

Latest Headline Indicators

Labour Force Survey – May-July 2026

- Unemployment Rate: 2.4% (0.6pps ▲ QTRLY.)
- Employment Rate: 72.2% (0.2pps ▲ QTRLY.)*
- Economic Inactivity Rate: 26.0% (0.6pps ▼ QTRLY.)*

Monthly Labour Market Trends – August 2026

- Employees: 819,200 (0.1% ▼ MNTH.)
- Median employee pay: £2,509 (0.6% ▲ MNTH.)
- Claimant Count Rate: 3.3% (0.1pps ▲ MNTH.)

Economic Growth – Q2 2026

- NICEI (overall economy): 2.3% ▲ ANN. ; 1.0% ▲ QTRLY.
- Production: 7.8% ▲ ANN. ; 2.9% ▲ QTRLY.
- Services: 0.7% ▲ ANN. ; 0.8% ▲ QTRLY.
- Construction: 3.5% ▲ ANN. ; 1.7% ▼ QTRLY.

International Goods Exports – year ending June 2026

- Ireland: £4.9bn (6.9% ▲)
- Rest of EU: £2.5bn (6.4% ▲)
- Rest of World: £3.7bn (2.0% ▼)

Monetary Conditions

- UK CPI annual inflation (Aug '26): 3.1% (0.2pps ▲ MNTH.)
- Bank Rate: 3.75% (held on 17 Sep '26)

Ulster Bank Regional Growth Tracker** – August 2026

- Business Activity Index: 55.5
- New Business Index: 50.3
- Input Cost Index: 73.4

Consumer Conditions – Q2 2026

- Danske Bank Consumer Confidence Index***: 132 (9pts ▼ ANN. ; 1pt ▲ QTRLY.)
- Retail Sales Index: 2.0% ▼ ANN. ; 1.0% ▼ QTRLY.

Changes shown are monthly (MNTH.), quarterly (QTRLY.) and annual (ANN.).
International goods exports compares 12-month total with previous 12 months.

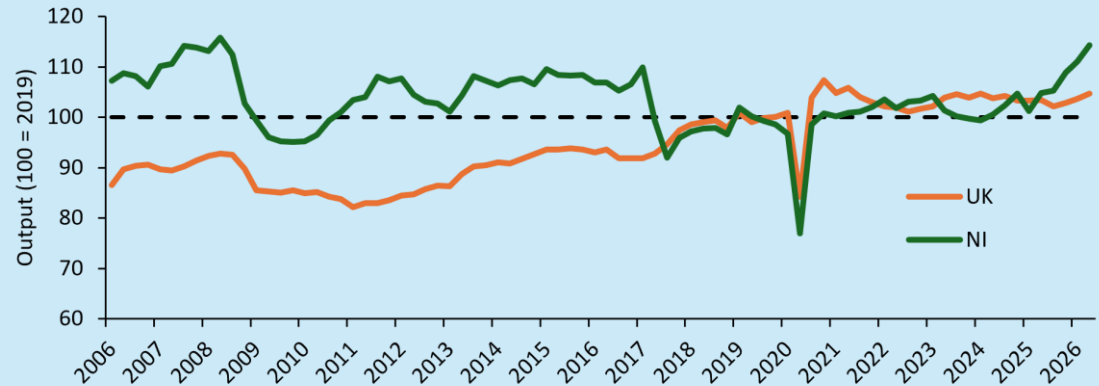
* Not statistically significant – may not reflect real change.

** >50 indicates growth over month. <50 indicates decline. 50 = no change.

*** 100 = Q3 2008

1. Manufacturing

Manufacturing output in Northern Ireland and the United Kingdom, Q1 2006 – Q2 2026

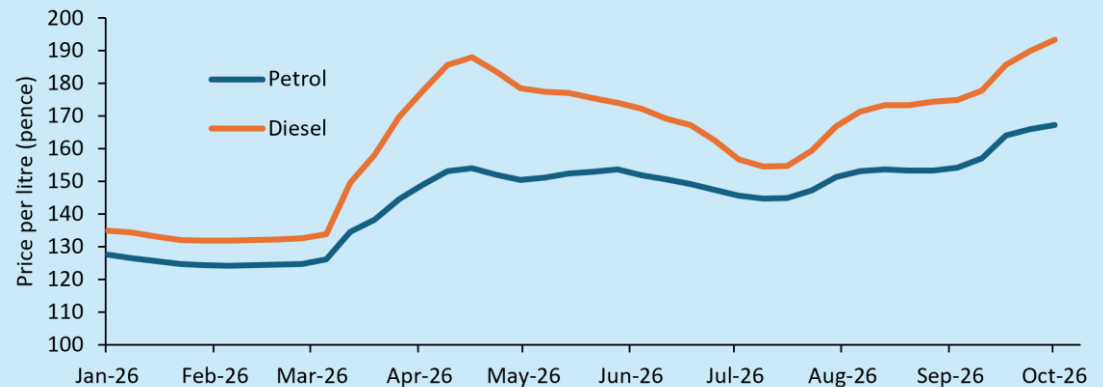


Note: non-zero axis.

