

# NORTHERN IRELAND INDEX OF PRODUCTION: QUARTER 2 2005

Published 12/10/05

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 second quarter of 2005 show that output levels rose by 1.1% compared to the same quarter one year earlier and rose by 1.4% compared to the previous quarter.
- Northern Ireland's increased production over the year (1.1%) is in contrast to that for the UK as a whole, which fell by 1.8%. The UK reported no change over the quarter.
- In the manufacturing sector, the main component of the production index, output increased over the year by 0.1% and rose by 0.7% over the quarter.
- The performance in manufacturing output in Northern Ireland increased by 0.1% over the year, the UK reported an annual decrease of 1.1%. Over the quarter, manufacturing output in Northern Ireland increased by 0.7% this was in contrast to the UK where a quarterly decrease of 0.2% was reported.
- The second quarter results showed that manufacturing productivity increased over the quarter by 2.1% and rose by 2.9% 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 2 2005

October 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 fourth 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 2 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 sector.

## 2. Overall Production

Output from the overall production industries in April – June (Quarter 2) 2005 increased by 1.1% compared to one year earlier and rose by 1.4% over the quarter.

Northern Ireland's increased production over the year (1.1%) is in contrast to that for the UK as a whole, which fell by 1.8%. The UK reported no change over the quarter.

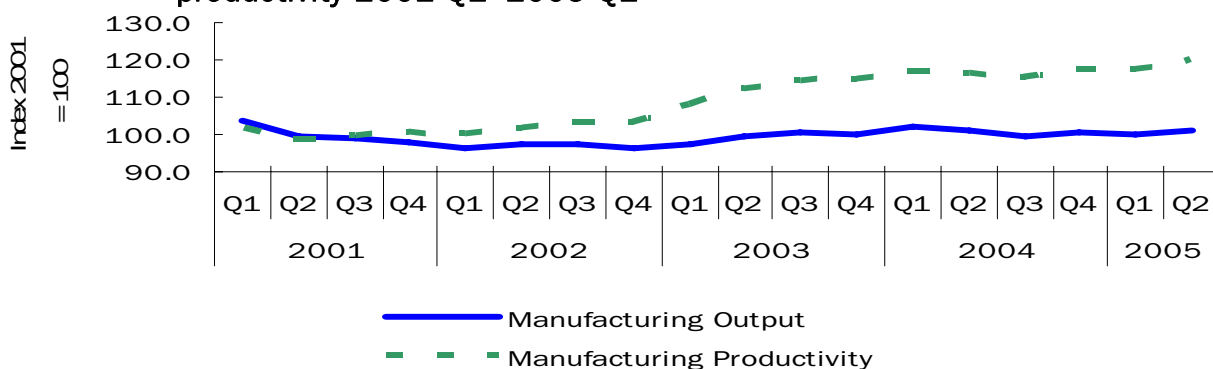
Please note that the UK indexes used in this publication have been rebased to 2002=100, the NI indexes will be rebased to 2002=100 in January 2006. Comparisons between the UK and NI can only be made using percentage changes.

## 3. Manufacturing

The Quarter 2 2005 estimates for the manufacturing sector (the main component of the production industries) show a rise of 0.7% on the previous quarter and an increase of 0.1% compared to the same period one year earlier.

The rise over the quarter in Northern Ireland (0.7%) was in contrast to that in the UK (-0.2%). Northern Ireland's rise in manufacturing output over the year (0.1%) was in contrast to that reported for the UK as a whole where the index decreased by 1.1%.

**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) increased by 2.1% over the quarter and rose by 2.9% on the same quarter last year.

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 September 2005 relating to June 2005; record a further fall in the number of manufacturing employees to 86,900. 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: Total other Manufacturing (1.8%), Engineering & Allied industries (1.6%) and Food, Drink & Tobacco (0.2%).

Over the same period, the index for the following industries showed decreases: Chemicals & Chemical Products (-2.5%), Leather, Textile & Textile Products (-2.1%) and Basic Metals & Fabricated Metal Products (-0.04%).

