

Economic Activity in Northern Ireland

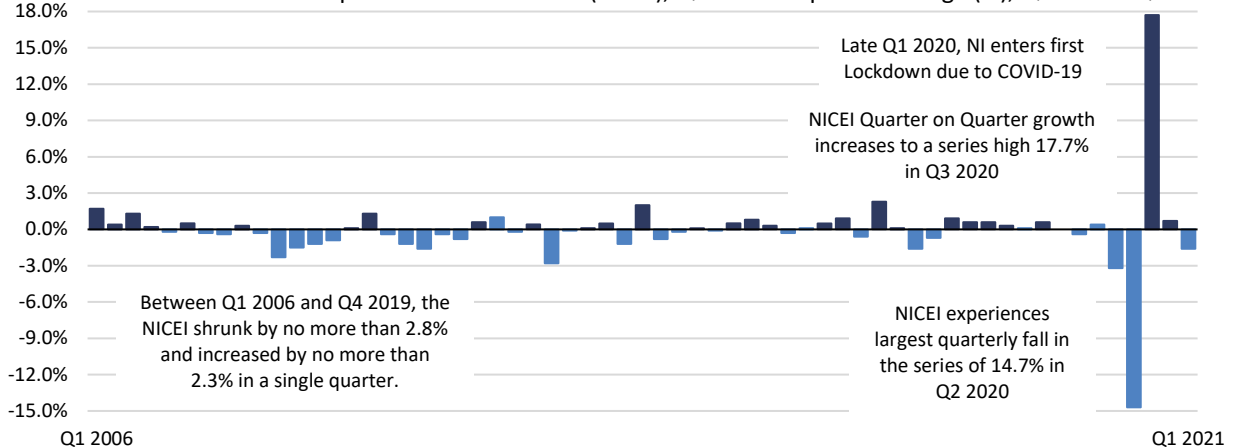
by quarterly NI Composite Economic Index (NICEI)

Quarter 1 (January – March) 2021

Experimental statistics

Economic activity decreased by 1.6% in real terms over the quarter to Quarter 1 2021, which coincided with an extended period of lockdown restrictions. Over the last two quarters the rate of change is more consistent with the longer term NICEI trend compared to Q2 & Q3 2020.

Chart 1: Northern Ireland Composite Economic Index (NICEI), Quarter on quarter change (%), Q1 2006 – Q1 2021



Quarterly growth	Annual growth	Annualised growth	Private Sector		Public Sector	
			Quarterly	Annual	Quarterly	Annual
-1.6%	-0.6%	-5.8%	-2.2%	-1.1%	0.3%	0.9%
Q1 2021 compared with Q4 2020	Q1 2021 compared with Q1 2020	Q2 2020 to Q1 2021 compared with Q2 2019 to Q1 2020	Annualised -7.7%		Annualised 0.8%	

The results for the NICEI for Quarter 1 2021 show that economic output in Northern Ireland in real terms, decreased by 1.6% over the quarter and decreased by 0.6% over the year to Quarter 1 2021. Annualised average growth (average of the four quarters to Quarter 1 2021 compared with the previous four quarters) equated to a decrease of 5.8%.

Although the measures are not produced on a fully equivalent basis, [UK Gross Domestic Product \(GDP\)](#) decreased by 1.6% over the quarter and decreased by 6.1% over the year to Quarter 1 2021. Over the same timeframe, GDP in [Ireland](#) increased by 7.8% over the quarter and increased by 12.8% over the year to Quarter 1 2021.



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Context

The Northern Ireland Composite Economic Index (NICEI) is a quarterly measure of economic activity in NI based on available official statistics¹. The NICEI statistics in this release are experimental statistics which are still undergoing evaluation and are subject to revision (please refer to the background notes for further information).

This report covers the period 1st January to 31st March 2021 (Q1 2021) and is the fifth NICEI release to cover the COVID-19 shock to the economy. Q2 2020 featured some of the strictest lockdown restrictions for the majority of the period resulting in the NICEI dropping to an all-time low point in Q2. Q3 2020 was generally characterised with an easing of restrictions for the majority of the period, thereby allowing business activity to resume to a certain extent resulting in increasing output. That said, a number of further restrictions were announced going into Q4 2020 in mid-October and again in mid-November. There was a relaxation of lockdown restrictions for two weeks in December, but lockdown was reintroduced at the end of December and extended throughout Q1 2021, thereafter starting to ease towards the end of April (i.e. Q2 2021). This has impacted on business activity over the period, with economic output falling 1.6% over the quarter.

A timeline of the restrictions put in place in NI is detailed on pages 10-14.

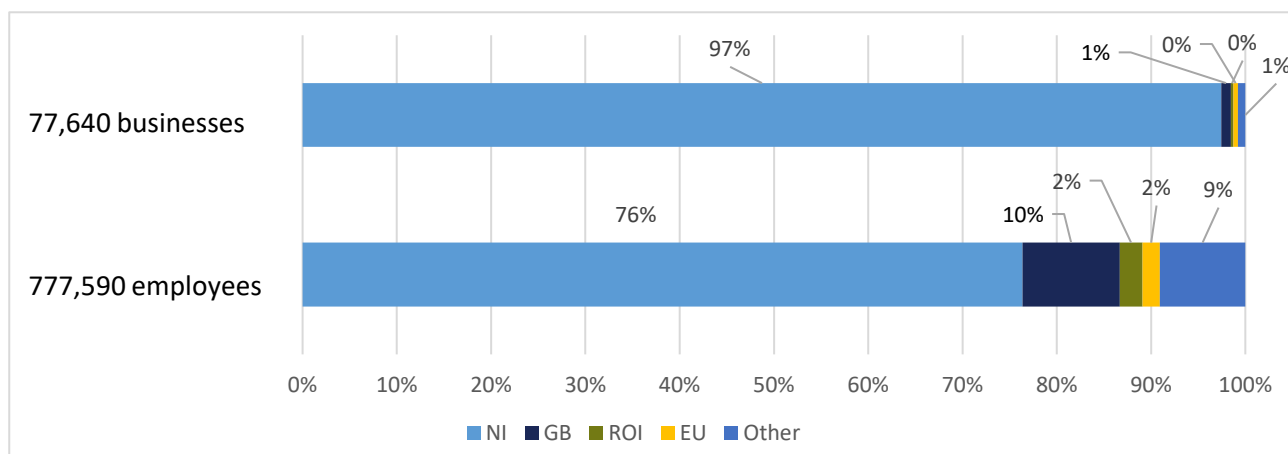
NICEI estimates for Quarter 1 2021 are subject to more uncertainty than usual due to the impact of the COVID-19 pandemic and subsequent periods of business closure. Further information is available in the Quality and methodology section of this release.

Profile of the Northern Ireland Economy

Latest figures from the NISRA [Inter Departmental Business Register](#) (IDBR) show that the number of VAT and/or PAYE registered businesses operating in Northern Ireland in 2021 is estimated to be 77,640; with 1,970 (2.5%) of these businesses having an ownership based outside of Northern Ireland. However despite the small share of the overall number of businesses, these organisations employ 183,680 (23.6%) of all employees in NI as demonstrated below.

¹ Published quarterly indices (Index of Services, Index of Production, Quarterly Construction Enquiry), public sector employee jobs data from the Quarterly Employment Survey, plus unpublished 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.

Chart 2: Breakdown of NI Businesses & Employees by country of ownership

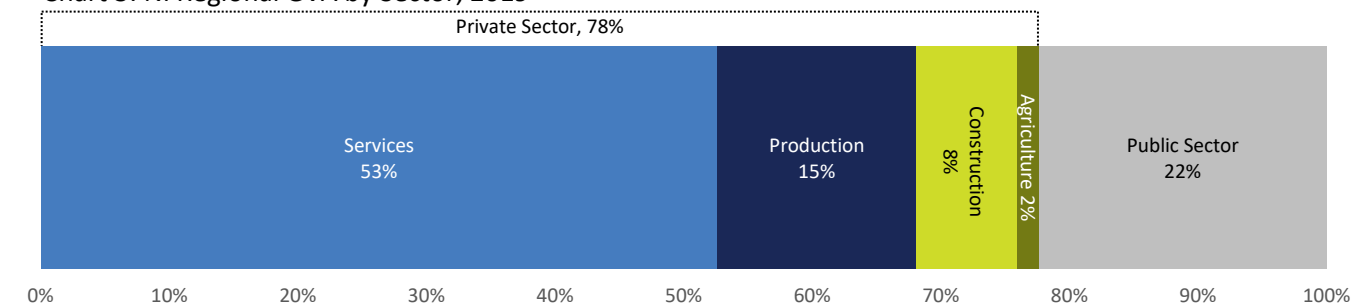


Source: NISRA [Inter Departmental Business Register](#); June 2021

Furthermore, the Department for Business, Energy and Industrial Strategy (BEIS) estimates that in 2020 there were approximately 77,000 unregistered businesses, employing 83,000 people² which is in addition to the figures reported by the IDBR.

In terms of the value of the Northern Ireland economy, the Office for National Statistics (ONS) estimate that in 2019 Gross Value Added (GVA)³ was £42.2bn. The chart below illustrates the sectoral breakdown of the NI Economy based on ONS regional GVA data. These figures are used to weight the respective industries' contribution to the overall output calculations for NI. We estimate the public split of GVA using detailed industry level employment shares as detailed in the [NICEI methodology paper](#).

Chart 3: NI Regional GVA by Sector, 2019



Uses of the NICEI

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.

The NICEI is used to help monitor progress of a range key government strategies in NI, notably the draft [Programme for Government](#) and [Industrial Strategy](#). The statistics in this release are also used by a broad range

² <https://www.gov.uk/government/statistics/business-population-estimates-2020>

³ As measured using the balanced approach. Further information can be found [here](#).

of users with an interest in assessing and reporting on the level of economic activity here, such as the Office for National Statistics (ONS), economists in the public and private sector, academics, media and the general public.

We welcome feedback to help us improve and add value to these statistics. Users with an in-depth interest in the area are also welcome to join our economic accounts user group. Contact David.Leonard@nisra.gov.uk.

