



Northern Bank
Oxford Economics
Quarterly Sectoral
Forecasts Quarter 2
2012.

Make it straightforward

Northern Bank

Executive Summary

Economy at a standstill...

Just as signs of a recovery were beginning to emerge, the preliminary data reported that the UK has fallen back into recession, with a fall in GDP of 0.2 per cent recorded. However, concerns exist over the reliability of the quarterly UK data as the contraction was underpinned by poor performance within in notoriously volatile construction activity. Thus it is likely that the data will be revised upwards. The lacklustre growth means that the economy is almost at the same point as it was 18 months ago, and well below the peak experienced in 2008.

Little change in Northern Ireland's fragile outlook...

The recent data for Northern Ireland gives little reason to suggest any significant change in the broad outlook. As always quarterly estimates of growth at a regional level are very volatile and subject to the performances of individual large firms but the current projection for Q2 growth in NI is a fairly anaemic. Northern Ireland continues to suffer from a relatively limited export base which is unable to fully offset the difficulties in the public and domestic sectors.

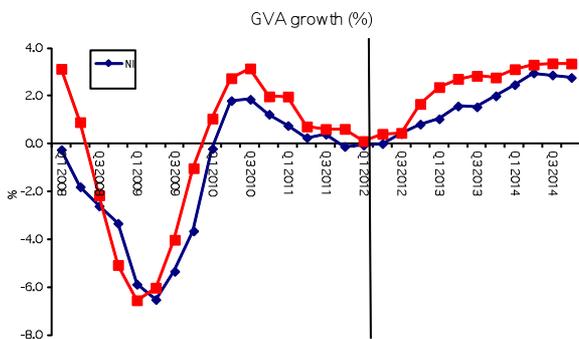
The picture is not entirely gloomy: unemployment has not risen as fast as feared and consumer confidence, though still relatively weak, has begun to improve. In addition Northern Ireland has thus far avoided the scale of job loss in public services that many local authorities have endured in the UK and with the feel-good factor over the Titanic anniversary and associated tourist events there are positives to be found.

GVA growth rates - NI			
	Q on Q growth	Y on Y growth	Annual growth
Q1 2011	-0.1	0.8	0.3
Q2 2011	0.1	0.3	
Q3 2011	0.0	0.4	
Q4 2011	-0.1	-0.1	
Q1 2012	0.0	-0.1	0.3
Q2 2012	0.2	0.0	
Q3 2012	0.4	0.4	
Q4 2012	0.3	0.8	
Q1 2013	0.2	1.0	1.5
Q2 2013	0.7	1.6	
Q3 2013	0.4	1.5	
Q4 2013	0.7	2.0	

GVA growth rates - UK			
	Q on Q growth	Y on Y growth	Annual growth
Q1 2011	0.3	2.0	1.0
Q2 2011	0.0	0.7	
Q3 2011	0.6	0.6	
Q4 2011	-0.3	0.6	
Q1 2012	-0.2	0.1	0.7
Q2 2012	0.0	0.4	
Q3 2012	0.5	0.4	
Q4 2012	0.7	1.7	
Q1 2013	0.5	2.4	2.7
Q2 2013	0.6	2.7	
Q3 2013	0.8	2.8	
Q4 2013	0.8	2.8	

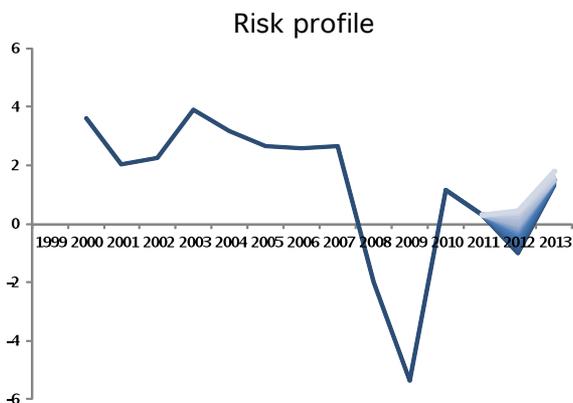
Source: Oxford Economics

Note: Year on year growth is calculated using the growth from Q1(t-1) to Q1(t).



The UK budget caused the usual flurry of disappointed responses, though given the perilous state of UK finances any expectation of a giveaway was surely misguided. For Northern Ireland the changes to the tax thresholds should be broadly favourable given the lower average wage in the region. Given the prevailing conditions the budget was relatively encouraging. It is the wider issues of welfare reform and prolonged austerity that present the major challenges for Northern Ireland. Faced with such steady headwinds, below UK rates of growth are unfortunately now the norm and the Northern Bank quarterly forecast confirms this will be the case throughout the forecast period. The central forecast is for GDP to grow at 0.3% in 2012 and 1.5% in 2013.

The risks to the outlook remain on the downside with a return to recession, although not the central case, certainly a possibility. Difficulties in the Eurozone will have a particular impact on Northern Ireland given its economic links to ROI, which notably has already slipped back into recession. With the housing market still at a standstill and the Executive's much trumpeted cuts to expenditure in the private sector beginning to bite, the potential for an outcome lower than the central case in 2012 / 2013 is much greater than the possibility of a higher one.



Global and UK Overview

Just as signs of a recovery were beginning to emerge, the official first estimate reported that the UK has fallen back into recession, with a fall of 0.2 per cent recorded. Concerns exist over the reliability of the quarterly UK data as the contraction was underpinned by poor performance within construction activity, which is notoriously volatile and reflects only 40 per cent of the data used in the final estimate. It is possible that the data will be revised upwards.

The UK economy is almost at the same point as it was 18 months ago, well below its cyclical peak experienced in 2008. It now joins Ireland, Spain, Italy and Portugal who all have been faced with a double dip recession. The UK outlook remains very finely balanced and susceptible to shifts in wider global conditions which themselves are looking very unsettled.

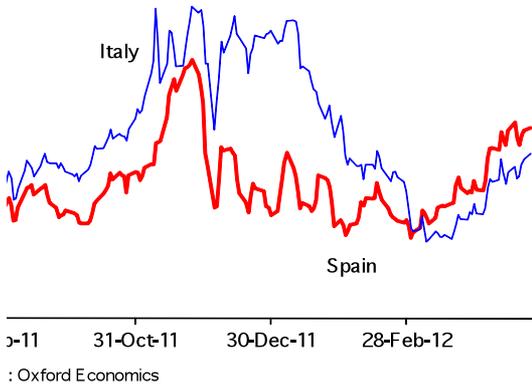
Global risks to the outlook

There are many concerns on the global stage as 2012 moves towards its mid-point. Three are worth dwelling on in the Northern Ireland context:

- Eurozone fragility:** After relative calm for much of Quarter 1 Eurozone debt problems began to undermine the improved sentiment that followed ECB LTRO announcements. The unfortunate timing of the global jitters and the difficulties all economies (arguably bar ROI) are having in absorbing the scale of austerity required has led to increasing nervousness in the money markets, pushing bond yields to dangerous levels in Spain. This is a concern of a much greater scale than worries over Greece, Ireland or Portugal. The deal signed in December may have bought time but the fundamentals still suggest a Greek default could happen yet. Perhaps buying time was always the aim until the large Spanish and Italian refinancing was complete. A collapse in the Euro currency

