

(Source: Markit Economics)

Date: 1 November 2014



The Invest Northern Ireland PMI[®] (Purchasing Managers' Index[®]) 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: economics@markit.com



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Invest NI supported businesses see acceleration of output growth in Q3

The latest Invest Northern Ireland PMI survey signalled faster increases in output, new orders and employment during the third quarter of 2014. Meanwhile, the rate of input cost inflation moderated and output prices rose only slightly. Companies remained strongly optimistic regarding the prospects for growth over the coming year.

The headline seasonally adjusted Output Index rose to 66.2 in Q3 from 58.6 in the previous quarter. This signalled a sharp and accelerated increase in output during the latest quarter.

Exactly 51% of panellists reported that activity had risen during Q3, with improving economic conditions and client confidence leading to higher sales, in turn supporting output growth.

The Ulster Bank survey of the Northern Ireland private sector as a whole also posted a sharp rise in activity during the quarter, but the increase was greater among Invest NI supported businesses.

Growth of new business quickens

New customers and the launch of new products were among the factors leading to an increase in new business during Q3. Moreover, the rate of expansion was substantial, having quickened from the previous survey. New export orders also increased at a faster pace, helped by new business from the US.

Sharp increases in new work was associated with extra staff being taken on in the third quarter of the year. Moreover, the rate of job creation quickened and was much stronger than the average seen across the Northern Ireland private sector as a whole.

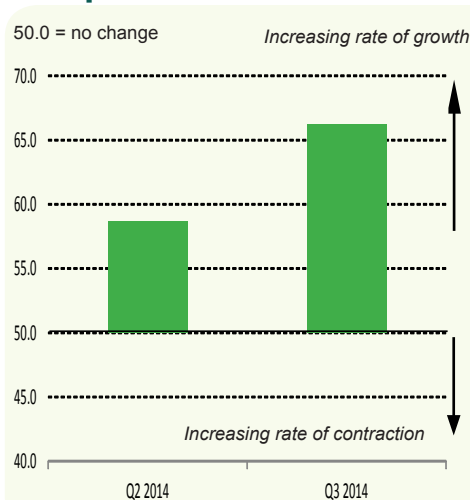
Sentiment remains strong

Invest NI supported businesses remained very optimistic that output will continue to rise over the coming year. Sentiment picked up marginally with around 87% of panellists forecasting growth. Further improvements in economic conditions, the launch of new products and increased marketing activities were all mentioned as factors behind the positive sentiment.

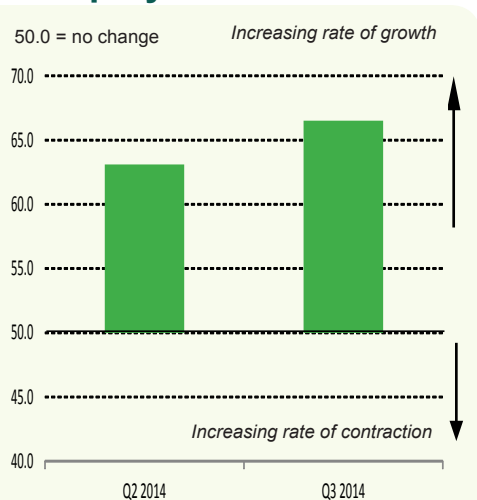
The rate of input cost inflation eased and remained much weaker than seen across the Northern Ireland private sector as a whole. Data pointed to a slight increase in output prices, following a fall in the second quarter. Panellists reported that improved market conditions had enabled them to raise their charges, but competitive pressures acted to restrict pricing power.

Finally, stocks of finished goods increased again during Q3, and at a solid pace. However, the rate of accumulation was weaker than in Q2.

Output



Employment



The latest report was based on around 150 responses. Of these, 61% were manufacturers and 31% service providers. SMEs made up 84% of the companies surveyed.

