

Economic Indicators at a glance – October 2014

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

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

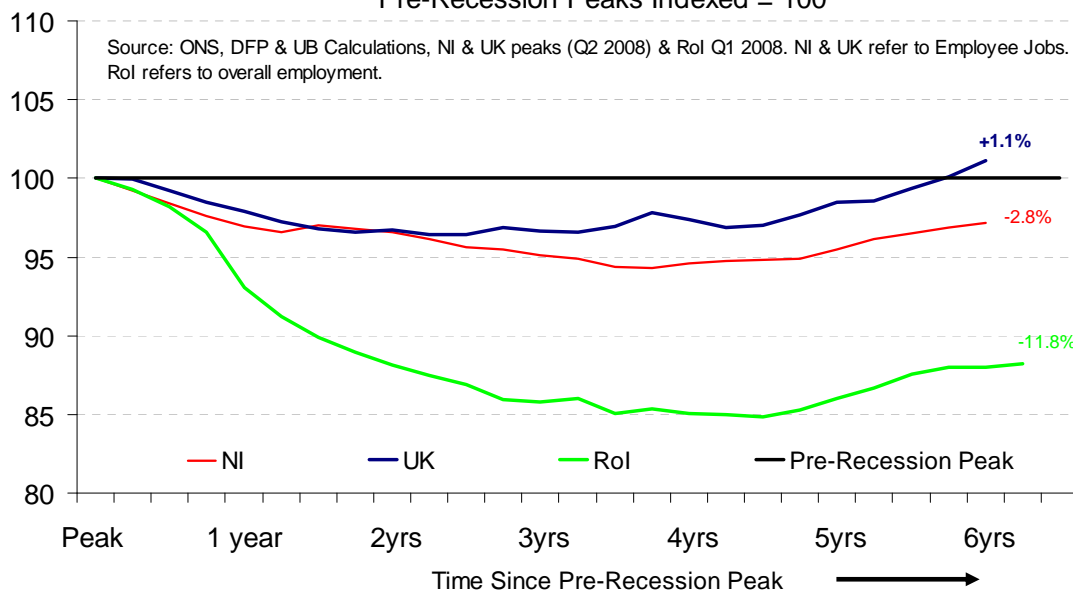
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Northern Ireland has recouped half of the jobs lost during the downturn

Last month's labour statistics provided further evidence that Northern Ireland's economic recovery remains on track. Unemployment continues to fall whilst job creation continues at a healthy rate. The number of individuals claiming unemployment benefit fell in August for the twentieth successive month with the latest monthly decline of 600 taking the claimant count to a five-year low of 52,200. This brings the cumulative decline in unemployment since the recent peak in December 2012 (64,800) to 12,600. Meanwhile the Quarterly Employment Survey (QES), which excludes the self-employed, measures the number of jobs as opposed to the number of individuals in employment, recorded its ninth consecutive quarter of employment growth. The number of seasonally adjusted jobs peaked in Q2 2008 at 733,040 and troughed in Q1 2012 with 691,460 jobs. This represented a fall of 5.7% or 41,580 jobs and compared unfavourably with a decline of 3.6% for the UK (RoI = -15.1%). In the subsequent nine quarters, the total number of Northern Ireland employee jobs has increased by over 21,000, with 2,210 of these added in Q2 2014. The latest quarterly increase has taken Northern Ireland past an important milestone, namely, more than half of the jobs lost during the downturn have now been recouped. Northern Ireland's employment levels are currently 2.8%, or 20,560 jobs, below the pre-recession peak. By comparison, UK employment in Q2 2014 was 1.1% higher relative to its pre-recession peak of Q2 2008 (RoI = -11.8%). If self-employment is included the employment recoveries have been even more marked. UK employment in Q2 2014 was 3.4% above the pre-recession peak 6 years ago. Meanwhile Northern Ireland employment, using the same measure, remains 2% below its Q2 2008 peak. However, this gap is expected to narrow further in the months ahead. 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. Indeed, the Ulster Bank PMI reports that private sector firms have continued to increase their staffing levels at a rapid rate in Q3. However, the gains in employment from the private sector will be partially offset by job losses within the public sector.

