
Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

September 2011 Survey Update

Issued 11 October 2011

Richard Ramsey

Chief Economist Northern Ireland

richard.ramsey@ulsterbankcm.com

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.

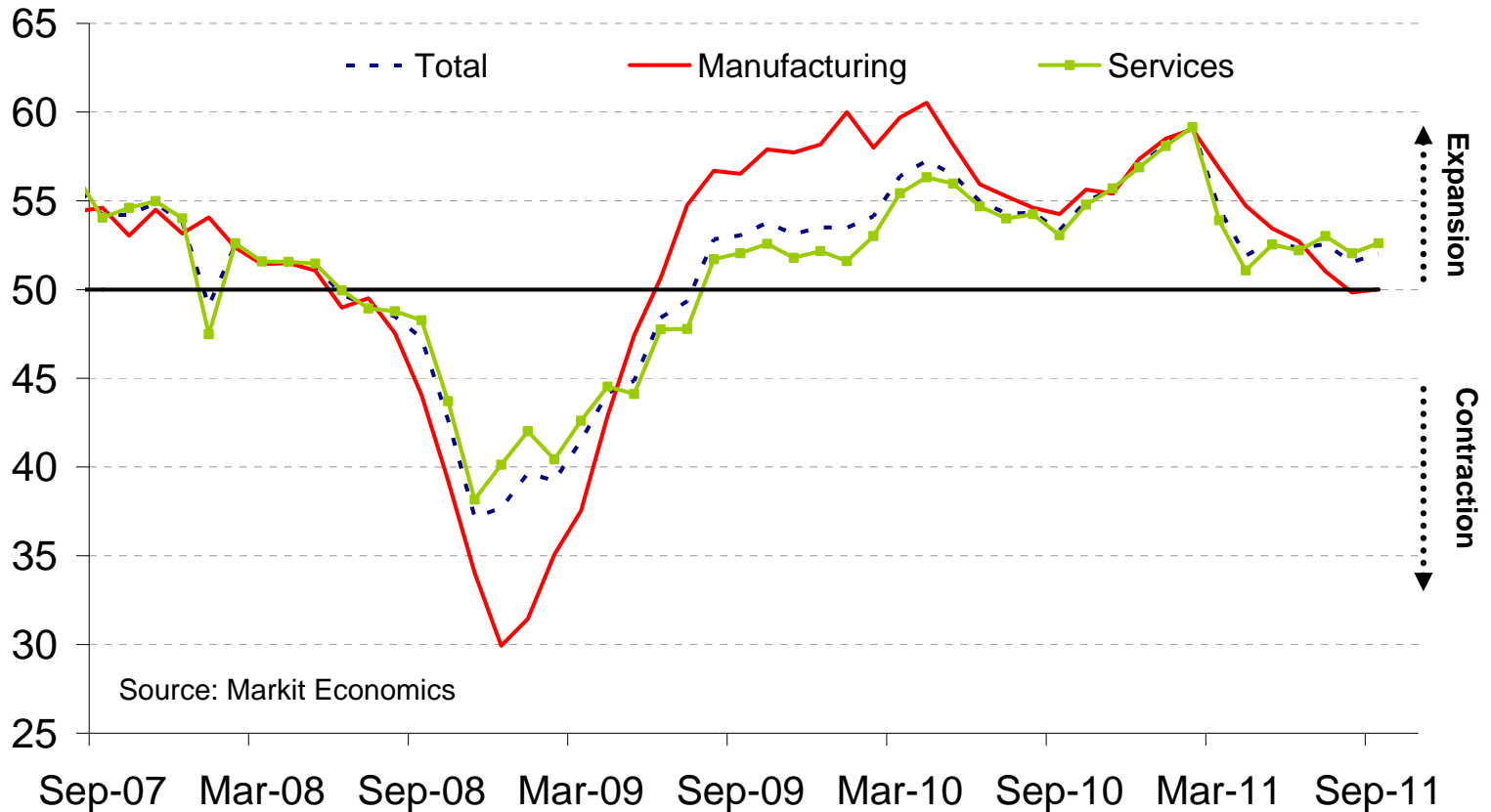
Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

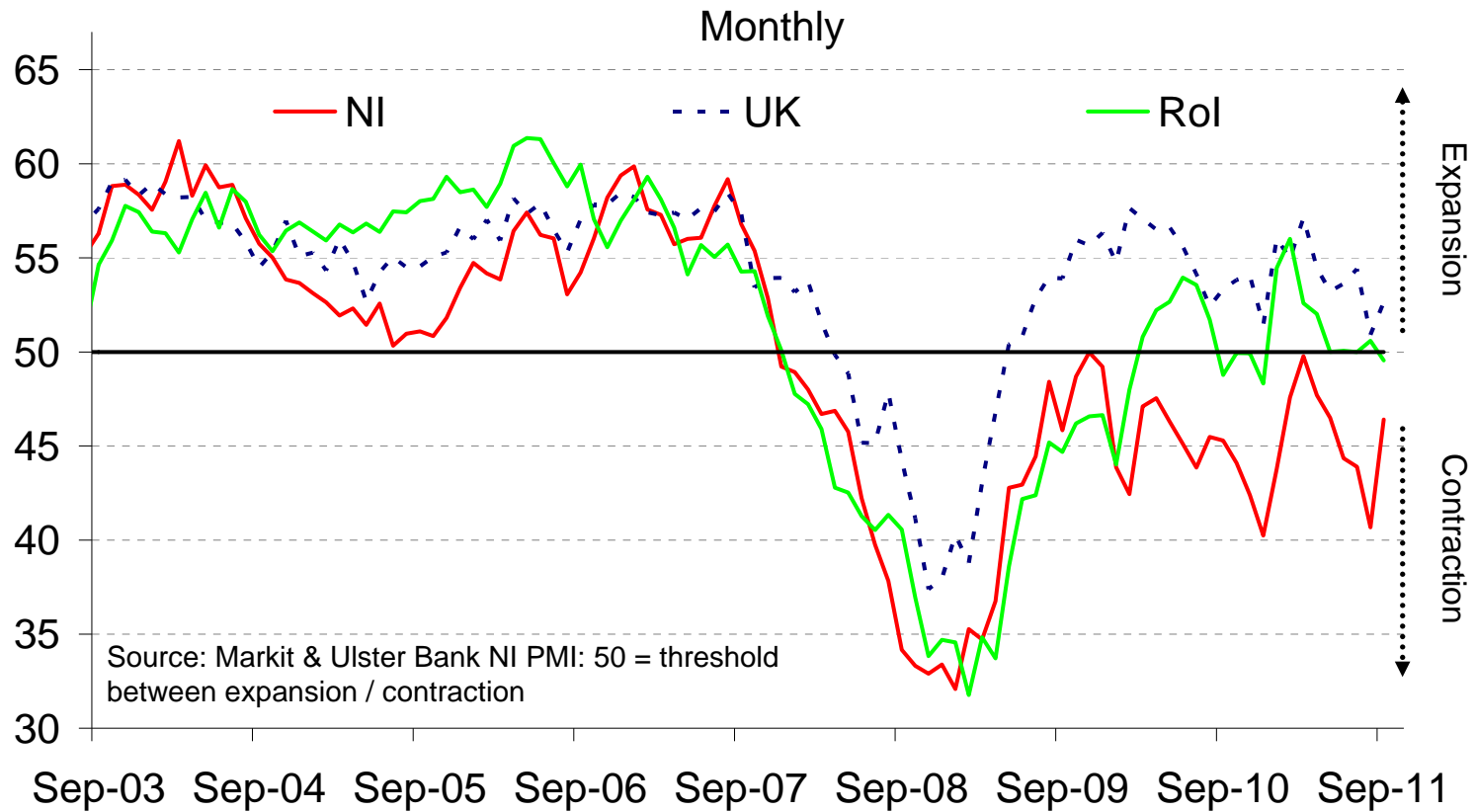
Global slowdown: manufacturing stagnates although services still growing

Global Output - PMI



NI's pace of contraction eases in September

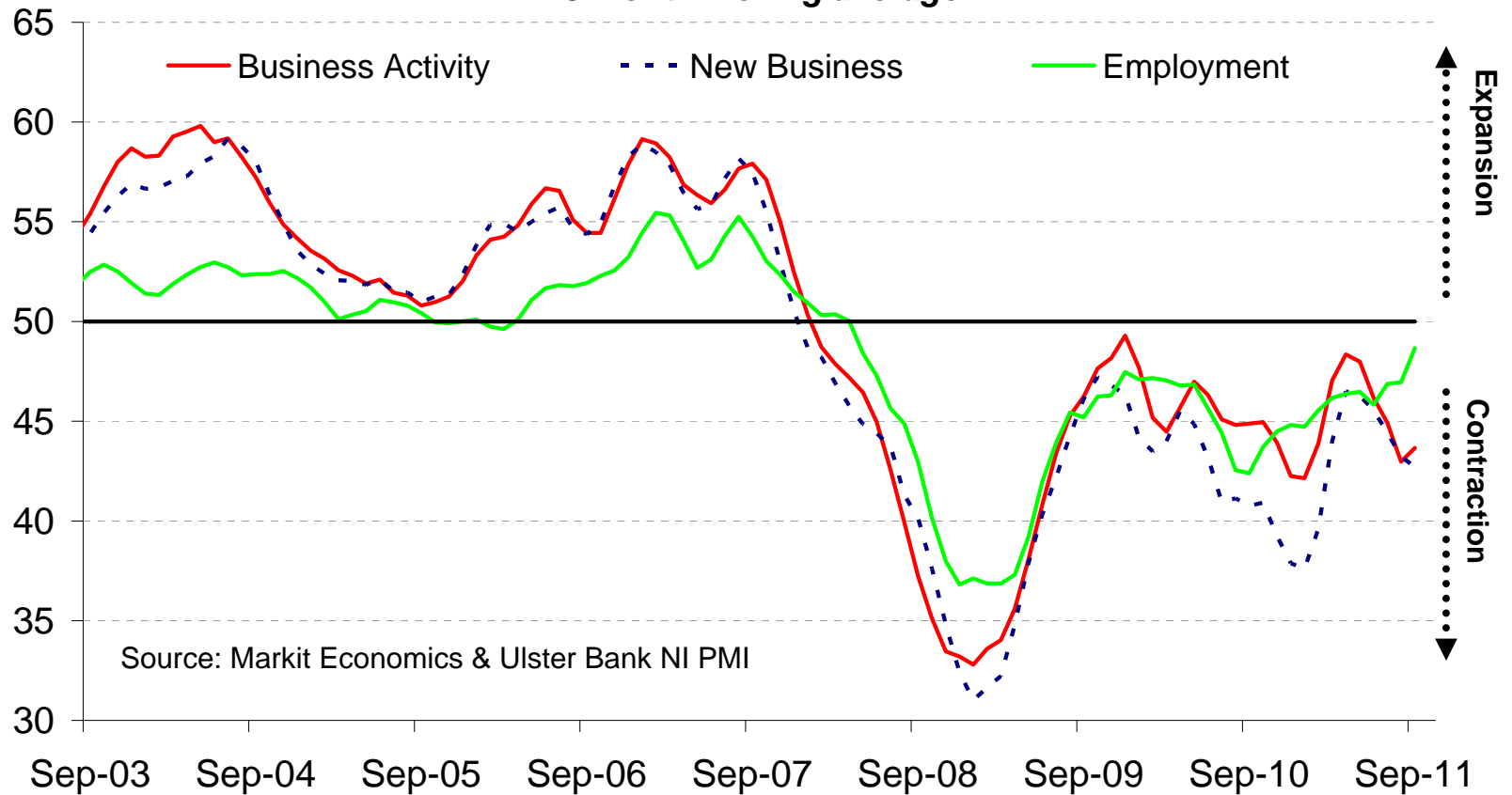
Private Sector Business Activity - PMIs



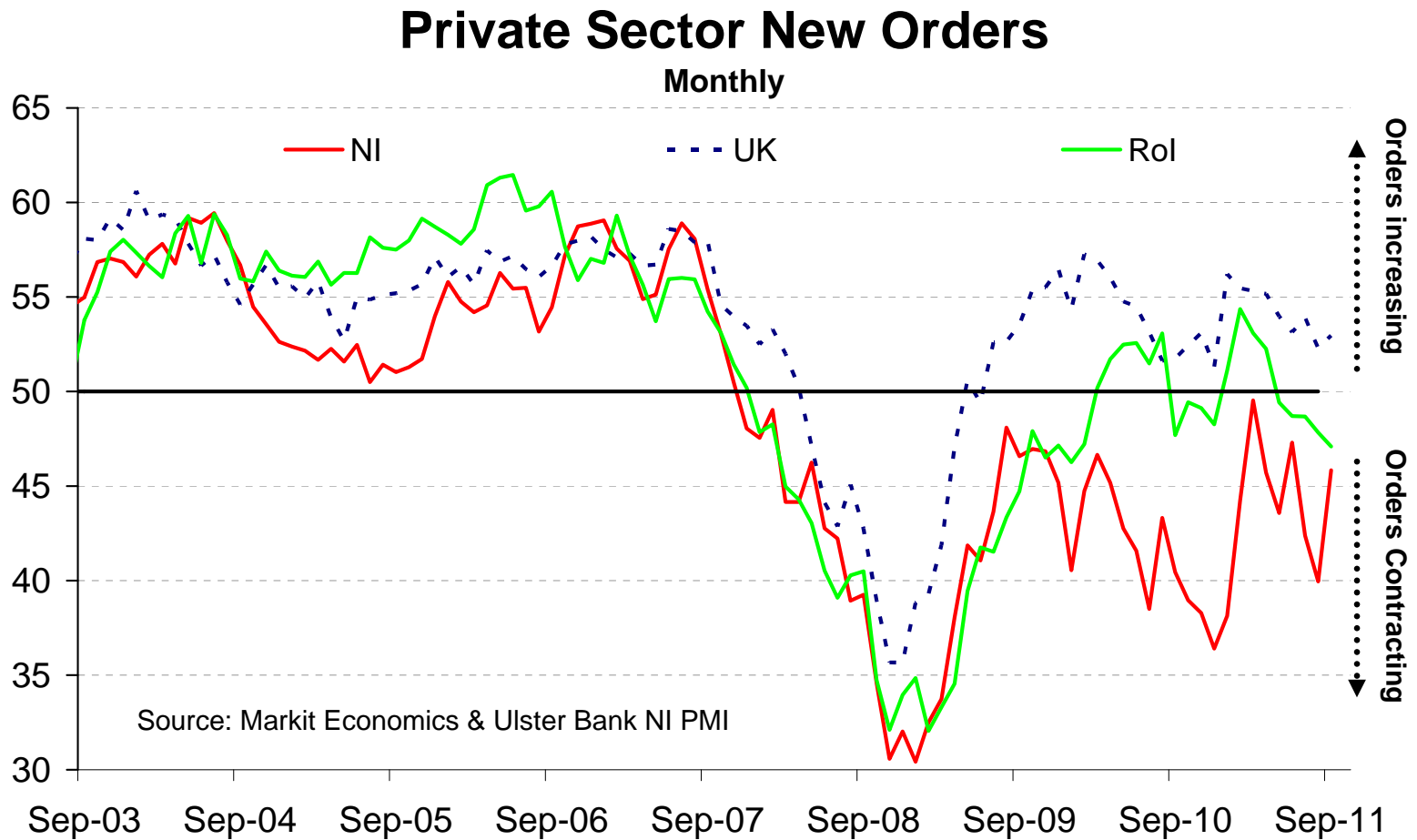
NI output, orders & employment continue to contract

