
Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

*Includes analysis of Global, Eurozone, UK, UK Regions, NI &
Republic of Ireland economic performance by sector*

February 2013 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.

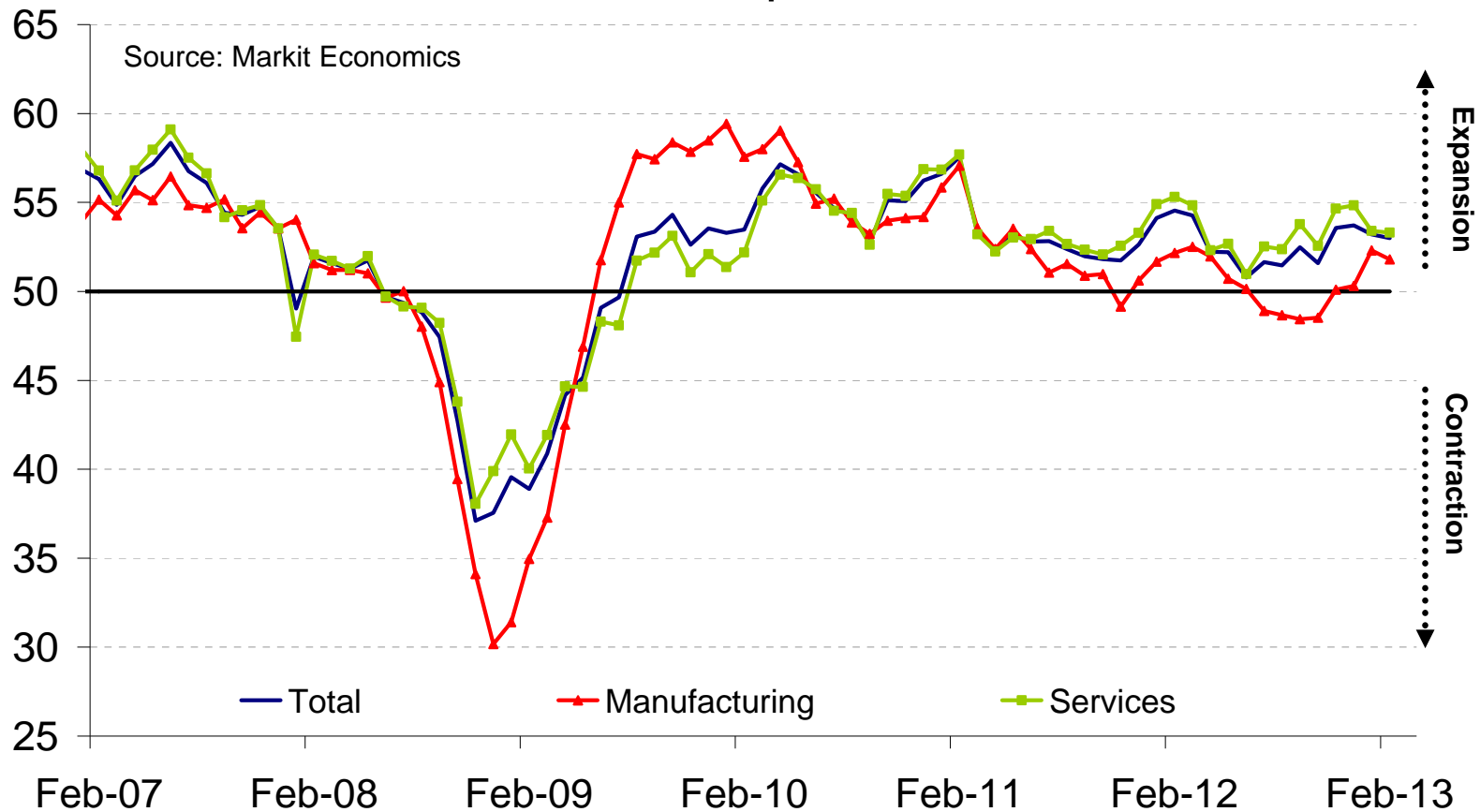
Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

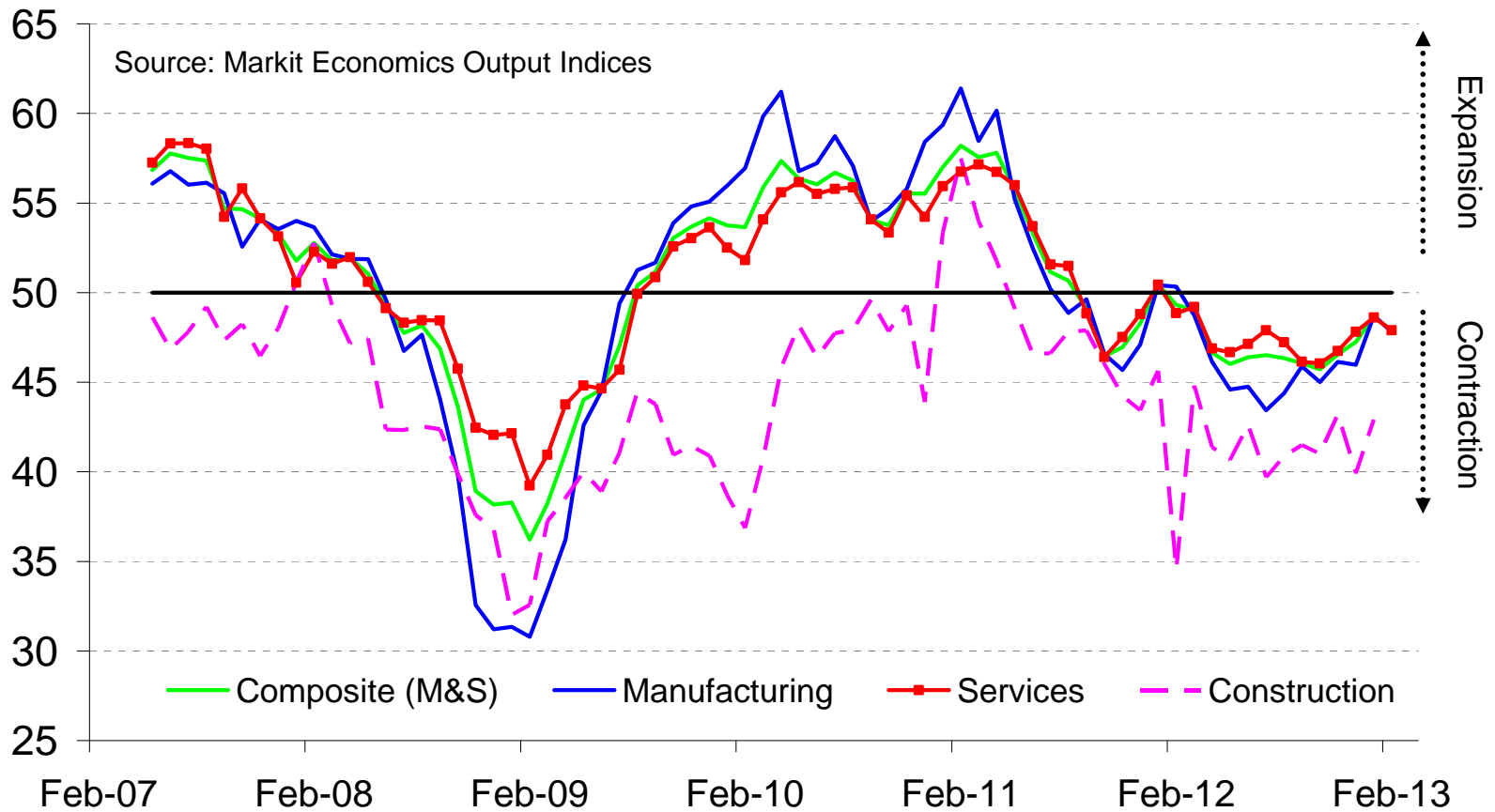
Global output growth eases in February due largely to manufacturing sector

Global Output - PMI



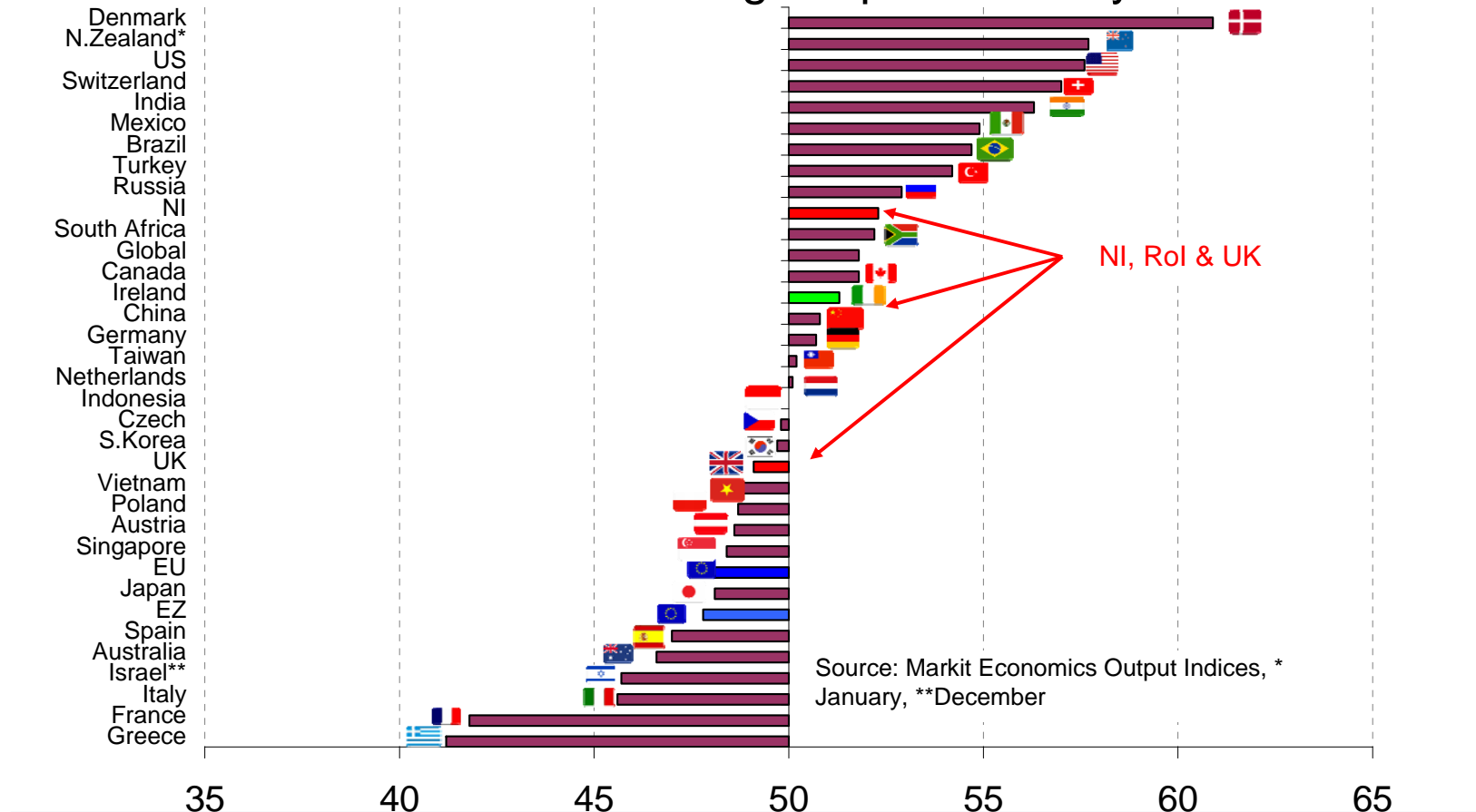
All sectors within the Eurozone are still contracting

Eurozone PMIs: Output



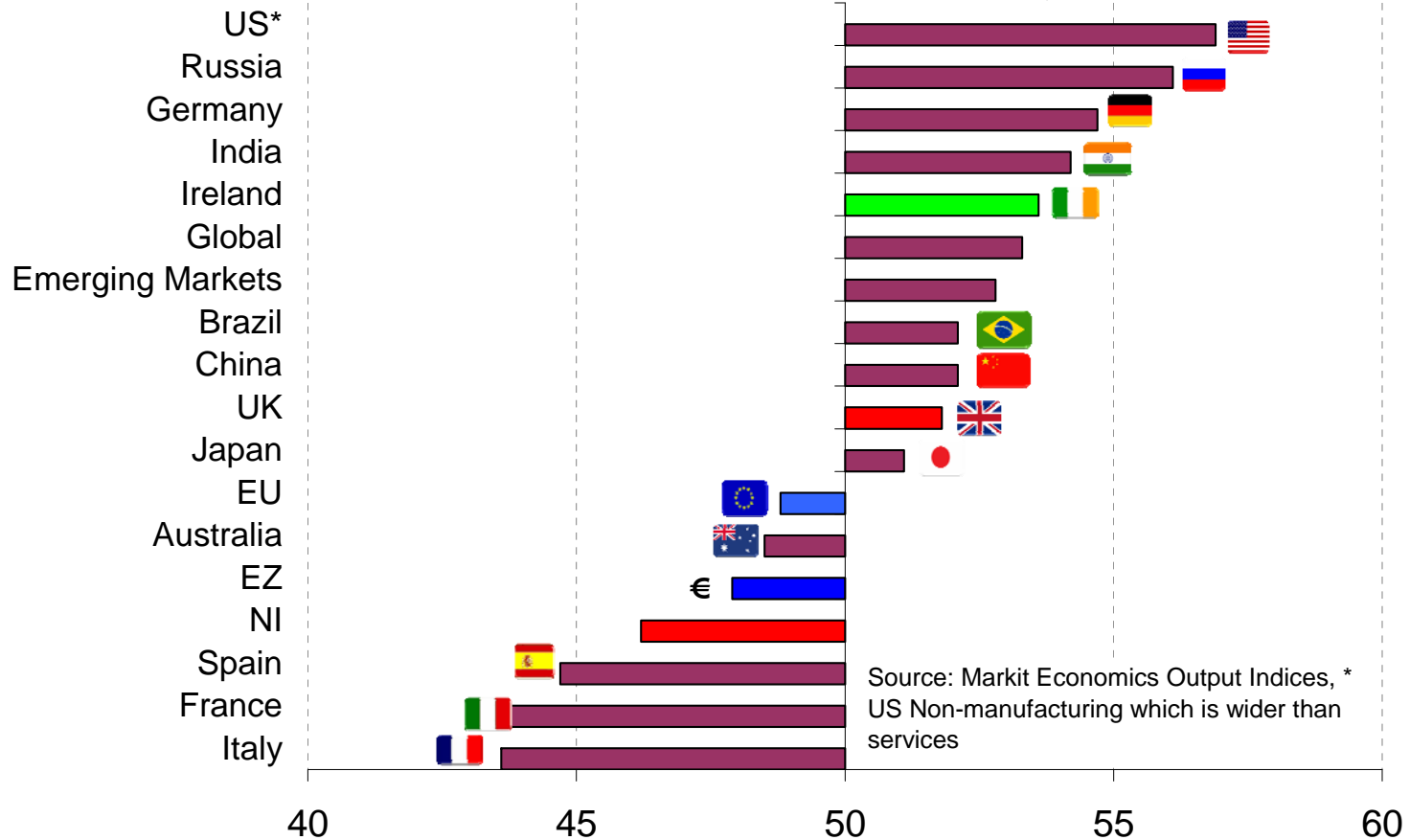
Greece, France & Italy post steepest falls in manufacturing output. Denmark posts strongest gain

PMIs: Manufacturing Output February 2013

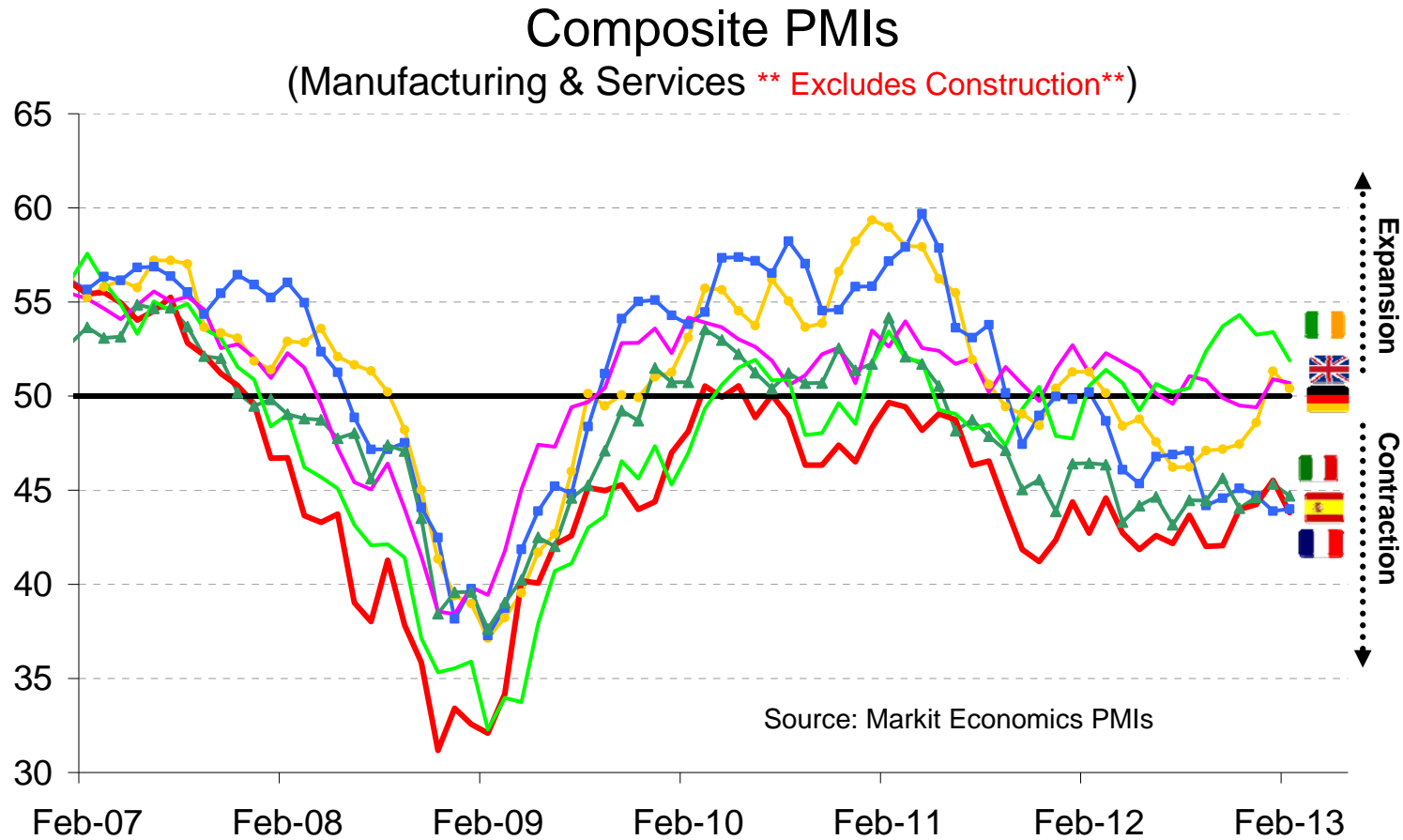


Services output expanding for BRICs, US, Germany, Japan, UK & Ireland. France & Italy posting the steepest declines

PMIs: Services Output February 2013

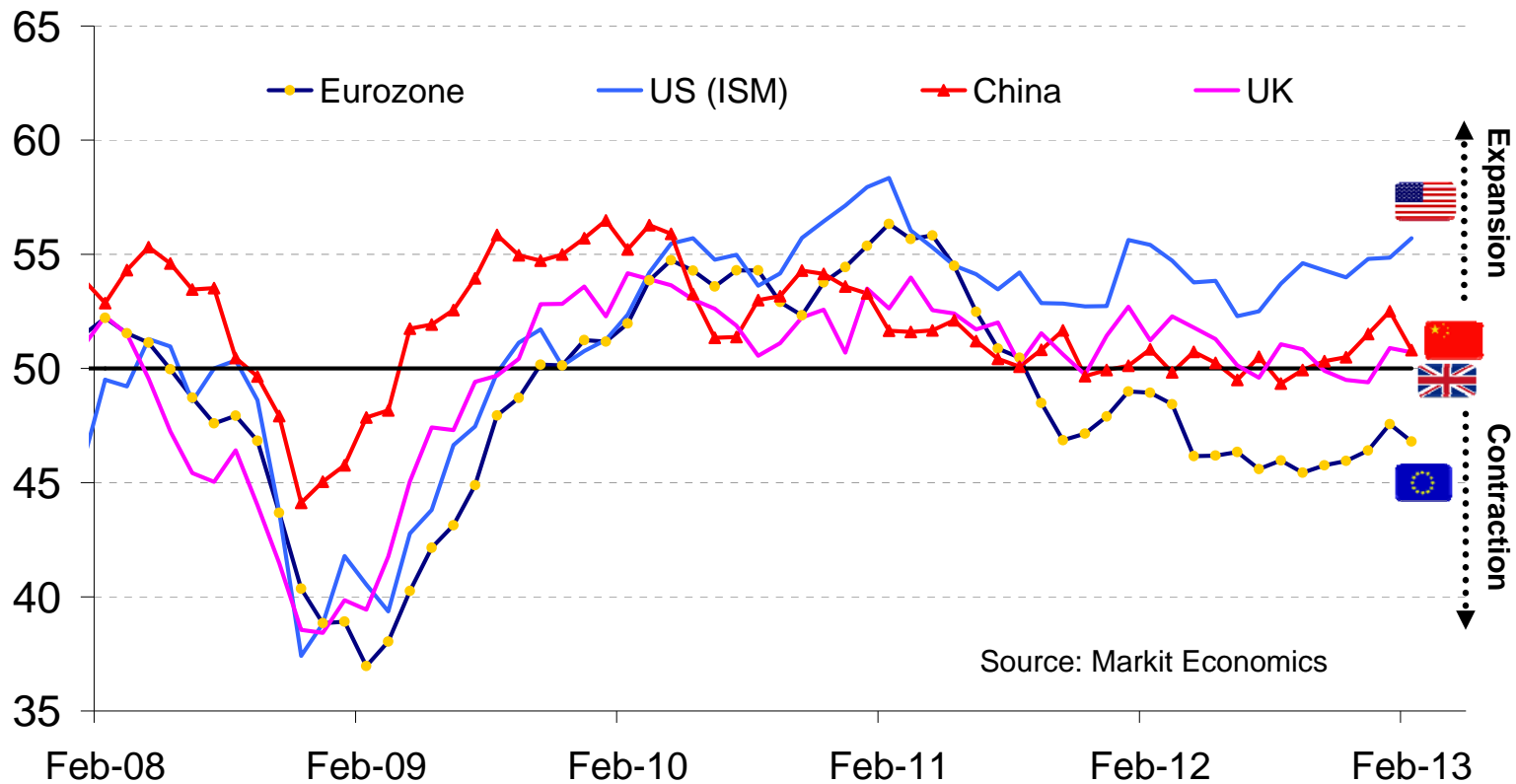


The 2nd, 3rd & 4th largest economies within the eurozone are contracting at a rapid rate



