



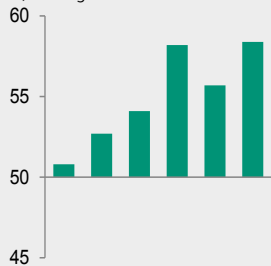
# AIB Ireland Services PMI®

## Sharpest growth in new orders in a year

# 58.4

IRELAND SERVICES BUSINESS ACTIVITY INDEX, APR '23

Services Business Activity Index  
Nov '22 - Apr '23  
sa, >50 = growth



Following March's softer upturn, the Irish service sector regained growth momentum at the start of the second quarter of the year. With demand conditions reportedly robust, activity and new business increased markedly and at the sharpest rates in 11- and 12-months, respectively. In keeping with demand trends, firms added to their headcounts at an accelerated pace, and one that was the most pronounced in six months. However, inflationary pressures were again severe with firms reportedly struggling to keep costs down in the face of sustained wage pressures.

Commenting on the survey results, Oliver Mangan, AIB Chief Economist, said:

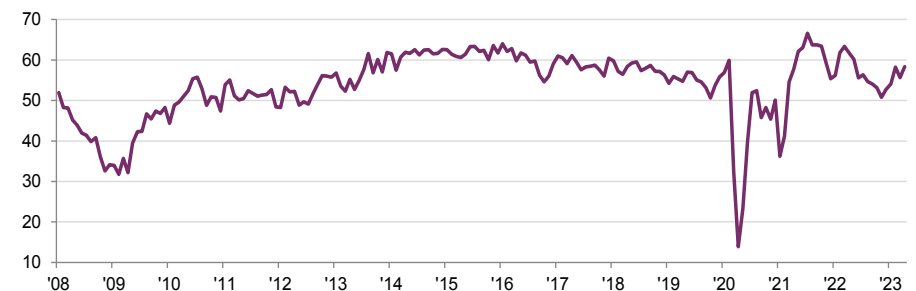
*"The AIB Irish Services PMI posted a very strong reading of 58.4 for Business Activity in April, an 11-month high and up from 55.7 in March. It points to a robust rate of growth in services activity. The Irish figure is comfortably above the flash April Services PMI readings for the Eurozone, UK and US of 56.6, 54.9 and 53.7, respectively.*

*"There was a steep increase in new business volumes in Irish services firms, including new export business, reflecting strong demand conditions, both at home and abroad. This resulted in a further marked rise in backlogs of work, even though employment rose at its fastest pace in six months. Meanwhile, firms remained optimistic about the outlook for the next 12 months. However, the level of confidence fell to its lowest level year-to-date amid concerns about a possible economic downturn.*

*"Encouragingly, April saw a strengthening in the pace of activity and good growth in new business, including from abroad, in all of the four sub-sectors covered in the survey. Most notably, the Transport/Tourism/Leisure sector saw a second successive monthly expansion in activity following a period of contraction between last August and February.*

*"With the pace of growth in activity accelerating in April, inflationary pressures remained elevated across the services sector. Businesses continued to report upward pressure on input costs, in particular wages. The rate of increase in cost inflation did ease to a near two year low, but remains steep. Increases in operating costs continue to be passed on in higher prices to customers, with the rate of increase in selling prices showing little change in recent months, remaining at a high level."*

AIB Ireland Services Business Activity Index  
sa, >50 = growth since previous month



## Contents

- Overview and comment
- Output and demand
- Business expectations
- Employment and capacity
- Prices
- Services sub-sectors
- Ireland Composite PMI
- International PMI
- Survey methodology
- Further information

## Overview

Faster increases in activity and new business

Employment growth ticks higher

Rates of inflation remain historically sharp

The headline figure is the AIB Ireland Services Business Activity Index, a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The index therefore varies between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

At 58.4, rising from 55.7 in March the latest Services Business Activity Index reading posted above the neutral 50.0 threshold separating growth from contraction for a twenty-sixth consecutive month in April. Moreover, the uplift in activity was substantial overall, and the most pronounced in 11 months. Panel members mentioned that higher output levels reflected further improvement in demand.

Indeed, the sharp uplift in business activity coincided with a steep increase in new business during April. In fact, the expansion in new business intakes across the Irish service sector was the fastest in a year and marked by historic standards. Trends were also positive with regards to international demand, as signalled by the steepest upturn in new export business since July 2022.

