
Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

March 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.

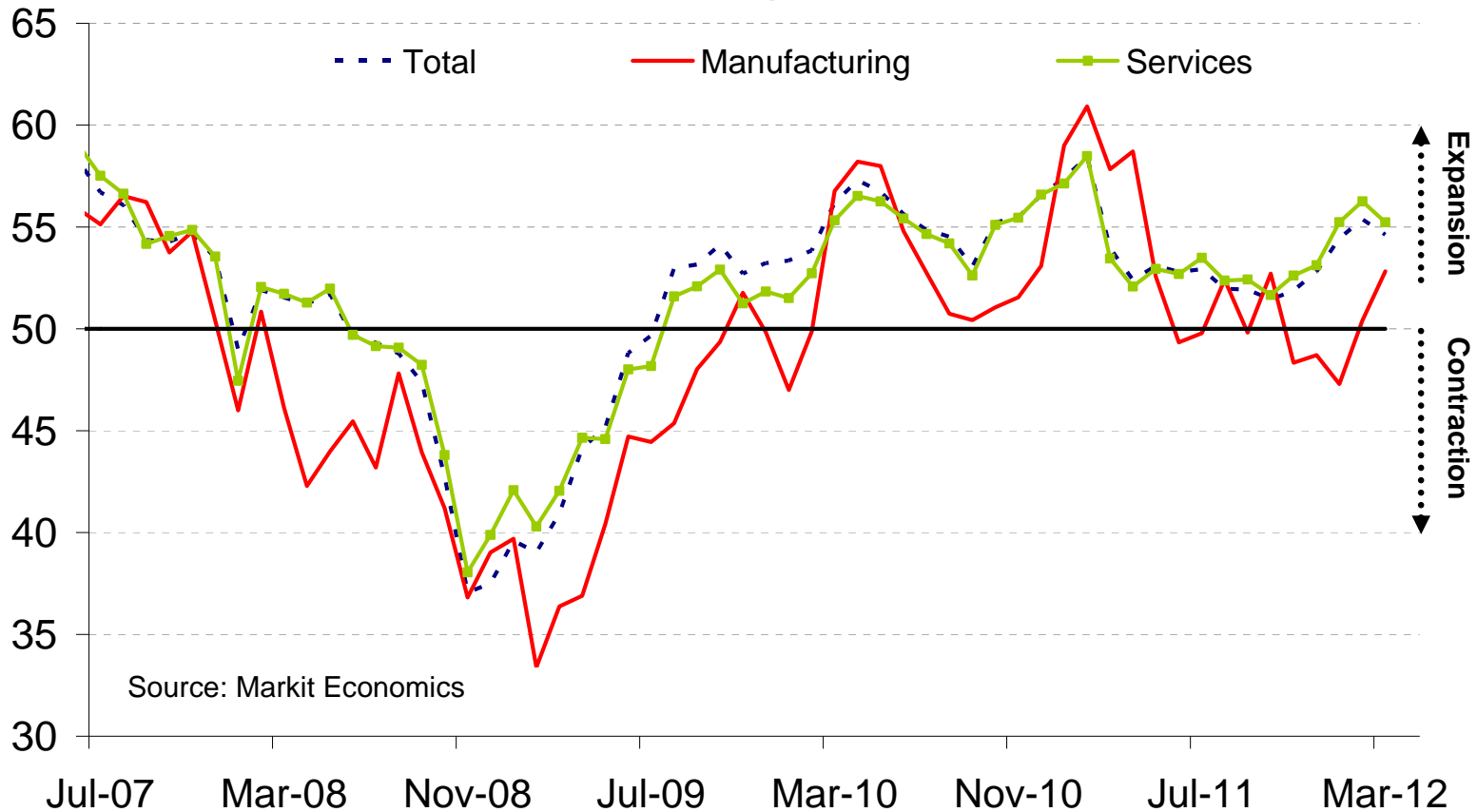
Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

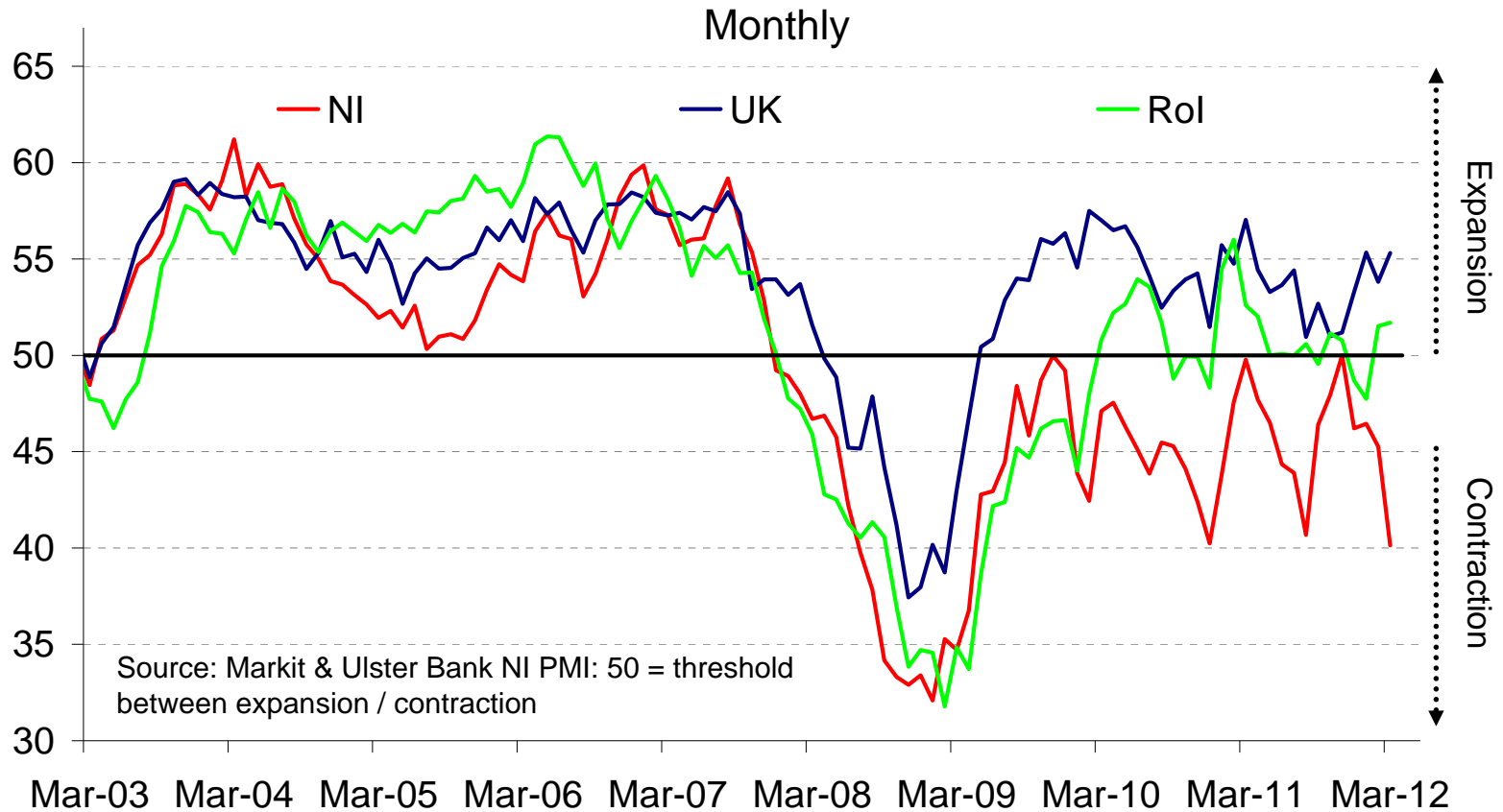
Global output eases in March due to services whilst manufacturing output growth accelerates

Global Output - PMI



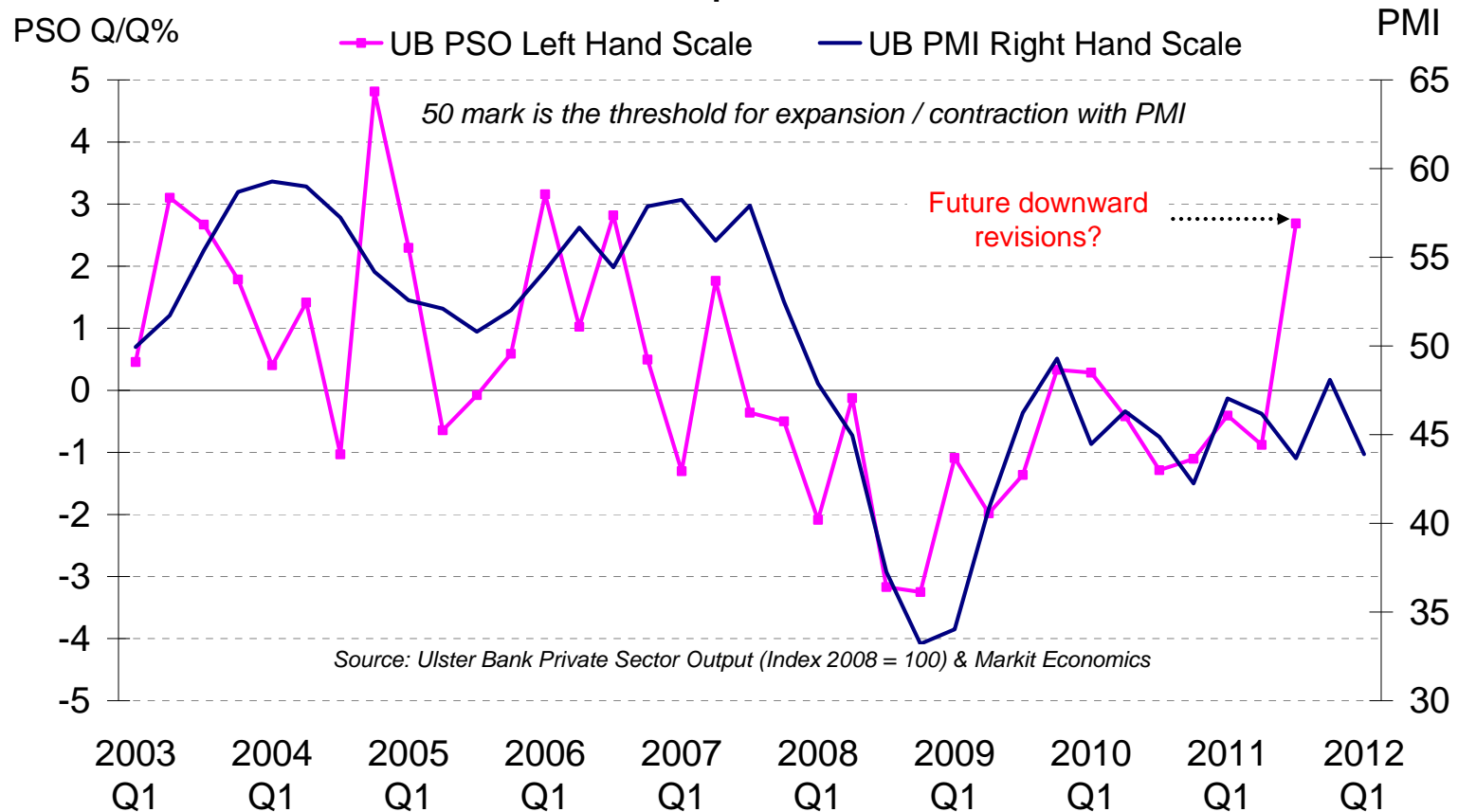
NI's private sector contraction accelerates in March while the RoI is back into expansion territory

Private Sector Business Activity - PMIs



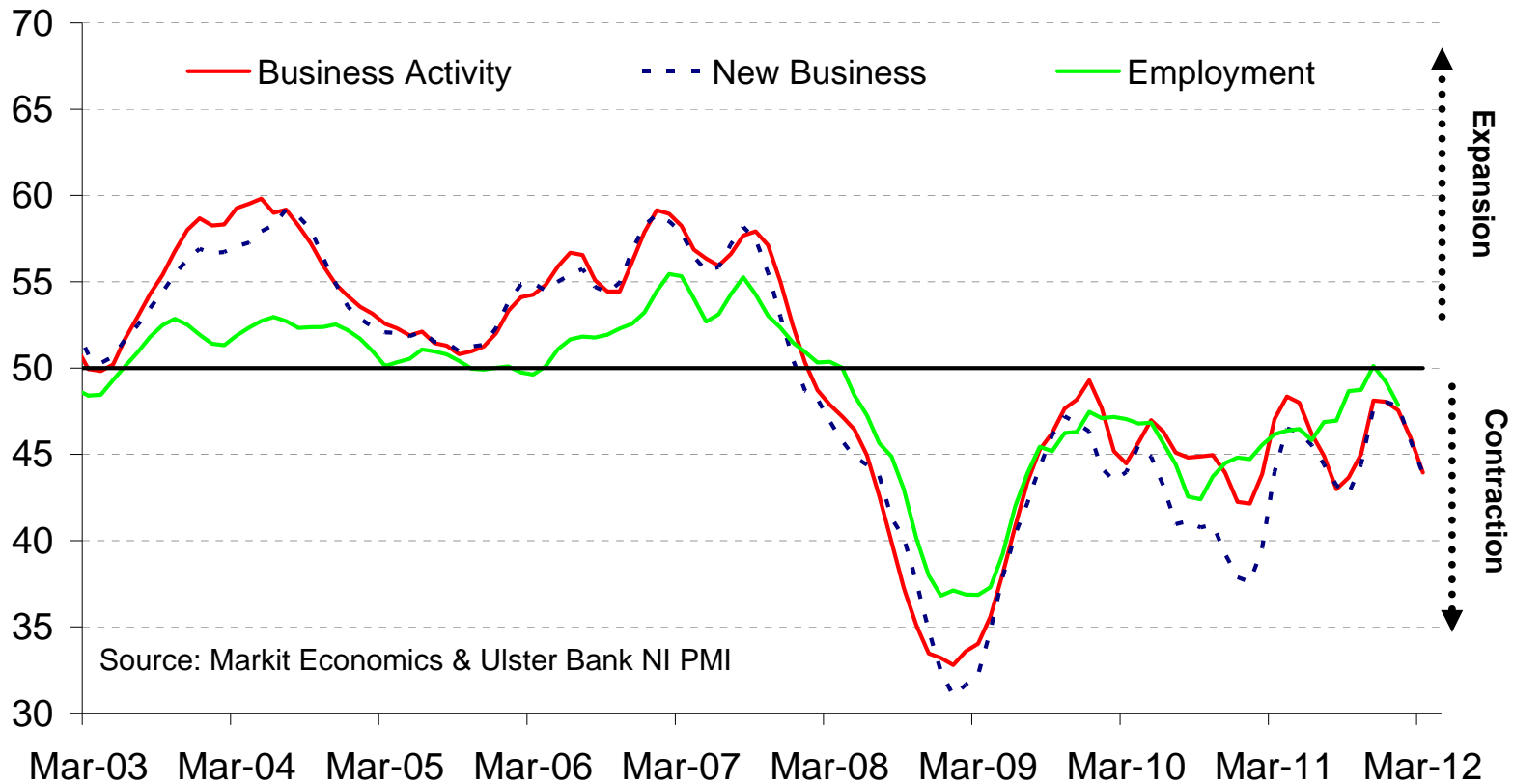
PMI did not signal rebound in Q3 output that the private sector composite index (combines DFP indices for construction, services and industrial production) did

NI Private Sector Output Index Versus NI PMI



NI output, orders and employment all contracting at a faster rate over the last 3 months

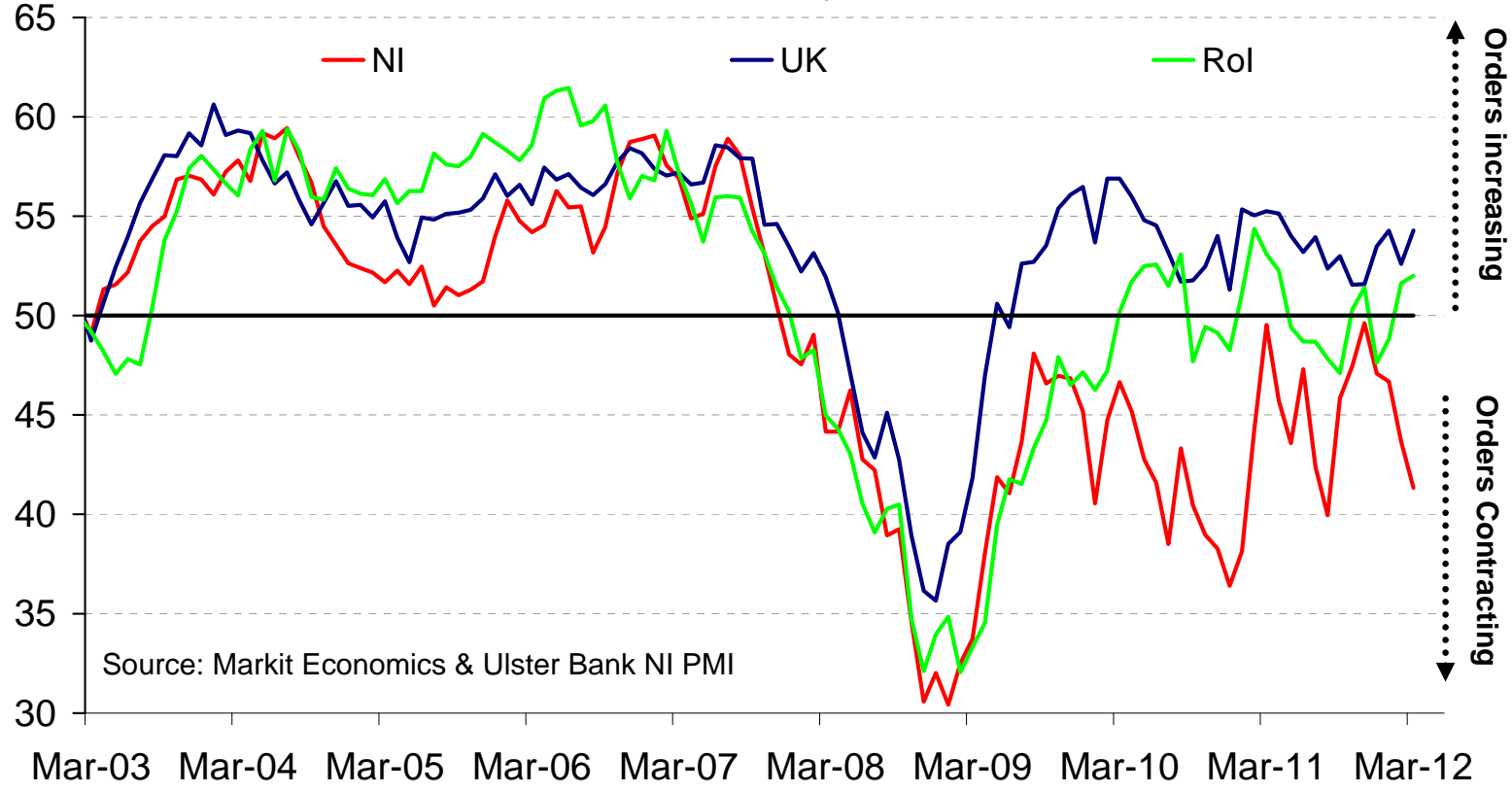
NI Private Sector Activity 3 month moving average



