



An Roinn Coimirce Sóisialaí
Department of Social Protection

Labour Market Advisory Council

Labour Market Update

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Prepared by the Labour Market Analytics Unit

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Key Messages

Note: Key messages for the Spotlight on Lone Parents are highlighted in text (Chapter 4).

- The Irish labour market continues to perform well, operating at full employment for more than two years. Other indicators have performed positively also.
- The Live Register consists of 173,396 claimants as of 29 March 2024, of which 21,237 (12 percent) are beneficiaries of temporary protection from Ukraine (BOTP).
- On a seasonally adjusted basis, the Q4 2023 Labour Force Survey (LFS) reported 2,709,400 people in employment, increasing by 14,100 (0.5 percent) quarter-on-quarter. The number of people in employment has reached new record highs in each successive quarter in 2023.
- The growth in employment differed by gender; male employment grew by 1.2 percent and female employment fell by 0.1 percent on a seasonally adjusted basis over this previous quarter.
- Full-time employment rose by 0.4 percent over the quarter, driven by a 1.2 percent increase in female full-time employment. Part-time employment grew by 1.8 percent, with an increase of 10 percent for males contrasting and a decrease of 1.9 percent in female part time employment.
- The seasonally-adjusted monthly unemployment rate rose to 4.3 percent in March from 4.2 percent in February. The youth unemployment remained 10.5 percent in March 2023.
- As of Q4 2023 the total labour force stood at 2.82 million people, which is an increase of 94,700 (+3.5 percent) compared with the previous year, but largely unchanged (-2,100; -0.1 percent) on the previous quarter.
- Labour market participation rates decreased over the last quarter, by 0.5 percentage points, to 65.4 percent as of Q4 2023 compared. It stood at 70.6 percent for males (-0.5 percent) and 60.4 percent for females (-0.4 percent).
- The job vacancy rate has been progressively falling and now stands at 1 percent, a 0.2pp reduction from Q3 2023, and a 0.3pp reduction from Q4 2022. The unemployed to vacancy ratio increased from 4 to 5.1, since Q4 2022, signaling cooling in labour market demand.
- The inflation rate – measured by the HICP - has been steadily falling since its peak of 9.6 percent in June 2022, reaching 2.3 percent in February. Meanwhile, the Eurozone inflation rate (HICP) has also declined to 2.6 percent in February from 2.8 percent in January.
- The nominal hourly earnings from EHECS data were €28.47 as of Q4 2023, up by 2.1 percent relative to Q4 2022 levels of €27.88, and 0.4 percent down from Q3 2023 levels of €28.57.
- Total hours worked per week decreased approximately 1.2 percent between Q3 2023 to Q4 2023, from 83.5 to 82.5 million, though still around 0.4 percent higher than Q4 2022 when the figure was 82.2 million. The quarterly decrease was driven by the Industry, Construction and Administrative sectors and was correlated with a reduction in overall employment within those sectors.
- Forecasts of the unemployment rate and employment growth by the Central Bank and the ESRI are positive for both 2024 and 2025.

Introduction

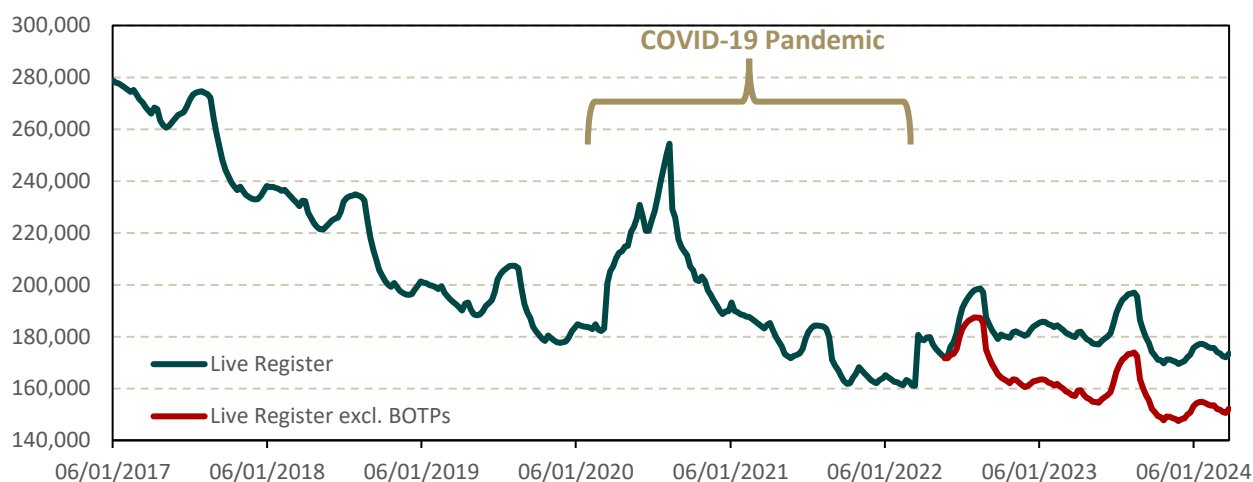
Labour Market Updates are produced by the Department of Social Protection (DSP) to provide an overview of the latest developments in the Irish labour market. This document uses a combination of DSP administrative data, CSO Labour Force Survey (LFS) and Earnings, Hours, and Employment Costs Survey (EHECS) data, among others, to examine emerging trends. The spotlight feature examines supports for lone parents as well as income, employment, and poverty outcomes for this group. The paper concludes with by considering the economic outlook and labour market.

1. Live Register Trends and Composition

- The Live Register consists of 173,396 claimants as of 29 March 2024, of which 21,237 (12 percent) are beneficiaries of temporary protection from Ukraine (BOTP).

Since pandemic-related income/wage supports were unwound, and eligible PUP claimants were supported in their transition to the Live Register at end-March 2022, the Live Register has declined somewhat, aside from seasonal variation. The downward trend associated with the labour market recovery has been somewhat offset by the increase in claims associated with beneficiaries of temporary protection (BOTPs) from Ukraine on the Live Register. As of 29 March, BOTPs account for 12 percent of the Live Register, or 21,237 of the 173,396 Live Register claimants.

Figure 1: Live Register Claimants, including and excluding BOTPs, Jan 2017 to end-March 2024

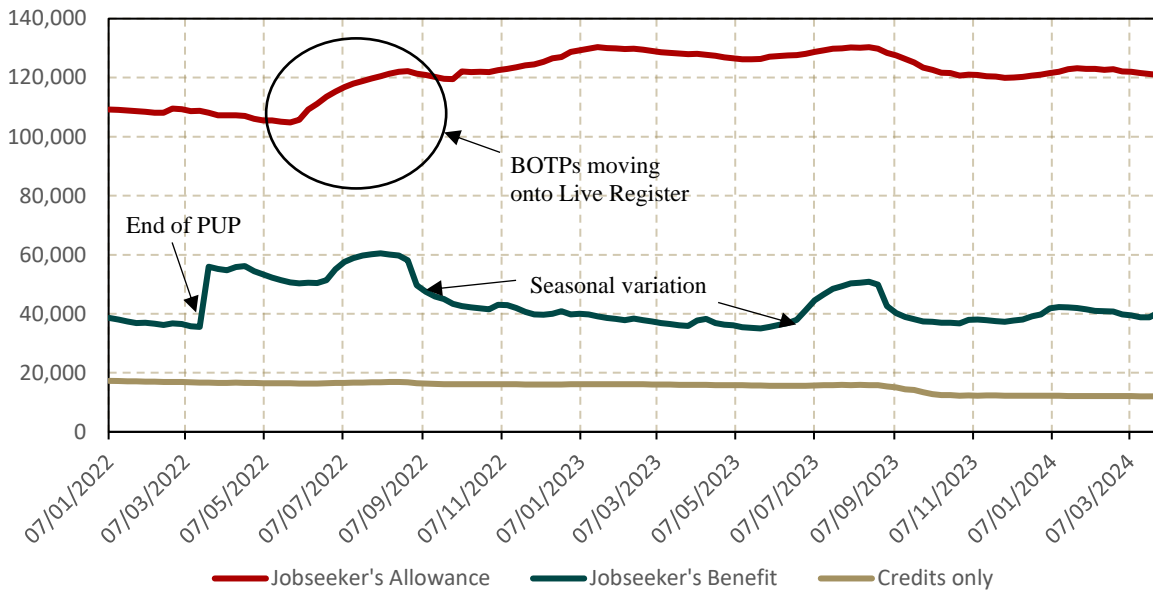


Source: DSP admin data (figures are subject to revision).

As of 29 March 2024, the Live Register comprised 120,878 Jobseeker's Allowance (69.7 percent), 40,467 Jobseeker's Benefit (23.3 percent), and 12,057 Credits (07.0 percent) claimants. Claimant numbers across each scheme have been steady since October of last year. As illustrated in Figure 2, the increase in JA claimants is driven by BOTPs, while variation in JB claimants is normal seasonal variation, largely driven by the education sector. Those on Credits

only have trended downwards since late 2014, and dropped significantly across September and October 2023 by 22 percent.

Figure 2: Weekly Live Register by schemes, January 2022 to End-March 2024

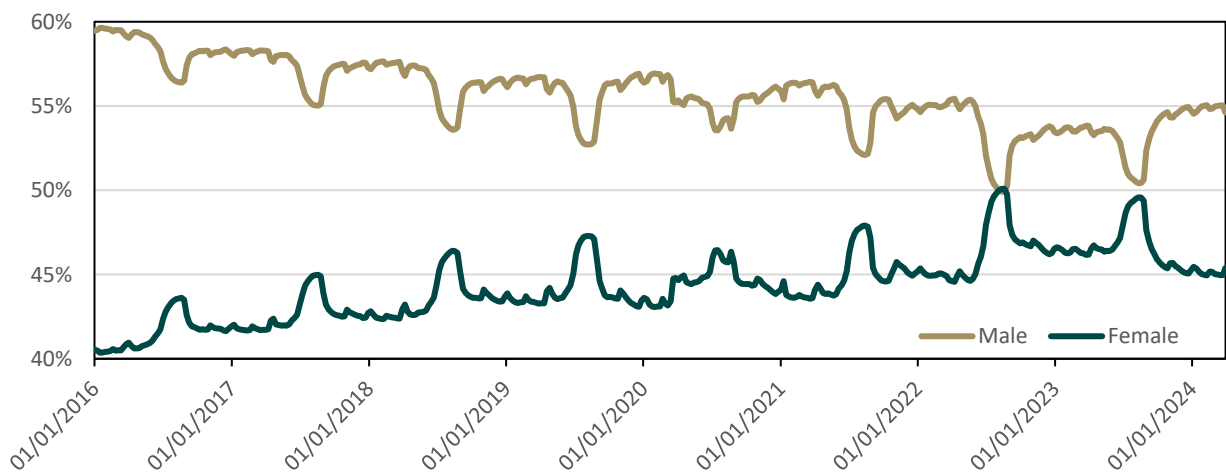


Source: DSP admin data (figures are subject to revision).

Looking at duration of claims on the Live Register, there were 111,463 short-term and 61,933 long-term (36 percent) claimants. This ratio has been broadly stable since mid-2022.

Reflecting the increase in female participation in the labour market, particularly since the pandemic, the share for female Live Register claimants has increased, reaching equivalence with males in August 2022. However, since mid-2023 there are some modest signs of divergence. The gap between the male and female share of Live Register claimants averaged 7 percent between October 2022 and May 2023: the gap has risen to an average of 9.5% since October 2023.

Figure 3: Live Register share by gender (January 2016 to end-March 2024)



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

2. Engagement and Summary Statistics of BOTPs

- There has been a notable drop in the monthly number of arrivals from Ukraine since the beginning of 2024.
- The number of BOTPs on the Live Register has continued to fall in recent months. It stood at 21,237 on 29 March 2024 down 845 (or 4%) since November 2023.
- The number of BOTPs with evidence of employment in the three months to 19 March 2024 was 18,018, up by 1,640 (or 10%) since November 2023.

In terms of Beneficiaries of Temporary Protection (BOTP) from Ukraine, there have been 106,267 arrivals from Ukraine issued PPSNs as of the 3rd April 2024. There has been a notable drop in arrivals since the beginning of 2024, with January and February accounting for the two months with the lowest number of PPSNs issued to BOTPs since March 2022. The number of BOTPs on the Live Register stood at 21,237 on the 29th March 2024.

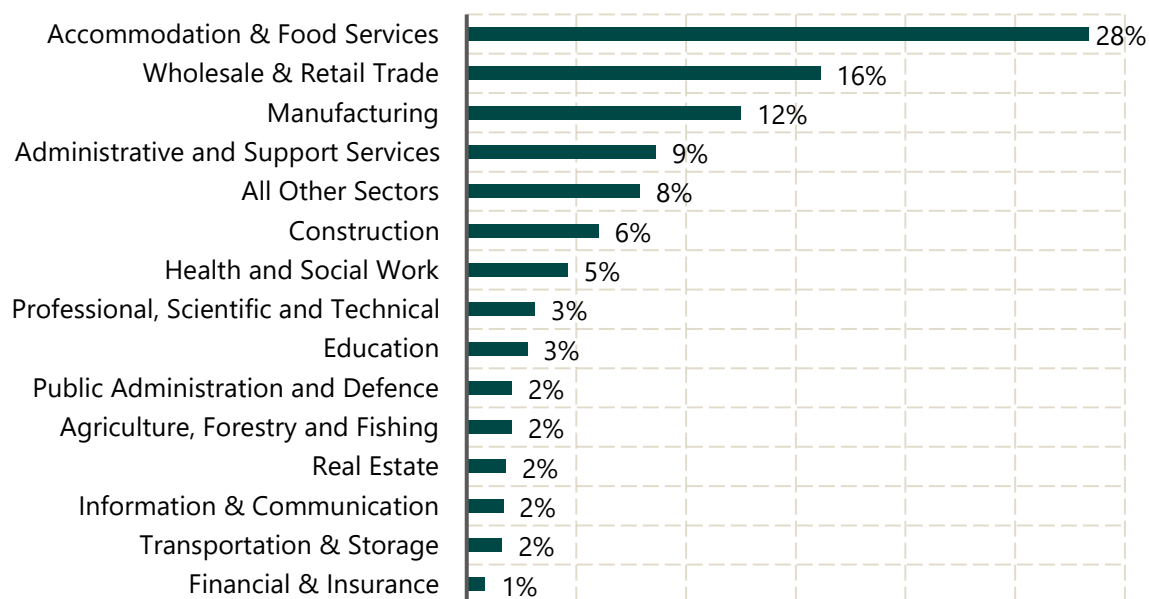
In February 2024, there were ~27,600 on Jobseeker's Allowance, ~2,200 on One Parent Family Payment, ~1,300 on Disability Allowance, and ~6,100 on State Pension (Non-Contributory). As of the 3rd April 2024, there are ~15,500 primary claimants of Child Benefit in respect of ~21,000 children.

