



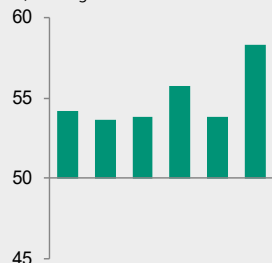
AIB Ireland Services PMI®

Growth accelerates as inflationary pressures recede

58.3

IRELAND SERVICES BUSINESS ACTIVITY INDEX, NOV '24

Services Business Activity Index
Jun - Nov '24
sa, >50 = growth



The latest AIB Ireland Services PMI® survey indicated a much faster expansion in business activity in November, with stronger growth registered across the sector. November data also indicated receding inflationary pressures as prices charged by service providers rose at the slowest rate in over three-and-a-half years. Demand conditions improved and employment rose at a faster pace, but jobs growth remained weaker than the long-run survey average as the 12-month outlook was slightly less optimistic.

Commenting on the survey results, John Fahey, AIB Senior Economist, said:

"The AIB Irish Services PMI for November shows a very robust performance in the sector. The PMI rose to 58.3 from 53.8 in October, indicating a sharp acceleration in the pace of growth. Indeed, the November reading is the fastest pace of expansion recorded by the services sector since April 2023. The rate of growth in the Irish services sector was faster than the Eurozone, UK and US flash PMIs at 49.2, 50.0 and 57.0 respectively.

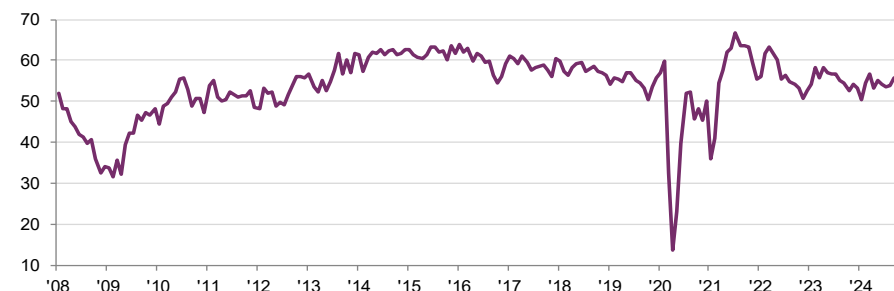
"The expansion in Irish service sector activity was underpinned by strong demand conditions. New business rose at its fastest pace since March. Meanwhile, export orders improved for the fourth month in-a-row. The volume of outstanding work increased, albeit the rate of backlog build-up eased for a third consecutive month. Employment growth improved compared to October, although it remains low in an historic context.

"The strong performance in services was

broad-based with all four sub-sectors registering a faster pace of expansion versus October. Financial services was the top performer, followed by Technology, Media & Telecoms. Meantime, Tourism, Transport and Leisure recorded its strongest pace of expansion since May 2023, although it was the slowest growing sub-sector in November.

"On the inflation front, the input cost index was broadly unchanged from October's elevated level, meaning continued significant cost price pressures in the sector. Wages and fuel were cited as key drivers of higher costs. In contrast, the rate of increase in prices charged rose at its slowest pace since April 2021. In terms of the outlook, while service sector firms remained optimistic on growth prospects over the coming 12 months, the future activity index eased for the third time in four months and is now at its second-lowest level since early 2023."

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



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Overview

Fastest growth of business activity since April 2023

Inflation of prices charged for services weakest since April 2021

Employment growth picks up but remains subdued

The seasonally adjusted AIB Ireland Services Business Activity Index rose sharply to 58.3 in November, from 53.8 in October. The latest reading indicated the fastest rate of growth in services activity since April 2023, and the monthly increase in the index of 4.5 points was the largest observed since February 2022.

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.

All four sub-sectors posted faster growth of business activity in November. Financial Services (60.1) was the best-performing area, followed by Technology, Media & Telecoms (59.3) and Business Services (56.7). Transport, Tourism & Leisure (56.4) once again posted the slowest rate of business activity expansion, albeit the strongest for a year-and-a-half.

