

# Statistical Press Release

## Northern Ireland Composite Economic Index:



January 2017

9.30am - Thursday 19<sup>th</sup> January 2017

The NI Composite Economic Index was published today by the Northern Ireland Statistics & Research Agency. The key findings are that:

### **Economic activity increased by 1.6% from Quarter 3 2015 to Quarter 3 2016.**

- Over the last year the Northern Ireland economy was estimated to have grown by 1.6% from Quarter 3 2015 to Quarter 3 2016. The increase was driven by rises in the Services sector (a contribution of 1.4 percentage points (pps)) and the Construction sector (a contribution of 0.6 pps).
- These increases were offset by a decrease over the year in the Public sector jobs index (a contribution of -0.6 pps) and the Production sector (a contribution of -0.3 pps).

### **Economic output decreased by 0.9% over the quarter**

- More recently, the NICEI results indicate that NI economic activity decreased by 0.9% from Quarter 2 to Quarter 3 2016.
- The decrease in the NICEI over the quarter (0.9%) was driven by decreases in the Services sector (a contribution of -0.3 pps), the Production sector (a contribution of -0.3 pps) and the Public sector jobs index (a contribution of -0.2 pps) and the Construction sector (a contribution of -0.1 pps).

### **Falls in public sector jobs partially offset private sector growth over the year.**

- The Private sector index reported growth over the year of 2.3% from Quarter 3 2015 to Quarter 3 2016. However, the Public sector (employee jobs) index reported a fall of 2.5% over the same period.
- Over the latest quarter (Quarter 2 2016 to Quarter 3 2016) the Private sector index decreased by 0.9% and the Public sector job index decreased by 0.7%.
- The fall in the Public sector jobs index has reflected the impact of the Northern Ireland Civil Service Voluntary Exit Scheme (VES).

### **Growth remains steady over last three years**

- When the trend in the index is considered over the last three years there is some evidence that the rate of growth has remained steady. Annualised average growth over the last four quarters to Quarter 3 2016 compared to the previous four quarters was 1.5%. This was broadly similar annual growth over the previous 2 year period (to Quarter 3 2015), which was 1.6%.

### **NI annual growth rates lag behind those of the UK and ROI**

- Although the measures are not produced on a fully equivalent basis, comparisons with the UK show that UK GDP<sup>1</sup> grew by 2.2% over the year to Quarter 3 2016, whereas NI output increased by 1.6%. In the ROI, GDP grew by 6.6% over the year to Quarter 3 2016.
- When the extent of change is considered over the last two years, it can be seen that average GDP growth for the four quarters to Quarter 2 2016 for the UK was 1.9% compared to the previous four quarters. The NI growth rate was 1.5% over the same period.

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<sup>1</sup> [ONS Quarterly National Accounts](#), Quarter 3 (July to September) 2016 (The measure of GDP referred to is the chained volume index of GDP at market prices)

- The NICEI is currently 7.0% below the maximum value recorded in Quarter 2 2007. In Quarter 3 2016, UK GDP was estimated to have been 8.1% higher than its pre-economic downturn peak of Quarter 1 2008. This suggests that the UK has had a shorter downturn with a faster recovery.

## Comments

- The Labour Force Survey (LFS) results for September-November (5.6%) (published to-day) reported an increase of 0.1 pps in the unemployment rate over the quarter but a fall of 0.3 pps from that of the previous year. Annual LFS figures also continue to reflect a gradual decline in the unemployment rate over recent years from 7.6% in 2013, 6.6% in 2014, 6.1% in 2015 to 5.8% in 2016 based on figures until September – November.
- The most recent Quarterly Employment Survey (published in December) also showed that the number of jobs remained flat over the third quarter of 2016 and annual jobs growth had slowed.
- Economic activity in NI economy has fallen over the latest quarter (-0.9%) to Quarter 3 2016 whilst UK GDP increased (0.6%). GDP also increased in the ROI over the quarter (4.0%). However this is the first period of decline in NI since the third quarter of 2015.
- Although economic activity in NI declined over the latest quarter, growth for the previous three quarters had been higher in NI compared to that of the UK.

## Notes to editors:

1. The Northern Ireland Composite Economic Index (NICEI) is an experimental quarterly measure of the performance of the Northern Ireland (NI) economy based on available official statistics.
2. The NICEI output measures relate to the second quarter (July-September) of 2016. These estimates are based on surveys of businesses and estimates of change are subject to sampling error. Figures for a quarter may be revised if more complete information subsequently becomes available.
3. This is the first quarter of Northern Ireland (NI) Production Sector output results following the EU referendum on 23rd June 2016. The post-referendum picture is still emerging and will continue to do so over the coming quarters and years. It is not possible to separate out the specific impact of the referendum in this quarter.
4. For media enquiries, please contact DfE Press Office on 028 9052 9604. Outside office hours, please contact the Duty Press Officer via pager number 07699 715 440 and your call will be returned.
5. This report will be of interest to Ministers, policy makers, public bodies, the business community, banks, economic commentators, academics and the general public with an interest in the local economy.
6. The detailed statistical bulletin is available at: [Northern Ireland Composite Economic Index](#)
7. Further information and tables from each of the data sources are available on the [NISRA – Economic and Labour Market Statistics Website](#).
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9. Feedback is welcomed and should be addressed to:

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