



## Irish jobs market on rising trajectory for now

The Irish labour market expanded at an exceptional pace again in Q3. Employment increased by 1.4% in the quarter, and the annual growth rate accelerated to 3.7% year-on-year (+2.7% y/y in Q1 2024). Total employment in Ireland is now at a record high of 2.79 million, and is 422,000 or 17% above its pre-pandemic levels in Q4 2019, following several years of rapid jobs growth.

At a sectoral level, the out-turn was mixed, with a small number of sectors driving the growth. However, most sectors were still higher on the year. The biggest annual increases in employment were in the Professional, Scientific, and Technical sector (+11.8% y/y), Public Admin (+12%) and Accommodation & Foods Services (+9.2%) The weakest performers were Wholesale & Retail Trade (-0.2%), perhaps reflecting more challenging trading conditions in those sector, and Agriculture (-1.6%). Overall then, employment growth remains strong but the gains are more narrowly based across a couple of high-growth sectors at present.

Unemployment remains low, ticking up to 4.5% in Q3 2024 from 4.4% in Q2, with other measures of labour market 'slack' pointing to slightly looser conditions. The long term unemployment rate remained low at just 0.9%, down from 1.1% in Q3 2024, and the participation rate ticked higher again to 66.3%, just short of the record high of 66.7% reached in 2007. Notably, a sharp rise in male participation is now matching the prior increases in female participation. Inward migration was also a feature of job creation, with strong growth in both Irish and non-Irish nationals in the labour force. These factors once again drove exceptional labour force growth at +3.5% y/y.

However, we expect this exceptional growth to cool in the coming quarters. Indeed, the monthly CSO employee payroll index suggests jobs growth had already slowed sharply in Q3 2024, diverging from the main Labour Force Survey, discussed above. A jobs market slowdown has also been well signalled in industry surveys, such as the PMIs and 'Indeed.ie' job postings, which suggest employer demand has waned in recent months. The supply of new labour is also likely to be tighter as the rise in female participation begins to plateau, and the level of inward migration continues to ease, following the surge associated with the war in Ukraine in 2022/23. This suggests annual jobs growth will likely slow towards 2% in the near term.



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