

NORTHERN IRELAND INDEX OF PRODUCTION: QUARTER 1 2007

Published 18/7/07

The Northern Ireland Index of Production is a quarterly survey of almost 600 companies and is designed to provide a general measure of change in real terms in the output of the Manufacturing, Electricity, Gas & Water and Mining & Quarrying industries. The index uses 2003 as the base year i.e. (2003 = 100).

- Results from the Index of Production for the first quarter of 2007 show output levels fell by 2.2% compared to the same quarter one year earlier and fell by 1.4% 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 0.1%, compared to the same quarter one year earlier. The UK also reported a fall of 0.1% over the quarter.
- Manufacturing comprises the main element of the production index and manufacturing output in Northern Ireland decreased by 2.1% in real terms over the quarter, while for the UK a decrease of 0.4% was reported. Over the year manufacturing output in Northern Ireland decreased by 2.4%, the UK reported an annual increase of 1.0%.
- The first quarter results showed that manufacturing productivity decreased over the quarter by 1.3% and fell by 2.2% compared to the same period last year.

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Department of Enterprise,
Trade and Investment

Northern Ireland Index of Production Quarter 1 2007

July 2007

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Executive Summary

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1. Introduction

This bulletin provides information from the Index of Production (IoP) for Northern Ireland. 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 2007). 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 87% of Approximate Gross Value Added (GVA) in the production industries, while production accounts for some 29% of total business Approximate GVA as measured by the Annual Business Inquiry (2005 results). Manufacturing is typically the main determinant of change in the production sector.

2. Overall Production

Output from the overall production industries in Jan - Mar (Quarter 1) 2007 fell by 1.4% over the quarter and decreased by 2.2% compared to one year earlier.

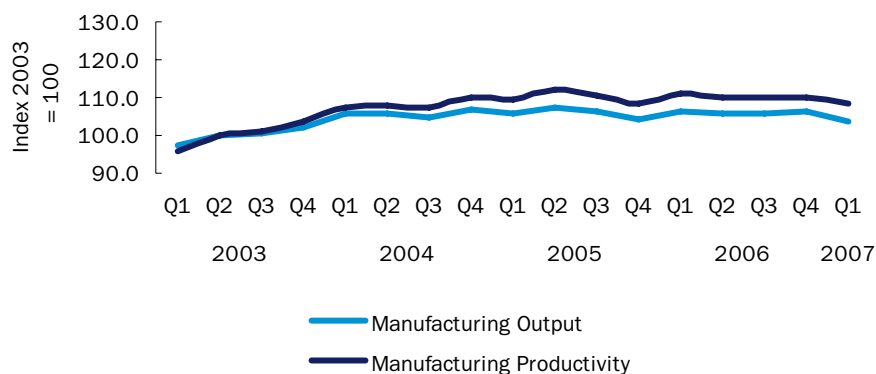
Northern Ireland's decreased production (1.4%) over the quarter was greater than that for the UK as a whole, which fell by 0.1%, over the same period. The decrease in Northern Ireland production over the year (2.2%) was also greater than that for the UK as a whole which fell by 0.1%.

3. Manufacturing

The Quarter 1 2007 estimates for the manufacturing sector (the main component of the production industries) show output decreased by 2.1% compared to the previous quarter and also decreased by (2.4%) compared to the same period one year earlier.

Over the quarter manufacturing output in the UK decreased by 0.4% (compared to a 2.1% decrease in NI). The fall over the year in Northern Ireland (2.4%) was in contrast to the UK which rose by 1.0%.

Figure 1 – Comparison of manufacturing output with manufacturing productivity Q1 2003 – Q1 2007



4. Manufacturing Productivity

The index of manufacturing productivity (which provides a measure of the number of units of output produced per person per hour) decreased by 1.3% over the quarter and fell by 2.2% on the same quarter last year.

The most recent Quarterly Employment Survey seasonally adjusted figures published in June 2007 relating to March 2007 recorded a fall in manufacturing employees to 87,360. This is a decrease of 0.2% compared to 12 months ago.

