



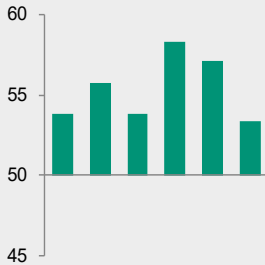
AIB Ireland Services PMI®

Growth slows at start of 2025 but outlook remains strong

53.4

IRELAND SERVICES BUSINESS ACTIVITY INDEX, JAN '25

Services Business Activity Index
Aug '24 - Jan '25
sa, >50 = growth



The latest AIB Ireland Services PMI® survey indicated a soft start to 2025 for the Irish services economy. Growth of new business and total activity were maintained, but at the weakest rates in nine and four months, respectively. Outstanding work barely rose and employment was broadly unchanged, with job cuts recorded in financial services. Inflationary pressures rose to the highest since last May. More positively, the 12-month outlook for business activity improved further to the highest since February 2024.

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

"The AIB Irish Services PMI for January shows continued growth in the sector. However, the PMI fell to 53.4 from 57.1 in December, signalling a further easing in the pace of growth. The expansion in January was driven by an increase in new and outstanding business, but employment fell marginally on the month. The rate of growth in the Irish services sector remained faster than the flash eurozone, UK and US flash PMIs, at 51.4, 51.2, and 52.8, respectively.

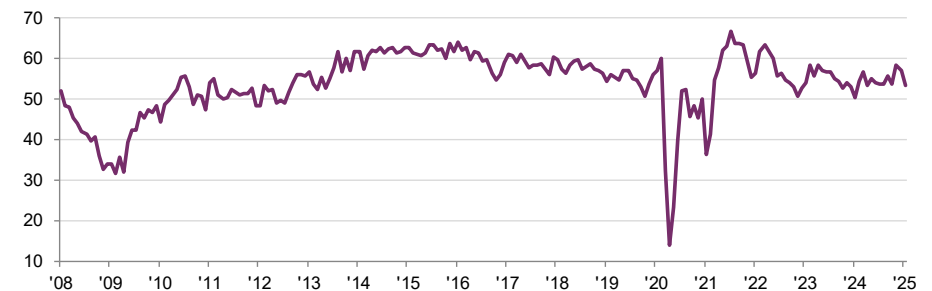
"New business rose at its slowest pace since September 2024 and new export business also eased for the first times in six months. The volume of outstanding work also slowed to a modest pace of growth in January, signalling a softening in activity across the sector.

"All four sub-sectors registered varying paces of expansion in January. Transport, Tourism & Leisure registered the fastest growth once again, having been a

laggard throughout much of 2024, with more modest gains in Technology, Media & Telecoms, Business Services, and Financial Services. Hiring activity was mixed across the sectors, with a contraction in the Financial Services sector, and weak growth in the remaining three sectors.

"On the inflation front, the input cost index was higher once again, implying continued rising cost pressures in the sector. Wages and utilities were cited as key drivers of higher costs. The rate of increase in prices charged also accelerated, as firms protected margins, despite a softer demand environment. In terms of the outlook, firms remain optimistic for business activity in 2025. The future activity index rose to its highest level since February 2024, linked to new projects and business opportunities domestically and abroad."

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



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- Business expectations
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- Prices
- Services sub-sectors
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Overview

- Softer growth of activity and new business
- Employment broadly stagnates due to job cuts in finance
- Year-ahead outlook remains strongly positive

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 further to 53.4 in January, from 57.1 in December. The first reading of 2025 indicated a sustained rise in services activity, but at the slowest rate since April 2024. The Index also dipped below the long-run trend level of 55.1.

All four sub-sectors posted growth of business activity in January, but at slower rates than in December. Transport, Tourism & Leisure (58.9) remained the fastest-growing sector, the first time it has held on to top spot since May 2022. Financial Services (52.5) posted a steep easing in growth to the weakest since September 2023, but was still just ahead of Business Services (52.0) and Technology, Media & Telecoms (51.8).

