

# NORTHERN IRELAND INDEX OF PRODUCTION: QUARTER 1 2005

Published 13/07/05

The Northern Ireland Index of Production is a quarterly survey of almost 600 companies and is designed to provide a general measure of changes in the output of the Manufacturing, Electricity, Gas & Water and Mining & Quarrying industries.

- Results from the Index of Production for the first quarter of 2005 show that output levels fell by 2.2% compared to the same quarter one year earlier and fell by 0.5% compared to the previous quarter.
- Northern Ireland's decreased production over the year (-2.2%) is greater than that for the UK as a whole, which fell by 1.0%, compared to the same quarter one year earlier. The UK also reported a fall of 0.8% over the quarter.
- In the manufacturing sector, the main component of the production index, output decreased over the year by 2.8% and fell by 0.9% over the quarter.
- The performance in manufacturing output in Northern Ireland decreased by 2.8% over the year, the UK reported an annual decrease of 0.2%. Over the quarter, manufacturing output in Northern Ireland decreased by 0.9% this was similar to the UK where a quarterly decrease of 1.0% was reported.
- The first quarter results showed that manufacturing productivity decreased over the quarter by 0.6% and fell by 0.2% compared to the same period last year. While output in the sector has remained fairly steady, employment numbers have declined.

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Department of Enterprise,  
Trade and Investment

# Northern Ireland Index of Production Quarter 1 2005

July 2005



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# Executive Summary

# 1

## 1. Introduction

This bulletin provides information from the Index of Production (IoP) for Northern Ireland. It contains the third set of results to be published using the year 2001 as the new base year against which relative change is measured. 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 2001=100 basis, giving data up to the most recent quarter (Quarter 1 2005). Disaggregated data for manufacturing subsections and by market sector are also presented. Comparative UK data are also presented where these are available.

Manufacturing comprised some 84% of Approximate Gross Value Added (GVA) in the production industries, while production accounts for some 37% of total business Approximate GVA as measured by the Annual Business Inquiry (2001 results). Manufacturing is typically the main determinant of change in the production

## 2. Overall Production

Output from the overall production industries in January – March (Quarter 1) 2005 decreased by 2.2% compared to one year earlier and fell by 0.5% over the quarter.

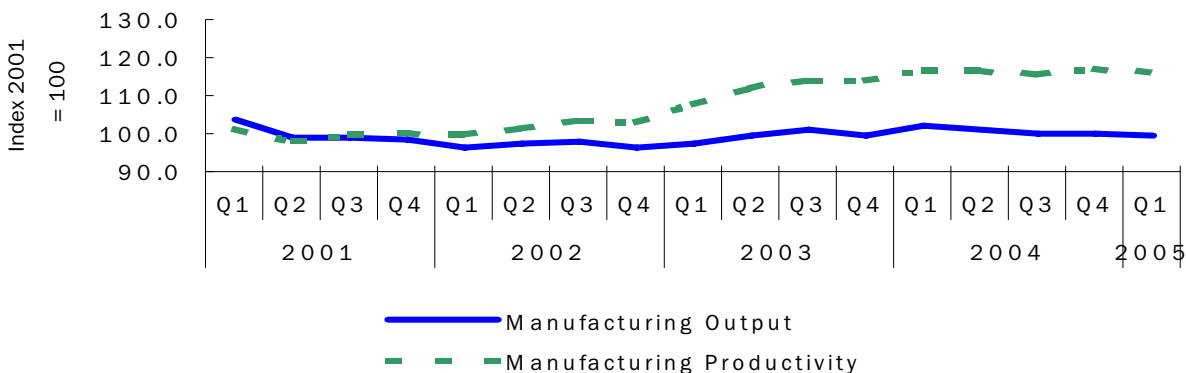
Northern Ireland's decreased production over the year (-2.2%) is greater than that for the UK as a whole, which fell by 1.0%, compared to the same quarter one year earlier. The UK also reported a fall of 0.8% over the quarter.

## 3. Manufacturing

The Quarter 1 2005 estimates for the manufacturing sector (the main component of the production industries) show a fall of 0.9% on the previous quarter and a decrease (-2.8%) compared to the same period one year earlier.

The fall over the quarter in Northern Ireland (-0.9%) was similar to that in the UK (-1.0%). However, Northern Ireland's fall in manufacturing output over the year (-2.8%) was more marked than that reported for the UK as a whole where the index decreased by 0.2% over the year.

