

Economic Indicators at a glance – January 2014

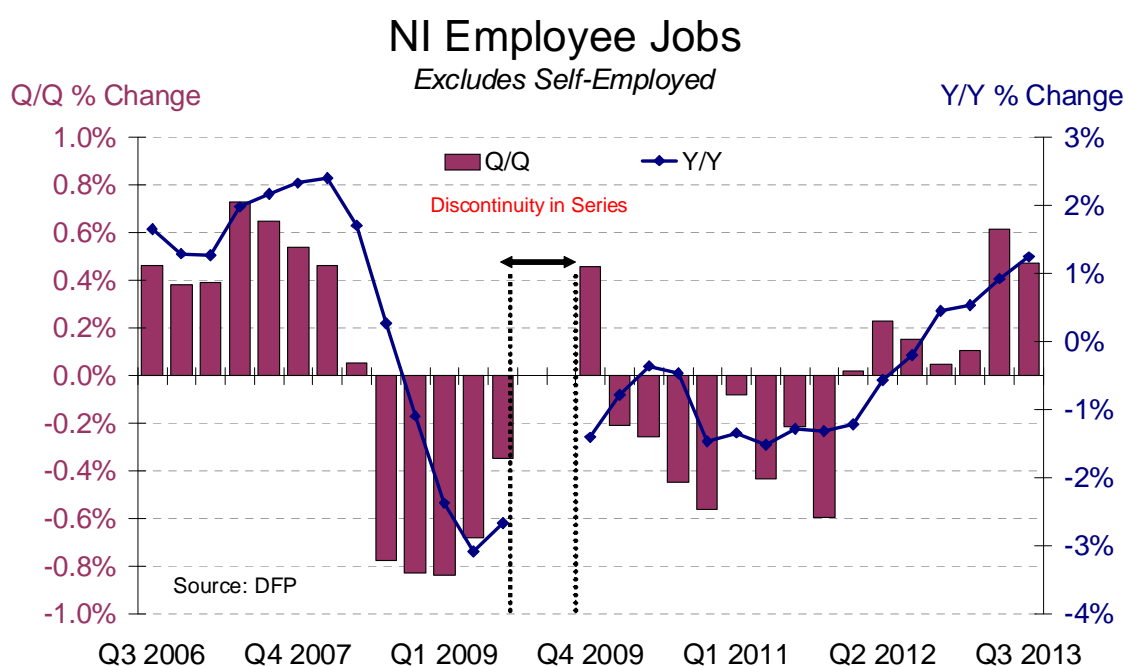
Contact: Richard Ramsey
Chief Economist, Northern Ireland
02890 276354 or 07881 930955

Richard.ramsey@ulsterbankcm.com
www.ulsterbank.com/economics
Twitter @UB_Economics

