



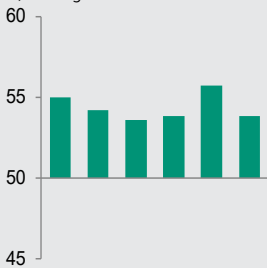
AIB Ireland Services PMI®

Solid increase in service sector output

53.8

IRELAND SERVICES BUSINESS ACTIVITY INDEX, OCT '24

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



The latest AIB Ireland Services PMI® survey indicated a sustained upturn in business activity, although growth momentum eased from September's six-month high. Rising levels of output were supported by a solid increase in new work. Survey respondents often commented on stronger business and consumer spending. Export sales expanded at a particularly strong pace, with the rate of growth accelerating to its fastest since March. Margins nonetheless remained under pressure from sharply rising input costs, which resulted in more cautious staff hiring policies during October.

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

"The AIB Irish Services PMI for October shows solid growth in business activity in the sector, although momentum eased on the month with the survey falling to 53.8 from 55.7 in September. The rise in activity was underpinned by gains in outstanding work and new orders. The rate of growth in the Irish services sector was also faster than the UK and Eurozone flash PMIs at 51.8 and 51.2, respectively; but slower than the US service PMI at 55.3.

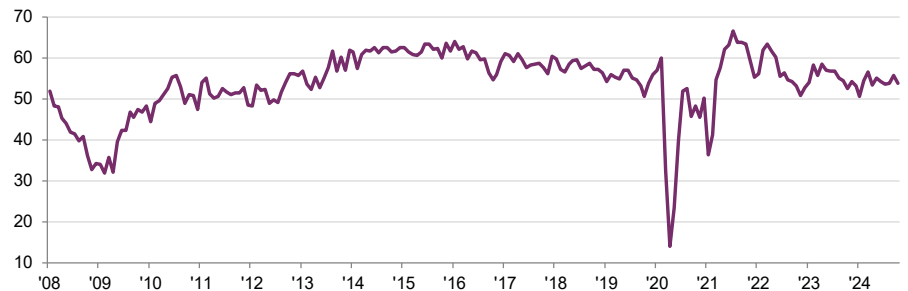
"Overall, Irish firms reported strong growth in new business, and this was linked to both domestic and foreign demand. Export orders, in particular, grew strongly in October, linked to strengthening demand from Europe. The volume of outstanding work also rose at a solid pace on the month, albeit easing for a second consecutive month. The survey shows uneven gains in all four sub-sectors, led by a rapid expansion in the Technology, Media & Telecoms,

but a more modest gain in Transport Tourism & Leisure. Employment growth eased overall, with an employment fall recorded in the financial services sector, offset by modest gains in the other three sectors.

"Input cost inflation accelerated, following an easing in price pressures in September. Respondents cited fuel and salary costs as the key drivers of cost increases in October. However, firms also continued to protect margins by raising prices for customers, with the Prices Charged Index higher on the month.

"Business sentiment about the prospects for activity over the coming 12 months remained positive, but eased in October, with respondents pointing to new product launches and improving economic conditions, offsetting concerns around the impact of global geopolitical uncertainty."

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



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Overview

Output growth eases from September's six-month high

Robust new business gains, but job creation slows

Strong cost inflation persists in October

At 53.8 in October, the seasonally adjusted AIB Ireland Services Business Activity Index was down from 55.7 in September, but still comfortably above the neutral 50.0 value. Moreover, the latest reading was only fractionally below the average seen in the first half of 2024 (54.0).

Technology, Media & Telecoms (59.0) was the best-performing sub-sector in October, followed by Financial Services (53.5) and Business Services (52.8). Transport, Tourism & Leisure (50.4) once again posted the slowest rate of business activity expansion.

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.

Higher levels of service sector output were linked to improving economic conditions and stronger customer demand in October. Moreover, total new work increased at a slightly faster rate than in the previous month, with survey respondents often noting greater business and consumer spending.

