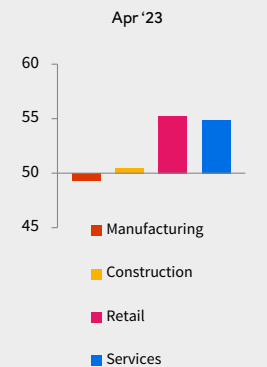
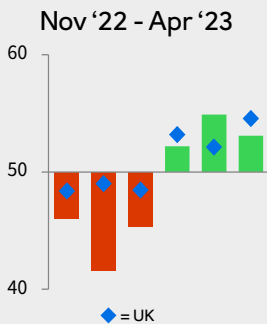


Ulster Bank Northern Ireland PMI[®]

Employment rises markedly as workloads continue to expand

Northern Ireland Business Activity Index



Key findings

Third successive expansion in output

Employment up strongly again

Inflationary pressures weaken

Growth was sustained in the Northern Ireland private sector in April, with activity up for the third month running. Employment continued to rise markedly as a result. Meanwhile, rates of both input cost and output price inflation softened again and suppliers' delivery times shortened.

The headline seasonally adjusted Business Activity Index posted 53.1 in April, down from 54.9 in March but still signalling a solid monthly increase in business activity at companies in Northern Ireland. Output has now risen in three successive months. Activity increased in the services, construction and retail sectors, but dipped in manufacturing.

Output growth was often linked to higher new orders, which also increased for the third month running. That said, the rate of expansion eased and was only marginal.

Northern Ireland Business Activity Index

sa, >50 = growth since previous month



Rising new orders also encouraged firms to expand employment again, with some companies increasing staffing levels to try and work through outstanding business. Staffing levels continued to rise sharply.

While higher wages and energy prices continued to push up input costs in April, the rate of inflation softened for the seventh consecutive month and was the weakest in close to two-and-a-half years. Similarly, the pace of increase in selling prices was the least pronounced since December 2020.

For the first time since the question on suppliers' delivery times was added to the survey in March 2021, vendor performance improved in April.

Companies remained optimistic that output will continue to rise over the coming year, with confidence supported by improvements in new orders.

Contents

- [About the report](#)
- [Comment](#)
- [Demand and outlook](#)
- [Business capacity](#)
- [Exports](#)
- [Prices](#)
- [UK Sector PMI](#)
- [UK Regional PMI](#)
- [Data summary](#)
- [Contact](#)

About the Northern Ireland PMI® report

The Ulster Bank Northern Ireland PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 200 private sector companies in Northern Ireland, operating in the manufacturing, construction, retail and services sectors. The panel has been carefully selected in order to accurately reflect the true structure of the economy and therefore provide an accurate picture of business conditions.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

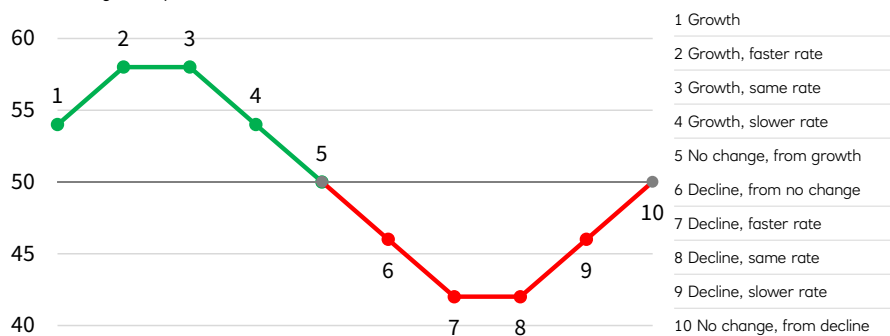
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Northern Ireland Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'Northern Ireland PMI', but is not comparable with the headline UK Manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Index interpretation

50.0 = no change since previous month



Comment

Commenting on the latest survey findings, Richard Ramsey, Chief Economist Northern Ireland, Ulster Bank, said:

"Northern Ireland's private sector started the second quarter in the same way that it ended the first with businesses in expansion mode. Output, orders and employment all increased in April albeit the pace of growth eased relative to March. This was particularly marked with new orders as falling demand amongst manufacturers and construction firms largely offset growth within retail and services. Manufacturing was the only sector to post a decline in output in April with construction finally recording a rise in activity for the first time in 14 months.

"The trend of easing inflationary pressures continued last month with input costs rising at the weakest pace in almost two-and-a-half years. Services firms have recorded the steepest rise in cost pressures in each of the last five months. Despite robust rates of wage inflation, all sectors continued to increase their staffing levels in April. Retailers led

the way in the recruitment drive, but construction firms posted a record rise in staffing levels. This would appear to suggest the softer demand in the sector is enabling longstanding vacancies to finally be filled.

