

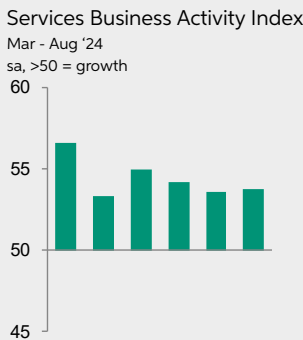


AIB Ireland Services PMI®

Solid growth maintained in August but outlook weakens

53.8

IRELAND SERVICES BUSINESS ACTIVITY INDEX, AUG '24



Irish services activity continued to rise solidly in August, AIB PMI® survey data indicated. Growth of both new business and employment accelerated, and outstanding work increased at the strongest rate in nearly a year. Less positively, the overall 12-month outlook was the weakest since November 2022. By sector, activity growth rebounded in Transport, Tourism & Leisure but slowed sharply in Financial Services. In terms of price pressures, input price inflation was little-changed on June and July, while prices charged by service providers rose at the slowest rate since April 2021.

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

"The AIB Irish Services PMI for August shows continued growth in business activity in the sector, with the index rising to 53.8 from 53.6 in July. This signals a slight acceleration in the pace of growth in the sector but, remains below the long run average of the survey (55.1). The rate of growth in the Irish services sector remained faster than the Eurozone and UK flash PMIs, both at 53.3, but below the US Services PMI at 55.2.

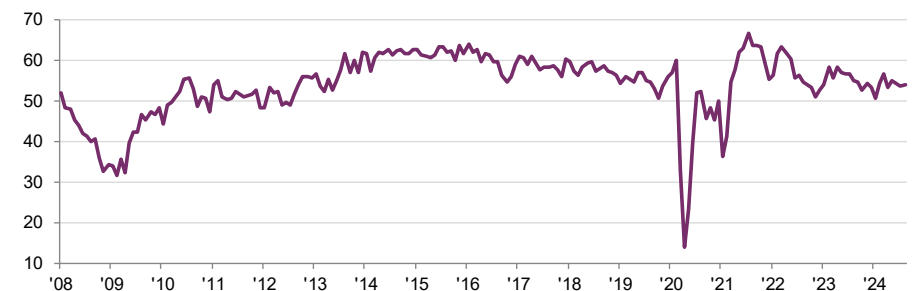
"Overall, Irish firms reported accelerating growth in new business, and this was linked to domestic and international demand. The volume of outstanding work also rose at a faster pace on the month. The survey shows gains in all four sub-sectors covered by the survey for the first time in three months. Notable in the August survey was the sharp bounce back in activity in the Transport, Tourism & Leisure sector, following several months of contraction; while the growth

in financial services eased markedly following a period of rapid expansion in recent months. Employment continued to grow, with growth picking up to the quickest pace since February, albeit the Transport, Tourism & Leisure sector continued to shed jobs during the month.

"Input cost inflation remained at a high rate in August, and the pace of increase ticked up marginally on the month. Wages, fuel and utilities costs were cited as the main sources of higher costs by respondents. Firms also continued to raise prices for customers, but the output price index eased significantly to its weakest rate of growth since April 2021.

"Business sentiment about the prospects for activity over the coming 12 months remained broadly positive, but the index eased to its lowest level, since November 2022, with expectations moderating across most sectors in August."

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



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Overview

Faster growth of new business and employment

Year-ahead outlook moderates to 21-month low

Weakest rise in charges since April 2021

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.

The AIB Services Business Activity Index edged up to 53.8 in August, from 53.6 in July, signalling a solid increase in Irish service sector activity. The pace of expansion was broadly in line with the trend for 2024 so far (53.9), but weaker than the long-run series average since 2000 (55.1). The current expansionary sequence was extended to three-and-a-half years.

All four sub-sectors registered higher activity in August. Technology, Media & Telecoms (54.5) was the fastest-growing sector, followed by Business Services (54.1). Transport, Tourism & Leisure (53.5) registered the first expansion in activity in three months. Financial Services (53.2) was the slowest-growing sector for the first time in nearly three years, a reversal since the first half of 2024 when it had consistently led the growth rankings.

