

NCB Republic of Ireland Manufacturing PMI[®]



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The NCB Republic of Ireland Purchasing Managers' Index[®] series is produced by Markit Economics, an independent research company that produces highly-regarded surveys of business conditions in nations around the world.

Copies of the report are available on annual subscription from Markit. For subscription details please contact: economics@markit.com

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First decline in manufacturing output since April 2012

Key findings:

- New orders, output and employment all decline
- Fastest fall in new export business since August 2009
- Cost inflation slows

The Irish manufacturing sector fell back into contractionary territory during March amid reports of weaker demand. Lower new orders led firms to reduce their production, employment and purchasing activity. Cost inflation eased over the month, while competitive pressures resulted in a reduction in output prices.

The seasonally adjusted NCB *Purchasing Managers' Index*[®] (PMI[®]) – an indicator designed to provide a single-figure measure of the health of the manufacturing industry – fell below the 50.0 no-change mark, posting 48.6 in March from 51.5 in February. The reading signalled the first deterioration in business conditions in the sector since February 2012.

Manufacturing new orders decreased for the second time in the past three months during March, albeit only slightly. Panellists reported difficult economic conditions. New export orders also fell, and at the sharpest pace since August 2009. Lower new orders from the UK were reported in particular as sterling depreciated against the euro.

After rising in ten successive months, manufacturing production decreased in March. Respondents mainly linked the reduction to the fall in new orders.

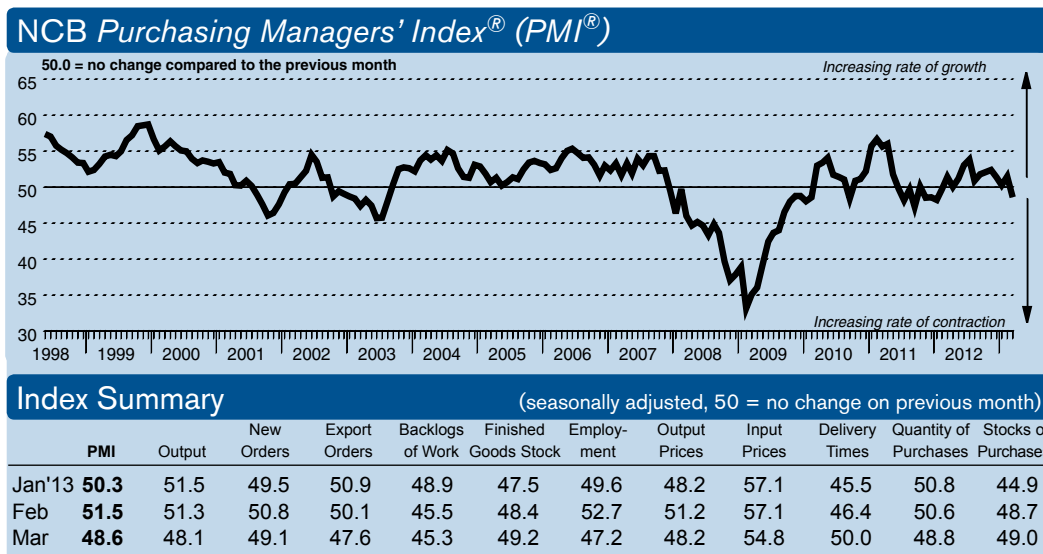
Lower new business was also a factor behind a

further decline in backlogs of work, which decreased at a marked pace that was little-changed from that seen in February. Manufacturers also reduced employment, the second time in the past three months in which that has been the case. The decline in staffing levels was solid, and the fastest since October 2011.

The rate of input cost inflation eased during March, and was the slowest in the current eight-month sequence of rising input prices. Costs still rose, however, amid reports of increased raw material prices. Output prices were lowered for the third time in the past five months, with panellists highlighting strong competition and referencing the weakness of sterling.

Firms reported no change in supplier lead times during March, ending a six-month period of deteriorating performance. Where delivery times shortened, this was linked to lower demand for inputs. Purchasing activity decreased for the first time in three months.

Falling input buying led to a decrease in stocks of purchases, although the latest reduction was only marginal, and slightly slower than seen in February. Stocks of finished goods were also depleted during the month, with respondents indicating that this was due to falling output.

