

NORTHERN IRELAND INDEX OF PRODUCTION QUARTER 3 2010

Published 19/01/11

The Northern Ireland Index of Production (IOP) is a quarterly survey of around 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 2006=100 basis.

- Results from the Index of Production for the third quarter of 2010 show output levels increased by 1.3% in real terms compared to Quarter 2 2010 and recorded a rise of 2.7% over the year. The UK as a whole reported increases of 0.6% over the quarter and 3.2% over the year. However, results show that output from the NI Production sector has declined by 11.1% from the peak reached in Q2 2008, while the UK figure fell by 9.3% over the same time period.
- Manufacturing comprises the main element of the production index. Manufacturing output for Q3 2010 rose by 1.3% compared to the previous quarter; the UK reported a similar increase over the same period (1.1%). NI recorded an increase of 2.7% in manufacturing output compared to the same period one year earlier while the UK as a whole reported an increase of 5.2%. Over the latest four quarters NI manufacturing output decreased by 1.5% compared to the previous four quarters, in contrast the UK recorded a rise of 1.0% over the same period.
- Four of the six broad manufacturing subsectors reported an increase over the quarter: Manufacture of Food, Drink & Tobacco (2.5%), Engineering & Allied Industries (1.6%), Chemicals & Chemical Products (5.2%) and Leather, Textiles & Textile Products (12.1%). Over the same period Basic Metals & Fabricated Metal Products (-7.9%) and Other Manufacturing (-0.3%) reported decreases.
- Quarter 3 2010 manufacturing productivity increased by 0.8% over the quarter and recorded a fall of 0.2% compared to the same quarter one year earlier.



Department of Enterprise,
Trade and Investment

Northern Ireland Index of Production Quarter 3 2010

January 2011

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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.

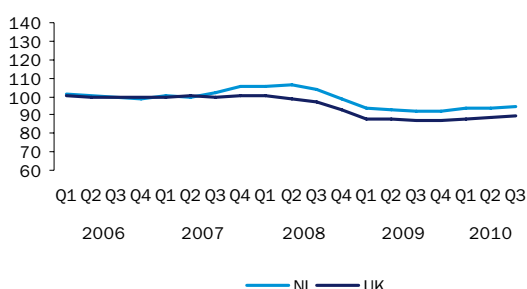
This booklet contains detailed results for the Production Industries i.e. the Manufacturing, Electricity, Gas & Water and Mining & Quarrying sectors on a 2006=100 basis giving data up to the most recent available quarter (Quarter 3 2010). Disaggregated data for manufacturing subsections and by market sector are also presented. Comparative UK data are presented where these are available.

Manufacturing comprised some 86% of Approximate Gross Value Added (GVA) in the production industries, as measured by the Northern Ireland Annual Business Inquiry (ABI) 2006 results. Manufacturing is typically the main determinant of change in the production sector. Manufacturing subsections has been included to provide more detail on the performance of the manufacturing sector.

Northern Ireland Production

Results from the Index of Production for the third quarter of 2010 show output levels increased in real terms compared to the previous quarter (1.3%). Over the year output levels were greater when compared to the same quarter one year earlier with an increase of 2.7% recorded. The UK as a whole reported an increase of 0.6% over the quarter and a rise of 3.2% over the year. However, results show that output from the NI Production sector has declined by 11.1% from the peak recorded in Q2 2008, the UK reported a decline of 9.3% over the same time period.

Figure 1: Production in NI & UK
(2006=100)



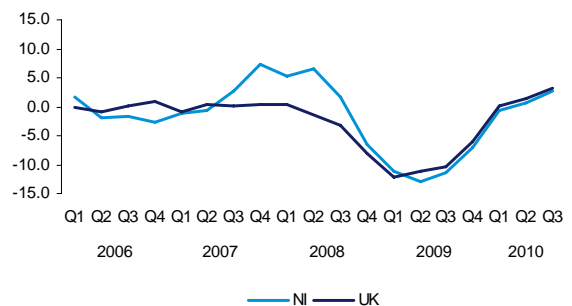
Northern Ireland's Production sector declined over the most recent four quarters (-1.1%) compared to the previous four quarters, the UK reported a fall of 0.4% over the same period.

NI production has decreased by 4.9% from Q3 2006 to Q3 2010 compared to a decrease of 10.4% 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 was maintained from Q3 2007 to Q3 2008 it then reported a negative growth in Q4 2008 which continued until Q1 2010, with a noticeable low in Q2 2009 (-12.9%). Q3 2010 reported an annual growth of 2.7%.