Output

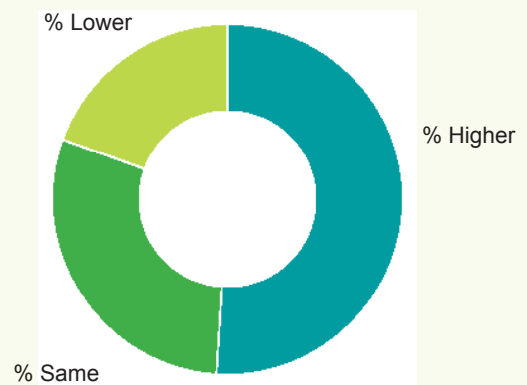
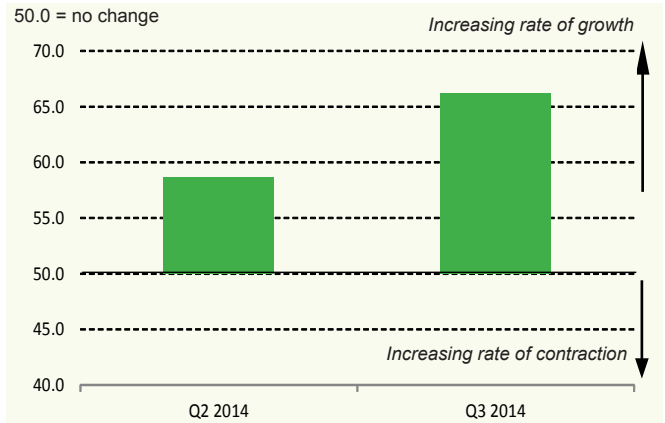
The third quarter of 2014 saw a sharp increase in output by Invest NI supported businesses. Furthermore, the rate of expansion quickened markedly from that recorded in the previous quarter.

According to respondents, the main factor leading business activity to increase over the quarter was rising sales. There were a number of mentions of improving economic conditions and client confidence, while some panellists reported greater work in England. Exactly 51% of respondents saw output rise during the third quarter of the year.

Whilst strong growth of activity was recorded by the Ulster Bank survey which covered the whole Northern Ireland private sector, Invest NI supported businesses reported a sharper rate of expansion.

		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	58.6	59.8
2014	Q3	51.0	29.5	19.5	65.8	66.2	58.0

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



New Orders

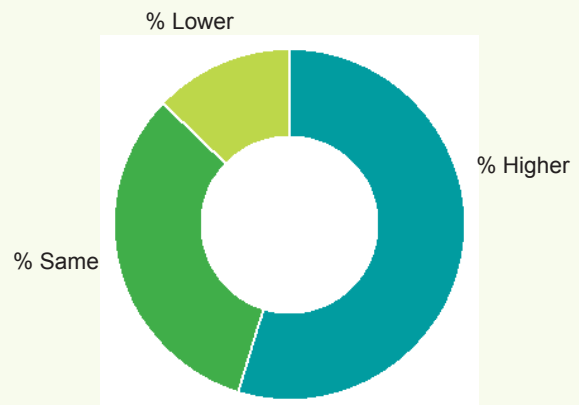
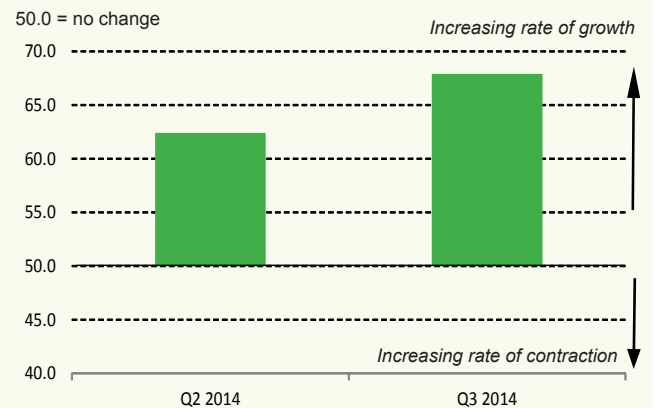
As was the case with output, the rate of expansion in new business by Invest NI supported businesses picked up during the third quarter of the year. New orders rose at a substantial pace during the latest three-month period.

Securing new customers and the launch of new products were among the main factors leading new orders to rise, according to respondents. Close to 55% of panellists registered an increase in new business, against 13% that posted a decrease.

The Northern Ireland private sector as a whole saw further sharp increases in new business throughout the third quarter of 2014, although there were signs of the rate of expansion easing in September.