Growth of total activity was supported by stronger demand in August, extending the current sequence of new business growth that began in March 2021. The rate of growth was the fastest in three months, and above the long-run survey trend. As was the case in July, Technology, Media & Telecoms and Financial Services recorded the steepest increases. Transport, Tourism & Leisure posted a rebound, but the slowest

rise among the four sectors. Overall, domestic demand remained stronger than international new business.

Faster growth in new business led to into the strongest build-up in the level of incomplete work held at Irish service providers for almost a year. For the second month running all four sub-sectors registered higher outstanding work, with faster increases in all except Transport, Tourism & Leisure.

Service providers invested in additional staff to tackle rising workloads, with reports of permanent roles being created. Having increased at the weakest rate in over three years in June, the pace of job creation strengthened further in August to reach a six-month high that was also faster than the long-run survey average. There was, however, another decline in Transport, Tourism & Leisure, the fourth in successive months.

Overall cost inflationary pressures remained broadly in line with the long-run survey average in August, linked to labour, suppliers, fuel and utilities. The rate of inflation was little-changed since July, as stronger trends in Technology, Media & Telecoms and Business Services were offset by weaker cost increases in Transport, Tourism & Leisure and Financial Services. Average charges were raised at the slowest rate since April 2021, but one that remained above the long-run trend.

Although growth of both new and outstanding business picked up in August, overall confidence regarding activity growth over the next 12 months moderated. Overall sentiment was the weakest since April 2021 and below the long-run survey trend. Firms linked confidence linked to an improvement in the economy, investment, tourism, new products and sales drives.

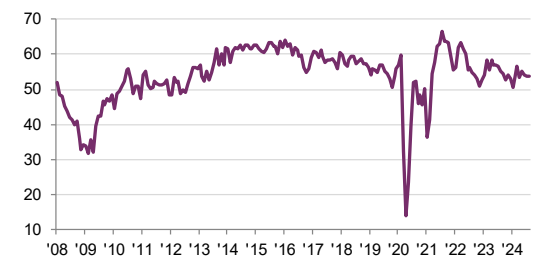
Activity and demand

Business activity

Total activity in the Irish services sector rose solidly in August. The rate of expansion was broadly in line with the average for 2024 so far, but slightly below the long-run survey trend. Technology, Media & Telecoms was the fastest-growing sector while July's leader Financial Services slipped to the bottom ranking with a much slower increase in activity.

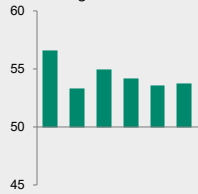
Business Activity Index

sa, >50 = growth since previous month



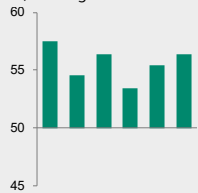
Business Activity Index

Mar - Aug '24
sa, >50 = growth



New Business Index

Mar - Aug '24
sa, >50 = growth

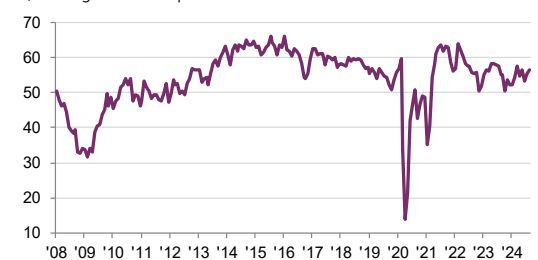


New business

The volume of new business received by Irish services firms continued to expand in August, partly linked to new customers. The rate of expansion accelerated further from June's recent low, and was stronger than the long-run average. Demand increased fastest in the Technology, Media & Telecoms sector during the month, while there was a rebound in new business in Transport, Tourism & Leisure.

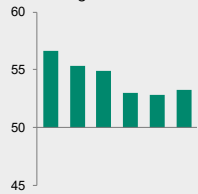
New Business Index

sa, >50 = growth since previous month



New Export Business Index

Mar - Aug '24
sa, >50 = growth



New export business

The level of new business from international markets increased for the tenth month running in August, with the fastest growth in Technology, Media & Telecoms. The overall rate of growth accelerated slightly since July, but remained weaker than the trend for 2024 so far.

