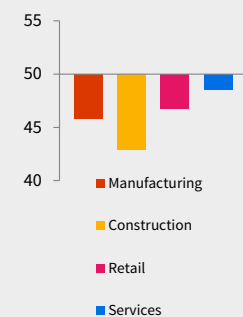
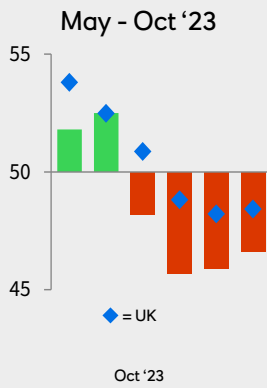


# Ulster Bank Northern Ireland PMI<sup>®</sup>

## Fastest decline in new orders since January

### Northern Ireland Business Activity Index



### Key findings

Further solid reduction in business activity

Softest pace of job creation in ten months

Output prices up slightly, despite faster input cost inflation

The start of the final quarter of the year saw a further drop in business activity in the Northern Ireland private sector. New orders declined at a faster pace despite efforts by firms to limit hikes in selling prices. Meanwhile, the rate of job creation continued to moderate.

The headline seasonally adjusted Business Activity Index rose to 46.6 in October from 45.9 in September, but still signalled a drop in output for the fourth successive month. Although softer than in the previous survey period, the rate of contraction was still solid. Output decreased across all four monitored sectors.

Panellists reported that higher interest rates and a lack of government at Stormont had impacted negatively on both business activity and new orders in October. New orders decreased solidly, and to the greatest extent since January.

Companies continued to take on additional staff, but the rate of job creation eased to the weakest in the year-to-date and was only slight.

The rate of input price inflation quickened to a five-month high amid rising fuel and wage costs. The extent to which firms were able to pass higher costs through to customers was limited by demand weakness, however. As a result, output prices increased only slightly and at the slowest pace in just over three years.

Rising charges in services and construction contrasted with reductions in manufacturing and retail.

Political stalemate and weak demand, particularly in the construction market, meant that business confidence eased to a nine-month low in October. Some firms remained hopeful that demand will recover over the coming year, however.

Northern Ireland Business Activity Index  
sa, >50 = growth since previous month



## 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.

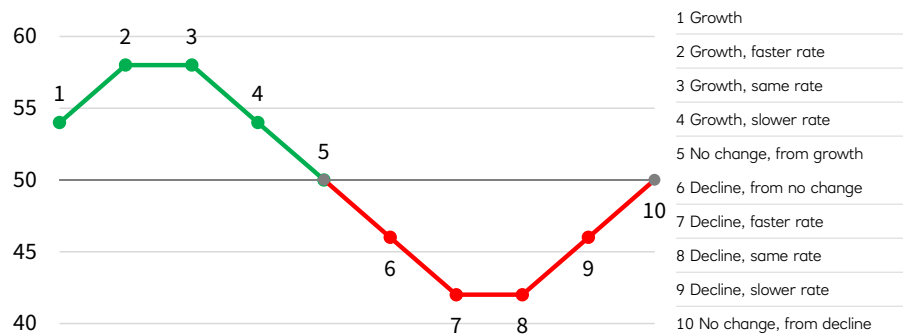
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Northern Ireland Business Activity Index is comparable to the UK Composite Output Index. It 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@spglobal.com](mailto:economics@spglobal.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 final quarter of the year with a further loss in momentum. Business activity fell for the fourth successive month, with all sectors posting a decline. It was a similar story regarding order books, which recorded their fifth consecutive month of contraction. This waning demand was in spite of firms doing their best to limit price rises; indeed in the manufacturing and retail sectors, businesses were actually cutting their prices during October. Overall, prices charged by businesses rose at their weakest pace in around three years.*

*"As a result of falling demand and challenging conditions, firms in the manufacturing and retail sectors are scaling back their optimism and construction firms expect to still be mired in recession in a year's time. The higher interest rate environment and the ongoing political stalemate at Stormont*

*were cited by businesses as key reasons behind their challenges.*

*"Positives were few and far between in the latest survey. Nevertheless, Northern Ireland's private sector once again increased staffing levels; albeit at the slowest rate in 10 months. But the month of October was bookended with two unwanted developments; the outbreak of war between Israel and Gaza and localised flooding in Northern Ireland. Both of these developments add to a growing list of economic headwinds. Looking ahead, we have the Chancellor's autumn statement on November 22. However expectations that he will provide a fiscal boost to businesses or households are extremely low."*



PMI®

by **S&P Global**

## Demand and outlook

### Contraction in new orders gathers pace

October data pointed to a solid monthly fall in new orders at companies in Northern Ireland, with the rate of contraction quickening to the most marked since January. New business has now decreased in each of the past five months, with the latest fall linked to weak market demand and high interest rates. Each of the four broad sectors covered by the report saw new orders decrease.

