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# Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

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

*January 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.*

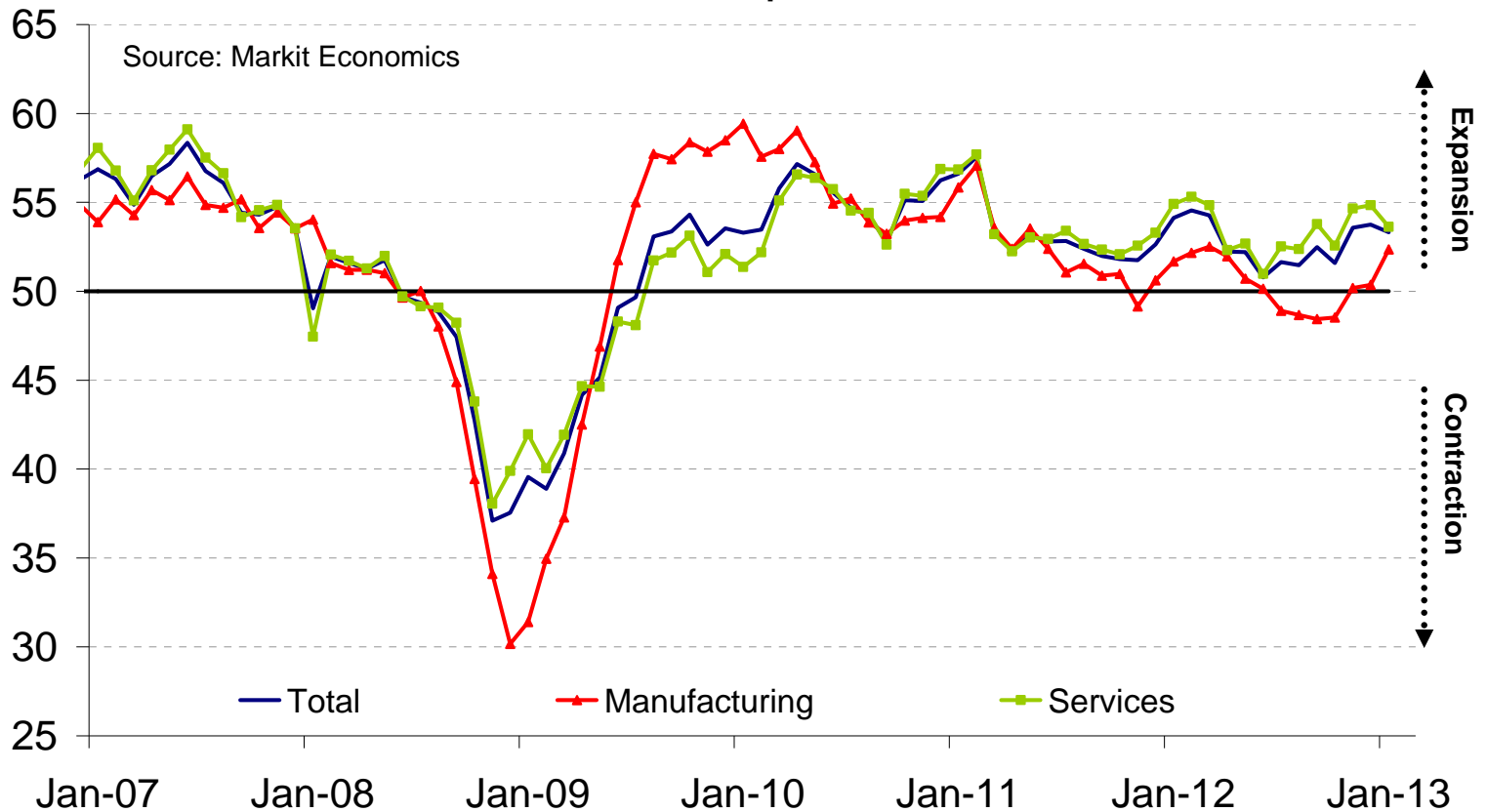
*Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

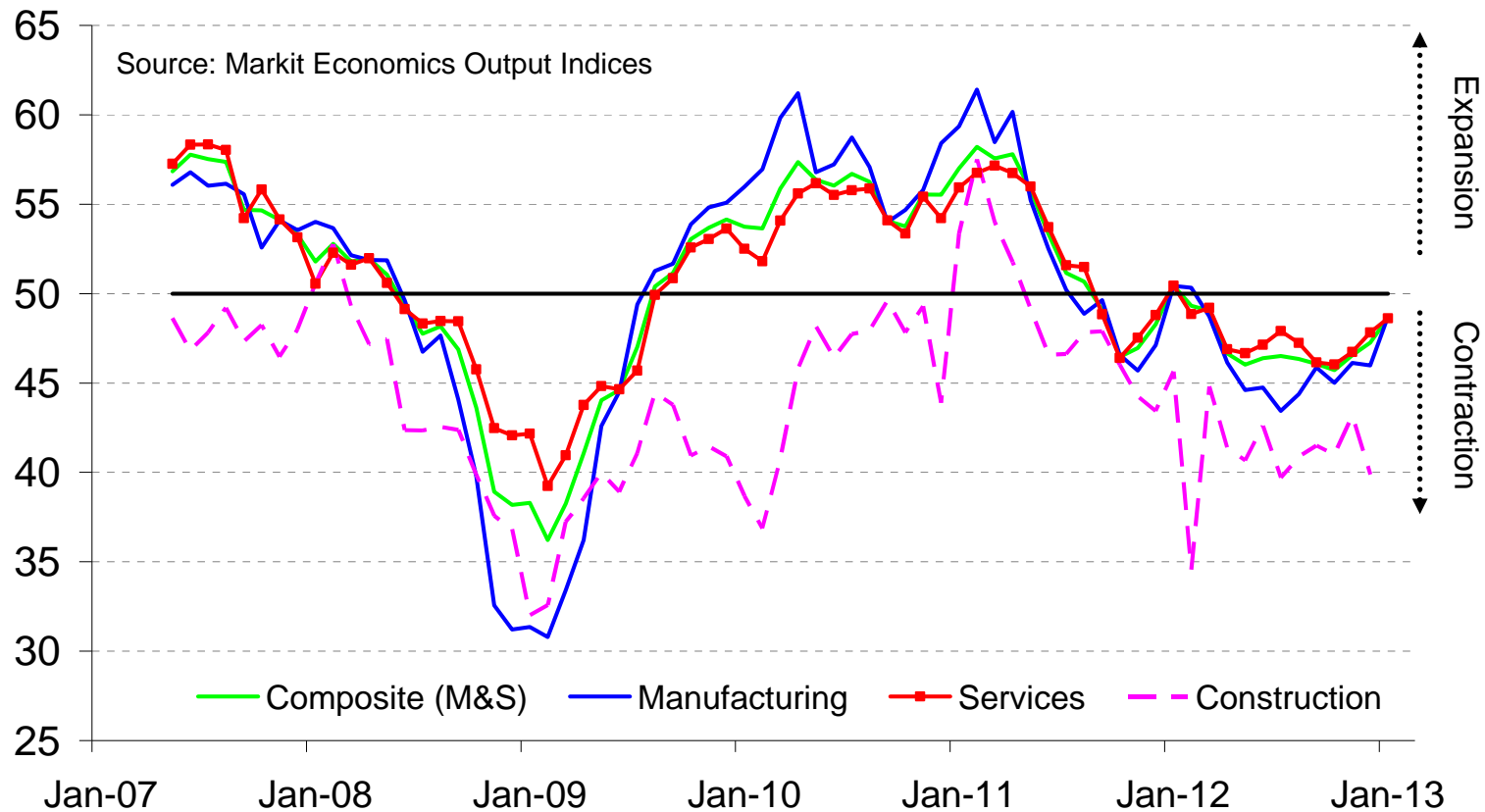
# Global output growth eases from 9-month high with manufacturing posting its 3<sup>rd</sup> successive month of growth

## Global Output - PMI



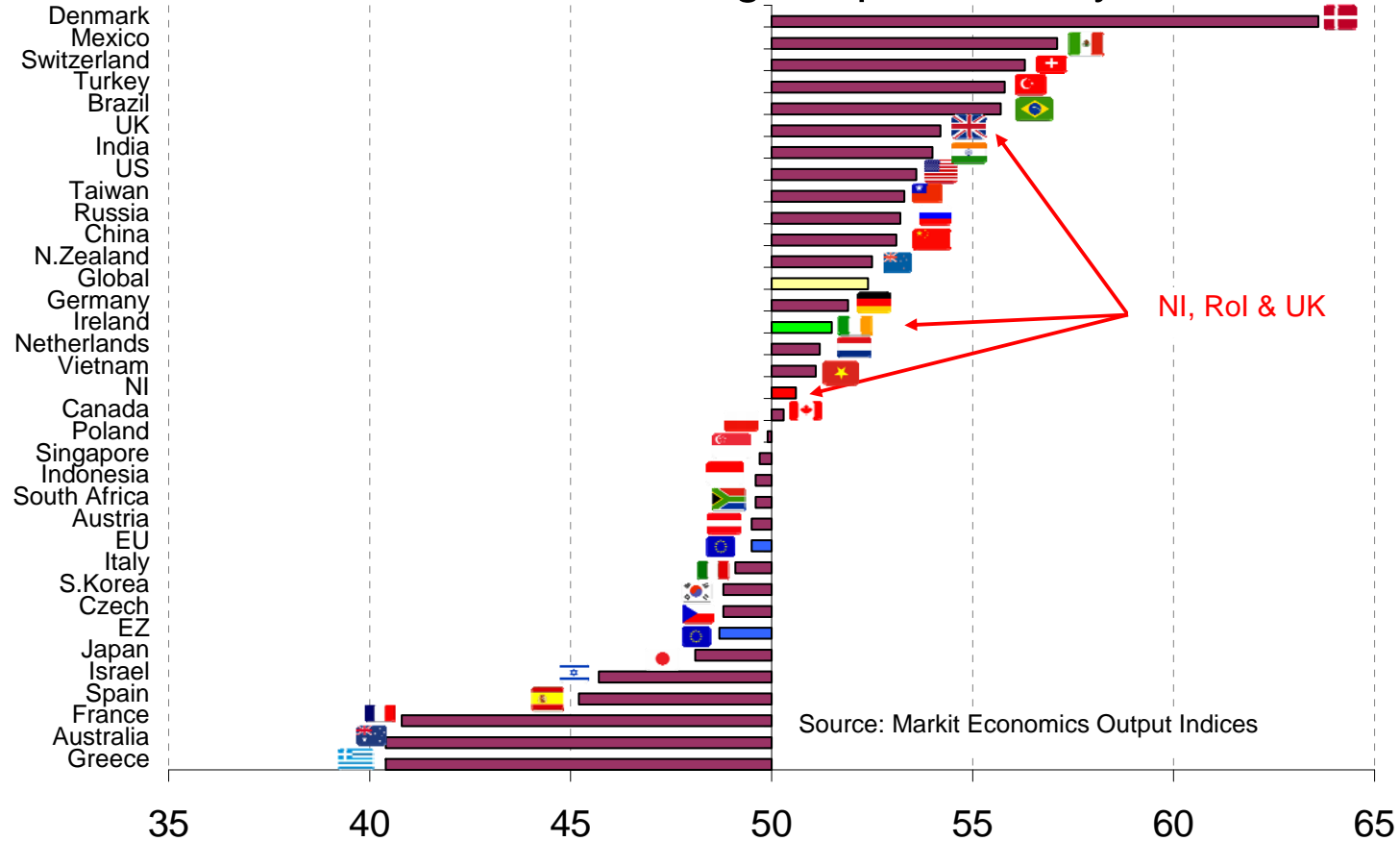
# All sectors within the Eurozone are still contracting

## Eurozone PMIs: Output



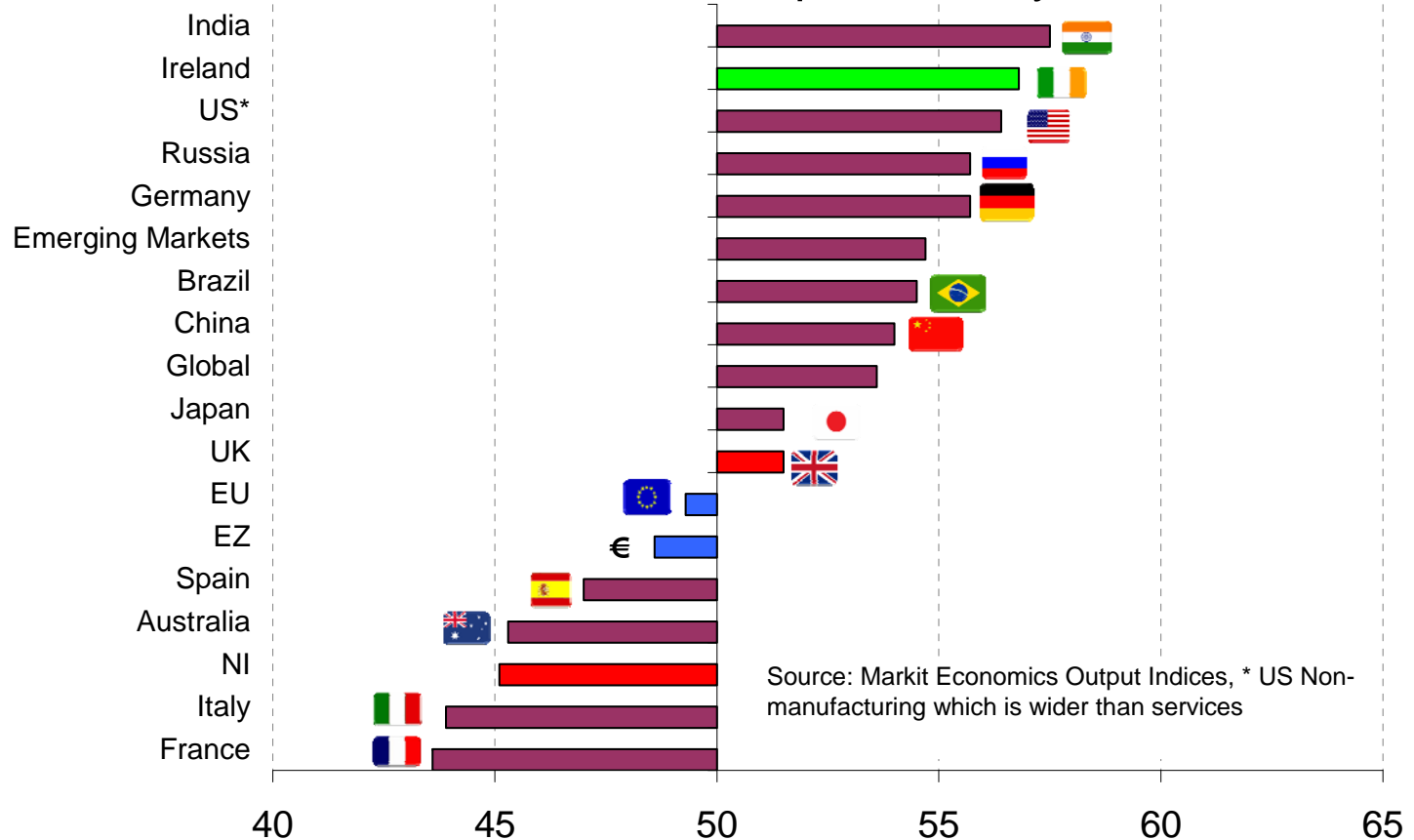
# Greece, Australia & France post steepest falls in manufacturing output. Denmark posts strongest gain

