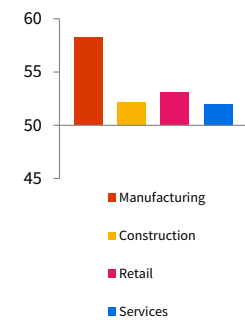
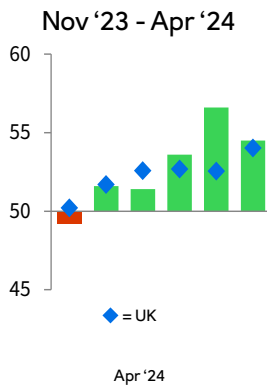


Ulster Bank Northern Ireland PMI[®]

Business activity continues to rise amid further marked expansion of new orders

Northern Ireland Business Activity Index



Key findings

New orders up sharply again

Rate of job creation quickens

Business confidence remains elevated

A further sharp rise in new orders fed through to continued growth of business activity in Northern Ireland's private sector during April. Business confidence also remained elevated and firms upped the pace of job creation. Meanwhile, input costs increased rapidly, but the pace of selling price inflation softened.

Although the headline seasonally adjusted Business Activity Index dipped to 54.5 in April from 56.6 in March, the reading still signalled a marked monthly rise in business activity during the month. Output has now increased in each month since December.

Output increased across all four monitored sectors, led by manufacturing where the pace of expansion quickened to a 25-month high.

New orders increased sharply, with the rate of growth only slightly weaker than

that seen in March. Meanwhile, new export orders neared stabilisation.

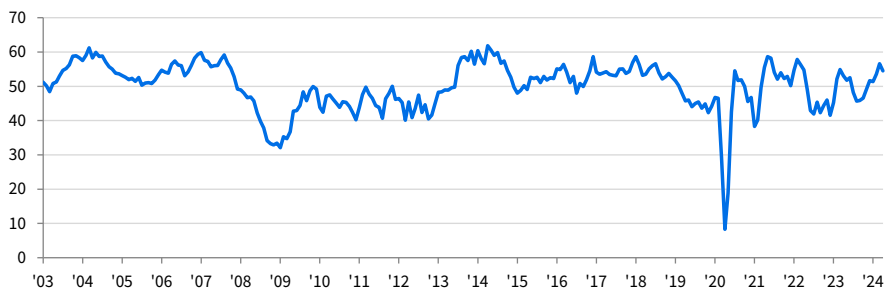
Optimism that the current positive trends will continue over the next 12 months supported strong confidence in the outlook among companies in April. Sentiment was among the highest since the series was added to the survey in March 2017.

The rate of job creation quickened for the second consecutive month and was the fastest since August last year. The solid rise in employment was not sufficient to prevent a build-up of backlogs of work, however, as the strength of new order growth meant that outstanding business rose for the first time in a year.

Wage increases and higher shipping costs led to a sharp and accelerated increase in input prices. Output prices also rose, but the rate of inflation eased from the previous month.

Northern Ireland Business Activity Index

sa, >50 = growth since previous month



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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.

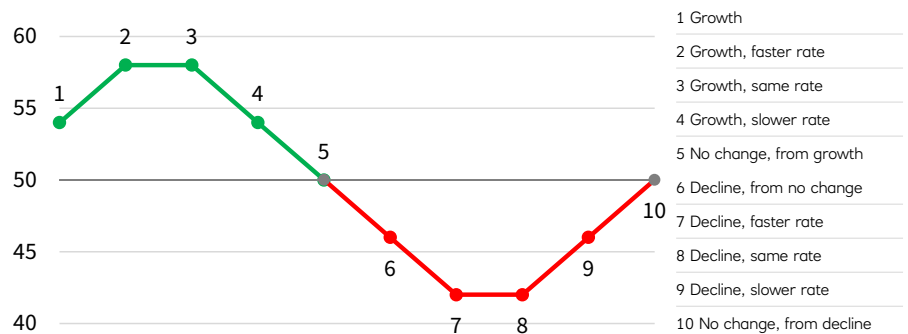
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Northern Ireland Business Activity Index is comparable to the UK Composite Output Index. It 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.