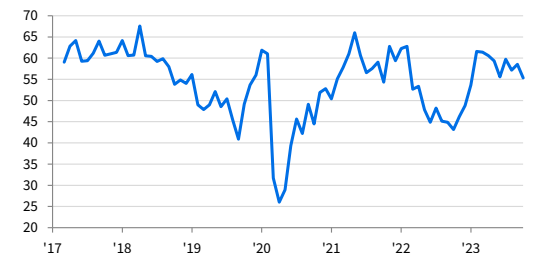
**New Business Index** 46.5  
sa, >50 = growth since previous month Oct '23



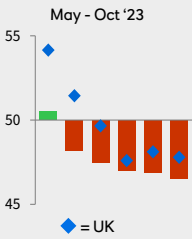
### Optimism at lowest since January

Although firms on balance expect output to increase over the coming year, business confidence dropped in October and was the lowest since the opening month of the year. Sentiment in Northern Ireland was the lowest of the 12 monitored areas of the UK. Some firms hope for a demand recovery during the coming year, but others expressed concerns about ongoing political stalemate and a decline in the construction sector.

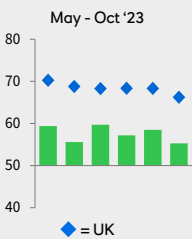
**Future Activity Index** 55.3  
>50 = growth expected over next 12 months Oct '23



**New Business Index**  
May - Oct '23



**Future Activity Index**  
May - Oct '23



## Business capacity

### Weaker rise in employment

Continuing the trend seen throughout 2023 so far, employment increased during October, with the rise in Northern Ireland contrasting with a fall at the UK level. That said, the rate of job creation softened for the fourth consecutive month and was the weakest in the current sequence of rising staffing levels. Some firms reportedly hired additional staff to work on new contracts, but others indicated continued difficulty sourcing suitable candidates to fill positions.

**Employment Index** 51.0  
sa, >50 = growth since previous month Oct '23



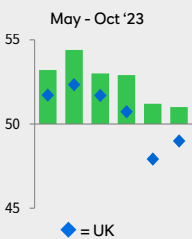
### Steep reduction in backlogs of work

Falling new orders meant that firms used spare resources to work through outstanding business again in October, the sixth month running in which this has been the case. Moreover, the latest decline in backlogs was substantial and steeper than that seen in September.

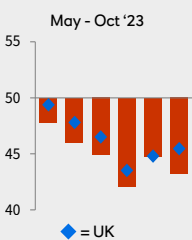
**Outstanding Business Index** 43.2  
sa, >50 = growth since previous month Oct '23



**Employment Index**  
May - Oct '23



**Outstanding Business Index**  
May - Oct '23



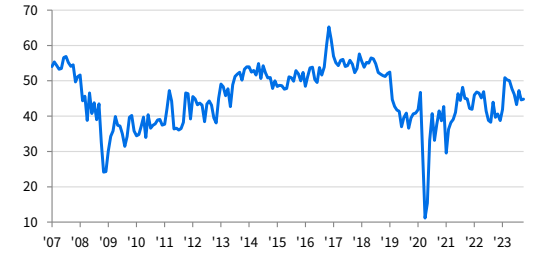
## Exports

### New business from abroad falls further

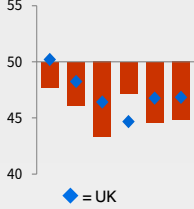
International demand weakness, particularly in Europe, meant that new export orders decreased again at the start of the final quarter of the year. New business from abroad was down markedly, with the rate of contraction broadly in line with that seen in the previous survey period.