**Over the year**, the index for the following industries showed increases:

Basic Metals & Fabricated Metal Products (6.3%), Engineering & Allied Industries (5.8%) and Total Other Manufacturing (2.1%).

Over the same period, the following industries showed decreases: Leather, Textiles & Textile Products (-23.5%), Chemicals & Chemical Products (-9.5%) and Food, Drink & Tobacco (-2.0%)

#### **6. Other Production**

The Electricity, Gas and Water Supply index increased by 5.5% compared to Quarter 1 2005, and increased by 9.6% compared to the same period one year earlier. Mining and Quarrying reported an increase of 9.1% compared to the previous quarter and decreased by 4.1% over the year.

#### **7. Market Sector Changes**

Between Quarter 1 2005 and Quarter 2 2005, Intermediate goods rose by 3.0% and Investment goods rose by 1.5% while Consumer goods fell by 0.6%. Over the year Investment goods rose by 6.1% and Intermediate goods rose by 3.0% while Consumer goods fell by 5.3%.

#### **8. Date of Next Publication**

The Northern Ireland Index of Production for Quarter 3 2005 will be published on Wednesday 18th January 2005.

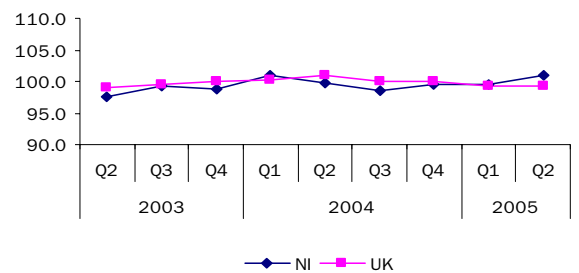
# Output of the Production Industries 2001=100, Seasonally Adjusted Chained Volume Index

# 2

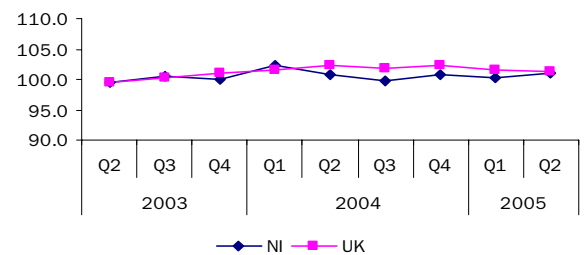
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

Sector	Production Industries C+D+E	Production Industries		
		Manufacturing D	Electricity, Gas & Water Supply E	Mining & Quarrying C
<b>Weights</b>	<b>1000.0</b>	<b>862.9</b>	<b>124.0</b>	<b>13.2</b>
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	103.8	103.5	105.2
2	99.7	99.4	101.2	102.8
3	98.5	98.7	98.0	94.7
4	98.0	98.1	97.3	97.3
2002 1	95.6	96.4	88.4	109.4
2	95.0	97.3	78.5	100.9
3	95.7	97.5	82.2	104.0
4	94.5	96.4	79.7	109.4
2003 1	95.3	97.2	79.7	115.0
2	97.6	99.5	82.9	114.8
3	99.3	100.6	87.9	121.9
4	98.9	100.1	88.8	117.7
2004 1	101.0	102.3	90.2	118.3
2	99.8	100.8	90.1	125.0
3	98.6	99.7	88.6	121.3
4	99.6	100.7	88.8	126.9
2005 1	99.5	100.2	93.6	109.9
2	100.9	100.9	98.8	119.8
<b>Percentage change latest quarter on:</b>				
<b>Previous quarter</b>				
	1.4	0.7	5.5	9.1
<b>Same quarter a year ago</b>				
	1.1	0.1	9.6	-4.1