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:

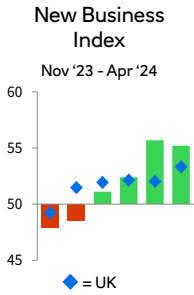
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Demand and outlook

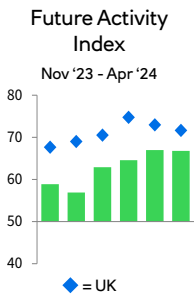
Further marked rise in new orders

After hitting a 25-month high in March, the rate of expansion in new orders remained marked during April. New business increased across all four monitored sectors, led by manufacturing. Panellists reported the securing of new clients and greater customer confidence, alongside some signs of international demand improving.



Business confidence remains elevated

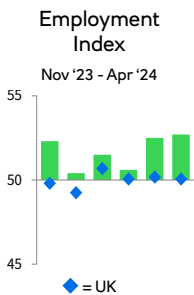
Improvements in new orders are expected to continue over the coming year, supporting strong optimism in the 12-month outlook for business activity. Sentiment was only marginally lower than that seen in March, and therefore among the highest in the series history. Exactly 44% of respondents predicted a rise in output over the coming year, against 10% that posted a fall.



Business capacity

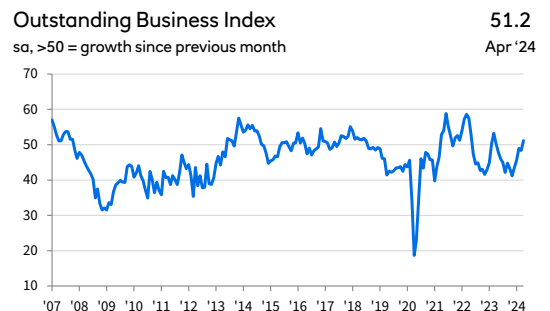
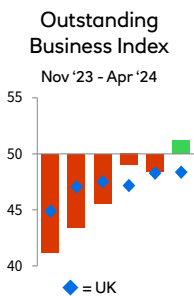
Solid increase in employment

Northern Ireland companies continued to take on extra staff in April, extending the current sequence of rising employment to 16 months. The rate of job creation was solid and the fastest since August last year. According to respondents, new workers were hired in response to greater workloads and as part of efforts to boost capacity to work on future business. Manufacturing was the only sector to buck the wider trend and post a fall in staffing levels.



Renewed rise in backlogs of work

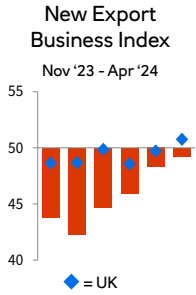
The strength of growth in new orders imparted pressure on capacity at firms in Northern Ireland during April, resulting in the first accumulation of backlogs of work in 12 months. The increase in outstanding business in Northern Ireland contrasted with a fall across the UK as a whole.



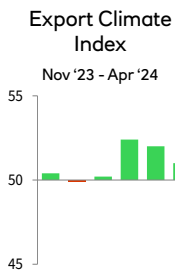
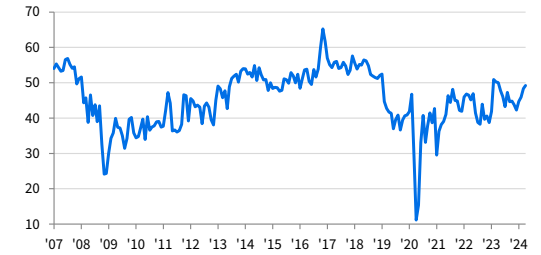
Exports

New export orders near stabilisation

Although new business from abroad continued to fall in April, the pace of reduction was only slight, having eased for the fourth consecutive month. In fact, the decline was the softest in the current one-year sequence of contraction. Some panellists linked lower new export orders to higher shipping costs, but there were reports of improving new business inflows from the Republic of Ireland.



