

Ulster Bank Northern Ireland PMI[®]

The Ulster Bank Northern Ireland PMI[®] (Purchasing Managers' Index[®]) is produced by Markit Economics.

The report features original survey data collected from a representative panel of companies based in Northern Ireland and operating in the manufacturing, service, construction and retail/wholesale sectors.

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Record rises in output and new orders

The Northern Ireland private sector built on recent improvements in April by posting record rises in both output and new orders over the month. Employment also continued to increase sharply. On the price front, input costs rose markedly again but prices charged increased only slightly.

Sharpest rise in activity since survey began

Output at companies in Northern Ireland rose for the tenth consecutive month in April, and at a substantial pace. Moreover, the rate of expansion was the fastest since the survey began in August 2002, surpassing the previous record set in March 2004. Growth in Northern Ireland was also sharper than the UK average. Where activity increased, panellists mainly linked this to improving sales amid stronger client confidence. Sharper rises in activity were seen across three of the four monitored sectors, with the fastest expansion at services companies.

New business also increased at a series-record pace during April, with anecdotal evidence suggesting a general improvement in market confidence. As with activity, the service sector was the best-performing sector. New export orders also rose, albeit only modestly.

Marked increase in employment

Strong growth of new work contributed to a build-up of outstanding business. Backlogs of work increased for the seventh successive month and at a marked pace. The accumulation of work-in-hand at Northern Ireland companies contrasted with a stabilisation across the UK economy.

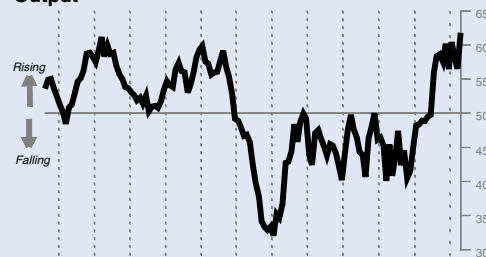
Companies in Northern Ireland responded to strong rises in workloads by continuing to take on extra staff during the month. The rate of job creation remained sharp, despite easing from the previous month. Retail posted the fastest rise in employment, with the slowest increase in the construction sector.

Cost inflation remains sharp

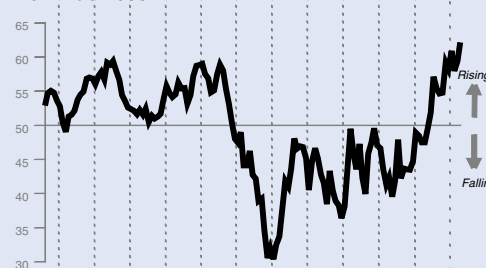
The rate of input price inflation in Northern Ireland was marked in April, and remained much faster than the UK average. A number of panellists indicated that higher salary payments had been a key driver of increased input costs. The construction sector posted the fastest rate of input price inflation for the fourth consecutive month, while inflation picked up in the manufacturing and service sectors.

Despite the rate of cost inflation remaining strong, Northern Ireland companies raised their output prices at only a slight pace in April. Charges rose most quickly in the construction sector, with services companies recording a third consecutive monthly decline.

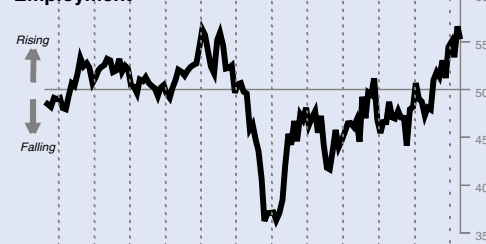
Output



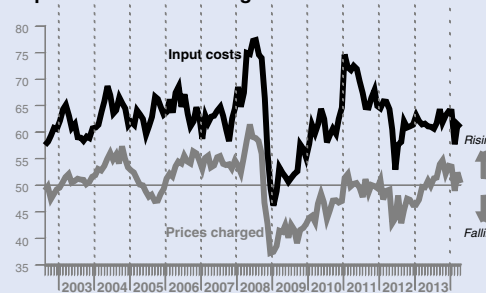
New Business



Employment



Input Costs/Prices Charged



The above charts plot the seasonally adjusted indicators of business conditions in Northern Ireland. Index readings above 50.0 signal an increase on the previous month while readings below 50.0 signal a decrease.

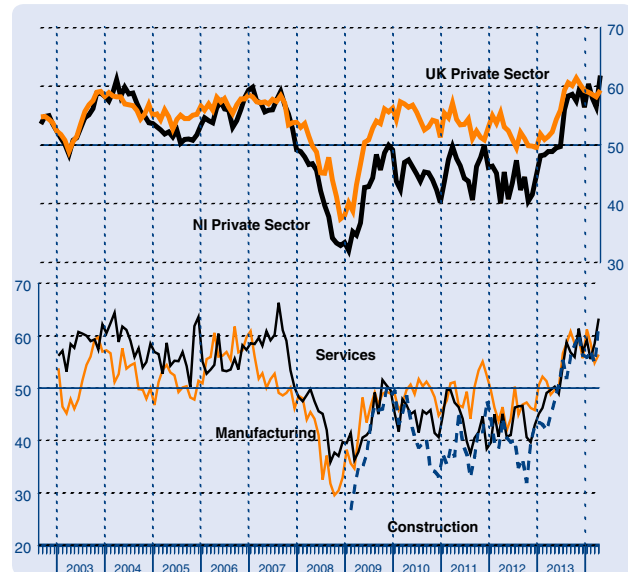
Output / Business Activity

Q. Is the level of output or business activity at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	Nov	32.4	56.5	11.1	21.4	60.7	60.2
	Dec	29.9	50.7	19.4	10.5	55.2	59.3
2014	Jan	32.7	44.0	23.3	9.4	54.7	60.4
	Feb	33.5	49.6	16.9	16.6	58.3	58.1
	Mar	29.2	59.2	11.5	17.7	58.8	58.2
	Apr	41.5	53.9	4.6	36.9	68.5	61.9

Business activity in the Northern Ireland private sector rose at the sharpest pace since data were first available in August 2002, surpassing the previous record set in March 2004. The rise in output in Northern Ireland was also sharper than the UK average. Activity has now increased in each of the past ten months, with the latest expansion linked to sales success amid improving market confidence. Services posted the strongest rate of growth of the four monitored sectors, closely followed by construction which posted a record rise in activity (since this series began in early-2009). The manufacturing and retail sectors also registered strong expansions in activity.

By sector				
		Construction	Manufacturing	Services
'14	Feb	57.3	58.7	55.6
	Mar	54.9	54.8	58.5
	Apr	62.3	56.4	63.3



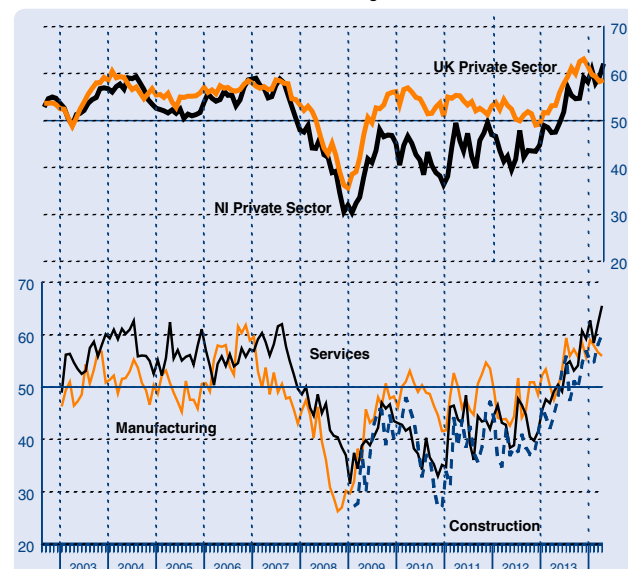
New Business

Q. Is the level of new orders or incoming new business at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	Nov	35.5	50.3	14.3	21.2	60.6	59.2
	Dec	32.2	46.8	21.0	11.2	55.6	58.3
2014	Jan	31.5	50.5	18.0	13.5	56.7	60.9
	Feb	36.3	47.6	16.0	20.3	60.2	58.0
	Mar	34.8	53.3	11.9	22.9	61.4	59.5
	Apr	42.1	49.1	8.8	33.3	66.6	62.2

In line with the picture seen with regards to activity, new business increased at a series-record pace in April as the rate of expansion accelerated for the second consecutive month. The rate of growth in new orders at Northern Ireland firms remained sharper than the UK average. Strengthening business conditions, confidence in the economic outlook and improvements in the housing market were all reported to be factors contributing to the latest expansion. Services companies posted a considerable rise in new business, and one that was the fastest in the series history. Growth also quickened at construction firms and retailers.

By sector				
		Construction	Manufacturing	Services
'14	Feb	54.9	58.0	58.5
	Mar	58.2	56.7	62.1
	Apr	60.4	56.0	65.5



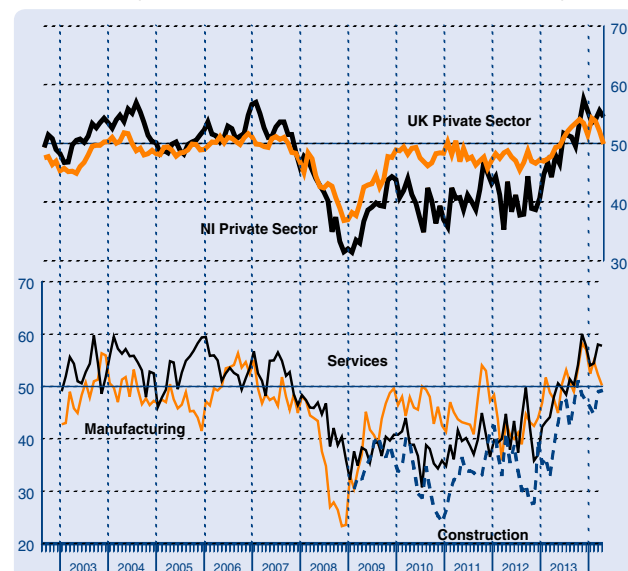
Backlogs

Q. Is the level of business outstanding (i.e. work not yet commenced or completed) at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	Nov	28.6	59.0	12.5	16.1	58.0	57.5
	Dec	21.1	65.6	13.3	7.8	53.9	55.6
2014	Jan	16.5	66.0	17.4	-0.9	49.5	53.6
	Feb	22.4	64.9	12.8	9.6	54.8	54.1
	Mar	25.7	62.0	12.3	13.4	56.7	55.6
	Apr	24.4	66.3	9.3	15.2	57.6	54.5

Higher new orders led to another increase in backlogs of work during April, extending the current sequence of accumulation to seven months. The rise in Northern Ireland contrasted with a stabilisation of outstanding business across the UK as a whole. The latest increase in backlogs was solid, and only slightly weaker than March's three-month high. Three of the four monitored sectors recorded increases in outstanding business, led by services and retail. The only sector to post a reduction was construction, while manufacturing backlogs of work rose only marginally during the month.

By sector				
		Construction	Manufacturing	Services
'14	Feb	44.7	54.9	54.4
	Mar	49.0	52.3	58.1
	Apr	49.3	50.3	57.8



Employment

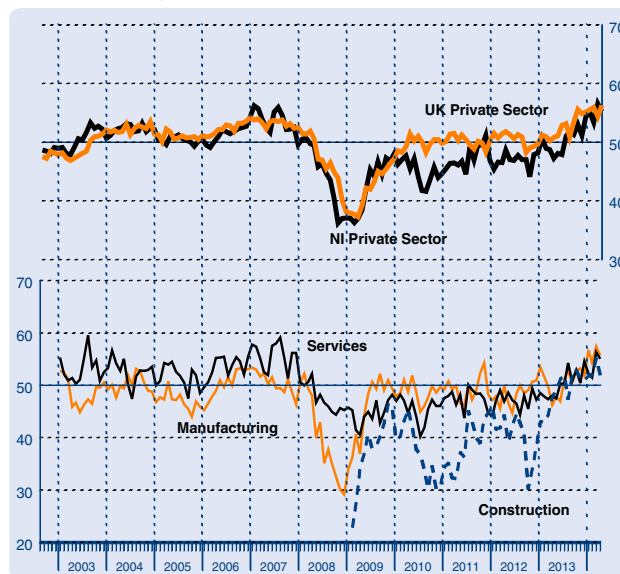
Q. Is the level of employment at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2013 Nov	11.5	78.2	10.2	1.3	50.7	51.2	54.9
Dec	16.8	74.4	8.8	8.0	54.0	54.5	55.2
2014 Jan	18.3	72.2	9.5	8.8	54.4	55.0	55.7
Feb	11.8	80.4	7.7	4.1	52.0	53.4	56.0
Mar	19.4	74.2	6.4	13.1	56.5	56.6	54.4
Apr	14.9	80.6	4.5	10.4	55.2	55.3	56.3

Northern Ireland private sector firms continued to increase their staffing levels during April in response to additional workloads. Employment has now risen in each of the past ten months. Although remaining sharp, the rate of job creation eased slightly from the previous month and was slower than the UK economy average. Close to 15% of panellists raised their staffing levels during the month, compared with 5% that posted a fall. All four sectors covered by the survey posted increases in employment, led by retail. Marked rises in staffing levels were also seen at manufacturing firms and service providers.

By sector

		Construction	Manufacturing	Services
'14	Feb	52.1	54.4	51.5
	Mar	55.2	57.5	56.4
	Apr	51.9	55.8	55.1



Input Costs

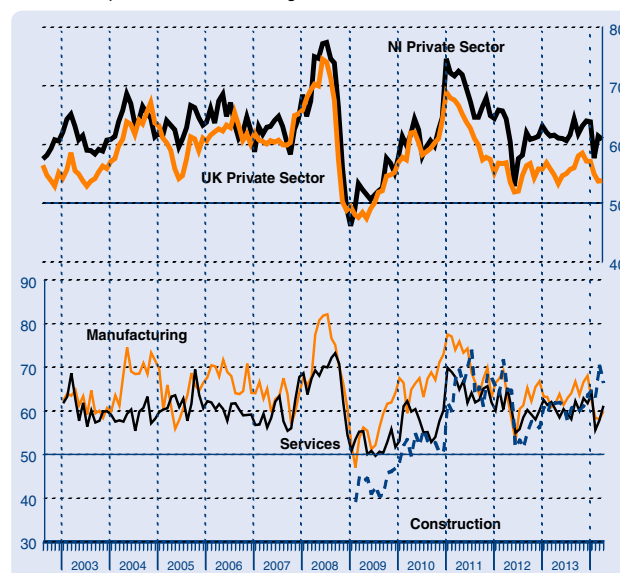
Q. Have average input prices or input costs risen, fallen or remained unchanged this month compared to one month ago?

Northern Ireland Companies					All UK		
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2013 Nov	26.4	70.3	3.3	23.1	61.5	63.2	58.6
Dec	23.8	74.0	2.3	21.5	60.8	64.0	57.3
2014 Jan	31.4	64.4	4.1	27.3	63.6	63.9	57.2
Feb	16.9	80.2	2.9	14.0	57.0	57.7	55.0
Mar	31.3	67.1	1.6	29.7	64.8	61.5	53.8
Apr	26.8	72.1	1.1	25.6	62.8	60.9	53.9

Input prices at Northern Ireland companies continued to increase at a sharp pace during April, with the rate of inflation much stronger than the UK average. The latest rise in input costs was only slightly slower than that recorded in March. According to respondents, a key factor leading to higher input prices was increasing salary payments. Construction firms posted the fastest rise in input prices, although the rate of inflation slowed from March's two-year high. Both the manufacturing and service sectors recorded faster increases in input costs than in the previous month, while retailers registered the slowest rate of price inflation.

By sector

		Construction	Manufacturing	Services
'14	Feb	63.3	58.5	55.7
	Mar	70.7	58.1	57.8
	Apr	66.4	60.0	61.2



Prices Charged

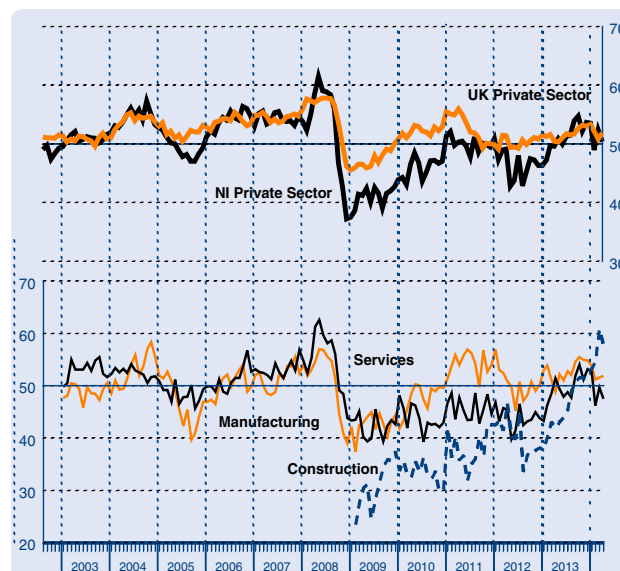
Q. Are the average prices charged for goods and services by your company higher, the same or lower this month than one month ago?

Northern Ireland Companies					All UK		
	Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index	S.Adj'd Index
2013 Nov	7.6	86.1	6.4	1.2	50.6	52.2	53.2
Dec	9.7	85.6	4.7	5.1	52.5	53.7	53.1
2014 Jan	15.5	77.6	6.9	8.7	54.3	53.6	53.3
Feb	7.6	83.0	9.4	-1.8	49.1	49.0	52.2
Mar	14.1	78.1	7.8	6.3	53.1	52.4	50.8
Apr	11.3	81.7	7.0	4.3	52.1	50.4	51.9

Higher cost burdens led to a rise in output prices during April as companies passed increased prices on to clients. That said, the rate of inflation was only marginal amid attempts by firms to boost new business. Prices charged in Northern Ireland have risen in all but one month since July 2013, with the latest increase slower than that recorded across the UK economy as a whole. The construction sector posted a sharp rise in output prices during April, with inflation only slightly slower than March's record high. Increased selling prices were also recorded in the manufacturing and retail sectors, but service providers lowered output prices for the third month running.

By sector

		Construction	Manufacturing	Services
'14	Feb	54.8	51.2	46.3
	Mar	60.8	51.6	49.7
	Apr	57.9	51.9	47.5



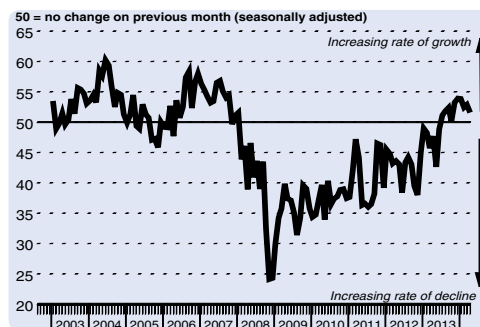
New Export Business*

Is the level of new export business at your company higher, the same or lower this month than one month ago?

Northern Ireland Companies

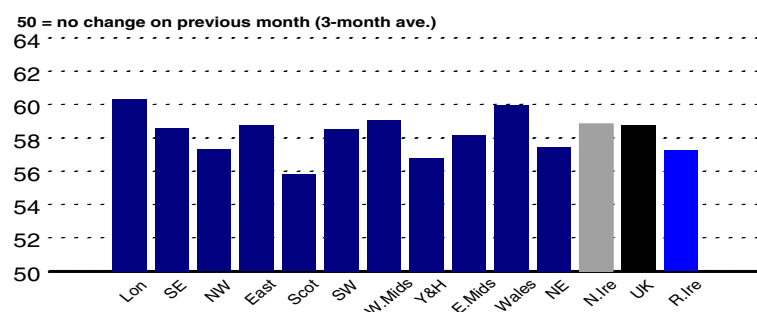
		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj'd Index
2013	Nov	23.6	62.1	14.3	9.3	54.6	53.3
	Dec	22.3	60.8	16.9	5.4	52.7	54.0
2014	Jan	18.6	69.9	11.6	7.0	53.5	53.9
	Feb	19.2	69.9	10.9	8.3	54.1	52.5
	Mar	19.4	64.6	16.0	3.4	51.7	52.9
	Apr	14.2	76.6	9.2	5.1	52.5	51.6

Although Northern Ireland companies continued to record growth of new export orders during April, the rate of expansion was only slight and the weakest since October last year. New export business has now increased in each of the past ten months.



Regional Comparisons: Output / Business Activity

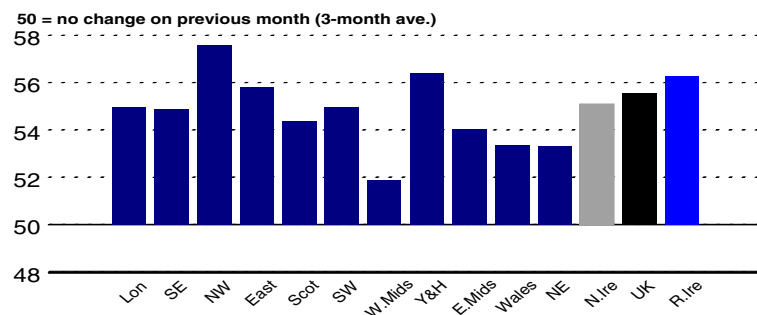
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). London was the best performing region on average during the three months to April, with Wales and the West Midlands close behind. Growth of business activity was slowest in Scotland. Strong growth of output was recorded in the Republic of Ireland.



	Share of UK GVA, 2012 (National Statistics)	Last 12 months	PMI Output Index Latest 3 months	Latest month
London	(22.8%)	60.6	60.3	62.0
South East	(14.9%)	59.6	58.6	57.8
North West	(9.6%)	59.4	57.3	58.7
East of England	(8.6%)	58.3	58.8	59.9
Scotland	(7.8%)	56.4	55.8	54.8
South West	(7.5%)	59.5	58.5	57.8
West Midlands	(7.2%)	58.7	59.1	56.9
Yorks & Humber	(6.9%)	57.5	56.8	56.4
East Midlands	(5.9%)	58.5	58.2	60.6
Wales	(3.5%)	58.4	60.0	60.2
North East	(3.1%)	56.2	57.5	59.2
N.Ireland	(2.2%)	57.0	58.8	61.9
UK	(100.0%)	58.9	58.8	59.4
Rep. of Ireland	n/a	56.4	58.4	60.9

Regional Comparisons: Employment

The graph below shows the regional PMI Employment Indexes for the UK. An average of the latest three months is used (see also the table to the right). All 12 UK regions recorded an increase in private sector payroll numbers. Job creation remained strongest in the North West on average during the three months to April, while the West Midlands posted the weakest rise in staffing levels. The Republic of Ireland posted a faster increase in employment than the UK.



	Share of UK GVA, 2012 (National Statistics)	Last 12 months	PMI Employment Index Latest 3 months	Latest month
London	(22.8%)	54.9	55.0	55.1
South East	(14.9%)	53.9	54.9	56.6
North West	(9.6%)	55.0	57.6	58.5
East of England	(8.6%)	54.4	55.8	57.0
Scotland	(7.8%)	53.1	54.4	53.3
South West	(7.5%)	55.1	55.0	55.0
West Midlands	(7.2%)	53.8	51.9	52.2
Yorks & Humber	(6.9%)	52.8	56.4	58.5
East Midlands	(5.9%)	51.9	54.1	56.6
Wales	(3.5%)	52.6	53.4	53.3
North East	(3.1%)	51.7	53.3	52.0
N.Ireland	(2.2%)	52.4	55.1	55.3
UK	(100.0%)	54.1	55.6	56.3
Rep. of Ireland	n/a	55.2	57.3	57.8

PMI® Survey Methodology

The Purchasing Managers' Index® (or PMI®) surveys are monthly surveys of carefully selected 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 both manufacturing and service sectors. Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary between 0 and 100 with readings of exactly 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) signalled. The indices are

seasonally adjusted to take into consideration expected variations for the time of year, such as summer shutdowns and national holidays.

Sector data published in the Ulster Bank Northern Ireland PMI report are intended to give an indication of underlying trends in the manufacturing, services and construction industries within the Northern Ireland private sector economy. Data at the sector level are more volatile than the headline total private sector economy figures, and month-on-month movements in the sector data should therefore be treated with a degree of caution.

*Exports are defined as sales outside of the United Kingdom.

Ulster Bank and Markit Economics

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Our focus is firmly centred on our customers. Every business customer benefits from access to a dedicated, professional and highly trained relationship manager. Their role is to gain a genuine understanding of our customers' business needs and provide dedicated financial information and assistance.

We work together to achieve business success, no matter how simple or complex our customers' requirements. A combination of size, financial strength

and wide ranging capability means we can deliver for our customers, whatever their business may be.

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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Ulster Bank Northern Ireland Purchasing Managers Index (PMI)

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

April 2014 Survey Update

Issued 12th May 2014

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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.

