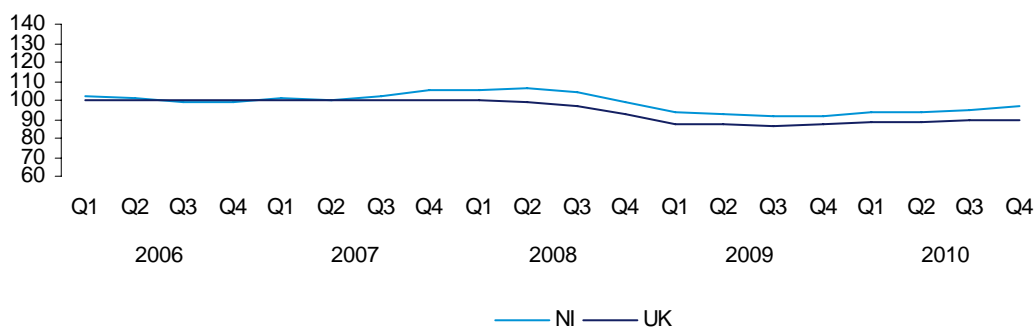


NORTHERN IRELAND INDEX OF PRODUCTION QUARTER 4 2010

Published 13/04/11

The Northern Ireland Index of Production (IOP) is a quarterly survey 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 fourth quarter of 2010 show output levels in Northern Ireland increased by 2.2% in real terms compared to Quarter 3 2010. This compares with an increase of 0.8% for the UK as a whole over the same period. The index has reported growth in three out of the last four quarters but is still 9.0% below the peak reached in Q2 2008. The UK index fell by 8.8% over the same time period.
- As such, Northern Ireland production output is showing some evidence of a return to growth and figures from the December 2010 Quarterly Employment Survey (published in March 2011) seem to support this. Seasonally adjusted employee jobs in the production sector increased by 1.1% over the quarter (September 2010 to December 2010) and 1.0% over the year.



- Manufacturing comprises the main element (over 85%) of the production index and output in the sector for Q4 2010 rose by 2.1% compared to the previous quarter. Manufacturing in the UK reported a smaller increase over the same period (1.2%).
- The increase in the Engineering and Allied Industries index made the biggest contribution to the quarterly growth in the manufacturing index. However, output in this sector and the 'Other Manufacturing' sector in 2010 were 18% below their 2008 levels. These falls likely reflect the ongoing reduction in demand for such manufactured goods by the construction industry. In contrast output in the Food, Drink and Tobacco sector in 2010 was similar in real terms to the levels reported in 2008.

A NATIONAL STATISTICS PUBLICATION

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

Northern Ireland
Statistics & Research Agency (NISRA)

Northern Ireland Index of Production Quarter 4 2010

April 2011

From the 1st April 2011, the responsibility for the collection of data and production of official labour market and economic statistics transferred from the Department of Enterprise, Trade and Investment to the Northern Ireland Statistics and Research Agency (NISRA), an agency of the Department of Finance and Personnel (DFP). This transfer mirrored the position in Great Britain where most business surveys and labour market data collection and statistical production have been transferred from the departments with policy responsibilities to the Office for National Statistics (ONS). However, it is important to note that there are no planned changes to the production of economic and labour market statistical publications and outputs as a result of the transfer.

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Summary and Commentary

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. The contents of this report will be of interest to government policy makers, Members of the Legislative Assembly, the business community, economic commentators, academics and member of the general public with an interest in the state of the NI economy. A summary of uses is available on the website at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production.htm>

The recently published Department of Enterprise, Trade and Investment Economic Commentary (March 2011) provides an overview of the state of the Northern Ireland economy, setting it in context with the UK and Republic of Ireland. This can be found at <http://www.detini.gov.uk/deti-stats-index/deti-stats-index-4.htm>

The background notes in Section 6 of this publication provide detailed information on the methodology used to produce the statistics as well as information on the quality and accuracy of the data. This bulletin 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 4 2010).

Manufacturing is typically the main determinant of change in the production sector, representing over 85% of the approximate Gross Value Added in the production industries. Data for the manufacturing sub-sectors (e.g. Food, drink and tobacco) is also published along with information by market sector. Market sector relates to the purpose for which output is intended i.e. Consumer Goods, Intermediate Goods and Investment Goods.

The other elements of the Index relate to Electricity, Gas and Water, which represents around 12% of the index and Mining and Quarrying which represents 2%.

