

# NORTHERN IRELAND INDEX OF PRODUCTION QUARTER 1 2009

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The Northern Ireland Index of Production (IOP) is a quarterly survey of almost 600 companies and is designed to provide a general measure of change in real terms in the output of the Manufacturing, Electricity, Gas & Water and Mining & Quarrying industries. The index uses 2003 as the base year (i.e. 2003 = 100).

- Provisional results from the Northern Ireland Index of Production for the first quarter of 2009 show that output levels fell over the quarter in real terms (-3.4%). This is the fourth consecutive quarter in which output has fallen after peaking in Q1 2008. Revisions to the Index have shifted the peak from that previously reported (Q2 2008). Over the year NI Production levels fell by 9.0%.
- The UK as a whole reported a decrease over the quarter of 5.4% and 12.6% over the year. The UK Index has also declined for four consecutive quarters. On a 2005=100 basis (currently available for the UK only) the UK reported a decrease of 5.1% over the quarter and 12.5% over the year. The NI IOP will update the reference year from 2003=100 to 2005=100 in the October 2009 publication onwards. This may lead to some revisions to the current and earlier NI estimates.
- NI manufacturing output for Q1 2009 fell by 3.7% compared to the previous quarter; the UK reported a fall of 5.6% over the same period. This is the fourth consecutive quarterly fall in Manufacturing output in NI and the UK. The index also recorded a decrease of 10.0% in manufacturing output compared to the same period one year earlier. Over the year the UK as a whole fell by 13.5%.
- NI manufacturing output over the last four quarters decreased by 2.8% compared to the previous four quarters, the UK recorded a fall of 6.2%.
- Eleven out of the twelve manufacturing subsectors have shown a decrease in output over the year. The only subsector to report an increase was the manufacture of Food, Drink and Tobacco up 6.9%.
- The 'Engineering and Allied' and 'Other Manufacturing' sectors both reported the lowest levels of activity this quarter since 2003.



Department of Enterprise,  
Trade and Investment

# **Northern Ireland Index of Production Quarter 1 2009**

July 2009

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# Executive Summary

# 1

## Introduction

This bulletin provides information from the Index of Production (IoP) for Northern Ireland (NI). The IoP is one of the earliest official indicators of the performance of Northern Ireland industry and, as such, represents an important short-term measure of change in a significant area of the economy.

This booklet contains detailed results for the Production Industries i.e. the Manufacturing; Electricity, Gas & Water; and Mining & Quarrying sectors on a 2003=100 basis, giving data up to the most recent quarter (Quarter 1 2009). Disaggregated data for manufacturing subsections and by market sector are also presented. Comparative UK data are presented where these are available.

Manufacturing comprised some 88% of Approximate Gross Value Added (GVA) in the production industries, while production accounts for some 28% of total business Approximate GVA as measured by the Annual Business Inquiry (ABI) 2003 results. Manufacturing is typically the main determinant of change in the production sector. Manufacturing subsection has been included to provide more detail on the performance of the manufacturing sector.

## Northern Ireland Production

Results from the Index of Production (IOP) for the first quarter of 2009 show output levels fell in real terms compared to the previous quarter (-3.4%). This is the fourth consecutive quarter in which output has fallen after peaking in Q1 2008. Revisions to the index over the quarter have moved this peak back a quarter from that previously reported in the April publication. The index has recorded its lowest level since Q4 2003.

Over the year output levels were lower when compared to the same quarter one year earlier with a decline of 9.0% recorded.

The UK as a whole reported a decrease over the quarter of 5.4% and a fall over the year of 12.6%. The UK Index has also declined for four consecutive quarters.

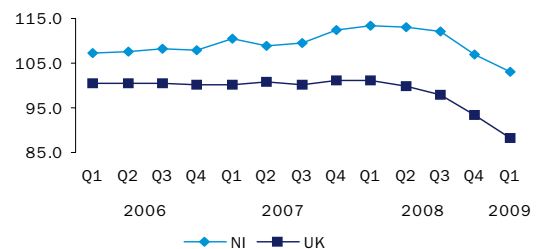
On a 2005=100 basis (currently available for the UK only) the UK reported a decrease of 5.1% over the quarter and 12.5% over the year. The NI IOP will update the reference year from 2003=100 to 2005=100 in the October 2009 publication

onwards. This may lead to some revisions to the current and earlier NI estimates.

## Production in NI & UK

(2003=100)

Figure 1



The decline in Northern Ireland's Production sector over the most recent four quarters (-2.0%) compared to the previous four quarters is less than that recorded by the UK (-5.9%) over the same period.

NI production has decreased by 1.7% from Q1 2005 to Q1 2009 compared to an estimated decrease of 11.9% recorded for the UK as a whole over the same period.