New business from abroad rose at a sharp and accelerated pace in October. The latest overall increase in export sales was the steepest since March. Transport, Tourism & Leisure registered the fastest rate of expansion, followed closely by Technology, Media & Telecoms.

Despite another robust improvement in new order intakes, latest data indicated only a marginal increase in staffing numbers. Employment growth has been recorded in each month since March

2021, but the rate of job creation was the second-lowest seen over this period. Some service providers noted that margin pressures had led to the non-replacement of voluntarily departing staff. By sub-sector, the strongest pace of hiring was seen in Technology, Media & Telecoms. At the other end of the scale, Financial Services posted a fractional overall decline in workforce numbers.

A combination of rising demand and softer employment growth led to an accumulation of unfinished work across the service economy in October. Backlogs of work have now increased in each of the past nine months, although the latest rise was the slowest since July.

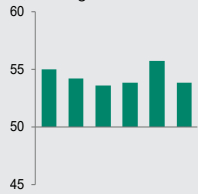
October data indicated a sharp increase in average cost burdens at service sector companies. Moreover, the rate of input price inflation accelerated from the 43-month low seen in September. Survey respondents noted rising fuel costs and salary payments, with the fastest rate of inflation recorded in the Transport, Tourism & Leisure sub-sector. Meanwhile, prices charged by service sector firms increased at the strongest rate for three months, which was widely linked to the need to alleviate margin pressures.

Finally, business activity expectations for the year ahead remained upbeat in October. Around 45% of the survey panel predict an increase in business activity while only 10% forecast a reduction. The resulting index nonetheless signalled a drop in business optimism since September and confidence levels were weaker than the average seen in the first half of 2024. Service providers noted that resilient demand conditions and a supportive economic backdrop should help boost business activity in the next 12 months, but some cited heightened geopolitical tensions around the world as a factor likely to constrain growth opportunities and investment spending.

Activity and demand

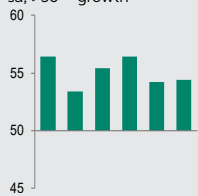
Business Activity Index

May - Oct '24
sa, >50 = growth



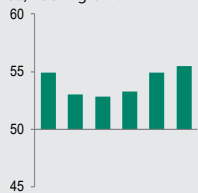
New Business Index

May - Oct '24
sa, >50 = growth



New Export Business Index

May - Oct '24
sa, >50 = growth



Business activity

October data pointed to another solid expansion of business activity across the service economy. That said, the rate of growth eased from September's six-month high. Higher levels of output were typically attributed to improving domestic economic conditions and resilient customer demand. Technology, Media & Telecoms was the best-performing sub-sector in October, while Transport, Tourism & Leisure again saw the slowest pace of expansion.

New business

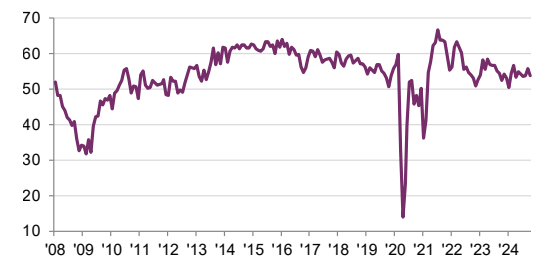
The seasonally adjusted New Business Index signalled a robust upturn in order books at service sector companies in October and the rate of growth accelerated slightly since the previous month. Survey respondents commented on rising business and consumer spending, alongside a boost to sales pipelines from successful marketing initiatives. New business growth was strongest in the Technology, Media & Telecoms segment and weakest in Financial Services.

New export business

Service providers indicated a sharp and accelerated increase in new work from abroad. The latest upturn in export sales was the fastest since March. Rising volumes of new business from overseas markets mostly reflected stronger demand across Europe.

