



AIB Ireland Services PMI®

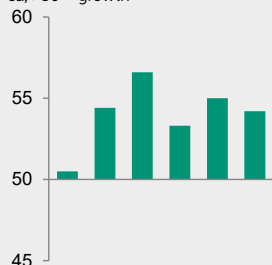
Service sector growth and inflation both ease in June

54.2

IRELAND SERVICES BUSINESS ACTIVITY INDEX, JUN '24

Services Business Activity Index

Jan - Jun '24
sa, >50 = growth



AIB PMI® survey data indicated a loss of growth momentum in the Irish service sector in June, accompanied by waning inflationary pressures. The expansion in total activity eased since May as new business rose at the slowest rate since January, while input prices increased at the softest rate since February 2021. Charge inflation eased to a seven-month low but remained relatively high. Employment increased at the slowest rate in the current 40-month sequence of job creation, while the 12-month outlook moderated. The Transport, Tourism & Leisure sector remained a weak point.

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

"The AIB Irish Services PMI for June shows continued strong growth in business activity in the sector, although the index fell to 54.2 from 55.0 in May. 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 growth in activity also narrowed, with gains in only three of the four sub-sectors covered by the survey. The rate of growth in the Irish services sector remained faster than the Eurozone and UK flash PMIs at 52.6 and 51.2, respectively; but below the US Services PMI at 55.1.

"Overall, Irish firms continued to report rising levels of new business, and this was linked to domestic and international demand, albeit at a slower pace than in May. The volume of outstanding work also rose again on the month, but performance varied across sectors. At the sectoral level, growth was once again led by the Financial Services sector, with Business Services and the Technology, Media & Telecoms (TMT) sector also

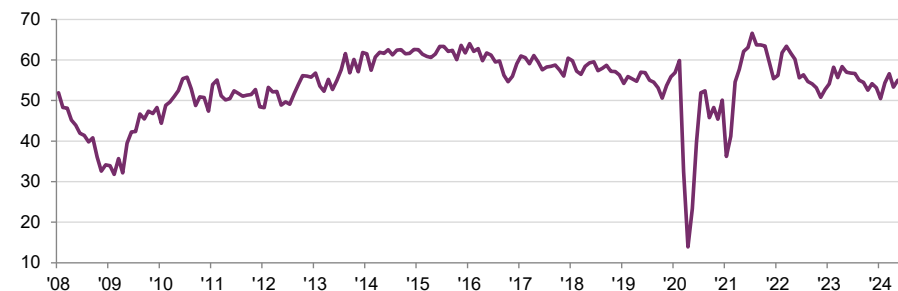
growing activity robustly. However, the Transport, Tourism & Leisure sector saw the steepest decline in activity since October 2023, and also shed jobs during the month. Nonetheless, employment continued to rise in the services sector overall, albeit at a more moderate pace than last month.

"Input cost inflation remained at a high rate in May, but the pace of increase decelerated on the month. Wages, utilities and insurance were cited as the main sources of higher costs by respondents. Firms also continued to raise prices for customers, but the output price index decelerated to a 7-month low in June.

"Business sentiment about the prospects for activity over the coming 12 months was positive but the index slipped to a 14-month low. Rising customer demand and expected lower interest rates were again mentioned as sources of optimism for the coming year."

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

Slower expansions in activity and new business

Input price inflation at 40-month low

Weakest rise in employment in over three years

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 54.2 in June from 55.0 in May, signalling a softer but still solid increase in Irish service sector activity. The pace of expansion was broadly in line with the trend for the first half of 2024, but below the long-run series average since 2000 (55.1). The current expansionary sequence was extended to three years and four months.

Three of the four sub-sectors registered higher activity in June, ending a four-month period of broad-based expansion. Financial Services (57.6) regained the top ranking from Technology, Media & Telecoms (56.2) and has been the fastest-growing sector in six of the past seven months. Business Services (54.4) posted the strongest increase in activity in three months while Transport, Tourism & Leisure (47.2) registered the first decline in five months.