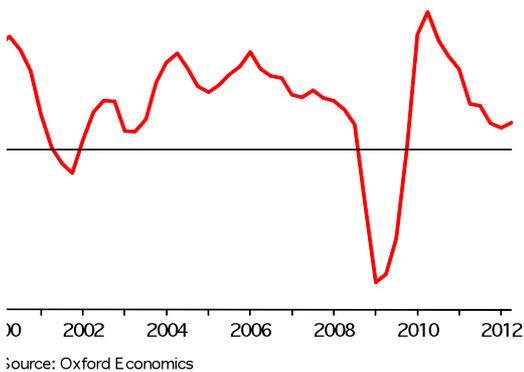
- although not our central forecast - cannot be ruled out.

year bond yields



World trade growth is slowing: World trade growth, though still rising, has slowed markedly from its post-recession rates and is now below what might be considered a long term trend. This is particularly concerning given the strategic focus on export-led growth not just in NI but throughout many parts of the UK. This is not to suggest that there are not substantive opportunities in the global markets but it is to sound a note of caution that an export boom - especially for a region such as NI where exports are relatively modest in scale - is unlikely in the current climate.

World: Trade index

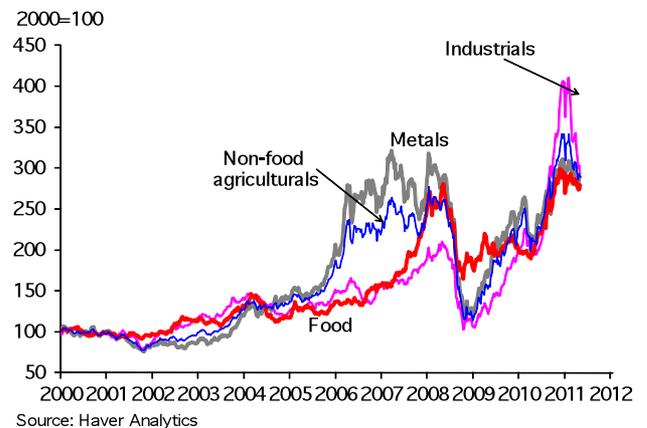


Commodity prices remain high: Although inflation has moderated slightly in the UK it is still above the rate of earnings

growth for many people and during 2011 it exerted considerable pressure on people's spending power. Last year's rises in fuel and food were particularly damaging for a region such as Northern Ireland where there is a higher proportion of people on low incomes and, due to its location, shipping costs are key to overall business costs in many export sectors. However, food prices in 2012 have fallen back since last year with significant declines in world market food prices now evident.



World: Economist commodity \$ index



The global and UK backdrop is therefore mixed for Northern Ireland. The expected pick-up in UK growth in the second half of the year and the relatively strong US position are notable bright spots against the gloomy European backdrop.

Northern Ireland Overview

It has been a difficult twelve months for the Northern Ireland economy. Despite pockets of good news, particularly on inward investment announcements, the headline data depicts an economy at a virtual standstill. Employee job data recorded a loss of nearly 8,000 jobs in the year to December 2011, the weakest regional performance across the UK. The final quarter showed strong growth but this is merely a seasonal pattern, but at least NI kept pace with the UK. This picture is not entirely corroborated by other data sources. Claimant count unemployment rose just 2,200 for example in the year to December 2011 and this data source has the advantage of not being survey based. The ILO unemployment measure is even more surprising, recording a fall in unemployment of 2,900 and a regional rate much lower than many parts of the north of England.

	Dec 10 - Dec 11		Sep 11 - Dec 11	
	000s	%	000s	%
South East	-3.0	-0.1	19.0	0.5
London	126.0	3.1	-11.0	-0.3
East	11.0	0.5	12.0	0.5
South West	-12.0	-0.6	33.0	1.6
West Midlands	33.0	1.7	29.0	1.3
East Midlands	17.0	0.9	24.0	1.3
Yorkshire & Humber	6.0	0.3	29.0	1.4
North West	40.0	1.4	45.0	1.5
North East	-4.0	-0.4	7.0	0.7
Wales	41.0	3.6	3.0	0.3
Scotland	-21.0	-0.9	-4.0	-0.2
Northern Ireland	-7.7	-1.1	4.9	0.7
United Kingdom	231.3	0.9	190.9	0.7

Note: Cells highlighted in red represent the three areas with the biggest declines. Cells highlighted in blue represent the areas with the biggest increase

Jobs losses continue across the economy

The employee data, even allowing for volatility, shows a labour market contracting across a wide range of sectors. In volume terms the biggest annual losses have been in retail, construction and health. This sectoral pattern suggests that austerity is beginning to shrink the public sector, though at a slightly slower rate than in other parts of the UK, and that pressures on household finances are still squeezing the retail sector.

Growth is only recorded in a few sectors, but encouragingly manufacturing has increased by almost 1,000 employees. Arts and information,

and communications have been other sectors in which employee levels have increased during the very challenging 2011. Quarterly sectoral data is subject to higher margins of error but the rapid job growth of nearly 5,000 in Quarter 4 2011 was dominated by the usual Christmas retail spike which accounted for over 4,000 of the increase. Education also expanded strongly reflecting the usual 'bounce' from a low Q3 when employees not working over the summer fall out of the series.

	Dec 10 - Dec 11		Sep 11 - Dec 11	
	000s	%	000s	%
Agriculture, forestry and fishing	0.3	2.4	0.0	-
Mining and quarrying	-0.1	-6.2	0.0	-
Manufacturing	0.9	1.2	0.7	-
Electricity, gas, & steam	0.1	4.3	0.0	-
Water supply; sewerage, waste management	0.2	4.4	0.0	-
Construction	-1.8	-5.2	-0.9	-
Wholesale and retail trade	-2.0	-1.5	4.1	-
Transportation and storage	-0.8	-3.0	0.1	-
Accommodation and food service activities	-1.0	-2.4	0.2	-
Information and communication	0.6	3.7	-0.3	-
Financial and insurance activities	-0.6	-3.1	-0.3	-
Real estate activities	0.1	0.9	0.1	-
Professional, scientific and technical activities	-0.1	-0.6	0.2	-
Administrative and support service activities	-0.3	-0.6	0.0	-
Public administration and defence	-1.3	-2.2	-0.7	-
Education	-0.5	-0.6	3.0	-
Human health and social work activities	-1.9	-1.7	-1.7	-
Arts, entertainment and recreation	0.8	5.9	0.5	-
Other service activities	-0.2	-1.3	0.2	-
Total	-7.7	-1.1	4.9	-

Note: The volatility of the employee job series needs to be borne in mind when drawing conclusions.