January data signalled a further expansion in the volume of new work received by service providers. That said, the rate of growth was the weakest in four months, and below the long-run trend. Slower increases in new business were recorded in Transport, Tourism & Leisure, Financial Services and

Technology, Media & Telecoms. New business from international clients rose at the weakest rate in five months.

With the slower increase in new business, the volume of outstanding work held at service providers increased only fractionally. This easing of pressure on capacity was reflected in the latest data on employment, with broadly no change since December ending a run of continuous job creation among service providers that stretched back to March 2021. Sector data revealed, however, that three sectors continued to expand workforces at modest rates, while Financial Services posted the steepest job cuts in over four years.

Despite the softer increase in new business and job cuts at financial services firms, service providers remained strongly optimistic on growth in January. Overall confidence rose to an 11-month high and further above the long-run survey average at the start of the year. Firms linked positive sales forecasts to an expected market recovery, pent-up demand, digital investment, tourism, new products and growth in UK business.

Inflationary pressures increased in January, with the input prices and prices charged indices both rising to eight-month highs and further above their long-run trend levels. Wages remained the primary driver of higher costs and charges. Transport, Tourism & Leisure registered the fastest increases in both input costs and charges during January.

Activity and demand

Business activity

Growth in business activity in the Irish services sector was maintained at the start of 2025 as new work continued to increase. That said, the respective seasonally adjusted index eased further from November's 19-month high and signalled the weakest growth since last April. The Index was also below the long-run average of 55.1.

Growth eased in all four sub-sectors, with the weakest expansion in Technology, Media & Telecoms. Transport, Tourism & Leisure topped the rankings for the second month running.

New business

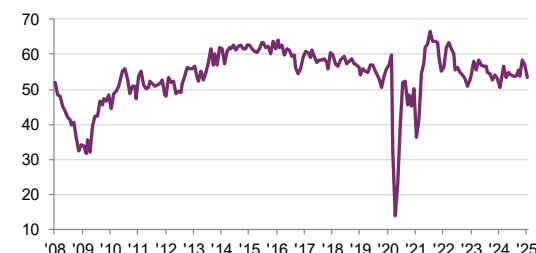
The seasonally adjusted New Business Index remained above 50.0 in January, extending the current sequence of demand growth to one month short of four years. That said, the latest figure signalled the slowest rise in demand for services since last September. New business growth eased in all areas except Business Services.

New export business

The rate of expansion in new export business slowed for the first time in six months in January, and was the weakest since last August. International demand was strongest in Transport, Tourism & Leisure, and weakest in Financial Services.