PMIs: Manufacturing Output January 2013

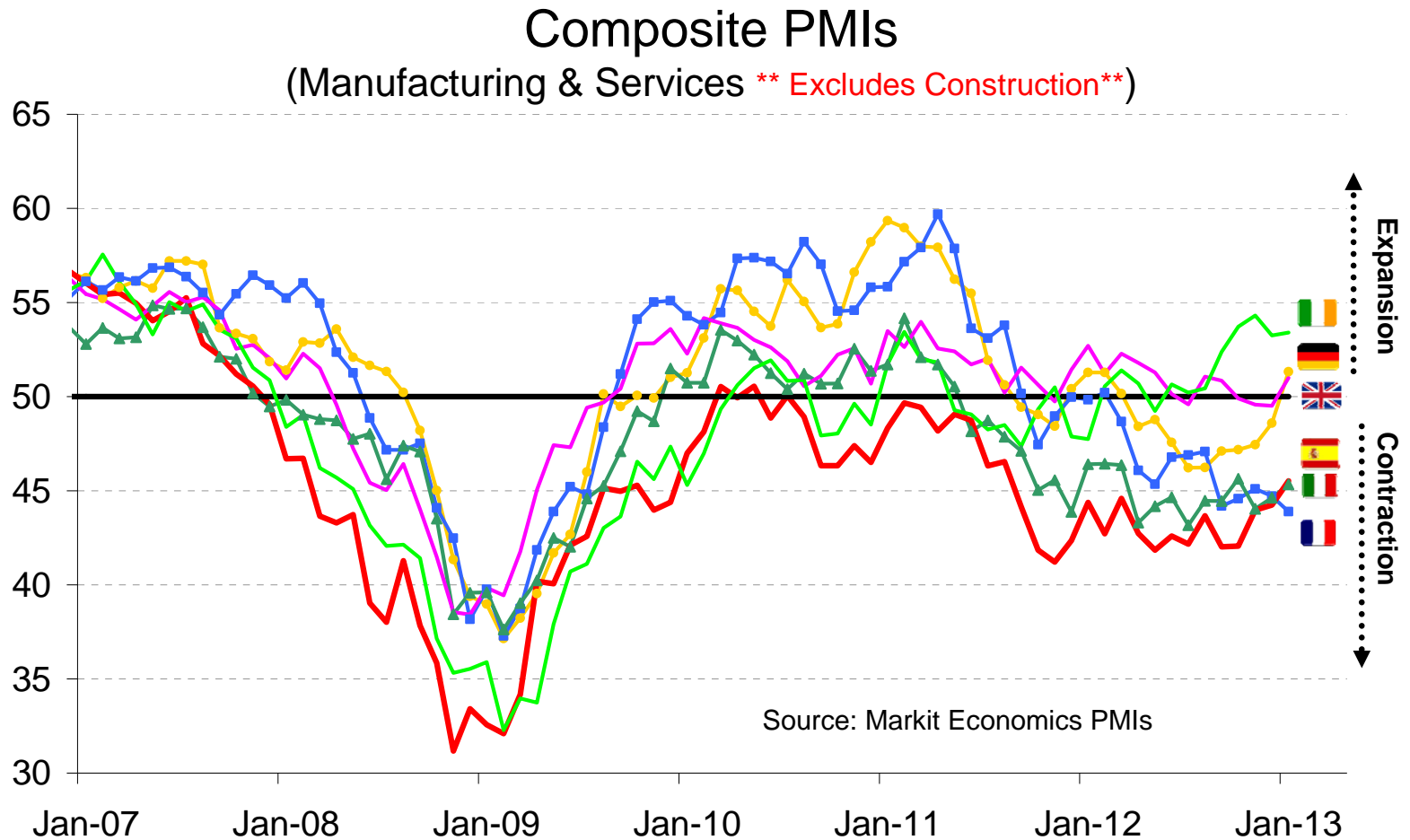


# Services output expanding for BRICs, US, Germany, Japan & Ireland. France & Italy posting the steepest contractions

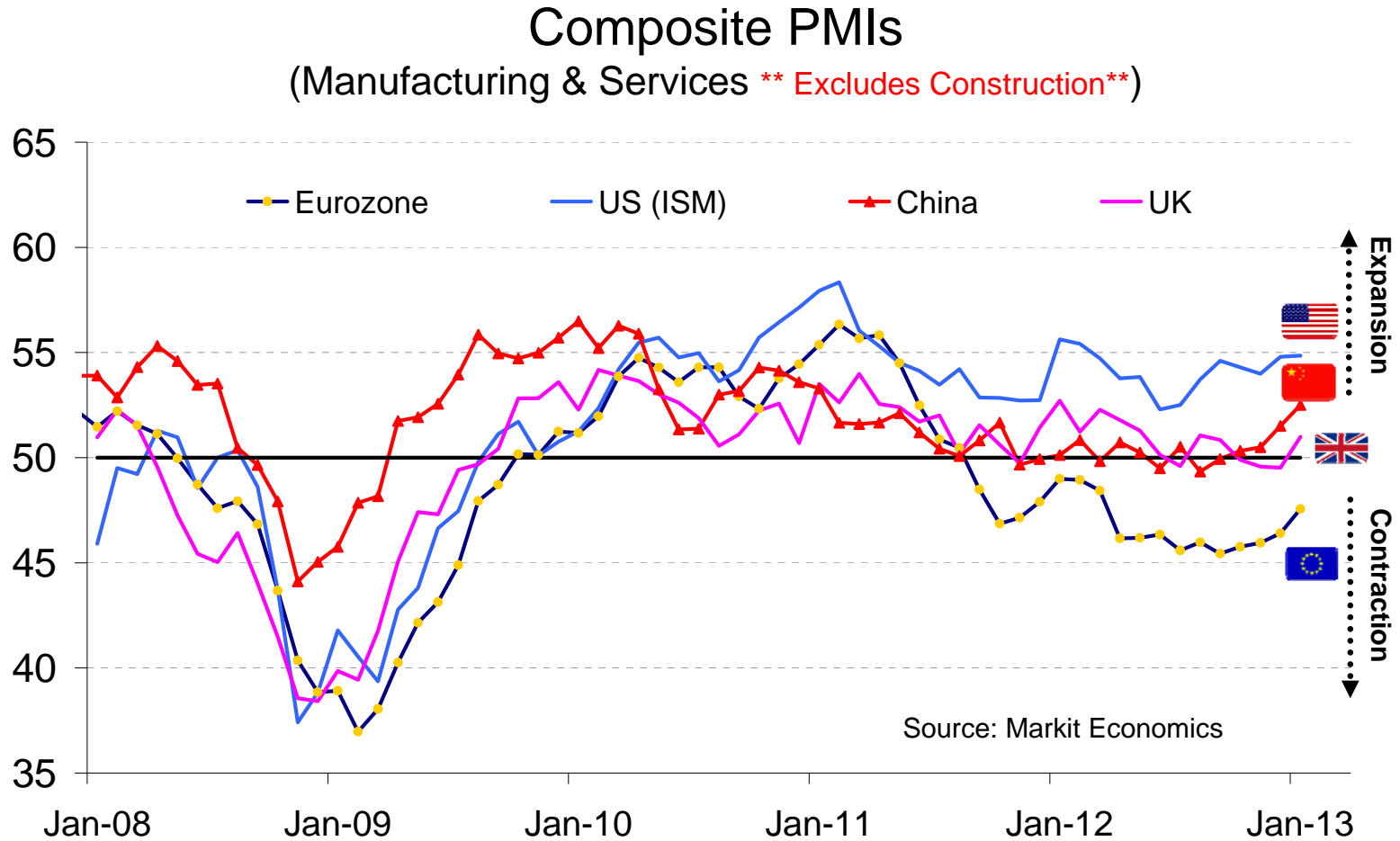
PMIs: Services Output January 2013



# Divergence between Germany & France is worth watching

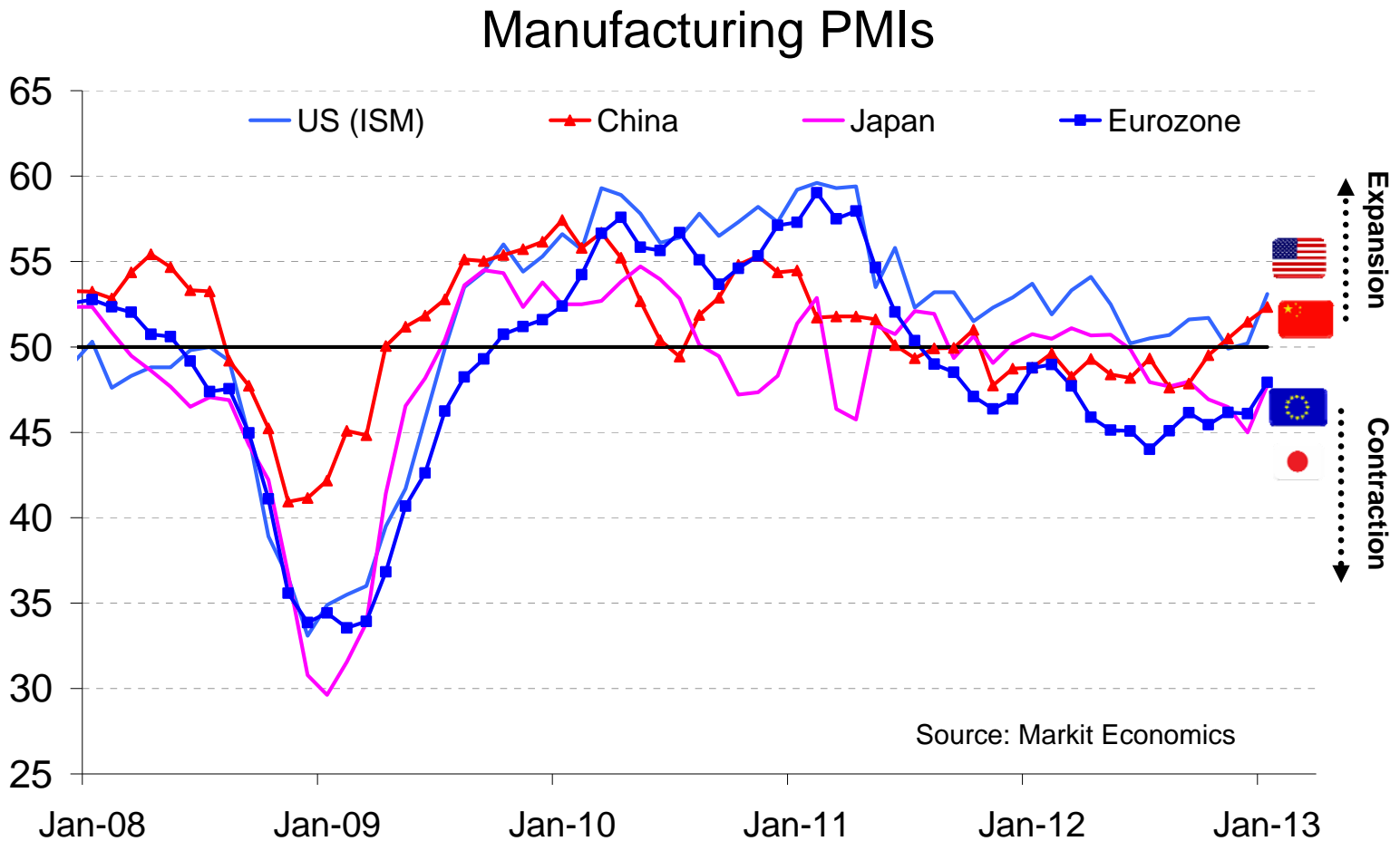


# US remains the best performer relative to China, UK & EZ





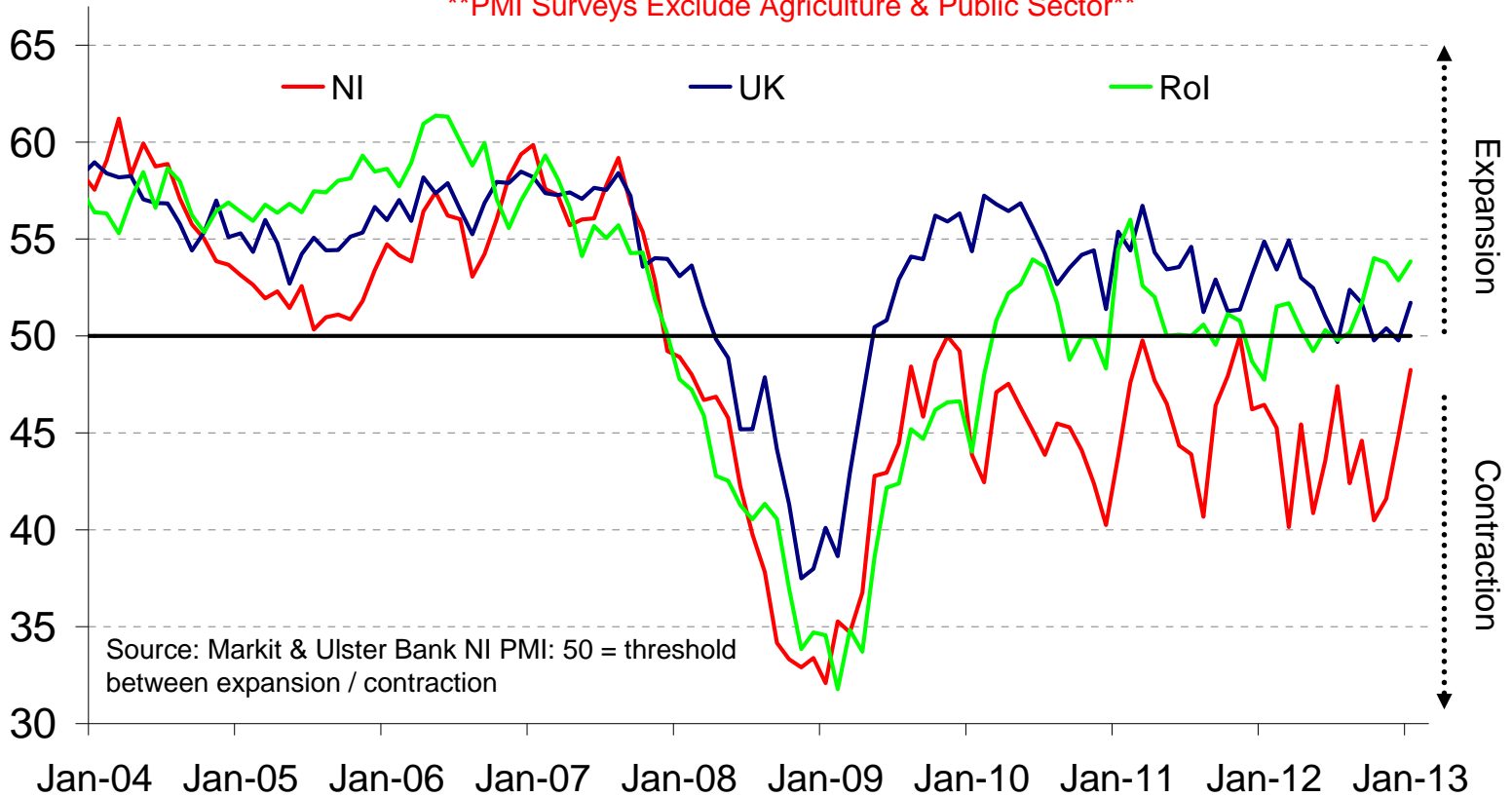
... and US manufacturing is expanding at a faster rate than China



# UK & RoI above the expansion threshold whilst the rate of contraction eases for Northern Ireland

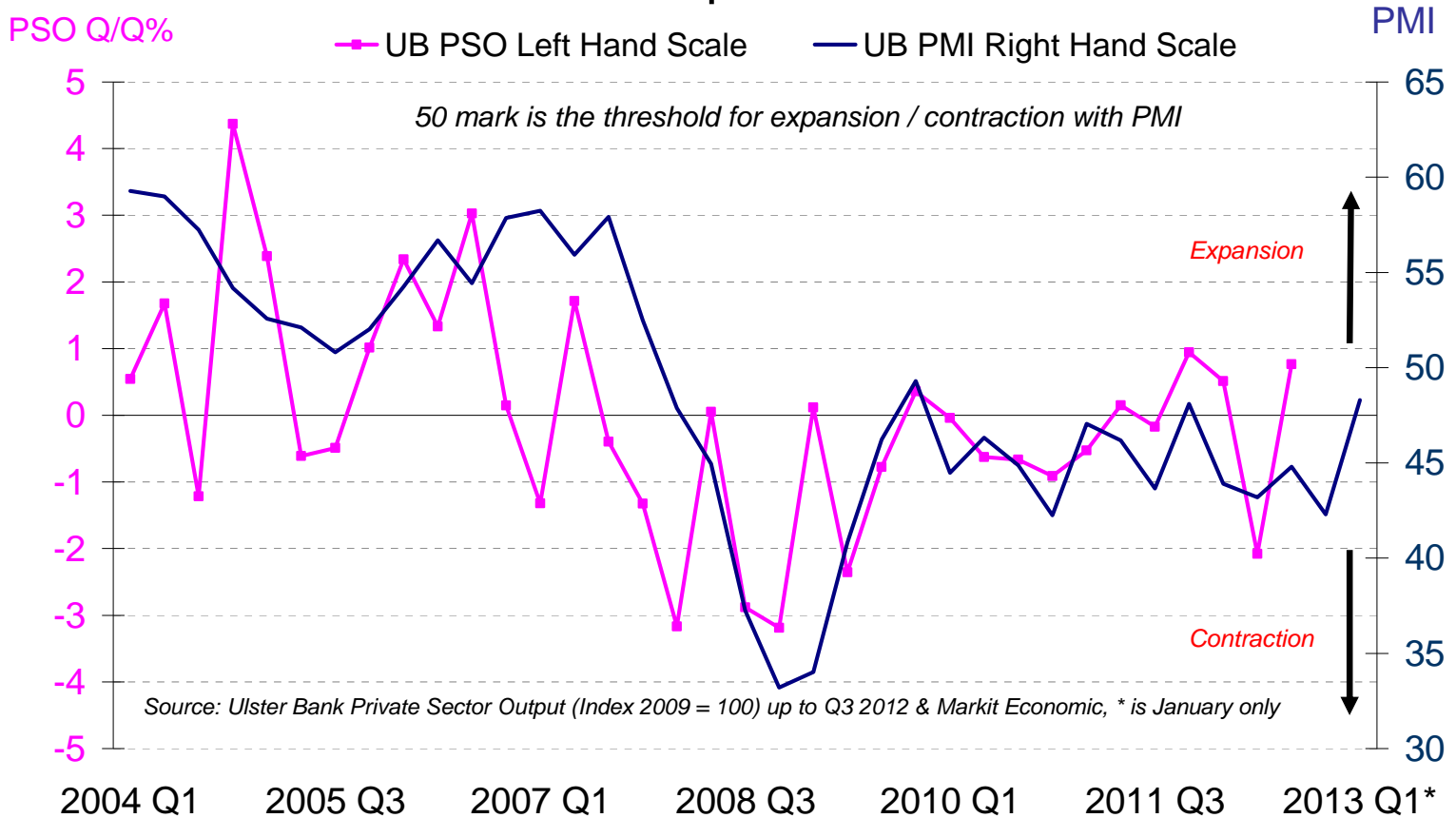
## Private Sector Business Activity - PMIs

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



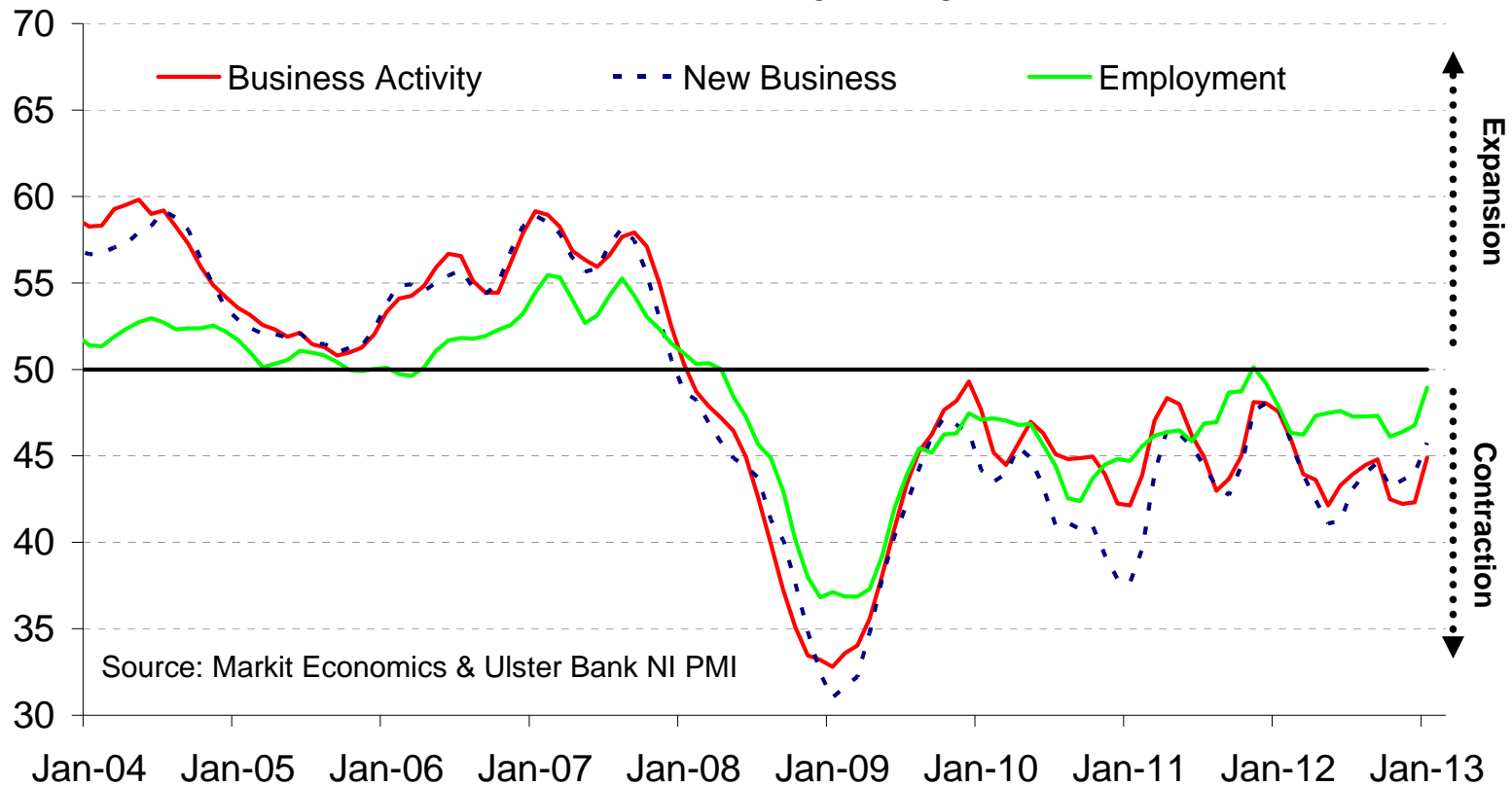
PMI suggests further falls in private sector composite index (combines DFP indices for construction, services & industrial production) in Q4 2012 but growth in Q1?

