
Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

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

March 2013 Survey Update

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PMI Surveys

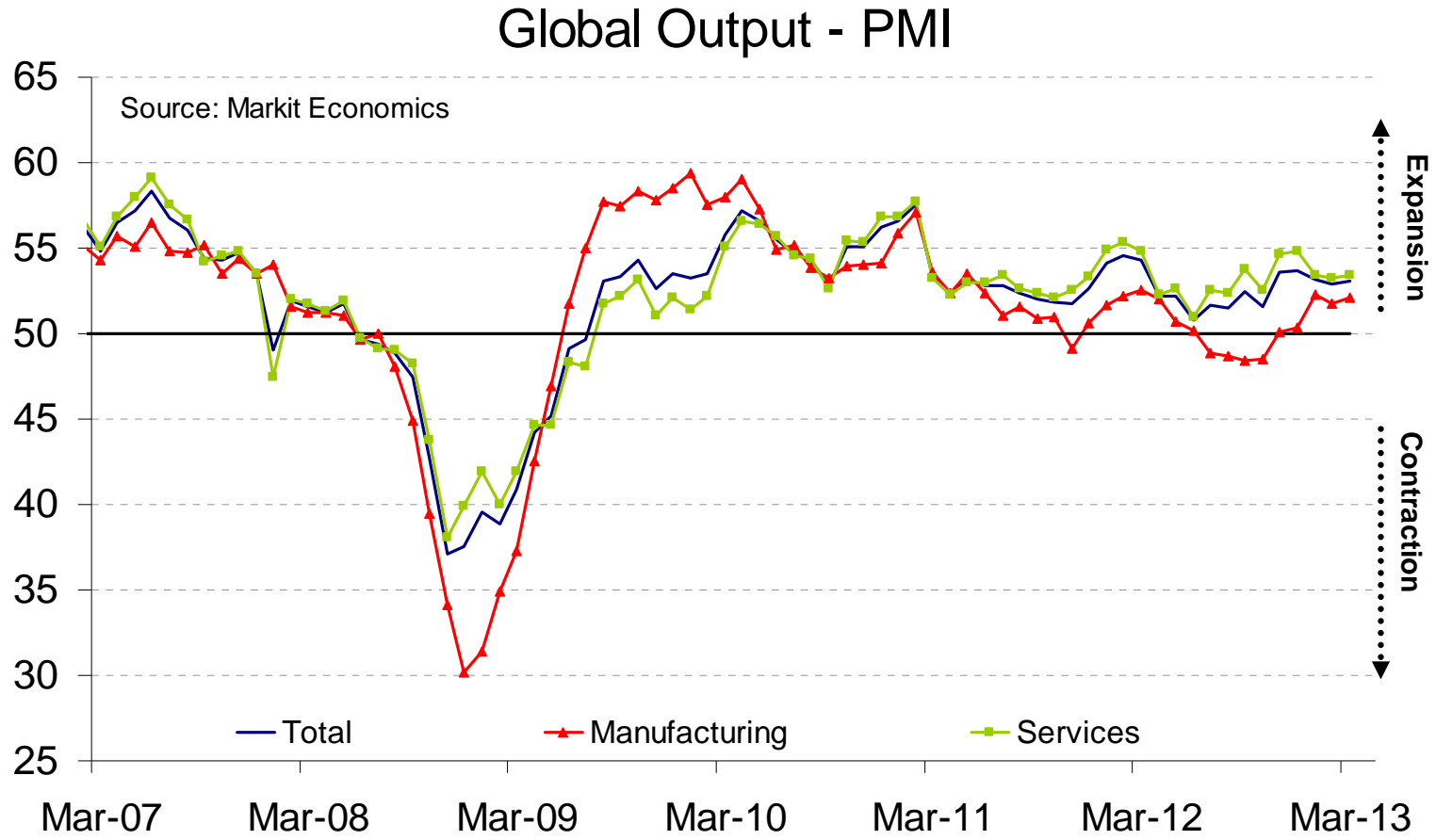
Purchasing Managers' Indexes (PMIs) are monthly surveys of private sector companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across different sectors.

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

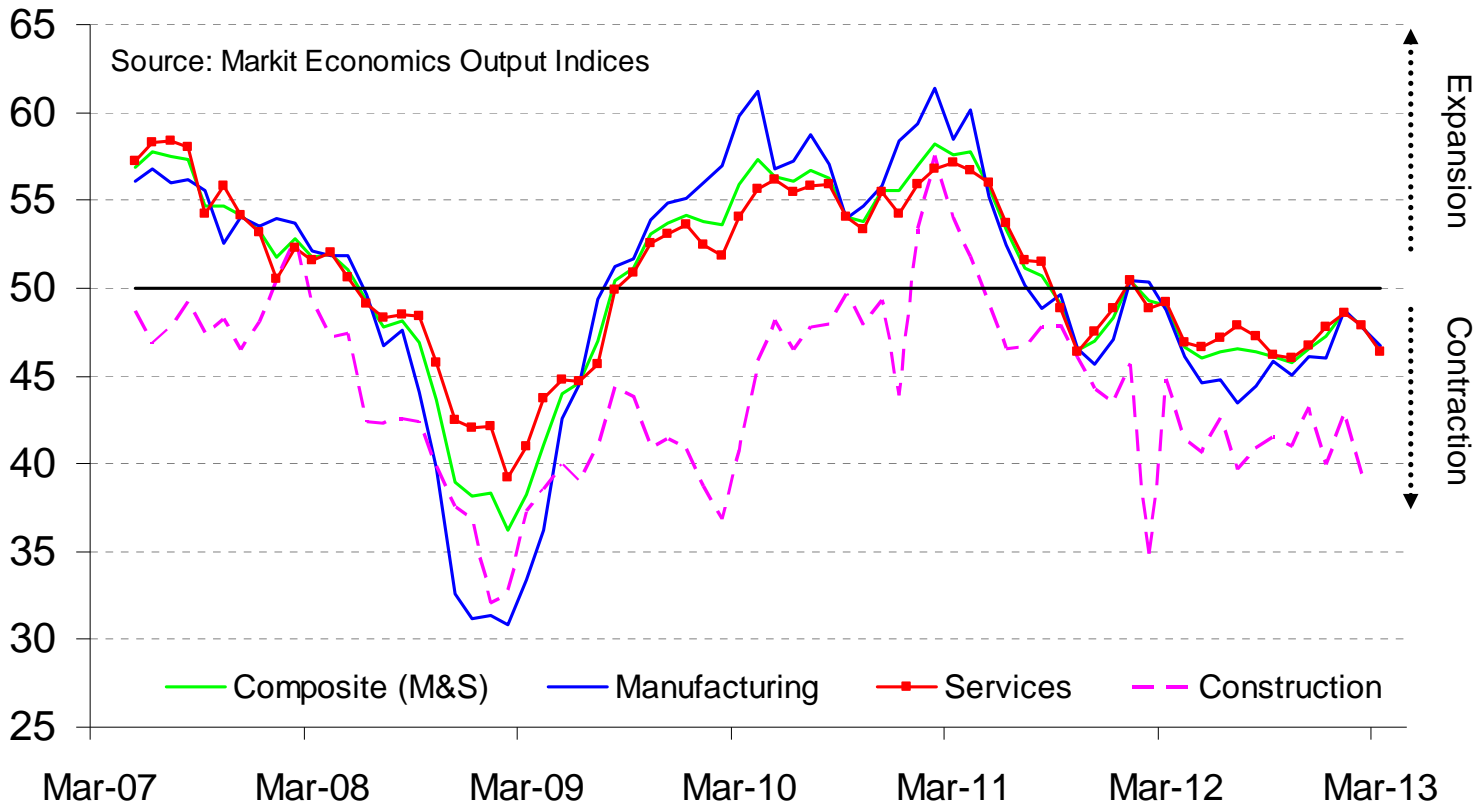
*Data at a sector level are more volatile and **3-month moving averages** have been used to more accurately identify the broad trends.*

Global output growth picks up in March...



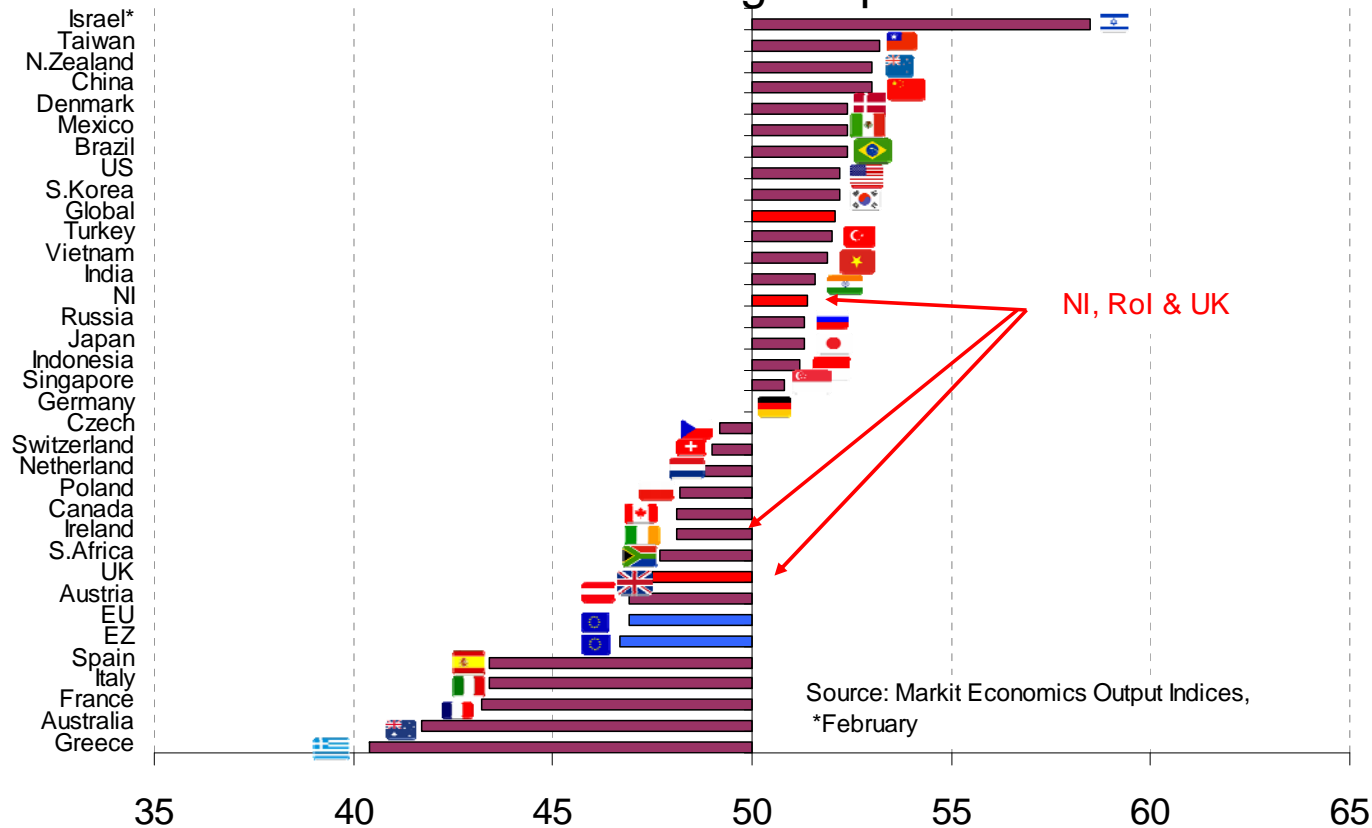
... but all sectors within the Eurozone are still contracting

Eurozone PMIs: Output



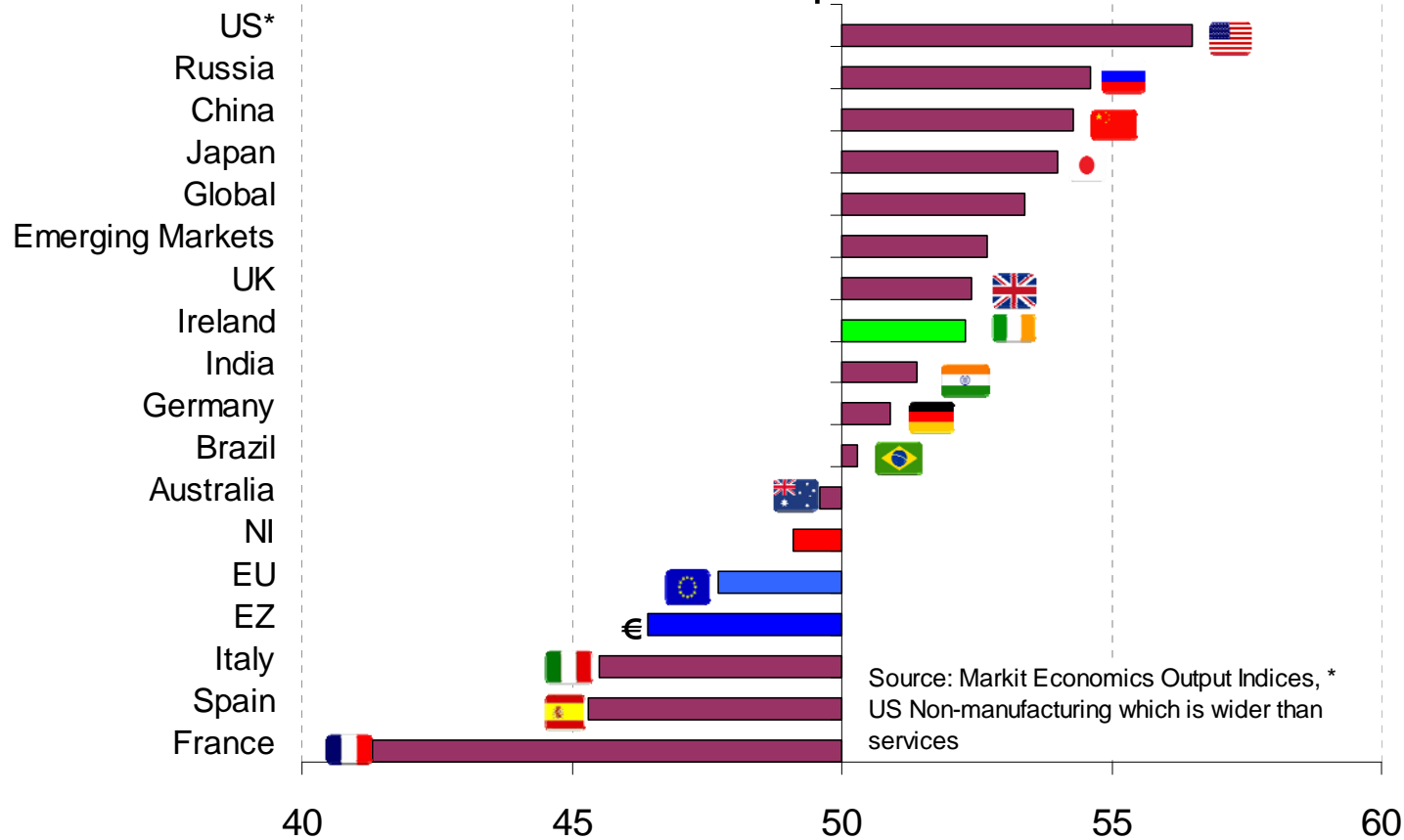
Greece, Australia, France & Italy post steepest falls in manufacturing output. Israel* posts strongest gain (*Feb)

PMIs: Manufacturing Output March 2013

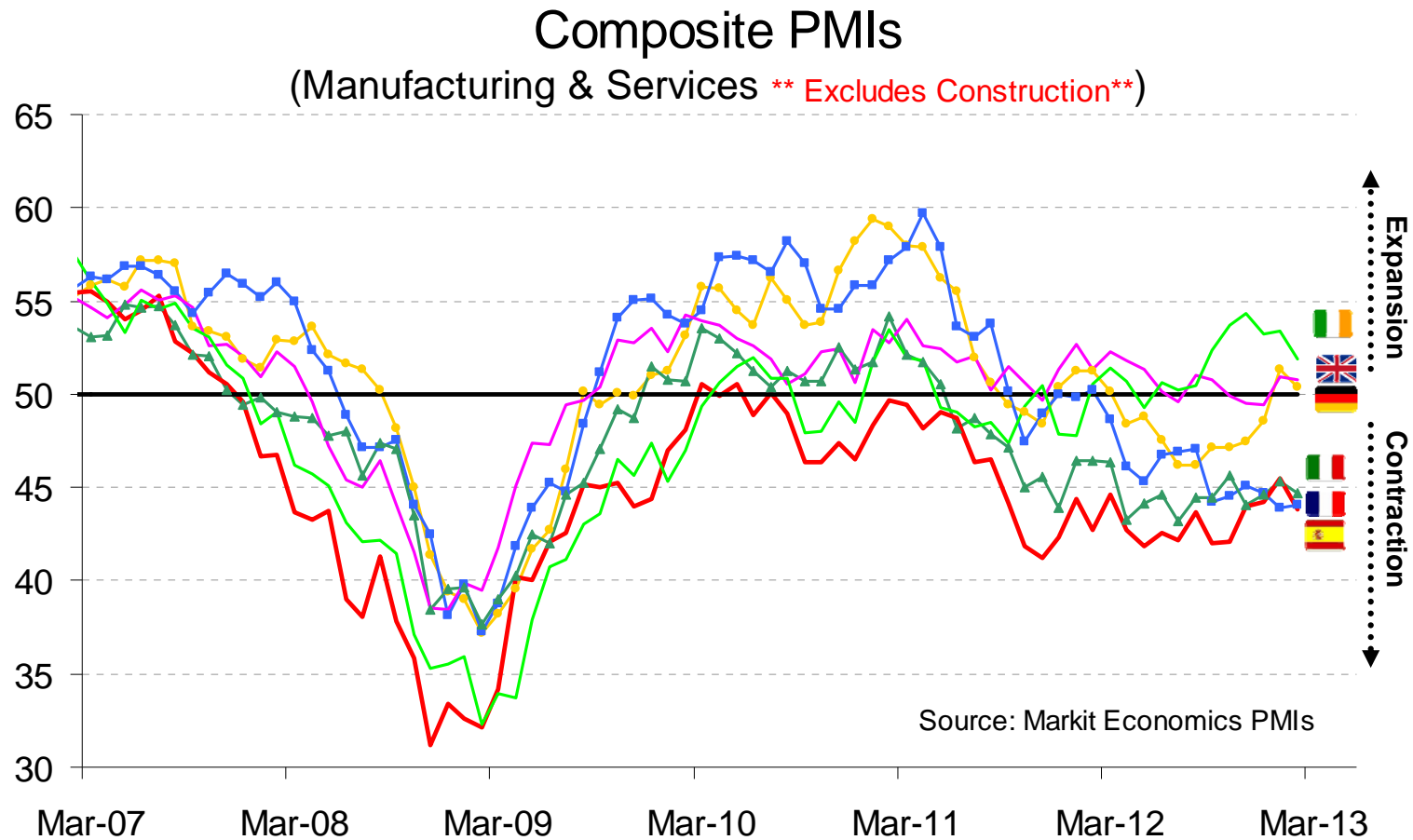


Services output expanding for BRICs, US, Germany, Japan, UK & Ireland. France, Spain & Italy post the steepest declines

PMIs: Services Output March 2013

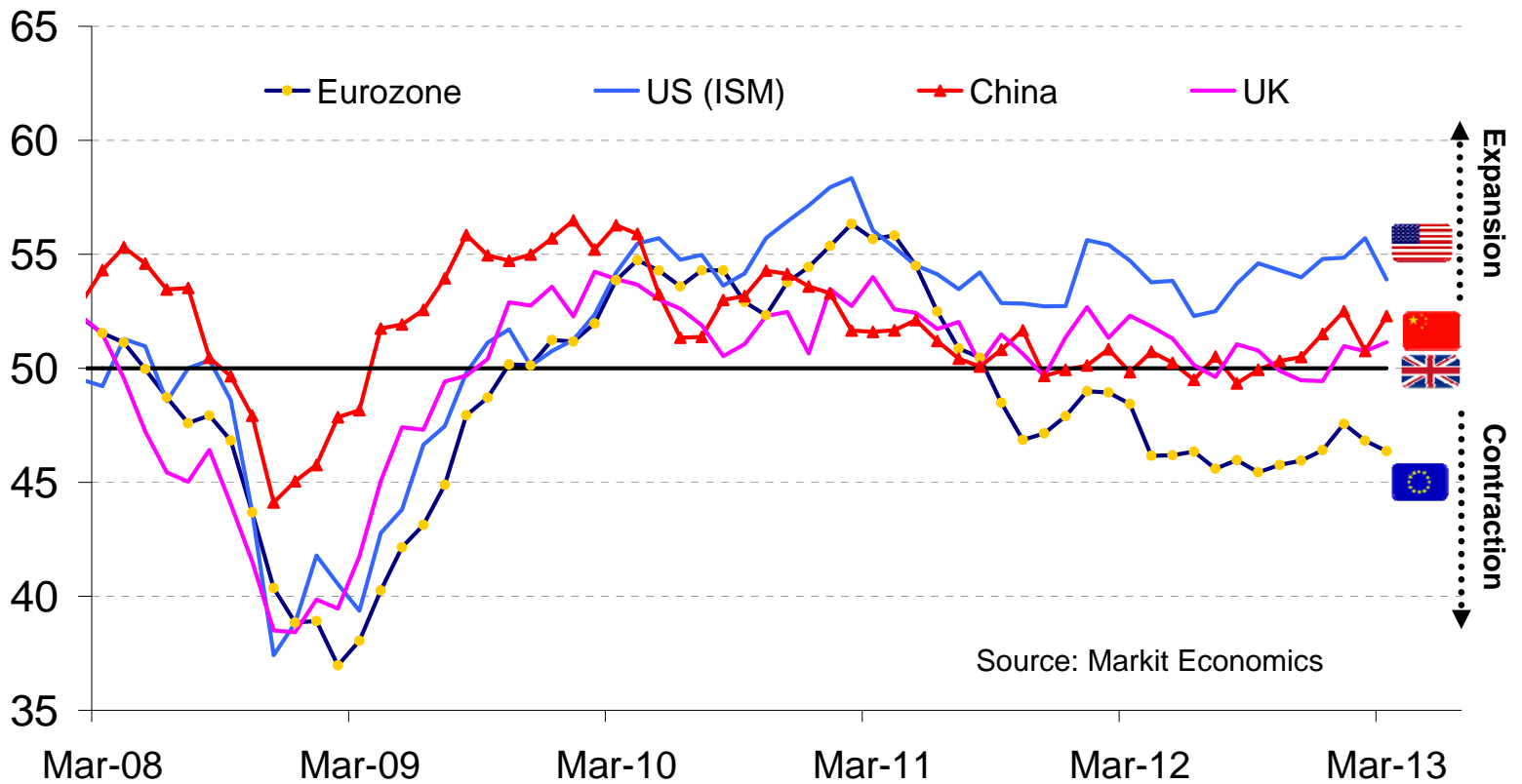


The 2nd, 3rd & 4th largest economies within the eurozone are contracting at a rapid rate