Against a backdrop of higher activity and increasing new orders, the level of employment across the Irish services economy rose in April for the twenty-sixth successive month. Moreover, the rate of workforce expansion quickened from March to reach a six-month high.

Nonetheless, the substantial increase in staffing numbers failed to prevent a further build-up in backlogged work. April data signalled an extension to the current sequence of accumulation in the level of outstanding work across the Irish services economy that began in March 2021, with the latest uptick the most pronounced since last October.

With Irish service providers reportedly expecting current strong demand conditions to continue into the future, surveyed companies remained optimistic in their outlook for output over the year ahead. Expanding project pipelines, planned company expansions and new marketing strategies were also mentioned as reasons for positive growth projections. That said, the degree of confidence was the weakest in the year so far amid ongoing concern surrounding the potential for an economic downturn.

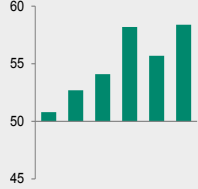
Elsewhere, April data highlighted another sharp increase in average operating expenses faced by Irish service sector firms at the start of the second quarter of the year. Rising labour costs continued to be named by panel members as a principal driving force behind the latest round of inflation. Service providers responded to the intensification of cost pressures by raising their charges at a historically steep pace.

Data broken down by sector revealed that all four monitored industries posted in expansion territory during April with rates of growth strengthening in all cases. Technology, Media & Telecoms firms continued to lead the wider sector upturn while growth within the Transport, Tourism and Leisure industry saw the weakest growth of the four monitored sectors.

## Activity and demand

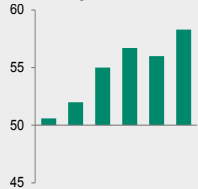
### Business Activity Index

Nov '22 - Apr '23  
sa, >50 = growth



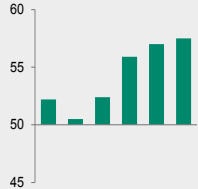
### New Business Index

Nov '22 - Apr '23  
sa, >50 = growth



### New Export Business Index

Nov '22 - Apr '23  
sa, >50 = growth



### Business activity

Activity levels across the Irish service sector increased again during April and at a marked pace overall. Notably, the rate of expansion quickened to reach an 11-month high. Panel members mostly linked higher output to the further strengthening of demand conditions.

### New business

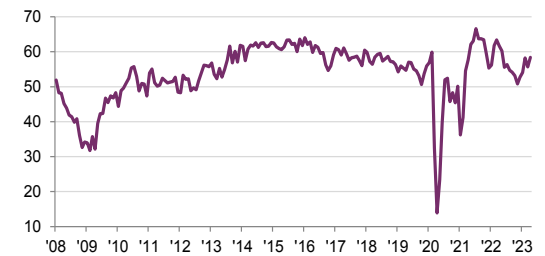
The upturn in total new business intakes across Ireland's service sector was sustained in April, as signalled by the respective seasonally adjusted index posting above the 50.0 neutral mark again. Moreover, the rise in new business was historically sharp and the steepest in a year. An improvement in underlying demand conditions continued to be named as the primary driver in recent new business growth. Other supporting factors included new client wins and the commencement of new projects.

### New export business

Amid reports of further improvement in international demand, April survey data highlighted a twenty-sixth consecutive monthly rise in the level of incoming new work from overseas clients. The rate of expansion in new export business quickened for the fourth month in a row to the strongest since last July and was marked overall.

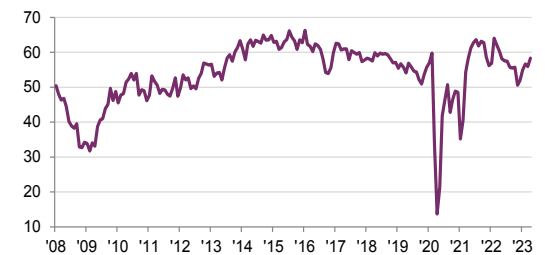
### Business Activity Index

sa, >50 = growth since previous month



### New Business Index

sa, >50 = growth since previous month



### New Export Business Index

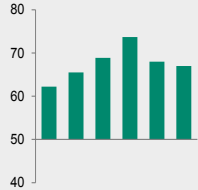
sa, >50 = growth since previous month



## Business expectations

### Future Activity Index

Nov '22 - Apr '23  
>50 = growth expected

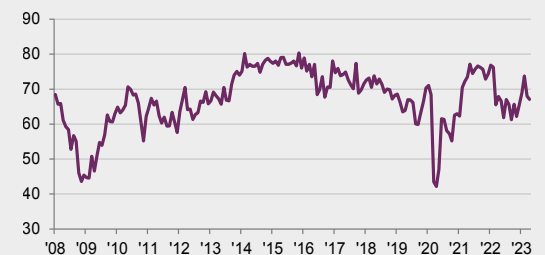


An overall sense of optimism across Ireland's services economy was sustained at the start of the second quarter of the year. Hopes for a sustained improvement in demand largely underpinned positive growth projections. Other sources of optimism included planned company expansions, expanding project pipelines and the upcoming implementation of marketing strategies.

