

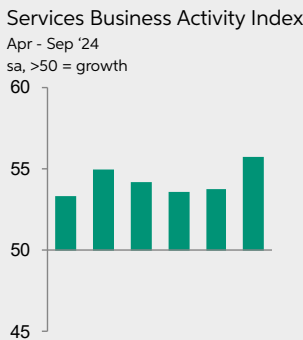


AIB Ireland Services PMI®

Services output rises at fastest rate since March as cost pressures ease

55.7

IRELAND SERVICES BUSINESS ACTIVITY INDEX, SEP '24



Irish services activity increased at the strongest rate in six months in September as cost pressures eased, the latest AIB PMI® survey data showed. Growth of both new business and employment moderated, coming in slightly below their long-run trends, but outstanding work increased solidly and the 12-month outlook rebounded since August. Activity rose in all four sectors, led again by Technology, Media & Telecoms. Input price inflation moderated to a 43-month low and was below the long-run survey average, although prices charged by service providers continued to rise strongly.

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

"The AIB Irish Services PMI for September shows accelerating growth in business activity in the sector, with the index rising to 55.7 from 53.8 in August. The increase was underpinned by broad based growth in outstanding work and new orders, alongside easing price pressures. The rate of growth in the Irish services sector was also faster than the US, UK, and Eurozone flash PMIs at 55.4, 52.8, 50.5, respectively.

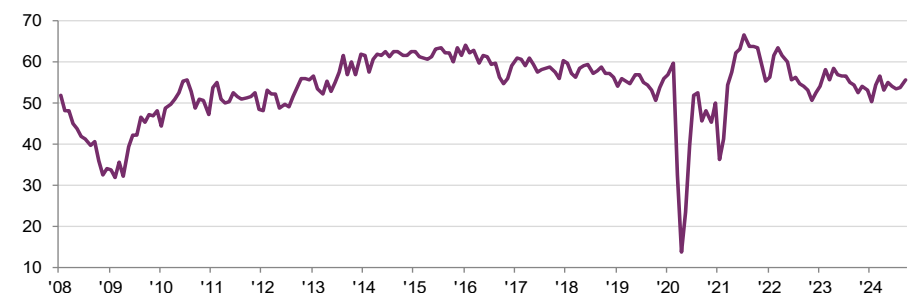
"Overall, Irish firms reported strong growth in new business, and this was linked to both domestic and export demand. The volume of outstanding work also rose at a solid pace on the month. The survey shows gains in all four sub-sectors, led by a rapid expansion in the Technology, Media & Telecoms sector. Employment continued to expand

across all sectors, albeit the rate of growth slowed in September compared to August, with respondents pointing to the delayed replacement of leavers.

"Input cost pressures eased in September, with the rate of inflation slowing to the weakest since February 2021. Nevertheless, wages remained the main sources of cost pressures in the sector. Firms also continued to raise prices for customers, but the Prices Charged index was little changed compared to August, and remains close to a 3-year low.

"Business sentiment about the prospects for activity over the coming 12 months also accelerated in September, with respondents citing generally improving economic conditions leading to stronger client demand."

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



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Overview

Weakest rise in average input prices since February 2021

Year-ahead outlook improves

Charge inflation remains well above long-run trend

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 55.7 in September, from 53.8 in August, signalling a strong increase in Irish service sector activity. The pace of expansion was the second-fastest in the past 14 months (behind March 2024, 56.6), and above the long-run series average since 2000 (55.1). The current expansionary sequence was extended to three years and seven months.

All four sub-sectors registered higher activity in September, with growth accelerating in three. Technology, Media & Telecoms (58.6) was the fastest-growing sector, followed by Business Services (55.7) and Financial Services (55.2). Transport, Tourism & Leisure (52.8) registered the weakest expansion in activity, as has been the case over 2024 on average.

The acceleration in output growth was accompanied by weaker cost inflationary pressures at the end of the third quarter. The rate of input price inflation was the slowest since February 2021 and also dipped below the long-run survey average, though firms continued to report increased wage and utility costs. Cost pressures eased notably in Technology, Media & Telecoms and Business Services, slightly offset by stronger cost increases in Financial Services and Transport, Tourism & Leisure. Average charges were raised at a rate little-changed on August's

40-month low, but one that remained above the long-run trend.

