



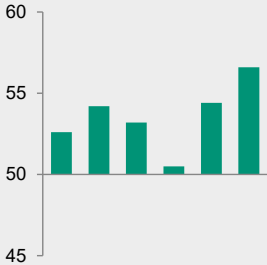
# AIB Ireland Services PMI®

## Service sector gains growth momentum in March

# 56.6

IRELAND SERVICES BUSINESS ACTIVITY INDEX, MAR '24

Services Business Activity Index  
Oct '23 - Mar '24  
sa, >50 = growth



The latest AIB PMI® survey data indicated a further acceleration in Irish service sector growth in March, following February's rebound in growth. Total activity and new business both rose at the fastest rates since last July, resulting in another solid round of employment growth. Inflationary pressures eased since February, but both input price and charge inflation remained above their respective long-run trends. The 12-month outlook for activity slowed from February's recent high, however, and was below the long-run survey average.

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

*"The AIB Irish Services PMI for March shows an acceleration in growth in business activity in the sector. The index came in at 56.6, up from 54.4 in February, and signalled the fastest pace of expansion in the sector since July 2023. The acceleration in activity was broad-based and points to improving business conditions throughout the first quarter of 2024.*

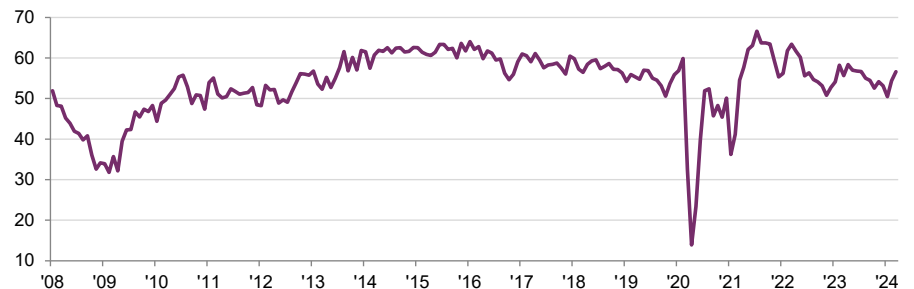
*"Irish firms continued to report rising levels of new business across all sectors, and this was linked, in part, to robust international demand. The volume of outstanding work also increased on the month, as earlier new orders growth now translates into activity. At the sectoral level all four covered in the survey registered accelerating growth, which was led by robust growth in Financial Services again in March. Technology, Media & Telecoms, Business Services and Transport, Tourism & Leisure also registered similarly strong rates of growth, buoyed by rising new orders across all sectors.*

*"Employment continued to rise, but the pace of job creation decelerated on the month, with hiring growth easing in three of the four sub-sectors, particularly in the Technology, Media & Telecoms and the Transport, Tourism & Leisure sectors.*

*"Inflationary pressures subsided in March. On the input side, the rate of inflation eased for the first time in four months but was still the second-fastest rate since June 2023. Wages, utilities, and fuel were all cited as being more expensive by respondents in March. Firms continued to raise prices for customers, but output inflation also slowed on the month. At the sectoral level, inflation was strongest in the Technology, Media & Telecoms sector, where input costs accelerated to a 12-month high.*

*"Business sentiment about the prospects for activity over the coming twelve months also moderated. Nonetheless, confidence was supported by new products and services and expected imminent interest rate cuts by central banks."*

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



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## Overview

Fastest increases in activity and new work for eight months

Inflationary pressures remain historically elevated

Expectations for activity moderate

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 54.4 in February to 56.6 in March, signalling a further acceleration in growth of Irish service sector activity since the near-stalling seen in January. The pace of expansion was the fastest since last July and above the long-run series average since 2000 (55.1). The current expansionary sequence was extended to over three years.

All four sub-sectors monitored registered higher activity in March. Financial Services (59.6) posted the fastest growth for the fourth month running. The three remaining sectors all registered similarly strong rates of expansion, led by Business Services (55.9), Transport, Tourism & Leisure (55.5) and Technology, Media & Telecoms (55.1).

