

NORTHERN IRELAND INDEX OF PRODUCTION: QUARTER 4 2008

Published 22/04/09

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 (IOP) for the fourth quarter of 2008 show output levels fell sharply in real terms compared to the previous quarter (-4.8%). This is the second consecutive quarter in which output has fallen after peaking in Q2 2008. Output levels were also lower compared to the same quarter one year earlier with a decline of 5.2% recorded. The UK as a whole reported a decrease over the quarter of 4.5% and a fall over the year of 7.5%. The UK Index has declined for four consecutive quarters, reaching its highest point in Quarter 4 2007.
- Manufacturing comprises the main element of the production index. Manufacturing output for Q4 2008 fell by 5.5% compared to the previous quarter; the UK reported a fall of 4.9% over the same period. This is the second consecutive quarterly fall in NI Manufacturing output. The index also recorded a decrease of 6.3% in manufacturing output compared to the same period one year earlier: The UK as a whole fell by 7.9%.
- NI manufacturing output over the last four quarters increased by 0.5% compared to the previous four quarters, the UK recorded a fall of 2.6%.
- Eleven out of the twelve manufacturing sub sectors have shown a decrease in output over the year. The overall fall (-6.3%) has been driven by the performance of companies in the manufacture of Machinery & Equipment (down 29.5%), Basic Metals & Fabricated Metal Products (-19.7%), Electrical and Optical Equipment (down 9.8%) and Non metallic Mineral Products (-18.5%). The manufacture of Food, Drink and Tobacco reported an increase over the year of 8.9%.
- The fourth quarter results showed that manufacturing productivity decreased by 3.9% over the quarter. When compared to the same quarter one year earlier manufacturing productivity is down 3.8%.



Department of Enterprise,
Trade and Investment

Northern Ireland Index of Production Quarter 4 2008

April 2009

Contents

1

Executive Summary
Pages 1-2

2

Output of the
Production Industries
Pages 3-4

3

Manufacturing
Subsections
Pages 5-8

4

Market Sector
Analysis
Page 9-10

5

Manufacturing
Productivity
Page 11

6

Background Notes
Pages 12-13

Annexe 1

Page 14-15

Executive Summary

1

Introduction

This bulletin provides information from the Index of Production (IoP) for Northern Ireland (NI). 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 4 2008). Disaggregated data for manufacturing subsections and by market sector are also presented. comparative UK data are presented where these are available.

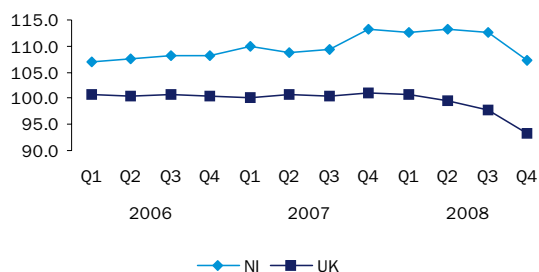
Manufacturing comprised some 88% of Approximate Gross Value Added (GVA) in the production industries, while production accounts for some 28% of total business Approximate GVA as measured by the Annual Business Inquiry (ABI) 2003 results. Manufacturing is typically the main determinant of change in the production sector. Manufacturing subsection has been included to provide more detail on the performance of the manufacturing sector.

Northern Ireland Production

Results from the Index of Production (IOP) for the fourth quarter of 2008 show output levels fell sharply in real terms compared to the previous quarter (-4.8%). This is the second consecutive quarter in which output has fallen after peaking in Q2 2008. Output levels were also lower compared to the same quarter one year earlier with a decline of 5.2% recorded. The UK as a whole reported a decrease over the quarter of 4.5% and a fall over the year of 7.5%. The UK Index has declined for four consecutive quarters, reaching its highest point in Quarter 4 2007.

Production in NI & UK (2003=100)

Figure 1



The growth in Northern Ireland's Production sector over the most recent four quarters (+1.1%) compared to the previous four quarters is in contrast to that recorded by the UK (-2.7%) over the same period.

NI production has increased by 0.9% from Q4 2004 to Q4 2008 compared to an estimated decrease of 7.2% recorded for the UK as a whole over the same period.

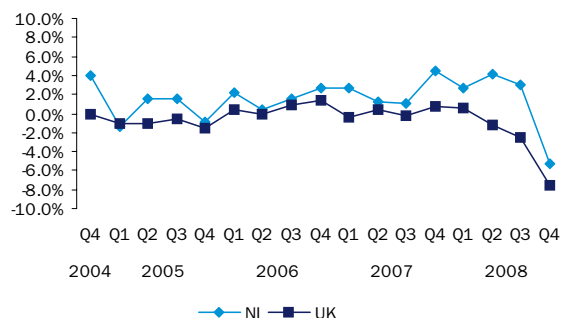
Production – growth trend

Figure 2 illustrates the annual percentage change in output in the production sector over time. In Q4 2004 the annual percentage growth in the production sector was 3.9%. Annual growth then fell to -1.4% in Q1 2005. In Q4 2007 the annual growth rate peaked at 4.5%. Q4 2008 reports a decline in the rate to -5.2%.