The level of new business continued to rise in September, extending the current sequence of growth that began in March 2021. The rate of growth was the slowest in three months and slightly below the long-run survey trend, but still solid overall. Demand growth was broad-based by sector, but all four areas posted slower expansions in September. Technology, Media & Telecoms and Financial Services again posted the steepest increases and Transport, Tourism & Leisure the weakest. International new business meanwhile rose at the fastest rate in four months.

Sustained growth in new business at Irish service providers led to another build-up in the level of incomplete work, which has risen every month since March 2021 except for a brief decline in January. For the third month running all four sub-sectors registered higher outstanding work, led by Technology, Media & Telecoms.

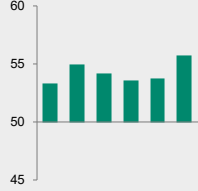
Service providers continued to expand workforces in September. The pace of job creation eased from August's solid pace, however, and was slightly weaker than the long-run survey average. Transport, Tourism & Leisure registered an increase in staffing for the first time in five months, but jobs growth slowed in the three other sectors.

Although growth of new and outstanding business eased in September, overall confidence regarding activity growth over the next 12 months improved. Overall sentiment was the second-highest in seven months and above the long-run survey trend. Firms linked confidence linked to new products and services, stronger demand from the construction and property sectors, lower interest rates, marketing drives and the release of pent-up demand in the economy.

Activity and demand

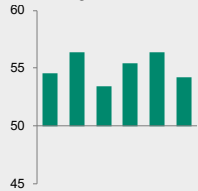
Business Activity Index

Apr - Sep '24
sa, >50 = growth



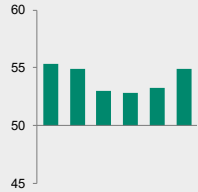
New Business Index

Apr - Sep '24
sa, >50 = growth



New Export Business Index

Apr - Sep '24
sa, >50 = growth



Business activity

The rate of expansion in business activity in the Irish services sector accelerated in September. The rate of expansion was the fastest since March, and above the long-run survey trend. Technology, Media & Telecoms remained the fastest-growing sector with strong increases also in Business Services and Financial Services, while a more moderate expansion was noted in Transport, Tourism & Leisure.

New business

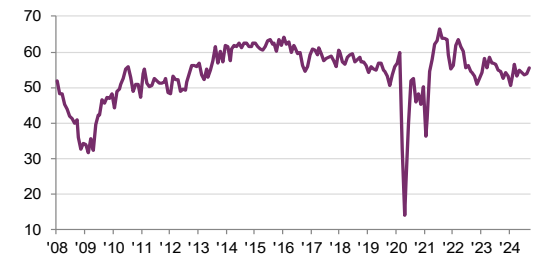
The volume of new business received by Irish services firms continued to expand in September. The rate of expansion was solid overall, but the softest in three months. Growth was again broad-based by sector, and fastest in Technology, Media & Telecoms and Financial Services.

New export business

The level of new business from international markets increased for the eleventh month running in September, with the fastest growth again in Technology, Media & Telecoms. The overall rate of growth accelerated to a four-month high, and above the long-run survey average.

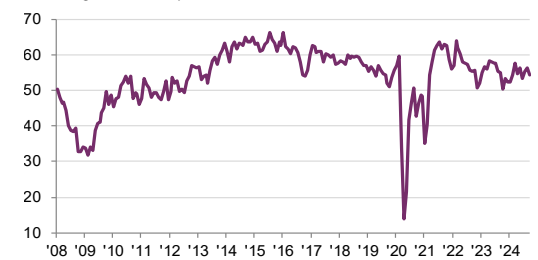
Business Activity Index

sa, >50 = growth since previous month



New Business Index

sa, >50 = growth since previous month



New Export Business Index

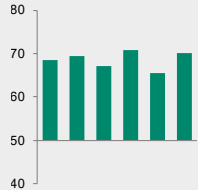
sa, >50 = growth since previous month



Business expectations

Future Activity Index

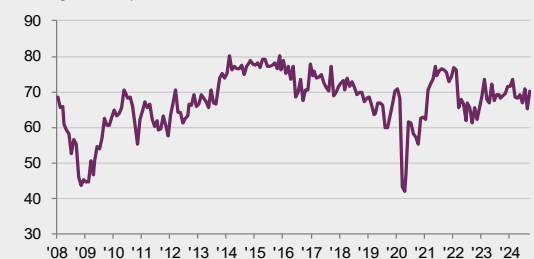
Apr - Sep '24
>50 = growth expected



Irish service providers remained confident regarding the 12-month outlook for activity growth in September. Having fallen to a 21-month low in August, the Future Activity Index recovered in the latest period and posted above its long-run average. Positive forecasts were linked to new products and services, stronger demand from the construction and property sectors, lower interest rates, marketing drives and the release of pent-up demand in the economy. Expectations strengthened notably in the Technology, Media & Telecoms sector.

