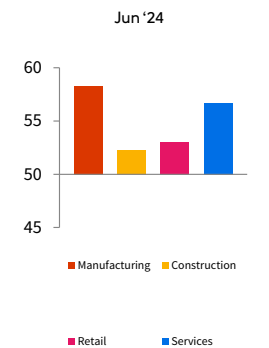
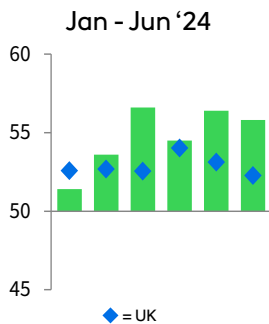


# Ulster Bank Northern Ireland Growth Tracker

## New order growth accelerates further in June

### Northern Ireland Business Activity Index



### Key findings

Sharpest rise in new orders of all UK areas

Rate of job creation softens

Wages and transportation prices push up input costs

The Northern Ireland private sector ended the second quarter of the year comfortably inside growth territory. New orders increased at the fastest pace since February 2022, feeding through to a marked rise in business activity. The rate of job creation was only modest, however, amid some reports of difficulties sourcing new staff.

The headline seasonally adjusted Business Activity Index posted 55.8 in June, down from May's reading of 56.4 but still signalling a marked monthly increase in output during the month. Business activity has now risen in each of the past seven months, with only London seeing a faster expansion in June.

Particularly sharp increases in activity were seen across the manufacturing and service sectors, while growth was also recorded in construction and retail.

Rising output was mainly a response to higher new orders, which increased at the fastest pace since February 2022.

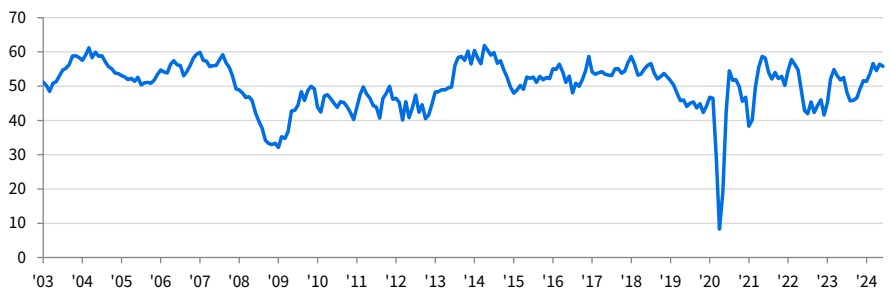
Growth of new orders and the prospect of further improvements in the months ahead supported job creation in June. Although new business increased rapidly, the pace of job creation eased to a four-month low amid some reports of difficulties finding suitable staff. As a result, backlogs of work increased slightly.

Rises in wages and transportation costs resulted in a further marked increase in input prices in June, with the pace of inflation ticking higher. In turn, companies also increased their output prices at a faster pace.

Northern Ireland firms remained confident that output will expand over the coming year, with the level of sentiment unchanged from that seen in May.

Northern Ireland Business Activity Index

sa, >50 = growth since previous month



## Contents

- [About the report](#)
- [Comment](#)
- [Demand and outlook](#)
- [Business capacity](#)
- [Exports](#)
- [Prices](#)
- [UK Sectors](#)
- [UK Growth Tracker](#)
- [Data summary](#)
- [Contact](#)

## About the Northern Ireland Growth Tracker report

The Ulster Bank Northern Ireland Growth Tracker 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.

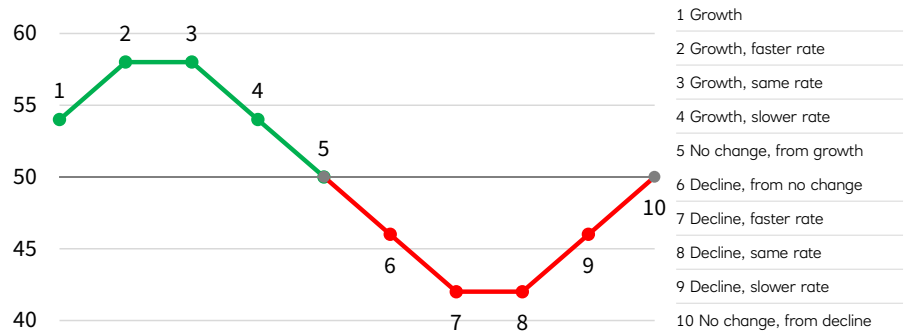
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Northern Ireland Business Activity Index is comparable to the UK Composite Output Index. It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

