



August 2015

The **World Bank** has revised its outlook for global growth in 2015 down to 2.8% (from 3% in January); however, growth is expected to pick up to 3.2% in 2016-17. High income countries are expected to grow by 2% in 2015 and 2.3% on average in 2016-17 whilst developing countries will face major transitions in adjusting to low commodity prices and tighter financial conditions ahead in US monetary policy.

The recovery in the **Euro Area** has progressed more rapidly than expected supported by a weakening euro, declining oil prices, record low inflation rates, and an improvement in bank credit supply conditions. Growth is projected to reach 1.5% this year and 1.7% in 2016-17 although continuing turmoil in Greece remains a risk to broader Euro Area confidence.

The Central Bank of Ireland's quarterly bulletin indicated the **Republic of Ireland's** economy is experiencing a continued recovery with robust future growth anticipated. GDP growth of 4.1% is forecast for 2015 and 4.2% for 2016, upward revisions of 0.3% and 0.5% respectively, relative to earlier projections.

UK GDP is estimated to have increased by 0.7% in Q2 2015 and is now 2.6% higher compared to a year ago. The Bank of England's (BoE) inflation report highlighted the current weaknesses in inflation (CPI at 0.0%) can be accounted for by lower energy, food and other goods prices. Inflation is anticipated to return back to its 2% target within the next two years.

Results for Q1 2015 from the **Northern Ireland** Composite Economic Index (NICEI) reveal that overall economic activity increased by 1.1% from Q4 2014. There has been growth reported in three of the last four quarters, with the rate of growth in the four quarters to Q1 2015 estimated to be 1.6% higher on average compared to the previous four quarters.

The NI Construction Bulletin highlighted that the total volume of construction output in NI in Q1 2015 increased by 6.5% compared to Q4 2014 and was 13.8% higher compared to the same quarter in 2014. The increase in the overall output was accounted for by both an increase in New Work (6.5%) and a similar increase in Repair & Maintenance (6.7%).

Following the first increase in 28 months in June, the number of people claiming unemployment benefit has again fallen by 400 in July 2015. The local unemployment rate for the period April to June 2015 is 6.5%, above the UK rate of 5.6% but below both European Union (9.6%) and RoI (9.8%) rates for May 2015.

The latest results from UK Trade and Investment for 2014/15 revealed that NI attracted 48 projects and based on jobs created, is still the largest FDI destination per capita outside of London.

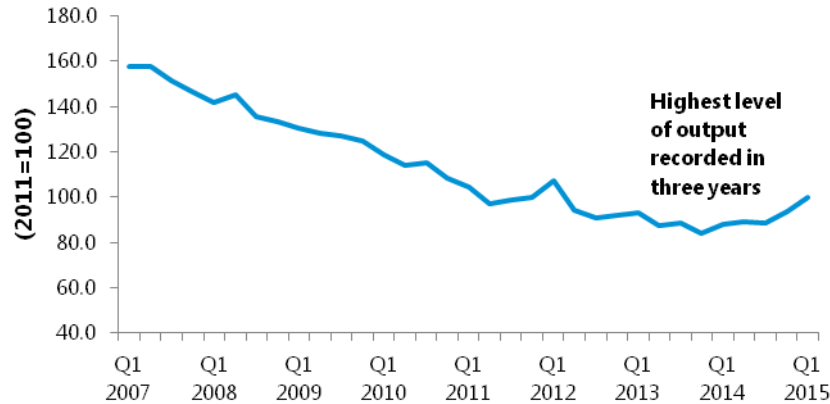
Locally PWC forecast NI's economic growth at 1.8% in 2015, lower than 2014 performance of 2.2%. This is reflective of a 'decelerating' recovery, the challenge of implementing welfare reform and weak productivity. Elsewhere, the Q2 2015 results from the NI Chamber of Commerce (NICC) survey highlighted continued economic improvement with healthy growth in domestic sales and uplift in recruitment intentions for the quarter.