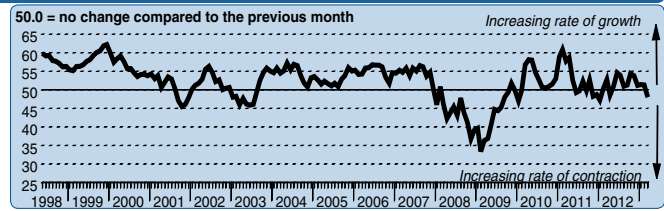


The NCB Purchasing Managers' Index[®] (PMI[®]) is a composite indicator designed to provide an overall view of activity in the manufacturing sector and acts as a leading indicator for the whole economy. The indicator is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of goods purchased. A reading of the PMI below 50.0 indicates that the manufacturing economy is generally declining; above 50.0, that it is generally expanding. A reading of 50.0 signals no change. The greater the divergence from 50.0, the greater the rate of change signalled by the index. The intellectual property rights to the Republic of Ireland Manufacturing PMI provided herein is owned by Markit Economics Limited, NCB use the above marks under licence. Markit and the Markit logo are registered trade marks of Markit Group Limited.

Output Index

Q. Please compare your production/output this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	26.9	56.7	16.3	10.6	55.3	54.4
	Nov	27.6	53.6	18.8	8.8	54.4	53.8
	Dec	27.2	47.2	25.6	1.5	50.8	51.2
2013	Jan	22.7	43.7	33.6	-11.0	44.5	51.5
	Feb	23.1	53.8	23.1	0.1	50.0	51.3
	Mar	23.4	52.9	23.7	-0.3	49.8	48.1

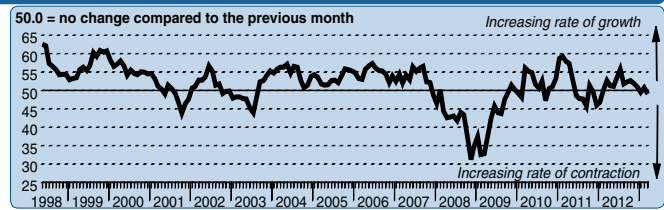


Irish manufacturing production decreased in March, ending a ten-month sequence of growth. According to respondents, the fall in output mainly reflected a drop off in new business. The overall decline was driven by the intermediate and investment goods sectors, while consumer goods producers continued to record growth.

New Orders Index

Q. Please compare the state of your new orders (in units) this month with one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	28.7	47.9	23.4	5.3	52.6	52.7
	Nov	28.6	51.3	20.2	8.4	54.2	51.9
	Dec	27.9	42.6	29.5	-1.6	49.2	50.9
2013	Jan	21.5	42.7	35.8	-14.3	42.9	49.5
	Feb	23.1	56.1	20.9	2.2	51.1	50.8
	Mar	25.5	51.8	22.6	2.9	51.5	49.1

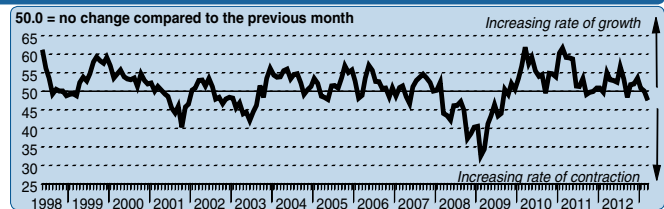


New orders decreased for the second time in the past three months in March, although the rate of contraction was only slight. Panellists reported that difficult economic conditions had led to a fall in demand. As was the case with output, particular weakness was seen in the intermediate and investment goods sectors.

New Export Orders Index

Q. Please compare the state of your new export orders (in units) this month with one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	28.4	50.6	21.0	7.4	53.7	51.8
	Nov	25.0	55.4	19.7	5.3	52.6	52.1
	Dec	26.6	54.2	19.1	7.5	53.7	53.6
2013	Jan	22.2	50.3	27.5	-5.3	47.4	50.9
	Feb	19.1	61.0	19.9	-0.8	49.6	50.1
	Mar	19.2	57.0	23.8	-4.6	47.7	47.6

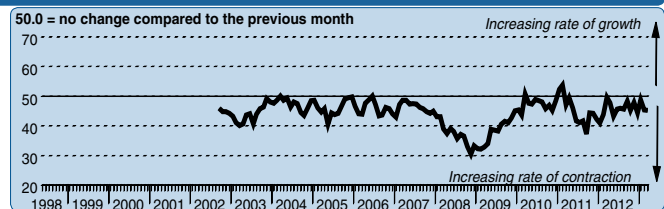


After rising in each of the preceding five months, new export orders contracted in March. Furthermore, the rate of decline was solid, and the sharpest since August 2009. A number of respondents indicated lower new orders from the UK. Close to 24% of panellists reported decreased new business from abroad, against 19% that posted an increase.