The most up-to-date official statistics on the economy and labour market are available via the [Economic Overview](#) and the interactive [Quarterly Economic Output dashboard](#) sections of the [Economic and Labour Market Statistics \(ELMS\)](#) subsection of the NISRA website.

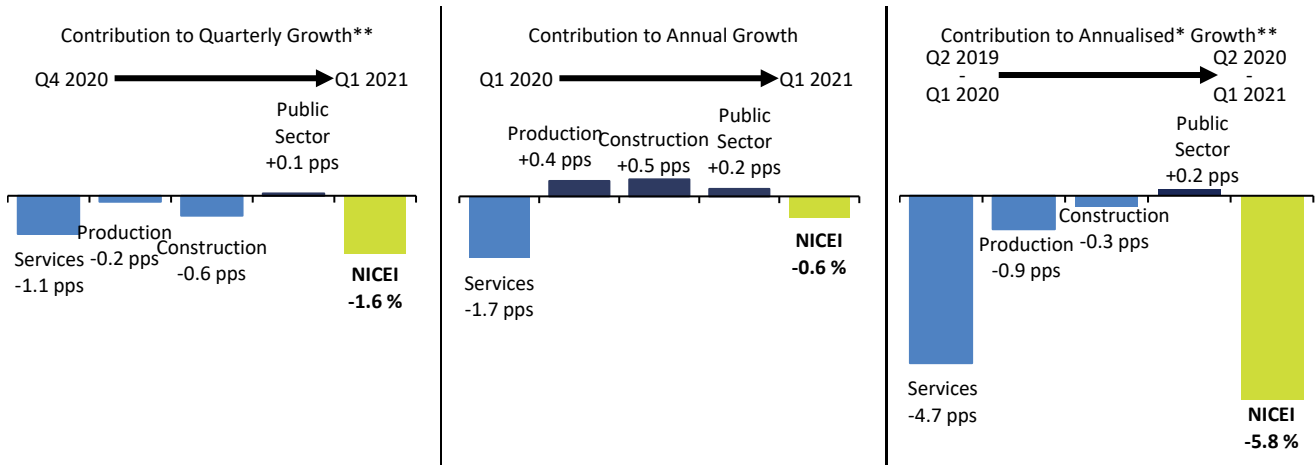
Draft Programme for Government 2016-2021

The Private Sector NI Composite Economic Index informed indicator 20 in the Draft Programme for Government (PfG) 2016-2021. Indications of worsening or improvement are no longer required for this purpose as monitoring ended in May 2021.

Contribution of sectors to overall NICEI growth

The decrease in economic growth over the quarter, year and rolling annual average to Q1 2021 has largely been driven by the decline in the Services sector. The Production and Construction sectors contributed to negative growth over the quarter and rolling annual average, but contributed positively over the year.

Chart 4: NICEI, Contribution to quarterly, annual and annualised growth



*Annualised growth rates are helpful in determining long-term trends. Rates are calculated after the index is 'smoothed' on a rolling 4 quarter average basis. The annualised rate is less prone to short-term volatility than the annual rate.

** May not sum due to rounding.

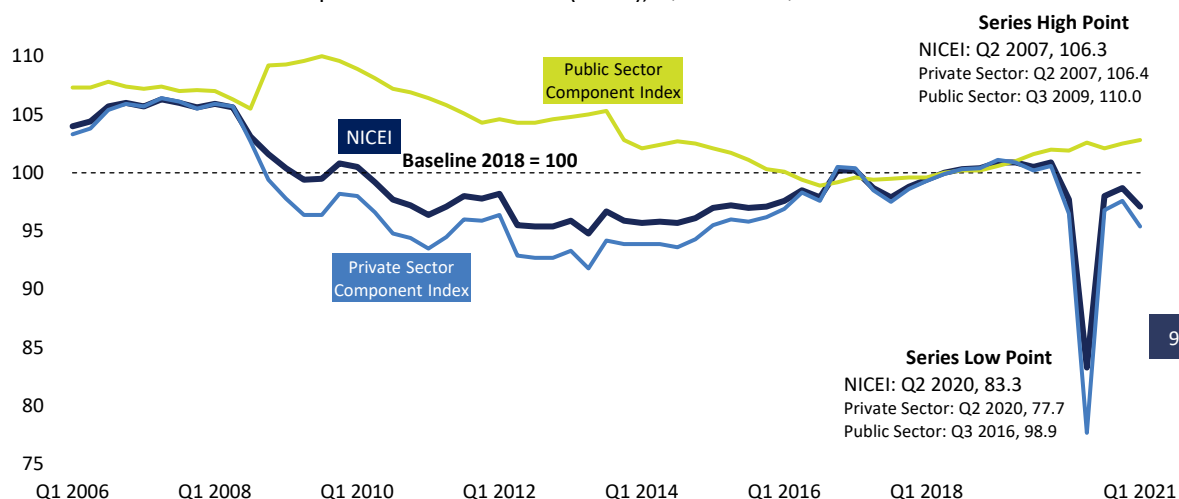
The reduction in the NICEI over the latest quarter (1.6%) was driven by decreased activity in the Services, Construction and Production sectors; which had a negative contributions of 1.1 percentage points (pps), 0.6 pps and 0.2 pps respectively. This was partially offset by an increase in the Public sector (a contribution of 0.1 pps).

The 5.8% annualised decrease in the NICEI (i.e. average of the four quarters to Quarter 1 2021 compared with the previous four quarters) was driven by decreased activity in the Services (a negative contribution of 4.7 pps), Production (a negative contribution of 0.9 pps) and Construction sectors (a negative contribution of 0.3 pps). This was partially offset by growth in the Public sector (a contribution of 0.2 pps).

Long-term NICEI trend

Economic activity had increased gradually in recent years, following the prolonged downturn post 2007. Over the quarter to Q1 2021, the NICEI and Private Sector Component Index have fallen slightly, the change over the last two quarters is more consistent with the longer term trends when compared to the pronounced 'V' in Q2 & Q3 2020, where the index achieved the highest and lowest Q on Q growth in the series.

Chart 5: Northern Ireland Composite Economic Index (NICEI), Q1 2006 – Q1 2021



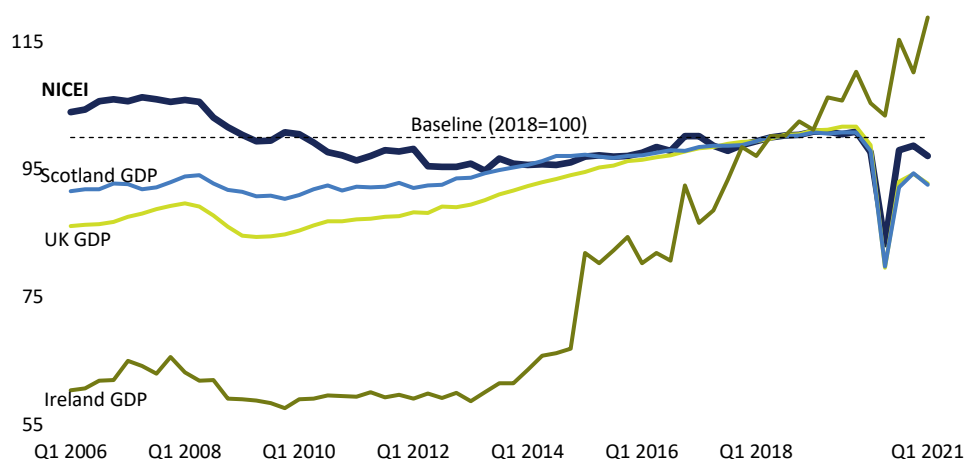
NICEI is currently 8.7% below the maximum value recorded in Quarter 2 2007. Over the last 5 calendar years, annualised growth has ranged between -6.4% and 2.0%, averaging -0.4% annualised growth per annum. The decrease in growth over the last quarter follows an increase in the previous quarter. These growth rates coincide with periods of imposing and relaxing lockdown restrictions in response to COVID-19. Following a general easing of lockdown restrictions in Q3 2020, restrictions were announced moving into and during Q4 2020, albeit restrictions were eased for two weeks in December followed by a strict lockdown was reintroduced at the end of December and extended throughout Q1 2021.

The NICEI time series is available in Table 1 in Appendix 1 and the accompanying data spreadsheet.

Comparison with measures of GDP

The level of economic activity in NI has decreased slightly over the quarter which coincided with an extended period of lockdown. NI change over the quarter is more consistent with the longer term NICEI trend compared to the pronounced 'V' experienced in Q2 & Q3 2020, where the index achieved the highest and lowest Q on Q growth in the series. UK GDP also experienced a reduction over the quarter, following a similar 'V' shape trend in Q2 & Q3 2020. UK GDP is now estimated to be 8.8% below its maximum in Q4 2019.

Chart 6: NICEI, comparison with selected GDP measures Q1 2006 – Q1 2021



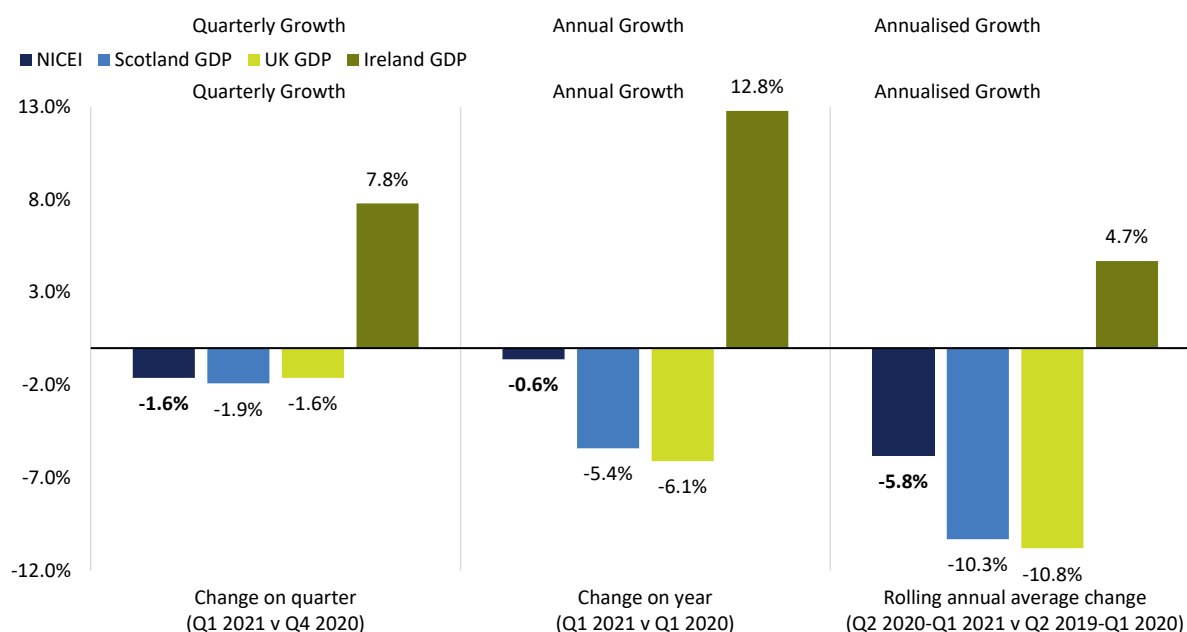
Although the [NICEI methodology](#) has been shown to provide a close short term approximation to the UK GDP series, readers are advised that due to differences in the underlying methodologies the measures presented here should not be considered as precisely like-for-like. The data are provided to give readers an indicative comparison of the levels of economic activity in the relevant countries.

