

# Northern Ireland Composite Economic Index (NICEI)

Quarter 3 (July - September) 2023

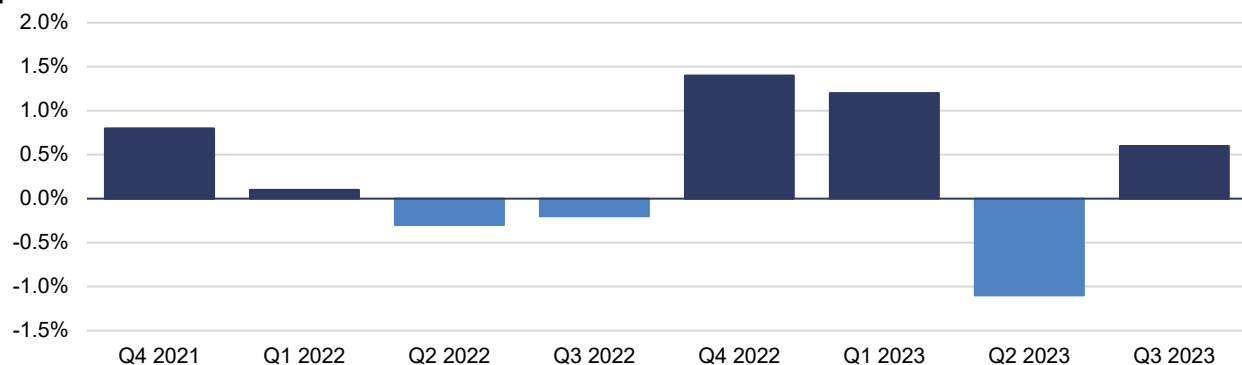
Theme: Economy

Frequency: Quarterly

Geographical Area: Northern Ireland

Date: 11 January 2024

**Chart 1: Northern Ireland Composite Economic Index (NICEI), Quarter on quarter change (%), last 8 quarters**



Quarterly change	Annual change	Pre-pandemic change (Q4 2019)*	Annualised change**	Private Sector		Public Sector	
				Quarterly	Annual	Quarterly	Annual
<b>+0.6%</b>	<b>+2.2%</b>	<b>+6.2%</b>	<b>+1.7%</b>	<b>+0.6%</b>	<b>+2.2%</b>	<b>+1.0%</b>	<b>+2.0%</b>
				Pre-pandemic	Annualised	Pre-pandemic	Annualised
				<b>+6.0%</b>	<b>+1.6%</b>	<b>+6.9%</b>	<b>+1.8%</b>

\* We have included the pre-pandemic change (i.e. Q3 2023 vs. Q4 2019) to illustrate to users the impact compared to the last quarter before pandemic.

\*\*Annualised change: Q4 2022 to Q3 2023 compared with Q4 2021 to Q3 2022.

## Key Points

- Economic Activity in Northern Ireland increased by 0.6% in real terms over the quarter to Q3 2023. Compared to Q3 2022, NI's output has increased by 2.2% and is now 6.2% above pre-pandemic levels seen in Q4 2019. When assessing annualised change, NI output has increased by 1.7%.
- The largest upward contribution to change this quarter came from increased activity in the Services sector which contributed 0.8 percentage points (pps).
- Private sector output as measured by the NICEI decreased by 0.6% over the quarter and increased by 2.2% over the year. The NICEI Public Sector (employee jobs) index increased by 1.0% over the quarter, by 2.0% over the year.
- Although the measures are not produced on a fully equivalent basis, [UK Gross Domestic Product \(GDP\)](#) declined (0.1%) over the quarter but increased by 0.3% over the year to Quarter 3 2023. UK GDP is now 1.5% above pre-pandemic levels seen in Q4 2019.

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## 1 Context

The NICEI is a quarterly measure of economic activity in NI based on available official statistics<sup>1</sup>. The NICEI statistics in this release are official statistics in development<sup>2</sup>, which are still undergoing evaluation and are subject to revision (please refer to the background notes for further information). The NICEI is broadly equivalent to the output measure of Gross Domestic Product (GDP) produced by the Office for National Statistics (ONS) and is used to measure the performance of the NI economy. NISRA is currently working to develop a quarterly measure of GDP for NI which builds upon the NICEI.