Production - % change on a year earlier

NI v UK
(2003=100)

Figure 2



Manufacturing

Manufacturing output for Q4 2008 fell by 5.5% compared to the previous quarter; the UK reported a fall of 4.9% over the same period. This is the second consecutive quarterly fall in NI manufacturing output. The index also recorded a decrease of 6.3% in manufacturing output compared to the same period one year earlier; the UK as a whole fell by 7.9%.

NI manufacturing output over the last four quarters increased by 0.5% compared to the previous four quarters, the UK recorded a fall of 2.6%.

Manufacturing Subsections

Over the quarter, the index for the following industries showed an increase: Food, Drink and Tobacco (0.1%) and Chemicals and Chemical Products up 1.5%.

Over the same period the following industries recorded decreases: Leather and Textiles (-19.5%), Basic Metals & Fabricated Metal Products (-14.2%), Engineering & Allied Industries (-8.0%) and Total Other Manufacturing (-6.7%).

Over the year, the index for the following industry showed an increase: Food, Drink & Tobacco (8.9%).

Over the same period, the index for the following industries showed decreases: Leather, Textiles & Textile Products (-27.5%), Basic Metals & Fabricated Metal Products (-19.7%), Engineering and Allied Industries (-11.8%), Total Other Manufacturing (-10.5%) and Chemicals & Chemical Products (-5.9%).

Over the latest four quarters, compared to the same period one year earlier (i.e. Q1 2007 – Q4 2007 to Q1 2008 – Q4 2008), the strongest performing subsections which recorded estimated increases were: Food, Drink and Tobacco (7.3%) and Basic Metals and Fabricated Metal Products (3.8%).

Over the same period the subsections reporting falls were Leather, Textiles and Textile Products sector (-17.2%), and Total Other Manufacturing (-4.3%), Engineering and Allied Industries (-0.7%) and Chemicals and Chemical Products (-0.3%).

Other Production

The Electricity, Gas and Water Supply index increased by 3.3% compared to Quarter 3 2008, and rose by 11.1% compared to the same period one year earlier.

Mining and Quarrying reported a decrease of 13.8% compared to the previous quarter and decreased by 32.6% over the year.

Over the latest four quarters the Electricity, Gas and Water sector increased by 10.7%, the Mining and Quarrying sector decreased by 16.8%.

Market Sector Changes

Between Quarter 3 2008 and Quarter 4 2008 decreases were reported in all market sectors. Investment Goods fell by 9.1%, Intermediate Goods by 5.1% and Consumer Goods by 0.2%.

Over the year the Consumer Goods sector reported an increase of 6.2%. Investment Goods were down 14.6% and Intermediate Goods down 6.2% over the same period.

Over the latest four quarters, Consumer Goods rose by 5.1% while Investment Goods decreased by 1.1%, and Intermediate Goods fell by 0.2%.

Manufacturing Productivity

The index of manufacturing productivity (which provides a measure of the number of units of output produced per person per paid hour) decreased by 3.9% over the quarter and by 3.8% on the same quarter last year.

The most recent Quarterly Employment Survey seasonally adjusted figures published in March 2009 relating to December 2008 reported a fall in the number of manufacturing employees (85,590). This is a decrease of 3.5% compared to 12 months earlier.

Methodological changes

The IOP is a 'real' measure of changes on output and is adjusted for changes on prices using deflators supplied by the Office of National Statistics (ONS). The deflators supplied from the ONS have changed in line with methodological improvements. From Q4 2008 these new deflators have been applied for the Northern Ireland Index of Production. Please see Notes section for further information.

Date of Next Publication

The Northern Ireland Index of Production for Quarter 1 2009 will be published on Wednesday 15th July 2009.

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

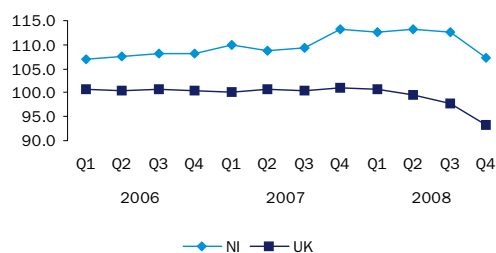
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Output from the overall production industries in October- December (Quarter 4 2008) fell by 4.8% over the quarter and 5.2% compared to one year earlier. This is the second consecutive quarter in which output has fallen after peaking in Q2 2008.

Northern Ireland's production levels decreased over the quarter (-4.8%), the UK also reported a falls of 4.5% over the quarter and 7.5% over the year.

Total Production in NI & UK (2003=100)

Figure 3



Over the latest four quarters compared to the same four quarters one year earlier the Production sector in NI has increased by 1.1% compared to a fall of 2.7% reported by the UK.