The degree of confidence, however, was the weakest in the year to date and historically subdued. Monitored companies reportedly remained cautious about the potential of an economic downturn.

### Future Activity Index

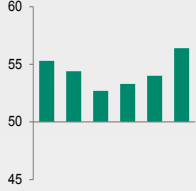
>50 = growth expected over next 12 months



# Employment and capacity

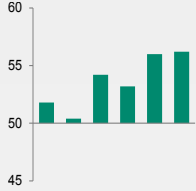
## Employment Index

Nov '22 - Apr '23  
sa, >50 = growth



## Outstanding Business Index

Nov '22 - Apr '23  
sa, >50 = growth



## Employment

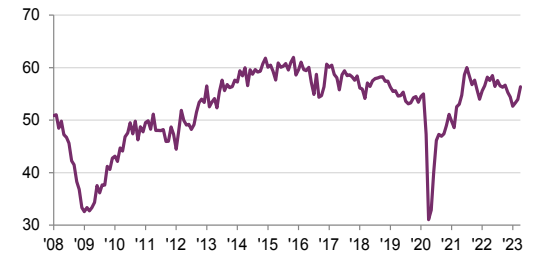
Irish service sector firms added to their headcounts again at the start of the second quarter of the year, taking the current sequence of job creation to 26 successive months. Moreover, the latest expansion in staffing numbers was sharp and the most pronounced since last October. Anecdotal evidence suggested that employment growth was largely a result of higher workloads and recent company expansions.

## Outstanding business

April data highlighted a further expansion in the level of incomplete work across the Irish services economy, thereby extending the current sequence of growth to just over two years. The rate of backlog accumulation was historically strong and the steepest in six months. Survey respondents often linked the rise in incomplete business to the recent surge in sales and insufficient capacity.

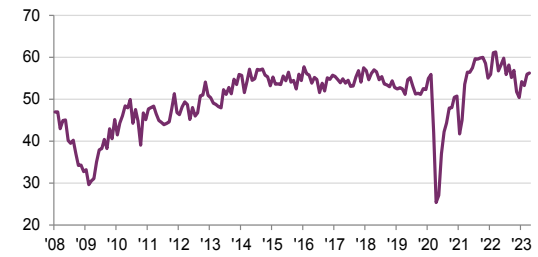
## Employment Index

sa, >50 = growth since previous month



## Outstanding Business Index

sa, >50 = growth since previous month



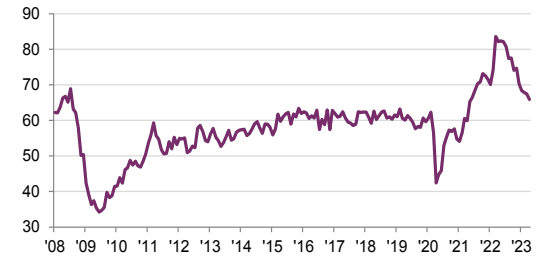
# Prices

## Input prices

Irish service providers noted another substantial increase in their average operating expenses in April. With companies adding to their workforce numbers and employees reportedly demanding higher wages, labour costs were mentioned as a particular source of inflation. Other contributing factors included rising energy prices and hikes in supplier charges. That said, the rate of inflation slowed for the fifth consecutive month to the softest in almost two years.

## Input Prices Index

sa, >50 = inflation since previous month

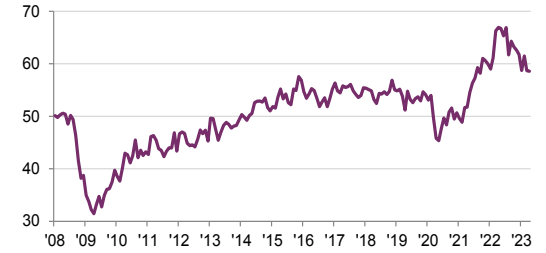


## Prices charged

Average charges levied by Irish service sector companies rose further at the start of the second quarter of the year. Moreover, the pace of the latest increase in selling prices was little-changed from that seen in March and remained steep overall. Anecdotal evidence suggested that firms continued to reflect rising cost burdens in their output charges.