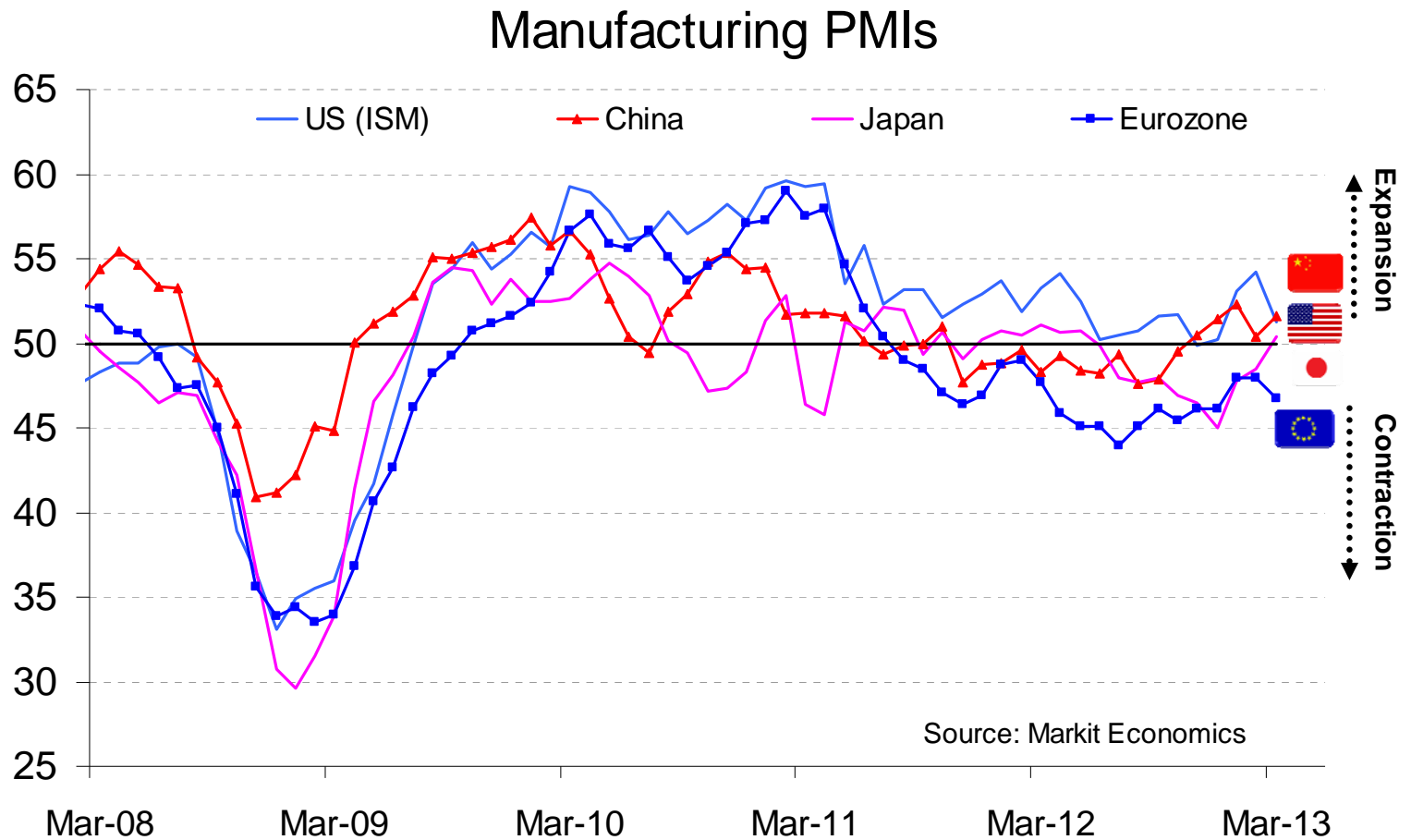


US remains the best performer relative to China, UK & EZ

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



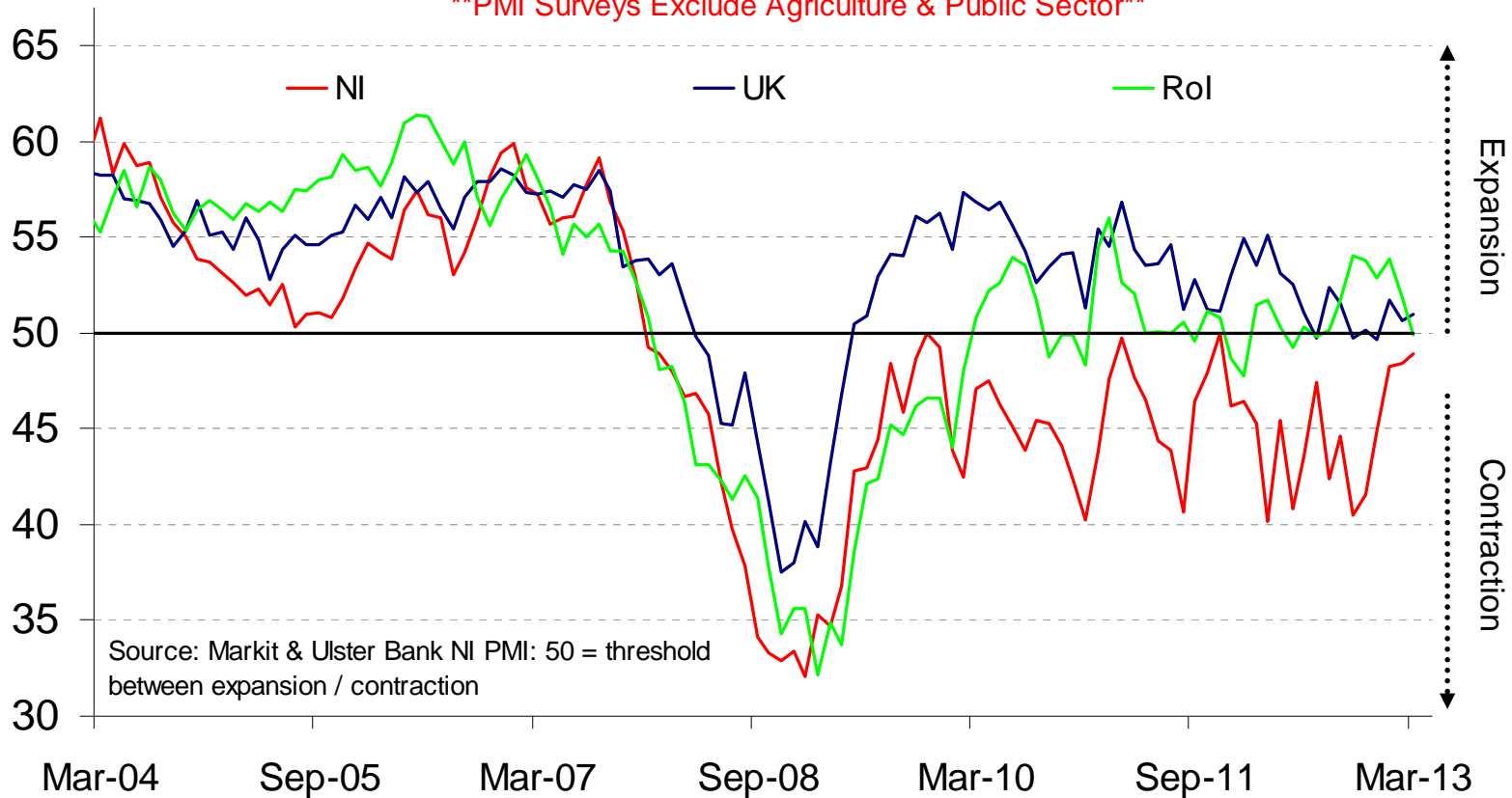
... and US and China are neck and neck in terms of their manufacturing PMIs



UK posts modest growth in March with business activity flat for the RoI and the rate of contraction eases for NI

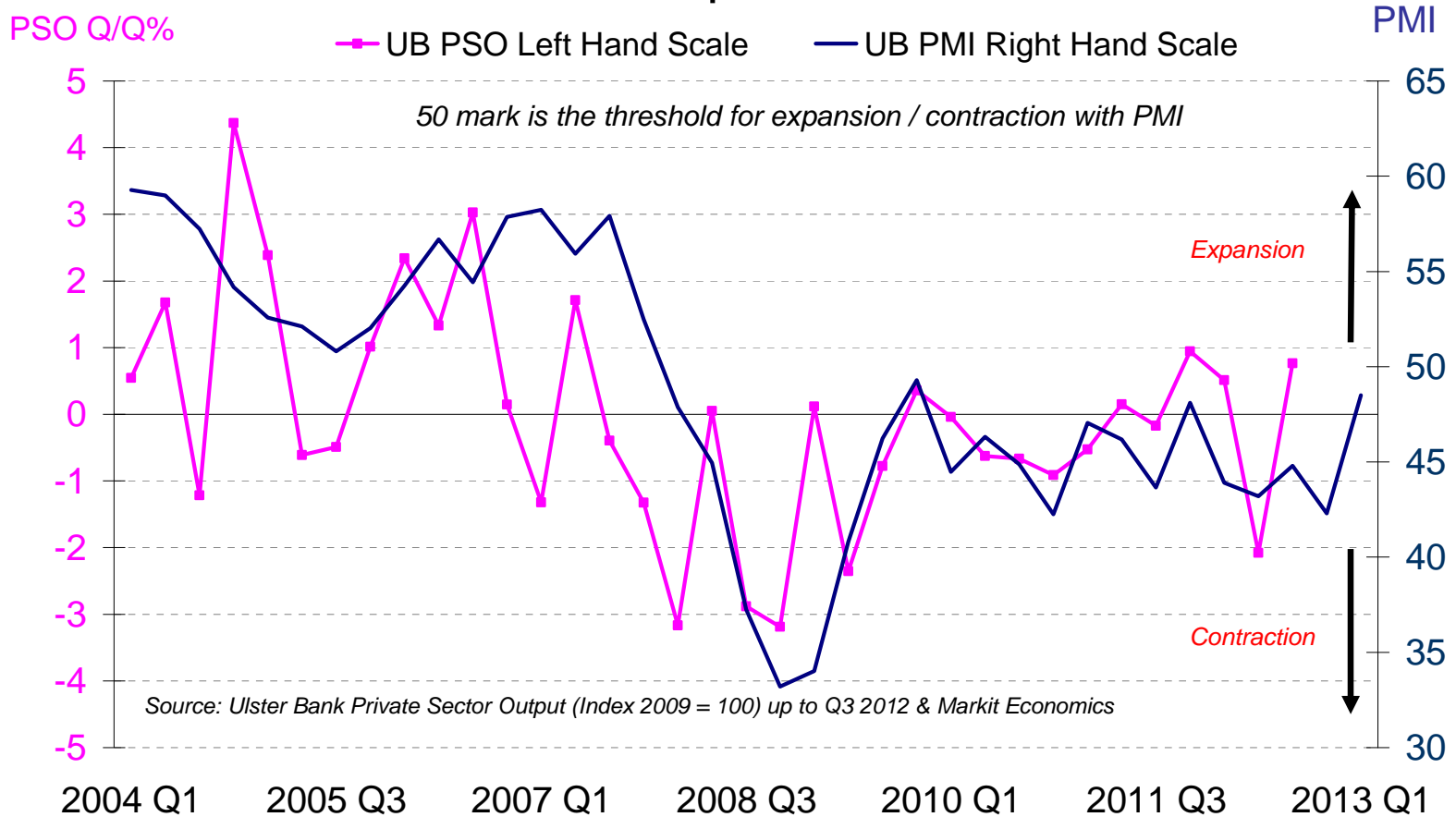
Private Sector Business Activity - PMIs

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



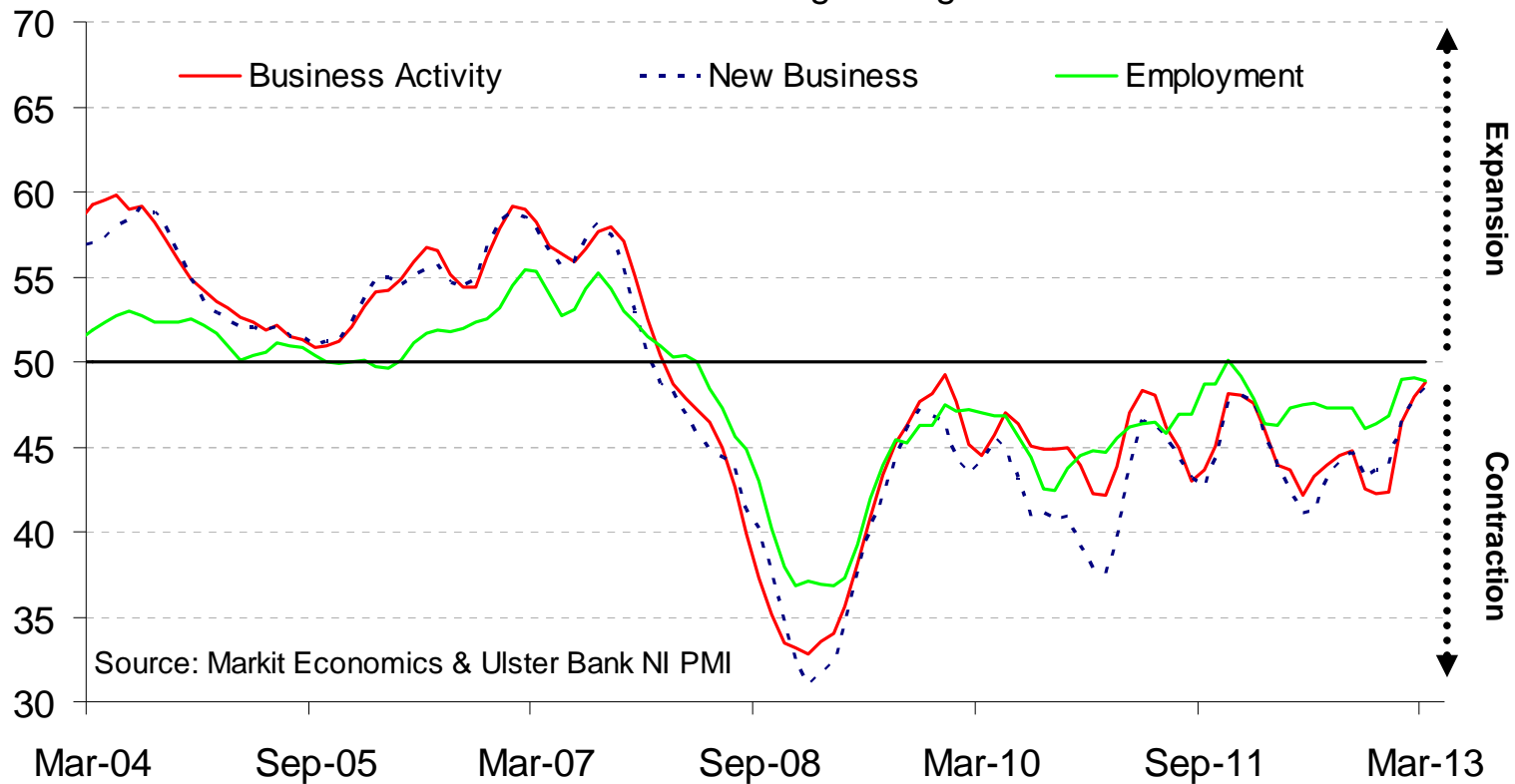
PMI suggests private sector composite index (combines DFP indices for construction, services & industrial production) in Q1 2013 to be flat

NI Private Sector Output Index Versus NI PMI

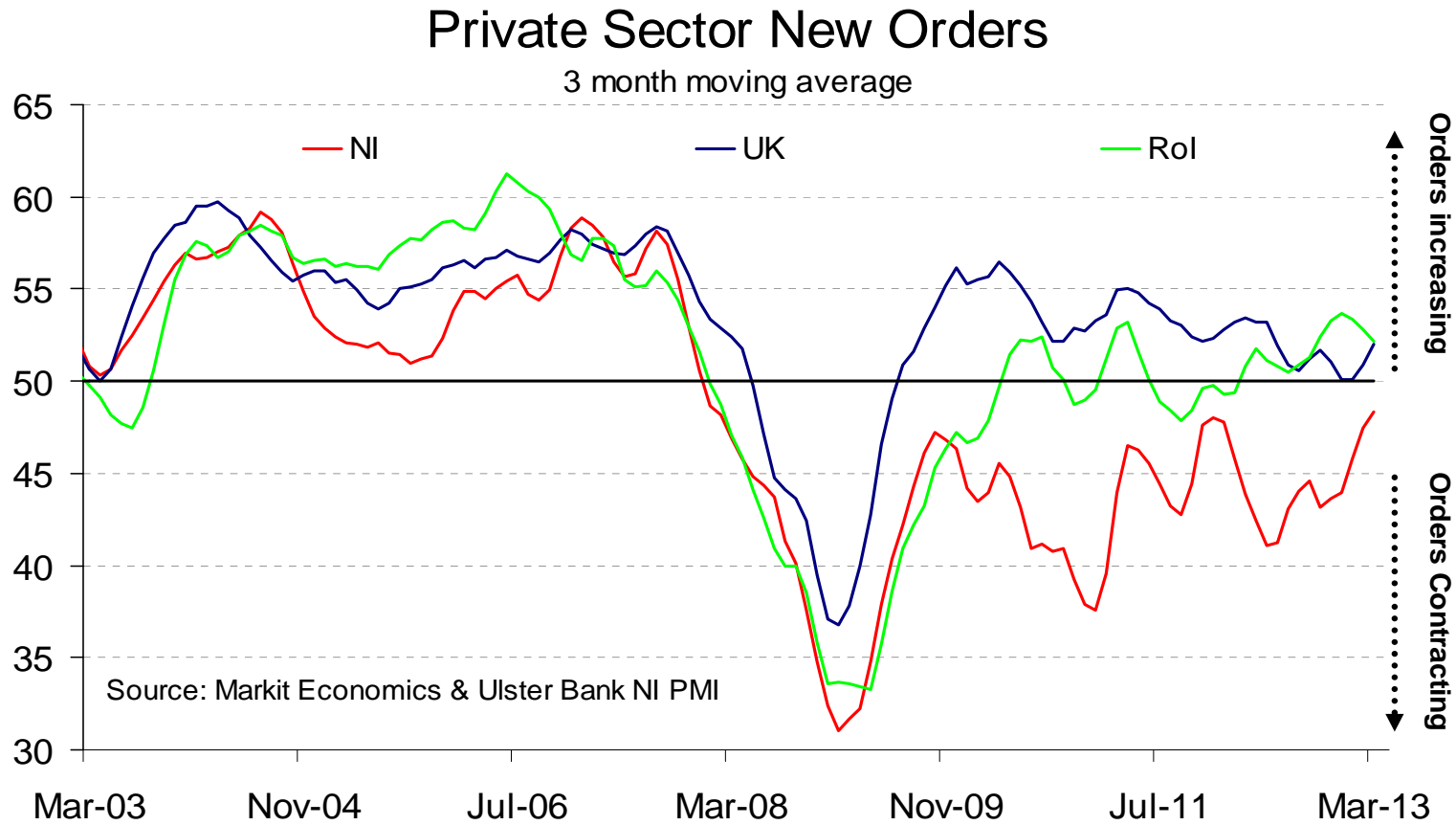


NI output, new orders and employment all post modest contractions over the last 3 months