March data signalled that the improved momentum in total activity was driven by higher inflows of new work, extending the current growth sequence that began in March 2021. The rate of expansion was the fastest in eight months, and

above the long-run survey trend. New export business increased the most in ten months, with some reports of demand from the UK and Germany.

Service providers continued to invest in their workforces in March in response to stronger demand for their products and services. The rate of job creation eased from February's eight-month high, but remained solid overall. Financial Services posted the sharpest increase in staffing at the end of the first quarter.

Outstanding business continued to rise in March at a modest pace that was in line with the survey trend, suggesting little pressure on business capacity. Business Services registered a decline for the third month running.

The 12-month outlook for activity in the Irish service sector remained positive in March. Confidence was linked to new products and services, imminent interest rate cuts, acquisitions and demand from the renewable energy sector. Overall confidence eased to a six-month low, however, and was below the long-run series trend.

Inflationary pressures in the Irish service sector remained strong in the context of the near-24 year survey history in March. Both price indices remained above their long-run averages despite easing since February. Labour costs, utilities and fuel were all reported as sources of rising prices. Technology, Media & Telecoms posted the fastest increases in both input costs and charges in March.

## Activity and demand

### Business activity

Irish service providers reported a faster rate of growth in activity in March. The level of output in the sector rose for the thirty-seventh consecutive month, and at the sharpest rate since last July. Accelerated growth was driven by faster inflows of new business at the end of the first quarter.

Growth was broad-based by sector and led by Financial Services for the fourth straight month. Strong increases in activity were also seen in the three remaining sectors.

### New business

Growth of new business received by Irish services firms gained momentum at the end of the first quarter, linked to new clients, investment in tourism, acquisitions and strong domestic demand. The rate of expansion was the fastest since last July, and moved above the long-run trend. New business intakes rose in all four sectors, led by Financial Services and Transport, Tourism & Leisure.

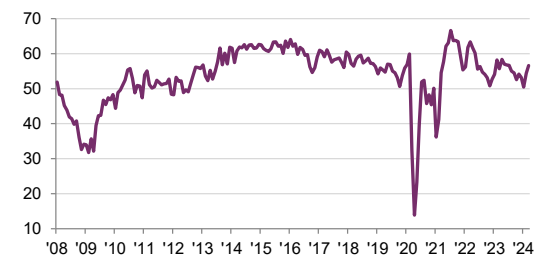
### New export business

The volume of new business from overseas increased for the fifth month running in March, and at the fastest rate since May 2023. Some firms mentioned the UK and Germany as sources of growth.

Financial Services and Transport, Tourism & Leisure topped the sector export growth rankings in the latest period, in a turnaround from the previous three months.