Alarming fall in self-employment levels

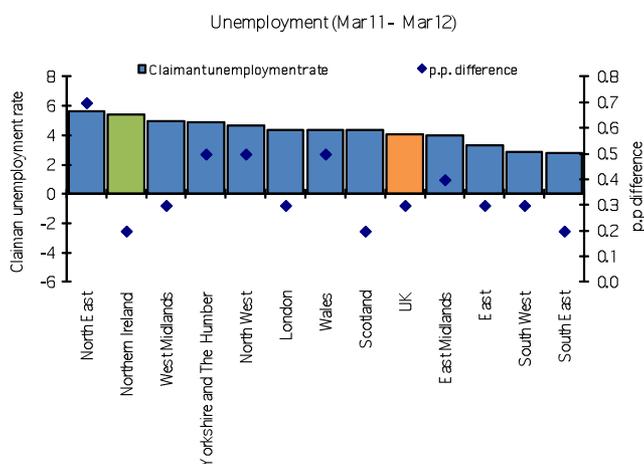
The level of self-employment in the NI economy has been very volatile over the tough period since 2008 but had been trending slightly upwards until a very alarming figure for December 2011. The fall of 10,000 was almost unheard of in past quarters and does not corroborate with another relevant data (such as insolvencies or bankruptcies). The sectoral pattern suggests big falls in the agricultural sector with the loss of 4,000 jobs (almost 17 per cent) and in retailing also reporting a contraction of 17 per cent. Though this pattern suggests a measurement error, it will be important to observe this indicator over 2012 to see if this is another sign of a weak labour market.



Unemployment enjoys a fall

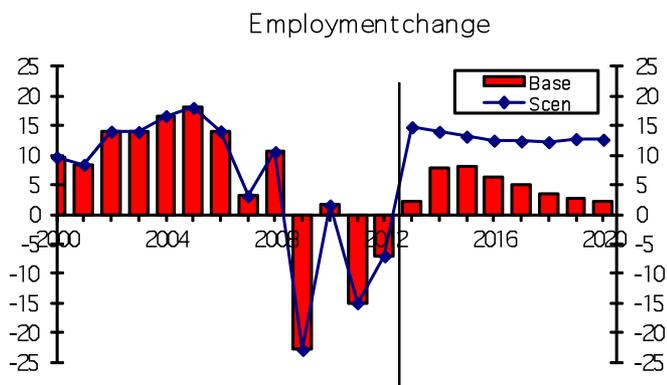
Given the fanfare afforded to modest falls in the UK ILO unemployment level in the most recent quarter it is important to draw attention to the fall in the claimant count unemployment rate in the year to March 2012 (note the level did rise modestly by 2,400 over that period). Only Scotland, the South East and the South West can report a similarly favourable trend, though it must be remembered that NI has the second highest unemployment rate behind the North East.

The fall is somewhat surprising given the employee data and particularly the self-employed data. In 2011, taken at face value the fall in self-employment and employee jobs would have been 16,650 in Northern Ireland, a pattern clearly not mimicked in the reliable, electronically measured, claimant count. Add to the mix the fact that impending welfare reform may have begun to move people across to the unemployment register from other forms of benefit as people seek to avoid forthcoming health inspections and the data is all the more surprising. There are a number of ways in which the relationship between unemployment and employment can breakdown. For example many of the people losing their job may be taking early retirement and not appearing in the unemployment register, people may be migrating out of the region or claiming other forms of benefit. However this seems unlikely to account for the large discrepancy in the recent data and might suggest the labour market has not fared as badly as the employee data suggests.



Scale of policy challenge clear

The scale of challenge facing policy makers in NI is evident from the longer term labour market outlooks. Assuming broadly flat net migration over the decade ahead (which may be an overestimate) the 'policy neutral' outlook is for job growth to average 3,000 per annum, which keeps the employment rate at a disappointing 63%. By way of scaling the problem: to get the resident employment rate to the UK average of 70% in 2020 would require over 8,000 additional jobs per annum or 66,000 in total. This provides useful context against which to assess the 60,000 jobs predicted to arise from a lower Corporation Tax rate (admittedly this figure was calculated before the UK lowered its tax rate). The baseline outlook also suggests the Executive commitment to 25,000 jobs created by 2015 will, if achieved, be a significant feather in their cap. However, it is not clear whether this is a gross or net target. Without intervention the Northern Bank forecasts suggest that this target would not be met.



Sectoral analysis: Production

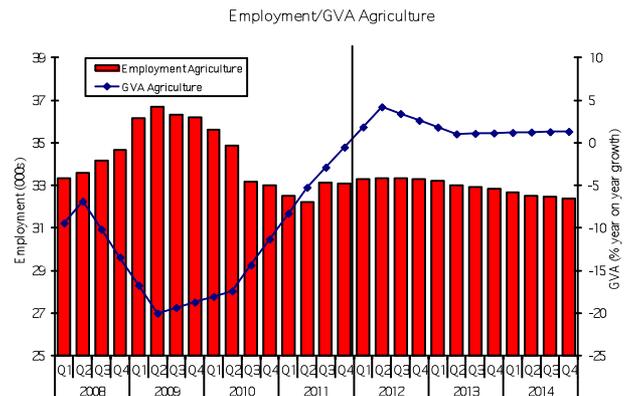
The **agriculture** sector continues to enjoy strong demand and favourable prices but the Northern Ireland labour market data has been disappointing. Although the food processing sectors have recorded strong numbers suggesting underlying strength, the farming sector has performed poorly according to both the jobs and GDP data. It makes it a challenging sector to assess effectively; the official data does not marry with the macro conditions. We forecast the sector's employment to experience a very slight increase which will drive the 4% growth this year. From 2012 onwards the sector is expected to fall back into declining employment but at a modest rate. As the agriculture sector has a high productivity per head, GVA growth levels are sensitive to employment trends.

Encouragingly, **manufacturing** employment rose throughout 2011. Strong performance in the food processing sector has been supported by the pharmaceuticals and transport sectors. The drag from the sectors supplying to construction has eased as most of those losses occurred in 2008/09 and consequently the overall picture has improved. Strong international demand and a favourable exchange rate along with competitive wage rates have greatly helped the manufacturing sector. The short term outlook, however, is less favourable. The softening of growth in global trade, worries over the recession in the Republic of Ireland and the stability of the Eurozone and the changing of Invest NI's suite of funding all suggest 2012 will be tougher than the preceding two years.

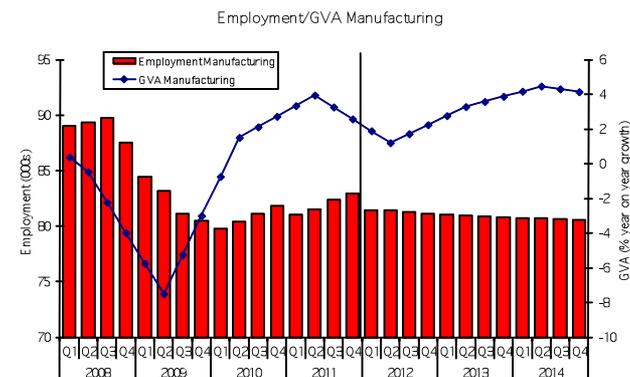
Construction continues to struggle with no sign of improvement in the housing market and public sector works projects coming to an end. Although the sector is now a comparable size to the long term average in developed economies, the housing market conditions are such that a fall below the long term average is likely in the short term. Further job losses are expected in 2012 and the return to positive GVA growth in late 2012/early 2013 has to be viewed in the context of the long period of negative growth. Modestly positive policy announcements are

unlikely to provide sufficient stimulus given the headwinds. The rate of house building is so low at present and the stock of vacant properties is relatively modest; this suggests relatively strong upward demand pressure which should begin to increase transactions in time, though borrowing conditions may stunt the potential impact.

