Department for the Economy
An Roinn Geilleagair
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Economic Research Digest
Quarter 4 2024

The **Economic Research Digest** monitors recently published research across a number of economic areas relevant to the work of the Department for the Economy such as competitiveness, innovation, enterprise, trade, FDI, tourism and infrastructure. The Skills Research Digest deals separately with recently published skills and labour market research.

In each case, we provide a short summary of the key points and web links to the full article or report*. A full list of sources can be found at the end of the publication.

Highlights this quarter include:

- According to the Bank of England, CPI inflation is expected to increase to around 2.75% by the second half of 2025 as weakness in energy prices falls out of the annual comparison.
- The British Chamber of Commerce suggests that the average unemployment rate is expected to be 4.5% by the end of 2025, falling to 4.2% in 2026. That is a slight increase from last quarter's forecast as businesses are likely to face difficult decisions on recruitment going forward due to increased employment costs.
- Analysis done by NISRA shows that the number of employees receiving pay through HMRC PAYE in NI in October 2024 was 805,300, a decrease of 0.1% over the month and an increase of 1.1% over the year.
- A report published by UKRI suggests that despite the recent economic challenges, innovation continues to be a strong driver of growth.

Contents

The Economic Research Digest is issued by:
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Economic Outcomes

COMPETITIVENESS

Monetary Policy Report - November 2024 | Bank of England **Published by Bank of England**

- Twelve-month CPI inflation was at the MPC's 2% target in 2024 Q3. Headline GDP growth is expected to fall back to its recent underlying pace of around 0.25% per quarter in the second half of this year.
- The combined effects of the measures announced in Autumn Budget 2024 are provisionally expected to boost the level of GDP by around 0.75% at their peak in a year's time, relative to the August Monetary Policy Report projections. The Budget is provisionally expected to boost CPI inflation by just under 0.5 of a percentage point at the peak, reflecting both the indirect effects of the smaller margin of excess supply and direct impacts from the Budget measures.
- Four-quarter GDP growth is expected to pick up to almost 1.75% in the first part of the forecast period, before falling back slightly. Aggregate demand and supply are judged to be broadly in balance currently and to remain so over the coming year.
- A margin of economic slack is projected to emerge during 2026 in part reflecting the overall tightening in the stance of fiscal policy assumed in the Budget, and also the continued restrictive stance of monetary policy. Unemployment is expected to rise slightly in the second half of the forecast period. There remains significant uncertainty around the labour market outlook.
- CPI inflation is expected to increase to around 2.75% by the second half of 2025 as weakness in energy prices falls out of the annual comparison.

National Institute UK Economic Outlook, Autumn 2024 **Published by NIESR**

- Despite a strong start in the first half of the year we expect GDP growth to remain around its trend rate of 1 per cent over 2024 as a whole. Looking ahead, we anticipate growth of 1.2 per cent in 2025.
- Real wage growth is expected to remain strong into next year. We forecast real wage growth of 0.7 per cent in 2024 and 2.2 per cent in 2025. This means workers will see a continued recovery in their standard of living.
- Rate cuts have begun but we expect a slow unwinding of monetary policy given that inflation will likely exceed 2.5 per cent in January 2025. Following the notable drop in the headline rate of inflation to 1.7 per cent in September, we expect the Bank of England to continue cutting rates gradually to ensure inflation remains at its 2 per cent target.
- The Chancellor has changed the measure of debt used in the fiscal rules from public sector net debt to public sector net financial liabilities. This is a welcome move that has increased fiscal space against the debt target by £49.3 billion but still restricts public investment by not leveraging the value of fixed assets on the government's balance sheet.
- The Chancellor has opted for a 1.2 percentage point rise in the rate of employer National Insurance Contributions. This is expected to raise up to £25 billion in revenue annually over the next five years. As a tax on jobs, we expect this to lead to a fall in job creation and a gradual rise in the unemployment rate over the forecast horizon.

