14 May 2025

Ulster Bank Northern Ireland Growth Tracker

Slower decline in business activity in April

Ulster Bank

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14 May 2025

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Key findings

Output down amid sharper fall in new orders

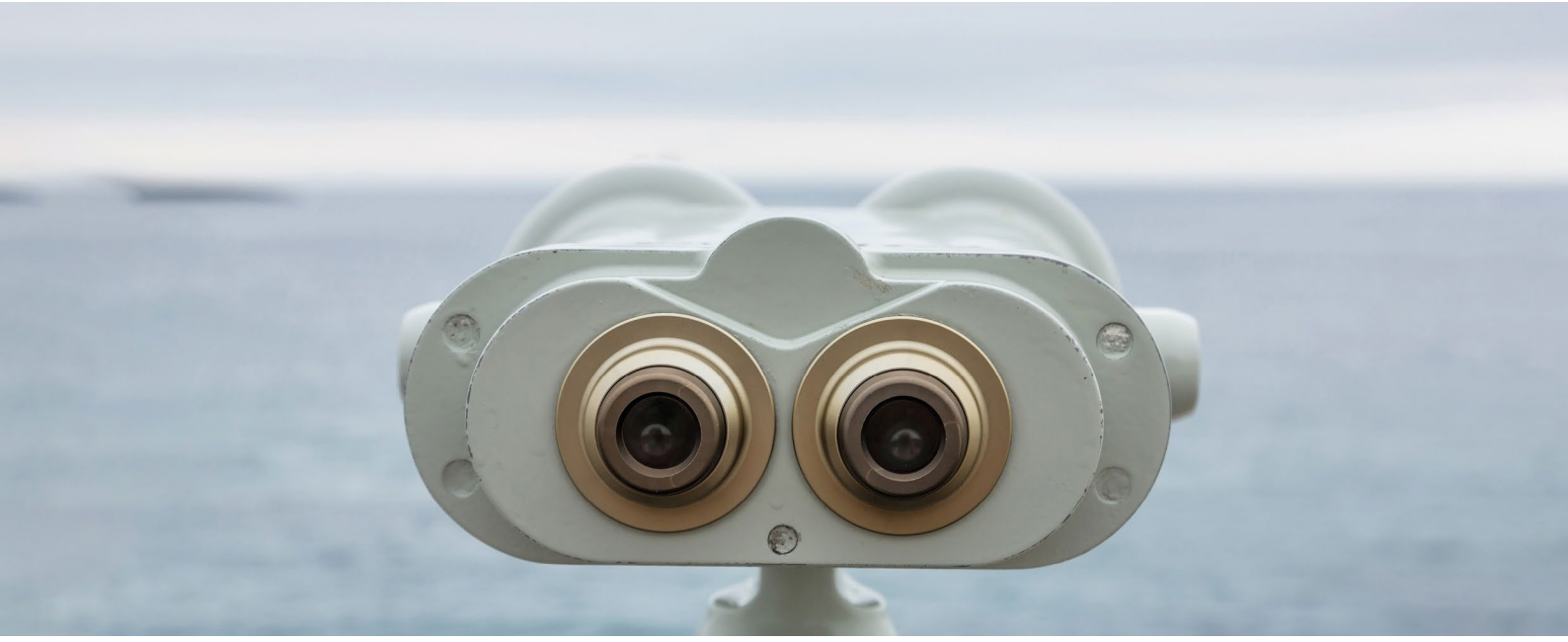
Marked reduction in business confidence

Fastest rise in selling prices since December 2022

The Ulster Bank Northern Ireland Growth Tracker provides a timely snapshot of regional economic performance.

The report tracks monthly changes in business activity, demand, employment, backlogs, prices and the year-ahead outlook. The data are compiled from local companies that participate in S&P Global's UK manufacturing and services PMI surveys.

For more reports on 12 UK nations and regions, visit www.natwest.com/business/insights/economics



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Slower decline in business activity in April

The latest monthly data were collected between 9th – 28th April.

The latest Ulster Bank Regional Growth Tracker signalled further challenges for Northern Ireland companies during April.

Firms have reported that increased global economic uncertainty, particularly related to US tariff announcements, is significantly impacting demand across various regions. This is reflected in observations of reduced client activity and overall caution towards spending.

The headline Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region's private sector – posted 47.0 in April, up from 45.3 in March.

The survey was conducted after US tariff announcements on 2 April, which, at the time, saw minimum tariff rates of 10% applied to imports into the US, as well higher so-called 'reciprocal' tariff rates on a number of countries. A subsequent announcement on 9 April saw a 90-day pause on most higher tariff rates.

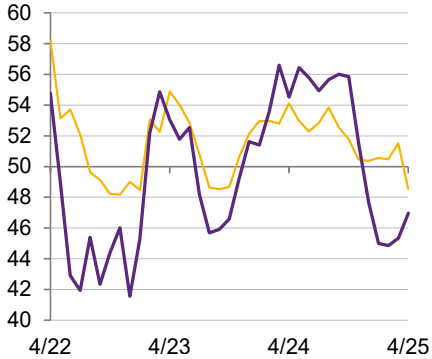
Ulster Bank Northern Ireland Business Activity Index,

47.0

The Business Activity Index is a diffusion index calculated from companies' responses to a question on monthly changes in the volume of business activity. The index varies between 0 and 100 and is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The index is seasonally adjusted.