November data signalled an improvement in demand conditions, as the volume of new work received by service providers increased at the fastest rate since March. Demand was strongest in Financial Services and Transport, Tourism & Leisure. New business from international clients rose at the fastest rate in eight months, with a notable improvement in Transport, Tourism & Leisure.

Cost pressures remained strong overall in November with the seasonally adjusted Input Prices Index remaining well above the no-change mark of 50.0. That said, input cost inflation has stabilised at among the lowest level for nearly four years, leading led service providers to raise their charges more slowly in November. The rate of charge inflation was the weakest since April 2021, albeit still above the long-run average.

The faster expansion in new order intakes contributed to an improvement in the rate of job creation in November, after October had seen one of the slowest rates of employment growth for over three years. That said, the rate of job creation remained weaker than the average for 2024 so far and the long-run survey trend. By sub-sector, the strongest pace of hiring was seen in Technology, Media & Telecoms. At the other end of the scale, Financial Services posted only a slight increase in workforce numbers.

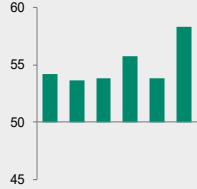
With employment growth remaining softer than the long-run average, the volume of outstanding business held at service providers continued to rise in November. That said, the increase was the weakest in the current ten-month sequence of expansion, partly reflecting a decline in Business Services.

Service providers remained optimistic, on balance, of growth over the next 12 months. Around four-in-ten companies expected an increase in business activity while only 8% predicted a decline. Overall confidence was, however, among the weakest of the past two years and below the long-run survey average.

Activity and demand

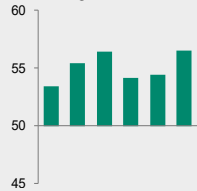
Business Activity Index

Jun - Nov '24
sa, >50 = growth



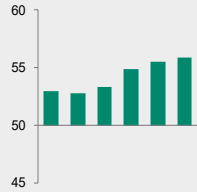
New Business Index

Jun - Nov '24
sa, >50 = growth



New Export Business Index

Jun - Nov '24
sa, >50 = growth



Business activity

November data pointed to a faster increase in business activity across the Irish services sector. The rate of growth accelerated for the third time in four months to the fastest since April 2023. Moreover, the 4.5-point increase in the respective seasonally adjusted index was the largest since February 2022. Firms reported intakes of new business, successful marketing and the impact of investment in new products and services.

Growth accelerated in all four sub-sectors, led by Financial Services and Technology, Media & Telecoms.

New business

The seasonally adjusted New Business Index trended upwards for the fourth time in five months in November, and the latest figure signalled the fastest rise in demand for services since March. Survey respondents generally commented on an improvement in demand.

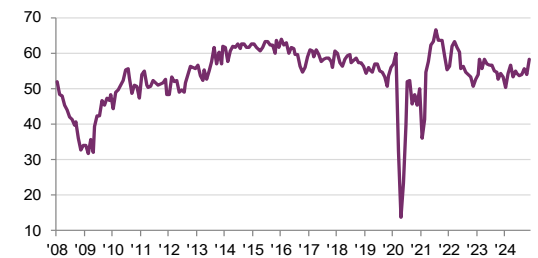
Demand growth strengthened in all four sub-sectors, led by Financial Services and Technology, Media & Telecoms.

New export business

The rate of expansion in new export business improved for the fourth straight month in November, and was the fastest since March. International demand was strongest in the Transport, Tourism & Leisure sub-sector.

