



### January 2015

The World Bank has cut its forecast for **global** growth, now predicting expansion of 3% this year, followed by 3.3% in 2016. It notes that falling oil prices will impact on inflation worldwide and that this is likely to delay interest rate hikes in rich countries.

Annual inflation in the **Euro zone** has fallen into negative territory in December (-0.2%), driven by a fall in energy prices. The World Bank has noted that the recovery in the area was sputtering with growth of 1.1% expected in 2015, followed by 1.6% in 2016.

In the **UK**, annual inflation slowed sharply to 0.5% in December 2014, its joint lowest on record, reflecting cheaper fuel prices. Mark Carney, the Bank of England governor, has suggested that this lower rate could mean lower interest rates for longer but he still expects the rate to move up over the course of the next couple of years.

In **Northern Ireland**, labour market conditions have continued to improve. For the past two years, the number of people claiming unemployment benefits has fallen each month. This means there were 14,600 fewer claimants in December 2014 than two years previous. The local unemployment rate (of 5.8%) has fallen 1.5 percentage points over the year and is now the same as the UK average rate.

There has been a delay in the release of both NISRA's Index of Services and NI Composite Economic Index to allow for additional quality assurance checks to be made. These will be reported on once available.

The latest data for the construction sector has been published. Output in the sector fell by a further 0.7% over the quarter to Q3 2014. While there was a 6.2% increase in other work, infrastructure work (11.2%) and housing output (1.9%) decreased. Meanwhile, the latest RICS construction market survey reported that activity levels in the local infrastructure sector decreased in the final quarter of 2014 following stagnant growth through the rest of the year.

Elsewhere, the Q4 2014 Quarterly Economic Survey from the NI Chamber of Commerce reported that the local economic recovery remained in positive territory but noted that caution remains.