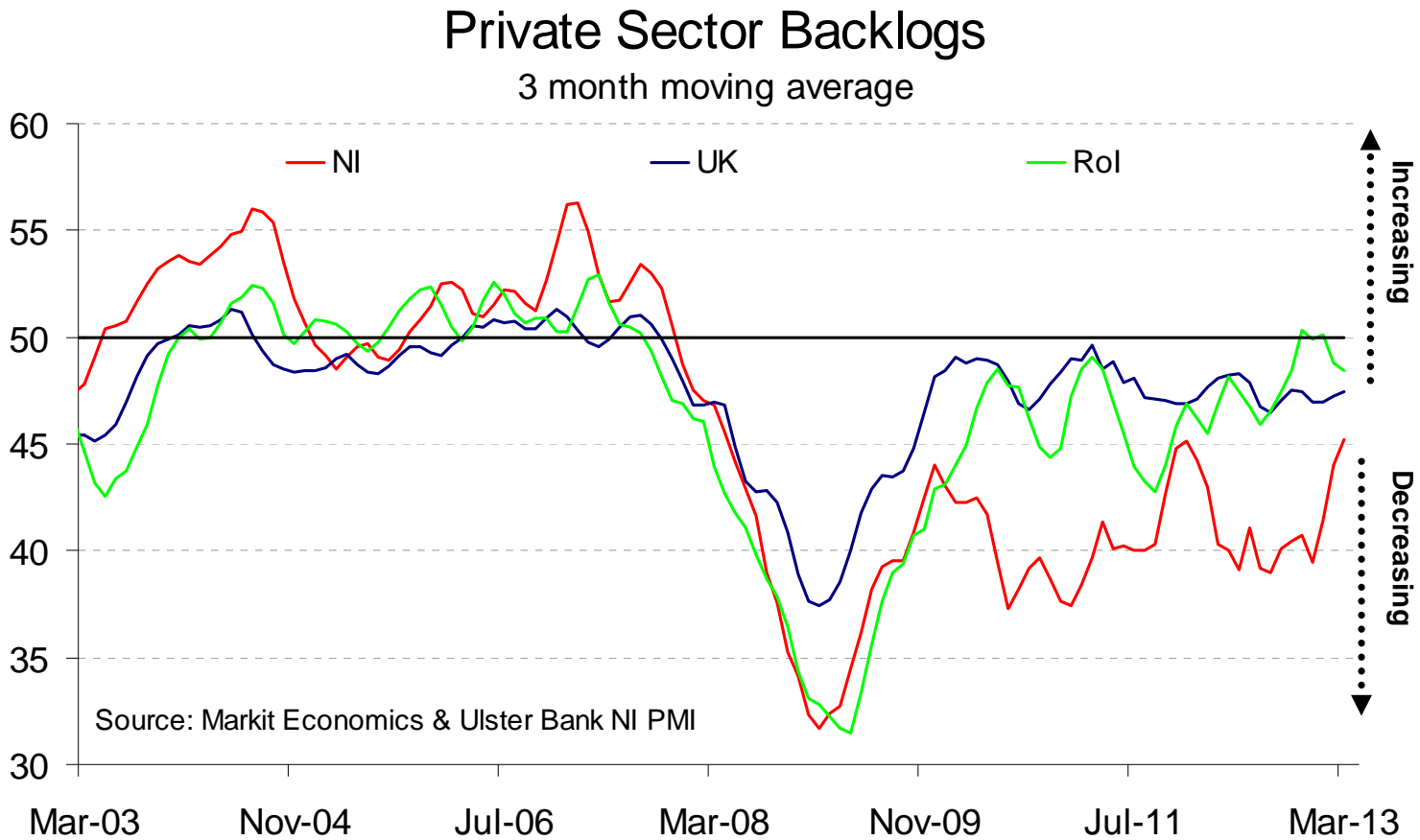
NI Private Sector Activity
3 month moving average



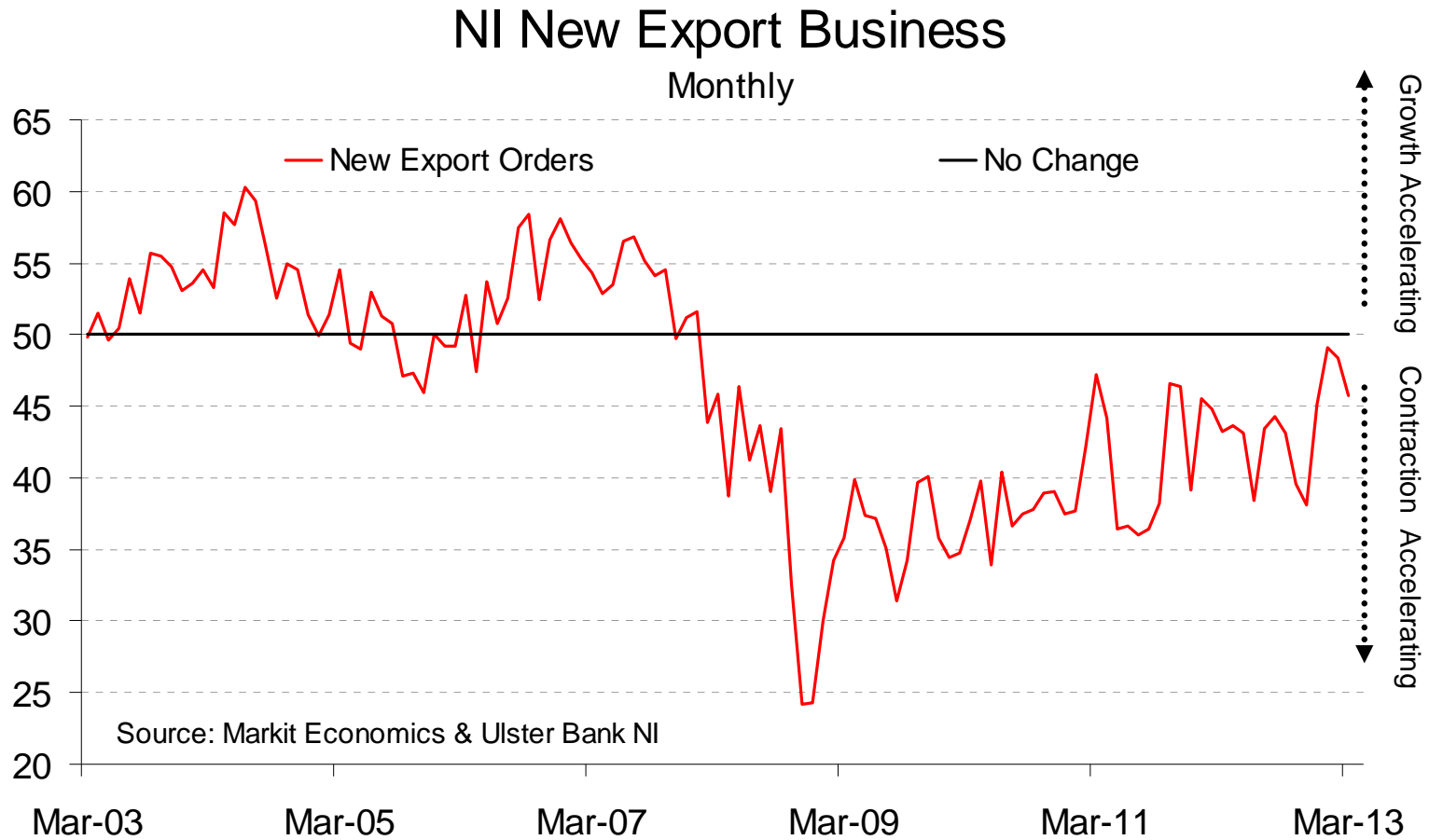
Pace of contraction in NI new orders eases



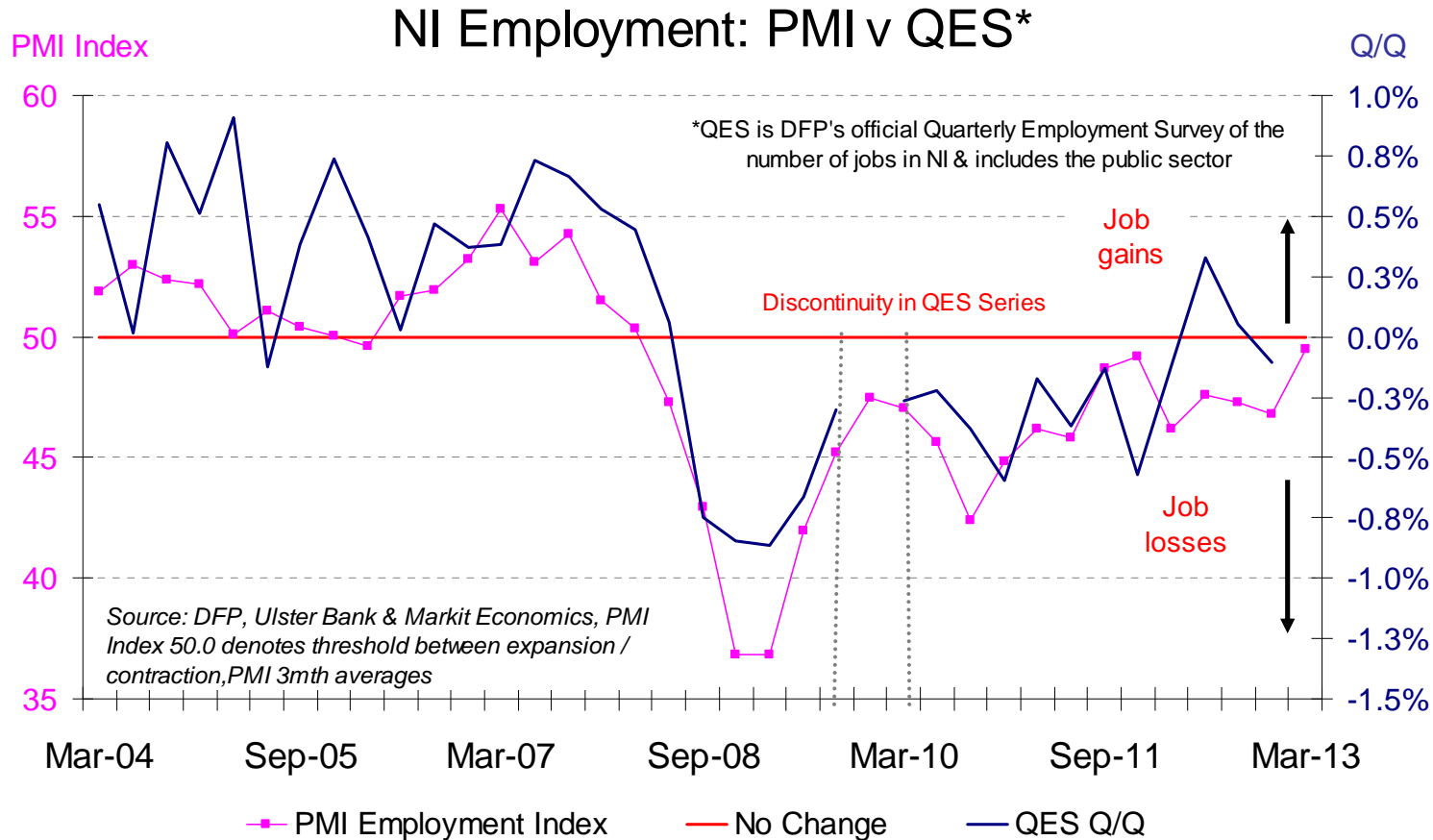
NI's levels of work outstanding sees its pace of decline ease markedly over the last 3 months



The pace of decline in export orders accelerates in March

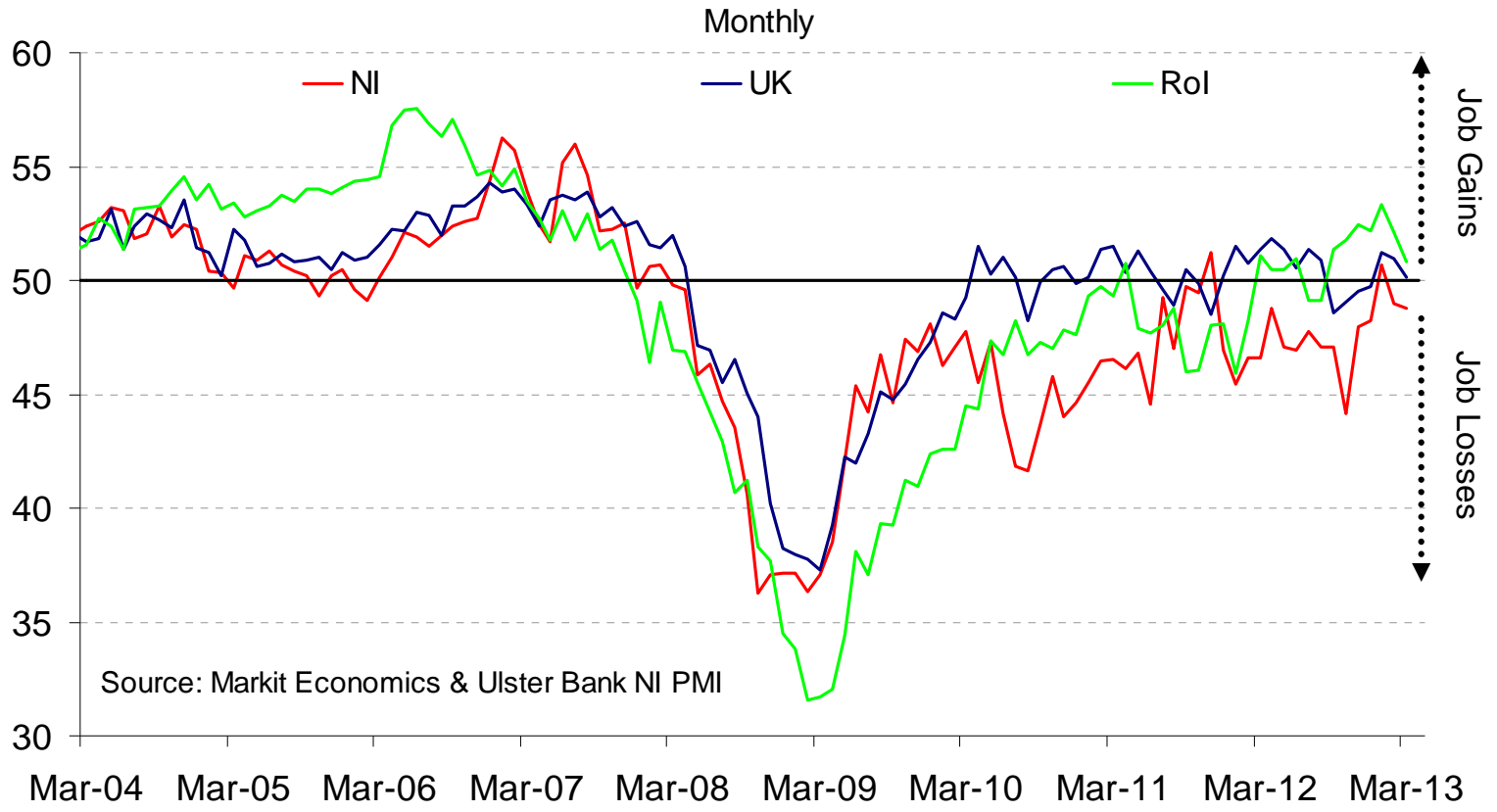


PMI underestimated job gains in Q2 & Q3 (relative to official jobs survey) further job losses signalled in Q4 2012 but flat in Q1 2013



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

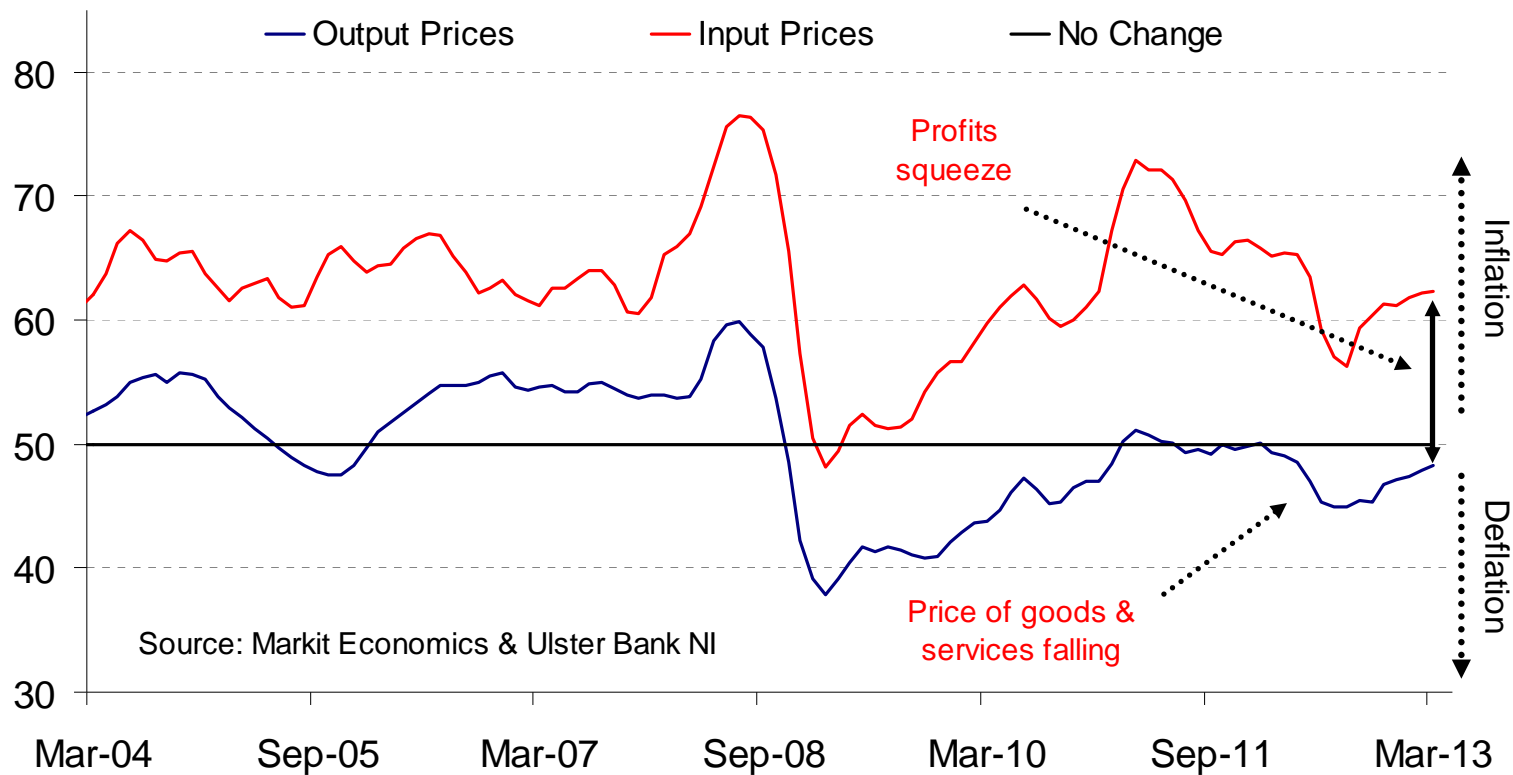
Private Sector Employment Levels



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

NI Private Sector Profit Squeeze

3 Month Moving Average



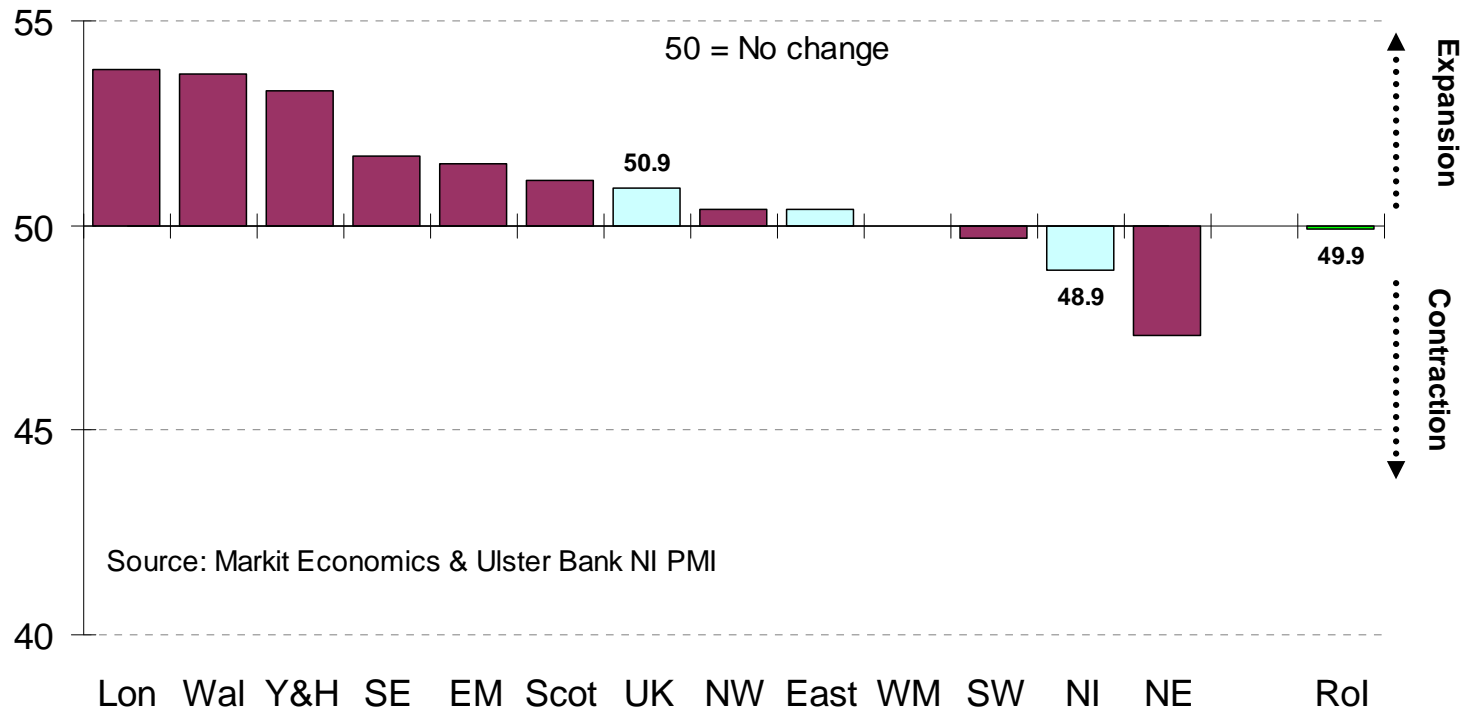
*Regional
Comparisons*

3 UK regions & the RoI post a contraction in business activity in March

Output / Business Activity

March 2013

PMI index



Source: Markit Economics & Ulster Bank NI PMI

The North East posts the sharpest rate of decline over the last 3 months followed by NI...

