

NORTHERN IRELAND INDEX OF PRODUCTION: QUARTER 1 2006

Published 12/07/06

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. This publication contains data now rebased to 2003=100 for the first time.

- Results from the Index of Production for the first quarter of 2006 show that output levels increased by 3.7% compared to the previous quarter and rose by 2.9% compared to the same quarter one year earlier.
- Northern Ireland's increase in production over the quarter (3.7%) is greater than the rise recorded in the UK (0.8%). The increase in Northern Ireland production over the year (2.9%) is in contrast to the UK as a whole which fell by 0.9%.
- The performance in manufacturing output in Northern Ireland increased by 3.6% over the quarter, while for the UK an increase of 0.9% was reported. Over the year manufacturing output in Northern Ireland increased by 2.4%, the UK reported an annual decrease of 0.4%.
- The first quarter results showed that manufacturing productivity increased over the quarter by 3.9% and rose by 3.9% compared to the same period last year.

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Department of Enterprise,
Trade and Investment

Northern Ireland Index of Production Quarter 1 2006

July 2006

Contents

- | | |
|---|---|
| 1
Executive Summary
Pages 1-2 | 4
Market Sector
Analysis
Page 8 |
| 2
Output of the
Production Industries
Pages 3-4 | 5
Manufacturing
Productivity
Page 9 |
| 3
Manufacturing
Subsections
Pages 5-7 | 6
Background Notes
Pages 10-11 |

Executive Summary

1

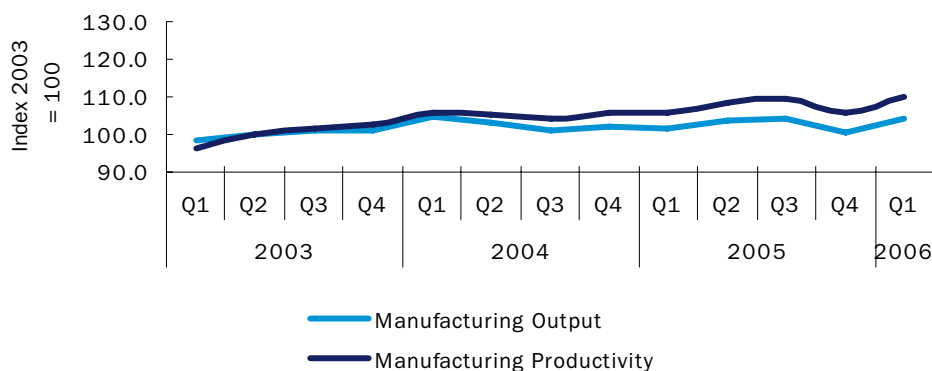
1. Introduction

This bulletin provides information from the Index of Production (IoP) for Northern Ireland. It contains the first set of results to be published using the year 2003 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 2003=100 basis, giving data up to the most recent quarter (Quarter 1 2006). 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 90% of Approximate Gross Value Added (GVA) in the production industries, while production accounts for some 32% of total business Approximate GVA as measured by the Annual Business Inquiry (2003 results). Manufacturing is typically the main determinant of change in the production sector.

Figure 1 – Comparison of manufacturing output with manufacturing productivity Q1 2003 – Q1 2006



2. Overall Production

Output from the overall production industries in January - March (Quarter 1) 2006 increased by 3.7% over the quarter and 2.9% compared to one year earlier.

Northern Ireland's increase in production over the quarter (3.7%) is greater than the rise recorded in the UK (0.8%). The increase in Northern Ireland production over the year (2.9%) is in contrast to the UK as a whole which fell by 0.9%.

3. Manufacturing

The Quarter 1 2006 estimates for the manufacturing sector (the main component of the production industries) show a rise of 3.6% on the previous quarter and an increase (2.4%) compared to the same period one year earlier.

Over the quarter manufacturing output in Northern Ireland increased by 3.6%, while for the UK a quarterly increase of 0.9% was reported. The rise over the year in Northern Ireland (2.4%) is in contrast to the UK which fell by 0.4%.