Source: NISRA IOP

2. Motor Fuel Prices

The average prices of petrol and diesel in Northern Ireland, Jan-Oct 2026



Note: non-zero axis

Source: Consumer Council Fuel Price Archive



Commentary

Northern Ireland (NI) **economic output** reached a new series high in Q2 2026, with the NI Composite Economic Index (NICEI) growing by 1.0% over the quarter and 2.3% over the year. NI economic output was 12.7% above the pre-pandemic level recorded in Q4 2019 (Figure 3). Quarterly growth was mainly driven by increased activity in both broad services and production sectors, while annual growth was driven mainly by the production sector.

Broad production **sector output**, as measured by the NI Index of Production (IOP), increased by 2.9% over the quarter and 7.8% over the year in Q2 2026, reaching a new series high. Annual production growth was led by manufacturing (+9.0%) and electricity, gas, steam & air con. supply (+6.9%). Manufacturing in the computer, electronic, electrical & optical products subsector increased by 27.5% over the year, substantially contributing to annual manufacturing growth. As reported by [BBC News NI](#), this growth may have been driven by the growing demand for data centre equipment. Total manufacturing output was only 1.3% below peak levels recorded in Q2 2008 (Figure 1). Services output, as measured by the Index of Services (IOS), increased by 0.8% over the quarter and 0.7% over the year to a new series high. The UK IOS also recorded a new high, increasing by 0.5% quarterly and 1.6% annually. Growth in the NI IOS was led by the business services & finance sector, which recorded the strongest quarterly (+1.3%) and annual (+4.3%) increases. The NI Retail Sales Index (RSI) decreased by 1.0% over the quarter and 2.0% over the year. However, on a rolling four-quarter basis (removing quarterly volatility), the RSI rose by 1.3%. Construction output fell by 1.7% over the quarter though it remained 3.5% higher than a year earlier, remaining at historically high levels. The volume of housing output, while down over the quarter (-1.9%), increased by 11.8% on a rolling four-quarter basis.

The nominal value of NI's **international trade** in goods increased in the year ending June 2026 compared to the previous twelve months, with exports and imports rising by around 4% and 2% respectively. The increase in exports was overwhelming driven by all-island trade, with the total value of goods sold to the Republic of Ireland (ROI) rising by 7%. Significant increases were also recorded across several of NI's other main trade partners, such as Germany (+11%), France (+9%) and Belgium (+25%). Rising imports were sourced from multiple trade partners, with the most prominent increases seen in goods from China (+9%), the United States (+13%) and Japan (+84%).

The latest Ulster Bank Regional Growth Tracker indicated the fastest increase in NI **business activity** in almost two years in August 2026, which panellists linked to new projects getting started and higher tourism numbers associated with events such as Fleadh Cheoil. There was a modest increase in new orders, marking the first rise in five months. Although business confidence declined, firms continued to express optimism about the year ahead for the third successive month. While input cost inflation did ease to a six-month low, businesses continued to face significant cost pressures, much of which was passed on to consumers with

the rate of output price inflation accelerating to a three-month high. Employment levels declined for the second time in the past three months amid reports of recruitment difficulties.

According to InterTradeIreland's **All-Island Business Monitor**, rising energy costs remained the most significant challenge for businesses in Q2 2026, affecting almost half (49%) of all firms. Other prominent issues included the cost of labour (26%), rising costs of other overheads (24%), recruitment difficulties (19%) and difficulties in retaining/recruiting skills (13%). Despite these pressures, business conditions remained broadly resilient, with stability the dominant position reported by firms in Q2 at 60%, an increase of 5 percentage points (pps) over the quarter. Just over a third (35%) reported growth, a decrease of 4pps.

