



AIB Ireland Services PMI®

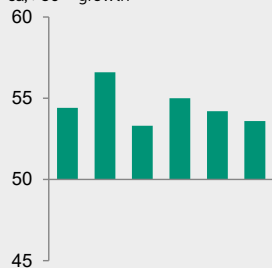
New business growth strengthens and outlook improves in July

53.6

IRELAND SERVICES BUSINESS ACTIVITY INDEX, JUL '24

Services Business Activity Index

Feb - Jul '24
sa, >50 = growth



AIB PMI® survey data indicated the slowest rise in total activity in the Irish service sector for three months in July, but growth of new business accelerated and the year-ahead outlook improved. Outstanding business increased at the strongest rate in ten months and employment growth picked up from June's recent low. Input price inflation remained below the long-run survey average, while the opposite was true for average prices charged by service providers. Financial Services remained the fastest-growing sector while there was a further decline in activity in Transport,

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

"The AIB Irish Services PMI for July shows continued growth in business activity in the sector, although the index fell to 53.6 from 54.2 in June. This signals a slight easing in the pace of growth in the sector and is below 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 at 51.9 and 52.4, respectively; but below the US Services PMI at 56.0.

"Overall, Irish firms continued to report rising levels of 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 index also shows gains in three of the four sub-sectors covered by the survey, with growth once more led by Financial Services and Technology, Media & Telecoms (TMT). Business Services grew at a more modest pace

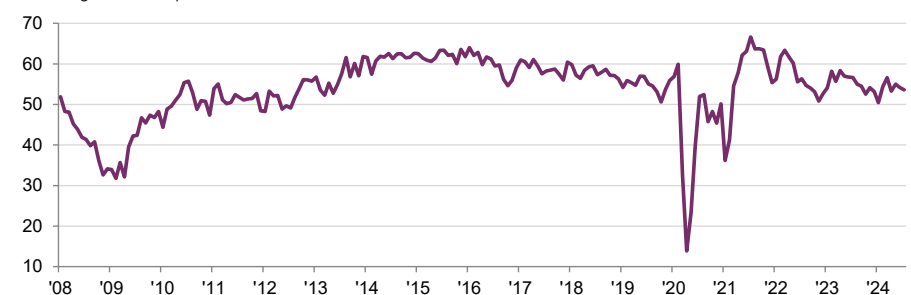
and Transport, Tourism & Leisure sector saw a decline in activity for a second consecutive month, while also shedding jobs at an accelerated pace. Nonetheless, employment continued to rise in the services sector overall, and at a faster pace compared to June.

"Input cost inflation remained at a high rate in May, and the pace of increase ticked up on the month. Wages, fuel and transport 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 was little changed on the month.

"Business sentiment about the prospects for activity over the coming 12 months improved, with the index rising to a 5-month high. Rising customer demand amid economic recovery were cited as key sources of optimism in July."

AIB Ireland Services Business Activity Index

sa, >50 = growth since previous month



PMI®

by S&P Global

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

Faster growth in new business

12-month outlook highest since February

Outstanding business rises at strongest rate in ten months

Tourism & Leisure.

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 fell to 53.6 in July, from to 54.2 in June, signalling the slowest increase in Irish service sector activity for three months. The pace of expansion was slightly below the trend for 2024 so far (53.9), and even weaker than the long-run series average since 2000 (55.1). The current expansionary sequence was extended to three years and five months, although the rate of growth has weakened three times in the past four months.

Three of the four sub-sectors registered higher activity in July. Financial Services (58.1) remained the fastest-growing sector followed by Technology, Media & Telecoms (55.6), with the former the top-ranked sector in seven of the past eight months. Business Services (51.7) posted the weakest increase in activity in five months while Transport, Tourism & Leisure (47.4) registered a second successive contraction.