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

Private Sector New Orders

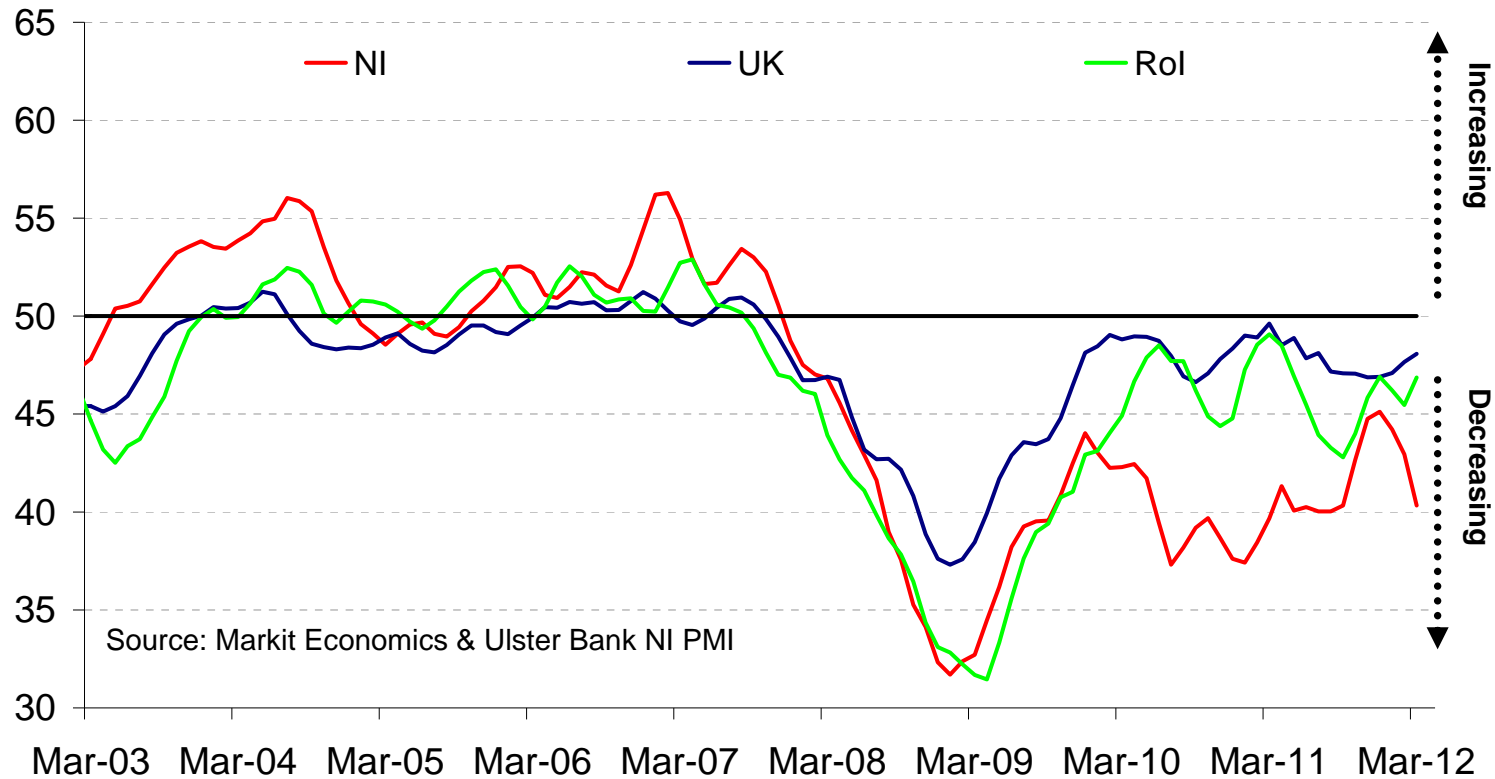
Monthly



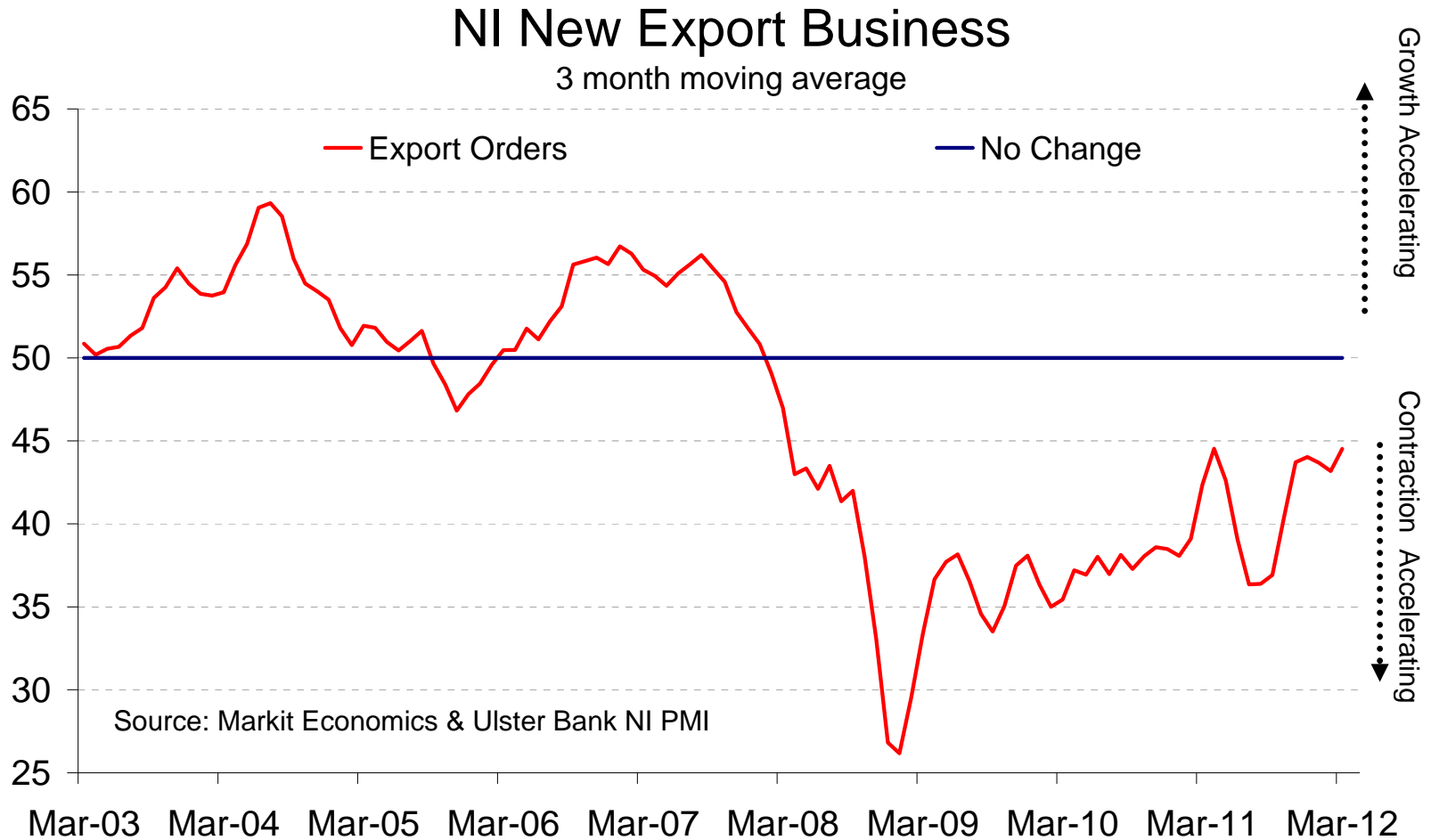
Source: Markit Economics & Ulster Bank NI PMI

NI's levels of work outstanding falling at a more rapid rate in March

Private Sector Backlogs
3 month moving average



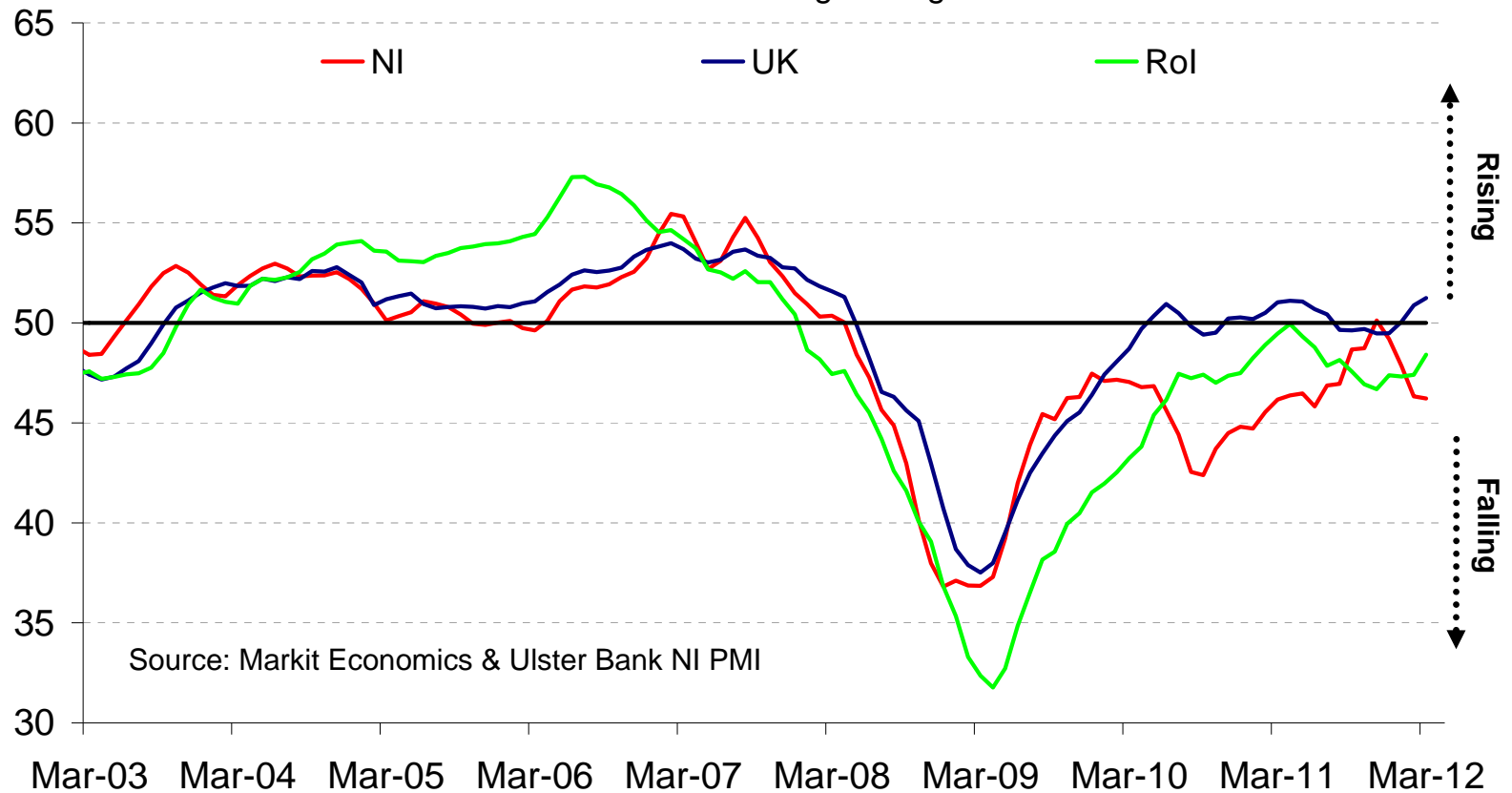
27% of firms saw export orders fall in March, weak demand in RoI still cited as a key factor



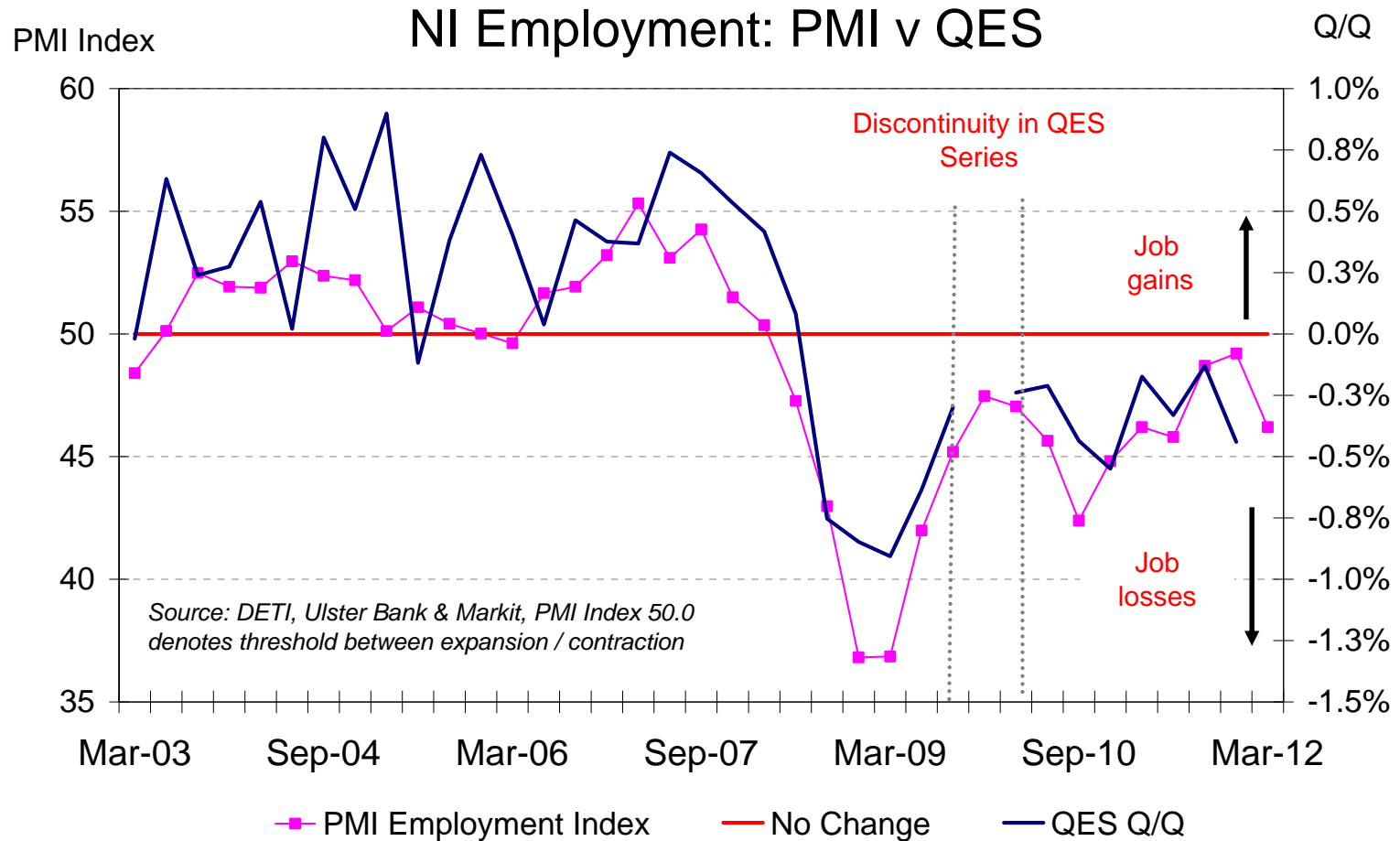
NI & UK employment indices moving in different directions