		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	62.4	60.4
2014	Q3	54.7	32.4	12.8	70.9	67.9	57.7

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



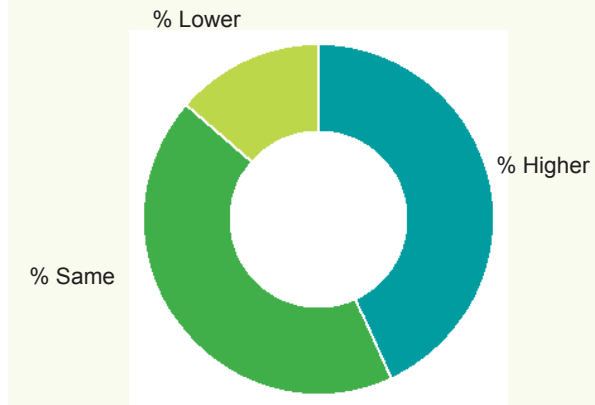
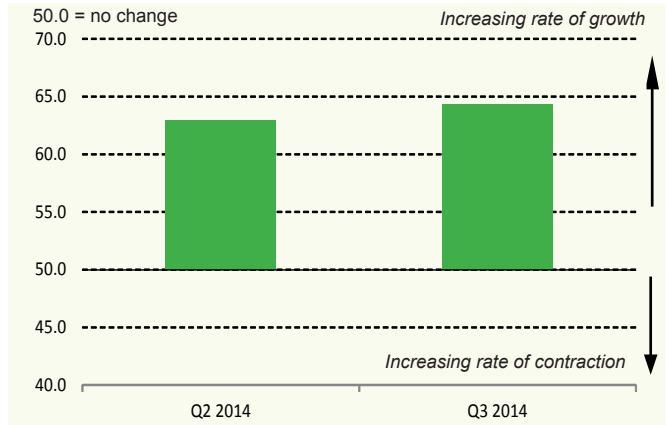
New Export Orders

A considerable increase in new export orders received by Invest NI supported businesses was recorded in Q3. The rate of expansion was slightly higher than recorded in Q2 and much sharper than the Northern Ireland private sector as a whole, as signalled by the Ulster Bank survey.

Anecdotal evidence from panellists suggested that the US was the principal source of rising new export orders during the quarter, while a number of respondents reported having gained new clients. Approximately three times as many respondents signalled a rise in new business from abroad as recorded a fall.

		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	63.0	53.3
2014	Q3	43.2	43.2	13.6	64.8	64.3	52.4

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



Employment

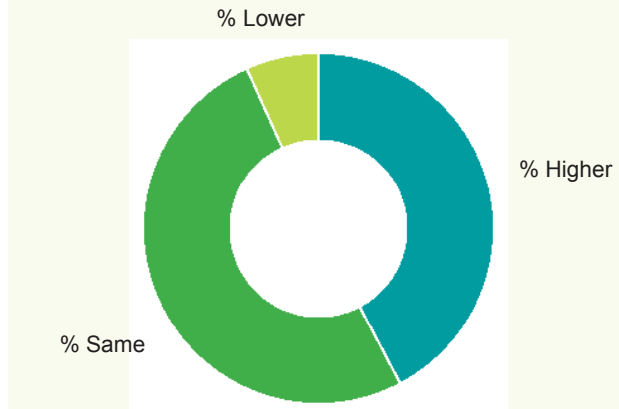
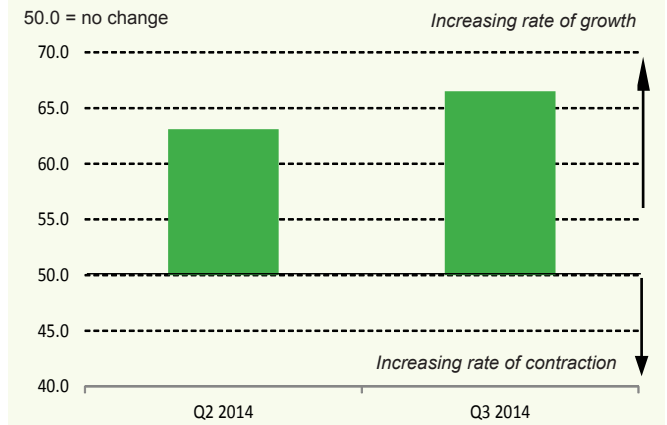
With new work continuing to increase at a sharp pace, Invest NI supported businesses reported having raised their staffing levels in Q3. A number of respondents directly linked higher employment to increased production requirements.

The seasonally adjusted Employment Index remained well above the 50.0 no-change mark in the third quarter of the year, and rose from Q2 to signal a faster rate of job creation.

