



Hot Irish labour market coming off the boil a little

The Irish jobs market expanded at a more moderate pace in the first quarter of 2024, but the data still point to robust growth in the Irish economy. Employment increased by 0.4% on the quarter in Q1, and annual growth slowed to 1.9% from a 3.4% pace at the end of 2023. This is the slowest pace in three years and follows a period of rapid post-COVID growth, but total employment in Ireland is now 343,000 above its pre-COVID level, at 1.7 million people.

At a sectoral level, the out-turn was mixed, with nine sectors seeing annual increases and five sectors falling. The biggest increases in employment were in the Professional, Scientific, and Technical sector (+15%), Agriculture (+6.4%) and Construction (+5.5%). The weakest out-turn was in Industry (-3.3% y/y), reflecting a more challenging business environment in that sector, signalled in recent AIB Manufacturing PMI surveys. Overall then, jobs growth has narrowed somewhat over the past year to a narrower base of sectors.

Unemployment remains exceptionally low, falling to 4.3% in Q1 2024 from 4.5% in Q4 2023 with other measures of labour market "slack" pointing to very tight labour market conditions. Long term unemployment fell further, as did those working part-time who could not find full-time work. Indeed, the key driver of jobs growth during the quarter was persons moving into full-time work, underpinned by continued strong population growth. However, it should also be noted that the potential labour force rose sharply by 28% y/y in the first quarter, indicating that a supply of workers could respond to alleviate potential capacity constraints in the labour market, if required.

This week's CSO earnings and labour cost statistics will give a fuller picture of the labour market, with employer demand likely to have cooled further in recent months from the exceptional post-pandemic



highs. This has been signalled in industry surveys, such as Indeed.ie job postings which suggest growth has cooled in recent months. In any case, with employment continuing to rise, unemployment exceptionally low, and the recent expansion of the potential labour force, it is clear that the job's market should continue to underpin solid growth in the Irish economy this year.

David McNamara

Chief Economist, AIB

AIB Customer Treasury Services
DUBLIN / CORK
aib.ie/fxcentre

Customer Treasury Services NI
BELFAST
aibni.co.uk/fxcentre

Customer Treasury Services GB
LONDON
aibgb.co.uk/fxcentre

Economic Research Unit
AIBeconomics.unit@aib.ie
Tel: 353-1-6600311

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