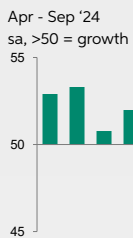
Future Activity Index

>50 = growth expected over next 12 months

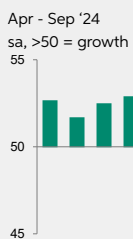


Employment and capacity

Employment Index



Outstanding Business Index



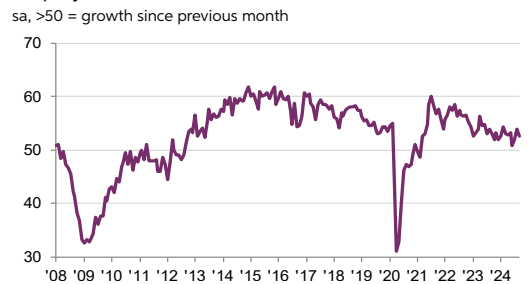
Employment

September data indicated a sustained increase in Irish services employment, linked to expansion into new markets, the delayed replacement of leavers and hiring of apprentices and graduates. The rate of growth eased from August's six-month high, and was slightly below the trend for 2024 so far and the long-run survey average. Jobs growth resumed in Transport, Tourism & Leisure for the first time in five months, but slowed in the other three sectors.

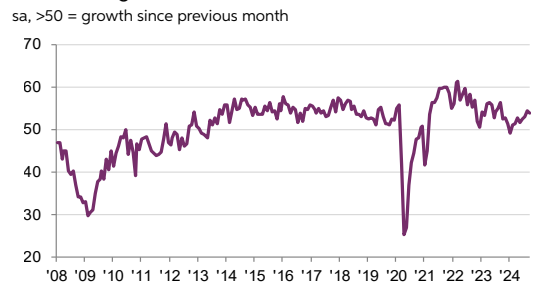
Outstanding business

Service providers in Ireland reported a build-up in the level of outstanding work for the eighth month running in September. The rate of growth eased for the first time in four months, but remained solid overall. Outstanding business increased solidly in all four sectors, led by Technology, Media & Telecoms.

Employment Index



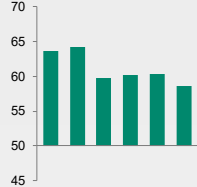
Outstanding Business Index



Prices

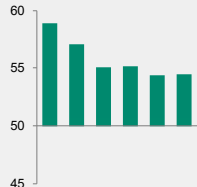
Input Prices Index

Apr - Sep '24
sa, >50 = inflation



Prices Charged Index

Apr - Sep '24
sa, >50 = inflation



Input prices

Average input prices in the service sector rose in September, extending the current sequence of inflation to four years and three months. Labour costs was the main source of higher costs highlighted by companies, followed by utilities. The rate of inflation slowed to the weakest since February 2021, however, and was below the long-run survey average. Financial Services reported the strongest cost pressures in September, followed by Transport, Tourism & Leisure.

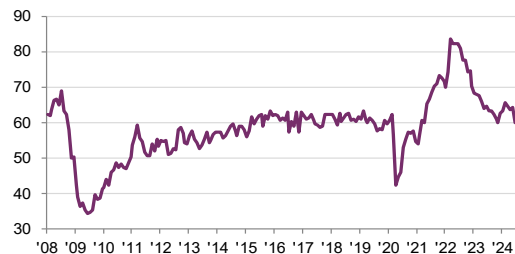
Prices charged

Service sector companies continued to raise their prices charged in September as they looked to cover increased costs, especially wages. The rate of inflation was little-changed since August and among the weakest over the past three years, but remained well above the long-run survey average.

Transport, Tourism & Leisure posted the fastest rise in charges again, closely followed by Financial Services. Business Services posted the slowest increase for the fourth month running.

