

NORTHERN IRELAND INDEX OF PRODUCTION QUARTER 2 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. This publication contains seasonally adjusted NI Index of Production data on a 2005=100 basis for the first time.

- Provisional results for the Northern Ireland Index of Production for the second quarter of 2009 show that output levels fell over the quarter in real terms (-2.4%). This is the fifth consecutive quarter in which output has fallen after peaking in Q1 2008. Over the year NI Production levels fell by 10.9%. The UK as a whole reported a decrease over the quarter of 0.6% and 11.7% over the year. The UK Index has declined for six consecutive quarters.
- NI manufacturing output for Q2 2009 fell by 3.0% compared to the previous quarter; the UK reported a fall of 0.1% over the same period. This is the fifth consecutive quarterly fall in manufacturing output in NI and the UK. The index also recorded a decrease of 12.5% in manufacturing output compared to the same period one year earlier. Over the year the UK reported a similar fall of 12.4%.
- NI manufacturing output over the last four quarters decreased by 6.7% compared to the previous four quarters, the UK recorded a fall of 9.4%. 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 5.0%.
- Quarter 2 2009 manufacturing productivity remained relatively constant with a change of 0.2% over the quarter but a fall of 4.6% compared to the same quarter one year earlier.
- All data contained in this publication for both NI and UK refers to 2005=100. In line with the UK IOP, the reference year of the NI IOP has been updated from 2003=100 to 2005=100 from this publication onwards. The relative weights used to produce the aggregated industries have been derived from Gross Value Added data collected from the 2005 Northern Ireland Annual Business Inquiry (ABI), previous quarters' weights were derived from the 2003 ABI. This has led to revisions to earlier NI estimates.



Department of Enterprise,
Trade and Investment

Northern Ireland Index of Production Quarter 2 2009

October 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 2005=100 basis giving data up to the most recent quarter (Quarter 2 2009).

In line with the UK IOP, the reference year of the NI IOP has been updated from 2003=100 to 2005=100 from this publication onwards. This has led to revisions in earlier NI estimates. 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 30% of total business Approximate GVA as measured by the Annual Business Inquiry (ABI) 2005 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 second quarter of 2009 show output levels fell in real terms compared to the previous quarter (-2.4%). This is the fifth consecutive quarter in which output has fallen after peaking in Q1 2008. The index has recorded its lowest level since Q4 2003 (97.5%)

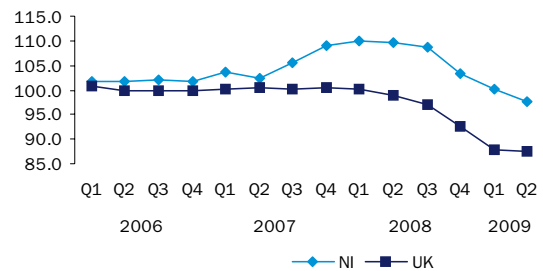
Over the year output levels were lower when compared to the same quarter one year earlier with a decline of 10.9% recorded.

The UK as a whole reported a decrease over the quarter of -0.6% and a fall over the year of 11.7%. The UK Index has declined for six consecutive quarters.

Production in NI & UK

(2005=100)

Figure 1



The decline in Northern Ireland's Production sector over the most recent four quarters (-5.6%) compared to the previous four quarters is less than that recorded by the UK (-8.8%) over the same period.

NI production has decreased by 3.9% from Q2 2005 to Q2 2009 compared to an estimated decrease of 13.1% recorded for the UK as a whole over the same period.

Production – growth trend

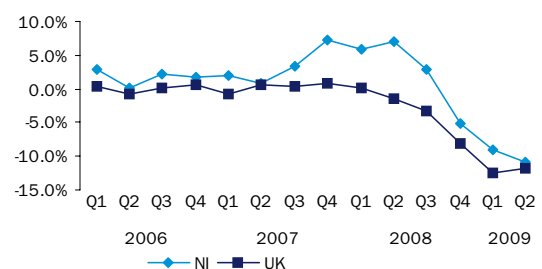
Figure 2 illustrates the annual percentage change in output in the production sector over time. Annual growth remained steady from 2006 peaking at 7.2% in Q4 2007. Q4 2008 was the first report of negative annual growth (-5.1%) since Q4 2005. Q2 2009 continues to report negative growth (-10.9%).