Intreo Employment Services have engaged with BOTPs since April 11th, 2022; they have been subject to activation since early 2023 and have been assigned probability of exit (PEX) scores. Since June 2023, BOTPs in receipt of jobseeker supports have been receiving the same public employment service as other customers and their pattern of engagement has been determined by their respective PEX scores.

A jobseeker's highest level of educational attainment is recorded by the PES. Of the over 26,600 adult BOTP individuals with an education level recorded by the PES, 61 percent have a Level 7 or higher National Framework Qualification-equivalent education.

There are several barriers to employment for this cohort as noted in previous Labour Market updates. For instance, among those who have engaged with the public employment service, 58 percent have indicated that English language ability represents a barrier to employment, though this includes earlier arrivals whose language skills may have improved since their arrival. 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 19 March 2024 indicate that there were 18,018 BOTPs with an active employment in the preceding three months. This compares to a figure of 16,378 on 13 November 2023. 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 4: Employments held by BOTPs by NACE sector (19 March 2024).



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.

Beginning in March 2024, working-age BOTPs newly arriving in Ireland and staying in designated accommodation centres are subject to mandatory PES engagement while remaining in those centres. This group of BOTPs are also in receipt of a new income support payment, paid at a lower rate than that available to earlier-arriving BOTPs, such as Jobseeker's Allowance, while accommodation is provided.

At the request of the Council, the LMA unit has developed a proxy estimate of the employment rate for BOTPs. This estimate is based on payslip data provided by Revenue and a measure of administrative activity derived using internal administrative data. Table 1 below provides quarterly estimates of the employment rate for BOTPs. It also sets out the estimates of administrative activity, comparing that to the number of PPSNs issued to this cohort.

Table 1: Employment levels, rates and Administrative Activity for BOTPs aged 15-64

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
(a) Employed (at any stage during quarter)*	13,534	14,848	19,065	19,842
<i>% change on previous quarter</i>		+10%	+28%	+4%
(b) PPSNs Registered	54,844	60,243	66,340	71,958
(c) Administrative activity [#]	46,378	47,866	54,074	56,095
<i>% change on previous quarter</i>		+3%	+13%	+4%
% of PPSNs registered with administrative activity: (c) ÷ (b)	85%	79%	82%	78%
Employment rate (15-64 year olds): (a) ÷ (c)	29.2%	31.0%	35.3%	35.4%

*Note: Individuals 'Employed' is an estimate based on the number of individuals in receipt of a payslip that period.

[#]Note: Administrative activity includes being in receipt of payments from the Department, being a beneficiary of the Accommodation Recognition Payment, being in paid employment, being an adult dependant on a jobseeker claim, or engaged with the Public Employment Service/Intreo, within three months of the reference period.

3. Recent Trends in the Irish Labour Market

3.1 Overview of Employment Trends

- Over each successive quarter in 2023, the number of people in employment exceeded the previous record high.
- As of Q4 there were 2,706,400 in employment, an increase of 0.4 percent or 10,200 over the previous quarter. On a seasonally adjusted basis there were 2,709,400 people, an increase of 0.5 percent or 14,100.
- The employment rate for males stood at 78.3%. For females it stood at 69.8%. Both male and female employment rates have increased over the past year.

Overall employment stood at 2,706,400 in Q4 2023, growing by 89,700 (+3.4 percent) compared to Q4 2022. Over the past quarter, employment grew by 10,200 (+0.4 percent) on a seasonally adjusted basis.

The growth in employment differed by gender. Male employment stood at 1,433,800 as of Q4 2023, an increase of 40,500 on Q4, 2022 (+2.9 percent). Female employment stood at 1,272,600, an annual increase of 49,200 (+3.9 percent). Over the previous quarter, male employment grew by 16,600 (+1.2 percent) while female employment declined by 1,100 (-0.1 percent) on a seasonally adjusted basis.

Annually, both male and female employment rates increased. As of Q4 2023, the male employment rate was 78.3 percent, compared to 78.1 percent in Q4 2022, while the female rate increased to 69.8 percent from 68.6 percent.

Over the previous quarter both male and female employment rates declined by 0.2 percentage points. The gap in the employment rate of men and women between Q3 and Q4 2023 remained the same as the previous quarter at an 8.5 percentage point gap.

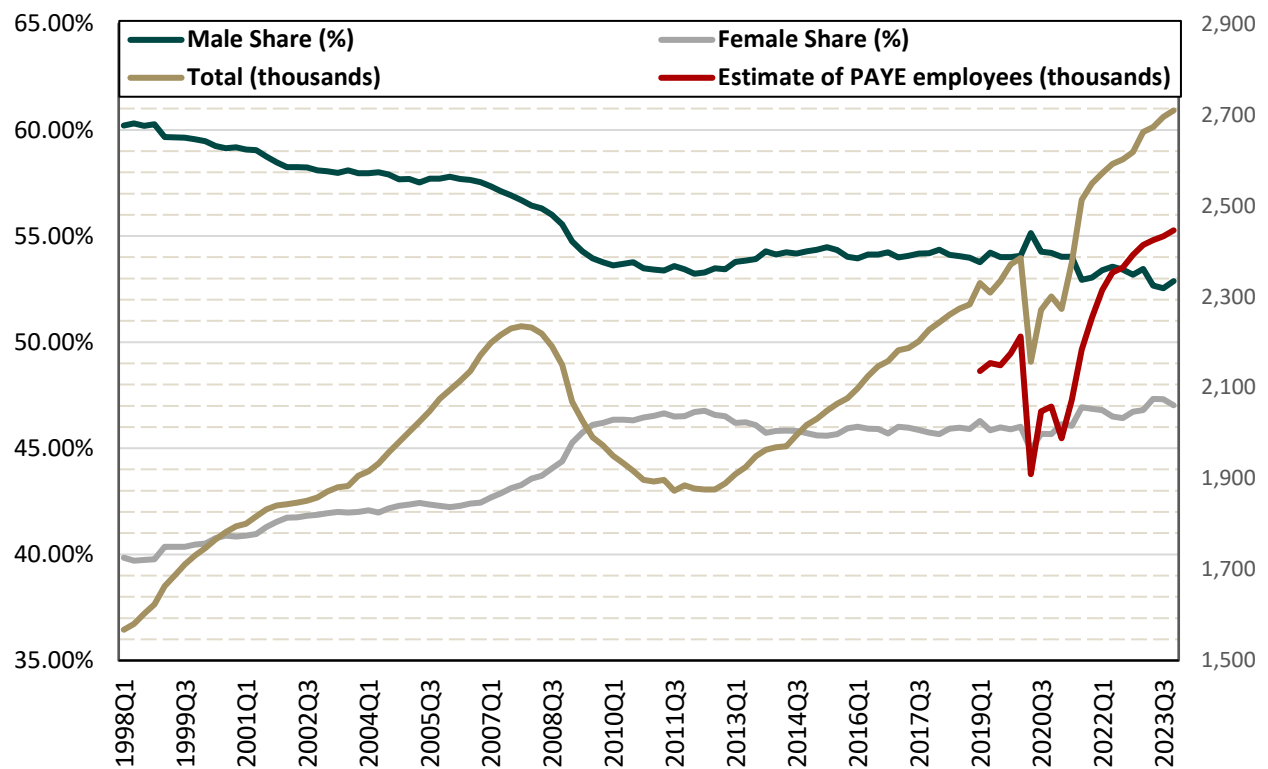
The continued growth in total employment is also reflected in the higher frequency Monthly Estimates of Payroll Employees using Administrative Data series. The series calculates the estimated number of employees, including both indexed and absolute values using Revenue's PAYE Modernisation as the data source. This data differs Labour Force Survey and International Labour Organisation (ILO) employment criteria in two key ways.

- The ILO definition of employment includes persons if they have worked for at least one hour in the reference week, whereas the Employee Series from Administrative Data Sources defines employment as having worked for greater than zero pay in the reference month.
- Additionally, the Labour Force Survey also includes people who are self-employed who are not counted in the Administrative Data series, which only includes employees.

According to the Labour Force Survey, as of Q4 2023 there were 341,300 self-employed workers in the State. It is granted that a number of these workers will hold multiple employments, therefore appearing in both the Labour Force Survey self-employed statistics and the Employee Series from Administrative Data Sources. The number of workers who were both employees and self-employed was estimated to be 34,800 as of Q4 2022.¹ While such estimates maybe useful for discerning broader patterns, it is not possible to make a direct comparison between the LFS and Administrative Data due to their differing underlying criteria.

As of January 2024, on a seasonally adjusted basis, there were an estimated 2,450,000 PAYE employees. Comparing December 2023 to 2022, there was an increase of 47,300 (+2 percent). Over the previous month there was an increase on the December estimate of 900 suggesting slight continued growth in 2024.

Figure 5: Seasonally adjusted employment, by gender and total employment, including estimated PAYE employment (Q1 1998 – Q4 2023)



Source: CSO LFS, Monthly Estimates of Payroll Employees using Administrative Data.

Note: Monthly Estimates of Payroll Employees using Administrative Data series data began in January 2019.

¹ [Labour Market Dynamics and the Rising Incidence of Secondary Employment - Department of Enterprise, Trade and Employment](#) (2023)

3.1.1 Employment Trends by Age

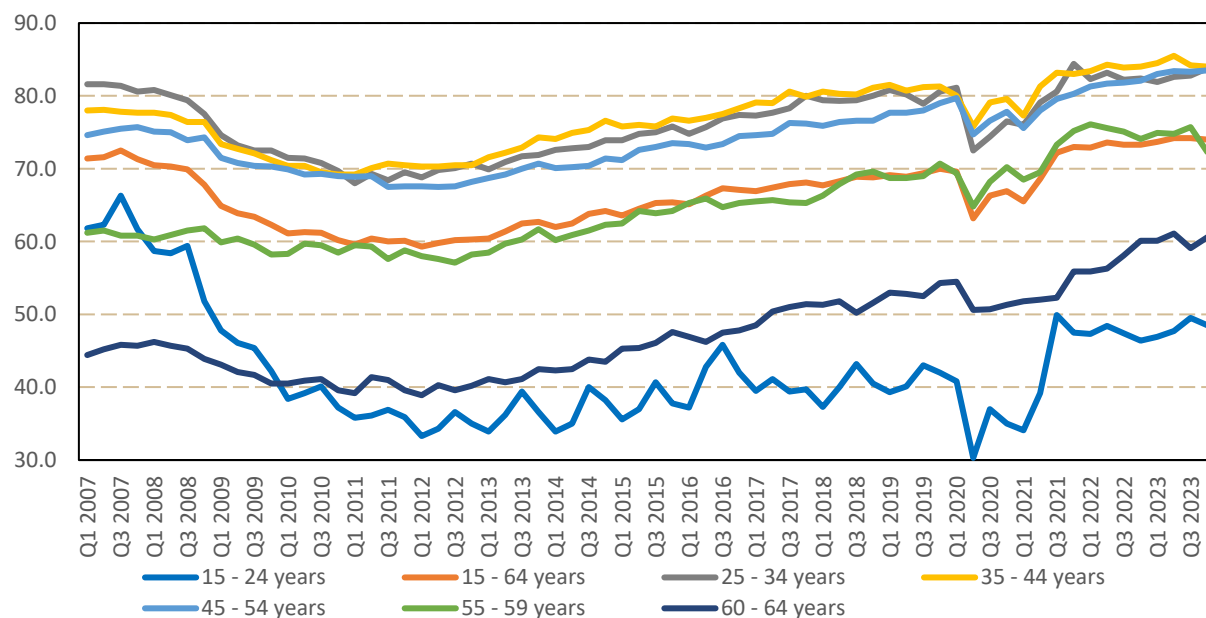
- While there was an annual increase in employment to Q4 2023, the employment rate for those aged 15 to 64 decreased marginally by 0.2 percentage points between Q3 and Q4 2023, falling from 74.2 to 74 percent.
- Employment outcomes differed by age group from Q3 to Q4 2023. Notable among the variation, the rate for those aged 55–59 fell 3.4 percentage points, while increasing 1.5 percentage points for those in the 15-24 and 60-64 age groups.

The overall employment rate, which is illustrated alongside the employment rate by age cohorts in Figure 6, stood at 74 percent in Q4 2023. This is 1 percentage point higher than the previous year, Q4 2022, but 0.2 percentage points lower than the previous quarter, Q3 2023.

The figure illustrates the economic recovery following the 2008 financial crisis, and the 4 percentage point increase in employment compared with Q4 2019, pre-COVID-19 pandemic.

Over the last year, there was some variation in growth in employment rates by age cohort. Annually, the employment rate for those aged 55-59 fell (-1.8 percentage points). The largest annual increase overall was the 20-24 cohort which increased by 3.7 percentage points. The rate of the largest cohort, those aged 35-44 remained the same over the period. This cohort also has the highest employment rate, at 84 percent.

Figure 6: Employment rate, overall and by age group (Q1 2007 – Q4 2023)



Source: CSO LFS

3.1.2 Employment Trends by Sectors

- Employment changes across sectors varied greatly in the last quarter.
- On a seasonally adjusted basis, employment grew in most sectors over the past year, notably by 12 percent in the Education sector. The Transportation and Storage, and Administration and Support Services sectors saw the largest annual decline at 4 percent each.

