

September 2015

The European Central Bank revised growth projections for the **Euro area** downwards with growth of 1.4% in 2015 and 1.7% in 2016 now predicted. This follows lower external demand owing to weaker growth in emerging markets. Meanwhile, the **Republic of Ireland** economy continues to perform well, with GDP increasing by 1.9% in Q2 2015.

UK inflation has fallen to zero again in August, partially due to cheaper oil prices. Whilst the Bank of England has voted to keep its key interest rate at 0.5%, having been at this rate since March 2009.

The **Northern Ireland** labour market continues to show signs of improvement. The number of people claiming unemployment rates has fallen by a further 1,000 over the month to August. The number of people claiming unemployment benefits (42,000) is now at its lowest level since January 2009.

Local output figures by sector have been mixed. Services output expanded by 0.5% over the latest quarter to Q2 2015, driven by growth in the wholesale, retail, repair, accommodation and food services sector (0.7%) and the transport, storage, information and communication sector (1.9%).

Local production output contracted by 1.9% over the quarter to Q2 2015; however, on a rolling annual basis, growth in the sector was particularly robust at 2.5%. Over the latest quarter, the manufacturing element of production was the only contributor to the decrease in output, with output here falling by 2.1%.

The latest results from InterTradeIreland's Business Monitor for Q2 has indicated that there has been a convergence between business performance in Northern Ireland and the Republic of Ireland, with 40% of firms in the

Republic of Ireland in growth mode compared to 36% of businesses in Northern Ireland.

Locally, Ulster Bank's PMI for August suggests that private sector activity has increased for a fourth consecutive month but the pace of expansion over the latest month was only slight.

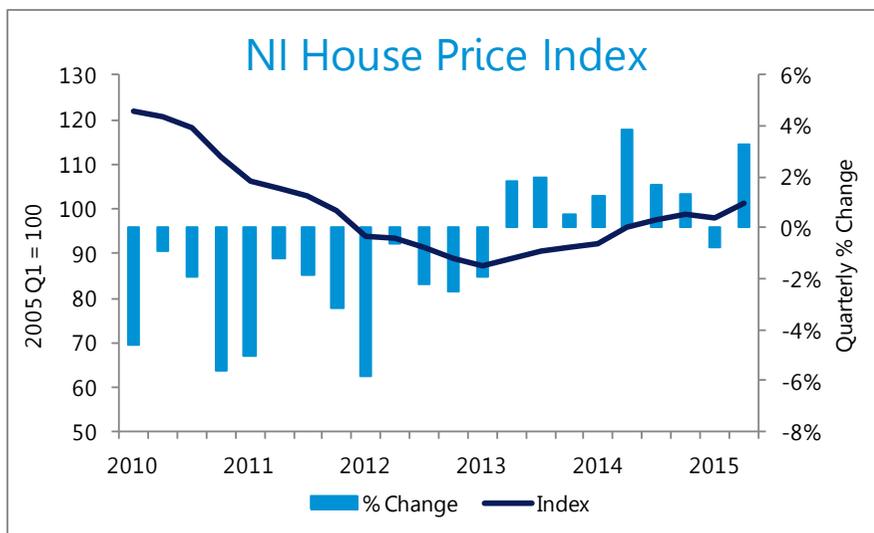
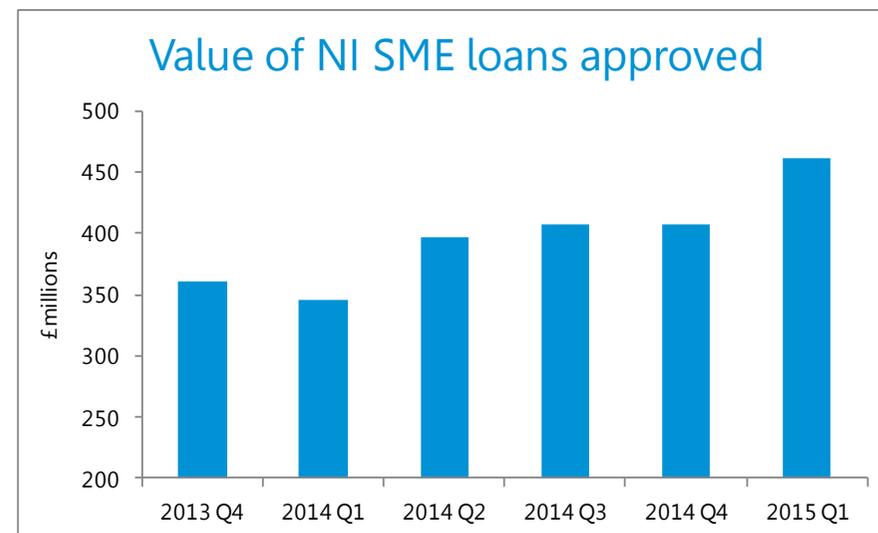
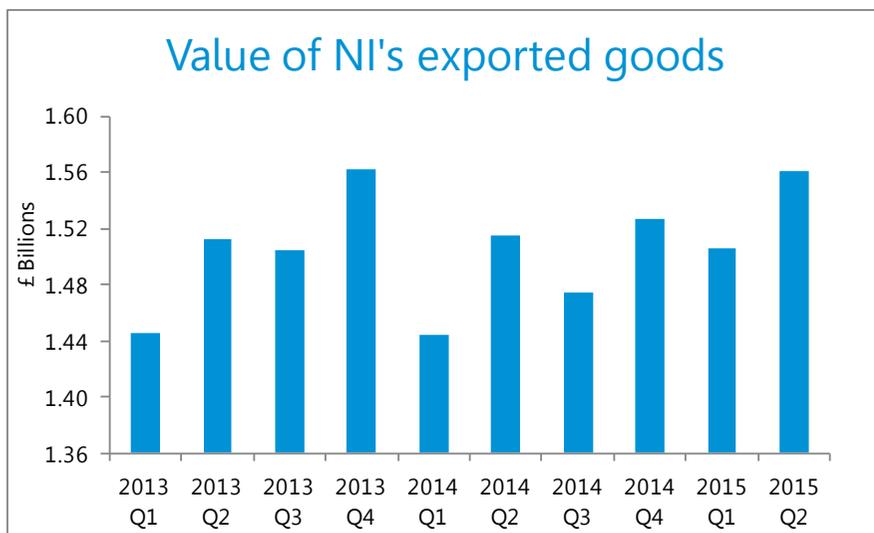
The value of exported goods from NI increased by 3.6% over the quarter to Q2 2015, reaching their highest quarterly value since Q4 2013. Over the latest quarter, the largest increase in the value of exports was to the US (+£13.6m) whilst the largest decrease was recorded to the Netherlands (-£4.8m).