Over the last 10 years, the UK has reported GDP growth in 34 of the last 40 quarters, whereas the NICEI has reported growth in 24 of the last 40 quarters. Recently growth has been slowing and over the last 2 years, NI has experienced 'positive growth' in 3 of the last 8 quarters. Over the same period the UK experienced 4 quarters of 'positive growth'.

While the NICEI is currently 8.7% below the maximum value recorded in Quarter 2 2007, UK GDP in Quarter 1 2021 is estimated to be 3.5% higher than its pre-economic downturn peak of Quarter 1 2008. That said, it's worth noting in Chart 6, that the NICEI achieved its series high in Q2 2007, whereas the UK reached its series high much more recently in Q4 2019. This suggests that the UK has had a shorter downturn since the 2008 recession and a faster recovery.

NI experienced a reduction in output over the quarter, year and rolling annual average. By comparison the UK and Scotland experienced a similar reduction in economic output over the quarter, but experienced a larger decline over the year and rolling annual average. Ireland experienced positive growth in Economic activity over the quarter, the year and the rolling four quarter average.

Chart 7: Quarterly, annual and annualised change, NICEI compared with selected GDP measures to Q1 2021



The NICEI indicates NI Economic Activity decreased at a similar rate to UK GDP over the quarter (1.6%), however UK GDP declined at a faster rate than the NICEI over the year (-0.6% vs -6.1%) and as measured through the average annualised growth (-5.8% vs -10.8%). In terms of growth rates, Ireland performed the best across the quarter, year and annualised 4 quarters.

ONS Regional Accounts

In May 2021 ONS published regional Balanced Gross Value Added balanced (GVA (B)) and Gross Domestic Product (GDP) for 2019⁴. These figures indicate that Northern Ireland had the third lowest real GVA (B) per head of population (£22,298) amongst the UK countries and 12 regions of the UK in 2019 (International Territorial Level (ITL) 1)⁵. NI GVA (B) per head increased by 2.0% in 2019, compared to 2.9% growth in the UK.

Further information on the GVA(B) estimates, including regional comparisons and details of the income components of GVA⁶ can be found on the [ONS website](#).

⁴ [Regional economic activity by gross domestic product, UK - Office for National Statistics \(ons.gov.uk\)](#)

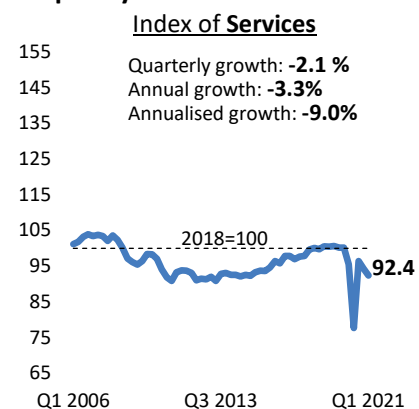
The production of regional and sub-regional GVA and GDP estimates is the responsibility of the Office for National Statistics (ONS). Any queries should therefore be addressed to ONS.

⁵ ONS note that while GDP per head can be a useful way of comparing regions of different size, comparisons can be affected by commuting flows into or out of the region. They should therefore be used with caution.

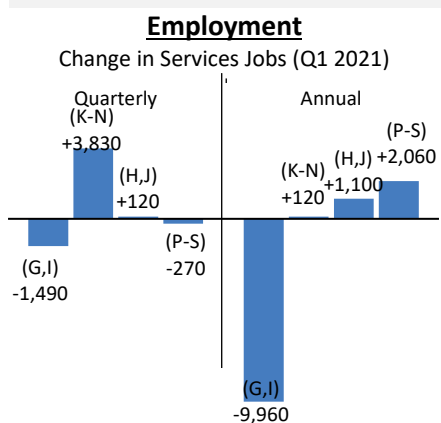
⁶ The income components of GVA comprise compensation of employees, plus gross operating surplus, plus mixed income, plus taxes on production, less subsidies on production.

Economic context to Q1 2021

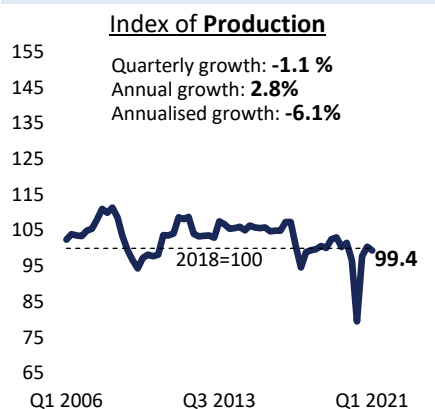
Output by sector



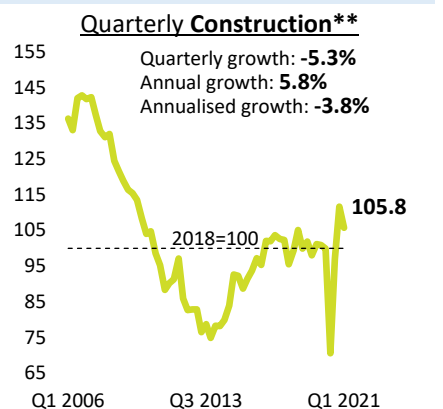
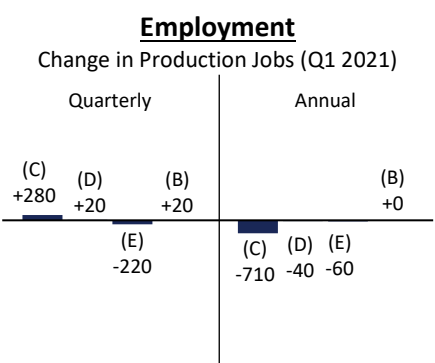
Growth by Sector	Quarterly	Annual	Annualised
(G,I) Wholesale & retail, motor vehicle repair, accommodation & food	-4.2%	-4.7%	-7.7%
(K-N) Business services & finance	4.2%	11.4%	-6.0%
(H,J) Transport, storage, Information & communication	-2.0%	-2.3%	-6.9%
(P-S) Other services	-13.5%	-23.5%	-26.4%



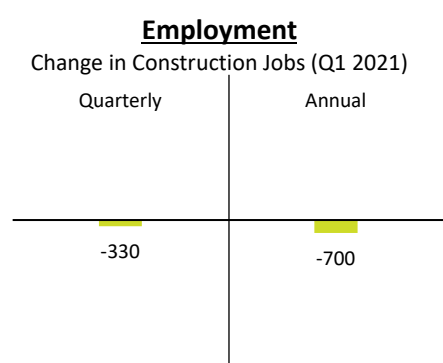
To access further detail, click on the underlined titles which link to the publications on the [NISRA website](#)



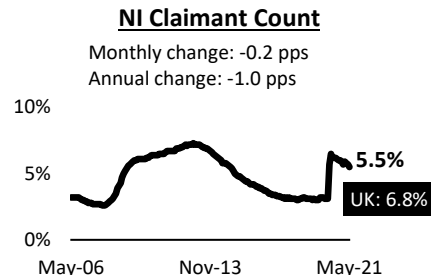
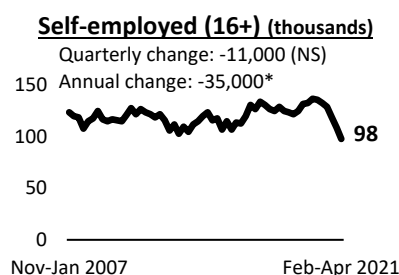
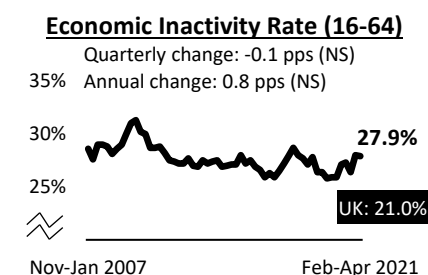
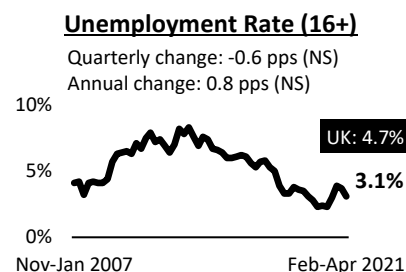
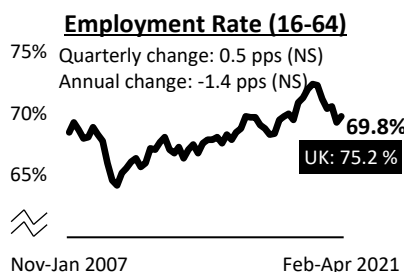
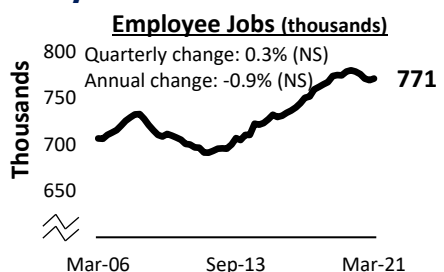
Growth by Sector	Quarterly	Annual	Annualised
(C) Manufacturing	-1.4%	2.0%	-5.9%
(D) Electricity, gas, steam & air conditioning	2.3%	-0.8%	-6.3%
(E) Water supply, sewerage & waste	-6.8%	0.8%	-10.7%
(B) Mining & quarrying	29.2%	52.1%	10.9%



Growth by Sector	Quarterly	Annual	Annualised
New work	-7.7%	-2.3%	-6.1%
Repair & Maintenance	0.3%	24.9%	0.7%



Key Labour Market Indicators



*statistically significant change (NS) not a statistically significant change **All construction i.e. including public sector

Economic commentary

The following section discusses the performance of the NI economy, how the NICEI component sub-sectors have performed and how the NICEI results compare with comparable figures for the UK, Scotland and Ireland.

