



### Labour Market Structure

December to February 2024



#### Employment Rate

# 71.7%

No statistically significant quarterly or annual change



#### Unemployment Rate

# 2.2%

No statistically significant quarterly or annual change



#### Economic Inactivity Rate

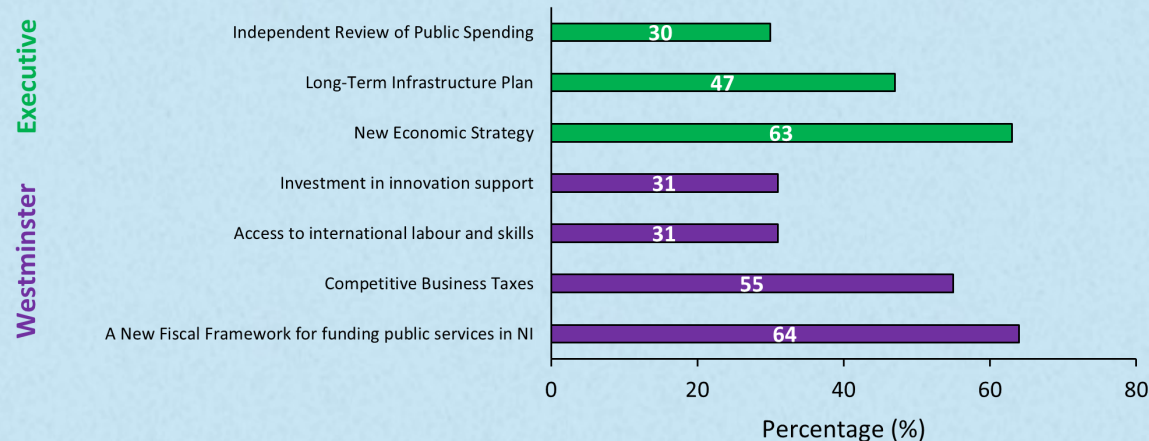
# 26.7%

No statistically significant quarterly or annual change

Source: NISRA Labour Market Report

### Top Three Executive & Westminster Priorities

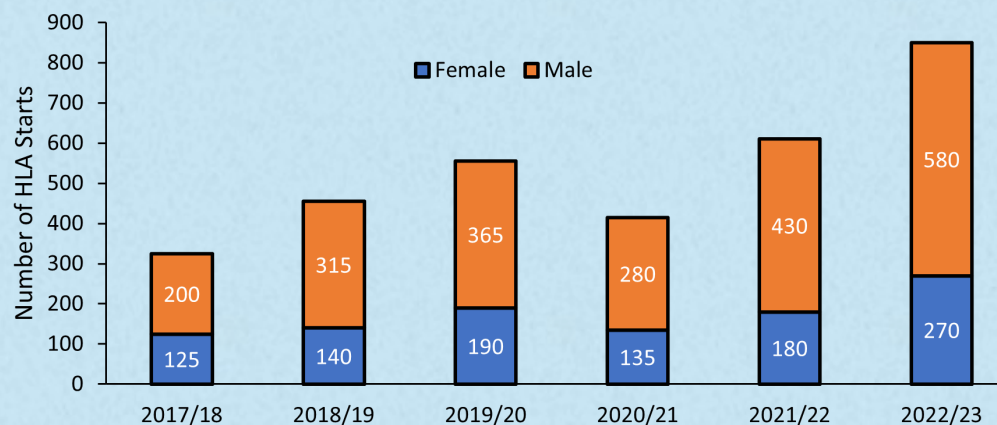
Percentage of respondents, Q1 2024 Quarterly Economic Survey



Sources: NI Chamber & BDO

### Higher Level Apprenticeship Starts

broken down by gender, AY 2017/18 to AY 2022/23



Source: DfE



## Commentary

The [Ulster Bank PMI](#) continues to report that local private sector output is accelerating as we begin 2024, growing at its fastest rate since February 2022, whilst for the first time in over two years, all four monitored sectors reported an increase in output in March's publication. **Output growth** was largely attributable to the significant pick-up in new orders which expanded at its fastest rate in over two years, exhibiting the strongest growth of any UK region. Business sentiment accelerated further in March to the second-highest reading since the series began in March 2017. New orders helped contribute to a solid rate of job creation in April which was the strongest increase of any UK region. However, both input costs and output prices increased sharply, with higher wages being reported as the main factor behind the former with some firms subsequently passing on higher input costs to customers. [Figure 1](#) compares the average monthly change in Q1 2024 to the equivalent change in 2023 for the PMI's key indicators.