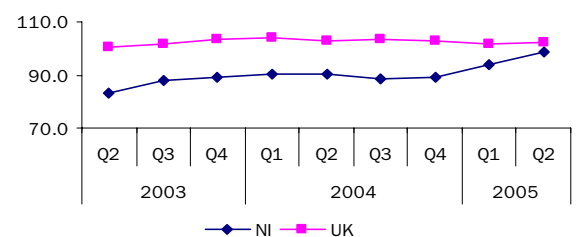
## Production



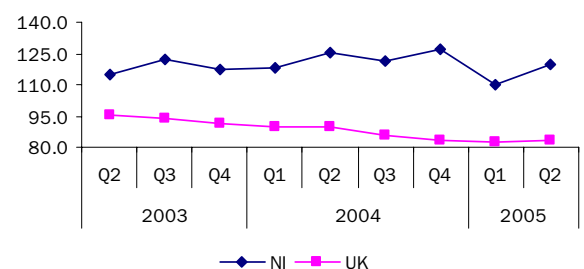
## Manufacturing



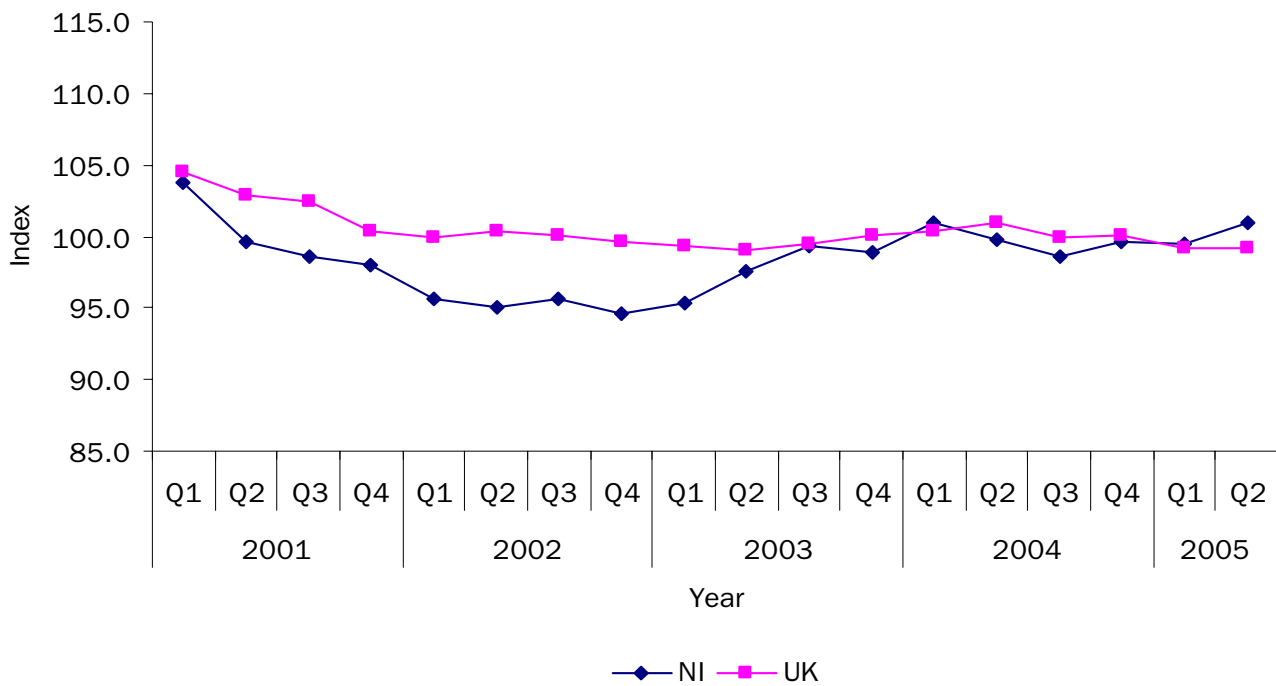
## Electricity, Gas & Water



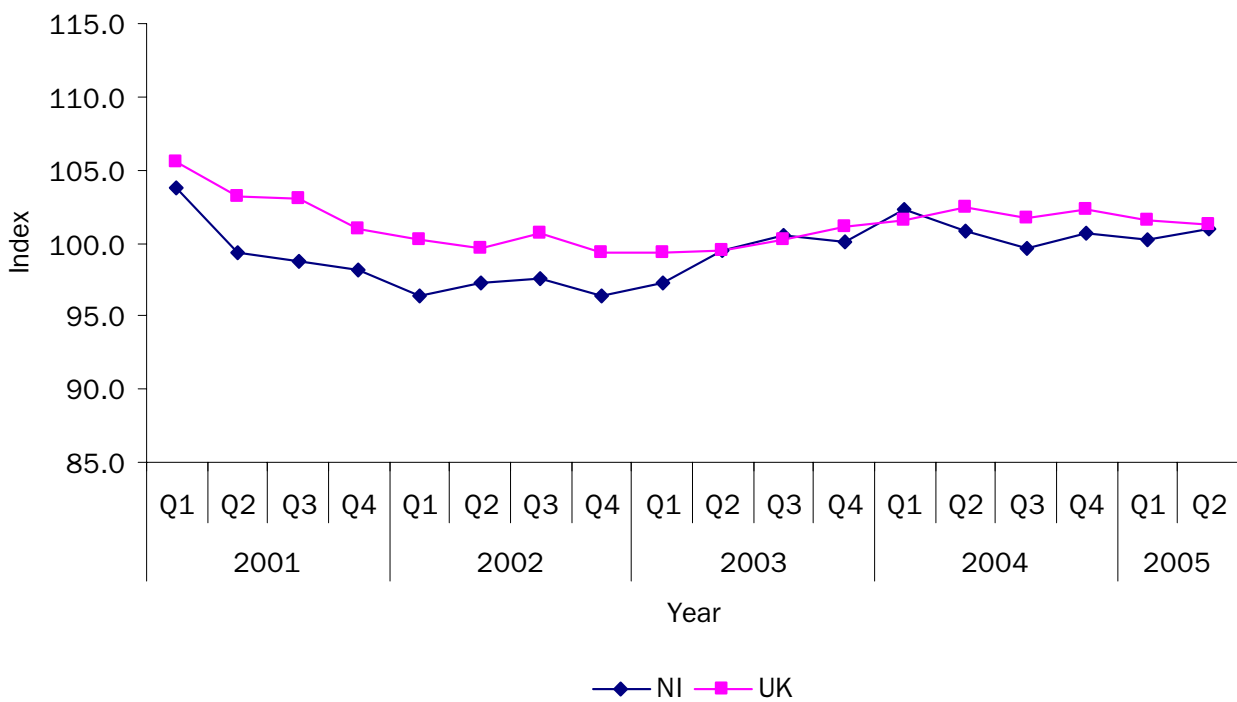
## Mining & Quarrying



## TOTAL PRODUCTION – Comparison of NI & UK Index



## MANUFACTURING OUTPUT – Comparison of NI & UK Index



# Manufacturing Subsections 2001=100

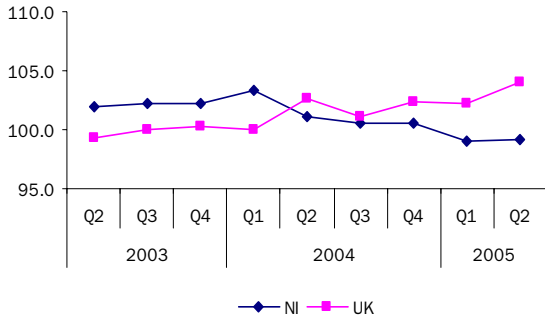
## Seasonally Adjusted Chained Volume Index

