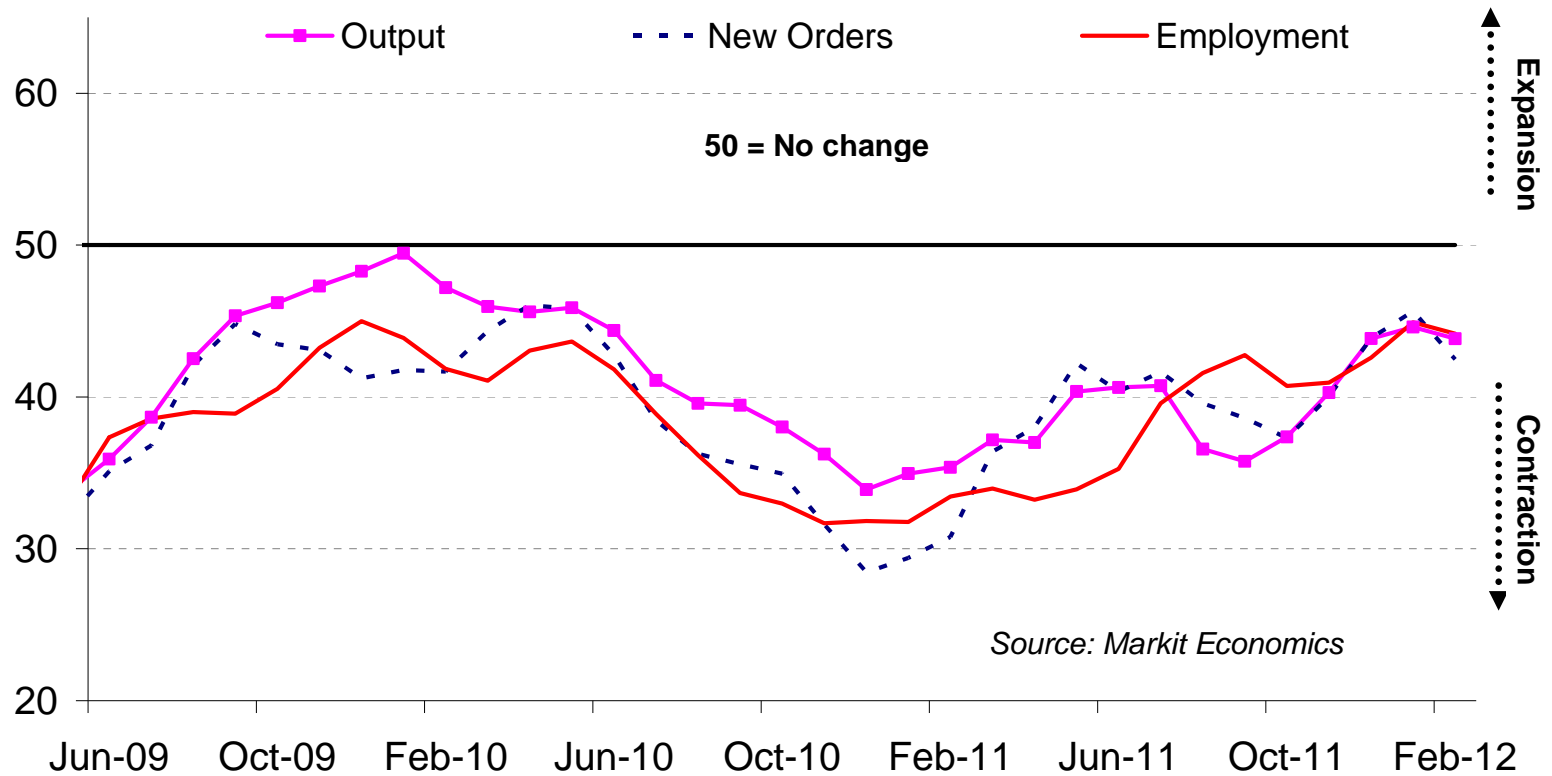
3 month moving average



NI construction sector continues to weaken

NI Construction PMI

3 month moving average

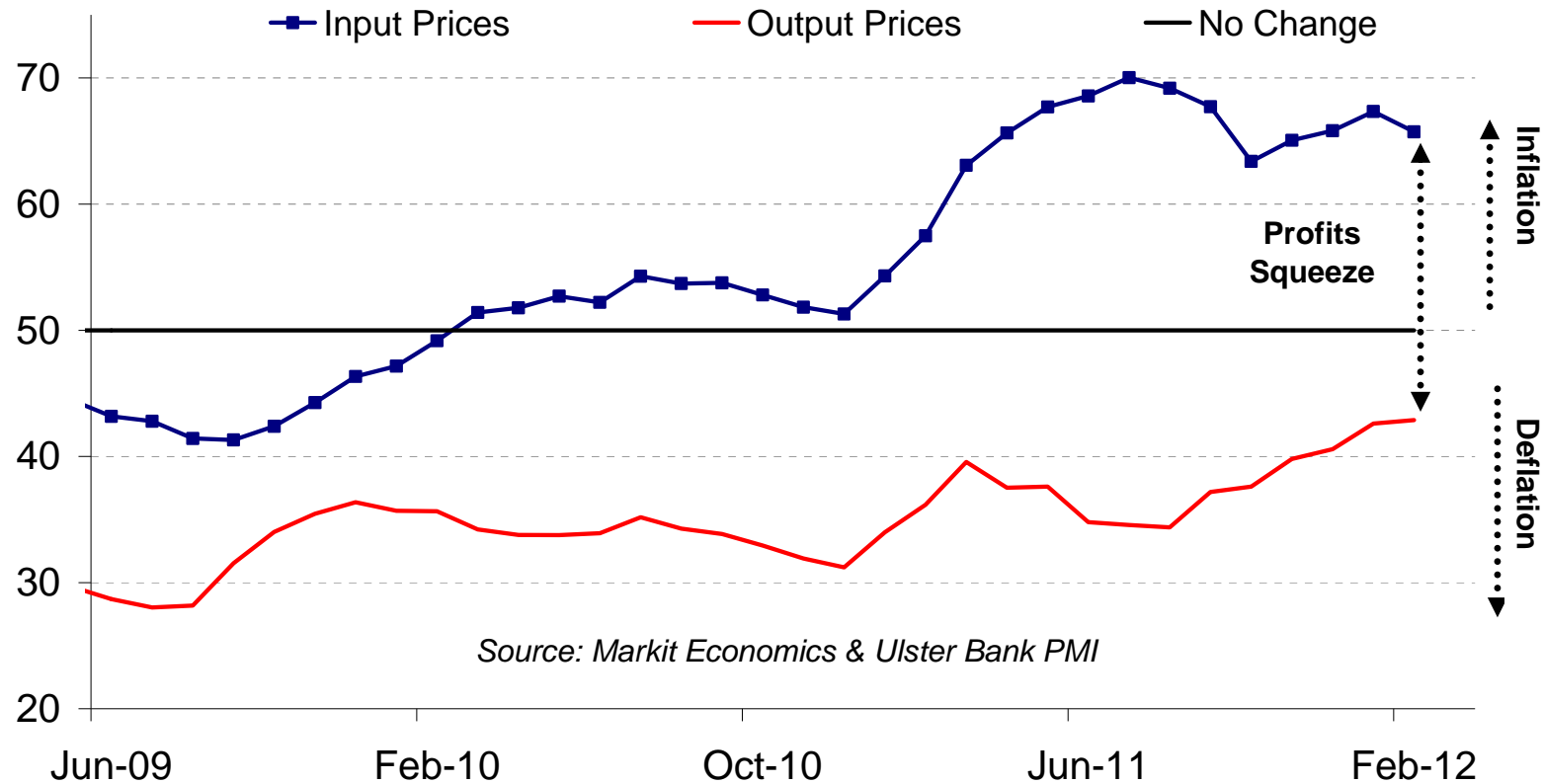