5. Manufacturing Subsections

Over the quarter, the index for the following industries showed increases in output: Chemicals & Chemical Products (1.3%) and Engineering and Allied Industries (0.7%).

Over the same period, the index for the following industries showed decreases: Leather, Textiles & Textile Products (-10.0%), Total Other Manufacturing (-4.5%), Basic Metals & Fabricated Metal Products (-2.4%) and Food, Drink & Tobacco (-1.8%).

Over the year, the index for the following industries showed increases in output: Basic Metals & Fabricated Metal Products (16.5%), Chemicals & Chemical Products (5.5%) and Total Other Manufacturing (2.0%).

Over the same period, the index for the following industries showed decreases: Leather, Textiles & Textile Products (-9.7%), Food, Drink & Tobacco (-9.4%) and Engineering and Allied Industries (-2.7%).

6. Other Production

The Electricity, Gas and Water Supply index increased by 0.6% compared to Quarter 4 2006, and decreased by 4.2% compared to the same period one year earlier. Mining and Quarrying reported an increase of 19.9% compared to the previous quarter and increased by 23.9% over the year.

7. Market Sector Changes

Between Quarter 4 2006 and Quarter 1 2007 Investment Goods rose by 0.8%, while Intermediate Goods fell by 3.0% and Consumer Goods fell by 1.2%. Over the year Intermediate Goods showed an increase of 1.7%, while Consumer Goods decreased by 7.5% and Investment Goods decreased by 1.7%.

8. Date of Next Publication

The Northern Ireland Index of Production for Quarter 2 2007 will be published on Wednesday 17th October 2007.

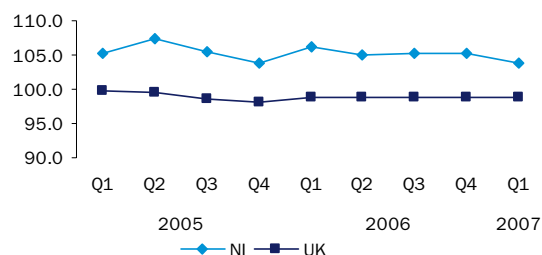
Output of the Production Industries 2003=100, Seasonally Adjusted Chained Volume Index

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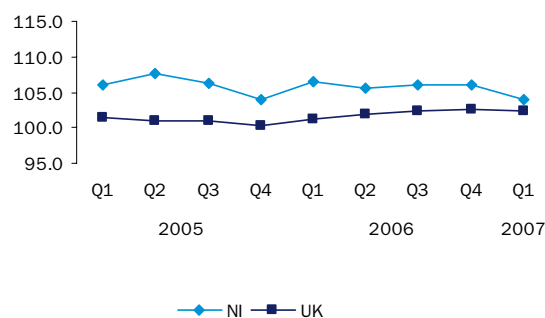
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

	Production Industries			
	Production Industries	Manufacturing	Electricity, Gas & Water Supply	Mining & Quarrying
Sector	C+D+E	D	E	C
Weights	1000.0	883.7	101.5	14.8
2004	105.3	105.8	101.6	102.8
2005	105.5	105.9	101.7	104.8
2006	105.4	106.0	99.0	113.0
Seasonally Adjusted				
2004 1	105.7	106.0	103.3	100.4
2	105.5	105.7	103.9	103.6
3	104.3	104.9	99.5	100.4
4	105.9	106.6	99.8	106.9
2005 1	105.2	105.9	100.2	92.8
2	107.4	107.6	106.0	105.3
3	105.6	106.2	99.4	107.0
4	103.9	104.0	101.1	114.1
2006 1	106.1	106.4	102.5	110.3
2	105.0	105.7	98.2	113.5
3	105.3	106.0	97.8	114.3
4	105.3	106.1	97.6	114.0
2007 1	103.8	103.9	98.2	136.7
Percentage change latest quarter on:				
Previous quarter				
	-1.4	-2.1	0.6	19.9
Same quarter a year ago				
	-2.2	-2.4	-4.2	23.9
Rolling annual change (%)				
	-0.8	-0.6	-4.2	9.6

