

Economic Indicators at a glance – April 2013

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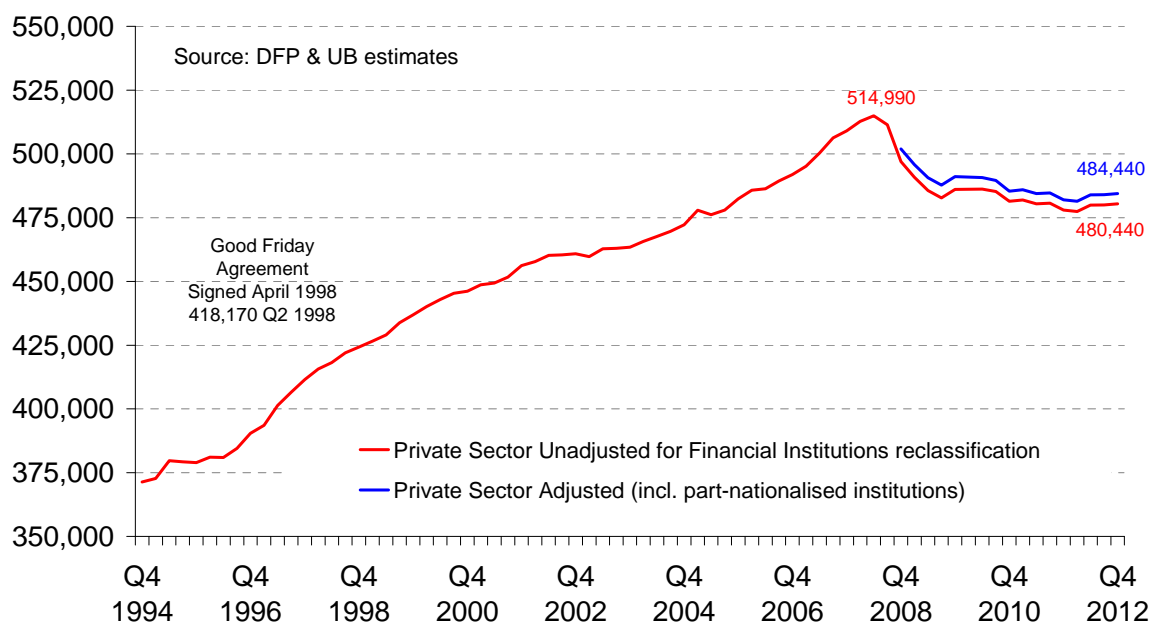
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Appears in Belfast Telegraph Business Month published 8th April 2013

NI's private sector posts over 2,000 net job gains in 12 months

Budget 2013 was the focus of attention last month on the 20th March. However, there was also a raft of labour market data released for both the UK and Northern Ireland on the same day. In particular, the quarterly employee jobs survey (QES) for Q4 2012 made for an interesting reading. The QES measures the number of jobs, as opposed to the number of people in employment. It also excludes the self-employed. Whilst Northern Ireland's employee jobs total fell marginally in Q4 2012 by 0.1% (or 750 jobs) to 693,340 jobs, there were some positive signs too. There were upward revisions to the previous three quarters (Q1-Q3) of data amounting to some 1,270 jobs. This highlights that there were fewer job losses than were previously estimated. So far, Q1 2012 represents the trough in employment at 691,450 jobs. Since then, total employment has risen by 0.3% (or 1,890 jobs) due solely to gains within the private sector. The latter has posted an increase of 2,050 jobs since its trough in employment in Q4 2011 (476,850). It should be noted that the reclassification of some part-nationalised financial institutions from the private sector to the public sector has distorted the public / private jobs split. In Q4 2008 around 5,000 private sector jobs switched to the public sector. It is estimated that this number has fallen to around 4,000. Therefore the total public sector employment figure of 212,910 is overstated by 4,000. Conversely, the private sector total is understated by the same 4,000 jobs. Taking this adjustment into account, it is noted that public sector employment has fallen by 4.4% (or 9,530 jobs) since Northern Ireland's overall employment peak in Q2 2008. Meanwhile, the corresponding figure for the private sector has fallen by 5.9% (or 30,550 jobs) over the same period. Prior to the start of the credit crunch in 2007, Northern Ireland's public sector employment stood at 220,720 in Q2 2007. Since then employment has fallen by 5.4% (or 11,810 jobs) with further significant falls expected in the years ahead.

