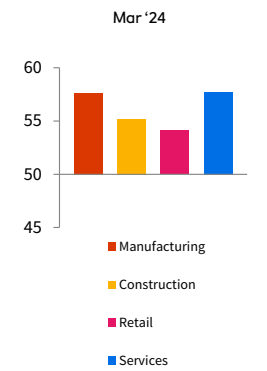
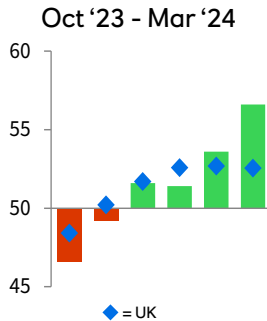


Ulster Bank Northern Ireland PMI[®]

Output rises at strongest pace in over two years

Northern Ireland Business Activity Index



Key findings

Northern Ireland leads UK in terms of new order growth

Near-record business confidence

Inflationary pressures strengthen

Northern Ireland posted strong and accelerated increases in output and new orders during March, and were at their most optimistic regarding the future for almost six years. The rate of job creation also picked up. Meanwhile, sharper increases in input costs and selling prices, plus supplier delivery delays were recorded.

The headline seasonally adjusted Business Activity Index posted 56.6 in March, up sharply from 53.6 in February and pointing to a marked monthly expansion of business activity. Moreover, the rate of growth was the fastest since February 2022. The rise in Northern Ireland was much faster than the UK average.

All four monitored sectors posted increases in activity, with the sharpest expansions in the manufacturing and services categories.

Output growth reflected success in securing new orders amid an improving demand environment. New business increased for the third month running in March, and to the greatest extent in just over two years. Some panellists reported that previously delayed projects had commenced. The rise in new orders in Northern Ireland was the sharpest of the 12 monitored UK regions and nations.

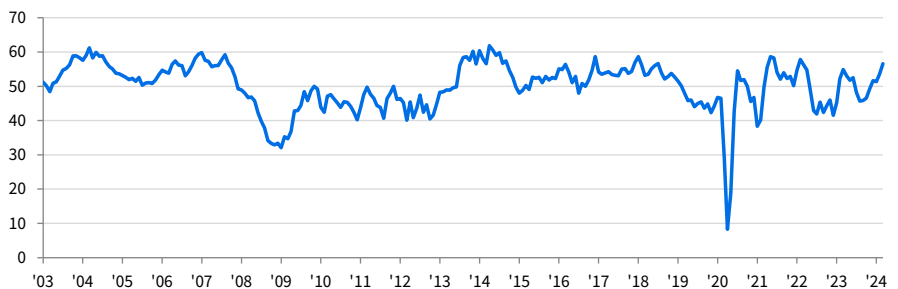
Business confidence rose to a near six-year high and was the second-strongest since the series began in March 2017.

Meanwhile, firms continued to expand staffing levels, with the rate of job creation the sharpest in seven months.

Accelerated increases in both input costs and output prices were recorded in March, often linked to higher wage pressures. Meanwhile, Red Sea disruption caused a further lengthening of supplier lead times.

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.

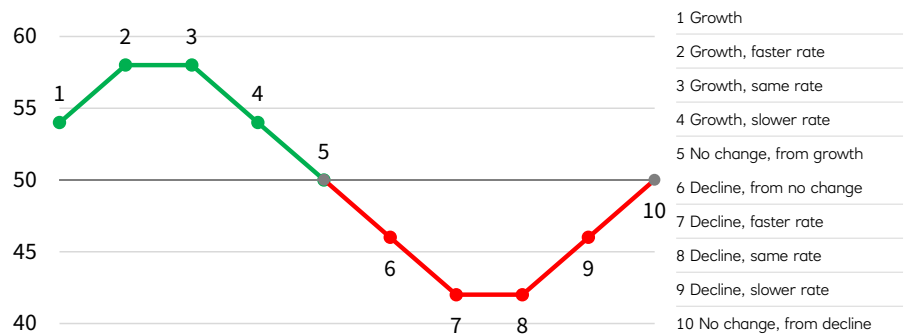
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Northern Ireland Business Activity Index is comparable to the UK Composite Output Index. It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

