



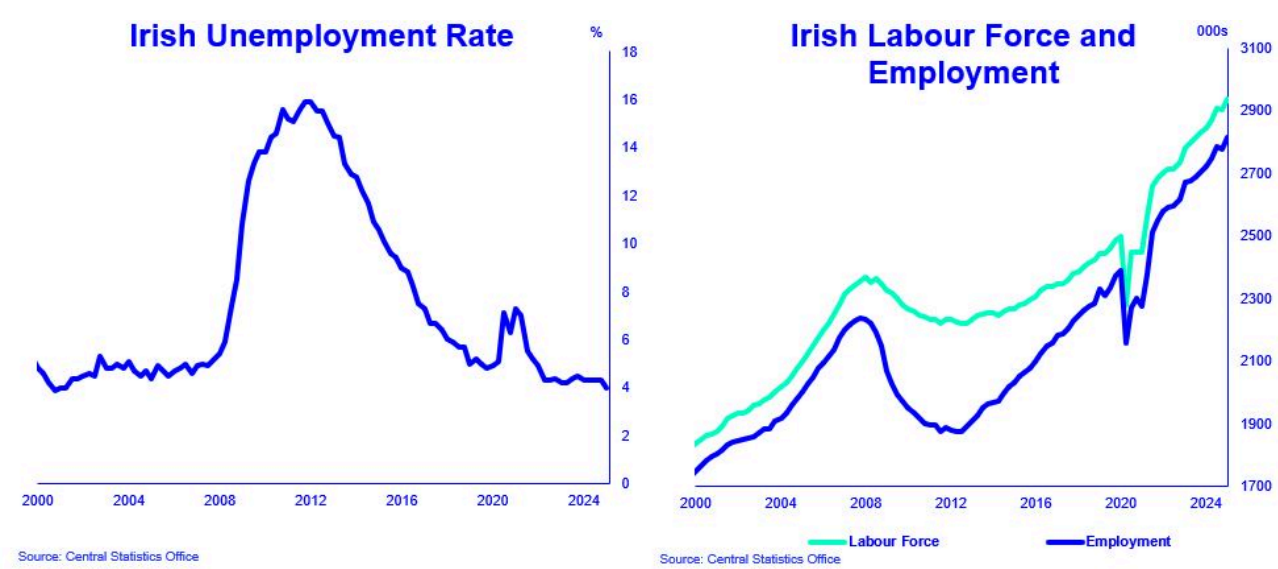
Irish unemployment rate falls to fresh low of 4%

Last week's Labour Force Survey (LFS) showed that Irish employment growth continued at a rapid 3% pace in Q1 2025, with the unemployment rate falling to a fresh 24-year low of 4.0%. The data show that the labour market continues to tighten, evident in pay growth of 5% through 2024. This is despite labour supply responding via a record-high participation rate and the population aged 15-64 expanding by 2% in the twelve months to Q1 2025, helped by further net inward migration. April's Purchasing Manager Indices (PMIs) and the European Commission's business confidence survey did not point to any marked negative impact on Irish firms' employment intentions from tariff related uncertainty. So after a very strong start to 2025, the risk to our forecast that employment growth will slow to 1.8% this year likely lies to the upside.

Labour Force Survey (LFS) shows Irish employment growth still running at 3%: Last week's LFS showed employment had increased to 2.8 million in Q1 2025, up 3.3% on the year. This suggests there has been no slowdown in Ireland's rapid pace of job creation. April's Purchasing Manager Indices (PMIs) showed services sector employment rose at the second fastest pace in eight months. Similarly, the European Commission survey of Irish business confidence showed firms' employment intentions were still above 2024 levels in April. So there is little sign that recent US tariff weighed uncertainty has weighed substantially on jobs growth.

Unemployment falls to fresh low of 4% in Q1 2025: Increasing numbers of workers are being attracted to Ireland's strong labour market. The participation rate was 66% in Q1 2025, the highest level in eighteen years. Also, the CSO estimate the population aged 15-64 grew by 2% in the twelve months to Q1 2025, helped by net inward migration. Ireland's population grew by 1.9% in 2024, or by 97,000 - the bulk of which was net inward migration of 79,000. Nonetheless, the labour market continues to tighten. The seasonally adjusted unemployment rate fell to 4.0% in Q1 2025, the lowest level since 2001. In this context, it isn't surprising that Irish pay growth accelerated to 5.6% in Q4 2024.

Domestic economy driving job creation: Multinational sector employment has been flat over the past two years, up just 0.2% to 302,500 in 2024. Here, a correction in information-communications technology (ICT) employment (-1.2%), following aggressive hiring post-pandemic was offset by a modest gain in modern manufacturing (+0.8%) jobs. Hence, Irish job creation is now being driven by indigenous firms and the public sector. Public administration (5%), education (9%) and health (4%) sectors were all saw sharp rises in employment in the year to Q1 2025. Amongst the private sectors, construction (3.6%) and hotels/restaurants (6.7%) also saw rapid job creation.



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