

(Source: Markit Economics)

Date: May 2015



The Invest Northern Ireland PMI<sup>®</sup> (Purchasing Managers' Index<sup>®</sup>) is produced by Markit Economics.

The report features original survey data collected from a representative panel of Invest Northern Ireland supported businesses operating in a range of sectors.

As the regional business development agency, Invest NI's role is to grow the local economy. We do this by helping new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland. We are sponsored by the Department of Enterprise, Trade and Investment and provide strong government support for business by effectively delivering the Government's economic development strategies.

If you would like to take part in the Invest NI PMI survey, please contact:  
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## Output and new orders increase at faster rates at start of 2015

Latest PMI data signalled further strong improvements at Invest NI supported businesses during the first quarter of 2015. Activity, new orders and employment all rose at faster rates and companies remained strongly optimistic regarding the prospects for future growth.

The headline seasonally adjusted Output Index posted 64.2 in Q1 2015, up from 61.2 in the final three months of 2014. This signalled a sharp and accelerated increase in business activity, which contrasted with a fall in output signalled by the monthly Ulster Bank Northern Ireland PMI survey.

Where output increased, panellists largely attributed this to rising sales, helped by greater marketing activities. More than 49% of respondents signalled activity growth, against 22% that posted a fall.

### Faster rise in new orders

Alongside successful sales promotions, the launch of new products supported growth of new work in Q1. The rate of expansion was sharp, and the strongest in the four-quarter survey history. The rise in new business at Invest NI supported businesses was much stronger than the average across Northern Ireland as a whole.

New export orders also increased at a sharper

pace during the quarter, with the rate of growth quickening to the strongest since the survey began in Q2 2014.

### Rate of job creation quickens

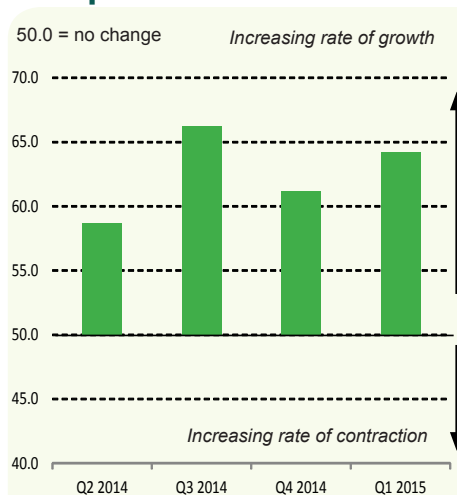
Higher workloads led companies to increase their staffing levels sharply, with the rise much faster than in the previous survey period. Data showed that panellists expect activity to increase further over the coming year. Positive sentiment was linked to forecasts of increased customer numbers, as well as company expansion plans.

The rate of cost inflation at Invest NI supported businesses quickened for the second successive quarter as higher raw material and staff costs led average input prices to rise.

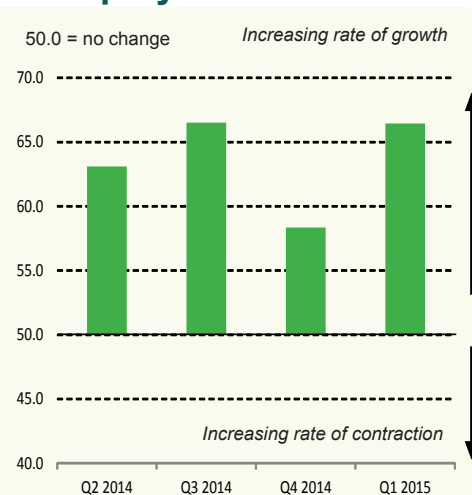
The increase in input costs led businesses to raise their tariffs, following a fall in charges during the previous quarter. That said, the rise was only marginal. Meanwhile, the Northern Ireland private sector as a whole saw output prices decrease for the second successive quarter.

Stocks of finished goods at Invest NI supported businesses decreased in Q1 2015 for the first time since data were first collected (Q2 2014), albeit only slightly. Anecdotal evidence suggested that the reduction was linked to the delivery of products to clients.

### Output



### Employment



The latest report was based on around 150 responses. Of these, 63% were manufacturers and 30% service providers. SMEs made up 86% of the companies surveyed.