Our statistical practice is regulated by the Office for Statistics Regulation (OSR). OSR sets the standards of trustworthiness, quality and value in the [Code of Practice for Statistics](#) that all producers of official statistics should adhere to. You are welcome to contact us directly with any comments about how we meet these standards. Alternatively, you can contact OSR by emailing [regulation@statistics.gov.uk](mailto:regulation@statistics.gov.uk) or via the [OSR website](#).

Following NISRA's consultation on changes to statistical outputs, the NICEI statistical bulletin has been scaled back to headline results only; some detailed analysis and economic commentary has been removed. Data will continue to be provided in the existing supplementary tables.

In line with guidance detailed in the [UK National Accounts Blue Book 2023](#) (published on 31 October 2023), figures in this publication have been weighted using the revised Northern Ireland 2019 GVA figures, and the base year has remained at 2019 for a third consecutive year. There were methodological changes made by the ONS detailed here, that resulted in greater revision to the UK data than is normally expected.

This report covers the period 1<sup>st</sup> July to 30<sup>th</sup> September 2023 (Q3 2023).

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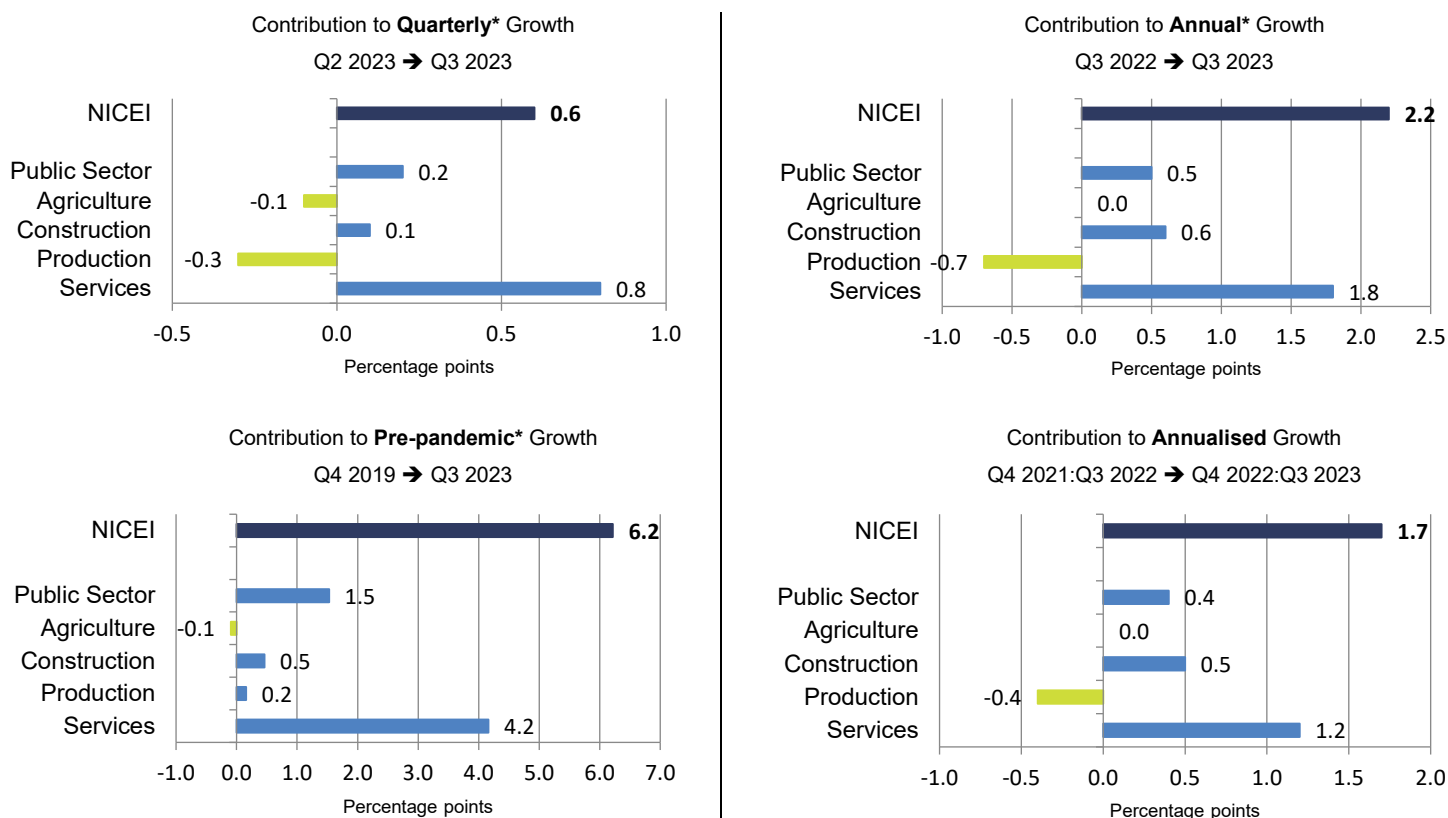
<sup>1</sup> Published quarterly indices (Index of Services, Index of Production, Quarterly Construction Enquiry), public sector employee jobs data from the Quarterly Employment Survey, plus agricultural output data from the Department of Agriculture, Environment and Rural Affairs, are weighted using the ONS Regional Accounts Gross Value Added (GVA) data and combined to provide a proxy measure of total economic output.

