

## AIB Ireland Services PMI®

### Service sector growth builds momentum in March

#### Key findings

Sharpest increases in activity and new work in 2025 so far

Fastest job creation for over a year

Input price inflation hits 12-month high

The AIB Ireland Services PMI® survey data for March indicated a notable improvement in growth of the services economy, with both new business and total activity increasing at the fastest rates in 2025 so far. Although the 12-month outlook moderated, linked to uncertainty regarding international trade, companies expanded their workforces at the fastest rate for just over a year and outstanding business increased by the most since last August. Inflationary pressures rose, with average input prices increasing at the fastest rate for a year.

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.

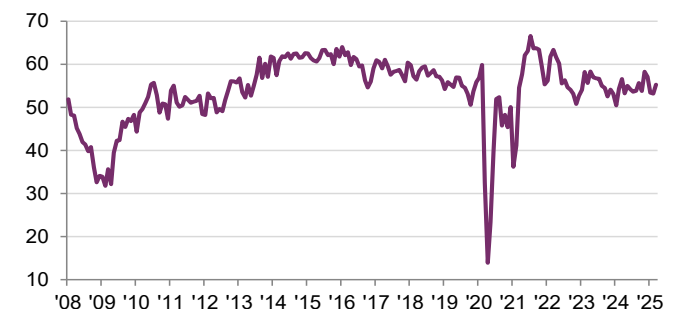
The seasonally adjusted AIB Ireland Services Business Activity Index rose to 55.3 in March, from 53.2 in February, signalling strong growth. The latest reading was the highest in 2025 so far and broadly in line with the long-run trend level of 55.1.

Although overall growth accelerated in March, higher activity was not broad-based by sector for the first time since last July. While notably stronger increases were registered in Technology, Media & Telecoms (57.4), Financial Services (57.1) and Business Services (55.6), Transport, Tourism & Leisure (49.3) registered a slight decline in activity. Previously it had been the fastest-growing sector in December and January.

New business expanded at the fastest rate in three months, extending the current sequence of growth to over four years. The rate of expansion was also above the long-run average. Matching the trend for total activity, growth accelerated in three sectors and was led by Technology, Media & Telecoms, but Transport, Tourism & Leisure posted a slight fall in demand. International new business rose only modestly, and at the second-slowest rate in the current 17-month growth

AIB Ireland Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI. Data were collected 12-26 March 2025.

sequence.

Growth in new business outpaced the rise in total activity in March, resulting in the fastest increase in outstanding work held at service providers for seven months. Pressure on business capacity was strongest in Technology, Media & Telecoms.

Service providers looked to expand capacity to meet demand by increasing workforces at a faster rate. The rate of job creation was the highest in 13 months and stronger than the long-run series average. All four sectors posted robust increases in staffing in the latest period.

Greater demand for staff contributed to overall cost pressures in March. Average input prices increased at the strongest rate for a year, driven mainly by wages but also insurance, fuel, food, other agricultural products and utilities. Charges were increased at a faster rate to help accommodate rising costs, and one that remained well above the long-run trend. Transport, Tourism & Leisure registered the fastest increases in both input prices and charges in the latest period.

Despite the stronger increase in new business, service providers were less optimistic on growth of total activity over the next 12 months. Overall confidence eased to a 28-month low, and was below the long-run survey average. A number of firms mentioned uncertainty over the course of international trade due to US tariffs. But a much greater share of companies still expected growth as opposed to a contraction at their business (43% versus 13%), linked to new customers, tourism, residential construction, renewable energy projects and investment in AI and new products.

## Comment

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

*"The AIB Irish Services PMI for March shows robust growth in the sector, with the PMI rising to 55.3 from 53.2 in February. The expansion was driven by an increase in new and outstanding business, and a sharp acceleration in hiring. The rate of growth in the Irish services sector remained faster than the flash Eurozone, UK and US flash PMIs, at 50.4, 53.2, and 54.3, respectively.*

*"New business increased at its fastest pace in three months, while new export business rose more modestly in March. Meanwhile, the growth in outstanding work reached a seven-month high, with robust activity across all sectors.*

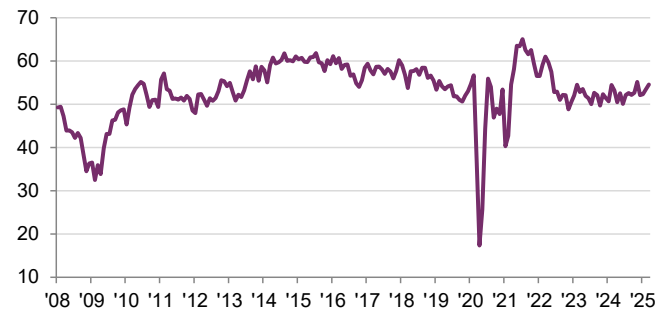
*"Three of the four sub-sectors registered growth in March. Technology, Media & Telecoms (TMT) recorded the fastest growth, with Business Services and Financial Services also growing at a solid pace. However, Transport, Tourism & Leisure registered a slight contraction, following a period of rapid growth in recent months. Hiring activity was stronger across most sectors, with the pace of job creation reaching its fastest rate since February 2024*

*"On the inflation front, the input cost index rose to a 12-month high, implying continued rising inflationary pressures in the sector. Once again, wages and energy were cited as key drivers of higher costs. There was another strong increase in prices charged as firms protected margins, with the pace of growth slightly higher on the month. In terms of the outlook, firms remained optimistic for business activity in the coming 12 months. However, all four sectors posted softer confidence than in February, with the weakest optimism in Transport, Tourism & Leisure. Some respondents cited uncertainty over the prospects for international trade due to US tariffs."*

## AIB Ireland Composite PMI®

New business grows at sharpest rate in nearly three years

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



Sources: AIB, S&P Global PMI.

March data signalled stronger demand in the Irish private sector, contributing to faster growth of output and employment. The AIB Ireland Composite PMI® Output Index\* registered 54.6, up from 53.4 in February, the second-highest since May 2022 and above the long-run trend of 53.9. New business rose at the fastest rate since May 2022.

The manufacturing and services sectors both registered faster gains in output and new business in March, with the latter recording the stronger rates of expansion in both metrics.

Employment increased at the fastest rate in seven months. Service providers again drove recruitment as hiring growth at manufacturers remained weak.

Input price inflation was little-changed from February's 23-month high, remaining slightly above the long-run average. Charge inflation eased to a seven-month low but remained historically high.

\*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.

## Contact

David McNamara  
AIB Chief Economist  
T: +353-(0)87-4071825  
[david.g.mcnamara@aib.ie](mailto:david.g.mcnamara@aib.ie)  
[AIBeconomics.Unit@aib.ie](mailto:AIBeconomics.Unit@aib.ie)  
[www.aibeconomics.com](http://www.aibeconomics.com)

Paddy McDonnell  
AIB Press Office  
T: +353-87-739-0743  
[paddy.x.mcdonnell@aib.ie](mailto:paddy.x.mcdonnell@aib.ie)

Louise Kelly  
AIB Press Office  
T: +353 87 216 1545  
[louise.Y.Kelly@aib.ie](mailto:louise.Y.Kelly@aib.ie)

Trevor Balchin  
Economics Director  
S&P Global Market Intelligence  
T: 44-1491-461-065  
[trevor.balchin@spglobal.com](mailto:trevor.balchin@spglobal.com)

Corporate Communications  
S&P Global Market Intelligence  
[press.mi@spglobal.com](mailto:press.mi@spglobal.com)

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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](mailto:economics@spglobal.com).

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