

Northern Ireland Composite Economic Index (NICEI)

Quarter 4 (October - December) 2023

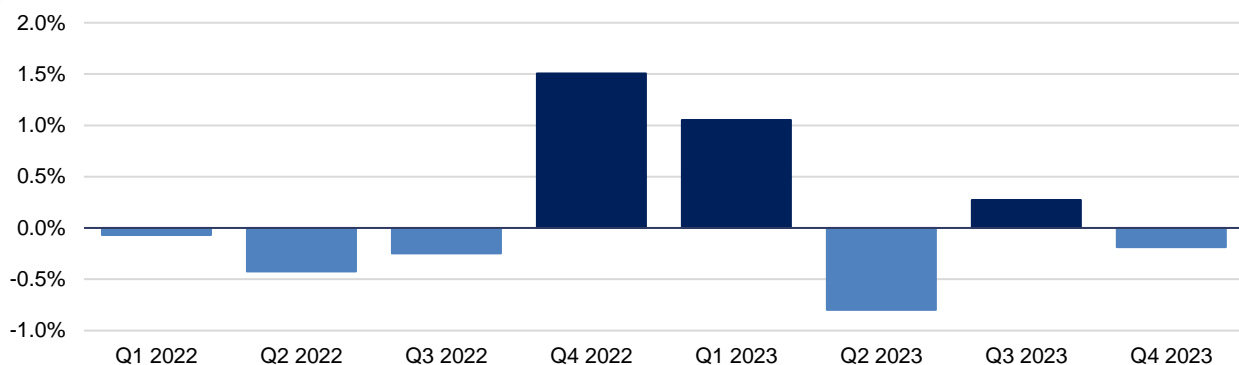
Theme: Economy

Frequency: Quarterly

Geographical Area: Northern Ireland

Date: 28 March 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
-0.2%	+0.3%	+5.6%	+1.4%	0.0%	+0.3%	-0.8%	+0.5%
				Pre-pandemic	Annualised	Pre-pandemic	Annualised
				+5.5%	+1.5%	+5.9%	+1.3%

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

**Annualised change: Q1 2023 to Q4 2023 compared with Q1 2022 to Q4 2022.

Key Points

- Economic Activity in Northern Ireland decreased by 0.2% in real terms over the quarter to Q4 2023. Compared to Q4 2022 NI's output has increased by 0.3% and is now 5.6% above the pre-pandemic level seen in Q4 2019. When assessing annualised change NI output has increased by 1.4%.
- The largest downward contribution to change this quarter came from decreased activity in the Services and Public sectors with both contributing negative 0.2 percentage points (pps). These negative contributions were partially offset by increases in the Production and Agriculture sectors (0.1 pps each).
- NI's Private sector output as measured by the NICEI was unchanged over the quarter and increased by 0.3% over the year. Private sector output increased by 1.5% on a rolling four quarter basis and by 5.5% when compared to pre-pandemic levels recorded in Quarter 4.
- Although the measures are not produced on a fully equivalent basis, [UK Gross Domestic Product \(GDP\)](#) declined 0.3% over the quarter and 0.2% over the year to Quarter 4 2023. UK GDP is now 1.1% above its pre-pandemic level 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 statistics¹. The NICEI statistics in this release are official statistics in development², 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 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 October to 31 December 2023 (Q4 2023).

