



(Source: Markit Economics)

Date: November 2015

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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compiled by markit

Output continues to grow sharply in Q3, albeit at weaker pace

Invest NI supported businesses continued to register strong growth in output, new orders and employment during the third quarter of 2015, as has been the case throughout the six quarters of data collection so far. That said, rates of growth in all of these variables eased. On the price front, a slower increase in input costs was recorded while output prices were reduced.

The headline seasonally adjusted Output Index continued to signal strong growth of business activity at Invest NI supported businesses during Q3 2015, posting 59.6. That said, the reading was down from 62.0 in the previous quarter, thereby representing a slowdown in the rate of expansion. However, growth among Invest NI supported businesses remained much sharper than that signalled by the monthly Ulster Bank survey of the Northern Ireland private sector as a whole.

According to respondents, rising sales had been the main driver of increasing business activity over the quarter.

Rate of job creation remains strong

New orders also rose at a sharp, albeit weaker pace in Q3. Higher new business was linked by panellists to the securing of new customers and investment in sales and marketing. Marked growth of new export orders was also recorded.

Increased workloads led companies to take on extra staff again. Although slightly weaker than in the previous survey, the rate of job creation remained substantial. Employment has risen throughout the six-quarter survey so far.

Output prices decrease

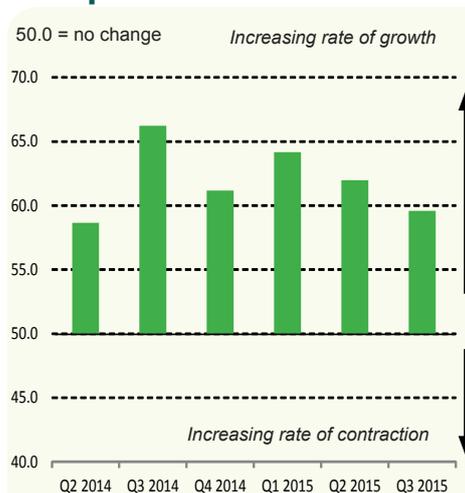
Rising staff costs resulted in a further increase in input prices at Invest NI supported businesses. However, some reports of lower prices for raw materials led to a slowdown in the overall rate of cost inflation.

This slowdown in cost inflation, coupled with strong competitive pressures, led to a reduction in output prices in Q3. The fall was the first in three quarters and stronger than that seen across the Northern Ireland private sector as a whole. Moreover, the decrease was the fastest in the series history.

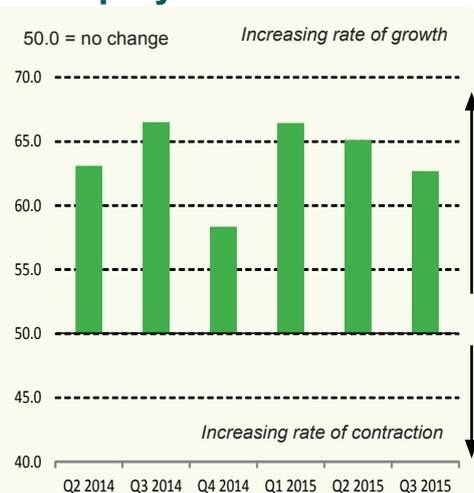
Stocks of finished goods increased for the second successive quarter as firms adapted to increased sales.

New customers and strong pipelines of new work resulted in further confidence among Invest NI supported businesses. Sentiment remained strongly positive as more than three-quarters of respondents forecast output to rise, but eased from the previous survey.

Output



Employment



The latest report was based on around 160 responses. Of these, 62% were manufacturers and 29% service providers. SMEs made up 82% of the companies surveyed.

Output

As has been the case throughout the six quarters of data collection so far, output at Invest NI supported businesses increased during the third quarter of 2015. The rate of expansion was sharp, but slowed for the second survey running to the weakest since Q2 2014.

