



Northern Ireland  
Chamber of Commerce  
and Industry

IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST

NI CHAMBER & BDO NI

# Quarterly Economic Survey Summary

Q2 2024

[WWW.NORTHERNIRELANDCHAMBER.COM](http://WWW.NORTHERNIRELANDCHAMBER.COM)

## Overview

Performance was steady in Q2 24 with some signs of growth and positivity around the current trading environment. There are challenges around access to people and some costs impacting on finances but many cost pressures continue to ease and there are small signs of this feeding into improved investment intentions.

Almost all key indicators are positive in Q2 24. Domestic and export order balances are positive suggesting more businesses are seeing stronger order books than those seeing any contraction. However, a significant share of businesses (59%) have spare capacity and this is higher than the same quarter last year, 59% compared to 49% in Q2 23.

Confidence that turnover will grow in the next 12 months is one of the strongest indicators although profitability is more challenging and the cashflow balance is weak and negative in Q2 24 and has really struggled to improve in the challenging post-COVID cost environment.

Recruitment activity remains positive with over 70% of members recruiting in the last 3 months. While the significant difficulties faced in recruiting is beginning to ease, they remain high affecting 3 in 4 members who are recruiting. More members are investing in training as a response to those skills/people challenges.

Pressure to raise prices continues to soften as some key costs continue to ease, although labour costs remain a significant concern and many businesses (58%) are still facing rising energy costs, although not to the same extent. Competition is now a greater concern than inflation (a more 'normal' trading environment).

IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST

## Manufacturing

Manufacturing's overall performance is stronger in Q2 24 across trading indicators, confidence, recruitment and investment intentions. However, while those inflationary pressures that were hugely challenging have eased, they remain a key issue. The sector's cashflow position continues to be a weak point and many Manufacturers are still struggling to attract people/skills.

Almost all key balances are positive in Q2 24 with only 1 negative (2 in Q1 24) on cashflow. The sector's trading performance has improved in Q2 24 and the UK orders balance turned positive for the first time in two years. Trading indicators are still comparatively weak though by historic standards. There has been a rebound in confidence around turnover and profitability. The profitability balance is at its strongest since 2017.

However, the sector's performance against national averages is generally weaker and the regional performance is mixed. NI manufacturing's relative performance is strongest on employment and investment intentions and mid ranking on business confidence and exports. Low ranking indicators include cashflow which is weakest in NI across the UK regions, domestic orders and the share of businesses operating at full capacity (28% vs. UK 36%)

Recruitment activity remains strong with expectations to take on more people continuing to grow. This is set in the context of persistent difficulties in getting people, affecting around 4 in 5 Manufacturers.

IN PARTNERSHIP  
WITH

**BDO**

IDEAS | PEOPLE | TRUST

## Services

The Services sector's trading performance had been relatively strong but the Q2 24 findings suggest this has stalled somewhat with several indicators falling over the quarter. NI's Service sector however remains one of the stronger performing across the UK regions.

Almost all key balances are positive in Q2 24, apart from cashflow, as is the case for Manufacturing. Confidence around turnover growth in the next 12 months is one of the sector's most positive indicators. Weaker indicators include domestic and export orders and confidence around profitability.

In the UK context, the sector's performance remains largely positive with most indicators above the UK average and NI's performance largely in the middle/top ranking among UK regions. Trading balances are higher and NI's Services companies are more likely to be trying to

recruit. However, the gap in performance against the UK average is weakest in terms of confidence around profitability and the cashflow balance is weakest across the UK regions.

Businesses are still positive about taking on people but this has been easing. As with Manufacturing, the Service sector is still finding it difficult to find people, affecting 75% of businesses. There is a growing share of Services businesses investing in training.

Expectations to raise prices has been falling and in Q2 24 the prices balance is the lowest it has been since the end of 2020. Labour costs remain a significant and growing pressure on the Services sector and as with Manufacturing, competition is now the greater external concern followed by inflation.

IN PARTNERSHIP  
WITH



**BDO**

IDEAS | PEOPLE | TRUST

## Recruitment

The balance of firms expecting employment to grow in the next 3 months is positive for both sectors in Q1 24 meaning more firms are expecting employment to grow than contract. The balance of Manufacturers expecting employment to grow in the next 3 months increased significantly to +34% (+22% Q1 24, 17% Q4 23). For Services the balance fell to +29% (+35% Q1 24).

Some 79% of Manufacturers and 68% of Services businesses are trying to recruit at present, both up on Q1 24.

