

NI's individual insolvencies hit fresh record high

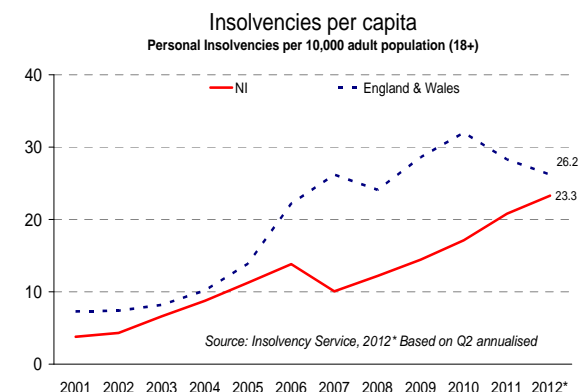
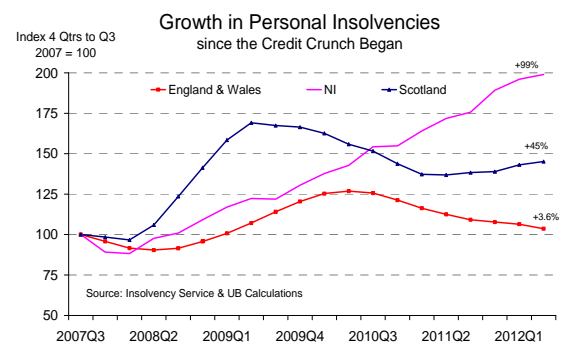
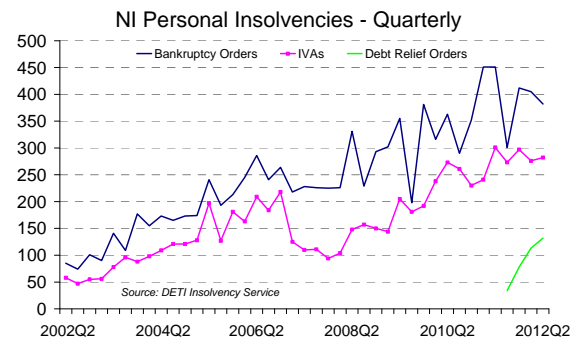
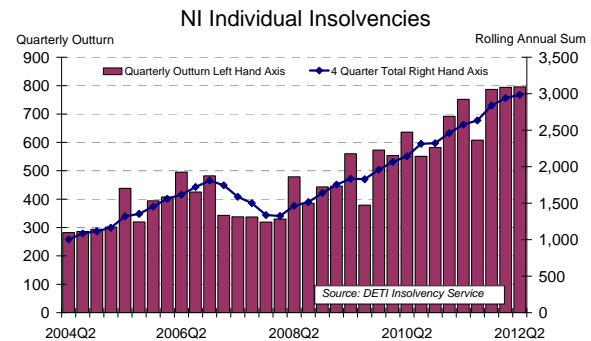
DETI's Insolvency Service released individual and corporate insolvency figures for Q2 2012 on 3 August. As expected, signs of financial strain are becoming increasingly evident amongst NI households. Furthermore, as with other economic indicators, NI's economy is showing continued divergence with other parts of the UK. Following a rise in unemployment of 39,400 (+168%) since early 2008, coupled with household debt, personal insolvencies in NI have hit a fresh record high in Q2 2012. In the latest quarter, 796 individuals were either declared bankrupt (*or chose bankruptcy*), or entered into either an Individual Voluntary Arrangements (IVAs) or a Debt Relief Order (DRO). The latter came into effect on 30 June 2011 as an alternative route into personal insolvency. The rise in personal insolvencies represented an increase of 0.3% q/q and was 5.9% y/y. During the last four quarters, personal insolvencies totalled 2,985 and have risen by almost 16% relative to the preceding four quarters. Furthermore, the latest four quarter outturn is double the four quarter period that pre-dates the credit crunch. Overall, since the credit crunch began, there have been 10,667 personal insolvencies in Northern Ireland.

