



## Labour Market Structure

April to June 2024



Employment Rate

**71.6%**

No statistically significant quarterly or annual change



RECORD LOW

Unemployment Rate

**1.9%**

No statistically significant quarterly or annual change



Economic Inactivity Rate

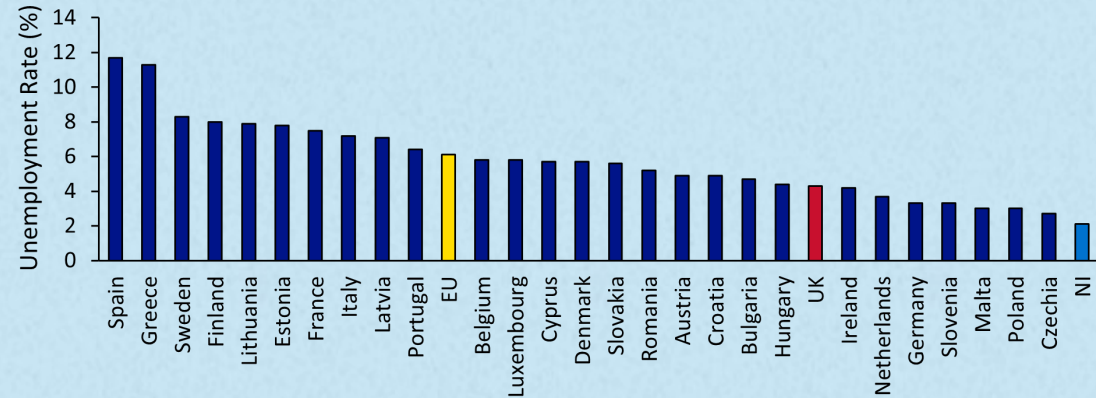
**27.1%**

No statistically significant quarterly or annual change

Source: NISRA

## Unemployment in Europe

The Unemployment Rates of EU Countries and the UK in Q1 2024



Sources: NISRA, Eurostat

## Regional Entrepreneurial Activity

Total Early-stage Entrepreneurial Activity Rate by council area, 2021-23



Source: Global Entrepreneurship Monitor



## Commentary

The [UUEPC Summer 2024 Outlook](#) reports that the local economy had a much stronger start to the year than initially anticipated, driven by robust employment growth (largely facilitated by migrant labour due to the tightness of the local labour market) and strong growth in the transport, construction and health sectors. With inflationary pressures easing and interest rates expected to be cut further soon, the looser monetary environment coupled with increases in real wages, will boost **economic growth** in the next few years. As such, the North's (1.4%) economic growth is forecast to outpace that of the UK (1.1%) in 2024, with the rate of growth for both economies expanding further up until 2026. However, the Centre points out that the Executive and the UK Government must focus on increasing productivity for the North to avail of a sustained period of higher economic growth in the future.

For the first time in over 4 years, the [Monetary Policy Committee](#) voted for a 25 basis points cut in its headline **Base Rate**, leaving Base Rate at 5%. A cut in the interest rate should lower the cost of borrowing set by commercial banks whilst reducing rates charged on products such as mortgages and credit cards. However, the decision was razor-thin, with the Committee split 5 to 4 in favour whilst the MPC cautioned that "monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further."

The scale of the **productivity** challenge facing the North was outlined in a recent [report](#) from NERI. With the North's productivity lagging behind both the South of Ireland and the UK, the report sets out that the North could choose to "plot a middle course" between the South and the UK with individual sectoral targets being set against the aforementioned jurisdictions based on their individual sectoral compatibility (taking into account distortions in the South's economic indicators caused by FDI for example).

The [latest NISRA LMR](#) continues to suggest a tight (yet stable) **labour market**, with the local unemployment rate estimated at a new low of 1.9% in Q2 2024, while the employment rate and economic inactivity rates remained relatively high. The latest unemployment rate was lower than any EU country and the UK ([Cover Page](#)). In July, the number of payrolled employees continued to marginally increase, while median earnings fell in line with the expected trend following the previous month's local pay awards.

According to the [NISRA Quarterly Tables](#), there were an estimated 14,000 young people **not in education, employment or training (NEET)** in Q2 2024, or around 7.0% of the local population aged 16 to 24. This is the lowest NEET rate on record, though only marginally below that of the previous quarter.

At the end of January 2024, there were 10,993 participants on [ApprenticeshipsNI programmes](#). 47% of participants at Level 2 were in the bottom two deprivation quintiles

compared with 41% of Level 2/3 and Level 3 participants ([Figure 1](#)). The programmes help deliver on the Economy Minister's **Good Jobs** objective by providing apprentices with the knowledge, and competence to work at a higher level in their chosen occupation; providing opportunities for progression to further and higher education and training whilst upskilling the North's workforce and encouraging the direct involvement of employers in training key personnel. More than half (57%) of participants achieved a Level 2 Full Framework (9 pps more than 2021/22), while approximately two thirds (64%) of participants on Level 2/3 and Level 3 ApprenticeshipsNI courses obtained a Full Framework at Level 3 - 15 percentage points more than 2021/22 ([DfE](#)).

The [Ulster Bank NI Growth Tracker](#) indicated a marked increase in **business activity** in July amid an improving domestic demand climate, with the rate of expansion surpassing that of any region in Britain. However, this growth was driven by the manufacturing and services sectors, while retail was less buoyant, and construction saw a slight contraction. The rate of job creation was the strongest since April 2023, and the strongest in nearly 17 years for service providers ([Figure 2](#)). However, increasing backlogs of work suggest that this increase in capacity was insufficient to meet demand. Despite this, **inflation** showed signs of softening. Input costs rose at the slowest pace in five months despite reports of increased labour costs, while output price inflation correspondingly slowed.