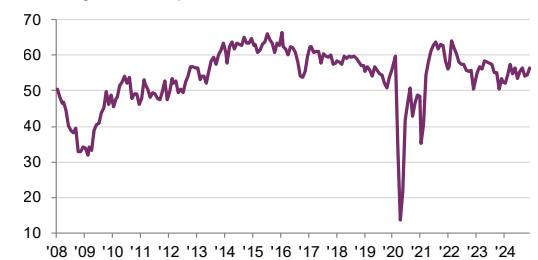
Business Activity Index

sa, >50 = growth since previous month



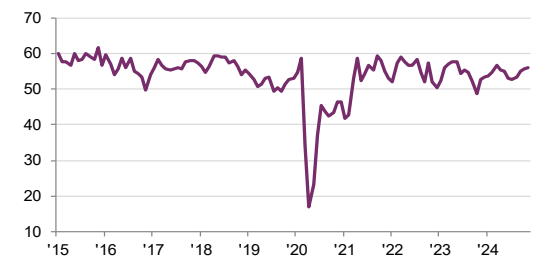
New Business Index

sa, >50 = growth since previous month



New Export Business Index

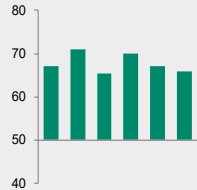
sa, >50 = growth since previous month



Business expectations

Future Activity Index

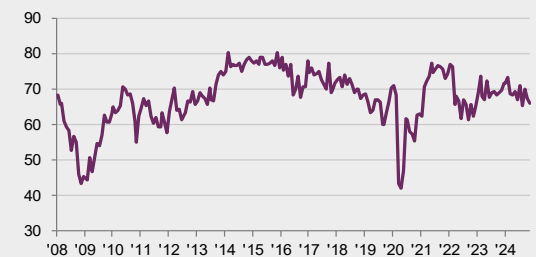
Jun - Nov '24
>50 = growth expected



Service providers remained optimistic of growth in activity over the next 12 months in November, linked to new business opportunities, customer retention, new projects and investment. That said, the degree of sentiment moderated. The Future Activity Index fell for the third time in four months to the second-lowest since the start of 2023, and remained below its long-run trend level of 69.5. Expectations were strongest in Technology, Media & Telecoms and weakest in Transport, Tourism & Leisure.

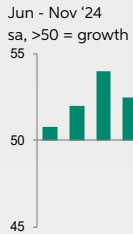
Future Activity Index

>50 = growth expected over next 12 months

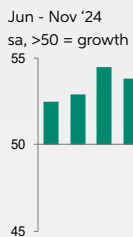


Employment and capacity

Employment Index



Outstanding Business Index



Employment

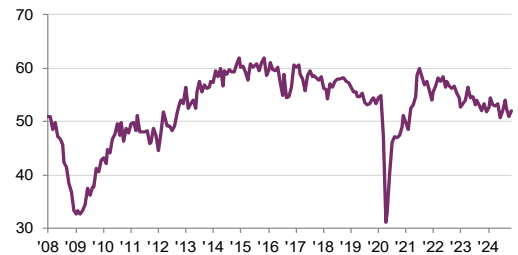
Job creation was maintained across the service economy in November, with new full time hires reported. The rate of employment growth improved from October's weak pace, but remained soft in the context of historic survey data. There were some reports of retention difficulties and 'poaching' by competitors. Financial Services and Transport, Tourism & Leisure recorded the slowest increases in staffing during the latest period.

Outstanding business

November data indicated an increase in unfinished work at service sector businesses for the tenth successive month. That said, the rate of backlog accumulation slowed further, and was the weakest over this period. Outstanding work declined in the Business Services sub-sector.

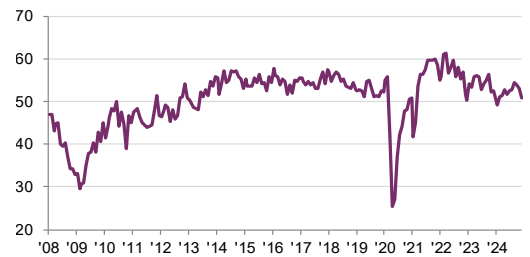
Employment Index

sa, >50 = growth since previous month



Outstanding Business Index

sa, >50 = growth since previous month



Prices

Input prices

The seasonally adjusted Input Prices Index was little-changed in November, signalling another sharp increase in average cost burdens across the service economy. Companies mainly mentioned wages and fuel as the driving forces of higher costs. That said, the overall rate of inflation was among the weakest since early-2021 and remained just below the long-run trend.

By sub-sector, the fastest rate of cost inflation was recorded in Financial Services, and the weakest in Business Services.

