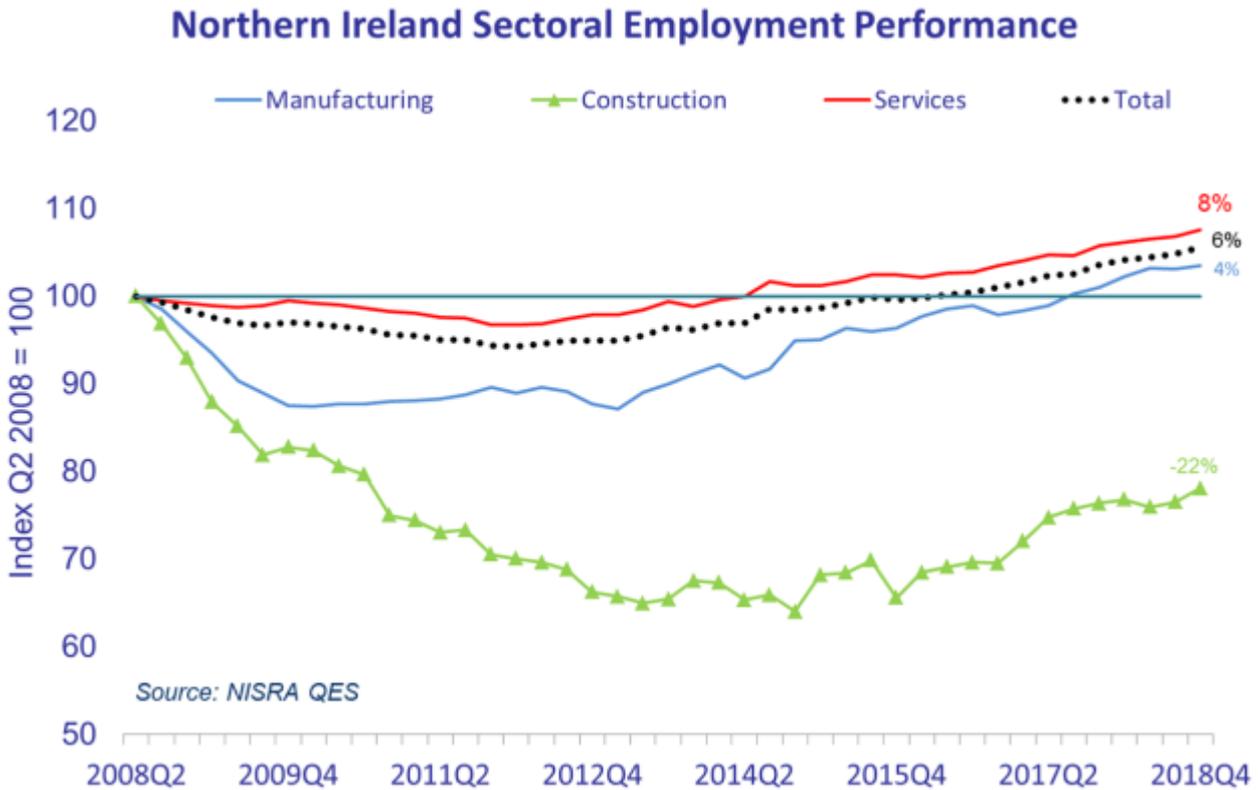




The labour market continues to be a source of positivity amidst the Brexit gloom. Northern Ireland's employment rate - the proportion of people of 16-64 year olds working - hit a record high of 70.9%. Meanwhile the headline unemployment rate in the three-months to January 2019 is an eye-catching 3.5%. However, amongst the raft of labour market statistics the most meaningful jobs barometer was the Quarterly Employment Survey for Q4 2018.

On this front, Northern Ireland's labour market ended the year the way it began with robust jobs growth. That has largely been the pattern over the last three years with Northern Ireland posting jobs growth for the last twelve consecutive quarters (net gain of 44,000 jobs) and record highs in each of the last eleven quarters. The private sector has been the driver of jobs growth since the recovery began. Relative to the employment trough in Q1 2012, Northern Ireland's private sector has seen a net gain of over 90,000 jobs (+19%). That equates to a net gain of ten private sector jobs for every public sector job lost.



At a sector level, Northern Ireland’s services, manufacturing and construction industries all contributed to employment growth in 2018. The number of service sector jobs hit a fresh record high of 628,730 in Q4. That’s 44,550 jobs (+8%) higher than the pre-downturn peak 10½ years ago. Local manufacturing continued its renaissance with a net gain of 2,110 jobs over the year to Q4 2018. Manufacturing employment is at its highest level since Q1 2004. Construction employment hit its highest level in over eight years but the number of jobs remains a hefty 25% below Q4 2017’s pre-downturn high.

Northern Ireland’s job creation performance has been encouraging from a numbers perspective. However, it is worth remembering that despite an additional 53,100 private sector jobs (between Q2 2008 and Q4 2018), private sector output (as of Q3 2018) is still 3% below where it was over a decade ago. This highlights the issue of job quality and poor productivity.

Conditions within the private sector have deteriorated markedly in Q1 2019. This has been highlighted in the Ulster Bank Northern Ireland PMI. Indeed, private sector firms reported their first fall in employment in four years in January. In the past, the PMI has been a useful and accurate indicator of the direction of travel for the Northern Ireland economy. Recent surveys point to a marked slowdown / stagnation in private sector growth.

Labour market statistics are a lagging indicator of economic activity. While we may see Northern Ireland post another record high for jobs in Q1, thereafter employment growth will be much more challenging. A wider economic slowdown is already in train in Europe. Furthermore, the UK economy is forecast to grow in 2019 at its weakest rate (outside of a recession) since 1990, assuming a smooth and orderly Brexit. Achieving the latter is a case of easier said than done. And has been highlighted in several reports, Northern Ireland is one of the most exposed regions in the UK to Brexit. As a result, it could well be last orders for Northern Ireland's record employment highs.

Some of the key figures in the latest report include:

- N.Ireland hits a record high of 773,750 employee jobs in Q4 2018
- 12th consecutive quarter of employment growth
- Employee jobs rise by 1.9% y/y (+14,350 jobs)
- Private sector jobs increased by 2.3% y/y to a record high of 565,480
- Service sector jobs hit a fresh record high
- Manufacturing employment approaching a 15-year high
- Construction employment rises to highest level in over 8 years but still 25% below pre-downturn peak
- Private sector posts a net gain of >90,000 jobs (+19%) since Q1 2012
- 10 private sector jobs created for every public sector job lost since Q1 2012
- There are now 20,240 fewer public sector jobs than the series peak in Q3 2009

(-8.9%).

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