

Economic Indicators at a glance – September 2013

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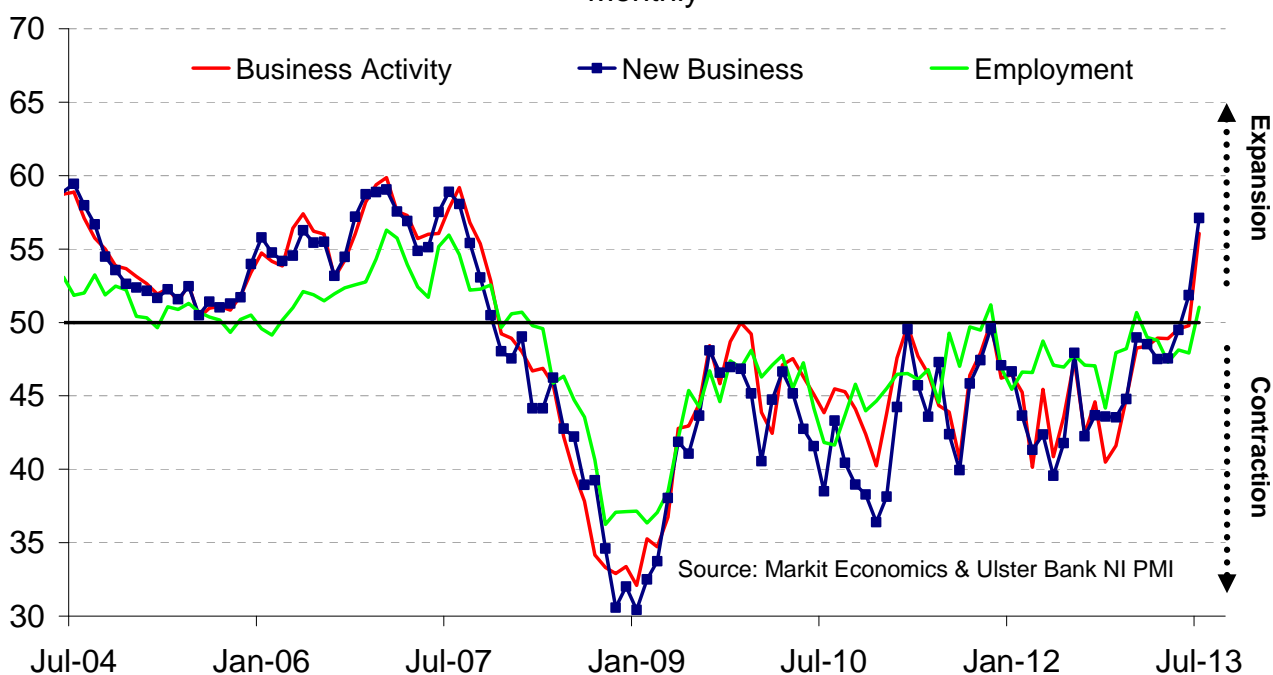
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Chart of the month: Northern Ireland business activity expands at its fastest rate since September 2007

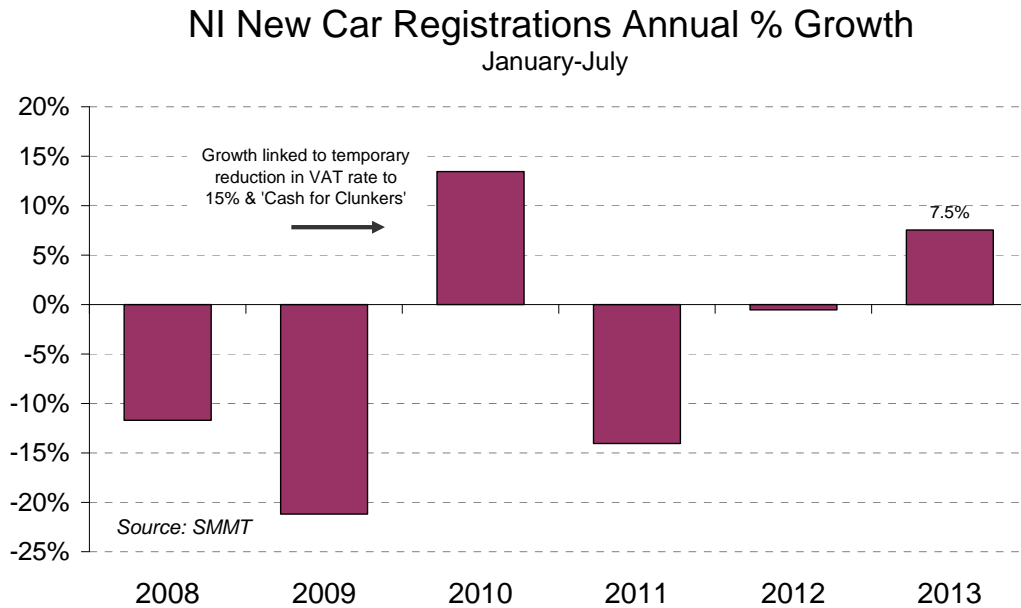
According to the latest PMI, Northern Ireland experienced something of an economic heat wave in July. Last month marked the sixth anniversary of the official start of the credit crunch. During the 71 months that have elapsed since then, the Northern Ireland PMI has been a reliable, albeit gloomy, barometer of economic conditions for local firms. Positives, as far as the PMI is concerned, have been in short supply over this period. However, the July 2013 survey was littered with positives. Business activity, new orders, exports and employment all increased in July with almost one third of firms surveyed reported a rise in activity. Local firms saw business activity increase at its fastest rate in 70 months with all sectors of the economy experiencing robust rates of growth. The better weather conditions were cited as one factor while improved client confidence across the UK was another. The surge in new business orders in July suggests business activity should remain buoyant in the near term. At a sector level, it is particularly encouraging to see the construction sector report a significant pick-up in activity and new orders alongside some employment gains. Meanwhile, the retail sector also reported a strong July in what has otherwise been a challenging year. August should also be a good month for retailers and the wider hospitality industry with the World Police & Fire Games one of the key events in Northern Ireland. Whilst the latest survey makes for very pleasant reading it is important not to get carried away. Like economies elsewhere, Northern Ireland requires a sustained period of growth over the months and years ahead. Last month's guidance by the Bank of England that interest rates could remain at their record lows for the next 3 years underscores the fact that the UK recovery, or indeed a Northern Ireland one, is by no means guaranteed in the near-term.

