

Northern Ireland Quarterly Retail Sales Index

Quarter 4 (October - December) 2022

Theme: Economy

Frequency: Quarterly

Geographical Area: Northern Ireland

Date: 16 March 2023

Introduction

In line with the [Guide to Experimental Statistics produced by ONS](#), the Northern Ireland RSI has been produced as an Experimental Statistic as the methods continue to be reviewed and developed.

The quarterly RSI provides a timely indicator of change in output within the private retail service industries in Northern Ireland (NI). The retail sales sector refers to SIC 47 (Retail trade, except of motor vehicles and motorcycles) and is a subset of the [Index of Services \(IOS\)](#) aspect of the Quarterly Business Survey (QBS).

The RSI has a sample size of approximately 360 businesses, covering all private retail service businesses with 100 or more employees and those employing 0 to 99 employees with an annual turnover of £10 million or more, and a representative sample of smaller businesses.

In line with guidance detailed in the [UK National Accounts Blue Book 2022](#) (published on 31 October 2022), figures in this publication have been weighted using the revised Northern Ireland 2019 GVA, and the base year has remained at 2019 for a second consecutive year. This is to account for any atypical movements in the series in 2020 as a result of the coronavirus (COVID-19) pandemic.

Key Points

- Retail output in NI saw an increase of 2.2% over the quarter to Quarter 4 2022 and a decrease of 2.3% over the year.
- GB RSI output saw a decrease of 1.1% over the quarter and a decrease of 6.1% over the year.
- NI RSI output remains 4.5% below the pre-Coronavirus pandemic level seen in Quarter 4 2019 while GB RSI output is now 14.1% below its Quarter 4 2019 level.
- When the most recent four quarters are compared to the previous four quarters the NI RSI decreased by 1.1% and the GB RSI decreased by 3.2%.
- NI RSI output is 7.6% below the series high seen in Quarter 3 2020.
- NI RSI output is 3.6% higher than the lowest point (Quarter 1 2021) since the series began.

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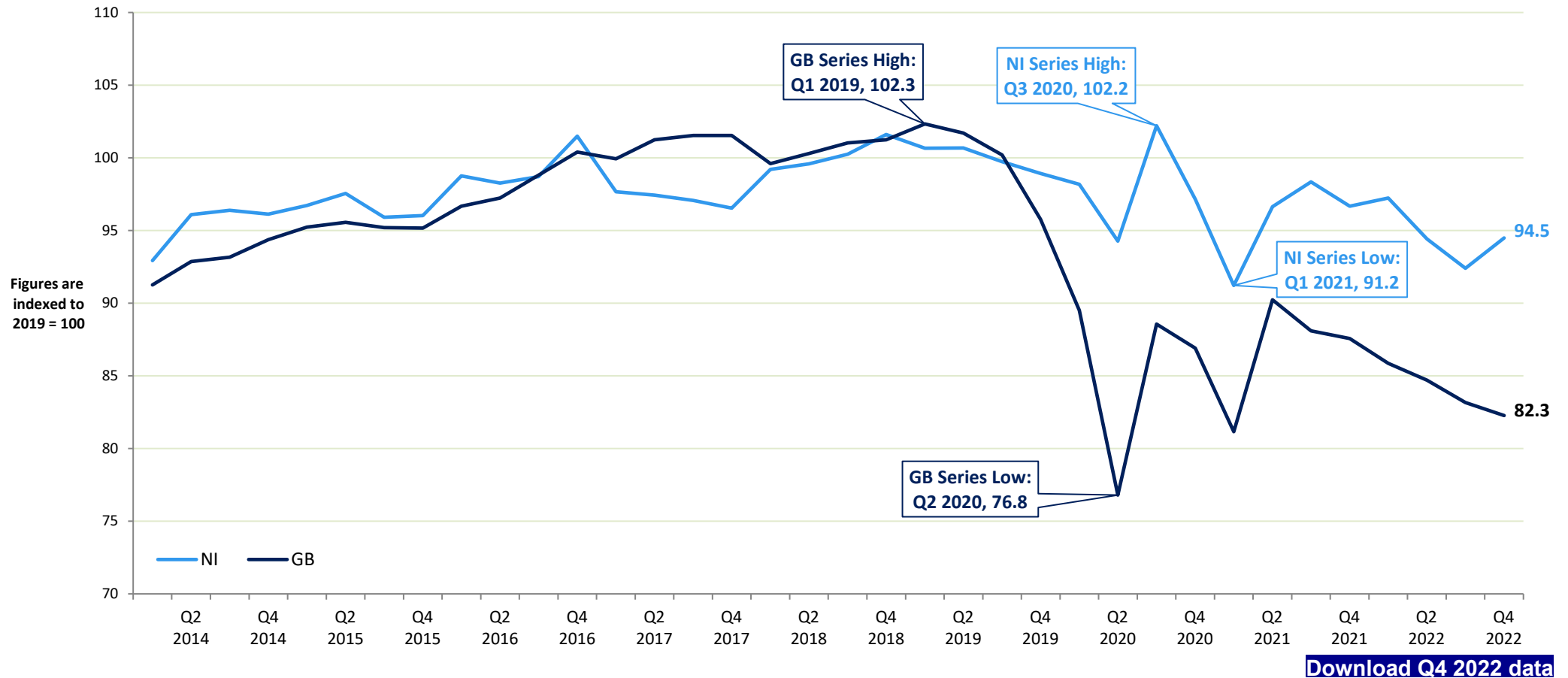
1 Summary of the Retail Sales Index