Comparative UK data (produced by the Office for National Statistics) are presented where these are available.

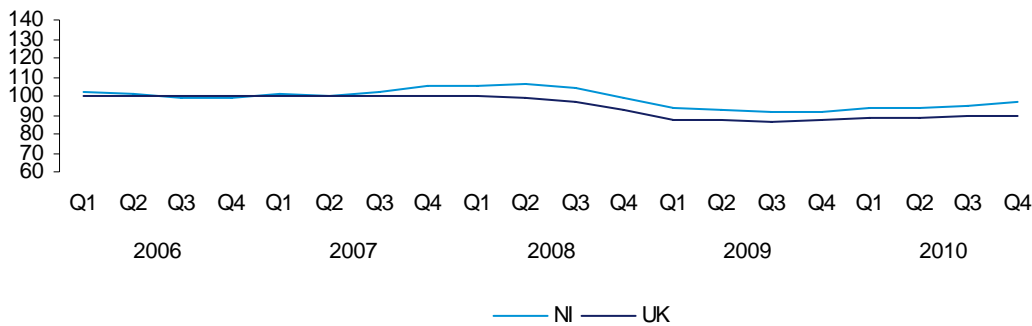
This publication provides three measures of growth for the Index. The quarter-on-quarter change provides the most recent measure of how the sector is changing. It is appropriate to compare consecutive quarters as the indices are seasonally adjusted to remove the effects of changes in output as a result of the time of the year. We also provide comparisons with the same quarter one year ago and a comparison of the most recent twelve months with the twelve months before. The quarterly comparison over the year provides an additional control on seasonal effects. The comparison of the rolling annual average is useful for identifying changes in output over a longer time period than the other two approaches.

Northern Ireland Production

Results from the Index of Production for the fourth quarter of 2010 show NI growth both in the last quarter of 2010 and over the last year was faster than in the UK. NI output remains 9% below its peak level two years ago, similar to the UK in that period.

- NI output levels increased over the previous quarter by 2.2%. (UK: +0.8%)
- NI output levels increased by 5.5% compared to the same quarter one year ago (UK: +3.3%)
- NI output levels increased by 2.1 % over the most recent four quarters compared to the previous four quarters (UK: +2.0%)
- However, the NI Production sector has declined by 9.0% from the peak recorded in Q2 2008, whilst the UK reported a decline of 8.8% over the same time period.

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

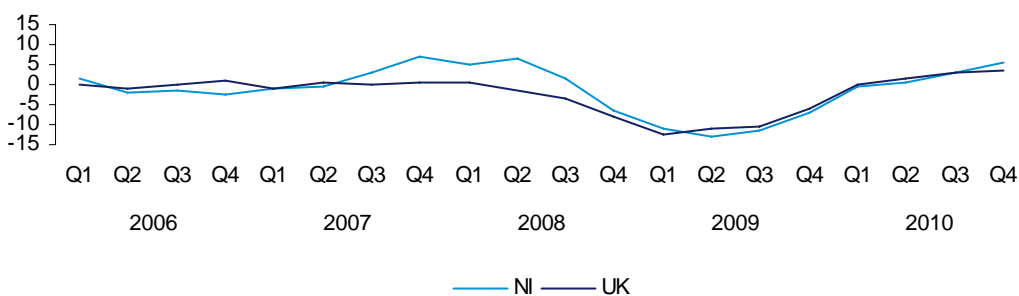


Production – growth trend

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%). Q4 2010 reported annual growth of 5.5%.

Figure 2: Production – % change on a year earlier
NI & UK

(2006=100)



Manufacturing

Manufacturing comprises the main element (over 85%) of the production index and therefore the manufacturing index has a similar profile to the overall production index. However, while quarterly growth in NI at the end of 2010 was faster than in the UK, output in 2010 did not start to recover in NI as soon as in the UK.

- Manufacturing output levels increased over the previous quarter by 2.1%. (UK: +1.2%)
- Manufacturing output levels increased by 5.3% compared to the same quarter one year ago (UK: +5.0%)
- Manufacturing output levels increased by 1.9% over the most recent four quarters compared to the previous four quarters (UK: +3.6%)

Manufacturing Subsections

Food, Drink and Tobacco represents one third of the manufacturing index. Like the overall manufacturing index, it has shown growth in three out of the last four quarters. However, the biggest contribution to the production index quarterly growth for Q4 2010 has been the increase in the output of the Engineering and Allied Industries. This sector, which represents nearly 30% of the Manufacturing index, increased by 7.1% between Q3 and Q4 2010.