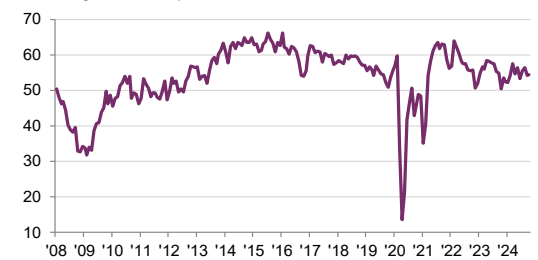
Business Activity Index

sa, >50 = growth since previous month



New Business Index

sa, >50 = growth since previous month



New Export Business Index

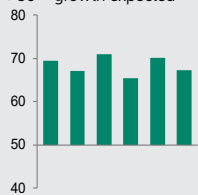
sa, >50 = growth since previous month



Business expectations

Future Activity Index

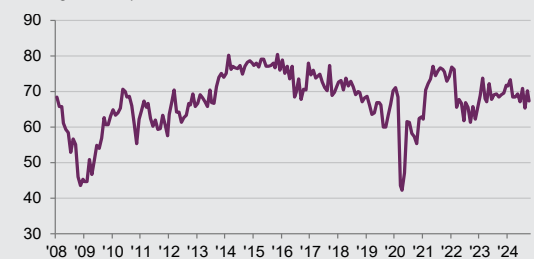
May - Oct '24
>50 = growth expected



Around 45% of the survey panel predict an increase in business activity during the year ahead, while 10% forecast a reduction. The resulting Future Activity Index was comfortably above the 50.0 neutral threshold, but the latest reading signalled that the degree of optimism eased since September and was lower than seen on average in the first half of 2024. Positive sentiment was often attributed to new product launches, resilient demand for consumer services, and supportive domestic economic conditions. Some firms noted that geopolitical uncertainty was a factor weighing on confidence.

Future Activity Index

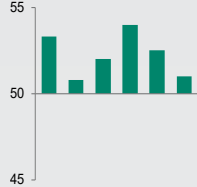
>50 = growth expected over next 12 months



Employment and capacity

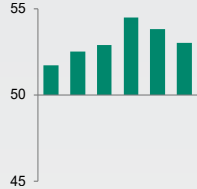
Employment Index

May - Oct '24
sa, >50 = growth



Outstanding Business Index

May - Oct '24
sa, >50 = growth



Employment

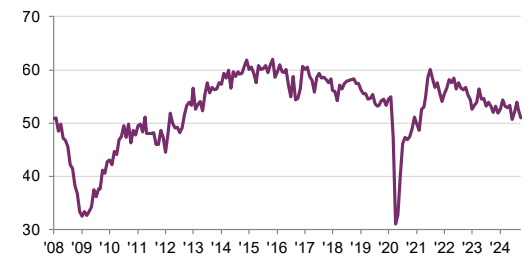
Job creation was maintained across the service economy in October. However, the rate of employment growth was only marginal and among the weakest seen over the past three-and-a-half years. Technology, Media & Telecoms recorded the strongest increase in workforce numbers, while Financial Services was the only sub-sector to record a decline.

Outstanding business

October data indicated another solid increase in unfinished work at service sector businesses. That said, the rate of backlog accumulation eased to a three-month low. Higher levels of outstanding business were typically attributed to squeezed capacity and staff shortages.