New Export Business Index

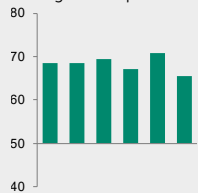
sa, >50 = growth since previous month



Business expectations

Future Activity Index

Mar - Aug '24
>50 = growth expected

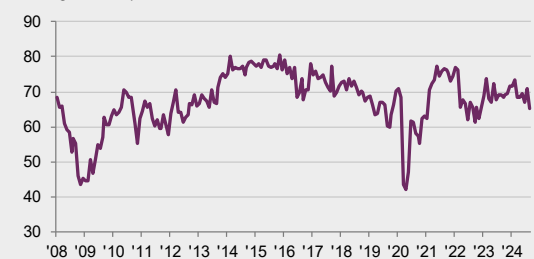


Irish service providers remained confident regarding the 12-month outlook for activity growth in August, linked to an improvement in the economy, investment, tourism, new products and sales drives.

The Future Activity Index fell since July, however, indicating the softest sentiment since November 2022. Expectations moderated in all sectors except Financial Services.

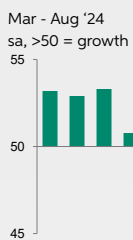
Future Activity Index

>50 = growth expected over next 12 months

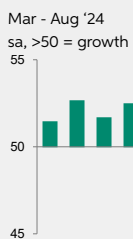


Employment and capacity

Employment Index



Outstanding Business Index



Employment

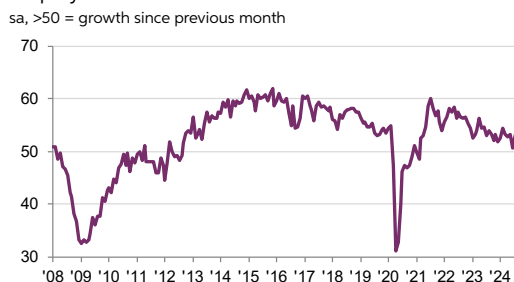
The August data indicated a sharper increase in Irish services employment. The rate of growth rebounded further from June's weak pace, to the fastest since February. A number of companies reported adding permanent roles.

Three of the four monitored sectors posted faster increases in headcounts, led by Business Services, while in Transport, Tourism & Leisure a fourth successive decline in staffing was indicated.

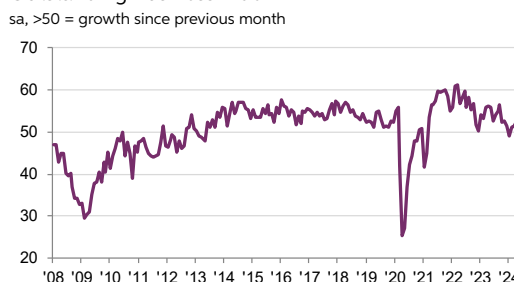
Outstanding business

Service providers in Ireland reported a build-up in the level of outstanding work for the seventh month running in August. The rate of growth accelerated further to the strongest since last September. Outstanding business increased solidly in all four sectors, led by Business Services.

Employment Index



Outstanding Business Index



Prices

Input prices

Average input prices in the service sector rose in August, extending the current sequence of inflation to four years and two months. Labour costs, suppliers, fuel and utilities were highlighted by companies.

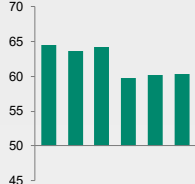
The overall rate of inflation was little-changed from the prior two months and in line with the long-run survey average. Technology, Media & Telecoms reported the strongest cost pressures in August, followed by Business Services.

Prices charged

Service sector companies continued to raise their prices charged in August as they passed higher costs on to clients. The rate of inflation eased for the third time in four months to the weakest since April 2021, but remained well above the long-run survey average. Transport, Tourism & Leisure posted the fastest rise in charges in August, the first time it has topped the sector rankings since September 2023. Business Services posted the slowest increase for the third month running.