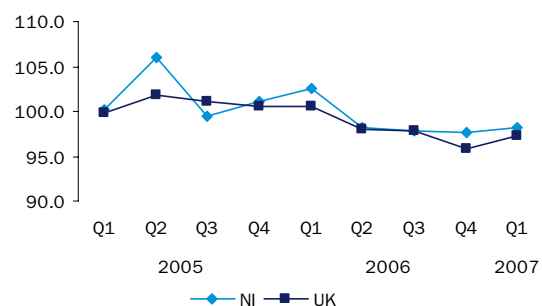
Production



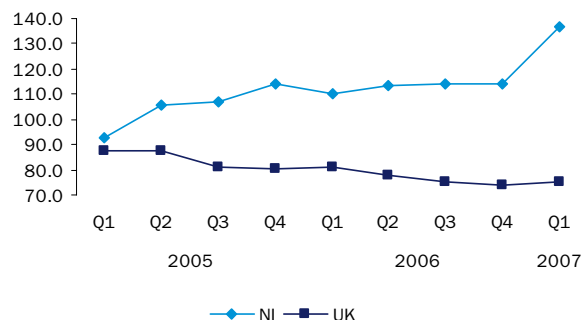
Manufacturing



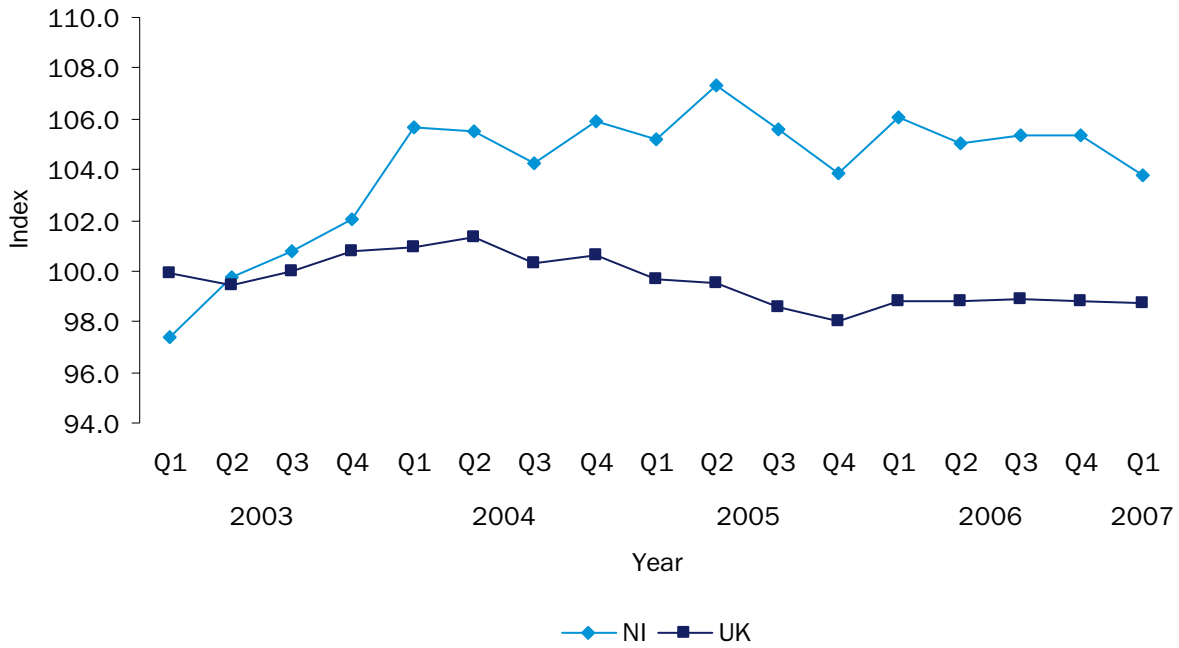
Electricity, Gas & Water



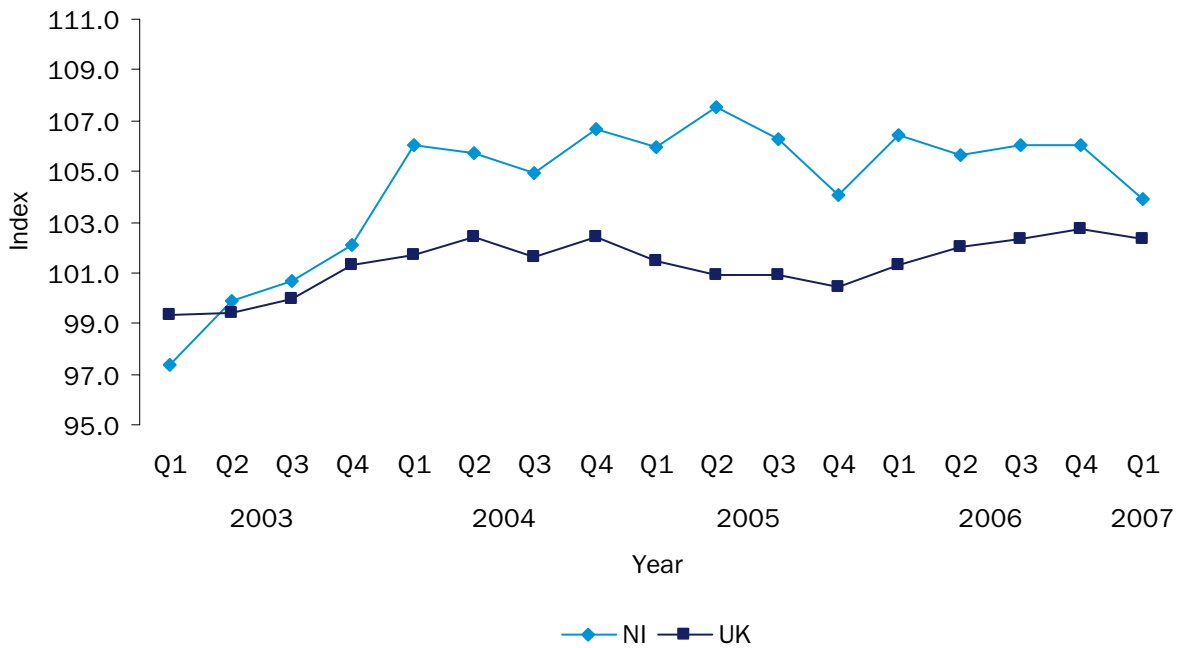
Mining & Quarrying



TOTAL PRODUCTION – Comparison of NI & UK Index



MANUFACTURING OUTPUT – Comparison of NI & UK Index



Manufacturing Subsections 2003=100

Seasonally Adjusted Chained Volume Index

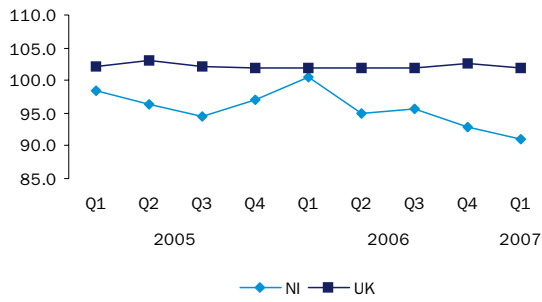
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Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