Data compiled 09-28 April

Business Activity
Northern Ireland UK
Index, sa, >50 = growth m/m



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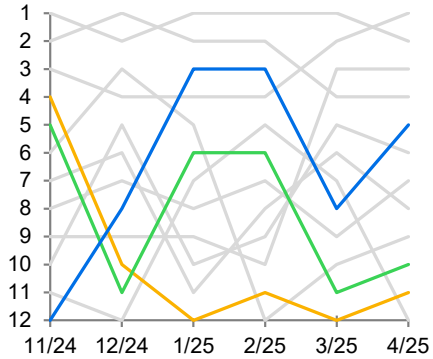
Wales Scotland
Northern Ireland
Business Activity Index, UK ranking



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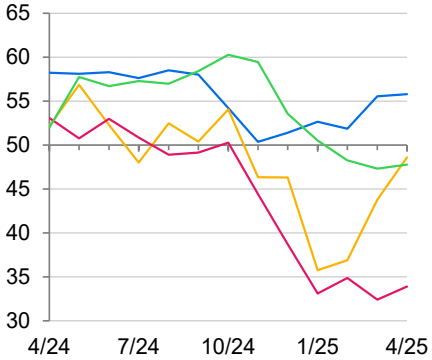
Manufacturing Services
Construction Retail
Business Activity Index, sa, >50 = growth m/m



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Comment

Sebastian Burnside, Chief Economist for Ulster Bank, commented:

“The tracker this month reflects the challenges that economic uncertainty can create for UK businesses of all scales.

“Firms across Northern Ireland reported a challenging start to the second quarter, with demand for goods and services falling amid a backdrop of economic uncertainty and rising prices. Across the UK, the South West was alone in recording growth in business activity.

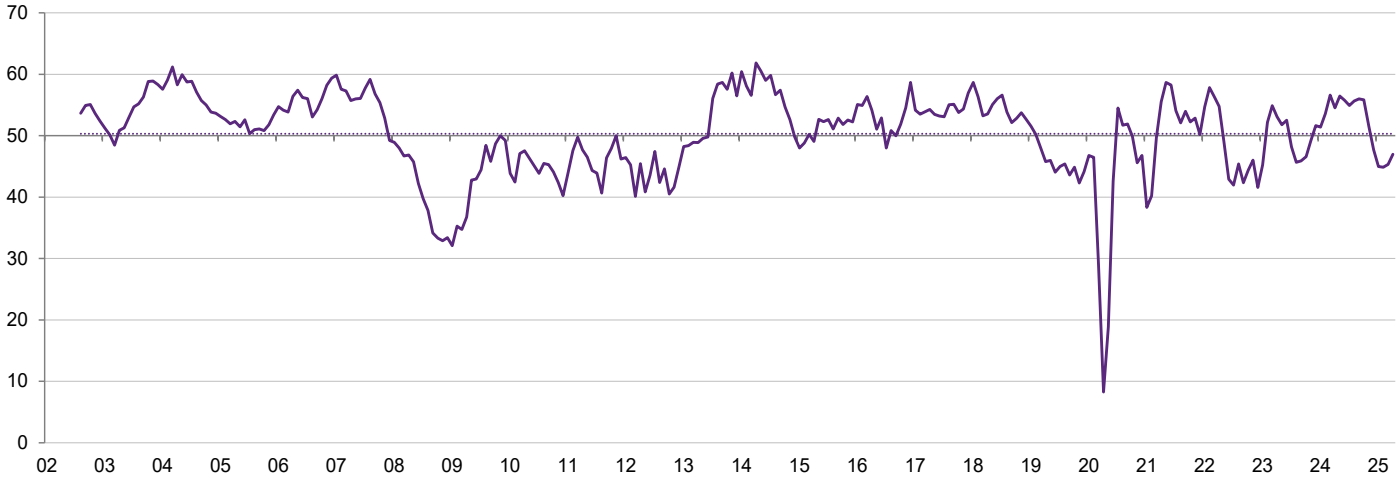
"It's encouraging that firms are still looking to the future with some optimism, although growth expectations are lower than they have typically been in the past.

"Rising labour costs have added to pressure on businesses, following April's increases in National Insurance contributions and minimum wages. As firms look to mitigate rising costs, we've seen average prices charged for goods and services increase at faster rates, as well as a greater focus on workforces. Labour markets in all areas of the UK have felt the impact to some degree in recent months, with only Scotland avoiding a fall in employment in April.

“We cannot ignore the backdrop during which this survey was carried out but regardless, as we’ve seen in the past and as the South West and Scotland illustrate, UK business is resilient and can always offer reasons for optimism throughout.”

Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 1998.



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Demand and outlook

New business declines for sixth month running

As has been the case in each month since last November, new orders decreased in the Northern Ireland private sector during April. The rate of contraction was sharp and faster than that seen in March.

Panellists reported lower demand and a reduction in customer enquiries.

Three of the four monitored sectors saw new business decrease, led by retail. Manufacturing posted a further solid expansion in new orders.

Business confidence fell sharply in April and was the lowest in 28 months amid panellist reports of uncertainty around US trade policy.