## Production – growth trend

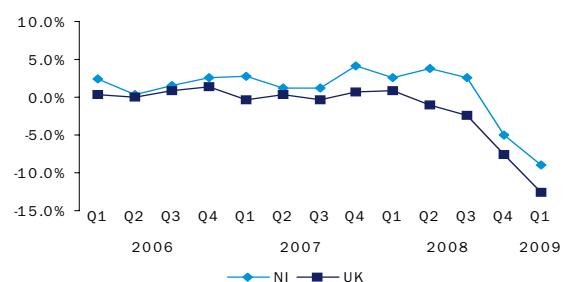
Figure 2 illustrates the annual percentage change in output in the production sector over time. Annual growth remained steady throughout 2006 and 2007 peaking at 4.2% in Q4 2007. Q4 2008 was the first report of negative annual growth (-5.1%) since Q4 2005. Q1 2009 continues to report negative growth (-9.0%).

## Production - % change on a year earlier

NI v UK

(2003=100)

Figure 2



## Manufacturing

Manufacturing output for Q1 2009 fell by 3.7% compared to the previous quarter; the UK reported a fall of 5.6% over the same period. This is the fourth consecutive quarterly fall in NI and UK manufacturing output. The index also recorded a decrease of 10.0% in manufacturing output compared to the same period one year earlier; the UK as a whole fell by 13.5%. The index has recorded its lowest level this quarter (102.8) since Q4 2003 (102.2).

NI manufacturing output over the last four quarters decreased by 2.8% compared to the previous four quarters, the UK recorded a fall of 6.2%.

### Manufacturing Subsections

**Over the quarter**, the only index to record an increase was the manufacture of Chemical & Chemical Products up 1.4%. Over the same period the following industries recorded decreases; Engineering & Allied Industries (-7.4%), Basic Metals & Fabricated Metal Products (-5.1), Other Manufacturing (-4.1%), Leather, Textiles & Textile Products (-2.5%) and Food, Drink & Tobacco (-0.3%).

**Over the year**, the only index showing an increase was the manufacture of Food, Drink & Tobacco (6.9%). Over the same period, the indexes for the following industries reported decreases: Basic Metals & Fabricated Metal Products (-26.0), Leather, Textiles & Textile Products (-20.6%), Engineering & Allied Industries (-17.7%), Other Manufacturing (-14.2%), and Chemical & Chemical Products (-6.2%).

**Over the latest four quarters**, compared to the same period one year earlier (i.e. Q2 2007 – Q1 2008 to Q2 2008 – Q1 2009), the only subsection to record an increase was the manufacture of Food, Drink & Tobacco (8.1%).

Over the same period the subsections reporting falls were Leather, Textiles & Textile Products sector (-18.9%), Basic Metals & Fabricated Metal Products (-8.8%), Other Manufacturing (-7.1%), Engineering & Allied Industries (-6.4%) and Chemical & Chemical Products (-3.7%).

**Lowest levels recorded.** The Engineering and Allied Industries reported the lowest level this quarter (97.4) since Q1 2003 (96.8). Other lows recorded this quarter were in Other Manufacturing Industries (107.5), the lowest level since Q4 2003 (103.0).

## Other Production

The Electricity, Gas and Water Supply index decreased by 3.4% compared to Quarter 4 2008 and rose by 1.8% compared to the same period one year earlier.

Mining and Quarrying reported an increase of 16.0% compared to the previous quarter but decreased by 15.6% over the year. Over the latest four quarters the Electricity, Gas and Water sector increased by 9.5%, the Mining and Quarrying sector decreased by 20.6%.

### Market Sector Changes

Between Quarter 4 2008 and Quarter 1 2009 decreases were reported in all market sectors. Investment Goods fell by 6.1%, Intermediate Goods by 3.7% and Consumer Goods by 0.8%.

Over the year the Consumer Goods sector reported an increase of 4.1%. Investment Goods were down 18.9% and Intermediate Goods down 10.9% over the same period.

Over the latest four quarters, Consumer Goods rose by 5.5% while Investment Goods decreased by 7.5%, and Intermediate Goods fell by 3.3%.

Investment goods and Intermediate goods both recorded the lowest levels this quarter since 2003.

### Manufacturing Productivity

The index of manufacturing productivity (which provides a measure of the number of units of output produced per person per paid hour) decreased by 1.6% over the quarter and by 4.7% on the same quarter last year.

The most recent Quarterly Employment Survey seasonally adjusted figures for March 2009 based on the 2003 Standard Industrial Classification reported falls of 2.2% over the quarter and 5.6% over the year.

### Date of Next Publication

The Northern Ireland Index of Production for Quarter 2 2009 will be published on Wednesday 14<sup>th</sup> October 2009. Results will be published on a 2005=100 basis.