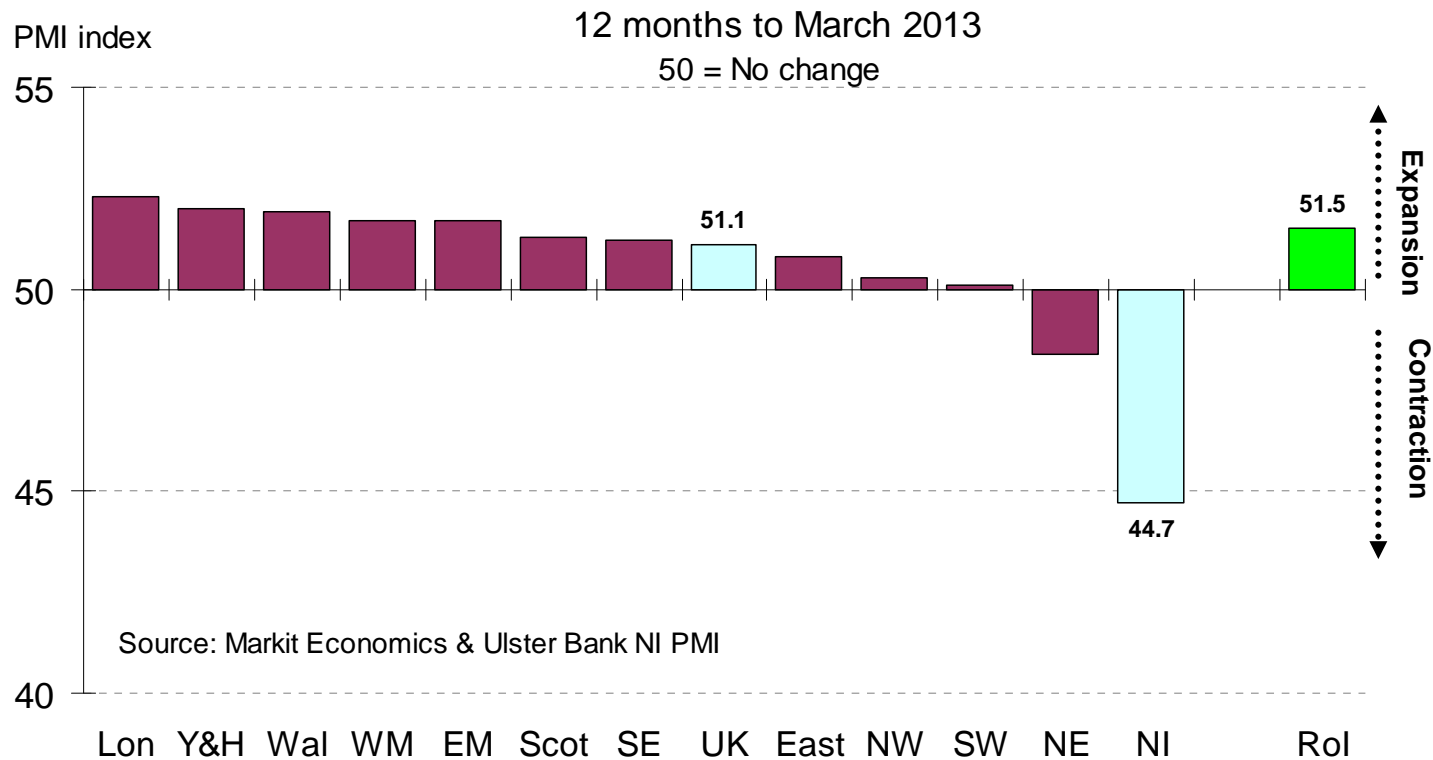
Output / Business Activity

3 months to March 2013
50 = No change



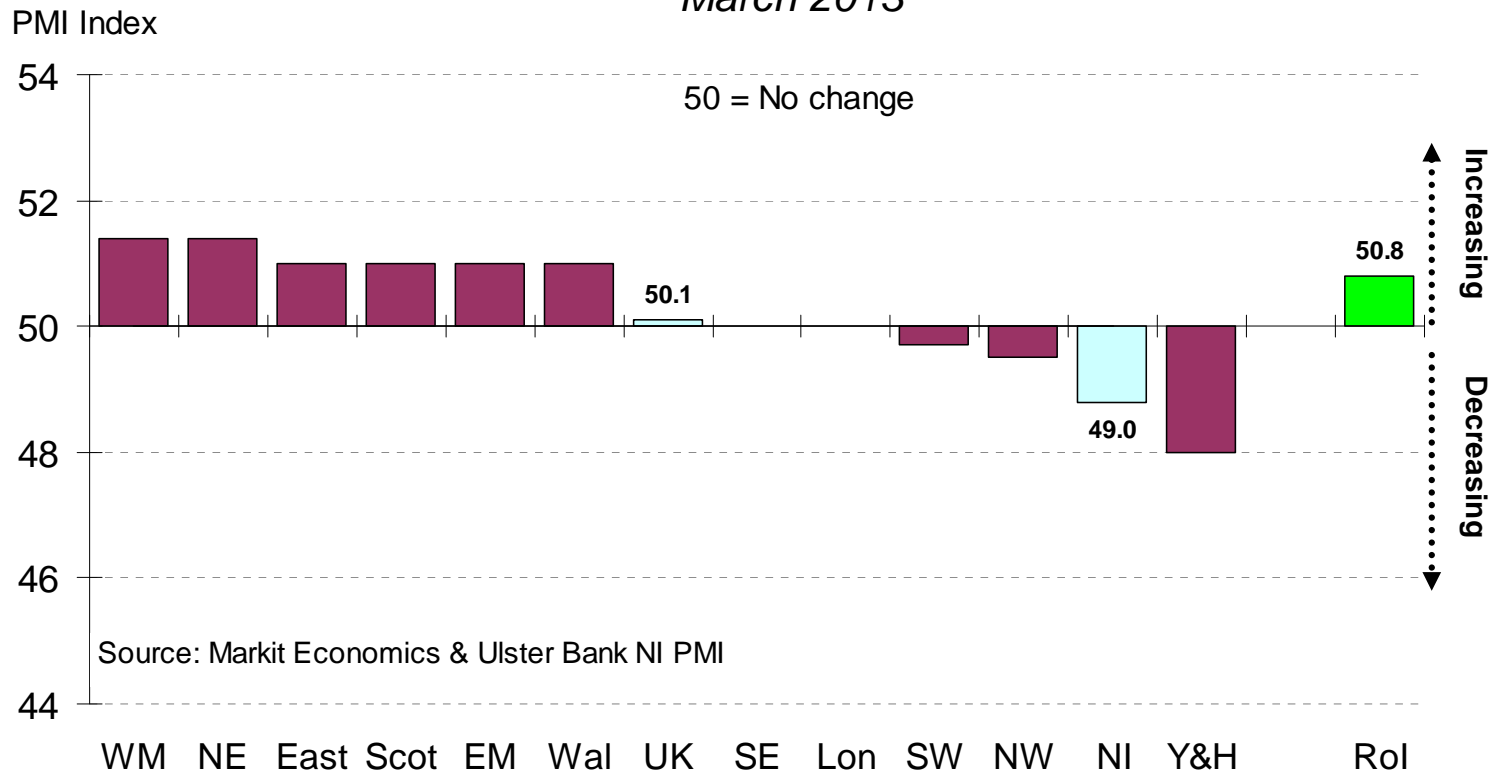
...but NI has posted the steepest decline over the last 12 months

Output / Business Activity

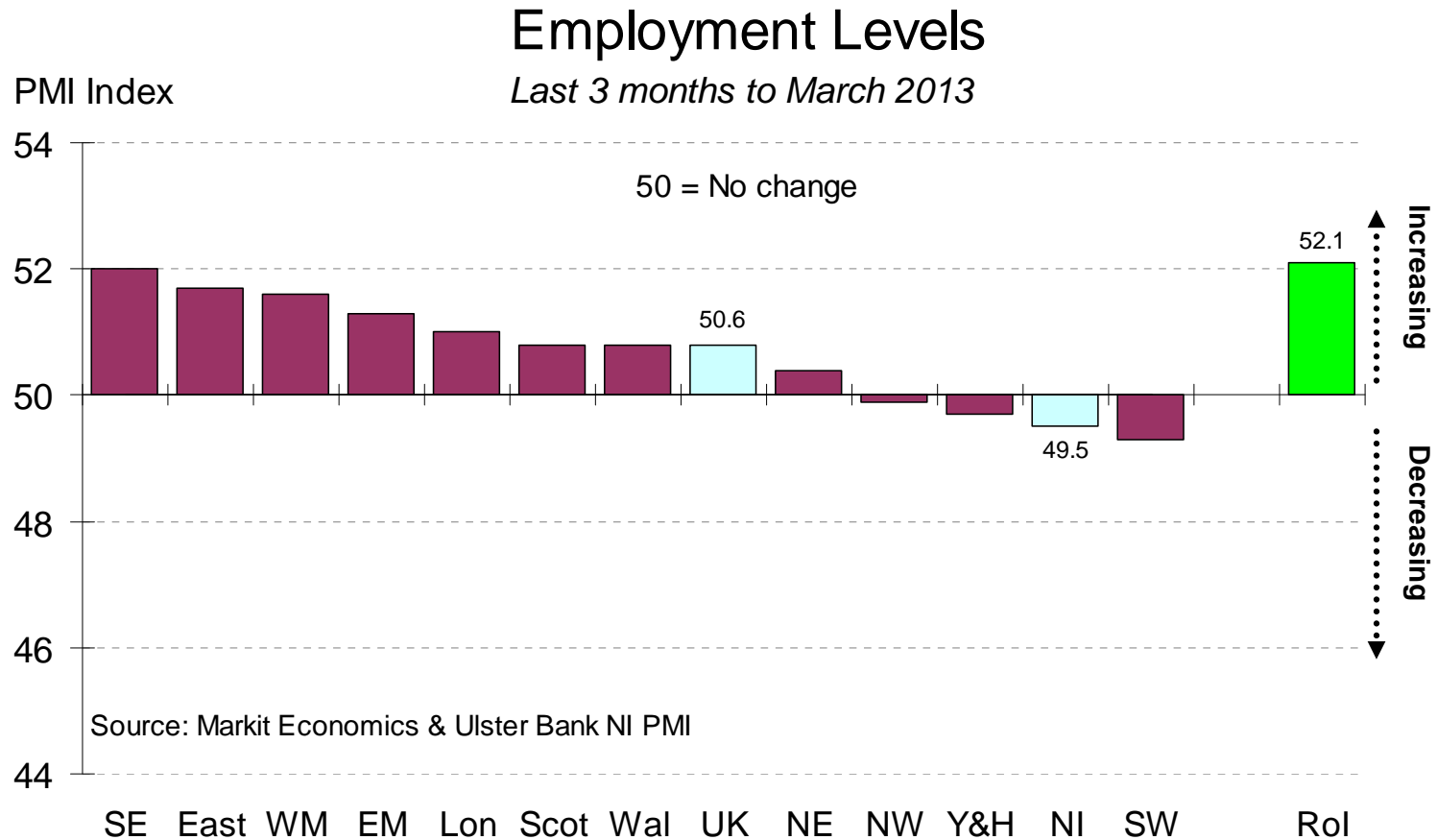


Three English regions & NI report falling employment levels in March ...

Employment Levels March 2013



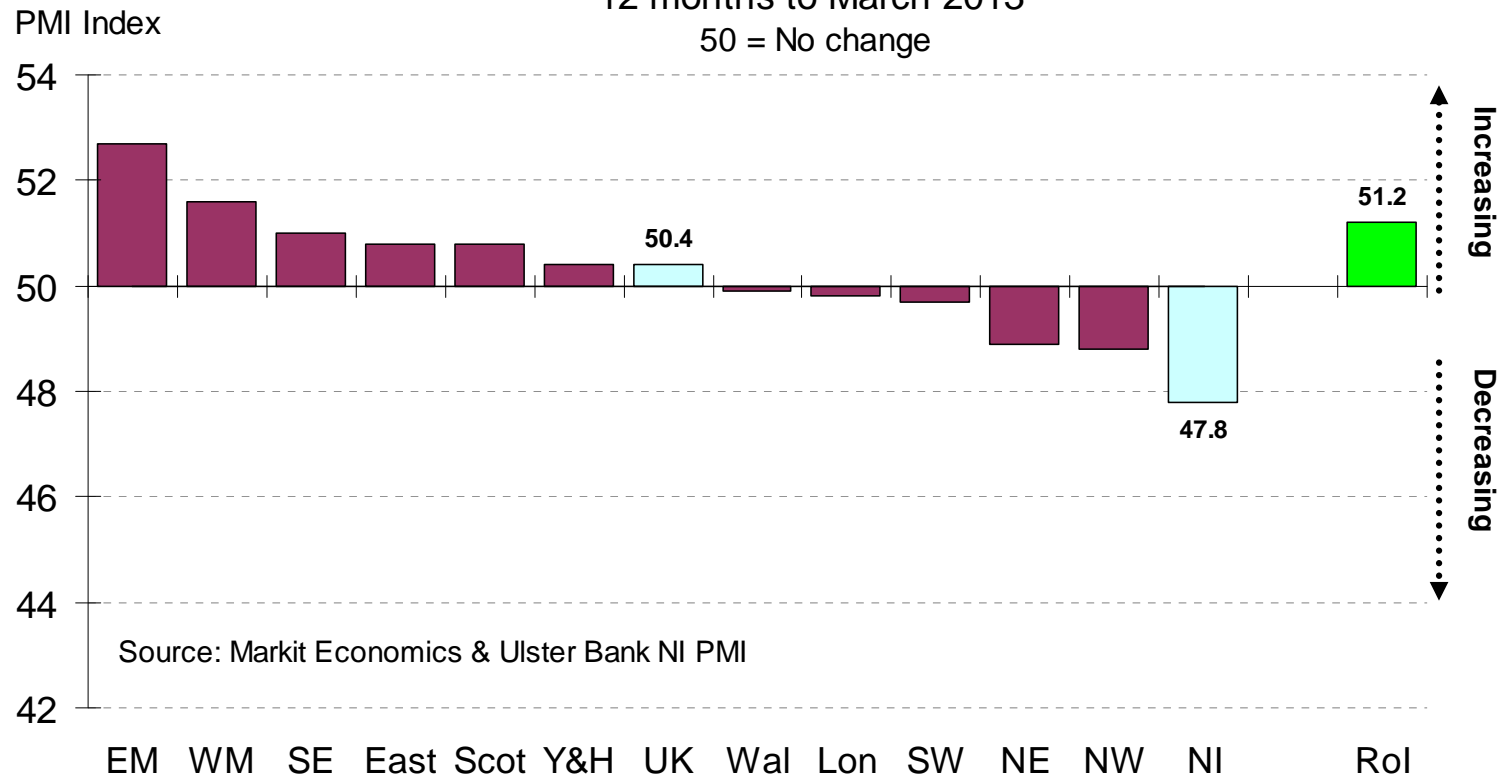
...and 4 UK regions (*incl. NI*) post job losses over last 3 months...



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

Employment Levels

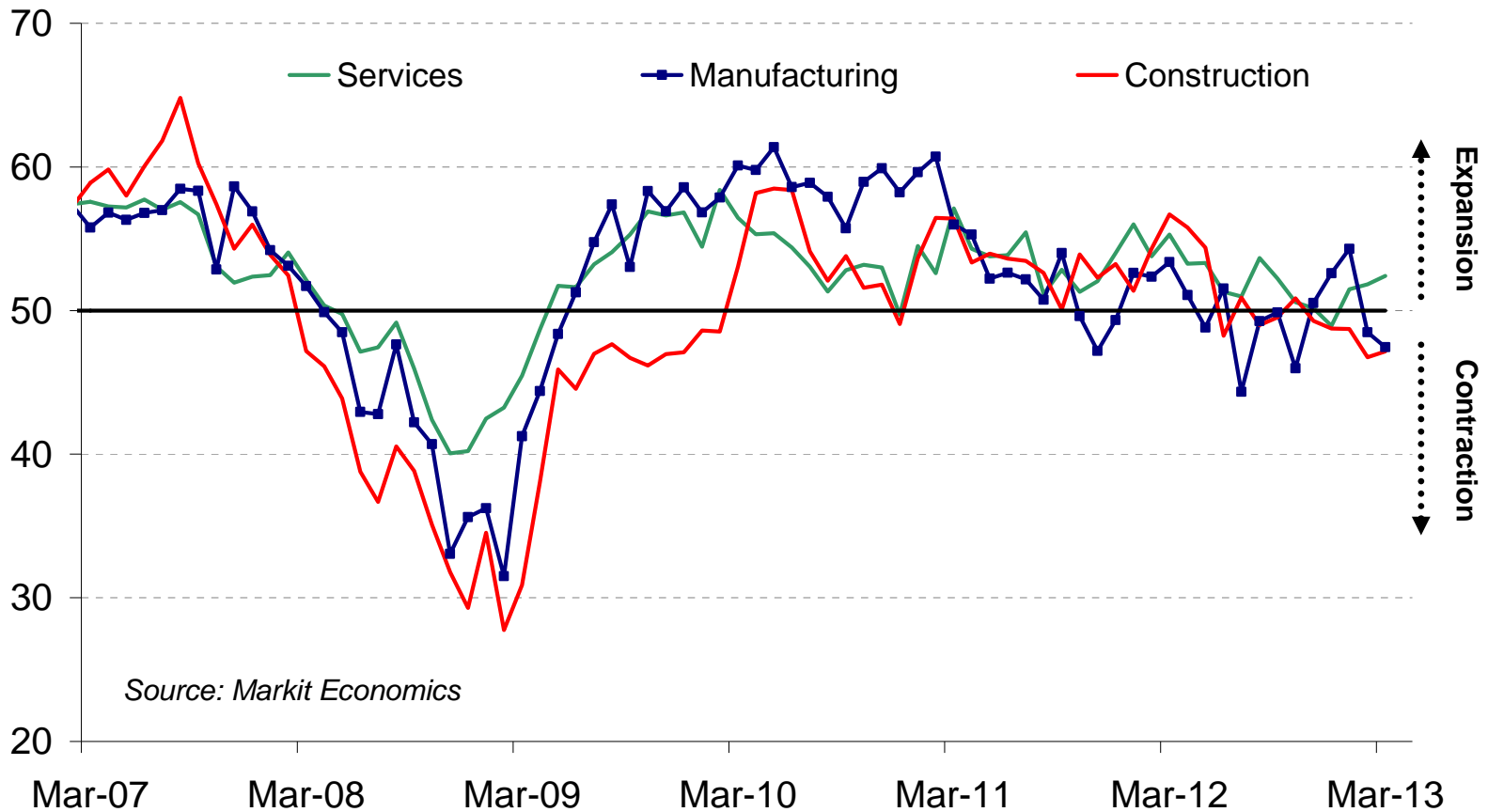
12 months to March 2013
50 = No change



Sectoral Comparisons

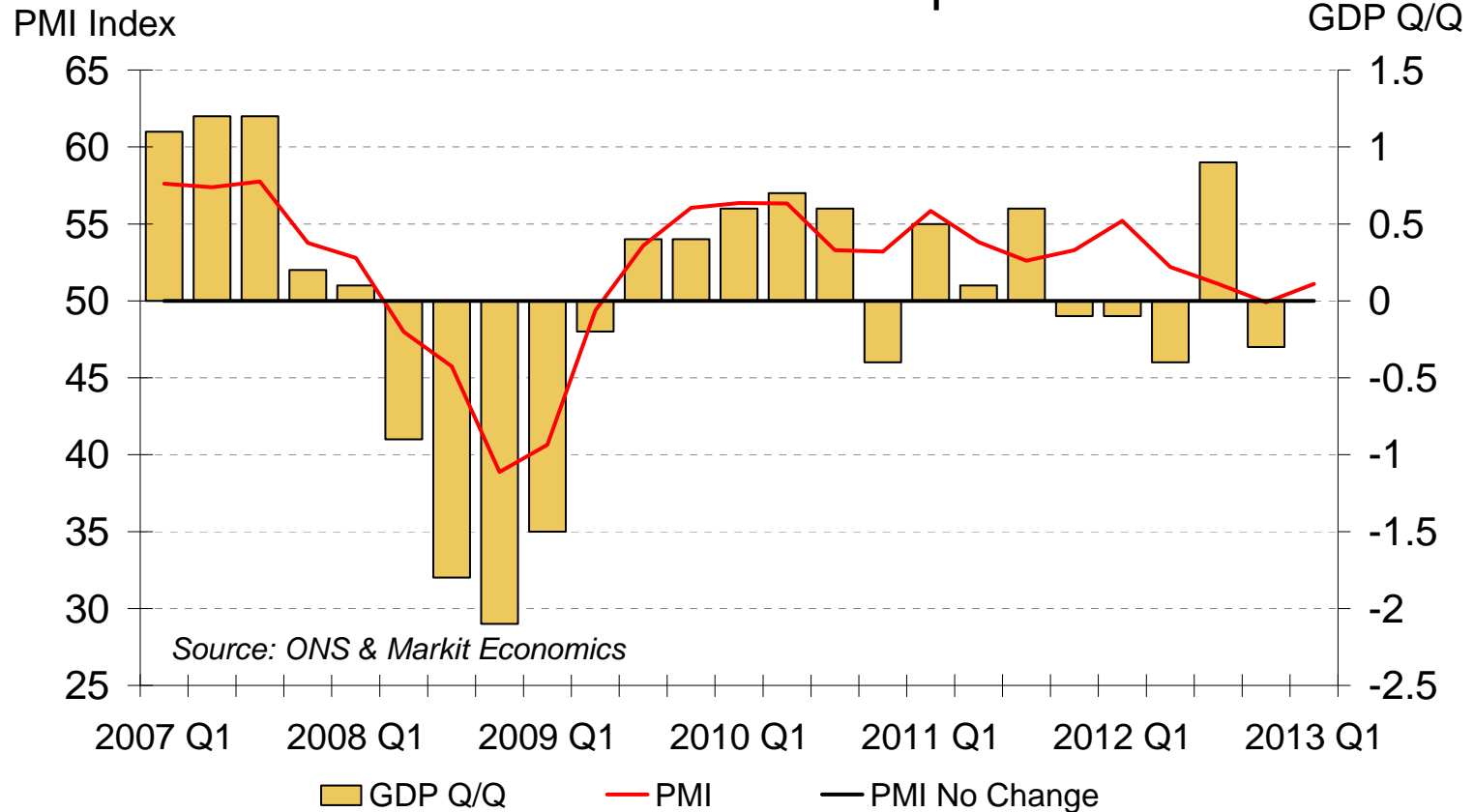
UK service sector growth accelerates in March, but manufacturing & construction post contractions

