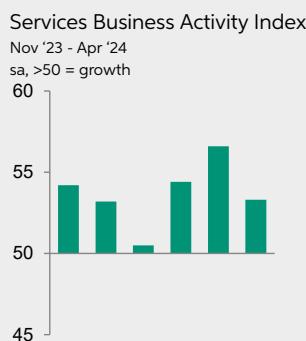


AIB Ireland Services PMI®

Services activity rises more slowly in April

53.3

IRELAND SERVICES
BUSINESS ACTIVITY
INDEX, APR '24



The latest AIB PMI® survey data indicated a further rise in Irish service sector output in April, but the rate of growth was the slowest since January. New business growth also eased since March, contributing to a softer rate of job creation. The Technology, Media & Telecoms sector was a key source of weakness, while Financial Services remained strong. Inflationary pressures were still historically elevated, despite an easing in input price rises, with charges for services increasing at one of the sharpest rates over the past year.

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

"The AIB Irish Services PMI for April shows continued growth in business activity in the sector. However, the index eased to 53.3 from 56.6 in March, signalling a slower pace of expansion in the sector. The growth in activity was broad-based and points to robust business conditions. The rate of growth in the sector also remained faster than both the flash US and Eurozone PMIs at 50.9 and 52.9, respectively, but it was behind the flash UK services PMI at 54.9 in April."

"Overall, Irish firms continued to report rising levels of new business, and this was linked to robust domestic and international demand. The volume of outstanding work also accelerated on the month, as prior new orders growth continued to feed into current activity. At the sectoral level, all four covered in the survey registered continued growth, which was led by rapid growth in the Financial Services sector once again. However, the Technology, Media & Telecoms (TMT) and Transport, Tourism & Leisure sectors both saw growth ease to a more modest pace in April. The TMT sector experienced an outright decline in new and outstanding business,

which dragged down the overall TMT business activity index to its weakest rate of growth in over three years.

"Employment continued to rise in the services sector overall and across all four sectors, but the pace of job creation decelerated in April, particularly in the TMT sector."

"The inflationary picture remains mixed in the sector. On the input side, the rate of inflation eased for a second month running in April, but was still well above the long-run average. Wages and fuel were cited as the main sources of higher costs by respondents in April. Firms also continued to raise prices for customers, with the output price index accelerating on the month. This pricing power reflects continued strong client demand for services sector firms."

"Business sentiment about the prospects for activity over the coming 12 months was positive and broadly in line with the March reading, but remains below the long run average. Confidence was supported by new products and services, as well as export demand."

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



Contents

- Overview and comment
- Output and demand
- Business expectations
- Employment and capacity
- Prices
- Services sub-sectors
- Ireland Composite PMI
- International PMI
- Survey methodology
- Further information

Overview

- Softer expansions in activity and new business
- Employment growth broadly in line with long-run trend
- Price pressures remain relatively strong

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 fell from 56.6 in March to 53.3 in April, signalling a slower increase in Irish service sector activity. The pace of expansion was the weakest since January and below the long-run series average since 2000 (55.1). The current expansionary sequence was extended to three years and two months, however.

All four sub-sectors registered higher activity in April. Financial Services (58.0) posted the fastest growth for the fifth month running. The three remaining sectors all registered notably slower rates of expansion, with the next-fastest growth in Business Services (52.6) and Transport, Tourism & Leisure (51.2). Technology, Media & Telecoms (50.9), was again the slowest-expanding area, having previously been the top-ranked sector during much of 2023.

New business rose in April, extending the current growth sequence that began in March 2021. The rate of expansion, while solid overall, lost the momentum it gained in March and was slightly below the long-run survey trend. Notably, the Technology, Media & Telecoms sector registered lower intakes of new work for

the first time in over three years. New export business growth also eased but remained relatively strong, driven by the Financial Services sector.

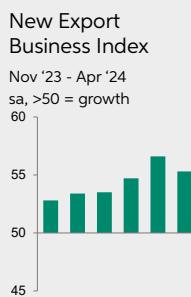
Outstanding business continued to rise in April and the rate of growth accelerated to a seven-month high, suggesting returning pressure on business capacity. The overall increase was reflected in only two sectors, however: Financial Services and Transport, Tourism & Leisure.

