

**PRESS RELEASE Embargoed until: 00:01 (BST) July 10th 2023**

## Business activity continues to rise, but new orders decline

Today sees the release of June data from the Ulster Bank Northern Ireland PMI®. The latest report – produced for Ulster Bank by S&P Global – indicated that companies raised activity again, despite a first reduction in new orders since January. Employment also continued to rise. Meanwhile, the recent slowdown in inflation continued at the end of the second quarter, with softer rises in both input costs and output prices recorded.

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

*"NI's private sector ended the second quarter with both output and employment accelerating. June represented the fifth successive month of output growth. It was encouraging to note that inflationary pressures continued to ease with input costs and output prices rising at the slowest pace in 33 and 32 months respectively. Where input costs did rise, it was linked to wage pressures. Meanwhile, manufacturing saw its input costs fall for the first time in over three years. The easing in inflationary pressures is being accompanied by another welcome development - a marked shortening in supplier delivery times, most noticeably within retail.*

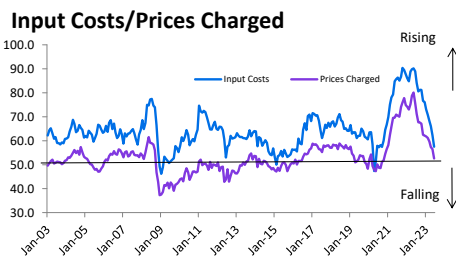
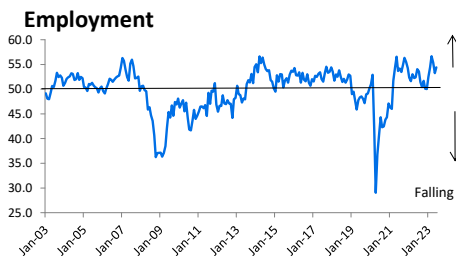
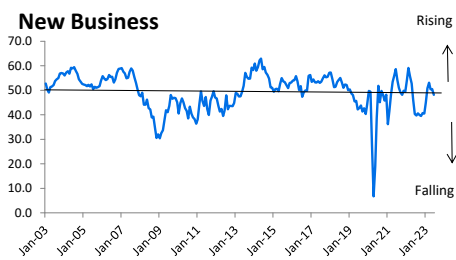
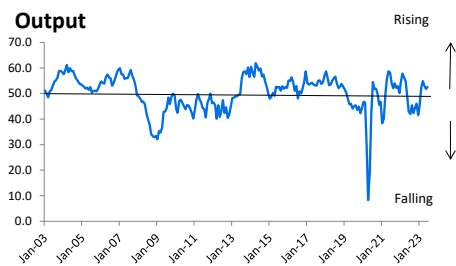
*"The latest survey does highlight some challenges though. New orders fell for the first time in five months with firms citing a lack of public sector contracts as a factor. A two-speed economy is becoming increasingly evident. Manufacturing and services posted rising output and orders in June. However, retail, and even more so, construction, recorded notable declines in both of these indicators. These sectors have witnessed a notable deterioration in business confidence, with construction firms expecting business activity to be significantly lower in 12 months' time, whereas retail businesses expect sales to be flat. Conversely, manufacturers and service sector firms still anticipate higher levels of activity in the middle of next year.*

*"It is not coincidental that the sectors most exposed to the lack of a NI Executive and the cost-of-living crisis – construction and retail respectively – are the ones that are the least optimistic. Construction firms in particular will be hoping we see a return to Stormont in the second half of this year, but there is no real prospect of the cost-of-living crisis dissipating in the remainder of 2023. Higher interest rates are also increasingly weighing on both business and consumer sentiment and this feature is expected to be with us for the foreseeable future too."*

**The main findings of the June survey were as follows:**

The headline seasonally adjusted Business Activity Index rose to 52.5 in June from 51.8 in May, signalling a solid monthly expansion in output in the private sector, and one that was sharper than that seen in May. Activity has now increased in each of the past five months. Output rose in the manufacturing and service sectors, but decreased in construction and retail. The rise in output was registered in spite of a first decline in new orders since January. New business fell amid a lack of public sector projects and a weakening of commercial demand, plus a fall in new export orders. More positively, employment rose solidly as long-standing vacancies were filled and candidate availability improved. A combination of job creation and lower new orders meant that firms were able to work through outstanding business.

Rates of inflation softened, with input costs and output prices rising at the slowest rates in 33 and 32 months respectively. Where input costs did increase, this was often linked to higher wages. Meanwhile, suppliers' delivery times shortened markedly. Although companies remained optimistic in the year-ahead outlook for output, confidence slipped to a five-month low. Those respondents predicting an increase in activity often linked this to hopes for successful new product launches.



## Summary of data

50 = no change on previous month

		2021	2022	Apr'23	May	Jun
Output/Activity	N.Ire	51.3	48.1	53.1	51.8	52.5
	UK	56.0	53.1	54.5	53.8	52.5
New Business	N.Ire	49.6	45.8	50.5	50.5	48.2
	UK	56.4	52.3	54.7	54.2	51.4
Backlogs	N.Ire	50.8	48.9	50.3	47.8	46.0
	UK	52.9	50.5	50.0	49.4	47.8
Employment	N.Ire	53.1	51.9	55.4	53.2	54.4
	UK	55.4	55.0	52.7	51.7	52.3
Input Costs	N.Ire	83.2	84.1	66.1	62.3	57.5
	UK	73.5	79.5	67.0	66.2	63.3
Prices Charged	N.Ire	70.0	71.3	57.4	56.5	52.6
	UK	59.5	65.9	61.0	59.5	58.3

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

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