4. 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 3.9% over the quarter and rose by 3.9% on the same quarter last year.

This reflects the rise in the overall manufacturing output (figure 1).

The most recent Quarterly Employment Survey seasonally adjusted figures published in June 2006 relating to March 2006 recorded a further fall of manufacturing employees to 86,180. This is a decrease of 1.5% compared to 12 months ago.

5. Manufacturing Subsections

Over the quarter, the index for the following industry showed an increase: Total Other Manufacturing (+9.0%), Food, Drink & Tobacco (+7.8%), Basic Metals & Fabricated Metal Products (+4.8%) and Chemicals & Chemical Products (+2.0%)

Over the same period, the index for the following industries showed decreases: Engineering and Allied Industries (-4.0%) and Leather, Textiles & Textile Products (-2.1%).

Over the year, the index for the following industries showed increases: Total Other Manufacturing (+6.9%), Food, Drink & Tobacco (5.4%), Basic Metals & Fabricated Metal Products (+1.9%) and Chemicals & Chemical Products (+1.0%)

Over the same period, the index for the following industries showed decreases: Leather, Textiles & Textile Products (-21.2%) and Engineering and Allied Industries (-1.9%)

6. Other Production

The Electricity, Gas and Water Supply index increased by 2.3% compared to Quarter 4 2005 and increased by 2.3% compared to the same period one year earlier. Mining and Quarrying reported an increase of 12% compared to the previous quarter and increased by 39.7% over the year.

7. Market Sector Changes

Between Quarter 4 2005 and Quarter 1 2006 Consumer Goods rose by 6.6% and Intermediate Goods rose by 6.4%. However, Investment Goods fell by 3.1%. Over the year Intermediate Goods increased by 7.0% and Consumer Goods increased by 2.3%. However, Investment Goods showed a decrease of 1.9%.

8. Date of Next Publication

The Northern Ireland Index of Production for Quarter 2 2006 will be published on Wednesday 18th October 2006.

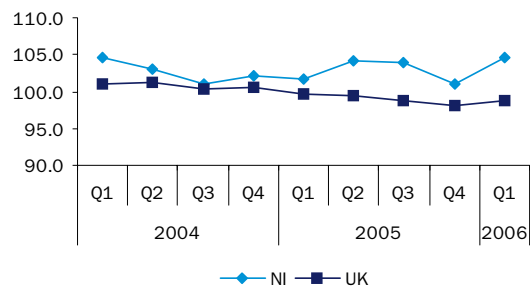
Output of the Production Industries 2003=100, Seasonally Adjusted Chained Volume Index

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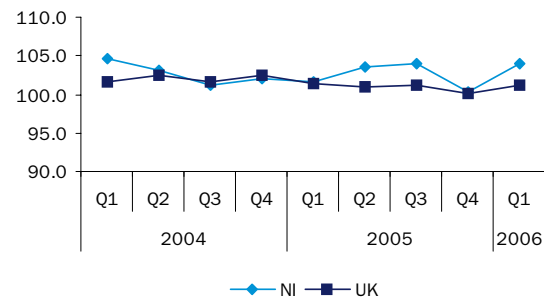
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

Sector Weights	Production Industries			
	Production Industries	Manufacturing	Electricity, Gas & Water Supply	Mining & Quarrying
	C+D+E 1000.0	D 905.1	E 79.7	C 15.2
2003	100.0	100.0	100.0	100.0
2004	102.7	102.7	102.7	102.4
2005	102.7	102.4	104.7	105.7
Seasonally Adjusted				
2003 1	98.1	98.2	97.0	98.9
2	99.7	99.9	98.6	97.9
3	101.1	101.0	102.2	102.9
4	101.0	100.9	102.2	100.3
2004 1	104.6	104.7	105.0	98.4
2	103.1	103.0	103.8	104.0
3	101.1	101.1	101.5	101.6
4	102.0	102.1	100.8	105.7
2005 1	101.7	101.6	104.5	91.3
2	104.1	103.6	108.5	107.8
3	104.0	104.1	101.3	109.8
4	100.9	100.4	104.5	114.0
2006 1	104.6	104.0	106.9	127.6
Percentage change latest quarter on:				
Previous quarter				
	3.7	3.6	2.3	12.0
Same quarter a year ago				
	2.9	2.4	2.3	39.7

