

Northern Ireland's labour market continued to break records into the summer months. Unemployment fell to a new low of 2.8% and employment hit a record high of 779k jobs in Q2. That follows 14 consecutive quarters of growth. Looking at the private sector specifically shows a winning streak that is even longer, extending to five years. But can it last? There are signs that the jobs machine is slowing. The number added in the latest quarter marked a three-and-a-half year low. Meanwhile, services, the largest sector of the economy, saw its rate of growth almost grind to a halt.



The latest batch of data in the Labour Force Survey (June - August 2019) revealed a variety of indicators that suggest that the labour market is on the turn. Economic inactivity has rebounded off its record low. Meanwhile the employment rate has edged down from its Q2 record high.

The labour market news in September was dominated by Wrightbus going into administration with 1,200 redundancies. Indeed, September saw the highest number of redundancies in a calendar month since 2003. Fortunately, the Ballymena plant has been acquired by a new investor that should see many of the workers laid off rehired.

These signs of a weakening labour market must be placed in the appropriate context; namely, Northern Ireland's labour market has never been stronger. Skills shortages remain prevalent across a range of sectors. Indeed, the Northern Ireland Chamber of Commerce's Quarterly Economic Survey for Q3 revealed that around 80% of local firms are experiencing recruitment difficulties.

The pace of hiring continues to ease but remains strong across most sectors. That is the key message in the latest NIJobs.com Jobs Report. Advertised vacancies fell by just over 5% q/q in Q3, marking the second consecutive quarter of decline. Job listings have fallen by over 13% since Q1's peak with advertised vacancies now at a seven quarter low. Despite these recent declines, overall listings have risen by 12% and almost one-quarter over the last two and five years respectively.

Arguably the pace of hiring at the start of the year was unsustainable and needed to slow. Double-digit wage inflation has been prevalent in some areas with acute skills shortages, most notably the *IT* sector. A slowdown has been gaining momentum with many of the employment categories reporting declines (*some significant*) in the number of posts advertised. The headlines of a number of multi-quarter lows need to take account of the fact that many are coming-off record highs.

Fifteen of the thirty-two employment categories posted quarterly declines in listings, with twelve reporting an increase and five categories recording no change. But fourteen of the thirty-two employment categories still recorded growth in job listings relative to the same

quarter last year. Two employment categories posted their highest number of listings since the survey began. These were:

- Customer Service, Call Centres & Languages
- Beauty, Hair Care, Leisure and Sport

While the overall number of listings fell to a seven quarter low in Q3 2019, a number of employment categories also posted seven quarter lows. These included: *Retailing*, *Wholesaling & Purchasing*; *Marketing* and *HR*. Meanwhile a number of categories saw their listings fall back even further. *Engineering* and *Motoring* vacancies eased back to 11-quarter lows. *General Management & Consulting* jobs fell to their lowest level since Q4 2015 (15-quarter low) following a fourth successive quarterly decline. However, these declines are coming off a record high with the current number of vacancies well above the levels seen in 2015-17.

The *IT* sector has seen the number of listings fall by 30% over the last three quarters. Nevertheless, the sector still accounts for more vacancies than any other sector. The *IT* sector accounts for just 1 in 50 of all NI jobs but 1 in 9 of all advertised vacancies.

After *IT*, *Hospitality*; *Social, Charity & Not for Profit*; *Production, Manufacturing & Materials*; and *Accountancy and Finance* sectors posted the largest number of job vacancies. The latter was the only one of the top five largest employment categories to record a quarterly rise in job listings. Meanwhile the *Hospitality* industry maintained the same level of strong demand for roles as in the previous quarter. *Production, Manufacturing & Materials* saw a notable easing relative to Q2's record high, but the number of posts advertised was still higher than any other quarter since Q1 2015.

Looking ahead, Northern Ireland's labour market is set to weaken in coming quarters given

the marked deterioration in business conditions that has occurred in Q3. The NIJobs.Com Jobs report can be viewed as a leading indicator of how employers are adapting to the economic environment. The survey points to a further softening in the labour market in the months ahead.

It looks increasingly likely that Q2 represented Northern Ireland's labour market peak for jobs and trough for unemployment. Ongoing Brexit uncertainty has been translating into negative economic and business outcomes. Ultimately these outcomes impact on investment plans, staffing levels and the labour market in general.

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