The latest data signalled only marginal optimism in the year-ahead outlook for business activity. Those respondents that were positive linked this to hopes for improving economic conditions and the signing of new contracts.

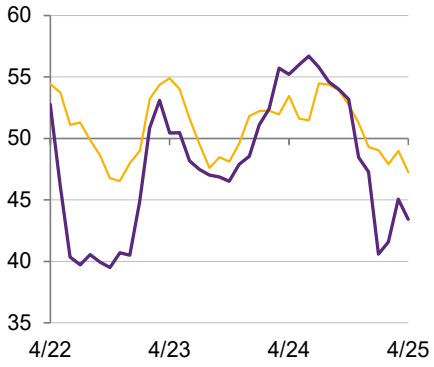
Optimism was seen in manufacturing and construction, while the services outlook was neutral. Retailers were pessimistic regarding the outlook.

"Firms across Northern Ireland reported a challenging start to the second quarter, with demand for goods and services falling amid a backdrop of economic uncertainty and rising prices"

New Business

Northern Ireland UK

Index, sa, >50 = growth m/m



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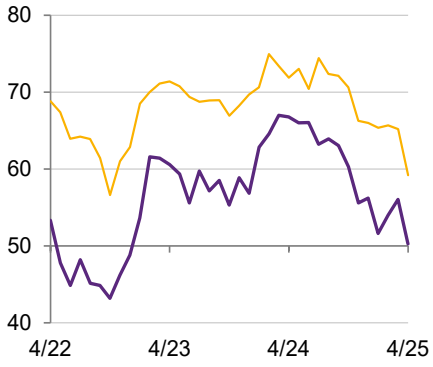
Future Activity

Northern Ireland UK

Index, >50 = growth expected



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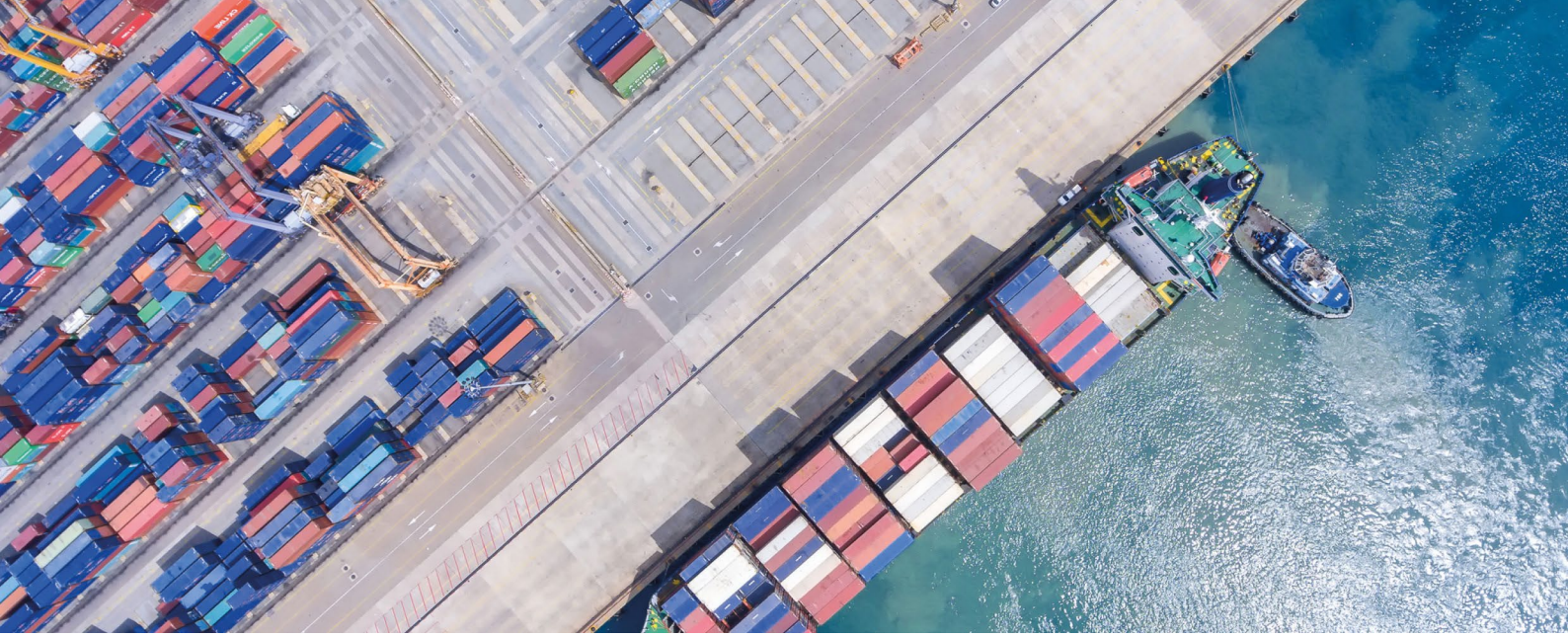


Export markets

Slower reduction in new export orders

Although new business from abroad continued to fall in April, the rate of contraction slowed sharply for the second consecutive month and was the weakest since September last year. Market uncertainty and weak demand led new export orders to fall, but some firms reported having secured new business from the Republic of Ireland.