NI production has increased by 0.9% from Q4 2004 to Q4 2008 compared to an estimated decrease of 7.2% recorded for the UK as a whole over the same period.

The next page focuses on the broad sectors within Production. Manufacturing is the main component of the production sector accounting for some 88% of Approximate Gross Value Added (GVA) within the overall production sector.

Table 1

Sector	Production Industries			
	Production Industries C+D+E	Manufacturing D	Electricity, Gas & Water Supply E	Mining & Quarrying C
Weights	1000.0	883.7	101.5	14.8
2004	105.8	106.2	101.6	105.7
2005	106.0	106.5	101.7	107.4
2006	107.8	108.6	99.0	117.5
2007	110.3	111.4	96.6	135.0
2008	111.4	111.9	107.0	112.3
Seasonally Adjusted				
2004 1	106.2	106.6	103.3	102.7
2	105.6	105.8	103.8	106.4
3	105.0	105.6	99.7	103.0
4	106.2	106.9	99.8	110.9
2005 1	104.8	105.5	99.9	93.5
2	107.1	107.3	105.8	106.6
3	106.6	107.4	99.8	109.4
4	105.4	105.6	101.1	120.2
2006 1	107.0	107.5	101.9	111.7
2	107.6	108.5	98.0	117.1
3	108.2	109.2	98.5	119.7
4	108.2	109.2	97.5	121.5
2007 1	109.8	110.8	97.4	134.4
2	108.8	110.1	94.1	132.0
3	109.3	110.5	95.1	136.7
4	113.1	114.2	99.7	136.7
2008 1	112.7	113.5	103.2	130.1
2	113.3	113.9	106.5	120.1
3	112.6	113.3	107.2	106.8
4	107.2	107.0	110.8	92.1
Percentage change latest quarter on:				
Previous quarter				
	-4.8	-5.5	3.3	-13.8
Same quarter a year ago				
	-5.2	-6.3	11.1	-32.6
Rolling Average				
	1.1	0.5	10.7	-16.8

Manufacturing - (weight 88.4%)

The manufacturing index covers those businesses primarily involved in the mechanical, physical or chemical transformation of materials, substances or components into new products.

Manufacturing output in Northern Ireland for Q4 2008 fell by 5.5% compared to the previous quarter. The UK over the same period reported a similar fall of 4.9%. NI recorded a decrease of 6.3% in manufacturing output compared to the same period one year earlier; the UK as a whole fell by 7.9%. (See figure 4).

NI manufacturing output over the last four quarters increased by an estimated 0.5% compared to the previous four quarters, which is in contrast to the fall recorded in the UK (-2.6%).

Electricity, Gas & Water Supply - (weight 10.1%)

The Electricity, Gas and Water Supply sector covers the provision of electric power, natural gas, steam and water supply through a permanent infrastructure.

This sector index increased by an estimated 3.3% over the quarter compared to a decrease of 1.3% in the UK. Over the year, the sector recorded an increase of 11.1% compared to fall of 4.4% in the UK. (See figure 5).

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 10.7% compared to a decrease of 0.2% in the UK.

Mining and Quarrying - (weight 1.5%)

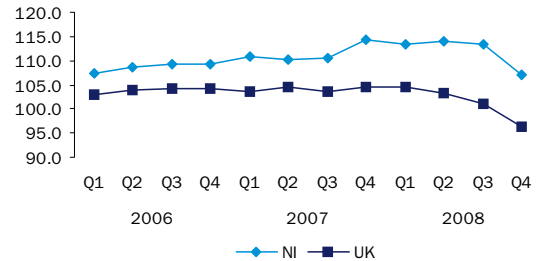
Mining and Quarrying includes those businesses involved in the extraction of minerals occurring naturally as solids, liquids or gases.

The Mining and Quarrying index decreased by an estimated 13.8% over the quarter compared to a decrease of 3.2% in the UK. Over the year, the sector decreased by 32.6% compared to a decrease of 8.8% in the UK. (See figure 6).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 16.8% compared to a decrease of 6.6% in the UK.

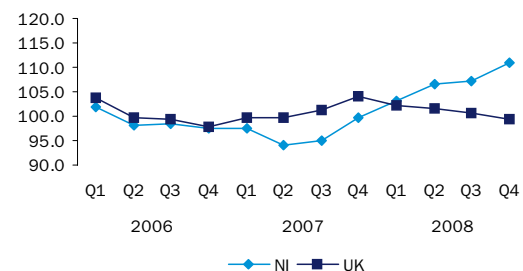
Manufacturing NI & UK (2003=100)

Figure 4



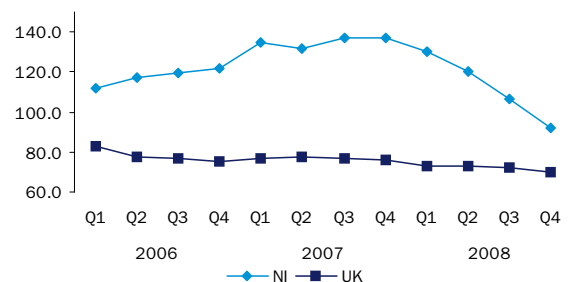
Electricity, Gas & Water NI & UK (2003=100)

Figure 5



Mining & Quarrying NI & UK (2003=100)

Figure 6



Manufacturing Subsections 2003=100

Seasonally Adjusted Chained Volume Index

3

Food, Drink & Tobacco - (weight 29.5%)

The Food, Drink and Tobacco index increased by an estimated 0.1% over the quarter compared to a decrease of 1.4% in the UK. (See figure 7).