# Output of the Production Industries 2003=100, Seasonally Adjusted Chained Volume Index

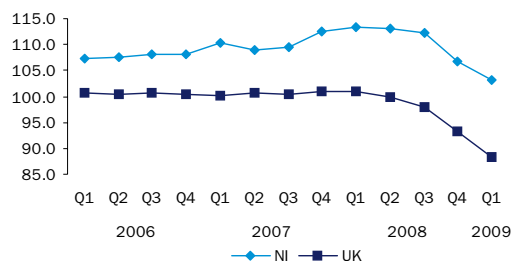
## 2

Output from the overall production industries in January-March (Quarter 1 2009) fell by 3.4% over the quarter and 9.0% compared to one year earlier. This is the fourth consecutive quarter in which output has fallen after peaking in Q1 2008. In the April publication the peak for the Production industries was reported as Q2 2008 a quarter later than is now being reported.

Northern Ireland's production levels decreased over the quarter (-3.4%); reaching its lowest level since Q4 2003 (102.2). The UK also reported falls of 5.4% over the quarter and 12.6% over the year.

### Total Production in NI & UK (2003=100)

Figure 3



Over the latest four quarters compared to the same four quarters one year earlier the Production sector in NI has decreased by 2.0% compared to a fall of 5.9% reported by the UK.

NI production has decreased by 1.7% from Q1 2005 to Q1 2009 compared to an estimated decrease of 11.9% recorded for the UK as a whole over the same period.

The next page focuses on the broad sectors within Production. Manufacturing is the main component of the production sector accounting for some 88% of Approximate Gross Value Added (GVA) within the overall production sector.

Table 1

Sector Weights	Production Industries			
	Production Industries C+D+E 1000.0	Manufacturing D 883.7	Electricity, Gas & Water Supply E 101.5	Mining & Quarrying C 14.8
2005	106.0	106.4	101.7	107.6
2006	107.8	108.6	99.0	117.4
2007	110.3	111.5	96.6	132.8
2008	111.3	111.9	107.0	109.1
Seasonally Adjusted				
2005 1	104.9	105.6	99.9	93.1
2	107.3	107.5	105.9	106.6
3	106.4	107.2	99.8	109.7
4	105.3	105.5	100.9	121.0
2006 1	107.4	108.0	102.0	110.3
2	107.7	108.6	98.3	117.3
3	108.1	109.0	98.5	120.0
4	108.0	109.0	97.2	122.1
2007 1	110.4	111.5	97.7	130.9
2	108.9	110.2	94.4	132.6
3	109.4	110.6	95.1	134.3
4	112.5	113.7	99.1	133.5
2008 1	113.3	114.2	103.9	124.8
2	113.0	113.7	107.0	114.5
3	112.2	112.9	107.3	106.2
4	106.8	106.8	109.6	90.9
2009 1	103.1	102.8	105.8	105.4
Percentage change latest quarter on:				
Previous quarter				
	-3.4	-3.7	-3.4	16.0
Same quarter a year ago				
	-9.0	-10.0	1.8	-15.6
Rolling Average				
	-2.0	-2.8	9.5	-20.6

### Manufacturing - (weight 88.4%)

The manufacturing index covers those businesses primarily involved in the mechanical, physical or chemical transformation of materials, substances or components into new products.

Manufacturing output in Northern Ireland for Q1 2009 fell by 3.7% compared to the previous quarter reaching its lowest level since Q4 2003 (102.3). The UK over the same period reported a similar fall of 5.6%. NI recorded a decrease of 10.0% in manufacturing output compared to the same period one year earlier; the UK as a whole fell by 13.5%. (See figure 4).

NI manufacturing output over the last four quarters decreased by an estimated 2.8% compared to the previous four quarters, the fall recorded in the UK over the same period was 6.2%.

### Electricity, Gas & Water Supply - (weight 10.1%)

The Electricity, Gas and Water Supply sector covers the provision of electric power, natural gas, steam and water supply through a permanent infrastructure.

This sector index decreased by an estimated 3.4% over the quarter which is similar to that reported by the UK (-3.6%). Over the year, the sector recorded an increase of 1.8% compared to fall of 6.8% in the UK. (See figure 5).

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 9.5% compared to a decrease of 2.2% in the UK.

### Mining and Quarrying - (weight 1.5%)

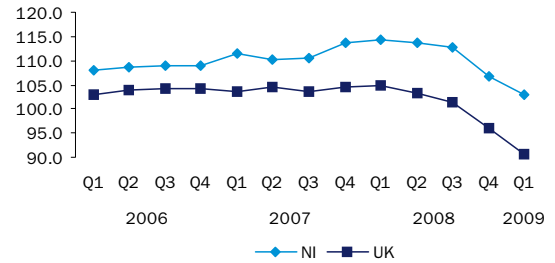
Mining and Quarrying includes those businesses involved in the extraction of minerals occurring naturally as solids, liquids or gases.

The Mining and Quarrying index increased by an estimated 16.0% over the quarter compared to a decrease of 4.5% in the UK. Over the year, the sector decreased by 15.6% compared to a decrease of 9.3% in the UK. (See figure 6).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 20.6% compared to a decrease of 7.6% in the UK.

