



January 2016

The World Bank notes that **Global** growth again fell short of expectations in 2015, slowing to 2.4 percent from 2.6 percent in 2014. The disappointing performance was mainly due to a continued deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade, and capital flows. Going forward, global growth is projected to edge up, but at a slower pace than envisioned in the June 2015 forecast, reaching 2.9 % in 2016 and 3.1% in 2017.

Growth in the **Euro area** picked up in 2015, as domestic demand strengthened and exports accelerated, partly due to the lagged effect of a euro depreciation. For the year as a whole, Euro Area growth is estimated at 1.5%, in line with previous expectations.

In the **UK** annual inflation continues to trend close to zero. The Consumer Prices Index (CPI) rose by 0.2% in the year to December 2015. In January 2016 the Governor of the Bank of England decided to keep interest rates on hold given the renewed collapse in oil prices, the volatility in China, and the moderation in growth and wages in the UK since the summer.

In **Northern Ireland**, the local labour market continues to improve overall. The number of people claiming unemployment benefits continues to fall since its peak in February 2013 - by 500 over the latest month. There are now 11,000 fewer claimants in Dec 2015 than one year ago. The NI unemployment rate, whilst above the UK rate (5.1%), also fell by one percentage point over the quarter to 5.9%.

The latest Northern Ireland Composite Economic Index (NICEI) estimates the NI economy to have grown by 1.6% on a rolling four quarter basis driven largely by rises in the private sector. NI economic activity, however, decreased over the last quarter to Q3 2015, which is the first decline in the NICEI in the last four quarters, largely as a result of decreases in the

production sector, the public sector jobs index and construction sector. The services sector reported no change over the quarter.

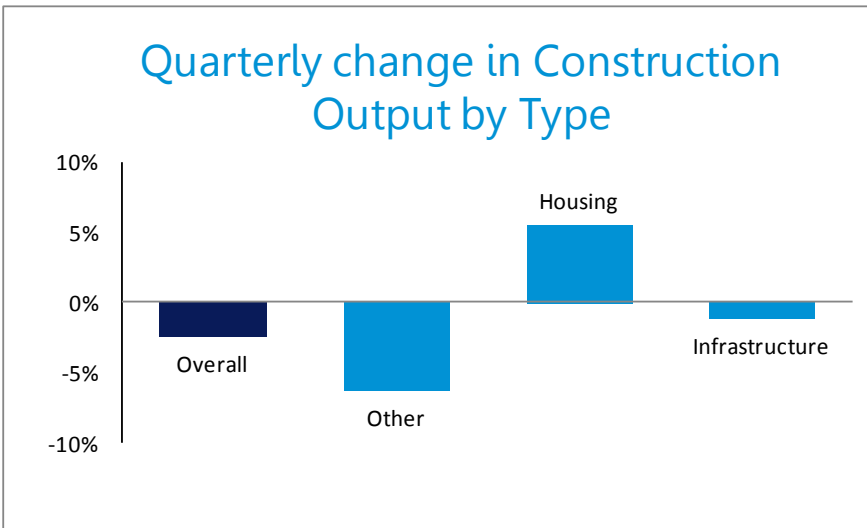
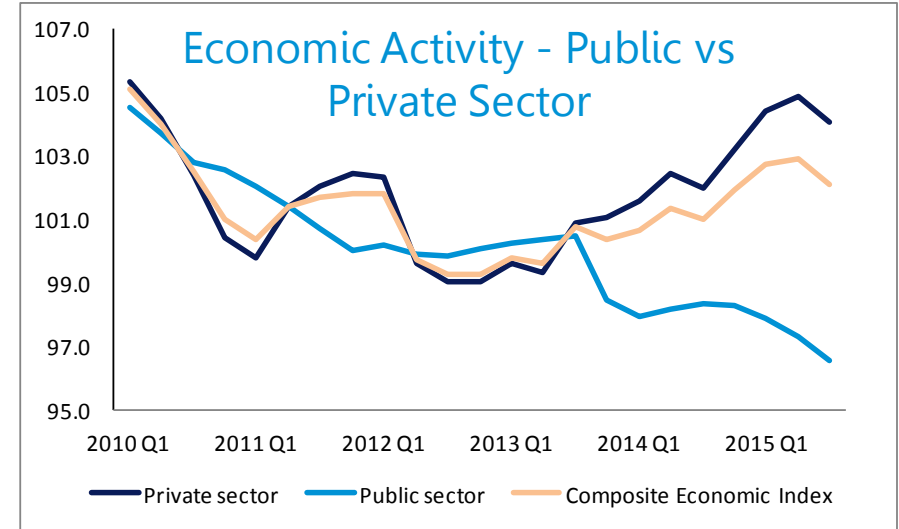
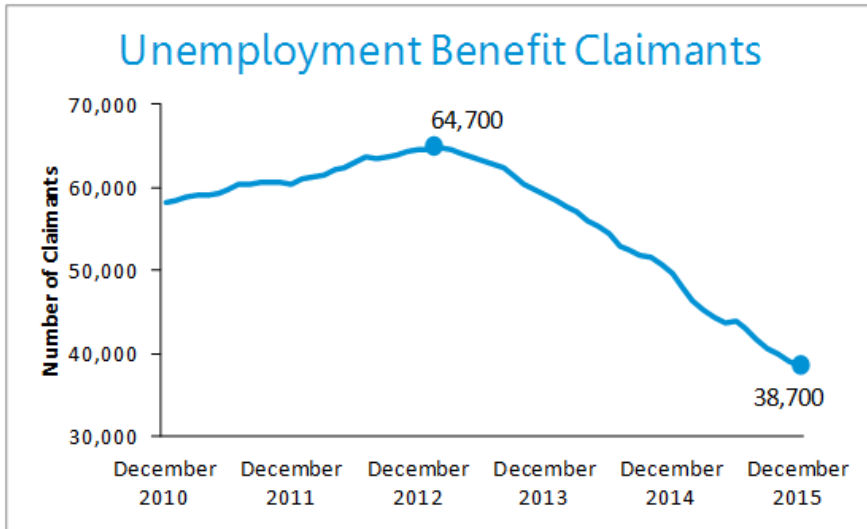
Following on from this, the latest Northern Ireland Construction Bulletin shows that whilst construction output is 11.8% higher in Q3 2015 compared to the same quarter in 2014, construction output has decreased by 2.4% in the third quarter of 2015 compared to the previous quarter. However, the volume of output in Q3 2015 is still one of the highest levels reported in the last three years.

