



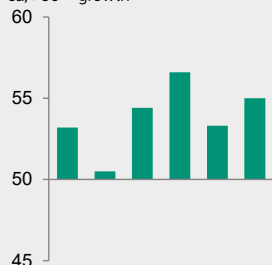
# AIB Ireland Services PMI®

## Services expansion accelerates in May

# 55.0

IRELAND SERVICES BUSINESS ACTIVITY INDEX, MAY '24

Services Business Activity Index  
Dec '23 - May '24  
sa, >50 = growth



The latest AIB PMI® survey data indicated a faster increase in Irish service sector activity in May, as new business growth strengthened. The 12-month outlook also improved, and this was reflected another robust rise in services employment. There was a notable rebound in the Technology, Media & Telecoms sector, while Financial Services continued to expand sharply. Cost pressures remained elevated, linked to wages and fuel, while charge inflation also remained historically strong, despite easing to a five-month low.

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

*"The AIB Irish Services PMI for May shows robust growth in business activity in the sector, with the index rising to 55.0 from 53.3 in April. This signals an acceleration in the pace of growth in the sector, and matches the long run average of the survey. The growth in activity was broad-based once again across all sub-sectors. The rate of growth in the Irish services sector also remained faster than the US, Eurozone and UK flash PMIs at 54.8, 53.3 and 52.9, respectively, in May.*

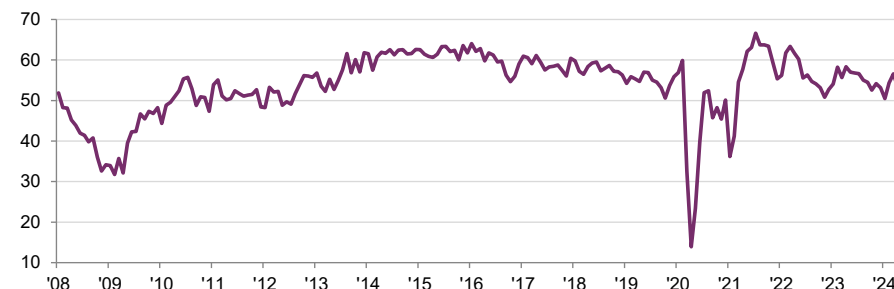
*"Overall, Irish firms continued to report rising levels of new business, and this was linked to solid domestic and international demand, particularly from Europe and the UK. The volume of outstanding work also rose again on the month, but performance varied across sectors. At the sectoral level, all four covered in the survey registered continued growth, which was led by rapid growth in the Financial Services sector and the Technology, Media & Telecoms (TMT) sector. The Transport, Tourism &*

*Leisure and Business Services sectors both saw growth at a more modest pace in May, compared to Financial Services and TMT. Employment continued to rise in the services sector overall and the pace of hiring growth picked up compared to April. However, there was a slight decline in hiring in the Transport, Tourism & Leisure.*

*"Input cost inflation remained at a high rate in May, with the pace of increase accelerating compared to April. Wages and fuel were again cited as the main sources of higher costs by respondents. Firms also continued to raise prices for customers, but the output price index decelerated somewhat on the month to a five-month low.*

*"Business sentiment about the prospects for activity over the coming 12 months was positive and broadly in line with the April reading and the long run average. Rising consumer demand and expected lower interest rates were all mentioned as sources of optimism."*

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



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- Employment and capacity
- Prices
- Services sub-sectors
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## Overview

- Faster expansions in activity and new business
- Jobs growth remains in line with long-run trend
- Charge inflation at five-month low, but still elevated

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 to 55.0 in May from 53.3 in April, signalling a faster increase in Irish service sector activity. The pace of expansion was the strongest since March and broadly in line with the long-run series average since 2000 (55.1). The current expansionary sequence was extended to three years and three months.

For the fourth month running, all four sub-sectors registered higher activity. Technology, Media & Telecoms (57.4) was the strongest-growing segment, having previously been the bottom-ranked sector during March and April. Financial Services (56.6) ranked second, following a five-month period as the fastest-growing sector. Business Services (53.0) posted a relatively modest increase in activity, while growth nearly stalled in Transport, Tourism & Leisure (50.6).

