



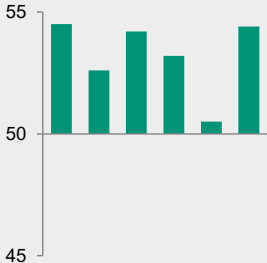
AIB Ireland Services PMI®

Service sector growth and inflation strengthen in February

54.4

IRELAND SERVICES BUSINESS ACTIVITY INDEX, FEB '24

Services Business Activity Index
Sep '23 - Feb '24
sa, >50 = growth



The latest AIB PMI® survey data indicated resurgent service sector growth in February, accompanied by rising price pressures. Total activity and new business both rose at the fastest rates since last September, driving the sharpest rate of job creation for eight months. The 12-month outlook for total activity improved to the strongest since February 2023 and was greater than the long-run survey average. The improved performance of the sector was, however, accompanied by rising price pressures. Input price and charge inflation were at 10- and 12-month highs, respectively.

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

"The AIB Irish Services PMI for February shows an acceleration in growth in business activity in the sector. The index came in at 54.4 in February, up from 50.5 in January, and signalled the fastest pace of expansion in the sector since September 2023. This was also the 36th consecutive month of expansion in the sector, extending a sequence that began in March 2021.

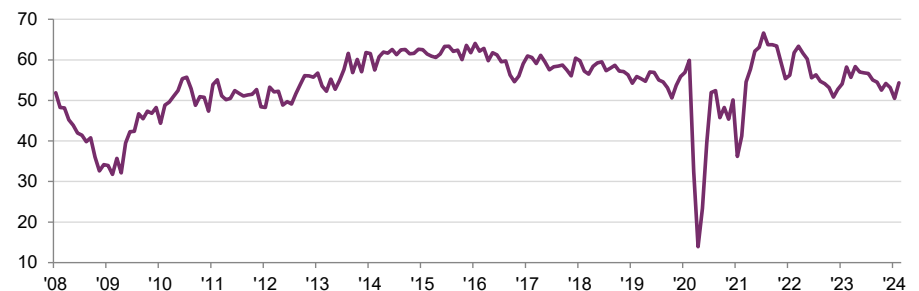
"Irish firms continued to report rising levels of new business across all sectors, and this was linked in part to robust international demand. The volume of outstanding work also increased on the month, following a dip in activity in January. At the sectoral level all four sub-sectors covered in the survey registered growth overall – led by robust growth in Financial Services in particular. Technology, Media & Telecoms also registered a faster pace of expansion in February, following a period of decelerating growth throughout much

of 2023.

"Employment continued to rise, and the pace of job creation accelerated on the month to an eight-month high. Business sentiment about the prospects for activity over the coming twelve months also improved, helped by increasing expectations of economic recovery, lower interest rates, and new product developments.

"Inflationary pressures, though, strengthened again in February, as was also observed in the manufacturing PMI. The rate of input price inflation accelerated for a third consecutive month, with firms reporting higher labour costs as the main source of inflation, particularly in the Transport, Tourism & Leisure sector. Firms continue to protect margins by passing on higher operating costs to customers, with prices charged for services rising at their quickest pace in 12 months in February."

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

Fastest increases in activity and new work for five months

Expectations improve, driving faster rate of job creation

Stronger cost pressures drive charge inflation to 12-month high

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 rose from 50.5 in January to 54.4 in February, signalling a rebound in growth of Irish service sector activity. The pace of expansion was the fastest since last September, although still below the trend for the current sequence of growth which began in March 2021 (57.3).

All four sub-sectors monitored registered higher activity in February. Financial Services (57.6) posted the fastest growth for the third month running, ahead of Transport, Tourism & Leisure (53.7) and Technology, Media & Telecoms (53.7). Business Services (51.3) registered only modest growth, albeit a notable improvement compared with January's near-three year nadir.