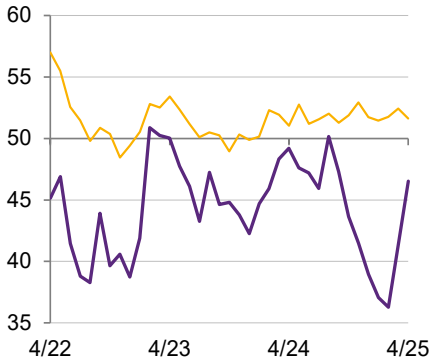
Export demand climate improves to lesser extent

At 51.6 in April, the ECI remained above the 50.0 no-change mark and signalled a modest strengthening of export demand conditions. That said, the reading was down from 52.4 in March and at a three-month low.

The Republic of Ireland posted a further solid increase in business activity. Output also rose in the USA, Germany and the Netherlands, but in each case to a lesser extent than in March. Meanwhile, business activity continued to fall sharply in Canada.

The Northern Ireland Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of Northern Ireland. A reading above 50 signals an improvement in export conditions, and below 50 a deterioration.

New Export Orders
Export Conditions
Index, sa, >50 = growth m/m



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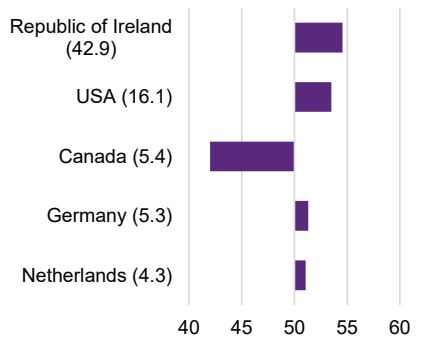
Top export markets, Northern Ireland
% share of exports shown in brackets
Output Index, sa, >50 = growth m/m
Apr '25



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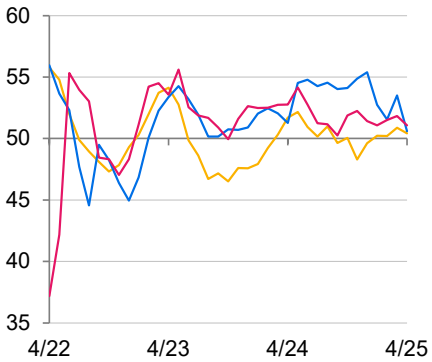
Output
Eurozone US China
Index, sa, >50 = growth m/m



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Jobs and capacity

Slower fall in backlogs as employment reduced

Outstanding business was depleted again in April as falling new orders meant that companies were able to work through backlogs. That said, the latest fall was modest and the slowest in the current seven-month sequence of decline.

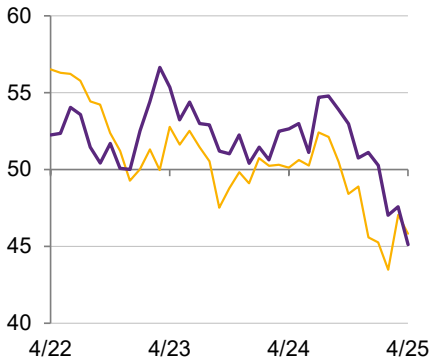
The slower drop in backlogs in part reflected a contraction in workforce numbers. Employment was down for the third month running, and to the largest extent since November 2020. Market uncertainty and efforts to limit costs were reportedly behind the reduction in staffing levels.

Construction was the only monitored sector to buck the wider trend and post an increase in employment.

Northern Ireland companies recorded a second consecutive shortening of suppliers' delivery times during April. The modest improvement in vendor performance was slightly softer than that seen in March.

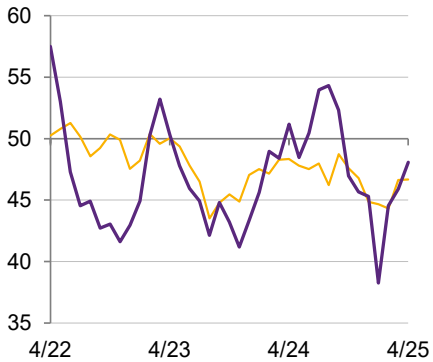
"As firms look to mitigate rising costs, we've seen... ...a greater focus on workforces"

Employment
Northern Ireland UK
Index, sa, >50 = growth m/m



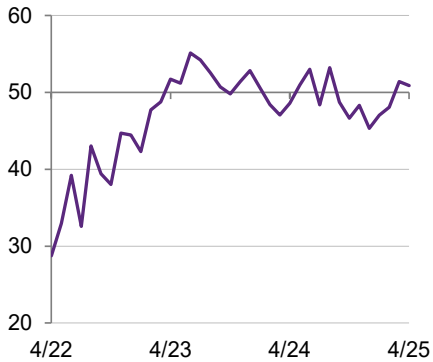
Sources: Ulster Bank, S&P Global PMI. ©2025 S&P Global.

Outstanding Business
Northern Ireland UK
Index, sa, >50 = growth m/m



Sources: Ulster Bank, S&P Global PMI. ©2025 S&P Global.