Over the year, the NI Food, Drink and Tobacco output increased by 8.9% compared to a decrease of 3.3% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 7.3%, compared to a decrease of 2.1% in the UK.

Food, Drink & Tobacco (2003=100)

Figure 7



Engineering & Allied Industries - (weight 27.3%)

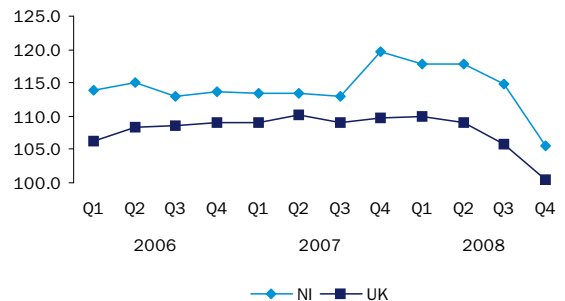
The Engineering & Allied Industries index decreased by an estimated 8.0%, the UK also reported a fall over the quarter of 5.0%. (See figure 8).

Over the year, the NI Engineering & Allied Industries decreased by 11.8% compared to a decrease of 8.4% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 0.7% compared to a decrease of 2.9% in the UK.

Engineering & Allied Industries (2003=100)

Figure 8



Total Other Manufacturing - (weight 22.3%)

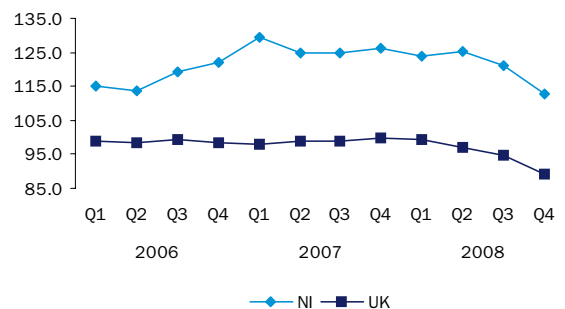
The Total Other Manufacturing index decreased by an estimated 6.7% over the quarter, the UK also reported a similar fall of 5.8% over the same period. (See figure 9).

Over the year, the NI Total Other Manufacturing index fell by 10.5% which is similar to the fall reported by the UK (-10.9%).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 4.3% which again is similar to the fall reported in the UK -4.0%.

Total Other Manufacturing (2003=100)

Figure 9



Basic Metals & Fabricated Metal Products - (weight 4.3%)

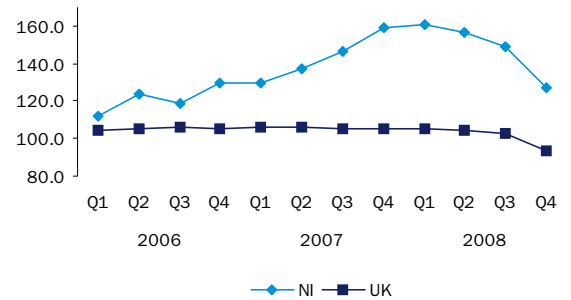
The Basic Metals & Fabricated Metal Products index decreased by an estimated 14.2% over the quarter compared to a fall of 9.4% in the UK. (See figure 10).

Over the year, the NI Basic Metals & Fabricated Metal Products decreased by 19.7% compared to a decrease of 11.6% in the UK.

However, over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 3.8% which is in contrast to a decrease of 4.1% in the UK.

Basic Metals & Fabricated Metal Products (2003=100)

Figure 10



Leather, Textiles & Textile Products - (weight 2.5%)

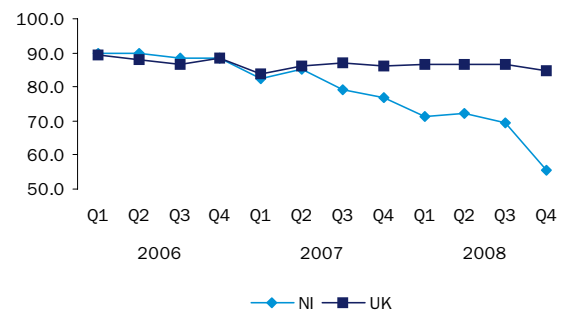
The Leather, Textiles & Textile Products index decreased by an estimated 19.5% over the quarter compared to a fall of 2.4% in the UK. (See figure 11).