*“The latest PMI wraps up the first half of 2024 and shows that NI’s private sector is in a much better condition than it was in January. Most of the key indicators have improved significantly in that period, with output, new orders and employment all markedly higher in the second quarter against the first. Growth in order books has been accelerating almost every month in 2024 and June represented the fastest rise in 28 months. Indeed, new order growth in Northern Ireland was the strongest of the 12 UK regions in June. Notably, export orders fell for the 14th month running, meaning that the overall new order growth is being driven by domestic demand.*

*“Whilst all four sectors have been in expansion mode, it is manufacturing that is the star performer. Manufacturing output and orders expanded at their fastest clip in 27 months, but despite this demand, manufacturers’ staffing levels fell for the third month running. Recruitment difficulties and challenges replacing leavers continued to be cited in the report, and this is leading to backlogs as the constrained capacity is not able to meet the growing demand. This situation*

*looks set to intensify, with manufacturers’ optimism for output in 12 months’ time hitting a series high.*

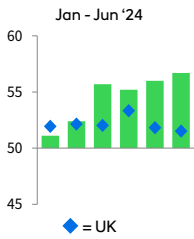
*“Manufacturing’s strong demand is being accompanied by inflationary pressures, with input costs rising at their fastest pace in 16 months. These costs are being passed onto customers, with output prices rising at their fastest pace in 14 months. It is though encouraging to note that construction prices, on the other hand, which had gone through a sustained period of inflationary pressure, are now rising at their weakest pace in almost four years.*

*“The latest figures have been compiled in the mouth of a General Election. But the private sector, like households, eagerly awaits announcements from the next government. An emergency budget is expected, the only questions are when, and what will be in it?”*



## Demand and outlook

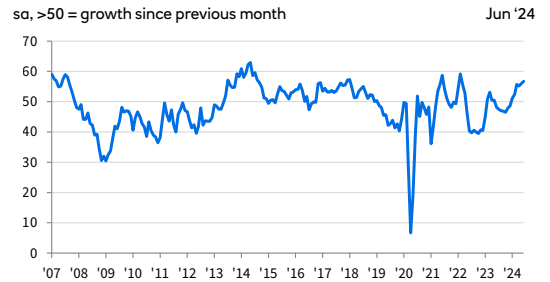
### New Business Index



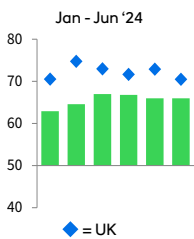
### Fastest rise in new orders for 28 months

New orders continued to increase sharply in the Northern Ireland private sector during June, with the rate of expansion quickening to the fastest since February 2022. Moreover, the increase in new business in Northern Ireland was the strongest of the 12 UK regions and nations covered by the report. All four broad sectors saw new business expand, led by manufacturing.

### New Business Index



### Future Activity Index



### Companies remain confident in year-ahead outlook

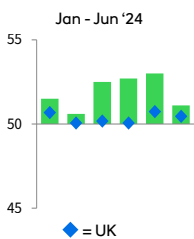
Firms in Northern Ireland continued to predict increases in business activity over the coming year in June, with the degree of confidence unchanged from that seen in May. Some companies expect to be able to grow their market share over the next 12 months, while others indicated that hiring additional staff would help them to expand output. Manufacturers were the most optimistic, with retailers the least confident.

### Future Activity Index



## Business capacity

### Employment Index



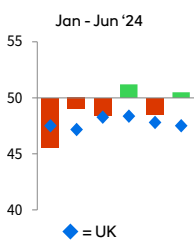
### Modest rise in employment

Although staffing levels have now increased on a monthly basis throughout the past year-and-a-half, the rate of job creation was only modest in June and the weakest since February. Where staffing levels rose, firms linked this to a combination of increased new work and the expectation of further gains in the months ahead. That said, some respondents highlighted difficulties finding suitable staff to replace leavers.

### Employment Index



### Outstanding Business Index



### Renewed increase in backlogs

Outstanding business rose for the second time in the past three months during June, following a reduction in May. The rate of accumulation was only marginal, however. A combination of strong growth in new orders and a slower increase in employment resulted in higher backlogs of work. Northern Ireland was the only area of the UK to post a rise in outstanding business.