NI Private Sector Employee Jobs



Construction employment still falling and back to 1998 levels

Northern Ireland’s job losses have been most prevalent within full-time employment with some sectors faring worse than others. The number of full-time employees has fallen by 7.2% (or 35,000 jobs) since Q2 2008 with the construction sector posting the steepest declines. Conversely, the number of part-time jobs has increased relative to Northern Ireland’s overall employment peak (Q2 2008). This has been due to the growth in part-time services employment which has helped the service sector post overall employment growth in each of the last four quarters. Meanwhile, the local construction sector continues to bear the brunt of job losses within the Northern Ireland economy. The latest quarter saw the construction industry post another hefty quarterly decline of 3.6% (or 1,110 jobs) in Q4 2012. As a result, Northern Ireland’s construction industry has seen employment (excluding the self-employed) plunge by 36% (or 16,890 jobs) over the last five years. Furthermore, construction employment has returned to 1998 levels. Manufacturing employment fell by 0.9% (or 710 jobs) in the latest quarter and remains 11.5% below its pre-recession high.

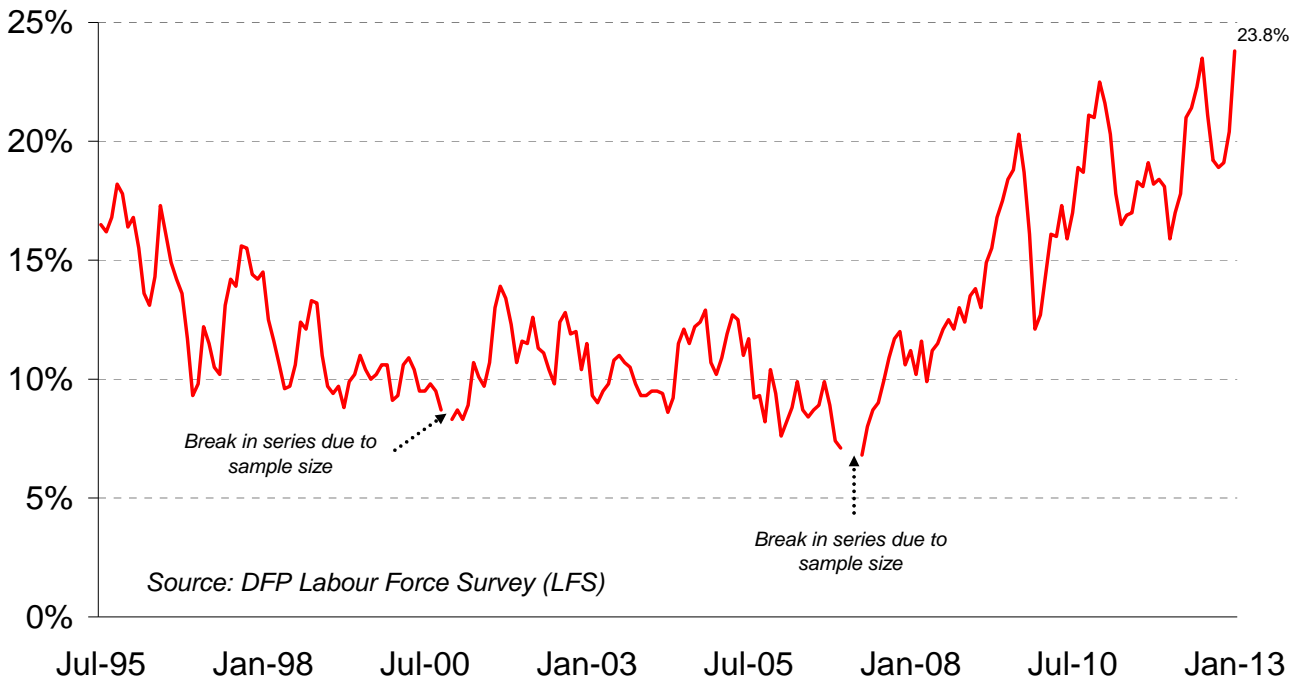
**NI Employee jobs relative to pre-downturn peaks
Q4 2012**



NI’s youth unemployment rate hits a record high

Last month saw Northern Ireland’s ILO unemployment rate jump to 8.5% in the three months to January 2013. This compares with the record low of 3.4% that preceded the start of the credit crunch in August 2007. The current unemployment rate also represents a 15-year high and is now above the 8.2% rate that prevailed at the signing of the Good Friday Agreement (GFA) in April 1998. Northern Ireland’s unemployment rate compares with 7.8% for the UK and 14.7% for the Republic of Ireland on a comparable basis. The incidence of unemployment varies with age with the younger generation bearing the brunt of the recession so far. Northern Ireland’s youth unemployment rate (those aged 18-24 years of age) hit a record high in the three months to January 2013. Almost 1 in 4 (23.8%) of this cohort looking for work are unable to find unemployment. This compares with just 6.5% of those aged between 25-49 years of age and is four times the current unemployment rate for those aged over 50 years of age. When the GFA was signed in April 1998 Northern Ireland’s youth unemployment rate stood at 10.6%.

Northern Ireland Youth Unemployment Rate (ILO)



Richard Ramsey,
30th March 2013

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