
Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

July 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.

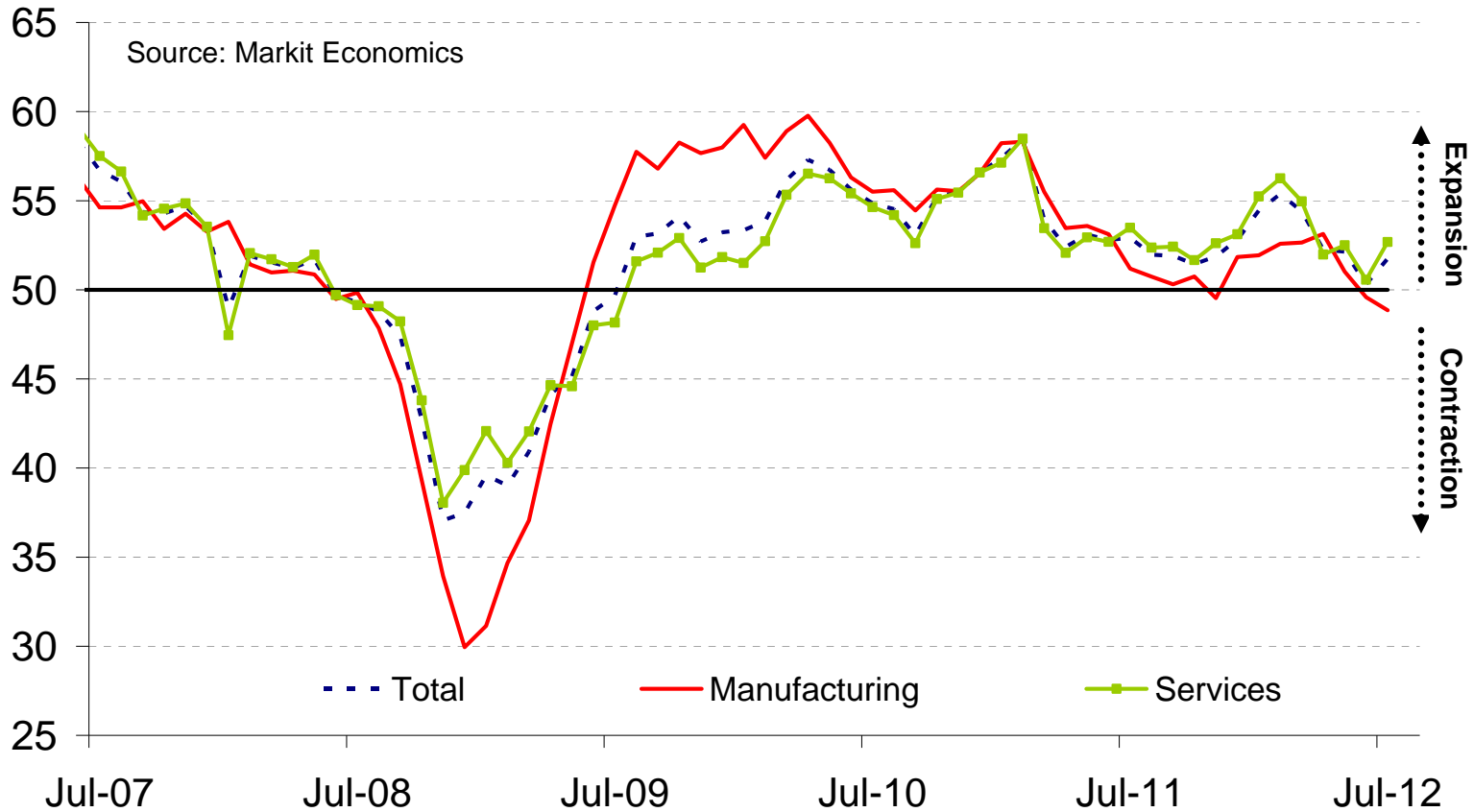
Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

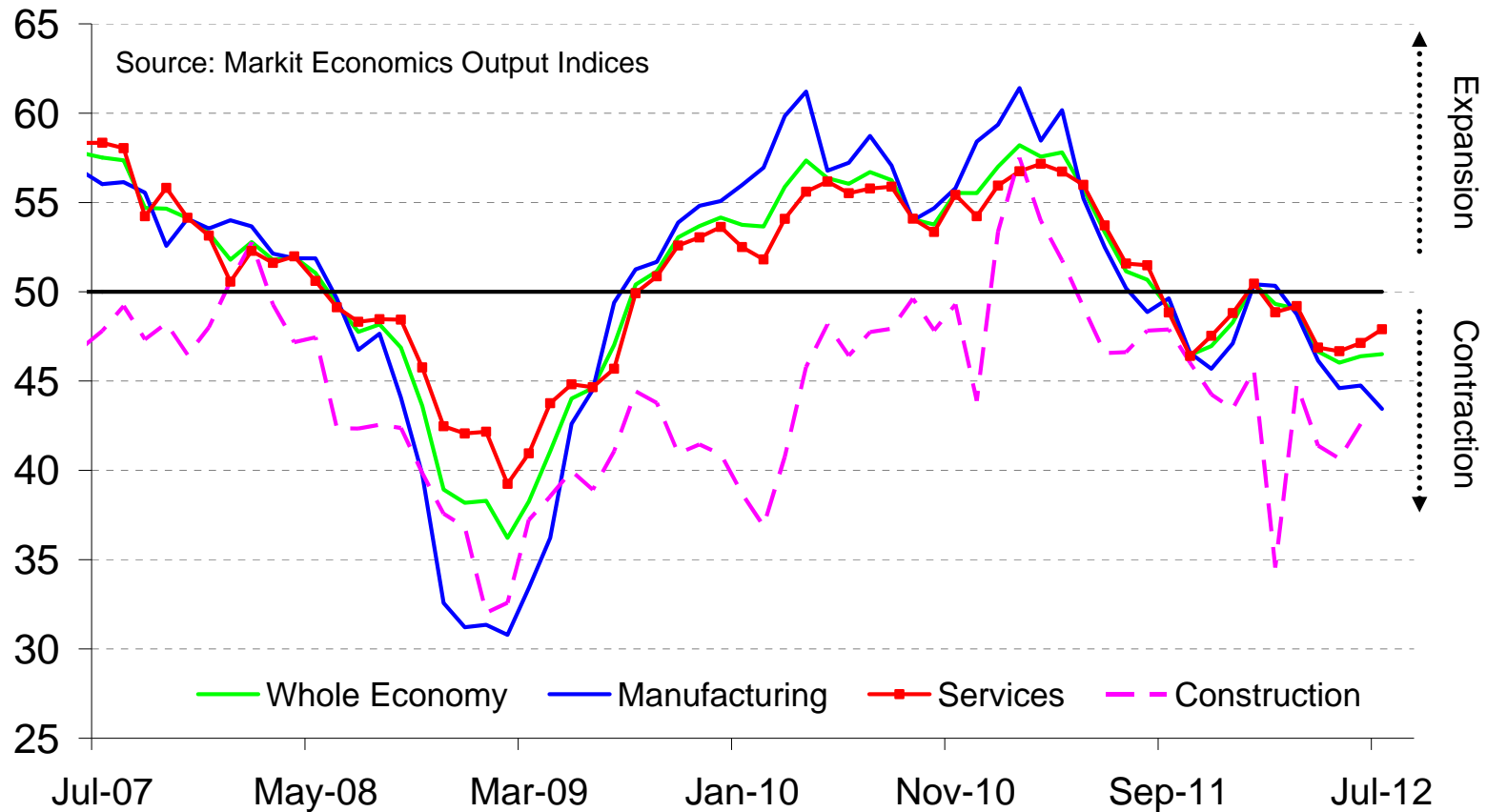
Global manufacturing output records 2nd successive sub-50 reading in July

Global Output - PMI



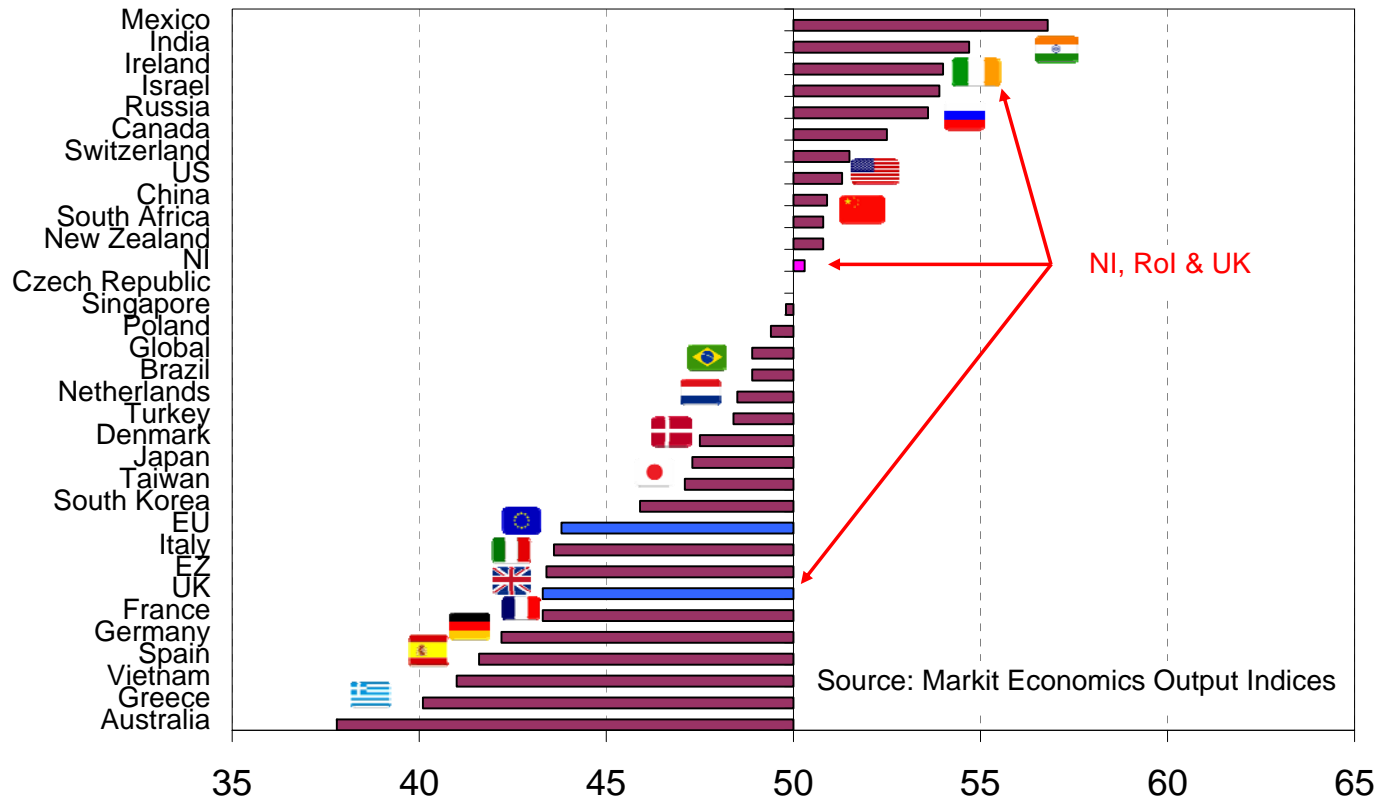
All sectors within the eurozone are contracting

Eurozone PMIs: Output



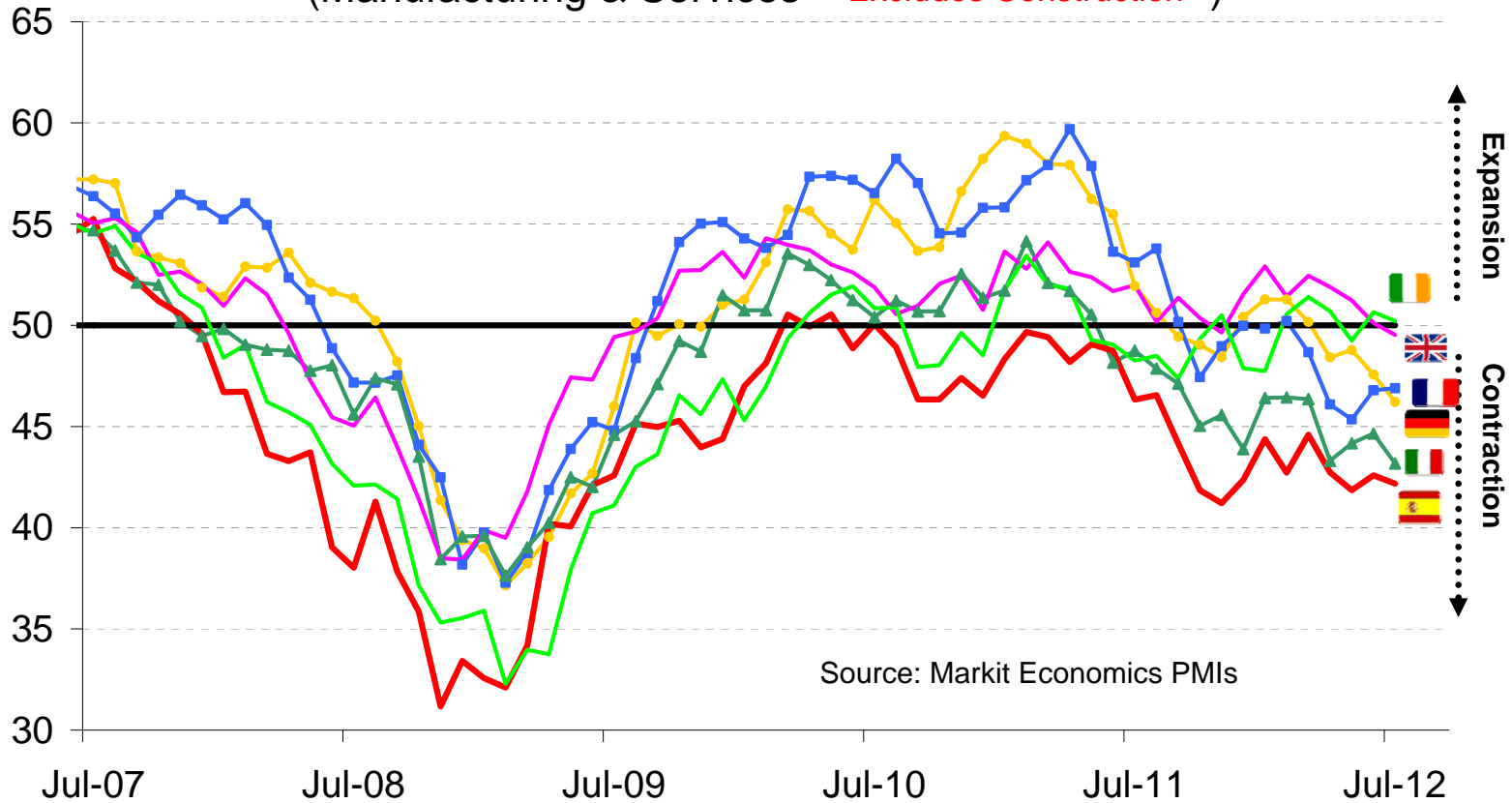
Australia, Greece & Vietnam post sharpest falls in manufacturing output. Mexico, India & RoI strongest gains

PMIs: Manufacturing Output July 2012



Republic of Ireland outperforms its European competitors in July (due to manufacturing)

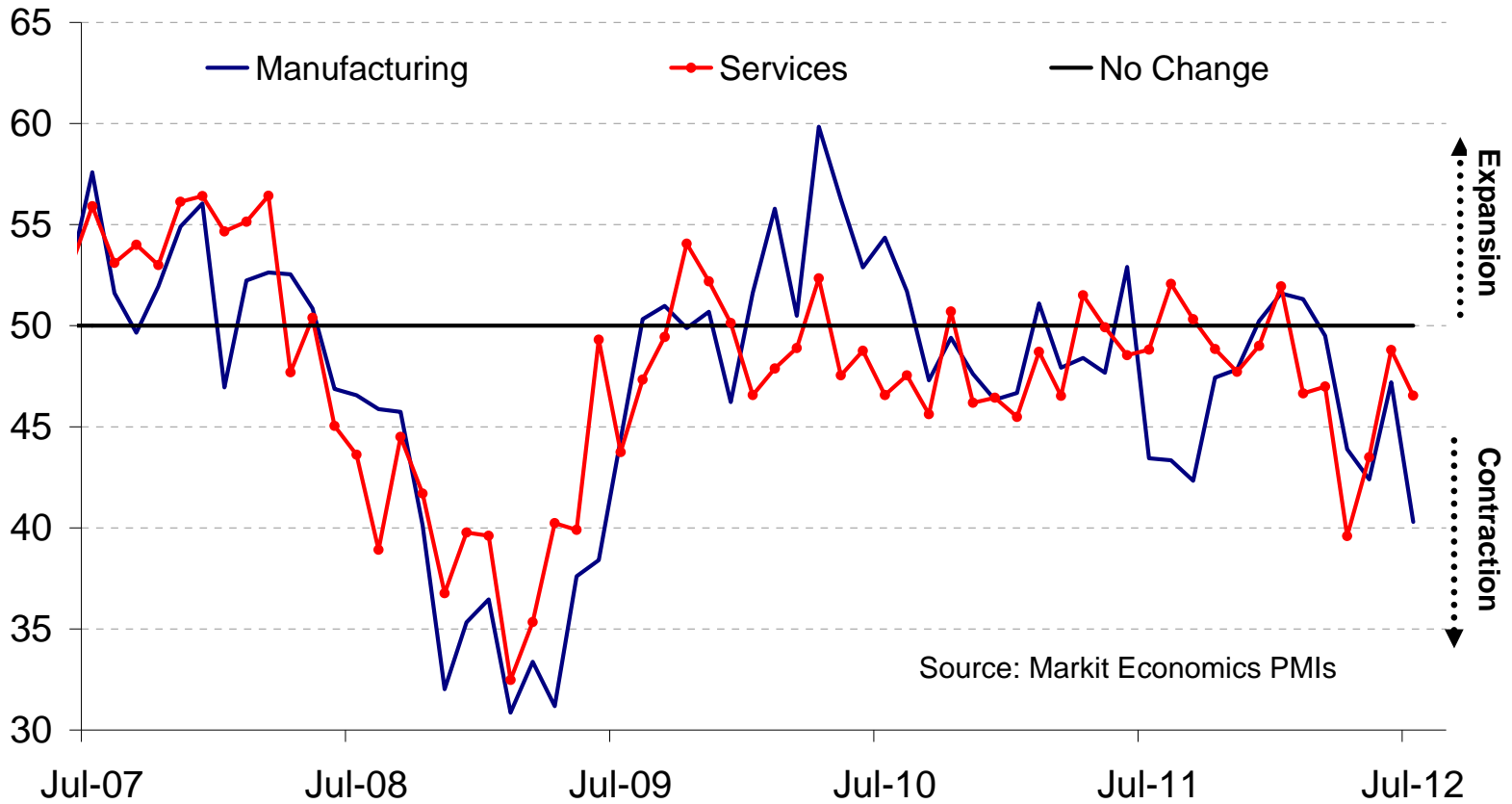
Composite PMIs (Manufacturing & Services ** Excludes Construction**)