Suppliers' Delivery Times
Northern Ireland
Index, sa, >50 = faster times m/m



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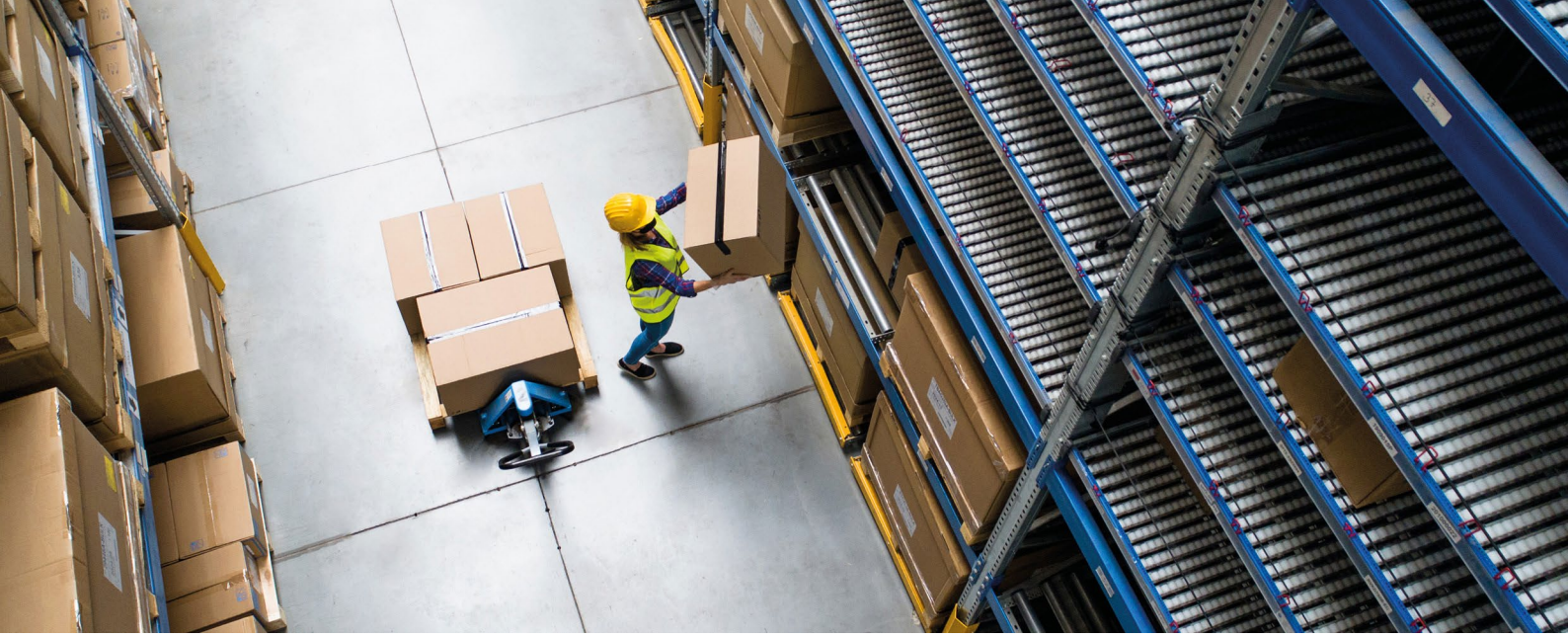


Inflation

Selling prices increase at fastest pace since December 2022

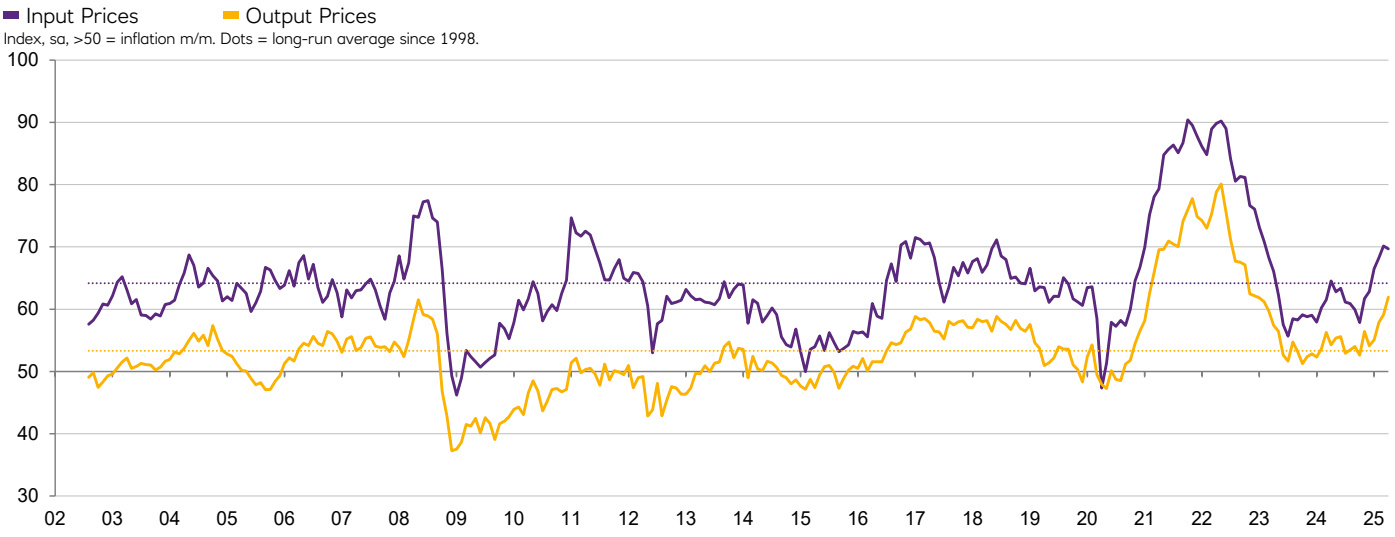
Increases in the National Minimum Wage and employer National Insurance contributions were cited as the main factors leading to a sharp increase in input costs during April. The pace of inflation was only marginally weaker than March's 25-month high.