Agriculture 4.2% yoy 2012)



Manufacturing (1.2% yoy 2012)



Construction (-1.3% yoy 2012)



Private services

The **retail** sector enjoyed its traditional seasonal spike in Q4 2011. However, the peak was notably lower than it was last year and the December peak has now fallen in each of the last 4 years. Given the very obvious pressures on disposable incomes and continued job uncertainty the difficulties in the sector are far from surprising. At best, 2012 will be a year of consolidation with the boost from greater tourist numbers at least partially offsetting the domestic difficulties. There continues to be openings and planning applications from the major grocery retailers creating a perception of additional demand amongst the corporates. This is likely to be partly in response to strong figures from existing stores and a continued displacement of local retailers. However this trend is likely to slow as conditions become more challenging and the data indicates that retail employment is above the level that local incomes can sustain. The wholesale trade is at least enjoying a boost from the improved fortunes of the manufacturing sector and this form of non consumer retailing has rather better prospects for 2012.

The **transport and storage** sector suffered a somewhat delayed labour market recession with 2010 and 2011 more challenging years than 2008 and 2009. The fortune of the sector is usually correlated with the wider economy's performance and thus the outlook is for a levelling of employment before medium term growth. Confirmation of plans to devolve the power to set air passenger duty rates –for direct long haul flights departing from NI – to the Assembly paves way for new routes and should boost the sector over the medium term.

The pressure on the consumer's ability to spend is more apparent in the labour market performance of the **accommodation and food service** sector than any other sector in the economy. A sharp reversal of fortunes began in mid-2010 as the legacy of overall job loss in the previous year and squeezed incomes from rising prices and flat wage levels began to take effect. The fall was rapid and would appear to have steadied somewhat in 2011. The prospects for

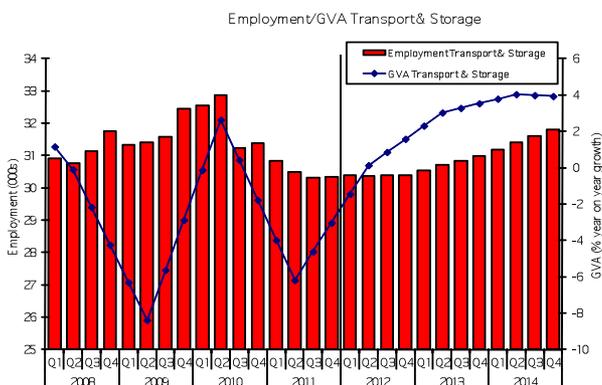
2012 are relatively strong given the potential rise in hotel demand driven by the range of tourists events. Indeed, analysis by STR Global hotel data has revealed that Belfast hotels have already shown the greatest increase in occupancy year on year – posting a growth rate of nearly 10 percent to reach 65.7 per cent during Quarter 1. In addition increased tourism should help to boost spending in restaurants. Thus prospects are relatively strong in the sector given the underlying projection of falling food prices and growing tourist flows. The local tourist offering continually improves and events such as Titanic Belfast Festival, the City of Culture, the Olympics and the Irish Open Golf Tournament each potentially bring new first time visitors. On the downside however, if the recent rise in sterling is sustained this will make our tourist attractions that bit more expensive for foreign visitors.

Faster growth by 2014 should be domestically led, reflecting an expectation of increased disposable income levels and improved confidence as economic growth returns.

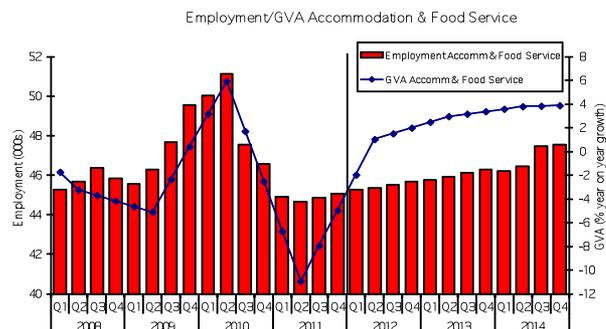
Wholesale & retail trade (-0.2% yoy 2012)



Transport & storage (0.1% yoy 2012)



Accommodation & food service (1.0% yoy 2012)



Information and communication has been one of the few labour market bright spots over the last 24 months. Jobs levels have risen steadily (though a small fall back was recorded in Q4 2011). The sector includes the computer related services sector which has enjoyed strong growth, both through increased FDI and domestic expansion. The sector continues to report vacancies and a need for more skilled staff so, supply of labour permitting, the prospects are relatively strong with job and GVA growth forecast throughout 2012 and 2013. Should corporation tax rates be lowered this is a sector in which employment would be expected to rise.

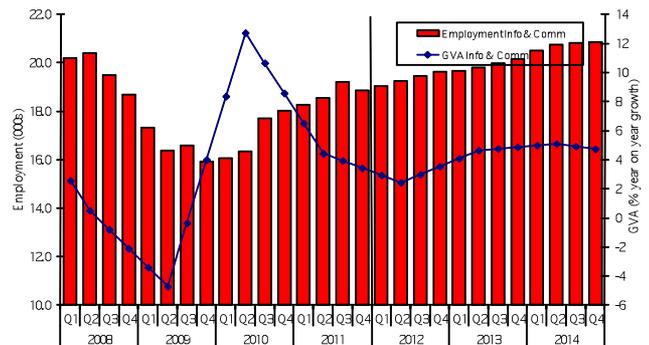
The restructuring in retail banking is evident in the recent labour market data for the **finance and insurance** sector. Despite some growth in areas such as financial security (though this may be classified in some instances under computer related activities), the sector’s employment levels have been contracting steadily since 2008. Further losses in 2012 are expected before stabilisation, though lower corporation tax levels would impact positively on this sector if they were to be implemented.

Real estate employment levels have been broadly flat for 18 months now; an encouraging performance considering the problems in the housing market. The property boom spike in the real estate employment is surprisingly modest according to the data. It appears the sector is currently operating at a ‘minimum’ level and losses are not projected despite the low level of transactions – albeit, this is improving. This reflects on-going demand for homes and although transactions are very low, rental activity has risen in response to need. The rental

market creates significant demand in the real estate sector due to the predominantly short term contracts and management services activities; this giving reason for optimism in this sector.

