



## A Rainbow Nation

The CSO published the Labour Force Survey results for the opening quarter of 2023 last week. There is not much evidence in the data of a slowdown in the Irish economy from the breakneck pace seen in 2021 and 2022. Indeed, the labour market remains characterised by very rapid growth. The labour force expanded by 1.6% or 44,000 in the quarter. It now stands at 2.73 million, up 87,000 from a year earlier, an increase of 3.3%.

Meanwhile, the level of employment rose to over 2.62 million, up some 100,000 from a year ago, an increase of just over 4%. The rise in the quarter was almost 50,000 or 1.9%, which compares to an average quarterly growth rate of 0.8% seen during 2022. Thus, both labour force and employment growth gained considerable momentum in the first quarter of the year, though we would not extrapolate this trend out for the rest of 2023, given the volatility of quarterly data.

To complete the good news, the unemployment rate fell to 4.1%, down from 4.4% in the final quarter of 2022 and 4.9% a year earlier. Overall, these are stellar figures. What is also impressive is the breath of the expansion in employment. All regions of the country saw strong jobs growth over the past year. Meanwhile, apart from agriculture, employment has risen across the economy in recent times. The past year has seen particularly strong growth in industry, retail/wholesale and healthcare.

Employment has increased by almost 275,000, or 11.5%, since the end of 2019, despite the numerous challenges faced by the Irish economy over this period. These have included; Brexit, the COVID pandemic, war in Ukraine, surging inflation, rising interest rates and a global recession. Meanwhile, the labour force has grown by almost 270,000, or 11% since end 2019. A rise in the participation rate, or percentage of the population aged 15 years or over that are in the labour force, has helped boost the size of the work force.

However, the most important factor at play has been the continued large inflow of workers from abroad, especially from outside the EU. Of the 87,000 increase in the labour force in the past year, some 20,000 are Irish citizens, with 67,000 accounted for by non-Irish citizens. Of the latter figure, 57,000 came from outside the EU. The ability of the economy to continue to attract workers from overseas is impressive given the acute shortage of accommodation and high level of rents in Ireland. At this stage, 20% of the labour force now comprises non-Irish citizens.

There have been concerns about how the shake-out in employment in the global tech sector would impact Ireland. The CSO labour force results were released the same day that Meta announced a further 490 jobs were to go at its Irish operations, on top of the 320 redundancies last November. In total, this represents a 25% contraction in Meta's workforce in Ireland.



The CSO data, though, show that despite the difficulties being experienced by some companies, the numbers working in the tech industry in Ireland continue to expand. Employment in the sector rose again in the first quarter of 2023 and was 3% higher than a year earlier.

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