British Chambers of Commerce Economic Forecast **Published by British Chambers of Commerce (BCC)**

- The QEF expects the UK economy to grow by 0.8% in 2024, a downgrade from the previous forecast (1.1%). Growth has been revised upwards for the next two years – with 1.3% expected in 2025 and 1.5% in 2026, higher than previous forecast (1.0% and 1.1%). Upgrades to 2025 and 2026 are driven by increased levels of government spending, but the overall growth landscape remains relatively weak.
- Inflation is now expected to remain above the Bank of England's target until the end of 2026, due to increased business costs and global trade uncertainties. CPI is forecast to be 2.2% in Q4 2025, unchanged from the previous forecast, and 2% in Q4 2026, slightly higher than the last forecast.
- The average unemployment rate is expected to be 4.5% by the end of 2025, falling to 4.2% in 2026. That is a slight increase from last quarter's forecast as businesses are likely to face difficult decisions on recruitment going forward due to increased employment costs.
- Youth unemployment will remain stubbornly high, with the percentage out of work forecast to be 14.9% in 2025 before falling to 14.6% in 2026.

- Business investment will continue to struggle throughout the forecast period, exacerbated by the upcoming rise in employer national insurance contributions. It is expected to increase by 1.5% in 2024, but then grow only 0.9% in 2025, recovering to 2.1% by the end of 2026. That is a revision down for 2025 compared with the previous forecast of 1.4%, as firms will face a number of increasing costs next year.
- Average earnings are expected to grow more slowly next year as businesses deal with increased employment costs, including national insurance and the national living wage. Annual wage growth is expected to be 3.5% in Q4 2024, rising to 3.8% in 2025 and 4.0% in 2026. That compares to our previous forecast of 4.0% in 2024 and 2025 and 3.5% in 2026.

PRODUCTIVITY AND GROWTH

***Northern Ireland Labour Market Report* Published by NISRA**

- The number of employees receiving pay through HMRC PAYE in NI in October 2024 was 805,300, a decrease of 0.1% over the month and an increase of 1.1% over the year.
- Earnings from HMRC PAYE indicated that NI employees had a median monthly pay of £2,258 in October 2024, an increase of £5 (0.2%) over the month and an increase of £148 (7.0%) over the year.
- In October 2024, the seasonally adjusted number of people on the claimant count was 42,200 (4.3% of the workforce), an increase of 1.3% from the previous month's revised figure. The October 2024 claimant count remains 41.2% higher than the pre-pandemic count in March 2020.
- NISRA, acting on behalf of the Department for the Economy, received confirmation that 170 redundancies occurred in October 2024. Over the year November 2023 to October 2024, 2,010 redundancies were confirmed. There were 250 proposed redundancies in October 2024, taking the annual total to 3,070.
- The latest NI seasonally adjusted unemployment rate (the proportion of economically active people aged 16 and over who were unemployed) for the period July-September 2024 was estimated from the Labour Force Survey at 2.0%. This was unchanged over the quarter and a decrease of 0.3 percentage points (pps) over the year.
- The proportion of people aged 16 to 64 in work (the employment rate) decreased by 1.2pps over the quarter and decreased by 0.3pps over the year to 70.3%.
- The economic inactivity rate (the proportion of people aged 16 to 64 who were not working and not seeking or available to work) increased by 1.2pps over the quarter and increased by 0.4pps over the year to 28.2%.
- The total number of weekly hours worked in NI was estimated at 27.7 million hours, a decrease of 4.3% on the previous quarter and an increase of 1.2% on the equivalent period last year.