Where business activity increased, panellists mainly attributed this to increased sales. More than 41% of respondents noted a rise in output during the quarter, compared with 28% that posted a fall.

Output also expanded across the Northern Ireland private sector as a whole during the third quarter of the year. However, the rate of growth remained much weaker than that seen at Invest NI supported businesses.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S.Adj. Index
2014	Q3	51.0	29.5	19.5	65.8	66.2	58.0
2014	Q4	48.7	28.2	23.1	62.8	61.2	52.4
2015	Q1	49.3	28.5	22.2	63.5	64.2	49.0
2015	Q2	56.8	24.5	18.7	69.0	62.0	51.4
2015	Q3	41.3	31.0	27.7	56.8	59.6	52.2

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

New Orders

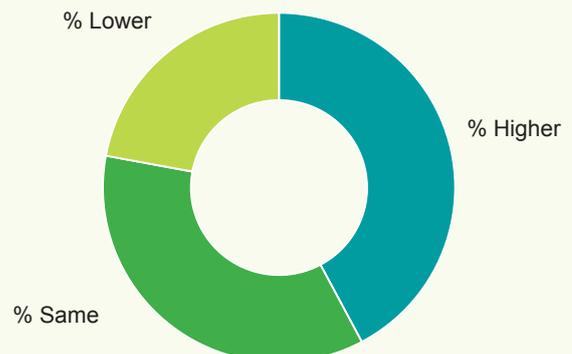
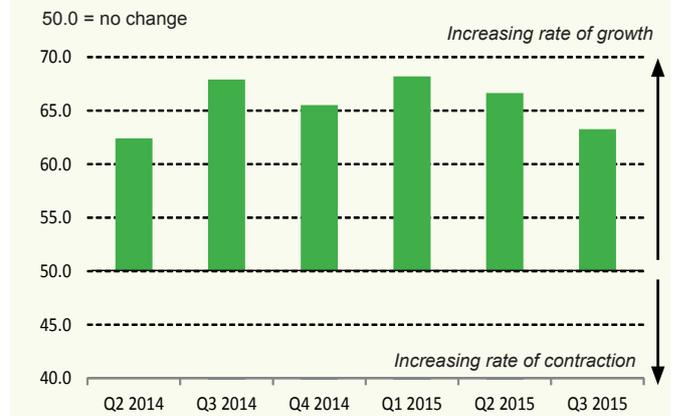
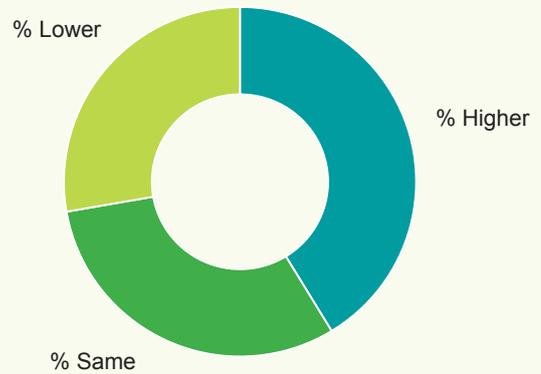
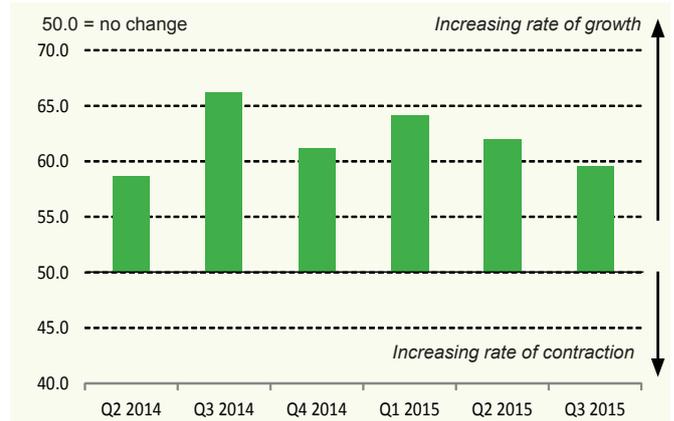
Invest NI supported businesses continued to register strong growth of new work during the third quarter of 2015. However, as was the case with output, the rate of expansion slowed for the second successive quarter.