Other Production

The Electricity, Gas and Water index increased by 3.1% compared to Quarter 3 2010 and also increased over the year by 7.9%.

Mining and Quarrying recorded a decrease of 2.8% compared to the previous quarter and a fall of 2.3% over the year.

Market Sector Changes

Between Quarter 3 2010 and Quarter 4 2010 two of the three market sectors increased, Investment Goods up 7.8% and Consumer Goods up 1.1%, while Intermediate Goods remained constant (0.0%).

Over the year, all three market sectors increased, Investment Goods (17.6%), Consumer Goods (3.0%) and Intermediate Goods rose by 1.6%.

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 0.9% over the quarter and recorded an increase of 1.6% over the year. This is in line with the most recent Quarterly Employment Survey seasonally adjusted figures for December 2010 (based on the 2003 Standard Industrial Classification for manufacturing) which reported an increase of 1.2% over the quarter and an increase of 1.1% over the year.

Date of Next Publication

The Northern Ireland Index of Production for Quarter 1 2011 will be published on Wednesday 13th July 2011.

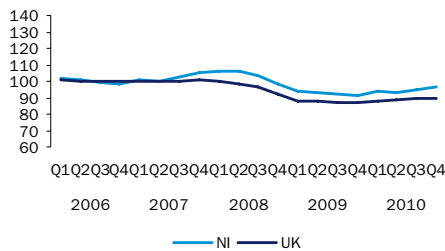
Output of the Production Industries 2006=100, Seasonally Adjusted Chained Volume Index

2

Output from the overall production industries in October-December (Quarter 4 2010) increased by 2.2% over the quarter and increased by 5.5% compared to one year earlier.

Northern Ireland's production levels increased over the quarter (2.2%), the UK also reported an increase (0.8%) over the quarter and a rise of 3.3% 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 increased by 2.1%, the UK reported a similar rise (2.0%).

NI production has decreased by 1.7% from Q4 2006 to Q4 2010, much smaller than the decrease of 10.1% 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 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 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
2010	95	92	111	93
Seasonally Adjusted				
2005 1	99.9	100.2	101.3	78.5
2	102.5	102.1	107.3	90.0
3	101.1	101.2	101.0	96.0
4	101.2	101.0	102.4	102.9
2006 1	101.6	101.6	103.2	91.5
2	100.6	100.9	98.9	97.8
3	99.4	99.3	99.6	104.5
4	98.5	98.3	98.1	106.9
2007 1	100.5	100.7	98.4	106.4
2	99.9	100.4	94.9	109.1
3	102.2	102.8	96.0	114.4
4	105.6	106.0	100.0	121.5
2008 1	105.7	105.7	105.3	105.2
2	106.4	106.4	108.3	93.6
3	103.9	103.5	108.7	91.1
4	98.6	97.2	110.9	83.7
2009 1	94.0	92.4	107.2	86.9
2	92.6	90.5	109.5	84.4
3	92.1	90.0	109.4	82.2
4	91.7	89.8	106.3	90.0
2010 1	93.5	91.3	109.5	96.2
2	93.3	91.2	108.4	98.3
3	94.7	92.6	111.3	90.4
4	96.8	94.5	114.7	87.8
Percentage change latest quarter on:				
Previous quarter				
	2.2	2.1	3.1	-2.8
Same quarter a year ago				
	5.5	5.3	7.9	-2.3
Rolling Average				
	2.1	1.9	2.7	8.5

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 Q3 2010 to Q4 2010 increased by 2.1%, the UK over the same period reported a smaller increase of 1.2%. NI recorded an increase of 5.3% in manufacturing output over the year, the UK as a whole reported a rise of 5.0%.

(See figure 4).

NI manufacturing output over the latest four quarters increased by 1.9% compared to the previous four quarters, the UK recorded a rise of 3.6% 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 3.1% over the quarter, the UK reported a rise also (4.3%). Compared to the same quarter one year earlier, NI recorded an increase of 7.9% and the UK recorded a rise of 7.2%.

(See figure 5).

Over the latest four quarters compared to the same period one year earlier, the sector for NI and the UK as a whole both reported an increase of 2.7%.