PMIs in Australia plunging 'Down Under' 50 threshold



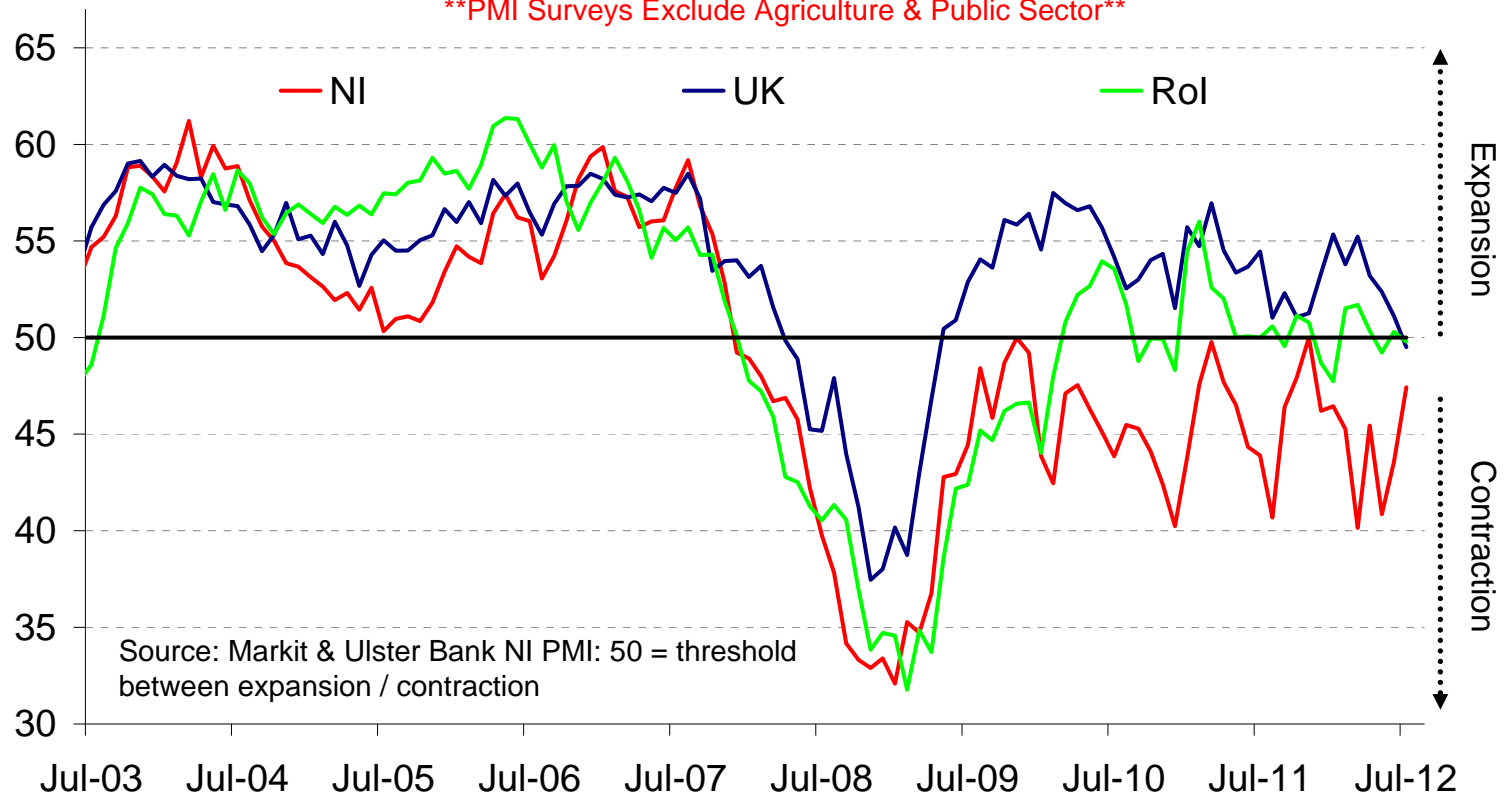
Australia - PMI



NI's private sector contracts at its slowest rate in 8 months

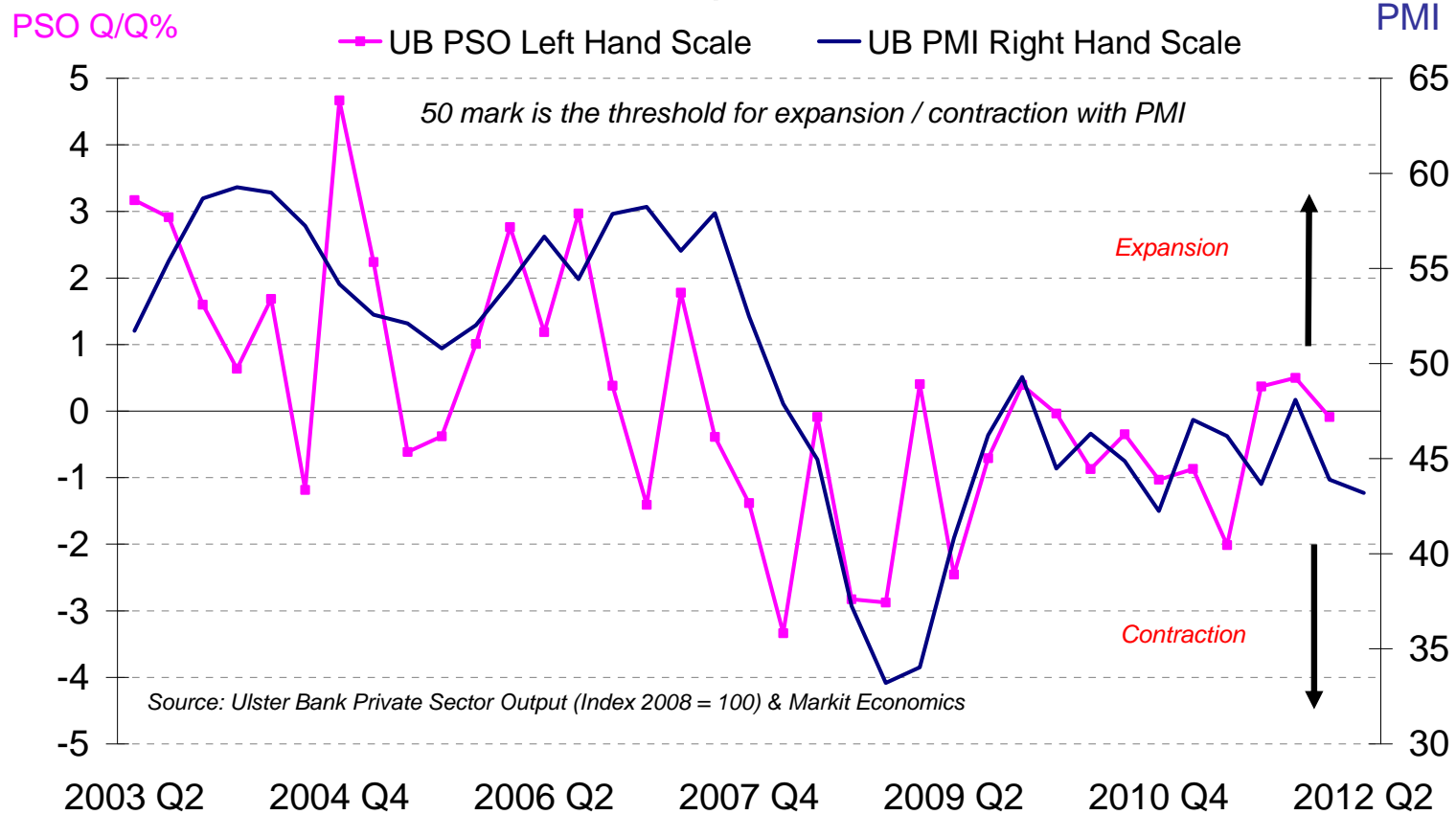
Private Sector Business Activity - PMIs

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



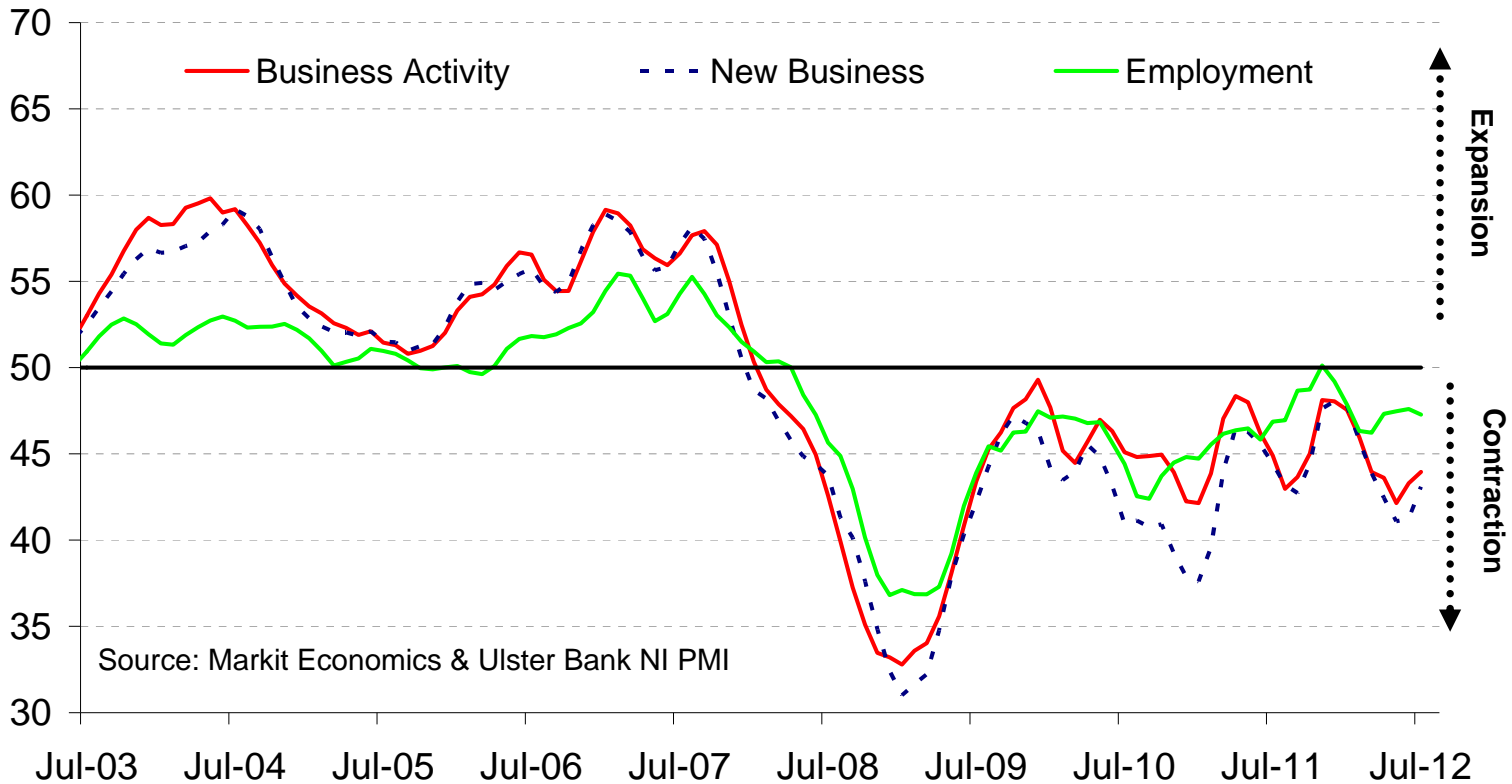
PMI did not signal growth in Q3 & Q4 output that the private sector composite index (combines DFP indices for construction, services and industrial production) did

NI Private Sector Output Index Versus NI PMI



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

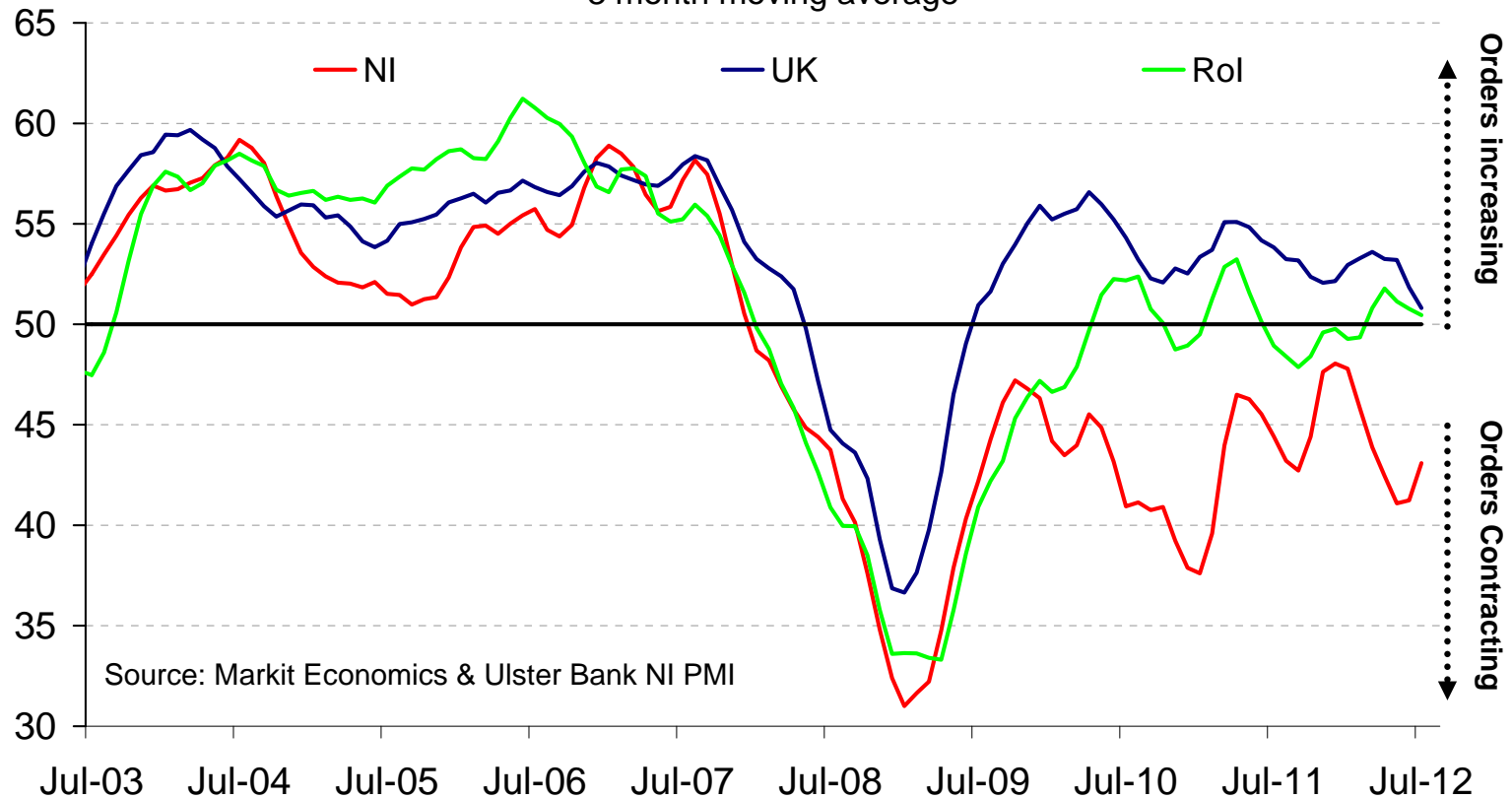
NI Private Sector Activity 3 month moving average



Forward looking new orders contracted at their slowest rate in May since November 2011