NI Private Sector Activity

3 month moving average

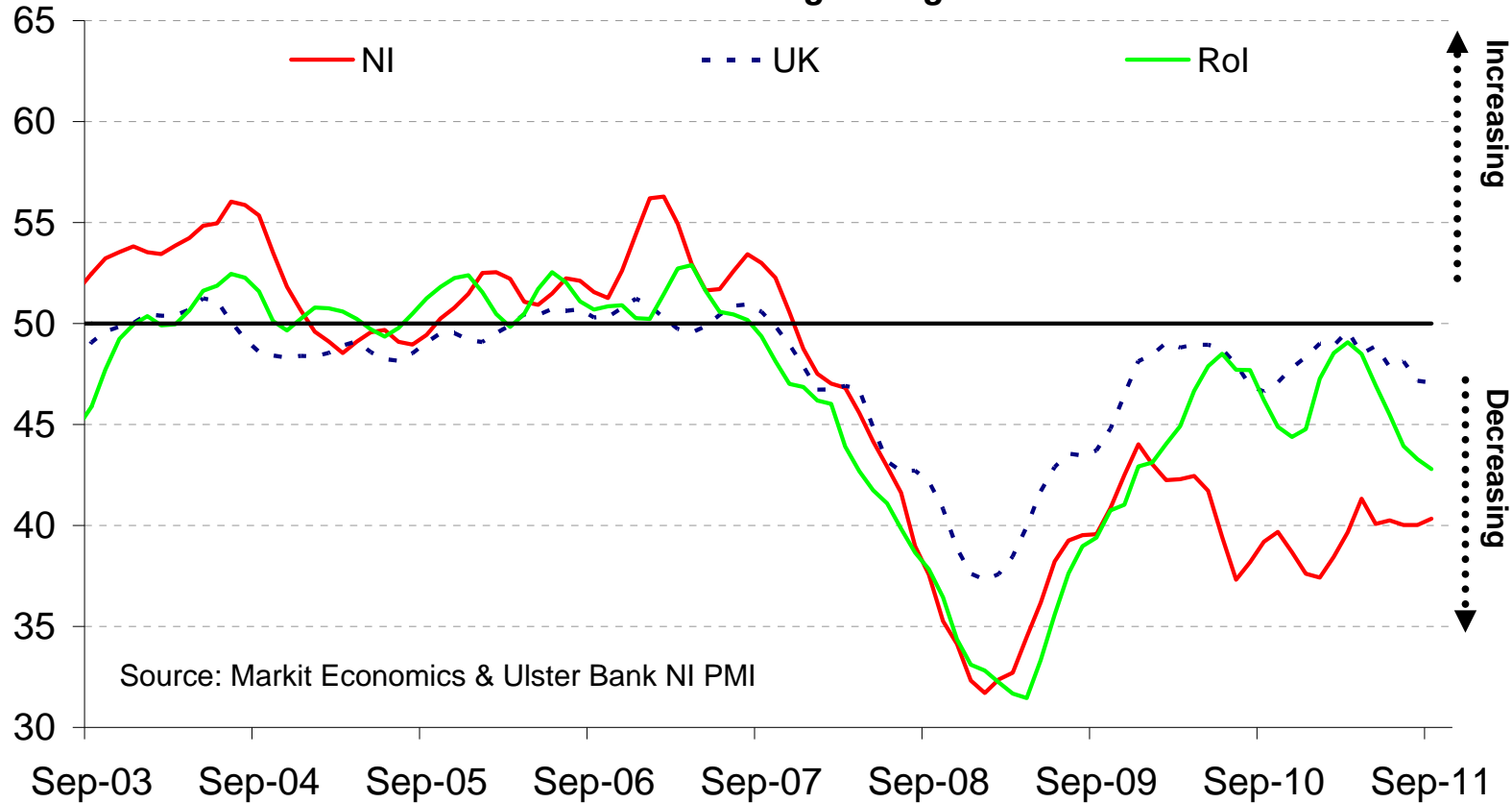


NI's new orders still falling at a faster rate than elsewhere



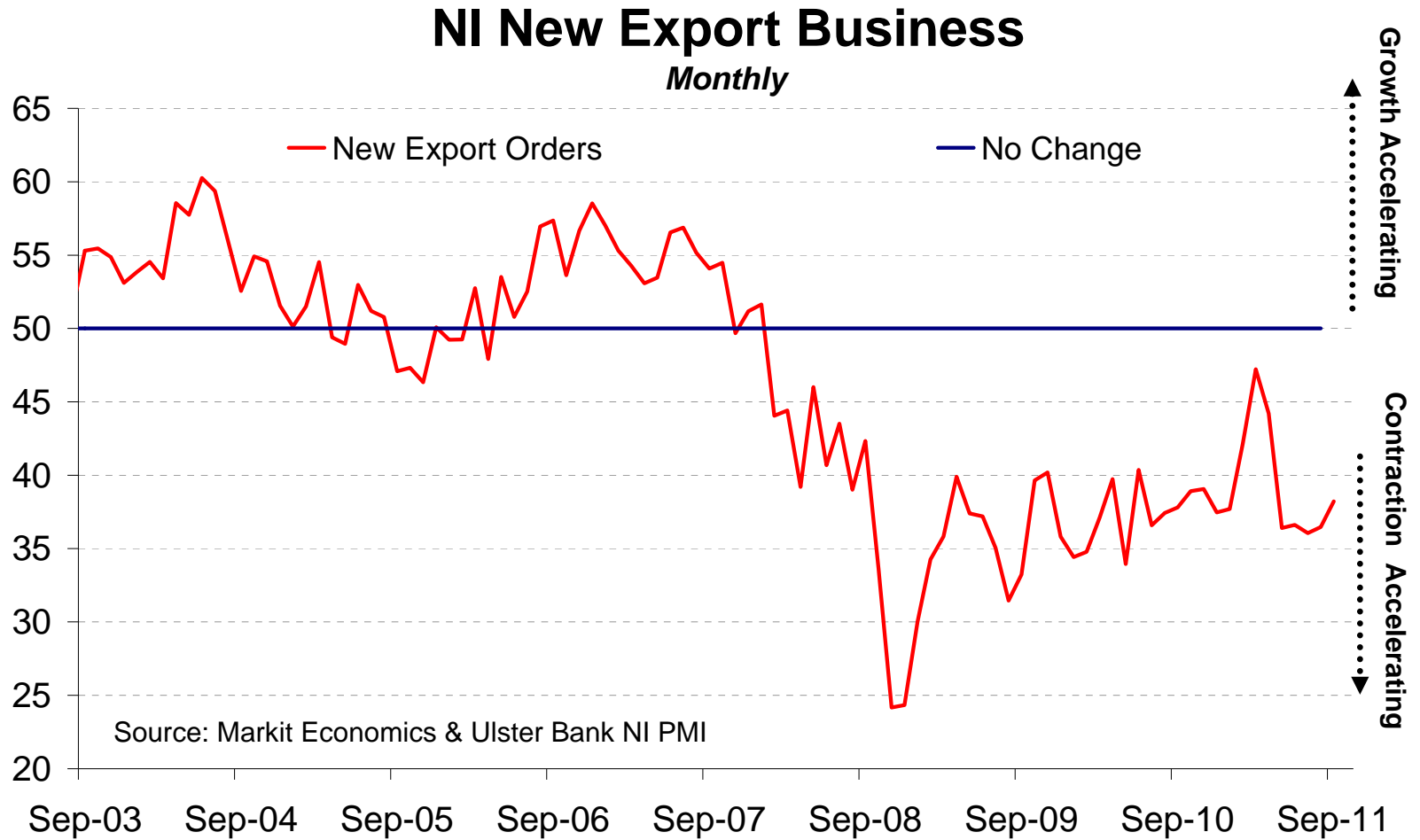
NI's levels of work outstanding are still falling sharply

Private Sector Backlogs 3 month moving average



Source: Markit Economics & Ulster Bank NI PMI

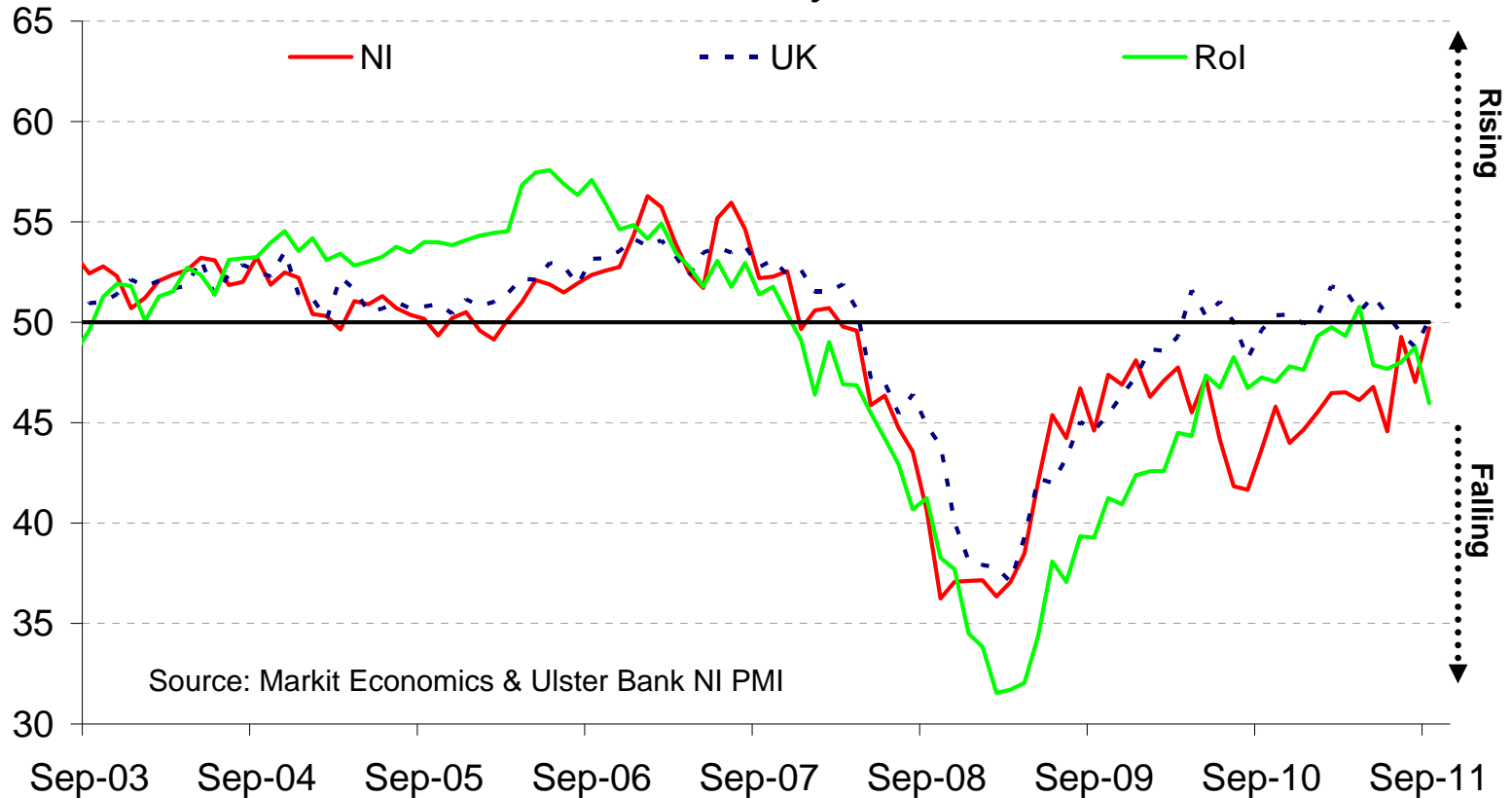
Over one third of firms saw export orders fall in September