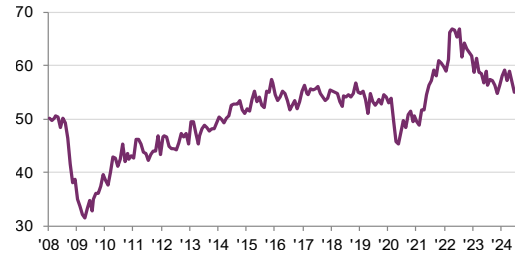
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

sa, >50 = inflation since previous month



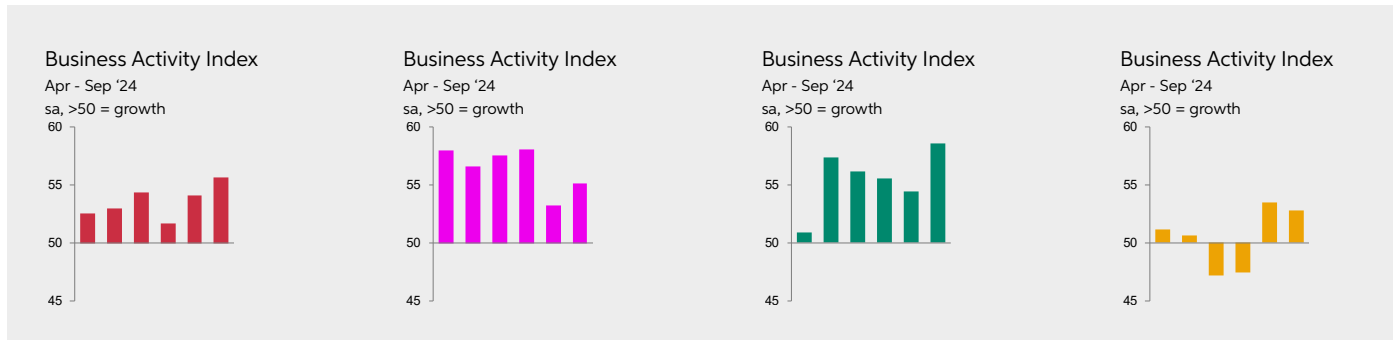
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



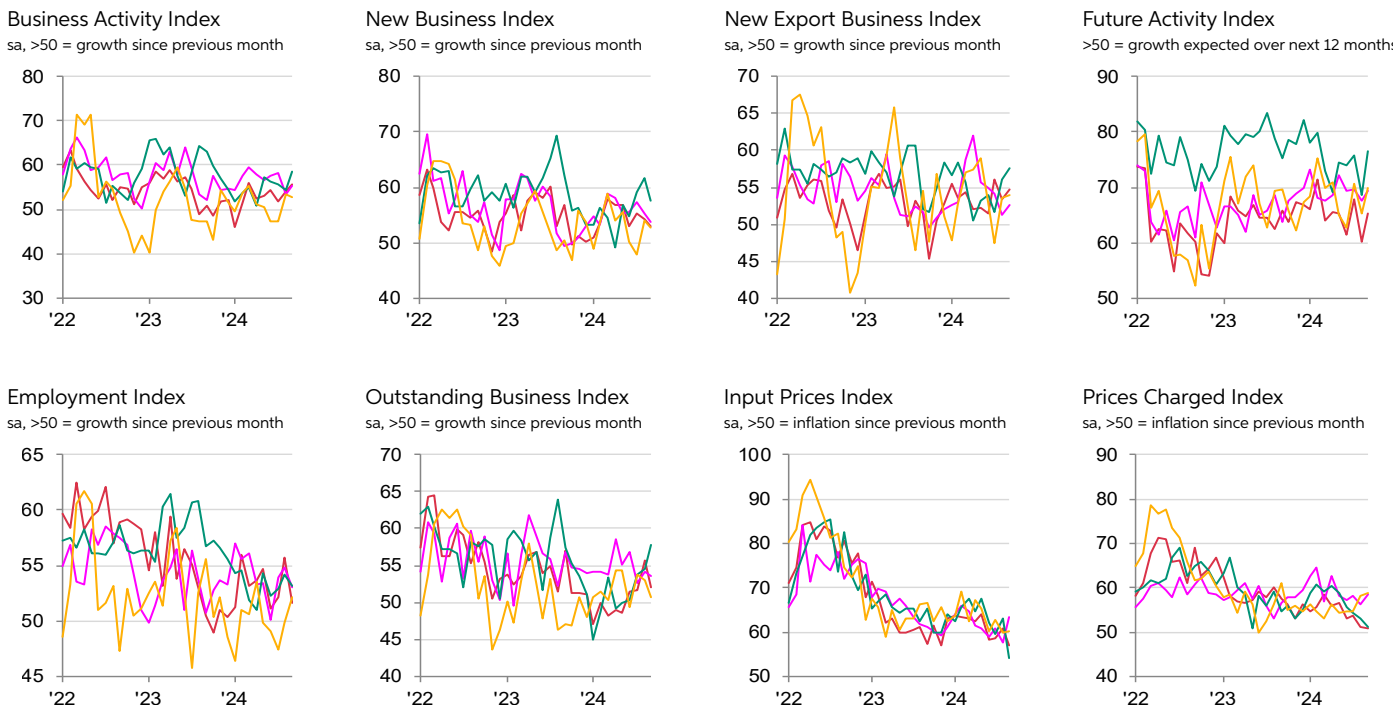
Business Services registered sharper growth in activity, despite a softer rise in new business. Jobs and outstanding workloads both increased at slower rates. Input price and charge inflation both moderated since August. The 12-month outlook picked up from August's recent low.