Figure 2: Production – % change on a year earlier
NI & UK
(2006=100)



Manufacturing

Manufacturing output for Q3 2010 rose by 1.3% compared to the previous quarter; the UK reported an increase of 1.1% over the same period. The NI Index recorded an increase of 2.7% in manufacturing output compared to the same period one year earlier; the UK reported an increase of 5.2% over the same period.

NI manufacturing output over the latest four quarters decreased by 1.5% compared to the previous four quarters, while the UK recorded a rise of 1.0%.

Manufacturing Subsections

Over the quarter, four of the six broad manufacturing subsectors reported increases, the Manufacture of Food, Drink & Tobacco (2.5%), Engineering & Allied Industries (1.6%), Chemicals & Chemical Products (5.2%) and Leather, Textiles & Textile Products (12.1%).

Over the same period, the industries to report a decrease were, Basic Metals & Fabricated Metal Products (-7.9%) and Other Manufacturing (-0.3%).

Over the year, the same four broad manufacturing subsectors that reported an increase over the quarter also increased over the year: Engineering & Allied Industries (12.9%), Chemicals & Chemical Products (7.8%), Leather, Textiles & Textile Products (12.5%) and the Manufacture of Food, Drink & Tobacco (0.6%).

Over the same period, Basic Metals & Fabricated Metal Products (-14.6%) and Other Manufacturing (-1.0%) reported a decrease.

Over the latest four quarters, compared to the same period one year earlier (i.e. Q4 2008 – Q3 2009 to Q4 2009 – Q3 2010), the subsectors to record an increase were Chemicals & Chemical Products (12.4%) and Leather, Textiles & Textile Products sector (8.5%) .

Over the same period, the subsections reporting falls were Other Manufacturing (-2.8%), Engineering & Allied Industries (-2.7%), the Manufacture of Food, Drink & Tobacco (-2.3%) and Basic Metals & Fabricated Metal Products (-2.0%).

Other Production

The Electricity, Gas and Water index increased by 2.6% compared to Quarter 2 2010 and also increased over the year by 1.7%.

Mining and Quarrying recorded a decrease of 6.9% compared to the previous quarter but rose by 9.7% over the year.

Over the latest four quarters the Mining and Quarrying sector increased by 11.0% and the Electricity, Gas and Water sector decreased by 0.3%.

Market Sector Changes

Between Quarter 2 2010 and Quarter 3 2010 all three market sectors recorded an increase, Consumer Goods up 2.7%, Intermediate Goods up 0.8% and Investment Goods reported an increase of 0.3%.

Over the year, two of the market sectors increased. Investment Goods rose by 7.1% and Intermediate Goods recorded an increase of 2.8%. Consumer Goods reported a slight decline of 0.1% over the same period.

Over the latest four quarters, Intermediate Goods recorded a rise of 1.4%. Investment Goods and Consumer Goods recorded declines of 3.6% and 2.6%, respectively, over the same period.

Manufacturing Productivity

The index of manufacturing productivity (which provides a measure of the number of units of output produced per person per paid hour) increased by 0.8% over the quarter but recorded a decline of 0.2% over the year.

The most recent Quarterly Employment Survey seasonally adjusted figures for September 2010 based on the 2003 Standard Industrial Classification reported an increase of 0.5% over the quarter and an increase of 0.4% over the year.

Date of Next Publication

The Northern Ireland Index of Production for Quarter 4 2010 will be published on Wednesday 13th April 2011.

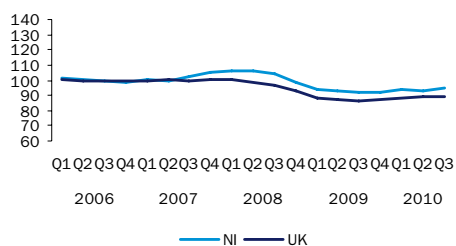
Output of the Production Industries 2006=100, Seasonally Adjusted Chained Volume Index

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Output from the overall production industries in July-September (Quarter 3 2010) increased by 1.3% over the quarter and increased by 2.7% compared to one year earlier.

Northern Ireland's production levels increased over the quarter (1.3%), the UK also reported an increase of 0.6% over the quarter and a rise of 3.2% over the year.

Figure 3: Total Production in NI & UK (2006=100)



Over the latest four quarters compared to the same four quarters one year earlier the Production sector in NI has decreased by 1.1%, the UK also reported a fall (-0.4%).