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 2.8% over the quarter, the UK also recorded a decrease (-4.0%). Compared to the same quarter one year earlier, the sector decreased by 2.3%; the UK also reported a decrease (-8.1%).

(See figure 6).

Over the latest four quarters compared to the same period one year earlier, the sector increased by 8.5%, while the UK as a whole reported a decline of 6.4%.

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

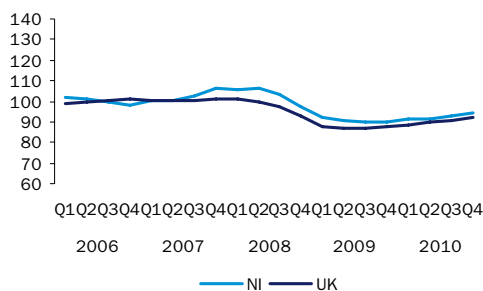


Figure 5: Electricity, Gas & Water NI & UK (2006=100)

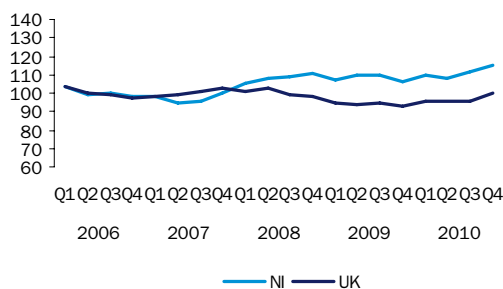
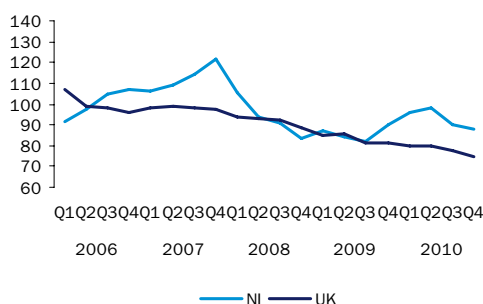


Figure 6: Mining & Quarrying NI & UK (2006=100)



Manufacturing Subsections 2006=100

Seasonally Adjusted Chained Volume Index

3

Food, Drink & Tobacco - (weight 29.1%)

The Manufacture of Food, Drink and Tobacco index showed an increase of 1.2% over the quarter, the UK also reported an increase (0.8%). (See figure 7).

Over the year, the NI Food, Drink and Tobacco output increased by 4.1% while the UK recorded a rise of 7.5%.

Over the latest four quarters compared to the same period one year earlier NI decreased by 0.5%, in contrast the UK as a whole recorded an increase of 4.5%.

Engineering & Allied Industries - (weight 24.9%)

The Engineering & Allied Industries index increased by 7.1% over the quarter, the UK recorded a rise of 4.1%. (See figure 8)

Over the year, the NI Engineering & Allied Industries increased by 22.0%, the UK also reported a rise (8.8%)

Over the latest four quarters compared to the same period one year earlier, the sector increased by 8.9%; the UK as a whole recorded an increase of 7.9%.

Total Other Manufacturing - (weight 21.5%)

The Total Other Manufacturing index decreased by 3.8% over the quarter, the UK reported a fall of 0.6 % over the same period. (See figure 9).

Over the year, the NI Total Other Manufacturing index fell by 6.5% while the UK as a whole rose by 1.6%.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by 1.9%, the UK reported a rise of 1.4%.

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

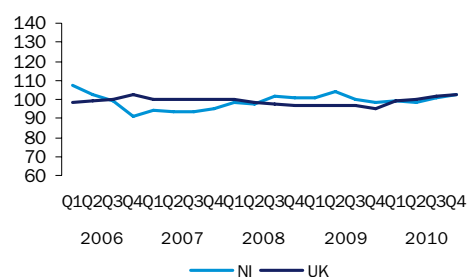


Figure 8: Engineering & Allied Industries
(2006=100)

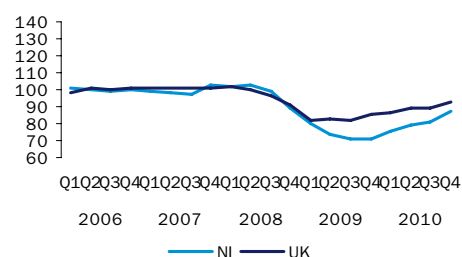
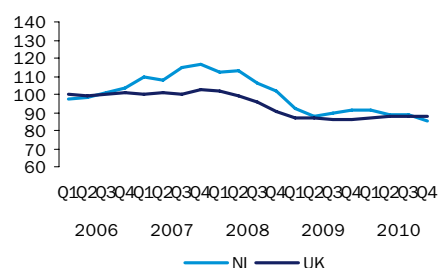