Backlogs of Work Index

Q. Please compare the level of outstanding business in your company this month with one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	14.0	63.6	22.4	-8.4	45.8	45.2
	Nov	13.9	72.5	13.6	0.3	50.1	48.0
	Dec	12.7	63.9	23.4	-10.8	44.6	44.4
2013	Jan	20.9	53.5	25.7	-4.8	47.6	48.9
	Feb	14.4	58.7	26.8	-12.4	43.8	45.5
	Mar	13.1	61.3	25.6	-12.6	43.7	45.3

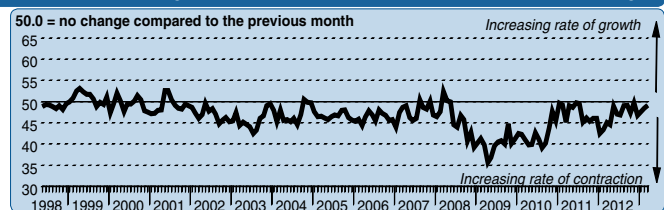


A fall in sales was reportedly the key factor leading to a further reduction in backlogs of work at Irish manufacturers in March. The pace of reduction in work-in-hand was marked, and little-changed from that seen in February. Outstanding business has now decreased in each of the past 25 months.

Stocks of Finished Goods Index

Q. Please compare your stocks of finished goods (in units) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	12.7	68.2	19.0	-6.3	46.9	47.4
	Nov	22.0	61.5	16.5	5.6	52.8	49.8
	Dec	14.2	59.1	26.7	-12.4	43.8	46.8
2013	Jan	16.1	53.5	30.4	-14.3	42.9	47.5
	Feb	14.4	70.4	15.3	-0.9	49.6	48.4
	Mar	18.2	64.4	17.3	0.9	50.4	49.2

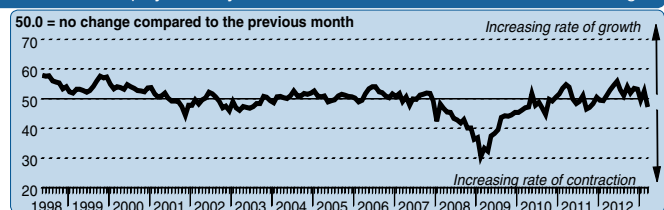


As has been the case in each month since May 2008, stocks of finished goods decreased during March. That said, the pace of reduction slowed for the third month running, and was only slight. Where a depletion of post-production inventories was recorded, firms indicated that this was linked to a decrease in production.

Employment Index

Q. Please compare the level of employment at your unit this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	11.4	79.6	8.9	2.5	51.3	51.9
	Nov	19.2	69.9	10.9	8.4	54.2	53.5
	Dec	14.6	77.2	8.2	6.4	53.2	53.2
2013	Jan	11.7	69.9	18.4	-6.8	46.6	49.6
	Feb	11.8	78.8	9.4	2.5	51.2	52.7
	Mar	11.0	69.8	19.1	-8.1	46.0	47.2

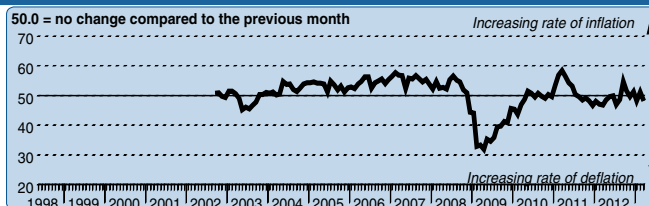


March data pointed to a solid decline in employment at Irish manufacturers, and the sharpest since October 2011. Staffing levels have now decreased in two of the past three months. More than 19% of panellists reported a fall in employment, which they mainly attributed to lower new orders. Meanwhile, 11% of respondents took on extra staff.

Output Prices Index

Q. Please compare the average price that you charge per unit of output (volume weighted) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	10.8	80.8	8.5	2.3	51.1	51.7
	Nov	5.2	86.6	8.1	-2.9	48.5	49.7
	Dec	6.9	85.8	7.2	-0.3	49.9	51.3
2013	Jan	8.6	83.5	7.9	0.7	50.3	48.2
	Feb	10.5	83.3	6.2	4.3	52.2	51.2
	Mar	8.4	80.5	11.0	-2.6	48.7	48.2

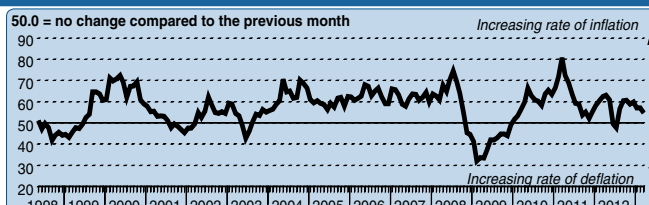


The seasonally adjusted Output Prices Index continued to fluctuate around the 50.0 no-change mark, dipping slightly below it in March. Prices charged have decreased in three of the past five months. Reports from panellists suggested that competitive pressures had been the main factor leading to the reduction in charges, with the weakness of sterling compared with the euro contributing to this.