Figure 7 depicts the change in seasonally adjusted, sectoral employment over the last quarter and over the year. As shown in the figure, the largest relative increases in sectoral employment between Q4 2022 and Q4 2023 were in Education (+12 percent), Agriculture (+9 percent), and other NACE activities (+8 percent). In absolute terms, the largest annual increases were in the Education (+25,700), Health and Social Work (+21,500), and Wholesale and Retail (+20,300) sectors.

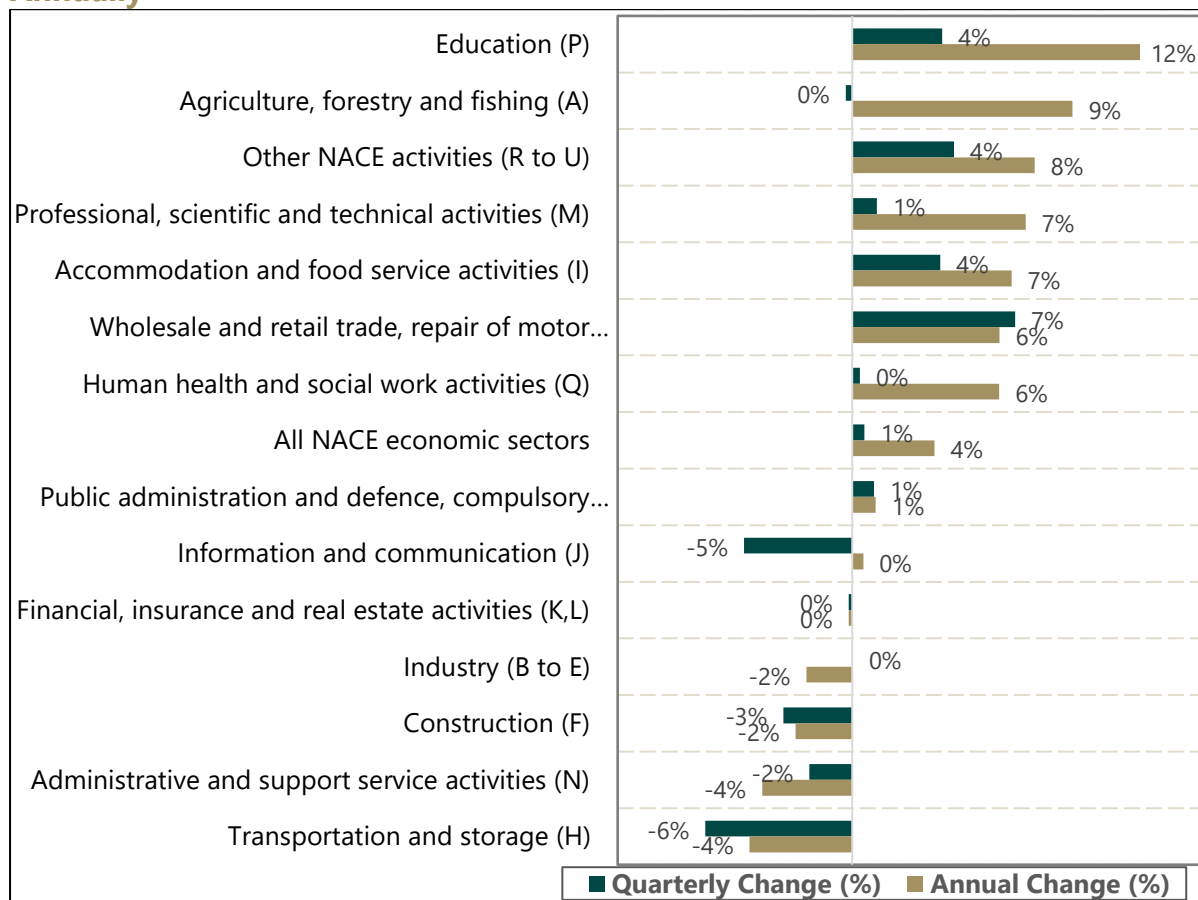
The largest relative decreases in sectoral employment between Q4 2022 and Q4 2023 were in the Transportation and Storage (-4 percent), Administrative and support services (-4 percent), and Construction and Industry (-2 percent each) sectors. In absolute terms, the largest annual decreases were in the Industry (-6,400), Transportation and Storage (-5,000), and Administrative and support services (-4,300) sectors.

There was large variation in quarterly, seasonally adjusted employment. The largest relative increases were seen in the Wholesale and Retail (+7 percent), Accommodation and Food Service (+4 percent), and Education (+4 percent). The same sectors also saw the largest absolute increases, the greatest being in Wholesale and Retail (+22,300), followed by Education (+8,700), and thirdly Accommodation and Food Service (+6,700).

In relative terms, the largest quarterly decreases were seen in Transportation and Storage (-6 percent), Information and Communication (-5 percent), and Construction (-3 percent), which are noteworthy considering the strategic role these sectors play in the Irish economy. These sectors also saw the largest absolute decreases over the quarter. The greatest absolute decrease was in Information and Communication (-8,200), followed by Transportation and Storage (-7,300), and Construction (-4,900).

Given the importance of the Construction sector within the Irish economy, the decline in employment within the sector over the past year is notable. However, it should be noted decreases in employment in this sector was not reflected in employment in the Skilled Trades Occupations. Employment in this occupational group increased slightly over the past year, from 339,400 in Q4 2022 to 342,200 in Q4 2023 (+0.8 percent or 2,800).

Figure 7: Growth in Seasonally Adjusted Employment by Sector, Quarterly and Annually



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

3.1.3 Hours Worked

- Total hours worked fell by approximately 1.2 percent in the last quarter, from 83.5 to 82.5 million hours. Average weekly paid hours remained unchanged at 32.3 hours.
- Increases and decreases in hours worked by sector positively correlated with increases and decreases in employment.

Total hours worked per week decreased approximately 1.2 percent between Q3 2023 to Q4 2023, from 83.5 million to 82.5 million, though total hours worked were still approximately 0.4 percent higher compared to Q4 2022 when the figure was 82.2 million.

The average number of weekly paid hours was 32.3h in Q4 2023, declining since its post-pandemic peak of 32.8h, in Q3 2022. It remained unchanged since the same period last year and last quarter, however, between 2022 and 2023, average weekly paid hours declined from 32.6h to 32.4h.

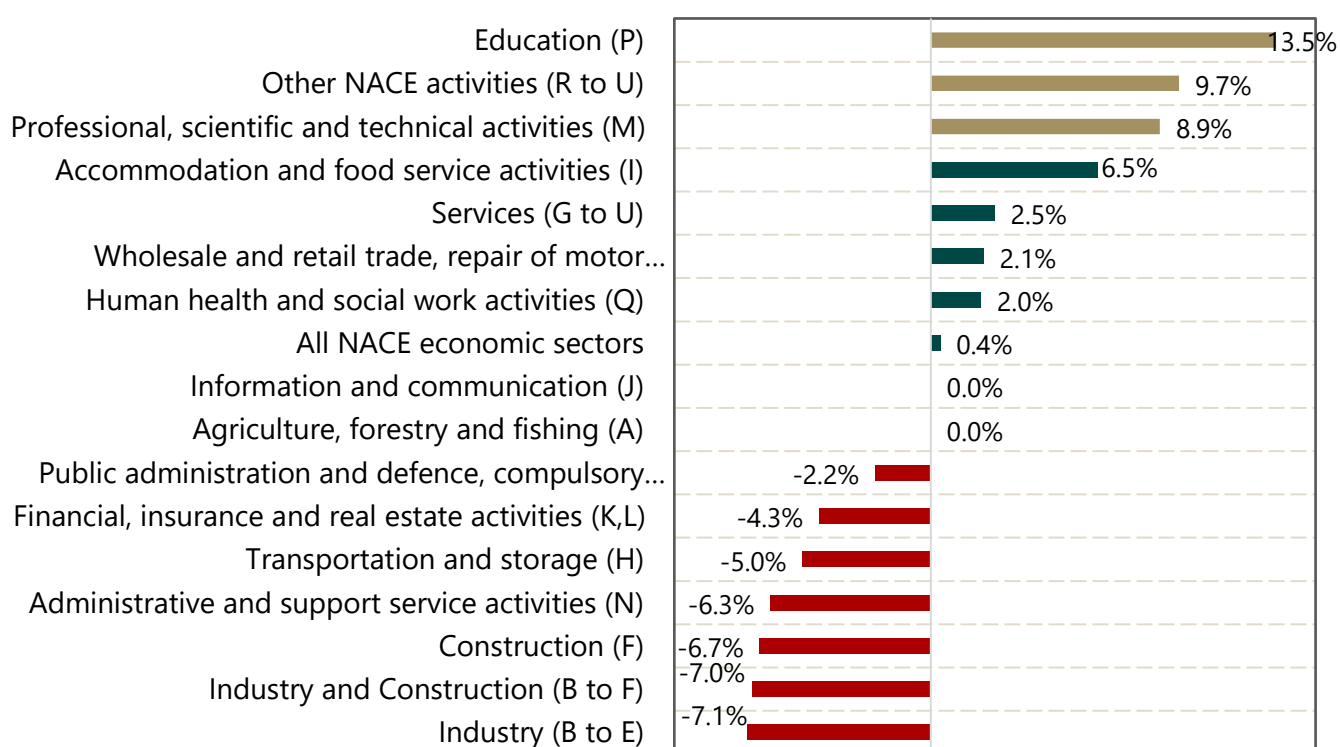
The changes in total paid hours by sector positively correlated with changes in total employment by sector. Industry, Construction and Administrative sectors saw the largest

decreases in hours worked over the last year at 7.1 percent, 7 percent, and 6.7 percent respectively.

While there was a correlation between the reduction in employment and the reduction in hours worked in the Construction and Industry sectors, the relatively larger decrease in hours worked is notable. This may be explained by a reduction in full time employment in those sectors over the past year. The Industry sector saw a reduction of 3.1 percent in full time employment, while Construction saw a reduction of 2.7 percent.

Education, Other NACE Activities, and Professional, Scientific, & Technical Activities saw the largest increases in hours worked with 13.5 percent, 9.7 percent, and 8.9 percent respectively.

Figure 8: Annual percentage change in total paid hours by NACE sectors, Q4 2022 to Q4 2023



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

Full-time and part-time work

- There was growth in full-time employment, particularly for females.
- The past quarter has seen an uptick in male part-time employment and a slight decrease in female part-time employment.
- The increase in part-time employment has been accompanied by a 6 percentage point increase in reported underemployment over the past year.

In the past year full-time employment increased slightly from 2.06 million in Q4 2022 to 2.11 million people in Q4 2023 (+2.9 percent). Over the past quarter full-time employment

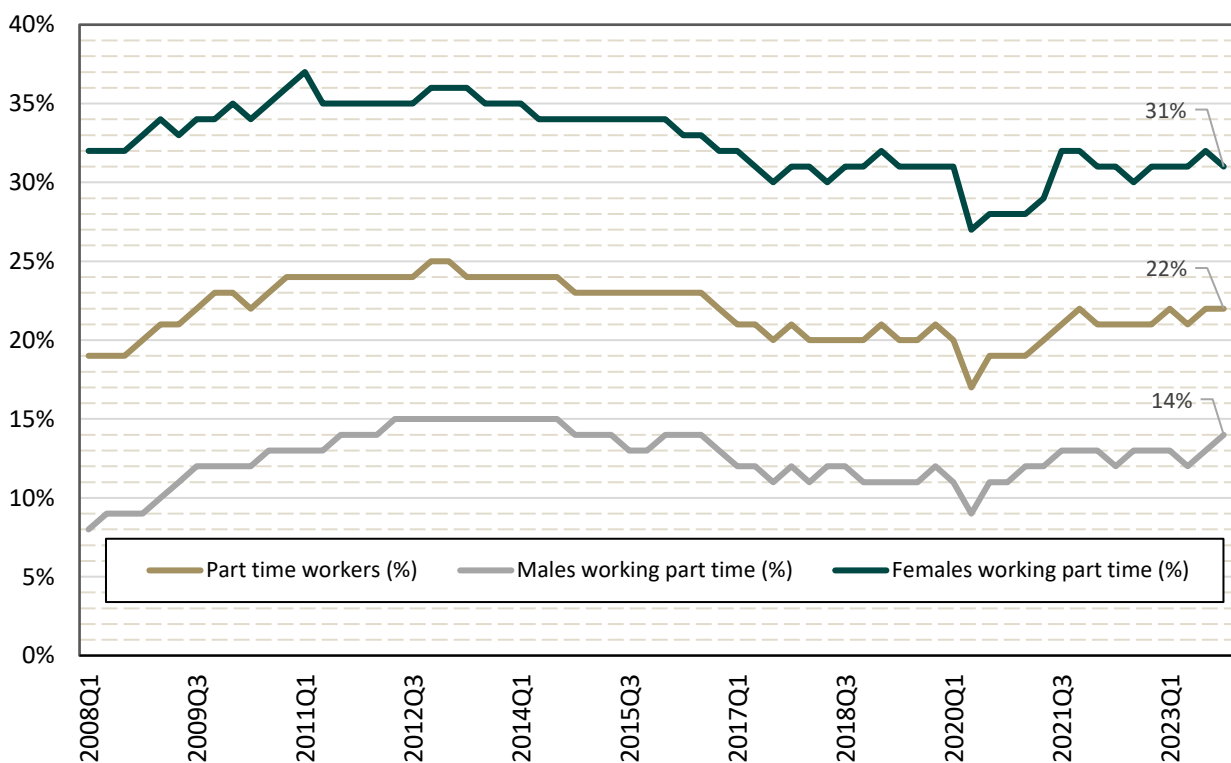
increased from 2.07 million to 2.13 million on a seasonally adjusted basis (+2.9 percent). Part-time employment stood at 592,400 in Q4 2023, with an annual increase of 31,100 (+5.5 percent). Compared to the previous quarter, part-time employment increased by 4,500 to 588,800 on a seasonally adjusted basis (+0.2 percent).