Figure 9: Total Other Manufacturing
(2006=100)



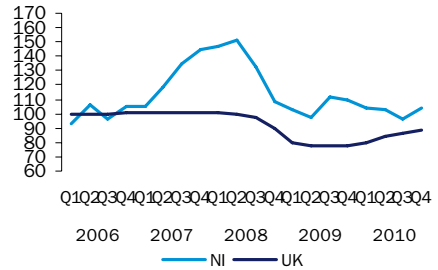
Basic Metals & Fabricated Metal Products - (weight 4.8%)

The Basic Metals & Fabricated Metal Products index increased by 8.9% over the quarter, the UK also reported a rise (2.2%). (See figure 10).

Over the year, the NI Basic Metals & Fabricated Metal Products index decreased by 4.3%, in contrast the UK rose by 13.6%.

Over the latest four quarters compared to the same period one year earlier, the sector reported a decrease of 3.3%, the UK reported an increase of 8.8%.

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



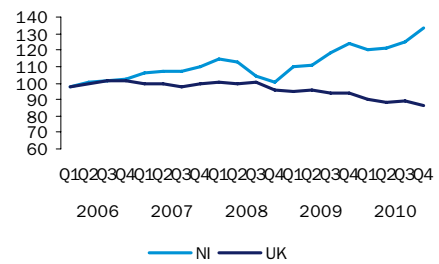
Chemicals & Chemical Products - (weight 3.9%)

The Chemicals & Chemical Products index reported an increase of 6.9% from Q3 2010 to Q4 2010, the UK reported a decrease of 2.5% over the same period. (See figure 11).

Over the year, the NI Chemicals & Chemical Products index rose by 8.1% compared to a decrease of 7.4% reported by the UK as a whole.

Over the latest four quarters compared to the same period one year earlier, the sector increased by 8.1%; the UK reported a decrease of -6.3%.

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



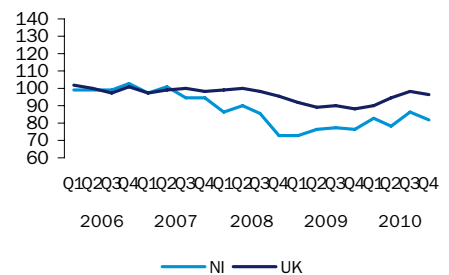
Leather, Textiles & Textile Products - (weight 2.3%)

The Leather, Textiles & Textile Products index decreased by 5.6% over the quarter; the UK as a whole reported a decrease (-1.8%). (See figure 12).

Over the year, the NI Leather, Textiles & Textile Products index reported an increase of 7.4% and the UK reported a rise of 8.8%.

Over the latest four quarters compared to the same period one year earlier, the sector increased by 9.0%, the UK reported a rise of 5.6%.

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	83	108	135	98	108
2009	101	76	116	105	74	90
2010	100	82	125	102	81	89
Seasonally Adjusted						
2005 1	107.1	101.3	92.2	96.7	97.0	96.5
2	108.2	107.1	95.8	98.2	99.2	98.7
3	106.5	93.1	93.0	94.6	100.4	98.9
4	108.8	94.9	95.7	91.1	98.4	97.4
2006 1	107.6	99.0	97.7	92.9	100.9	97.3
2	102.7	99.2	100.5	105.8	100.2	98.4
3	98.8	99.0	101.0	96.1	98.9	100.8
4	91.1	102.9	102.2	105.2	100.0	103.4
2007 1	94.0	97.7	105.9	105.6	99.2	109.8
2	93.1	100.5	107.4	118.4	98.1	107.7
3	93.2	94.6	107.1	135.3	97.3	115.1
4	94.7	94.3	110.1	145.1	102.9	116.6
2008 1	98.0	86.4	114.7	147.4	101.7	111.9
2	97.7	89.6	112.5	151.5	103.1	112.7
3	101.8	85.3	104.2	132.9	99.1	106.1
4	100.6	72.6	100.7	108.2	89.3	101.5
2009 1	100.6	72.6	109.5	102.6	80.1	92.1
2	104.1	76.2	110.5	97.2	73.7	88.1
3	99.7	77.3	118.7	111.5	71.2	89.8
4	98.0	76.3	123.7	109.2	71.3	91.0
2010 1	99.3	82.6	120.6	103.7	75.3	91.6
2	98.2	78.1	120.7	102.5	79.1	89.1
3	100.9	86.8	125.0	95.9	81.2	88.5
4	102.1	81.9	133.7	104.5	87.0	85.1
Percentage change latest quarter on:						
Previous quarter						
	1.2	-5.6	6.9	8.9	7.1	-3.8
Same quarter a year ago						
	4.1	7.4	8.1	-4.3	22.0	-6.5
Rolling Average*						
	-0.5	9.0	8.1	-3.3	8.9	-1.9