New business growth accelerated in May, extending the current growth sequence that began in March 2021. There were reports of additional work from existing customers and successful marketing efforts winning new clients. The rate of expansion was also above the long-run survey trend. The Technology,

Media & Telecoms sector saw a rebound in following a rare decline in April. New export business growth eased to a three-month low, despite a sharper rise in Transport, Tourism & Leisure.

The overall level of incomplete business held at Irish service providers continued to rise in May, although Financial Services and Transport, Tourism & Leisure remained the only sectors to record growth. Outstanding business was broadly stable in Technology, Media & Telecoms and fell in Business Services.

Services employment rose further in May. The rate of job creation quickened to a three-month high and was broadly in line with the long-run series average. Hiring growth was solid in three sectors, the exception being Transport, Tourism & Leisure which saw a marginal decline in jobs.

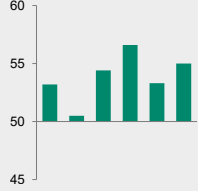
Companies in the Irish services sector remained confident of higher business activity over the next 12 months. Overall sentiment picked up to a three-month high and was particularly strong in Technology, Media & Telecoms and Financial Services. Optimism was linked to improving consumer demand, tourism, new services, falling inflation and the prospect of lower interest rates.

Cost pressures at services firms remained strong in May and picked up since April, with wages and fuel again the main reported sources. Technology, Media & Telecoms reported the strongest cost pressures, and Financial Services the weakest. The former also posted the strongest rise in charges, with the overall rate of charge inflation remaining well above the long-run trend despite easing to a five-month low.

# Activity and demand

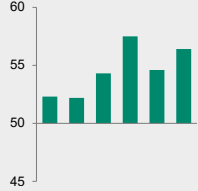
## Business Activity Index

Dec '23 - May '24  
sa, >50 = growth



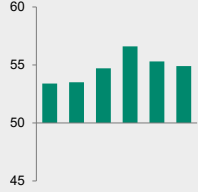
## New Business Index

Dec '23 - May '24  
sa, >50 = growth



## New Export Business Index

Dec '23 - May '24  
sa, >50 = growth



## Business activity

Total activity in the Irish services sector rose at a sharper pace in May, reflecting a quicker increase in new business. The rate of expansion was broadly in line with the long-run series average (since 2000). Technology, Media & Telecoms was the fastest-growing sector in May, in a turnaround since April, while the weakest expansion was in Transport, Tourism & Leisure.

## New business

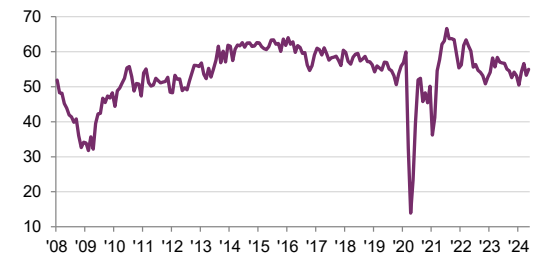
The volume of new business received by Irish services firms rose sharply in May. Firms reported additional work from existing clients and successful marketing campaigns attracting new customers. The rate of expansion accelerated for the third time in four months and was above the long-run average. There was a rebound in demand in Technology, Media & Telecoms, following a rare decline in new work in April. The three remaining sectors all posted solid gains in new business.

## New export business

The level of new business from international markets increased for the seventh month running in May, linked to demand from both mainland Europe and the UK. The rate of growth eased further since March but was still relatively strong. Transport, Tourism & Leisure topped the sector export growth rankings with the fastest expansion for a year.