**Figure 1 – Comparison of manufacturing output with manufacturing productivity 2001 Q1- 2005 Q1**



#### 4. Manufacturing Productivity

The index of manufacturing productivity (which provides a measure of the number of units of output produced per person each hour) decreased by 0.6% over the quarter and fell by 0.2% on the same quarter last year.

Despite this slight fall, manufacturing productivity remains some 3.7% higher than the average for 2003. This is due to the fact that manufacturing output (figure 1) has remained fairly steady while the numbers employed in the manufacturing sector have fallen.

Thus, the most recent Quarterly Employment Survey seasonally adjusted figures published in June 2005 relating to March 2005, record a further fall in the number of manufacturing employees to 87,830. This is a decrease of 2.7% compared to 12 months ago.

#### 5. Manufacturing Subsections

**Over the quarter**, the index for the following industries showed increases: Chemicals & Chemical Products (1.9%), Basic Metals & Fabricated Metal Products (1.7%) and Total Other Manufacturing (0.4%).

Over the same period, the index for the following industries showed decreases: Food, Drink & Tobacco (-3.1%), Engineering & Allied Industries (-0.5%) and Leather, Textiles & Textile Products (-0.5%).

**Over the year**, the index for the following industries showed increases: Basic Metals & Fabricated Metal Products (11.0%) and Total Other Manufacturing (3.6%).

Over the same period, the following industries showed decreases: Leather, Textiles & Textile Products (-27.9%), Food Drink & Tobacco (-6.1%), Chemicals & Chemical Products (-5.9%) and Engineering & Allied Industries (-0.5%).

#### 6. Other Production

The Electricity, Gas and Water Supply index increased by 4.9% compared to Quarter 4 2004, and increased by 3.6% compared to the same period one year earlier. Mining and Quarrying reported a decrease of 13.3% compared to the previous quarter and decreased by 7.0% over the year.

#### 7. Market Sector Changes

Between Quarter 4 2004 and Quarter 1 2005, Intermediate Goods rose by 0.9% while Consumer Goods fell by 2.3% and Investment Goods fell by 0.2%. Over the year Intermediate Goods showed an increase of 1.4% and Investment Goods increased by 0.4% while Consumer Goods decreased by 8.2%

#### 8. Date of Next Publication

The Northern Ireland Index of Production for Quarter 2 2005 will be published on Wednesday 12th October 2005.

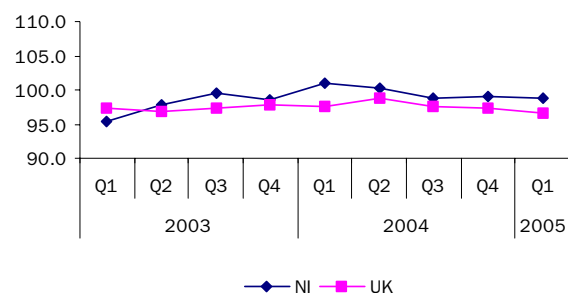
# Output of the Production Industries 2001=100, Seasonally Adjusted Chained Volume Index

# 2

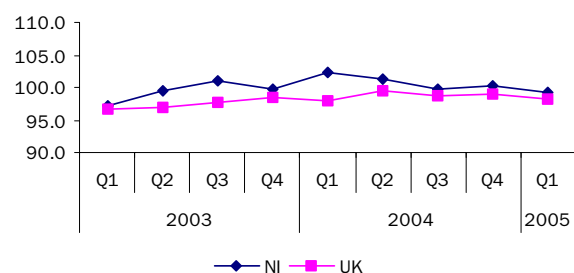
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Sector	Production Industries			
	Production Industries C+D+E	Manufacturing D	Electricity, Gas & Water Supply E	Mining & Quarrying C
Weights	1000.0	862.9	124.0	13.2
2001	100.0	100.0	100.0	100.0
2002	95.2	96.9	82.2	105.9
2003	97.8	99.3	84.8	117.3
2004	99.7	100.9	89.4	122.9
<b>Seasonally Adjusted</b>				
2001 1	103.8	103.9	103.5	105.1
2	99.4	99.1	101.2	102.8
3	98.7	98.8	98.1	94.8
4	98.1	98.2	97.2	97.3
2002 1	95.5	96.3	88.3	109.1
2	95.0	97.3	78.6	101.0
3	96.0	97.8	82.3	104.1
4	94.4	96.3	79.5	109.4
2003 1	95.3	97.3	79.4	114.5
2	97.7	99.5	83.1	115.2
3	99.6	100.9	88.1	122.1
4	98.5	99.7	88.6	117.6
2004 1	100.9	102.2	89.6	118.0
2	100.2	101.2	90.6	125.3
3	98.7	99.8	88.9	121.6
4	99.1	100.2	88.6	126.6
2005 1	98.7	99.3	92.9	109.8
<b>Percentage change latest quarter on:</b>				
<b>Previous quarter</b>				
	-0.5	-0.9	4.9	-13.3
<b>Same quarter a year ago</b>				
	-2.2	-2.8	3.6	-7.0