Appears in Belfast Telegraph Business Month published 6th January 2014

Northern Ireland posts its 7th successive quarter of employment growth

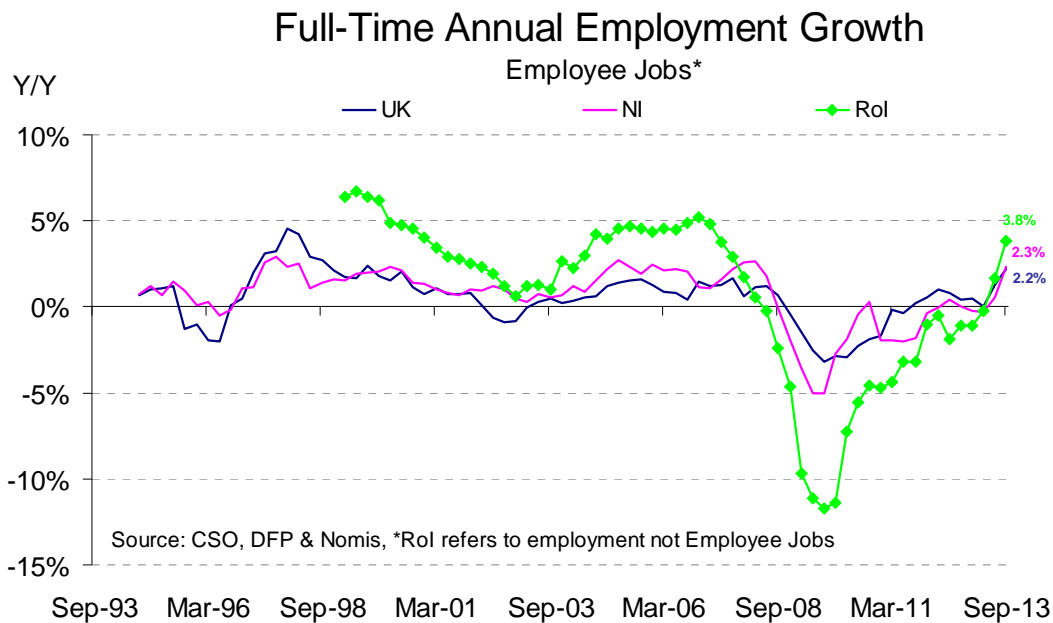
Last month saw the release of the Quarterly Employment Survey (QES) for Q3 2013. This measures the number of jobs as opposed to the number of individuals in employment. The QES excludes the self-employed. It should be noted that the QES coverage and methodology used to estimate the number of jobs in Northern Ireland (NI) has changed. This explains the apparent surge in job numbers in Q4 2009. The latest figures reveal that NI has posted 7 consecutive quarters of employment growth. Furthermore, the rise in job numbers in Q3 2013 of 3,300 jobs (+0.5%) represented the second largest quarterly increase since Q1 2008 (excluding Q4 2009). The private sector accounted all of these net job gains. The number of seasonally adjusted jobs peaked in Q2 2008 at 733,070 and troughed in Q4 2011 with 691,620. This represents a decline of 5.7% or 41,450 jobs. In the subsequent seven quarters, NI has recouped over one quarter (28%), or 11,400 jobs, of the jobs lost during the downturn. This highlights the scale of the job creation challenge still facing NI. It is encouraging that NI's economic recovery has moved to the next stage with a meaningful recovery in employment. The steady stream of Invest NI-backed investments over the last year, promising jobs in the near future, alongside improved business confidence & rising investment intentions, should keep employment growth on an upward trajectory. At a sector level, the most impressive growth, in percentage terms, occurred within the construction industry. The latter posted a 1.1% quarterly increase of 320 in Q3 2013. However, despite this rise, construction employment remains almost 37% below its pre-downturn peak. Manufacturing posted its third successive quarterly rise in Q3 2013 with a 0.9% q/q increase (+700 jobs). Manufacturing employment is now at its highest level since Q1 2009. Meanwhile the services sector recorded a quarterly rise of 0.4% (+2,200).



NI, UK & RoI all post y/y employment growth for full-time jobs

Full-time employees have borne the brunt of the job losses in the UK, NI and the Republic of Ireland (RoI). However, it is encouraging to note that all three economies saw the rate of employment growth amongst full-time employees accelerate in Q3 2013. The RoI and the UK posted year-on-year increases of 3.8% and 2.2% respectively. Meanwhile full-time employment in NI increased by 8,810, or 2.3%, over the year to Q3 2013.