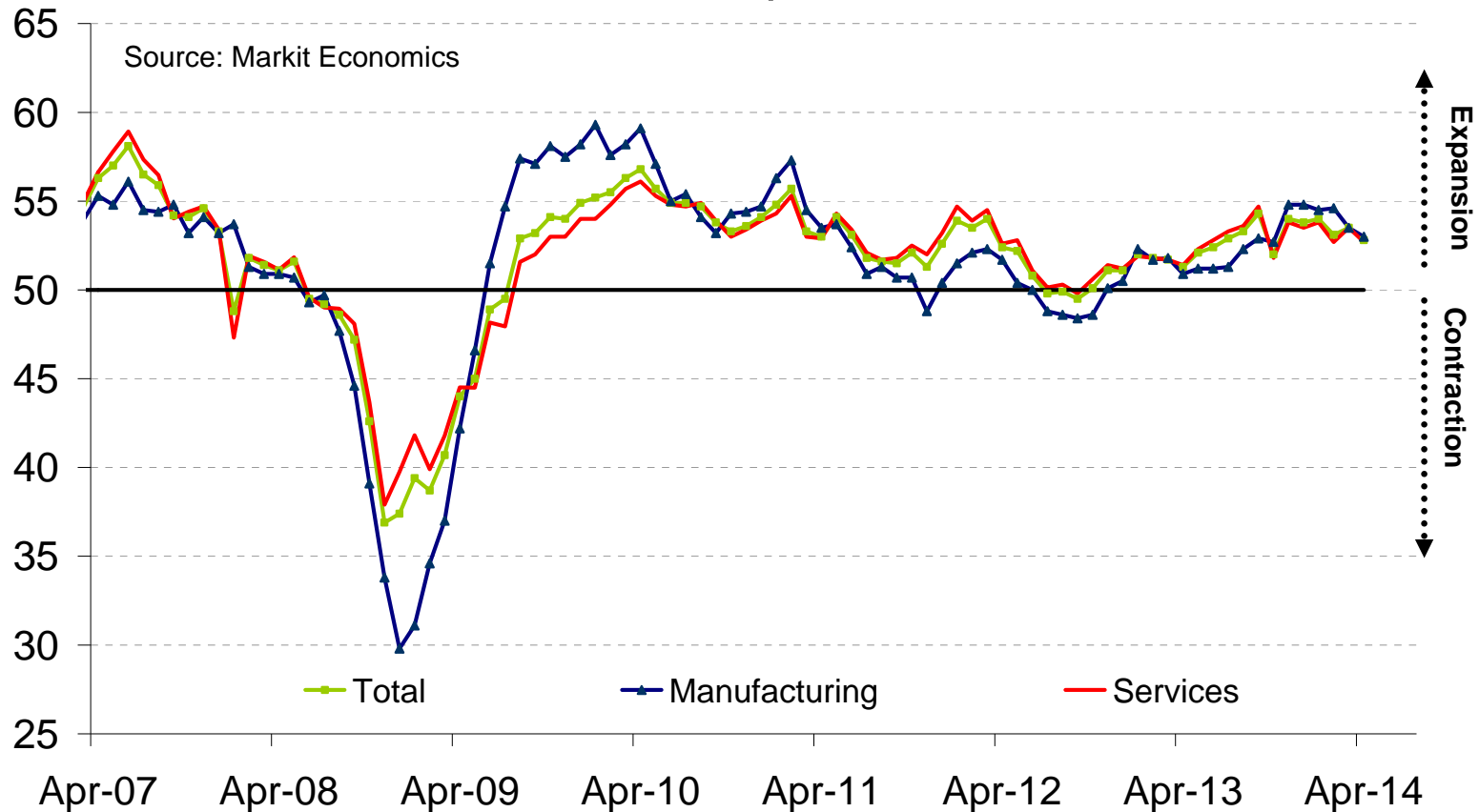
Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. These indices vary from 0 to 100 with readings of 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below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

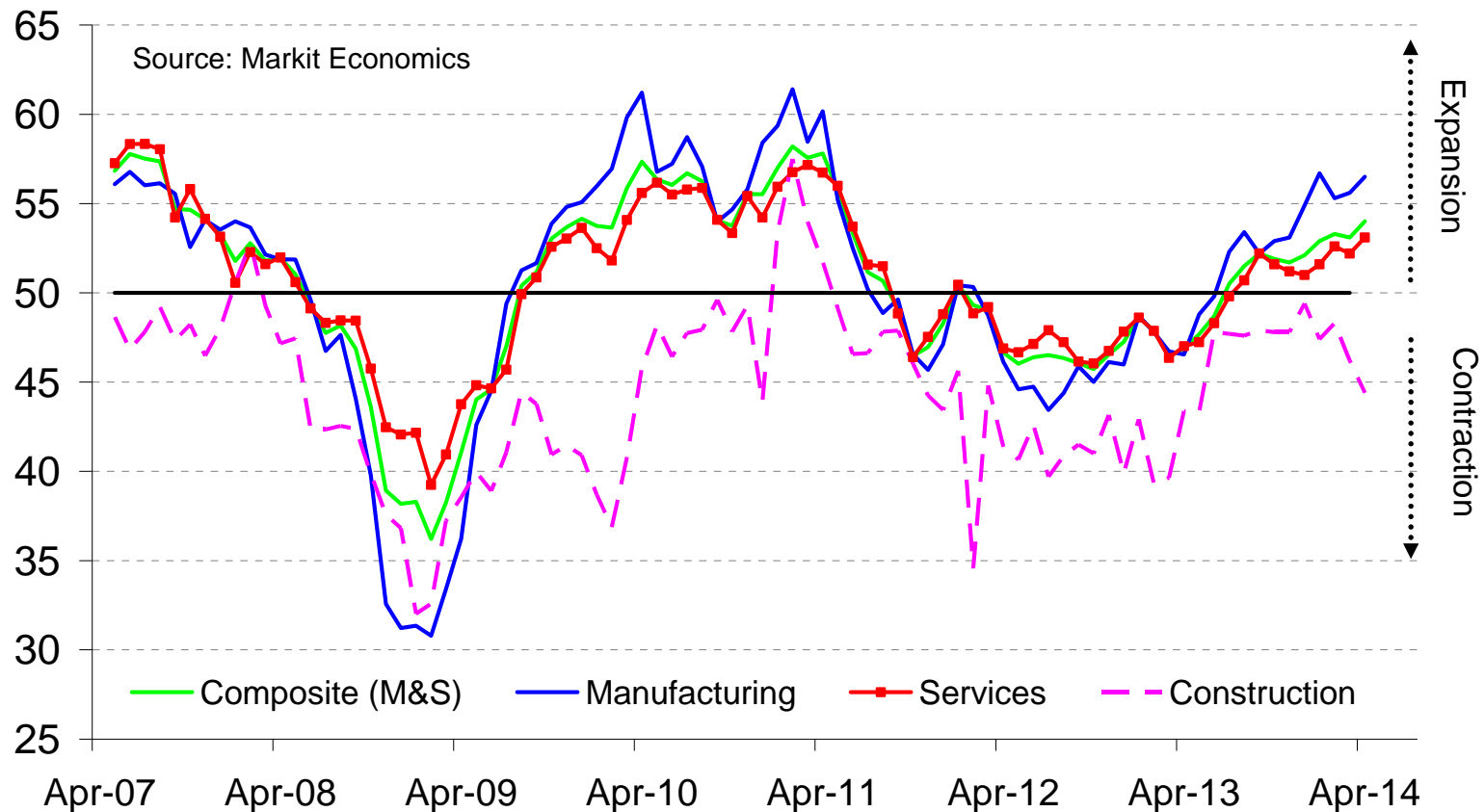
Global manufacturing & services output growth eases in April with manufacturing output at a six-month low

Global Output - PMI



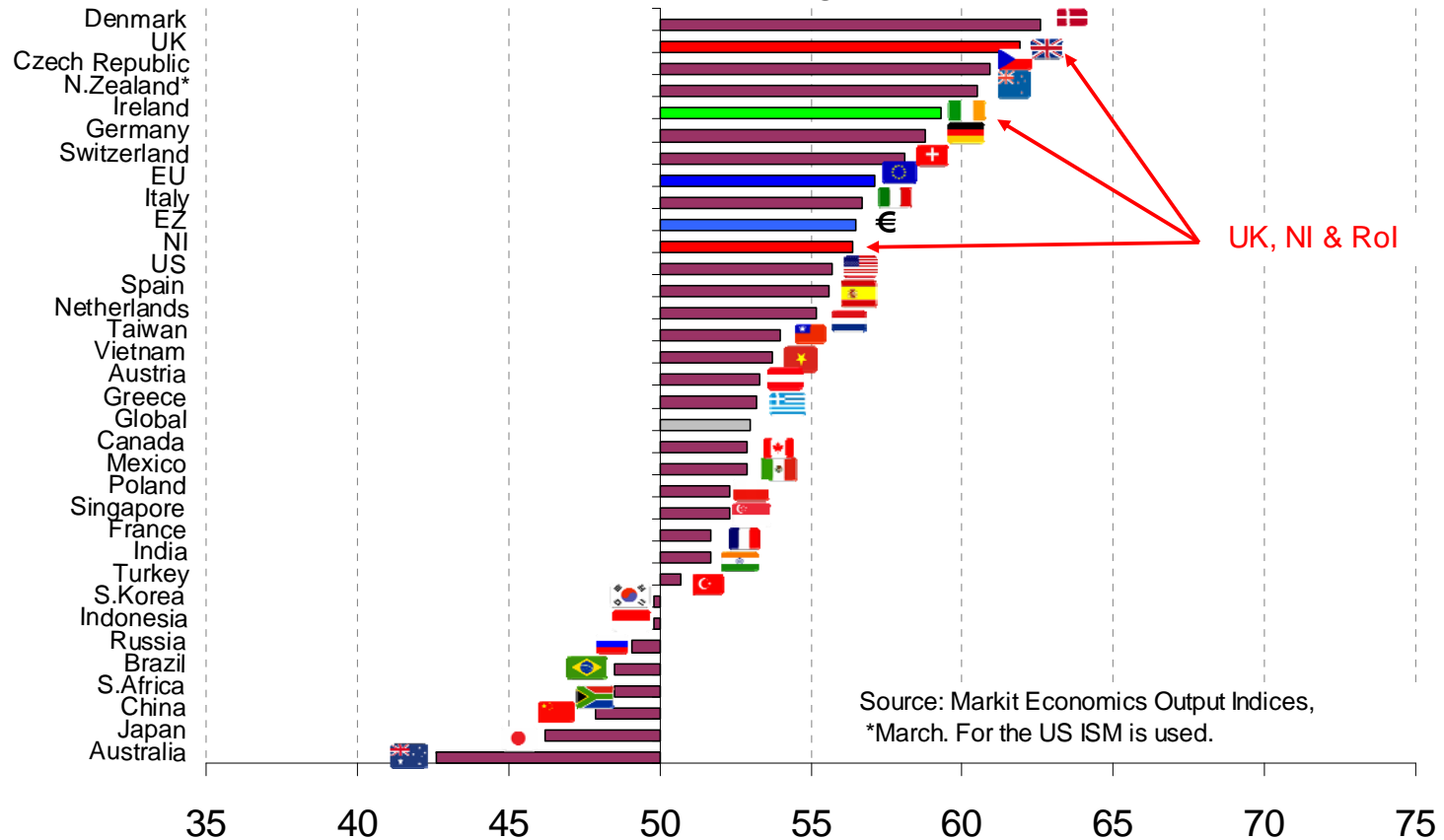
The Eurozone's recovery is gathering momentum. However, the downturn under construction continues

Eurozone PMIs: Output



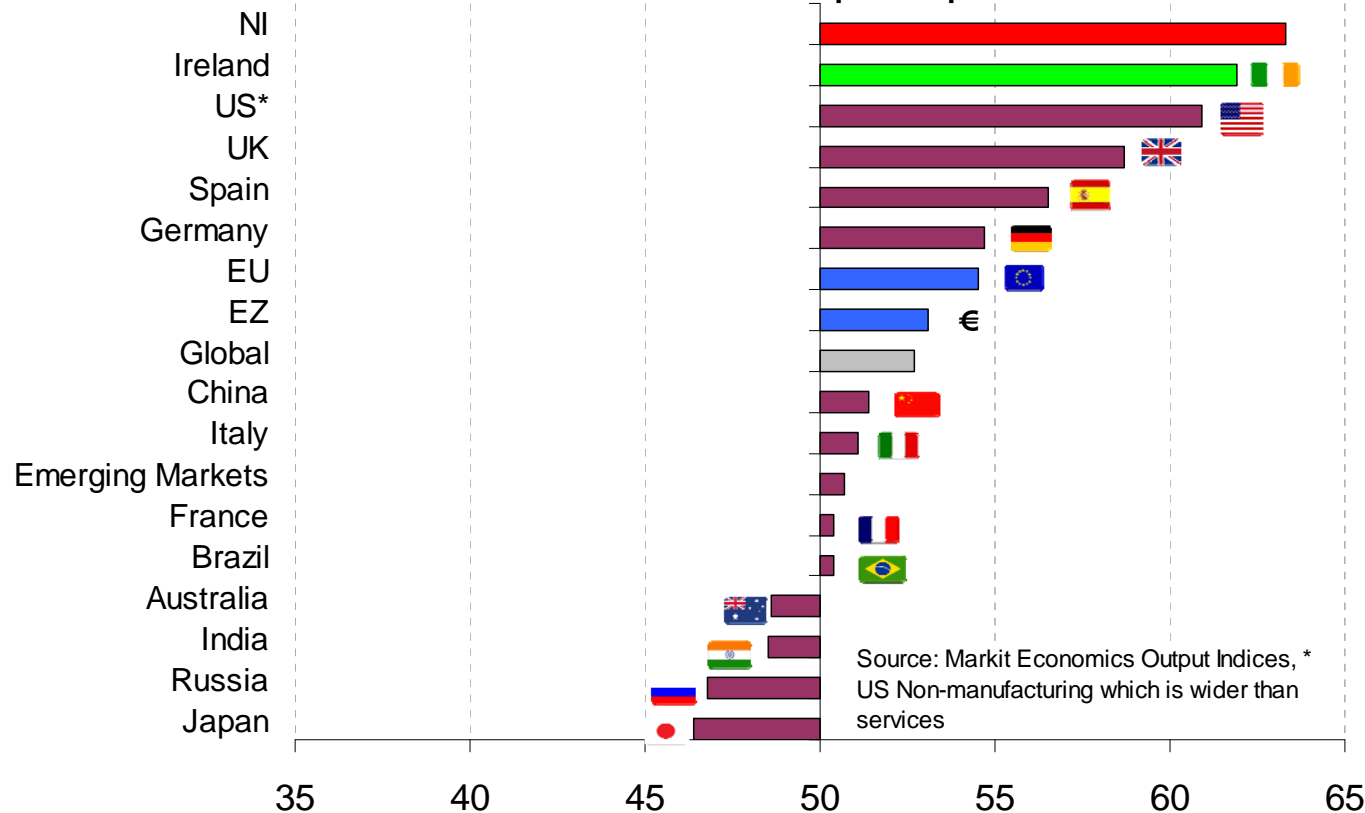
Most economies post manufacturing output growth in April

PMIs: Manufacturing Output April 2014

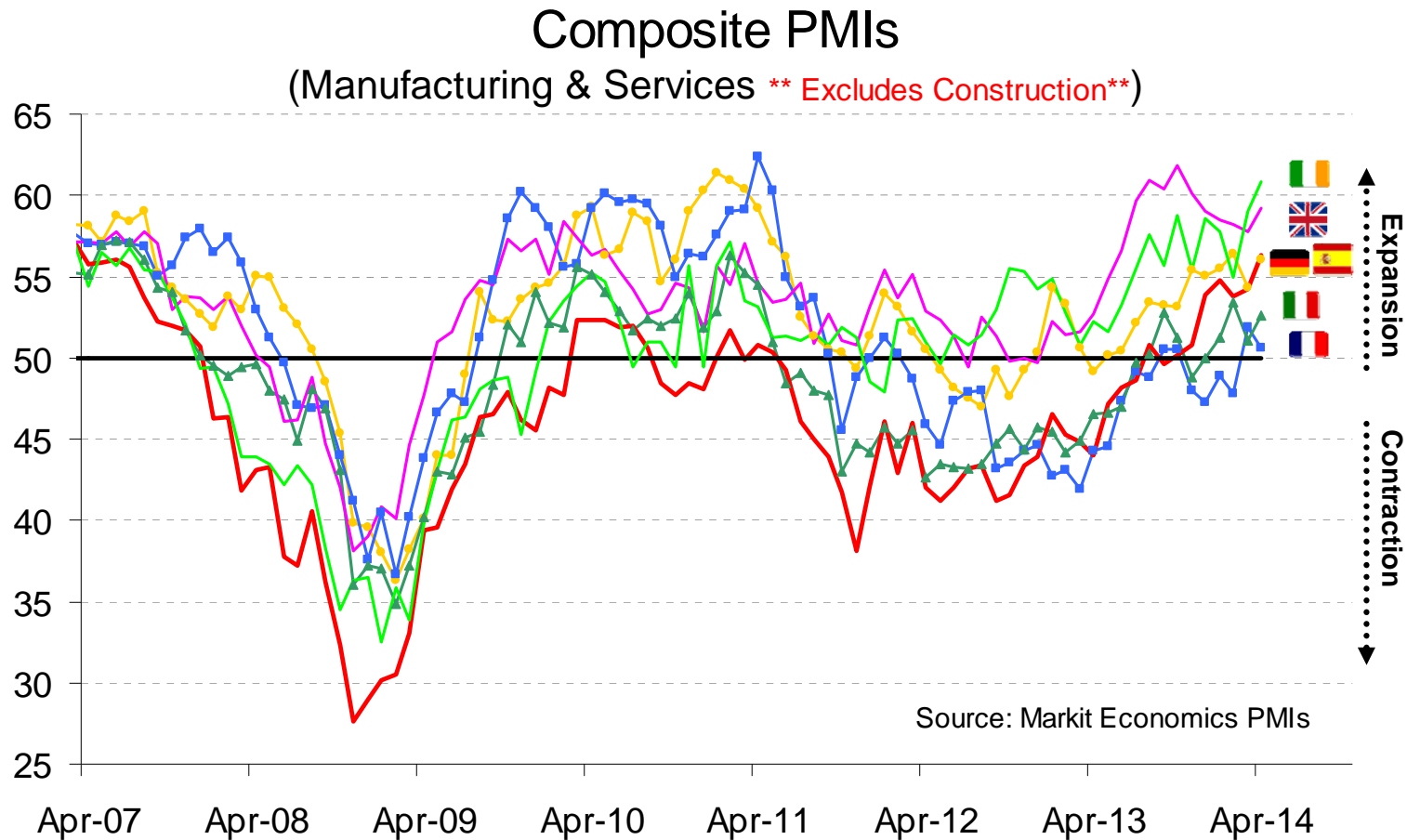


The Republic of Ireland & Northern Ireland posted the fastest rates of service sector output growth in April

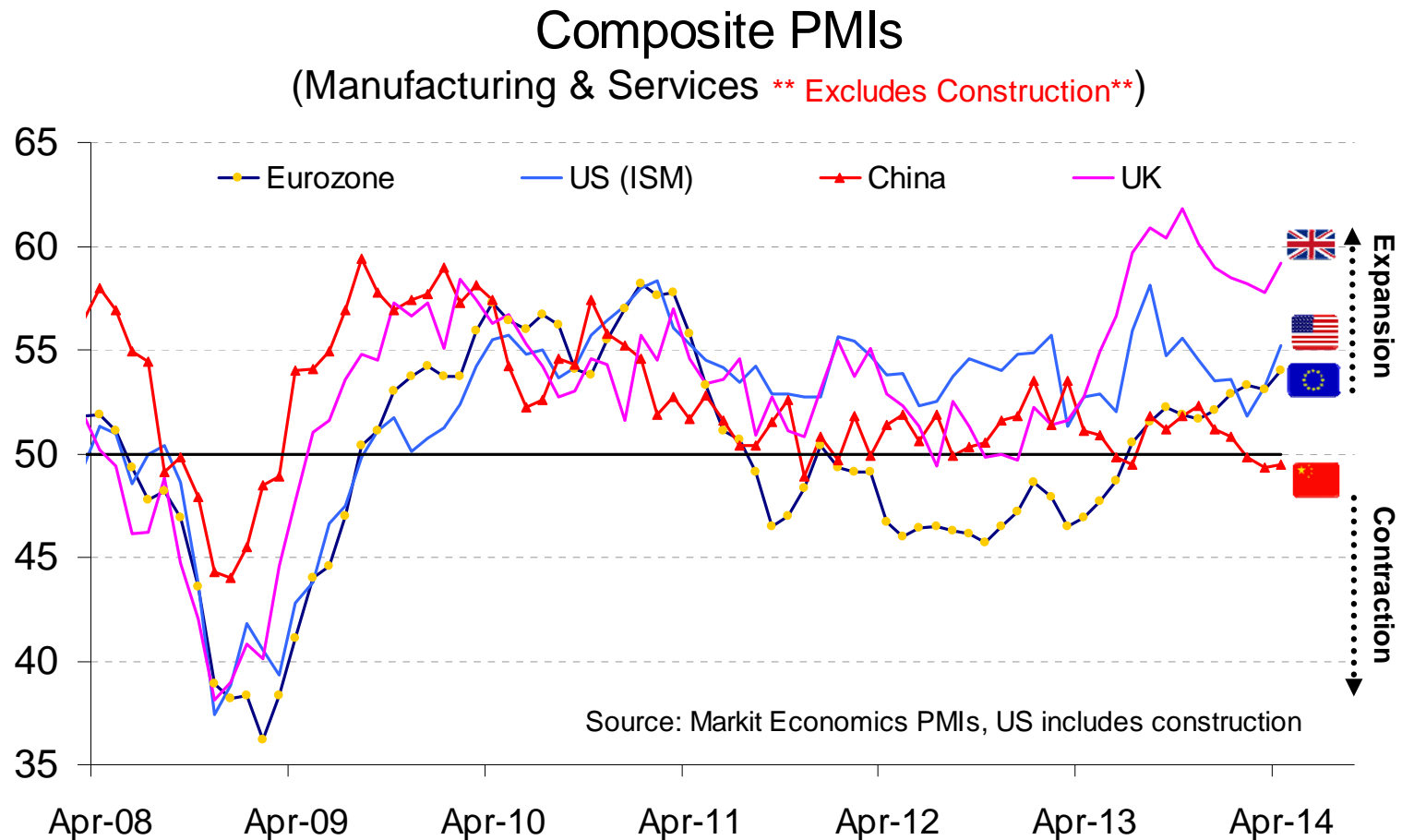
PMIs: Services Output April 2014



The French Composite PMI bucks the wider trend of improvement amongst other economies in April

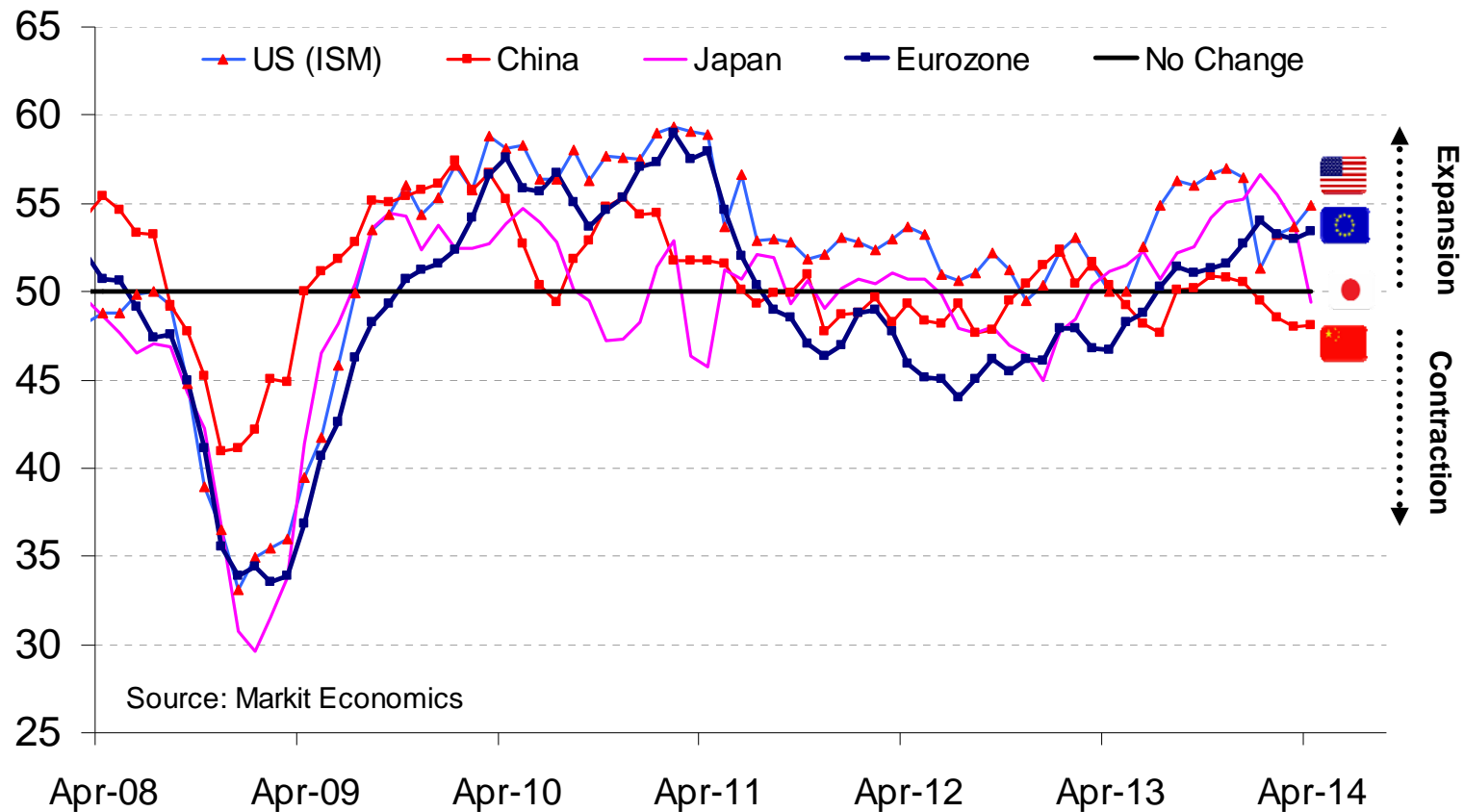


The US, EZ & the UK Composite PMIs improve in April



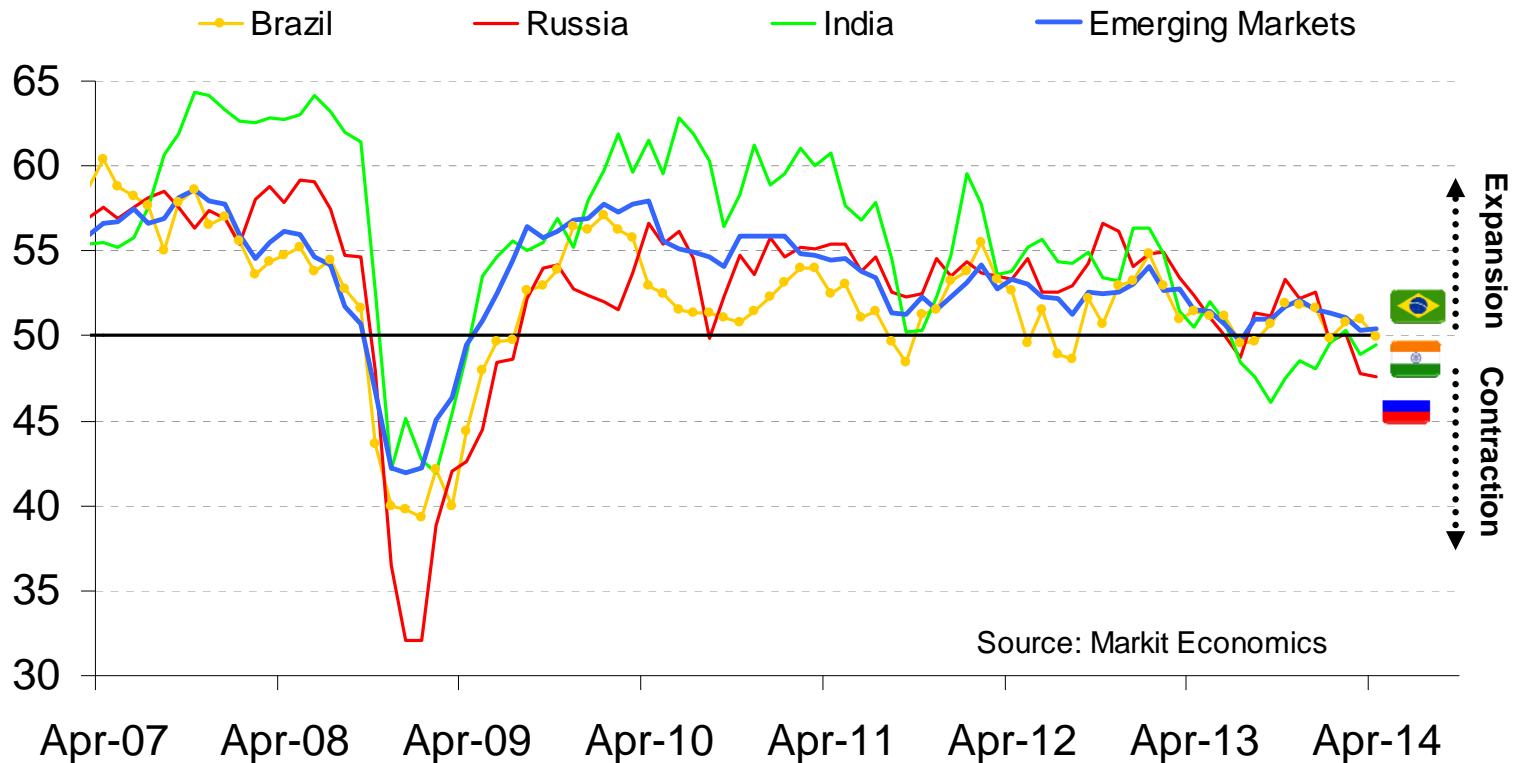
The US recovery, following adverse weather conditions, continues while Japan dips below the 50 threshold