On an annual basis full-time employment increased to 878,200 for females (+4.6 percent or 39,200) and to 1.24 million for males (+1.6 percent or 19,300). On a seasonally adjusted basis, male full-time employment increased by 20,500 (+1 percent) compared to the previous quarter, while female full-time employment increased by 10,200 (+1.2 percent).

On an annual basis both male and female part-time employment grew. In relative and absolute terms, male part-time employment increased more than that of females (+11.9 percent versus +2.6 percent or 21,100 versus 10,000 people). However, over the past quarter, only male part-time employment grew (+7.9 percent or 14,100), while female part-time employment declined (-1.3 percent or 5,100) on a seasonally adjusted basis.

The percentage of part-time employees who report as underemployed has increased by 6 percentage points, from 18 percent in Q4 2022 to 24 percent as of Q4 2023. Male part-time employees were relatively more likely to consider themselves underemployed than their female counterparts. Male underemployment as a share of part-time employment increased from 22 percent in Q4 2022 to 28 percent in Q4 2023, while for females the increase was from 17 percent to 21 percent.

Figure 9: Part-time employment rates by sex (Q1 2008 to Q4 2023)



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

3.2 Unemployment Rates

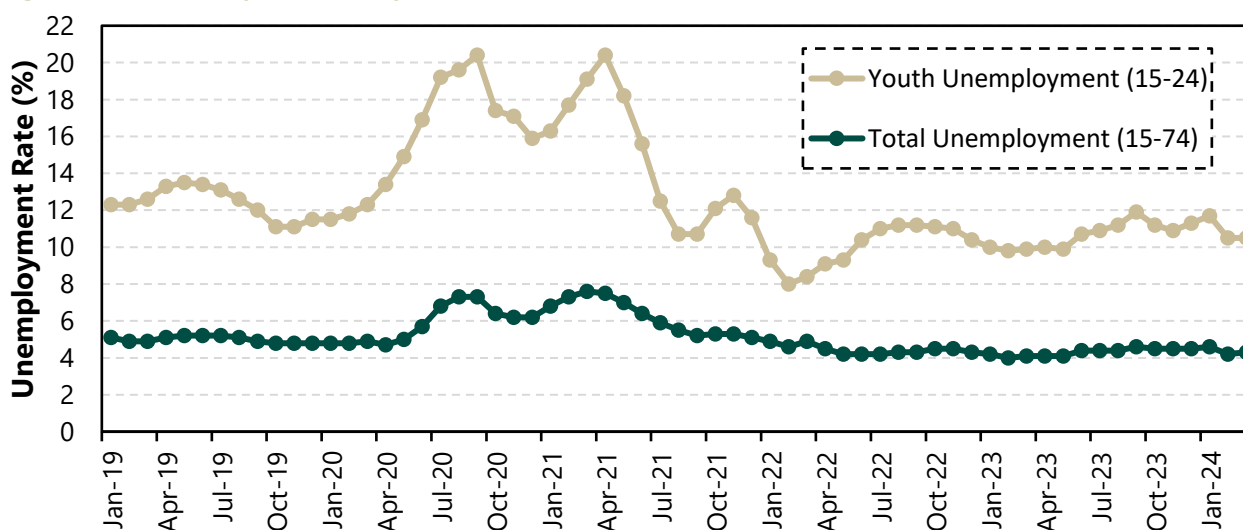
- The seasonally-adjusted monthly unemployment rate was 4.3 percent in March. It has been at full employment since January 2022, over two years.
- As of the Q4 2023 the seasonally adjusted quarterly unemployment rate was 4.5 percent, a quarterly increase of 0.1 percentage point.

According to the CSO’s seasonally-adjusted monthly estimate, the unemployment rate for March 2024 was 4.3 percent, 0.1 percentage point higher than the previous month, and up from a low of 4 percent in February 2023, as illustrated in Figure 10. The rate for males was 4 percent, and 4.6 percent for females. Notably, the seasonally adjusted unemployment rate has been between 4 and 5 percent since January 2022, the rate conventionally considered to be full employment in Ireland.

The Q4 2023 Labour Force Survey recorded seasonally adjusted unemployment rates of 4.5 percent overall (unchanged from the previous quarter), 4.4 percent for males (-0.2 percentage points from Q3 2023) and 4.7 percent for females (+0.4 percentage points from Q3 2023). Annually, the unadjusted quarterly unemployment rate rose by 0.1 percentage point for both the overall and male rates, to 4.2 percent and 4.1 percent respectively, and it remained unchanged for females at 4.3 percent.

The monthly youth unemployment rate reached 10.5 percent in March 2024. It has varied from highs of 20.5 percent in April 2021 and lows of 8 percent in February 2022. The latest data from the CSO’s Quarterly Labour Force Survey shows that the youth unemployment rate stood at 9.4 percent in Q4 2023, down from 12 percent in the previous quarter.

Figure 10: Monthly Unemployment Rates - Jan 2019 to March 2024



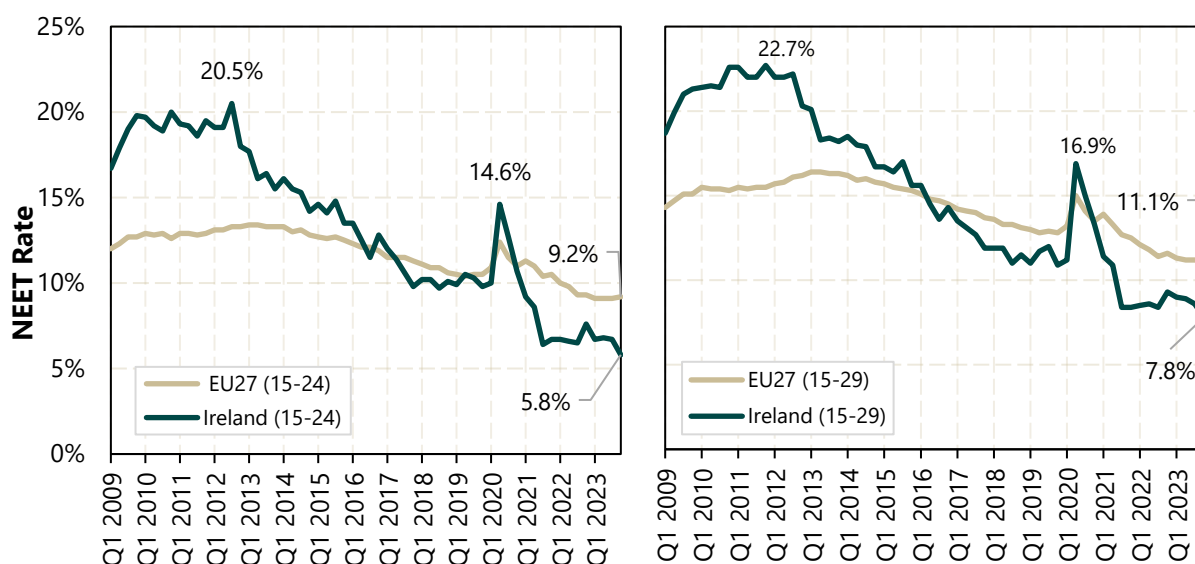
Source: CSO MUR (figures are subject to revision) Note: Figures show monthly estimates, based on ILO definitions, which form a lower-bound estimate over the pandemic period. Covid-adjusted figures are excluded.

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

- The proportion of people not in education, employment or training is at the series low of 5.8 percent and 7.8 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) is at a series low, and substantially below pre-pandemic levels. In the last quarter, the number of NEETs declined by 0.9 percent and 0.8 percent in the 15-24 years old and 15-29-year-olds, respectively.

Figure 11: EU Comparison of NEET rates Q1 2009 – Q4 2023 (Ages 15-24- and 15–29)



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

Continued positive performance in respect of the NEET rate, aligns with other economic outcomes for young people; the unemployment rate for those aged under 25 stands at 9.4 percent, and the employment rate for this group has increased from 46.4 percent to 48.5 percent over the last year.

It should be noted that while the NEET rate overall is very positive, there can be variations among different sub-groups. In this regard, 15- to 29-year-olds residing in Ireland from non-EU countries had a 2.6pp higher NEET rate than the same age cohort of Irish citizens, in 2022 (latest available data).²

² [Statistics | Eurostat \(europa.eu\)](https://ec.europa.eu/eurostat)

3.4 Labour Market Participation

- The total labour force increased to over 2.82 million people, as of Q4 2023.
- The labour market participation rate decreased by 0.5 percentage points to 65.4 percent from Q3 to Q4 2023.
- In Q4 2023, It stood at 70.6 percent for males and 60.4 percent for females.

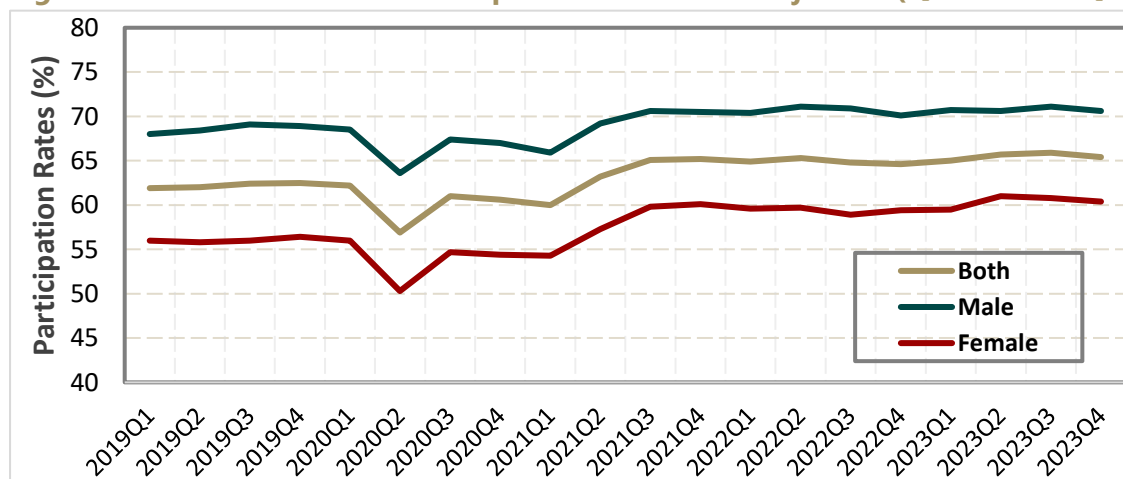
As of Q4 2023 the total labour force stood at 2.82 million people, which is an increase of 94,700 (+3.5 percent) compared with the previous year, but largely unchanged from the previous quarter, with 2,100 fewer people (-0.1 percent) than Q3 2023.

On a seasonally adjusted basis, participation rate was 65.6 percent in Q4 2023, down (-0.1 percentage points) from 65.7 percent in Q3 2023. This quarterly decrease may indicate a moderation in economic activity. Though notably the Q4 2023 rate is only 1.1 percentage points below the series high of 66.7 percent, when many consider the economy to have been overheating. The non-adjusted participation rate, shown in Figure 12, stood at 65.4 percent, an annual increase of 0.8 percentage points, which is also high by historical standards.

Growth rates for the male and female participation rate has differed. Annually, as of Q4 2023, the non-adjusted participation rate for males increased by 0.5 percentage points to 70.6 percent and increased by 1 percentage point to 60.4 percent for females. The female participation rate is among the highest levels on record, and the general trend of increasing female participation since the COVID-19 pandemic has continued.

On a quarterly basis, the male participation rate has decreased from 71.1 percent to 70.6 percent, and 60.8 percent to 60.4 percent in Q4 2023. The gender gap in the participation rate, therefore, stands at 10.2 percentage points as of Q4 2023, down slightly from 10.3 percentage points in Q3 2023. Notably, the current level is only slightly above the record low of 9.6 percentage points in Q2 2023.

Figure 12: Labour Market Participation Rates - Unadjusted (Q1 2019 – Q4 2023)

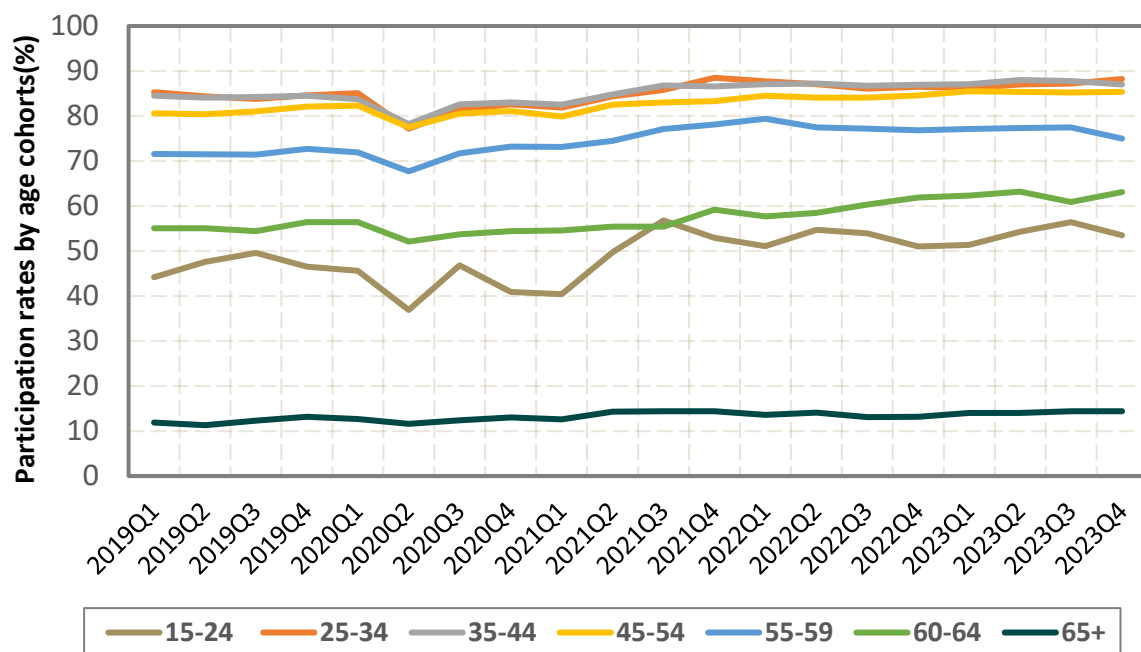


Source: CSO LFS (figures are subject to revision). Note: Participation rate refers to those aged 15 years and older.