Irish service providers benefited from a sharper expansion in new business in February, extending the current growth sequence that began in March 2021. The rate of growth was the fastest in five months, albeit still softer than the long-run survey trend. Companies mentioned a stronger increase in European demand, as new export business rose at the

sharpest pace in six months.

The stronger increase in new contracts in February was reflected in a rise in outstanding business, following the first decline since February 2021 in January. The overall expansion was only modest, however, as there were sustained declines in Business Services and Technology, Media & Telecoms.

Service providers bolstered their workforces in February to accommodate increased new business. The rate of job creation picked up further from December's 34-month low to the fastest since last June. Business Services and Financial Services posted the steepest increases in the latest period.

The 12-month outlook for activity in the Irish service sector improved further in February. Overall confidence was the strongest since February 2023, and moved further above the long-run series trend. Companies linked positive forecasts to an economic recovery, new customers, new services and lower interest rates.

Price pressures continued to build in February, with input prices and charges rising at the fastest rates in 10 and 12 months, respectively. Both price indices remained well above their long-run averages. Wages were again the key driver of inflation, while transportation firms also highlighted fuel. Transport, Tourism & Leisure recorded the strongest input price inflation of the four main sectors, but the weakest charge inflation. Financial Services posted the fastest increase in charges.

Activity and demand

Business activity

The level of business activity in the Irish service sector rose for the thirty-sixth consecutive month in February. The rate of expansion rebounded since the start of the year to the fastest since last September, aided by stronger inflows of new business.

Growth was broad-based by sector and led by Financial Services for the third straight month. Robust gains in activity were seen in Transport, Tourism & Leisure and Technology, Media & Telecoms while only modest growth was registered in Business Services.

New business

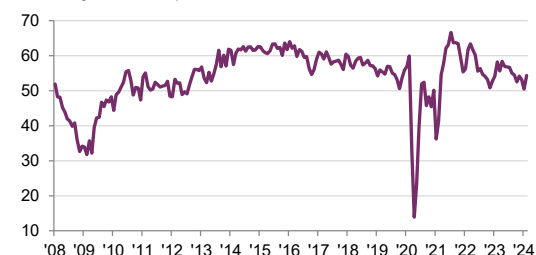
The level of new business received by Irish services firms rose solidly in February, partly linked to new customers and stronger international demand. The overall rate of growth was the fastest since last September, albeit still below the long-run trend. New business intakes rose in all four sectors, led by Technology, Media & Telecoms.

New export business

The volume of new business from overseas increased for the fourth month running in February, and at the fastest rate in six months. The EU, UK and US were all mentioned as sources of growth. Technology, Media & Telecoms and Business Services continued to lead the sector export growth rankings.