<sup>2</sup> Official statistics in development (previously known as experimental statistics) are official statistics that are undergoing a development; they may be new or existing statistics, and will be tested with users, in line with the standards of trustworthiness, quality, and value in the Code of Practice for Statistics.

## 2 Contribution of sectors to overall NICEI

The largest contribution to change over the quarter came from increased economic activity in Services sector. When comparing the NI economy to its Pre-pandemic position, all sectors, excluding Agriculture have had a positive contribution to economic activity.

Chart 2: NICEI, Contribution of sectors to quarterly, annual, pre-pandemic and annualised growth



The increase in the NICEI over the latest quarter (0.6%) was driven by increased activity in the Services sector (0.8 pps), the Public Sector (0.2 pps) and the Construction Sector (0.1 pps). The Production sector and the Agriculture sector had negative contributions (0.3 pps and 0.1 pps respectively).

Over the year, the NICEI increased by 2.2% to Q3 2023. This was driven by positive contributions from the Services sector (1.8 pps), the Construction sector (0.6 pps) and the Public sector (0.5 pps). The Production sector had a negative contribution (0.7 pps) and the Agriculture sector was unchanged over this period (0.0 pps).

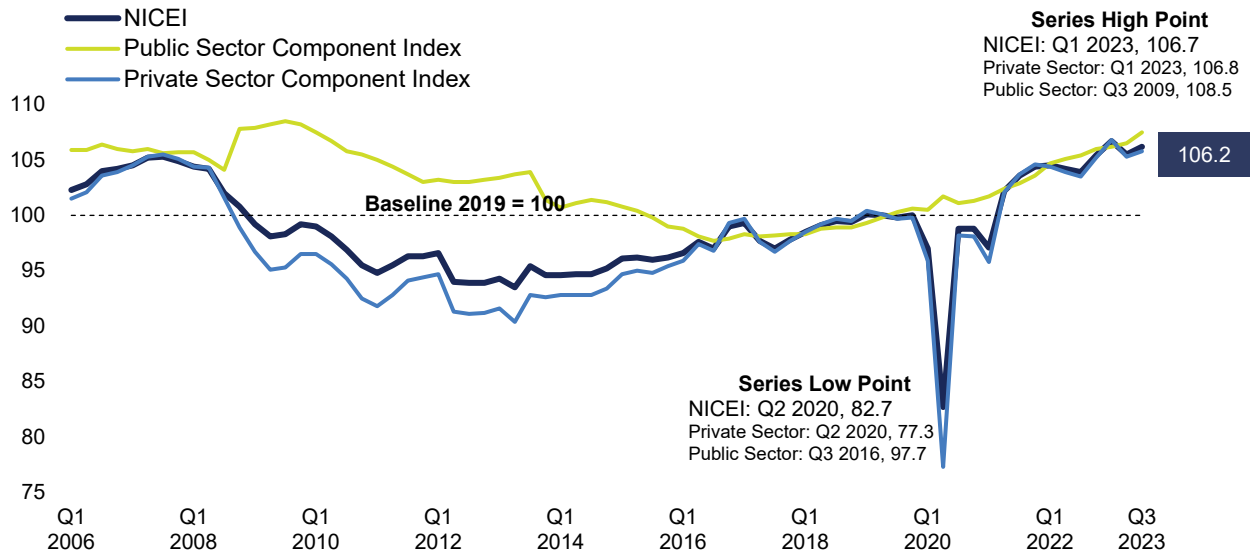
In terms of pre-pandemic change, NI economic output has increased by 6.2%, with the growth largely driven by a positive contribution from the Services sector (4.2 pps), which has had a strong recovery post pandemic. There were also positive contributions from the Public sector (1.5 pps), the Construction sector (0.5 pps) and the Production sector (0.2 pps). Agriculture had a small negative contribution over this period (0.1 pps).