The participation rate by age cohort is illustrated in Figure 13. It shows the increase in participation since the easing of public health restrictions introduced to inhibit the spread of the COVID-19 virus. It also shows that, on an annual basis, the participation rate for each cohort increased from Q4 2022 to Q4 2023 except for the 55-59 age group, which fell by 1.8 percentage points. The 15-24 age group experienced the largest annual growth in participation rate, with an increase of 2.5 percentage points, followed by the 25-34 cohort (+1.7 percentage points). The 60-64 and 65 and over groups both increased annually by 1.2 percentage points, standing at 63.1 and 14.4 percent respectively.

Similarly, most age cohorts' participation rates increased from Q3 to Q4 2023. The participation rate increased by 3.1 percentage points for the 15-24 cohort, again the largest increase. The participation rate for the 60-64 cohort increased 2.2 percentage points, while remaining stable for the 65 and older cohort over the same period. The 55-59 cohort experienced the largest quarterly decline of 2.5 percentage points in its participation rate as well as in its employment rate (-3.4 percentage points) from Q3 to Q4 2023. The participation rate also fell for the 35-44 age group (-0.8 percentage points).

Figure 13: Labour market participation rates by age – Not Seasonally Adjusted (2019Q1– 2023Q4)



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

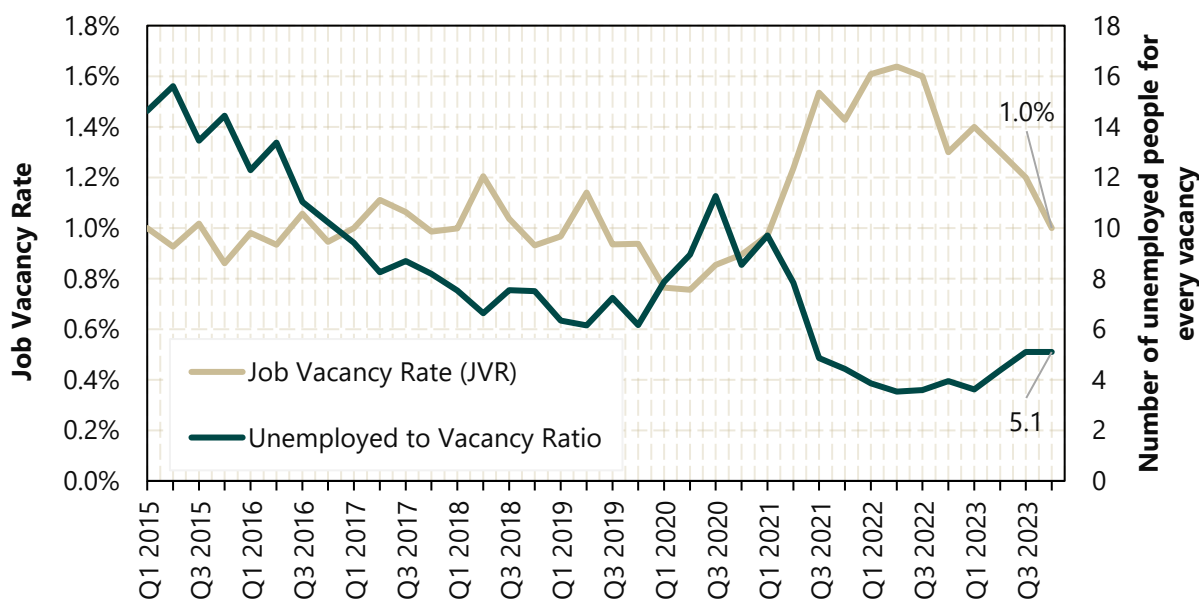
3.5 Vacancies

- The job vacancy rate in Q4 2023 was 1 percent, 0.3 percentage points below Q4 2022.
- The ratio between the unemployment rate to job vacancy rate is returning to pre-pandemic levels, which may suggest a normalisation of labour market matching.

According to the CSO, the job vacancy rate³, peaked in Q2 2022, at 1.6 percent, after which it has trended broadly downwards, standing at 1 percent as of Q4 2023. The number of job vacancies was 23,100 in Q4 2023, 2,400 fewer than in Q3 2023.

The Unemployed to Vacancy Ratio stood at 5.1 in Q4 2023. It remained unchanged since Q3 2023, as both the number of vacancies and the number of unemployed people reduced by 9.4 percent. The number of unemployed people was 117,700, a 12,200 reduction from the previous quarter.

Figure 14: Trends in the Job Vacancy Rate, and no. of unemployed persons to job vacancy ratio, Q1 2015 to Q4 2023.

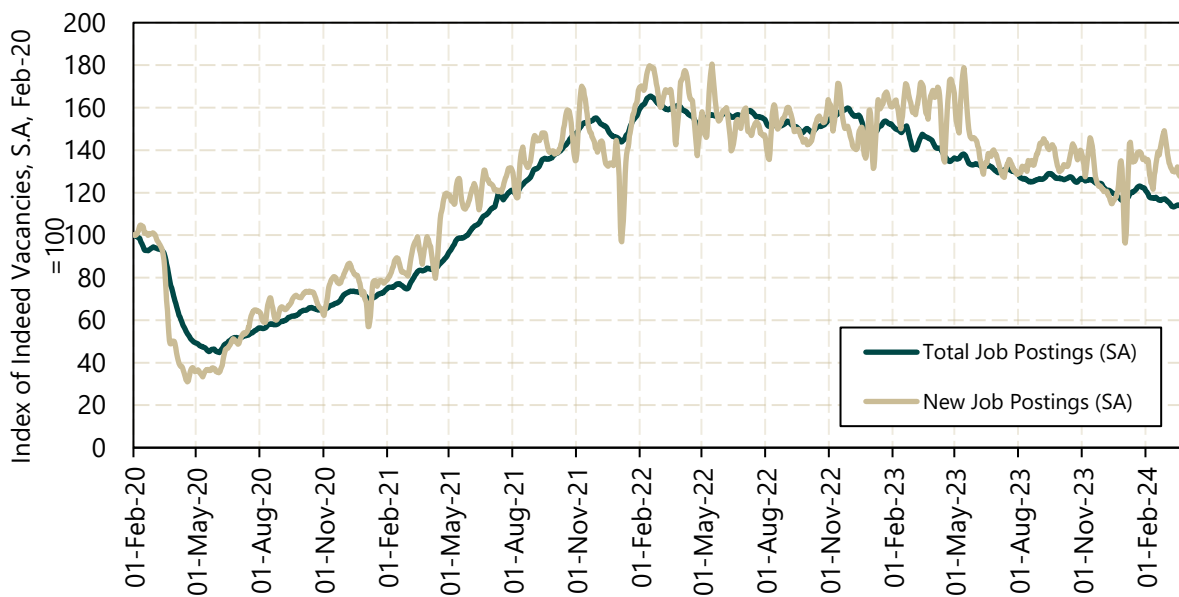


Source: CSO EHECS and author's calculations (figures are subject to revision).

An alternative, higher frequency, series of vacancy data for Ireland published by the jobsite *Indeed* which shows that total posted vacancies has been declining since February 2022 (albeit with some fluctuations). The indexed rate peaked at 168.42 in February 2022 falling to 113.87 in late March 2024. Similarly, a decline in the number of new job postings is also being observed, although more recent, falling from 178.9 in mid-May 2023 to a rate of 127.66 in late March 2024.

³ The job vacancy rate (JVR) measures the proportion of total posts that are vacant, expressed as a percentage as follows: $JVR = \frac{\text{Number of job vacancies}}{\text{Number of occupied jobs} + \text{Number of job vacancies}} * 100$

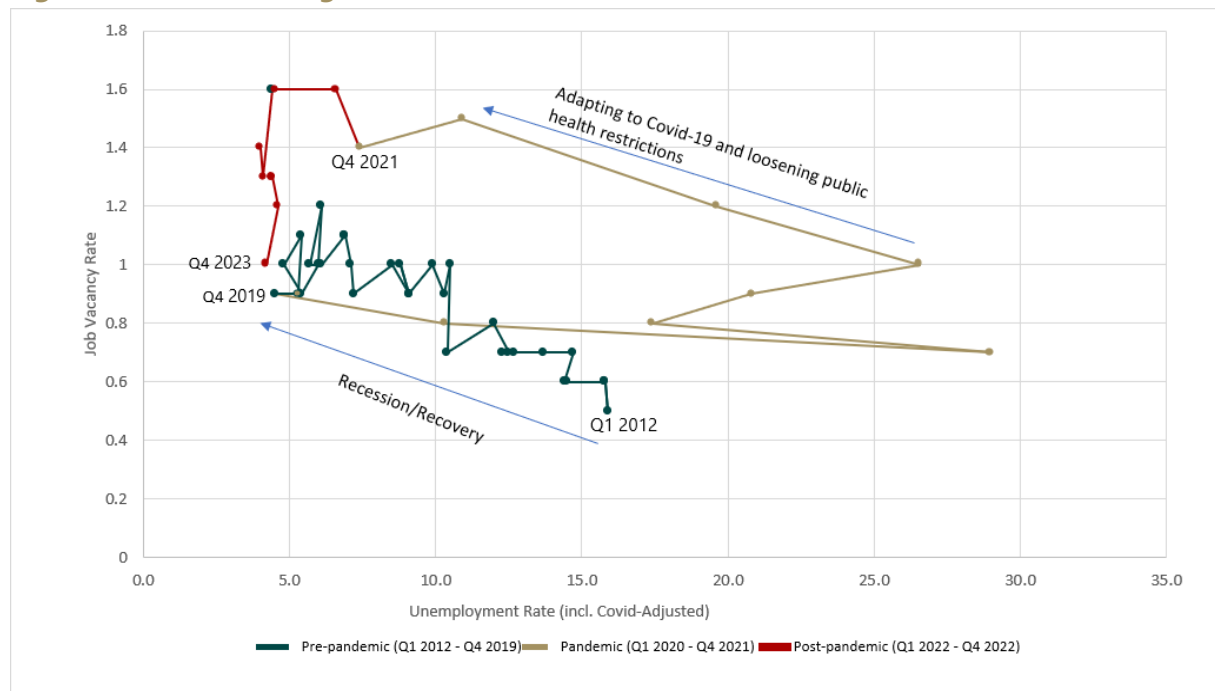
Figure 15: Indeed.com job posting advertisement levels Index (1st Feb 2020- 22nd Mar 24)



Source: [Indeed.com](https://www.indeed.com) (figures are subject to revision). Indeed reports on the % change in seasonally-adjusted postings since February 1, 2020 for total job postings and new jobs postings (on Indeed for 7 days or fewer).

This data, and the Beveridge Curve,⁴ below, would imply a normalisation of labour supply and demand. Since the pandemic, the curve has returned to the near where it was in 2019 (bottom left position), indicating less evidence of excess demand, and more efficient labour market matching.

Figure 16: The Beveridge Curve, Q1 2012 to Q4 2023

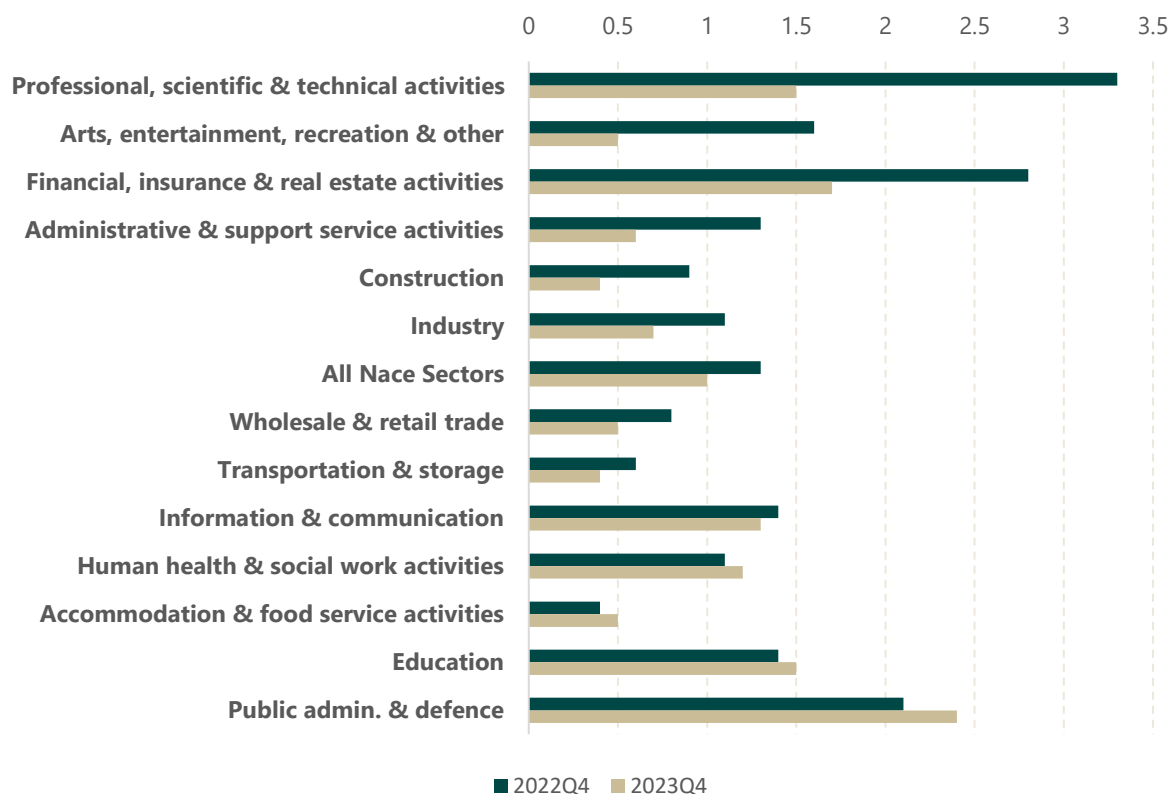


Source: CSO LFS (+COVID-19 adjusted figures), EHECS (figures are subject to revision).

