



AIB Ireland Services PMI®

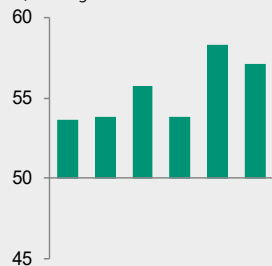
Outlook for 2025 brightens as new business growth continues to accelerate

57.1

IRELAND SERVICES BUSINESS ACTIVITY INDEX, DEC '24

Services Business Activity Index

Jul - Dec '24
sa, >50 = growth



The latest AIB Ireland Services PMI® survey indicated a strong end to 2024 for the Irish services economy. New business growth hit a nine-month high, generating another sharp rise in total activity and lifting the outlook for 2025. Moreover, employment and outstanding business both increased at faster rates than in November. Inflationary pressures also rose, however, with average input prices increasing at the sharpest rate in seven months and charge inflation remaining above the long-run survey trend.

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

"The AIB Irish Services PMI for December shows a continued robust performance in the sector. The PMI eased to 57.1 from 58.3 in November, but this out-turn signals a further sharp increase in activity. The expansion in December was driven by a rapid increase in new business, and solid gains in outstanding business and employment. The rate of growth in the Irish services sector was faster than the flash Eurozone and UK PMIs, both at 51.4, but slower than the US flash PMI at 58.5.

"The expansion in Irish services sector activity was underpinned by strong demand conditions. New business rose at its fastest pace since March and new export business growth accelerated to the fastest pace since May 2023. The volume of outstanding work also picked up and employment growth reached a four-month high, linked to firms targeting skilled and experienced staff to enhance business structures and meet workloads.

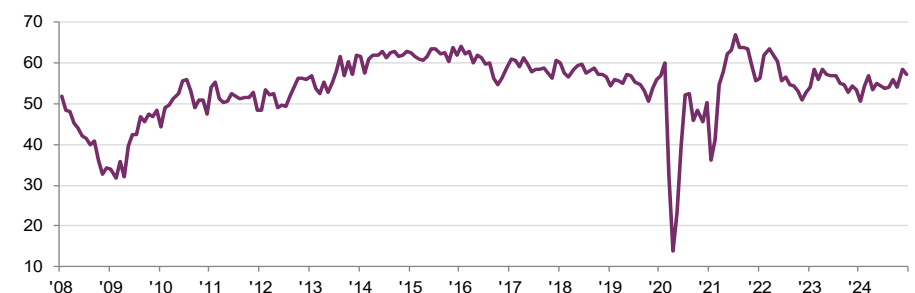
"The strong performance in the services

sector was broad-based with all four sub-sectors registering a strong pace of expansion. Notably, Transport, Tourism & Leisure registered the fastest growth in December, having been a laggard throughout much of 2024. However, hiring activity was more mixed across the sectors. Technology, Media & Telecoms was the top performer, while employment was essentially flat in the Financial Services sector.

"On the inflation front, the input cost index was higher, implying continued rising cost pressures in the sector. Wages and fuel were cited as key drivers of higher costs. The rate of increase in prices charged also accelerated, as firms protected margins amid a strong demand environment. In terms of the outlook, firms remain optimistic for business activity in 2025. The future activity index rose to its highest level in ten months, linked to new projects and business opportunities."

AIB Ireland Services Business Activity Index

sa, >50 = growth since previous month



PMI®

by S&P Global

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Overview

Fastest rise in new work since March

Total activity continues to expand sharply

Input price inflation accelerates to seven-month high

The seasonally adjusted AIB Ireland Services Business Activity Index fell only slightly to 57.1 in December, from 58.3 in November. The final reading of 2024 indicated a sustained sharp rise in services activity – the second-strongest since April 2023 – and the index remained well above the long-run trend level of 55.1.

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.

All four sub-sectors posted strong growth of business activity in December. Transport, Tourism & Leisure (60.9) was the only sector to record faster growth than in November, taking it top of the rankings for the first time since May 2023. Technology, Media & Telecoms (56.8), Financial Services (55.9) and Business Services (55.9) registered similarly solid, albeit softer rates of expansion at the end of 2024.

