

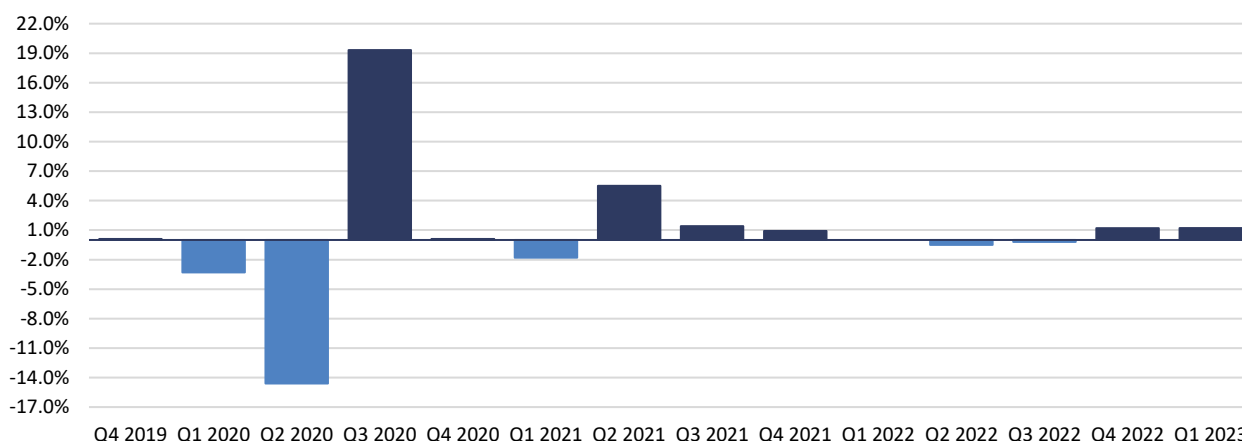
Northern Ireland Composite Economic Index (NICEI)

Experimental statistics

Quarter 1 (January - March) 2023

Economic Activity in Northern Ireland increased by 1.2% in real terms during Q1 2023. The quarterly growth means the NICEI is at a new series high of 106.3 and is 0.6% above the previous high recorded in Q3 2007.

Chart 1: Northern Ireland Composite Economic Index (NICEI), Quarter on quarter change (%), since Q4 2019



Quarterly change	Annual change	Pre-pandemic change (Q4 2019)*	Annualised change**	Private Sector		Public Sector	
				Quarterly	Annual	Quarterly	Annual
+1.2%	+1.7%	+6.3%	+1.1%	+1.4%	+1.8%	+0.3%	+1.5%
				Pre-pandemic	Annualised	Pre-pandemic	Annualised
				+6.5%	+0.8%	+5.7%	+2.2%

* We have included the pre-pandemic change (i.e. Q1 2023 vs. Q4 2019) to illustrate to users the impact compared to the last quarter before pandemic.

** Annualised change: Q2 2022 to Q1 2023 compared with Q2 2021 to Q1 2022.

Key Points

- Economic Activity in Northern Ireland increased by 1.2% in real terms over the quarter to Q1 2023. Compared to Q1 2022 NI's output has increased by 1.7% and is now 6.3% above pre-pandemic levels seen in Q4 2019. When assessing annualised change, NI output has increased by 1.1%.
- Although the measures are not produced on a fully equivalent basis, [UK Gross Domestic Product \(GDP\)](#) showed growth (0.1%) over the quarter and also increased by 0.2% over the year to Quarter 1 2023. UK GDP is now -0.5% below pre-pandemic levels seen in Q4 2019.
- Over the same timeframe, GDP in [Ireland](#) decreased by 4.6% over the quarter and 0.3% over the year. However, Ireland's GDP is 27.4% above pre-pandemic levels seen in Q4 2019.
- The largest contributions to change this quarter came from increased activity in the Services sector and Public sector which contributed to 1.1 percentage points (pps) and 0.1 pps respectively to the overall NICEI increase.

Contents

1	<i>Context</i>	2
2	<i>Profile of the Northern Ireland Economy</i>	3
3	<i>Contribution of sectors to overall NICEI</i>	4
4	<i>Long-term NICEI trend</i>	5
5	<i>Comparison with measures of GDP</i>	6
6	<i>Economic Commentary</i>	8
7	<i>Quality and methodology</i>	15
8	<i>List of Tables</i>	19
9	<i>Further Information</i>	19

1 Context

The 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). 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.

This report covers the period 1st January to 31st March 2023 (Q1 2023).

Uses of the NICEI

The NICEI is used to help monitor progress of a range of key government strategies in NI, notably the [Industrial Strategy](#) and the [10X Economic Vision](#). The statistics in this release are also used by a broad range of users with an interest in assessing and reporting on the level of economic activity here, such as the ONS, economists in the public and private sector, academics, media and the general public.

GVA Reference Year

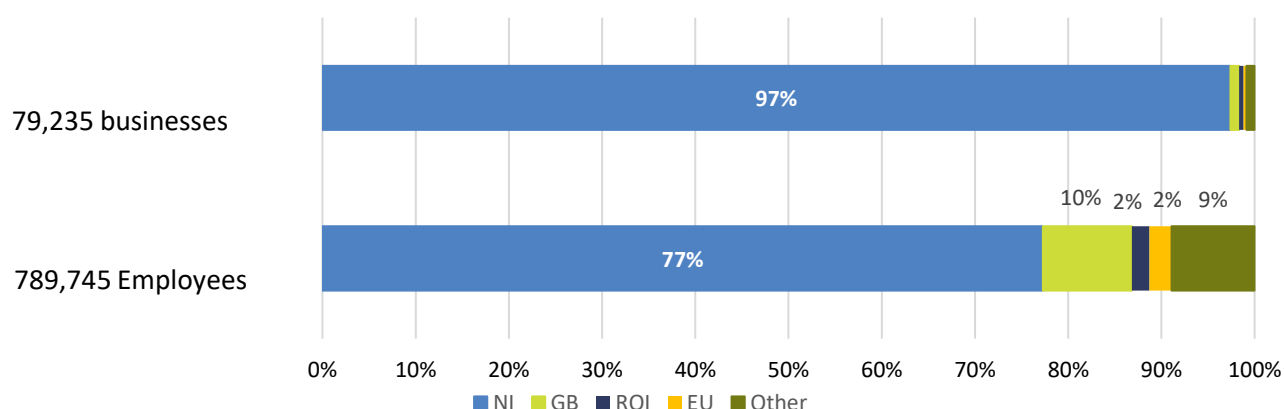
In line with guidance detailed in the [UK National Accounts Blue Book 2022](#) (published on 31 October 2022), figures in this publication have been weighted using the revised Northern Ireland 2019 GVA figures, and the base year has remained at 2019 for a second consecutive year. This is to account for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

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.

