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Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

October 2011 Survey Update

Issued 14 November 2011

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RBS

PMI Surveys

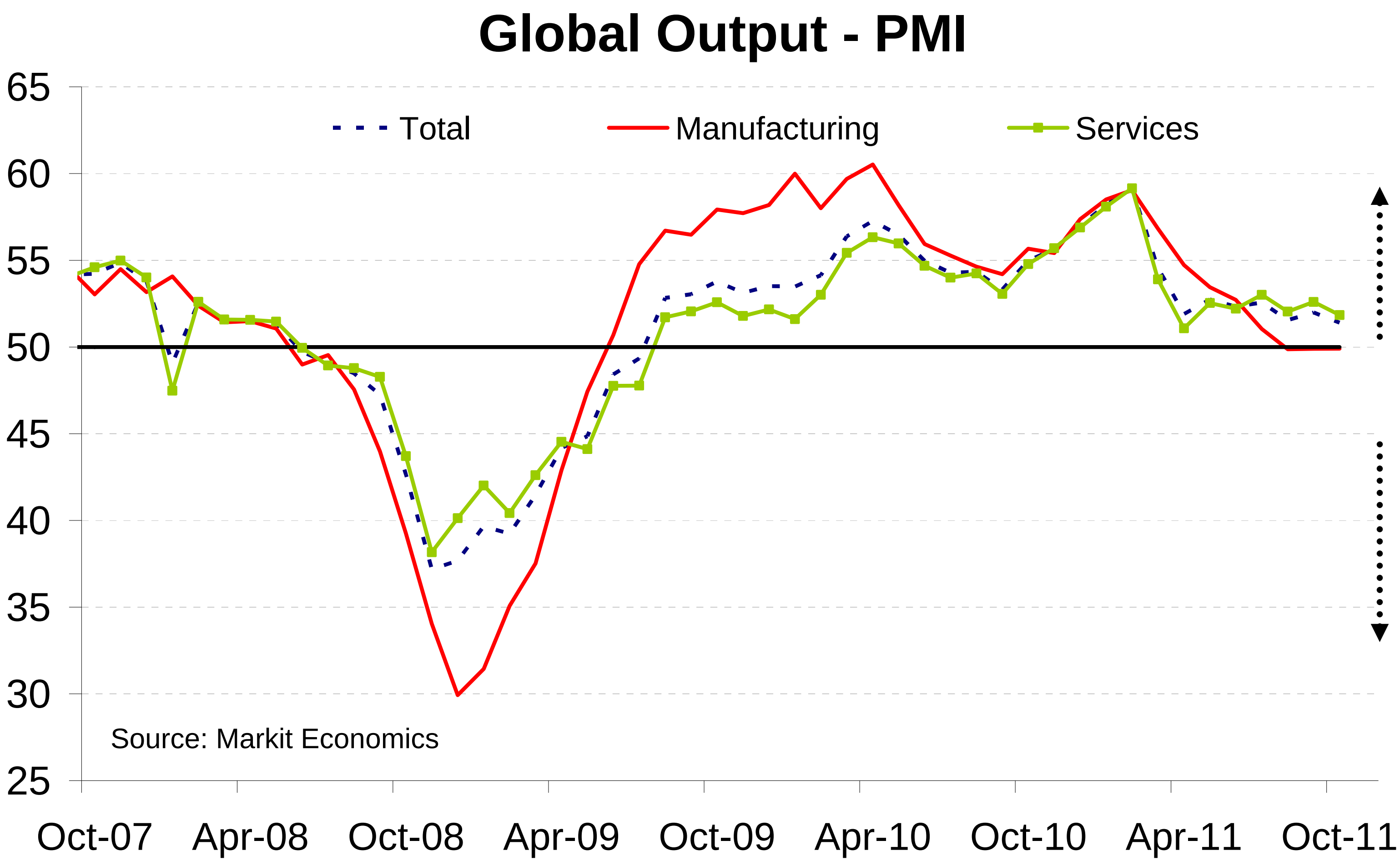
Purchasing Managers' Indexes (PMIs) are monthly surveys of private sector companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices across different sectors.

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 slowdown: manufacturing stagnates although services still growing



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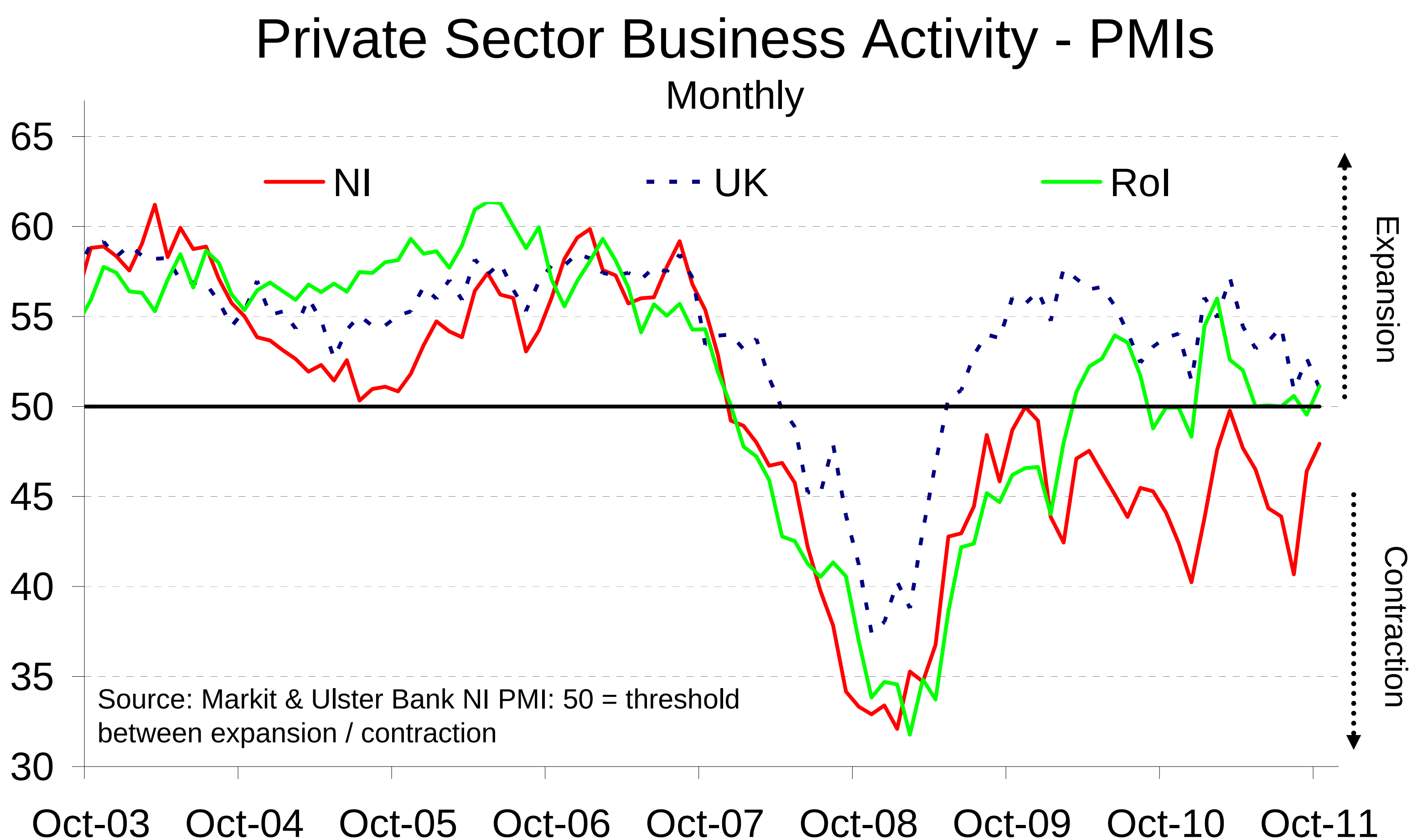
NI's pace of contraction eases in October



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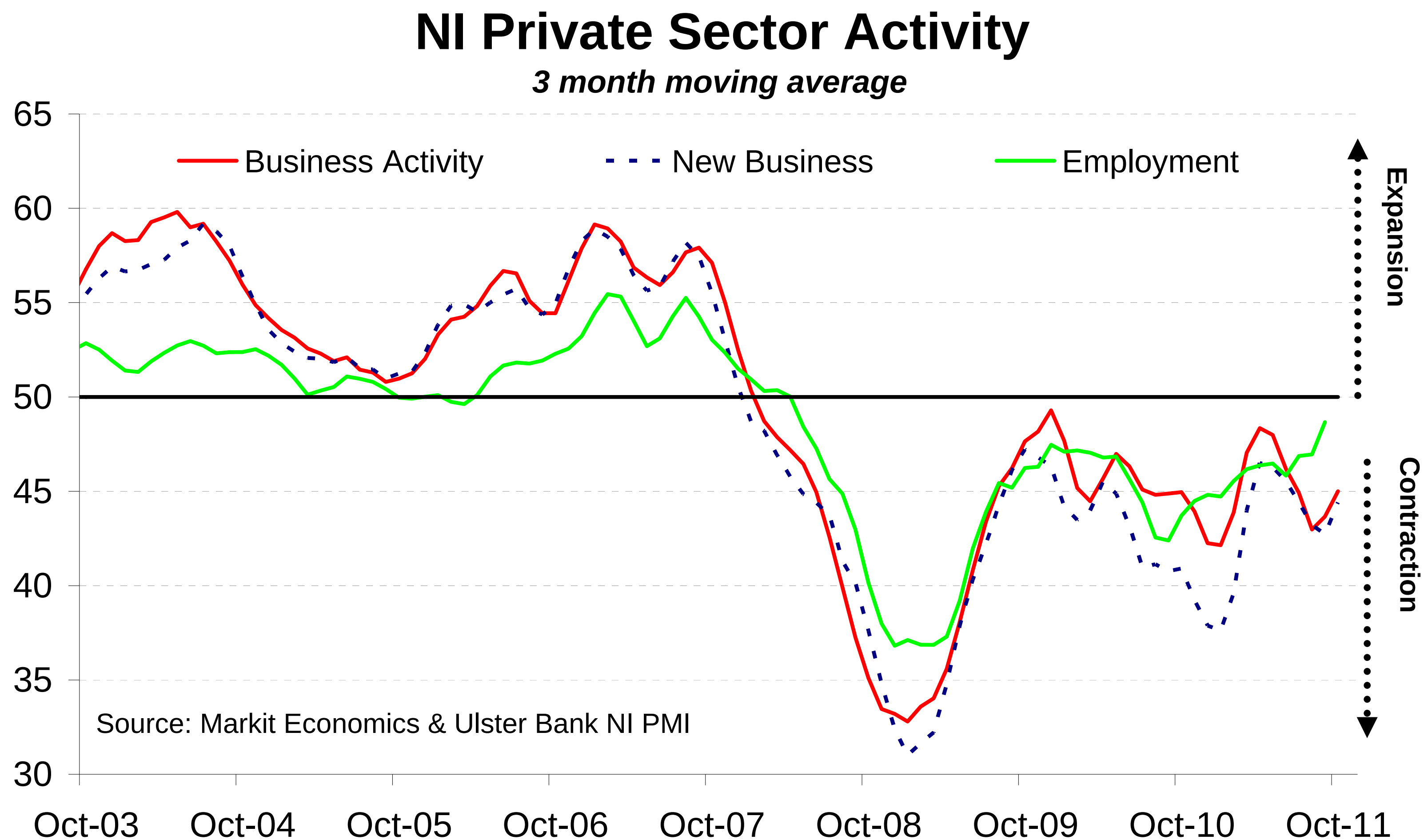
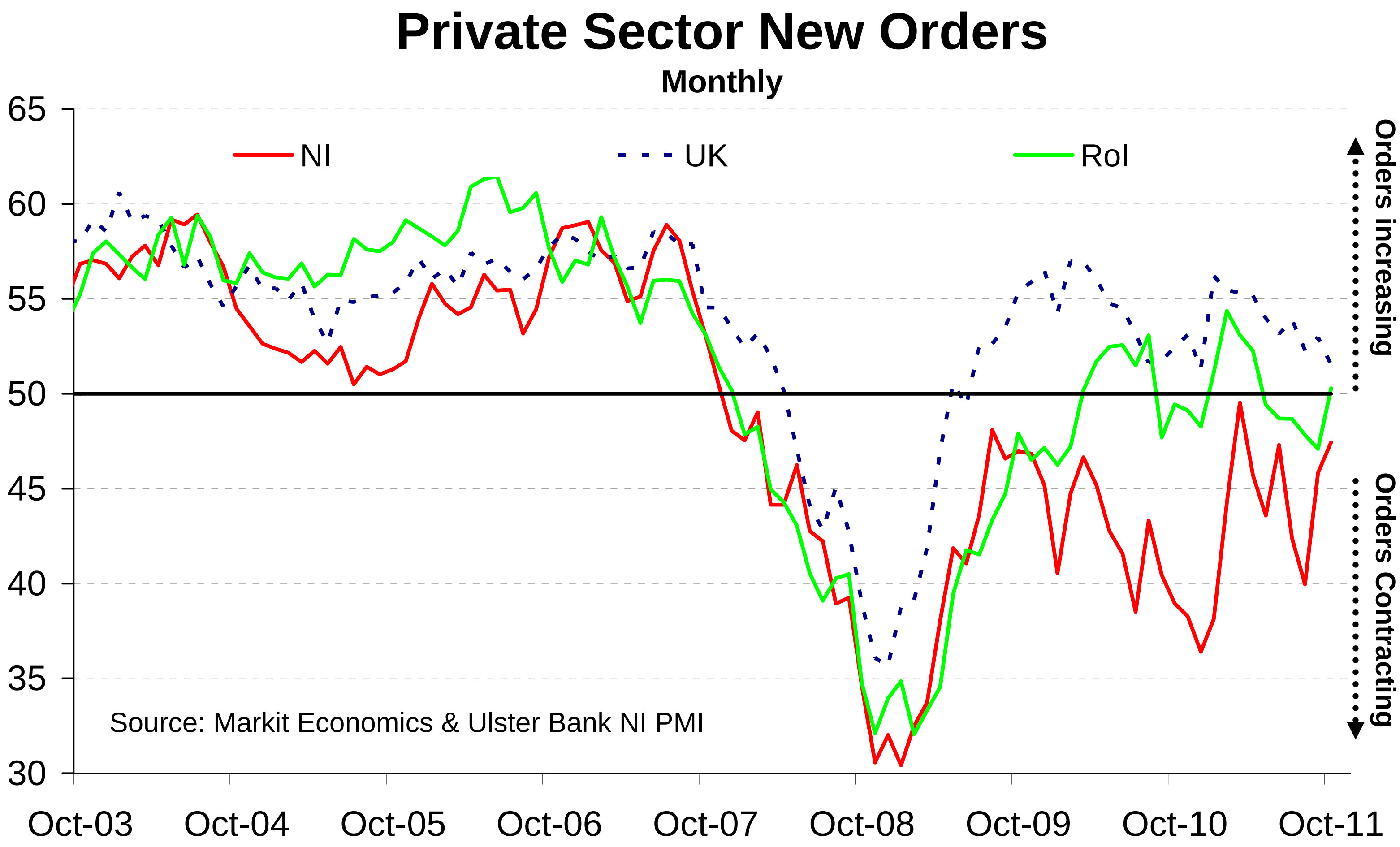
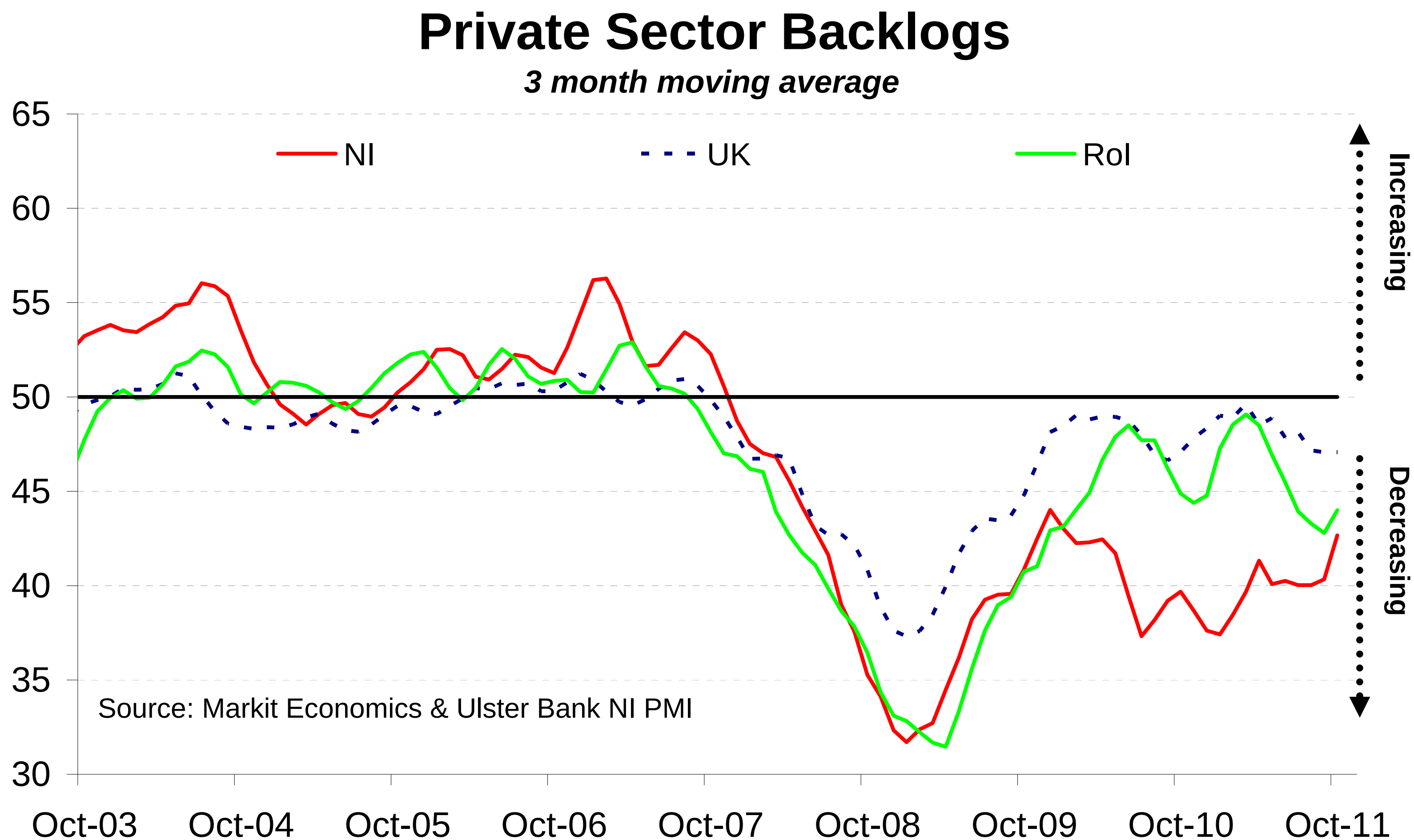
NI output, orders & employment continue to contract but at a slower rate