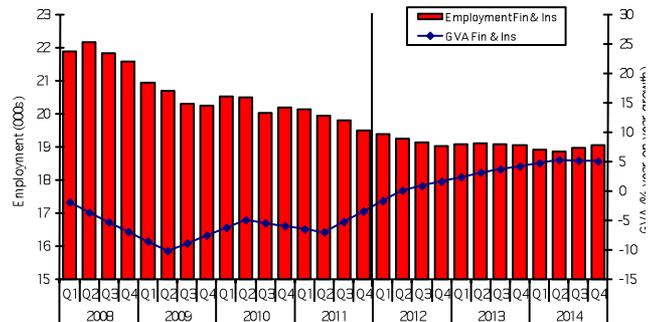
Information & communication (2.4% yoy 2012)

Employment/GVA Information & C Communication



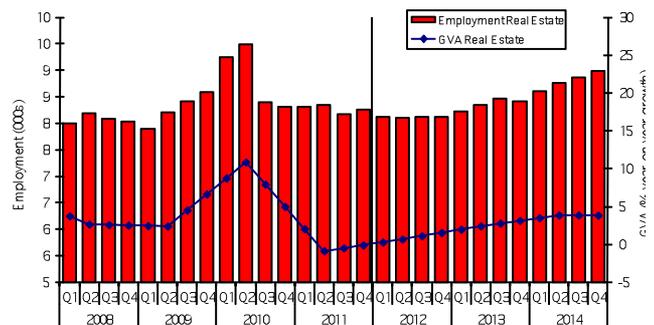
Financial & insurance (0.1% yoy 2012)

Employment/GVA Financial & Insurance



Real estate (0.7% yoy 2012)

Employment/GVA Real Estate



Professional and scientific services have, like the information and communication sector, enjoyed a relatively strong 2010 and 2011 with positive, if modest, job growth. The prospects remain strong as international opportunities present themselves in a wide range of professional service activities. However the huge cuts in consultancy spend by the public sector will have an adverse effect and the lack of property transactions and building is keeping downward pressure on the architecture and legal professions. The international tradable services sector in NI is becoming more diverse and this is fuelling growth in this key wealth-creating sector. International firms in legal services, consultancy and tax/audit have all been attracted to Northern Ireland. This trend reflects the skilled labour market, labour costs and telecommunications infrastructure strengths. Steady growth is projected and the professional services sector is predicted to be one of the leading job creators over the forecast period.

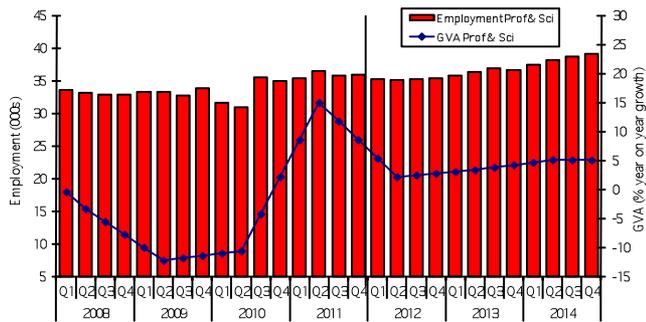
Admin and support services employment contracted sharply during the recession as firms looked to shed staff and the call centre market stopped expanding. However since late 2009 there has been a consolidation. The longer term forecast remains for job growth as NI's strengths of a competitive cost base, good telecommunications infrastructure and available labour all support growth. Some of the expansion will be to support other sectors in the economy but there are sizeable tradable sub-sectors within admin and support, such as the call centre market, which should contribute positively as the global economy grows and most specifically the Irish and UK markets expand.

Employment in the **arts, entertainment and recreation** sector is volatile but the overall trend has been positive over the last 3 years, a trend which is expected to continue albeit with a slight contraction in 2012. Growth in tourist numbers, a boost from the City of Culture and the opening of new entertainment and arts venues are all contributing to a positive outlook. The success of the film industry in Northern Ireland, and most notably at the Paint Hall in Belfast, is a further

reason to be positive about the outlook. With the improved image of the Titanic area and the desirability of the sector for young people, the film and TV sector has a bright future in NI and this underpins the positive forecast.

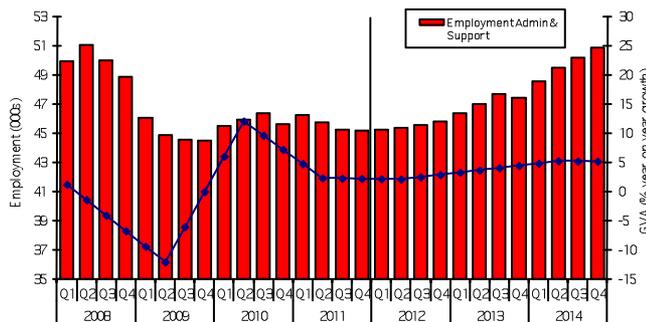
Professional & scientific (2.2% yoy 2012)

Employment/GVA Professional & Scientific



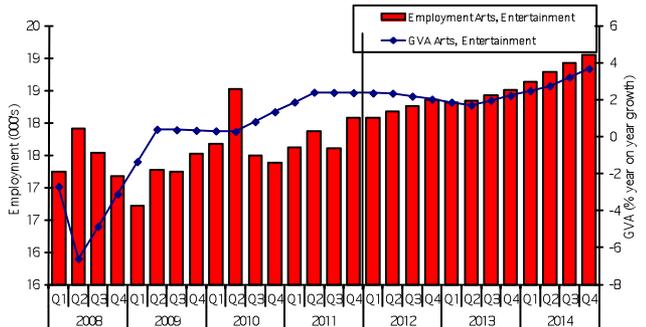
Admin & support (2.1% yoy 2012)

Employment/GVA Admin & Support Service



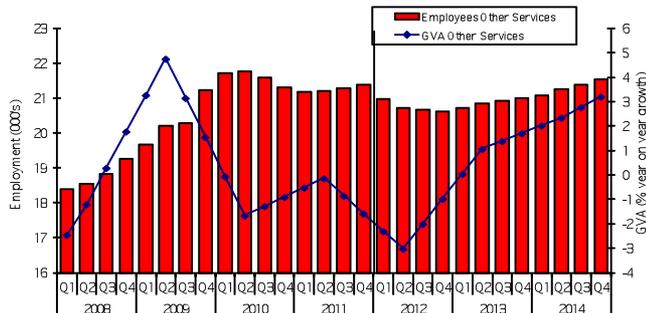
Arts, entertainment & recreation (2.3% yoy 2012)

Employment/GVA Arts, Entertainment & Recreation



Other services activities (-3.0% yoy 2012)

Employment/GVA Other Service Activities

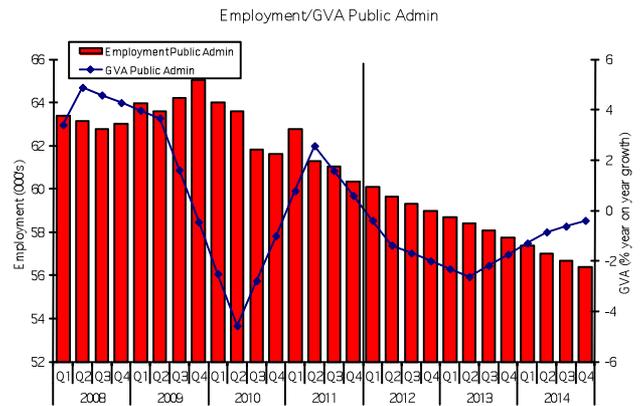


Public services

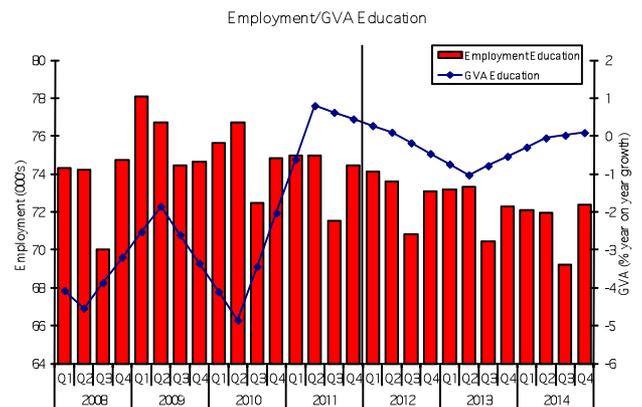
The expected contraction of the public services sector is clearly underway, though it is much more pronounced in public administration than in education or health. Nevertheless all three are now shrinking after a decade of growth and this will have a profound effect on the Northern Ireland labour market for some time to come. Not only do they account for 31% of direct employment, but there are large numbers of people currently going through various education courses hoping for work in these professions. Assuming a turnover of just 3% of staff each year due to retirement and other factors in these three sectors presents almost 8,000 job opportunities – removing these opportunities would severely increase the difficulties facing young graduates. Job losses in health should be more modest as the demand from an ageing population should create opportunities, if not in the public sector then in private sector healthcare.

