



## Labour Market Structure

November to January 2024



Employment Rate

**71.3%**

No statistically significant quarterly or annual change



Unemployment Rate

**2.3%**

No statistically significant quarterly or annual change



Economic Inactivity Rate

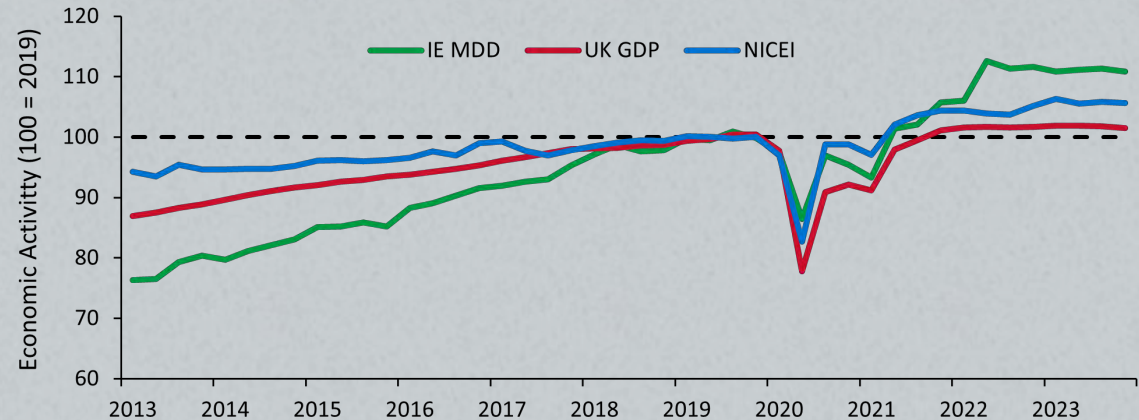
**27.0%**

No statistically significant quarterly or annual change

Source: NISRA Labour Market Report

## Economic Growth

2013 - 2023

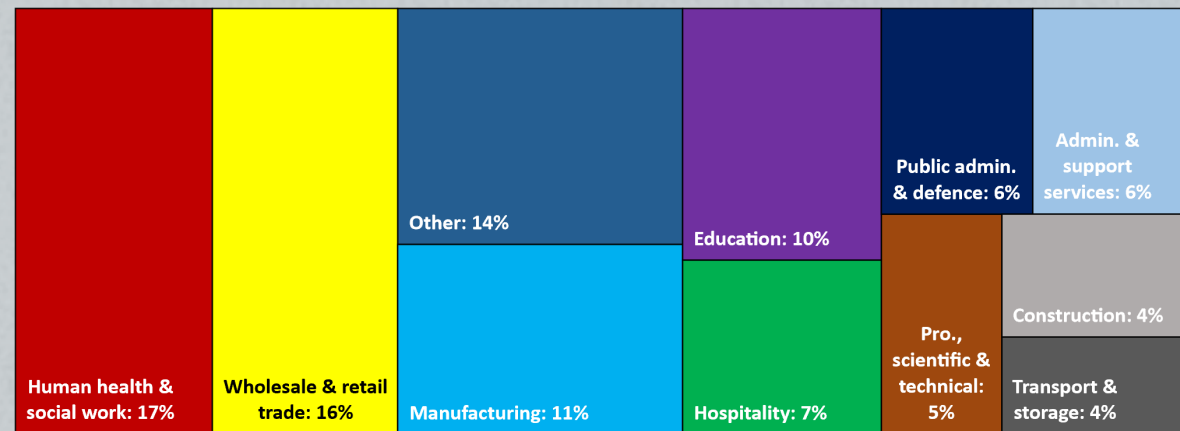


Note: non-zero axis

Sources: NISRA NICEI, CSO QNA, ONS QNA

## Employee Jobs

broken down by industry, December 2023



Source: NISRA QES



## Commentary

The NI Composite Economic Index ([NICEI](#)) indicates that the local economy contracted by 0.2% in Q4 2023. However, **economic activity** in the private sector was unchanged, with increases in the production and agriculture sectors offsetting a decline in services output. The [infographic](#) and [Figure 1](#) shows growth in NICEI along with broadly comparable measures for the UK and South of Ireland. On an annualised basis (comparing 2023 with 2022), local economic growth surpassed both.

[Figure 2](#) shows local **output by broad sector**. The fall in services output ([IOS](#)) in Q4 2023 followed an increase to a record high in the previous quarter, and was attributed to contractions in all subsectors apart from business services & finance. However, comparing 2023 with 2022, services output increased by 2.5%. Production sector output ([IOP](#)) increased over the quarter, but annual output fell by 2.9%. [Construction Output Statistics](#) indicate a 4.9% increase in total construction output volume in 2023. As of Q4 2023, construction output had risen in four of the five most recent quarters.