December data signalled a further strengthening in demand conditions, as the volume of new work received by service providers increased at the fastest rate since March. Stronger increases in new business were recorded in Transport, Tourism & Leisure and Technology, Media & Telecoms. New business from international clients rose at the fastest rate in over a year-and-a-half, with a notable boost to services exports in Business Services.

Service providers were their most optimistic on growth since February in December. Almost half (47%) of companies expected an increase in business activity over the coming 12 months, up from 40% in November, with reports of improving market conditions and new business opportunities. Overall confidence also rose above the long-run survey average at the end of the year.

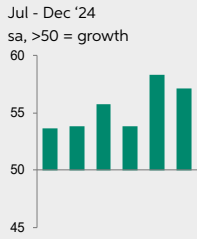
The continued acceleration in new business growth and stronger confidence in the outlook was reflected in the latest data on employment. The rate of job creation was the fastest since August, and in line with the long-run survey trend. The strongest pace of hiring growth was seen in Technology, Media & Telecoms, although Financial Services posted broadly no change in workforce numbers since November.

Despite the sharper increase in staffing, the volume of outstanding business held at service providers increased at a faster rate in December, reflecting the sustained acceleration in new business growth throughout the fourth quarter. Financial Services recorded the steepest rise.

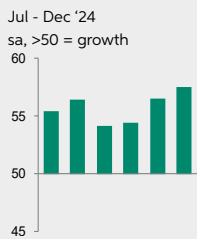
Improving demand was accompanied by an uptick in inflationary pressures in December, with the seasonally adjusted Input Prices Index rising to a seven-month high and back above its long-run trend level. Service providers continued to link higher costs to wages, and raised their charges again in December to compensate. The rate of charge inflation rose from November’s recent low, and further above the long-run average.

Activity and demand

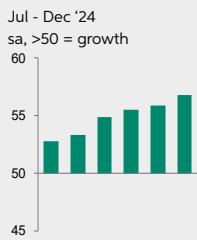
Business Activity Index



New Business Index



New Export Business Index



Business activity

There was another sharp increase in business activity in the Irish services sector at the end of 2024 as demand conditions improved. Over the final two months of the year activity rose more steeply than in any period since April 2023. The seasonally adjusted Business Activity Index eased since November but remained comfortably above its long-run average of 55.1.

Growth eased in three sub-sectors, the exception being Transport, Tourism & Leisure which also topped the rankings for the first time since May 2023.

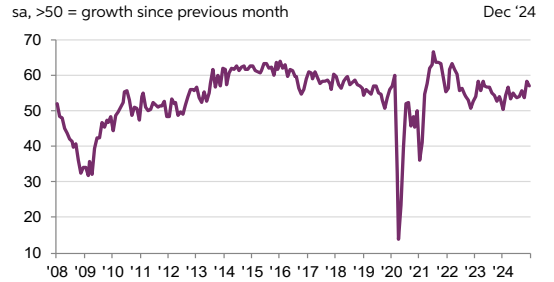
New business

The seasonally adjusted New Business Index trended upwards for the fifth time in six months in December, and the latest figure signalled the fastest rise in demand for services since March. New business growth strengthened in Technology, Media & Telecoms and Transport, Tourism & Leisure.

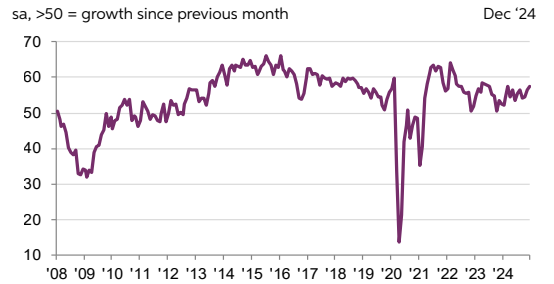
New export business

The rate of expansion in new export business improved for the fifth straight month in December, and was the fastest since May 2023. International demand was strongest in the Business Services sub-sector.