The monthly Ulster Bank PMI has recorded an eighth successive increase in overall private sector business activity (to December). Manufacturing production, which experienced a fall in November, returned to growth with only retail seeing a reduction in activity in the latest survey period. Similarly the latest NI Chamber Quarterly Economic Survey notes a somewhat more positive outlook in Q4 2015 for both manufacturing and services, with around two thirds of those surveyed expecting their business to grow in 2016.

Danske bank, in its latest forecast notes that NI's economic recovery whilst not spectacular is steady with growth in 2015 now estimated of 1.7%, down from previous expectations of 2%. GVA growth in 2016 is also weaker than previously expected at 2.2%.

Key Recent Statistics and Updates

- The number of **people claiming benefits** has fallen by a further 500 in December 2015.
- The **Northern Ireland economy** is estimated to have grown by 1.6% on a rolling four quarter basis.
- **Construction output** declined by 2.4% over the qtr to Q3 2015 however this is still one of the highest levels reported in the last three years.



LABOUR MARKET OVERVIEW		(Sep - Nov 2015)
Measure	Value	Comment
Employment	829,000	Up over both quarter and year
Employment Rate	68.8%	Up over both quarter and year
Employee Jobs*	729,740	Up over both quarter and year
Claimant Count**	38,700	Down over both month and year
Unemployment Rate	5.9%	Down over the quarter but up over year
Economically Inactive	568,000	Down over both month and year
Inactivity Rate	26.7%	Down over both quarter and year
Redundancies***	4,222	Decrease of 4% from previous year

*Sep 2015 **Dec 2015 ***Annual confirmed total to end of Dec 2015

POSITIVE ECONOMIC NEWS

Corporation Tax

The DFP Minister has welcomed the Executive's commitment to set NI's Corporation Tax (CT) rate at 12.5% from April 2018. A lower CT environment, supported by other key drivers of the NI Economic Strategy, holds the potential to propel NI forward by encouraging local firms to grow, enhancing levels of Foreign Direct Investment and delivering more jobs at all levels. The DFP Minister has signalled further progress towards delivery of a new NI Corporation Tax regime, with the signing of a Memorandum of Understanding with HM Revenue and Customs allowing further extensive preparations to be made.