The [NI Chamber & BDO Quarterly Economic Survey](#) signalled steady performance for member businesses in Q2 2024, with signs of growth and positivity around the **trading environment**. Many costs pressures continued to ease, with competition now a greater concern than inflation, somewhat reflecting a return to normality in the trading environment. **Recruitment difficulties** remained high, leading to more members investing in training as a response. Around 45% of members had been impacted by some form of labour mobility or immigration issue, and 38% were impacted by the significant increase in minimum salary needed for the Skilled Worker visa. Of the options raised by the Economy Minister (in his 19th February statement), improving carers advice was considered the most important in terms of contributing to the concept of **Good Jobs**, being cited by 83% of members ([Figure 3](#)).

The latest [GEM NI National Report](#) suggests that in the years 2021-23, 9.2% of the local adult population were engaged in early-stage **Entrepreneurial Activity**, such as setting up or owning and managing a young business. This rate, along with that in Scotland (9.1%), is significantly lower than that of England (11.4%). Within the North of Ireland for the years 2021-23, the highest rates are typically found in Ards and North Down, while Causeway Coast and Glens and Armagh, Banbridge and Craigavon council areas remain the lowest ([Cover Page](#)).



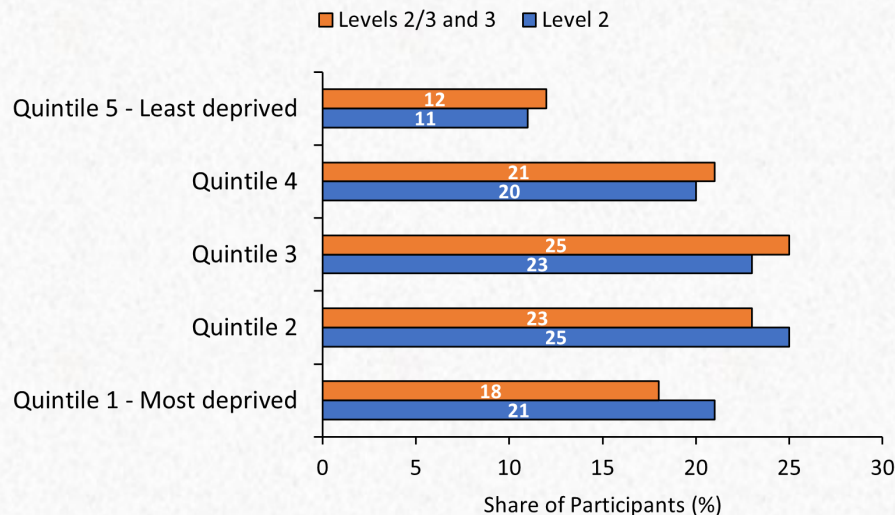
## Tables and Charts

**Table:** The latest available headline labour market indicators for the North of Ireland, the UK, the South of Ireland and the Euro Area overall, seasonally adjusted and in percentage terms. Note: Euro Area indicators and South of Ireland economic inactivity rates refer to Q1 2024. All other indicators refer to Q2 2024. In the South of Ireland and Euro Area statistics, the minimum working age is considered to be 15. Sources: [NISRA LMR](#), [CSO](#) and [OECD](#).

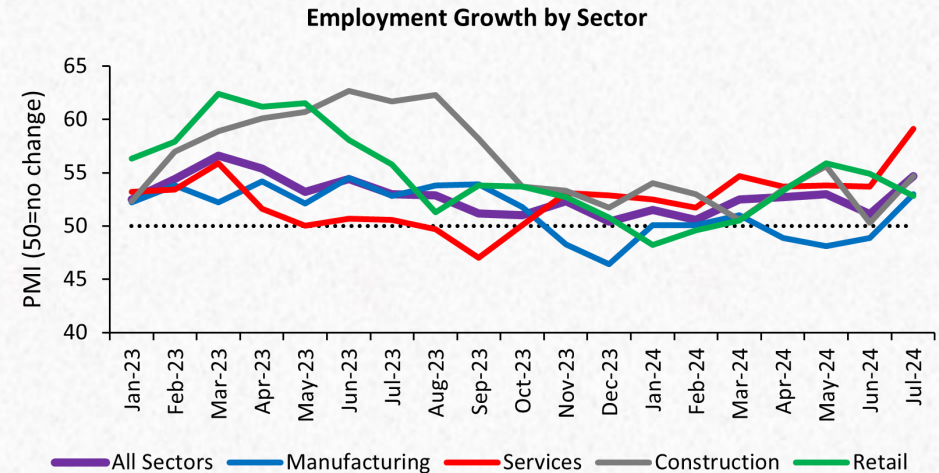
Indicator	NI	UK	IE	Euro Area
Unemployment Rate (16+)	1.9	4.2	4.6	6.5
Employment Rate (16-64)	71.6	74.5	74.4	70.3
Inactivity Rate (16-64)	27.1	22.2	22.5	24.7

**Figure 1:** The share of Apprenticeship NI participants by level and deprivation quintile in January 2024. Source: [DfE](#).

### Apprenticeship NI Participants by Level and Deprivation Quintiles



**Figure 2:** Monthly employment growth in the four sectors monitored by the [Ulster Bank NI Growth Tracker](#).



**Figure 3:** The five most important options in contributing to the concept of Good Jobs according to surveyed businesses. Source: [NI Chamber & BDO Quarterly Economic Survey](#).

### Businesses' Perspectives on Good Jobs