## NI Private Sector Output Index Versus NI PMI

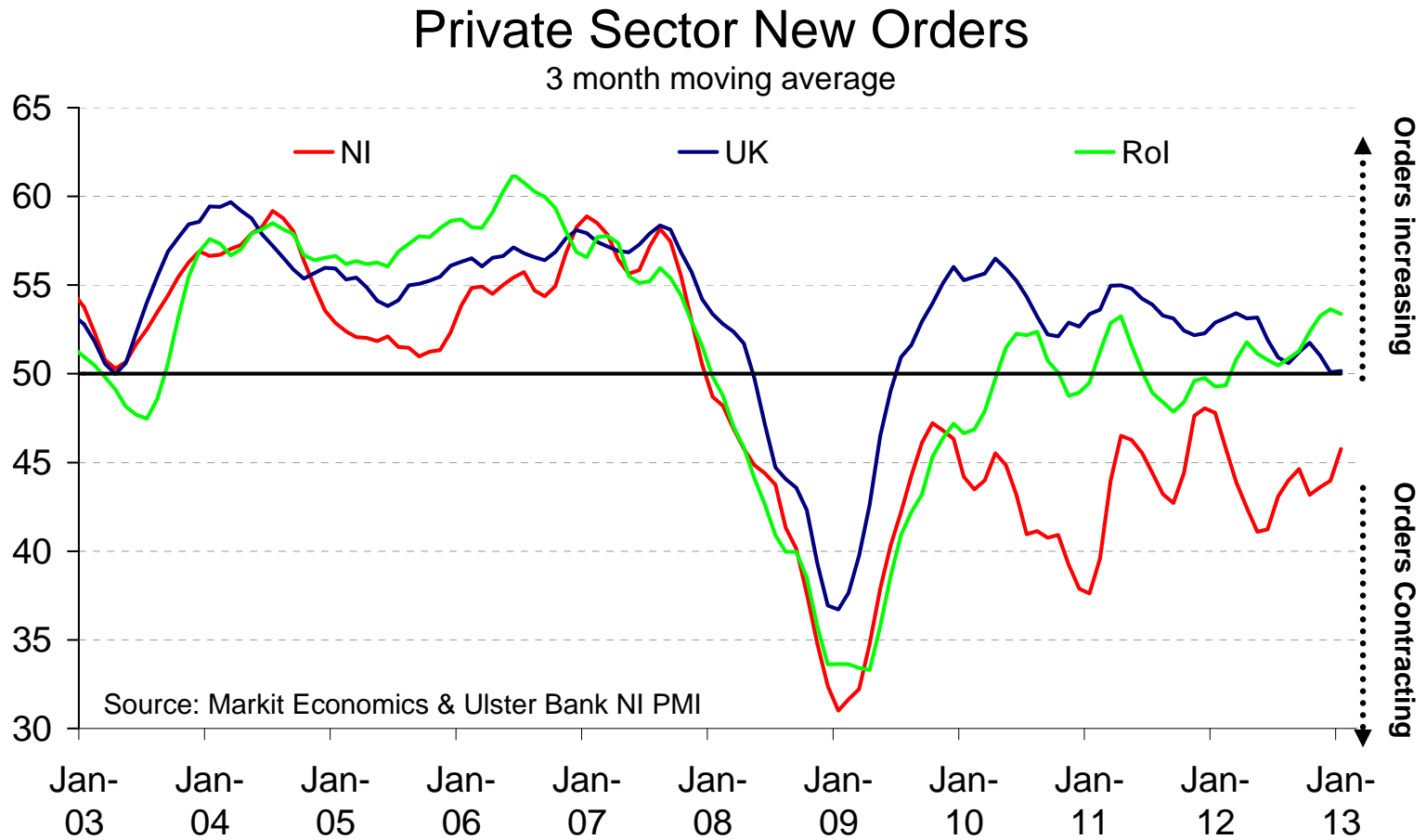


# NI output, new orders and employment all see their pace of contraction ease over the last 3 months

## NI Private Sector Activity 3 month moving average

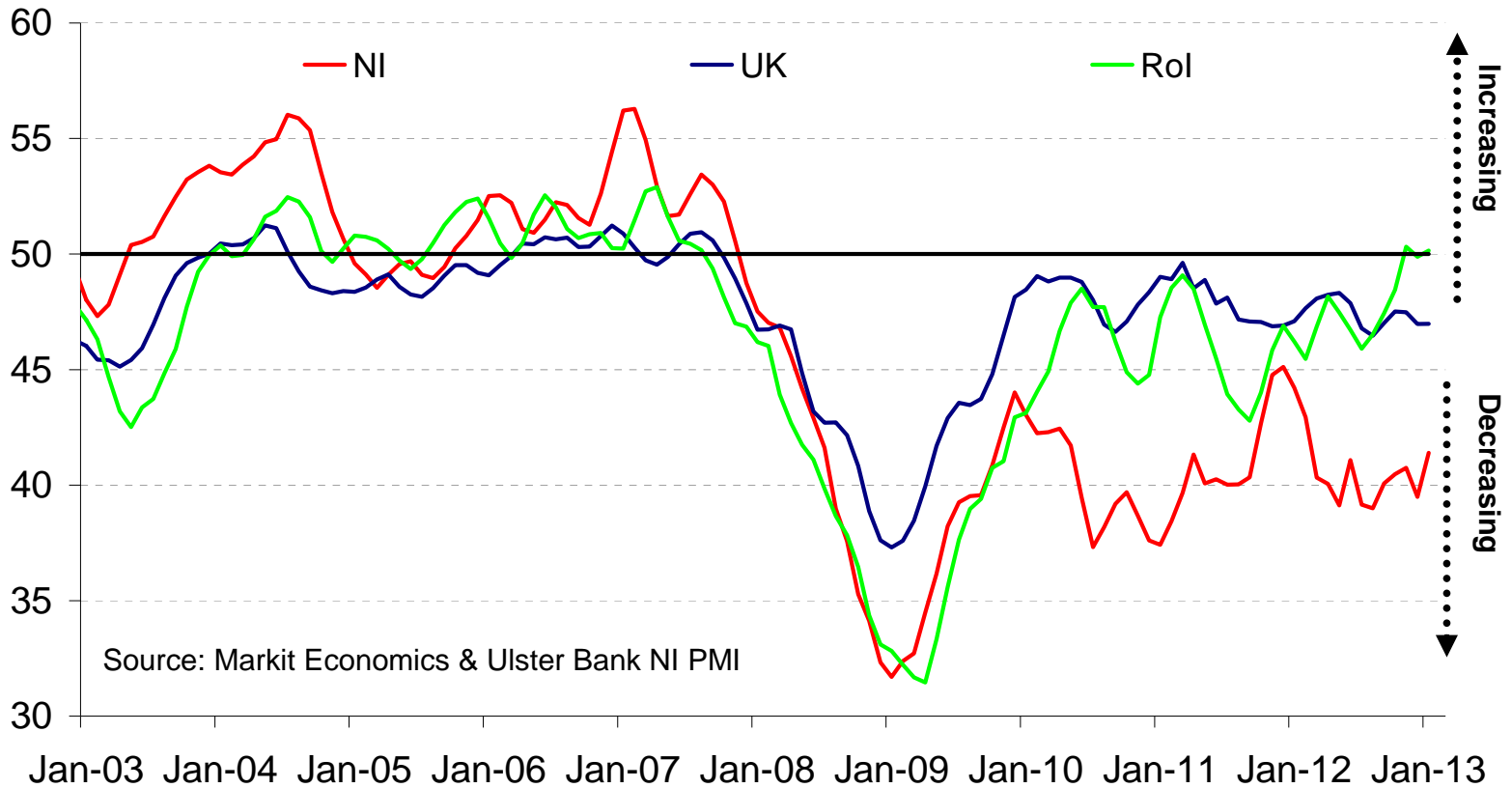


# Pace of contraction in NI new orders eases with UK flat

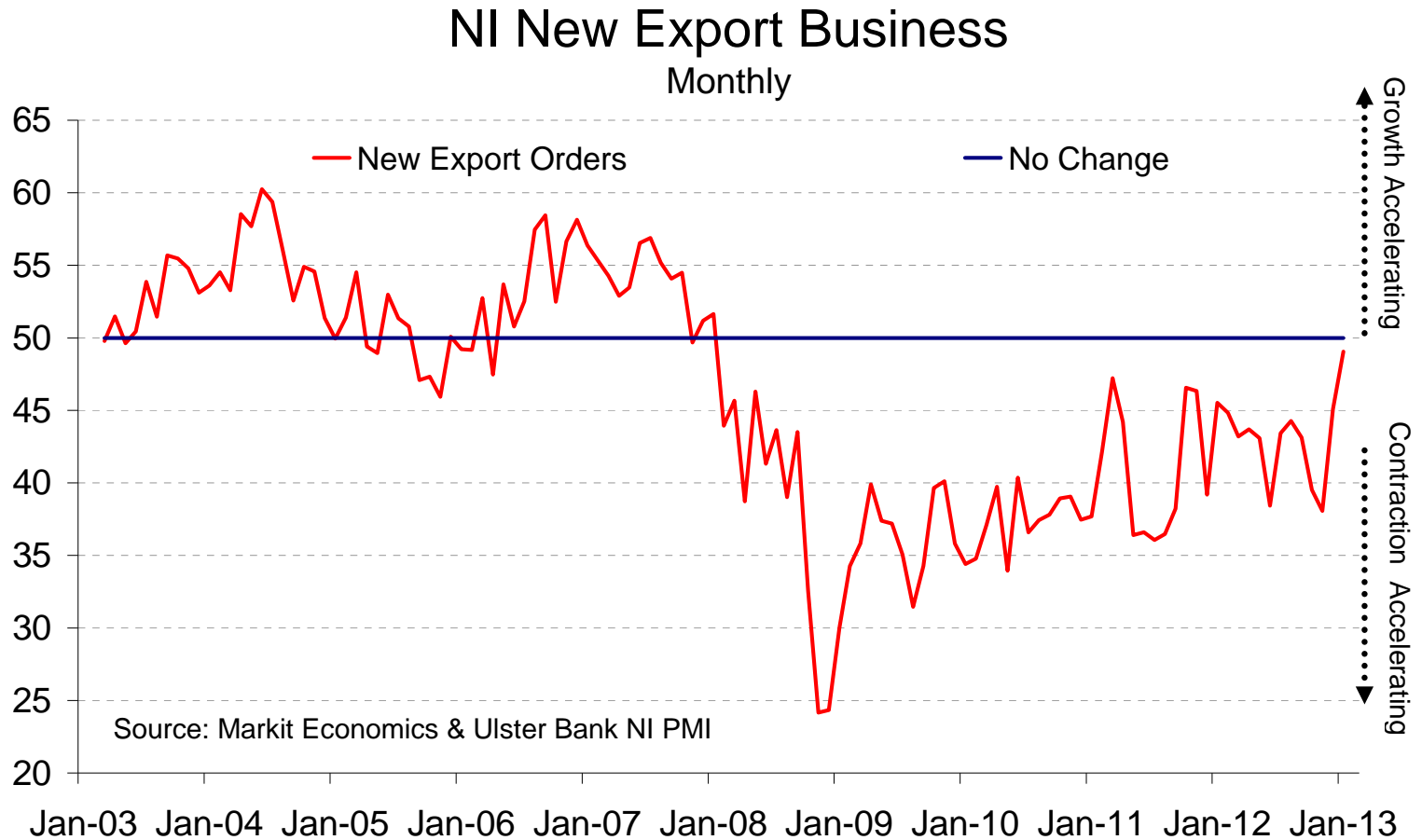


# NI's levels of work outstanding still falling at a rapid rate

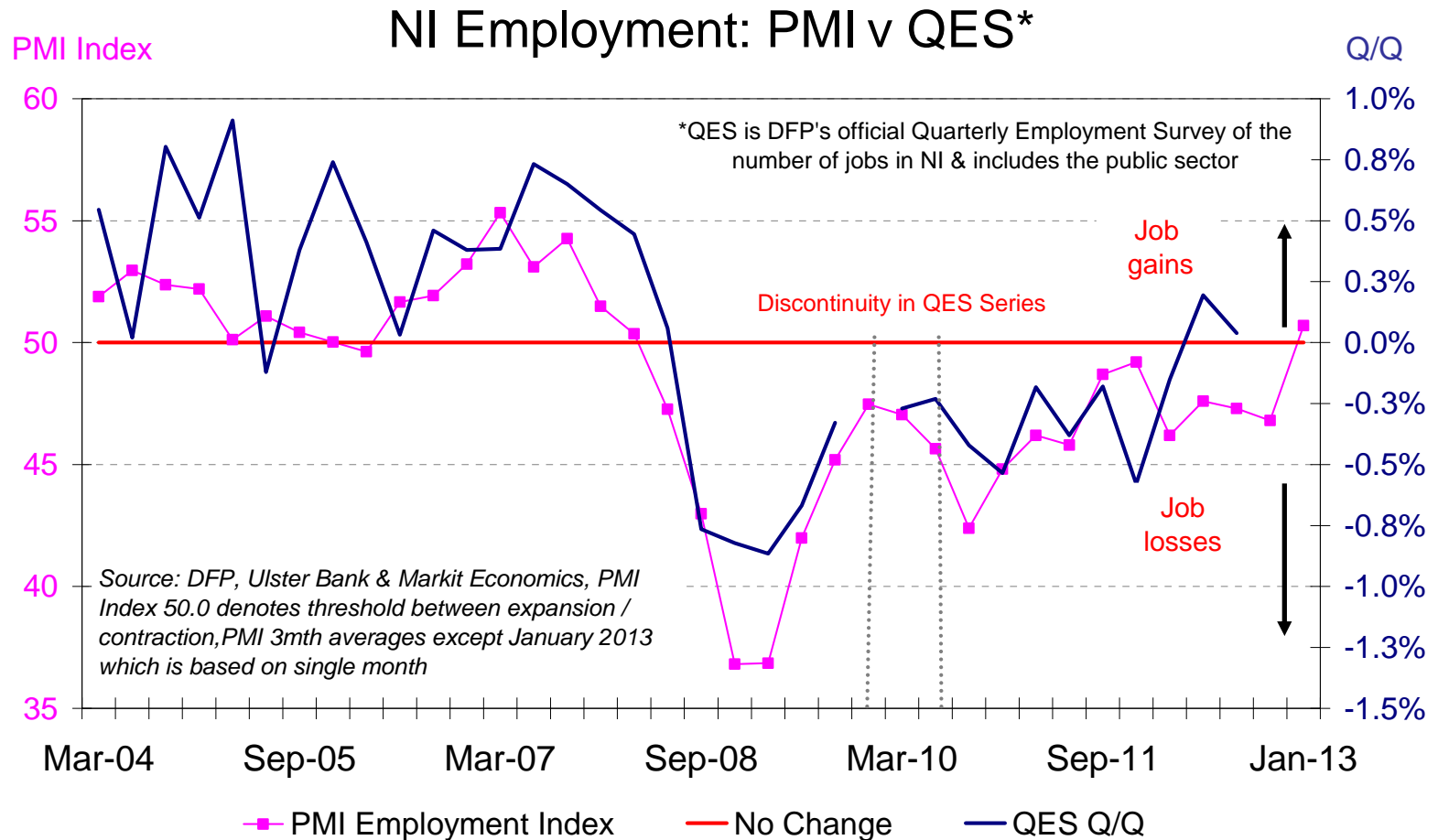
Private Sector Backlogs  
3 month moving average



# Export orders post its highest reading since January 2008



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

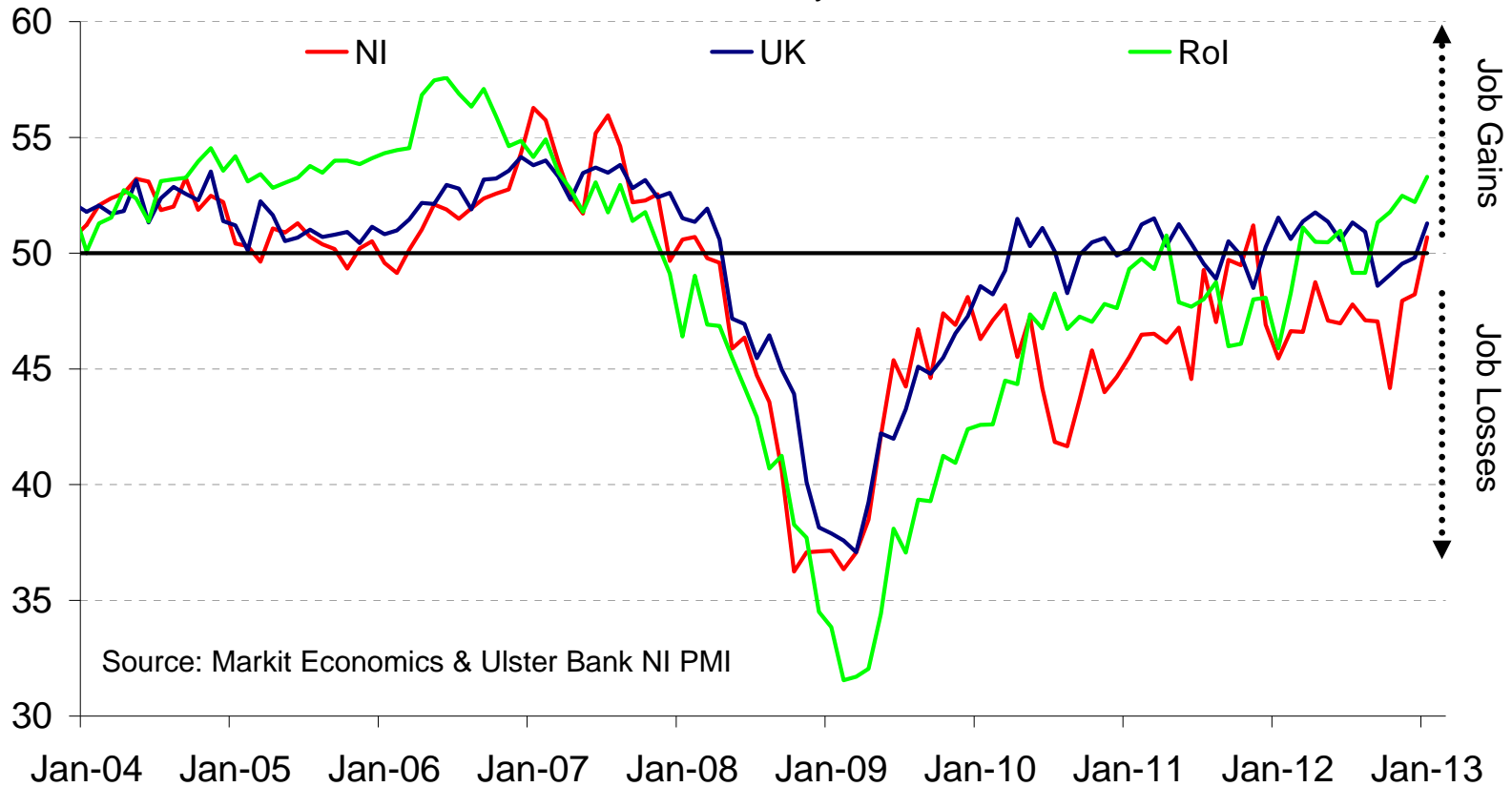




**Employment gains in the UK, NI & the RoI in January. The last time all 3 posted employment gains was November 2007**

## Private Sector Employment Levels

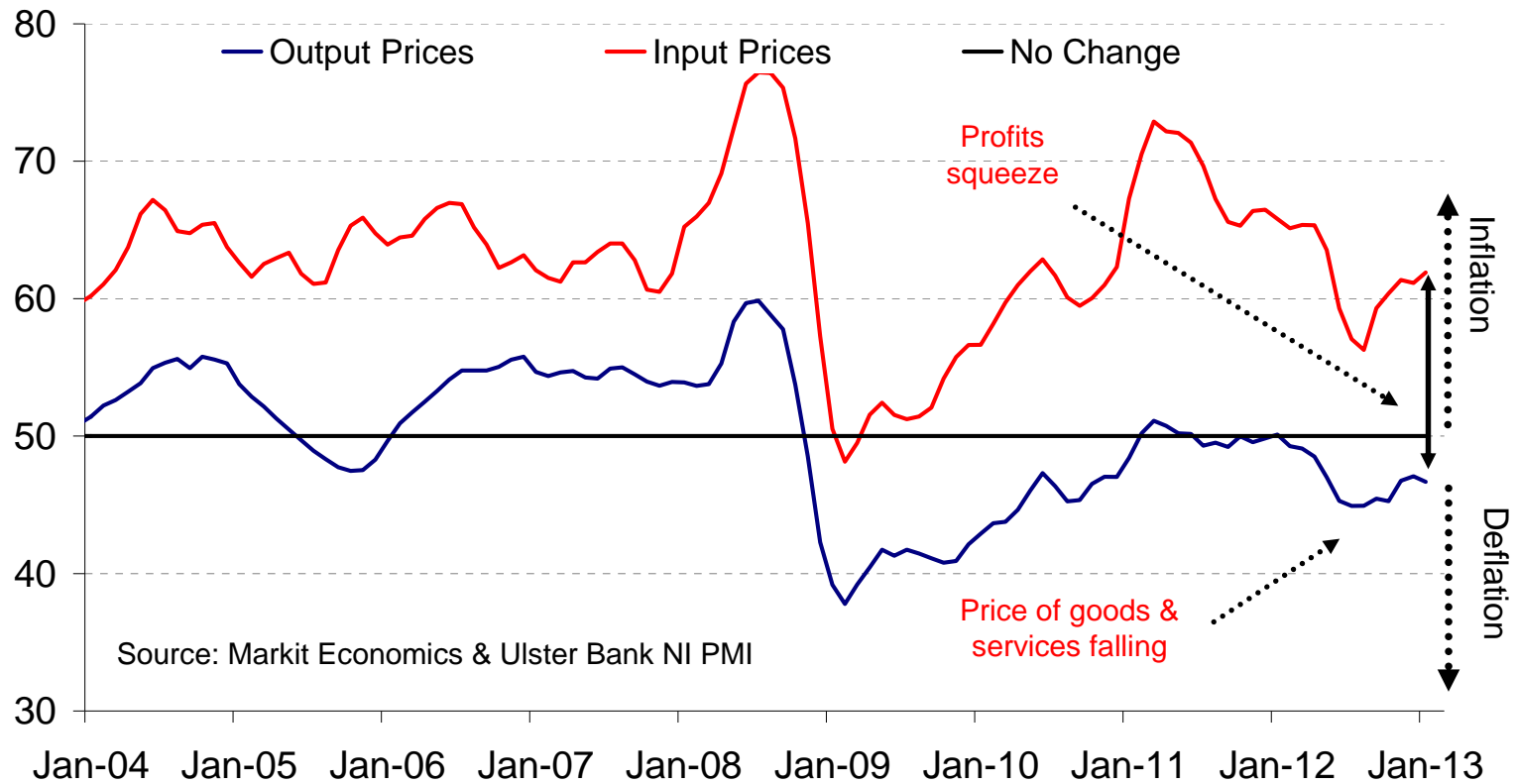
Monthly



# Input cost inflation accelerates in January with output prices and charges still falling

## NI Private Sector Profit Squeeze

3 Month Moving Average



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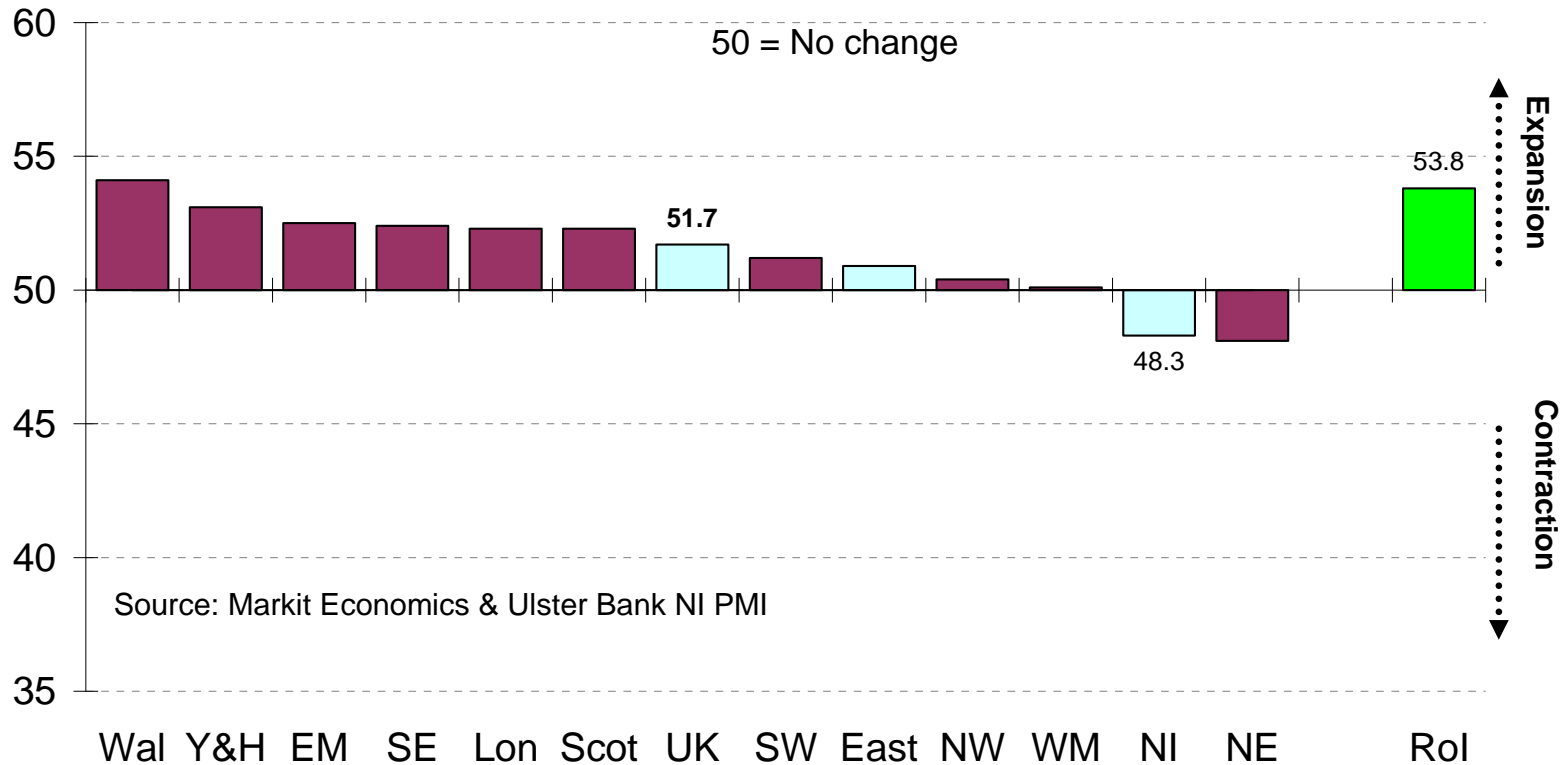
# *Regional Comparisons*