.....with profits squeeze still severe

NI Construction Sector Profits Squeeze

3 month moving average

PMI Index

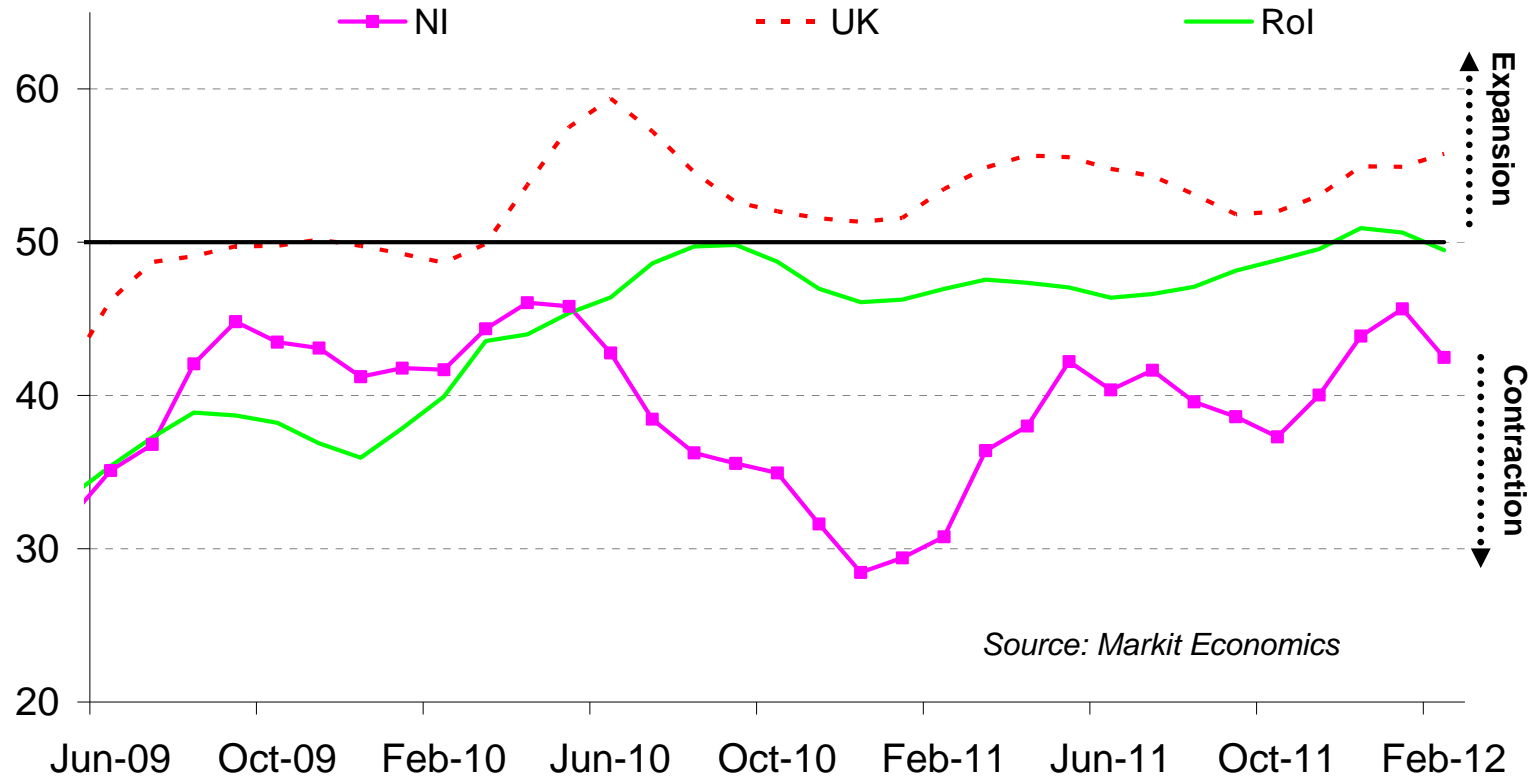