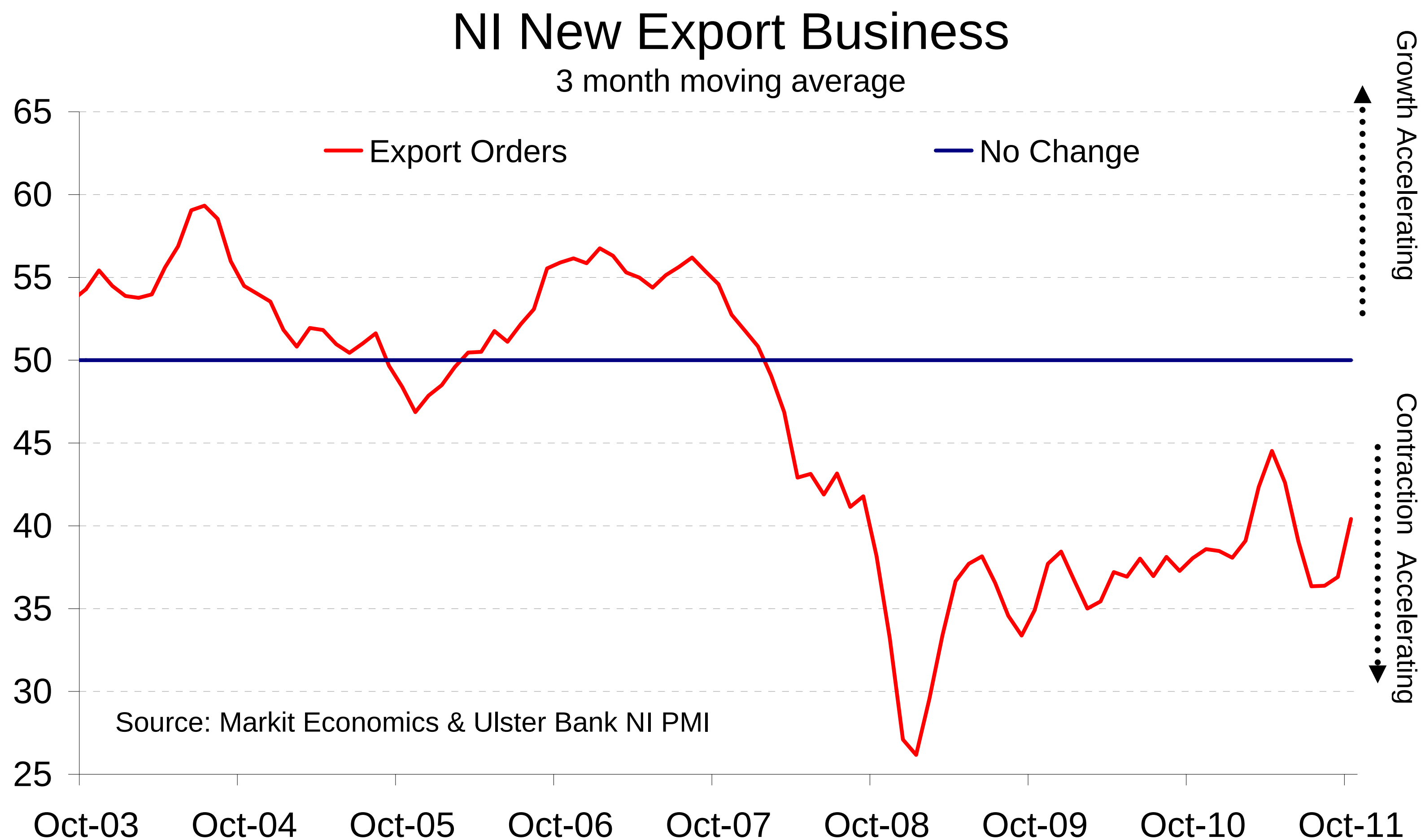
NI’s new orders still falling at a faster rate than elsewhere



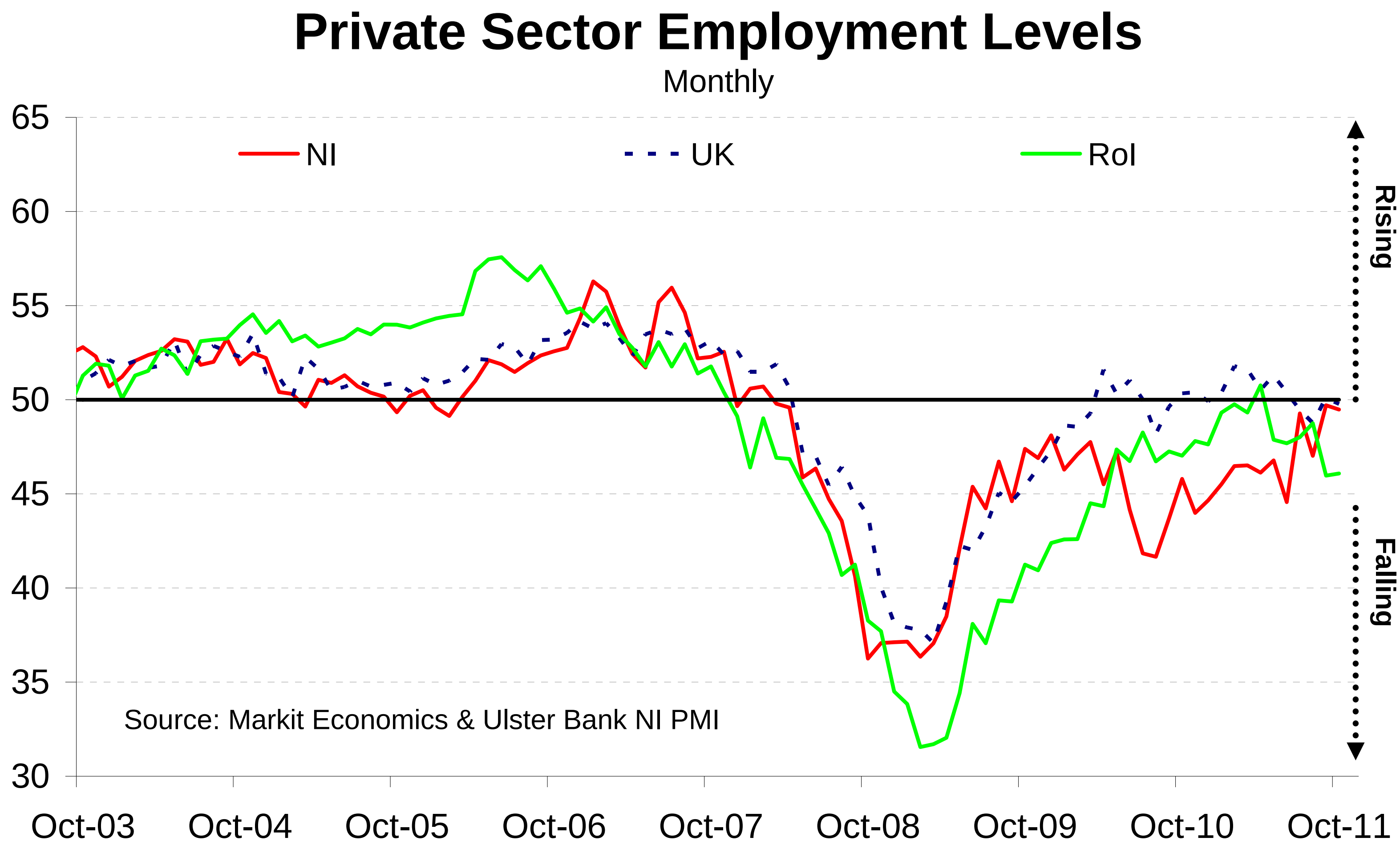
NI's levels of work outstanding are still falling sharply but at a slower rate



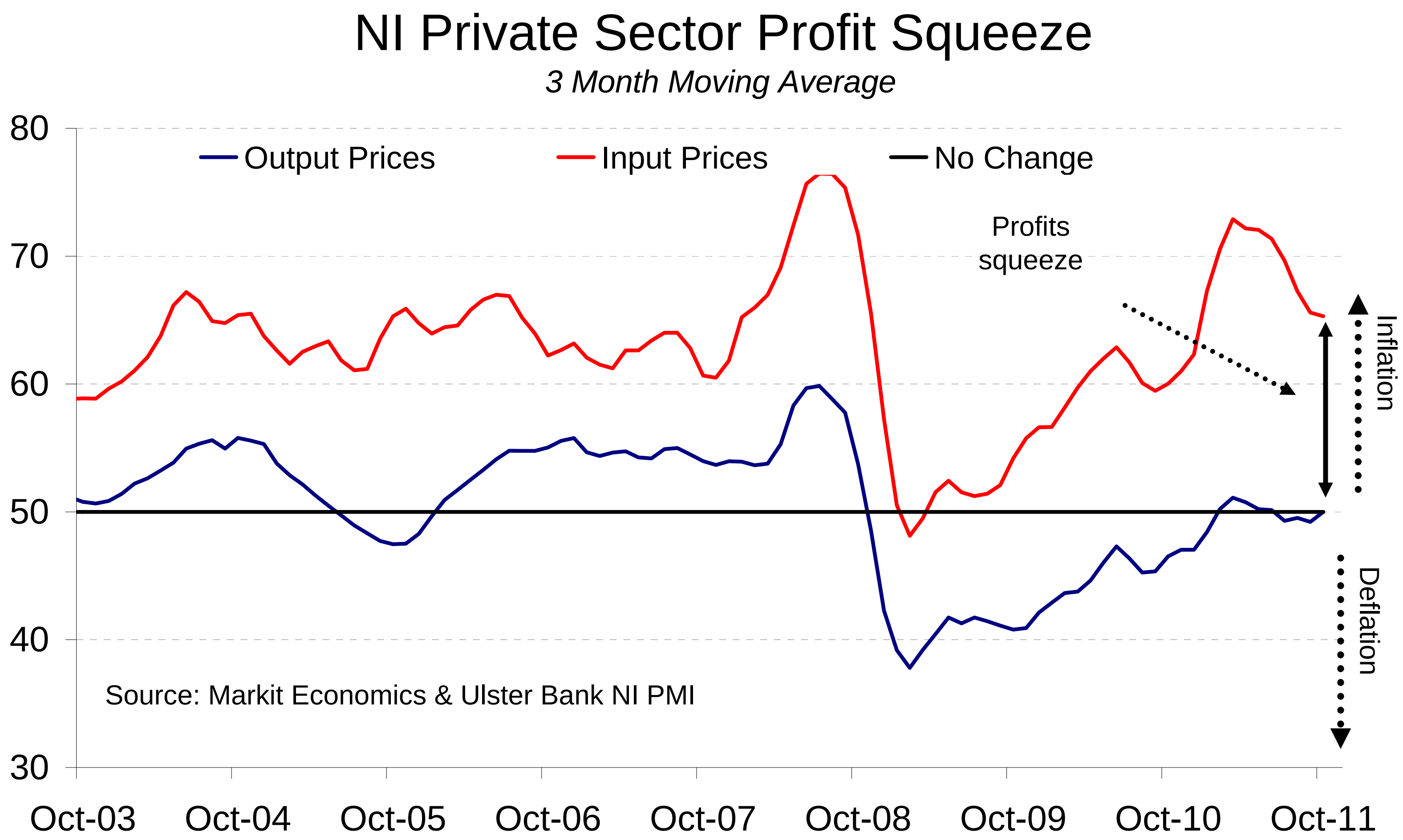
28% of firms saw export orders fall in October