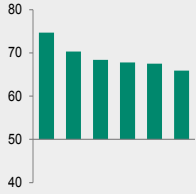
## Prices Charged Index

sa, >50 = inflation since previous month



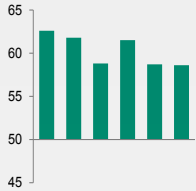
### Input Prices Index

Nov '22 - Apr '23  
sa, >50 = inflation



### Prices Charged Index

Nov '22 - Apr '23  
sa, >50 = inflation





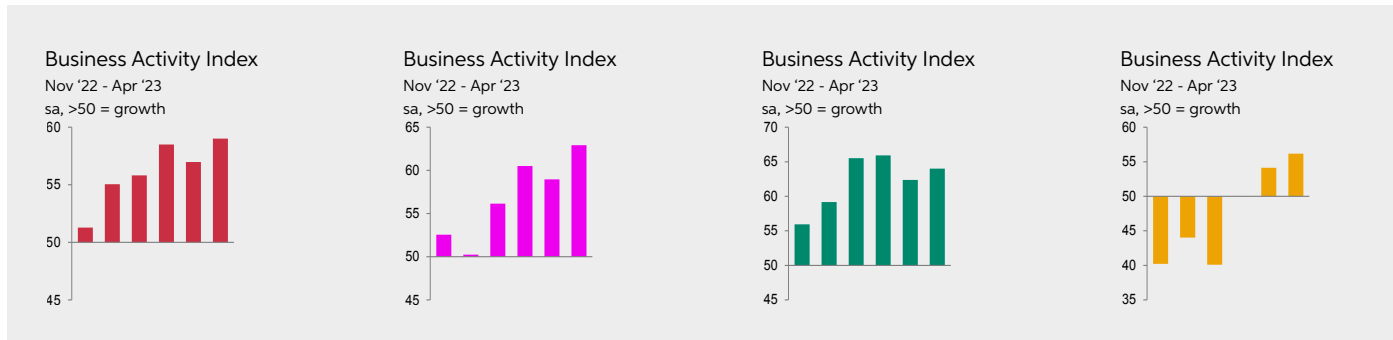
# Services sub-sectors

## Business Services

## Financial Services

## Technology, Media & Telecoms

## Transport, Tourism & Leisure



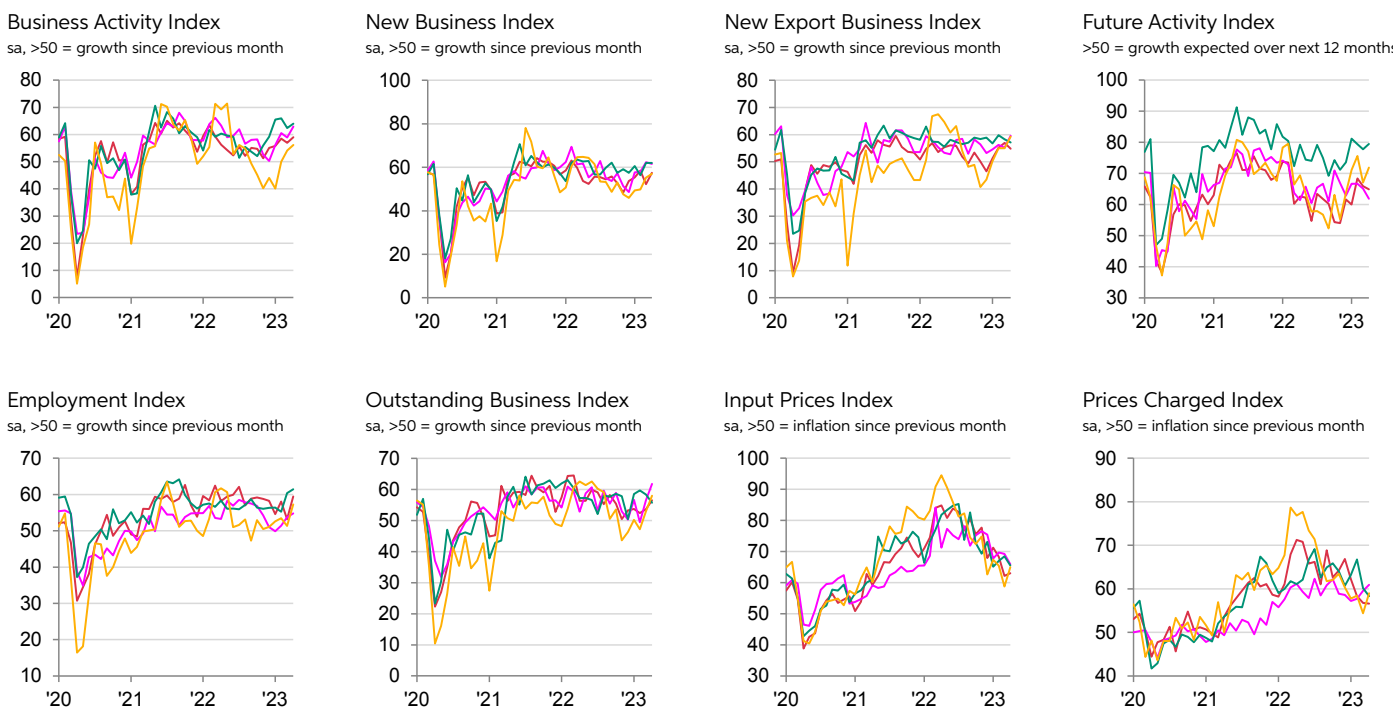
Firms within the Business Services sector noted quicker rises in activity, employment and new business during April. While marked in all cases, rates of growth in the former two indices were the most pronounced in 13 and nine months, respectively. The rate of selling price inflation eased fractionally to the weakest in almost two years while input prices rose at a slightly sharper pace.