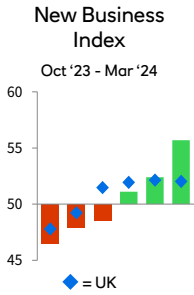
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Demand and outlook

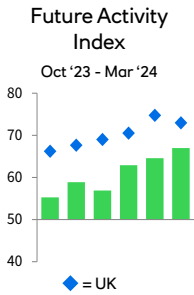
New business up sharply in March

New orders increased for the third month running in March, with the rate of expansion quickening to the fastest in just over two years. Moreover, the increase in Northern Ireland was the strongest of the 12 UK areas. The securing of new contracts and the release of projects which had previously been delayed contributed to the expansion in new orders, with growth recorded across all four sectors for the first time since June 2021.



Near-record optimism signalled

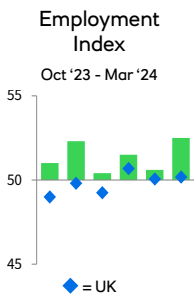
Business sentiment strengthened for the third month running in March and was the second-highest since the series began in March 2017, behind only that recorded in April 2018. Companies expect recent demand improvements to continue, with the launch of new products projected to help firms secure greater new order volumes. Some respondents hope that a reduction in interest rates will have a positive impact on output.



Business capacity

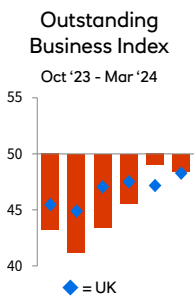
Rate of job creation hits seven-month high

Rising new orders and preparation for the start of future projects fed through to an increase in employment at the end of the first quarter. The rate of job creation was solid and the most marked since August last year. Northern Ireland posted comfortably the strongest increase in employment of the UK nations and regions as all four monitored sectors registered job creation.



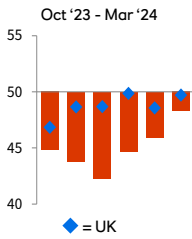
Outstanding business falls again

Backlogs of work continued to decline in the Northern Ireland private sector during March, thereby extending the current sequence of depletion to 11 months. The pace of reduction was only modest, however. Some panellists reported having made quick progress through backlogged work during the month.



Exports

New Export Business Index
Oct '23 - Mar '24

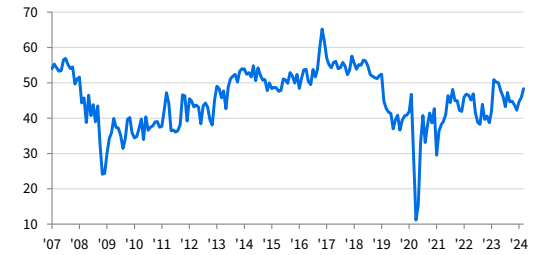


Decline in new export orders continues to ease

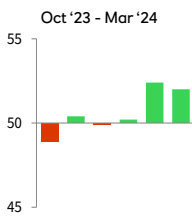
The pace of reduction in new business from abroad softened for the third consecutive month in March amid some signs of demand in international markets improving. The modest decline in new export orders was the least pronounced in the current 11-month sequence of contraction.

New Export Business Index
>50 = growth since previous month

48.3
Mar '24



Export Climate Index
Oct '23 - Mar '24



Modest improvement in export climate

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.

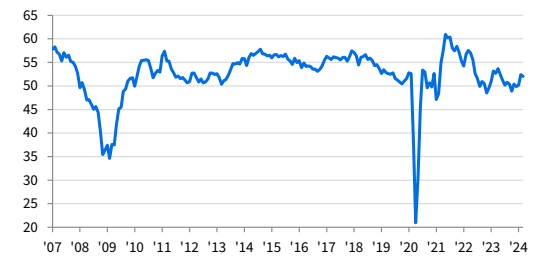
The ECI remained above the 50.0 no-change mark for the third month running in March, ticking down only slightly to 52.0 from 52.4 in February. The latest reading therefore signalled a further modest strengthening of demand conditions in export markets.