***UK Economic Outlook Q4 2024* published by Centre for Economics and Business Research LTD (CEBR)**

- Employment stood at 33.2 million in the quarter to July 2024, up by 150,000 in the year. The unemployment rate fell to 4.1% from a recent peak of 4.4%. However, this indicator is still subject to uncertainty, with the ONS suggesting additional caution when analysing the statistics.
- As such, other metrics, such as the number of vacancies, which have now declined for 26 consecutive periods, provide a better assessment of overall cooling labour market conditions. Annual regular pay growth also continued to ease to 5.1% in the three months to July. This is the slowest rate since Q2 2022.
- Consumer Prices Index (CPI) inflation increased to 2.2% in July after holding steady at the Bank of England's (BoE) target for the previous two months. This marks the first rise in the inflation rate this year. The monthly acceleration was primarily driven by changes in energy prices.
- However, overall price pressures are easing, with core and service CPI slowing in July. Core CPI, which excludes energy and food, slowed to 3.3%, its lowest in nearly three years. Services inflation also slowed to 5.2%, down from 5.7% in the prior two months, in line with the deceleration in earnings growth.
- In line with overall easing in price pressure, the BoE cut its interest rate for the first time in more than four years in August, bringing the base rate to 5.0%. Cebr expects inflation to remain above target over the next year, with higher energy prices playing a role.
- In terms of regional prospects, in 2024, London will likely be the strongest performer this year, growing by 1.8%, which is linked to its strength in non-consumer services, which continue to drive

UK-wide growth. The English capital is also expected to see the highest growth in annual disposable income across all regions, at 2.1%. Wales is expected to fall further behind the rest of the UK with respect to economic performance.

- Over the next five years, we expect that all regions will see an expansion in employment.

LIVING STANDARDS, WELLBEING AND PROSPERITY

***Life in the UK 2024* Published by Carnegie UK**

- Carnegie UK's Life in the UK wellbeing index measures collective wellbeing across the UK. It is based on what people in England, Scotland, Wales and Northern Ireland tell us about their lives. The purpose of this index is to assist governments across the UK to focus their attention on the things that really matter to people, and to help us understand whether we are collectively living better or worse over time.
- The evidence for the 2024 index was collected via a 26-question survey of 6,774 respondents using Ipsos' KnowledgePanel, a random probability survey panel with selection based on a random sample of UK households.
- The overall score for collective wellbeing in the UK is 2024 is 61 out of a possible 100.
- Some key findings from the survey are as follows:

  - 29% of respondents say they feel unsafe or very unsafe walking alone in their neighbourhood after dark.
  - 17% of respondents say they do not have anyone to rely on in their neighbourhood.
  - 27% of respondents are dissatisfied with the job opportunities in their local area. Dissatisfaction has increased by 4 percentage points (from 23% dissatisfied in 2023 to 27% in 2024).
  - 14% of respondents cannot afford to keep their home warm, a three-point improvement from experiences reported in 2023 (17%).
  - Most people experience issues with litter (83%), noise (62%) and air quality (53%) in their local neighbourhood. The proportion of people experiencing problems with litter by comparison to 2023 has increased by three percentage points.
  - 13% of respondents are dissatisfied with the quality of the nearest local public, green or open space.
  - 55% of respondents feel that they are unable to influence decisions at a local level.
  - 28% of respondents have low levels of trust in local councils, a two-point increase in distrust compared to 2023 (26%).
  - 17% of respondents have low levels of trust in the police, a two-point improvement from experiences reported in 2023 (19%).