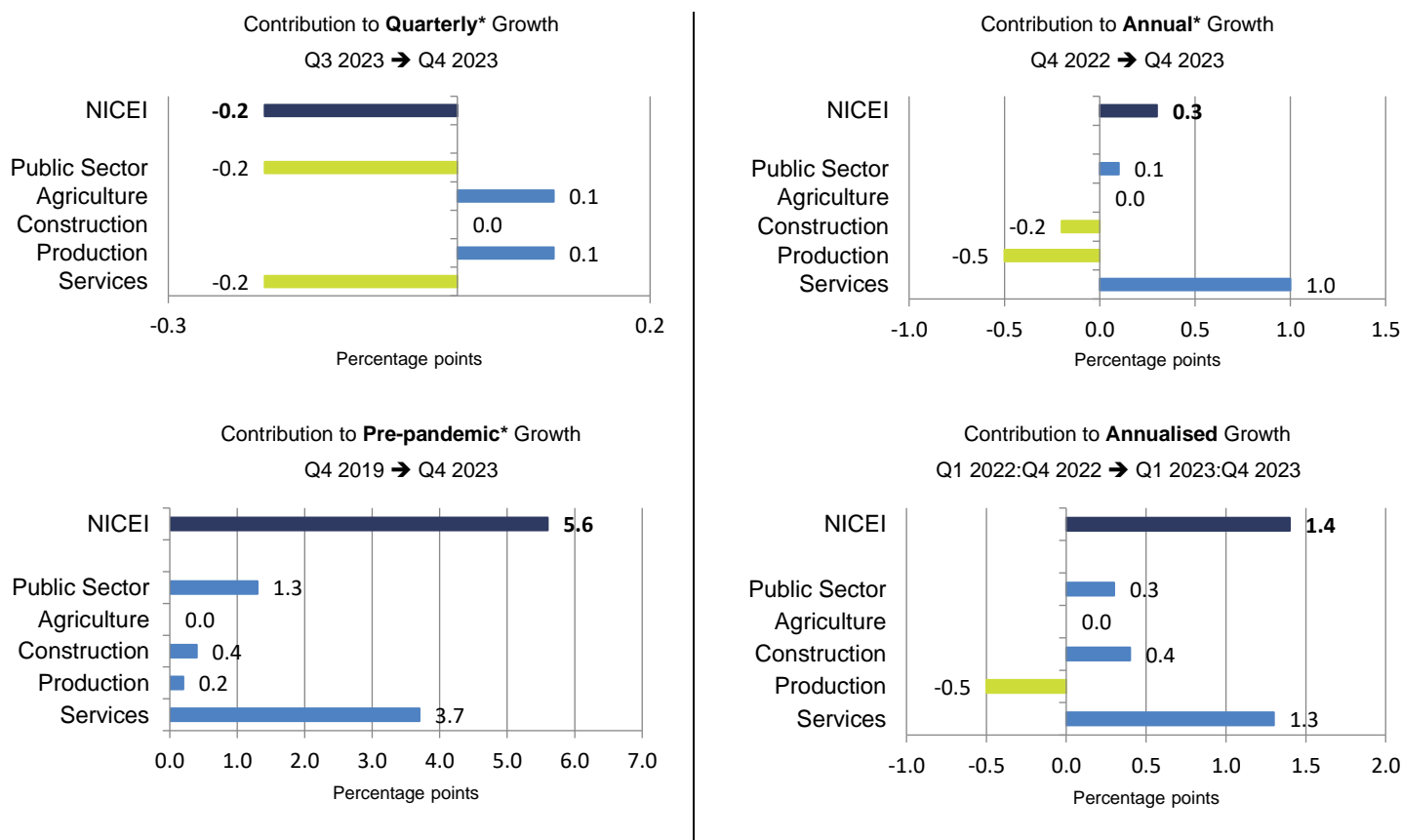
¹ Published quarterly indices (Index of Services, Index of Production, Quarterly Construction Enquiry), public sector employee jobs data from the Quarterly Employment Survey, plus agricultural output data from the Department of Agriculture, Environment and Rural Affairs, are weighted using the ONS Regional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

² 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 decreased economic activity in the 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 decrease in the NICEI over the latest quarter (0.2%) was driven by negative contributions in activity in the Services sector (0.2 pps), and the Public sector (0.2 pps). The Production and Agriculture sectors both had positive contributions of 0.1 pps while the Construction sector was unchanged.

Over the year the NICEI increased by 0.3% to Q4 2023. This was driven by positive contributions from the Services sector (1.0 pps) and the Public sector (0.1 pps), The Agriculture sector was unchanged over this period (0.0 pps). The Production sector and the Construction sector both had negative contributions (0.5 pps and 0.2 pps respectively).