# Output

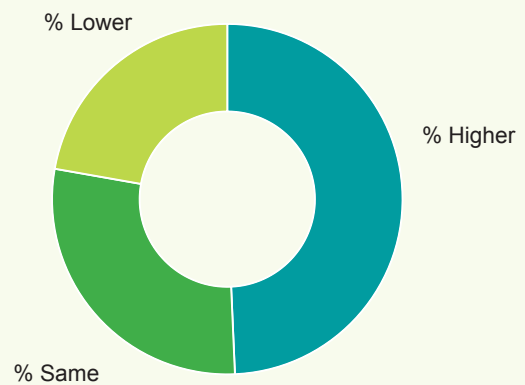
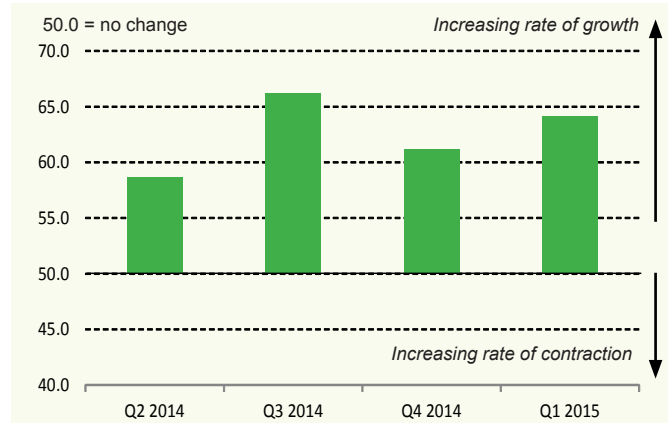
An increase in output was seen at Invest NI supported businesses during the first three months of 2015. Furthermore, the substantial rate of expansion was faster than recorded in the final quarter of 2014.

According to respondents, increased sales had been the main factor leading output to rise at the start of the year. Some panellists reported that greater marketing activities helped them to secure new work.

Growth of activity at Invest NI supported businesses contrasted with a slight reduction in output across the Northern Ireland private sector as a whole, according to the monthly Ulster Bank Northern Ireland PMI survey.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S.Adj. Index
2014	Q2	39.9	43.9	16.2	61.8	<b>58.6</b>	<b>59.8</b>
2014	Q3	51.0	29.5	19.5	65.8	<b>66.2</b>	<b>58.0</b>
2014	Q4	48.7	28.2	23.1	62.8	<b>61.2</b>	<b>52.4</b>
2015	Q1	49.3	28.5	22.2	63.5	<b>64.2</b>	<b>49.0</b>

\* 3-month average of monthly Ulster Bank Northern Ireland PMI



# New Orders

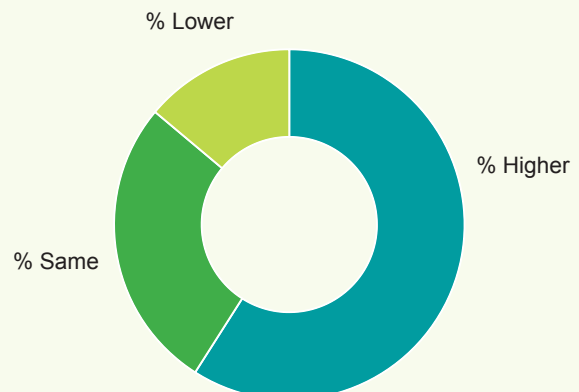
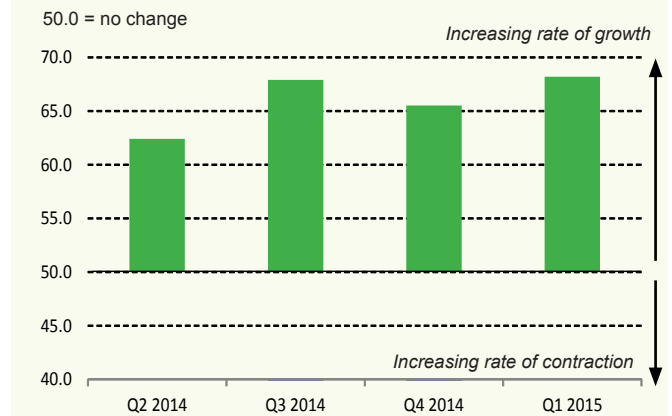
In line with the trend in activity, new business increased sharply in the first quarter of 2015. Moreover, the rate of growth was the steepest since data were first collected in Q2 2014.