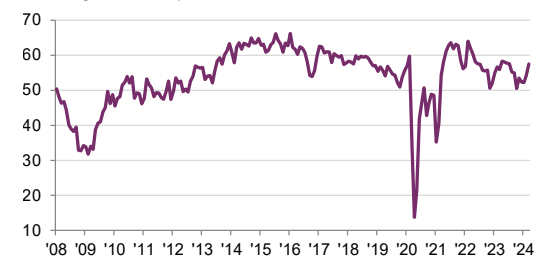
Business Activity Index

sa, >50 = growth since previous month



New Business Index

sa, >50 = growth since previous month



New Export Business Index

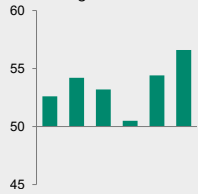
sa, >50 = growth since previous month



Business Activity Index

Oct '23 - Mar '24

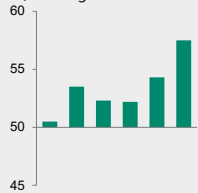
sa, >50 = growth



New Business Index

Oct '23 - Mar '24

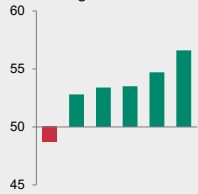
sa, >50 = growth



New Export Business Index

Oct '23 - Mar '24

sa, >50 = growth

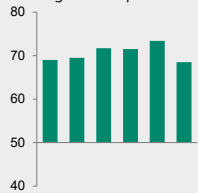


## Business expectations

Future Activity Index

Oct '23 - Mar '24

>50 = growth expected

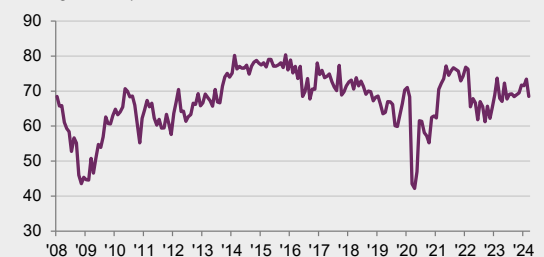


The 12-month outlook for business activity among Irish service providers remained positive in March, but moderated. The Future Activity Index eased to a six-month low, and below its long-run trend level of 69.6. Confidence was linked to new products and services, imminent interest rate cuts, acquisitions and demand from the renewable energy sector.

By sector, expectations were strongest in Technology, Media & Telecoms, and weakest in Business Services.

Future Activity Index

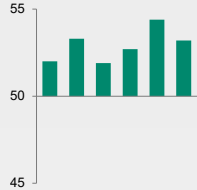
>50 = growth expected over next 12 months



## Employment and capacity

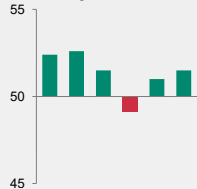
### Employment Index

Oct '23 - Mar '24  
sa, >50 = growth



### Outstanding Business Index

Oct '23 - Mar '24  
sa, >50 = growth



### Employment

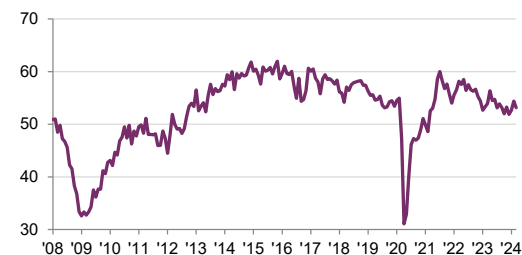
Growth in service sector employment was maintained in March, extending the current period of job creation that began in March 2021. The rate of increase eased from February's eight-month high, but remained slightly above the long-run survey trend. Jobs growth was maintained in all four sectors, and was strongest in Financial Services. Transport, Tourism & Leisure again recorded the slowest rise in staffing.

### Outstanding business

Service providers in Ireland reported a further increase in the level of outstanding work in March, following renewed growth in February. The rate of growth in the latest period remained only modest, however. There were solid increases in Financial Services and Technology, Media & Telecoms, but a decline in Business Services.

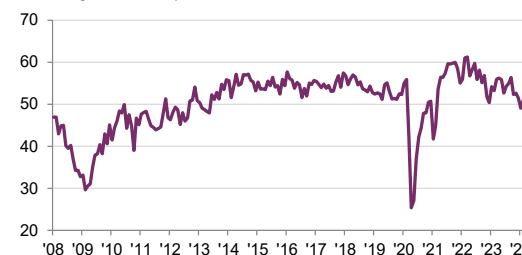
### Employment Index

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-fifth successive month in March. Wages, utilities and fuel were all highlighted as more expensive. The overall rate of inflation eased for the first time in four months, but was still the second-fastest since June 2023. The seasonally adjusted Input Prices Index remained above its long-run average of 60.1.

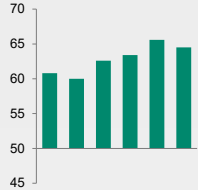
Technology, Media & Telecoms reported the strongest cost pressures in March, and Transport, Tourism & Leisure the weakest.

## Prices charged

Service providers continued to raise their prices charged in March in order to pass on higher costs to customers. The rate of inflation eased from February's 12-month high, but remained well above the long-run survey average. Charge inflation was strongest in Technology, Media & Telecoms, and weakest in Transport, Tourism & Leisure.