Production – % change on a year earlier

NI v UK

(2005=100)

Figure 2



Manufacturing

Manufacturing output for Q2 2009 fell by 3.0% compared to the previous quarter; the UK reported a slight fall of 0.1% over the same period. This is the fifth consecutive quarterly fall in NI and UK manufacturing output. The index also recorded a decrease of 12.5% in manufacturing output compared to the same period one year earlier; this was a similar fall to that reported by the UK as a whole (-12.4%). The index has recorded its lowest level this quarter (96.4) since Q3 2003 (95.9).

NI manufacturing output over the last four quarters decreased by 6.7% compared to the previous four quarters, the UK recorded a fall of 9.4%.

Manufacturing Subsections

Over the quarter, the index for the following industries reported increases: Food, Drink & Tobacco (0.8%), Chemical & Chemical Products (1.7%) and Leather, Textiles & Textile Products (2.0%).

Over the same period, the following industries recorded decreases: Engineering & Allied Industries (-9.2%), Basic Metals & Fabricated Metal Products (-11.7) and Other Manufacturing (-1.6%).

Over the year, the only index that showed an increase was the manufacture of Food, Drink & Tobacco (5.0%). Over the same period, the indexes for the following industries reported decreases: Engineering & Allied Industries (-23.5%), Other Manufacturing (-16.9%), Basic Metals & Fabricated Metal Products (-36.0), Leather, Textiles & Textile Products (-13.9%) and Chemical & Chemical Products (-2.6%).

Over the latest four quarters, compared to the same period one year earlier (i.e. Q3 2007 – Q2 2008 to Q3 2008 – Q2 2009), the only subsection to record an increase was the manufacture of Food, Drink & Tobacco (6.3%).

Over the same period, the subsections reporting falls were Basic Metals & Fabricated Metal Products (-24.0%), Leather, Textiles & Textile Products sector (-14.9%), Other Manufacturing (-12.5%), Engineering & Allied Industries (-11.1%), and Chemical & Chemical Products (-4.1%).

Lowest levels recorded. The Engineering and Allied Industries reported the lowest level this quarter (79.1) since Q2 1997 (77.7). Other lows recorded this quarter were in Other Manufacturing Industries (97.5), the lowest level since Q3 2004 (96.3).

Other Production

The Electricity, Gas and Water index increased by 1.8% compared to Quarter 1 2009 and rose by 1.5% compared to the same period one year earlier.

Mining and Quarrying reported a decrease of 2.8% compared to the previous quarter and decreased by 8.4% over the year.

Over the latest four quarters the Electricity, Gas and Water sector increased by 6.4% while the Mining and Quarrying sector decreased by 18.2%.

Market Sector Changes

Between Quarter 1 2009 and Quarter 2 2009 Consumer Goods reported an increase of 1.1%. In contrast the other two market sectors reported decreases, Investment Goods fell by 9.6% and Intermediate Goods by 1.3%.

Over the year the Consumer Goods sector reported an increase of 2.8%. Investment Goods was down 25.3% and Intermediate Goods down 12.3% over the same period.

Over the latest four quarters, Consumer Goods rose by 3.7% while Investment Goods decreased by 13.9%, and Intermediate Goods fell by 7.5%.

Investment goods recorded the lowest levels this quarter since the reporting of data in 2001.

Manufacturing Productivity

The index of manufacturing productivity (which provides a measure of the number of units of output produced per person per paid hour) remained relatively constant with a change of 0.2% over the quarter and a decrease of 4.6% compared to the same quarter a year ago.

The most recent Quarterly Employment Survey seasonally adjusted figures for June 2009 based on the 2003 Standard Industrial Classification reported falls of 3.2% over the quarter and 8.2% over the year.