# 3

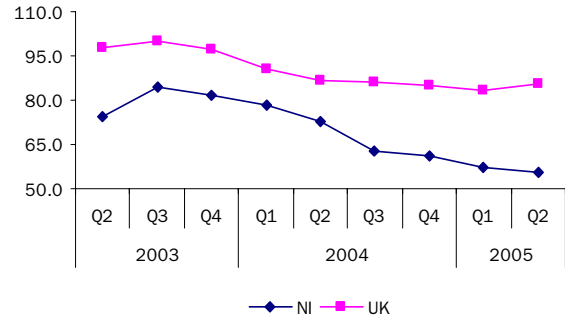
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Sector	Food, Drink & Tobacco DA	Leather, Textiles & Textile Products DB+DC	Chemicals & Chemical Products DG	Basic Metals & Fabricated Metal Products DJ	Engineering and Allied Industries DK, DL, DM	Total Other Manufacturing DD, DE, DF, DH, DI, DN
<b>Weights</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	101.5	86.8	102.9	94.3	92.1	100.9
2003	102.0	79.2	106.8	101.0	94.7	109.2
2004	101.4	68.8	102.6	115.4	95.2	120.9
<b>Seasonally Adjusted</b>						
2001 1	97.4	104.0	98.6	97.4	113.7	98.9
2	101.1	102.1	99.5	101.2	96.4	100.8
3	100.7	97.6	99.7	100.1	96.3	99.6
4	100.8	96.2	102.3	101.3	93.7	100.7
2002 1	102.3	88.6	98.6	92.5	91.6	98.6
2	102.7	84.8	99.6	90.6	95.0	97.7
3	100.8	89.4	106.3	96.2	92.1	102.8
4	100.3	84.4	107.2	97.8	89.4	104.4
2003 1	101.5	76.1	106.3	100.3	90.6	107.6
2	102.0	74.4	109.3	102.0	96.4	107.5
3	102.3	84.7	106.1	99.4	96.2	111.2
4	102.2	81.7	105.6	102.3	95.5	110.7
2004 1	103.3	78.4	106.0	110.7	96.2	119.6
2	101.2	72.9	105.0	113.6	93.5	122.3
3	100.5	62.6	102.2	117.6	94.8	118.6
4	100.6	61.3	97.0	119.8	96.4	123.3
2005 1	99.0	57.0	97.5	120.8	97.4	122.6
2	99.1	55.8	95.1	120.7	99.0	124.9
<b>Percentage change latest quarter on:</b>						
<b>Previous quarter</b>						
	0.2	-2.1	-2.5	0.0	1.6	1.8
<b>Same quarter a year ago</b>						
	-2.0	-23.5	-9.5	6.3	5.8	2.1

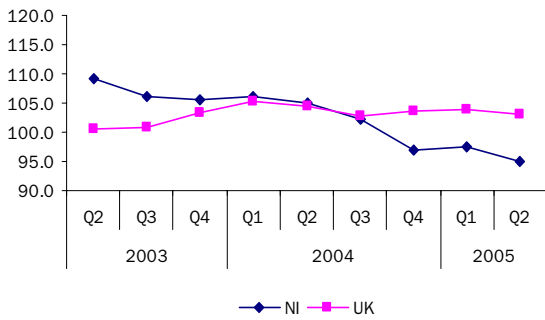
### Food, Drink & Tobacco



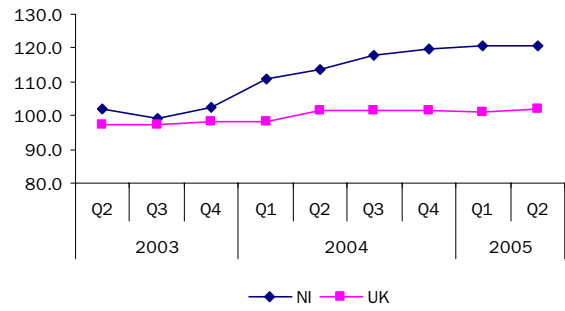
### Leather, Textiles & Textile Products



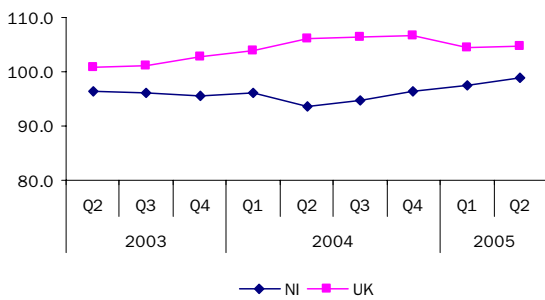
### Chemicals & Chemical Products



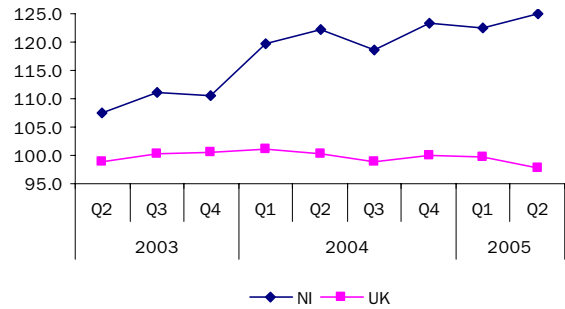
### Basic Metals & Fabricated Metal Products



