

# Economic Indicators at a glance – April 2014

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

[Richard.ramsey@ulsterbankcm.com](mailto:Richard.ramsey@ulsterbankcm.com)  
[www.ulsterbank.com/economics](http://www.ulsterbank.com/economics)  
Twitter @UB\_Economics

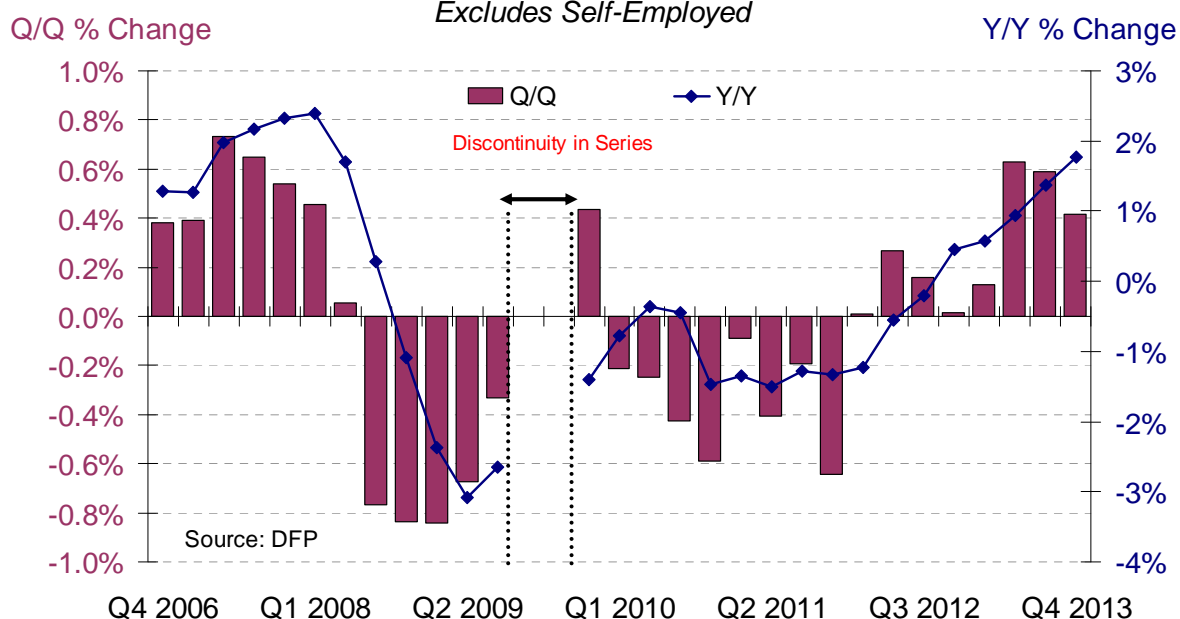
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## Northern Ireland posts its 8<sup>th</sup> successive quarter of employment growth

All eyes and ears were focused on the Chancellor's fifth Budget on the 19<sup>th</sup> March. However, there was also an encouraging batch of Northern Ireland economic data released on the same day. The local labour market continues to improve with unemployment falling and employment rising. Indeed, Northern Ireland's claimant count (or dole queue) fell for the thirteenth consecutive month in February. Meanwhile the Quarterly Employment Survey (QES) for Q4 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 revealed an eighth consecutive quarter of employment growth with a net gain of 2,920 jobs (+0.4%) in Q4 2013. Furthermore, the year-on-year increase (+1.8%) represented the fastest rate of employment growth since Q1 2008. This equated to a net gain of 12,300 jobs with 85% of these in the private sector. The number of seasonally adjusted jobs peaked in Q2 2008 at 733,060 and troughed in Q4 2011 with 691,470. This represented a decline of 5.7% or 41,590 jobs. In the subsequent eight quarters, NI has recouped 30% 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 1.4% quarterly increase of 430 in Q4 2013. However, despite this second successive quarterly rise, construction employment remains almost 36% below its pre-downturn peak. Manufacturing posted its fourth successive quarterly rise in Q4 2013 with a 0.5% q/q increase (+370 jobs). Manufacturing employment is now at its highest level since Q1 2009. Meanwhile the services sector recorded a quarterly rise of 0.4% (+2,110).

