An Roinn Coimirce Sóisialaí
Department of Social Protection

Labour Market Advisory Council
Labour Market Update

December 13, 2023

Prepared by the Labour Market Analytics Unit

Contents

Key Messages

- The Irish labour market continues to perform well according to the most recent data. The Q3 2023 Labour Force Survey (LFS) reports that there are 2.65 million people in employment in Ireland on a non-seasonally adjusted basis, a new high in the series. The LFS data also shows a continuous expansion in the total labour force over the last 12 months, from 2.67 million in Q3 2022 to 2.78 million in Q3 2023 on a seasonally-adjusted basis.
- The seasonally-adjusted monthly unemployment rate has been increasing since May of this year, rising from 4.1 percent in May to 4.8 percent in November. It remains below 5 percent, however - conventionally considered to be full employment. The youth unemployment has also seen a steady rise since May, reaching 12.8 percent as of November.
- The Live Register consists of 170,666 claimants as of Nov 19th, 2023. This figure includes 22,082 Beneficiaries of Temporary Protection from Ukraine. Excluding BOTPs, the Live Register stands at 148,584, which is the lowest level since 2006.
- The seasonally-adjusted labour force participation rate rose for a third consecutive quarter in Q3 2023 to 65.8 percent. This is the highest level since 2008.
- The number of people employed in the State increased by 0.5 percent over the last quarter. The growth in employment differed by gender, as male employment grew by 1.2 percent and female employment fell by 0.4 percent.
- Full-time employment fell 0.1 percent over the quarter, driven by a 1.2 percent drop in female full-time employment. Part-time employment grew by 2.7 percent, with increases for males and females.
- The monthly inflation rate – measured by the HICP - has been steadily falling, reaching 3.6 percent in October from a peak of 9.6 percent in June 2022. Meanwhile, the Euro Area inflation rate (HICP) has also declined to 3.6 percent in November from 4.2 percent in October.
- Correspondingly, the nominal hourly earnings from EHECS data was €26.86 as of Q3 2023, up by 6.5 percentage points relative to Q3 2022 levels of €25.23.
- The total hours worked per week reduced by 2 percent between Q2 and Q3 2023, from 84.1 million to 82 million respectively, but it remains above the Q3 2022 level of 80.3 million. The quarterly decrease was mainly driven by 19, 11, and 6 percent drops in hours worked in the Education, Public administration, and Wholesale and retail trade sectors: the former in spite of increased employment in the sector and the latter two of which in line with reduced employment levels in those sectors.
- The job vacancy rate has fallen slightly for the second consecutive quarter to 1.2 percent in Q3 2023, down from 1.3 percent in Q2 2023 and 1.4 percent in Q1 2023.
- The global economic outlook has experienced a modest slowdown and is set to grow by 3 percent this year before slowing down to 2.7 percent next year. This slowdown is likely to weigh on the growth rate of the domestic economy.

Introduction

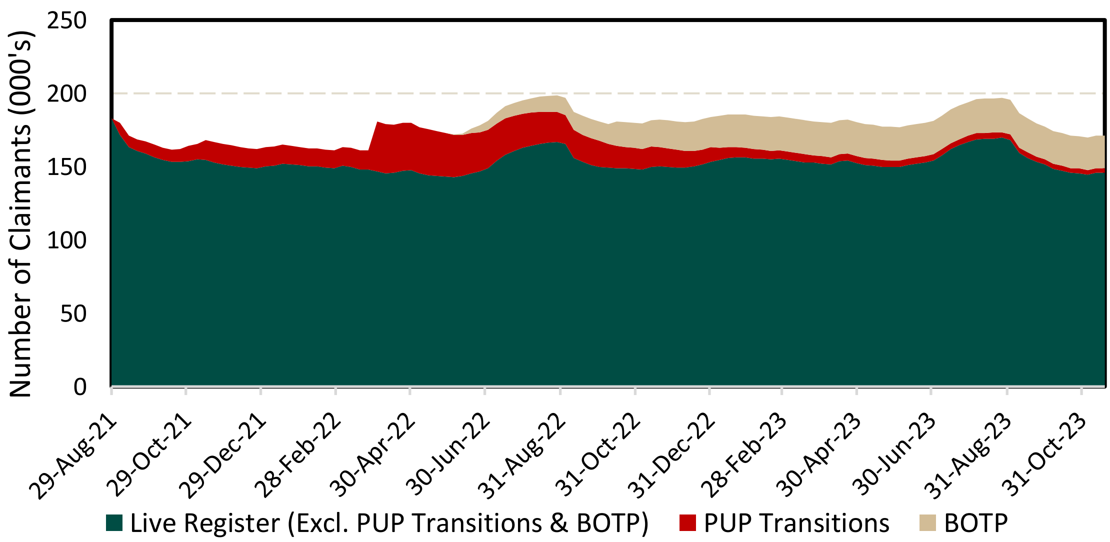
Labour Market Updates are produced by the Department of Social Protection (DSP) to provide an overview of the latest developments in the Irish labour market. This document uses DSP administrative data to examine the latest trends in the Live Register. It uses CSO Labour Force Survey (LFS) and Earnings, Hour, and Employment Costs Survey (EHECS) data, among others, to examine emerging trends more broadly. This update includes a special focus on Travellers and Roma, using the recent Census releases on ethnicity and employment (Profiles 5 and 7). The paper concludes by looking at challenges ahead and the latest (macro)economic forecasts.

1. Live Register Trends and Composition

- The Live Register consists of 170,666 claimants as of Nov 19th, 2023, of which just over 22,000 are beneficiaries of temporary protection from Ukraine (BOTP). Excluding the BOTP, the Live Register stands at 148,584 claimants.
- The proportion of long-term unemployed claimants on the Live Register remains less than 40 percent since March 2022.

The weekly Live Register experienced a gradual increase in late 2022, which has plateaued since the start of 2023. The number of former PUP recipients who transitioned directly to the Live Register constitutes a small and declining proportion of the Live Register. In contrast, the number of Beneficiaries of Temporary Protection (BOTP) from Ukraine has been steadily rising. The latter cohort has contributed to a marked increase in the overall number of Live Register claimants. As of the 19th of Nov, there are 170,666 Live Register claimants, of which 22,082 (13 percent) are BOTP. Despite the entrance of the BOTP cohort, the Live Register remains below pre-pandemic levels, and it has been falling since late August 2023. Excluding BOTPs, the Live Register stands at 148,584, which is the lowest level that we have seen since 2006.

Figure 1: Live Register Claimants, including BOTP and PUP transition cohort

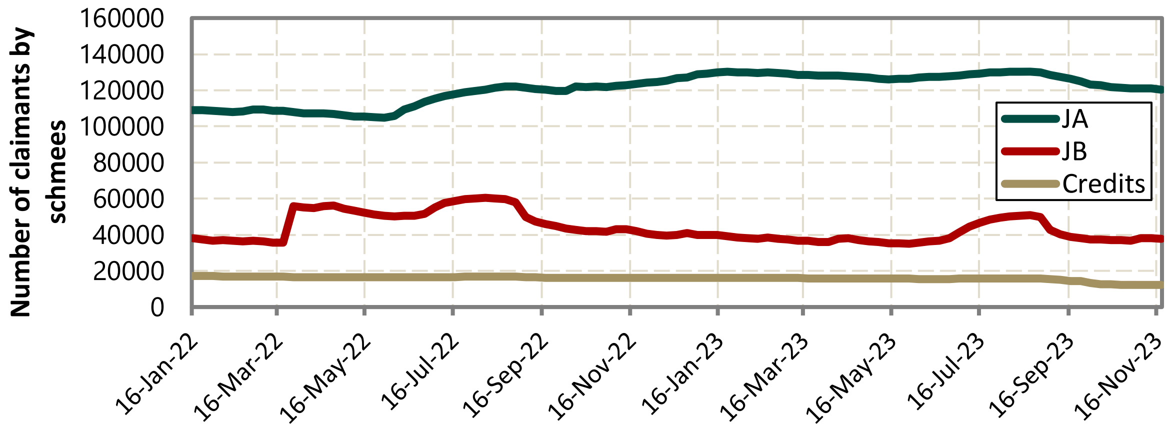


Source: DSP admin data (figures are subject to revision).

1.1 Live Register schemes

Figure 2 below shows the Live Register data by scheme. It shows the number of Jobseeker's Allowance (JB), Jobseeker's Benefit (JB) and Credits claimants between January 9th, 2022, and November 12th, 2023. Claimant numbers from JB and JA have been in decline since the end of summer, in line with normal seasonal variation. Credits have also experienced a downward trend since the beginning of September of this year. As of 19th of November 2023, there are 120,515 JA claimants, 37,846 JB claimants and 12,305 claimants on Credits.

Figure 2: Weekly Live Register by schemes, Jan 9th, 2022 – Nov 19th, 2023

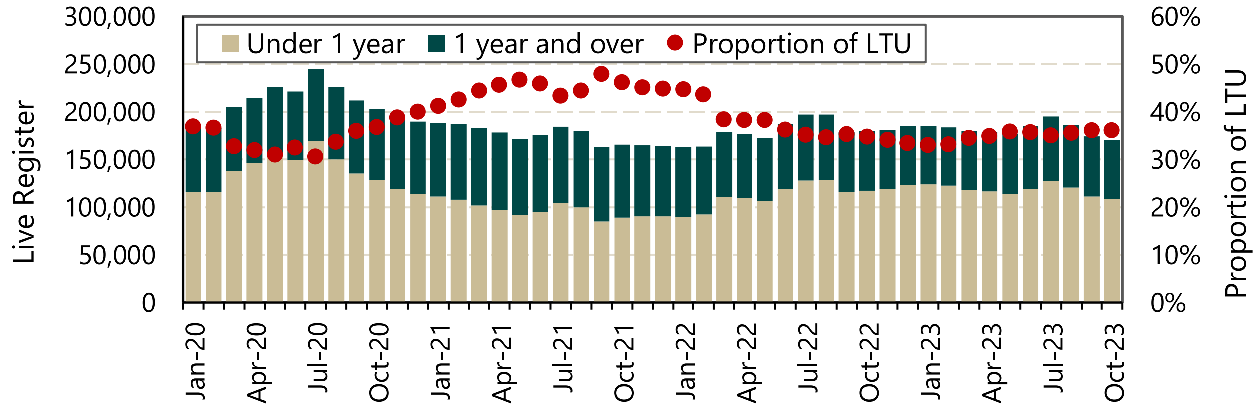


Source: DSP admin data (figures are subject to revision).

1.2 Claim Duration on the Live Register

Figure 3 below shows the claim duration of those on the Live Register on a monthly basis from January 2020 to March 2023. Typically, the Live Register has a larger share of short-term claimants (less than 1 year) compared to long-term claimants (1 year or more), as there is a significant amount of short-term churn. As shown in Figure 3 below, the proportion of long-term claimants decreased as public health restrictions were lifted. It has been less than 40 percent since March 2022. Currently, as of November 19th, 2023, 61,223 out of 170,666 or 36 percent of Live Register claimants have been supported for at least one year or longer.