NI's employment levels fell marginally at weakest rate since March 2008

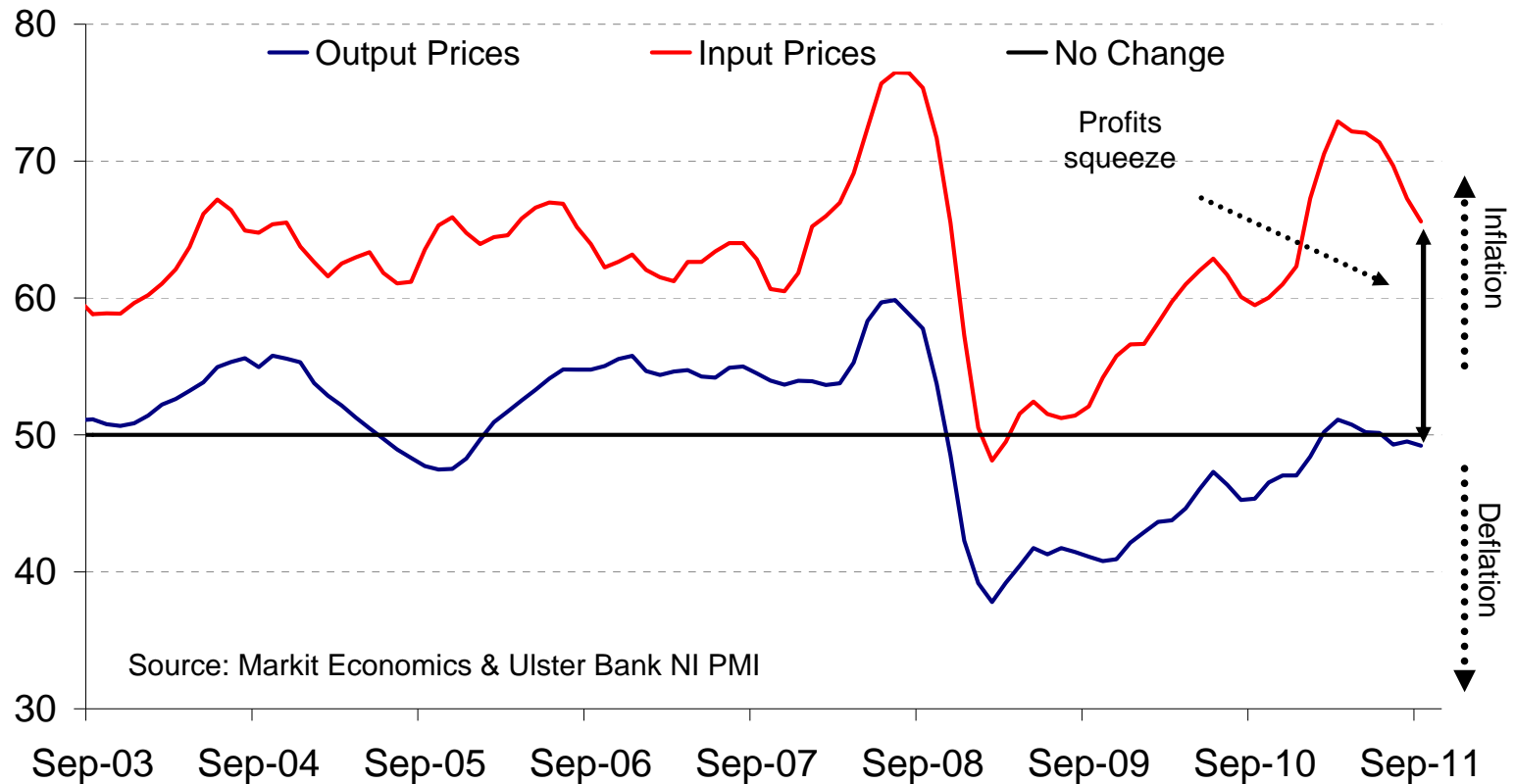
Private Sector Employment Levels

Monthly



NI profit squeeze remains with pricing power falling

NI Private Sector Profit Squeeze 3 Month Moving Average



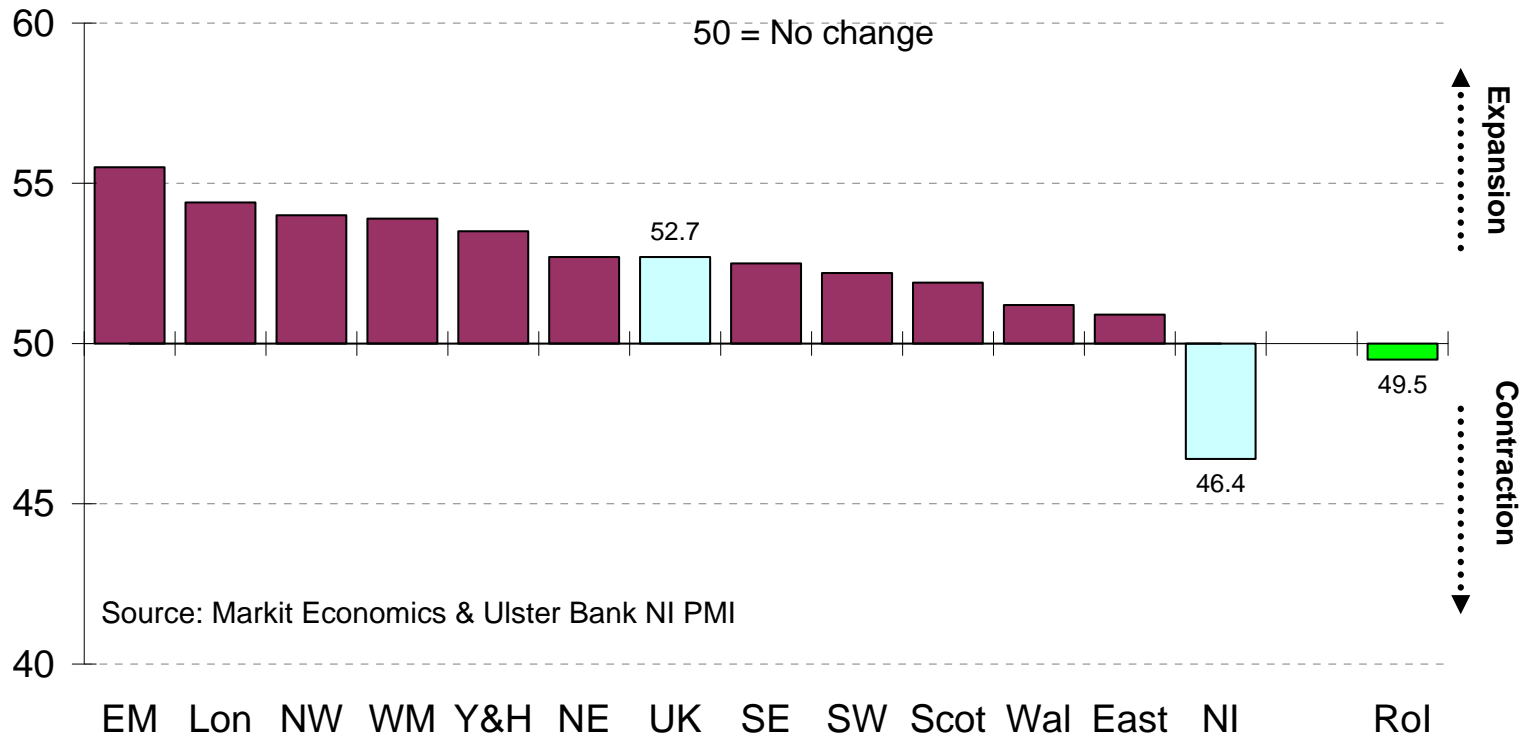
Regional Comparisons

NI was the only region in contraction territory in September

Output / Business Activity

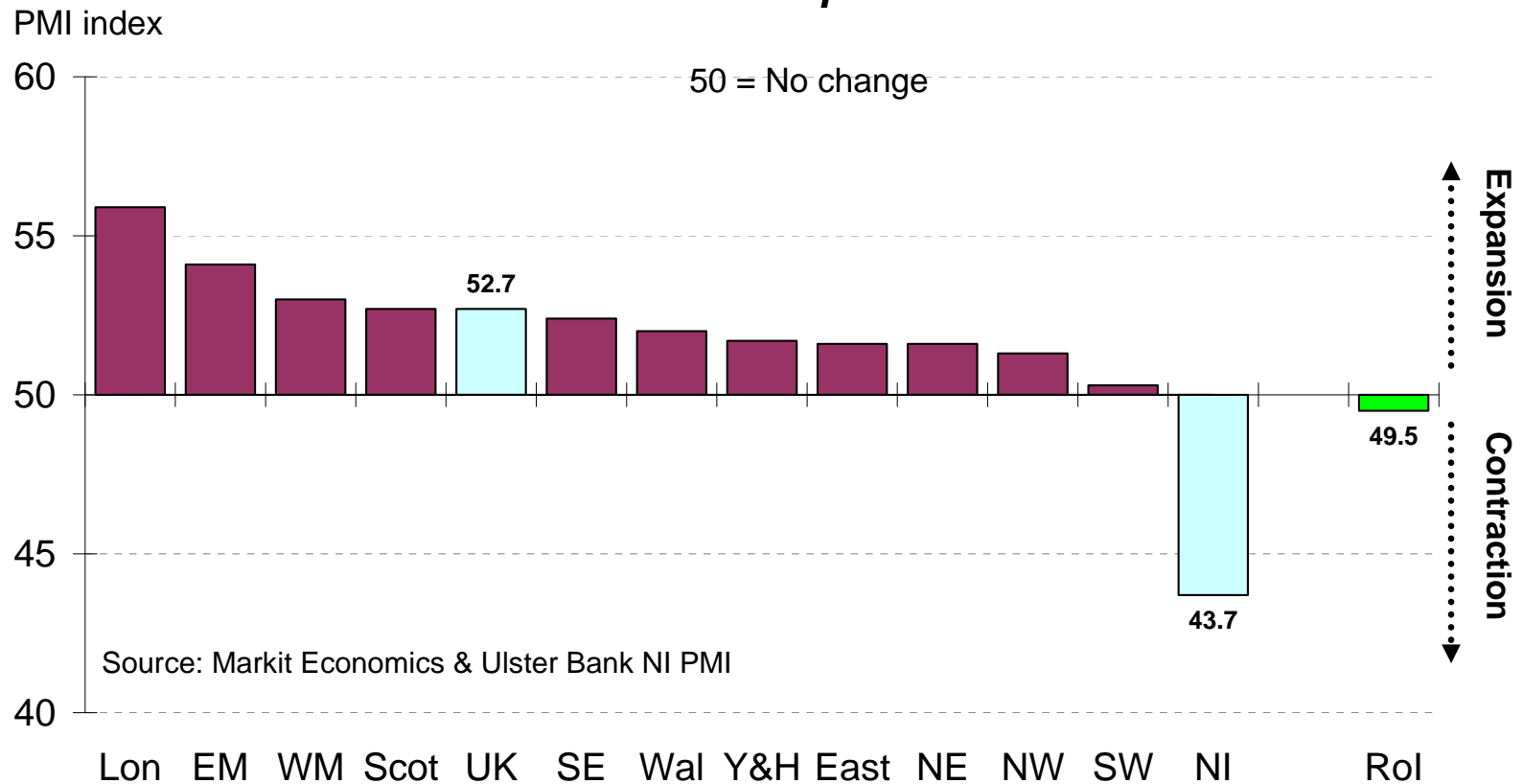
September 2011

PMI index



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

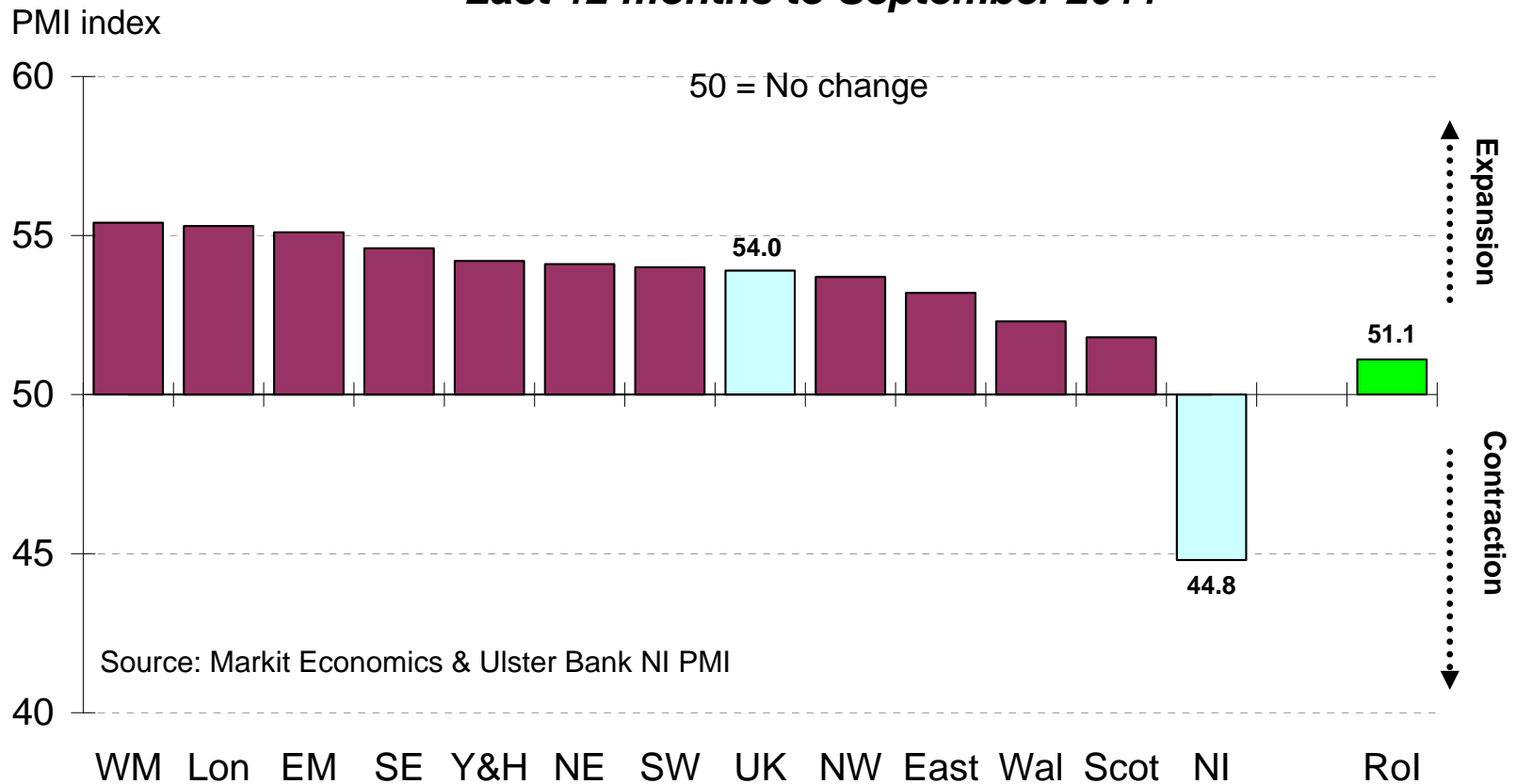
Output / Business Activity 3 months to September 2011