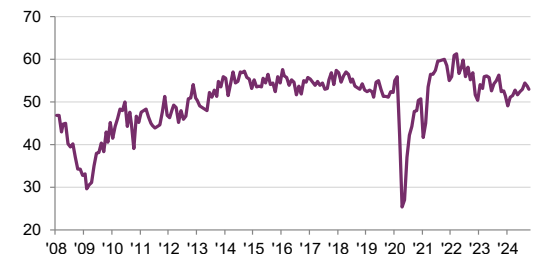
Employment Index

sa, >50 = growth since previous month



Outstanding Business Index

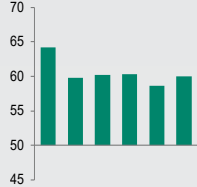
sa, >50 = growth since previous month



Prices

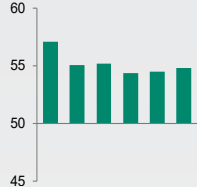
Input Prices Index

May - Oct '24
sa, >50 = inflation



Prices Charged Index

May - Oct '24
sa, >50 = inflation



Input prices

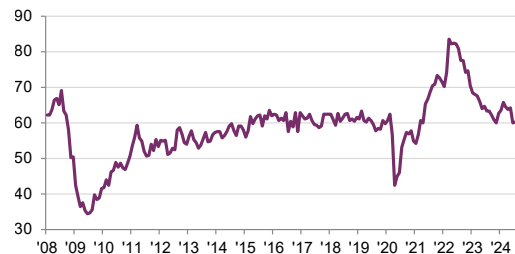
The seasonally adjusted Input Prices Index signalled another steep increase in average cost burdens across the service economy and the rate of inflation accelerated from September's 43-month low. Higher business expenses were linked to greater fuel costs and salary payments. By sub-sector, the fastest rate of cost inflation was recorded in Transport, Tourism & Leisure.

Prices charged

October data indicated another solid increase in average price charged by service sector firms. The rate of inflation edged up since September, but remained softer than seen on average in the first half of 2024. Survey respondents widely noted that elevated wage pressures had been passed on to clients in the form of greater output charges. The fastest rises in average prices charged were seen in the Transport, Tourism & Leisure and Financial Services sub-sectors.

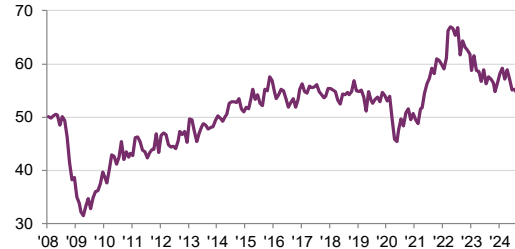
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month





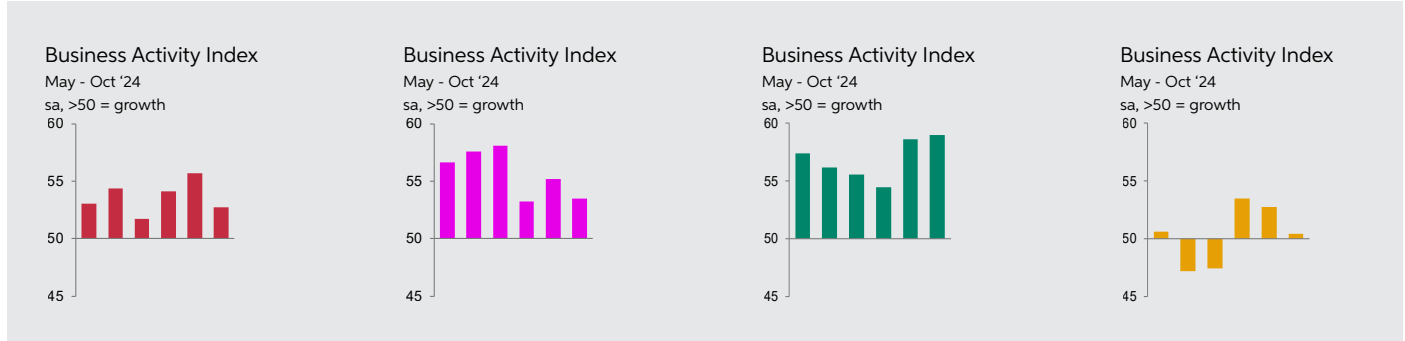
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