New Export Business Index
>50 = growth since previous month
49.2
Apr '24



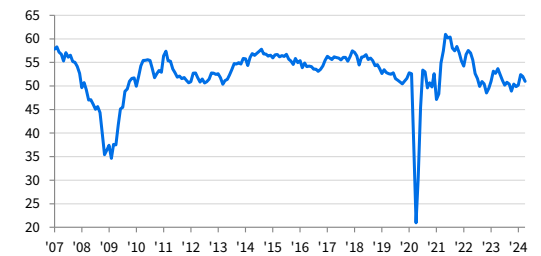
Export demand conditions continue to strengthen

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 51.0 in April, down from 52.0 in March but still signalling a modest monthly improvement in demand conditions in export markets at the start of the second quarter of the year. The export climate has now strengthened in four successive months.

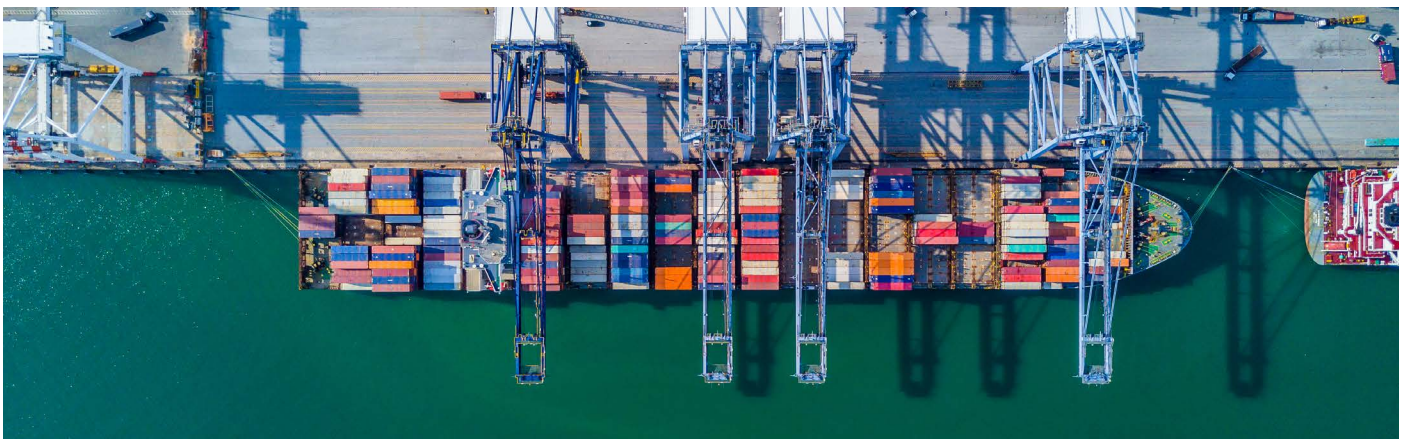
Four of the five largest export markets for Northern Ireland companies posted increases in output during April as Germany registered a return to growth for the first time in ten months. Sustained expansions were seen in the Republic of Ireland, USA and Netherlands, but Canada saw a further fall in activity.

Export Climate Index
sa, >50 = growth since previous month
51.0
Apr '24

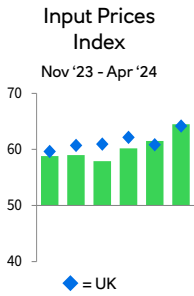


Top export markets, Northern Ireland

| Rank | Market | Weight | Output Index, Apr '24 |
|------|---------------------|--------|-----------------------|
| 1 | Republic of Ireland | 46.0% | 50.4 |
| 2 | USA | 12.2% | 51.3 |
| 3 | Netherlands | 5.9% | 52.8 |
| 4 | Canada | 5.0% | 49.3 |
| 5 | Germany | 4.4% | 50.6 |

