DfE Monthly Economic Update October 2026

Department for the Economy | An Roinn Geilleagair

Latest Headline Indicators

Labour Force Survey – June-August 2026
- Unemployment Rate: 2.1% (0.3pps ▲ QTRLY.)*
- Employment Rate: 72.5% (0.4pps ▲ QTRLY.)*
- Economic Inactivity Rate: 25.9% (0.6pps ▼ QTRLY.)*

Monthly Labour Market Trends – September 2026
- Employees: 820,600 (0.1% ▲ MNTH.)
- Median employee pay: £2,508 (0.5% ▲ MNTH.)
- Claimant Count Rate: 3.2% (no change over 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 (Sep '26): 3.5% (0.4pps ▲ MNTH.)
- Bank Rate: 3.75% (held on 17 Sep '26)

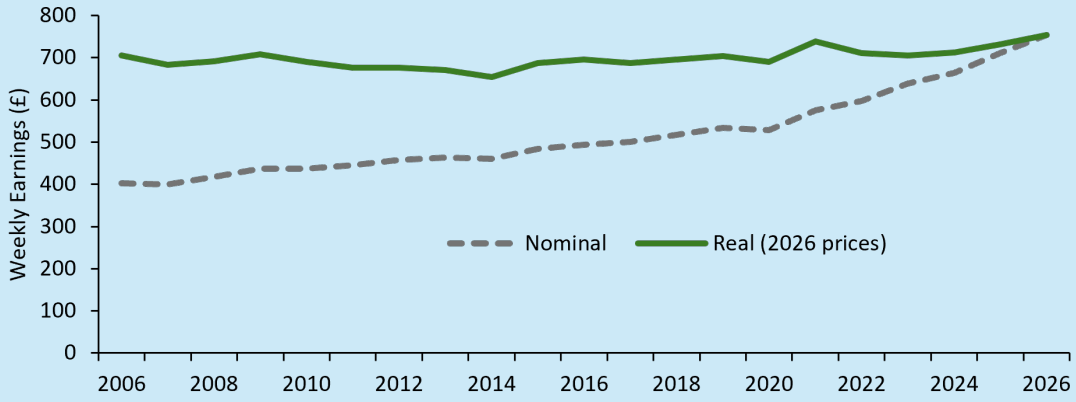
Ulster Bank Regional Growth Tracker – September 2026**
- Business Activity Index: 53.0
- New Business Index: 52.7
- Input Cost Index: 74.5

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. Real Pay Growth

Nominal and real median gross weekly earnings of full-time employees in Northern Ireland



Source: NISRA ASHE

2. Risk of Low Pay

Percentage of workers with low weekly pay by council area in Northern Ireland, 2025



Source: WIIS Working Life on Low Pay in Northern Ireland

Commentary

The Ulster Bank Growth Tracker indicated sustained growth in **business activity** in September 2026 amid accelerated growth in new orders. Input cost inflation quickened to a three-month high amid reports of higher costs for energy, fuel, oil and raw materials. According to NI Chamber's Quarterly Business Insights for Q3 2026, NI outperformed the UK-wide balance across all business indicators in both the manufacturing and services sectors. NI recorded the highest proportion of businesses aiming to recruit, with survey results indicating one of the tightest labour markets in the UK. Recruitment difficulties remained widespread, with the proportion of service providers reporting difficulties (85%) reaching the highest level since 2022. Labour costs remained the most widely cited pressure on prices across the two monitored sectors; however, among manufacturers, raw material price pressures were just as widespread (Figure 3).

The 2025 UK Innovation Survey indicates that the proportion of **innovation active businesses** in NI fell by 2 percentage points compared with 2020-22, with three in ten businesses engaged in innovation during 2022-24. As a result, NI's innovation activity rate was below the UK average of 34%. Declines in innovation activity were recorded across nine of the twelve UK regions over the same period.

The latest Labour Market Report suggests broadly stable **labour market** conditions. HMRC PAYE data indicated that the number of employees was up by an estimated 0.9% over the year to September 2026, while median earnings had increased by 3.4%. There were 310 confirmed redundancies in September, the highest monthly total since July 2025. However, the rolling twelve-month total was around a third less than that of the previous year. The number of people claiming unemployment benefits (the 'claimant count') fell by an estimated 0.6%, with the number of claimants as a proportion of the workforce (the 'claimant count rate') remaining unchanged at 3.2%. This was the lowest count and rate since March 2020. In the three months ending August 2026, total hours worked had fallen by a statistically significant 0.9% from the same period in the previous year (Figure 4).

The Annual Survey of Hours and Earnings (ASHE) showed that NI median gross weekly earnings for full-time employees rose by 6.1% (£44) to £754 in the year to April 2026, marking the sixth consecutive annual increase. Accounting for inflation, weekly earnings rose by 3.1% and reached a series high, following three consecutive years of **real pay growth** (Figure 1).

The Low Pay in Northern Ireland Report, part of a series coming out of the 2025 Working in Ireland Survey, shows that hourly **low pay** in NI has fallen sharply. However, weekly low pay remains widespread, with almost one in four workers earning below two-thirds of UK median weekly wages, and nearly one in three below the weekly equivalent of a full-time Real Living Wage. Other key messages emerging from the research include that working hours are a key driver of low pay, certain groups face a higher risk of low pay, and that low pay is concentrated in specific sectors and locations (Figure 2).

NI **Graduate Retention** Analysis for 2023/24 shows that 77% of NI-domiciled students studied in their home region, the second-highest rate in the UK after Scotland (94%). NI performed particularly strongly in retaining graduates who had studied locally, with 94% remaining in NI for work 15 months after graduation, the highest proportion in the UK. Half of students from NI who studied in Great Britain were working in NI 15 months after graduation.