Demand for services in Ireland continued to rise in July, extending the current sequence of demand growth that began in March 2021. New business was linked to new customers, new projects and acquisitions. Moreover, the rate of growth accelerated in the latest period, returning to the long-run

trend. This was despite the weakest rise in international new business since last November. In terms of total new work, Technology, Media & Telecoms recorded the steepest increase in July, while a decline was indicated in Transport, Tourism & Leisure.

The combination of faster growth in new business but a softer increase in total activity translated into a stronger build-up in the level of incomplete work held at Irish service providers, the most notable since last September. All four sub-sectors registered higher outstanding work.

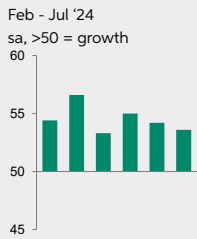
The stronger increase in outstanding business occurred despite a faster rise in services employment. Having risen at the weakest rate in over three years in June, the pace of job creation picked up in July but was still slower than the long-run survey average. This mainly reflected another decline in Transport, Tourism & Leisure, the steepest in six months.

Overall cost inflationary pressures were in line with the long-run survey average in July, with further reports of wages, fuel and shipping rising in price. The rate of inflation edged up since June, mostly due to the trends in Transport, Tourism & Leisure and Financial Services, but was among the weakest in three years. Charge inflation was little-changed since June and remained well above the long-run trend.

Faster growth of both new and outstanding business lifted companies' forecasts for activity over the next 12 months. Overall sentiment was the strongest since February and above the long-run survey trend. Firms linked confidence to an economic recovery, new clients, exports, domestic tourism, marketing campaigns, new markets and investment in staff.

Activity and demand

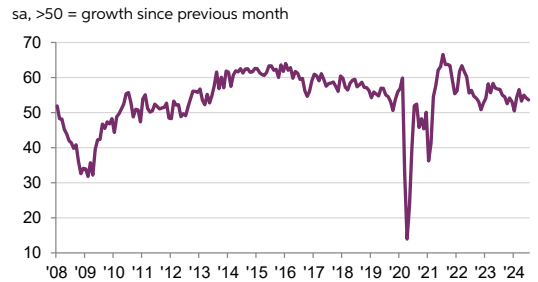
Business Activity Index



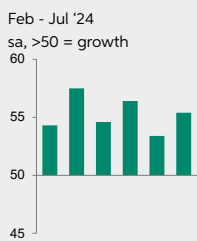
Business activity

Total activity in the Irish services sector rose at the slowest pace in three months in July. The rate of expansion was slightly below the average for 2024 so far, and even weaker than the long-run survey trend. Financial Services was the fastest-growing sector for the seventh time in the past eight months – with insurance reported as a key growth area – while Transport, Tourism & Leisure recorded another decline in activity.

Business Activity Index



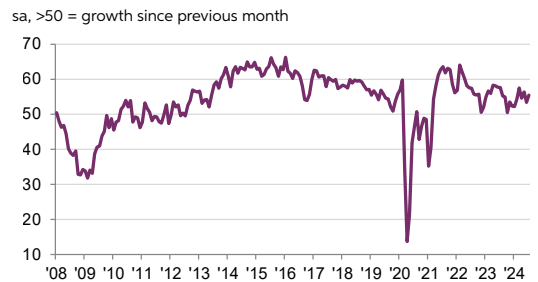
New Business Index



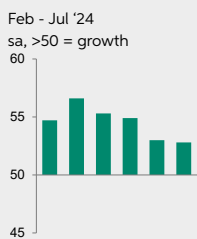
New business

The volume of new business received by Irish services firms continued to expand in July, linked to new customers, new projects and acquisitions. The rate of expansion accelerated from June's five-month low, and was broadly in line with the long-run average. Technology, Media & Telecoms led during the month, while there was a drop in new business in Transport, Tourism & Leisure for the first time in six months.

New Business Index



New Export Business Index



New export business

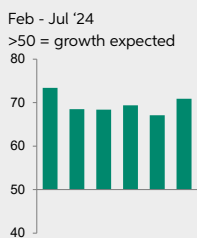
The level of new business from international markets increased for the ninth month running in July, with the fastest growth in Financial Services. The overall rate of growth was the slowest in 2024 so far, however, as Transport, Tourism & Leisure posted a contraction.