NI’s employment levels have almost stopped falling

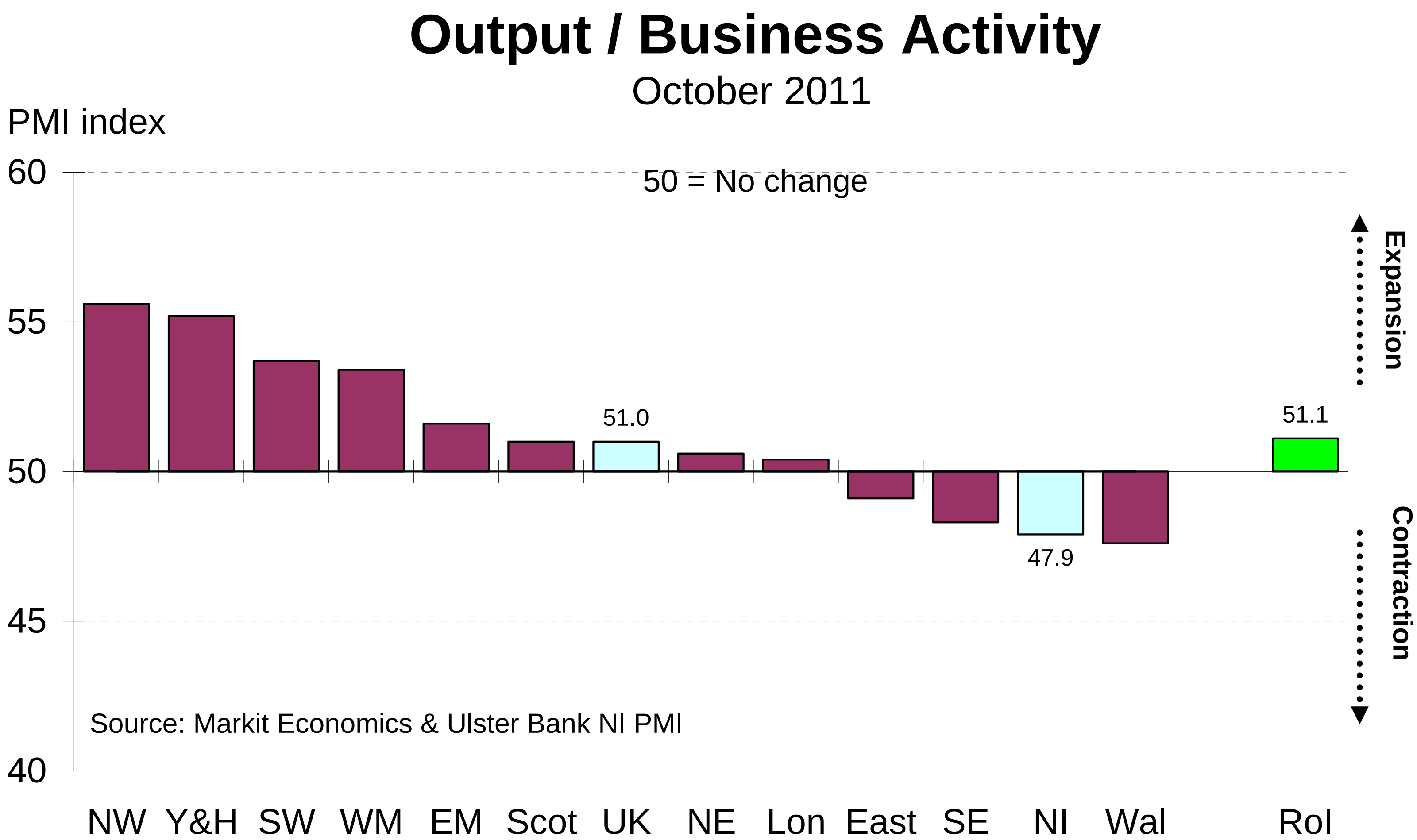


NI profit squeeze remains with pricing power static

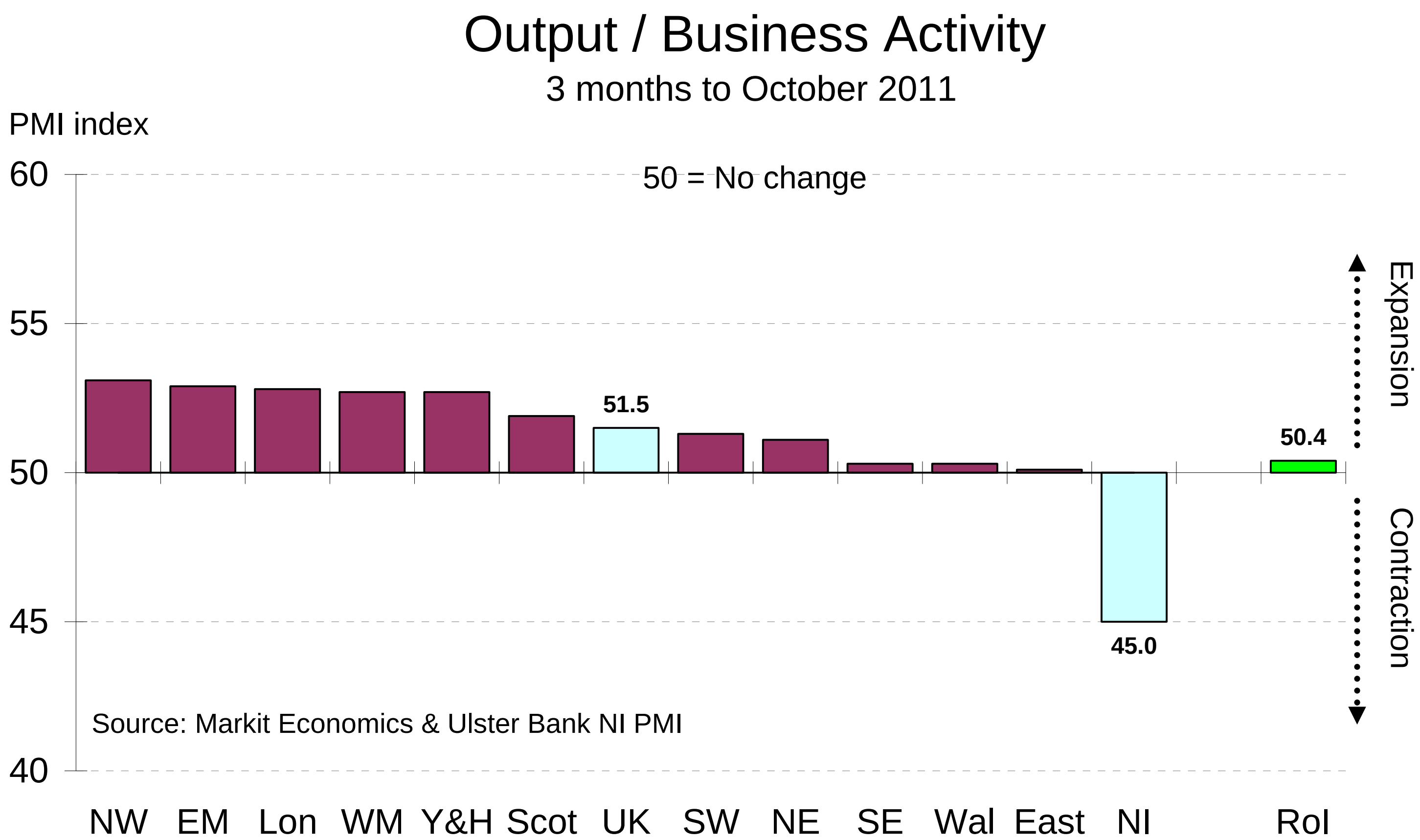


Regional Comparisons

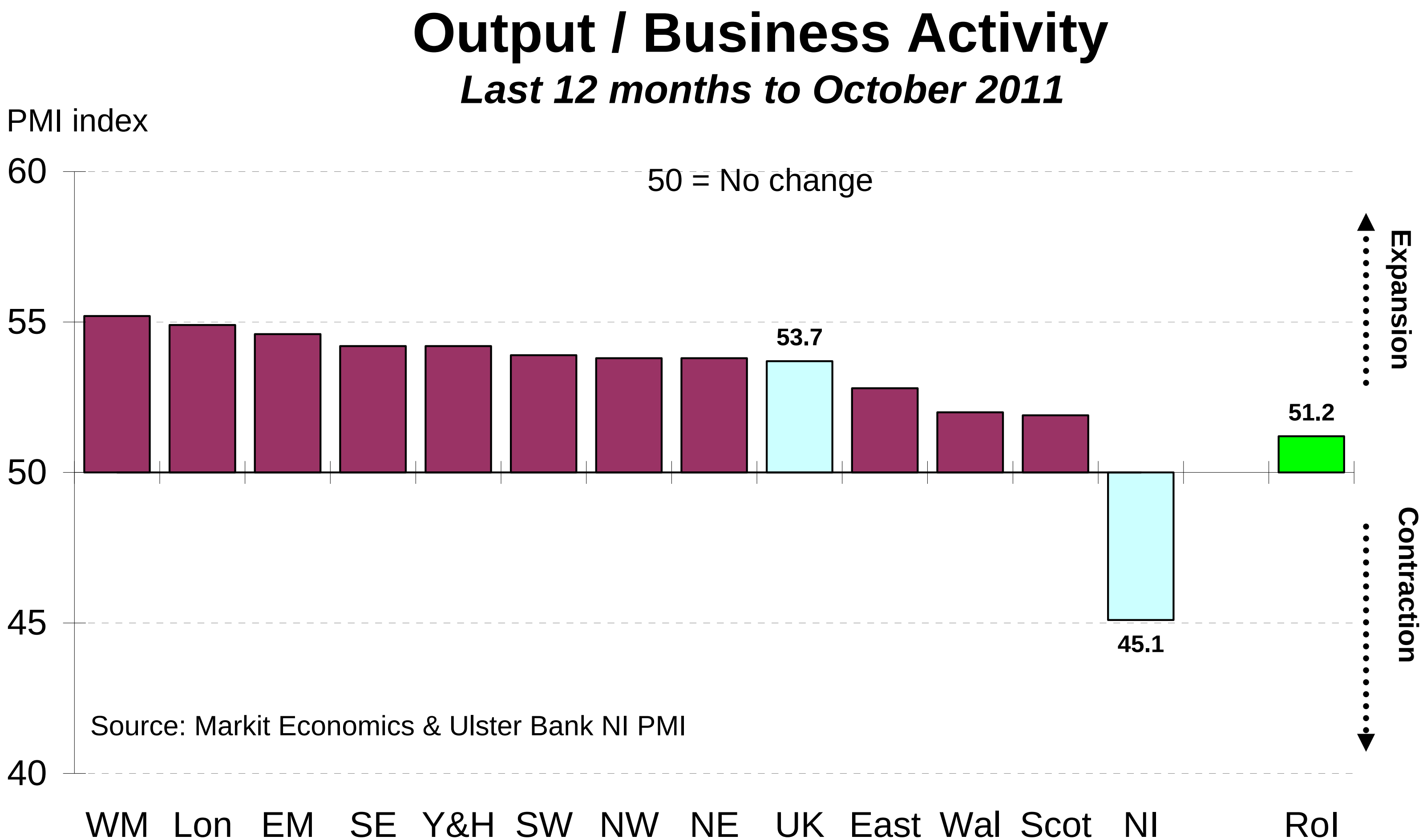
NI one of four regions in contraction territory in October



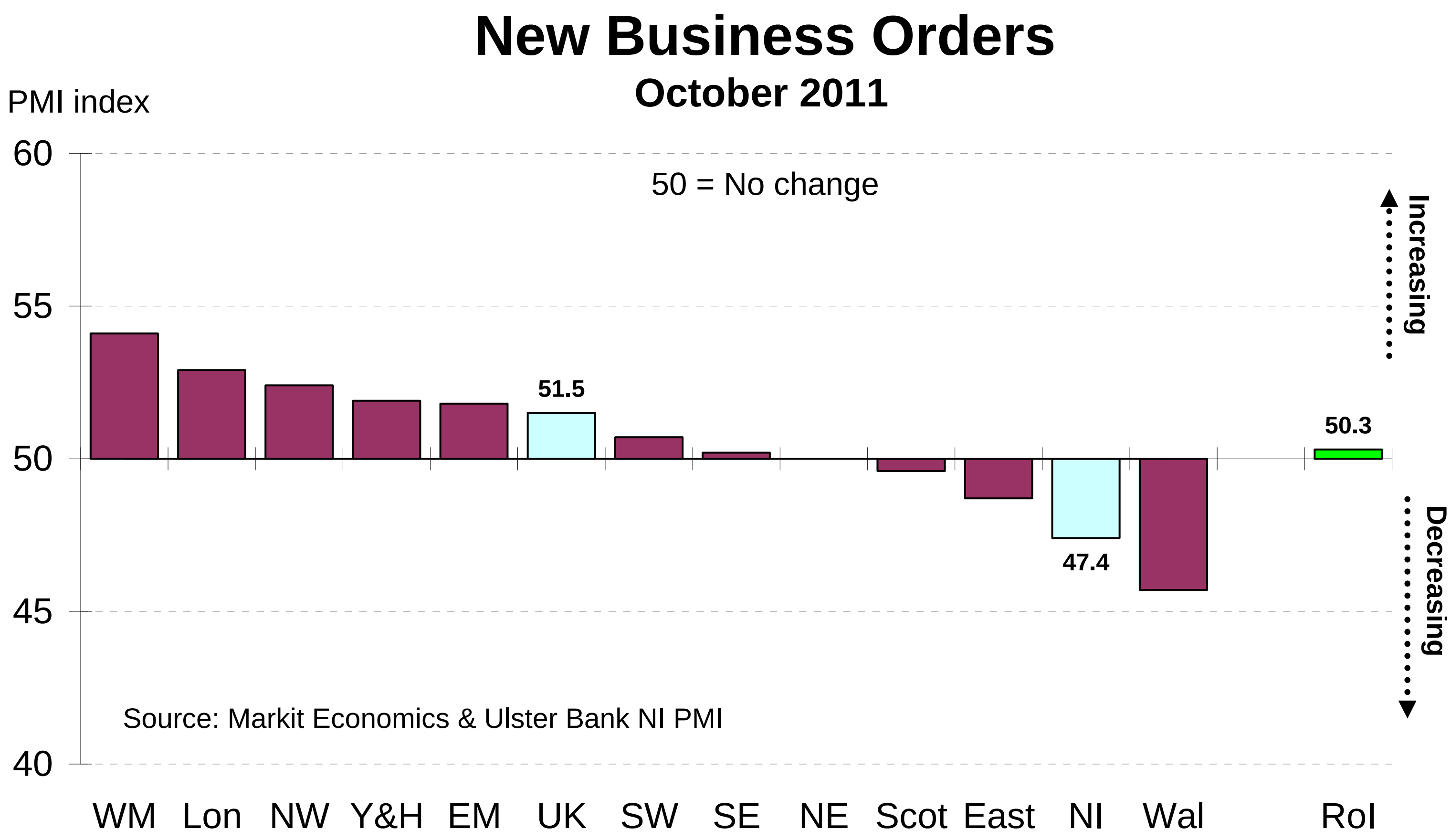
NI posts sharpest rate of decline over the last 3 months…



