

The latest Labour Market Report for Northern Ireland is effectively a case of looking in the rearview mirror, given that the business landscape has changed so drastically since Q4 2019, the period covered by the latest figures.



The number of jobs in Northern Ireland hit a record high in that quarter, of 784,140, according to the report. This will surely represent the peak of the current cycle, given the weakness of the economy in the early part of this year and what is happening now in relation to coronavirus.

It is also worth noting that the growth in Q4 was driven by the public sector, and the number of private sector jobs actually fell marginally. Indeed, the fact that Q4 marked the first fall in private sector employment in five-and-a-half years is significant.

The growth that we had seen in private sector employment prior to Q4 was largely driven by health and social care – including residential care and nursing homes – and the hospitality sector i.e. food and accommodation. The latter has now seen demand fall off a cliff, and job numbers will certainly follow a similar trajectory. Given the current unprecedented woes facing the hospitality sector, it is noted that jobs were growing at 5.6 percent year-on-year in Q4 2019 and accounted for just over 25 percent (2,820 jobs) of the net annual gain in jobs in the quarter. So the sector that is now being hit so hard in the current crisis was one of the few areas of strength in terms of job creation.

During the last recession, 41,500 employee jobs were lost in the NI economy in net terms. But this took close to four years of employment falls. The present sudden stop in economic output is not expected to see job losses extending for this length of time. The overall trajectory will be very different. The duration of the job losses will likely be counted in quarters rather than years. However, the falls will be extremely sharp; indeed the like of which we will probably never have seen in the timescale.

We should also remember that the figures covered in the Labour Market Report are employee jobs and don't include self-employed people, of which there are over 136,000 in Northern Ireland. That's 15 percent of the workforce. Self-employed people may not lose their jobs, but they may lose a significant part if not all of their income, and this will also hit the economy hard in the short to medium term.

As things stand, though, one would hope that we would see job numbers growing again in 2021. Two key determinants behind this are the scale of government support / bailout for households and businesses, and how quickly the health emergency can be dealt with. On the government bailout, again I would anticipate this to be something on a scale not previously even thought possible during peacetime.

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