The 1.7% annualised increase in the NICEI (i.e. average of the four quarters to Quarter 3 2023 compared with the previous four quarters) was driven by increased activity in the Services sector (1.2 pps), Construction (0.5 pps) and Public sector (0.4 pps). The Production sector had a negative contribution (0.4 pps) and the Agriculture sector was unchanged over this period (0.0 pps).

### 3 Long-term NICEI trend

NI economic output is now 28.4% above the series low point in Q2 2020, albeit 0.4% below the series high reached in Q1 2023.

Chart 3: Northern Ireland Composite Economic Index (NICEI), Q1 2006 – Q3 2023<sup>3</sup>



Economic activity had increased gradually from years 2013-2019, following the prolonged downturn post the 2007 financial crisis. However, the onset of the Pandemic brought about a sharp downturn in output with the NICEI reaching a series low in Q2 2020. Since the Pandemic, economic activity in NI has recovered substantially and in Q3 2023 output is now 28.4% above that series low point.

### 4 Economic Commentary

The NICEI indicates economic activity in Northern Ireland increased by 0.6% during Quarter 3 2023, as inflationary pressures continue to ease within the economy, albeit inflation is still above the 2% target rate. NI economic output returned to growth during Quarter 3 2023 after a decline in output over the previous quarter. Yet challenging conditions remain for households and businesses who are adjusting to the upward shift in price levels for goods and services and the higher interest rate environment.

The increased economic activity during Quarter 3 2023 was driven by a strong performance from the Services sector, with the private Construction sector and the Public Sector also recording increased output over the quarter. The growth in economic activity was partially offset by decreased activity in the Production sector and Agriculture. Indeed, there has been a marked decline in Production sector output which has now declined over 4 consecutive quarters.