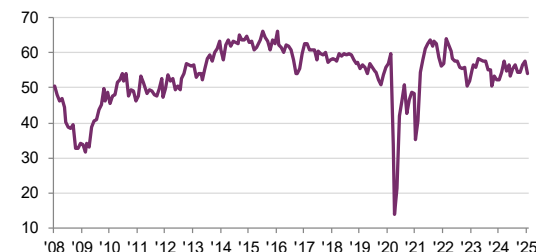
Business Activity Index

sa, >50 = growth since previous month



New Business Index

sa, >50 = growth since previous month



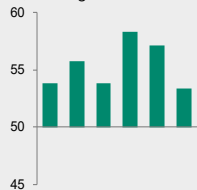
New Export Business Index

sa, >50 = growth since previous month



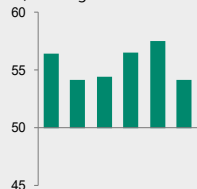
Business Activity Index

Aug '24 - Jan '25
sa, >50 = growth



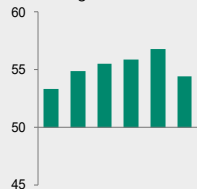
New Business Index

Aug '24 - Jan '25
sa, >50 = growth



New Export Business Index

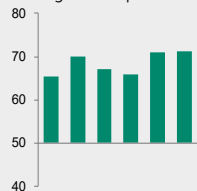
Aug '24 - Jan '25
sa, >50 = growth



Business expectations

Future Activity Index

Aug '24 - Jan '25
>50 = growth expected

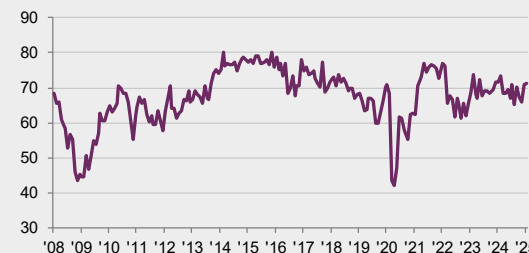


Service providers remained strongly optimistic of growth in activity over the next 12 months in January. Confidence was linked to an expected market recovery, pent-up demand, digital investment, tourism, new products and growth in UK sales.

The Future Activity Index edged up to signal the strongest sentiment since last February, and further above its long-run trend level of 69.6. Expectations were strongest in Technology, Media & Telecoms and weakest in Business Services.

Future Activity Index

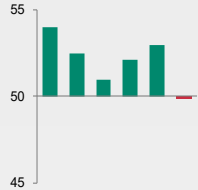
>50 = growth expected over next 12 months



Employment and capacity

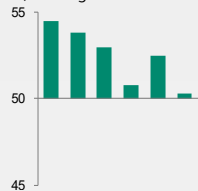
Employment Index

Aug '24 - Jan '25
sa, >50 = growth



Outstanding Business Index

Aug '24 - Jan '25
sa, >50 = growth



Employment

The services sector registered broadly no change in staff levels in January, ending a near-four year period of sustained job creation.

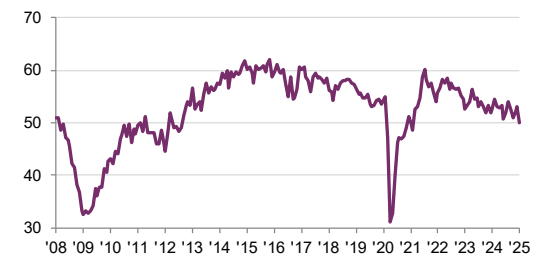
That said, the overall stagnation masked continued – albeit slower – employment growth across most areas of the services sector. Business Services, Technology, Media & Telecoms and Transport, Tourism & Leisure all recorded modest increases in staffing during the latest period. This was entirely offset by Financial Services posting the steepest job cuts since November 2020.

Outstanding business

January data indicated an increase in unfinished work at service sector businesses for the twelfth successive month, despite softer growth in new business. The rate of backlog accumulation also slowed, however, to the weakest in the current sequence. Outstanding work rose modestly in Business Services and Financial Services, but was broadly flat in Transport, Tourism & Leisure and Technology, Media & Telecoms.

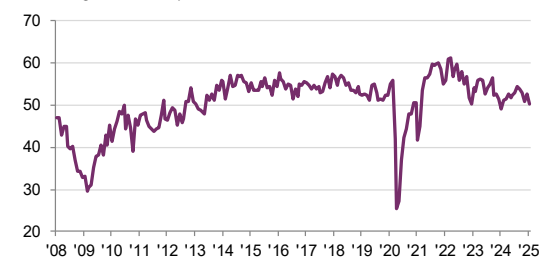
Employment Index

sa, >50 = growth since previous month



Outstanding Business Index

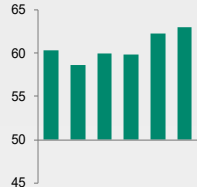
sa, >50 = growth since previous month



Prices

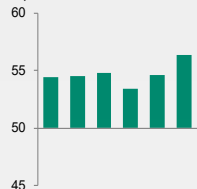
Input Prices Index

Aug '24 - Jan '25
sa, >50 = inflation



Prices Charged Index

Aug '24 - Jan '25
sa, >50 = inflation



Input prices

The seasonally adjusted Input Prices Index rose further in January, signalling the sharpest increase in average cost burdens across the service economy for eight months. Wages remained the main driver of higher costs while fuel, energy, utilities and building work were also mentioned. The overall rate of inflation moved further above the long-run survey trend.