Anecdotal evidence suggested that the securing of new customers during the quarter had helped to boost new orders, with investment in sales and marketing also reportedly supporting growth.

New business rose more quickly at Invest NI supported businesses than across the Northern Ireland economy as a whole. This was despite the private sector as a whole registering an acceleration in the rate of expansion in Q3.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S.Adj. Index
2014	Q3	54.7	32.4	12.8	70.9	67.9	57.7
2014	Q4	53.8	28.8	17.3	68.3	65.5	52.3
2015	Q1	59.0	27.1	13.9	72.6	68.2	50.2
2015	Q2	53.2	31.2	15.6	68.8	66.7	52.4
2015	Q3	42.2	35.7	22.1	60.1	63.3	53.0

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



New Export Orders

Although new export orders continued to increase at a considerable pace in Q3, the rate of expansion was the slowest in the six-quarter survey so far. Growth of new export work was also weaker than that seen for total new business.

Where new business from abroad did rise, this was often linked by panellists to increased sales efforts in export markets. On the other hand, there were some reports that the relative weakness of the euro had hampered export sales.

The Northern Ireland private sector as a whole recorded growth of new export orders for the first time in a year during the third quarter of 2015, although the rate of expansion was much weaker than seen at Invest NI supported businesses.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q3	43.2	43.2	13.6	64.8	64.3	52.4
2014	Q4	45.4	40.4	14.2	65.6	63.1	49.6
2015	Q1	45.6	38.2	16.2	64.7	65.9	48.6
2015	Q2	43.0	44.4	12.7	65.1	63.3	48.9
2015	Q3	32.1	51.8	16.1	58.0	60.8	51.2

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

Employment

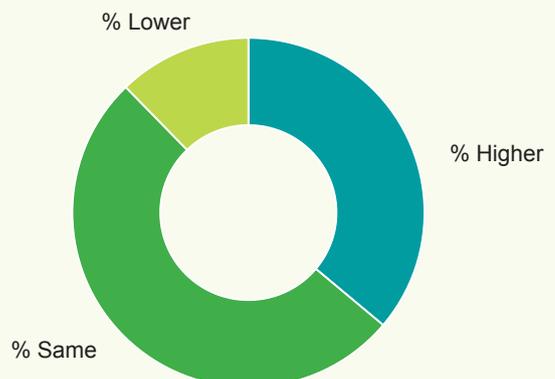
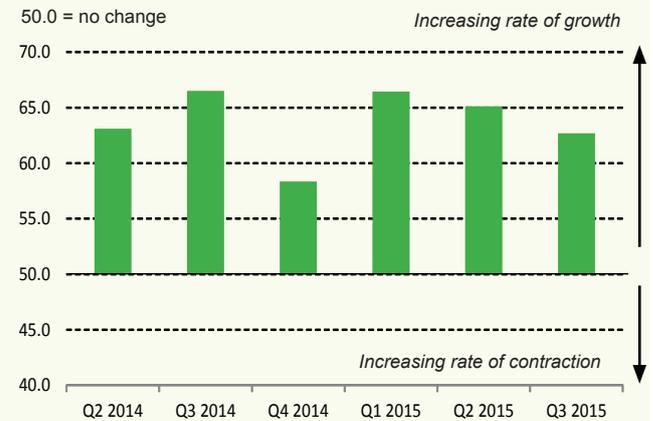
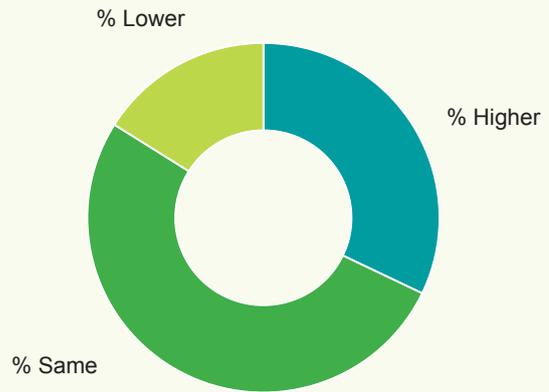
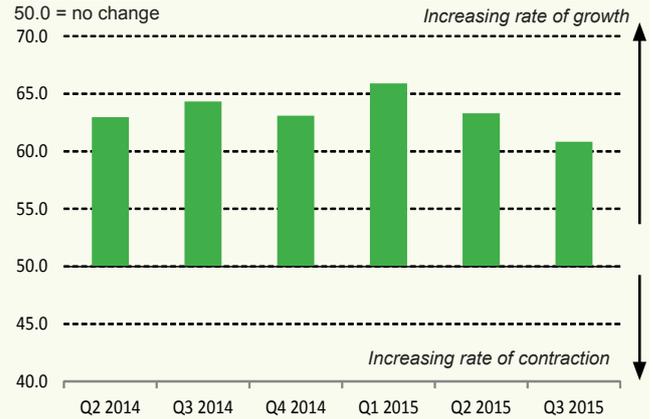
Greater workloads led Invest NI supported businesses to take on extra staff during the third quarter of 2015. More than 36% of respondents posted a rise in employment, three times the proportion that registered a fall.