The latest [Ulster Bank PMI](#) indicated that local **business activity** rose at the fastest rate in almost a year in February, with most activity coming from domestic demand, while new business from abroad continued to fall due to The Red Sea crisis and cost-of-living pressures in export markets. Input cost inflation reached a 9-month high in February due to rising wages and increased transportation costs caused by the Red Sea crisis. Output prices increased in February at the strongest rate in 6 months, as companies often passed higher input costs onto consumers. Rising workloads and the filling of longstanding vacancies contributed to the 14th consecutive monthly increase in staffing levels. Business confidence reached a 33-month high with firms citing the return of the Stormont Executive as well as the unblocking of previously delayed work as key reasons for expected increases in future activity.

According to the [News Letter](#), analysis from [R3](#) shows that there were 2,077 **start-ups** in January 2024, the highest monthly total since record began in December 2021.

[HMRC Regional Trade Statistics](#) revealed an increase in the value of the North of Ireland's **international trade in goods** in 2023, with exports and imports increasing by around £1.6bn and £52mn respectively. This starkly contrasts with Britain and the South of Ireland ([Figure 3](#)). Proportionally, exports to non-EU countries increased to a greater extent than those to the EU (but to a lesser extent in terms of overall value), while the value of our trade with the US increased by far more than with any other country. In terms of type of goods traded, notable increases were recorded in [medicinal & pharmaceutical](#) exports to the US (up 164%) and [non-metallic mineral manufactures](#) exported to Belgium, which increased by a factor of 36.

The annual [UK CPI inflation](#) rate was 3.4% in February, down from 4.0% in January and moving closer to the EU and US rates. This was driven by slowing food price inflation (such as for bread and cereals) and restaurants & cafes (mainly the price of alcoholic drinks). Annual [Irish CPI](#) inflation was also 3.4% in February, down from 4.1% in January.

The [infographic](#) shows the breakdown of **employee jobs** by industry in December 2023, as reported by the [NISRA QES](#). Though there were no statistically significant quarterly or annual changes in total employee jobs, the longer-term trend is more positive, with an increase of 5.7% over the past five years.

Short-term statistics from the [NISRA LMR](#) indicate a continuation of recent local **labour market** trends. In the three months ending January 2024, the unemployment rate ([Table](#)) remained historically low. The claimant count increased by 2.1% in February 2024 but, as a proportion of the workforce, remained between the 3.6-3.8% range for the 23rd month running. There were 60 confirmed redundancies, a similar number to the preceding two months and significantly below the 2023 average (220). Median employee pay increased by 4.5% (£92) over the year, exceeding the UK CPI inflation rate of 3.4%.

Two [reports](#) from Ulster University identify **spare labour market capacity** in the local economy. The 'real' unemployment rate – accounting not only for those fitting the official [definition](#) of being unemployed but also 'hidden' unemployment groups – was estimated to be around 8%. There is also spare capacity in the form of underemployment, with around 5.6% of the employed population wanting to work more hours than are currently available to them.

Around half of local employees did not believe their skills corresponded well with their current duties in the year to June 2023, according to new NISRA statistics. Most **work quality** indicators showed significant improvement from 2020, with small increases in job satisfaction and meaningful work. Employees living in the most deprived areas generally experienced lower work quality, especially in regard to earning the Real Living Wage. The creation of Good Jobs and promotion of Regional Balance are two of the four objectives of the Economy Minister's [Economic Mission](#).

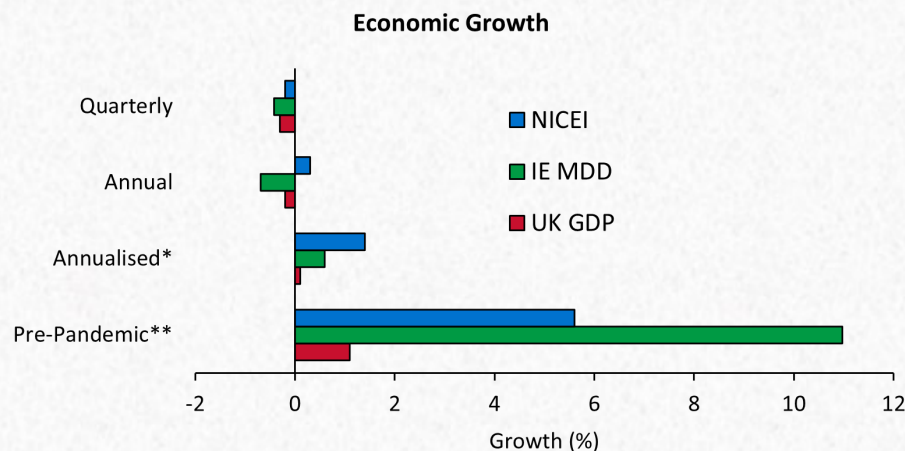
In March, [Invest NI](#) led a [Net Zero Exchange mission](#) to Malaysia and Singapore to highlight the expertise and technological advancements that have made Northern Ireland an important player in green manufacturing and innovation.





