

## GDP Forecasts

Global  
3.2%



Euro Area  
1.2%



UK  
1.3%

## Labour Market

Employment  
Rate

71.3%



Up over quarter,  
Up over year

Unemployment  
Rate

2.9%



Down over quarter,  
Down over year

Inactivity  
Rate

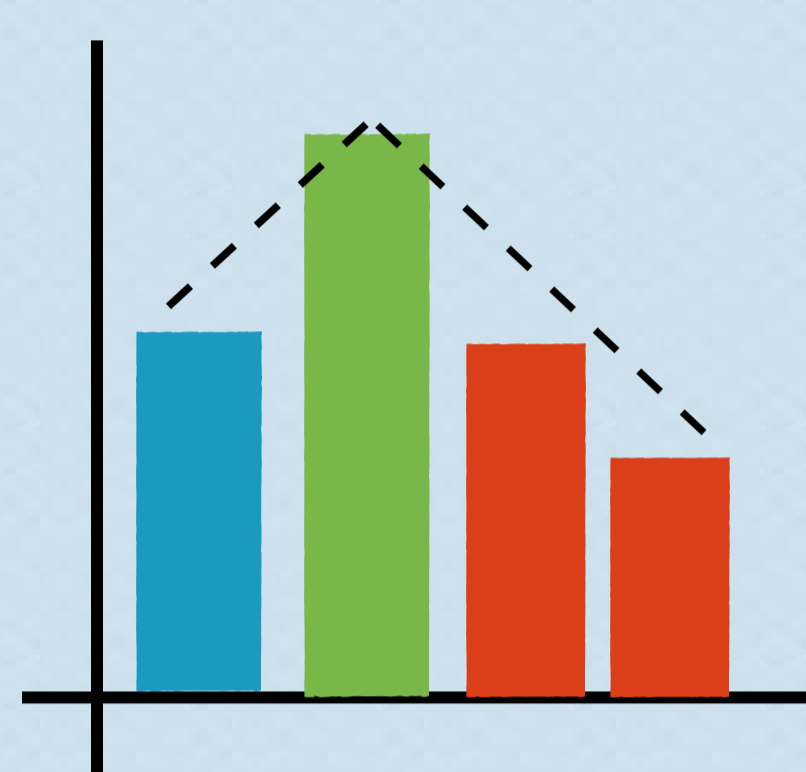
26.5%



Down over quarter,  
Down over year

Source: NISRA

## Ulster Bank PMI



Reduction  
in  
Business  
Activity



Further  
Decline in  
Business  
Sentiment



Fall  
in jobs  
for  
fourth  
month



Decrease  
in new  
Export  
Orders

Source: Ulster Bank

## Consumer Confidence

Up  
in Q1 2019

Down  
over year



Source: Danske Bank

# DfE Monthly Economic Update

May 2019

The European Commission's Spring Economic Forecast expects **global** growth to continue at a more moderate pace with trade weakening amid tightened global finance conditions, unresolved trade tensions and high uncertainty. Global growth is expected to decrease from 3.6% in 2018 to 3.2% in 2019 before rebounding to 3.5% in 2020 in line with previous forecasts. The slowdown was more pronounced in the **Euro Area** due to its high dependence on external demand along with being hit by a number of sector- and country-specific factors that have weighed on sentiment and trade between Euro Area partners. Projections have been revised down from the Autumn Forecast to growth of 1.9% in 2018, 1.2% in 2019 and 1.5% in 2020. **UK** growth (assuming unchanged trade relationships between the UK and the EU over the forecast horizon) of 1.4% is expected in 2018 before falling slightly to 1.3% in 2019 and 2020.

In **Northern Ireland**, the latest labour market statistics show that the unemployment rate has decreased over both the quarter (-0.9pps) and the year (-0.2pps) to 2.9%, the lowest on record and lower than the UK (3.8%), EU (6.5%) and ROI (5.6%) rates. The long-term unemployment rate was 49.0%, down by 1.8pps over the year but still significantly higher than the UK average rate (26.8%). Meanwhile, the number of confirmed redundancies in the year to April 2019 was up 1% from the previous year. The economic inactivity rate also decreased over the quarter (-0.2pps) and year (-1.4pps) to 26.5% but remains the highest of the UK regions and substantially higher than the UK average (20.8%). At the same time the employment rate increased over the quarter and the year to 71.3%, the highest on record, but remains around 5 percentage points below the UK as a whole and is the second lowest rate of the 12 UK regions.

The latest results from the Ulster Bank PMI indicated a further deterioration in business conditions in April 2019. Business Activity fell for the second successive month, the steepest reduction in private sector output since December 2012, while employment levels had their sharpest decrease since October 2012. Volumes of new business continued to contract for the third month in a row - this substantial decline was the fastest since December 2012. Following on from this there was a further monthly reduction in backlogs of work across the four broad sectors representing a six-and-a-half year low. Local businesses' confidence remained pessimistic for the third consecutive month, with Northern Ireland the only UK region to forecast a fall in activity over the next 12 months.

In the Bank of England's quarterly inflation report, GDP is forecast to have grown by 0.5% in Q1 2019, in part reflecting a larger-than-expected boost from firms in the UK and EU stockpiling ahead of recent EU Exit deadlines. This boost is expected to be temporary, with growth projected to slow to around 0.2% in Q2 2019.

The latest results from the ASDA Income Tracker reveal that although NI has the lowest weekly discretionary income in the UK, it continues to close the gap with other UK regions, with the highest increase in annual family spending power (7.4%) in Q1 2019.

Danske Bank's latest Consumer Confidence Index rose to 139 in Q1 2019, up from 127 in the previous quarter but below the 142 registered in Q1 2018. The latest quarterly increase was mainly due to the strong performance of the local labour market.