Over the year, NI Leather, Textiles & Textile Products decreased by 27.5% compared to a fall of 1.5% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 17.2% which is in contrast to an increase of 0.4% in the UK.

Leather, Textiles & Textile Products (2003=100)

Figure 11



Chemicals & Chemical Products - (weight 2.4%)

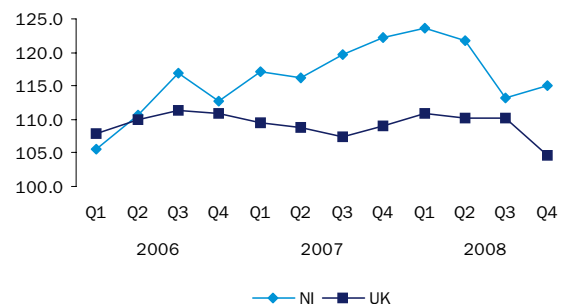
The Chemicals & Chemical Products index increased by an estimated 1.5% over the quarter compared to a decrease of 5.2% in the UK. (See figure 12).

Over the year, the NI Chemicals & Chemical Products fell by 5.9% compared to an decrease of 4.0% reported in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 0.3% compared to an increase of 0.3% in the UK.

Chemicals & Chemical Products (2003=100)

Figure 12



See Tables 2 and 3 overleaf for more detailed information on each series.

Table 2

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
	294.9	25.1	24.5	43.4	272.7	223.1
2004	97.6	100.5	103.5	115.0	106.5	116.6
2005	91.6	92.4	105.3	113.0	113.4	118.0
2006	96.5	89.2	111.4	120.9	113.9	117.5
2007	94.3	81.0	118.8	143.0	114.9	126.2
2008	101.2	67.1	118.4	148.4	114.1	120.8
Seasonally Adjusted						
2004 1	98.4	103.2	106.8	118.6	106.5	115.8
2	97.6	96.8	103.5	114.6	104.4	117.8
3	97.5	97.6	104.4	114.7	105.9	115.3
4	96.7	104.4	99.3	112.2	109.2	117.7
2005 1	92.5	96.1	103.5	113.3	109.6	117.4
2	91.9	100.7	106.2	113.3	113.9	119.3
3	90.7	86.2	102.6	113.6	117.6	118.7
4	91.4	86.6	108.8	111.6	112.4	116.7
2006 1	96.9	89.8	105.5	112.2	114.0	114.9
2	97.7	90.0	110.6	123.4	115.1	113.6
3	97.6	88.4	116.9	118.7	113.0	119.4
4	94.0	88.5	112.7	129.5	113.6	122.1
2007 1	93.5	82.3	117.1	129.4	113.5	129.2
2	93.6	85.3	116.2	137.2	113.4	125.0
3	94.0	79.3	119.6	146.4	113.1	124.6
4	96.1	77.0	122.2	158.9	119.8	126.0
2008 1	97.3	71.3	123.5	160.9	117.9	123.8
2	98.2	72.0	121.9	156.5	117.9	125.5
3	104.5	69.3	113.3	148.7	114.9	121.0
4	104.7	55.8	115.0	127.5	105.6	112.8
Percentage change latest quarter on:						
Previous quarter						
	0.1	-19.5	1.5	-14.2	-8.0	-6.7
Same quarter a year ago						
	8.9	-27.5	-5.9	-19.7	-11.8	-10.5
Rolling Average						
	7.3	-17.2	-0.3	3.8	-0.7	-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).

* 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.