New Export Business Index



Business expectations

Future Activity Index



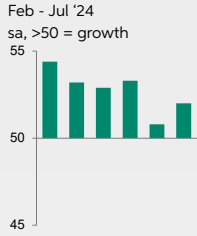
The 12-month outlook for services activity in Ireland remained positive at the start of the second half of 2024, linked to an economic recovery, new clients, exports, domestic tourism, marketing campaigns, new markets and investment in staff. The Future Activity Index rose to a five-month high, indicating stronger optimism. Expectations strengthened notably since June in Business Services and Transport, Tourism & Leisure.

Future Activity Index

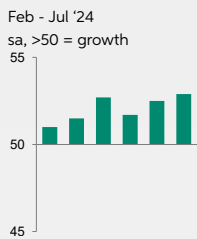


Employment and capacity

Employment Index



Outstanding Business Index



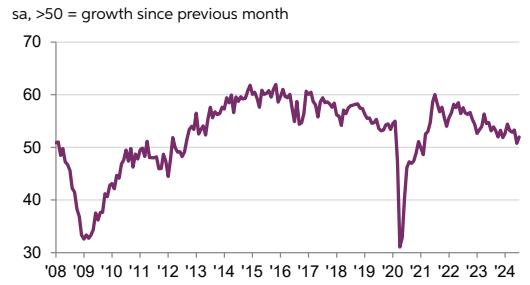
Employment

The latest data indicated another increase in Irish services employment. The rate of growth picked up since June, which was the weakest in the current period of job creation that began in March 2021. Companies reported taking on full time staff and efforts to replace leavers. Three of the four monitored sectors posted faster increases in headcounts, led by Financial Services, while in Transport, Tourism & Leisure, a sharper decline in staffing was indicated.

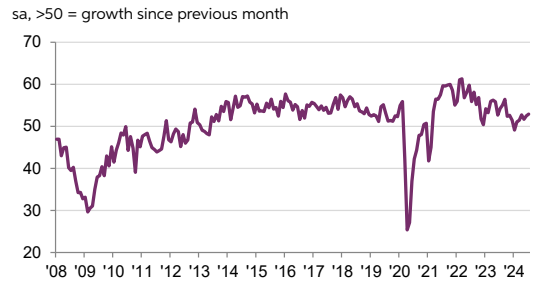
Outstanding business

Service providers in Ireland reported a build-up in the level of outstanding work for the sixth month running in July. The rate of growth accelerated since June to the strongest since last September. Outstanding business increased most in Technology, Media & Telecoms and Transport, Tourism & Leisure.

Employment Index



Outstanding Business Index



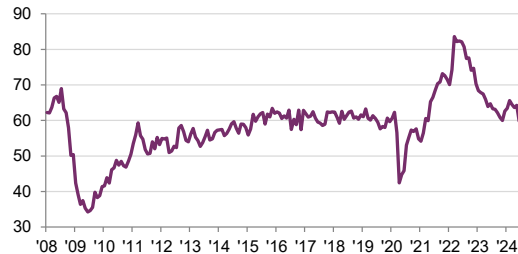
Prices

Input prices

Average input prices in the service sector rose in July, extending the current sequence of inflation to over four years. Wages, fuel and freight costs remained the key drivers of cost inflation. The overall rate of inflation was in line with the long-run survey average, and the second-weakest in 2024 so far. Transport, Tourism & Leisure reported the strongest cost pressures in July and Business Services the weakest.