Services employment rose further in April. The rate of job creation eased to a three-month low, but was broadly in line with the long-run series average. Hiring growth was solid in three sectors, the exception being Technology, Media & Telecoms which saw only a weak increase.

Companies in the Irish services sector anticipate higher business activity over the next 12 months, linked to a range of factors including recovering market conditions, new investments, export opportunities, tourism and demand from the building industry. That said, confidence eased to a seven-month low and remained subdued in the context of historic survey data.

Wages and fuel were the main reported sources of higher input costs in April. The overall rate of inflation eased to a three-month low but remained above the long-run survey average. Transport, Tourism & Leisure reported the strongest cost pressures in April, and Financial Services the weakest. In contrast, Financial Services registered the strongest rise in charges, with the overall rate of charge inflation remaining well above the long-run trend.

Activity and demand



Business activity

Total activity in the Irish services sector rose for the thirty-eighth consecutive month in April, linked to further growth in new work. That said, the rate of expansion slowed to a three-month low and was softer than both the pre- and post-pandemic trends.

Activity growth remained broad-based by sector, but rates of expansion slowed in all cases. Financial Services was the fastest-growing, and Technology, Media & Telecoms the weakest.

New business

Irish services firms continued to report rising levels of new business in April. Having previously strengthened in March, the rate of expansion eased in the latest period to broadly match the trend over 2024 so far. Demand in the Financial Services and Business Services sectors remained strong, but Technology, Media & Telecoms recorded a decline in new work for the first time in over three years.

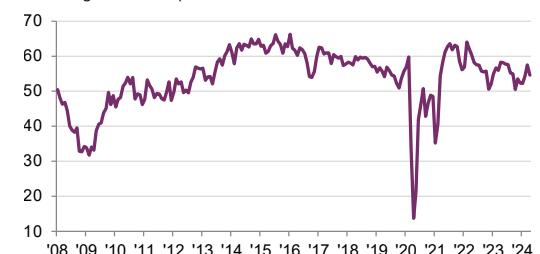
New export business

The level of new business from international markets increased for the sixth month running in April. Some firms reported a pick-up in EU and UK contracts. The rate of growth eased since March but was still the second-strongest in nine months and faster than the long-run trend. Financial Services and Transport, Tourism & Leisure again topped the sector export growth rankings.

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



Service providers expect business volumes to rise over the next 12 months, linked to recovering market conditions, investment in new products and services, export opportunities, tourism and demand from the building industry. The Future Activity Index eased to a seven-month low, however, and remained below its long-run trend level of 69.6, signalling relatively cautious output expectations among Irish services providers.

By sector, expectations were strongest in Transport, Tourism & Leisure and weakest in Business Services.

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



Employment and capacity



Employment

Growth in service sector employment was maintained in April, extending the current period of job creation that began over three years' ago. The rate of increase eased further from February's eight-month high, but was still solid and broadly in line with the long-run survey trend. Jobs growth was robust in three of the four monitored sectors, the exception being Technology, Media & Telecoms which posted the slowest increase in over three-and-a-half years.

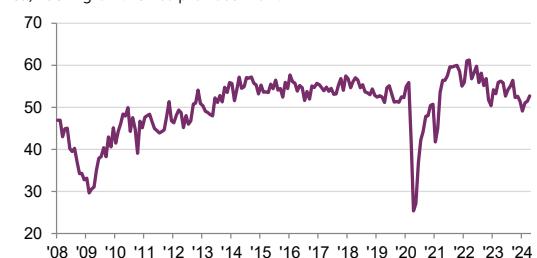
Outstanding business

Service providers in Ireland reported a faster increase in the level of outstanding work in April. The rate of growth in the latest period was the strongest since last September, driven by Financial Services and Transport, Tourism & Leisure. In contrast outstanding business 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