***NI House Price Index Q3 2024 Report* Published by Department of Finance**

- The House Price Index (HPI) is designed to provide a measure of change in the price of a standardised residential property sold in Northern Ireland. The index uses information on all verified residential property sales as recorded by HM Revenue & Customs. The NI HPI is used as the NI component in the UK HPI and statistics are comparable across regions. The index reference period1 is Q1 2015 = 100.
- The overall index showed an increase of 2.8% between the second and third quarter of 2024. Between Q3 2023 and Q3 2024 the House Price Index increased by 6.2%. The NI HPI currently stands at 171.8 in the third quarter of 2024. The index is now 71.8% higher than in the first quarter of 2015, and 70.3% higher than Q1 2005.
- The index increased over the quarter for all property types with the exception of apartments, detached properties 3.4%, semi-detached properties 3.0%, terrace properties 3.5% while apartments saw a decrease of 1.9%.
- The price of new dwellings sold in Q3 2024 increased by 0.1% from Q2 2024. The index stands at 180.2 in Q3 2024, which is 80.2% higher than Q1 2015 and 88.1% higher than Q1 2005.
- The index for detached properties increased by 3.4% between Q2 2024 and Q3 2024 and is 5.7% higher than Q3 2023, with the index now standing at 173.4 (i.e. prices today are typically 73.4% higher than the first quarter of 2015).
- The index for semidetached increased by 3.0% between Q2 2024 and Q3 2024 and increased by 6.9% between Q3 2023 and Q3 2024. Prices are currently 68.9% higher than the Q1 2015 level.
- New dwellings showed an increase of 0.1%, while existing resold dwellings showed an increase of 3.2% over the quarter. The annual increase in the price of new dwellings was 7.7% and existing resold dwellings was 6.1%.

Innovation and Enterprise

INNOVATION

***The State of Innovation 2024* Published by UKRI**

- The State of Innovation 2024 report draws on the Innovation State of the Nation Survey, a major new initiative from Innovate UK that aims to provide the most up-to-date and comprehensive look at what life is really like for innovating businesses. 2,000 businesses were surveyed, of all sizes, from every UK region and nation.
- Some key findings from the survey are as follows:
  - Despite the recent economic challenges, innovation continues to be a strong driver of growth.
  - Innovation levels in UK firms have declined in recent years. Stimulating more innovation is a priority to help deliver UK economic growth.
  - 56% of UK businesses reported making changes to products or services over the last year, a fall from 61% in 2023.
  - Innovation rates fell most in small, micro and non-frontier businesses, widening the gap with larger and frontier firms.
  - Almost half of innovating business reported factors had constrained their innovation activity.
  - Cost-of-doing business pressures were consistently the most reported barrier in both 2023 and 2024.
  - Smaller businesses face greater barriers but are less likely to seek support or invest in innovation.
  - Large businesses (86%) are twice as likely as micro businesses (41%) to invest in R&D over the next year.
  - 1/3 of businesses reported recruitment difficulties were restricting their innovation work.
  - 39% of firms collaborated with other organisations for innovation over the last year, a decrease from 41% in 2023.
  - Pressure on innovation may continue over the next year, but businesses report an increased demand for innovation support.
  - 96% of those planning to innovate over the next year want to maintain or increase their spending on R&D and innovation.
  - The proportion of firms reporting that R&D grants would be useful to them over the next 12 months doubled from 27% in 2023 to 52% in 2024.

RESEARCH AND DEVELOPMENT

***Government investment in R&D* Published by Department for Science, Innovation and Technology**

- The Chancellor has announced the highest ever level of government investment of £20.4 billion in research and development for next year, reinforcing the government's commitment to back the UK's R&D ecosystem to drive economic growth and achieve its five national missions.
- The Budget will fully fund the UK's association with Horizon Europe, providing scientists and innovators access to the world's largest collaborative funding scheme, with over £80 billion available for cutting-edge projects under the EU scheme. DSIT's own R&D budget has increased to £13.9 billion, and core research funding has also been increased to a record £6.1 billion, bolstering the UK's leading research base.
- A significant part of this Budget is dedicated to the UK's life sciences sector, a cornerstone for positioning the UK as a leader in science and innovation, through a £520 million commitment to the Life Sciences Innovative Manufacturing Fund.
- Additionally, the Chancellor announced funding for several other programmes to be led by DSIT. Together, these investments underscore the importance of science and technology in driving economic growth essential to raising living standards and funding public services, positioning the UK at the forefront of global innovation and progress.

SECTORS AND TECHNOLOGIES

***Components of GDP: Key Economic Indicators* Published by House of Commons Library**

- GDP can be analysed in terms of the output produced by different industries, or in terms of spending by households, business and government.
- GDP is estimated to have fallen by 0.1% in October 2024, following a fall of 0.1% in September.