UK Business Activity / Output - PMIs

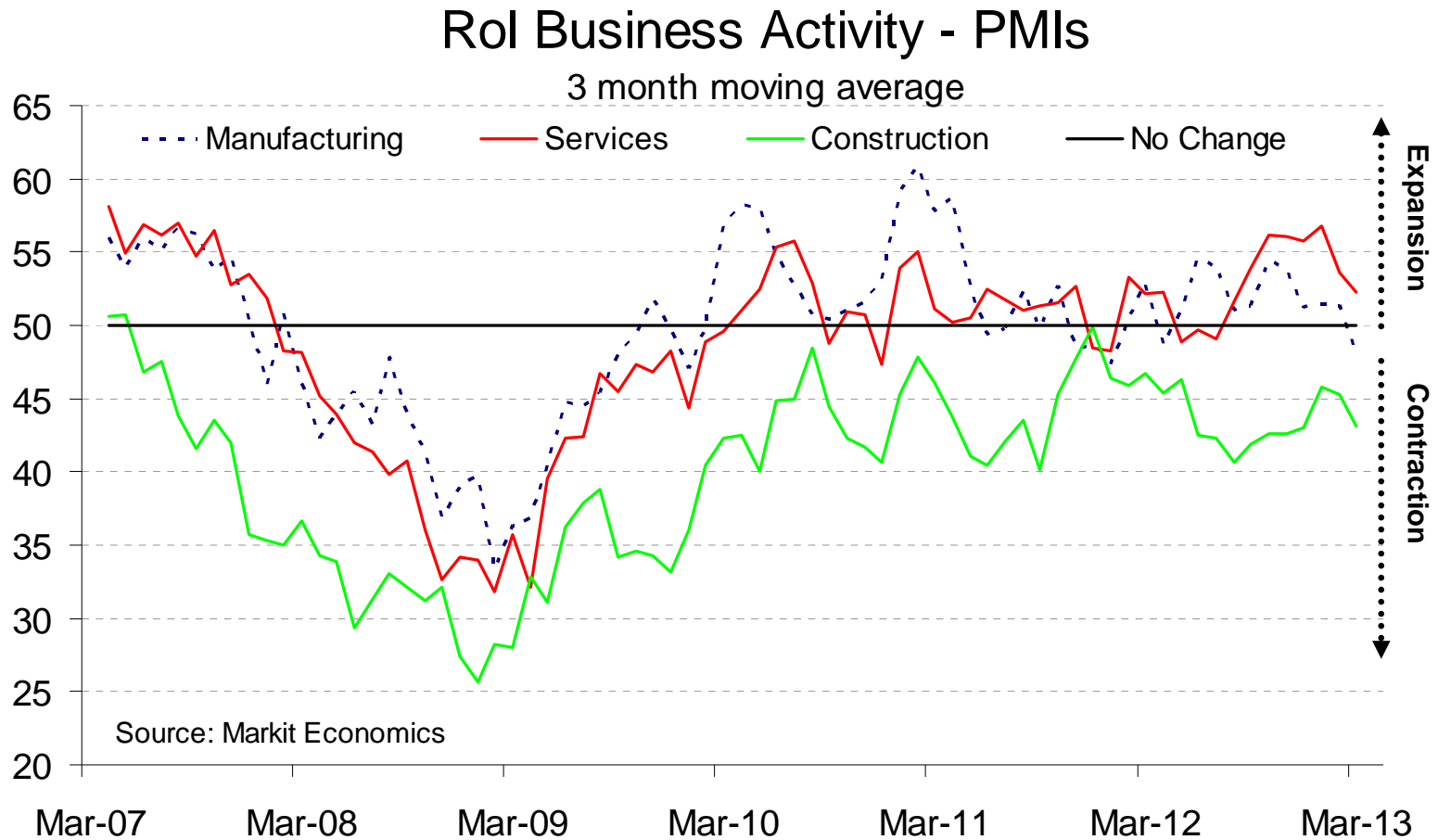


UK composite PMI suggests Q1 2013 GDP growth will be marginal at best

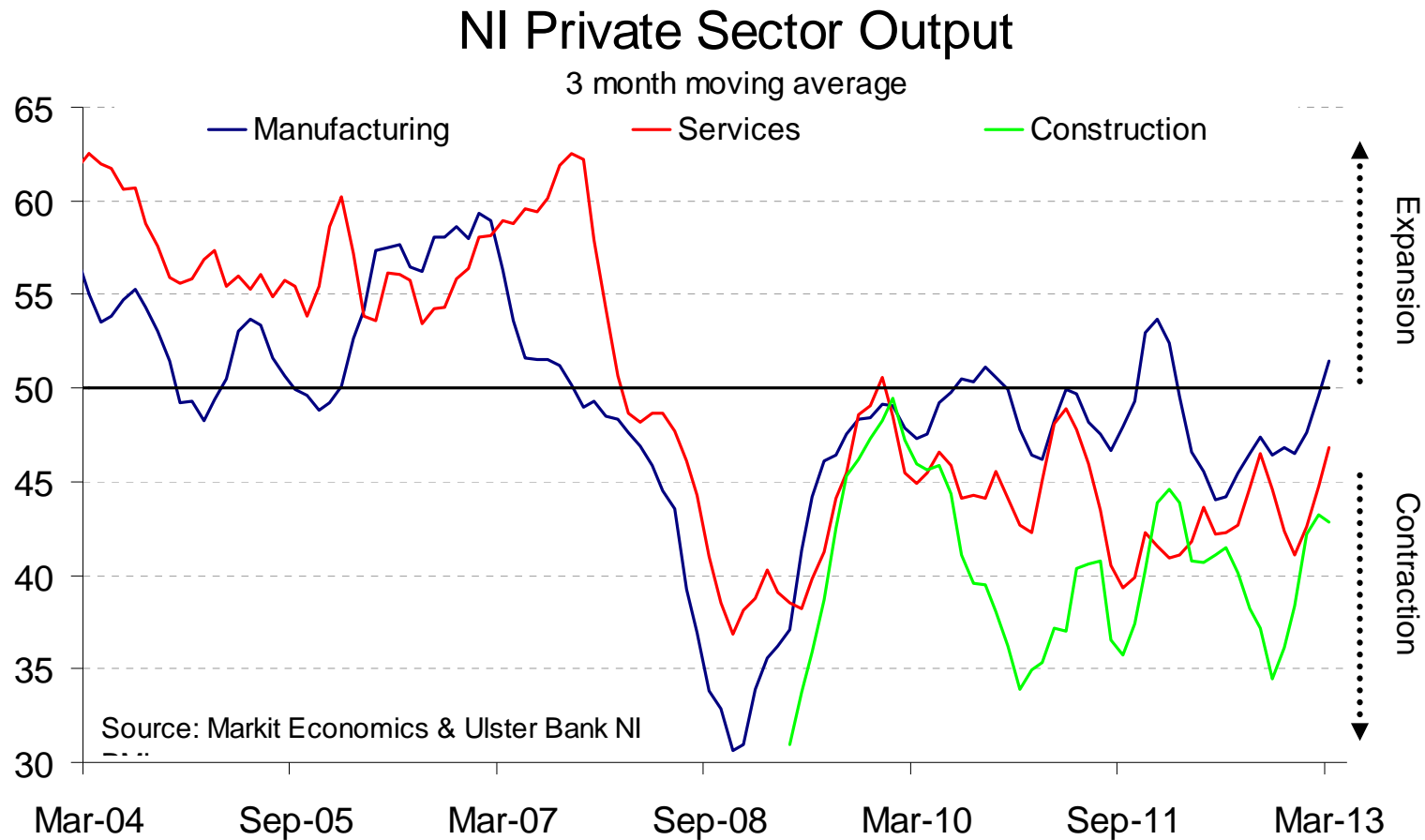
UK GDP versus UK Composite PMI



Manufacturing joins construction below 50 level in the Rol



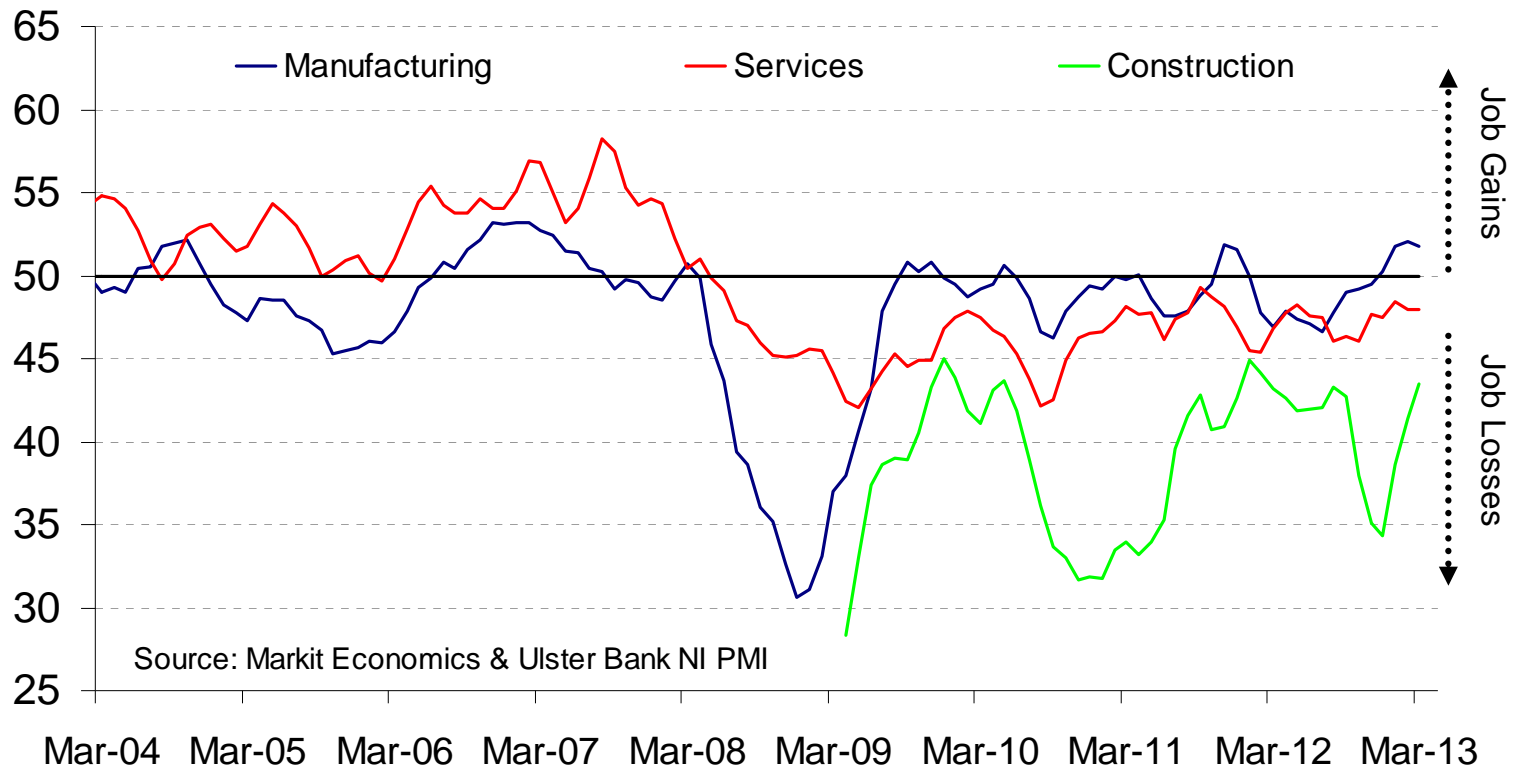
NI services & construction sectors contracting but manufacturing is growing



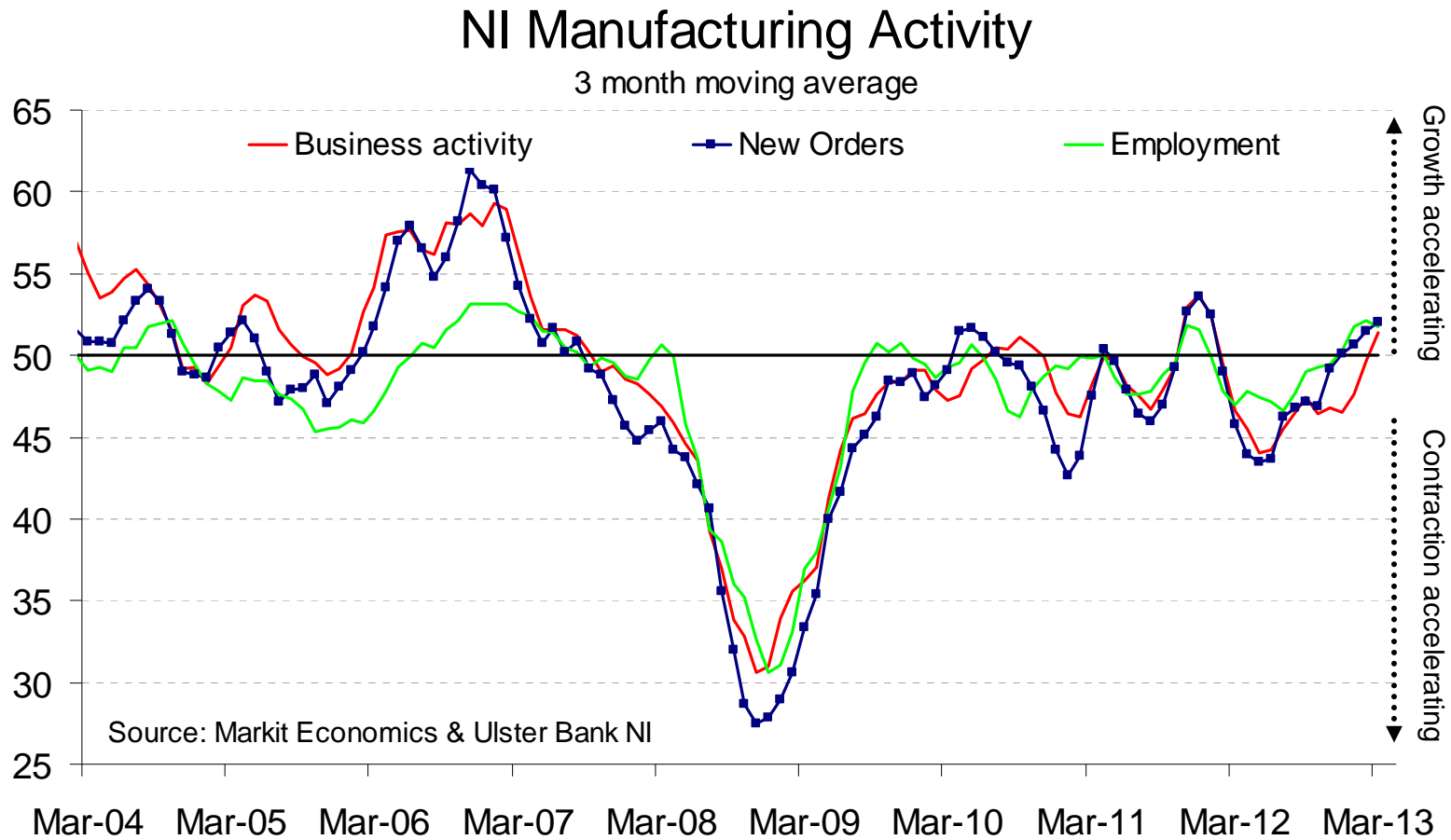
...with services and construction sectors still reporting falling employment levels

NI PMI - Employment Index

3 month moving average

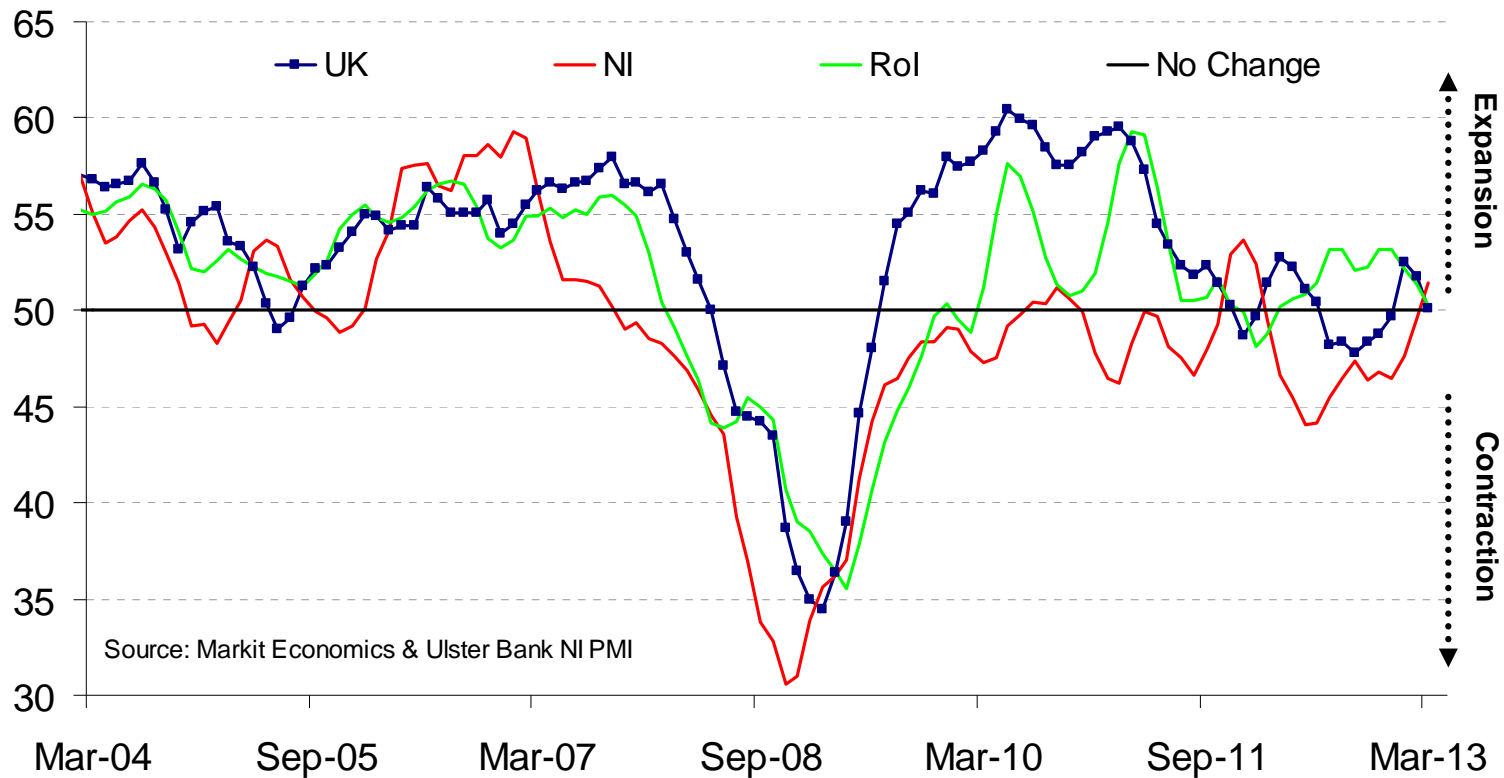


Manufacturing posts output, employment and new orders growth over the last three months