.....and over the last 12 months

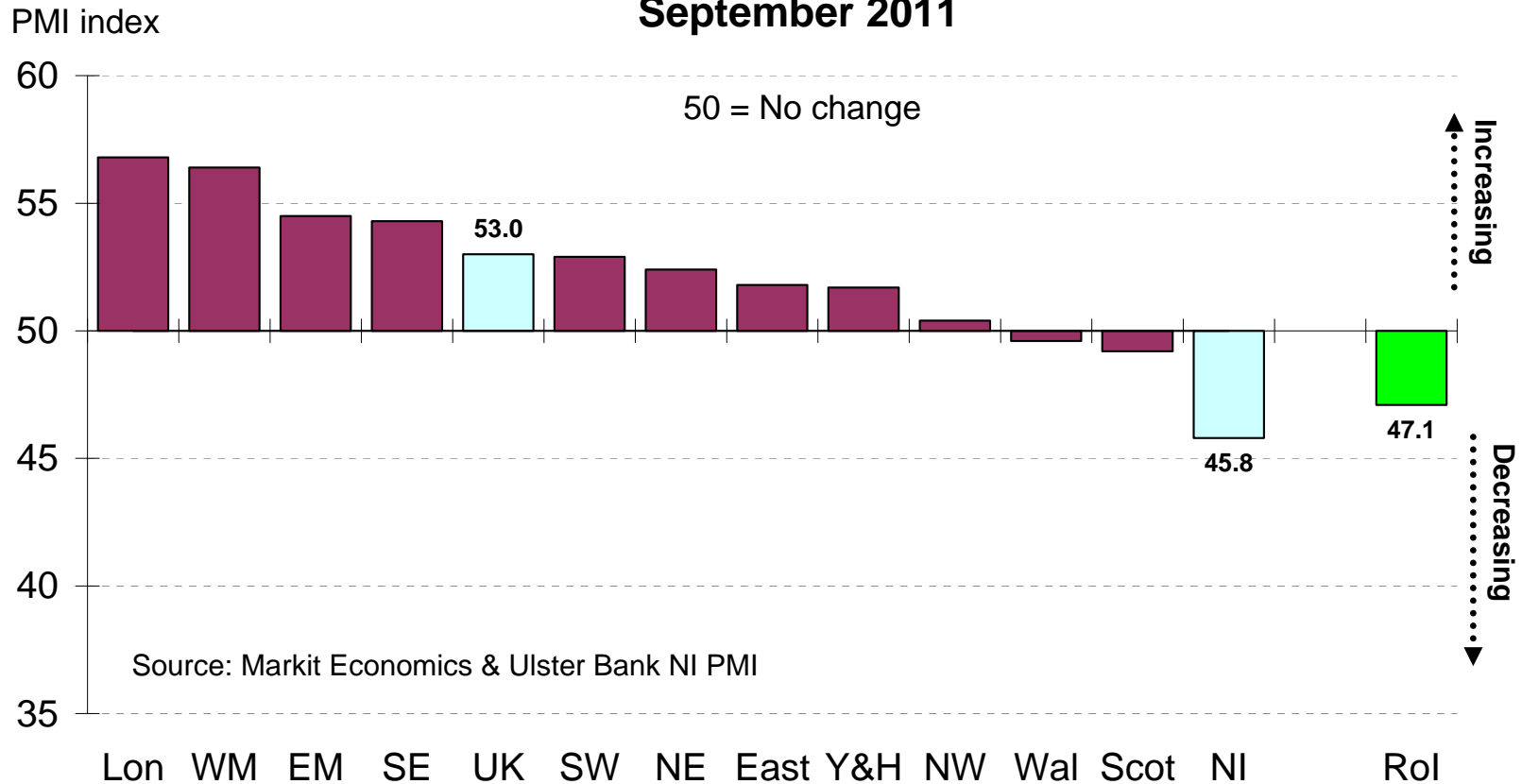
Output / Business Activity

Last 12 months to September 2011



NI experiencing faster rates of decline in new orders than elsewhere

New Business Orders September 2011

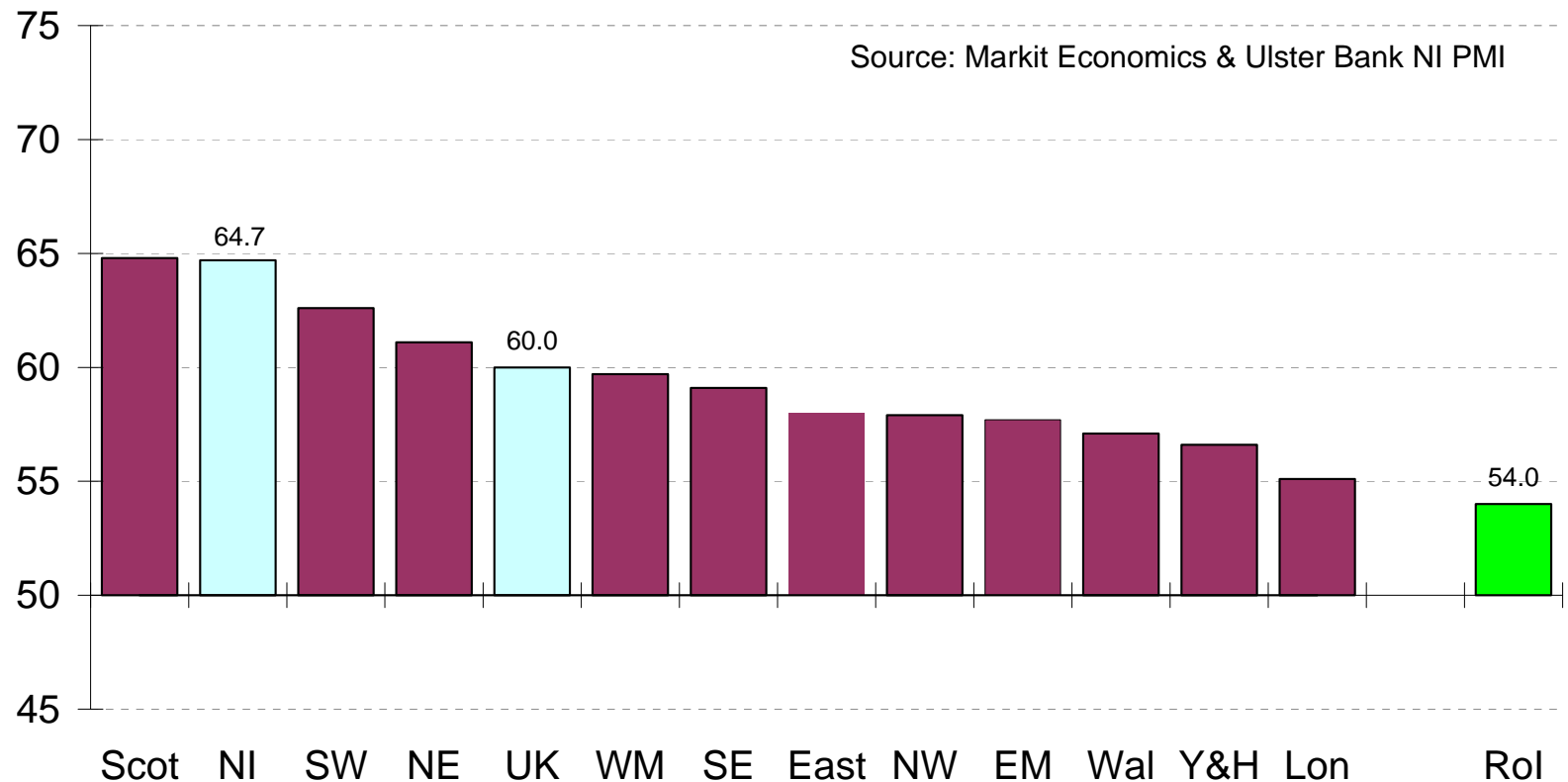


NI experiencing highest rates of input cost inflation after Scotland

Input Cost Inflation

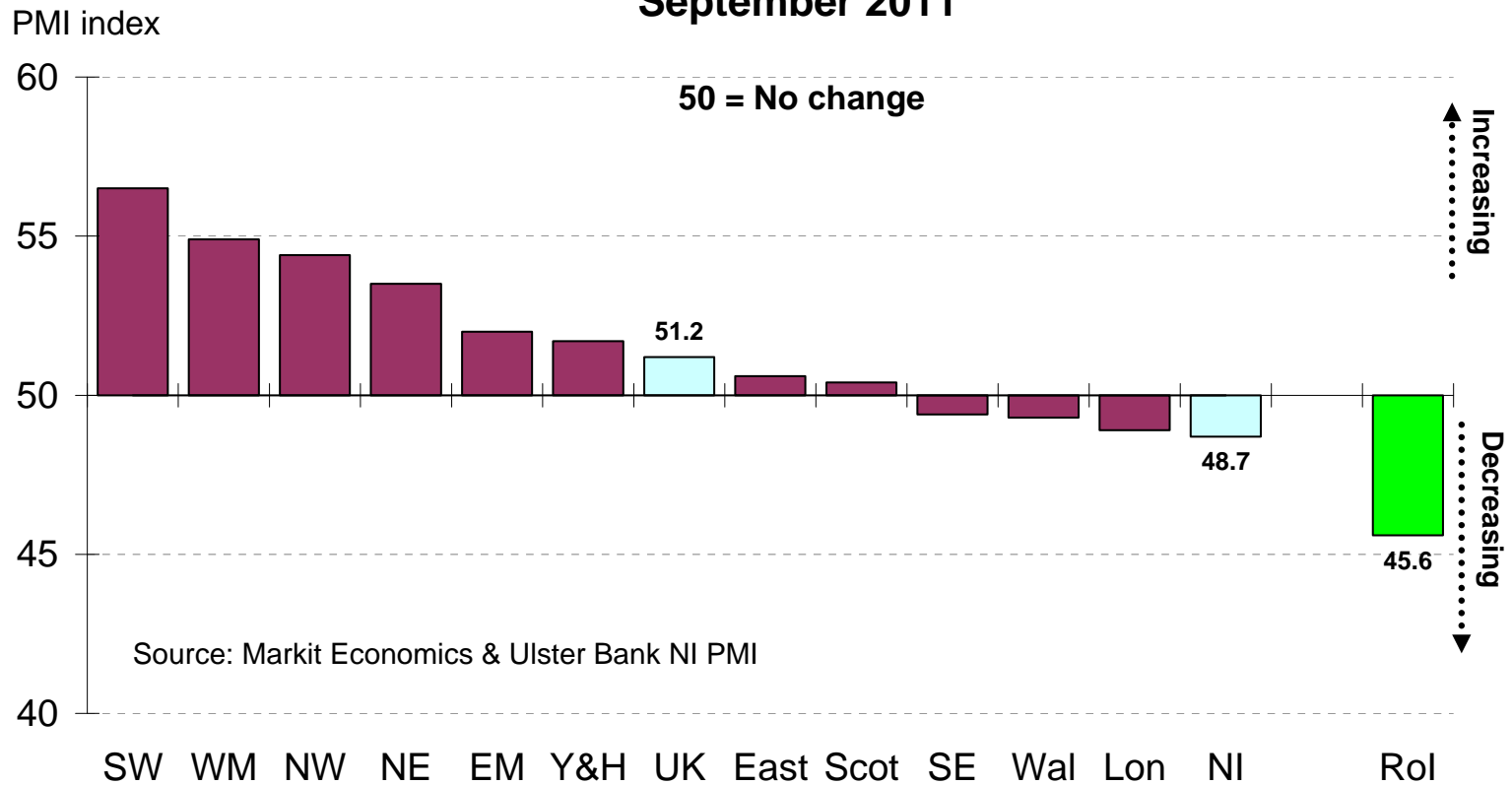
September 2011

PMI index



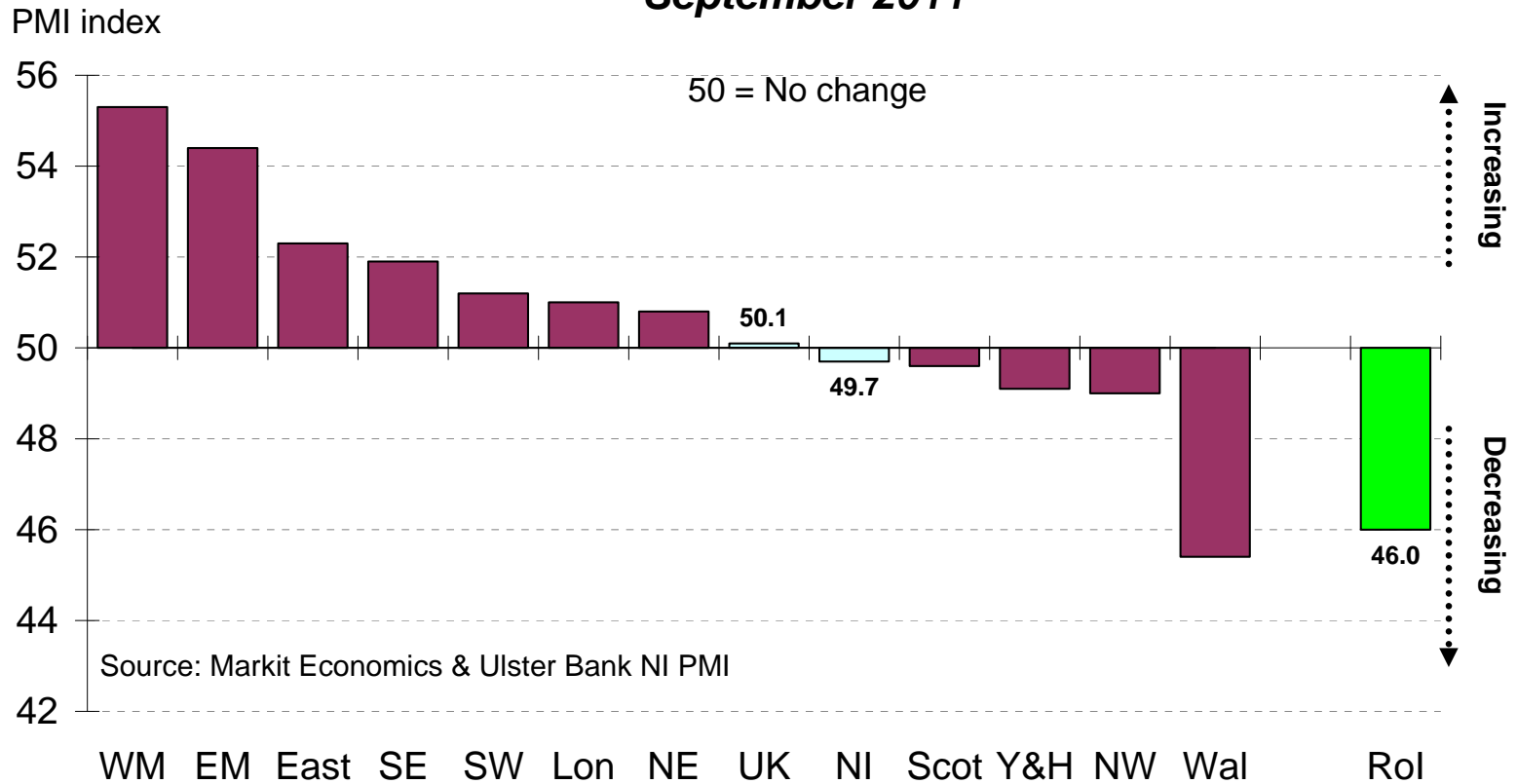
Pricing power weakens in NI and Rol

Output Price Inflation September 2011



Four UK regions posted sharper declines in employment levels than NI

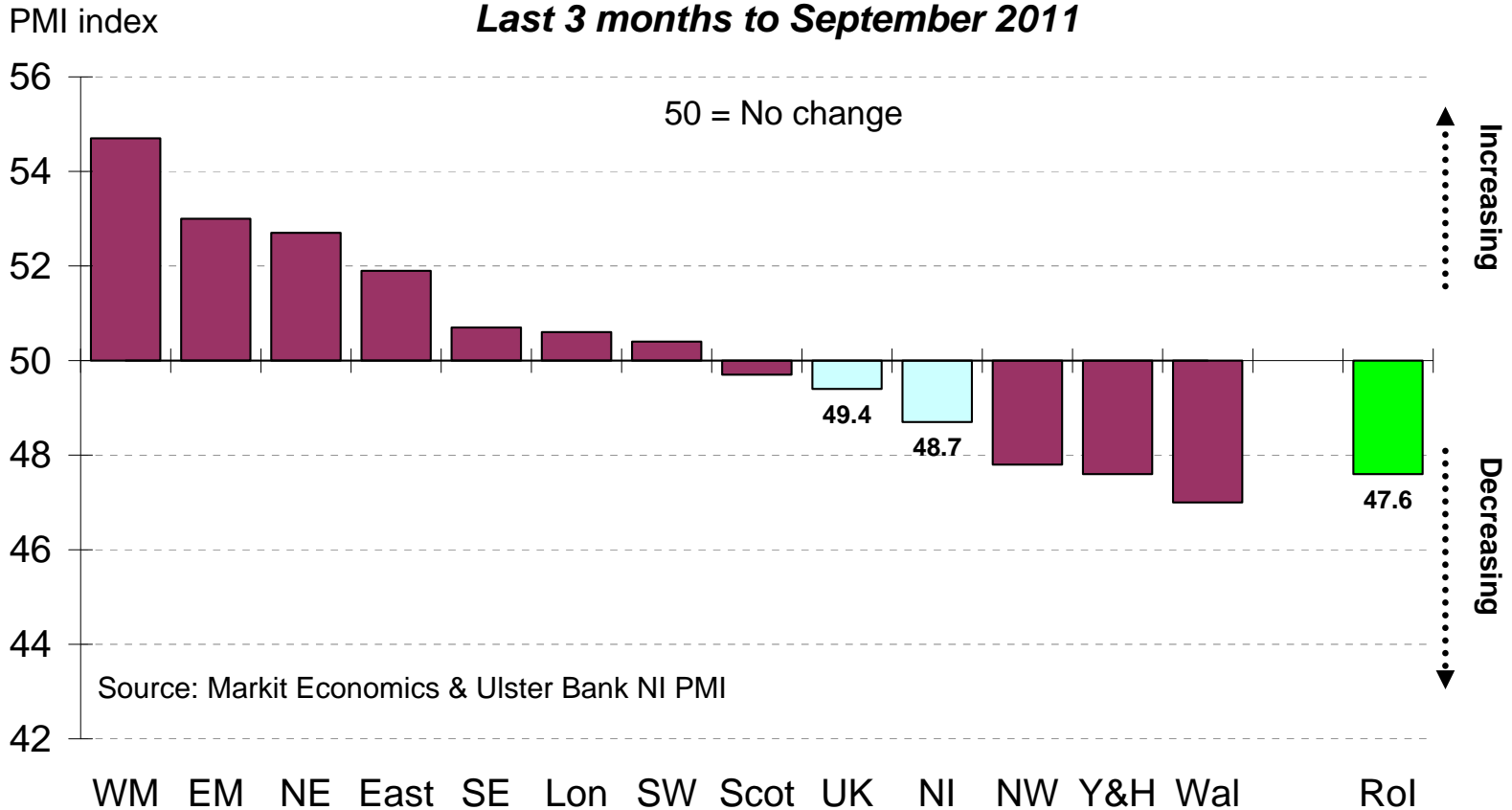
Employment Levels September 2011



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

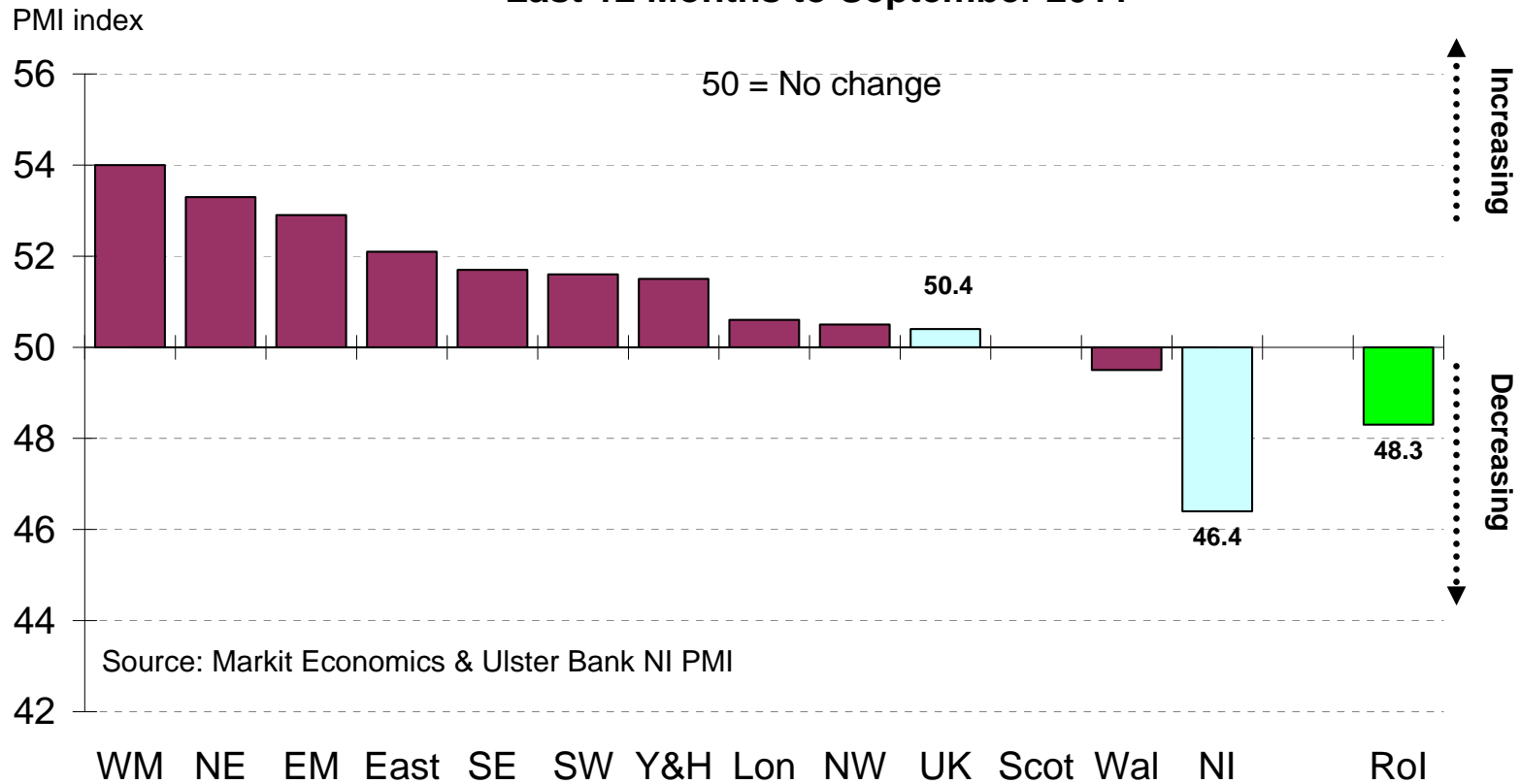
Employment Levels

Last 3 months to September 2011



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

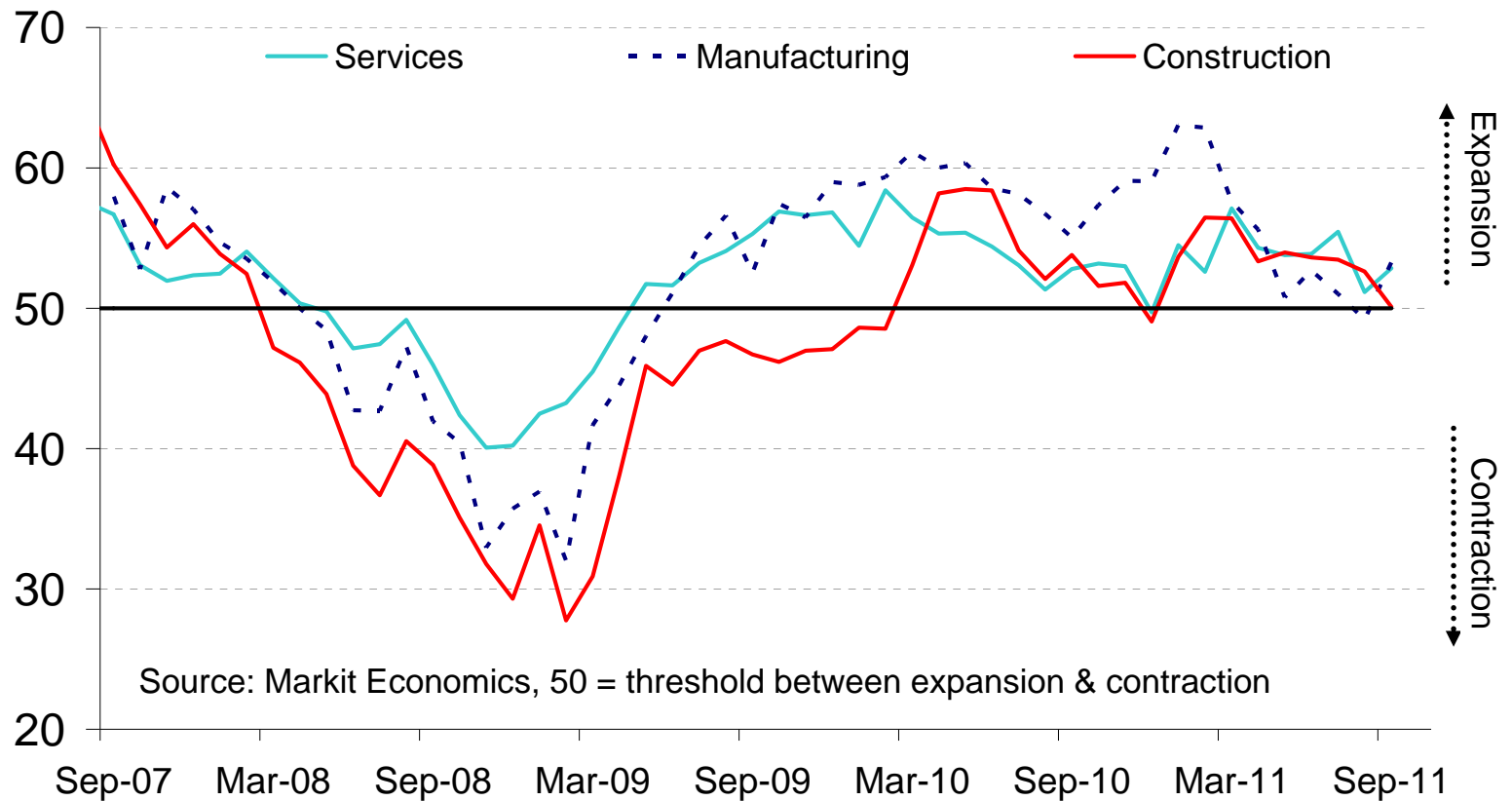
Employment Levels Last 12 Months to September 2011