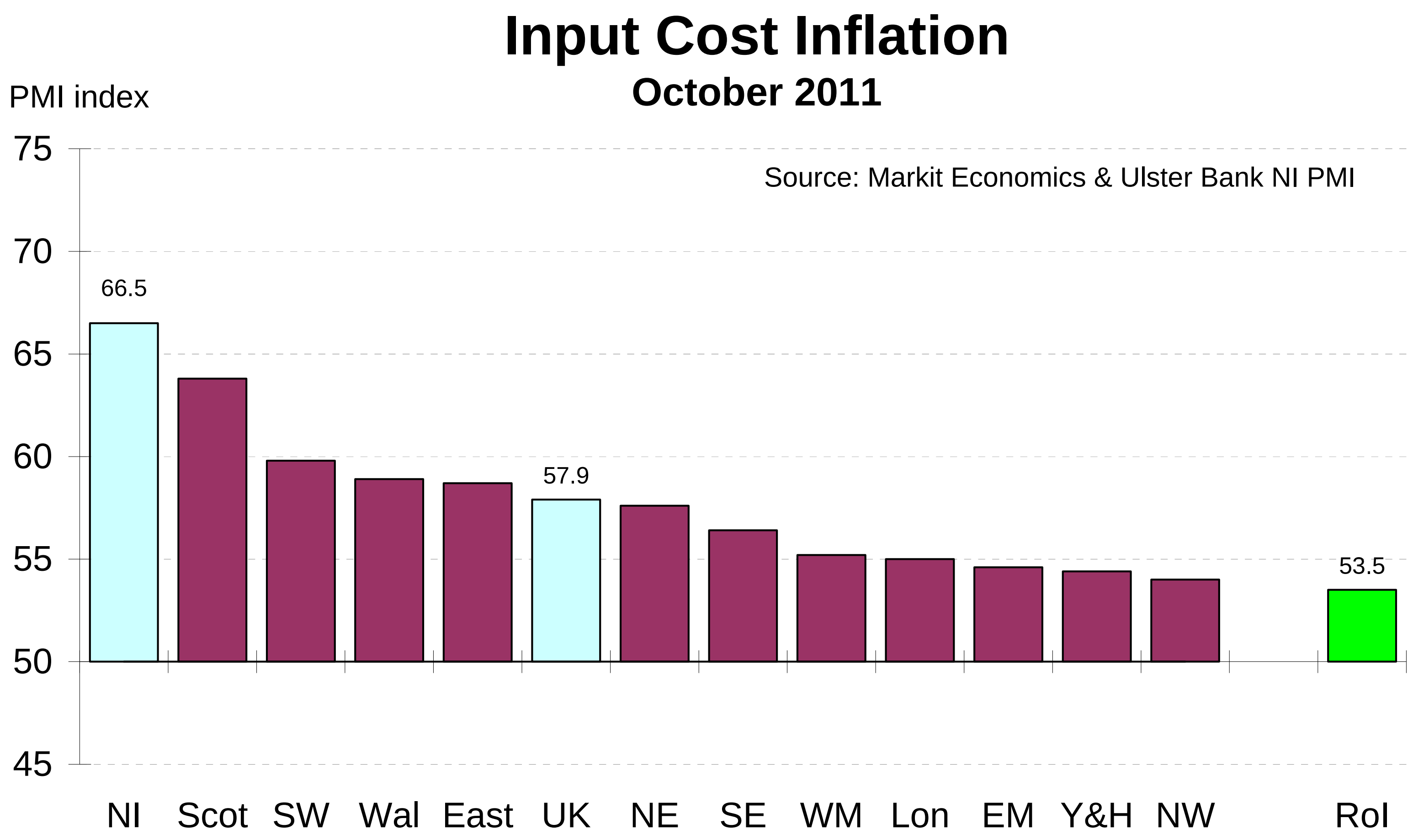
……and over the last 12 months



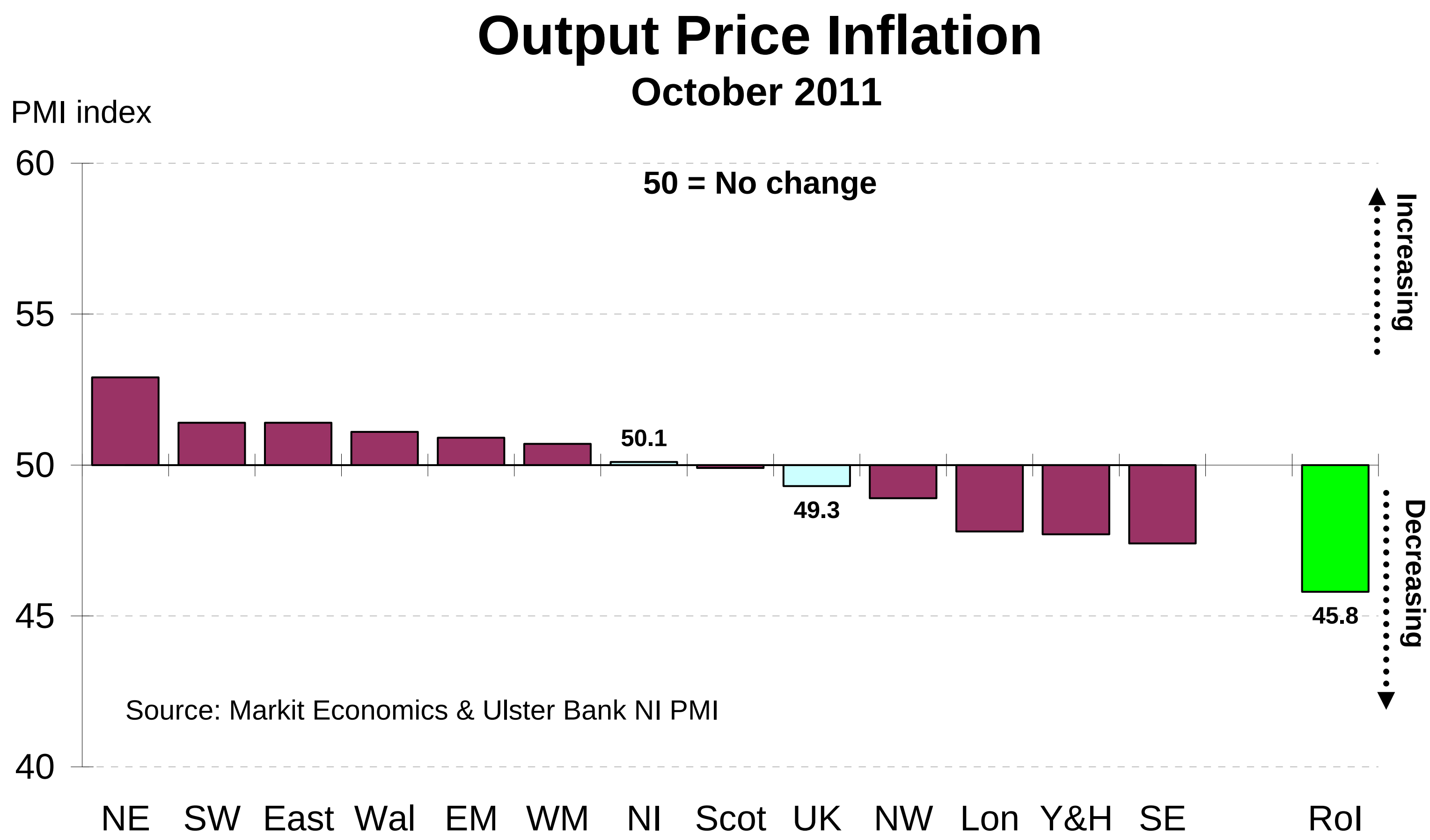
NI firms experiencing fastest rates of decline in new orders after Wales



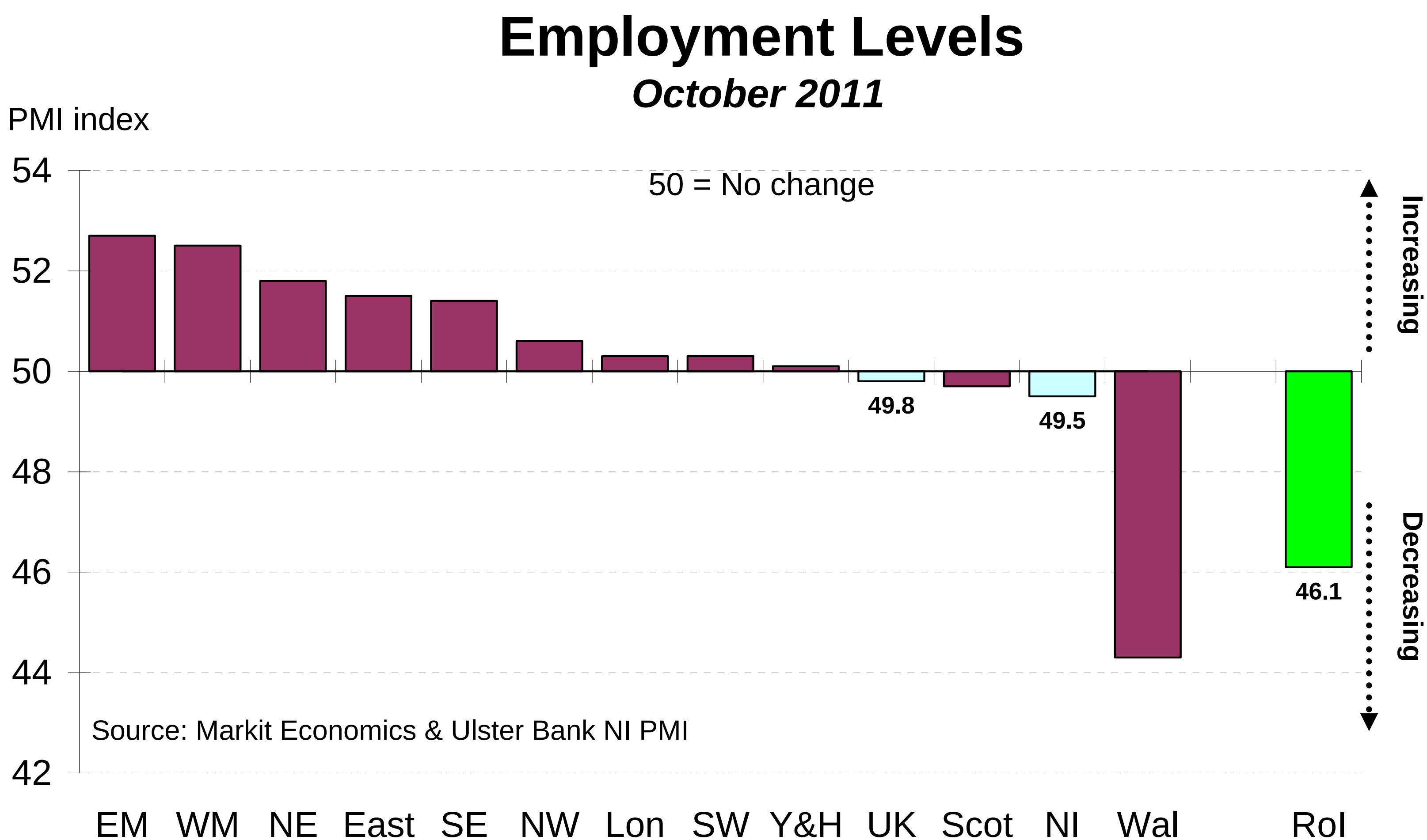
NI firms are experiencing the highest rates of input cost inflation



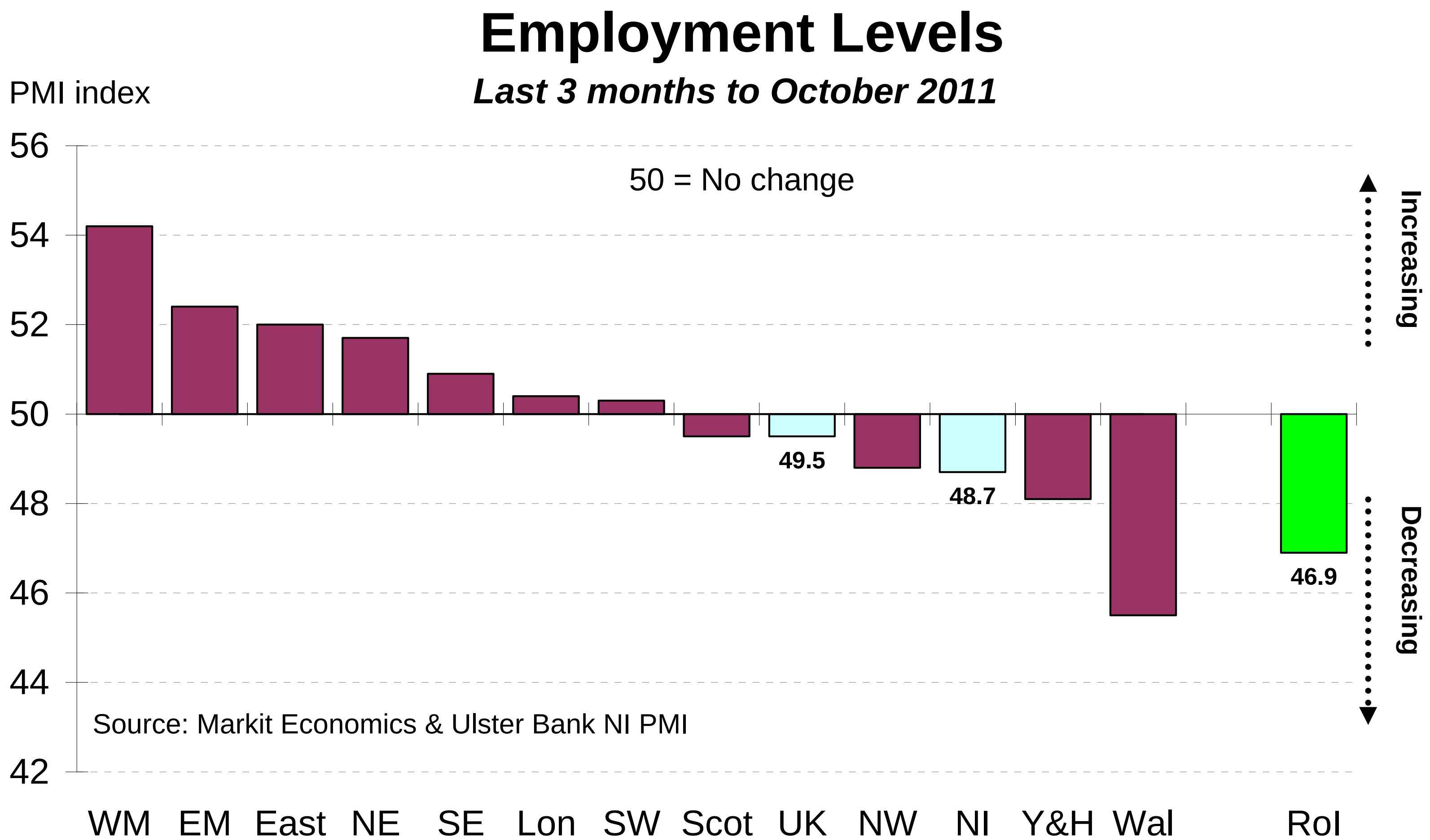
Pricing power remains weak in NI with deflation continuing in RoI



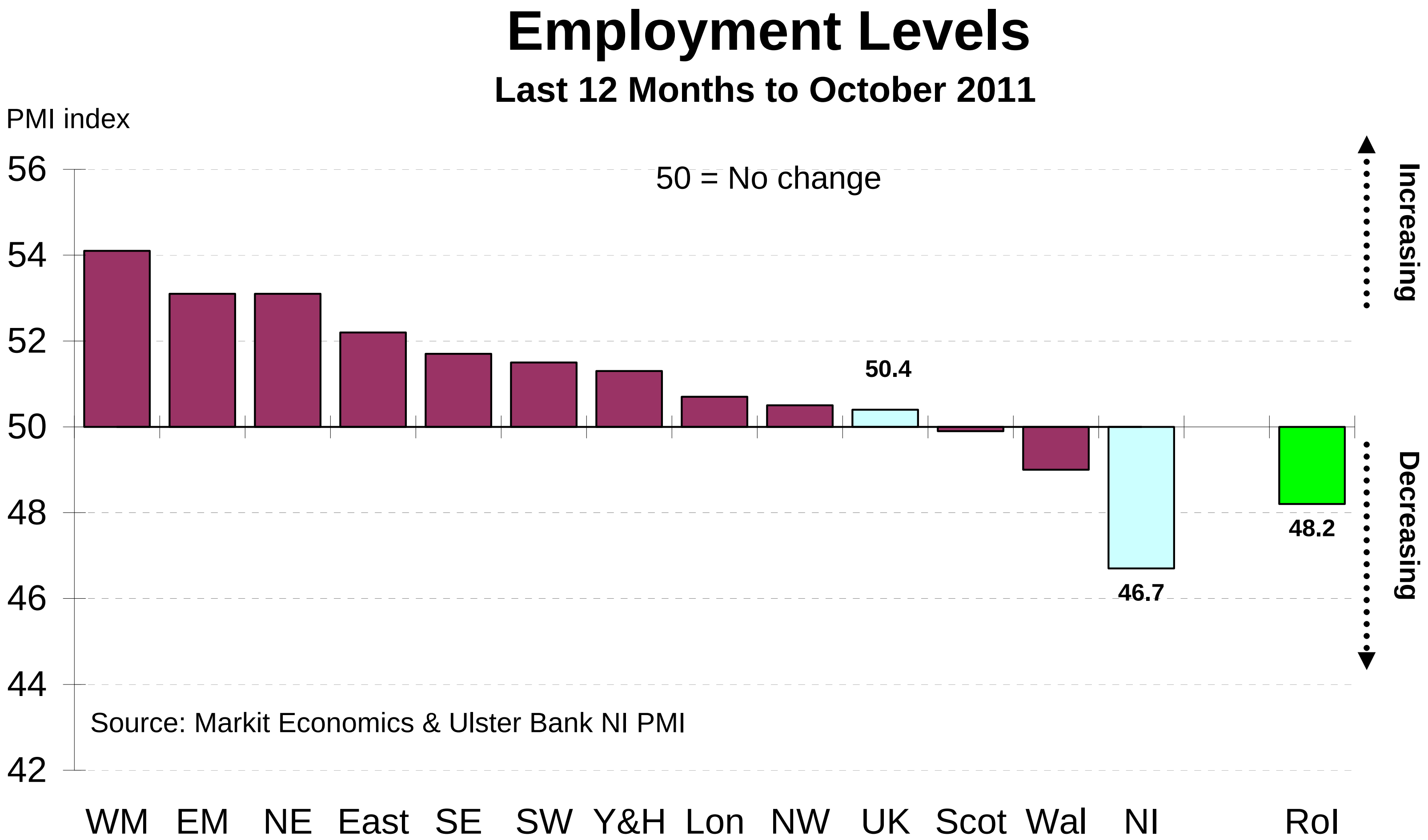
Wales posted sharpest decline in employment levels



Two UK regions recorded sharper rates of job losses than NI over last three months…….