The uplift in activity across the Financial Services sector was the most pronounced in a year during April. Elsewhere, inflows of new business increased substantially, and companies added to their headcounts for a third consecutive month. Backlogs of work increased for a second month in a row and at the quickest pace since October 2017. The rate of input cost inflation softened to a 15-month low.

The Technology, Media & Telecoms sector topped the growth rankings again in April, with firms noting a stronger rise in activity than that seen in March. New business growth was also substantial, with the rate of expansion matching March's six-month high, while the rate of workforce expansion was the most pronounced in 19 months. Rates of input cost and selling price inflation both eased on the month.

There was second successive monthly expansion in activity levels across the Transport, Tourism and Leisure sector in April. In fact, the upturn was the joint-strongest in almost a year and accompanied by marked new orders growth. At the same time, employment levels increased at sharpest pace in 11 months and the level of business sentiment strengthened notably. Rates of input price and output charge inflation were substantial.

■ Business Services ■ Financial Services ■ Technology, Media & Telecoms ■ Transport, Tourism & Leisure





# AIB Ireland Composite PMI®

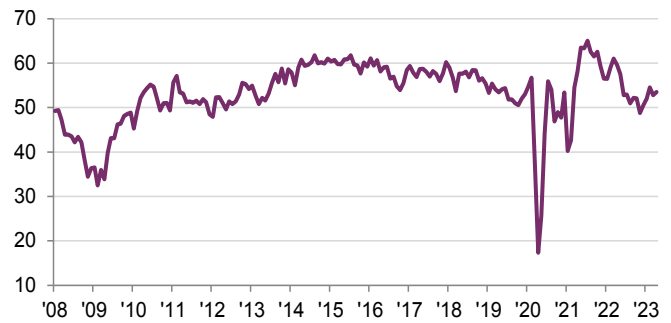
## Stronger expansion in Irish private sector, buoyed by more robust increase in services activity

The Irish private sector economy remained firmly in expansion territory in April. The AIB Ireland Composite PMI Output Index\* posted at 53.5, up from 52.8 in March and above the crucial 50.0 no-change mark for the fifth successive month. As was the case in March, the service sector was the sole driver in the wider upturn. While manufacturing production contracted at the sharpest rate since last November, the pace of growth in services activity picked up to an 11-month high.

Total intakes of new orders across the private sector increased for the fourth month in a row and at a quicker pace than seen in March. A sustained decrease in factory orders was offset by the strongest rate of growth in new business across the service sector in a year. The aggregate level of employment increased solidly and at a rate that was the most pronounced in six months. Meanwhile, there was a renewed, albeit fractional, rise in backlogs of work.

April data highlighted some tentative signs of easing inflationary pressures at Irish firms, with the manufacturing sector registering the first reduction in input prices since June 2020.

