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# Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

*January 2012 Survey Update*

Issued 13 February 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.*

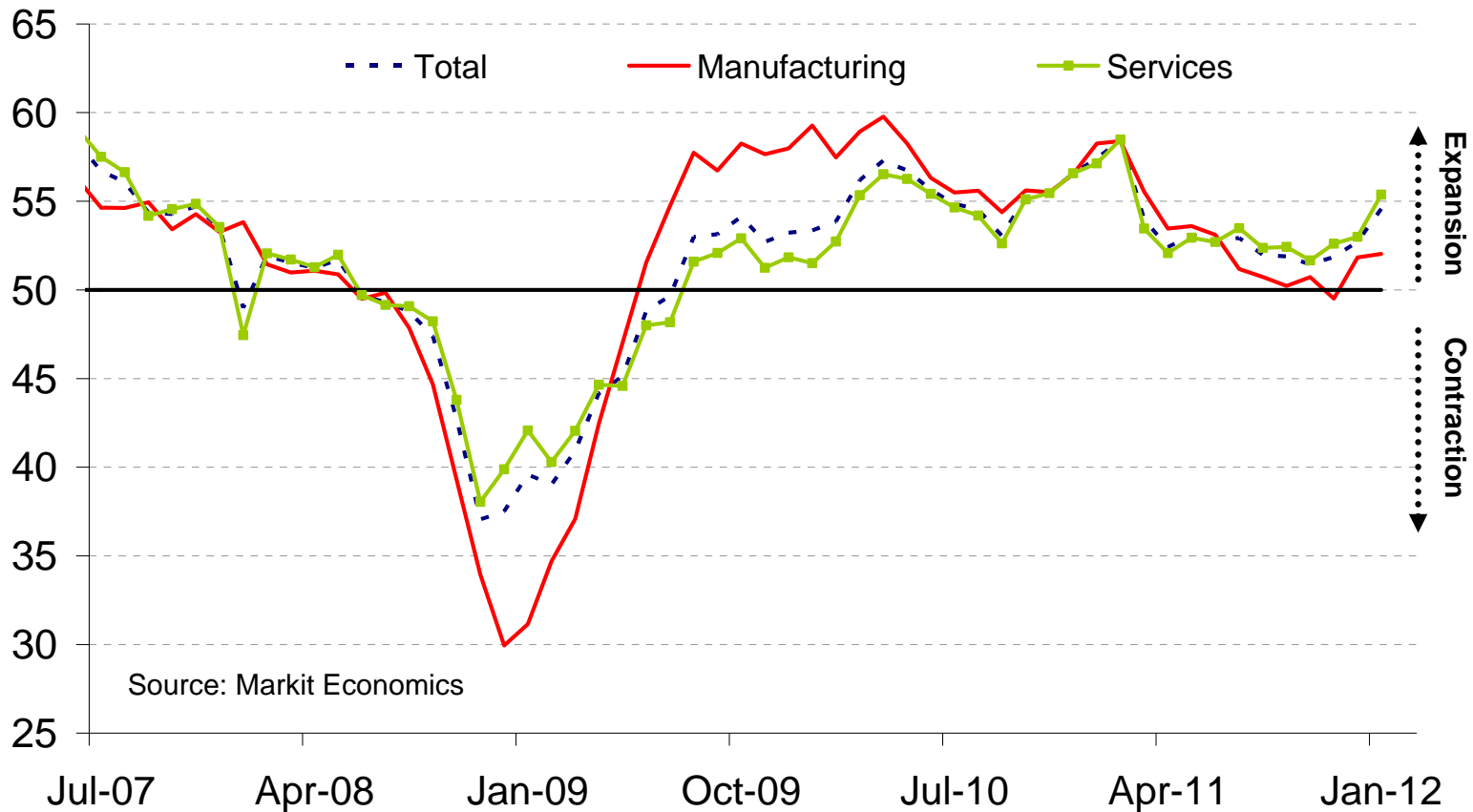
*Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

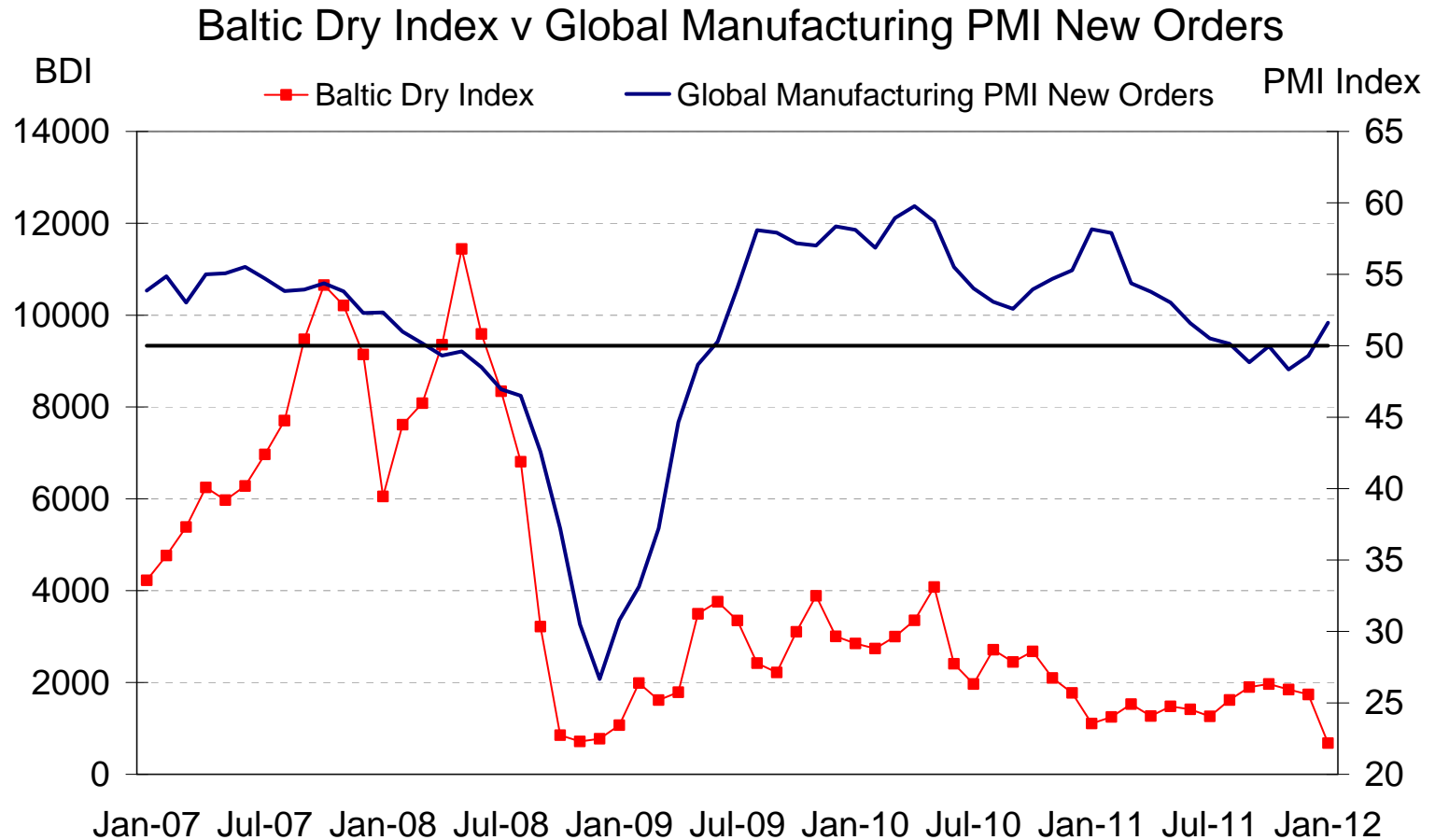
*Data at a sector level are more volatile and **3-month moving averages** have been used to more accurately identify the broad trends.*

# Global PMI picks up in January driven by strong growth in services

## Global Output - PMI



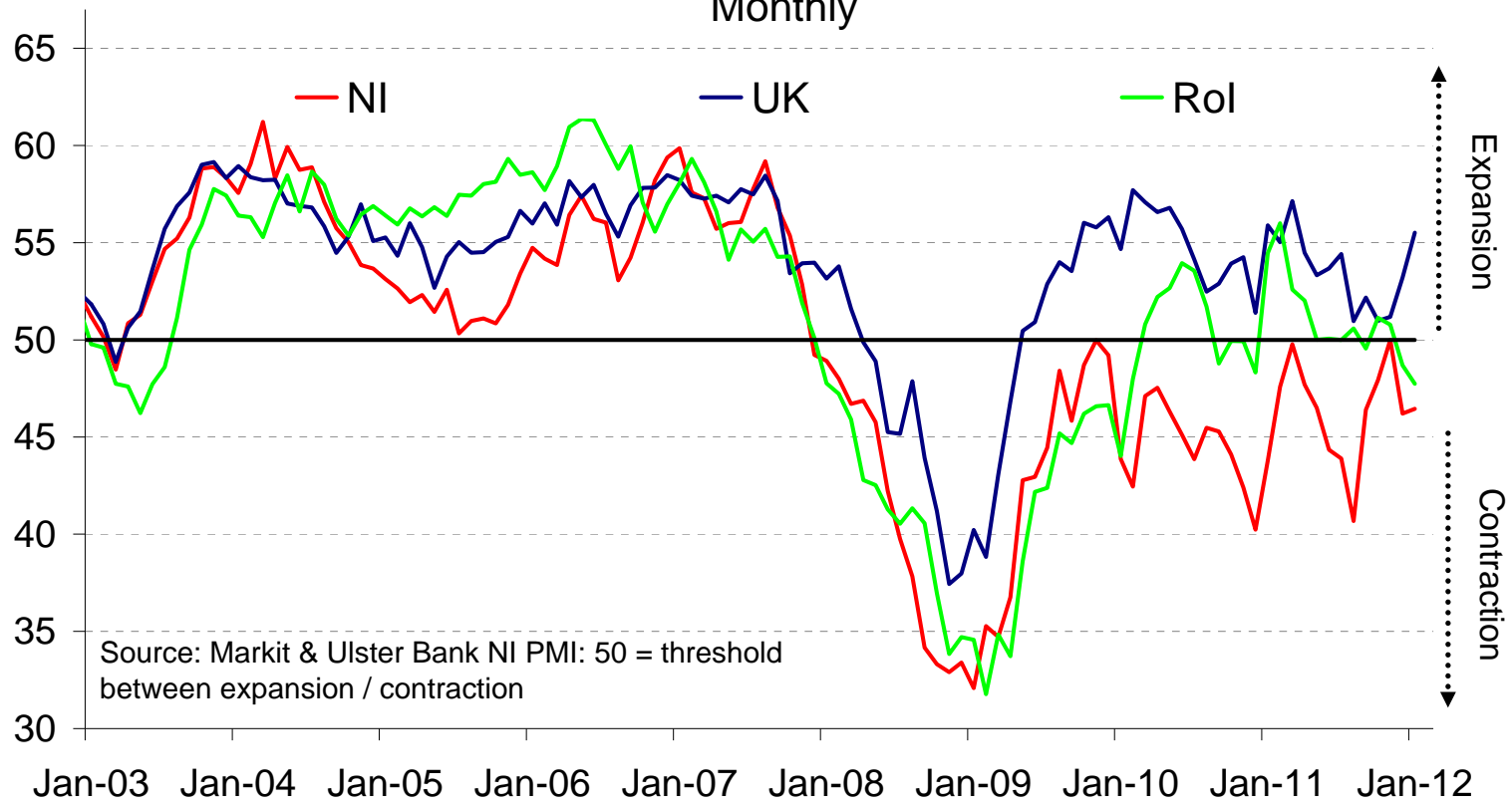
The Baltic Dry Index (*measures shipping prices*) appears to exaggerating the collapse in global trade as PMI points to growth



# NI's private sector contraction continues in January

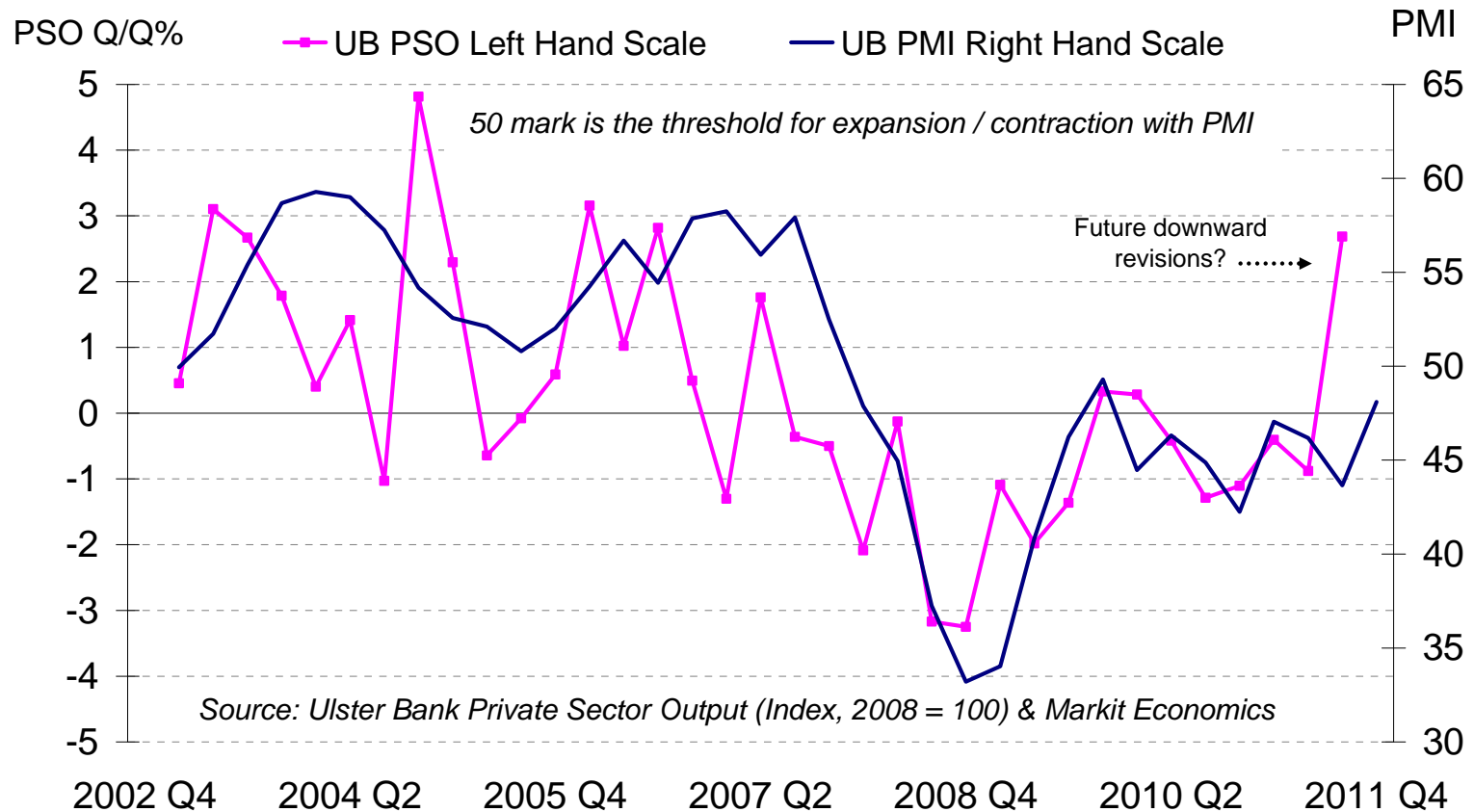
## Private Sector Business Activity - PMIs