NI production has decreased by 4.9% from Q3 2006 to Q3 2010 compared to a decrease of 10.4% 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 86% of Approximate Gross Value Added (GVA) within the overall production sector.

**Table 1: Northern Ireland Index of Production
Seasonally adjusted (2006 = 100)**

Sector	Production Industries			
	Production Industries C+D+E	Manufacturing D	Electricity, Gas & Water Supply E	Mining & Quarrying C
Weights	1000.0	864.8	117.3	17.9
2005	101	101	103	92
2006	100	100	100	100
2007	102	102	97	113
2008	104	103	108	93
2009	93	91	108	86
Seasonally Adjusted				
2005 1	99.9	100.1	101.3	78.4
2	102.5	102.1	107.2	90.2
3	101.2	101.3	101.0	96.4
4	101.2	101.0	102.5	102.5
2006 1	101.6	101.6	103.2	91.3
2	100.6	100.9	98.8	97.9
3	99.5	99.3	99.5	105.3
4	98.5	98.3	98.2	106.2
2007 1	100.5	100.6	98.4	106.1
2	99.9	100.4	94.9	109.3
3	102.2	102.8	95.9	115.6
4	105.6	106.0	100.1	120.3
2008 1	105.7	105.7	105.3	104.9
2	106.4	106.4	108.2	93.8
3	103.8	103.4	108.6	92.4
4	98.6	97.3	111.0	82.4
2009 1	94.0	92.3	107.2	86.7
2	92.7	90.5	109.4	84.7
3	92.1	89.9	109.2	83.7
4	91.8	89.8	106.5	88.4
2010 1	93.4	91.2	109.6	95.9
2	93.3	91.2	108.3	98.6
3	94.5	92.4	111.1	91.8
Percentage change latest quarter on:				
Previous quarter				
	1.3	1.3	2.6	-6.9
Same quarter a year ago				
	2.7	2.7	1.7	9.7
Rolling Average				
	-1.1	-1.5	-0.3	11.0

Manufacturing - (weight 86.5%)

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 from Q2 2010 to Q3 2010 increased by 1.3%, the UK over the same period reported a similar increase of 1.1%. NI recorded an increase of 2.7% in manufacturing output over the year, the UK as a whole reported a rise of 5.2%. (See figure 4).

NI manufacturing output over the latest four quarters decreased by 1.5% compared to the previous four quarters, the UK recorded a rise (1.0%) over the same period.

Electricity, Gas & Water Supply - (weight 11.7%)

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

The index for this sector increased by 2.6% over the quarter, the UK reported a fall of 0.5%. Compared to the same quarter one year earlier, NI recorded an increase of 1.7% while the UK recorded a decrease of 2.3%. (See figure 5).

Over the latest four quarters compared to the same period one year earlier, the sector reported a slight decrease of 0.3% compared to a decrease of 2.2% in the UK.

Mining and Quarrying - (weight 1.8%)

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 6.9% over the quarter, the UK also recorded a decrease (-1.6%). Compared to the same quarter one year earlier, the sector increased by 9.7% in contrast to the decrease of 2.7% reported by the UK as a whole. (See figure 6).

Over the latest four quarters compared to the same period one year earlier, the sector increased by 11.0%, while the UK as a whole reported a decline of 5.6%.

Figure 4: Manufacturing NI & UK (2006=100)

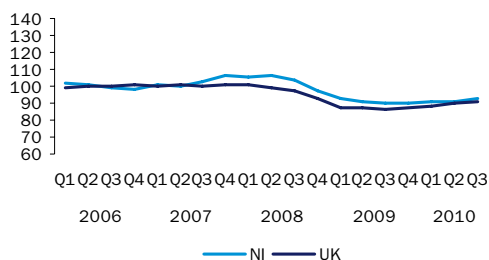


Figure 5: Electricity, Gas & Water NI & UK (2006=100)

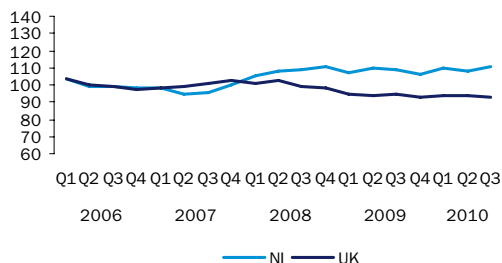
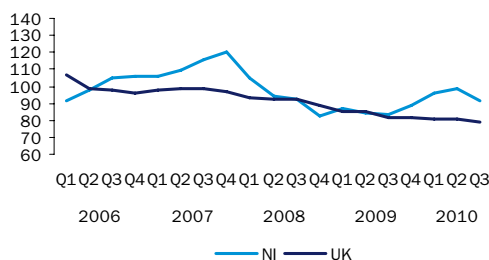


Figure 6: Mining & Quarrying NI & UK (2006=100)



Manufacturing Subsections 2006=100

Seasonally Adjusted Chained Volume Index

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Food, Drink & Tobacco - (weight 29.1%)

The Manufacture of Food, Drink and Tobacco index showed an increase of 2.5% over the quarter, the UK also reported an increase (2.1%). (See figure 7).