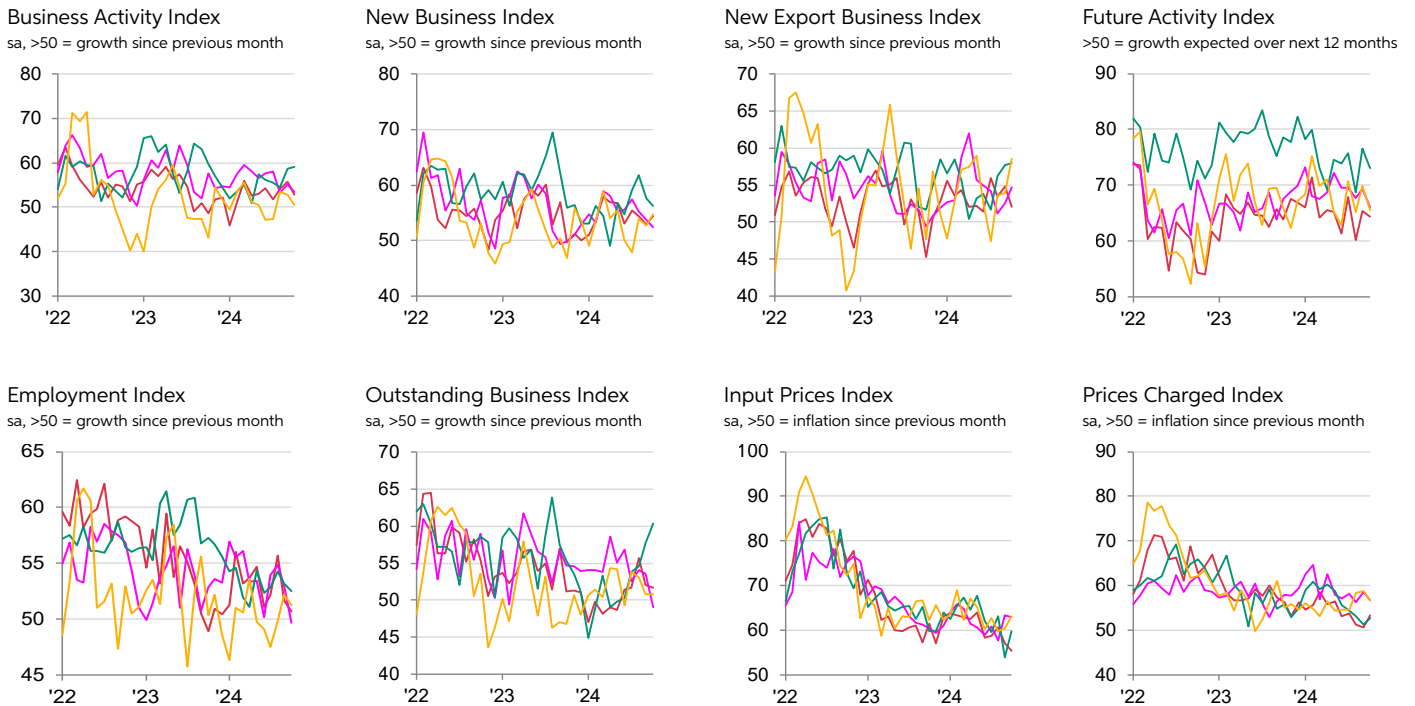
Activity levels in the Business Services category expanded for the ninth successive month in October. However, the rate of expansion was only modest and eased to its lowest since July. Moreover, employment increased at the weakest pace for 10 months.

Financial Services signalled a loss of growth momentum in October, with business activity increasing at the second-slowest pace since September 2023. Employment was a particularly weak spot, with staffing numbers falling marginally during the latest survey period.

Technology, Media & Telecoms (TMT) once again outperformed all other main areas of the service economy. Business activity growth accelerated for the second month running to its strongest since October 2023.

Transport, Tourism & Leisure was the weakest-performing category. Business activity increased for the third month running, but only marginally and at the slowest pace seen in this sequence. That said, new business intakes gained momentum, with growth the strongest since March.