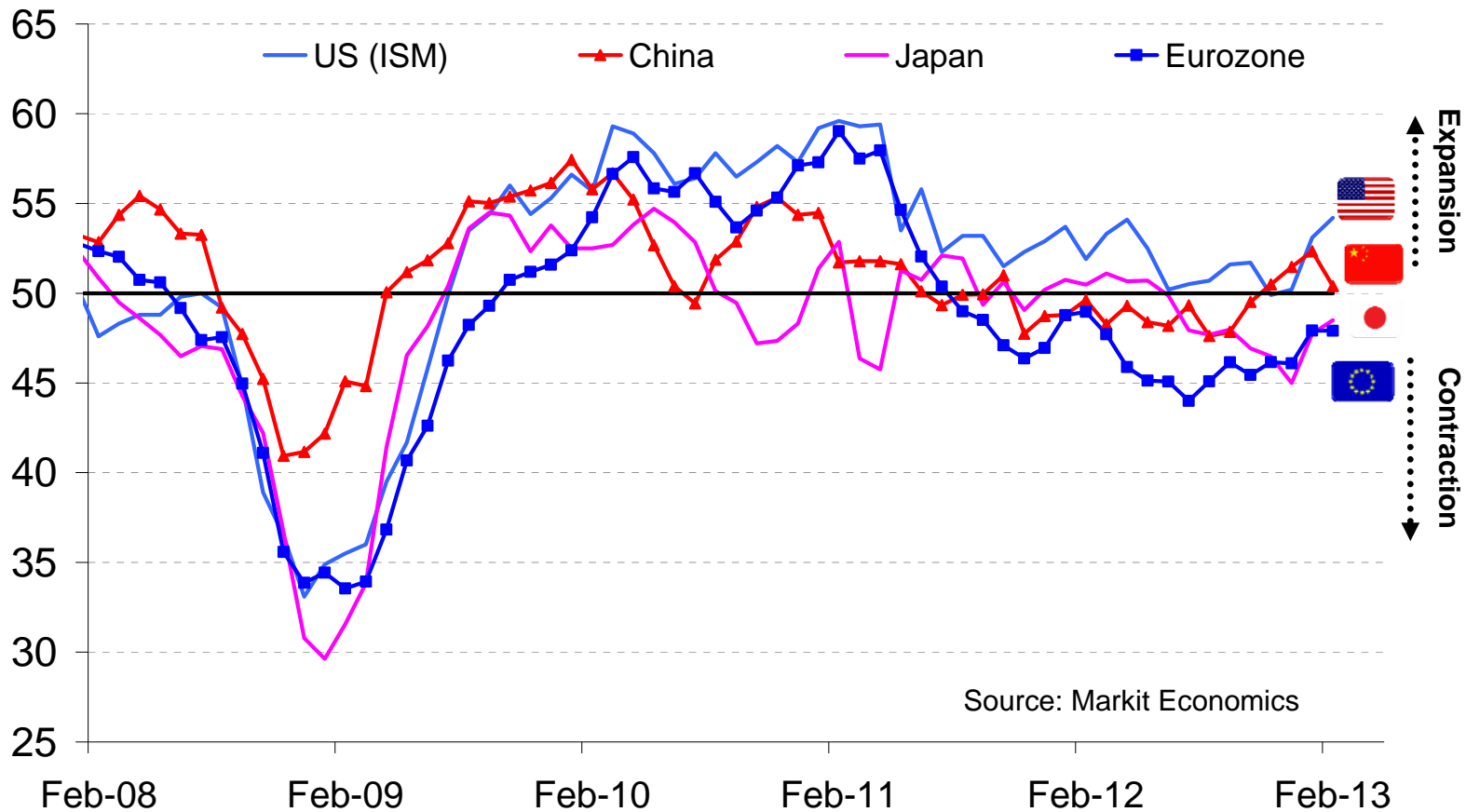
US remains the best performer relative to China, UK & EZ

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



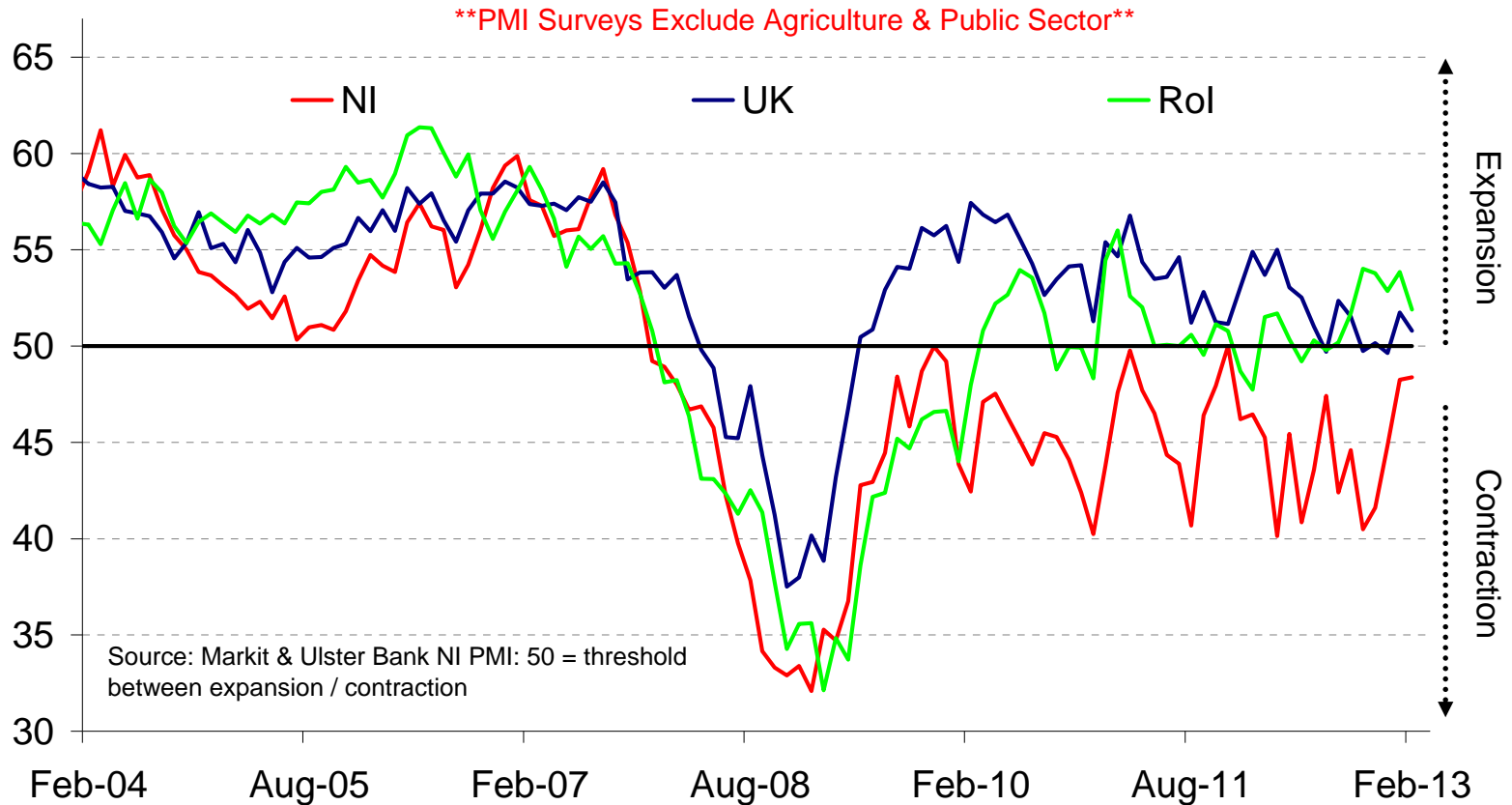
... and US manufacturing is expanding at a faster rate than China

Manufacturing PMIs



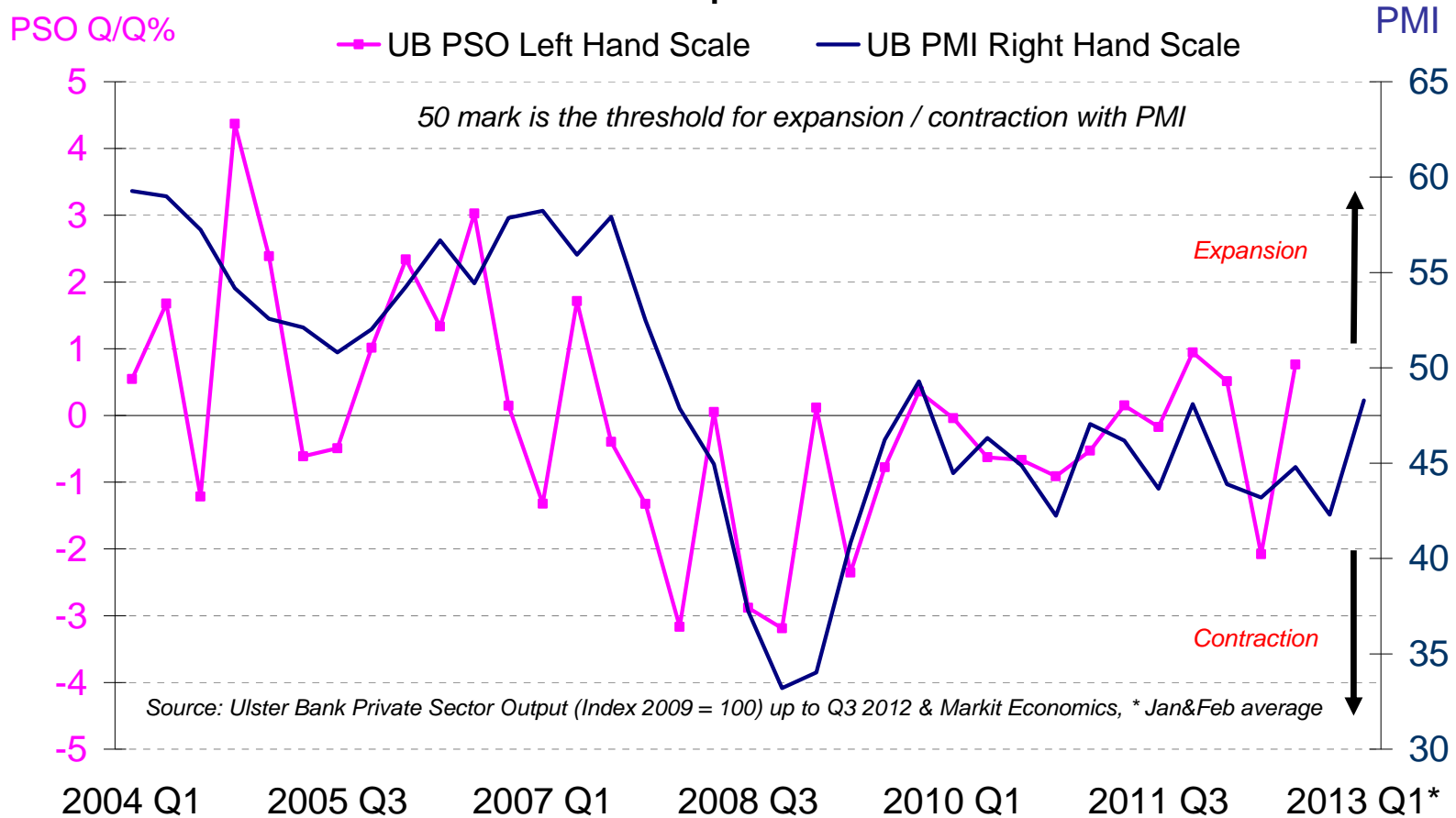
UK & RoI see their rates of growth ease in February whilst the rate of contraction eases for Northern Ireland

Private Sector Business Activity - PMIs



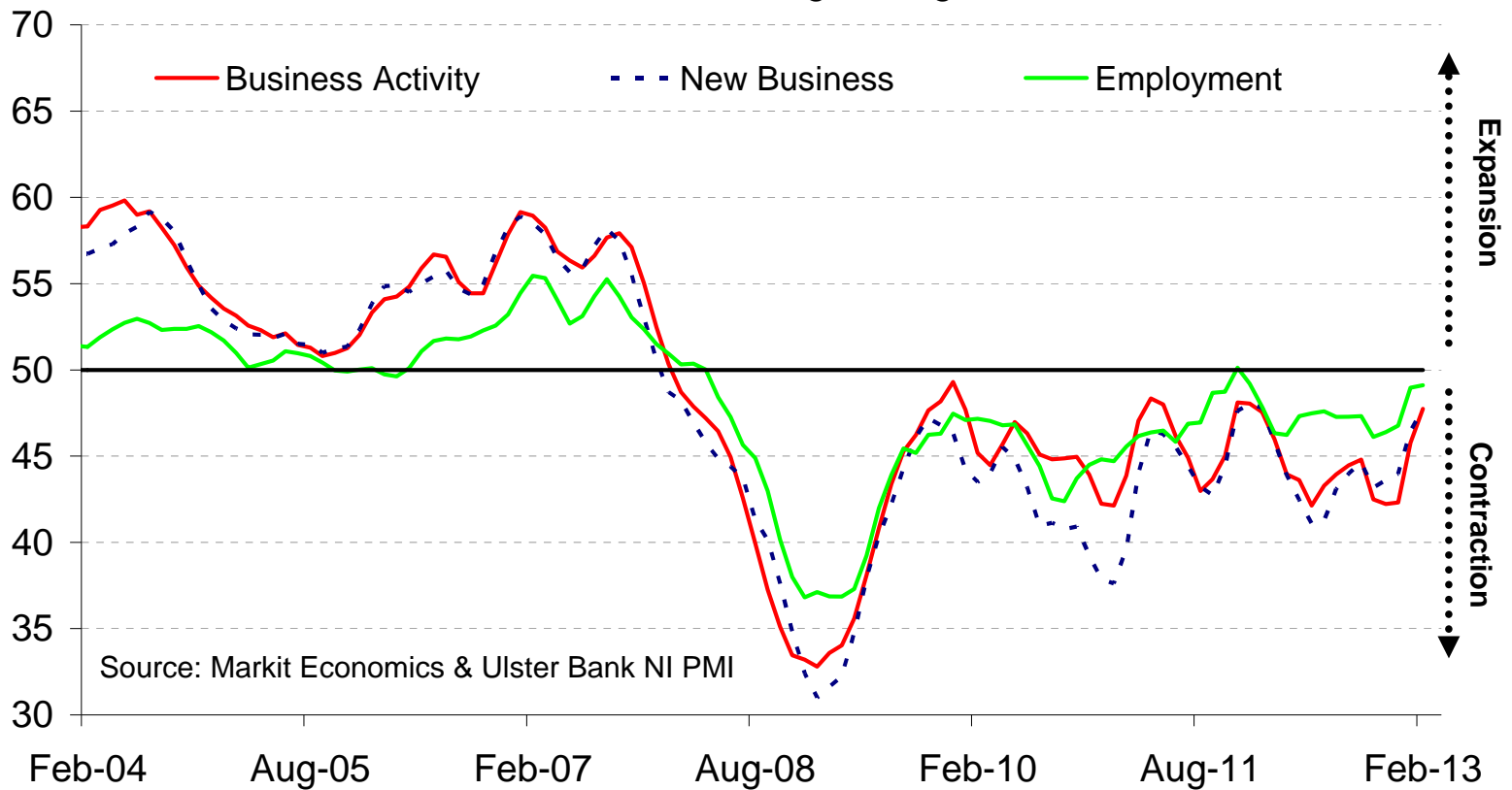
PMI suggests further private sector composite index (combines DFP indices for construction, services & industrial production) in Q1 2013 to be flat

NI Private Sector Output Index Versus NI PMI



NI output, new orders and employment all see their pace of contraction ease over the last 3 months

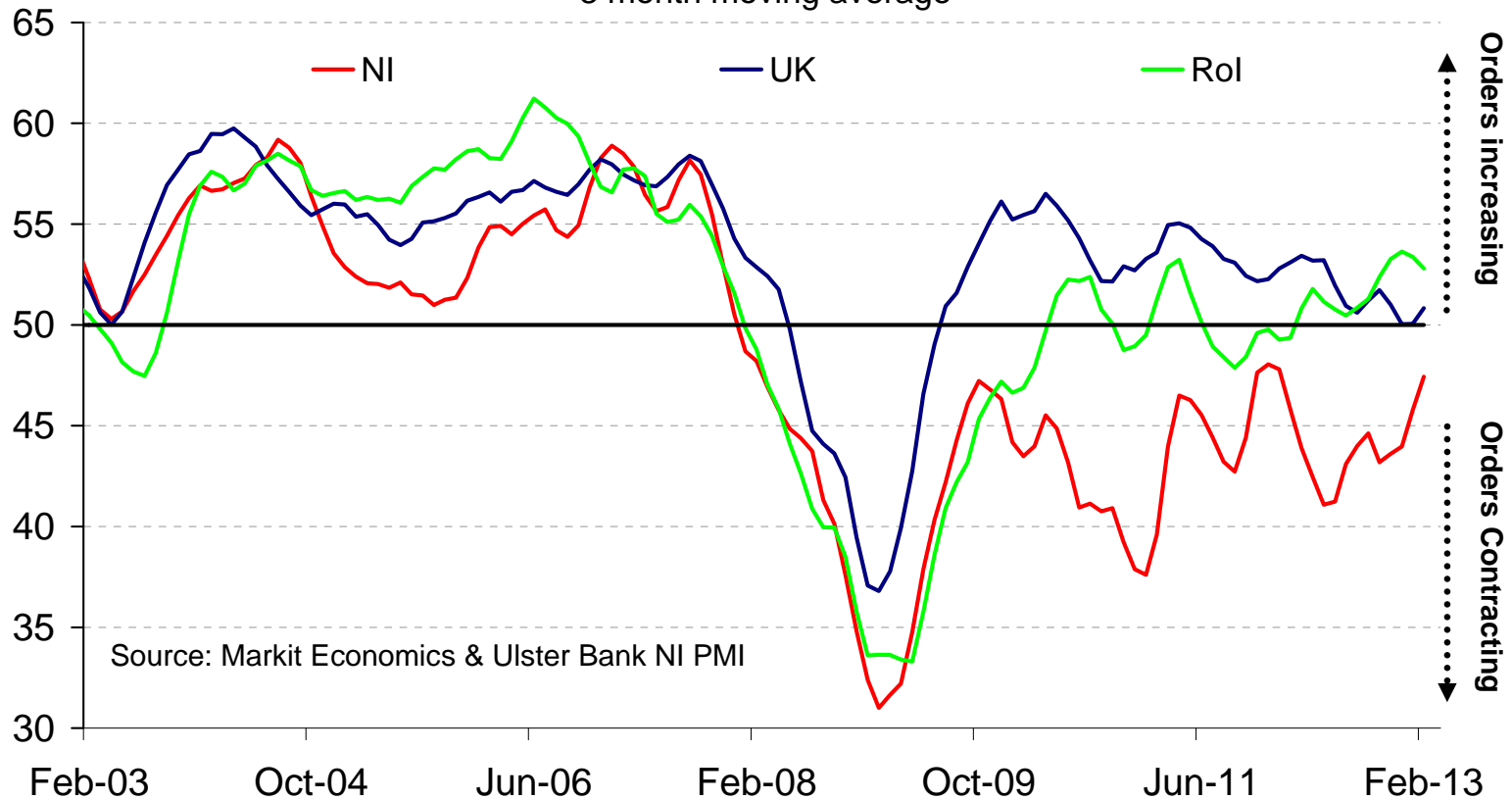
NI Private Sector Activity 3 month moving average