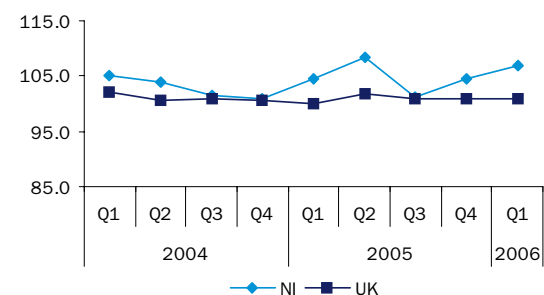
Production



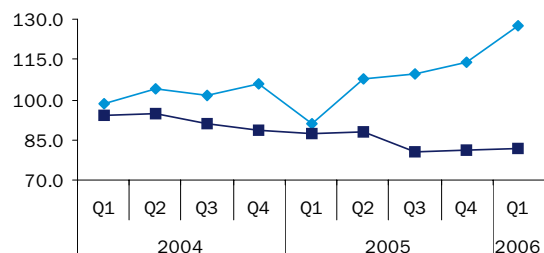
Manufacturing



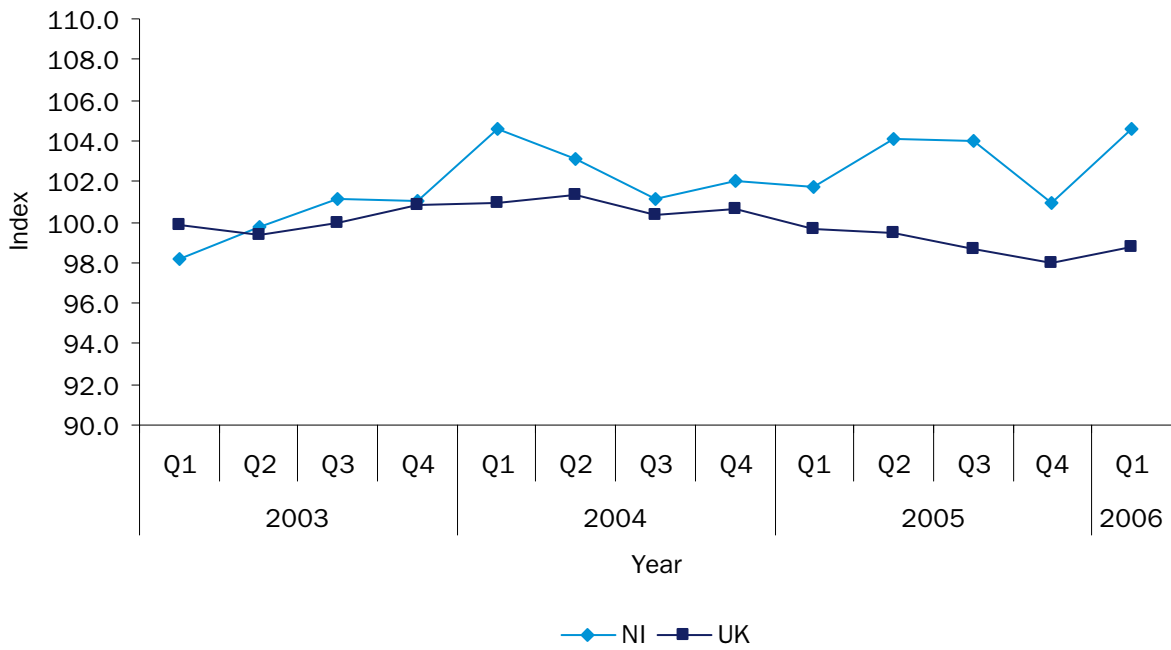
Electricity, Gas & Water



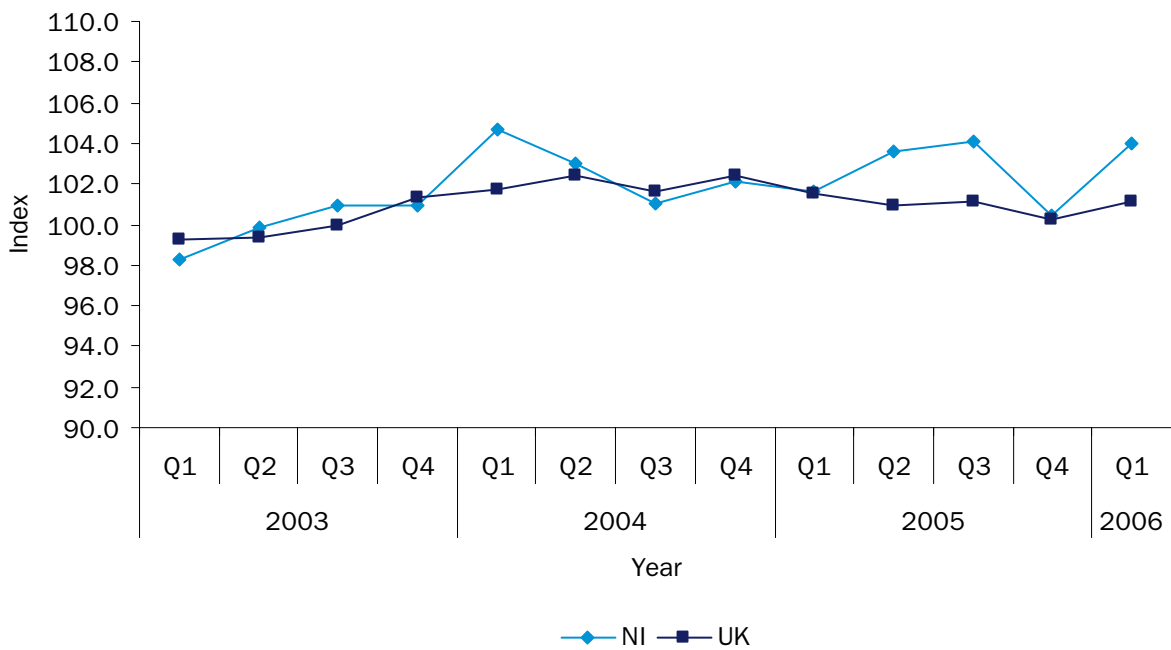
Mining & Quarrying



TOTAL PRODUCTION – Comparison of NI & UK Index



MANUFACTURING OUTPUT – Comparison of NI & UK Index



Manufacturing Subsections 2003=100

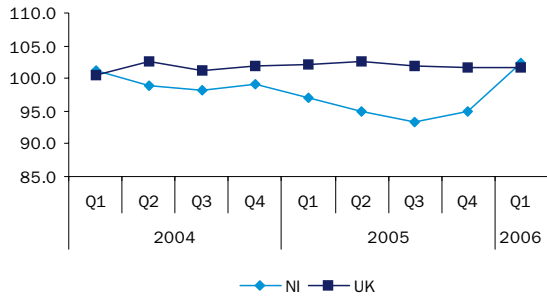
Seasonally Adjusted Chained Volume Index

