

Today's official figures suggest that the Northern Ireland economy stagnated in the second quarter with the private sector reporting marginal growth.

Meanwhile public sector job losses pushed the overall economy into a slight contraction.

However, while the local economy does face significant challenges, the current position is not as weak as today's headlines suggest.

Here's why:

- The disappointing private sector growth figures in the second quarter conceal sharp rates of expansion within construction (+3.1% q/q) and reasonable rates of quarterly growth within private sector services (+0.5% q/q).
- Overall private sector output growth was only pulled down by a steep decline in industrial production (-1.9% q/q).
- A significant fall in industrial production / manufacturing output was anticipated given the abnormally large quarterly rise in manufacturing output (+3.8% q/q) in the first quarter. This was largely driven by a 14% quarterly rise in output from the Transport Equipment (*e.g. includes Bombardier & Wrightbus*) sector which posted record levels of output at the start of the year. The hefty 6.2% q/q fall in Transport Equipment output in Q2 must be viewed in this context.
- Stripping out the unusually large Q1 rise reveals that the underlying trend in Northern Ireland's manufacturing output between Q4 2014 and Q2 2015 was one of strong growth (+1.6%).

In light of the above, and despite the acceleration in the rate of public sector job losses, the underlying trend for Northern Ireland remains one of economic expansion.

Indeed, private sector output in Q2 2015 was some 2.1% higher than the corresponding period a year ago.

The latest construction statistics were the most encouraging figures of the day. Northern Ireland's construction output has increased by almost 30% since Q4 2013 (*6 quarters*). However, by way of context, this construction recovery has recouped less than one third of the output lost during the downturn. It is noted that housing output is up 20% y/y in Q2 which represents the fastest rate of growth since the construction output series began in 2000.

More timely economic indicators, such as the [Ulster Bank PMI](#), have signalled a slowdown in activity in Q3. However, this is coming from a stronger position than is suggested in the Northern Ireland Economic Composite Index.

Share this:

- [Twitter](#)
- [Facebook](#)
- [Google](#)
- [LinkedIn](#)
- [Email](#)

Like this:

Like Loading...