



Northern Ireland Economy

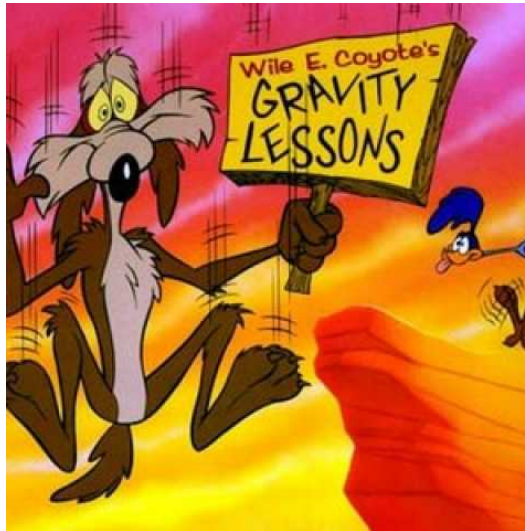
*10th September 2013
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6 years since Northern Ireland's Wile E. Coyote moment



The 'NICE'
Decade



The 'RUDE'
Awakening

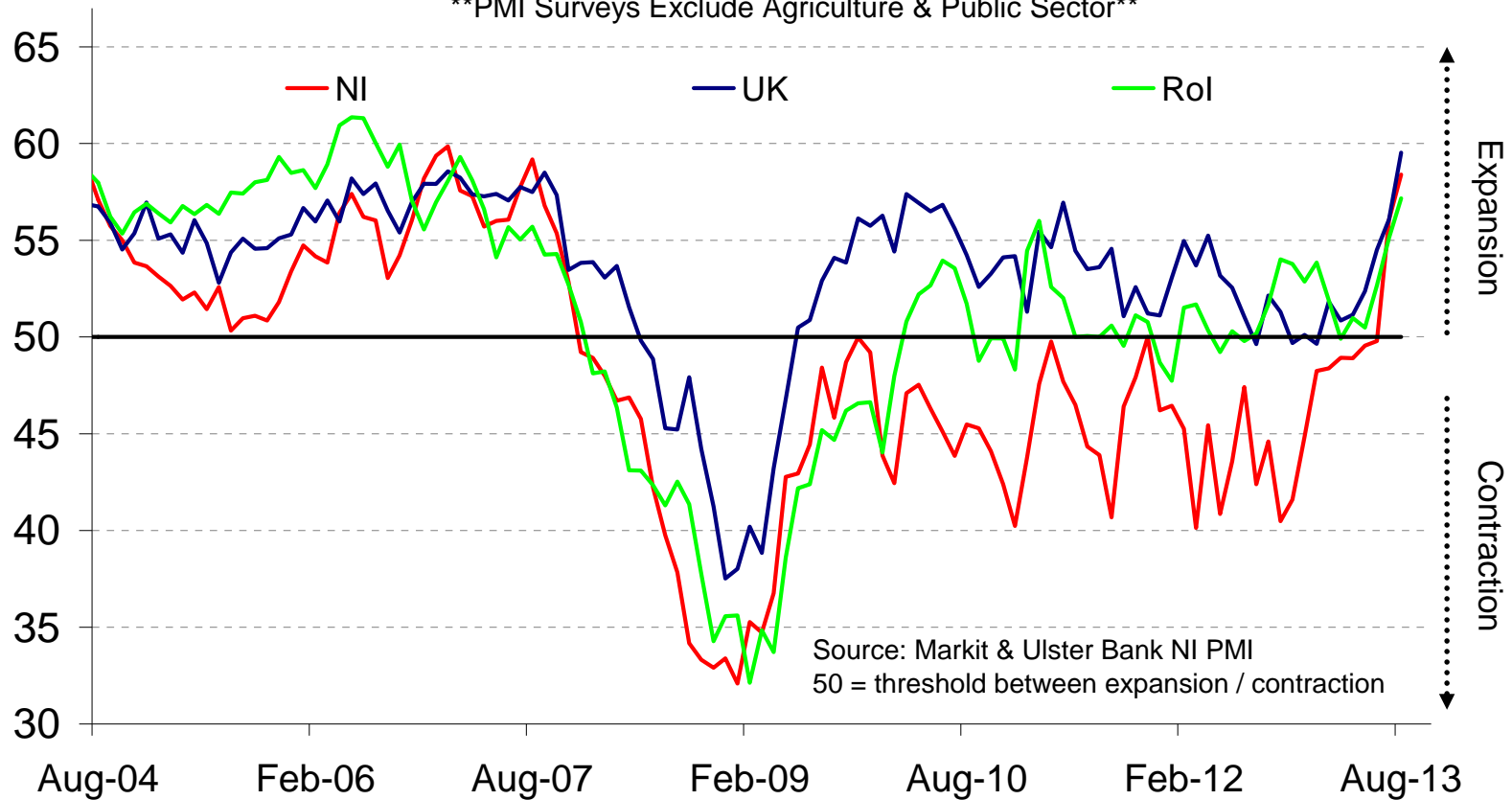


Have we hit
bottom yet?

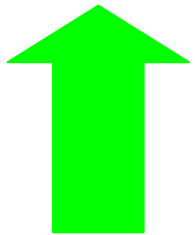
NI, UK & the RoI all post strong rates of growth in August. NI firms record their fastest rate of growth since March 2007

Private Sector Business Activity - PMIs

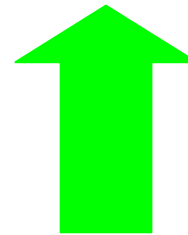
PMI Surveys Exclude Agriculture & Public Sector



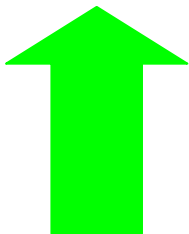
Positive economic indicators are coming in thick & fast



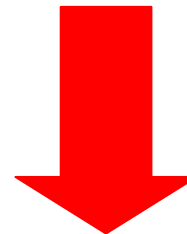
Mortgage Activity
20% Y/Y in Q2 2013



New Car Sales
18% Y/Y in August



House Completions
12 Y/Y in 2012



Dole queue
2,500 in 6 months

Is the Northern Ireland economy experiencing a recovery?



“Yeah, but, no but, yeah but...”