Companies have recorded job creation throughout the six quarters of data collection so far, although the pace of increase slowed to the weakest since the final three months of 2014 in the latest survey period.

Invest NI supported businesses posted a sharper rise in employment than the Northern Ireland private sector as a whole, as has been the case throughout the survey's history so far.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q3	42.3	51.0	6.7	67.8	66.5	53.9
2014	Q4	34.0	53.8	12.2	60.9	58.3	51.2
2015	Q1	37.5	55.6	6.9	65.3	66.4	51.3
2015	Q2	35.5	60.0	4.5	65.5	65.1	52.1
2015	Q3	36.1	51.6	12.3	61.9	62.7	51.8

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



Input Prices

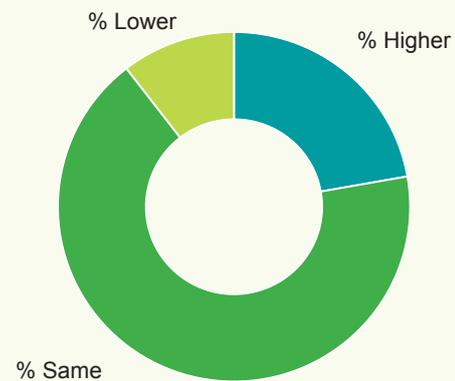
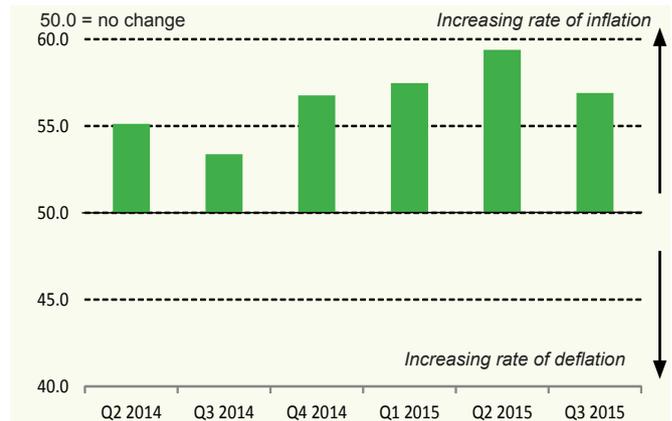
Latest data pointed to a further rise in input prices during the third quarter of 2015. That said, the rate of inflation eased to the slowest in three survey periods.