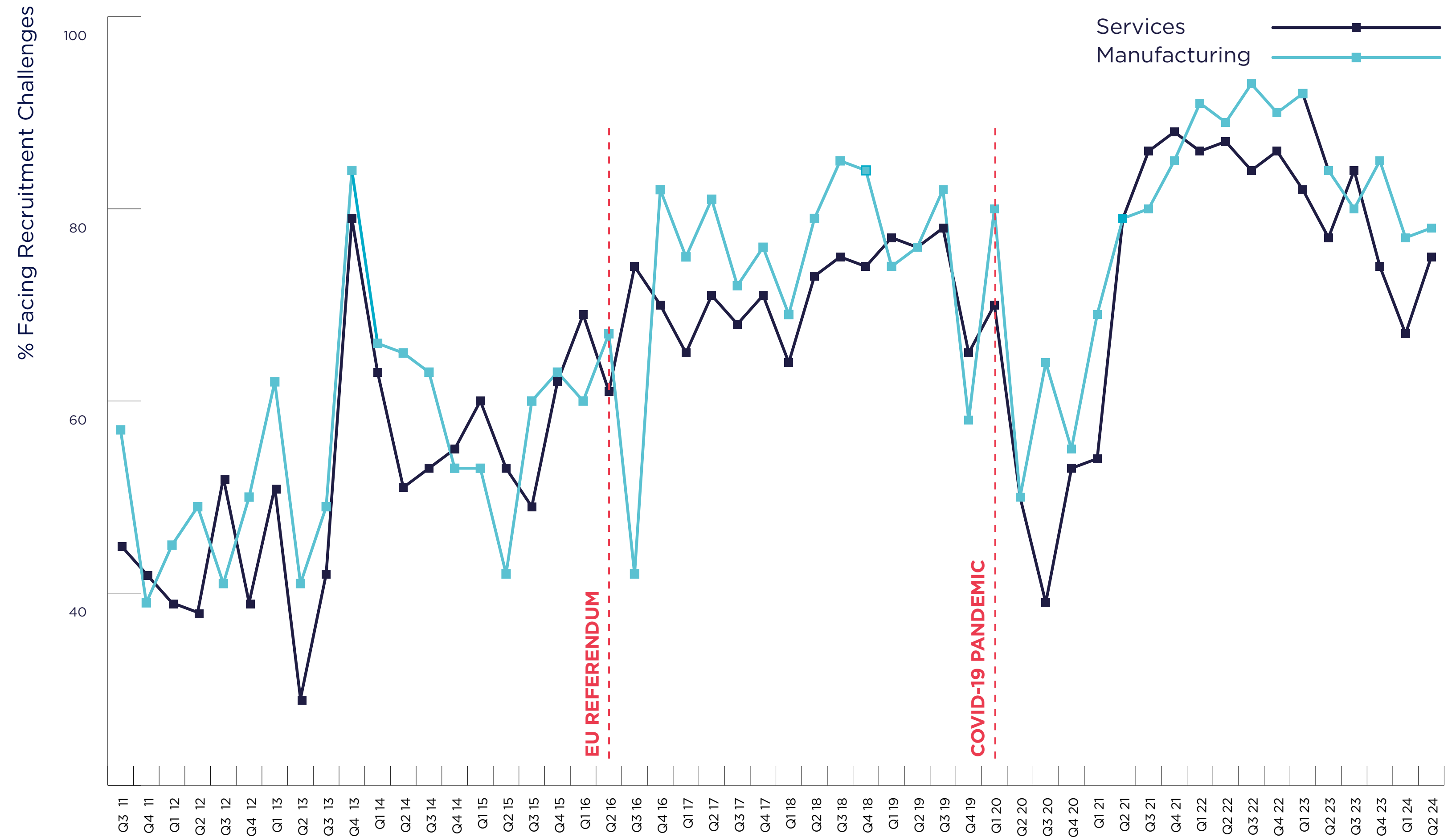
The share of businesses facing recruitment difficulties has eased over the last couple of years after significant post-COVID challenges, but this challenge remains persistently high at 78% for Manufacturers and 75% for Services in Q2 24.

IN PARTNERSHIP  
WITH

**BDO**

IDEAS | PEOPLE | TRUST

# % facing recruitment difficulties



IN PARTNERSHIP WITH



IDEAS | PEOPLE | TRUST

## Confidence and Investment Intentions

Business confidence nose dived during COVID, suffering an even greater collapse than the Financial Crash in 2008/09. It has taken time for confidence to return, and it was knocked in 2022 after the post-COVID bounce back when supply chain challenges and inflationary pressures started to emerge.

However, in Q2 24 Manufacturing confidence around turnover growth is at its highest since Q4 21 and while for Services confidence has dipped in Q2 24, it remains high. The Manufacturing turnover confidence balance stood at +48% and in Services +41% this quarter.

Confidence around profitability always tends to be weaker than confidence around turnover and it remains the case that members are less certain around profitability growth for the next 12 months.

In Q2 24 the Manufacturing profitability balance is +26% and for Services +11%. Manufacturing confidence around profitability rebounded in Q2 to its strongest level since 2017. However, Services confidence has been falling over the last couple of quarters.

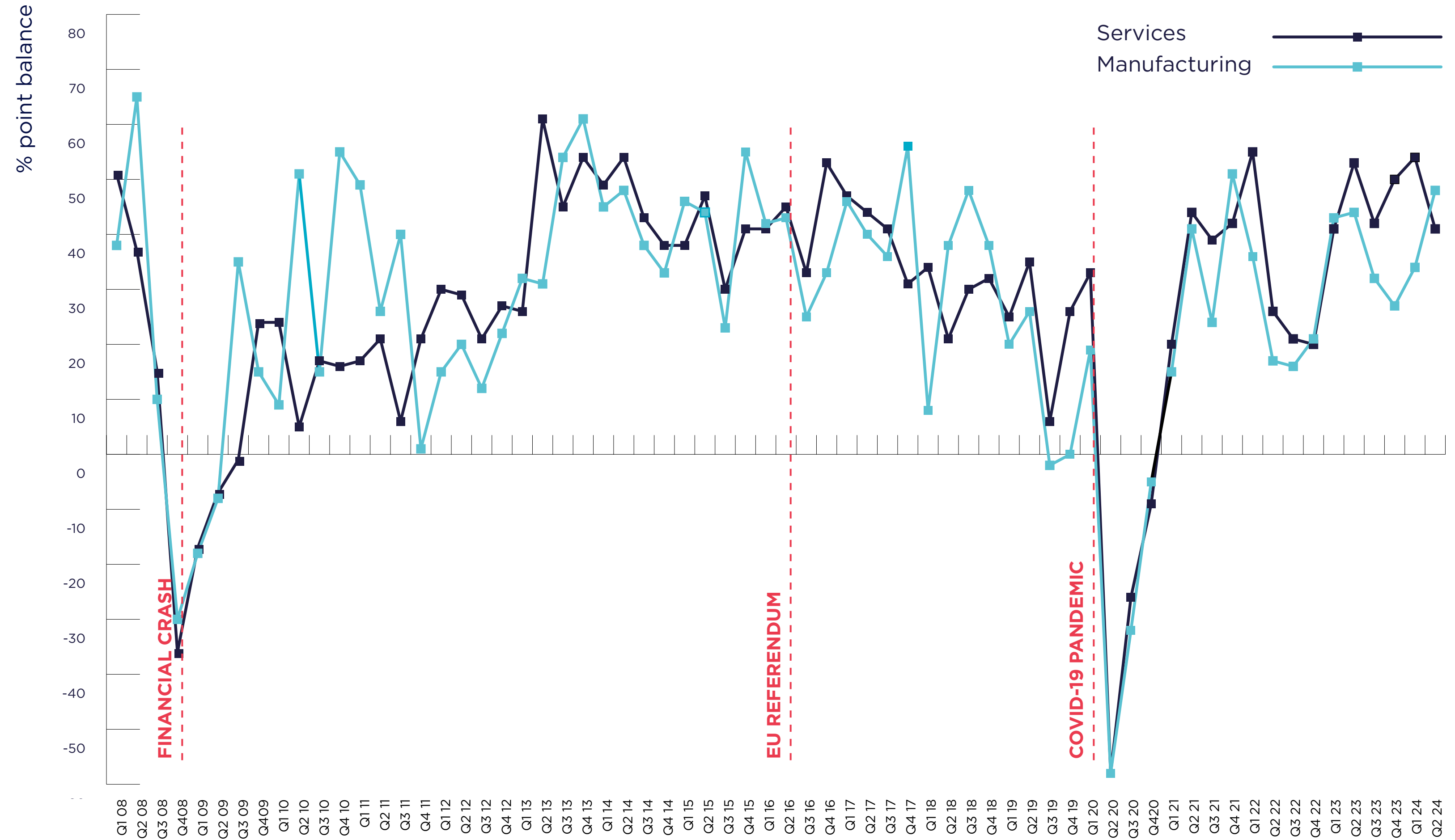
Investment intentions are stronger for Manufacturing than Services this quarter as has been the case previously. In terms of training, the balances stood at +32% (+35% Q1 24, +24% Q1 23) for Manufacturers and +27% for Services (+15% Q1, +24% Q1 23) so a positive improvement for Services. Investment intentions around plant & machinery has continued to improve for Manufacturers, standing at +30% (+27% Q1) but is just +4% for Services (-2% Q1) although it did become positive.