Increasingly Economists are sounding like
Vicky Pollard

The economy may have stopped falling but it still remains pretty frazzled

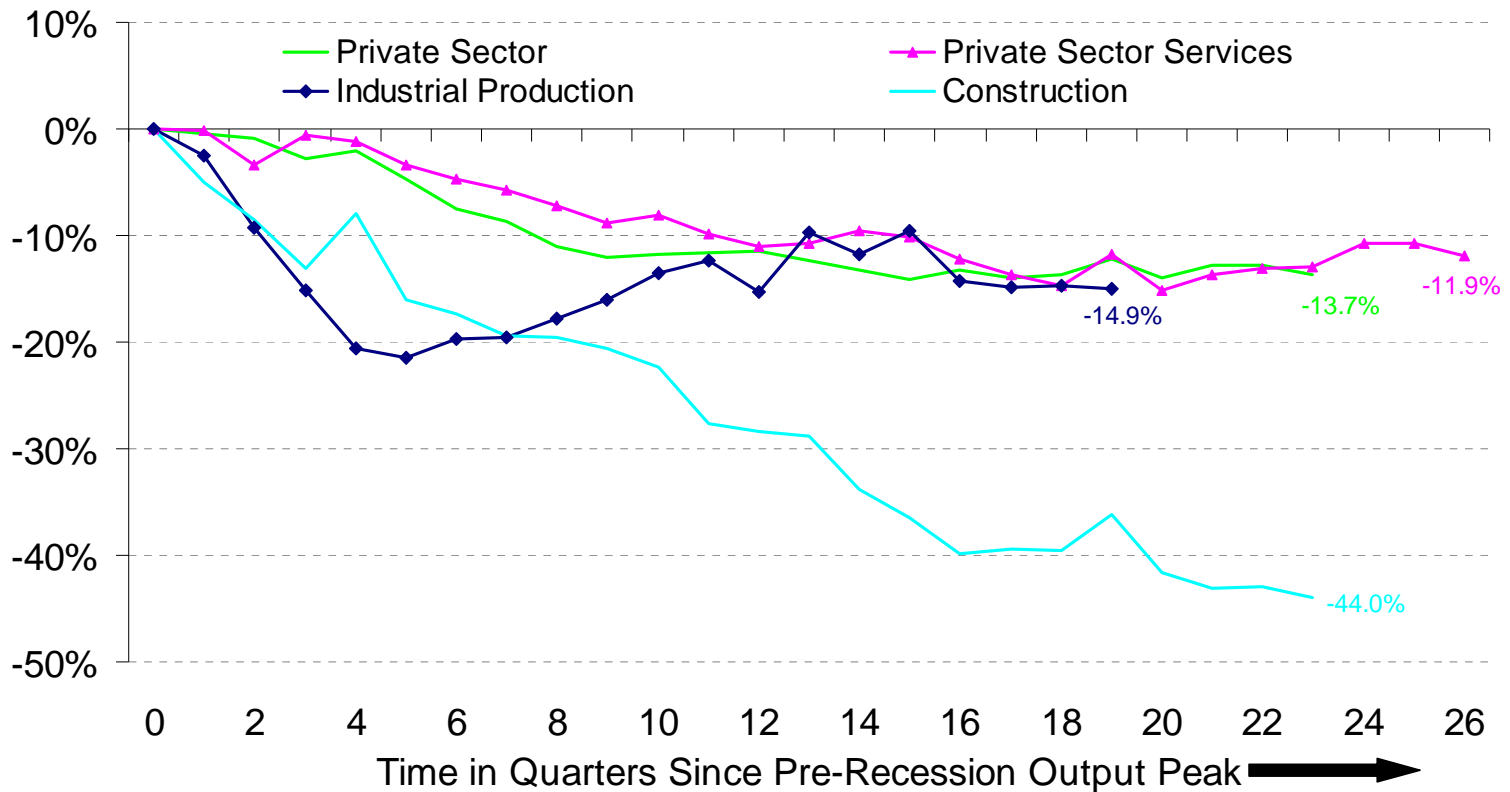


1. **Unemployment (claimant count) up 38,900**
2. **Workforce jobs have fallen by almost 55,000 in 4 yrs to June 2012**
3. **Personal & corporate insolvencies have doubled since 2007 & still rising**
4. **House prices down 55% from peak (by Q2 2013)**
5. **House completions down 56% from 2006 peak**
6. **Mortgages for home movers still around 1974 levels**
7. **Almost 1 in 4 retail outlets are vacant in Belfast**
8. **New car sales are 27% below 2007 levels**

NI's economic recovery has quite a bit to go!

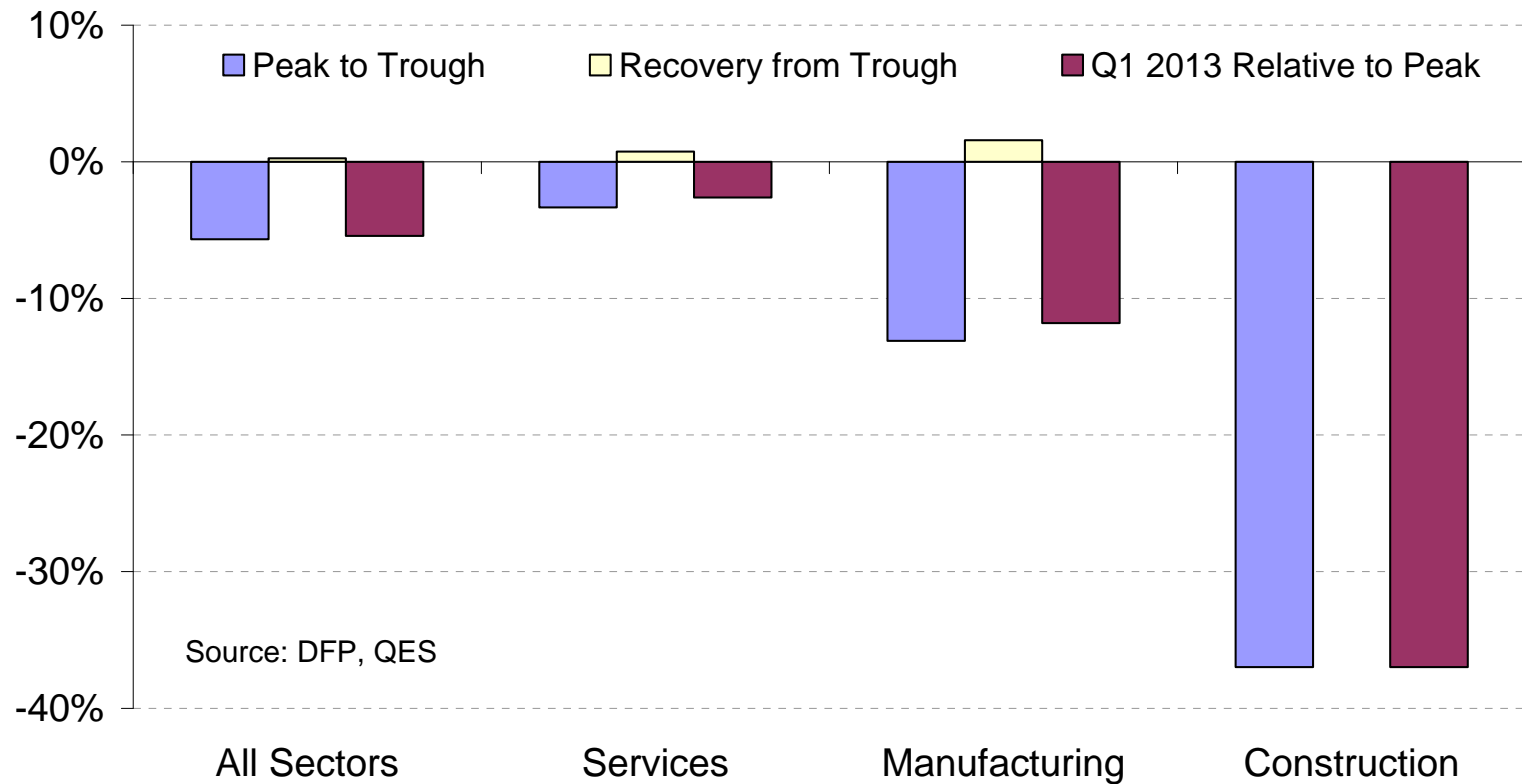
NICEI Private Sector Output Relative to Pre-Recession Peaks

As of Q1 2013 (Peak = 0)



NI's employment recovery has been limited so far

Northern Ireland Employment (Employee Jobs)




