

# Ulster Bank Northern Ireland PMI

**PRESS RELEASE Embargoed until: 00:01 June 13th 2022**

## **Business activity falls for first time in 14 months**

Today sees the release of May data from the Ulster Bank Northern Ireland PMI®. The latest report – produced for Ulster Bank by S&P Global – signalled reductions in output and new orders as steep inflationary pressures hit demand. Indeed, output price inflation was at a record high. The impact of price pressures also hit business expectations, which turned negative. On a more positive note, employment continued to rise.

**Commenting on the latest survey findings, Richard Ramsey, Chief Economist Northern Ireland, Ulster Bank, said:**

*“Economic forecasts at a global and UK level continue to be downgraded on an almost monthly basis. The latest survey of Northern Ireland’s private sector saw the deterioration in business conditions accelerate in May. Local firms reported a fall in business activity for the first time in 14 months with the significant declines in retail and construction outweighing continued growth within the manufacturing and services sectors. Inflationary pressures and heightened uncertainty are hitting demand and delaying investment. Input cost inflation in May fell just shy of October’s record rate but local firms increased their prices at the fastest pace in the survey’s history. The cost-of-living crisis is making its presence felt, particularly on retail, with both sales and new orders slumping in May. Construction remains mired in an order book recession with last month’s steep decline marking the eleventh successive month of contraction.*

*“The overall outlook is for things to get worse, with new orders falling at their fastest pace since February last year. Northern Ireland firms’ order books contracted at the fastest rate amongst the 12 UK regions. Manufacturing, services, construction and retail all contributed to the drop in incoming business. Despite the advantages afforded to local firms through the NI Protocol, Northern Ireland firms remain the least optimistic of any UK region regarding sales / activity in 12 months’ time. Local firms expect sales and activity to fall in a year’s time with this negativity driven by retail. Manufacturing is the only sector projecting meaningful growth in 12 months’ time.*

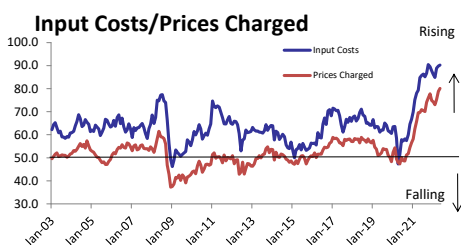
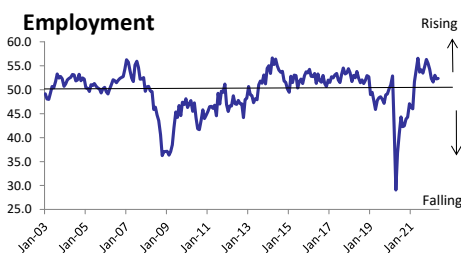
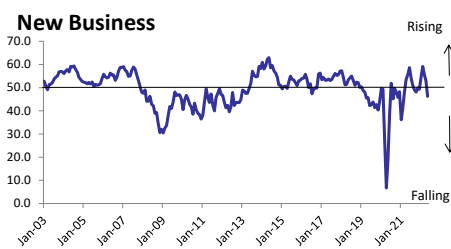
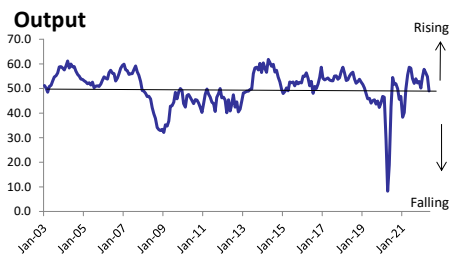
*“The picture regarding employment is much more robust. It is the one bright spot in the survey, with continued growth in firms’ staffing levels reported for the 15th month in succession. But skills shortages remain a problem, from both a capacity and wage pressure perspective. It remains to be seen how a slowdown in the economy will improve this, providing one potentially silver lining to the downturn cloud.*

*“Overall, with economic conditions set to deteriorate, the call for the Chancellor and Stormont to provide additional support for business is set to intensify.”*

### **The main findings of the May survey were as follows:**

The headline seasonally adjusted Business Activity Index fell to 49.0 in May, well down from the reading of 54.8 seen in April and below the 50.0 no-change mark for the first time in 14 months. Falling new orders, increases in the cost of living and market uncertainty were the main factors leading output to decrease. Activity declined in the construction and retail sectors, while softer expansions were seen in manufacturing and services. New orders fell at a solid pace, and one that was the sharpest since February 2021. Respondents indicated that inflationary pressures had hit demand.

The strength of inflationary pressures was highlighted by output prices rising at a record pace for the second month running amid the passing on of higher input costs to customers. Input prices themselves increased at a near-record pace. Firms signalled higher costs for energy, fuel, raw materials and staff. The impact of rising costs on demand also acted to depress business sentiment, which turned negative for the first time in just over a year-and-a-half. The retail sector signalled a particularly gloomy outlook for activity. Despite declines in output and new orders in May, companies in Northern Ireland continued to raise their staffing levels, and at a solid pace that was broadly in line with that seen in April.



## Summary of data

		50 = no change on previous month				
		2020	2021	Mar'22	Apr	May
Output/Activity	N.Ire	41.0	51.3	56.3	54.8	49.0
	UK	46.5	56.0	60.7	58.2	53.4
New Business	N.Ire	40.0	49.6	55.6	52.8	46.2
	UK	45.9	56.4	59.0	54.6	53.9
Backlogs	N.Ire	39.7	50.8	58.6	57.5	53.0
	UK	43.5	52.9	51.9	50.2	50.8
Employment	N.Ire	43.0	53.1	53.0	52.2	52.4
	UK	41.6	55.4	58.0	56.7	56.5
Input Costs	N.Ire	58.8	83.2	88.9	89.8	90.2
	UK	54.4	73.5	82.8	84.2	85.8
Prices Charged	N.Ire	51.1	70.0	75.3	78.8	80.1
	UK	49.6	59.5	68.3	69.4	69.2

Full historical data may be obtained from S&P Global.  
Contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## Notes on data

The survey data are presented as index numbers, which are calculated from the percentages of respondents reporting an improvement, no change or decline. 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.

Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations. The indexes are seasonally adjusted to take into consideration expected variations for the time of year, such as summer holiday shutdowns and national holidays such as Christmas.

Sector data published in the Ulster Bank Northern Ireland PMI® report are intended to give an indication of underlying trends in the manufacturing, services and construction industries within the Northern Ireland private sector economy. Data at the sector level are more volatile than the headline total private sector economy figures, and month-on-month movements in the sector data should therefore be treated with a degree of caution.

## Press information

For further information please contact Richard Ramsey, Chief Economist Northern Ireland, on +44 (0)28 9027 6354 or +44 (0)7881 930955 or email: [richard.ramsey@ulsterbankcm.com](mailto:richard.ramsey@ulsterbankcm.com)  
<http://www.ulsterbankcapitalmarkets.com/>

**Purchasing Managers' Index® (or 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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

**Ulster Bank Limited** Registered Number: R733 Northern Ireland.  
Registered Office: 11-16 Donegall Square East, Belfast BT1 5UB.

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).

**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).

**The Northern Ireland PMI® 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 registered trademarks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates. Ulster Bank use the above marks under license.

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.