

## AIB Ireland Services PMI®

### Service sector expansion slows in April and outlook weakens

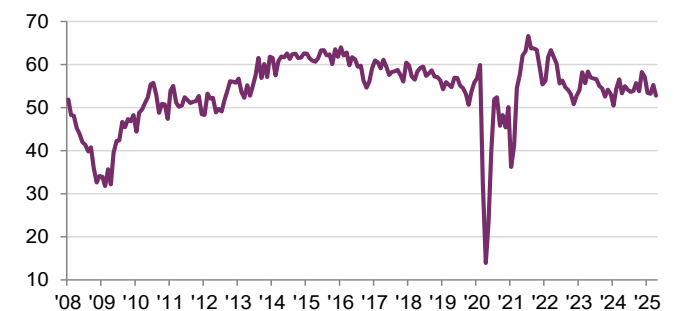
#### Key findings

Slowest increase in activity since January 2024

Weakest business expectations for four-and-a-half years

Employment growth remains solid

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



Sources: AIB, S&P Global PMI. Data were collected 9-25 April 2025.

The AIB Ireland Services PMI® survey data for April indicated a loss of growth momentum in the services economy as concerns over the economic impact of international trade tensions grew. Total activity and new business increased at the slowest rates in 15 and 18 months, respectively. Moreover, the 12-month outlook was the weakest since October 2020, linked to uncertainty over the fallout from US tariff policies and financial market volatility. That said, companies continued to expand their workforces at a robust rate and outstanding business increased further, while inflationary pressures softened.

The AIB Ireland Services Business Activity Index is 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.

The seasonally adjusted AIB Ireland Services Business Activity Index fell to 52.8 in April, from 55.3 in March, signalling the slowest rate of growth since January 2024 and one that was below the long-run trend level. Nevertheless, growth has been maintained every month since March 2021.

Technology, Media & Telecoms (56.0) recorded the fastest expansion of business activity in April, followed by Financial Services (54.2) and Business Services (51.8). Transport, Tourism & Leisure (48.1) registered a second monthly decline in activity, and at a faster rate.

Service providers continued to forecast growth of total activity at their units over the next 12 months, on balance.

That said, the overall degree of confidence deteriorated sharply to the lowest since October 2020. Firms highlighted the potential economic impact of tariffs, financial market turmoil and uncertainty surrounding international trade. However, a greater share of companies still expected growth as opposed to a contraction (38% versus 19%), linked to new clients, tourism, marketing and new services.

Weaker business expectations were reflected in a much slower increase in new business in April. The rate of expansion was the weakest since October 2023 and only marginal. Demand rose only fractionally in Business Services and fell at the fastest rate in over two years in Transport, Tourism & Leisure. Meanwhile, international new business across the service economy as a whole rose at one of the slowest rates in the current 18-month growth sequence.

Although growth weakened in April, Irish service providers increased their workforces at a solid rate. The rate of job creation was the second-fastest in eight months. All four sectors posted increases in the latest period, although only Financial Services registered stronger jobs growth than in March. Recruitment partly reflected a continued solid increase in outstanding work. Pressure on business capacity was again strongest in Technology, Media & Telecoms.

Wages remained the main driver of input cost inflation in April. That said, average input prices increased at the weakest rate in five months, and one that was broadly equal to the long-run survey trend. Charges also increased at the softest pace in five months, but one that remained above the long-run trend. Transport, Tourism & Leisure registered a notable easing in price pressures in the latest period.

## Comment

Commenting on the survey results, David McNamara, AIB Chief Economist, said:

"The AIB Irish Services PMI for April indicated a slowdown in growth in the sector. The index declined to 52.8 in April, from 55.3 the previous month. The April reading represented the slowest pace of growth since January 2024. The deceleration in activity was against the backdrop of a slowdown in new business. Indeed, the new business index registered its largest monthly fall since January 2021, resulting in only a very modest pace of growth in April. However, despite the slowdown, the rate of growth in the Irish services sector outperformed the Eurozone, UK and US flash PMIs for April, at 49.7, 48.9, and 51.4, respectively.

"From a sectoral perspective, three of the four sub-sectors recorded a slower pace of growth in April, while Transport, Tourism & Leisure experienced a faster rate of contraction compared to March. Technology, Media & Telecoms (TMT) remained the best performing of the four sub-sectors. Despite the slowdown in growth, the service sector saw job creation continue at a steady pace and above the long-term average.

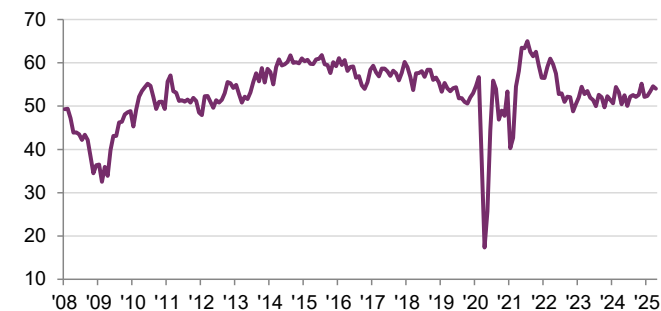
"On the inflation front, the input cost index declined for the first time this year, with wages remaining the main driver of higher costs. Similarly, the price charged index also fell in April, although it remained well above its long run average. Meanwhile, firms in the Irish services sector remained optimistic on the prospects for expansion in activity levels over the coming 12 months. However, the strength of sentiment continued to soften, falling to its lowest level since October 2020. Firms cited the potential impact of US tariffs, financial market turbulence and uncertainty in relation to international trade."

## AIB Ireland Composite PMI®

Weakest output expectations in four-and-a-half years

AIB Ireland Composite PMI Output Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

April data signalled further growth of output, new orders and employment in the Irish private sector, but the year-ahead outlook was the weakest in four-and-a-half years.

The AIB Ireland Composite PMI® Output Index\* registered 54.0, down from 54.6 in March. This signalled a slower but still solid rate of expansion and was broadly in line with the long-run trend of 53.9. The manufacturing and services sectors registered divergent trends, however, with goods production rising the most in three years, while services activity growth slowed to a 15-month low.

New business rose only moderately in April, driven by a near-stagnation in services demand. That said, service providers again drove overall employment growth as hiring at manufacturers remained subdued.

Input price inflation eased to a four-month low and was broadly in line with the long-run average. Charge inflation slowed to a 17-month low.

\*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.

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### 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@spglobal.com](mailto:economics@spglobal.com).

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