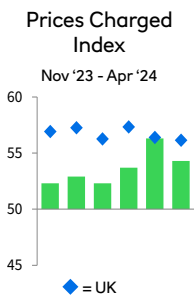


Prices



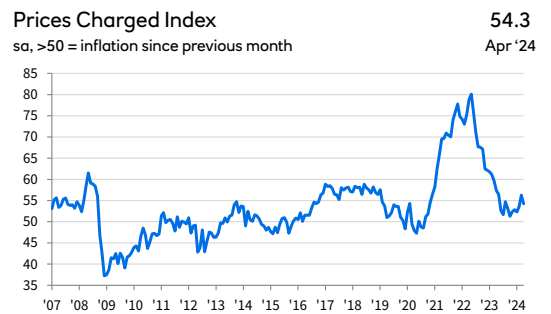
Sharper rise in input prices

Northern Ireland companies recorded a rapid increase in input costs during April, with the rate of inflation quickening for the third consecutive month to the strongest in a year. An increase in the minimum wage was a key factor behind higher input prices, with rising shipping costs also mentioned. Retail posted the fastest increase in input prices, with only manufacturing seeing a softer pace of inflation than in March.

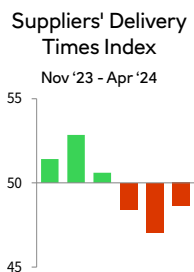


Selling prices increase at softer pace

Output prices rose at a solid pace in April, although the pace of inflation eased from that seen in the previous month. One-in-five companies increased their selling prices, often in response to higher cost burdens. On the other hand, 8% of respondents cut charges. Services, construction and retail all posted marked rises in output prices, but the increase in manufacturing was only slight.

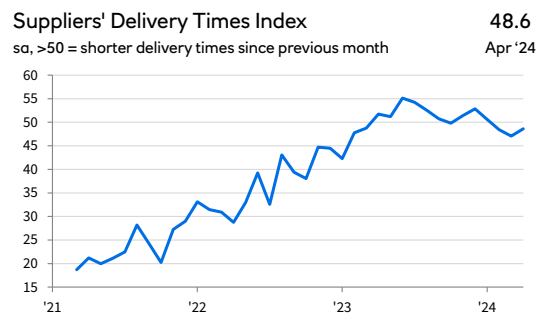


Suppliers' Delivery Times



Further lengthening of lead times

Northern Ireland companies registered a lengthening of lead times for the third consecutive month in April, although the deterioration in vendor performance was only modest. Panellists reported that disruption in the Red Sea was the principal factor causing longer delivery times.



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 '24 ⁺ |
|------|------------------------|------|---------------------------------------|
| 1 | Electrical & Optical | 1.41 | 48 |
| 2 | Textiles & Clothing | 1.38 | 47 |
| 3 | Food & Drink | 1.33 | 52 |
| 4 | Other Manufacturing | 1.14 | 50 |
| 5 | Timber & Paper | 1.01 | 51 |
| 6 | Basic Metals | 0.92 | 46 |
| 7 | Mechanical Engineering | 0.92 | 53 |
| 8 | Transport | 0.78 | 47 |
| 9 | Chemicals & Plastics | 0.68 | 52 |

Northern Ireland specialisation: Services

| Rank | Sector | LQ | UK Business Activity Index, Apr '24 ⁺ |
|------|--------------------------------|------|--|
| 1 | Personal & Community Services | 1.47 | 50 |
| 2 | Hotels, Restaurants & Catering | 1.31 | 51 |
| 3 | Transport & Communication | 1.08 | 47 |
| 4 | Computing & IT Services | 0.87 | 54 |
| 5 | Business-to-business Services | 0.82 | 51 |
| 6 | Financial Intermediation | 0.68 | 55 |