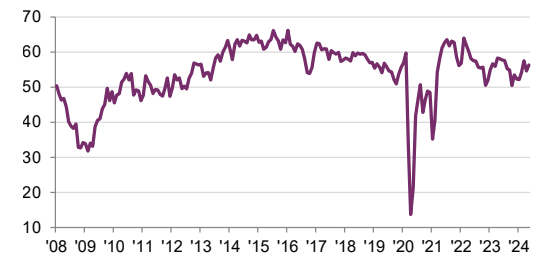
## Business Activity Index

sa, >50 = growth since previous month



## New Business Index

sa, >50 = growth since previous month



## New Export Business Index

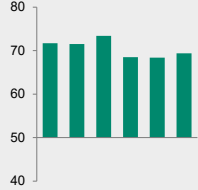
sa, >50 = growth since previous month



# Business expectations

## Future Activity Index

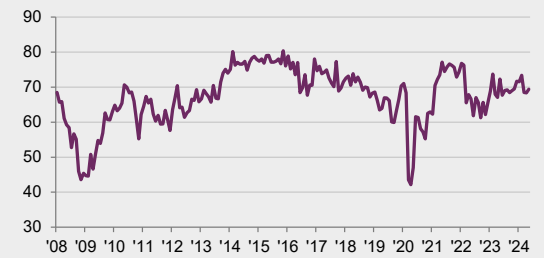
Dec '23 - May '24  
>50 = growth expected



The 12-month outlook for services activity in Ireland remained firmly positive in May. The Future Activity Index remained above the no-change mark of 50.0 and improved to a three-month high, taking it broadly in line with the long-run survey trend. Rising consumer demand, tourism, new products, falling inflation and lower interest rates were all mentioned as sources of optimism. By sector, expectations rose notably in Technology, Media & Telecoms and Financial Services, but weakened in Transport, Tourism & Leisure.

## Future Activity Index

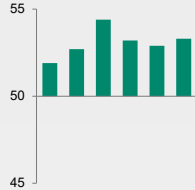
>50 = growth expected over next 12 months



## Employment and capacity

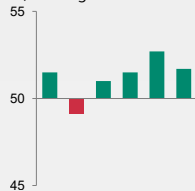
### Employment Index

Dec '23 - May '24  
sa, >50 = growth



### Outstanding Business Index

Dec '23 - May '24  
sa, >50 = growth



### Employment

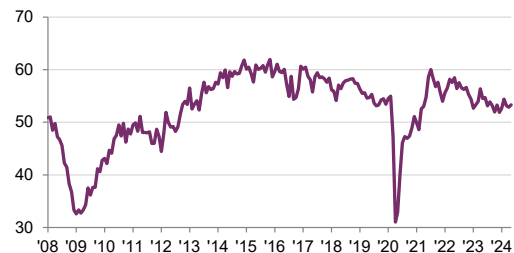
Irish service providers continued to increase their workforces in May, extending the current period of job creation that began in March 2021. The rate of growth was broadly in line with the trend over 2024 so far, and indeed the long-run survey average. Three of the four monitored sectors posted solid increases in headcounts, the exception being Transport, Tourism & Leisure where a slight decline was indicated for the first time in four months.

### Outstanding business

Service providers in Ireland reported a build-up in the level of outstanding work for the fourth month running in May. The rate of growth eased slightly since April and was modest. Outstanding business increased solidly in Financial Services and Transport, Tourism & Leisure, but fell in Business Services and Technology, Media & Telecoms.

