

Global outlook

The global economy grew by 5.4% in 2006 and is forecast to grow at a similar rate of 5.2% in 2007. The US economy in 2006 grew by 2.9% and is forecast to slow down to 1.9% in 2007 and 2008. The Eurozone area grew by 2.8% in 2006 and is forecast to grow by 2.5% in 2007 and 2.1% in 2008. Projections have been marked down for 2008, with UK real GDP growth expected to be 2.0-2.5% compared to 3.0% in 2007, As consumer spending is set to moderate in the months ahead and into 2008. However, output growth is still expected to be well sustained over 2007-2008.

Table 1 - Real GDP Growth (%)

	2006	2007 ¹	2008 ¹
World	5.4	5.2	4.8
US	2.9	1.9	1.9
Eurozone	2.8	2.5	2.1
China	11.1	11.5	10.0
Japan	2.2	2.0	1.7
Ireland	5.7	4.6	3.0
UK**	2.75	3.0	2.0-2.5
NI*	2.5	3.0	3.0

¹ Forecast
Source: IMF World Economic Outlook (October 2007)
*First Trust Economic Outlook And Review (Nov/Dec 2007)
**HMT Forecasts for the UK Economy (November 2007)

United Kingdom Macro Environment

Gross Domestic Product – GDP growth in the third quarter of 2007 remains at 0.8%, the same as Q2. The level of GDP is currently 3.3% higher than it was in the third quarter of 2006.

Recent UK Economic Growth Forecasts:

	2007	2008
HM Treasury (November 2007)	3.0%	2.0-2.5%
Average of independent forecasts (Last 3 months)	3.0%	2.0%

Source: HM Treasury 'Forecasts for the UK Economy - A comparison of independent forecasts' (November 2007)

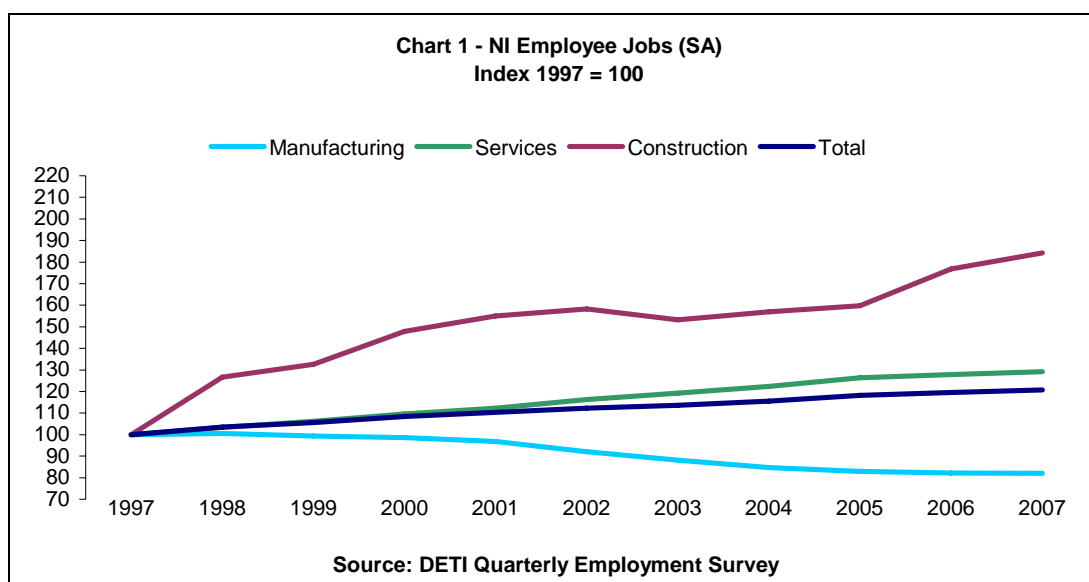
Interest Rates – The Bank of England maintained interest rates at 5.75% in November 2007. The last increase was 0.25 percentage points in July 2007.

UK inflation – In the year to October, the Consumer Price Index grew by 2.1%, up from 1.8% in September. This is just above the MPC’s target of 2.0%.

NI Macro Environment

The NI economy has continued to perform well, real GDP growth forecast to be 3.0% in 2007, employee jobs at a record high and unemployment remaining low.