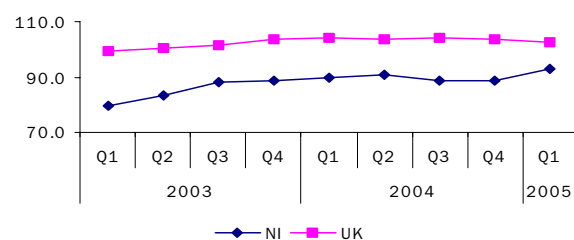
## Production



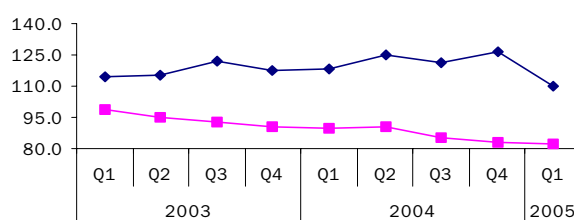
## Manufacturing



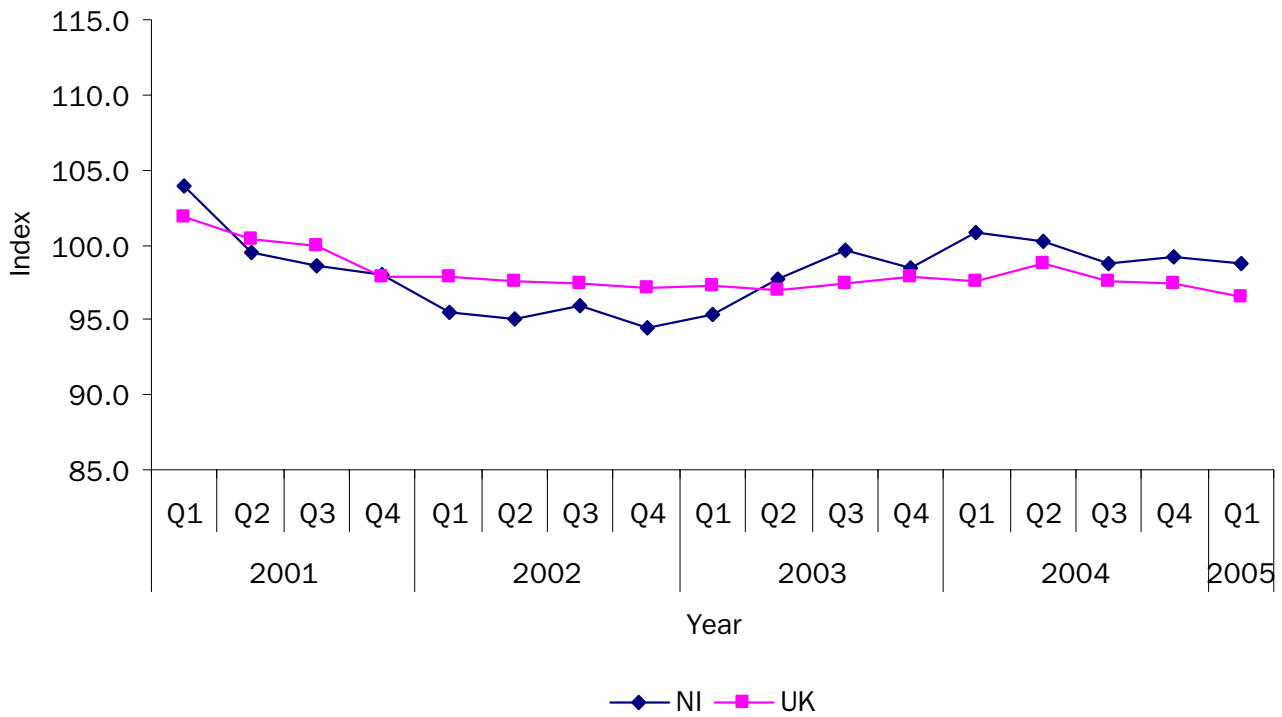
## Electricity, Gas & Water



## Mining & Quarrying



### TOTAL PRODUCTION – Comparison of NI & UK Index



### MANUFACTURING OUTPUT – Comparison of NI & UK Index



# Manufacturing Subsections 2001=100

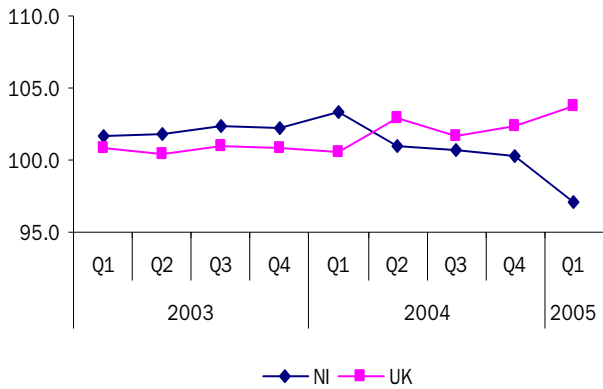
## Seasonally Adjusted Chained Volume Index

# 3

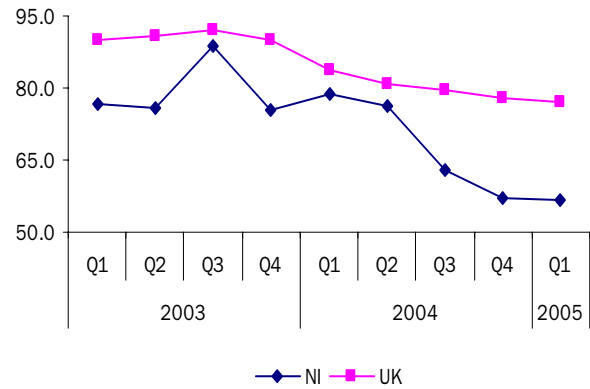
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

Sector	Food, Drink & Tobacco DA	Leather, Textiles & Textile Products DB+DC	Chemicals & Chemical Products DG	Basic Metals & Fabricated Metal Products DJ	Engineering and Allied Industries DK, DL, DM	Total Other Manufacturing DD, DE, DF, DH, DI, DN
<b>Weights</b>	<b>272.9</b>	<b>61.6</b>	<b>53.1</b>	<b>34.2</b>	<b>296.5</b>	<b>144.7</b>
2001	100.0	100.0	100.0	100.0	100.0	100.0