# 2 UK regions post a contraction in January with the North East posting the steepest decline followed by NI...

## Output / Business Activity

January 2013

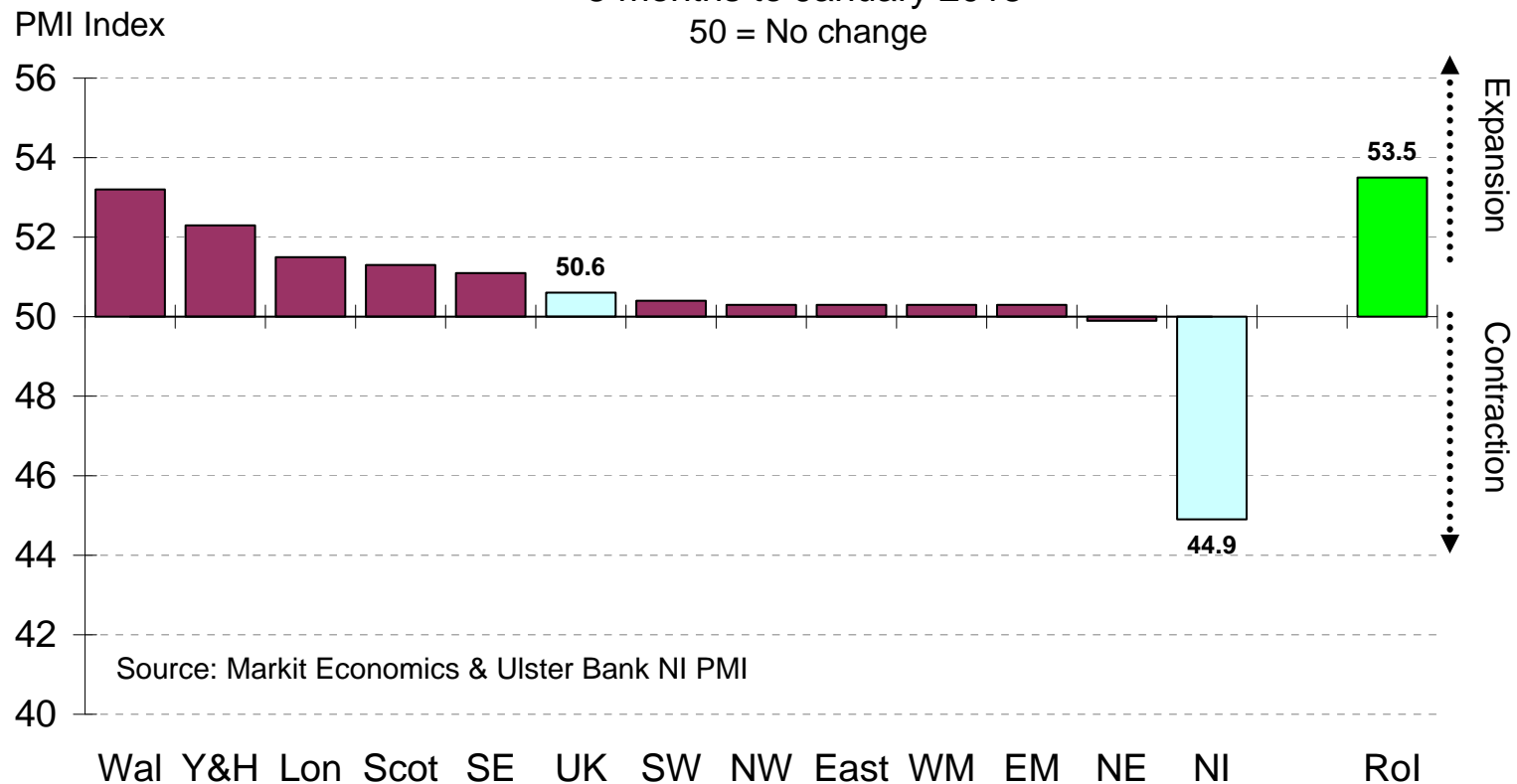
PMI index



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

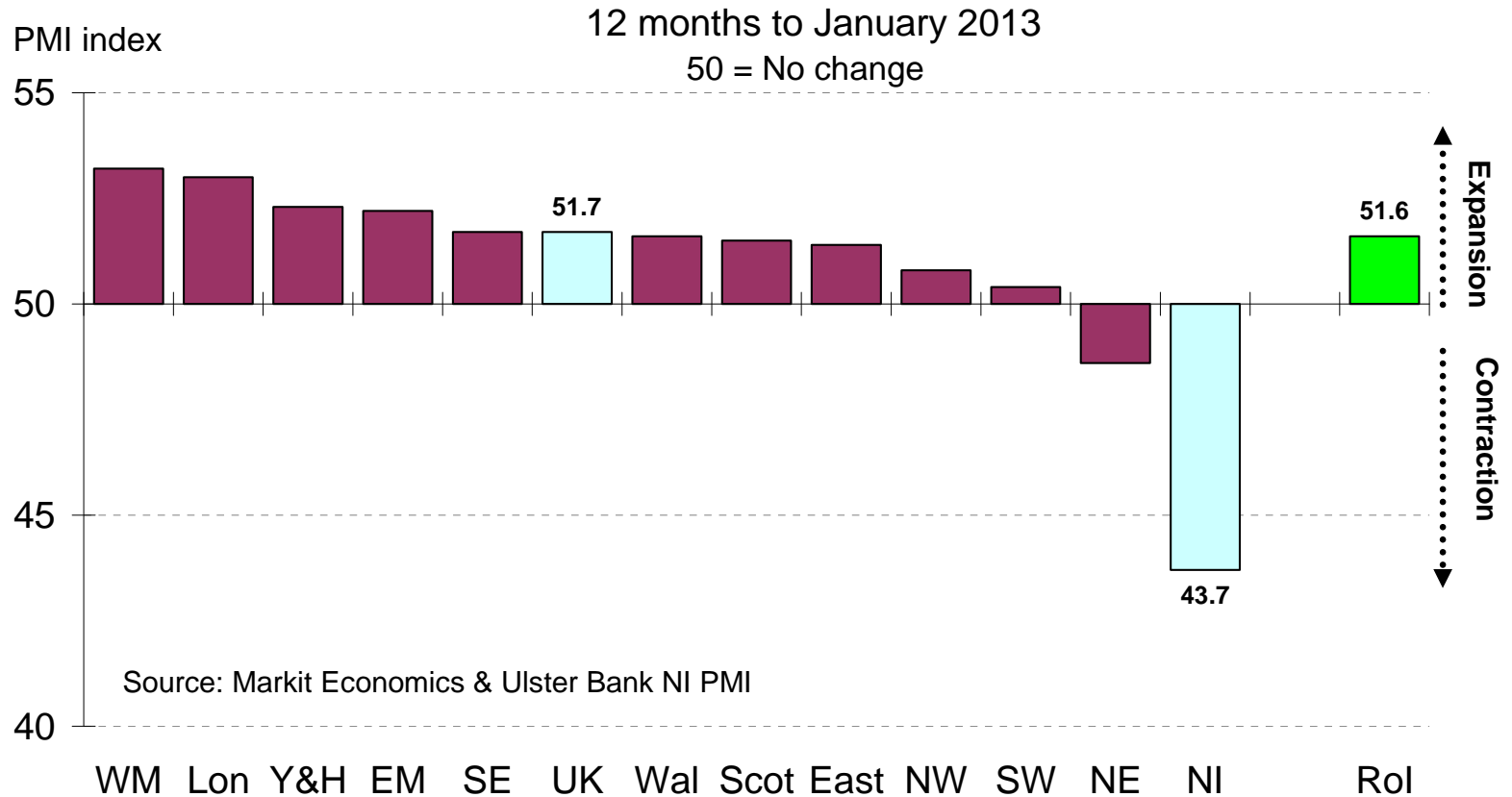
## Output / Business Activity

3 months to January 2013  
50 = No change



.....and over the last 12 months

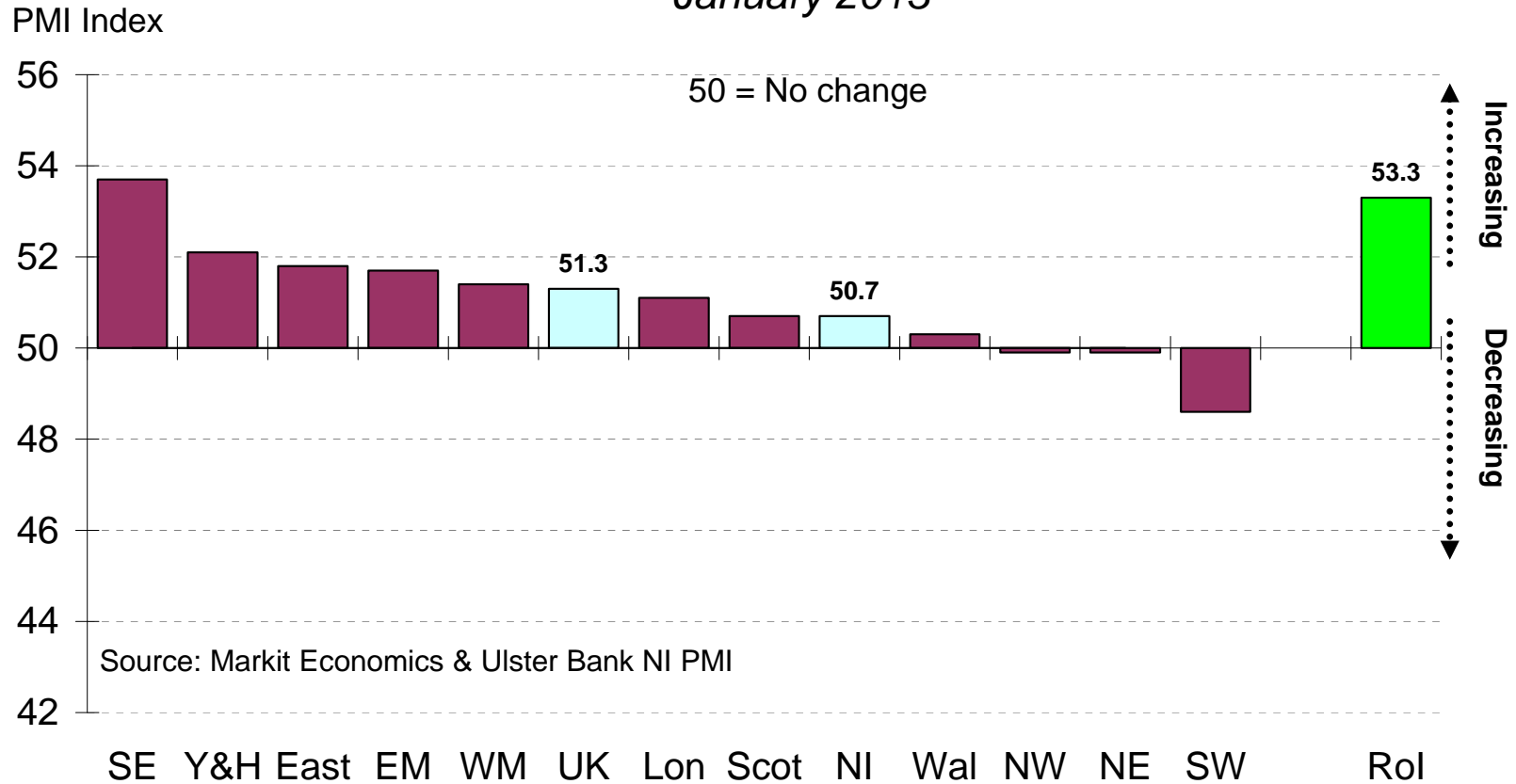
## Output / Business Activity



# Three English regions report falling employment levels in January ...

## Employment Levels

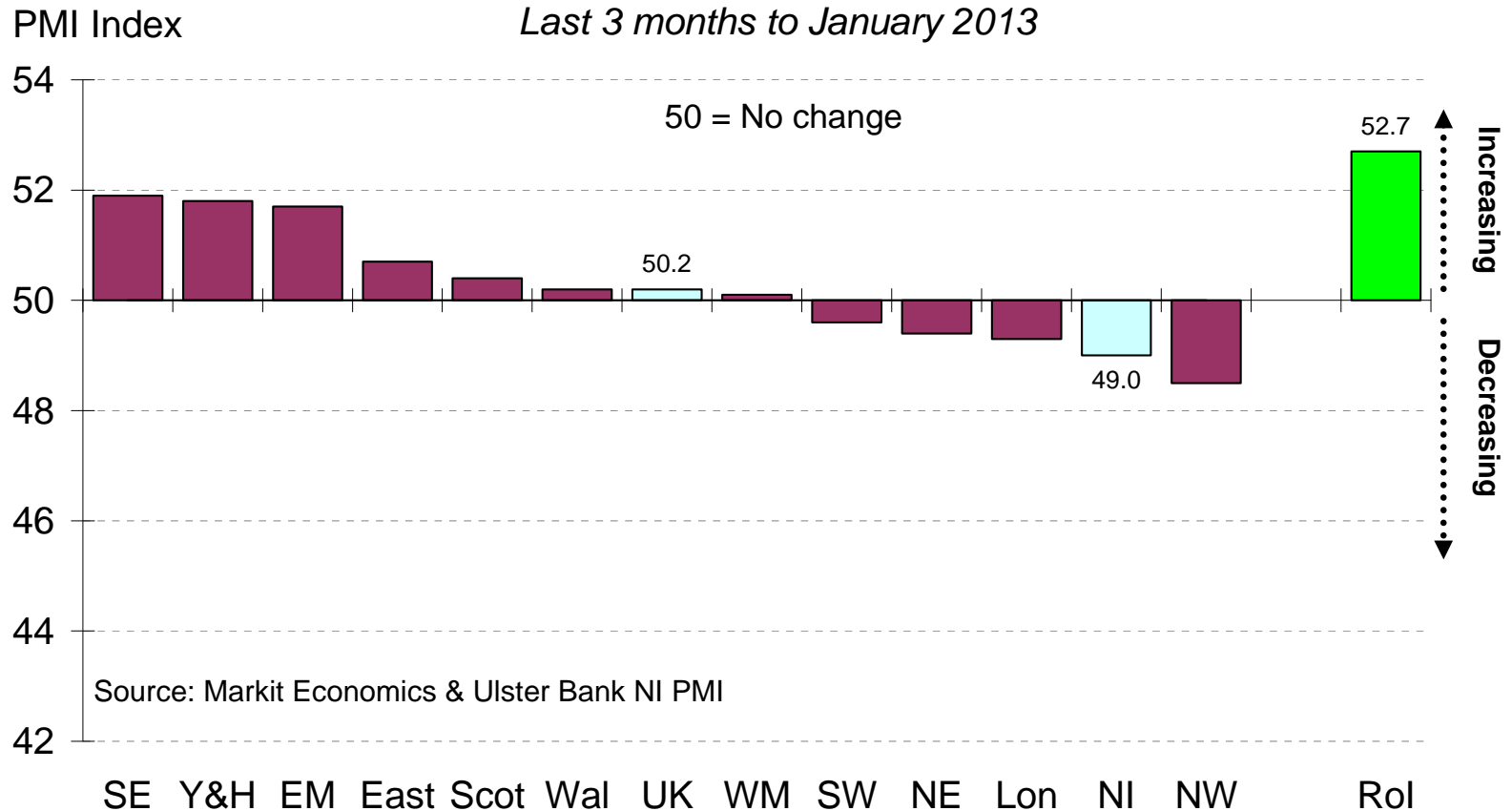
January 2013



...and 5 UK regions (incl. NI) post declines over last 3 months...