This section provides an overview of how other important indicators, such as the labour market, mobility of people, consumer confidence and trade have performed since our last publication. These indicators all play a role in illustrating how the NI economy is affected by the current climate and help to understand what is driving the NICEI results.

We also provide an overview of some recent government interventions introduced to support businesses in these challenging times. Which provides further insight into the climate NI businesses are currently operating and the state of the local economy.

This is discussed under the following sub-sections:

- NICEI results in context;
- The NICEI and sub-sector results;
- Labour market performance;
- Impact on Mobility;
- Consumer spending;
- Measures implemented in response to COVID-19;
- Trade; and
- Looking forward.

NICEI results in context

This report covers the period 1st January to 31st March 2021 (Q1 2021) and is the fifth NICEI release to cover the COVID-19 shock to the economy.

The lockdown restrictions which started at the end of Q4 2020, carried on through Q1 2021 and the duration of the restrictions was extended on a number of occasions. Restrictions were beginning to ease towards the end of April (Q2 2021), which included the reopening of all Retail on the 30th April.

The table below provides an overview of when specific restrictions were implemented/eased in NI since March 2020.

Timeline of NI Lockdown measures: March 2020 - June 2021		
Quarter 1 2020	23 March 2020	The Prime Minister announces a nationwide lockdown to mitigate the spread of COVID-19. Measures included the closure of all shops selling non-essential items. People were only permitted to leave their home to shop for basic necessities, to exercise, for a medical need or to commute to work, but only where it is absolutely necessary and cannot be done from home.
	28 March 2020	The Executive agreed to adopt new powers from 11pm in response to the threat to public health posed by COVID-19. The powers compelled the closure of certain premises, prohibited anyone from leaving home without a reasonable excuse and gatherings of more than two people were banned.

Timeline of NI Lockdown measures: March 2020 - June 2021		
Quarter 2 2020	14 May 2020	Lockdown measures begin to be eased, with garden centres and household recycling centres permitted to open the following week. Marriage ceremonies were permitted in certain circumstances.
	18 May 2020	Further restrictions lifted - outdoor gatherings are permitted for up to six people not from the same household. Churches were allowed to open for private prayer, sports such as golf and tennis were permitted.
	11 June 2020	Restrictions lifted included indoor visits with one other household for those living alone, the provision of day-care places of worship and community centres, the opening up of the remainder of the retail sector and the housing market.
Quarter 3 2020	3 July 2020	Hotels, pubs, cafes and restaurants were permitted to open their doors for the first time since lockdown.
	9 July 2020	<p>A number of announcements relating to further easing of the lockdown arrangements were made including:</p> <p>The reopening of indoor fitness studios and gyms; bingo halls and amusement arcades; outdoor leisure playgrounds, courts and gyms; and cinemas from 10 July.</p> <p>The resumption of horse racing and outdoor equestrian competitions and outdoor competitive games and sporting events from July 11 for grassroots and professional sport but with no spectators allowed.</p> <p>The reopening of libraries from July 16, with protocols enacted to ensure social distancing.</p> <p>The reopening of indoor sport and leisure facilities, including skating rinks and leisure centres on July 17, but excluding swimming pools.</p>
	24 July 2020	<p>Further easing of lockdown restrictions, including:</p> <p>The maximum number of people who can gather in a residential setting increased from six to 10, with a requirement that they come from no more than four different households and an expectation that social distancing and other public health advice is observed.</p> <p>Spectators will be able to attend outdoor competitive games with numbers to be determined by the venue in line with public health advice.</p> <p>Swimming pools in leisure centres, hotels and private facilities will be able to open.</p> <p>Wet treatments in spas, such as saunas, steam rooms and hydrotherapy pools will be permitted to resume.</p> <p>Bowling alleys will be allowed to reopen.</p>
	20 August 2020	Restrictions tightened to reduce the number of people that can meet indoors to six people from two households. The number of people that can participate in an outdoor gathering, including in a private garden, reduces to 15 people.

Timeline of NI Lockdown measures: March 2020 - June 2021		
	21 September 2020	Further restrictions announced including no mixing of households in private dwellings with certain exemptions and no more than six people from two different households to gather in a garden.
	23 September 2020	Restrictions eased wet pubs permitted to open.
	29 September 2020	Restrictions announced for Hospitality sector pubs, bars, restaurants and cafes must close at 11pm.
Quarter 4 2020	14 October 2020	Further restrictions announced including: <ul style="list-style-type: none"> • Closure of hospitality sector apart from deliveries and takeaways for food, closing time of 11pm remains. • Close contact services such as hairdressers and beauticians not permitted to open. • Gyms may remain open for individual training only. • Work from home unless unable to do so. • No unnecessary travel should be undertaken. • Half term break for schools and colleges extended to a two week break to run from 19th to 30th October.
	19 November 2020	Two-week circuit breaker announced which included: <ul style="list-style-type: none"> • Closure of all retail except essential retail. • Closure of close contact services and driving instruction (not motorcycles). • Closure of all hospitality (except for accommodation for essential travel), Takeaway and delivery services permitted to remain open. • Closure of all leisure and entertainment. • Schools and childcare to remain open.
	4 December 2020	Restrictions eased. Shops, hairdressers, restaurants, places of worship and hotels permitted to re-open from 11 th December.
	8 December 2020	NI COVID-19 Vaccination programme begins.
	26 December 2020	Restrictions increased for a period of 6 weeks from December 26 th to 6 th February with a review on 21 st January. Staying at home is a legal requirement, unless there is a reasonable excuse to leave. <p>All retail businesses are required to close, except for essential retail.</p> <p>Hospitality venues such as cafes, restaurants, pubs, bars and social clubs must remain closed with the exception of takeaway, drive through and delivery. Leisure and entertainment venues are not permitted to open.</p> <p>Pre-school, primary and post primary schools are required to provide remote learning to pupils until the half term break in mid-February.</p>
	15 January 2021	Travel Corridor Suspended – All arrivals other than those on the short list of exemptions are required to isolate for 10 days on arrival.
	21 January 2021	Lockdown restrictions are extended until 5 March.
Quarter 1 2021	18 February 2021	Lockdown restrictions are extended until 1 April.
	18 February 2021	Pre-school, nursery and primary school pupils P1 to P3 will return to full-time teaching from 8 March. Years 12 to 14 will return to face to face teaching from 22 March.

Timeline of NI Lockdown measures: March 2020 - June 2021		
	<u>2 March 2021</u>	The Executive outlined its pathway to gradual easing of current restrictions. With formal reviews to be held on the 16 March, 15 April, 13 May and 10 June.
	<u>16 March 2021</u>	All primary school pupils to return to face to face teaching on 22 March. All remaining pupils (Years 8 to 11) will return on 12 April after Easter break.
Quarter 2 2021	<u>7 April 2021</u>	COVID-19 Vaccination figures from NI's Department of Health indicate that 790,860 first dose vaccinations and 167,923 second dose vaccinations have been administered.
	<u>15 April 2021</u>	<p>The Executive agrees a package of relaxations to the current Coronavirus Health Regulations. Including:</p> <p>From 23 April:</p> <ul style="list-style-type: none"> • Resumption of driving instruction and theory tests; • Re-opening of close contact services including training; • Re-opening of outdoor visitor attractions including outdoor activity centres; and • Competitive outdoor sport organised by a club, individual or individuals affiliated, with participant numbers not exceeding 100 and no spectators permitted can return. <p>From 30 April:</p> <ul style="list-style-type: none"> • Reopen all of retail; • Increase the numbers permitted to gather in Domestic Setting Outdoors – to 15 people from no more than 3 households; • Reopen and permit overnight stays in self-contained tourist accommodation for one household only; and • Reopen unlicensed premises, outdoors only with a maximum of 6 people from 2 households per table and contact details recorded.
	<u>24 May 2021</u>	<p>Executive announces a pathway for May because of the success of the vaccination program</p> <ul style="list-style-type: none"> • The relaxation of indoor/outdoor hospitality group limits from 6 to 10 and no meal requirement; • Allowing indoor domestic visits - 6 people from no more than 2 households; • Resume indoor group exercise and training in numbers limited to suit the venue; and • Increase numbers for outdoor gatherings to 500 or capped at risk assessment level if lower. This would allow up to 500 spectators at any outdoor event.
	<u>21 June 2021</u>	<p>Executive announces the next phase of Pathway out of restrictions for the month of June.</p> <ul style="list-style-type: none"> • Permit indoor gatherings in a domestic setting of 10 people from no more than two households; • Permit outdoor gatherings to the maximum allowed as per risk assessment for venue across all sectors. Over 30 people must be an organised gathering and would require a risk assessment; and • Enable close contact services to open without appointments but with remaining mitigations.

Timeline of NI Lockdown measures: March 2020 - June 2021		
	27 June 2021	The number of vaccines administered in Northern Ireland has passed the 2 million mark which includes both 1 st and 2 nd doses. 80% of the Adult population have received their first jab and close to 60% have had their 2 nd .

NICEI and sub-sector results

In terms of NI's economic performance to Q1 2021, the NICEI indicates NI economic output decreased by 1.6% in real terms over the quarter and by 0.6% over the year to Quarter 1 2021.

The annualised rate of growth (i.e. the most recent four quarters compared to the previous four quarters) decreased by 5.8% over the period.

It is evident in Chart 4 that the private sector, which accounts for 78% of NI GVA, has been driving the performance in terms of the reduction over the quarter, year and rolling four quarter average and in particular the Services sector.