Over the year, the NI Food, Drink and Tobacco output increased by 0.6% while the UK recorded a significantly higher rise of 5.8%.

Over the latest four quarters compared to the same period one year earlier NI decreased by 2.3%, in contrast the UK as a whole recorded an increase of 2.3%.

Engineering & Allied Industries - (weight 24.9%)

The Engineering & Allied Industries index increased by 1.6% over the quarter, the UK recorded a slight rise of 0.2%. (See figure 8)

Over the year, the NI Engineering & Allied Industries increased by 12.9%, the UK also reported a rise (8.8%)

Over the latest four quarters compared to the same period one year earlier, the sector decreased by 2.7%; the UK as a whole recorded an increase of 3.8%.

Total Other Manufacturing - (weight 21.5%)

The Total Other Manufacturing index decreased by 0.3% over the quarter, the UK reported a slight fall of 0.1 % over the same period. (See figure 9).

Over the year, the NI Total Other Manufacturing index fell by 1.0% while the UK as a whole rose by 2.4%.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by 2.8%, the UK reported a decline of 0.2%.

Figure 7: Food, Drink & Tobacco
(2006=100)

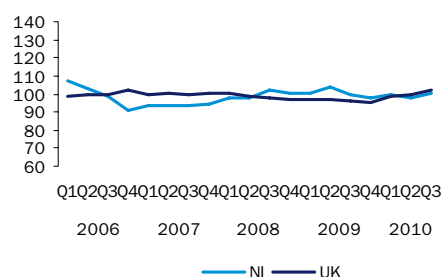


Figure 8: Engineering & Allied Industries
(2006=100)

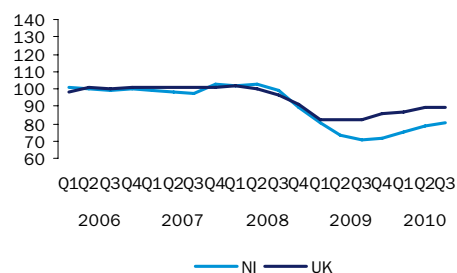
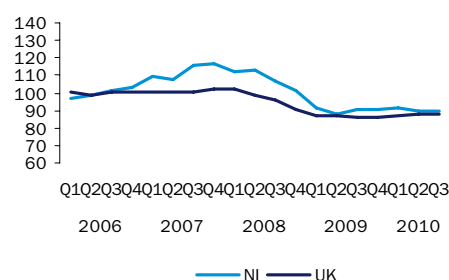


Figure 9: Total Other Manufacturing
(2006=100)



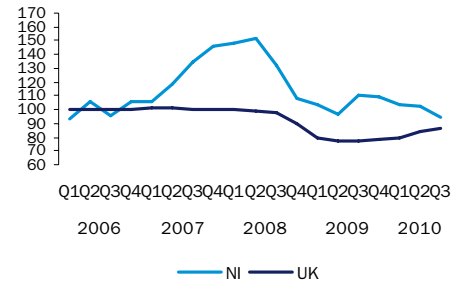
Basic Metals & Fabricated Metal Products - (weight 4.8%)

The Basic Metals & Fabricated Metal Products index decreased by 7.9% over the quarter, in contrast the UK rose by 2.6%. (See figure 10).

Over the year, the NI Basic Metals & Fabricated Metal Products index decreased by 14.6% in contrast the UK rose by 11.5%.

Over the latest four quarters compared to the same period one year earlier, the sector reported a decrease of 2.0%, the UK reported an increase of 1.4%.

Figure 10: Basic Metals & Fabricated Metal Products (2006=100)



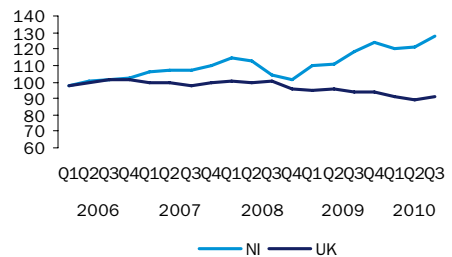
Chemicals & Chemical Products - (weight 3.9%)

The Chemicals & Chemical Products index reported an increase of 5.2% from Q2 2010 to Q3 2010, the UK reported an increase of 1.8% over the same period. (See figure 11).