Date of Next Publication

The Northern Ireland Index of Production for Quarter 3 2009 will be published on Wednesday 20th January 2010.

Output of the Production Industries 2005=100, Seasonally Adjusted Chained Volume Index

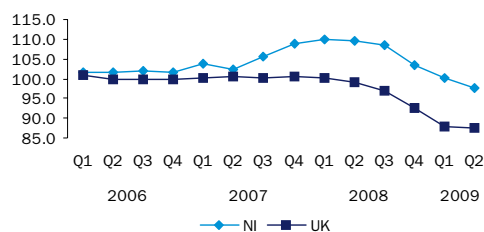
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Output from the overall production industries in April-June (Quarter 2 2009) fell by 2.4% over the quarter and 10.9% compared to one year earlier. This is the fifth consecutive quarter in which output has fallen after peaking in Q1 2008.

Northern Ireland's production levels decreased over the quarter (-2.4%); reaching its lowest level since Q4 2003 (97.5). The UK also reported falls of 0.6% over the quarter and 11.7% over the year.

Total Production in NI & UK (2005=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 5.6% compared to a fall of 8.8% reported by the UK.

NI production has decreased by 3.9% from Q2 2005 to Q2 2009 compared to an estimated decrease of 13.1% 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	Production Industries			
	Production Industries	Manufacturing	Electricity, Gas & Water Supply	Mining & Quarrying
Weights	C+D+E	D	E	C
	1000.0	873.1	111.3	15.6
2005	100.0	100.0	100.0	100.0
2006	101.8	102.2	97.4	111.0
2007	105.2	106.1	95.1	127.4
2008	107.8	108.2	105.0	107.6
Seasonally Adjusted				
2005 1	98.8	99.1	98.3	86.5
2	101.5	101.2	104.1	99.7
3	99.8	99.9	98.3	102.4
4	99.9	99.8	99.3	111.4
2006 1	101.7	101.9	100.3	103.7
2	101.7	102.1	96.8	111.6
3	102.1	102.5	96.8	113.4
4	101.6	102.1	95.7	115.3
2007 1	103.8	104.4	96.3	124.1
2	102.5	103.3	92.8	126.2
3	105.6	106.7	93.8	129.1
4	109.0	110.1	97.5	130.4
2008 1	109.8	110.6	102.3	122.5
2	109.6	110.1	104.8	112.5
3	108.5	109.0	105.3	104.9
4	103.4	103.1	107.8	90.3
2009 1	100.0	99.4	104.5	106.0
2	97.6	96.4	106.3	103.1
Percentage change latest quarter on:				
Previous quarter				
	-2.4	-3.0	1.8	-2.8
Same quarter a year ago				
	-10.9	-12.5	1.5	-8.4
Rolling Average				
	-5.6	-6.7	6.4	-18.2

Manufacturing - (weight 87.3%)

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 Q2 2009 fell by 3.0% compared to the previous quarter reaching its lowest level since Q3 2003 (95.9). The UK over the same period reported a slight fall of 0.1%. NI recorded a decrease of 12.5% in manufacturing output compared to the same period one year earlier and the UK as a whole showed a similar fall of 12.4%. (See figure 4).

NI manufacturing output over the last four quarters decreased by an estimated 6.7% compared to the previous four quarters, the fall recorded in the UK over the same period was 9.4%.

Electricity, Gas & Water Supply - (weight 11.1%)

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 increased by an estimated 1.8% over the quarter which is in contrast to that reported by the UK (-3.6%). Compared to the same quarter one year earlier, the sector recorded an increase of 1.5% compared to fall of 10.2% 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 6.4% compared to a decrease of 5.4% in the UK.