Pace of contraction in NI new orders eases

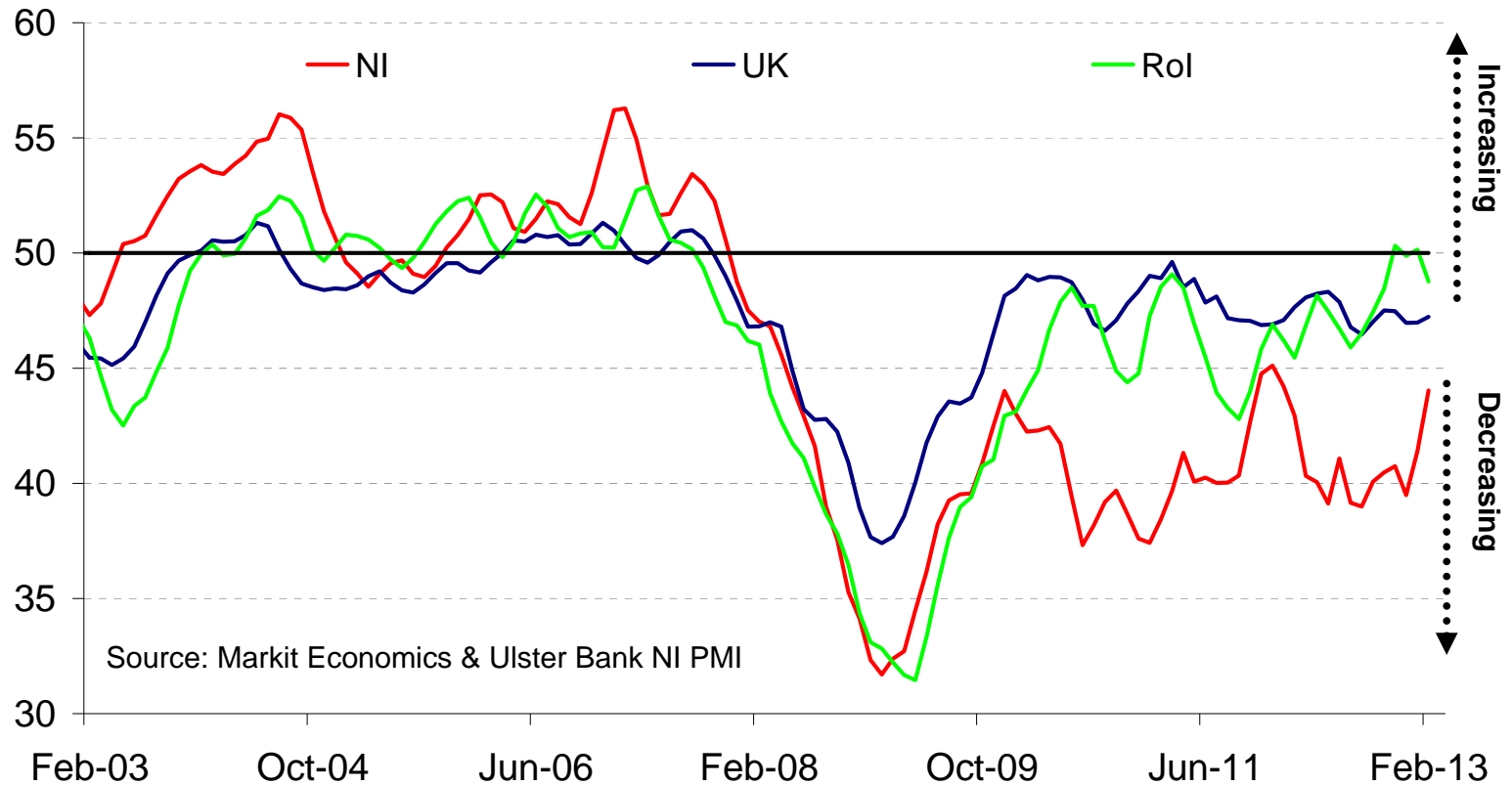
Private Sector New Orders

3 month moving average



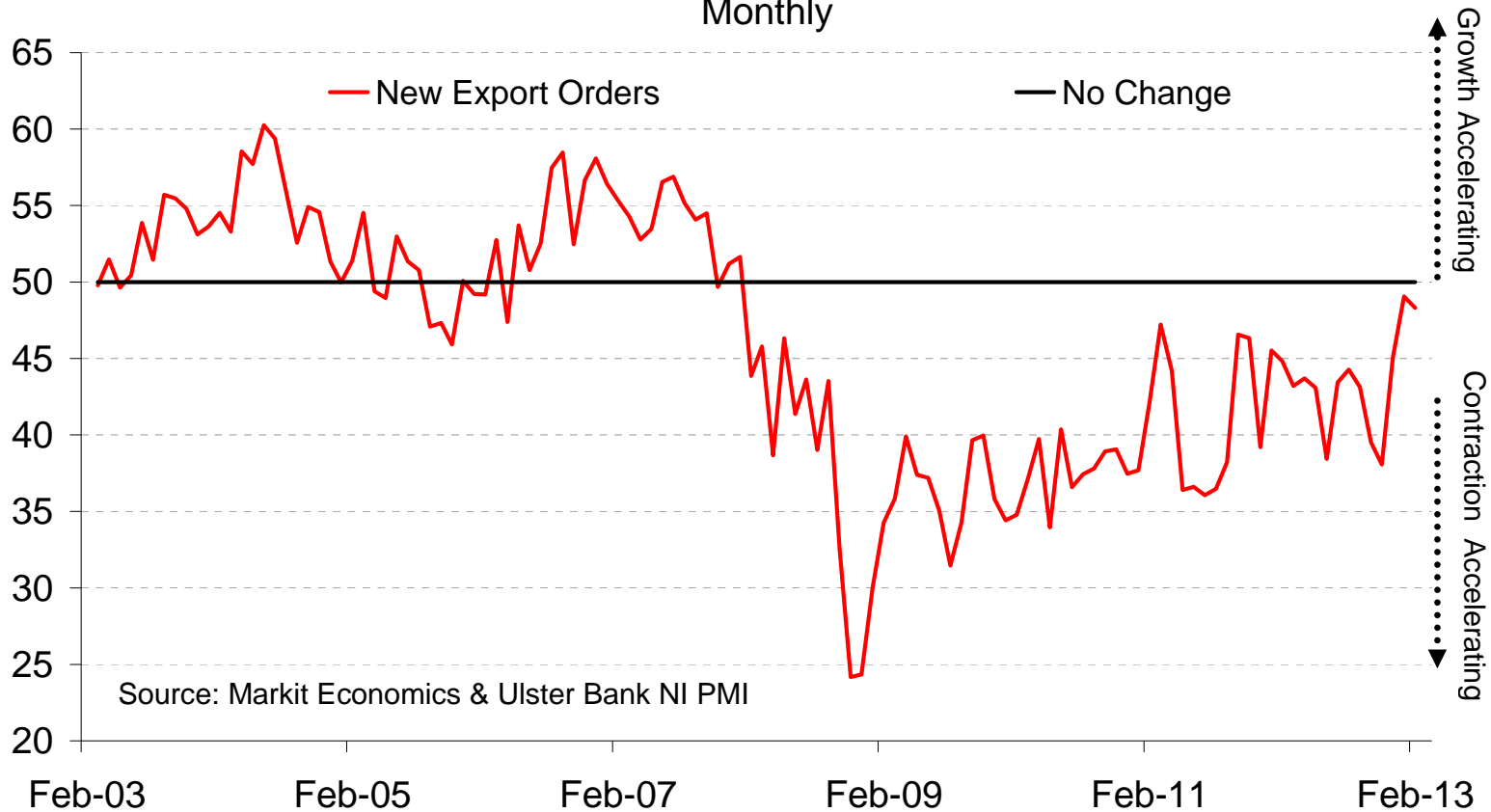
NI's levels of work outstanding still falling at a rapid rate but the pace of decline is easing

Private Sector Backlogs 3 month moving average

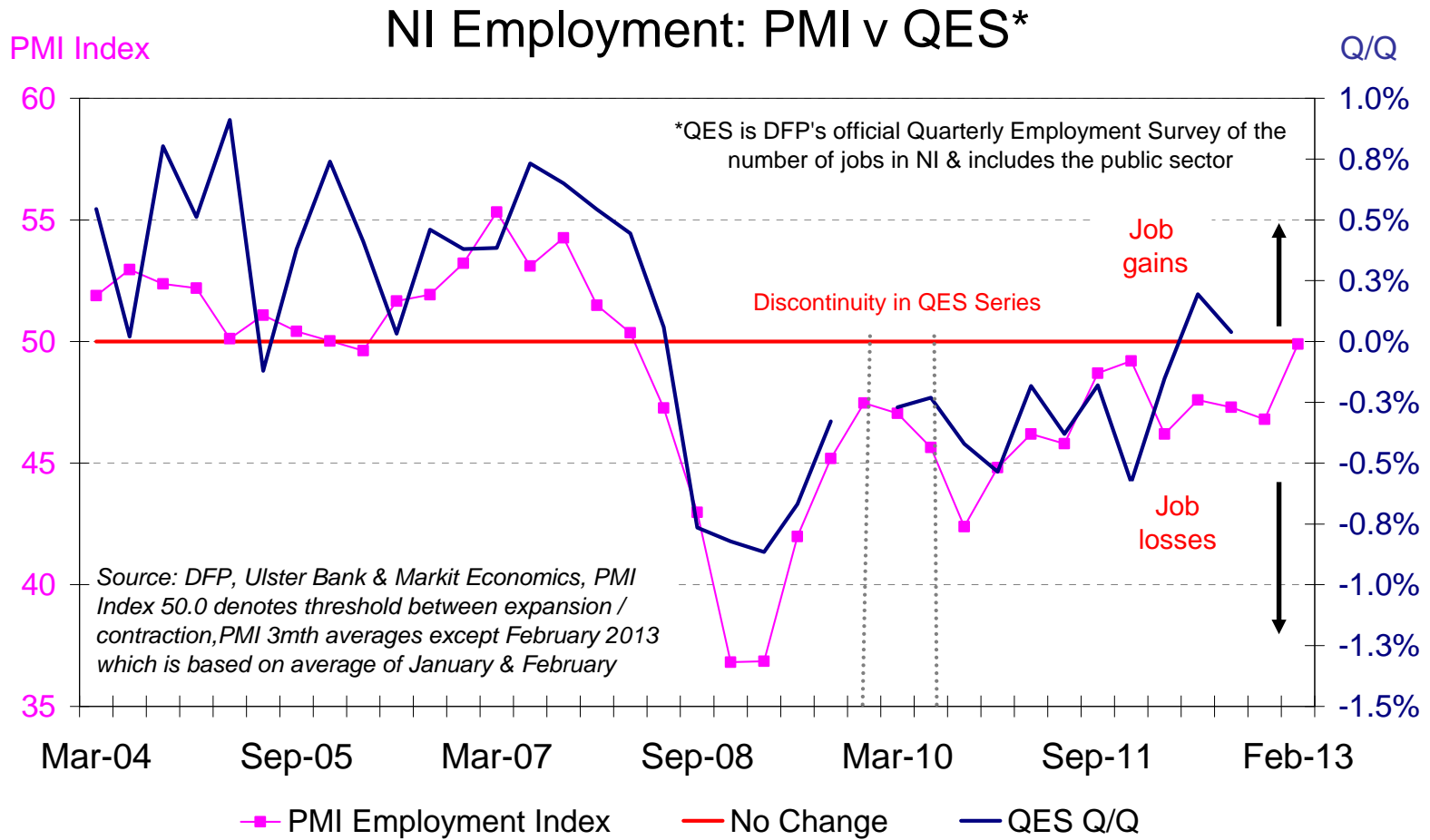


Export orders post its best February reading in 6 years

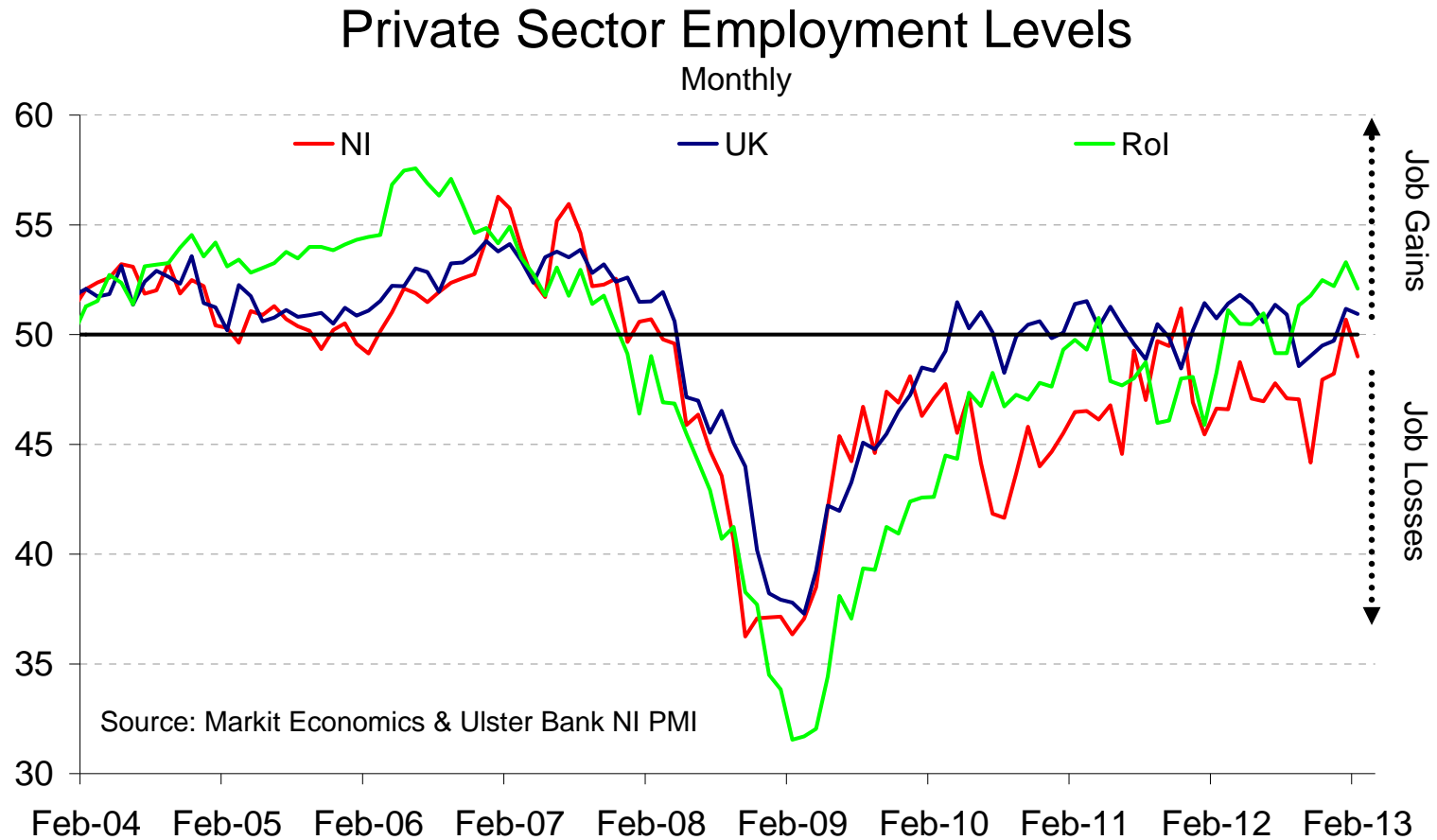
NI New Export Business Monthly



PMI underestimated job gains in Q2 & Q3 (relative to official jobs survey) further job losses signalled in Q4 2012 but flat in Jan/Feb-13



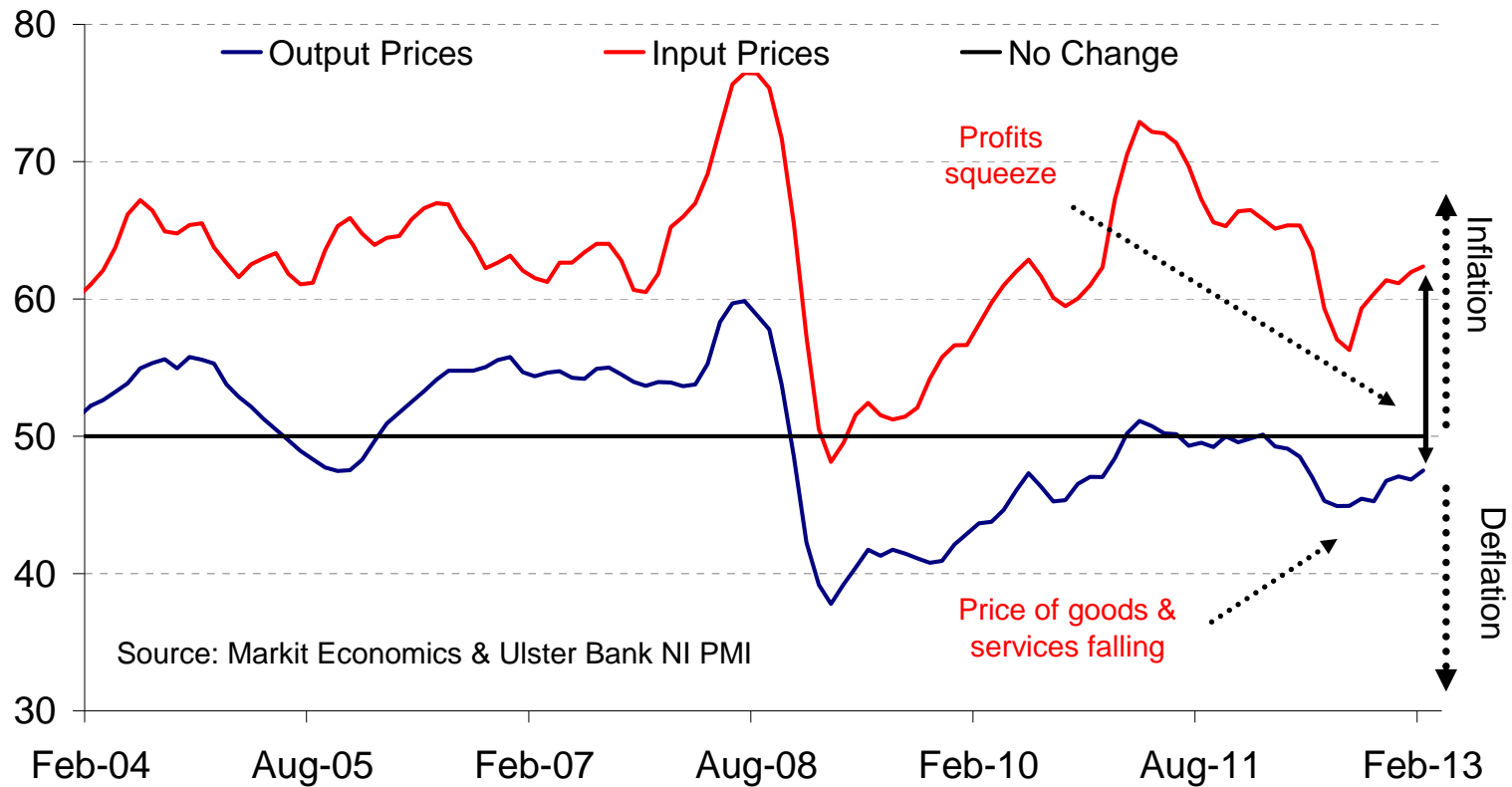
The UK, RoI and NI all see a fall in their employment indices with NI posting a marginal decline in staffing levels



Input cost inflation eases in February (but up over last 3 months) with output prices and charges still falling