Figure 3: Live Register breakdown by official* duration (Jan 2020 – Oct 2023)



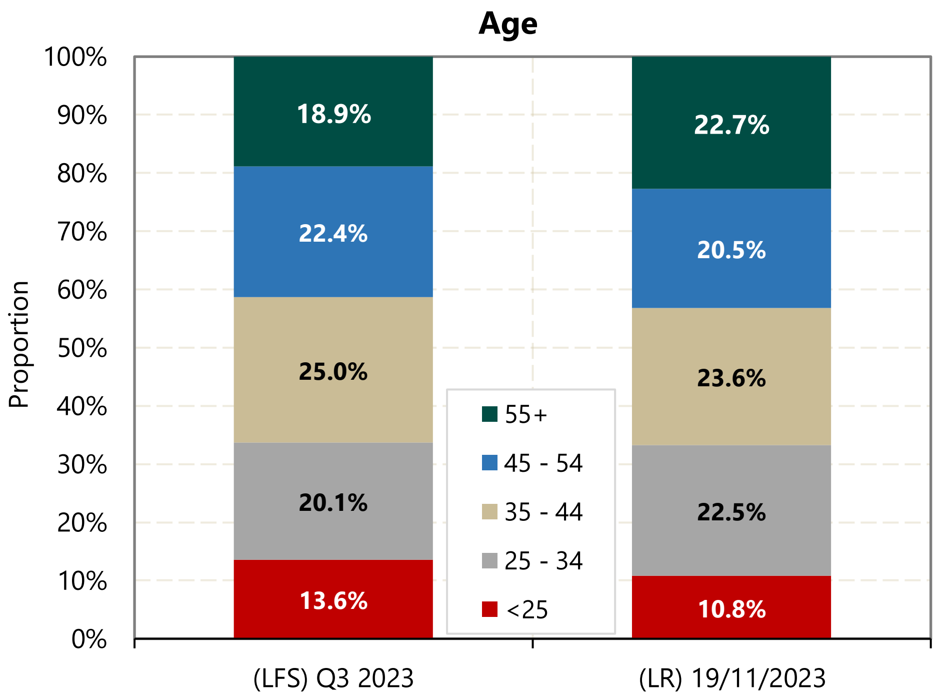
Source: Live Register (figures are subject to revision).

Note: *Official classifications do not include time on the PUP when calculating Live Register claim duration.

1.3 Demographic characteristics of the labour force and Live Register

As illustrated in Figure 4, which compares the composition of the labour force and Live Register by age, there is a slight under-representation of those claimants under 25 years old on the Live Register compared with the labour force. This is likely owing the prevalence of students amongst this cohort. Those who are relatively younger (25-34) and those who are older (55+) have a proportionally higher representation on the Live Register compared to the labour force. Not shown, is that the proportion of male claimants on the Live Register (54.5%) is higher relative to the total labour force of 52.9 percent.

Figure 4: Labour force participation and Live Register breakdown by age (Q3 2023 vs. Nov 19th, 2023)



Source: DSP admin data (figures are subject to revision) and CSO LFS data.

2. Engagement and Summary Statistics of BOTPs

In terms of Beneficiaries of Temporary Protection (BOTP) from Ukraine, there have been 100,078 arrivals from Ukraine issued PPSNs as of the 15 November 2023. The number of BOTPs on the Live Register stood at 22,082 on 19 November.

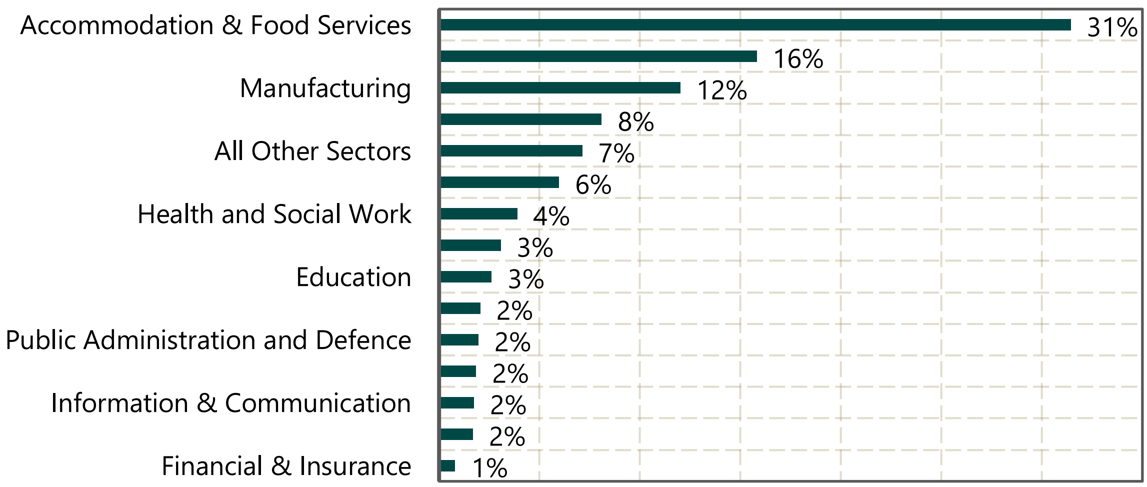
In October 2023, there were ~27,700 on Jobseeker's Allowance (incl. ~3,600 on Jobseeker's Transitional Payment), ~2,200 on One Parent Family Payment, ~1,000 on Disability Allowance, ~5,300 on State Pension (Non-Contributory), and ~15,200 primary claimants of Child Benefit.

Intreo Employment Services have engaged with BOTPs since April 11th, 2022; they have been subject to activation since end January 2023 and have been assigned probability of exit (PEX) scores. Since then, PES has been inviting BOTPs to activation meetings, having regard to their PEX score. There were 18,396 BOTPs subject to activation as at 13 November.

The highest level of educational attainment is recorded by the PES. Of the over 26,600 BOTP individuals, 62 percent have a Level 7 or higher National Framework Qualification-equivalent education, excluding unknowns.

There are several barriers to employment for this cohort. For instance, among those who have engaged with the public employment service, 60 percent have indicated that English language ability represents a barrier to employment. In common with other EU member states, this cohort faces broader issues in relation to accommodation, childcare, skills recognition, and psychological trauma from war. Despite these challenges, Revenue records from 13 November indicate that there were 16,378 BOTPs with earnings in the preceding three months. This compares to a figure of 14,953 on 15 August. Revenue data provides the NACE sector in which these individuals work, highlighted in Figure 5 below. A greater proportion of employments among BOTPs appears to be in lower skilled sectors, despite the high-skilled work histories recorded by PES.

Figure 5: Employments held by BOTPs by NACE sector (13 November 2023).



Source: CSO (figures are subject to revision).
Note: This is in respect of jobs held by BOTPs: where a BOTP holds two jobs, both appear in the figures.

3. Recent Trends in the Irish Labour Market

3.1 Overview of Employment Trends

- The number of people in employment rose by 0.5 percent between Q2 and Q3 2023, from 2,643,000 to 2,655,900. On a seasonally adjusted basis, employment grew by 1 percent, from 2,631,000 in Q2 2023 to 2,657,900 in Q3 2023.
- While generally, employment growth rates among women exceeded that of men following the pandemic, as of the most recent quarter, employment growth was negative for women and positive for men.

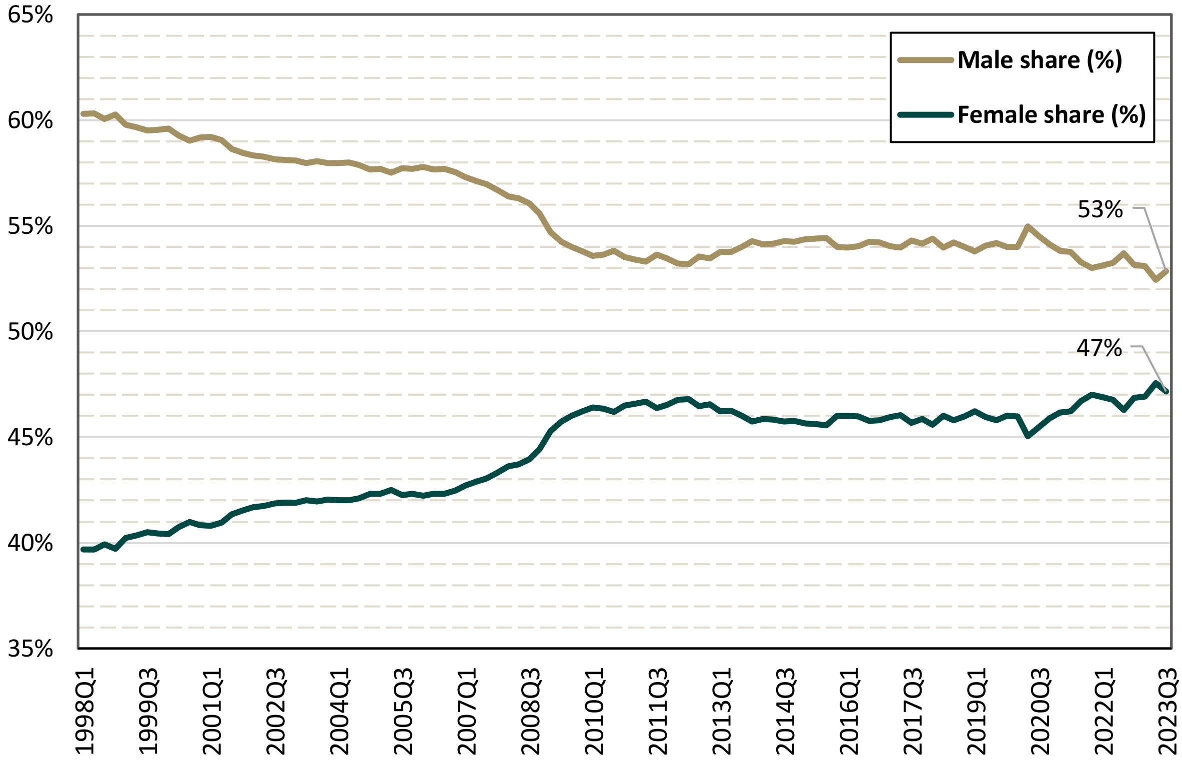
Overall employment stood at 2,655,900 in Q3 2023, growing by 12,900 (+0.5 percent) between Q2 and Q3 2023 (or by 26,900 on a seasonally adjusted basis to 2,657,900). On an annual basis, employment grew by 101,600 (+4 percent) compared to Q3 2022 (or by a seasonally adjusted 102,400, also 4 percent).

The growth in employment differed by gender as male employment grew by 1.2 percent and female employment fell by 0.4 percent over the quarter. On a seasonally adjusted basis, however, female employment grew by 1,2 percent and male employment by 0.4 percent. On an annual basis, female employment growth has been strong at 5.9 percent versus 2.3 percent for males. This is in line with the post-pandemic trend of greater gender convergence in terms of employment and participation. Figure 6 below shows the share of employment by gender since Q1 2007. Although this does not control for differences in the male/female share in the population, it shows a gradual convergence post-pandemic: indeed, in Q2 2023 the female employment share was 48%, its highest level in the series.

The male employment rate increased from 78 to 78.4 percent between Q2 and Q3 2023, though it was lower than the Q3 2022 level of 78.8 percent. The female employment rate decreased from 70.5 to 70 percent between Q2 and Q3 2023, though it was higher than the Q3 2022 level of 67.8 percent. The gap in the employment rate of men and women ticked up from a 7.5 to an 8.4 percentage point gap between Q2 and Q3 2023. The gap is low for the series dating back to 1998, though lower gaps were recorded in the 2010-2012 period. The female employment rate, however, is much higher than in that period: the highest female employment rate recorded in between 2010 and 2012 was 56.7 percent in Q2 2011.

It is uncertain at this stage whether the negative employment growth amongst females is a correction as the expansionary period of 2022 abates, that the labour market overall is slowing or that there is a structural issue at play.

Figure 6: Share of employment by gender (Q1 2007 – Q3 2023)



Source: CSO LFS (figures are subject to revision).

Note: Covid-19 adjusted employment shows a lower bound estimate of people in employment during the pandemic. It is not adjusted for gender.