Composite Output Index  
sa, >50 = growth since previous month

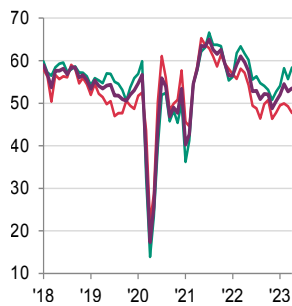


\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

- Composite
- Manufacturing
- Services

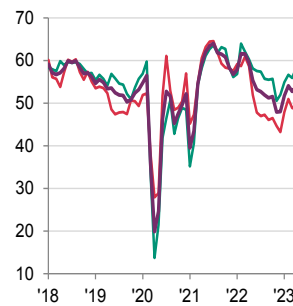
Output Index

sa, >50 = growth since previous month



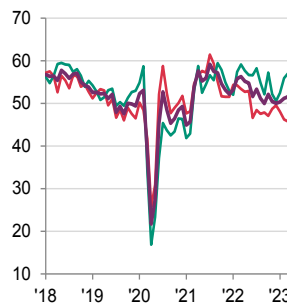
New Business Index

sa, >50 = growth since previous month



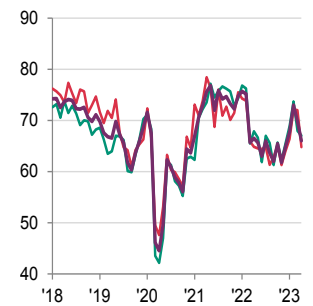
New Export Business Index

sa, >50 = growth since previous month



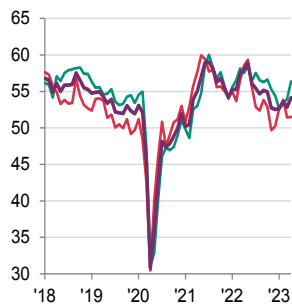
Future Output Index

>50 = growth expected over next 12 months



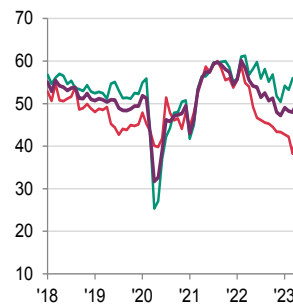
Employment Index

sa, >50 = growth since previous month



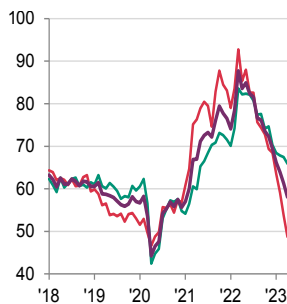
Outstanding Business Index

sa, >50 = growth since previous month



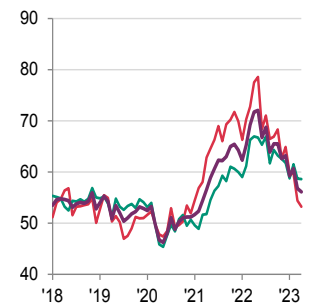
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