3

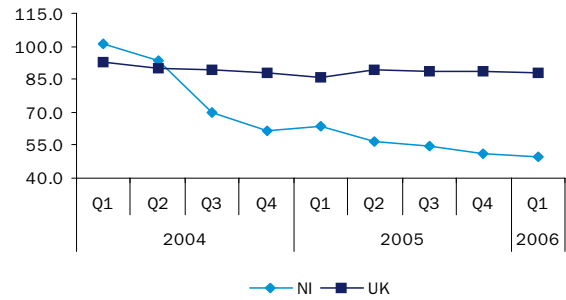
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Sector Weights	Food, Drink & Tobacco DA 291.5	Leather, Textiles & Textile Products DB+DC 41.2	Chemicals & Chemical Products DG 61.5	Basic Metals & Fabricated Metal Products DJ 36.6	Engineering and Allied Industries DK,DL,DM 268.0	Total Other Manufacturing DD, DE,DF, DH,DI, DN 206.3
2003	100.0	100.0	100.0	100.0	100.0	100.0
2004	99.4	81.4	97.2	111.3	101.5	113.3
2005	95.1	56.5	91.2	111.6	112.1	111.2
Seasonally Adjusted						
2003 1	99.5	102.0	99.8	99.0	95.3	98.8
2	99.9	93.7	101.3	100.1	101.2	98.8
3	100.0	108.5	99.8	98.4	101.7	100.8
4	100.6	95.8	99.1	102.5	101.8	101.7
2004 1	101.3	101.3	100.2	110.7	101.7	114.2
2	99.0	93.4	99.3	110.7	99.7	114.7
3	98.3	69.6	97.8	111.4	101.1	110.4
4	99.2	61.2	91.6	112.6	103.4	114.0
2005 1	97.1	63.5	92.1	111.9	105.7	111.4
2	95.0	56.9	91.1	112.5	114.8	112.9
3	93.3	54.3	90.5	113.1	119.8	111.3
4	94.9	51.1	91.2	108.9	108.1	109.2
2006 1	102.3	50.0	93.0	114.0	103.8	119.1
Percentage change latest quarter on:						
Previous quarter						
	7.8	-2.1	2.0	4.8	-4.0	9.0
Same quarter a year ago						
	5.4	-21.2	1.0	1.9	-1.9	6.9

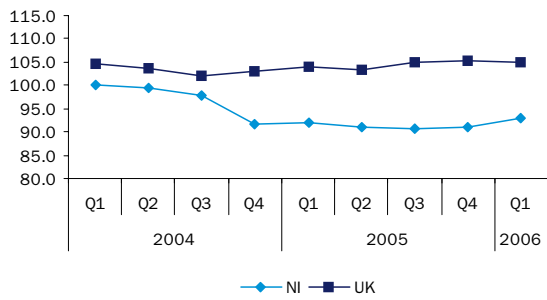
Food, Drink & Tobacco



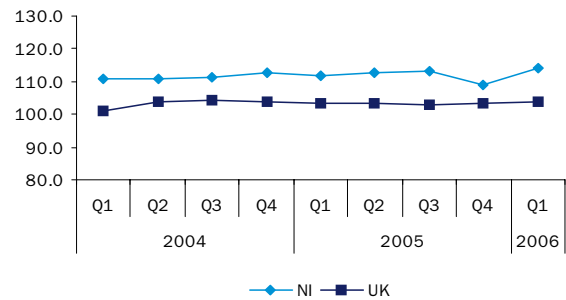
Leather, Textiles & Textile Products



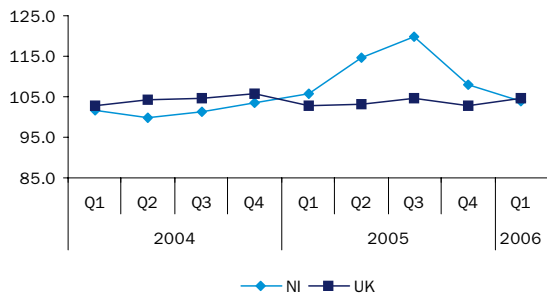
Chemicals & Chemical Products



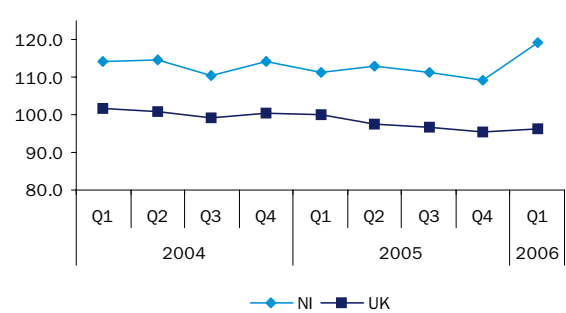
Basic Metals & Fabricated Metal Products