Input Prices Index

sa, >50 = inflation since previous month

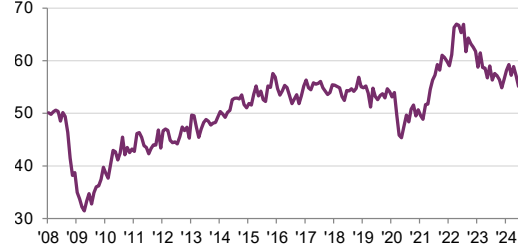


Prices charged

Service sector companies continued to raise their prices charged in July as they passed higher costs on to clients. The rate of inflation was little-changed from June's seven-month low, but remained well above the long-run survey average. As was the case in June, charge inflation was strongest in Financial Services and weakest in Business Services.

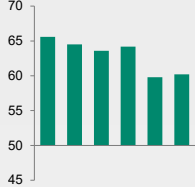
Prices Charged Index

sa, >50 = inflation since previous month



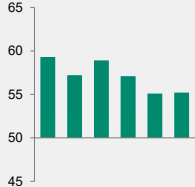
Input Prices Index

Feb - Jul '24
sa, >50 = inflation



Prices Charged Index

Feb - Jul '24
sa, >50 = inflation





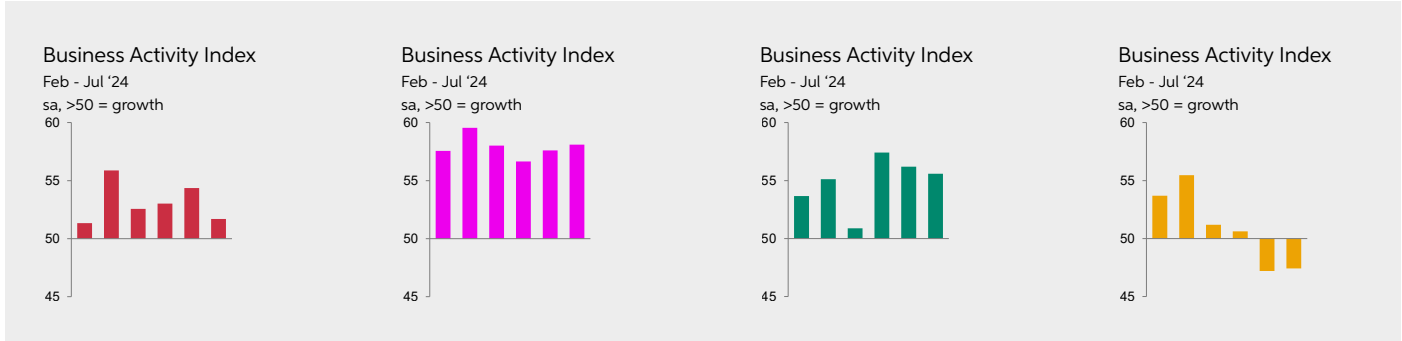
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