## Employment Levels

*Last 3 months to January 2013*

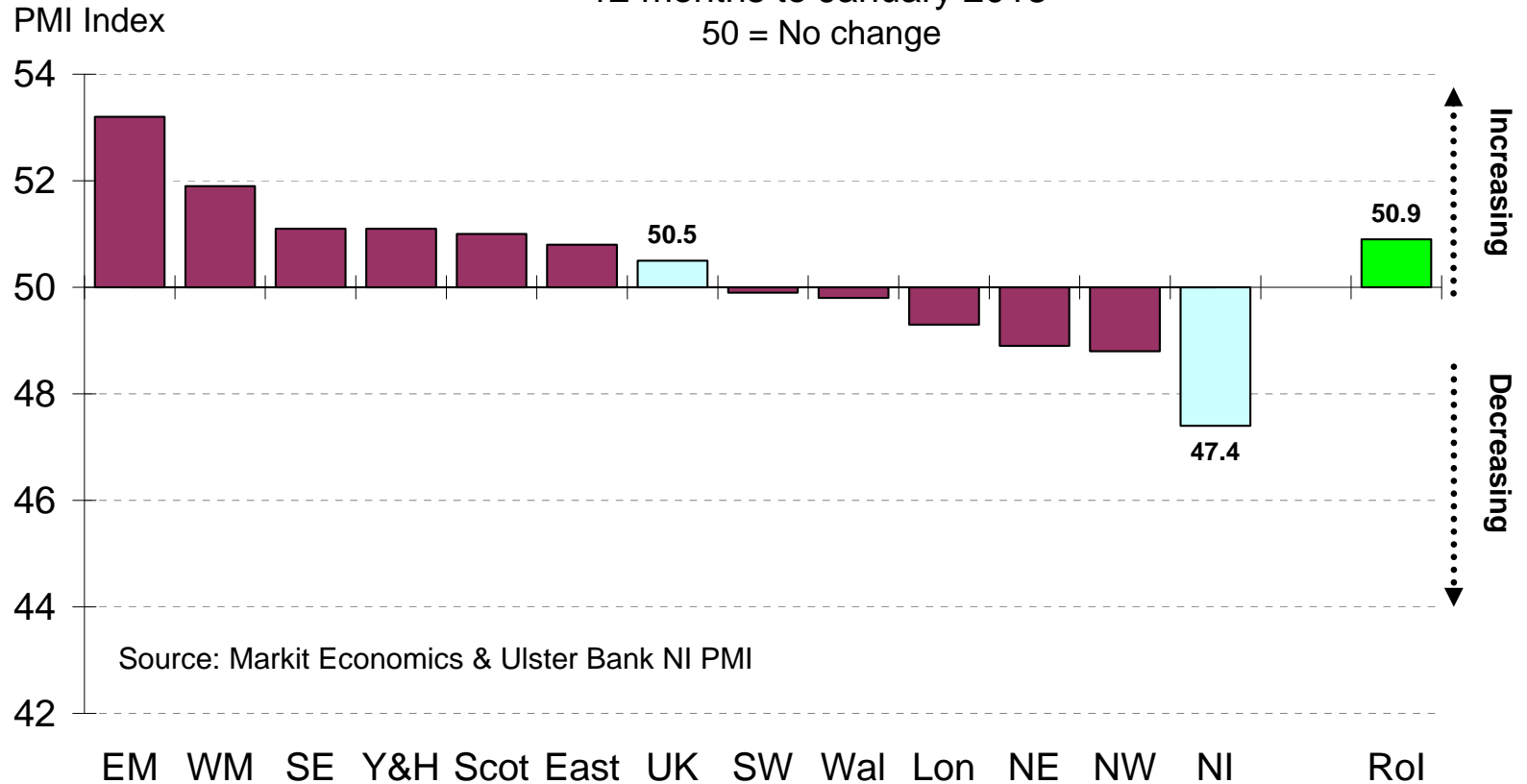




# NI posts the steepest decline in employment over the last 12 months

## Employment Levels

12 months to January 2013  
50 = No change

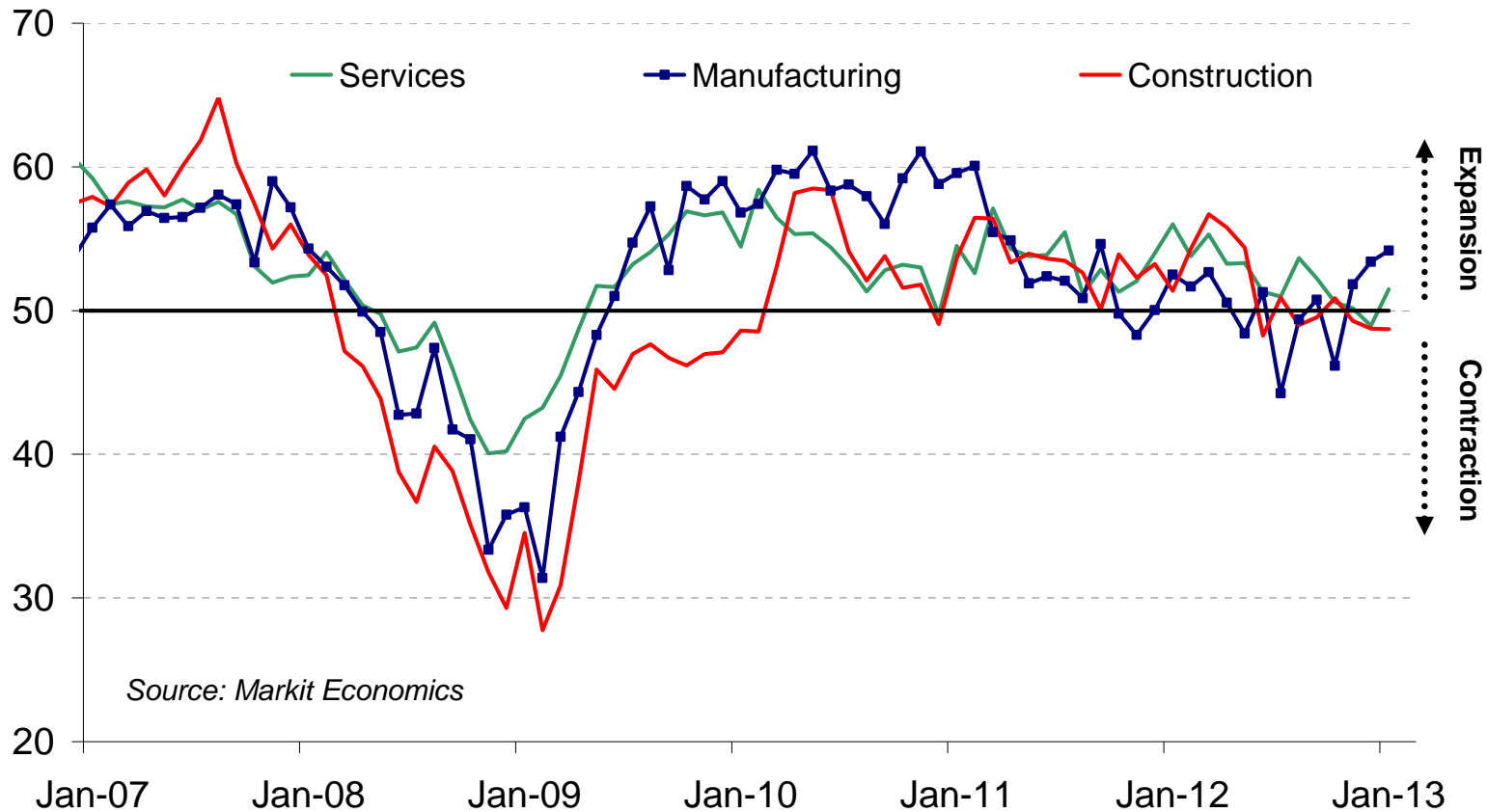


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*Sectoral  
Comparisons*

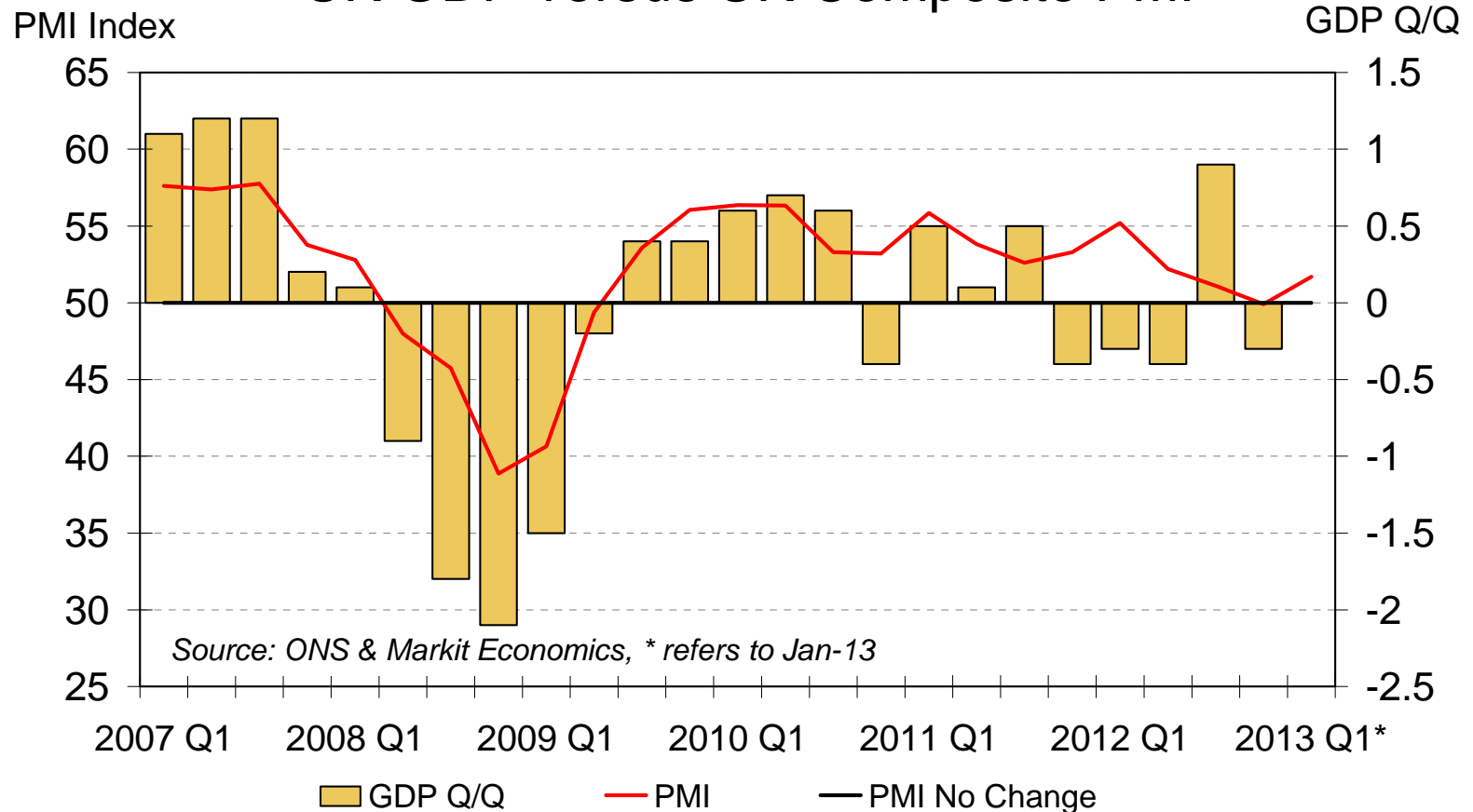
**UK services rebounds in January with manufacturing output growth accelerating. Only construction is sub-50**

## UK Business Activity / Output - PMIs

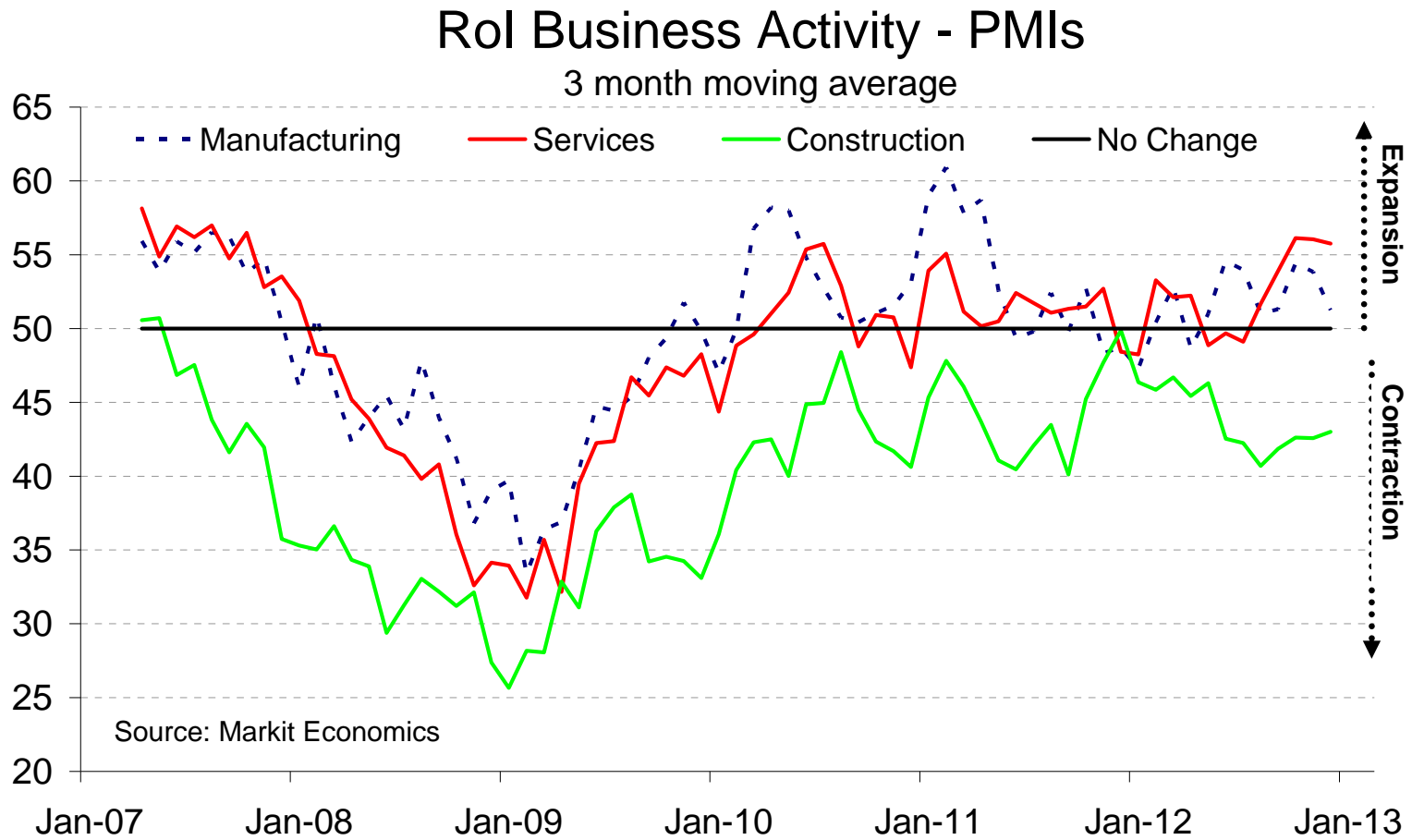


# UK composite PMI raised the prospect of negative GDP Q4 reading which was realised with a 0.3% decline

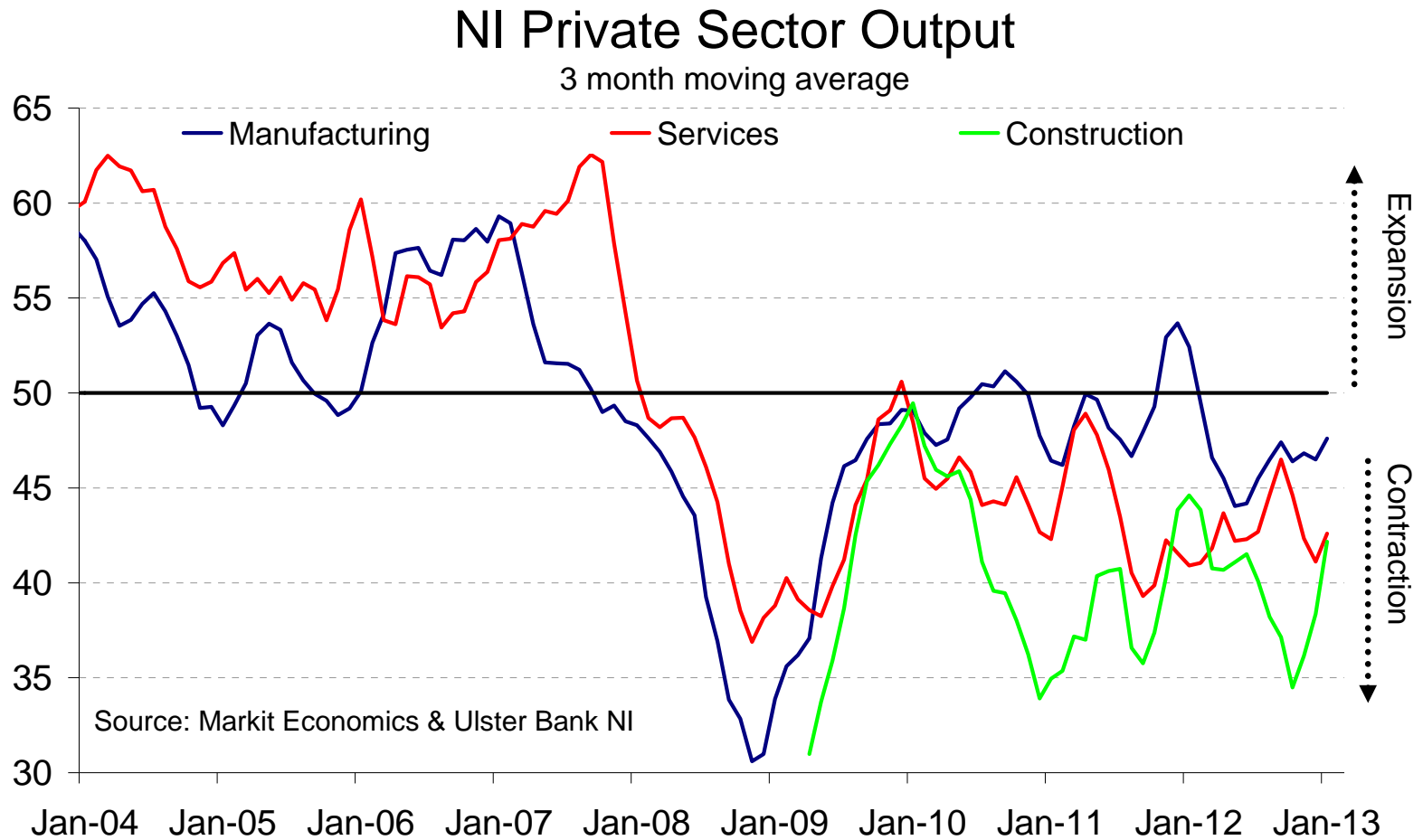
## UK GDP versus UK Composite PMI



# Services & manufacturing remain above 50 in the RoI

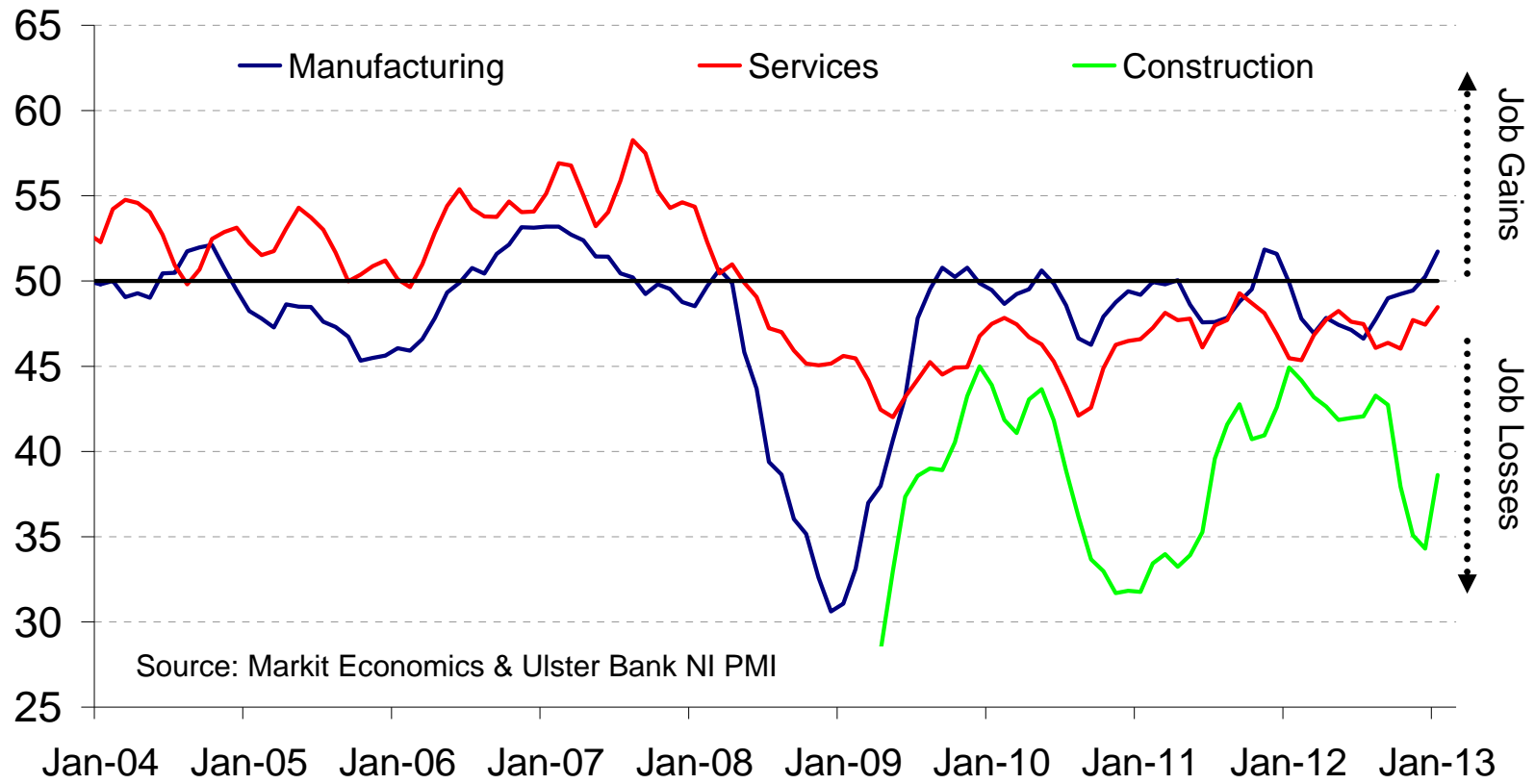


# All sectors in NI contracting....

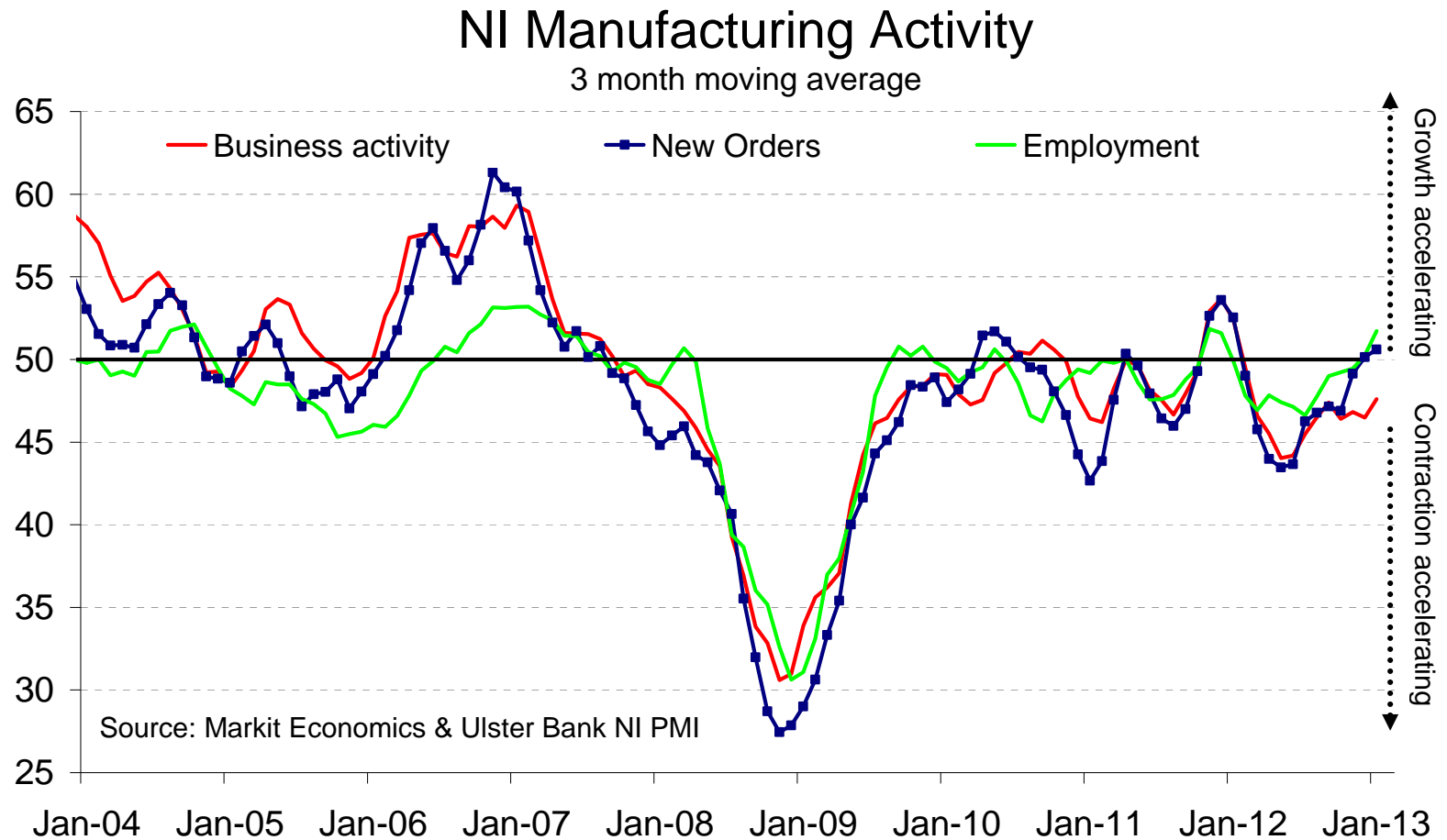


... with services and construction sectors still reporting falling employment levels

NI PMI - Employment Index  
3 month moving average



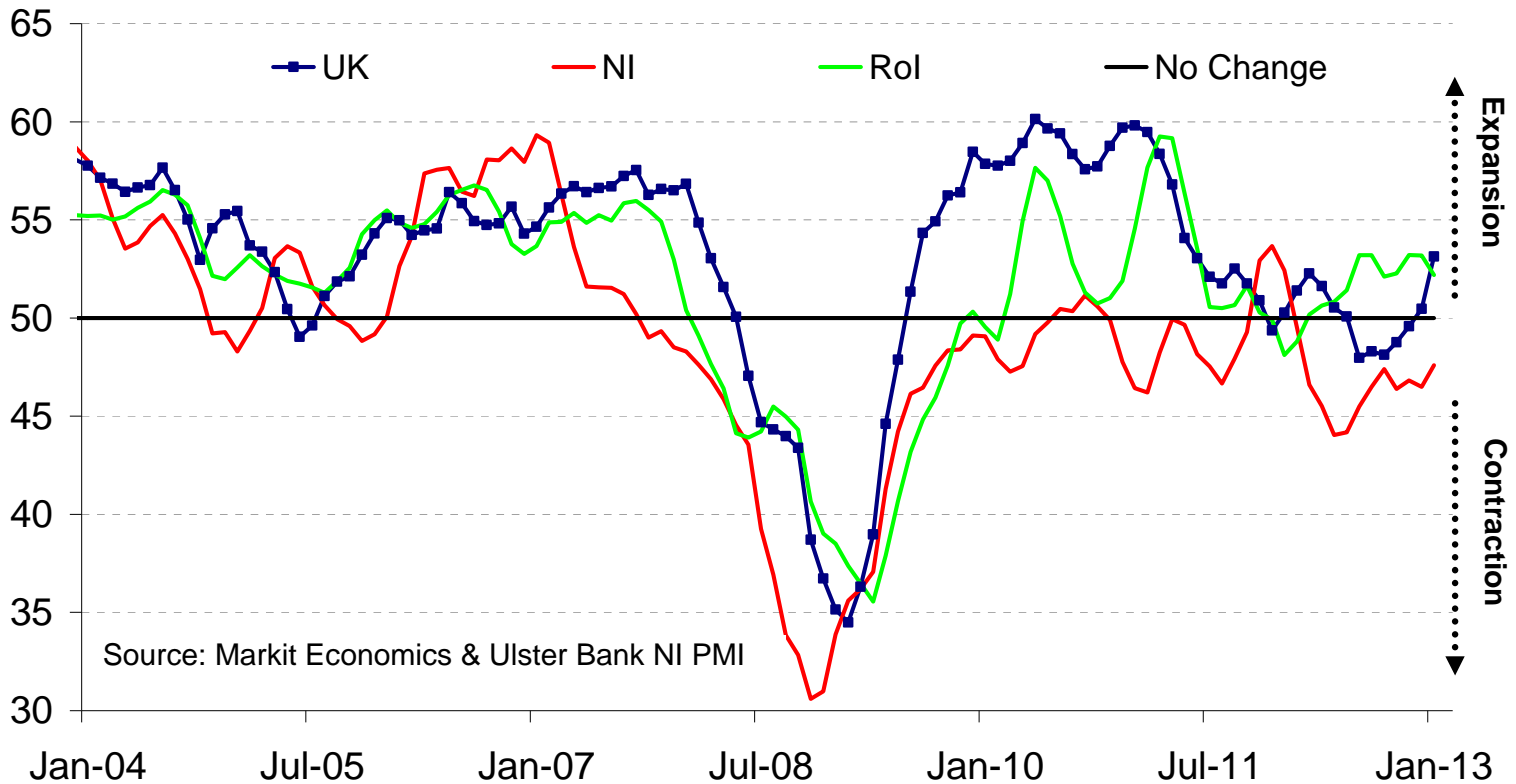
# Manufacturing posts employment and new orders growth over the last three months