Private Sector Employment Levels

3 month moving average



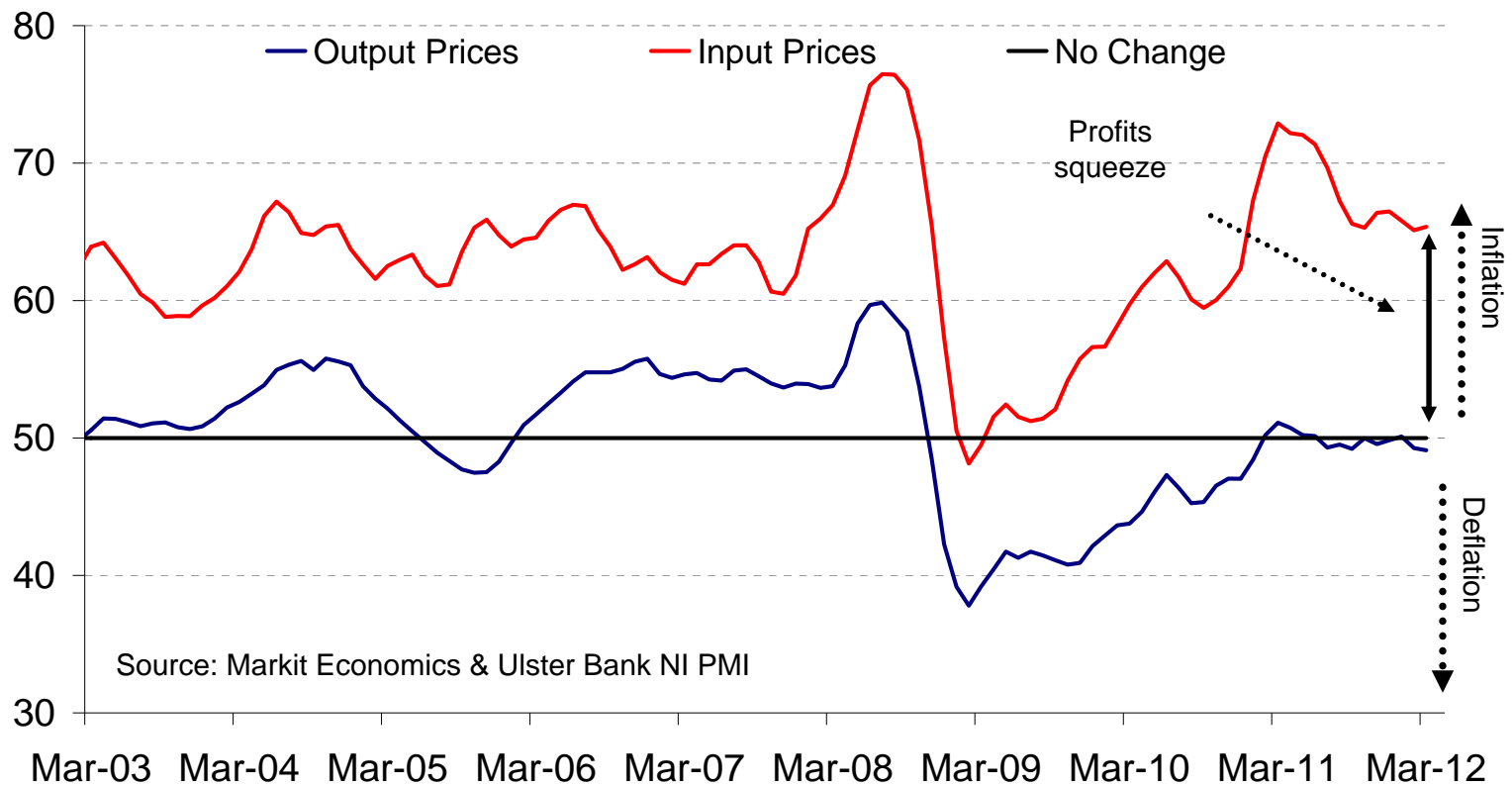
PMI underestimated job losses in Q4 (relative to official Quarterly Employment Survey – QES) with further job losses in Q1 2012



NI profits squeeze continues

NI Private Sector Profit Squeeze

3 Month Moving Average



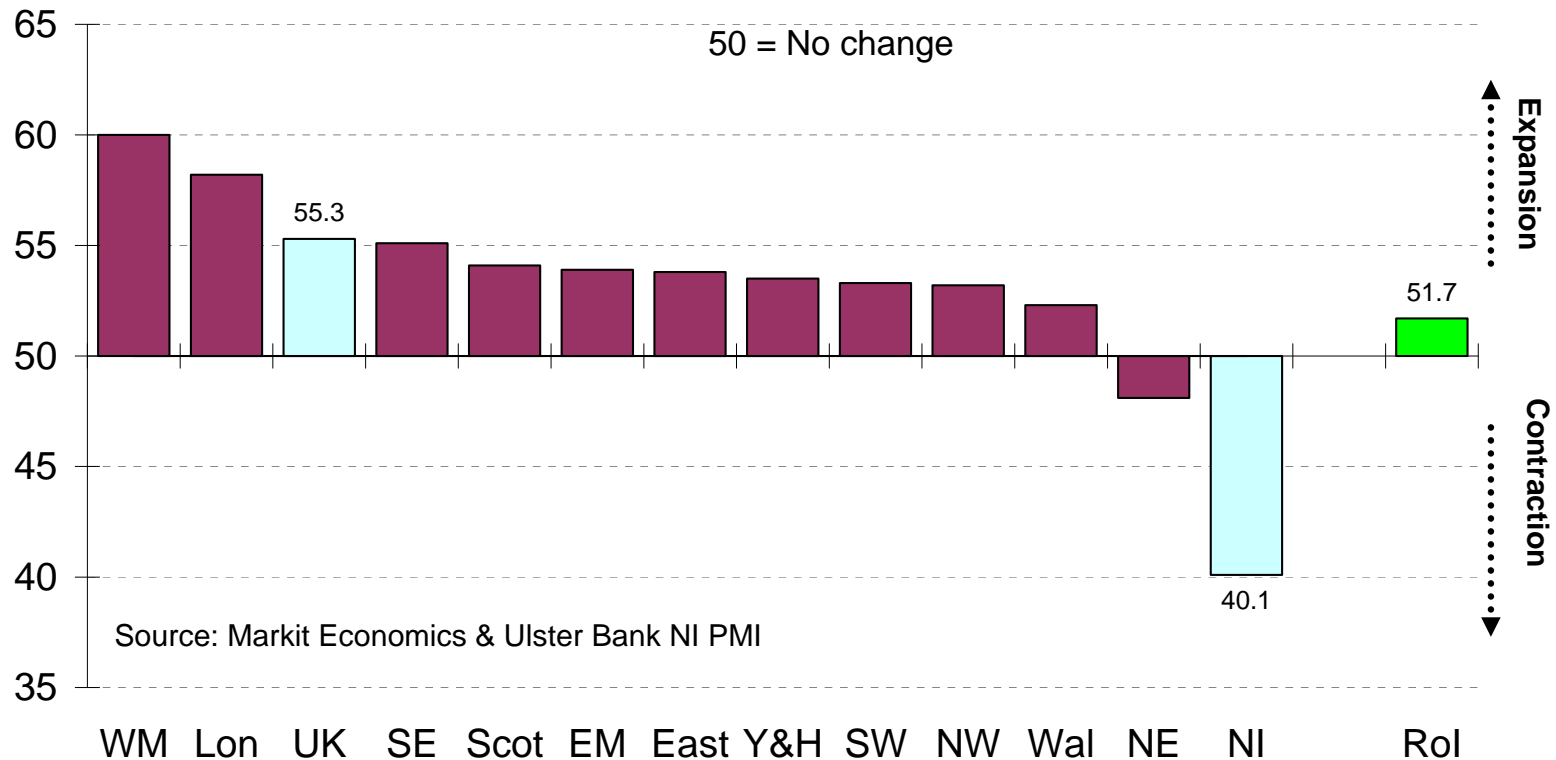
*Regional
Comparisons*

NI posts the steepest rate of contraction in March with the North East also in contraction territory

Output / Business Activity

March 2012

PMI index

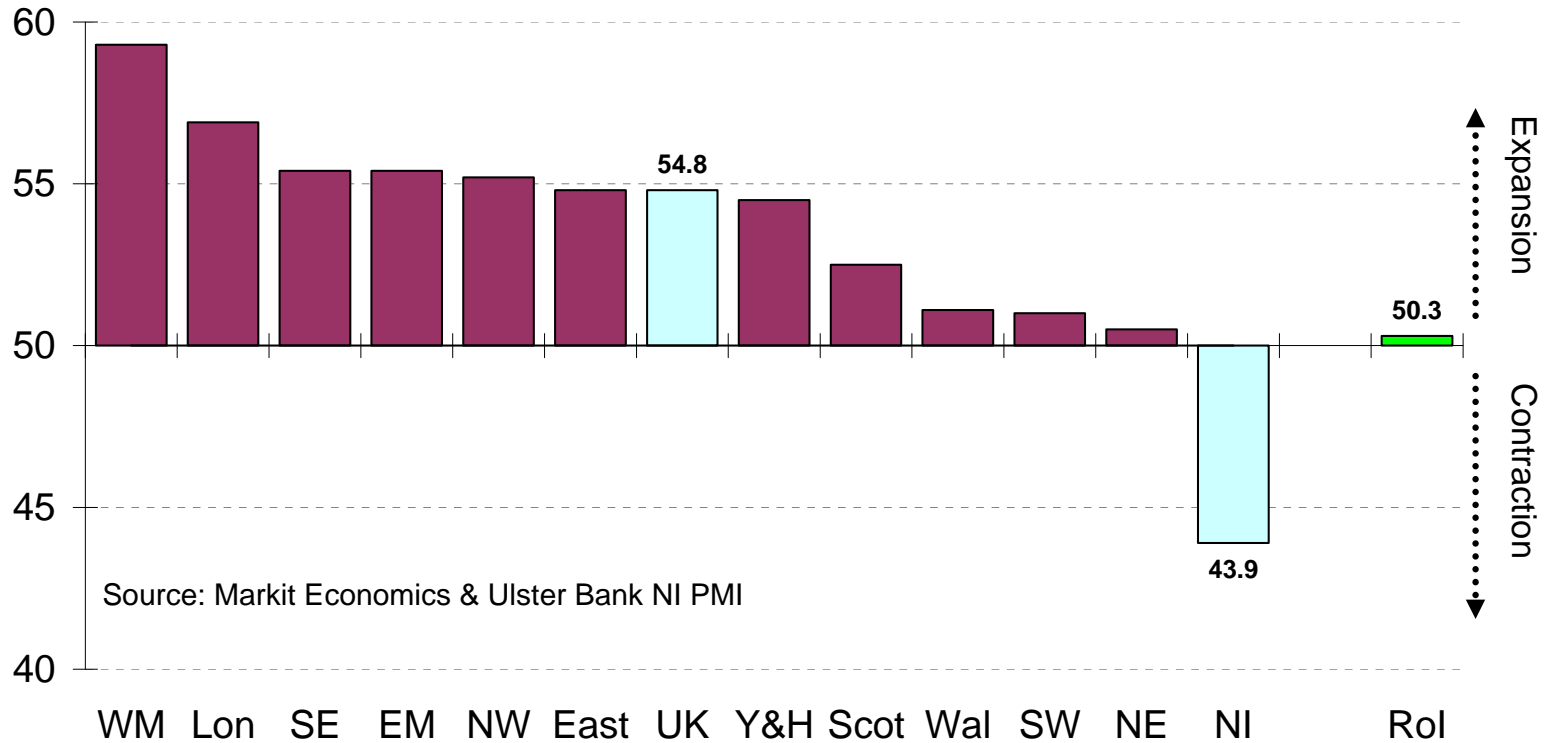


NI posts sharpest rate of decline over the last 3 months...