NI Private Sector Profit Squeeze

3 Month Moving Average

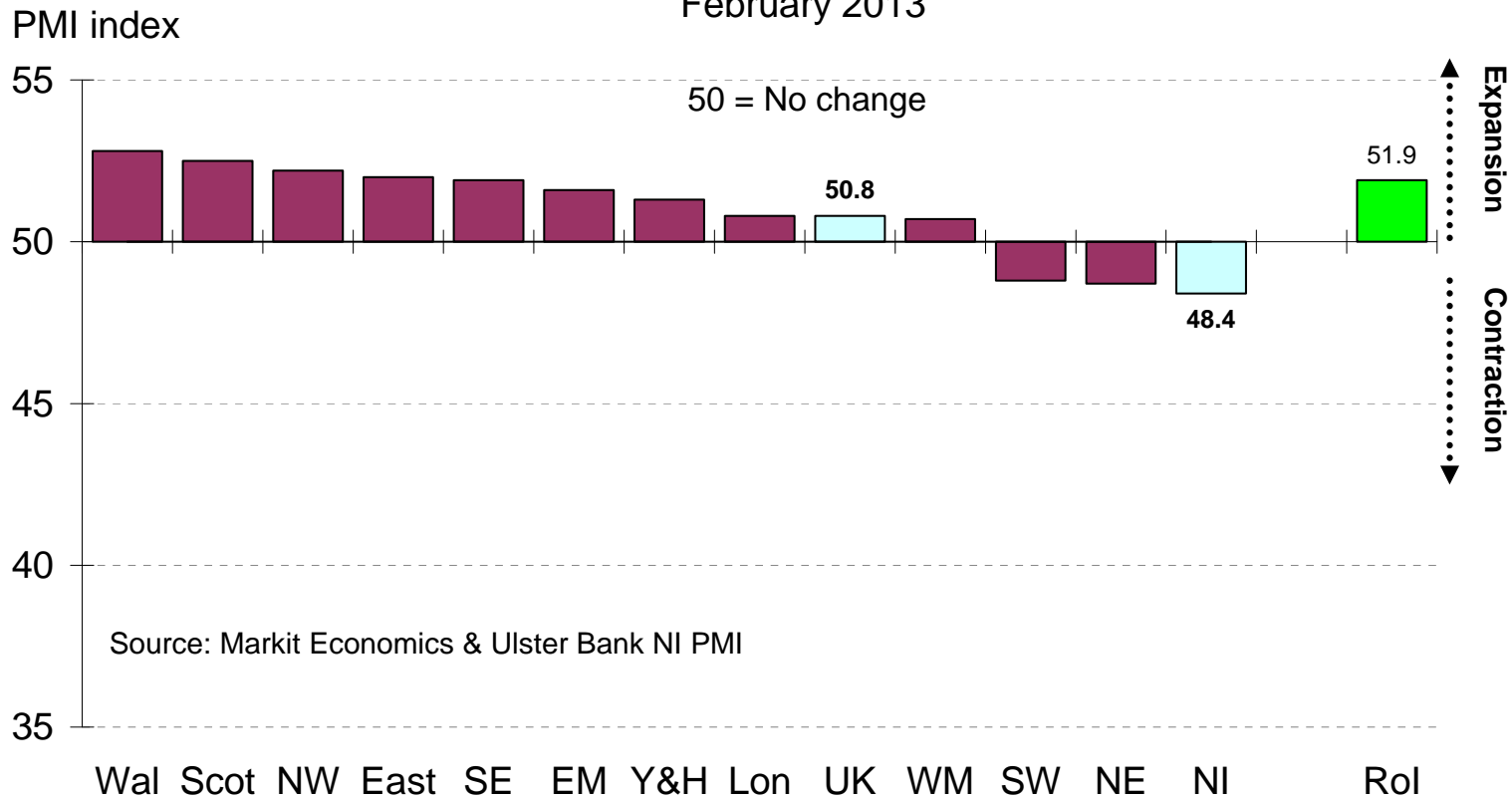


*Regional
Comparisons*

3 UK regions post a contraction in February with NI posting the steepest decline followed by the North East...

Output / Business Activity

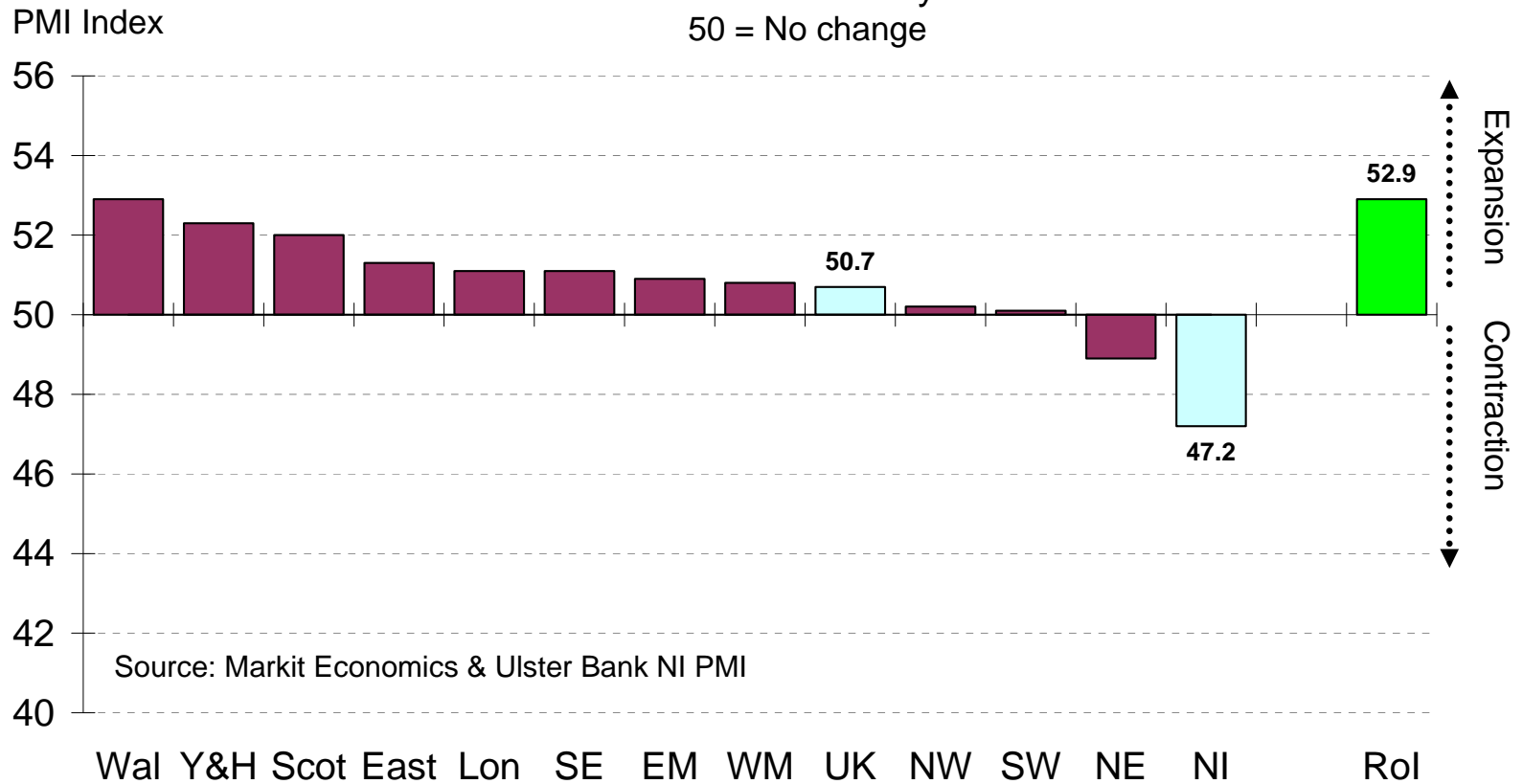
February 2013



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

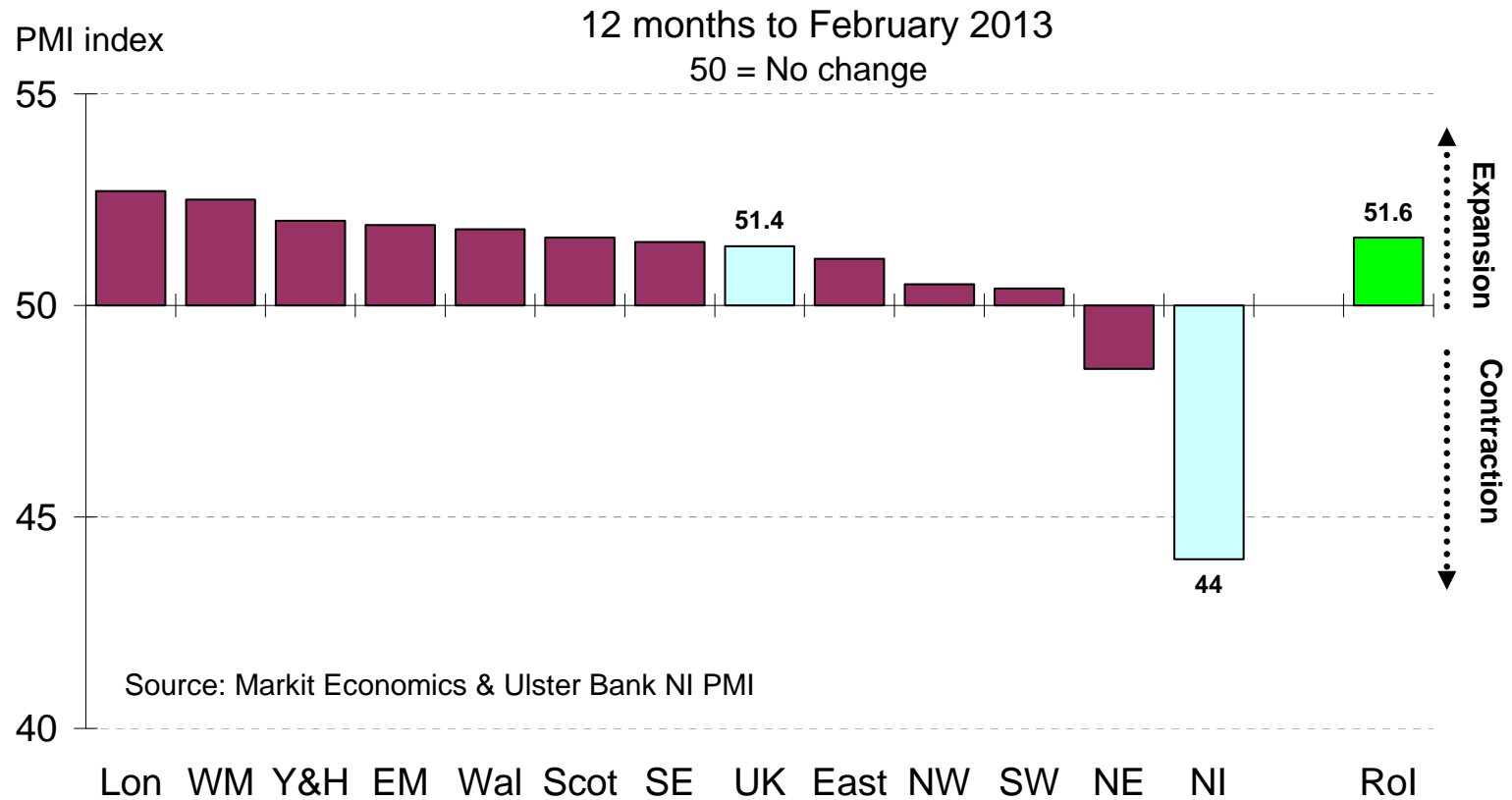
Output / Business Activity

3 months to February 2013
50 = No change



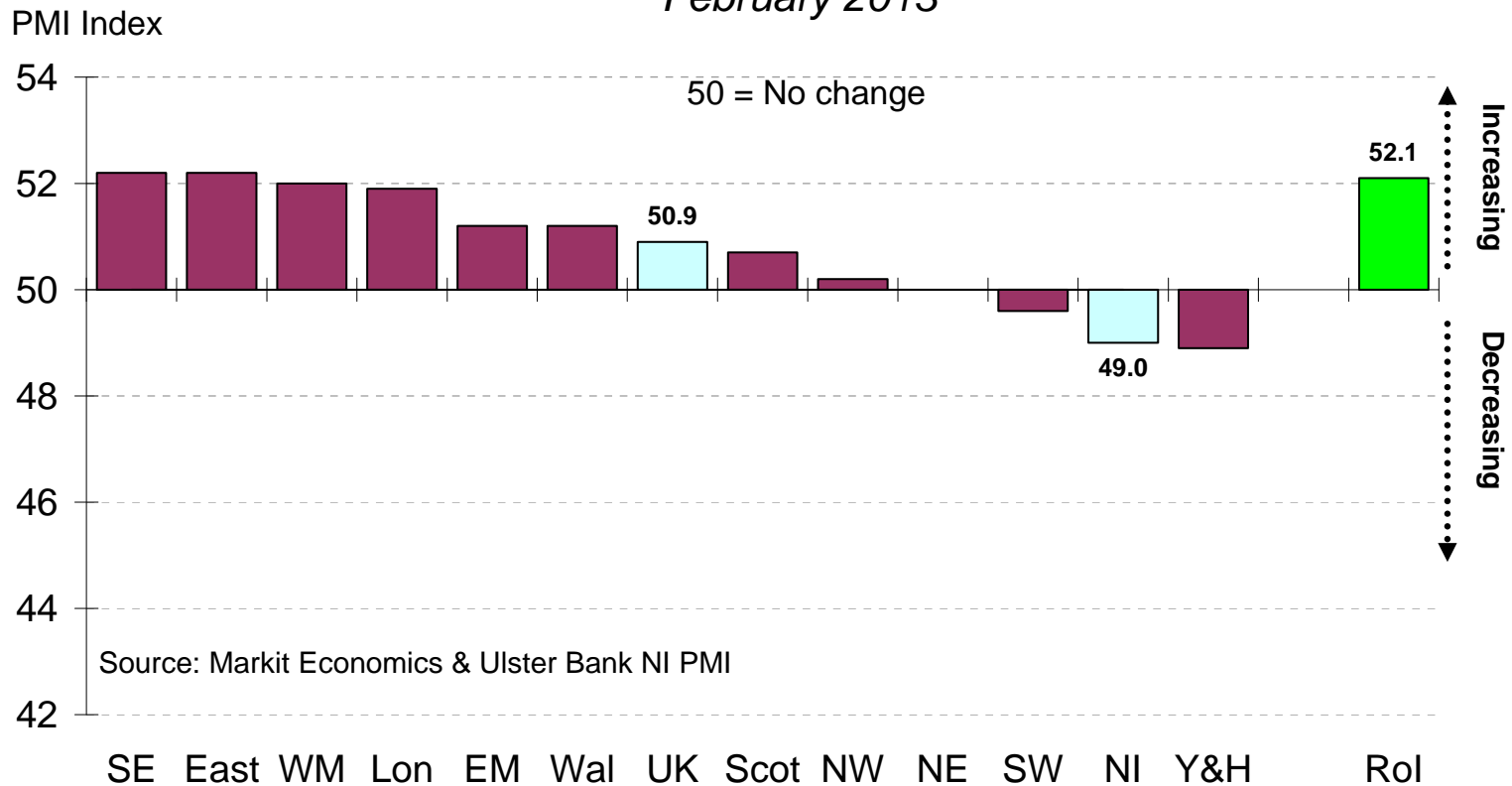
.....and over the last 12 months

Output / Business Activity



Two English regions & NI report falling employment levels in February ...

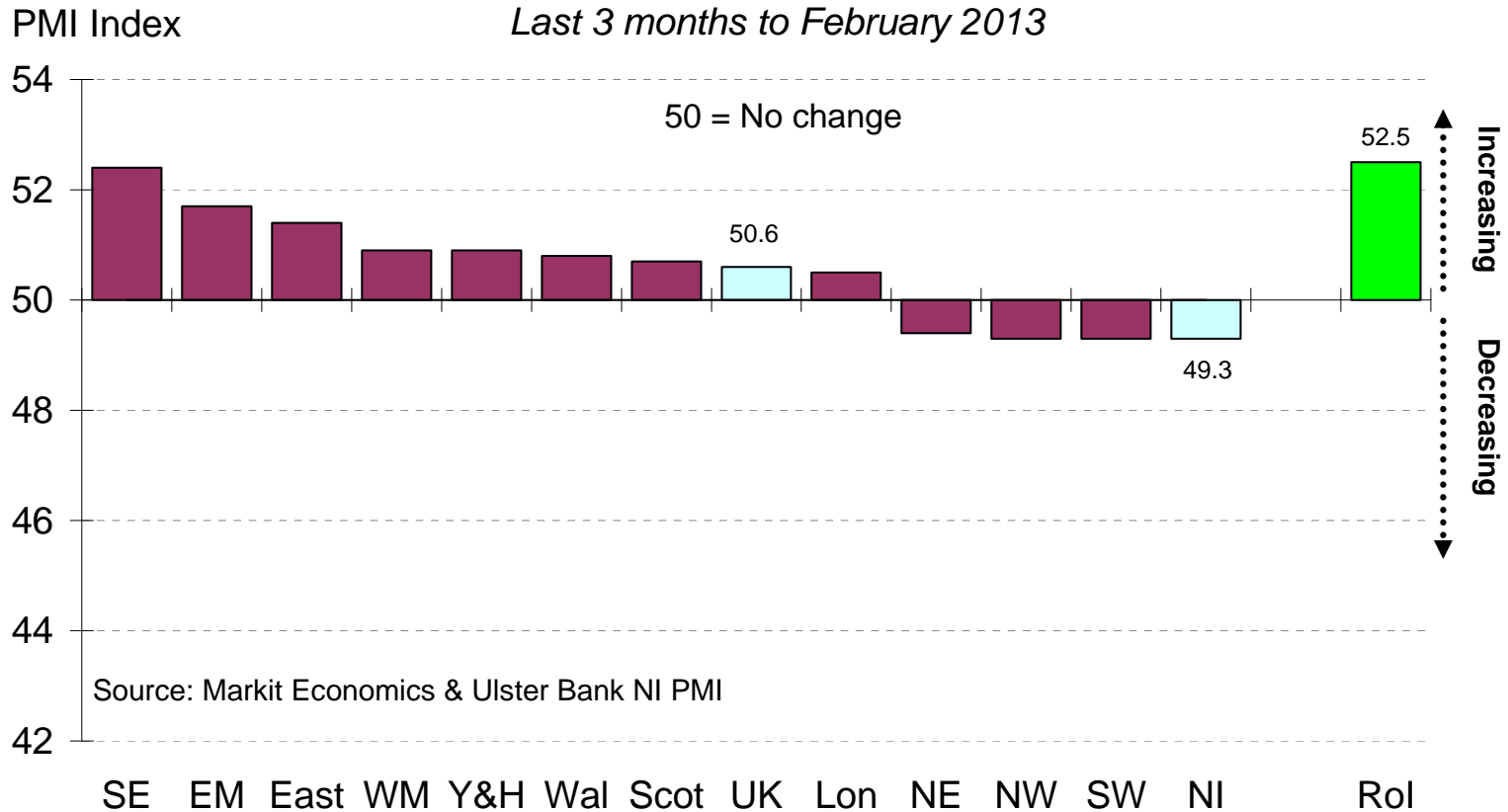
Employment Levels February 2013



...and 4 UK regions (*incl. NI*) post declines over last 3 months...

Employment Levels

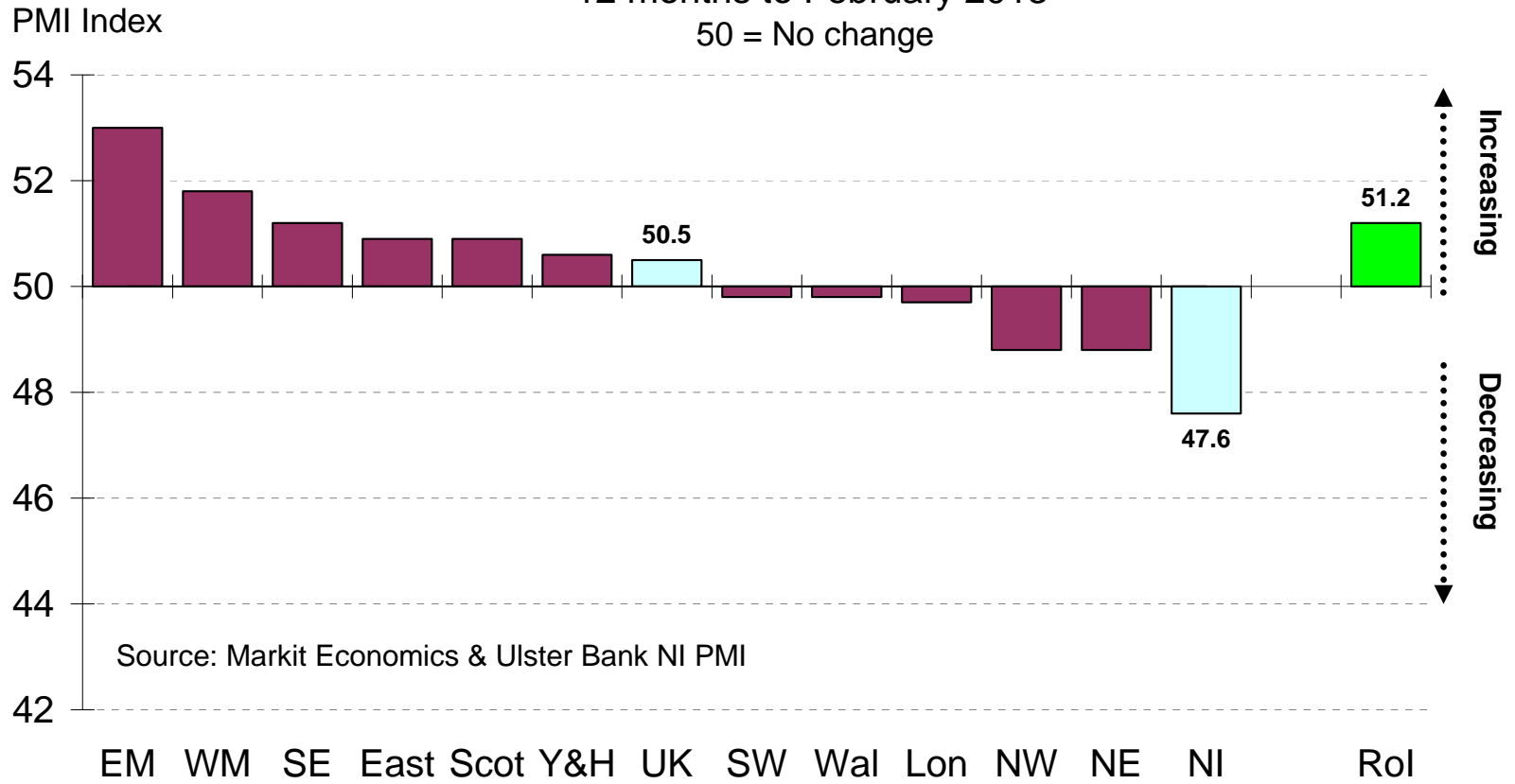
Last 3 months to February 2013



NI posts the steepest decline in employment over the last 12 months

Employment Levels

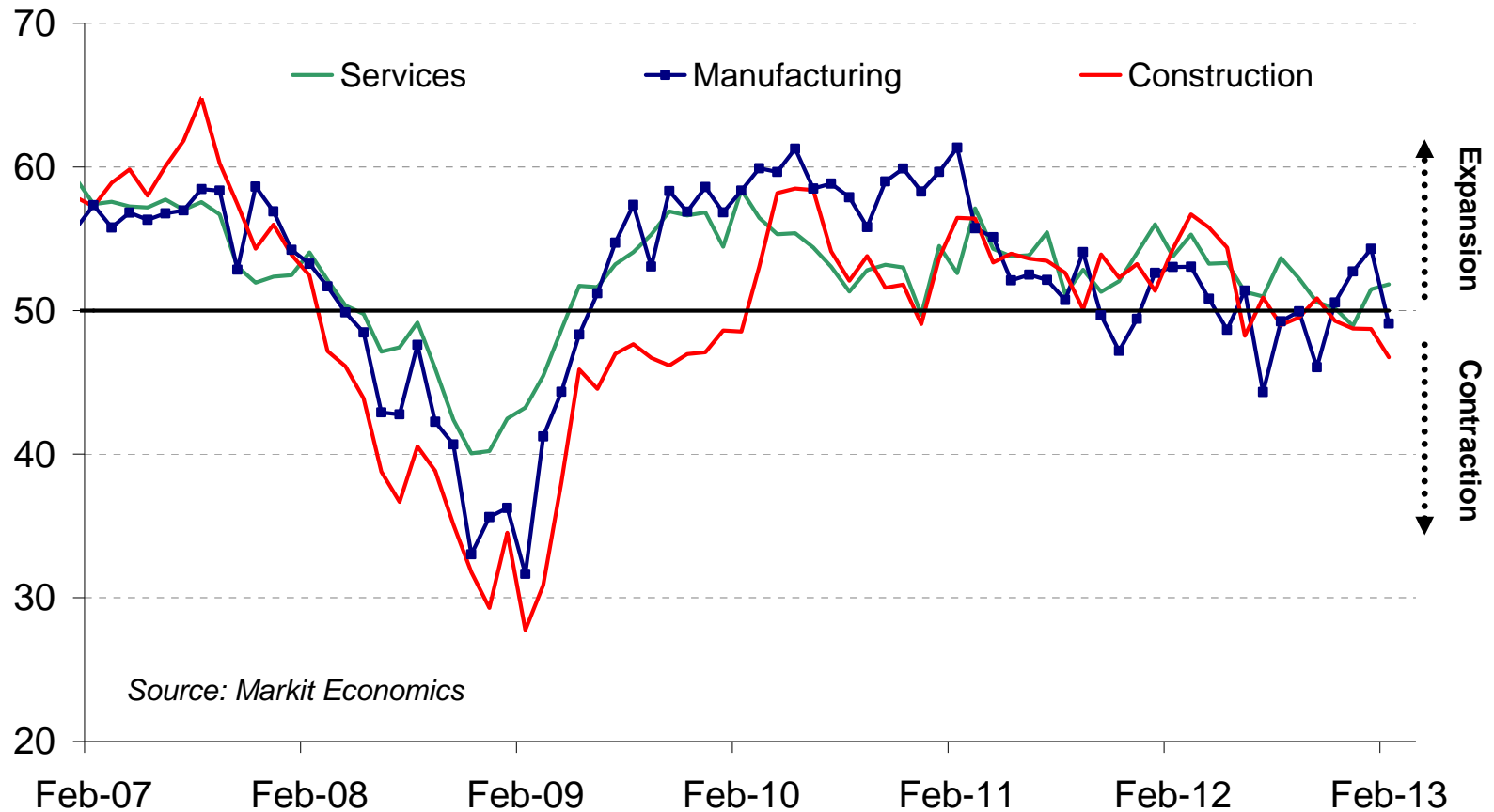
12 months to February 2013
50 = No change