- Services are the largest part of the economy – making up four-fifths of output in 2023. Service sector output did not grow in October 2024 (0.0% growth).
- Manufacturing output fell by 0.6% in October 2024. Manufacturing is part of the wider production sector; production sector output fell by 0.6% in October 2024.
- Construction sector output fell by 0.4% in October 2024.
- Household spending is the largest element of spending across the economy, accounting for 61% of the total in 2023.
- In July to September 2024, household spending rose by 0.5% compared with the previous quarter.
- Government consumption is estimated to have grown by 0.1% in July to September 2024, and investment (GFCF) increased by 1.3%.
- Exports were down 0.5% and imports decreased by 2.5%.

ENTREPRENEURSHIP

[No relevant material sourced for this quarter's release.]

BUSINESS GROWTH

Agents' Summary of Business Conditions Q4 2024 ***Published by Bank of*** **England**

- Consumer spending remains subdued across goods and services, with annual volumes likely growing modestly. There are signs of an improvement in demand for goods, partly at the expense of services. Contacts expect higher real incomes and lower interest rates to strengthen the recovery in 2025.
- Investment intentions remain subdued, with a marginal balance towards increasing investment in the coming year.
- Overall, exports continue to grow at a moderate rate but are constrained by geopolitical uncertainty and economic weakness in some main trading economies, especially the EU. Demand from the US and the Middle East remains strong.
- Business services output was flat on the same period last year, a little weaker than contacts expected, with price increases driving modest revenue growth. Contacts still expect some increase in output during 2025 but are less certain of the pace of that growth given weaker sentiment following the Budget.
- Contacts report that weakening demand has resulted in annual manufacturing volume growth easing further to around zero. Following the Budget, near-term prospects continue to wane, as does contacts' optimism that enquiries will translate into a modest rise in output in 2025.
- The rate of decline in construction output compared to a year ago continued to ease. Despite the Budget weakening sentiment, contacts expect modest growth to return during H1 2025.
- The supply of credit is tighter than pre-pandemic for small firms but seems not to be a concern for large firms. High interest rates and weak activity continue to supress overall demand for credit.
- Many firms will consider reductions in headcount, hours and pay settlements to mitigate the impact on their labour costs from the employer NIC increases. Pay intentions for 2025 suggest an average increase in the range of 3%–4%.
- Goods inflation remains muted, and consumer services inflation continues to ease gradually. CPI inflation is expected to rise next year and early reactions to the Budget suggest a risk of greater CPI pressures next year than in the November MPR.
- Cost of living challenges persist, constraining household budgets with many reporting having to be more cautious with their money. Consequently, charities continue to report increased demand for their services.

BUSINESS REGULATION

[No relevant material sourced for this quarter's release.]

Succeeding Globally

TRADE

UK Trade: October 2024 ***Published by ONS***

- The value of goods imports increased by £2.6 billion (5.8%) in October 2024, with both EU and non-EU imports rising.
- The value of goods exports fell slightly by £0.1 billion (0.4%) in October 2024, with a fall in exports to non-EU countries largely offset by a rise in exports to the EU.
- Exports to the EU were higher than to non-EU countries for the first time since November 2023.
- The total goods and services trade deficit narrowed by £0.9 billion to £10.1 billion in the three months to October 2024, because of a larger fall in imports than exports.
- The trade in goods deficit narrowed by £1.8 billion to £51.4 billion in the three months to October 2024, while the trade in services surplus is estimated to have narrowed by £1.0 billion to £41.3 billion.

INWARD INVESTMENT

Business Investment in the UK ***Published by ONS***

- UK business investment increased by 1.9% in Quarter 3 (July to Sept) 2024, revised up from a 1.2% increase in the provisional estimate.
- The largest contributors to business investment growth were increases in transport and buildings investment.
- UK business investment is 5.8% above where it was in the same quarter a year ago.
- UK whole economy investment (technically known as gross fixed capital formation (GFCF)), which includes business and public sector investment, increased by 1.3% in Quarter 3 2024, revised up from a 1.1% increase in the provisional estimate.
- UK GFCF is 3.9% above where it was in the same quarter a year ago.