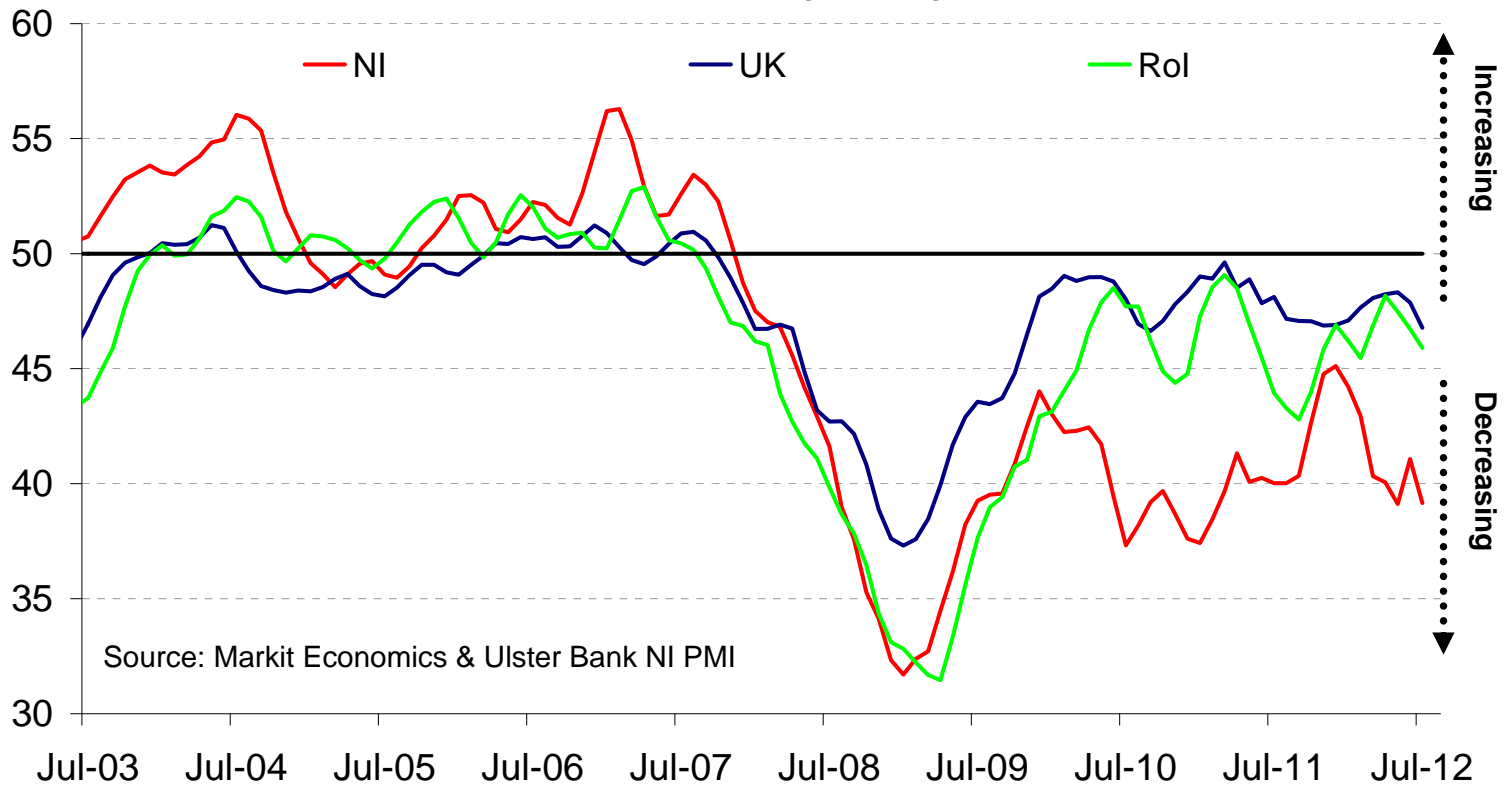
Private Sector New Orders

3 month moving average

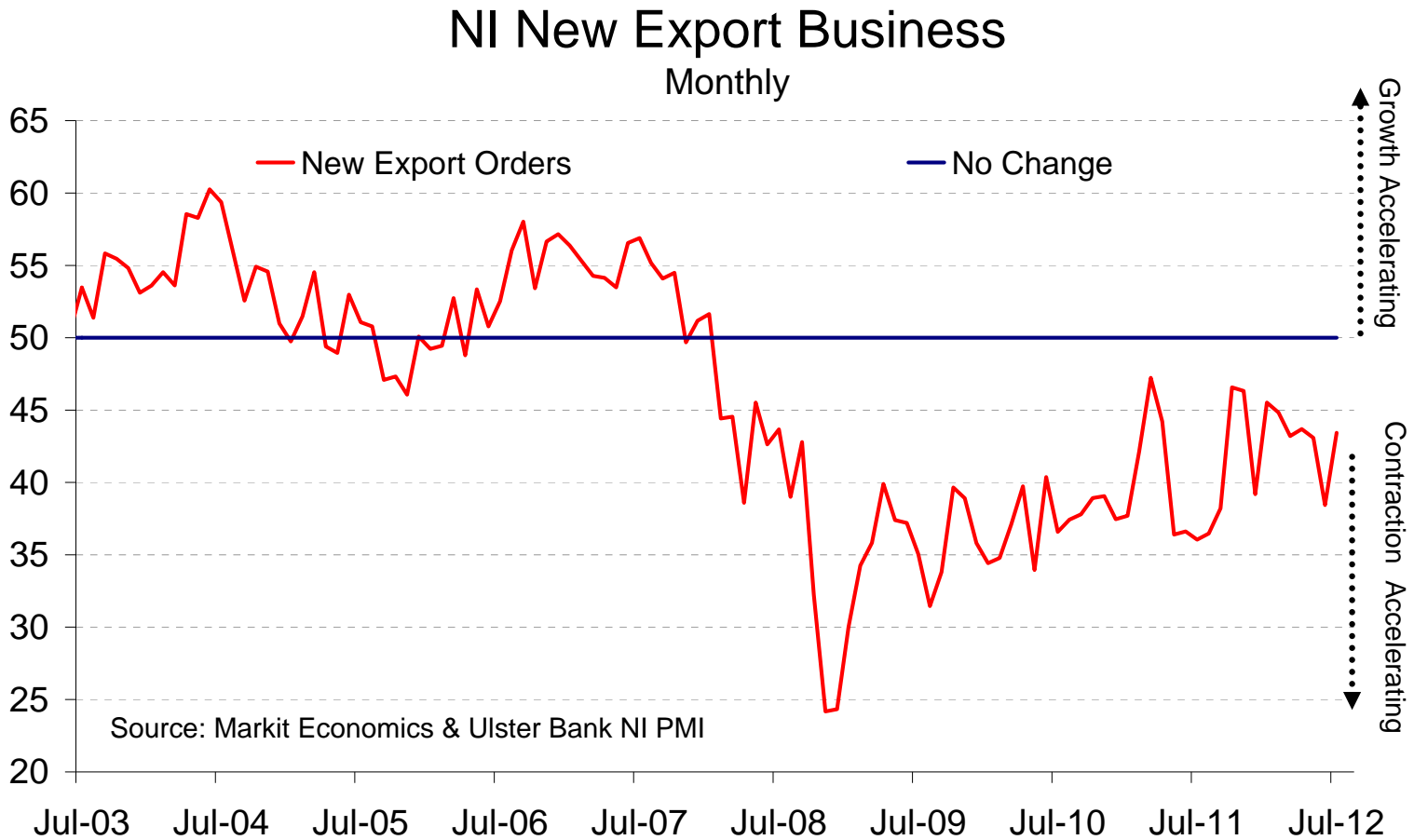


NI's levels of work outstanding still falling at a rapid rate in July

Private Sector Backlogs
3 month moving average



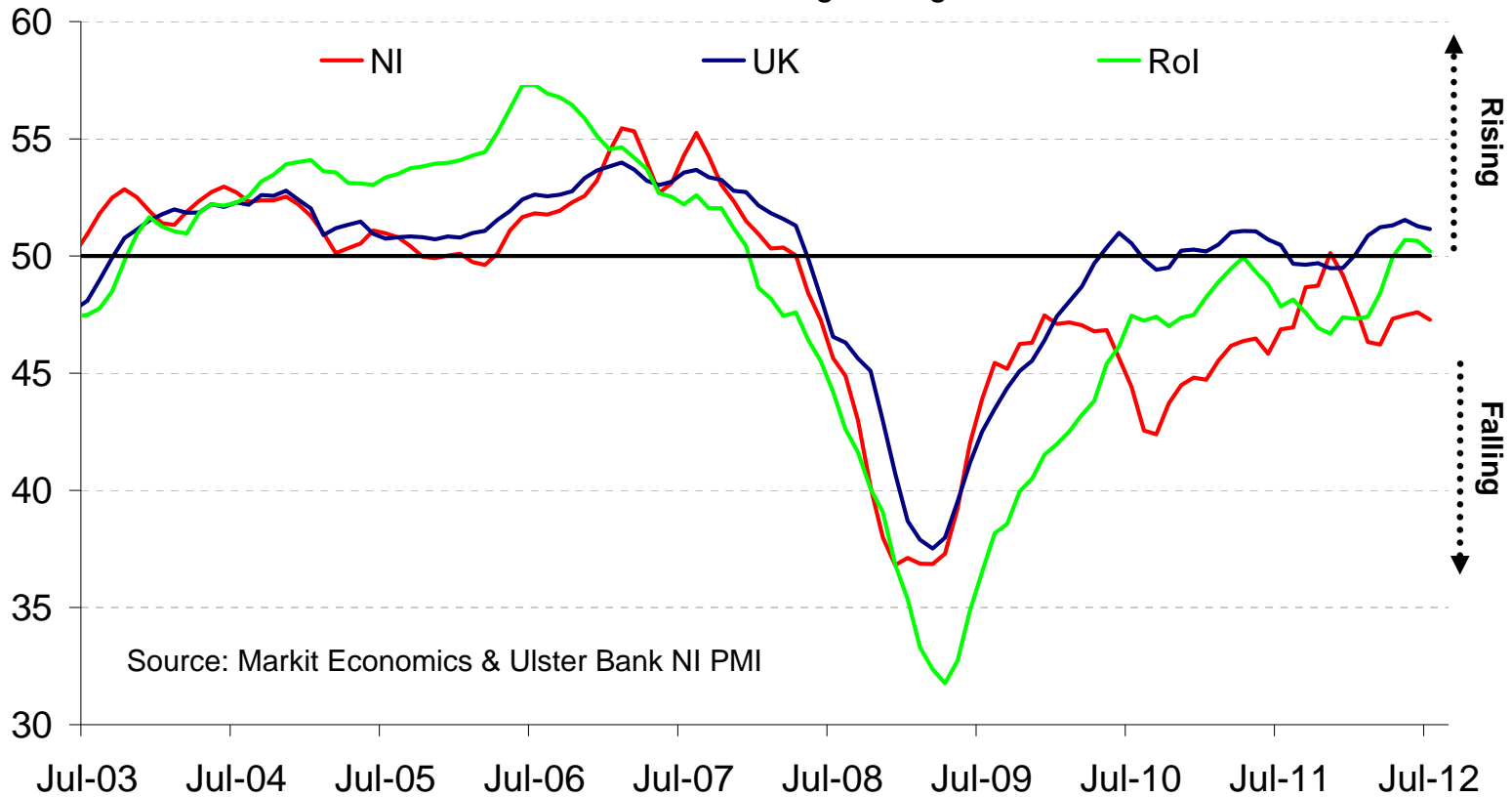
30% of firms saw export orders fall in July



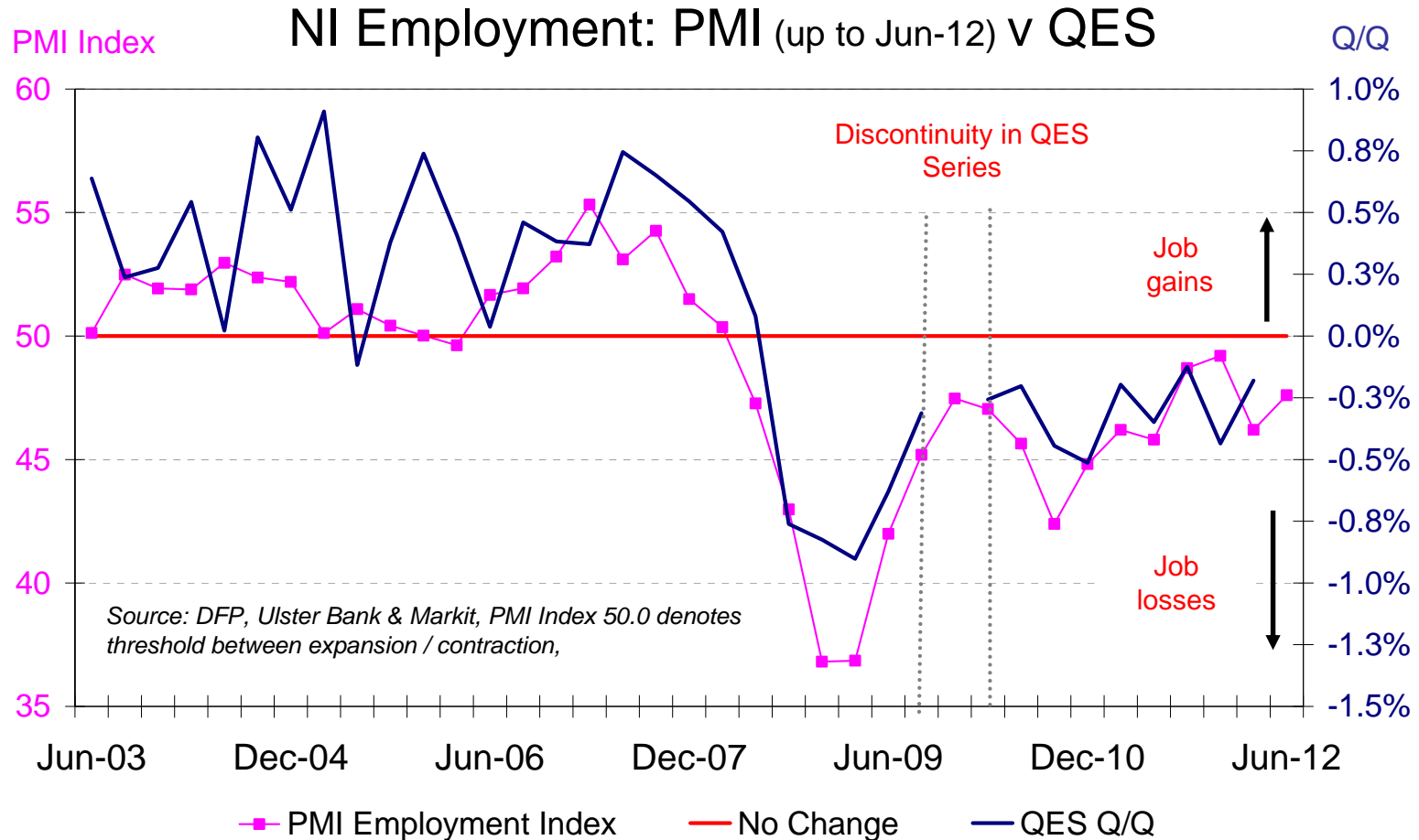
The NI-UK divergence in employment creation continues

Private Sector Employment Levels

3 month moving average



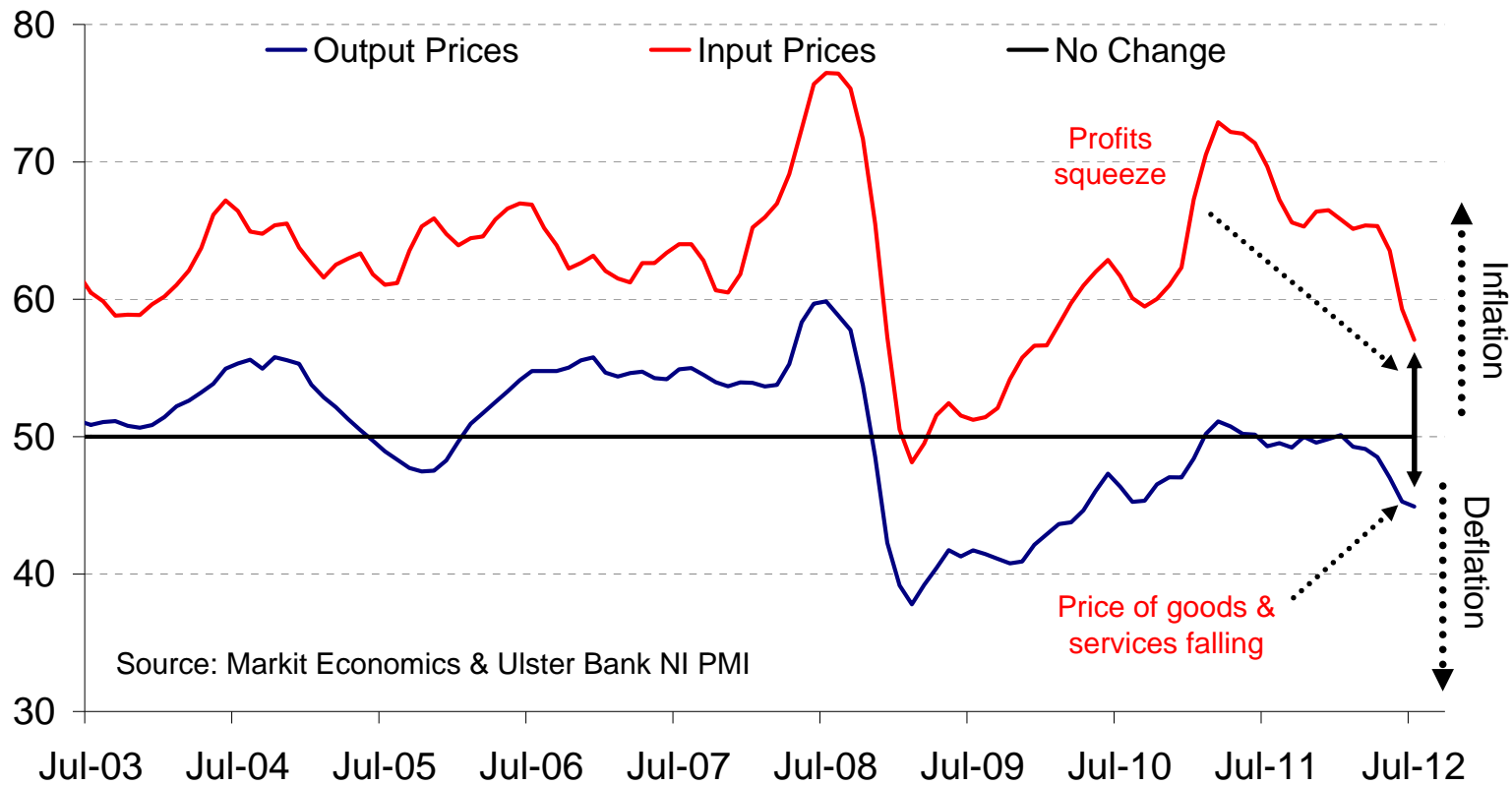
PMI underestimated job losses in Q4 (relative to official Quarterly Employment Survey – QES) with further job losses in Q1 & Q2 2012