NI-UK divergence marked in terms of new orders

Construction Sector New Orders - PMI

3 month moving average

PMI Index

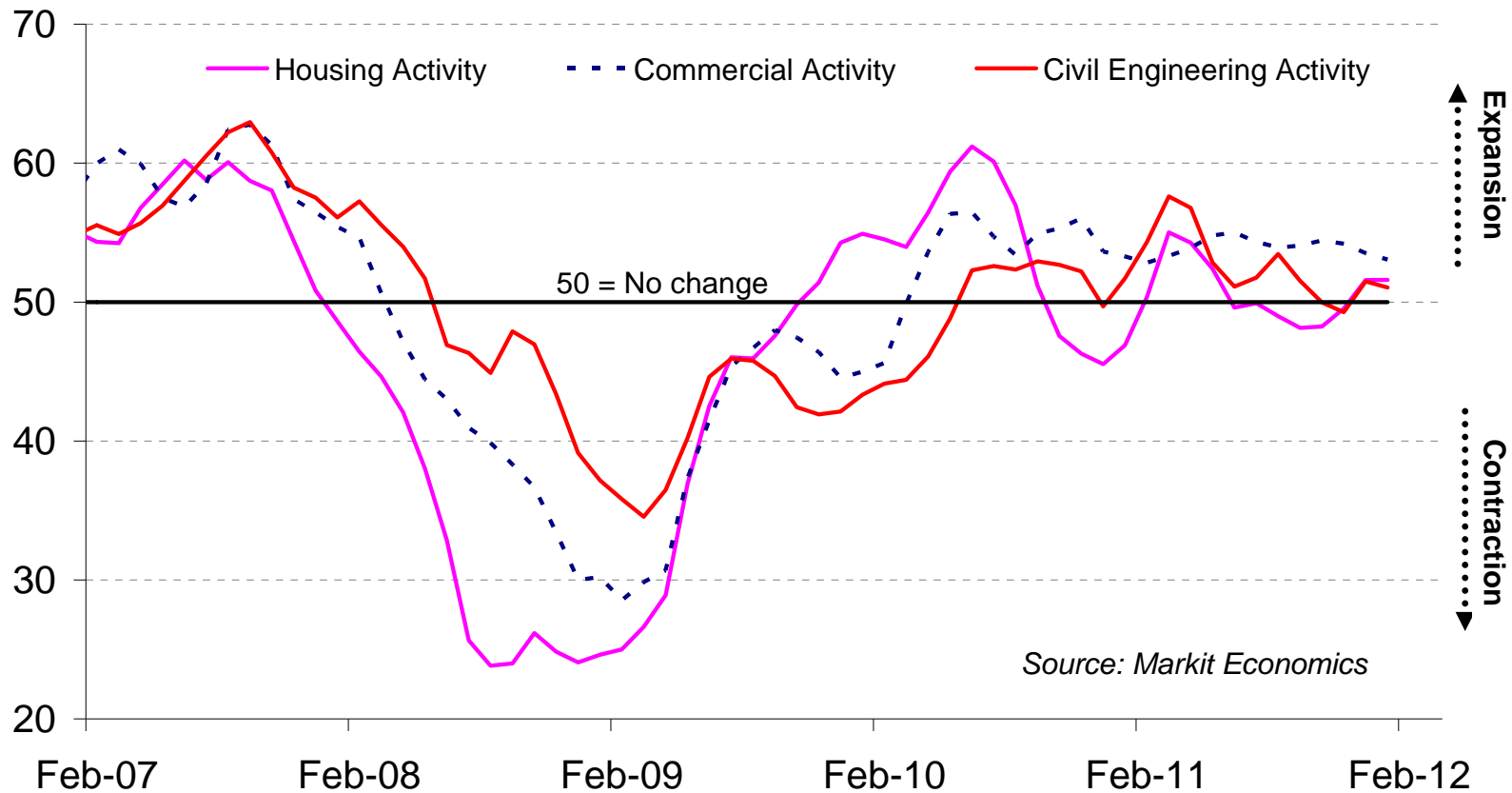