The Ulster Bank survey of the Northern Ireland private sector as a whole signalled further rises in employment during Q3, albeit at a weaker pace than in the second quarter. Staffing levels within Invest NI supported businesses also increased at a higher rate than the overall Northern Ireland private sector.

		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	63.1	55.2
2014	Q3	42.3	51.0	6.7	67.8	66.5	53.9

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



Input Prices

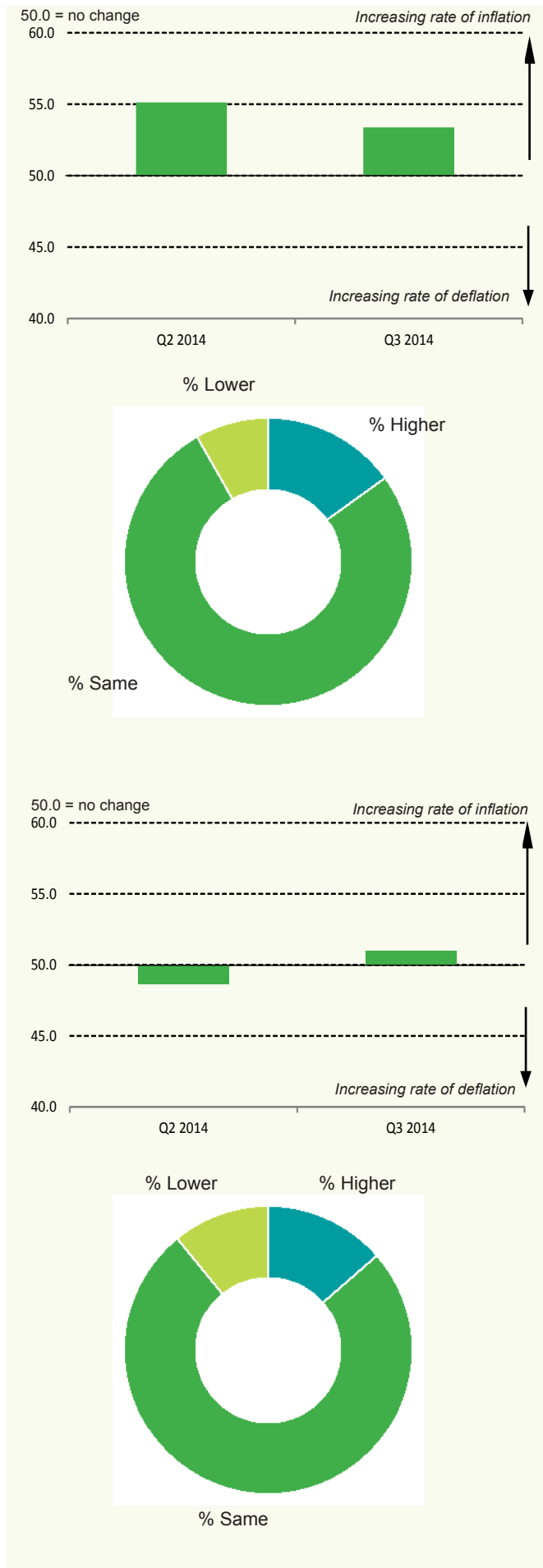
Data for the third quarter of 2014 pointed to a solid increase in input costs experienced by Invest NI supported businesses. However, the rate of inflation eased from that seen in the previous survey period.

Where input prices increased, this was linked by some respondents to higher staff costs. There were also a number of reports that suppliers had raised their prices during the latest three-month period.

The rate of cost inflation seen across the Northern Ireland private sector as a whole also eased during the third quarter of the year, but remained stronger than that of Invest NI companies.

		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	55.1	59.0
2014	Q3	15.1	76.7	8.2	53.4	53.4	58.3

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



Output Prices

The seasonally adjusted Output Prices Index rose above the 50.0 no-change mark during the third quarter of 2014 following a slight fall in charges during Q2. That said, the rate of inflation was modest.

Where a rise in output prices was recorded, panellists reported that improving market conditions had enabled them to increase their charges.

That said, a number of respondents noted that competitive pressures had imparted downward pressure on selling prices.

The Ulster Bank PMI survey showed that output prices across the Northern Ireland private sector rose marginally on average, with an outright fall recorded during September.

