

Labour Market

Employment Rate	Unemployment Rate	Inactivity Rate
70.6%	3.9%	26.4%



Up over quarter,
Down over year



Up over quarter,
Up over year



Down over quarter,
Up over year

Source: NISRA

Index of Production

Output down



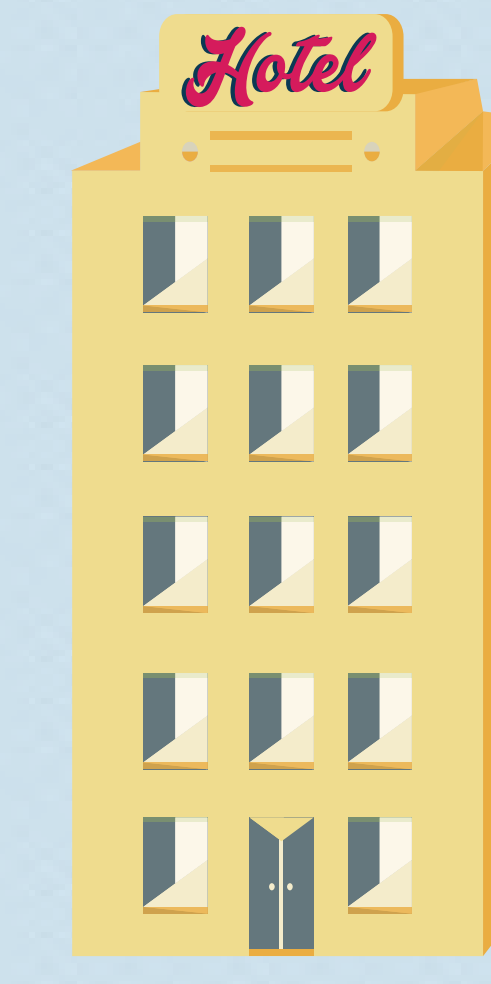
-3.6%

over the year

Source: NISRA

Index of Services

Output down



-3.9%

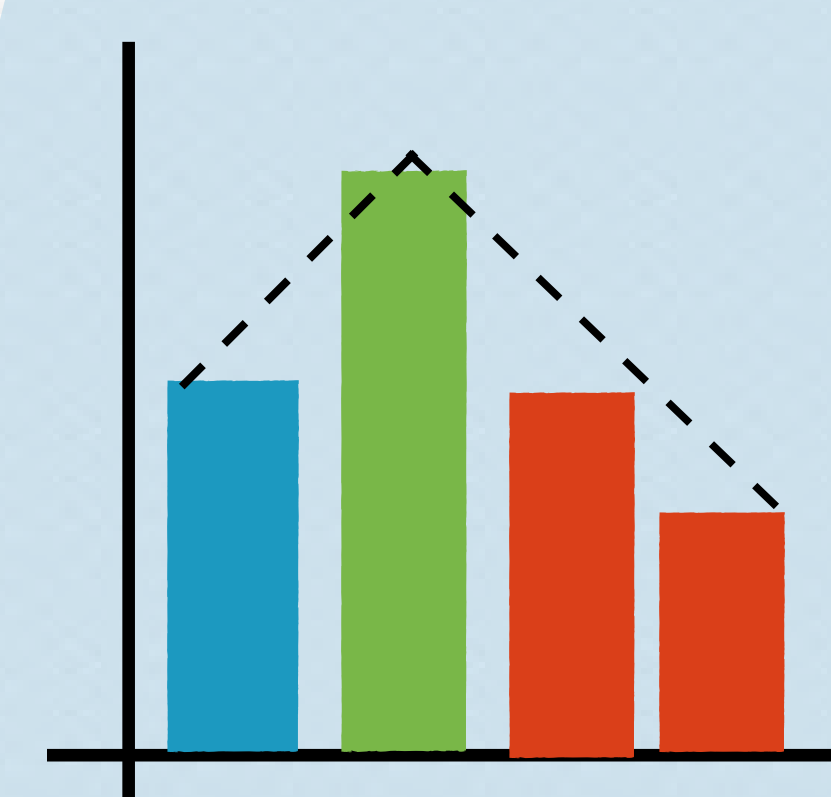
over the year

Exports



Source: HMRC

Ulster Bank PMI



Business Activity decreased



Modest rise in Business Sentiment



Ninth month of employee jobs decreasing



Sharp Decline in New Export Orders

Source: Ulster Bank

December 2020

The latest OECD Economic Outlook expects the **global** economy to contract by 4.2% in 2020 before recovering over the following two years with projected growth of 4.2% and 3.7% in 2021 and 2022 respectively. Similarly, **Euro Area** projections have been revised up slightly from the interim forecast, but still contracting by 7.5% this year, before returning to growth of 3.6% in 2021 and 3.3% in 2022. Furthermore, a **UK** rate of contraction of 11.3% is expected in 2020, followed by growth of 4.2% in 2021 and 4.1% in 2022.

The impact of COVID-19 on the **Northern Ireland** labour market is further reflected in the latest Labour Force Survey estimates. In November, the number of people on the claimant count was 59,900, 6.7% below the recent peak in May 2020 but still more than double the number recorded in March. There were 10,720 proposed redundancies in the 12 months to November 2020, the highest number on record. A further 340 redundancies have been proposed between 1st and 11th December. There was also confirmation of 420 redundancies in November, with 3,630 confirmed in the last five months, 80% of the total redundancies confirmed within the last year.

The unemployment rate for August-October 2020 increased by 0.9 percentage points (pps) over the quarter and by 1.6 pps over the year to 3.9%. The NI rate was below the UK (4.9%), RoI (7.3%) and the EU 27 (7.5%) rates. At the same time, the inactivity rate fell over the quarter (-0.9pps) but rose over the year (+0.6pps) to 26.4%. The employment rate increased over the quarter but fell over the year to 70.6% and remains the lowest rate among the twelve UK regions and still well below the UK average (75.2%).