### Engineering & Allied Industries



### Total Other Manufacturing



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Engineering & Allied Trades				Total Other Manufacturing Industries				
Sector	Machinery & Equipment NES DK	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
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	107.8	86.3	91.9	111.3	100.0	98.3	99.1	109.2
2003	108.3	89.8	94.4	118.6	102.4	107.2	110.6	128.8
2004	118.3	88.8	93.0	125.4	107.5	130.9	120.7	128.3
<b>Seasonally Adjusted</b>								
2001 1	101.3	128.8	103.5	93.6	100.6	99.7	96.7	99.7
2	101.9	89.0	101.5	99.8	102.7	99.6	99.3	102.6
3	98.3	93.2	98.5	100.6	99.1	99.8	99.4	100.3
4	98.6	89.0	96.4	106.0	97.5	100.9	104.6	97.3
2002 1	106.8	80.7	96.6	108.7	99.6	95.2	98.5	99.5
2	111.7	91.4	92.4	108.5	98.7	94.0	95.5	104.7
3	109.9	86.4	91.1	109.7	101.4	100.1	101.5	115.1
4	102.6	86.6	87.3	118.2	100.2	103.9	101.0	117.5
2003 1	101.8	89.1	87.8	116.6	103.4	104.2	108.3	125.8
2	106.0	92.6	96.5	118.4	100.3	107.2	107.8	123.4
3	109.3	89.5	98.0	120.5	102.2	108.3	113.3	138.7
4	116.0	88.1	95.1	118.8	103.9	109.1	112.8	127.5
2004 1	117.1	88.3	96.1	122.3	104.6	129.8	121.4	127.8
2	115.7	85.7	93.0	126.1	107.5	134.1	121.5	129.4
3	117.9	88.7	92.2	126.8	107.2	126.6	117.3	126.1
4	122.5	92.3	90.7	126.2	110.6	133.0	122.9	129.8
2005 1	120.7	94.9	91.3	125.3	107.5	136.6	118.4	131.8
2	135.4	95.2	89.2	128.3	108.1	139.0	122.2	135.1
<b>Percentage change latest quarter on:</b>								
<b>Previous quarter</b>								
	12.1	0.3	-2.2	2.4	0.5	1.7	3.3	2.4
<b>Same quarter a year ago</b>								
	17.0	11.1	-4.1	1.7	0.6	3.6	0.6	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

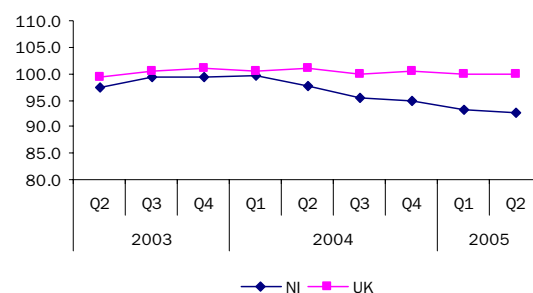
## Seasonally Adjusted Chained Volume Index

# 4

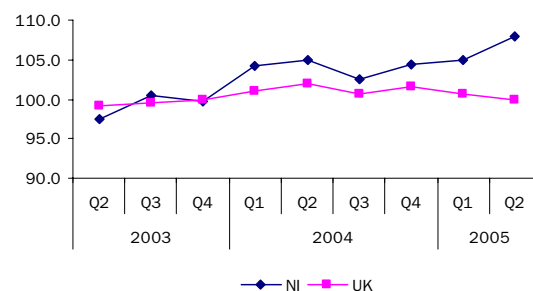
Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Notes to Editors).

