

NCB Republic of Ireland Manufacturing PMI®



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First reduction in new business in 12 months

Key findings:

- Marginal fall in new orders, but output continues to rise
- Employment decreases slightly
- Supplier lead times lengthen markedly

Although overall operating conditions in the Irish manufacturing sector strengthened at the start of 2013, the rate of improvement eased further and was the weakest since last April. Output increased, but new orders and employment both fell marginally during the month.

The seasonally adjusted NCB *Purchasing Managers' Index*® (PMI®) – an indicator designed to provide a single-figure measure of the health of the manufacturing industry – posted 50.3 in January, pointing to a marginal improvement in operating conditions in the sector that was weaker than that signalled by a reading of 51.4 in December.

Manufacturing output increased slightly, extending the current sequence of growth to nine months. Data suggested however that the increase in production partly reflected the depletion of backlogs of work as new orders decreased. Outstanding business fell for the twenty-third successive month, but at a reduced pace.

Total new orders declined for the first time in 12 months, albeit only marginally. Some panellists reported weakening client demand, but others indicated that growth in export markets had supported overall new business. New export orders increased for the fourth month running, but at the slowest pace in this sequence.

Staffing levels also decreased in January, ending a ten-month sequence of job creation. Panellists linked the drop in employment to a decline in new business.

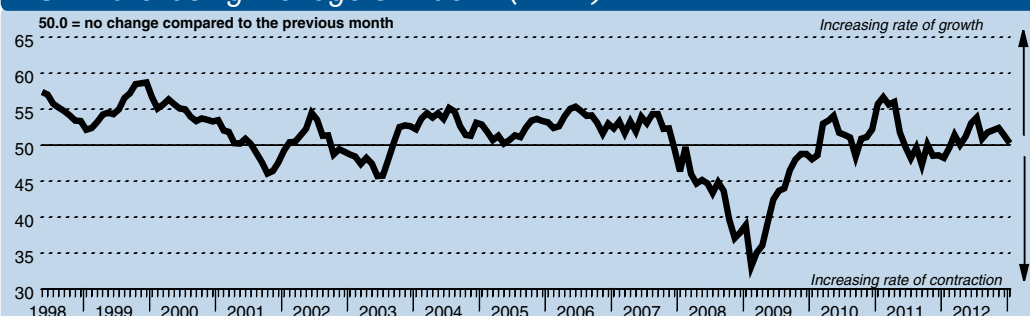
Input prices rose sharply again at Irish manufacturing firms, although the rate of inflation eased. Those respondents that recorded increased input costs reported higher energy and raw material prices. Meanwhile, output prices were reduced for the second time in the past three months amid attempts to boost demand.

Suppliers' delivery times lengthened to the greatest extent in 19 months during January. The marked deterioration in vendor performance was linked by respondents to low stock levels and subsequent capacity constraints at suppliers.

After falling slightly in the previous month, purchasing activity returned to growth. That said, the rate of expansion was only slight. The increase in input buying was insufficient to prevent a marked depletion of stocks of purchases, with inventories declining at the fastest pace since April 2012.

Stocks of finished goods also decreased during the month. The rate of depletion remained solid, despite slowing slightly from the previous month. Panellists indicated that inventories had been used to partly fulfil new orders.

NCB Purchasing Managers' Index® (PMI®)



Index Summary

(seasonally adjusted, 50 = no change on previous month)

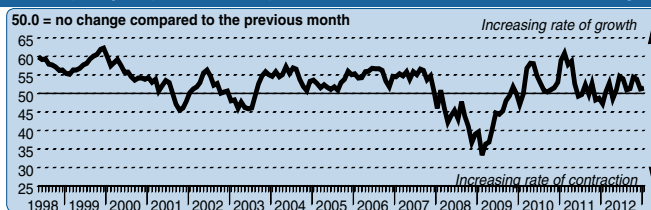
	PMI	Output	New Orders	Export Orders	Backlogs of Work	Finished Goods Stock	Employment	Output Prices	Input Prices	Delivery Times	Quantity of Purchases	Stocks of Purchases
Nov'12	52.4	53.8	51.9	52.1	48.0	49.8	53.5	49.7	59.0	48.8	51.8	49.9
Dec	51.4	51.2	50.9	53.6	44.4	46.8	53.2	51.3	59.9	46.8	49.3	47.0
Jan'13	50.3	51.5	49.5	50.9	48.9	47.5	49.6	48.2	57.1	45.5	50.8	44.9

The NCB Purchasing Managers' Index® (PMI®) is a composite indicator designed to provide an overall view of activity in the manufacturing sector and acts as a leading indicator for the whole economy. The indicator is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of goods purchased. A reading of the PMI below 50.0 indicates that the manufacturing economy is generally declining; above 50.0, that it is generally expanding. A reading of 50.0 signals no change. The greater the divergence from 50.0, the greater the rate of change signalled by the index. The intellectual property rights to the Republic of Ireland Manufacturing PMI provided herein is owned by Markit Economics Limited, NCB use the above marks under licence. Markit and the Markit logo are registered trade marks of Markit Group Limited.