Monthly



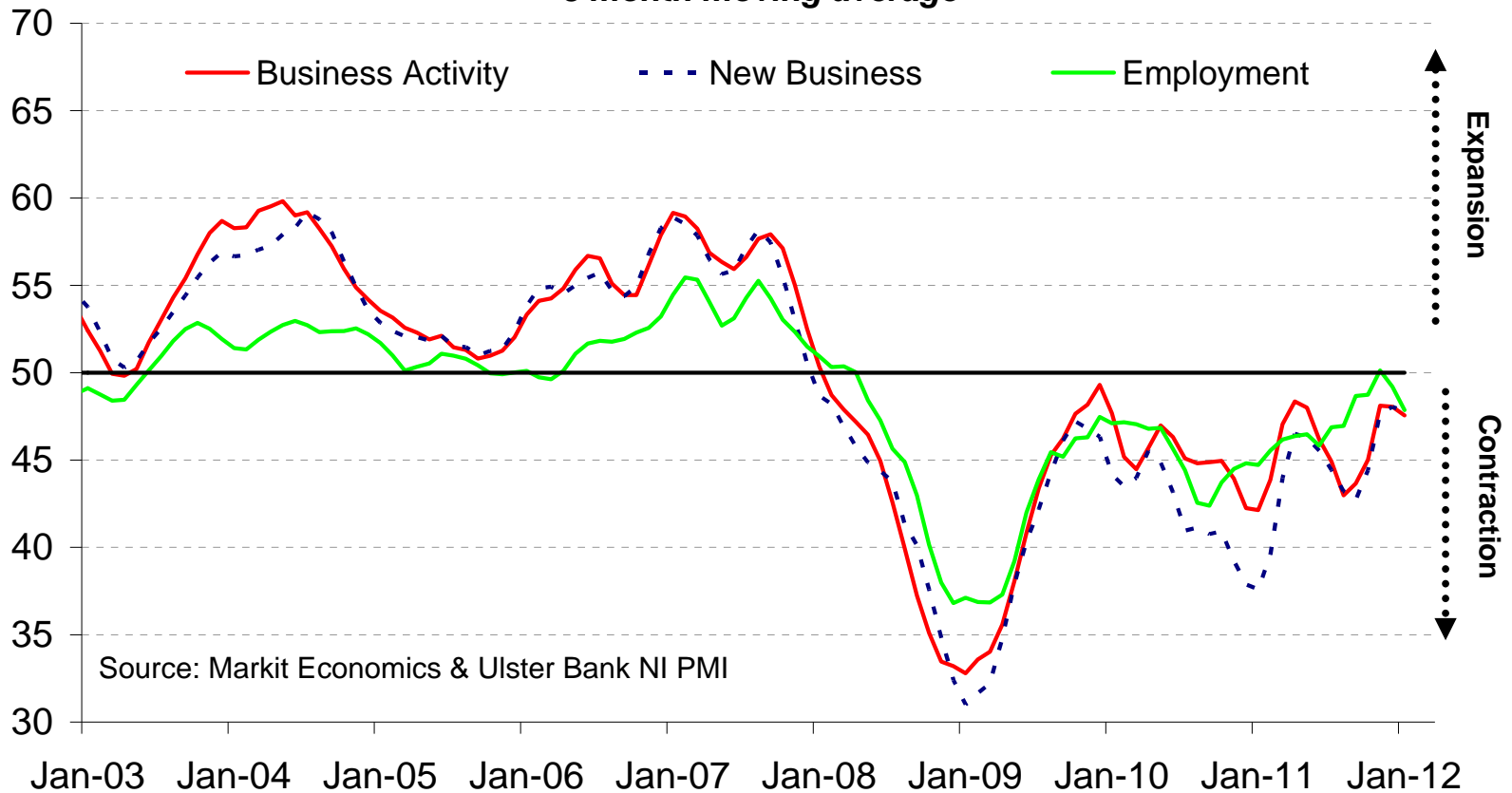
PMI did not signal rebound in Q3 output that the private sector composite index (combines DFP indices for construction, services and industrial production) did

## NI Private Sector Output Index Versus NI PMI



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

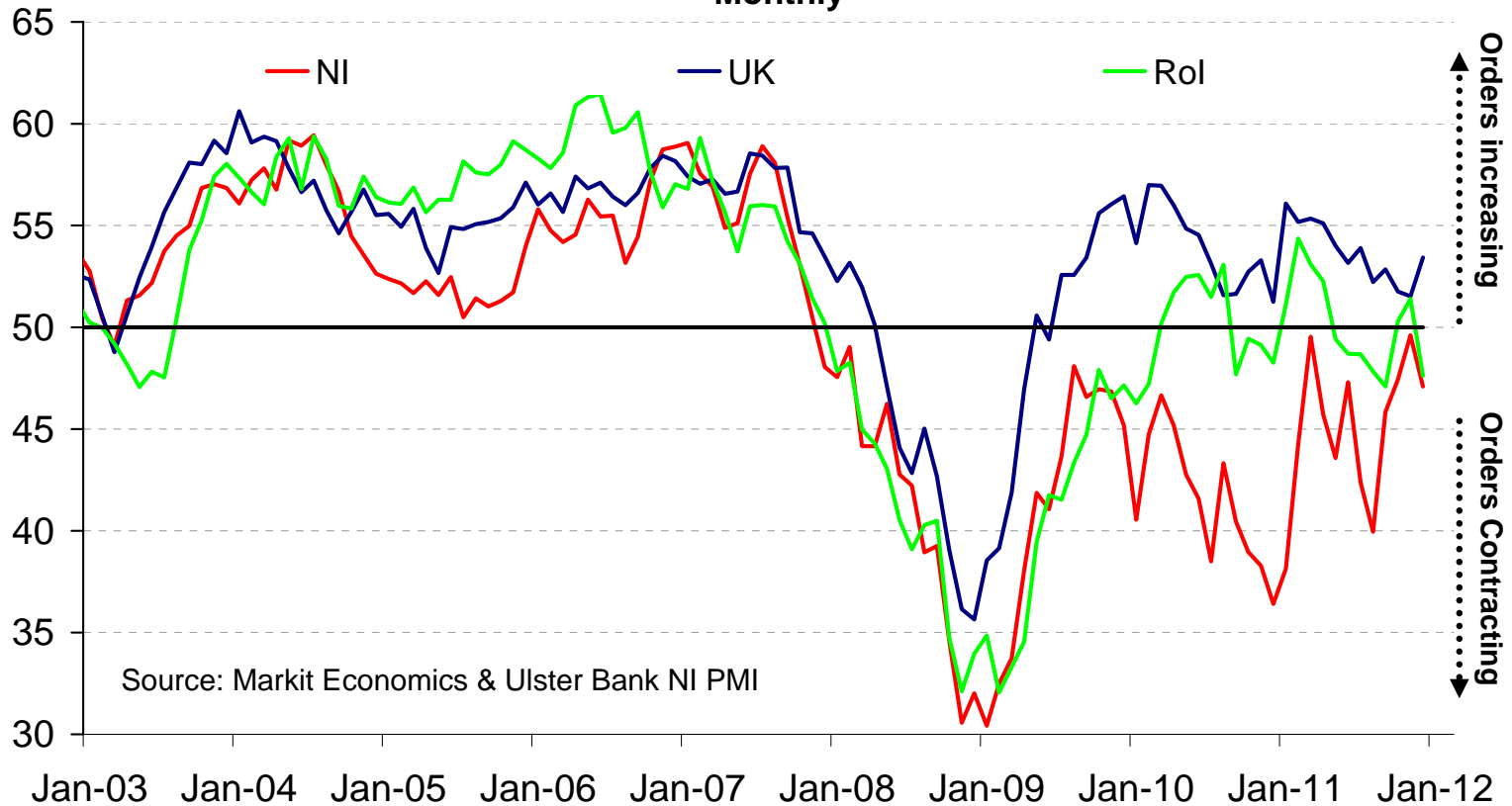
## NI Private Sector Activity 3 month moving average