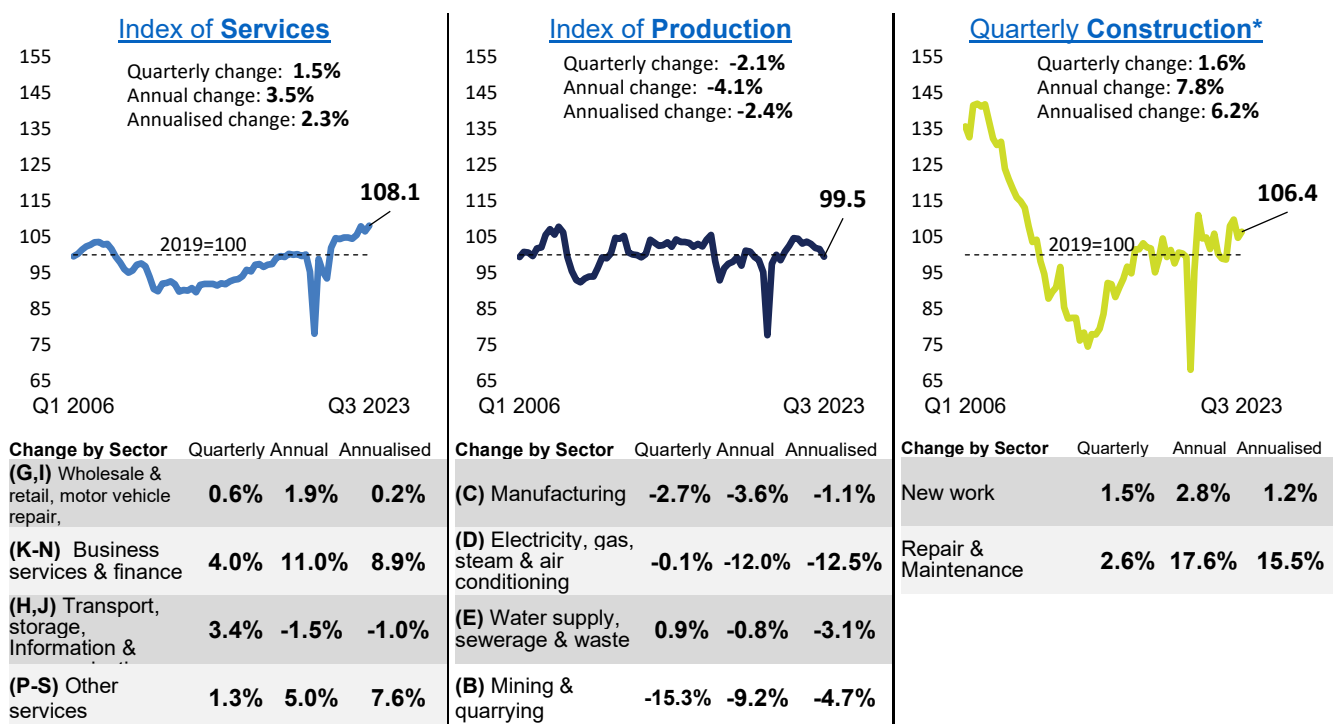
NI economic output is now 6.2% higher than the pre-pandemic level seen in Quarter 4 2019. The Services sector (which accounts for 52% of NI GVA) has had a sizeable positive contribution (4.2 pps) showing a strong recovery post pandemic. There were also further positive contributions from the Public sector (1.5 pps), the Construction sector (0.5 pps) and the Production sector (0.2 pps). The Agriculture sector declined over this period (0.1 pps).

<sup>3</sup> A number of changes have been made by ONS to the methods and data sources used in compiling the UK series as part of Blue Book 2023. This has resulted in greater revision to the UK data than is normally expected. Further detail on the changes can be found in the [ONS GDP Monthly Estimate UK: Sept 2023](#).

## Sectoral Insights to Q3 2023

### Output by sector

To access further detail, click on the underlined titles which link to the publications on the [NISRA website](#)



\* All construction i.e. including public sector

### Sub-sector results

Index of Services (IOS) sub-sector, (K-N) Business services & finance saw the largest increase in activity over the quarter (4.0%), over the year (11.0%) and rolling annual average (8.9%). All other sub-sectors which include (P-S) Other Services, (H, J) Transport, storage, Information & communication and (G, I) Wholesale & retail also had increased activity over the quarter (1.3%, 3.4% & 0.6% respectively).