Over the year, the NI Chemicals & Chemical Products index rose by 7.8% compared to a decrease of 2.7% reported by the UK as a whole.

Over the latest four quarters compared to the same period one year earlier, the sector increased by 12.4%; the UK reported a decrease of 3.8%.

Figure 11: Chemicals & Chemical Products (2006=100)



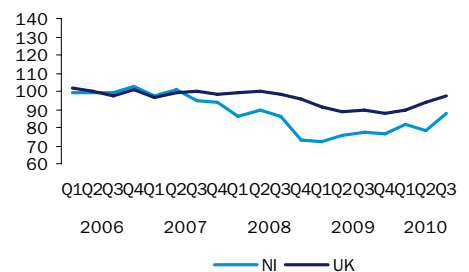
Leather, Textiles & Textile Products - (weight 2.3%)

The Leather, Textiles & Textile Products index increased by 12.1% over the quarter; the UK as a whole reported an increase (4.4%). (See figure 12).

Over the year, this sector reported an increase of 12.5% and the UK reported a rise of 9.0%.

Over the latest four quarters compared to the same period one year earlier, NI Leather, Textiles & Textile Products increased by 8.5%, the UK reported a rise of 0.9%.

Figure 12: Leather, Textiles & Textile Products (2006=100)



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

**Table 2: Northern Ireland Index of Production by Broad Manufacturing Subsectors
Seasonally Adjusted (2006=100)**

	Food, Drink & Tobacco	Leather, Textiles & Textile Products	Chemicals & Chemical Products	Basic Metals & Fabricated Metal Products	Engineering and Allied industries	Total Other Manufacturing
Sector	DA	DB+DC	DG	DJ	DK,DL,DM	DD, DE, DF, DH, DI, DN
Weights	291.1	23.2	39.4	47.6	248.6	215.0
2005	108	99	94	95	99	98
2006	100	100	100	100	100	100
2007	94	97	108	126	99	112
2008	100	84	108	135	98	108
2009	101	76	116	105	74	90
Seasonally Adjusted						
2005 1	107.0	101.2	92.2	96.8	97.0	96.4
2	108.2	107.2	95.8	98.2	99.2	98.6
3	106.5	93.2	92.9	94.3	100.3	99.3
4	108.8	94.8	95.8	91.3	98.4	97.3
2006 1	107.5	99.0	97.6	93.1	101.0	97.2
2	102.7	99.2	100.4	105.7	100.2	98.3
3	98.9	99.2	101.0	95.8	98.9	101.0
4	91.1	102.8	102.3	105.4	100.1	103.3
2007 1	93.9	97.6	105.9	105.8	99.2	109.6
2	93.1	100.5	107.3	118.3	98.1	107.7
3	93.2	94.9	107.0	134.5	97.1	115.5
4	94.7	94.3	110.3	145.6	103.1	116.3
2008 1	98.0	86.2	114.6	147.8	101.9	111.8
2	97.7	89.6	112.4	151.5	103.0	112.7
3	101.8	85.8	104.1	132.1	98.8	106.5
4	100.6	72.7	101.1	108.5	89.5	101.2
2009 1	100.6	72.3	109.4	103.0	80.2	91.8
2	104.1	76.1	110.4	97.2	73.6	88.2
3	99.7	77.8	118.7	110.6	70.9	90.2
4	98.0	76.4	124.1	109.7	71.6	90.7
2010 1	99.2	82.1	120.5	104.1	75.4	91.4
2	98.0	78.1	121.5	102.6	78.8	89.6
3	100.4	87.5	127.8	94.5	80.0	89.3
Percentage change latest quarter on:						
Previous quarter						
	2.5	12.1	5.2	-7.9	1.6	-0.3
Same quarter a year ago						
	0.6	12.5	7.8	-14.6	12.9	-1.0
Rolling Average*						
	-2.3	8.5	12.4	-2.0	-2.7	-2.8

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: Northern Ireland Index of Production – Engineering & Allied Trades, Total Other Manufacturing Industries, Seasonally Adjusted (2006=100)

