

Economic Indicators at a glance – July 2014

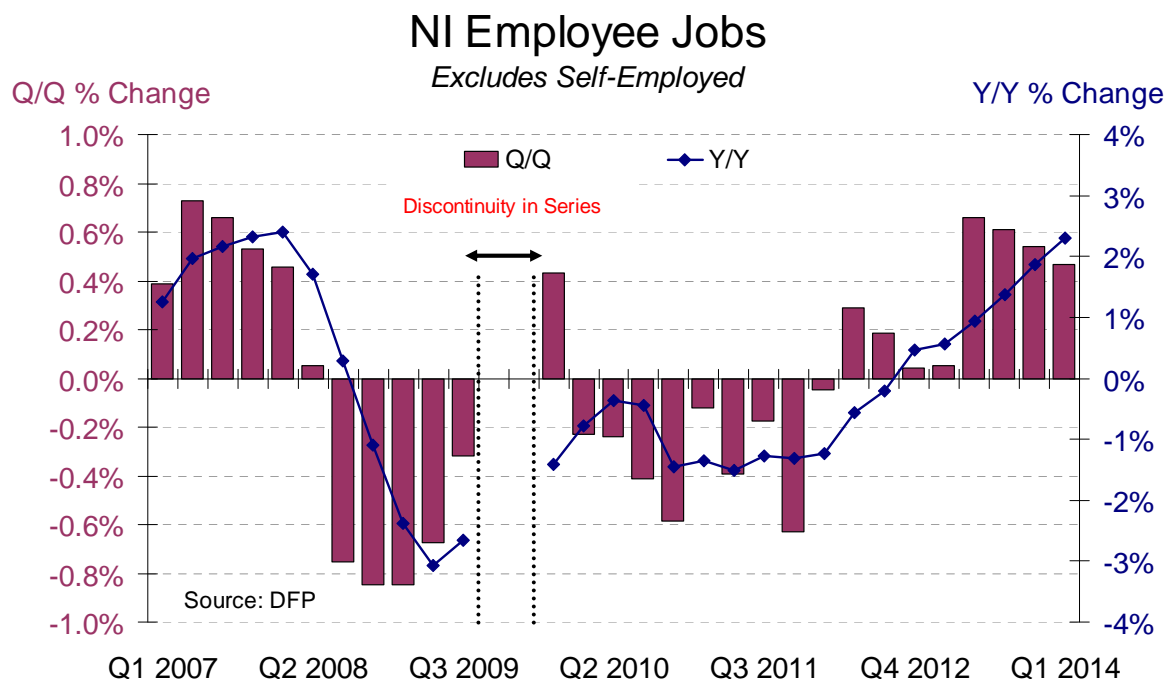
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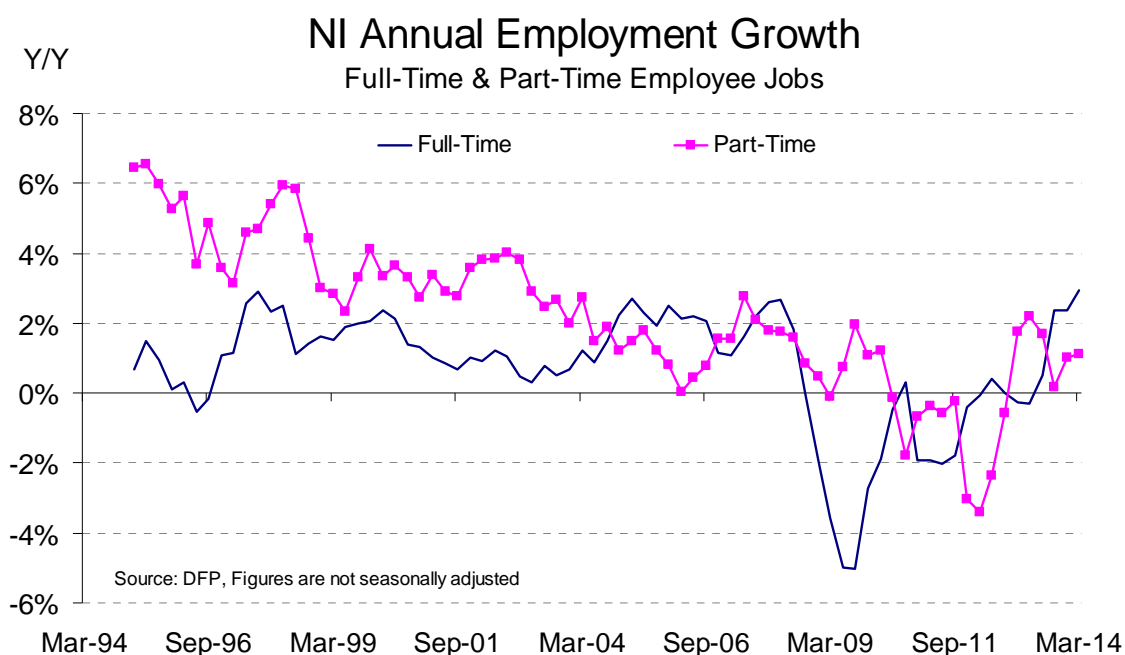
Northern Ireland recoups almost half of the jobs lost during the downturn in 2 years

