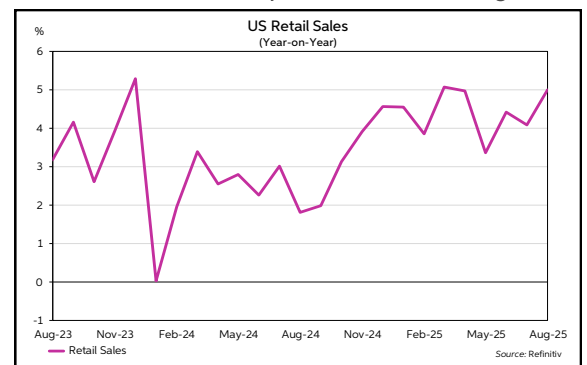


## Icy chill over the Irish jobs market?

- The recent exceptional growth in the Irish jobs market looks to have passed, but the apparent chilling in the labour market is more nuanced than the headline statistics suggest.** The latest labour force survey (LFS) for Q3 2025 shows employment rose by a marginal 0.1% in the quarter, and the annual growth rate decelerated to +1% y/y from +2.3% y/y in Q2, with nearly 31,000 jobs created in the past year. Total employment in Ireland is now over 2.8 million and has grown rapidly by 442,000 (+19%) since the beginning of the decade. While this recent softening in hiring growth has been well signalled by industry surveys, it is not being accompanied by net job losses, implying a preference of cautious hiring rather than firing by Irish firms.
- At a sectoral level, the out-turn was mixed. Of the 14 sub-sectors, nine expanded in the year to Q3 2025.** Annual growth was led by a sharp uptick in transport & storage (+16% y/y). Robust gains were also seen in Financial Services (+5%), Industry (+3%), and Education (+3%). The weakest performers were Information and Communications (-4%), accommodation & food (-4%), and public administration (-7%). Within the construction sector a notable trend is the continued pivot of the workforce to residential work (+8.5%) at the expense of other non-residential work (-12.4%).
- Unemployment remains historically low, but has been grinding higher, and reached 5% in Q3 on a seasonally adjusted basis.** That figure is a material revision higher from an initial estimate of 4.7% in the monthly unemployment releases in Q3, but this reflects revisions to growth to the population and labour force base rather than any underlying sharp deterioration in jobless figures. Indeed, the Live Register showed 166,000 people claiming unemployment benefits in October, a marginal increase of 2,000 (+1%) compared to the same period in 2024. Instead, it appears the pace of new hiring has slowed, as flagged in the AIB Irish PMI surveys, and this has made the labour market more challenging for new job seekers. Indeed, the number of jobless young workers (under 25 years) has ticked up to a greater extent than other age groups over the past year in both the LFS and the Live Register. This reflects strong population growth in this segment, alongside a potentially more challenging entry-level jobs market. AI could also be emerging as a feature, in line with emerging evidence internationally. Indeed, AI could be one of the key drivers of the sharp employment decline in the tech sector overall in Q3 2025.
- While the jobs data remain positive overall, there are clear signs that this cooling in hiring will continue.** The latest hiring data from recruitment website Indeed.ie suggest waning employer demand, with new job postings falling 7% y/y in mid-November. The AIB PMI employment surveys point to still-solid hiring activity in manufacturing, but services hiring growth has weakened (particularly in tech), alongside signs of caution on the outlook for the next 12 months. These lead indicators suggest the rapid growth in the jobs market over the past few years has now passed with annual employment growth likely to slow towards 2% for 2025, compared 2.7% in 2024 and 3.4% in 2023. We expect a further cooling to 1.5 -2% in the following years.
- Turning to the week ahead, the macro-data calendar is relatively sparse across the board.** In the US, the backlog owing to the government shutdown continues to impact data releases, in what is a holiday-shortened week due to Thanksgiving on Thursday. Regardless, the main release of note will be the September retail sales report. So far in Q3, retail sales have expanded strongly. The Headline measure rose by 0.6% m/m in July and August, while the control group increased by 0.5% m/m and 0.7% m/m during the same period. Furthermore, both metrics are forecast to expand by a solid 0.4% m/m and 0.3% m/m, respectively in September. However, consumer confidence has remained subdued, and has trended lower since last years Presidential election. The downward trajectory is set to continue in November, with the Conference Board survey of consumer confidence expected to deteriorate to 93.3 from 94.6.
- In the Eurozone, the main highlight will be the ECB Governing Council Monetary Policy Account for the meeting in October.** Investors will be paying close attention to the minutes for any clues on the future path of monetary policy in the months ahead. Elsewhere, the flash reading of HICP inflation for the large national economies in the Eurozone, such as Germany, France, Italy and Spain, will be in focus.
- In the UK, all eyes will be on the Budget announcement this Wednesday.** In recent weeks, speculation has been rife that the Chancellor will introduce a number of tax raising measures to increase the fiscal headroom for next year, albeit it now looks like income tax increases may not be needed, due to a fall in UK Gilt yields since the start of September.