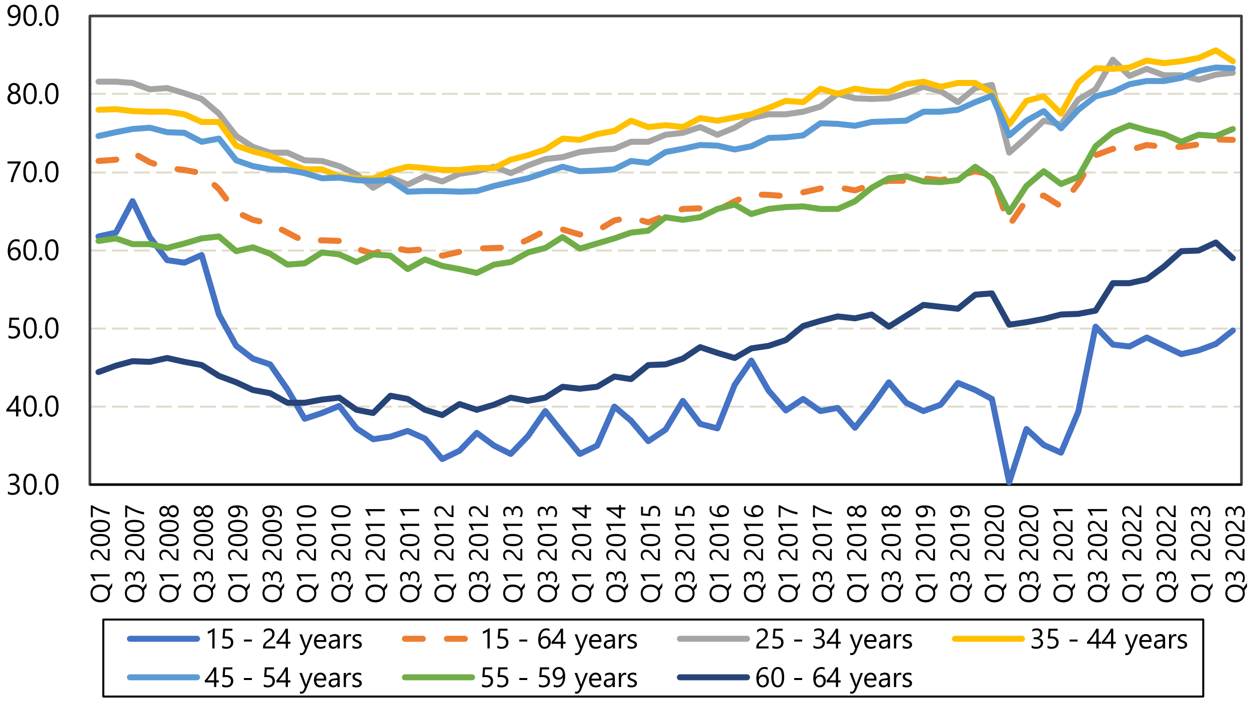
3.1.1 Employment Trends by Age

- The employment rate for those aged 15 to 64 decreased marginally by 0.1 percentage points over the most recent quarter, from 74.2 to 74.1 percent between Q2 and Q3 2023.
- Much of the drop in the employment rate could be explained by the 1.5 percentage point drop in the employment rate of 35–44-year-olds, who are the largest 10-year age group in employment at just over a quarter of those in employment.

The employment rate for Q3 2023 stood at 74.1 percent, a quarterly decrease of 0.1 percentage points. On an annual basis, however, the employment rate increased by 0.9 percentage points and compared to the pre-pandemic period (Q3 2019) it has increased by 4.6 percentage points. The quarterly decrease appears to have mainly been driven by a 1.5 percentage point drop in the employment rate of 35–44-year-olds, with both males (-0.7 percentage points) and females (-1.9 percentage points) in this group recording lower employment rates. This group represent a quarter of all those in employment, though all age groups have higher employment rates than in Q3 2022.

Figure 7 below shows the employment rate for each age group since Q1 2007, most of which appear to follow an upward trend since 2012, excluding the 15-24 years group (though this group has had noticeably higher employment rates in the aftermath of the pandemic).

Figure 7: Employment rate by age (Q1 2007 – Q3 2023)



3.1.2 Employment Trends by Sectors

- Employment changes across sectors varied greatly in the last quarter.
- On an annual basis, employment grew in most sectors, notably by 11 percent in the ICT sector. The Industry sector saw the largest annual decline at 3 percent.

Figure 8 depicts the change in sectoral employment over the last quarter and over the last four quarters. As shown in the figure, the largest relative increases in sectoral employment between Q3 2022 and Q3 2023 were in the Agriculture[1] (+17%), ICT (+11%), and Professional (+7%) sectors. In absolute terms, the largest annual increases were in the ICT (+17,400), Agriculture (+15,900), and Education (+12,800) sectors. The growth in the ICT sector is despite the high-profile workforce trimming in the sector in late 2022 and early 2023 both in Ireland and internationally. The growth in employment in the Agriculture sector is high but comes from a low base: employment in the sector, for example, is only 8 percent larger than it was in Q1 2012 and employment levels in the sector are subject to volatility.

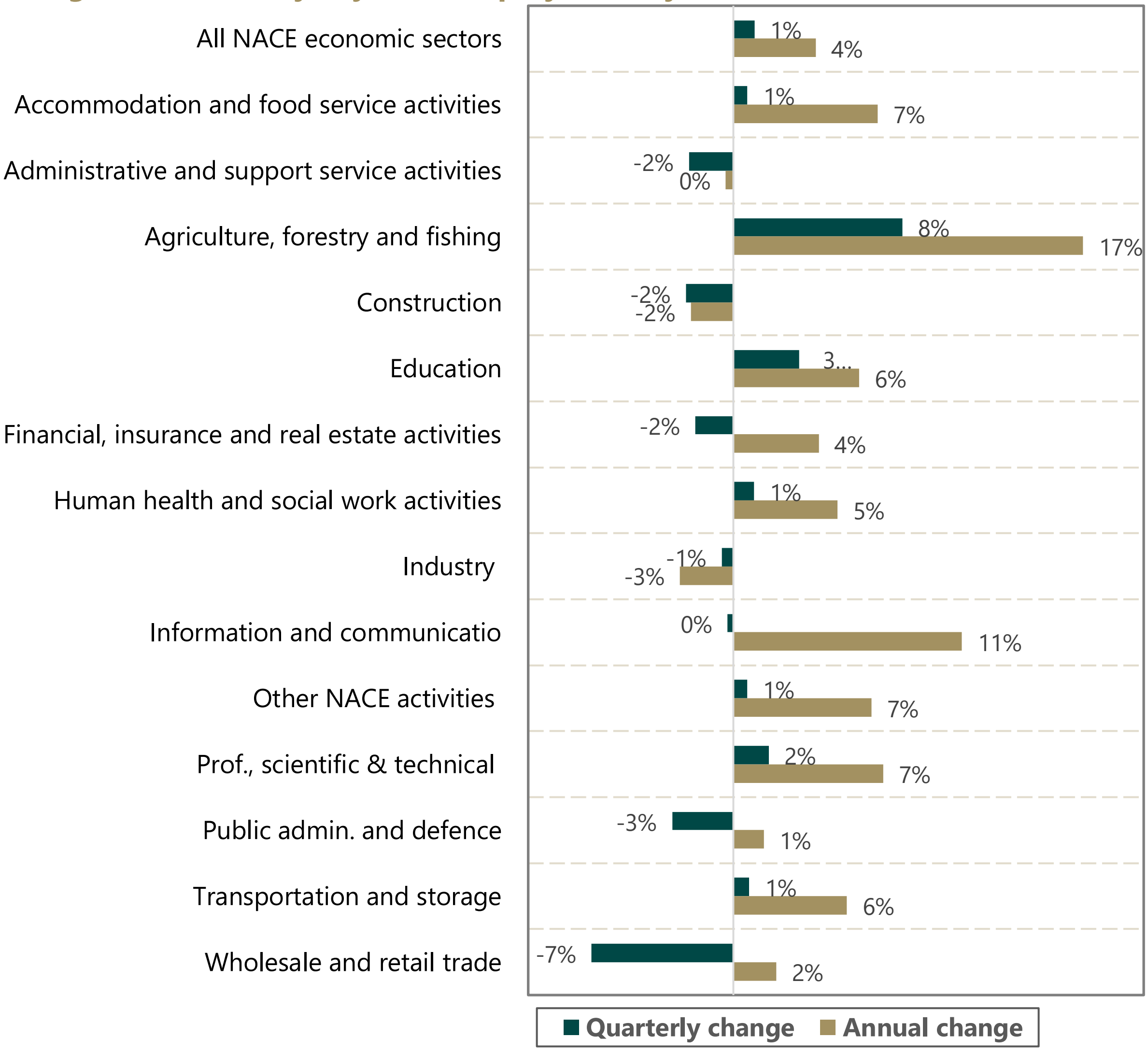
The largest relative decreases in sectoral employment between Q3 2022 and Q3 2023 were in the Industry (-3%), Construction (-2%), and Administrative and support services (-0.4%) sectors. In absolute terms, the largest annual decreases were likewise in the Industry (-8,500), Construction (-3,500), and Administrative and support services (-400) sectors. It is notable that the Administrative and support services sector declined in three of the last four quarters and employment in the sector is lower than pre-pandemic (Q4 2019). Employment declines in Industry are in line with negative readings of the Manufacturing Purchasing Managers' Index for Ireland and the Eurozone after positive readings in the initial post-pandemic period2.

There was large variation in the quarterly employment changes, but the decrease in the Wholesale and retail trade sector is notable. Employment in this sector decreased by 23,600 between Q2 and Q3 2023 from a series[3] high 341,800 to 318,200. The CSO's Retail Sales Index[4] recorded a peak in April 2023, with declines since, which may suggest the sector has shed recent hires over the last quarter.

---

[1] Employment levels in this sector are subject to volatility.
[2] AIB Ireland Manufacturing PMI, S&P Global Eurozone Manufacturing PMI
[3] Dating back to Q1 1998
[4] CSO Table RSM05

Figure 8: Quarterly (Q2 2023 to Q3 2023) and annual (Q3 2022 to Q3 2023) changes in seasonally adjusted employment by NACE sectors



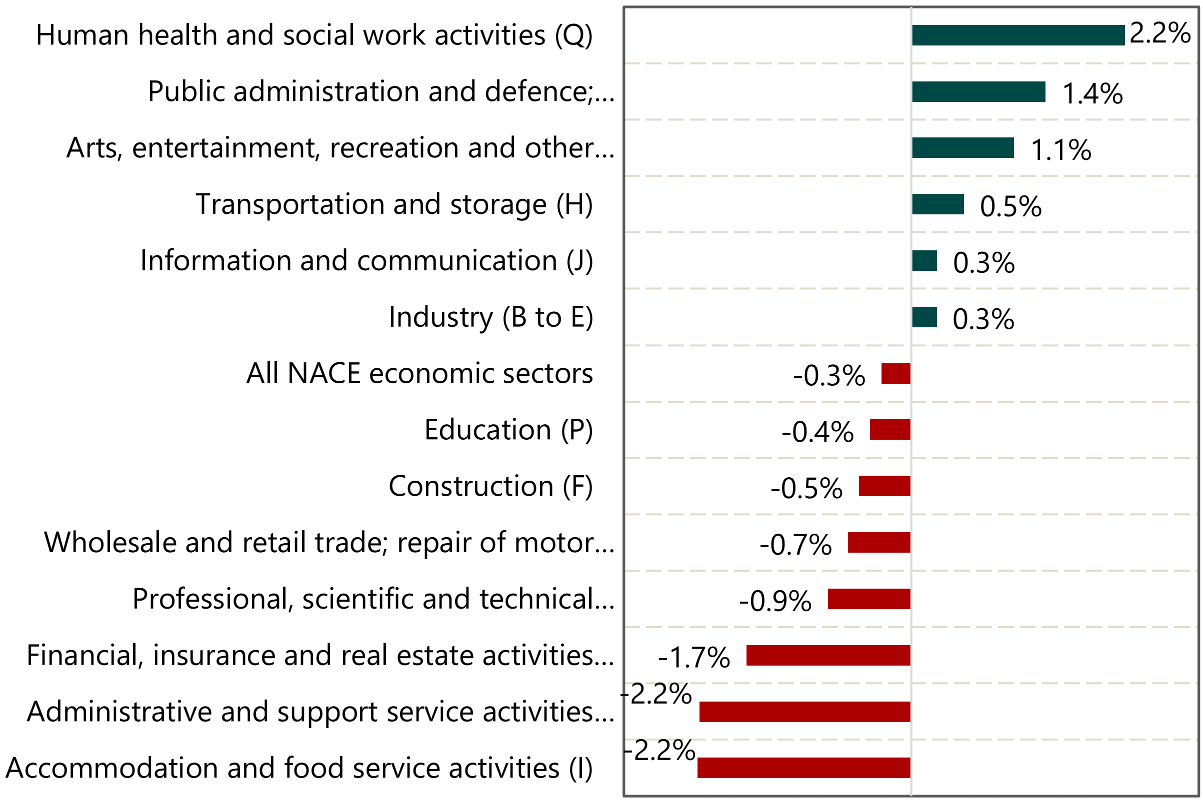
Source: CSO LFS (figures are subject to revision).