Demand for services in Ireland continued to rise in June, as has been the case every month since March 2021. New customers, increased competitiveness and long-term investments were all mentioned as driving new business. Having previously strengthened in May, however, the rate of growth in the latest period was the weakest since January and below the long-run trend. Growth of international new business was maintained, but at the weakest rate since last November. In terms of total

new work, Financial Services recorded the steepest increase in June, while no change was indicated in Transport, Tourism & Leisure.

Despite slower growth in new business, the overall level of incomplete work held at Irish service providers continued to rise in June, and at the second-strongest rate in seven months. Growth in outstanding contracts was especially marked in Financial Services.

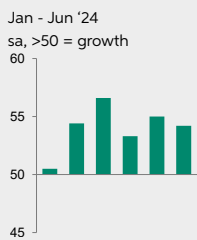
A reluctance among service providers to recruit additional staff helped to explain the faster accumulation in outstanding business mid-way through 2024. Services employment rose in June, but at the weakest rate in the current 40-month sequence of job creation. Three sectors posted slower growth in workforces than in May, while Transport, Tourism & Leisure posted a further marginal decline in staffing levels.

The moderation in service sector growth was accompanied by an alleviation in price pressures in June. The rate of input price inflation slowed notably over the month – to one of the greatest degrees in the survey history – and was both the weakest since February 2021 and below the long-run trend. All four sectors posted slower input cost inflation during the month. Similarly, charges increased at the second-slowest pace in over three years, albeit one that remained above the long-run trend.

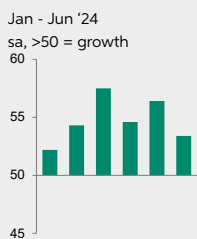
Although new business intakes rose more slowly in June, service providers in Ireland continued to report positive forecasts for activity over the next 12 months. Companies mentioned an economic recovery, lower interest rates, new products, expanded sales teams, tourism and international business from the US and UK as potential sources of new sales. The overall strength of sentiment was the weakest since April 2023, however.

Activity and demand

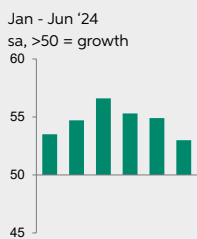
Business Activity Index



New Business Index



New Export Business Index



Business activity

Total activity in the Irish services sector rose at a slower pace in June, reflecting a weaker increase in new business. The rate of expansion was broadly in line with the average for the first half of 2024, but slower than the long-run trend. Financial Services was the fastest-growing sector for the sixth time in the past seven months, while Transport, Tourism & Leisure recorded the steepest decline in activity since last October.

New business

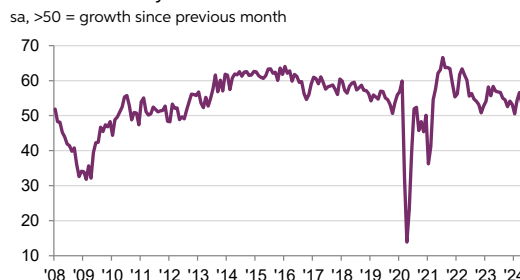
The volume of new business received by Irish services firms continued to expand in June. Firms reported winning new customers, increased competitiveness and sales resulting from long-term investments in products and services.

The rate of expansion slowed to a five-month low, however, and was below the long-run average. Financial Services led Technology, Media & Telecoms during the month, while there was no change in new business in Transport, Tourism & Leisure.

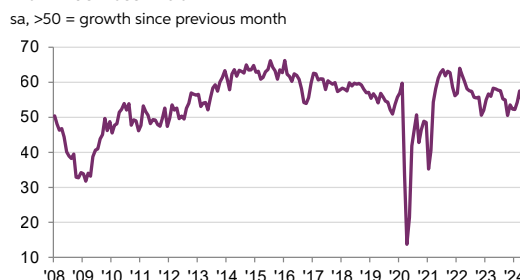
New export business

The level of new business from international markets increased for the eighth month running in June. The rate of growth was the slowest in 2024 so far but all four sectors still registered increases, led by Financial Services.