The Artificial Intelligence Capability Census 2026 identified 400 firms currently active in NI's artificial intelligence (**AI**) ecosystem (around double the number identified in the 2025 baseline), employing an estimated 2,400 full-time equivalent workers (up 79% from the baseline). AI-related Gross Value Added was estimated at £214m, an annual increase of roughly 160%. The 2025 Working in Ireland Survey found that generative AI (GenAI) was already well established in the workplace, with 26.1% of NI workers and 29.3% of those in the Republic intentionally using the technology. However, adoption of the technology remained highly uneven, with usage close to 50% among professional and managerial workers, compared with only 3% to 9% in process plant operatives, caring and skilled trade occupations. Workers with postgraduate qualifications are up to 15 times more likely to use GenAI than those with only primary education. Overall adoption rates are broadly similar for men and women, although men are more likely to use multiple AI tools and engage more intensively with the technology. Adoption also rises sharply with earnings and is more prevalent in larger organisations, where workers are 1.6 times more likely to use GenAI than those in smaller firms. However, workplace support appears limited, with only 37.7% of GenAI users in NI receiving employer-provided training.

The Quarterly Employment Survey recorded a new series high of nearly 858,000 **employee jobs** in June 2026, representing increases of 0.4% over the quarter and of 2.1% over the year, driven primarily by services sectors. The sectors of human health & social work, wholesale & retail and public administration & defence made particularly strong contributions to annual growth. Manufacturing jobs continued to increase marginally in NI despite continued decreases in UK overall. Construction jobs marginally decreased over the quarter, down from a series high in Q1.

The Labour Force Survey indicates that unemployment increased during the summer. The NI unemployment rate stood at 2.4% in the three months ending July 2026, representing a statistically significant increase of 0.6pps from the previous three-month period. More recent



Commentary

indicators may also suggest a cooling of the **labour market**. The number of payrolled employees in NI marginally decreased in August, while the number of people claiming unemployment benefits increased by 1.4% (seasonally adjusted). However, median employee pay continued to rise over the month and year, with the latest annual increase (+5.6%) continuing to surpass headline UK inflation. There were 130 confirmed redundancies in August, bringing the rolling 12-month total to 1,360, the lowest since July 2023 and over 44% less than the figure for the previous year.

The 2025 Working in Ireland Survey indicated that while there was a generally positive **worker health** profile, workers in NI experienced higher levels of fatigue and emotional strain than those in the ROI, with almost one fifth reporting fair or poor health. Furthermore, almost one in six workers (17.7%) reported high levels of work-related stress in NI, compared with approximately one in eight in the ROI. Employees in the human health, transport & hospitality, and wholesale & retail sectors reported the highest levels of poor health, particularly in NI. Wellbeing also varied across demographic groups, with women reporting higher levels of stress and poorer wellbeing, while poorer health was more common among older workers and those with lower levels of educational attainment in NI.

Enrolments of NI-domiciled students at UK **Higher Education** Institutions (HEIs) increased by 1% in 2024/25 compared to the previous academic year. This marked the first increase in three years, although numbers remained at their second-lowest level since the turn of the century. Overall enrolments at NI HEIs grew by 3% over the year and had risen by 20% over the past decade. The number of qualifications gained by NI-domiciled students at UK HEIs fell by 3% in 2024/25 but remained 3% higher than a decade earlier. The total number of qualifications awarded by NI HEIs was 14% lower than in the previous year but had increased by 37% over the past decade, with postgraduate qualifications recording the largest growth, rising by 114%. As shown in Figure 4, 22% of qualifiers in NI HEIs gained qualifications in Narrow STEM subjects, with males being more than twice as likely as females to be enrolled in these subjects.

The latest ApprenticeshipsNI Statistical Bulletin highlighted continued growth in **apprenticeship** participation, with around 7,300 starts in 2024/25, almost two-thirds higher than in 2019/20. Completion outcomes have also improved, with 61% of Level 2 leavers and 65% of Level 3 leavers achieving a full apprenticeship framework in 2024/25. Level 3 apprenticeships accounted for over half of all current participants, while Electrotechnical, Health and Social Care, and Engineering remained the most popular frameworks overall. Participation continues to be strongly male dominated, at 72% of total participants and 96% in the Level 2/3 group.

The UK Consumer Prices Index (CPI) annual **inflation** rate was 3.1% in the 12 months to

August, an increase from 2.9% in July. Annual CPIH inflation, which includes owner occupiers' housing costs, stood at 3.3% in August, up from 3.1% last month. Transport (particularly motor fuels) made the largest contribution to the increase in both headline rates.

At its meeting ending on 16 September 2026, the Bank of England Monetary Policy Committee (MPC) voted by a majority of 6-3 to maintain **Bank Rate** (the core UK interest rate) at 3.75%, with the minority voting to increase Bank Rate by 0.25pps. The MPC judged it appropriate to leave the rate unchanged as protracted conflict in the Middle East has contributed to higher and more volatile crude and refined energy prices, with UK CPI inflation expected to rise further over the coming quarters.