Mining and Quarrying - (weight 1.6%)

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

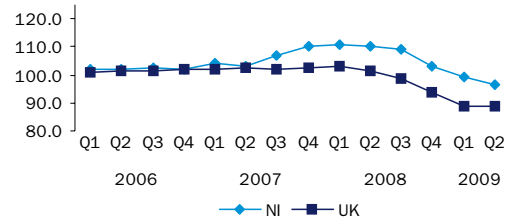
The Mining and Quarrying index decreased by an estimated 2.8% over the quarter compared to a decrease of 0.5% in the UK. Compared to the same quarter one year earlier, the sector decreased by 8.4% which is similar to that reported by the UK as a whole (-8.3%). (See figure 6).

Over the latest four quarters compared to the same period one year earlier, the sector

Manufacturing NI & UK

(2005=100)

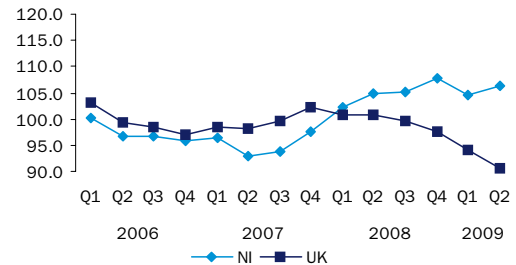
Figure 4



Electricity, Gas & Water NI & UK

(2005=100)

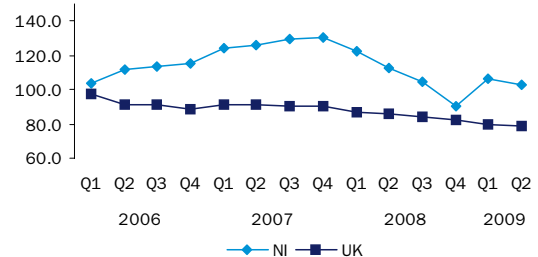
Figure 5



Mining & Quarrying NI & UK

(2005=100)

Figure 6



Manufacturing Subsections 2005=100

Seasonally Adjusted Chained Volume Index

3

Food, Drink & Tobacco - (weight 29.0%)

The Food, Drink and Tobacco index increased by an estimated 0.8% over the quarter, the UK also reported an increase (0.1%) (See figure 7).

Over the year, the NI Food, Drink and Tobacco output increased by 5.0% compared to a decrease of 1.3% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 6.3%, compared to a decrease of 2.5% in the UK.

Engineering & Allied Industries - (weight 24.9%)

The Engineering & Allied Industries index decreased by an estimated 9.2% over the quarter in contrast to the 0.1% increase reported by the UK. This is the lowest NI level since Q2 1997 (77.7).

Over the year, the NI Engineering & Allied Industries decreased by 23.5% the UK reported a decrease of 18.1% over the same period.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 11.1%; slightly lower than the UK (-12.7%).

Total Other Manufacturing - (weight 23.7%)

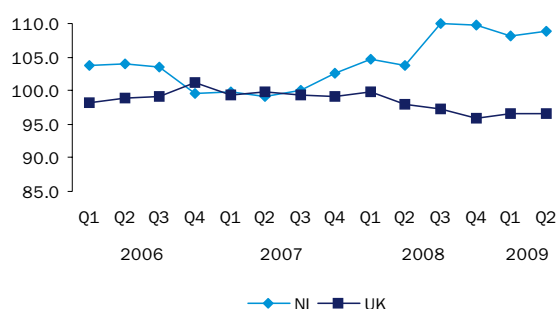
The Total Other Manufacturing index decreased by an estimated 1.6% over the quarter, the UK reported an increase of 1.1% over the same period. (See figure 9).

Over the year, the NI Total Other Manufacturing index fell by 16.9% and the UK reported a fall of 11.7%.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 12.5% which is slightly greater than the UK figure (-10.6%).