Output / Business Activity

3 months to March 2012
50 = No change

PMI index

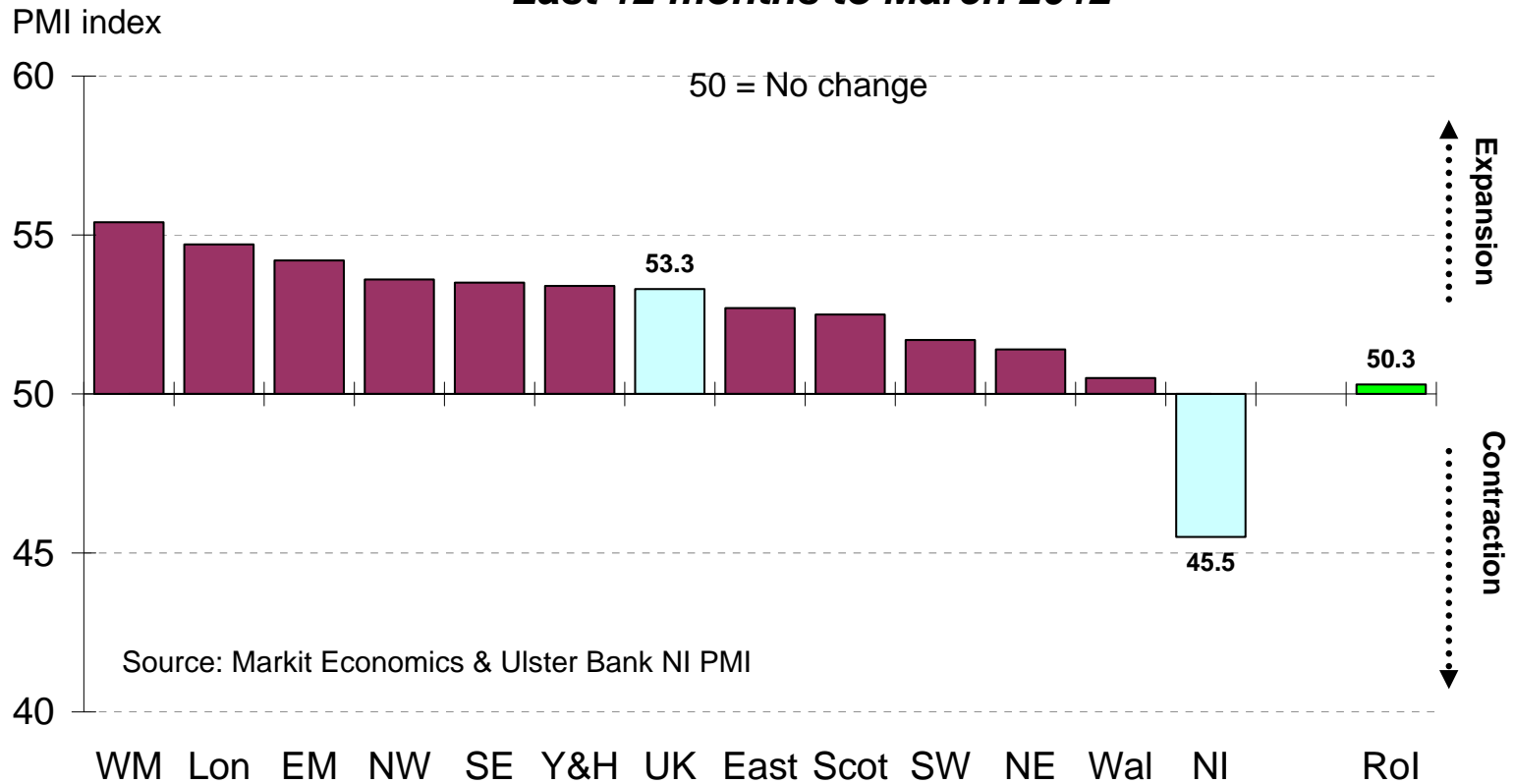


Source: Markit Economics & Ulster Bank NI PMI

.....and over the last 12 months

Output / Business Activity

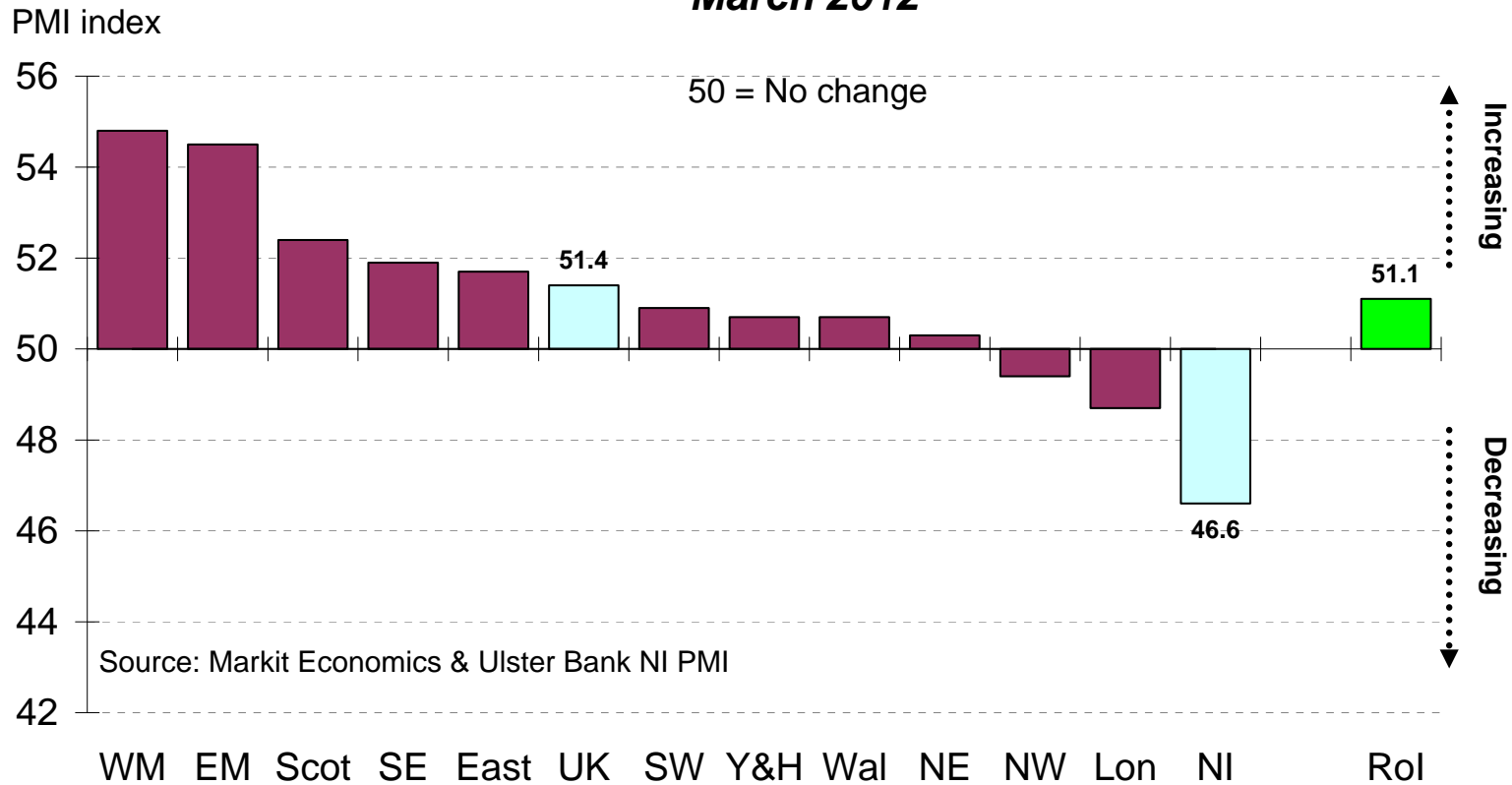
Last 12 months to March 2012



NI posted the sharpest decline in employment in March

Employment Levels

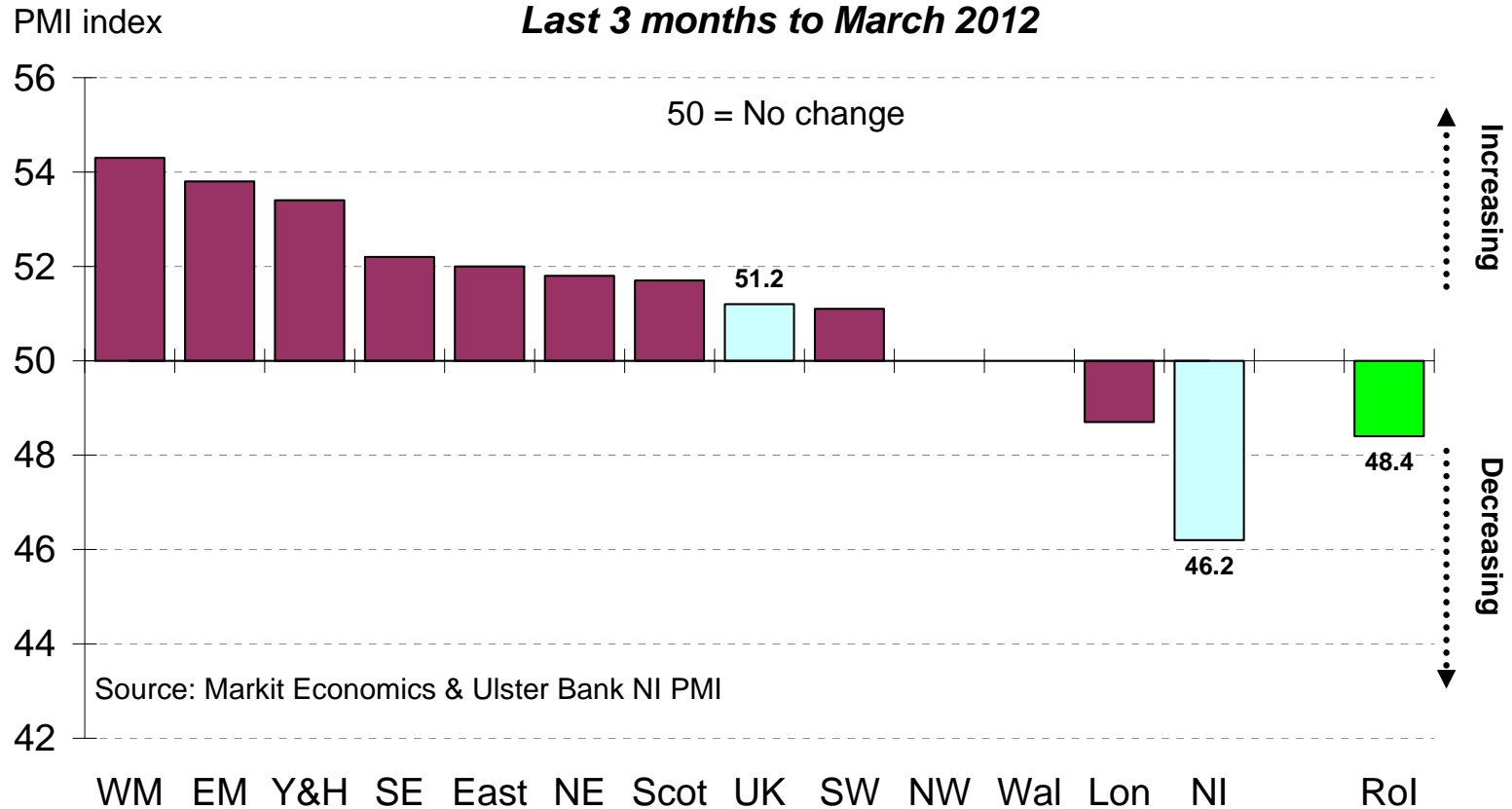
March 2012



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

Employment Levels

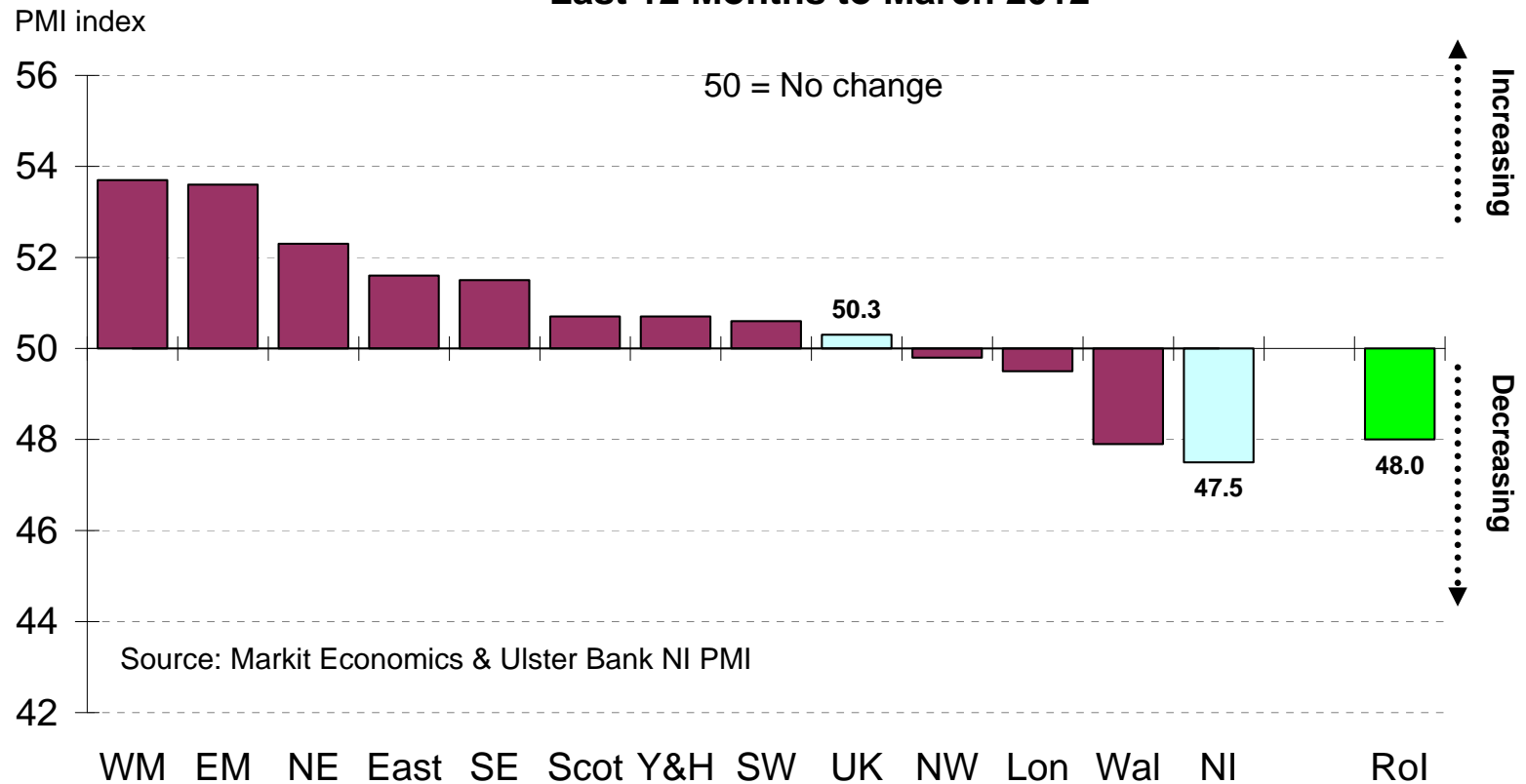
Last 3 months to March 2012



...and over the last 12 months

Employment Levels

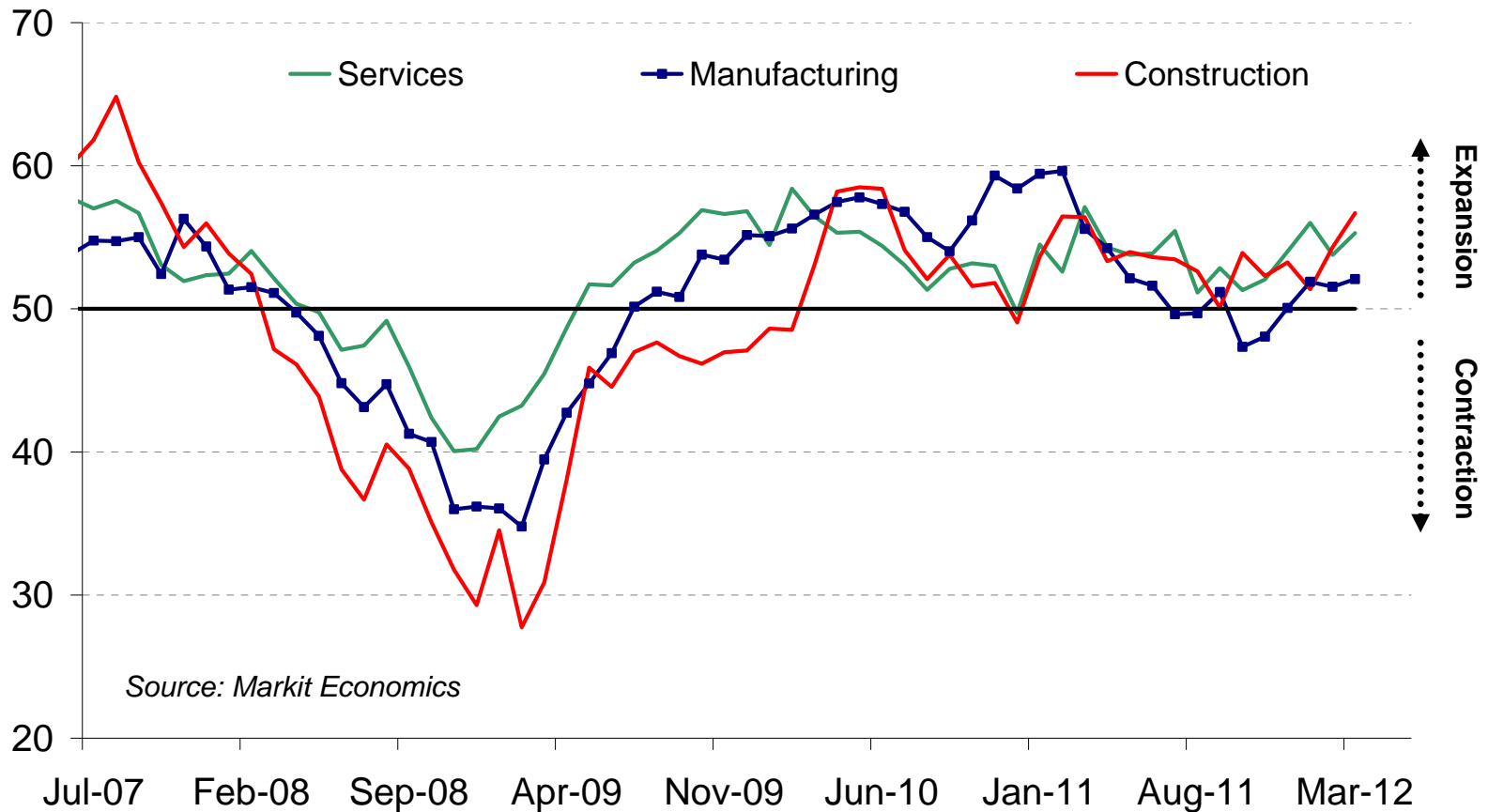
Last 12 Months to March 2012



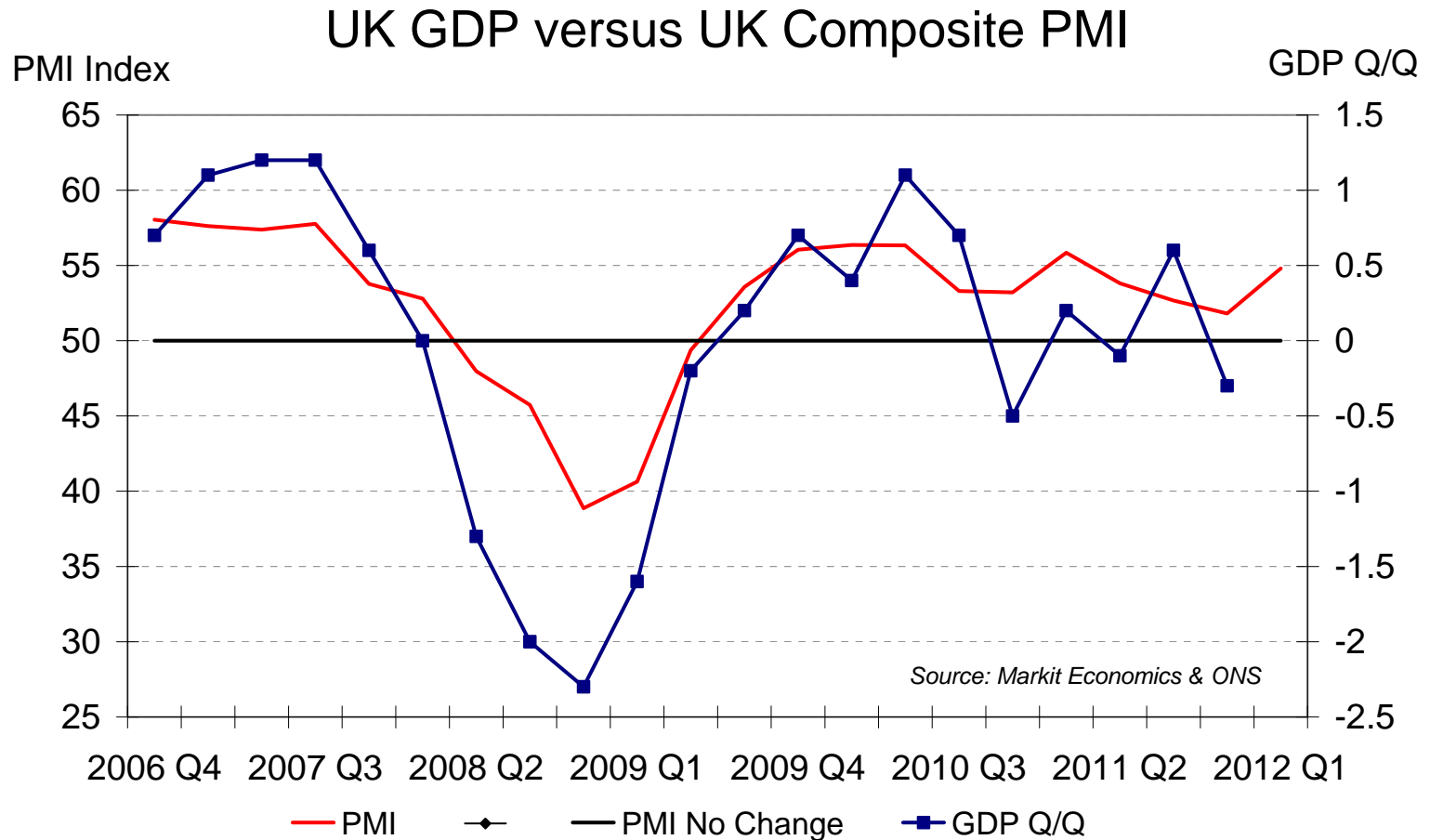
*Sectoral
Comparisons*

UK PMI hat-trick in March with all 3 sectors posting an acceleration in the growth rate ahead of City forecasts