Lending to local SMEs reached £462 million in Q1 2015, a 13% increase over the quarter according to the British Bankers' Association. The real estate, professional and support services sector was the biggest in terms of total value of loans, accounting for 44% of the value of all loans to SMEs.

Local house prices have risen by 3% over the latest quarter to Q2 2015 according to the NI Residential Property Price Index. House prices are now some 16% above their previous low point, reached in Q1 2013.

Key Recent Statistics and Updates

- The number of people **claiming unemployment benefits** stood at 42,000 in August 2015, a 20% fall over the year.
- **Services output** expanded by 0.5% over the latest quarter to Q2 2015.
- **Production output** contracted by 1.9% over the quarter to Q2 2015.
- The **value of goods exported** from NI stood at £1.56bn in Q2 2015, a 3.0% rise on the same quarter of 2014.
- **Lending to local SME's** increased by 13% over the quarter to Q1 2015 with 93% of all loan applications approved.



LABOUR MARKET OVERVIEW (May - July 2015)		
Measure	Value	Comment
Employment	815,000	Down over quarter but up over year
Employment Rate	67.8%	Down over both quarter and year
Employee Jobs*	721,410	Up over both quarter and year
Claimant Count**	42,000	Down over both month and year
Unemployment Rate	6.2%	Up over quarter but down over year
Economically Inactive	577,000	Up over both quarter and year
Inactivity Rate	27.5%	Up over both quarter and year
Redundancies***	1,931	Decrease of 4% from the previous year

*March 2015 **August 2015 *** Annual total up to end of August 2015

POSITIVE ECONOMIC NEWS

New Jobs for NI

Intelling Ltd has announced 250 jobs. The company plans to establish a contact centre in NI and the new operations centre in Belfast forms part of its growth plans.

Belfast based digital agency Engage is creating 13 new jobs as part of a plan to increase sales in exports markets. Formed in 2011, Engage specialises in the creation of websites and web applications and has offices in Belfast, Dublin and London. Invest NI has offered £97,500 of support towards the creation of the new jobs.

Tyrone based Heavenly Tasty Organics Ltd has secured its first major deal in France with assistance from Invest NI. The company supplies baby foods and snack products made from organically-grown fruits and vegetables.

Support for Businesses

Following the completion of the non domestic rates revaluation, DFP is turning its attention to a wide ranging policy review of the whole system of business rates. The review will look at improvements to the current system and consider alternative ways of raising revenue, either as a replacement or as a means of spreading the burden and reducing bills. The current plan is that a report will be presented to the Assembly at beginning of 2016. If major reform is needed and supported, this may require a follow up 8 week consultation before spring 2016. New legislation will be needed, therefore, any fundamental changes to the system will have to be taken after next year's Assembly elections.

Public Procurement Contracts Awarded

In August 2015, 209 procurement contracts were awarded with a value of circa £113.8million. 77% of these contracts (161) were awarded to NI SMEs.

Support for Schools

The DE Minister has given the go-ahead for a further six schools to proceed to construction on the School Enhancement Programme with a value of £14million. The DE Minister has also agreed 11 minor works for projects for schools amounting to almost £900,000 across all regions.