Exactly 59% of panellists signalled a rise in new orders, which they partly attributed to the launch of new products and successful sales promotions. There were also reports of greater new business from abroad.

The expansion in new work at Invest NI supported businesses was much sharper than seen across the Northern Ireland private sector as a whole where the increase over the first quarter was only marginal.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S.Adj. Index
2014	Q2	51.7	36.2	12.1	69.8	<b>62.4</b>	<b>60.4</b>
2014	Q3	54.7	32.4	12.8	70.9	<b>67.9</b>	<b>57.7</b>
2014	Q4	53.8	28.8	17.3	68.3	<b>65.5</b>	<b>52.3</b>
2015	Q1	59.0	27.1	13.9	72.6	<b>68.2</b>	<b>50.2</b>

\* 3-month average of monthly Ulster Bank Northern Ireland PMI



# New Export Orders

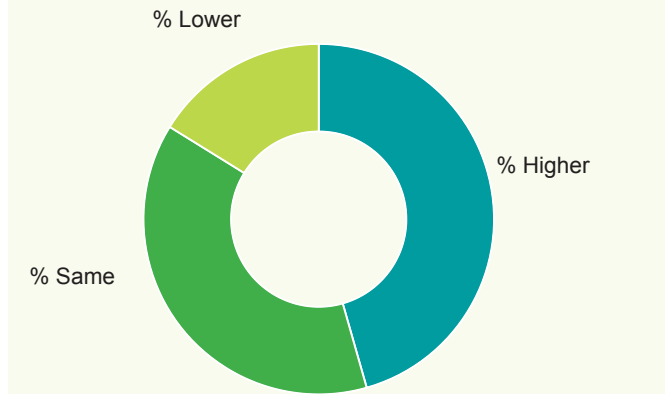
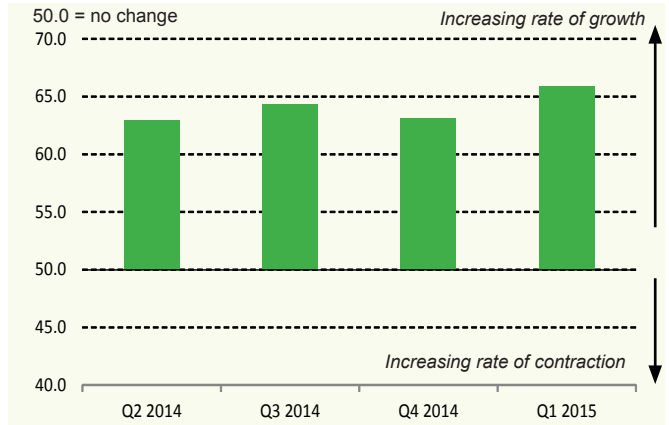
The rate of expansion in new export orders was also the fastest in the four-quarter survey history in Q1, with growth surpassing the previous high seen in the third quarter of 2014.

Around 46% of respondents noted a rise in new business from abroad during the first three months of the year, against 16% that posted a fall.

For the second consecutive quarter, the Northern Ireland private sector saw new export orders decrease, contrasting markedly with the sharp rate of growth seen at Invest NI supported businesses.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q2	40.5	53.2	6.3	67.1	<b>63.0</b>	<b>53.3</b>
2014	Q3	43.2	43.2	13.6	64.8	<b>64.3</b>	<b>52.4</b>
2014	Q4	45.4	40.4	14.2	65.6	<b>63.1</b>	<b>49.6</b>
2015	Q1	45.6	38.2	16.2	64.7	<b>65.9</b>	<b>48.6</b>