*Sectoral
Comparisons*

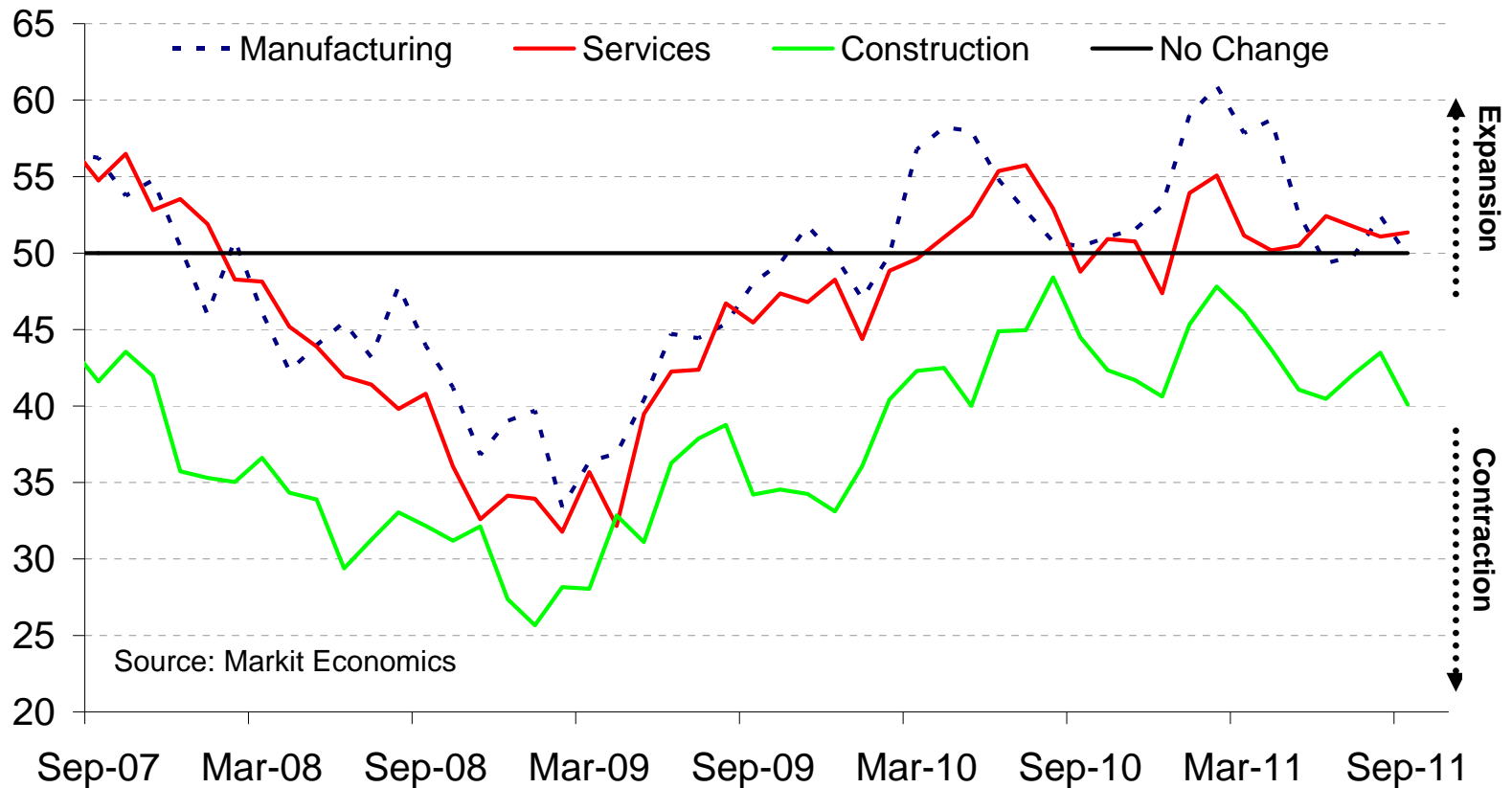
UK manufacturing & services still growing