# Forward looking new orders indices for NI & RoI heading south

## Private Sector New Orders

Monthly

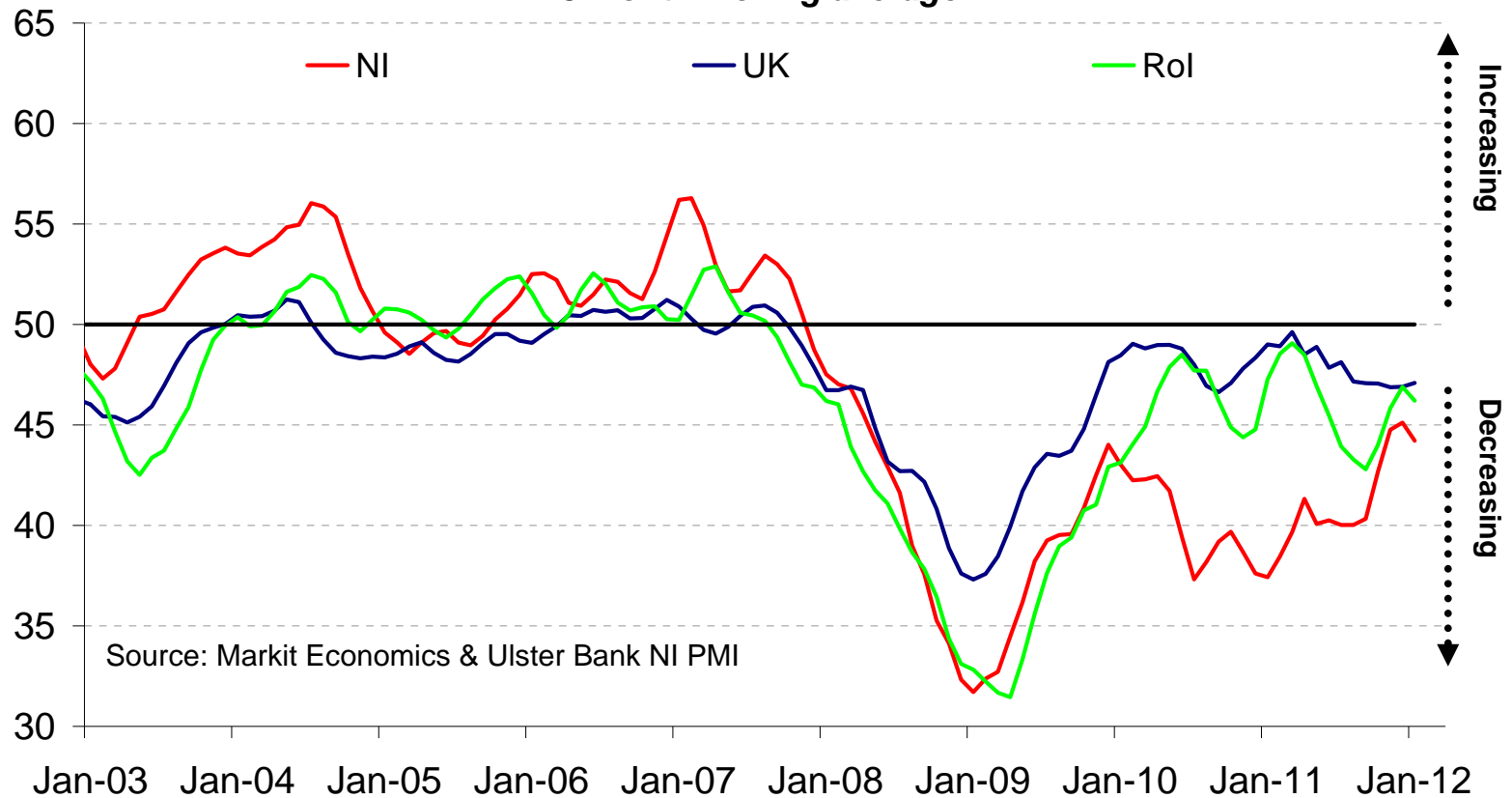




# NI's levels of work outstanding are still falling sharply

## Private Sector Backlogs

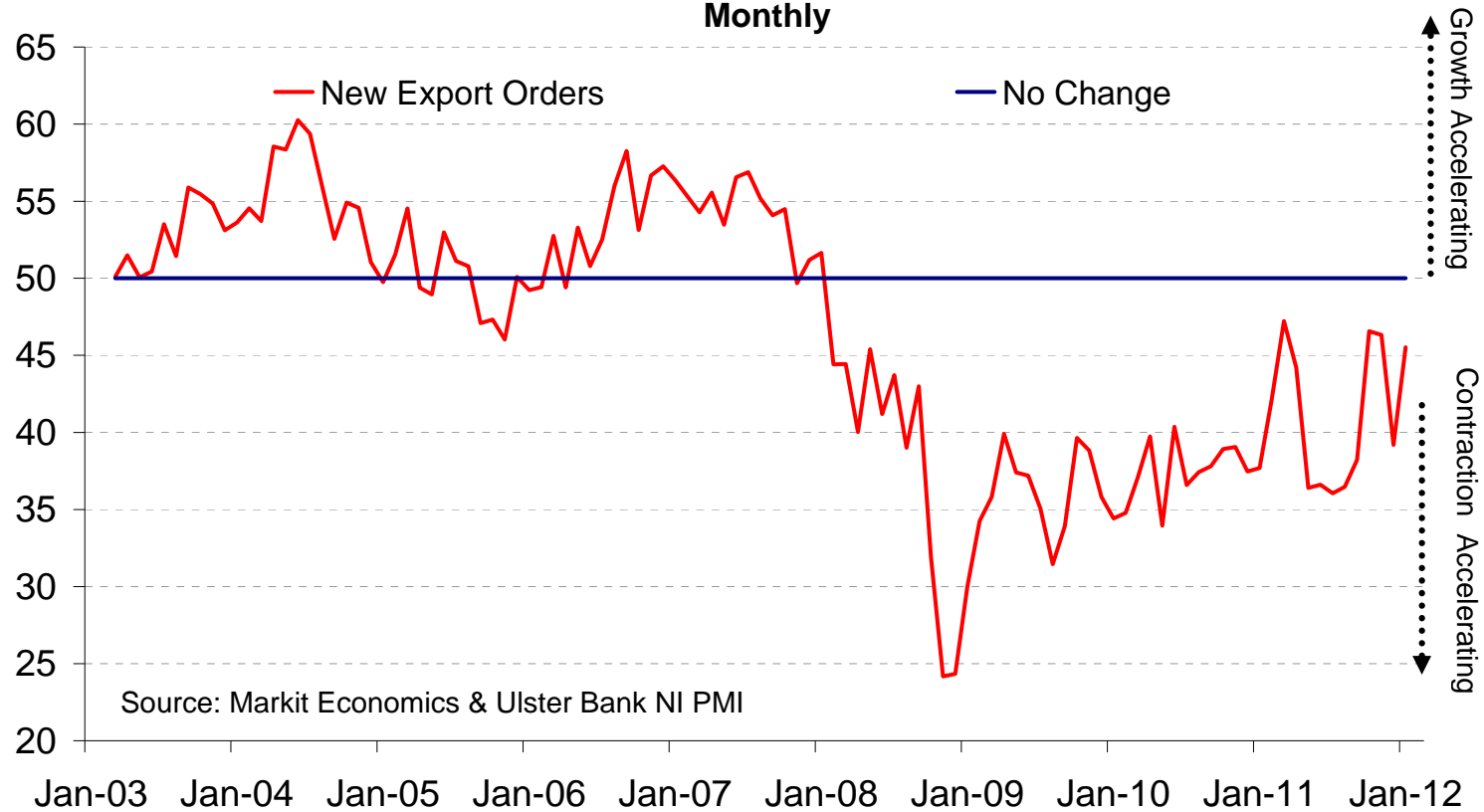
3 month moving average



# 32% of firms saw export orders fall in January

## NI New Export Business

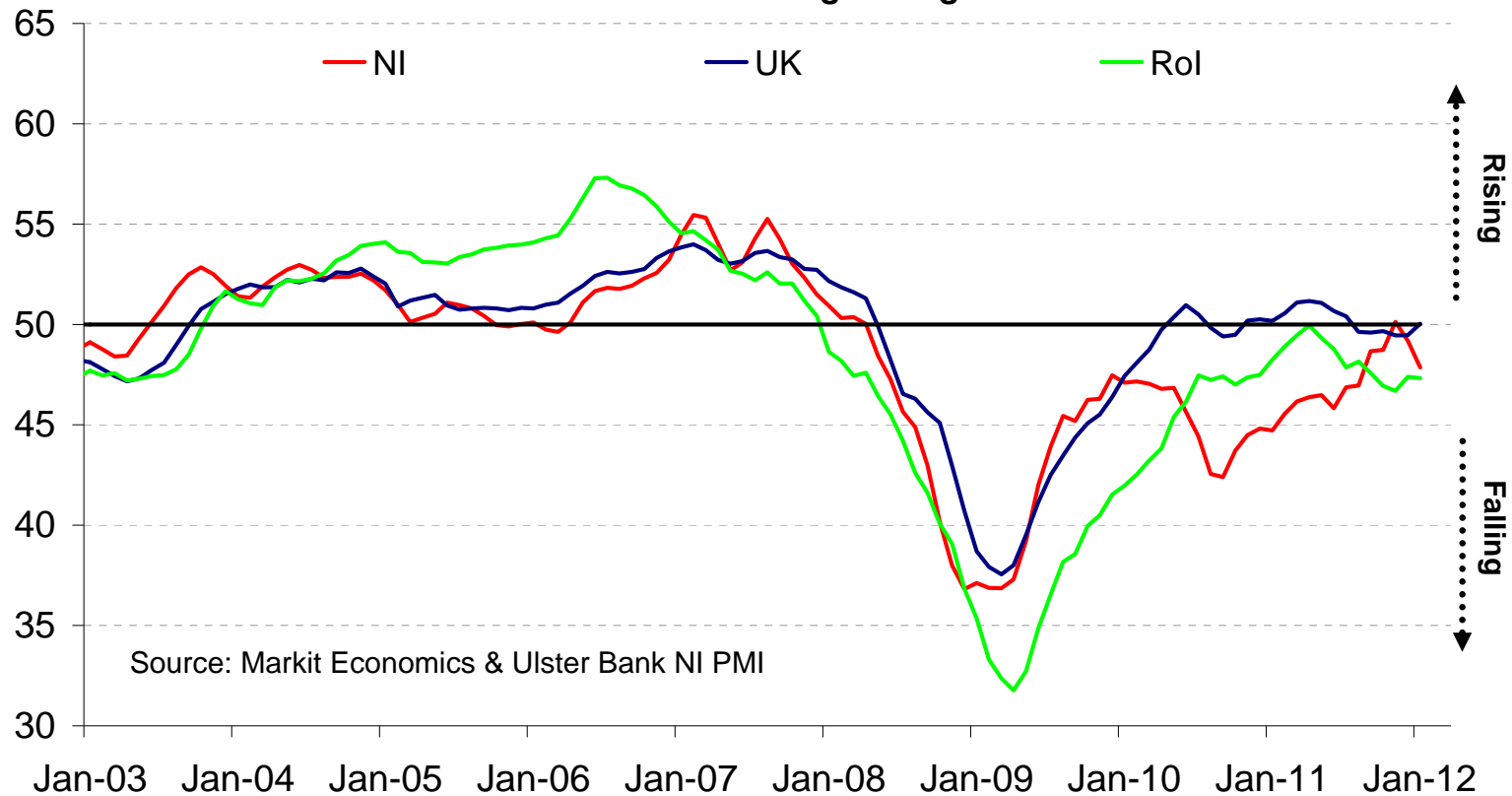
Monthly



# NI records employment growth for first time since February 2008 in November but steep falls in December & January

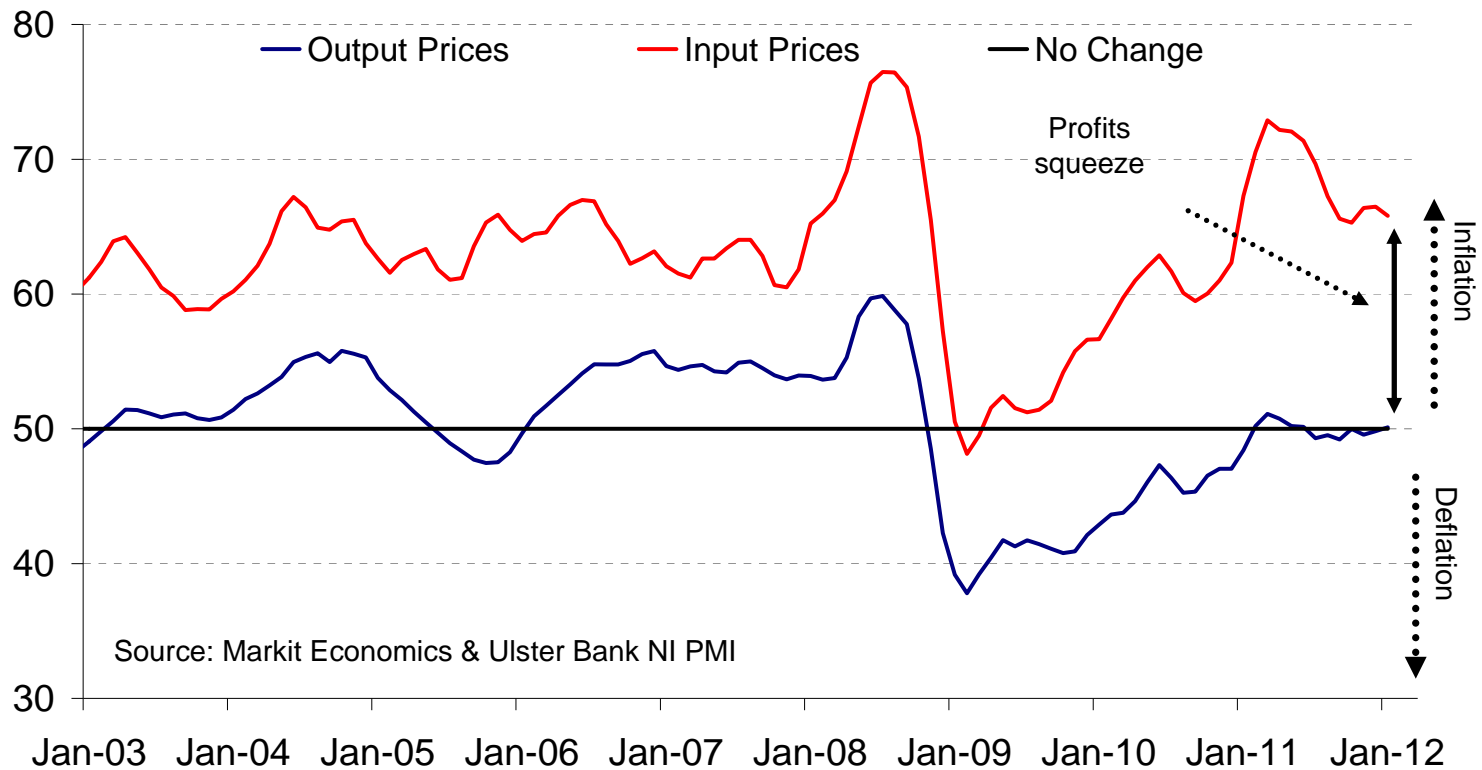
## Private Sector Employment Levels

3 month moving average



# NI profit squeeze remains with pricing power broadly static

## NI Private Sector Profit Squeeze 3 Month Moving Average



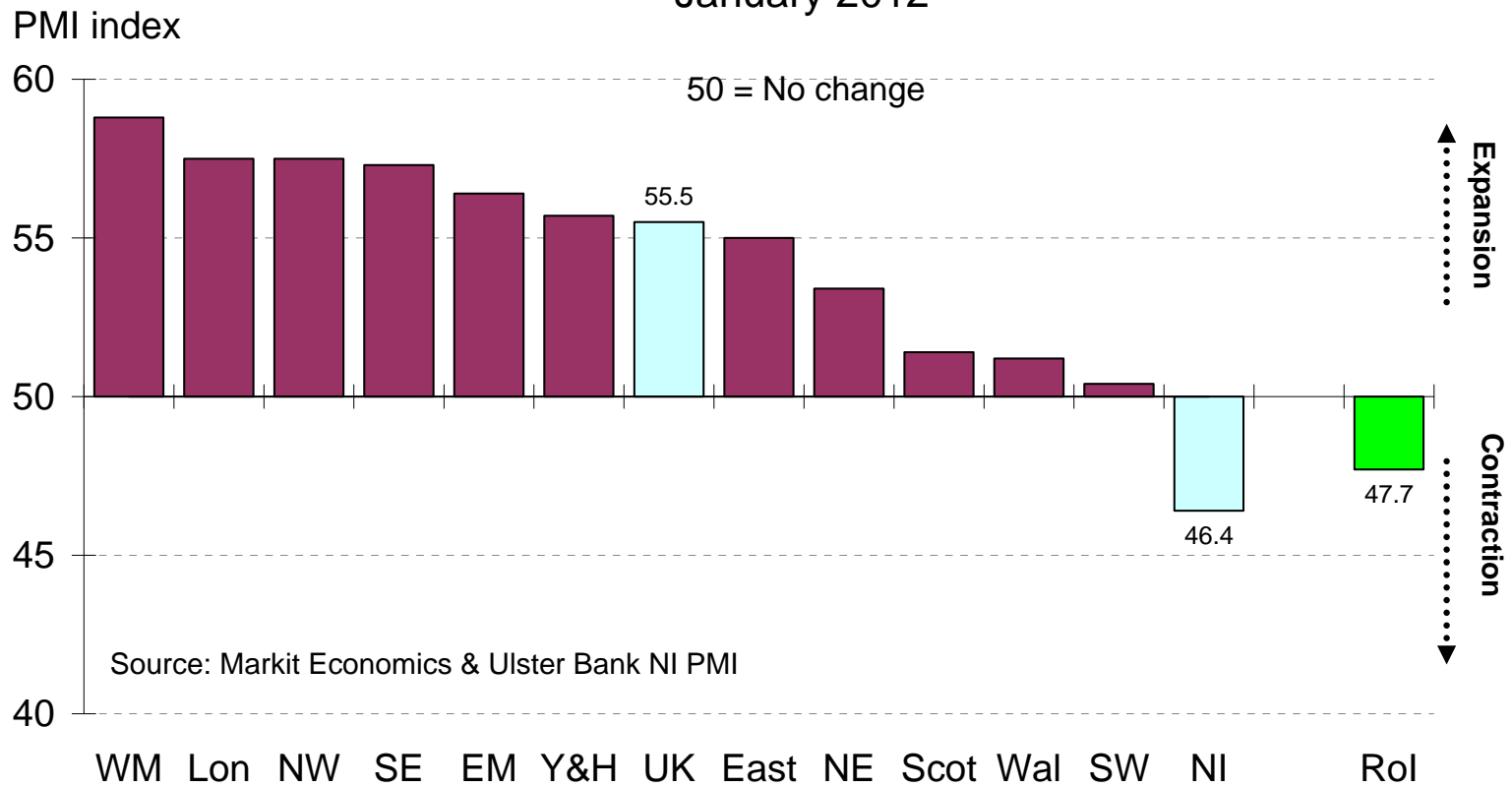
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# *Regional Comparisons*

# NI and the Rol contracting in January

## Output / Business Activity

January 2012



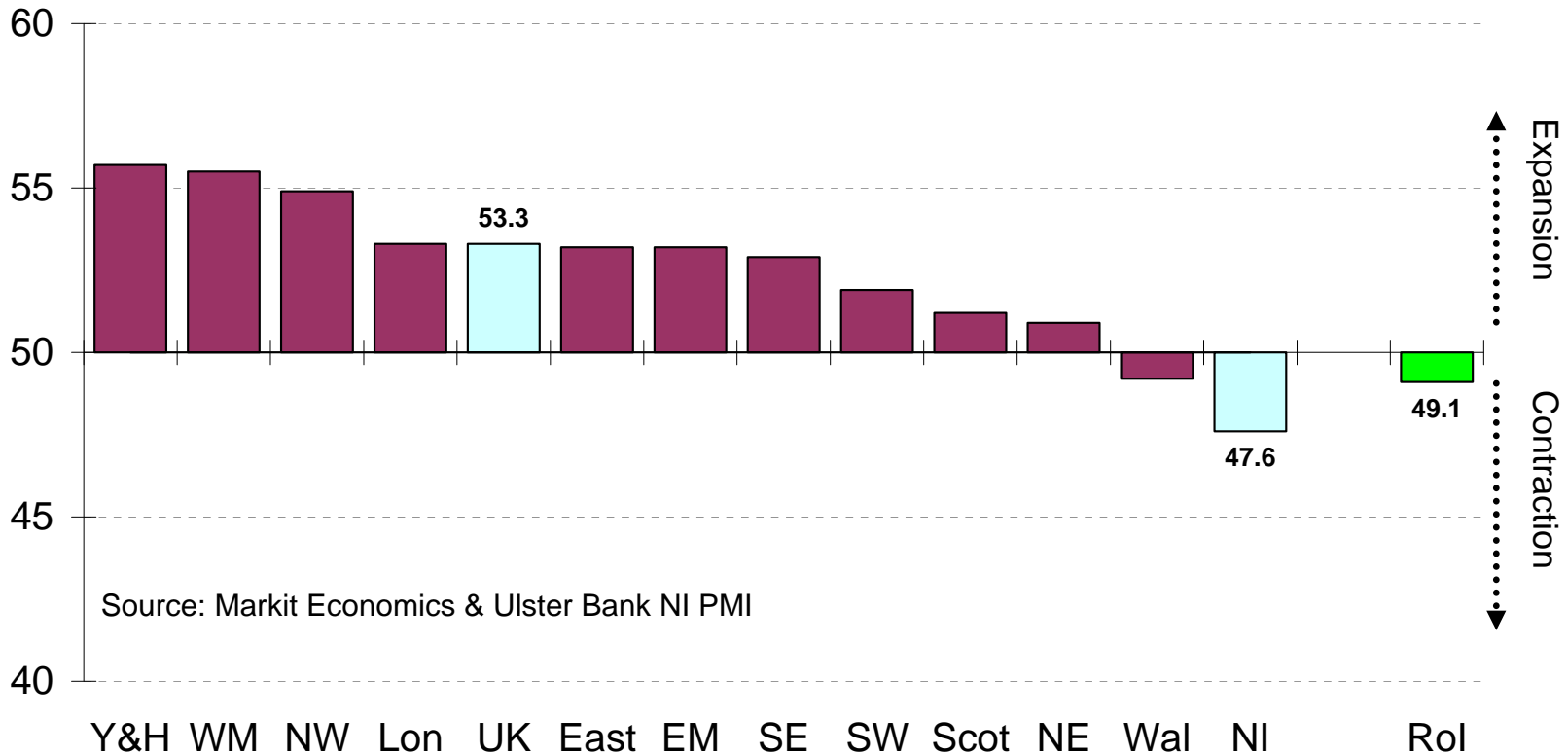
# NI posts sharpest rate of decline over the last 3 months...