By sub-sector, the fastest rate of input cost inflation was again recorded in Transport, Tourism & Leisure, while the weakest increase was in Business Services.

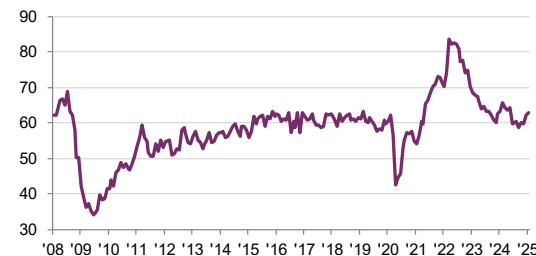
Prices charged

January 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 rose to an eight-month high and further above its long-run survey average.

The fastest rise in average prices charged was seen in Transport, Tourism & Leisure, closely followed by Financial Services.

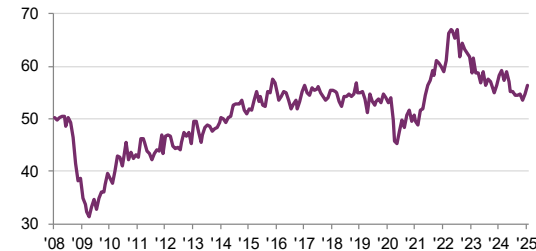
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month



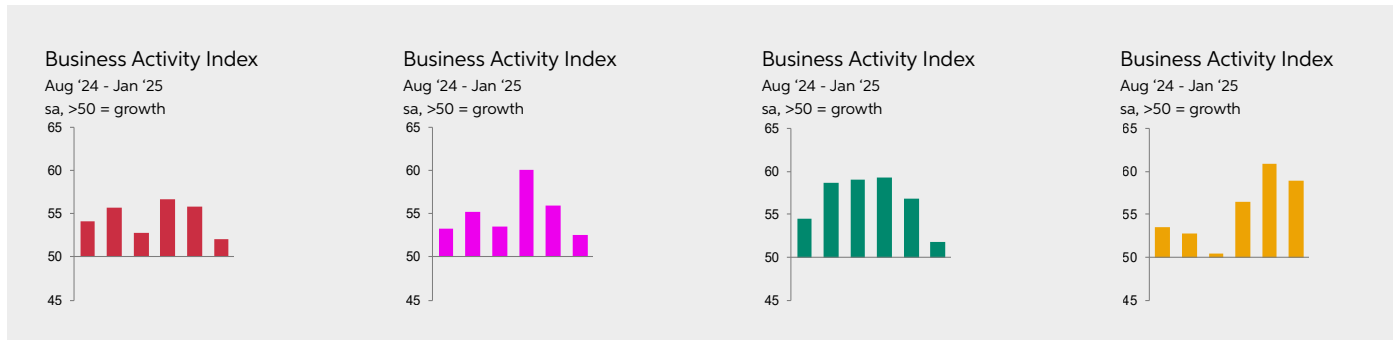
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