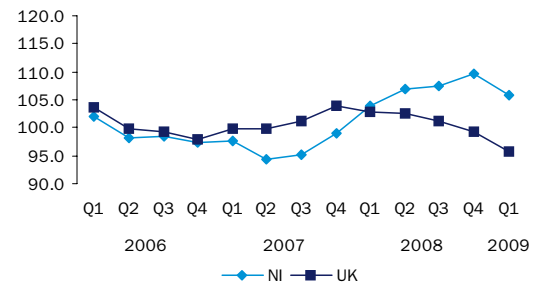
### Manufacturing NI & UK (2003=100)

Figure 4



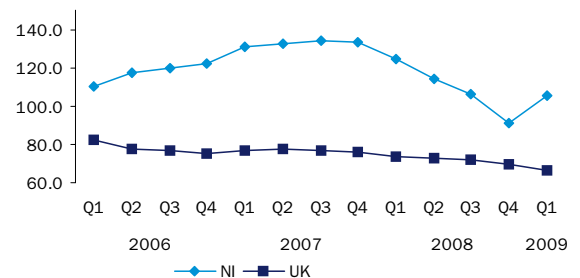
### Electricity, Gas & Water NI & UK (2003=100)

Figure 5



### Mining & Quarrying NI & UK (2003=100)

Figure 6



# Manufacturing Subsections 2003=100

## Seasonally Adjusted Chained Volume Index

# 3

### Food, Drink & Tobacco - (weight 29.5%)

The Food, Drink and Tobacco index decreased by an estimated 0.3% over the quarter which is in contrast to an increase of 0.3% reported in the UK. (See figure 7).

Over the year, the NI Food, Drink and Tobacco output increased by 6.9% compared to a decrease of 3.0% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 8.1%, compared to a decrease of 2.7% in the UK.

### Engineering & Allied Industries - (weight 27.3%)

The Engineering & Allied Industries index decreased by an estimated 7.4% over the quarter, the UK also reported a fall over the same period of 10.7%. (See figure 8). This is the lowest NI level since Q1 2003 (96.8).

Over the year, the NI Engineering & Allied Industries decreased by 17.7% which was similar to a decrease of 19.0% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 6.4%; the UK reported a fall of 7.7% over the same period.

### Total Other Manufacturing - (weight 22.3%)

The Total Other Manufacturing index decreased by an estimated 4.1% over the quarter, the UK also reported a similar fall of 4.4% over the same period. (See figure 9). This is the lowest NI level since Q4 2008 (103.0).

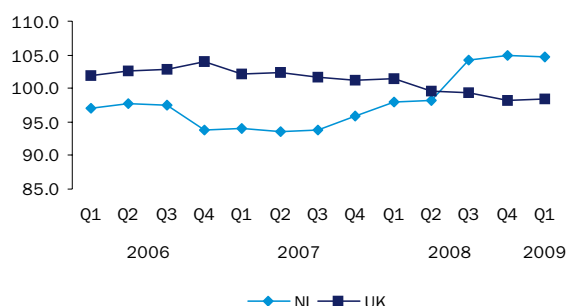
Over the year, the NI Total Other Manufacturing index fell by 14.2% which is similar to the fall reported by the UK (-14.9%).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 7.1% which again is similar to the fall reported in the UK (-8.2%).

### Food, Drink & Tobacco

(2003=100)

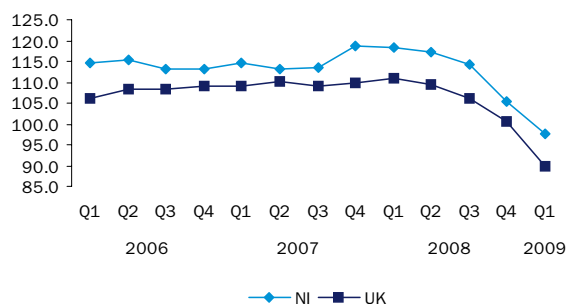
Figure 7



### Engineering & Allied Industries

(2003=100)

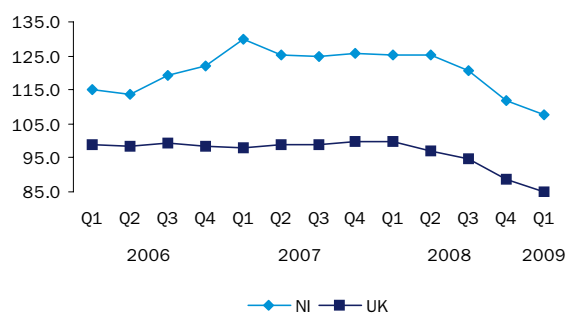
Figure 8



### Total Other Manufacturing

(2003=100)

Figure 9



**Basic Metals & Fabricated Metal Products - (weight 4.3%)**

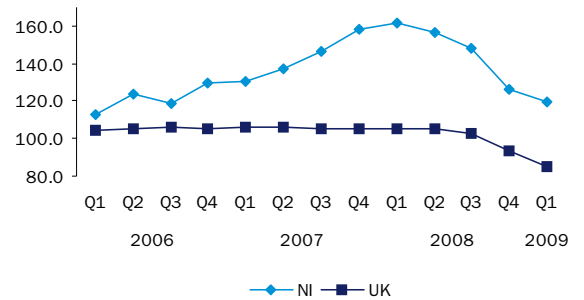
The Basic Metals & Fabricated Metal Products index decreased by an estimated 5.1% over the quarter compared to a fall of 9.1% in the UK. (See figure 10).