Over the shorter term (i.e. quarter) the overall decrease in the NICEI was driven primarily by the Services sector (-1.1 pps) with the Construction and Production sectors contributing -0.6 pps and -0.2 pps, respectively. Over the medium term (i.e. annual) the reduction in the NICEI was driven by a reduction in the Services sector (1.7 pps) which was offset by positive contributions from the Construction (0.5 pps), Production (0.4 pps) and the Public sector (0.2 pps).

Looking at the performance of the sub-sectors of the Index of Services in the Economic Context to Q1 2021 section (Page 9), it is clear there was a notable decline over the quarter, year and rolling annual average. The only exception to this is the (K-N) Business services & finance category which increased by 4.2% over the quarter and 11.4% over the year.

(P-S) Other Services experienced the largest reduction over the quarter and the year (-13.5% and -23.5% respectively.) Meanwhile both (G,I) Wholesale & retail, motor vehicle repair, accommodation & food and (H,J) Transport, storage, Information & communication sectors experienced broadly similar reductions over the quarter and the year. (G,I) experienced a reduction of -4.2% over the quarter and -4.7% over the year. While (H,J) fell by -2.0% over the quarter and -2.3% over the year.

The trends in the Index of Production sub-sectors were mixed, (B) Mining & Quarrying experienced the highest positive growth over the quarter (29.2%), year (52.1%) and rolling annual average (10.9%). The remaining sub-sectors only experienced growth over the quarter or the year. For example, (D) Electricity, gas, steam & air conditioning experienced 2.3% growth over the quarter but a 0.8% fall over the year. (E) Water supply, sewerage & waste reduction and (C) Manufacturing both experienced a reduction over the quarter (6.8% and 1.4%, respectively) and growth over the year (0.8% and 2.0%, respectively).

Looking at the breakdown of the Construction sector, (via the Quarterly Construction Enquiry) on page 9, the decrease over the quarter reflects a decrease in 'New Work' (7.7%) however there was an increase in 'Repair & Maintenance' (0.3%). Over the year to Q1 2021 'Repair & Maintenance' grew by 24.9% whilst 'New Work' fell by 2.3%

Furthermore comparisons with the GDP of the UK, Scotland and Ireland (see chart 7) indicates NI, Scotland and the UK all experienced a decline over the quarter, 1.6%, 1.9% and 1.6% respectively, compared to Ireland which had a positive growth of 7.8%. Over the year and rolling four quarters NI output reduced at a lower rate 0.6% and 5.8% respectively compared to the UK (-6.1% and -10.8%) and Scotland (-5.4% and -10.3%). Economic activity in Ireland was positive over the year reporting an increase of 12.8% and an increase of 4.7% over the annualised four quarters.

Chart 6 indicates NI, Scotland and UK output all fell to their minimum level over the time period in Q2 2020. It can also be seen that the NICEI achieved its series high in Q2 2007 whereas the UK reached its series high much more recently in Q4 2019. This suggests that the UK has had a shorter downturn since the 2008 recession and a faster recovery prior to COVID-19.

Labour market performance

Looking at the recent trends from the latest [labour market statistics](#) published by NISRA, the NI Claimant Count, which includes Jobseeker's Allowance claimants and those claimants of Universal Credit who were claiming principally for the reason of being unemployed, decreased to 5.5% of the NI workforce in May 2021 (54,300 people).

Data for February to April 2021 shows that the changes to NI Employee Jobs, the Employment Rate (16-64), Unemployment Rate (16+) and Economic Inactivity Rate (16-64) were not statistically significant. The change in Self-employed (16+) was statistically significant over the year but not over the quarter.

Employment status⁷ on the Labour Force Survey⁸ is self-reported, with people classifying themselves as being either an employee or self-employed. Analysis at a UK level shows that the recent increases in employees and decreases in self-employed people have been driven, in part, by a movement from self-employed to employee status. Of those who switch, the number who had changed jobs has been similar to pre-pandemic levels. Consequently, some of the fall in self-employment comes from people who have changed to classifying themselves as an employee, even though they have not changed jobs. The number of people in this group has decreased over recent periods but is still above pre-pandemic levels.

It should be noted that the employment rate and also employee jobs figures quoted both include furloughed workers, as those who are temporarily away from work and expected to return to are included within the Employment definition (further detail on the number of furloughed workers and those claiming through the self-employed support scheme is available on page 18).

Impact on Mobility

One of the key features of the lockdown restrictions put in place has been the impact on mobility, people movement and transportation. Since the onset of the pandemic there has been large reductions in the volume of traffic around the NI and Ireland border, air traffic and commercial footfall. All of this reduced activity has ultimately contributed to reduced consumer spending, tourism and general business activity, contributing to a fall in economic output.

- **Cross Border Traffic flows**

Latest figures from the Transport Infrastructure Ireland (TII) Traffic Data website which is collected from 15 traffic counters at border locations⁹ on the National Road Network of Ireland shows the volume of traffic dropped from 2.9m vehicles in March 2020 to 1.1m in April 2020, a decrease of 61.3%. In April 2020, the volume of traffic has reduced by 71.2% compared to April 2019.

⁷ [Employment in the UK - Office for National Statistics \(ons.gov.uk\)](#)

⁸ The Labour Force Survey data from January-March 2020 to March-May 2021 are due to be reweighted on 15th July.

⁹ Users should note that the data is collected at fifteen border locations, and are therefore a subset of all border crossings and would not present full coverage of all vehicle border crossings. Due to the location of the traffic counters, it is possible that vehicles captured in the data do not cross the Northern Ireland-Ireland border.

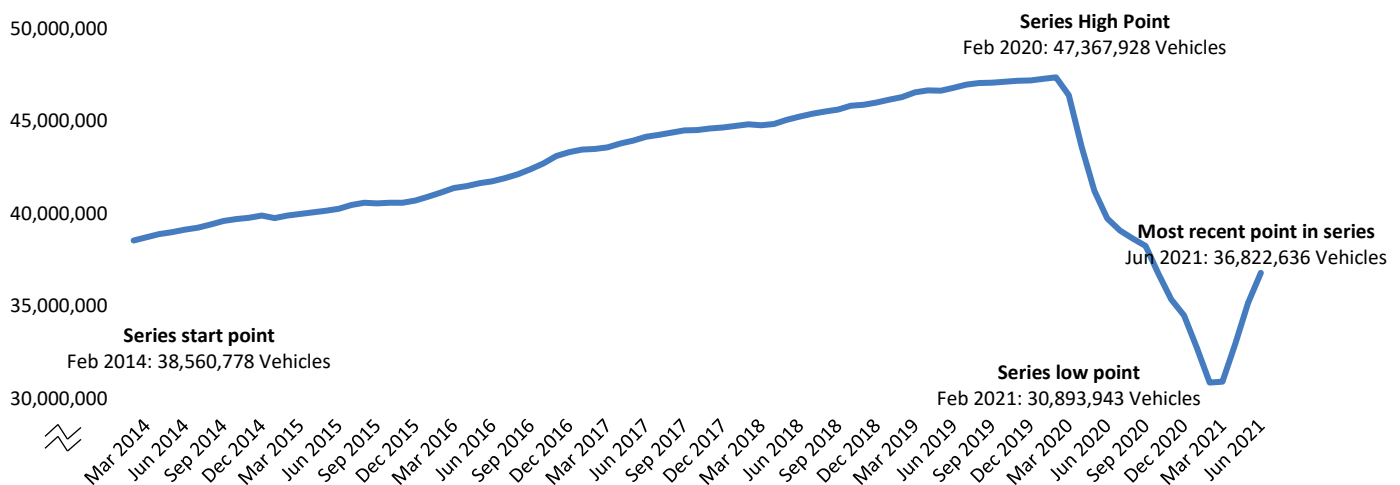
Further NISRA analysis of the data¹⁰ shows the reduction in traffic at these border locations when compared to the same month in 2019 (i.e. pre COVID-19) began to slow in April (-19.2%) and May 2021 (-3.8%) and in June 2021 the volume of traffic was greater than that recorded in June 2019 (+3.5%).

The chart below shows the rolling 12 month volumes for all traffic from March 2014; the impact of the pandemic and associated lockdown measures can be clearly seen from March 2020.

As previously stated, when we compare the most recent monthly traffic data at the 15 border locations with their last pre COVID-19 equivalent month for comparison, it is evident the decline in cross border traffic at these locations is slowing and most recently increased. In June 2021, 4.3m vehicles were observed by the 15 traffic counters at border locations, 1.6m vehicles (or 61.1%) more than observed in June 2020 and 144,000 vehicles (or 3.5%) more than recorded June 2019 (i.e. pre COVID-19).

There has been a 19.2% increase in all vehicle traffic at border locations on the National Road Network of Ireland between the series low in February 2021 and June 2021. This follows the sharp 34.8% reduction in all vehicle traffic at border locations between February 2020 and February 2021 as measured by the rolling 12 months counts.