Gross Value Added (GVA) – Northern Ireland’s GVA grew by a nominal 3.8% in 2005, similar to the UK (less Extra Regio) growth rate of 3.9%. Over the five-year period 2000-2005, the NI economy experienced growth of 28.1% before taking into account inflation; this compares to 29.9% in the UK (less Extra Regio).



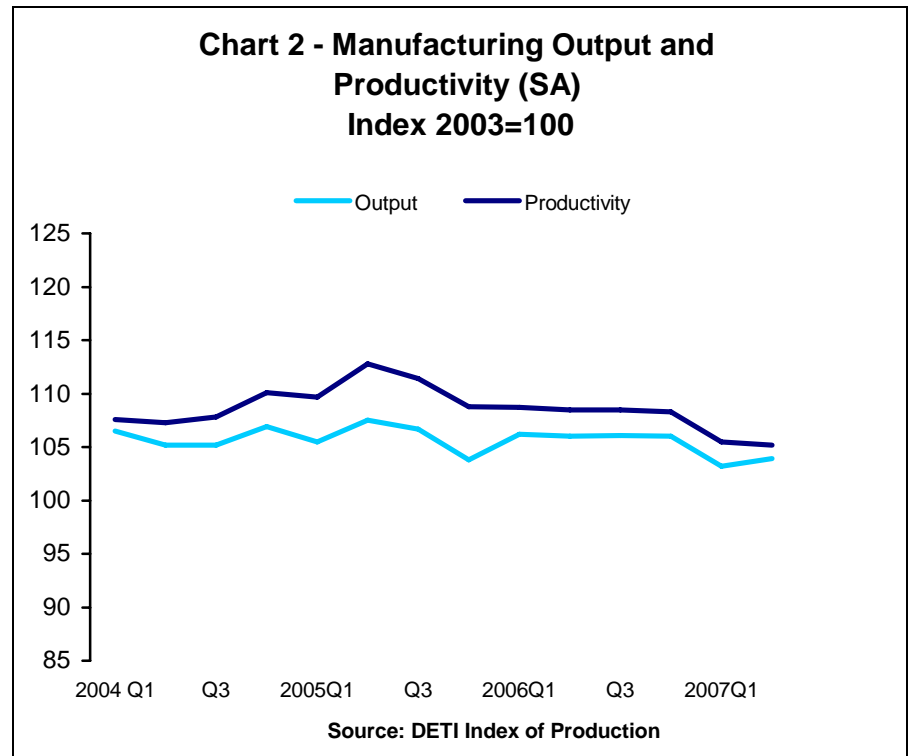
Employee Jobs – In June 2007, there were a total of 718,190 employee jobs in Northern Ireland, the highest seasonally adjusted figure on record. The figure shows an increase of 5,120 (0.7%) over the quarter and 12,240 (1.7%) over the year. Employment in manufacturing recorded an increase of 1.1% compared to 12 months ago, to 88,640 employee jobs.

Unemployment – Seasonally adjusted figures show that the unemployment rate for the period July to September 2007 was 3.8%. The latest unemployment rate is

down 1.0 percentage points from the estimate for one year ago. NI's unemployment rate remains lower than the UK rate (5.4%) and is currently lowest of all UK regions. The latest NI economic inactivity rate (27.3%) remains significantly above the UK average (21.2%) and is the highest of all the UK regions.

Manufacturing

output in Northern Ireland increased by 0.7% in real terms over Q2 2007. The UK reported an increase 0.8% over the same quarter. Over the year manufacturing output in Northern Ireland decreased by 2.0% while the UK reported an annual increase of 1.1%.



Manufacturing Productivity has decreased over Q2 by 0.2% and fell by 3.1% compared to the same period in 2006.

Trade – The value of manufacturing exports have more than doubled over the last decade with manufacturing exports from Northern Ireland estimated to be worth £4.6 billion in 2005/06.

Tourism – NITB Tourism Performance Figures for 2006 show that total visits to Northern Ireland increased by 0.4% to 1.979m. Visitor tourism revenue has continued to increase with staying visitors spending over £1 million per day. The revenue generated from visiting tourists increased by 4% on 2005 to £371m.