2 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 2023 is estimated to be 79,235; with 2,065 (2.6%) 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 179,430 (22.7%) of all employees in NI as demonstrated below.

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

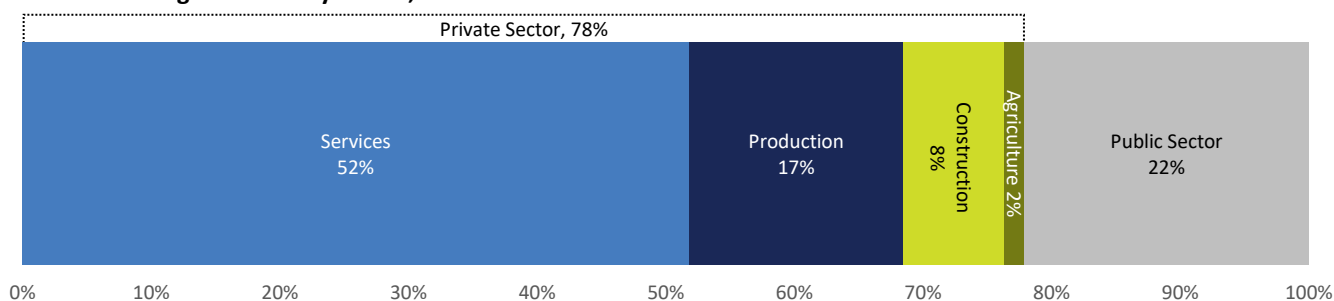


Source: NISRA [IDBR](#); June 2023

Furthermore, the Department for Business, Energy and Industrial Strategy (BEIS) estimates that in 2022 there were approximately 54,000 unregistered businesses operating in Northern Ireland employing 58,000 people², which is in addition to the figures reported by the IDBR.

In terms of the value of the Northern Ireland economy, the ONS estimate that in 2021 Gross Value Added (GVA)³ was £45.7bn. 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. However, given the turbulence in the economy during 2020 and 2021 we have used 2019 figures to create the weighting used for the NICEI calculations. 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



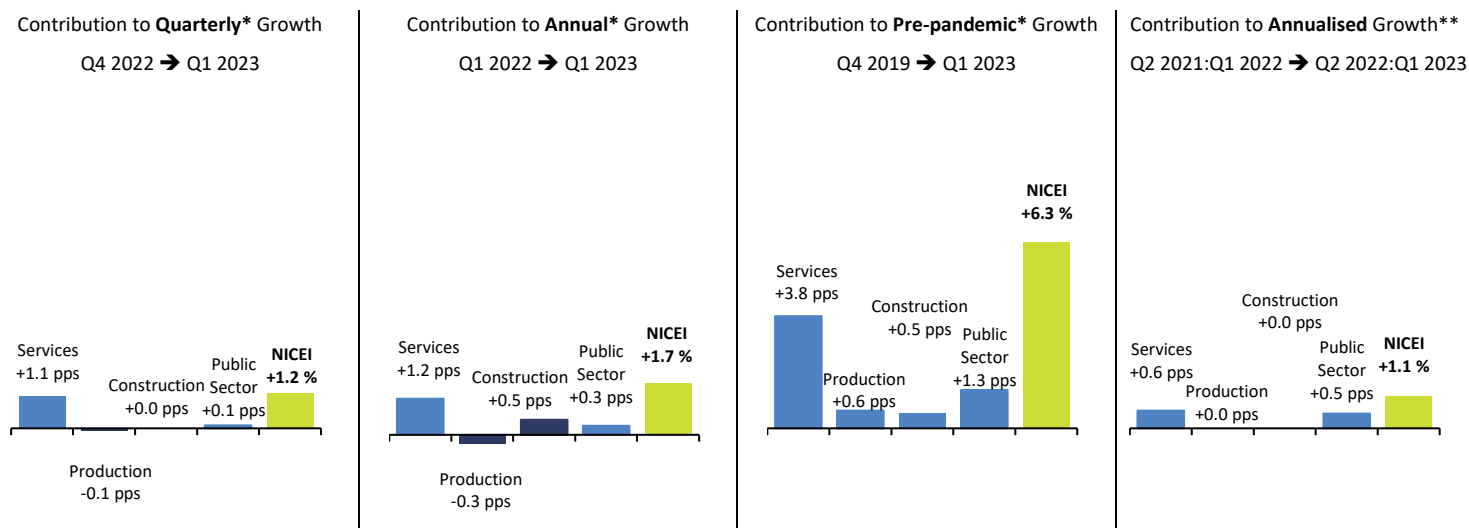
² [Business population estimates 2022 - GOV.UK \(www.gov.uk\)](#)

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

3 Contribution of sectors to overall NICEI

Economic Activity in NI has increased over the quarter, annual, pre-pandemic and rolling annual average to Q1 2023. The largest positive contribution over the quarter came from the Services sector. Whereas previously, the Construction sector had provided the largest positive contribution to economic activity in NI in Q4 2022.

Chart 4: NICEI, Contribution of sectors to quarterly, annual, pre-pandemic and annualised growth



* May not sum due to rounding.

**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.

The increase in the NICEI over the latest quarter (1.2%) was driven by increased activity in the Services sector (1.1 pps) and the Public Sector (0.1 pps). Whilst the Production sector had a small negative contribution (0.1 pps). The Construction sector had no contribution to the most recent quarterly change.

Over the year, the NICEI increased by 1.7% to Q1 2023. This was driven by positive contributions from the Services sector (1.2 pps), the Construction sector (0.5 pps) and the Public sector (0.3 pps) and was partially offset by a negative contribution from the Production sector (0.3 pps).

In terms of pre-pandemic change⁴, NI economic output has increased by 6.3%, with the growth largely driven by a positive contribution from the Services sector (3.8 pps), which has had a strong recovery post pandemic. There were also positive contributions from the Public sector (1.3 pps), Production sector (0.6 pps) and the Construction sector (0.5 pps).