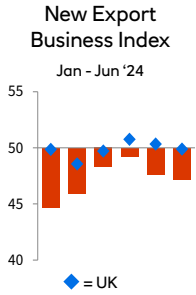
### Outstanding Business Index



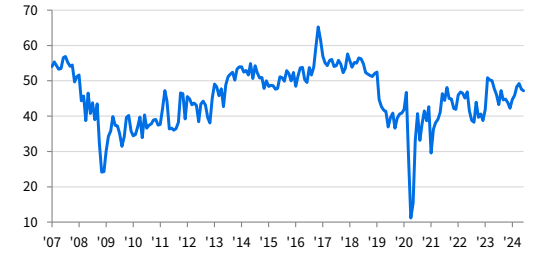
## Exports

### New export orders continue to fall

June data pointed to another monthly reduction in new business from abroad in the Northern Ireland private sector as companies reported subdued demand conditions in export markets. Moreover, the rate of decline was solid and quickened to the fastest since February.



New Export Business Index 47.2  
>50 = growth since previous month Jun '24

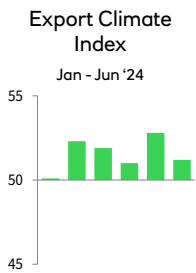


### Export climate strengthens modestly

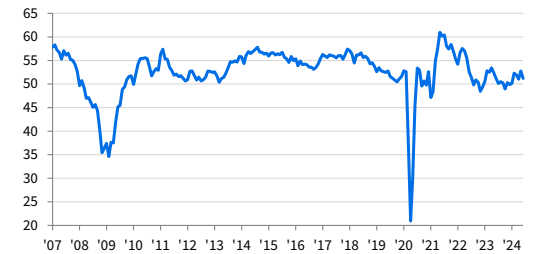
The Northern Ireland Export Climate Index (ECI) is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of Northern Ireland. This produces an indicator for the economic health of the country's export markets.

The ECI posted 51.2 in June, down from 52.8 in May but still signalling an improvement in demand conditions in export markets at the end of the second quarter. The export climate has now strengthened in six consecutive months.

The US was the main driver of the overall improvement, seeing business activity increase sharply and to the largest extent since April 2022. Meanwhile, the Republic of Ireland, Germany and the Netherlands all saw growth slow. Canada posted a reduction in output in June following a slight rise in May.