IN PARTNERSHIP  
WITH

**BDO**

IDEAS | PEOPLE | TRUST

**% balance of firms confident that turnover will grow in next 12 months**



IN PARTNERSHIP WITH



IDEAS | PEOPLE | TRUST



## Cash flow

Cash flow, a key indicator of business health, is typically one of the weakest performing key indicators in the Northern Ireland QES. The balance of businesses reporting an improving cash flow position was already negative going into the COVID-19 crisis. The balance did fall significantly during Q2 2020 but had been improving although this had stalled over recent quarters. In Q2 2024 more businesses are reporting a deteriorating cash flow position than an improving one in both sectors.

The Manufacturing cashflow balance turned negative (-10%) in Q2 24 and is at its weakest since the end of 2022, ranking lowest across the UK regions. In Services, the cashflow balance also turned negative in Q2 24 at -2%.

IN PARTNERSHIP  
WITH

**BDO**

IDEAS | PEOPLE | TRUST

## Prices & Costs

Expectations to raise prices started to climb towards the end of 2020 as the impact of the COVID pandemic on production and supply chains started to materialise. They peaked during 2022 and started to fall during 2023. Both sectors have largely followed the same path but in the last 6 months that has started to diverge, with more Services firms expecting to raise prices than Manufacturers.

The pressure to raise prices balance has softened in Q2 24 for both sectors, continuing an overall trend since its peak in 2022. In Q1 24 the balance of Manufacturers expecting to raise prices is +28% (+38% Q1 24) and for Services +50% (+61% Q1 24). Those balances had been as high as +88% for Manufacturers in Q1 22 and +76% for Services in Q4 22

Internal cost pressures have for the most part been easing, except for labour costs. In Q2 24 that pattern largely continues. Labour costs continue to dominate as the main pressure on businesses to raise prices, affecting 4 in 5 members. Two-thirds of Manufacturers are affected by raw material costs and 1 in 2 businesses in both sectors are under pressure to raise prices because of utility costs.