Manufacturing PMIs



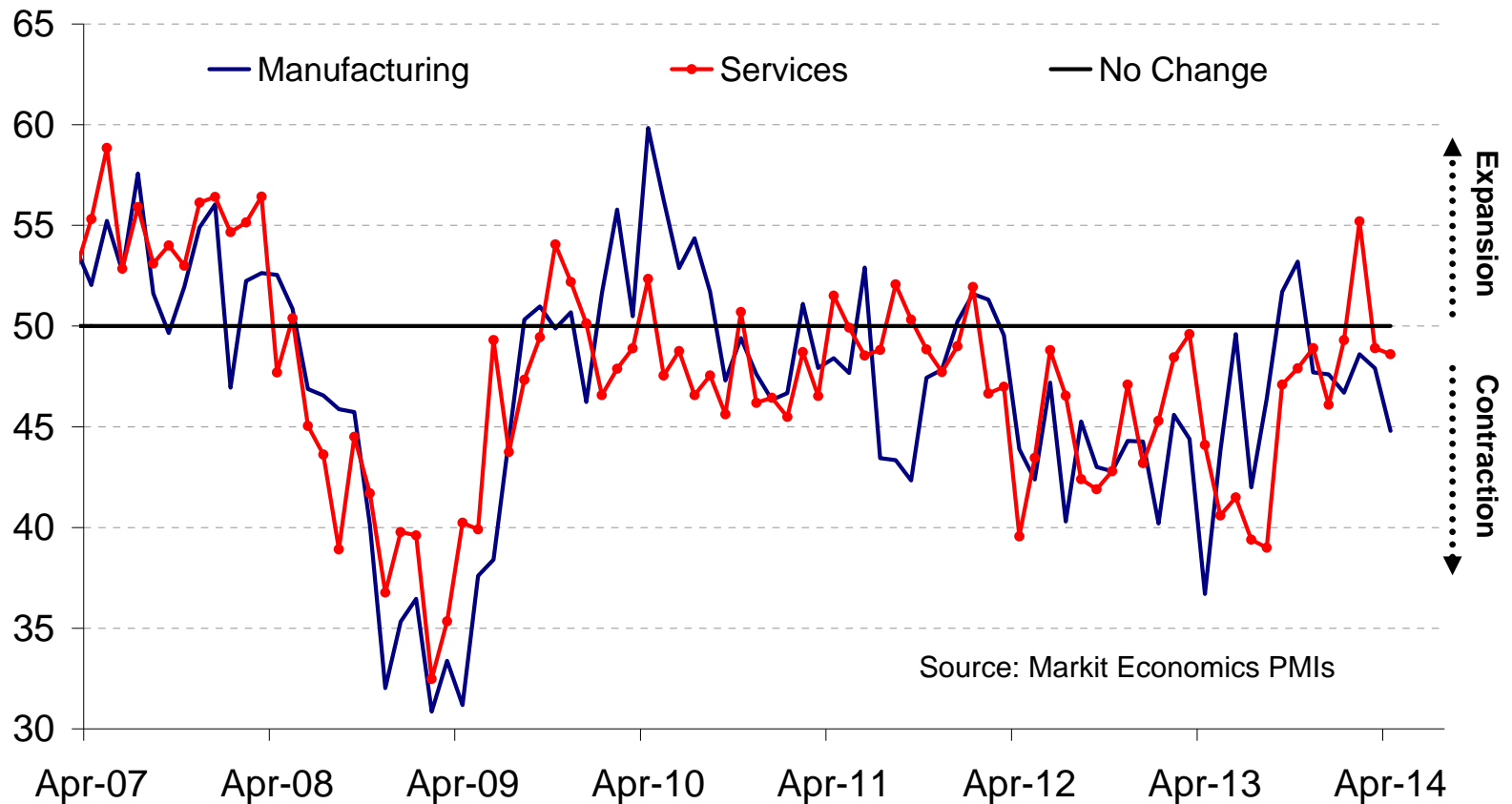
Emerging markets growth remains subdued. Russian PMI is contracting at its fastest rate since May 2009

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



Australia's services & manufacturing sectors remain 'Down Under' the 50 threshold in April

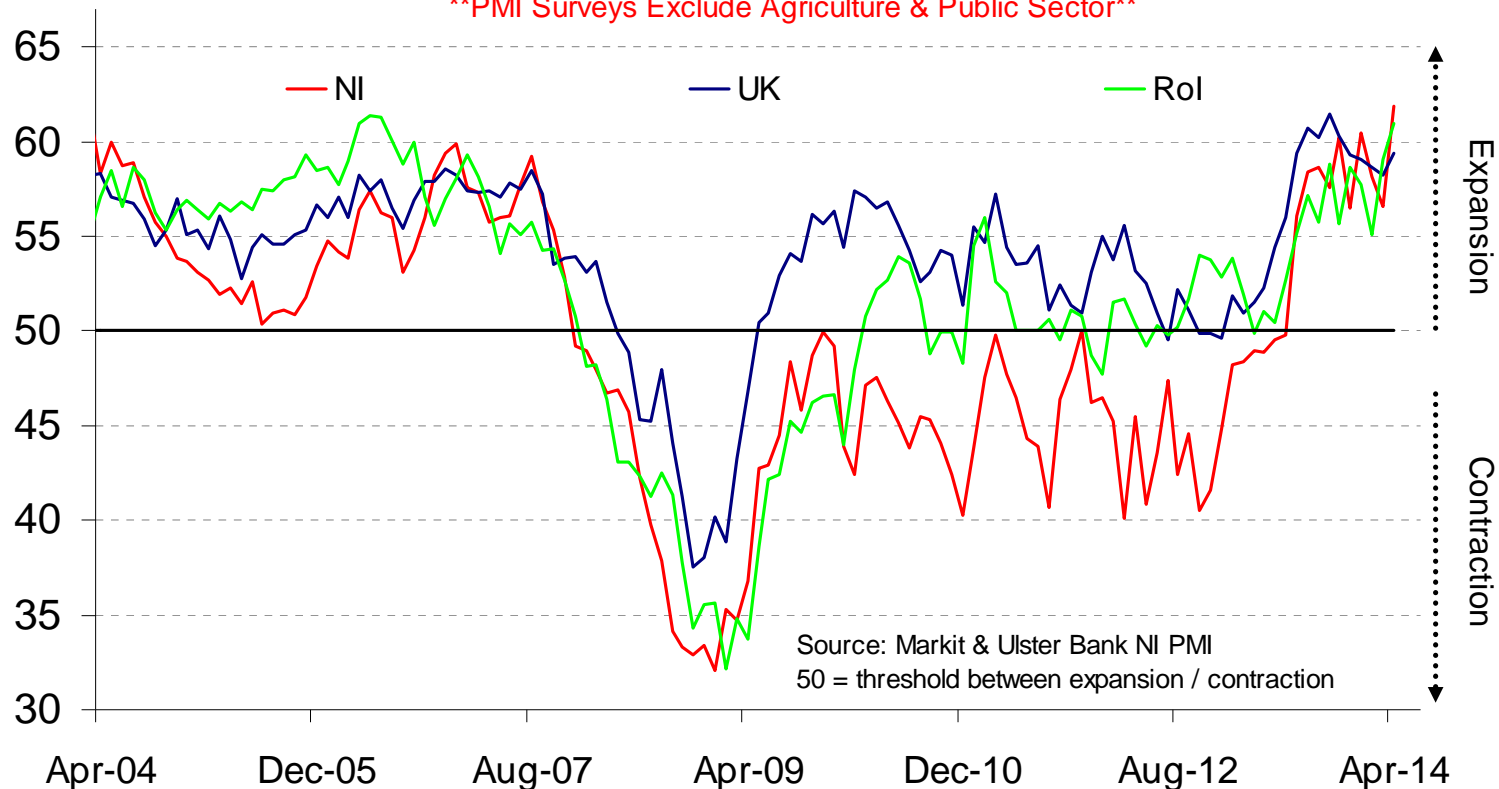
Australia - PMI



The UK, NI & the RoI all see their business activity growth rates accelerate in April with NI's at a record rate

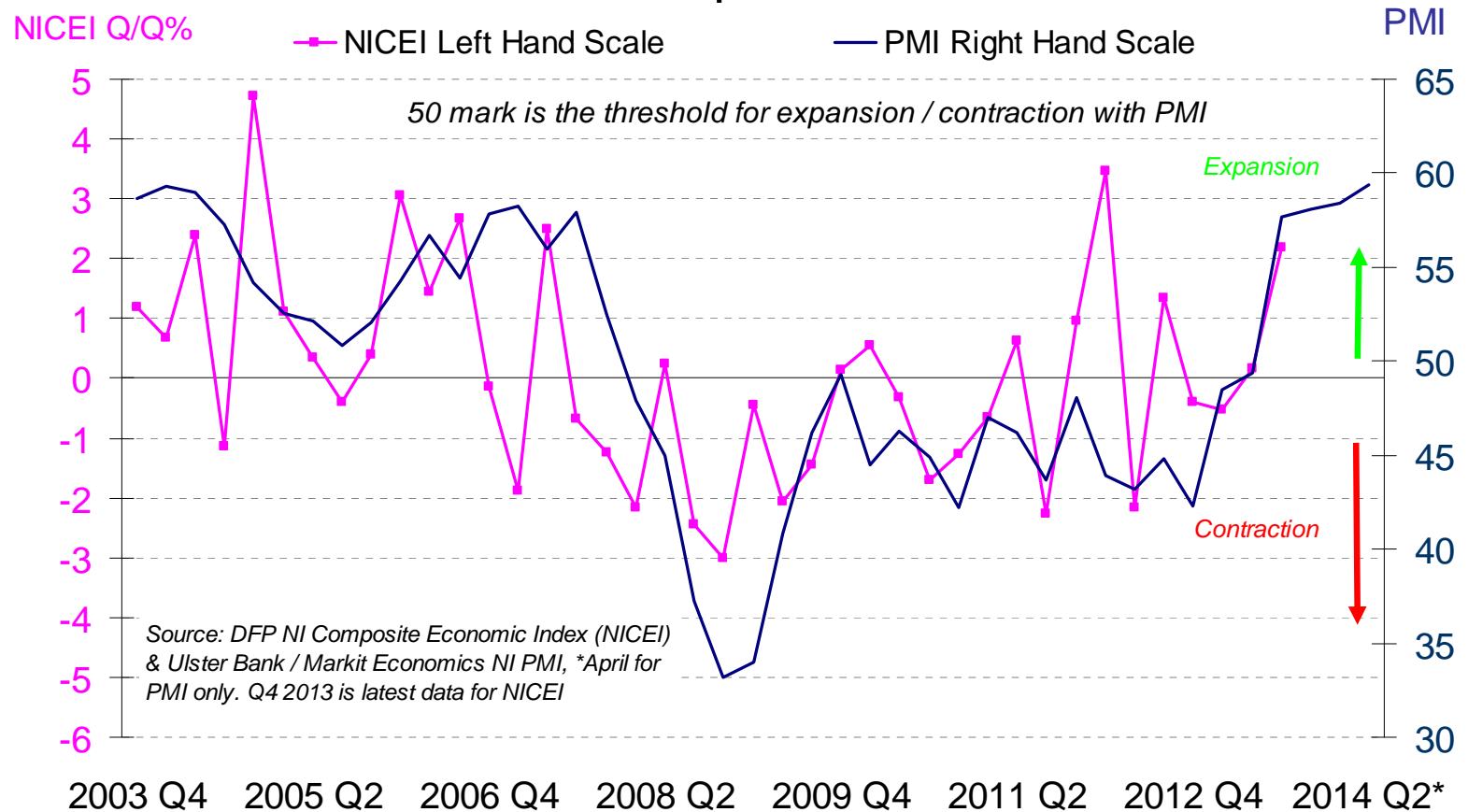
Private Sector Business Activity - PMIs

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



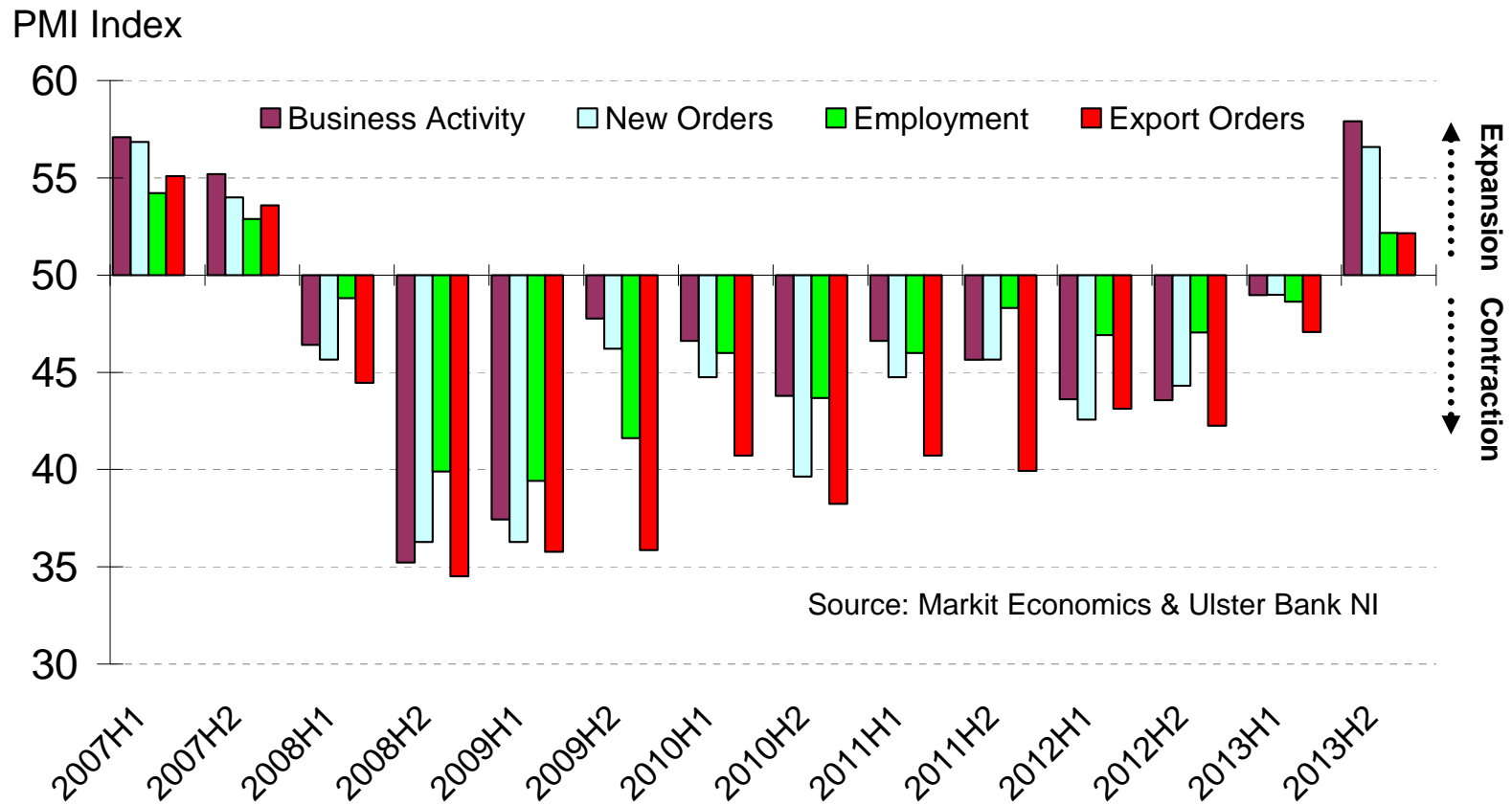
PMI suggests growth in DFP's new private sector composite index (combines indices for construction, services, agriculture & industrial production) in Q4 & Q1-14

NI Private Sector Output Index Versus NI PMI



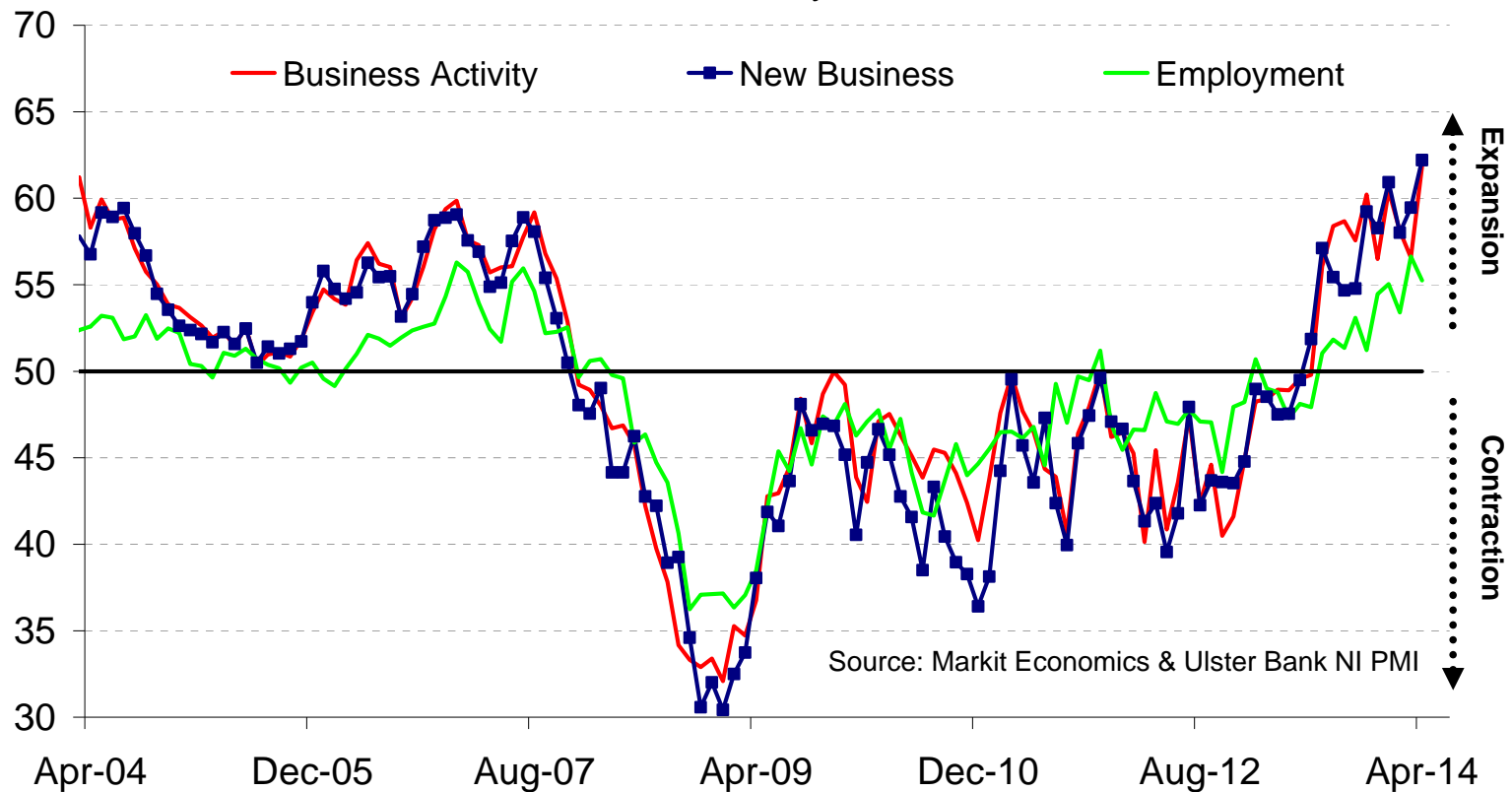
NI's recovery took hold in the second half (H2) of 2013

NI Private Sector Performance (PMI)



NI firms report record rates of growth in business activity and new orders growth in April

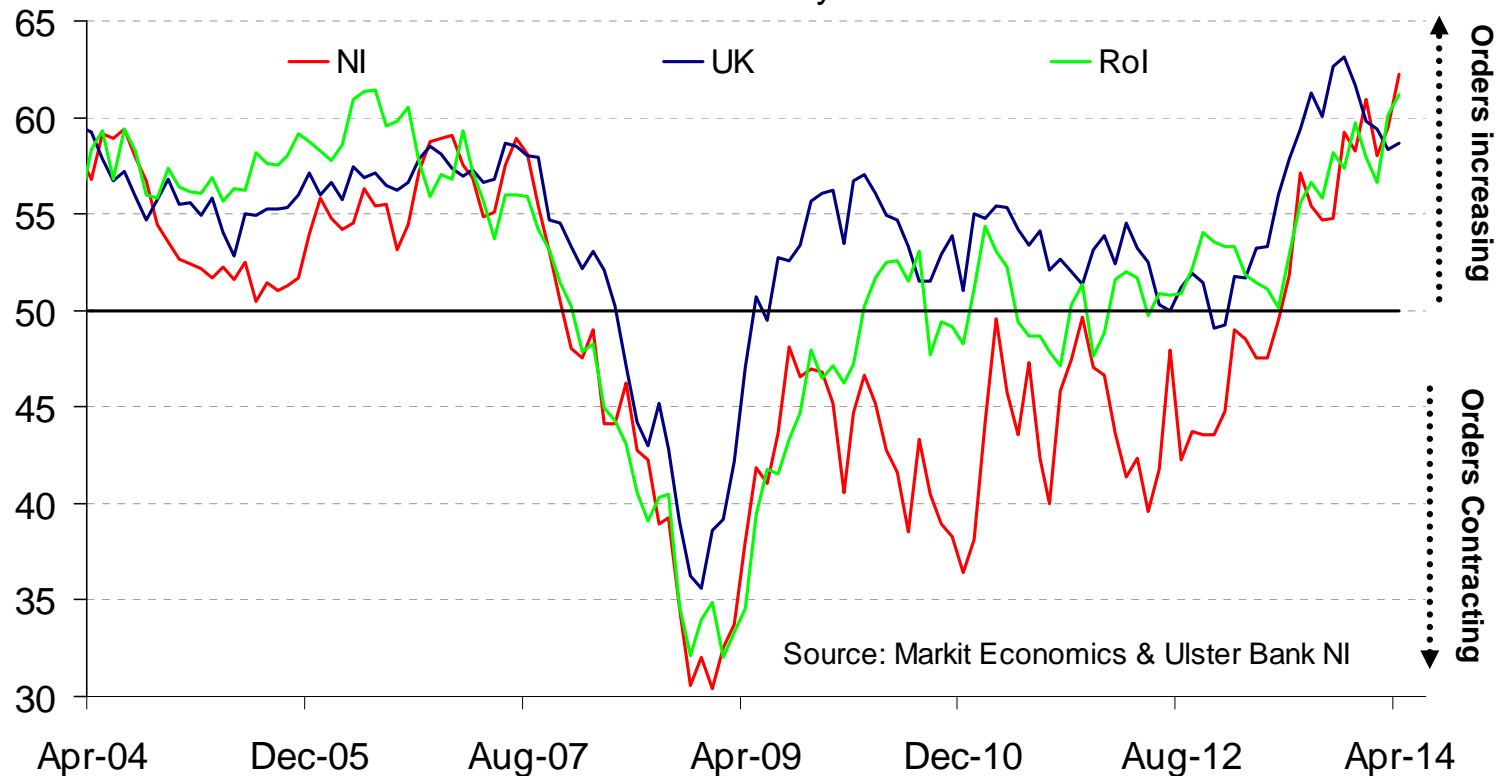
NI Private Sector Activity Monthly



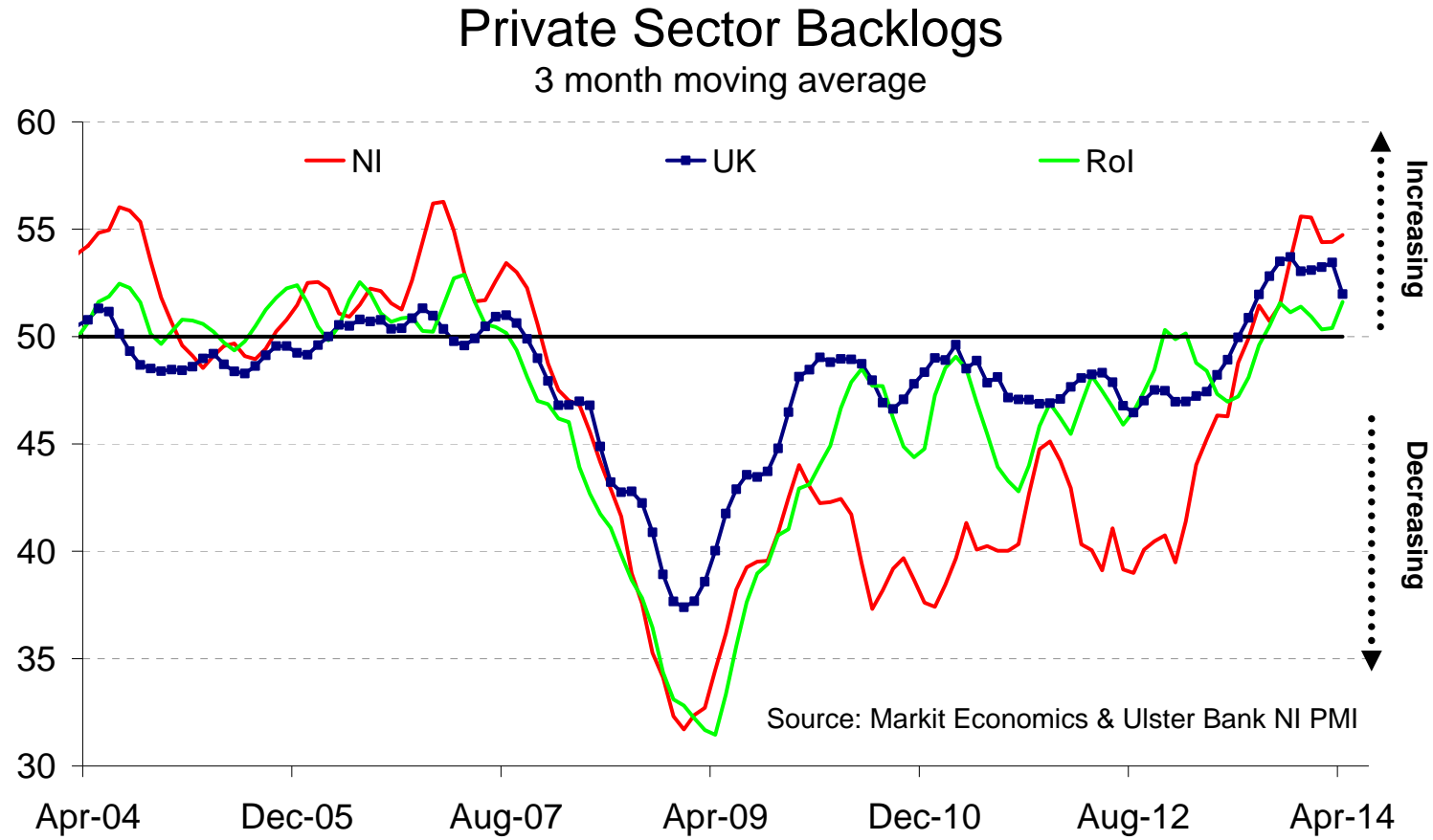
NI order books growing at a record rate in April which suggests more growth in the months ahead