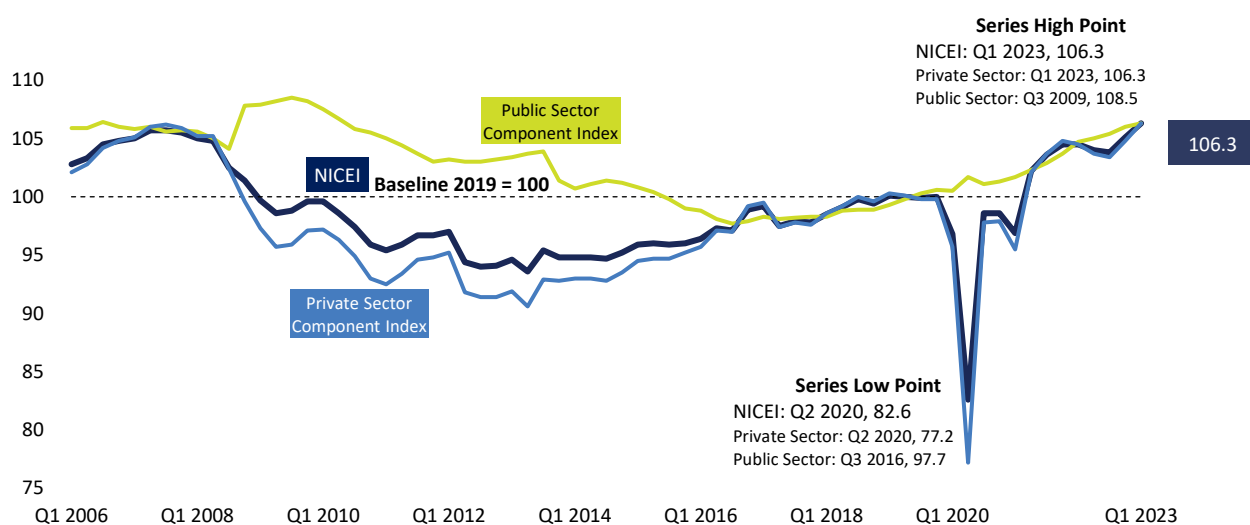
The 1.1% annualised increase in the NICEI (i.e. average of the four quarters to Quarter 1 2023 compared with the previous four quarters) was driven by increased activity in the Services sector (0.6 pps) and Public sector (0.5 pps). The contributions from the Production and Construction sectors was negligible over this period.

⁴ We have temporarily included pre-pandemic change to illustrate to users the impact compared to the last quarter before the pandemic (i.e. Q1 2023 vs. Q4 2019).

4 Long-term NICEI trend

Economic activity had increased gradually in recent years (2013-2019) until the onset of the pandemic, following the prolonged downturn post 2007. During the pandemic the NICEI reached a series low in Q2 2020, however economic activity post pandemic has recovered substantially and in Q1 2023 a new series high was reached. Economic activity is now 28.8% above the series low point in Q2 2020.

Chart 5: Northern Ireland Composite Economic Index (NICEI), Q1 2006 – Q1 2023



The quarterly growth in the NICEI between Q4 2022 and Q1 2023 means that currently the NICEI is at a new series a high and 0.6% above the previous high recorded in Quarter 3 2007.

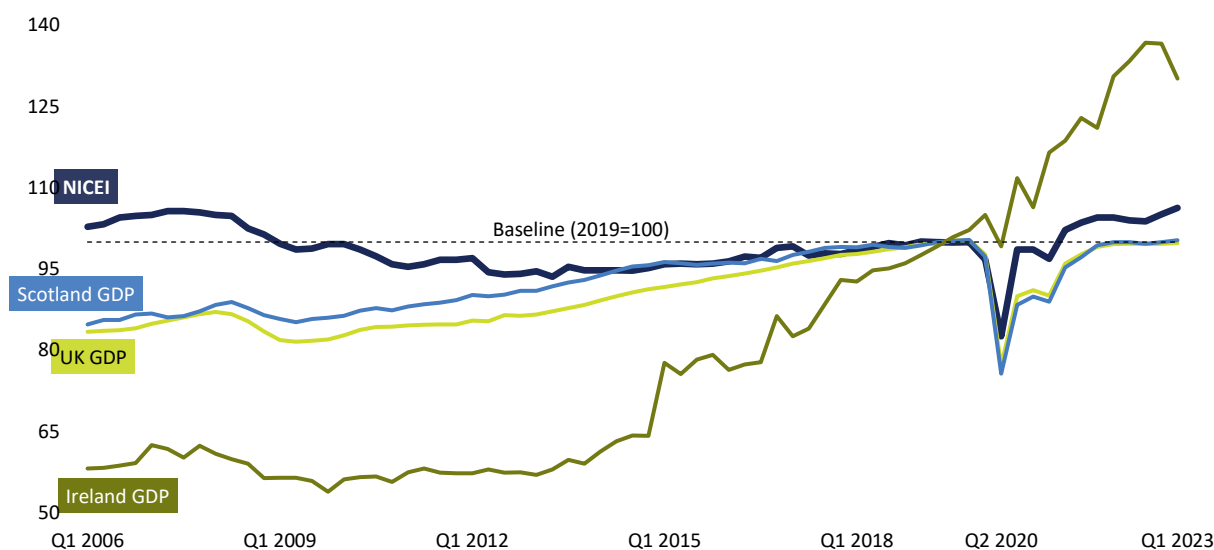
Over the last 5 years, annualised growth has ranged between -5.9% and 10.1%. The notable changes in the NICEI and Private Sector Component Index from Q2 2020 to date coincide with periods of imposing and relaxing lockdown restrictions in response to COVID-19. In particular, the NICEI (and Private Sector Component Index) fell to a series low in Q2 2020, with the NICEI decreasing 14.6% over the quarter then increasing 19.3% over the next quarter (Q3 2020) as restrictions eased, resulting in a pronounced 'V' in economic output.

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

5 Comparison with measures of GDP

There was a general upward trend in Economic Activity in Q1 2023 with NI, Scotland and the UK all recording increased output over the quarter, whilst Ireland's GDP decreased by 4.6%. NI recorded the strongest increase in output of the 4 nations over the quarter. All nations experienced increased output over the rolling annual average period. NI, Scotland and UK increased over the year whilst Ireland decreased by 0.3%.

Chart 6: NICEI*, comparison with selected GDP measures Q1 2006 – Q1 2023**



* 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.

** Ireland's GDP figure has been volatile over recent years, the Central Statistics Office (CSO) highlights the impact [Globalisation](#) has had on Ireland's GDP figures.

Chart 6 above indicates that NI, Scotland and UK output all fell to their minimum level over the time period in Q2 2020. In Q1 2023, the NICEI has now reached a series high and is 0.6% above the previous maximum value recorded in Quarter 3 2007.

However, by comparison, UK GDP in Q1 2023 is estimated to be 14.6% higher than its pre-economic downturn peak of Quarter 1 2008. This suggests that the UK has had a shorter downturn since the 2008 recession and a faster recovery.

Over the last 10 years, the UK has reported increases in GDP in 35 of the last 40 quarters, whereas the NICEI has reported increases in economic activity in 22 of the last 40 quarters.