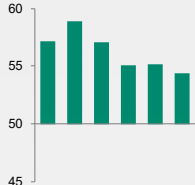
Input Prices Index

Mar - Aug '24
sa, >50 = inflation



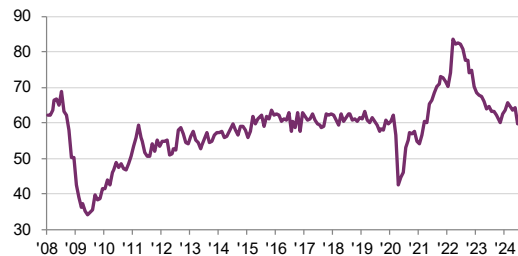
Prices Charged Index

Mar - Aug '24
sa, >50 = inflation



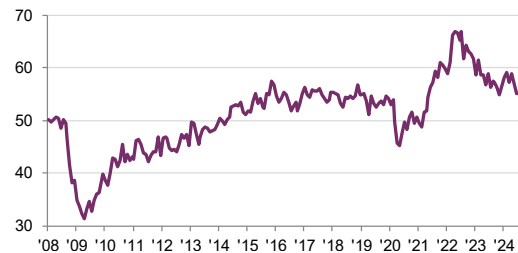
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month





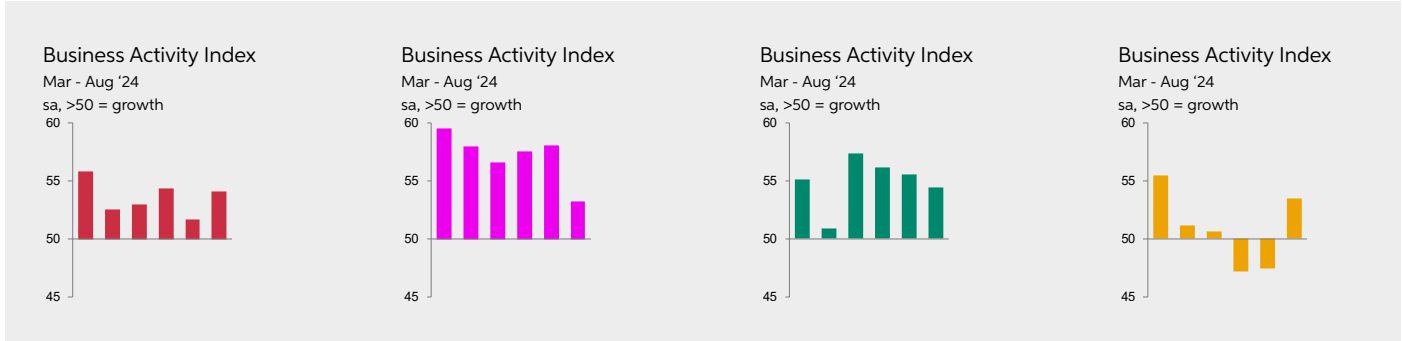
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



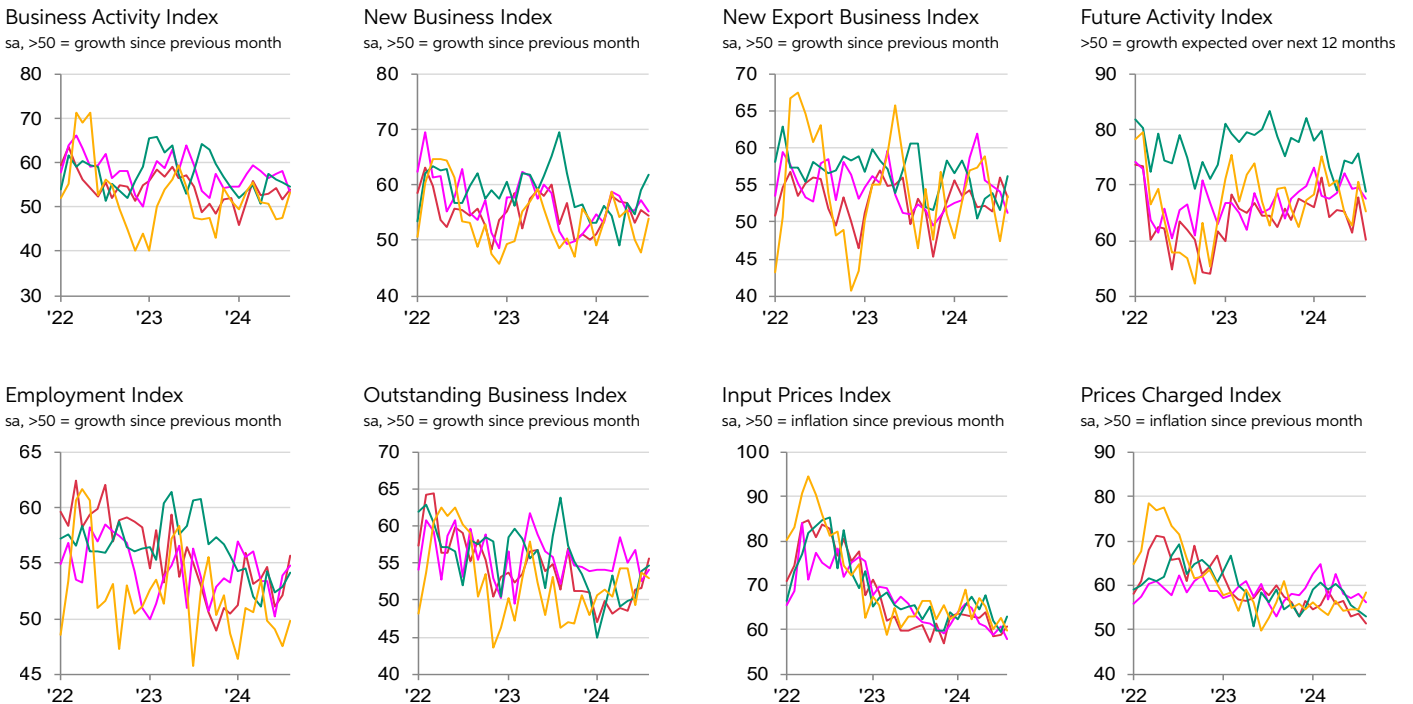
Business Services registered faster growth in activity, driven by another solid rise in new business. Jobs and outstanding workloads both increased at sharper rates. Input prices inflation accelerated but charges rose more slowly. The 12-month outlook was the weakest for a year.