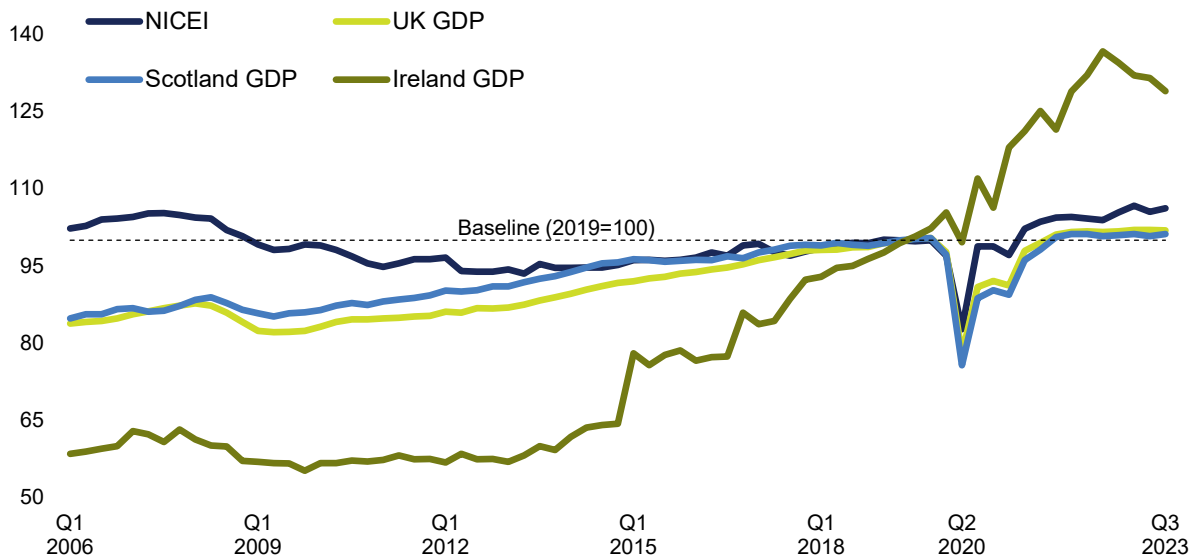
The Index of Production (IOP) sub-sector, (B) Mining & quarrying had the largest decrease in activity over the quarter (15.3%). There was widescale declining activity across Production sub-sectors, (C) Manufacturing had decreased activity over the quarter, year and rolling annual average (2.7%, 3.6% and 1.1% respectively). (D) Electricity, gas, steam & air conditioning had the largest decreases in activity over the year and rolling annual average (12.0% and 12.5% respectively). (E) Water supply, sewerage & waste management increased over the quarter (0.9%), however it declined over the year and rolling annual average (0.8% and 3.1% respectively).

Latest results show that 'New Work' activity in the Construction sector increased over the quarter, year and rolling annual average (1.5%, 2.8% and 1.2% respectively). 'Repair and Maintenance' activity increased over the quarter (2.6%). There were also large increases over the year (17.6%) and over the rolling annual average (15.5%).

## 5 Comparison with measures of GDP

NI is 6.2% above its Pre-Pandemic position in Q4 2019 and is outperforming both the Scottish and UK economies in this regard. Ireland's GDP is now 26.1% above the Pre-Pandemic level after rising sharply post pandemic, however output in Ireland is now falling with a decline of 5.6% over the year.

Chart 4: NICEI\*, comparison with selected GDP measures Q1 2006 – Q3 2023\*\*



\* The NICEI methodology has been shown to provide a close short-term approximation to the UK GDP series, readers are advised that due to differences in the underlying methodologies the measures presented here should not be considered as precisely like-for-like.

\*\* Ireland's GDP figure has been volatile over recent years, the Central Statistics Office (CSO) highlights the impact [Globalisation](#) has had on Ireland's GDP figures.




Chart 4 above indicates that, over the time period, NI, Scotland and UK output all fell to their minimum level in Q2 2020 with Ireland's GDP minimum level recorded in Q4 2009. In Q3 2023, the NICEI is now 0.4% below the maximum output value recorded in Quarter 1 2023. Compared to the pre-economic downturn peak in Q3 2007, output is now 0.9% higher.

Whereas UK GDP is now estimated to be 16.2% higher than its peak in Quarter 1 2008. This suggests that the UK has had a shorter downturn since the 2008 recession and a faster recovery.