PMI®

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Prices



Input prices

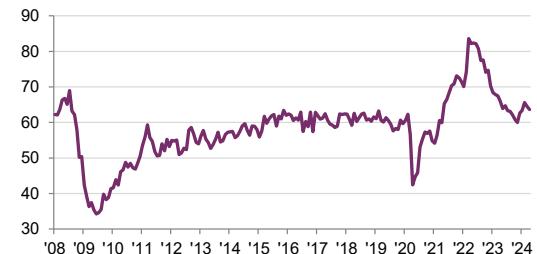
Average input prices in the service sector rose in April, extending the current sequence of inflation to two months short of four years. Wages and fuel were the main reported sources of higher costs, as well as shipping. The overall rate of inflation eased for the second month running and was below the post-pandemic trend, but still stronger than the long-run survey average. The seasonally adjusted Input Prices Index has trended at 60.1 since May 2000.

Transport, Tourism & Leisure reported the strongest cost pressures in April, and Financial Services the weakest.

Prices charged

Service sector companies continued to raise their prices charged in April as they passed higher costs on to clients. The rate of inflation was among the highest over the past year and remained well above the long-run survey average. Charge inflation was strongest in Financial Services and weakest in Business Services.

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



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



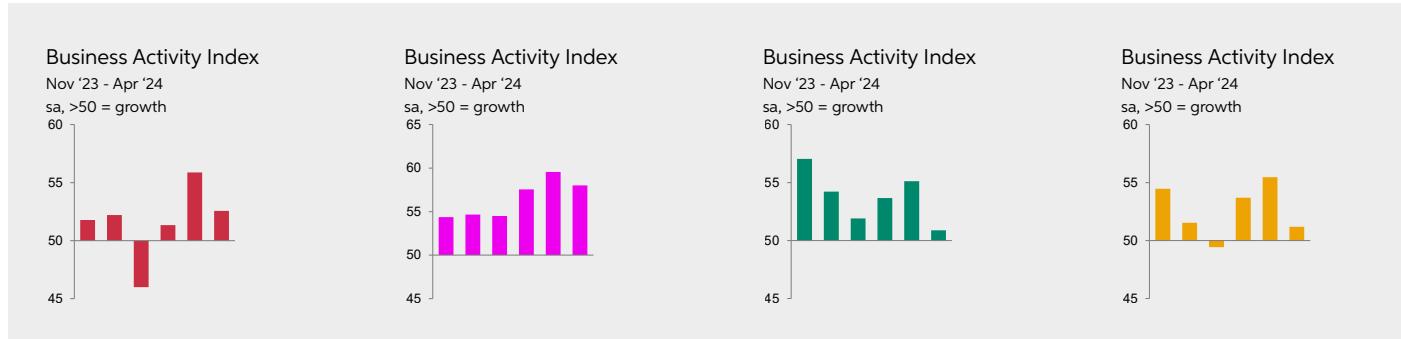
Services sub-sectors

Business Services

Financial Services

Technology, Media & Telecoms

Transport, Tourism & Leisure



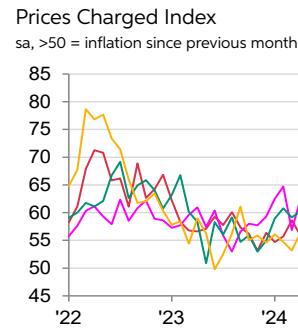
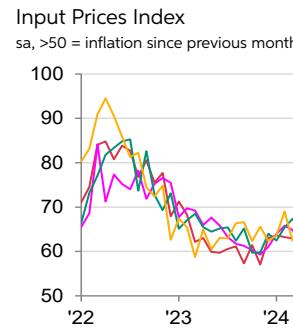
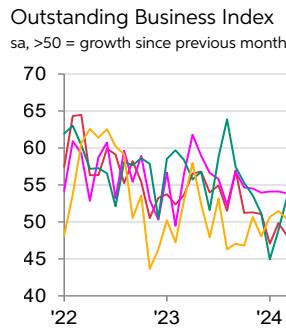
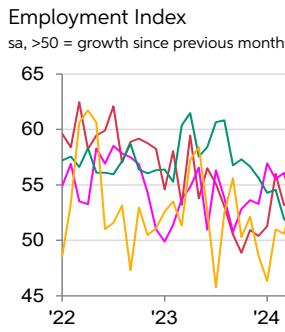
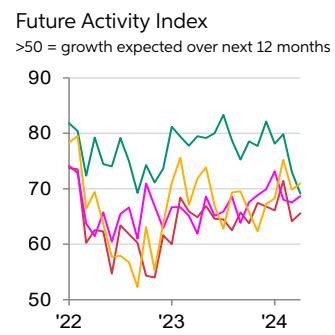
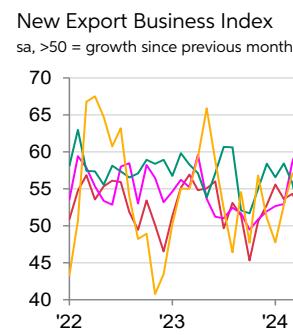
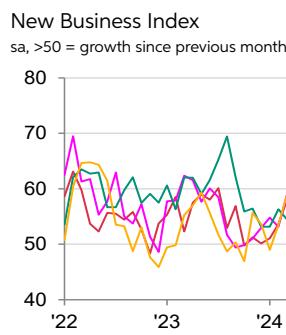
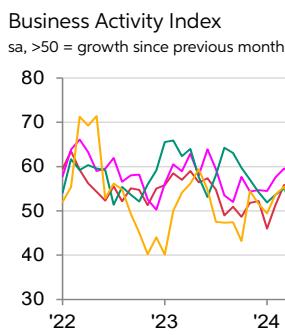
Business Services registered slower increases in both activity and in new work in April, although the rate of job creation picked up since March. Price pressures eased during the month. Expectations improved but remained below the long-run survey trend.