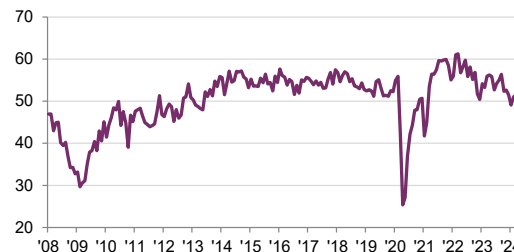
### Employment Index

sa, >50 = growth since previous month



### Outstanding Business Index

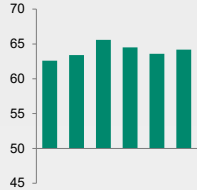
sa, >50 = growth since previous month



## Prices

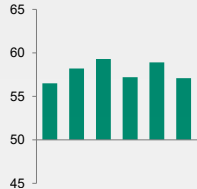
### Input Prices Index

Dec '23 - May '24  
sa, >50 = inflation



### Prices Charged Index

Dec '23 - May '24  
sa, >50 = inflation



### Input prices

Average input prices in the service sector rose in May, extending the current sequence of inflation to nearly four years. Labour costs and fuel were the main drivers. The overall rate of inflation picked up slightly and was broadly in line with the trend for 2024 so far, remaining stronger than the long-run survey average. The seasonally adjusted Input Prices Index has trended at 60.2 since May 2000.

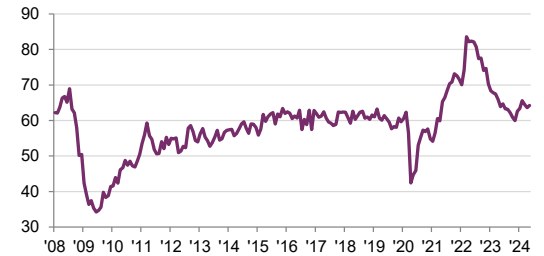
Technology, Media & Telecoms reported the strongest cost pressures in May, and Financial Services the weakest.

### Prices charged

Service sector companies continued to raise their prices charged in May as they passed higher costs on to clients. The rate of inflation eased to a five-month low, but remained well above the long-run survey average. Charge inflation was strongest in Technology, Media & Telecoms and weakest in Transport, Tourism & Leisure.