Business Activity Index



New Business Index

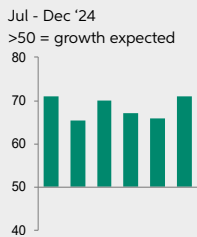


New Export Business Index



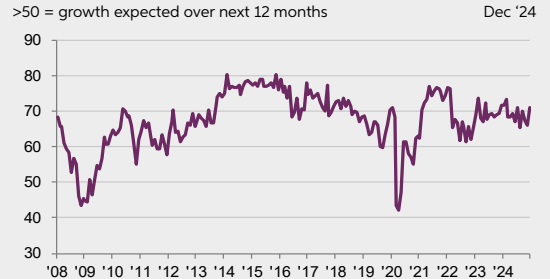
Business expectations

Future Activity Index



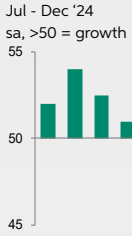
Service providers remained optimistic of growth in activity over the next 12 months in December, linked to new projects and business opportunities. Moreover, sentiment strengthened as the Future Activity Index rose to a ten-month high and back above its long-run trend level of 69.6. Expectations were strongest in Technology, Media & Telecoms and weakest in Transport, Tourism & Leisure.

Future Activity Index



Employment and capacity

Employment Index



Outstanding Business Index



Employment

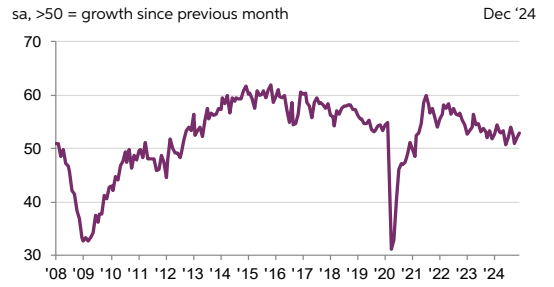
Job creation was maintained across the service economy in December, with firms targeting skilled and experienced staff to enhance business structures and meet workloads. The rate of employment growth rose to a four-month high, and the seasonally adjusted Employment returned to its long-run trend level of 53.0.

Technology, Media & Telecoms and Transport, Tourism & Leisure recorded the fastest increases in staffing during the latest period, while Financial Services recorded broadly no change.

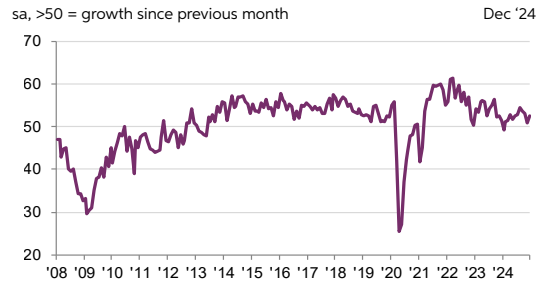
Outstanding business

November data indicated an increase in unfinished work at service sector businesses for the eleventh successive month, as new business inflows quickened. The rate of backlog accumulation accelerated but was still the second-slowest during the second half of 2024. Outstanding work rose sharply in Financial Services but declined in Transport, Tourism & Leisure.

Employment Index

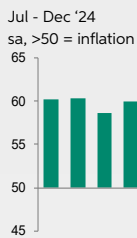


Outstanding Business Index

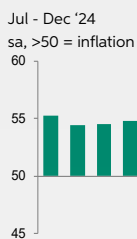


Prices

Input Prices Index



Prices Charged Index



Input prices

Adjusted for seasonal factors, the Input Prices Index rose in December, signalling the sharpest increase in average cost burdens across the service economy for seven months.

The overall rate of inflation also moved back above the long-run survey trend. Wages and salaries remained the main driver of cost inflation, with supplier charges, freight and fuel also mentioned.

By sub-sector, the fastest rate of cost inflation was recorded in Transport, Tourism & Leisure, and the weakest in Technology, Media & Telecoms.