Sector	Market Sectors		
	Consumer Goods	Intermediate Goods	Investment Goods
<b>Weights</b>	<b>346.0</b>	<b>354.2</b>	<b>299.8</b>
2001	100.0	100.0	100.0
2002	99.4	92.9	93.1
2003	98.6	98.2	96.3
2004	96.9	104.0	98.0
<b>Seasonally Adjusted</b>			
2001 1	98.3	102.4	111.7
2	101.5	100.6	96.5
3	100.2	98.1	97.2
4	100.0	99.0	94.5
2002 1	100.2	93.8	92.4
2	99.2	90.2	95.8
3	99.9	93.6	93.2
4	98.4	93.9	90.8
2003 1	98.1	95.2	92.1
2	97.3	97.5	98.1
3	99.4	100.4	97.8
4	99.4	99.8	97.3
2004 1	99.6	104.3	98.6
2	97.7	104.9	96.2
3	95.3	102.5	97.7
4	94.9	104.3	99.3
2005 1	93.0	104.9	100.6
2	92.5	108.0	102.1
<b>Percentage change latest quarter on:</b>			
<b>Previous quarter</b>			
	-0.6	3.0	1.5
<b>Same quarter a year ago</b>			
	-5.3	3.0	6.1

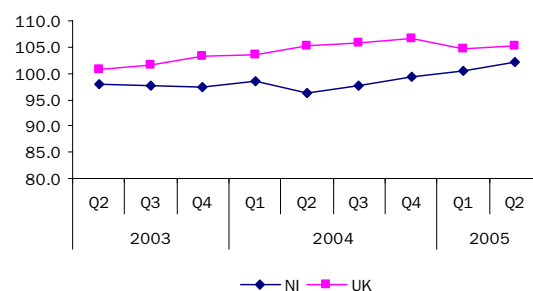
### Consumer Goods



### Intermediate Goods



### Investment Goods



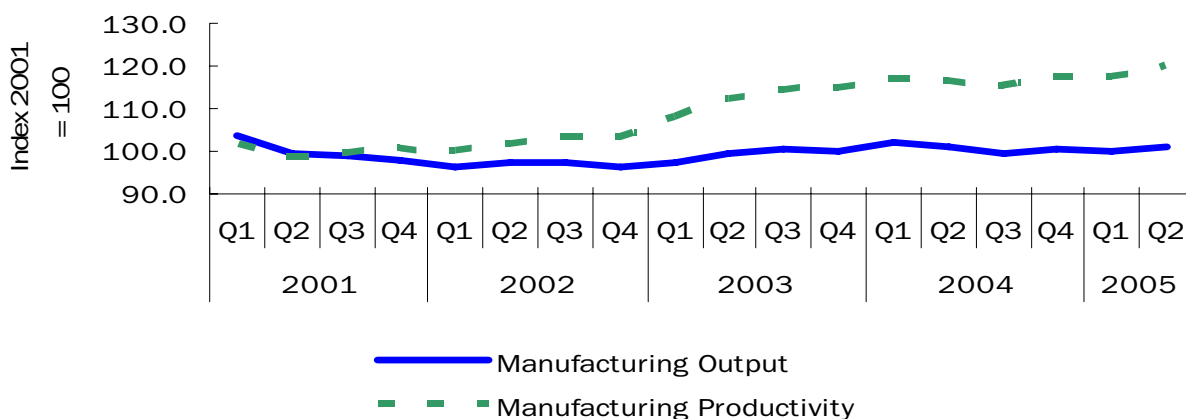
# Index of Manufacturing Productivity 2001=100

## 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	101.6
		2	98.4
2002	102.0	3	99.7
		4	100.3
2003	112.1	2002 1	100.2
		2	101.5
2004	116.6	3	103.1
		4	103.2
		2003 1	107.8
		2	112.2
		3	114.0
		4	114.5
		2004 1	117.0
		2	116.6
		3	115.3
		4	117.4
		2005 1	117.5
		2	120.0



# 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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