DfE Monthly Economic Update June 2026

Department for the Economy | An Roinn Geilleagair

Latest Economic Indicators

Labour Market Structure - Feb Apr 2026

- Unemployment: 1.7% (Q.o.Q. 0.4pps▼ *)
- Employment: 71.9% (Q.o.Q. 0.3pps▲ *)
- Economic inactivity: 26.8% (Q.o.Q. 0.1pp▲ *)

Labour Market Trends - May 2026

- Employees: 820,100 (M.o.M. no change)
- Median employee pay: £2,462 (M.o.M. no change)
- Claimant Count Rate: 3.5% (M.o.M. 0.1pp▲)

Economic Growth - Q1 2026

- NICEI (overall): Y.o.Y. 3.6%▲; Q.o.Q. 0.7%▲
- Services: Y.o.Y. 2.3%▲ ; Q.o.Q. 0.9%▲
- Production: Y.o.Y. 7.6%▲ ; Q.o.Q. 2.1%▲
- Construction: Y.o.Y. 10.1%▲ ; Q.o.Q. 1.0%▼

International Goods Exports - year ending March 2026

- Ireland: £4.7bn (4.3%▲)
- Rest of EU: £2.5bn (6.2%▲)
- Rest of World: £3.7bn (5.5%▼)

Monetary Conditions

- CPI annual inflation (May 26): 2.8% (M.o.M. no change)
- Bank Rate (Jun 26): 3.75%

Ulster Bank Regional Growth Tracker - April 2026**

- Business Activity Index: 43.3
- New Business Index: 43.5
- Input Costs Index: 80.4

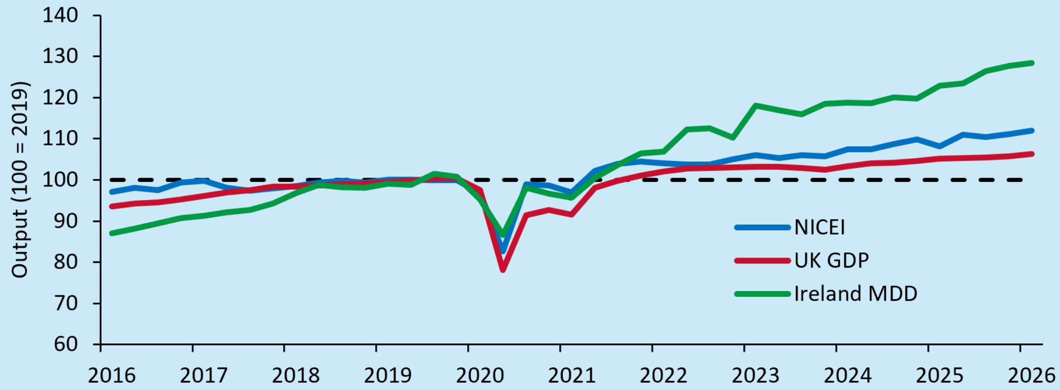
Consumer Conditions

- Credit Union Consumer Sentiment Index (May 26): 55.9 (Y.o.Y. 11.0pts▼ ; since Feb '26 7.5pts▼)
- Retail Sales Index (Q1 26): Y.o.Y. 1.8%▲ ; Q.o.Q. 2.1%▲

*Not statistically significant - may not reflect real change.
**>50 indicates growth over month. <50 indicates decline. 50 = no change.

1. Economic Growth

Economic output in Northern Ireland, Ireland and the United Kingdom, Q1 2016 - Q1 2026.

