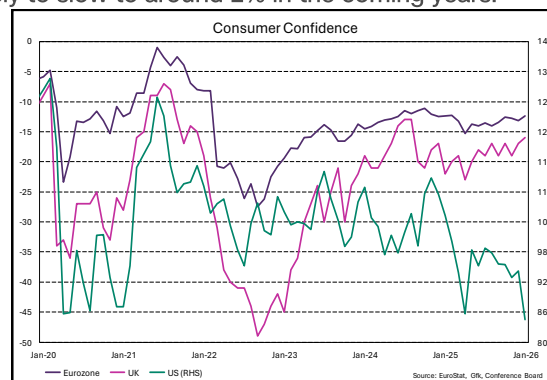


Million Dollar Baby

- **The Irish jobs market looks to have regained some momentum at the end of 2025, and surveys point to continued solid growth so far in 2026.** Zooming out, jobs growth has been exceptional in the past half decade, despite a pandemic and tumultuous geopolitics. **The latest labour force survey (LFS) for Q4 2025 shows employment rose by a solid 0.5% in the quarter, and the annual growth rate accelerated to +2% y/y from +1.1% y/y in Q3, with nearly 57,000 jobs created in the past year.** Total employment in Ireland is now over 2.83 million and has grown rapidly by 464,000 (+20%) since the beginning of the decade, **with nearly a million extra people at work in Ireland compared to the 2011 post the Global Financial Crisis (GFC) trough.** This recovery has been remarkable, far surpassing the gains in most other European countries. However, there are signs of softer hiring growth in the recent data, with the rapid post-pandemic recovery period well past. This is reflected in the more modest 2.2% annual gain in employment in 2025, compared to a 3.4% and 2.7% rise in 2023 and 2024, respectively.
- **At a sectoral level, the out-turn was mixed. Of the 14 sub-sectors, nine expanded in the year to Q4 2025.** Annual growth was led by a sharp uptick in construction (+9% y/y) and transport & storage (+8%). Robust gains were also seen in education (+7.7%), industry (+6.6%) and financial services (+5.7%). The weakest performers were tech (-7%), admin services (-5.6%), and professional services (-4.4%). So, weakness was very much focused on white collar sectors, which have been heretofore outperformers. While some analysts have speculated that AI could be playing a part in the weakness in jobs growth in some sectors, there are few signs generally of widespread jobs displacement in the Irish labour market. Indeed, for younger cohorts (under 25 years), where international evidence of AI displacement is strongest, the Irish data show annual jobs growth of 1.7% y/y in Q4 2025, in line with the national average.
- **Unemployment remains historically low and has been revised down in the latest figures.** An initial estimate of 5% in Q3 2025 (seasonally adjusted) was revised down to 4.9%, falling further to 4.6% in Q4, following further downward revisions in recent months. Indeed, the largely static Live Register jobless data and robust payroll jobs data from Revenue jarred with the initial spike in unemployment in Q3 2025, suggesting these administrative sources might be a better guide to short-term movements in the Irish labour market than the flagship LFS at present.
- **While the jobs data remain positive overall, there are signs that the cooling in hiring could continue.** The latest data from recruitment website Indeed.ie suggest waning employer demand, with new job postings falling 8% y/y in mid-February. The AIB PMI employment surveys point to solid, if unspectacular hiring activity in manufacturing, services and construction. These lead indicators suggest employment growth is likely to slow to around 2% in the coming years.
- **Turning to the week ahead, the macro calendar is relatively sparse on both sides of the Atlantic.** In the Eurozone, the EC sentiment indices for February will be the highlight. Sentiment has been trending higher recently, amid a broad-based improvement in confidence across the consumer, industrial and services segments. A further modest rise is pencilled in for February, which would be the sixth monthly increase in eight months. Meanwhile, the first batch of monetary statistics of 2026 are also due, including the closely followed loans to households metric. Loans to households are expected to be 2.9% higher year-on-year, compared to +3.0% y/y in December.
- **Elsewhere in the Eurozone, a raft of indicators from the large national economies will also feature.** Most notably, the bellwether German Ifo survey for February will be released. Having reached a nadir outside of Covid and the GFC in December 2024, the headline index improved steadily throughout the first eight months of last year before losing momentum recently. However, the consensus is for a first monthly increase since October in February. Elsewhere, French business and consumer confidence are forecast to rise marginally in February. In terms of inflation, the flash estimates for February of German, French and Spanish HICP will garner attention, as investors gauge how price pressures across the bloc are evolving so far in Q1.
- **In the UK, consumer confidence for February will be the highlight.** Having reached its highest level since August 2024 in January, a further rise is anticipated this month. Similarly, the US Conference Board measure of consumer confidence will be the main release of note. The index plunged to its lowest level since May 2014 in January, but a modest rebound is projected in February. On the monetary policy front, a number of BoE officials, including Governor Bailey, are due to appear at the Treasury Select Committee. A raft of Fed speakers are also due to make remarks throughout the week.