TOURISM

Consumer Sentiment Research - NI Market ***Published by Tourism NI***

- Findings indicate a largely stable performance from the NI market for overnight trips taken during the first nine months of the year, but growth in day trips.
- For those consumers who have taken a recent domestic break, the vast majority said their trip matched or exceeded expectations, with the opportunity to enjoy the outdoors, range of places to eat & drink and the welcome & hospitality being particularly highly rated.
- In relation to the last quarter of the year and looking ahead to early 2025, stable NI trip intentions are evident for domestic consumers. Competition from abroad remains strong however, with many NI consumers considering taking a break abroad in the next six months.
- Trip motivations are beginning to change, we see a rise in people wanting to have fun and enjoy food and drink. Relaxation and escapism remain on top, however.
- VFM has dropped over the past two waves from +15 to +6, meals out and accommodation are the main areas dropping back that may have contributed to this. However, NI consumers continue to rate NI as a better value for money tourism destination than ROI and GB.
- Increased cost of living was rated as the top barrier for taking a trip to NI over the next six months by NI consumers, with cost of accommodation another key barrier.
- When considering day trips, around half said they would look for more free things to do. There is also an increase in the number saying they will spend less on eating out.
- In relation to holiday behaviour, a considerable proportion of consumers say they would choose a cheaper destination abroad over a staycation, likely influenced by the strong perceptions that prevail regarding better VFM.

Economic Infrastructure

ENERGY

***Energy Trends: December 2024* Published by Department for Energy Security and Net Zero**

- Total energy production in the third quarter of 2024 was at a record low, down 4 per cent on the third quarter last year with oil at a record low and gas at a near record low. Energy production is 24 per cent below the pre-pandemic level recorded in the third quarter of 2019. Energy production from renewable assets (wind, solar and hydro) was stable on last year, although nuclear output improved due to fewer outages.
- Renewable electricity generation grew 7 per cent on the same period last year. Total generation from wind, solar and hydro was flat, but bioenergy increased 23 per cent on the same period last year where output was down on typical levels.
- Fossil fuel electricity generation decreased, down 29 per cent and another near record low because of stronger renewable generation and higher net imports from France reducing the need for domestic generation. The fossil fuel share of generation decreased 9.2 percentage points to 28.0 per cent, slightly up on last quarter's record low. Low carbon generation maintained its near record high of 68.2 per cent of all generation.
- Final energy consumption by households rose by 18 per cent on the last year's record quarterly low. Household demand last year was reduced by high energy prices and notably warm weather, and consumption this quarter is broadly in line with post-pandemic trends on a seasonal and temperature adjusted basis. Transport demand was broadly flat on last year, with a fall in diesel consumption being cancelled out by a rise in petrol and jet fuel consumption.
- Fossil fuel dependency reached a record low in the third quarter of 2024, decreasing from 75.3 per cent last year to 71.8 per cent largely as a result of the record low from gas demand. Net import dependency increased from 37.5 per cent to 38.5 per cent, mainly due to rises in net imports of petroleum products, gas and electricity.