Private Sector New Orders

Monthly

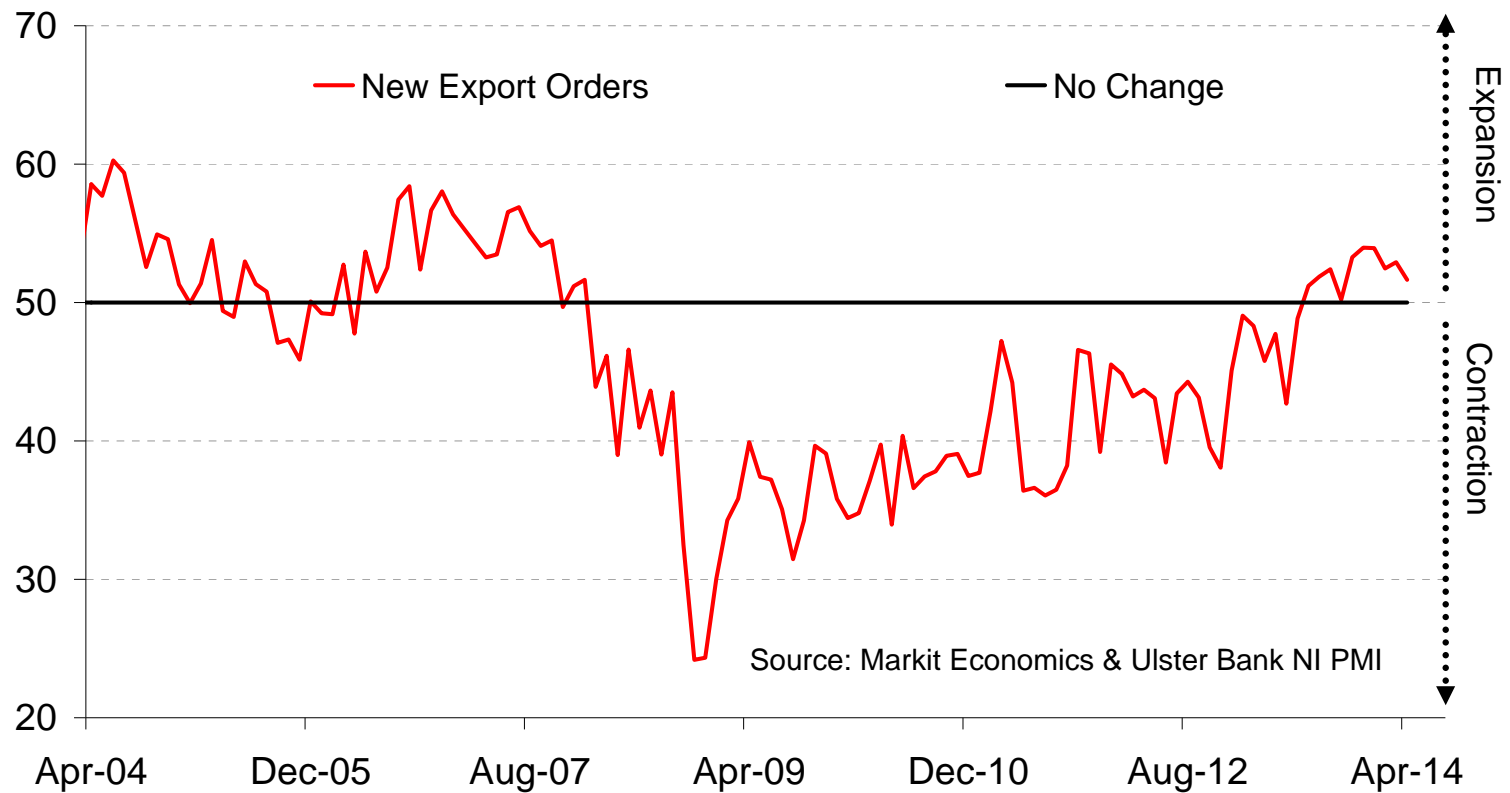


Surge in demand has led to backlogs of work particularly within NI

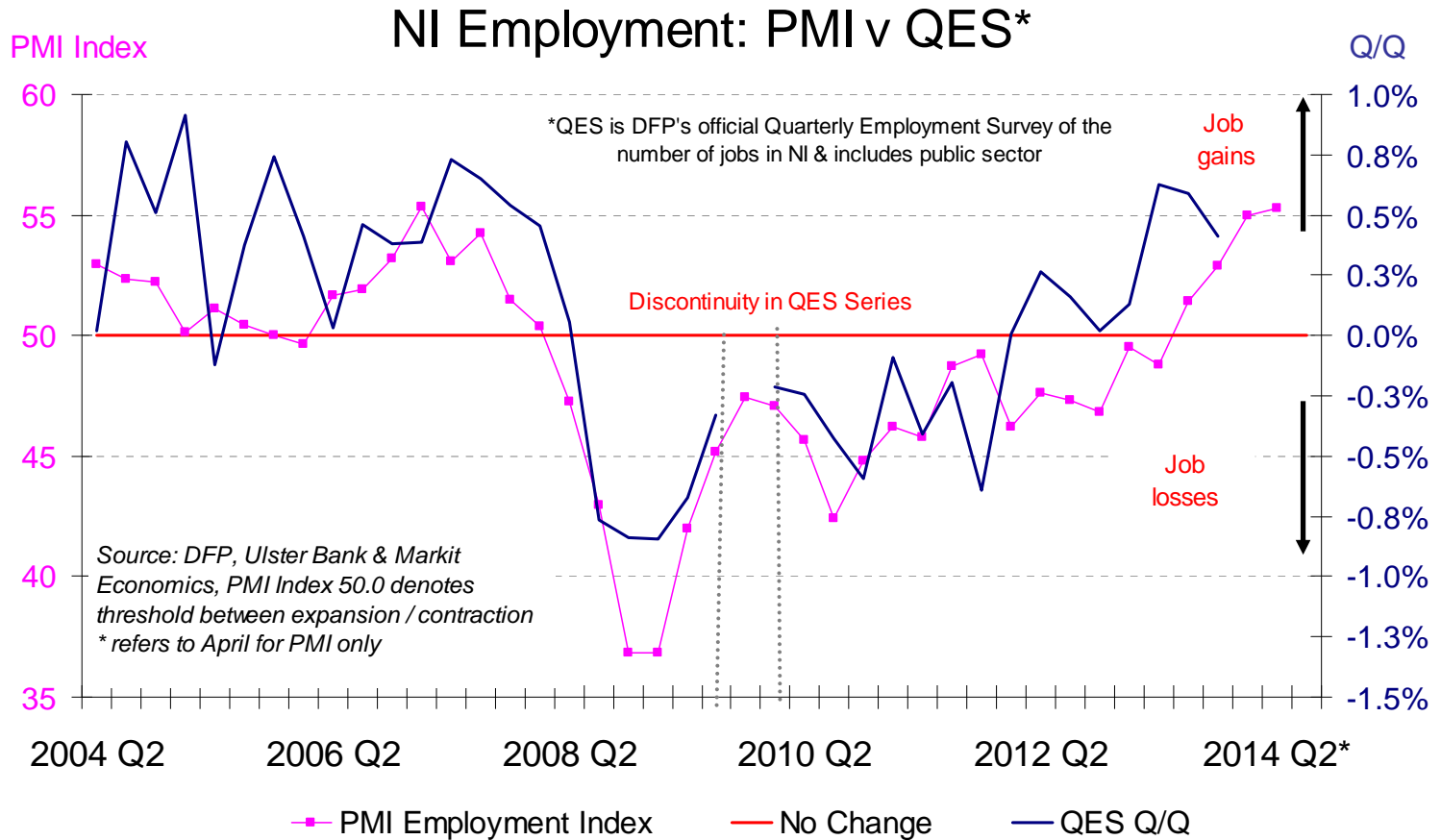


NI firms post their 10th successive rise in export orders

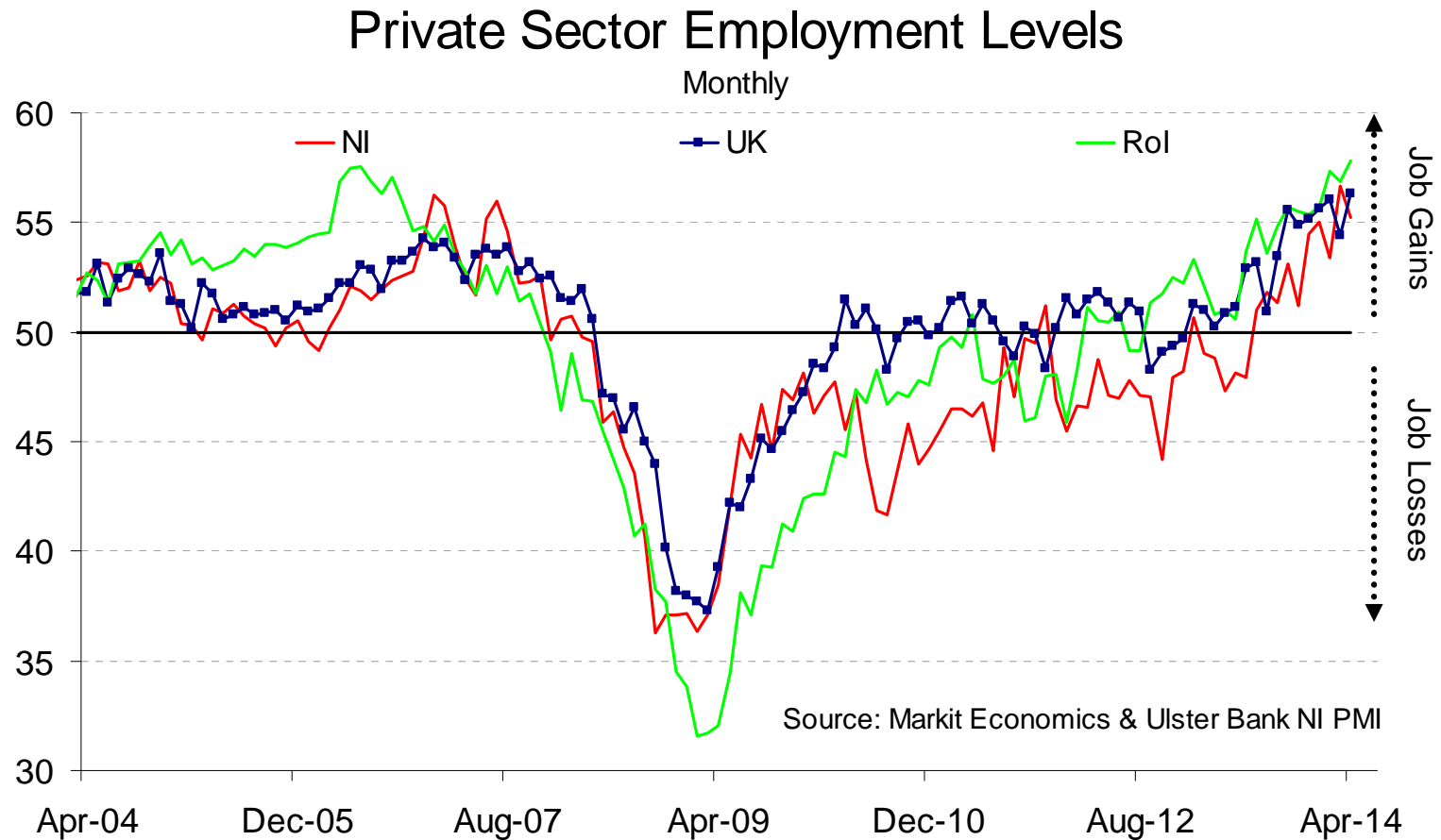
NI New Export Business



PMI for Q1 signals fastest rate of jobs growth in 7 years with strong growth at the start of Q2



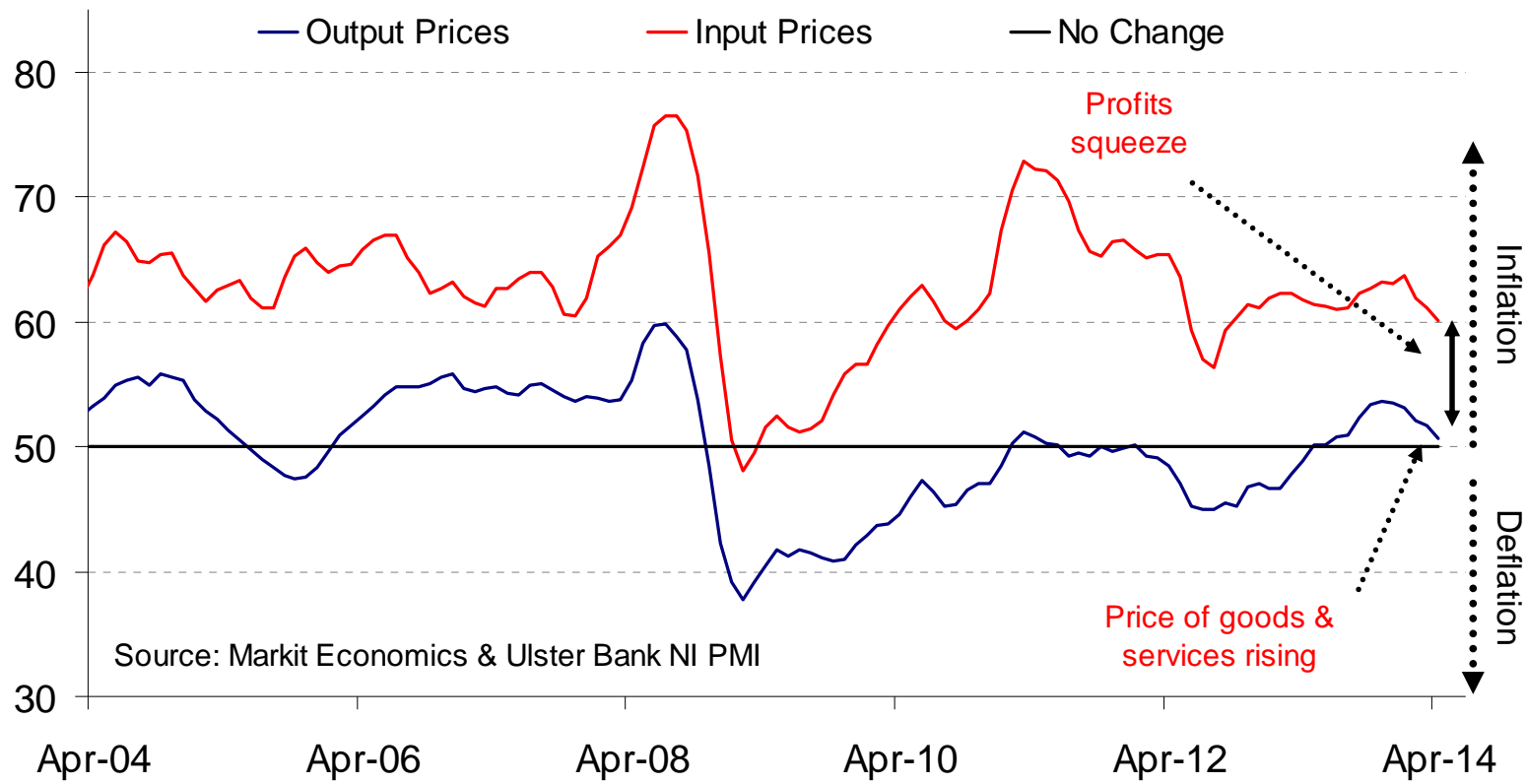
UK & RoI firms report an acceleration in job creation with the RoI posting its fastest rate of growth since 2000



Input & output cost inflation continues to ease

NI Private Sector Profit Squeeze

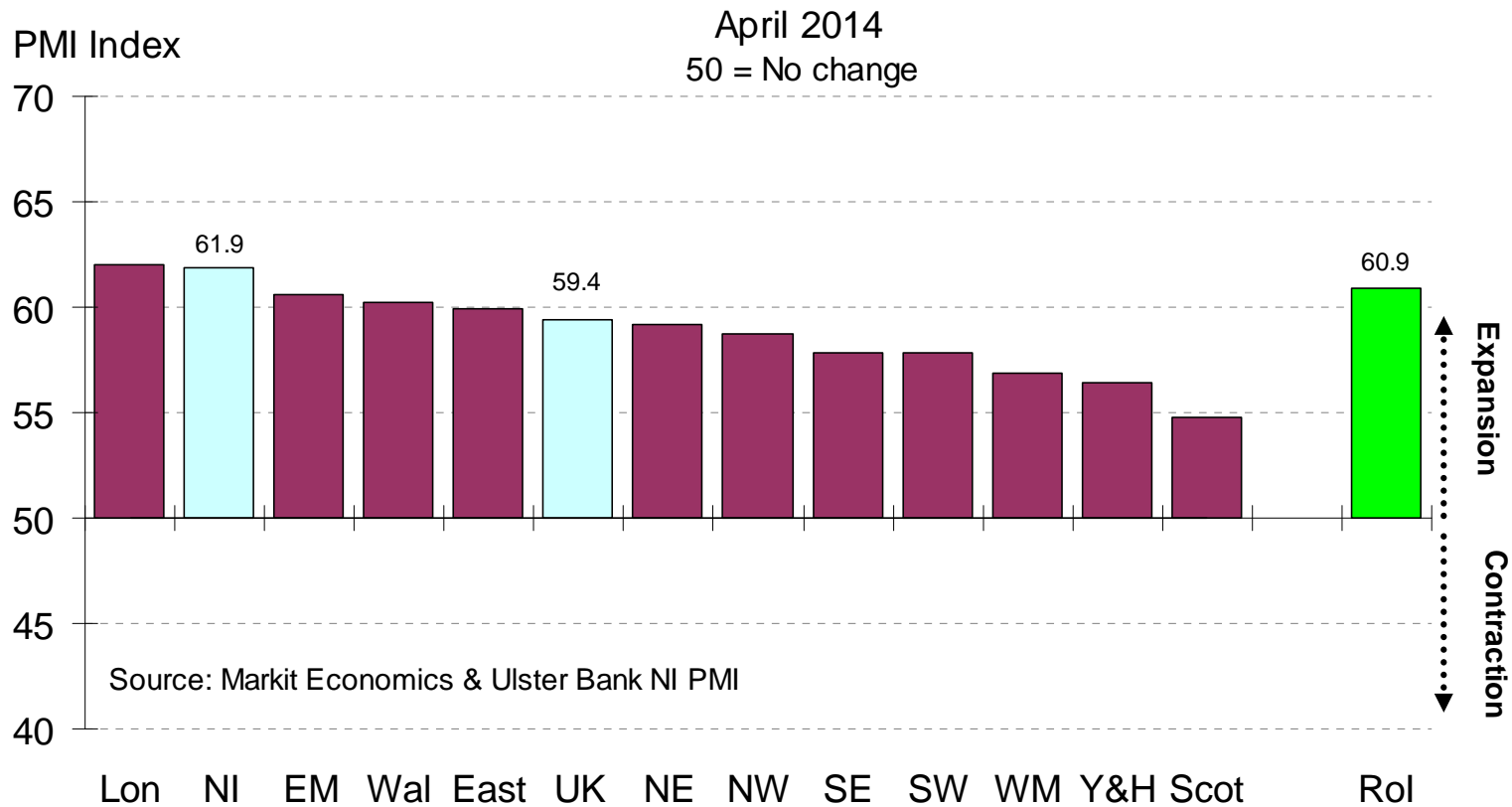
3 Month Moving Average



Regional Comparisons

Strong growth across all UK regions & the Rol in April

Output / Business Activity



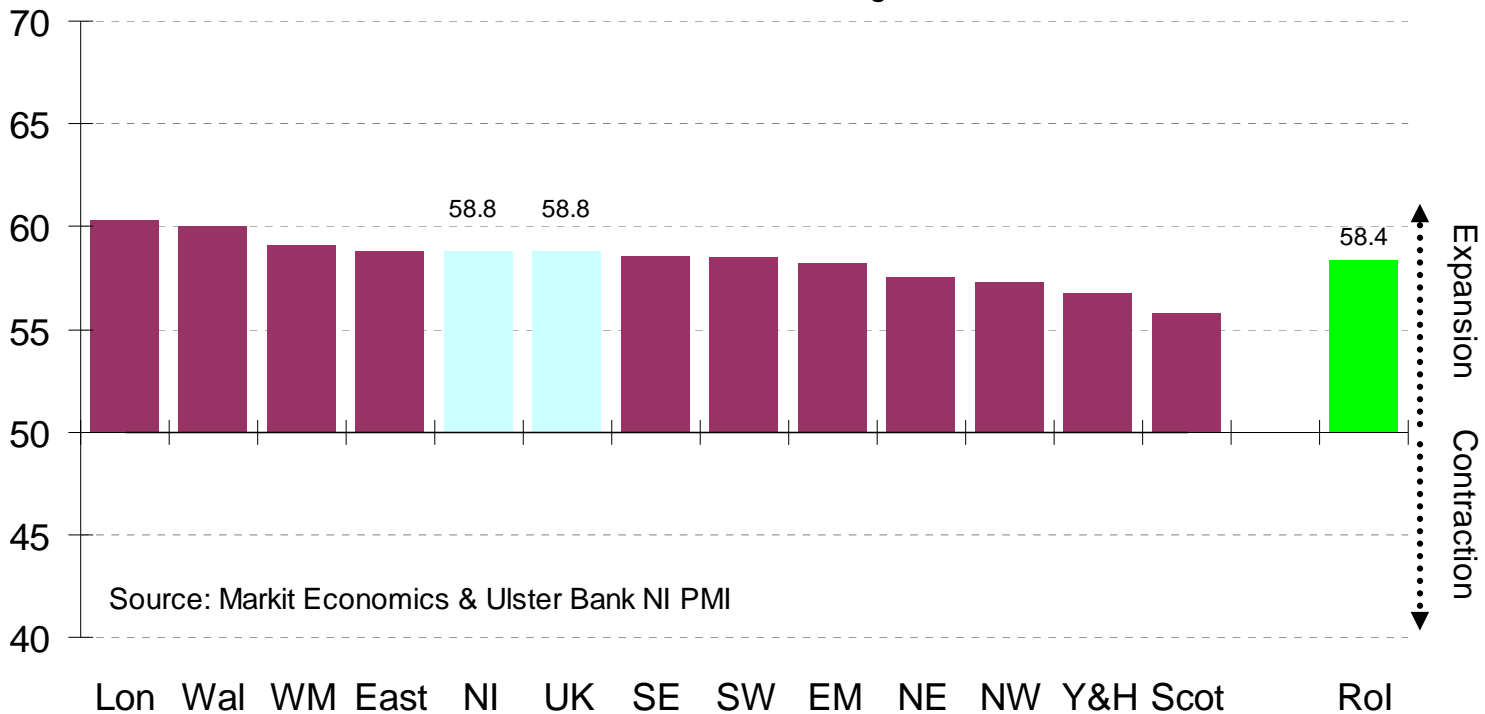
...all the UK regions & the Rol post strong rates of growth over the last 3 months...

Output / Business Activity

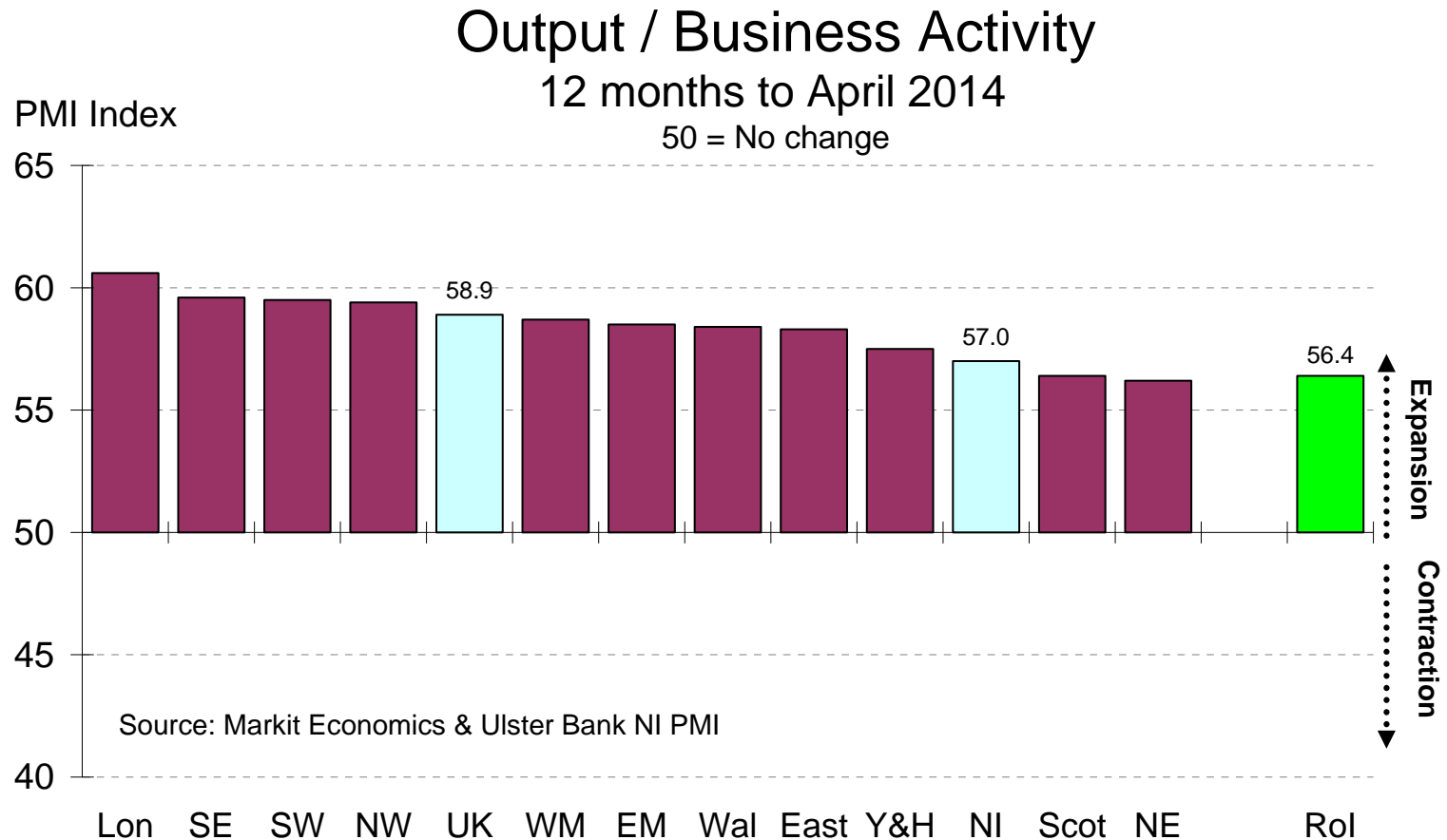
3 months to April 2014

50 = No change

PMI Index



... and over the last 12 months

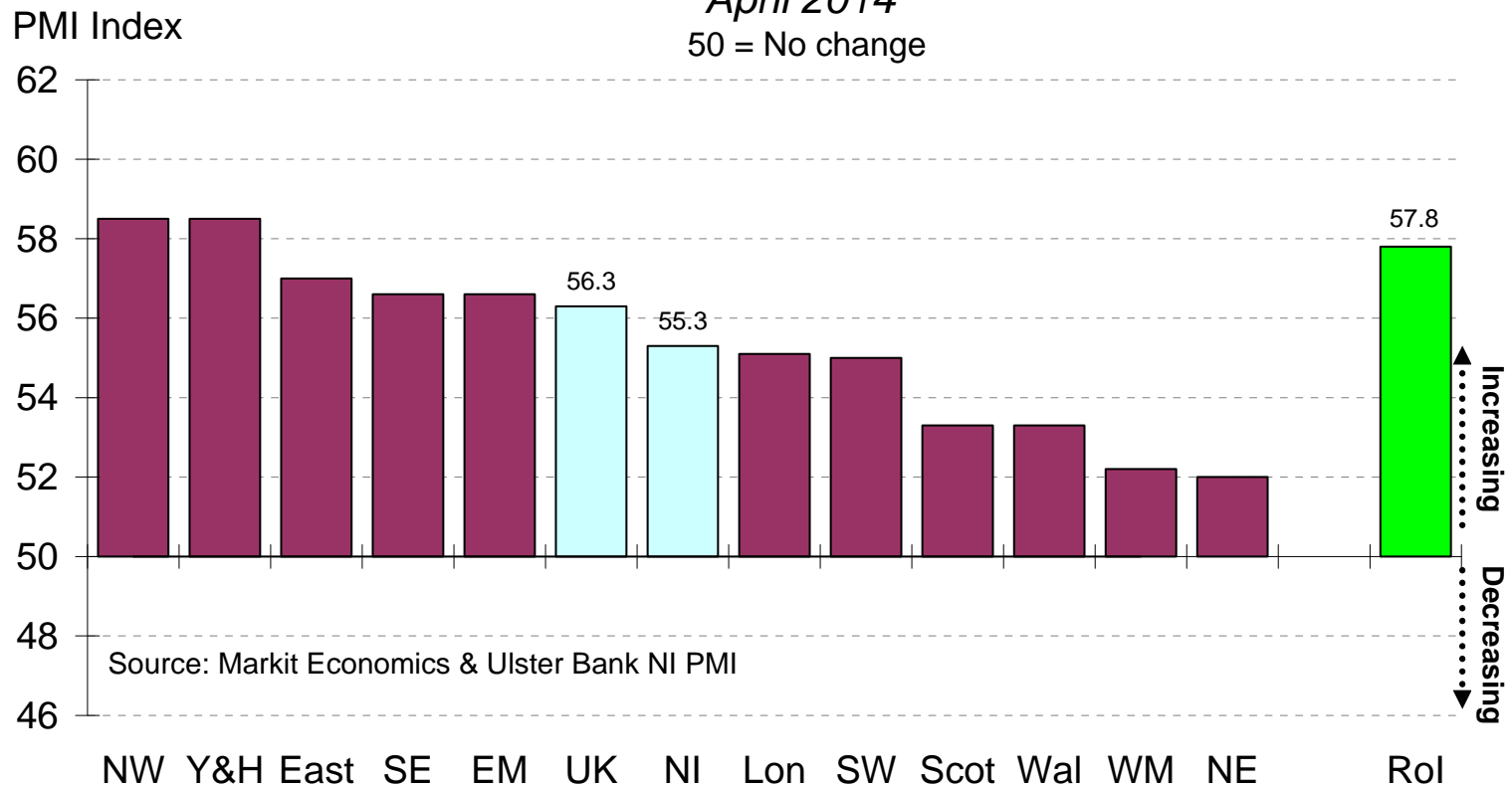


The Rol posts the fastest rate of employment growth relative to the UK and NI in April