Table 3

Engineering & Allied Trades				Total Other Manufacturing Industries				
	Machinery & Equipment NES	Electrical & Optical Equipment	Transport Equipment	Wood & Wood Products	Pulp, Paper & Printing	Rubber & Plastic Products	Non-metallic Mineral Products	Other Manufacturing
Sector	DK	DL	DM	DD	DE	DH	DI	DF+DN
Weights	57.4	109.2	106.0	16.9	51.5	91.3	48.7	14.6
2004	107.2	107.6	104.9	105.1	103.6	132.2	108.5	106.0
2005	117.6	123.4	100.8	105.5	100.7	132.6	113.9	116.6
2006	124.6	126.9	94.8	114.6	95.0	127.1	122.5	123.7
2007	136.7	127.7	89.9	118.2	98.2	142.1	126.0	136.2
2008	123.4	122.1	100.7	107.7	95.9	143.6	107.6	125.1
Seasonally Adjusted								
2004 1	106.7	104.8	108.0	104.5	101.3	132.6	108.3	100.0
2	103.5	106.6	102.6	106.1	105.5	133.8	107.9	107.6
3	107.7	106.8	104.0	105.6	103.1	129.4	108.0	104.8
4	111.0	112.2	105.0	104.2	104.4	132.9	109.9	111.5
2005 1	112.1	117.3	100.2	104.6	100.5	132.3	112.1	117.1
2	122.4	120.7	102.3	103.4	101.7	134.5	115.6	116.9
3	127.3	128.6	101.0	109.4	100.6	133.6	113.6	117.8
4	108.5	126.8	99.7	104.7	100.2	129.9	114.3	114.8
2006 1	123.6	124.5	98.0	106.4	96.6	125.9	115.7	118.3
2	119.9	130.6	96.6	109.6	92.5	121.7	119.2	123.5
3	121.8	126.6	94.2	116.6	94.9	128.2	128.1	124.7
4	133.1	125.7	90.4	125.8	95.9	132.6	127.0	128.2
2007 1	131.7	128.3	88.5	126.1	99.9	144.0	130.4	139.7
2	133.1	129.6	86.0	118.9	97.7	141.2	124.8	127.9
3	137.0	125.3	87.6	113.5	98.1	139.6	125.3	134.9
4	145.1	127.8	97.7	114.4	97.0	143.5	123.3	142.2
2008 1	138.3	125.9	98.6	110.6	96.3	145.9	115.3	126.5
2	131.5	124.8	103.4	114.3	97.3	149.7	112.0	131.8
3	121.4	122.5	103.5	109.3	96.0	145.7	102.3	129.9
4	102.3	115.3	97.5	96.8	94.1	133.1	100.5	112.3
Percentage change latest quarter on:								
Previous quarter								
	-15.7	-5.9	-5.7	-11.4	-2.0	-8.7	-1.8	-13.6
Same quarter a year ago								
	-29.5	-9.8	-0.2	-15.3	-3.0	-7.2	-18.5	-21.0
Rolling Average								
	-9.7	-4.4	12.0	-8.9	-2.3	1.0	-14.6	-8.1

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

Market Sector Analysis

Market sector analysis classifies production under one of three headings which are derived from the main SIC classification groups.

Consumer Goods are defined as goods purchased by the private consumer. The goods are ultimately consumed rather than used in the production of another good. For example a car would be classified as a consumer good whereas the tyres purchased by the car manufacturer would be defined as intermediate goods.

Intermediate Goods are goods purchased by industry for further processing. Investment Goods which can also be referred to as Capital Goods are the plant, equipment and inventories used to produce the final product.

From Table 4 and the figures provided overleaf you can see that all Market sectors reported falls over the quarter with Investment Goods down 9.1%, Intermediate Goods down 5.1% and Consumer Goods down 0.2%.

Over the year Investment Goods were down 14.6% and Intermediate Goods down 6.2%. Consumer Goods were up over the same period by 6.2%.

Notes to table 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).

Table 4

	Market Sectors		
Sector	Consumer Goods	Intermediate Goods	Investment Goods
Weights	338.7	378.0	283.3
2004	98.4	111.3	107.1
2005	92.6	112.4	113.4
2006	96.2	113.8	113.5
2007	94.3	120.1	116.2
2008	99.0	119.9	114.9
Seasonally Adjusted			
2004 1	99.4	111.6	107.3
2	98.7	112.2	104.9
3	98.0	110.1	106.5
4	97.7	111.4	109.6
2005 1	93.5	110.9	110.0
2	93.4	114.1	114.3
3	91.4	112.0	117.8
4	92.2	112.5	111.6
2006 1	96.5	111.4	113.6
2	97.0	111.9	114.5
3	97.6	114.6	112.5
4	93.9	117.2	113.4
2007 1	93.9	121.2	113.6
2	93.8	118.3	114.2
3	93.8	119.1	114.8
4	95.6	121.8	122.3
2008 1	96.2	121.5	120.5
2	96.8	123.3	119.6
3	101.7	120.5	115.1
4	101.5	114.3	104.5
Percentage change latest quarter on:			
Previous quarter			
	-0.2	-5.1	-9.1
Same quarter a year ago			
	6.2	-6.2	-14.6
Rolling Average			
	5.1	-0.2	-1.1

Consumer Goods - (weight 33.9%)

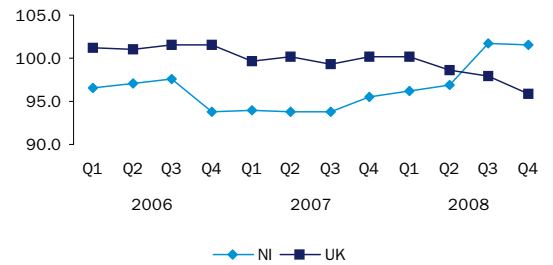
The Consumer Goods index decreased by an estimated 0.2% over the quarter compared to a fall of 2.1% in the UK. Over the year, the sector increased by 6.2% compared to a decrease of 4.3% in the UK. (See figure 13).

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 5.1% compared to a decrease of 1.7% in the UK.