Output Index

Q. Please compare your production/output this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	19.5	49.6	30.9	-11.4	44.3	51.0
	Sep	27.5	55.7	16.8	10.7	55.3	51.3
	Oct	26.9	56.7	16.3	10.6	55.3	54.4
	Nov	27.6	53.6	18.8	8.8	54.4	53.8
	Dec	27.2	47.2	25.6	1.5	50.8	51.2
2013	Jan	22.7	43.7	33.6	-11.0	44.5	51.5

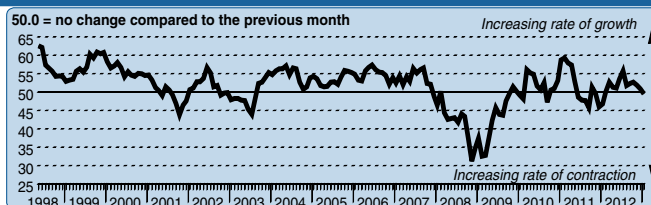


Irish manufacturing output increased for the ninth successive month in January. That said, the rate of growth was only slight, and broadly in line with that seen in December. A number of respondents that recorded growth in production during the month linked this to higher new export orders. Sector data suggested that the overall expansion was centred on consumer goods producers.

New Orders Index

Q. Please compare the state of your new orders (in units) this month with one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	22.0	47.5	30.5	-8.5	45.8	51.8
	Sep	30.2	48.9	21.0	9.2	54.6	52.3
	Oct	28.7	47.9	23.4	5.3	52.6	52.7
	Nov	28.6	51.3	20.2	8.4	54.2	51.9
	Dec	27.9	42.6	29.5	-1.6	49.2	50.9
2013	Jan	21.5	42.7	35.8	-14.3	42.9	49.5

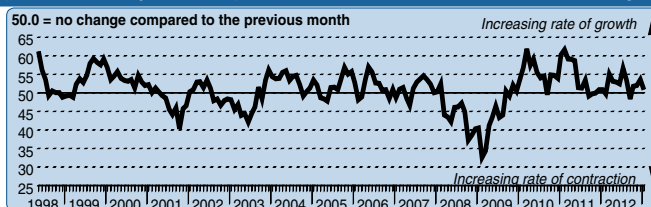


New orders decreased for the first time in a year during January, although the rate of decline was only marginal. Where a reduction in new business was recorded, panellists noted weakening client demand. On the other hand, some respondents continued to register growth, in part thanks to higher new export orders.

New Export Orders Index

Q. Please compare the state of your new export orders (in units) this month with one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	18.5	62.3	19.3	-0.8	49.6	53.4
	Sep	18.3	56.1	25.6	-7.3	46.4	48.4
	Oct	28.4	50.6	21.0	7.4	53.7	51.8
	Nov	25.0	55.4	19.7	5.3	52.6	52.1
	Dec	26.6	54.2	19.1	7.5	53.7	53.6
2013	Jan	22.2	50.3	27.5	-5.3	47.4	50.9

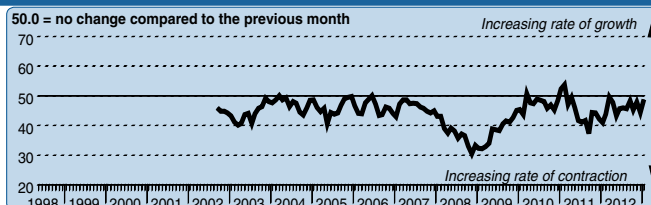


New business from abroad continued to increase in January. New export orders have now risen in ten of the past 11 months. That said, the rate of expansion slowed from the solid pace seen at the end of 2012, and was only slight. According to respondents, the US market had been a key source of growth in the latest month.