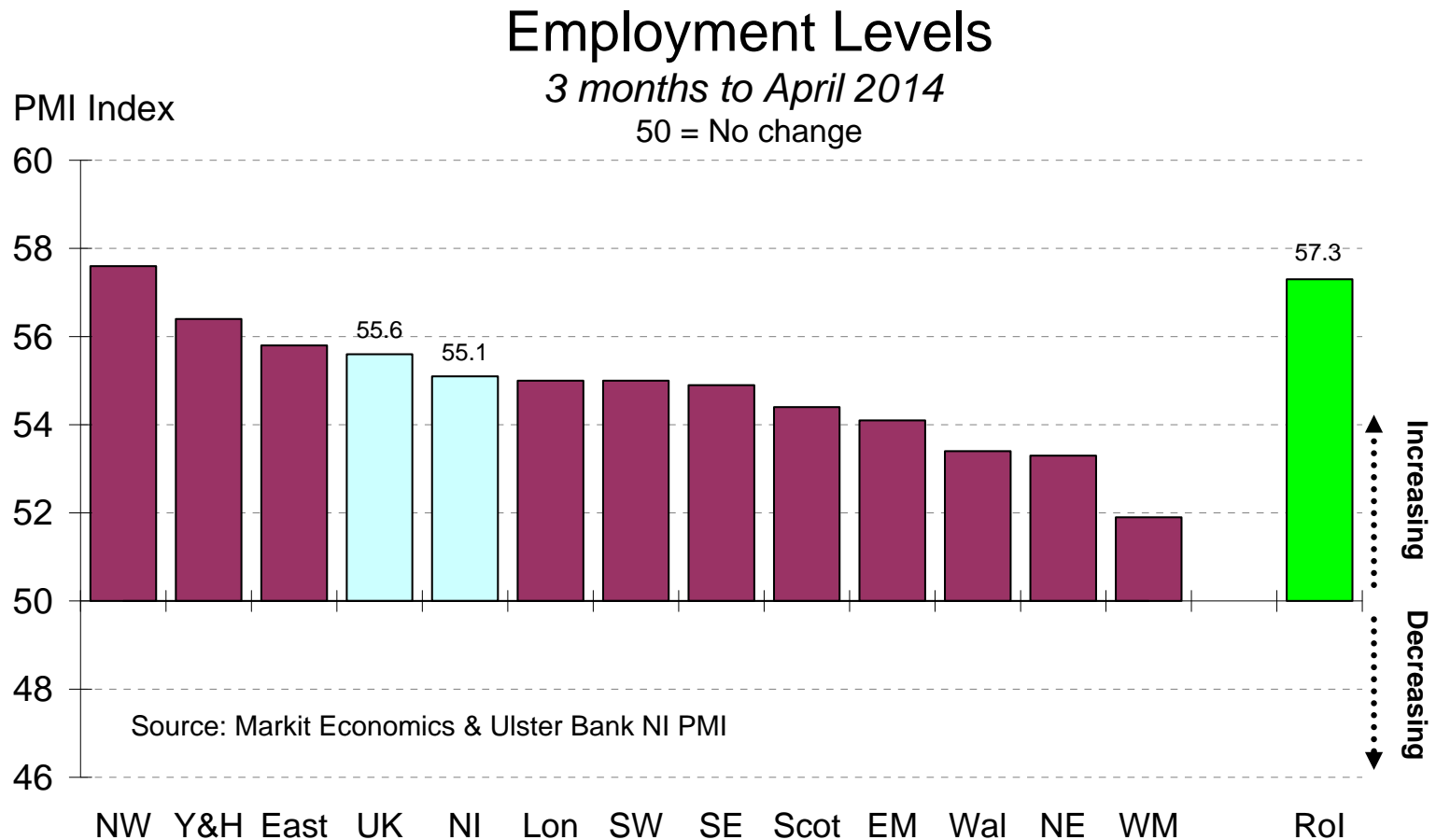
Employment Levels

April 2014

50 = No change



All UK regions and the RoI post employment growth over the last 3 months



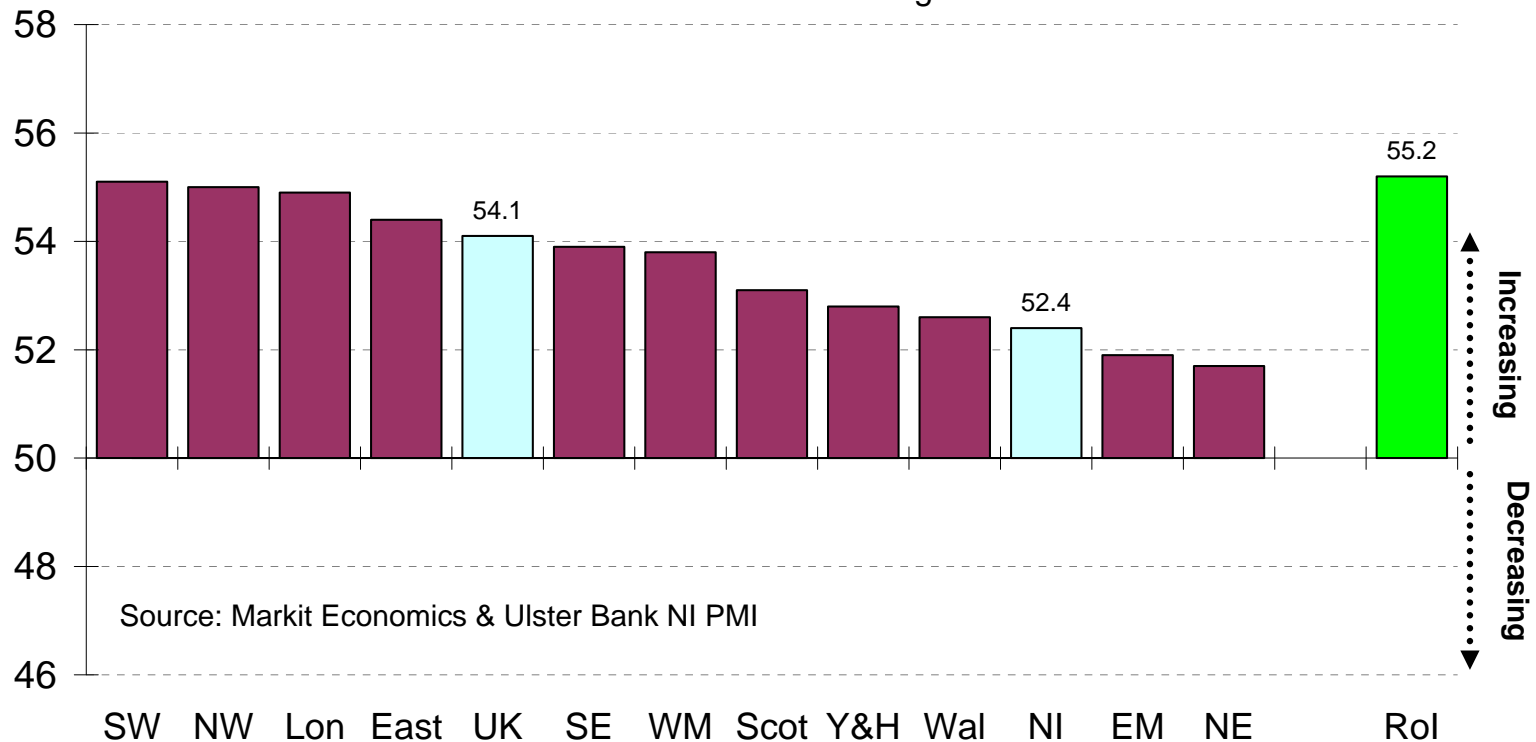
In 2013 NI posted its 1st annual increase in private sector employment since 2007 with that trend continuing in 2014

Employment Levels

12 Months to April 2014

50 = No change

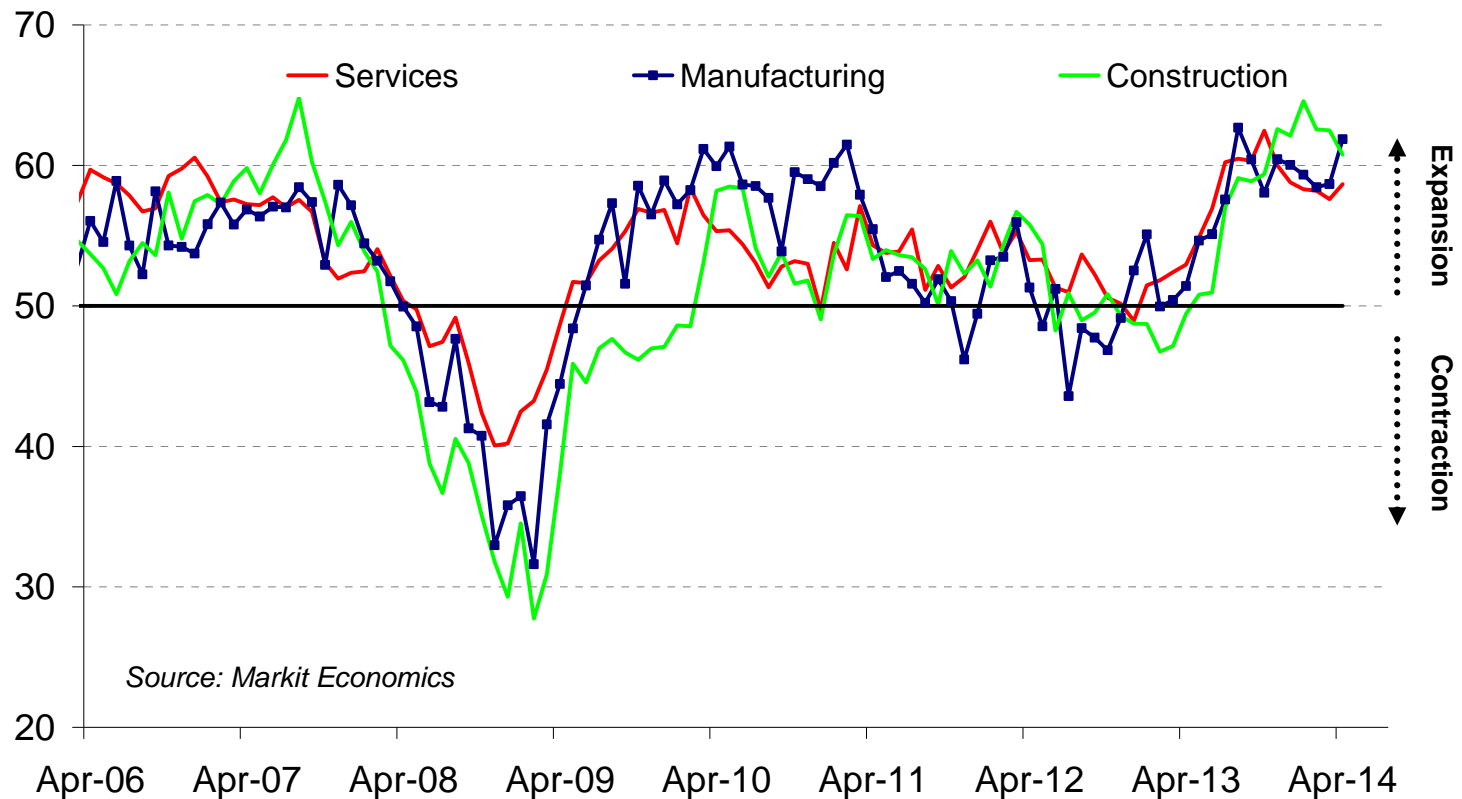
PMI Index



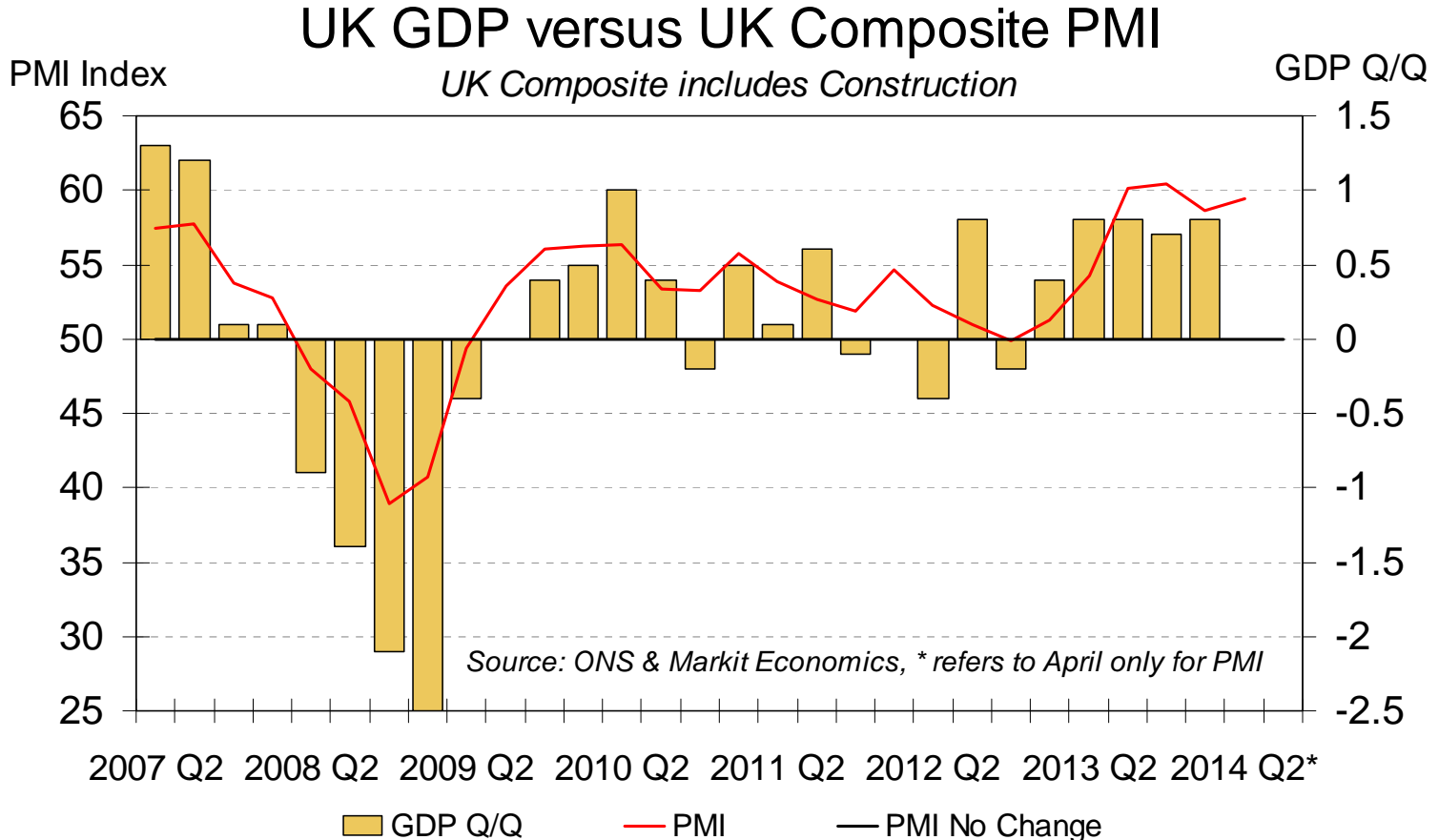
Sectoral Comparisons

All sectors post strong growth in April with manufacturing seeing its growth rate accelerate

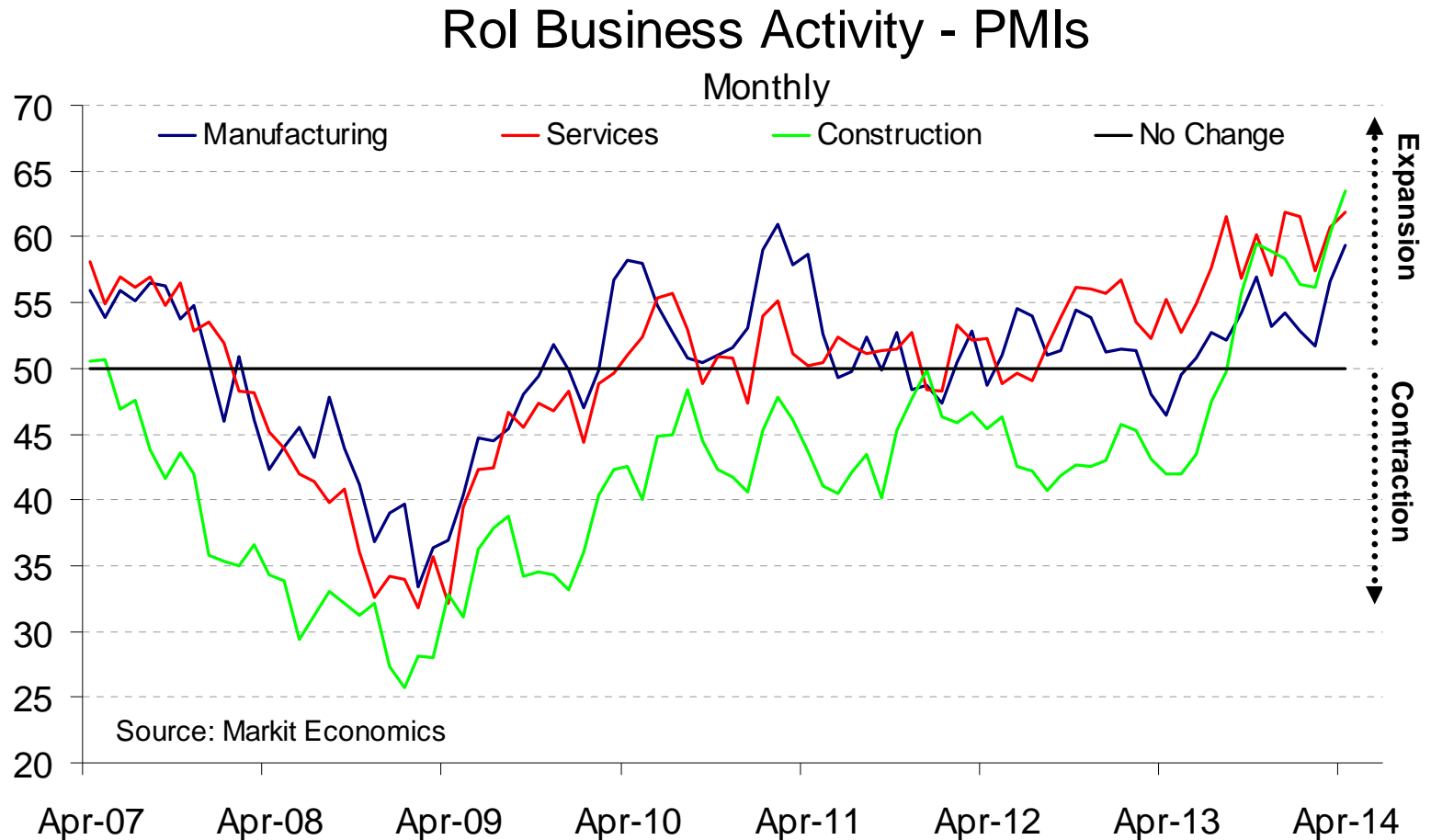
UK Business Activity / Output - PMIs



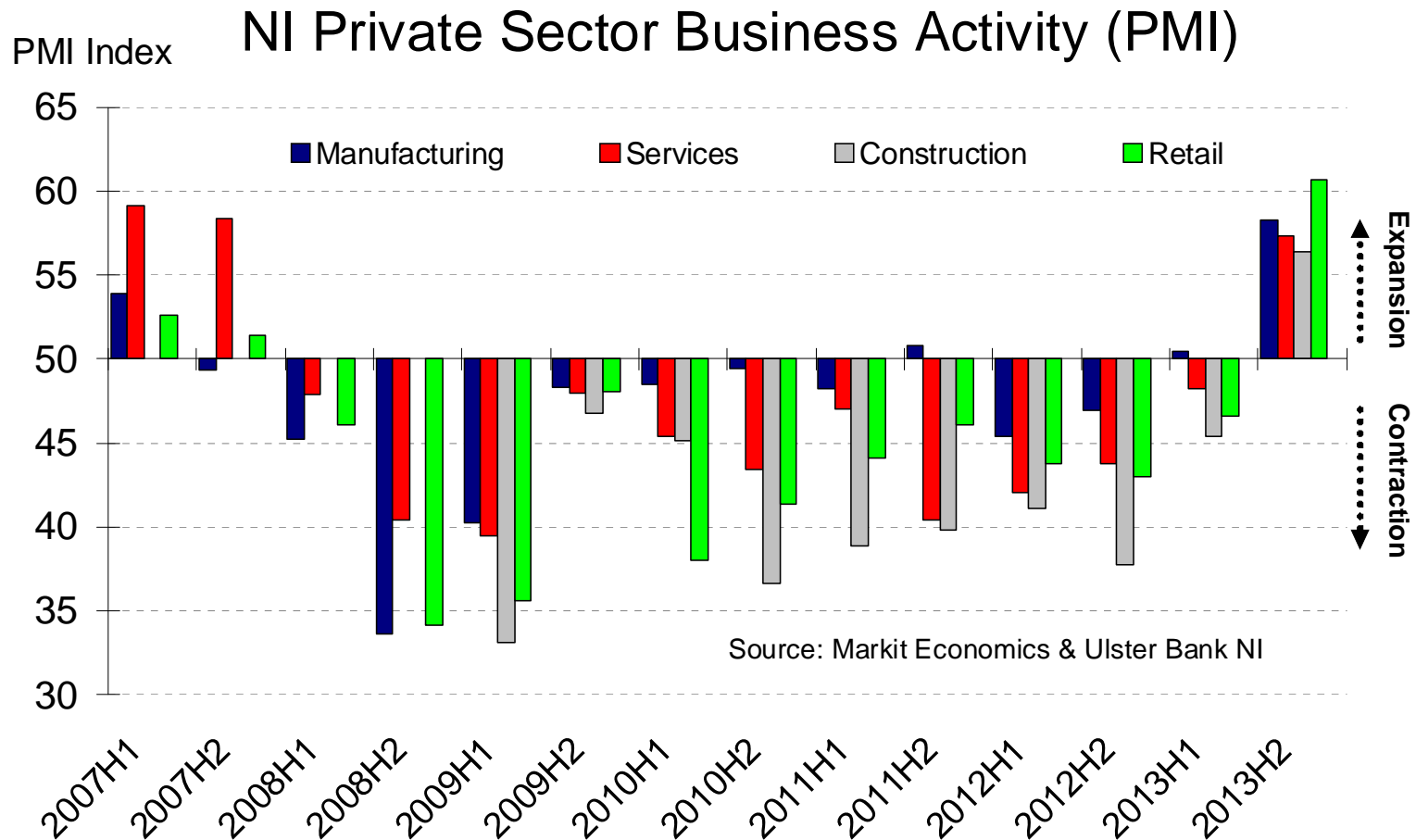
UK posts strong rates of economic growth between Q2 2013 & Q1 2014 with further growth expected in Q2



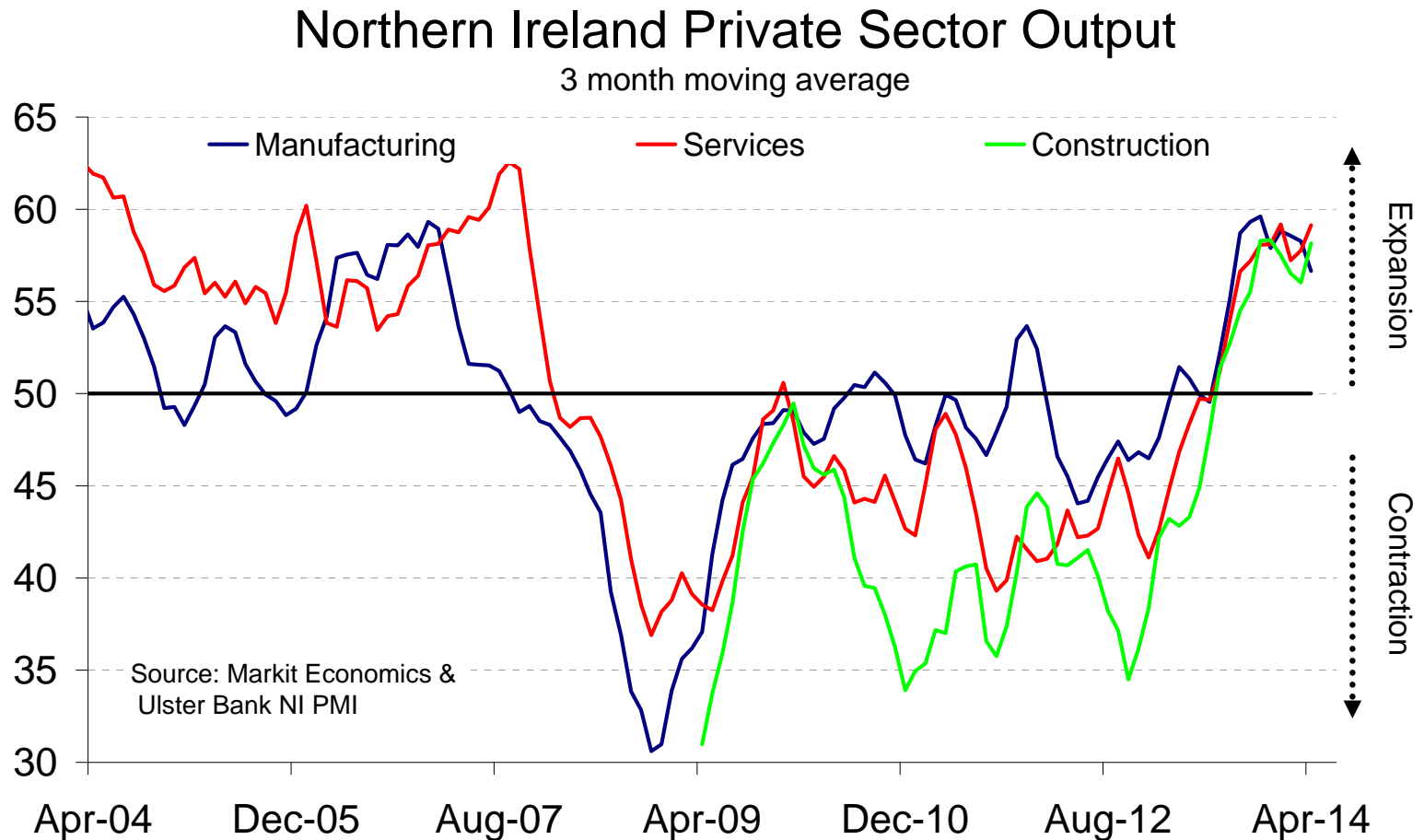
Rol output growth accelerates across all sectors in April