Sectoral Comparisons

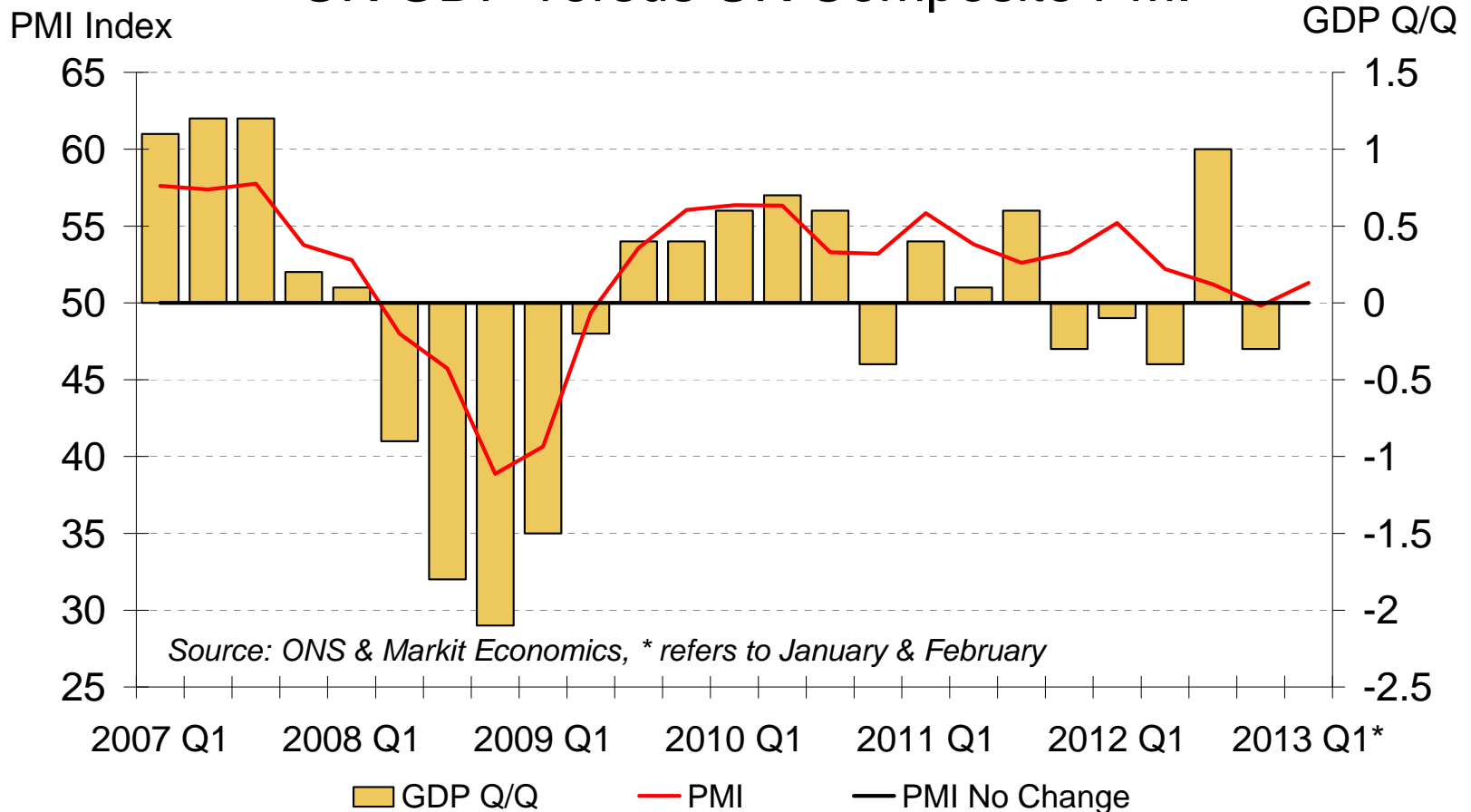
UK service sector growth accelerates in February, but manufacturing and construction post contractions

UK Business Activity / Output - PMIs

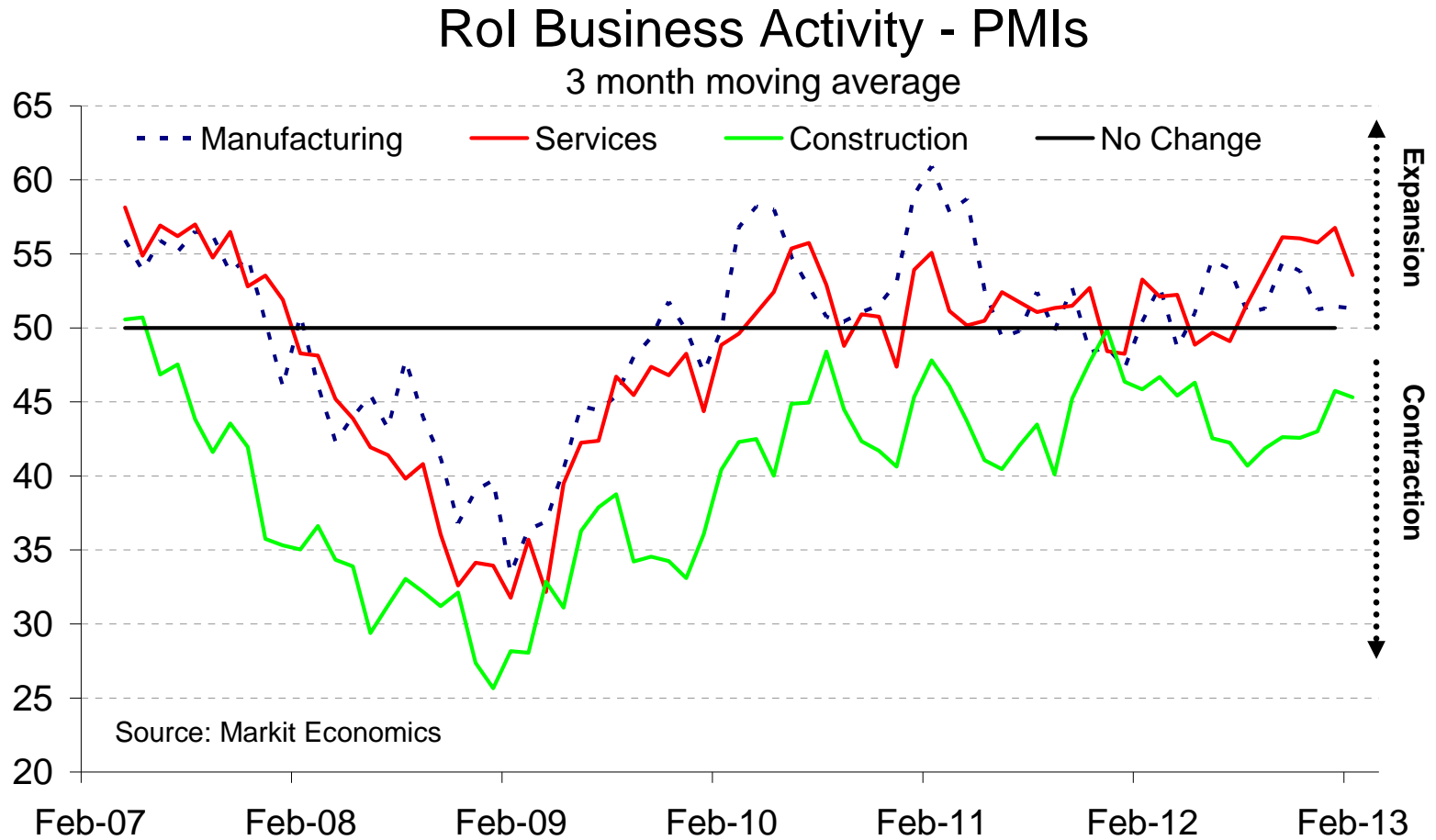


UK composite PMI suggests Q1 2013 GDP growth will be marginal at best

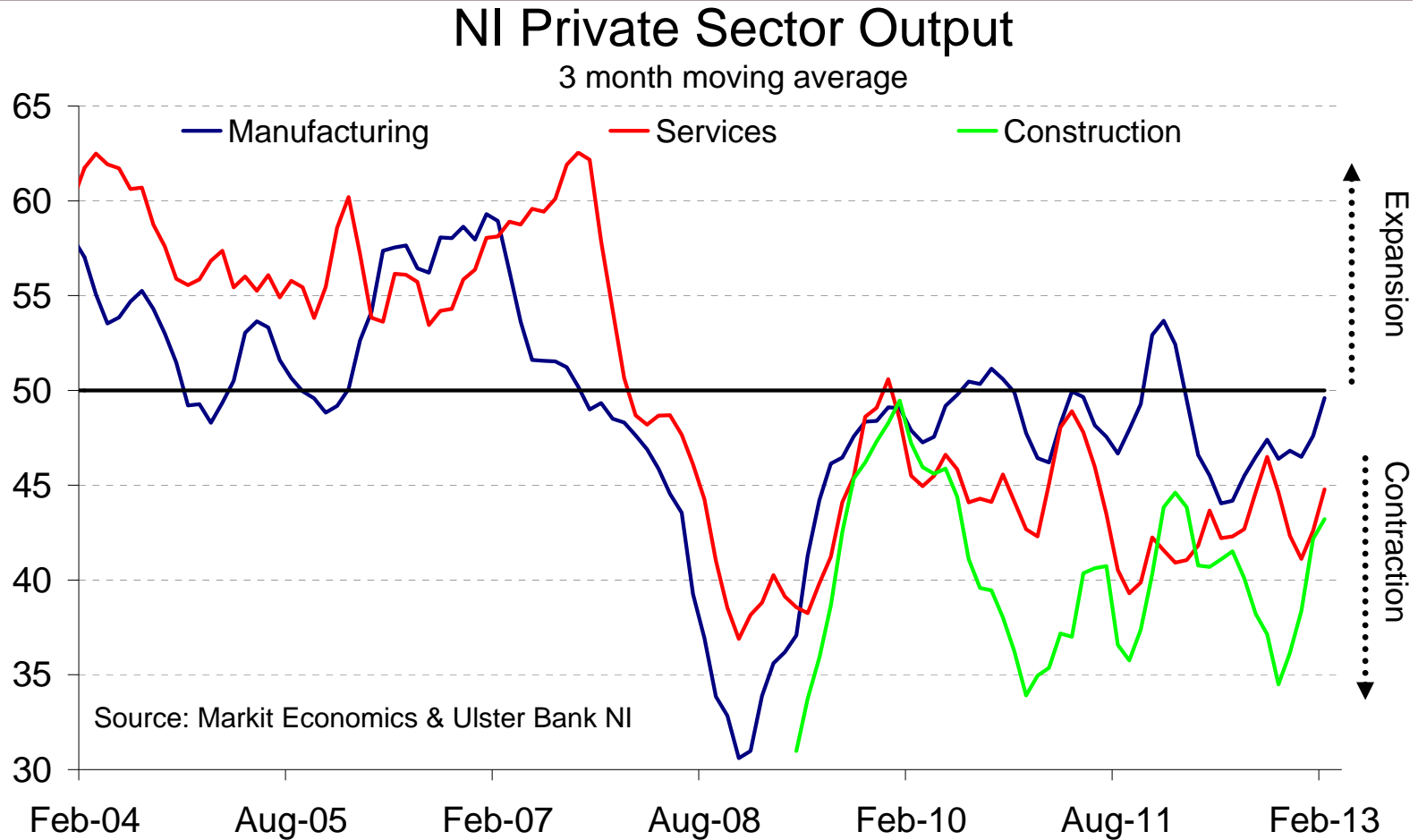
UK GDP versus UK Composite PMI



Services & manufacturing remain above 50 in the Rol

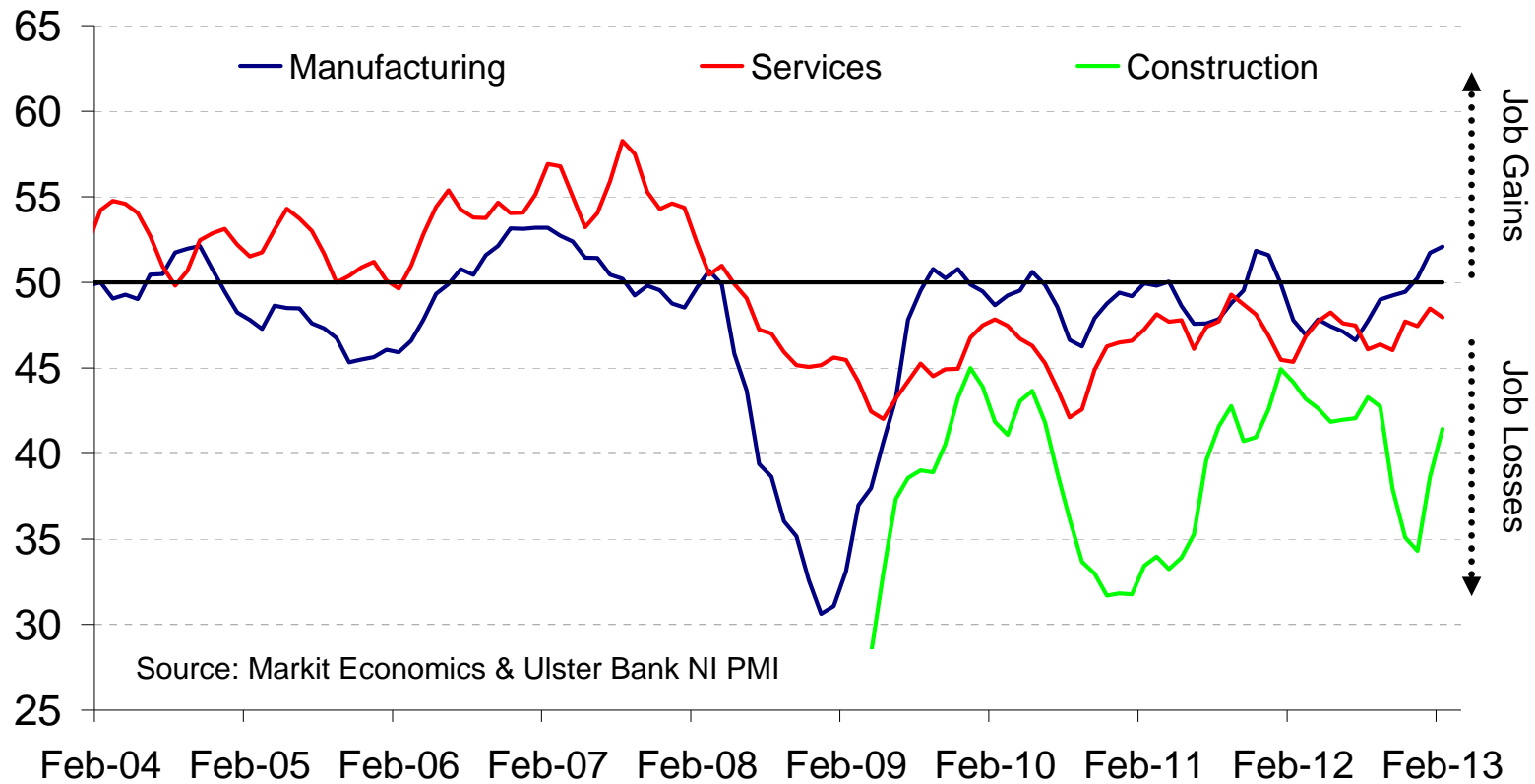


All sectors in NI contracting (3 month average)....

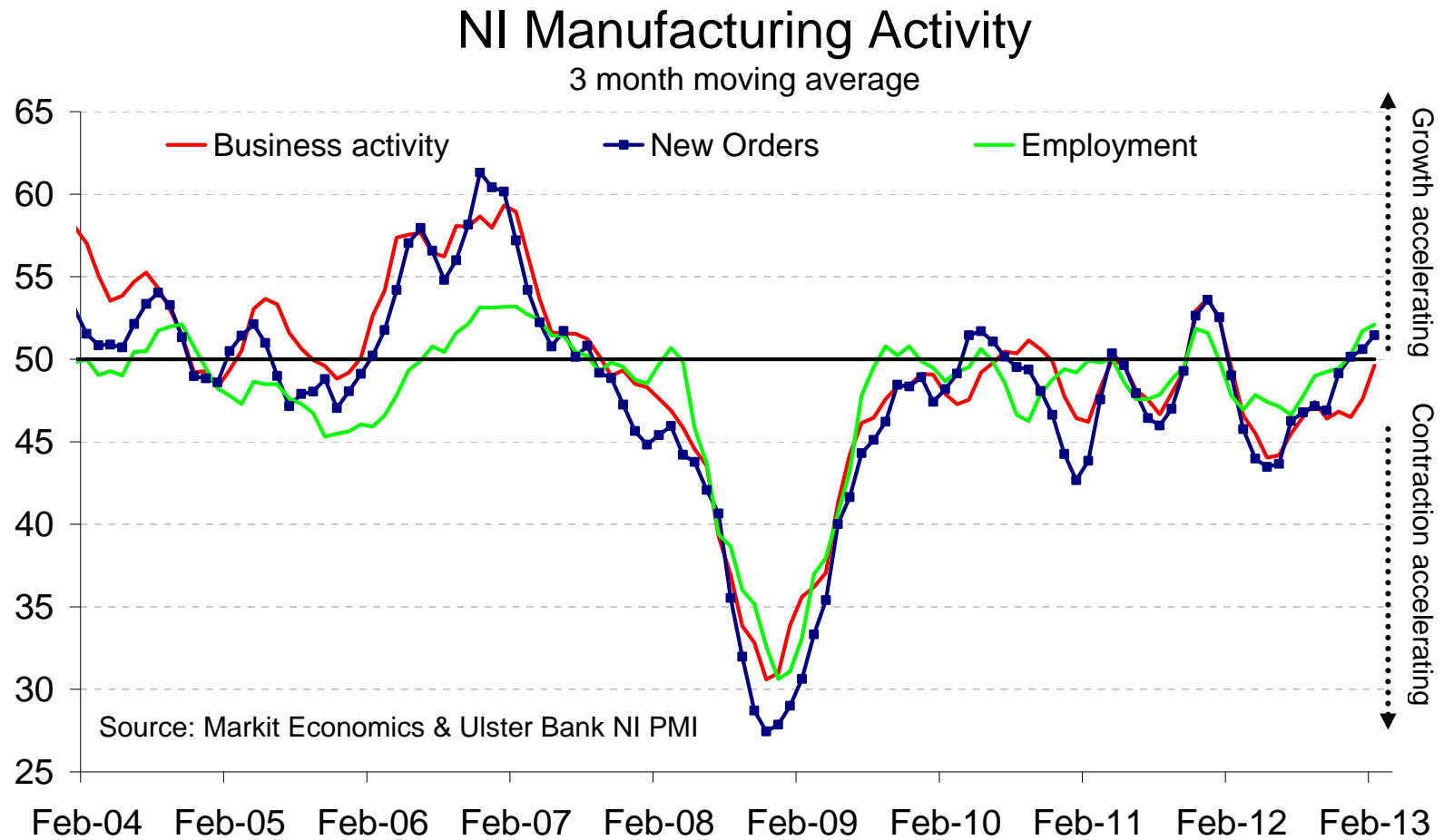


... with services and construction sectors still reporting falling employment levels

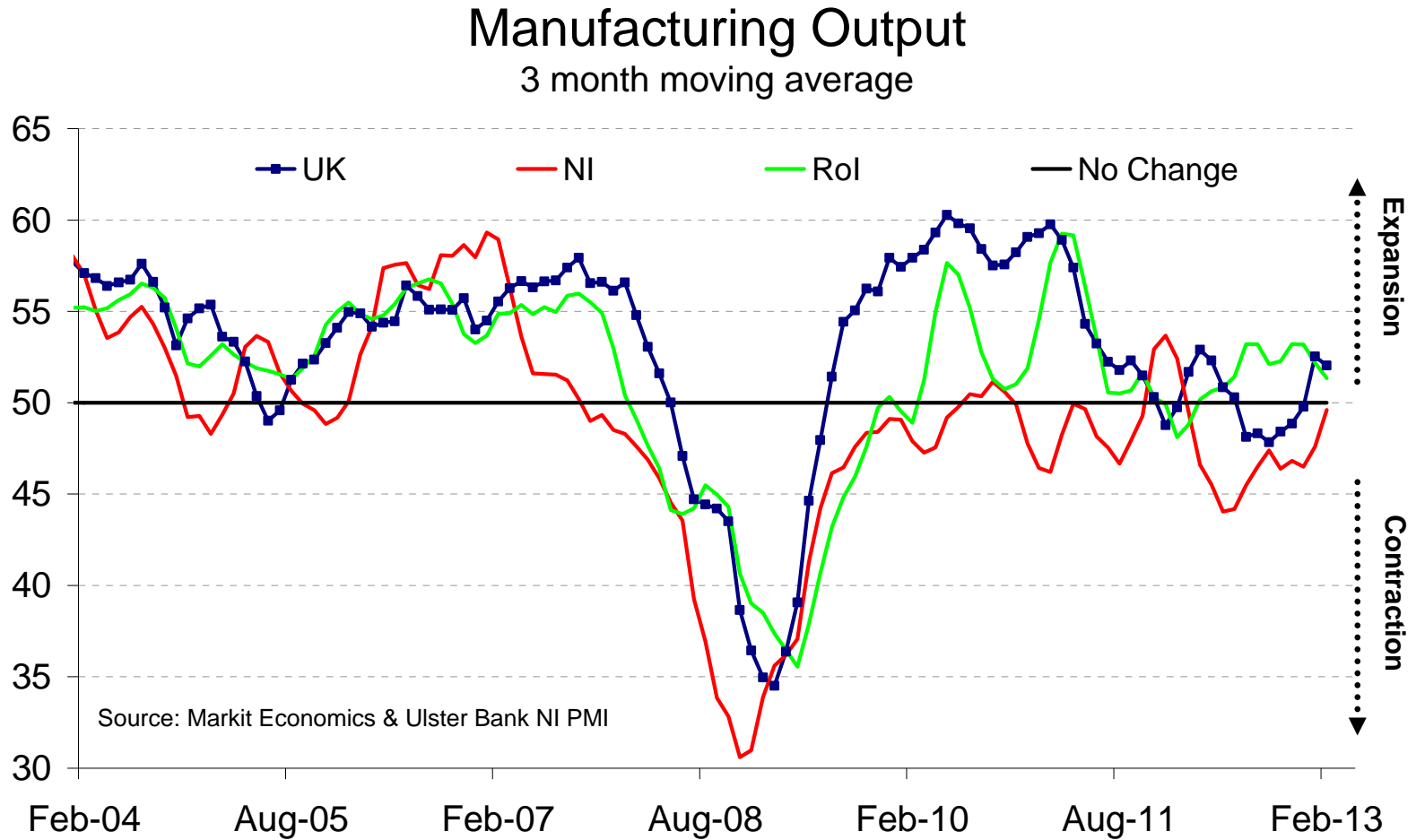
NI PMI - Employment Index
3 month moving average