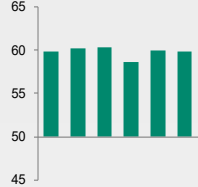
Prices charged

November data indicated another solid increase in average price charged by service sector firms, with the seasonally adjusted Prices Charged Index remaining above the long-run survey average. There were reports of the pass-through of increased salaries and fuel to customers. That said, the rate of charge inflation eased to the weakest since April 2021.

The fastest rise in average prices charged was seen in the Financial Services, while charges were broadly unchanged in Transport, Tourism & Leisure.

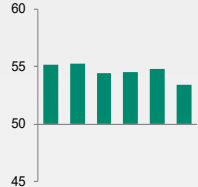
Input Prices Index

Jun - Nov '24
sa, >50 = inflation



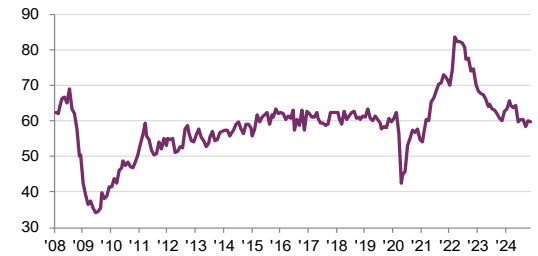
Prices Charged Index

Jun - Nov '24
sa, >50 = inflation



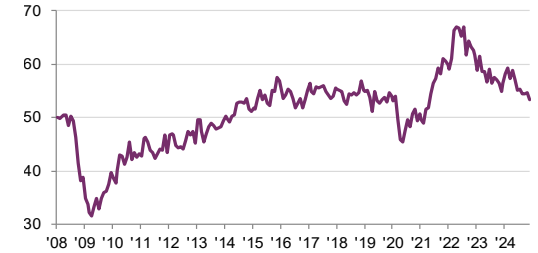
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month



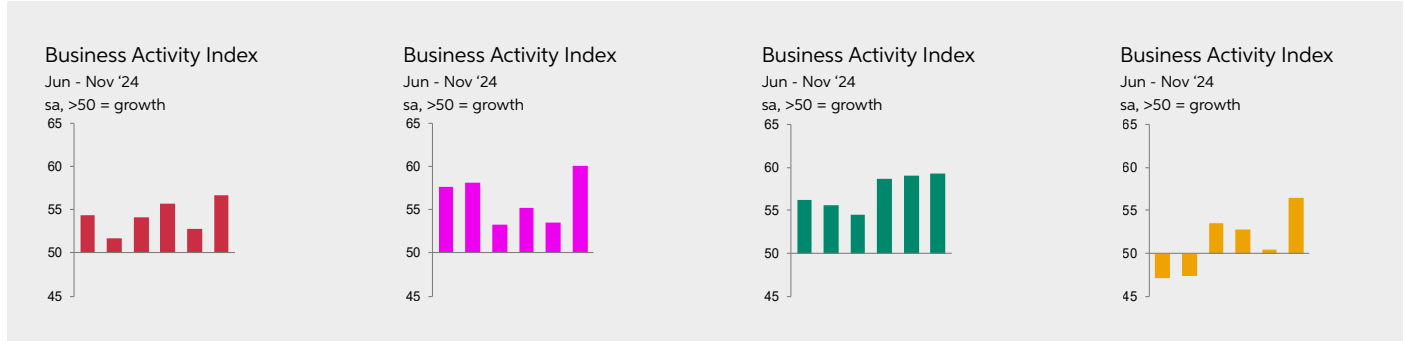
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