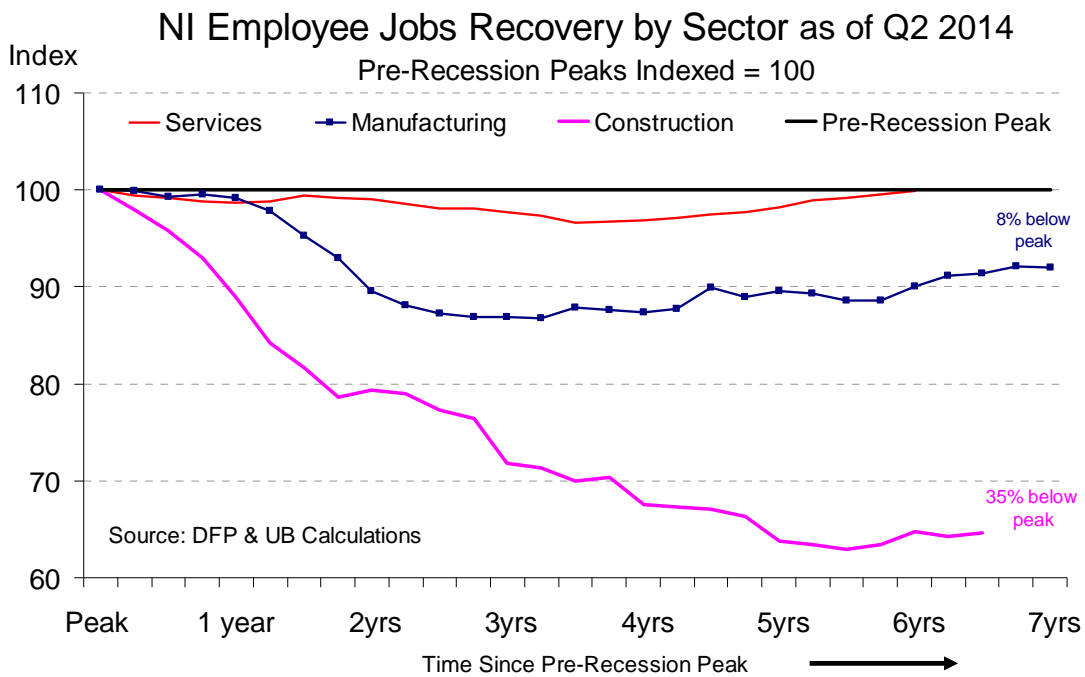
Employment Recession / Recovery as of Q2 2014