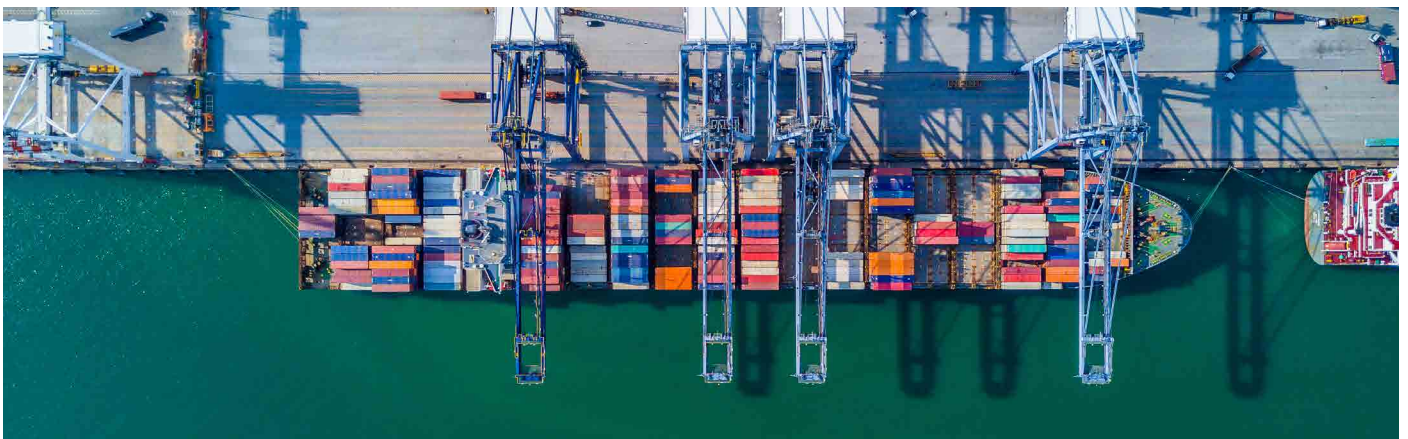


Export Climate Index 51.2  
sa, >50 = growth since previous month Jun '24

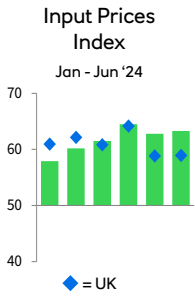


### Top export markets, Northern Ireland

Rank	Market	Weight	Output Index, Jun '24
1	Republic of Ireland	42.9%	50.1
2	USA	16.1%	54.8
3	Canada	5.4%	47.5
4	Germany	5.3%	50.4
5	Netherlands	4.3%	51.7

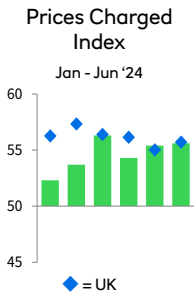


## Prices



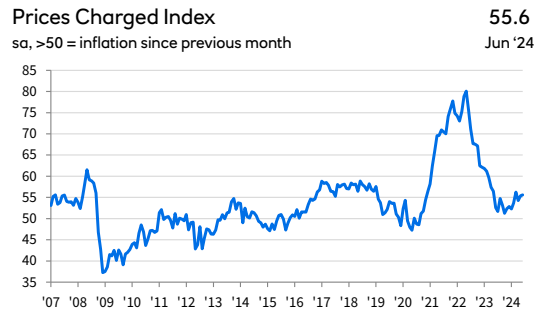
### Further sharp rise in input prices

The rate of input cost inflation remained strong in June, quickening slightly from the previous survey period. Higher salary payments were widely reported, but firms also signalled an increase in transportation costs, particularly for shipping. Sharp rises in input prices were seen across each of the four broad sectors covered.

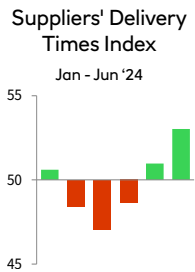


### Output price inflation quickens

Northern Ireland companies increased their selling prices again in June, extending the current sequence of inflation to almost four years. According to respondents, the latest rise was largely a response to higher input costs. Moreover, the rate of inflation quickened to the fastest since March. Retail posted the sharpest increase in charges.

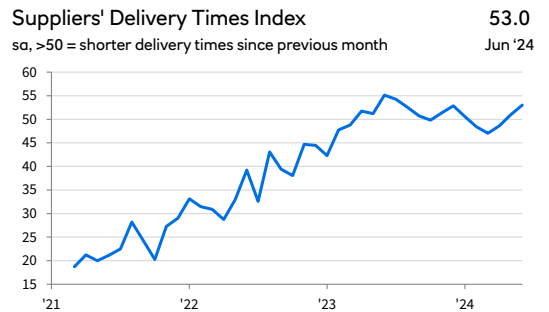


## Suppliers' Delivery Times



### Supplier performance improves

A lack of pressure on supply chains was signalled in June, with vendor lead times reduced for the second consecutive month. In fact, delivery times shortened to the greatest extent since July 2023. Manufacturing bucked the wider trend and posted a lengthening of lead times.



## UK Sector

### 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, Jun '24 <sup>+</sup>
1	Electrical & Optical	1.41	48
2	Textiles & Clothing	1.38	52
3	Food & Drink	1.33	55
4	Other Manufacturing	1.14	53
5	Timber & Paper	1.01	52
6	Basic Metals	0.92	48
7	Mechanical Engineering	0.92	52
8	Transport	0.78	52
9	Chemicals & Plastics	0.68	53

#### Northern Ireland specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Jun '24 <sup>+</sup>
1	Personal & Community Services	1.47	50
2	Hotels, Restaurants & Catering	1.31	48
3	Transport & Communication	1.08	50
4	Computing & IT Services	0.87	53
5	Business-to-business Services	0.82	50
6	Financial Intermediation	0.68	53