Chart 8: Transport Infrastructure Ireland (TII) traffic count of all vehicles at the fifteen NI-IE border sites; rolling 12 months Feb 2014 onwards



- Activity at NI airports

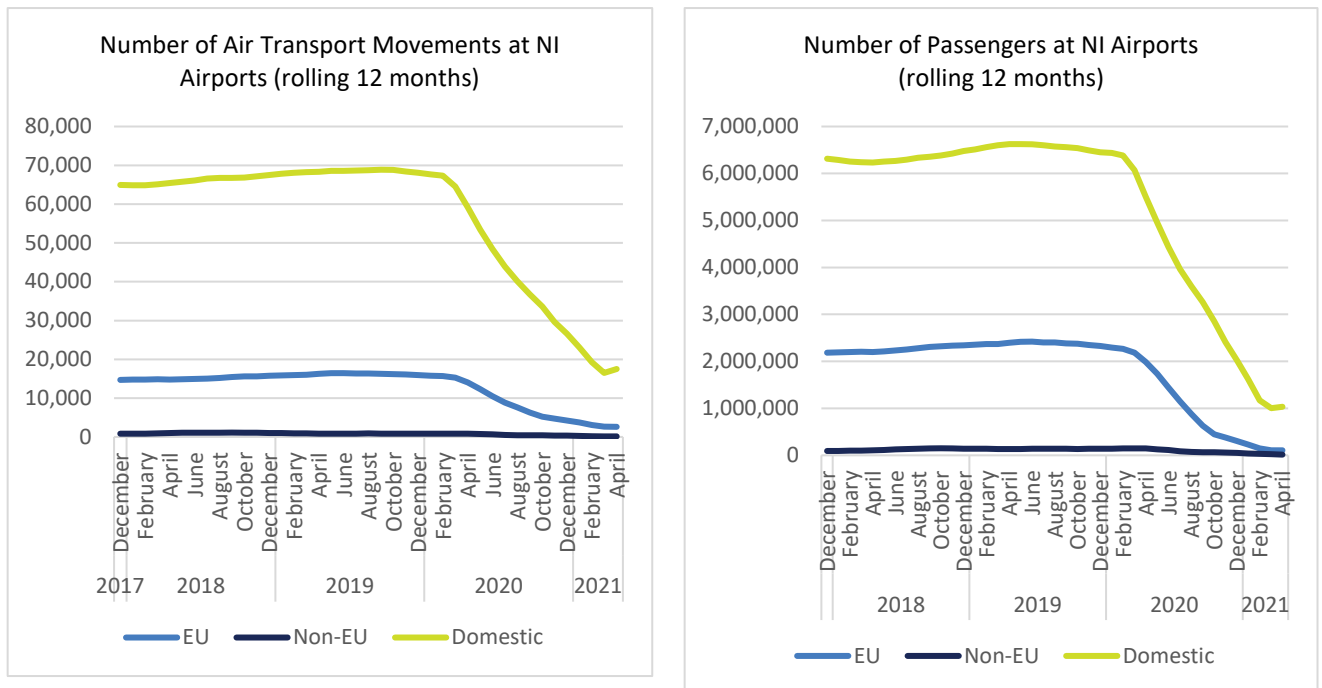
Similarly, Civil Aviation Authority (CAA) data shows a sharp decline in the number of air transport movements at NI airports since February 2020. Air travel has dropped significantly since lockdown was introduced. In February 2020 there were 559,213 passengers moving through NI airports; this fell to 296,860 in March, a 46.9% reduction. The numbers have continued to fall to May 2020 when there were only 6,078 passengers recorded across all three of NI's airports. This represents a reduction of 99.3% compared to May 2019. That said, passenger numbers had started to increase since May 2020 rising to 254,499 in August 2020, from then passenger numbers broadly speaking have been on a downward trajectory falling to 40,186 in February 2021. Since February 2021 the number of passengers travelling through NI Airports has started to increase, rising to 87,527 in April 2021.

¹⁰ More detailed analysis by vehicle types and month can be found [here](#).

The scale of the decline in activity is clear when you look at the rolling 12-month numbers of transport movements and passenger numbers at NI airports i.e. the sum of movements over the 12 months up to the current period.

There has been a significant reduction in air transport movements and the number of passengers at NI Airports since February 2020. Falling 72.6% and 84.9% respectively between April 2020 and April 2021 as measured by the rolling 12 month figure

Chart 9: Civil Aviation Authority (CAA) number of transport movements and air passengers at NI airports, December 2017 – April 2021



Source: [Airport Data, Civil Aviation Authority](#)

- Mobility Report

The Department of Health publishes a [COVID-19 Mobility Report](#), based on data from [Google's Community Mobility Reports](#) which is publically available. The data captures movement trends in NI across a number of categories, namely 'Retail & recreation', 'Supermarket & pharmacy', 'Parks', 'Public Transport', 'Workplaces' and 'Residential'.

Comparing mobility on the 25th June 2021 against the baseline day for that day of the week between 3rd January and 6th February 2020, at the NI Council average, NI mobility was notably higher in 'Parks' & 'Supermarket and Pharmacy' at 21% and 19% respectively above normal levels. Meanwhile 'Residential' was 4% above and 'Retail & recreation' was 1% lower than the baseline. Notable decreases in NI activity were observed in 'Public Transport' and 'Workplace' - reductions of 24% and 22% respectively compared to normal levels.

Consumer spending

Uncertainty around job security combined with the imposition and relaxation of restrictions on people movement and business operations has meant that consumer spending has been volatile over the last number of quarters. This is apparent in the variance in quarterly growth experienced by the Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service (sectors G & I) as reported by the NISRA [Index of Services](#). Sectors G & I decreased by 17.3% (to a series low) over the quarter to Q2 2020, and

increased by 26.7% over the subsequent quarter. Over the two most recent quarters G & I has declined, decreasing by 5.1% to Q4 2020 and falling again by 4.2% to Q1 2021.

- **Consumer confidence**

Danske Bank report there has been an increase in consumer confidence in the first quarter of 2021 which was supported by the rollout of the coronavirus vaccine program. The Danske Bank Northern Ireland Consumer Confidence Index¹¹ increased to 137 in Q1 2021, up from 124 in the fourth quarter of 2020, and above the value of 119 posted in Q1 2020.

Other notable points from the report include 49% of people said the vaccine program had the largest positive impact on their confidence. In terms of factors which negatively impacted confidence, 33% of people said that the new Post Brexit trading arrangements in Northern Ireland made them feel less confident.

Looking forward, 26% of respondents expected their finances to improve over the next twelve months compared to 21% who expect their financial position to worsen. It was also reported that 10% of respondents expected to become more secure in their job, while 15% of those surveyed expected their job security to worsen.

- **Car registrations**

According to [The Society of Motor Manufacturers and Traders](#) there has been a notable increase in new car registrations at the UK level. To the end of June 2021 there has been a 39.2% increase in new car registrations over the year to date (909,973), compared with the same period last year (653,502).

Measures implemented in response to COVID-19

Although the full effects of COVID-19 on the local economy aren't known at this stage, the impact is likely to be significant. Government has been implementing a range of measures to support businesses and workers to help mitigate the economic shock. An update on a number of these measures is provided below.

- **UK Government Measures**

In response to the pandemic the UK government has implemented a range of support packages to help businesses to survive the sudden shock to the economy. The uptake of these schemes also provides a further indication of the scale of the downturn in economic activity.

The UK government implemented the Coronavirus Job Retention Scheme (CJRS) on the 20th March 2020 in order to support employers who have been unable to undertake their normal activities through the COVID-19 period. It was announced on the 3rd March 2021 that the CJRS will be extended until 30th September 2021.

HMRC report that up to the 31st March 2021¹² (end of Q1 2021) 102,200 staff in Northern Ireland were either fully or partially furloughed through the CJRS, (out of 754,800 eligible employments, an up take rate of 13.5%). On the 31st May 2021¹³ the number of workers furloughed fell to 58,600, out on an eligible 746,300 employments (a take up rate of 7.9%), coinciding with an easing of lockdown restrictions by the NI Executive from April 2021.

¹¹[Danske Bank Consumer Confidence Index 2021 Q1](#) Note that the survey was carried out during March 2021.

¹²[Coronavirus Job Retention Scheme statistics: 3 June 2021](#)

¹³[Coronavirus Job Retention Scheme statistics: 1 July 2021](#)

In addition, the government also introduced the Self-Employment Income Support Scheme (SEISS) which provides support for self-employed individuals whose business has been adversely affected by COVID-19. A fifth SEISS grant is available to eligible self-employed individuals whose business is currently trading and impacted by reduced demand due to coronavirus or had been trading but is temporarily unable to do so due to coronavirus between May 2021 and September 2021. The fifth grant will be open to claims from late July 2021 and is worth up to 80% of average monthly trading profits, paid out in a single instalment covering three months' worth of profits, and capped at £7,500 in total.

To the 6th June 2021, 53,000 claims were made (out of 95,000 potentially eligible population, an up take rate of 55.8%) to the fourth Self-Employment Income Support Scheme (SEISS); these claims totalled £146m¹⁴.

- **NI Government Measures**

At the Northern Ireland level, further support packages have been announced aimed at mitigating the impact of COVID-19.

Large Net Annual Value (NAV) Business Grant Scheme

A Large NAV Business Grant scheme was announced on the 21st April providing a one-off £50,000 grant to eligible businesses to help them with the impact of COVID-19. The scheme was delivered by Land & Property Services and aimed to provide financial support to businesses occupying large commercial premises with a Net Annual Value (NAV) of over £51,000 and had qualified for the 12 month rates holiday. The deadline for applications to the scheme was extended to the 14th May. On the 24th June, DoF announced that £27.25m¹⁵ was issued to 552 businesses under the scheme.

Manufacturing (Industrial Derating) Support Grant

A one-off £25,000 automatic grant payment was made to manufacturing businesses operating from commercial premises with a Net Annual Value (NAV) between £15,001 and £51,000. On the 26th April it was announced that almost £21m¹⁶ in grants was issued to 850 manufacturing businesses.

Business top up payments

A businesses top up scheme offering grants of between £5,000 and £10,000 was announced on the 30th June¹⁷. These top up payments are for businesses which received either the £10,000 Small Business Support Grant or the £25,000 Retail, Tourism, Hospitality and Leisure Grant last year, but which did not receive any funding during the most recent restrictions. The online portal for applications closes on the 28th July 2021.

Trade

Most recent figures from the [HMRC Regional Trade Statistics](#)¹⁸ show that in the year to March 2021 compared to the previous 12 months, the overall value of UK trade in goods exports decreased by 14.9% compared with the same period last year and the overall value of imports decreased by 11.9%.

¹⁴ [Self-Employment Income Support Scheme statistics: July 2021](#)

¹⁵ [Over £27 million issues to hundreds of businesses in grant support – Murphy | Department of Finance \(finance-ni.gov.uk\)](#)

¹⁶ [Almost £21 million to issue to over 850 manufacturers – Murphy | Department of Finance \(finance-ni.gov.uk\)](#)

¹⁷ [Grant portal opens for business top up payments – Murphy | Department of Finance \(finance-ni.gov.uk\)](#)

¹⁸ Note that HMRC do not collect any data on trade between NI and GB

At the NI level, exports of goods during the year to Q1 2021 (i.e. Q2 2020 - Q1 2021) equated to £7.5bn which represents a 16.6% decrease compared to the value of exports during the year to Q1 2021. NI's imports during the same period were £6.8bn which represents a decrease of 12.4% compared to the year to Q1 2021.