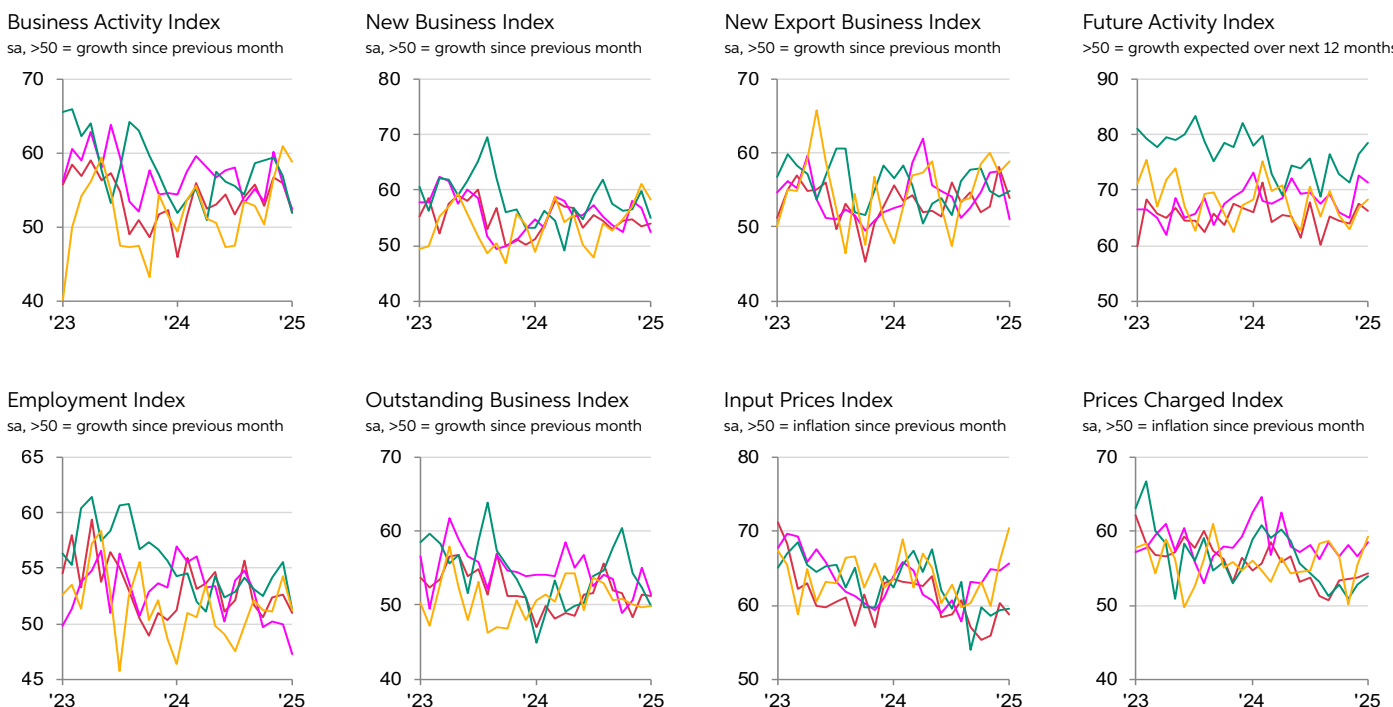
Activity levels in the Business Services category expanded for the twelfth successive month in January. The pace of expansion slowed, but new business growth remained solid and outstanding work continued to increase. The rate of job creation eased to a modest pace. Input price inflation was strong overall but the weakest among the four sectors.

Financial Services activity and new business both increased at much slower rates in January. Employment fell for the third time in four months and at the fastest rate since November 2020. Cost pressures rose to an 11-month high, and charges were increased at the fastest rate since last September. The outlook for activity strengthened further to an eight-month high.

Technology, Media & Telecoms (TMT) registered the slowest pace of activity growth since April 2024, and the weakest among the four sectors. The rate of job creation eased to a nine-month low as new business rose at the slowest rate since last June. Input prices rose sharply and charge inflation rose to a six-month high, but was the softest among the four sectors.

Transport, Tourism & Leisure was the fastest-growing sub-sector for the second month running, despite an easing in growth from December. New business growth also topped the sector rankings again, while employment growth was joint-strongest (with Technology, Media & Telecoms). Price pressures were the highest among the four sectors.

