PRESS RELEASE

ROOM FOR CAUTIOUS OPTIMISM ON JOBS

Statement by Mr. Liam Connellan, Director General, Confederation of Irish Industry

There are now indications of an underlying recovery in employment throughout the economy. Allowing for seasonal factors, the total number of job vacancies advertised has recovered significantly during June and July having fallen sharply in the earlier months of the year. The overall level of job vacancies advertised is still below that recorded last year but the gap has narrowed in recent weeks.

Taking seasonal factors into account, the lowest level of advertised vacancies occurred in early June and reflected the sharp fall in international air traffic and the decline in retail sales in the early months of the year. Since then there has been a marked improvement (Chart 1).

The increase in the number of job vacancies advertised in the last four week period was greatest in categories such as computer staff, now running at more than twice last year's level; engineering staff, up almost 50%; education staff, up over 20%, stimulated by a higher rate of participation in education and by an increased number of foreign students; and marketing/sales staff where higher demand reflects the improvement in retail sales since May (Chart 2).

Demand is ahead of last year's level in six job classifications which together account for more than half of all job vacancies advertised. Occupations where demand has declined most notably are hotel and catering, reflecting lower tourist spending; and office staff resulting from a combination of technological change and the slow down in the rate of economic growth. A comparison of the index for each of the main job categories in respect of the most recent four week period compared with the cumulative index for the year to date shows the emergence of different trends. There has been a marked improvement in the most recent period for nine of the fourteen classifications compared with the average performance since the beginning of the year (Chart 2).

A more detailed analysis of the trend in advertisements in the first half of this year compared with last year (Chart 3) shows that for the majority of classifications, the seasonal pattern this year has been very similar with the strongest performance shown by computers, engineering and education, while marketing/sales vacancies have recorded a significant recovery in recent weeks.

These data reflect an improvement in consumer and business confidence arising from the stabilisation of order books; the removal of the uncertainties associated with the Gulf War; recent reductions in interest rates; greater signs of recovery in the United States where the economy has again started to grow, and in Britain where retail sales were higher in June, and the rate of increase in employment has slowed down.

Industrial confidence and order books in Ireland are somewhat higher than the European average, and factories are operating at a higher level of capacity utilisation than in 1989. Employment expectations in Irish manufacturing industry have become less negative in recent months.

CONCLUSION

The recovery in job vacancies advertised in recent weeks, when seasonal factors are taken into account, provides an early indication that the process of recovery has commenced. The overall level of job advertisement is still below last year's level, but the gap has narrowed in recent weeks. Furthermore, just over 50% of Irish exports were sold to Continental Europe for the first time last month, where the economies have continued to grow despite the recessions in the United States and Britain. There are now signs of recovery in the United States and the British recession appears to have bottomed out. There is, therefore, room for cautious optimism that the recent recovery in job vacancies in Ireland will continue.

ENDS. 30th July, 1991.