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





AIB Ireland Composite PMI®

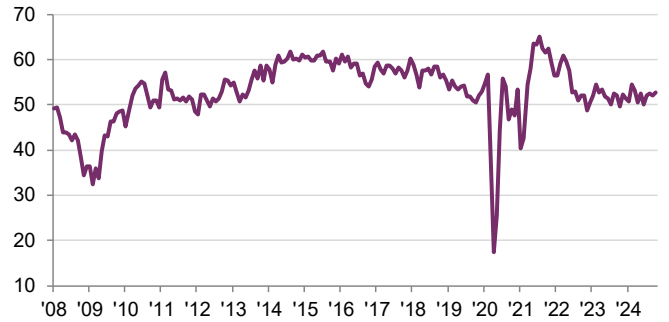
Private sector output growth accelerates in October

The AIB Ireland Composite PMI® Output Index* registered 52.6 in October, up from 52.1 in September and above the 50.0 no-change value for the twelfth successive month. Moreover, the latest reading was the joint-highest since March (equalling that seen in August).

A rebound in manufacturing production helped to offset a slowdown in growth in the service economy during October. That said, the overall rate of business activity expansion across the service sector was still faster than in the manufacturing sector.

October data highlighted a solid upturn in new work, with the latest increase the fastest for five months. However, private sector employment increased only marginally. Moreover, the rate of job creation eased to its lowest since January 2021.

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



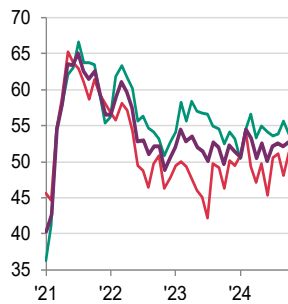
Sources: AIB, S&P Global PMI.

*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

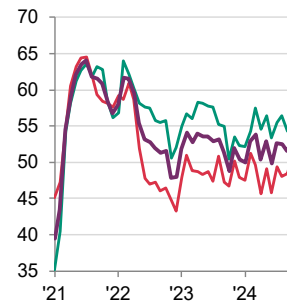
Output Index

sa, >50 = growth since previous month



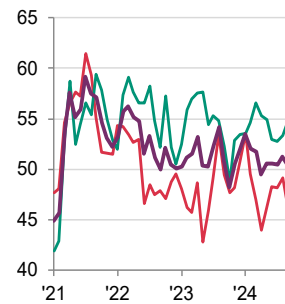
New Business Index

sa, >50 = growth since previous month



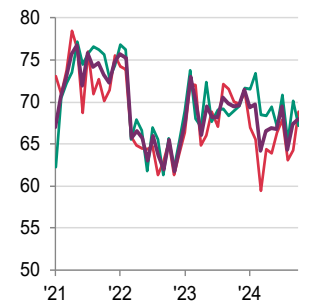
New Export Business Index

sa, >50 = growth since previous month



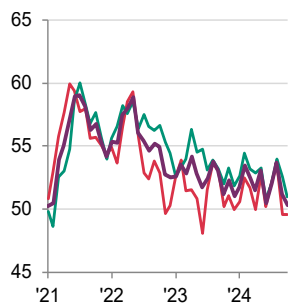
Future Output Index

>50 = growth expected over next 12 months



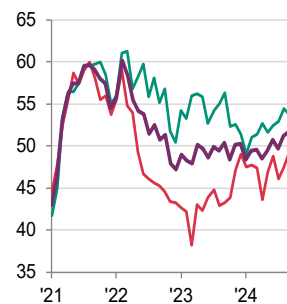
Employment Index

sa, >50 = growth since previous month



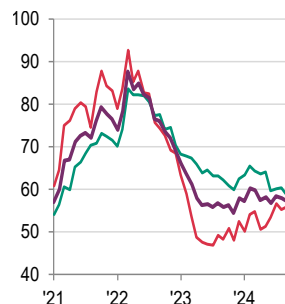
Outstanding Business Index

sa, >50 = growth since previous month



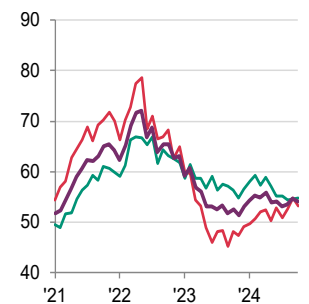
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