The Consumer Council Household Expenditure Tracker indicated that in Q1 2026, the lowest earning 25% of households in NI had an average **discretionary income** (income after tax and spending on basics) of around £53 per week. This compared to around -£15 in the UK overall. As shown in Figure 5, households in Great Britain had higher discretionary incomes than their NI counterparts in all other income quartiles.

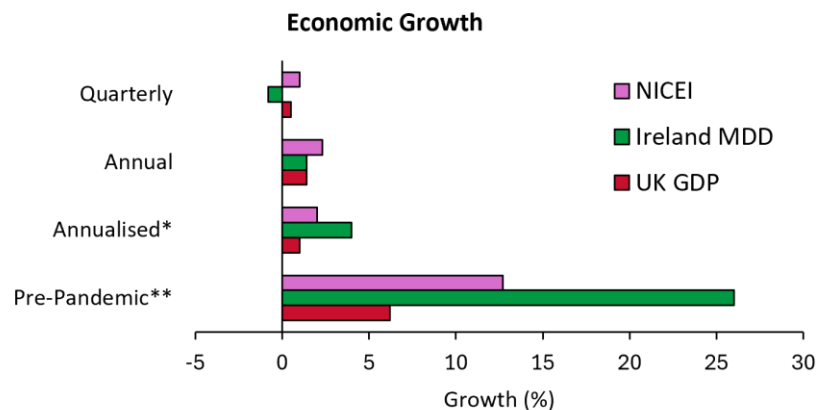
Energy prices continued to rise for local businesses and households in September 2026. Data from the Consumer Council indicates that as of 1 October, the price of home heating oil (HHO) remained near recent-peak levels despite easing over the second half of September. The average price of 500 litres of HHO was around £550, representing an increase of roughly 20% from the end of August to a level that was around 15% lower than the recent peak recorded in early April. Motor fuel prices reached the highest levels since the onset of the recent global energy crisis (Figure 2). On 1 October, the average prices of petrol and diesel were roughly 35% and 45% higher than pre-crisis levels, respectively.

Economy Minister Dr Caoimhe Archibald has confirmed that around 860,000 households will receive a £63 discount off electricity bills, from 6 October. The **Household Electricity Discount Scheme** will be applied automatically by electricity suppliers.

In the 12 months ending June 2026, the volume of electricity generated from renewable sources in NI equated to 50% of Gross Final Electricity Consumption (GFEC), an increase from 44% in the previous 12 months and equivalent to the highest level previously recorded in late 2022 / early 2023. GFEC represents total electricity demand, being comprised of domestic generation and the net import of electricity. On a rolling 12-month basis, **renewable electricity** generation has exceeded non-renewable generation since January 2026.

Charts and Tables

Figure 3: Growth in the NI Composite Economic Index (NICEI), Ireland Modified Domestic Demand (MDD) and UK Gross Domestic Product (GDP), Q2 2026. Sources: NISRA NICEI, CSO Quarterly National Accounts and ONS Quarterly National Accounts.



*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 (Q2 2026 vs. Q4 2019).

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: Ireland and Euro Area data refer to Q2 2026. NI and UK data refer to May-July 2026. Sources: NISRA Labour Market Report and OECD Infra-annual Labour Statistics.

Measure	NI	UK	Ireland	Euro Area
Unemployment rate	2.4	4.9	4.9	6.3
Employment rate	72.2	75.1	74.4	70.9
Inactivity rate	26.0	20.9	21.6	24.1

Figure 4: The proportions of male and female students enrolled and gaining qualifications in Narrow STEM subjects at NI HEIs in 2024/25.

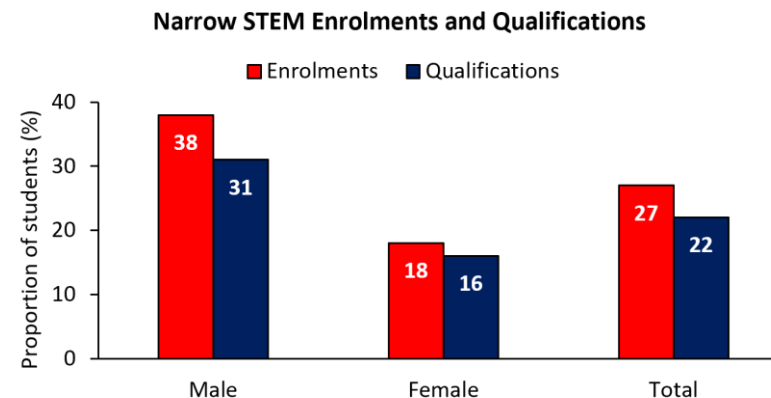


Figure 5: Weekly discretionary income by income quartile in NI and the UK in Q1 2026. Source: Consumer Council Household Expenditure Tracker.