Backlogs of Work Index

Q. Please compare the level of outstanding business in your company this month with one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	16.5	59.4	24.1	-7.6	46.2	45.7
	Sep	18.1	63.4	18.5	-0.4	49.8	48.4
	Oct	14.0	63.6	22.4	-8.4	45.8	45.2
	Nov	13.9	72.5	13.6	0.3	50.1	48.0
	Dec	12.7	63.9	23.4	-10.8	44.6	44.4
2013	Jan	20.9	53.5	25.7	-4.8	47.6	48.9

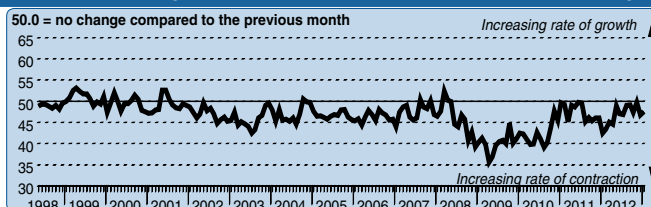


As has been the case in each month since March 2011, backlogs of work at Irish manufacturing firms decreased in January. However, the pace of depletion eased markedly over the month, and was the slowest since March 2012. Where a reduction in outstanding business was recorded, this was linked to falling new orders.

Stocks of Finished Goods Index

Q. Please compare your stocks of finished goods (in units) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	14.5	67.5	18.0	-3.6	48.2	49.1
	Sep	17.1	66.1	16.8	0.3	50.1	49.2
	Oct	12.7	68.2	19.0	-6.3	46.9	47.4
	Nov	22.0	61.5	16.5	5.6	52.8	49.8
	Dec	14.2	59.1	26.7	-12.4	43.8	46.8
2013	Jan	16.1	53.5	30.4	-14.3	42.9	47.5

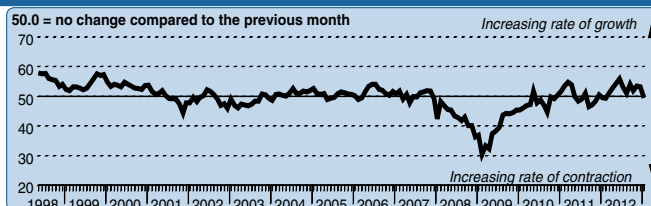


January data signalled a solid reduction in stocks of finished goods at Irish manufacturing firms. The rate of depletion remained solid, despite slowing slightly from the previous month. Post-production inventories have now fallen in 57 successive months. Respondents indicated that the latest reduction partly reflected the use of inventories to satisfy new orders.

Employment Index

Q. Please compare the level of employment at your unit this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	13.4	75.0	11.6	1.8	50.9	51.1
	Sep	17.5	76.2	6.2	11.3	55.6	54.1
	Oct	11.4	79.6	8.9	2.5	51.3	51.9
	Nov	19.2	69.9	10.9	8.4	54.2	53.5
	Dec	14.6	77.2	8.2	6.4	53.2	53.2
2013	Jan	11.7	69.9	18.4	-6.8	46.6	49.6

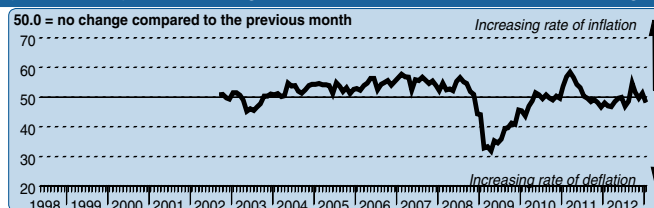


Irish manufacturers lowered employment for the first time since February 2012 in January, albeit marginally. Some panellists reported that weaker demand had led to a fall in staffing levels. Both the intermediate and investment goods sectors posted job cuts, while a slight increase in employment was seen at consumer goods firms.

Output Prices Index

Q. Please compare the average price that you charge per unit of output (volume weighted) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	4.5	90.4	5.1	-0.6	49.7	48.7
	Sep	11.9	85.1	3.1	8.8	54.4	54.8
	Oct	10.8	80.8	8.5	2.3	51.1	51.7
	Nov	5.2	86.6	8.1	-2.9	48.5	49.7
	Dec	6.9	85.8	7.2	-0.3	49.9	51.3
2013	Jan	8.6	83.5	7.9	0.7	50.3	48.2

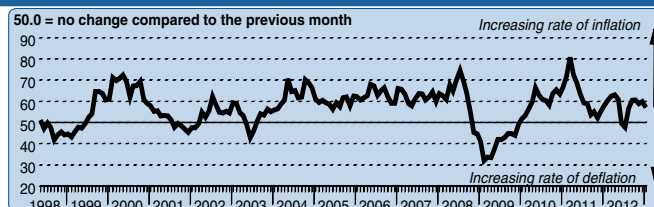


After rising slightly in December, output prices at Irish manufacturers decreased for the second time in the past three months during January. Although only modest, the reduction was the fastest since last July. According to respondents, falling output prices mainly reflected attempts to generate sales.