"Supply chain disruption has blighted the economy since the pandemic first hit. But April's survey revealed that firms saw supplier delivery times shorten for the first time since the question was introduced back in March 2021.

"Overall, the steady improvement in the private sector is in stark contrast with the mounting difficulties within the public sector. Budget cuts and a scaling back of public services will also have implications for parts of the private sector too. Meanwhile the headwinds of higher interest rates and increased taxation will increasingly be felt by all parts of the economy in the year ahead."



PMI®

by  S&P Global

Demand and outlook

New orders rise slightly in April

April data pointed to a third successive monthly increase in new orders at companies in Northern Ireland amid new client wins, improving customer confidence and some positive signs with regards to exports. That said, some reports of enquiries slowing during the month meant that the rise in new business was only marginal and the softest in the current growth sequence. New orders expanded in services and retail, but decreased in manufacturing and construction.

Optimism sustained

Rising new orders supported confidence among companies that they will be able to expand output over the coming year. Optimism remained above the series average, despite softening slightly at the start of the second quarter. Around one-third of respondents predicted a rise in output over the next 12 months, against 12% that forecast a reduction.

New Business Index

sa, >50 = growth since previous month

50.5
Apr '23



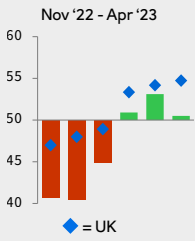
Future Activity Index

>50 = growth expected over next 12 months

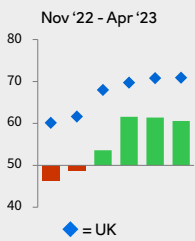
60.6
Apr '23



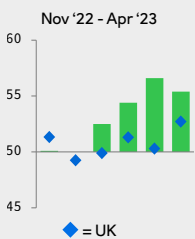
New Business Index



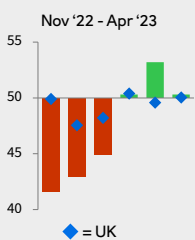
Future Activity Index



Employment Index



Outstanding Business Index



Business capacity

Staffing levels increase markedly again

As has been the case throughout 2023 so far, Northern Ireland companies increased their staffing levels in April. The rate of job creation remained marked, despite easing from the previous month's joint-record high. According to respondents, employment was increased in response to higher new orders, and as part of efforts to reduce outstanding business. Workforce numbers were up across each of the four broad sectors covered by the survey.

Marginal rise in backlogs

Increases in new orders continued to impart pressure on capacity during April and led to a third successive monthly accumulation of outstanding business. That said, efforts by firms to reduce their backlogs meant that the pace of increase softened from March and was only marginal.

Employment Index

sa, >50 = growth since previous month

55.4
Apr '23



Outstanding Business Index

sa, >50 = growth since previous month

50.3
Apr '23



Exports

New business from abroad stable

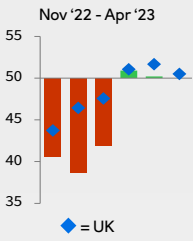
After having risen in each of the preceding two survey periods, new export orders were unchanged in April. While some firms reported that demand in international markets had improved, others suggested that a recent strengthening of the pound against the US dollar had made securing new export orders more challenging.

New Export Business Index

50.0
Apr '23



New Export Business Index



Improvement in export climate gathers strength

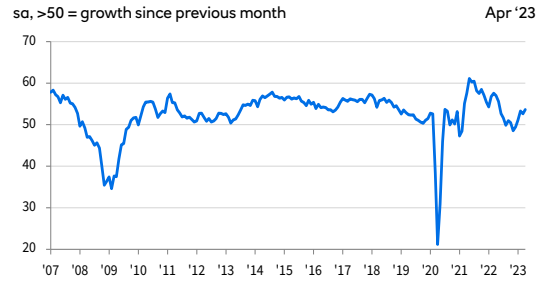
The Northern Ireland Export Climate Index (ECI) is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of Northern Ireland. This produces an indicator for the economic health of the country's export markets.

The ECI rose to 53.6 in April from 52.6 in March, signalling a solid and stronger improvement in demand conditions in export markets. In fact, the strengthening of the export climate in April was the greatest since May 2022.

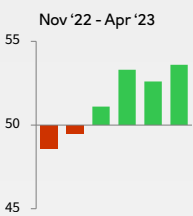
The Republic of Ireland, USA and Germany all saw growth in activity quicken at the start of the second quarter, with the rise in Germany the fastest for a year. Meanwhile, Canadian manufacturing production returned to growth following a fall in March. Output continued to decrease in the Netherlands, however, and at a faster pace.