Business Activity Index



New Business Index

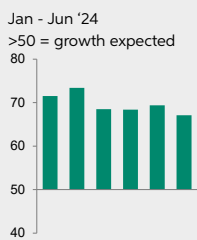


New Export Business Index



Business expectations

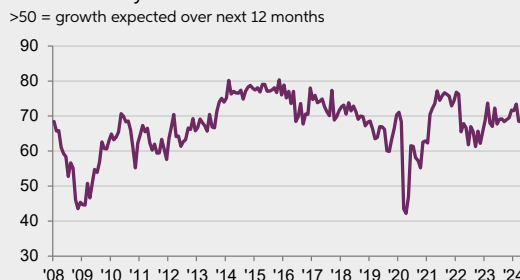
Future Activity Index



The 12-month outlook for services activity in Ireland remained positive at the halfway point of 2024. Companies pointed to an economic recovery, lower interest rates, new products, expanded sales teams, tourism and international business from the US and UK as sources of new sales.

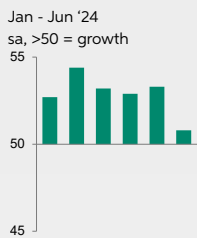
The Future Activity Index slipped to a 14-month low, however, indicating less optimism. Expectations moderated in all sectors except Transport, Tourism & Leisure.

Future Activity Index

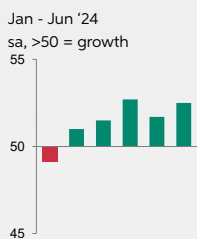


Employment and capacity

Employment Index



Outstanding Business Index



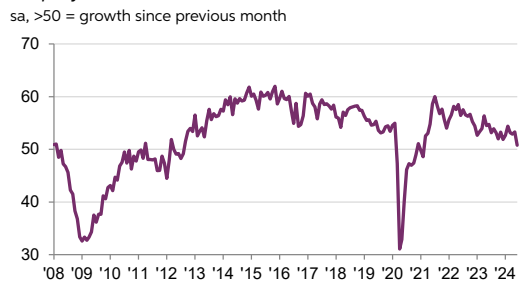
Employment

June data indicated another increase in Irish services employment. That said, the rate of growth was the weakest in the current period of job creation that began in March 2021. Three of the four monitored sectors posted slower increases in headcounts, while in Transport, Tourism & Leisure a further slight decline in staffing was indicated.

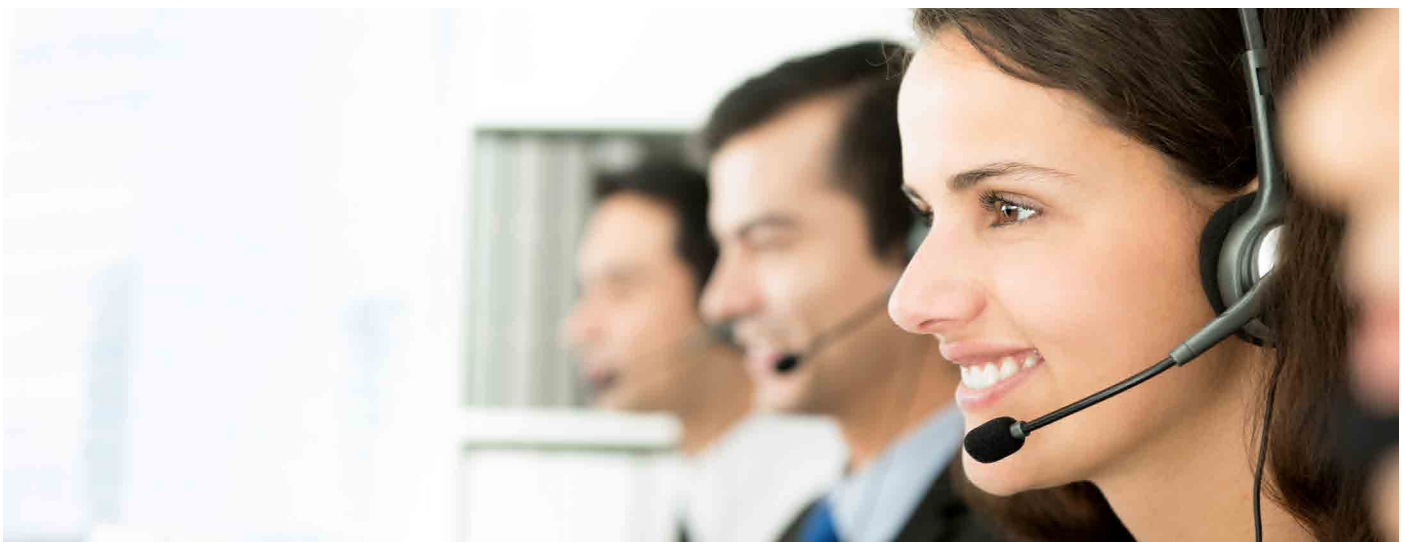
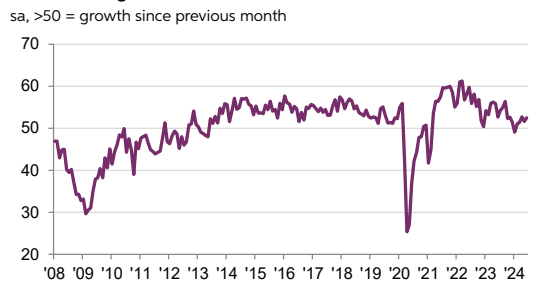
Outstanding business