NI Private Sector Activity Monthly



Northern Ireland new car sales post their best July reading in 4 years

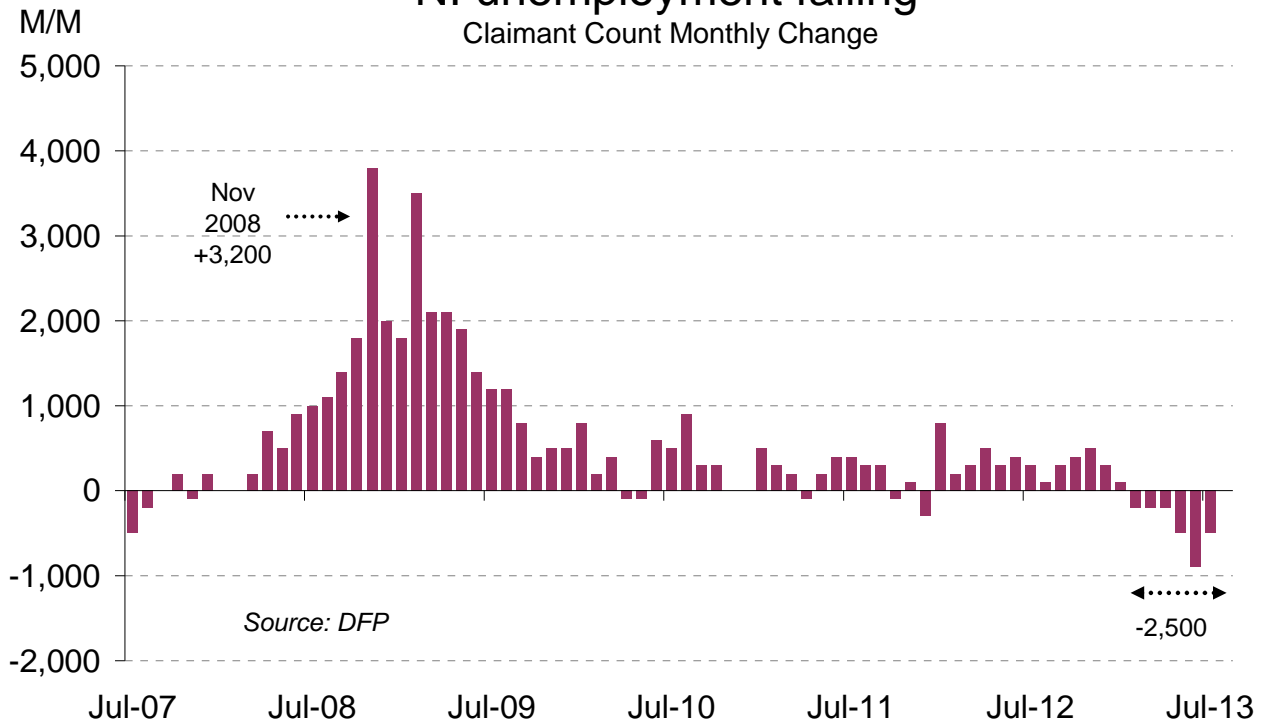
New car sales are a key barometer of consumer confidence as a new car represents the most expensive discretionary spending item after a new house. According to the latest figures from the Society of Motor Manufacturers and Traders (SMMT), July 2013 represents the sixth consecutive month that Northern Ireland posted a year-on-year increase in new car sales. Furthermore, the July sales figures represented the best outturn for the month of July in four years. During the first seven months of the year there have been 33,810 new car sales. This represents an annual increase of 7.5% and only the second annual increase during the last six years. It is noted that the 2010 figures were boosted by the temporary reduction in the VAT rate and the so called 'cash for clunkers' schemes.



Northern Ireland's unemployment falls for the 6th consecutive month

It is encouraging to note that Northern Ireland's unemployment claimant count fell by another 500 individuals in July. This represents the sixth consecutive month of falling unemployment with a cumulative decline of 2,500 over this period. Meanwhile, Northern Ireland's headline unemployment rate fell by 0.7 percentage points to 7.5% between Q1 and Q2 2013. At first glance this compares favourably with the corresponding rate for the UK of 7.8%. However, the Labour Force Survey is a volatile survey and caution should be applied in reading too much into the headline figures. Beneath this rather impressive headline the improvement in the unemployment rate is less dramatic. For the most part, the latest quarterly decline in the unemployment rate was due to a rise in economic inactivity rather than growth in employment. It is noted that Northern Ireland's economic inactivity rate increased by 0.8 percentage points between Q1 and Q2 2013.

NI unemployment falling Claimant Count Monthly Change



Richard Ramsey,
21st August 2013

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