Export Climate Index

53.6
Apr '23



Export Climate Index



Top export markets, Northern Ireland

Rank	Market	Weight	Output Index, Apr'23
1	Republic of Ireland	46.0%	53.5
2	USA	12.2%	53.4
3	Netherlands	5.9%	47.7
4	Canada	5.0%	50.6
5	Germany	4.4%	54.2



Prices

Input price inflation continues to soften in April

Although input prices continued to rise at a marked pace during April, the rate of inflation softened for the seventh successive month and was the weakest since November 2020. Wage increases were widely reported by panellists, while other firms indicated that higher energy bills had pushed up input costs. Service providers posted the fastest rise of the four sectors covered.

Weaker charge inflation signalled

In line with the picture for input costs, output prices increased at a softer pace in April. In fact, the rate of inflation eased to a 28-month low and was the slowest of the monitored areas of the UK. Selling prices rose most quickly in the construction sector, with manufacturing seeing the weakest pace of inflation.

Input Prices Index 66.1
sa, >50 = inflation since previous month Apr '23



Prices Charged Index 57.4
sa, >50 = inflation since previous month Apr '23

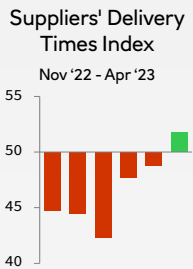
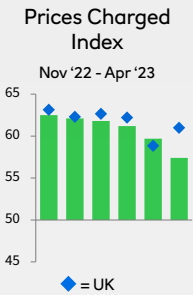
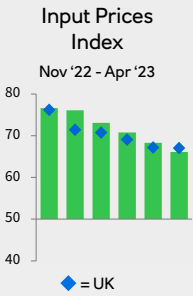


Suppliers' Delivery Times

Lead times shorten

For the first time since the question on suppliers' delivery times was added to the survey in March 2021, a shortening of lead times was recorded during April. Where quicker deliveries were recorded, firms mentioned improved global supply conditions and better access to transportation.

Suppliers' Delivery Times Index 51.7
sa, >50 = shorter delivery times since previous month Apr '23



UK Sector PMI

Sector specialisation: Northern Ireland

Location quotients (LQs) are useful measures of regional economic specialisation and can identify industry clusters at a local level. They are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

Focusing on the manufacturing and service sectors in isolation, a location quotient is calculated by taking a sector's proportion of regional output and comparing it with the UK-wide share of output in the sector. An LQ of 1.0 in a sector means that the region and the UK as a whole are equally specialised in that sector. An LQ greater than 1.0 indicates that the sector has a greater economic footprint in the region than it does for the UK as a whole.

The tables below rank the location quotients for Northern Ireland, broken down by manufacturing and services. The UK Output Index for each sub-sector is also displayed.

Northern Ireland specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Apr '23 ⁺
1	Electrical & Optical	1.42	55
2	Food & Drink	1.26	50
3	Textiles & Clothing	1.19	48
4	Other Manufacturing	1.09	52
5	Basic Metals	0.98	50
6	Timber & Paper	0.92	42
7	Mechanical Engineering	0.88	52
8	Chemicals & Plastics	0.78	48
9	Transport	0.77	52

Northern Ireland specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr '23 ⁺
1	Hotels, Restaurants & Catering	1.34	58
2	Personal & Community Services	1.23	52
3	Transport & Communication	1.22	48
4	Business-to-business Services	0.89	55
5	Computing & IT Services	0.89	58
6	Financial Intermediation	0.66	58

UK sector focus

Basic Metals

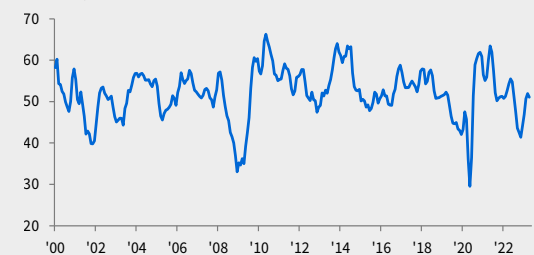
The three months to April saw a modest rise in production levels across the UK's Basic Metals sector. With new orders remaining in contraction territory (albeit falling at a slower rate), output growth was driven by progress on backlogs of work, which fell sharply in the latest three-month period.

The increase in output was further supported by improved material availability. Lead times on inputs shortened substantially, and to the greatest extent for almost 14 years. This easing of supply-demand imbalances also manifested itself in a cooling of price pressures. Input cost inflation was the slowest in over two-and-a-half years. Factory gate prices also increased at a slower rate, although inflation on this front remained comparatively more elevated.

Looking ahead, Basic Metals producers were optimistic about growth prospects in the next 12 months. Expectations were in fact the highest for over a year.