		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	48.6	51.0
2014	Q3	13.6	75.5	10.9	51.4	51.0	50.5

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

Stocks of Finished Goods

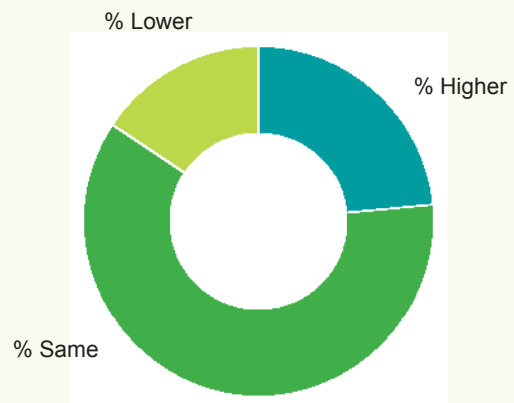
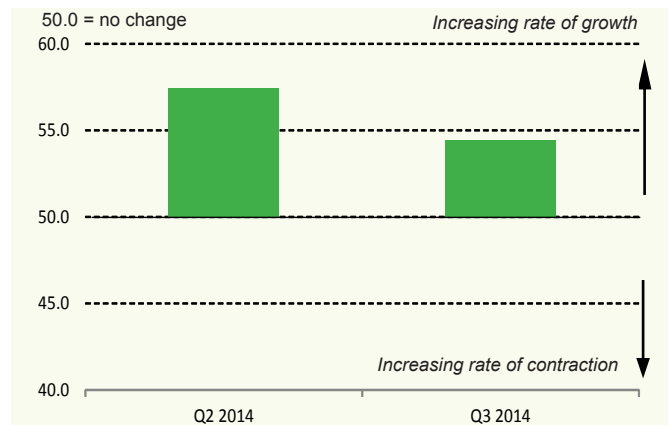
Invest NI supported businesses posted a solid increase in stocks of finished goods during Q3. That said, the rate of accumulation in post-production inventories eased from the sharp pace seen in the previous quarter.

According to respondents, stocks of finished goods increased as companies prepared for anticipated rises in client demand over the coming months.

Around 24% of panellists indicated that post-production inventories had risen from the previous quarter, while approximately 16% of companies saw stocks decrease from Q2.

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



Future Activity

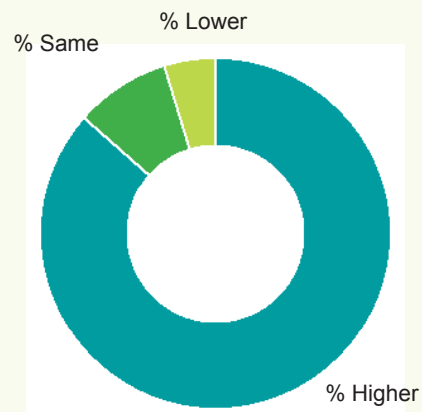
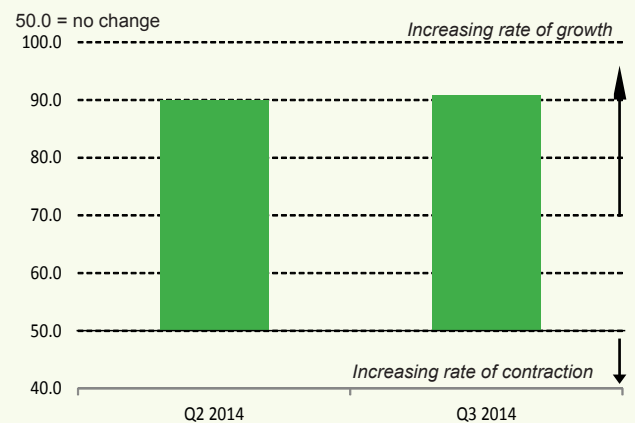
Optimism remained high in Invest NI supported businesses during Q3 2014, with sentiment picking up slightly from Q2. Around 87% of respondents forecast activity to be higher than current levels in 12 months' time.

Some panellists predicted that sales would continue to rise along with improving economic conditions, thereby leading to higher output.

The launch of new products and increased marketing activities were also forecast to help lead to growth of activity over the coming 12 months.

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



Methodology and Information

PMI Surveys

The Purchasing Managers' Index[®] (or PMI[®]) 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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Markit Economics

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