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			
Sector	Machinery & Equipment NES DK	Electrical & Optical Equipment DL	Transport Equipment DM
Weights	55.1	104.5	108.4
2003	100.0	100.0	100.0
2004	105.7	102.3	98.6
2005	117.2	108.3	113.2
Seasonally Adjusted			
2003 1	93.6	99.7	92.1
2	98.5	101.3	102.5
3	101.0	99.6	104.0
4	106.9	99.4	101.4
2004 1	104.1	100.6	101.6
2	101.5	100.1	98.4
3	104.7	102.6	97.9
4	112.4	106.0	96.4
2005 1	107.2	107.9	103.0
2	124.3	110.8	113.8
3	130.2	111.9	122.1
4	107.1	102.6	113.9
2006 1	111.1	98.1	105.5
Percentage change latest quarter on:			
Previous quarter			
	3.7	-4.4	-7.3
Same quarter a year ago			
	3.6	-9.0	2.5

Total Other Manufacturing Industries				
Wood & Wood Products DD	Pulp, Paper & Printing DE	Rubber & Plastic Products DH	Non- metallic Mineral Products DI	Other Manufacturing DF+DN
14.8	55.4	73.2	48.5	14.4
100.0	100.0	100.0	100.0	100.0
104.1	102.6	130.9	105.3	102.1
103.6	99.4	129.6	98.6	113.4
98.0	101.6	97.6	98.3	96.6
99.9	97.4	100.8	97.2	97.5
101.8	99.2	99.7	102.8	104.9
100.4	101.9	101.8	101.7	101.0
102.2	102.0	132.3	109.1	98.2
105.4	102.9	132.9	106.7	104.6
104.5	100.7	127.4	100.9	100.1
104.4	104.8	131.0	104.3	105.3
101.3	101.2	130.2	97.9	110.9
102.8	100.8	131.4	101.5	113.5
106.4	99.3	130.4	97.1	113.7
103.7	96.2	126.4	98.0	115.6
110.8	99.5	138.8	110.7	130.9
6.8	3.4	9.8	13.0	13.2
9.4	-1.7	6.6	13.1	18.0

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Market Sector Analysis 2003=100

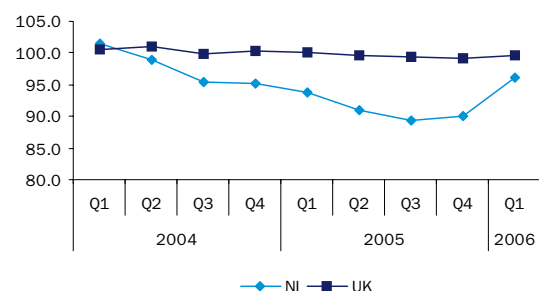
Seasonally Adjusted Chained Volume Index

4

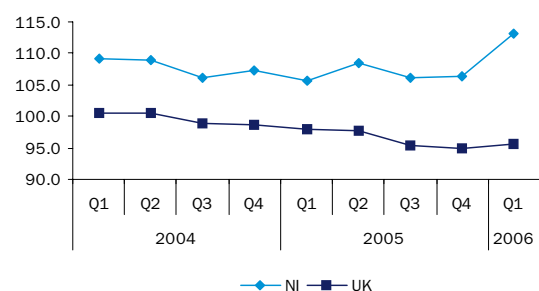
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