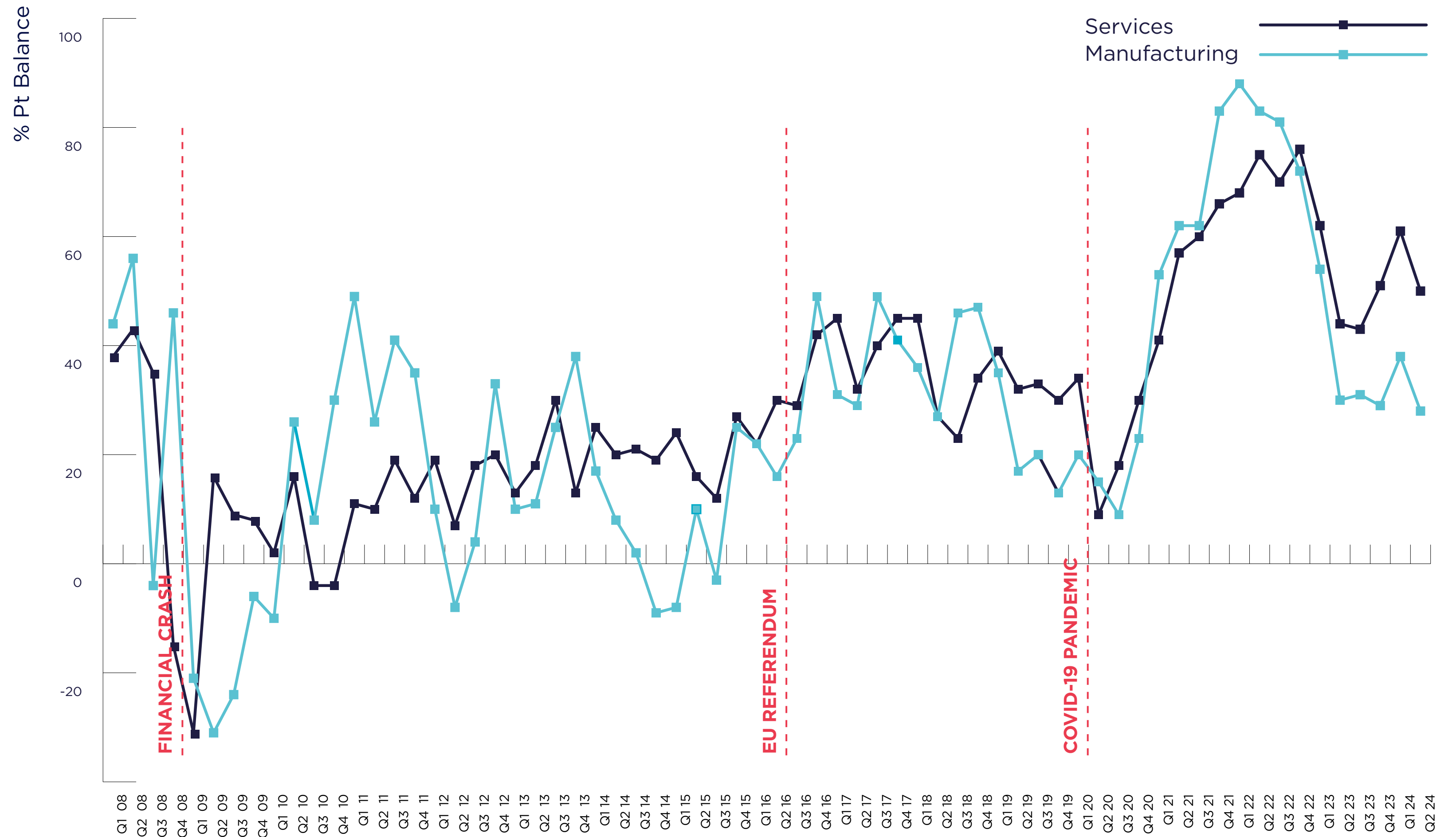
In terms of external cost pressures, there has been a very significant drop in the share of members concerned about inflation compared to the same quarter last year. In Q2 24 44% of Manufacturers (76% Q2 23) and 40% of Services (74% in Q2 23) are concerned about inflation. The biggest external issue now impacting on both sectors is competition, although inflation is still a concern for nearly half of members.

IN PARTNERSHIP  
WITH

**BDO**

IDEAS | PEOPLE | TRUST

% balance expecting to raise prices over the next 3 months



IN PARTNERSHIP WITH



IDEAS | PEOPLE | TRUST

## Regional Position

Northern Ireland suffered one of the largest collapses in key indicators across the 12 UK regions in Q2 2020 following the onset of the pandemic. It has typically been one of the weakest performing regions across most key indicators, typically ranking in the bottom 3 regions. However, its regional performance appears to have improved in recent quarters, particularly for Services.

In Manufacturing, Northern Ireland ranks in the top 4 UK regions for 3 of the 11 indicators in Q2 24 (2 in Q1). The Manufacturing sector's strongest regional position is with the investment indicators,

ranking 2nd for both plant & machinery investment and training, and employment intentions. It is weakest on cashflow and domestic orders, ranking bottom of the UK regions.

In Services Northern Ireland ranks in the top 4 UK regions for 6 of the 11 indicators (6 Q1). The Services sector's strongest regional position in Q2 is with employment expectations and investment in training, ranking 1st on these indicators across the regions. It is weakest on confidence around profitability, ranking lowest across the UK regions.

IN PARTNERSHIP  
WITH

**BDO**

IDEAS | PEOPLE | TRUST

# Additional Questions

Each quarter NI Chamber members are asked a number of additional topical questions. This quarter focuses on current business conditions, energy costs, issues impacting on labour mobility and members views on what matters for 'Good Jobs' which is one of the Economy Minister's four pledges in his Economic Mission announced in February 2024.