Service providers in Ireland reported a build-up in the level of outstanding work for the fifth month running in June. The rate of growth accelerated since May and was stronger than the long-run survey trend. Outstanding business increased sharply in Financial Services, while only modest increases were seen in Business Services and Technology, Media & Telecoms. A fall was indicated in Transport, Tourism & Leisure.

Employment Index



Outstanding Business Index



Prices

Input prices

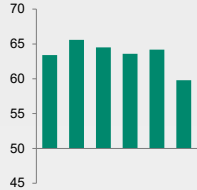
Average input prices in the service sector rose in June, extending the current sequence of inflation to four years. Reported sources of increased costs included wages and other staff benefits, fuel, insurance, utilities and shipping. The overall rate of inflation slowed notably from May, however, to the lowest since February 2021. It was also weaker than the long-run survey average. Technology, Media & Telecoms reported the strongest cost pressures in June, and Business Services the weakest.

Prices charged

Service sector companies continued to raise their prices charged in June as they passed higher costs on to clients. The rate of inflation eased to a seven-month low, but remained well above the long-run survey average. Charge inflation was strongest in Financial Services, and weakest in Business Services.

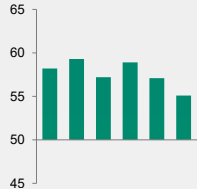
Input Prices Index

Jan - Jun '24
sa, >50 = inflation



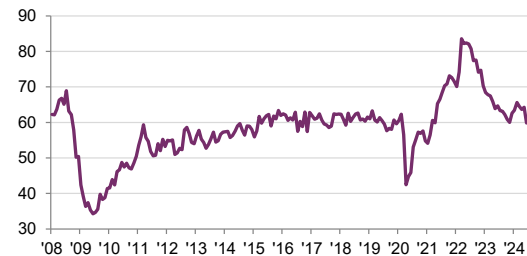
Prices Charged Index

Jan - Jun '24
sa, >50 = inflation



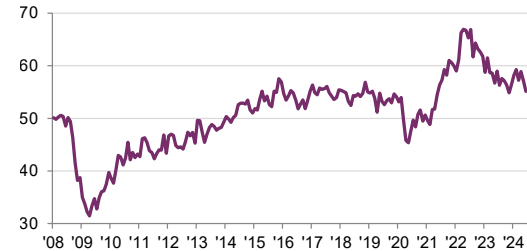
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month