TELECOMS

***Telecommunications Market Data Update Q2 2024* Published by Ofcom**

- UK fixed voice service revenues totalled £1.19bn in Q2 2024; a decrease of £44.0m (3.6%) from the previous quarter and £122.7m (9.3%) year-on-year. BT's share of these revenues was 50.8%.
- The total number of fixed voice lines (including PSTN lines, ISDN channels and managed VoIP connections) fell by 666k (2.6%) during the quarter to 25.4 million. Year-on-year, the number of fixed lines was down by 3.1 million (10.8%).
- Total fixed-originated call volumes decreased by 1.22 billion minutes (21.5%) year on year, to 4.46 billion minutes.
- There were 29.0 million UK fixed broadband lines at the end of Q2 2024.
- Of these, 21.6 million were 'other inc. FTTx' broadband connections (predominantly fibre-to-the-cabinet and full fibre connections), accounting for 74.4% of all lines.
- The number of ADSL lines declined by 119k (5.4%) during the quarter, while the number of cable lines fell by 41k (0.8%).
- Mobile telephony services generated £3.58bn in retail revenues in Q2 2024, a £97.2m (2.8%) increase from a year previously.
- Average monthly retail revenue per subscriber was £13.36 in Q2 2024, with post-pay subscribers generating more revenue than pre-pay users (averaging £16.08 compared to £5.47 for pre-pay).
- The number of active mobile subscriptions (excluding M2M) was 89.6 million at the end of Q2 2024, up 2.1 million (2.4%) from the year before.
- Over the same period, the number of dedicated mobile broadband subscriptions decreased by 305k (6.2%) to 4.6 million.
- The number of mobile-originated voice call minutes decreased by 1.01 billion (2.5%) to 39.50 billion minutes year-on-year, with calls to landlines decreasing by 4.4% to 6.86 billion minutes.
- The number of mobile messages (including SMS and MMS) saw a year-on-year decline, down 0.90 billion messages (11.3%) to 7.04 billion.
- Data usage grew, with volumes up 315 PB (13.7%) year-on-year to 2609 PB.

AIR ACCESS

[No relevant material sourced for this quarter's release.]

Government

NORTHERN IRELAND

Monthly Economic Update December 2024 **Published by Department for the Economy**

- The UUEPC December 2024 outlook notes that, although local economic growth is expected to slow in the second half of 2024, stronger than expected growth in the first half has enabled the Centre to upgrade its forecast for 2024 from +1.4% to +1.9%, exceeding its latest forecast for the UK (+1.2%).
- Danske Bank however revised its 2024 forecast for the NI economy downwards to +1.1% (from +1.2%), though local economic growth is expected to exceed that of the UK (+0.9%) before reaching parity in 2025 (+1.4%).
- Global trade is on track to reach an all-time high of $33 trillion in 2024, up $1 trillion over the year according to UNCTAD. Annual services trade is expected for increase at a rate of 7%, outpacing the growth in global goods trade of 2%. Quarterly growth, to Q3 2024, was typically stronger in developed countries compared to those less developed. However, the 2025 outlook is stated to be more "cloudy" due to potential shifts in US trade policy along with ongoing geopolitical tensions.
- The Northern Ireland Economic Trade Statistics (NIETS) 2023 indicated that total sales by businesses in NI increased by +12.1% to £97.6 bn. Sales of goods accounted for 67.5% of total sales, with services accounting for 32.5%. External sales were broadly evenly split between those to GB (£17.1 bn) and exports outside of the UK (£16.2 bn). NI businesses had a trade surplus of £5.7 bn, with the South of Ireland remaining the North's largest export and import partner.
- Over the year there were decreases in the rates of employment and unemployment, whilst there was an increase in the economic inactivity rate according to the latest NISRA LMR.
- Employee jobs in NI increased over the quarter and the year to reach a new series high of 831,780 jobs in September 2024. Quarterly increases in employee jobs were seen within the manufacturing, construction, services and other industry sectors with the manufacturing, services and other industry sectors each reaching new series highs.
- For the 12-month period October 2023 to September 2024, 44.5% of total electricity consumption in NI was generated from local renewable sources. This represents a decrease of 2.9 percentage points on the previous 12-month period (to September 2023).
- High Street Footfall data for the week including Black Friday in Belfast City Centre, which may provide an indication of the number of potential customers available to retailers, continued the trend of gradual recovery since the Pandemic with 2024 levels expanding by +17% over the year and now just marginally below the level observed in 2019.
- Annual CPI inflation increased over the month to +2.6% in November, up from +2.3% in October. The increase was larger than that forecast by the Bank of England (+2.4%).