Input Prices Index

Q. Please compare the average price of your purchases (volume weighted) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	20.6	78.3	1.1	19.5	59.7	56.8
	Sep	30.7	65.2	4.1	26.6	63.3	60.6
	Oct	26.6	67.3	6.0	20.6	60.3	60.7
	Nov	15.9	78.4	5.7	10.2	55.1	59.0
	Dec	18.5	76.2	5.3	13.2	56.6	59.9
2013	Jan	19.7	73.5	6.8	12.9	56.5	57.1

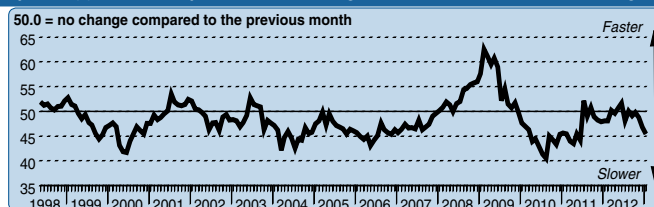


January data pointed to a further sharp rise in input costs, extending the current sequence of inflation to six months. However, the rate of increase eased to the slowest since August 2012. Panellists highlighted increases in energy and raw material prices. All three monitored market groups posted marked rises in input costs.

Suppliers' Delivery Times Index

Q. Please compare your suppliers' delivery times (volume weighted) this month with one month ago.

		Faster %	Same %	Slower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	4.5	88.5	7.0	-2.5	48.8	50.1
	Sep	0.6	95.6	3.8	-3.2	48.4	49.2
	Oct	1.6	96.1	2.3	-0.7	49.7	49.8
	Nov	2.9	91.7	5.3	-2.4	48.8	48.8
	Dec	0.8	93.6	5.5	-4.7	47.6	46.8
2013	Jan	1.3	90.9	7.8	-6.5	46.8	45.5

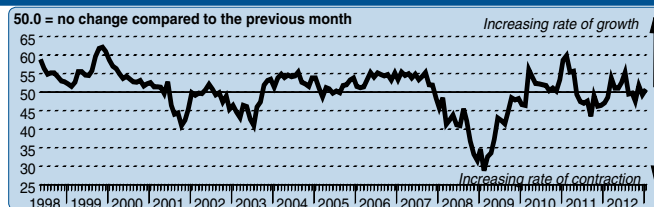


Suppliers' delivery times lengthened for the fifth month running in January. Furthermore, the latest deterioration in vendor performance was marked, and the strongest in 19 months. Anecdotal evidence suggested that capacity constraints related to low stock levels had been behind the lengthening of lead times.

Quantity of Purchases Index

Q. Please compare the quantity of items purchased (in units) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	10.5	60.7	28.8	-18.3	40.8	49.5
	Sep	21.0	63.5	15.6	5.4	52.7	49.8
	Oct	22.3	51.6	26.0	-3.7	48.1	47.6
	Nov	27.1	52.2	20.7	6.3	53.2	51.8
	Dec	25.7	44.8	29.5	-3.8	48.1	49.3
2013	Jan	27.3	41.2	31.5	-4.1	47.9	50.8

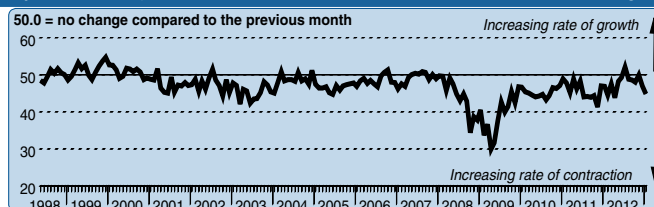


Irish manufacturing firms raised their input buying for the second time in the past three months during January. That said, the latest increase was only slight. Where input buying was raised, this was largely reflective of higher production. The overall rise in purchasing was mainly centred on consumer goods producers.