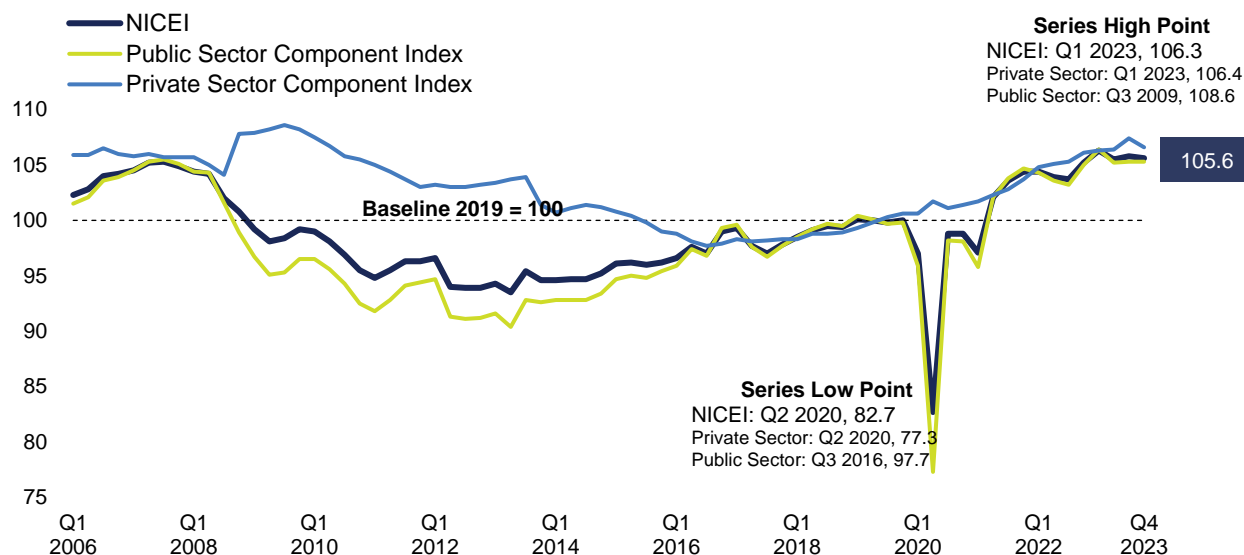
In terms of pre-pandemic change NI economic output has increased by 5.6% when compared to Q4 2019; with the growth largely driven by a positive contribution from the Services sector (3.7 pps) which has had a strong recovery post pandemic. There were also positive contributions from the Public sector (1.3 pps), the Construction sector (0.4 pps) and the Production sector (0.2 pps). The Agriculture sector was unchanged over this period (0.0 pps).

The 1.4% annualised increase in the NICEI (i.e. average of the four quarters to Quarter 4 2023 compared with the previous four quarters) was driven by increased activity in the Services sector (1.3 pps), Construction sector (0.4 pps) and Public sector (0.3 pps). The Production sector had a negative contribution (0.5 pps) while the Agriculture sector was unchanged over this period (0.0 pps).

3 Long-term NICEI trend

NI economic output is now 27.6% above the series low point in Q2 2020, albeit 0.7% below the series high reached in Q1 2023.

Chart 3: Northern Ireland Composite Economic Index (NICEI), Q1 2006 – Q4 2023³



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 Q4 2023 output is now 27.6% above that series low point.

4 Economic Commentary

The NICEI indicates economic activity in Northern Ireland decreased by 0.2% during Quarter 4 2023. NI economic output returned to negative growth during Quarter 4 2023 after a rise in output over the previous quarter. 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 decreased economic activity during Quarter 4 2023 was driven by negative performance from the Services sector and the Public Sector over the quarter. The decline in these sectors was partially offset by increased activity in the Production and Agriculture sectors with both contributing 0.1 pps. Indeed, there has been a marked growth in Production sector output after declining over 4 consecutive quarters.