Prices charged

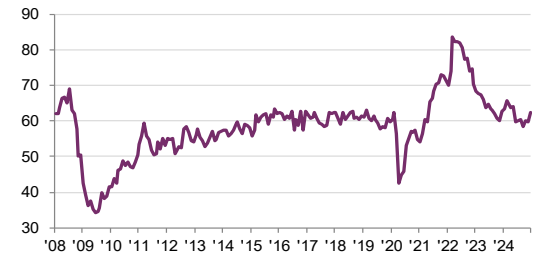
December data indicated another solid increase in average price charged by service sector firms as they passed on higher costs to customers. The seasonally adjusted Prices Charged Index remained above its long-run survey average and rose from November's 43-month low.

The fastest rise in average prices charged was seen in the Financial Services for the third month running.

Input Prices Index

sa, >50 = inflation since previous month

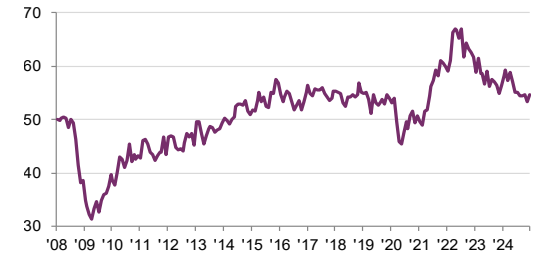
62.3
Dec '24



Prices Charged Index

sa, >50 = inflation since previous month

54.6
Dec '24





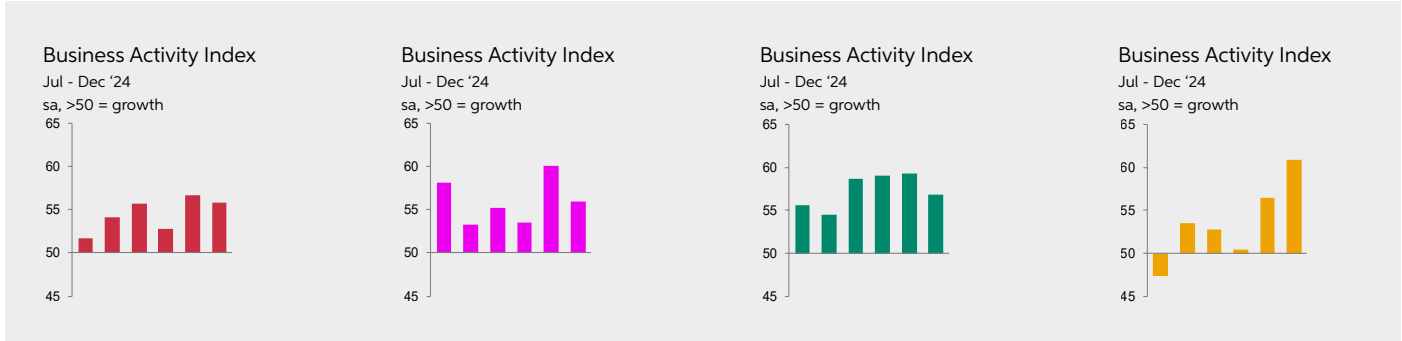
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