Where a rise in input costs was recorded, this was linked to higher staff costs. Conversely, a number of respondents reported that lower raw material prices had led to reductions in input costs over the quarter.

The Northern Ireland private sector as a whole posted a slight acceleration in the rate of cost inflation, but the increase was slower than seen at Invest NI supported businesses.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q3	15.1	76.7	8.2	53.4	53.4	58.3
2014	Q4	24.7	65.6	9.7	57.5	56.8	55.0
2015	Q1	28.4	57.4	14.2	57.1	57.5	52.2
2015	Q2	33.1	53.2	13.6	59.7	59.4	54.4
2015	Q3	22.2	67.3	10.5	55.9	56.9	54.7

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



Output Prices

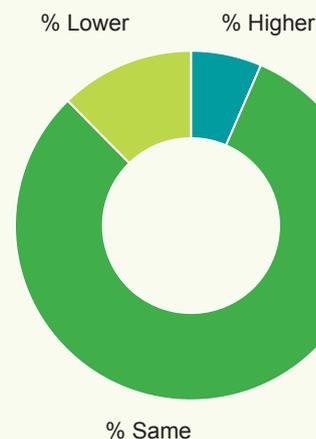
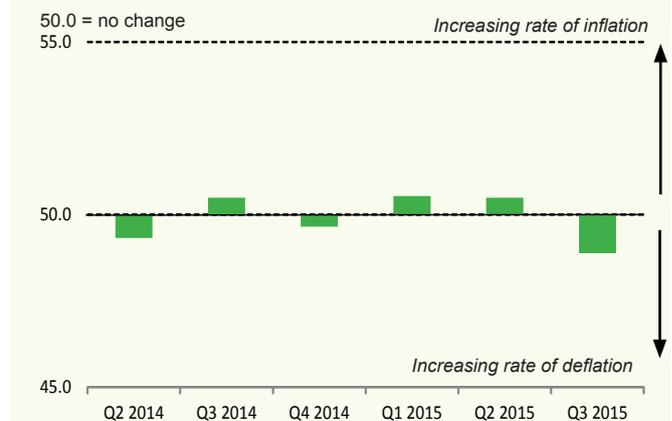
Invest NI supported businesses lowered their output prices during Q3 2015, ending a two-survey sequence in which modest inflation had been recorded. Moreover, the rate of discounting was the fastest in the history of the survey which began in Q2 2014.

Falling output prices continued to be registered across the Northern Ireland private sector as a whole, but the pace of reduction was slower than that seen at Invest NI supported businesses.

Competition for new work was the principal cause of falling output prices, according to respondents. Meanwhile, some firms reported lowering their charges in response to decreases in raw material costs.

		Invest Northern Ireland Supported Businesses			Whole NI*		
		Higher %	Same %	Lower %	Index	S.Adj. Index	S. Adj. Index
2014	Q3	13.6	75.5	10.9	51.4	51.0	50.5
2014	Q4	9.1	81.8	9.1	50.0	49.3	48.6
2015	Q1	11.4	78.6	10.0	50.7	51.1	47.8
2015	Q2	14.3	73.4	12.3	51.0	51.0	49.2
2015	Q3	6.5	81.2	12.3	47.1	47.8	49.4