UK Business Activity / Output - PMIs



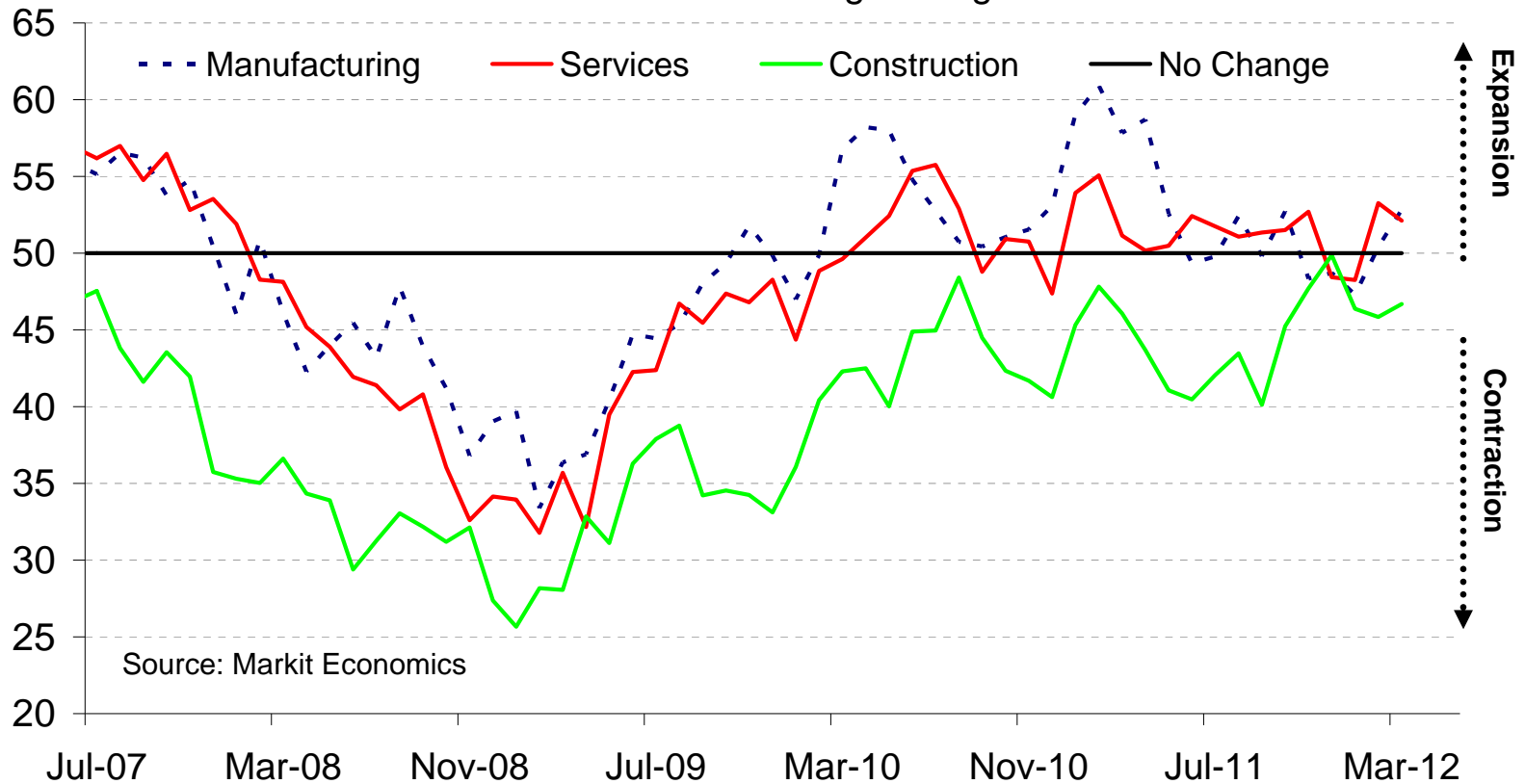
UK composite PMI suggested no contraction in GDP in Q4 2011 (-0.3%) with strong pick-up in Q1 2012



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

Rol Business Activity - PMIs

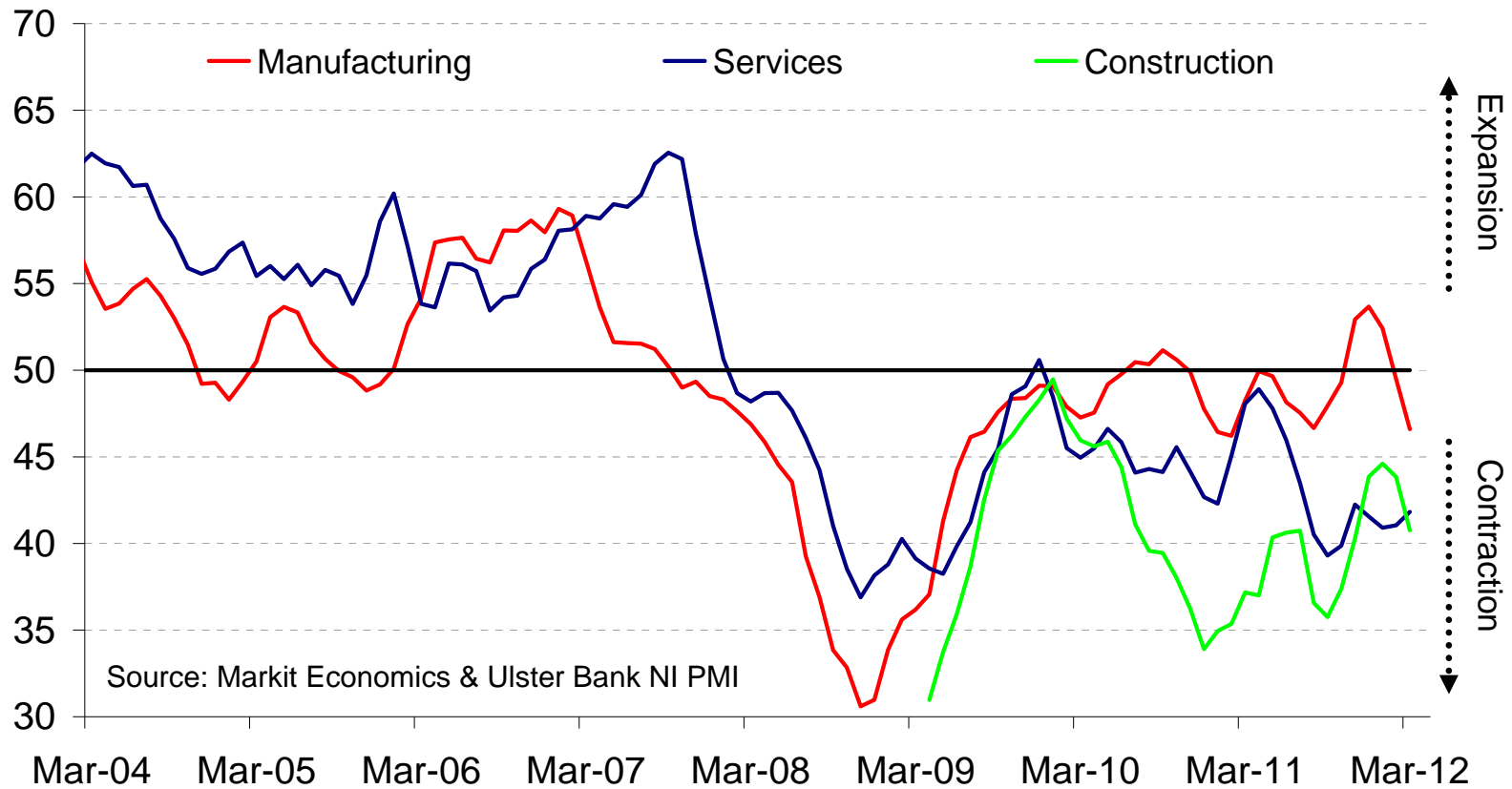
3 month moving average



All sectors in NI contracting in 2012...

NI Private Sector Output

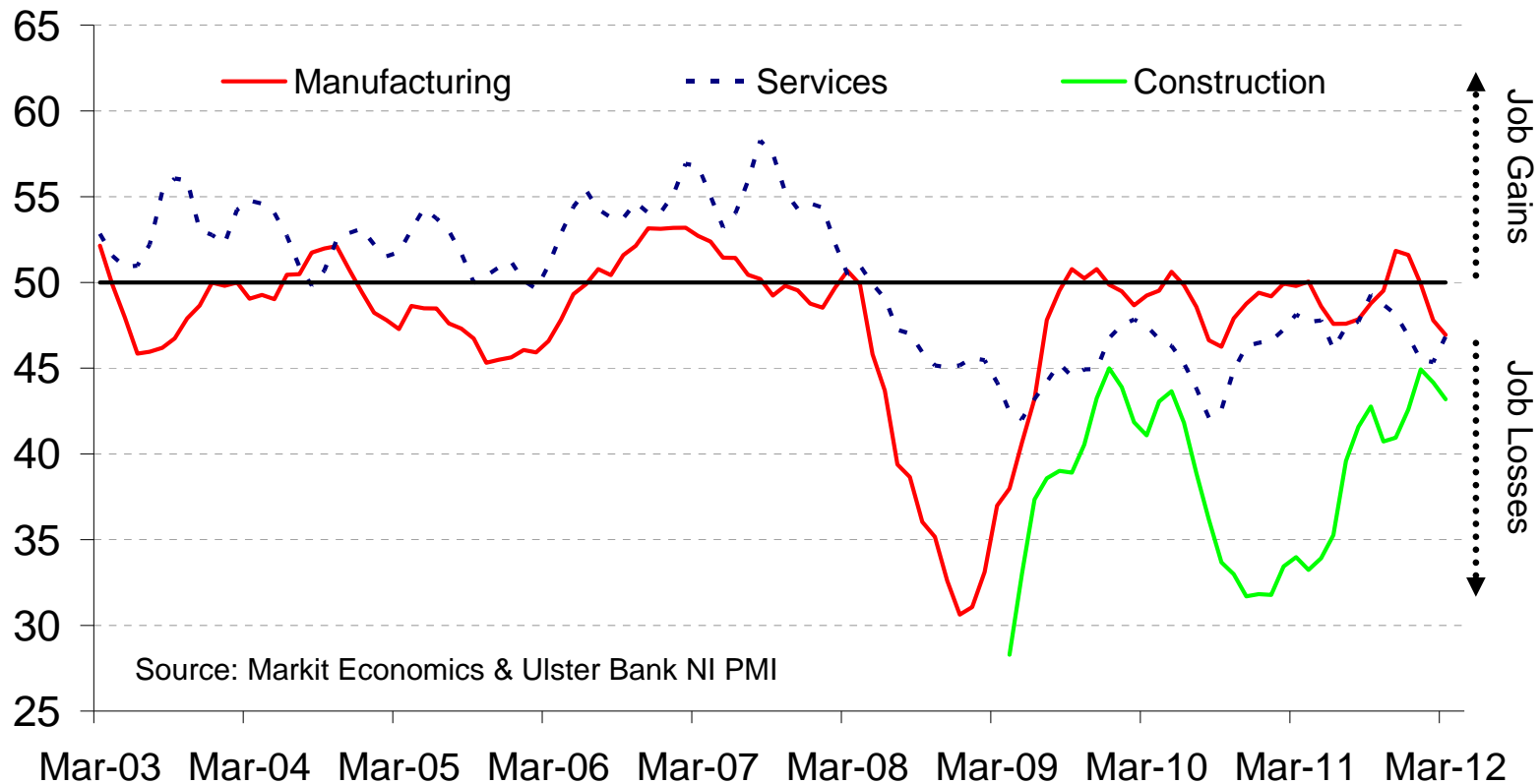
3 month moving average



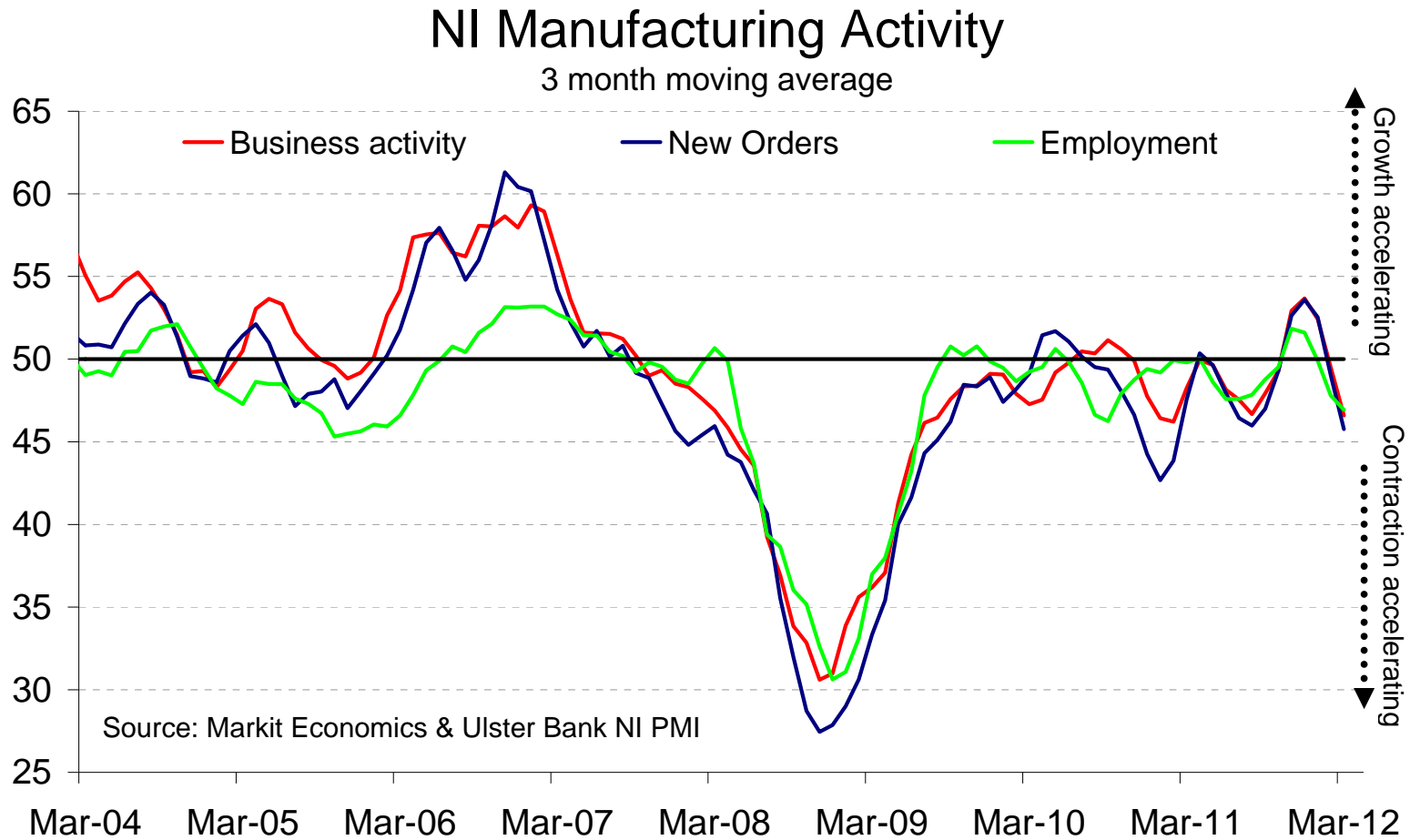
... and all NI sectors experiencing declines in employment levels