2002	101.6	86.8	102.9	94.3	92.1	100.9
2003	102.0	79.2	106.8	101.0	94.7	109.3
2004	101.3	68.8	102.8	115.6	95.1	121.1
<b>Seasonally Adjusted</b>						
2001 1	97.5	104.0	98.6	97.4	113.8	99.0
2	101.0	100.5	99.5	101.3	96.0	100.7
3	100.7	98.7	99.7	100.1	96.3	99.6
4	100.8	96.8	102.3	101.3	93.8	100.7
2002 1	102.0	88.6	98.5	92.4	91.6	98.5
2	103.0	83.7	99.6	90.7	94.9	97.7
3	100.9	92.8	106.3	96.2	92.2	102.9
4	100.3	82.1	107.2	97.8	89.5	104.3
2003 1	101.6	76.8	106.3	100.3	90.5	107.6
2	101.8	75.8	109.3	102.0	96.4	107.6
3	102.4	88.8	106.2	99.4	96.3	111.3
4	102.2	75.5	105.6	102.3	95.6	110.7
2004 1	103.4	78.8	106.0	110.5	95.9	119.6
2	100.9	76.2	105.0	113.7	93.9	122.7
3	100.7	63.1	102.3	117.6	94.8	118.8
4	100.2	57.1	97.8	120.7	96.0	123.4
2005 1	97.1	56.8	99.7	122.7	95.5	123.9
<b>Percentage change latest quarter on:</b>						
<b>Previous quarter</b>						
	-3.1	-0.5	1.9	1.7	-0.5	0.4
<b>Same quarter a year ago</b>						
	-6.1	-27.9	-5.9	11.0	-0.5	3.6

