



During the three months to November 2018, Northern Ireland's unemployment rate fell to 3.4%. This compared with 4.1% in the previous quarter and was close to the record low of 3.1% posted in the Q1 2018.

Employment rose by 2,000 in the latest period bringing the total number of individuals in work to 845,000 - some 7,000 shy of the all-time-high recorded in the three months to May 2018. While employment and unemployment improved during the latest period, economic inactivity (*those people neither in work or looking for work*) moved in the wrong direction. Despite having a lower unemployment rate than the UK average, Northern Ireland has not made any meaningful in-roads in getting off the bottom of the regional league table for employment and economic inactivity rates.

Records galore - While Northern Ireland's labour market remains in good shape it is

overshadowed by the UK economy. The UK notched up a number of record highs and lows in the latest survey. First, employment hit an all-time high with the proportion of the working-age population - the so-called 'employment rate' - never higher at 75.8% (NI= 69.6%). Second, the UK's economic inactivity rate fell to a record low of 21.0% (NI = 27.9%). Third, the UK's unemployment rate of 4.0% is the joint-lowest on record. Fourth, job vacancies rose by 4.8% y/y in Q4 and at 853,000 is the highest figure since the series began in Q2 2001.

Tight labour market - Economists would describe the current state of the labour market conditions in both the UK and NI as 'tight'. This term means that both economies are close to full employment with recruitment difficulties / labour shortages fuelling wage growth. It is noted that UK wage growth is rising at its fastest pace in a decade (+3.3% y/y). Labour shortages are most acute within UK firms employing 250-2,499 workers. Vacancies within these medium-to-large-sized employers have soared by 16.5% y/y in Q4 2018.

Vacancies rising - Skills and labour shortages are a growing concern within Northern Ireland too. This has been highlighted in a range of surveys in recent months. The number of vacancies notified to Job Centres and Benefit Offices has increased by over 4% y/y in Q3 2018 to 16,135. However, these statistics don't represent the total unsatisfied demand for staff by employers.

EU-8exit -One of the key trends evident within both the UK and NI is the declining number of EU nationals. The latest UK Labour Force Survey reveals a 5.5% y/y (-132k) in EU-27 nationals working in the UK in July - September 2018. The decline amongst EU-8 nationals (*includes Poland, Slovakia, Slovenia, Lithuania, Czech Republic, Estonia, Hungary & Latvia*) has been more marked at -15% y/y. Brexit and more attractive employment opportunities elsewhere in Europe have contributed to this trend. Indeed the latest Northern Ireland Chamber of Commerce & BDO Q4 Survey revealed one-third of firms polled reported a

negative impact on the employment of non-nationals attributed to Brexit. These trends are expected to continue in 2019.

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