News Release

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AIB Ireland Services PMI®

Business activity growth sharpest in year-to-date

Key findings

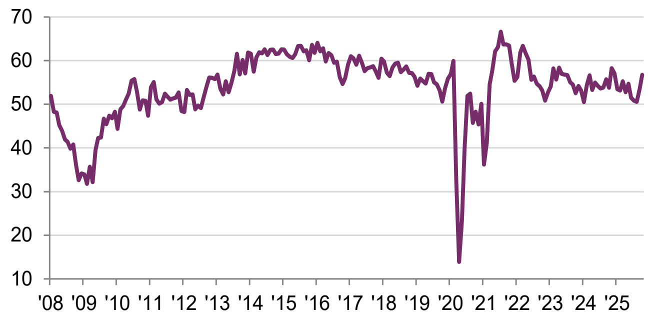
Activity and new orders both rise at fastest rates in ten months

Outstanding business increases as job creation eases

Charge inflation at five-month high

AIB Ireland Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

The latest AIB Ireland Services PMI® survey data pointed to a marked pick-up in growth among service providers at the start of the final quarter of the year. Both business activity and new orders rose at much sharper rates than in September. Less positive were a waning of business optimism and softer job creation, the latter of which contributed to an accumulation of unfinished work. Meanwhile, input costs increased at a slower pace, but output price inflation accelerated.

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 56.7 in October from 53.5 in September, signalling a much faster rise in output during the month and one that was the strongest in 2025 so far.

The Technology, Media & Telecoms (TMT) sector continued to record the sharpest increase in activity of the four broad sectors, with the rate of growth unchanged from September (60.9). Rates of expansion accelerated in Business Services (59.2) and Financial Services (55.0), while Transport, Tourism & Leisure was the only category to record a drop in activity. Here though, the pace of decline was only fractional (49.8).

Respondents indicated that they were generally busier due to greater inflows of new business. New order growth was also marked during the month and the fastest in the year-to-date. All four categories posted a faster rise in new business, led by TMT.

New export orders also rose, and at a solid pace that was broadly in line with that posted in September. Panellists reported having secured new business in the UK and North America.

Despite business activity and new orders increasing sharply, service providers raised their staffing levels only modestly and to a smaller degree than in the previous survey period. Job creation has now been recorded in two successive months, however. Business Services led jobs growth, with only TMT posting a reduction in employment.

A combination of sharply rising new orders and modest job creation meant that outstanding business was accumulated in October, the first time in three months in which this has been the case.

Input prices continued to increase rapidly at the start of the fourth quarter, despite the pace of inflation softening slightly. Panellists often linked rising input costs to wage pressures. Financial Services posted the fastest increase in input prices of the four monitored sectors, and was also the only category to record a faster pace of inflation.

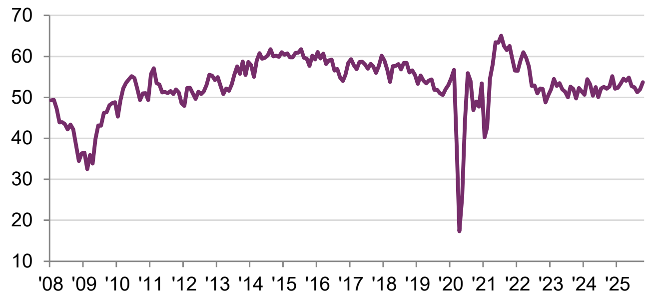
In contrast to the picture for input costs, the pace of output price inflation quickened in October. In fact, the rate of increase accelerated for the third consecutive month and was the fastest since May. Charges rose across all four monitored sectors, led by Business Services and Financial Services.

Looking to the future, companies remained optimistic that business activity will increase over the coming year, with optimism linked to business expansion plans and hopes that new orders will continue to rise. That said, some firms expressed worries that demand growth won't be sustained, with others noting market uncertainty. As a result, business confidence eased to a four-month low.

AIB Ireland Composite PMI®

Services growth drives overall output higher in October

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



Sources: AIB, S&P Global PMI.

An accelerated rise in services business activity helped to push overall output higher in October, more than compensating for stagnant manufacturing production.

The AIB Ireland Composite PMI® Output Index* rose to 53.7 in October from 52.0 in September. The reading signalled a solid monthly rise in business activity, and one that was the strongest since May.

Services activity increased at the fastest pace in ten months, but manufacturing output was unchanged.

New orders also rose at a faster pace, although the rate of jobs growth softened amid weaker increases in employment across both monitored sectors.

Rates of inflation of both input costs and output prices eased, with the rise in charges the least marked since November 2023.

Finally, business confidence waned amid weaker sentiment in both manufacturing and services.

*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.

Comment

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

"The AIB Irish Services PMI for October shows a sharp acceleration in growth in the sector, with the index rising to 56.7 from 53.5 in September. This marks the fastest pace of growth since December 2024, driven by strong gains in new business. Overall, the rate of growth in the Irish services sector outperformed the Eurozone, UK and US flash PMIs at 52.6, 51.1 and 55.2.

"New business grew at an accelerating pace in October, underpinned by a strong rise in new export business. Outstanding business also rose in October, reflecting a recent recovery in new client demand. From a sectoral perspective, three of the four sub-sectors expanded output in the month. Technology, Media & Telecoms (TMT) remained the best performing of the four sectors, followed closely by robust growth in Business Services. Financial Services activity growth also gathered pace, but Transport, Tourism & Leisure registered a further marginal decline in activity for an eighth consecutive month.

"Overall, services employment rose in October, albeit at a slower pace than last month. However, a fall in TMT staffing levels restricted the overall pace of job creation across other sectors. Indeed, TMT employment decreased at the fastest pace since May 2020, despite the rise in output and new orders in that sector.

"On the inflation front, input price inflation remained elevated, owing largely to wage costs. The prices charged index was also higher, and above the long-term survey average, as firms continued to pass on higher costs to customers.

"Looking ahead, firms in the Irish services sector were less optimistic on the prospects for expansion in activity levels over the coming 12 months. Confidence dropped to a 4-month low, but remained in positive territory, linked to expansion plans and hopes that new orders will continue to rise."

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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.

About AIB

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