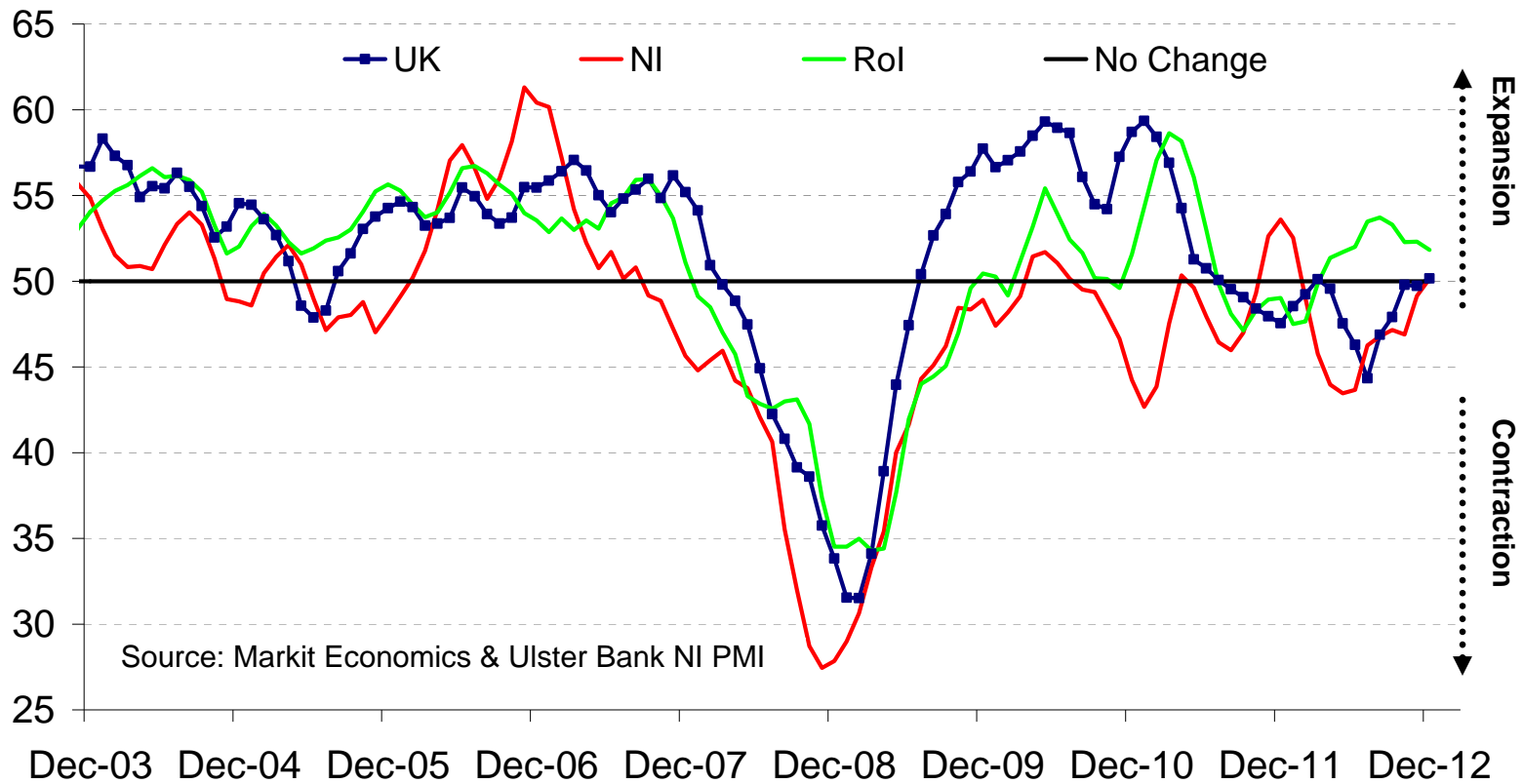
# UK manufacturing output accelerates in January while the RoI sees the pace of growth ease

Manufacturing Output  
3 month moving average



# All 3 economies post growth in new orders

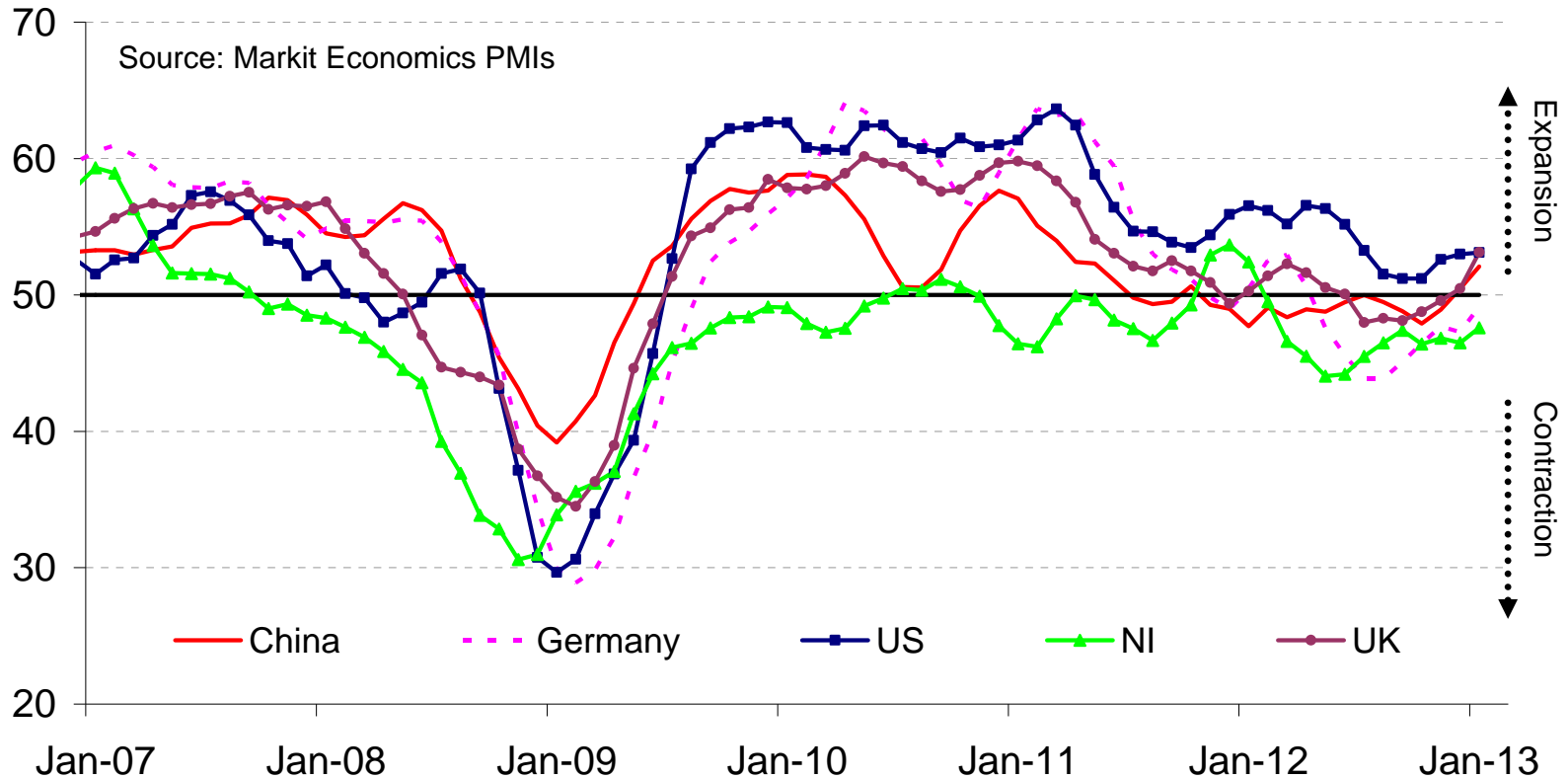
Manufacturing New Orders  
3 month moving average



# N.Ireland manufacturing lagging economies elsewhere

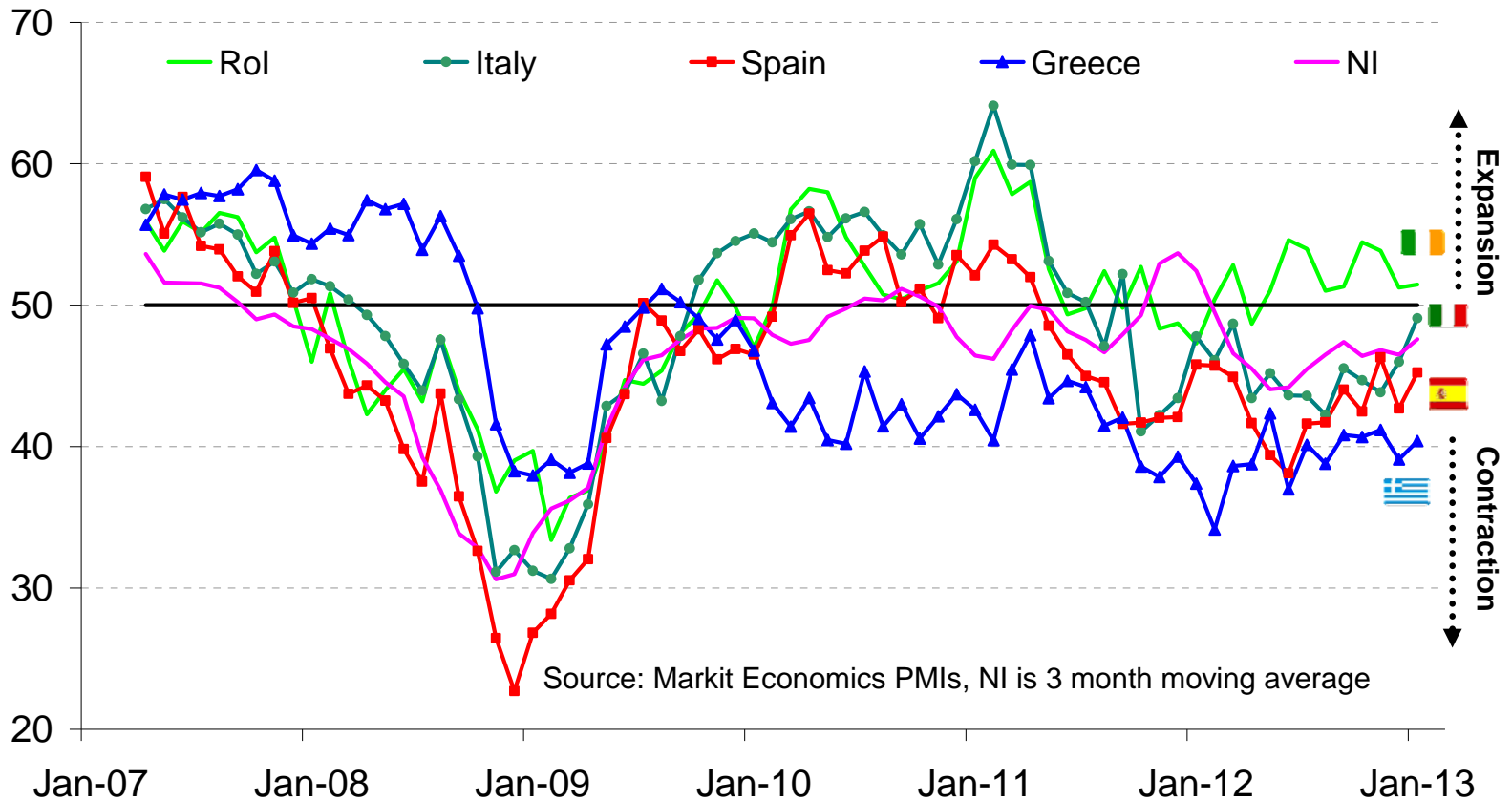
## Manufacturing Output - PMI

3 month moving average



# Ireland is still outperforming its Eurozone partners & NI

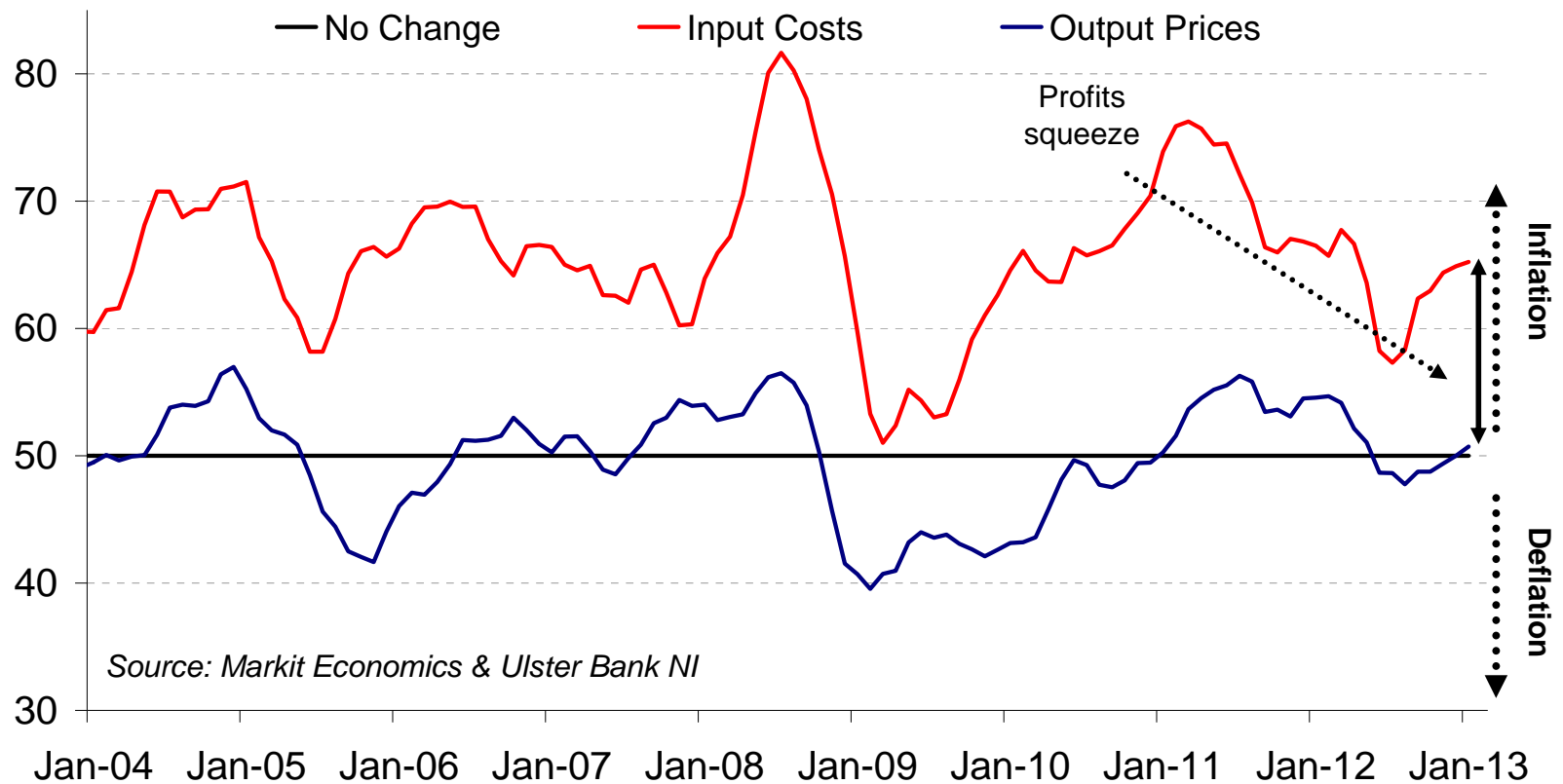
## Manufacturing Output - PMI



# Cost price inflation accelerating for local manufacturing firms though output prices have stopped falling

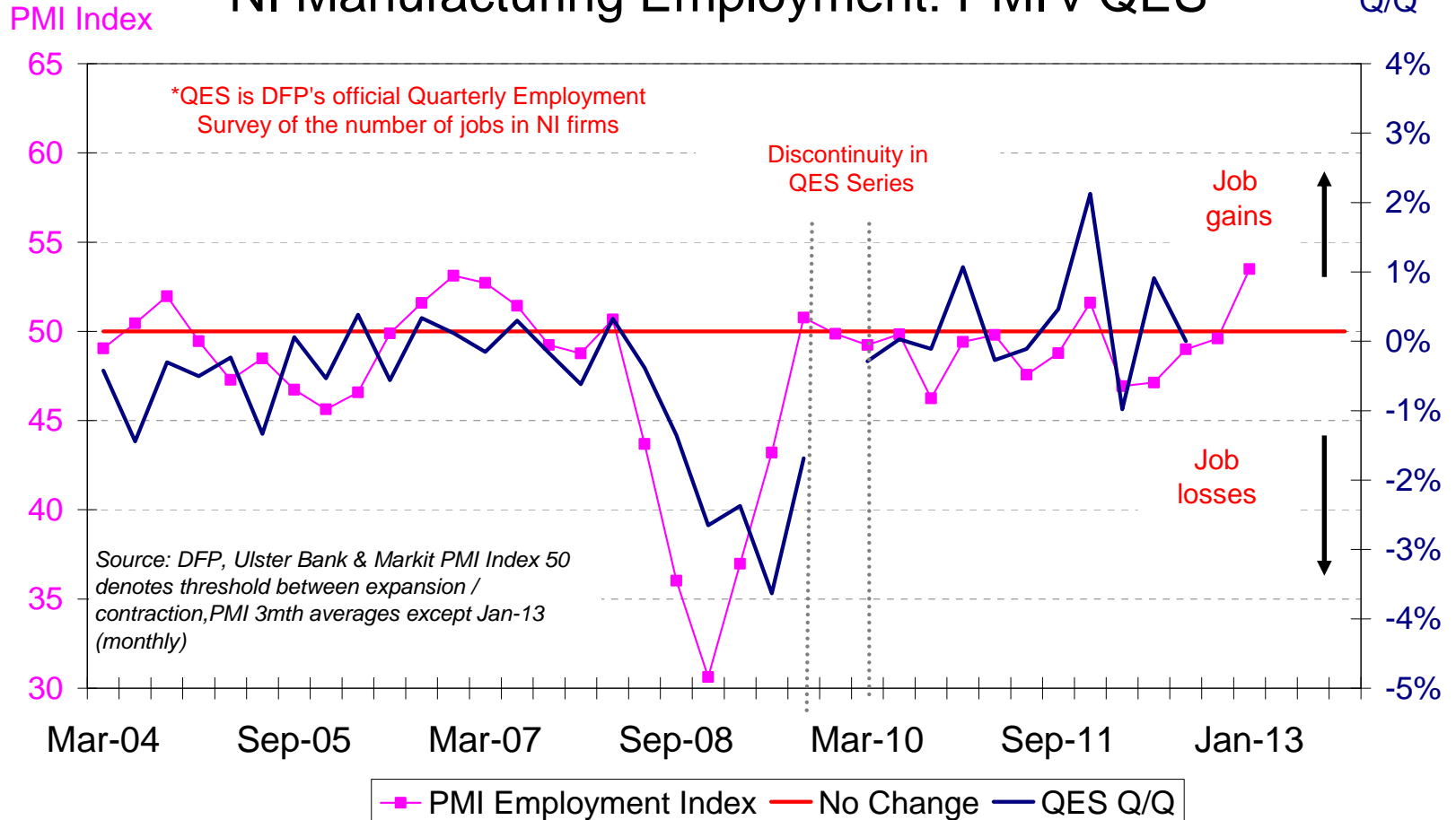
## NI Manufacturing Input & Output Inflation

3 month moving average



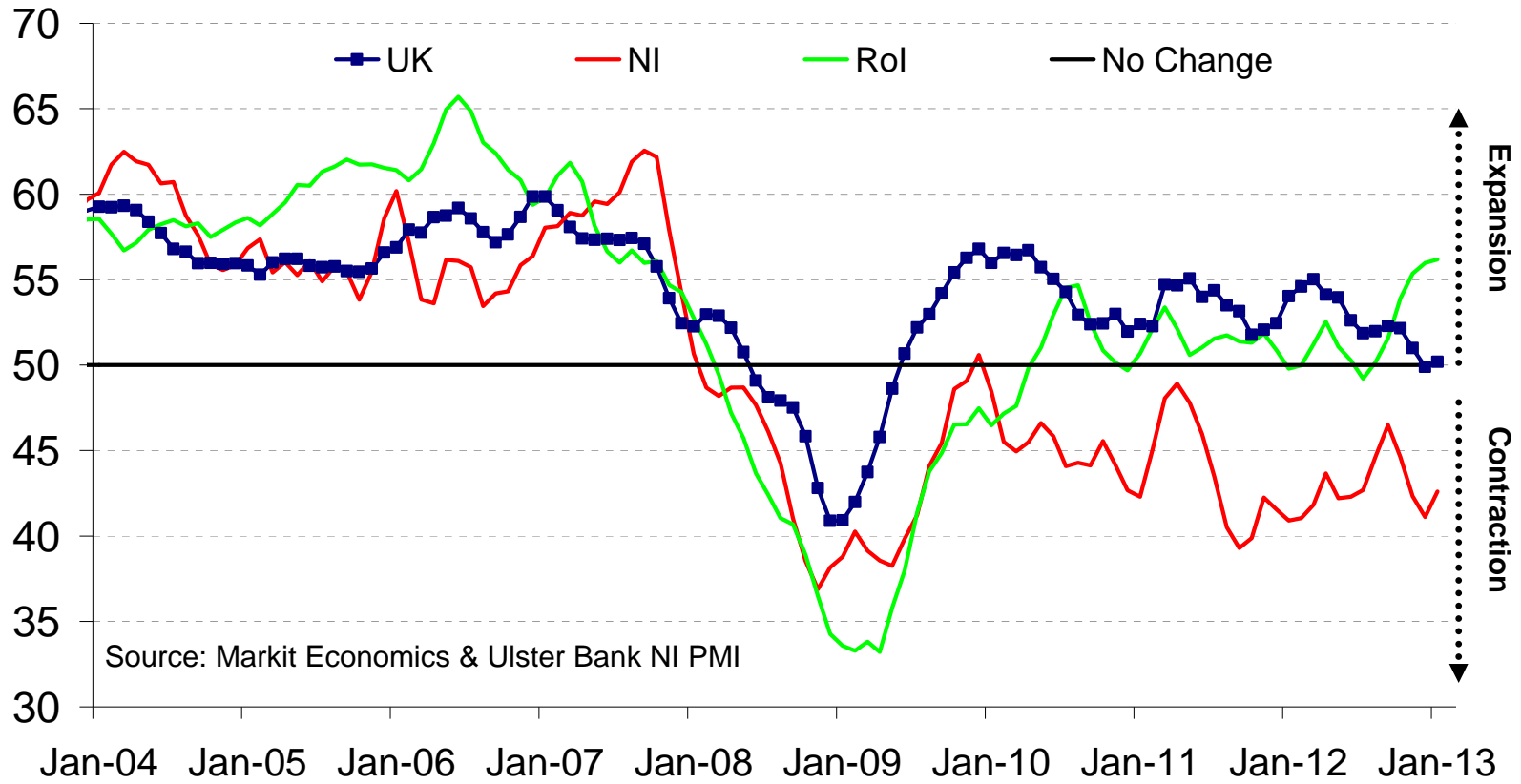
# PMI signals no major job losses in Q4 & growth in Q1 (Jan-13) but FG Wilson announcement still to take effect