Pre-Recession Peaks Indexed = 100



Northern Ireland's service sector jobs recovery is almost complete

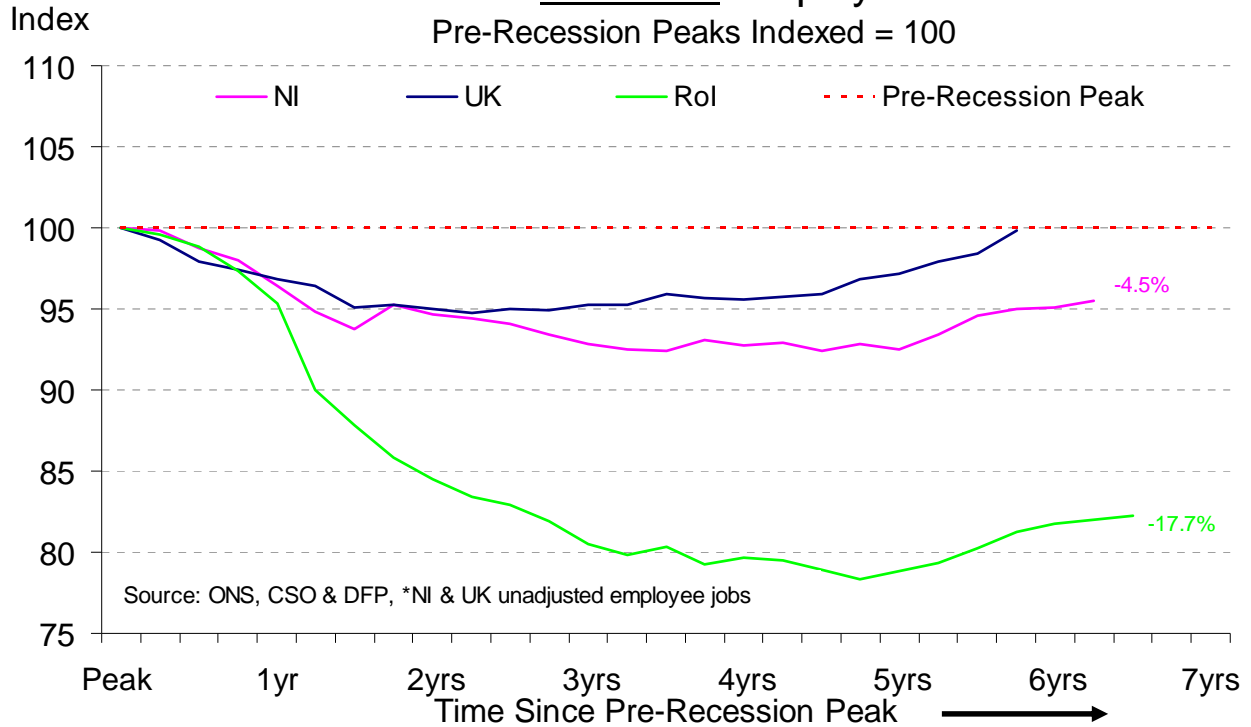
Some sectors of the Northern Ireland economy have experienced faster rates of recovery than others. Indeed, the services sector's recovery is almost complete with almost 19,500 net job gains recouped over the last two-and-a-half years. In Q2 2014, service sector employment stood at almost at a six-year high and within 400 jobs of the pre-recession peak. By comparison, the UK regained all of its job losses within services and current employment levels are now some 3% above the 2008 peak. Northern Ireland's local manufacturing industry has outperformed its counterparts in the UK as far as job creation is concerned. Almost 40% of the manufacturing jobs lost during the downturn in Northern Ireland have been recovered. This is around twice the rate within the UK. Nevertheless, manufacturing employment in Q2 2014 remains 8% below its pre-downturn high in Q2 2007. Meanwhile the local construction sector has regained less than 5% of the jobs it lost since its Q4 2007 peak. Construction employment remains 35% below the Q4 2007 high.



Northern Ireland has regained less than half of the full-time jobs lost during the downturn

During the downturn, Northern Ireland's full-time job losses were more severe than the UK. However, ROI full-time employment fell by (-21.7%) almost three times as much as Northern Ireland and more than four times that recorded for the UK (-5.2%). Over the five-year period from Q1 2008 to Q1 2013 Northern Ireland full-time employment fell by 7.5% (36,510 jobs). However, the recovery in employment growth over the last year has been largely due to gains in full-time employment. Following five years of year-on-year declines (*for like-for-like quarters*), full-time employment increased by 3.4% (+14,860 jobs) between Q1 2013 and Q2 2014. This compared with an increase of just 1.3% for part-time employment. The latter's employment levels are now higher than they were pre-downturn. Despite this recent rise, the number of full-time jobs in NI in Q2 2014 remains 4.5% (or 21,650 jobs) below the Q1 peak in 2008. So, to date, Northern Ireland has recouped just over 40% of the full-time jobs lost during the recession. By contrast, the UK has recouped all of its full-time jobs lost during the downturn whilst the ROI has regained less than one-fifth (18%) of its job losses.

NI v UK v RoI Full-Time Employment Levels*



Richard Ramsey,
30th September 2014

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