NI outperforming the UK and the RoI in terms of manufacturing output growth

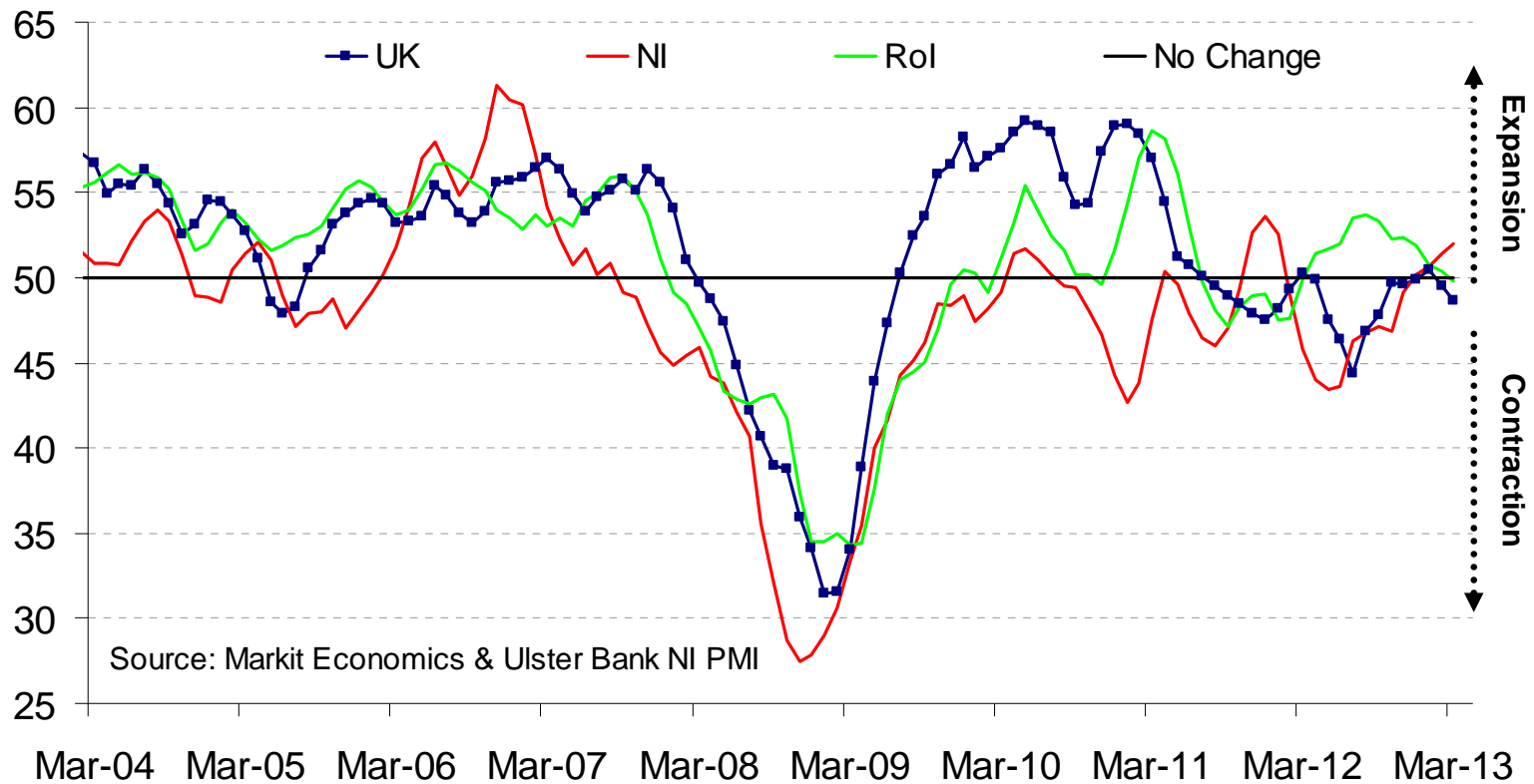
Manufacturing Output 3 month moving average



NI posts the strongest growth in new orders

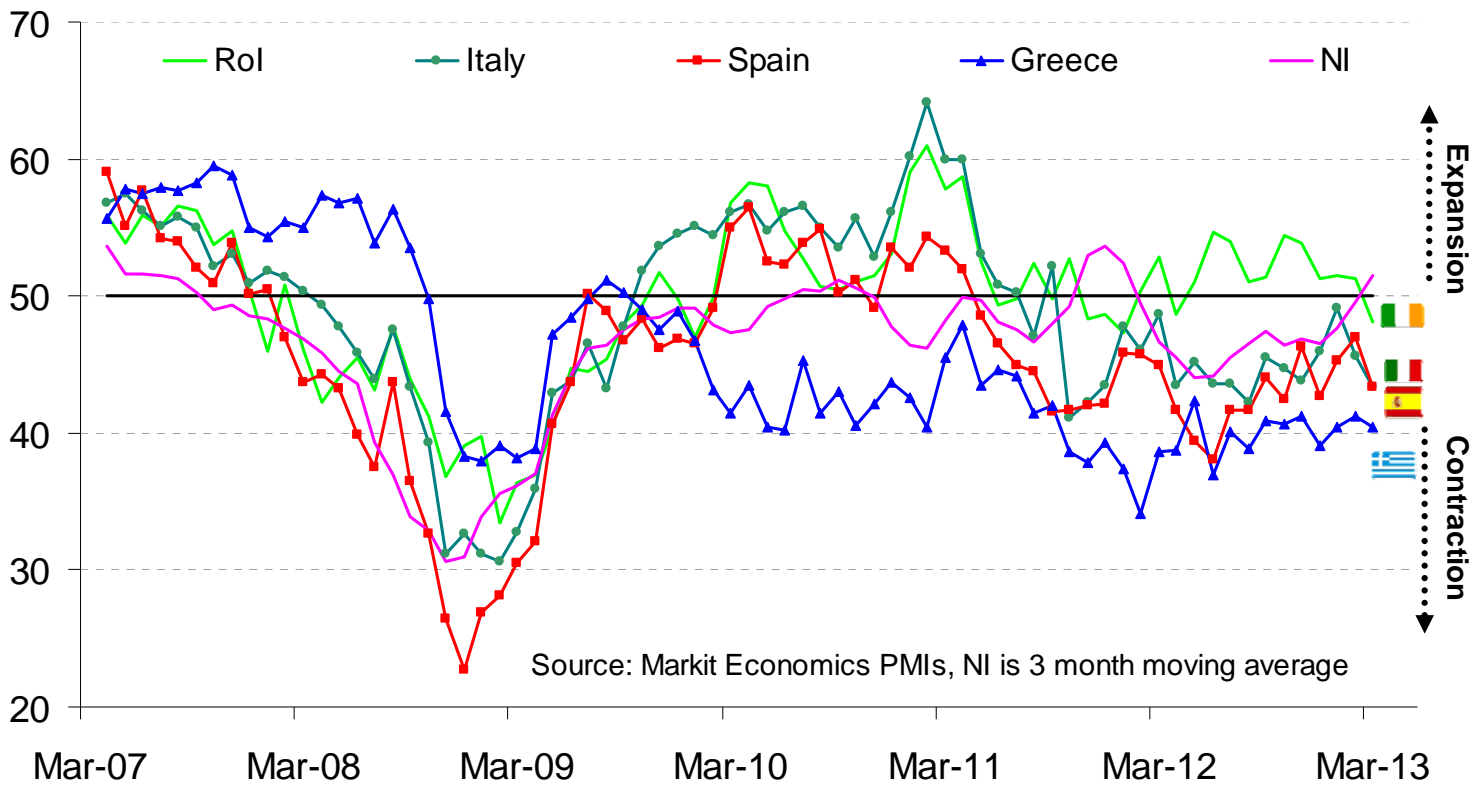
Manufacturing New Orders

3 month moving average



N.Ireland is outperforming its European competitors

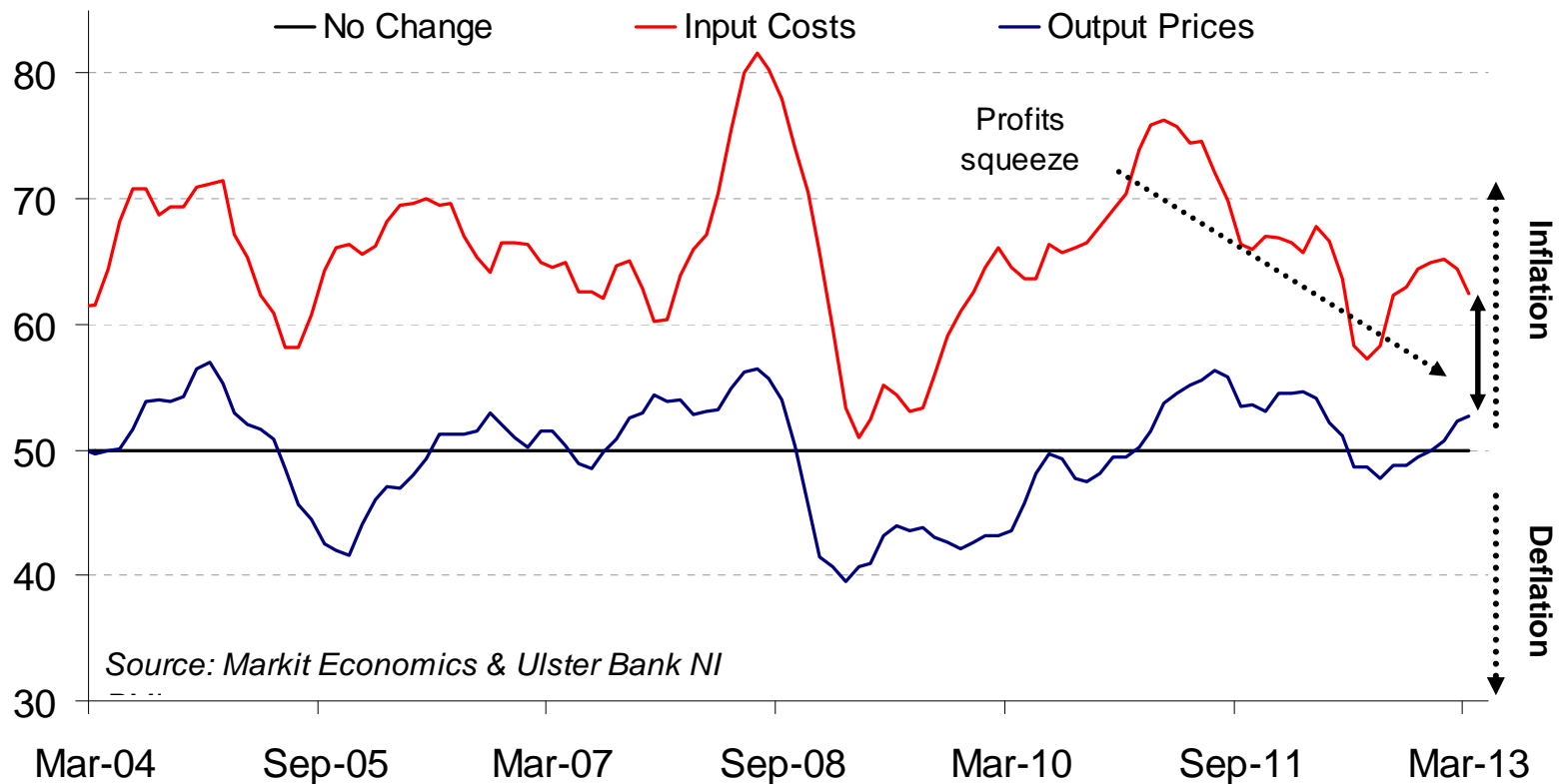
Manufacturing Output - PMI



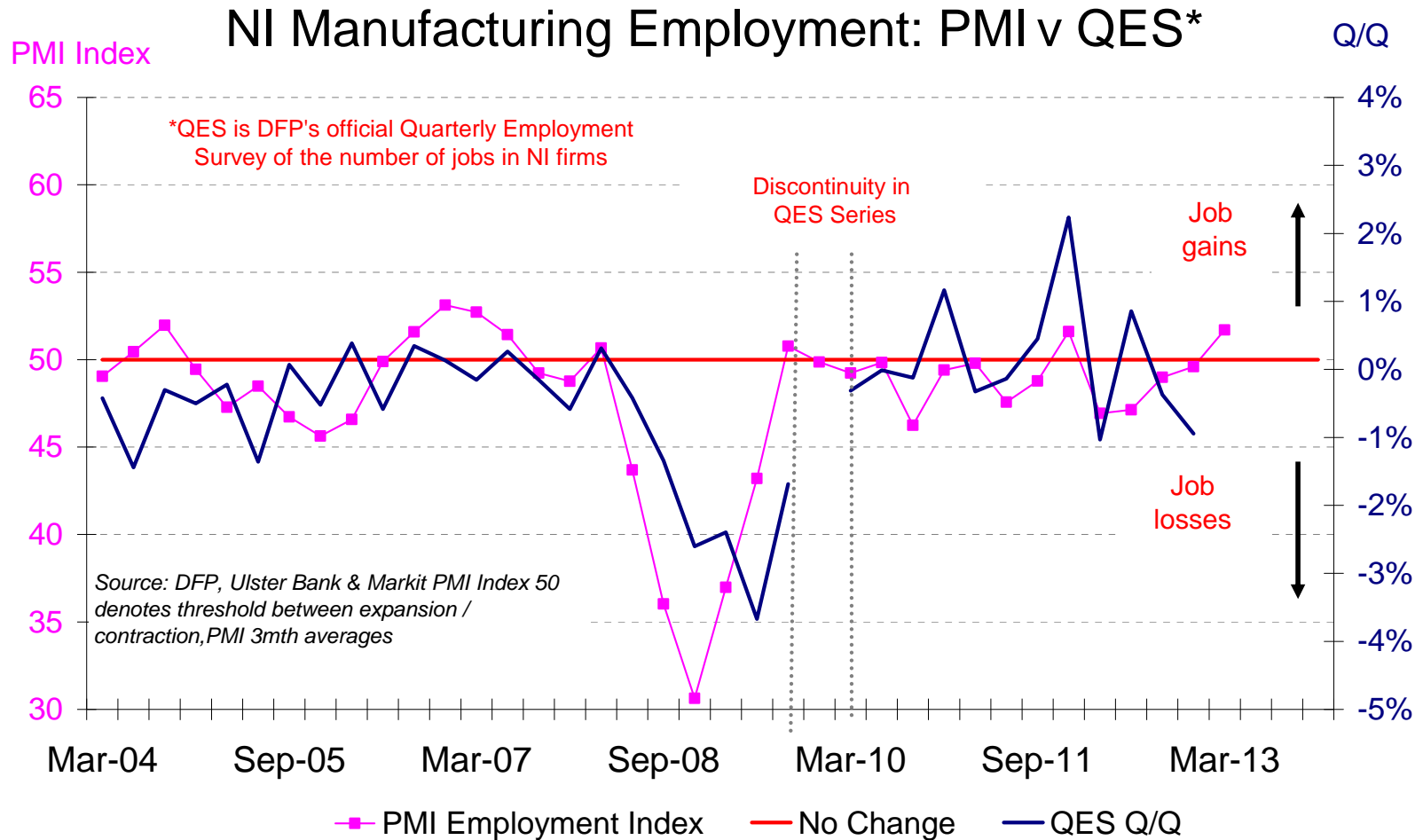
Cost price inflation easing for local manufacturing firms and output prices are rising (*return of pricing power*)

NI Manufacturing Input & Output Inflation

3 month moving average

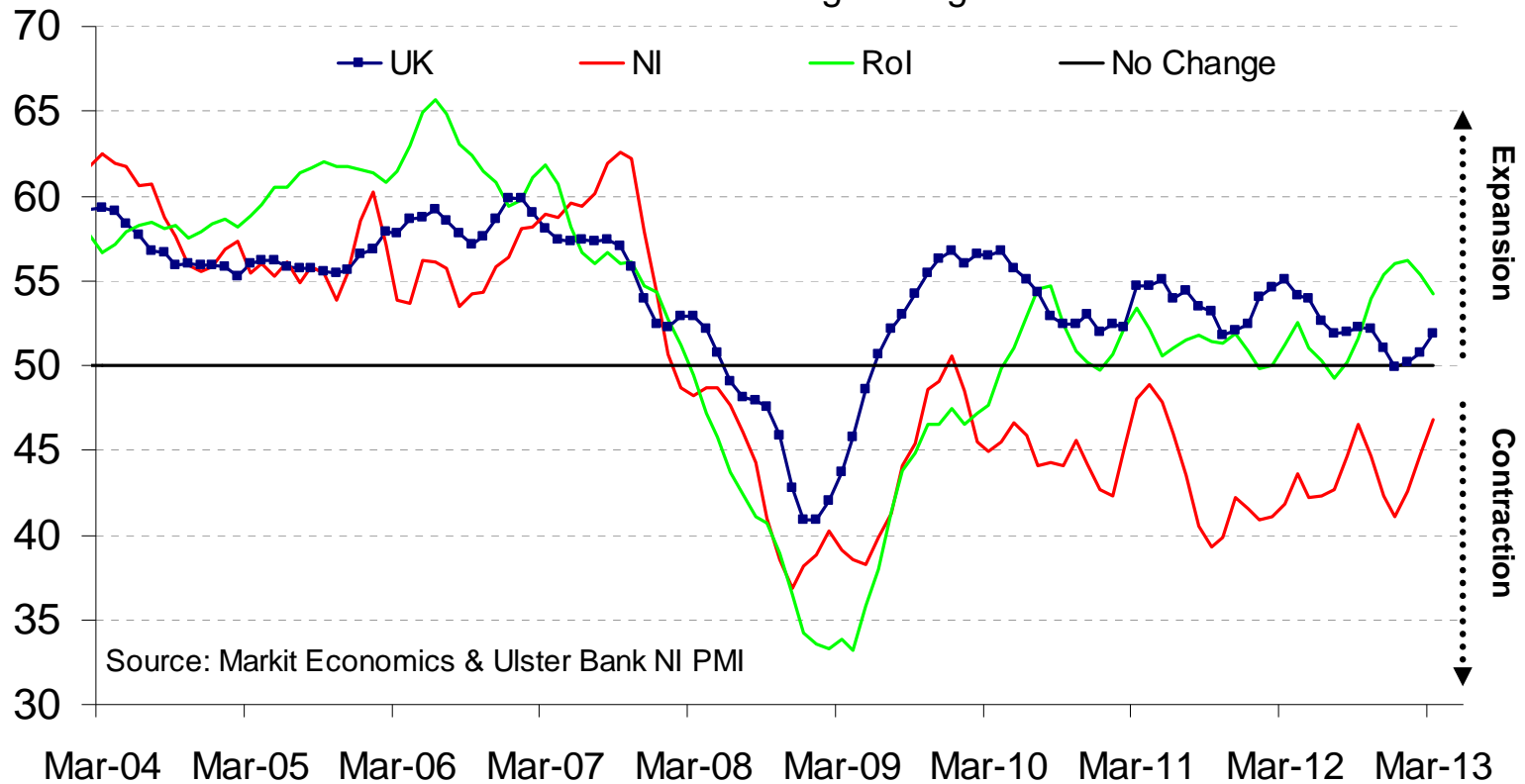


PMI signals job gains in Q1 but some redundancies announced have still to take effect



Rol & UK growth continues while NI's pace of decline eases

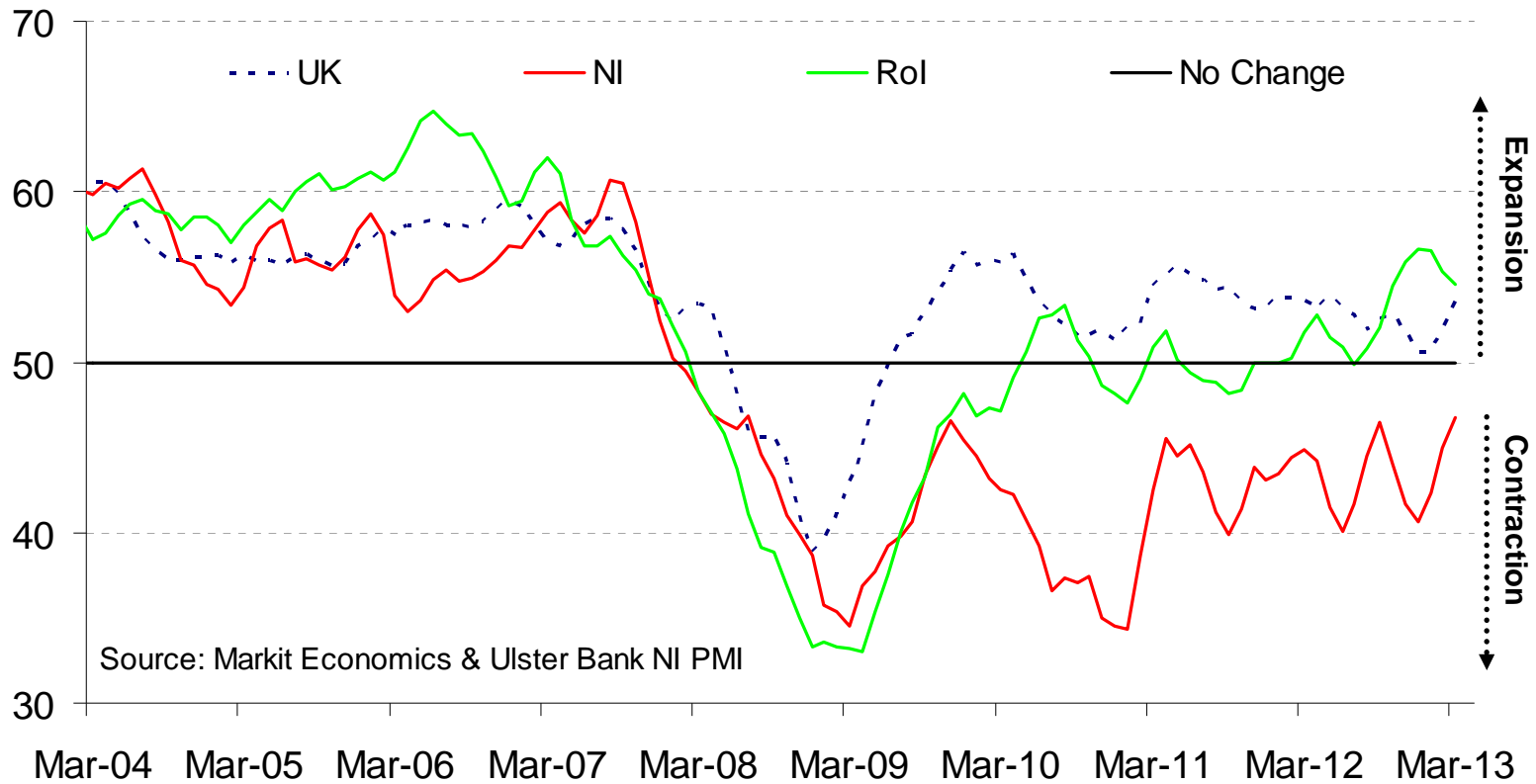
Services Output (excluding Retail)
3 month moving average