Manufacturing posts employment and new orders growth over the last three months

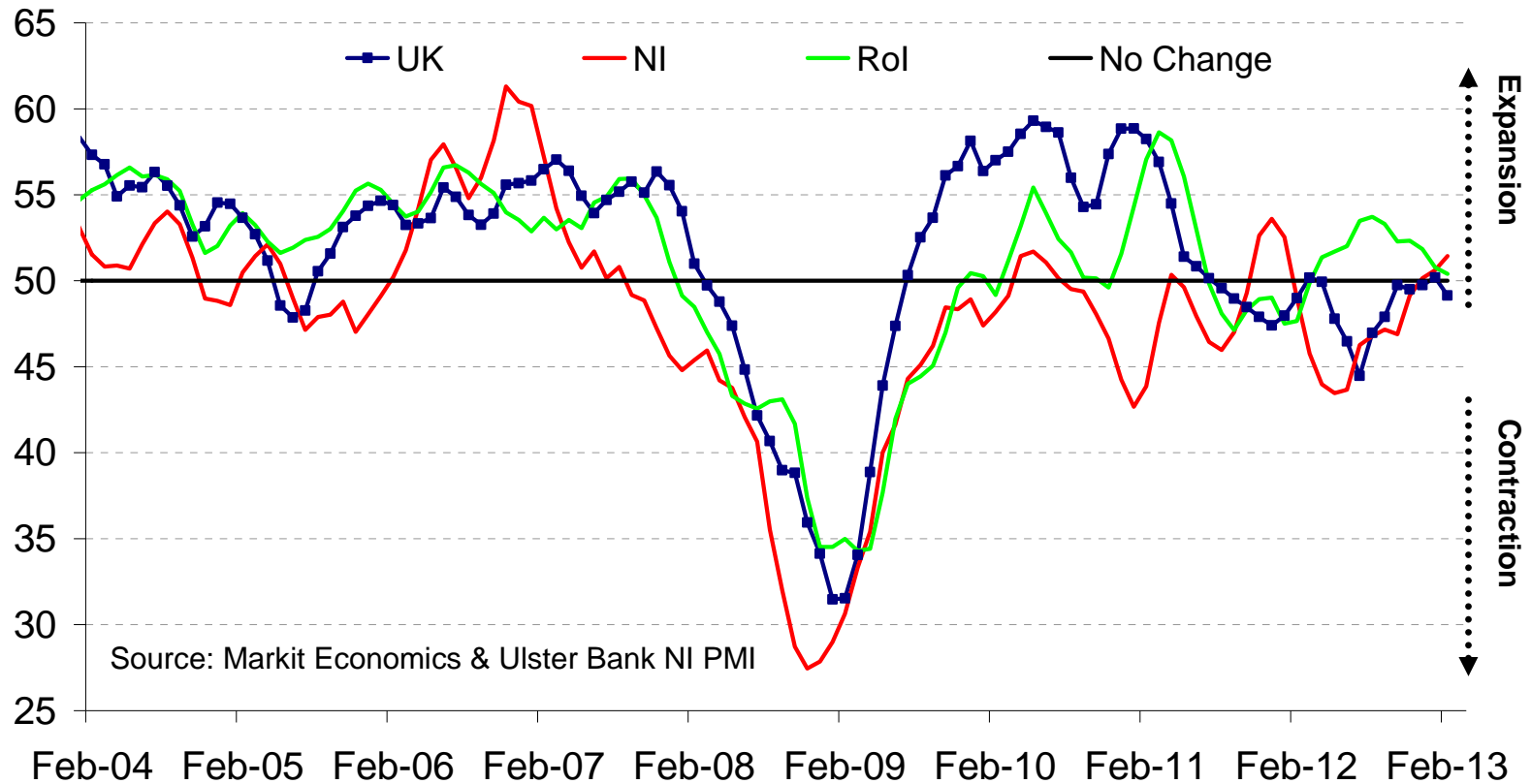


UK manufacturing output growth eases in the 3 months to February



NI posts the strongest growth in new orders

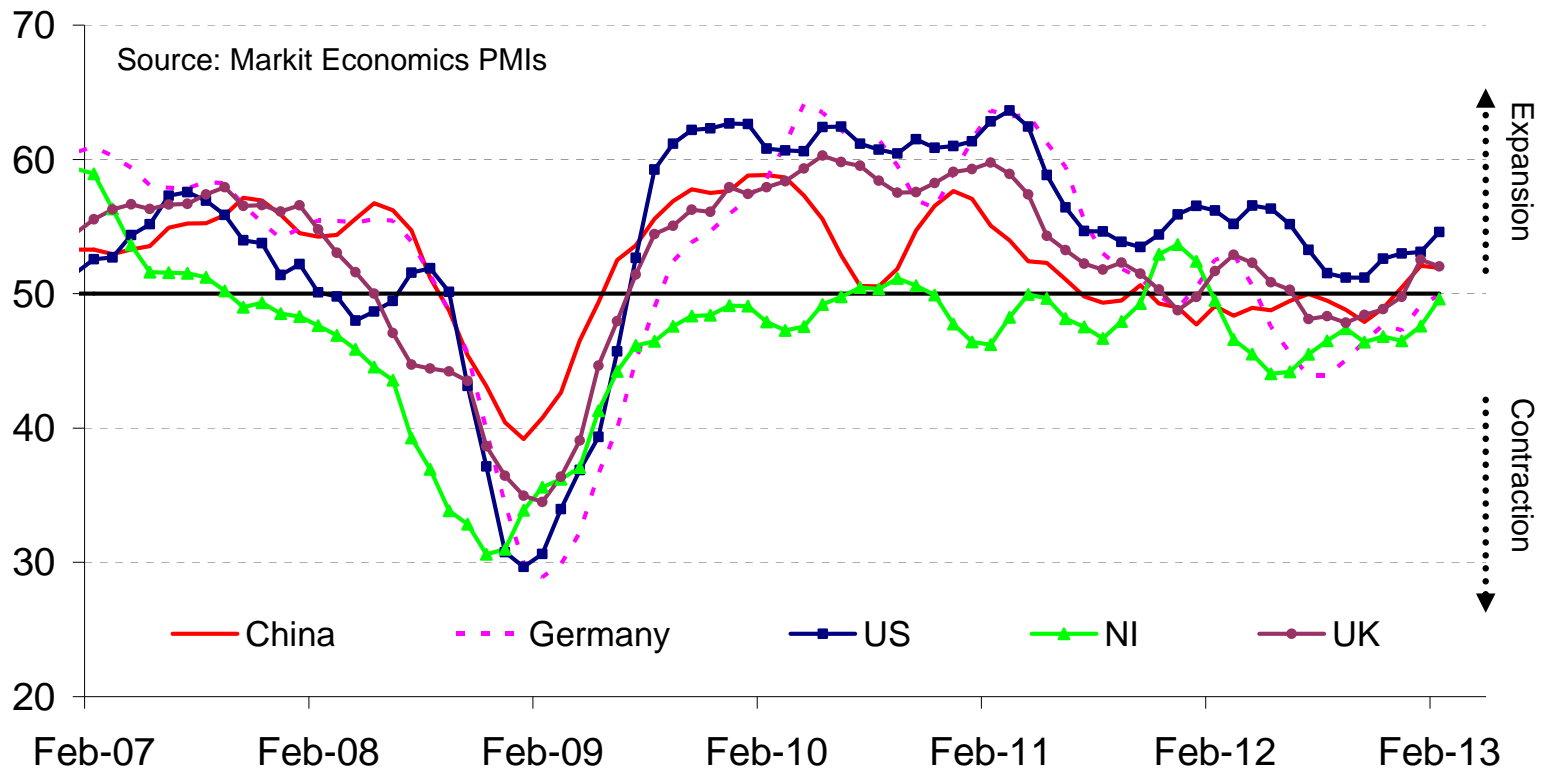
Manufacturing New Orders
3 month moving average



N.Ireland manufacturing catching-up with economies elsewhere

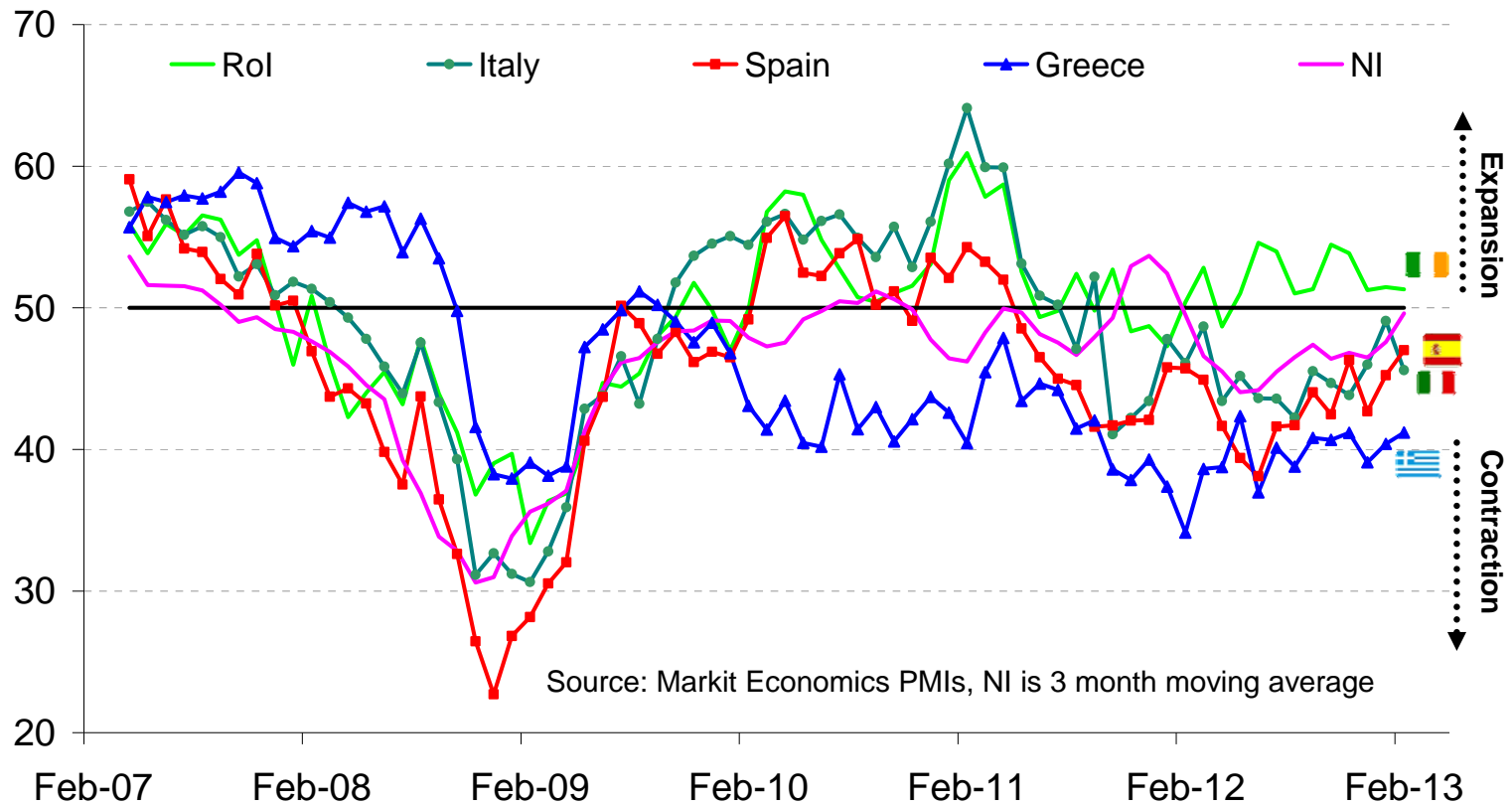
Manufacturing Output - PMI

3 month moving average



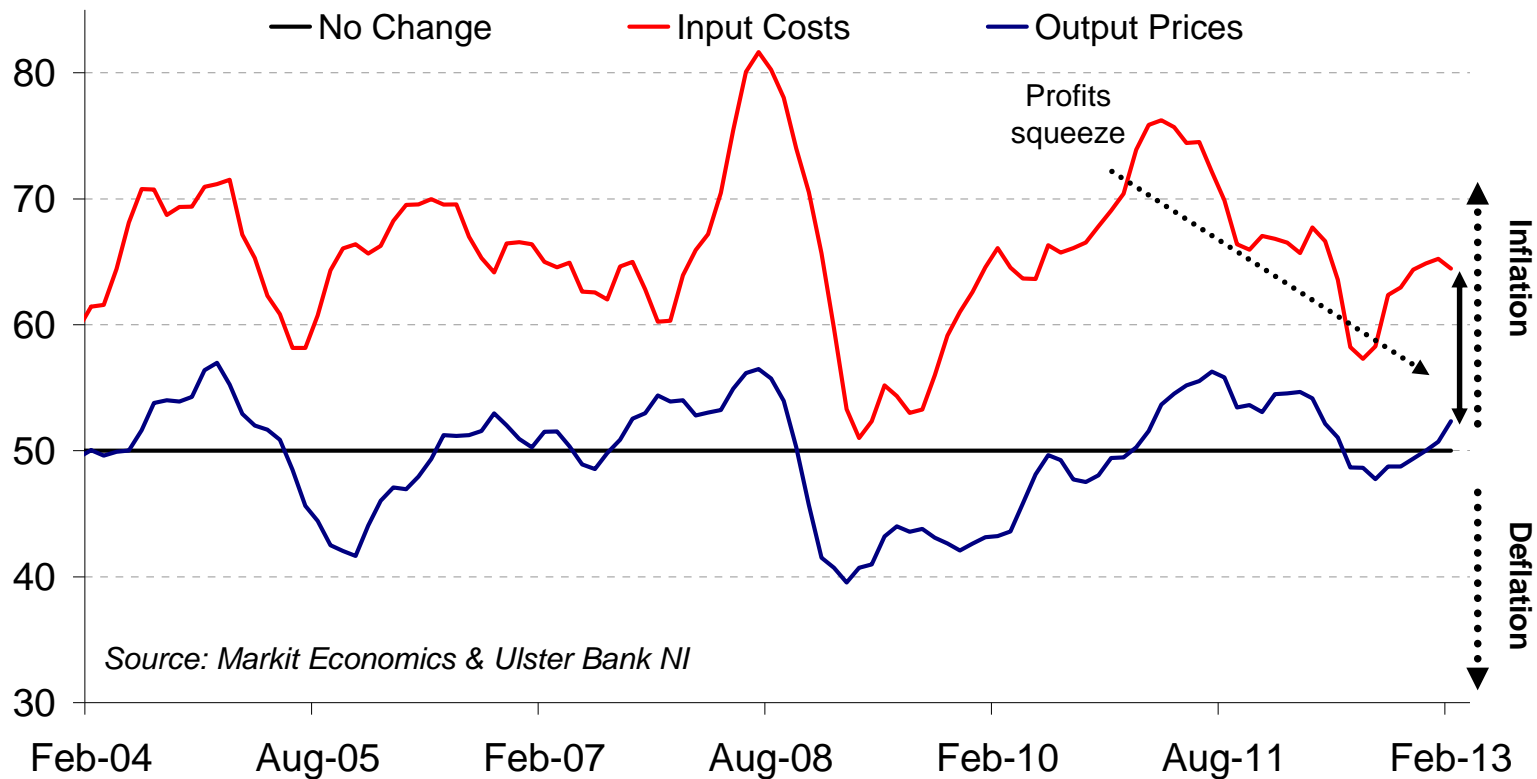
Ireland is still outperforming its Eurozone partners & NI

Manufacturing Output - PMI

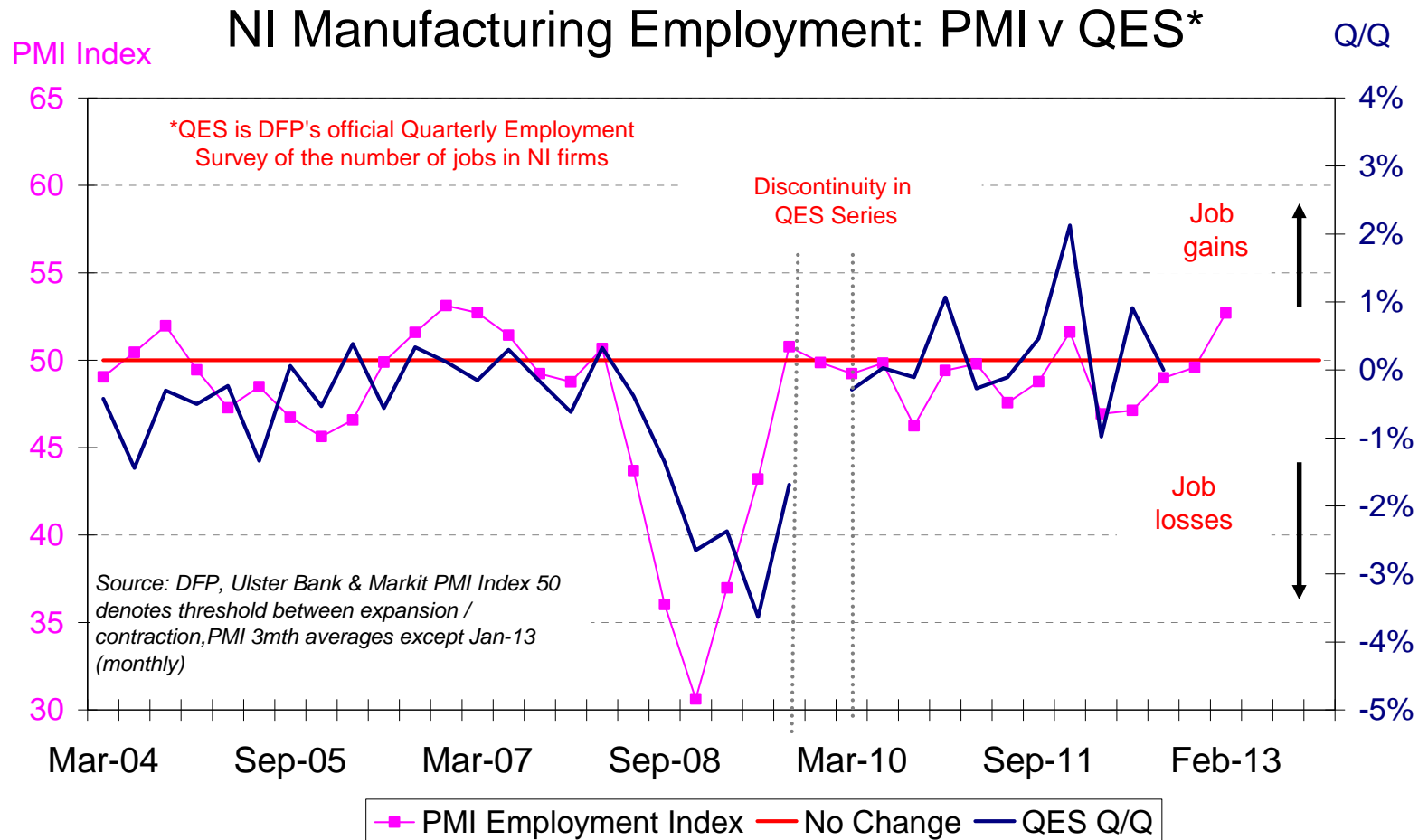


Cost price inflation easing for local manufacturing firms and output prices are rising (*return of pricing power*)

NI Manufacturing Input & Output Inflation
3 month moving average

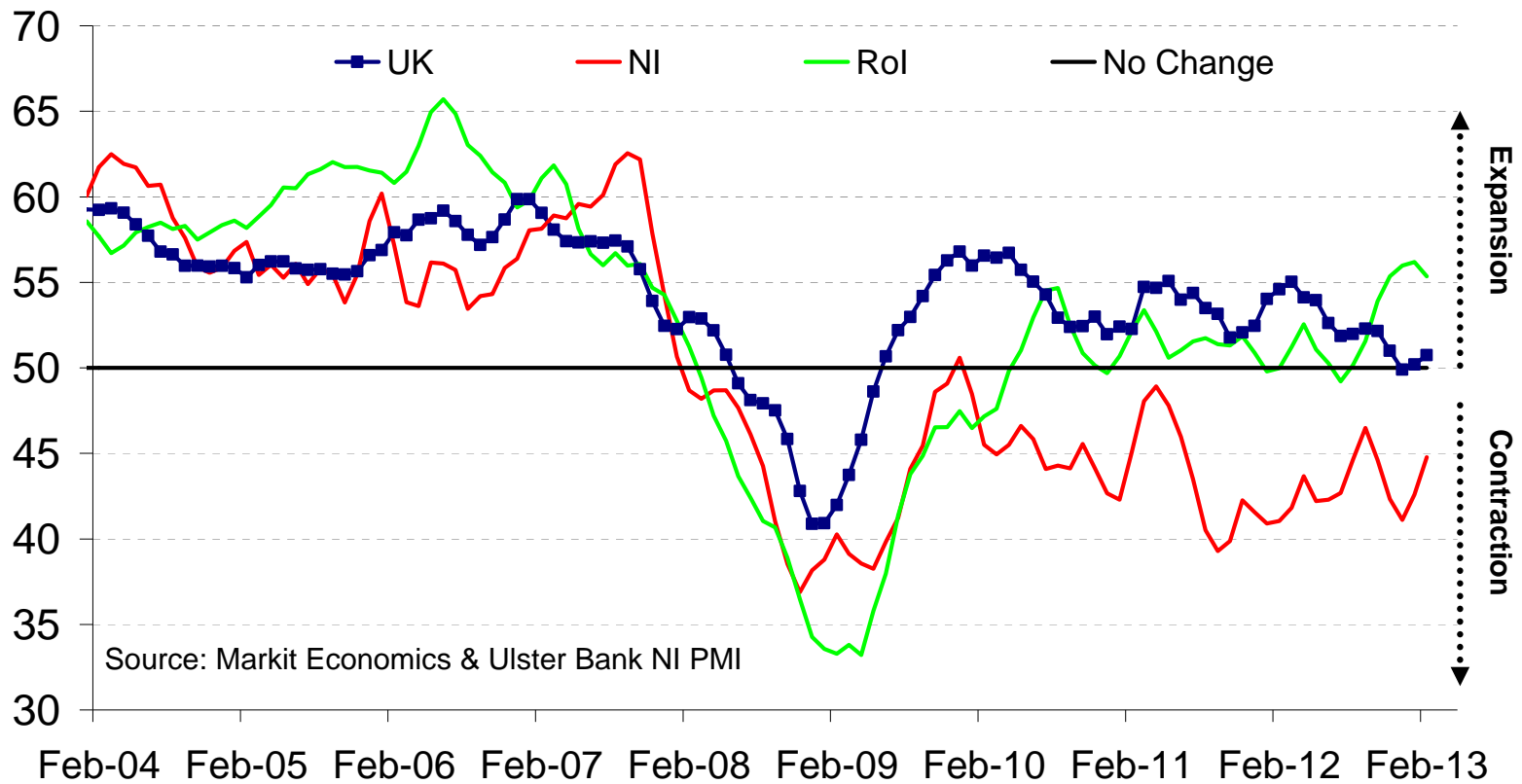


PMI signals no major job losses in Q4 & growth in Q1 (Feb-13) but FG Wilson announcement still to take effect