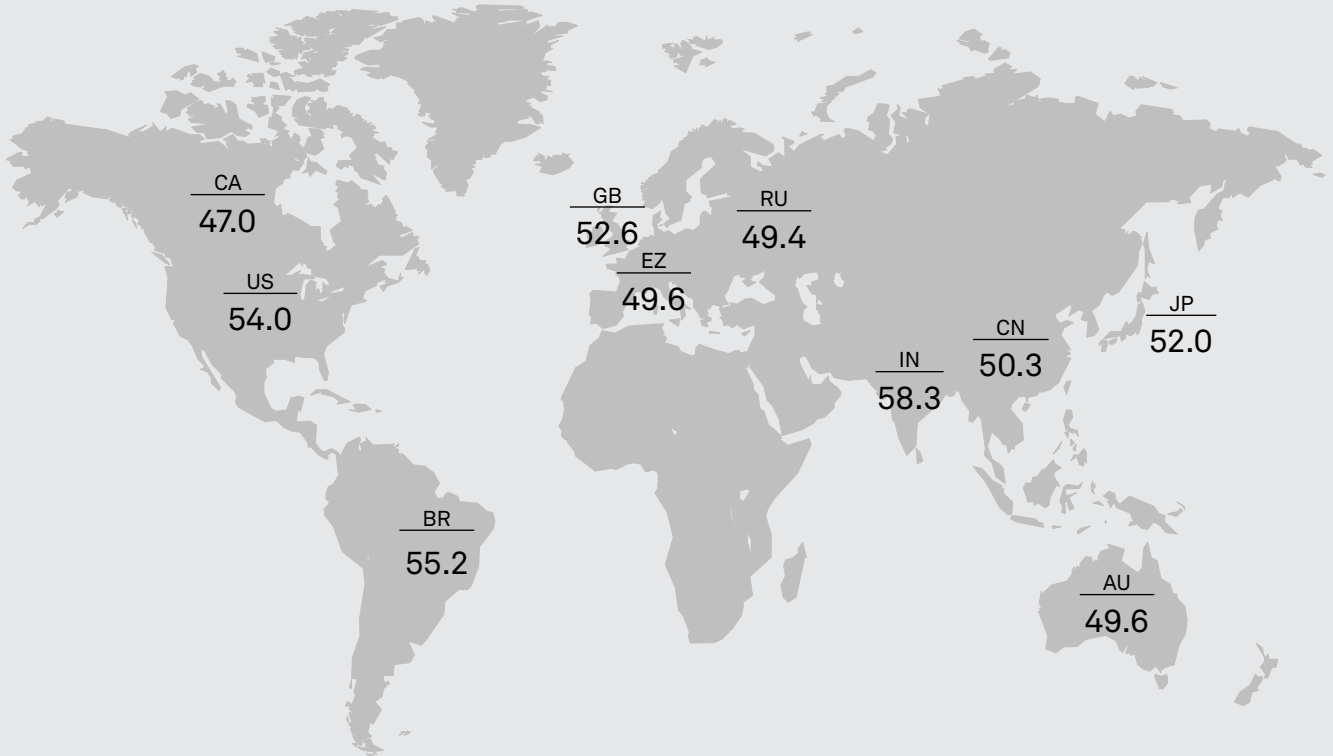
PMI®

by S&P Global

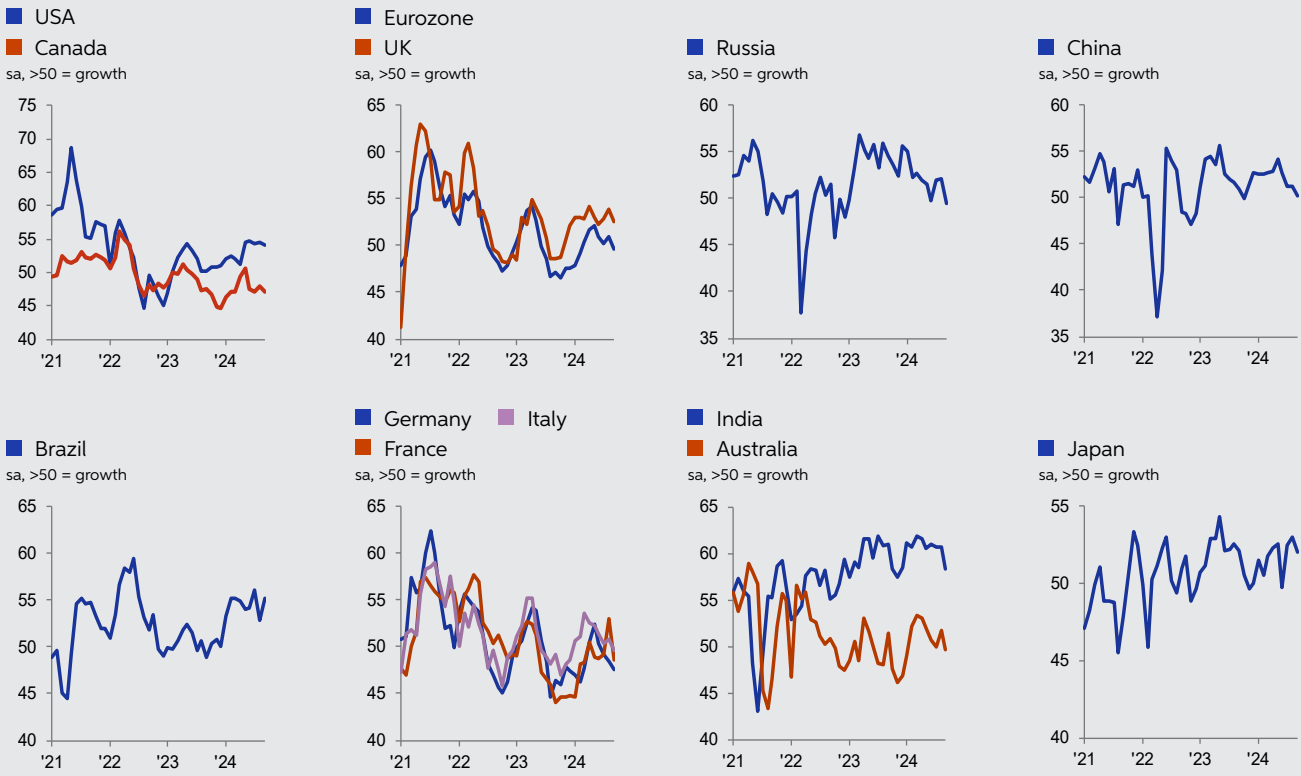
International PMI

Composite Output Index, Sep '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 10-28 October 2024.

Survey questions

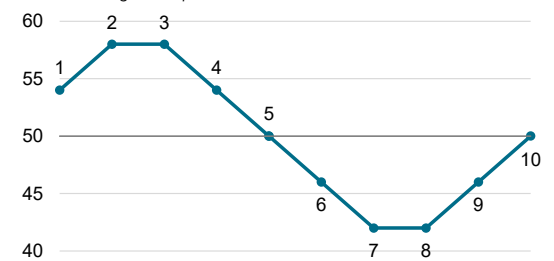
Services sector	
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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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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.
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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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