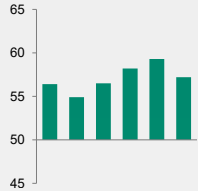
Input Prices Index

Oct '23 - Mar '24  
sa, >50 = inflation



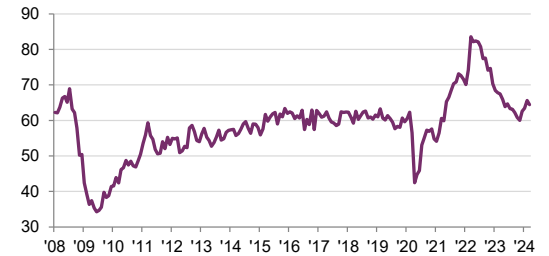
Prices Charged Index

Oct '23 - Mar '24  
sa, >50 = inflation



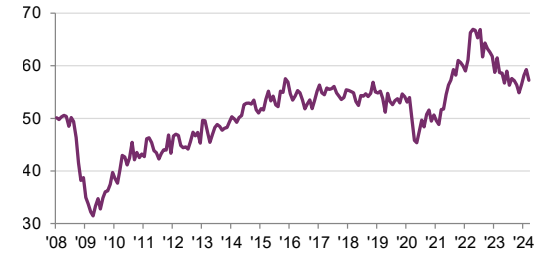
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month