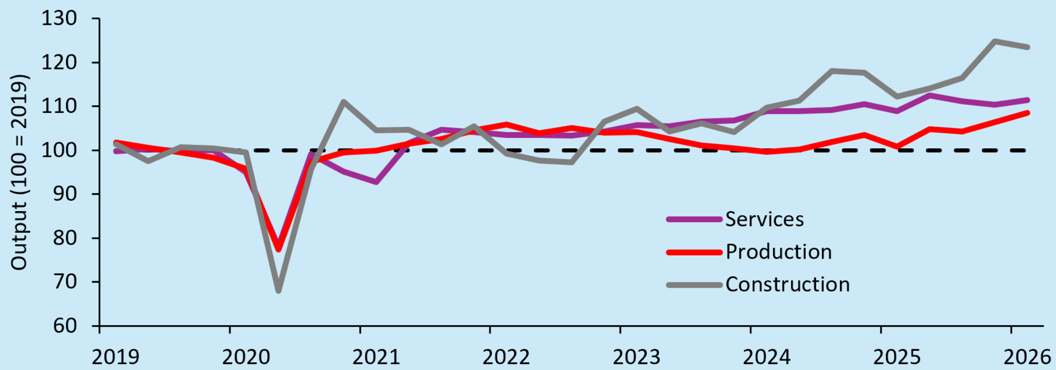


Note: non-zero axis.

Sources: NISRA, ONS and CSO.

2. Sectoral Growth

Output by broad sector in Northern Ireland, Q1 2019 - Q1 2026.



Note: non-zero axis.

Source: NISRA

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Commentary

The Northern Ireland (NI) economy expanded by 0.7% in Q1 2026 and by 3.6% over the year, with output reaching a new series high (Figure 1) - 5.7% above the previous peak recorded in Q3 2007. Quarterly **economic growth** was broadly in line with comparable measures for the United Kingdom (UK) and Ireland (Figure 3). The largest contribution to growth in NI came from increased activity in the services sector. Services sector output, as measured by the Index of Services (IOS), rose by 0.9% in Q1 2026. The UK IOS saw similar growth over the quarter (+0.8%), reaching a series high. The NI Retail Sales Index (RSI) increased by 2.1% over the quarter and, as shown in Figure 4, was only marginally below the series high recorded in Q3 2020. Output of the NI production sector, as measured by the Index of Production (IOP), showed relatively strong growth over the quarter and year. Construction output decreased over the quarter (−0.9%) but demonstrated strong growth over the year, particularly in housing work which expanded by 27.4%.

HMRC regional **trade** in goods statistics indicate that in the year ending March 2026, NI exported £10.8 billion (bn) in goods and imported around £10.3bn, representing increases of around 1% and 2%, respectively. Export growth was driven mainly by trade with Ireland, however trade with the rest of the EU also grew substantially. There was a significant decrease in exports to the United States (−14%).

Findings from the Q1 2026 InterTradeIreland All-Island Business Monitor '*point to a resilient business base across the island despite a more challenging economic environment*'. **Business performance** remained broadly similar across NI and Ireland, with the majority of firms reporting either stable trading conditions or growth, with growth activity improving compared with late 2025. Energy costs remained the most prevalent challenge in both jurisdictions. Operational pressures were slightly more pronounced in NI, while firms in Ireland reported greater exposure to external risks.

The Ulster Bank Regional Growth Tracker indicated that in May 2026, NI business activity fell at the sharpest pace since December 2022. This was the first reduction in five months, which businesses linked to sharp price rises and challenging economic conditions. New orders fell at the sharpest pace in over a year, reportedly due to geopolitical tensions, weaker international demand and inflationary pressures. The pace of input cost inflation was only slightly weaker than the three-and-a-half year high in April, with widespread reports of higher energy, fuel and oil prices.

The Inter Departmental Business Register shows that there were around 82,700 VAT and/or PAYE **registered businesses** operating in NI in March 2026, an increase of around 2% over the year. This marked a 12th consecutive year of increase. All headline industries saw an increase, with the construction sector almost reaching 11,800 businesses, representing an approximate increase of 3% and a series high. The number of businesses in the production sector grew marginally, remaining at a series high of around 5,600.

The Department for the Economy, in collaboration with Tourism NI and the three Belfast Business Improvement Districts, has published research providing an in-depth analysis of the economic contribution and potential growth of the NI **night-time economy** (NTE). Analysis of consumer spending and other economic variables shows that the NTE contributed an estimated £2.8bn - £3.7bn in total Gross Value Added (GVA) in 2024 and supports between 101,000 to 114,000 full-time equivalent jobs.