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
Weights	62.7	91.5	94.3	18.6	47.9	70.4	52.3	25.8
2005	91	96	107	93	108	100	91	91
2006	100	100	100	100	100	100	100	100
2007	114	93	95	106	111	110	111	130
2008	108	86	103	100	112	109	101	117
2009	69	70	81	73	103	91	76	108
Seasonally Adjusted								
2005 1	88.6	91.2	108.3	92.0	107.2	99.0	90.1	85.6
2	93.4	94.7	107.4	90.9	109.8	101.5	93.5	86.1
3	93.8	99.4	105.6	93.3	108.0	100.4	91.2	100.5
4	87.2	98.5	105.7	94.6	107.4	99.0	90.3	89.8
2006 1	100.1	99.1	103.3	92.0	100.5	100.0	93.7	94.3
2	97.5	100.5	101.7	96.6	98.7	97.4	97.8	102.6
3	95.6	101.1	98.9	98.9	100.8	99.9	104.4	99.4
4	107.1	99.1	96.3	112.8	100.1	102.5	103.7	103.6
2007 1	107.7	98.8	94.0	107.3	105.7	108.4	106.9	127.4
2	110.8	96.5	91.2	105.6	105.1	107.9	104.5	120.4
3	113.6	91.4	91.6	102.2	116.9	110.4	117.4	132.8
4	125.2	87.3	103.8	110.8	114.5	111.6	115.6	138.2
2008 1	124.0	86.0	102.6	100.3	113.4	115.0	108.1	116.1
2	118.2	87.4	108.0	106.5	114.6	117.1	106.2	115.3
3	104.2	88.6	105.0	96.8	110.4	109.4	95.5	120.3
4	86.4	83.0	97.9	94.7	108.9	96.3	94.7	117.7
2009 1	69.5	75.7	91.7	72.4	102.7	92.3	78.3	112.1
2	65.2	70.9	81.9	74.7	104.3	81.9	75.4	111.5
3	68.1	67.3	76.3	76.8	102.1	90.9	76.0	104.6
4	72.0	67.1	75.6	68.3	102.0	97.5	72.7	103.5
Q1 2010	78.7	72.6	76.0	69.2	102.0	92.3	78.7	110.7
2	82.5	79.4	75.7	66.5	96.7	93.4	77.5	107.2
3	85.6	79.4	77.0	68.7	93.7	95.3	71.9	114.7
Percentage change latest quarter on:								
Previous quarter	3.8	0.0	1.6	3.4	-3.1	2.0	-7.2	7.0
Same quarter a year ago	25.7	18.1	0.9	-10.5	-8.2	4.9	-5.3	9.6
Rolling Average*	10.2	0.6	-12.5	-14.4	-5.7	4.7	-7.2	-2.2

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 2006=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 over the quarter all three market sectors increased. Consumer Goods up 2.7%, Intermediate Goods up 0.8% and Investment Goods recorded a rise of 0.3%.

Over the year two of the market sectors reported a rise, Investment Goods up 7.1%, Intermediate Goods up 2.8%, while Consumer Goods fell by 0.1%.

Notes to table 4

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 4: Index of Production by Market Sectors
Seasonally Adjusted (2006=100)**

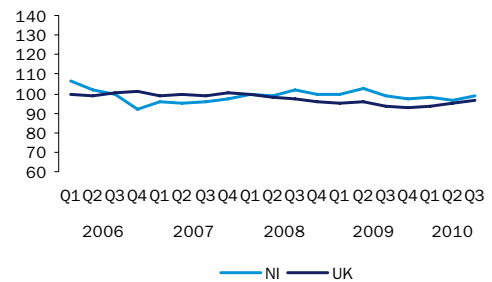
Sector	Market Sectors		
	Consumer goods	Intermediate Goods	Investment Goods
Weights	333.1	404.9	262.0
2005	107	97	99
2006	100	100	100
2007	96	107	103
2008	100	107	102
2009	100	97	77
Seasonally Adjusted			
2005 1	106.9	95.3	98.0
2	108.3	99.1	100.3
3	106.0	97.4	100.9
4	108.0	97.8	97.9
2006 1	106.8	97.8	100.9
2	102.1	99.4	100.3
3	99.3	100.2	98.6
4	92.2	102.5	100.2
2007 1	95.4	105.1	99.7
2	94.8	104.0	100.1
3	95.8	107.6	102.0
4	97.0	110.4	109.0
2008 1	99.5	109.1	108.2
2	99.2	110.4	109.2
3	101.5	107.2	101.6
4	99.9	103.0	90.3
2009 1	99.7	96.3	83.1
2	102.9	94.7	76.5
3	99.0	97.5	74.8
4	97.4	97.9	75.0
2010 1	98.3	99.4	78.0
2	96.4	99.4	79.9
3	99.0	100.2	80.1
Percentage change latest quarter on:			
Previous quarter			
	2.7	0.8	0.3
Same quarter a year ago			
	-0.1	2.8	7.1
Rolling Average*			
	-2.6	1.4	-3.6