Rol & UK growth continues while NI still posts declines in output

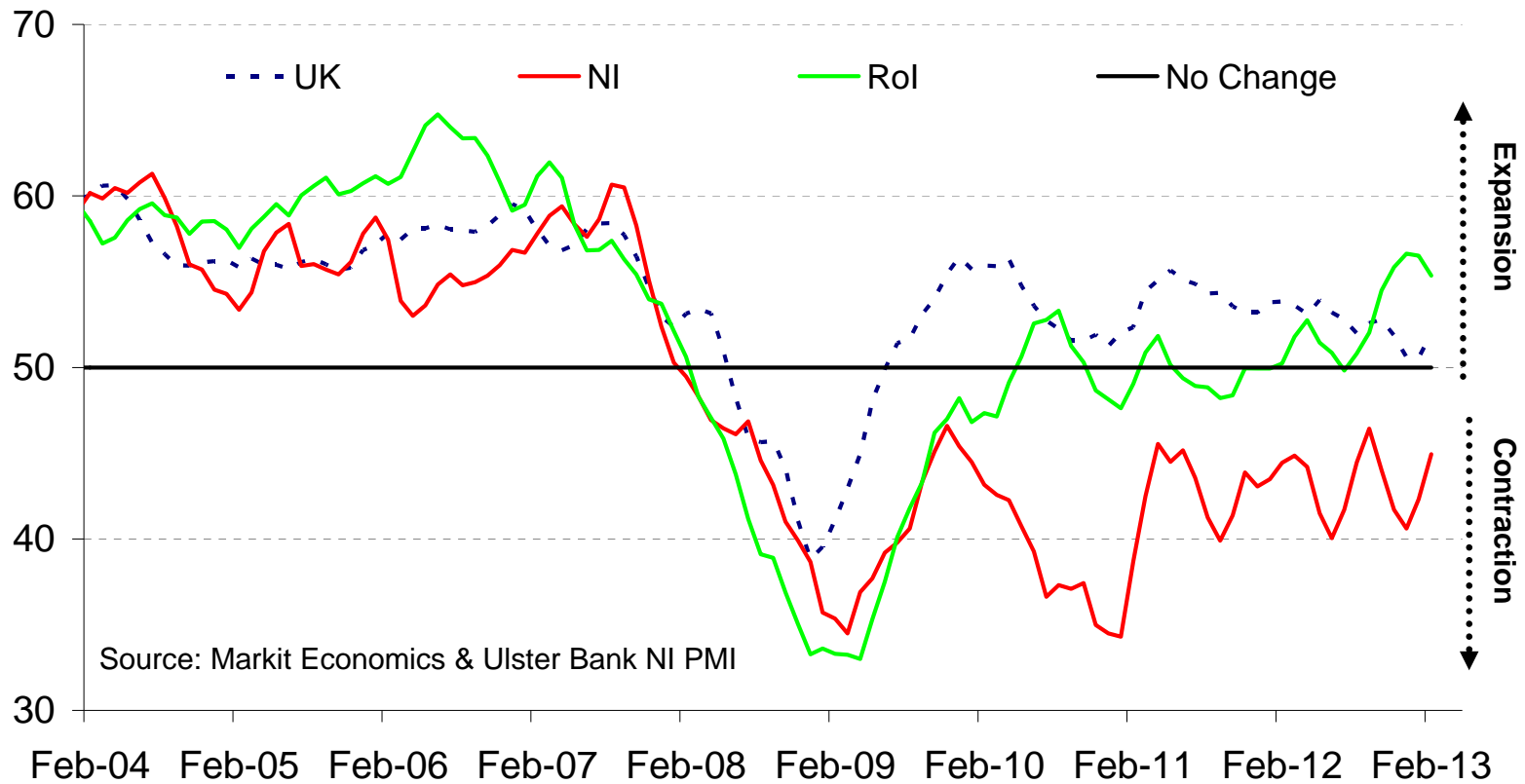
Services Output (excluding Retail)
3 month moving average



New orders growth slowing in the RoI and remains subdued in the UK. Meanwhile NI still contracting

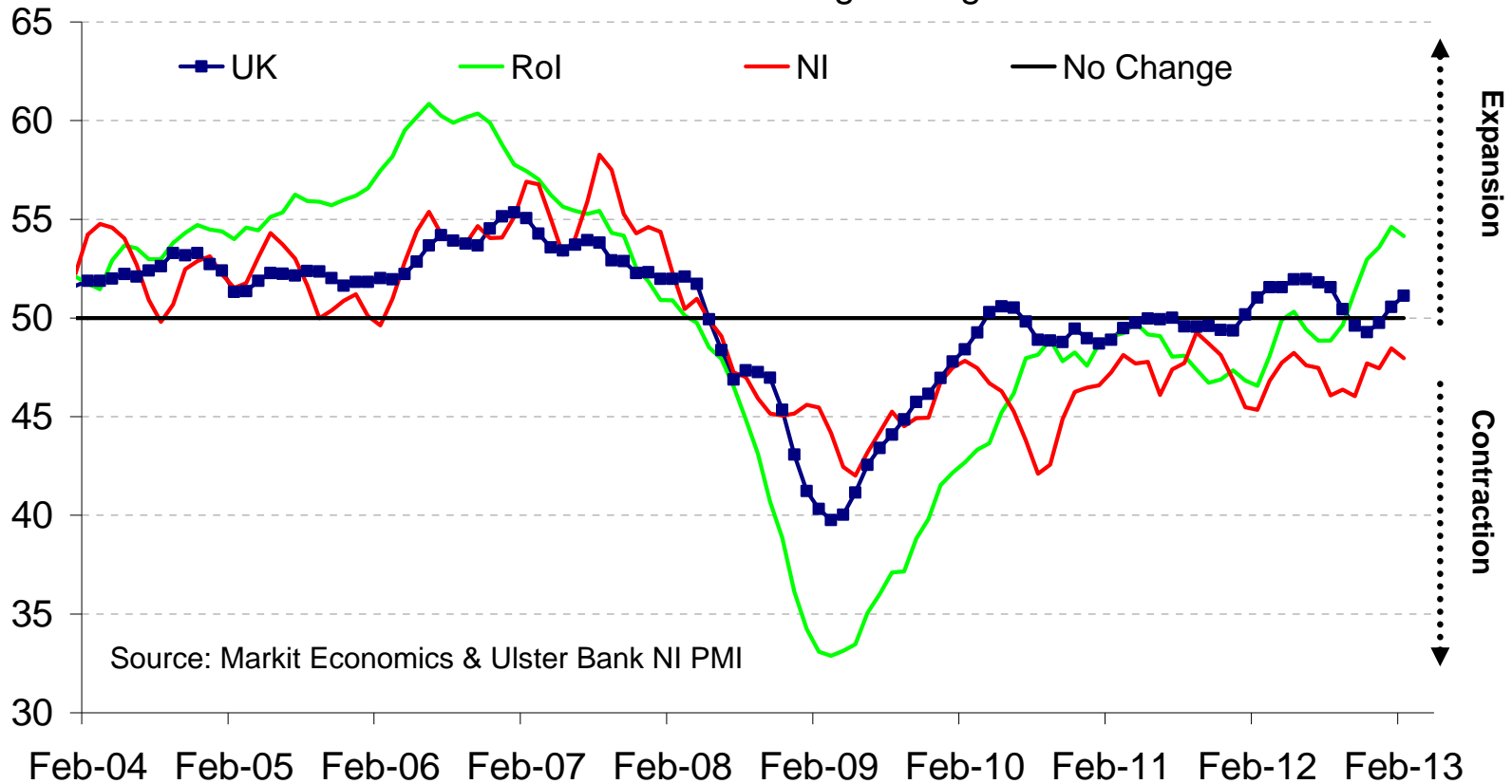
Services New Orders (*excluding Retail*)

3 month moving average

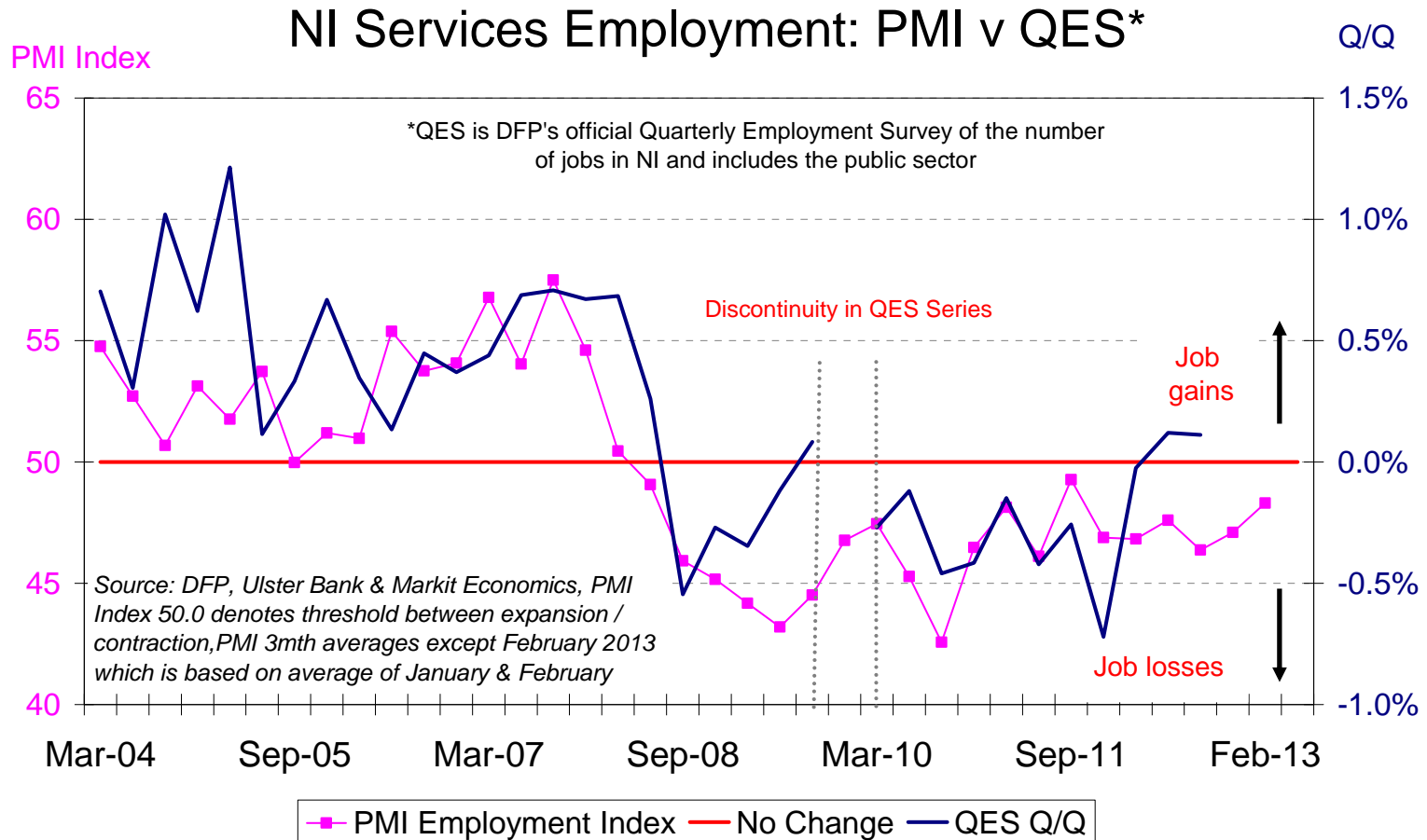


...with employment levels still falling in NI over the last three months (but growth returned in January)

Services Employment 3 month moving average



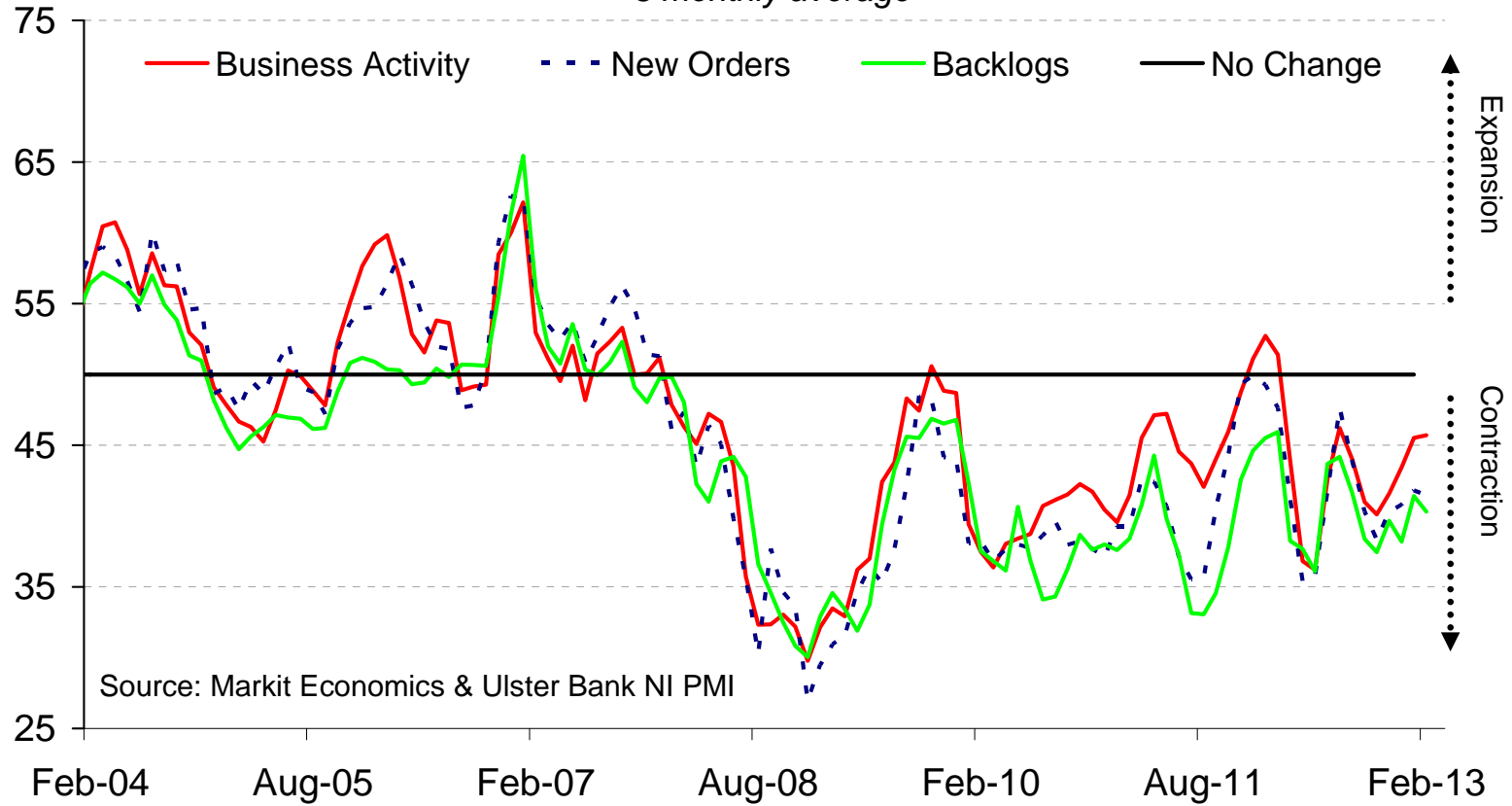
The PMI signals modest employment declines for the service sector in Q4. But PMI includes private sector only



Local retailers still reporting falling orders & activity but pace of decline has eased

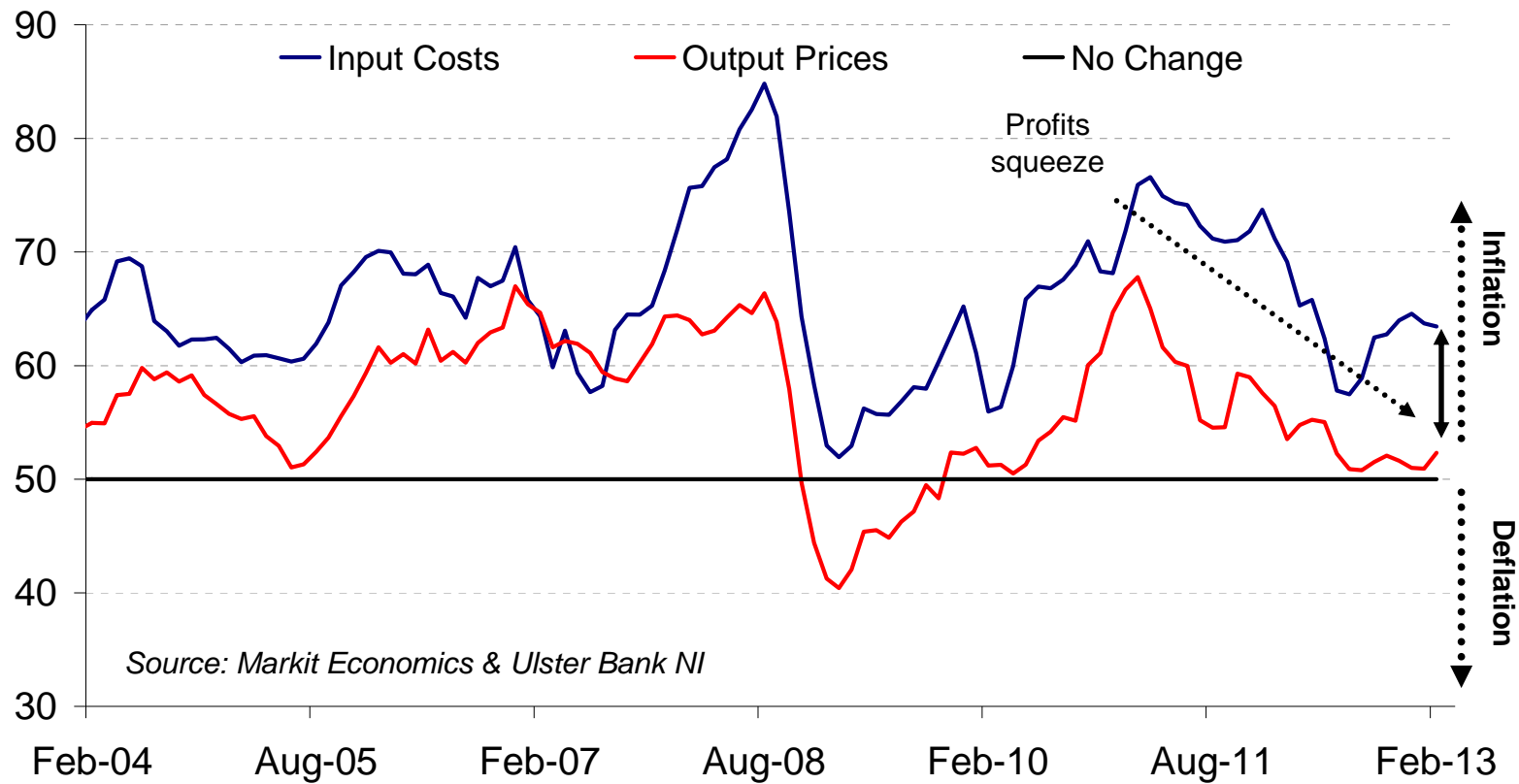
Northern Ireland Retail PMI

3 monthly average



Profits squeeze on local retailers remains

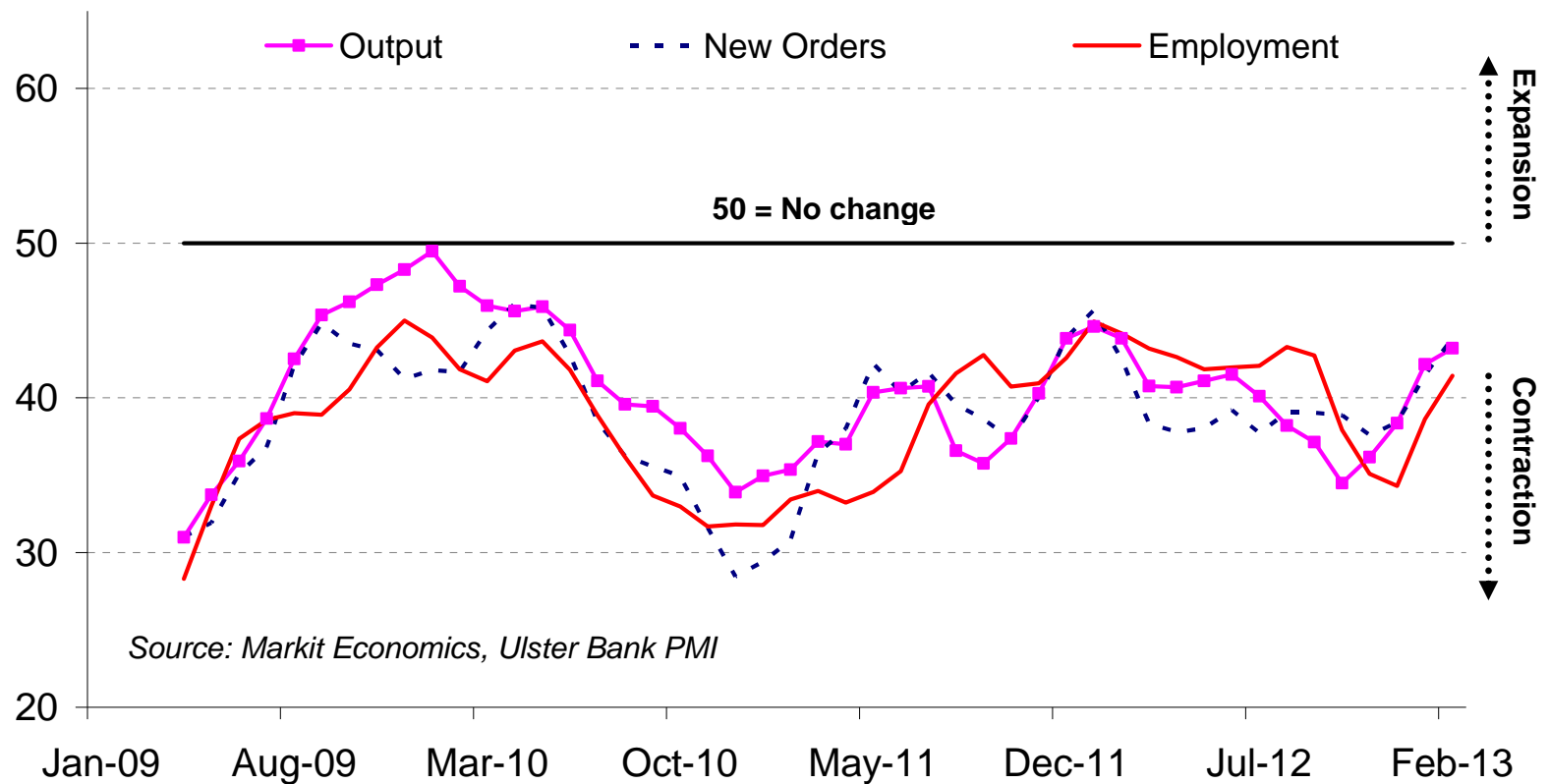
NI Retail Input & Output Inflation
3 month moving average