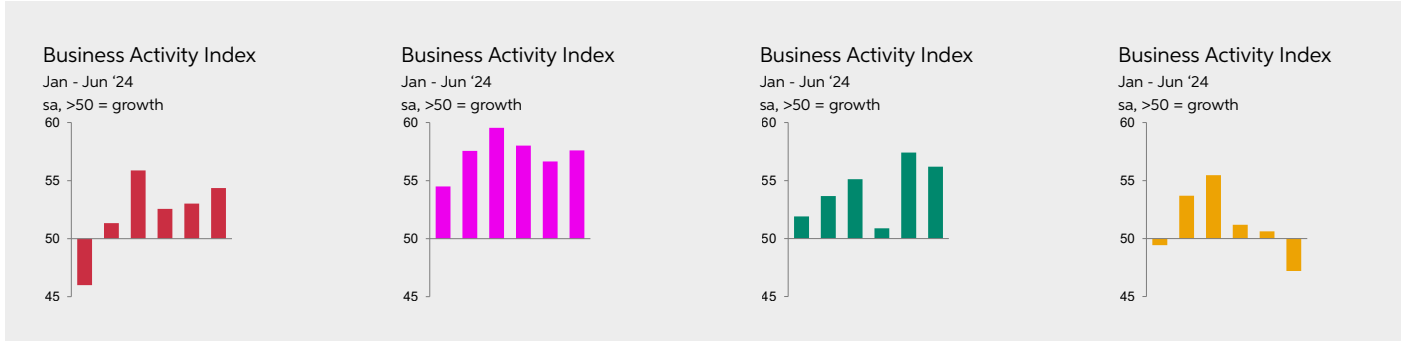
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



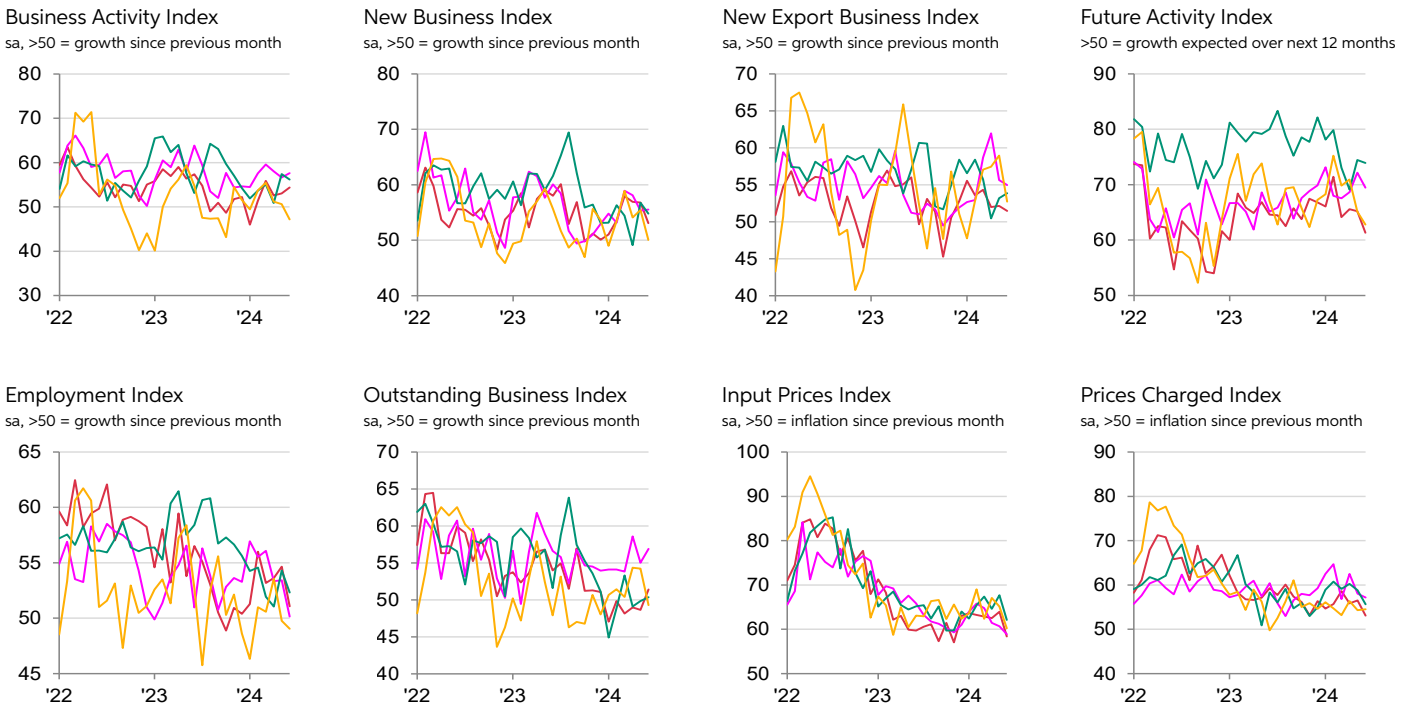
Business Services registered the strongest rise in activity for three months in June, but the slowest rise in new business since January. Jobs and outstanding workloads both increased, while input prices and charges rose at slower rates.