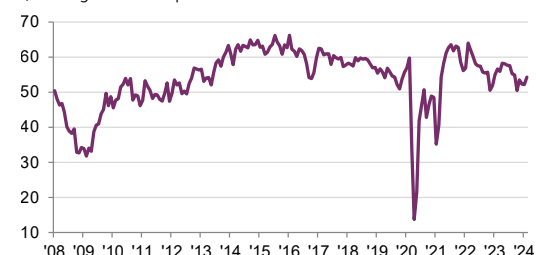
Business Activity Index

sa, >50 = growth since previous month



New Business Index

sa, >50 = growth since previous month



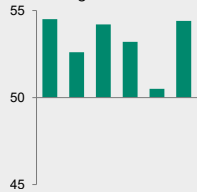
New Export Business Index

sa, >50 = growth since previous month



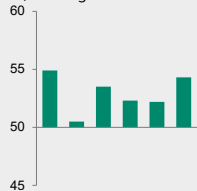
Business Activity Index

Sep '23 - Feb '24
sa, >50 = growth



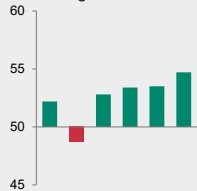
New Business Index

Sep '23 - Feb '24
sa, >50 = growth



New Export Business Index

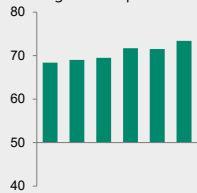
Sep '23 - Feb '24
sa, >50 = growth



Business expectations

Future Activity Index

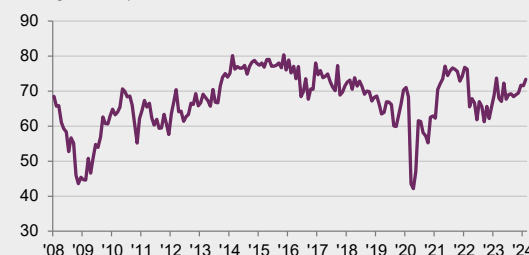
Sep '23 - Feb '24
>50 = growth expected



The 12-month outlook for business activity among Irish service providers brightened in February. The Future Activity Index rose to a 12-month high, moving further above its long-run trend level of 69.6. Firms mentioned an expected economic recovery, new products, exports and lower interest rates as reasons for optimism. By sector, expectations were strongest in Technology, Media & Telecoms, followed by Transport, Tourism & Leisure.

Future Activity Index

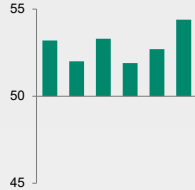
>50 = growth expected over next 12 months



Employment and capacity

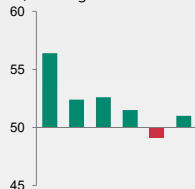
Employment Index

Sep '23 - Feb '24
sa, >50 = growth



Outstanding Business Index

Sep '23 - Feb '24
sa, >50 = growth



Employment

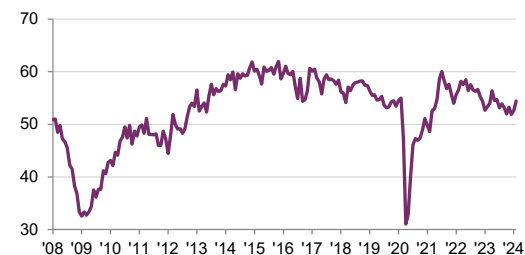
Growth in service sector employment was maintained in February, extending the current period of job creation that began in March 2021. The rate of increase strengthened to an eight-month high in the latest period, and was above the long-run survey trend. Jobs growth was seen in all four sectors, and was strongest in Business Services. Transport, Tourism & Leisure recorded the slowest gain in staffing.

Outstanding business

Service providers in Ireland reported a renewed increase in the level of outstanding work in February, following the first decline in nearly three years in January. The rate of growth in the latest period was only modest, however. There was a solid increase in Financial Services, but declines in Business Services and Technology, Media & Telecoms.

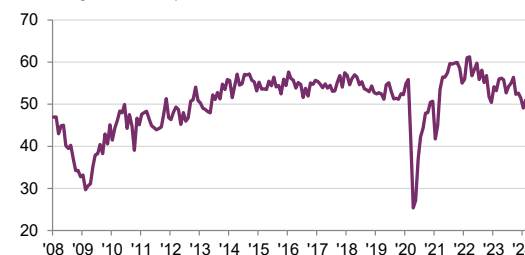
Employment Index

sa, >50 = growth since previous month



Outstanding Business Index

sa, >50 = growth since previous month



Prices

Input prices

Average input prices in the service sector rose for the forty-fourth successive month in February, heavily linked to wages although fuel was also mentioned by transportation firms. The rate of inflation accelerated for the third straight month to the highest since April 2023, with the seasonally adjusted Input Prices Index remaining above its long-run average of 60.1.

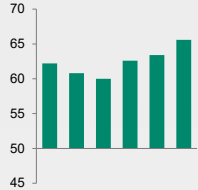
Transport, Tourism & Leisure reported the strongest cost pressures in February, followed by Financial Services.

Prices charged

Service providers continued to raise their prices charged in February in order to pass on higher costs to customers. The rate of inflation quickened further to a 12-month high, and remained well above the long-run survey average. For the fifth month running, charge inflation was strongest in Financial Services.