All 3 broad sectors within NI saw a marked turnaround in business activity in H2 2013



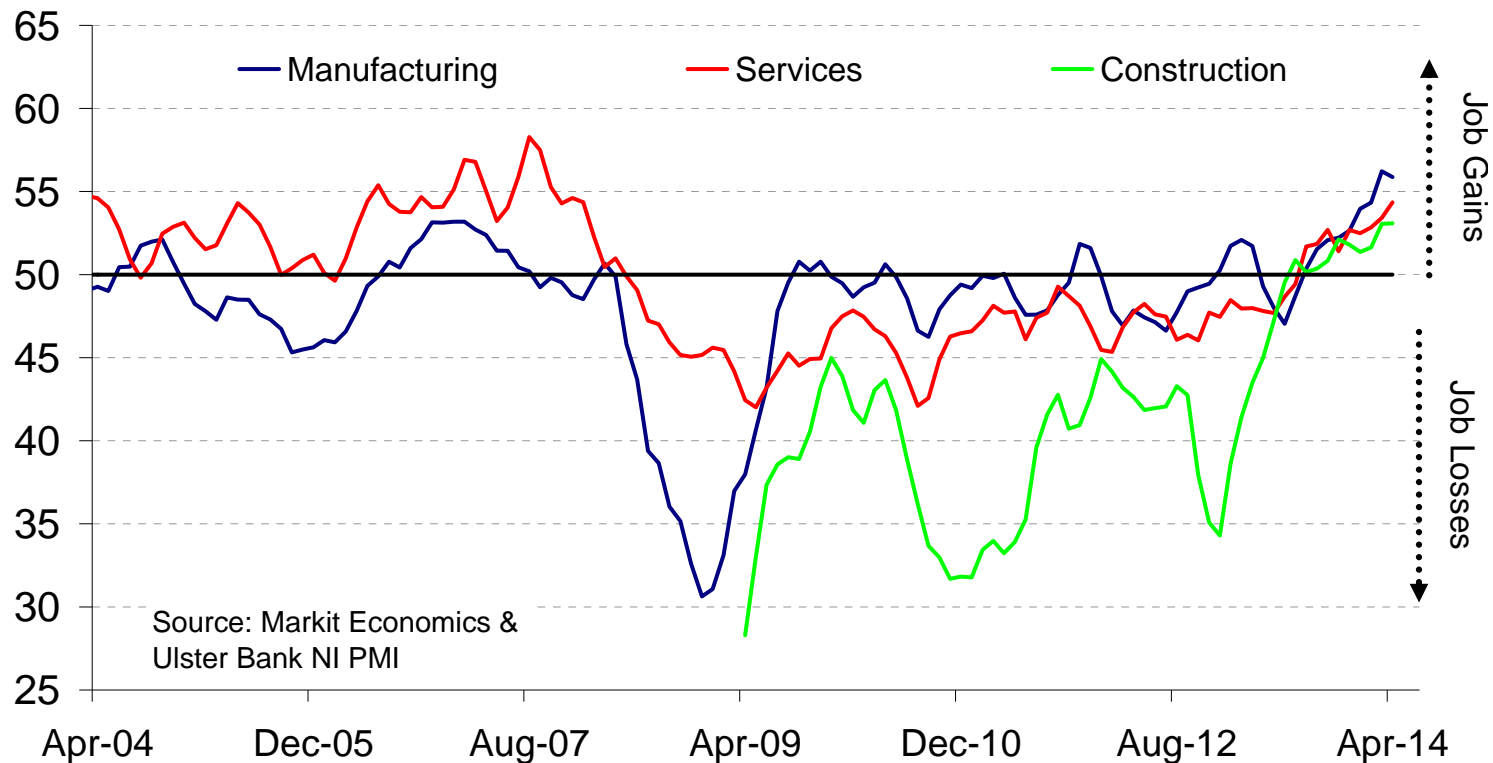
NI's services and construction sectors report an acceleration in output growth in the 3 months to April



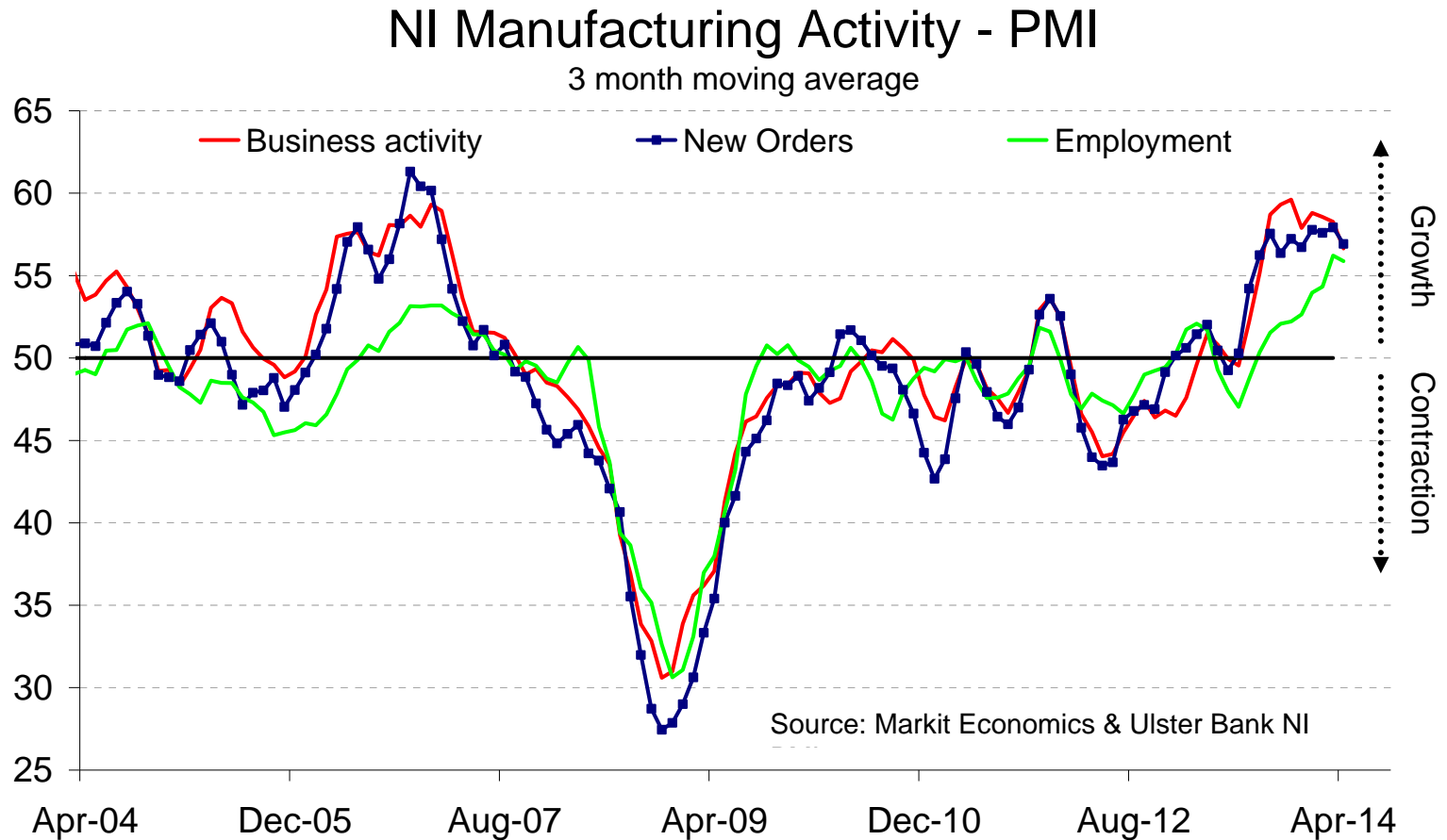
with all sectors posting employment growth over the last 3 months with services reporting a marked acceleration

NI PMI - Employment Index

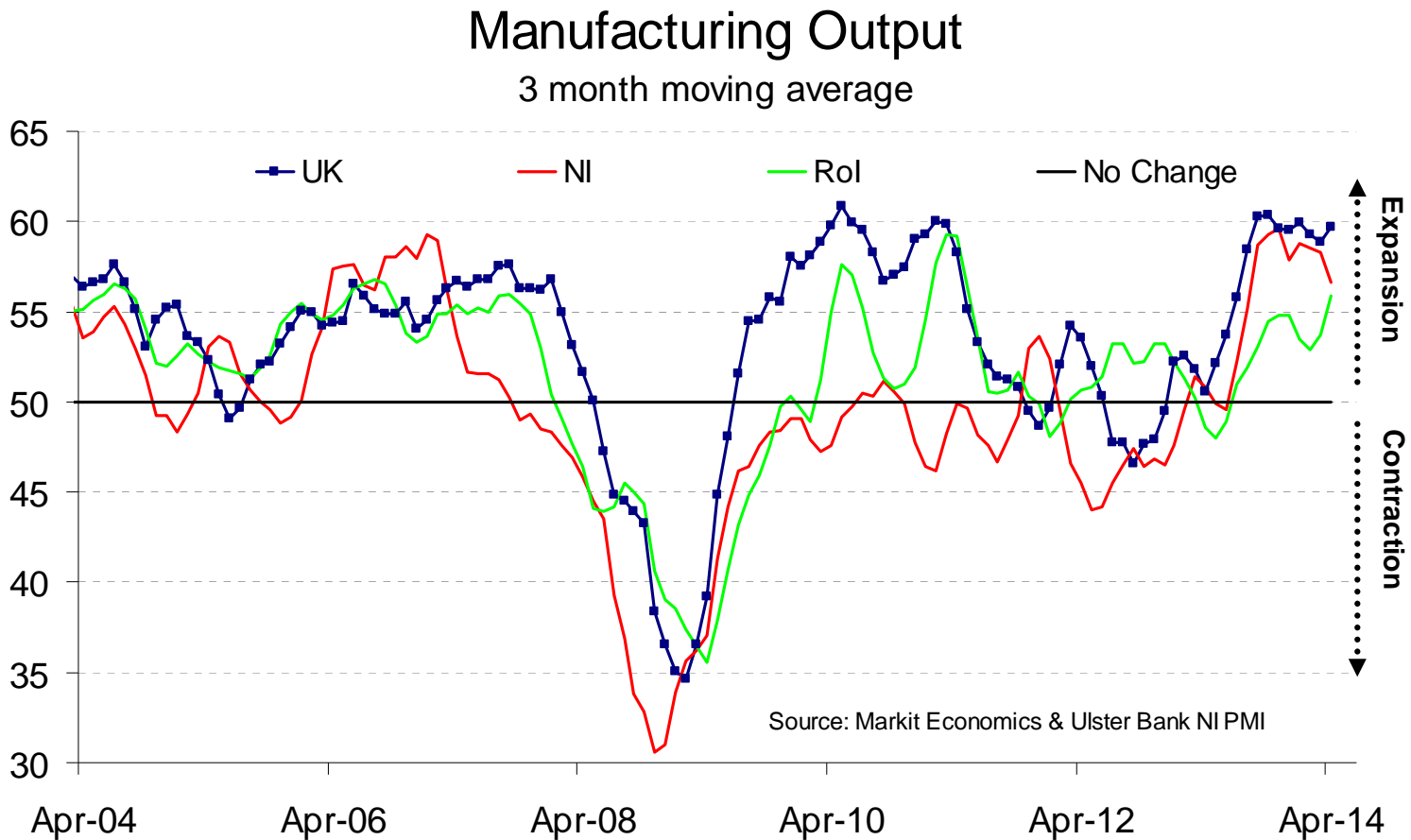
3 month moving average



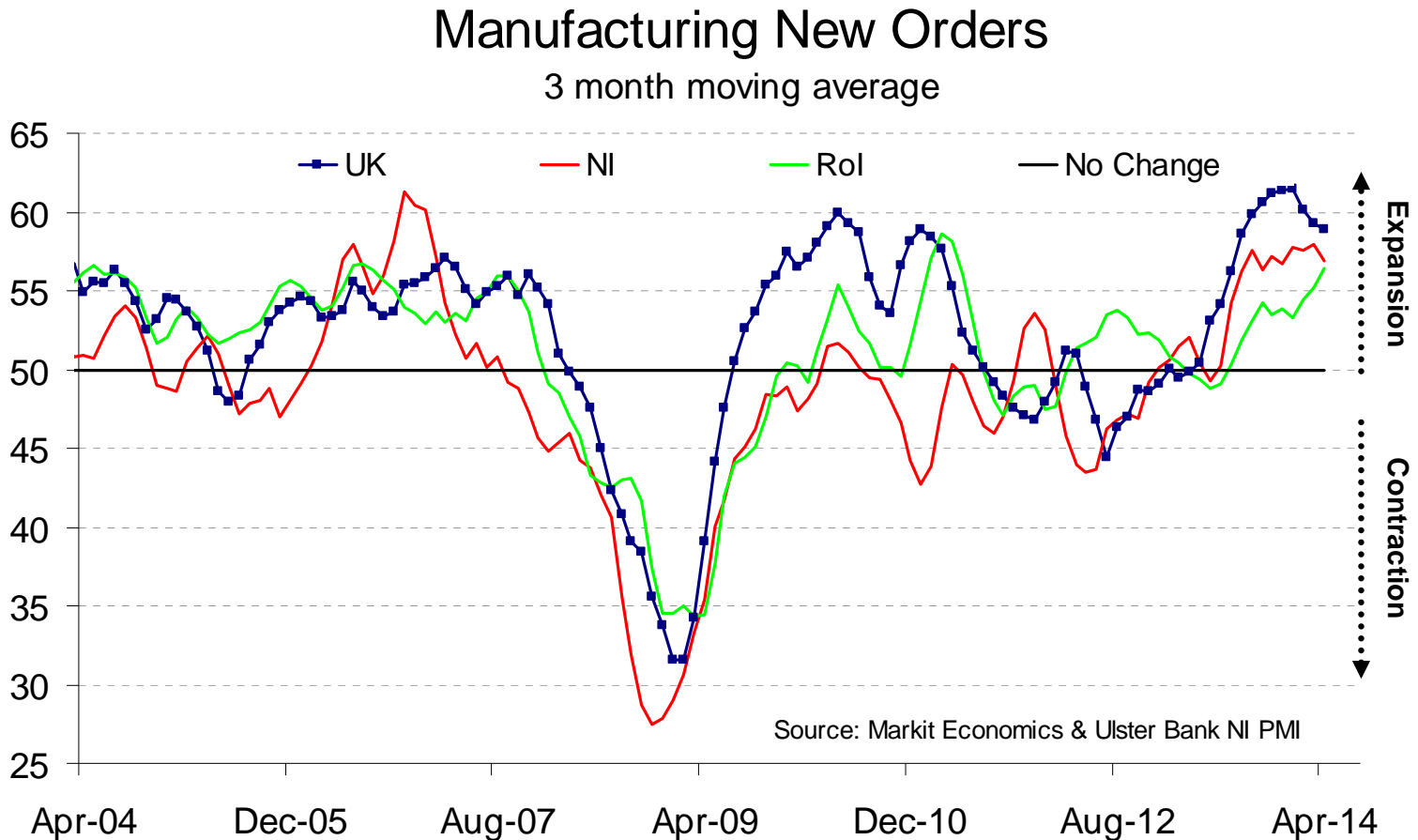
NI manufacturing firms report an easing in output, orders & employment growth



NI manufacturing firms report an easing in output growth while the RoI & UK see growth rates accelerate

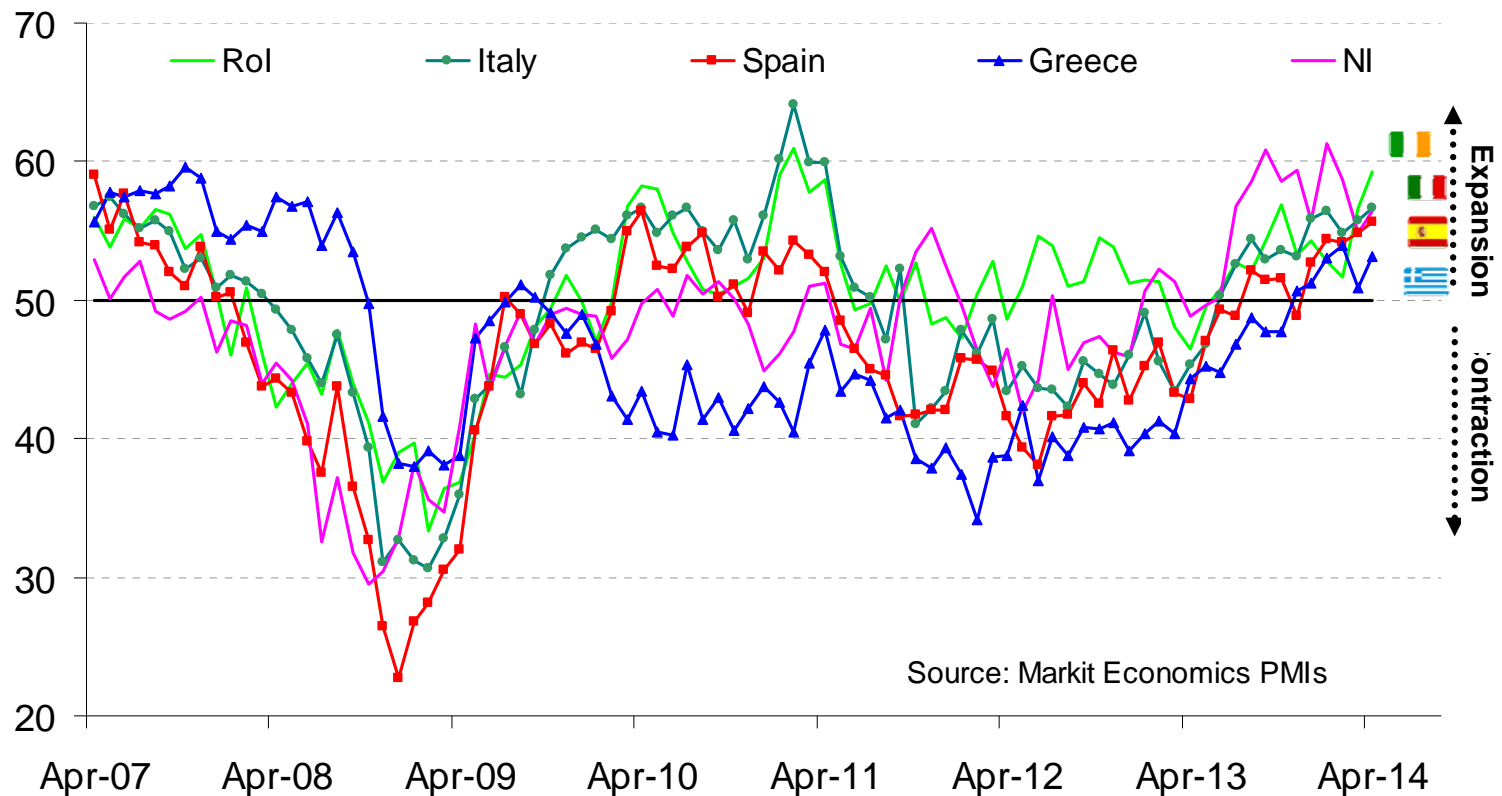


The UK & NI post the strongest rates of orders growth, albeit slowing, while RoI firms post a pick-up in new orders growth

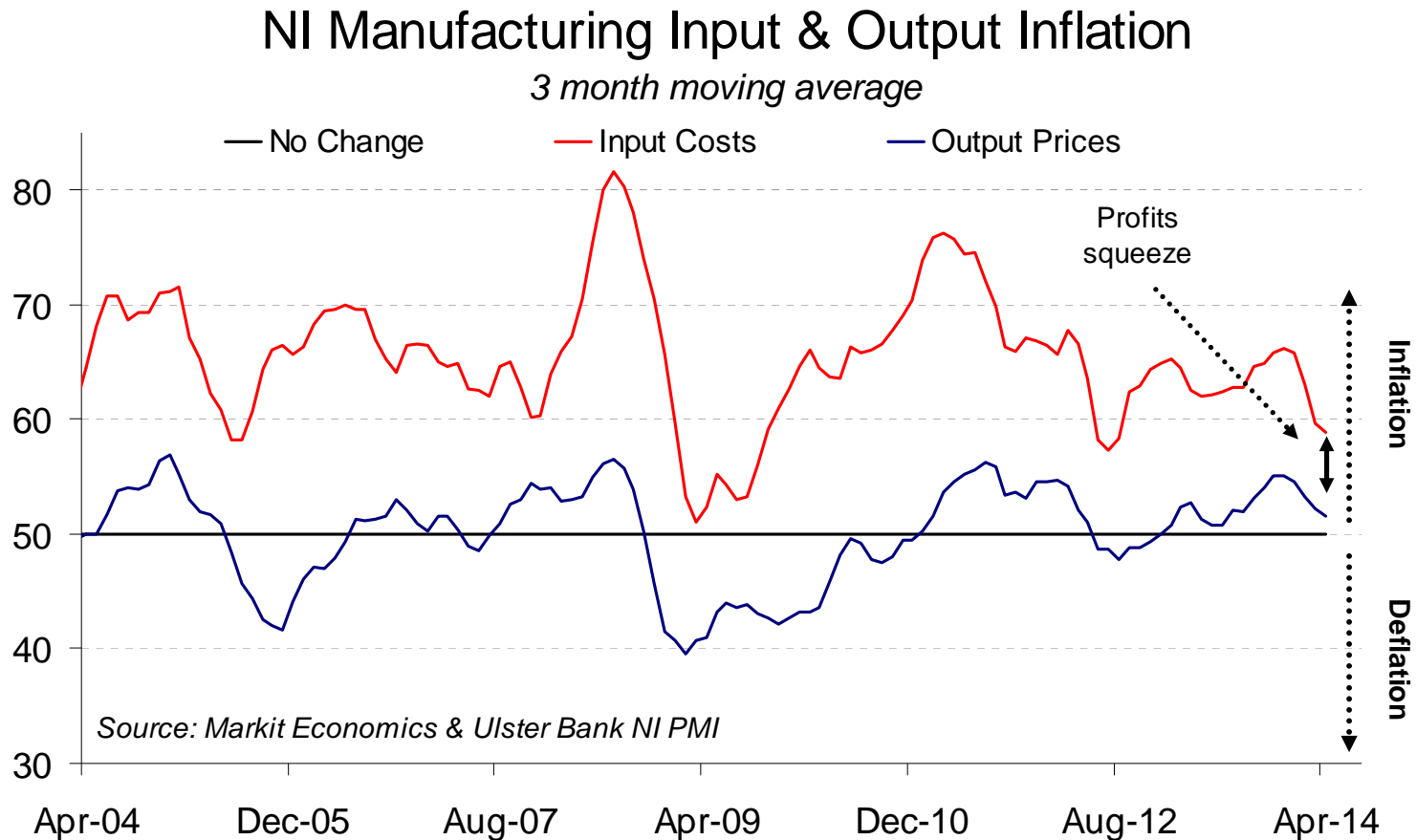


NI has been outperforming some of its European competitors for most of the last 10 months

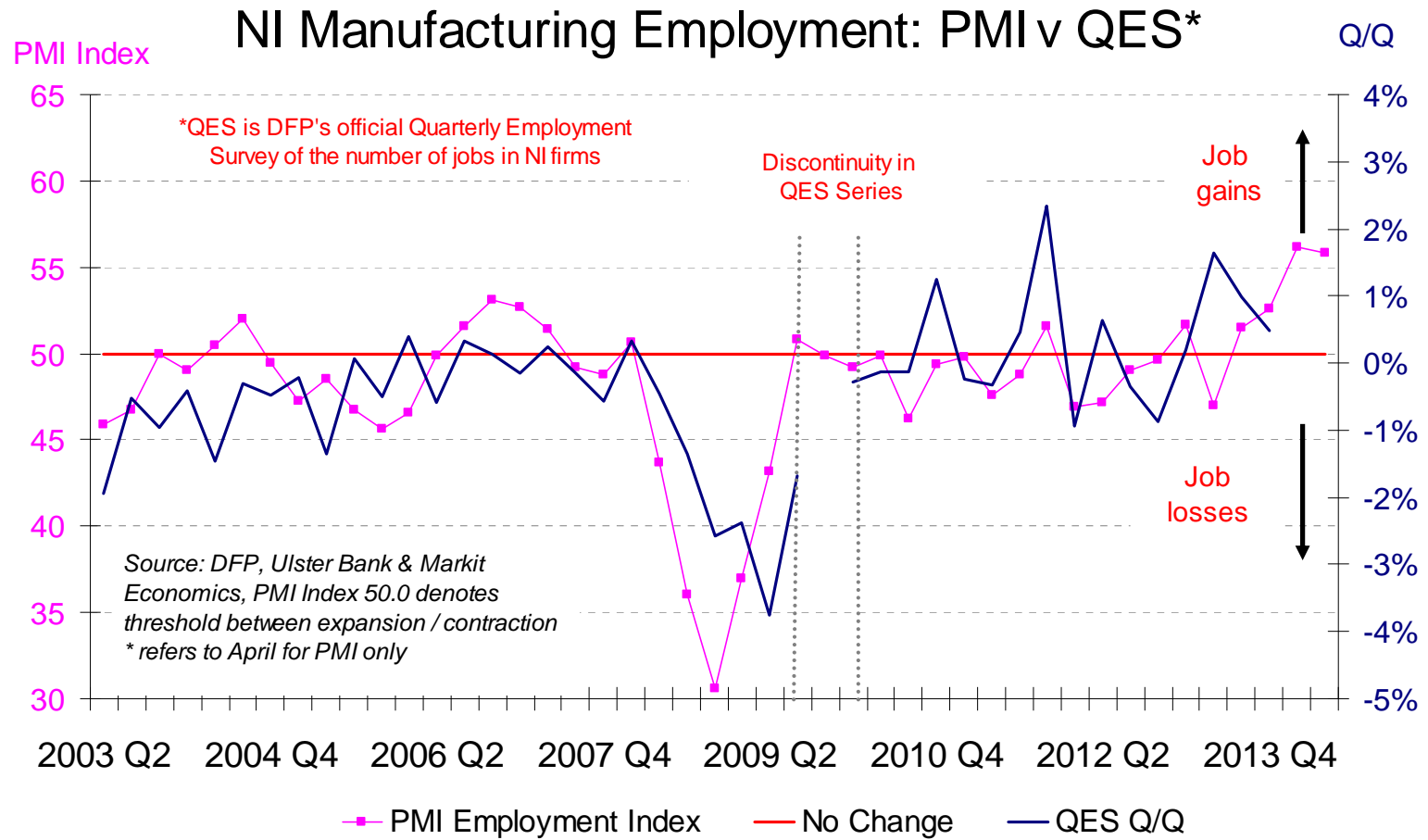
Manufacturing Output - PMI



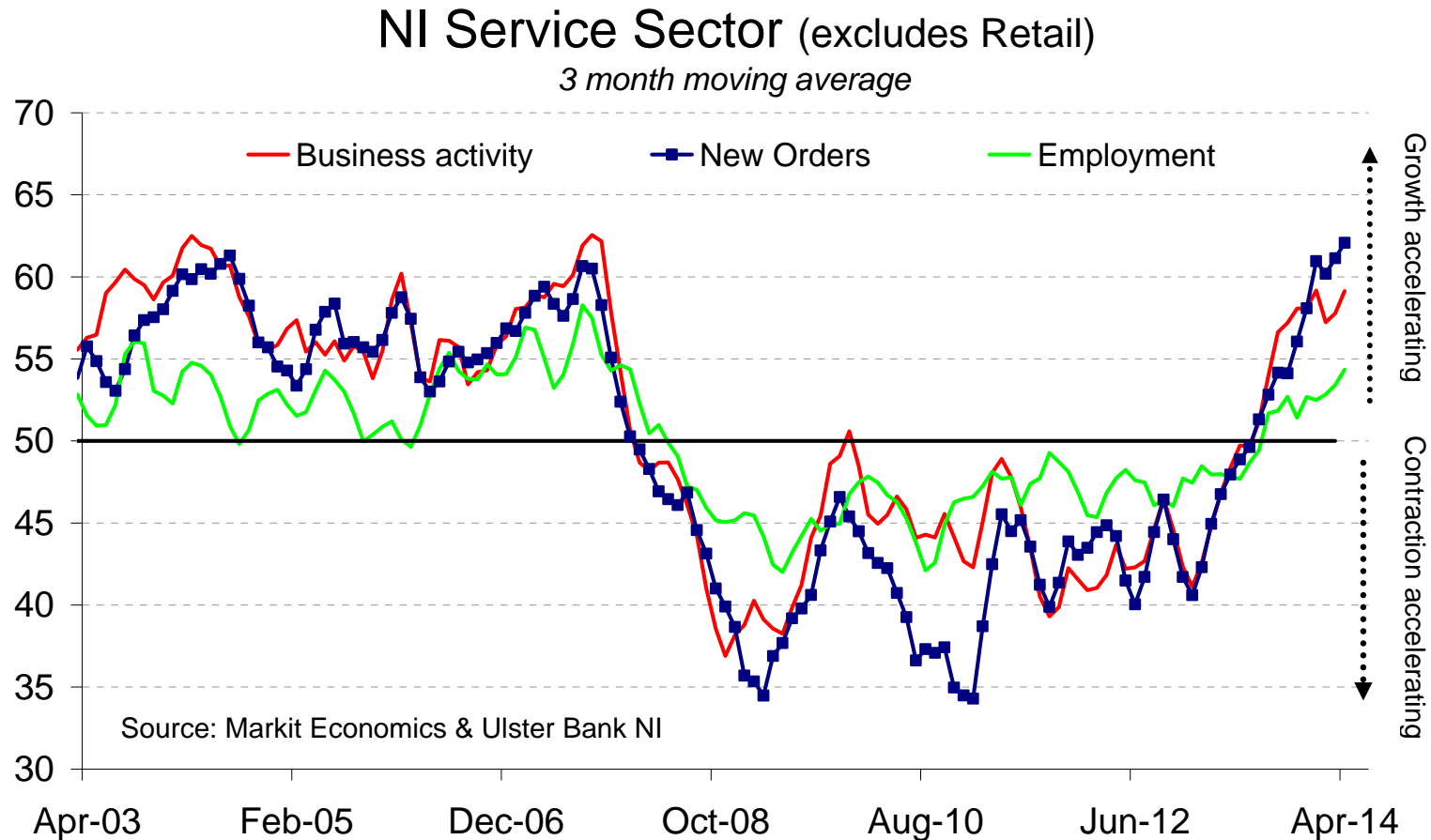
NI manufacturing firms report a significant easing in inflationary pressures