Financial Services continued to expand at the fastest rate among the four sectors, with growth of activity and new business easing only slightly. Employment continued to rise, but at the slowest rate in 2024 so far. Cost pressures eased while there was a stronger rise in charges.

Technology, Media & Telecoms (TMT) remained the slowest-growing sector in April, posting the weakest upturn in over three years as new business fell. Jobs growth was the weakest among the four sectors. Expectations for activity were the softest in three-and-a-half years.

Total activity and new business in the Transport, Tourism & Leisure sector rose in April, but at slower rates. Employment rose at the fastest rate in seven months, however, as expectations improved. Input price inflation was the fastest among the monitored sectors.

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



AIB Ireland Composite PMI®

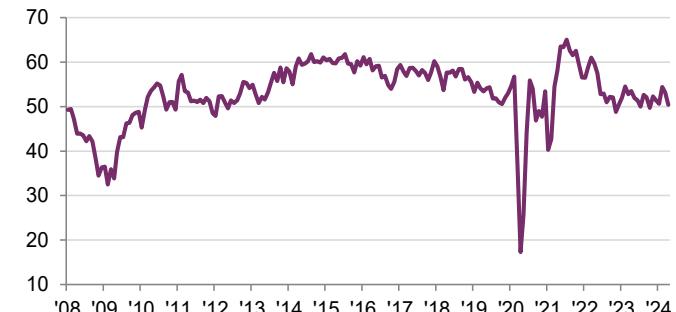
Output growth slows to weak pace in April

Irish private sector output rose for the sixth month running in April, but the rate of expansion was only fractional as services expansion slowed and there was a faster decline in manufacturing production. The AIB Ireland Composite PMI® Output Index* fell to 50.4, from 53.2 in March, signalling the slowest expansion in the current upturn.

Incoming new business also increased only marginally as a slower rise in demand for services was accompanied by a steeper drop in manufacturing new orders. Overall employment continued to rise, despite no change in manufacturing jobs since March.

Input price inflation eased to a three-month low in April and moved below the long-run series average. In contrast, output price inflation rose to its highest for one year.