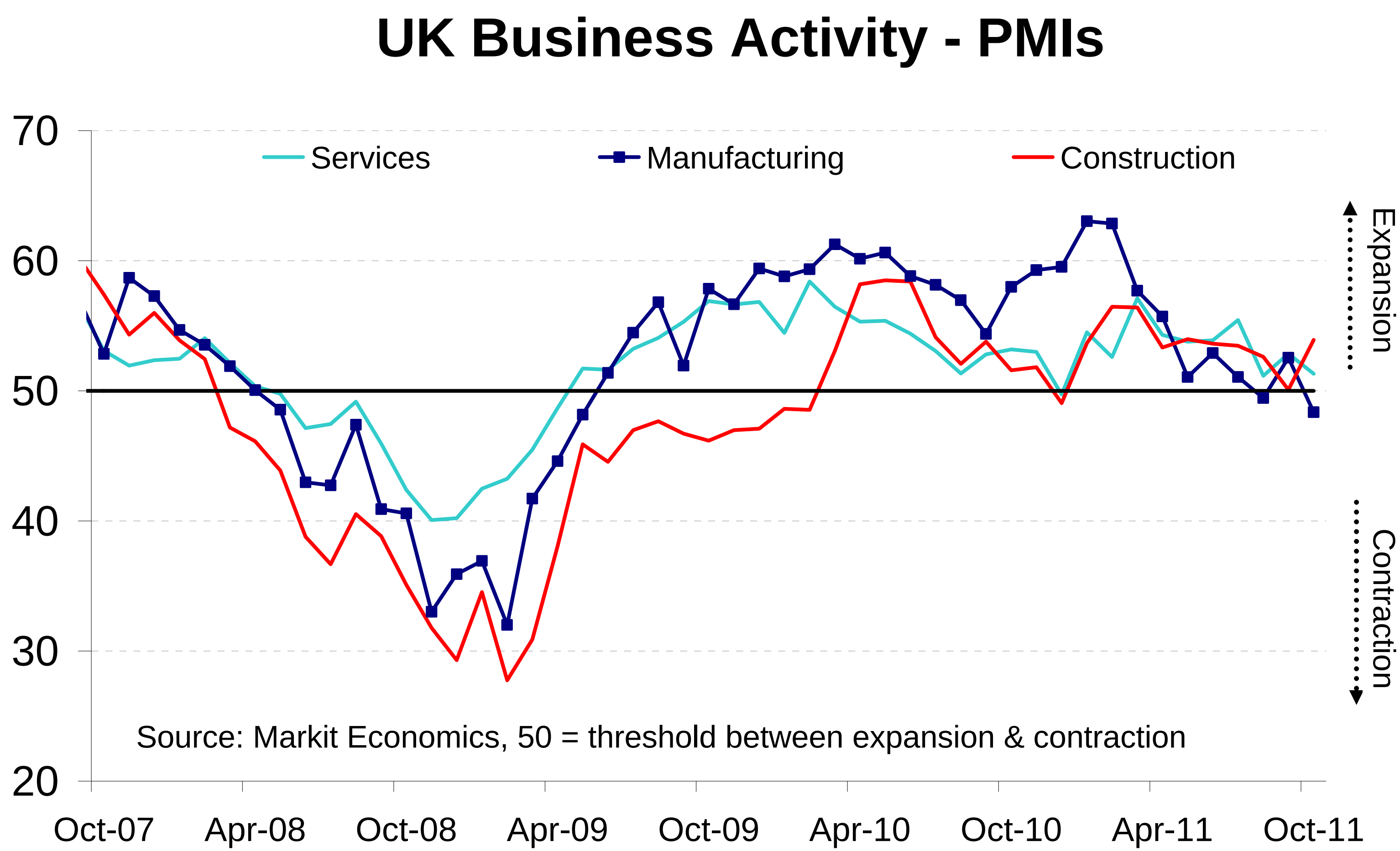


But NI has recorded the sharpest rate of job losses over the last 12 months



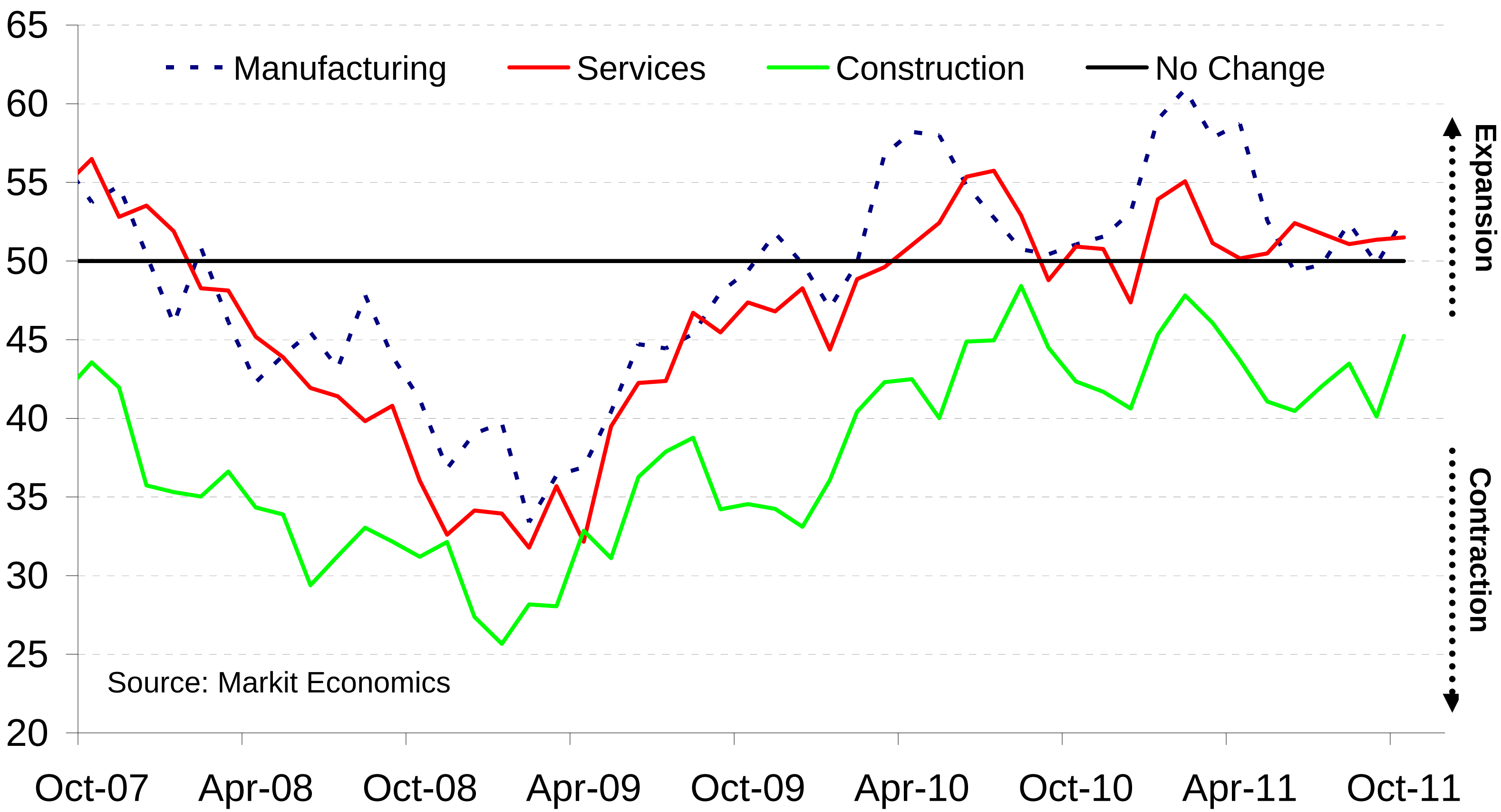
Sectoral Comparisons

UK construction & services still growing



…services & manufacturing are still growing in the RoI

RoI Business Activity - PMIs



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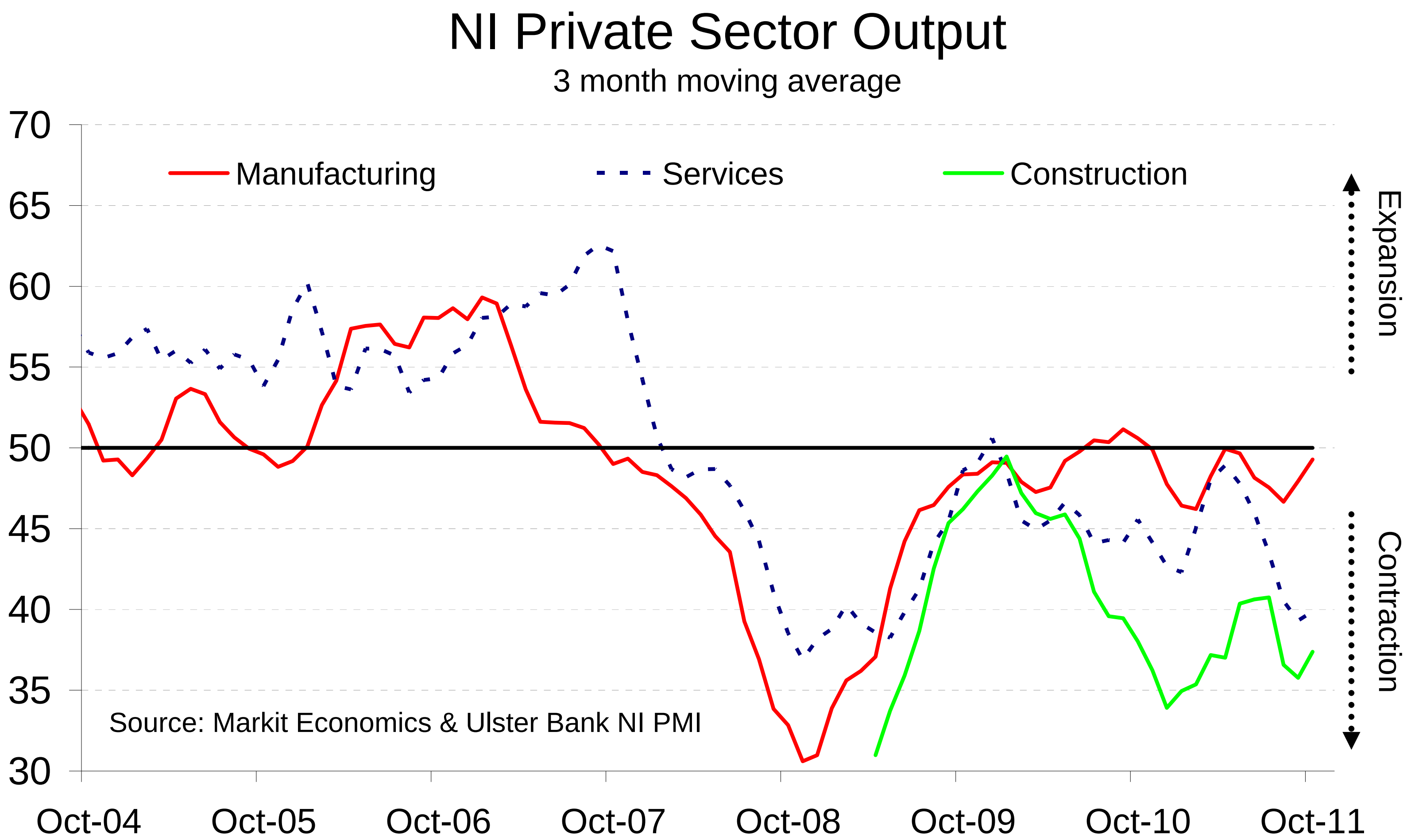
Pace of contraction in construction and services remains severe over the last 3 months



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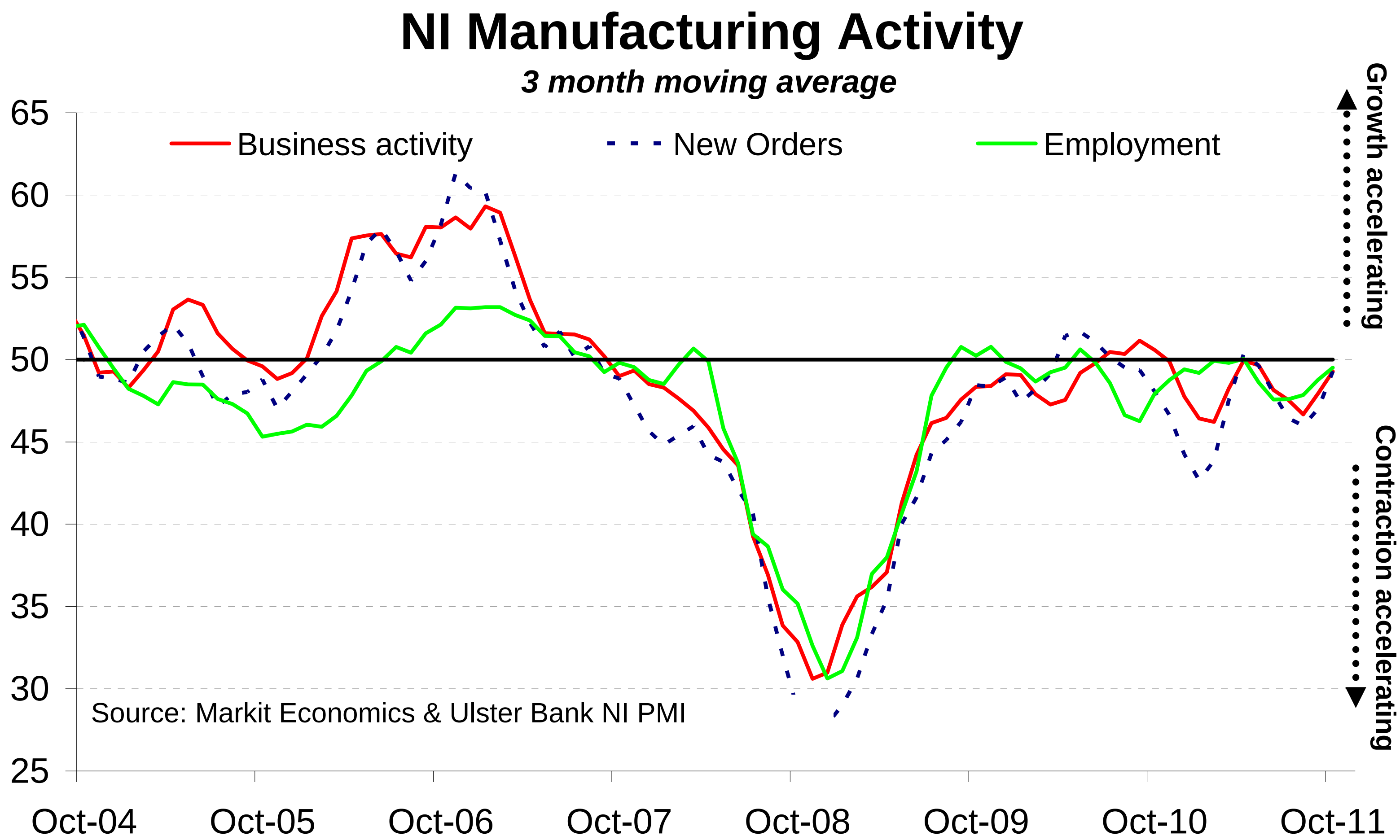
Manufacturing indices all improving over last 3 months – growth in new orders & output in September & October



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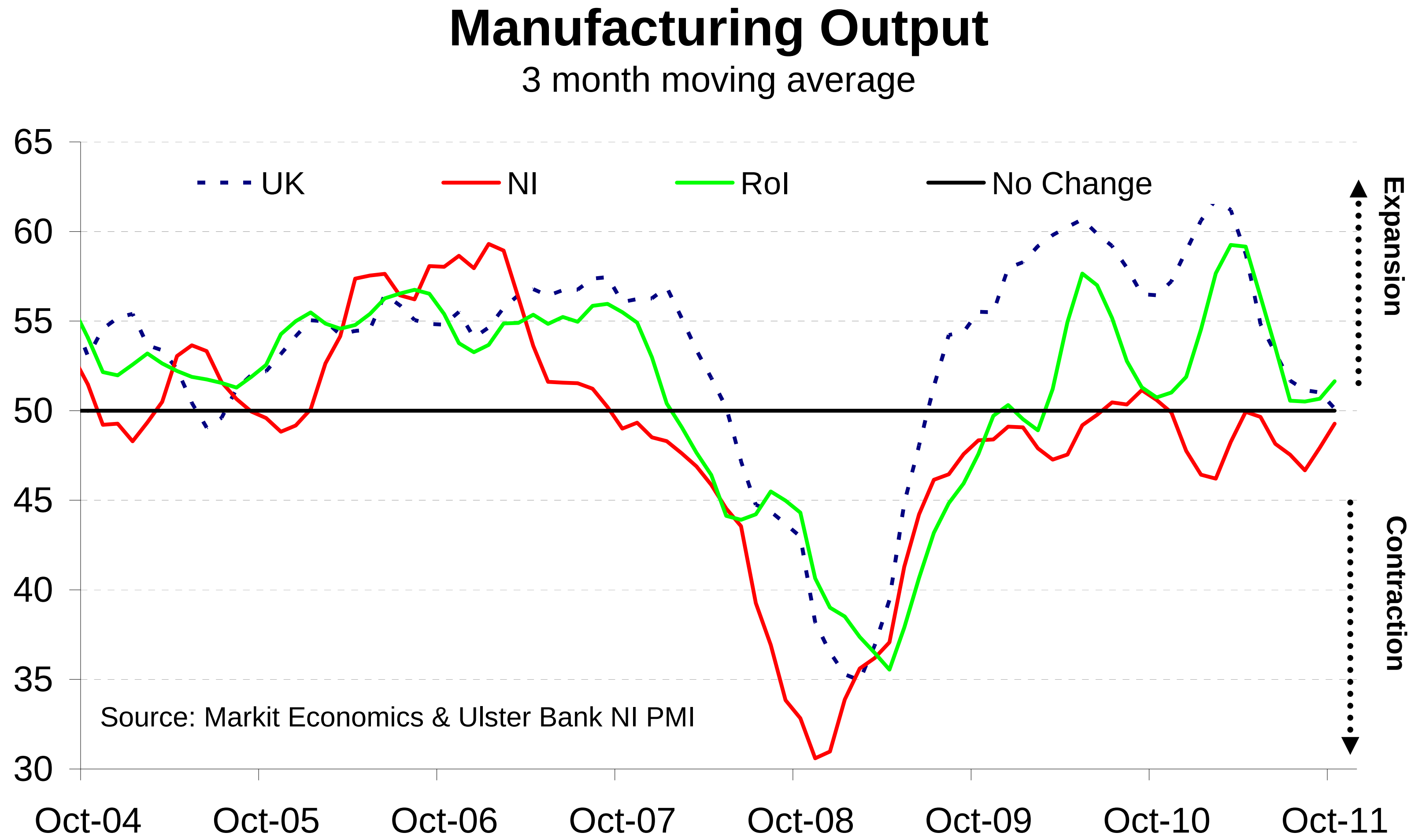
NI manufacturing recovery lagging the UK & RoI in terms of output….