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

* 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	90
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
2010	85	80	78	70	96	94	71	110
Seasonally Adjusted								
2005 1	88.6	91.2	108.3	91.9	107.2	98.9	90.1	86.7
2	93.4	94.7	107.5	91.1	109.7	101.5	93.4	86.6
3	94.0	99.4	105.6	93.6	107.9	100.4	91.1	97.7
4	87.1	98.5	105.7	94.2	107.6	99.0	90.6	89.9
2006 1	100.0	99.1	103.3	91.9	100.5	100.1	93.8	94.7
2	97.5	100.5	101.8	96.8	98.7	97.3	97.6	103.1
3	95.8	101.1	99.0	99.5	100.6	99.8	104.0	98.3
4	107.0	99.1	96.2	112.0	100.3	102.6	104.1	103.9
2007 1	107.4	98.8	94.0	107.0	105.7	108.4	107.1	129.1
2	110.8	96.5	91.3	105.8	105.1	107.7	104.3	121.1
3	114.2	91.4	91.7	103.2	116.7	110.3	116.9	130.7
4	125.0	87.2	103.5	109.6	114.8	111.8	116.4	138.7
2008 1	123.4	86.0	102.6	100.1	113.3	115.0	108.4	116.6
2	118.2	87.4	108.1	106.8	114.5	117.0	105.8	115.5
3	105.0	88.6	105.3	98.2	110.2	109.3	94.8	118.9
4	86.1	83.0	97.5	93.3	109.2	96.6	95.6	118.1
2009 1	69.1	75.7	91.7	72.1	102.7	92.4	78.6	113.7
2	65.3	70.9	81.9	74.9	104.3	81.7	75.0	111.7
3	68.7	67.3	76.6	78.1	101.9	90.7	75.2	103.0
4	71.7	67.0	75.2	67.0	102.3	97.8	73.8	103.9
Q1 2010	78.2	72.6	76.1	69.0	101.9	92.5	79.0	112.3
2	82.8	79.4	76.4	66.7	96.6	93.2	75.4	107.3
3	86.2	79.6	79.4	70.1	93.4	95.0	69.5	113.3
4	92.7	89.2	80.9	73.0	92.5	93.8	60.9	105.5
Percentage change latest quarter on:								
Previous quarter	7.6	12.1	1.9	4.1	-0.9	-1.3	-12.4	-6.9
Same quarter a year ago	29.4	33.1	7.6	8.9	-9.5	-4.1	-17.5	1.5
Rolling Average*	23.7	14.3	-3.9	-4.6	-6.5	3.3	-5.9	1.4

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

* 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 two of the three market sectors increased, Investment Goods up 7.8% and Consumer Goods up 1.1%, while Intermediate Goods remained constant (0.0%).

Over the year all three market sectors reported a rise, Investment Goods up 17.6%, Consumer Goods up 3.0% and Intermediate Goods rose by 1.6%.

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 Background Notes).