	Interest Rate Forecasts			
	Current	End Q1	End Q2	End Q3
	2026	2026	2026	2026
Fed Funds	3.625	3.625	3.375	3.125
ECB Deposit	2.00	2.00	2.00	2.00
BoE Repo	3.75	3.50	3.50	3.25
BoJ OCR	0.75	0.75	1.00	1.00

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q1	End Q2	End Q3
	2026	2026	2026	2026
EUR/USD	1.1798	1.19	1.20	1.20
EUR/GBP	0.8733	0.87	0.88	0.88
EUR/JPY	182.81	185	186	185
GBP/USD	1.3508	1.37	1.36	1.36
USD/JPY	154.95	155	155	154

Current Rates Reuters, Forecasts AIB's ERU

ECONOMIC DIARY

Monday 23rd - Friday 27th February

Date	UK & Irish Time (GMT+1)		Release	Previous	Forecast
This Week:	ECB Speakers:	Lagarde (Mon); Lagarde (Thu)			
	BoE Speakers:	Taylor (Mon); Lombardelli (Thu); Pill (Fri)			
	Fed Speakers:	Waller (Mon); Goolsbee, Collins, Bostic, Waller, Cook, Barkin (Tue); Barkin, Musalem (Wed)			
Mon 23rd	GER:	09:00	Ifo Business climate (February)	87.6	88.3
	ITA:	09:00	Final HICP Inflation (January)	-1.0% (+1.0%)	-1.0% (+1.0%)
Tue 24th	FRA:	07:45	INSEE Business Confidence (February)	99.0	100.0
	UK:	11:00	CBI - Distributive Trade (February)	-17.0	
	US:	14:00	Case-Shiller House Prices (December)	+0.0% (+1.4%)	
	US:	15:00	Conference Board Consumer Confidence (Feb)	84.5	87.5
Wed 25th	GER:	07:00	GDP (Q4: Detailed Reading)	+0.3% (+0.6%)	+0.3% (+0.6%)
	GER:	07:00	Gfk Consumer Sentiment (Mar)	-24.1	-23.5
	FRA:	07:45	INSEE Consumer Confidence (February)	90.0	91.0
	EU-21:	10:00	Final HICP Inflation (January)	-0.5% (+1.7%)	-0.5% (+1.7%)
			- Ex-Food & Energy	-0.8% (+2.2%)	-0.8% (+2.2%)
			- Ex-Food, Energy, Alcohol & Tobacco	-1.1% (+2.2%)	-1.1% (+2.2%)
Thu 26th	EU-21:	09:00	M3 Annual Money Growth (January)	(+2.8%)	(+2.9%)
			- Loans to Households	(+3.0%)	(+2.9%)
	EU-21:	10:00	EC Economic Sentiment (February)	99.4	99.8
			- Consumer / Industrial / Services	-12.2 / -6.8 / 7.2	-12.2 / -6.3 / 7.5
	US:	13:30	Initial Jobless Claims (w/e 16th February)	+206,000	
	JPN:	23:30	CPI Tokyo Inflation (February)	(+2.0%)	(+1.7%)
			- Ex-Fresh Food	(+1.5%)	
	JPN:	23:50	Industrial Output (January)	-0.1%	+5.3%
	JPN:	23:50	Retail Sales (January)	(-0.9%)	(-0.4%)
Fri 27th	UK:	00:01	Gfk Consumer Confidence (February)	-16.0	-15.0
	FRA:	07:45	GDP (Q4: Final Reading)	+0.2% (+1.1%)	+0.2% (+1.1%)
	FRA:	07:45	Flash HICP Inflation (February)	-0.3% (+0.3%)	+0.4% (+0.7%)
	SPA:	08:00	Flash HICP Inflation (February)	-0.8% (+2.4%)	
	GER:	08:55	Unemployment Rate (February)	6.3%	6.3
	GER:	09:00	Flash HICP Inflation (February)	-0.1% (+2.1%)	+0.5% (+2.1%)
	US:	13:30	PPI Final Demand (January)	+0.5% (+3.0%)	
			- Ex- Food & Energy	+0.7% (+3.3%)	

♦ Month-on-month changes (year-on-year shown in brackets)

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