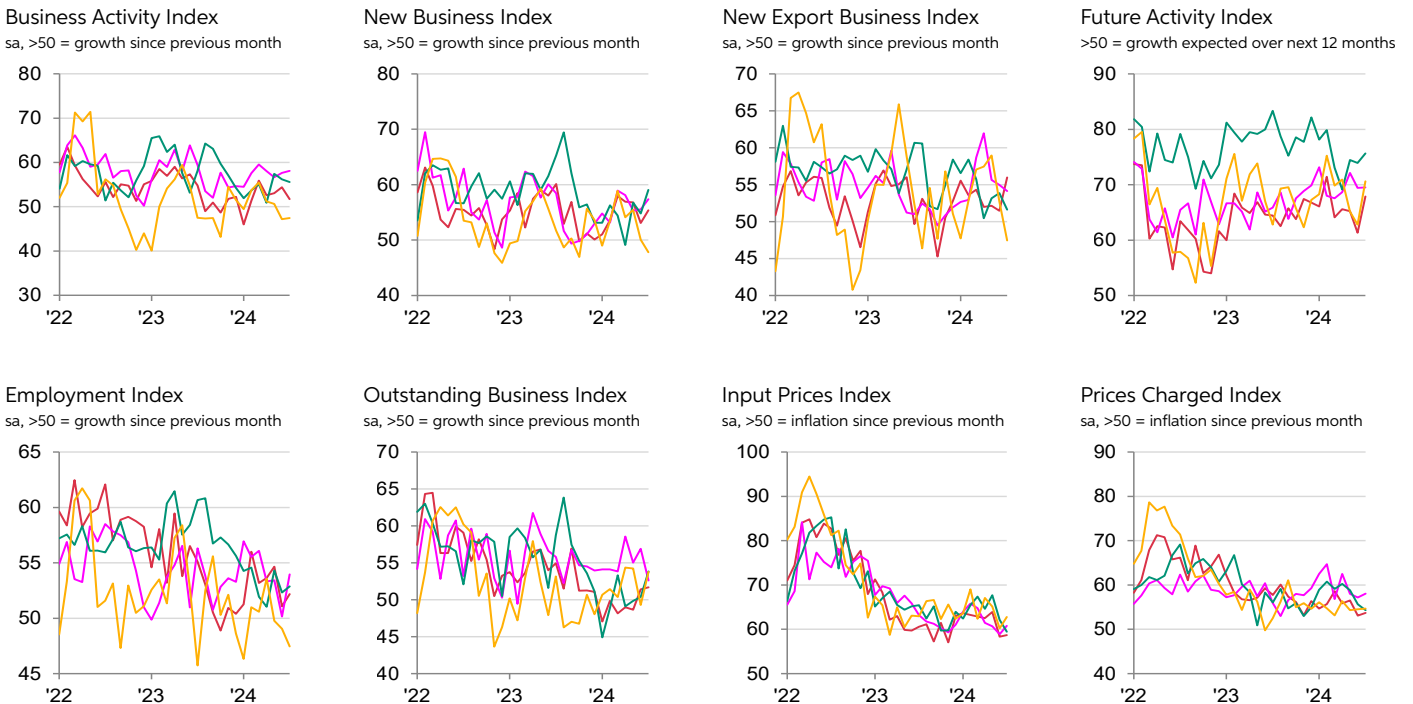
Business Services registered the slowest growth in activity for five months in July but a faster rise in new business. Jobs and outstanding workloads both increased further, while input prices and charges rose at faster rates. The 12-month outlook improved.

Financial Services posted the fastest activity growth among the four sectors for the seventh time in eight months, and the strongest rate of job creation. It also posted the sharpest rise in charges among the sectors amid a sharp increase in new business.

Technology, Media & Telecoms (TMT) was the second-fastest growing sector in July for both activity and jobs, and led the rankings in terms of new business growth. Expectations for activity remained strong. Input price and charge inflation both eased during the month.

Transport, Tourism & Leisure posted a further decline in activity in July, and the first drop in new work in six months. Employment was down for the third month running although the 12-month outlook strengthened. Price pressures picked up slightly.

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





AIB Ireland Composite PMI®

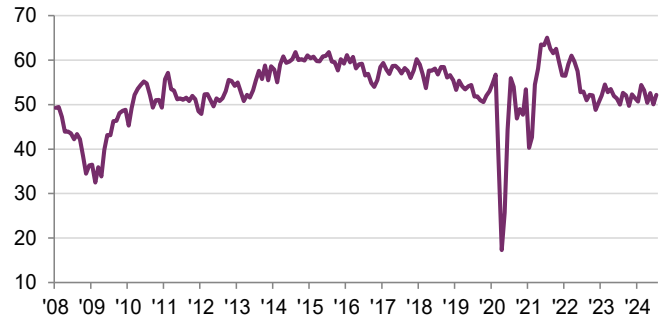
Renewed manufacturing growth boosts Irish economy in July

Irish private sector output increased in July, having been broadly unchanged in June. The AIB Ireland Composite PMI® Output Index* rose to 52.2, from June's 50.1, slightly above the average for 2024 so far of 51.9. The resumption in growth reflected a renewed rise in manufacturing production, while services activity increase at the slowest rate in three months.