ONS Regional Accounts

In April 2023 ONS published [Regional economic activity by gross domestic product, UK](#). The latest figures indicate that NI ranks in 10th position out of the 12 regions of the UK for GVA (B) per head of population (£24,007)⁵. NI GVA (B) per head increased by 6.4% in 2021, however the UK less extra-regio⁶ increased at a faster rate in 2021, increasing by 7.2%. Further information on the GVA(B) estimates, including regional comparisons and details of the income components of GVA can be found on the ONS website.

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 Extra-Regio comprises activity that cannot be assigned to regions.

Output in NI, Scotland and the UK increased over the quarter, whereas Ireland’s GDP decreased by 4.6%. All regions except Ireland experienced growth in output over the year, with all nations recording an increase over the rolling annual average period, however NI recorded the weakest annualised growth.

Chart 7: Quarterly, annual, triennial and annualised change, NICEI compared with selected GDP measures to Q1 2023

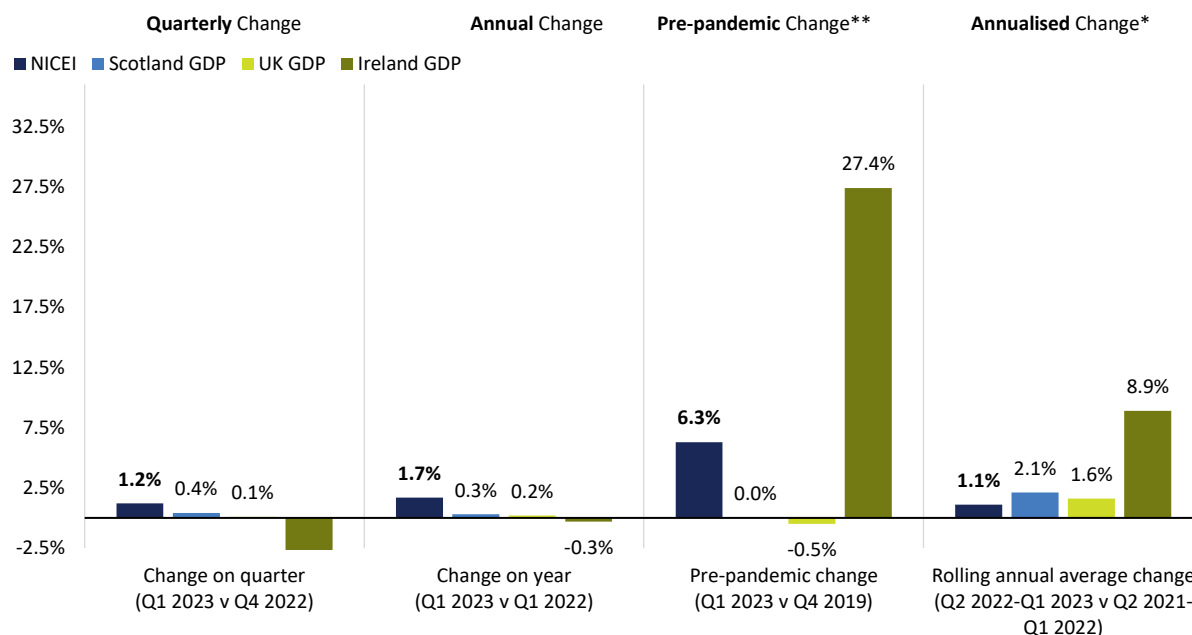


Chart 7 above compares the NICEI against the GDP of the UK, Scotland and Ireland. In Q1 2023, NI experienced the highest growth over the quarter (1.2%) whilst the UK increased marginally (0.1%).

All regions apart from Ireland experienced growth in Economic Activity over the year. Comparing NI with the UK, NI had stronger growth over the year (1.7% vs 0.2%) but weaker growth over the rolling annual average (1.1% vs 1.6%). Comparing against pre-pandemic, Economic Activity in NI has increased whilst the UK experienced a reduction (6.3% vs -0.5%).

NI’s output grew at a much faster rate over the quarter than Scotland (1.2% vs 0.4%) and grew at a faster rate over the year (1.7% vs 0.3%). Having said that, NI experienced slower growth than Scotland over the rolling annual average period (1.1% vs 2.1%). Comparing against pre-pandemic, Economic Activity in NI increased whilst Scottish GDP has remained unchanged (6.3% vs 0.0%).

Ireland was the only region to record decreased activity over the quarter and the year (-4.6% and -0.3% respectively). However, Ireland recorded the strongest growth since pre-pandemic (27.4%) and also achieved the highest rate of growth over the rolling annual average (8.9%).

6 Economic Commentary

The following section discusses the performance of the NI economy, including the latest NICEI results for the quarter and how the NICEI component sub-sectors have performed. It also provides an overview of topics relevant to the local economy, such as the labour market, consumer confidence and trade.

- [NICEI Q1 2023](#)
- [Labour Market](#)
- [Current Economic Conditions](#)
- [Businesses](#)
- [Looking forward](#)
- [Recent Publications](#)



[NICEI Q1 2023](#)

As noted in the [DfE Economic commentary - Spring 2023](#) the NI economy has faced challenging circumstances over the last year driven largely by acute inflationary pressures. During 2022, the NICEI declined over two consecutive quarters (Q2 and Q3) and inflation reached it's highest rate in over 40 years. Although economic conditions remain challenging there are signs of greater optimism during 2023 with inflation forecast to decline and increased consumer and business confidence recorded. These signs of improvement are shown in the NICEI where economic activity has now increased over the last two quarters i.e. Q4 2022 and Q1 2023.

In terms of NI's economic performance in Q1 2023, the NICEI indicates NI economic output increased by 1.2% in real terms over the quarter and by 1.7% over the year. The annualised rate of growth (i.e. the most recent four quarters compared to the previous four quarters) increased by 1.1% over the period.

The growth rate of 1.2% recorded in the NICEI in Q1 2023 corresponds with that recorded in Q4 2022. The largest contribution to change in the NICEI over the quarter came from growth in the Services sector (2.2%) which was largely driven by increases in sub-sectors Wholesale & retail trade and Business services & finance⁷. This growth in economic activity was partially offset by decreases in the private Construction sector (-0.4%) and the Production sector (-0.4%).