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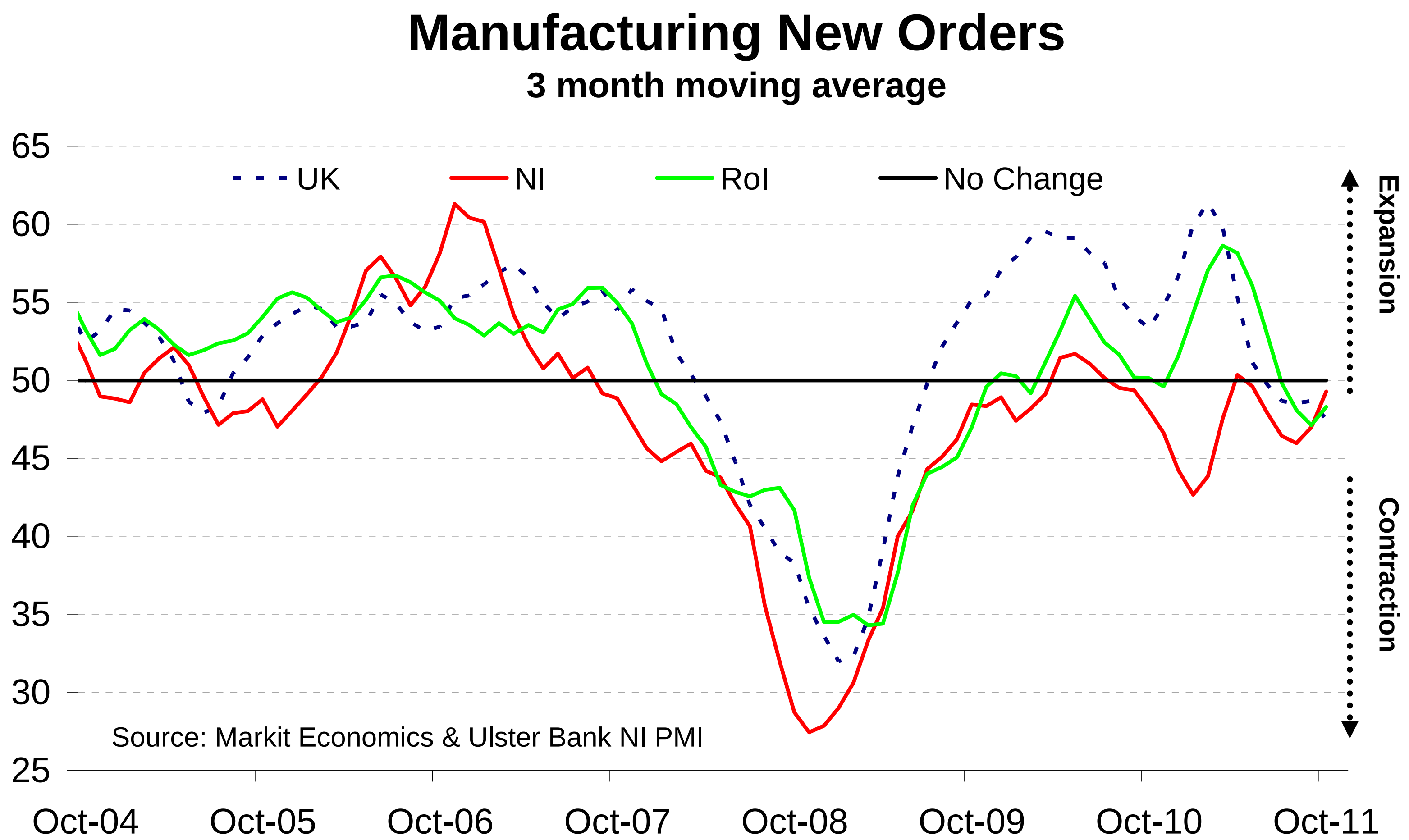
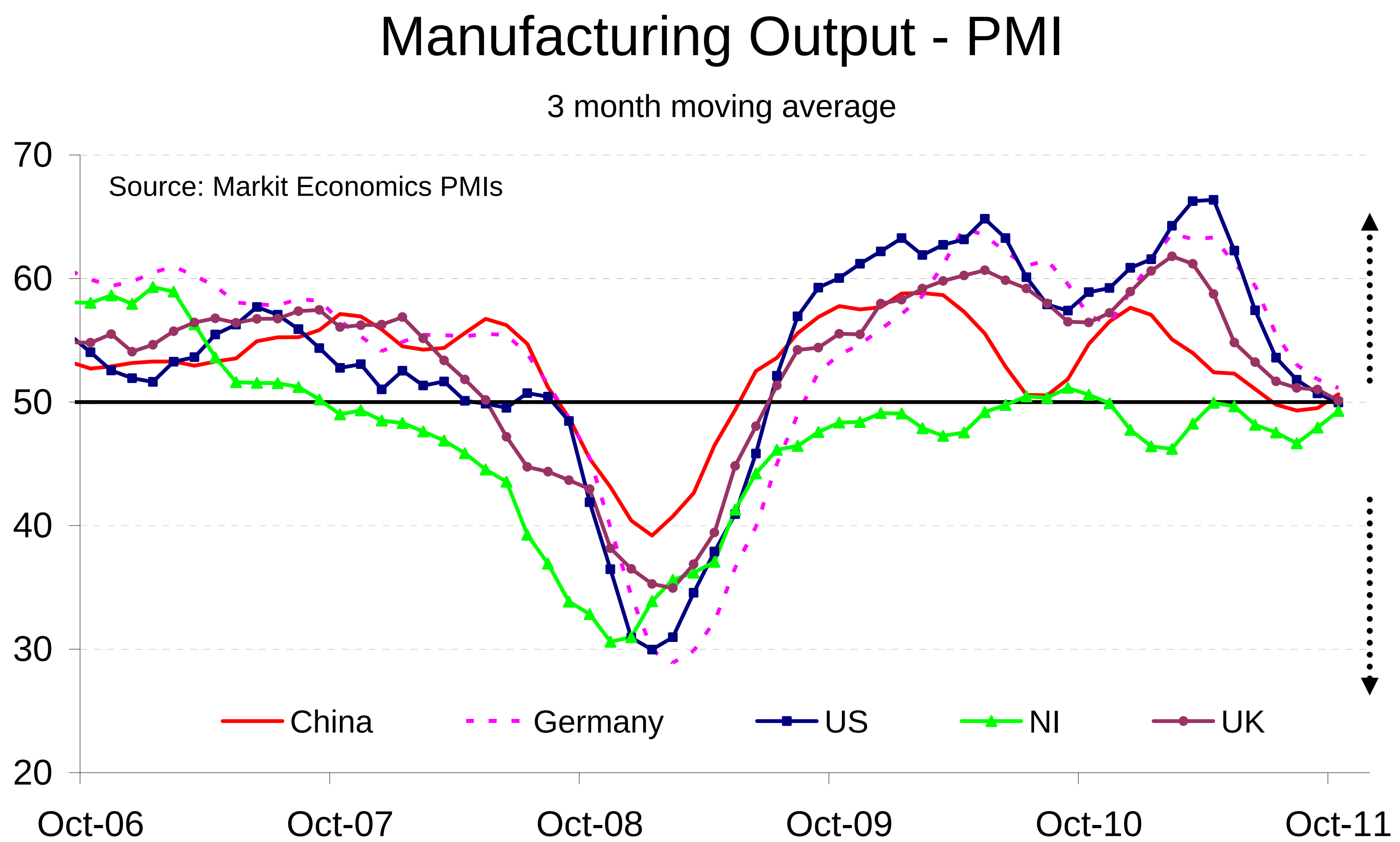
........but outperforming in terms of new orders

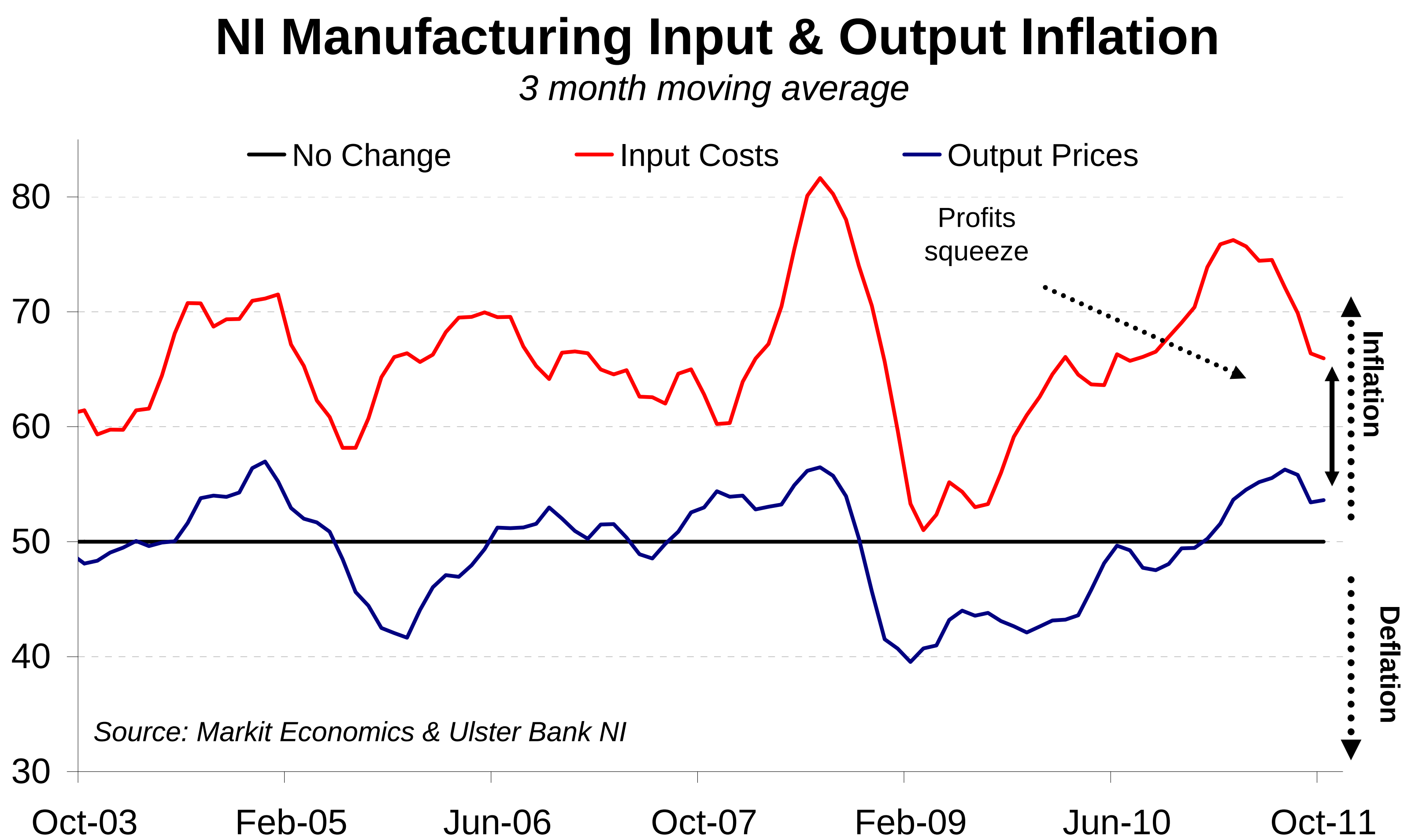


NI's SME exposure to RoI has limited its recovery

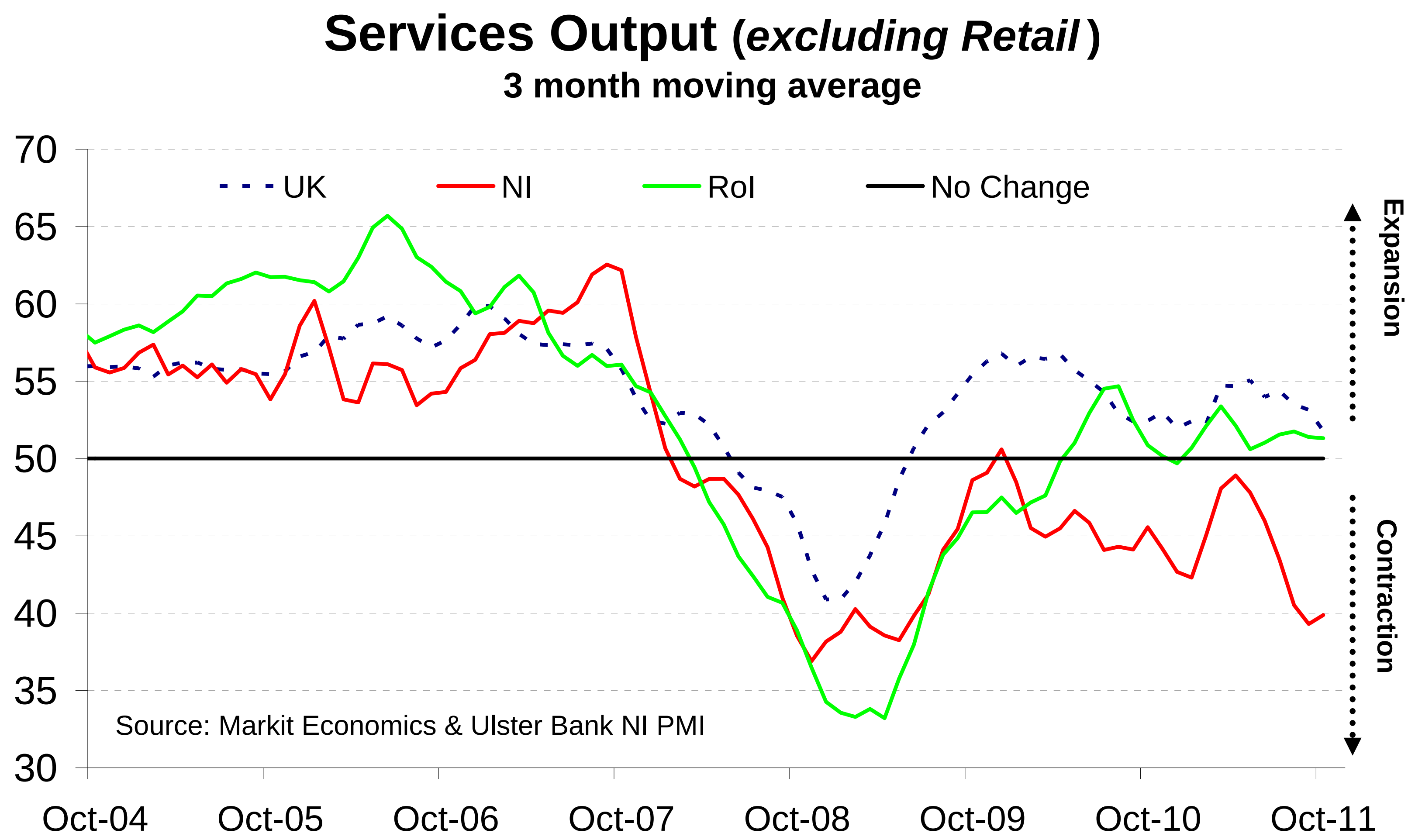
(almost 60% of local SME exports are destined for the RoI)