## Output / Business Activity

3 months to January 2012

50 = No change

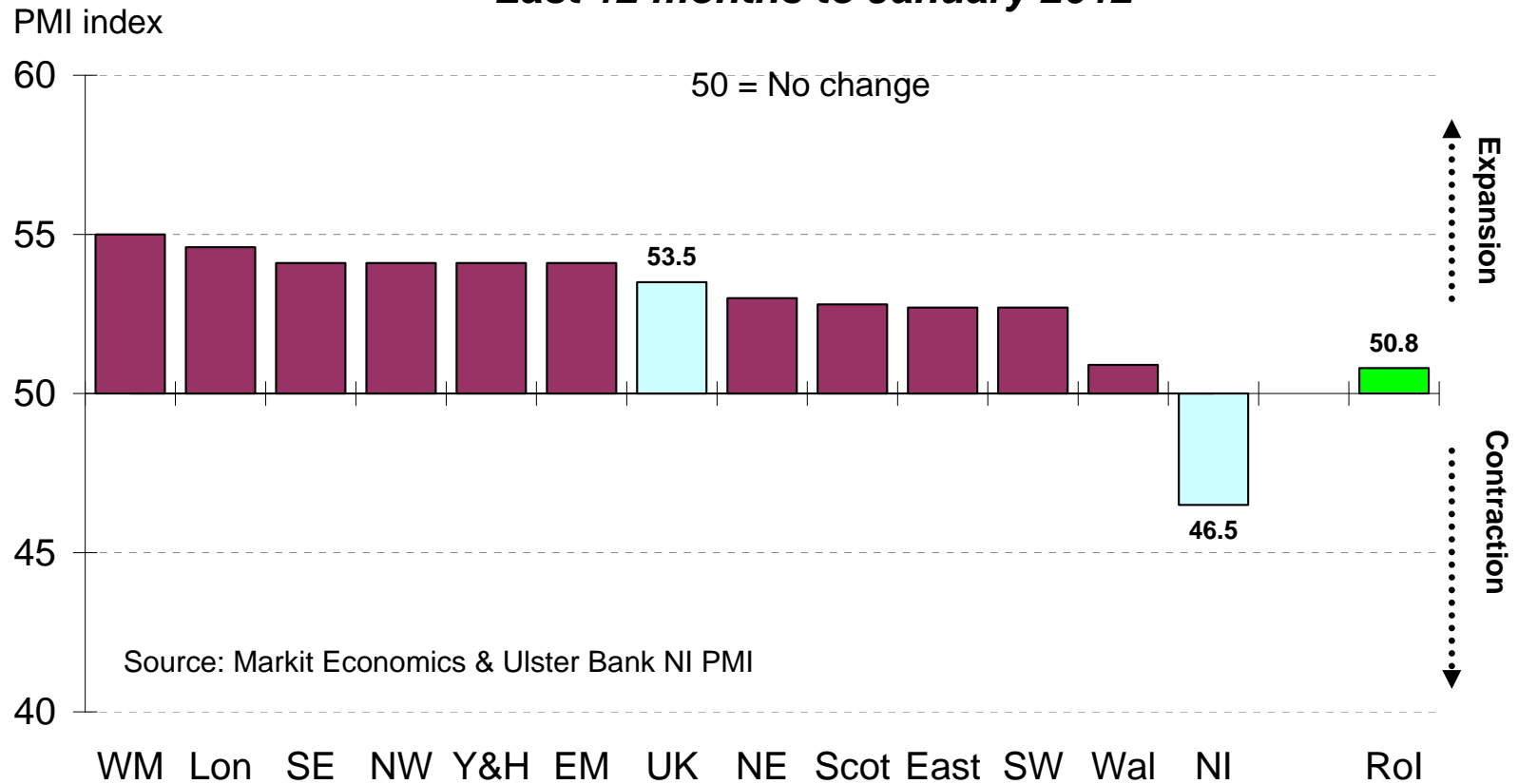
PMI index



.....and over the last 12 months

## Output / Business Activity

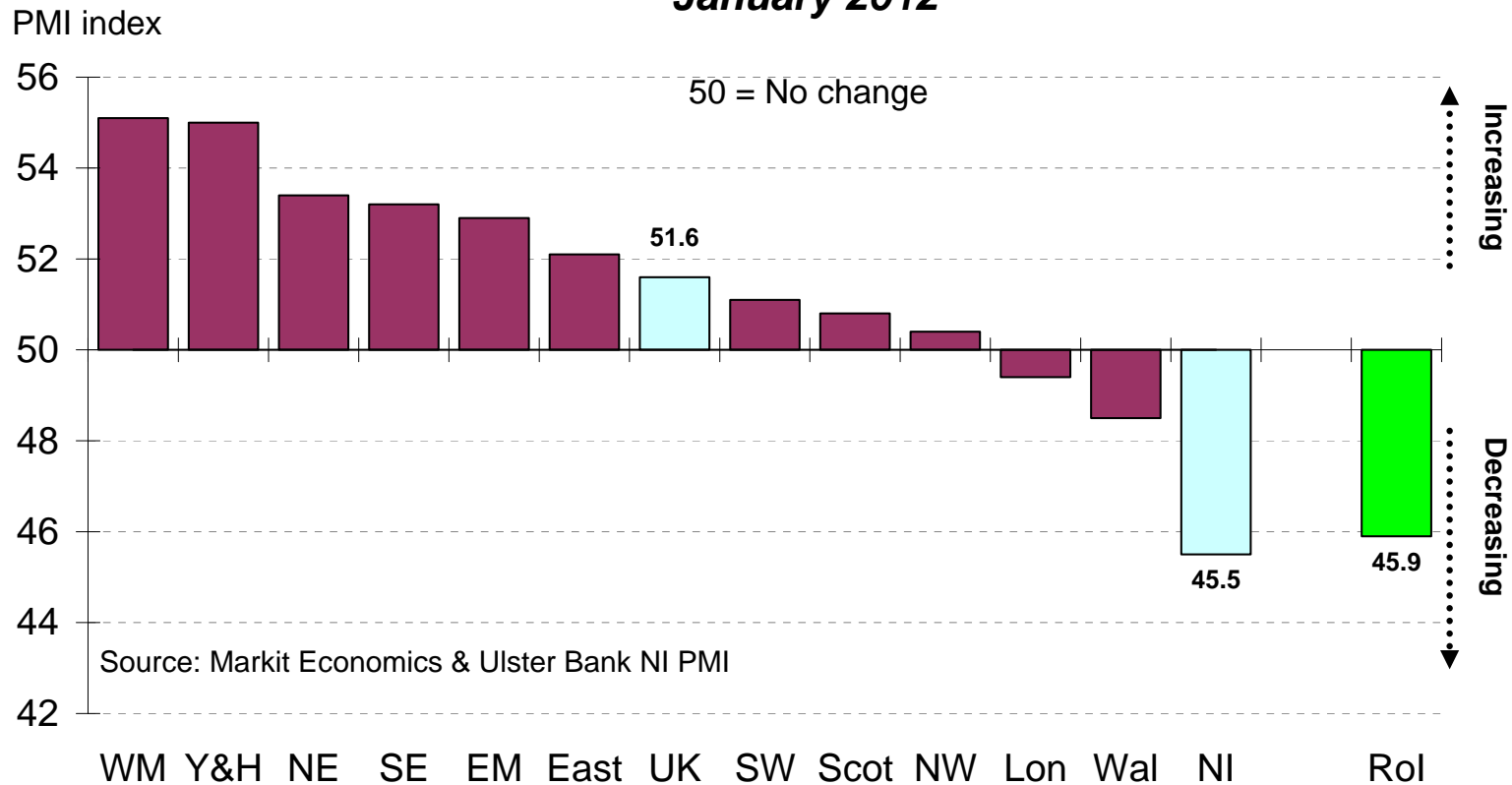
*Last 12 months to January 2012*





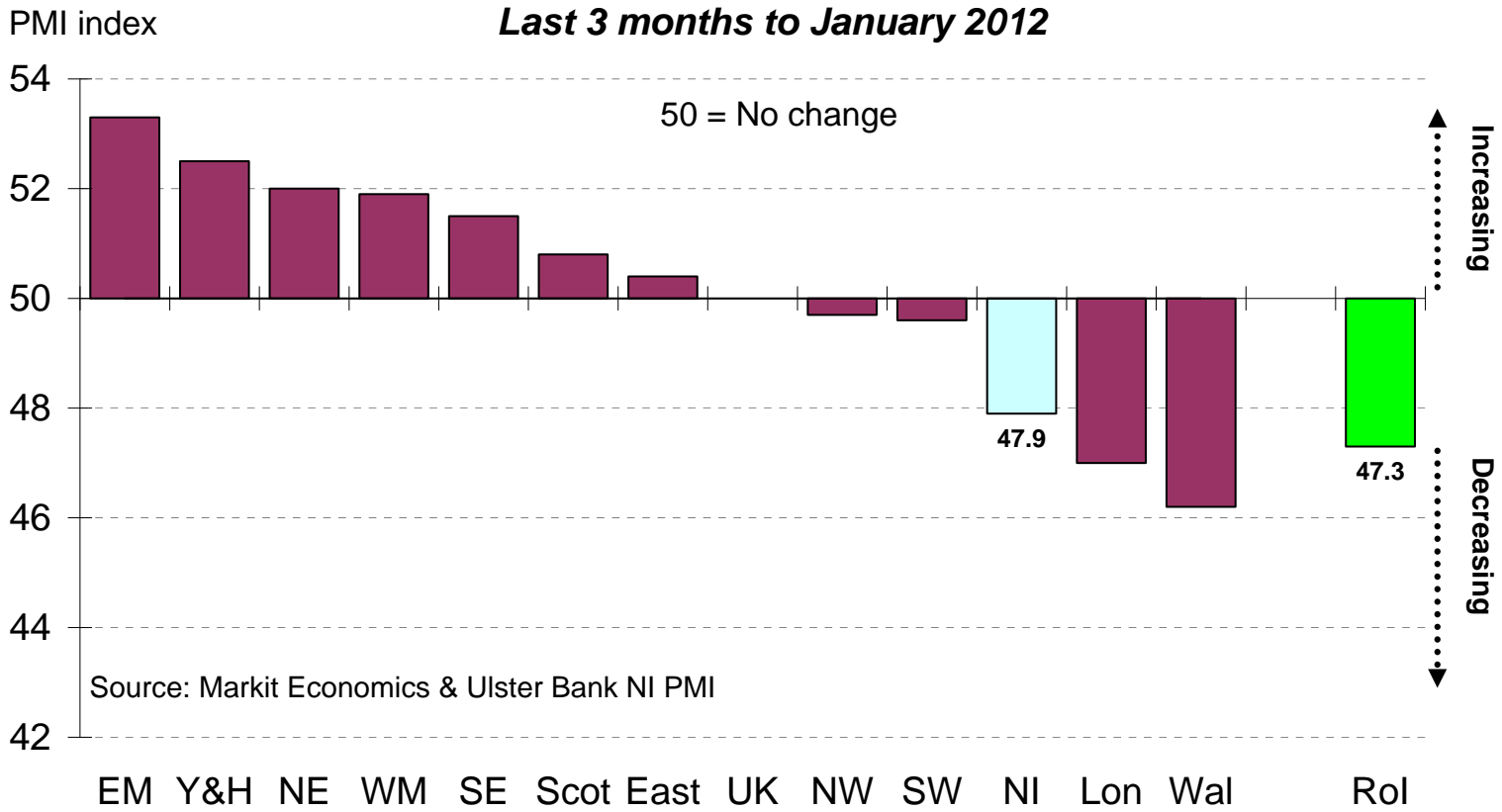
# NI posted the sharpest decline in employment in January

## Employment Levels January 2012



# But London & Wales post sharpest fall over the last three months

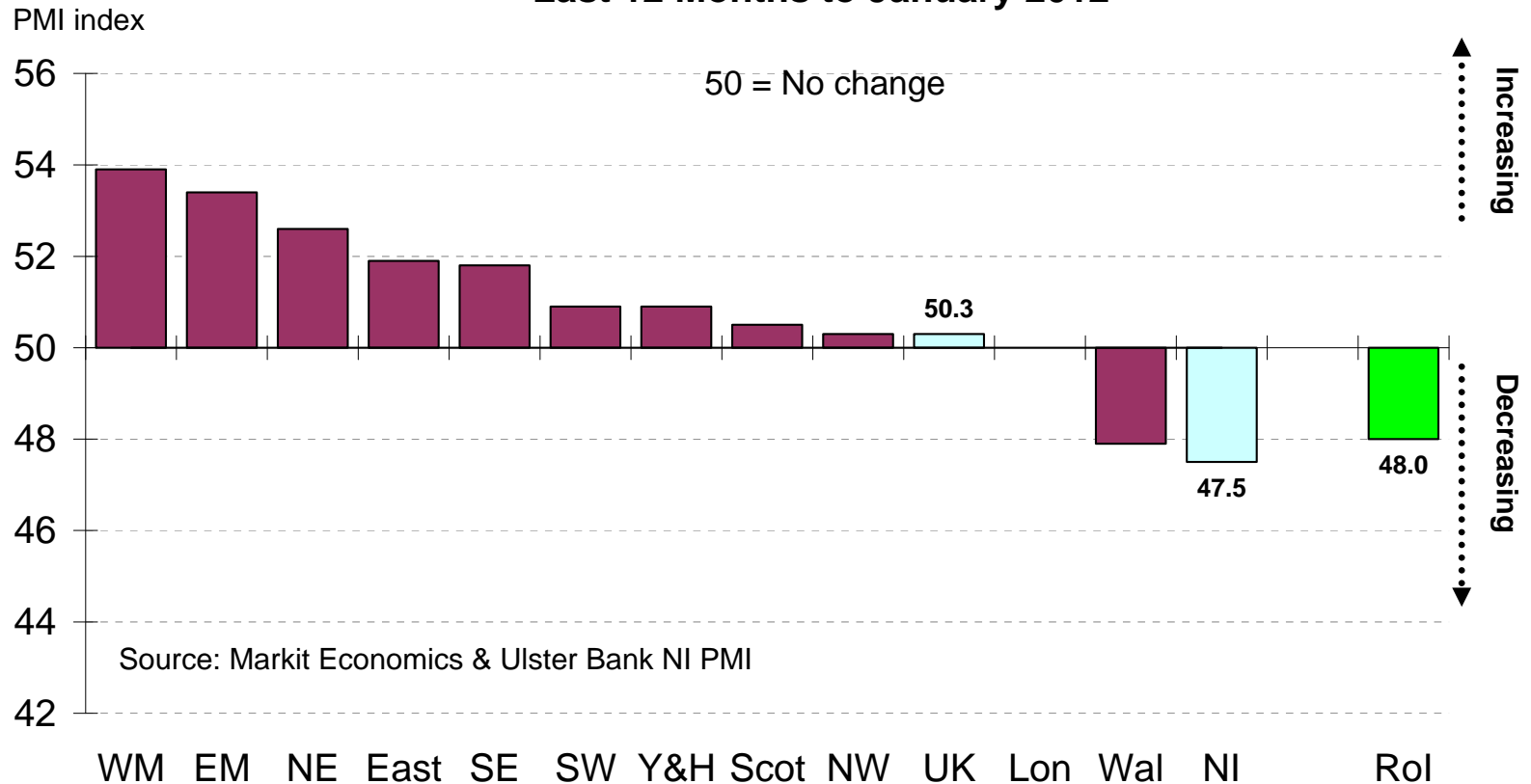
## Employment Levels Last 3 months to January 2012



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

## Employment Levels

Last 12 Months to January 2012

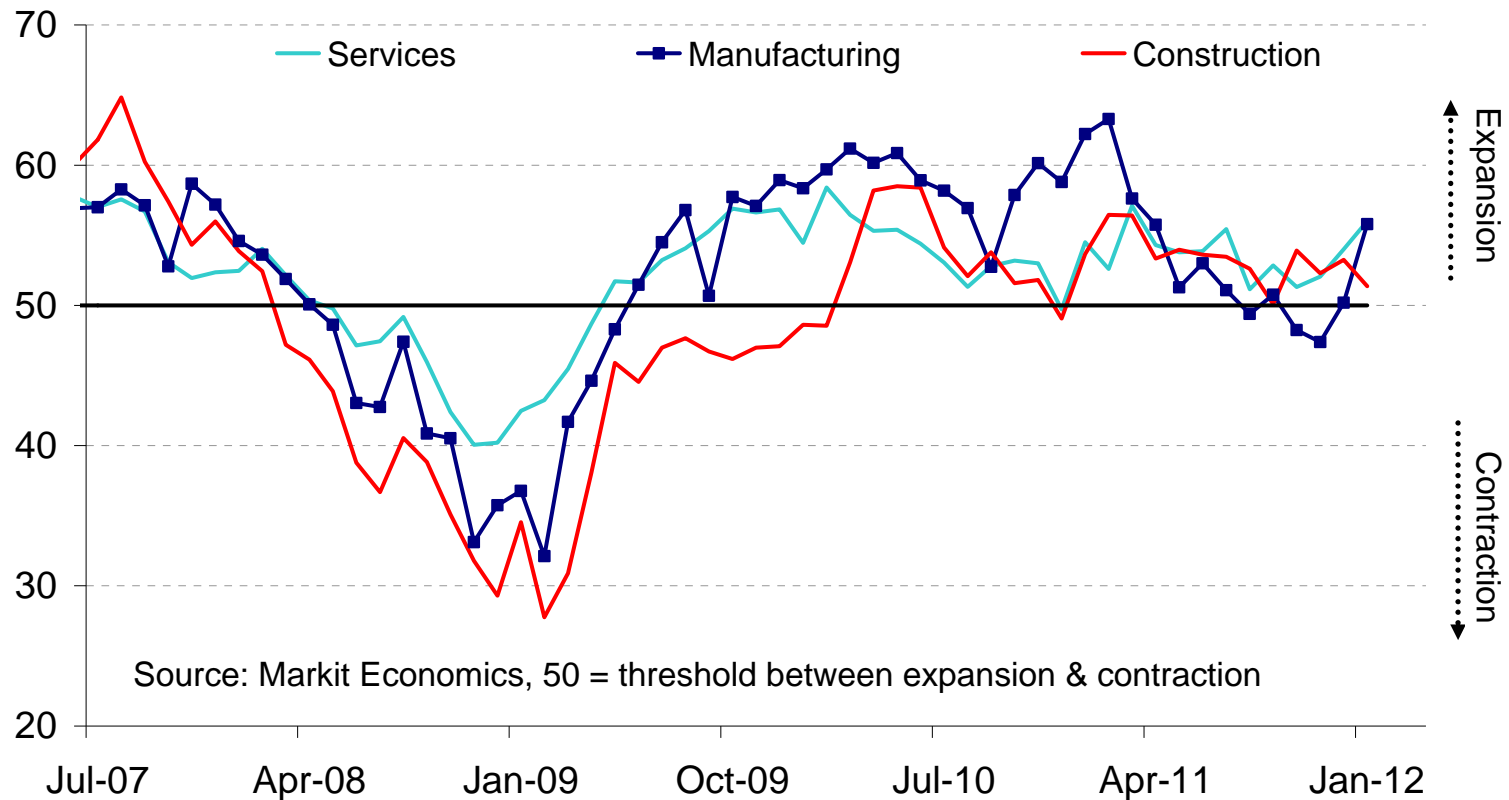


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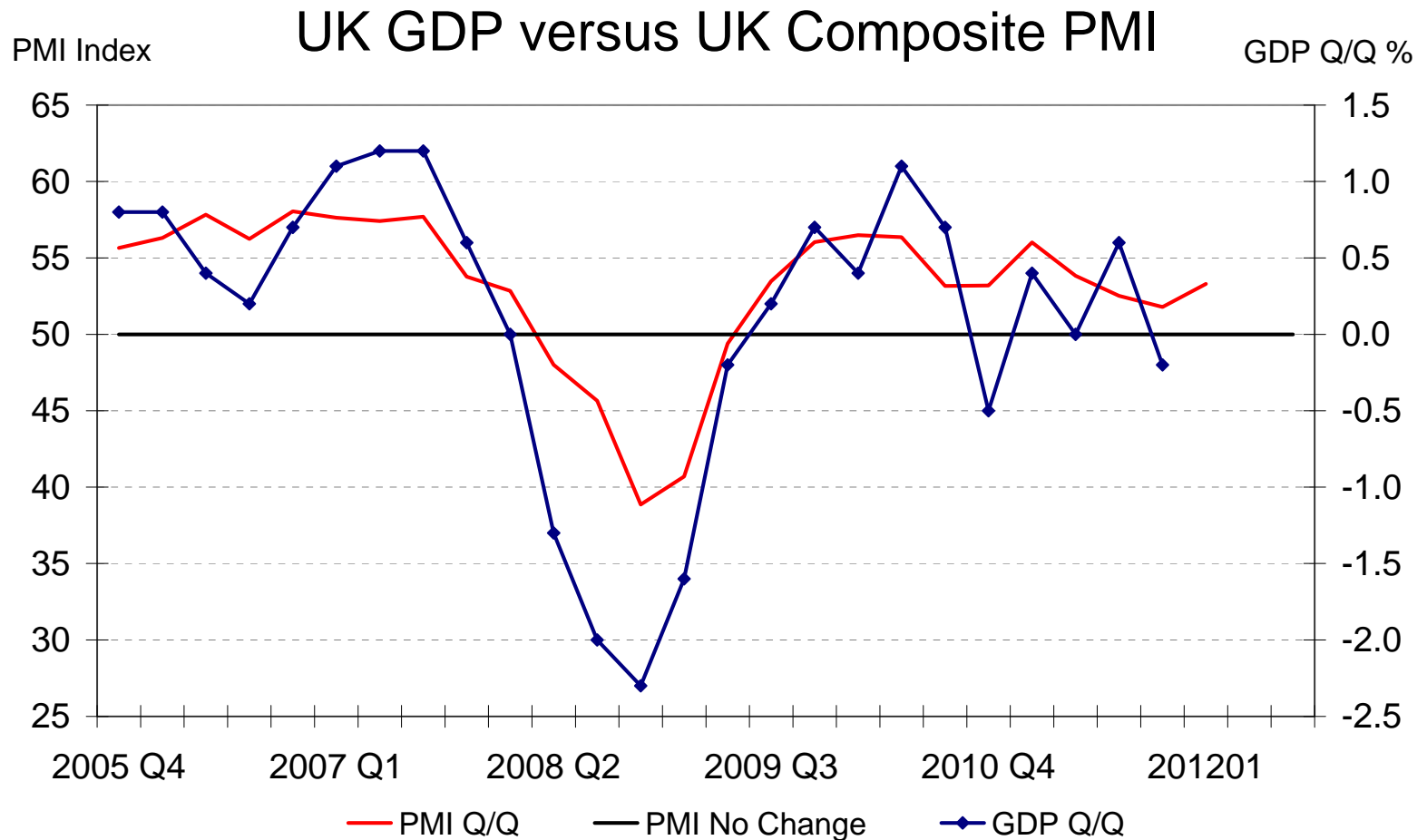
*Sectoral  
Comparisons*

