WINTER OUTLOOK 2016





Recession is avoided on the back of strong consumer spending and the depreciation in Sterling provides help to exporters.



Risks remain on the downside as higher inflation may impact real incomes. Access to foreign skills could constrain higher value sectors and recent manufacturing job losses reduce GVA.



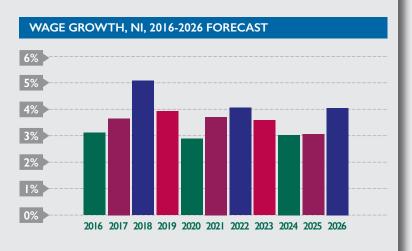
Longer term dependence on consumer spending likely to act as a drag on growth resulting in the need to continue to grow exports.



Source: UUEPC (unless otherwise specified)

REAL GVA GROWTH RATE, UK VS. NI, 2016-2020 2.5% 2.0% 1.5% 1.0% 0.5% 0.0% 2017 2018 2019 BOUNCE BACK **BREXIT IMPACT**

INFLATION, NI, 2016-2026 FORECAST 5% 4% 3% 2% 1% 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026



EMPLOYMENT CHANGE BY SECTOR, NI, 2016-2026

32,500 jobs forecast over next 10 years







Profess & Sci +6,700



Construction +4,100



Health & **Social Work** +3,900



+3,800



Info & Comms Accommodation +3,700



Manufacturing +2,600



Entertainment +2,500



Transportation +2,100



Other Services +1,600



Real Estate +800



Utilities



Mining & Quarrying



Retail



Financial Services -400



Education -1,400

Public Admin & Defence -3,900

NI exports increased by 9.5% in 12 months to

June 2016 but number of exporters is down 4.5% in same period.





WINTER OUTLOOK 2016



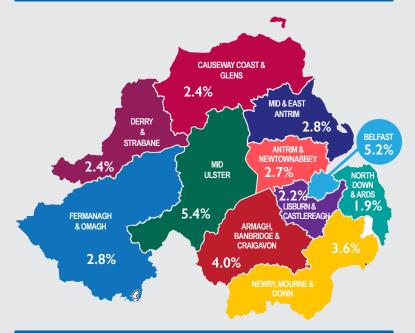


CONSIDERING A RANGE OF ECONOMIC SCENARIOS LOWER SCENARIO ANNUAL % GDP GROWTH 2016-26 EMPLOYMENT CHANGE 2016-26 -4,500 32,500 87,000

EMPLOYMENT	, NI, 1997-2026		
	UPPER SCENARIO (87K)	BASELINE (32.5K)	LOWER SCENARIO (-5K)
1,000,000		-	
950,000			
900,000			
850,000			
800,000		V	
750,000			
700,000	2000 2 2000 2 2000 2 2000 2 2000 8 2 2000 8 2 2 2 2	2010	2020 2024 2024 2026

NI EMPLOYMENT SECTORAL FORECASTS (2016-2026) UPPER CENARIO CENTRAL AGRICULTURE -600 400 -3,400 MANUFACTURING 2.600 -5.900 5.000 **ELECTRIC & GAS** 0 0 200 **WATER SUPPLY & WASTE** 0 0 200 **CONSTRUCTION** 2,800 4,100 7,300 WHOLESALE & RETAIL 0 -1,300 1,200 **TRANSPORT & STORAGE** 2,100 3,300 900 **RESTAURANTS & HOTELS** 1.200 3.700 7.800 **INFORMATION & COMMUNICATION** 3,800 900 11.100 **FINANCE & INSURANCE** -1,500 -400 4,000 **REAL ESTATE** 0 800 1,200 PROFESSIONAL SCIENTIFIC & TECHNICAL 1,000 6,700 19,300 **ADMIN' & SUPPORT SERVICES** 1,200 6,900 9,900 **PUBLIC ADMIN & DEFENCE** -3.900 -3.900 -700 **EDUCATION** -1,400 -1,400 0 **HEALTH & SOCIAL WORK** 3,400 3.900 9,800 **ARTS & ENTERTAINMENT** 1,200 2,500 4,300 **OTHER SERVICE ACTIVITIES** 1,600 2,700 32.500 87,000

EMPLOYMENT CHANGE 2016-2026 (%)



NI LABOUR MARKET OUT PERFORMING UK AVERAGE

NI 3.3%



UK ECONOMIC GROWTH FORECASTS

UK ECONOMIC GROWTH FORECASTS							
COMPONENTS OF GDP GROWTH (PERCENTAGE CHANGE)							
	2016	2017	2018	2019	2020	2021-25 (Avg)	
2 c							
CONSUMER SPENDING	1 7 0/	1.2%	1.2%	0.9%	0.00/	0.00/	
SPENDING	1.7%	1.2%	1.2%	0.9%	0.8%	0.8%	
<u></u>							
GOVERNMENT SPENDING	0.2%	0.1%	0.1%	0.0%	0.1%	0.3%	
SI LINDING	0.2/0	U.1 /o	0.176	0.076	U. 1 /0	0.3/0	
INVESTMENT	0.8%	-0.1%	0.5%	0.7%	0.5%	0.3%	
NET TRADE	-0.1%	0.4%	-0.1%	0.3%	0.6%	0%	
6 %							
OTHER	-0.4%	-0.1%	-0.1%	0%	0%	0%	
GDP	2.1%	1.4%	1.6%	2.0%	1.9%	1.4%	

Source: UUEPC in partnership with the Centre for Business Research, University of Cambridge

Note figures may not match GDP due to rounding