### Tables and Charts

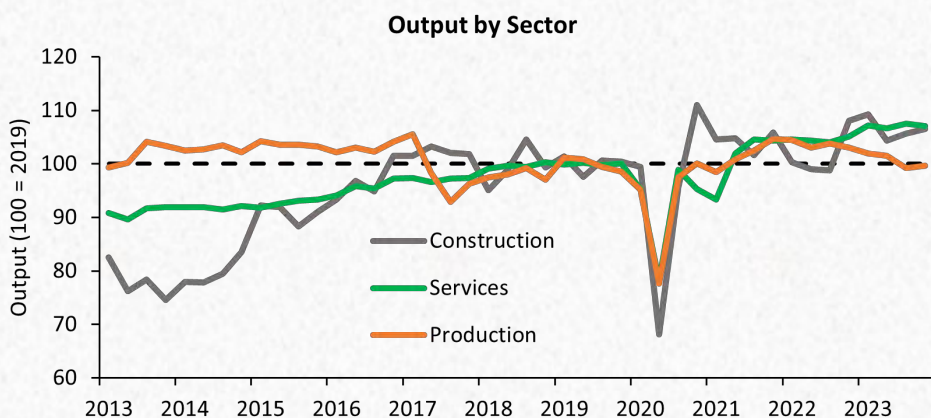
**Figure 1:** Economic growth as measured by [NICEI](#), Irish Modified Domestic Demand ([MDD](#)) and [UK GDP](#) in Q4 2023.



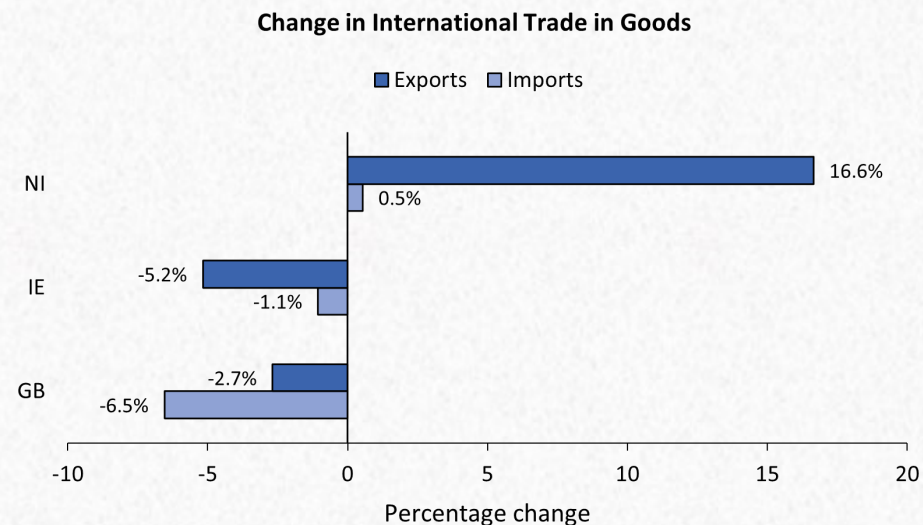
\*The annualised rate compares four consecutive quarters with the preceding four quarters, making it less prone to short-term volatility than the annual rate.

\*\*Growth since the onset of the Covid-19 Pandemic (Q4 2023 vs. Q4 2019).

**Figure 2:** Output by broad sector from 2013 to 2023, as measured by NISRA [IOS](#), [IOP](#) and [Construction Output Statistics](#). Note: non-zero axis.



**Figure 3:** The change in international trade in goods between 2022 and 2023 in NI, IE and GB. Note: data may be affected by inflation and exchange rates. Sources: [HMRC Regional Trade Statistics](#) and [CSO Goods Exports and Imports](#).



**Table:** The latest available headline labour market indicators for NI ([NISRA LMR](#)), the UK ([ONS LMO](#)), the South and the Euro Area overall ([OECD](#)), seasonally adjusted and in percentage terms. Note: IE and Euro Area employment and inactivity rates refer to Q4 2023. All other indicators refer to the three months ending January 2024.

Indicator	NI	UK	IE	Euro Area
Unemployment Rate	2.3	3.9	4.5	6.5
Employment Rate	71.3	75.0	73.9	70.2
Inactivity Rate	27.0	21.8	22.6	24.8