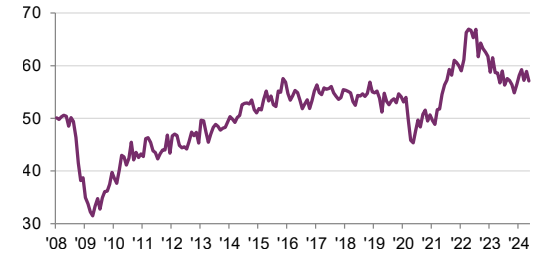
### Input Prices Index

sa, >50 = inflation since previous month



### Prices Charged Index

sa, >50 = inflation since previous month



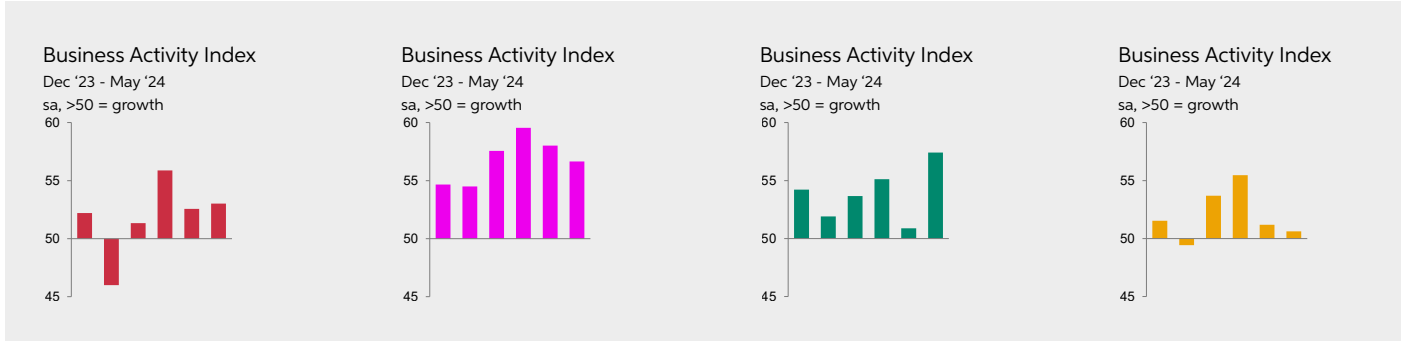
# Services sub-sectors

## Business Services

## Financial Services

## Technology, Media & Telecoms

## Transport, Tourism & Leisure



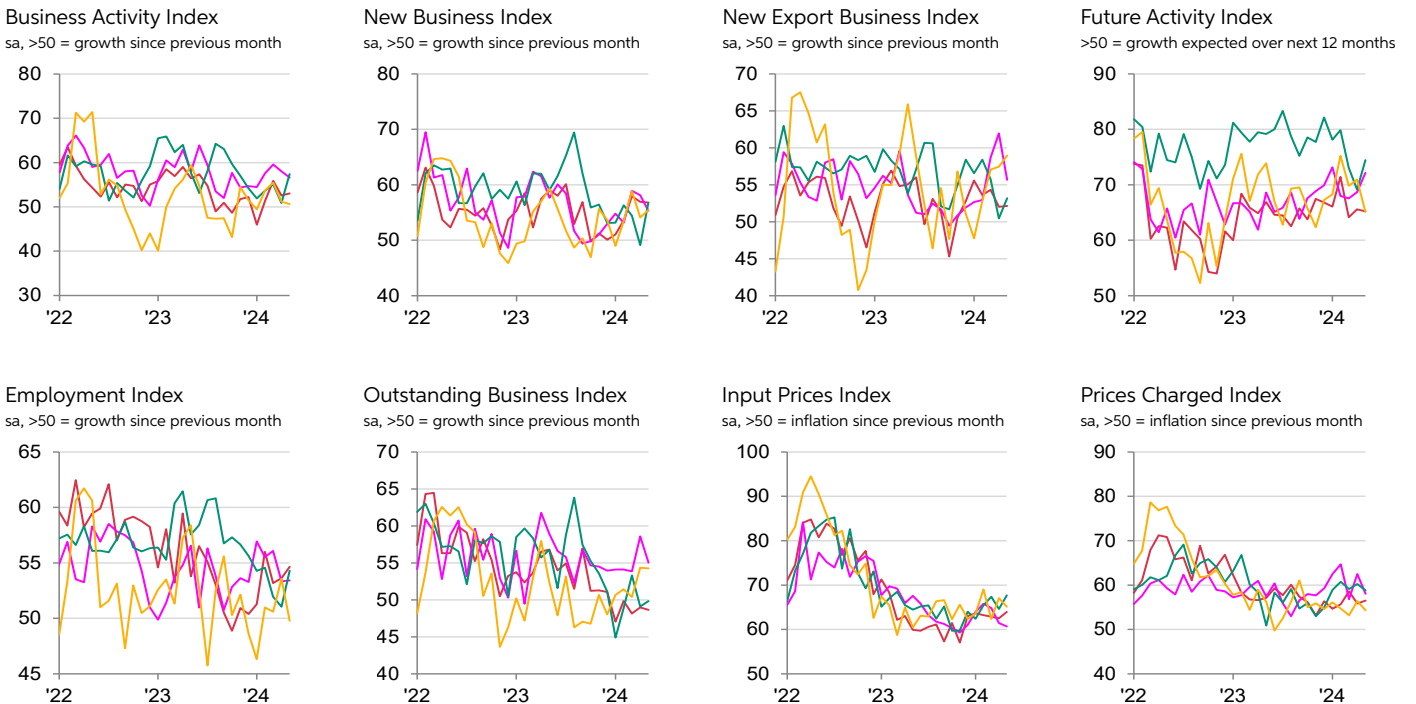
Business Services registered a sharp increase in new business and the fastest job creation across all four sectors in May. That said, the rate of growth in overall activity remained weaker than the all-services trend, as did the 12-month outlook. Price pressures rose during the month.

Financial Services posted the slowest activity growth in four months in May, losing the top sector ranking. It also posted the slowest rise in new business of the four sectors, although the 12-month outlook was the highest in two-and-a-half years. Price pressures eased.

Technology, Media & Telecoms (TMT) was the fastest-growing sector in May as new business rebounded from April's decline. Jobs growth strengthened as expectations for activity recovered sharply. The TMT sector posted the fastest increases in input prices and charges of all sectors.