ENGLAND

[No relevant material sourced for this quarter's release.]

SCOTLAND

Scottish Economic Bulletin: November 2024 ***Published by Scottish Government***

- The Scottish Consumer Sentiment Indicator reflects how households think the economy is performing, how secure they feel about their household finances and how relaxed they feel about spending money. Consumer sentiment has weakened from Q2 2024 to Q3 2024, with the indicator falling 2.6 points to -0.2. However, the indicator remains 9.7 points higher than the same quarter last year and is at its second highest level since Q4 2021.
- Inflation has broadly returned to near its target rate, however the sharp rise in the cost of living over 2022 and 2023 and the increase in interest rates over that period, continue to impact households and their spending, saving and borrowing behaviour.
- Retail sales volumes in Great Britain have gradually returned to around their 2022 level over the course of 2024 (having fallen over 2022 and 2023) with most recent data showing growth of 1.9%

in volume terms in the three months to September (1.6% growth in value terms) as inflationary pressures have eased.

- Similarly, the change in prices and borrowing costs have had a significant impact on the amount consumers are paying for their energy costs, mortgages and other loans. In September, the average direct debit transaction value for electricity and gas was £153.34, 15.1% lower than for the same time last year, partly reflecting the fall in the energy price cap over that period.
- However, the average monthly direct debit payment for mortgages was £955 in September (up 8.5% over the year) and £316 for loans (up 3.9% over the year). This in part reflects the feed through of higher interest rates to higher borrowing costs however the rate of change has stabilised as the Bank Rate remained at 5.25% from August 2023 before being reduced to 5% in August 2024.
- More broadly in September, the ONS Public Opinions and Social Trends survey showed that 35% of respondents found it very or somewhat difficult to afford energy bill payments (down from a peak of 49% in 2023) while 34% of respondents said the same for mortgage and rent payments (down from a peak of 46% in July 2023).

WALES

***Economic Intelligence Wales Quarterly Report November 2024* Published by Welsh Government**

- In their July 2024 World Economic Outlook Update Report, the International Monetary Fund projected that global growth would rise from 3.2% in 2024, to 3.3% in 2025.
- Data from the ONS showed that twelve-month Consumer Price Index (CPI) inflation in the UK was 2.2% in August 2024, unchanged from July 2024, and up from 2.0% in June 2024.
- In September 2024, the Bank of England held the interest rate at 5%. The Bank cut the rate by 0.25 percentage points to 5.0% at its August 2024 meeting, this was the first decrease in the Bank Rate since March 2020.
- In 2024, Q2 UK gross domestic product (GDP) was estimated to have increased by 0.6%. This follows an unrevised estimated increase of 0.7% in 2024 Q1.
- The SME Finance Monitor 2024 Q1 reported that 29% of all responding UK SMEs (excluding starts) experienced growth over the previous 12 months. The current economic climate was also cited as the key barrier to SME growth in this survey.
- The number of business births in Wales in 2024 Q2 was 2,690, whilst the number of business deaths in Wales during the same period was 2,895. The number of business deaths in Wales continues to be greater than business births.
- In the period May to July 2024 the UK inactivity rate was 21.9% according to LFS. This was 0.3 percentage points above the rate a year ago (May to July 2024).28 The economic inactivity rate in Wales increased 2.8 percentage points on the year to 27.2%.
- The ONS Business Impacts and Conditions Survey (BICS) for 1 to 31 August 2024 (Wave 116) reported that 41.4% of Welsh businesses expected their performance would increase in the year ahead (UK 35.7%).
- ONS data showed that UK house prices increased by 2.7% in the 12 months to June 2024. The average house price in Wales in June 2024 was £215,518, representing a 1.8% increase from June 2023.
- The Development Bank of Wales made 135 investments in the first quarter of 2024/25, with a total value of £32m. These investments created 500 new jobs and safeguarded over 480 jobs.

REPUBLIC OF IRELAND (ROI)

[No relevant material sourced for this quarter's release.]

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