Retail posted the fastest rise in input prices, closely followed by services.

With input costs rising sharply again in April, companies increased their selling prices accordingly. Moreover, the pace of output price inflation quickened for the fourth consecutive month and was the strongest since December 2022.

The rise in charges in Northern Ireland was the sharpest of the 12 monitored UK regions and nations.

"Rising labour costs have added to pressure on businesses, following April's increases in National Insurance contributions and minimum wages"



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UK Regional Growth Tracker

Business Activity

Business activity fell in all but one of the 12 UK nations and regions monitored by the survey in April. The sole exception was the South West, where output grew for the fourth month running but at a slower rate than in March. The North West moved to the bottom of the rankings, having seen business activity fall at the quickest rate for more than four years.

Employment

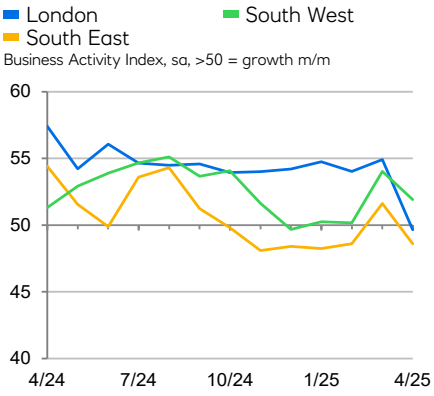
April saw a near-universal decrease in employment at the start of the second quarter. Furthermore, in most cases, rates of decline quickened from the month before. This included the North West, which saw the most marked drop in workforce numbers. Labour market conditions showed resilience in Scotland, where headcounts stabilised following four straight months of decline.

Future Activity

Although business expectations remained positive across the UK in April, sentiment was found to have weakened in almost all areas. The greatest drop in confidence was recorded in the North East, which saw the second-lowest degree of optimism ahead of only Northern Ireland. Firms in the West Midlands were the most upbeat about the outlook, while only those in Scotland were more positive than the month before.

Sources: Ulster Bank, S&P Global PMI. ©2025 S&P Global.

Sources: Ulster Bank, S&P Global PMI. ©2025 S&P Global.



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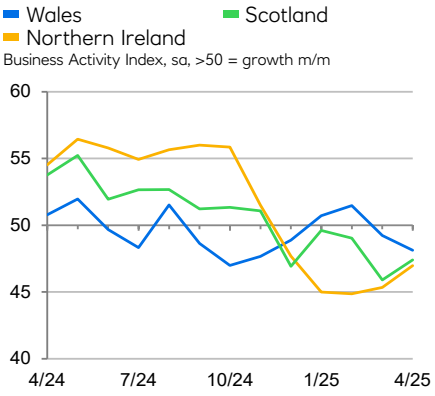

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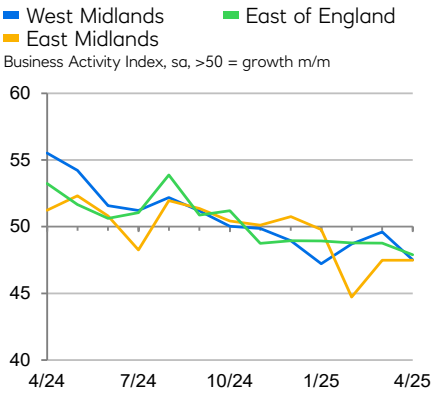

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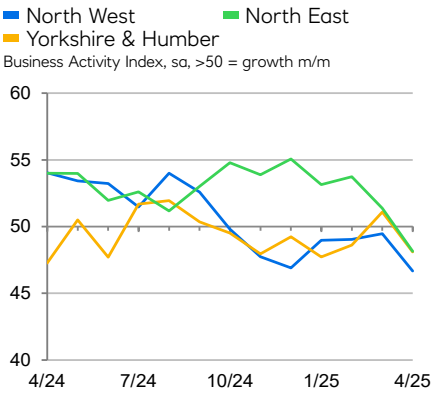