⁴ For further details on the interpretation of the Beveridge Curve see previous Labour Market Updates.

In the last year, the vacancy rate of most sectors of the economy declined, with Professional, Scientific & Technical activities (-1.8pp), Arts, Entertainment, Recreation & Other (-1.1pp), and Financial, Insurance & Real Estate activities (-1.1pp) experiencing the most substantial decreases. The sectors that experienced vacancy rate growth were: Public Administration & Defence (0.3pp), Education (0.1pp) and Accommodation & Food (0.1pp).

Figure 17 Vacancy Rate by Sector, Q4 2022 – Q4 2023



Source: CSO EHECS

According to the SOLAS report on the Difficult-to-fill vacancies survey conducted in November 2023, Irish recruitment agencies reported that 41 percent of the difficult-fill-vacancies are found in the Science, Engineering & Technology Sectors, 31 percent in Construction, 11 percent in Transport & Logistics, 7 percent in the Financial Sector, and 5 percent in Health.

Tightness in the labour market and skills shortages are, in part, addressed through the issuance of permits. There were 9,832 employment permits issued, as of end-March 2024. This compares with 30,981 and 39,955 over the course of 2023 and 2022, respectively. The sectors with the most permits issued so far in 2024 were Health & Social Work with 3,731 (37.9 percent of all permits), Information & Communication with 1,701 permits (17.3 percent) and Agriculture, Forestry & Fishing with 1,002 permits (10.2 percent).

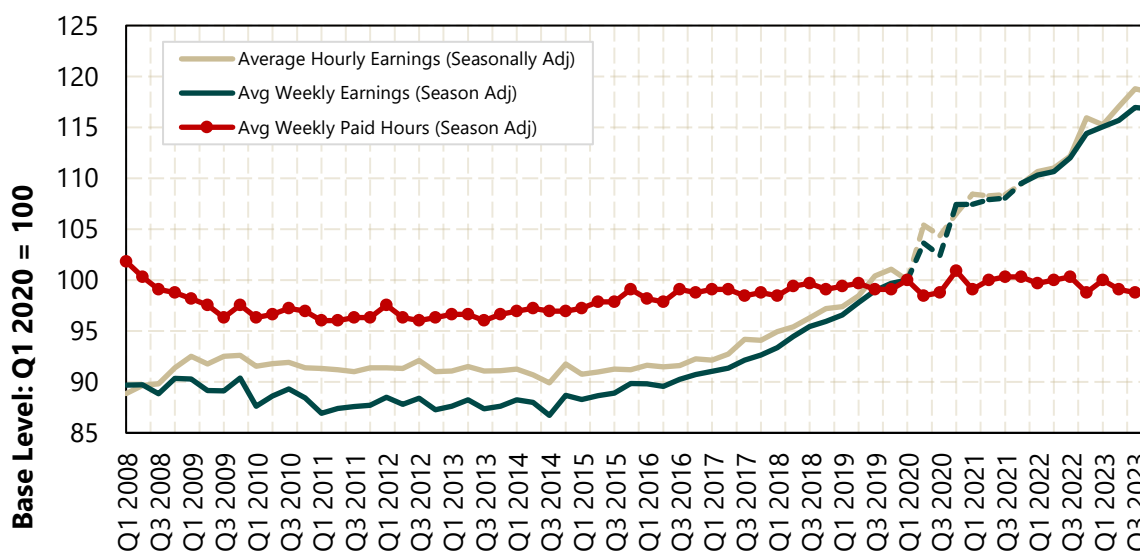
3.6 Earnings and Real Wages

- Inflation (HICP) has been reducing since its peak of 9.6 percent in June 2022. As of February 2024, it stood at 2.3 percent, with a March flash estimate of 1.7 percent.
- Eurozone inflation stands at 2.6 percent, still slightly above the 2 percent target.
- Nominal hourly earnings, in Q4 2023, were €26.86; growth rates have abated after rising considerably from Q4 2021.

Figure 18 below shows the relative percentage change in average hourly earnings, average weekly earnings, and average weekly paid hours between Q1 2008 and Q4 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 average hourly and weekly earnings and average 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.

The average hourly and weekly earnings, seasonally-adjusted, stood at €28.47 and € 921.08, respectively, in Q4 2023. This is broadly similar to the previous quarter, with hourly earnings decreasing only by €0.10 or 0.4 percent, and weekly earnings by €1.24 or 0.1 percent. Both measures had a 2.1 percent increase over the last year. As highlighted by Figure 18 below the growth in average earnings has slowed down.

Figure 18: Comparison of relative change in Ireland’s seasonally-adjusted average hourly and weekly earnings (incl. irregulars) , and average weekly paid hours (Q1 2020 = 100).

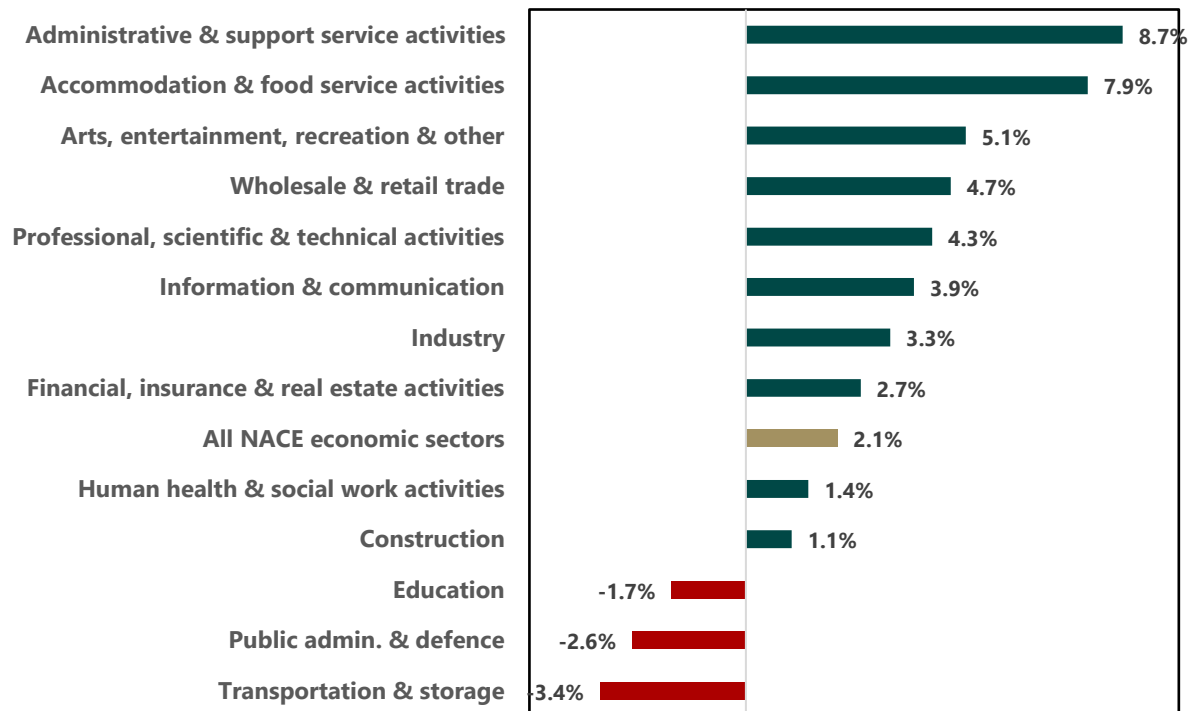


Source: CSO EHECS, CPM and author’s calculations (figures are subject to revision). Note: Dashed lines for earnings over the COVID-19 period should be interpreted cautiously.

Note: Average Hourly Earnings include Irregular Earnings, which are “bonuses which are not paid regularly at each pay period e.g. annual productivity bonuses” (CSO). Previous versions on the labour market update excluded irregular earnings. Average Weekly earnings in the Labour Market Update, have previously, and continue to include irregular earnings.

Figure 19, below, shows the percentage change in seasonally-adjusted average hourly earnings over the past year by sector, between Q4 2022 and Q4 2023. Moderate growth rates were observed over the last year, with the overall sectors growing by 2.1 percent. The highest rates of earnings growth, over the last year, were observed in Administrative & Support (8.7%), Accommodation & Food (7.9%), and Arts, Entertainment, Recreation & Other (5.1%). Average hourly earnings reduced in Education (-1.7%), Public Administration & Defence (-2.6%), and Transportation & Storage (-3.4%).

Figure 19: Percent change in Average Hourly Earnings by Sector, Q4 2022 – Q4 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.

The graph below depicts the changes in nominal and real hourly earnings since Q4 2009, as well as the inflation (annualised HICP) and earnings growth trends.

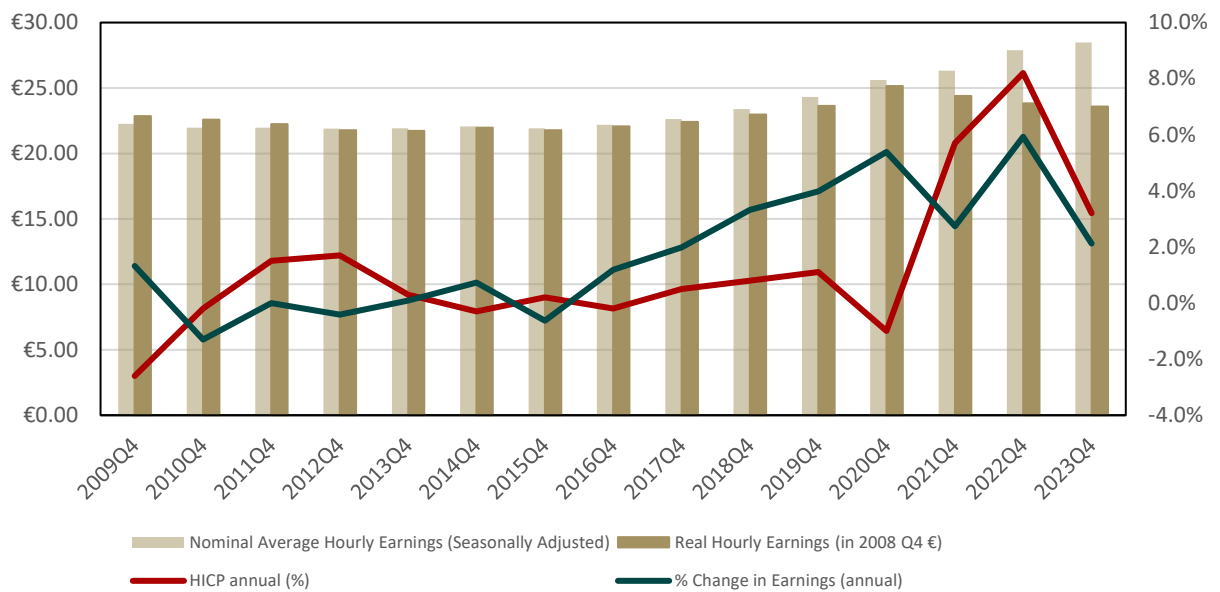
Ireland has been in full-employment since January 2022. This period has been accompanied by high levels of inflation and record high growth in earnings. Concerns had arisen surrounding the sustainability of such growth and a possible wage-price spiral.

The recent abatement in earnings growth and the progressive decline in HICP may signal a 'soft-landing' following a period of substantial economic growth. Annualised Inflation (HICP) continues to subside and stood at 2.3 percent, in February 2024. This is below the eurozone inflation of 2.6 percent in the same period, and above the 2 percent target.

With both HICP and growth in nominal earnings declining recently, real wages have remained,

broadly speaking, the same, reducing by 1.1 percent or €0.26 in the last year⁵.

Figure 20: Real and nominal hourly earnings Q4 2009 to Q4 2023



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

⁵ Given inflation is forecast to fall, whilst the labour market outlook remains positive, it is reasonable to expect real wage growth to resume.

4. Spotlight: Lone Parents

The following section uses Labour Force Survey data, requested from the CSO, to look at trends in employment for lone parents since 2019. DSP administrative data is linked with Revenue API data to examine the extent of employment undertaken by lone parents in receipt of One Parent Family Payment and Jobseeker's Transition payments, the two specific DSP income supports for lone parents. Finally, the income distribution and income composition of lone parents is outlined, using, both requested and published, Survey on Income and Living Condition data. This spotlight is part of a series examining outcomes for groups which may face disadvantages in the labour market.

It should be noted that data on key issues, such as the age and number of children and availability of childcare among others, for lone parents in employment is not available for this paper. The intention of the paper is to provide the evidence that is available on the take-up of employment of lone parents, in the context of the *Pathways to Work 2021 – 2025* commitment to increase the employment rate of lone parents from the average of 63 percent in 2019 to 74 percent by 2025.

4.1 A Profile of Lone Parents

- According to CSO Labour Force Survey data for Q3, 2023, there were 139,500 lone parents in Ireland, of which 85 percent were female.
- Lone Parent families make up 4.1 percent of all households.

Lone parents in this section are defined as single parents with at least one child under the age of 15. In Q3 2023, lone parent households accounted for 4.1 percent (139,500) of all households. Parents living with partners accounted for 26.9 percent of households (922,310).

As of Q3 2023 the CSO reported of the 139,500 lone parents, some 21,400 (or 15 percent) were male and 118,100 (or 85 percent) females.

4.2 Employment Trends for Lone Parents

- The employment rate of lone parents stood at 66.2 percent in Q3 2023, up 4.6 pp from Q3, 2019.
- The employment rate of male lone parents is substantially above that of female lone parents (on average, a 21.2 pp difference per quarter, in the past four years).
- While the employment rate for lone parents has recovered from, and increased since, the COVID-19 pandemic, the increase (+1.6 pp) has not matched the level of increase seen in other cohorts, such as females overall (+4 pp), or couples with children (+3.2pp).