* 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)**

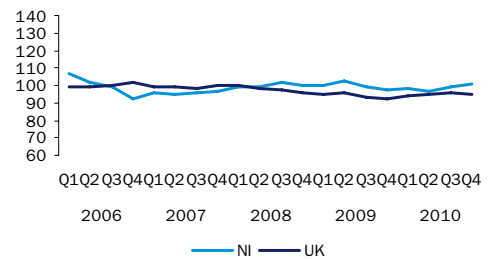
Sector	Market Sectors		
	Consumer Goods	Intermediate Goods	Investment Goods
Weights	333.1	404.9	262.0
2005	107	97	99
2006	100	100	100
2007	96	107	103
2008	100	107	102
2009	100	97	77
2010	99	99	82
Seasonally Adjusted			
2005 1	107.0	95.3	98.0
2	108.3	99.1	100.3
3	106.0	97.2	101.0
4	108.0	97.8	97.8
2006 1	106.9	97.8	100.8
2	102.1	99.5	100.3
3	99.2	100.1	98.8
4	92.2	102.5	100.1
2007 1	95.5	105.3	99.6
2	94.8	104.0	100.2
3	95.8	107.4	102.4
4	97.0	110.5	108.7
2008 1	99.6	109.1	108.0
2	99.2	110.4	109.3
3	101.5	107.0	102.0
4	99.9	103.1	90.0
2009 1	99.7	96.5	83.0
2	102.9	94.7	76.5
3	98.9	97.3	75.3
4	97.5	98.0	74.7
2010 1	98.4	99.6	77.8
2	96.6	99.1	80.2
3	99.3	99.6	81.4
4	100.4	99.6	87.8
Percentage change latest quarter on:			
Previous quarter			
	1.1	0.0	7.8
Same quarter a year ago			
	3.0	1.6	17.6
Rolling Average*			
	-1.1	2.9	5.8

Consumer Goods - (weight 33.3%)

The Consumer Goods index increased over the quarter (1.1%) while the UK recorded a decrease (-0.6%). Over the year, both NI and the UK as a whole recorded an increase of 3.0%. (See figure 13).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by 1.1%, the UK reported an increase (0.8%).

Figure 13: Consumer Goods
(2006=100)

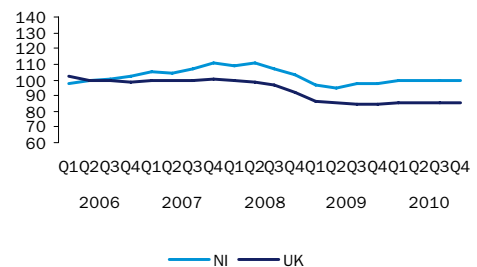


Intermediate Goods - (weight 40.5%)

The Intermediate Goods index remained constant over the quarter (0.0%) while the UK reported a slight increase of 0.2%. Over the year, the sector increased by 1.6% and the UK recorded an increase of 1.3%. (See figure 14).

Over the latest four quarters compared to the same period one year earlier, the sector increased by 2.9% and the UK by 0.3%.

Figure 14: Intermediate Goods
(2006=100)

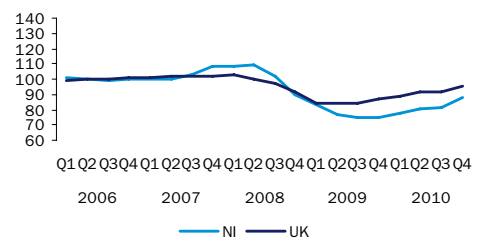


Investment Goods - (weight 26.2%)

The Investment Goods index increased by 7.8% over the quarter as did the UK as a whole (4.4%). Over the year, the sector increased by 17.6% and the UK reported a rise of 9.7%. (See figure 15).

Over the latest four quarters compared to the same period one year earlier, the sector increased by 5.8%, the UK rose by 8.2% over the same period.

Figure 15: Investment Goods
(2006=100)



Index of Manufacturing Productivity 2006=100

Seasonally Adjusted Chained Volume Index

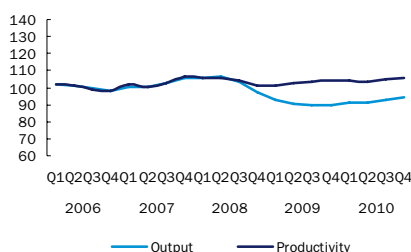
5

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 0.9% over the quarter and rose by 1.6% over the year. Over the latest four quarters compared to the same period one year earlier, the index increased by 1.5%.

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



The most recent Quarterly Employment Survey seasonally adjusted figures for December 2010 based on the 2003 Standard Industrial Classification reported an increase of 1.2% over the quarter and by 1.1% 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 Background Notes).