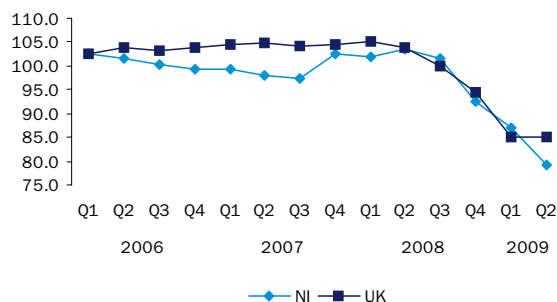
Food, Drink & Tobacco (2005=100)

Figure 7



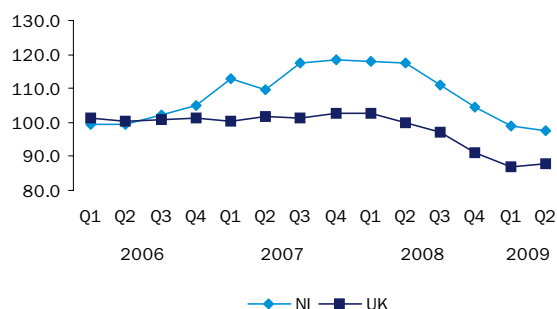
Engineering & Allied Industries (2005=100)

Figure 8



Total Other Manufacturing (2005=100)

Figure 9



Basic Metals & Fabricated Metal Products - (weight 4.2%)

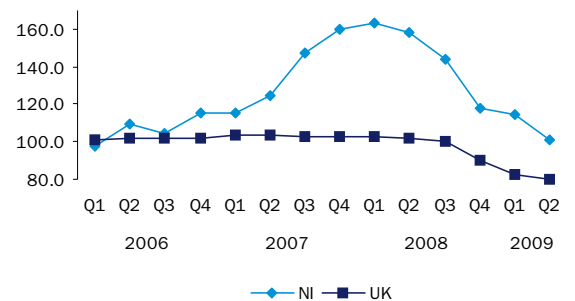
The Basic Metals & Fabricated Metal Products index decreased by an estimated -11.7% over the quarter compared to a fall of 3.2% in the UK. (See figure 10).

Over the year, the NI Basic Metals & Fabricated Metal Products decreased by 36.0% compared to a decrease of 22.0% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector reported an estimated decrease of 24.0% which is higher than that reported in the UK (-14.1%).

Basic Metals & Fabricated Metal Products (2005=100)

Figure 10



Chemicals & Chemical Products - (weight 3.6%)

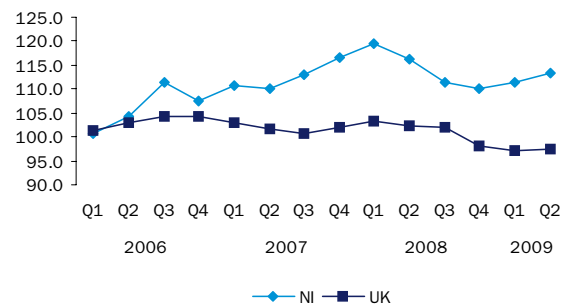
The Chemicals & Chemical Products index increased by an estimated 1.7% over the quarter, the UK also reported an increase (0.6%). (See figure 11).

Over the year, the NI Chemicals & Chemical Products fell by 2.6%, the UK reported a slightly higher decrease of 4.6%.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 4.1% compared to a decrease of 3.3% in the UK.

Chemicals & Chemical Products (2005=100)

Figure 11



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

Leather, Textiles & Textile Products - (weight 2.0%)

The Leather, Textiles & Textile Products index increased by an estimated 2.0% over the quarter compared to a fall of 1.8% in the UK. (See figure 12).

Over the year, NI Leather, Textiles & Textile Products decreased by 13.9%, this was greater than the fall of 9.7% reported in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 14.9% which is a greater decrease than that reported in the UK (-5.0%).