Over the year, the NI Basic Metals & Fabricated Metal Products decreased by 26.0% compared to a decrease of 19.7% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector reported an estimated decrease of 8.8% which is similar to that reported in the UK (-8.6%).

**Basic Metals & Fabricated Metal Products (2003=100)**

**Figure 10**



**Leather, Textiles & Textile Products – (weight 2.5%)**

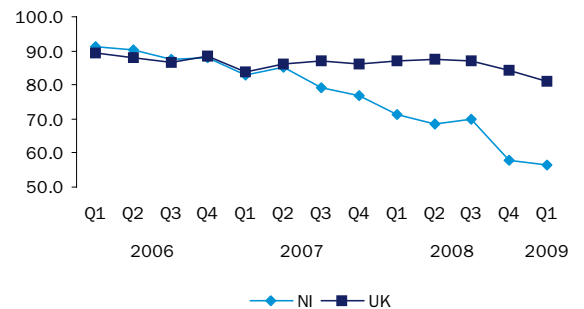
The Leather, Textiles & Textile Products index decreased by an estimated 2.5% over the quarter compared to a fall of 4.0% in the UK. (See figure 11).

Over the year, NI Leather, Textiles & Textile Products decreased by 20.6%, this was considerably greater than the fall of 7.2% reported in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 18.9% which is a greater decrease than that reported in the UK (-2.0%).

**Leather, Textiles & Textile Products (2003=100)**

**Figure 11**



**Chemicals & Chemical Products - (weight 2.4%)**

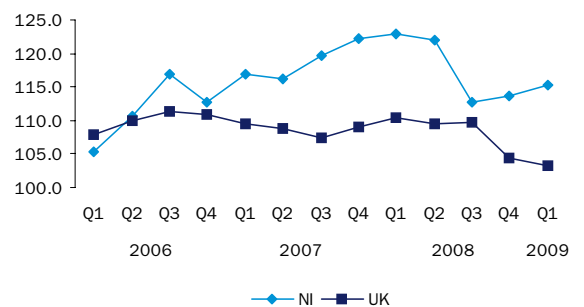
The Chemicals & Chemical Products index increased by an estimated 1.4% over the quarter in contrast to a decrease of 1.1% reported in the UK. (See figure 12).

Over the year, the NI Chemicals & Chemical Products fell by 6.2%, similar to the decrease of 6.5% reported in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 3.7% compared to a decrease of 1.9% in the UK.

**Chemicals & Chemical Products (2003=100)**

**Figure 12**



See Tables 2 and 3 overleaf for more detailed information on each series.

**Table 2**

Sector	Food, Drink & Tobacco	Leather, Textiles & Textile Products	Chemicals & Chemical Products	Basic Metals & Fabricated Metal Products	Engineering and Allied Industries	Total Other Manufacturing
	DA	DB+DC	DG	DJ	DK,DL,DM	DD, DE, DF,DH, DI, DN
<b>Weights</b>	294.9	25.1	24.5	43.4	272.7	223.1
2005	91.6	92.4	105.3	113.0	113.4	118.0
2006	96.5	89.2	111.4	120.9	114.1	117.5
2007	94.3	81.0	118.8	143.0	115.0	126.5
2008	101.3	67.0	117.8	148.2	113.8	120.8
<b>Seasonally Adjusted</b>						
2005 1	92.6	97.2	103.5	113.3	109.8	117.5
2	92.0	100.8	106.3	113.5	114.3	119.4
3	90.5	85.3	102.6	113.3	117.2	118.6
4	91.4	86.3	108.7	111.7	112.2	116.6
2006 1	97.1	91.1	105.3	112.4	114.8	115.3
2	97.8	90.1	110.7	123.7	115.3	113.6
3	97.4	87.5	117.0	118.3	113.0	119.3
4	93.8	88.1	112.7	129.4	113.3	121.8
2007 1	94.0	82.7	116.8	130.1	114.5	130.0
2	93.5	85.3	116.3	137.4	113.3	125.3
3	93.8	79.3	119.7	146.1	113.5	124.9
4	96.0	76.6	122.3	158.3	118.7	125.7
2008 1	97.9	71.3	122.9	161.9	118.4	125.2
2	98.2	68.7	122.0	156.4	117.4	125.4
3	104.2	69.9	112.6	148.2	114.3	120.7
4	104.9	58.0	113.6	126.2	105.2	112.1
2009 1	104.6	56.6	115.3	119.7	97.4	107.5
<b>Percentage change latest quarter on:</b>						
<b>Previous quarter</b>						
	-0.3	-2.5	1.4	-5.1	-7.4	-4.1
<b>Same quarter a year ago</b>						
	6.9	-20.6	-6.2	-26.0	-17.7	-14.2
<b>Rolling Average</b>						
	8.1	-18.9	-3.7	-8.8	-6.4	-7.1

Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

\* The change in the rolling annual average measures the change in the average of the latest four quarters against the same four quarters one year previous.