Overall we project the three broad public services will employ 7,000 fewer people by the end of 2014 than they currently do. This annual loss of 2,300 per annum is in stark contrast to the 1,500 per annum gain during the decade prior to 2008.

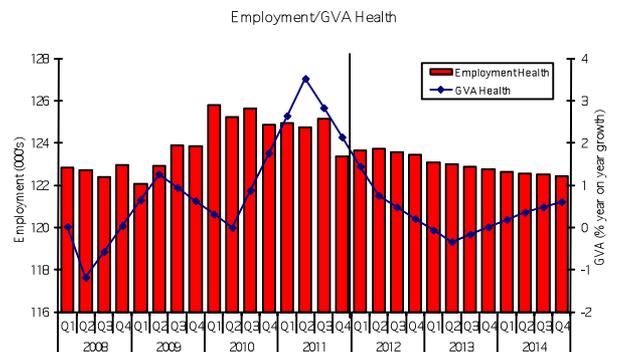
Public admin (-1.4% yoy 2012)



Education (0.1% yoy 2012)



Health (0.8% yoy 2012)



Wage inflation

Wage inflation remains extremely modest in the NI economy, below the rate of general inflation and at a roughly similar rate to the UK average. A larger public sector which is still enjoying some wage inflation partly due to promotions and lower starting wages across the economy have provided less headroom for pay cuts keeping the rate very similar to the UK. The latest ASHE wage data suggested very strong public sector wage inflation. This may be due to data problems but it may also reflect the sector shedding lower cost labour and retaining more senior and higher paid staff. The public sector wage differential with the UK now stands at 1 per cent compared to a staggering differential of -17.2 per cent for the private sector. This gap presents a further risk for the NI economy if regional pay was to be implemented widely in NI public services. This is however unlikely, partly due to the Executive's objections to it on the grounds of the damage it may cause but also due to the power of the unions. The more likely outcome is that any changes would be phased in slowly and applied to new recruits only.

After 4 years of modest, or even negative, pay rises, workers will be feeling fatigued and potentially stressed from rising household costs. This will lead to increased pressure on employers, but the economic conditions suggest this will be a pressure they will have to resist.

Unemployment

Unemployment has been something of a puzzle, although remaining well above its pre-recession lows and now the second highest rate in the UK, the recent performance has been better than expected. Unemployment has basically been flat for almost 10 months and the rate actually fell during the last 12 months. In level terms the forecast is for an increase in unemployment in 2012, reaching over 65,000 by mid-year. However welfare reform could impact this trend and if significant numbers of people move from sickness benefit on to the unemployment register then the level could easily top 80,000 relatively quickly. The labour market forecasts give no indication that unemployment has peaked and as such 2012 will be another challenging year in which jobs remain sadly elusive for many in Northern Ireland.

Table 1: GVA (£m2008)