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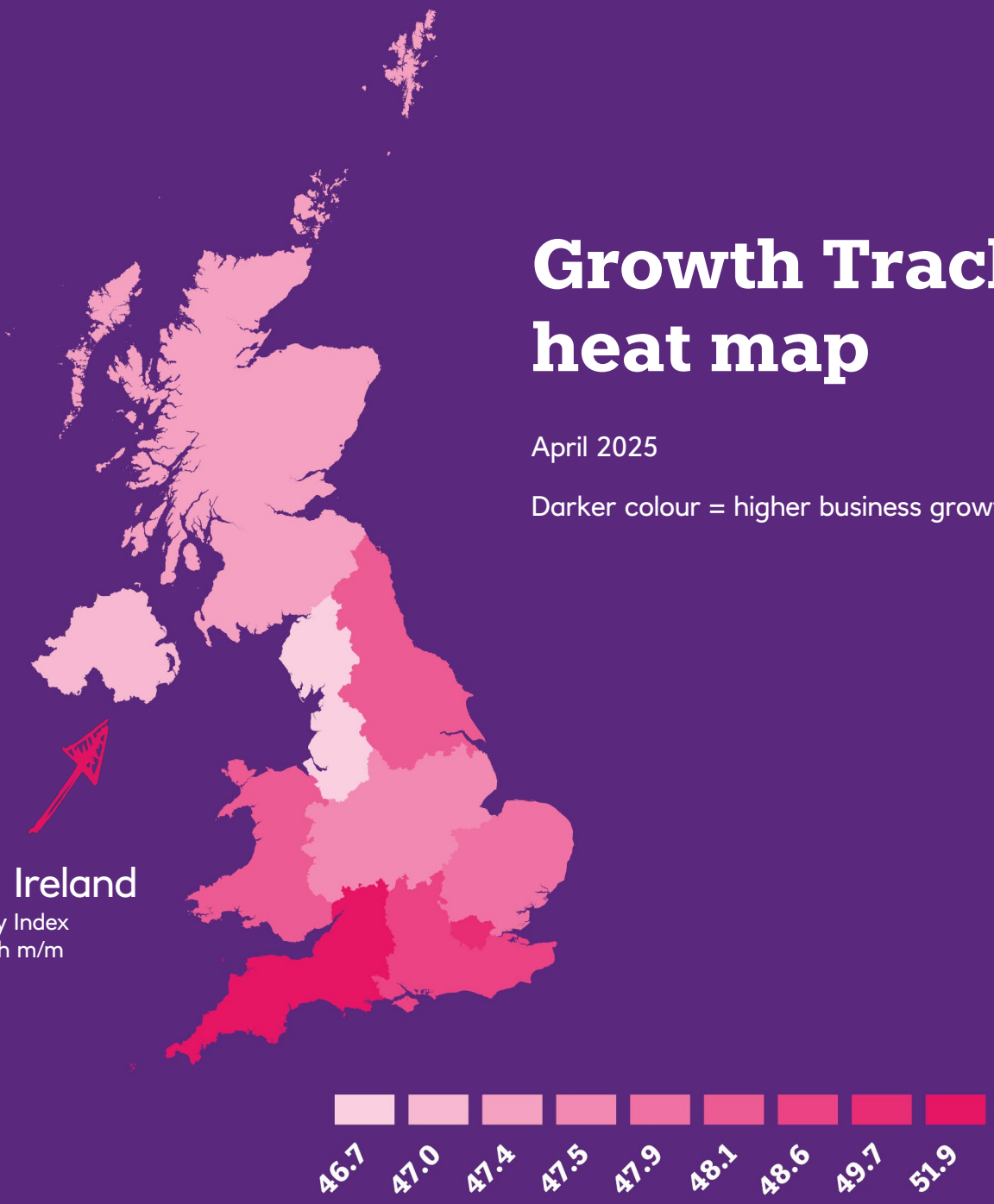
Growth Tracker heat map

April 2025

Darker colour = higher business growth



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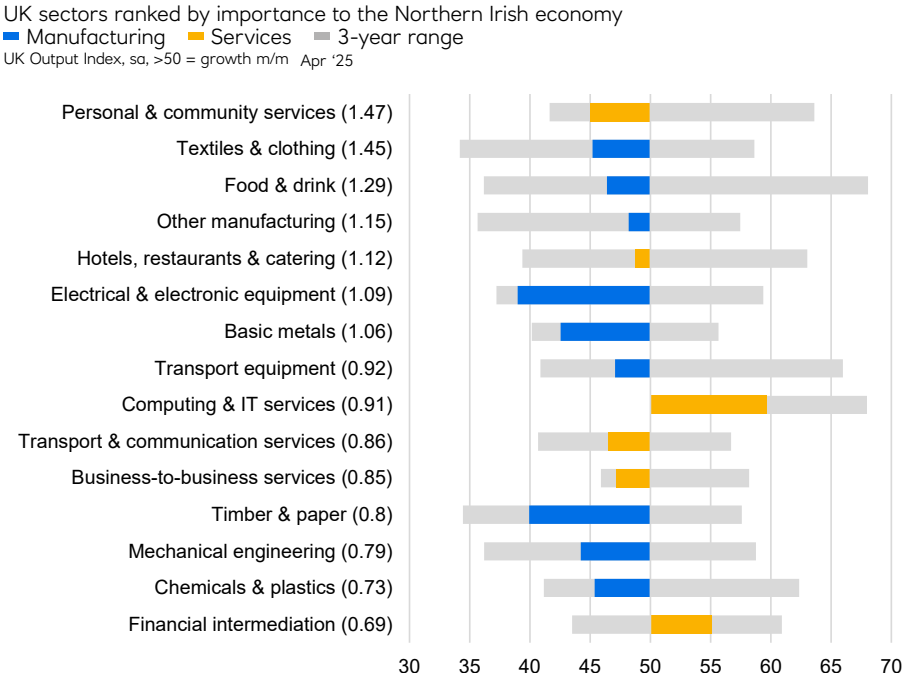
UK sectors

Sector specialisation: Northern Ireland

The chart shows UK output indices by sector, ranked by location quotients for Northern Ireland. Location quotients (LQs) are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

Focusing on the manufacturing and service sectors in isolation, a location quotient is calculated by taking a sector's proportion of regional output and comparing it with the UK-wide share of output in the sector. An LQ of 1.0 in a sector means that the region and the UK as a whole are equally specialised in that sector. An LQ greater than 1.0 indicates that the sector has a greater economic footprint in the region than it does for the UK as a whole.

