

NORTHERN IRELAND INDEX OF SERVICES (EXPERIMENTAL) QUARTER 3 2010

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This Northern Ireland Index of Services (IOS) is an experimental quarterly survey of almost 1,500 companies designed to provide a general measure of changes in the output of the private service sector industries in real terms. This publication contains seasonally adjusted NI Index of Services data on a 2006 = 100 basis.

- Provisional results from the Index of Services for the third quarter of 2010 showed that output levels decreased (-0.6%) over the quarter and compared to the same quarter one year earlier (-0.4%). This has been primarily driven by decreases in Business Services and Finance. The increase last quarter (0.4%) has been revised downwards to a decrease of 0.9%. This is the second consecutive quarterly decrease in the series after two quarters when it increased, while the UK has reported four quarters of growth.
- Revised figures indicate that there have been 12 quarters in which there has been annual decline in Northern Ireland output, although the magnitude has been decreasing over the last four quarters. Revised figures for the UK as a whole show a third year on year increase after six quarters of annual decline. The index remains some 13.7% below the peak recorded in Q2 2007. The UK index fell 0.7% in the same time period.
- Northern Ireland's Service sector quarterly decrease of 0.6% compares with an increase of 0.5% for the UK over the same period. Northern Ireland Services output decreased over the year (-0.4%) compared with an increase for the UK as a whole over the same period (2.1%).
- Over the latest four quarters output decreased by 2.0% compared to the same four quarters one year earlier. This compares with an increase of 0.6% for the UK over the same period.
- Over the latest quarter, the Distribution – Wholesale and Retail (0.5%), Other Services (0.8%) and Hotels & Restaurants (0.1%) sectors reported increases while the Business Services & Finance (-0.8%) and Transport, Storage & Communication (-0.2%) sectors reported decreases.

Department of Enterprise,
Trade and Investment

Northern Ireland Index of Services (Experimental) Quarter 3 2010

January 2011

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Executive Summary

1

Introduction

This bulletin provides information from the Index of Services (IOS) for Northern Ireland. The IOS is a quarterly survey covering all private sector service industries and is comprised of approximately 1,500 companies in Northern Ireland. Considering the importance of the IOS inquiry DETI agreed in consultation with the Statistics Advisory Committee, that as of September 2010 the IOS survey should become a statutory inquiry carried out under the provision of Article 5 of the Statistics of Trade and Employment (NI) Order 1988. Therefore results from this quarter onwards (Quarter 3 2010) are based on the statutory survey. It is designed to show movements in turnover across a representative sample of service sector industries weighted to reflect their relative share of the regional Gross Value Added (GVA) estimate, published annually by ONS. The coverage of the NI IOS is restricted to private sector activity and the weights used for aggregating are estimated by multiplying the GVA for the industries making up the sector by the proportion of private sector jobs within these industries (using NI quarterly employment figures). The Index is also annually chain linked. These annual weights are more up to date and their use is in line with recommendations from the Office for National Statistics.

Turnover data used in the IOS survey are deflated using a range of price indices available at the national level and all changes in the index reflect movement in real terms.

The IOS is currently an experimental series. However it has recently been assessed by the UK Statistics Authority and subject to meeting three requirements by April 2011 it will become a National Statistic. Further detail on the background and development of the Index is available in section 4 of this Bulletin.

This booklet contains results for the Service Sector as a whole and the Distribution, Hotels and Restaurants, Transport, Storage & Communications, Business Services & Finance and Other services sub sectors.

It contains results from Quarter 1 2001 (revised) to Quarter 3 2010 (provisional) and uses the year 2006 as the base year against which relative change is measured. All figures contained within this publication are seasonally adjusted.

Overall Index of Services

The most recent results for Northern Ireland show that the value of total services in July - September (Quarter 3) 2010 decreased 0.6% over the quarter, compared to an increase of 0.5% for the UK as a whole.

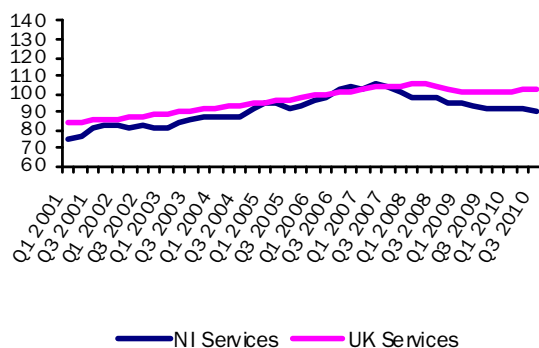
The Northern Ireland Index of Services decreased by 0.4% compared to a year ago while the UK as a whole increased by an estimated 2.1% compared to the same quarter one year earlier.