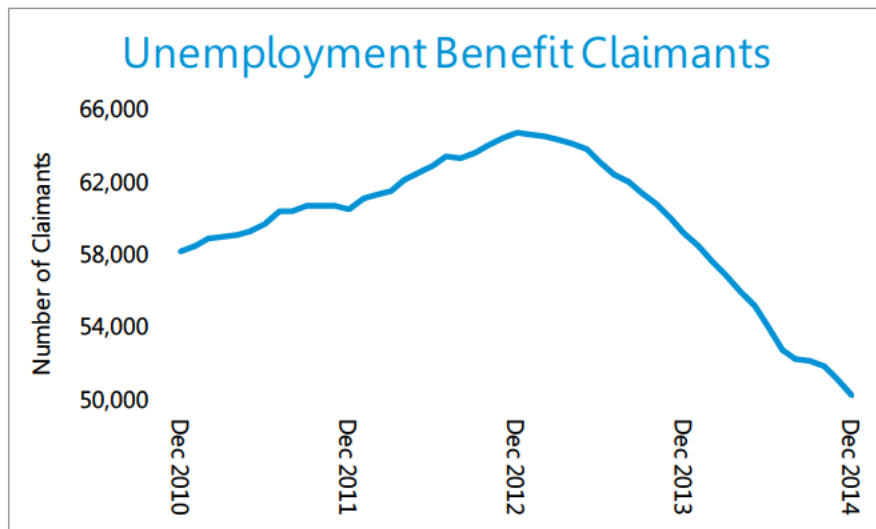
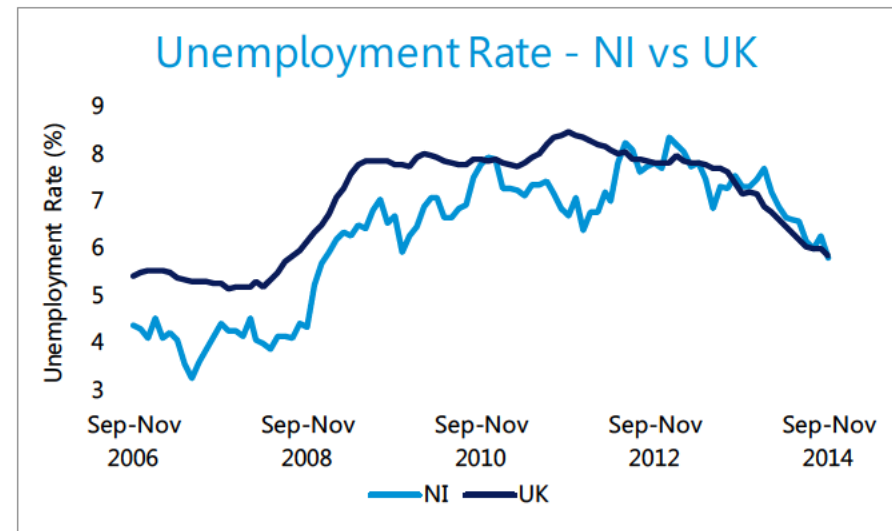
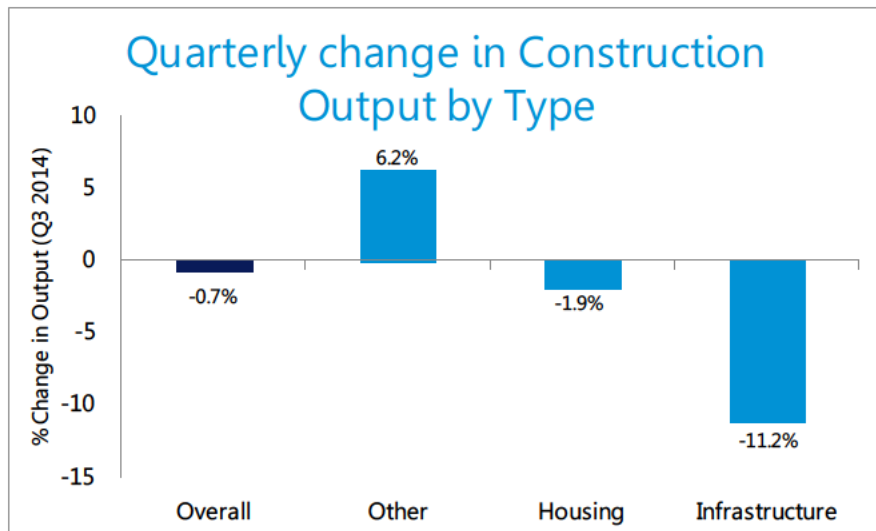
Danske Bank, in its Q4 2014 sectoral forecasts, revised its growth forecasts for the local economy to 2.1% in 2015, down from a previous estimate of 2.3%. It noted that support for local economic growth will come from low inflation and robust growth in both the UK and the Republic of Ireland markets. Meanwhile, consumer confidence in the final quarter of 2014 slipped but remained above its position of one year previous according to the Danske Bank Consumer Confidence Index.

#### Key Recent Statistics and Updates

- The number of **people claiming benefits** has fallen by a further 900 in December 2014.
- The local **unemployment rate** (5.8%) is the same as the UK rate.
- **Construction output declined** by 0.7% over the qtr to Q3 2014.



# NI ECONOMIC GROWTH BULLETIN – PREPARED JANUARY 2015



LABOUR MARKET OVERVIEW		(Sept – Nov 2014)
Measure	Value	Comment
<b>Employment</b>	817,000	Down over quarter but up over the year
<b>Employment Rate</b>	67.8%	Lowest rate among 12 UK regions
<b>Employee Jobs*</b>	720,290	Increase of 14,200 jobs over the year
<b>Claimant Count**</b>	50,200	Fall of 900 on previous month
<b>Unemployment Rate</b>	5.8%	Same as UK average rate
<b>Economically Inactive</b>	574,000	Up over both quarter and year
<b>Inactivity Rate</b>	27.9%	Significantly higher than UK rate (22.4%)
<b>Redundancies***</b>	2,347	Increase of 10% from the previous year

\*Sept 2014 \*\*Dec 2014 \*\*\* Annual total up to end of Dec 2014



### POSITIVE ECONOMIC NEWS

#### Corporation Tax

Legislation was introduced at Westminster to enable the devolution of Corporation Tax in April 2017, subject to implementation of key measures to deliver sustainable Executive finances. When combined with others measures being taken to boost skills, innovation and employment, this will provide the Executive with a powerful levy to transform the NI economy and place it on a significantly higher growth path.