All UK countries (and English regions) experienced a decrease in export and import values over the year to Q1 2021 compared with the previous 12 months.

During this period NI's top export market was the Republic of Ireland (£3.0bn) and the top import market was the Republic of Ireland (£2.2bn).

The top commodities traded by NI businesses was 'Machinery and Transport Equipment' with £2.5bn of exports (down 26.0% over the year to Q1 2021 compared to the year to Q1 2020) and £1.5bn of imports (down 22.6% over the year to Q1 2021).

The Central Statistics Office (CSO) Ireland recently published preliminary figures on the [value of goods exports and imports in April 2021](#), the CSO note in their publication '...from 1st January 2021 all trade in goods with Great Britain (excluding Northern Ireland) is treated as non-EU trade and must be reported to Revenue's Customs declaration systems. Prior to this, data on trade with Great Britain were collected via the Intrastat survey. Under the Revised Protocol on Ireland and Northern Ireland, Northern Ireland is legally part of the customs territory of the UK, but effectively remains within the EU Single Market for the movement of goods. In practise, this means that trade in goods with Northern Ireland continue to be reported on the Intrastat survey and on VAT returns. ...'

CSO report that imports from Great Britain decreased by €229 million (-20%) to €920 million in April 2021 compared with April 2020, whilst exports to Great Britain increased by €306 million (+42%) in April 2021 to €1,031 million when compared with April 2020.

Conversely, trade in goods with Northern Ireland was reported to have increased over the period with CSO reporting that imports from Northern Ireland increased by €159 million (116.1%) to €296 million in April 2021 compared with April 2020, whilst exports to Northern Ireland increased by €129 million (92.8%) in April 2021 to €268 million when compared with April 2020.

It should be noted that care needs to be taken when interpreting these trade statistics because of the changes to how the figures have been collected following the UK's exit from the EU.

Looking forward....

The 1.6% reduction in economic activity in NI over the quarter to Q1 2021 should be considered in the context of NI lockdown restrictions over the period. Restrictions were imposed at the end of the previous quarter (26th December) and were extended on a number of occasions before lockdown began to ease at the end of April 2021. The change over the last two quarters is more consistent with the longer term NICEI trend, when compared to the largest quarterly reduction and upsurge the NICEI experienced in Q2 & Q3 2020 (-14.7% and 17.7% respectively).

The UK and NI governments have continued to provide assistance to firms and employees impacted by COVID-19, including the Coronavirus Job Retention Scheme and the fifth Self-Employment Income Support Scheme, both of which are currently due to close at the end of September 2021 and to date have mitigated some of the

negative impacts of the pandemic. The take up rate of both the CJRS and SEISS grants schemes have been falling overtime as restrictions have been eased and business activity has picked up.

Furthermore the rollout of the NI COVID-19 vaccination scheme has successfully administered 2 million vaccines between December¹⁹ and the end of June²⁰. At the time of writing 80% of the NI adult population have received their first jab and close to 60% have received their second. The Danske Bank Consumer Confidence Index²¹ noted the rollout of the NI vaccination programme had the largest positive impact on the confidence levels on 49% of respondents.

In addition to the Department for the Economy (DfE) publishing their [Economic Recovery Plan “Rebuilding a stronger economy”](#) in February, DfE published their [10X Economy – an economic vision for a decade of innovation](#) in May which focuses on the core technologies and clusters where Northern Ireland can be a global leader within the next decade. The strategy identifies five priority clusters for NI (listed below) where there is deemed to be significant capability and capacity with the potential to drive the economy forward.

- Digital, ICT and Creative Industries;
- Agri-Tech;
- Fintech/ Financial Services;
- Advanced Manufacturing and Engineering; and
- Life and Health Sciences.

The 10x vision will be supported by a new Economic Policy Unit to drive delivery, create a shared goal of delivering on the 10x vision within the Department for the Economy, and connect the dependencies with their strategic and delivery partners.

In addition, to addressing the impact of COVID-19 on the NI economy, NI will also need to adapt to the new arrangements set out in the [NI Protocol](#) to ensure goods flow effectively between Great Britain and NI.

Adapting to the new landscape created by COVID-19 on a global scale in addition to the outworking’s of the NI Protocol means that NI businesses are faced with a challenging time ahead. The extent of the full impact of the pandemic and the outworking’s of the NI Protocol will become clearer as more data becomes available in the future.

Recent ELMS publications you may have missed...

[Index of Services](#) – 17/06 [Labour Market Report](#) - 15/06 [Facts and Figures from the IDBR](#) - 10/06
[Index of Production](#) – 17/06 [Quarterly Employment Survey](#) - 15/06

Other NISRA publications can be found on the [NISRA website](#).

Recent DfE publications you may have missed...

[10X Economy - an economic vision for a decade of innovation](#) – 11/05
[Economic Research Digest & Skills Research Digest Q1 2021](#) – 12/05
[DfE monthly economic update - June 2021](#) – 18/06
[DfE economic commentary – Summer 2021](#) – 25/06
[10X Economy Research Programme 2021-22](#) – 02/07
[Spillovers from inward investment - a comparison of Northern Ireland with the rest of the UK](#) – 09/07

Other recent publications you may have missed...

¹⁹[Vaccination programme includes first care home on first day | Department of Health \(health-ni.gov.uk\)](#)

²⁰[Vaccination drive hits 2m landmark | Department of Health \(health-ni.gov.uk\)](#)

²¹ [Danske Bank Consumer Confidence Index 2021 Q1](#) Note that the survey was carried out during March 2021.

[ONS - GDP, UK regions and countries: July to September 2020](#) – 05/05

Please note, the NICEI figures quoted in the above ONS paper are superseded by subsequent NICEI releases, which were published after the ONS UK regions and countries methodology cut-off date.

[ONS - Understanding the business impacts of local and national restrictions: May 2021](#) – 25/05

[ONS - Regional economic activity by gross domestic product, UK: 1998 to 2019](#) – 26/05

[ONS - Coronavirus and the impact on output in the UK economy: April 2021](#) - 11/06

[ONS - UK economic accounts: January to March 2021](#) – 30/06

[ONS - Quarterly economic commentary: January to March 2021](#) – 30/06

[ONS - Business insights and impact on the UK economy: 1 July 2021](#) - 01/07

Upcoming ELMS releases

Labour Market Review - 15/07	Broad Economy Sales & Exports: Goods & Services splits 2019 – 28/07	Annual Business Inquiry Local Unit Report 2019 – 30/07
Index of Services & Index of Production - 16/09	Quarterly Construction Enquiry & NICEI – 30/09	

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Quality and methodology

Uncertainty

All estimates are subject to statistical uncertainty and for many well-established statistics we measure and publish the sampling error and non-sampling error associated with the estimate, using this as an indicator of accuracy.

Unlike many indicators that NISRA publish, there is no simple way of measuring the accuracy of the NICEI. The NICEI is constructed from a variety of data sources, some of which are not based on random samples or do not have published sampling and non-sampling errors available. As such it is very difficult to measure both error aspects and their impact on the NICEI. As a result we don't publish a measure of the sampling error or non-sampling error associated with the NICEI.

One dimension of measuring accuracy is reliability, which can be measured using evidence from analyses of revisions to assess the closeness of earlier to subsequent estimates. Revisions are an inevitable consequence of the trade-off between timeliness and accuracy. It is our role to produce the best possible estimate of the NICEI using all of the available information at that time. Therefore, the only way to avoid subsequent revisions would be to either delay publication until all the relevant information has been received, or to publish an estimate and then ignore any subsequent new data and any methodological improvements. So, revisions should be treated as generally a good thing, as long as we document the reasons for them and communicate this to users.

All NICEI estimates are provisional and subject to revision in light of:

- Ongoing data validation and clarification of responses from individual businesses and late responses to surveys and administrative sources which form input to the Index.
- Revisions to seasonal adjustment factors, which are re-estimated every month and reviewed annually.
- Changes to the methodological processes used to gather and process the data and other revisions and developments implemented by the input sources.
- Incorporating new annual GVA data from the ONS.

The NICEI back series is calculated each quarter, typically the revisions to the NICEI are reasonably minor. Comparing the Q1 2021 NICEI back series with the Q4 2020 back series, revisions to each quarter of the index ranged between -1.9 and 2.1 index points between Q1 2019 and Q4 2020. Prior to Q1 2019, each quarter of the index was revised between -1.4 to 1.0 index points.

This variance was driven by larger than normal revisions in the Index of Production (IOP) and Index of Services (IOS). Normally revisions in the IOS and IOP back series are relatively minor but throughout 2020 these revisions have been larger, primarily due to lower response rates and an increased number of late returns from businesses. There has also been a methodology change in the deflators used from Q3 2020 (deflators now chain linked) which resulted in larger than normal changes in the back series data, especially for IOP. An updated set of seasonal adjustment models were also introduced from Q1 2021 for both IOS and IOP. Further information on the revisions to these input sources can be found on the [IOS](#) and [IOP](#) webpages.

A full comparison of the NICEI Series at Q1 2021 and Q4 2020 is available in Table 12 of the [NICEI spreadsheet](#).

Comparability with ONS regional annual GDP

ONS released [balanced estimates of Gross Value Added \(GVA \(B\)\) and GDP for the countries and regions of the UK](#) on 26th May 2021. This is the second annual estimate of GDP published by ONS at this level of disaggregation. Users should be aware that NISRA acknowledge that the trends presented by the NICEI do not align with these new experimental Regional GDP figures from ONS. This is due to methodological differences. NISRA statistics are produced on a bottom-up basis whereas the ONS figures are produced on a top-down basis, where UK level

GVA and GDP figures are apportioned to regions using various apportionment methods. NISRA are engaging with ONS to better understand the differences and the drivers behind their figures.

NICEI component data

Agricultural Output Index: The agricultural output index is an unpublished dataset based on survey and administrative sources held by the Department of Agriculture, Environment and Rural Affairs (DAERA).

HMF: The number of Her Majesty's Forces (HMF) stationed in Northern Ireland is included in the NICEI. This data is published by the Ministry of Defence (MoD) and further information can be found [here](#).