Key Recent Statistics and Updates

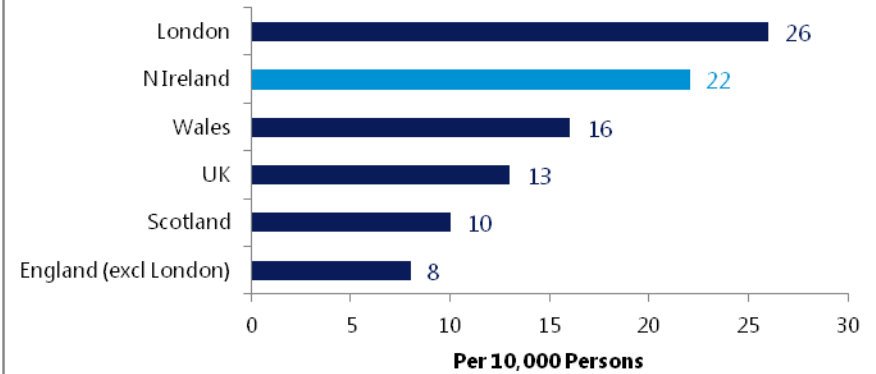
- **Total economic activity** (measured by NICEI) increased by 1.1% over the quarter from Q4 2014;
- **Total volume of construction output** increased by 6.5% over the quarter from Q4 2014;
- Following the first increase in 28 months in June, the number of people claiming **unemployment benefit** fell by 400 in July.



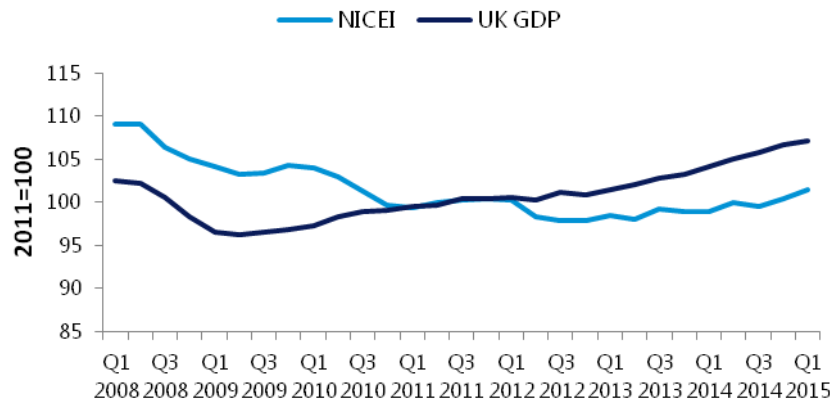
Construction Output Index



FDI Jobs Created



NI Economic Activity vs UK GDP



LABOUR MARKET OVERVIEW		(Apr - Jun 2015)
Measure	Value	Comment
Employment	814,000	Down over both quarter and year
Employment Rate	67.8%	Down over both quarter and year
Employee Jobs*	721,410	Up over both quarter and year
Claimant Count**	43,500	Down over month and year
Unemployment Rate	6.5%	Up over quarter but down over year
Economically Inactive	575,000	Up over both quarter and year
Inactivity Rate	27.4%	Up over both quarter and year
Redundancies***	1,895	Decrease of 10% from previous year

*Mar 2015 **July 2015 *** Annual total up to end of July 2015

POSITIVE ECONOMIC NEWS

New Jobs for NI

The DETI Minister has announced 80 jobs at family-owned business and recruitment company Decora Blind Systems in Lisburn. Recruitment is already underway with 43 of the roles already in place.

The DETI Minister has also announced 5 new jobs at Mallusk based manufacturing service company CMASS who recently celebrated their fifth anniversary in business.

Support for Skills

The DEL Minister has announced that a series of four major Jobs Fairs and Advice Forums are to take place during September/October 2015 in Newry, Derry~Londonderry, Ballymoney and Belfast. Almost 170 large and small employers from across NI will be available during the events to answer questions, discuss training and employment opportunities.

NI has triumphed at the global skills competition WorldSkills Sao Paulo 2015, winning four medals and a medallion for excellence as part of Team UK. NI was the top UK region on medal success, for the third successive competition, winning over 40% of the overall UK total.