UK Business Activity - PMIs



.....only services is still growing in the RoI

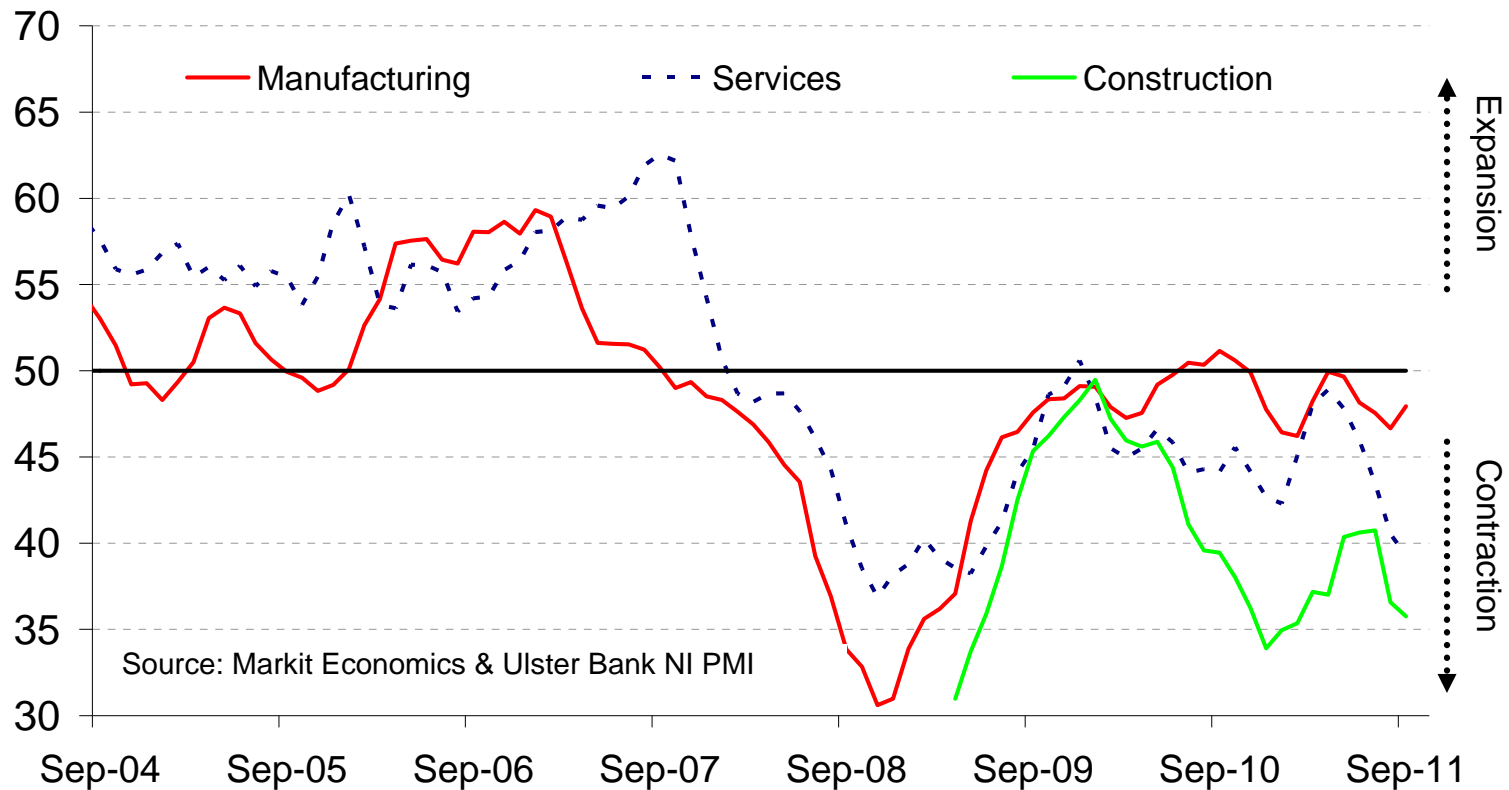
Roi Business Activity - PMIs



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

NI Private Sector Output

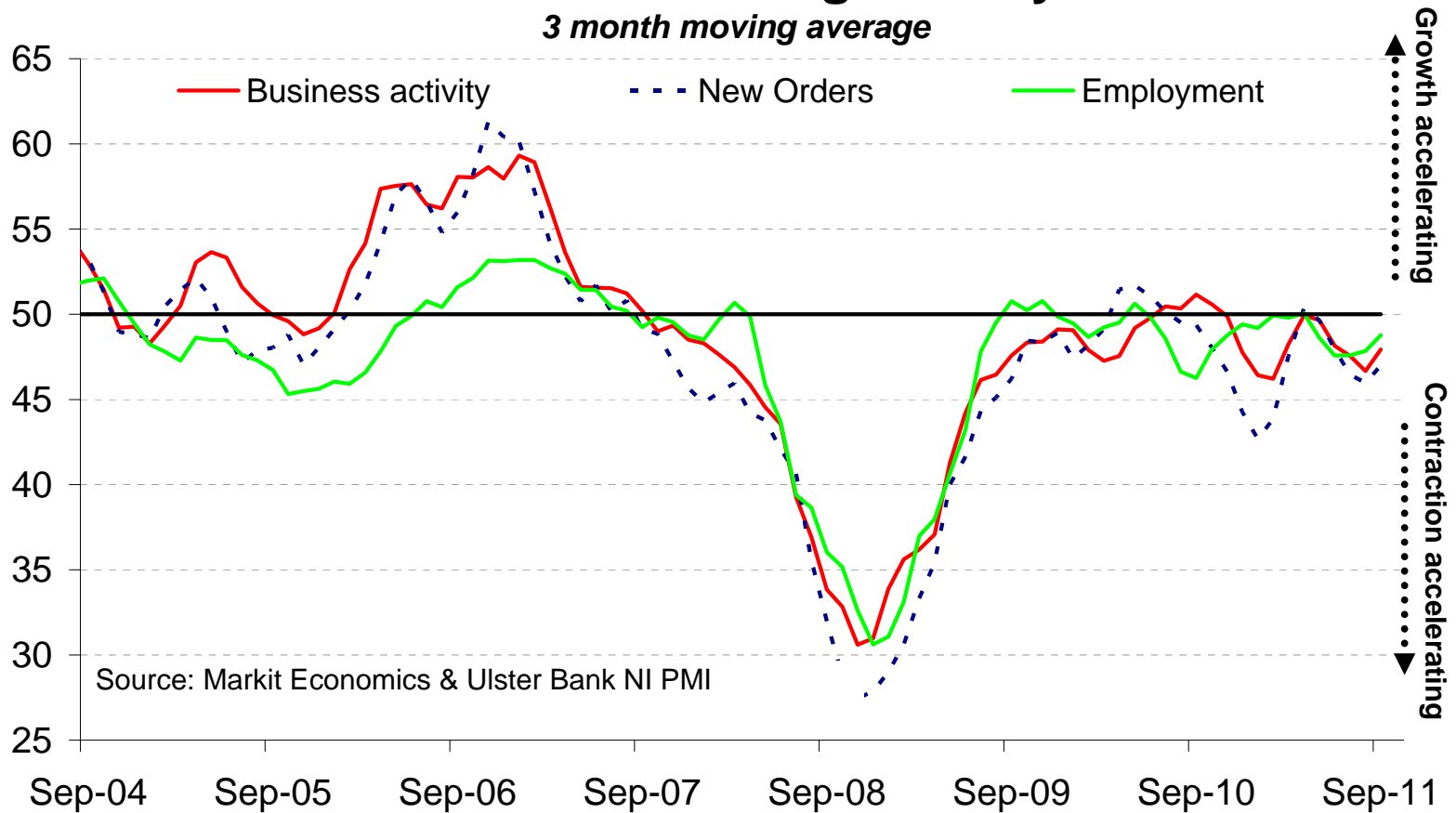
3 month moving average



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

NI Manufacturing Activity

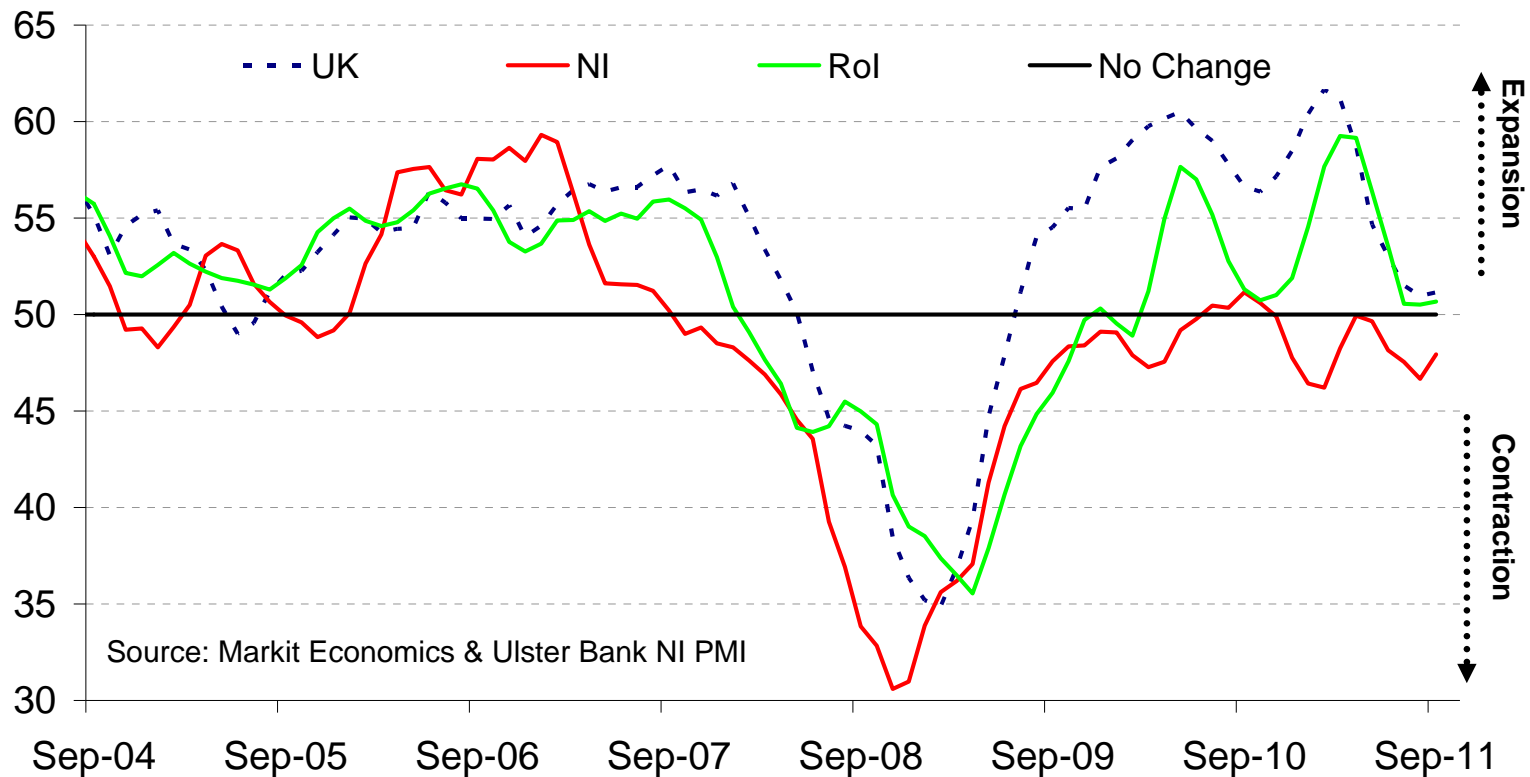
3 month moving average



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

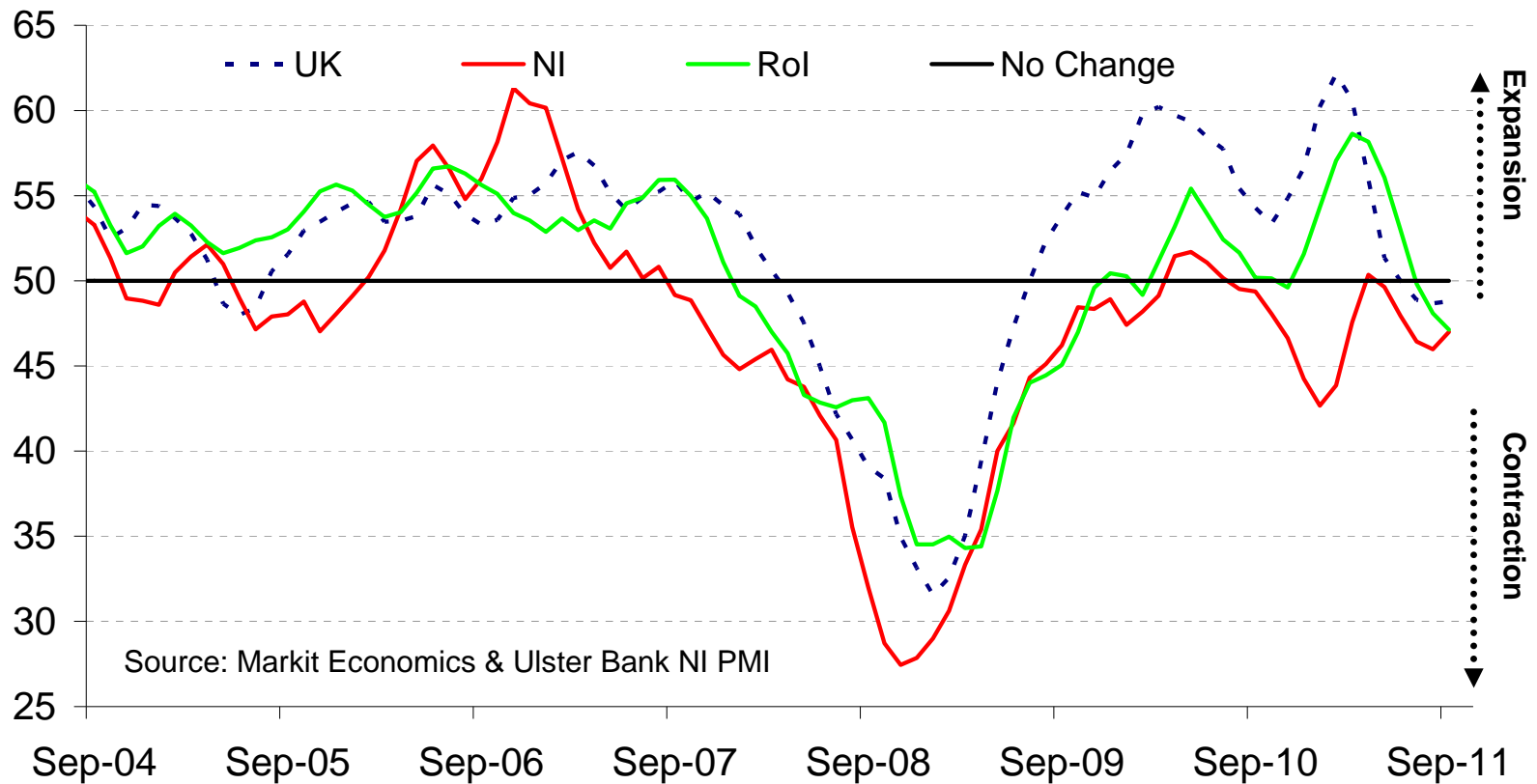
Manufacturing Output

3 month moving average



.....and in terms of new orders

Manufacturing New Orders 3 month moving average

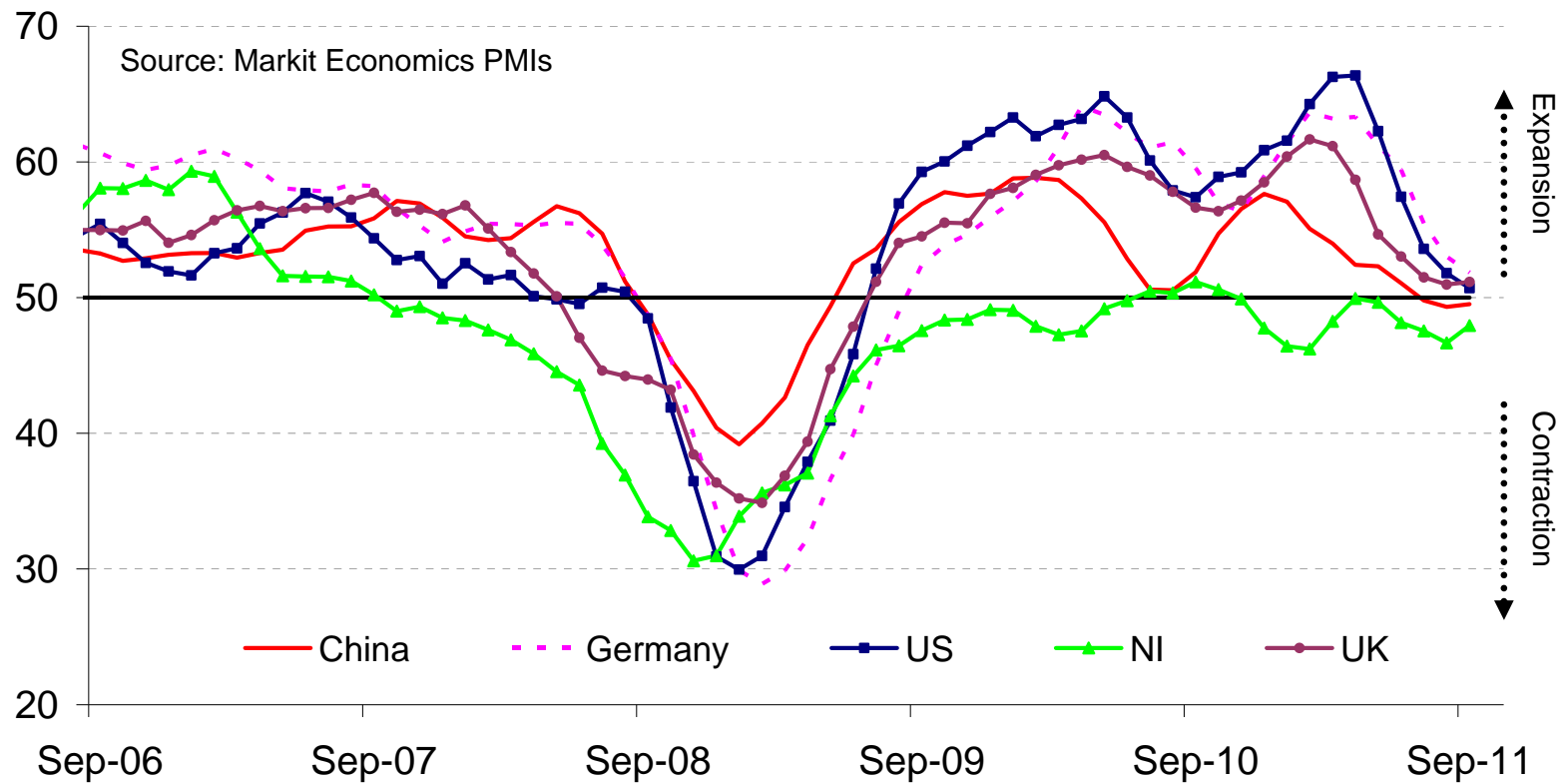


NI's SME exposure to RoI has limited its recovery

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

Manufacturing Output - PMI

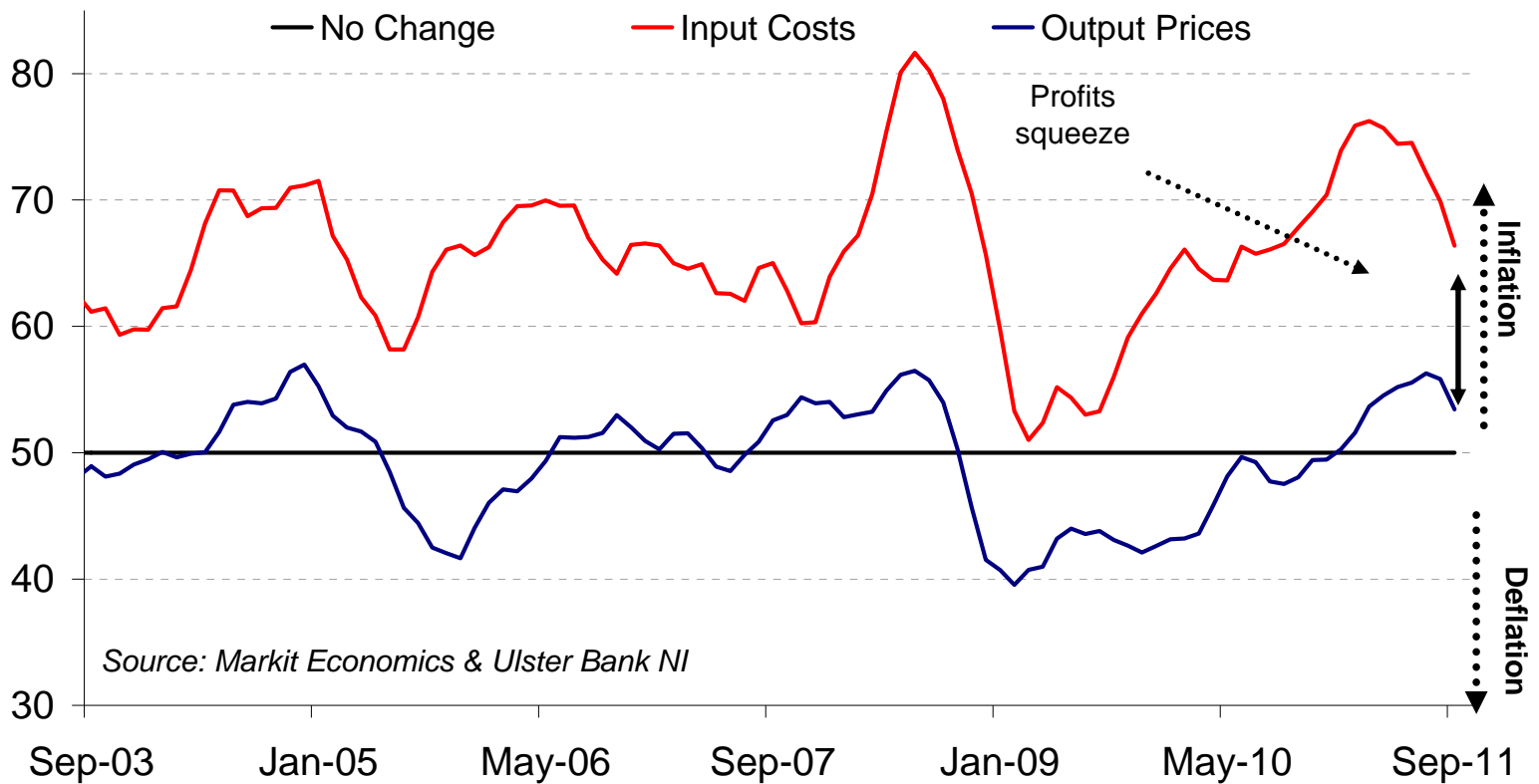
3 month moving average



Pricing power within manufacturing firms is fading

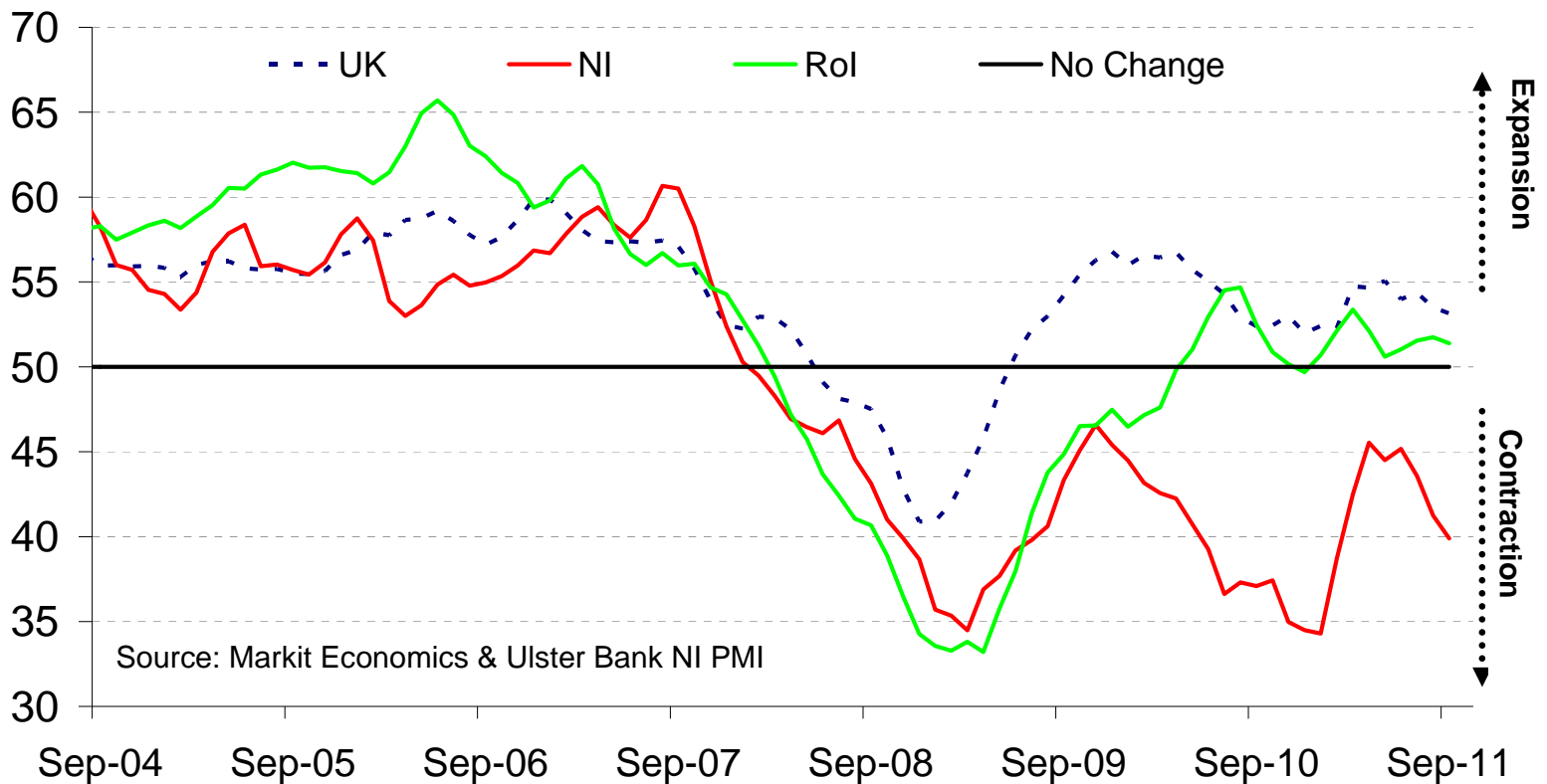
NI Manufacturing Input & Output Inflation

3 month moving average



NI-UK divergence still apparent within service sector

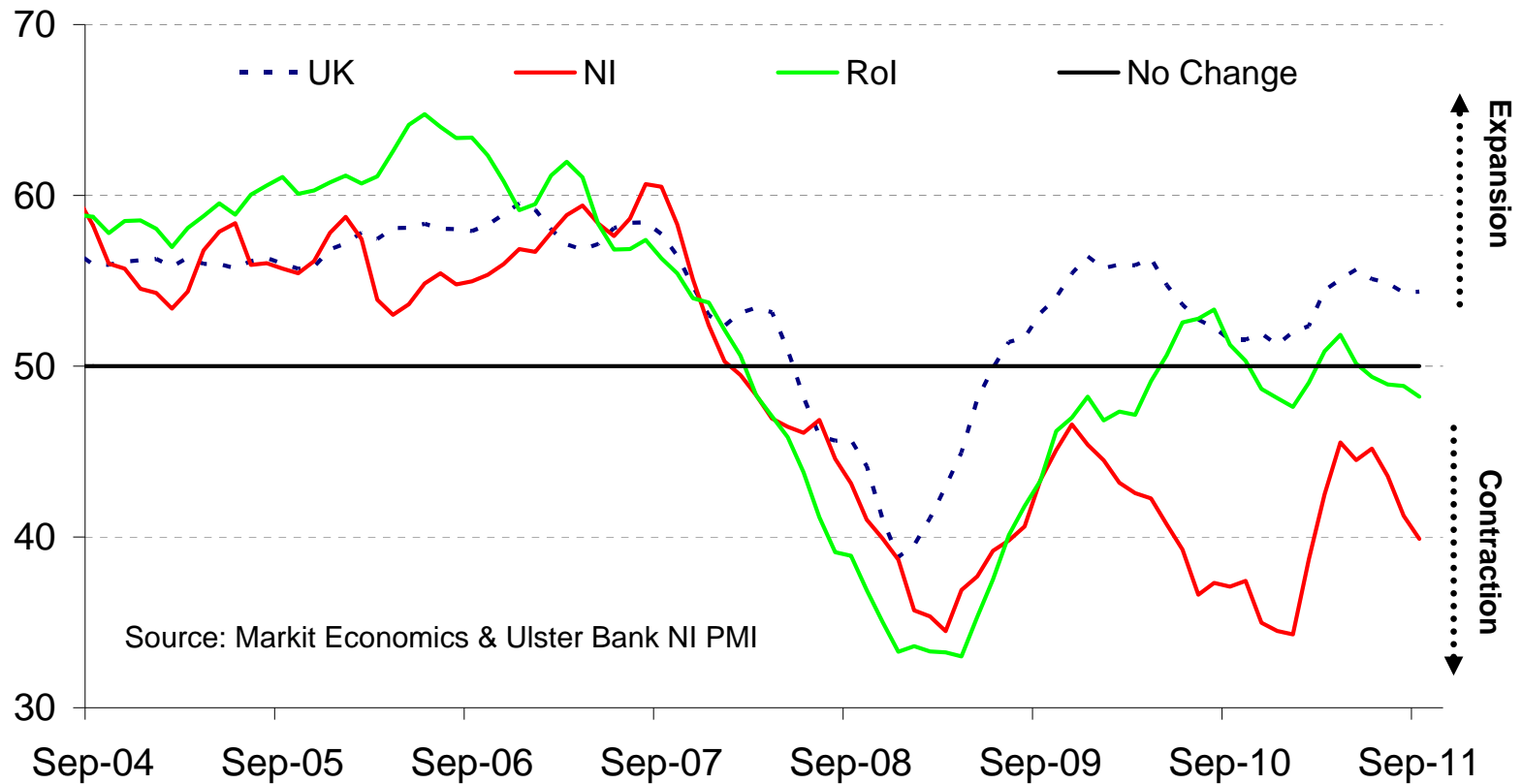
Services Output (excluding Retail)
3 month moving average



