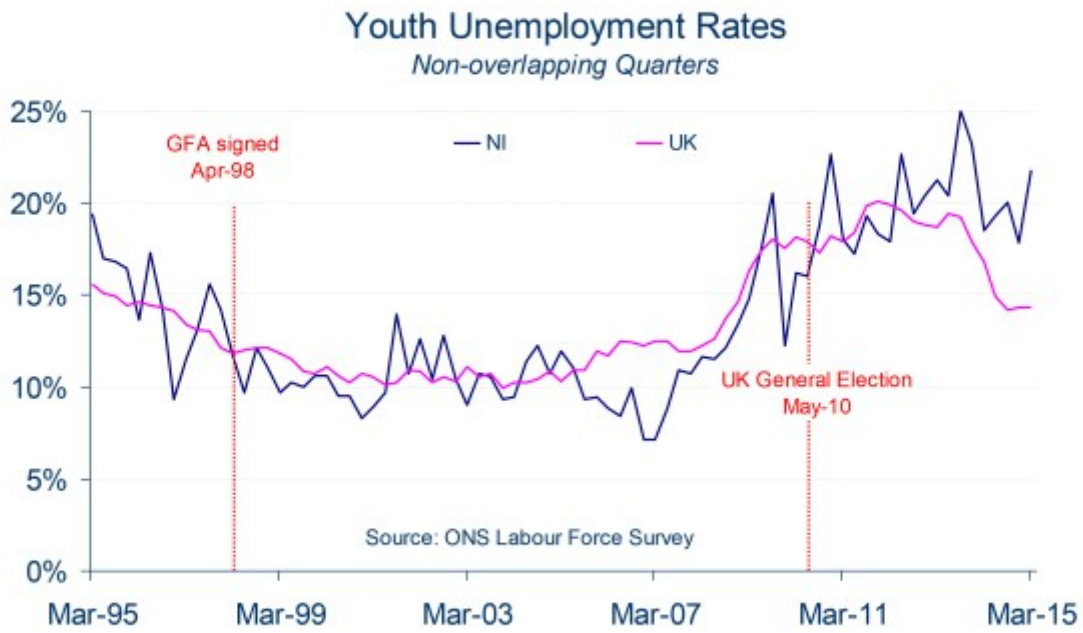


With divergence between NI & UK rates ❖ Ulster Bank

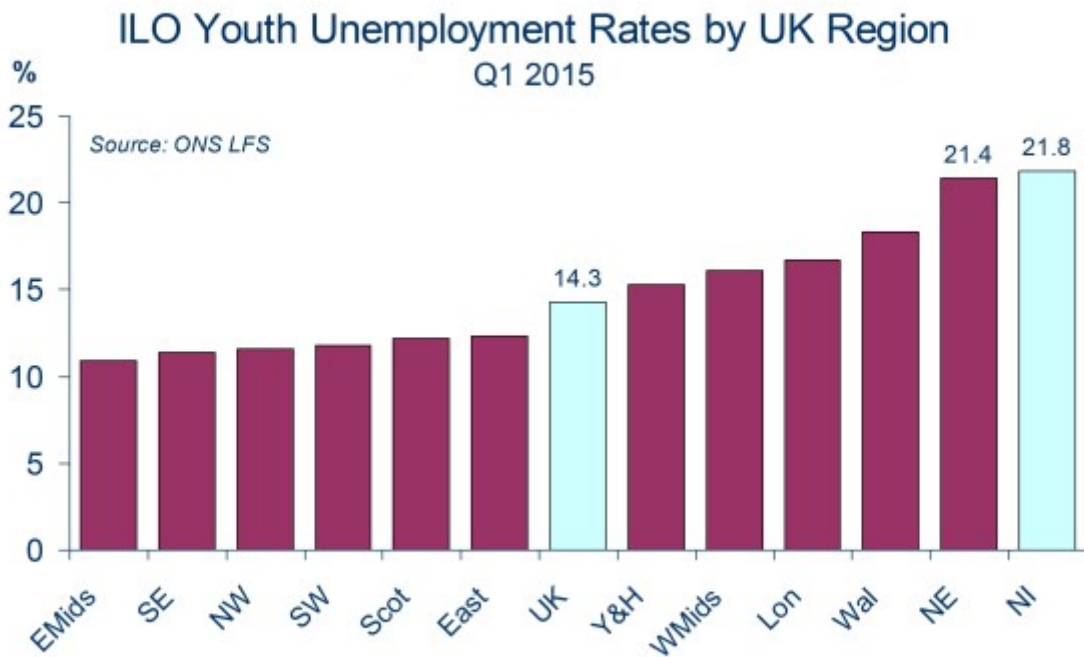


Divergence between NI and UK rates of youth unemployment

Northern Ireland's latest labour market statistics are something of a mixed bag. The new DETI Minister Jonathan Bell will be pleased that the claimant count's trend of falling unemployment has continued for a 28th consecutive month in April. However, the Labour Force Survey's wider measure of unemployment (*not restricted to those in receipt of means-tested unemployment benefits*) moved in the opposite direction in the latest quarter. The number of ILO unemployed increased by 6,000 in the latest quarter (Q1) relative to the fourth quarter of 2014. Meanwhile the headline unemployment rate rose from its 6-year low of 5.7% in Q4 to 6.2% for Q1 2015. The latter compares with an unemployment rate of 5.5% for the UK. We can expect more divergence in the labour market performance of the UK and NI in the months ahead.

The main cause of concern remains the age-old problem of youth unemployment. Northern Ireland's youth unemployment rate (*those aged between 18-24 years of age*) jumped from 17.8% in Q4 2014 to 21.8% in Q1 2015. Northern Ireland's youth unemployment rate is the highest of all UK regions and compares with a UK rate of 14.3%. Furthermore, Northern Ireland's current youth unemployment rate is more than double the rate (9.6%) that prevailed when the Good Friday Agreement (GFA) was signed in April 1998.

But NI has the highest youth unemployment rate in the UK ❄ Ulster Bank



ILO youth unemployment rates by UK region

Efforts to tackle youth unemployment need to be redoubled in order to prevent this problem permanently scarring the lifetime prospects for an increasing number of school leavers. Northern Ireland's labour market performance needs to be viewed through the lens of different age-groups. Our local labour market recovery has been largely due to falling unemployment and increased job opportunities for the over 25s.