# All UK sectors expanding in January

## UK Business Activity / Output - PMIs

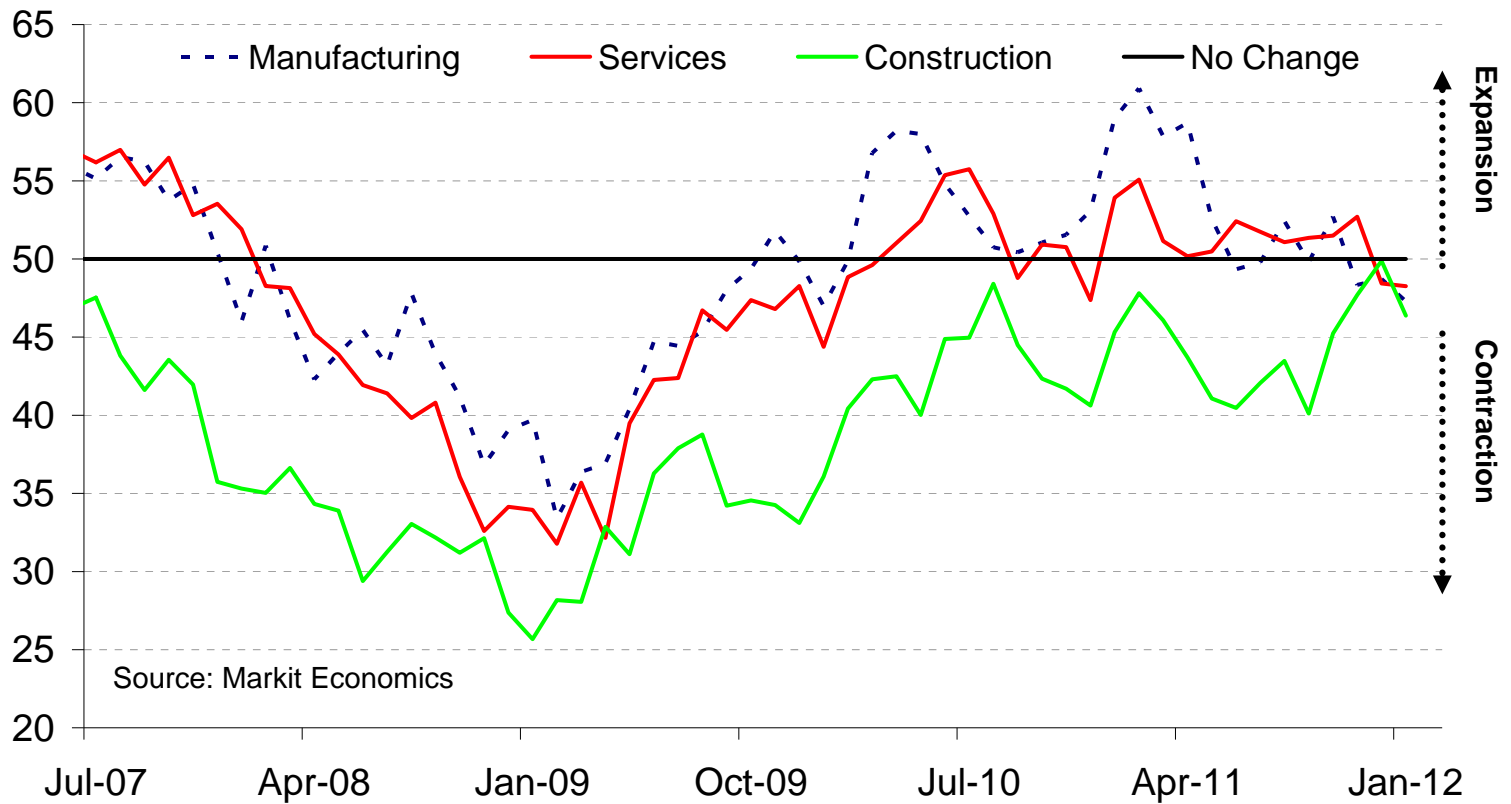


# UK composite PMI suggests no contraction in GDP in Q4 2011



...but all of RoI sectors are sub-50 in January

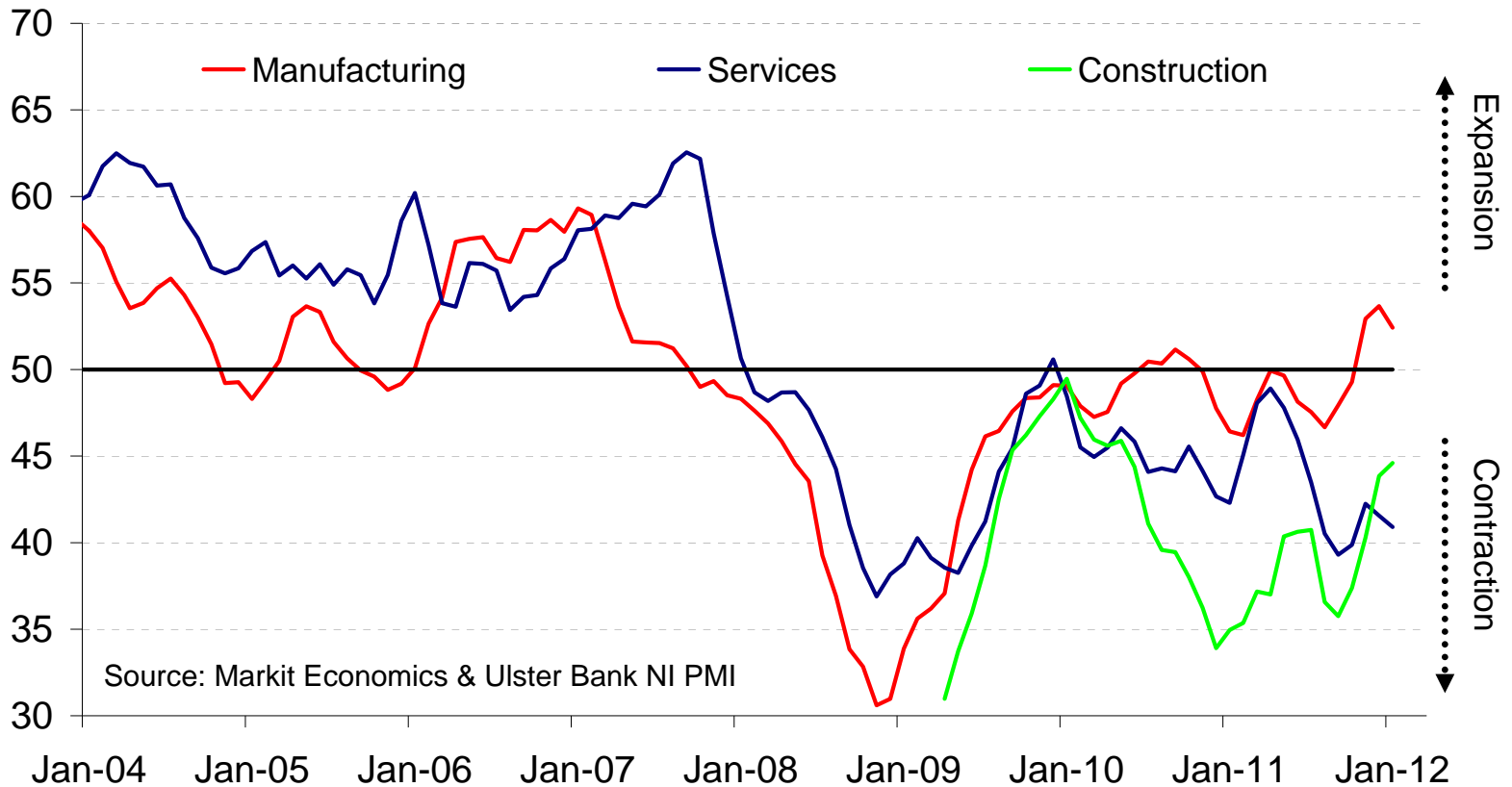
### RoI Business Activity - PMIs



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

## NI Private Sector Output

3 month moving average

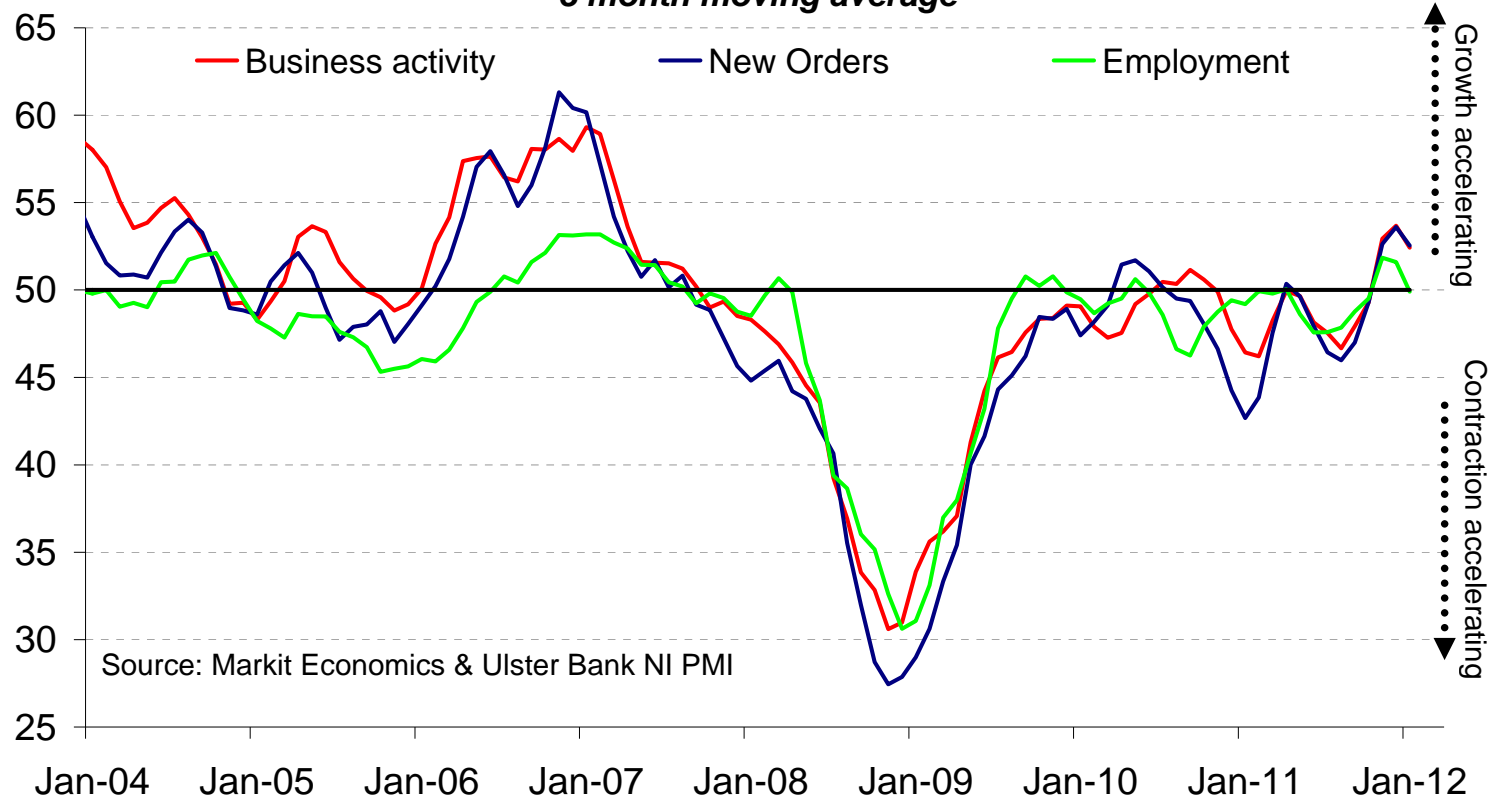