Economic recovery won't solve all of the High Street's woes




The UK high street is changing but not recovering

Winners

Losers



Payday Loans	+20.0%	Computer Games	-45.0%
Pawnbrokers	+13.2%	Health Food	-24.7%
Poundshops	+13.0%	Card Shops	-23.4%
Supermarkets	+3.6%	Recruitment	-15.1%
Coffee Shops	+3.4%	General Clothes	-8.7%
Betting Shops	+3.3%	Women's Clothes	-7.2%
Charity Shops	+2.7%	Banks / Financial	-2.9%



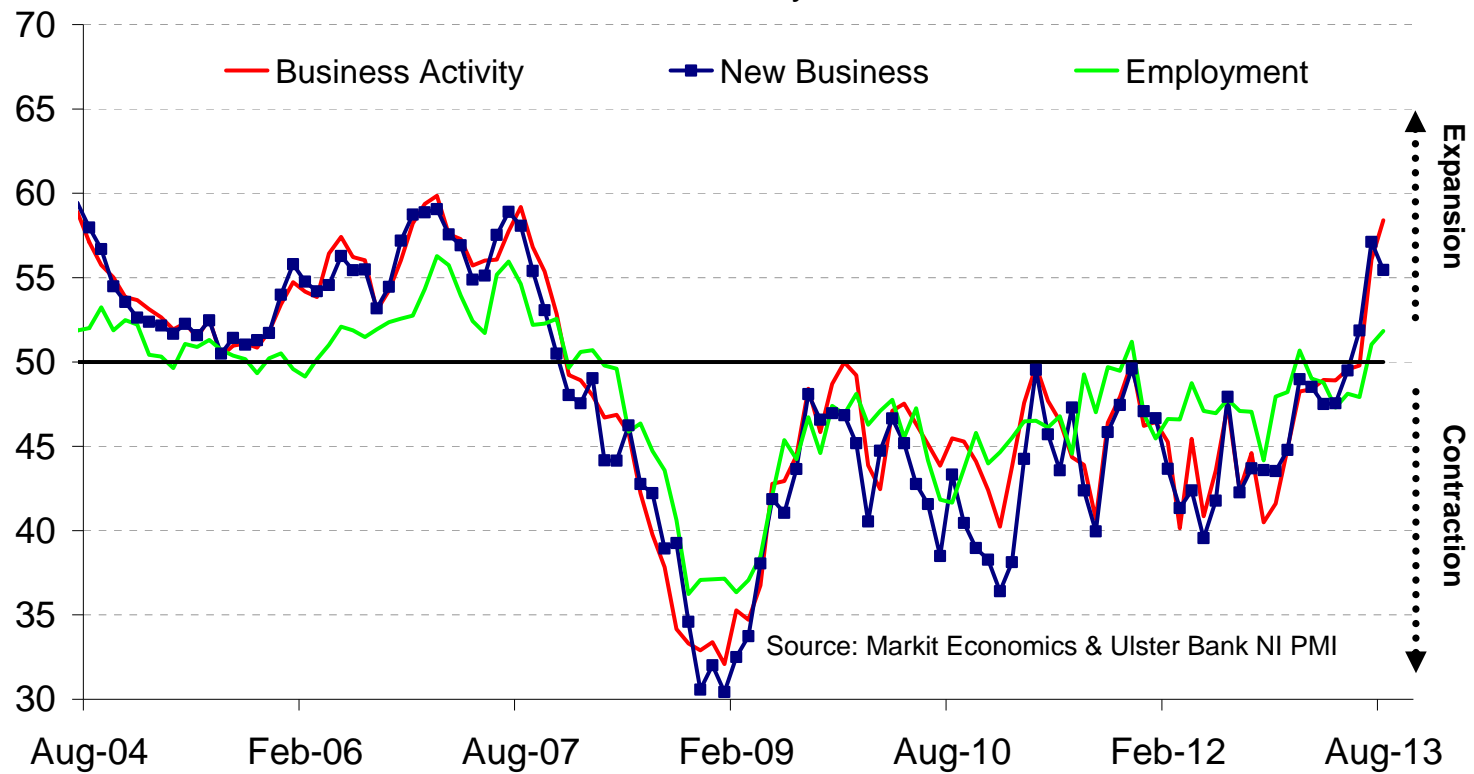
Net change in units in 2012. Source: Local Data Company

Meaningful economic recovery checklist

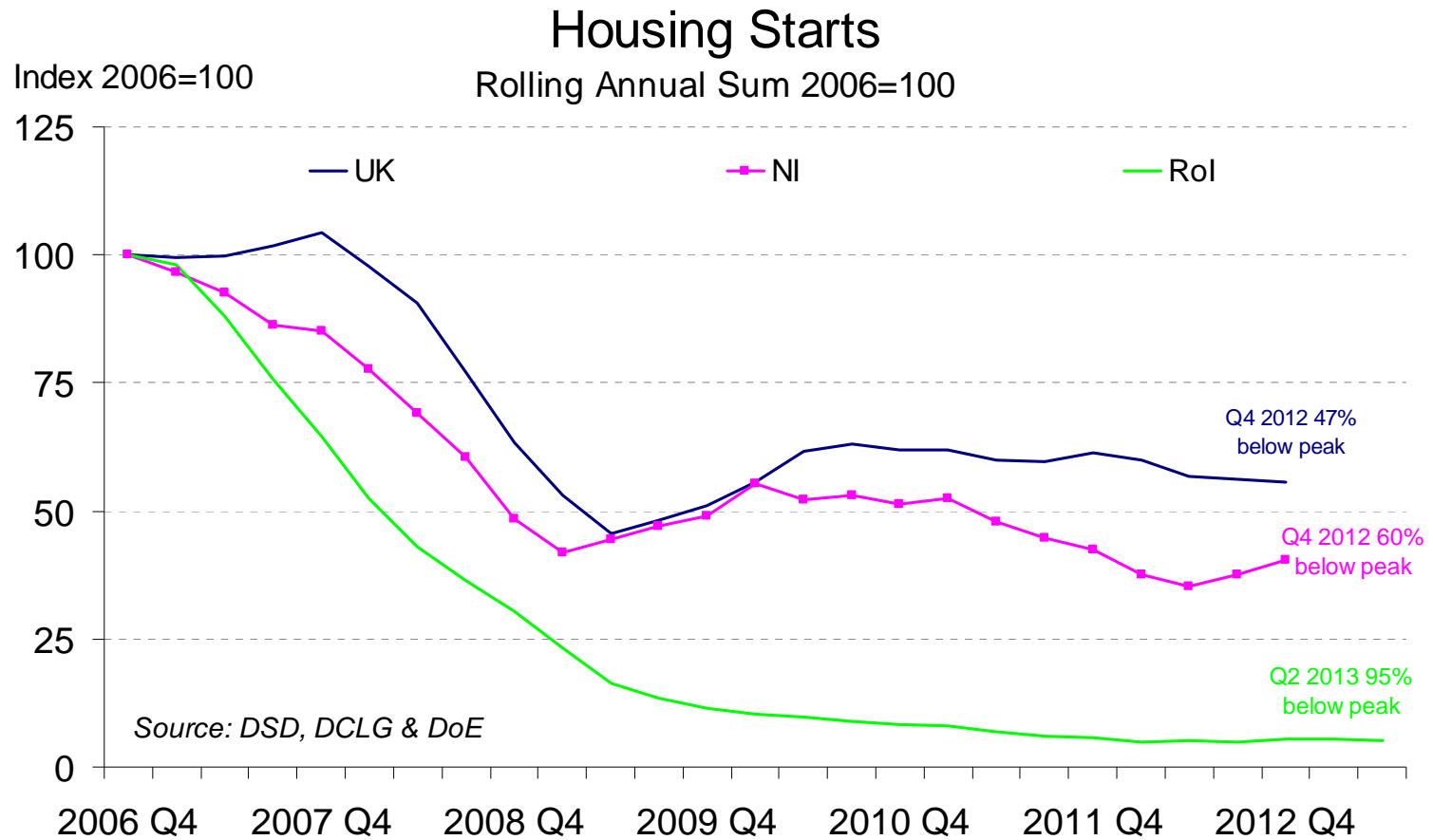
1. ***Business activity*** - NI Private sector activity (PMI) to remain above the 50.0 threshold going forward
2. ***Housing market*** – a sustained pick-up in ‘*home-mover*’ market & housing starts / completions (*GB & RoI*)
3. ***Corporate profitability*** - improvement in profitability & decline in corporate insolvencies / incidence of financial distress
4. ***Job creation*** – a sustained pick-up ‘*in full-time*’ & construction employment
5. ***Inward migration*** – NI to reverse its ‘*net exporter*’ status for 18-34 year olds
6. ***Consumer / households*** – a reversal of the CPI v Wages gap; personal insolvencies following a downward trend; NI & RoI new car sales growth
7. **An increase in bank lending (*measurement?*)**