Cost price inflation is easing for manufacturing firms



NI-UK divergence still apparent within service sector



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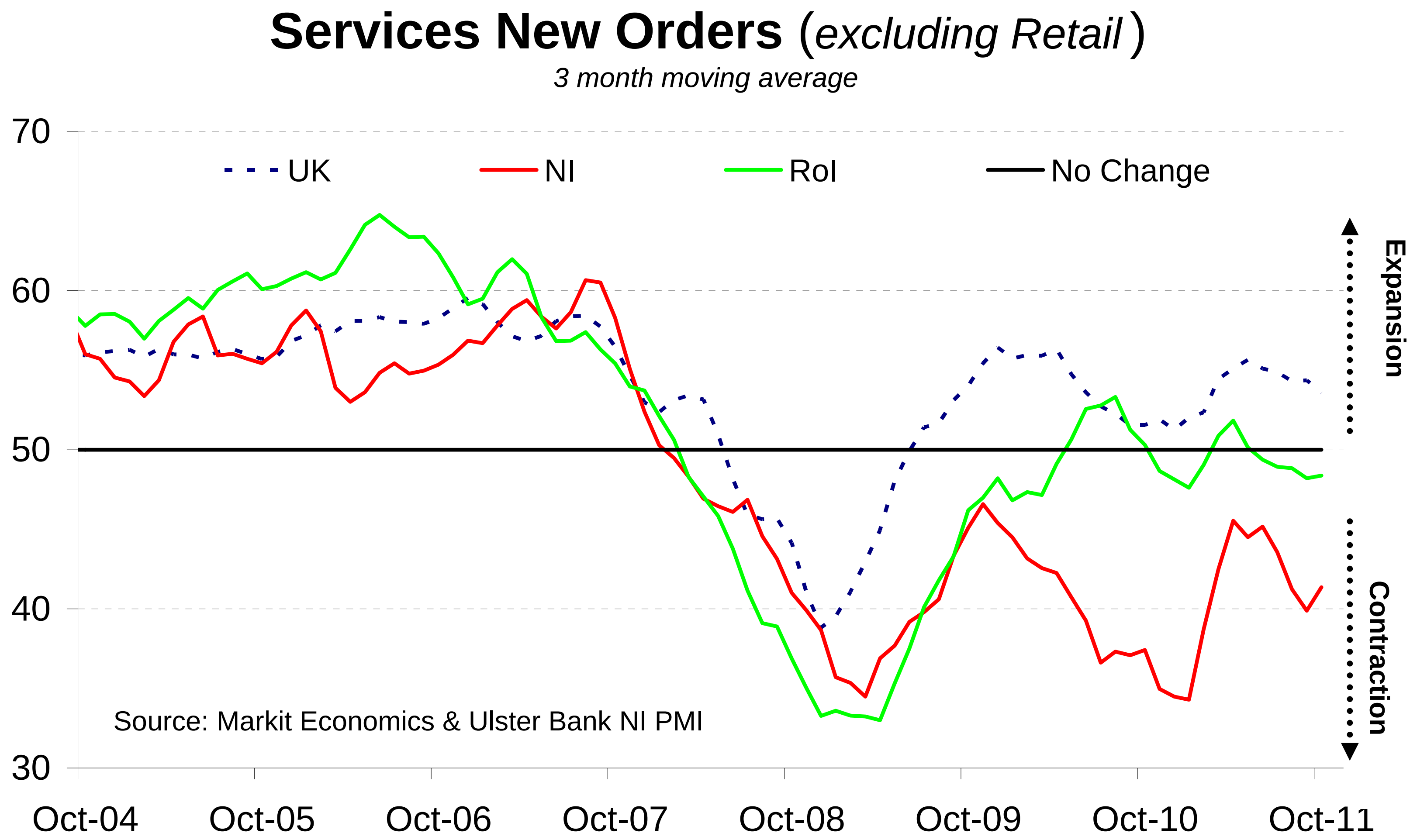
Forward looking new orders suggests no recovery is imminent



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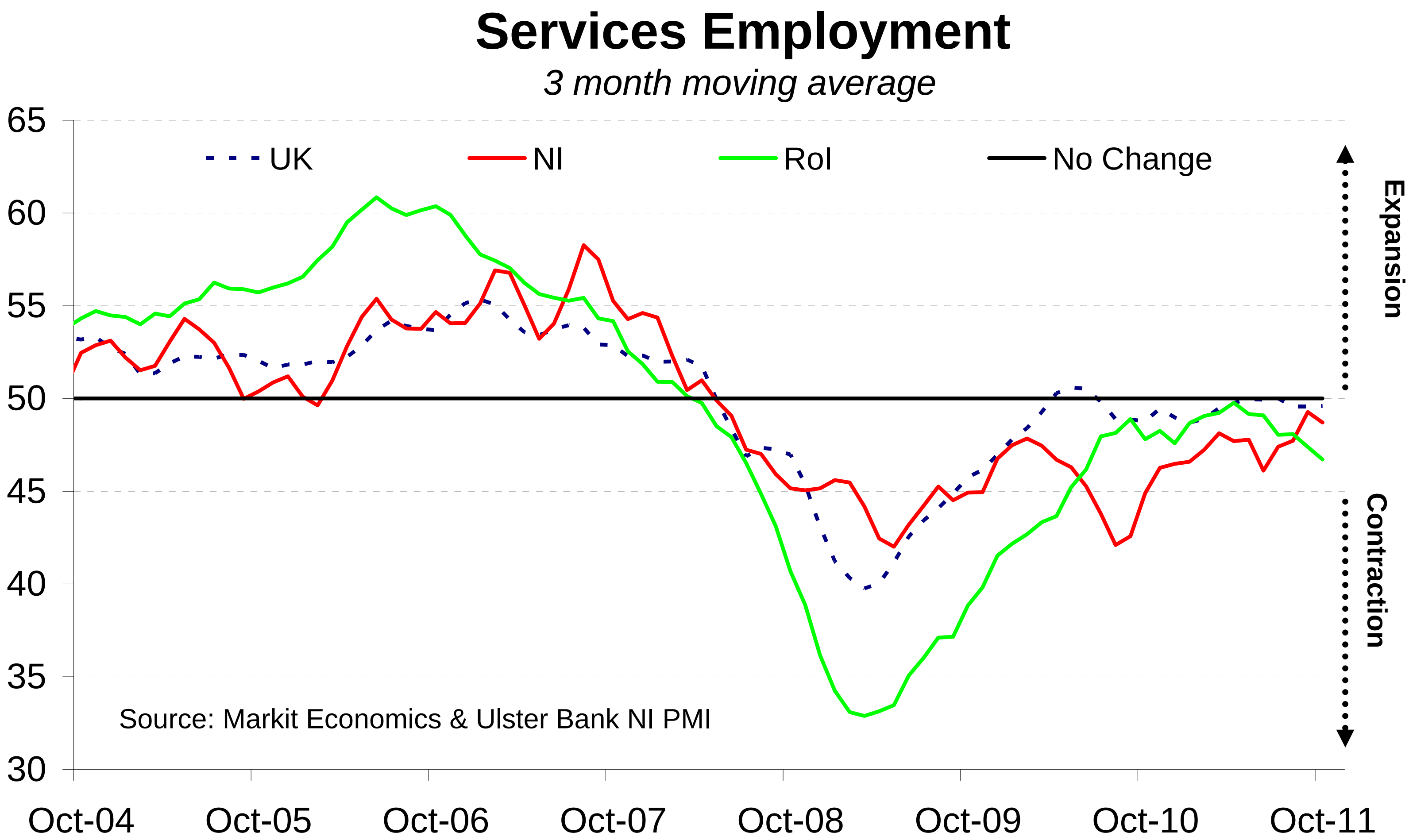
….although employment levels are falling at only a marginal rate



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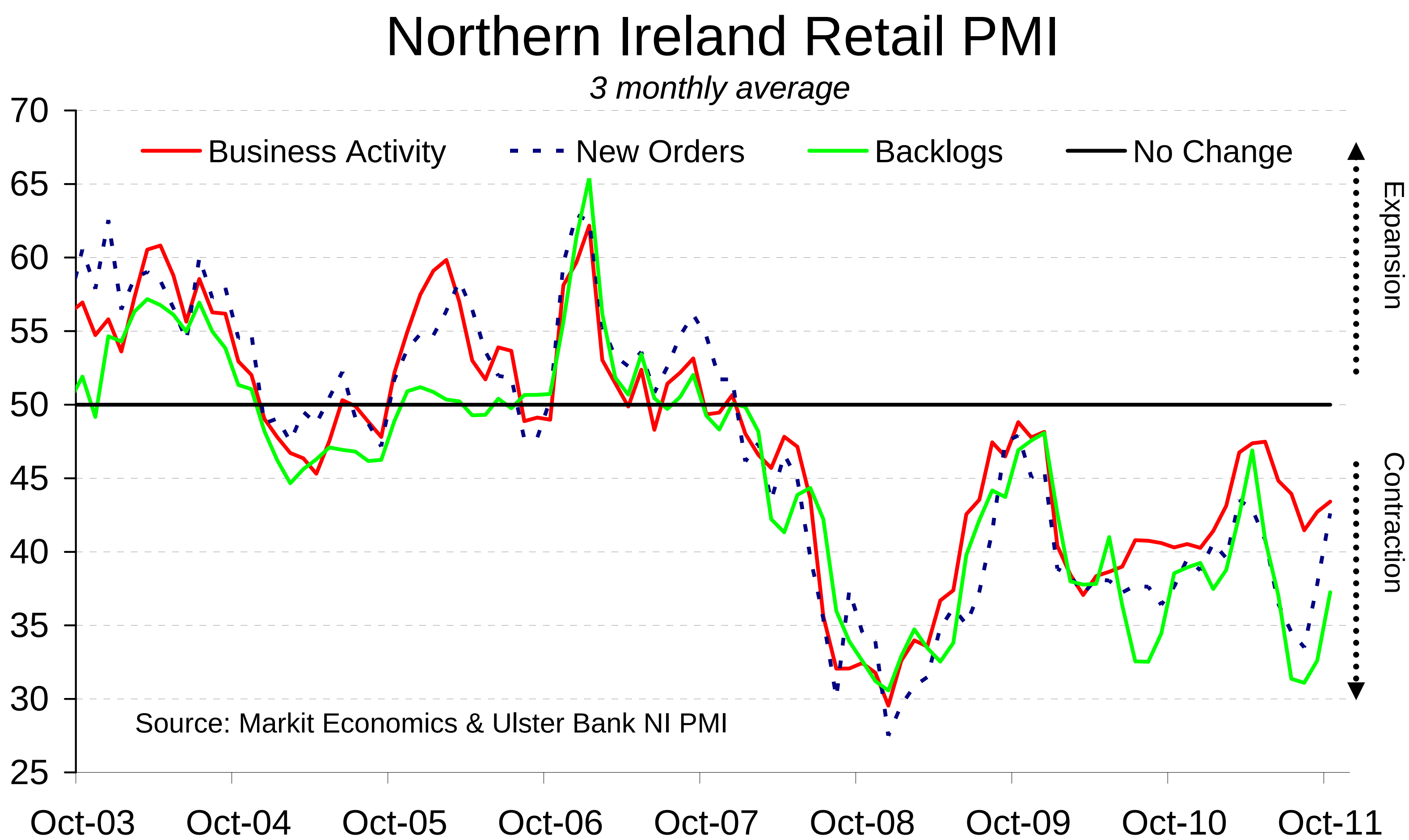
Rapid pace of decline in Retail sector eases due to better readings in September & October



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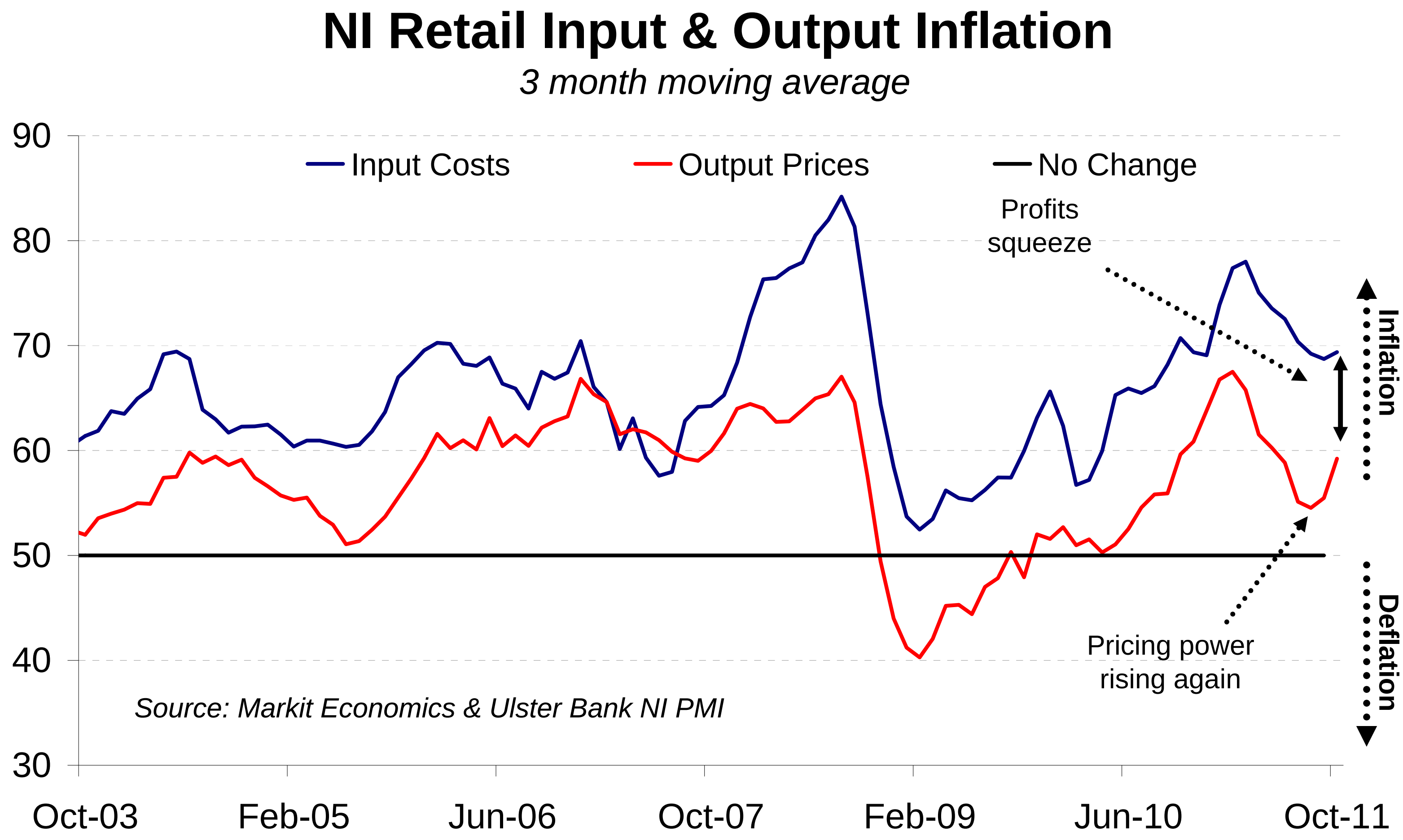
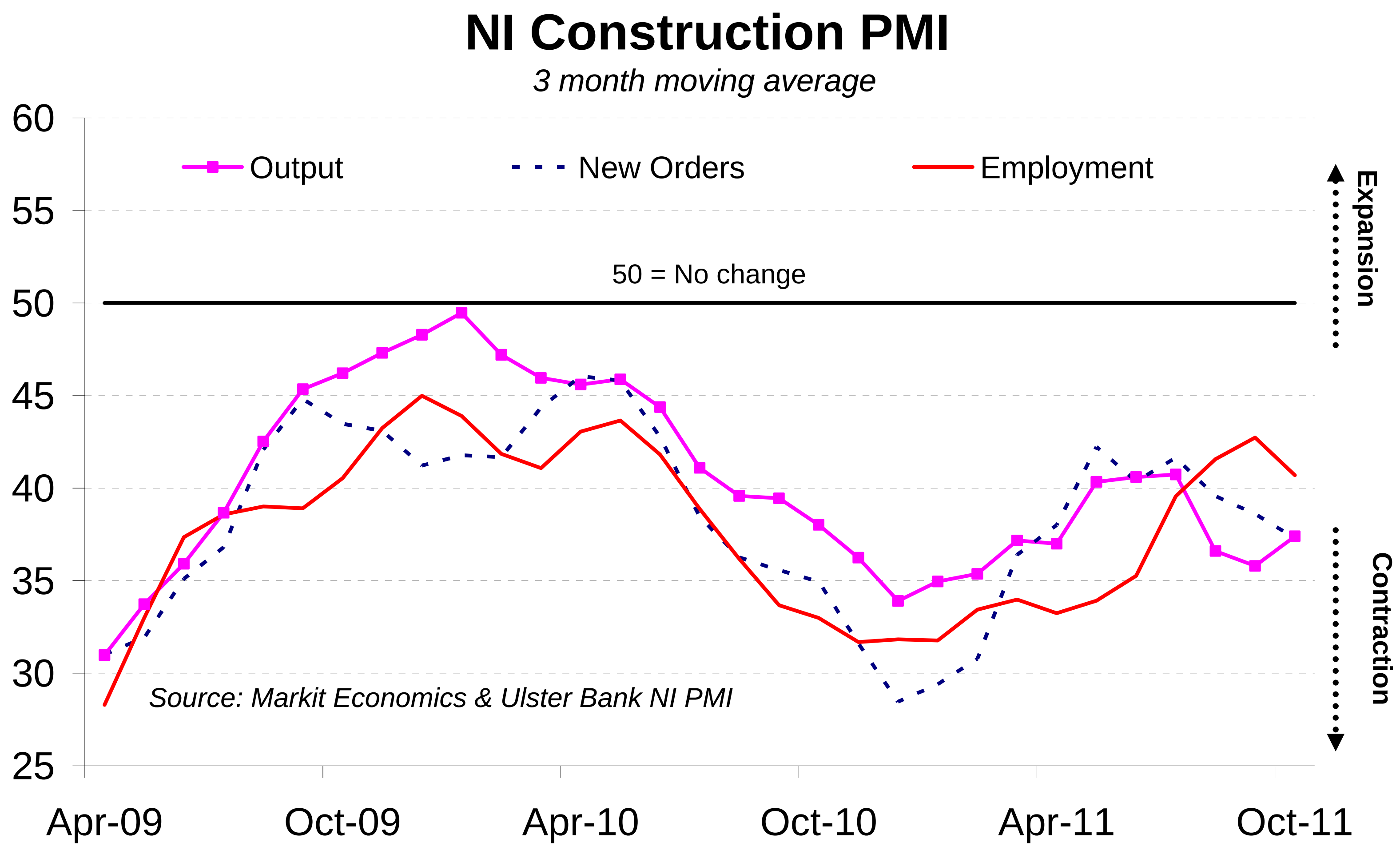
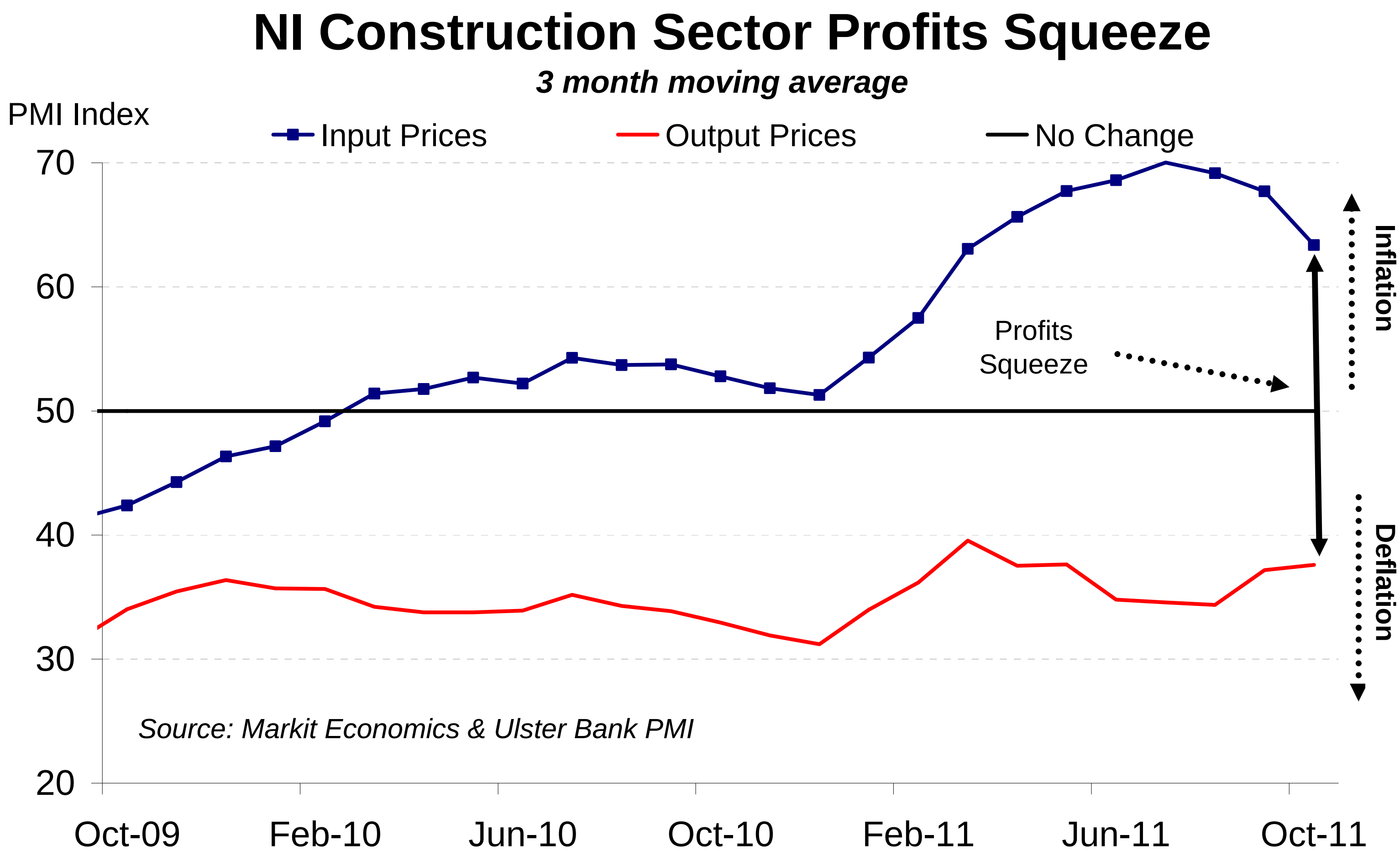
Retailers passing on costs to protect margins