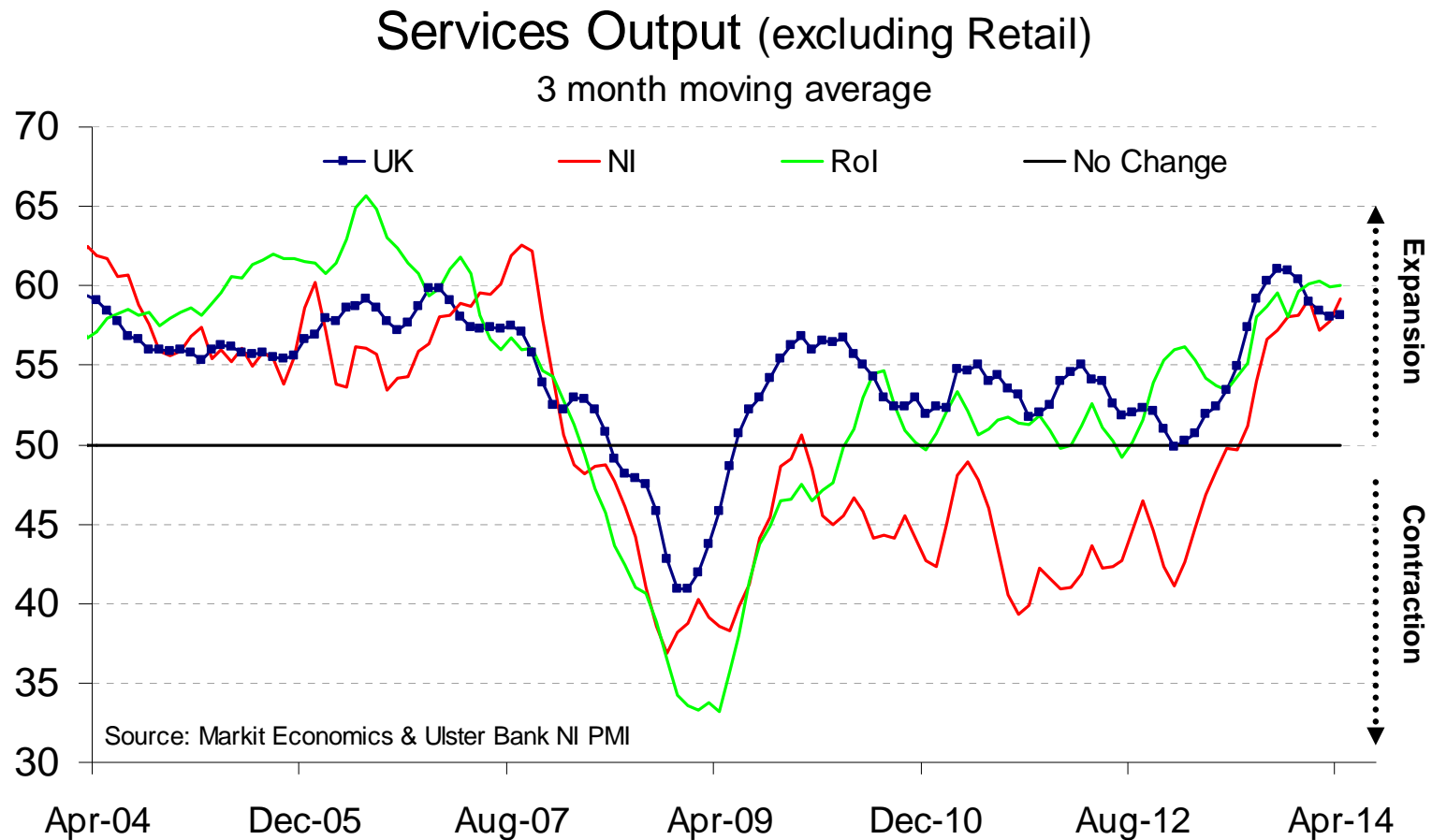
In Q1 2014, PMI signals the fastest rate of manufacturing employment growth since the survey began



Service sector experiences an acceleration in output, new orders & employment growth in the three months to April



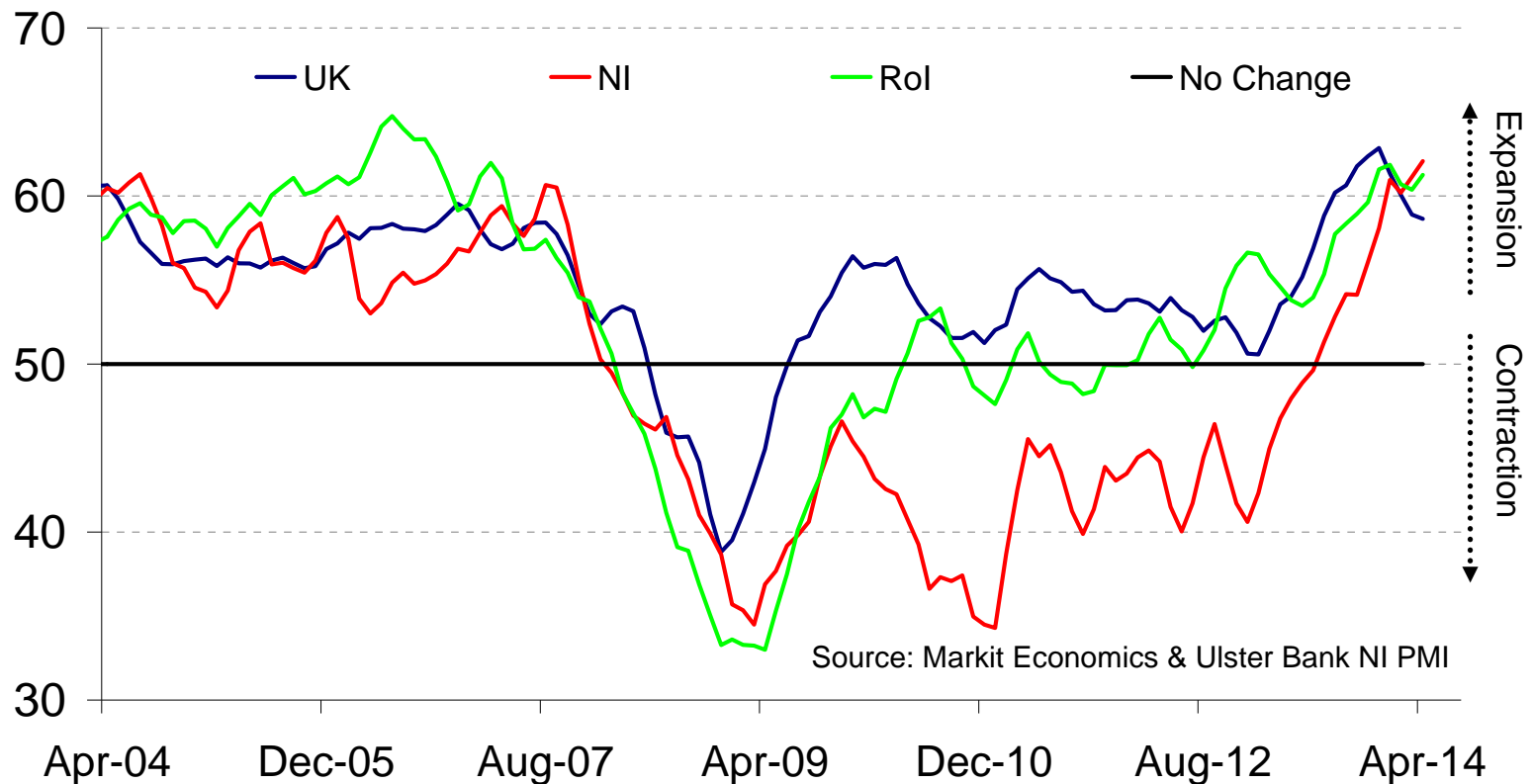
All 3 economies post strong rates of growth in services output in April with the RoI leading the way ...



... and new orders growth is accelerating too

Services New Orders (excluding Retail)

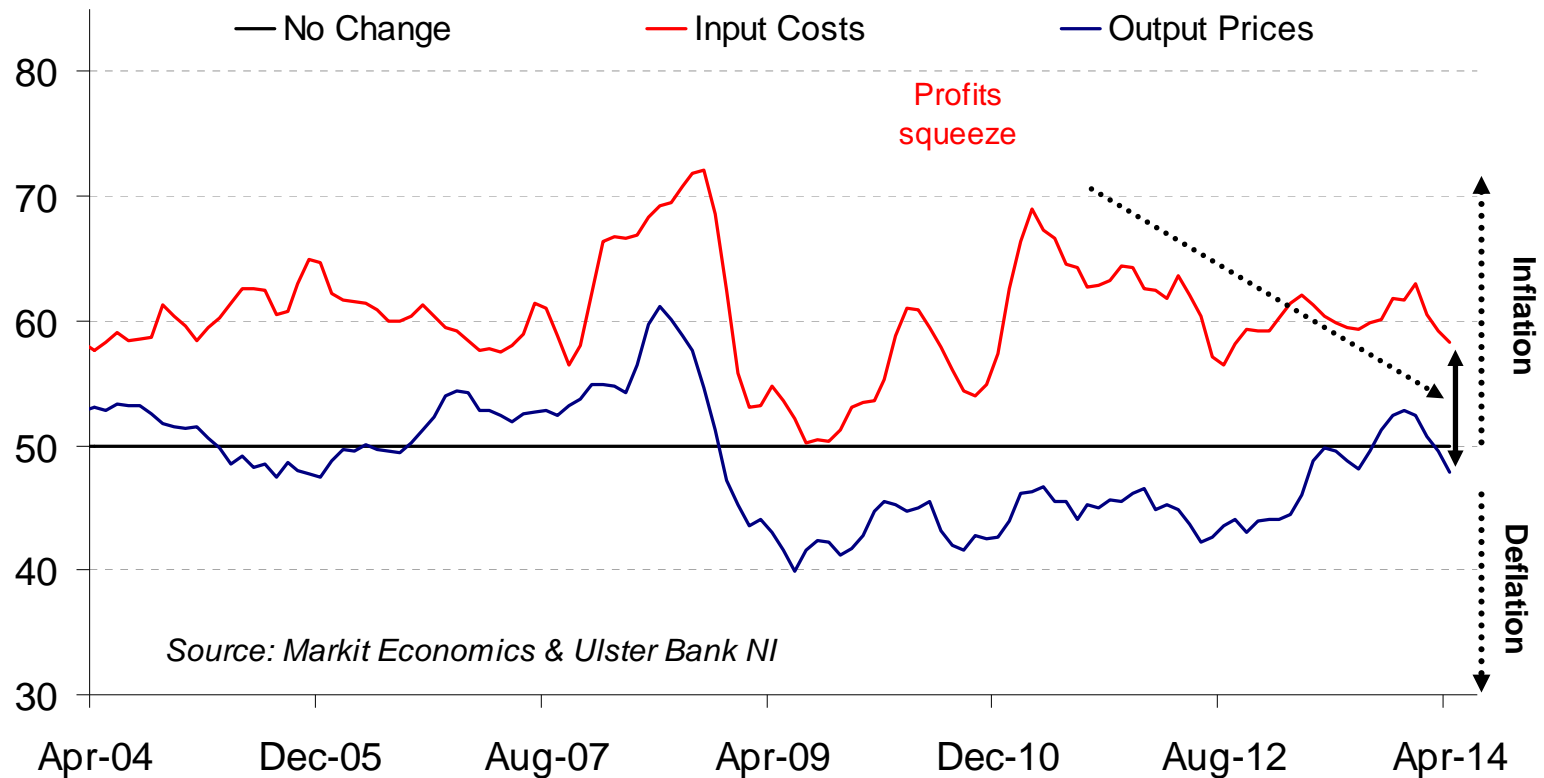
3 month moving average



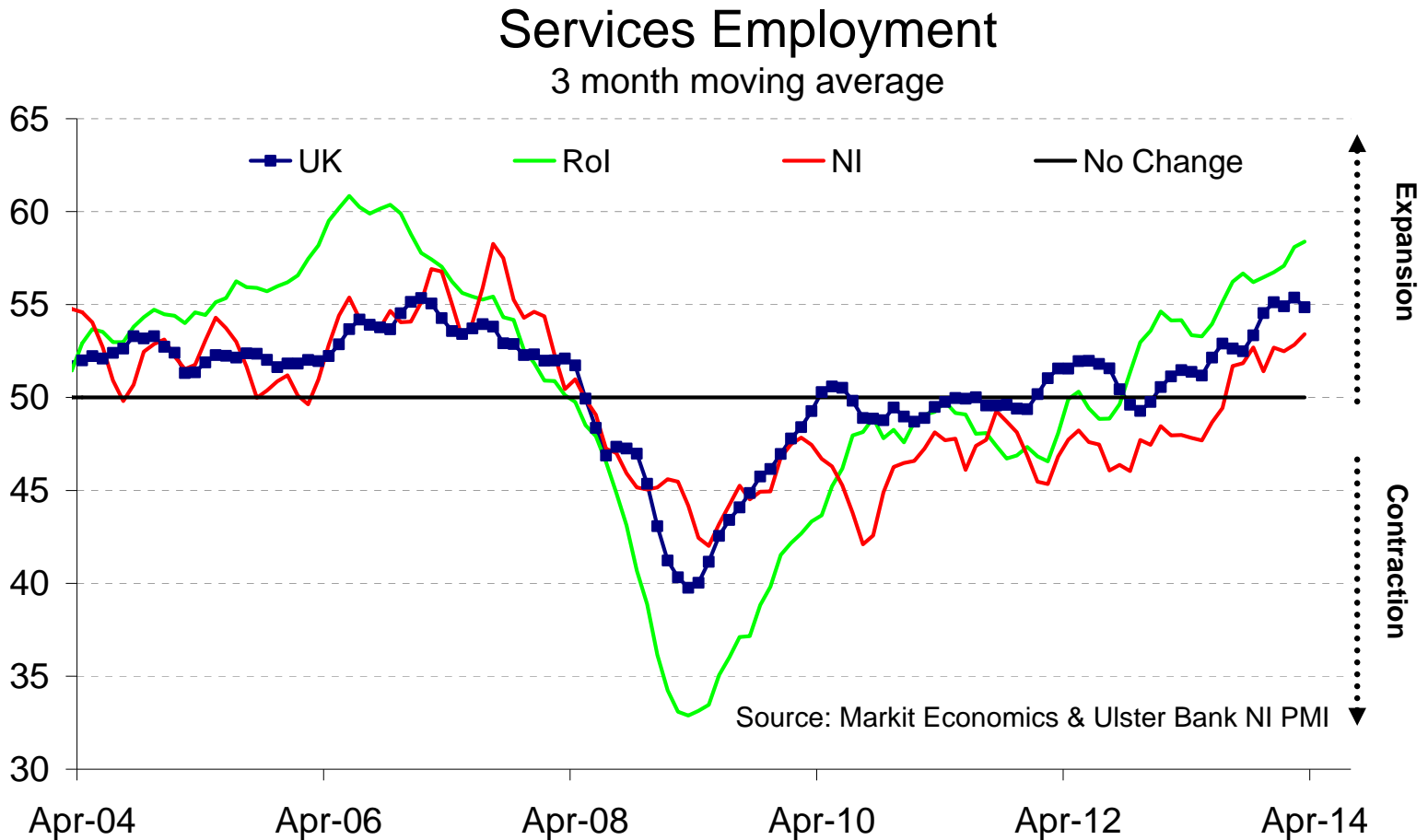
Input & output price inflation ease within service sector in April with output price deflation for 3rd month in a row

NI Services Input & Output Inflation

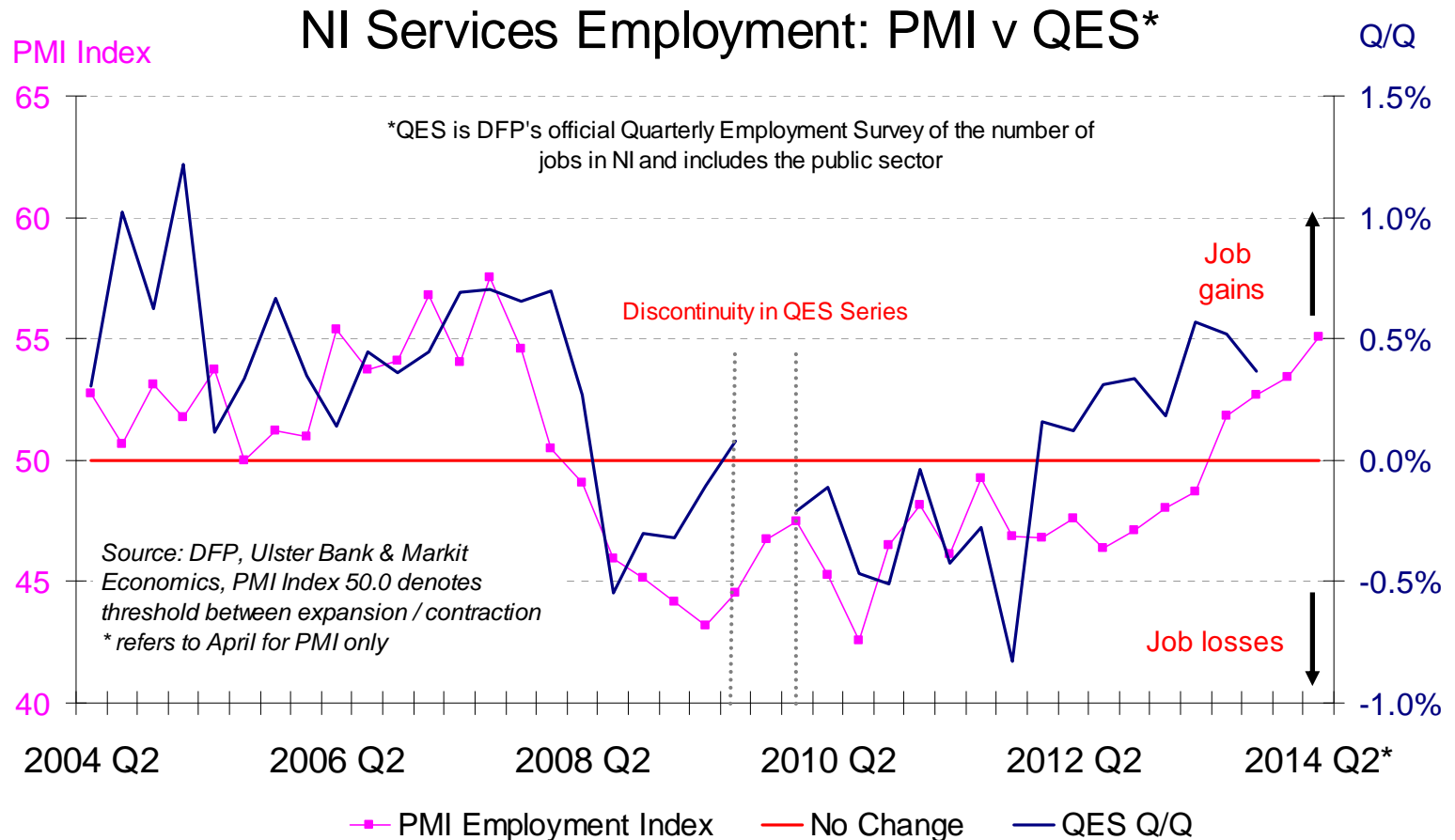
3 month moving average



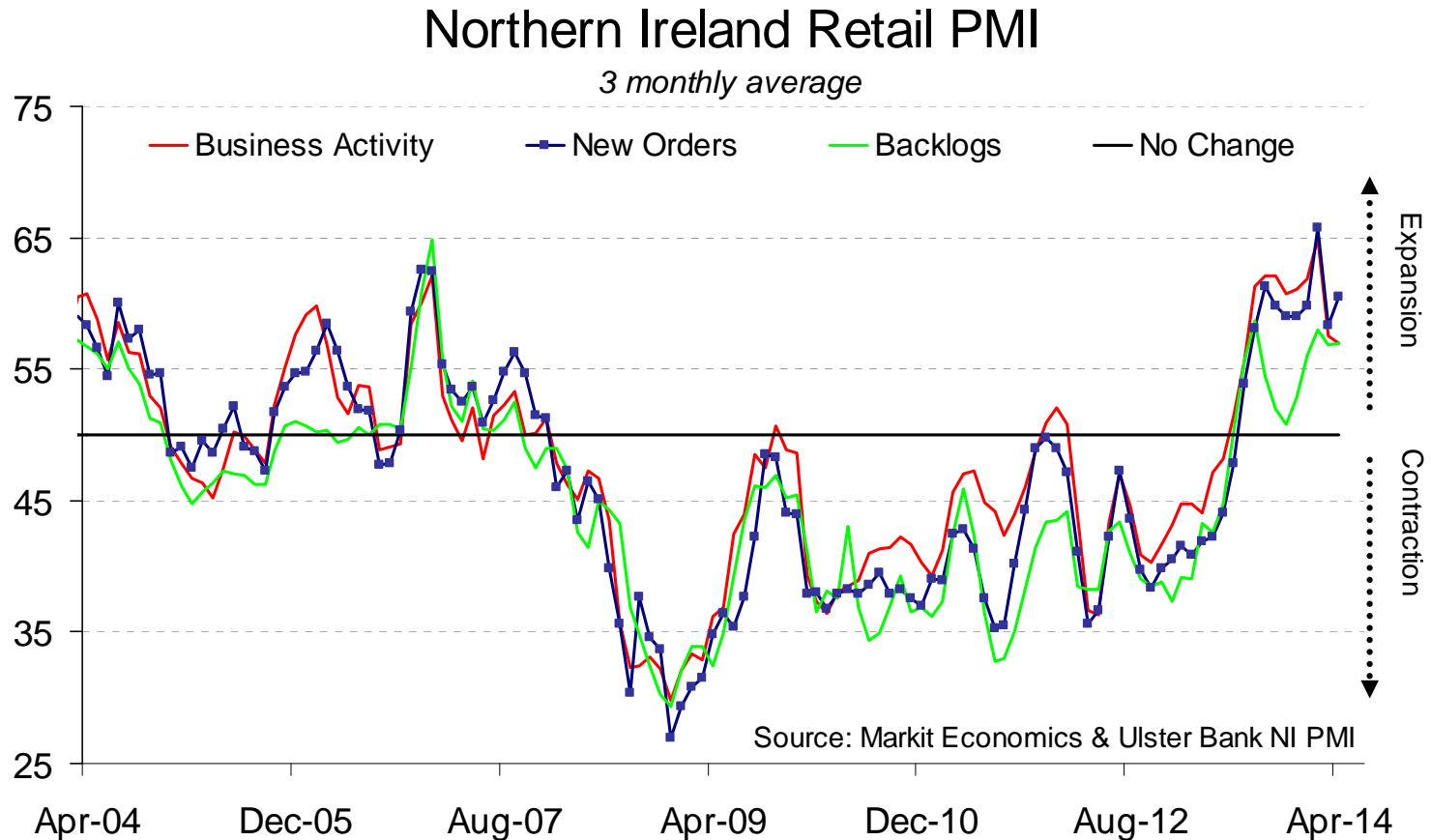
Service sector employment growth accelerates within the RoI & NI over the last 3 months to April



In Q1 the services PMI showed its fastest rate of jobs growth since Q4 2007. Strong growth maintained in April



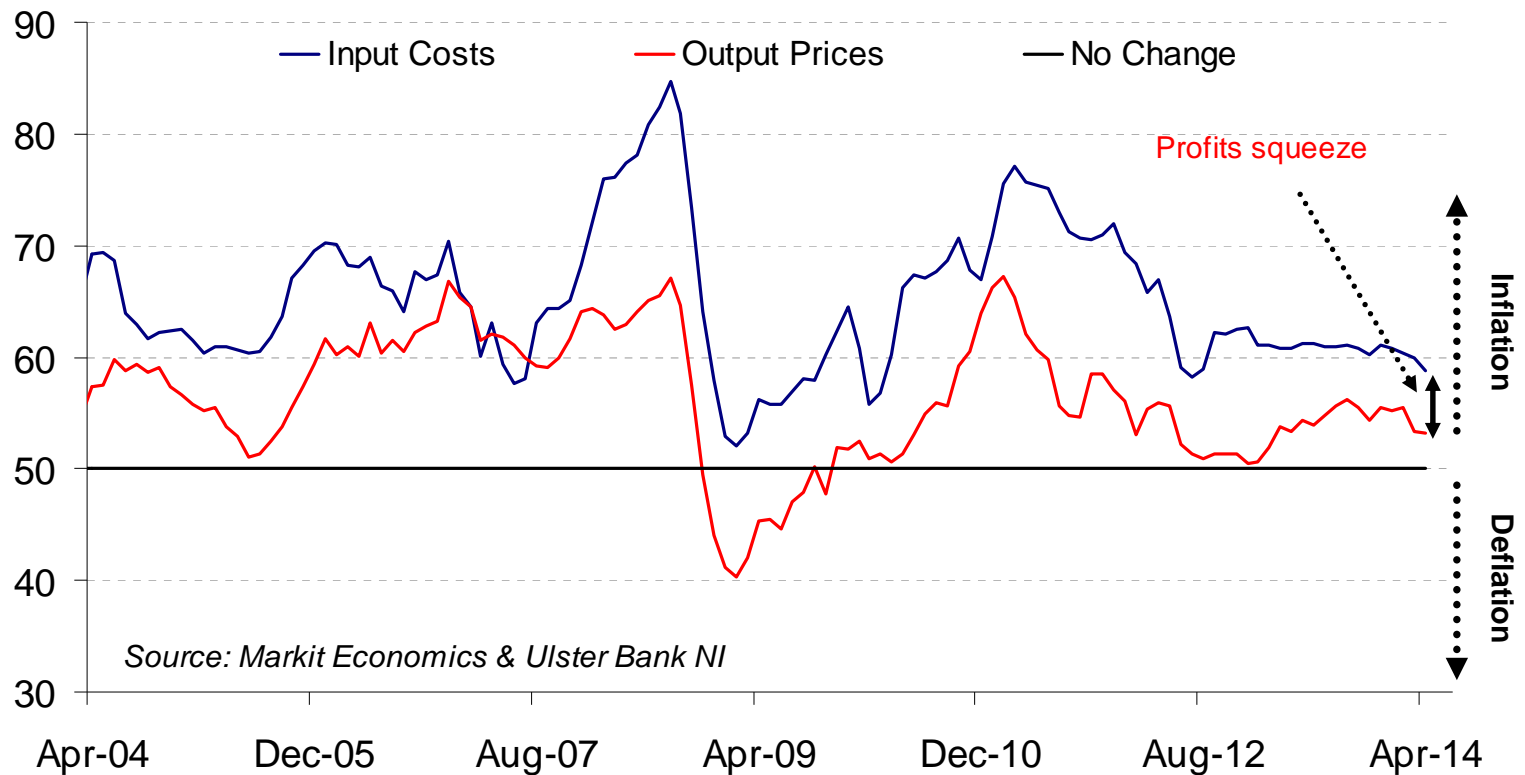
NI retailers report a marked slowdown in sales and new orders from its recent highs