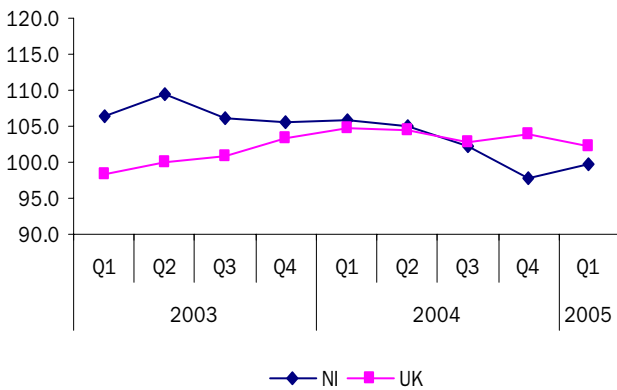
### Food, Drink & Tobacco



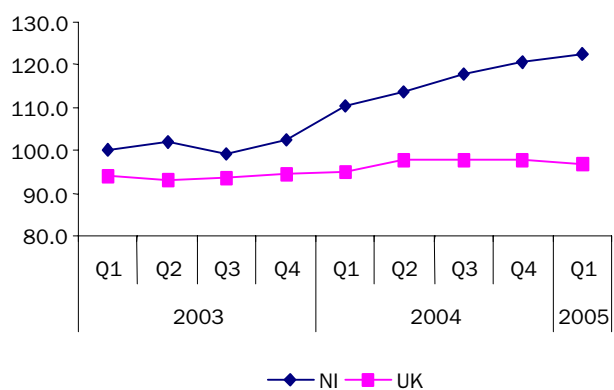
### Leather, Textiles & Textile Products



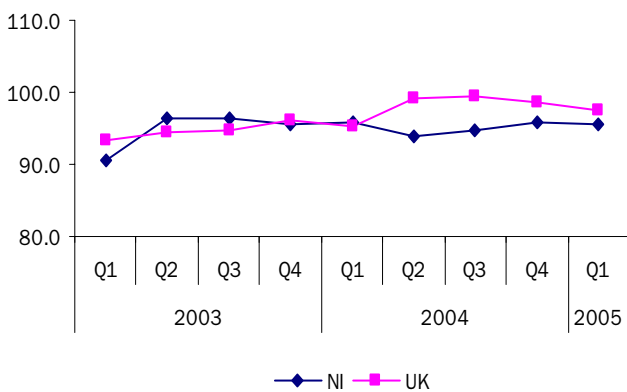
### Chemicals & Chemical Products



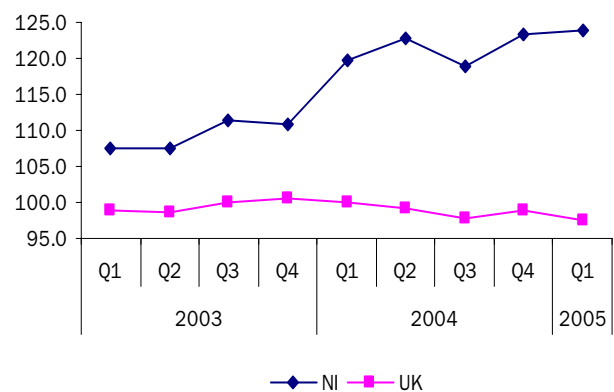
### Basic Metals & Fabricated Metal Products



### Engineering & Allied Industries



### Total Other Manufacturing



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).