UK sector focus

Timber & Paper

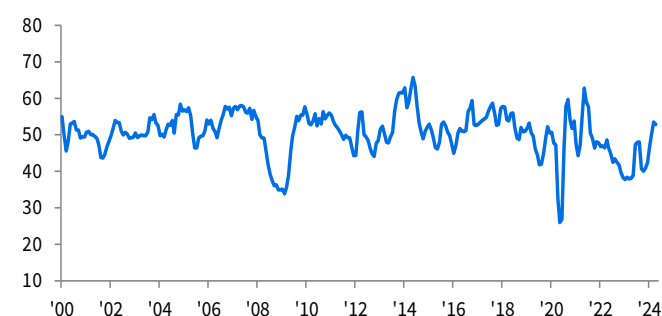
Latest data showed signs of a sustained recovery in production levels across the UK's Timber & Paper manufacturing sector, following a protracted downturn that had lasted almost two-and-a-half years. Output rose at a solid rate in the three months to April, after having returned to growth earlier in the year. Supporting the rebound was a pick-up in underlying demand, which was evidenced by a renewed rise in new orders.

Firms were increasingly optimistic about the outlook for output, with expectations reaching a two-year high. Nevertheless, falling backlogs of work pointed to a lack of pressure on business capacity and, as such, employment continued to be scaled back.

On the price front, Timber & Paper manufacturers reported the first rise in average factory gate charges for over a year. This reflected a combination of stronger customer demand and rising input cost inflation, which reached the fastest since late 2022.

Output Index

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



⁺ 3-month moving average



UK Regional PMI overview

Business Activity

For the second month running, nearly all nations and regions recorded a rise in business activity. London continued to lead growth, recording its steepest rise in output for three months, ahead of the West Midlands and Northern Ireland*. As was the case in March, only Yorkshire & Humber saw activity decline, albeit with the rate of contraction easing from the month before.

Employment

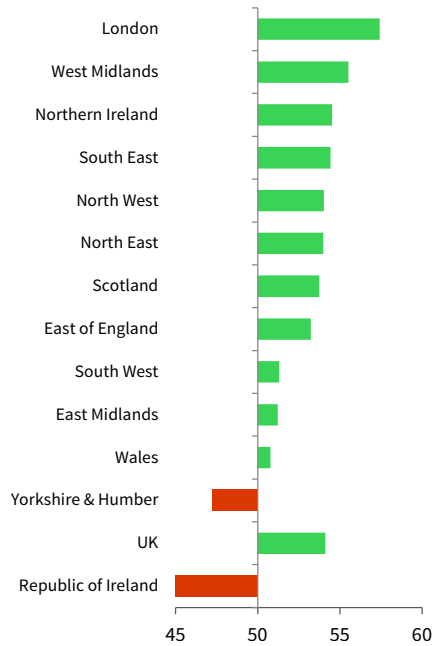
Once again, there were mixed trends on the employment front in April. Northern Ireland topped the rankings for job creation for the second successive month, with Scotland also seeing a solid rise in workforce numbers. However, declines were seen in half of the monitored areas, the steepest of which was recorded in the West Midlands.

Future Activity

Business confidence towards growth prospects in the coming year eased in the majority of nations and regions in April, although expectations were still stronger than their respective long-run averages in most cases. Optimism was highest in the South East, followed closely by the West Midlands, and lowest in Scotland.