The following section examines trends in employment for lone parents with children aged under 15 over the period Q1 2019 to Q3 2023 and compares these results with outcomes for other parents (that is, couples with children under the age of 15), and with women (given that the vast majority of lone parents are women).

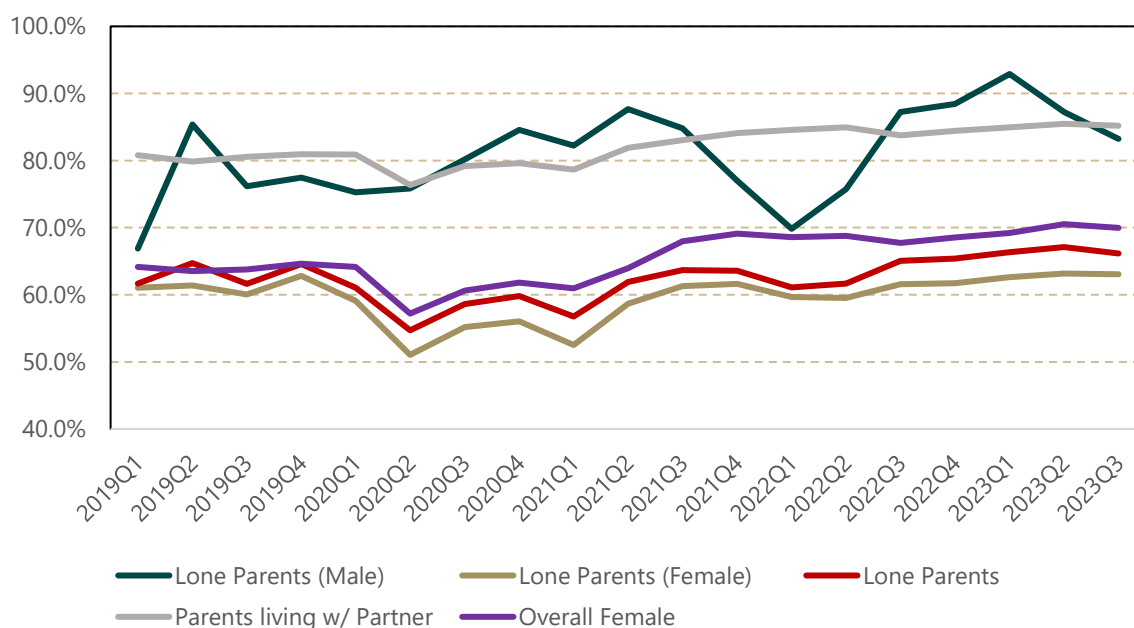
Figure 21 below shows the employment rate trends of relevant groups between Q1 2019 and Q3 2023. In Q3 2023, the employment rate of lone parents stood at 66.2 percent or 92,300 lone parents in employment (74,500 female). From Q3 2019 to Q3 2023, lone parent employment had an increase of 4.6 percentage points or 7.4 percent. Between Q3 2022 and Q3 2023, this rate grew by 1.1 percentage points and it reduced from the previous quarter by 0.9 percentage points or by 1.4 percent (although it should be noted that the data is not seasonally adjusted).

The employment rate of male and female lone parents was 83.2 percent and 63.1 percent, respectively, in Q3 2023. Notably, the employment rate for male lone parents shows signs of high volatility (see Figure 21); however, this could be due to the smaller sample size. Nevertheless, this accentuated percentage point difference in employment between genders has been consistent throughout the quarters considered, with a 21.4 percentage point difference, on average, since Q1 2019. Moreover, between Q3 2019 and Q3 2023, the employment rate 3 and 7.1 percentage points for female and male lone parents, respectively.

Notably, the lone parent employment rate and female overall employment rate stood at similar levels in Q4 2019, pre-pandemic, at 64.6 percent and 64.7 percent, respectively. However, with the onset of the pandemic, female lone parents, in particular, had a more pronounced drop in employment than females overall, a reduction of 11.8 percentage points, compared to a decreased of 7.5 percentage points, between Q4 2019 and Q2 2020. Additionally, during the recovery period, employment growth was more accentuated for females overall, than for female lone parents, an increase of 1.6 percentage points, and 4 percentage points, respectively from Q3 2019 to Q3 2022.

Lone parents and couples with children exhibit, broadly speaking, similar employment trends. A drop in the employment rate for both groups was observed during the COVID-19 pandemic. However, lone parents, between Q4 2019 and Q2 2020, saw a reduction in their employment rate of 11.8 percentage points, while couples with children had a considerably more modest reduction of 4.6 percentage points. Over the Q3 2019 to Q3 2022 period, as mentioned above, lone parents had an increase of 1.6 percentage points in employment, while couples with children had a 3.2 percentage point improvement.

Figure 21: Employment Rates, Q1 2019 to Q3 2023



Source: CSO (figures are subject to revision).

4.3 Lone Parents and Social Protection Income Supports

- At end January 2024, some 87,700 lone parents were in receipt of income supports such as c.38,400 recipients of only One-Parent Family Payment (OFP), c.20,400 recipients of only Jobseeker’s Transitional Payment (JST), c.5,900 recipients of both OFP and Working Family Payment (WFP), and c.23,000 recipients of WFP only.
- Of those in receipt of OFP or JST in Q4 2023, 42 percent of OFP and 52 percent of JST recipients have evidence of employment, using data from the Revenue API. All those in receipt of Working Family Payment are in employment.
- In Q4 2023, OFP recipients with evidence of employment had average earnings of €260 per week, while JST recipients had average earnings of €272 per week. Over 80 percent of those in employment across both schemes were earning above the €165 earnings disregard.

The Department of Social Protection provides two main income supports targeted at lone parent families: One Parent Family Payment (OFP) and Jobseeker’s Transitional Payment (JST). The OFP scheme is for those whose youngest child is under 7⁶, while JST is for those whose youngest child is aged over 7 but under 14. In addition, Working Family Payment (WFP) is targeted toward low-earning working parents (whether lone parents or part of a couple) and

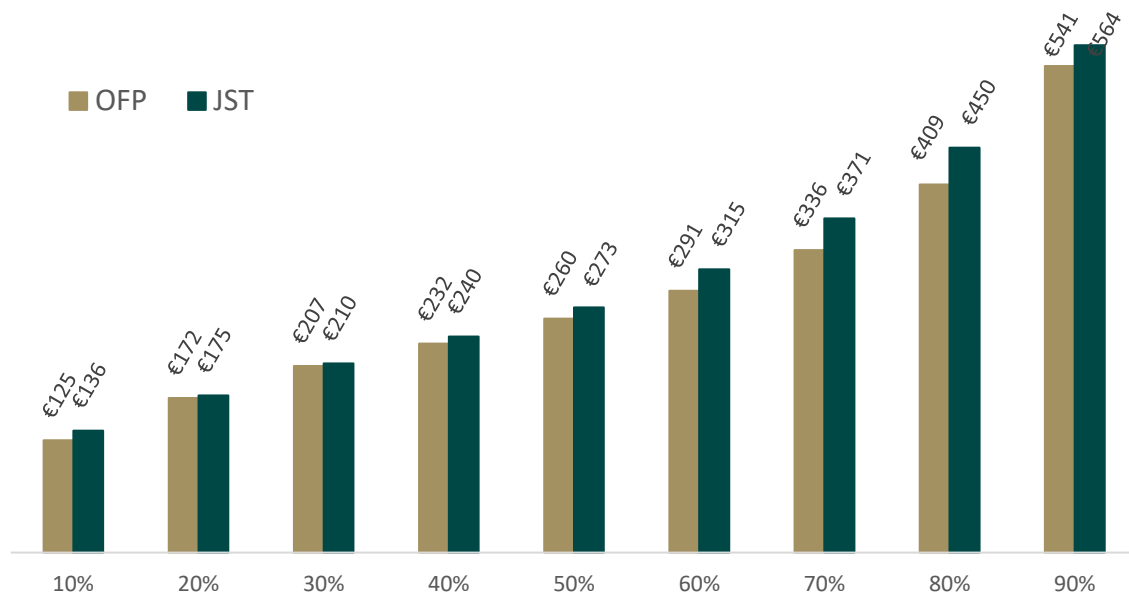
⁶ There are limited exceptions to this rule. See [here](#).

it is possible for a person to be in receipt of both OFP and the WFP. There was a total approximately 87,700 lone parents in receipt of income support at end January 2024, including c. 38,400 OFP-only recipients, c.20,400 JST-only recipients, c.23,000 WFP-only recipients, and a further c.5,900 recipients of both OFP and WFP.⁷ Of the approximately 23,000 WFP-only recipients, around 15,000 have at least one child under 15 with the remaining 8,000 recipients with their youngest child above 14 years of age. It should be noted that there are other income supports which lone parents may be in receipt of, such as Jobseeker’s Allowance, where the youngest child is aged 14 and over, or Disability Allowance, etc.

Both OFP and JST are social assistance payments with a means test, and an earnings disregard of €165 per week. The first €165 of earnings per week are disregarded in the means test, and half of any additional earnings are assessed as means. Though OFP and JST recipients are not required to seek employment, 42 and 52 percent of OFP and JST recipients respectively were in paid employment in Q4 2023.⁸

In Q4 2023, OFP recipients with evidence of employment had average earnings of €260 per week, while JST recipients had average earnings of €273 per week. Over 80 percent of those in employment in across both schemes were earning above the €165 earnings disregard. This translates to 34 and 43 percent of all OFP and JST recipients respectively earnings above the disregard. The earnings deciles for OFP and JST recipients in employment are shown in Figure 22 below.

Figure 22 Earnings deciles for OFP and JST recipients in employment, Q4 2023.



It was possible to match working OFP/JST recipients to their sector of employment. The share of OFP/JST employment and overall female employment by sector is shown in Figure 23 below.

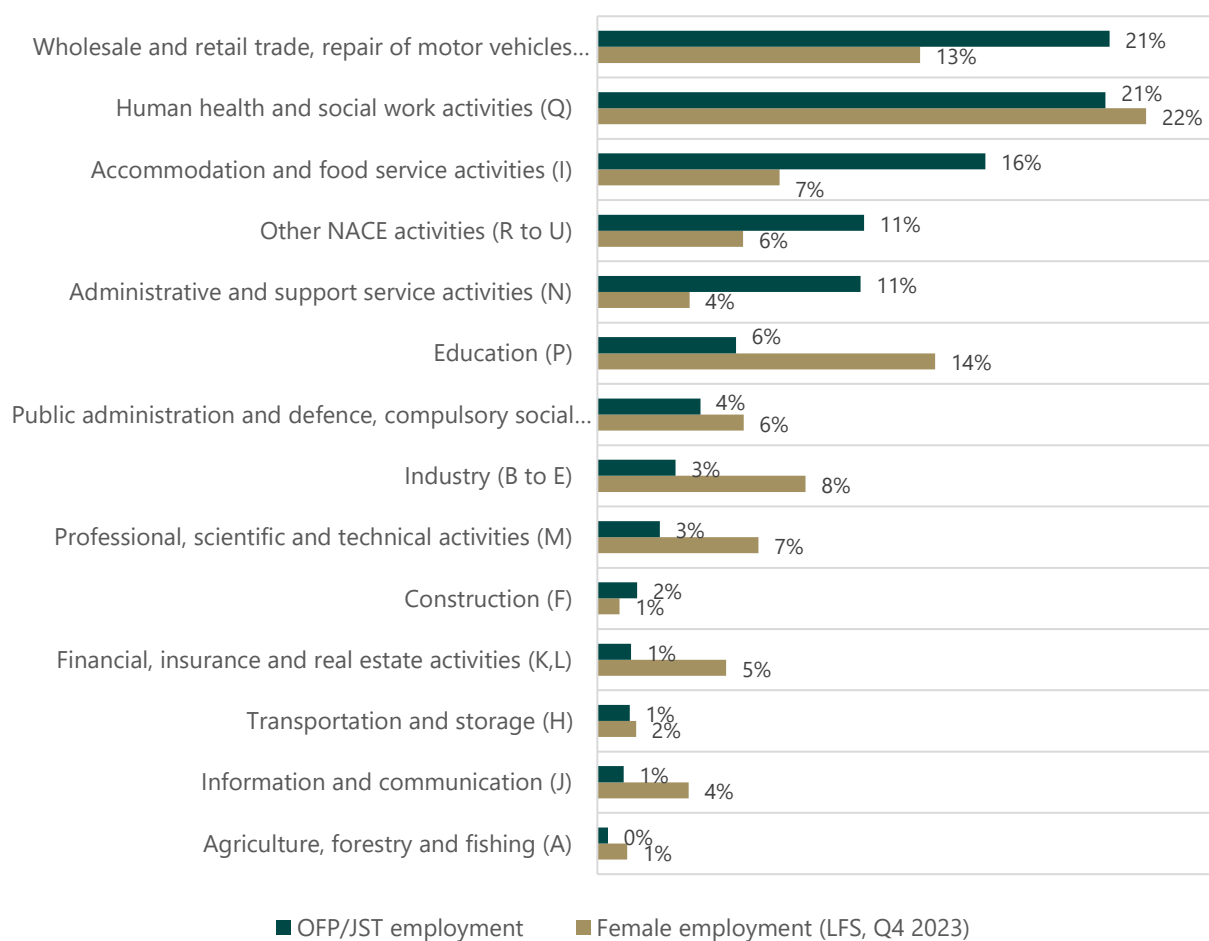
⁷ For WFP, lone parent status is inferred based on the absence of a partner component to their claim.

⁸ These OFP recipients include those also in receipt of WFP – approximately 34 percent of OFP recipients in employment (or 14 percent of all OFP recipients) were also in receipt of WFP.

The sectors in which the OFP/JST claimants were working did not differ much between the schemes. Females account for over 97% of OFP/JST recipients.

Although it appears, for example, that the share of OFP/JST and female employment is similar for the Health/social work sector, earnings for OFP/JST recipients in this sector, median weekly earnings were €300 in Q4 2023, whereas median weekly earnings for all females in this sector was €690 in 2022.⁹ Given OFP and JST are means-tested payments, it is not surprising that earnings would be lower for recipients compared to workers in general. It is worth noting too that though a high share of OFP/JST recipients were working in the Health sector, these jobs were mainly in the childcare, social work, and residential care sectors, where earnings would be lower than the more clinical side of the Health/social work sector.