NI construction sector still in the midst of a severe downturn

NI Construction PMI

3 month moving average

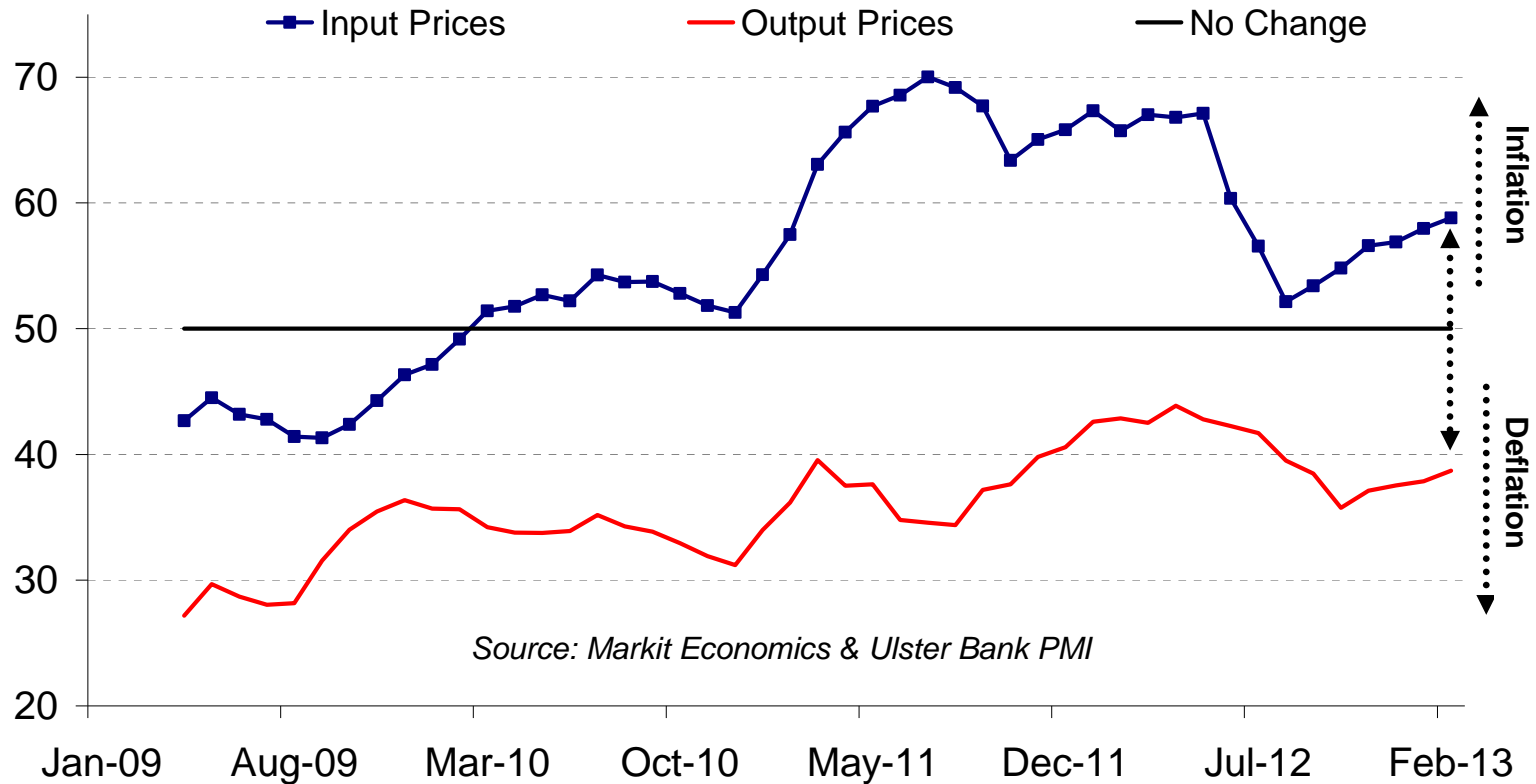


...with profits squeeze continuing

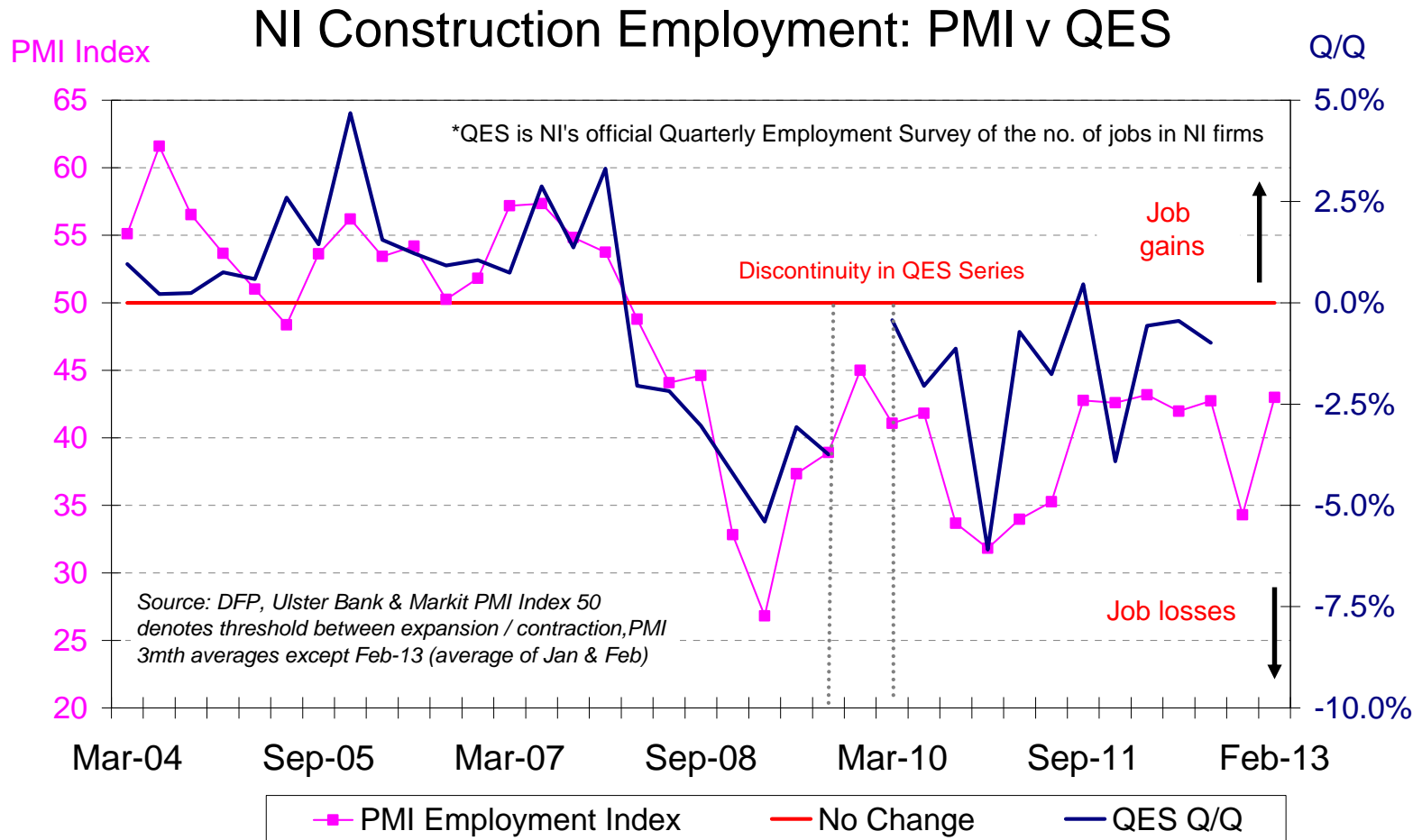
NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



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

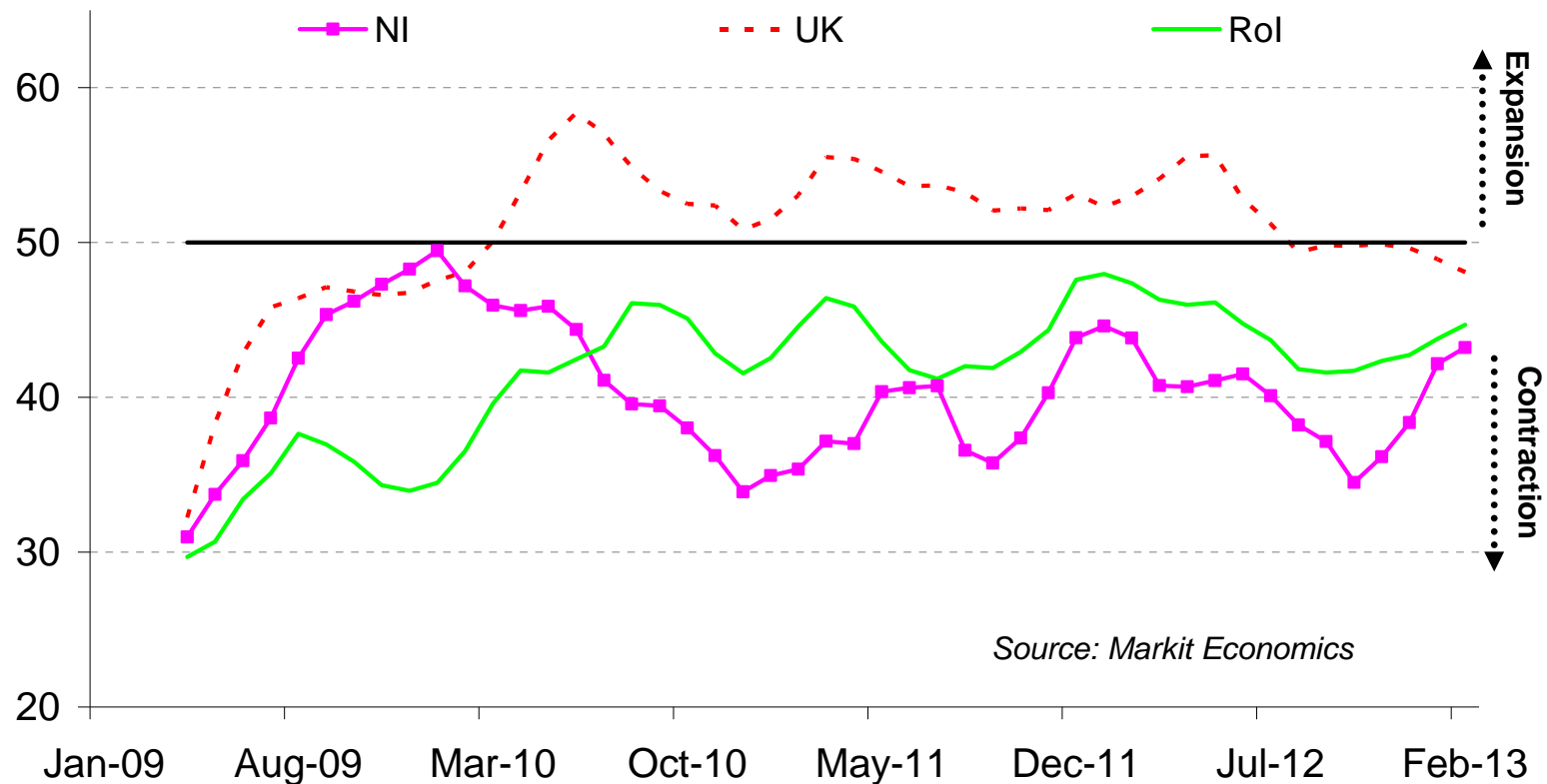


UK, RoI & NI all post contractions in construction output

Construction Sector Output - PMI

3 month moving average

PMI Index



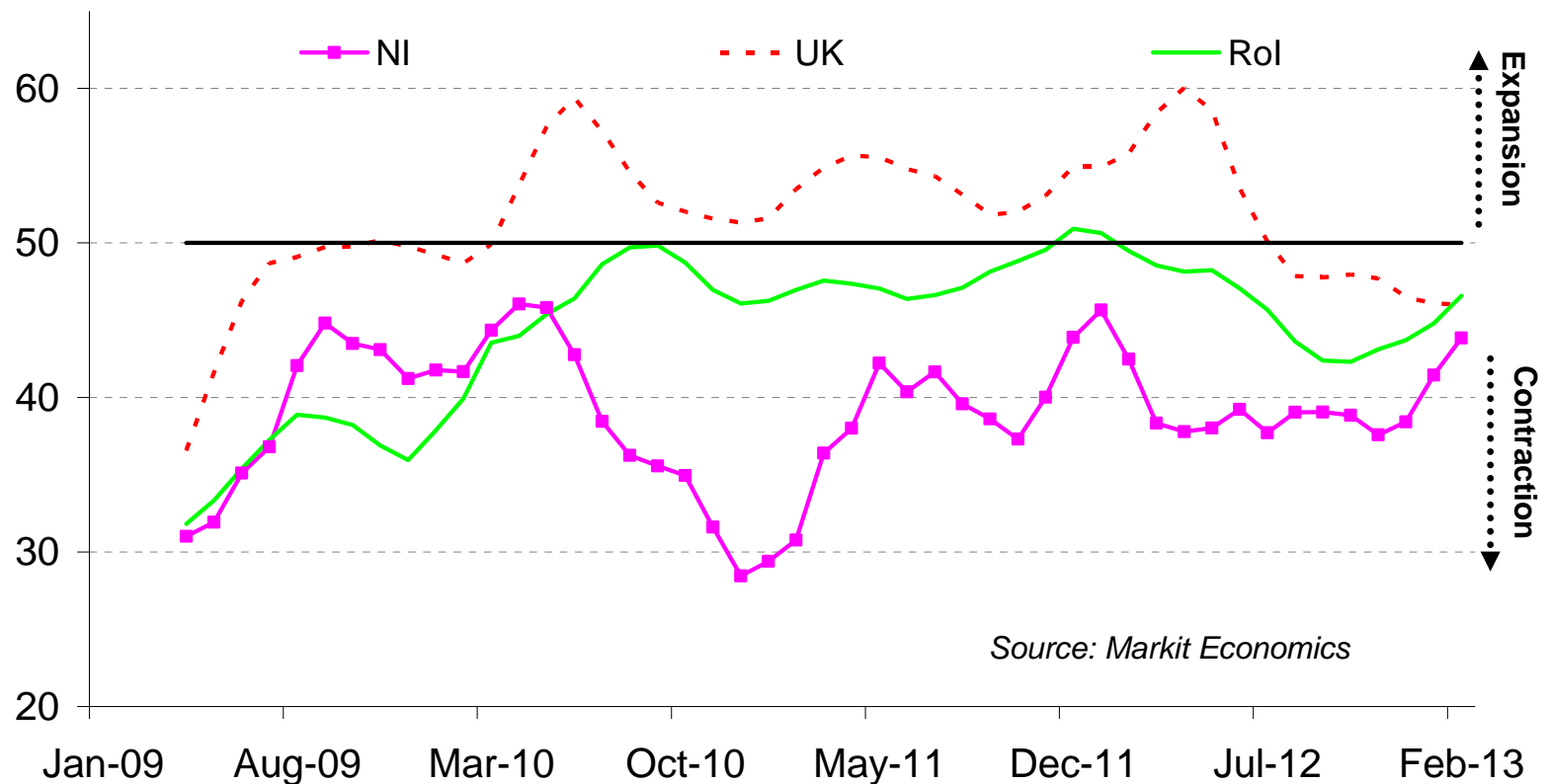
Source: Markit Economics

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

Construction Sector New Orders - PMI

3 month moving average

PMI Index

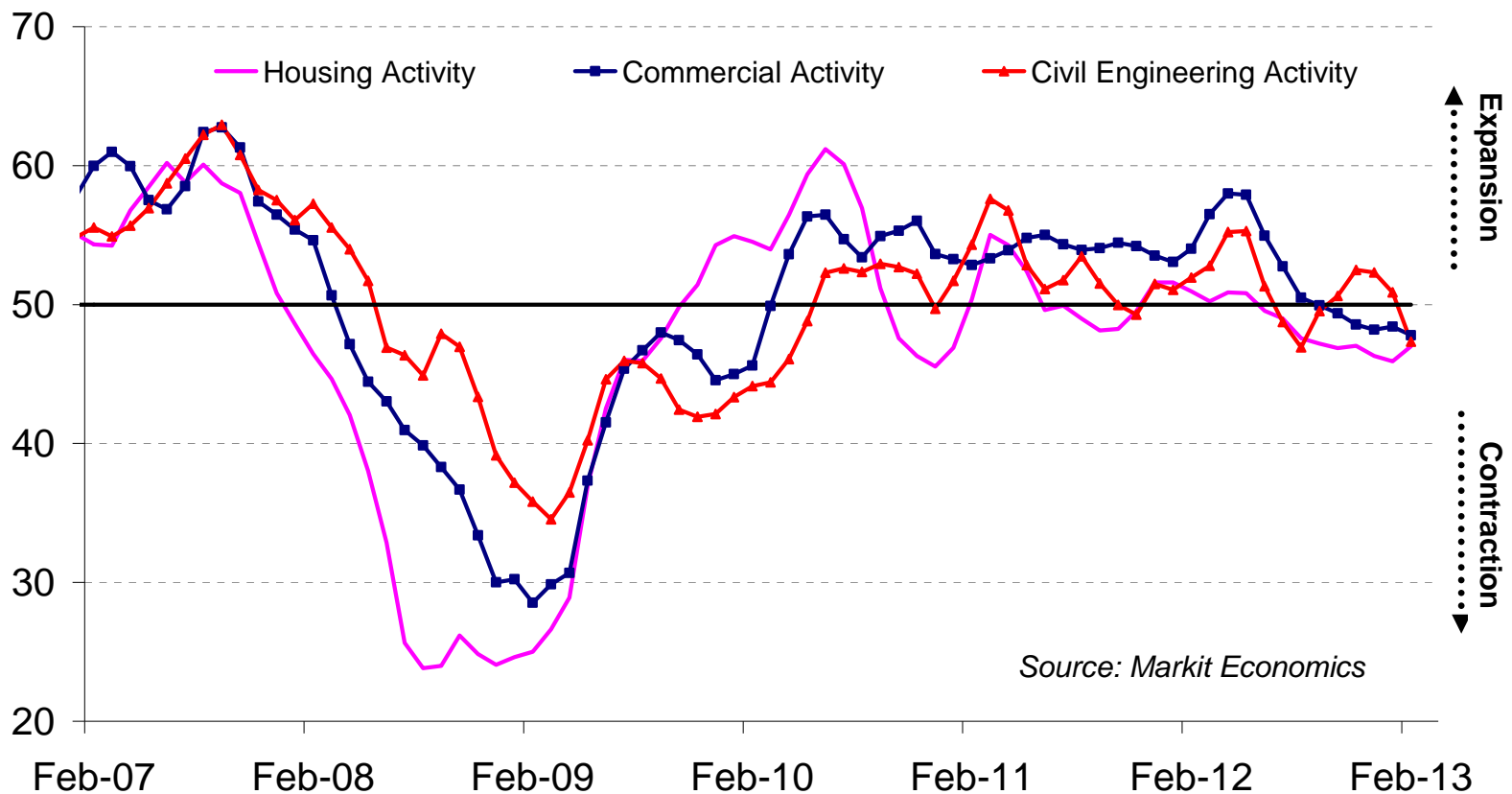


Source: Markit Economics

Growth opportunities for NI firms within GB will wane as activity eases

UK Construction Activity - PMIs

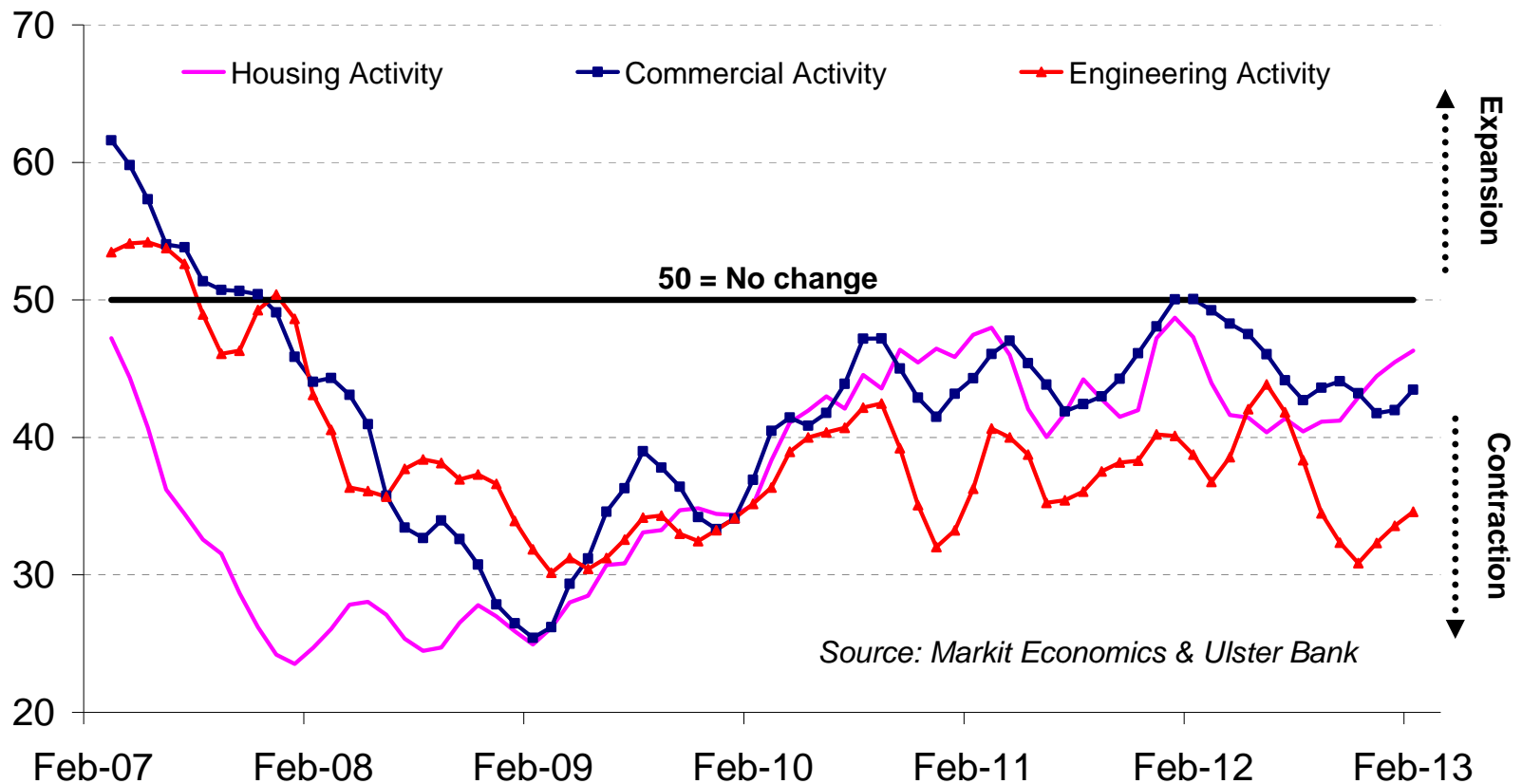
3 month moving average



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

Republic of Ireland Construction Activity - PMI

3 month moving average



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