IN PARTNERSHIP WITH

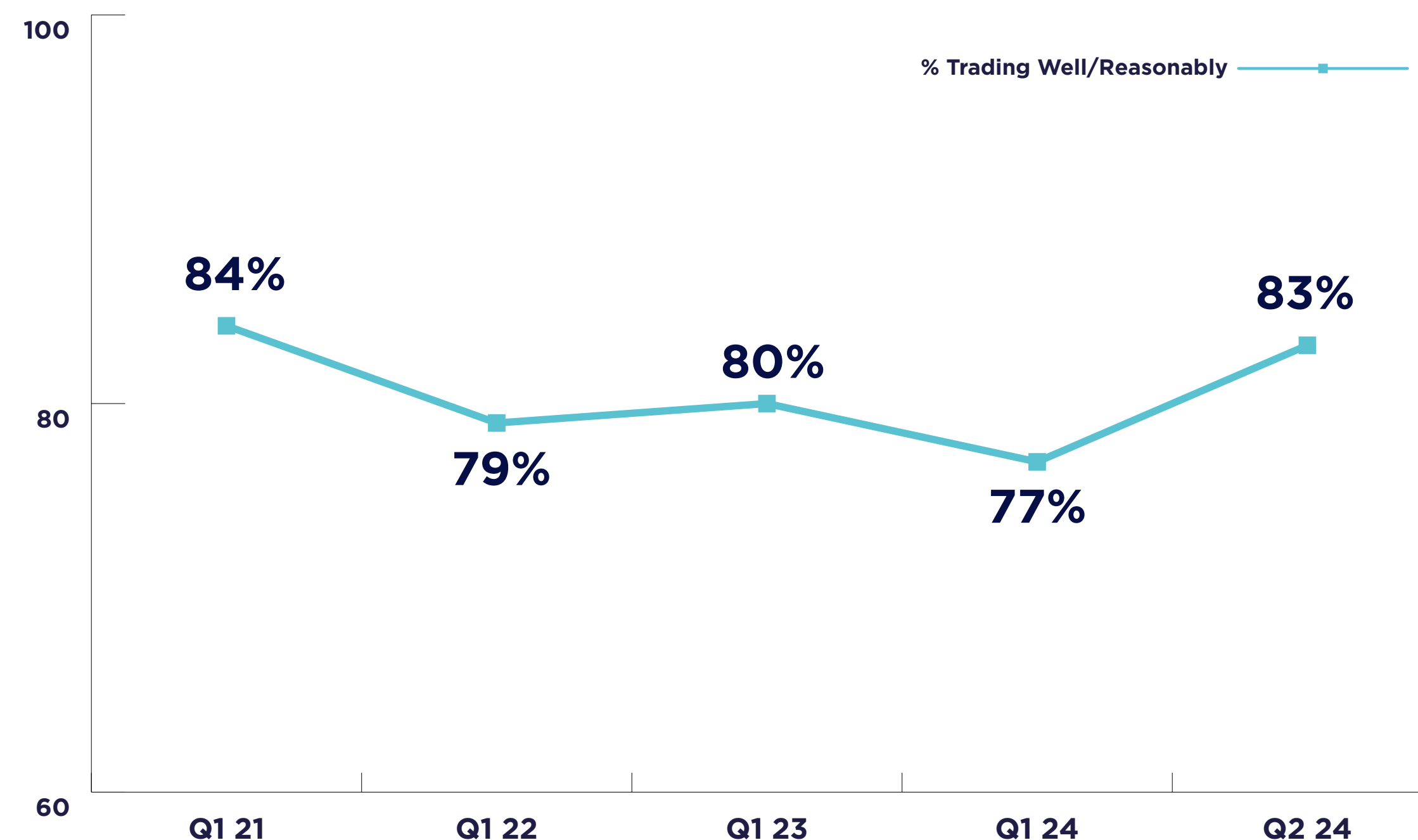


IDEAS | PEOPLE | TRUST

## Current Business Conditions

Most businesses are currently trading well (33%) or reasonably (50%), the highest share since the start of 2023. 17% are just covering costs/struggling, down from 23% in Q1 24. There was a strong pick up in the share of businesses trading well/reasonably in Q2 24

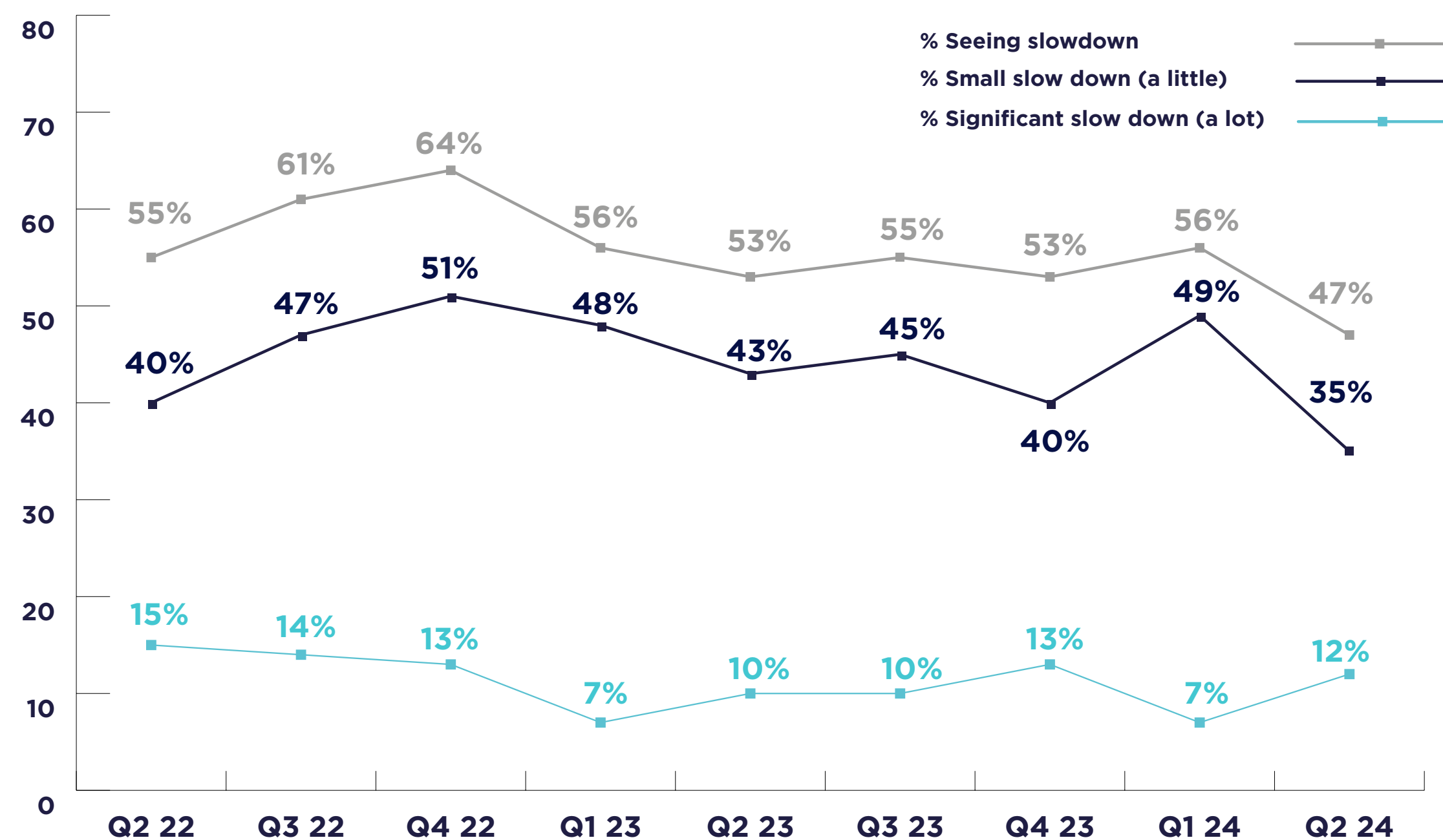
**% trading well/reasonably**



# Current Business Conditions

47% of members are seeing a slowdown in demand for their products/services, down from 56% in Q1. While most are only seeing a little slow down, a rising share are seeing a large slowdown in Q2 24, up to 12% from 7% in Q1 24.