The [Q1 2024 NI Chamber of Commerce & BDO Quarterly Economic Survey \(QES\)](#) also reported that most indicators were positive, but did suggest a more mixed trading environment, remaining more challenging for manufacturers than services firms. **Business concerns** were dominated by weak demand, business costs, energy costs, and the increasing minimum wage, slow payments, and challenging supply chains regarding access and costs. Expectations to raise prices increased for both manufacturers and services in Q1 (9pps & 10pps, respectively). Labour costs remain the biggest pressure for both sectors although less so than the previous quarter. Despite the concerns highlighted above more firms reported increasing employment and confidence.

Following consideration of responses received from a consultation held in February 2023, the Department for the Economy published the high-level design for a new [Renewable Energy Support Scheme](#) for the North with the primary aim to encourage investment in local **renewable electricity** projects whilst also protecting consumers from global price shocks. This marks a key milestone towards delivering on the 80% by 2030 renewable electricity consumption target set out in the Climate Change Act (NI) 2022 and will be vital in achieving the new Economy Minister's objective of reducing carbon emissions. [Figure 3](#) shows NI's progress towards the 2030 target.

A [report](#) from the Economic & Social Research Institute (ESRI) found that in 2022, women in the South are more likely to be **low paid** than those in the North, with the authors noting that the higher share of female employment in the NI public sector compared to the South partially explains the narrower pay gap here. 25% of females and 18% of males were low paid in the South, using the definition of earning less than two-thirds of the median hourly pay. In the North, 21% of females and 14% of males were low paid. The

report notes that attaining higher education offers strong protection from low pay in both jurisdictions. The report also noted that Northern workers were less likely to work 'mainly from home' compared to the South, with women less likely to **work from home** than men in NI due to their over-representation in jobs in health, education and front-line public administration and part-time jobs.

There were 845 starts on the [Higher Level Apprenticeship \(HLA\) Programme](#) in AY 2022/23, an increase of 39% from the previous year. In total, there were 1,530 participants on **HLA programmes**, with the most popular sector subject area being Engineering and manufacturing technologies, accounting for 36% of total HLA participants. A gender gap trend however has emerged in terms of starts, with approximately 30% being female in the latest AY.

The April [Labour Market Report](#) indicated that all of the headline LFS measures improved over both the quarter and the year, with the most recent **employment rate** (71.7%) representing a post-pandemic peak. Whilst the North's economic inactivity rate (26.7%) remained significantly above that of the UK (22.2%) and the South of Ireland (22.6%), the North's UK regional ranking improved from 12<sup>th</sup> (last) to 10<sup>th</sup>, ahead of the North East and Wales. Both regions showed sizeable quarterly change respectively, and it remains to be seen whether this is attributable to the recent increased volatility of UK LFS estimates.

[Southern Irish CPI](#) rose by 2.9% between March 2023 and March 2024, down from an annual increase of 3.4% in the 12 months to February 2024. [UK CPI](#) rose by 3.2% in the 12 months to March 2024, down from 3.4% in February but above the MPC's forecast in February's Monetary Policy Report (3.1%). Continued stickier-than-expected **inflation** (especially services), combined with some robust UK wage growth metrics ([AWE/PAYE](#)) along with the April increase in the National Living Wage, will likely be key considerations at the MPC's May & June meetings. The Chair of the US Federal Reserve recently hinted they will allow more time for restrictive monetary policy to feed through to the wider economy following a series of inflation results exceeding expectations.

Average **private rent** in NI increased by 10.1% in the 12 months to January 2024, up from 9.3% in December 2023. This is the highest annual rise reported by [ONS](#) since the series began in 2016, and exceeded the equivalent rate for the UK (8.5%). The most recent data for the South (Q3 2023) indicated that the standardised average rent in new tenancies grew by 11.0% year-on-year and by 5.2% in existing tenancies ([The RTB Rent Index Report](#)).