Consumer Goods - (weight 33.3%)

The Consumer Goods index increased over the quarter (2.7%), the UK also reported an increase (1.8%). Over the year, the sector recorded a slight decrease by 0.1% while the UK reported a rise of 3.4%. (See figure 13).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by 2.6%, the UK also reported a decrease (-0.7%).

Figure 13: Consumer Goods
(2006=100)

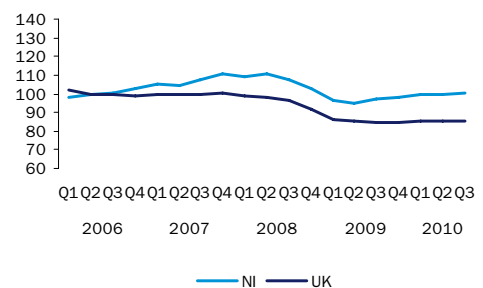


Intermediate Goods - (weight 40.5%)

The Intermediate Goods index increased over the quarter (0.8%), the UK also reported a slight increase of 0.2%. Over the year, the sector increased by 2.8% and the UK recorded an increase of 1.1%. (See figure 14).

Over the latest four quarters compared to the same period one year earlier, the sector increased by 1.4% and the UK decreased by 2.0%.

Figure 14: Intermediate Goods
(2006=100)

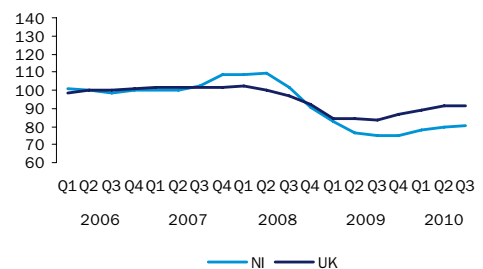


Investment Goods - (weight 26.2%)

The Investment Goods index increased by 0.3% over the quarter, while the UK as a whole decreased by 0.2%. Over the year, the sector increased by 7.1% and the UK reported a rise of 8.6%. (See figure 15).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by 3.6%, the UK rose by 4.1% over the same period.

Figure 15: Investment Goods
(2006=100)



Index of Manufacturing Productivity 2006=100

Seasonally Adjusted Chained Volume Index

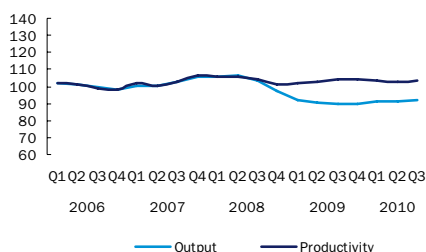
5

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 increased by 0.8% over the quarter and recorded a slight fall of 0.2% over the year. Over the latest four quarters compared to the same period one year earlier, the index increased by 1.2%.

Figure 16: Manufacturing Output & Productivity (2006=100)



The most recent Quarterly Employment Survey seasonally adjusted figures for September 2010 based on the 2003 Standard Industrial Classification reported an increase of 0.5% over the quarter and an increase of 0.4% 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 Seasonally adjusted (2006=100)

Manufacturing Productivity Index	
Annual Averages	
2005	102
2006	100
2007	102
2008	104
2009	103
Quarterly Series	
2005 1	100.7
2	103.8
3	102.4
4	102.8
2006 1	101.8
2	101.2
3	99.0
4	98.1
2007 1	101.6
2	100.6
3	102.7
4	106.5
2008 1	105.5
2	106.1
3	104.3
4	101.0
2009 1	101.6
2	102.8
3	103.9
4	103.9
2010 1	103.7
2	102.9
3	103.7
Percentage change latest quarter on:	
Previous quarter	0.8
Same quarter a year ago	-0.2
Rolling Average	1.2

Background Notes

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BACKGROUND

The Northern Ireland Index of Production (IOP) has been produced since 1949 and figures are available in the current format back to 2001. It is published quarterly and is designed to provide a general measure of changes in the output of the production industries in Northern Ireland. (This is defined as Standard Industrial Classification 2003 sections C, D and E.) In 2008 these industries accounted for 17% of regional Gross Value Added (GVA). See link to Regional GVA information

<http://www.statistics.gov.uk/statbase/Product.asp?vnk=14650>

INDEX SAMPLE

The IOP sample contains around 600 companies and the response rate is over 95%. The sample of production industries is selected directly from the Inter Departmental Business Register (IDBR), by stratifying companies by industry and company size. The sample consists of a census of dominant companies and a Neyman stratified random sample of the remaining companies. The census element consists of all companies employing 40 or more employees.