Financial Services posted a rebound in total activity growth in September, although new business growth eased further. Jobs and outstanding work rose solidly, albeit more slowly than in August. Input price and charge inflation accelerated to six- and five-month highs, respectively.

Technology, Media & Telecoms (TMT) remained the fastest growing sector in September for both activity and new business, and also regained the top ranking for employment. Expectations for activity improved. Input price inflation eased sharply to a 45-month low.

Transport, Tourism & Leisure posted further increases in activity and new business in September, albeit at softer rates in each case. Employment rose for the first time in five months. Input price inflation accelerated slightly while charge inflation hit a 12-month high.

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





AIB Ireland Composite PMI®

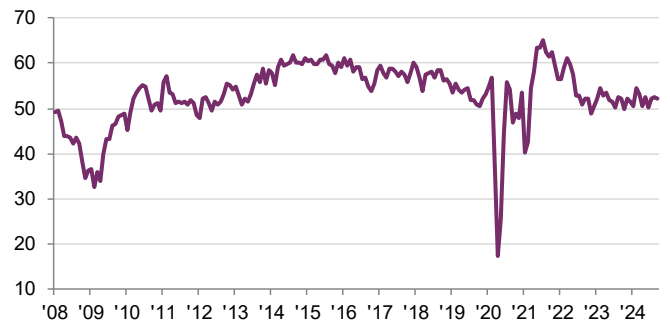
Manufacturing sector weighs on output growth

Irish private sector output increased further in September, but growth slowed as manufacturing contracted. The AIB Ireland Composite PMI® Output Index* fell to 52.1, from August's 52.6, broadly in line with the average for 2024 so far of 52.0. The easing in growth reflected a renewed fall in manufacturing production, which more than offset stronger growth in services.

Incoming new business also expanded more slowly as manufacturing new orders fell and services new business growth eased. Meanwhile the rate of employment growth was the weakest since June as manufacturers cut staff for the first time in 2024.

Input price inflation eased to a three-month low, and further below the long-run series average. In contrast, output price inflation accelerated further and remained well above the historic trend.

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



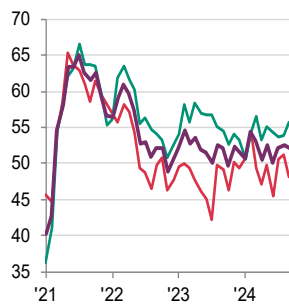
Sources: AIB, S&P Global PMI.

