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AIB Ireland Services PMI®

Services growth eases in January, but remains solid

Key findings

Activity growth solid overall and broad-based by sector

New business expands at slowest rate since last August

Employment growth strengthens, led by Business Services

The first release of AIB Ireland Services PMI® survey data for 2026 revealed a slower gain in activity in January. Business activity rose at the weakest rate in four months, but a pace that was only slightly below the strong long-run survey average. New business growth eased to a five-month low despite an improvement in international demand, while job creation rebounded. Inflationary pressures remained strong, with prices charged rising at the fastest pace since May 2024.

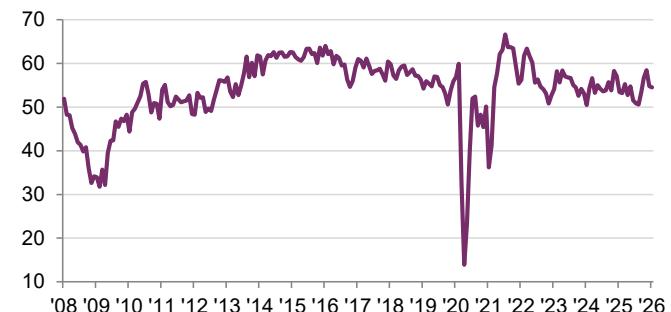
The AIB Ireland Services Business Activity Index is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. 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 slightly from 54.8 in December to 54.5 in January. The latest figure signalled the softest rate of expansion in output in four months, but one that was still robust and only slightly weaker than the long-run survey average since 2000 (55.0). January's expansion followed a strong fourth quarter, when growth was the fastest since the second quarter of 2023.

Financial Services (58.0) remained the fastest-growing sector in January, despite a sharp slowdown. Business Services (56.8) bucked the wider trend with stronger growth than in December, while Technology, Media & Telecoms (51.4) and Transport, Tourism & Leisure (50.4) registered only modest increases in activity.

The rate of expansion in new business slowed for the second month running in January. The latest expansion was the softest in five months, and broadly in line with the trend for 2025. New business growth remained broad-based by sector, led by Business Services. New international contracts rose at a faster rate during the month, with demand strongest in Financial

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



Sources: AIB, S&P Global PMI.

Services.

The slower increase in new business led to a decrease in the level in outstanding work for the first time in four months in January. The rate of contraction in incomplete contracts was only marginal, however, partly reflecting a strong increase in Financial Services.

Although new business growth eased and outstanding contracts fell in January, Irish service providers remained confident regarding the 12-month outlook. Firms linked confidence to investment in new markets and services, forthcoming marketing initiatives, and new client wins. Optimism levels moderated since December, a trend reflected in three sectors with Business Services the exception.

A bright point from the latest survey results was a rebound in employment growth, following only a modest gain at the end of 2025. Service providers raised their staffing levels at a solid rate in January, and one that was stronger than the long-run survey average. Recruitment was linked to business growth, apprentices and trainees and efforts to maintain high levels of service. Employment has risen continuously since March 2021, except for brief dips last January and August. Business Services recorded the sharpest increase in staffing, followed by Transport, Tourism & Leisure.

Cost pressures intensified in January, with the rate of input price inflation reaching to a three-month high and above the long-run trend. Transport, Tourism & Leisure continued to face the fastest increase in input prices of the four monitored segments.

Service providers raised their charges in January, taking the current sequence of inflation to one month shy of five years. The rate of increase was the highest since May 2024, and stronger than the long-run survey average. Charges rose strongly across all four monitored sectors, led by Transport, Tourism & Leisure.

AIB Ireland Composite PMI®

Output growth eases to four-month low in January

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



*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.

Sources: AIB, S&P Global PMI.

Softer increases in both manufacturing output and services business activity at the start of 2026 resulted in the weakest overall expansion in output in four months. New business growth eased to a five-month low but the rate of job creation strengthened.

The AIB Ireland Composite PMI® Output Index* decreased from 53.6 in December to 53.3 in January. The latest figure signalled a robust overall expansion that was broadly in line with the 2025 trend (53.4), but slightly softer than the long-run average (53.8).

Services activity increased at the softest pace in four months, but remained faster than the rise in manufacturing output.

New business rose at the slowest rate since last August. In contrast, employment growth rose to a 17-month high and was stronger than the long-run series average.

Input price inflation accelerated to a 34-month high, while prices charged rose at the fastest rate since April 2024.

Comment

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 slipped to 54.5 from 54.8 in December, signalling a further easing in the pace of expansion. Increased activity in January was driven by new business and solid job gains. The rate of growth in the Irish services sector remained faster than the flash Eurozone, UK and US PMIs, at 51.9, 54.3, and 52.5, respectively.

"New business rose at its slowest pace since September, but new export business growth rebounded, reflecting broad-based demand growth. However, the volume of outstanding work contracted for the first time in four months, signalling a softening in existing activity across the sector.

"The four sub-sectors covered in the survey registered varying paces of expansion in January. Financial services registered the fastest growth once again, with more modest gains in Technology, Media & Telecoms (TMT), Business Services, and Transport, Tourism & Leisure. Hiring activity was also mixed across the sectors, with stagnant employment in TMT - an improvement on the outright contraction seen in recent month - offsetting stronger jobs growth in the other three sectors.

"On the inflation front, the input cost index was higher once again, implying rising cost pressures in the sector. Wages, pensions, and energy costs 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, business sentiment eased to a 3-month low, but firms remained broadly optimistic for their prospects in 2026, linked to new projects and business opportunities and upcoming investments."

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Survey methodology

The AIB Ireland Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 2000.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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