**Table 3**

Engineering & Allied Trades				Total Other Manufacturing Industries				
	Machinery & Equipment NES	Electrical & Optical Equipment	Transport Equipment	Wood & Wood Products	Pulp, Paper & Printing	Rubber & Plastic Products	Non-metallic Mineral Products	Other Manufacturing
Sector	DK	DL	DM	DD	DE	DH	DI	DF+DN
<b>Weights</b>	<b>57.4</b>	<b>109.2</b>	<b>106.0</b>	<b>16.9</b>	<b>51.5</b>	<b>91.3</b>	<b>48.7</b>	<b>14.6</b>
2005	117.6	123.4	100.8	105.5	100.7	132.6	113.8	116.6
2006	124.6	127.2	94.8	114.6	95.0	127.1	122.4	123.7
2007	136.7	128.0	89.9	118.2	98.2	142.1	127.0	136.2
2008	122.8	122.4	100.2	107.7	95.9	143.4	108.3	125.1
Seasonally Adjusted								
2005 1	112.8	117.5	100.2	104.5	100.6	132.3	112.0	117.9
2	122.5	121.6	102.3	103.9	101.8	134.6	115.8	116.9
3	126.6	128.1	100.9	108.9	100.7	133.6	113.4	116.1
4	108.2	126.4	99.7	104.7	99.8	129.9	113.9	115.6
2006 1	125.2	125.6	98.0	107.0	96.9	126.0	115.9	120.0
2	120.0	130.8	96.7	109.7	92.6	121.8	119.1	122.8
3	121.0	127.1	94.1	116.5	94.9	128.2	128.0	123.4
4	132.2	125.4	90.5	125.3	95.4	132.4	126.6	128.7
2007 1	134.2	129.4	88.5	127.4	100.3	144.4	131.9	141.7
2	133.3	129.4	86.0	118.9	97.8	141.3	126.1	126.4
3	136.1	126.9	87.5	113.1	98.1	139.6	126.8	134.4
4	143.3	126.2	97.7	113.5	96.5	143.1	123.2	142.1
2008 1	141.8	125.5	98.5	113.0	96.7	146.3	119.0	129.1
2	130.9	124.2	103.1	114.1	97.4	149.5	112.4	129.5
3	119.6	122.6	102.9	108.3	96.0	145.2	102.3	129.6
4	98.8	117.2	96.5	95.2	93.6	132.3	99.5	112.1
2009 1	80.5	108.1	95.7	82.9	90.8	130.7	87.9	115.2
Percentage change latest quarter on:								
Previous quarter								
	-18.5	-7.8	-0.8	-12.9	-3.0	-1.2	-11.6	2.8
Same quarter a year ago								
	-43.2	-13.9	-2.9	-26.6	-6.1	-10.7	-26.1	-10.8
Rolling Average								
	-22.5	-7.1	7.7	-12.6	-2.9	-2.2	-18.8	-8.6

Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

\* The change in the rolling annual average measures the change in the average of the latest four quarters against the same four quarters one year previous.

# Market Sector Analysis 2003=100

## Seasonally Adjusted Chained Volume Index

# 4

### Market Sector Analysis

Market sector analysis classifies production under one of three headings which are derived from the main SIC classification groups.

Consumer Goods are defined as goods purchased by the private consumer. The goods are ultimately consumed rather than used in the production of another good. For example a car would be classified as a consumer good whereas the tyres purchased by the car manufacturer would be defined as intermediate goods.

Intermediate Goods are goods purchased by industry for further processing. Investment Goods which can also be referred to as Capital Goods are the plant, equipment and inventories used to produce the final product.

From Table 4 and the figures provided overleaf you can see that all Market sectors reported falls over the quarter with Investment Goods down 6.1%, Intermediate Goods down 3.7% and Consumer Goods down 0.8%.

Investment goods recorded the lowest level this quarter (98.0) since Q1 2003 (96.6). Intermediate goods also recorded the lowest level this quarter (109.1) since Q4 2003 (102.9).

Over the year Investment Goods were down 18.9% and Intermediate Goods down 10.9%. Consumer Goods were up over the same period by 4.1%.