# Manufacturing indices easing from recent highs

## NI Manufacturing Activity

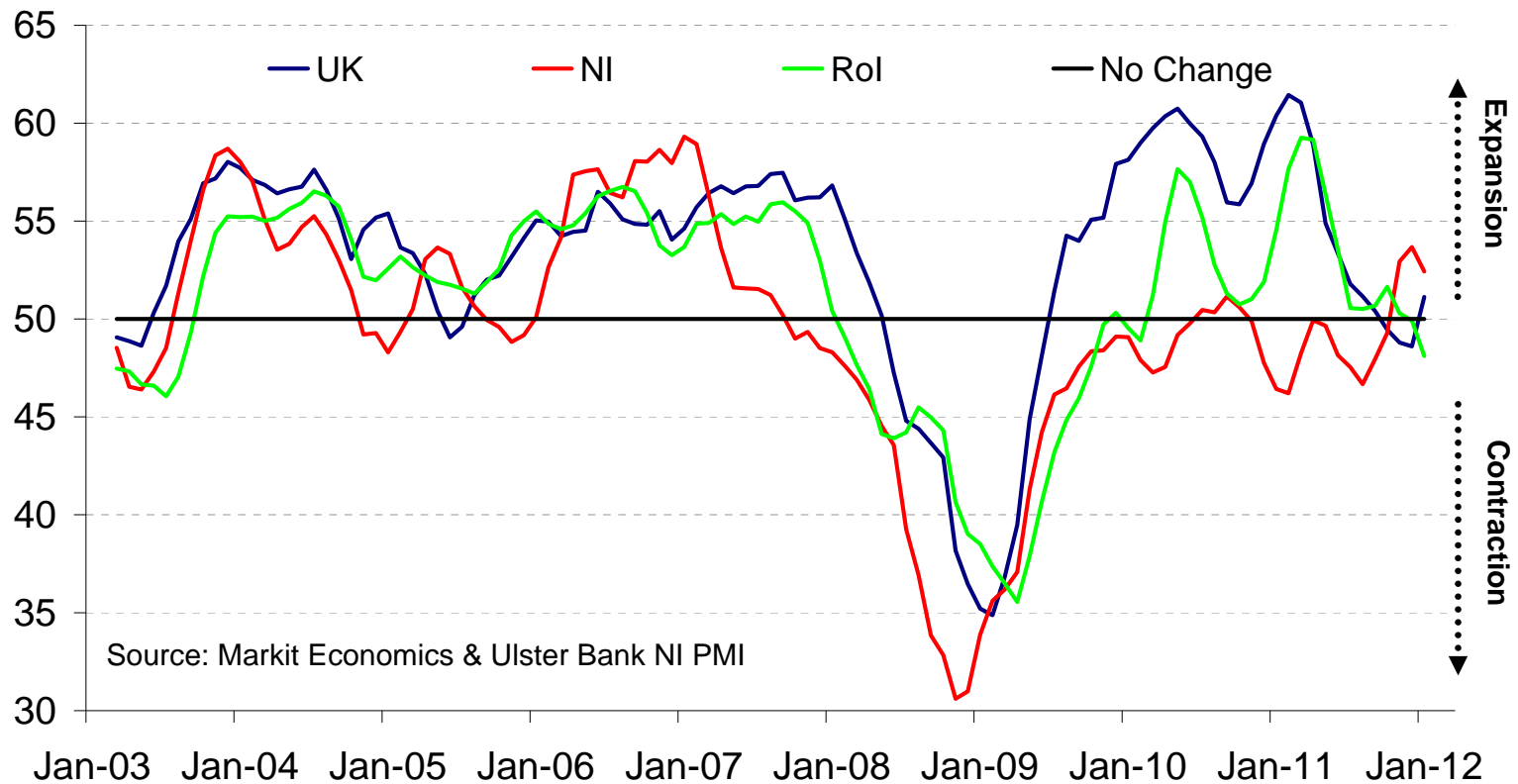
3 month moving average



# NI manufacturing outperforming RoI and UK over the last 3 months

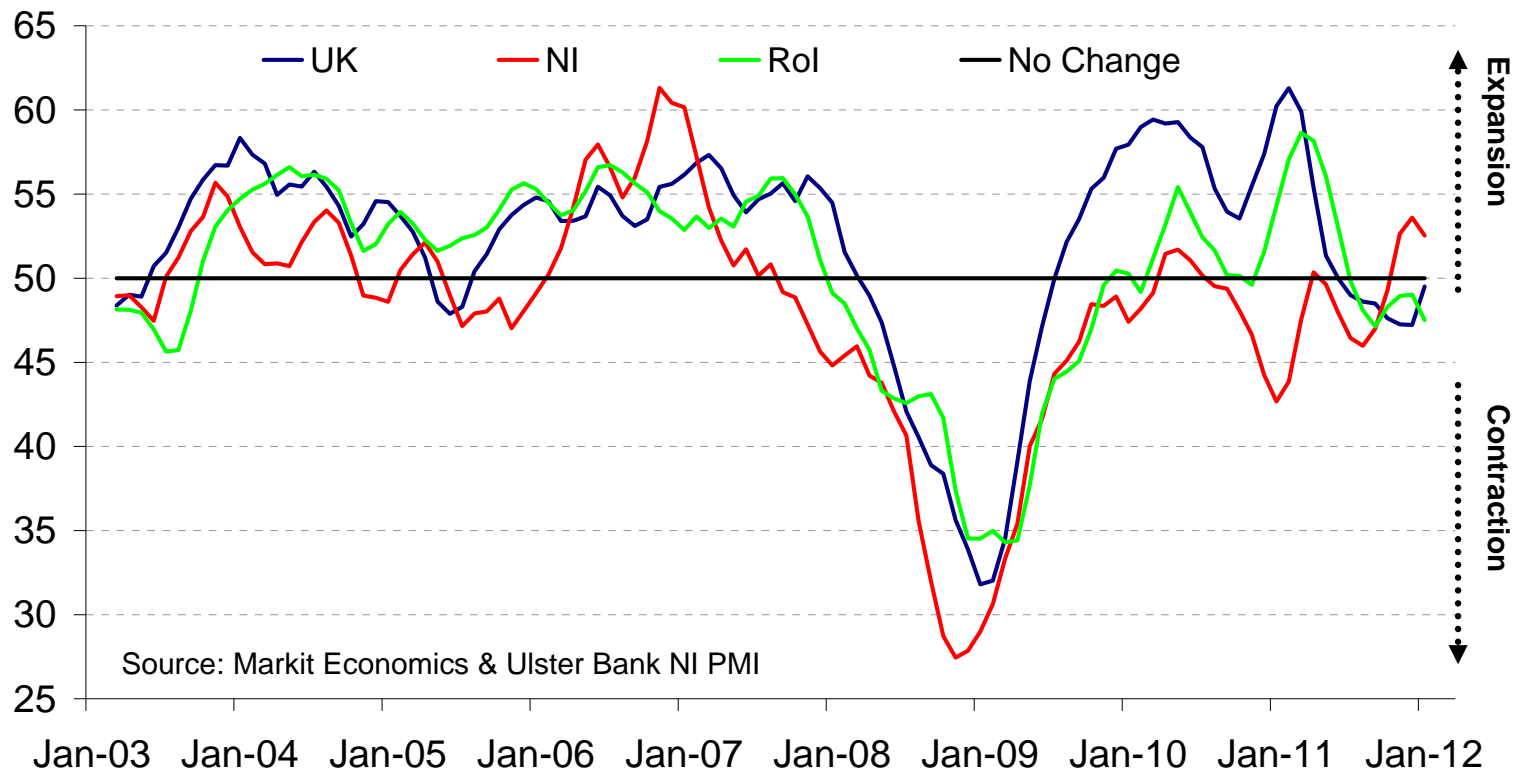
## Manufacturing Output

3 month moving average



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

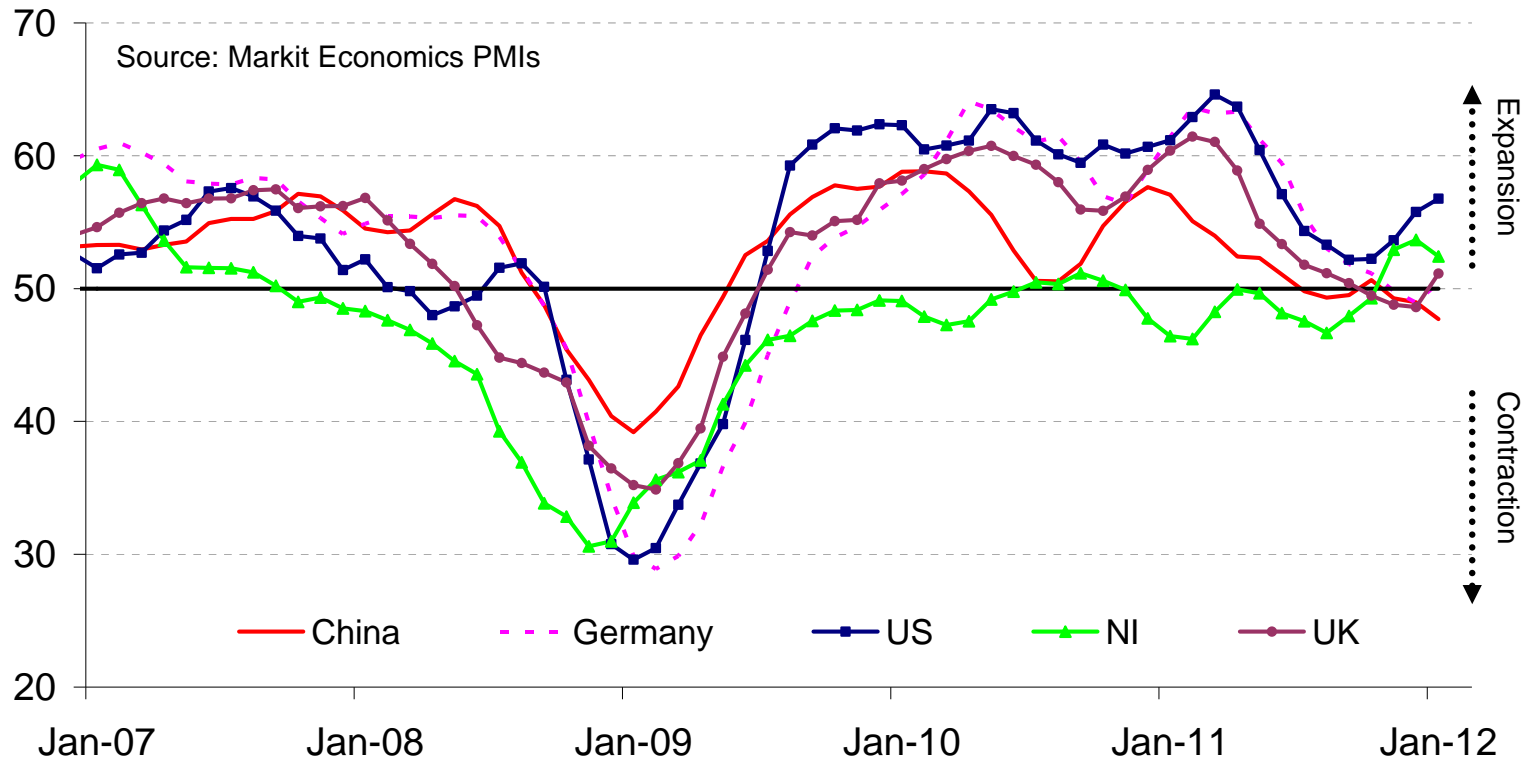
### Manufacturing New Orders 3 month moving average