3.1.3 Hours Worked

- Total hours worked fell by 2 percent in the last quarter, from 84.1 to 82 million hours.
- Average weekly paid hours fell by 0.3 percent from 32.4 to 32.3 hours.

Total hours worked per week decreased 2 percent between Q2 2023 to Q3 2023, from 84.1 million to 82 million, though total hours worked were still 2 percent higher compared to Q3 2022 when the figure was 80.3 million. The changes in total hours worked varied by sector, given that changes in employment had sectoral variation. It is notable that hours worked in the Accommodation and food service activities sector decreased by 2 percent whereas employment in the sector grew by 7 percent over the same period. Indeed, average weekly paid hours for the sector decreased by 2.2 percent in Q3 2023, as shown in Figure 9.

Figure 9: Quarterly percentage change in average weekly paid hours by NACE sectors (Q2 2023 to Q3 2023)



Source: CSO EHECS (figures are subject to revision).

Full-time and part-time work

Full-time employment reduced marginally over the quarter (from 2,083.9 to 2,082 thousand or 0.1 percent), driven by a 1.2 percent drop in full-time employment among females. On an annual basis, however, full-time employment increased by 3.1 percent (or 63,200 people), higher for females (4.2 percent or 34,600) than males (2.4 percent or 28,700).

Part-time employment increased by 2.7 percent over the quarter (increasing by 14,800 people from 559,100 to 573,900). In relative and absolute terms, male part-time employment increased more than that of females (5.1 percent versus 1.6 percent or 8,600 versus 6,300 people). On an annual basis, the reverse is true, as female part-time employment grew more than that of males (9.8 percent versus 1.7 percent or 35,500 versus 2,900 people).

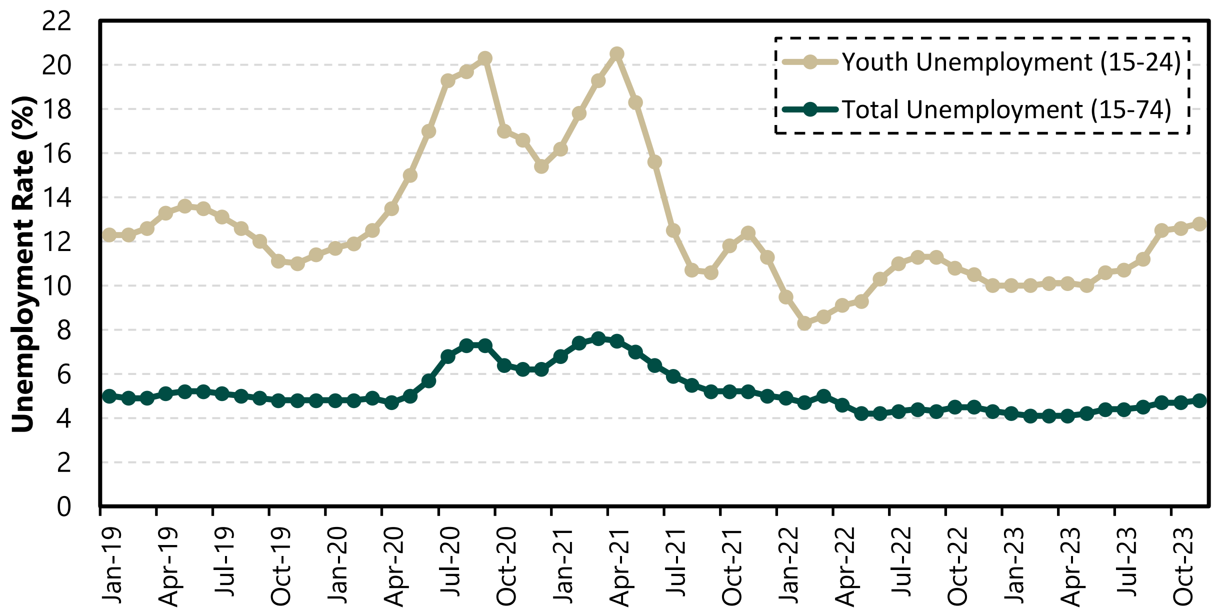
3.2 Unemployment Rates

- The seasonally-adjusted monthly unemployment rate is 4.8 percent. It has been below 5 percent since April 2022, the rate conventionally considered full employment.

The most recent unemployment data is from the CSO's seasonally-adjusted monthly series in which the estimated November 2023 unemployment rate was 4.8 percent. This is up from 4.7 percent in October, and a low of 4.1 percent in the middle of the year. This may point to a moderation in the labour market outlook after a sustained period of expansion. Figure 10, below, illustrates this trend. However, despite the recent rise in the headline unemployment rate, it remains below 5 percent since April 2022, which is still considered to be full employment.

The monthly youth unemployment rate has also seen a steady increase since the middle of this year, reaching 12.8 percent in November 2023. This is up from 10 percent recorded in May of this year. Although it remains below the pre-pandemic average of 12.5 percent. The latest data from the CSO's Q3 2023 Labour Force Survey shows that the youth unemployment rate stood at 12.2 percent, up from 12 percent in the previous quarter. Despite the recent gradual increase in the youth unemployment rate, it remains below the EU average of 14.9 percent as of October.

Figure 10: Monthly Unemployment Rates for the overall and youth population - Jan 2019 – Nov 2023



Source: CSO MUR (figures are subject to revision)

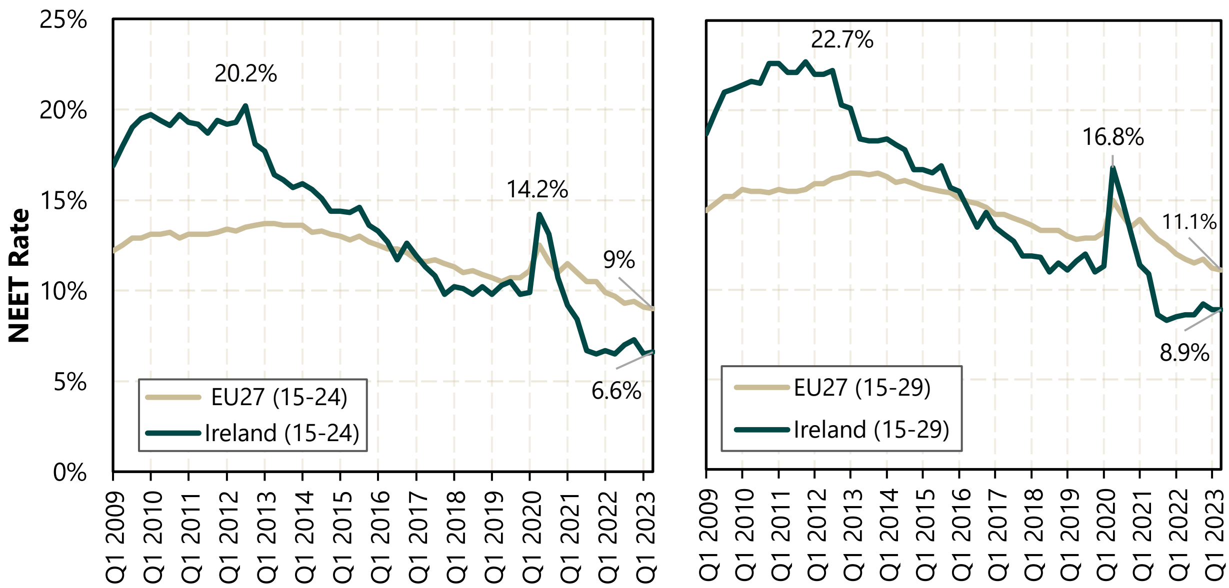
Note: Figures show monthly estimates, based on ILO definitions, which form a lower-bound estimate over the pandemic period. Covid-adjusted figures are excluded.

3.3 Not in Employment, Education or Training (NEET) rates

- The proportion of people not in education, employment or training is 6.6 percent and 8.9 percent for the 15-24 and 15-29 age cohorts, respectively.

As shown by the twin charts in Figure 11 below, the proportion of those aged between 15 – 24 and 15 – 29 years old that are not in employment, education or training (NEETs) are trending at very low levels compared to the pre-pandemic period (although the 15-29 cohort has seen an uptick in the recent quarters). The proportion of people that are NEET had been declining steadily until the COVID-19 pandemic when it spiked but quickly returned to its long-term trend. Ireland's NEET rate is now well below the European average of 9 percent and 11.1 percent for 15-24 years old and 15-29-year-olds in Q2 2023 respectively. However, it appears that progress in this area has abated. In conjunction with a slight deterioration in the youth unemployment rate, this may imply a normalisation or deterioration in economic conditions for young people, though participation growth remains positive. This will continue to be monitored closely.

Figure 11: EU Comparison of NEET rates Q1 2009 – Q2 2023 (Ages 15-24- and 15–29)



Source: Eurostat (figures are subject to revision). Note: Q1 2009 are the oldest comparative figures available.

3.4 Labour Market Participation

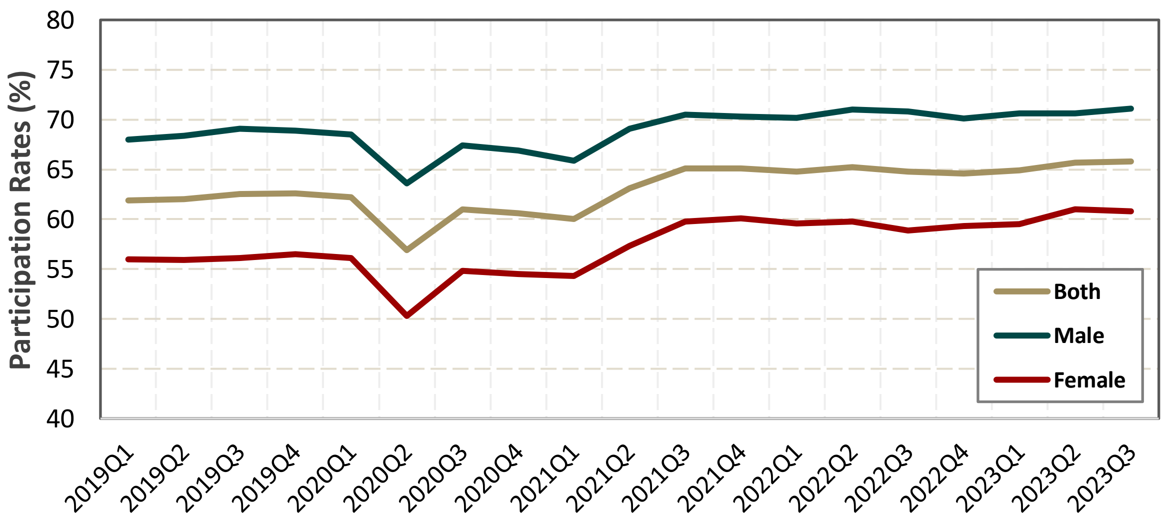
- The labour market participation rates increased to 65.8 percent as of Q3 2023, the highest level since 2008. The male participation rate was 71.7 percent, the highest since 2009, and the female participation rate was at 60.8 percent.