The DE Minister has announced £112,000 funding for a Bagpipe and Highland Dance Tuition pilot project in schools in Derry~Londonderry and Strabane. Over 300 pupils will benefit from opportunities to learn Highland dance and bagpipes. This programme will be delivered by Bready and District Ulster Scots Development Association who have successfully delivered a pilot project of highland dance and bagpipe tuition. DE funding will enable more children to participate by encouraging more schools to participate in the pilot project.

Support for Skills

The DEL Minister has launched a 'Big Conversation' about the sustainability of higher education in NI. Higher education makes a vital impact on our economy and society here, drives the knowledge economy by equipping our people with higher level skills which companies, both local and newly investing, need to grow. It generates billions of pounds of spending in our economy and supports over 18,000 jobs across a range of occupations. The Higher Education Big Conversation will run until 23 October.

The CME Group Financial Innovation Laboratory at Ulster University has officially been opened. The laboratory, resulting from a strategic partnership between the Ulster University Business School, CME Group Foundation (the charitable arm of the CME Group) and Invest NI, will house the most technologically advanced software to provide students and visitors with hands-on experience of dynamic trading environment, comparable to an investment bank.

The DEL Minister has launched the second WhiteHat Security IT Training Academy. WhiteHat has been recruiting throughout 2015 and will provide 12 individuals opportunities in Internet Security. The Academy has been designed by DEL, WhiteHat Security and Belfast Metropolitan College. The successful candidates will undertake an intensive five week training programme on web application security vulnerabilities and there is a potential offer of employment with WhiteHat Security based in their Belfast offices.

The DEL Minister has launched a new Welding Academy under its Assured Skills initiative. The Academy will provide 10 individuals with the skills and experience required to take up new opportunities in the engineering sector with SDC Trailers, Magherafelt and MDF Engineering, Antrim Successful applicants will gain industry recognised qualifications and be interviewed by the companies on completion. Training will be delivered by the Northern Regional College at their Newtownabbey Campus.

The first of DEL's series of Job Fairs and Advice Forums has taken place in Newry. More than 50 employers were in attendance with over 600 vacancies on offer. A range of support organisations such as DEL's Careers

Service, the Disability Employment Service and Employment Service were also present to provide individuals with information, advice and guidance on a range of training and employment schemes as well as opportunities to reskill.

The DEL Minister has launched the second Eishtec Training Academy. The Academy will provide 20 training opportunities to give participants the skills and experience required to take up job opportunities with Eishtec. It will target individuals with excellent communication skills and offers an intensive three week training programme leading to the opportunity for employment with Eishtec. The training will be delivered by SRC in its Lurgan Campus.

Support for Planning

The DOE Minister has launched a new plan which will boost balanced growth, development and tourism in the Causeway Coast and Glens Council Area. The Northern Area Plan is a blueprint for how the area should grow and develop. It identifies land for specific uses that will help the economy and provide more certainty in the planning process for people living in the areas.

The DOE Minister has published the Strategic Planning Policy Statement for NI (SPPS). In essence, this is the 'go to guide' for everyone involved in the local planning system. The SPPS reduces 20 separate planning policy statements to one. The DOE Minister has said its publication unlocks development potential, supports job creation and will aid economic recovery, but not at the expense of our planet, environment or people.

The DOE Minister has recommended approval to allow for the regeneration of the former MOD site at Fort George, Derry~Londonderry. The major proposal sets out a development framework for the 6.2 hectare site and provides for significant mixed use development to include residential, office, employment and education uses, retail, cafes, bars and restaurants and associated multi-storey and surface car parking. This development framework provides the blueprint for the physical regeneration and investment priorities for the pivotal site.

Support for Rural Development

The DARD Minister has announced that the European Commission has formally approved the Rural Development Programme (RDP) 2014-2020 for NI. It paves the way for up to £623million in funding to become available for improving farming and agri-food businesses, protecting our environment and supporting rural development projects across NI.

The DARD Minister used her keynote speech at the National Ploughing Championships to announce the first phase of the Farm Business Improvement Scheme (FBIS) as part of the RDP.

The DARD Minister confirmed that the EU Commission had approved NI's application for Official Brucellosis Free (OBF) status. It meant that a controlled reduction of the testing programme would be introduced as soon as possible after official publication of the Commission Decision. It was a highly significant milestone in the history of disease eradication here. For the first time in decades, not only is NI free of brucellosis, but NI and RoI are now regarded as being free from the disease, saving farmers millions of pounds.

Boost for the Environment

The DOE Minister has announced the cultivation of genetically modified (GM) crops in NI is prohibited. The announcement follows an earlier EU decision to permit Member States to opt out of growing approved GM crops within their territories.

The DOE Minister has welcomed the announcement that NI has received more Blue Flags and Seaside Awards for beaches, seascides and Marinas than ever before. This year eleven of our best beaches were awarded the International Blue Flag, including Crawfordsburn Beach for the first time. Seven of our resort and rural beaches received the prestigious Seaside Award and two blue flags were presented to marinas. The increase in awards is great news for NI's beach users and seaside towns.

The DOE Minister is proposing six new listed buildings, including three World War Two hangars, for Derry~Londonderry. The proposed listings will be a boost for the region, reflecting its varied and diverse history.