Figure 23: Share of female vs OFP/JST employment by NACE sector, Q4 2023.



⁹ CSO PxStat table NSA85. Earnings breakdowns by sector and gender are not available for 2023.

4.4 Lone Parents and Income – Distribution and Composition

- The CSO reported that over 75 percent of lone parents were in the bottom five income deciles, in 2022.
- In 2022, the weekly disposable income of lone parents stood at €468, up by 25.1 percent, since 2019, with the share of social transfers reducing from 41.9 percent to 37.8 percent, within the same period.
- The at risk of poverty rate for lone parents stood at 19.2 percent in 2022. Without social transfers it would have been 72.3 percent.

The analysis also uses SILC data to examine income and poverty rates for lone parents with children under the age of 25 or under the age of 18, as published (or requested).

Firstly, it is notable that lone parent households are disproportionately represented on the lower end of the income distribution (Table 2). Over 75 percent of one-parent families are placed in the bottom five deciles (with an income less than €528.88), compared to 50 percent of the overall population.

Table 2: Net disposable equivalised income deciles, SILC 2023 (income relates to 2022)

Decile	Weekly threshold (€)	Lone parent with at least one child aged less than 25	Couple with at least one child aged less than 25
1	< 313.53	15%	10%
2	< 362.25	14%	10%
3	< 420.25	18%	9%
4	<472.66	14%	11%
5	< 528.88	14%	10%
6	< 596.05	9%	12%
7	< 680.40	6%	10%
8	<775.53	3%	11%
9	<949.03	3%	10%
10	≥949.03	3%	8%
		100%	100%

Source: SILC, 2023; SIA194

The twin graphs below show the income composition of lone parents, on the left, and of the overall population, on the right, between 2019 and 2022, from the SILC 202 releases and data requested to the CSO.

Notably, the share of income from social transfers, defined as cash benefits received from local and State government, is higher in lone parents, with higher shares of direct income (such as income from employment) being more prevalent in the general population. In 2022, 37.8 percent of income in lone parents came from social transfers, compared to 12.7 percent for the population as a whole. Since 2019, lone parents reduced the share of income coming from

social transfers by 4.1pp, compared to a 0.7 pp reduction in the population as a whole. Additionally, weekly disposable income increased by 25.1 percent for lone parents, from 374€ to 468€, over the three year period, compared to 15.3 percent for the population as a whole, from 745€ to 887€.

Figure 24 Income Composition of Lone Parents

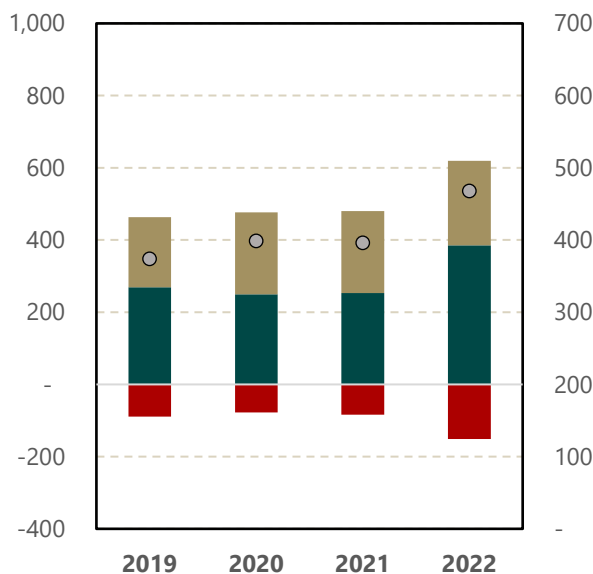
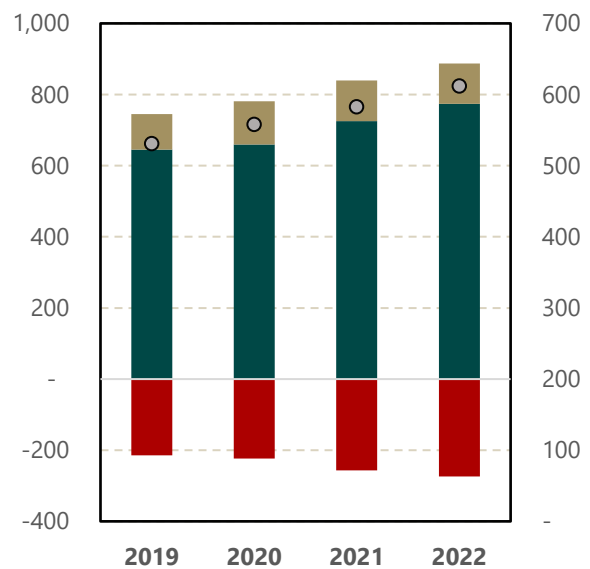


Figure 25 Income Composition of Overall Population



- Tax and social contributions: weekly equivalised total Tax and social contributions
- Social Transfer: weekly equivalised total benefits income
- Direct Income: weekly equivalised total direct income
- Weekly equivalent disposable income

Source: SILC, 2023

Looking at changes in income over the past couple years, Table 3 below shows that over the 2020 to 2021 period, the overall population saw real income increases of 2.1 percent, followed by a -4.6 percent drop between 2021 and 2022. Notably, the trajectory for lone parents is the opposite, as median real income decreased by -3.9 percent, from 2020 to 2021, and then grew 8.1 percent, between 2021 and 2022. This is likely a consequence of the impact of the income-insulating effects of the Pandemic Unemployment Payment (PUP) during the pandemic. A larger proportion of the income of households on the lower end of the income distribution, of which lone parent households are disproportionately represented, was preserved following the introduction of the PUP. This impact has been discussed in previous Labour Market Updates.

Table 3: Mean/Median Equivalised Real Disposable Income by Household Type

Equivalised Real Disposable Income	Reference Year				% Change	
	2019	2020	2021	2022	2020-2021	2021-2022
Median (€)						
Overall Population	24,079	25,793	26,324	25,101	2.1%	-4.6%
Lone parent w/ at least one child < 25	18,141	19,867	19,096	20,670	-3.9%	8.2%
Couple w/ at least one child < 25	24,860	26,700	26,628	25,131	-0.3%	-5.6%
Mean (€)						
Overall Population	27,700	29,216	29,829	29,049	2.1%	-2.6%
Lone parent w/ at least one child < 25	21,560	21,901	21,305	22,687	-2.7%	6.5%
Couple w/ at least one child < 25	27,560	29,691	30,232	28,268	1.8%	-6.5%

Source: SILC, 2023 Note: Years refer to the reference year of the data, not the year of the release, which typically is one year after the reference year.

Correlated with the lower incomes of lone parent households, at risk of poverty rates for lone parents are substantially higher than for households with couples or the overall population.

In 2022, the at risk of poverty rate in one-parent families stood at 19.2 percent. Without social transfers, this rate would have been 72.3 percent, (+53.1pp), and 24.7 percent (+5.5pp) without the cost of living measures, introduced due to the high inflation rate.

The overall population and two parent households also benefit from social transfers, however, with a comparatively smaller impact to the at risk of poverty rate, a 23.5pp and 12.5pp reduction, respectively. Additionally, the cost-of-living measures reduced the at risk of poverty in the general population by 2.4pp and in 1pp in two parent households.

Considering the above-mentioned figures on the income composition of lone parents, and as highlighted by Table 4, the role that social transfers play in effectively reducing the at risk of poverty for this group is apparent, as well as the continued importance of the *Pathways to Work* target to increase the employment rate of lone parents to increase the level of direct income.

Table 4: Impact of Social Transfers and Cost of Living Measures on At Risk of Poverty Rates, SILC 2023

At risk of poverty rate	Including ST& CLMs	Excluding ST	Excluding CLMs
1 adult, with children under 18 years	19.2%	72.3%	24.7%
2 adults, with 1-3 children under 18 years	14.2%	26.7%	15.2%
General Population	10.6%	34.1%	13%

Source: SILC, 2023

5. Economic Outlook

The Irish labour market has been performing at historically strong levels. It has been operating at full employment, with an unemployment rate between 4 and 5 percent, for over two years. Additionally, in each successive quarter of 2023, new records in terms of the number of people in employment were achieved. In light of this, and as a consequence of broader macro-economic trends, labour market forecasts by leading institutions remains positive, as shown in Figure 26.

Both the ESRI and the Central Bank of Ireland (CBI) expect the unemployment rate to remain low in 2024 and to reduce in 2025. They both also expect further increases in employment levels of 1.6 percent in 2024, with continued increases in 2025 (0.4 percent from the ESRI and 1.5 percent from the CBI).

Overall economic growth is also forecast to remain positive in 2024 and 2025. Gross Domestic Product (GDP) for Ireland in 2023 experienced a contraction, led mainly by declines in exports of pharmaceutical products and reductions in contract manufacturing activity. These dynamics did not, however, lead to a contraction in the domestic economy, measured by Modified Domestic Demand. While the European Commission and OECD expect higher world trade growth in 2024, than in 2023, the OECD has suggested that recent data points to this benefitting electronic/semi-conductor production in Asia and car production generally, so not necessarily benefitting Irish exports. The CBI and ESRI, however, expect exports to increase by at least 3 percent in 2024. The labour market impacts of this export growth are uncertain and may well affect sectors asymmetrically.

Notably, the Manufacturing Purchasing Managers' Index (PMI), has been negative in nine of the twelve months to March 2024, including its latest reading of 49.6.¹⁰ Expectations for annual growth in Manufacturing PMI have decreased and are the lowest since October 2020.

The CBI and European Commission expect inflation in Ireland to come in close to the European Central Bank's two percent target in 2024 and 2025. The Commission forecasts inflation of 2.2 percent in 2024 and 1.9 percent in 2025. The CBI has slightly lower forecasts of 2 percent in 2024 and 1.8 percent in 2025. As suggested in the previous version of this paper, much of the recent drop in inflation is attributed to reduction in wholesale energy prices being passed on to consumers. The CBI expects the downward trend of inflation to translate to real wage growth by the end of 2024.

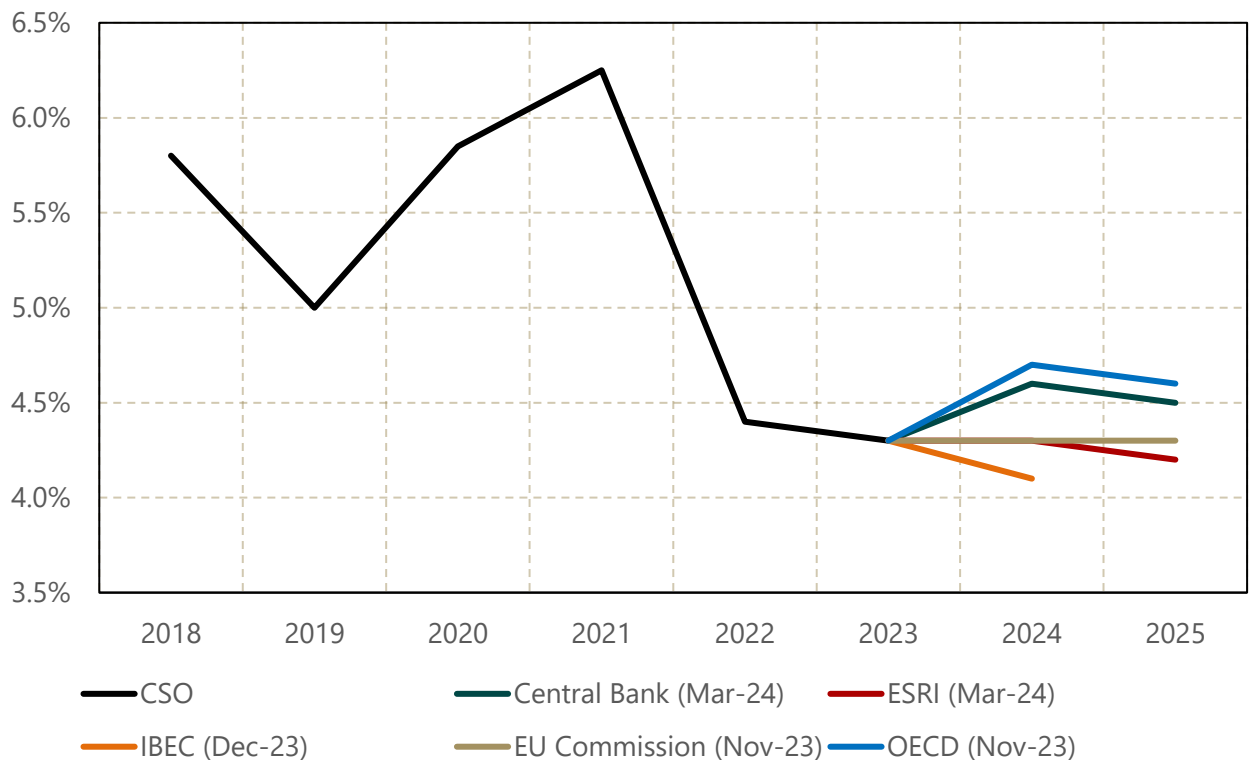
This positive outlook is also reflected in consumer sentiment with the Consumer Sentiment Index published by the Irish League of Credit Unions standing at 70.2 in February 2024. Since the onset of the war in Ukraine, this is the second highest level of reported consumer sentiment. The uptick in consumer sentiment comes at a time when inflation is subsiding,

¹⁰ [AIB Manufacturing PMI](#)

annualised HICP in the same month being 2.3 percent (CSO), after the June 2022 peak of 9.6 percent.

Overall, according to the latest economic forecasts, the outlook for the broader Irish economy and labour market remains positive with both projected to perform well in 2024 and 2025, albeit at a moderate pace. The level of job vacancies and performance of the manufacturing sector should be followed closely as these may provide indications of future challenges in employment growth.

Figure 26: 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.