

Ulster Bank Northern Ireland PMI®

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New orders decline for first time in six months

Today sees the release of September data from the Ulster Bank Northern Ireland PMI®. The latest report – produced for Ulster Bank by IHS Markit – indicated that companies in Northern Ireland continued to expand their business activity, despite a first reduction in new orders for six months. Meanwhile, both input costs and selling prices increased at the sharpest rates on record.

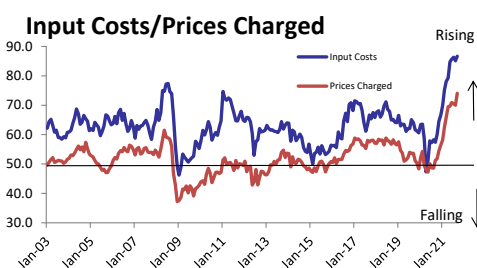
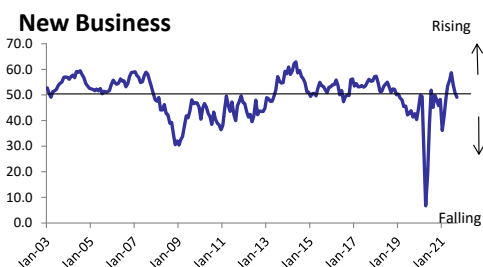
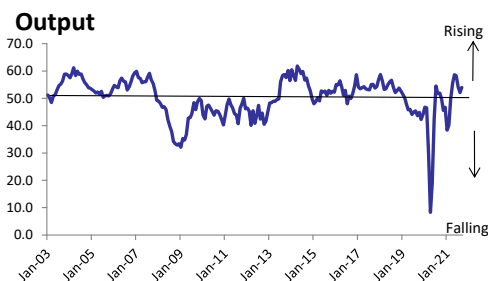
Commenting on the latest survey findings, Richard Ramsey, Chief Economist Northern Ireland, Ulster Bank, said:

“The latest PMI survey presents a rather mixed picture about evolving business conditions in Northern Ireland. The rate of growth in both business activity and employment accelerated in September relative to August. Sentiment also improved, with firms now anticipating faster rates of growth in output in 12 months’ time. Once again, improvements in business conditions were sector specific, with manufacturing and services firms posting strong rates of growth in output and employment. Indeed, manufacturing employment rose at its second-fastest rate on record. Conversely, construction and retail saw activity and employment fall and both sectors remain pessimistic about output a year ahead. The outlook remains challenging on three fronts. Firstly, new orders fell for the first time in six months. Secondly, inflationary pressures are intensifying; local firms reported record rises in input costs and are also raising the prices of their goods and services at the fastest pace in the survey’s history. And this reflects the experience of businesses last month, before the more recent surge in energy prices took place. Thirdly, supply chains remain under stress, with supplier delivery times lengthening significantly in September relative to August. This is most acute within retail, and this will present challenges for consumers and business, particularly as we approach Christmas.”

The main findings of the September survey were as follows:

The headline seasonally adjusted Business Activity Index posted 54.0 in September, up from 52.1 in August to signal a solid and accelerated rise in output at the end of the third quarter. Some firms indicated that they continued to catch up on work following the easing of COVID-19 restrictions. Differing trends were recorded across the four broad sectors covered by the survey. Manufacturers and service providers saw activity rise sharply, but declines were signalled in construction and retail. In fact, construction and retail also posted falls in new orders and employment. Across the private sector as a whole, new orders decreased slightly following five successive months of expansion. This was despite a sharp rise in manufacturing new orders, with services new business unchanged.

The rate of job creation quickened to a four-month high, enabling firms to deplete backlogs of work for the first time in six months. Both input costs and output prices increased at record rates, with inflationary pressures reportedly stemming from higher freight charges, as well as fuel and raw material costs. Sentiment among Northern Ireland companies hit a three-month high amid hopes of improving business volumes over the year ahead. Optimism was signalled in the manufacturing and services sectors, contrasting with pessimism elsewhere.



Summary of data

		50 = no change on previous month				
		2019	2020	Jul'21	Aug	Sep
Output/Activity	N.Ire	45.9	41.0	54.1	52.1	54.0
	UK	49.9	46.5	59.2	54.9	54.7
New Business	N.Ire	44.7	40.0	54.1	51.0	49.1
	UK	49.2	45.9	57.1	56.2	54.5
Backlogs	N.Ire	43.9	39.7	55.3	52.5	49.7
	UK	47.2	43.5	55.6	54.5	54.2
Employment	N.Ire	48.3	43.0	54.2	53.5	54.9
	UK	49.9	41.6	56.9	58.8	56.7
Input Costs	N.Ire	62.9	58.8	86.4	85.1	86.7
	UK	59.7	54.4	77.7	76.4	76.7
Prices Charged	N.Ire	52.6	51.1	70.4	70.0	74.1
	UK	52.3	49.6	61.1	59.4	63.2

Full historical data may be obtained from IHS Markit.
Contact 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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