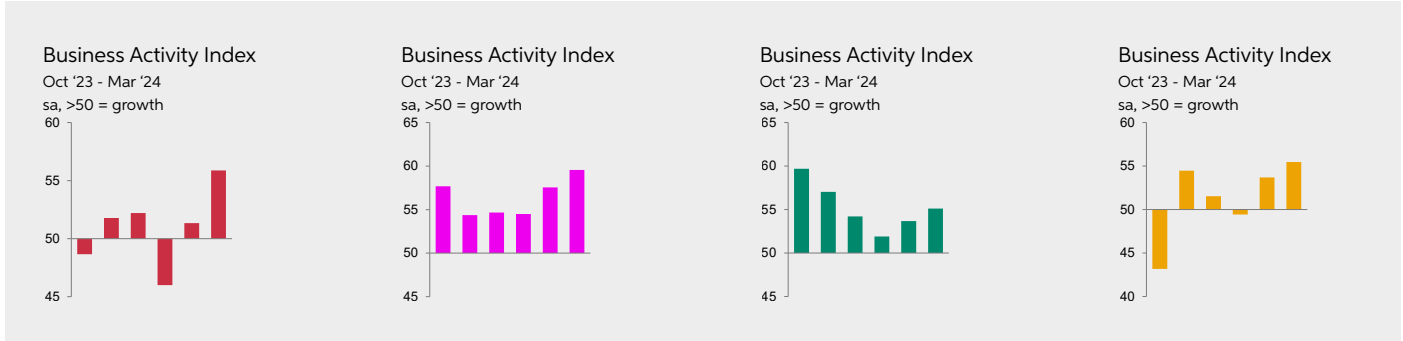
# Services sub-sectors

## Business Services

## Financial Services

## Technology, Media & Telecoms

## Transport, Tourism & Leisure



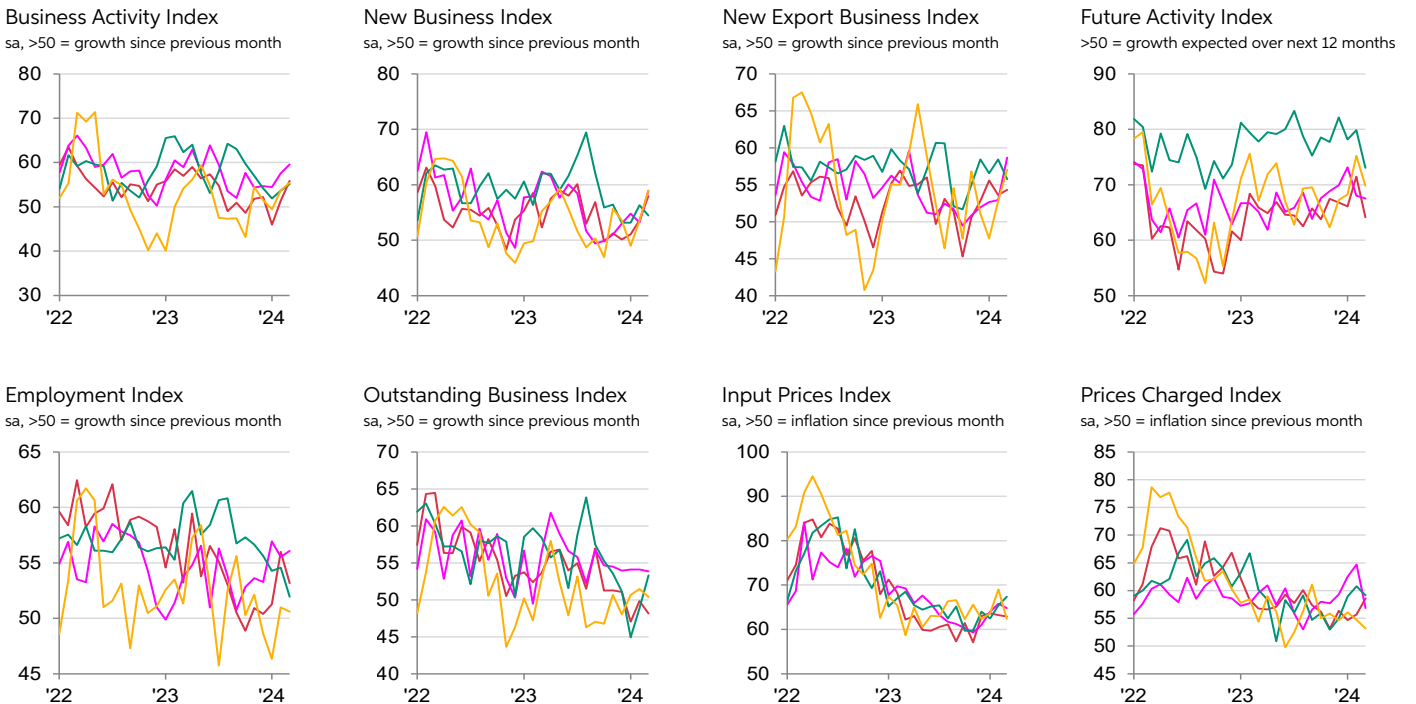
Business Services registered faster increases in both activity and in new work in March, although the rate of job creation slowed since February. Cost pressures were strong, while charges rose the fastest rate in seven months. Expectations moderated from February's two-year high.

Financial Services continued to expand at the fastest rate among the four sectors, supported by the fastest increase in new business in nine months. Expectations improved since February and employment continued to rise sharply. Inflationary pressures eased, with a much slower rise in charges.

Technology, Media & Telecoms (TMT) was the slowest-growing sector for the first time since June 2023, despite seeing a sharper rise in activity. Demand growth was also the slowest among the sectors. Jobs growth was the weakest in nearly three years. Input price inflation accelerated to a 12-month high.

Total activity and new business in the Transport, Tourism & Leisure sector rose at the fastest rates in ten months. Employment rose for the second month running, albeit at the slowest rate among the four sectors. Input price and charge inflation were also the slowest among the monitored sectors.