1. Business activity to remain above 50 indices

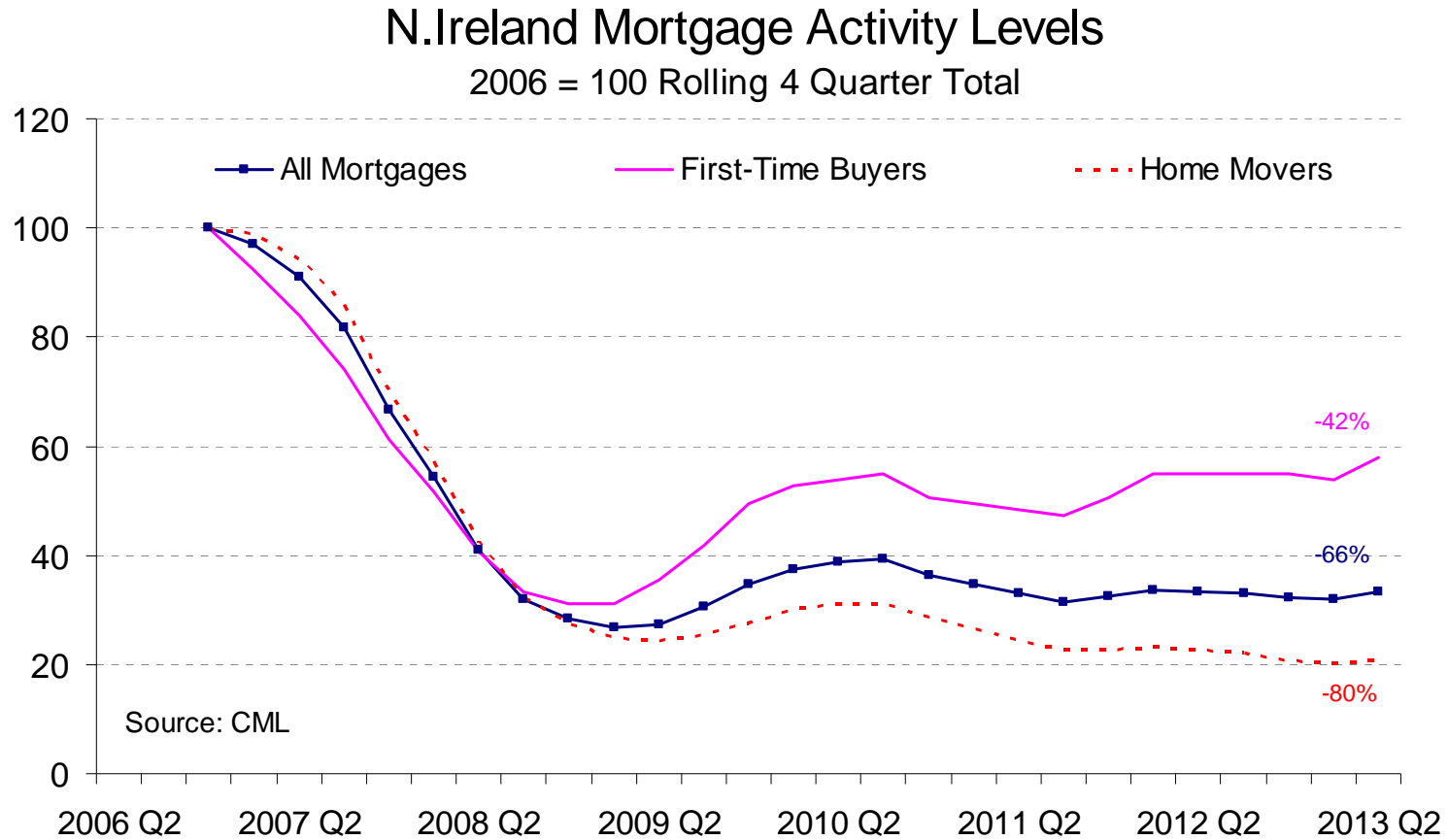
NI Private Sector Activity (PMI)
Monthly