Over the latest four quarters compared to the same four quarters one year earlier the Northern Ireland Total Services sector has decreased by 2.0% compared with a 0.6% increase for the UK).

In historical terms, Northern Ireland Services have increased by 21.1% from Quarter 1 2001 to Quarter 3 2010, compared with an estimated increase of 21.5% for the UK as a whole over the same period.

Figure 1: Index of Services in NI and UK

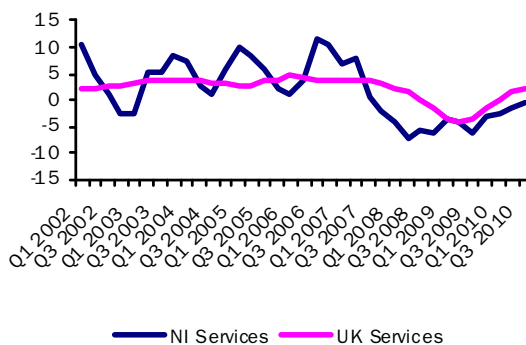
(2006 = 100)



Services – trend

Figure 2 illustrates the annual percentage change in the service sector. In Q1 2002 the annual percentage growth in the service sector was 10%, it then declined to -3% in Q1 2003, then from Q2 2003 to Q2 2007, when the index reached its highest level since the series began in 2001, there was positive annual growth. From Q4 2007 there has been negative annual growth.

Figure 2: All Services - Percentage change on a year earlier



Over the year, the largest contribution to the negative change in the Index was driven by the following industries: Business Services and Finance (-3.8%) and Other Services (-0.9%).

Over the same period the Transport, Storage & Communication (7.5%), Distribution - Wholesale & Retail (0.7%), and Hotels & Restaurants (2.7%) sectors reported increases.

Over the latest four quarters, compared to the same period one year earlier (i.e. Q4 2008 – Q3 2009 to Q4 2009 – Q3 2010), the Business Services and Finance (-12.7%) sector showed an estimated decrease.

Over the same period the stronger performing sectors were Distribution - Wholesale & Retail (2.1%), Transport, Storage and Communication (4.4%), Other Services (1.9%) and Hotels & Restaurants (0.1%) which reported increases.

Services Subsections

The most recent IOS results are examined over the quarter, year and rolling four quarters. The sub sectors of the service industry are listed in the order of importance of the contribution made to the relevant change in the overall Index of Services.

Over the quarter, the sub sectors which contributed most to the decrease in the Index were Business Services and Finance (-0.8%), and Transport, Storage & Communication (-0.2%).

Over the same period the Distribution – Wholesale and Retail (0.5%), Other Services (0.8%) and Hotels & Restaurants (0.1%) sectors reported an increase.

Date of Next publication

The Northern Ireland Index of Services for Quarter 4 2010 will be published on 13th April 2011.