	2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4																
Agriculture, forestry and fishing	274	257	239	242	232	234	246	247	246	249	251	253	251	251	253	255	254	254	257	259
Mining and quarrying	98	94	89	84	79	75	72	71	70	69	69	69	68	67	67	66	65	64	63	62
Manufacturing	3643	3723	3882	3891	3907	3950	3945	3935	3961	3976	3976	4015	4028	4069	4141	4212	4202	4273	4328	4368
Electricity, gas, & steam	239	234	230	228	228	219	215	210	209	205	205	204	205	205	206	206	206	207	207	208
Water supply; sewerage, waste management	352	353	350	362	337	333	332	330	328	325	325	326	326	327	329	331	330	332	334	336
Construction	2228	2229	2187	2122	2098	2105	2115	2077	2025	2079	2109	2076	2065	2101	2139	2134	2123	2164	2199	2169
Wholesale and retail trade	3357	3377	3344	3419	3303	3299	3319	3375	3291	3284	3322	3375	3300	3350	3403	3504	3378	3441	3521	3686
Transportation and storage	1018	1024	965	986	947	937	937	943	944	938	942	946	960	967	978	978	968	1010	1021	1012
Accommodation and foodservice activities	795	804	760	745	692	665	691	696	693	697	700	703	712	716	721	727	735	748	749	753
Information and communication	550	584	1016	1020	1016	1020	1042	1068	1044	1054	1068	1082	1088	1100	1123	1135	1147	1161	1179	1185
Financial and insurance activities	1145	1131	1067	1057	1039	1017	1018	1015	1037	1007	1022	1026	1064	1051	1045	1058	1115	1106	1101	1118
Real estate activities	2733	2800	2833	2888	2942	2814	2789	2714	2805	2783	2829	2819	2859	2880	2885	2885	2961	2965	2999	3001
Professional, scientific and technical activities	895	920	981	967	1041	1069	1100	1116	1092	1102	1110	1118	1114	1142	1147	1168	1164	1207	1206	1228
Administrative and support service activities	803	828	840	834	846	844	846	847	849	852	868	884	887	901	893	897	926	948	947	945
Public administration and defence	2668	2625	2609	2609	2671	2688	2708	2714	2663	2649	2656	2664	2615	2597	2570	2570	2624	2597	2529	2514
Education	2205	2204	2115	2167	2208	2223	2146	2184	2213	2230	2145	2182	2209	2194	2117	2160	2189	2197	2127	2168
Human health and social work activities	2777	2752	2788	2798	2897	2891	2886	2892	2902	2919	2926	2846	2891	2900	2917	2846	2898	2911	2940	2851
Arts, entertainment and recreation	352	361	349	352	358	364	360	365	363	365	373	380	375	382	377	373	388	391	388	385
Other service activities	405	397	396	394	396	399	399	395	388	382	384	387	385	391	389	394	390	400	399	406
Total	26996	27097	27060	27167	27139	27165	27166	27134	27122	27164	27280	27354	27402	27591	27668	27900	28077	28406	28493	28671
Year on Year Growth (%)																				
Agriculture, forestry and fishing	-17.3	-16.9	-19.6	-15.9	-15.4	-9.0	3.0	2.2	6.2	6.5	2.1	2.4	2.0	1.0	0.7	0.5	1.0	1.1	1.4	1.6
Mining and quarrying	-18.6	-19.6	-19.4	-18.2	-19.1	-20.5	-19.2	-15.6	-11.9	-6.9	-4.4	-3.5	-2.9	-3.1	-3.7	-4.3	-4.5	-4.9	-5.0	-5.1
Manufacturing	-3.7	0.2	4.9	4.8	7.3	6.1	1.6	1.1	1.4	0.7	0.8	2.0	1.7	2.4	4.2	4.9	4.3	5.0	4.5	4.1
Electricity, gas, & steam	-8.7	-5.6	-5.8	-5.3	-4.5	-6.7	-6.5	-7.9	-8.5	-6.4	-4.9	-2.4	-1.7	0.2	0.6	1.0	0.4	0.7	0.7	0.8
Water supply; sewerage, waste management	-4.9	-3.5	-3.2	1.2	-4.3	-5.7	-5.2	-8.9	-2.7	-2.4	-2.1	-1.3	-0.6	0.7	1.2	1.6	1.1	1.4	1.5	1.6
Construction	5.6	11.6	7.7	1.8	-5.8	-5.6	-3.9	-2.2	-3.5	-1.2	-0.3	0.0	1.9	1.1	1.4	2.8	2.8	3.0	2.8	1.7
Wholesale and retail trade	1.8	3.7	3.3	1.4	-1.6	-2.3	-0.8	-1.3	-0.4	-0.5	0.1	0.0	0.3	2.0	2.4	3.8	2.4	2.7	3.5	5.2
Transportation and storage	2.8	6.0	1.7	0.1	-7.0	-8.5	-4.8	-4.4	-0.4	0.1	0.5	0.4	1.8	3.1	3.8	3.4	3.9	4.4	4.4	3.4
Accommodation and foodservice activities	9.8	11.5	3.6	-0.9	-12.9	-14.7	-9.1	-6.6	0.1	1.7	1.3	1.0	2.8	2.7	3.0	3.3	3.2	4.6	3.8	3.7
Information and communication	9.5	14.5	13.9	12.9	7.0	3.6	2.6	4.7	2.7	3.4	2.5	1.3	4.2	4.3	5.1	4.9	5.5	5.6	5.0	4.4
Financial and insurance activities	-4.2	-3.0	-6.5	-6.2	-9.3	-10.0	-4.6	-3.9	-0.2	-1.0	0.3	1.1	2.6	4.4	2.3	3.1	4.8	5.2	5.4	5.7
Real estate activities	10.5	12.3	10.7	10.1	4.0	0.5	-1.6	-6.0	-1.3	-1.1	1.4	3.9	1.9	3.5	2.0	2.3	3.6	4.0	3.9	4.0
Professional, scientific and technical activities	-17.9	-12.5	-4.3	-7.2	16.4	16.2	12.1	15.4	4.8	3.1	0.9	0.1	2.0	3.6	3.3	4.5	4.5	5.7	5.1	5.2
Administrative and support service activities	8.3	14.7	14.3	11.0	5.3	1.9	0.7	1.5	0.4	0.9	2.6	4.5	4.5	5.8	2.9	1.5	4.4	5.2	6.0	5.3
Public administration and defence	-3.2	-5.1	-5.2	-4.9	0.1	2.4	3.8	4.0	-0.3	-1.4	-1.9	-1.9	-1.8	-2.0	-3.2	-3.5	0.3	0.0	-1.6	-2.2
Education	-7.2	-4.9	-5.3	-1.9	0.1	0.9	1.5	0.8	0.2	0.3	-0.1	-0.1	-0.2	-1.6	-1.3	-1.0	-1.1	0.2	0.4	0.4
Human health and social work activities	0.7	-1.2	-0.2	0.7	4.3	5.1	3.5	1.2	0.2	1.0	1.4	0.5	-0.4	-0.6	-0.3	0.0	0.1	0.4	0.8	0.2
Arts, entertainment and recreation	2.1	0.7	-1.3	-0.4	1.7	0.7	3.4	3.8	1.4	0.5	3.4	4.0	3.3	4.4	1.2	-1.9	2.1	2.4	2.9	3.4
Other service activities	0.9	-2.6	-1.1	-3.7	-2.0	0.5	0.6	0.4	-2.1	-4.3	-3.6	-2.0	-0.9	2.3	1.1	1.8	1.3	2.4	2.7	3.0
Total	-0.2	1.8	1.9	1.2	0.8	0.3	0.4	-0.1	-0.1	0.0	0.4	0.8	1.0	1.6	1.5	2.0	2.5	3.0	2.9	2.8

Table 2: Employment (000's)