IOP: The quarterly NI Index of Production (IOP) is currently based on a sample of around 1,200 businesses out of a population of c. 5,500. This covers approximately 92% of the turnover of the population at the time of selection and a targeted response rate of 75%. This includes a census of all companies employing 40 or more employees as well as those employing 0 to 39 employees and having a turnover of £10 million or more. The sample has been designed to have a minimum precision of 10% for each of the production subsectors.

IOS: The quarterly NI Index of Services (IOS) is currently based on a sample of around 3,600 businesses out of a population of c. 43,000. The sample consists of a census of dominant companies and a Neyman stratified random sample of the remaining companies and covers approximately 75% of turnover. The census element consists of all companies employing 100 or more employees as well as those employing 0 to 99 employees and having a turnover of £10 million or more.

LFS: The Labour Force Survey (LFS) is a quarterly sample survey carried out by interviewing people about their personal circumstances and work. Typically each quarter's LFS sample of around 4,500 households in NI is made up of 5 waves with around 1,300 private households selected for the first time in wave 1 and the remaining 3,200 private households spread across waves 2 to 5. This results in a total of around 7,000 individuals included each quarter. Self-employed estimates from the LFS are incorporated into the NICEI.

NISRA suspended all face-to-face household interviews in the middle of March 2020 due to COVID-19 and from April 2020 all LFS interviews have been conducted by telephone. This has reduced the achieved sample size and precision of the estimates. The total eligible sample for the January-March 2021 LFS consisted of 9,551 addresses (2,573 chosen at random from the Land and Property Services (LPS) list of domestic properties and 6,978 carried forward from the previous quarter). The response rate for January-March 21 was 21% and the achieved sample size was 23% lower than the same time last year.

QCE: From a sampling universe of approximately 10,000 firms, a disproportionate sample of 750 construction firms is randomly selected to take part in the NI Quarterly Construction Enquiry (QCE). The sample is disproportionately stratified (into six strata) using Inter Departmental Business Register (IDBR) turnover as the stratification variable. This includes a census of all companies with a turnover of £5.25m or greater, and a representative sample of smaller businesses. Further information on the QCE sample coverage and methodology can be found [here](#). NICEI includes private sector construction only.

QES: The Quarterly Employment Survey (QES) provides short-term employee jobs estimates for Northern Ireland. It has a sample size of approximately 6,000 and covers all private sector firms with 25 or more employees, all public sector employers and a representative sample of smaller firms. The QES excludes the self-employed, HM Armed Forces, private domestic servants, homeworkers and training for success trainees without a contract of employment (non-employed status). The number of jobs are counted rather than the number of persons with jobs. For example, a person holding both a full-time job and part-time job, or someone with two part-time jobs, will be counted twice.

Weighting the components

Weights are based on the balanced estimate of Gross Value Added (GVA (B)) by industry obtained from [Regional Accounts produced by ONS](#). The latest available GVA by industry published in May 2021 includes provisional figures for 2019. The NICEI calculations are based on GVA balanced figures up to and including the 2019 year.

Annual chain-linking

Annual chain-linking is a method for aggregating volume measures on a yearly basis - it can be thought of as rebasing every year rather than having a fixed base year to which all subsequent years are weighted. In this way dynamic changes in the structure of the economy are better reflected in the index. Instead of referring back to value shares from a base year, volume measures for each year are produced in prices of the previous year. These volume measures are then “chain-linked” together to produce a continuous time series, preserving the growth rates of the underlying component series. The use of annual chain-linking is standard National Accounts practice. Using chained volume measures makes use of more up-to-date weights and is therefore more relevant. Rebasing will affect the relative movements between periods.

Re-referencing

The reference year for the index is currently 2018 (i.e. 2018=100). NISRA changes the NICEI reference period (a process known as re-referencing) from time to time, but not frequently. This is because frequently changing the reference base is inconvenient for users. Re-referencing should not be confused with rebasing. Re-referencing does not change the relative movements between periods

Seasonal adjustment

The indirect method of seasonal adjustment was employed. Seasonally adjusted figures were input (where possible) and when the combined output series were tested for seasonality there was no residual seasonality found, therefore no seasonal adjustment was required.

Experimental Statistics

These statistics are experimental statistics which are still undergoing evaluation and are subject to revision. NISRA is currently working to develop a quarterly measure of GDP for NI which builds upon the NICEI. It is our goal that the new quarterly measure of GDP will undergo assessment by the Office for Statistics Regulation to ensure compliance with the standards of the [Code of Practice for Statistics](#).

Please refer to the [NICEI Methodology report](#) for further information.

Appendix 1

Table 1: NICEI and component indices by quarter, Q1 2006 – Q1 2021

Year	Quarter	NICEI	Component Indices				
			Private Sector	Public Sector	Services	Production	Construction
2006	1	104.0	103.3	107.3	101.2	102.5	135.6
	2	104.4	103.8	107.3	101.8	104.0	135.5
	3	105.7	105.4	107.8	103.2	103.6	143.9
	4	106.0	105.9	107.4	103.9	103.4	143.9
2007	1	105.7	105.7	107.2	103.4	104.9	138.7
	2	106.3	106.4	107.4	103.8	105.5	144.0
	3	106.0	106.1	107.0	103.5	108.1	137.9
	4	105.6	105.5	107.1	102.0	111.0	132.2
2008	1	105.9	105.9	107.0	103.6	109.9	128.3
	2	105.6	105.7	106.3	102.4	111.4	132.2
	3	103.1	102.7	105.5	100.2	108.7	122.9

Component Indices							
Year	Quarter	NICEI	Private Sector	Public Sector	Services	Production	Construction
2009	4	101.6	99.4	109.2	97.1	103.5	119.6
	1	100.4	97.8	109.3	96.1	99.6	117.9
	2	99.4	96.4	109.6	95.5	96.7	115.8
	3	99.5	96.4	110.0	96.5	94.4	115.1
2010	4	100.8	98.2	109.6	98.4	97.4	112.8
	1	100.5	98.0	108.9	98.3	98.2	107.3
	2	99.2	96.6	108.1	97.0	97.8	102.8
	3	97.7	94.8	107.2	94.1	98.2	103.4
2011	4	97.2	94.4	106.9	91.8	103.7	96.8
	1	96.4	93.5	106.4	90.8	103.6	93.2
	2	97.1	94.5	105.8	93.3	104.2	86.1
	3	98.0	96.0	105.1	93.8	108.7	87.9
2012	4	97.8	95.9	104.3	93.8	108.2	88.6
	1	98.2	96.4	104.6	93.2	108.8	94.8
	2	95.5	92.9	104.3	91.0	104.1	83.7
	3	95.4	92.7	104.3	91.5	103.3	81.4
2013	4	95.4	92.7	104.6	91.3	103.5	81.1
	1	95.9	93.3	104.8	92.1	103.6	80.5
	2	94.8	91.8	105.0	90.8	103.0	74.6
	3	96.7	94.2	105.3	92.9	107.5	77.3
2014	4	95.9	93.9	102.8	93.1	106.8	72.7
	1	95.7	93.9	102.1	92.6	105.5	76.7
	2	95.8	93.9	102.4	92.6	105.7	76.9
	3	95.7	93.6	102.7	92.1	106.0	78.4
2015	4	96.1	94.3	102.5	92.6	105.1	82.8
	1	97.0	95.5	102.1	92.3	106.4	92.2
	2	97.2	96.0	101.7	93.3	105.9	92.7
	3	97.0	95.8	101.1	93.8	105.7	88.8
2016	4	97.1	96.2	100.3	93.7	105.8	91.7
	1	97.6	96.9	100.1	94.7	104.8	93.7
	2	98.5	98.3	99.4	96.4	105.0	97.8
	3	97.9	97.6	98.9	95.8	105.0	96.1
2017	4	100.2	100.5	99.2	97.9	107.4	102.9
	1	100.2	100.4	99.6	97.9	107.4	102.2
	2	98.7	98.5	99.4	97.0	100.6	104.8
	3	97.9	97.5	99.5	97.7	94.6	103.5
2018	4	98.8	98.6	99.6	97.9	99.0	102.8
	1	99.4	99.3	99.6	99.6	99.5	94.9
	2	100.0	99.9	100.0	100.1	99.8	99.7
	3	100.3	100.3	100.2	99.7	100.7	105.5
2019	4	100.4	100.4	100.2	100.5	100.1	99.9
	1	100.9	101.1	100.6	100.4	102.6	101.1
	2	100.9	100.9	101.0	100.7	103.1	98.5
	3	100.5	100.2	101.6	100.2	100.4	101.5
2020	4	100.9	100.6	102.0	100.2	101.6	101.4
	1	97.7	96.5	101.9	95.5	96.7	99.6

		Component Indices					
Year	Quarter	NICEI	Private Sector	Public Sector	Services	Production	Construction
	2	83.3	77.7	102.6	77.7	79.5	70.4
	3	98.0	96.8	102.1	96.5	97.8	97.5
	4	98.7	97.6	102.5	94.4	100.5	112.5
2021	1	97.1	95.4	102.8	92.4	99.4	105.5

Table 2: NICEI and component indices by year, 2006 – 2020

Year	NICEI	Component Indices				
		Private Sector	Public Sector	Services	Production	Construction
2006	105.0	104.6	107.5	102.5	103.4	139.7
2007	105.9	105.9	107.2	103.2	107.4	138.2
2008	104.0	103.4	107.0	100.8	108.4	125.8
2009	100.0	97.2	109.6	96.6	97.0	115.4
2010	98.7	96.0	107.8	95.3	99.5	102.6
2011	97.3	95.0	105.4	92.9	106.2	89.0
2012	96.1	93.7	104.4	91.7	104.9	85.2
2013	95.8	93.3	104.5	92.2	105.2	76.3
2014	95.8	93.9	102.4	92.5	105.6	78.7
2015	97.1	95.8	101.3	93.3	105.9	91.4
2016	98.6	98.3	99.4	96.2	105.5	97.6
2017	98.9	98.7	99.5	97.6	100.4	103.3
2018	100.0	100.0	100.0	100.0	100.0	100.0
2019	100.8	100.7	101.3	100.4	101.9	100.6
2020	94.4	92.2	102.3	91.0	93.6	95.0

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