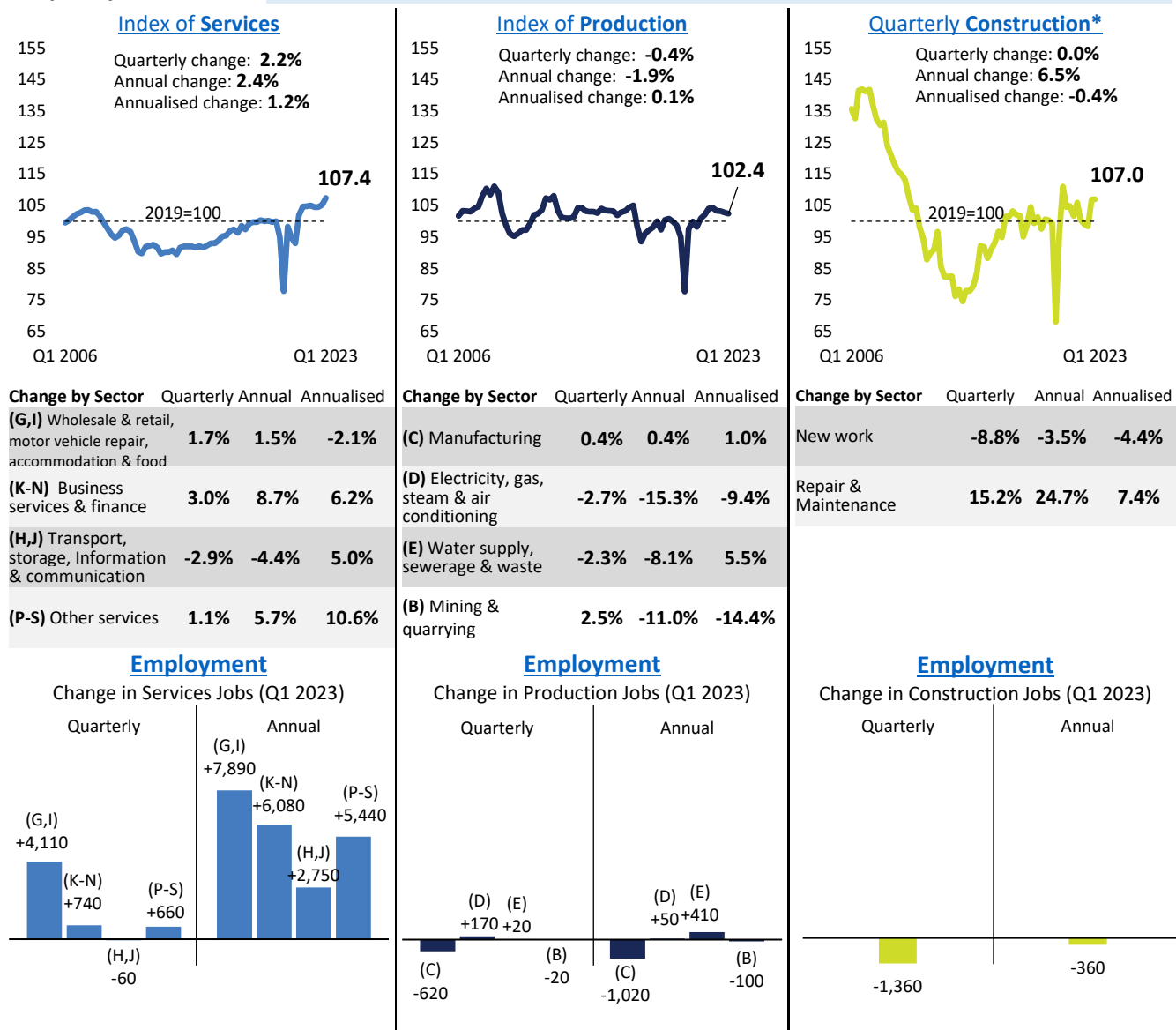
NI economic output is now 6.3% higher than pre-pandemic i.e. since Q4 2019. The services sector (which accounts for 52% of NI GVA) has had a sizeable positive contribution (3.8 pps) showing a strong recovery post pandemic. There were also further positive contributions from the Public sector (1.3 pps), the Production sector (0.6 pps) and the Construction sector (0.5 pps).

⁷ The Services sector is comprised of four sectors but is dominated by Wholesale & retail trade and Business services and finance. Together these two sectors account for 69.8% of total Service sector GVA: [IOS Q1 23](#)

Sectoral Insights to Q1 2023

Output by sector

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



* All construction i.e. including public sector

• Sub-sector results

Looking at the performance of the sub-sectors of the Index of Services (IOS) for Q1 2023 above. (K-N) Business services & finance saw the largest increase in activity over the quarter (3.0%) and over the year (8.7%). (P-S) Other Services and (G,I) Wholesale & retail trade also both saw increases in activity over the quarter (1.1% and 1.7% respectively) and over the year (5.7% and 1.5% respectively) with (P-S) recording the largest annualised increase (10.6%). (H, J) Transport, storage, Information & communication was the only sub-sector of the IOS to record decreases over the quarter (2.9%) and the year (4.4%).

The Index of Production (IOP) performance indicates that 3 of the 4 sub-sectors have experienced sizeable decreases in activity over the year namely (D) Electricity, gas, steam & air conditioning (15.3%), (B) Mining & quarrying (B) (11.0%) and (E) Water supply, sewerage & waste management (8.1%). (D) and (E) both also decreased over the quarter (2.7% and 2.3% respectively) whilst (B) had the largest increase over the quarter

(2.5%). (C) The Manufacturing sector performed well on a consistent basis recording increases over the quarter, over the year and over the rolling annual average (0.4%, 0.4% and 1.0% respectively).

Latest results show contrasting output performances for the two main sectors within Construction. 'New Work' experienced decreases over the quarter (8.8%), over the year (3.5%), and over the rolling annual average (4.4%) to Q1 2023. On the other hand, 'Repair and Maintenance' experienced increases over the quarter (15.2%), the year (24.7%) and over the rolling annual average (7.4%) to Q1 2023.

In terms of employment, there were quarterly increases in employment in 3 out of the 4 Services sub-sectors. Wholesale & retail (G, I) experienced a strong increase of 4,110 jobs over the quarter. Annual increases in employment were recorded across all Service sector sub-sectors amounting to 22,160 jobs in total.

Employment in Production sub-sectors Manufacturing (C) and Mining & Quarrying (B) decreased over the quarter and year, whilst (D) Electricity, gas, steam & air conditioning and (E) Water supply, sewerage & waste both increased over the quarter and year. Construction jobs decreased by 1,360 jobs over the quarter, however due to increases in employment over previous quarters construction jobs only decreased by 360 over the year.

- **Retails Sales Index**

The Quarterly [Retails Sales Index](#) (RSI) provides a timely indicator of change in output within the private retail service industries in NI. The retail sales sector is a subset of the IOS and refers to SIC 47 (Retail trade, except of motor vehicles and motorcycles). Retail output in NI for Q1 2023 saw an increase of 3.3% over the quarter and a decrease of 1.1% over the year. GB RSI output saw an increase of 0.6% over the quarter and a decrease of 3.6% over the year. NI RSI output remains 3.5% below the pre-pandemic level seen in Q4 2019 while GB RSI output is now 13.6% below the Q4 2019 level.