Financial Services posted the fastest activity growth among the four sectors for the sixth time in seven months. It also posted the sharpest increases in new business, exports and outstanding business, but employment was broadly flat since May.

Technology, Media & Telecoms (TMT) was the second-fastest growing sector in June, although new business growth eased. Jobs growth also weakened but expectations for activity remained strong. Input price inflation eased to a seven-month low.

Transport, Tourism & Leisure posted declining activity in June, and at the sharpest rate since last October. Outstanding work and employment also fell, albeit at marginal rates. Input price inflation eased to a 15-month low.

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





AIB Ireland Composite PMI®

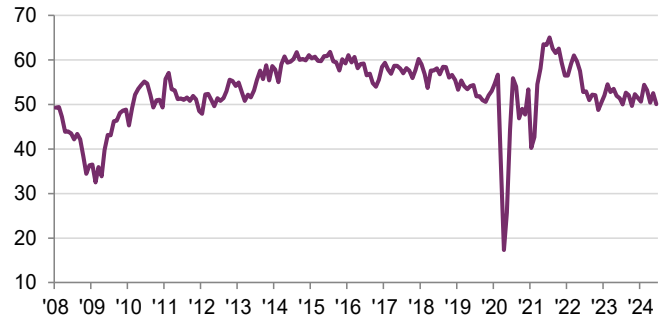
Private sector business activity stalls in June

Irish private sector output was broadly unchanged in June, following a seven-month sequence of growth. The AIB Ireland Composite PMI® Output Index* fell to 50.1, from May's 52.5. This stagnation in growth reflected a slower rise in services activity and a faster decline in manufacturing production.

Incoming new business declined slightly, as a slower rise in demand for services was accompanied by a stronger fall in manufacturing new orders. Employment growth was maintained, but at the weakest rate since February 2021.

Input price inflation slowed to a seven-month low in June, and remained below the long-run series average. In contrast, output price inflation accelerated and remained well above the historic trend.

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



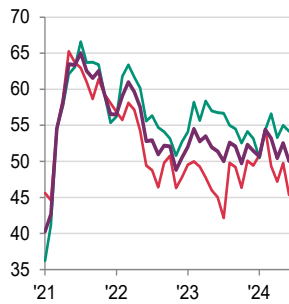
Sources: AIB, S&P Global PMI.