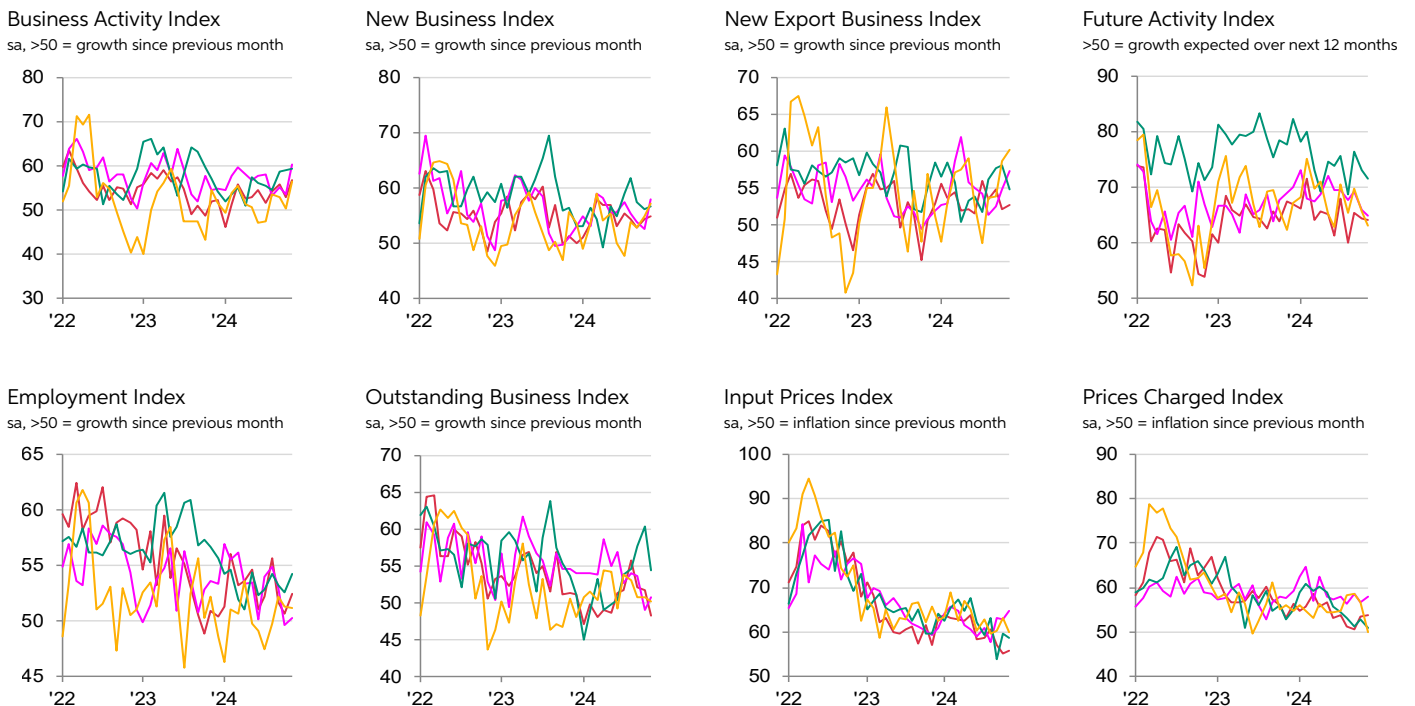
Activity levels in the Business Services category expanded for the tenth successive month in November. Moreover, the pace of expansion was the fastest in 17 months. Moreover, employment and new business both increased at stronger rates. Input price inflation was the lowest among the monitored sub-sectors.

Financial Services posted renewed growth momentum in November, with business activity increasing at the fastest pace since June 2023 and topping the sub-sector rankings. New business growth also accelerated, but employment was only fractionally higher. Price pressures increased in November.

Technology, Media & Telecoms (TMT) registered the fastest pace of business activity growth for 13 months in November, and posted the strongest rate of job creation among the monitored sub-sectors for the third month running. Input prices rose sharply, but charges were up only marginally.

Transport, Tourism & Leisure was again the weakest-growing sub-sector in November. Nevertheless, business activity increased at the strongest rate since May 2023. New business gained momentum, with growth the strongest since March, although employment rose only modestly.