Labour Market

On the 13th June 2023, NISRA published its latest [Labour Market Report \(LMR\)](#). The LMR is a monthly overview of key labour market statistics for NI. It includes figures from the Labour Force Survey (LFS), the Quarterly Employment Survey (QES), claimant count, redundancies counts, and HMRC PAYE statistics. An infographic of the latest findings can be found [here](#).

The latest statistics show that in May 2023, the number of payrolled employees in NI was unchanged over the month and increased by 1.7% over the year. Median monthly pay in NI decreased by 0.2% over the month to £2,054 in May 2023 and increased by 5.5% over the year. Seasonally adjusted employee jobs increased over both the quarter (0.6%) and the year (2.9%) to 818,840 jobs in March 2023. 140 redundancies were confirmed in May 2023, taking the rolling twelve-month total to 1,200, which was 25.7% less than the previous year. There were 610 proposed redundancies in May 2023, taking the annual total to 2,650, which was 26.0% more than the previous year.

Over the month to May 2023, the NI claimant count decreased by 1.4% to 36,200. In May 2023, 3.7% of the NI workforce were recorded on the claimant count. The May 2023 claimant count remains 21.1% higher than the pre-pandemic count in March 2020. The NI unemployment rate for February-April 2023 was unchanged over the quarter and decreased over the year to 2.4%.

Current Economic Conditions

- **Inflation**

The latest figures for [Consumer price inflation: UK May 2023](#) in June 2023 show the Consumer Prices Index including owner occupiers' housing costs (CPIH⁸) rose by 7.9% in the 12 months to May 2023, up from 7.8% in April. The Consumer Prices Index (CPI) also produced by the ONS rose by 8.7% in the 12 months to May 2023, unchanged from April. Rising prices for air travel, recreational and cultural goods and services, and second-hand cars resulted in the largest upward contributions to the monthly change in both the CPIH and CPI annual rates. Falling prices for motor fuel led to the largest downward contribution to the monthly change in CPIH and CPI annual rates, while prices for food and non-alcoholic beverages rose in May 2023 but by less than in May 2022, also leading to an easing in the annual rates.

In May 2023 the Office for National Statistics published an update on their work to produce consumer price inflation estimates for Northern Ireland through a sample boost to the price collection.⁹ These figures are experimental and the ONS notes that they do not currently plan to publish any further updates on the development of regional price indices.

That said, initial results from the pilot allowed the production of annual inflation figures for Northern Ireland for the first time. In the twelve months to March 2023 the NI CPI rate was estimated to be 7.5% compared to 10.1% for the UK as a whole at that point in time. It is important to note that this does not mean that prices in Northern Ireland are lower than in the UK, it just means that prices were rising at a slower rate in Northern Ireland than in the UK as a whole.

- **Interest Rates**

The Bank of England's (BoE) [Monetary Policy Committee \(MPC\)](#) sets monetary policy to meet the 2% inflation target, and in a way that helps sustain growth and employment. In June 2023, the MPC voted to increase the BoE Base rate by 0.5 percentage points to 5.0%. The Committee is continuing to monitor closely the impact of the significant increases in Bank Rate so far. They indicate that the greater share of fixed-rate mortgages means that the full impact of the increase in Bank Rate to date will not be felt for some time.

- **Car registrations**

According to [The Society of Motor Manufacturers and Traders](#) UK new car registrations in May 2023 were up 16.7% compared to May 2022, as supply continues to improve. To the end of May 2023 there has been an 16.8% increase in new car registrations over the year to date (YTD). New car registrations for Petrol vehicles increased by 13.2%, however Diesel vehicles registrations have shrunk over the YTD reducing by 17.9%. Alternatively powered vehicles, continue to make up an ever-larger share of the market, with new car registrations for plug-in hybrids and hybrids rising by 13.4% and 28.8% respectively over the YTD. Battery Electric Vehicles (BEV) also continue to record significant increases in registrations with a 31.1% increase over the YTD, BEVs are now UK's second most popular car.

⁸ CPIH is the lead inflation index produced by ONS; it is the most comprehensive measure of inflation as it includes owner occupiers' housing costs and Council Tax, which are excluded from the CPI.

⁹ [Boosting the Northern Ireland price sample for the Consumer Prices Index, including experimental regional weighting – 19th May 2023](#)

- **House Price Index**

The latest [Northern Ireland House Price Index Q1 2023](#) produced by NISRA shows that the House Price Index decreased by 1.8% between Q4 2022 and Q1 2023. However, annual prices have increased by 5.0% compared to Q1 2022. Verified residential property sales for Q1 2023 stood at 4,280 which represented a large decrease of 31.5% on Q4 2022 property sales. The report also suggests the average price for a house in NI now stands at £172,005.

- **Trade**

The [HMRC Regional Trade Statistics](#)¹⁰ provides a dis-aggregation of the UK Overseas Trade in Goods Statistics, including a breakdown at the NI level. In the year ending March 2023, compared with the year ending March 2022, HMRC report growth in NI's imports and exports of goods with both EU and non-EU countries. NI's goods exports to EU countries were worth £6.4bn (up £1.1bn, 20%), with goods exports to non-EU countries worth £3.4bn (up £0.4bn, 14%). NI's goods imports from EU countries were worth £6.7bn (up £0.9bn, 16%) and goods imports from non-EU countries were worth £3.1bn (up £0.5bn, 18%).

In June HMRC published a [Summary of movements of goods into Northern Ireland from Great Britain 2022](#)¹¹.

This release uses provisional management information for the calendar years 2021 and 2022, and reports on the movements of goods into Northern Ireland (NI) from Great Britain (GB). It includes:

- the number of full declarations cleared by HM Revenue & Customs; and
- the number of businesses and the value of goods associated with these declarations.

HMRC reports that the total number of full declarations cleared by HMRC for movements of goods into Northern Ireland from Great Britain in 2022 was 1,470,000, up by 41% when compared with the 2021 declaration count of 1,040,000.

The value associated with full declarations cleared by HMRC for movements of goods into Northern Ireland from Great Britain in 2022 was £14.1 billion. This increased by £1.7 billion (13%) from 2021.

Of this total value:

- £12.5 billion was routed through the Trader Support Service in 2022. This increased by £1.3 billion (12%) from 2021; and
- £1.6 billion was routed directly to the Customs Declaration Service in 2022. This increased by £0.3 billion (23%) from 2021.

The report also provides details on the Top 5 commodities traded by value, with Motor vehicles (excluding Trains) accounting for the most trade (£2.2bn).

Businesses

- **Ulster Bank PMI**

The [Ulster Bank PMI report](#) for May 2023 signalled further growth in the NI private sector. Rates of expansion in output and employment showed signs of easing, whilst new orders increased at the same pace as in April.