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



# AIB Ireland Composite PMI®

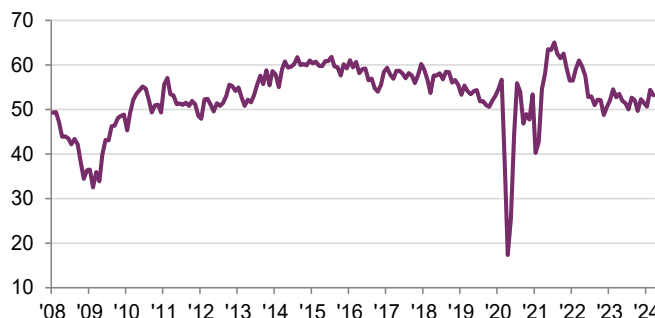
## Service sector drives overall growth of output and demand

Irish private sector output rose for the fifth month running in March but the rate of expansion eased due to a decline in manufacturing production. The AIB Ireland Composite PMI® Output Index\* fell to 53.2, from 54.4 in February, signalling a solid overall expansion that was the second-strongest in 11 months. A faster rise in services activity was countered by the first drop in manufacturing output in 2024 so far.

Incoming new business increased at the fastest rate in 11 months as stronger services demand more than offset a slight drop in manufacturing new orders. Outstanding business rose in services but fell further in manufacturing, although both sectors recorded higher employment.

Input price inflation accelerated eased slightly since February but remained above the long-run series average. Similarly, output price inflation remained relatively strong.

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



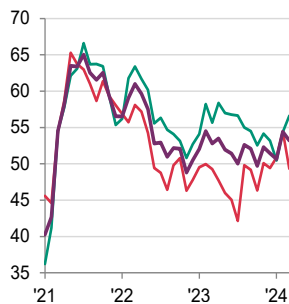
Sources: AIB, S&P Global PMI.

\*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

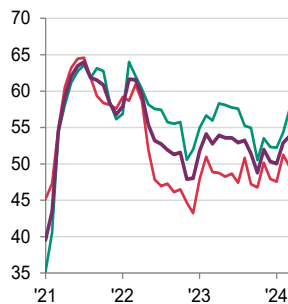
Output Index

sa, >50 = growth since previous month



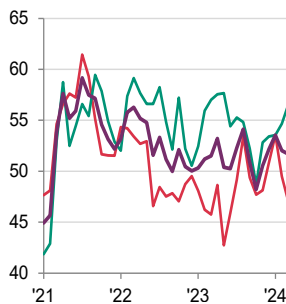
New Business Index

sa, >50 = growth since previous month



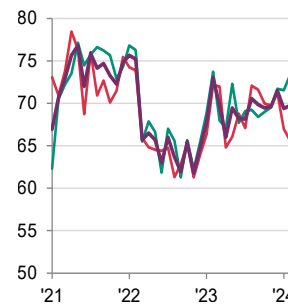
New Export Business Index

sa, >50 = growth since previous month



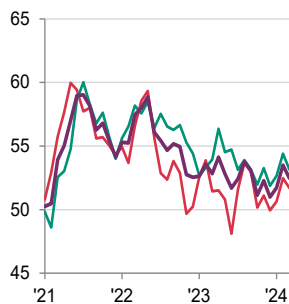
Future Output Index

>50 = growth expected over next 12 months



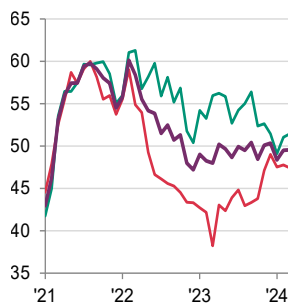
Employment Index

sa, >50 = growth since previous month



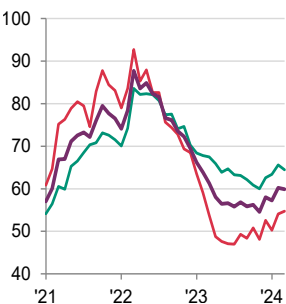
Outstanding Business Index

sa, >50 = growth since previous month



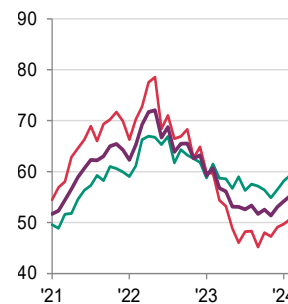
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