UK sectors ranked by importance to the Northern Irish economy



Sources: Ulster Bank, S&P Global PMI. ©2025 S&P Global.
Location quotients for Northern Ireland are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

Sector in focus: Textiles & clothing

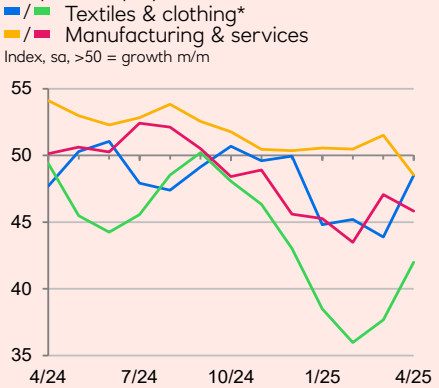
Production volumes fell across the UK's textiles & clothing sector in the three months to April, maintaining the downturn in output seen since the start of the year. The pace of contraction did however ease, in line with a slower – though still-sharp – fall in new orders. Data indicated weaker demand for textiles & clothing products from both domestic and international sources.

The decline in employment in the sector likewise eased in the three months to April, although the pace of job losses remained much quicker than for the UK as a whole. Further inventory retrenchment was also recorded.

On the price front, textiles & clothing manufacturers raised factory gate charges at the quickest rate for two-and-a-half years. This was driven by strong cost increases, which were in turn attributed in large part to rises in National Insurance contributions and minimum wages.

Expectations towards future output were positive, but they were slightly below the historical series average.

Output / Employment



Sources: Ulster Bank, S&P Global PMI. ©2025 S&P Global.
*Data are smoothed as three-month moving average (3mma).

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Methodology

The Ulster Bank Northern Ireland Growth Tracker is compiled by S&P Global from responses to questionnaires sent to a panel of around 200 private sector companies in Northern Ireland, operating in the manufacturing, construction, retail and services sectors.

The panel has been carefully selected in order to accurately reflect the true structure of the economy and therefore provide an accurate picture of business conditions.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

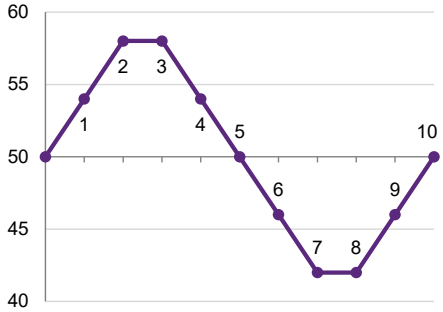
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the survey methodology, please contact economics@spglobal.com.

Index interpretation

Index, sa, >50 = growth m/m



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Key

1	Growth, from no change	6	Decline, from no change
2	Growth, faster rate	7	Decline, faster rate
3	Growth, same rate	8	Decline, same rate
4	Growth, slower rate	9	Decline, slower rate
5	No change, from growth	10	No change, from decline

Data

Northern Ireland

Index, sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Export Climate Index	Employment	Outstanding Business	Suppliers' Delivery Times	Future Activity*	Input Prices	Output Prices
11/24	51.5	48.5	41.5	52.9	50.8	45.7	48.3	55.6	61.7	56.4
12/24	47.7	47.3	39.0	51.7	51.1	45.3	45.3	56.2	62.8	54.1
1/25	45.0	40.6	37.1	51.5	50.3	38.3	47.1	51.6	66.5	55.1
2/25	44.9	41.6	36.3	51.7	47.0	44.5	48.1	54.0	68.3	57.9
3/25	45.3	45.1	41.4	52.4	47.6	45.9	51.4	56.1	70.2	59.1
4/25	47.0	43.4	46.5	51.6	45.1	48.1	50.9	50.3	69.7	61.9

		Business Activity	New Business	Employment	Outstanding Business	Future Activity*	Input Prices	Output Prices
Manufacturing	4/25	55.8	54.4	49.2	54.0	60.9	65.2	60.9
Construction	4/25	48.6	43.7	53.4	47.7	52.5	66.2	58.7
Retail	4/25	33.9	30.9	38.9	31.7	40.0	75.0	66.2
Services	4/25	47.8	44.0	44.3	54.5	50.0	70.2	60.5

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Further information

Ulster Bank

Ulster Bank is a member of NatWest Group. Ulster Bank acts as a full service institution to its customer base, providing an extensive range of retail banking, business banking, investment banking and capital markets services to corporate, personal and institutional clients.

Our focus is firmly centred on our customers. Every business customer benefits from access to a dedicated, professional and highly trained relationship manager. Their role is to gain a genuine understanding of our customers' business needs and provide dedicated financial information and assistance.

We work together to achieve business success, no matter how simple or complex our customers' requirements. A combination of size, financial strength and wide ranging capability means we can deliver for our customers, whatever their business may be.

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