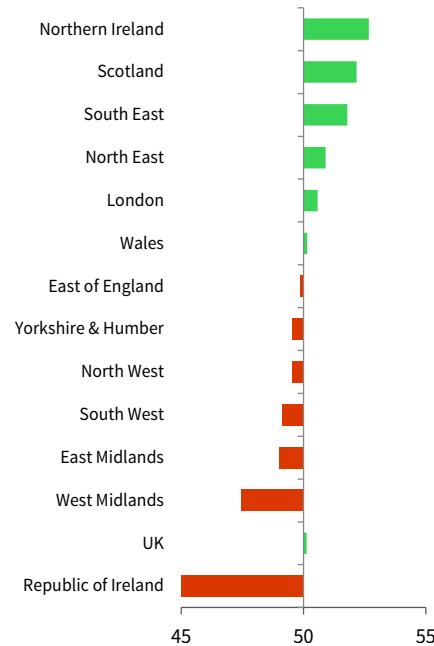
Business Activity Index

sa, >50 = growth since previous month, Apr '24



Employment Index

sa, >50 = growth since previous month, Apr '24

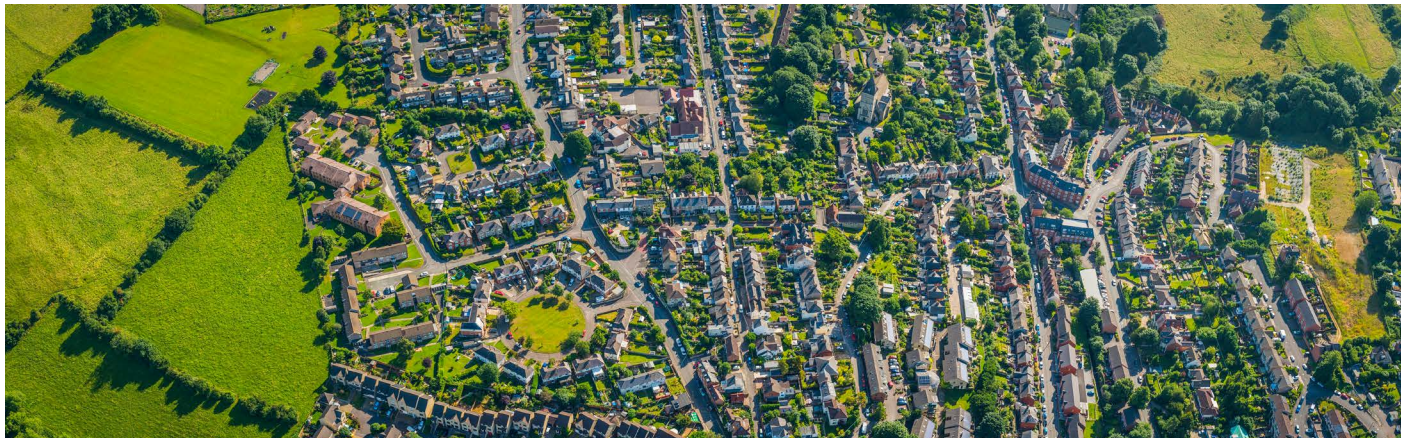


Future Activity Index

>50 = growth expected over next 12 months Apr '24



*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 '23 | 49.2 | 47.9 | 58.9 | 52.3 | 41.2 | 43.8 | 50.4 | 58.8 | 52.3 | 51.4 |
| Dec '23 | 51.6 | 48.5 | 56.9 | 50.4 | 43.4 | 42.3 | 49.9 | 59.0 | 52.9 | 52.8 |
| Jan '24 | 51.4 | 51.1 | 62.9 | 51.5 | 45.6 | 44.7 | 50.2 | 57.9 | 52.3 | 50.6 |
| Feb '24 | 53.6 | 52.4 | 64.6 | 50.6 | 49.0 | 45.9 | 52.4 | 60.2 | 53.7 | 48.4 |
| Mar '24 | 56.6 | 55.7 | 67.0 | 52.5 | 48.4 | 48.3 | 52.0 | 61.5 | 56.3 | 47.1 |
| Apr '24 | 54.5 | 55.2 | 66.8 | 52.7 | 51.2 | 49.2 | 51.0 | 64.5 | 54.3 | 48.6 |

By Sector, April '24

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 | 58.2 | 57.9 | 71.6 | 48.9 | 51.9 | 56.7 | 50.4 |
| Construction | 52.2 | 53.2 | 70.0 | 53.4 | 41.9 | 64.9 | 55.1 |
| Retail | 53.1 | 56.2 | 64.6 | 53.3 | 52.4 | 75.2 | 56.8 |
| Services | 52.0 | 53.1 | 63.6 | 53.7 | 52.5 | 64.1 | 55.4 |

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