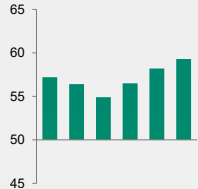
Input Prices Index

Sep '23 - Feb '24
sa, >50 = inflation



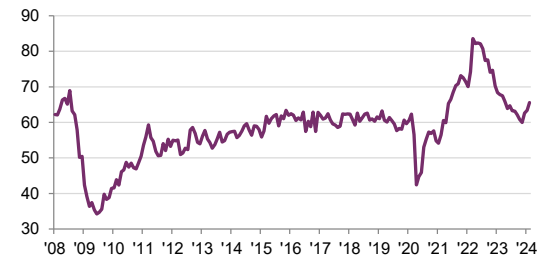
Prices Charged Index

Sep '23 - Feb '24
sa, >50 = inflation



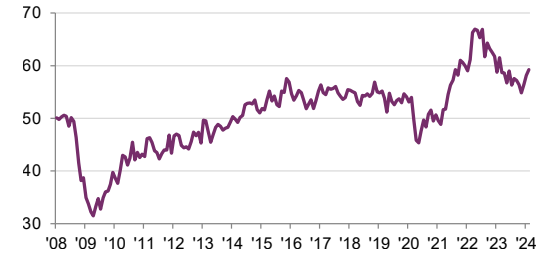
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month



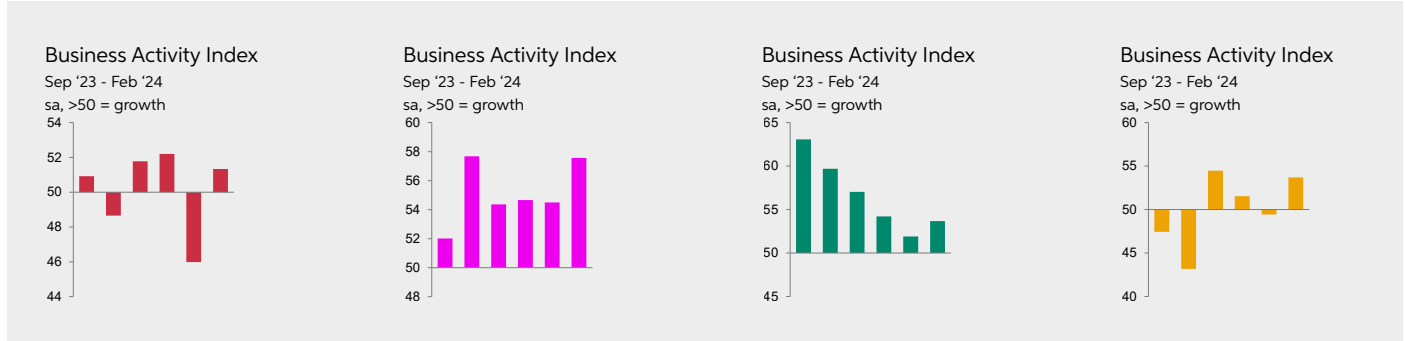
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