Input cost inflation eases but output price deflation remains a problem

NI Private Sector Profit Squeeze

3 Month Moving Average



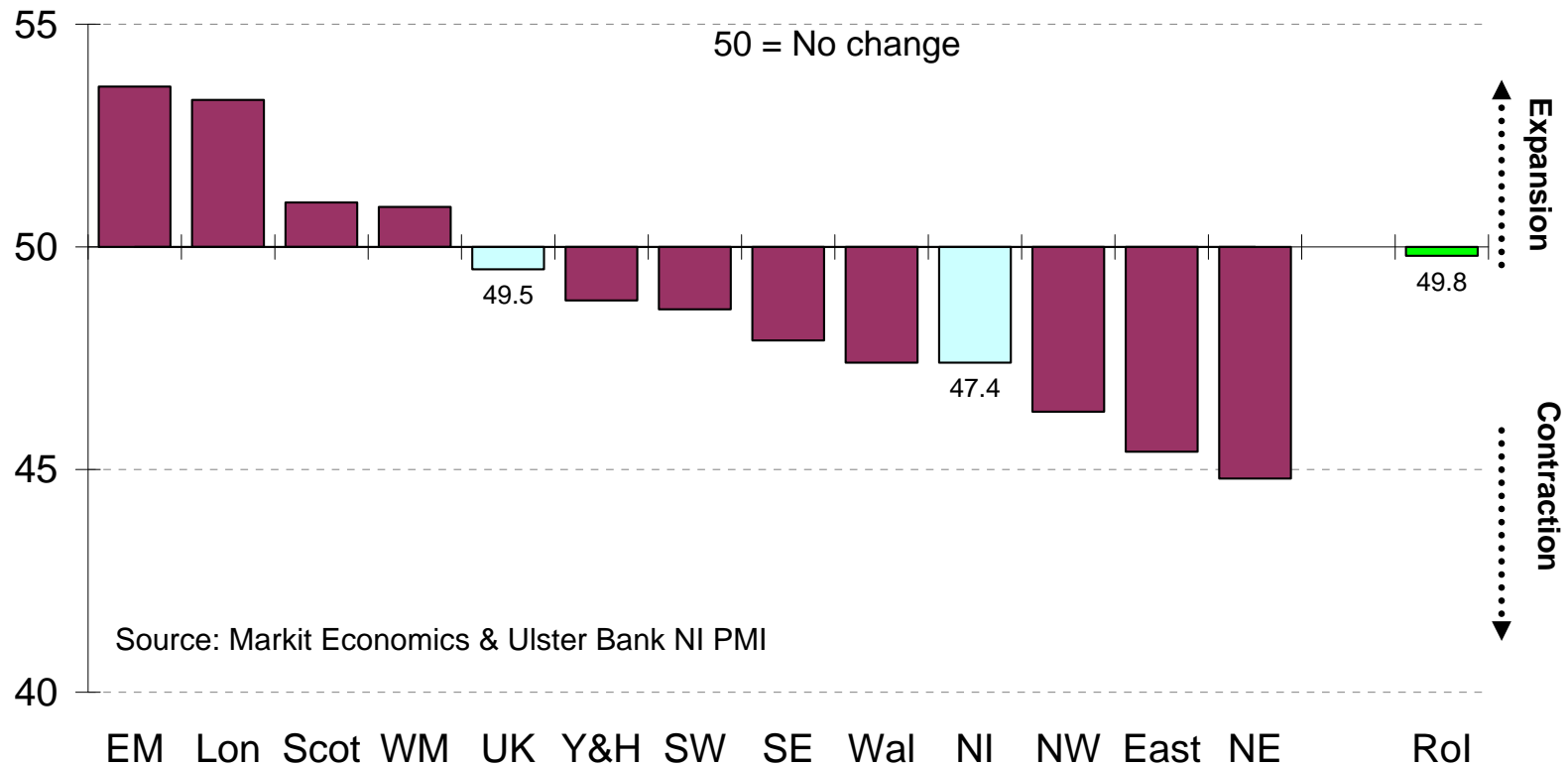
Regional Comparisons

8 UK regions post a contraction in July

Output / Business Activity

July 2012

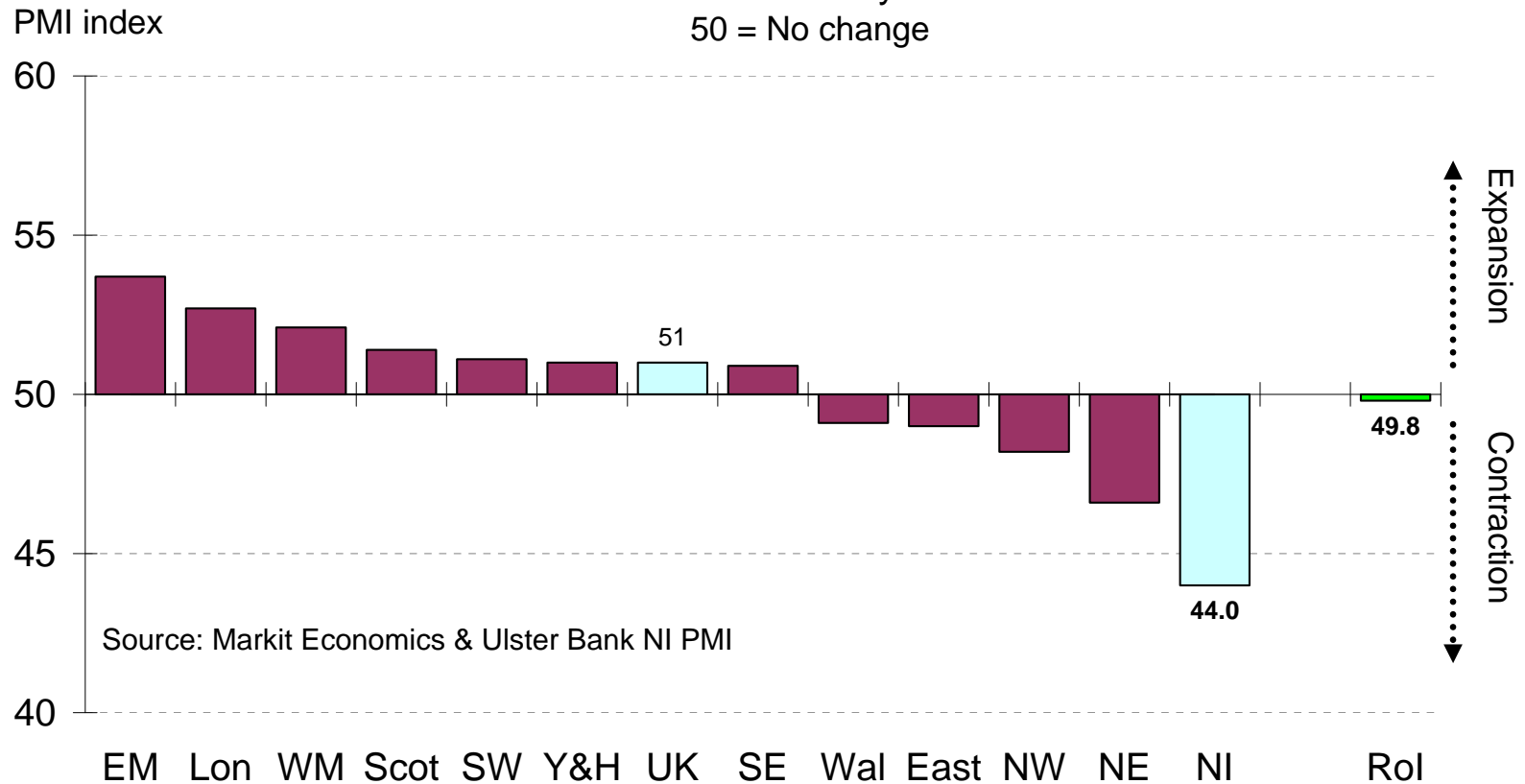
PMI index



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

Output / Business Activity

3 months to July 2012
50 = No change

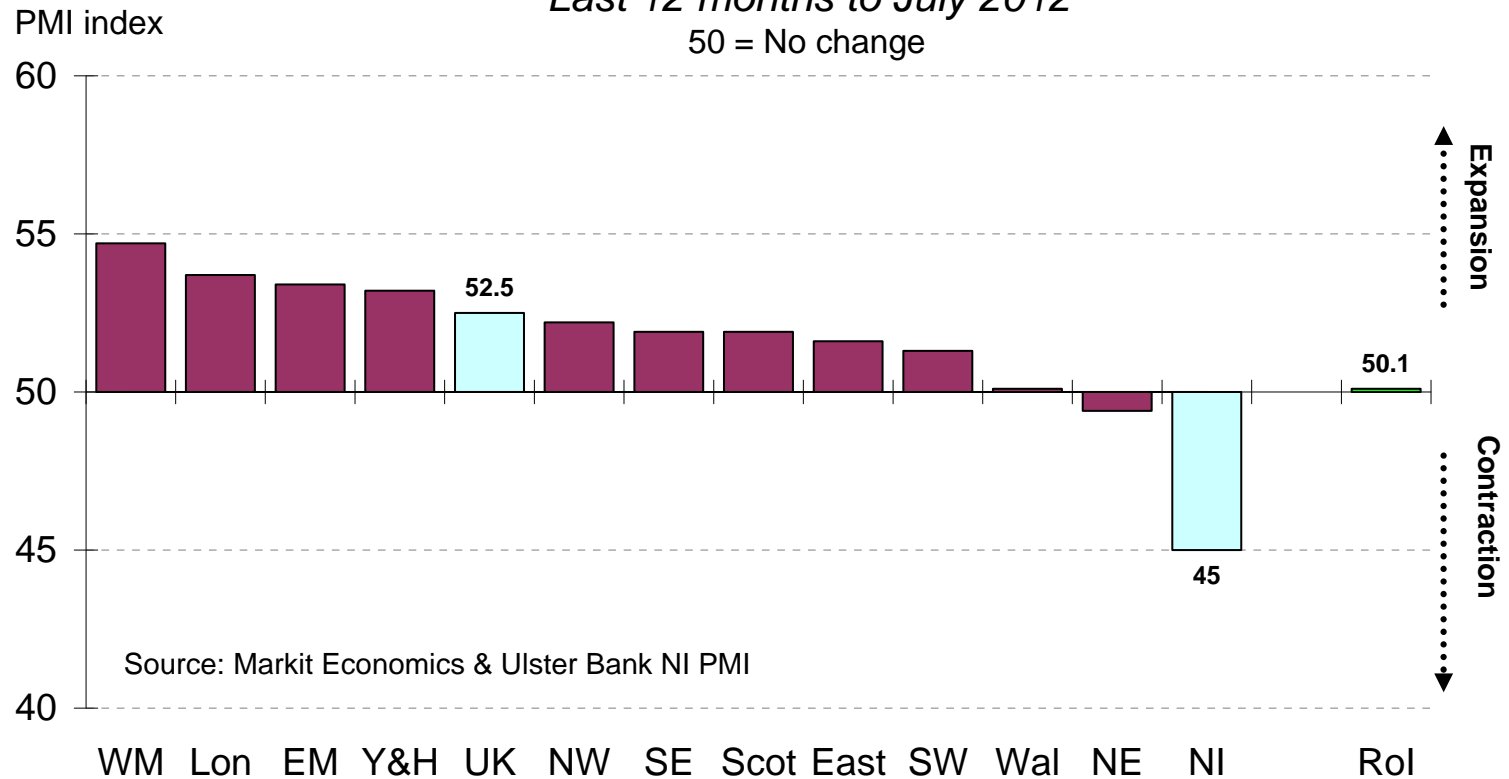


.....and over the last 12 months

Output / Business Activity

Last 12 months to July 2012

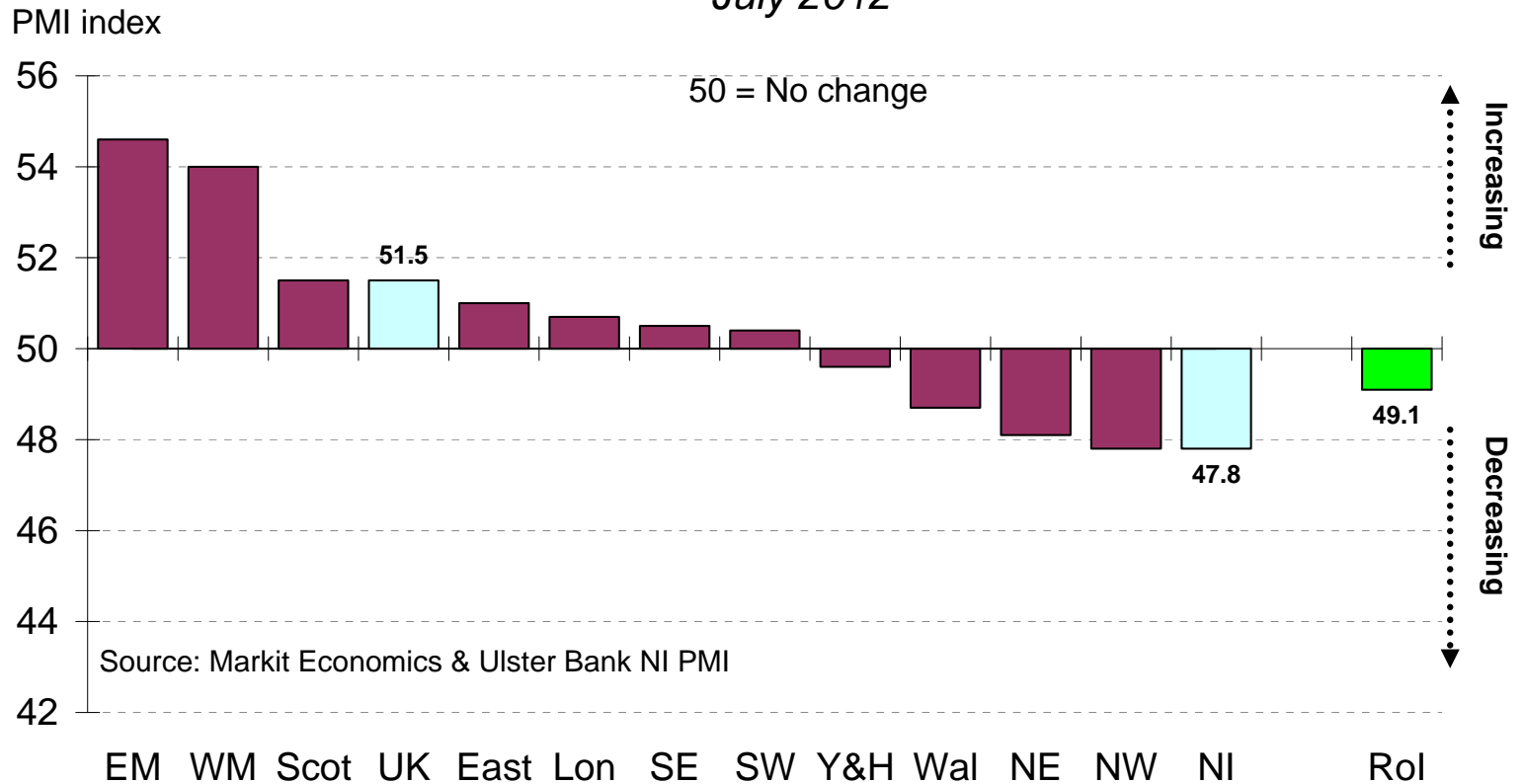
50 = No change



NI & NW post the sharpest decline in employment in July

Employment Levels

July 2012



...with NI posting sharpest fall over the last 3 months...

Employment Levels

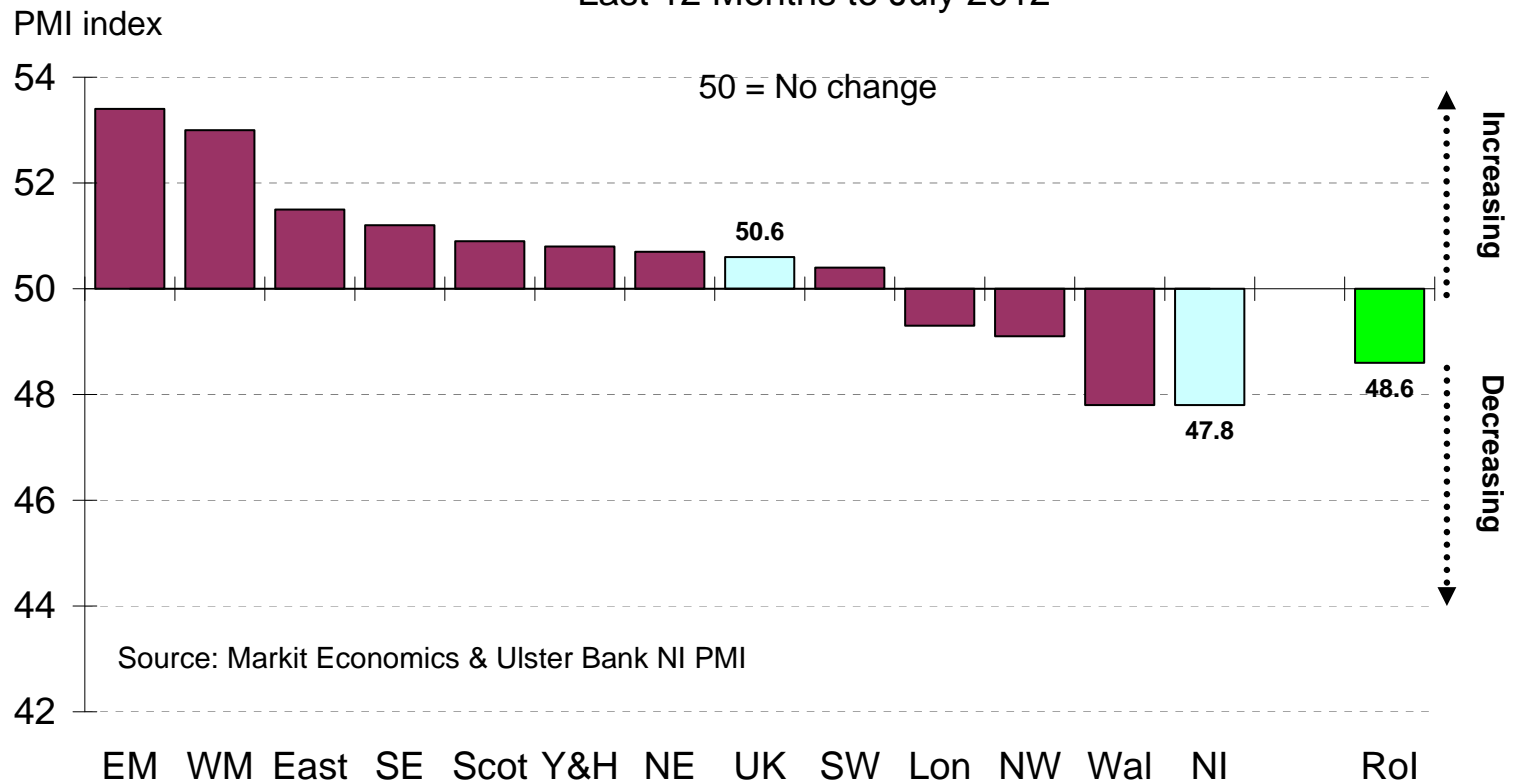
Last 3 months to July 2012



...and over the last 12 months with Wales

Employment Levels

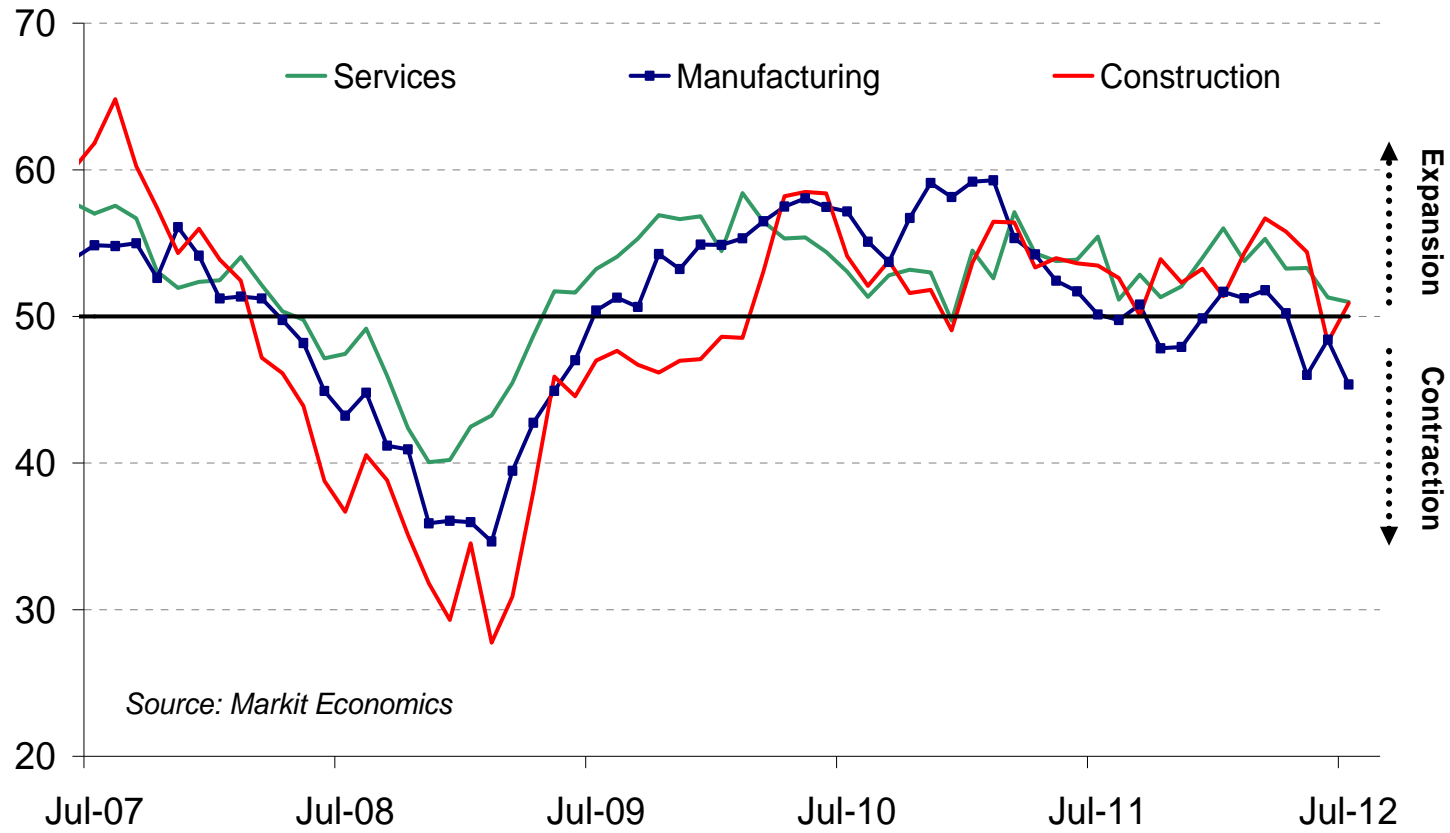
Last 12 Months to July 2012



*Sectoral
Comparisons*

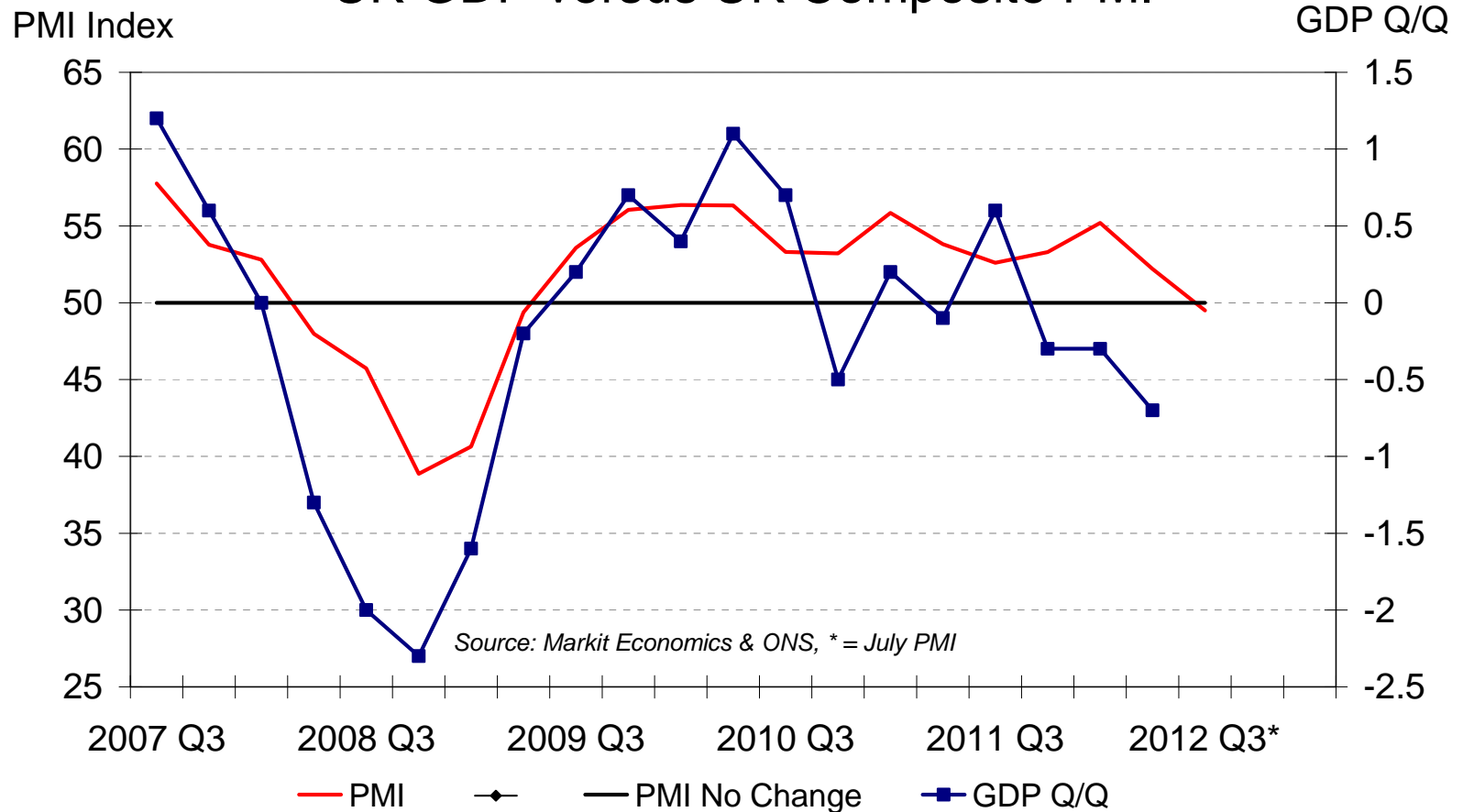
Manufacturing posts significant contraction with construction & services posting modest growth in July