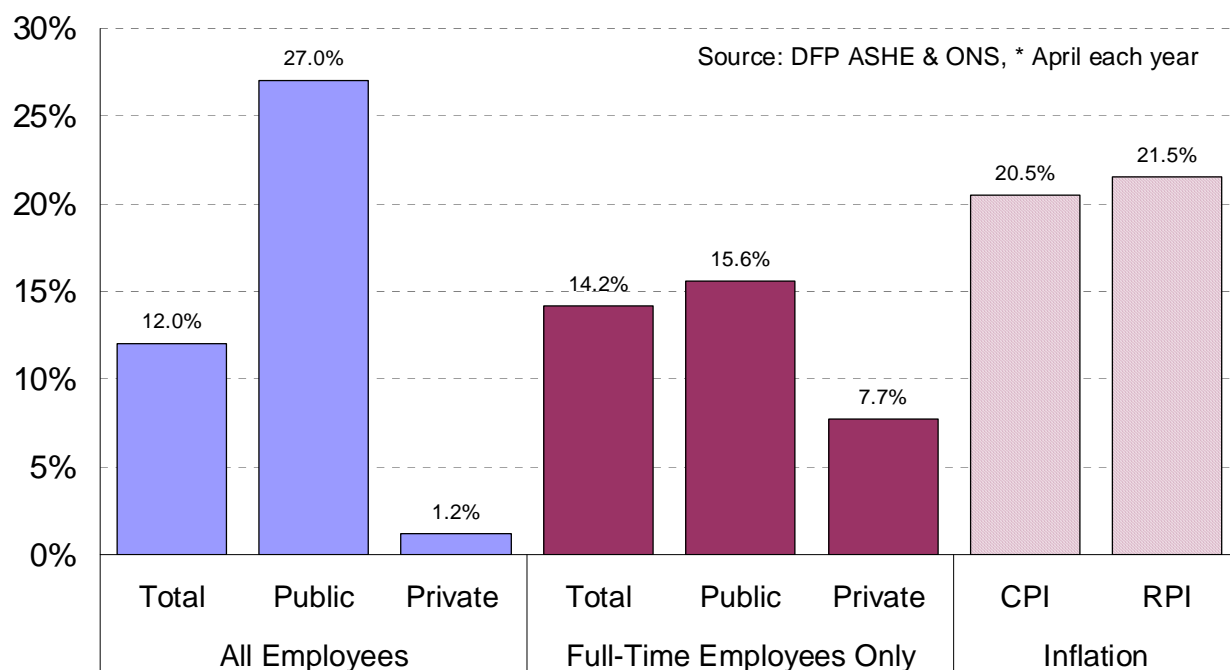
This represented the fastest rate of employment growth since Q1 2008. Despite this recent rise, the number of full-time jobs in NI in Q3 2013 remains 3.2% (or 23,340 jobs) below the corresponding figure in Q3 2008. By comparison, UK full-time employment in Q3 2013 was 2.3% below the corresponding figure in Q3 2008. Of the three economies, however, the RoI has experienced the largest decline in full-time employment over the last 5 years. In Q3 2013, full-time employment in the RoI was 16.3% below where it was five years previously and almost 19% below its pre-downturn peak.



Northern Ireland earnings growth being wiped out by inflation

Last month's Annual Survey of Hours & Earnings (ASHE) for 2013 provides further evidence of the impact of the recession on the earnings of employees. Since the UK recession officially began in 2008, pay cuts and wage freezes have been commonplace within the private sector. The squeeze on incomes has been compounded by rampant inflation. UK consumer prices have increased by 21% cumulatively between April 2008 and April 2013. This compares with a cumulative rise in median earnings (*for all employees part-time & full-time*) of 12% with the private sector posting a paltry rise of just over 1%. Meanwhile, the median public sector wage has more than kept up with inflation with a 27% rise over the last five years. Full-time employees (*all sectors*) have fared slightly better with an increase of 14% over the five years to April 2013. The median wage for both the public and private sector employees has failed to keep up with inflation. During the five year period from April 2008-April 2013 the median private and public sector wages increased by 15.6% and 7.7% respectively.

% Change in N.Ireland Median Wages v UK Inflation Cumulative Increase 2007-2013*



*Richard Ramsey,
23rd December 2013*

This document is issued for information purposes only for clients of Ulster Bank Group who are eligible counterparties or professional customers, and does not constitute an offer or invitation to purchase or sell any instrument or to provide any service in any jurisdiction where the required authorisation is not held. Ulster Bank and/or its associates and/or its employees may have a position or engage in transactions in any of the instruments mentioned.

The information including any opinions expressed and the pricing given, is indicative, and constitute our judgement at time of publication and are subject to change without notice. The information contained herein should not be construed as advice, and is not intended to be construed as such. This publication provides only a brief review of the complex issues discussed and readers should not rely on information contained here without seeking specific advice on matters that concern them. Ulster Bank make no representations or warranties with respect to the information and disclaim all liability for use the recipient or their advisors make of the information. Over-the-counter (OTC) derivatives can involve a number of significant and complex risks which are dependent on the terms of the particular transaction and your circumstances. In the event the market has moved against the transaction you have undertaken, you may incur substantial costs if you wish to close out your position.

Ulster Bank Limited Registered Number: R733 Northern Ireland. Registered Office: 11-16 Donegall Square East, Belfast BT1 5UB. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Member of The Royal Bank of Scotland Group.

Ulster Bank Ireland Limited . A private company limited by shares , trading as Ulster Bank , Ulster Bank Group and Bank Uladh. Registered in Republic of Ireland. Registered No. 25766. Registered Office: Ulster Bank Group Centre, George's Quay, Dublin 2. Member of the Royal Bank of Scotland Group. Ulster Bank Ireland Limited is regulated by the Central Bank of Ireland.

Calls may be recorded.



Ulster Bank Limited accepts no liability for the outcome of any actions taken arising from the use of this article