*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

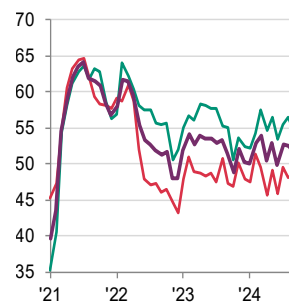
Output Index

sa, >50 = growth since previous month



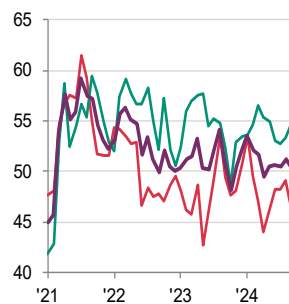
New Business Index

sa, >50 = growth since previous month



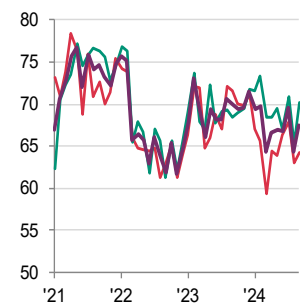
New Export Business Index

sa, >50 = growth since previous month



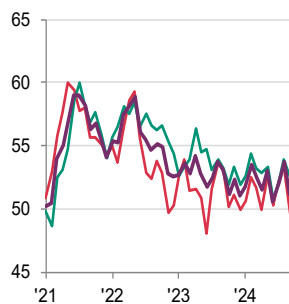
Future Output Index

>50 = growth expected over next 12 months



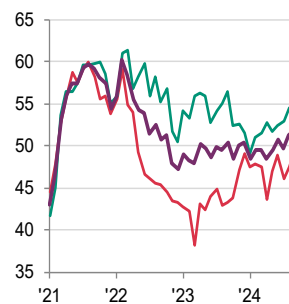
Employment Index

sa, >50 = growth since previous month



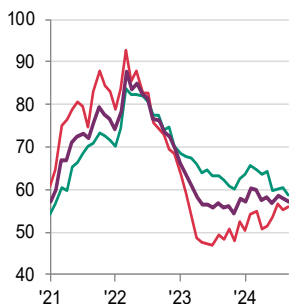
Outstanding Business Index

sa, >50 = growth since previous month



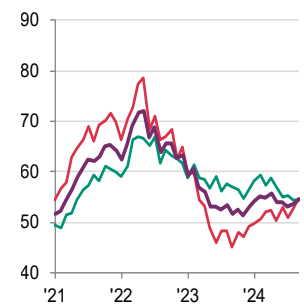
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