1.1 Changes in the Retail Sales Index

The seasonally adjusted estimate for NI RSI output for Quarter 4 2022 showed:

- an increase of 2.2% over the quarter from the revised Quarter 3 2022 estimate;
- a decrease of 2.3% over the year from the revised Quarter 4 2021 estimate; and
- a decrease of 1.1% when the most recent four quarters are compared to the previous four quarters.

Figure 1.1 RSI, NI & GB, Q1 2014 – Q4 2022



1.2 Commentary

The NI and GB Retail indices followed the same general upward trend from Quarter 1 2014 to Quarter 1 2019. While the GB index saw a greater level of decline in Quarter 2 2020 than the NI index, it has subsequently recovered 7.1% to reach its current level. In comparison the NI index has recovered 3.6% following the series low seen in Quarter 1 2021 to reach its current level.

Quarter 3 2022 NI RSI output remains 4.5% below the pre-pandemic level seen in Quarter 4 2019. In comparison the GB RSI output is now 14.1% below its pre-pandemic level. Different Covid-19 restrictions in place across NI and GB throughout 2020 and 2021 may help to explain variations between the two indices.

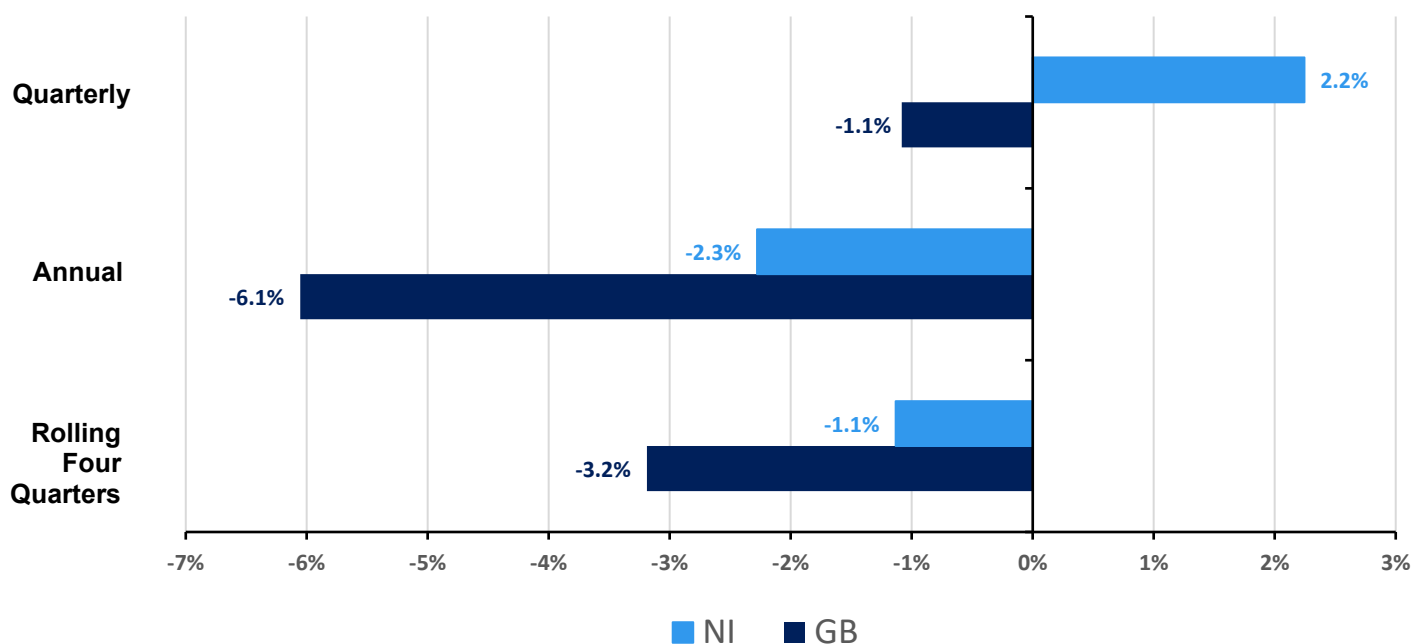
Output in the NI retail sector increased by 2.2% over the fourth quarter of 2022. Output is now 3.6% higher than the series low (Quarter 1 2021) but remains 7.6% below the series high which was observed in Quarter 3 2020.

