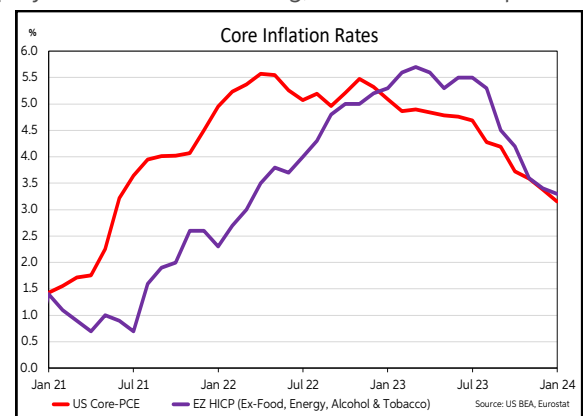


## Ireland's Jobs Market in Good Shape

- **Ireland's latest labour force survey (LFS) paints a rosy picture of the economy at the end of 2023.** The headline statistics show employment continued to grow at a robust pace, up 3.4% in the year to Q4 2023, and the seasonally adjusted unemployment rate remains close to historic lows at 4.5%. Over 2.7 million people are now at work in Ireland, helped by an upward revision from the Census, which bumped up labour force and employment levels.
- **Job creation continued to be broad-based, with annual growth in the majority of sectors, led by Education (+12%), Agriculture (+9%), Other Activities (+8%) and Accommodation and Food (+7%).** Employment declines were evident in Transport & Storage (-5%), Admin (-4%), Industry (-2%) and Construction (-2.5%). These industry and construction figures reflect what was a more challenging year for these sectors in 2023, buffeted by high inflation and waning demand (for the construction sector this was concentrated in CRE activity).
- **However, the widely reported downturn in the Tech sector is not yet fully evident in the LFS, with jobs in the Information & Communication sector still up 0.4% y/y.** Nonetheless there was a significant slowdown in jobs growth in this sector in Q4 compared to earlier in 2023. Furthermore, the monthly employee payrolls index signals a much sharper pace of job cuts in the Tech sector in Q4, down 4% y/y. With the Tech sector's predominance in the capital, it was no surprise that jobs growth in Dublin (+2.2% y/y) continued to lag the rest of the country (+3.9%) at the end of 2023.
- **Another feature of the labour market data in recent years has been the surge in the female participation rate, up to a record high of 60.4% in Q4 2023, and the rise in non-nationals in the labour force.** These factors pushed the labour force (employed plus unemployed) to a record high of 2.8 million in Q4 2023. The LFS also showed a surge in the potential labour force to 106,000 (+73% y/y) – those currently outside the labour force who could be available for work, suggesting additional labour market slack at present. However, both factors are unlikely to continue to boost the labour force numbers to the same extent in 2024, with growth in female participation now levelling off, and a decline in inward migration in 2023 following the sharp increase in 2022 associated with the war in Ukraine. The overarching point is Ireland's labour market remains exceptionally tight, and with employer demand still strong, this will exert upward pressure on wages across many sectors.

■ **Turning to the week ahead, the main focus will be on inflation data from the Eurozone and the US.** Headline Eurozone HICP inflation had been trending sharply lower in the second half of 2023, falling to a trough of 2.4% in November. However, it rose to 2.9% in December, and printed at 2.8% in January, owing to unfavourable base effects. Encouragingly though, core-HICP has continued to decline, with the ex-food, energy, alcohol & tobacco rate at 3.3% in January, its lowest level since March 2022. **The consensus is for both headline and core-HICP to ease to 2.5% and 2.9%, respectively in February.** Meantime in the US, core-PCE inflation has also been on a clear disinflationary path, falling to 2.9% in December from 4.9% at the start of 2023. This trend is forecast to continue, with core-PCE edging down to 2.8% in January. The inflation data this week will form a key input to both the ECB and the Fed's assessment of the outlook, ahead of their monetary policy meetings in March, at which they will also be releasing updated economic projections.



- **Elsewhere in the US, personal consumption is projected to have increased by a modest 0.1% in nominal terms in January, with personal income forecast to rise by 0.3%.** Meanwhile, the Conference Board measure of consumer confidence is projected to be unchanged at 114.8 in February, ending a run of three consecutive monthly improvements. In terms of some other survey data, the manufacturing ISM is expected to stay in contraction mode, at 49.5 in February.
- **In the Eurozone, aside from the inflation data, a number of other releases will be in focus as well.** Notably, it is envisaged that the unemployment rate remained at an all-time low of 6.4% for a third month running in January. A slew of survey indicators are also due, including the EC sentiment indices for February. A slight improvement in the overall sentiment index to 96.6 from 96.2 is pencilled in. Meanwhile, measures of consumer confidence in Germany, France and Italy for February will be released.
- **On the home front, a busy data schedule will feature the National Accounts and Earnings and Labour Costs statistics for Q4.** In terms of more timely data, retail sales (January), and the manufacturing PMI (February) are due as well.