## NI Manufacturing Employment: PMI v QES\*



# Rol growth continues while the UK output rebounds in January. Meanwhile NI still posts declines in output

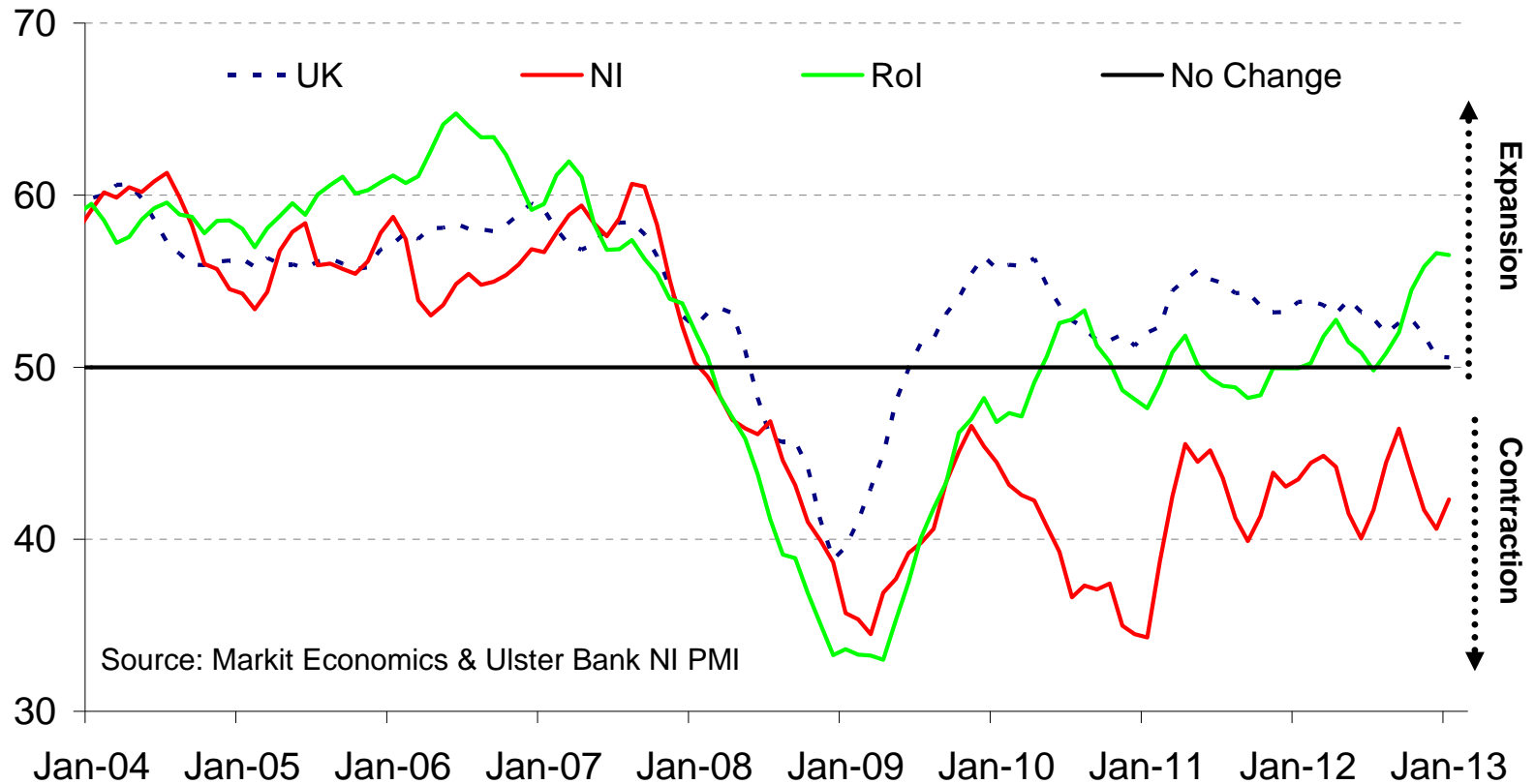
**Services Output (excluding Retail)**  
3 month moving average



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

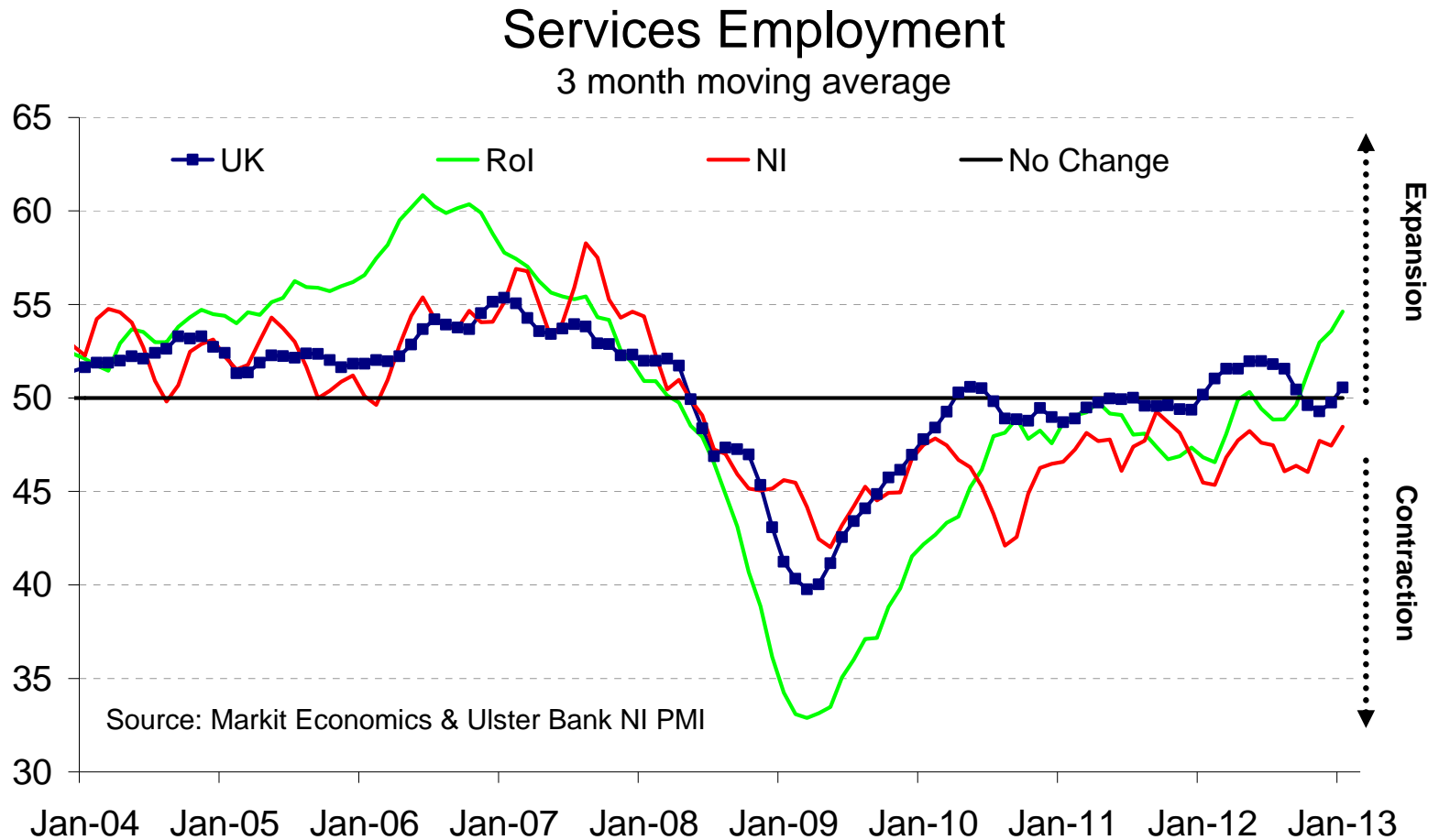
## Services New Orders (*excluding Retail*)

3 month moving average





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



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

## NI Services Employment: PMI v QES\*

Q/Q

PMI Index

65

60

55

50

45

40

\*QES is DFP's official Quarterly Employment Survey of the number of jobs in NI and includes the public sector

Discontinuity in QES Series

Job gains

Job losses

Source: DFP, Ulster Bank & Markit Economics, PMI Index 50.0 denotes threshold between expansion / contraction, PMI 3mth averages except January 2013 which is based on single month

Mar-04

Sep-05

Mar-07

Sep-08

Mar-10

Sep-11

Jan-13

■ PMI Employment Index — No Change — QES Q/Q

1.5%

1.0%

0.5%

0.0%

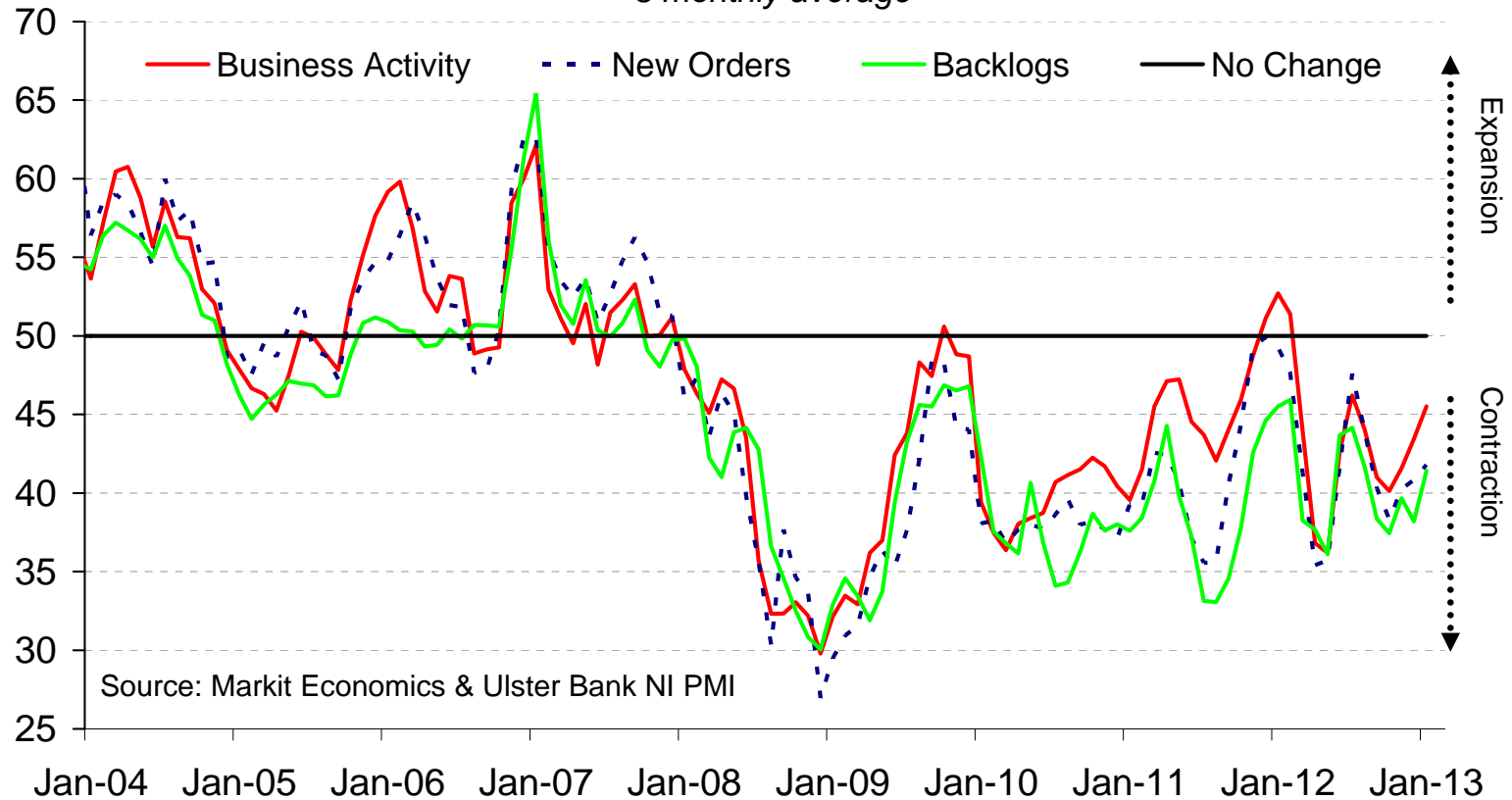
-0.5%

-1.0%

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

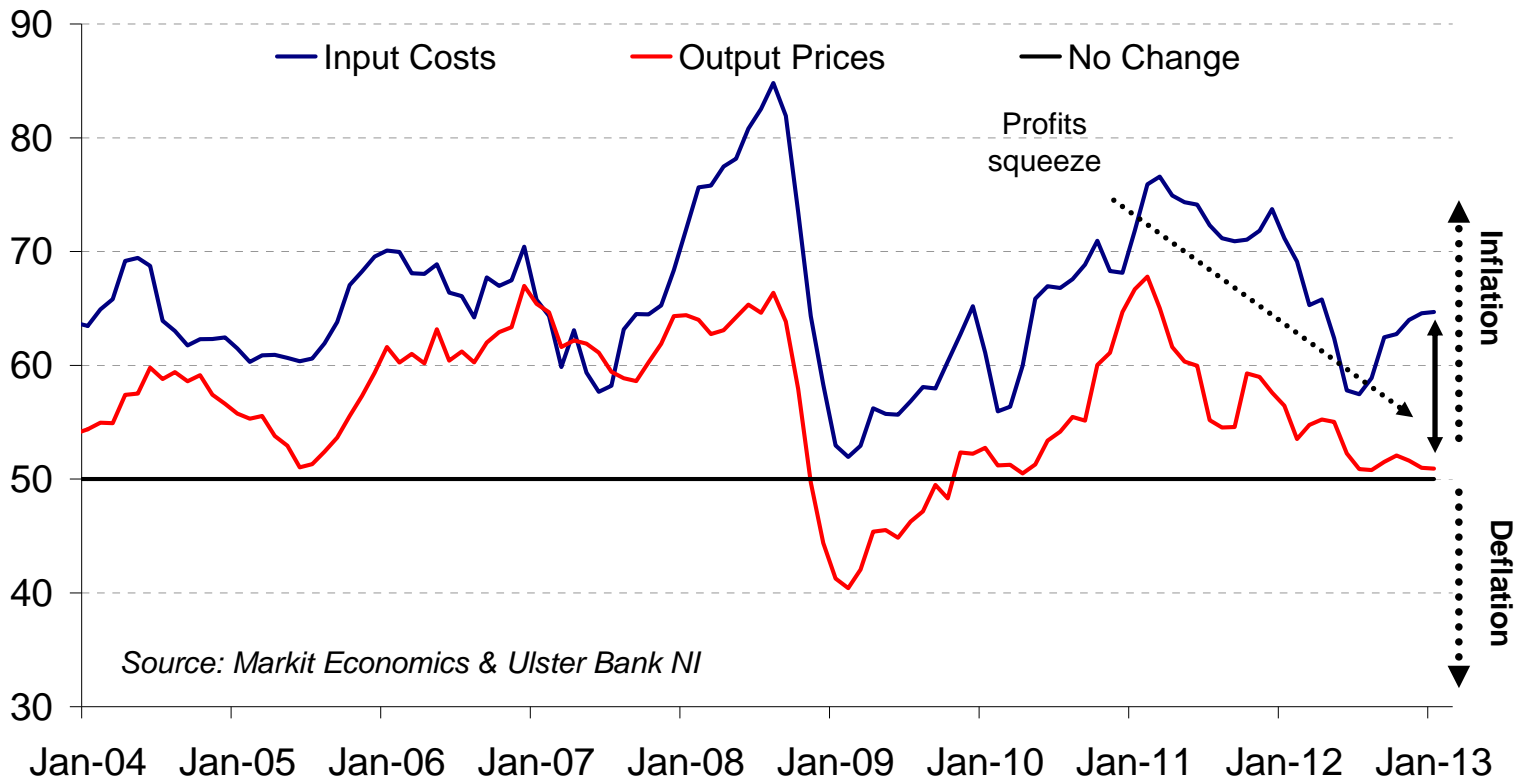
## Northern Ireland Retail PMI

3 monthly average



# Profits squeeze on local retailers intensifies

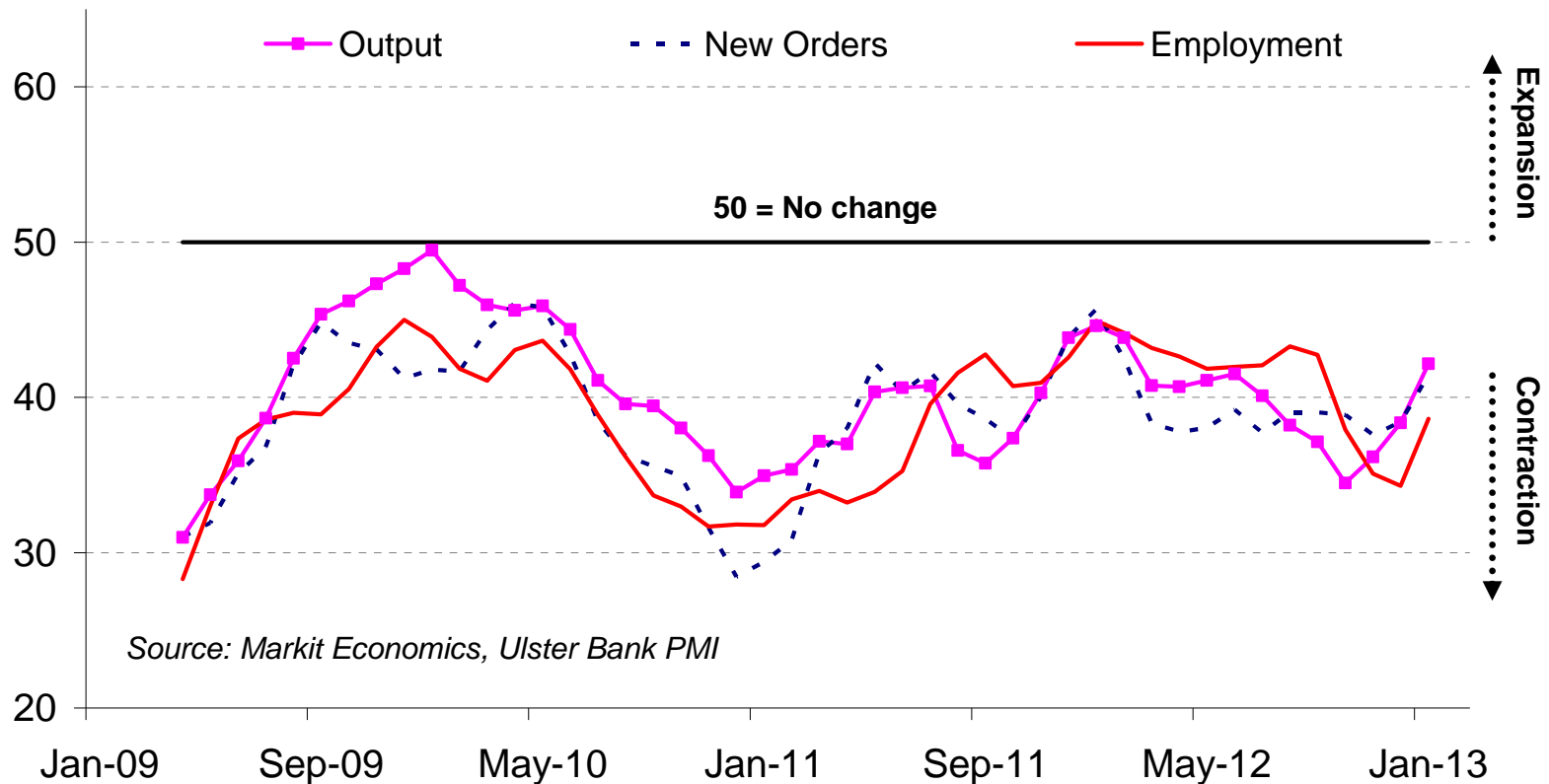
## NI Retail Input & Output Inflation 3 month moving average