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





AIB Ireland Composite PMI®

Moderate growth maintained at start of 2025

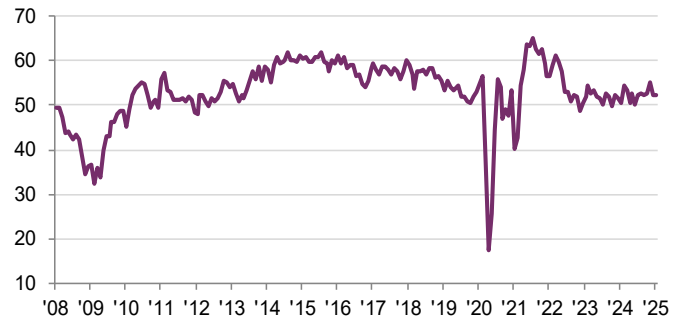
Output and new business in the Irish private sector both rose at moderate rates in January, supporting a modest increase in employment. The AIB Ireland Composite PMI® Output Index* registered 52.3 in January, little-changed from 52.1 in December. The latest figure was in line with the average for 2024 but below the long-run trend of 53.8.

The services sector registered slower growth in activity and new business in January, but these trends were offset by renewed increases in manufacturing output and new orders.

Employment increased at the second-strongest rate in five months, though this masked broadly unchanged workforces at service providers with recruitment entirely driven by manufacturers.

Input price inflation accelerated to an 11-month high, and back above the long-run average. Charge inflation remained elevated and was the fastest since April 2024.

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



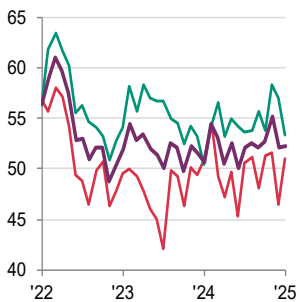
Sources: AIB, S&P Global PMI.

*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

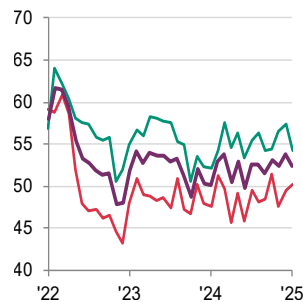
Output Index

sa, >50 = growth since previous month



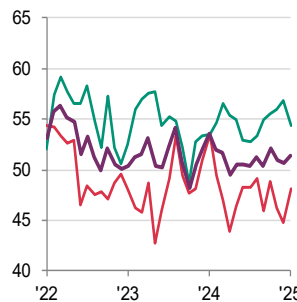
New Business Index

sa, >50 = growth since previous month



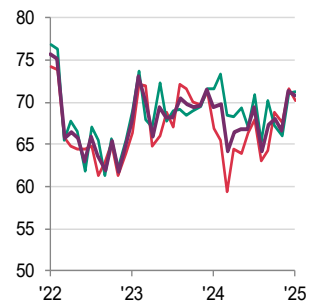
New Export Business Index

sa, >50 = growth since previous month



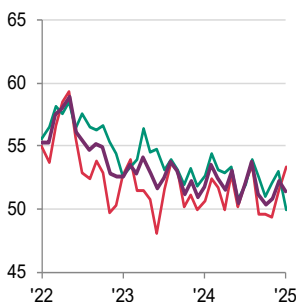
Future Output Index

>50 = growth expected over next 12 months



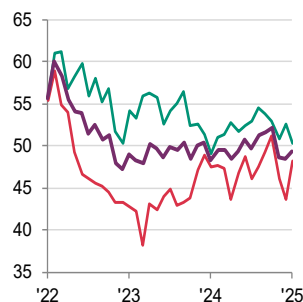
Employment Index

sa, >50 = growth since previous month



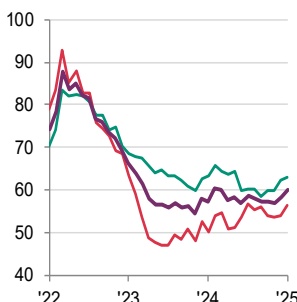
Outstanding Business Index

sa, >50 = growth since previous month



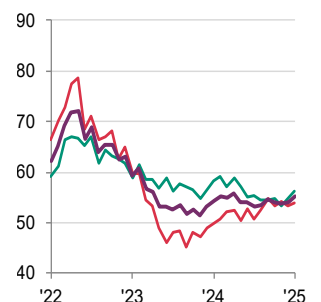
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