UK Business Activity / Output - PMIs

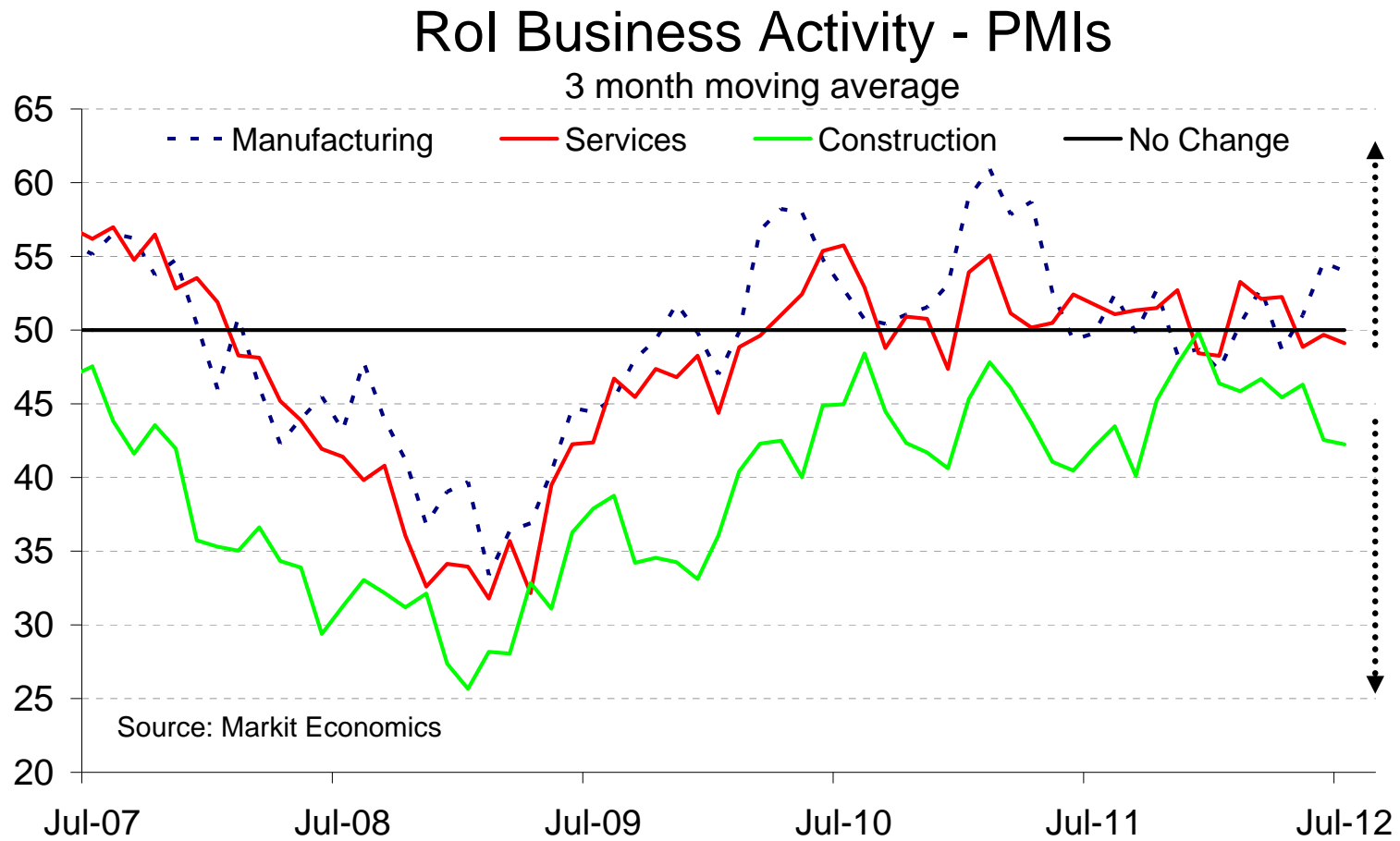


UK composite PMI has been much more positive than the official GDP data: Q4 2011 & Q1 2012 (-0.3%), Q2 (-0.7%)

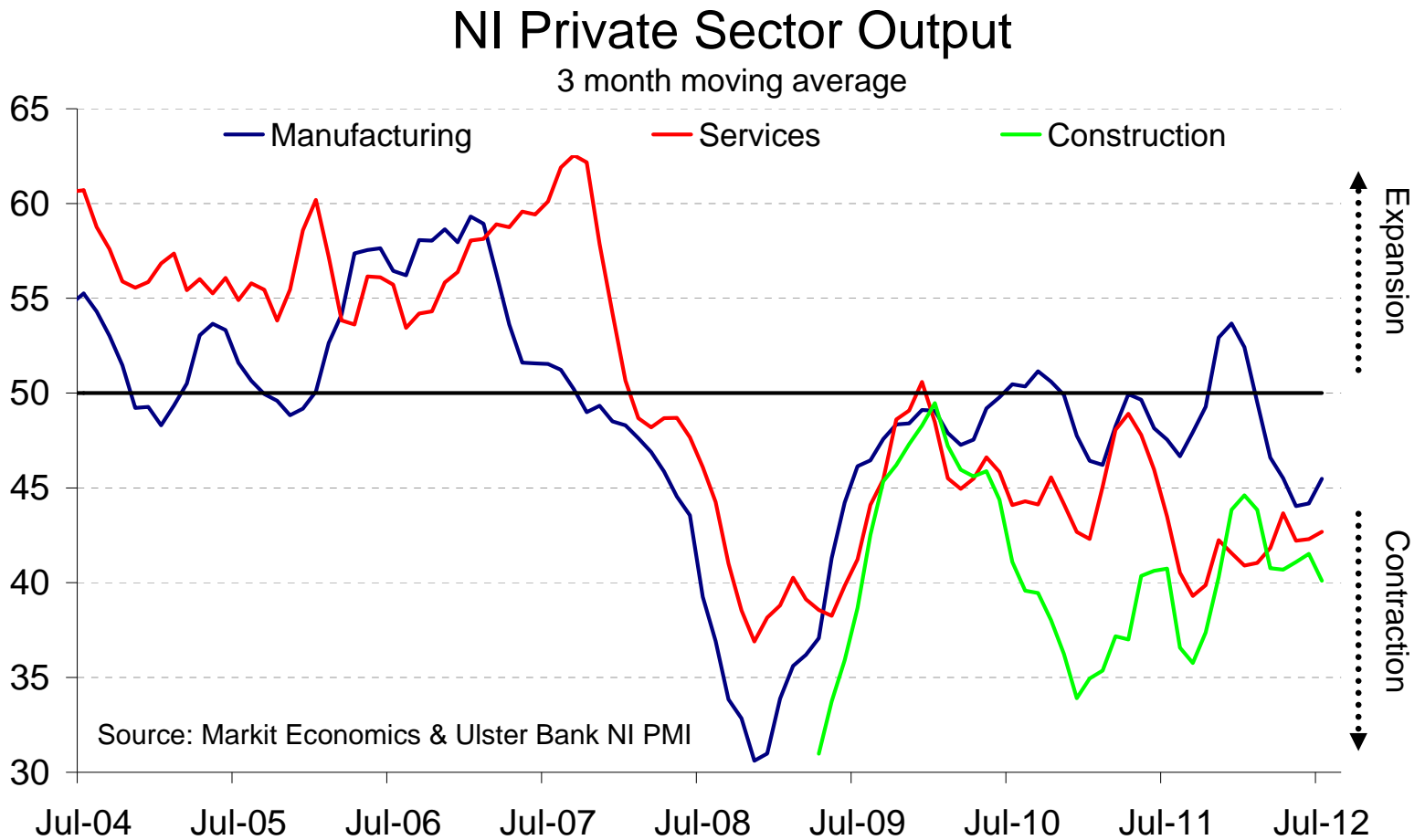
UK GDP versus UK Composite PMI



Services & construction are sub-50 in the Rol



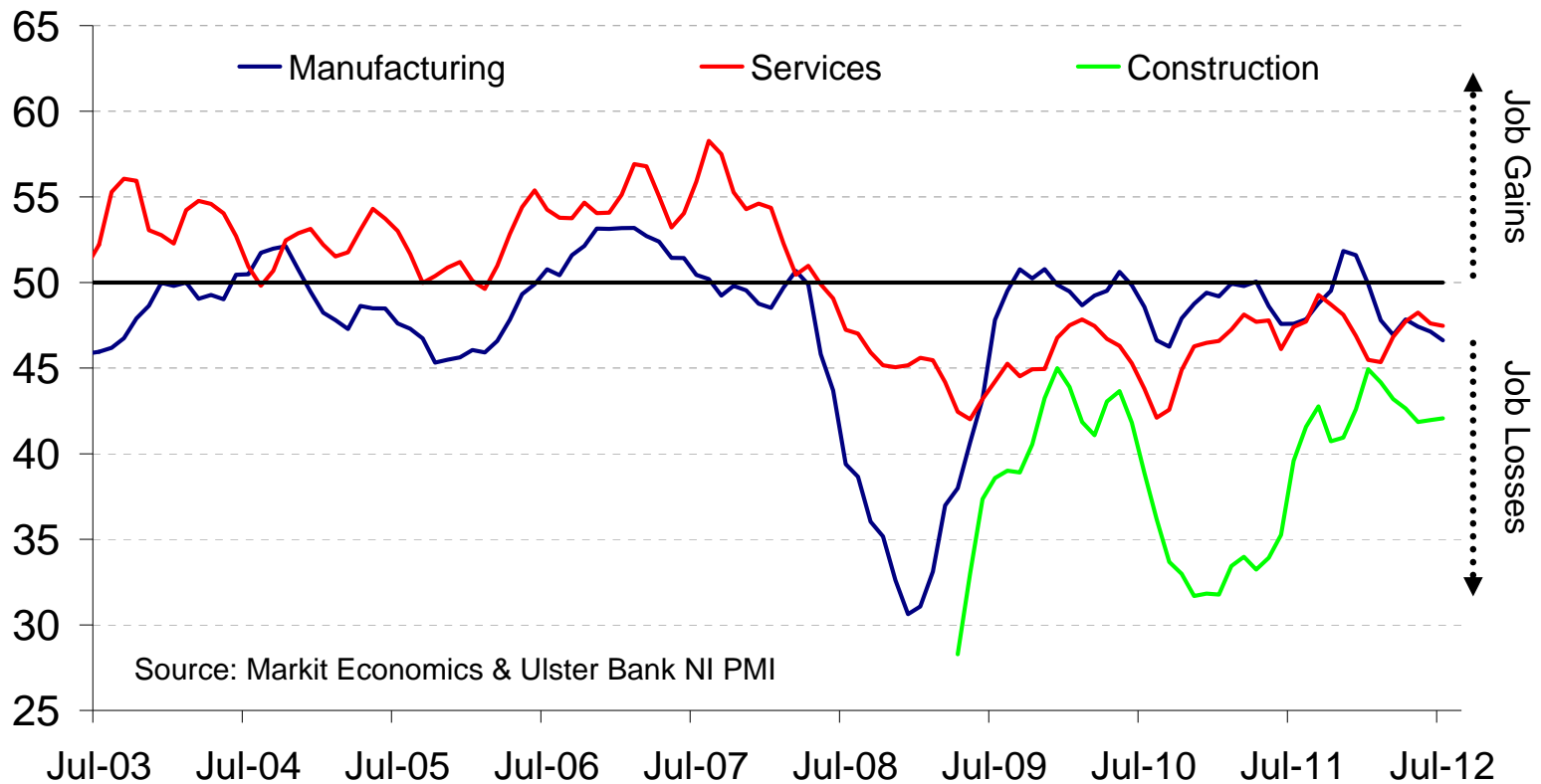
All sectors in NI contracting in 2012 on a 3 month moving average basis but manufacturing scrapes over 50 in July



...and all NI sectors experiencing declines in employment levels

NI PMI - Employment Index

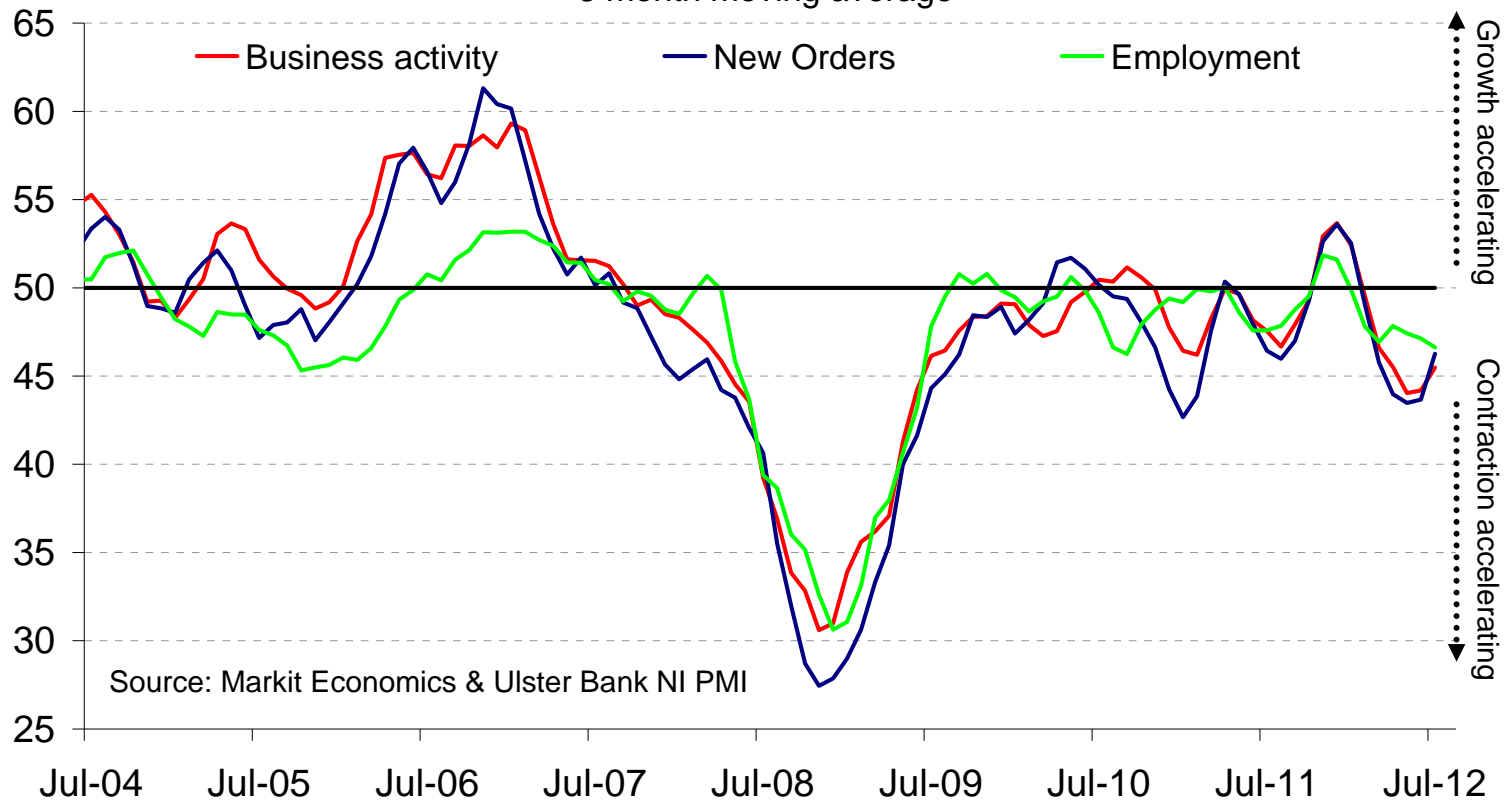
3 month moving average



Manufacturing indices continue to fall from recent highs using a 3 monthly average but July BA (50.3) & NO (51.7)