Source: Markit Economics

Continued growth in GB offers opportunities for NI firms

UK Construction Activity - PMIs

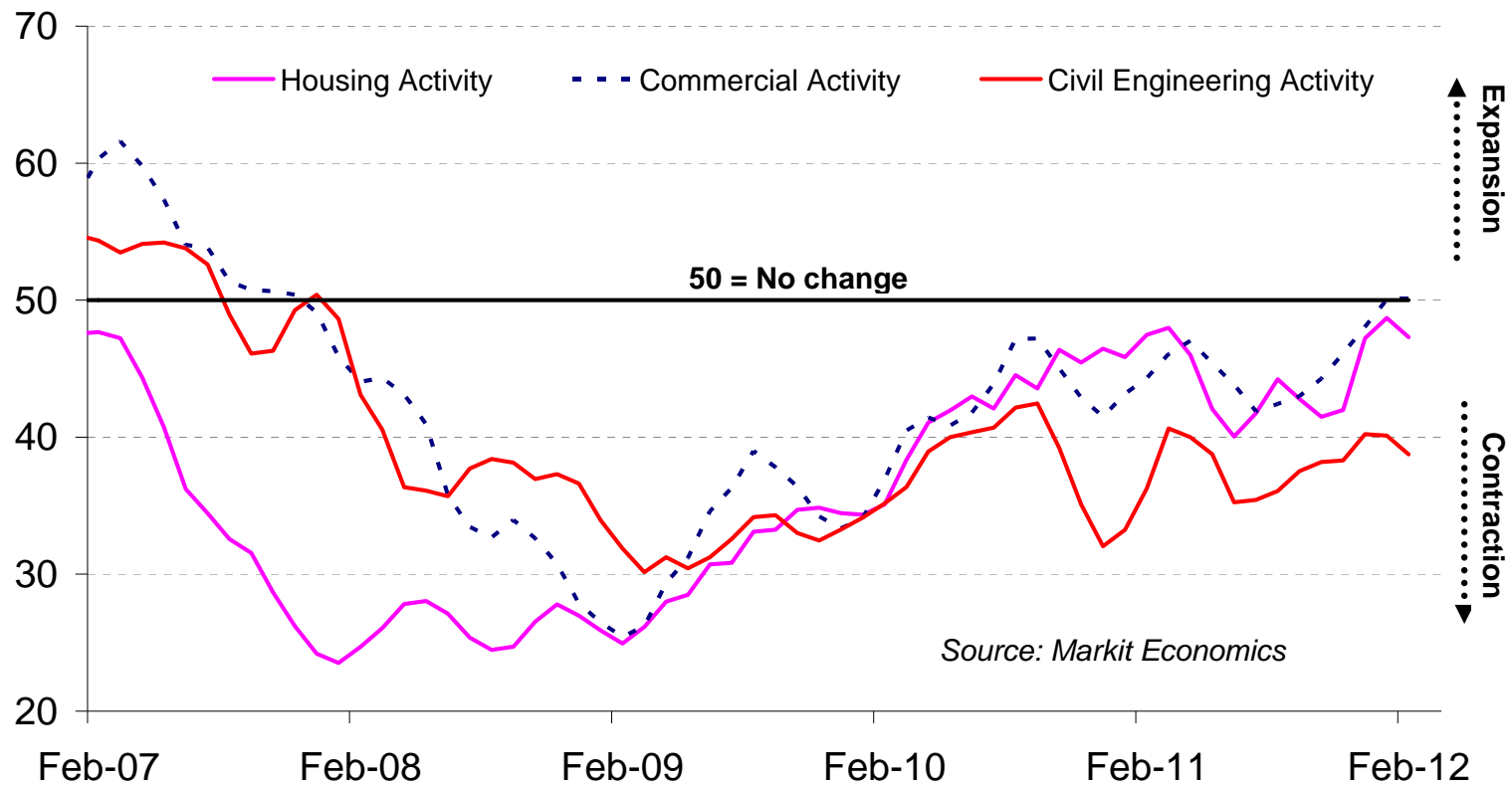
3 month moving average



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

Republic of Ireland Construction Activity - PMI

3 month moving average



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