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





AIB Ireland Composite PMI®

Output growth hits two-and-a-half year high in November

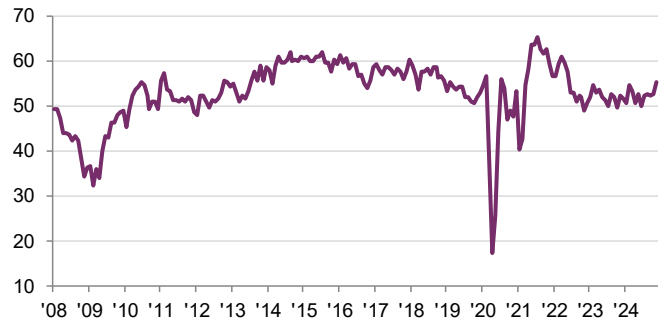
The AIB Ireland Composite PMI® Output Index* registered 55.2 in November, up from 52.6 in October, indicating rising Irish private sector activity for the thirteenth successive month. Moreover, the rate of expansion was the fastest since May 2022.

The services sector was the main driver of growth in November, with the sharpest expansion since April 2023. Manufacturing output rose comparatively modestly, albeit at the second-fastest pace in two-and-a-half years.

New business rose for the fifth consecutive month, although the overall rate of expansion eased as manufacturing new orders declined. Employment increased only marginally again, with manufacturers shedding jobs.

Input price inflation eased for the fourth month running, remaining below the long-run average, although charge inflation remained elevated.

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

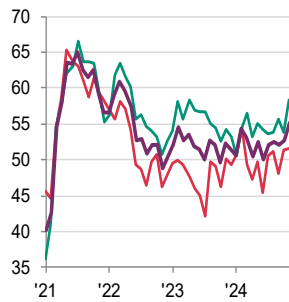


Sources: AIB, S&P Global PMI.

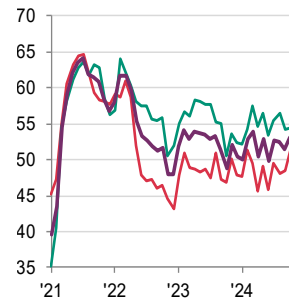
*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

- Composite
- Manufacturing
- Services

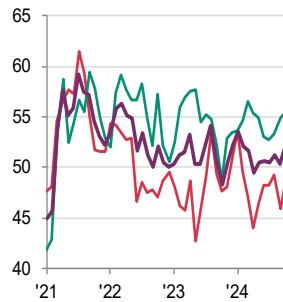
Output Index
sa, >50 = growth since previous month



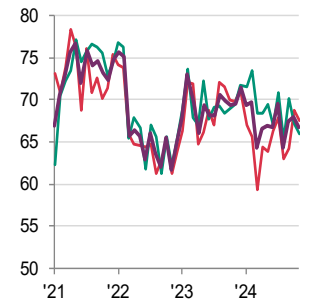
New Business Index
sa, >50 = growth since previous month



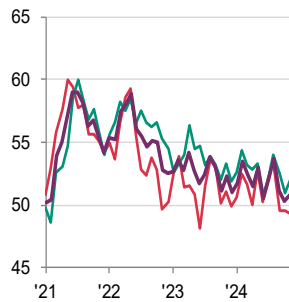
New Export Business Index
sa, >50 = growth since previous month



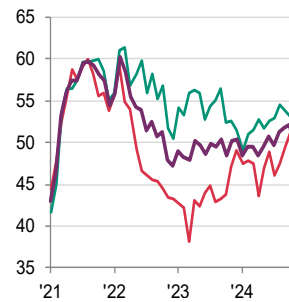
Future Output Index
>50 = growth expected over next 12 months



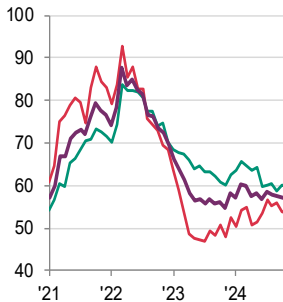
Employment Index
sa, >50 = growth since previous month



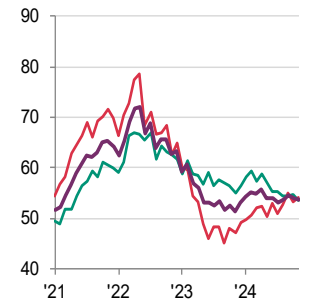
Outstanding Business Index
sa, >50 = growth since previous month



