

Irish Live Register (June)

Wednesday, 30 June 2010

Although the latest Quarterly National Accounts, released this morning, were quite encouraging, the same unfortunately cannot be said of the Live Register figures for June, published at the same time. Month-on-month, there was a seasonally-adjusted increase of 5,800, bringing the total signing on to a new record high of 444,900.

On an unadjusted basis, the headline total signing on increased by 15,000 in the month, bringing the Live Register total above the 450,000 level for the first time ever, to 452,900. Year-on-year, there was increase of 37,400 as against 43,800 in May and 50,800 in April. Clearly, the underlying trend appears to be improving, though that will be of little consolation to the tens of thousands who have lost their jobs during the recession. Indeed, in the first half of 2010, the average total on the Live Register was 438,800, or 65,500 higher than the comparable figure of 373,300 in the same period last year.

Meanwhile, the seasonally-adjusted unemployment rate rose to 13.4% in June from a revised 13.2% in May. The original figure for May was 13.7% but that has now been pushed down to take account of the recently published Quarterly National Household Survey for the first quarter. One has to go back to September 1994 for the last time the jobless rate was officially running at 13.4%. Despite the sharp pick-up in the seasonally-adjusted figures signing on in the past couple of months, we think the unemployment rate is close to peaking, at 13.5%, as the economic recovery gains momentum. That said, it does look like there will be a high level of unskilled workers permanently on the dole queues even when the Irish economy returns to positive growth. We don't see the jobless rate getting back to the 4.0% level again unless major policy initiatives are taken to 'up-skill' a significant part of the workforce and/or the minimum wage is reduced. Even when the economy returns to 'normal' our view is that the permanent jobless rate won't drop below 7/8%.

From what we can see there were no special factors contributing to the sharp monthly increase in the numbers signing on in the past couple of months. We can only put it down to the ending of some temporary government-sponsored schemes aimed at re-training some of those out of work, a problem in the seasonal-adjustment process in relation to the early closure of some second-level schools for the Summer holidays, or just simply more people coming back into the labour force as economic conditions improve.

Furthermore, there doesn't appear be to any real net increase in jobs taking place at present with emigration and more people staying on longer in education the key factors helping to keep the jobless rate down, but as mentioned above, we don't expect the unemployment rate to rise much further from here.

Although things are clearly getting better on the economic front, the labour market is a lagging indicator and will be the last piece in the jigsaw in the recovery story. Indeed, we think it will be six to nine months before we see a real improvement in the employment figures.

	Unadjusted Total ('000)	Absolute Change Year ('000)	Seasonally Adjusted Total ('000)	Absolute Change Month ('000)	Seasonally Adjusted Jobless Rate %
2009 June	415.5	194.7	407.7	12.1	11.9
2010 April	432.7	50.8	432.5	-0.5	13.0
2010 May	437.9	43.8	439.1	6.6	13.2
2010 June	452.9	37.4	444.9	5.8	13.4

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