New Jobs for NI

The DETI Minister has welcomed 80 new jobs at the Hutchinson Group's Kilrea and Antrim sites as part of a £4.1million investment.

The DETI Minister has also welcomed 25 new jobs at Apeer, a Ballymena based window manufacturer, as part of a £1.7million investment.

The DETI Minister has announced that He-Shi Enterprises Ltd, a Carryduff based beauty business, is to create 10 new jobs.

The DETI Minister has also announced that a combined investment of £3million by seven Causeway Coast and Glens based businesses will create 51 jobs.

Support for Business

The DETI Minister has announced that Dungannon based Mackle Petfoods has signed a deal to supply its Naturo pet food product to Dutch supermarket giant Albert Heijn. The deal is estimated to be worth £1.5million over the next two years.

The DETI Minister welcomed Invest NI's latest performance figures – since 2011, Invest NI has made over 20,800 offers of support to businesses, 93% of which were to locally owned companies. These offers have translated into over £650million of assistance.

The DETI Minister has announced a major deal estimated to be worth £2.1million in the initial phase of the project between Belfast based Automated Intelligence Ltd and a large global investment bank.

The DETI Minister has announced that Farmageddon Brewery Co-Operative Limited is investing over £100,000 as part of a two year expansion plan.

Success for Tourism

The DETI Minister has congratulated the newly opened Siege Museum in Derry~Londonderry on achieving a four-star rating under Tourism NI's visitor experience grading quality scheme.

The DETI Minister has welcomed the start of the Year of Food and Drink, as he attended an opening event showcasing a range of local produce in the Ulster Hall.

Boost for Exports

The DARD Minister has announced that two key new international markets, India and Canada, will soon accept high quality pork and beef produced in NI. NI secured agreement with the Indian authorities to export pork and the first shipment arrived at the end of December. The beef sector is also preparing to trade with the newly opened Canadian market.

Support for Infrastructure

The DOE Minister has announced planning permission for the regeneration of the former MOD site at Ebrington, Derry~Londonderry. The proposal sets out a blueprint for the 10.5 hectare site and provides for 83,000 square metres of gross floor space for a range of uses including museum and heritage, creative industries, education, research and development, hotel and leisure, office, residential, cafes, restaurants and associated parking.

The DOE Minister has welcomed the announcement of the reopening of the UK wide Listed Places of Worship Roof Repair Fund. An extra £25million of funding for scheme for 2016 has been announced.

Construction work is underway in a number of projects that are being funded under DE's capital works programme including major projects; projects under the School's Enhancement Programme (SEP) and projects progressing under Minor Works.

- Official opening of £1.29million extension at Acorn Integrated Primary School in Carrickfergus. The extension was funded through the School Enhancement Programme (SEP) and provided three new classrooms and a new play area for the children.
- Work has commenced on £1.18m project at Donard School, Banbridge. The project will provide a permanent four-class extension and provide a

better layout and improved working environment. The investment is being provided under the School Enhancement Scheme (SEP).

- Official opening of £1.3m Gaelscoil Ghleann Darach, Crumlin. The new four-class based school was funded through DE's Accommodation Fund.
- Over £2.5 million investment in a total of 28 projects in the Schools Estate under the minor works scheme.

Support for Skills

The DEL Minister has introduced an Employment Bill in the NI Assembly. The Bill is part of a package of measures, resulting from DEL's extensive review of employment law, intended to contribute positively to a NI employment relations framework that is fair, effective and balanced in respect of the needs of business and the rights of employees.

The DEL Minister has launched the NI European Social Fund (ESF) Project Directory during a visit to the Ashton Community Trust. The Minister was accompanied by the European Commission's Deputy lead partner in a Belfast-wide Director-General for Employment, Social Affairs and Inclusion, Mr Zoltán Kazatsay. The NI ESF Programme 2014-2020 Project Directory provides an overview of the 67 successful ESF initiatives across the region.