New orders levels dip in RoI & continue to fall in NI

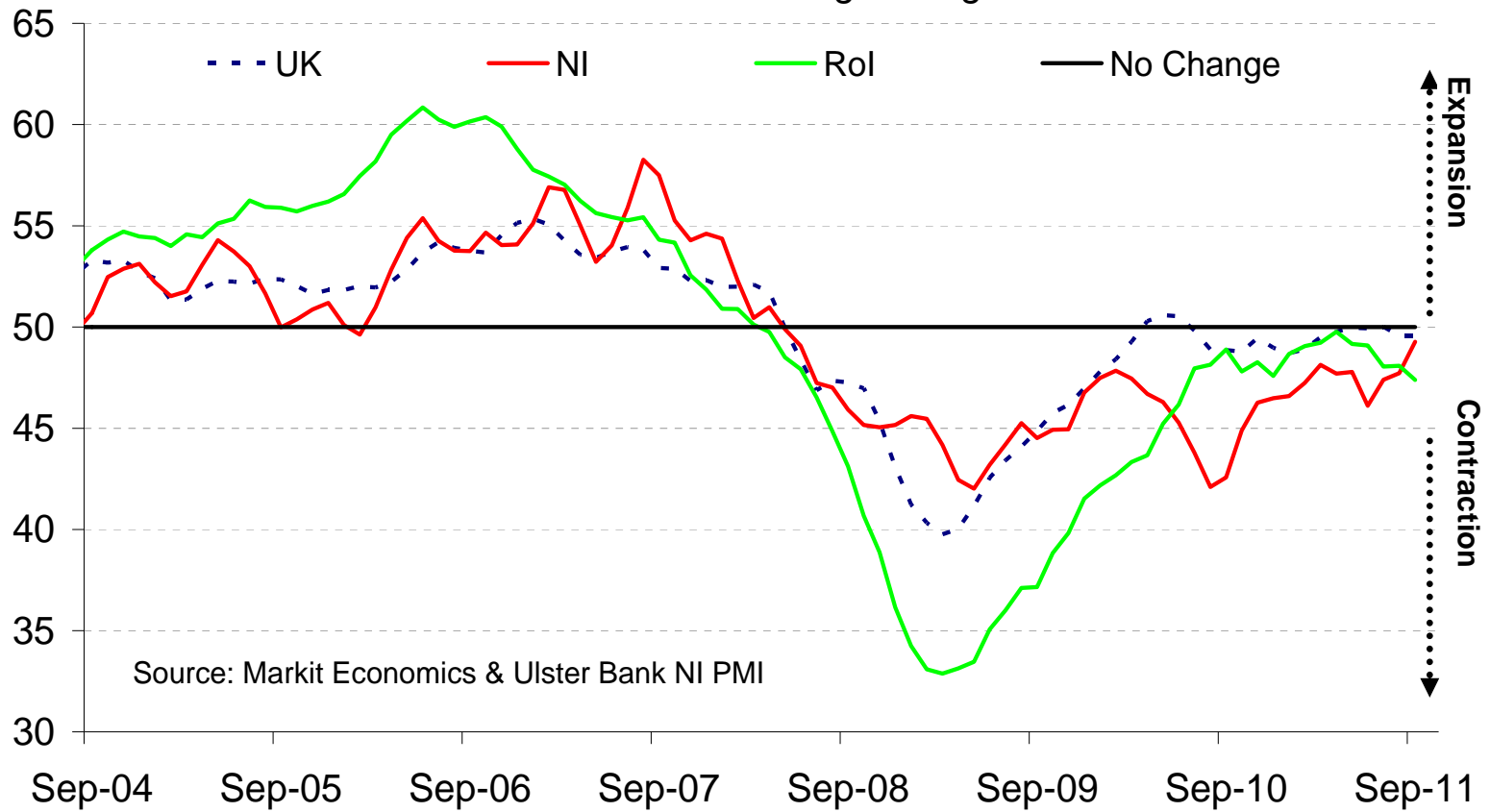
Services New Orders (excluding Retail)

3 month moving average



....with further declines in employment levels over last 3 months

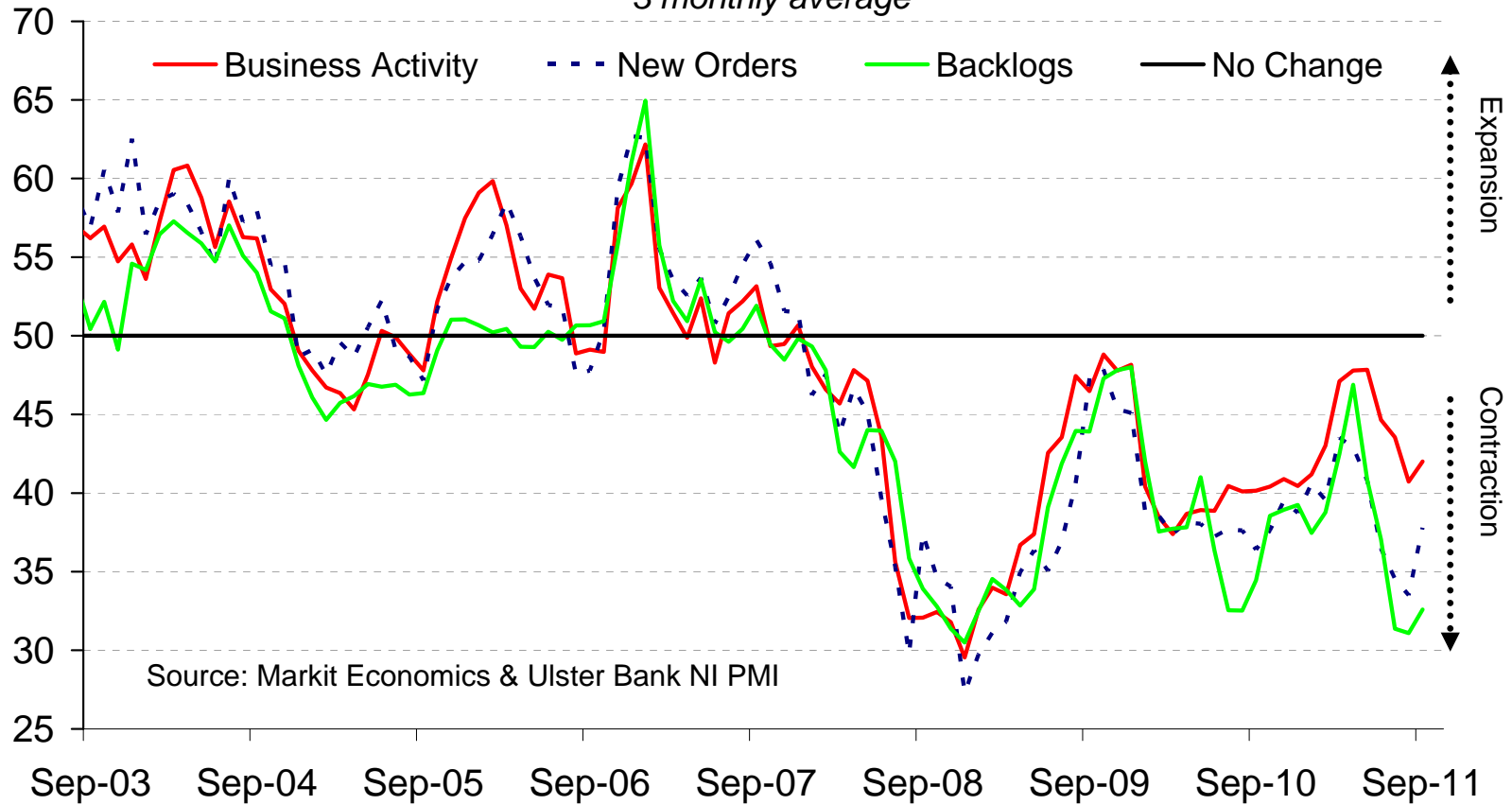
Services Employment 3 month moving average