**Table 1 Northern Ireland Index of Services –
Seasonally Adjusted (2006 = 100)**

Sector	All Services	Distribution – Wholesale and Retail	Hotels & Restaurants	Transport, Storage & Communication	Business Services & Finance	Other Services
2006 = 100	G - O	G	H	I	J & K	M, N & O
Weights [†]	1000	268.1	55.4	69.5	450.8	156.2
2001 Q1	74.9	80.2	101.8	76.4	69.2	58.8
Q2	77.0	80.9	97.4	81.3	73.5	75.3
Q3	80.9	83.3	99.7	79.2	79.9	67.6
Q4	82.3	85.9	98.1	79.7	80.4	75.0
2002 Q1	82.6	85.8	102.8	82.8	73.6	75.8
Q2	80.6	86.0	101.6	82.3	69.9	70.8
Q3	81.7	89.0	103.8	80.9	66.4	70.0
Q4	80.2	85.2	97.9	80.0	68.7	74.5
2003 Q1	80.6	85.9	96.4	84.1	69.1	72.2
Q2	84.8	88.6	98.9	81.5	76.9	76.7
Q3	86.1	90.6	93.2	84.1	75.6	73.6
Q4	86.9	90.9	92.5	85.4	77.2	86.0
2004 Q1	86.6	92.9	90.8	86.1	77.8	84.5
Q2	86.9	91.4	92.7	86.1	82.0	82.8
Q3	87.1	91.2	94.6	87.9	80.8	80.5
Q4	91.9	94.1	97.8	90.1	90.4	93.7
2005 Q1	95.0	95.0	99.6	89.9	96.7	91.6
Q2	94.0	95.5	98.7	95.6	94.7	82.1
Q3	92.2	97.3	100.5	110.2	83.7	89.2
Q4	93.7	98.4	104.2	94.2	85.5	103.3
2006 Q1	96.0	97.9	104.2	98.6	92.7	94.0
Q2	97.6	100.1	96.5	97.6	91.9	108.7
Q3	102.9	100.3	98.8	98.9	107.2	96.1
Q4	103.4	101.8	99.5	104.9	108.2	101.2
2007 Q1	102.8	103.2	101.6	105.1	100.0	93.8
Q2	105.0	100.8	102.6	108.9	110.3	87.9
Q3	103.5	103.0	101.3	105.2	100.8	104.8
Q4	101.0	101.2	101.4	109.3	97.5	105.3
2008 Q1	98.3	100.7	101.2	111.8	89.6	103.8
Q2	97.1	101.1	103.8	112.9	84.3	106.0
Q3	97.3	99.8	103.5	110.2	89.0	101.0
Q4	94.8	98.1	100.3	109.5	84.3	103.8
2009 Q1	94.6	99.0	98.2	109.2	81.4	109.8
Q2	92.9	100.7	95.8	109.1	72.4	111.2
Q3	91.1	100.4	95.6	106.0	69.3	114.5
Q4	91.8	102.4	96.6	111.4	66.6	109.4
2010 Q1	92.1	102.4	97.6	113.5	68.0	112.2
Q2	91.2	100.7	98.1	114.1	67.2	112.6
Q3	90.7	101.2	98.2	113.9	66.6	113.5

* The regional GVA weights relate to 2007.

Services by Broad Industry Groups

2

This chapter focuses on the overall service sector split into individual industry categories. The private service sector is dominated by the Business Services & Finance industries and Distribution (Wholesale and Retail). Together these account for approximately 70% of the sector's total private Gross Value Added at 2008.

Business Services & Finance

(Weight = 45%)

The Business Services & Finance sector reflects the activity of all financial institutions and also Real Estate, Renting and other Business activities.

The Business Services & Finance index decreased by 0.8% over the quarter compared to the UK which remained constant.

Over the year, the NI Business Services & Finance sector decreased by 3.8% compared to an increase of 2.4% in the UK. (See figure 3)

Over the latest four quarters, compared to the same period one year earlier, the sector decreased by an estimated 12.7% compared to a decrease of 0.4% in the UK. The index remains some 39.6% below the peak recorded in Q2 2007.

Distribution (Wholesale & Retail)

(Weight = 27%)

The Distribution sector reflects the activity of the Wholesale and Retail trade; Repair of Motor Vehicles and Personal and Household goods.

The Distribution sector index increased by an estimated 0.5% over the quarter, compared to an increase of 0.8% in the UK.

Over the year, the NI Distribution Sector increased by 0.7% compared to an increase of 3.2% in the UK. (See figure 4)

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 2.1% compared to an increase of 3.4% in the UK.

Figure 3: Business Services & Finance

(2006 = 100)

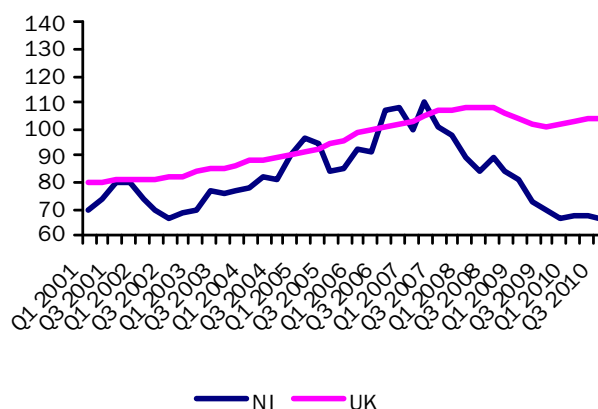
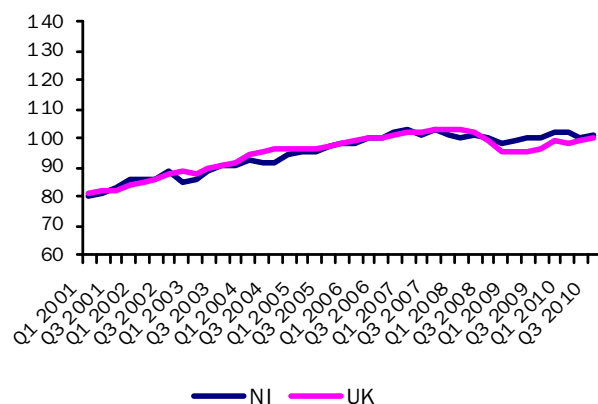