\* 3-month average of monthly Ulster Bank Northern Ireland PMI



# Employment

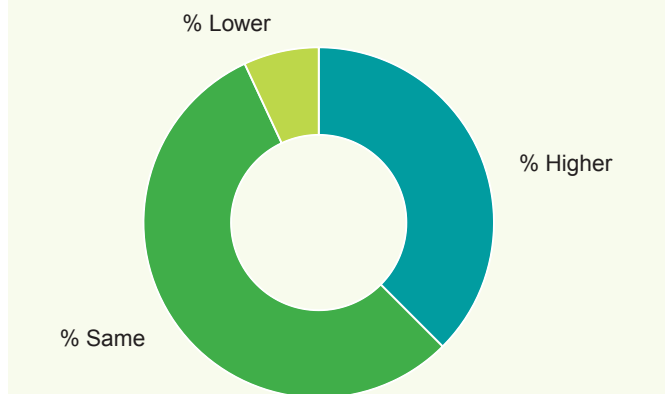
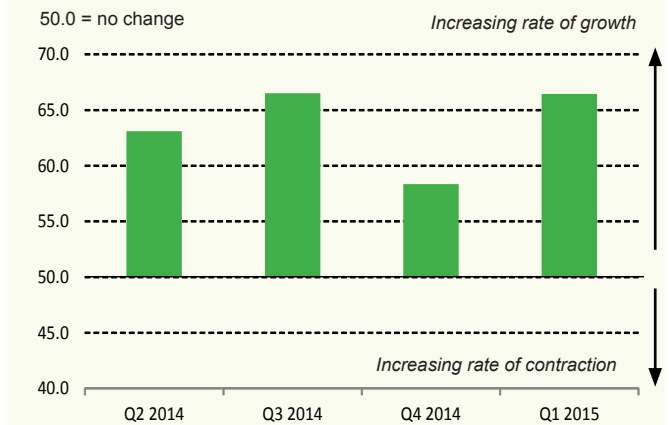
As has been the case throughout the four quarters of data collection to date, employment at Invest NI supported businesses rose in the first three months of 2015. Moreover, the rate of job creation was substantial, and sharper than registered at the end of 2014.

Anecdotal evidence suggested that increased workloads was the main factor leading companies to raise their staffing levels.

The pace at which employment increased at Invest NI supported businesses was much faster than the average of the monthly Ulster Bank survey during the first quarter.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q2	40.7	50.0	9.3	65.7	<b>63.1</b>	<b>55.2</b>
2014	Q3	42.3	51.0	6.7	67.8	<b>66.5</b>	<b>53.9</b>
2014	Q4	34.0	53.8	12.2	60.9	<b>58.3</b>	<b>51.2</b>
2015	Q1	37.5	55.6	6.9	65.3	<b>66.4</b>	<b>51.3</b>

\* 3-month average of monthly Ulster Bank Northern Ireland PMI



# Input Prices

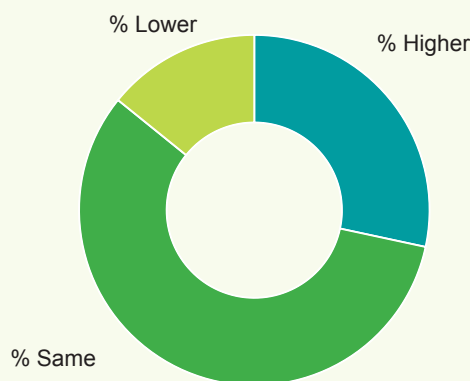
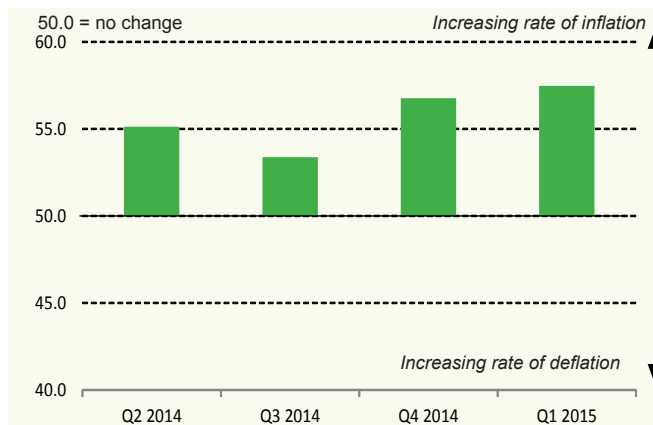
In contrast to the picture seen across the Northern Ireland private sector as a whole, Invest NI supported businesses recorded an acceleration in the rate of input cost inflation during the first quarter of 2015.