NI PMI - Employment Index

3 month moving average

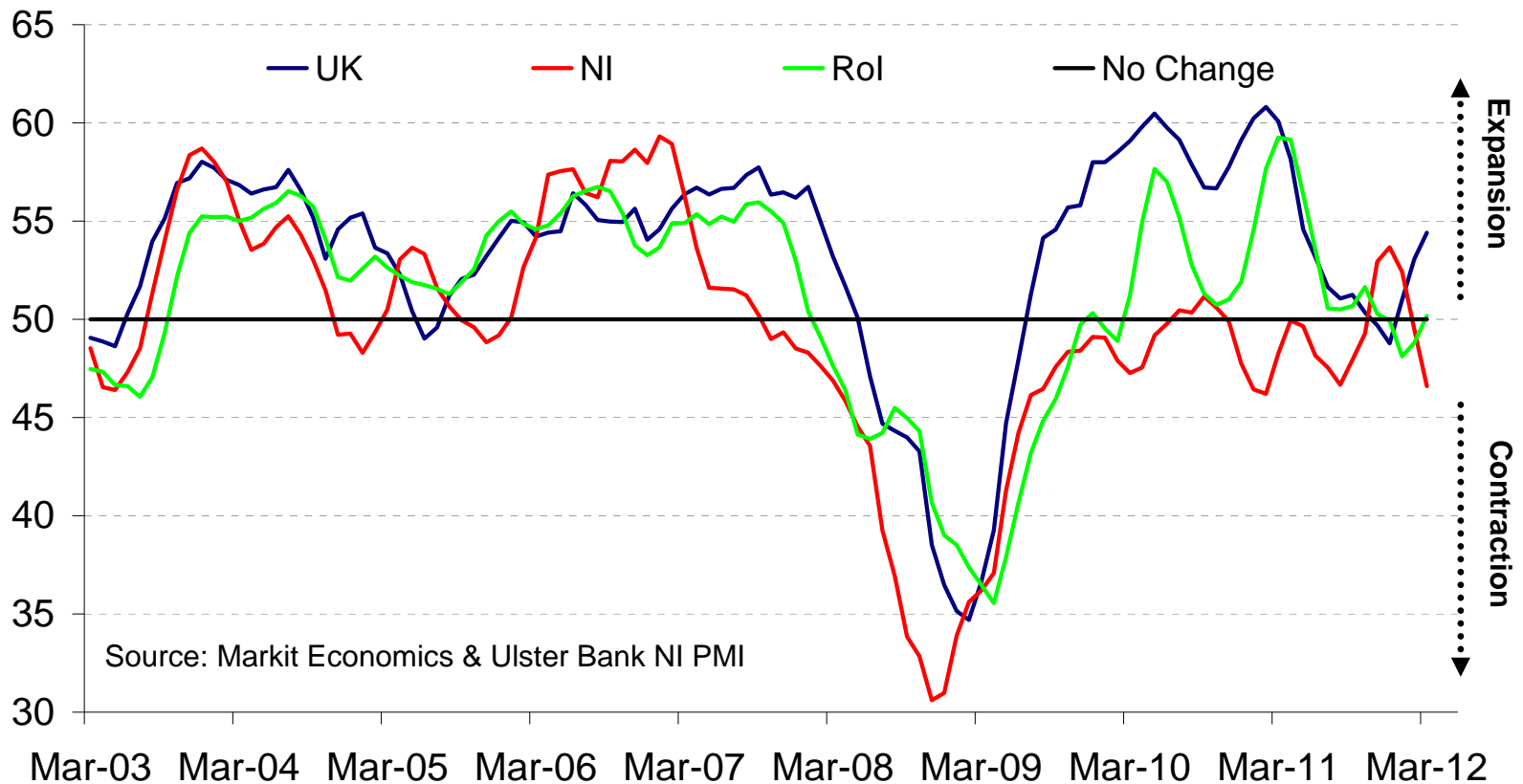


Manufacturing indices continue to fall from recent highs



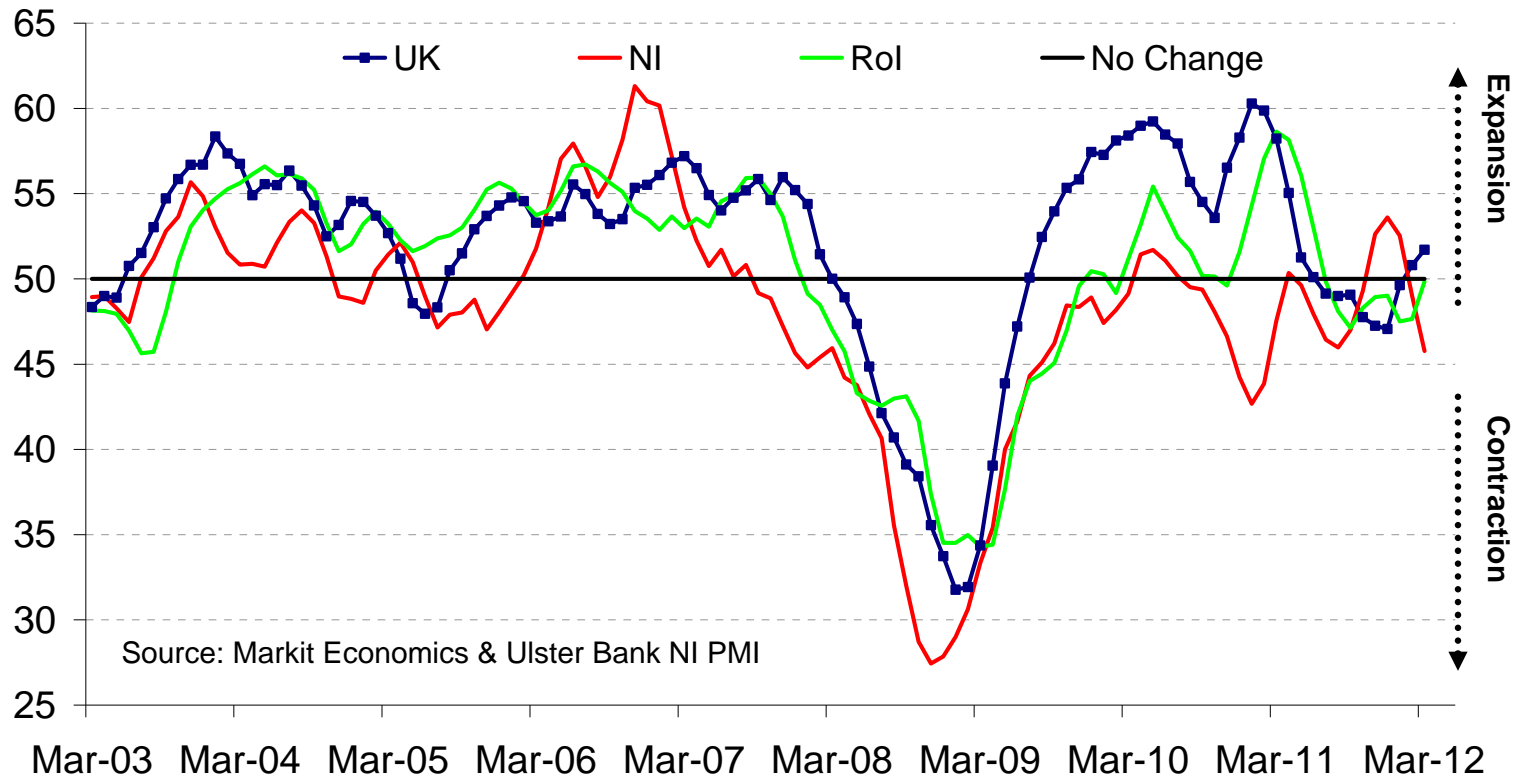
NI's manufacturing brief out-performance of the UK has come to an end: divergence now a theme

Manufacturing Output
3 month moving average



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

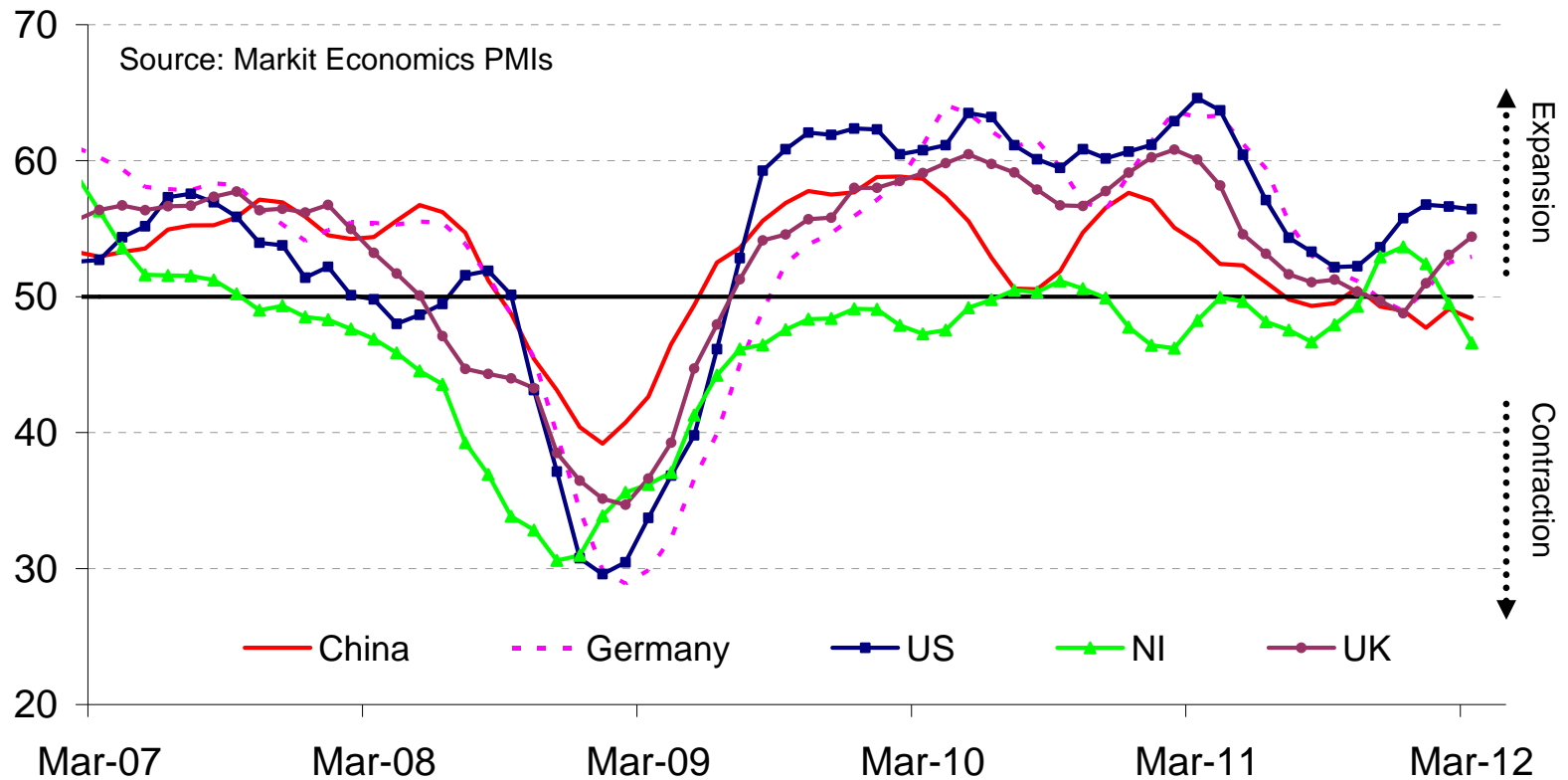
Manufacturing New Orders
3 month moving average



NI's recent robust manufacturing performance has faded

Manufacturing Output - PMI

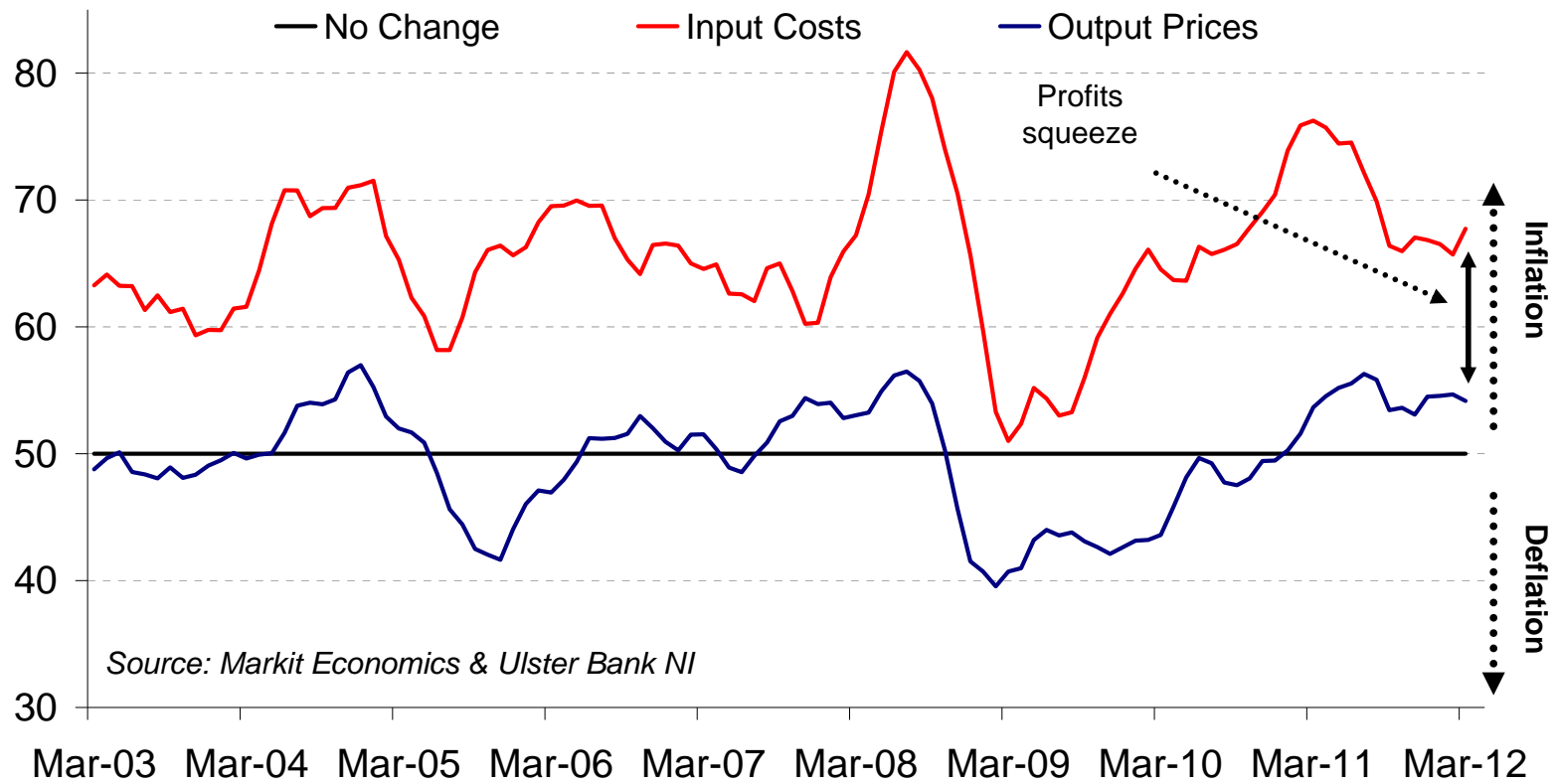
3 month moving average



Cost price inflation increasing for local manufacturing firms & pricing power weakening = profits squeeze intensifying

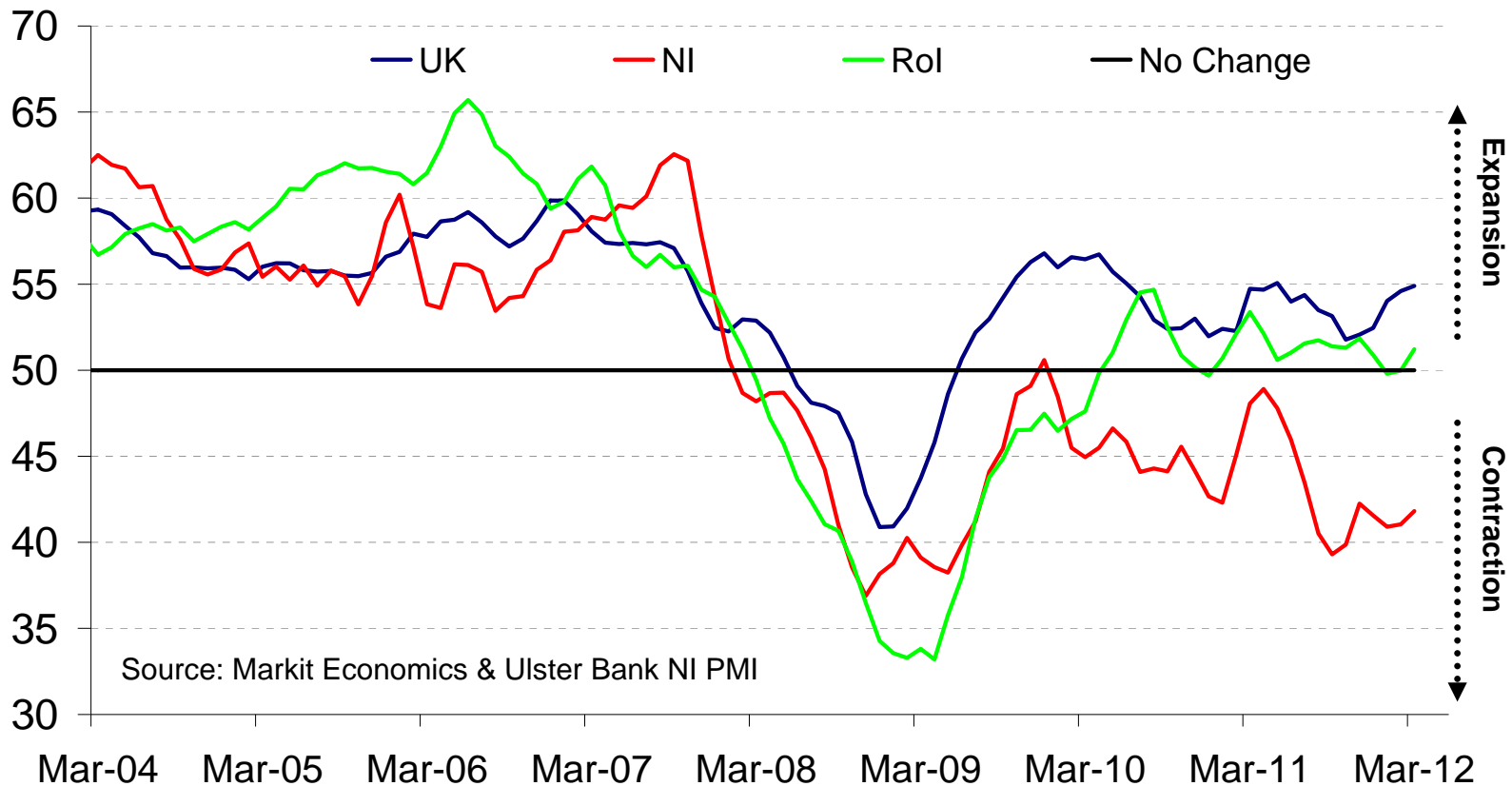
NI Manufacturing Input & Output Inflation