## UK sector focus

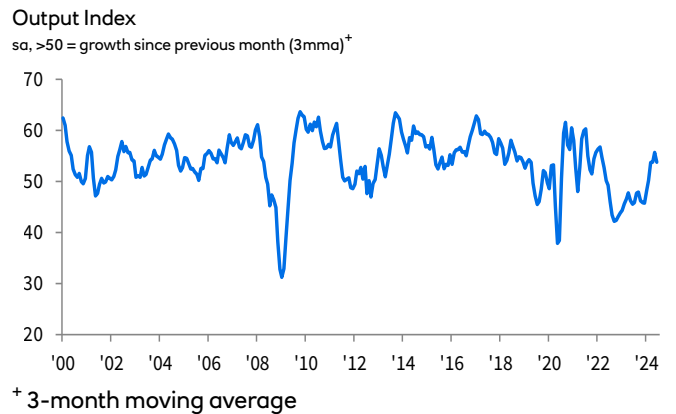
### Chemicals & Plastics

The UK's Chemicals & Plastics sector enjoyed strong growth of output in the second quarter of the year. Of all the manufacturing categories monitored by PMI data, its performance was second only to Food & Drink.

Production has been growing throughout most of this year, following a protracted period of contraction between mid-2022 and the beginning of 2024. The upturn, which underlying data showed was driven primarily by stronger domestic demand, prompted the first – albeit marginal – rise in employment in the sector for two years.

Data showed that firms were optimistic about the chances of output rising further in the coming 12 months, with expectations at their highest in almost three years and comfortably above the long-run average.

Input costs meanwhile rose solidly in the three months to June, with the rate of inflation accelerating to its highest since early 2023. Output prices rose at a more modest pace by comparison.



## UK Growth Tracker overview

### Business Activity

The strongest rise in business activity in June was recorded in London, which went against the general trend and saw growth accelerate from the month before. The South West was the only other area where output rose at a faster rate. There were renewed falls in activity in both Yorkshire & Humber and Wales, while the South East's upturn stalled.

### Employment

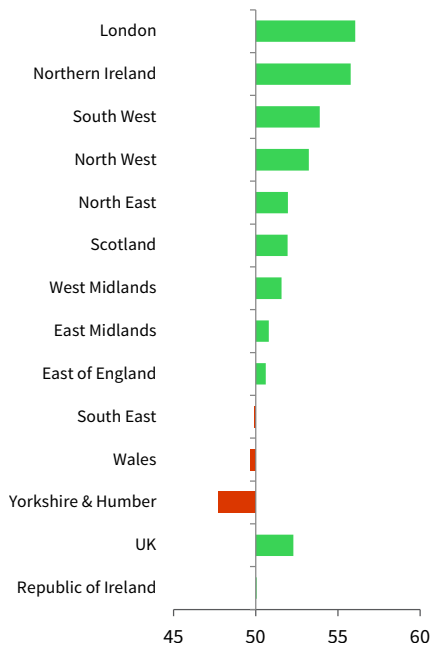
The majority of nations and regions recorded an increase in employment in June, although rates of job creation were often only modest. The most solid rises in workforce numbers were seen in the South East and North East. Staffing levels fell in just three areas, namely the South West, East Midlands and West Midlands.

### Future Activity

Business expectations towards activity over the coming year remained positive but weakened in most cases in June. Only the South West saw an improvement. For the second time in the past three months, optimism was strongest in the South East. At the other end of the scale, firms in the North East were the least upbeat about the outlook.

Business Activity Index

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



Employment Index

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



Future Activity Index

>50 = growth expected over next 12 months Jun '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
Jan '24	51.4	51.1	62.9	51.5	45.6	44.7	50.1	57.9	52.3	50.6
Feb '24	53.6	52.4	64.6	50.6	49.0	45.9	52.3	60.2	53.7	48.4
Mar '24	56.6	55.7	67.0	52.5	48.4	48.3	51.9	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
May '24	56.4	56.0	66.0	53.0	48.5	47.6	52.8	62.8	55.4	51.0
Jun '24	55.8	56.7	66.0	51.1	50.5	47.2	51.2	63.3	55.6	53.0

### By Sector, June '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	58.3	61.4	78.8	48.9	56.4	63.0	54.2
Construction	52.3	56.2	62.5	50.3	45.2	64.0	51.4
Retail	53.0	51.2	59.5	54.9	47.0	65.2	61.6
Services	56.7	56.4	63.7	53.7	48.4	62.7	55.0

## 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®) 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 Growth Tracker 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 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.