*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

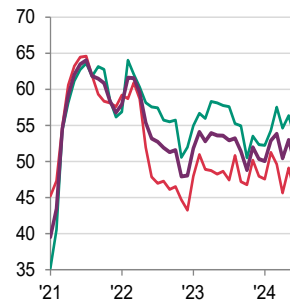
Output Index

sa, >50 = growth since previous month



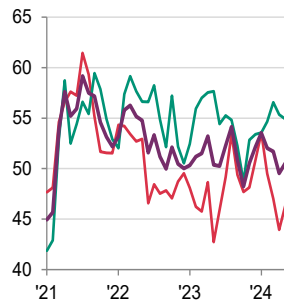
New Business Index

sa, >50 = growth since previous month



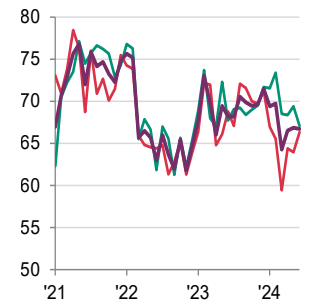
New Export Business Index

sa, >50 = growth since previous month



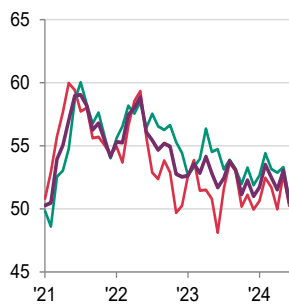
Future Output Index

>50 = growth expected over next 12 months



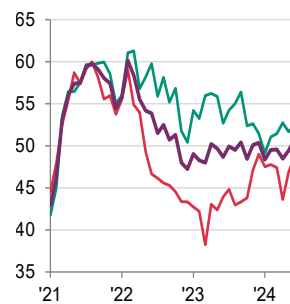
Employment Index

sa, >50 = growth since previous month



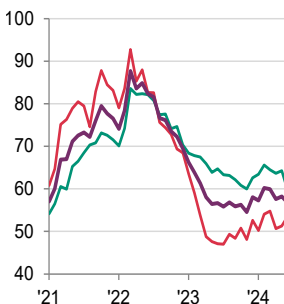
Outstanding Business Index

sa, >50 = growth since previous month



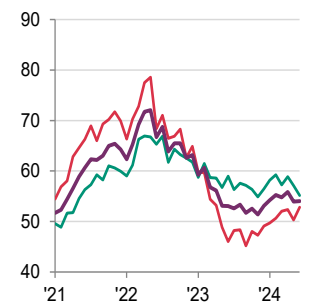
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