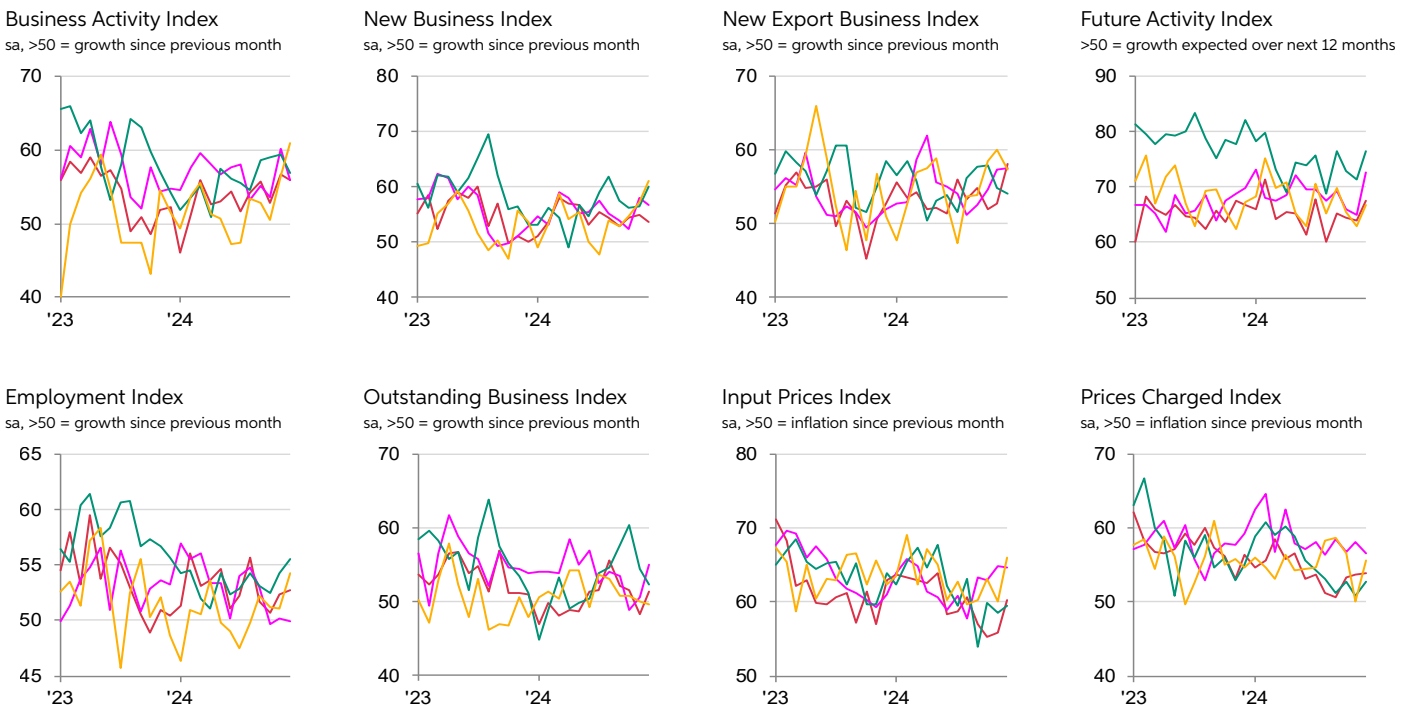
Activity levels in the Business Services category expanded for the eleventh successive month in December. The pace of expansion was strong overall. New business growth eased but the rate of job creation strengthened. Input price inflation rose to a four-month high but remained weaker than the service sector average.

Financial Services activity and new business both increased at slower rates in December. Employment was broadly flat, as was the case on average during the fourth quarter. Cost pressures remained strong, and charges were increased at the fastest rate among the four sectors. The outlook for activity strengthened to a seven-month high.

Technology, Media & Telecoms (TMT) registered the slowest pace of business activity growth for four months in December, but posted the strongest rate of job creation among the monitored sub-sectors for the fourth month running as new business growth quickened. Input prices rose sharply and charge inflation rose since November.

Transport, Tourism & Leisure was the fastest-growing sub-sector in December, having previously been the bottom-ranked sector. Business activity increased at the strongest rate since May 2022. New business gained further momentum, with growth the strongest since June 2022. Employment growth hit a 15-month high.

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





AIB Ireland Composite PMI®

Strongest rise in new business in nine months

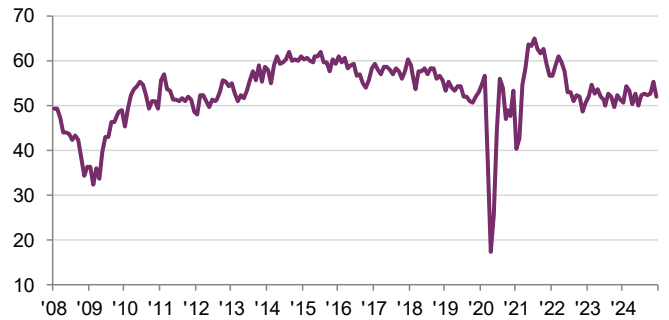
New business in the Irish private sector rose for the sixth consecutive month at the end of 2024, and the rate of expansion accelerated to the fastest since March. But output growth eased as the AIB Ireland Composite PMI® Output Index* registered 52.1 in December, down from 55.2 in November.