Incoming new business expanded moderately, reflecting a faster rise in demand for services and a softer decrease in manufacturing new orders. The rate of employment growth picked up from June's 40-month low.

Input price inflation accelerated to a four-month high in July, but remained slightly below the long-run series average. In contrast, output price inflation eased but remained well above the historic trend.

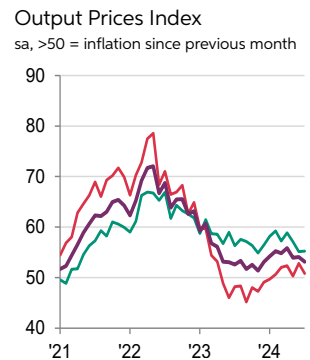
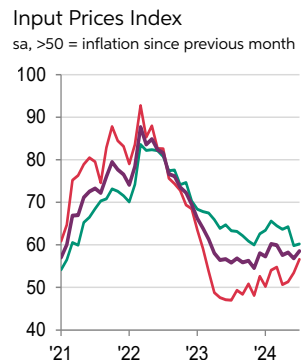
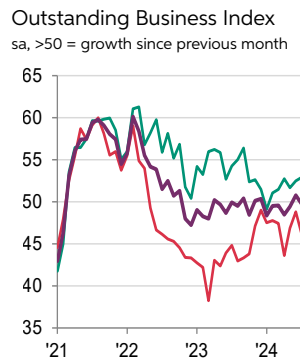
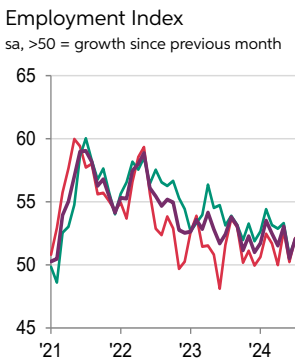
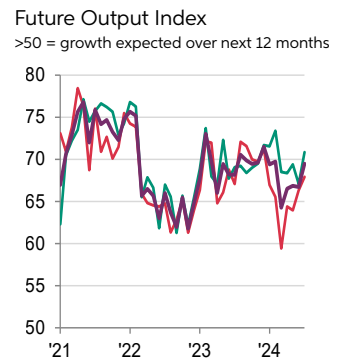
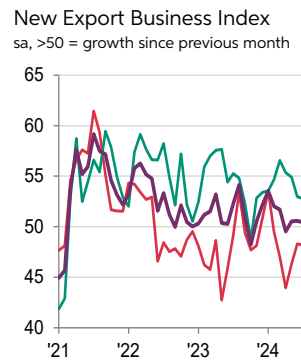
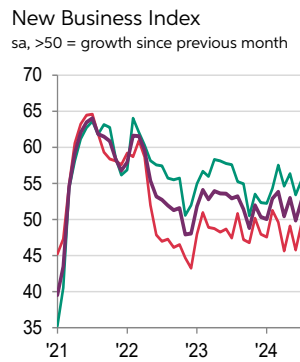
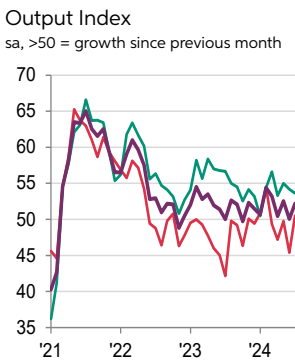
Composite Output Index
sa, >50 = growth since previous month



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.