Engineering & Allied Trades				Total Other Manufacturing Industries				
Sector	Machinery & Equipment NES	Electrical & Optical Equipment DL	Transport Equipment DM	Wood & Wood Products DD	Pulp, Paper & Printing DE	Rubber & Plastic Products DH	Non-metallic Mineral Products DI	Other Manufacturing DF+DN
	DK							
Weights	46.5	123.2	126.8	9.5	44.4	46.6	30.6	13.6
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	107.7	86.3	91.9	111.3	100.0	98.3	99.1	109.1
2003	108.3	89.9	94.4	118.6	102.4	107.2	110.6	129.6
2004	118.6	88.5	93.0	125.4	107.5	130.9	120.7	130.4
<b>Seasonally Adjusted</b>								
2001 1	101.2	129.3	103.5	93.7	100.7	99.6	96.7	99.7
2	102.0	88.1	101.6	99.7	102.7	99.6	99.0	102.5
3	98.4	93.3	98.6	100.8	99.0	99.7	99.6	100.5
4	98.4	89.4	96.4	105.9	97.5	101.0	104.6	97.3
2002 1	106.7	80.8	96.5	108.1	99.8	95.0	98.7	99.0
2	111.9	91.0	92.5	109.1	98.5	94.2	95.1	104.7
3	110.1	86.5	91.2	109.9	101.3	100.0	101.7	115.3
4	102.3	86.9	87.3	118.1	100.2	104.0	100.9	117.3
2003 1	101.4	89.5	87.5	116.5	103.6	103.8	108.4	125.4
2	106.9	92.1	96.8	118.5	100.0	107.7	107.8	123.9
3	109.4	89.5	98.0	120.7	102.2	108.2	113.5	140.4
4	115.6	88.5	95.1	118.6	103.9	109.1	112.6	128.7
2004 1	115.8	88.8	95.6	122.0	104.9	129.2	121.4	129.0
2	117.9	85.2	93.5	126.5	107.0	135.1	121.4	132.1
3	118.0	88.6	92.3	127.1	107.2	126.4	117.5	128.1
4	122.6	91.2	90.8	126.0	110.8	132.8	122.6	132.5
2005 1	119.7	90.6	91.4	124.1	107.9	140.6	116.9	134.6
<b>Percentage change latest quarter on:</b>								
<b>Previous quarter</b>								
	-2.4	-0.7	0.6	-1.5	-2.6	5.8	-4.7	1.6
<b>Same quarter a year ago</b>								
	3.4	2.1	-4.5	1.7	2.8	8.8	-3.7	4.3

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).

# Market Sector Analysis 2001=100

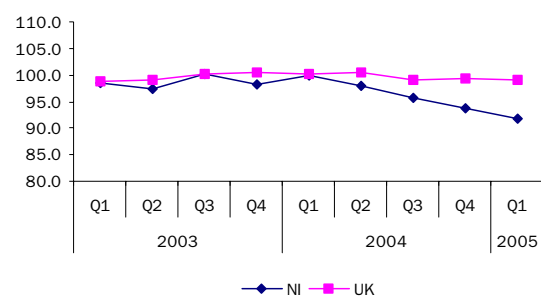
## Seasonally Adjusted Chained Volume Index

# 4

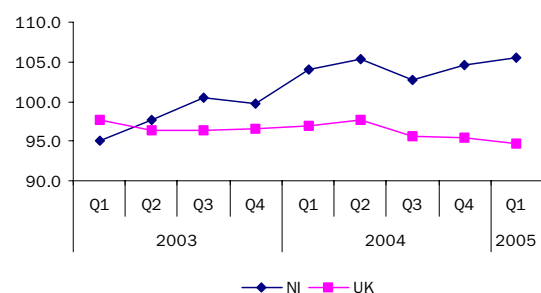
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

Market Sectors			
Sector	Consumer Goods	Intermediate Goods	Investment Goods
Weights	346.0	354.2	299.8
2001	100.0	100.0	100.0
2002	99.4	92.9	93.1
2003	98.6	98.2	96.3
2004	96.8	104.1	97.9
<b>Seasonally Adjusted</b>			
2001 1	98.4	102.3	111.9
2	101.1	100.6	96.2
3	100.4	98.2	97.2
4	100.1	98.9	94.7
2002 1	100.0	93.6	92.4
2	99.2	90.3	95.7
3	100.6	93.8	93.3
4	97.9	93.9	90.9
2003 1	98.4	95.0	92.0
2	97.4	97.7	98.1
3	100.2	100.6	97.8
4	98.3	99.8	97.3
2004 1	99.8	104.0	98.4
2	98.0	105.3	96.6
3	95.6	102.7	97.7
4	93.9	104.5	98.9
2005 1	91.7	105.5	98.7
<b>Percentage change latest quarter on:</b>			
<b>Previous quarter</b>			
	-2.3	0.9	-0.2
<b>Same quarter a year ago</b>			
	-8.2	1.4	0.4