Output in the retail sector decreased by 2.3% over the year. The NI retail index has shown a decline in annual growth in ten of the last twelve quarters.

Figure 1.2 NI and GB RSI Quarterly, Annual and Rolling Four Quarter Changes

Time Period	NI	GB
Quarter on quarter	2.2%	-1.1%
Year on year	-2.3%	-6.1%
Rolling four quarter	-1.1%	-3.2%

Figure 1.3 NI and GB RSI Quarterly, Annual and Rolling Four Quarter Changes



1.3 Context

The Northern Ireland RSI has been produced as an Experimental Statistic as the methods continue to be reviewed and developed.

The RSI is an important short-term measure of change in the output of the retail sector of the economy. The contents of this report will be of interest to government policymakers, Members of the Legislative Assembly, the business community, economic commentators, academics and members of the general public with an interest in the NI economy.

The Department for the Economy (DfE) [Economic Commentary](#) provides an overview of the NI economy, setting it in context with the UK and Republic of Ireland.

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

The RSI is published on a Standard Industrial Classification 2007 (SIC07) basis. Volatility can arise when businesses inform NISRA of SIC code changes via business surveys, the Office of National Statistics (ONS) or HM Revenue & Customs (HMRC). This new information helps to improve the industry estimates of services output but can add volatility to quarterly and annual changes.

The [Background notes](#) section of this document provides information on the methodology used to produce these statistics as well as information on the quality and accuracy of the data.

The RSI series is seasonally adjusted on a 2019 = 100 basis using X-13 ARIMA SEATS.

Comparative GB data, produced by the ONS, are presented where these are available. The [latest GB RSI results](#) published on the ONS website.

This publication provides three measures of growth for all indices.

1. **Quarter-on-quarter change** provides the most recent measure of how the sector is changing. It is appropriate to compare consecutive quarters as the indices are seasonally adjusted to remove the effects of changes in output as a result of the time of the year;
2. **Year-on-year change** compares the current quarter with the same quarter one year ago; and
3. **Rolling four quarter change** compares the most recent twelve months with the twelve months before. This comparison is useful for identifying changes in output over a longer time period than the other two approaches.

1.4 Revisions

Results are provisional and subject to revision which can be made for a variety of reasons. The most common include late responses to surveys, estimates being replaced by actual data, revisions to seasonal adjustment factors, methodological changes and changes to business classifications. There can also be changes made to the deflators provided by ONS which may impact the entire series. A revisable period of the preceding four quarters is applied for late responses from RSI census businesses. Volatility also arises when businesses inform NISRA of SIC code changes via business surveys, ONS or HMRC. This new information helps to improve the estimates of growth each quarter but also adds volatility to quarterly and annual changes. Only rarely are there avoidable 'errors', such as human or system failures, and such mistakes are made quite clear when they do occur. The RSI revisions triangle can be accessed on the [RSI Quality and Revision documents page](#).