Stocks of Purchases Index

Q. Please compare your stocks of purchases (in units) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Aug	9.3	72.9	17.8	-8.6	45.7	48.8
	Sep	16.8	64.4	18.8	-2.1	49.0	48.6
	Oct	13.2	68.7	18.1	-4.9	47.5	48.1
	Nov	19.3	64.4	16.3	3.0	51.5	49.9
	Dec	14.4	60.2	25.4	-10.9	44.5	47.0
2013	Jan	13.0	61.3	25.7	-12.7	43.7	44.9



In spite of a rise in input buying, stocks of purchases continued to fall in January as panellists reported a preference for lower inventory holdings. Moreover, the rate of depletion was marked, having quickened for the second successive month to the strongest since April 2012. Around 26% of respondents noted a drop in pre-production inventories, against 13% that posted a rise.

Notes on Data and Survey Methodology

The NCB Republic of Ireland Manufacturing PMI[®] is based on data compiled from monthly replies to questionnaires sent to purchasing executives in 285 industrial companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on industry contribution to Irish GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are

convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

The Purchasing Managers' Index[®] (PMI[®]) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction. The PMI is designed to show a convenient single-figure summary of the health of the manufacturing sector.

Price Changes / Supply Shortages

(as reported by purchasing managers in January)

Key to 1992 Manufacturing SIC codes, as used in the following tables

Prices on this page refer to the prices paid by Irish purchasing managers for items purchased by their manufacturing unit. The 1992 standard industry classification (SIC) codes of the companies that reported the changes are shown. For example, under the heading 'Chemicals' in the Items Up in Price table, Adbond and Zircon flour were reported to have risen in price by companies in the fabricated metal products sector (SIC 28). Where an item has been reported up or down in price,

or in short supply, the number of consecutive months for which that item is listed relates to the number of months that any company in any industry has reported that item. Please note that sometimes items may be listed as having both risen and fallen in price in the same month. This may reflect differences in the sourcing of items by different companies (for example, a difference between domestic and import prices), or variations in quantities purchased or other factors.

15/16 Food, drink & tobacco manufacturing	23 Coke, petroleum and fuel manufacture	30 Office machinery & data processing equipment
17 Textile industry	24 Chemical Industry	31 Electrical machinery
18 Wearing apparel	25 Rubber & plastic products	32 Radio, television, and communication equipment
19 Leather & leather products	26 Non-metallic mineral products	33 Optical equipment
20 Wood & wood products	27 Basic metal manufacturing	34 Motor vehicle & parts
21 Pulp, paper & paper products	28 Fabricated metal products	35 Other transport equipment
22 Printing, publishing & reproduction of recorded media	29 Machinery & equipment not specified elsewhere	36/37 Other manufacturing

Items in Short Supply

(with 1992 SIC shown for the industries reporting a change)

Chemicals	SIC
Sodium Hydroxide	24
Plastics	SIC
Plastic Materials (For Recycling)	24
Food	SIC
Butter (Premium Grade)	15

Items Down in Price

(with 1992 SIC shown for the industries reporting a change)

Metals	SIC	Food	SIC	Energy	SIC
Machined Metal	33	Barley	15	Diesel	15
Metal Sheet	33	Butter	15		
Tin Plate	15	Cheese	15		
		Corn	15		
Chemicals	SIC	Eggs	15		
Antifreeze	24	Lamb	15		
Monoethylene Glycol	24	Meat	15		
Palm Oils	15	Rapeseed Meal	15		
Sulphuric Acid	24	Soya Meal	15		
		Wheat	15		

Items Up in Price

(with 1992 SIC shown for the industries reporting a change)

Metals	SIC	Plastics	SIC	Energy	SIC
Steel	24, 28	Photographic Film	22	Energy - 6th consec. month	24
		Polyethylene	24	Fuel	26, 28
		Polystyrene	24	Gas	24
Electrical/Electronic	SIC			Heavy Fuel Oil	24
Hard Disk Drive	33	Packaging	SIC	Natural Gas	24
		Packaging	15	Oil - 5th consec. month	14, 26
Chemicals	SIC	Food	SIC	Miscellaneous	SIC
Caustic Soda	24	Black Tea	15	Cereal Based Materials	24
Citric Acid	24	Corn Distiller	15	Transport	24, 28
Glucose	15	Dairy Products - 3rd consec. month	15	Valves	33
Nicotine Oil	24	Glucose Syrup	15	Vermiculite	28
Oleochemicals	24	Milk	15		
Sodium Hydroxide	24	Milk Powder (Skimmed)	15		
Sodium Tripolyphosphate	24	Soya Hulls - 2nd consec. month	15		
Surfactants	24	Wheat - 3rd consec. month	15		
Zircon Flour	28				

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Now available for 32 countries and also for key regions including the Eurozone, Purchasing Managers' Indexes (PMIs) have become 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 www.markit.com/economics.