Figure 4: Distribution - Wholesale & Retail

(2006 = 100)



Other Services

(Weight = 16%)

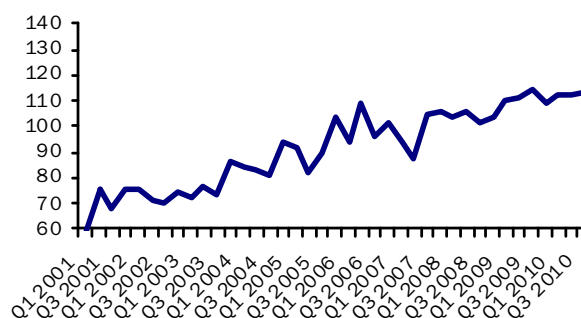
The “Other Services” sector is comprised of Education, Health & Social Work and Other Community, Social and Personal Service activities.

Over the quarter, the Other Services index increased by 0.8%, while over the year it decreased by 0.9%. (See figure 5)

The sector increased by an estimated 1.9% when measured over the latest four quarters compared to the same four quarters one year earlier. There are no comparable UK figures for Other Services.

Figure 5: Other Services

(2006 =100)



Transport, Storage & Communication

(Weight = 7%)

The Transport, Storage & Communication sector reflects the activity of Land, Air & Sea transport operators along with Travel Agencies and Post & Telecommunications businesses.

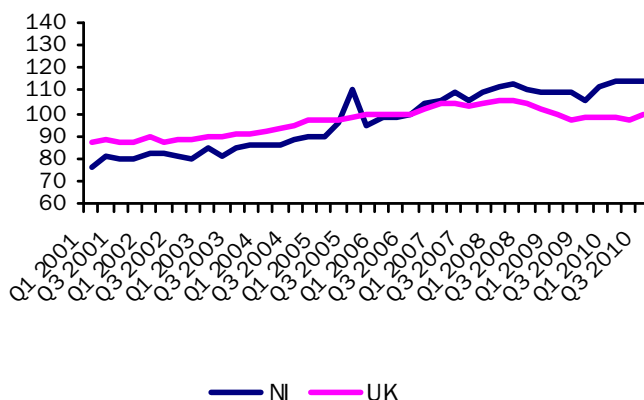
The Transport, Storage & Communication sector decreased by an estimated 0.2% over the quarter compared to an increase of 2.0% in the UK.

Over the year, the NI Transport, Storage & Communication sector increased by 7.5% while the UK reported an increase of 1.1%. (See figure 6)

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 4.4% whereas the UK figure decreased by an estimated 0.9%.

Figure 6: Transport, Storage & Communication

(2006 =100)



Hotels & Restaurants

(Weight = 6%)

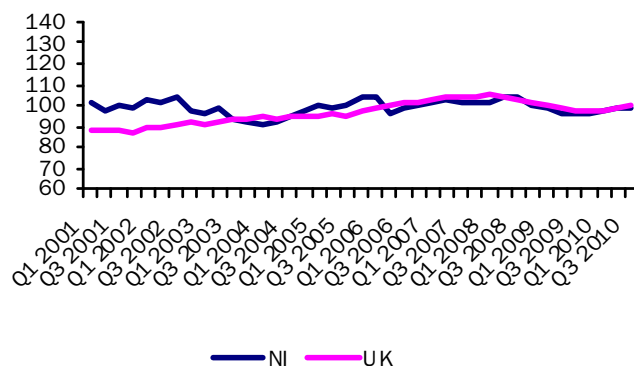
Over the quarter, the Hotels & Restaurants index increased by an estimated 0.1% in NI, this compares with the UK which increased by 0.8% over the same period. (See figure 7)

Over the year the sector increased by an estimated 2.7% compared to an increase of 2.5% in the UK.

Over the latest four quarters compared to the same period one year earlier, the sector increased by an estimated 0.1% while the UK figure decreased by an estimated 1.3%.