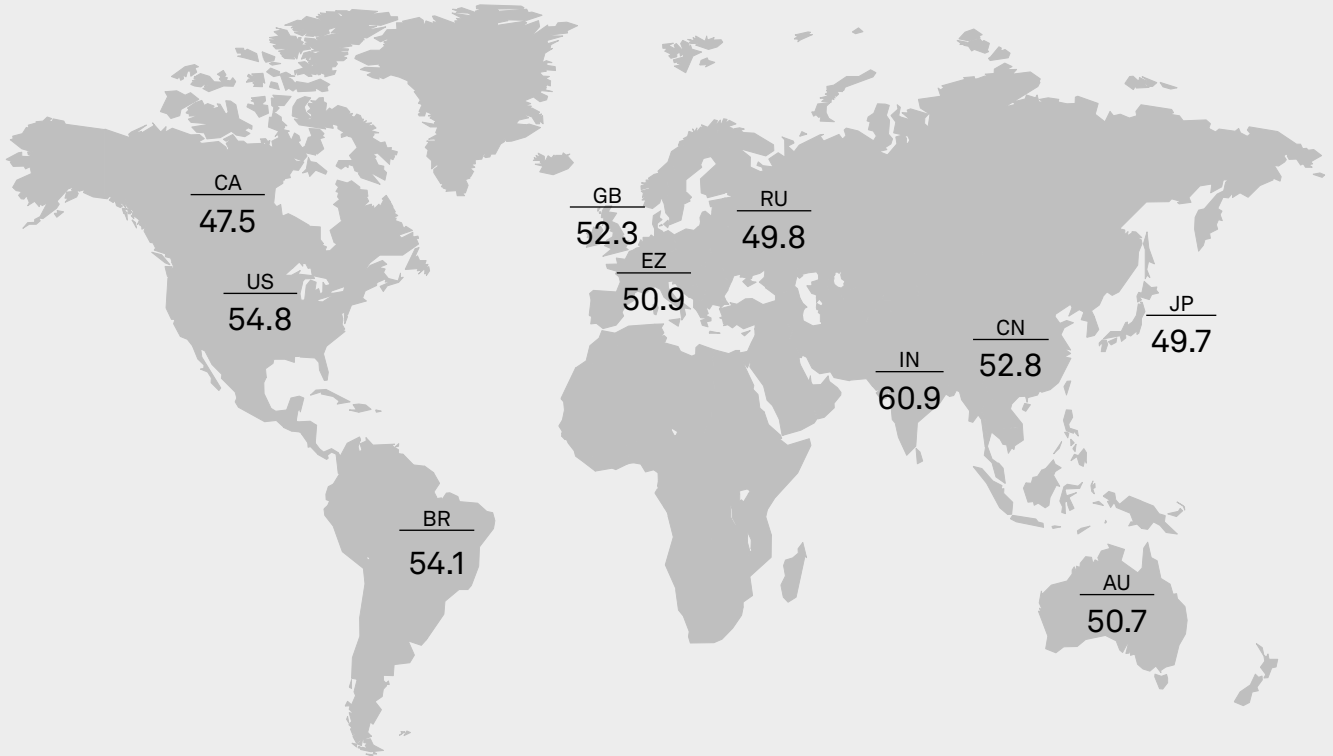
- Composite
- Manufacturing
- Services



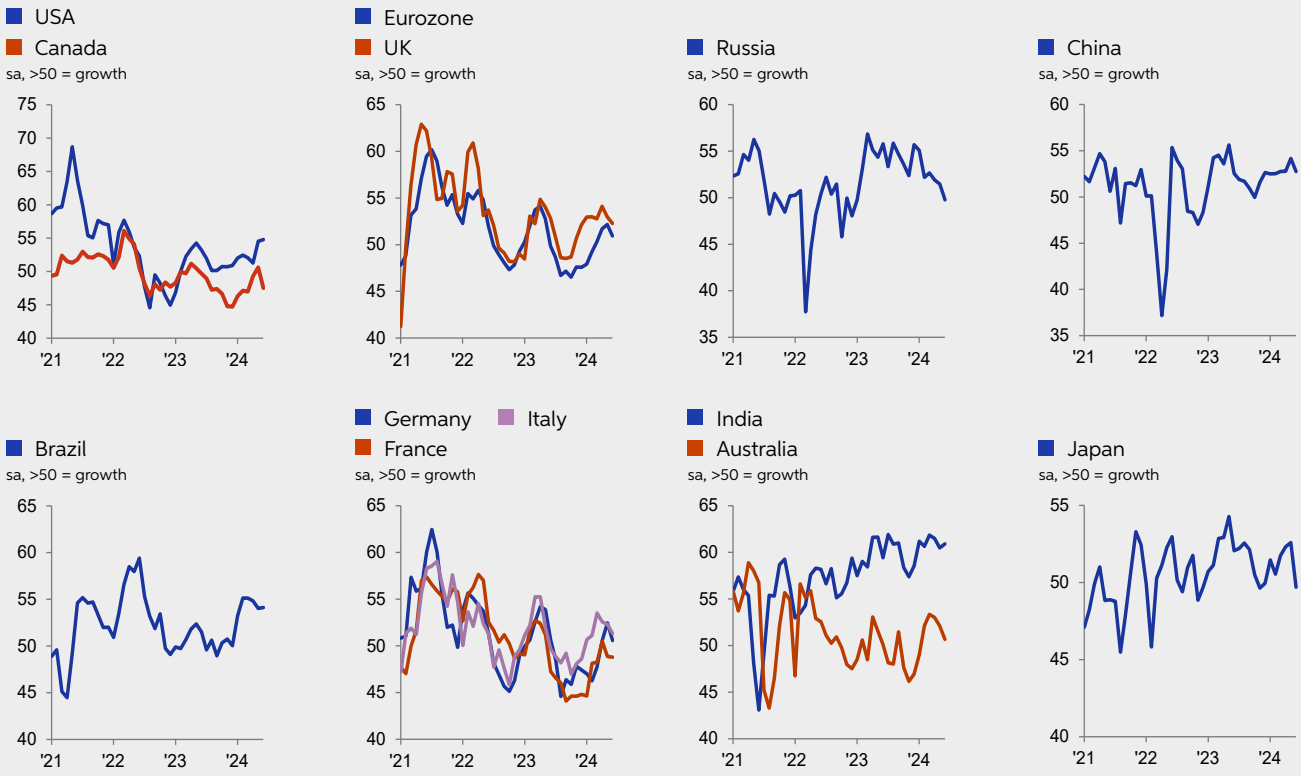
International PMI

Composite Output Index, Jun '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 11-26 July 2024.

Survey questions

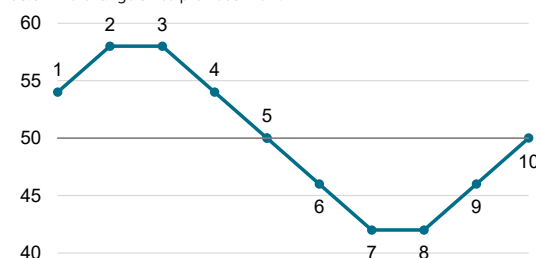
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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

About AIB

AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. We provide a comprehensive range of services to personal, business and corporate customers in our target markets and have leading market shares in banking products in the Republic of Ireland.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.
www.spglobal.com

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

This publication is issued by Allied Irish Banks, p.l.c. ("AIB") and is for general information purposes only. This publication should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments or product, securities or any derivative instrument (together, "instruments"), or any other rights pertaining thereto. AIB does not express any opinion as to the present or future value or price of any instruments referred to in this publication.

The information provided in this publication is believed to be valid and accurate on the date it is first published but AIB, along with its directors, officers, or employees, does not accept any liability for any loss arising from the use of the information. The information contained therein, including any expressions of opinion, has been obtained from, or is based on, or compiled from, sources believed to be reliable but its accuracy or completeness is not guaranteed and is subject to change without notice.

Any decision made by a party shall be on the basis of its own research and shall not be influenced or based on any view expressed by AIB in this publication or otherwise. This publication does not address all risks. This publication does not constitute investment advice or a recommendation and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments and/or pursuing any investment strategies. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any instruments, forecasts are not a reliable indicator of future performance.

This publication is not to be reproduced in whole or in part without the prior express written consent of AIB. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

PMI®

by **S&P Global**