	Interest Rate Forecasts			
	Current	End Q1	End Q2	End Q3
	2024			
Fed Funds	5.375	5.375	4.875	4.375
ECB Deposit	4.00	4.00	3.75	3.25
BoE Repo	5.25	5.25	5.00	4.50
BoJ OCR	-0.10	-0.10	0.25	0.25

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q1	End Q2	End Q3
	2024			
EUR/USD	1.0822	1.10	1.11	1.12
EUR/GBP	0.8538	0.86	0.86	0.87
EUR/JPY	162.74	158	155	152
GBP/USD	1.2670	1.28	1.29	1.29
USD/JPY	150.35	144	140	136

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time	Release	Previous	Forecast
<b>This Week:</b>	<b>ECB Speakers:</b>	<b>Lagarde</b> (Mon)		
	<b>BoE Speakers:</b>	Ramsden (Tue); Pill (Fri)		
	<b>Fed Speakers:</b>	Schmid		
<hr/>				
<b>Mon 26th</b>	<b>UK:</b>	11:00 CBI Distributive Trades (February)	-50.0	
	<b>US:</b>	13:00 New Home Sales (January)	+0.664m / +8.0%	+0.680m / +2.4%
	<b>JPN:</b>	23:30 CPI (January)	+2.6%	
		- Core CPI	+2.3%	+1.8%
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<b>Tue 27th</b>	<b>GER:</b>	07:00 Gfk Consumer Sentiment (March)	-29.7	-29.0
	<b>FRA:</b>	09:00 INSEE Consumer Confidence (February)	91.0	
	<b>EU-20:</b>	09:00 M3 annual Money Growth (January)	+0.1%	+0.3%
		- Loans to Households	+0.3%	
	<b>US:</b>	13:30 Durable Goods (January)	+0.0%	-4.0%
		- Ex-Transport	+0.5%	+0.3%
	<b>US:</b>	15:00 Conference Board Consumer Confidence (Feb)	114.8	114.8
<hr/>				
<b>Wed 28th</b>	<b>ITA:</b>	09:00 ISTAT Business Confidence (February)	88.3	
	<b>ITA:</b>	09:00 ISTAT Consumer Confidence (February)	96.4	
	<b>EU-20:</b>	10:00 EC Economic Sentiment (February)	96.2	96.6
		- Industrial / Services / Consumer	-9.4 / 8.8 / -15.5	-9.2 / 9.0 / -15.5
	<b>IRL:</b>	<b>11:00 Retail Sales (January)</b>	<b>+0.9% (+3.9%)</b>	
	<b>US:</b>	13:30 GDP (Q4: Second Reading)	+3.3% s.a.a.r.	+3.3% s.a.a.r.
	<b>US:</b>	13:30 PCE Prices ( Q4: Second Reading)	+1.7% s.a.a.r.	+1.7% s.a.a.r.
		- Core-PCE	+2.0% s.a.a.r.	+2.0% s.a.a.r.
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<b>Thu 29th</b>	<b>GER:</b>	07:00 Retail Sales (January)	-1.6% (-1.7%)	+0.5% (-%)
	<b>FRA:</b>	07:45 GDP (Q4: Final Reading)	+0.0% (+0.7%)	+0.0% (+0.7%)
	<b>FRA:</b>	07:45 Flash HICP Inflation (February)	-0.2% (+3.4%)	
	<b>SPA:</b>	08:00 Flash HICP Inflation (February)	-0.2% (+3.4%)	
	<b>GER:</b>	09:00 Unemployment Rate (February)	5.8%	5.8%
	<b>UK:</b>	09:30 Mortgage Approvals (February)	+50,459	
	<b>IRL:</b>	<b>11:00 Earnings &amp; Labour Costs (Q4 2023)</b>		
	<b>GER:</b>	13:00 Flash HICP Inflation (February)	-0.2% (+3.1%)	+0.7% (+2.8%)
	<b>US:</b>	13:30 Personal Income / Consumption (January)	+0.3% / +0.7%	+0.3% / +0.1%
	<b>US:</b>	13:30 PCE Prices (January)	+0.2% (+2.6%)	+0.3% (+2.4%)
		- Core-PCE Prices (January)	+0.2% (+2.9%)	+0.4% (+2.8%)
	<b>US:</b>	13:30 Initial Jobless Claims (w/e 19th February)	+201,000	
	<b>JPN:</b>	23:30 Unemployment Rate (January)	2.4%	2.4%
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<b>Fri 1st</b>	<b>IRL:</b>	<b>01:01 AIB Manufacturing PMI (February)</b>	<b>49.5</b>	
	<b>EU-20:</b>	09:00 Final HCOB Manufacturing PMI (February)	46.1	46.1
	<b>UK:</b>	09:30 Final S&P Manufacturing PMI (February)	47.1	47.1
	<b>EU-20:</b>	10:00 Flash HICP Inflation (February)	+0.4% (+2.8%)	(+2.5%)
		- Ex-Food & Energy	-0.6% (+3.6%)	
		- Ex-Food, Energy, Food & Alcohol	-0.9% (+3.3%)	(+2.9%)
	<b>EU-20:</b>	10:00 Unemployment Rate (January)	6.4%	6.4%
	<b>ITA:</b>	10:00 Flash HICP Inflation (February)	-1.1% (+0.9%)	
	<b>IRL:</b>	<b>11:00 National Accounts (Q4 2023)</b>		
	<b>US:</b>	14:45 Final S&P Manufacturing PMI (February)	51.5	51.5
	<b>US:</b>	15:00 Manufacturing ISM (February)	49.1	49.5
	<b>US:</b>	15:00 Final Uni. Michigan Consumer Sentiment (Feb)	79.6	79.6

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

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