Input Prices Index

Q. Please compare the average price of your purchases (volume weighted) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	26.6	67.3	6.0	20.6	60.3	60.7
	Nov	15.9	78.4	5.7	10.2	55.1	59.0
	Dec	18.5	76.2	5.3	13.2	56.6	59.9
2013	Jan	19.7	73.5	6.8	12.9	56.5	57.1
	Feb	18.5	74.9	6.6	11.9	55.9	57.1
	Mar	16.1	77.4	6.5	9.6	54.8	54.8

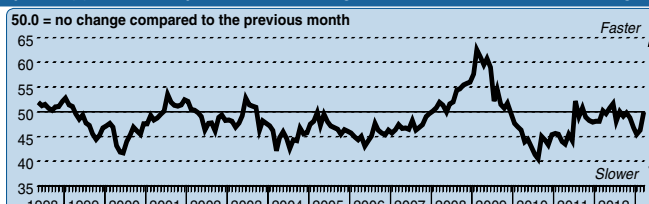


Although input prices continued to increase during March, the rate of inflation eased and was the slowest in the current eight-month sequence of rising costs. The latest increase was also weaker than the series average. Those respondents that reported a rise in input prices mainly linked this to higher raw material costs.

Suppliers' Delivery Times Index

Q. Please compare your suppliers' delivery times (volume weighted) this month with one month ago.

		Faster %	Same %	Slower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	1.6	96.1	2.3	-0.7	49.7	49.8
	Nov	2.9	91.7	5.3	-2.4	48.8	48.8
	Dec	0.8	93.6	5.5	-4.7	47.6	46.8
2013	Jan	1.3	90.9	7.8	-6.5	46.8	45.5
	Feb	3.9	86.9	9.2	-5.4	47.3	46.4
	Mar	4.9	92.1	3.0	1.9	50.9	50.0

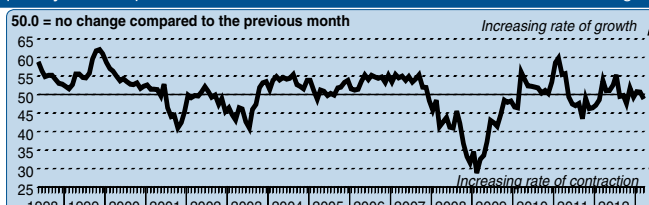


Suppliers' delivery times were unchanged during March. This followed a solid lengthening of lead times in the previous month and ended a six-month period of deteriorating vendor performance. Anecdotal evidence suggested that while low stock levels at suppliers had resulted in longer lead times in some cases, weaker demand for inputs led some firms to record quicker deliveries.

Quantity of Purchases Index

Q. Please compare the quantity of items purchased (in units) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	22.3	51.6	26.0	-3.7	48.1	47.6
	Nov	27.1	52.2	20.7	6.3	53.2	51.8
	Dec	25.7	44.8	29.5	-3.8	48.1	49.3
2013	Jan	27.3	41.2	31.5	-4.1	47.9	50.8
	Feb	19.3	62.8	18.0	1.3	50.7	50.6
	Mar	20.8	60.4	18.9	1.9	50.9	48.8

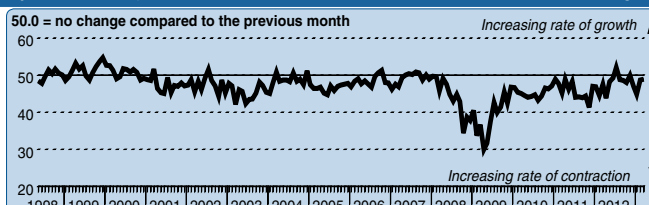


Irish manufacturing firms lowered their input buying for the first time in three months during March, albeit only slightly. Respondents indicated that falling sales was the main factor leading them to reduce their purchasing activity. Input buying fell at intermediate and investment goods firms, but rose at consumer goods producers.