Financial Services fell from the top ranking in August to the weakest among the four sectors, as growth slowed sharply to an 11-month low. New business growth remained strong, however, while jobs and outstanding work rose solidly. Cost pressures were the weakest among the four sectors.

Technology, Media & Telecoms (TMT) was the fastest growing sector in August for both activity and new business, and posted a solid rise in employment. Expectations for activity remained strong. Input price inflation accelerated during the month, although charge inflation eased.

Transport, Tourism & Leisure posted a renewed increase in activity in August, and the fastest growth in five months. New business also rebounded although employment was down for the fourth month running. Input price inflation eased to a 17-month low, while charge inflation rose.

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



AIB Ireland Composite PMI®

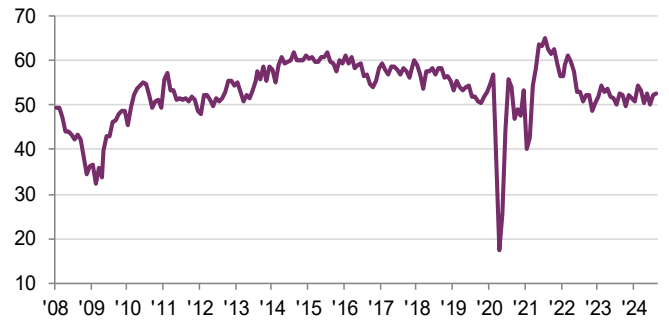
Fastest output growth in five months

Irish private sector output increased at the strongest rate since March in August. The AIB Ireland Composite PMI® Output Index* rose to 52.6, from July's 52.2, slightly above the average for 2024 so far of 52.0. The acceleration in growth reflected both the manufacturing and services sectors, with the latter still posting the sharper overall expansion.

Incoming new business expanded moderately again, despite a slightly faster decrease in manufacturing new orders. Meanwhile the rate of employment growth reached the highest for a year.

Input price inflation eased slightly since July's four-month high, and remained below the long-run series average. In contrast, output price inflation accelerated and remained well above the historic trend.

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

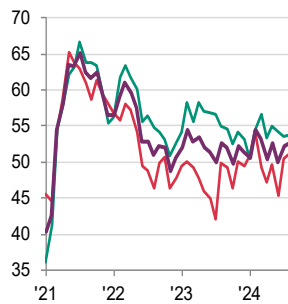


Sources: AIB, S&P Global PMI.