Individual insolvencies still falling in England & Wales

Whilst personal insolvencies are still on the rise in NI, the corresponding level in England & Wales appears to have peaked and has been falling. Looking at the most recent figures for Q2 2012, it is noted that personal insolvencies in England & Wales decreased by 4.6% q/q and 10.2% y/y. Since the Q1 2010 peak, personal insolvencies have fallen by 23%. Meanwhile, the total number of insolvencies over the last 4 quarters to Q2 2012 is just 3.6% higher than the four quarter period that pre-dates the credit crunch (Q4 2006 to Q3 2007). Scotland's personal insolvencies in Q2 2012 were 5.3% higher than the same quarter in 2011. However, personal insolvencies in Scotland remain 11.5% below the Q2 2009 peak and are 45% above their pre-credit crunch level.

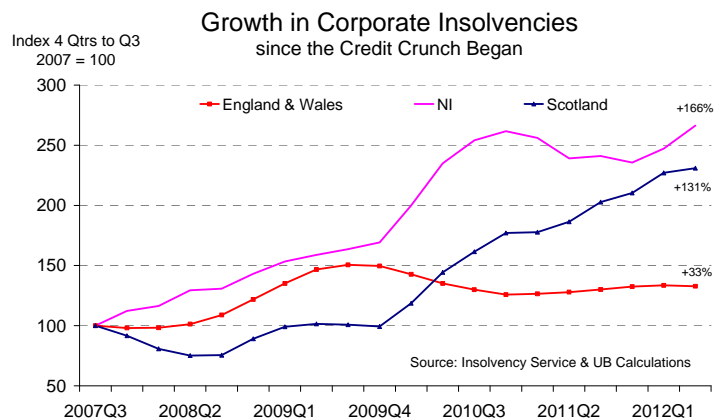
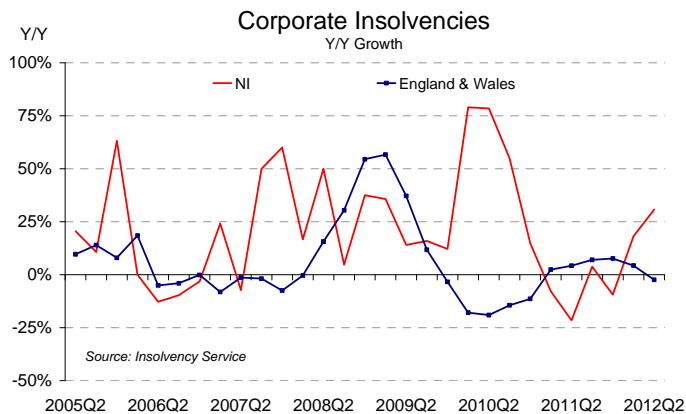
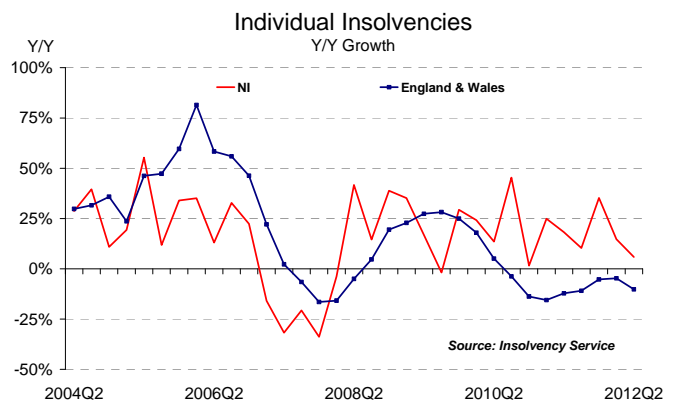
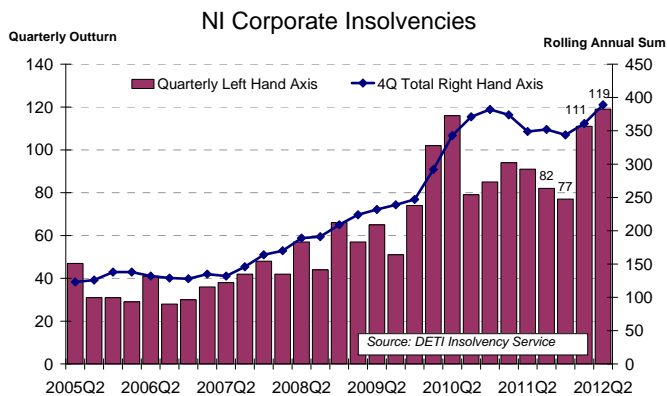
But NI individual insolvency rate remains lower than elsewhere

The individual insolvency figures highlight diverging trends between NI and England & Wales. Nevertheless, despite the sharper rises in NI's insolvency figures, the incidence of personal (*or individual*) insolvency remains lower in NI than in England & Wales. Individual insolvencies per capita (> 18 years) are 23.3 per 10,000 of adult population (*based on an annualised figure for Q2 2012 i.e. Q2 x4*) relative to 26.2 for England & Wales. Despite this current favourable position, the debt overhang and more intense squeeze on local household finances will see a further closing (*and reversal*) in the NI and England & Wales insolvency rate gap in the years ahead. It is noted that since 2007 NI's personal insolvency rate has more than doubled whereas the equivalent rate for England & Wales is the same as it was in 2007.