Figure 7: Hotels & Restaurants

(2006 =100)



Quarterly/ Annual/ Rolling Annual Average Changes

3

**Table 2 – Northern Ireland Index of Services – Quarterly, Annual and Rolling Annual average^{*1} changes by sector
Seasonally Adjusted (2006 = 100)**

2006 = 100	All Services				Distribution – Wholesale and Retail				Hotels & Restaurants				Transport, Storage & Communication				Business Services & Finance				Other Services			
	G - O				G				H				I				J & K				M,N & O			
	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [†] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [†] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [†] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [†] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [†] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [†] Change (%)
Weights ^{*2}	1000				268.1				55.4				69.5				450.8				156.2			
2001 Q1	74.9	-	-	-	80.2	-	-	-	101.8	-	-	-	76.4	-	-	-	69.2	-	-	-	58.8	-	-	-
Q2	77.0	2.9	-	-	80.9	1.0	-	-	97.4	-4.3	-	-	81.3	6.4	-	-	73.5	6.2	-	-	75.3	28.1	-	-
Q3	80.9	5.0	-	-	83.3	2.9	-	-	99.7	2.4	-	-	79.2	-2.6	-	-	79.9	8.8	-	-	67.6	-10.2	-	-
Q4	82.3	1.6	-	-	85.9	3.1	-	-	98.1	-1.6	-	-	79.7	0.6	-	-	80.4	0.6	-	-	75.0	10.9	-	-
2002 Q1	82.6	0.4	10.4	-	85.8	-0.1	7.1	-	102.8	4.8	1.0	-	82.8	3.9	8.3	-	73.6	-8.4	6.3	-	75.8	1.0	28.8	-
Q2	80.6	-2.4	4.6	-	86.0	0.2	6.2	-	101.6	-1.2	4.3	-	82.3	-0.6	1.2	-	69.9	-5.0	-4.8	-	70.8	-6.5	-6.0	-
Q3	81.7	1.4	1.0	-	89.0	3.5	6.8	-	103.8	2.1	4.1	-	80.9	-1.7	2.2	-	66.4	-5.1	-17.0	-	70.0	-1.2	3.5	-
Q4	80.2	-1.9	-2.6	3.2	85.2	-4.2	-0.8	4.8	97.9	-5.6	-0.2	2.3	80.0	-1.2	0.4	2.9	68.7	3.5	-14.6	-8.1	74.5	6.4	-0.7	5.1

*1 The change in the rolling annual average measures the change in the average of the latest four quarters against the same four quarters one year previous.

*2 The regional GVA weights relate to 2007.

**Table 2 continued – Northern Ireland Index of Services – Quarterly, Annual and Rolling Annual average^{*1} changes by sector
Seasonally Adjusted (2006 = 100)**

