

Ulster Bank Northern Ireland PMI

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Business activity returns to growth in February

Today sees the release of February data from the Ulster Bank Northern Ireland PMI®. The latest report – produced for Ulster Bank by S&P Global – signalled a return to growth in February, with both output and new orders increasing amid signs of demand improving. As such, business confidence strengthened and employment growth quickened. Meanwhile, price and supply pressures continued to ease.

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

"The latest PMI survey could be summed up in one word - improvement. All ten indicators of local business conditions improved in February relative to the previous month. Private sector firms reported their first rise in output and new orders in 10 months. A notable improvement in the economic conditions within Northern Ireland's export markets helped lift export orders in February following four years of continuous decline.

"The recovery in international demand aided a return to growth in output and orders for manufacturers. Meanwhile, retail's recent resurgence continued. The completed rollout of the £600 energy grant, coupled with cross-border shoppers from the Republic of Ireland, continues to provide a boost for the retail sector. Conversely, construction and services posted a further fall in output last month.

"Firms continue to recruit with all four sectors increasing their staffing levels in February. Overall, employment rose at its fastest pace in 15 months with Northern Ireland outperforming the other 11 regions in the UK. Inflationary pressures continued to ease with both input cost and output price inflation falling to 25-month lows.

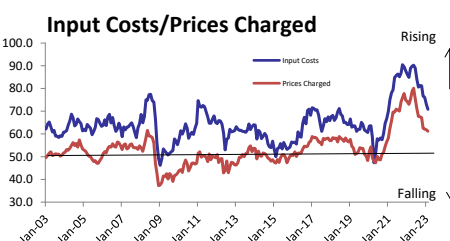
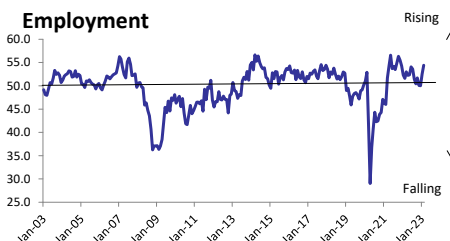
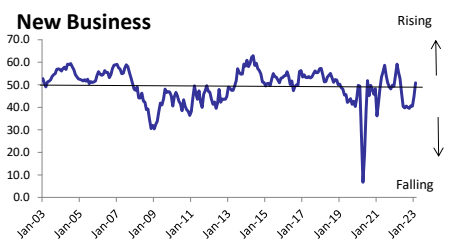
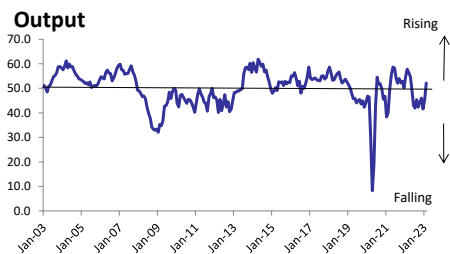
"Finally, it was encouraging to see a surge in optimism last month across all four surveyed sectors. Expectations for output in 12 months' time hit a 12-month high which represents the highest level of confidence since Russia's invasion of Ukraine. This latest improvement occurred ahead of the unveiling of The Windsor Framework, so we may see further rises in sentiment in the coming months if it is accepted more universally than the NI Protocol was. Time will tell."

The main findings of the February survey were as follows:

The headline seasonally adjusted Business Activity Index posted 52.2 in February, moving back above the 50.0 no-change mark for the first time in ten months following a reading of 45.3 in January. Output increased modestly amid an increase in new orders and signs of demand improving. The manufacturing and retail sectors posted rises in activity, while services and construction remained in decline. New orders, meanwhile, increased for the first time in ten months. New export orders also returned to growth, a marked turnaround following a sharp decline in January.

In line with the renewed increase in new orders, companies cited a marginal accumulation in backlogs of work, the first since April 2022. Higher new orders also boosted business confidence, which reached a one-year high. With workloads and confidence improving, companies expanded their staffing levels at a solid pace, with the rate of job creation quickening to the highest in 15 months.

Input prices continued to rise sharply on the back of higher costs for energy, transportation and wages, but the rate of inflation was at a 25-month low. The same was true of output price inflation. Meanwhile, suppliers' delivery times lengthened to the least extent in the two-year series history.



Summary of data

		50 = no change on previous month				
		2021	2022	Dec'22	Jan'23	Feb
Output/Activity	N.Ire	51.3	48.1	41.6	45.3	52.2
	UK	56.0	53.1	49.0	48.5	53.2
New Business	N.Ire	49.6	45.8	40.5	44.9	50.9
	UK	56.4	52.3	48.0	48.9	53.3
Backlogs	N.Ire	50.8	48.9	43.0	44.9	50.3
	UK	52.9	50.5	47.5	48.2	50.4
Employment	N.Ire	53.1	51.9	50.0	52.5	54.4
	UK	55.4	55.0	49.3	49.9	51.3
Input Costs	N.Ire	83.2	84.1	76.1	73.1	70.8
	UK	73.5	79.5	71.4	70.8	69.1
Prices Charged	N.Ire	70.0	71.3	62.1	61.8	61.2
	UK	59.5	65.9	62.3	62.7	62.2

Full historical data may be obtained from S&P Global.
Contact 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

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