Northern Ireland corporate insolvencies push higher to new record high

In Q2 2012 there were 119 company liquidations (*or corporate insolvencies*) in NI, which represents a rise of 7.2% q/q and is 30.8% higher relative to Q2 2011. The Q2 2012 outturn represented the highest number of corporate insolvencies in any quarter to date. During the last 4 quarters, the total number of corporate insolvencies stood at 389. This is 166% above the level that prevailed before the credit crunch began (146) and is above the previous 4 quarter high of 382 in 2010. Meanwhile, corporate insolvencies in England & Wales posted a 3.6% quarterly decline in Q2 2012 and were 2.4% below the same quarter in 2011. Corporate insolvencies peaked in 2009 for England & Wales with the cumulative total for the four quarters to Q2 2012 almost 12% below this recent high. It is noted that Scotland has also experienced a surge in corporate insolvencies that is much steeper than in England & Wales. In Q2 2012, the number of corporate insolvencies was 6.6% higher y/y. Since the credit crunch began, Scotland has experienced a 131% rise in corporate insolvencies. This compares with a corresponding rise (*latest 4 quarters relative to Q4 2006-Q3 2007*) of 166% for Northern Ireland and less than 4% for England & Wales.



A summary table of insolvency data is highlighted overleaf. For further information check out the weblinks below:

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201208/index.htm>
<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201208/table6.pdf>
<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201208/alltables.xls>

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 06 August 2012

Northern Ireland Corporate & Personal Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2001	468	292	176	60	...
2002	541	334	207	...	102	49	53
2003	835	517	318	...	142	95	47
2004	1,115	666	449	...	121	76	45
2005	1,454	821	633	...	138	85	53
2006	1,809	1,035	774	...	128	78	50
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
2009	1,958	1,236	722	...	247	164	83
2010	2,323	1,321	1,002	...	382	250	132
2011	2,839	1,615	1,112	112	345	209	136
2006 Q1	408	245	163	...	29	19	10
Q2	494	285	209	...	41	24	17
Q3	425	241	184	...	28	15	13
Q4	482	264	218	...	30	20	10
2007 Q1	343	218	125	...	36	29	7
Q2	338	228	110	...	38	29	9
Q3	338	227	111	...	42	28	14
Q4	319	225	94	...	48	36	12
2008 Q1	330	226	104	...	42	37	5
Q2	479	331	148	...	57	42	15
Q3	386	229	157	...	44	27	17
Q4	443	293	150	...	66	52	14
2009 Q1	446	302	144	...	57	34	23
Q2	560	355	205	...	65	46	19
Q3	379	198	181	...	51	27	24
Q4	573	381	192	...	74	57	17
2010 Q1	554	316	238	...	102	49	53
Q2	636	363	273	...	116	92	24
Q3	551	290	261	...	79	55	24
Q4	582	352	230	...	85	54	31
2011 Q1	692	451	241	...	94	61	33
Q2	752	451	301	...	91	56	35
Q3	608	301	273	34	82	43	39
Q4	787	412	297	78	77	48	29
2012 Q1	794	405	276	113	111	72	39
Q2	796	382	282	132	119	73	46
Latest Quarter Q/Q % Change	0.3%	-5.7%	2.2%	16.8%	7.2%	1.4%	17.9%
Latest Quarter Y/Y % Change	5.9%	-15.3%	-6.3%	...	30.8%	30.4%	31.4%
Last 4 quarters Y/Y % Change	15.8%	-2.8%	9.2%	...	11.5%	4.4%	24.4%
% rise since credit crunch began*	98.9%	60.1%	67.1%	...	166.4%	122.6%	282.5%

Source: DETI Insolvency Service, * Relative to 4 quarters up to Q3 2007

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