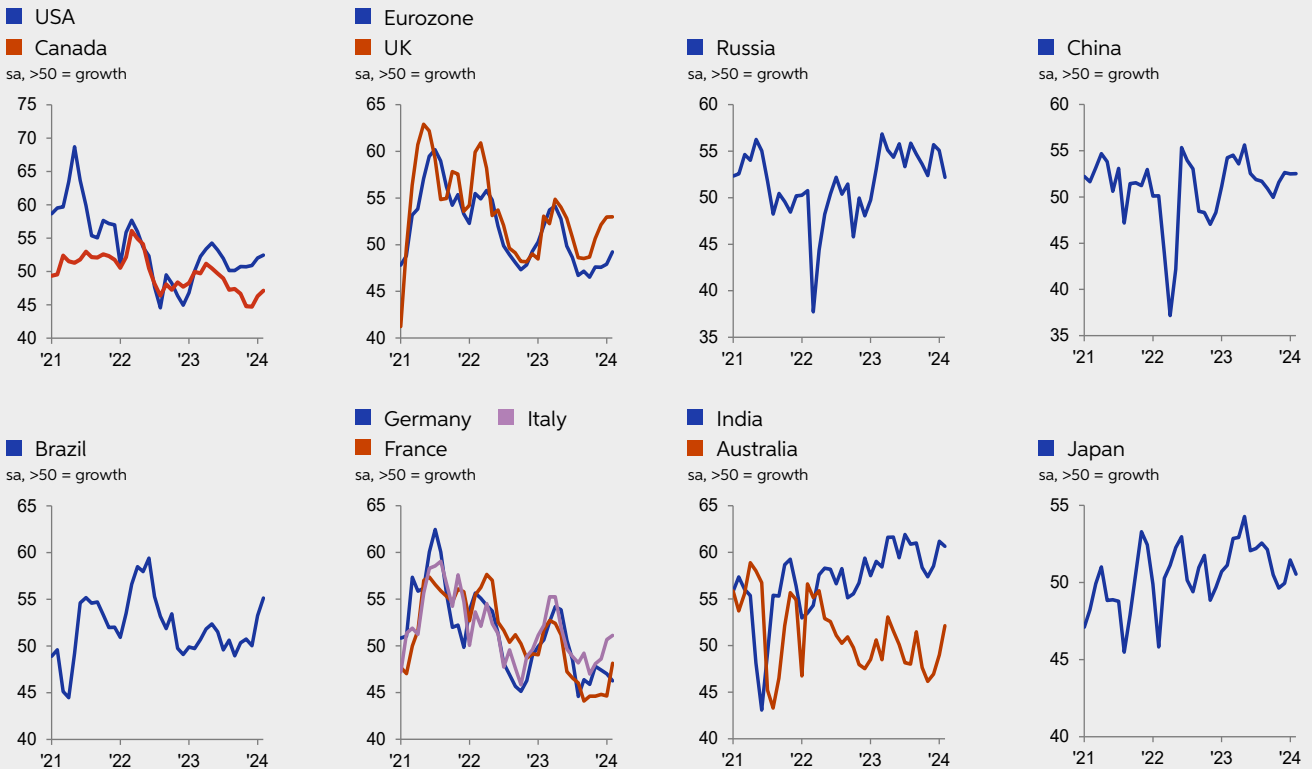
# International PMI

Composite Output Index, Feb '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](mailto:economics@spglobal.com).

## Survey dates

Data were collected 12-25 March 2024.

### Survey questions

Services sector

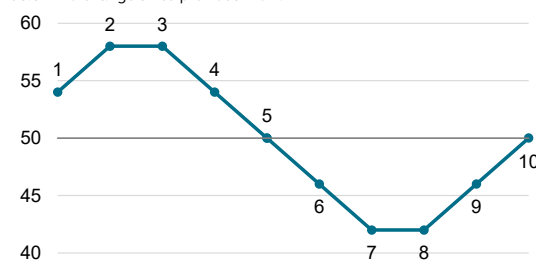
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

### 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	

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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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