Leather, Textiles & Textile Products (2005=100)

Figure 12

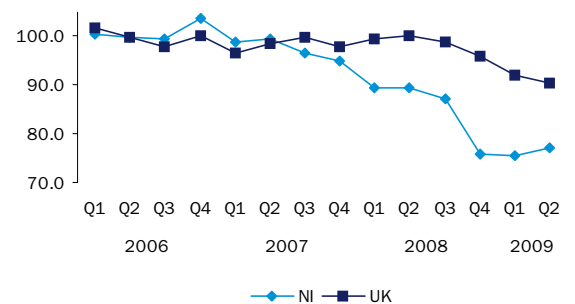


Table 2

	Food, Drink & Tobacco	Leather, Textiles & Textile Products	Chemicals & Chemical Products	Basic Metals & Fabricated Metal Products	Engineering and Allied Industries	Total Other Manufacturing DD, DE, DF,DH, DI, DN
Sector	DA	DB+DC	DG	DJ	DK,DL,DM	
Weights	290.0	19.6	35.7	41.7	248.7	237.4
2005	100.0	100.0	100.0	100.0	100.0	100.0
2006	102.7	100.9	106.0	106.7	101.0	101.5
2007	100.4	97.5	112.6	136.7	99.3	114.5
2008	107.1	85.5	114.3	145.6	99.9	112.7
Seasonally Adjusted						
2005 1	100.3	103.3	97.1	101.1	97.2	99.1
2	101.0	107.8	100.7	101.6	100.9	101.3
3	98.6	93.5	98.4	100.0	101.9	100.3
4	100.1	95.4	103.7	97.3	100.0	99.2
2006 1	103.8	100.6	100.8	98.0	102.7	99.5
2	104.0	99.9	104.4	109.3	101.5	99.2
3	103.5	99.3	111.5	104.2	100.2	102.4
4	99.5	103.7	107.5	115.3	99.5	104.9
2007 1	99.8	98.8	110.6	115.6	99.3	112.9
2	99.1	99.5	110.2	124.6	98.0	109.6
3	100.0	96.6	113.1	146.9	97.3	117.5
4	102.7	95.1	116.4	159.9	102.7	118.3
2008 1	104.8	89.5	119.5	163.0	102.0	117.8
2	103.7	89.5	116.3	157.9	103.4	117.3
3	110.0	87.1	111.3	143.7	101.6	111.0
4	109.9	75.8	110.1	118.0	92.5	104.6
2009 1	108.1	75.5	111.4	114.4	87.1	99.0
2	108.9	77.0	113.3	101.1	79.1	97.5
Percentage change latest quarter on:						
Previous quarter						
	0.8	2.0	1.7	-11.7	-9.2	-1.6
Same quarter a year ago						
	5.0	-13.9	-2.6	-36.0	-23.5	-16.9
Rolling Average						
	6.3	-14.9	-4.1	-24.0	-11.1	-12.5

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 3

Engineering & Allied Trades				Total Other Manufacturing Industries				
Sector	Machinery	Electrical	Transport	Wood & Wood Products	Pulp, Paper & Printing	Rubber & Plastic Products	Non-metallic Mineral Products	Other Manufacturing
	& Equipment NES	& Optical Equipment				Equipment	Equipment	
	DK	DL				DM	DD	
Weights	50.4	94.4	103.8	19.0	46.4	96.4	54.3	21.2
2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006	108.5	104.3	94.3	108.3	96.0	96.8	108.6	110.8
2007	121.9	99.1	88.6	115.3	105.5	110.5	120.3	137.3
2008	115.5	93.8	97.8	108.8	107.6	114.5	108.8	129.0
Seasonally Adjusted								
2005 1	97.7	94.4	99.4	99.2	100.4	99.4	98.2	97.6
2	103.8	98.3	101.9	99.5	101.2	101.6	102.7	98.3
3	103.6	103.5	99.6	102.1	99.3	100.6	99.7	101.3
4	94.9	103.8	99.1	99.2	99.1	98.3	99.4	102.8
2006 1	110.2	103.9	97.9	101.8	98.5	96.2	102.8	106.8
2	104.7	104.6	97.1	104.4	93.7	93.5	106.7	113.6
3	104.8	104.7	93.9	109.0	95.3	97.1	113.0	109.0
4	114.2	103.9	88.2	117.9	96.4	100.4	112.0	113.6
2007 1	116.3	103.9	86.9	121.2	101.4	108.8	118.1	135.4
2	118.9	101.5	84.6	113.3	99.7	106.8	114.2	128.7
3	122.0	96.7	86.0	113.0	111.3	111.6	126.0	140.0
4	130.5	94.3	96.8	113.6	109.8	114.8	122.8	145.1
2008 1	128.9	93.5	96.7	114.6	109.8	117.7	119.7	134.1
2	124.6	94.2	101.5	115.7	110.3	120.2	114.9	127.5
3	112.9	96.0	101.3	108.5	106.5	114.9	101.3	130.3
4	95.5	91.7	91.9	96.3	103.8	105.1	99.5	124.1
2009 1	81.5	83.5	93.2	81.9	100.5	104.2	86.0	120.9
2	76.4	76.5	82.8	76.8	101.4	103.7	82.1	118.7
Percentage change latest quarter on:								
Previous quarter								
	-6.3	-8.4	-11.1	-6.2	0.9	-0.5	-4.6	-1.9
Same quarter a year ago								
	-38.7	-18.8	-18.4	-33.6	-8.1	-13.7	-28.6	-6.9
Rolling Average								
	-27.6	-8.2	-3.1	-20.4	-6.6	-7.8	-23.7	-9.7