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



Stocks of Finished Goods

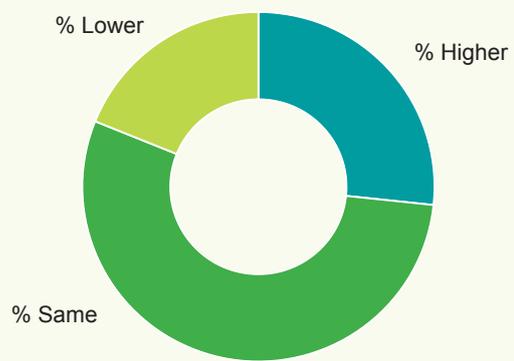
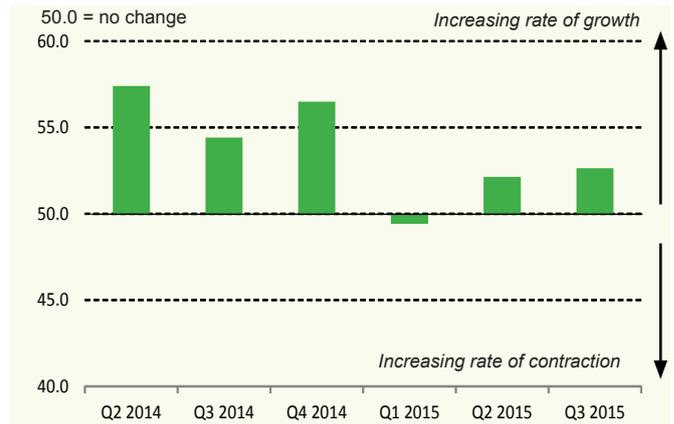
Q3 data signalled a second successive quarterly increase in stocks of finished goods at Invest NI supported businesses, with the rate of accumulation ticking up slightly from the previous survey period.

Panellists reported that stock holdings had been increased in response to rising sales levels.

Close to 27% of respondents registered a rise in post-production inventories over the quarter, compared with 19% that posted a fall.

Invest Northern Ireland Supported Businesses

		Higher	Same	Lower	Index	S.Adj.
		%	%	%	Index	Index
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
2015	Q2	26.5	55.1	18.4	54.1	52.1
2015	Q3	26.7	54.4	18.9	53.9	52.6



Future Activity

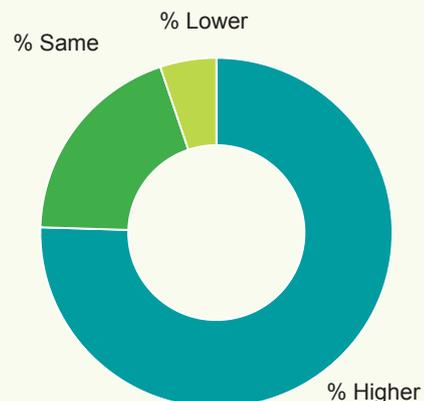
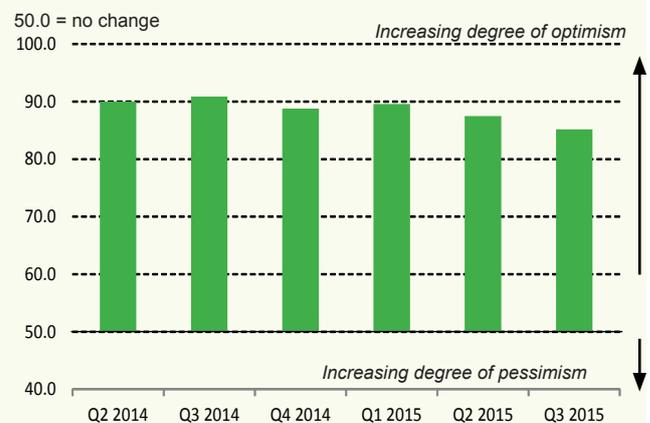
Business sentiment remained strongly positive during the third quarter of 2015, despite dipping marginally from the previous survey period.

Panellists expect to be able to secure new customers amid improving economic conditions. Moreover, there were some reports of strong pipelines of new work, which added to positive sentiment.

Around 76% of panellists forecast activity to increase over the coming year, against just 5% that predict a decrease.

Invest Northern Ireland Supported Businesses

		Higher	Same	Lower	Index	S.Adj.
		%	%	%	Index	Index
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
2015	Q2	79.5	16.0	4.5	87.5	n/a
2015	Q3	75.5	19.4	5.2	85.2	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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