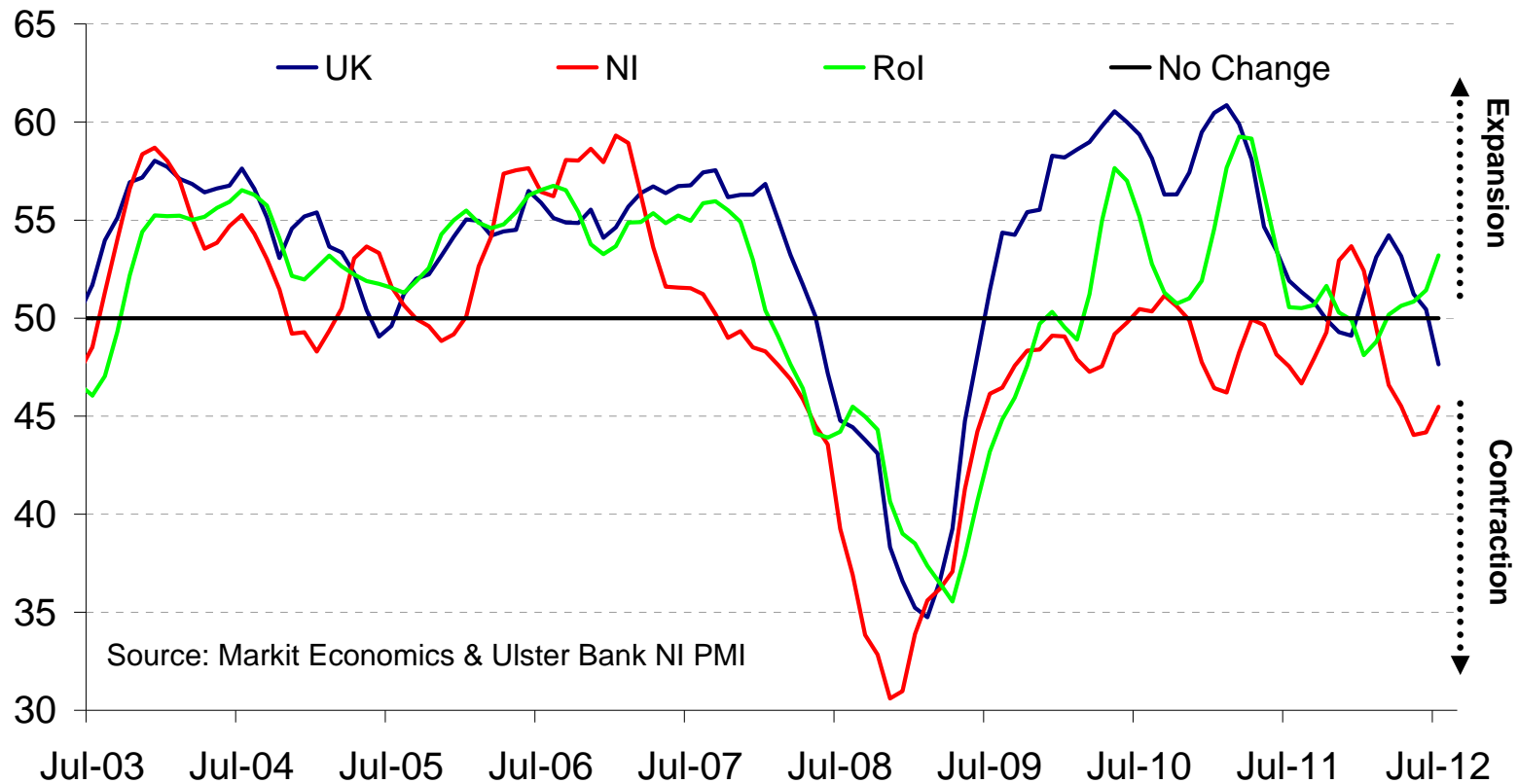
NI Manufacturing Activity

3 month moving average



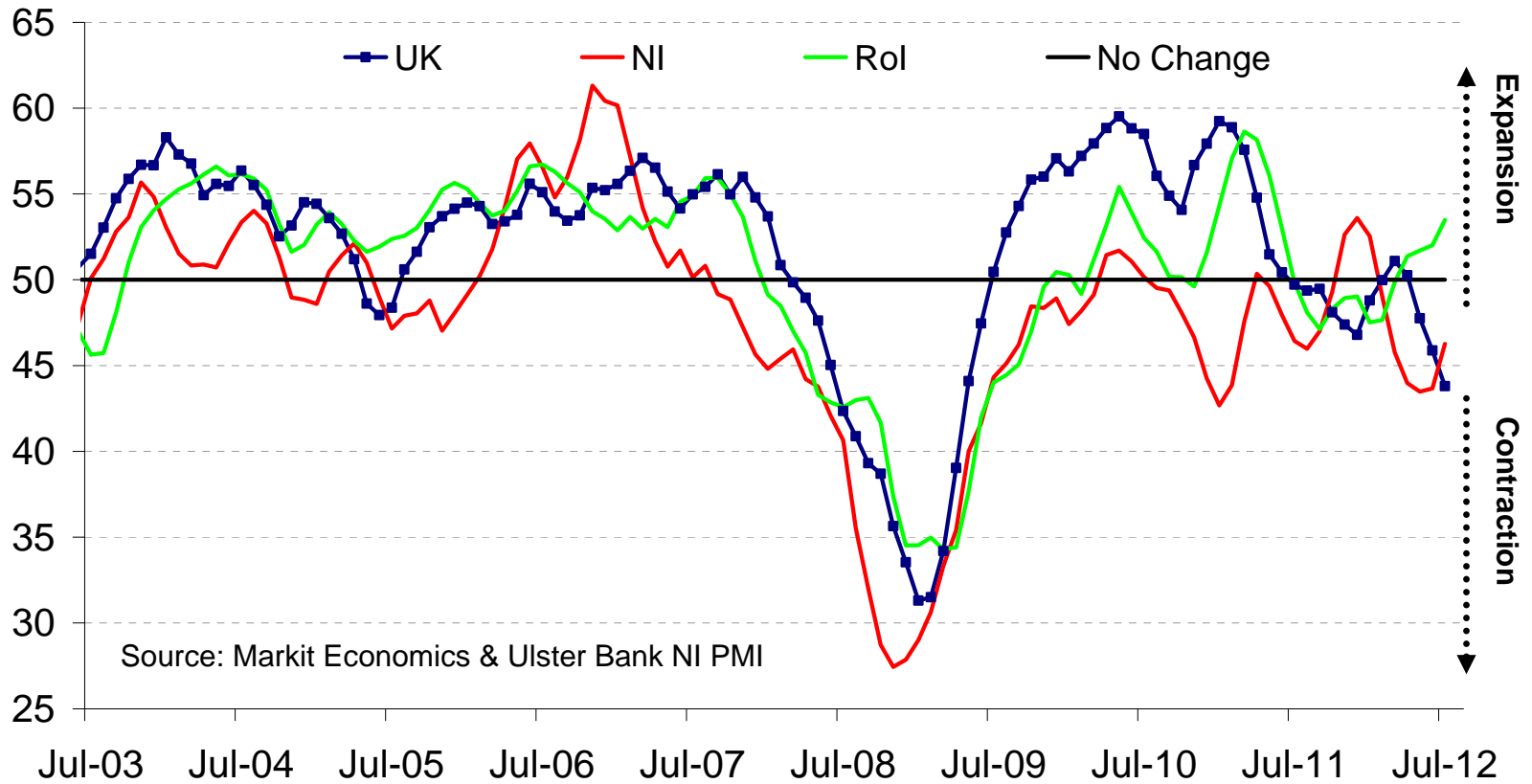
NI's manufacturing brief out-performance of the UK has long gone: divergence has been a theme since

Manufacturing Output
3 month moving average



...and new orders are plummeting in both NI & UK

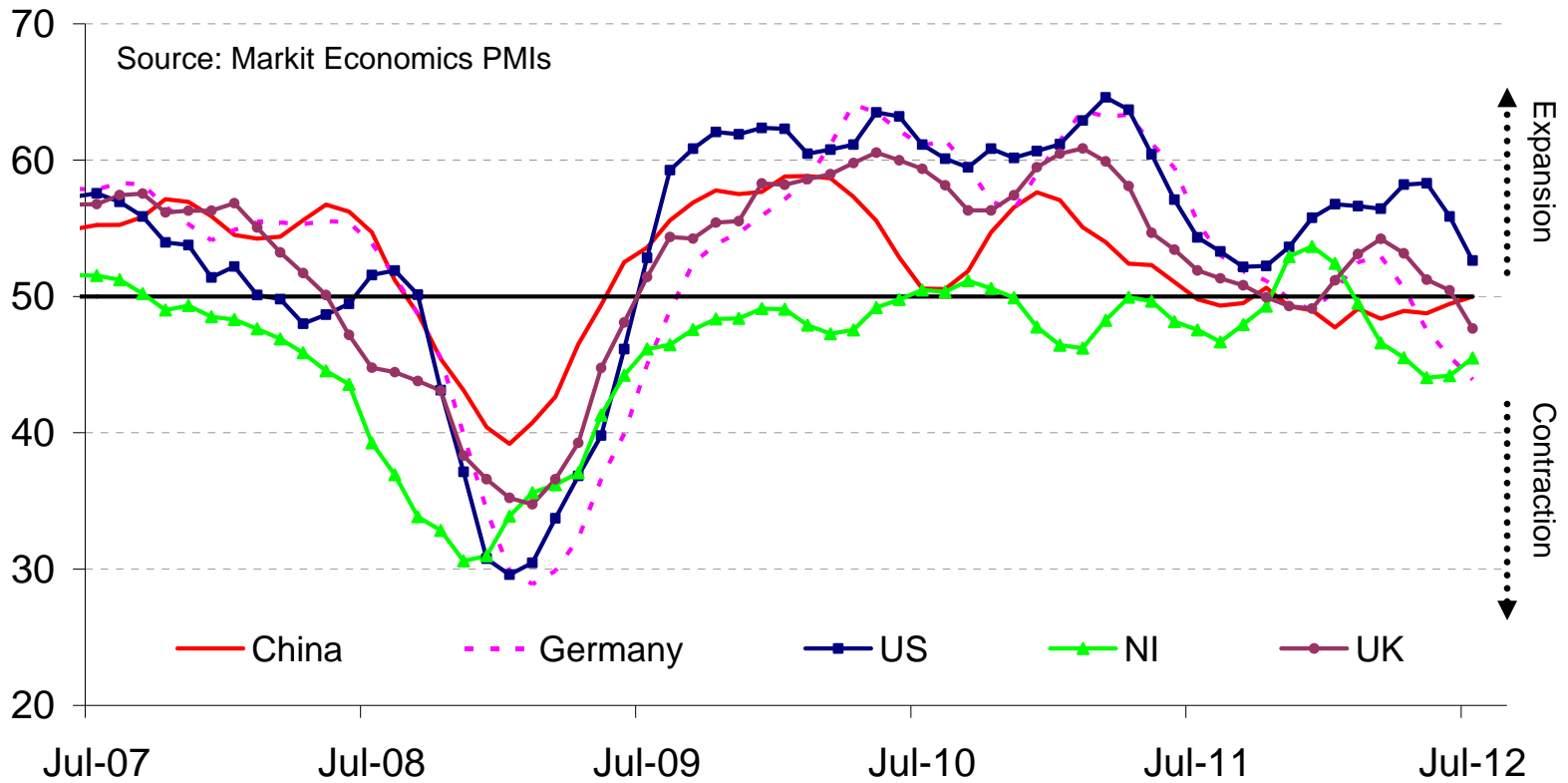
Manufacturing New Orders 3 month moving average



Manufacturing slowdown evident in US and Germany

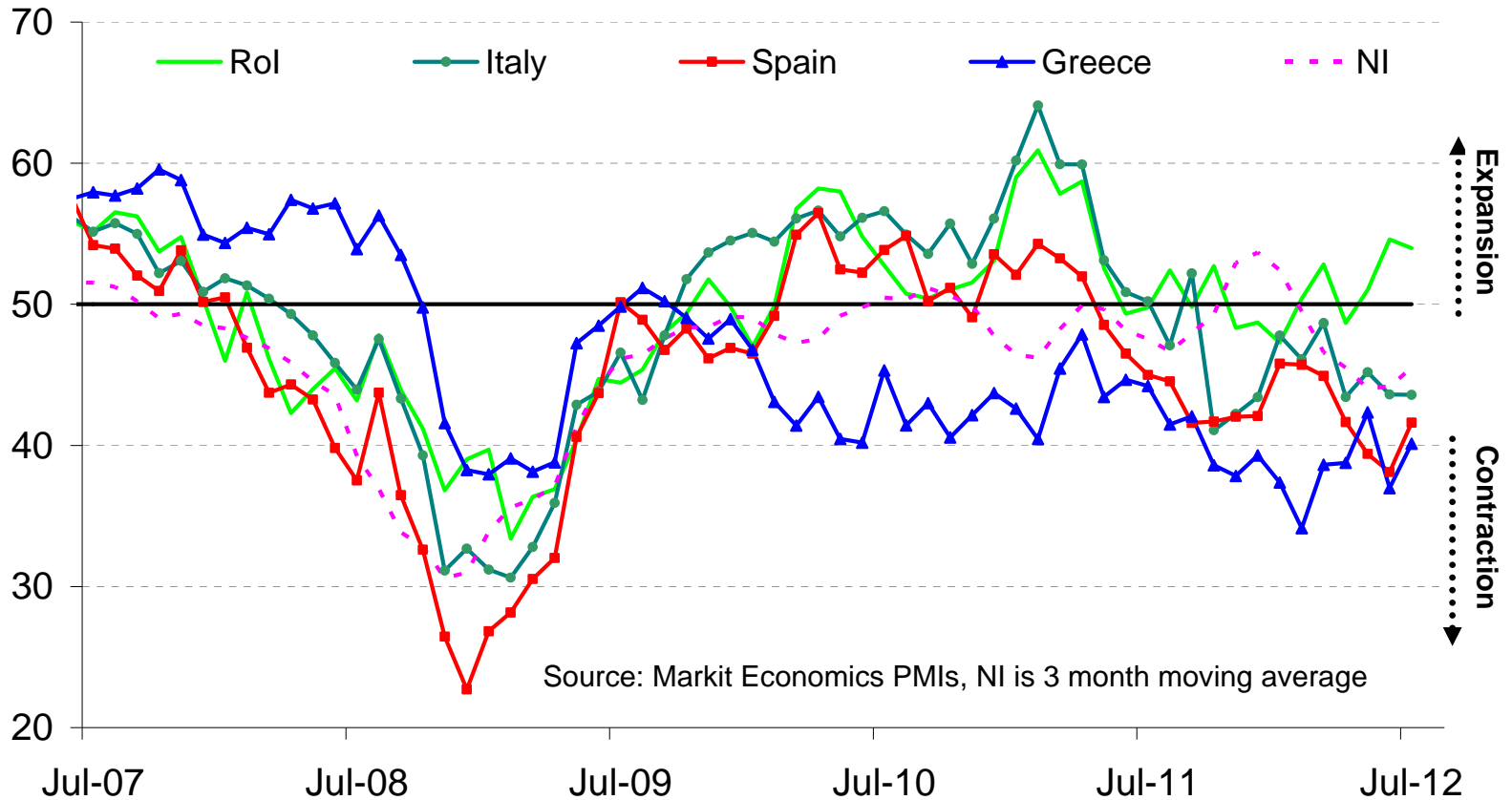
Manufacturing Output - PMI

3 month moving average



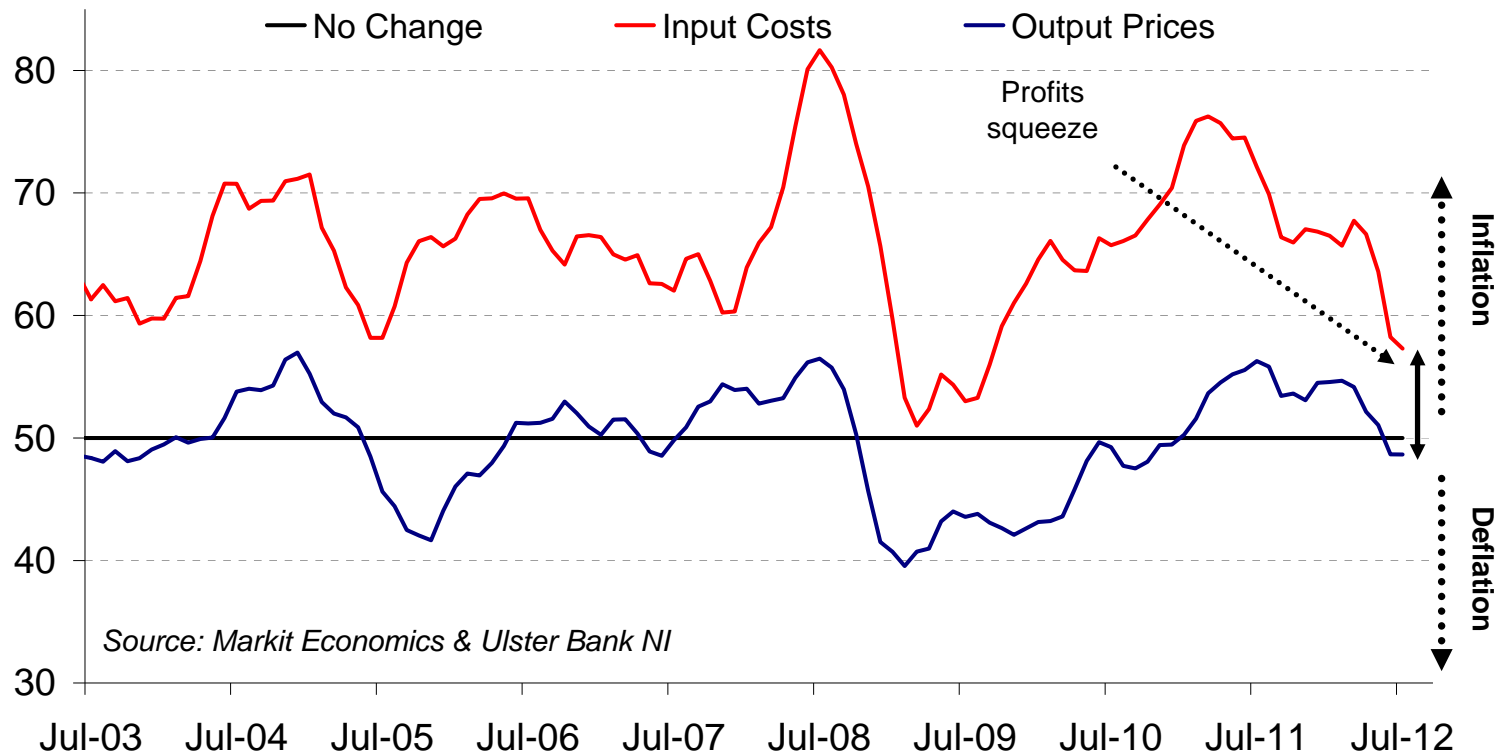
Ireland outperforming its euro zone partners

Manufacturing Output - PMI

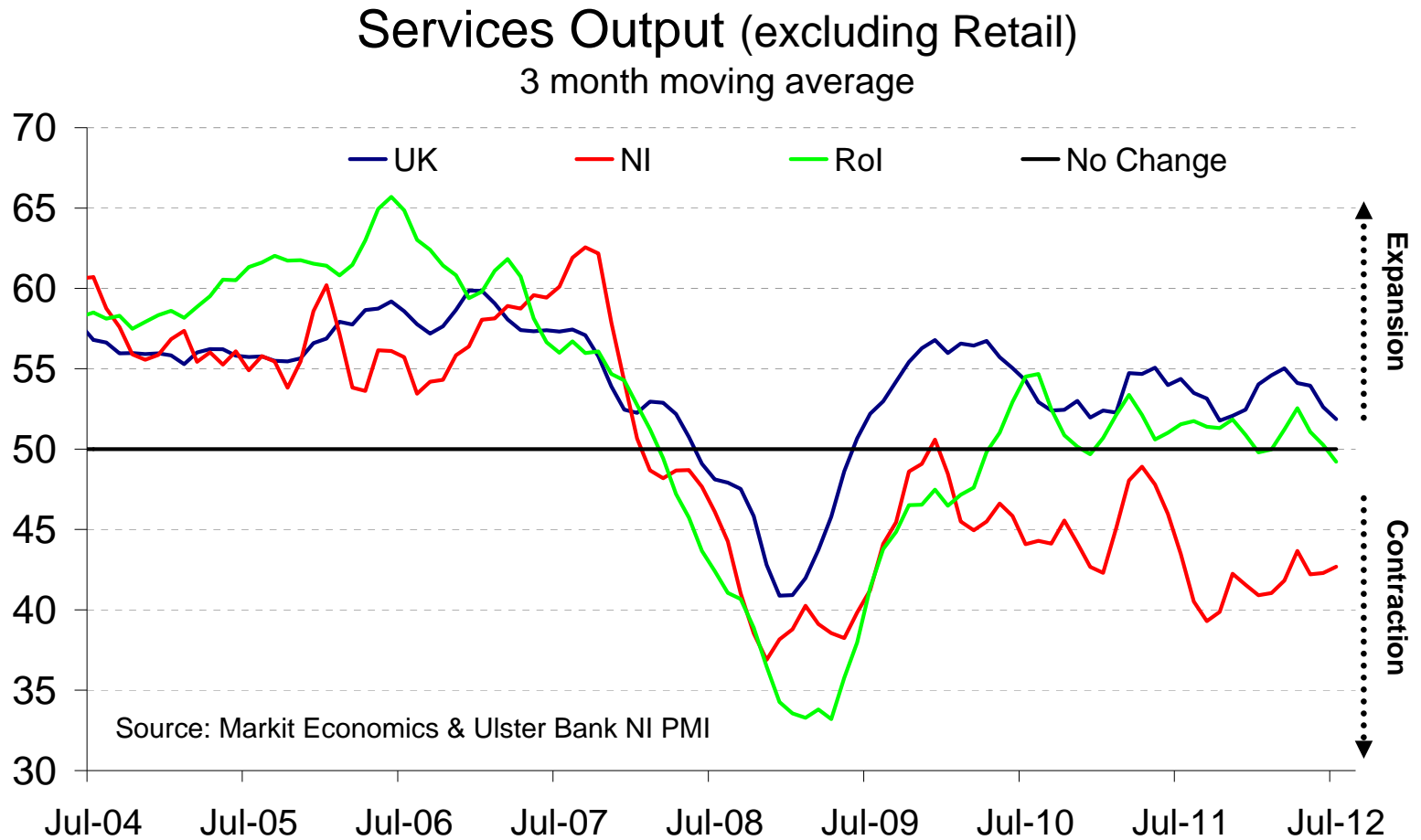


Cost price inflation easing for local manufacturing firms & pricing power weakening = profits squeeze continues