2 Key Findings

Retail Sales: SIC 47 – Retail Trade except of motor vehicles and motorcycles. Retailing is the resale (sale without transformation) of new and used goods mainly to the general public for personal or household consumption or utilisation, by shops, department stores, stalls, mail-order houses, door-to-door sales persons, hawkers, consumer cooperatives, auction houses etc. SIC 47 makes up 18.3% of NI IOS Gross Value Added (GVA) at 2019 prices.

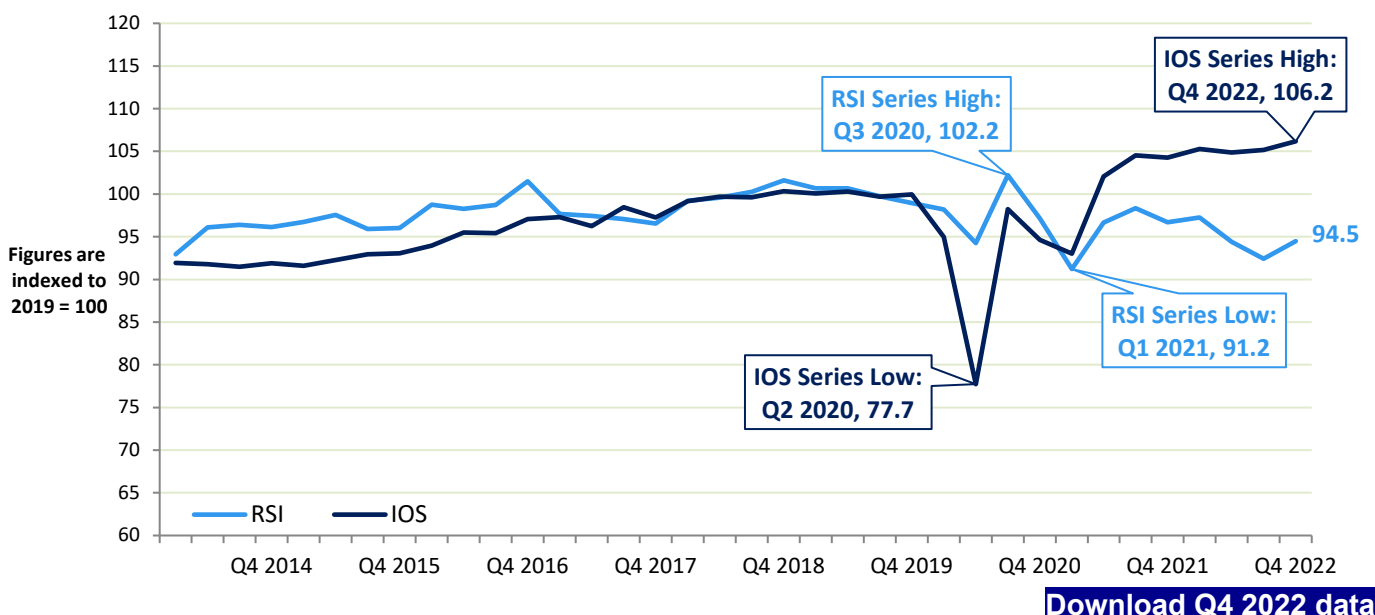
Output: turnover, the value of total sales generated from all NI based activity, excluding VAT. Turnover is rounded to the nearest thousand and is then grossed and deflated.

Index: turnover converted into an index value which is a convenient form of expressing a series in a way that makes it easier to see changes in that series. The numbers in the series are expressed relatively, in this case the average of the turnover in 2019 chosen to be the 'base' (expressed as 100) and other turnover values being measured relative to this base.

- Retail output in NI saw a quarterly increase of 2.2% in Quarter 4 2022 and a decrease of 2.3% over the year, while GB RSI output experienced decreases of 1.1% over the quarter and 6.1% over the year.
- NI RSI output remains 4.5% below the pre-Coronavirus pandemic level seen in Quarter 4 2019 while GB RSI output is now 14.1% below its Quarter 4 2019 level.
- When the most recent four quarters are compared to the previous four quarters the NI RSI decreased by 1.1%, while the GB RSI fell by 3.2%.
- NI RSI output is 7.6% below the series high seen in Quarter 3 2020.
- The NI RSI remains 3.6% above the series low (Quarter 1 2021).