The DEL Minister has announced that work has begun on a new sports centre for Ulster University. The £5.1million development, funded by DEL, will provide a modern sports centre at the Coleraine campus, and will include eight multi-sport indoor courts, a fitness studio and upgraded changing facilities.

The DEL Minister has highlighted the importance of Science, Technology, Engineering and Maths (STEM) skills at an event to mark the launch of astronaut Tim Peake's mission to the International Space Station (ISS). The event at W5, included a live stream of the launch and docking into the ISS as well interactive workshops organised by the UK Space Agency and CultureTech. Jean-Francois Clervoy, a European Space Agency and Centre National d'Études Spatiales astronaut and veteran of three Space Shuttle missions was the special guest in attendance.

The DEL Minister has launched the 2016 Apprentice of the Year competition. Nominations are now open for the three award categories; Apprentice of the Year Award, Higher Level Apprentice of the Year Award and the Innovation in Partnership Award for Employers and Training Suppliers. The introduction of Higher Level Apprenticeships is transforming the professional and technical curriculum landscape in NI. This new system of Higher Level Apprenticeships is extending to a wide range of occupational areas, while at the same time facilitating progression up the skills ladder from level 3 (A Level) to level 8 (Doctorate). These much coveted awards are designed to recognise people involved in apprenticeship training in NI, including employers, training suppliers and the apprentices themselves.

The DEL Minister has launched 'Further Education Means Success', the new Further Education Strategy for NI. The strategy sets out the future direction of further education and will ensure that colleges continue to fulfil the important dual role of helping to develop a strong and vibrant economy, and supporting social inclusion. The Minister also welcomed the results of a report which investigated the economic impact of NI's Further Education sector on the economy. The report indicates that the further education sector contributes additional benefits to the economy as an industry in its own right,

generating over £524million of output in NI and 7,139 full time equivalent jobs.

The DEL Minister has announced the opportunity for refugees in NI to undertake English classes in further education colleges, free of charge. This brings arrangements for refugees into line with those already in place for asylum seekers and those granted humanitarian protection.

The DEL Minister has launched the third Financial Services Academy in conjunction with FinTrU, a rapidly expanding financial services outsourcing provider with a Centre of Excellence based in Belfast. The successful applicants will undertake an intensive six week training programme focusing on Capital Markets, Financial Regulation and Investment Administration and will gain industry-recognised qualifications. For participants who complete the Academy there is a potential offer of employment with FinTrU.

Support for Agriculture

The DARD Minister has announced a new £1million scheme to help people protect homes from flooding. It will allow owners of residential properties at risk of flooding to install physical barriers and equipment to help reduce the impact of flooding on their homes. This is a new approach to flood protection, developed by Rivers Agency on behalf of the inter-departmental EU Floods Directive Steering Group. It will run for at least two years at which time a review will be undertaken to determine its longer term viability.

The DARD Minister has revealed that £200million had been paid out in Basic Payments and, in reaching 96% of payments to farmers, surpassed DARD's

target of 95%. DARD is keen to ensure the remaining cases are a priority; at 20 January, 21,572 payments have been made.

The DARD Minister has announced that an additional £1.2million of fishing opportunities for local fishermen have been secured in 2016 following two days of negotiations at the December Fisheries Council in Brussels. Some 480t of additional prawn quota are now available for local fishermen worth just over £1million. This brings the value of the quota up to £14.2million. Our fishing fleet will also have access to around 160t of extra Irish Sea haddock worth in the region of £170,000 which brings the value of this quota up to over £570,000.

The DARD Minister has announced that 3,313 applications have been submitted to join the Business Development Groups (BDG) programme. BDG is part-funded through the Rural Development Programme 2014-2020 and the key aims of the scheme are to help farmers improve their technical and business efficiency, assist with long term planning of their farm business and improve access to new technologies and innovative ways of working.

Boost for the Environment

The DOE Minister has welcomed the international agreement on Climate Change announced at a climate change conference in Paris in December. For the first time, almost 200 countries representing around 90% of all global greenhouse gas emissions have signed an international agreement that will see countries pledging the necessary emission reductions that will limit global temperature rise to 2 degrees Celsius or less.

The DOE Minister has also welcomed the findings of the UK Committee on Climate Change on the appropriateness of NI Climate Change legislation.