The DEL minister has addressed a special South West College (SWC) event that examined how innovative skills and training provision can stimulate jobs and growth in Fermanagh and Tyrone. The Strategy day outlined ambitious plans to develop a new state-of-the-art education facility on the site of the former Erne Hospital and capitalise on the potential of SWC's new CREST Centre, a £1.5million green technology and training facility that opened in February 2015.

Boost for Tourism

The DETI Minister attended the NI Open at Galgorm Castle in County Antrim and congratulated winner Clément Sordet. Over the tournament week 39,250 came through the gates at the Ballymena venue.

The DETI Minister visited the newly refurbished Gobbins Cliff Path which has the potential to attract upwards of 70,000 visitors annually to East Antrim, become an internationally recognised visitor attraction and a significant contributor to the success of the Causeway Coastal Route.

The DETI Minister has congratulated the NI Food and Drink companies recognised in the 2015 UK Great Taste Awards. Three local companies were awarded the highest accolade of three gold stars for their products in the prestigious annual event organised by the influential UK Guild of Fine Food with 70 local companies securing almost 200 gold stars in total.

School Enhancement Programme

The DE Minister has confirmed that a further six schools can proceed to construction on the School Enhancement Programme (SEP): Millington Primary School, Craigavon; Dalriada School, Ballymoney; Donard Special School, Banbridge; Rainey Endowed (Phase II), Magherafelt; The Armstrong Primary School, Armagh; and Ceara Special School, Lurgan.

Technology Investment for Schools

The DE Minister has announced that £7million has been invested in new technology for school teachers and librarians. The investment has bought 15,400 portable devices for teachers and new Library software for pupils and has been widely welcomed by the education sector.

Support for Regional Development

The DRD Minister has announced a major step forward in energy saving LED street lighting across NI, with a major pilot scheme in Banbridge and Craigavon. Over the next eight months, around 20,000 LED street lights will be installed in the area. There are considerable savings to be made in energy and maintenance costs from LED lighting – immediate returns on running costs are achieved with a pay back on the investment expected after eight years.

A Bicycle Strategy for NI has been published. The Strategy for NI, spanning a 25 year horizon, has been developed to help transform NI into a cycling society. DRD is currently developing a draft Belfast Bicycle Network Plan and a Bicycle Strategy Delivery Plan both of which are due to be published in the autumn. The publication follows the recent launch of a consultation on a number of flagship projects through Belfast city centre which are intended for completion in spring 2016.

Public Procurement Contracts Awarded

The DFP Minister has announced that, in July 2015, 129 procurement contracts were awarded with a value of circa £127.2million. 54.3% of these contracts (70) were awarded to NI SMEs.

Support for Rural Development

The DARD Minister is to allocate £1.025m to Rural Support Networks to help tackle rural poverty and to sustain rural and farming communities through provision of advice and support services.

Support for Food and Drinks Sector

The DARD Minister has welcomed an increase of 5.8% in gross turnover for the food and drinks processing sector in 2014.

Support for Dairy Sector

The DARD Minister has convened meetings with industry representatives, local banks and retailer group to press for concerted action on supporting dairy farmers. The DARD Minister also led a delegation to a meeting of Defra and devolved Ministers to gain support to press the EU Commissioner to review the intervention price.

Boost for the Environment

The DOE Minister has welcomed 19 new listed buildings in Belfast. This is a welcome boost for the city and recognises the rich and important cultural, historical and architectural tapestry of Belfast's buildings. The 19 new buildings include the NI War Memorial Building on Waring Street, the modernist Dankse Bank on Donegal Square West and the Belfast Synagogue.

The second set of official Carrier Bag Levy statistics, covering the period 1 April 2014 to 31 March 2015 have been published by DOE. The figures indicate that there has been a 70% reduction in carrier bag usage in 2015/16 financial year compared with the period before the levy was introduced.

The DOE Minister has announced that 33 community groups will share £211,549 from DOE's Challenge Fund for environmental projects. Part of the Challenge Fund is allocated only to schools, allowing young people to see their creative ideas for enhancing the environment become reality.