The services sector was again the main driver of growth in December, as manufacturing output declined at the fastest rate since June.

Employment increased at the strongest rate in four months, as manufacturers increased staffing for the first time since August.

Input price inflation accelerated for the first time in five months, although it remained below the long-run average. Charge inflation remained elevated and little-changed since October and November.

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



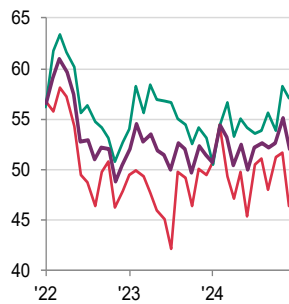
Sources: AIB, S&P Global PMI.

*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

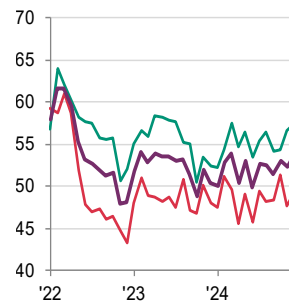
Output Index

sa, >50 = growth since previous month



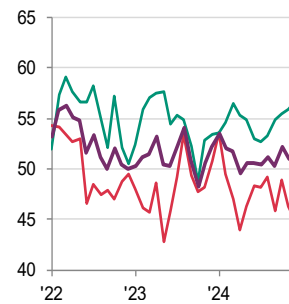
New Business Index

sa, >50 = growth since previous month



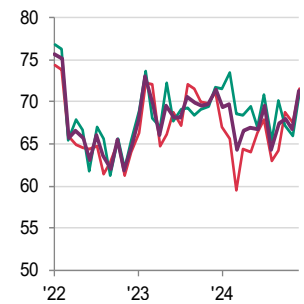
New Export Business Index

sa, >50 = growth since previous month



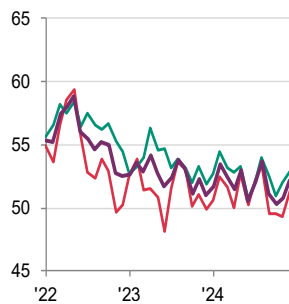
Future Output Index

>50 = growth expected over next 12 months



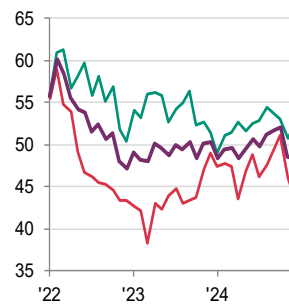
Employment Index

sa, >50 = growth since previous month



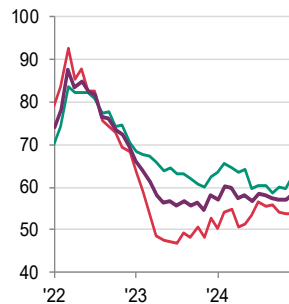
Outstanding Business Index

sa, >50 = growth since previous month



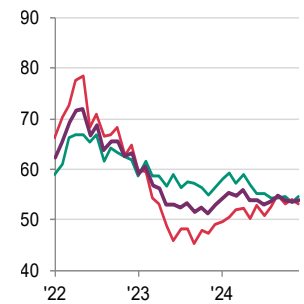
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