* 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	103
2008	104
2009	103
2010	104
Quarterly Series	
2005 1	100.8
2	103.8
3	102.3
4	102.8
2006 1	101.8
2	101.2
3	99.0
4	98.1
2007 1	101.7
2	100.7
3	102.7
4	106.6
2008 1	105.5
2	106.1
3	104.2
4	100.9
2009 1	101.5
2	102.6
3	103.6
4	104.0
2010 1	104.0
2	103.5
3	104.7
4	105.7
Percentage change latest quarter on:	
Previous quarter	0.9
Same quarter a year ago	1.6
Rolling Average	1.5

Background Notes

6

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?vlnk=14650>

INDEX NUMBERS

An index number is a convenient form of expressing a series in a way that makes it easier to see changes in that series. The numbers in the series are expressed relatively, with one number in that series chosen to be the 'base' (usually expressed as 100) and other numbers being measured relative to that base. Index numbers have the advantage that they allow different types of data to be combined on a consistent basis, e.g. deflated current price data with volume data. The aim of the Index of Production is to provide a reliable indicator of short-term changes in the output of the production sector. Index numbers are a very good way of communicating this message. For example, the Index of Production Q4, 2010 value of 96.8 means that the level of output was 3.2% lower than in 2006 which had a base year value of 100. The NI IOP is a Laspeyres volume index. The UK economic accounts are based on the European System of Accounts (ESA), which in turn is based on the UN System of Accounts (SNA). The ESA-preferred type of output indicator is one that measures deflated gross output (or turnover) for an industry. These use an approximate price charge estimator to remove the effects of inflation. For this reason we, and the ONS, use a Laspeyres volume index (as opposed to Paasche, Lowe or Fisher indices). The ONS paper, link following, on the Methodology of the Monthly Index of Services (Annex A: Mathematical Formulation of the Index of Services) gives a good explanation of Index numbers theory. <http://www.ons.gov.uk/about-statistics/user-guidance/ios-methodology/index.html>

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. This sample has been designed so as to give sufficiently accurate results, yet keep the total costs to businesses to a minimum. As this sample has been in place for some time, a new sample using the above methodology is currently being constructed to be more representative of current production companies.

DATA COLLECTION, VALIDATION AND INDEX CALCULATION

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 quarters 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.

Because of the nature of the business, data from certain industries are particularly volatile. This volatility may be due to noise (sampling error, etc.) or signal (economic events), and whether the signal relates to the right period. There are a small number of large companies whose returns can vary significantly from quarter to quarter. We apply a smoothing technique to the data to reduce the short-term volatility in the data. This is carried out to ensure that changes in volatile data do not disproportionately affect the value of the overall Index. These particularly volatile results are smoothed using forecast data provided by the company and a standard five point moving average. Following advice from a Quality Improvement Fund project we intend to review the sectors/businesses currently being smoothed to see if this is still necessary.

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. We intend moving to annual chain linking, which follows the recommendation of the System of National Accounts 1993, for our July 2011 publication. 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 the X-12 ARIMA method of seasonal adjustment. The

following is a link to detailed documentation on X-12 ARIMA

http://www.statistics.gov.uk/about/data/methodology/general_methodology/downloads/BlackBook.pdf

QUALITY REPORTING

One indicator of the reliability of the figures in this bulletin can be obtained by monitoring the size of revisions. The table below is based on the revisions between the first estimate and the estimate three years later. This is provided for the most recent five year period for which we have data. Please note that these indicators only report summary measures for revisions. The revised data may, themselves, be subject to sampling and other sources of error. More detail on this can be found in the summary quality report (see next section).

The table below presents a summary of the differences between the first estimates (of quarterly growth) published between 2003Q1 and 2007Q4 and the estimates published three years later.

	Value in latest period 2010Q4 - (percent)	Revision between first publication and estimates three years later	
		Average over 20 Quarters (2003Q1 to 2007Q4)	Average over 20 Quarters without regard to sign (average absolute revision)
Index of Production quarter on quarter growth rate	+2.2	+0.5	1.5

A spreadsheet giving revisions triangles of estimates for all quarters from 2001Q2 through to the current quarter, and the calculations behind the averages in the above table are available at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production/stats-newpage-4.htm>

A statistical test has been applied to the average revisions to find out if they are statistically different from zero. No such differences have been found.

SUMMARY QUALITY REPORT

The latest 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. A table giving summary revisions statistics is published for the first time in this bulletin.

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>

See National Statistics section.

PUBLICATIONS POLICY

All Economic and Labour Market Statistics Branch 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 Economic and Labour Market Statistics Branch 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

National Statistics are produced to high professional standards as set out in the Code of Practice for Official Statistics. <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

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. 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 July 2011.

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