Northern Ireland's latest batch of labour market data provided further tangible signs of economic recovery. Indeed, Northern Ireland's claimant count (*or dole queue*) fell for the 17th consecutive month in June. Meanwhile the Quarterly Employment Survey (QES), which measures the number of jobs as opposed to the number of individuals in employment, recorded its fastest year-on-year increase in six years in Q1 2014. 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 3,310 jobs (+0.5%) in Q1 2014. Furthermore, the year-on-year increase (+2.3%) represented the fastest rate of employment growth since Q1 2008. This equated to a net gain of 15,980 jobs with over 90% of these in the private sector. The number of seasonally adjusted jobs peaked in Q2 2008 at 733,030 and troughed in Q1 2012 with 691,310 jobs. This represented a decline of 5.7% or 41,720 jobs. In the subsequent eight quarters, NI has recouped almost 20,000 jobs, or nearly half (48%) of the jobs lost during the downturn. The steady stream of Invest NI-backed investments over the last year or so, 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 manufacturing industry. The latter posted its largest year-on-year percentage increase (+4.5%), or 3,370 jobs, since records began in 1978. Manufacturing employment is now at its highest level in 5 years. Meanwhile the services sector recorded its ninth successive quarter of growth in Q1 2014. As a result, the service sector has recouped over 90% of the jobs lost during the downturn. The construction sector was the only broad sector not to post an increase in employment in Q1 2014. The local construction sector saw employment fall by 0.8% q/q (250 jobs) in Q1 2014. Construction employment remains 36% below its Q4 2007 peak.



Full-Time employment increasing at its fastest rate in 16½ years

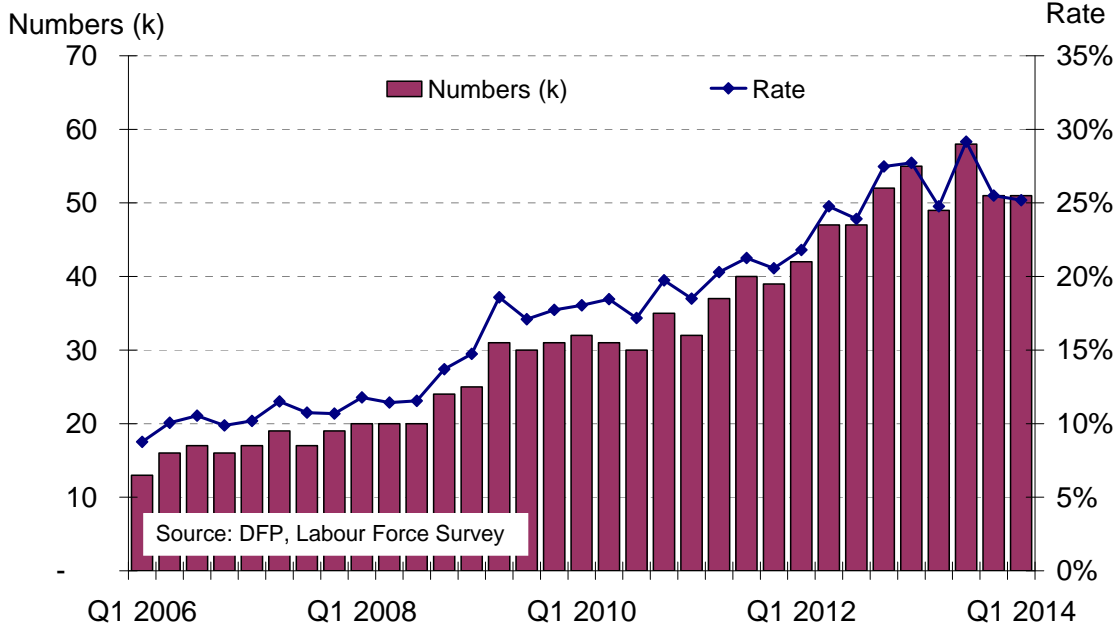
Like economies elsewhere, full-time employees bore the brunt of the job losses in Northern Ireland's downturn. Over the five-year period from Q1 2008 to Q1 2013 full-time employment fell by 7.5% (36,550 jobs). However, the recovery in employment growth over the last year has been particularly evident within full-time employment. Following five years of year-on-year declines (*for like-for-like quarters*), full-time employment increased by 2.9% (+13,150 jobs) between Q1 2013 and Q1 2014. This represented the fastest rate of growth in 16½ years and compared with an annual increase of just 1.1% for part-time employment. Despite this recent rise, the number of full-time jobs in NI in Q1 2014 remains 4.8% (or 23,400 jobs) below the Q1 peak in 2008. So, to date, Northern Ireland has recouped just over one third (36%) of the full-time jobs lost during the recession. By contrast, part-time employment in Q1 2014 was 0.6% (+1,370 jobs) higher than it was in Q1 2008.



Underemployment remains an issue

The Quarterly Employment Survey (QES) presents an encouraging trend in employment as far as employers are concerned. However, the Labour Force Survey (LFS) highlights a number of trends that are perhaps less positive from an individual's perspective. The QES measures the actual number of jobs (*note one individual may be employed in more than one job*) whereas the LFS assesses labour market activity from an individual's perspective. According to the LFS, total employment (*employees and self-employment*) increased by 2.1% year-on-year in Q1 2014. However, within this increase there was a disproportionate rise in self-employment (+20% y/y) and 'temporary workers' (+19% y/y). Meanwhile two key trends suggest underemployment remains an issue in Northern Ireland. Firstly, the number of individuals with a second job increased by 13% over the year to Q1 2014. Secondly, 1 in 4 of all part-timers, or 51,000 individuals, seeking full-time employment were unable to find it. However, the latter figure has come down from last year's peak of 29% (58,000) in Q3 2013. The number of part-timers unable to find full-time employment has trebled in the last 7 years.

NI Part-Timers Unable to Find Full-Time Employment



Richard Ramsey,
23rd June 2014

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