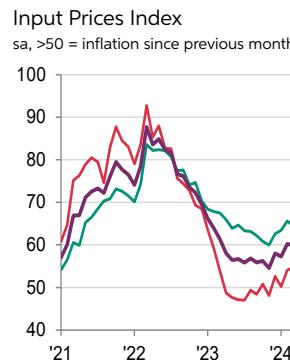
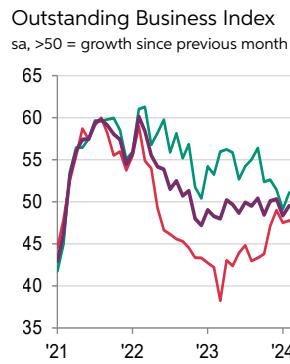
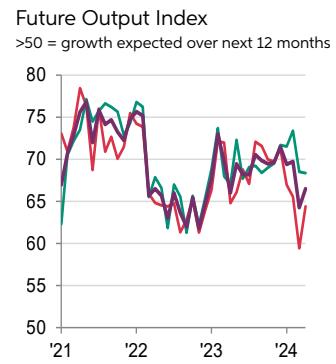
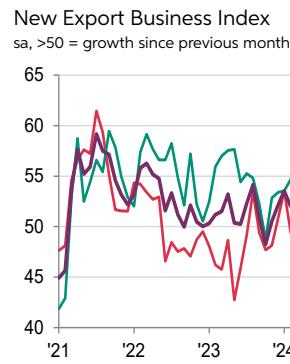
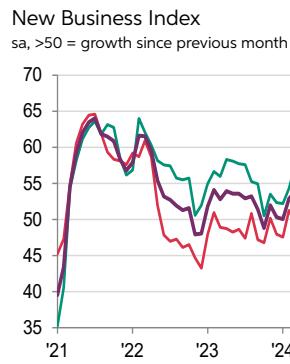
Composite Output Index
sa, >50 = growth since previous month



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.