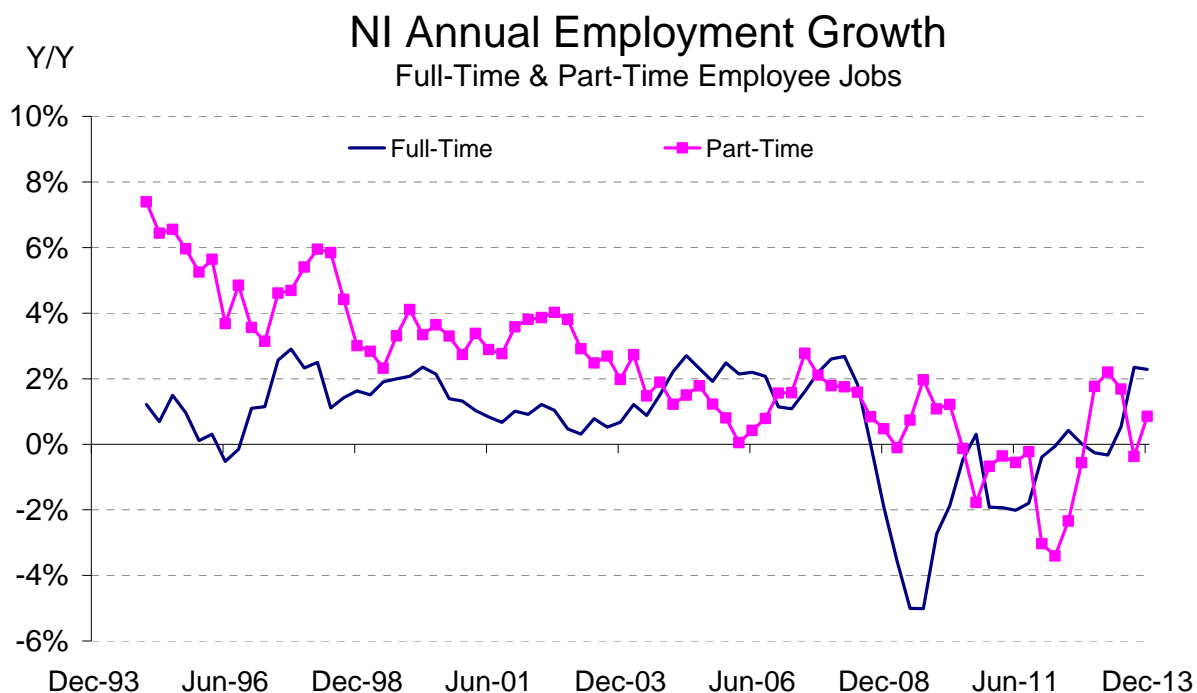
## NI Employee Jobs

*Excludes Self-Employed*



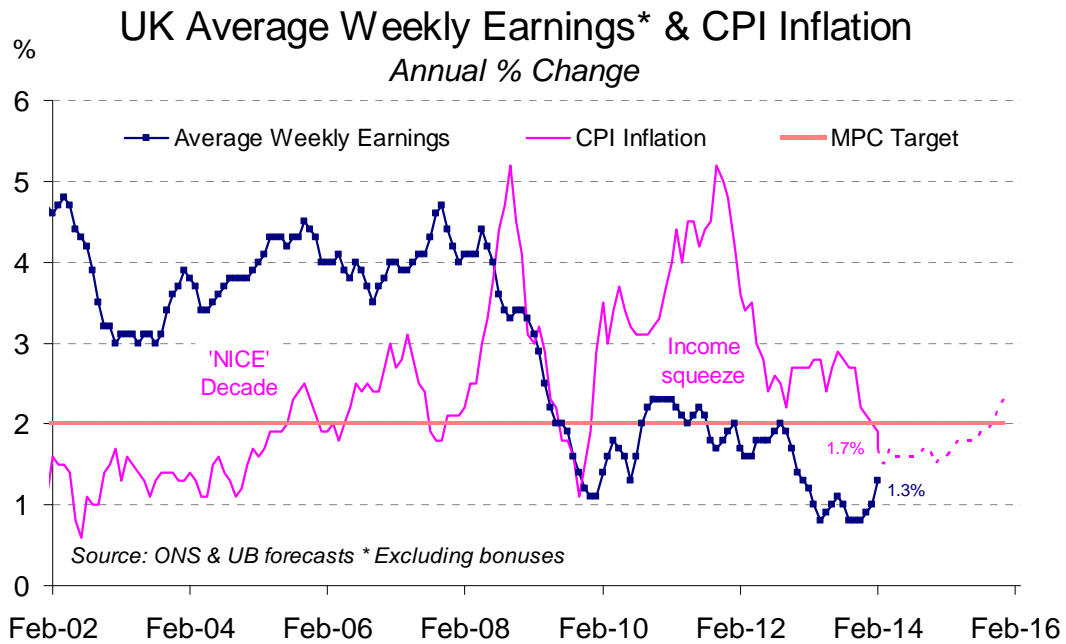
### **Employment recovery driven by full-time employment growth**

Like economies elsewhere, full-time employees bore the brunt of the job losses in Northern Ireland's downturn. However, the recovery in employment growth over the last year has been particularly evident within full-time employment. Full-time employment increased by 2.3% (+10,280 jobs) between Q4 2012 and Q4 2013. This represented the fastest rate of growth in almost six years and compared with an annual increase of just 0.8% for part-time employment. Despite this recent rise, the number of full-time jobs in NI in Q4 2013 remains 5.0% (or 24,370 jobs) below the peak in Q1 2008. So, to date, Northern Ireland has recouped just over one third of the full-time jobs lost during the recession. By contrast, part-time employment in Q4 2013 was less than 3,000 jobs (-1.1%) below its peak in Q4 2009.



### **Cost of living squeeze appears to be easing**

Whilst there has been a steady stream of indicators pointing to an economic recovery, signs of improvement within households have been less obvious. However, the cost of living squeeze appears to be easing with the gap between annual consumer price inflation and average weekly earnings narrowing. The annual rate of consumer price inflation (CPI) eased from 1.9% in January to 1.7% in February. The latter represents the lowest rate of CPI inflation since October 2009. One factor behind the recent easing in inflationary pressures has been the fall in petrol prices, which are now at a three-year low. Food price inflation has also been easing. Meanwhile average weekly earnings have been moving in the opposite direction. Indeed, in last month's Budget 2014, the Office for Budget Responsibility forecast that average weekly earnings will overtake inflation later this year. Current forecasts suggest that the UK could potentially be set to enjoy its longest period of below target inflation (*the MPC's 2% target*) in nine years. Below target inflation should keep the Bank of England's Bank Rate on hold at 0.5% until early next year.



Richard Ramsey,  
28<sup>th</sup> March 2014

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