OUTLOOK SPRING 2016: A Year of Major Change





MACRO-ECONOMIC FACTORS IMPACTING UK/NI PERFORMANCE

Growth in China

Continued growth in China's real economy despite volatility in global markets reaction.



Oil Prices

Oil price collapse good for net importers (such as UK and ROI) but some emerging economies such as Brazil and Russia are dependent on oil exports.



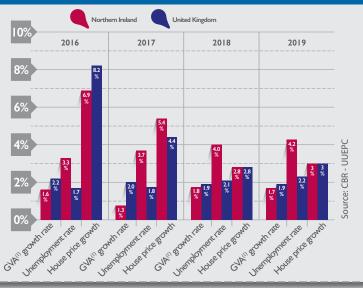
UK INTEREST RATE FORECAST

Potential Brexit



Most likely to have bigger impact on NI compared to rest of the UK & ROI.

NI ECONOMIC GROWTH TO BE RELATIVELY MODEST AS OVER RELIANCE ON CONSUMER SPENDING IS UNSUSTAINABLE



2018 2019 2020 2015 2016 0.6% 2% 0.5% 2.5% BANK OF ENGLAND BASE RATES **UK INFLATION RATE FORECAST** 2015 2016 2017 2018 2020 0.1% 0.8% 1.8% 1% 1.7% 2.4% UK CONSUMER PRICES INDEX (CPI) Source: UUEPC

NORTHERN IRELAND GVA SECTORAL FORECASTS



Source: UUEPC

NORTHERN IRELAND EMPLOYMENT FORECAST 2015-2025 (Selected Sectors)

Forecast is for approx. 40,000 new jobs over the next 10 years building on approximately 45,000 net new jobs 2012-2015.







Retail



Manufacturing +4000

+4400

+1900

Transportation +3300







+4400

+3900

+8500







Public Admin & **Defence** -6500

Education -1500

Health & Social Work +3400

Arts & **Entertainment** +4000

Source: UUEPC

CHANGING FACE OF AUSTERITY 2015 Spending Review - Northern Ireland Outcome (Cash Terms)



Operating spend is broadly flat in cash terms and will decline in real terms. However infrastructure spending is set to increase by 11% to over £1.1bn by 2020.

by 2020 **OPERATING** SPEND(I) **CAPITAL** SPENDING⁽²⁾

% change 2016-20 2016-17 2018-19 2017-18 2019-20 9,745 9,821 9,828 9,854 1% 1,010 1,036 1,073 1,126 11%

Source: NI Budget 2016-17 Note 1: Non-Ring Fenced Resource DEL
Note 2: Capital DEL (excludes Financial Transactions Capital)

IMPACT OF CORPORATION TAX DEVOLUTION



Previous UUEPC research estimated a reduction in Corporation Tax to 12.5% could create approximately 32,000 jobs on assumption that the cost to the NI Block grant would be funded through a reduction in public sector spending.