The non-seasonally-adjusted labour market participation rate increased for a third consecutive quarter in Q3 2023 according to the LFS data. The estimated labour market participation rate was 65.8 percent in the third quarter of this year, up from 65.7 percent in the second quarter of this year. The participation rates are at the highest levels that we have seen since 2008. It is worth noting that this is despite a slight softening in the overall labour market outlook.

The male participation rates rose by 0.5 percentage points while the female participation rates declined by 0.2 percentage points in this quarter relative to the previous quarter. As well as that, the male participation rates as of Q3 2023 (71.1%) is the highest levels that we have seen since 2009 while the female participation rates standing at 60.8 percent. The gender gap in participation rates, which is almost half of what it was pre-2008, has narrowed noticeably in the most recent periods, reaching 9.6 percent in Q2 2023, the lowest recorded level, but has begun increasing slightly to 10.3 percent as of Q3 2023.

The particularly rapid gains in participation during the post-COVID-19 period was a consequence of increasing participation among women. This increase is associated with the expansionary phase of the economy. It is unclear whether higher participation rates will be sustained if the labour market moderates. Though, notably, the long-term trend is for female participation to increase overtime, owing to demographic and other factors. The other reason for the narrowing gender gap in participation rates is the mild decreases in the male participation rates compared to the pre-2008 levels.

Figure 12: The Labour Market Participation Rates (2019Q1 – 2023Q3)

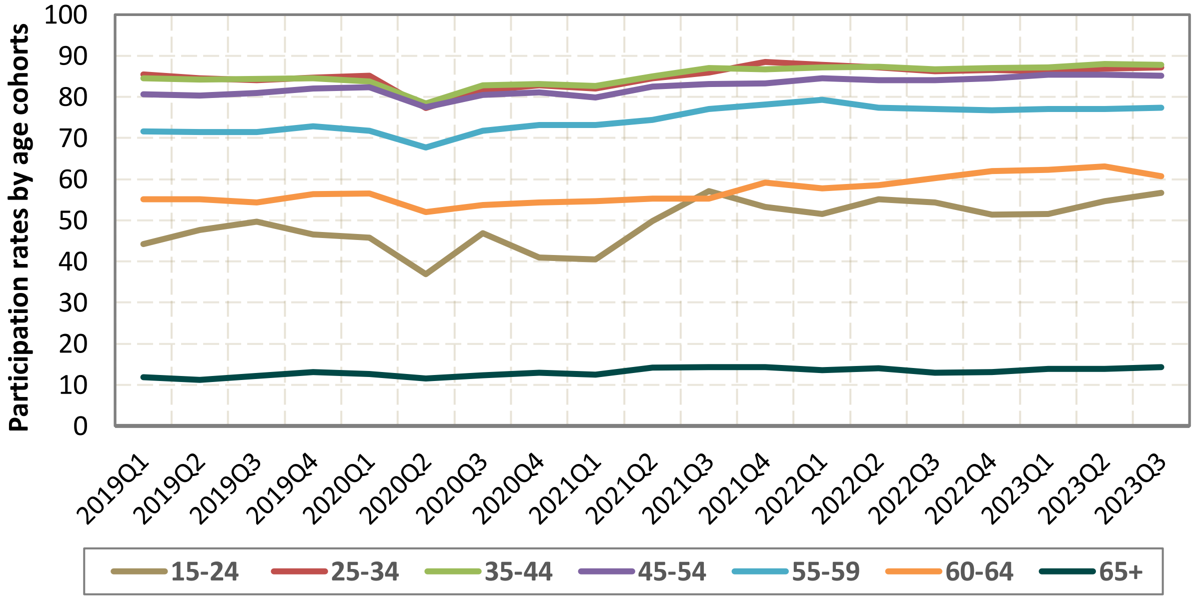


Source: CSO LFS (figures are subject to revision). Note: Participation rate refers to those aged 15 years and older.

As illustrated in Figure 13, there has been a steady increase in the labour market participation by younger cohort (15-24) as well as amongst older cohorts such as the 55-59 and 65 and older. For instance, according to the LFS data, the proportion of younger cohorts has risen by three consecutive quarters from 51.6 percent in Q1 2023 to 56.7 percent in Q3 2023 (+5.1 percentage points) – this is the strongest growth out of all the age cohorts. On the younger cohort's employment rate, it is worth noting a recent graduate outcomes survey for the class of 2022 by the Higher Education Authority, which shows that the employment rates amongst this cohort are at the highest levels since records began five years ago. For instance, the majority (83%) of college graduates are in employment within nine months of leaving college, up from 2020 (76%) and 2021 (82%).[5]

Meanwhile, the LFS data also shows that the 55-59 age cohort has increased from 77.1 percent to 77.4 percent while for the 65 and older, it rose by 0.4 percentage points from 13.9 percent to 14.1 percent between Q1 2023 and Q3 2023. This is in line with economic theory which posits that in expansionary periods, greater participation is induced from those cohorts which are often less represented. It should be noted, however, that the participation rates amongst all age groups is higher than the pre-pandemic levels.

Figure 13: Labour market participation rates by age (2019Q1– 2023Q3)



Source: CSO LFS (figures are subject to revision).

[5] Key Findings (GO 2022) | Statistics | Higher Education Authority (hea.ie)

3.6 Labour Market Tightness

This section looks at elements of supply and demand in the labour market by examining job vacancies, unemployed to vacancy ratio and the potential additional labour force.

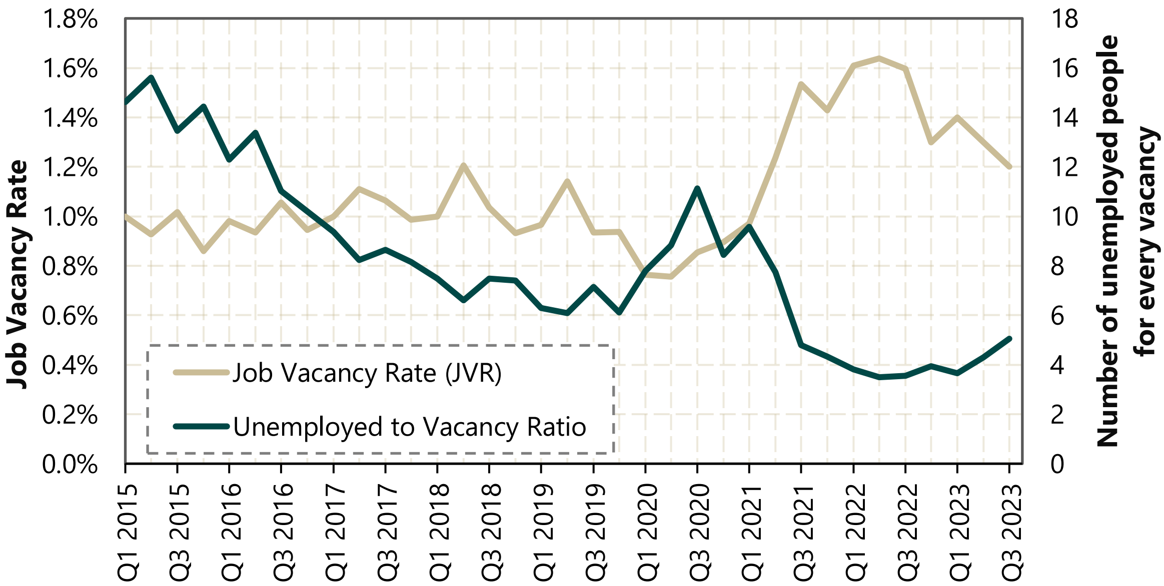
3.6.1 Vacancies

- The job vacancy rate in Q3 2023 was 1.2 percent, 0.4 percentage point reduction from Q3 2022.
- Labour Market demand appears to be abating as the unemployed to vacancy ratio increased from 3.7 to 5, since Q1 2023.

According to CSO data, the job vacancy rate peaked in Q1 2022, at 1.6 percent, after which it has trended broadly downwards, standing at 1.2 percent as of Q3 2023. In terms of number of job vacancies, there are currently 25,500, implying a reduction of 8,100 compared to the same period in 2022, and 8,800 vacancies fewer than the series high, in Q2 2022.

The unemployed to vacancy ratio shows some indication of a loosening in the labour market, with the number of unemployed people per vacancy increasing from 3.5 to 5 between Q3 2022 and Q3 2023. The change in this ratio is driven more by an increase in the number of vacancies, which decreased by 24 percent, while the number of unemployed people increased by 8 percent at this time.

Figure 14: Trends in the Job Vacancy Rate, and no. of unemployed persons to job vacancy ratio, since Q1 2015.

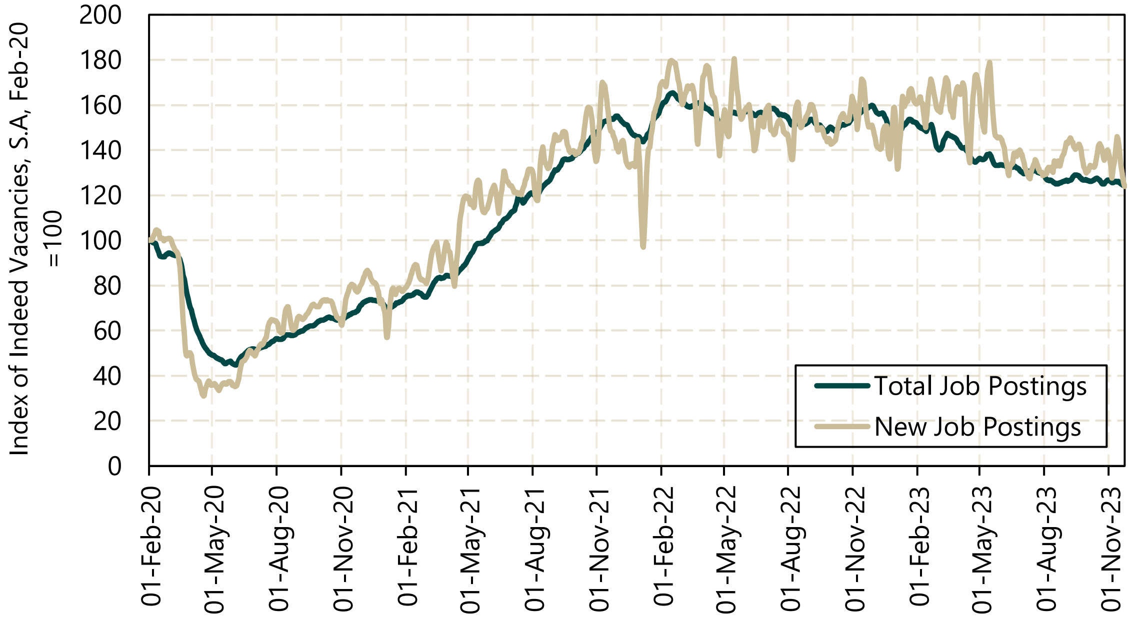


Source: CSO EHECS and author's calculations (figures are subject to revision).