Transport, Tourism & Leisure posted only marginal growth in activity and lower employment in May. More positively, new and outstanding business increased solidly, with the sector topping the growth rankings for new export business. Price pressures eased since April.

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



# AIB Ireland Composite PMI®

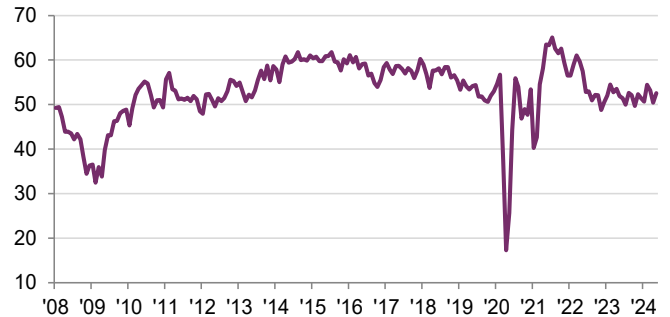
## Faster rise in output in May

Irish private sector output rose for the seventh month running in May, and the rate of expansion picked up from April's weak pace as services growth quickened and there was a near-stabilisation in manufacturing production. The AIB Ireland Composite PMI® Output Index\* rose to 52.5, from April's six-month low of 50.4. That said, it remained below its long-run trend level of 53.9.

Incoming new business also increased at a stronger rate as a faster rise in demand for services was accompanied by a much slower fall in manufacturing new orders. Employment growth also quickened, with a renewed increase in manufacturing jobs.

Input price inflation accelerated in May, but remained below the long-run series average. In contrast, output price inflation eased to a five-month low but remained well above the historic trend.

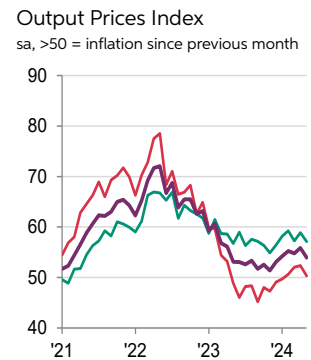
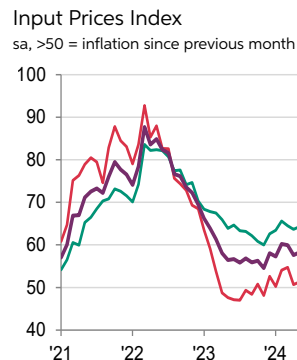
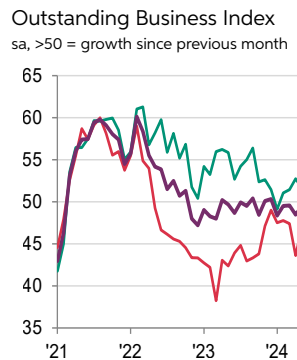
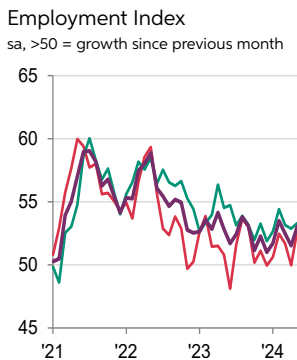
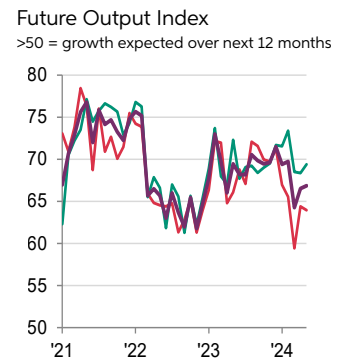
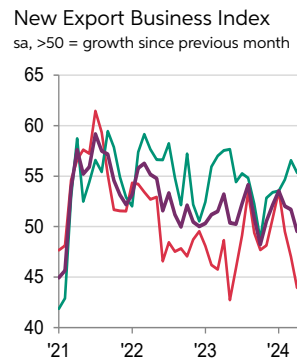
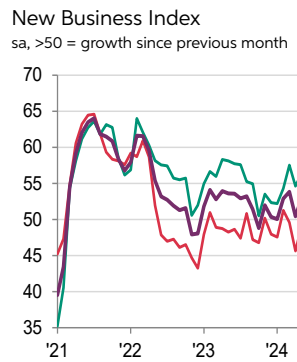
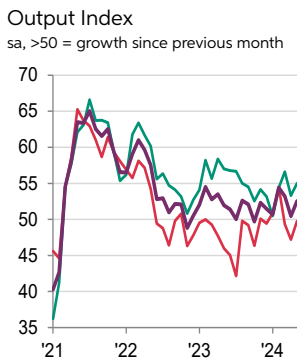
Composite Output Index  
sa, >50 = growth since previous month