	Interest Rate Forecasts			
	Current	End Q4	End Q1	End Q2
		2025	2026	2026
Fed Funds	3.875	3.625	3.375	3.125
ECB Deposit	2.00	2.00	2.00	2.00
BoE Repo	4.00	3.75	3.75	3.50
BoJ OCR	0.50	0.75	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q4	End Q1	End Q2
		2025	2026	2026
EUR/USD	1.1517	1.19	1.20	1.20
EUR/GBP	0.8794	0.88	0.88	0.87
EUR/JPY	180.14	174	174	174
GBP/USD	1.3095	1.35	1.36	1.38
USD/JPY	156.36	146	145	145

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time (GMT+1)	Release	Previous	Forecast
<b>This Week:</b>	<b>ECB Speakers:</b>	Cipollone, <b>Lagarde</b> (Mon); Cipollone (Tue); <b>Lagarde</b> , Lane (Wed); Cipollone, de Guindos (Thu)		
	<b>BoE Speakers:</b>	Greene (Thu)		
	<b>Fed Speakers:</b>			
<b>Mon 24th</b>	<b>GER:</b>	09:00 German Ifo (November)	88.4	88.5
<b>Tue 25th</b>	<b>GER:</b>	07:00 GDP (Q3: Detailed Reading)	+0.0% (+0.3%)	+0.0% (+0.3%)
	<b>FRA:</b>	07:45 INSEE Consumer Confidence (November)	90.0	
	<b>US:</b>	13:30 PPI Inflation (September)	-0.1% (+2.6%)	+0.3% (+2.7%)
		- Ex-Food & Energy	-0.1% (+2.8%)	+0.2% (+2.7%)
	<b>US:</b>	13:30 Retail Sales (September)	+0.6%	+0.4%
		- Ex-Autos	+0.7%	+0.3%
		- Control Group	+0.7%	+0.3%
	<b>US:</b>	15:00 Conference Board Consumer Confidence (Nov)	94.6	94.2
<b>Wed 26th</b>	<b>US:</b>	13:30 Initial Jobless Claims (w/e 17th November)	+220,000	+220,000
	<b>US:</b>	15:00 New Home Sales (September)	+0.80m / +20.5%	+0.71m / -11.3%
<b>Thu 27th</b>	<b>US:</b>	<b>Thanksgiving Day (Market Holiday)</b>		
	<b>GER:</b>	07:00 Gfk Consumer Sentiment (December)	-24.1	-23.0
	<b>EU-20:</b>	09:00 M3 Money Growth (October)	+2.8%	+2.8%
		- Loans to Households	+2.6%	
	<b>ITA:</b>	09:00 ISTAT Business Confidence (November)	88.3	
	<b>ITA:</b>	09:00 ISTAT Consumer Confidence (November)	97.6	
	<b>EU-20:</b>	10:00 EC Economic Sentiment (November)	96.8	97.0
		- Consumer / Industrial / Services	-14.2 / -8.2 / 4.0	
	<b>EU-20:</b>	10:00 ECB Policy Meeting Account (29-30th Oct)		
	<b>JPN:</b>	23:30 Tokyo CPI Inflation (November)	(+2.8%)	(+2.7%)
	<b>JPN:</b>	23:30 Jobs/Applicants Ratio (October)	1.20	1.20
	<b>JPN:</b>	23:30 Unemployment Rate (October)	2.6%	2.5%
	<b>JPN:</b>	23:50 Industrial Production (October)	+2.6%	-0.6%
	<b>JPN:</b>	23:50 Retail Sales (October)	(+0.5%)	(+0.8%)
<b>Fri 28th</b>	<b>US:</b>	<b>Partial Market Holiday</b>		
	<b>GER:</b>	07:00 Retail Sales (October)	+0.2% (+0.2%)	+0.2% (+1.0%)
	<b>FRA:</b>	07:45 GDP (Q3: Final Reading)	+0.5% (+0.9%)	+0.5% (+0.9%)
	<b>FRA:</b>	07:45 Flash HICP Inflation (November)	+0.1% (+0.8%)	+0.0% (+1.0%)
	<b>SPA:</b>	08:00 Flash HICP Inflation (November)	+0.5% (+3.1%)	(+2.9%)
	<b>GER:</b>	08:55 Unemployment Rate (November)	6.3%	6.3%
	<b>ITA:</b>	09:00 GDP (Q3: Final Reading)	+0.0% (+0.4%)	+0.0% (+0.4%)
	<b>ITA:</b>	10:00 Flash HICP Inflation (November)	-0.2% (+1.3%)	
	<b>IRE:</b>	<b>11:00 Retail Sales (October)</b>	<b>+0.2% (+3.5%)</b>	
	<b>GER:</b>	13:00 Flash HICP Inflation (November)	+0.3% (+2.3%)	-0.6% (+2.4%)

◆ Month-on-month changes (year-on-year shown in brackets)

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