



Payrolls data still point to heathy pace of Irish job creation

This morning's CSO data, showing another 0.5% gain in employee numbers in the first four months of 2026, to 2.6 million in April, are a reassuring sign that a healthy pace of job creation has been sustained this year. Construction (+4.5%), health (+4%), public administration (+3.4%) and professional/scientific (+2.8%) were among the fastest-growing sectors, while information technology (-0.4%) and industry (-0.6%) saw small year-on-year declines in employment.

The outturn gives us confidence in our view that the much more pernicious slowdown in Irish job creation, signalled by the official Labour Force Survey (LFS) measure (down 0.6% in Q1 and flat year-on-year), reflects sampling error and volatility in the data. Buoyant income tax returns, up 7.5% in 2026, also paint a very different picture to the LFS. Therefore, we are likely to keep our forecast for employment growth in 2026 above 1%, assuming a bounce-back in the LFS measure in Q2 2026.

Payrolls measure points to steady pace of job creation

This morning's Central Statistics Office (CSO) data show the number of pay-rolled employees rose by 0.1% in April to 2.6 million (see chart below). The annual pace of job creation fell slightly to 2.2% in April. The payrolls measure is based off income tax returns, and has been more stable than the official Labour Force Survey (LFS) in the recent past. It indicates the level of employment has increased by 0.5% in the first four months of 2026 (December to April) - a healthy pace. However, we are conscious the early data tend to be revised up by the CSO over time as the number of employers who file their returns increases - so they should eventually show a stronger pace of job creation.

Baton handed from multinationals to domestic sectors

The transportation (+7%), construction (+4.5%), health (+4%), public administration (+3.4%), financial services (+3.2%) and professional & scientific (+2.8%) sectors all made solid contributions (see chart below). In contrast, information & communication services (-0.4%) and industrial (-0.6%) were down on the year. Wholesale & retail (+0.8%) jobs were up. Notably, accommodation & food service employment rose by 1.9% year-on-year despite the challenges faced by the sector. The overall picture is that job creation is being driven more by the indigenous sectors, and less so by export sectors.

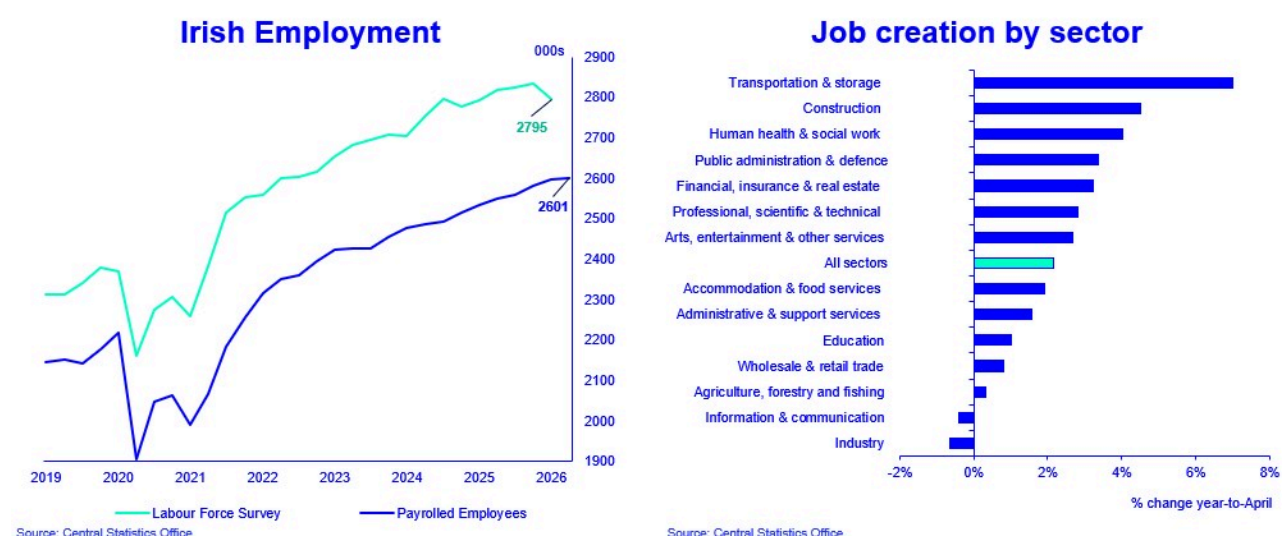
New data point to volatility in official Labour Force Survey (LFS) measure

The CSO's official measure of employment remains the Labour Force Survey, which fell by 0.6% in Q1 2026 to 2.8 million, and is flat on the year. However, the LFS is subject to sampling error. We believe the weak Q1 LFS figures mainly reflect volatility in the data, rather than a genuinely more pernicious slowdown in job creation. Notably, income tax receipts in the first five months of 2026 were up sharply, by 7.5% to €15.6bn. Also, the flattening off in LFS employment reflected an apparent 5.4% year-on-year decline in part-time work to 562,000, with full-time work up 1.5% year-on-year to 2.2 million.

Slowdown in ICT sector job creation unlikely to reflect AI yet

Scrutiny of the health of Ireland's labour market has intensified, given the focus on artificial intelligence (AI) and high-profile job cuts announced within the information & communications technology (ICT) sector. The payrolls measure indicates a small 0.4% fall in ICT employment to 123,000. However, Industry Development Authority (IDA) data show employment in multinational ICT firms has been broadly flat since 2022, remaining at 77,000 in 2025. This follows rapid hiring by ICT sector firms after the Covid-19 pandemic, and an enormous 30% expansion in multinational ICT sector employment between 2017 and 2022. So, the slowdown in ICT employment has been a feature of the labour market for some time and, in the main, has not been related to the roll-out of AI.

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