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 2005=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 Consumer Goods reported an increase of 1.1% over the quarter, the other Market sectors reported falls with Investment Goods down 9.6%, Intermediate Goods down 1.3%.

Investment goods recorded the lowest level this quarter (80.6) since data was reported in 2001.

Over the year Investment Goods were down 25.3% and Intermediate Goods down 12.3%. Consumer Goods were up over the same period by 2.8%.

Table 4

Sector	Market Sectors		
	Consumer Goods	Intermediate Goods	Investment Goods
Weights	330.4	405.0	264.5
2005	100.0	100.0	100.0
2006	101.9	102.5	100.5
2007	100.9	110.7	102.1
2008	106.3	112.2	103.1
Seasonally Adjusted			
2005 1	100.5	98.2	97.6
2	101.3	101.9	101.3
3	98.3	99.7	101.9
4	99.9	100.3	99.2
2006 1	103.0	100.4	102.1
2	102.6	101.5	100.9
3	103.1	102.8	99.6
4	98.9	105.2	99.5
2007 1	99.8	109.9	99.4
2	99.2	107.4	99.0
3	101.0	111.8	101.8
4	103.5	113.9	108.3
2008 1	105.1	115.1	107.6
2	104.0	115.2	107.9
3	108.3	111.8	103.9
4	107.9	106.7	93.0
2009 1	105.8	102.4	89.1
2	106.9	101.1	80.6
Percentage change latest quarter on:			
Previous quarter	1.1	-1.3	-9.6
Same quarter a year ago	2.8	-12.3	-25.3
Rolling Average	3.7	-7.5	-13.9

Consumer Goods - (weight 33.0%)

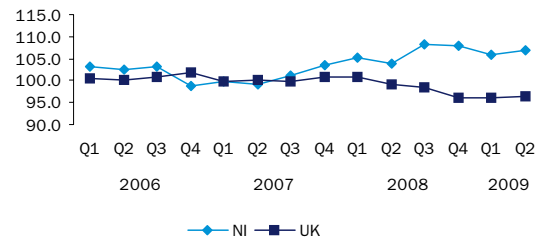
The Consumer Goods index increased by an estimated 1.1% over the quarter, the UK also reported an increase of 0.5%. Over the year, the sector increased by 2.8% compared to a decrease of 2.7% in the UK. (See figure 13).

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 3.7% compared to a decrease of 3.4% in the UK.