INDEX METHODOLOGY

The survey forms are issued quarterly, immediately after the period to which they relate. For example, forms are issued in October asking for information relating to July to September. Companies are asked to provide their turnover and employee numbers for the previous quarter. Historically a number of companies provided volume information rather than turnover data (e.g. litres of product rather than the turnover value of the product). We have recently asked these companies to also provide turnover data and most have been able to provide this, starting with the Quarter 2, 2010 data. When we have data for sufficient months on both bases we will switch to using their turnover data and publish an estimate of the impact of the change on the index. In response to user demand we have just started asking for information on the value of exports. We will need to collect a sufficient time series of exports information before we are in a position to publish this.

Data validation is carried out ensuring that data fall within the expected limits, contacting the company where appropriate for clarification.

The overall Index of Production is calculated by weighting together industry level indices using relative shares of approximate GVA data from the 2006 Northern Ireland Annual Business Inquiry. 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 production or the number of employees are used.

There are a small number of large companies whose returns can vary significantly from quarter to quarter. These particularly volatile results are smoothed using forecast data and a standard five point moving average.

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.

The Productivity index provides a measure of the number of units of output produced each man hour. The productivity index is based on the manufacturing index, seasonally adjusted employees in employment 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.

The IOP is a fixed-base chain-linked index. (Chain-linking involves the linking of growth estimates between different time periods in order to produce a continuous time series). Currently the base year is 2006=100. A paper on annual chain-linking from ONS is available at

http://www.statistics.gov.uk/articles/economic_trends/ET_May_Annual_Chain_Linking.pdf

DEFLATION

All series, unless otherwise quoted, are measured at constant market price. Deflators (based on the Producer Prices indices) adjust the value series to take out the effect of price change to give the volume series.

SEASONAL ADJUSTMENT

The index numbers in this statistical bulletin are all seasonally adjusted. This aids interpretation by removing annually recurring fluctuations, for example due to holidays or other regular seasonal patterns. Unadjusted data are also available. The figures presented in this publication are calculated using X-12 ARIMA.

SUMMARY QUALITY REPORT

A summary quality report for this publication can be found on the IOP Quality and Revisions page of the website at

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production/stats-newpage-4.htm>

STATUS OF FIGURES IN CURRENT BULLETIN

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.

Results, particularly for the latest quarter, are provisional and subject to revision as more up to date information becomes available.

Significant revisions to previous quarters' figures are highlighted in the main text of the bulletin.

The index has been produced using X-12 ARIMA seasonal adjustment.

Comparisons between the Index of Production and the Annual Business Inquiry (ABI) may not necessarily match because of definitional and coverage differences. For example the Index of Production covers the dominant business activity and the ABI covers workplace activity.

PLANNED FUTURE REVISIONS

The IOP revisions policy can be found at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production/stats-newpage-4.htm>

Work is currently in progress regarding the production of Revisions Triangles for the IOP and these will be published when they have been completed.

See National Statistics section.

PUBLICATIONS POLICY

All DETI statistical publications are available to download free of charge from the website <http://www.detini.gov.uk/deti-stats-index.htm>

The IOP bulletin is available at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production.htm>

The tables from the current publication, which include data back to 2001, are available in Excel format to download free of charge from the IOP website at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production.htm>

The IOP is published on the same day as the Index of Services in January, April, July and October of each year.

The DETI statistics publication schedule is available at <http://www.detini.gov.uk/deti-stats-index.htm>

The list of people given pre-release access to this publication is available at http://www.detini.gov.uk/publication_pre-release_access_list-6.pdf

NATIONAL STATISTICS

The UK Statistics Authority published its Assessment Report of the Northern Ireland index of Production and Index of Services on 6 January 2011. Subject to meeting three requirements by April 2011, the Index of Production will be re-accredited as a National Statistic. These changes will be incorporated into the April 2011 statistical bulletin. The report can be accessed at <http://www.statisticsauthority.gov.uk/assessment/assessment/assessment-reports/index.html>

NEXT PUBLICATION

The next bulletin will be published on 13 April 2011.

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