Consumer Goods

(2003=100)

Figure 13



Intermediate Goods - (weight 37.8%)

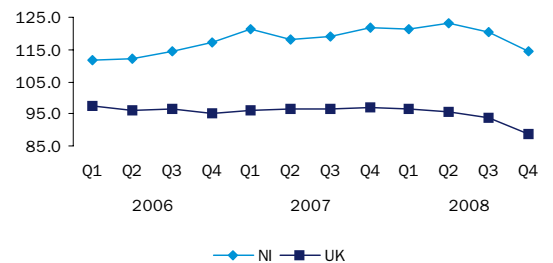
The Intermediate Goods index decreased over the quarter by 5.1%, this fall was the same as that reported by the UK. Over the year, the sector decreased by 6.2%, the UK decreased by 8.4%. (See figure 14).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 0.2% compared to a fall of 3.0% in the UK.

Intermediate Goods

(2003=100)

Figure 14



Investment Goods - (weight 28.3%)

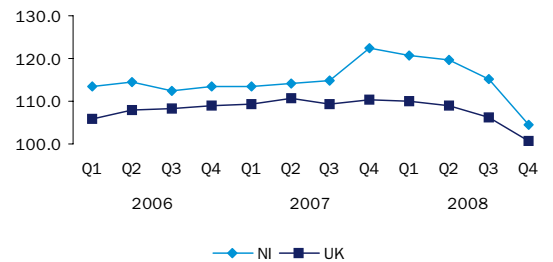
The Investment Goods index decreased by an estimated 9.1% over the quarter compared to a decrease of 5.3% in the UK. Over the year, the sector decreased by 14.6% compared to a decrease of 8.9% in the UK. (See figure 15).

Over the latest four quarters compared to the same period one year earlier, the sector decreased by an estimated 1.1% the UK fell by 3.1% over the same period.

Investment Goods

(2003=100)

Figure 15



Index of Manufacturing Productivity 2003=100

Seasonally Adjusted Chained Volume Index

5

Manufacturing Productivity

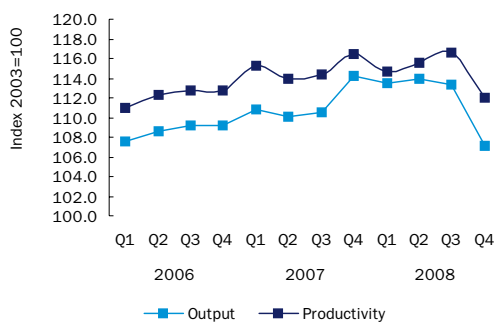
The index of manufacturing productivity provides a measure of the number of units of output produced each man hour. The index includes seasonally adjusted employees in employment, the manufacturing index and average weekly hours (based on hours worked for full-time adult manufacturing workers including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

The productivity index recorded a decrease of 3.9% over the quarter and a decrease of 3.8% on the same quarter last year. Over the latest four quarters compared to the same period one year earlier, the index decreased by 0.3%.

Manufacturing Output & Productivity

(2003=100)

Figure 16



The most recent Quarterly Employment Survey seasonally adjusted figures published in March 2009 relating to December 2008 reported a fall in the number of manufacturing employees (85,590). This is a decrease of 3.5% compared to 12 months ago.

Notes to table 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).

* 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.

Table 5

Manufacturing Productivity Index	
Annual Averages	
2004	108.5
2005	111.4
2006	112.2
2007	115.0
2008	114.7
Quarterly Series	
2004 1	107.7
2	107.9
3	108.3
4	110.1
2005 1	109.6
2	112.6
3	112.1
4	111.2
2006 1	111.0
2	112.3
3	112.7
4	112.7
2007 1	115.3
2	113.9
3	114.3
4	116.5
2008 1	114.6
2	115.5
3	116.6
4	112.0
Percentage change latest quarter on:	
Previous quarter	-3.9
Same quarter a year ago	-3.8
Rolling Average	-0.3

Background Notes

6

1. The Northern Ireland Index of Production (IOP) 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 IOP has been rebased to 2003=100 and is now a chained volume index, in line with developments in the UK, Scotland and Wales.
3. The main changes in the 2003=100 series are:
 - Each series has been rebased so that the average quarterly output in 2003 = 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 (ABI). Updated weights will more closely reflect current industry structure. Previous weights were derived from the 2002 ABI.
 - 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 with 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 4 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.

9. Methodological changes introduced

Please see links to documents below for further information. The changes to deflation have been adopted within the NI IOP from this quarter (Q4 2008). Please see attached annexe for impact of using new deflators.

Impact of methodological changes to the Index of Production

<http://www.statistics.gov.uk/CCI/article.asp?ID=2012&Pos=2&ColRank=1&Rank=224>

Planned methodological changes to the Index of Production

<http://www.statistics.gov.uk/CCI/article.asp?ID=1916&Pos=1&ColRank=1&Rank=224>

10. For Further Information:

AN ELECTRONIC VERSION OF THIS DOCUMENT IS AVAILABLE ON THE BRANCH WEBSITE AT:

www.statistics.detini.gov.uk

You can also contact Statistics Research Branch by:

Writing to:
Statistics Research Branch, Room 110,
Netherleigh, Massey Avenue, Belfast BT4 2JP.