Furthermore, the increase was the sharpest in the four-quarter survey so far.

According to respondents, higher raw material prices and increased staff costs were the main reasons for the overall rise in input prices. This outweighed the downwards impact of the recent strength of sterling against the euro.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q2	19.9	72.6	7.5	56.2	<b>55.1</b>	<b>59.0</b>
2014	Q3	15.1	76.7	8.2	53.4	<b>53.4</b>	<b>58.3</b>
2014	Q4	24.7	65.6	9.7	57.5	<b>56.8</b>	<b>55.0</b>
2015	Q1	28.4	57.4	14.2	57.1	<b>57.5</b>	<b>52.2</b>

\* 3-month average of monthly Ulster Bank Northern Ireland PMI



# Output Prices

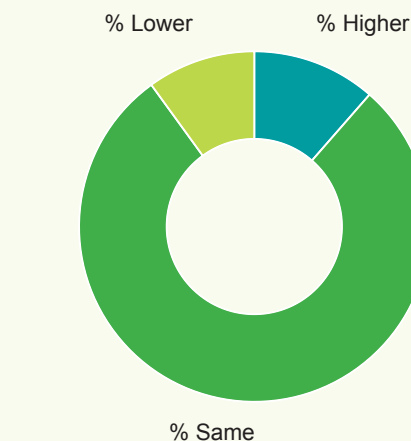
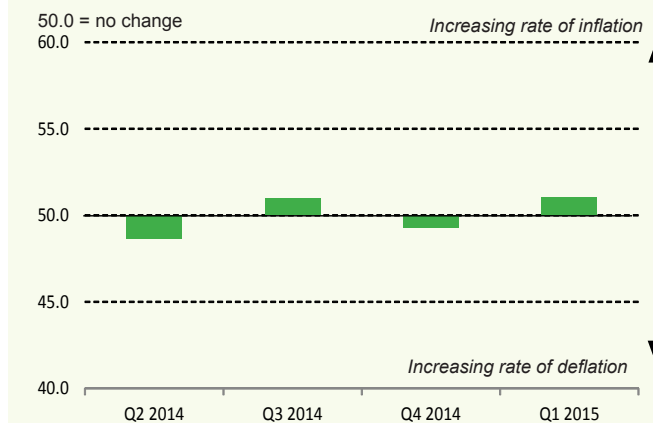
After having decreased in the final three months of 2014, a modest increase in output prices was recorded at Invest NI supported businesses at the start of 2015. That said, the rate of inflation was only marginal.

Panellists indicated that they had increased their output prices in response to rising input costs.

Meanwhile, output prices decreased across the Northern Ireland private sector as a whole, the second successive quarter in which that has been the case.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q2	11.5	74.3	14.2	48.6	<b>48.6</b>	<b>51.0</b>
2014	Q3	13.6	75.5	10.9	51.4	<b>51.0</b>	<b>50.5</b>
2014	Q4	9.1	81.8	9.1	50.0	<b>49.3</b>	<b>48.6</b>
2015	Q1	11.4	78.6	10.0	50.7	<b>51.1</b>	<b>47.8</b>

\* 3-month average of monthly Ulster Bank Northern Ireland PMI



# Stocks of Finished Goods

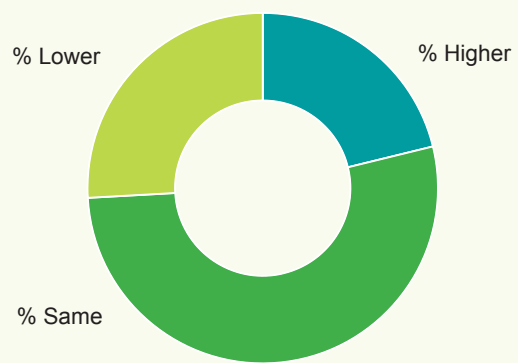
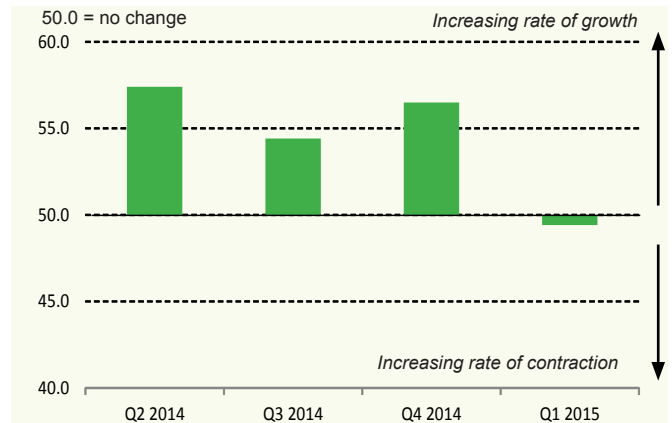
Stocks of finished goods decreased for the first time in the survey's history during Q1 2015, although the rate of depletion was only marginal.