An alternative, higher frequency, series of vacancy data for Ireland published by the job site *Indeed* which shows that total posted vacancies has been declining since February 2022 (albeit with some fluctuations). It peaked at 168.42 in February 2022 falling to a rate of 124.2 in late

November 2023. While a decrease in the number of new job postings is also being observed, although more recent, declining from 178.9 in mid-May 2023 to a rate of 123.8 in late November 2023.

Figure 15: *Indeed.com* job posting advertisement levels Index (Feb 01-Nov 24)



Source: Indeed.com (figures are subject to revision).

Together, these two series imply that labour demand in Ireland has cooled. The reduction in demand could be indicative of a 'soft-landing' following the rapid expansion in 2022. However, as the number of vacancies decreases and interest rates remain high, businesses could expect further contraction.

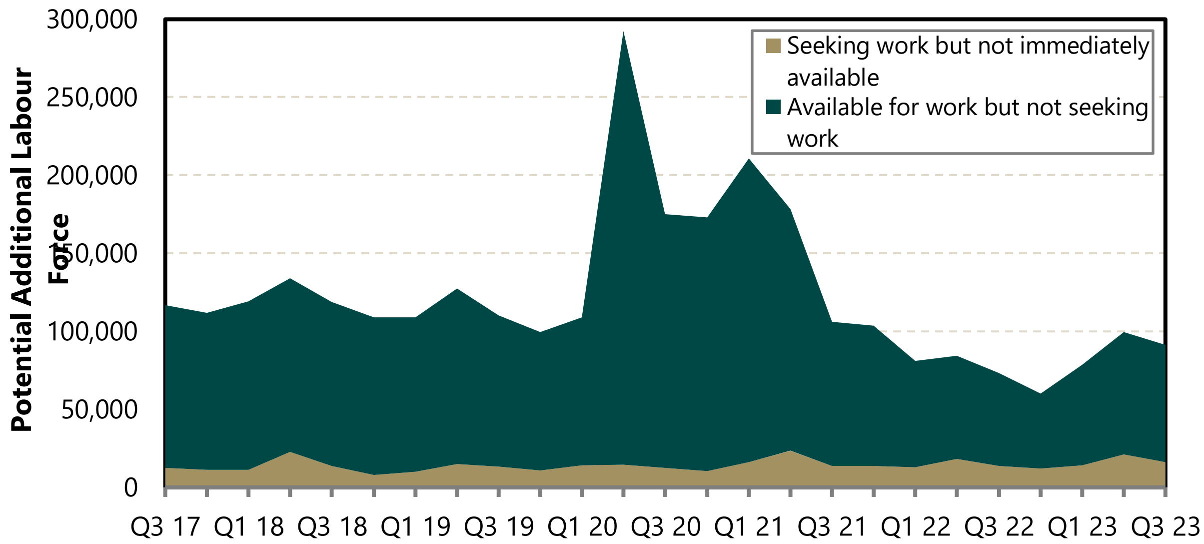
3.6.2 Potential Additional Labour Force

- Having reached historic lows, the Potential Additional Labour Force has increased somewhat, but remaining below pre-pandemic levels, at 91,100.

The potential additional labour force (PALF) was estimated at 91,100 in Q3 2023. This was down by 8,100 compared to Q2 2023. However, the estimated PALF had increased by 25 percent compared to Q3 2022. The notable rise in the estimated PALF could potentially contribute to further labour supply and employment growth in the near term.

Recent trends are highlighted in Figure 16, below. As the figure below shows, the majority of the group, (82 percent), are available to work but not currently seeking work. Of this group, people are not seeking work due to feeling discouraged or caring responsibilities or illnesses. For instance, as of Q3 2023, the proportion of people feeling discouraged within this group was 18.2 percent, up from 15.8 percent in Q3 2022. Those with caring responsibilities was 24.7 percent in Q3 2023, which is down from 29.5 percent as of Q3 2022. And the proportion of people with illness/disability was 30.1 percent in the third quarter of this year, which is also down compared to 35.3 percent in the third quarter of 2022. It is worth noting, that the proportion of people with caring responsibilities and people with disability in Q3 2023 is below the pre-pandemic levels whereas discouraged workers is slightly higher.

Figure 16: Potential Additional Labour Force (Q3 2017-Q3 2023)



Source: CSO LFS (figures are subject to revision).

3.7 Earnings and Real Wages

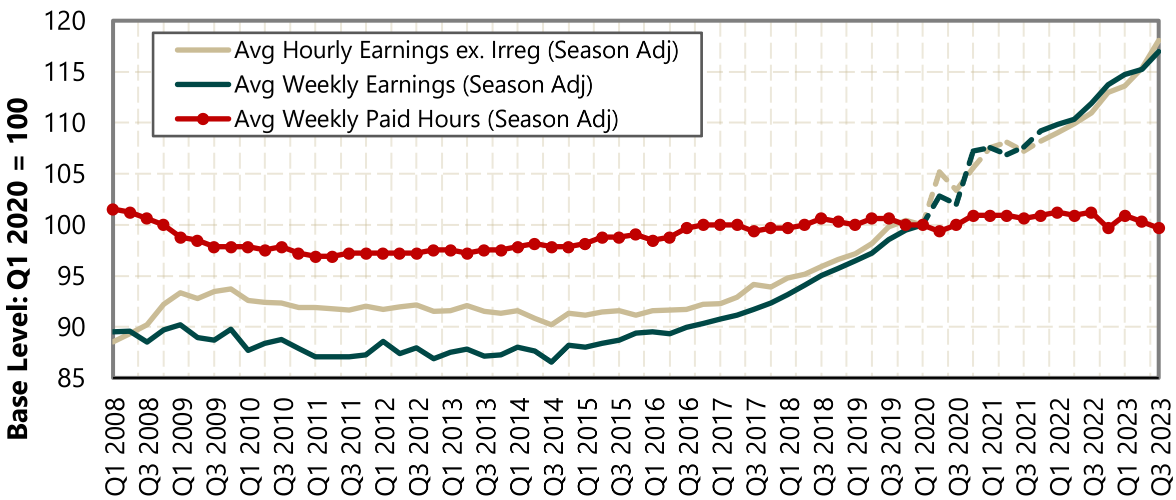
- Inflation (HICP) has been reducing since its peak of 9.6 percent in June 2022. As of October 2023, it stands at 3.6 percent.
- Eurozone inflation stands at 2.8 percent above the 2 percent target.
- Nominal hourly earnings, in Q3 2023, were €26.86, and have been rising at considerably higher rates following the pandemic.

Figure 17 below shows the relative percentage change in average hourly earnings, average weekly earnings, and average weekly paid hours between Q1 2008 and Q3 2023, with Q1 2020 as the base reference point (Q1 2020 = 100). Over the period, which includes the 2008 financial crisis and the COVID-19 pandemic, the chart illustrates trends in earnings average and paid hours. Moreover, different growth rates in hourly and weekly earnings, paired with variations in hours paid, can be indicative of changes in the business environment, amongst other relevant labour market considerations.

In the last year, average hourly earnings, excluding irregular earnings, have increased 6.4 percent, while weekly earnings grew 4.6 percent, with average weekly paid hours decreasing by 1.5 percent. In the year preceding the pandemic, between Q4 2018 to Q4 2019 both hourly and weekly earnings grew at the slower rate of 3.9 percent. Therefore, wages, in nominal terms, are growing more quickly at present than before the pandemic.

Over the last quarter, average hourly and weekly earnings increased, by 2.3 percent, and 1.5 percent, respectively, while average paid hours declined by 0.6 percent. Given that hourly and weekly earnings grew, and weekly paid hours decreased this would imply that employed individuals are working fewer hours for more pay, in other words, compensation for each hour of labour is greater. Moreover, the reduction in average number of paid hours could also be an indication of a slow-down in business activity. This is notable as businesses may, in the first instance, try to reduce hours rather than decrease staff numbers if they expect slower or negative growth.

Figure 17: Comparison of relative change in Ireland's seasonally-adjusted average hourly and weekly earnings, and average weekly paid hours (Q1 2020 = 100).

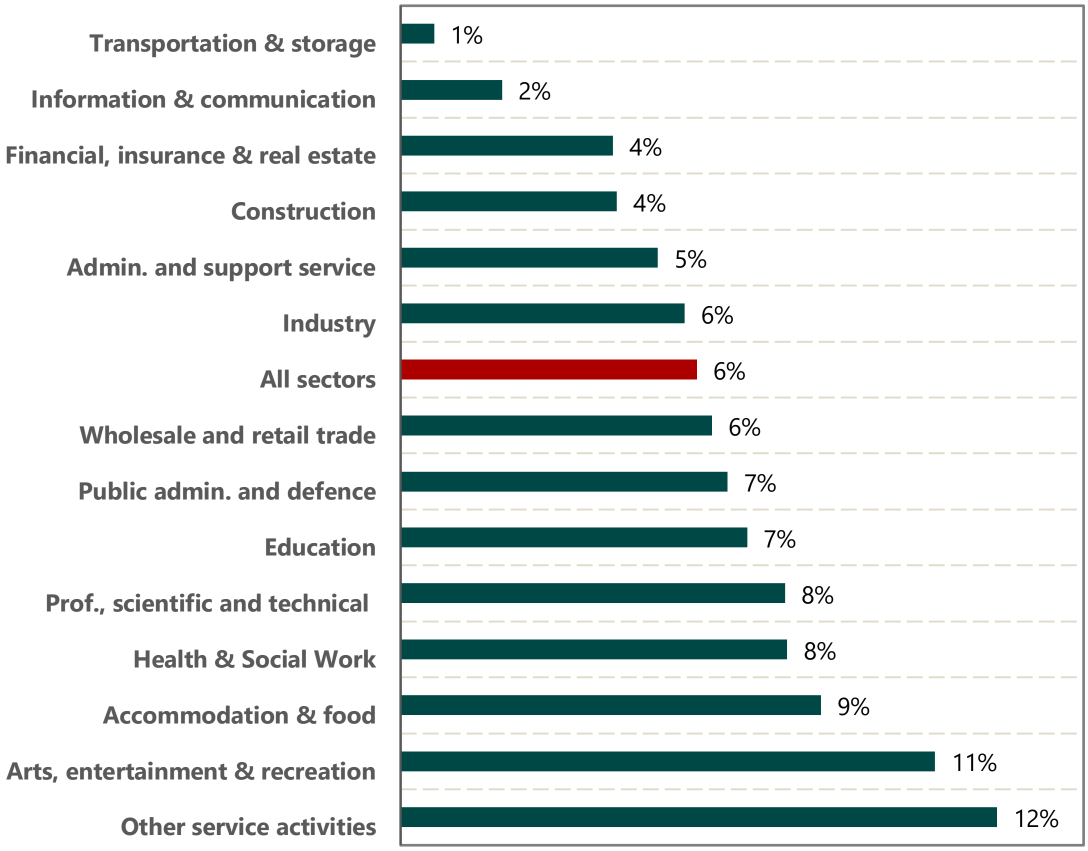


Source: CSO EHECS, CPM and author's calculations (figures are subject to revision). Note: Dashed lines for earnings over the COVID-19 period should be interpreted cautiously.

Figure 18, below, shows the percentage change in seasonally-adjusted average hourly earnings over the past year, between Q3 2022 and Q3 2023.

All sectors of the economy experienced wage increases in the last year, with an average growth of 6 percent. Transportation & Storage and Information & Communication were the sectors with the least pronounced wage growth, at 1 percent and 2 percent respectively. Conversely, earnings in Other Services, Arts, Entertainment and Recreation, and Accommodation and Food grew most quickly, at 12, 11 and 9 percent respectively. Notably, however, these three sectors all have low hourly wages, at €18.49, €21.72 and €15.09 respectively, compared with the average €27.02, in Q3 2022. The payment differential may also, somewhat drive employment trends, as, for example, in the last year, the Wholesale, Retail and Trade sector grew comparatively slower, reporting a 2 percent increase in employment, compared to 4 percent across all sectors.