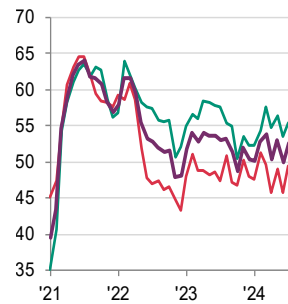
*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

- Composite
- Manufacturing
- Services

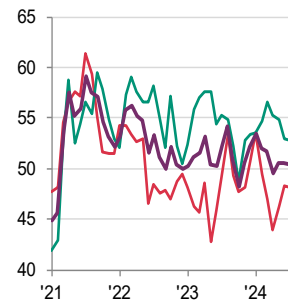
Output Index
sa, >50 = growth since previous month



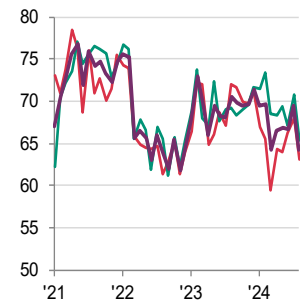
New Business Index
sa, >50 = growth since previous month



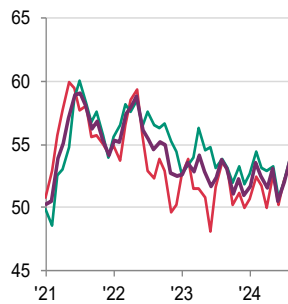
New Export Business Index
sa, >50 = growth since previous month



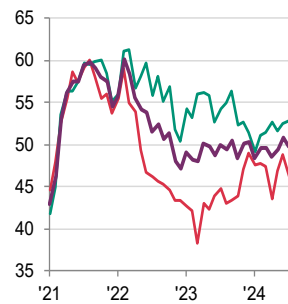
Future Output Index
>50 = growth expected over next 12 months



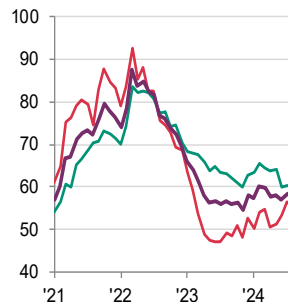
Employment Index
sa, >50 = growth since previous month



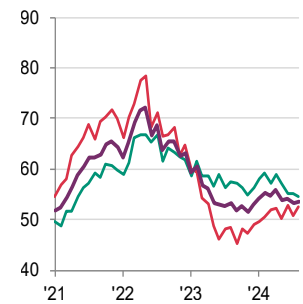
Outstanding Business Index
sa, >50 = growth since previous month



Input Prices Index
sa, >50 = inflation since previous month



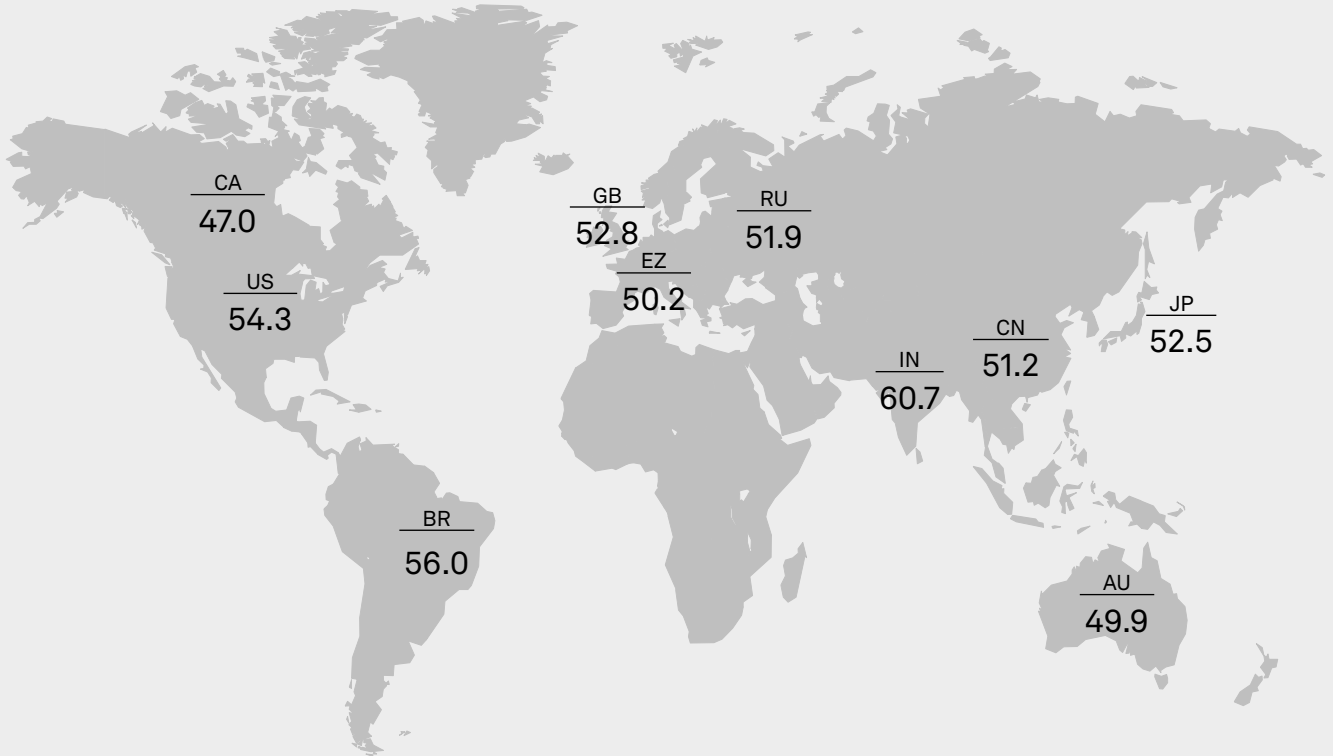
Output Prices Index
sa, >50 = inflation since previous month