NI Manufacturing Input & Output Inflation 3 month moving average



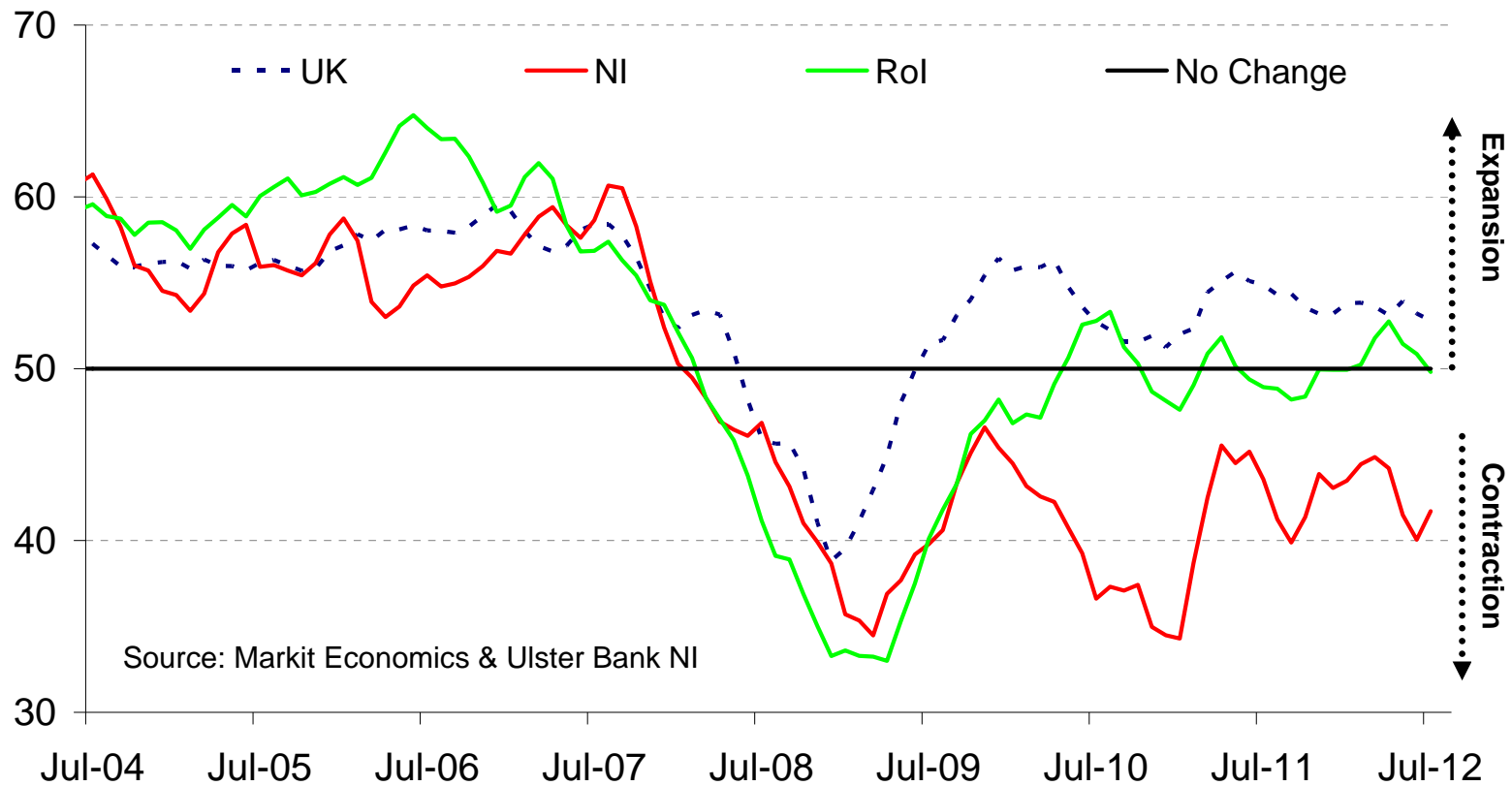
NI-UK divergence within service sector remains...



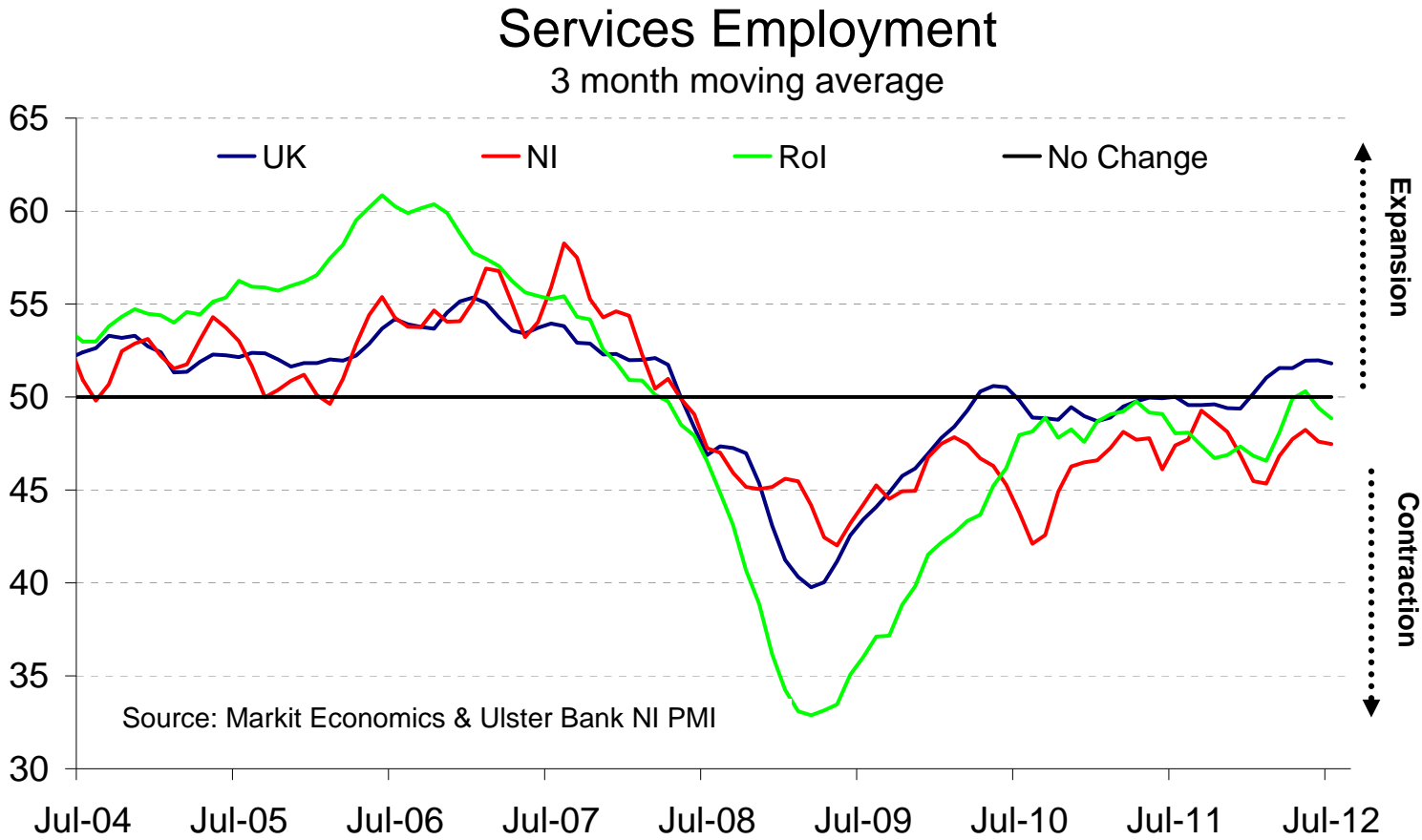
...with divergence in new orders widening further

Services New Orders (excluding Retail)

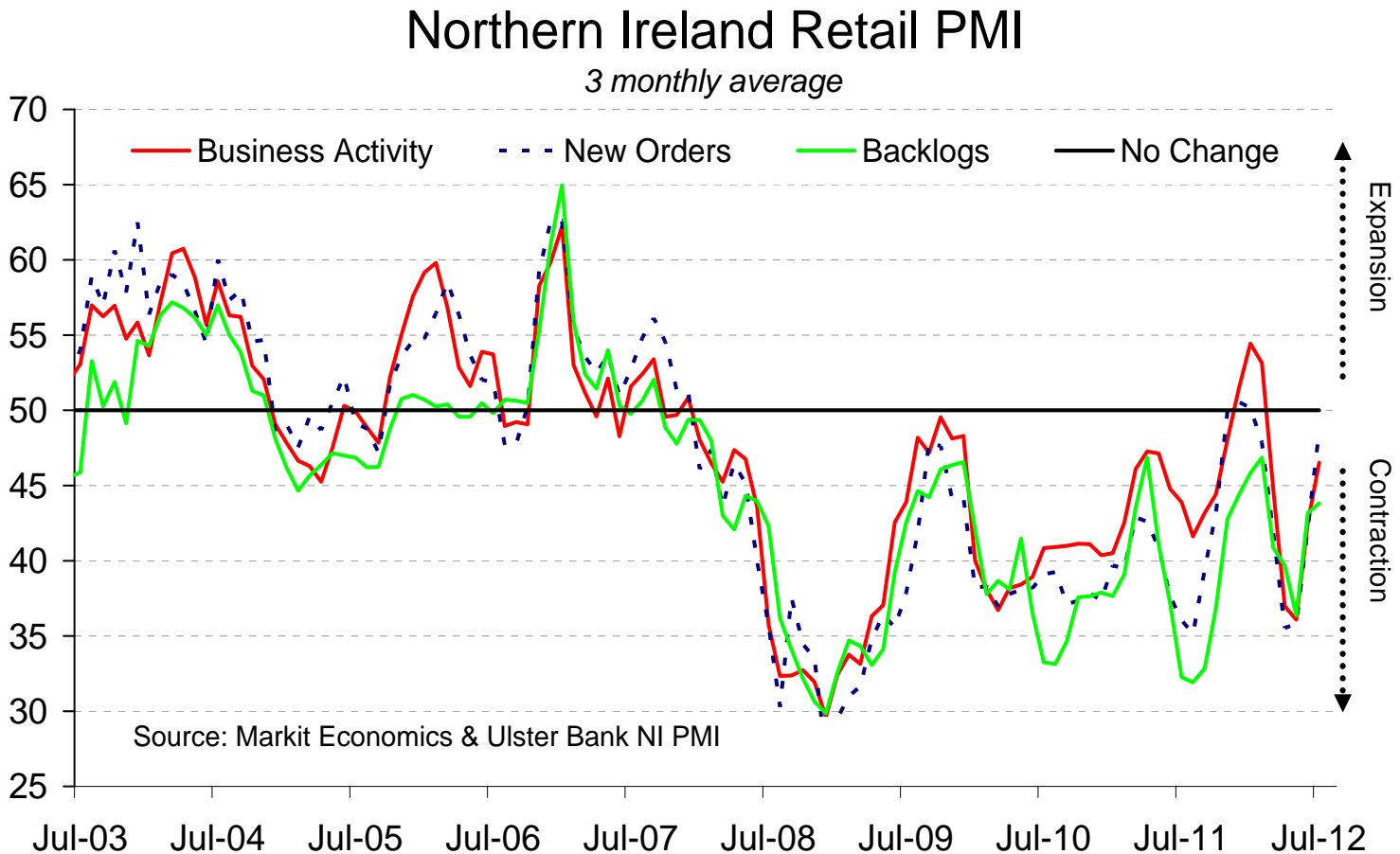
3 month moving average



....with employment levels still falling

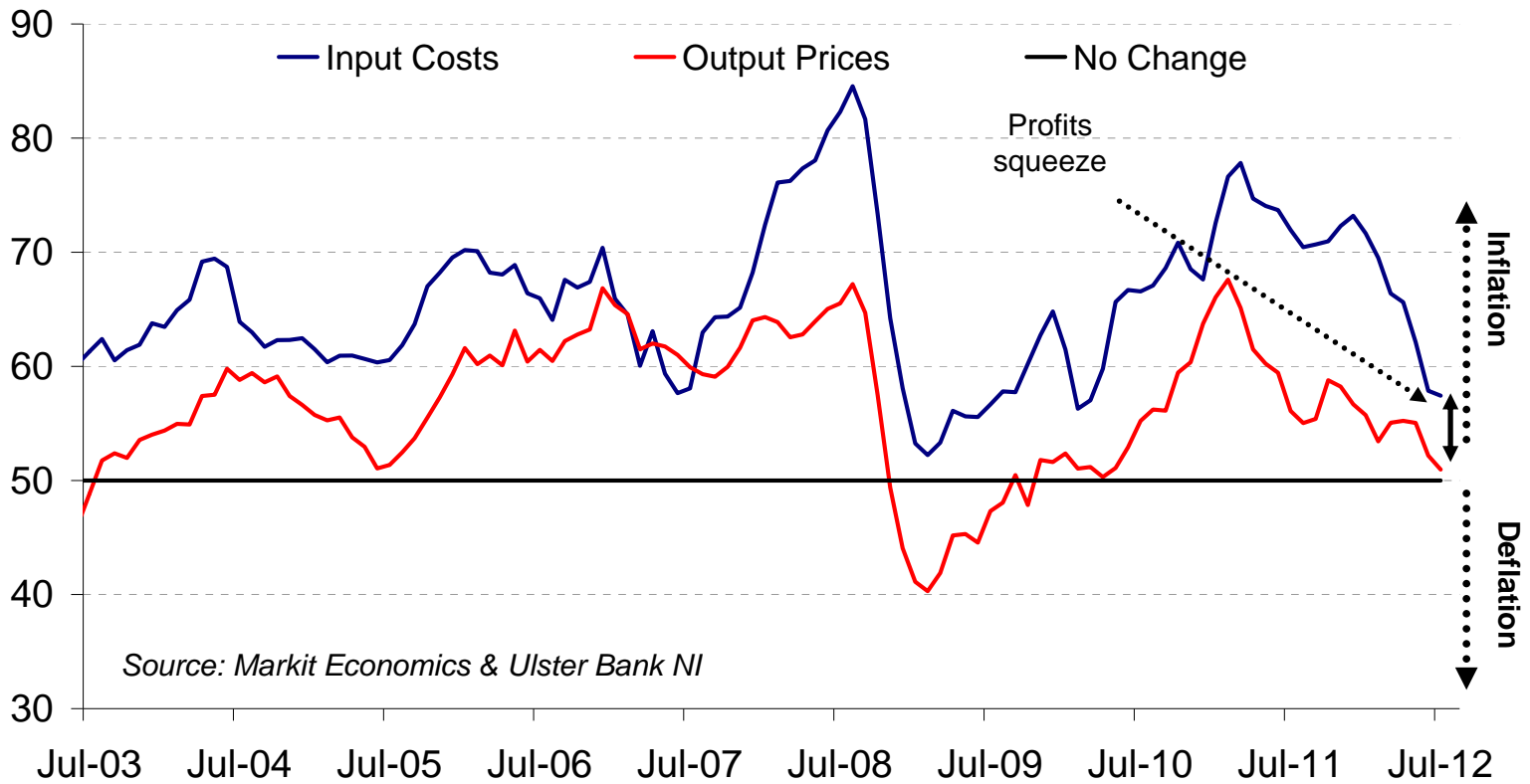


The retail sector has been on a roller coaster



Pricing power of retailers is declining quickly

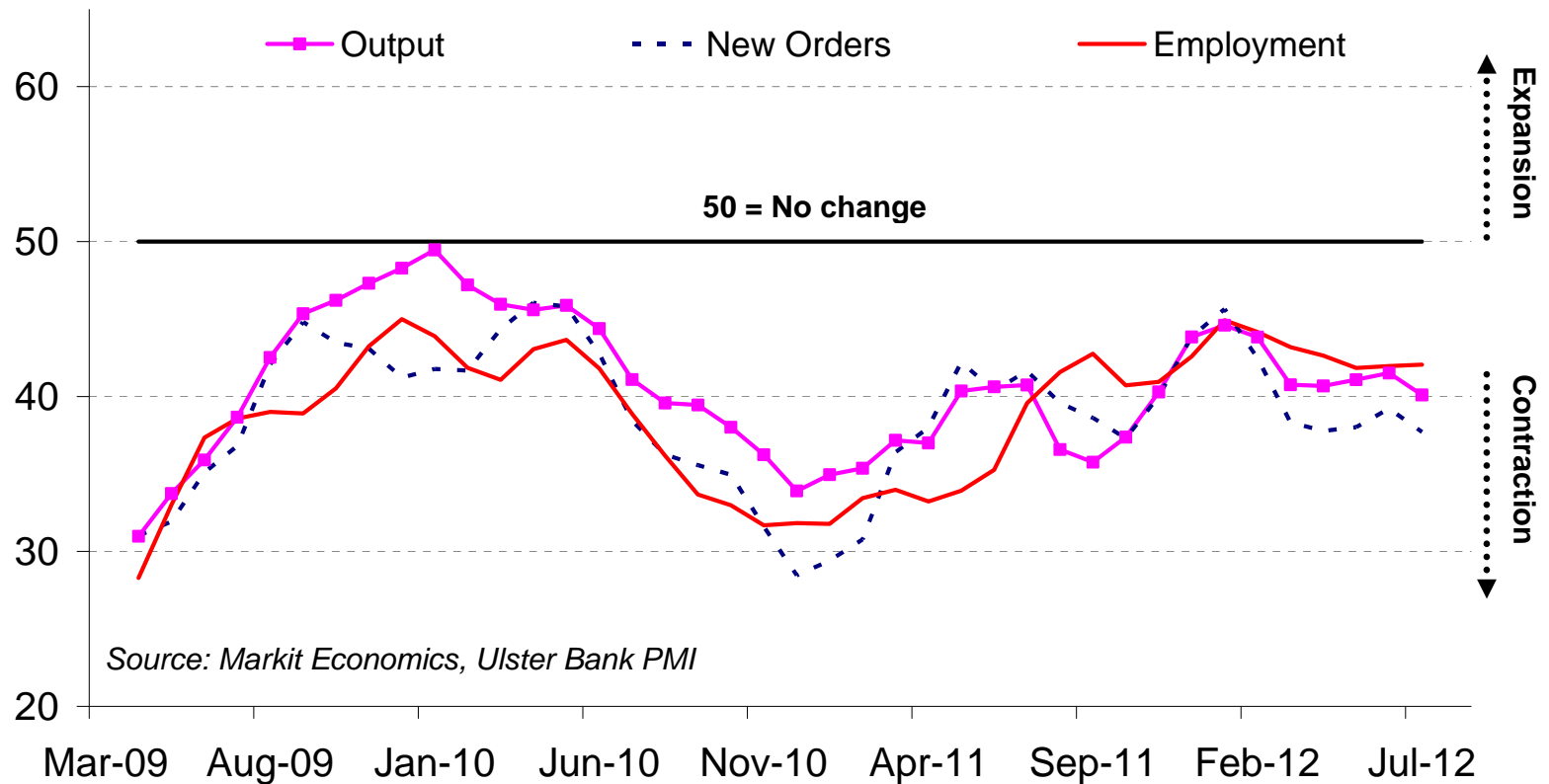
NI Retail Input & Output Inflation
3 month moving average



