



Irish employment up 1.4% in Q3 2024 to 2.78 million

This week's Labour Force Survey (LFS) indicates that employment grew rapidly, by 1.4% during Q3 2024 to a fresh record high of 2.78 million, up 3.7% on the year. This has been facilitated by net migration, driving a similar sharp 3.5% gain in the labour force over the same period. Hence, despite exceptional job creation Ireland's unemployment rate actually rose slightly on the quarter to 4.5%, with the participation rate rising to a 16-year high of 66.6%. The out-turn means that Irish employment now looks set to grow by at least 2.7% in calendar year 2024, above our previous forecast of 2.4%. However, the CSO's alternative employee's measure, based off income tax receipts, and recent PMI surveys have painted a softer picture. So despite the exceptional Q3 out-turn we will likely leave our forecast for 1.7% job growth in 2025 unchanged.

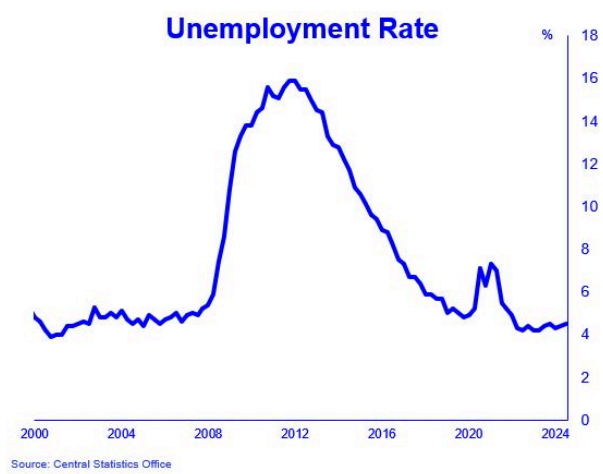
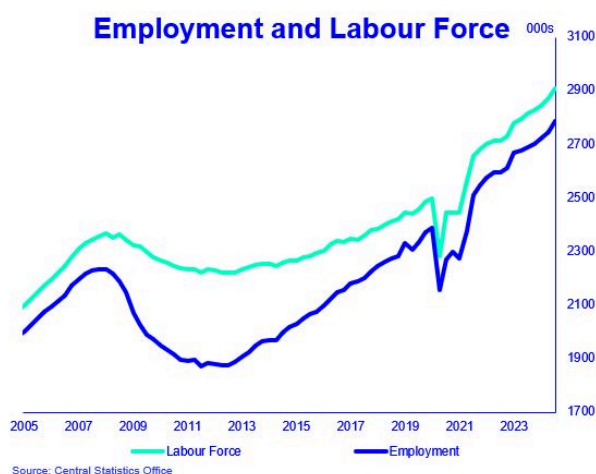
Labour Force Survey shows Irish employment still growing rapidly: Wednesday's Irish Labour Force Survey (LFS) showed employment in Q3 2024 rising to a fresh record high of 2.78 million, up an enormous 1.4% on the quarter and by 3.7% on the year. There is little evidence of any slowdown, the out-turns still beating our forecast assumptions. Remarkably, this means Irish employment is now up 17.5% from 2.37 million prior to Covid-19 pandemic, a far better performance than most countries. For example, in the UK the level of employment is currently just 1% higher than its Q4 2019 level. The unemployment rate rose slightly on the quarter to 4.5%, with participation at a 16-year high of 66.6%.

Facilitated by rapid labour force growth and net migration: The unemployment rate was 4.5% in Q3 2024, up marginally from 4.4% one year ago. This clearly does not reflect any lack of job creation. Rather, the labour force has grown by 98,200 over the past 12-months, by 3.5%, matching employment. The underlying story here is that net migration is responding to strong labour demand. Remarkably, of the 98,600 rise in employment in the year to Q3 2024, 50%, or 49,300 was accounted for by non-Irish nationals, of which 35,600 were from outside the EU or UK. The CSO's latest estimate is that the population aged over 15-years was 4.37 million, up an enormous 2.3% on the year.

Recent surveys point to a softer picture: The LFS is a survey of the labour market and hence prone to sampling error. In contrast, the CSO's estimate of employee numbers based off income tax returns was 2.48 million in September, flat over the past three months and up only 1.2% on the year. Similarly, Ireland's Purchasing Manager Indices (PMIs) point a softer picture. In October, the Services PMI indicated employment grew at its 2nd weakest monthly pace over the past three years, and fell in the manufacturing sector. Here, some firms pointed to profit margins pressures leading to a decision not to replace staff voluntarily leaving.

Forecast for employment growth to be revised up, sticking with projection for 2025: We had forecast that Irish employment would grow by 2.4% in 2024 and 1.7% in 2025. It is possible some of the exceptionally sharp 1.4% rise in Q3 2024, could unwind in Q4. Nonetheless, Irish employment now looks set to grow by at least 2.7% this calendar year. However, given the softer picture from the CSO's income tax revenue based employees measure and the PMI surveys, we would expect yesterday's release doesn't suggest we will need to revise up our forecast yet for 1.7% employment growth in 2025.

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