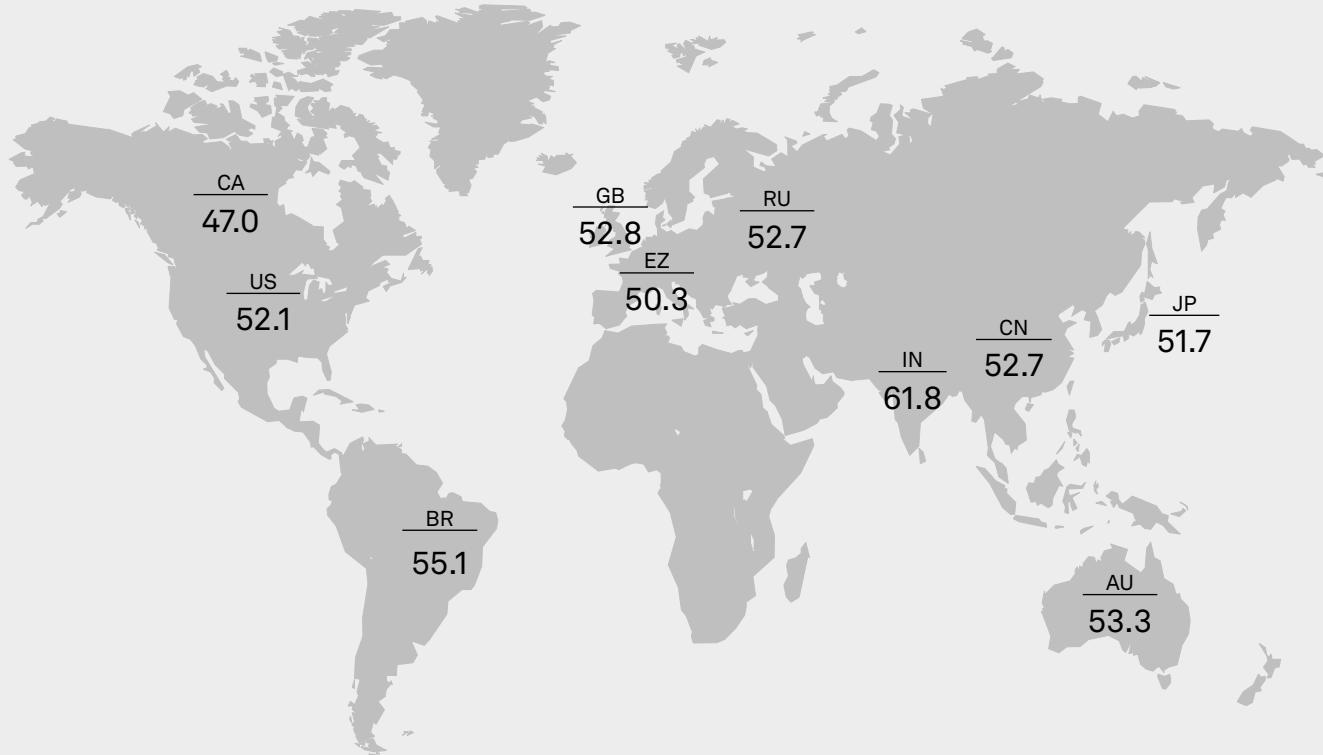
- Composite
- Manufacturing
- Services



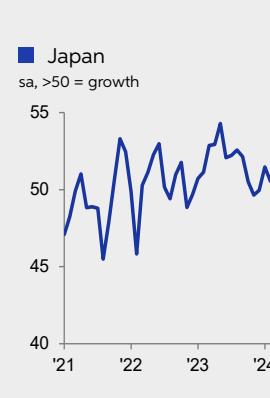
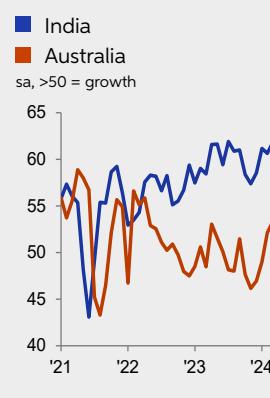
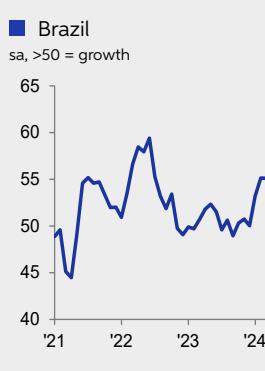
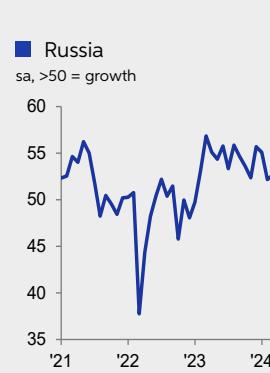
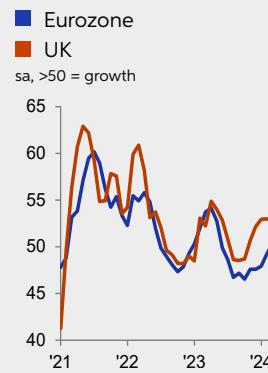
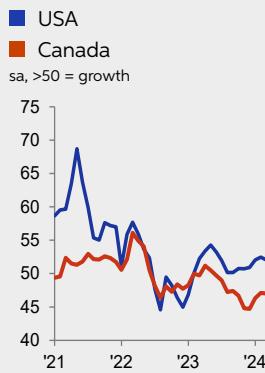
International PMI

Composite Output Index, Mar '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 11-25 April 2024.

Survey questions Services sector

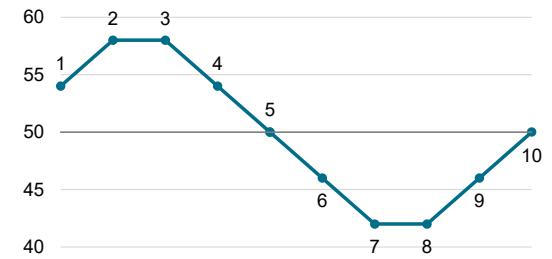
Business Activity	Employment
New Business	Outstanding Business
New Export Business	Input Prices
Future Activity	Prices Charged

Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

Index interpretation

50.0 = no change since previous month



- 1 Growth
- 2 Growth, faster rate
- 3 Growth, same rate
- 4 Growth, slower rate
- 5 No change, from growth
- 6 Decline, from no change
- 7 Decline, faster rate
- 8 Decline, same rate
- 9 Decline, slower rate
- 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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