

# Ulster Bank Northern Ireland PMI®

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## **New orders rise at weakest pace in four months**

Today sees the release of August data from the Ulster Bank Northern Ireland PMI®. The latest report – produced for Ulster Bank by IHS Markit – signalled a loss of growth momentum in the Northern Ireland private sector. Although output and new orders continued to rise solidly, rates of expansion in both were weaker than recorded in July. That said, the rate of job creation picked up, as did business confidence. Inflation of both input costs and output prices eased, but remained elevated.

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

*“We’ve perhaps never seen a year when the weather has played such a big role in the Northern Ireland economy. In the early part of 2018, the Beast from the East disrupted business activity, therefore impacting on output. More recently, the incredibly good weather has been cited as a major factor behind faster rates of growth in the private sector during June and July. Perhaps unsurprisingly, given the milder weather, August saw something of a slowdown.*

*“Output and new orders growth both eased to a four-month low in August, whilst export orders saw the weakest rate in 10 months, albeit that it was the 26th successive month of growth. Employment fared slightly better, with a modest pick-up in growth from July’s 12-month low. Meanwhile, inflationary pressures eased, according to local firms, but it is worth noting that they remain more marked in Northern Ireland than in any other UK region.*

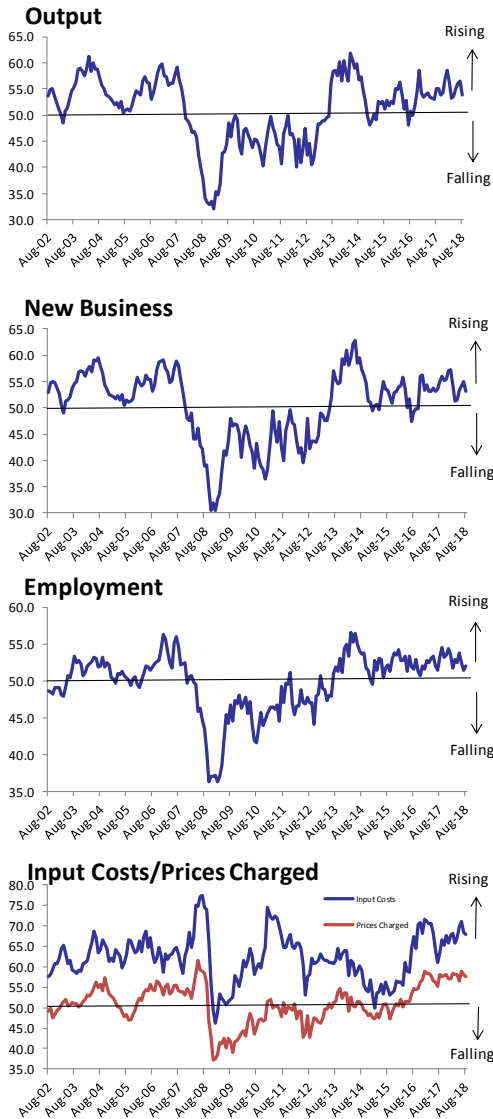
*“The August slowdown was evident across the retail, services and construction sectors. While they were all still growing, the uplift in output and their order books slowed significantly. On the other hand, manufacturing saw almost every indicator improve. In particular, the notable growth in new orders bodes well for the months ahead.*

*“During the next few months, it will become clearer if the latest slowdown is simply related to an easing back from June and July’s weather-related high, or if this is evidence of an underlying weakness emerging. The fact that construction firms expect activity to fall over the next 12 months, suggests that they think it may be the latter.”*

### **The main findings of the August survey were as follows:**

The headline seasonally adjusted Business Activity Index fell to 53.9 in August from 56.6 in July. The rate of growth was solid and output has now risen in Northern Ireland in each of the past 23 months, but the latest month signalled the weakest expansion since April. The increase in output in Northern Ireland was also slower than the UK average. All four monitored sectors saw activity rise, although manufacturing was the only one to record a faster rate of expansion than in July.

Consistent with the picture for output, new business increased at a weaker pace during August. The latest rise was the slowest in four months. Employment increased for the forty-third successive month in August amid confidence in future workloads and business investment. A combination of faster jobs growth and weaker rises in new orders meant that Northern Ireland companies were able to work through outstanding business. Backlogs decreased slightly, ending a 13-month sequence of accumulation. The rate of input cost inflation remained elevated in August and was faster than all other UK regions. Where input costs rose, panellists linked this to higher fuel and staff costs, and sterling weakness. Output prices also continued to rise markedly, albeit at a slower pace than in July. Expectations of rises in new business and marketing campaigns contributed to confidence among firms regarding the 12-month outlook for output. That said, political and economic uncertainty continued to weigh on sentiment.



## Summary of data

50 = no change on previous month

		2016	2017	Jun'18	Jul	Aug
Output/Activity	N.Ire	53.2	54.2	56.0	56.6	53.9
	UK	53.3	54.5	55.0	53.7	54.1
New Business	N.Ire	52.3	54.5	54.2	55.0	53.1
	UK	53.3	55.0	55.0	53.4	53.7
Backlogs	N.Ire	50.1	51.2	51.8	51.0	49.0
	UK	49.3	50.4	51.0	50.6	49.9
Employment	N.Ire	52.4	53.0	52.5	51.5	52.1
	UK	51.9	52.8	52.1	51.4	52.5
Input Costs	N.Ire	62.7	67.2	71.1	68.5	68.0
	UK	58.8	65.0	65.6	63.4	63.7
Prices Charged	N.Ire	53.1	57.5	58.9	58.0	57.6
	UK	52.2	55.0	54.6	53.9	53.6

Full historical data may be obtained from IHS Markit.  
Contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## Notes on data

The survey data are presented as index numbers, which are calculated from the percentages of respondents reporting an improvement, no change or decline. 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.

Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations. The indexes are seasonally adjusted to take into consideration expected variations for the time of year, such as summer holiday shutdowns and national holidays such as Christmas.

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.

## Press information

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