Resilience in the face of recession – Throughout the pandemic many key labour market indicators have not been sending out distress signals. For example, the number of employee jobs in Q1 was a record high and unemployment remained close to its all-time low. That doesn't sound like an economy in the midst of its deepest recession on record. Unprecedented levels of support, not least from the Job Retention Scheme, have prevented employment falling off a cliff. A range of interventions have meant that while the UK economy experienced one of the sharpest declines in output (GDP) of any economy in Europe, employment within the UK has (for now) held up better than almost all of its former EU counterparts. Incidentally, the Republic of Ireland is at the other end of the league table for both measures – i.e. the RoI has experienced one of the shallowest recessions in terms of GDP but one of the deepest declines in employment within the EU.

Impact – The latest batch of labour market statistics from NISRA suggest that the local labour market is at a tipping point. The most significant release today was the Quarterly Employment Survey (QES) for June (Q2). The QES is an employer based survey and measures the actual number of employee jobs and excludes the self-employed. Conversely, the Labour Force Survey (LFS) focuses on individuals in work whether as employees, self-employed, paid or unpaid etc. Northern Ireland's latest jobs data has finally revealed the impact from the COVID-19 pandemic. The number of employee jobs fell by 1,540 over the quarter to June (Q2) to 779,880 jobs. This marked the first quarterly decline since December 2015 (Q4) with construction (-0.9%, -340 jobs), manufacturing (-0.6%, -530 jobs) and services (-0.1%, -830 jobs) all posting quarterly declines in job numbers. The latest figures marked the second successive quarter of decline in the number of services firms while the manufacturing sector has strung together four consecutive quarters of job losses. Manufacturing employee jobs has fallen by 2.7% y/y which equates to 2,380 fewer jobs.

Output recession well underway – While Q1 (March) saw the number of employee jobs hit a record high, the pace of job creation had been slowing in recent quarters even before the Covid-19 pandemic struck. It is worth remembering that Northern Ireland's Composite Economic Index (NICEI) – the nearest thing NI has to a quarterly measure of GDP – has been contracting since Q3 2019 and therefore signalled a technical recession (*defined as two successive quarters of contraction or negative growth*) in Q4. Northern Ireland's employee jobs growth of 0.6% y/y compares favourable with a decline of 0.7% for the UK. NI was one of eight UK regions to show an increase in employee jobs over the year to June.

Winners & Losers from COVID-19 – Perhaps not surprisingly, the employment category posting the largest job gains between Q1 and Q2 was *Human Health & Social Worker Activities*. Employment in this NHS dominated category has never been higher with a net gain of 2,200 jobs (+1.7% q/q) in Q2. This represented the largest quarterly gain in jobs in almost six years. *Wholesale and retail trade* also posted a rise of 0.6% q/q (+780 jobs). This coincides with the recruitment of additional staff over the lockdown period and the shift towards online shopping. Other notable sectors posting gains were *Information and Communication* (+2.1% q/q, 460 jobs) and *Financial and Insurance Activities* (+3.8%, 710 jobs).

Losers – *Administrative and support service activities* posted the biggest quarterly decrease in jobs of any category by quite some margin. Employment within this category fell by 5.3% (-2,900 jobs) between March and June. This represented the sharpest quarterly decline in the last 15 years and perhaps on record and follows the loss of 530 jobs (-1.0%) in the previous quarter. Given the new era of working from home, many administrative and support service functions are no longer required. Indeed many of these functions will potentially be replaced by technology. This trend of job losses within the admin support services is expected to continue. Meanwhile social distancing has impacted upon those sectors that promote socialising – notably the hospitality sector. Again it is not surprising to see hefty job losses within the *Accommodation and Food Services* category. Employee jobs fell by 2.7% (-1,360 jobs) between March and June 2020 which is on top of a loss of 450 jobs during the previous quarter. That makes a total of 1,810 jobs lost so far this year within the hospitality sector as of June. *Arts, Entertainment and Recreation* also saw a sizeable fall between March and June of 1.2% (180 jobs) and this trend is expected to continue for the foreseeable future.

P45s still coming in thick and fast –Looking at the redundancy data gives an idea of the trajectory of employment in the near term. 820 redundancies were confirmed last month, the second highest monthly total in the past five years. In addition, there were 700 redundancies proposed in August with a further 880 proposed during the first two weeks of September. From 1 September 2019 to 31 August 2020, 9,160 redundancies were proposed, the highest annual total since records began and dwarfing what occurred at the last recession. Three-quarters of these proposed redundancies (6,800) have occurred since

March. Redundancy notifications have been broad-based covering 15 of the 21 industry sectors and around 90 different employers.

Waiting for furlough – As we approach the end of the Job Retention Scheme or 'furlough' scheme, which is due to expire at the end of October, a further surge in redundancies are expected. Northern Ireland's unemployment rate remains at the ridiculously low level of 2.9%. That figure flatters the true state of the local labour market and the challenges within. When the furlough scheme expires Northern Ireland's unemployment rate will be catapulted into high single-digits. Ultimately, as the recession progresses, the unemployment rate is expected to exceed 10% and 25% plus for those aged 18-24yrs. Overall, in labour market terms, this recession will be more marked than the last one. Job losses will be greater, unemployment higher and more sectors will be adversely affected. Unlike the last recession, however, the job losses are likely to be more balanced from a gender perspective. Last time around in the so called 'Mancession', males outnumbered females two-to-one with job losses. That was due to the concentration of job losses within the male dominated construction and manufacturing sectors. This time around services is in the frontline for job losses. Sectors such as retail and hospitality have higher concentrations of females than males. From a gender equality perspective, this recession will be more equal than the last one.

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