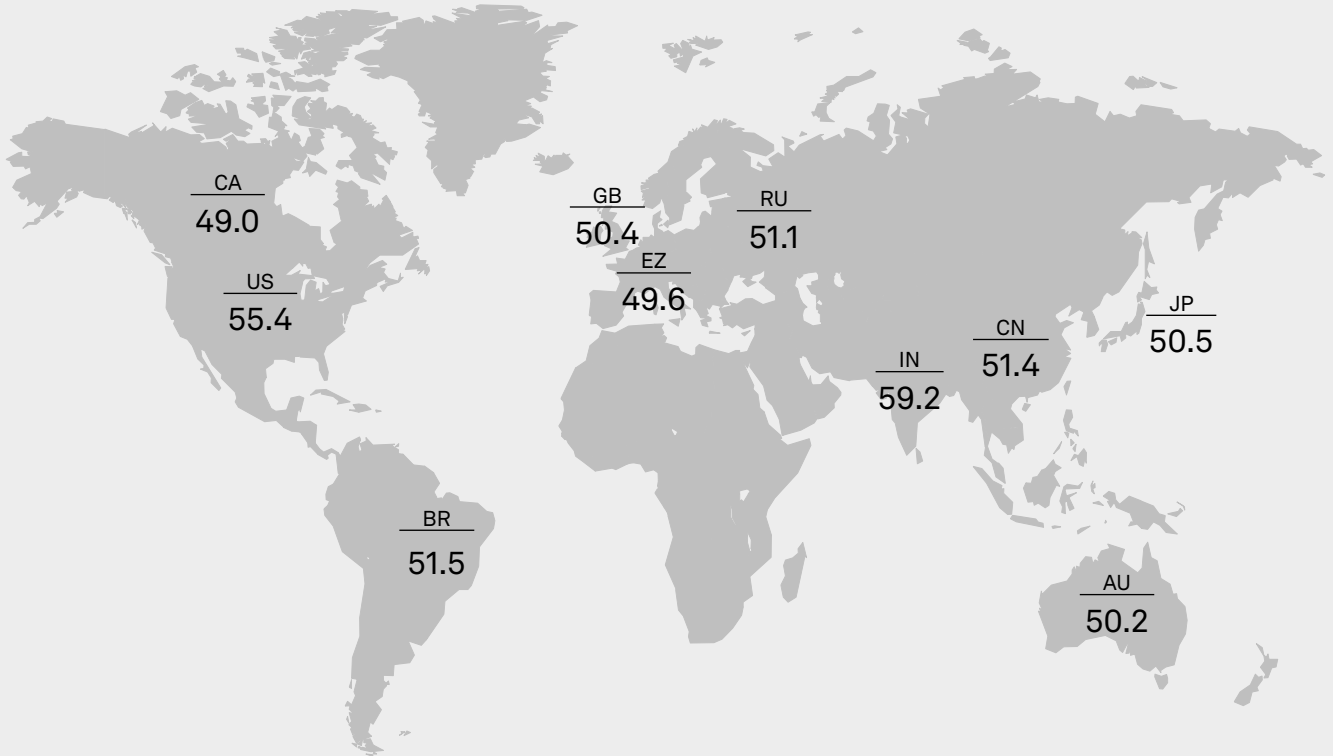
PMI®

by S&P Global

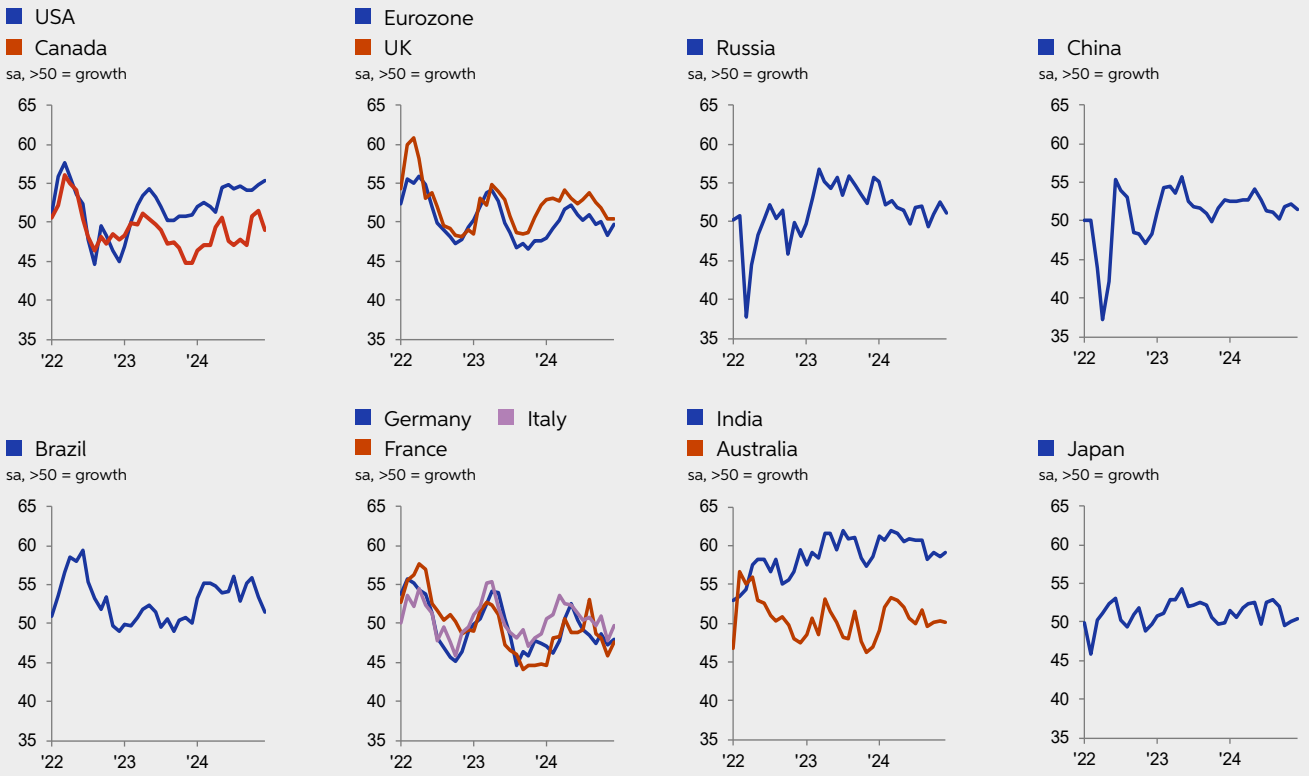
International PMI

Composite Output Index, Dec '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 9-28 January 2025.

Survey questions

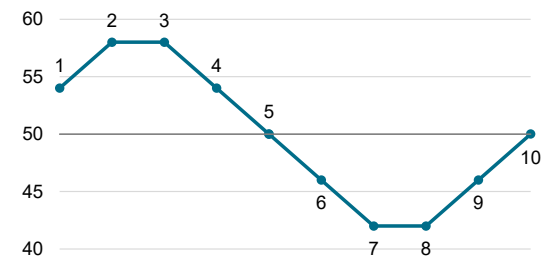
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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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