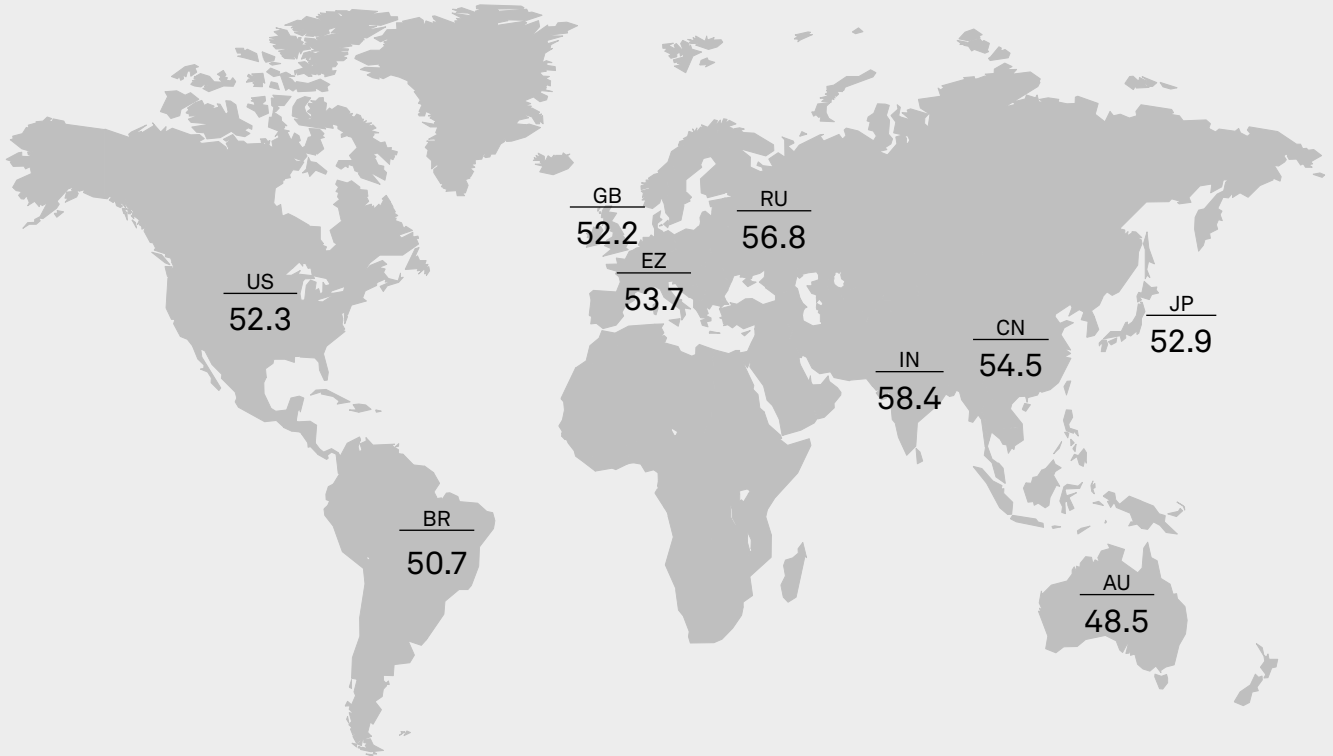
PMI®

by S&P Global

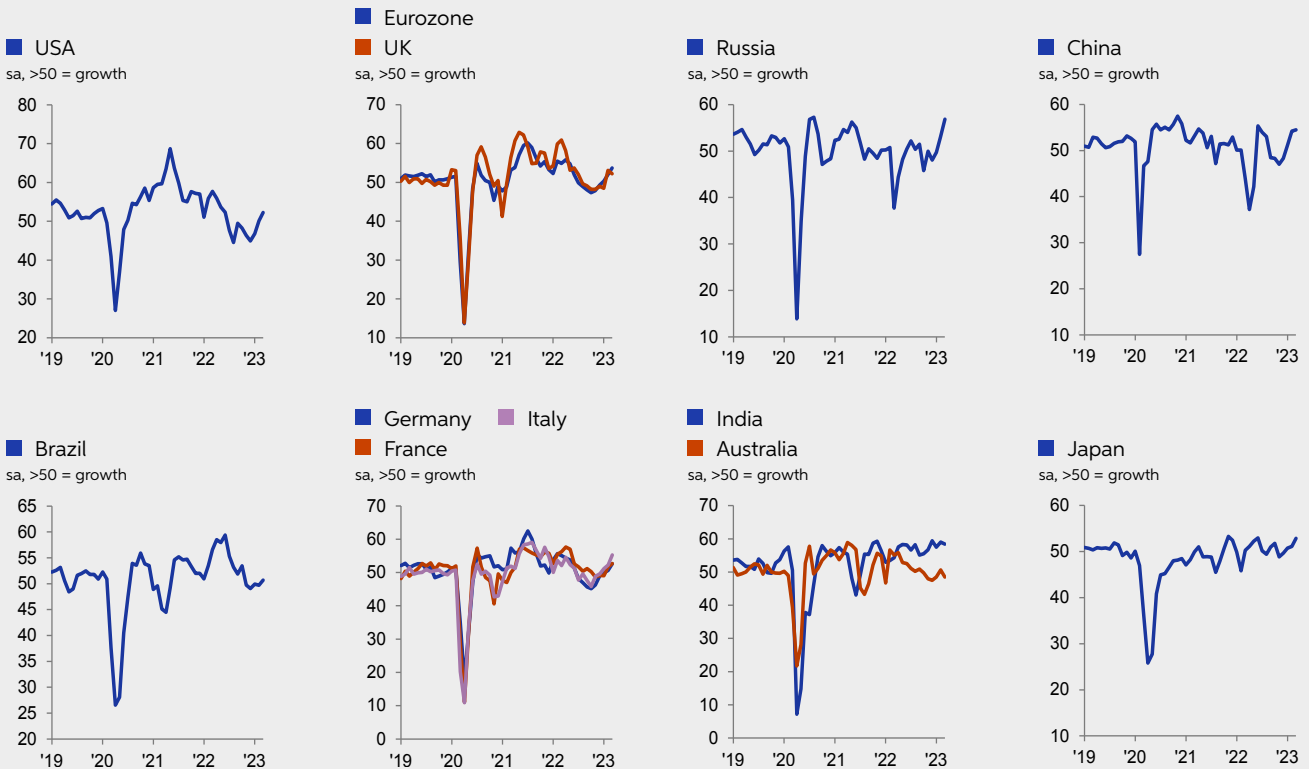
# International PMI

Composite Output Index, Mar '23  
 sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.



## Composite Output Index





# Survey methodology

The AIB Ireland Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 2000.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## Survey dates

Data were collected 12-25 April 2023.

### Survey questions

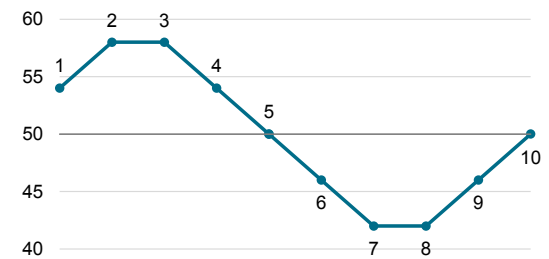
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

### Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

### Index interpretation

50.0 = no change since previous month



- |                          |                            |
|--------------------------|----------------------------|
| 1 Growth                 | 6 Decline, from no change  |
| 2 Growth, faster rate    | 7 Decline, faster rate     |
| 3 Growth, same rate      | 8 Decline, same rate       |
| 4 Growth, slower rate    | 9 Decline, slower rate     |
| 5 No change, from growth | 10 No change, from decline |

### Sector coverage

Services PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.3 codes:

55 Hotels & Restaurants	66 Insurance and Pensions	80 Education
60 Land Transport and Pipelines	67 Other Financial Services	85 Health Care
61 Water Transport	70 Real Estate	91 Membership Organisations
62 Air Transport	71 Renting of Goods	92 Recreational, Cultural and Sporting Activities
63 Supporting Transport Activities	72 Computer Services	93 Other Service Activities
64 Post and Telecommunications	73 Research and Development	
65 Banking	74 Other Business Activities	

## Contact

Oliver Mangan  
AIB Chief Economist  
T: +353-1-6417176  
[AIBeconomics.Unit@aib.ie](mailto:AIBeconomics.Unit@aib.ie)  
[www.aibeconomics.com](http://www.aibeconomics.com)

Paddy McDonnell  
AIB Press Office  
T: +353-87-739-0743  
[paddy.x.mcdonnell@aib.ie](mailto:paddy.x.mcdonnell@aib.ie)

Louise Kelly  
AIB Press Office  
T: +353 87 216 1545  
[louise.Y.Kelly@aib.ie](mailto:louise.Y.Kelly@aib.ie)

Laura Denman  
Economist  
S&P Global Market Intelligence  
T: 44-134-432-7221  