3 month moving average



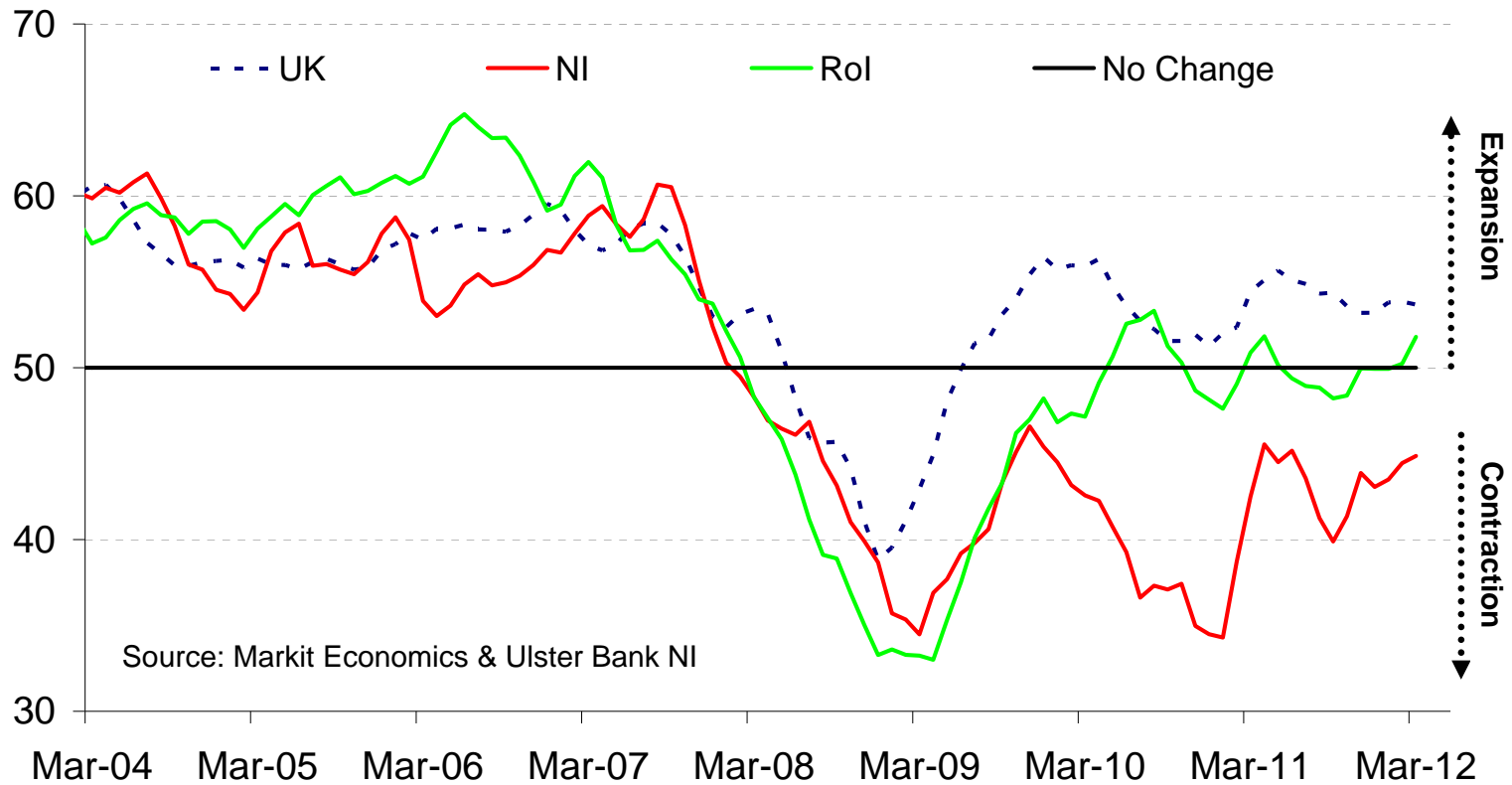
NI-UK divergence within service sector widens...

Services Output (excluding Retail)
3 month moving average

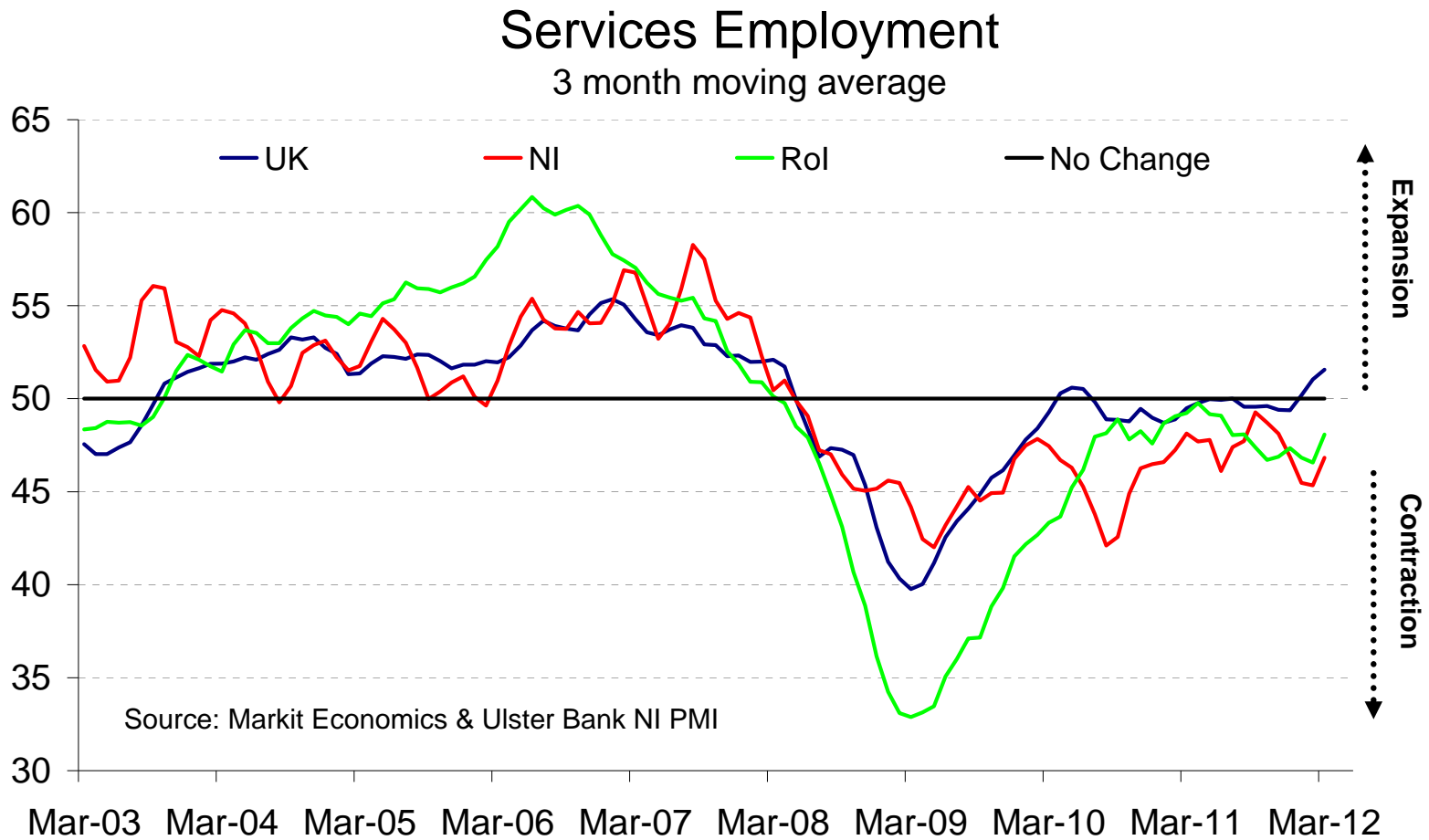


...with forward looking new orders suggesting no recovery is imminent

Services New Orders (*excluding Retail*)
3 month moving average



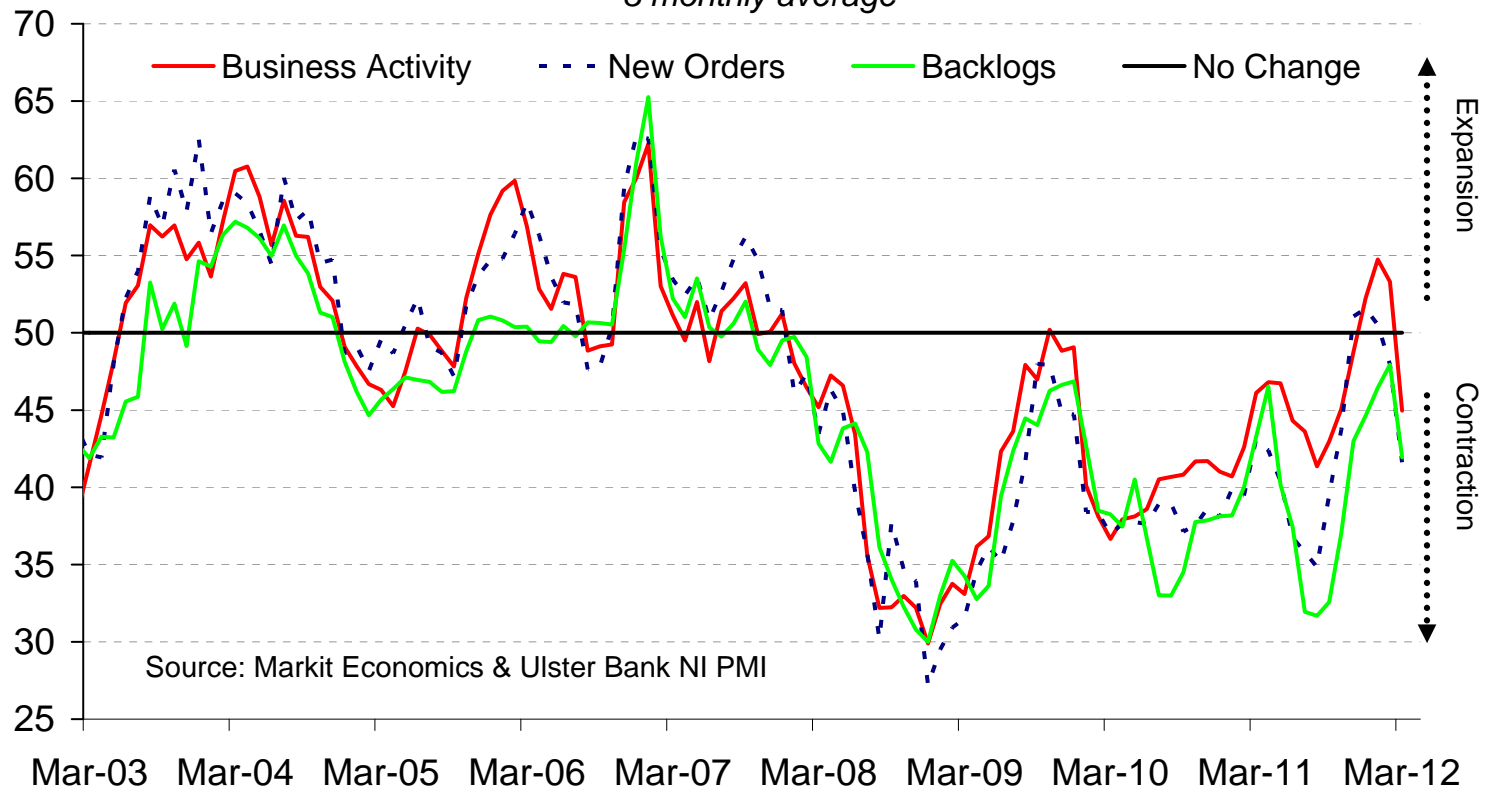
....with employment levels still falling



A reversal in fortunes for the retail sector

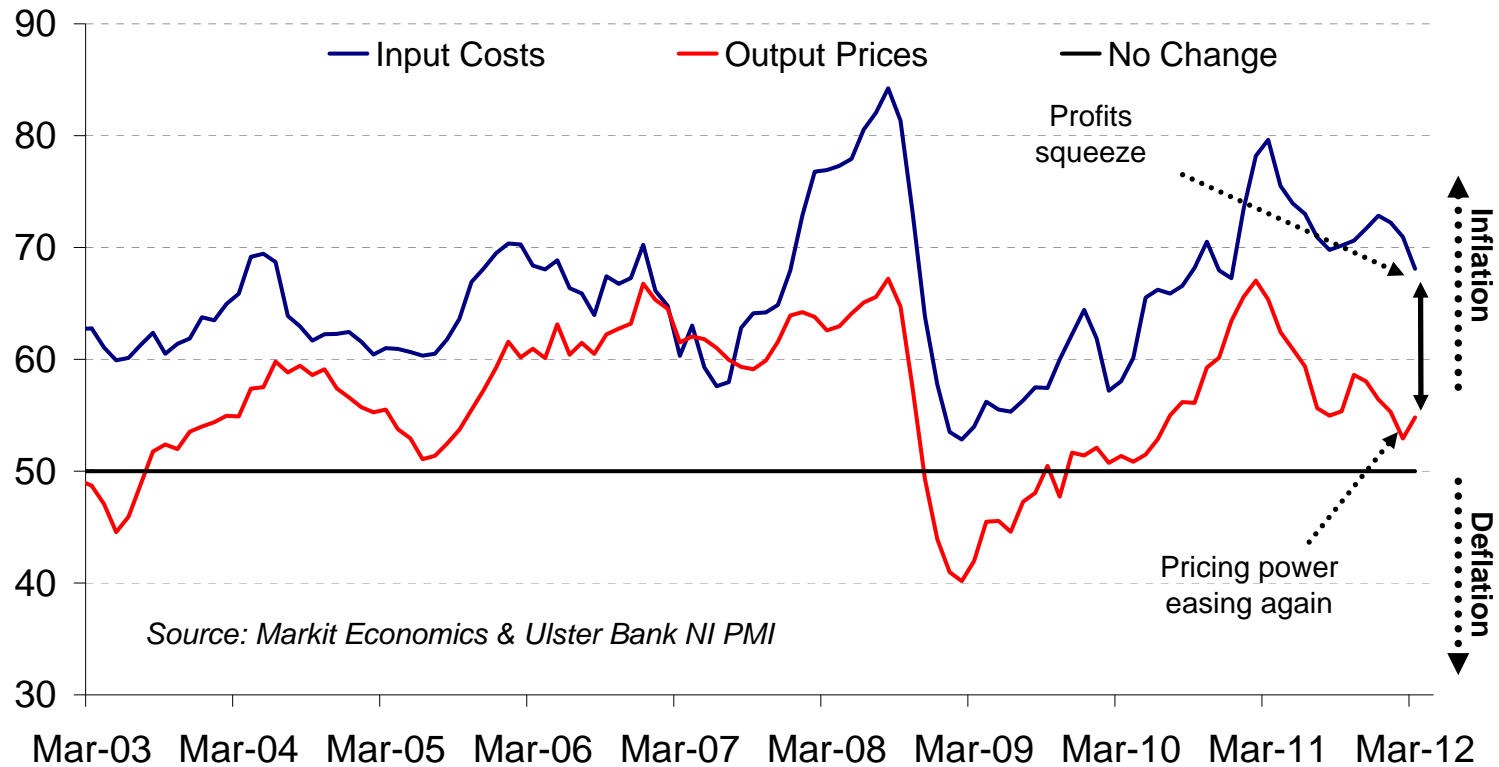
Northern Ireland Retail PMI

3 monthly average



Retail profit margins continue to be squeezed

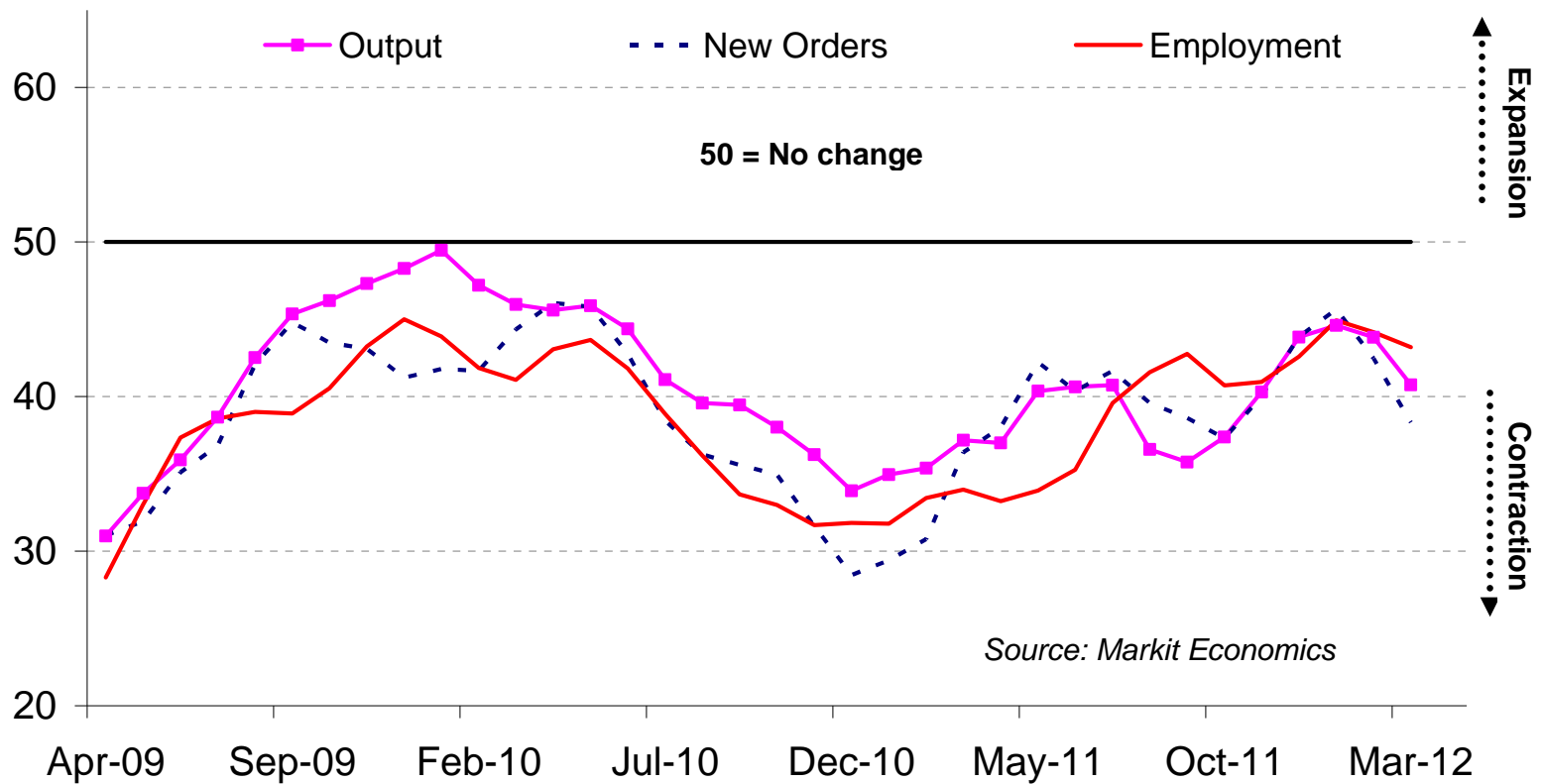
NI Retail Input & Output Inflation
3 month moving average