New Export Business Index  
 >50 = growth since previous month

44.8  
 Oct '23



New Export Business Index  
 May - Oct '23



### Export climate deteriorates in October

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 posted below the 50.0 no-change mark for the first time in ten months in October, signalling a decline in demand conditions in export markets. The reading was at 48.9, down from 50.4 in September and the lowest since November last year.

A first decline in business activity in the Republic of Ireland for almost a year was a key factor behind the overall deterioration in the export climate. Falling output was also signalled in the Netherlands, Canada and Germany. Meanwhile, the USA posted a slight expansion in activity, and one that was the fastest in three months.

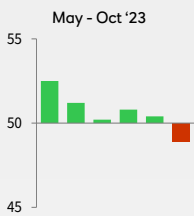
Export Climate Index

sa, >50 = growth since previous month

48.9  
 Oct '23



Export Climate Index  
 May - Oct '23



Top export markets, Northern Ireland

Rank	Market	Weight	Output Index, Oct'23
1	Republic of Ireland	46.0%	49.7
2	USA	12.2%	50.7
3	Netherlands	5.9%	42.3
4	Canada	5.0%	46.7
5	Germany	4.4%	45.9





## Prices

### Cost inflation ticks higher

The rate of input price inflation quickened to a five-month high in October, on the back of higher wage and fuel costs. The latest increase in input prices was marked, albeit still much softer than the average over the past three years. Construction recorded the fastest rise in input costs, closely followed by services. Manufacturing input prices increased for the first time in five months.

Input Prices Index **59.1**  
 sa, >50 = inflation since previous month  
 Oct '23



### Softest rise in charges since September 2020

In contrast to the faster increase in input costs, the rate of output price inflation softened in October and was the weakest in just over three years. Efforts to pass on higher input costs to customers were stymied by the need to price competitively in order to try to secure new business. Charges increased in the services and construction sectors, but decreased in manufacturing and retail.

Prices Charged Index **51.3**  
 sa, >50 = inflation since previous month  
 Oct '23

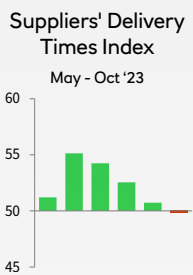
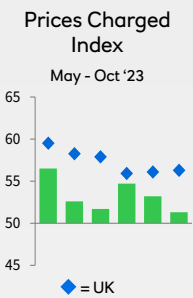
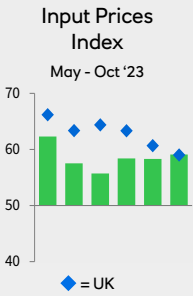


## Suppliers' Delivery Times

### Slight lengthening of supplier lead times

Suppliers' delivery times lengthened during October, thereby ending a six-month sequence of improvement. That said, the rate of deterioration in vendor performance was only fractional. Respondents indicated that Brexit and related paperwork was behind the slowdown in supplier deliveries.

Suppliers' Delivery Times Index **49.8**  
 sa, >50 = shorter delivery times since previous month  
 Oct '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, Oct '23 <sup>+</sup>
1	Electrical & Optical	1.42	48
2	Food & Drink	1.26	52
3	Textiles & Clothing	1.19	48
4	Other Manufacturing	1.09	48
5	Basic Metals	0.98	48
6	Timber & Paper	0.92	42
7	Mechanical Engineering	0.88	48
8	Chemicals & Plastics	0.78	48
9	Transport	0.77	48

#### Northern Ireland specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Oct '23 <sup>+</sup>
1	Hotels, Restaurants & Catering	1.34	48
2	Personal & Community Services	1.23	50
3	Transport & Communication	1.22	48
4	Business-to-business Services	0.89	48
5	Computing & IT Services	0.89	52
6	Financial Intermediation	0.66	50

## UK sector focus

### Mechanical Engineering

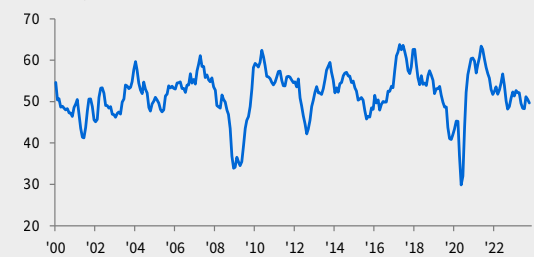
The trend in production across the UK's Mechanical Engineering sector was one of broad stagnation in the three months to October. This was closely aligned with the sector's performance throughout the year so far, which has seen only marginal growth on average.