Participation and new starts in the **Skills for Life and Work** programme have increased. Skills for Life and Work is a training programme for young people who have left school but need experience of work along with qualifications at Level 1 or Entry Level. There were around 2,000 starts in 2024/25, an increase of 24% from the previous academic year and a 58% increase from the introduction of the programme.

PropertyPal's NI Housing Market Update for Q3 2026 suggested that despite softer sales activity and ongoing economic uncertainty, there was sustained growth in the NI **housing market**. The report recorded annual growth of 3.6% in the average property price, bringing it to almost £241,000, while the average monthly rent reached £1,023.

The UK Consumer Prices Index (CPI) annual **inflation** rate increased to 3.5% in September, up from 3.1% in August. Annual CPIH inflation, which includes owner occupiers' housing costs, also increased from 3.3% to 3.6% over the same period. The largest upward contribution to both CPI and CPIH annual rates came from transport, particularly motor fuels.

Fuel prices eased modestly over October but remained near recent peak levels (Figure 5). Data from the Consumer Council indicates that the average price of diesel was around 190 pence per litre (ppl) on the 5th November, while petrol was priced at 163ppl, both down slightly from recent peaks at the start of October. The price of 500 litres of home heating oil was around £560 (or £1.12 per litre) on the 5th November, roughly 10% below the recent peak but 80% above pre-crisis levels.

On the 28th October, the Chancellor of the Exchequer delivered the 2026 **Budget** to the House of Commons, providing an update on the government's finances and tax and spending plans, based on the latest forecasts from the Office of Budget Responsibility (OBR). The Budget announced a number of measures, including the continuation of the 5p-per-litre fuel duty cut until July 2027, changes to energy-bill support, increases in the National Living Wage and National Minimum Wage, and changes to the taxation of savings and property income.

The OBR **Economic and Fiscal Outlook** now forecasts UK GDP growth of 1.2% in 2026. Growth is expected to slow to 1.0% in 2027 before strengthening, leaving the medium-term forecast slightly stronger than projected in the March forecast. The OBR forecasts CPI inflation to rise from 3.1% in 2026 to 3.4% in 2027, with a quarterly peak of 3.8% in early 2027, before returning to the Bank of England's 2% target by 2030.

Charts and Tables

Figure 3: The proportion of manufacturers citing different pressures to raise prices. Source: NI Chamber Quarterly Business Insights.

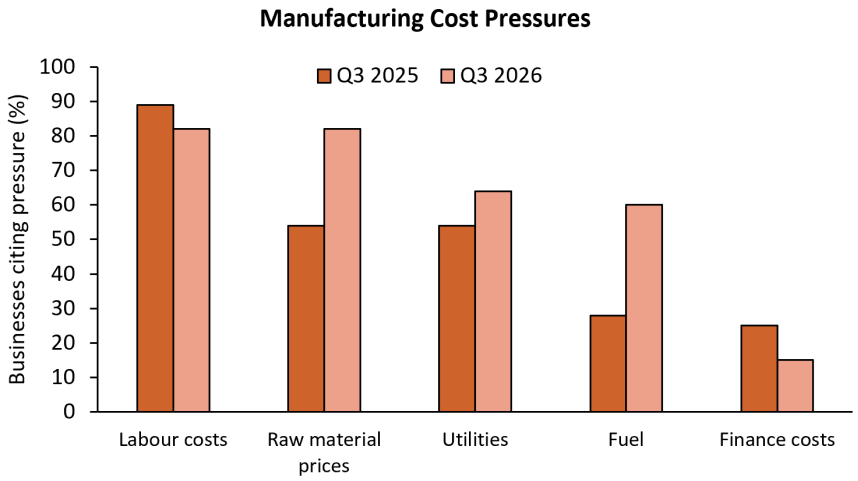


Figure 4: The total number of weekly hours worked (rolling four quarter average), from Dec-Feb 2016 to Jun-Aug 2026. Note: non-zero axis. Source: NISRA Labour Market Report.

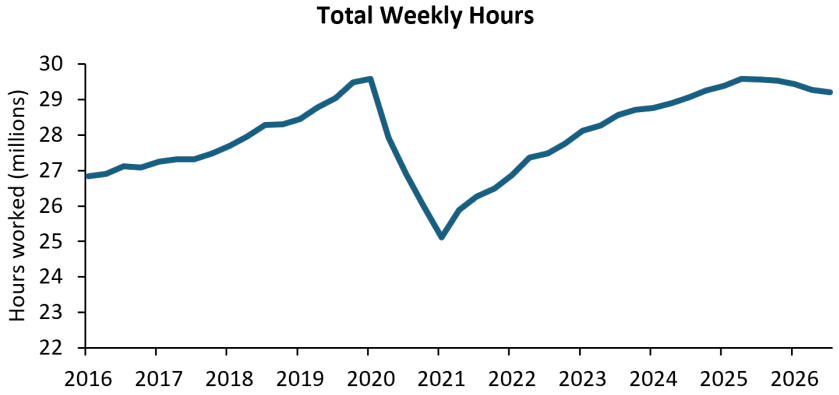


Table 1: The latest available headline labour market indicators for NI, the UK, Ireland and the Euro Area overall, seasonally adjusted and in percentage terms. Note: Ireland and Euro Area data refer to Q2 2026. NI and UK data refer to Jun-Aug 2026. Sources: NISRA Labour Market Report and OECD Infra-annual Labour Statistics.

Measure	NI	UK	Ireland	Euro Area
Unemployment rate	2.1	4.7	4.9	6.3
Employment rate	72.5	75.3	74.4	70.9
Inactivity rate	25.9	20.9	21.6	24.1

Figure 5: The average price of petrol and diesel in NI, January to early November 2026. Note: non-zero axis. Source: Consumer Council Fuel Price Archive.