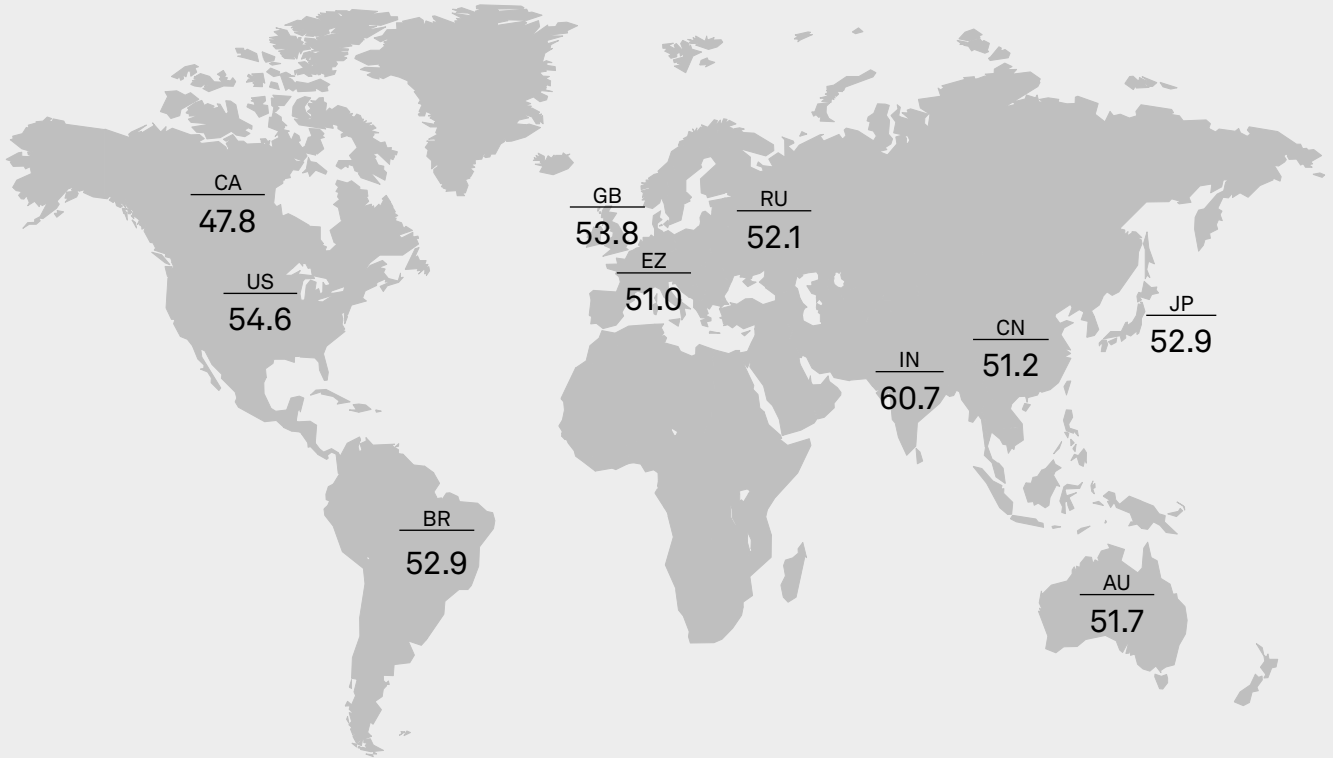
PMI®

by S&P Global

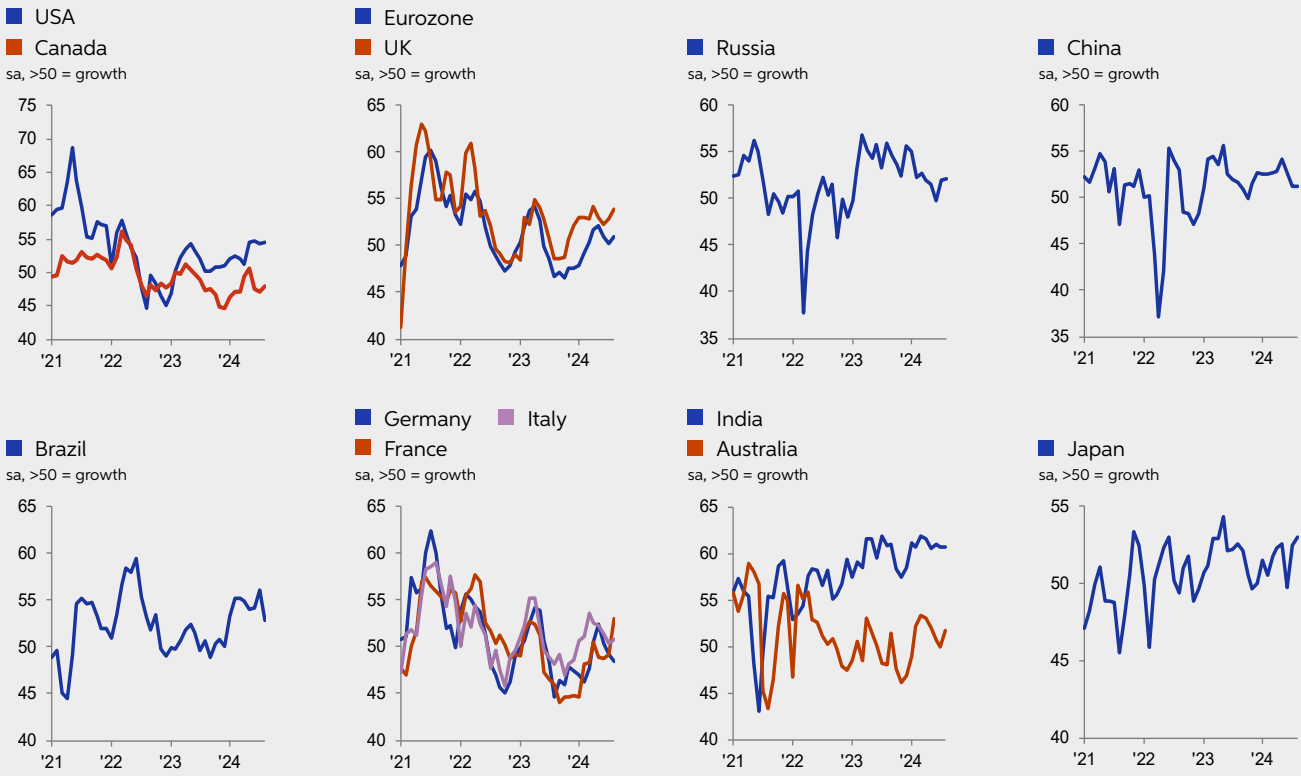
International PMI

Composite Output Index, Aug '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 12-25 September 2024.

Survey questions

Services sector

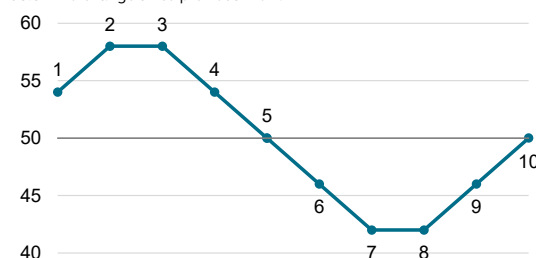
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

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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