Output has in fact been largely supported by the clearing of backlogs of work as the supply of inputs has improved, with inflows of new work having been in decline for more than a year. Nevertheless, firms were optimistic about the 12-month outlook and maintained a trend of job creation that stretches back to the start of 2021.

Turning to prices, latest data showed only modest rises in both input costs and factory gate charges across the sector in the three months to October. Cost inflation was in fact at its joint-lowest since mid-2016, having surged throughout 2021 and 2022.

#### Output Index

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



<sup>+</sup> 3-month moving average



## UK Regional PMI overview

### Business Activity

London remained the UK's top-performing region for activity growth in October. It was one of just three areas (out of 12 monitored) where output rose during the month, alongside the West Midlands and South West. Firms in the North East recorded the most marked decline in business activity, followed by those in Wales.

### Employment

Seven out of the 12 monitored regions and nations posted lower employment in October. However, this was down from ten in September, and where workforce numbers fell, rates of job shedding often eased. Scotland topped the rankings with a modest rise in staffing levels, with the West Midlands, Northern Ireland\*, North West and East of England also seeing increases.

### Future Activity

Confidence towards future activity weakened across the vast majority of areas in October, with only the South West and Wales going against the trend. Nevertheless, expectations were optimistic across the board, and nowhere more so than in the West Midlands, which topped the rankings for a fourth straight month ahead of the South East.

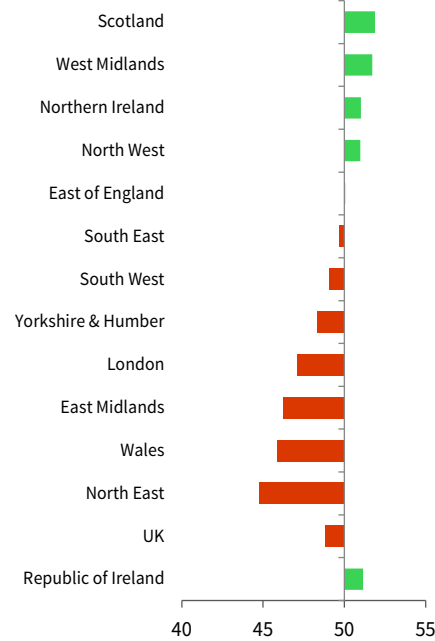
Business Activity Index

sa, >50 = growth since previous month, Oct '23



Employment Index

sa, >50 = growth since previous month, Oct '23



Future Activity Index

>50 = growth expected over next 12 months Oct '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
May '23	51.8	50.5	59.4	53.2	47.8	47.7	52.5	62.3	56.5	51.2
Jun '23	52.5	48.2	55.6	54.4	46.0	46.1	51.2	57.5	52.6	55.1
Jul '23	48.2	47.5	59.7	53.0	44.9	43.3	50.2	55.7	51.7	54.2
Aug '23	45.7	47.0	57.2	52.9	42.1	47.2	50.8	58.4	54.7	52.5
Sep '23	45.9	46.9	58.5	51.2	44.8	44.6	50.4	58.3	53.2	50.7
Oct '23	46.6	46.5	55.3	51.0	43.2	44.8	48.9	59.1	51.3	49.8

### By Sector, October '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	45.8	47.8	56.8	51.8	37.8	52.7	45.0
Construction	42.9	39.3	40.9	53.7	45.9	63.8	58.4
Retail	46.7	47.3	52.5	53.7	35.0	59.1	49.1
Services	48.6	47.8	60.1	50.1	48.1	63.1	55.7

## Contact

Richard Ramsey  
 Chief Economist, Northern Ireland  
 T +44 (0)28 9027 6354  
 M +44 (0)7881 930955  
[richard.ramsey@ulsterbankcm.com](mailto:richard.ramsey@ulsterbankcm.com)  
 Web: [www.ulstereconomix.com](http://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](http://www.spglobal.com)

### About PMI

Purchasing Managers' Index™ (PMI<sup>®</sup>) 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.

[www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

### Disclaimer

The Ulster Bank Northern Ireland PMI<sup>®</sup> 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<sup>®</sup> are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

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.