[laura.denman@spglobal.com](mailto:laura.denman@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 (0) 7967 447030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

### About AIB

AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. We provide a comprehensive range of services to personal, business and corporate customers in our target markets and have leading market shares in banking products in the Republic of Ireland.

### About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.  
[www.spglobal.com](http://www.spglobal.com)

### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)

### Disclaimer

This publication is issued by Allied Irish Banks, p.l.c. ("AIB") and is for general information purposes only. This publication should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments or product, securities or any derivative instrument (together, "instruments"), or any other rights pertaining thereto. AIB does not express any opinion as to the present or future value or price of any instruments referred to in this publication.

The information provided in this publication is believed to be valid and accurate on the date it is first published but AIB, along with its directors, officers, or employees, does not accept any liability for any loss arising from the use of the information. The information contained therein, including any expressions of opinion, has been obtained from, or is based on, or compiled from, sources believed to be reliable but its accuracy or completeness is not guaranteed and is subject to change without notice.

Any decision made by a party shall be on the basis of its own research and shall not be influenced or based on any view expressed by AIB in this publication or otherwise. This publication does not address all risks. This publication does not constitute investment advice or a recommendation and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments and/or pursuing any investment strategies. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any instruments, forecasts are not a reliable indicator of future performance.

This publication is not to be reproduced in whole or in part without the prior express written consent of AIB. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

# PMI®

by **S&P Global**