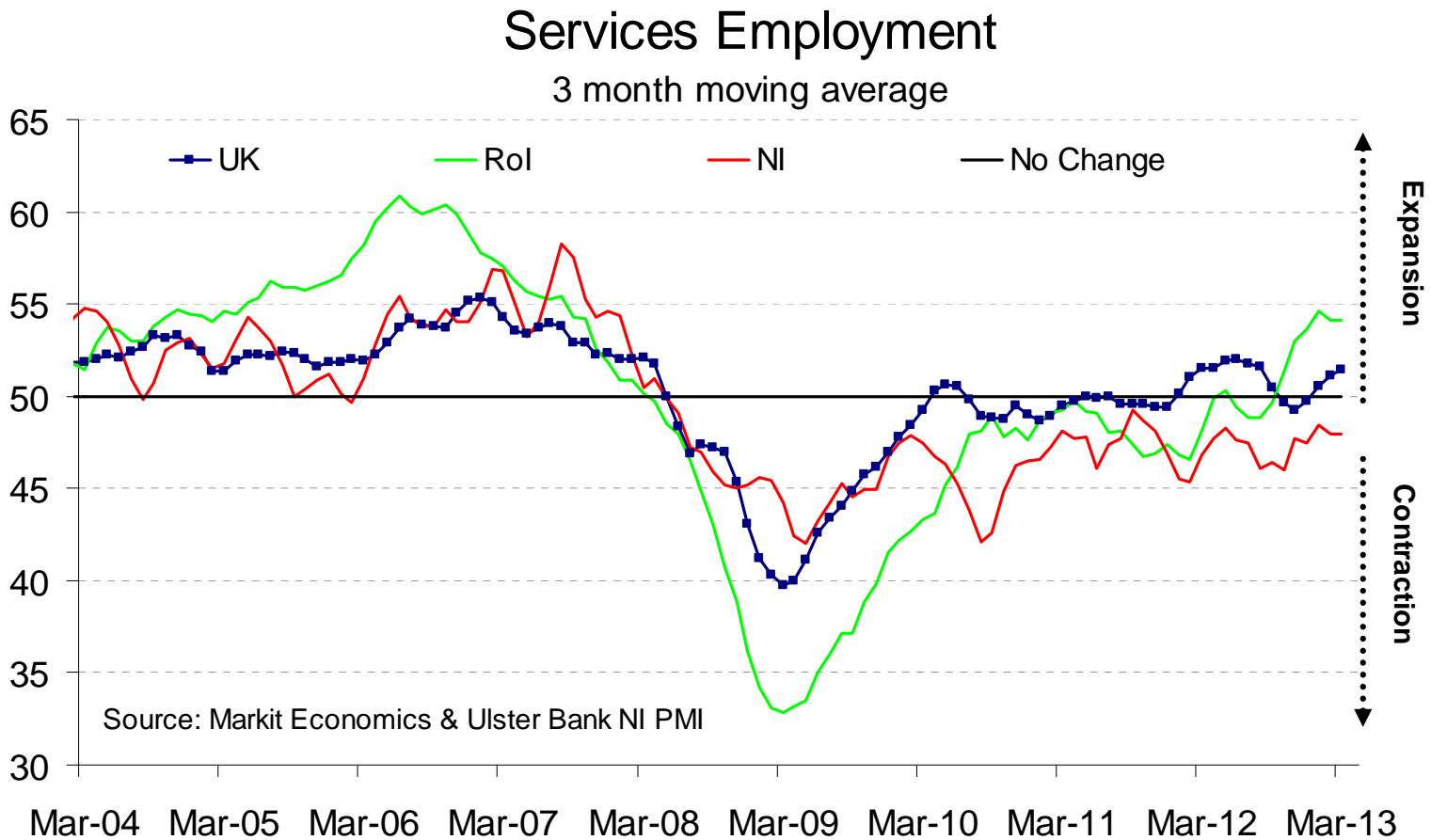
New orders growth slowing in the RoI & picking up in the UK. Meanwhile NI still contracting

Services New Orders (excluding Retail)

3 month moving average

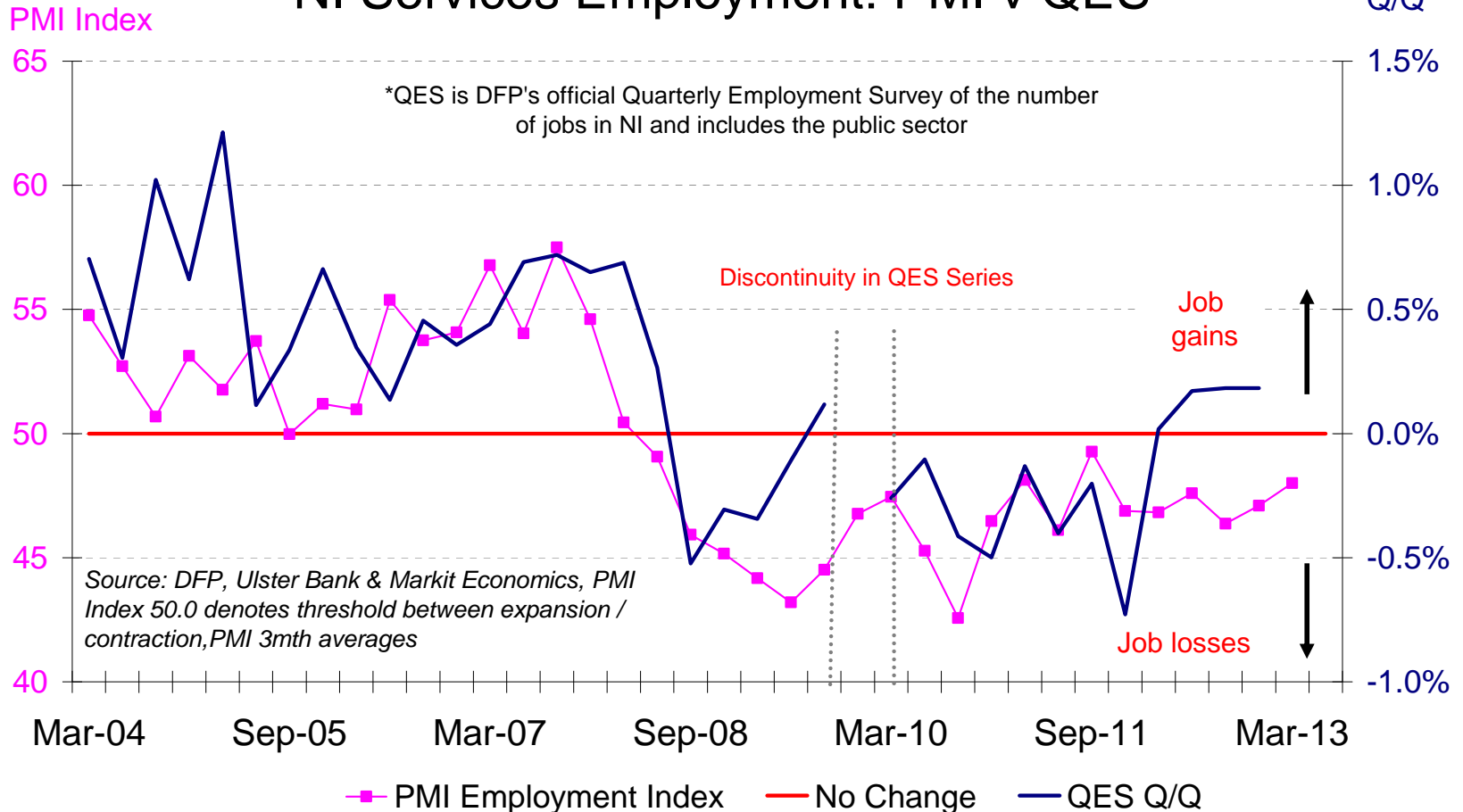


...with employment levels still falling in NI over the last three months



The services PMI signalled modest employment declines in Q4 (& Q1). But QES posted job gains in Q4

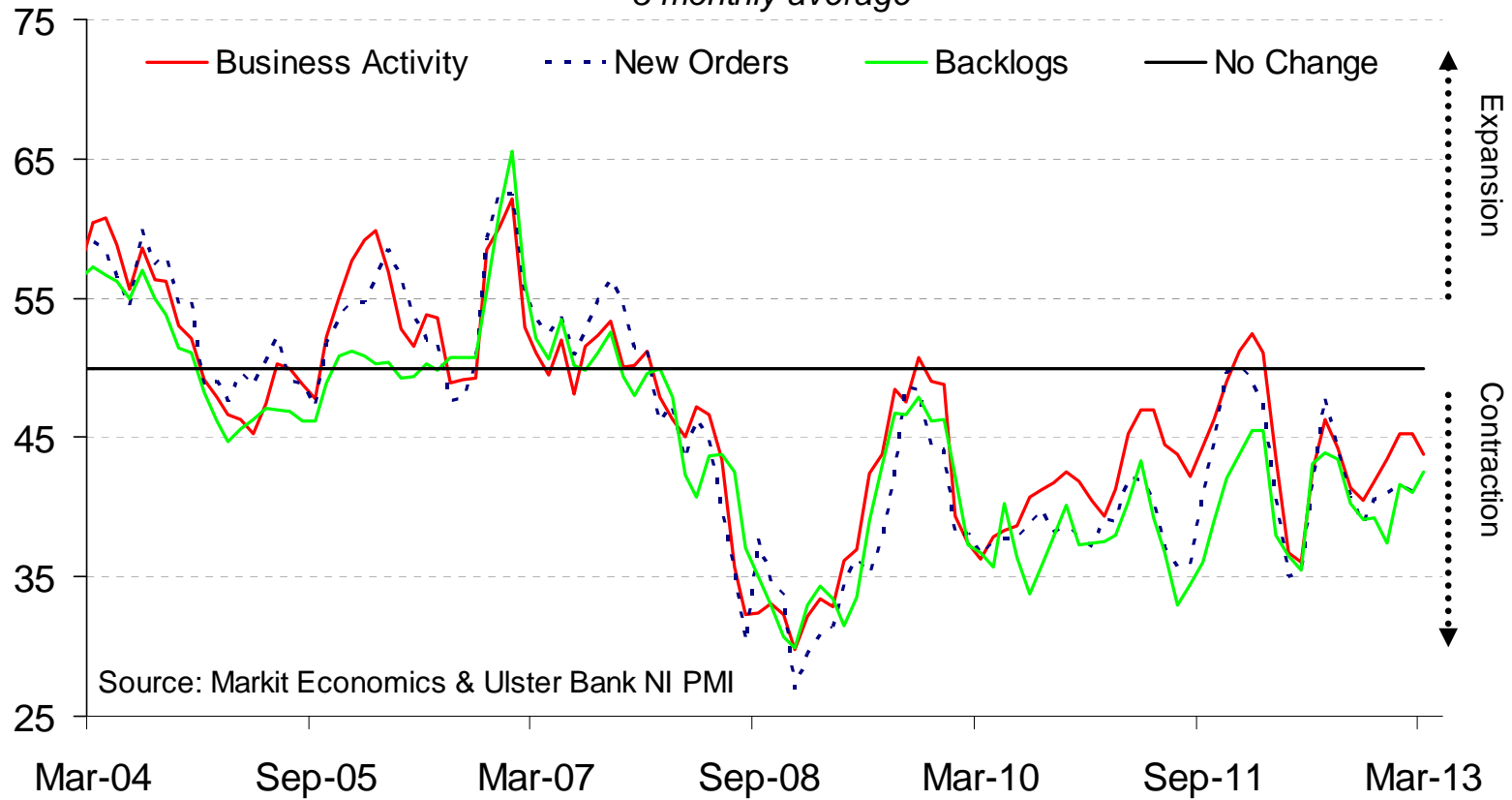
NI Services Employment: PMI v QES*



Local retailers still reporting falling orders & activity

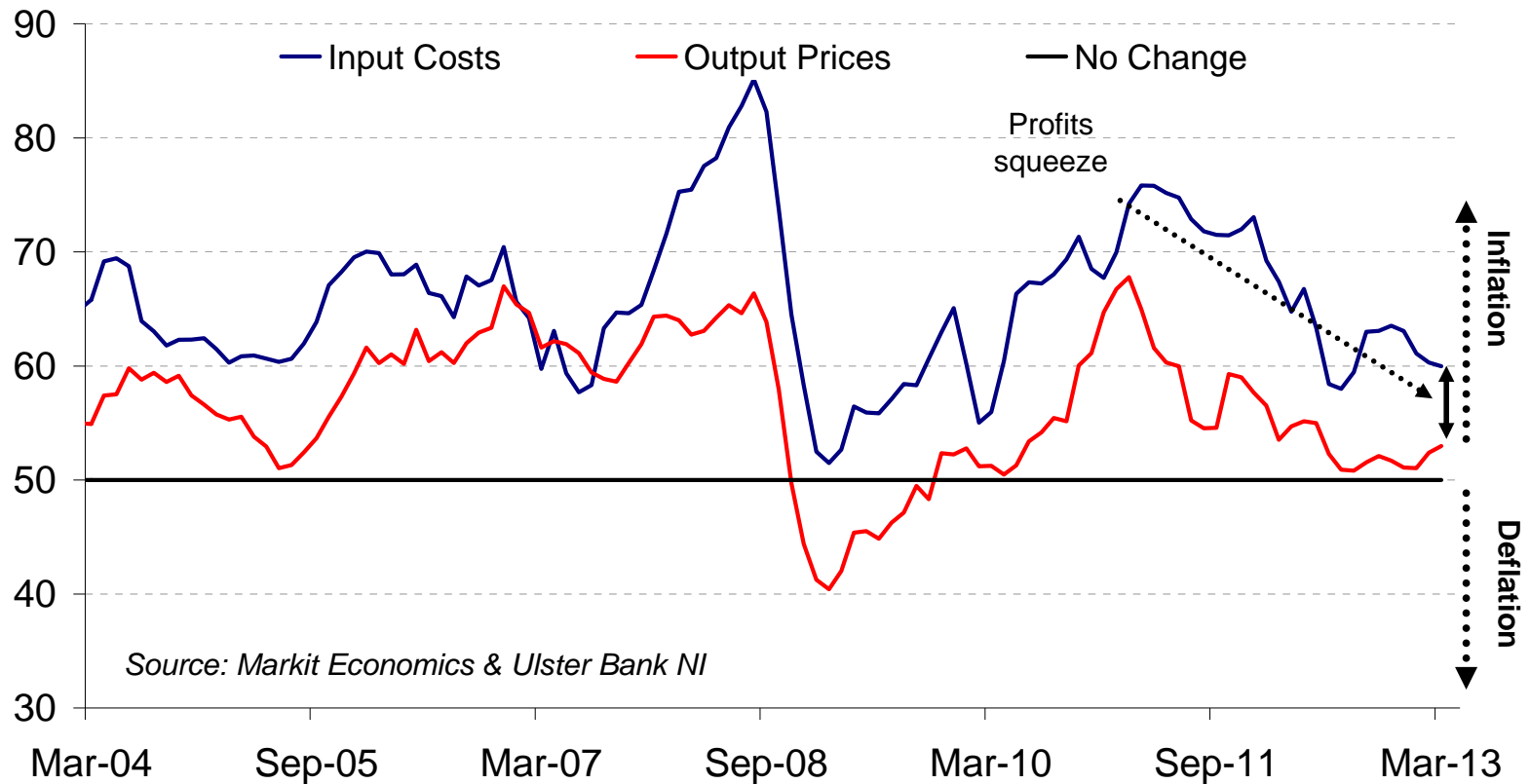
Northern Ireland Retail PMI

3 monthly average



Profits squeeze on local retailers appears to be easing

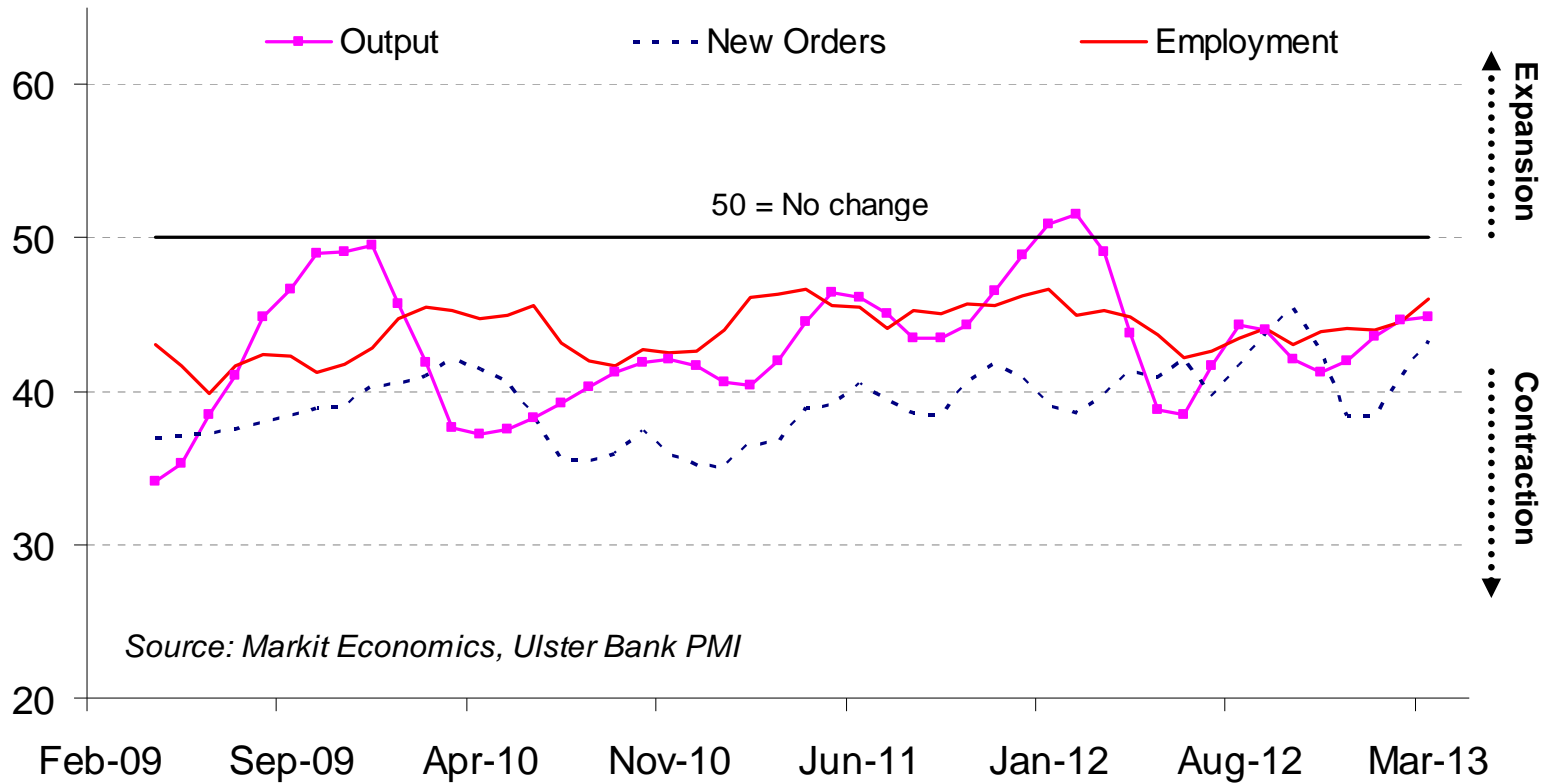
NI Retail Input & Output Inflation 3 month moving average