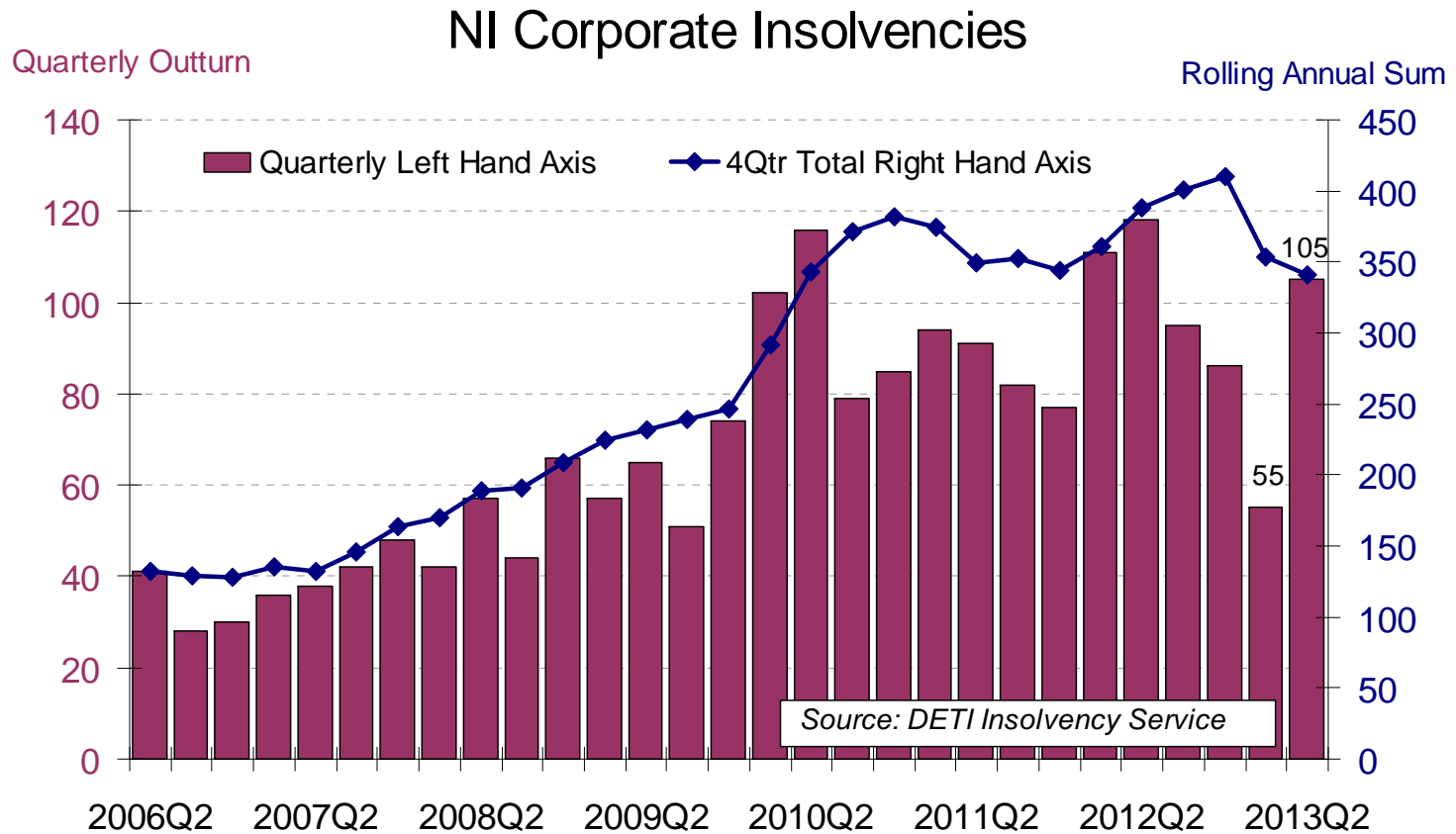
2 (i) We need to start building houses again