**Table 4**

	Market Sectors		
Sector	Consumer Goods	Intermediate Goods	Investment Goods
Weights	338.7	378.0	283.3
2005	92.6	112.4	113.4
2006	96.2	113.8	113.6
2007	94.3	120.2	116.3
2008	99.1	119.8	114.7
Seasonally Adjusted			
2005 1	93.7	110.9	110.2
2	93.5	114.3	114.6
3	91.2	111.9	117.4
4	92.0	112.4	111.5
2006 1	96.9	111.6	114.3
2	97.0	112.0	114.5
3	97.4	114.5	112.5
4	93.6	117.0	113.2
2007 1	94.4	121.7	114.4
2	93.8	118.6	114.0
3	93.6	119.1	115.3
4	95.3	121.2	121.5
2008 1	96.8	122.5	120.8
2	96.8	123.0	119.0
3	101.3	120.1	114.7
4	101.6	113.4	104.4
2009 1	100.8	109.1	98.0
Percentage change latest quarter on:			
Previous quarter			
	-0.8	-3.7	-6.1
Same quarter a year ago			
	4.1	-10.9	-18.9
Rolling Average			
	5.5	-3.3	-7.5

**Consumer Goods - (weight 33.9%)**

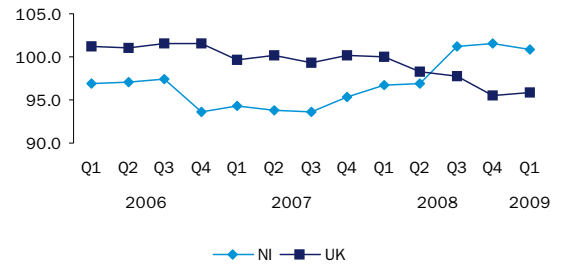
The Consumer Goods index decreased by an estimated 0.8% over the quarter compared to an increase of 0.2% in the UK. Over the year, the sector increased by 4.1% compared to a decrease of 4.2% in the UK. (See figure 13).

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 5.5% compared to a decrease of 3.0% in the UK.

**Consumer Goods**

(2003=100)

**Figure 13**



**Intermediate Goods - (weight 37.8%)**

The Intermediate Goods index decreased over the quarter by 3.7%, compared to the fall of 6.9% reported in the UK. Over the year, the sector decreased by 10.9%, the UK decreased by 14.6%. (See figure 14).

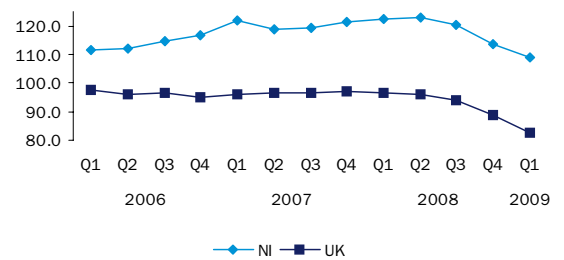
Intermediate goods recorded the lowest level this quarter (109.1) since Q4 2003 (102.9).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 3.3% compared to a fall of 6.5% in the UK.

**Intermediate Goods**

(2003=100)

**Figure 14**



**Investment Goods - (weight 28.3%)**

The Investment Goods index decreased by an estimated 6.1% over the quarter compared to a decrease of 8.5% in the UK. Over the year, the sector decreased by 18.9%, similar to the decrease of 16.8% in the UK. (See figure 15).

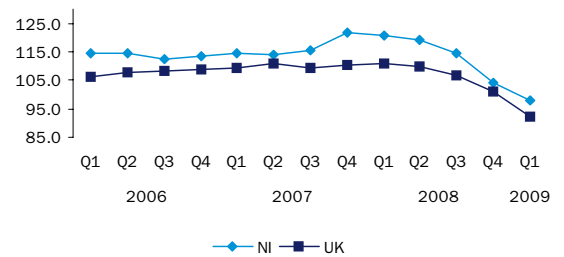
Investment goods recorded the lowest level this quarter (98.0) since Q1 2003 (96.6).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 7.5% the UK fell by 7.2% over the same period.

**Investment Goods**

(2003=100)

**Figure 15**



# Index of Manufacturing Productivity 2003=100

## Seasonally Adjusted Chained Volume Index

# 5

### Manufacturing Productivity

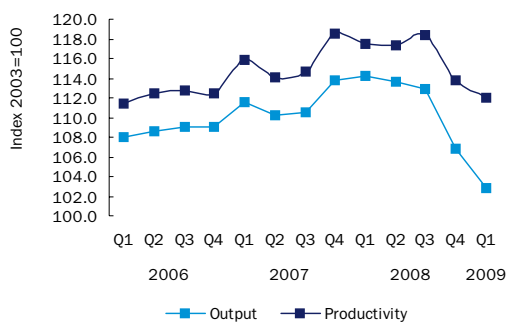
The index of manufacturing productivity provides a measure of the number of units of output produced each man hour. The index includes seasonally adjusted employees in employment, the manufacturing index and average weekly hours (based on hours worked for full-time adult manufacturing workers including overtime from the Annual Survey of Hours and Earnings).

The productivity index recorded a decrease of 1.6% over the quarter and a decrease of 4.7% on the same quarter last year. Over the latest four quarters compared to the same period one year earlier, the index decreased by 0.7%.