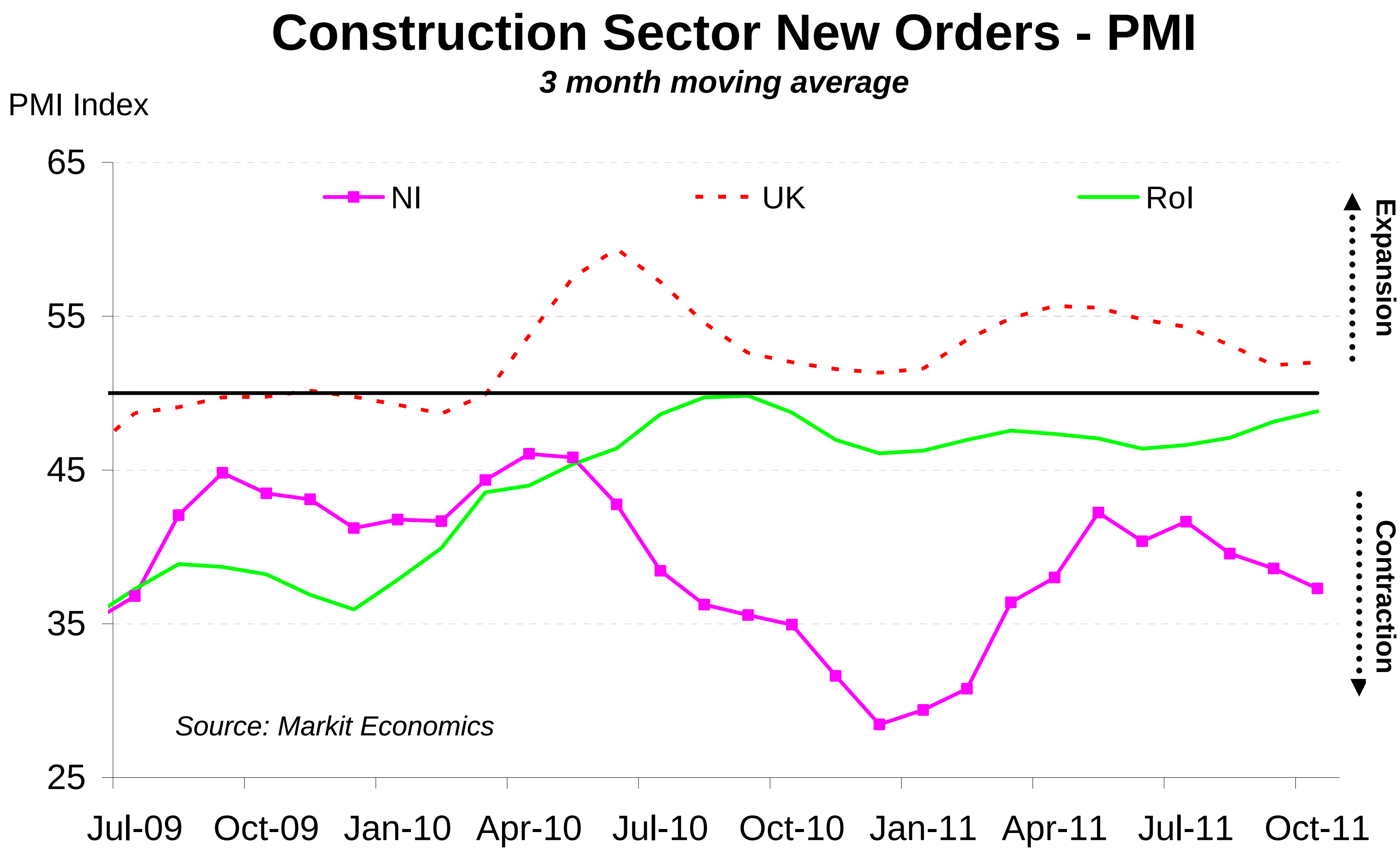
NI construction sector continues to weaken



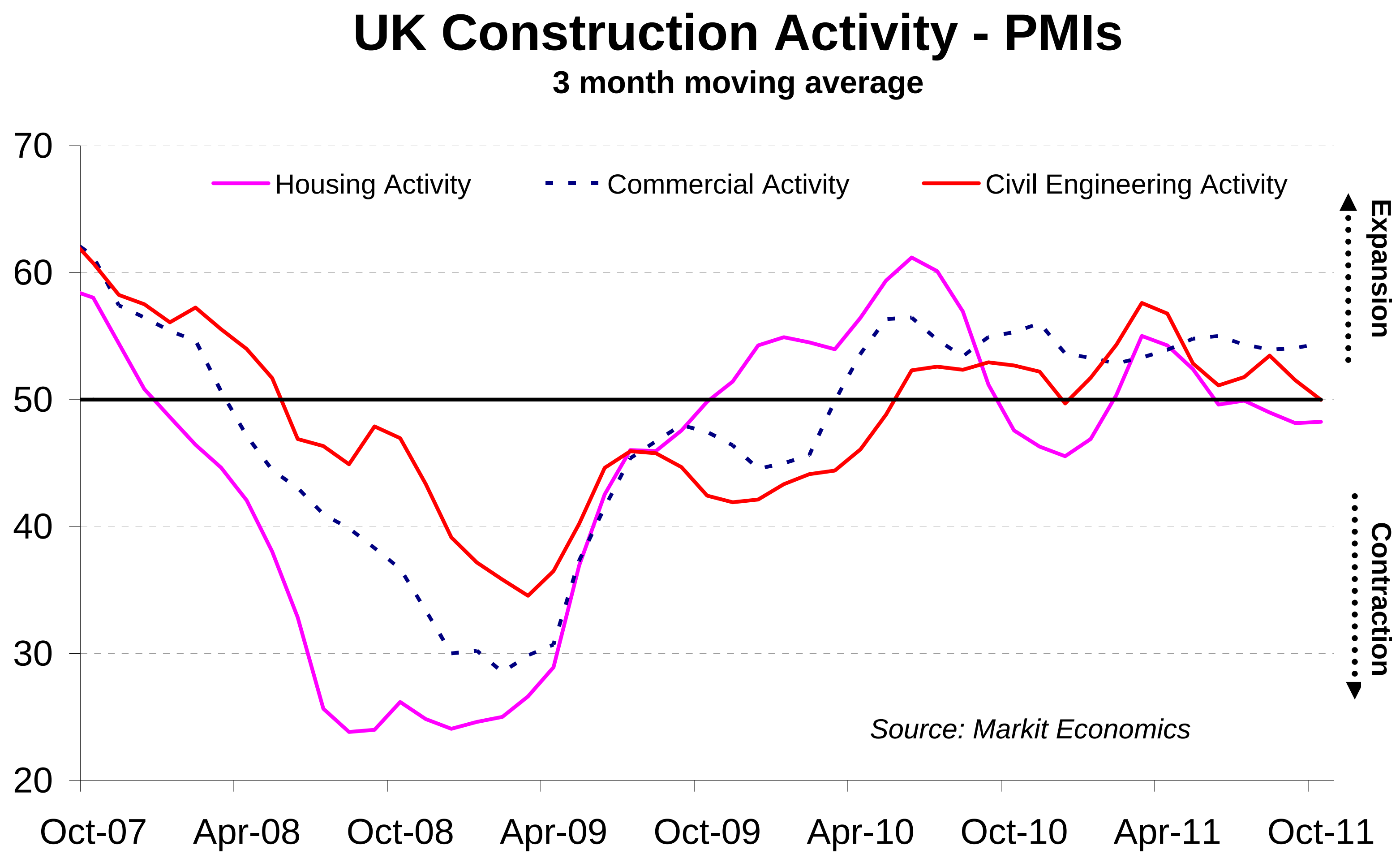
…….with profits squeeze easing but still severe



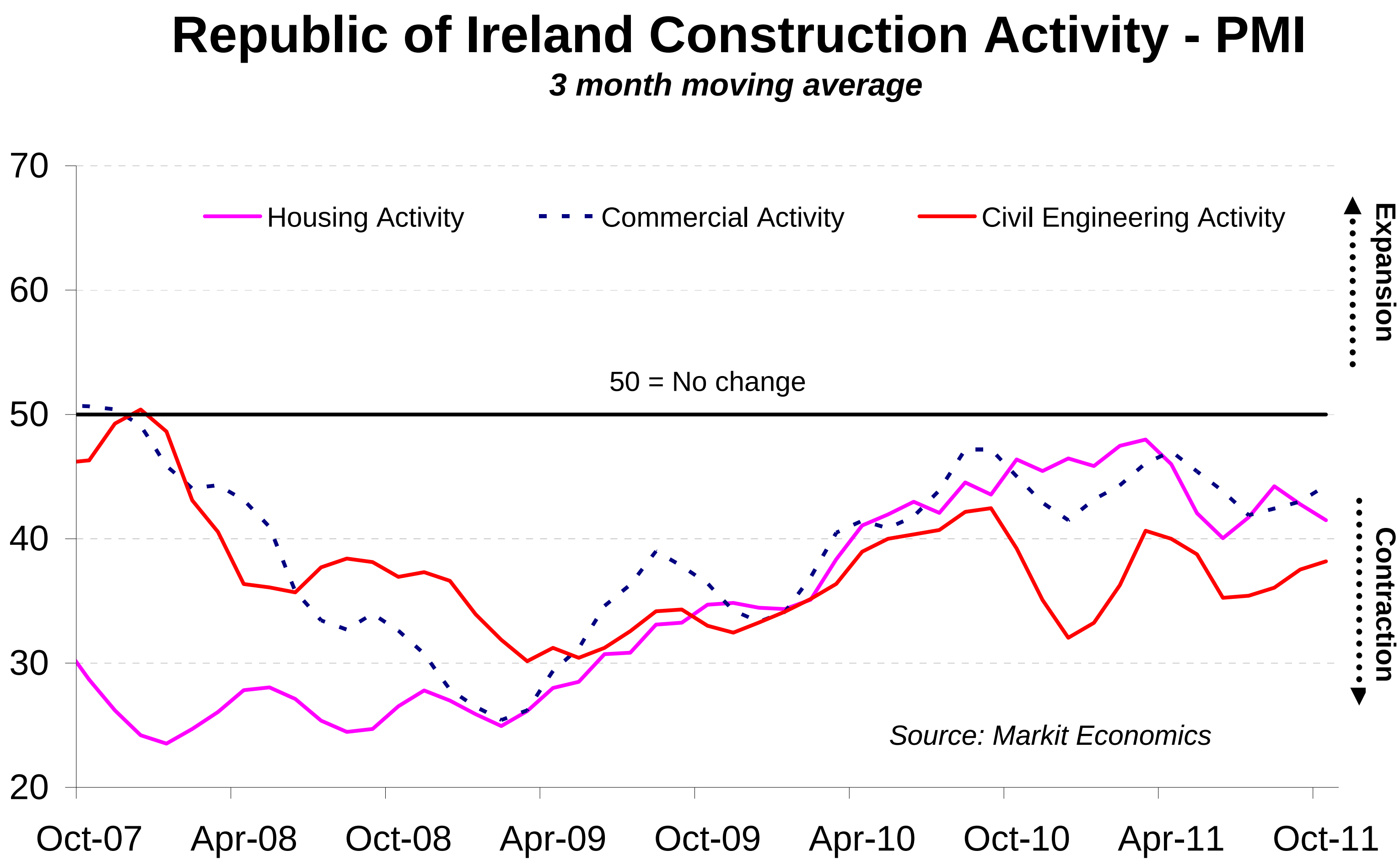
NI-UK divergence marked in terms of new orders



Continued growth in GB offers opportunities for NI firms



……particularly with continued weakness in the RoI



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