Local retailers maintain pricing power in April

NI Retail Input & Output Inflation

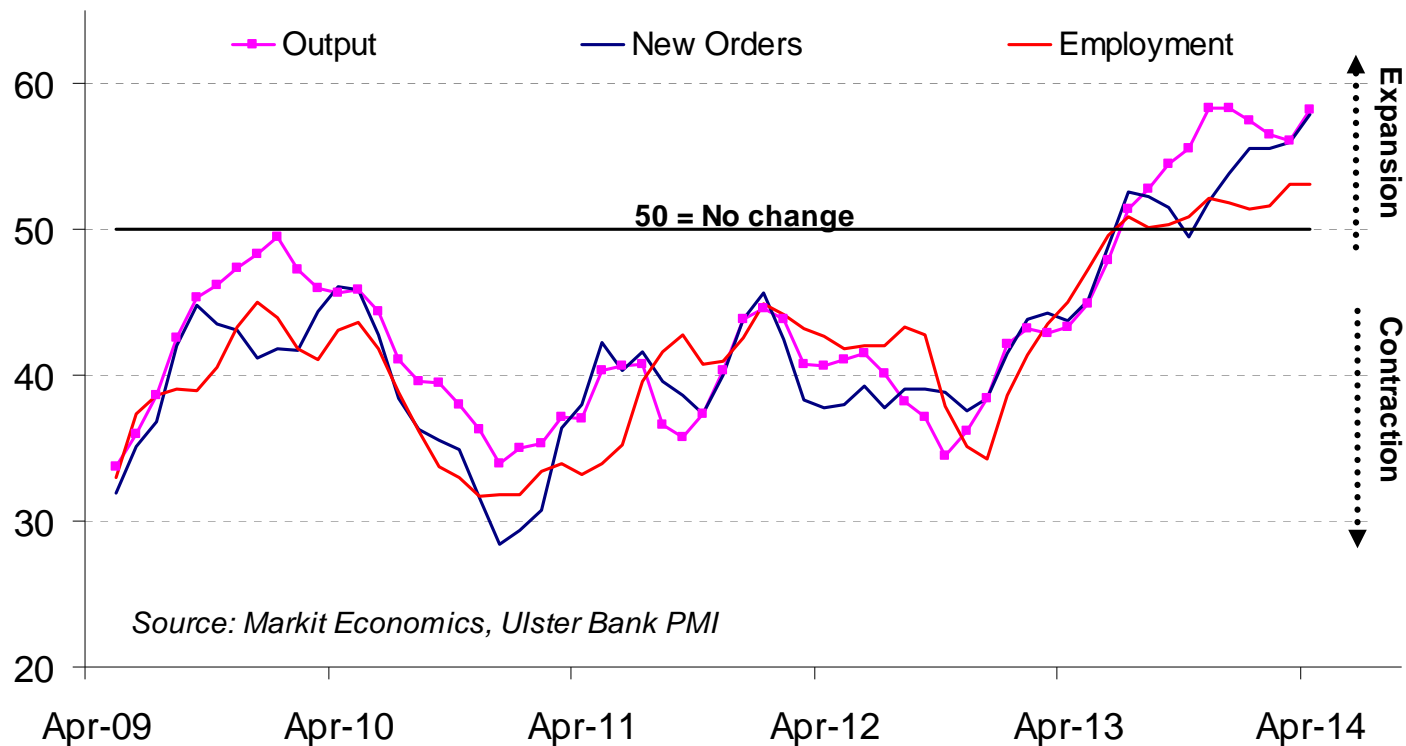
3 month moving average



NI construction sector continues to report growth in output, new orders & employment over the last 3 months

NI Construction PMI

3 month moving average

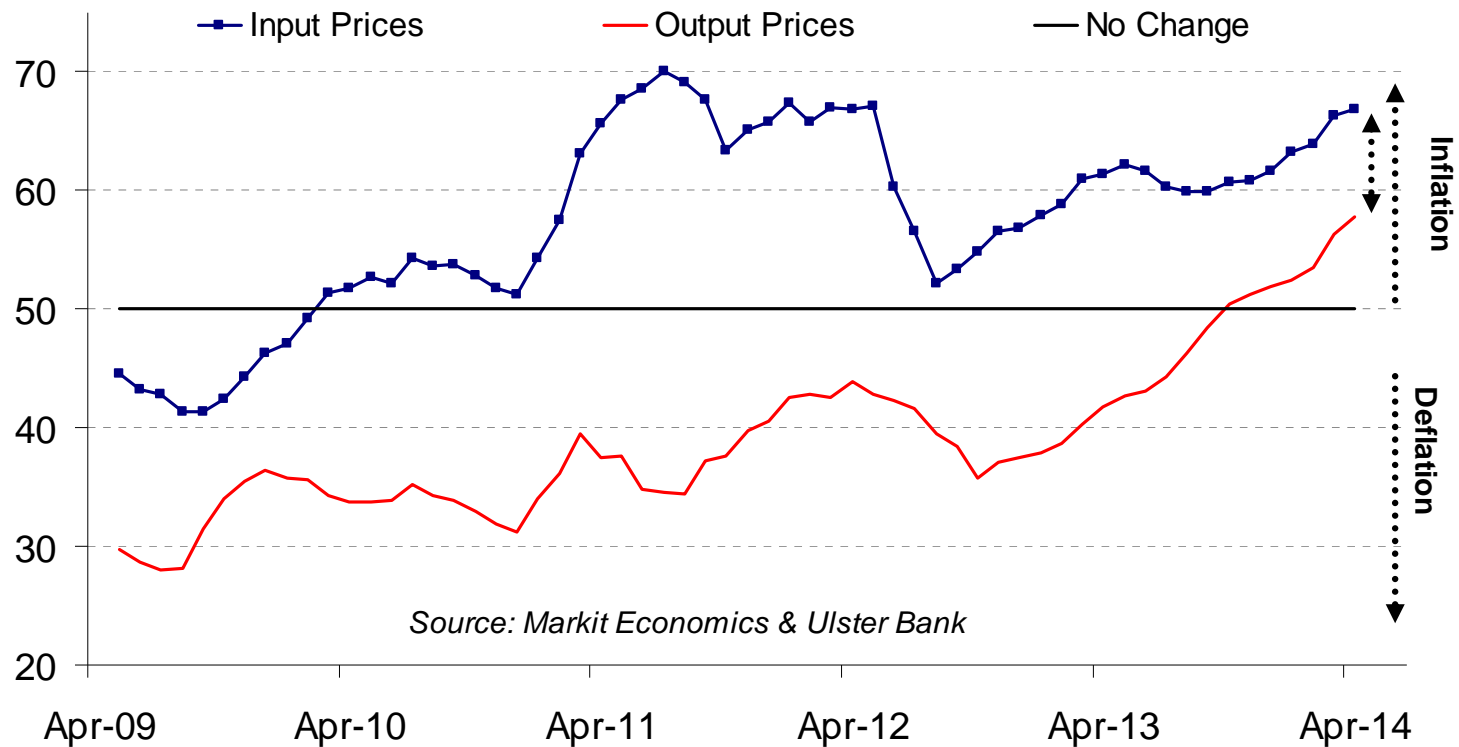


...and output prices have been rising at a record rate

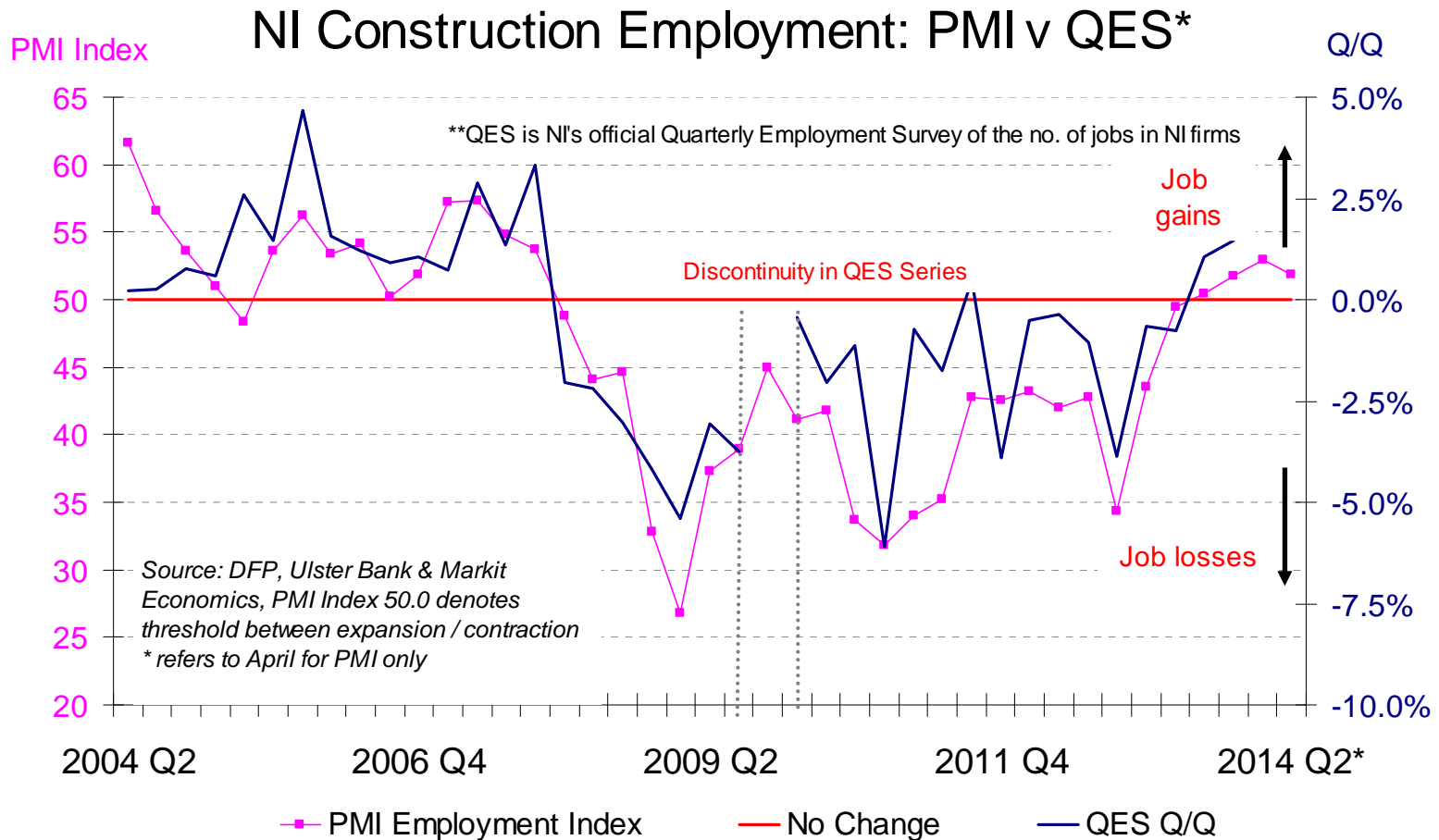
NI Construction Sector Profits Squeeze

3 month moving average

PMI Index



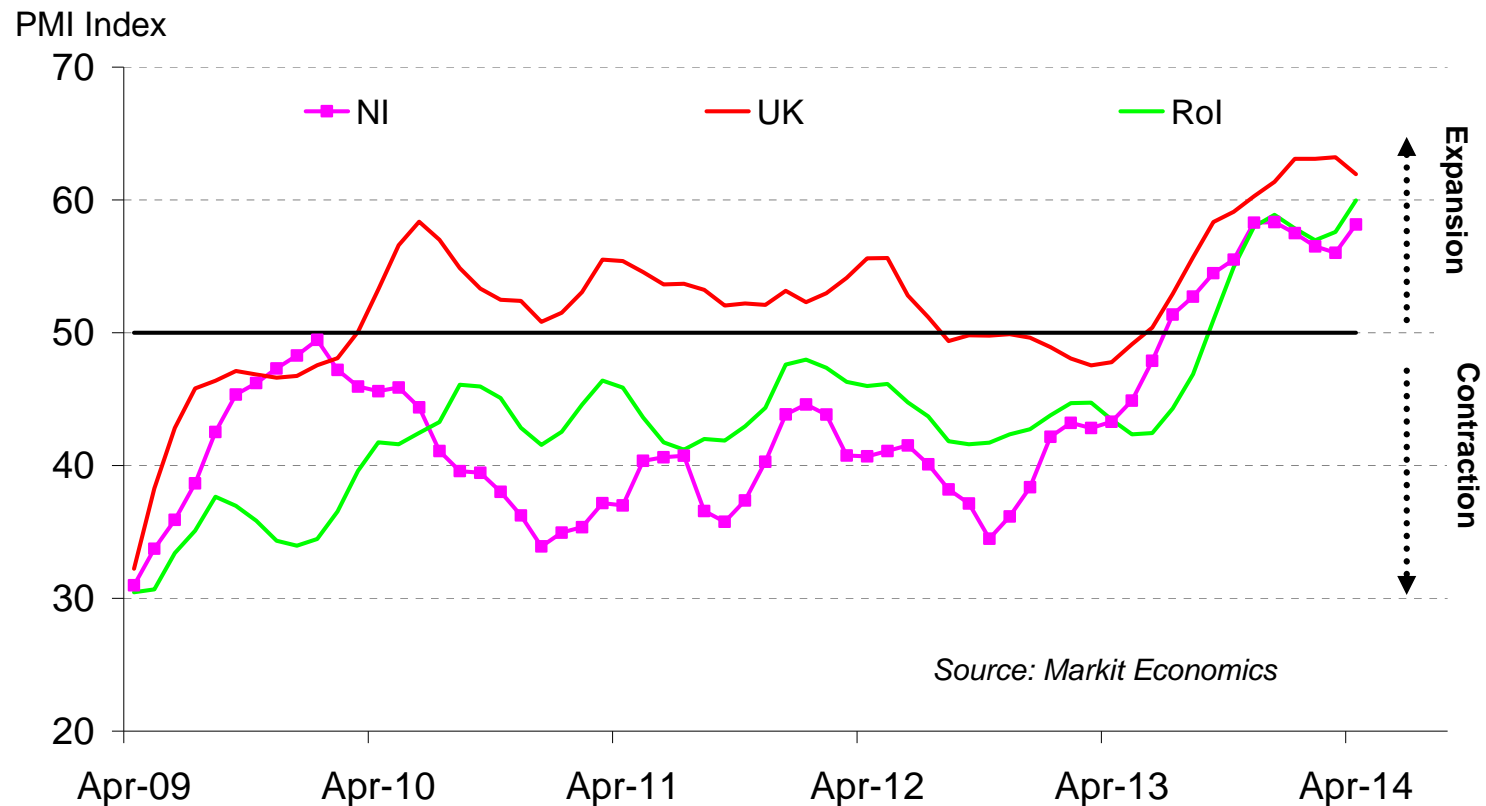
NI's construction PMI posts its third successive quarterly rise in employment in Q1 2014 with further gains in April



Construction output growth remains strong particularly within the UK. Growth in RoI & NI is accelerating

Construction Sector Output - PMI

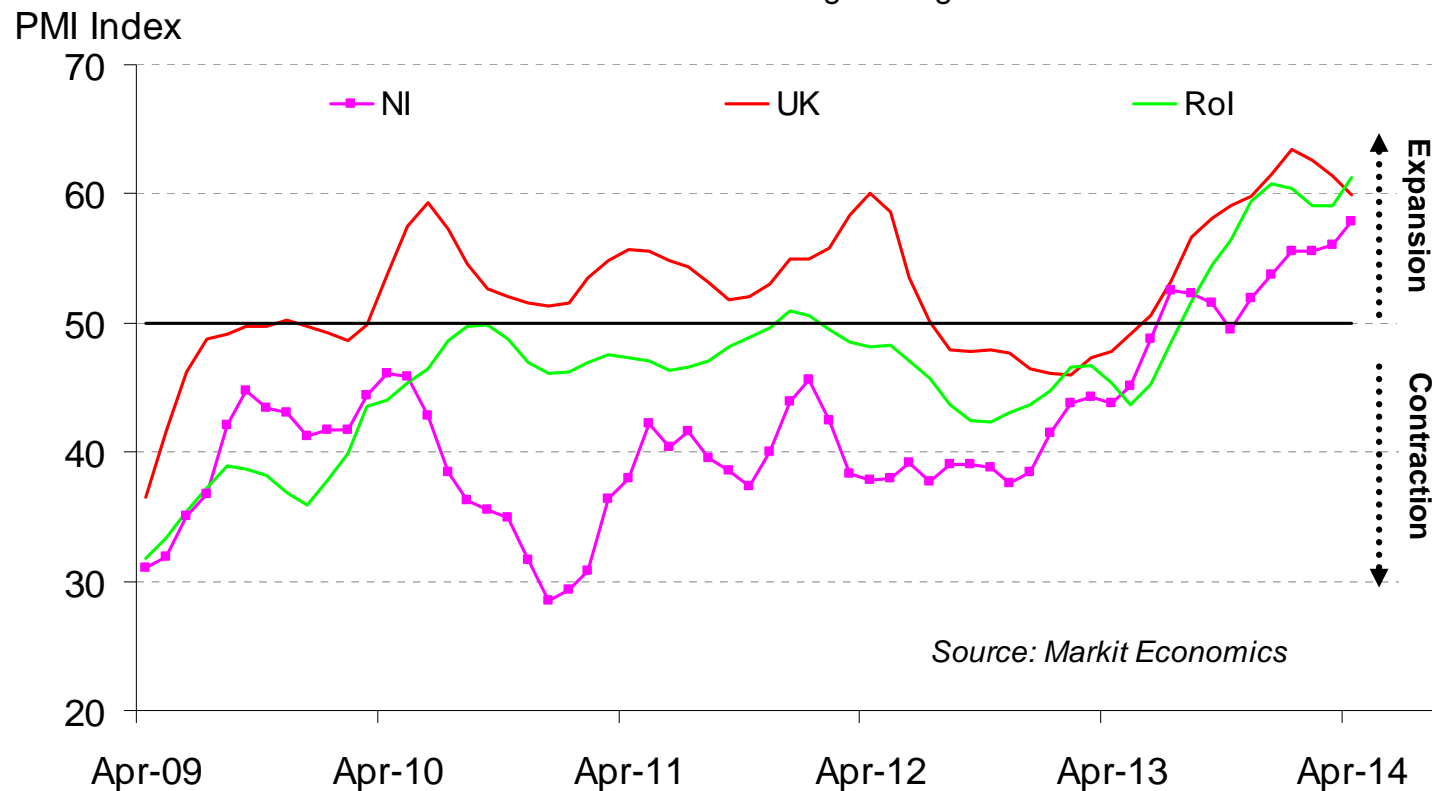
3 month moving average



NI new orders growth hits a record high in April and suggests significant work remains in the pipeline

Construction Sector New Orders - PMI

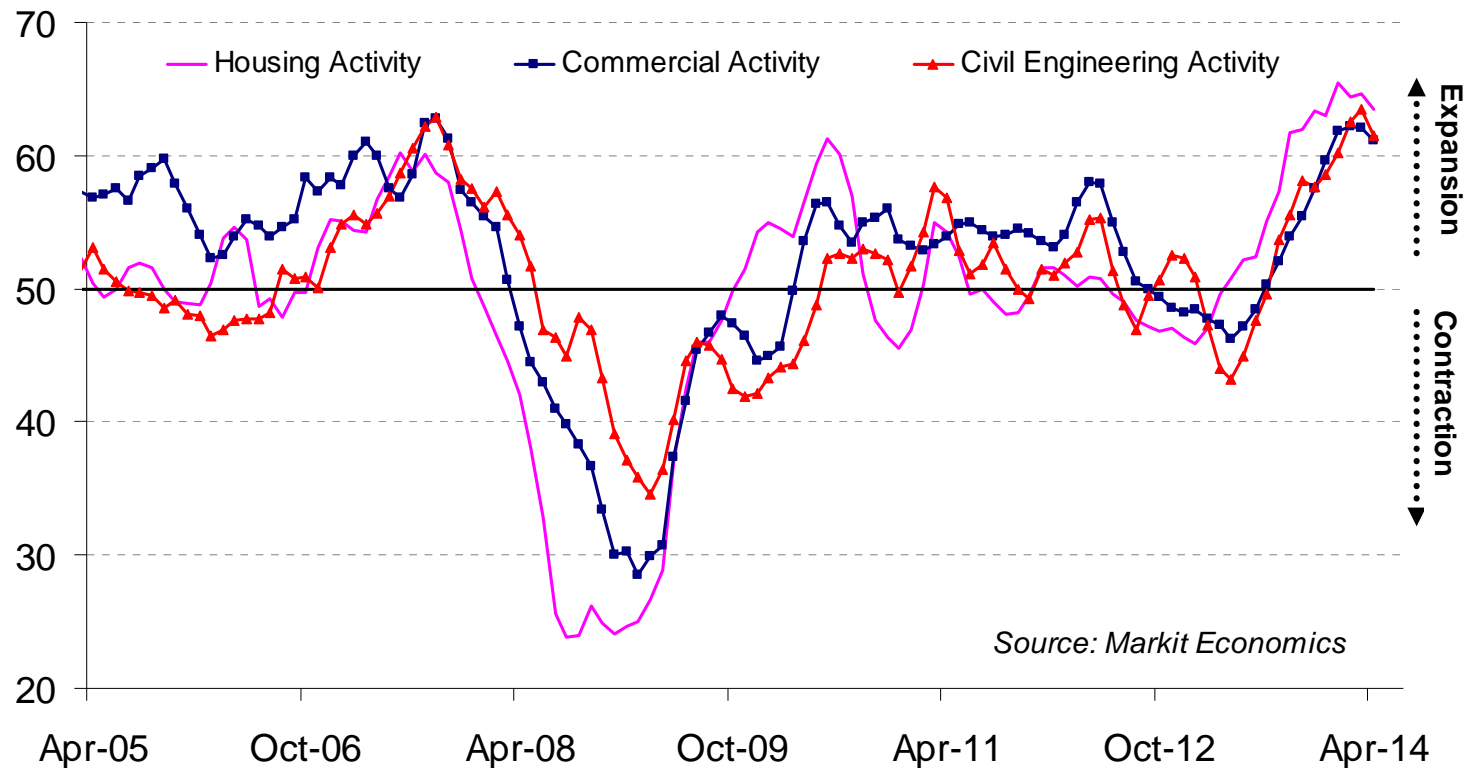
3 month moving average



Opportunities for NI firms within GB. House building has recently been expanding at its fastest rate in over 11 years

UK Construction Activity - PMIs

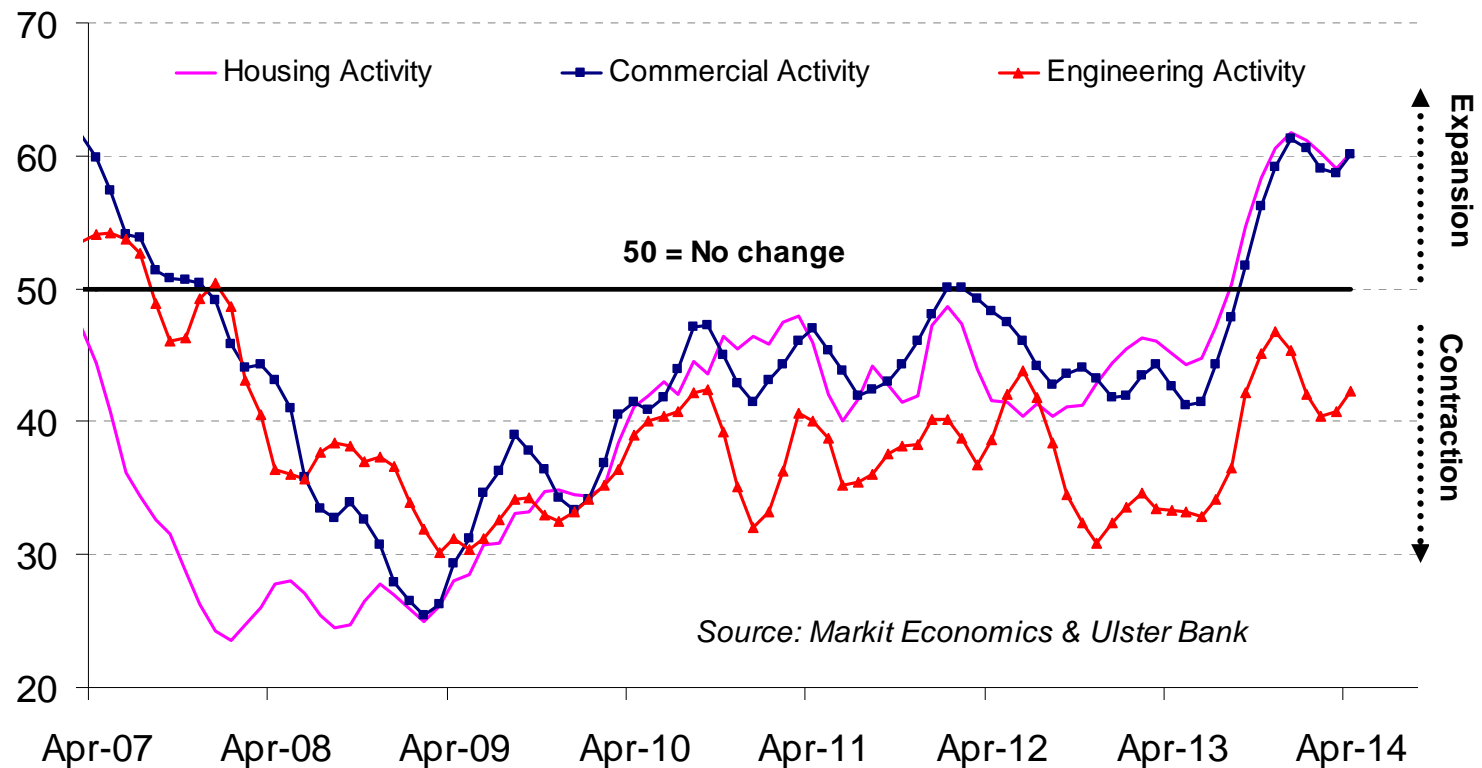
3 month moving average



...with opportunities returning within the RoI too

Republic of Ireland Construction Activity - PMI

3 month moving average



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