2 (ii) A recovery in the home-mover market

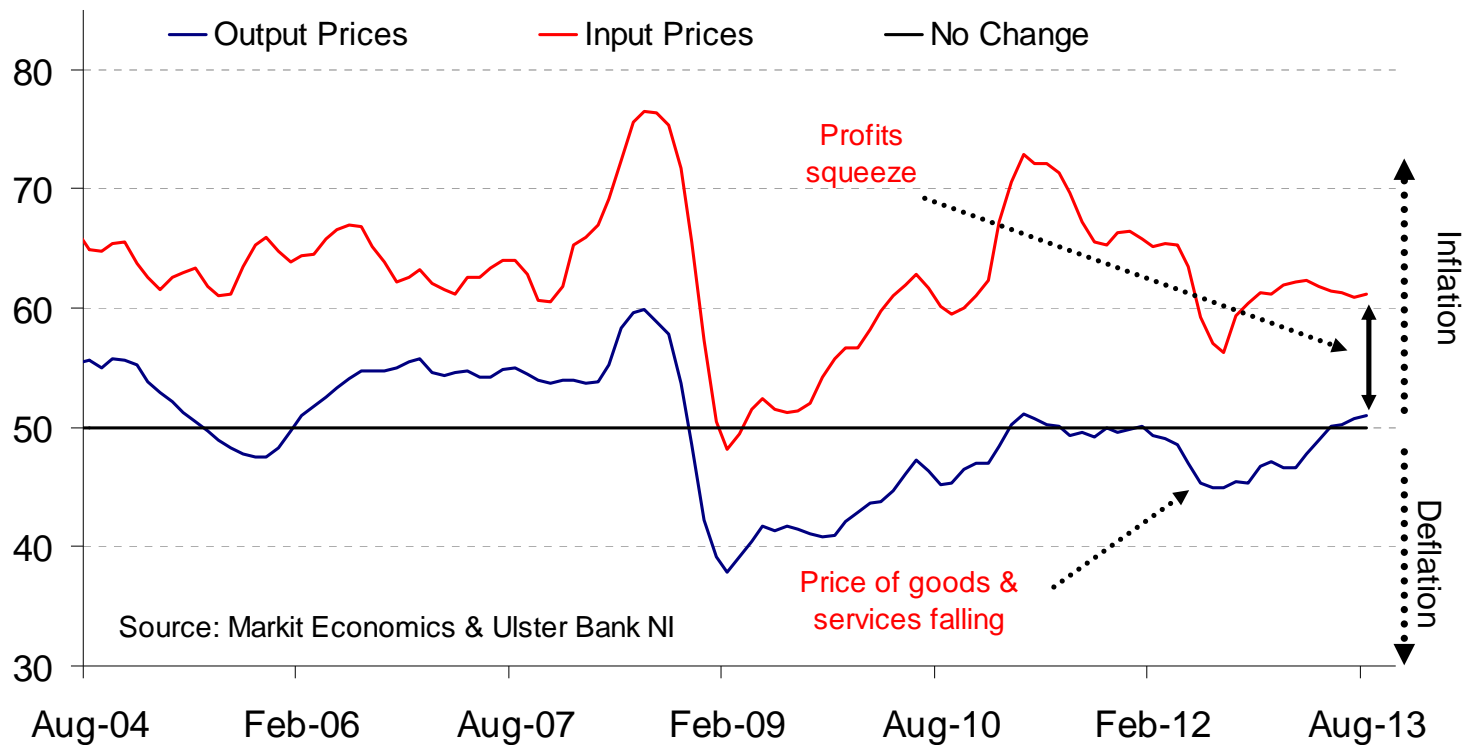


3 (i) A sustained decline in corporate insolvencies

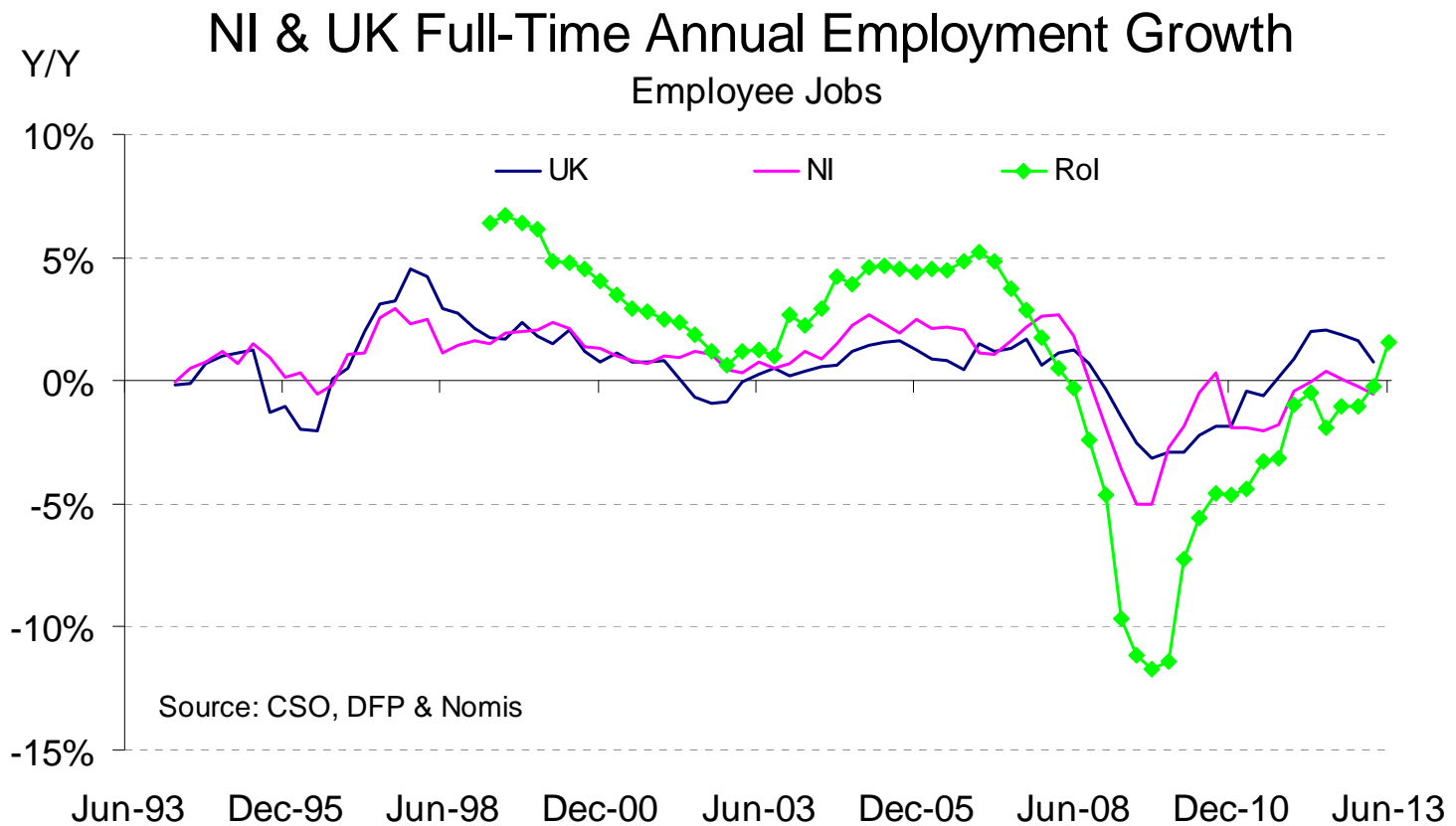


3 (ii) Private sector's profitability squeeze eases

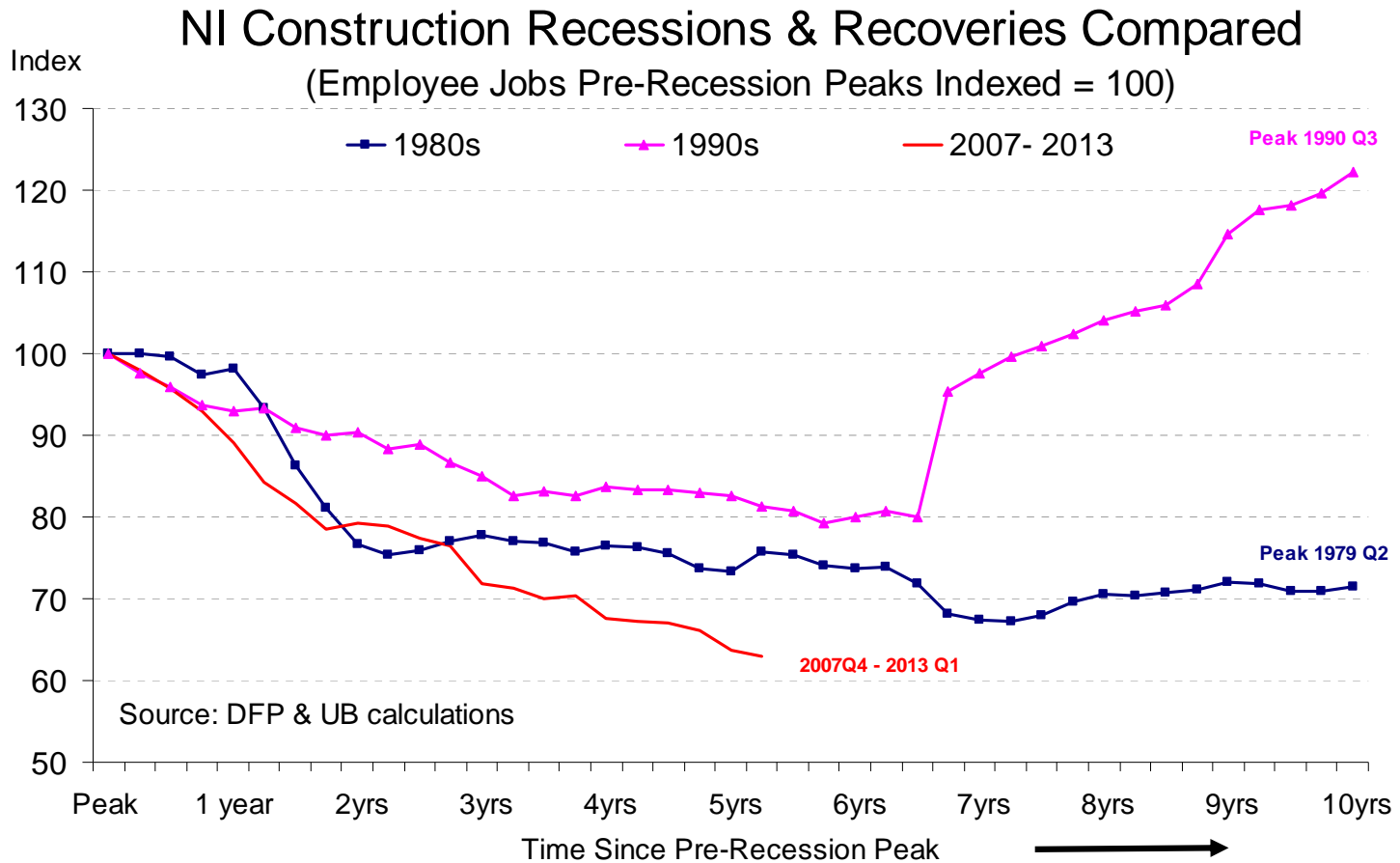
NI Private Sector Profit Squeeze
3 Month Moving Average