Sector Weights	Market Sectors		
	Consumer Goods 356.9	Intermediate Goods 366.8	Investment Goods 276.3
2003	100.0	100.0	100.0
2004	97.7	107.8	102.3
2005	91.1	106.6	112.3
Seasonally Adjusted			
2003 1	100.1	98.4	95.2
2	98.9	99.5	101.2
3	100.6	101.2	101.6
4	100.4	100.9	102.0
2004 1	101.5	109.1	102.6
2	99.0	109.0	100.6
3	95.3	106.1	101.9
4	95.2	107.2	104.1
2005 1	93.9	105.7	106.5
2	91.1	108.4	115.1
3	89.4	106.1	120.0
4	90.1	106.3	107.8
2006 1	96.0	113.1	104.4
Percentage change latest quarter on:			
Previous quarter			
	6.6	6.4	-3.1
Same quarter a year ago			
	2.3	7.0	-1.9

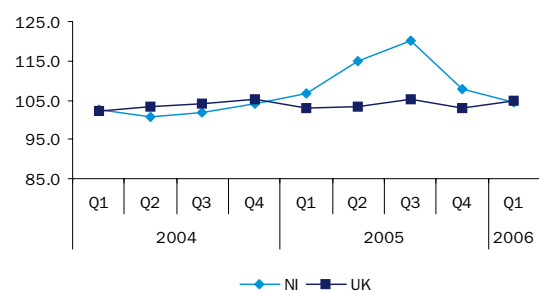
Consumer Goods



Intermediate Goods



Investment Goods



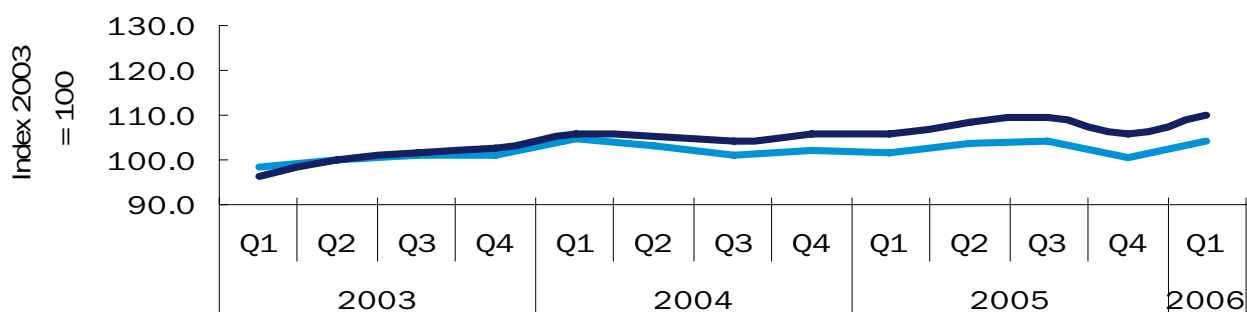
Index of Manufacturing Productivity 2003=100

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	
2003	100.0	2003 1	96.4
		2	99.8
2004	105.3	3	101.4
		4	102.6
2005	107.4		
		2004 1	106.0
		2	105.3
		3	104.0
		4	105.9
		2005 1	105.8
		2	108.6
		3	109.5
		4	105.8
		2006 1	109.9



— Manufacturing Output
 — Manufacturing Productivity

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 2003=100 and is now a chained volume index, in line with developments in the UK, Scotland and Wales.

The main changes in the 2003=100 series are:

- Each series has been rebased so that the average quarterly output in 2003 is equal to 100.

- The relative weights used to produce the aggregated industries are derived from Gross Value Added data collected from the 2003 Northern Ireland Annual Business Inquiry. Updated weights will more closely reflect current industry structure. Previous weights were derived from the 2002 Annual Business Inquiry.

- All indices were recalculated back to the first quarter of 2001 using the revised weights and data from the new sample.

Also, all of the sales-based indicators have been deflated to constant 2003 prices using rebased Producer Price Indices.

- The survey remains a sample-based survey. The 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.

- The underlying trend remains the same in the 2002=100 series as the 2003=100 series.

3. The aggregated production and manufacturing indices are weighted averages of the output indices for the component industrial sectors. The industrial sectors in the first table of Section 2 are calculated by weighting together 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.

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.

9. For Further Information:

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