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.

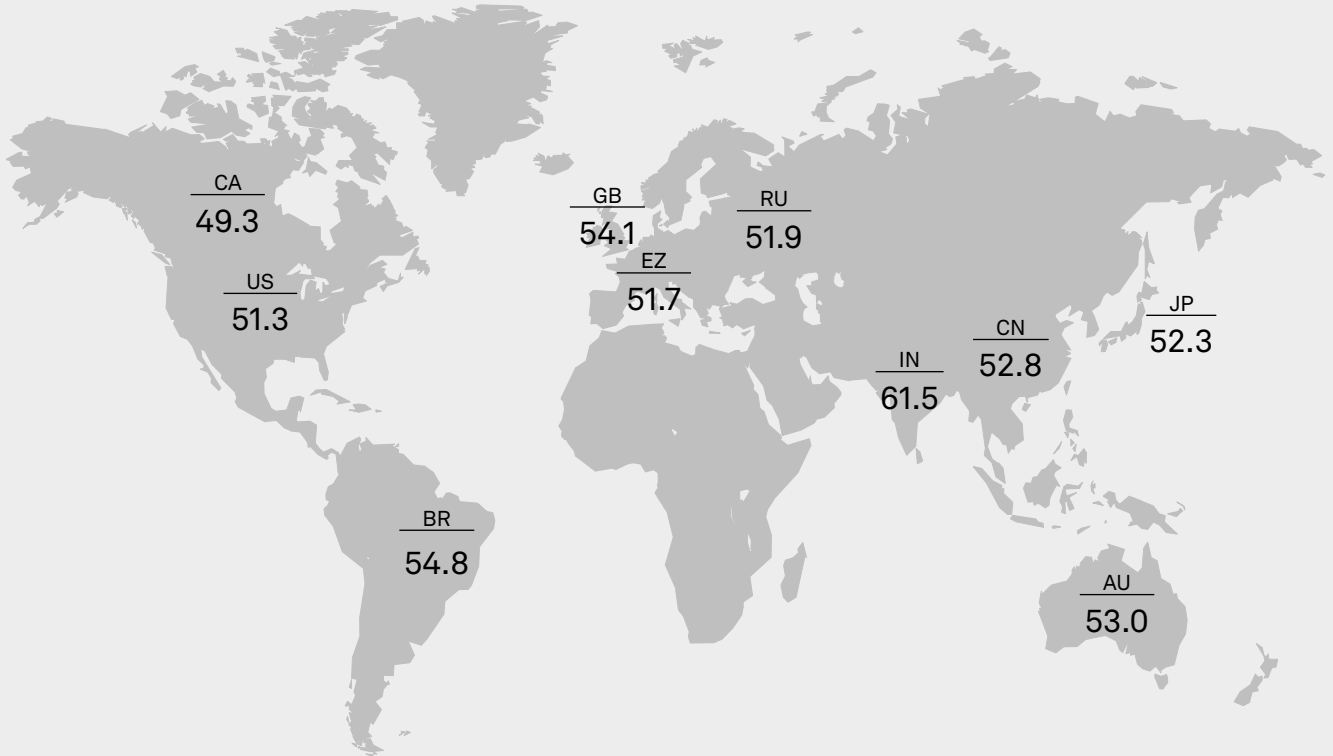
- Composite
- Manufacturing
- Services



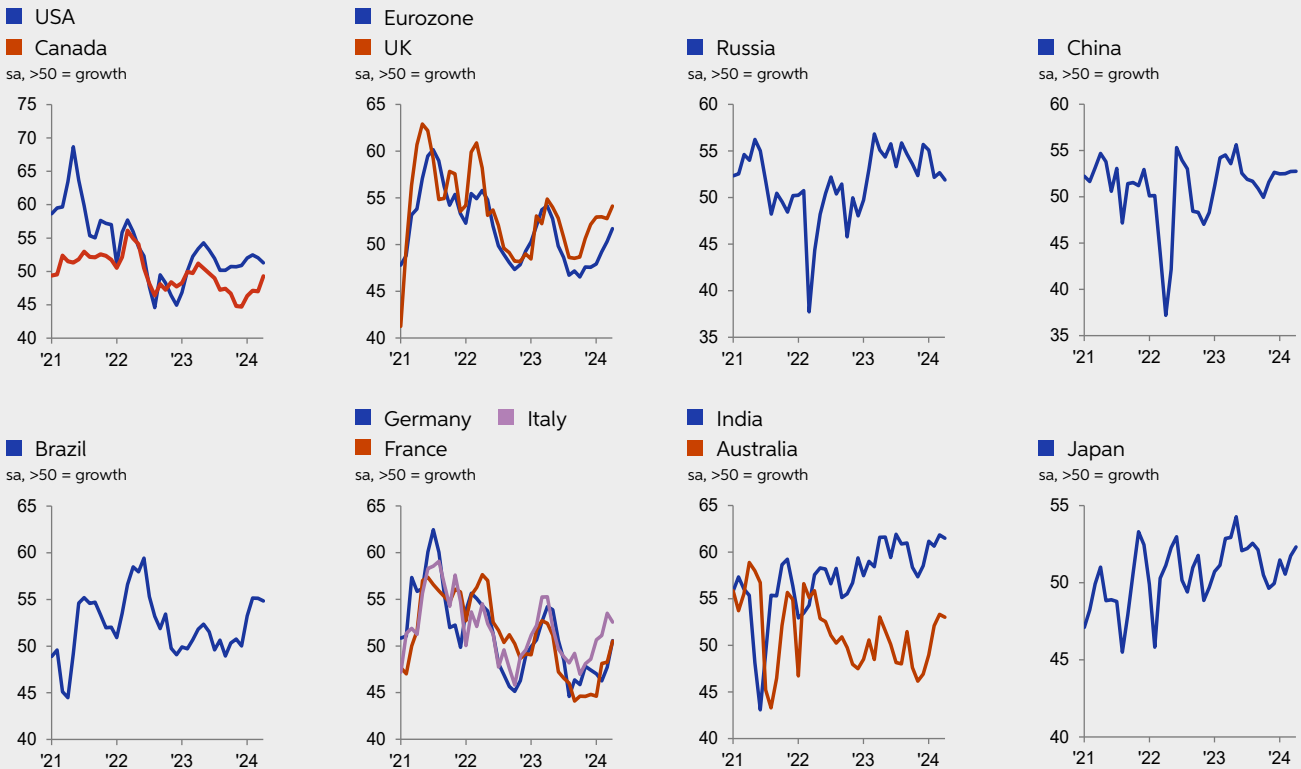
# International PMI

Composite Output Index, Apr '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 10-28 May 2024.

#### Survey questions

Services sector

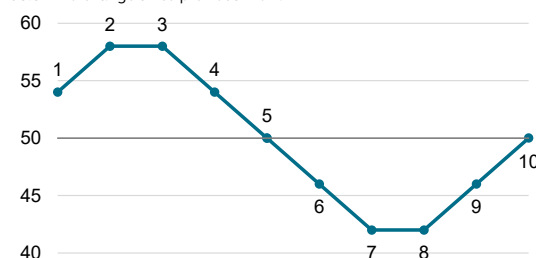
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

#### 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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### 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.

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