Solid increases in output were registered in the two largest export markets for Northern Ireland firms - the Republic of Ireland and the USA. Meanwhile, the Netherlands saw a rise in manufacturing production for the first time in just over a year. Less positive were further solid reductions in activity across Germany and Canada.

Export Climate Index

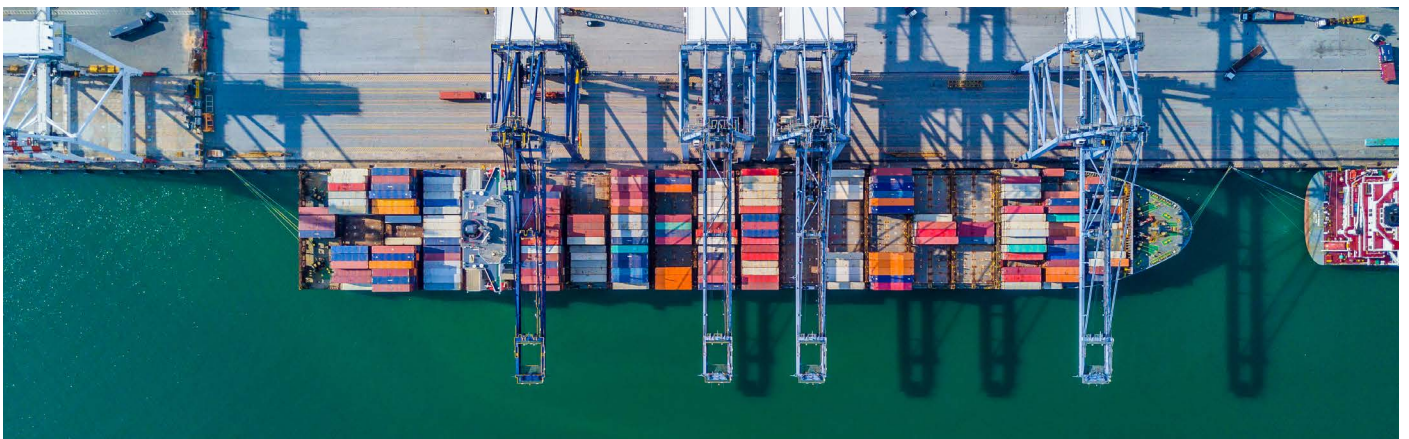
sa, >50 = growth since previous month

52.0
Mar '24

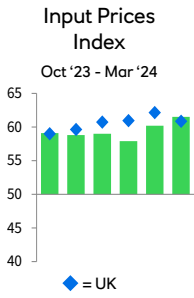


Top export markets, Northern Ireland

Rank	Market	Weight	Output Index, Mar '24
1	Republic of Ireland	46.0%	53.2
2	USA	12.2%	52.1
3	Netherlands	5.9%	50.3
4	Canada	5.0%	47.0
5	Germany	4.4%	47.7

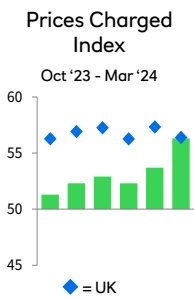


Prices



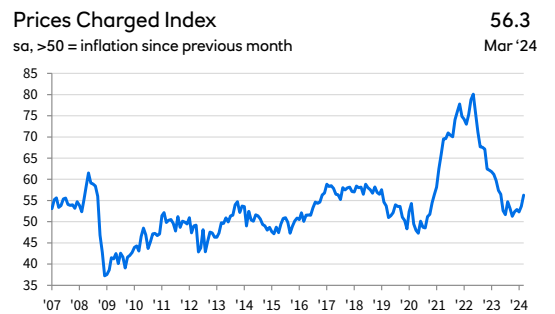
Cost inflation at ten-month high

Input prices increased sharply during March, with the rate of inflation accelerating to the fastest since May last year. Higher wages was the main factor behind rising input costs, according to respondents, with increased shipping charges also mentioned. Retail saw the pace of cost inflation hit a one-year high, while there were also faster rises in manufacturing and construction. On the other hand, services input costs increased at the softest pace in almost three-and-a-half years.