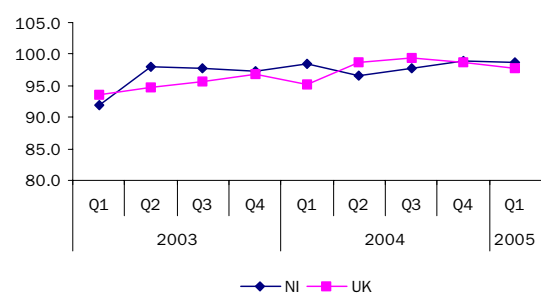
### Consumer Goods



### Intermediate Goods



### Investment Goods



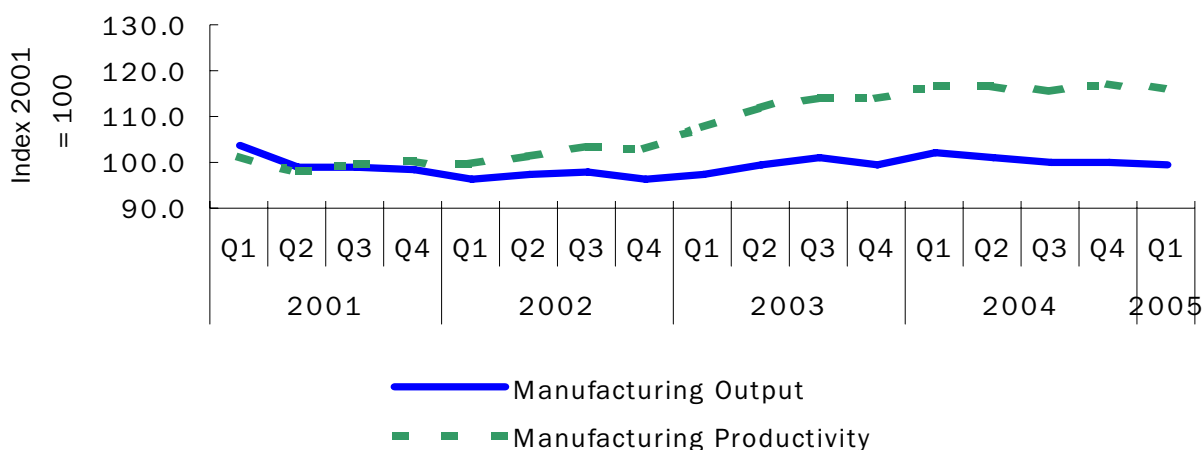
# Index of Manufacturing Productivity 2001=100

## Seasonally Adjusted Chained Volume Index

# 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).

Annual Averages		Quarterly Series	
2001	100.0	2001 1	101.7
		2	98.2
2002	102.0	3	99.8
		4	100.4
2003	112.2	2002 1	100.1
		2	101.5
2004	116.5	3	103.4
		4	103.1
		2003 1	107.8
		2	112.3
		3	114.4
		4	114.3
		2004 1	116.6
		2	116.6
		3	115.7
		4	117.2
		2005 1	116.4



# Background Notes

## 6

**1.** The Northern Ireland Index of Production is designed to provide a general measure of changes in the output of the production industries. The Index is a weighted average of individual series. The overall production index is calculated by weighting together 160 class indices that describe the activity of an industry using the Standard Industrial Classification (SIC). Changes in output are not, however, available on a regular basis and proxy indicators have to be used. For most series, the value of sales, deflated to allow for price changes, is used as the indicator. In the remaining cases, changes in the volume of sales or production, or the number employed are used.

**2.** The Index of Production for Northern Ireland has been rebased to 2001=100 and is now a chained volume index, in Quarter 3 2004, in line with developments in the UK, Scotland and Wales.

The main changes in the 2001=100 series are:

- Each series has been rebased so that the average quarterly output in 2001 is equal to 100.

- The relative weights used to produce the aggregated industries are derived from Gross Value Added data collected from the 2001 Northern Ireland Annual Business Inquiry. Updated weights will more closely reflect current industry structure. Previous weights were derived from the 2000 Annual Business Inquiry.

- All indices were recalculated back to the fourth 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 2001 prices using rebased Producer Price Indices.

- The survey remains a sample-based survey. The new sample amounts to 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.

- Several contributors to the 2000=100 series who were also selected for the 2001=100 series were recoded into different SIC bands using more up-to-date information.

- The underlying trend remains the same in the 2001=100 series as the 2000=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 22 2-digit SIC divisions, which are in turn weighted averages of 56 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 3 of this bulletin. It distinguishes between Consumer, Investment and Intermediate goods. The latter are described as 'intermediate' because they require further processing, perhaps by another industrial sector.

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

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

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

8. Results, particularly for the latest quarter, are provisional and subject to revision as fuller information become available. Data can be revised back for up to four quarters.

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