



No Longer A Case of Jobs for the Boys

The clearest evidence of Ireland's strong recovery from the COVID-19 pandemic is provided by the public finances, which are on the verge of returning to a budget surplus, and the buoyant jobs market. The CSO last week published the Labour Force Survey results for the first quarter of the year. These show the unemployment rate has fallen back to its pre-pandemic level of 4.8%.

Meanwhile, unlike in many other economies, both the labour force and employment have risen well above pre-COVID levels. Both metrics have increased by close to 7% on their levels in the first quarter of 2020, a highly impressive performance given what the economy has been through over the past two years.

The employment growth, though, is not evenly distributed across all parts of the economy. There are some scarring effects evident in the sectors that were most impacted by COVID restrictions, such as retail, hospitality and support services. Here employment is still well below pre-pandemic levels. Indeed, there has been little sign of upward momentum in employment in these sectors in the past couple of quarters.

This points to likely permanent job losses and also difficulties in attracting workers into sectors with mainly low-paid jobs in the current very tight labour market. The rise in employment has been concentrated in manufacturing, construction, ICT/financial/professional/technical services, as well as public administration, education and healthcare. These sectors tend to have more highly paid jobs.

The strong growth in the labour force and employment is driven by two factors; continued high inflows of workers from abroad and a rising participation rate, especially amongst women. Non-Irish citizens accounted for 30% of the increase in employment in the past two years and now make up 18% of the workforce.

Meanwhile, the labour force participation rate has climbed from 62.6% in the first quarter of 2020 to 65.2% in the opening quarter of this year. Most notably, the female participation rate has jumped sharply from 56.4% to 59.9% over the two years. The male rate rose more modestly from 69.1% to 70.8%. It would seem that the move to remote working and more flexible working arrangements in general have boosted female participation rates in particular, as has the availability of jobs in sectors with relatively high pay.

Importantly, there is good momentum in both the labour force and employment. They rose by close to 1% and 1.5%, respectively, in seasonally adjusted terms in the first quarter, maintaining the pace from the previous quarter. It also appears that the high cost and shortage of rental accommodation is not deterring overseas workers from coming to Ireland. Furthermore, the ending of the government's COVID-19 labour market supports appears to have gone smoothly, with both the Live Register and unemployment rate actually declining in April when the Pandemic Unemployment Payment scheme finished.



With job vacancies at high levels, as well as continued strong inflows of foreign direct investment and Ireland still proving a popular destination for foreign workers - both these factors are being helped somewhat by Brexit - the labour market looks set to continue performing strongly over the rest of the year, despite the growing concerns about a slowdown in the global economy.

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