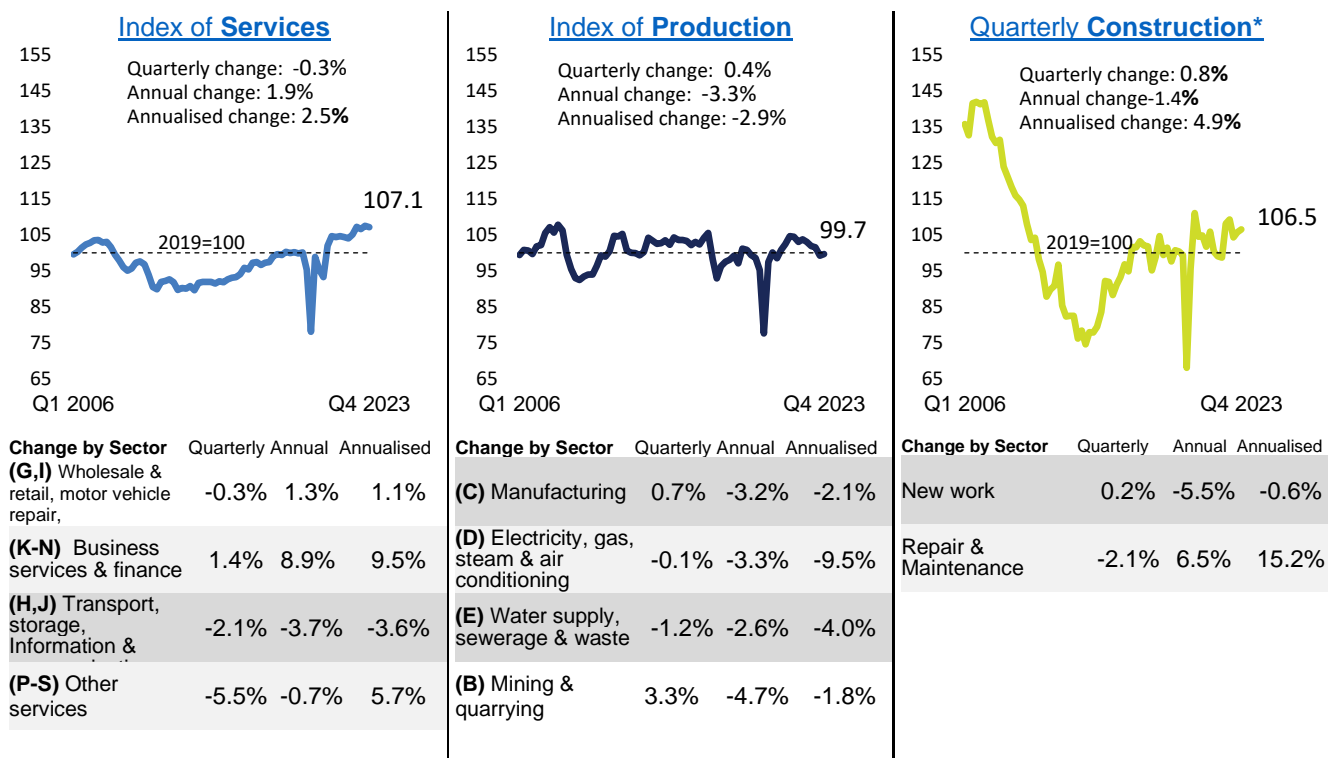
NI economic output is now 5.6% higher than the pre-pandemic level seen in Quarter 4 2019. The Services sector (which accounts for 52% of NI GVA) has had a sizeable positive contribution to this growth (3.7 pps) showing a strong recovery post pandemic. There were also further positive contributions from the Public sector (1.3 pps), the Construction sector (0.4 pps) and the Production sector (0.2 pps). The Agriculture sector was unchanged (0.0 pps).

³ 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 Q4 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 (1.4%), over the year (8.9%) and rolling annual average (9.5%). All other sub-sectors which include (P-S) Other Services, (H, J) Transport, storage, Information & communication and (G, I) Wholesale & retail had decreased activity over the quarter (5.5%, 2.1% and 0.3% respectively).

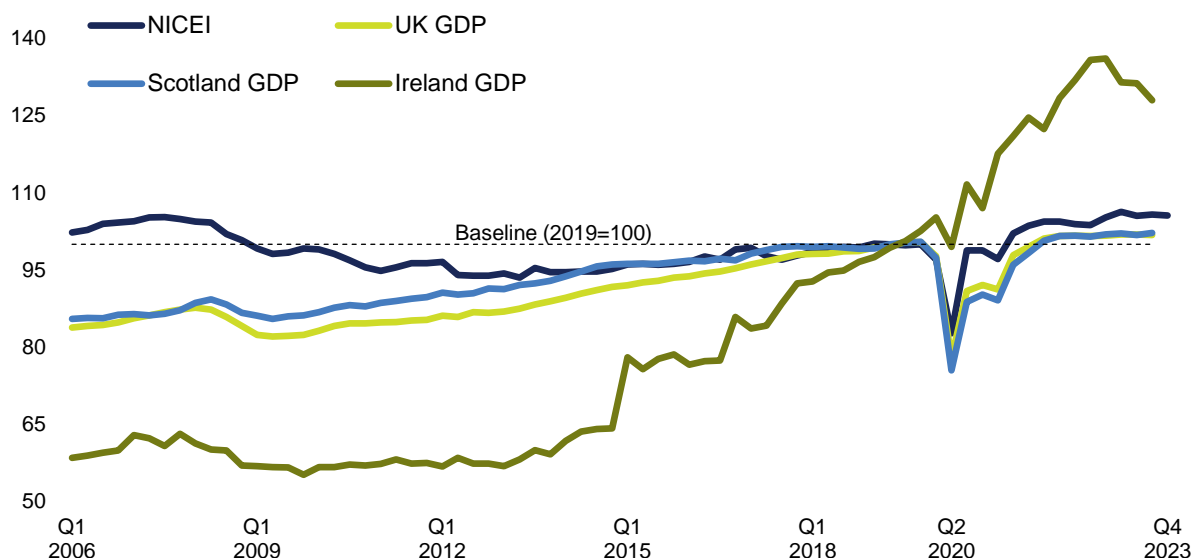
The Index of Production (IOP) sub-sector (B) Mining & quarrying had the largest increase in activity over the quarter (3.3%) followed by (C) Manufacturing (0.7%). There was declining activity across all Production sub-sectors over the year (B) Mining & quarrying, (C) Manufacturing (D) Electricity, gas, steam & air conditioning and (E) Water supply, sewerage & waste management (4.7%, 3.2%, 3.3% and 2.6% respectively). There was declining activity across all Production sub-sectors, over the rolling annual average (B) Mining & quarrying, (C) Manufacturing (D) Electricity, gas, steam & air conditioning and (E) Water supply, sewerage & waste management (1.8%, 2.1%, 9.5% and 4.0% respectively).

