



Today saw the release of data on Northern Ireland's labour market. Here's what it is telling us:

Labour Market

The number of people claiming unemployment benefit in Northern Ireland fell for the 8th successive month in November. Last's month's decline of 500 takes the total claimant count to 33,600 - an 8-year low.

While this downward trend is encouraging, other forms of unemployment related benefit (e.g. Employment Support Allowance or ESA) have been moving in the opposite direction.



more meaningful sign of labour market improvement would be for both the Job Seeker's Allowance (JSA) and ESA to be moving in a downward direction.

The wider measure of unemployment (ILO Labour Force Survey) nudged up from its recent low to 5.7% in the 3-months to October. This compares with 4.8% for the UK.

Meanwhile, the employment rate (69.5%) and economic inactivity rate (26.2%) have eased down / up from their recent record highs / lows.

Northern Ireland's headline unemployment rate however conceals divergence between males and females and across different age-groups. Male unemployment has hit a two-year high of 7.4% in the three months to October.

Conversely, the unemployment rate for females in Northern Ireland fell to 3.6% in the latest period. This is the lowest level in almost 7 years and is on a par with the unemployment rate

in the South East of England. Only Wales has a lower female unemployment rate (3.1%).



The widening divergence in Northern Ireland's male and female unemployment rates reflects the contrasting fortunes for male and female dominated sectors. For example, manufacturing (male dominated) has been shedding jobs while the retail sector (female dominated) has been the source of employment growth.

Northern Ireland has made significant progress in recent years at lowering its youth unemployment rate. Since the summer of 2013, Northern Ireland's youth unemployment rate almost halved from 25% to 13% this year (3-months to July).

However, this rate has started to creep back up and currently stands at 15.3% (UK = 12.2%). Getting youth unemployment back below the 15% in 2017 will be more difficult as labour market conditions are expected to deteriorate.

Quarterly Employment Survey

The most closely watched survey for employment trends is the Quarterly Employment Survey (QES). This employer-based survey measures the number of jobs in the economy and excludes the self-employed.

The latest survey for Q3 suggests that the job creating capacity of the Northern Ireland economy has stalled. It remains to be seen whether this proves to be temporary.

Employment was broadly unchanged (-100 jobs) in Q3 at 732,360 jobs relative to the previous quarter and relative to the corresponding period a year ago (+0.1%). This level is just shy of (-550 jobs) the pre-recession peak in Q2 2008 of almost 733,000.

The pace of employment growth in Northern Ireland has decelerated from 2.4% y/y in Q2 2015 to a paltry 0.1% y/y for Q3 2016. This, however, conceals a divergence in growth trends for the public and private sectors.

For the last 2½ years the public sector has been reducing its headcount whereas the private sector has been in expansion mode. Private sector employment growth has been slowing in recent quarters however the latest survey represents the first quarterly decline (-320 jobs) since Q2 2014.



Despite this fall, there are still 5,750 (+1.1%) more private sector jobs than there were a year ago. Private sector employment is also some 2.7% (+13,660 jobs) above the pre-recession high of Q2 2008.

Employment may be higher but private sector output is currently back at 2005 levels. This highlights Northern Ireland's deteriorating productivity performance. To put this in perspective, Northern Ireland's private sector has an additional 51,000 employees relative to 2005 but this workforce is producing the same output.

Northern Ireland's public sector continues to shrink with the headcount in Q3 down 2.5% y/y to 201,240. The latter represents the lowest level since 2001 and is almost 11% below

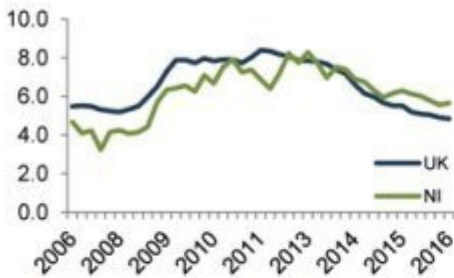
its recent peak of 225,570 in Q3 2009.

The reality is that true level of public sector employment is actually below 200,000 and at levels last seen in the 1990s. This is due to the fact that the 201,240 figure includes the employment of some part-nationalised financial institutions.

NISRA Labour Market Statistics

Labour Force Survey

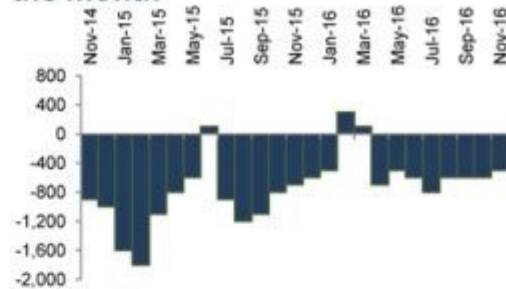
NI unemployment **5.7%** versus UK unemployment **4.8%**



↑ NI Unemployment (Aug-Oct 2016)
Change on Quarter: **+0.1pps**

Claimant Count

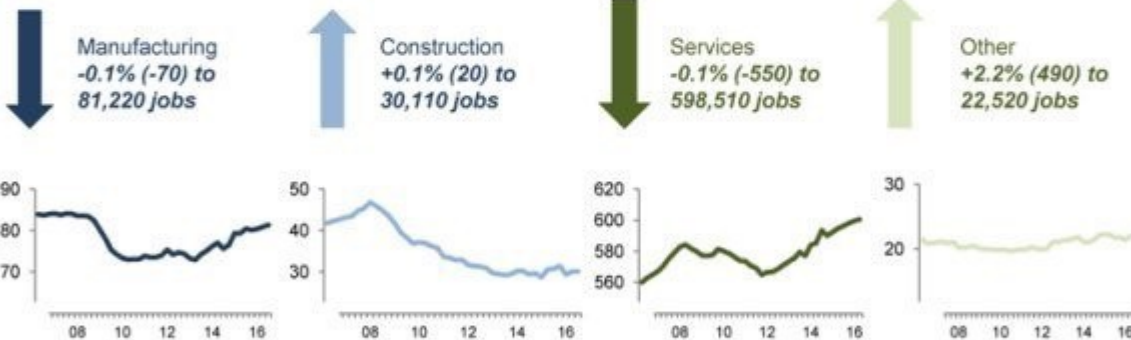
Claimants decrease by 500 over the month



33,600 people claiming unemployment related benefits at **November 2016**

Quarterly Employment Survey – September 2016

Change on quarter



Change on year



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