Tel: (028) 9052 9228

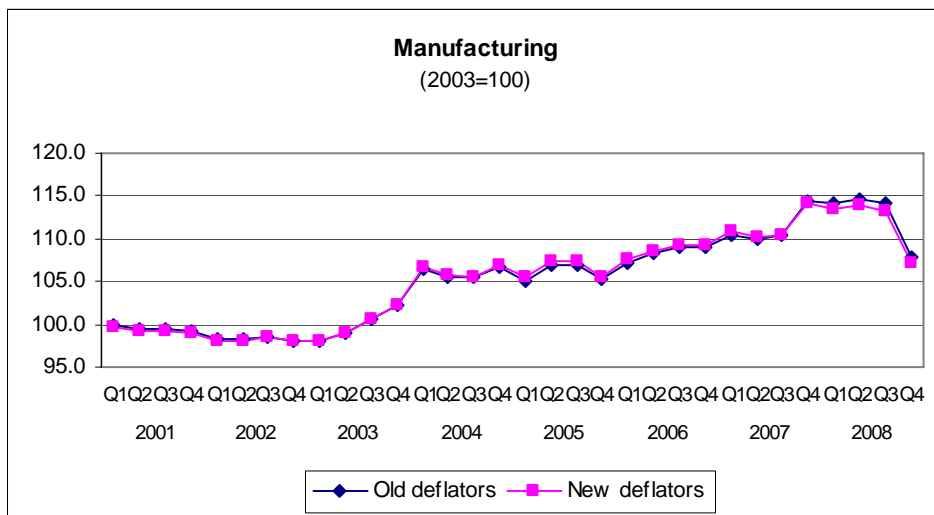
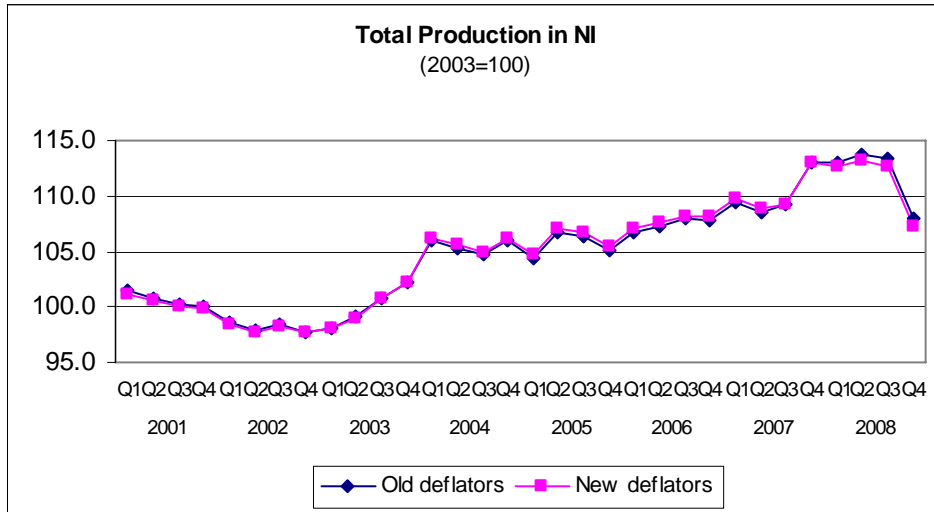
Fax: (028) 9052 9568

Textphone: (028) 9052 9304

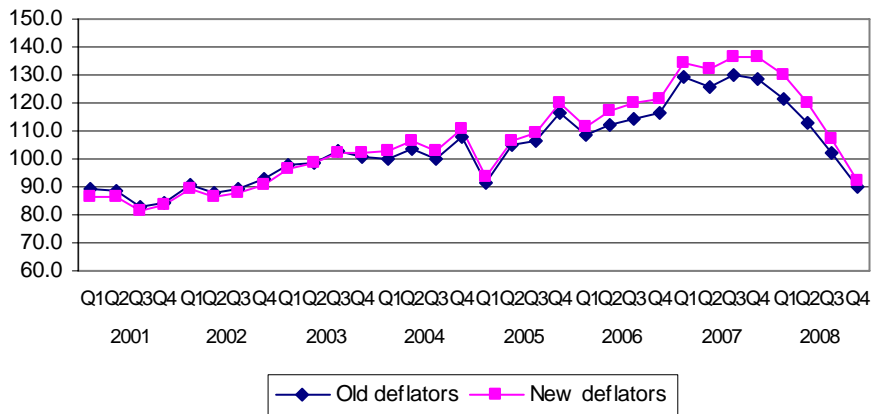
Email: iophelpdesk@detini.gov.uk

Annexe 1 –

Impact of new deflation on main industry sectors



Mining & Quarrying (2003=100)



Electricity, Gas & Water Supply (2003=100)