Consumer Goods

(2005=100)

Figure 13



Intermediate Goods - (weight 40.5%)

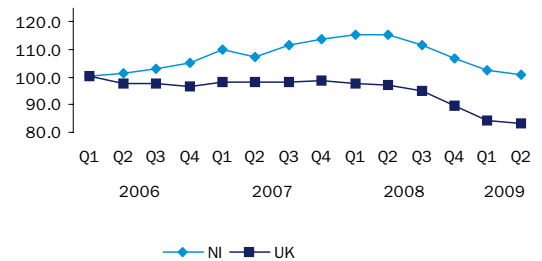
The Intermediate Goods index decreased over the quarter by 1.3%, similar to the fall of 1.1% reported in the UK. Over the year, the sector decreased by 12.3%, the UK decreased by 13.9%. (See figure 14).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 7.5% compared to a fall of 10.0% in the UK.

Intermediate Goods

(2005=100)

Figure 14



Investment Goods - (weight 26.5%)

The Investment Goods index decreased by an estimated 9.6% over the quarter, a much greater decline than that reported by the UK as a whole (-0.8%). Over the year, the sector decreased by 25.3%, also greater than the UK decline of 16.8%. (See figure 15).

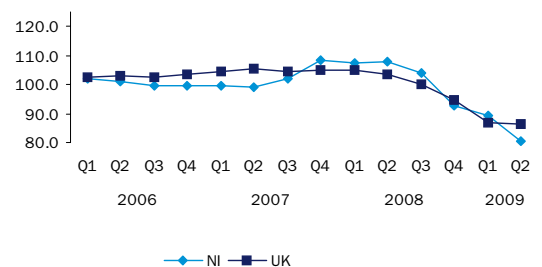
Investment goods recorded the lowest level this quarter (80.6) since the reporting of data in 2001.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 13.9%, the UK fell by 12.0% over the same period.

Investment Goods

(2005=100)

Figure 15



Index of Manufacturing Productivity 2005=100

Seasonally Adjusted Chained Volume Index

5

Manufacturing Productivity

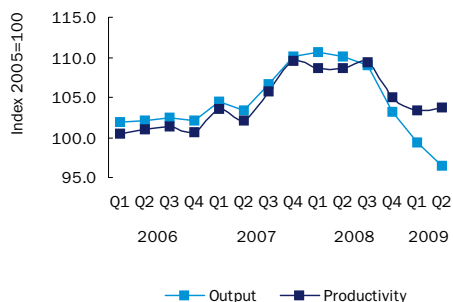
The index of manufacturing productivity provides a measure of the number of units of output produced each man hour. The index includes seasonally adjusted employees in employment, the manufacturing index and average weekly hours (based on hours worked for full-time adult manufacturing workers including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

The index of manufacturing productivity remained relatively constant with a change of 0.2% over the quarter and a decrease of 4.6% over the year. Over the latest four quarters compared to the same period one year earlier, the index decreased by 2.6%.

Manufacturing Output & Productivity

(2005=100)

Figure 16



The most recent Quarterly Employment Survey seasonally adjusted figures for June 2009 based on the 2003 Standard Industrial Classification reported falls of 3.2% over the quarter and 8.2% 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	100.0
2006	100.9
2007	105.3
2008	107.9
Quarterly Series	
2005 1	98.2
2	101.3
3	100.2
4	100.3
2006 1	100.4
2	101.1
3	101.3
4	100.7
2007 1	103.6
2	102.2
3	105.7
4	109.5
2008 1	108.7
2	108.6
3	109.3
4	105.0
2009 1	103.4
2	103.6
Percentage change latest quarter on:	
Previous quarter	0.2
Same quarter a year ago	-4.6
Rolling Average	-2.6

Background Notes

6

5. 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.

6. The IOP is a chained volume index referenced to 2005=100. In line with the UK IOP the reference year of the NI IOP has been updated from 2003=100 to 2005=100 from this publication onwards.

7. The main changes in the 2005=100 series are:

- Each series has been rebased so that the average quarterly output in 2005 = 100.
- The relative weights used to produce the aggregated industries are derived from Gross Value Added data collected from the 2005 Northern Ireland Annual Business Inquiry (ABI). This is the first time the relative weights have been produced using the 2005 ABI results. Previous weights were derived from the 2003 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 2005 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 2003=100 series as the 2005=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.

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

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