NI construction sector still in the midst of a severe downturn

NI Construction PMI

3 month moving average

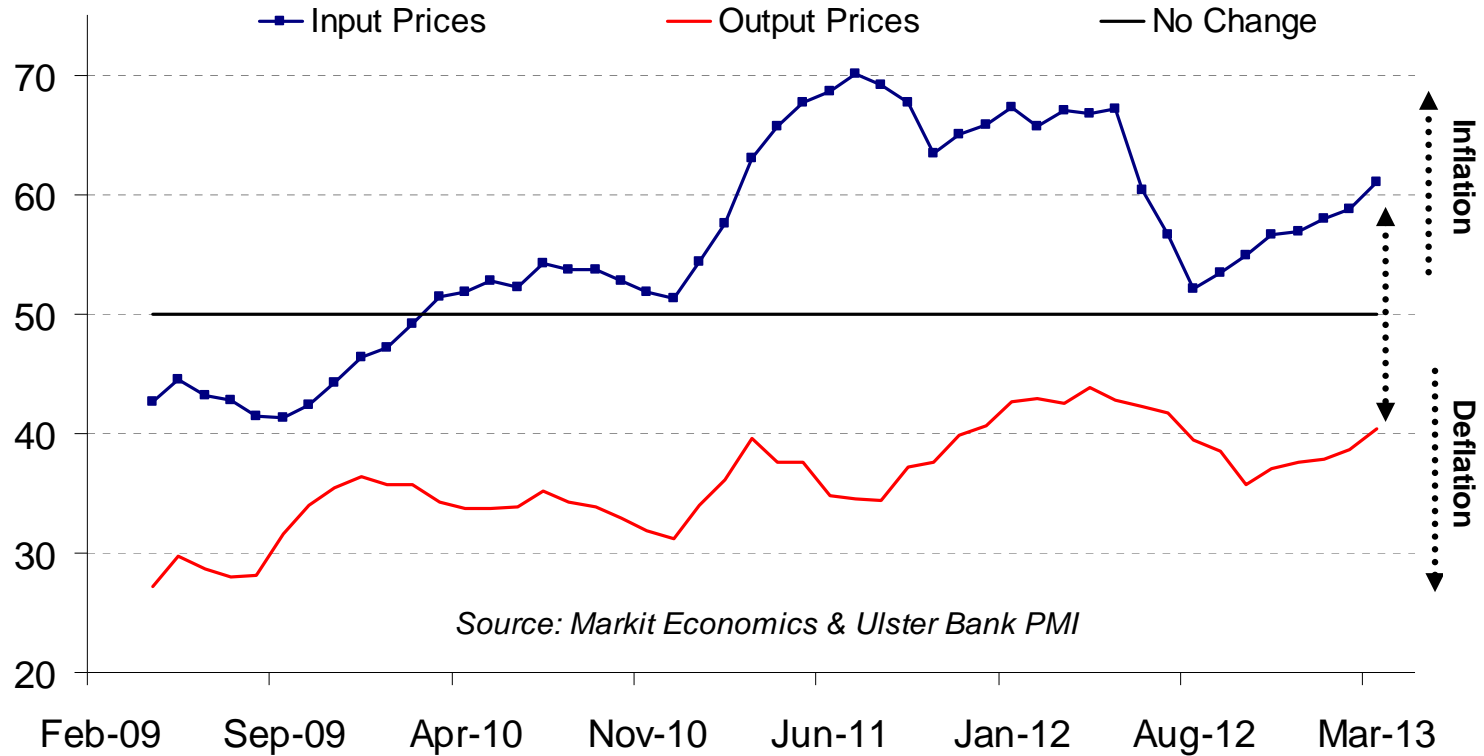


...with profits squeeze continuing

NI Construction Sector Profits Squeeze

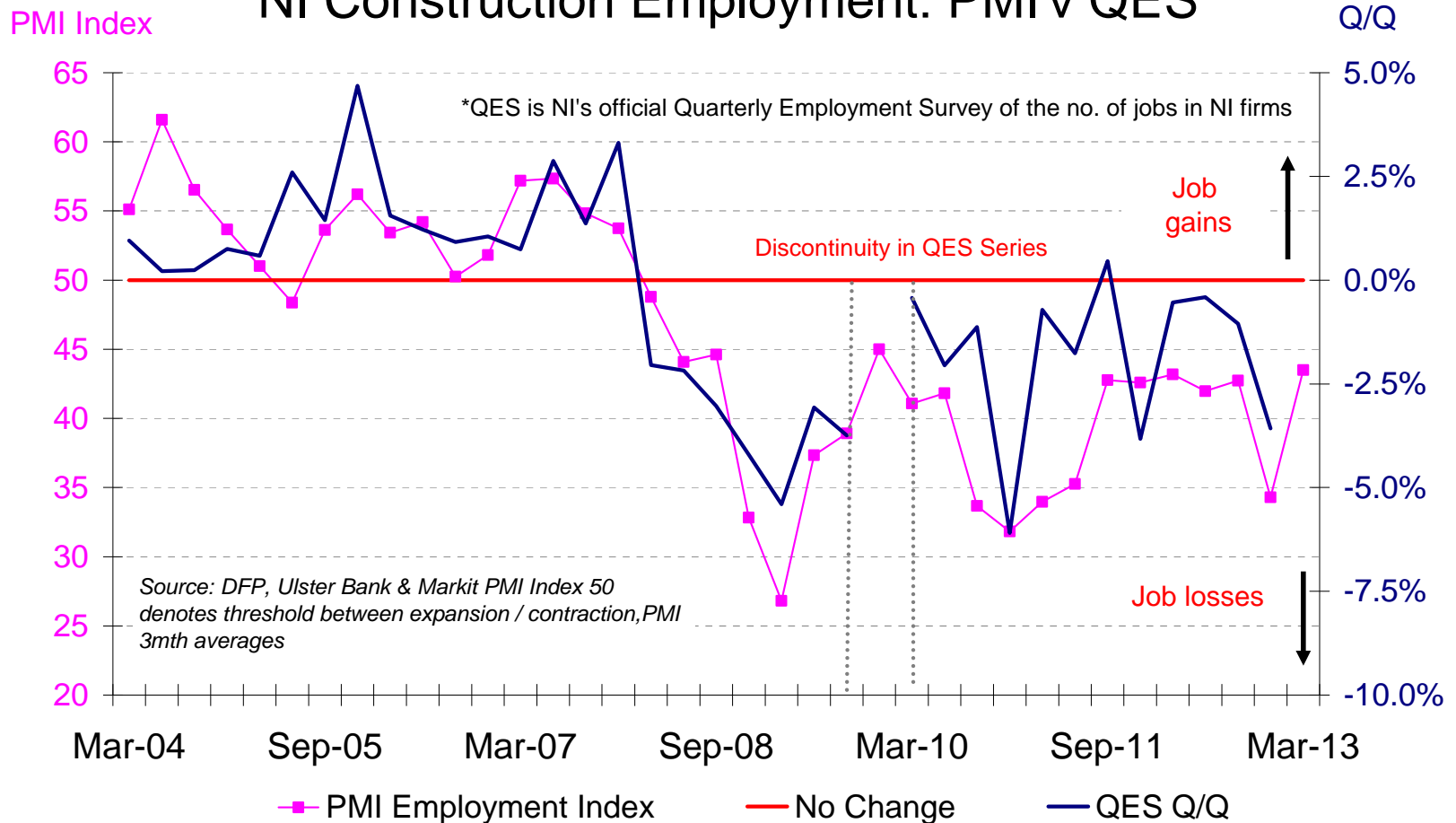
3 month moving average

PMI Index



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

NI Construction Employment: PMI v QES

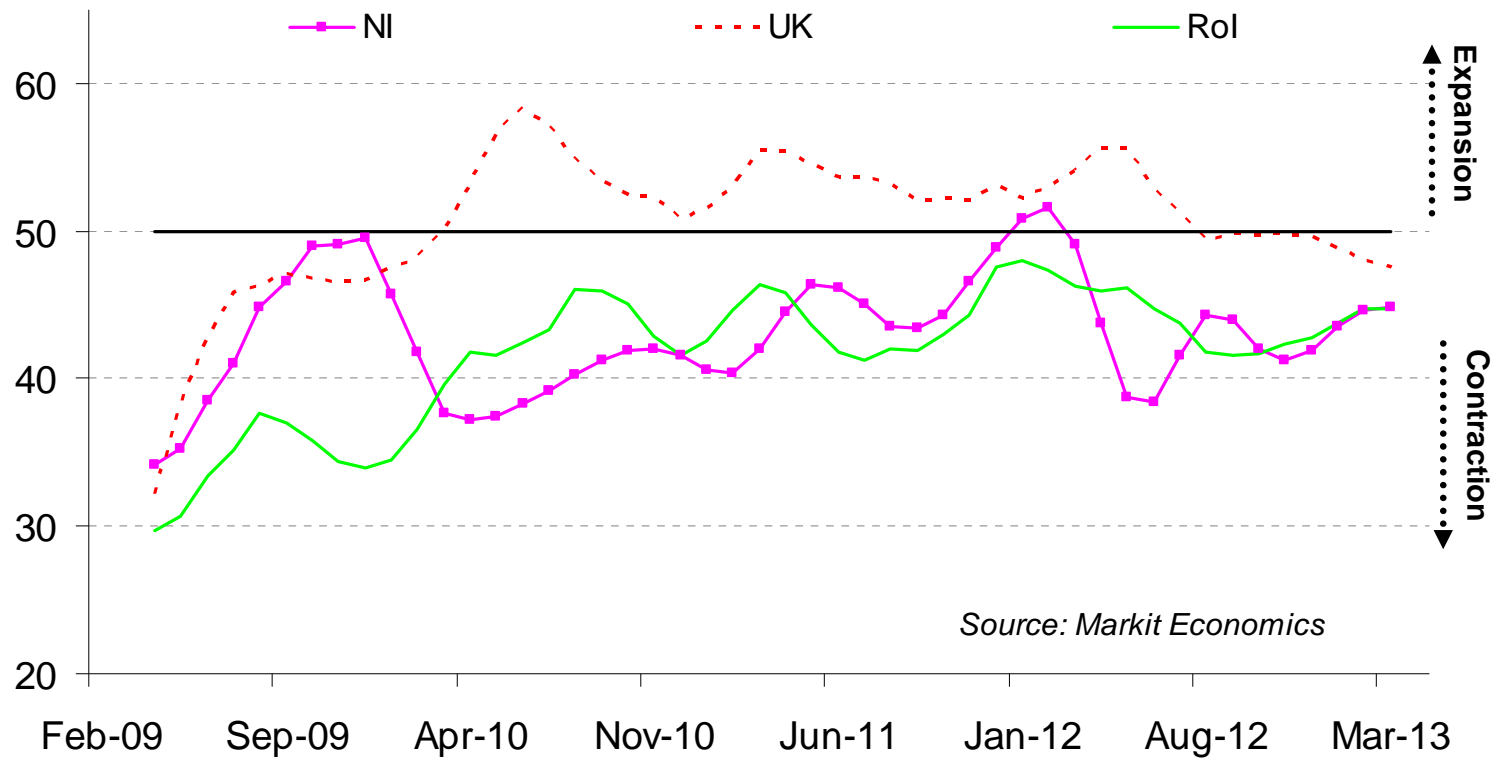


UK, RoI & NI all post contractions in construction output

Construction Sector Output - PMI

3 month moving average

PMI Index



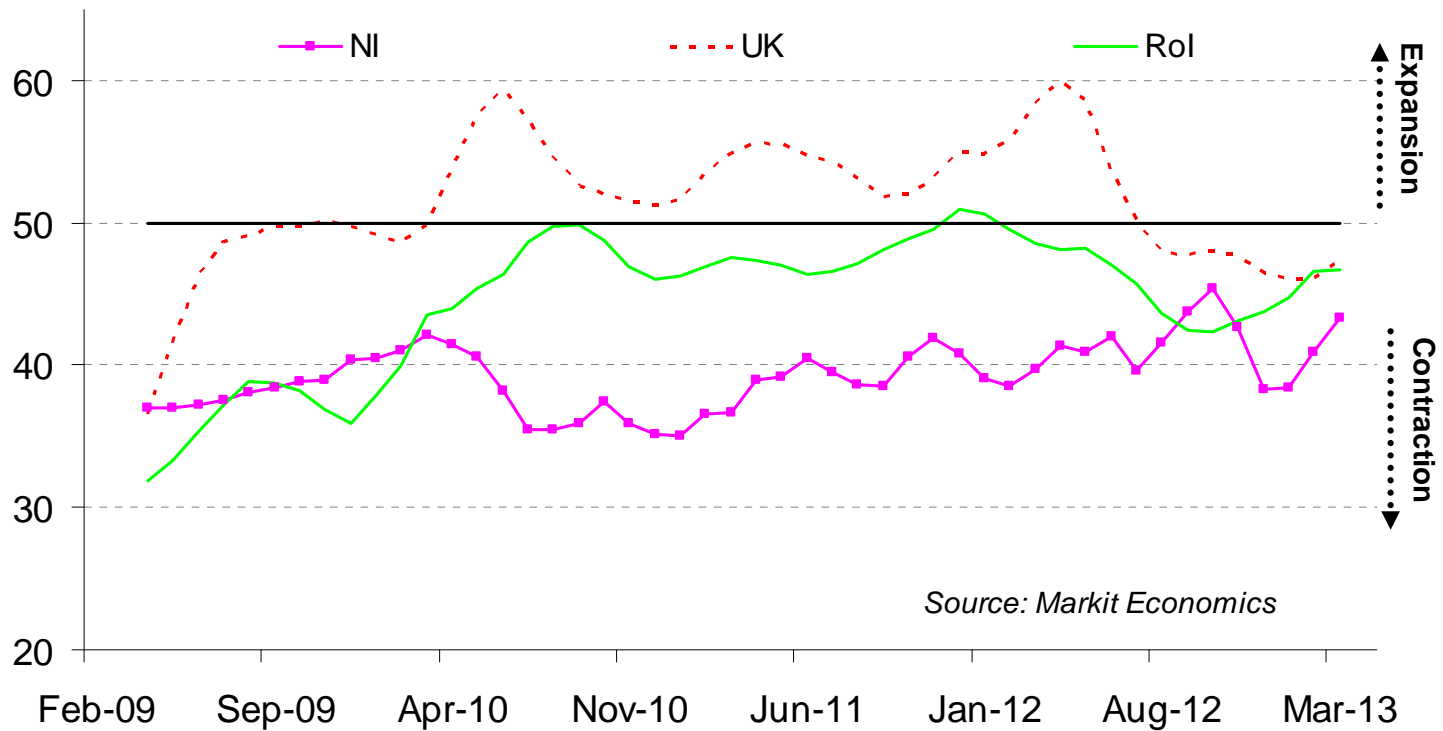
Source: Markit Economics

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

Construction Sector New Orders - PMI

3 month moving average

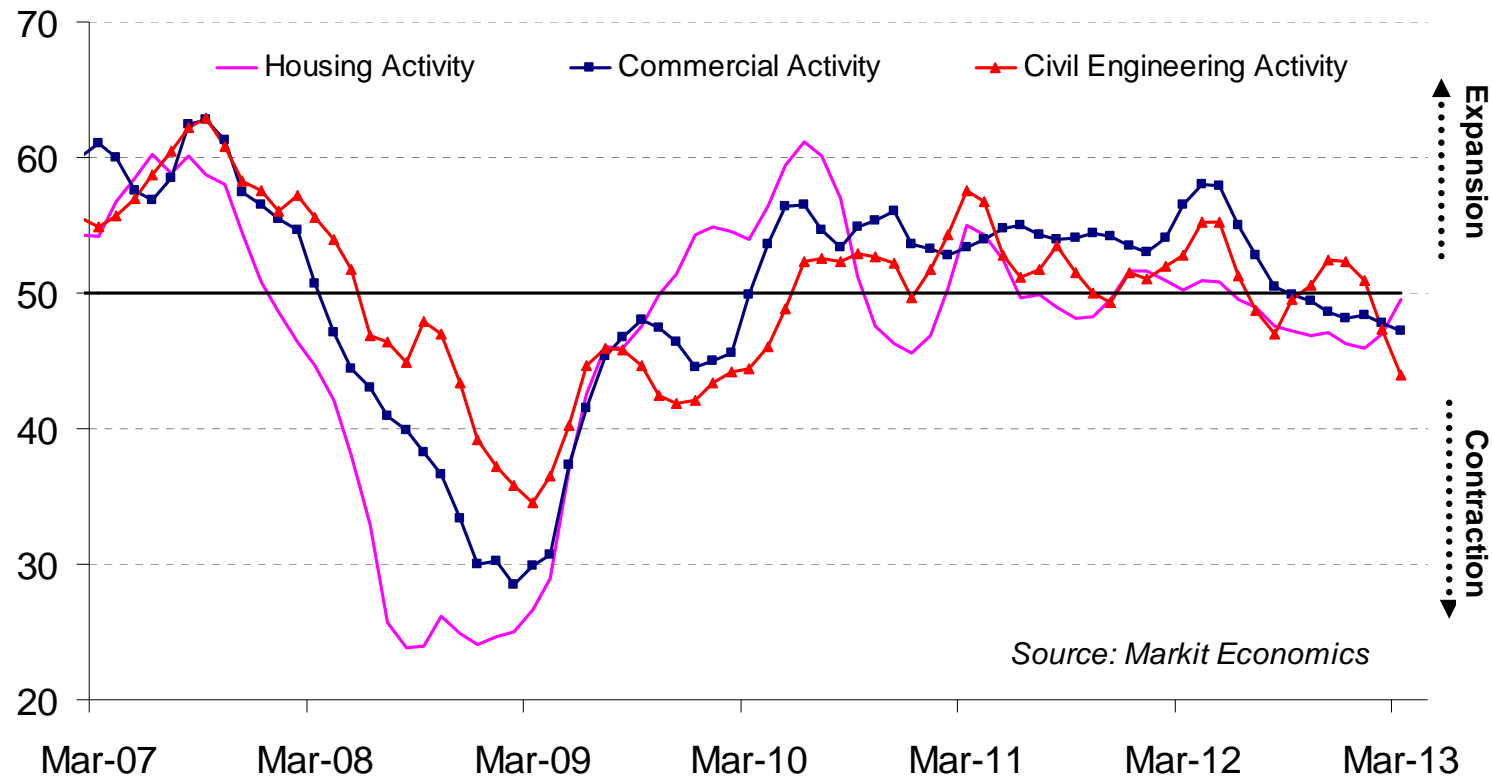
PMI Index



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

UK Construction Activity - PMIs

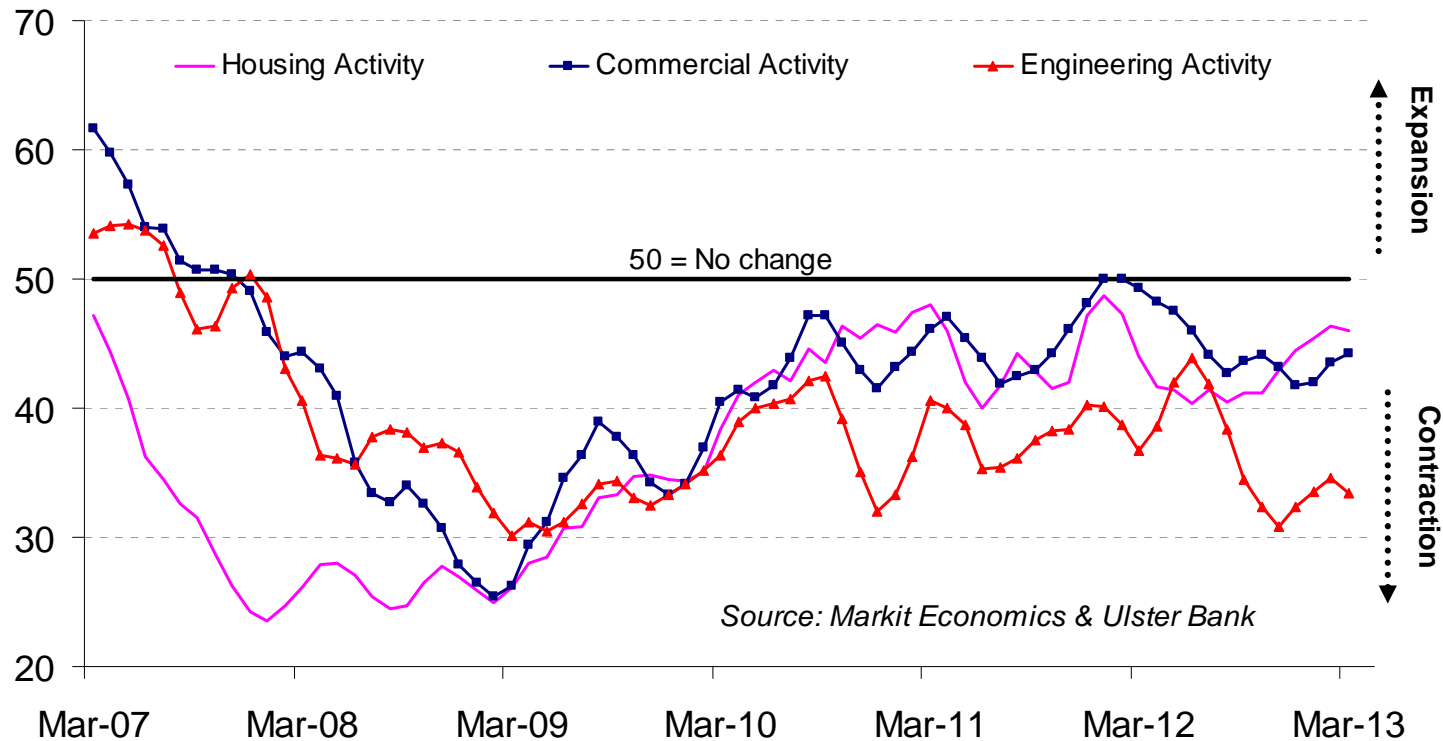
3 month moving average



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

Republic of Ireland Construction Activity - PMI

3 month moving average



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