



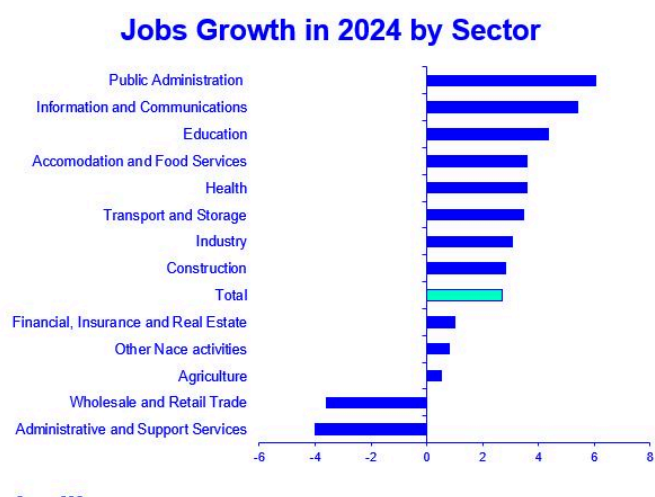
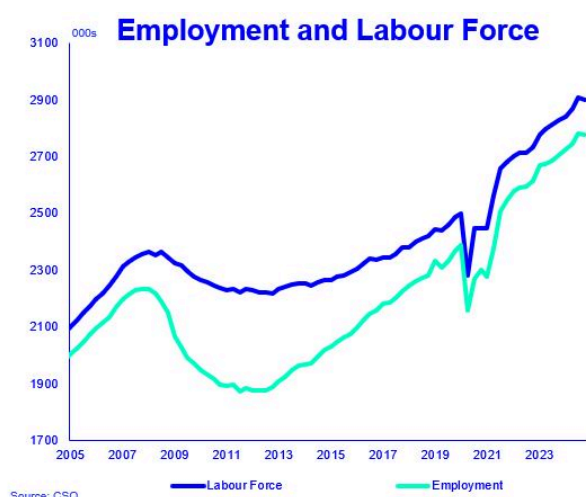
Ireland still seeing rapid employment growth

Yesterday's Labour Force Survey (LFS) showed Irish employment rose by an exceptional 2.7% in 2024. This pace was sustained into the second half of the year, albeit with a choppy pattern of a 1.3% gain in Q3 2024, followed by 0.2% fall in Q4, which is most likely due to sampling volatility in the LFS. That the CSO's preliminary estimate of the unemployment rate, based off social welfare claims, fell to 4% in January is also an encouraging sign and consistent with positive survey evidence of sustained jobs growth through the turn of the year. That said, with participation rates already at record highs and the positive contribution to labour force growth from net migration (particularly from Ukraine) set to wane we still expect Ireland's rapid pace of jobs growth to slow to a more sustainable 2.2% pace in 2025 and 1.5% in 2026.

Irish employment expanded by 2.7% in 2024: Yesterday's Labour Force Survey (LFS) for Q4 2024 showed employment fell slightly, by -0.2% on the quarter, to 2.78 million. However, this followed an exceptionally large 1.3% quarterly gain in Q3. This choppy quarterly pattern likely reflects sampling volatility in the LFS. The alternative pay-rolled employees measure rose by 0.9% in Q4 2024 to 2.5 million. Also, Ireland's PMI surveys pointed to a pick-up in jobs growth towards the end of 2024. The bigger picture is that Ireland recorded an exceptional 2.7% pace of employment growth in calendar year 2024, standing out from the far more subdued performance in European countries and the UK.

Net migration helping labour force to grow rapidly, but unemployment still falling: Ireland recorded labour force growth of 2.4% through 2024 to 2.9 million, strong but slower than the 5% rise in 2022 and 3.3% in 2023. A more sedate pace of labour force growth is likely in 2025 as the positive contributions from rising participation rates and net immigration (particularly from Ukraine) start to wane. Despite strong labour force growth, Ireland's labour market tightened in Q4. The unemployment rate fell to 4.2% in Q4 2024, down from 4.3% in Q3 2024 and 4.5% one year ago. Also, the preliminary estimate of the unemployment rate, based off social welfare claims, fell to 4.0% in January.

Employment driven more by indigenous firms and public sector: The Industrial Development Authority had already announced multinational sector employment rose only slightly by 0.2% in 2024 to 302,600, here a small 0.2% decline in ICT multinational sector jobs was offset by gains in manufacturing. Public sector employment is now making a strong contribution, public administration (6%), education (4%) and health (3.6%) all seeing robust job gains in 2024. Notably, construction sector employment rose by 9% through 2024 to 176,000, but was split between a 19% rise in those working on housing development/renovation to 104,000 but 2% fall in other areas. Professional/scientific jobs were also up 11% to 200,000 and in hotels/restaurants by 3.6% to 186,000.



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