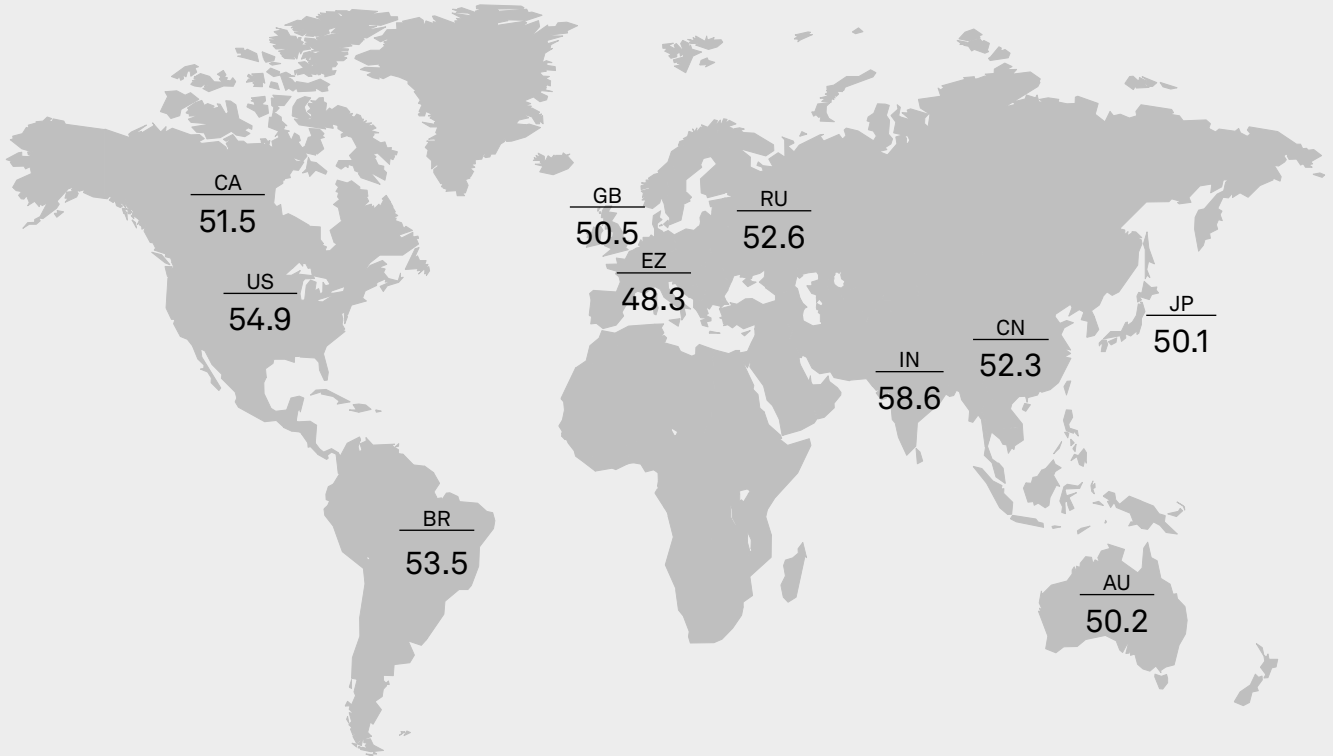
PMI®

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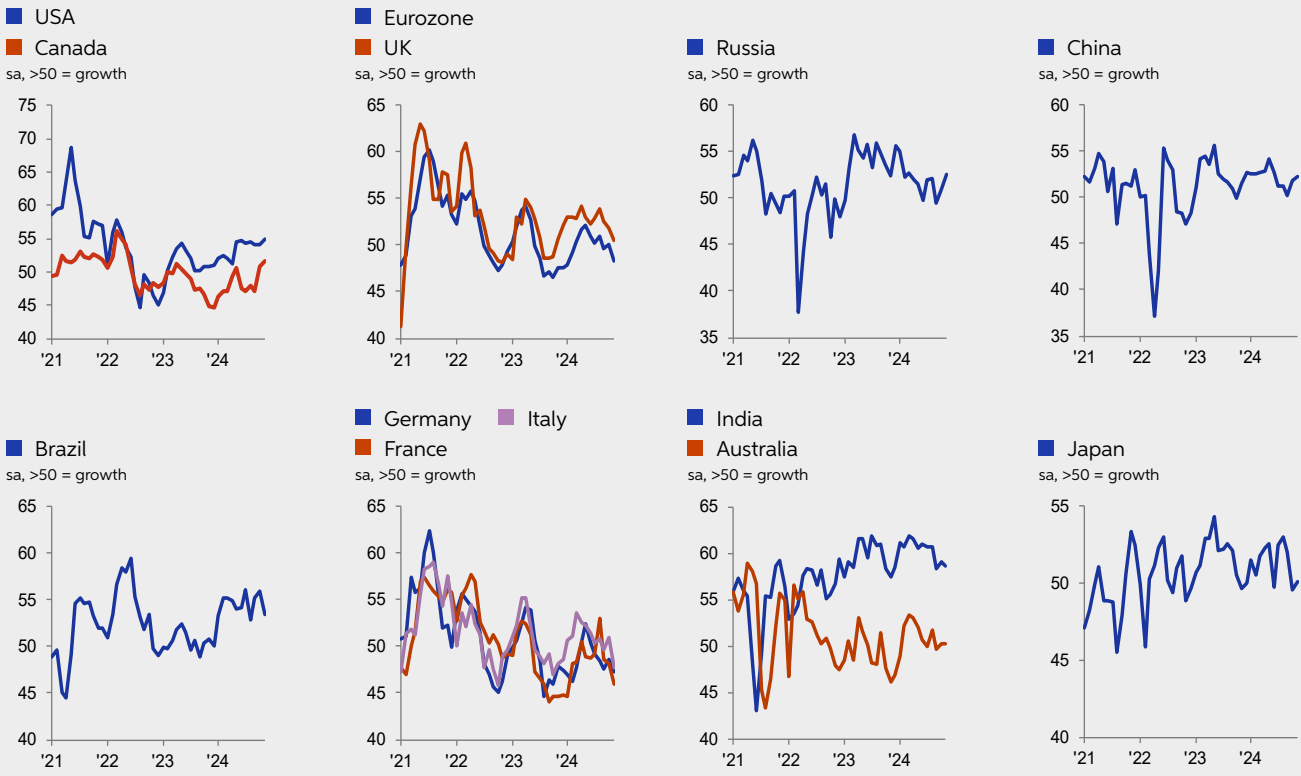
International PMI