Findings from the Irish League of Credit Unions' (ICLU) latest NI Consumer Sentiment Survey indicate that **consumer confidence** fell sharply between February and May 2026 to the lowest level in three years. The primary issue for NI consumers was increased concerns around household finances, centred on increases in energy costs. Around three-fifths of households expected the economy to weaken over the next 12 months, up from around half in February. Almost half (46%) of respondents believed that their household's financial situation was worse than it had been 12 months ago (up from 40%).

The annual UK Consumer Price Index (CPI) **inflation** rate was 2.8% in May 2026, or 3.0% including owner occupiers' housing costs. Both rates were unchanged from the previous month. While inflation relating to goods slowed, services inflation quickened, with the annual CPI services rate rising from 3.2% to 3.7% over the month.

At its meeting ending on 17th June 2026, the Bank of England Monetary Policy Committee (MPC) voted by a majority of 7-2 to maintain the **Bank Rate** (the core UK interest rate) at 3.75%, with the minority voting for an increase to 4%. The MPC expects inflation to rise again as higher energy prices feed through into the economy, with the overall impact depending on how long those elevated energy costs persist.

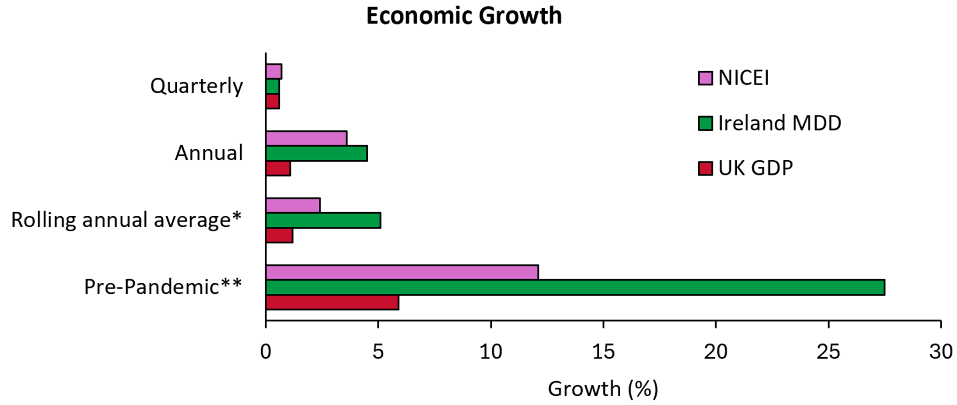
NI **energy prices** continued to soften in June 2026 (Figure 5). Data from the Consumer Council indicates that as of 25th June, The average price of 500 litres home heating oil was around £350 - roughly half of the recent peak recorded on 8th April but remaining around 15% above levels at the end of February. Fuel prices remained elevated at roughly 20% above pre-conflict levels despite continued easing. While the difference in prices has narrowed, diesel remained around 10% more expensive than petrol.

In the year to March 2026, **renewable electricity** generation accounted for 48% of Gross Final Electricity Consumption (generation plus net imports), an increase from 44% in the previous 12-month period.

The Labour Market Report continues to suggest a lack of momentum in the local **labour market**. The number of payrolled employees was unchanged in May 2025, as was median employee pay. However, median pay was up 4.0% over the year, in excess of UK inflation and suggesting real pay growth. There were 90 confirmed redundancies in May, with the 12-month total standing at 1,910, around 12% lower than last year. The number of people claiming unemployment benefits marginally increased over the month and equated to around 3.5% of the workforce (the 'claimant count rate'). The Quarterly Employment Survey indicated that employee jobs reached a new series high of around 854,000 in March 2026, representing a statistically significant increase of around 2% over the year. Growth was driven by the services sector, which accounts for 8 out of 10 employee jobs in NI. The construction sector also showed strong job growth (around 5%), while manufacturing jobs marginally decreased.

Tables and Charts

Figure 3: Growth of the NI Economic Composite Economic Index (NICEI), Ireland Modified Domestic Demand (MDD) and UK Gross Domestic Product (GDP) in Q1 2026. Sources: NISRA NICEI, ONS GDP (first quarterly estimate) and CSO Quarterly National Accounts.