2006 = 100	All Services				Distribution – Wholesale and Retail				Hotels & Restaurants				Transport, Storage & Communication				Business Services & Finance				Other Services			
	G - O				G				H				I				J & K				M,N & O			
	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual ⁺ Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual ⁺ Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual ⁺ Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual ⁺ Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual ⁺ Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual ⁺ Change (%)
Weights ^{*2}	1000				268.1				55.4				69.5				450.8				156.2			
2003 Q1	80.6	0.5	-2.5	0.1	85.9	0.8	0.1	3.0	96.4	-1.6	-6.3	0.4	84.1	5.2	1.6	1.3	69.1	0.7	-6.1	-10.8	72.2	-3.0	-4.7	-2.1
Q2	84.8	5.2	5.2	0.3	88.6	3.2	3.1	2.3	98.9	2.6	-2.7	-1.3	81.5	-3.1	-0.9	0.8	76.9	11.2	9.9	-7.5	76.7	6.2	8.2	1.4
Q3	86.1	1.5	5.3	1.3	90.6	2.3	1.9	1.1	93.2	-5.7	-10.2	-4.9	84.1	3.2	3.9	1.2	75.6	-1.7	13.9	0.0	73.6	-4.0	5.2	1.8
Q4	86.9	1.0	8.4	4.1	90.9	0.3	6.7	2.9	92.5	-0.8	-5.6	-6.2	85.4	1.5	6.8	2.8	77.2	2.2	12.5	7.3	86.0	16.9	15.6	6.0
2004 Q1	86.6	-0.3	7.5	6.6	92.9	2.1	8.1	4.9	90.8	-1.8	-5.7	-6.1	86.1	0.8	2.3	3.0	77.8	0.8	12.6	12.2	84.5	-1.8	17.0	11.6
Q2	86.9	0.3	2.4	5.8	91.4	-1.6	3.1	4.9	92.7	2.1	-6.3	-7.0	86.1	0.0	5.6	4.6	82.0	5.4	6.7	11.2	82.8	-2.0	8.1	11.5
Q3	87.1	0.2	1.2	4.8	91.2	-0.2	0.6	4.6	94.6	2.0	1.5	-4.1	87.9	2.2	4.6	4.8	80.8	-1.5	6.9	9.5	80.5	-2.8	9.4	12.5
Q4	91.9	5.5	5.8	4.2	94.1	3.2	3.5	3.8	97.8	3.4	5.8	-1.3	90.1	2.5	5.6	4.5	90.4	11.8	17.0	10.8	93.7	16.4	8.9	10.7
2005 Q1	95.0	3.4	9.7	4.8	95.0	0.9	2.3	2.4	99.6	1.8	9.7	2.5	89.9	-0.3	4.4	5.0	96.7	7.0	24.2	13.8	91.6	-2.2	8.4	8.7
Q2	94.0	-1.1	8.2	6.2	95.5	0.5	4.5	2.7	98.7	-0.9	6.4	5.8	95.6	6.3	11.0	6.4	94.7	-2.1	15.4	16.0	82.1	-10.4	-0.9	6.4
Q3	92.2	-1.9	5.9	7.4	97.3	1.9	6.7	4.2	100.5	1.9	6.2	7.0	110.2	15.3	25.3	11.7	83.7	-11.6	3.6	15.0	89.2	8.7	10.8	6.8
Q4	93.7	1.6	1.9	6.4	98.4	1.1	4.5	4.5	104.2	3.6	6.5	7.2	94.2	-14.5	4.5	11.3	85.5	2.2	-5.3	8.9	103.3	15.8	10.2	7.2
2006 Q1	96.0	2.5	1.0	4.2	97.9	-0.5	3.1	4.7	104.2	0.0	4.6	5.9	98.6	4.7	9.8	12.6	92.7	8.3	-4.2	1.9	94.0	-9.0	2.6	5.7
Q2	97.6	1.6	3.8	3.1	100.1	2.2	4.8	4.8	96.5	-7.3	-2.2	3.7	97.6	-1.1	2.1	10.2	91.9	-0.8	-2.9	-2.4	108.7	15.6	32.4	13.6
Q3	102.9	5.5	11.6	4.6	100.3	0.2	3.1	3.9	98.8	2.4	-1.7	1.8	98.9	1.4	-10.3	0.9	107.2	16.6	28.0	3.2	96.1	-11.6	7.7	12.7
Q4	103.4	0.4	10.4	6.7	101.8	1.5	3.5	3.6	99.5	0.7	-4.4	-1.0	104.9	6.1	11.3	2.6	108.2	0.9	26.5	10.9	101.2	5.4	-2.0	9.2

*1 The change in the rolling annual average measures the change in the average of the latest four quarters against the same four quarters one year previous.

*2 The regional GVA weights relate to 2007.