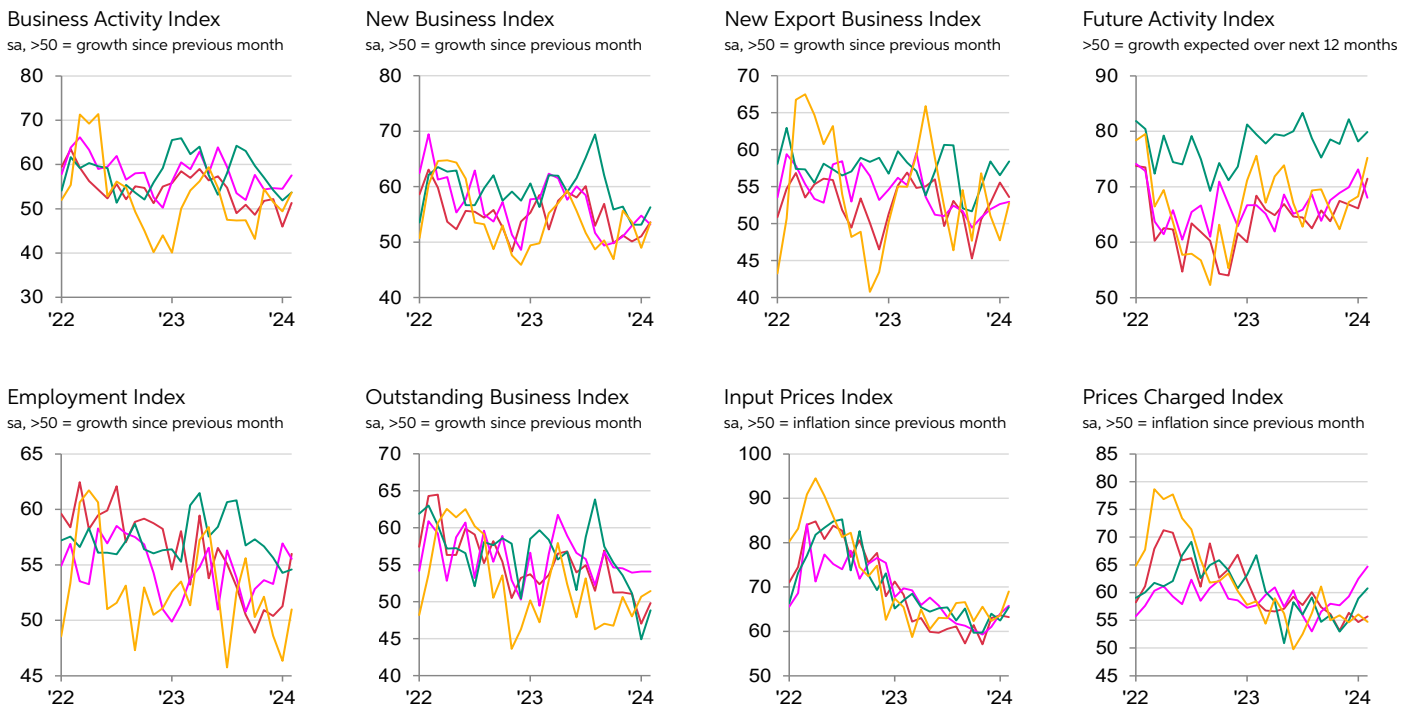
Business Services registered a renewed rise in activity due to a faster increase in new work, although it was the slowest-growing sector. Employment rose at the fastest rate in eight months. Price pressures were strong, but below the all-services averages. Expectations strengthened to a two-year high.

Activity in Financial Services continued to expand at the fastest rate among the four sectors, despite the slowest increase in new business. Expectations eased to a five-month low. Inflationary pressures strengthened for the third straight month. Employment continued to rise strongly in February.

Technology, Media & Telecoms (TMT) slipped to third in the sector growth rankings, despite registering a faster rate of expansion. New business growth accelerated, however, and led the rankings. Employment growth was broadly in line with the all-services average. Charge inflation accelerated to a 12-month high.

Activity and new business in the Transport, Tourism & Leisure sector rose for the third time in four months, and at a solid pace. Employment rose for the first time in three months, albeit at the slowest rate among the four sectors. Input price inflation accelerated to a 15-month high but charge inflation eased.