NI construction sector continues to weaken

NI Construction PMI

3 month moving average

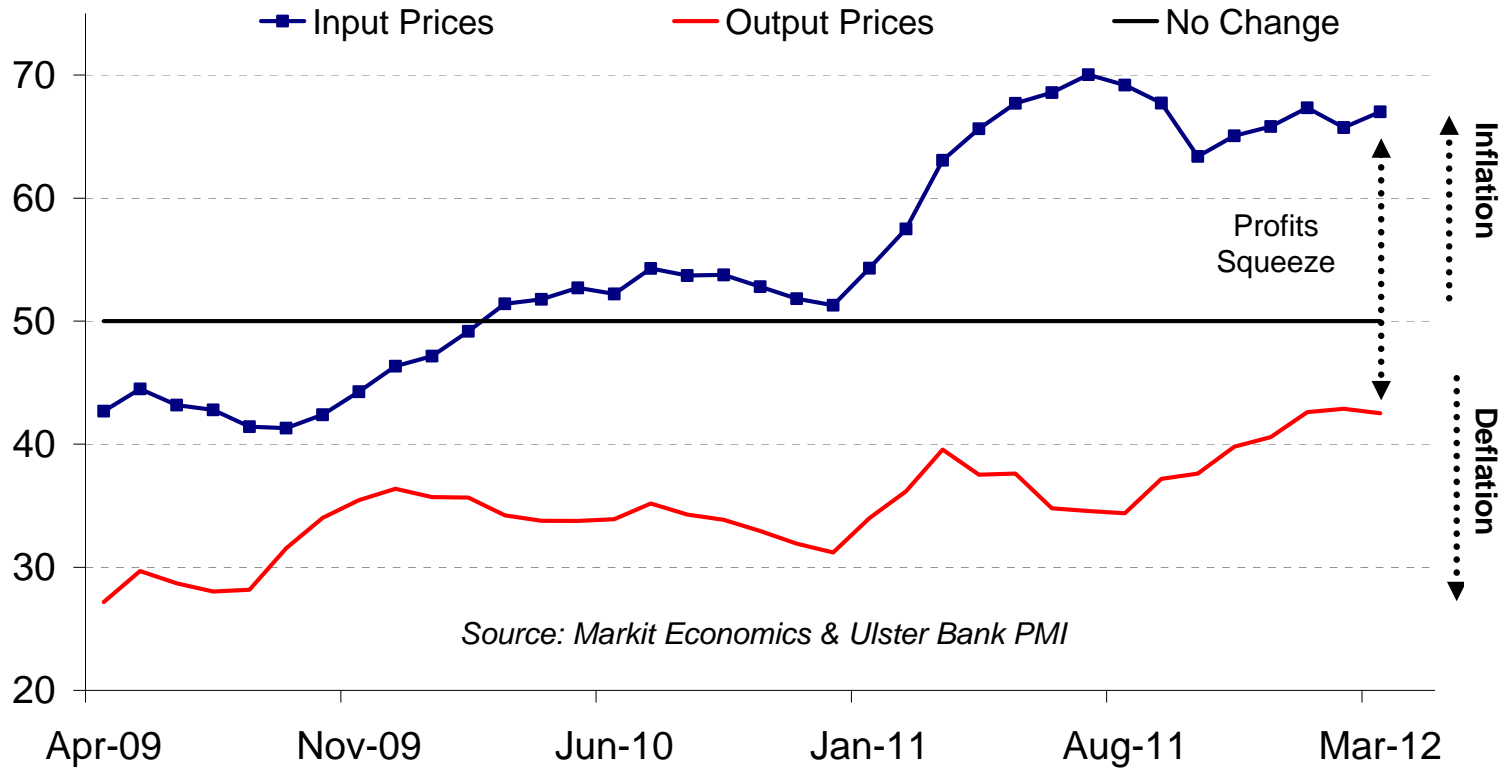


.....with profits squeeze still severe

NI Construction Sector Profits Squeeze

3 month moving average

PMI Index

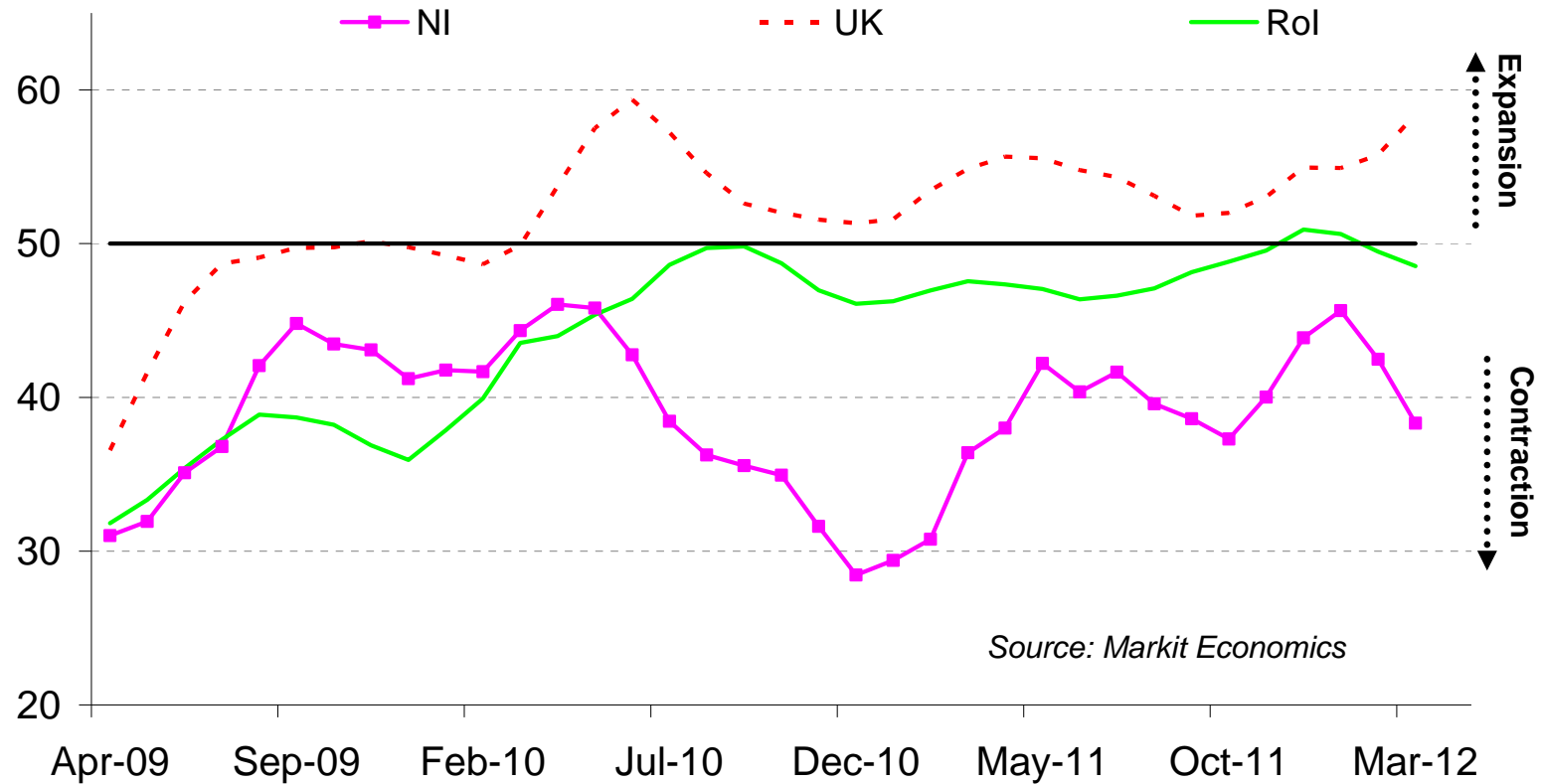


NI-UK divergence becomes more marked with new orders

Construction Sector New Orders - PMI

3 month moving average

PMI Index

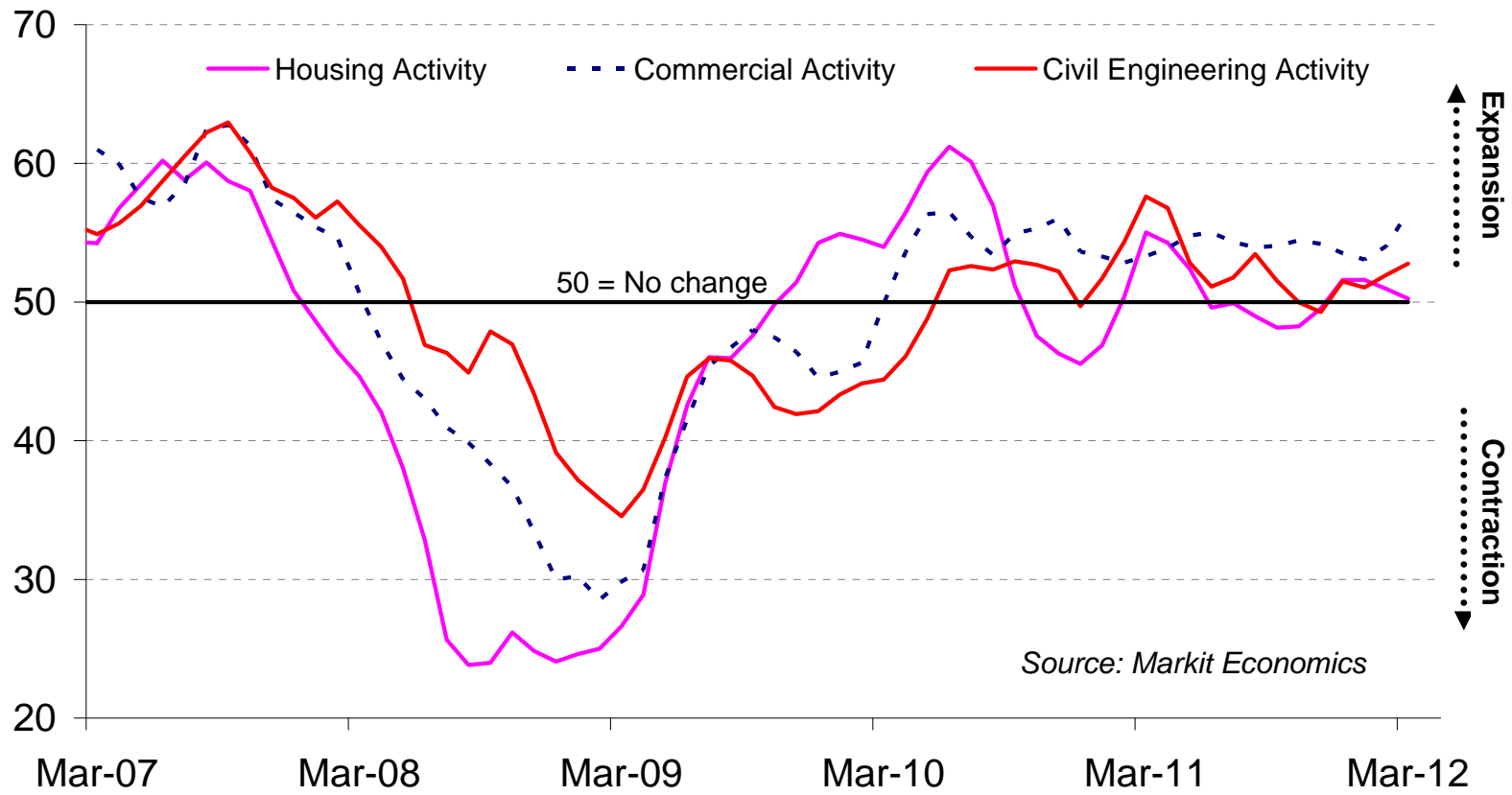


Source: Markit Economics

Continued growth in GB offers opportunities for NI firms

UK Construction Activity - PMIs

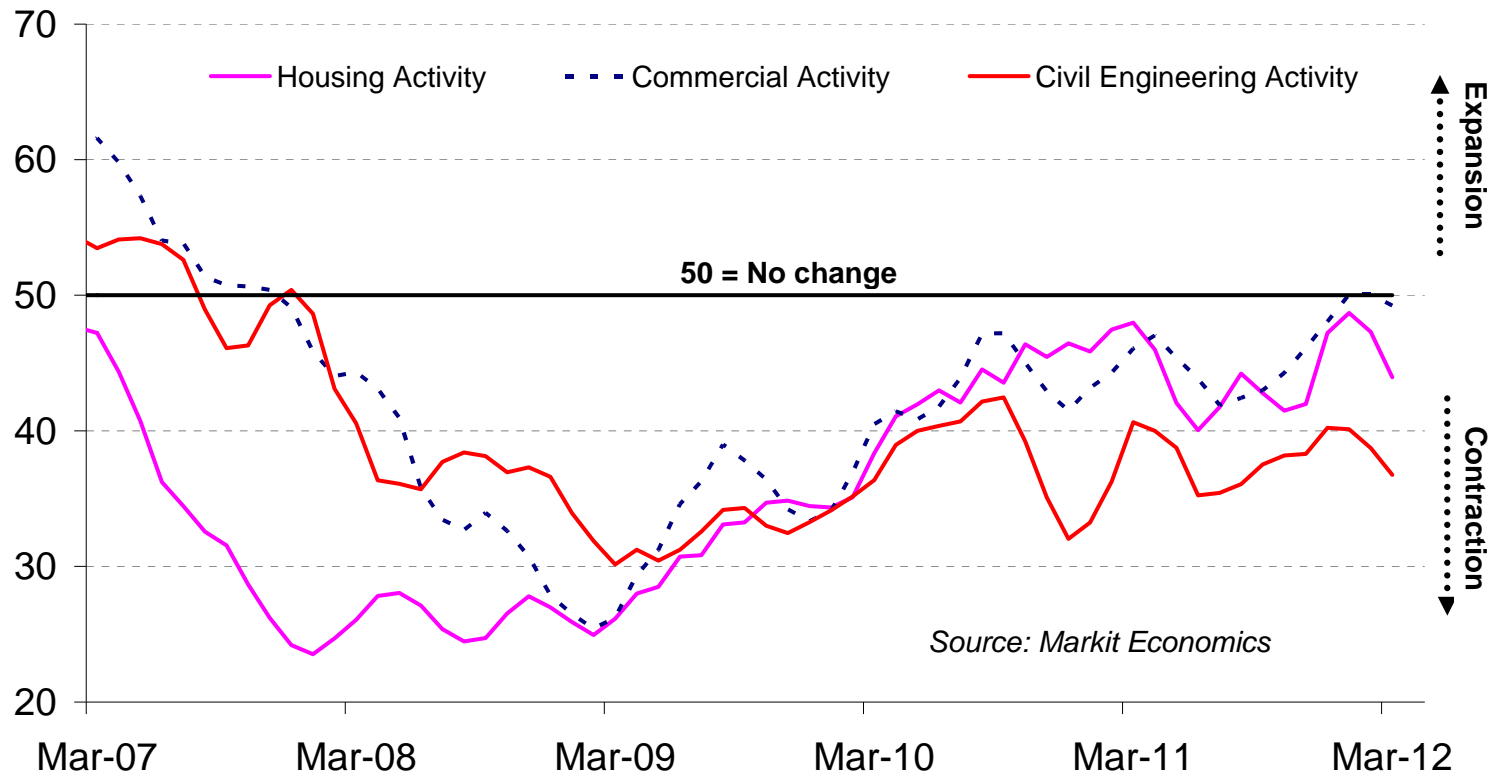
3 month moving average



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

Republic of Ireland Construction Activity - PMI

3 month moving average



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