Output Index

sa, >50 = growth since previous month (3mma)⁺



⁺ 3-month moving average



UK Regional PMI overview

Business Activity

All 12 UK nations and regions monitored by the survey saw a rise in business activity in April, the first time this has been the case since February last year. The strongest growth by far was recorded in London, where it hit a ten-month high. Wales sank to the bottom of the rankings for output growth and was one of only two areas (alongside Northern Ireland*) where the pace of expansion slowed.

Employment

Employment rose across all areas of the UK during April except in Wales. Here, workforce numbers fell for the fourth month running, albeit at the slowest rate in this sequence. Northern Ireland recorded the fastest rate of job creation, as has been the case in each of the past four months, followed by Scotland. Notably, the North East saw staffing levels rise - albeit marginally - for the first time in nearly a year.

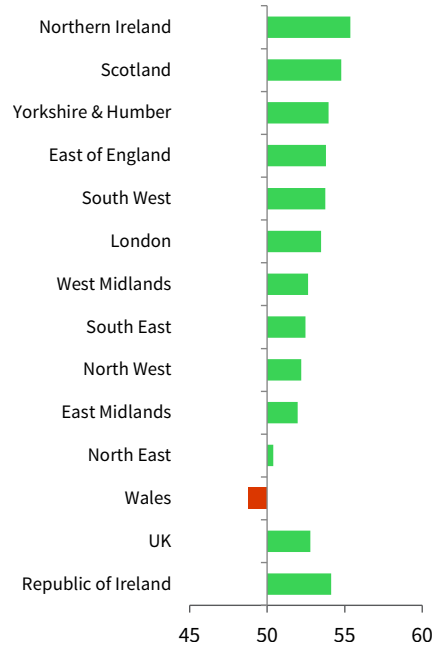
Future Activity

Business expectations were generally positive in April, although trends varied. The West Midlands recorded the highest degree of optimism towards future activity, despite it being one of five areas where sentiment weakened from the month before (alongside the South East, South West, Scotland and Northern Ireland). The greatest uptick in the level of confidence was in the North East.

Business Activity Index
sa, >50 = growth since previous month, Apr '23



Employment Index
sa, >50 = growth since previous month, Apr '23



Future Activity Index
>50 = growth expected over next 12 months Apr '23



*Coverage in England, Wales, Scotland and Republic of Ireland only includes manufacturing and services. Northern Ireland also includes retail and construction.



Index summary

Northern Ireland

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	New Export Business	Export Climate	Input Prices	Prices Charged	Suppliers' Delivery Times
Nov '22	46.0	40.7	46.2	50.1	41.6	40.6	48.6	76.6	62.5	44.7
Dec '22	41.6	40.5	48.8	50.0	43.0	38.7	49.5	76.1	62.1	44.5
Jan '23	45.3	44.9	53.6	52.5	44.9	41.9	51.1	73.1	61.8	42.3
Feb '23	52.2	50.9	61.6	54.4	50.3	50.9	53.3	70.8	61.2	47.7
Mar '23	54.9	53.1	61.4	56.6	53.2	50.2	52.6	68.3	59.7	48.8
Apr '23	53.1	50.5	60.6	55.4	50.3	50.0	53.6	66.1	57.4	51.7

By Sector, April '23

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	Input Prices	Prices Charged
Manufacturing	49.3	46.8	61.3	54.2	44.3	57.9	54.7
Construction	50.5	43.8	59.1	60.1	48.9	62.0	65.6
Retail	55.2	55.4	61.4	61.2	53.5	66.5	57.3
Services	54.9	53.5	61.0	51.6	54.4	70.2	58.3

Contact

Richard Ramsey
 Chief Economist, Northern Ireland
 T +44 (0)28 9027 6354
 M +44 (0)7881 930955
richard.ramsey@ulsterbankcm.com
 Web: www.ulstereconomix.com
 Twitter: @UB_Economics

About Ulster Bank

Ulster Bank is a member of The Royal Bank of Scotland Group. Ulster Bank acts as a full service institution to its customer base, providing an extensive range of retail banking, business banking, investment banking and capital markets services to corporate, personal and institutional clients.

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.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, and entered on the Financial Services Register (Registration Number 122315).

Ulster Bank Limited. Registered in Northern Ireland. Registration Number R733. Registered Office: 11-16 Donegall Square East, Belfast BT1 5UB.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 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.

ihsmarkit.com/products/pmi.html

Disclaimer

The Ulster Bank Northern Ireland PMI® is issued exclusively for the general information of clients, contacts and staff of Ulster Bank. The contents are not a substitute for specific advice and should not be relied upon as such. Accordingly, whilst every care has been taken in the preparation of this publication, no representation or warranty is made or given in respect of its contents and no responsibility is accepted for the consequences of any reliance placed on it by any person.

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates. Ulster Bank uses the above marks under licence.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.