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	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [*] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [*] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [*] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [*] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [*] Change (%)	Index	Quarter Change (%)	Annual Change (%)	Rolling Annual [*] Change (%)
Weights ^{*2}	1000				268.1				55.4				69.5				450.8				156.2			
2007 Q1	102.8	-0.6	7.0	8.2	103.2	1.4	5.4	4.2	101.6	2.1	-2.4	-2.7	105.1	0.2	6.5	2.0	100.0	-7.6	7.9	14.2	93.8	-7.3	-0.2	8.5
Q2	105.0	2.2	7.6	9.1	100.8	-2.3	0.8	3.2	102.6	0.9	6.2	-0.7	108.9	3.7	11.6	4.3	110.3	10.4	20.0	20.3	87.9	-6.3	-19.1	-4.1
Q3	103.5	-1.5	0.6	6.3	103.0	2.2	2.7	3.1	101.3	-1.2	2.5	0.3	105.2	-3.4	6.4	8.9	100.8	-8.7	-6.0	11.1	104.8	19.2	9.1	-3.5
Q4	101.0	-2.4	-2.3	3.1	101.2	-1.8	-0.6	2.1	101.4	0.1	1.9	2.0	109.3	3.8	4.2	7.1	97.5	-3.2	-9.8	2.2	105.3	0.5	4.0	-2.0
2008 Q1	98.3	-2.7	-4.3	0.3	100.7	-0.5	-2.4	0.1	101.2	-0.3	-0.5	2.5	111.8	2.3	6.4	7.1	89.6	-8.2	-10.4	-2.2	103.8	-1.4	10.6	0.5
Q2	97.1	-1.2	-7.5	-3.4	101.1	0.4	0.3	0.0	103.8	2.6	1.2	1.3	112.9	1.0	3.6	5.1	84.3	-5.9	-23.6	-12.6	106.0	2.1	20.5	10.8
Q3	97.3	0.2	-6.0	-5.1	99.8	-1.3	-3.1	-1.5	103.5	-0.2	2.2	1.2	110.2	-2.4	4.7	4.7	89.0	5.6	-11.7	-14.0	101.0	-4.7	-3.6	7.3
Q4	94.8	-2.6	-6.2	-6.0	98.1	-1.8	-3.1	-2.1	100.3	-3.1	-1.1	0.5	109.5	-0.7	0.2	3.7	84.3	-5.3	-13.6	-15.0	103.8	2.8	-1.4	5.8
2009 Q1	94.6	-0.2	-3.8	-5.9	99.0	0.9	-1.7	-1.9	98.2	-2.2	-3.0	-0.2	109.2	-0.3	-2.3	1.5	81.4	-3.4	-9.2	-14.9	109.8	5.8	5.8	4.7
Q2	92.9	-1.8	-4.3	-5.1	100.7	1.7	-0.4	-2.1	95.8	-2.4	-7.7	-2.4	109.1	0.0	-3.3	-0.3	72.4	-11.1	-14.1	-12.1	111.2	1.3	5.0	1.4
Q3	91.1	-2.0	-6.4	-5.2	100.4	-0.3	0.6	-1.2	95.6	-0.2	-7.7	-4.9	106.0	-2.9	-3.8	-2.3	69.3	-4.3	-22.2	-14.7	114.5	2.9	13.4	5.6
Q4	91.8	0.8	-3.2	-4.4	102.4	1.9	4.4	0.7	96.6	1.0	-3.7	-5.5	111.4	5.2	1.8	-1.9	66.6	-3.8	-20.9	-16.6	109.4	-4.4	5.4	7.3
2010 Q1	92.1	0.3	-2.6	-4.1	102.4	0.0	3.5	2.0	97.6	1.0	-0.6	-5.0	113.5	1.9	4.0	-0.4	68.0	2.0	-16.5	-18.5	112.2	2.5	2.1	6.3
Q2	91.2	-0.9	-1.8	-3.5	100.7	-1.7	0.0	2.1	98.1	0.5	2.4	-2.5	114.1	0.5	4.5	1.6	67.2	-1.2	-7.2	-17.1	112.6	0.4	1.3	5.4
Q3	90.7	-0.6	-0.4	-2.0	101.2	0.5	0.7	2.1	98.2	0.1	2.7	0.1	113.9	-0.2	7.5	4.4	66.6	-0.8	-3.8	-12.7	113.5	0.8	-0.9	1.9

*1 The change in the rolling annual average measures the change in the average of the latest four quarters against the same four quarters one year previous.

*2 The regional GVA weights relate to 2007.

Background Notes

4

Background

Following demand from economic decision makers and commentators for a better short-term measure of the performance of the service sector in Northern Ireland, the experimental Index of Services (IOS) was first published in Northern Ireland on 18 May 2005. It is published quarterly and is designed to provide a general measure of changes in the output of the private sector service industries in Northern Ireland. (This is defined as Standard Industrial Classification 2003 sections G to O.) In 2008 these industries accounted for 65% of regional Gross Value Added (GVA). See link to Regional GVA information <http://www.statistics.gov.uk/statbase/Product.asp?vk=14650>

Index Sample

The IOS sample contains around 1,500 companies and the response rate is around 80%. The sample of service industries is selected directly from the Inter Departmental Business Register (IDBR), by stratifying companies by industry and company size. The sample consists of a census of dominant companies and a Neyman stratified random sample of the remaining companies. The census element consists of all companies employing 100 or more employees and those employing 0 to 99 employees and having a turnover of £20 million or more. It is desirable to include these low employment high turnover companies in the sample in order to provide a more comprehensive picture of the overall economy.

Index Methodology

The survey forms are issued quarterly, immediately after the period to which they relate. For example, forms are issued in October asking for information relating to July to September. Companies are asked to provide their turnover for the previous quarter. Data validation is carried out ensuring that data fall within the expected limits, contacting the company where appropriate for clarification.

For company non-returns, the data are imputed using a methodology that takes account of previous returned data and also the performance of similar sized businesses engaged in the same activities. More specifically, the imputed data are calculated using all returned turnover in the quarter for each 2 digit SIC/ employment size band and also the associated employment in each category. This enables a full series of turnover per employee ratios to be created for each 2 digit SIC/ employee size band.

The ratio is then factored up dependent on the number of employees in the non-responding company to generate a total turnover for imputation.