¹⁰ Note that HMRC do not collect any data on trade between NI and GB

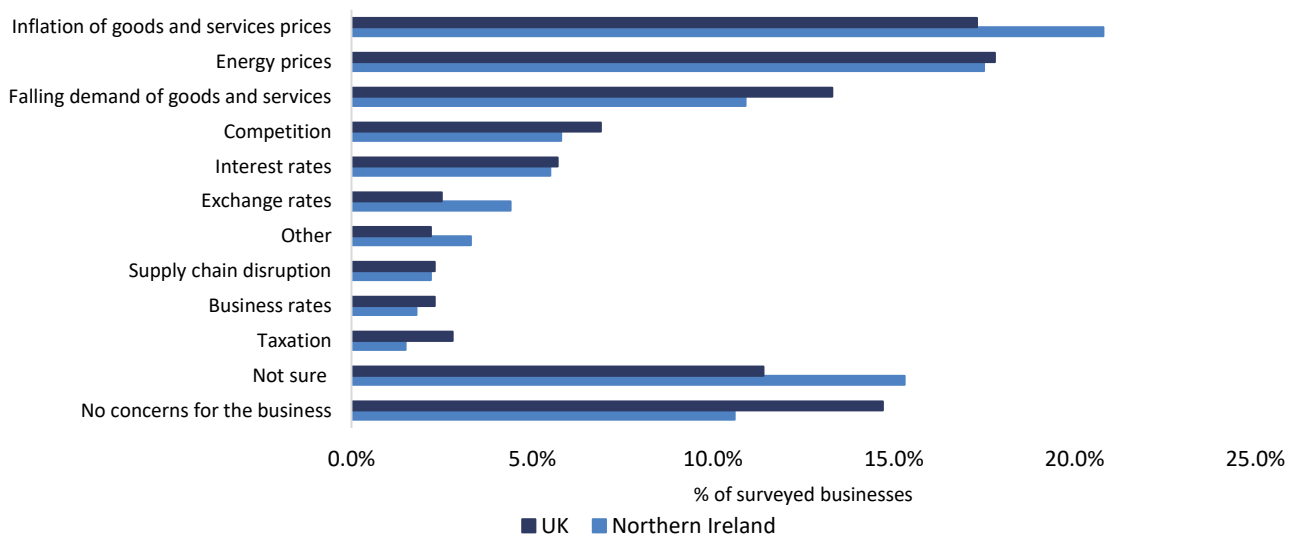
¹¹ HMRC advise that users must refer to the full explanation of data sources and methodology in the accompanying methodology notes available on their website alongside the report.

Also slowing were rates of inflation, with both input costs and output prices increasing to the least extent in around two-and-a-half years. The headline seasonally adjusted Business Activity Index dipped to 51.8 in May from 53.1 in April, signalling a fourth successive monthly increase in business activity in NI's private sector, but one that was the weakest in this sequence.

- **ONS Business Insights and Conditions Survey**

Real-time information from the fortnightly [Business Insights and Conditions Survey \(BICS\)](#) helps to assess issues affecting UK businesses. Latest results suggest business conditions remain challenging, but estimates show small signs of positive improvement for some measures. In June 2023 (Wave 83 results), 68% of businesses reported they had some form of concern for June 2023, down from the 71% reporting concerns the previous month for May 2023, and the lowest percentage reported this year. As depicted in Chart 8 below, the top two concerns reported by NI and UK businesses continued to be inflation of goods and services prices (20.8% and 17.3% respectively) and energy prices (17.5% and 17.8% of surveyed businesses respectively).

Chart 8: Main concerns for NI and UK businesses in June 2023¹²



Source: ONS – Business Insights and Conditions Survey (Wave 83)

Looking forward

The latest projections from the [Bank of England's Monetary Policy Committee](#) estimate that UK-weighted global GDP growth in 2023 Q2 was expected to be marginally stronger than anticipated at the time of the May Monetary Policy Report, following a slightly weaker than-expected outturn for Q1. The most acute risks from recent global banking sector stresses appeared to have faded. The outlook for 2023 Q3 was more uncertain, but Bank staff continued to judge that an underlying quarterly growth rate of around 0.25% was a reasonable central projection. CPI inflation is expected to fall significantly further during the course of the year, in the main reflecting developments in energy prices. Services CPI inflation is projected to remain broadly unchanged in the near term. Core goods CPI inflation is expected to decline later this year, supported by developments in cost and price indicators earlier in the supply chain. In particular, annual producer output price inflation has fallen very sharply in recent months. Food price inflation is projected to fall further in coming months.

¹² The survey was sent to around 39,000 UK businesses, around 27.6% of all businesses surveyed responded.

Latest results from the Bank of England [Decision Maker Panel survey](#)¹³ for Q2 2023 indicates that firms expected their own-price inflation to fall by just over two percentage points over the next year. It is noted that average own-price inflation rose from just under 2% in early 2021 to a peak of 8% in early 2023.

Recent Publications

ELMS publications

[Quarterly Employment Survey](#) - 13/6

[Labour Market Report](#) – 13/6

[Retail Sales Index](#) – 15/6

[Index of Production](#) – 15/6

[Index of Services](#) – 15/6

[Ports Traffic Quarterly](#) – 21/6

[Quarterly Construction Enquiry](#) – 29/6

[Inter Departmental Business Register - Northern Ireland Business; Activity, Size, Location and Ownership](#) – 22/6

DfE publications

[DfE Economic commentary – Spring 2023](#) – 12/05

[Closing the Skills Gap](#) – 19/05

[Research on the future of tourism in Northern Ireland](#) – 02/06

ONS publications

[GDP, UK regions and countries: July to September 2022](#) – 18/5

[Boosting the Northern Ireland price sample for the Consumer Prices Index](#) – 19/05

[Business insights and impact on the UK subnational single-site economy: February 2023](#) – 16/02

[GDP monthly estimate, UK: April 2023](#) – 14/6

[Economic activity and social change in the UK, real-time indicators](#) – 22/06

[Cost of living latest insights](#) – 21/06

Upcoming ELMS releases

[NI Labour Market Report](#) – 11/07, 15/08, 12/09

[Supply-Use Tables 2019 - August TBC](#)

[Index of Services](#) & [Retail Sales Index](#) – 14/9

[Index of Production](#) – 14/9

[Quarterly Construction Enquiry](#) & [NICEI](#) – 28/9

An interactive [Quarterly Economic Output dashboard](#) is now available and provides the latest quarterly results from the NICEI. The most up-to-date official statistics on the NI economy and labour market are also available via the [Economic Overview dashboard](#).