Since the General Election in May 2010, the UK youth unemployment rate has fallen from almost 18% to just over 14%. However, Northern Ireland's youth unemployment rate has risen from 16% to almost 22%. Meanwhile the unemployment rate for those aged between 25-49 years of age has fallen from 5.4% to 3.8% over the same period.

The flipside of unemployment is employment. The Labour Force Survey employment figures for Q1 2015 were encouraging at an aggregate level, with the number of people working rising by 17,000 (+2.3%) q/q to 831,000. This represented an increase of 20,000 (+2.5%) y/y. However, these strong rates of growth are expected to ease in the year ahead. It is worth noting that the LFS figures highlight striking differences in employment performance by age. It is noted that the number of individuals aged 18-24 years of age has fallen by almost 7% over the last year (Q1 2014 - Q1 2015) which compares to 2% growth for those aged 25-49 years and over 8% for those aged over 50 years of age. Since the last General Election in 2010 youth employment has fallen by almost 15% whereas employment for those aged over 50 years has increased by almost one third. Meanwhile the number of individuals in work who are aged over 60 years for females, and 65 years for males, has more than doubled since the General Election in 2010.

Tackling youth unemployment is not just an economic problem, it has significant social repercussions too. Growing inter-generational inequity will be a major theme for

policymakers in the UK and Northern Ireland for the next Parliamentary term.

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Falling Claimant Count conceals the age-old problem of rising youth unemployment | 6

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