	2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4																
Agriculture, forestry and fishing	35.6	34.9	33.2	33.0	32.5	32.2	33.1	33.1	33.3	33.4	33.3	33.3	33.2	33.0	32.9	32.9	32.7	32.5	32.5	32.4
Mining and quarrying	1.7	1.7	1.7	1.6	1.6	1.6	1.5	1.5	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Manufacturing	79.8	80.4	81.1	81.8	81.0	81.5	82.4	83.0	81.4	81.4	81.3	81.2	81.0	81.0	80.9	80.8	80.7	80.7	80.6	80.5
Electricity, gas, & steam	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Water supply; sewerage, waste management	4.5	4.6	4.8	5.7	4.8	4.9	5.0	5.0	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.7	4.7
Construction	66.9	64.7	62.4	59.1	58.6	58.2	58.9	57.7	57.7	57.7	57.7	57.6	57.5	57.8	58.0	58.2	58.4	58.8	59.1	59.5
Wholesale and retail trade	146.1	147.4	144.8	148.9	143.1	142.3	143.1	146.2	142.8	142.0	142.8	146.4	142.9	142.6	143.6	147.6	144.6	144.6	145.9	150.1
Transportation and storage	32.6	32.9	31.2	31.4	30.8	30.5	30.3	30.3	30.4	30.4	30.4	30.4	30.5	30.7	30.8	31.0	31.2	31.4	31.6	31.8
Accommodation and food service activities	50.0	51.1	47.5	46.6	44.9	44.7	44.9	45.1	45.3	45.4	45.5	45.7	45.7	45.9	46.1	46.3	46.2	46.4	47.5	47.6
Information and communication	16.1	16.3	17.7	18.0	18.3	18.5	19.2	18.9	19.0	19.3	19.5	19.6	19.7	19.8	20.0	20.2	20.5	20.8	20.8	20.9
Financial and insurance activities	20.5	20.5	20.0	20.2	20.1	19.9	19.8	19.5	19.4	19.2	19.1	19.0	19.1	19.1	19.1	19.0	18.9	18.8	18.9	19.0
Real estate activities	9.3	9.5	8.4	8.3	8.3	8.3	8.2	8.3	8.1	8.1	8.1	8.1	8.2	8.4	8.5	8.4	8.6	8.8	8.9	9.0
Professional, scientific and technical activities	31.6	30.9	35.6	34.9	35.3	36.4	35.8	35.9	35.3	35.1	35.3	35.4	35.8	36.3	36.8	36.6	37.4	38.1	38.6	39.2
Administrative and support service activities	45.5	45.9	46.3	45.6	46.2	45.7	45.2	45.2	45.2	45.4	45.6	45.8	46.4	47.0	47.7	47.4	48.5	49.5	50.1	50.8
Public administration and defence	64.0	63.6	61.8	61.6	62.8	61.3	61.1	60.3	60.1	59.6	59.3	59.0	58.7	58.4	58.1	57.7	57.4	57.0	56.7	56.4
Education	75.6	76.7	72.5	74.9	75.0	75.0	71.5	74.4	74.1	73.6	70.8	73.1	73.2	73.3	70.4	72.3	72.1	72.0	69.2	72.4
Human health and social work activities	125.8	125.2	125.6	124.9	124.9	124.7	125.1	123.4	123.6	123.7	123.6	123.5	123.1	123.0	122.9	122.7	122.6	122.6	122.5	122.4
Arts, entertainment and recreation	17.7	18.5	17.5	17.4	17.6	17.9	17.6	18.1	18.1	18.2	18.3	18.3	18.3	18.3	18.4	18.5	18.6	18.8	18.9	19.1
Other service activities	21.7	21.8	21.6	21.3	21.2	21.2	21.3	21.4	21.0	20.7	20.7	20.6	20.7	20.8	20.9	21.0	21.1	21.2	21.4	21.5
Total	846.1	847.9	835.1	836.6	828.6	826.4	825.5	828.7	822.7	821.0	818.9	824.8	821.8	823.2	822.9	828.4	827.2	829.6	830.9	840.1
Year on Year Growth (%)																				
Agriculture, forestry and fishing	-1.5	-4.9	-8.7	-8.8	-8.7	-7.7	-0.1	0.3	2.4	3.6	0.6	0.7	-0.2	-1.0	-1.2	-1.4	-1.6	-1.5	-1.4	-1.4
Mining and quarrying	-14.1	-13.3	-11.2	-6.4	-4.7	-6.5	-8.4	-6.2	-5.6	-2.3	1.1	1.4	-1.0	-2.5	-2.7	-2.9	-2.4	-2.4	-2.4	-2.4
Manufacturing	-5.5	-3.4	0.0	1.7	1.6	1.5	1.5	1.4	0.5	-0.1	-1.3	-2.2	-0.5	-0.6	-0.5	-0.4	-0.3	-0.3	-0.3	-0.4
Electricity, gas, & steam	6.3	3.8	3.1	6.1	0.7	4.4	8.1	4.3	5.9	1.0	-3.1	-3.8	-2.6	-1.8	-1.6	-1.3	-1.7	-1.8	-1.8	-1.8
Water supply; sewerage, waste management	-2.6	-0.4	5.7	28.0	8.1	7.9	4.2	-12.6	2.0	-1.9	-3.5	-3.9	-2.1	-0.9	-0.7	-0.5	-0.9	-1.0	-1.0	-1.0
Construction	-5.8	-4.9	-7.3	-12.1	-12.3	-10.1	-5.5	-2.4	-1.7	-0.9	-2.1	-0.2	-0.3	0.2	0.6	1.0	1.5	1.7	1.9	2.1
Wholesale and retail trade	1.7	3.8	2.8	-0.3	-2.1	-3.4	-1.2	-1.8	-0.2	-0.2	-0.3	0.2	0.1	0.4	0.6	0.8	1.2	1.4	1.6	1.7
Transportation and storage	3.9	4.6	-1.1	-3.3	-5.3	-7.2	-2.9	-3.3	-1.4	-0.4	0.3	0.2	0.5	1.1	1.5	1.9	2.1	2.3	2.5	2.7
Accommodation and food service activities	9.8	10.4	-0.3	-6.0	-10.2	-12.6	-5.6	-3.3	0.8	1.6	1.5	1.4	1.0	1.2	1.3	1.3	1.0	1.1	2.9	2.8
Information and communication	-7.2	-0.3	6.9	13.0	13.7	13.6	8.4	4.7	4.1	3.9	1.2	4.1	3.3	2.8	2.7	2.7	4.3	4.8	4.2	3.5
Financial and insurance activities	-2.0	-1.0	-1.4	-0.3	-1.8	-2.7	-1.2	-3.4	-3.8	-3.5	-3.4	-2.5	-1.5	-0.7	-0.3	0.2	-1.0	-1.3	-0.6	0.0
Real estate activities	17.1	15.8	-0.2	-3.2	-10.2	-12.1	-2.8	-0.6	-2.2	-2.8	-0.7	-1.7	1.3	3.1	4.4	3.6	4.4	4.8	4.7	6.7
Professional, scientific and technical activities	-5.1	-7.2	8.5	3.1	11.7	18.1	0.7	2.8	-0.1	-3.6	-1.5	-1.4	1.5	3.4	4.5	3.5	4.5	5.0	4.9	6.9
Administrative and support service activities	-1.3	2.4	4.1	2.5	1.7	-0.5	-2.5	-0.9	-2.1	-0.8	0.8	1.3	2.5	3.6	4.6	3.6	4.7	5.3	5.2	7.2
Public administration and defence	0.0	0.0	-3.7	-5.3	-1.9	-3.6	-1.3	-2.0	-4.2	-2.7	-2.8	-2.3	-2.4	-2.1	-2.1	-2.1	-2.3	-2.4	-2.4	-2.3
Education	-3.2	0.0	-2.7	0.3	-0.8	-2.3	-1.3	-0.6	-1.1	-1.9	-0.9	-1.8	-1.3	-0.4	-0.6	-1.1	-1.5	-1.9	-1.8	0.1
Human health and social work activities	3.0	1.9	1.4	0.8	-0.7	-0.4	-0.4	-1.2	-1.0	-0.8	-1.2	0.1	-0.5	-0.6	-0.6	-0.6	-0.4	-0.4	-0.3	-0.3
Arts, entertainment and recreation	5.7	7.2	1.4	-0.8	-0.3	-3.5	0.7	4.0	2.6	1.7	3.7	1.5	1.3	0.9	0.9	0.9	1.8	2.4	2.7	3.0
Other service activities	10.5	7.7	6.4	0.3	-2.5	-2.6	-1.4	0.4	-0.9	-2.2	-2.9	-3.6	-1.3	0.5	1.2	1.9	1.8	2.0	2.2	2.5
Total	0.0	1.0	0.0	-1.4	-2.1	-2.5	-1.2	-1.0	-0.7	-0.7	-0.8	-0.5	-0.1	0.3	0.5	0.4	0.7	0.8	1.0	1.4

		Table 3: Other variables																			
		2010				2011				2012				2013				2014			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unemployment		56.6	56.7	58.2	57.1	60.0	59.9	61.3	59.5	62.5	63.1	63.4	63.7	64.0	64.3	64.0	63.8	63.5	63.3	63.0	62.7
Wage inflation		-1.0	-2.2	-1.2	-0.9	-0.4	0.4	0.1	0.2	0.6	1.2	1.4	1.9	2.2	2.4	2.8	3.1	3.5	3.8	3.8	3.8
Year on Year Growth (%)																					
Unemployment		32.1	15.7	10.2	8.1	6.1	5.5	5.3	4.2	4.1	5.4	3.4	7.1	2.4	1.9	1.0	0.2	-0.7	-1.5	-1.7	-1.8

This is the opinion of Northern Bank, on occasion based upon research conducted at the time and obtained from sources believed to be reliable. This may be subject to change without notice and is not a personal recommendation.

Northern Bank Limited.
Registered in Northern Ireland R568.
Registered Office:
Donegall Square West
Belfast
BT1 6JS.

northernbank.co.uk

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