Latest results show that 'New Work' activity in the Construction sector increased over the quarter (0.2%) and decreased over the year and rolling annual average (5.5% and 0.6% respectively). 'Repair and Maintenance' activity decreased over the quarter (2.1%) and increased over both the year (6.5%) and the rolling annual average (15.2%).

5 Comparison with measures of GDP

NI is 5.6% 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 20.5% above the Pre-Pandemic level after rising sharply post pandemic. Output in Ireland, however, is now falling with a decline of 9.1% over the year.

Chart 4: NICEI*, comparison with selected GDP measures Q1 2006 – Q4 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 lowest level in Q2 2020 while in contrast Ireland's GDP lowest level recorded was in Q4 2009. In Q4 2023 the NICEI is now 0.7% below the peak output value recorded in Quarter 1 2023. Compared to the pre-economic downturn peak in Q3 2007 output is now 0.3% higher.

Whereas UK GDP is now estimated to be 15.7% 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 32 of the last 40 quarters while the NICEI has reported increases in economic activity in 22 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 4 2023

	Change on quarter	Change on year	Pre-Pandemic change	Rolling annual average change
NICEI	 -0.2%	 0.3%	 5.6%	 1.4%
UK	 -0.3%	 -0.2%	 1.1%	 0.1%
Scotland	 -0.6%	 -0.3%	 1.1%	 0.2%
Ireland	 -3.4%	 -9.1%	 20.5%	 -3.3%

Both NI and UK recorded decreased output over the quarter (0.2% vs 0.3%). NI had stronger growth over the year (0.3%) while UK decreased (0.2%) and both had an increase over the rolling annual average (1.4% vs 0.1%). Comparing against the pre-pandemic quarter (Q4 2019) economic activity in NI has shown stronger growth than the UK (5.6% vs 1.1%).

Both NI and Scotland recorded decreased output over the quarter (0.2% vs 0.6%). NI had stronger growth over the year (0.3%) while Scotland decreased (0.3%). NI also had larger growth in activity over the rolling annual average period (1.4% vs 0.2%). Comparing against the pre-pandemic quarter (Q4 2019) economic activity in NI has shown stronger growth than Scotland (5.6% vs 1.1%).

Ireland GDP decreased over the quarter (3.4%). Ireland has also recorded the strongest growth since pre-pandemic (20.5%), The latest results, however, point towards a downturn in activity as economic output is down significantly over the rolling annual average period (-3.3%).

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 – Q4 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 – Q4 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 – Q4 2023

Table 8: Data for Chart 4: NICEI, comparison with selected GDP measures Q1 2006 – Q4 2023

Table 9: Data for Table 1: Quarterly, annual, pre-pandemic and annualised change, NICEI compared with selected GDP measures to Q4 2023

Table 10: Comparison of the NICEI Series at Q4 2023 and Q3 2023, Q1 2006 – Q4 2023

Table 11: NICEI Sector Contributions to Quarterly Change, Q1 2006 – Q4 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

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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