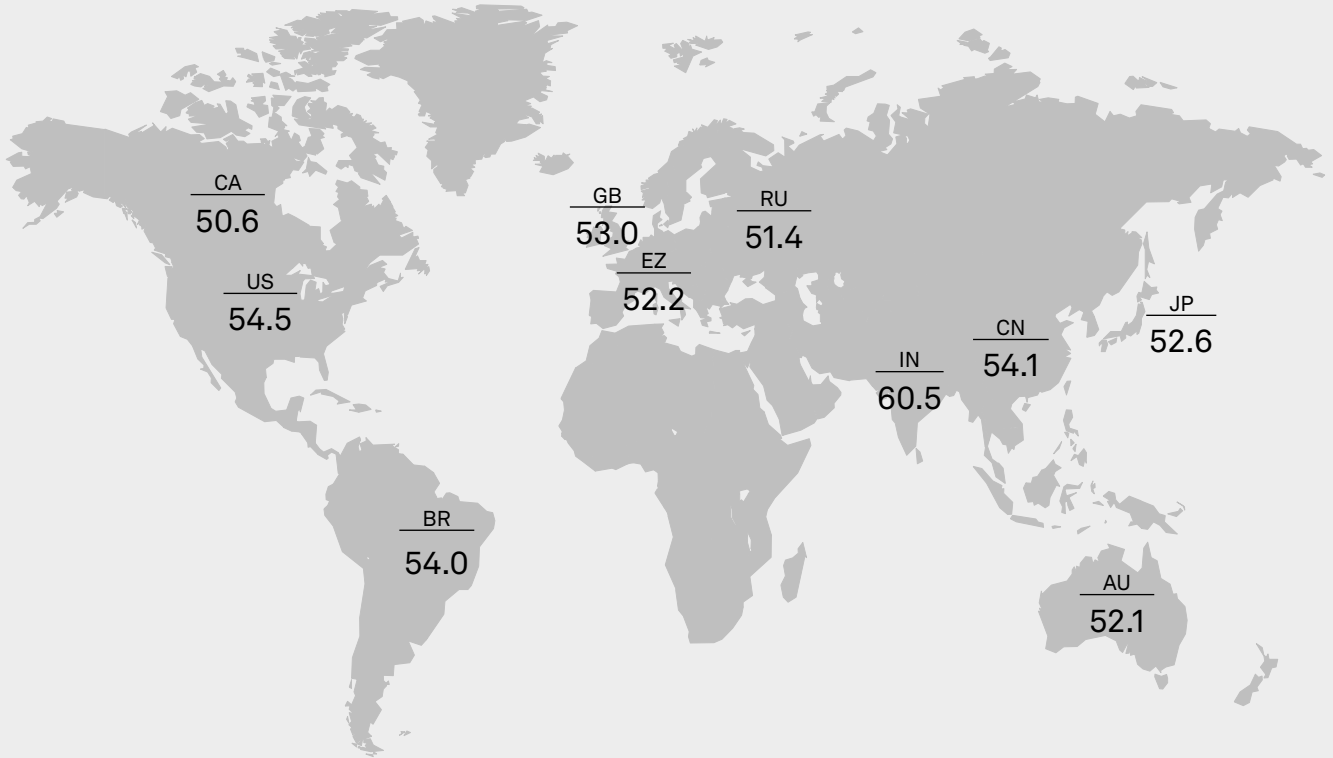
PMI®

by S&P Global

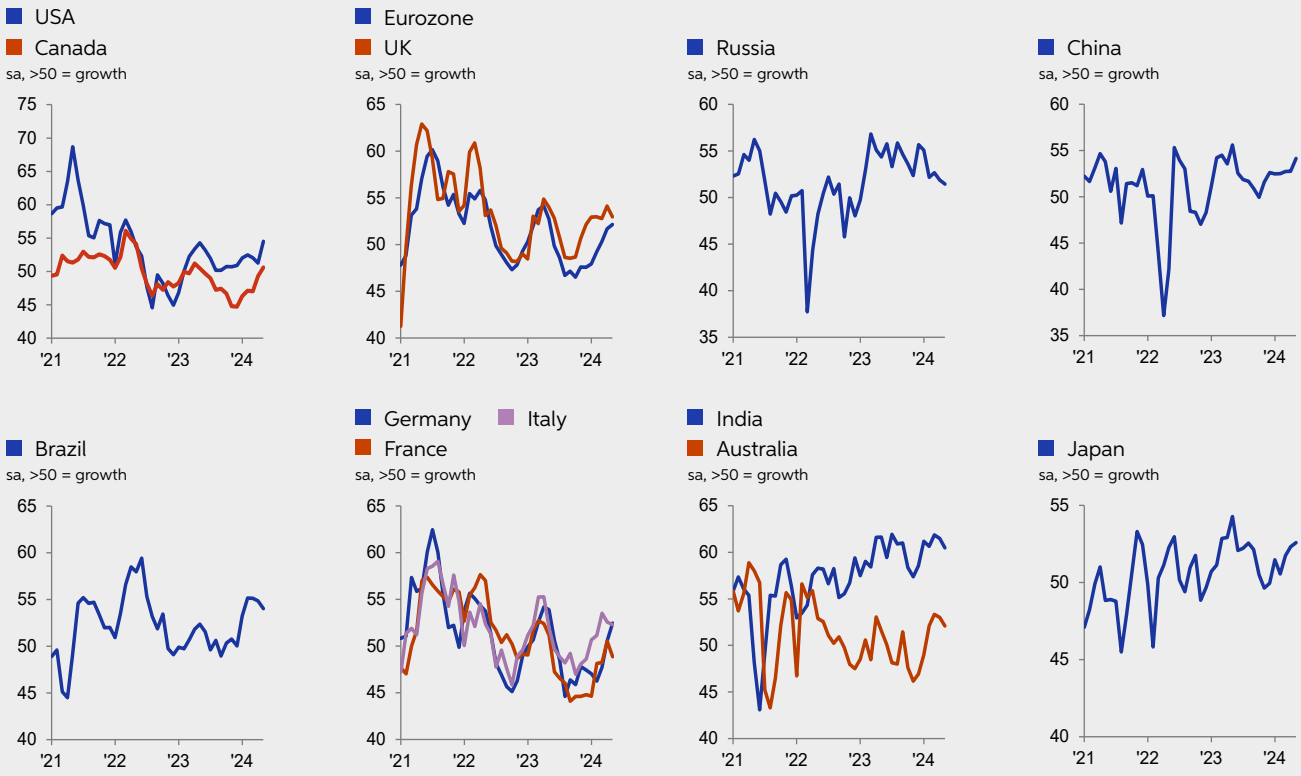
International PMI

Composite Output Index, May '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 12-25 June 2024.

Survey questions

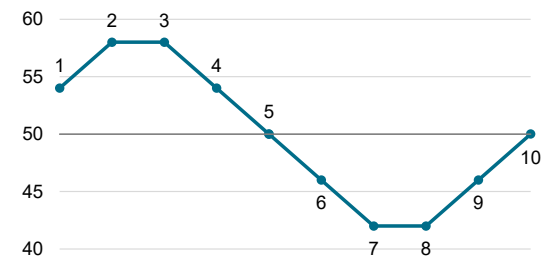
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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**