When comparing the NI RSI series to the overall NI IOS, both series followed the same general trend until Quarter 1 2020. COVID-19 restrictions in the UK commenced in 2020 and a series low for NI IOS was seen in Quarter 2 2020, with the series recovering to reach a series high in Quarter 4 2022. In contrast, the Retail Sales Index reached a series low in Quarter 1 2021 and remains 4.5% below its pre-pandemic level in Quarter 4 2022.

Figure 1.4 NI RSI & NI IOS, Q1 2014 – Q4 2022



3 Background notes

Background

The RSI is a subset of IOS and refers to SIC 47 (Retail trade, except of motor vehicles and motorcycles). It provides a measure of change in output within the private retail service industries in Northern Ireland. For further information please see the [Methodology for the NI Retail Sales Index \(RSI\)](#).

Impact of coronavirus (COVID-19) on data collection and estimates

Coronavirus impacted on the data collection and the validation of turnover data, which are collected on the Quarterly Business Survey. Coverage rates fell significantly during 2020 and have begun to recover but still remain below the levels seen pre-pandemic.

The following provides an overview of the NI RSI coverage response rates for Quarter 4 2022, compared to the median rates in 2022, 2021 and 2020:

	Quarter 4 2022	2022 (median)*	2021 (median)*	2020 (median)*
Coverage response rate (returned turnover)	68%	64%	53%	45%

*median value achieved at IOS database closure of quarters 1 to 4 for 2020, 2021 and 2022.

Gross Value Added (GVA)

Weighting has been carried out using the balanced GVA approach which balances the income and production approaches to measuring the economy into a single estimate. For more information please see [Regional GVA information](#). Figures in this publication are weighted using the revised 2019 Northern Ireland GVA figures which became available on 30 May 2022.

Deflation

The RSI is measured at a constant market price (2019 = 100). Deflators adjust the value series, taking out the effect of price change, to create the volume series. The deflators used in this bulletin were provided by ONS on 7 March 2023. Details on [deflation improvements in the UK national accounts](#) can be found on the ONS website.

Seasonal Adjustment Review

Following the seasonal adjustment review conducted in May 2022 changes have been made to some regressors and models used to seasonally adjust (where applicable) time series using X13 ARIMA SEATS. This improves the reliability of results. Further details on [this review and other methodological changes](#) implemented in June 2022 are available on the NISRA website.

Experimental Statistics

These statistics are experimental statistics which are still undergoing evaluation and are subject to revision. It is our goal that the new RSI will undergo assessment by the Office for Statistics Regulation to ensure compliance with the standards of the [Code of Practice for Statistics](#).

Changes to recent releases

Quarter	Change	Detail
Quarter 1 2022	Seasonal Adjustment Review	Following the seasonal adjustment review conducted in May 2022 changes have been made to some regressors and models used to seasonally adjust time series using X13 ARIMA SEATS.
Quarter 1 2022	2020 GVA	Figures in this publication are weighted using 2020 GVA which became available on 30 May 2022.
Quarter 3 2022	Updated 2019 GVA Reference Year	The UK National Accounts Blue Book 2022 was published on 31 October 2022. The reference and base year have remained at 2019 for a second consecutive year due to the effect of the coronavirus (COVID-19) pandemic. In line with international guidance, figures in this publication have been weighted using the revised Northern Ireland 2019 GVA which was published on 30 May 2022.

Publications policy

All ELMS publications are available to download free of charge from the [ELMS section of the NISRA website](#). The RSI bulletin and tables from the current publication, which includes all the data from the start of the series in 2014, are available in Excel and Open Document format to download from the [RSI section of the NISRA website](#).

Future RSI publications are due to be published on the same day as the [Index of Services](#) and [Index of Production](#) in March, June, September and December of each year. The [ELMS Publication Schedule](#) is available on the NISRA website.

Next publication

The next bulletin is due to be published on 15 June 2023.

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