% seeing a  
slowdown  
in demand



IN PARTNERSHIP  
WITH



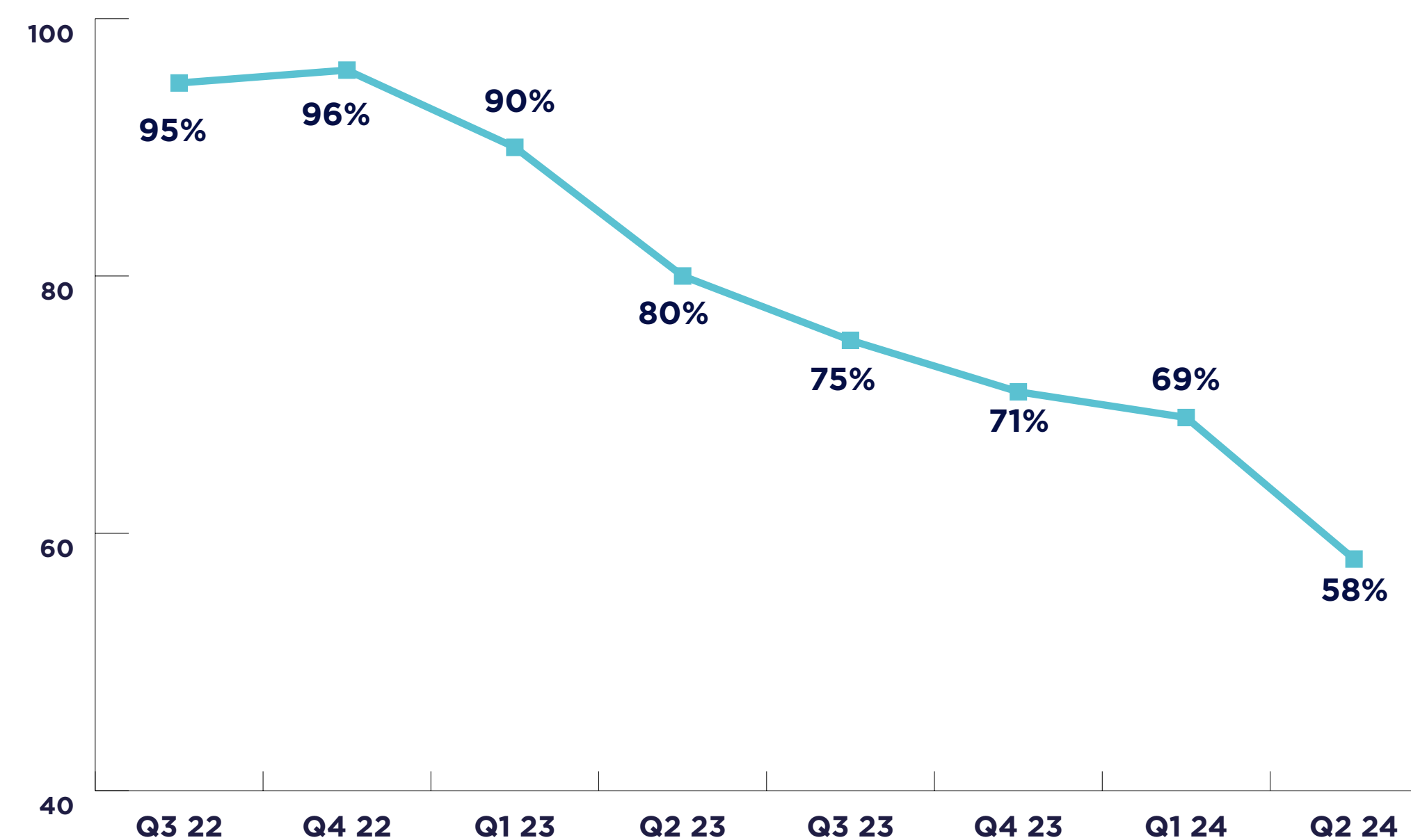
IDEAS | PEOPLE | TRUST

# Energy Costs

Energy cost inflation continues to slow but 58% or 3 in 5 members are still dealing with increased energy costs, down from 69% in Q1 24. This was as high as 96% in Q4 22.

Most are seeing an increase of up to 30% (50%) while 8% have seen an increase of 30% plus (17% in Q1 24). For 32%, energy costs are unchanged (24% Q1 24) while for just 9% they have fallen (4% Q1 24).

## % experiencing increasing energy costs



IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST

# Labour Mobility

In terms of issues impacting on labour mobility, 2 in 5 businesses (38%) have been impacted by the change in minimum salary for the Skilled Worker visa (up from £26,2k to £38.7k or a 48% increase). 15% have been affected by immigration restrictions on cross-border movements of workers (on the island of Ireland) of non-Irish and non-British citizenship. 11% have been affected by issues concerning cross-border workers resident in the Republic of Ireland with hybrid working arrangements.