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





AIB Ireland Composite PMI®

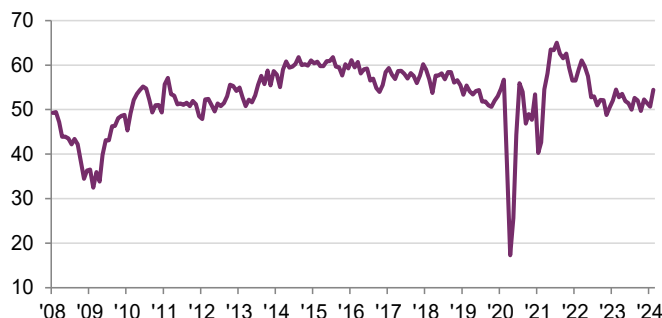
Private sector growth rebounds in February

Irish private sector output rose for the fourth month running in February, and the rate of expansion accelerated to the fastest for a year. The AIB Ireland Composite PMI® Output Index* rose to 54.4 in February, from January's 50.7, signalling a robust rate of growth. Service providers and manufacturers registered similarly solid rates of expansion. Incoming new business and employment both increased at the fastest rates in six months.

New business rebounded in February, as faster services growth was accompanied by a renewed rise in manufacturing new orders. Outstanding business rose in services but fell further in manufacturing.

Input price inflation accelerated since January to an 11-month high and rose back above the long-run series average. Similarly, output price inflation rose to a ten-month high and was historically relatively strong.

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



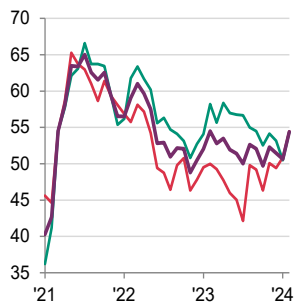
Sources: AIB, S&P Global PMI.

*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

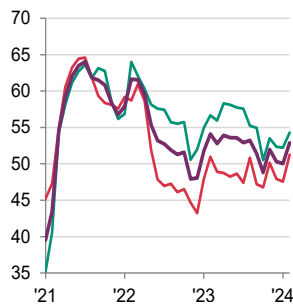
Output Index

sa, >50 = growth since previous month



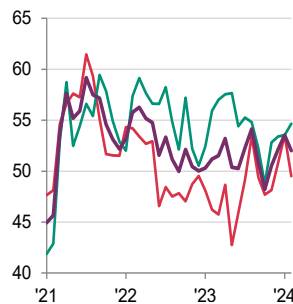
New Business Index

sa, >50 = growth since previous month



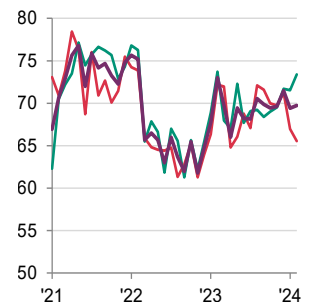
New Export Business Index

sa, >50 = growth since previous month



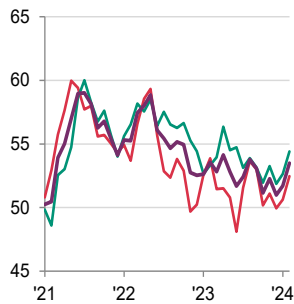
Future Output Index

>50 = growth expected over next 12 months



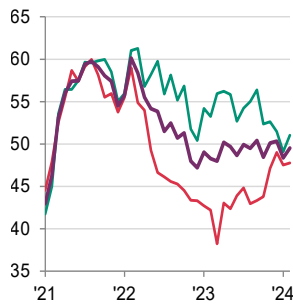
Employment Index

sa, >50 = growth since previous month



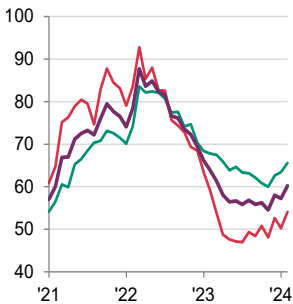
Outstanding Business Index

sa, >50 = growth since previous month



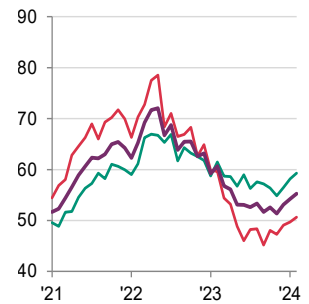
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