#### New Jobs for NI

The DETI and DEL Ministers have announced 89 new jobs at US based Revel Systems, based in San Francisco. The software company is set to establish a European sales and support centre in Belfast.

The DETI Minister has welcomed 80 jobs at US web security firm WhiteHat Security. The California- based firm provides web application security services to a blue-chip customer base that includes top e-commerce, financial services and healthcare companies.

The DETI Minister has announced 65 jobs at seven Derry~Londonderry based businesses investing a total of £2.8million in the local economy. Hunter Apparel, All Pipe Engineering, Fleming Agri-Products, Modern Democracy, Quinnspares, Steam and Generation Services and SmithDehn have each been working on growth projects with support from Invest NI.

The First Minister and deputy First Minister have welcomed 540 jobs at global diagnostic firm Randox. The company, headquartered in Crumlin, specialises in the development of innovative diagnostic tests and

technology, primarily targeted at hospital, clinical, food safety, toxicology and veterinary laboratories.

#### Boost for Tourism

The DETI Minister has congratulated Belleek on becoming NI's first WorldHost Village. The award is made to towns or villages where at least 25% of businesses have achieved WorldHost Recognition by delivering excellent customer service and have trained 50% or more of their front-line staff using WorldHost training programmes.

The DETI Minister has set the way ahead for the Northern Ireland Tourist Board (NITB) and broader tourism structures following the Hunter Review. In an Assembly statement, the Minister said implementation of the review's recommendations would make NITB even stronger with a new name (Tourism NI), new leadership, new partnerships and a new future strategy.

#### Support for Infrastructure

The DE Minister has cut the first sod at the site of the new £5.3million school for St Clare's Abbey Primary School in Newry. The project will provide a new 15 classroom school with modern facilitated for pupils and staff as well as giving a boost to the local construction industry.

Schools are continuing to benefit from investment under the DE Minor Works Programme. 185 minor works projects amounting to over £7.1million were agreed during November 2014.



### Support for Skills

The DEL Minister has congratulated Queen's University of Belfast (QUB) and the Ulster University (UU) on their performance in the 2014 Research Excellence Framework (REF). QUB and UU submitted research in 30 of 36 Units of Assessment being considered. Over 70% of research activity submitted was considered world leading or internationally excellent, confirming our universities are undertaking internationally recognised research. Research capability is vital for economic growth, competitiveness and the well-being of our community.

The DEL Minister has launched the Deloitte Data Analytics and HR/Project Leadership Consulting Academies. The programmes aim to provide graduates with the skills and experience required to take up exciting new opportunities being created by Deloitte. The Academies have been designed by DEL, Deloitte and Belfast Metropolitan College under the Assured Skills Initiative.

Craigavon is to play host to a major Job Fair and Advice Forum. The Job Fair has been organised by DEL in conjunction with Craigavon Borough Council. Over 30 employers, including Almac, Omniplex Cinemas, Teleperformance and Fane Valley will be in attendance as well as a number of support and training organisations. The Job Fair will offer jobseekers employment opportunities on the day, careers guidance, advice on training and job search skills.

### Public Procurement Contracts Awarded

The DFP Minister has announced that, in December 2014, 210 procurement contracts were awarded with a value of circa £77.3million. 66.7% of these contracts (140) were awarded to NI SMEs.

### New Rights for Working Families

The Work and Families Bill, which will introduce new rights for working parents that will allow leave and pay entitlement to be shared following the birth or adoption of a child, has received Royal Assent. The Bill, which includes a wide extension on the right to request flexible working, will create a new system of shared parental leave and pay which will allow eligible working families to have more choice about how they balance their work and caring commitments.

### Support for Agriculture

The DARD Minister has announced that Single Farm Payments totalling £223.5million have been issued, representing 91.3% of claims being finalised. It also marked the beginning of the payment period for the 2014 Single Farm Payment, with 27,000 payments issued. During the course of the month DARD paid 95% of farmers, exceeding their target of 93%.

The DARD Minister has announced that after hard negotiations at the Fisheries Council in Brussels, a 3% increase in the quota of prawns to fish for in 2015 has been secured, providing an additional £450,000 of fishing opportunities. Irish Sea haddock quotas were maintained at the same level as last year, against an initial Commission proposal for a 20% cut.