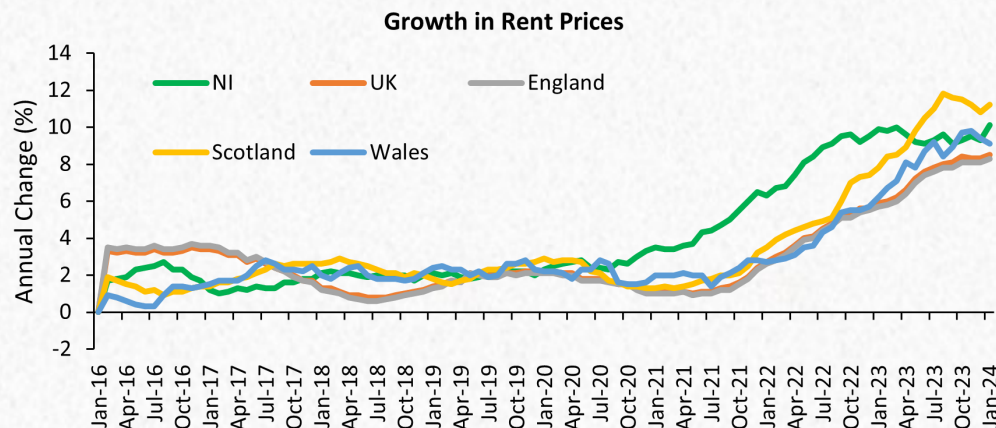
### Tables and Charts

**Figure 1:** Average monthly change for key [Ulster Bank PMI](#) indicators, 2023 vs Q1 2024.

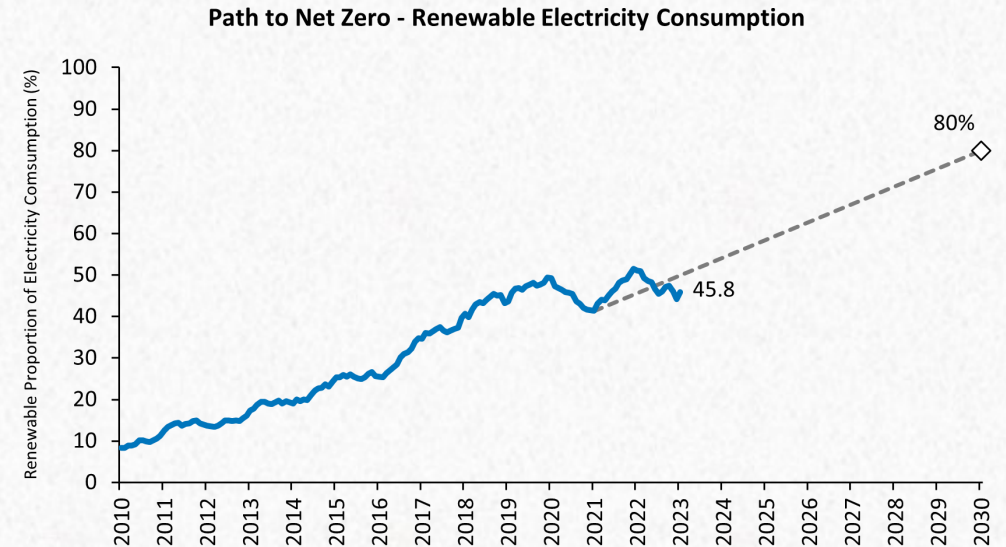


**Figure 2:** Annual private rental price change by jurisdiction 12 months to January 2024.

Source: [ONS](#)



**Figure 3:** The proportion of electricity consumed from indigenous renewable sources in NI since 2010, based on data from the [DfE Electricity and Renewable Generation](#) statistics, against a pathway from 2021 to the Climate Change Act target for 2030 (80%). Twelve month rolling average.



**Table:** The latest available headline labour market indicators for NI ([NISRA LMR](#)), the UK ([ONS LMO](#)), the South and the Euro Area overall ([OECD](#)), seasonally adjusted and in percentage terms. Note: IE and Euro Area employment and inactivity rates refer to Q4 2023. All other indicators refer to the three months ending February 2024.

Indicator	NI	UK	IE	Euro Area
Unemployment Rate	2.2	4.2	4.4	6.5
Employment Rate	71.7	74.5	73.9	70.2
Inactivity Rate	26.7	22.2	22.6	24.8