International PMI

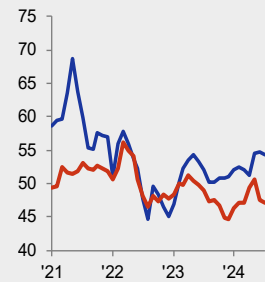
Composite Output Index, Jul '24
sa, >50 = growth since previous month

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

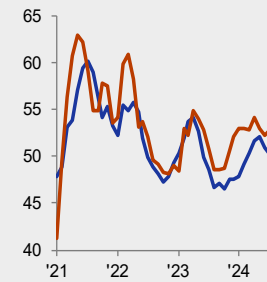


Composite Output Index

■ USA
■ Canada
sa, >50 = growth



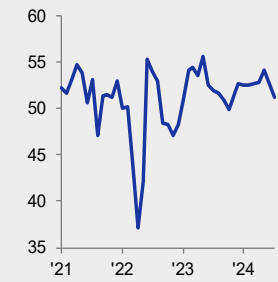
■ Eurozone
■ UK
sa, >50 = growth



■ Russia
sa, >50 = growth



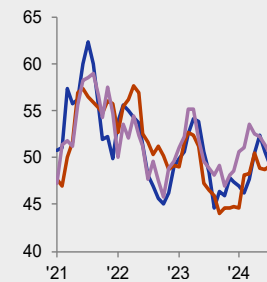
■ China
sa, >50 = growth



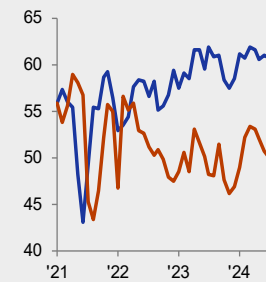
■ Brazil
sa, >50 = growth



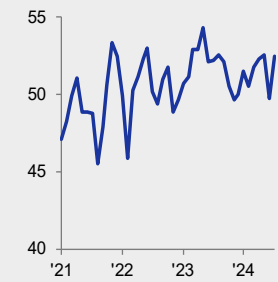
■ Germany
■ France
■ Italy
sa, >50 = growth



■ India
■ Australia
sa, >50 = growth



■ Japan
sa, >50 = growth



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.

Survey dates

Data were collected 12-27 August 2024.

Survey questions

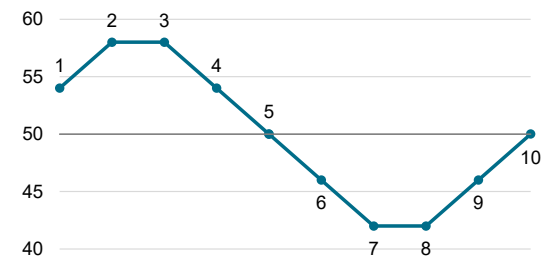
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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	



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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.

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