

The latest Ulster Bank NI PMI is out this morning. It signalled that the rate of growth in business activity at Northern Ireland companies quickened sharply at the end of 2016 and was the strongest in almost two-and-a-half years.

The rise in output reflected a second successive marked increase in new business, with new export orders expanding substantially again.

Meanwhile, input costs continued to rise sharply and output prices increased to the greatest extent since August 2008.

Here are the key findings:

- The headline seasonally adjusted Business Activity Index rose to 58.7 in December from 54.5 in November, thereby signalling a sharp and accelerated increase in output.
- The latest expansion was the sharpest in almost two-and-a-half years.
- Total new orders rose for the second month running in December, and at a sharp pace.
- A number of respondents highlighted the impact of sales to clients in the Republic of Ireland, linked to sterling weakness.
- New export orders increased considerably and at a pace second only to the series record posted in November.
- With new orders increasing, outstanding business was accumulated for the second successive month.
- The rate of job creation, meanwhile, quickened to a three-month high at the end of 2016.
- While sterling weakness helped firms to secure new orders, it also continued to impact on cost burdens in December.

- Input prices rose sharply again, albeit at a weaker pace than in November.
- A number of respondents passed on higher costs to clients, thereby resulting in a further rise in output prices.
- Moreover, the rate of charge inflation quickened to the fastest since August 2008.

Listen to the podcast:

<https://ulstereconomix.com/wp-content/uploads/2017/01/richard-ramsey-ulster-bank-ni-pmi-dec-16.mp3>



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NORTHERN IRELAND PMI DECEMBER 2016



Employment grew for the 23rd month in a row to a 3-month high



New orders growth accelerated to a 27-month high



Q4 represented the best quarter for export orders in PMI history

SECTORAL PERFORMANCE



Retail input costs accelerated to 79.8 - highest since 2008



Firms raised prices at the fastest rate in almost 8½ years (56.8)



Retailers raised their prices at a record rate of 68.0

50.0 represents the threshold between expansion and contraction. The higher the number above 50, the faster the rate of growth. The lower the number below 50, the faster the rate of contraction.

Download the full Ulster Bank NI PMI report.

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