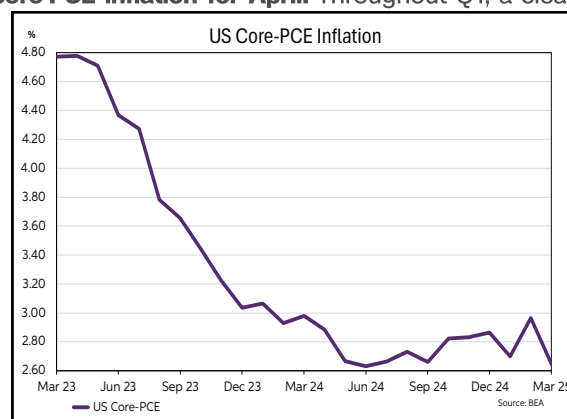


Irish jobs boom continues, for now

- **The recent exceptional growth in the Irish labour market continued in the first quarter of 2025.** The latest labour force survey (LFS) shows employment rose 1.3% in the quarter, and the annual growth rate accelerated to +3.3% y/y (+2.7% y/y in Q4 2024), with nearly 90,000 jobs created in the past year. Total employment in Ireland is now at 2.8 million and has grown rapidly by 427,000 (+19%) over the past five years.
- **At a sectoral level, the out-turn was broadly positive.** Of the 14 sub-sectors, 12 registered growth in the year to Q1 2025. Annual growth was led by Financial Services (+11.5%), Education (+9.3%), and Information & Communication (+8.2%). The weakest performers were Wholesale & Retail (-2.5%) and Agriculture (-0.8%).
- **Unemployment remains low, ticking down to a 4% rate in Q1 2025 from 4.3% in Q4 2024.** The jobless rate has now been below 5% for over three years, the longest such period it has been under that threshold on record. Furthermore, the long-term unemployment rate also remains exceptionally low at just 0.9%, from 1.0% a year ago, and the participation rate rose to 66.2% from 65.8% in Q4 2024. This sustains a period of exceptional growth in the labour force. Strong migration flows continue underpin new labour supply and jobs growth, accounting for half of annual employment growth, while the sharp rise in the female participation rate has also contributed significantly to rising labour force numbers. This leaves annual labour force growth at 3.5%, an acceleration from the 2.6% pace in Q4 2024.
- **While the LFS data remain positive, there have been signs of a cooling in other jobs data of late.** The latest hiring data from recruitment website Indeed.ie suggest waning employer demand, with new job postings falling 16% year-on-year in mid-May 2025, reflecting a broad-based slowdown in hiring activity across sectors. The AIB PMI employment surveys point to still-solid hiring activity in the manufacturing, services and construction sectors; but signs of employer caution, with some firms noting “non-replacement of voluntary leavers” in recent months. Monthly payrolls data from the CSO also suggest jobs growth has slowed of late from a near 3% annual pace at the end of 2024 to 1.5% in March 2025. These lead indicators suggest the sharp pace of growth evident in the LFS in Q1 is unlikely to be sustained.
- **Turning to the week ahead, the main data highlight, will be US core-PCE inflation for April.** Throughout Q1, a clear disinflationary trend gathered momentum in the US. While the downtrend was more noticeable in CPI inflation, it was also reflected by core-PCE easing to 2.6% in March, down from 2.9% in December. The consensus is for core-PCE to edge lower once again in April, to 2.5%.
- **Elsewhere in a holiday shortened week in the US, personal income and consumption data are due.** Having remained fairly robust throughout Q1, rising by 0.5% and 0.7% in February and March, US personal consumption is forecast to increase by a still solid 0.2% in April. The rise in consumption is expected to be supported by a 0.3% expansion in personal income at the start of Q2. In terms of more timely data, after registering its lowest reading since May 2020 in April, the Conference Board measure of consumer confidence is projected to improve marginally in May to 86.5, from 86.0. In relation to monetary policy, the Fed meeting minutes from the May gathering will garner close attention from investors.
- **In the Eurozone, inflation data for May from a number of the large national economies will be released.** Broadly speaking, little change is anticipated across the board, with the headline rate remaining in and around 2% in Germany, Italy and Spain, and quite low, at 0.9% once again in France. Elsewhere, German consumer confidence is expected to move higher, while the unemployment rate is forecast to stay at 6.3% in May.
- **Meanwhile, following on from last week's PMI data, the EC economic sentiment survey for May will feature.** A slight improvement is pencilled in for both the industrial and services sectors in the month, lifting overall economic sentiment marginally, to 94.0 from 93.6, the first monthly increase since February. In relation to other Eurozone data, the latest monetary statistics for April are due. The consensus is for a slight rise in the money supply to +3.7% from 3.6%.
- **There is a barren look to the UK macro calendar, in what is a holiday shortened week across the Irish Sea also.** Meantime, on the home front, a number of important data updates, including the flash reading of HICP inflation for May, retail sales for April, and the latest earnings and labour costs figures for Q1 will be released.