Input Prices Index
sa, >50 = inflation since previous month



Output Prices Index
sa, >50 = inflation since previous month



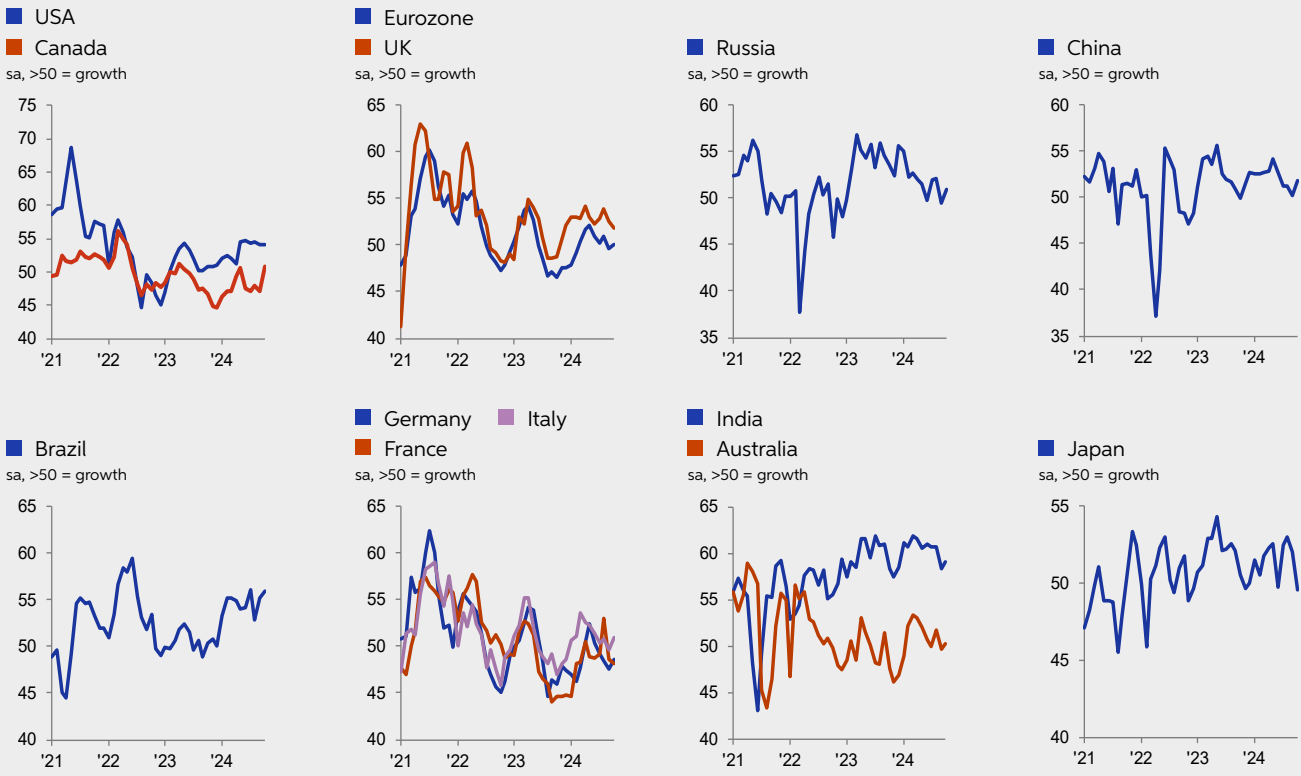
International PMI

Composite Output Index, Oct '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 12-26 November 2024.

Survey questions

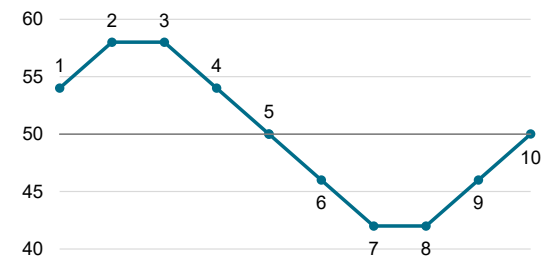
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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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