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

Northern Ireland Retail PMI

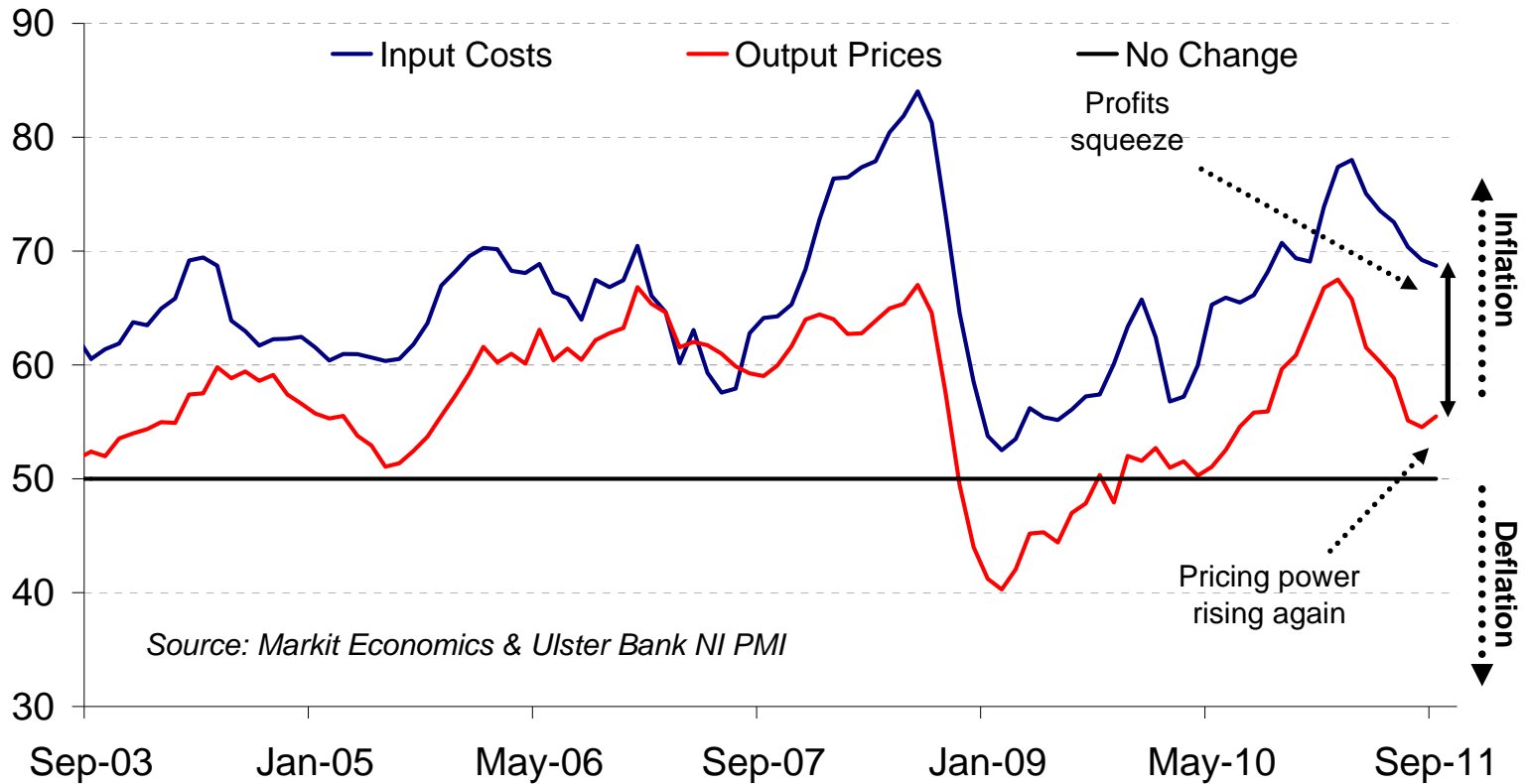
3 monthly average



Pricing power of retailers has been fading fast of late

NI Retail Input & Output Inflation

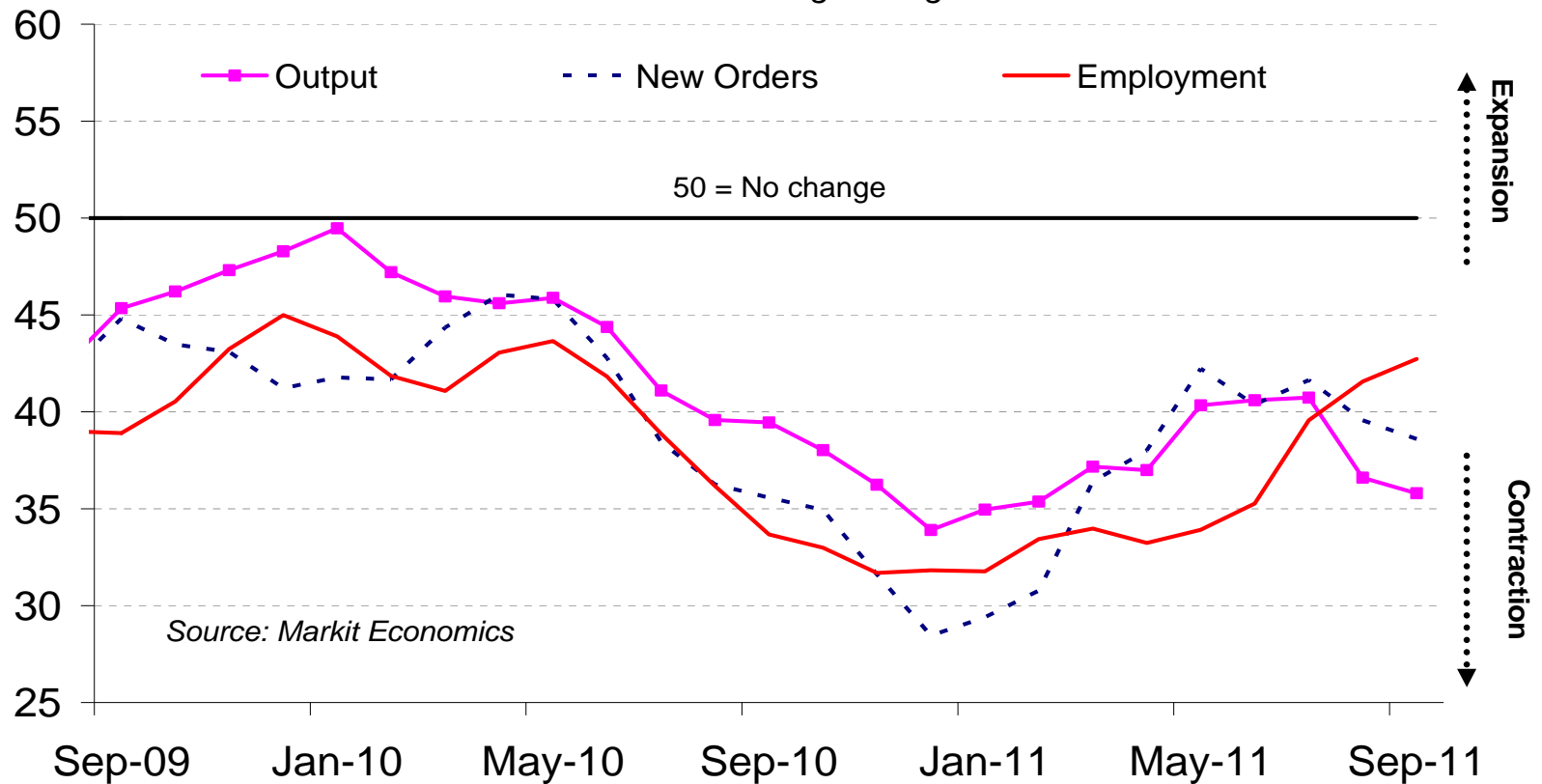
3 month moving average



NI construction sector continues to weaken

NI Construction PMI

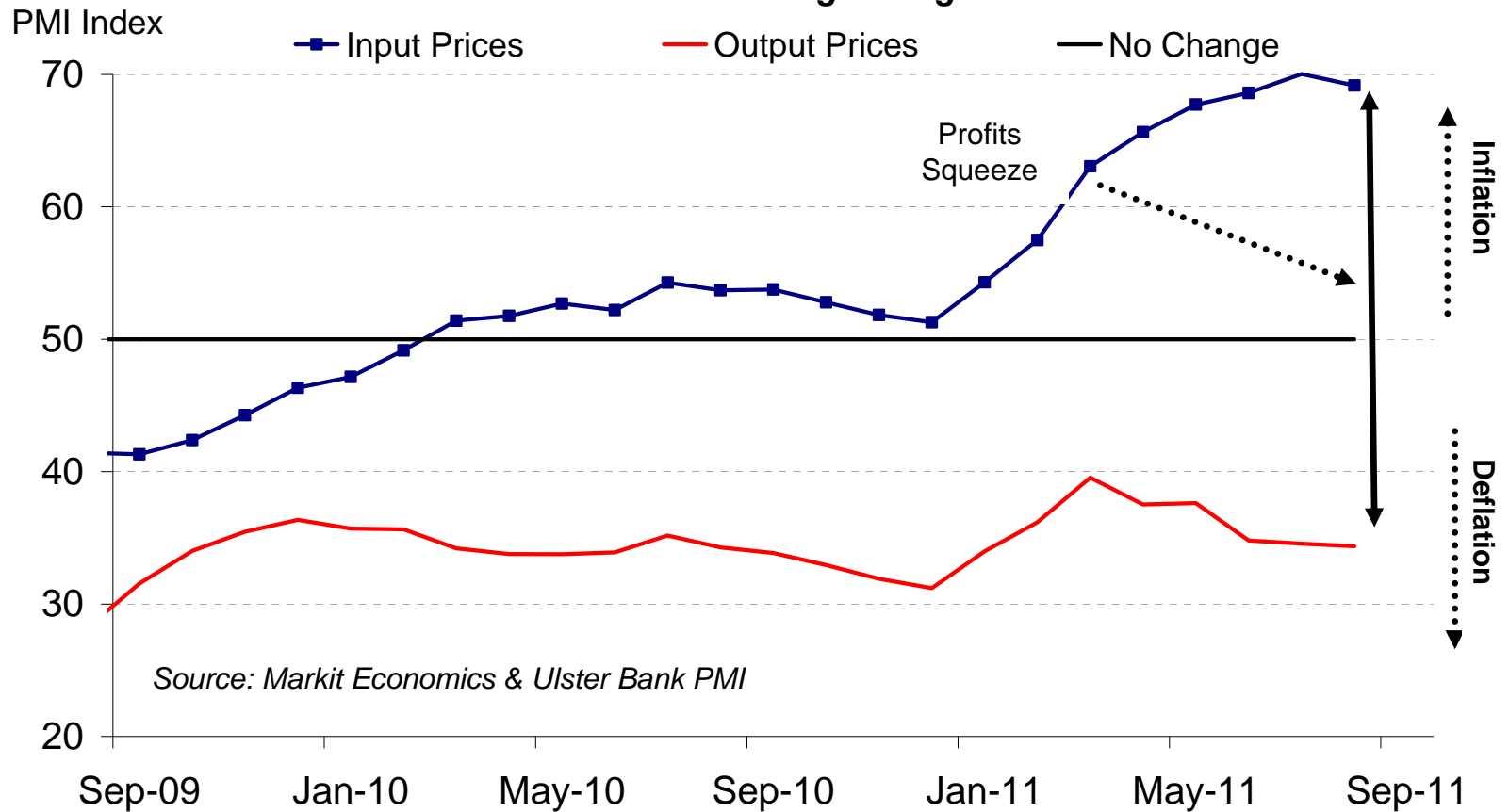
3 month moving average



.....with profits squeeze remaining at extreme levels

NI Construction Sector Profits Squeeze

3 month moving average

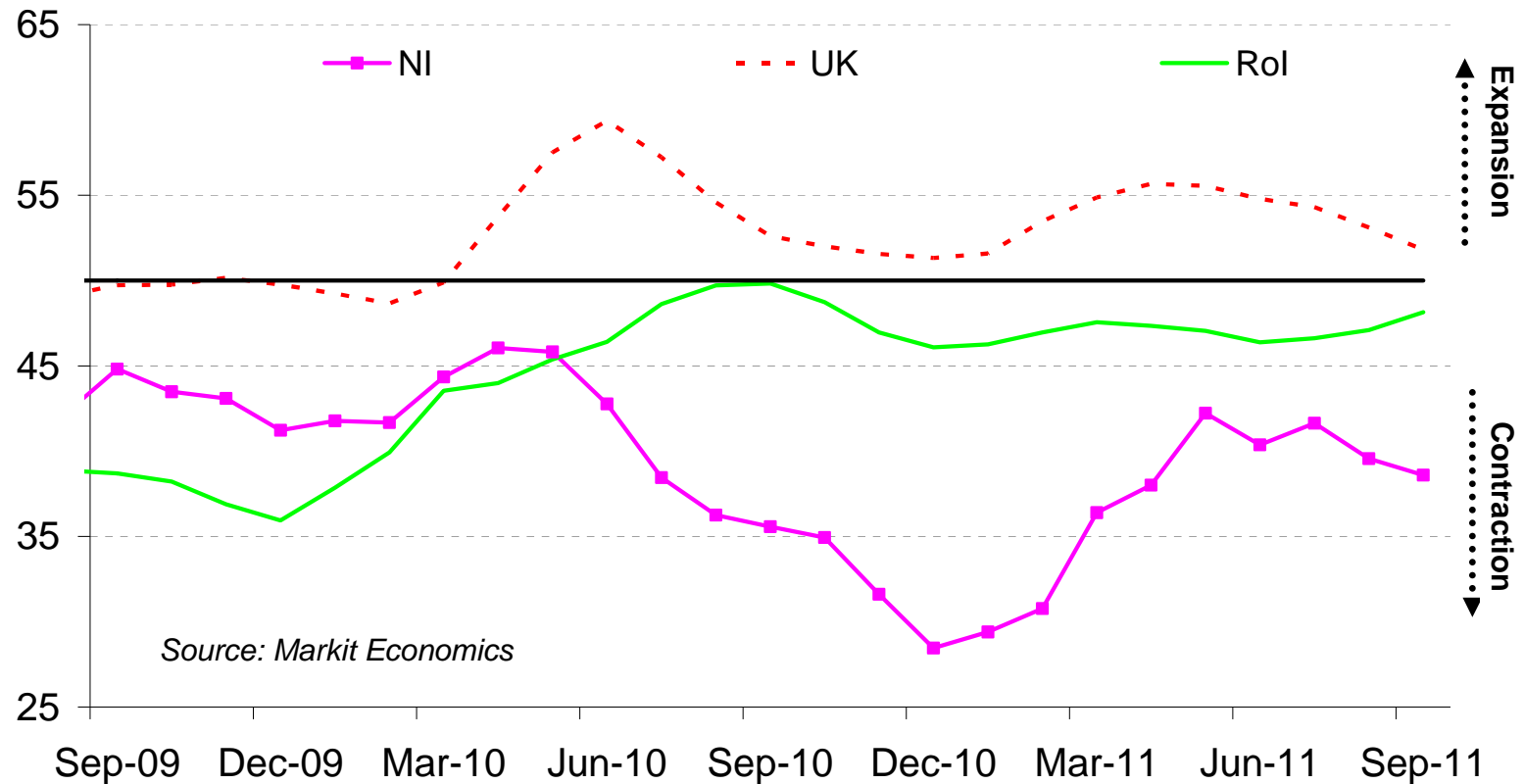


NI-UK divergence marked in terms of new orders

Construction Sector New Orders - PMI

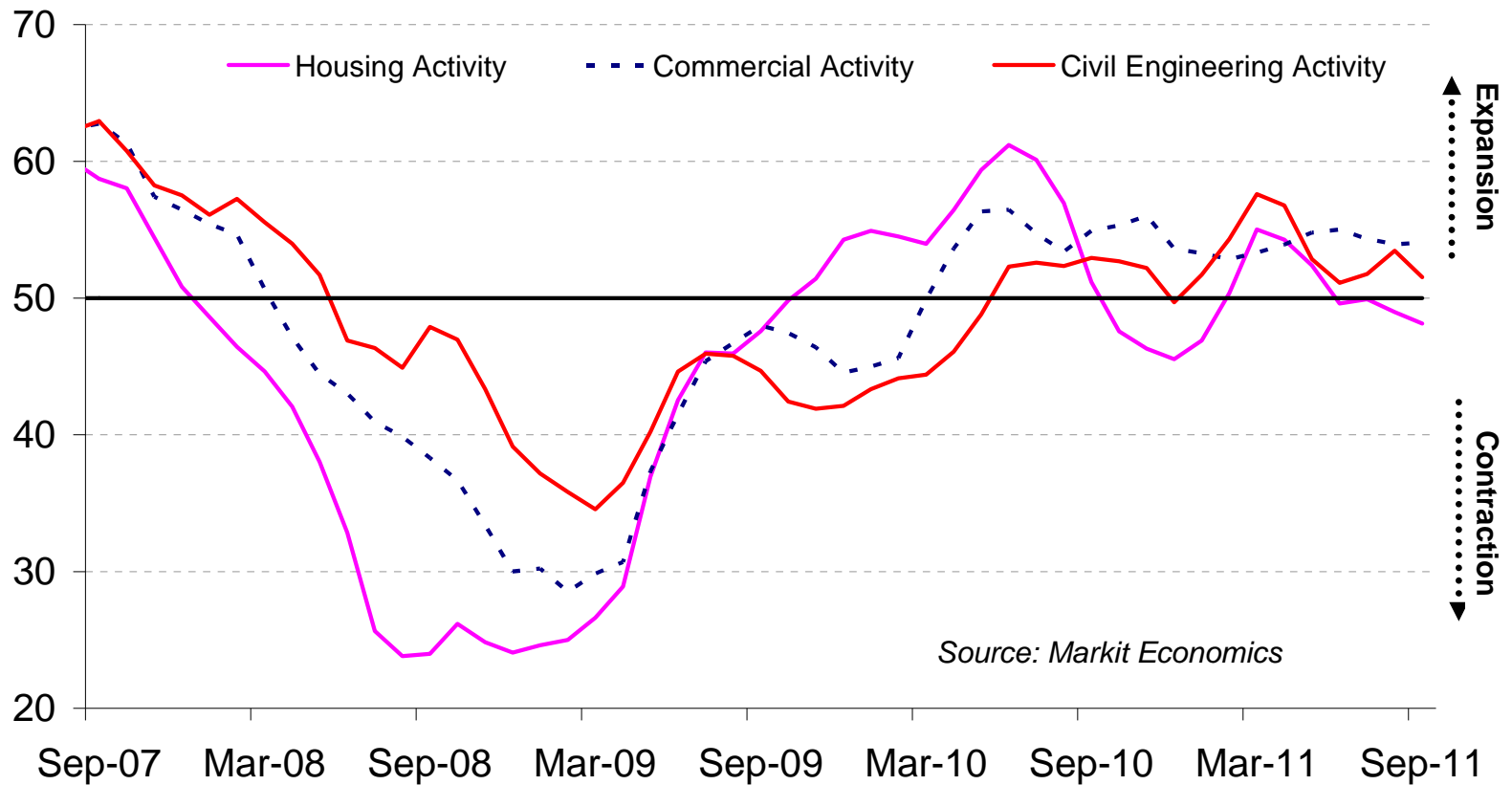
3 month moving average

PMI Index



Continued growth in GB offers opportunities for NI firms

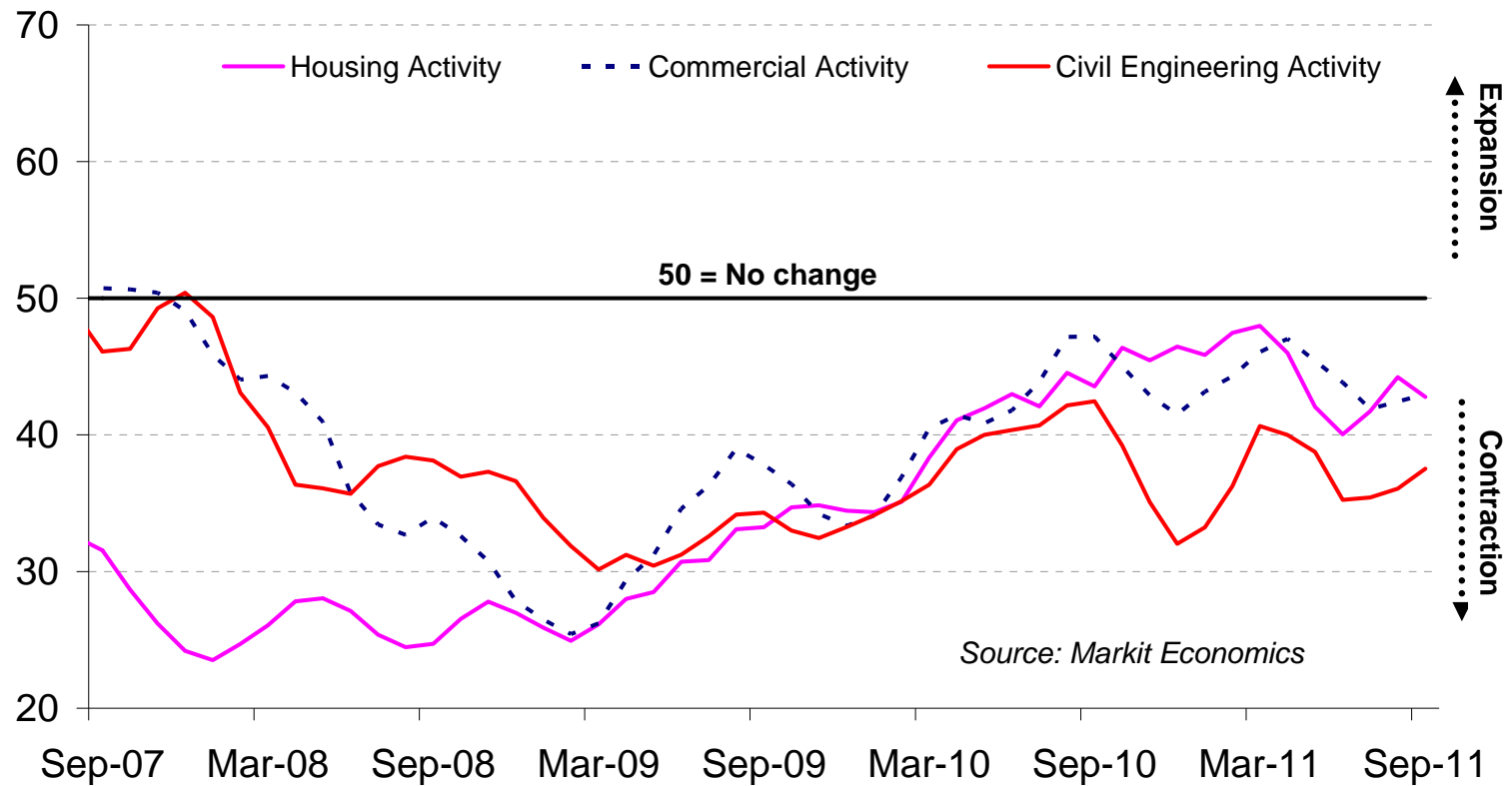
UK Construction Activity - PMIs 3 month moving average



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

Republic of Ireland Construction Activity - PMI

3 month moving average



Disclaimer

This document is issued for information purposes only for clients of Ulster Bank Group who are eligible counterparties or professional customers, and does not constitute an offer or invitation to purchase or sell any instrument or to provide any service in any jurisdiction where the required authorisation is not held. Ulster Bank and/or its associates and/or its employees may have a position or engage in transactions in any of the instruments mentioned.

The information including any opinions expressed and the pricing given, is indicative, and constitute our judgement at time of publication and are subject to change without notice. The information contained herein should not be construed as advice, and is not intended to be construed as such. This publication provides only a brief review of the complex issues discussed and readers should not rely on information contained here without seeking specific advice on matters that concern them. Ulster Bank make no representations or warranties with respect to the information and disclaim all liability for use the recipient or their advisors make of the information. Over-the-counter (OTC) derivatives can involve a number of significant and complex risks which are dependent on the terms of the particular transaction and your circumstances. In the event the market has moved against the transaction you have undertaken, you may incur substantial costs if you wish to close out your position.

Ulster Bank Limited Registered Number R733 Northern Ireland. Registered Office 11-16 Donegal Square East, Belfast, BT1 5UB. Authorised and regulated by the Financial Services Authority. Member of The Royal Bank of Scotland Group.

Ulster Bank Ireland Limited, a private company limited by shares, trading as Ulster Bank, Ulster Bank Group and Bank Uladh. Registered No. 25766. Registered Office Ulster Bank Group Centre, George's Quay, Dublin 2. Ulster Bank Ireland Limited is regulated by the Financial Regulator. Member of The Royal Bank of Scotland Group.

Calls may be recorded.