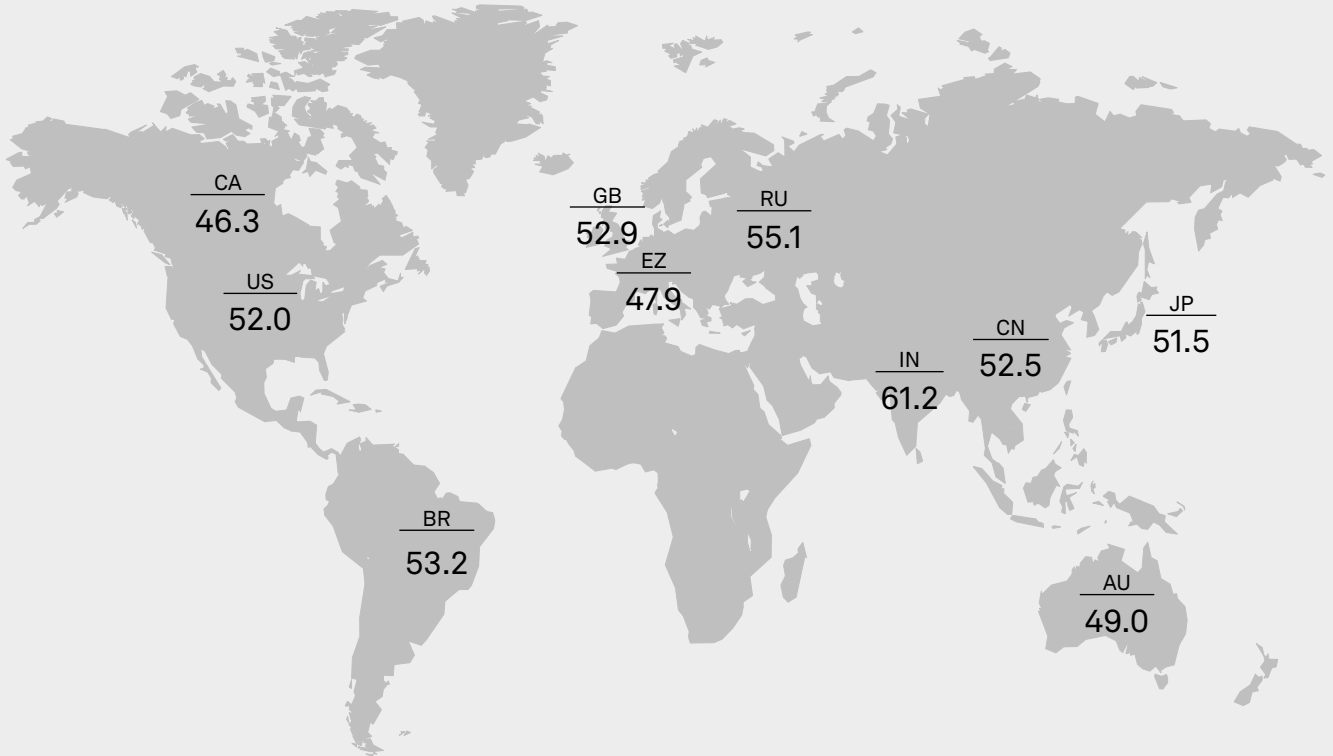
PMI®

by S&P Global

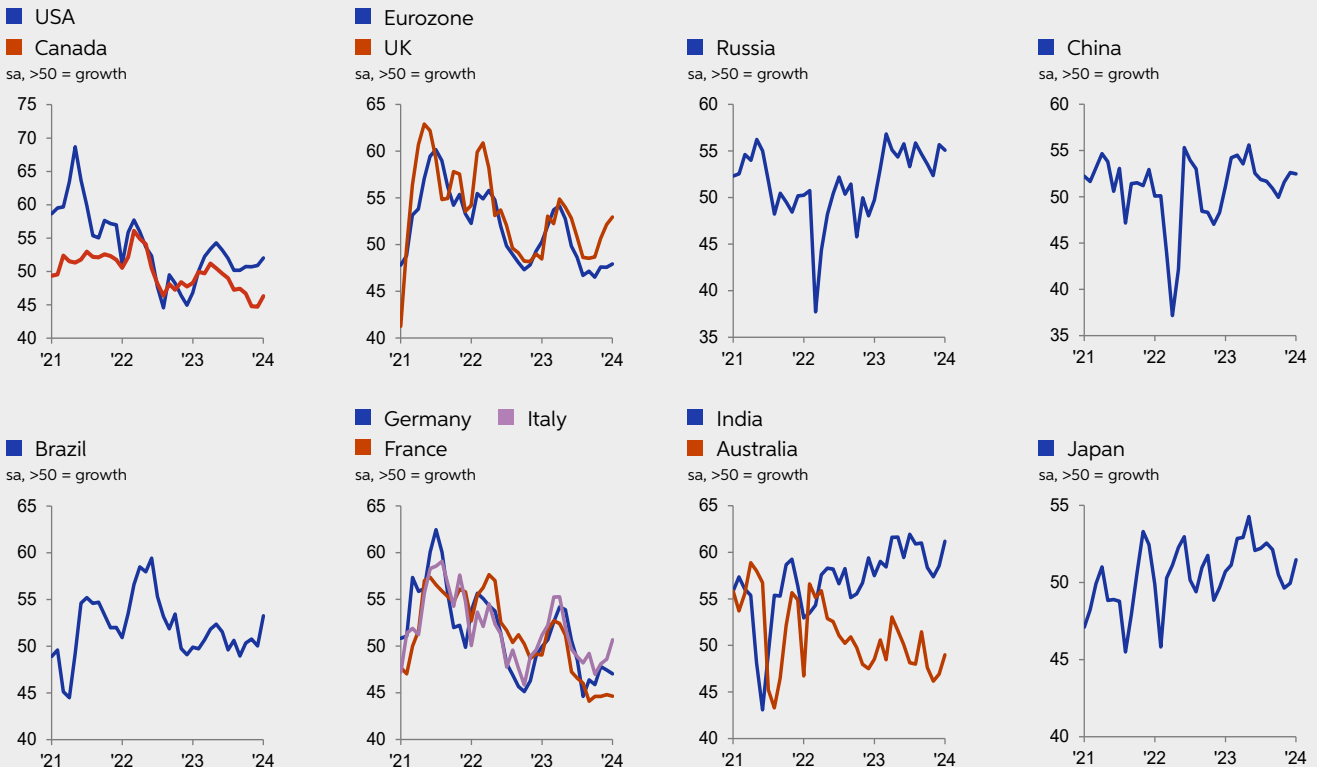
International PMI

Composite Output Index, Jan '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 12-26 February 2024.

Survey questions

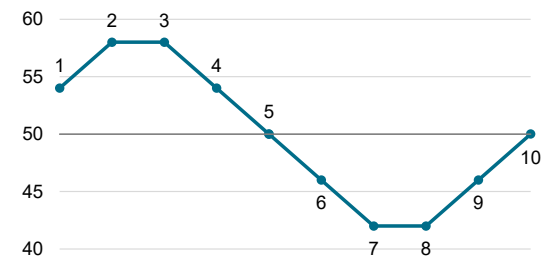
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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	



Contact

David McNamara
AIB Chief Economist
T: +353-(0)87-4071825
david.g.mcnamara@aib.ie
AIBeconomics.Unit@aib.ie
www.aibeconomics.com

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

Louise Kelly
AIB Press Office
T: +353 87 216 1545
louise.Y.Kelly@aib.ie

Trevor Balchin
Economics Director
S&P Global Market Intelligence
T: 44-1491-461-065
trevor.balchin@spglobal.com

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

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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.
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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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