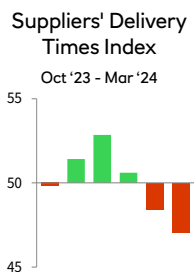


Sharp increase in output prices

The passing on of higher input costs to customers resulted in a further increase in selling prices in March. Moreover, the rate of inflation was sharp and quickened to the steepest in ten months. In line with the picture for input prices, the rate of charge inflation was most pronounced at retailers.

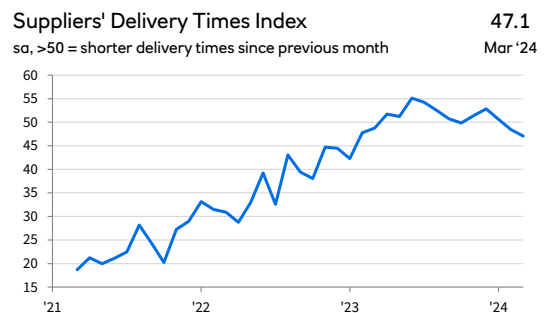


Suppliers' Delivery Times



Lead times lengthen for second month running

Suppliers' delivery times lengthened for the second month running in March, and at a solid pace that was the most pronounced since January 2023. Respondents indicated that diversions to trade routes caused by the disruption in the Red Sea were behind delivery delays.



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, Mar '24 ⁺
1	Electrical & Optical	1.41	55
2	Textiles & Clothing	1.38	55
3	Food & Drink	1.33	50
4	Other Manufacturing	1.14	50
5	Timber & Paper	1.01	50
6	Basic Metals	0.92	45
7	Mechanical Engineering	0.92	50
8	Transport	0.78	45
9	Chemicals & Plastics	0.68	50

Northern Ireland specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Mar '24 ⁺
1	Personal & Community Services	1.47	45
2	Hotels, Restaurants & Catering	1.31	55
3	Transport & Communication	1.08	50
4	Computing & IT Services	0.87	55
5	Business-to-business Services	0.82	50
6	Financial Intermediation	0.68	55

UK sector focus

Hotels, Restaurants & Catering

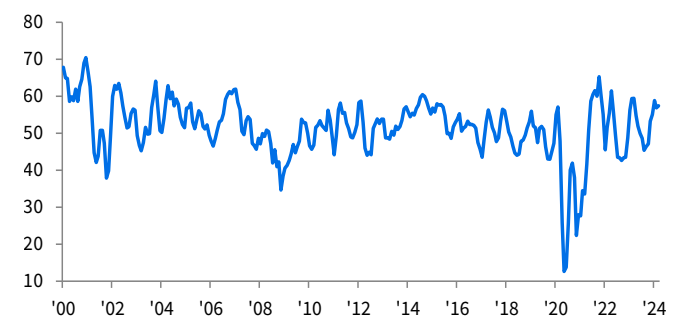
The Hotels, Restaurants & Catering sector was one of the UK economy's strongest growth areas in the opening quarter of 2024. Business activity rose sharply, building on a solid end to 2023 and marking a reversal of fortunes following a sharp decline in activity last summer.

Furthermore, businesses in the sector looked to the future with increasing optimism, with confidence towards the 12-month outlook for activity reaching the highest for nearly two years. It did however remain just below the long-run series average.

Input prices continued to rise sharply across the Hotels, Restaurants & Catering sector in the three months March, linked to wage pressures and increased fuel and transportation costs. The rate of inflation was faster than in any other broad services sub-sector monitored by the survey, albeit below the averages in 2022 and 2023. Firms raised their output prices accordingly, although the increase was likewise among the weakest in the past three years.

Output Index

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



⁺ 3-month moving average



UK Regional PMI overview

Business Activity

Business activity rose almost universally across the UK in March. Growth was recorded in 11 of the 12 monitored nations and regions, led by London. Close behind was Northern Ireland, which gathered considerable momentum to post its steepest rise in output for over two years. Yorkshire & Humber went against the trend and saw a second straight monthly contraction.