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

## NI Construction PMI

3 month moving average

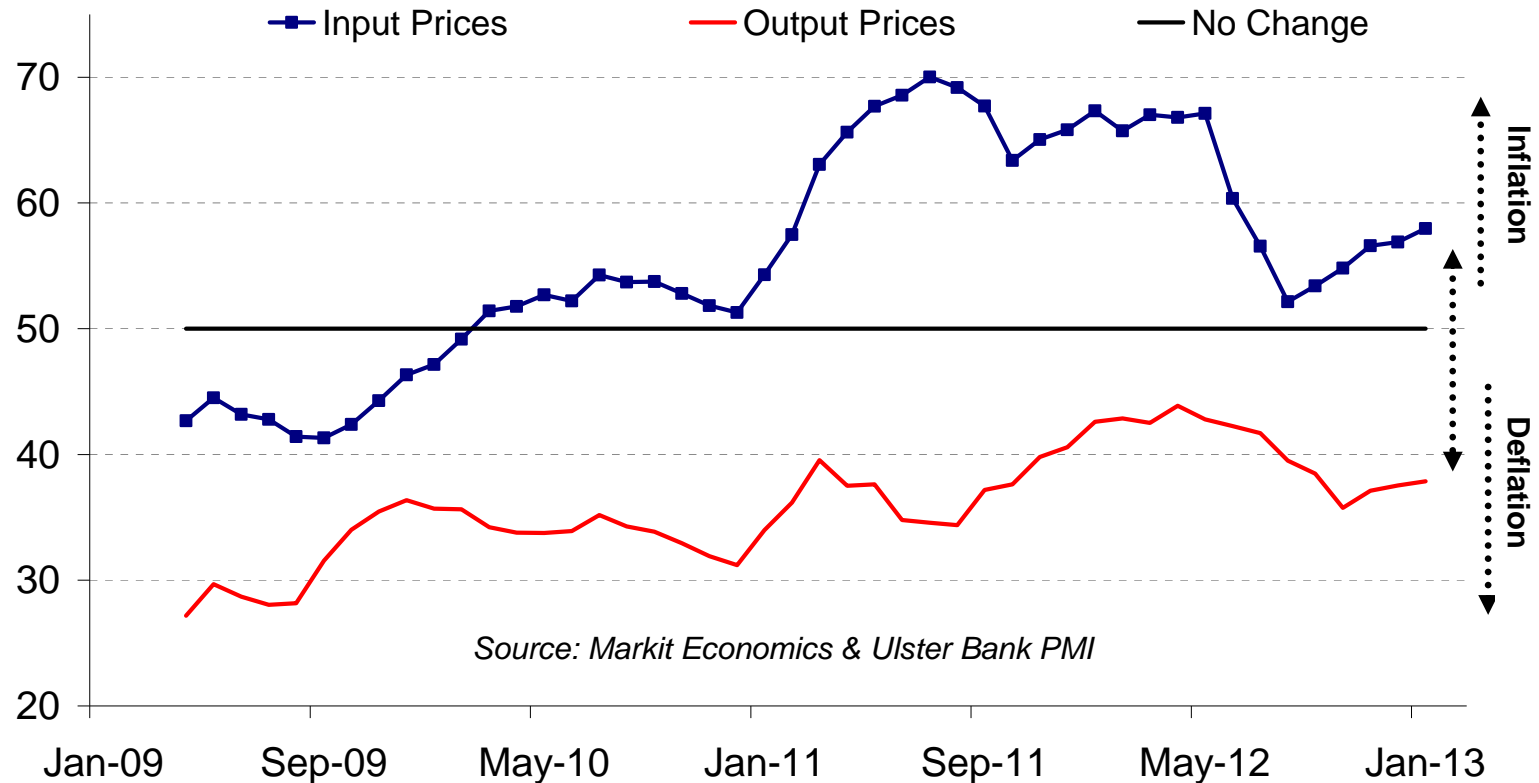


# ...with profits squeeze continuing

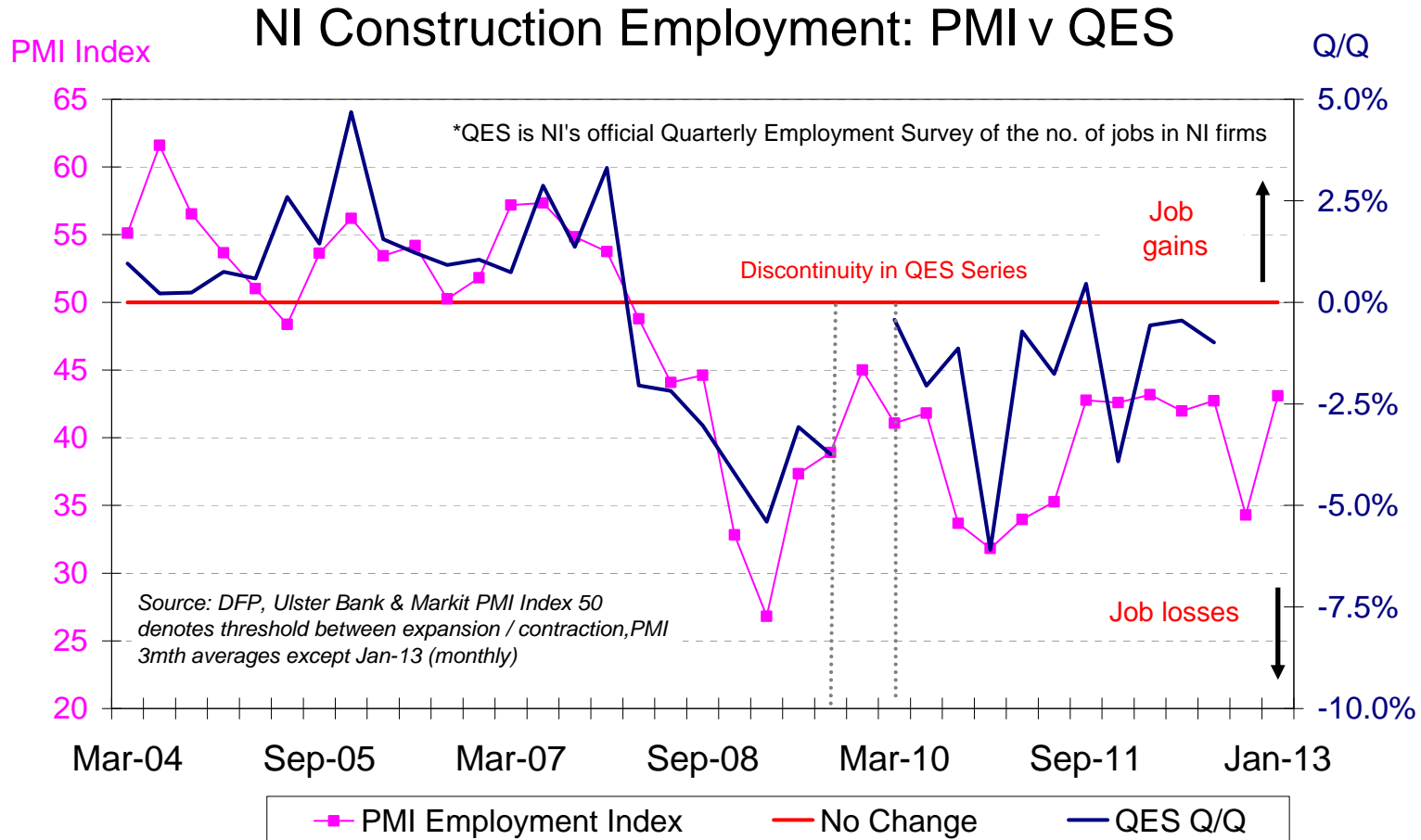
## NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



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

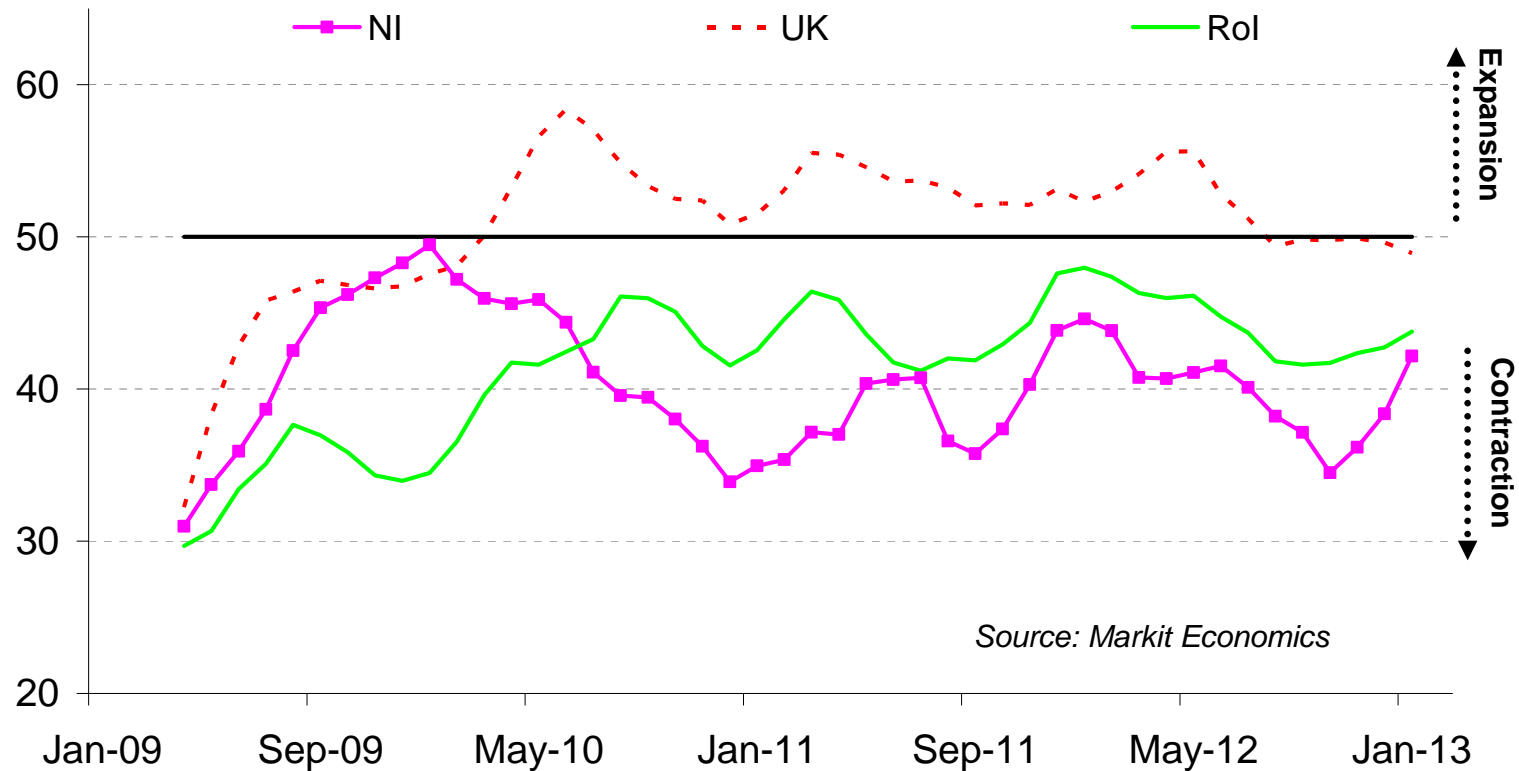


# UK, RoI & NI all post contractions in construction output

## Construction Sector Output - PMI

3 month moving average

PMI Index



Source: Markit Economics

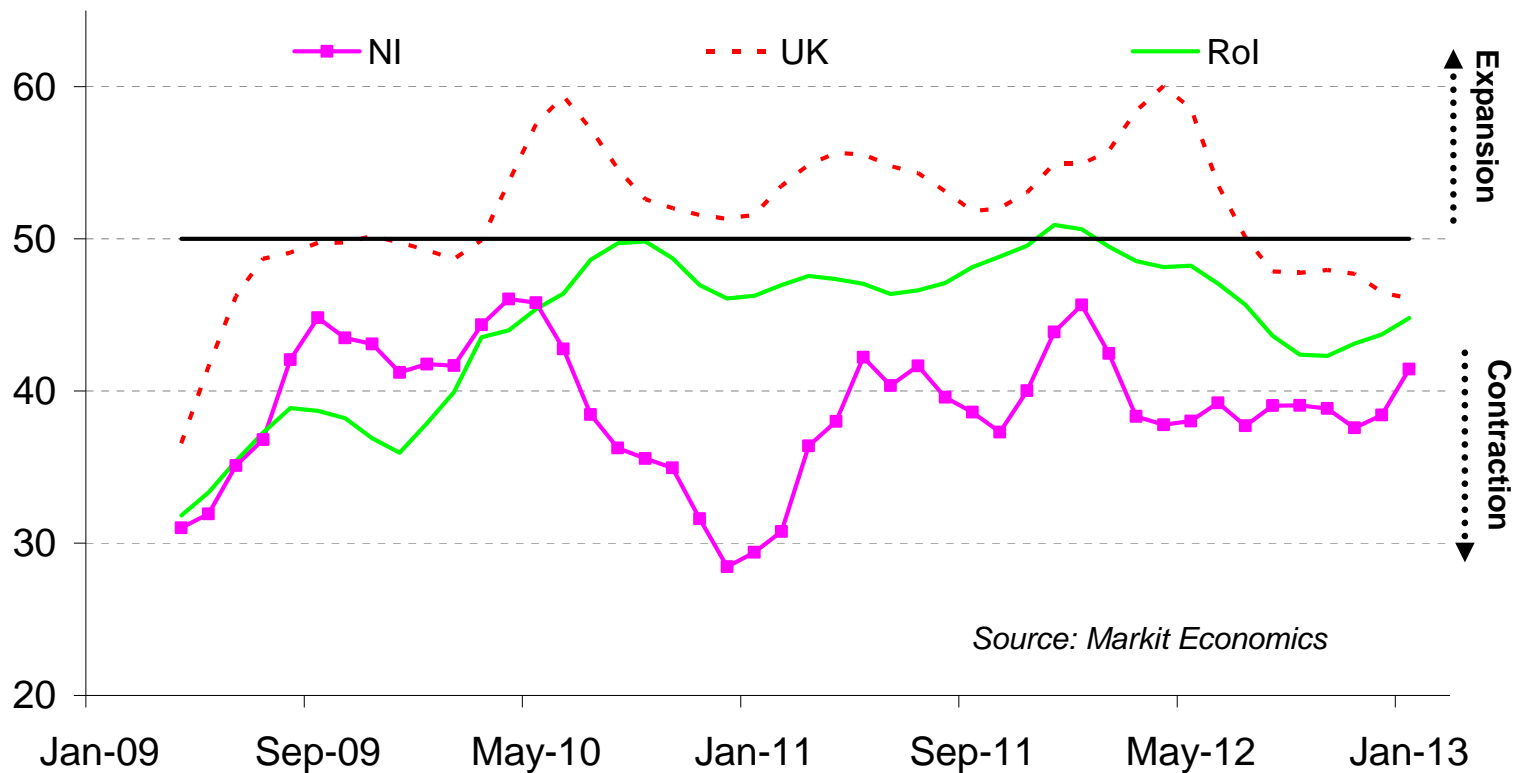


# ... and with new orders falling in NI, UK & RoI

## Construction Sector New Orders - PMI

3 month moving average

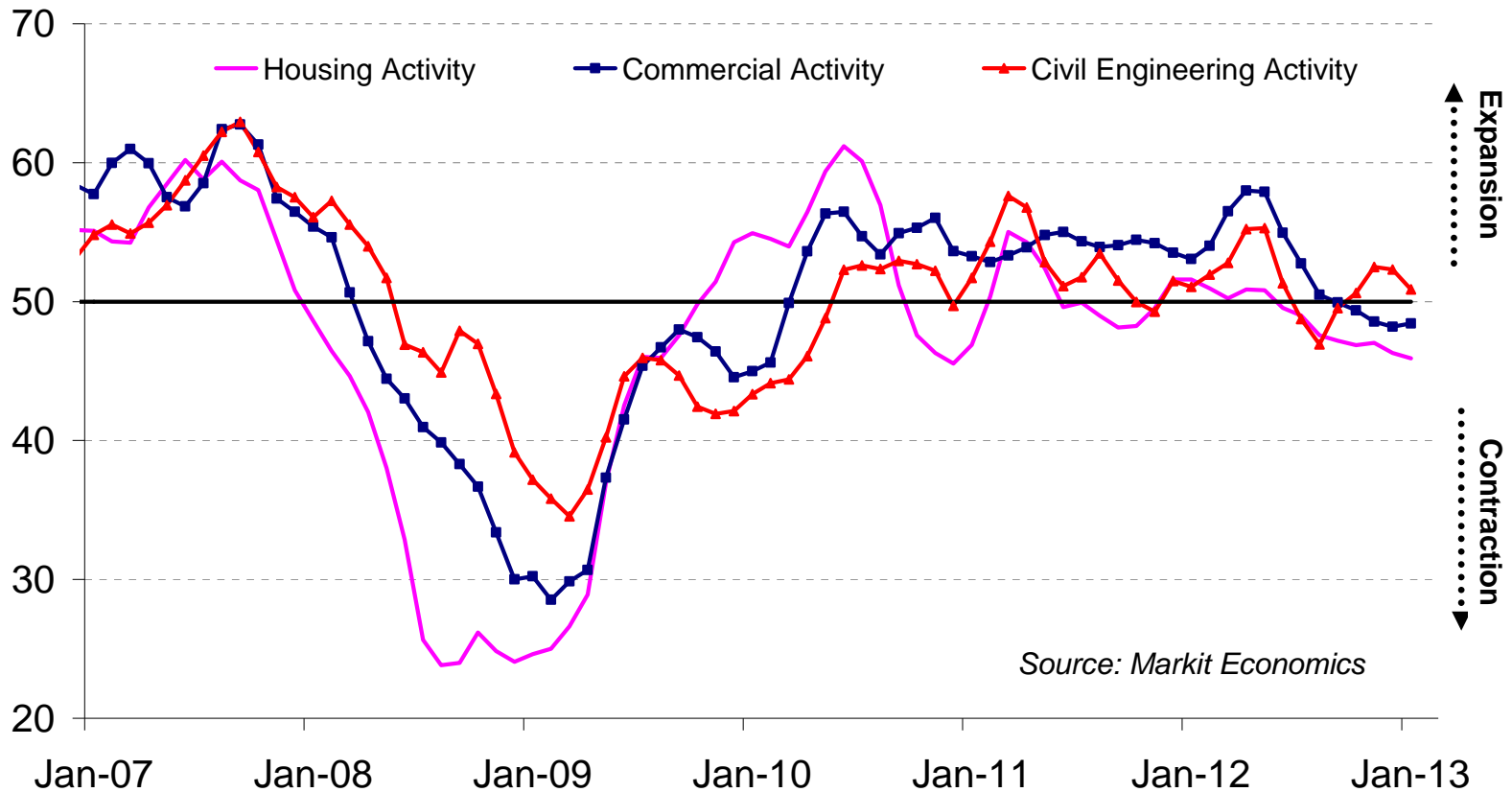
PMI Index



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

## UK Construction Activity - PMIs

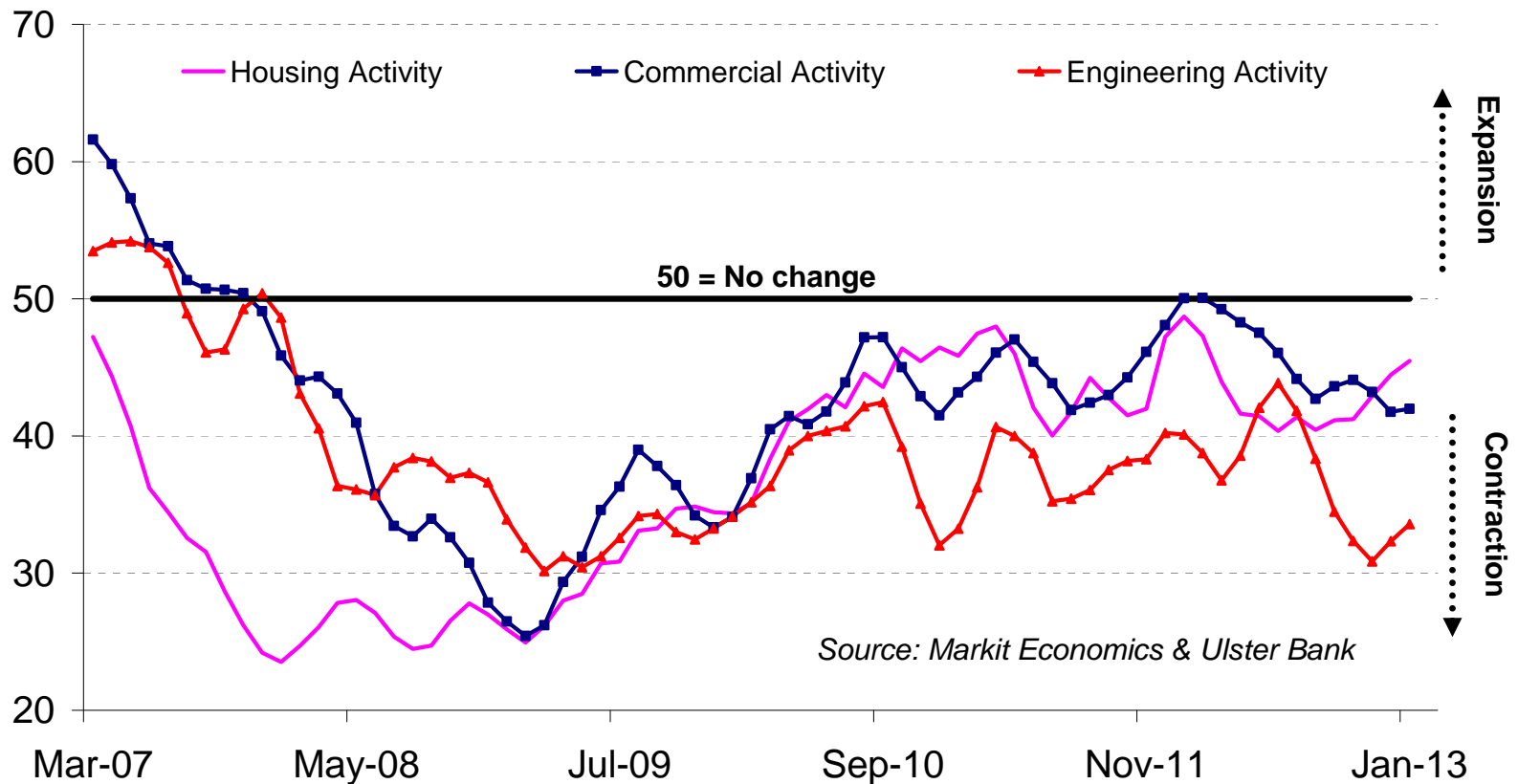
3 month moving average



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

## Republic of Ireland Construction Activity - PMI

3 month moving average



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