NI construction sector continues to weaken

NI Construction PMI

3 month moving average

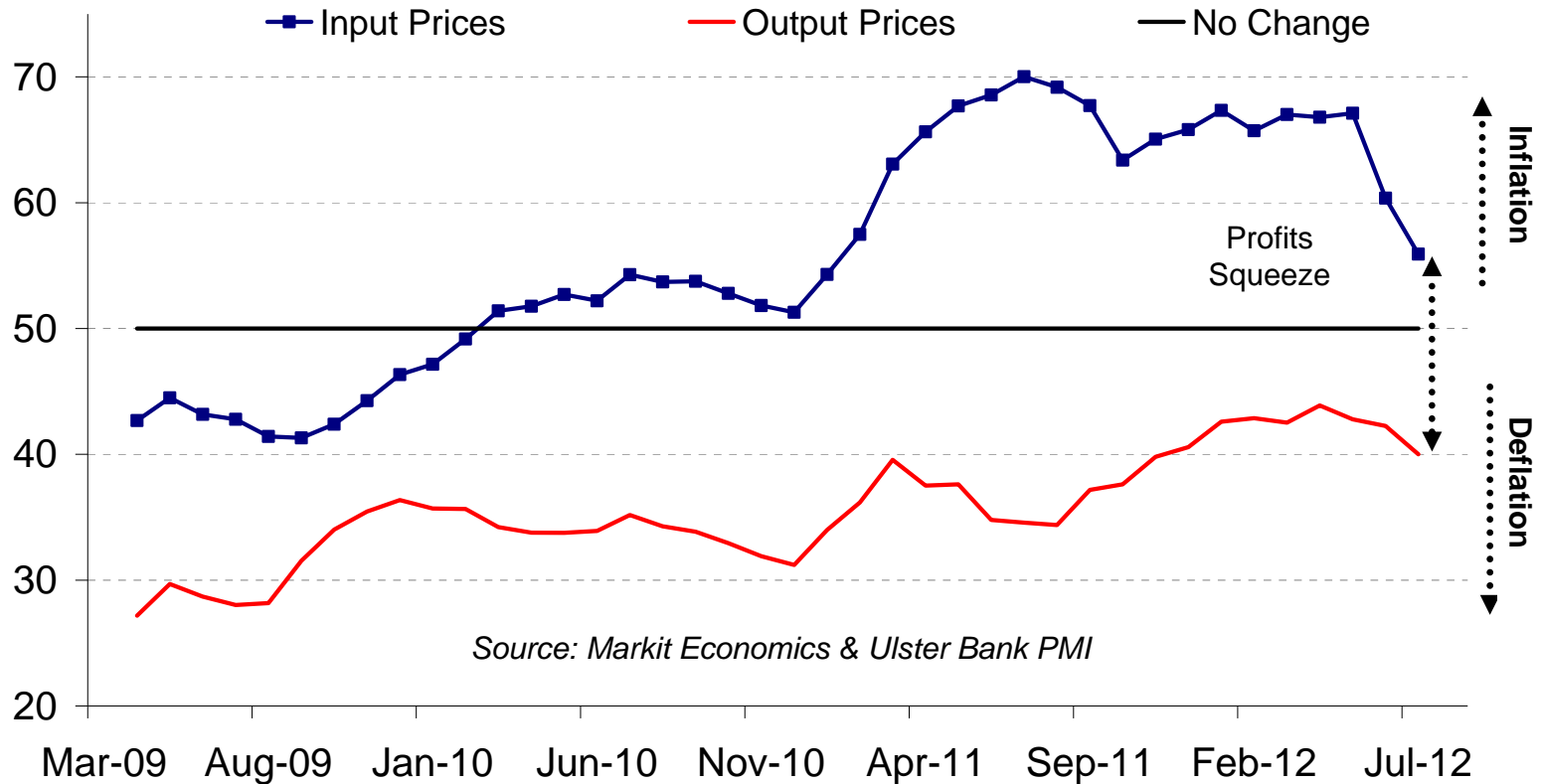


.....with profits squeeze still severe

NI Construction Sector Profits Squeeze

3 month moving average

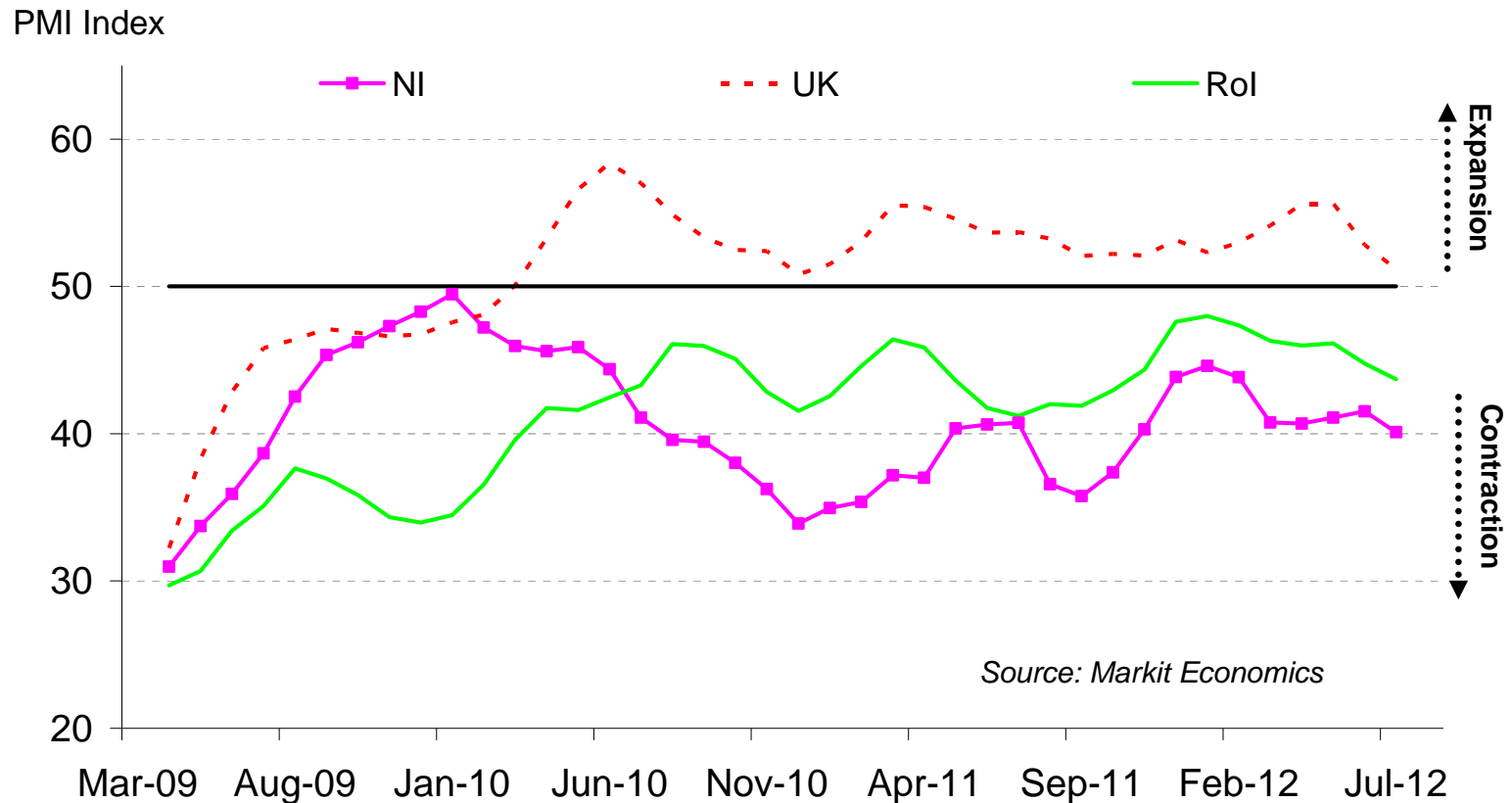
PMI Index



Significant NI-UK divergence remains with output

Construction Sector Output - PMI

3 month moving average

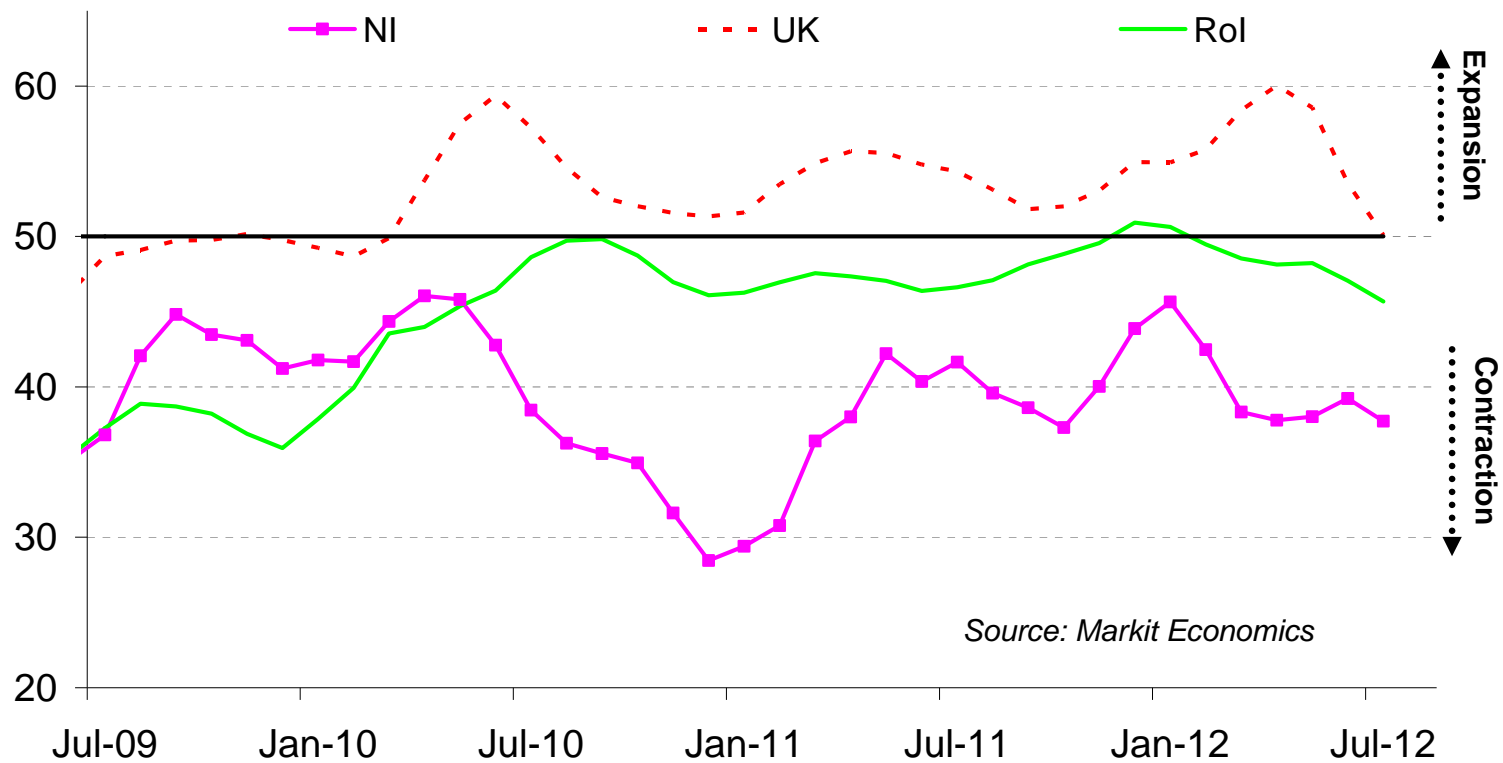


... and with new orders

Construction Sector New Orders - PMI

3 month moving average

PMI Index

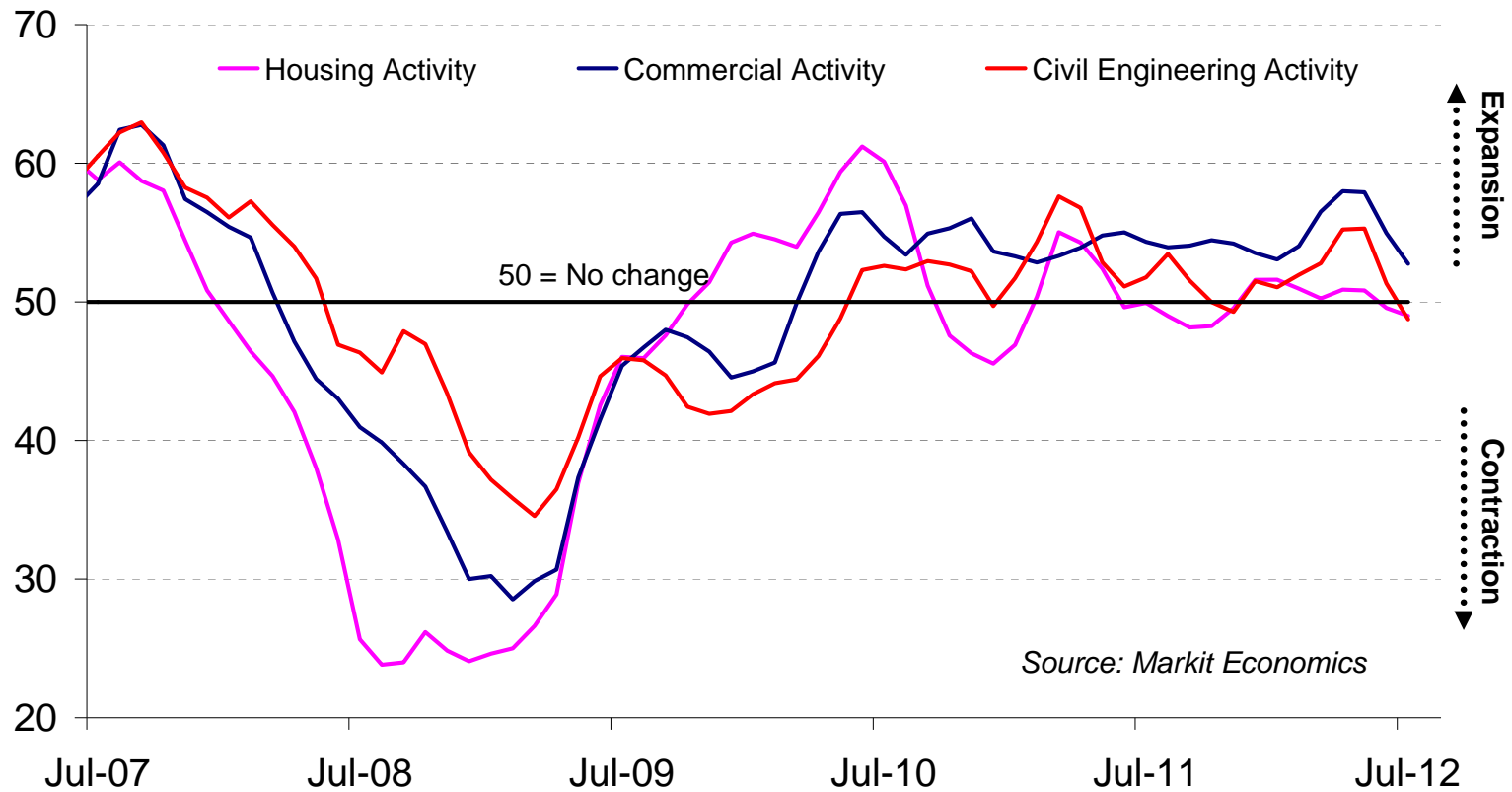


Source: Markit Economics

Continued growth in GB offers opportunities for NI firms but GB appears to be on a downward trend

UK Construction Activity - PMIs

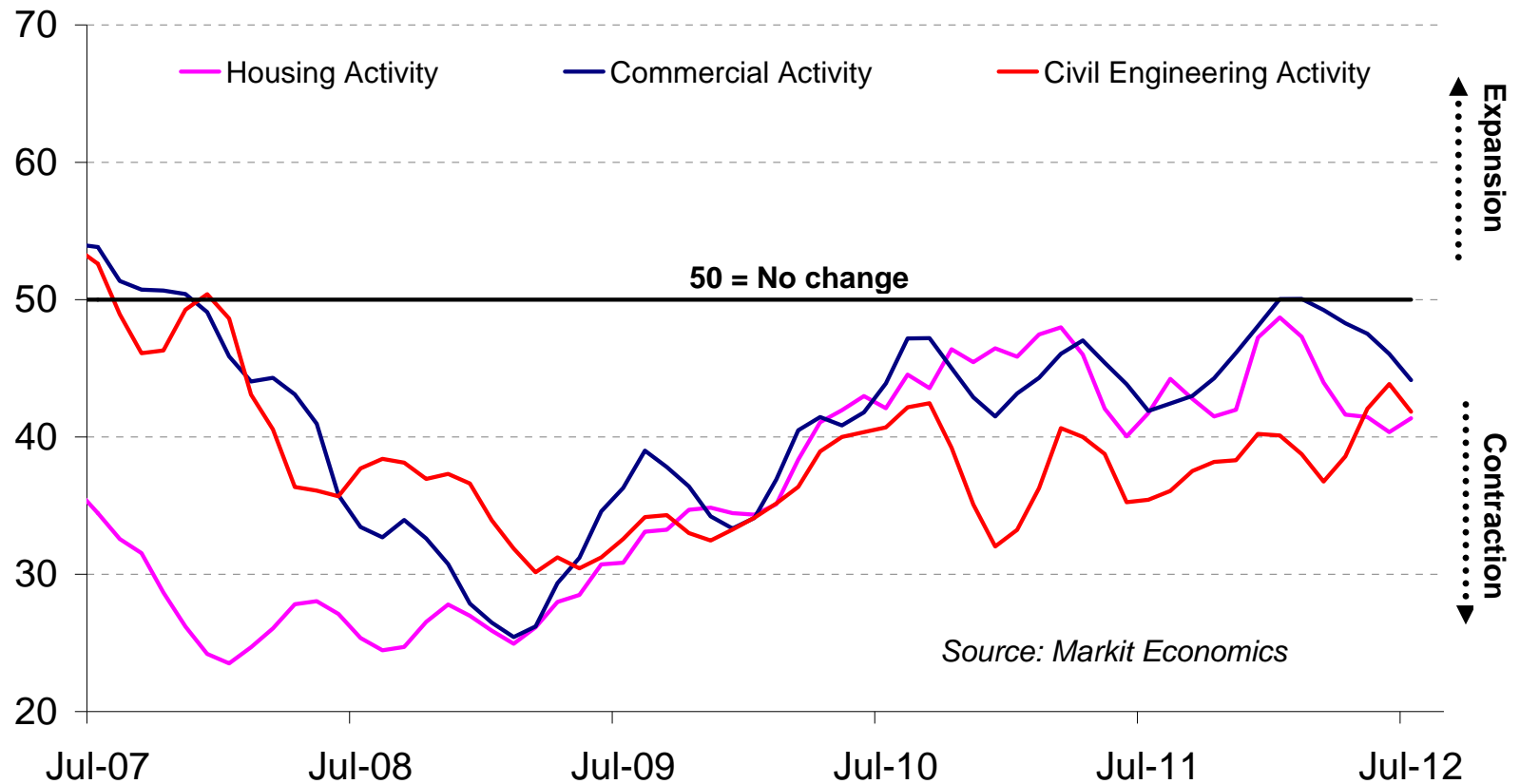
3 month moving average



Lack of opportunities in the RoI with continued construction sector weakness

Republic of Ireland Construction Activity - PMI

3 month moving average



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