Employment

The fastest rate of job creation in March was recorded in Northern Ireland where it reached the quickest since August last year. Six other nations and regions saw staffing levels rise during the month, although employment growth was generally only modest. The West Midlands meanwhile registered the most marked drop in workforce numbers, the fastest there in over three years.

Future Activity

Business expectations remained positive in all areas in March, with confidence levels generally exceeding their long-run series averages. The West Midlands returned to the top of the rankings as the degree of optimism in the region reached the strongest since the start of 2022. In the majority of cases, however, sentiment slipped from the highs seen in February.

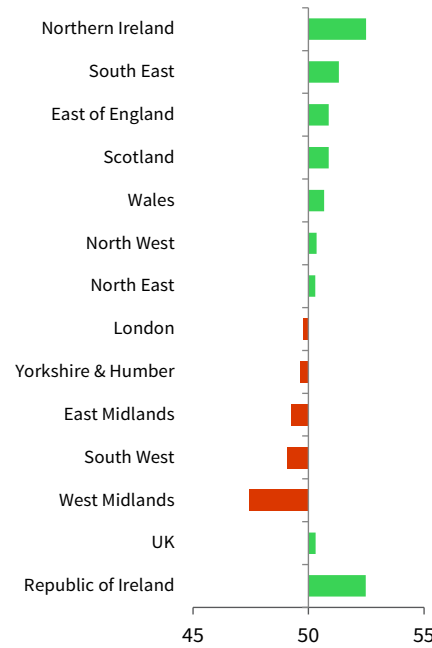
Business Activity Index

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



Employment Index

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

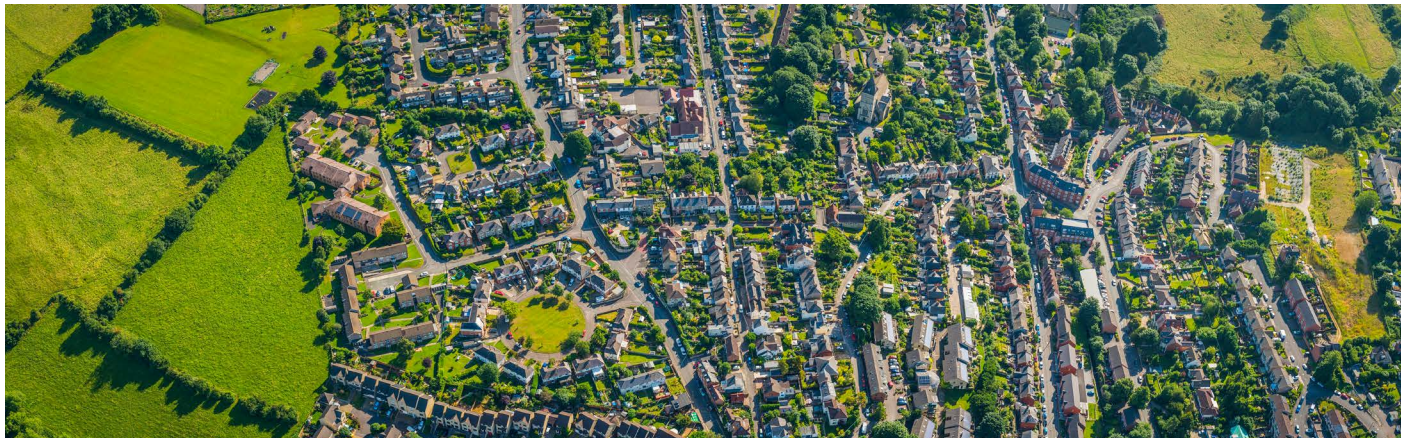


Future Activity Index

>50 = growth expected over next 12 months Mar '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
Oct '23	46.6	46.5	55.3	51.0	43.2	44.8	48.9	59.1	51.3	49.8
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

By Sector, March '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	57.6	56.0	73.0	51.0	46.4	58.8	53.3
Construction	55.2	50.6	59.5	50.6	40.2	63.9	56.6
Retail	54.1	55.2	70.8	50.5	52.1	67.5	57.4
Services	57.7	55.7	64.5	54.7	48.6	59.3	56.1

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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.

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