# NI's recent manufacturing performance has fared well of late in an international context

## Manufacturing Output - PMI

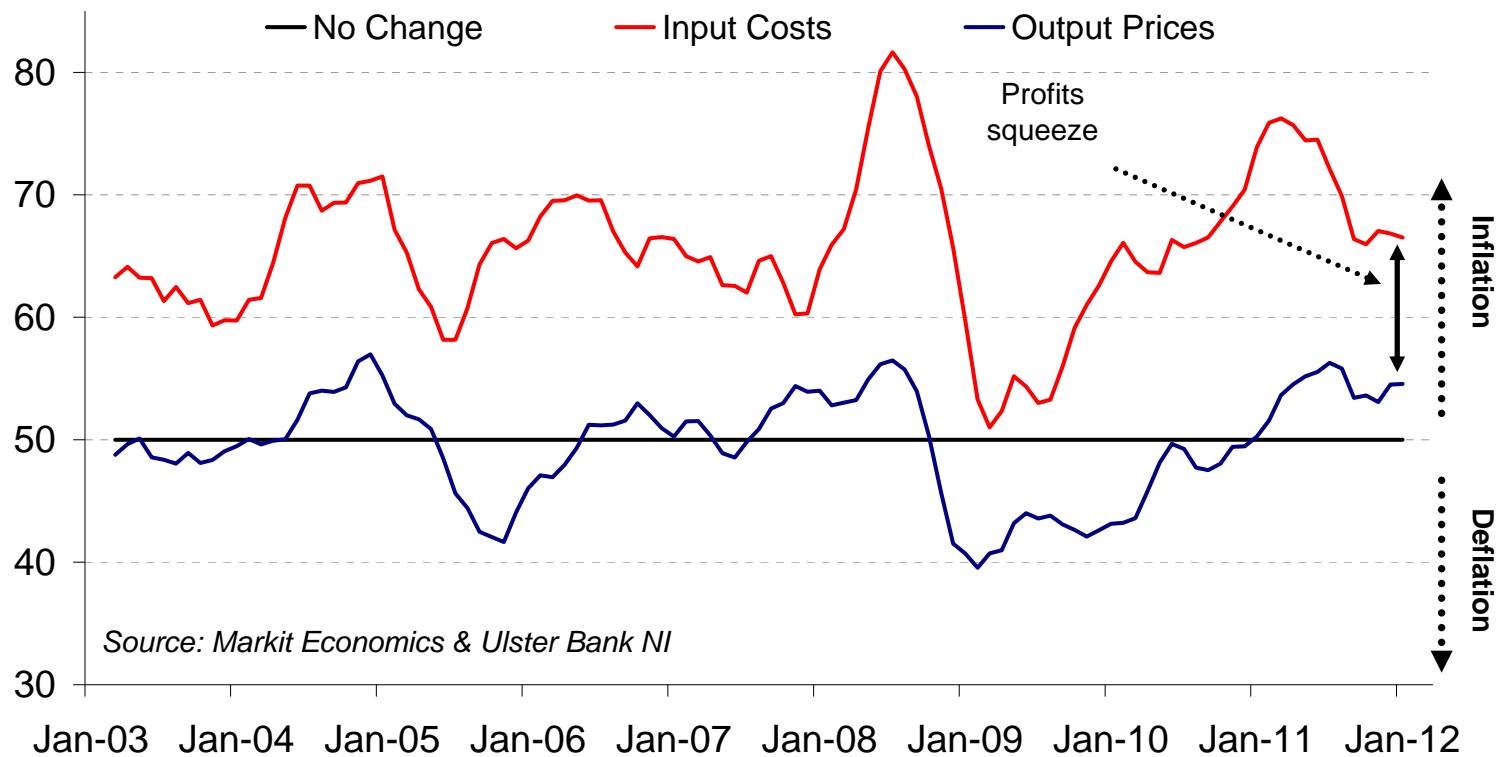
3 month moving average



# Cost price inflation easing slightly for manufacturing firms and pricing power remains

## NI Manufacturing Input & Output Inflation

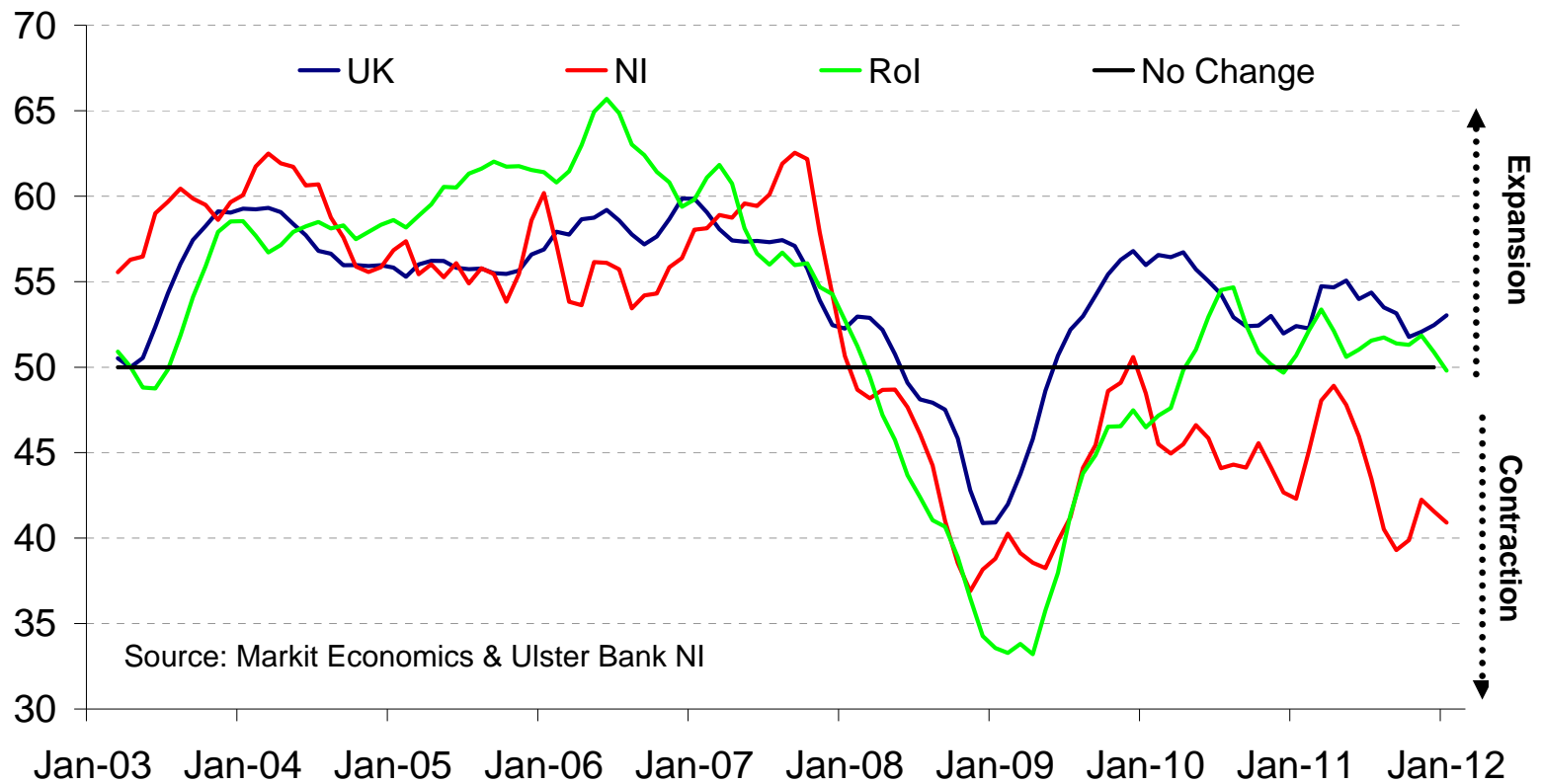
3 month moving average



# NI-UK divergence within service sector widens

## Services Output

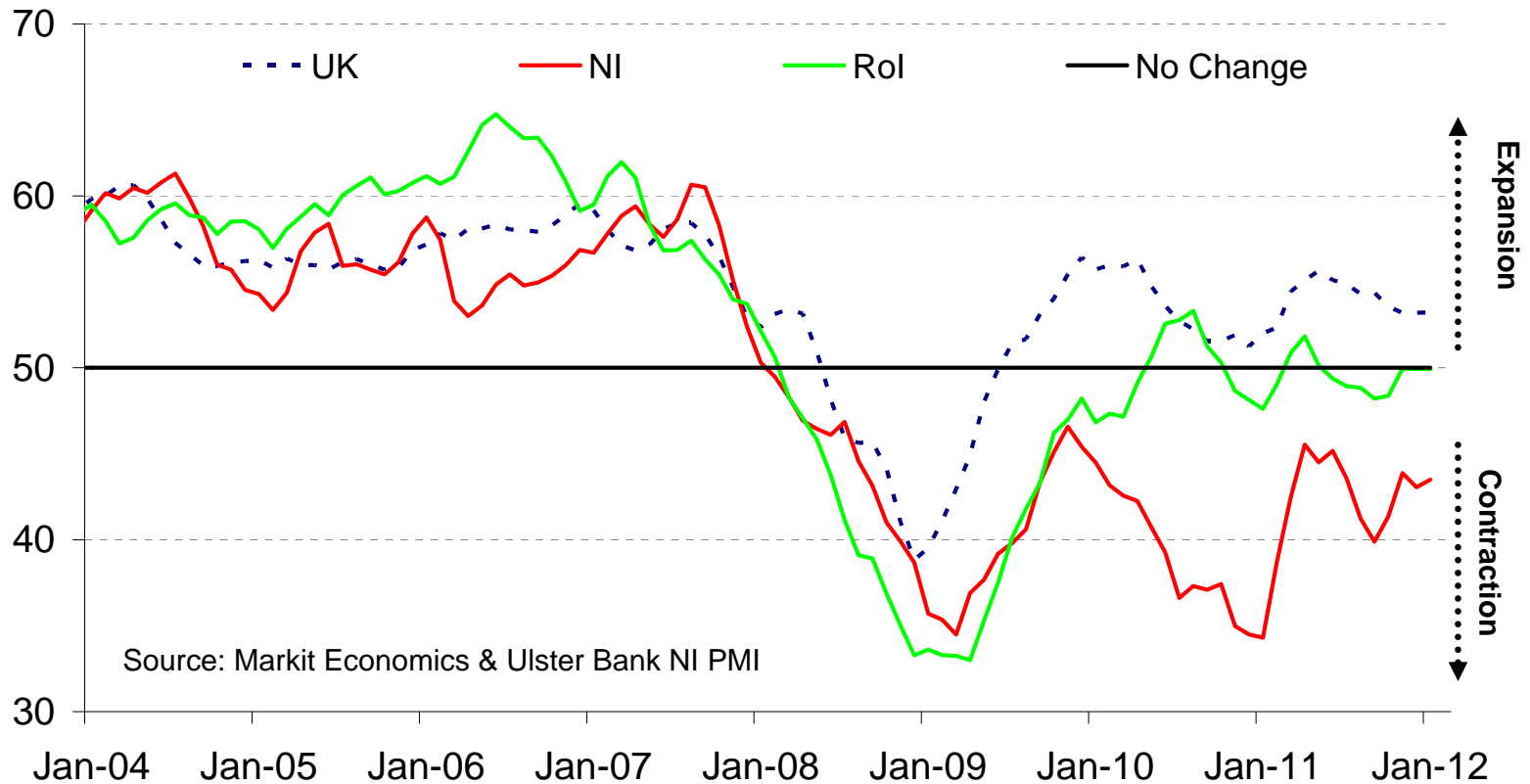
3 month moving average



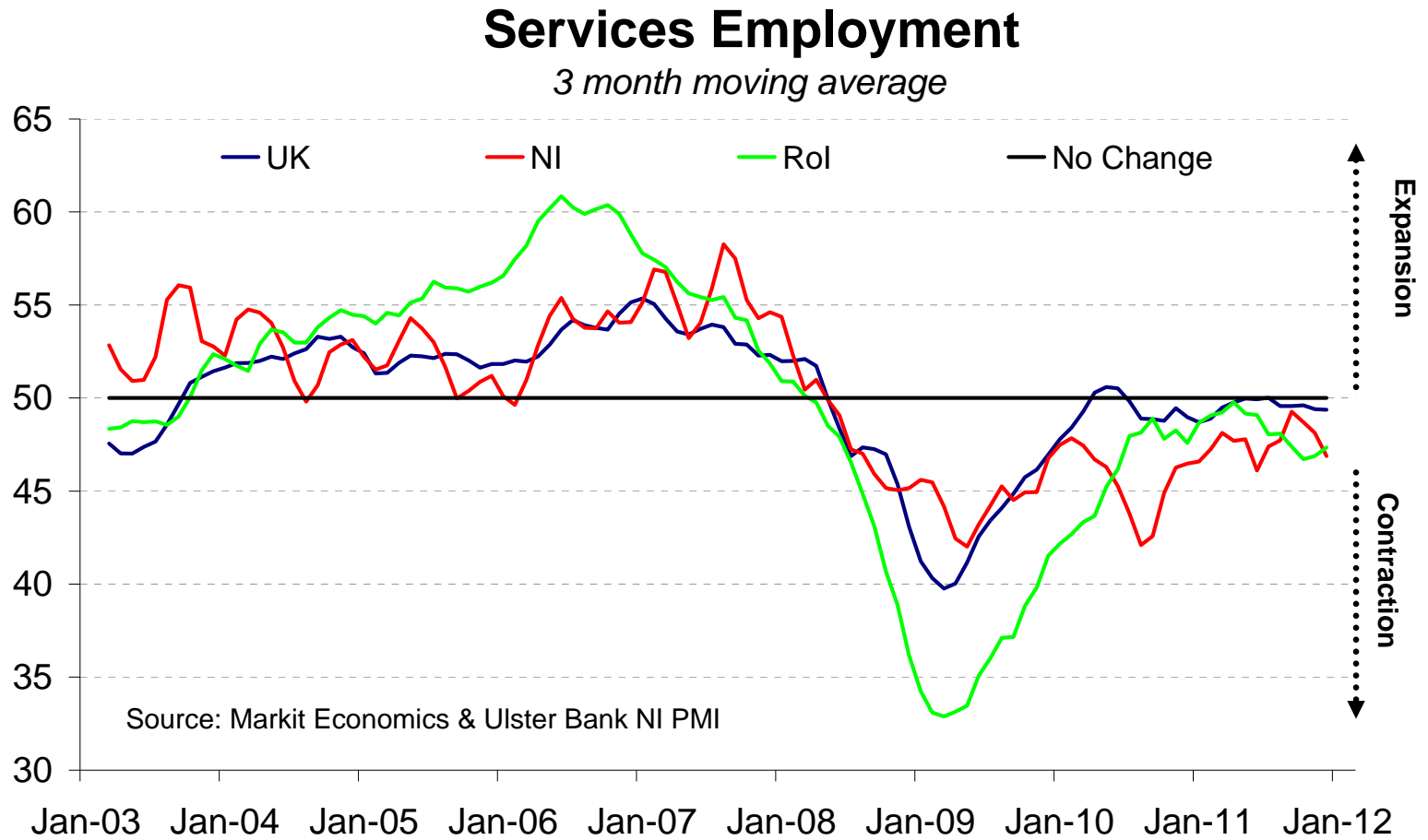
# Forward looking new orders suggests no recovery is imminent

## Services New Orders (excluding Retail)

3 month moving average

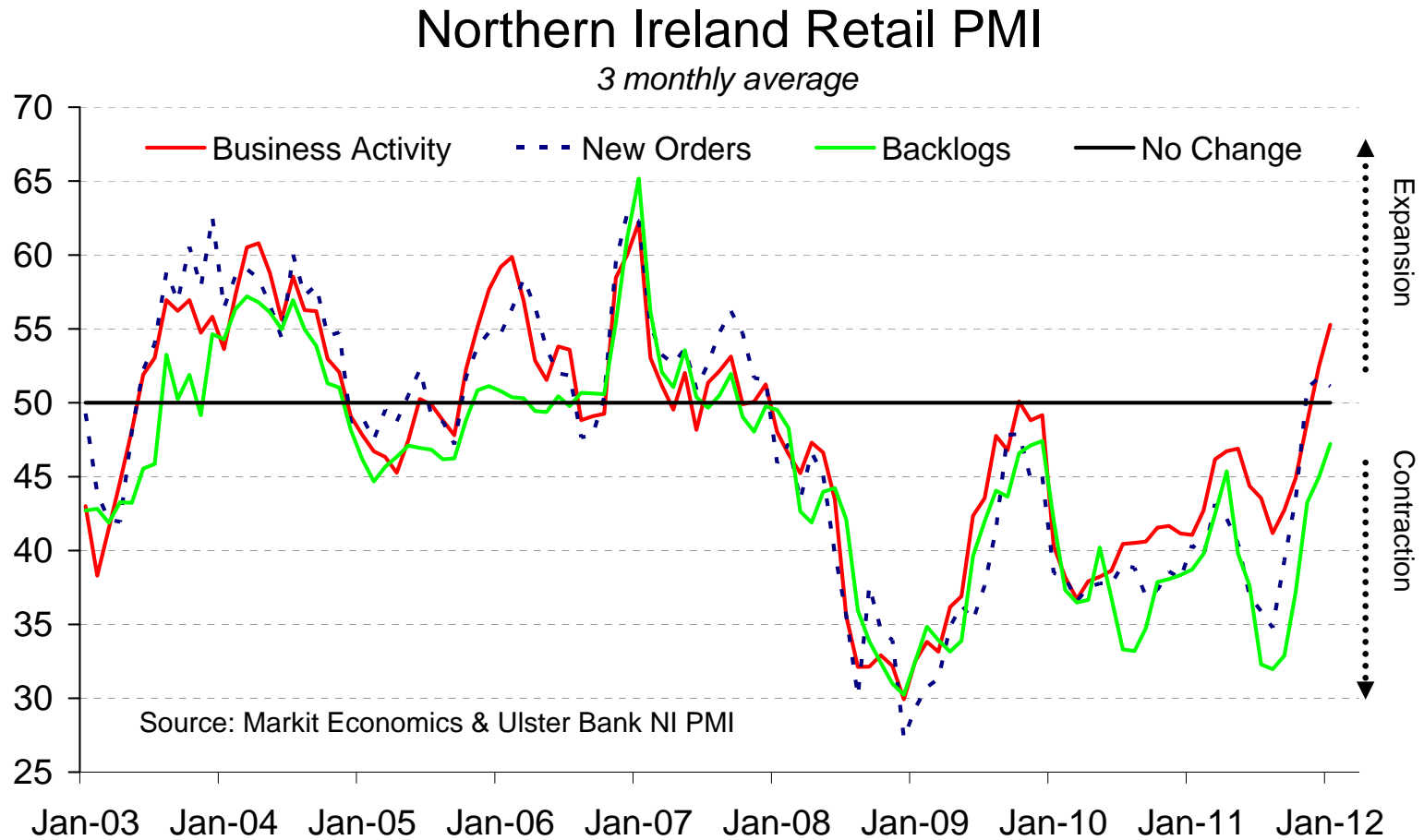


....with employment levels falling at an accelerating rate





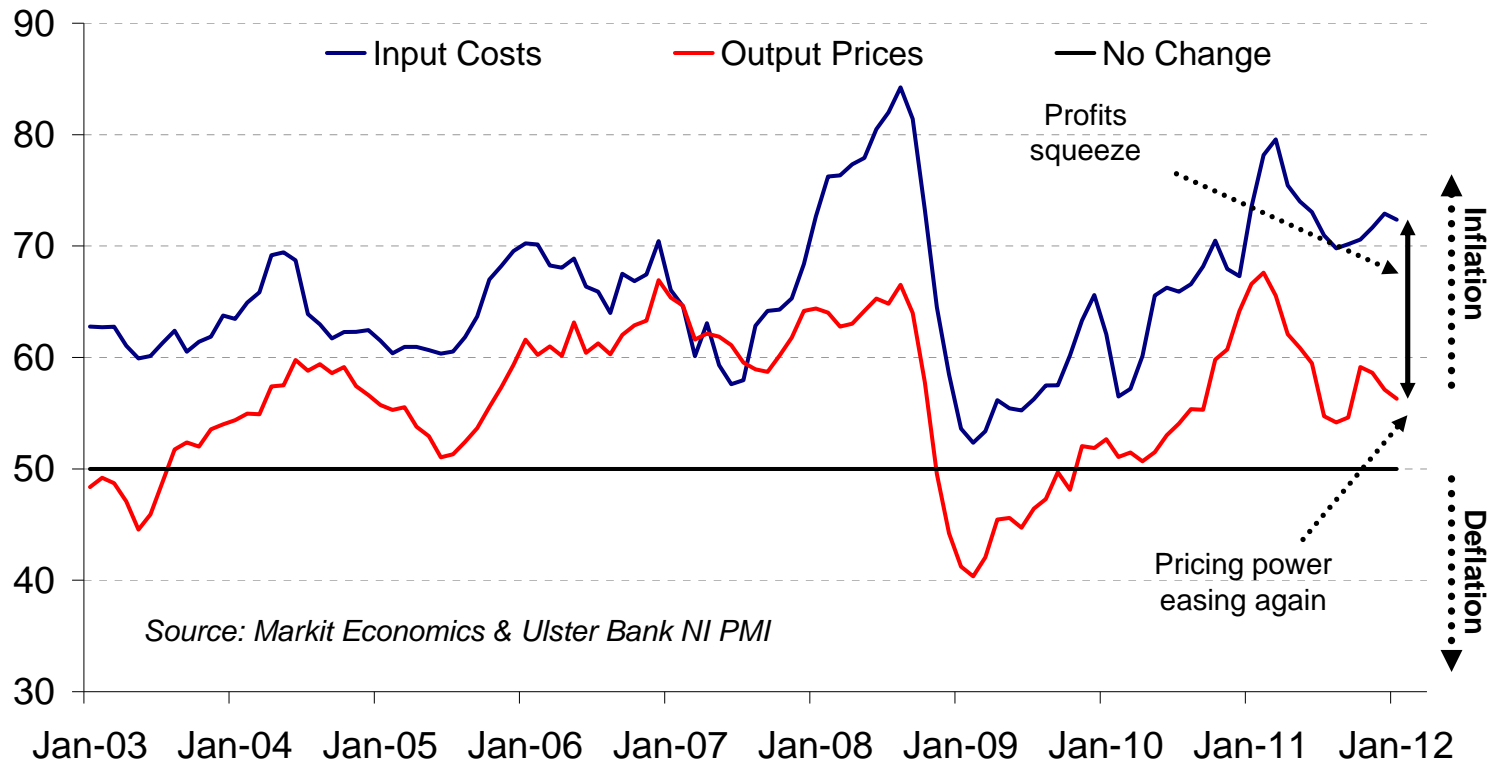
# A reversal in fortunes for the retail sector?