Figure 18: Percent change in Average Hourly Earnings by Sector, Q3 2022 – Q3 2023

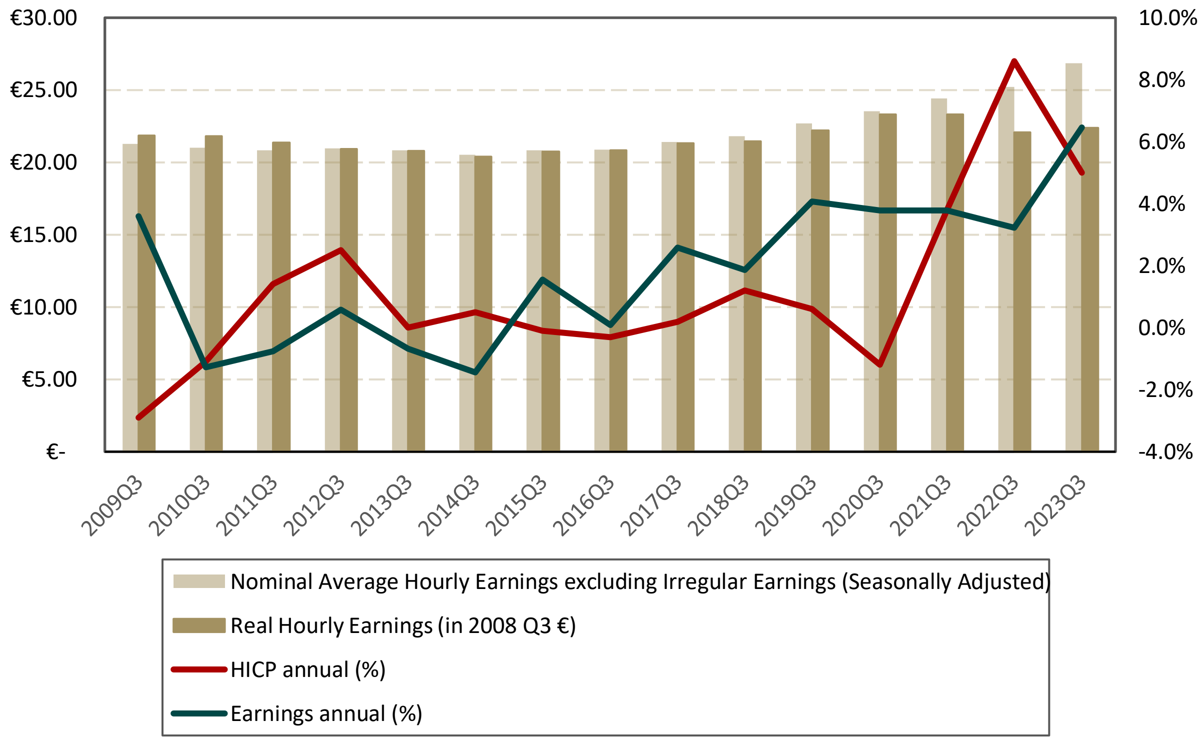


Source: CSO EHECS and author's calculations (figures are subject to revision). In the interest of readability, some NACE smaller sectors have been excluded here.

Figure 19 depicts the annual developments in nominal hourly earnings, inflation (HICP), and consequent real hourly earnings from 2009 onward. The period between 2009 and 2014 was one of declining real earnings, followed by increases up to and including 2020. In 2021 and 2022, inflation outstripped earnings growth. As a consequence, though Q3 2023 saw an annual increase in real earnings (and hourly real earnings remain higher than the pre-pandemic period), they remain lower than the 2021 peak in this series.

As of March 2023, growth in real wages has resumed as inflation subsides. Annualised inflation stood at 3.6 percent in Ireland, and 2.9 percent in the Euro Area, in October 2023.

Figure 19: Real and nominal hourly earnings Q3 2009 to Q3 2023



Source: CSO, EHECS, CPM and author's calculations (figures are subject to revision). HICP data is monthly, and earnings data is quarterly.

4. Spotlight: Traveller & Roma in the Labour Market

Background

Pathways to Work 2021 – 2025 includes a number of specific commitments to improve employment supports for members of the Traveller and Roma communities in recognition of the additional barriers faced by these groups in accessing employment. The CSO's Labour Force Survey, the official source of labour market statistics in Ireland, does not include information on ethnicity. Accordingly, the Census is the primary source of labour market related information for these groups. This section sets out the findings from Profile 5 of Census 2022 – Diversity, Migration, Ethnicity, Irish Travellers & Religion which was released on the 26th of October 2023, and Profile 7 – Employment, Occupations and Commuting which was released on 5th December 2023. These profiles contain statistics on diversity in the Irish population, including Traveller and Roma ethnicity (the latter included separately in the Census for the first time).

It should be noted that the figures presented here are based on the Census Principal Economic Status question, which is distinct from the official labour market statistics (which are based on ILO definitions of employment and unemployment). Accordingly, the figures should not be compared to Labour Force Survey findings.

Traveller data

Profile 5 provides statistics on the Traveller population, labour force participation, employment and unemployment numbers and rates, with age and gender breakdowns for each.

Population figures

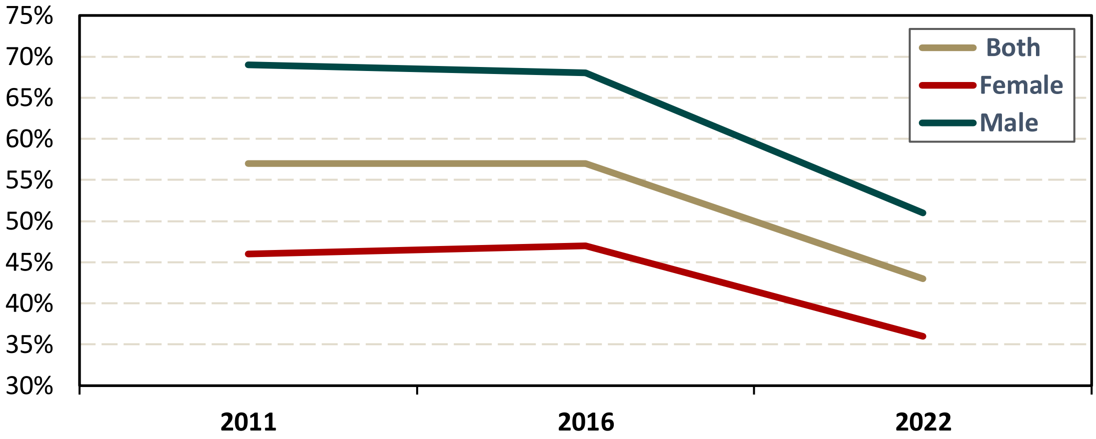
There was a total of 32,949 Irish Travellers in the State reported in the Census, a 6 per cent increase from the Traveller population in Census 2016. The Traveller population is significantly younger than the overall population in Ireland, with 36.1 per cent of the population was under the age of 15 (compared to 19.7 per cent in Ireland overall). Travellers aged between 15-64 made up 59.3 per cent of the population (compared to 80.3 per cent nationally). There were 1,500 Travellers aged 65 and over (4.5 per cent of the population, compared to 15.1 per cent in Ireland overall).

Labour Force Participation

Census 2022 recorded a sizeable decline in the number of Travellers in the labour force compared to the previous Census. The number of Travellers in the labour force stood at 9,073 in 2022, down from 10,692 in 2016 and also down from 9,973 in Census 2011.

Consequently, the Traveller labour force participation rate fell by 14 percentage points from 57 per cent in 2016 and 2011, to 43 per cent in 2022. The female participation rate fell from 47 per cent in 2016 to 36 per cent in 2022. The male participation rate stood at 51 per cent, down from 69 per cent and 68 per cent in 2011 and 2016 respectively.

Figure 20: Traveller Labour Force Participation Rate by Gender, 2011 - 2022



Source: Census 2022, Table F5098

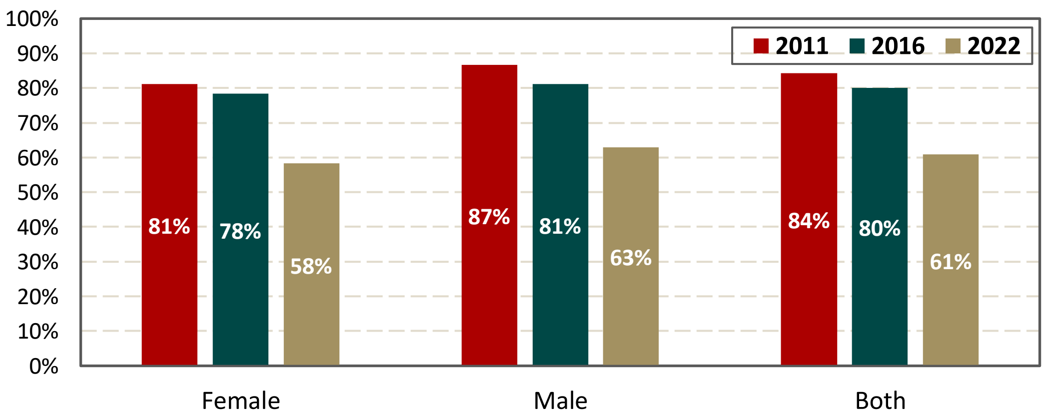
Not in the labour force

The highest category increase for those outside the labour force was "unable to work due to permanent sickness or disability", which saw an increase of 83 per cent from the last Census (compared to an 18.7 per cent increase in the population of Ireland overall). This was the largest cohort of those outside the labour force at 3,882 people. The second largest cohort of people outside the labour force, those "looking after home/family" rose by 17 per cent from Census 2016. There were 3,710 people in this category. The number of retired Travellers increased by 65 per cent in the same period, rising to a total of 987.

Unemployment

The unemployment rate for Travellers fell significantly in Census 2022. There were 5,459 Travellers aged 15 or over who were unemployed in 2022. Using Census labour force statistics, we estimate a Traveller unemployment rate in 2022 of 61 per cent, down from 80 per cent in 2016 and 76 per cent in 2011. The male unemployment rate fell to 63 per cent, down from 81 per cent in 2016 and 87 per cent in 2011. The female unemployment rate fell by 20 percentage points from 78 per cent in 2016 to 58 per cent in 2022.

Figure 21: Traveller Unemployment Rate by Gender, 2011 - 2022



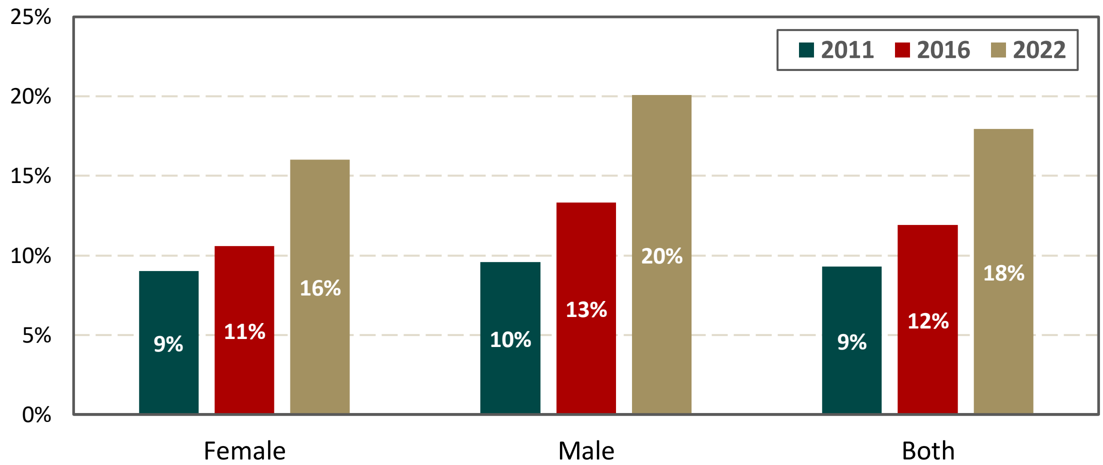
Source: Census 2022, Table F5098

Of note is that of those unemployed, the largest cohort comprised Travellers "seeking their first regular job", with 78.5 per cent, and 11.5 per cent were unemployed "lost or given up" their previous job. This compares to 16.4 per cent unemployed people in Ireland overall seeking their first job.

