

Today sees the release of March data from the Ulster Bank Northern Ireland PMI®. The latest report - produced for Ulster Bank by S&P Global - pointed to growth gaining momentum in the Northern Ireland private sector. Output, new orders and employment all increased at sharper rates. Meanwhile, rates of inflation in both input costs and output prices continued to ease.



Momentum in the local economy continued to build at the end of the first quarter. February's report was summed up in the word 'improvement' and March was something of a

rerun of this, with almost every indicator improving further on the previous month. Business activity accelerated at its fastest pace in a year, with only London recording a sharper rate of growth. New orders posted their steepest rate of expansion in a year as well.

Construction was the only NI sector not in expansion mode in March. Lack of a Stormont Executive and a paralysis in decision-making is being felt and will continue to be felt in this sector. This is reflected in the new orders indicator which has indicated declines for 21 months running. In the latest report, construction was the only sector not to see new orders growing, in fact recording a marked fall.

One of the few bright spots for construction is employment, with headcounts growing as firms fill vacancies that they perhaps were unable to fill when the labour market was tighter. Indeed, employment was strong across all sectors, growing at the joint fastest pace on record and one that exceeded all other UK regions.

Inflationary pressures continued to ease in March and were at their weakest pace in over two years. But the pace of cost and price rises was still above the pre-pandemic long-term average. Another encouraging sign is that supplier delivery times for retail, manufacturing and construction shortened in March reflecting that global supply chains are returning to some kind of normality.

Whilst we are seeing notable short-term improvements, and firms are relatively optimistic for the year ahead, there are lots of challenges that will impact on future growth. The slowdown in the global economy is one factor, but the outlook for the public finances is also bleak and this is compounded by the ongoing lack of a functioning Stormont Executive. Meanwhile, households will continue to battle with a cost-of-living crisis.”

The main findings of the March survey were as follows:

The headline seasonally adjusted Business Activity Index rose to 54.9 in March from 52.2 in February. The reading indicated a sharper expansion in output in the private sector, and one that was the fastest for a year. In fact, the rise in Northern Ireland was the second-sharpest of the 12 monitored areas of the UK, behind only London. Panellists reported that higher sales amid improvements in customer confidence and demand had been behind the increase in output. Growth was seen in three of the four monitored sectors, the exception being construction. Retail posted the fastest increase.

Total new orders also expanded at the fastest pace for a year in March, while new export orders ticked higher for a second month running. Firms ramped up hiring in March, in response to higher new orders, a solid build-up in backlogs of work and confidence in the outlook. Moreover, the rate of job creation was the joint-fastest in the survey's history, and the latest increase was the fastest seen across all of the UK areas covered.

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