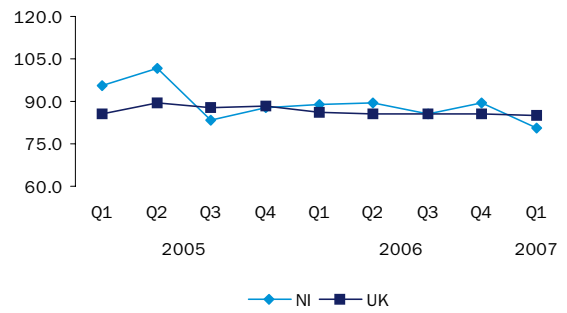
Sector	Food, Drink & Tobacco	Leather, Textiles & Textile Products	Chemicals & Chemical Products	Basic Metals & Fabricated Metal Products	Engineering and Allied Industries	Total Other Manufacturing
Weights	DA	DB+DC	DG	DJ	DK,DL,DM	DD, DE, DF, DH,DI, DN
Weights	294.9	25.1	24.5	43.4	272.7	223.1
2004	99.5	99.9	103.2	115.2	104.0	115.4
2005	96.5	92.0	105.9	112.7	109.0	114.9
2006	96.0	88.4	111.7	121.9	99.2	125.9
Seasonally Adjusted						
2004 1	101.1	102.1	108.2	117.8	102.4	114.9
2	98.8	97.2	103.9	114.8	103.2	117.1
3	98.3	95.0	102.5	115.5	104.2	113.8
4	99.8	105.4	98.2	112.8	106.4	115.9
2005 1	98.4	95.4	104.3	113.6	107.3	114.1
2	96.4	101.5	107.1	113.4	111.5	117.1
3	94.4	83.5	102.2	114.0	112.6	115.6
4	97.0	87.6	110.2	109.7	104.5	112.9
2006 1	100.6	89.0	108.5	110.2	100.8	122.0
2	95.1	89.6	111.1	124.2	101.0	123.0
3	95.6	85.8	114.4	121.7	97.7	128.3
4	92.8	89.2	113.0	131.5	97.4	130.3
2007 1	91.1	80.3	114.5	128.4	98.1	124.5
Percentage change latest quarter on:						
Previous quarter						
	-1.8	-10.0	1.3	-2.4	0.7	-4.5
Same quarter a year ago						
	-9.4	-9.7	5.5	16.5	-2.7	2.0
Rolling annual* change (%)						
	-3.5	-4.6	5.9	13.1	-8.2	8.2

* 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.

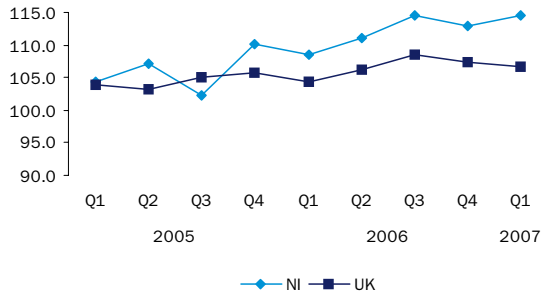
Food, Drink & Tobacco



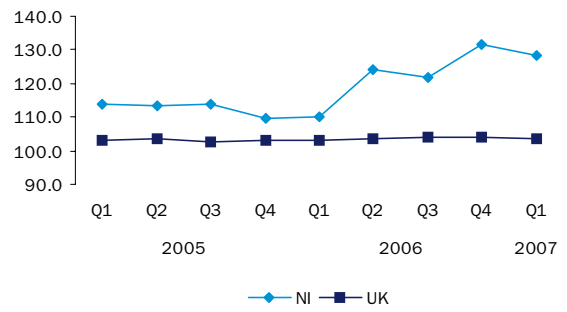
Leather, Textiles & Textile Products



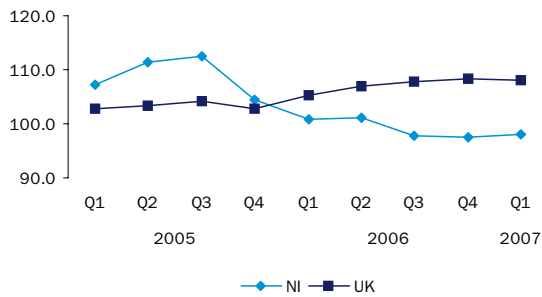
Chemicals & Chemical Products



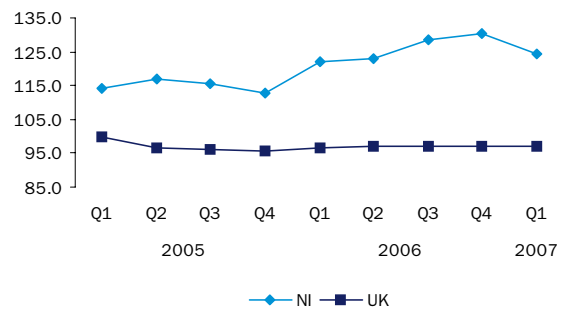
Basic Metals & Fabricated Metal Products