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

### NI Retail Input & Output Inflation

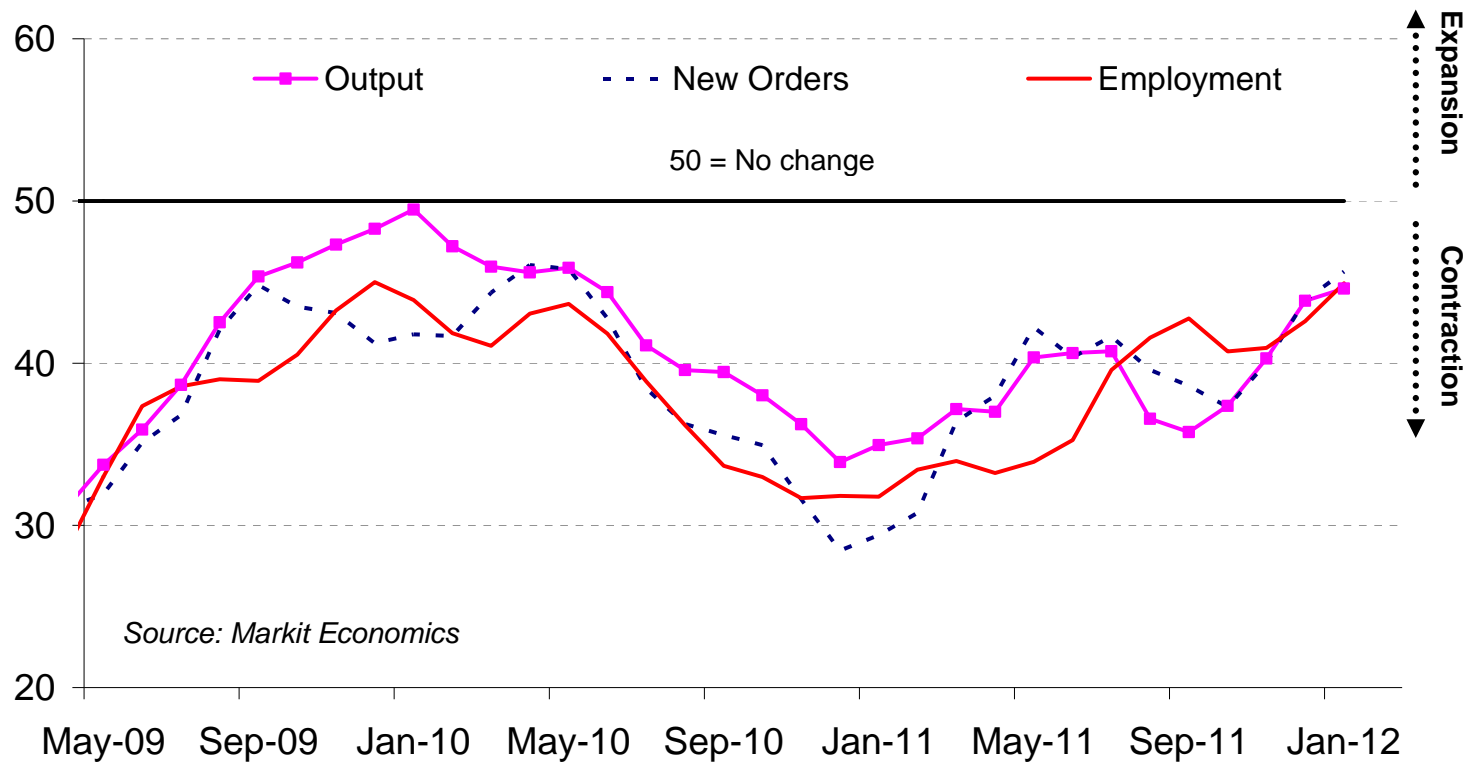
3 month moving average



# NI construction sector continues to weaken

## NI Construction PMI

3 month moving average



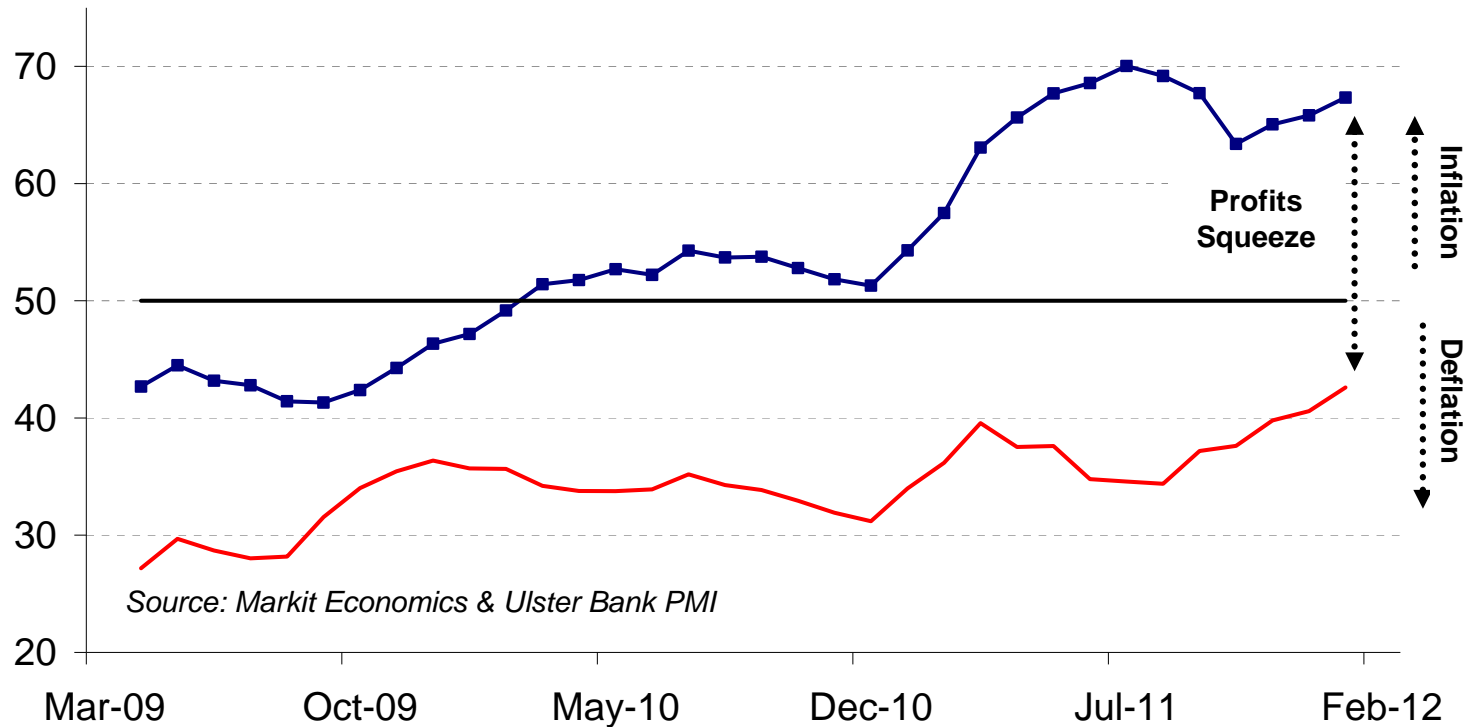
.....with profits squeeze still severe

## NI Construction Sector Profits Squeeze

3 month moving average

PMI Index

■ Input Prices      — Output Prices      — No Change



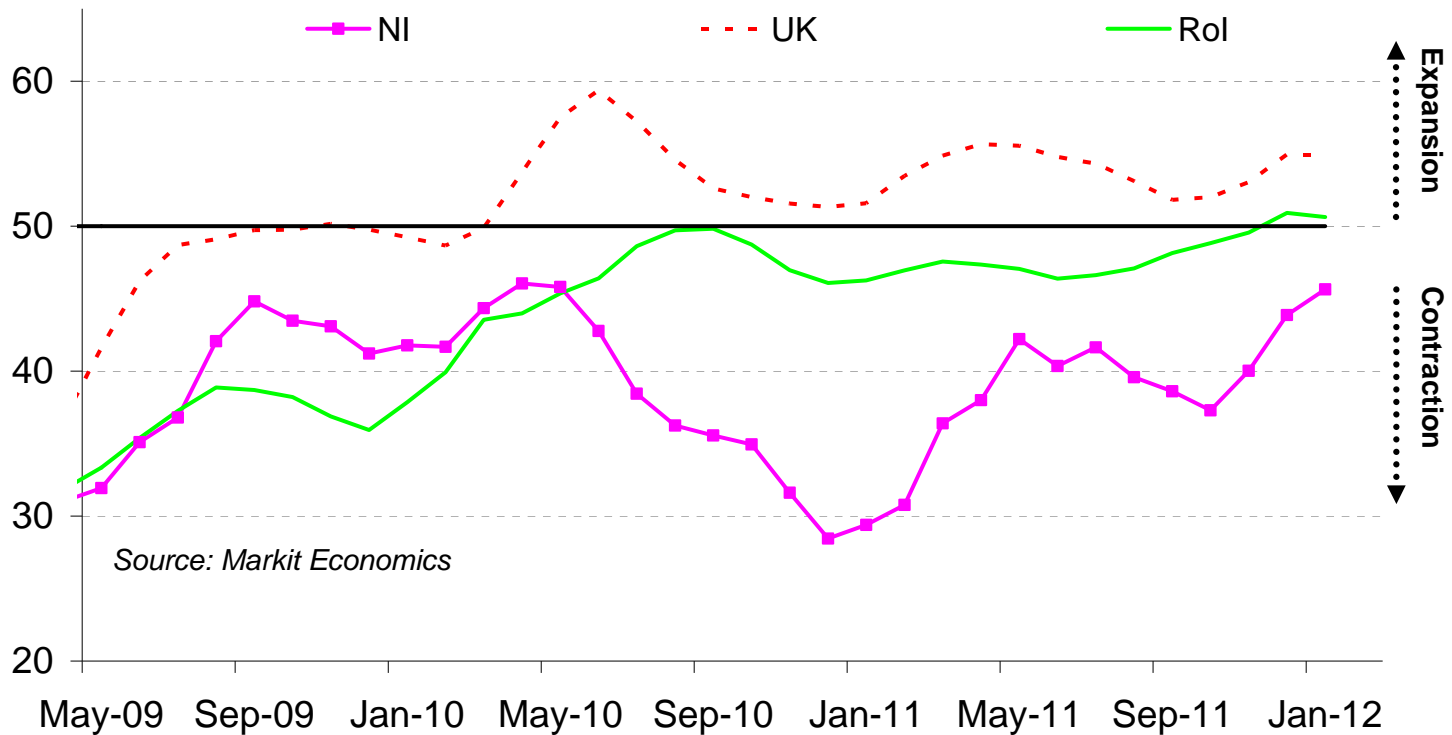
Source: Markit Economics & Ulster Bank PMI

# NI-UK divergence marked in terms of new orders

## Construction Sector New Orders - PMI

3 month moving average

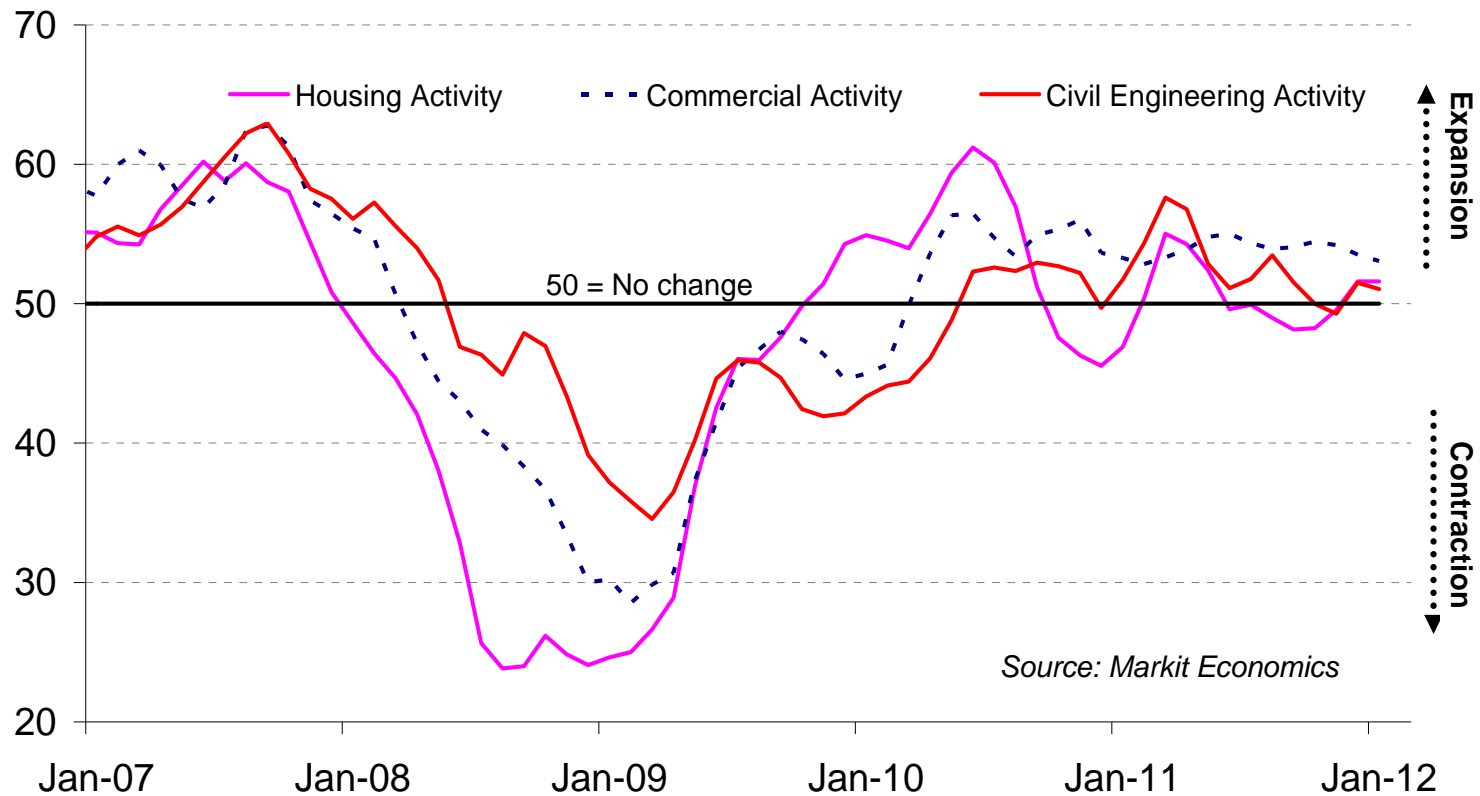
PMI Index



# Continued growth in GB offers opportunities for NI firms

## UK Construction Activity - PMIs

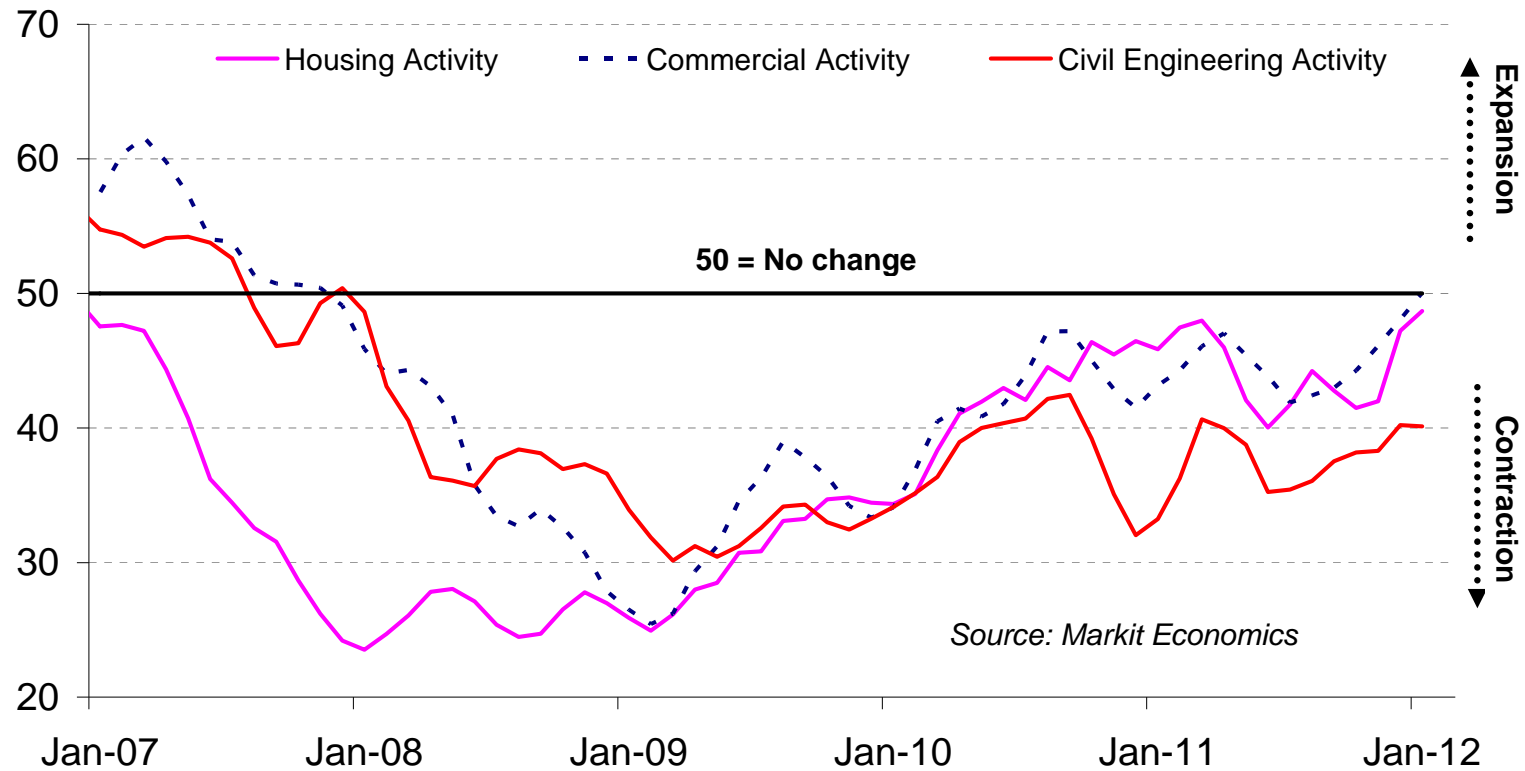
3 month moving average



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

## Republic of Ireland Construction Activity - PMI

3 month moving average



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