The employees figures used are taken where possible from the NI Quarterly Employment Survey (QES) and are matched with IOS by IDBR Reporting Unit reference. If no employee figure is available from the QES then the selected IDBR employee figure is used instead.

Statistics Research Branch has used an exponential smoothing technique when processing results from particularly volatile industrial sectors. Real Estate, Renting and Business Activities (SIC 70) is currently the most volatile of all the 2 digit SIC series which make up the index and as a result is exponentially smoothed.

The overall Index of Services is calculated by weighting together industry level indices that describe the activity of an industry sector using the Standard Industrial Classification. This is done using relative shares of regional GVA on an annual basis. The annual weights from regional GVA are more up to date and their use is in line with recommendations from the Office for National Statistics (ONS).

The Northern Ireland Index of Services is annually chain-linked (Chain-linking involves the linking of growth estimates between different time periods in order to produce a continuous time series) using private sector GVA estimates derived from regional accounts using the fourth quarter of the preceding year as the link period. Inaccuracies caused by the assumption of a stable relationship between GVA and turnover are reduced using this methodology. When annual weights are used the assumption only has to be maintained from one year to the next year. A paper on annual chain-linking from ONS is available at http://www.statistics.gov.uk/articles/economic_trends/ET_May_Annual_Chain_Linking.pdf

Deflation

All series, unless otherwise quoted, are measured at constant market price. Deflators (based on the Services Producer Prices indices) adjust the value series to take out the effect of price change to give the volume series.

Seasonal Adjustment

The index numbers in this statistical bulletin are all seasonally adjusted. This aids interpretation by removing annually recurring fluctuations, for example due to holidays or other regular seasonal patterns. From Quarter 2 2010 we have moved from using X-11 ARIMA to X-12 ARIMA as our seasonal adjustment package. A comparison of results using both X-11 and X-12 shows that the underlying trend has remained the same.

Summary Quality Report

A summary quality report for this publication can be found on the IOS Quality and Revisions page of the website at

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-ios/revisions-to-ios.htm>

Status Of Figures In Current Bulletin

All figures are published to one decimal place. Figures for annual averages and percentage changes over the previous quarter and year are based on unrounded figures and may not agree with the published constituent parts.

Results, particularly for the latest quarter, are provisional and are subject to revision as more up to date information becomes available.

Significant revisions to previous quarters' figures are highlighted in the main text of the bulletin.

In addition, we have published revisions triangles. These are summary tables which indicate the size and direction of revisions. The table presents a summary of the differences between the first estimates published and those published three years later for the same reference period. A statistical test has been applied to the average revision to find out if it is significantly different from zero. The revisions triangles are available at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-ios/revisions-to-ios.htm>

The index has been produced using X-12 ARIMA seasonal adjustment from the Quarter 2 2010 bulletin.

In line with ONS, the base year was changed from 2005 = 100 to 2006 = 100 for the first time in the Quarter 2 2010 bulletin.

Comparisons between the Index of Services and the Annual Business Inquiry (ABI) may not necessarily match because of definitional and coverage differences. For example the Index of Services covers the dominant business activity and the ABI covers workplace activity.

On 6 September 2010 the IOS became a statutory survey. As a result, the survey forms issued for the data for the period July to September 2010 were the first collected under statute and increased overall response rates from around 63% to approximately 80%. The January 2011 bulletin is the first to publish such data.

Planned Future Revisions

The IOS revisions policy can be found at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-ios/revisions-to-ios.htm>

See National Statistics section

Publications Policy

All DETI statistical publications are available to download free of charge from the website <http://www.detini.gov.uk/deti-stats-index.htm>

The IOS bulletin is available at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-ios.htm>

The tables from the current publication, which includes all the data from the start of the series in 2001, are available in Excel format to download free of charge from the IOS website at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-ios.htm>

The IOS is published on the same day as the Index of Production in January, April, July and October of each year.

The DETI statistics publication schedule is available at <http://www.detini.gov.uk/deti-stats-index.htm>

The list of people given pre-release access to this publication is available at <http://www.detini.gov.uk/deti-stats-index/stats-national-statistics.htm>

National Statistics

The IOS is currently an experimental statistical series. However, the UK Statistics Authority published its Assessment Report of the Northern Ireland Index of Production and Index of Services on 6 January 2011. Subject to meeting three requirements by April 2011, the Index of Services will be accredited as a National Statistic. These changes will be incorporated into the April 2011 statistical bulletin. The report can be accessed at <http://www.statisticsauthority.gov.uk/assessment/assessment/assessment-reports/index.html>

Next Publication

The next bulletin will be published on 13th April 2011.

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