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			
	Machinery & Equipment NES	Electrical & Optical Equipment	Transport Equipment
Sector	DK	DL	DM
Weights	57.4	109.2	106.0
2004	108.0	104.3	101.6
2005	117.1	113.2	100.2
2006	128.8	91.7	91.0
Seasonally Adjusted			
2004 1	106.1	100.8	102.1
2	104.8	102.6	103.0
3	108.1	104.8	101.4
4	113.1	108.9	100.0
2005 1	108.8	112.7	100.9
2	121.9	115.3	101.9
3	127.6	117.7	99.3
4	110.1	107.0	98.9
2006 1	127.2	93.8	93.8
2	124.3	97.9	91.7
3	125.5	89.2	91.3
4	138.0	86.0	87.1
2007 1	136.5	86.6	89.3
Percentage change latest quarter on:			
Previous quarter			
	-1.2	0.6	2.5
Same quarter a year ago			
	7.2	-7.7	-4.8
Rolling annual* change (%)			
	7.7	-17.1	-8.7

Total Other Manufacturing Industries					
Wood & Wood Products	Pulp, Paper & Printing	Rubber & Plastic Products	Non-metallic Mineral Products	Other Manufacturing	
DD	DE	DH	DI	DF+DN	
Weights	16.9	51.5	91.3	48.7	14.6
103.8	103.0	130.6	107.6	104.5	
103.0	99.0	129.6	108.5	114.5	
111.5	97.3	148.4	121.3	118.6	
103.7	100.6	130.8	108.9	98.5	
105.2	105.4	133.3	106.6	106.0	
103.4	102.3	127.9	106.5	103.5	
103.0	103.7	130.2	108.3	110.0	
101.1	97.3	129.2	107.9	114.4	
102.9	100.4	132.9	110.8	114.7	
105.9	99.0	131.2	107.3	116.1	
102.1	99.2	125.1	108.1	112.9	
102.3	96.8	146.8	111.9	112.9	
108.3	95.4	144.8	118.4	116.4	
112.8	97.5	150.6	127.3	119.3	
122.7	99.5	151.2	127.8	125.8	
125.0	104.7	132.9	126.3	135.2	
1.9	5.2	-12.1	-1.2	7.4	
22.2	8.2	-9.5	12.9	19.7	
13.5	0.5	8.1	14.1	8.8	

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.

Market Sector Analysis 2003=100

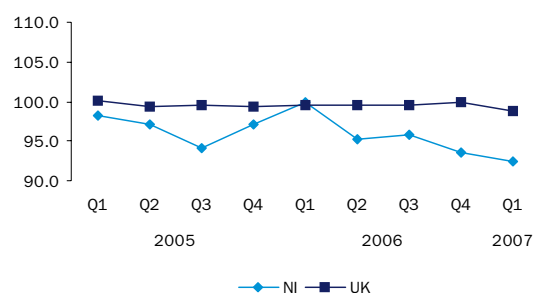
Seasonally Adjusted Chained Volume Index

4

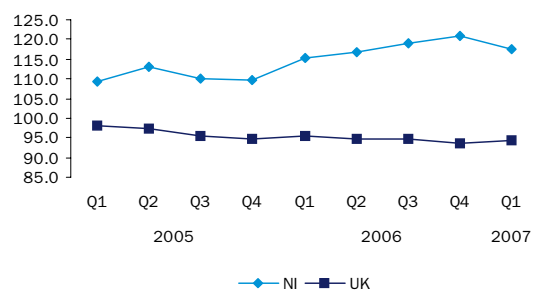
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