### Manufacturing Output & Productivity

(2003=100)

Figure 16



The most recent Quarterly Employment Survey seasonally adjusted figures for March 2009 based on the 2003 Standard Industrial Classification reported falls of 2.2% over the quarter and 5.6% over the year.

Notes to table 5

Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

\* The change in the rolling annual average measures the change in the average of the latest four quarters against the same four quarters one year previous.

Table 5

Manufacturing Productivity Index	
Annual Averages	
2005	111.4
2006	112.3
2007	115.8
2008	116.7
Quarterly Series	
2005 1	109.6
2	112.6
3	112.4
4	111.0
2006 1	111.4
2	112.4
3	112.8
4	112.5
2007 1	115.8
2	114.1
3	114.7
4	118.5
2008 1	117.5
2	117.3
3	118.4
4	113.7
2009 1	112.0
Percentage change latest quarter on:	
Previous quarter	-1.6
Same quarter a year ago	-4.7
Rolling Average	-0.7

# Background Notes

## 6

1. The Northern Ireland Index of Production (IOP) is designed to provide a general measure of changes in the output of the production industries. The Index is a weighted average of individual series. The overall production index is calculated by weighting together 160 class indices that describe the activity of an industry using the Standard Industrial Classification (SIC). Changes in output are not, however, available on a regular basis and proxy indicators have to be used. For most series, the value of sales, deflated to allow for price changes, is used as the indicator. In the remaining cases, changes in the volume of sales or production, or the number employed are used.
2. The IOP in line with changes in the UK IOP will move the index to a 2005=100 base from the October 2009 publication onwards.
3. The current IOP is based on a 2003=100 base year and is a chained volume index.
4. The main changes in the 2003=100 series are:
  - Each series has been rebased so that the average quarterly output in 2003 = 100.
  - The relative weights used to produce the aggregated industries are derived from Gross Value Added data collected from the 2003 Northern Ireland Annual Business Inquiry (ABI). Updated weights will more closely reflect current industry structure. Previous weights were derived from the 2002 ABI.
  - All indices were recalculated back to the first quarter of 2001 using the revised weights and data from the new sample. Also, all of the sales-based indicators have been deflated to constant 2003 prices using rebased Producer Price Indices.
  - The survey remains a sample-based survey with almost 600 currently live contributors.
- The sample was obtained by stratifying companies by company size. All companies in the production sector with 40 or more employees are automatically chosen with a random sample of companies with less than 40 employees making up the remainder of the sample. It is proposed to continue to regularly update the sample to capture new firms and to allow for rotation of contributors.
- The underlying trend remains the same in the 2002=100 series as the 2003=100 series.
3. The aggregated production and manufacturing indices are weighted averages of the output indices for the component industrial sectors. The industrial sectors in the first table of Section 2 are calculated by weighting together 25 2-digit SIC divisions, which are in turn weighted averages of 57 group indices.
4. It is also possible to aggregate all individual series to give indices by final use of goods produced. This is known as a market sector analysis and seasonally adjusted estimates are given in Section 4 of this bulletin. It distinguishes between Consumer, Investment and Intermediate goods. The latter are described as 'intermediate' because they require further processing, perhaps by another industrial sector.
5. The Productivity index provides a measure of the number of units of output produced each man hour. The productivity index includes seasonally adjusted employees in employment, the manufacturing index and average weekly hours (based on hours worked for full-time adult manufacturing workers including overtime from the Annual Survey of Hours and Earnings). An index of man hours is calculated based on the number of employees in employment and average weekly hours. The index of manufacturing is divided by the index of man hours to produce the index of productivity.

6. All indices in this Statistics Bulletin are all seasonally adjusted chained volume indices. Seasonal adjustment aids interpretation by removing annually recurring variations due, for example, to the incidence of holidays and other regular seasonal patterns of behaviour or demand. In line with the UK and other UK regional indices, the NI indices are seasonally adjusted using X11 ARIMA software. Unadjusted data are available on request. Further details on the chain-linking methodology are available on the Statistics Research Branch web-site at [www.statistics.detini.gov.uk](http://www.statistics.detini.gov.uk).

7. All figures are published to one decimal place. Figures for annual averages and percentage changes over the previous quarter and year are based on unrounded figures and may not agree with the published constituent parts.

8. Results, particularly for the latest quarter, are provisional and subject to revision as fuller information become available.

9. Methodological changes introduced

Please see links to documents below for further information. The changes to deflation have been adopted within the NI IOP from quarter (Q4 2008).

Impact of methodological changes to the Index of Production

<http://www.statistics.gov.uk/CCI/article.asp?ID=2012&Pos=2&ColRank=1&Rank=224>

Planned methodological changes to the Index of Production

<http://www.statistics.gov.uk/CCI/article.asp?ID=1916&Pos=1&ColRank=1&Rank=224>

10. For Further Information:

AN ELECTRONIC VERSION OF THIS DOCUMENT IS AVAILABLE ON THE BRANCH WEBSITE AT:

[www.statistics.detini.gov.uk](http://www.statistics.detini.gov.uk)

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