	Interest Rate Forecasts			
	Current	End Q2	End Q3	End Q4
		2025	2025	2025
Fed Funds	4.375	4.375	4.125	3.875
ECB Deposit	2.25	2.00	2.00	2.00
BoE Repo	4.25	4.25	4.00	3.75
BoJ OCR	0.50	0.50	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q2	End Q3	End Q4
		2025	2025	2025
EUR/USD	1.1339	1.09	1.10	1.11
EUR/GBP	0.8399	0.85	0.85	0.85
EUR/JPY	161.79	160	161	161
GBP/USD	1.3496	1.28	1.29	1.31
USD/JPY	142.67	147	146	145

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time (GMT+1)		Release	Previous	Forecast
This Week:	ECB Speakers:		Lagarde (Mon);		
	BoE Speakers:				
	Fed Speakers:		Kashkari (Tue); Williams, Kashkari (Wed); Goolsbee, Barkin, Logan, Daly (Thu)		
Mon 26th	US:		Memorial Day (Market Holiday)		
	UK:		Late May Bank Holiday (Market Holiday)		
Tue 27th	GER:	07:00	Gfk Consumer Sentiment (June)	-20.6	-19.0
	FRA:	07:45	Flash HICP Inflation (May)	+0.7% (+0.9%)	+0.1% (+0.9%)
	EU-20:	10:00	EC Economic Sentiment (May)	93.6	94.0
	IRE:	11:00	Earnings and Labour Costs (Q1 2025)		
			- Consumer / Industrial / Services	-15.2 / -11.2 / 1.4	-15.2 / -10.5 / 0.9
	US:	13:30	Durable Goods (April)	+9.2%	-8.2%
			- Ex-Transport	+0.0%	-0.1%
			- Ex-Defence	+10.5%	
	US:	14:00	Case-Shiller House price index (March)	+0.4% (+4.5%)	
	US:	15:00	Conference Board Consumer Confidence(May)	86.0	86.5
Wed 28th	FRA:	07:45	GDP (Q1: Final Reading)	+0.1% (+0.8%)	+0.1% (+0.8%)
	GER:	08:55	Unemployment Rate (May)	6.3%	6.3%
	IRE:	11:00	Retail Sales (April)		
	US:	18:30	Fed FOMC Meeting Minutes (7-8th May)		
Thu 29th	SPA:	08:00	Retail Sales (April)	(+3.6%)	
	ITA:	09:00	ISTAT Business Confidence (May)	85.7	86.2
	ITA:	09:00	ISTAT Consumer Confidence (May)	92.7	
	US:	13:30	GDP (Q1: Second Reading)	-0.3% S.a.a.r.	-0.3% S.a.a.r.
	US:	13:30	PCE Prices (Q1: Second Reading)	+3.6% S.a.a.r.	+3.6% S.a.a.r.
			- Core-PCE Prices	+3.5% S.a.a.r.	+3.5% S.a.a.r.
	US:	13:30	Initial Jobless Claims (w/e 19th May)	+227,000	+230,000
	US:	15:00	Pending Home Sales (April)	+6.1%	
Fri 30th	JPN:	00:30	CPI Tokyo Inflation (May)	(3.5%)	(+3.5%)
			- Ex-Food & Energy	(+2.0%)	
	JPN:	00:50	Jobs/Applicants Ratio	1.26	1.26
	JPN:	00:30	Unemployment Rate (April)	2.5%	2.5%
	JPN:	00:50	Retail Sales (April)	(+3.1%)	(+3.1%)
	GER:	07:00	Retail Sales (April)	-0.2% (+2.2%)	+0.2%
	SPA:	08:00	Flash HICP Inflation (May)	+0.6% (+2.2%)	(+2.0%)
	ITA:	09:00	GDP (Q1: Final Reading)	+0.3% (+0.6%)	+0.3% (+0.6%)
	EU-20:	10:00	M3 Annual Money Growth	(+3.6%)	(+3.7%)
	IRE:	11:00	Flash HICP Inflation (May 2025)		
	ITA:	11:00	Flash HICP Inflation (May)	+0.4% (+2.0%)	+0.0% (+1.9%)
	GER:	13:00	Flash HICP Inflation (May)	+0.5% (+2.2%)	+0.1% (+2.0%)
	US:	13:30	Personal Income / Consumption (April)	+0.5% / +0.7%	+0.3% / +0.2%
	US:	13:30	PCE Prices (April)	+0.0% (+2.3%)	+0.1% (+2.2%)
			- Core-PCE Prices	+0.0% (+2.6%)	+0.1% (+2.5%)
	US:	15:00	Final Uni. Michigan Consumer Sentiment (May)	50.8	50.8

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

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