Sector Weights	Market Sectors		
	Consumer Goods	Intermediate Goods	Investment Goods
	338.7	378.0	283.3
2004	99.9	110.5	104.9
2005	96.6	110.6	109.3
2006	96.2	118.0	99.7
Seasonally Adjusted			
2004 1	101.6	111.0	103.5
2	99.7	111.7	104.0
3	98.1	109.2	105.0
4	100.3	110.2	107.0
2005 1	98.3	109.3	107.9
2	97.1	112.9	112.2
3	94.1	110.2	113.1
4	97.0	109.8	104.1
2006 1	100.0	115.4	100.9
2	95.2	116.7	101.2
3	95.9	119.1	98.2
4	93.6	121.0	98.4
2007 1	92.5	117.4	99.2
Percentage change latest quarter on:			
Previous quarter	-1.2	-3.0	0.8
Same quarter a year ago			
	-7.5	1.7	-1.7
Rolling annual* change (%)			
	-2.8	5.7	-7.8

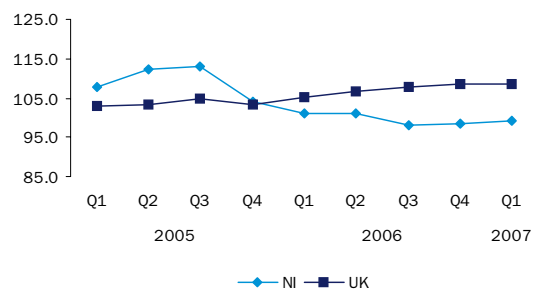
Consumer Goods



Intermediate Goods



Investment Goods



* 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.

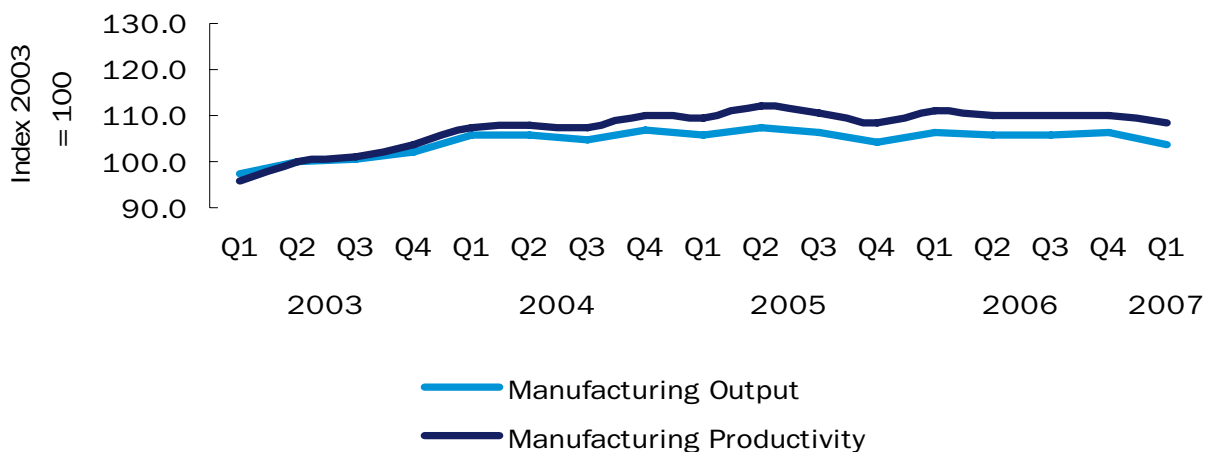
Index of Manufacturing Productivity 2003=100

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	95.5
		2	99.7
2004	108.1	3	101.0
		4	103.9
2005	110.1	2004 1	107.1
		2	107.8
2006	110.2	3	107.5
		4	109.8
		2005 1	109.6
		2	112.3
		3	110.4
		4	108.2
		2006 1	110.9
		2	110.2
		3	109.8
		4	110.0
		2007 1	108.5



Background Notes

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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 25 2-digit SIC divisions, which are in turn weighted averages of 57 group indices.

4. It is also possible to aggregate all individual series to give indices by final use of goods produced. This is known as a market sector analysis and seasonally adjusted estimates are given in Section 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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