Stocks of Purchases Index

Q. Please compare your stocks of purchases (in units) this month with the situation one month ago.

		Higher %	Same %	Lower %	Net +/-	Index 50=no chg	S.Adj. Index
2012	Oct	13.2	68.7	18.1	-4.9	47.5	48.1
	Nov	19.3	64.4	16.3	3.0	51.5	49.9
	Dec	14.4	60.2	25.4	-10.9	44.5	47.0
2013	Jan	13.0	61.3	25.7	-12.7	43.7	44.9
	Feb	12.4	77.0	10.6	1.7	50.9	48.7
	Mar	15.6	68.0	16.4	-0.8	49.6	49.0



Stocks of purchases continued to decrease in March, extending the current sequence of reduction to eight months. However, the rate of depletion slowed for the second month running, and was only marginal. According to panellists, reduced purchasing in line with lower demand had led to the decrease in stocks of purchases.

Notes on Data and Survey Methodology

The NCB Republic of Ireland Manufacturing PMI[®] is based on data compiled from monthly replies to questionnaires sent to purchasing executives in 285 industrial companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on industry contribution to Irish GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are

convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

The *Purchasing Managers' Index*[®] (PMI[®]) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction. The PMI is designed to show a convenient single-figure summary of the health of the manufacturing sector.

Price Changes / Supply Shortages

(as reported by purchasing managers in March)

Key to 1992 Manufacturing SIC codes, as used in the following tables

Prices on this page refer to the prices paid by Irish purchasing managers for items purchased by their manufacturing unit. The 1992 standard industry classification (SIC) codes of the companies that reported the changes are shown. For example, under the heading 'Metals' in the Items Up in Price table, machined metal was reported to have risen in price for the 2nd consecutive month by companies in the Optical Equipment industry (SIC 33). Where an item has been reported up or down

in price, or in short supply, the number of consecutive months for which that item is listed relates to the number of months that any company in any industry has reported that item. Please note that sometimes items may be listed as having both risen and fallen in price in the same month. This may reflect differences in the sourcing of items by different companies (for example, a difference between domestic and import prices), or variations in quantities purchased or other factors.

15/16 Food, drink & tobacco manufacturing	23 Coke, petroleum and fuel manufacture	30 Office machinery & data processing equipment
17 Textile industry	24 Chemical Industry	31 Electrical machinery
18 Wearing apparel	25 Rubber & plastic products	32 Radio, television, and communication equipment
19 Leather & leather products	26 Non-metallic mineral products	33 Optical equipment
20 Wood & wood products	27 Basic metal manufacturing	34 Motor vehicle & parts
21 Pulp, paper & paper products	28 Fabricated metal products	35 Other transport equipment
22 Printing, publishing & reproduction of recorded media	29 Machinery & equipment not specified elsewhere	36/37 Other manufacturing

Items in Short Supply

(with 1992 SIC shown for the industries reporting a change)

Electrical/Electronic	SIC	Chemicals	SIC	Food	SIC
Electronic Assemblies	33	Maltodextrin	24	Beef	15
Electronic Components	31			Offal	15
				Salmon - 2nd consecutive month	15

Items Down in Price

(with 1992 SIC shown for the industries reporting a change)

Metals	SIC	Chemicals	SIC	Food	SIC
Aluminium	28	Vitamin B	15	Barley - 3rd consecutive month	15
Steel Materials	29	Vitamin E - 2nd consecutive month	15	Corn - 3rd consecutive month	15
				Distillers' Grain	15
				Eggs - 3rd consecutive month	15
				Turkey Butterfly	15
				Wheat	15

Items Up in Price

(with 1992 SIC shown for the industries reporting a change)

Metals	SIC	Food	SIC	Energy	SIC
Iron	28	Beef	15	Diesel - 2nd consecutive month	26
Machined Metal - 2nd consecutive month	33	Bread	15	Electricity	28
Steel - 3rd consecutive month	28	Butter	15	Energy	21
		Flour - 2nd consecutive month	15	Fuel	28
		Full-fat Milk Powder	15	Natural Gas	24
		Lamb	15	Oil - 7th consecutive month	26
		Milk Powder (Skimmed)	15		
		Soya Hulls - 4th consecutive month	15	Miscellaneous	SIC
		Soya Meal	15	Fabrications	33
		Whey Powder	15	Ingredients	15
				Materials	25, 29
				Raw Materials - 2nd consecutive month	24
				Tarmac	26

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Markit Economics

Now available for 32 countries and also for key regions including the Eurozone, Purchasing Managers' Indexes (PMIs) have become the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.

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