Employment

Using Census data, we estimate that the employment rate for Travellers was 18 per cent in 2022, up from 11.9 per cent in 2016 and 9.3 per cent in 2011.6 The female employment rate stood at 16 per cent, up from 10.6 per cent in 2016; the male employment rate stood at 20.1 per cent in 2022, up from 13.3 per cent in 2016.

Figure 22: Traveller Employment Rate by Gender, 2011 - 2022



Source: Census 2022, Table F5098

Employment - Sectoral Breakdown

The largest proportion of Traveller respondents in employment did not identify the sector they were working in (40.4 per cent). Of the sectors identified, Human Health & Social Work was the most common, followed by Wholesale and Retail Trade; Repair of Motor Vehicles, and Administrative & Support Service Activities. Human Health & Social Work was the sector with the highest proportion of Traveller women employed, with one in five Traveller women (19.8 per cent) employed providing this as their sector. Construction was the sector with the highest proportion of Traveller men employed, with one in ten Traveller men (9.9 per cent) employed identifying Construction as their sector of employment.

The number of Travellers employed in some sectors grew significantly since Census 2016, particularly Accommodation & Food Service (where the numbers employed grew by 406 per cent), Administrative & Support Services (259 per cent) and Construction (240 per cent).

[6] This rate was calculated by dividing the number of Travellers aged 15-64 in employment (self-employed, employees and those assisting relatives) over the general population aged 15-64.

Roma data

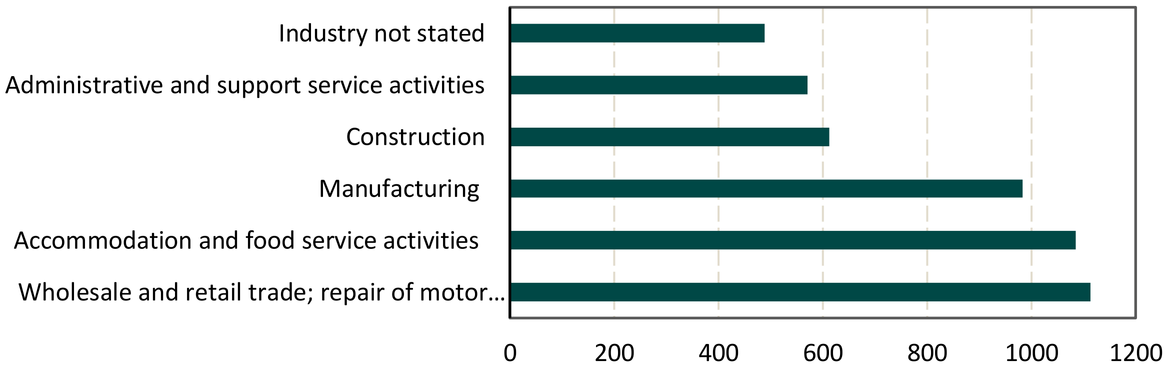
The Principal Economic Status section captured data for people of Roma ethnicity as a category for the first time in the latest Census. This means that it is not possible to examine trends in the same way it was possible to do so for Travellers in the section above. However, we can report on the available statistics from the Census Profile 5 and Profile 7.

Census 2022 indicates a population of Roma of 16,059 overall, with 11,836 aged 15 and over. The Census counts 8,687 Roma as being in labour force.

Looking at employment, 7,254 Roma were categorised as "persons at work", which results in an employment rate estimate of 61 per cent. 7 A further 1,433 Roma, or an estimated 17 per cent of Roma were unemployed. Of those unemployed, 27 per cent were seeking their first job, 31 per cent were short-term unemployed and 42 per cent were long-term unemployed.

Profile 7 of the Census provides the sectors of employment for Roma. The largest sectors were wholesale and retail trade; repair of motor vehicles and motorcycles (15 per cent), accommodation and food service activities (15 per cent), manufacturing (14 per cent). No gender breakdown is available for Roma sector data.

Figure 23: Numbers of Roma in Employment by Main Sectors, 2022



Source: Census Table F7036

Conclusions

The Census profiles on ethnicity and detailed employment status provide a snapshot of Traveller and Roma participation in the labour market from April 2022. It is evident that the Traveller community in particular have labour force participation and employment rates far below that of the general population. Further work will take place to improve the availability of statistics in this area, through working with the CSO and the finalisation and implementation

---

[7] It should be noted that these figures do not align with most research into Roma employment in Ireland. The National Roma Needs Assessment in 2018 placed the Roma employment rate at 17 per cent, but also estimates an overall Roma population of between 4,000 and 5,000.Pavee Point 2018, *Roma in Ireland: A National Needs Assessment* RNA-PDF.pdf (paveepoint.ie)

of the Equality Data Strategy led by DCEDIY.

5. Economic Outlook

While there are some signs of moderation among some indicators, the Irish labour market has continued to remain buoyant thus far this year, which is reflected in the most recent data showing robust growth in employment levels and the labour force. For instance, the economy has added over 100,000 jobs just in the past 12 months. The notable increase in employment levels has been supported by an increase in the labour supply, driven by both stronger female participation and inward migration contributing significantly to the expanding labour force. Further employment growth is expected in the remainder of 2023 and into 2024 and 2025, although at a milder pace, in line with the expectation of continued growth in the domestic economy.

It is worth noting that the unemployment rate has been gradually increasing over the last 7 months, rising from 4.1 percent to 4.8 percent between May and November of this year. Some commentators have viewed this as a potential soft landing, but it is worth noting that the recent rise in the unemployment rate in the last 7 months is not a sign of weakening economic activity, as employment growth has remained strong during this period. It is simply because of the fact that the labour force is growing more robustly than employment.

The latest CSO's National Accounts data shows that the economy is continuing to do well despite the various headwinds facing the Irish economy such as slower global growth, persistent high inflation, and higher interest rates. For instance, the Modified Domestic Demand, a measure that strips out the distorting effects of the multinationals, grew by 1 percent in the second quarter of this year but remained unchanged in the third quarter compared to the previous quarter. This is in the context of strong consumer spending – despite the ongoing high inflation – and a fall in investment off-setting each other.

Regarding inflation, following its peak of 9.6 percent in June 2022, the Harmonised Index of Consumer Prices (HICP) has been on a notable downward trend ever since, falling to 3.6 percent as of October of this year. Recent research by the Central Bank and the ESRI shows that the ECB's tight monetary policy regime is having a downward effect on the inflation rate.[8] Also, inflation is projected to ease in the remainder of this year as domestic energy suppliers have announced price cuts. Other factors such as significant base effects and easing commodity prices will lead to further easing in food and non-industrial good prices with inflation set to average 2.8 percent in 2024. Furthermore, the Eurozone inflation rate, measured by the monthly HICP, has also been declining (due to falling energy prices), reaching 3.6 percent in November from 4.2 percent in October. Meanwhile, there has been a noticeable growth in real wages in Ireland and is expected to intensify reflecting the tight labour market.

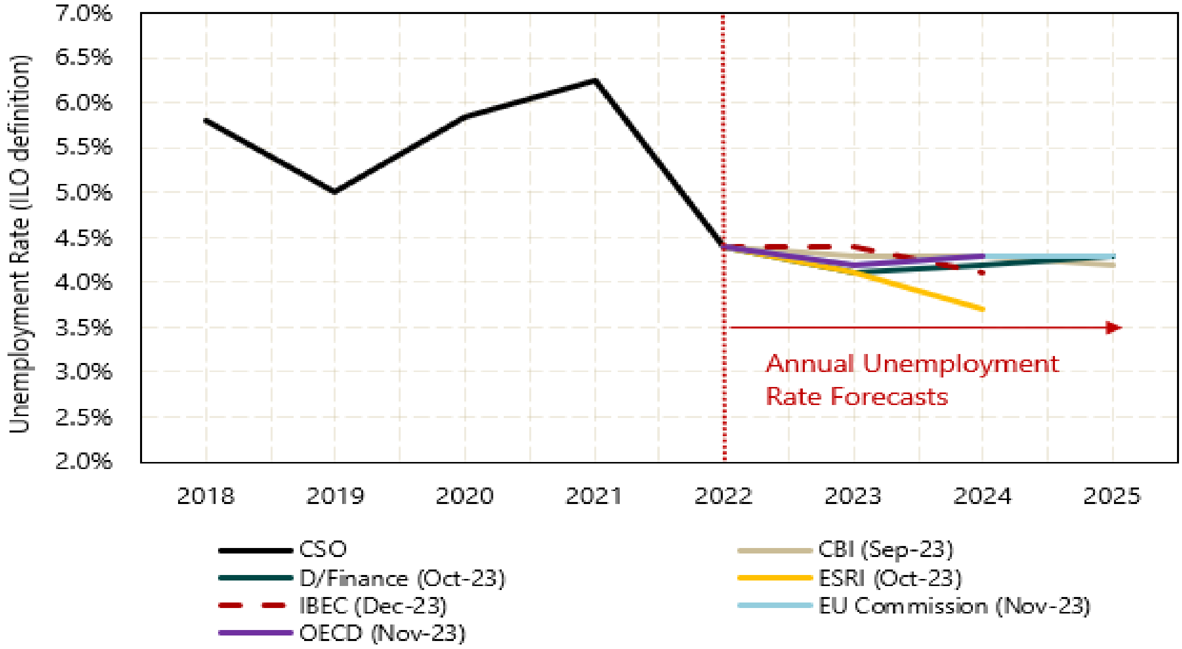
[8] Quarterly Bulletin 2 2023 (centralbank.ie)
Interest Rate Snapback and the Impacts on the Irish Economy | ESRI

In addition to that, the latest Irish Consumer Sentiment Index conducted by the Irish League of Credit Unions shows that consumer sentiment was 61.9 percent in November up from 60.4 percent in October and 58.8 percent in September. The increase in sentiment is owing to reduced concerns around the economic outlook. The falling energy prices and the expectation that interest rate rises has peaked has likely contributed to the cautiously upbeat sentiment.[9]

The global economy has been experiencing a mild slowdown in growth owing to tighter financial conditions, weak trade growth as well as weak consumer sentiment and business confidence. As a result, some international institutions have revised down their forecast with the global economy projected to grow moderately at 2.9 percent this year and 2.7 percent next year.

Overall, according to the latest economic forecasts, the outlook for the broader Irish economy and labour market remains, largely, positive – despite ongoing challenges – with both projected to perform well in 2024 and 2025, albeit at a moderate pace. The increased levels of participation and inward migration is likely to continue as well as the continued growth of the economy and these are positive signs which, in turn, should lead to more jobs being created.

Figure 24: Unemployment rate forecasts for Ireland by institution



Source: Outlook publications from each institution.
Note: Dates in parenthesis refer to the publication date for the forecast.

[9] https://www.creditunion.ie/news/latest-news/consumer-sentiment-slightly-stronger-as-christmas/