*The rolling annual average rate compares four consecutive quarters with the preceding four quarters, making it less prone to short-term volatility than the annual rate.
**Growth since the onset of the Covid-19 Pandemic (Q1 2026 vs. Q4 2019).

Figure 4: Retail sector output in NI and Great Britain (GB), Q1 2016 - Q1 2026. Source: NISRA IOS. Note: non-zero axis.

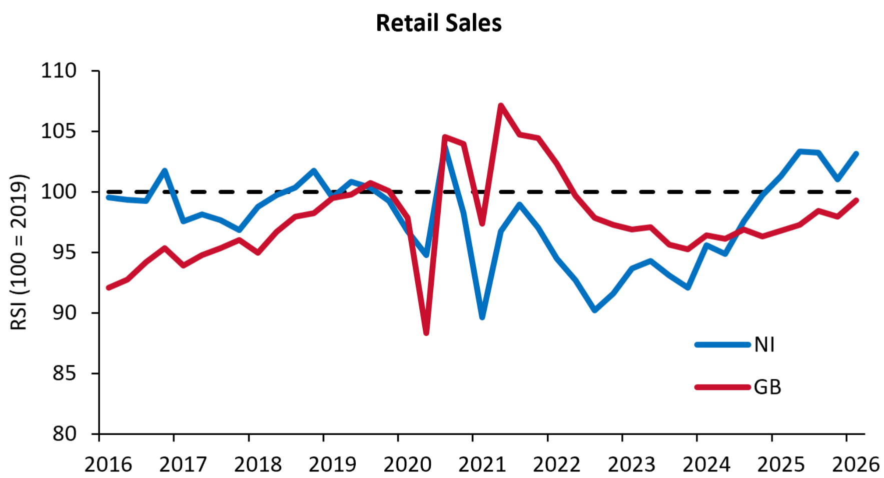


Figure 5: The average price of 500 litres of home heating oil in NI, January 2025 to June 2026. Source: Consumer Council Home Heating Oil Price Archive.

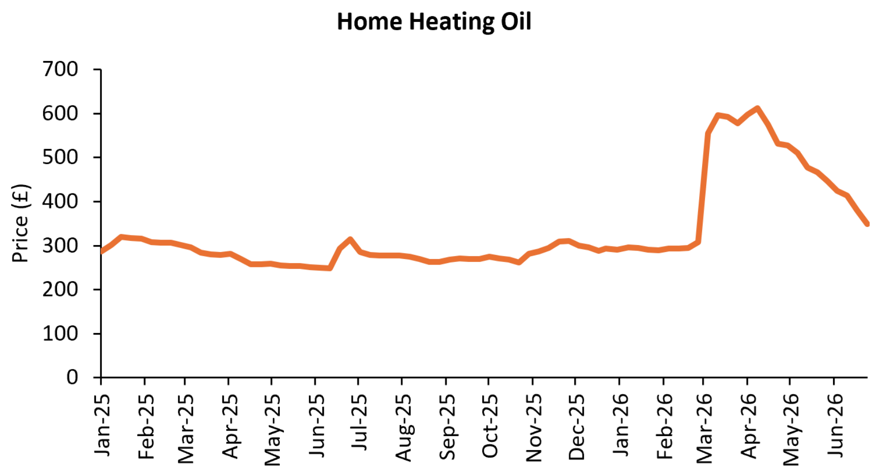


Table 1: The latest available headline labour market indicators for NI, the UK, Ireland and the Euro Area overall, seasonally adjusted and in percentage terms. Note: Data for Ireland and the Euro Area refer to Q1 2026. NI and UK data refers to the three months ending April 2026. Sources: NISRA Labour Market Report and OECD Infra-annual Labour Statistics.

Indicator	NI	UK	Ireland	Euro Area
Unemployment Rate	1.7	4.9	5.0	6.3
Employment Rate	71.9	75.0	73.9	70.8
Inactivity Rate	26.8	21.0	22.1	24.3