Composite Output Index, Nov '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



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 5-18 December 2024.

Survey questions

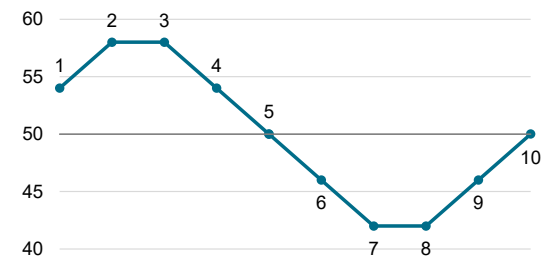
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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	

Index summary

Services

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Future Activity	Employment	Outstanding Business	Input Prices	Prices Charged
Jul '24	53.6	55.4	52.8	70.9	52.0	52.9	60.2	55.2
Aug '24	53.8	56.4	53.3	65.4	54.0	54.5	60.3	54.4
Sep '24	55.7	54.2	54.9	70.1	52.5	53.8	58.6	54.5
Oct '24	53.8	54.4	55.5	67.2	51.0	53.0	60.0	54.8
Nov '24	58.3	56.5	55.9	66.0	52.1	50.8	59.8	53.4
Dec '24	57.1	57.5	56.8	71.1	53.0	52.5	62.3	54.6

By sector, Dec '24

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Future Activity*	Employment	Outstanding Business	Input Prices	Prices Charged
Business Services	55.9	53.5	58.1	67.5	52.7	51.5	60.2	53.8
Financial Services	55.9	56.7	57.5	72.6	49.9	55.0	64.6	56.7
Technology, Media & Telecoms	56.8	60.0	54.1	76.6	55.6	52.3	59.4	52.7
Transport, Tourism & Leisure	60.9	61.1	57.4	66.8	54.2	49.7	66.0	55.6

Composite (manufacturing and services)

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Output	New Business	New Export Business	Future Output*	Employment	Outstanding Business	Input Prices	Output Prices
Jul '24	52.2	52.6	50.4	69.5	52.0	49.7	58.5	53.2
Aug '24	52.6	52.5	51.2	64.3	53.7	51.2	58.0	53.6
Sep '24	52.1	51.5	50.3	67.4	51.2	51.7	57.3	54.7
Oct '24	52.6	53.0	52.1	68.0	50.3	52.1	57.2	54.0
Nov '24	55.2	52.4	51.0	66.7	50.8	48.6	56.9	53.8
Dec '24	52.1	53.7	50.6	71.3	52.2	48.4	58.4	54.0



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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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