The latest (September 2020) Quarterly Employment Survey jobs estimates include those who are furloughed under the Coronavirus Job Retention Scheme. The number of employee jobs was estimated at 775,020. This was a decrease of 3,260 jobs (-0.4%) over the quarter and a decrease of 4,080

jobs (-0.5%) over the year; this is the first annual decrease since September 2012. Both the manufacturing (-3.3% or -2,930 jobs) and services (-0.4% or -2,760 jobs) sectors experienced decreases in employee jobs over the year. The manufacturing sector has experienced five consecutive quarters of decline since the peak in June 2019 (-3.7% or -3,280 jobs).

The latest results from the Ulster Bank PMI showed that lockdown restrictions in order to contain the spread of COVID-19 resulted in declines in business activity and new orders in the Northern Ireland private sector during November. There were also sharper reductions in backlogs of work and new business from abroad, while employment also decreased for the ninth month in a row. Both input cost and output price inflation were faster than any other region of the UK. Meanwhile, hopes of an improvement to the COVID-19 situation supported modest optimism in the outlook for activity for the first time in nine months.

NISRA's latest Index of Production (IOP) has increased by 16.2% over the quarter but decreased by 3.6% over the year to Q3 2020. This follows respective decreases of 14.1% and 19.8% over the quarter and over the year to Q2 2020. The UK IOP also reported an increase in output over the quarter (14.3%) and a decrease over the year (6.6%).

The Index of Services (IOS) shows that output has increased over the quarter by 22.5% but still fell over the year by 3.9% to Q3 2020. This follows respective decreases of 18.0% and 22.8% over the quarter and the year to Q2 2020. The UK IOS reported a similar trend, rising 14.2% over the quarter but a larger decrease of 10.0% over the year.

In the year to September 2020, the value of NI goods exports (based on HMRC Regional Trade Statistics) was £8.0bn, a decrease of 13.5% over the year. The largest markets for NI exports were the EU (£4.9bn, with £3.0bn of that to the RoI) and the USA (£1.0bn).