Over the last 10 years, the UK has reported increases in GDP in 33 of the last 40 quarters, whereas the NICEI has reported increases in economic activity in 23 of the last 40 quarters.

Table 1 provides a summary of changes over the quarter, year, pre-pandemic and rolling four quarters for the NICEI and other selected GDP measures.

**Table 1: Quarterly, annual, pre-pandemic and annualised change, NICEI compared with selected GDP measures, Quarter 3 2023**

	Change on quarter	Change on year	Pre-Pandemic change	Rolling annual average change
NICEI	 0.6%	 2.2%	 6.2%	 1.7%
UK	 -0.1%	 0.3%	 1.5%	 0.4%
Scotland	 0.4%	 0.4%	 0.9%	 0.1%
Ireland	 -1.9%	 -5.6%	 26.1%	 1.5%

Comparing NI with the UK in Q3 2023, NI's output increased over the quarter (0.6%) whilst the UK's output decreased (0.1%). NI had stronger growth over the year (2.2% vs 0.3%) and over the rolling annual average (1.7% vs 0.4%). Comparing against the pre-pandemic quarter (Q4 2019), economic activity in NI has shown stronger growth than the UK (6.2% vs 1.5%).

Both NI and Scotland recorded increased output over the quarter (0.6% vs 0.4%). NI's output grew faster over the year than Scotland's (2.2% vs 0.4%). NI also had larger growth in activity over the rolling annual average period (1.7% vs 0.1%). Comparing against the pre-pandemic quarter (Q4 2019), economic activity in NI and Scotland have both increased but NI has experienced a larger increase (6.2% vs 0.9%).

Ireland GDP decreased over the quarter (1.9%). Ireland has also recorded the strongest growth since pre-pandemic (26.1%), however the latest results point towards a downturn in activity as economic output is down significantly over the year (-5.6%).



## 6 List of Tables

Data accompanying this bulletin are available from the [NISRA website](#) in both Open Document and Excel formats. The spreadsheet includes the following tables.

Table 1: NICEI and component indices by quarter, Q1 2006 – Q3 2023 (2019=100)

Table 2: NICEI and component indices by year, 2006 – 2023 (2019=100)

Table 3: Data for Chart 1: Northern Ireland Composite Economic Index (NICEI), Quarter on quarter change (%), Q1 2006 – Q3 2023

Table 4: Breakdown of NI Businesses & Employees by country of ownership, 2023

Table 5: Proportion of NI Regional GVA by Sector, 2019

Table 6: Data for Chart 2: NICEI, Contribution to quarterly, annual, pre-pandemic and annualised growth

Table 7: Data for Chart 3: Northern Ireland Composite Economic Index (NICEI), Q1 2006 – Q3 2023

Table 8: Data for Chart 4: NICEI, comparison with selected GDP measures Q1 2006 – Q3 2023

Table 9: Data for Table 1: Quarterly, annual, pre-pandemic and annualised change, NICEI compared with selected GDP measures to Q3 2023

Table 10: Comparison of the NICEI Series at Q3 2023 and Q2 2023, Q1 2006 – Q3 2023

Table 11: NICEI Sector Contributions to Quarterly Change, Q1 2006 – Q3 2023

## 7 Further Information

As a user of these statistics, we would welcome feedback on this release, in particular on the content, format and structure. If you wish to receive regular NICEI updates via email or join the NICEI expert user group please contact: [economicstats@nisra.gov.uk](mailto:economicstats@nisra.gov.uk)

NISRA recently consulted on proposed changes to statistical outputs, this output was part of that consultation. The consultation, which ended on 15 October, sought views from users and stakeholders to help NISRA to address the financial constraints imposed by the budget settlement for 2023-24, whilst minimising the impact on users and stakeholders. The full report on the outcome of the consultation, including users' responses, actions planned and mitigations, can be found at <https://www.nisra.gov.uk/publications/outputs-consultation>

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**Next NICEI publication: 28<sup>th</sup> March 2024**