NISRA also produces a monthly NI trade dashboard which extracts data from the Eurostat website, the latest figures are available [here](#)

For the full range of official statistics produced by ELMS and NISRA please visit the links below:

[Economic and Labour Market Statistics \(ELMS\)](#)

[NISRA website](#)

¹³ A survey of Chief Financial Officers from small, medium and large UK businesses used by the Bank of England to monitor developments in the economy and to track businesses' views.

7 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 2023 NICEI back series with the Q4 2022 back series, revisions to each quarter of the index ranged between -0.6 and 0.3 index points.

This variance was driven by 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 the Covid-19 pandemic period these revisions have been larger, largely due to lower response rates and an increased number of late returns from businesses. There have also been methodology changes applied to the deflators used which have resulted in larger than normal changes in the back series data. Further information can be found on the [IOS](#) and [IOP](#) webpages.

A full comparison of the NICEI Series at Q1 2023 and Q4 2022 is available in Table 11 of the [NICEI spreadsheet](#).

Comparability with ONS regional annual GDP

ONS released [Regional economic activity by gross domestic product, UK: 1998 to 2021](#) in April 2023. This is the fourth 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 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 continue to engage with ONS to better understand the differences and the drivers behind their figures and where possible identify areas where coherence in the figures can be improved.

NI Benchmarking against ONS quarterly releases

This section aims to provide a brief overview of quarterly economic performance releases published by the ONS, such as [Model-based early estimates of regional gross value added](#) and [GDP, UK regions and countries](#).

- **ONS GDP, UK regions and countries**

The ONS Regional GDP team also produce experimental estimates of quarterly economic activity in England, Wales and the nine English regions. The most recent release was published on the 18th May 2023 and covers [Quarter 3 \(July to September\) 2022](#).

For completeness, ONS includes both Scottish GDP and the NICEI for Northern Ireland in the release. The ONS state the main data for these estimates are turnover data from approximately 1.9 million Value Added Tax (VAT) returns, along with other sources where VAT is not appropriate. ONS recently improved their methods, and details on these changes can be found in their [Quality and Methodology Information \(QMI\)](#).

NICEI component data

The NICEI is based on a range of Official and National Statistics datasets as outlined below. Whilst the component survey data is based on sample surveys, the processes employed by each individual survey to gross results to be representative of the respective business population use employment and turnover data from the [Interdepartmental Business Register](#). This is a register of c78,000 NI businesses and as such the NICEI results are considered to be a robust barometer of the performance of the NI economy.

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. The quarterly survey has been designed to give reliable estimates for each quarter, as well as estimates of change over consecutive quarters. These aims have been achieved by using an unclustered sample with a large element of overlap between quarters. The theoretical sample for each quarter of around 3,900 addresses, made up of five 'waves', each containing approximately 780 private households. Every sampled address is interviewed in five successive quarters, such that in any one quarter one wave will be receiving their first interview, one wave their second and so on, with one wave receiving their fifth and final interview. This results in an 80% sample overlap between quarters.

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 April 2023 including figures for 2021. 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 2019 (i.e. 2019=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 - NICEI and component indices by quarter and year

Table 1: NICEI and component indices by quarter, Q1 2019 – Q1 2023

		NICEI	Private Sector	Public Sector	Services	Production	Construction
2019	1	100.1	100.3	99.3	100.0	100.5	100.4
2019	2	100.0	100.1	99.8	100.2	100.8	98.0
2019	3	99.9	99.8	100.3	99.7	99.9	100.8
2019	4	100.0	99.8	100.6	100.0	98.7	100.8
2020	1	96.8	95.7	100.5	95.0	95.0	99.0
2020	2	82.6	77.2	101.7	77.8	77.7	67.7
2020	3	98.6	97.8	101.1	98.3	97.6	95.9
2020	4	98.6	97.9	101.3	94.9	99.9	111.8
2021	1	96.9	95.5	101.7	93.0	98.2	104.1
2021	2	102.2	102.1	102.3	102.0	100.9	105.2
2021	3	103.6	103.7	102.9	104.7	102.1	101.9
2021	4	104.5	104.8	103.7	104.8	104.0	106.1
2022	1	104.5	104.5	104.7	105.0	104.3	100.1
2022	2	104	103.7	105.0	104.5	103.3	99.6
2022	3	103.8	103.4	105.4	104.5	103.2	98
2022	4	105.1	104.8	106	105.2	102.8	107.3
2023	1	106.3	106.3	106.3	107.4	102.4	106.9

Data by quarter for the NICEI and component indices dating back to Q1 2006 can be accessed [here](#)

Table 2: NICEI and component indices by year, 2019 – 2023

Year	NICEI	Private Sector	Public Sector	Services	Production	Construction
2019	100.0	100.0	100.0	100.0	100.0	100.0
2020	94.1	92.1	101.2	91.5	92.5	93.6
2021	101.8	101.5	102.6	101.1	101.3	104.3
2022	104.4	104.1	105.3	104.8	103.4	101.3
2023	106.3	106.3	106.3	107.4	102.4	106.9

Data by year for the NICEI and component indices dating back to 2006 can be accessed [here](#)

8 List of Tables

Data accompanying this bulletin are available from the [NISRA website](#) in both Open Document and Excel formats. The spreadsheet includes the following tables.

Table 1: NICEI and component indices by quarter, Q1 2006 – Q1 2023 (2019=100)

Table 2: NICEI and component indices by year, 2006 – 2023 (2019=100)

Table 3: Data for Chart 1: Northern Ireland Composite Economic Index (NICEI), Quarter on quarter change (%), Q1 2006 - Q1 2023

Table 4: Data for Chart 2: Breakdown of NI Businesses & Employees by country of ownership, 2023

Table 5: Data for Chart 3: Proportion of NI Regional GVA by Sector, 2019

Table 6: Data for Chart 4: NICEI, Contribution to quarterly, annual, pre-pandemic and annualised growth

Table 7: Data for Chart 5: Northern Ireland Composite Economic Index (NICEI), Q1 2006 - Q1 2023

Table 8: Data for Chart 6: NICEI, comparison with selected GDP measures Q1 2006 – Q1 2023

Table 9: Data for Chart 7: Quarterly, annual, pre-pandemic and annualised change, NICEI compared with selected GDP measures to Q1 2023

Table 10: Data for Chart 8: Main concerns for NI and UK businesses in June 2023

Table 11: Comparison of the NICEI Series at Q1 2023 and Q4 2022, Q1 2006 – Q1 2023

Table 12: NICEI Sector Contributions to Quarterly Change, Q1 2006 – Q1 2023

9 Further Information

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As a user of these statistics, we would welcome feedback on this release, in particular on the content, format and structure.

If you wish to receive regular NICEI updates via email or join the NICEI expert user group please contact:

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Next NICEI publication: 28th September 2023