4 (i) A sustained increase in Full-Time employment

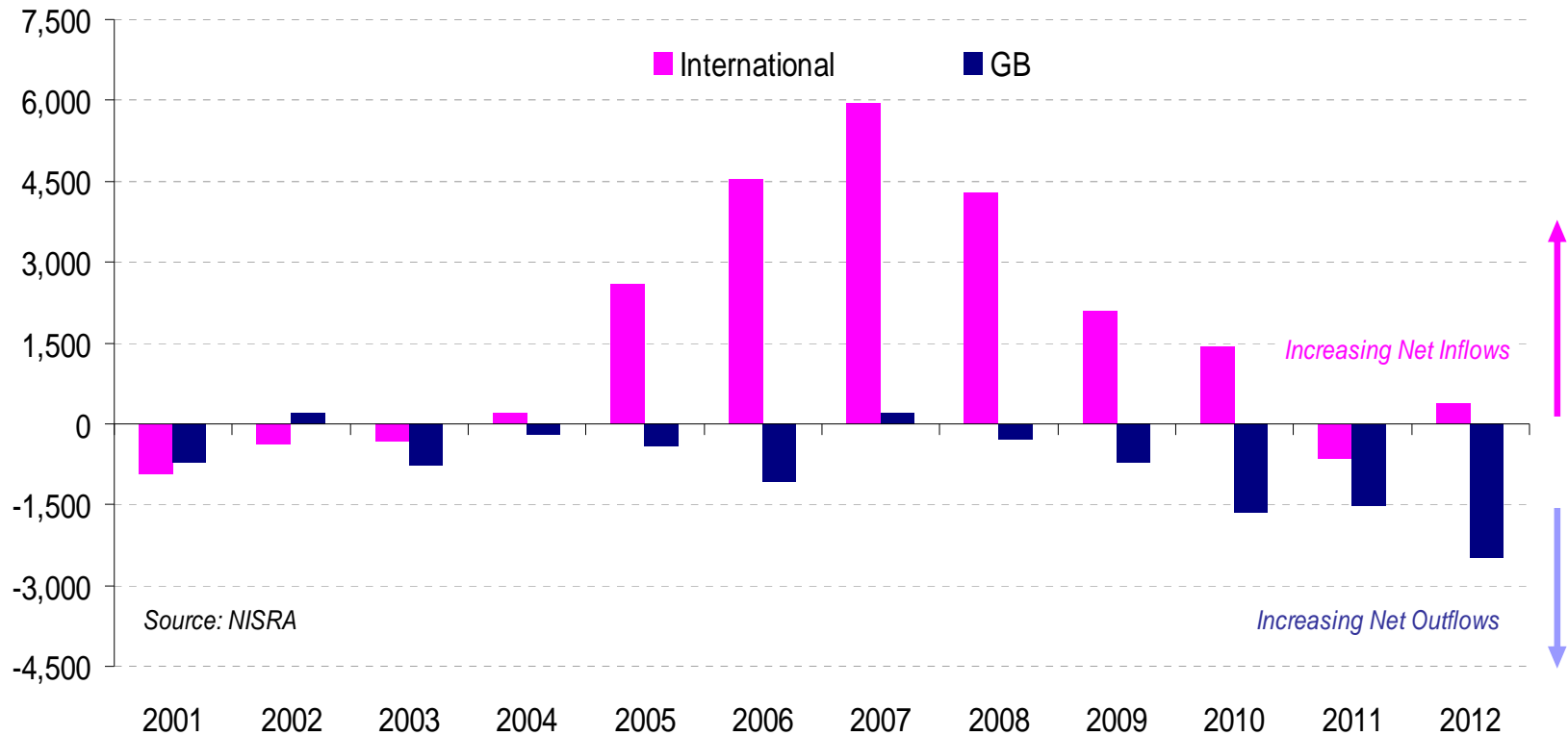


4 (ii) including a return to construction employment growth

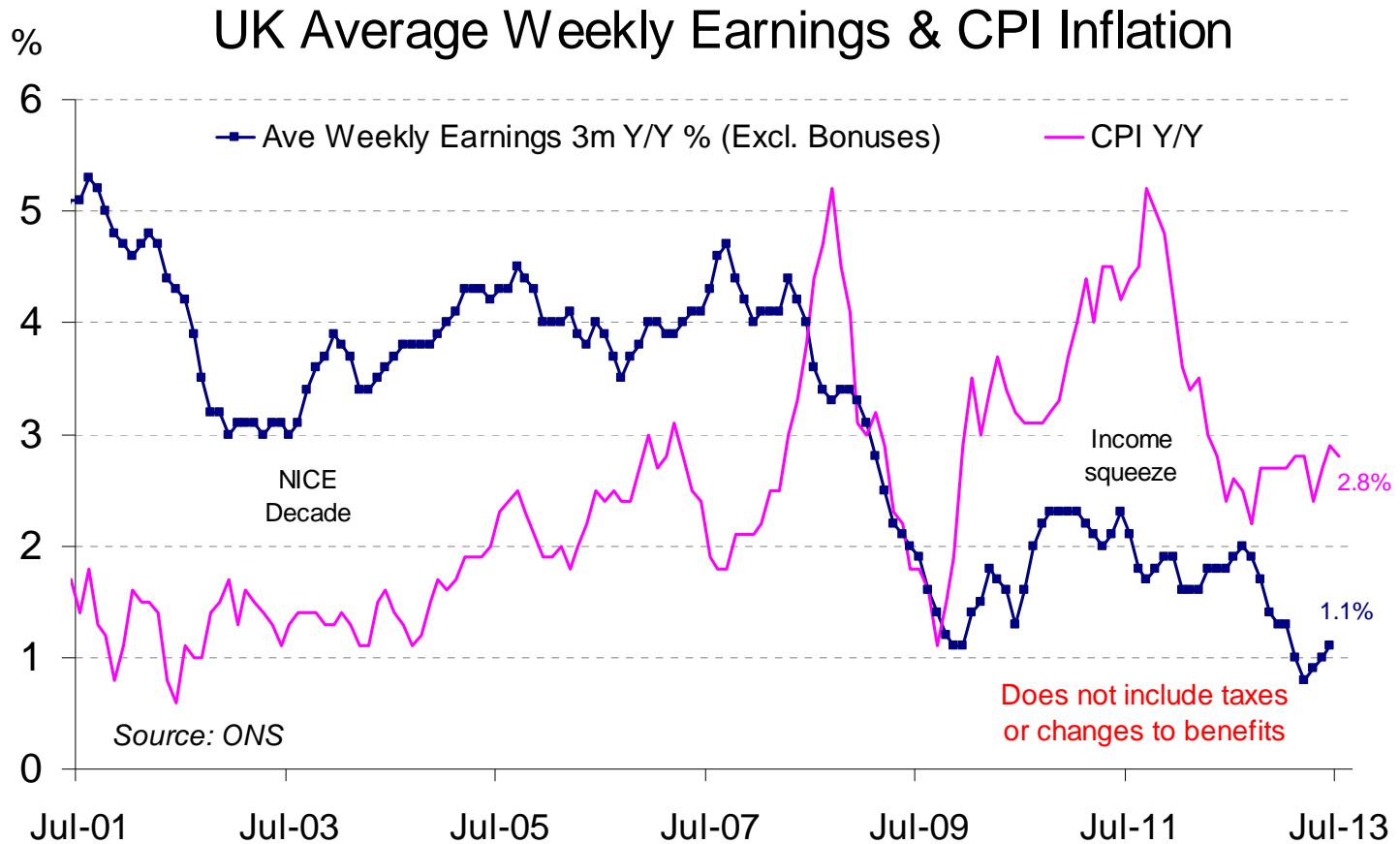


5. Being a net importer rather than an exporter of people will be a sign of an economic recovery

Northern Ireland Net Migration Flows for 18-34 Age-Group



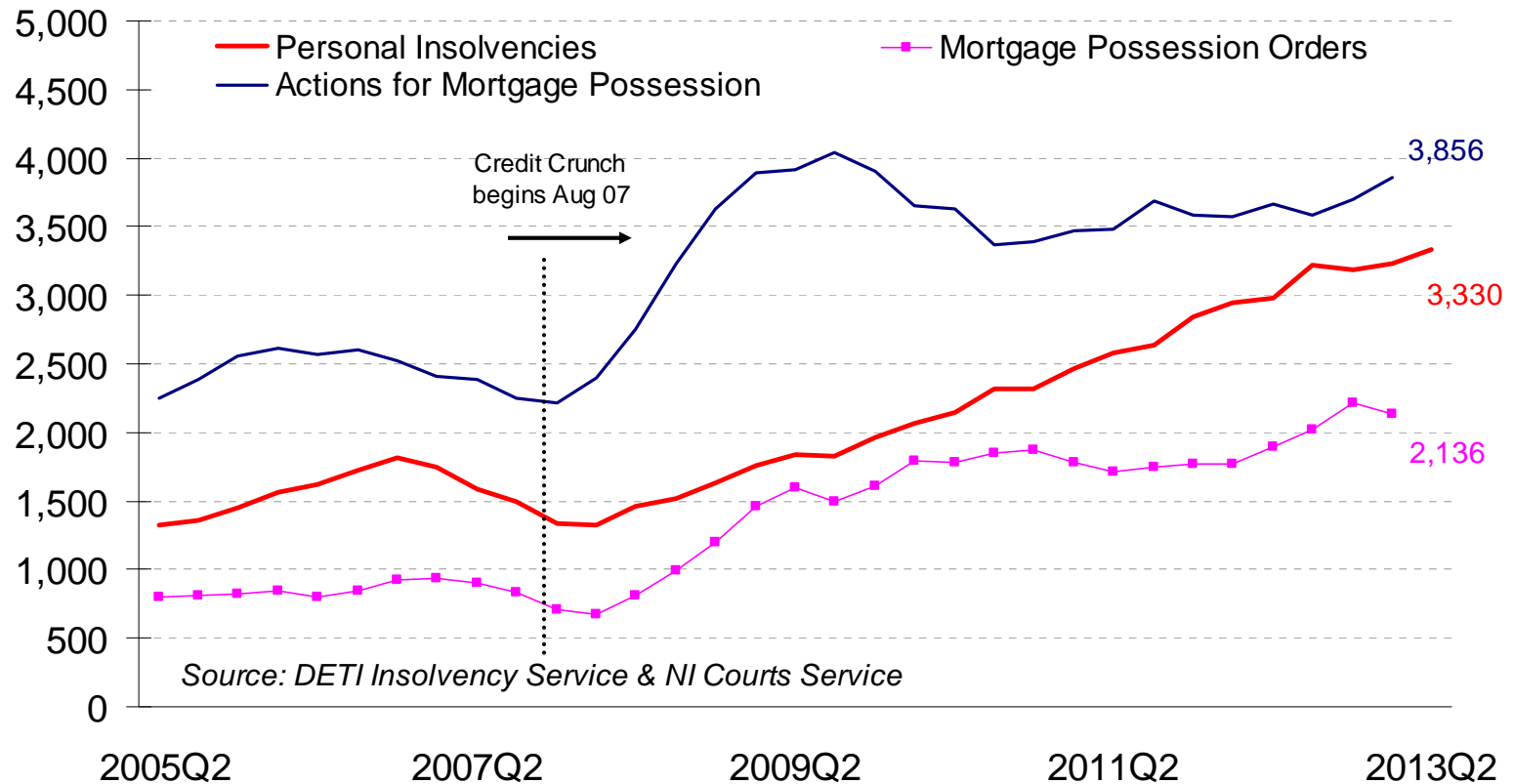
6 (i) Household incomes recovery a long way off



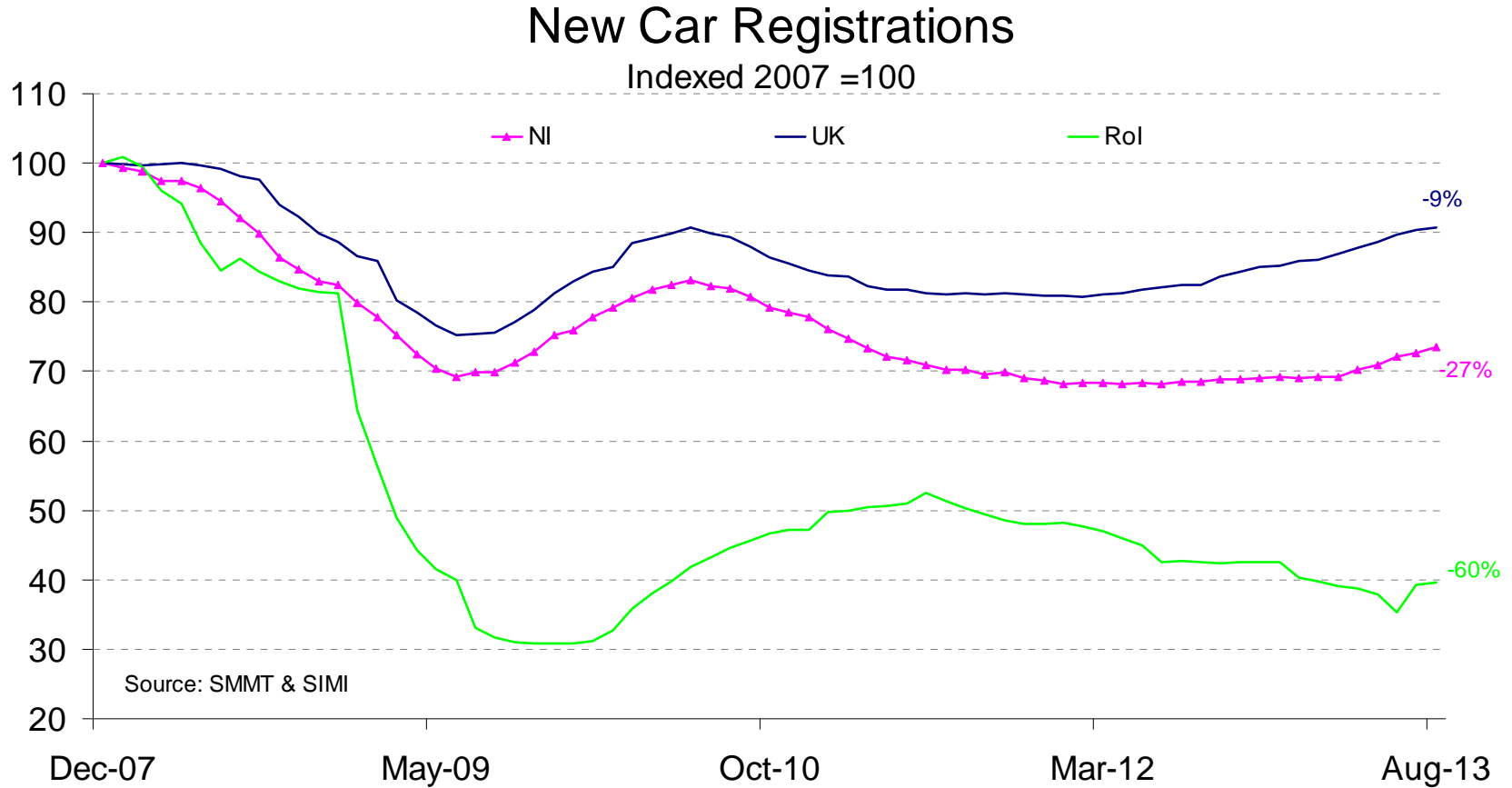
6 (ii) Signs of consumer stress need to ease...

NI Consumer Stress

Rolling 4 Quarter Total



6 (iii) And signs of real consumer confidence rise



Economic Growth will be an uphill challenge...



...with a 'spreadsheet recovery'



Computer says Yes. But consumer says No!

The Coyote always returns, never gives up, becomes more innovative with whatever resources & the race never stops!





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