## Please confirm whether any the following issues impact on your business?

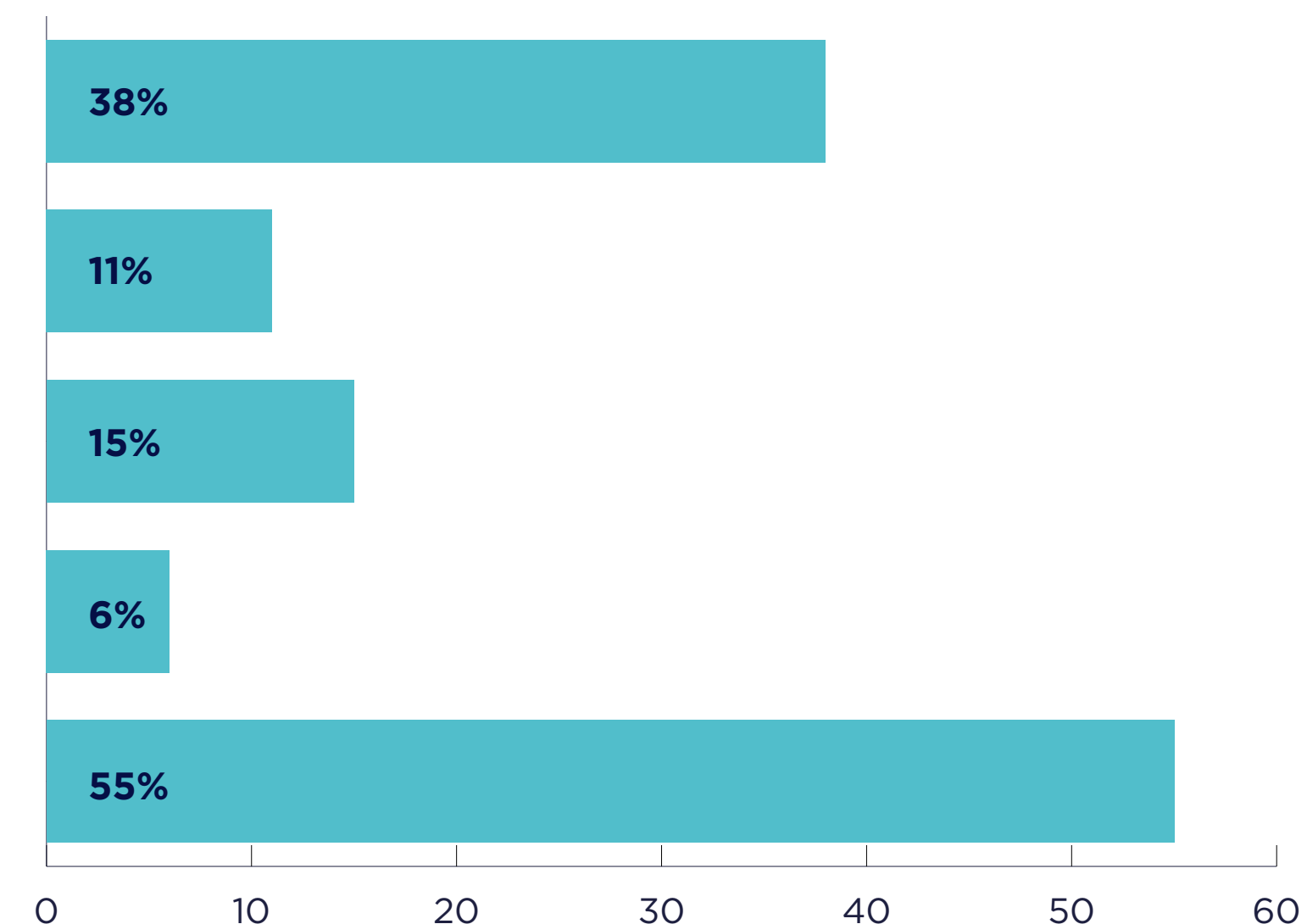
Changes in the baseline minimum salary for a Skilled Worker visa to £38,700 and/or the 'going rate' minimum salary specific to a particular job

Cross-border workers resident in the Republic of Ireland with hybrid working arrangements

Immigration restrictions on cross-border movements of workers (on the island of Ireland) of non-Irish and non-British citizenship

Other mobility or immigration issue (please specify)

None of the above



IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST



## Good Jobs

Members were asked how important options raised by the Economy Minister (19th February 2024) are in terms of how they contribute to the concept of 'good jobs'. Improving careers advice is considered the most essential contribution in supporting 'good jobs', with 40% of members considering this essential and 43% very important. Other key essential/very important issues include:

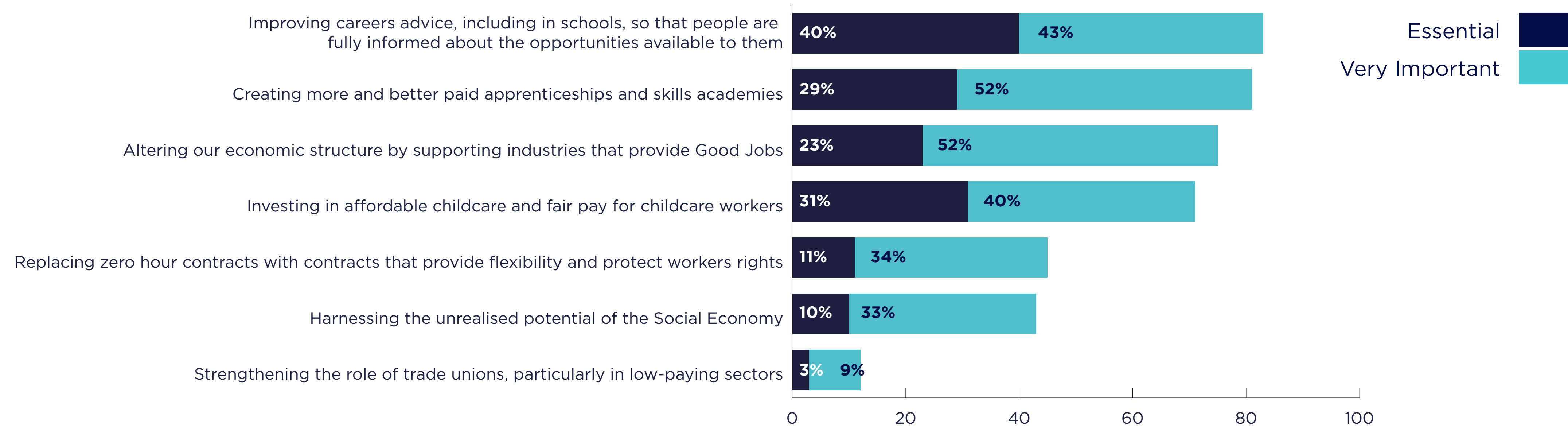
- creating more and better apprenticeships/skills academies (81%),
- altering NI's economic structure to support Industry that provide good jobs (75%)
- and investing in affordable childcare and fair pay for childcare workers (71%).
- 12% considered that strengthening the role of Unions, particularly in low pay sectors, is essential/very important.

IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST

## How important do you think the following are in terms of how they contribute to the concept of 'good jobs' (options taken directly from the Economy Minister's speech on 19 February 2024)?





IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST

## NI Chamber Perspective

“Whilst it is good to observe strong trading performances from a majority of NI Chamber members, these survey results indicate that cashflow is a pertinent concern, particularly for Northern Ireland’s manufacturing sector, whose cashflow position is lowest across the UK regions.

“We will be maintaining a watching brief on this important indicator. A weakening cash-flow position not only highlights the need for good payment practices, but also underlines why policymakers must take note of the impact of the challenges businesses face when operating in a prolonged high-cost trading environment.

“Access to people and skills has been a persistent challenge for NI Chamber members, which is evident again this quarter. 3 in 4

members are reporting difficulties recruiting, while 2 in 5 are directly impacted by a very significant 48% increase to the minimum salary for a Skilled Worker visa which employers now need to pay. A notable share of firms are also reporting concerns about the business implications of immigration restrictions on cross-border movements, all of which is adding to cost pressures.

“Competition is now seen as the greatest external issue facing businesses. It is vital that Government here and, in the UK, take these challenges for business and the implications for economic growth into account to enable businesses to meet their aspirations and for the NI economy to thrive.”

**Suzanne Wylie**  
Chief Executive, NI Chamber



IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST

## BDO Perspective

“The Q2 QES results clearly show businesses across manufacturing and services are operating with a measured confidence, particularly in relation to investment decisions and turnover growth. With the majority of businesses trading either well or reasonably, you can understand where this confidence stems from. It has to be acknowledged though that this is in the face of continuing concerns about the rising cost base businesses are contending with, and the impact this has on cashflows. There’s no doubt that NI businesses will be looking carefully at cashflows as they plan for the future”

“Companies continue to invest in recruitment albeit with the challenge of accessing the right labour force and skills. More and more businesses are proactively trying to address this issue by investing in training and professional development initiatives that allows them better access to a wider range of skills.

“The benefits of good career advice for our young people for example, is something we are seeing businesses investing time and money in. Similarly, there is an acknowledgement from members across industries that to attract and retain staff, areas such as affordable childcare, better paid apprenticeships and alternatives to zero hours contracts need to be addressed.

“Developing our future leaders, giving them the tools and the motivation to develop their careers here in Northern Ireland will play a key role in addressing challenges currently being faced by the business community - thus providing the right foundation for growth and investment.

**Brian Murphy,**  
**Managing Partner, BDO NI**



Northern Ireland  
Chamber of Commerce  
and Industry

IN PARTNERSHIP  
WITH



IDEAS | PEOPLE | TRUST

#### NOTE

The QES survey focuses on “key balances” around a number of business indicators including local sales, exports, employment and confidence. The balance is determined by taking the percentage of firms reporting increases in a key balance and subtracting the percentage of firms reporting decreases e.g., if 15% report a rise in sales and 50% report a fall in sales then the balance is -35%.

In total, 185 members responded to the NI Chamber of Commerce & Industry Quarterly Economic Survey (QES), in partnership with BDO, for the 2nd quarter of 2024. Together they account for just over 44,000 employees in Northern Ireland.

The fieldwork for the Quarter 2 24 survey took place between 23 May and 10 June 2024.

Northern Ireland Chamber  
of Commerce and Industry  
40 Linenhall Street  
Belfast BT2 8BA

T +44 (0)28 9024 4113  
mail@northernirelandchamber.com  
[www.northernirelandchamber.com](http://www.northernirelandchamber.com)  
X @ LinkedIn YouTube

## About NI Chamber

#### Helping businesses grow locally and internationally

Northern Ireland Chamber of Commerce and Industry (NI Chamber) is an award winning, quality assured business support organisation with 240 years commitment to the Northern Ireland economy. It is a well-known network for business with a membership of 1,000 businesses representing over 100,000 employees.

The organisation’s membership spans corporates, SMEs and micro businesses across all sectors, from manufacturing to agri-foods, to ICT and the professions.

NI Chamber supports businesses through networking and events; growth initiatives and export support; articulating the views of business to Government; sharing best practice and knowledge; and providing a number of promotional opportunities for business via the NI Chamber website and Ambition magazine.

Accredited by British Chambers of Commerce, NI Chamber is also part of a global network of Chambers, enabling it to directly support export development. NI Chamber also works on an all-island basis with the Chamber network in the Republic of Ireland to develop all-island trade.

Visit the NI Chamber website at  
[www.northernirelandchamber.com](http://www.northernirelandchamber.com)

## About BDO Northern Ireland

Based in Belfast city centre, BDO Northern Ireland has been in operation for 30 years.

Whilst part of the BDO international network, BDO Northern Ireland is an independently owned partnership who specialises in helping businesses, whether start-ups or multinationals, to grow.

As a member of the BDO network, BDO NI is part of the largest European led Audit, Tax and Advisory practice.

Visit the BDO NI website at [www.bdoni.com](http://www.bdoni.com) and for BDO’s Rethink framework visit <https://www.bdoni.com/en-gb/microsites/bdo-northern-ireland-rethink/rethink-navigating-the-new-reality>.