Panellists indicated that the delivery of products to clients had been the main factor resulting in the drop in post-production inventories.

Around 26% of respondents signalled a reduction in stocks of finished goods, compared with 21% that posted an increase.

Invest Northern Ireland Supported Businesses

		Higher	Same	Lower	Index	S.Adj.
		%	%	%		Index
2014	Q2	27.3	62.6	10.1	58.6	57.4
2014	Q3	23.5	60.8	15.7	53.9	54.4
2014	Q4	25.0	60.9	14.1	55.4	56.5
2015	Q1	21.2	52.9	25.9	47.6	49.4



# Future Activity

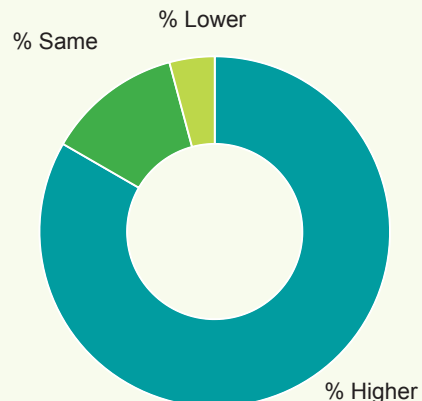
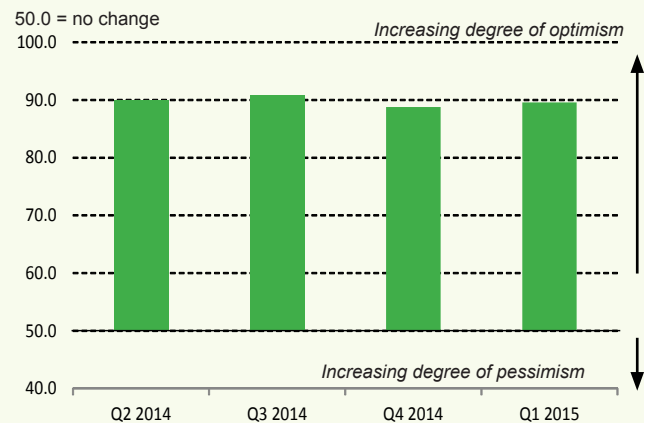
Invest NI supported businesses remained strongly optimistic that activity will be higher in one year's time during the first quarter of 2015.

Business sentiment ticked up slightly from the previous survey. More than 83% of panellists forecast output to expand, against just 4% that predicted a decrease.

One of the factors leading panellists to forecast growth was the prospect of new customers being secured over the coming year. Business expansion plans were also mentioned by those companies predicting higher levels of activity.

Invest Northern Ireland Supported Businesses

		Higher	Same	Lower	Index	S.Adj.
		%	%	%		Index
2014	Q2	82.7	14.7	2.7	90.0	n/a
2014	Q3	86.5	8.8	4.7	90.9	n/a
2014	Q4	82.1	13.5	4.5	88.8	n/a
2015	Q1	83.3	12.5	4.2	89.6	n/a



## **Methodology and Information**

### **PMI Surveys**

The Purchasing Managers' Index<sup>®</sup> (or PMI<sup>®</sup>) surveys are mostly monthly surveys of carefully selected companies which provide an advance indication of what is happening in the private sector economy by tracking variables such as output, new orders, employment and prices. Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline on the previous month. 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. The greater the divergence from 50.0, the greater the rate of change (expansion or contraction) signalled. The indices are seasonally adjusted to take into consideration expected variations for the time of year, such as summer shutdowns and national holidays.

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