News Release

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AIB Ireland Services PMI®

Business activity expands at fastest rate since November 2025

Key findings

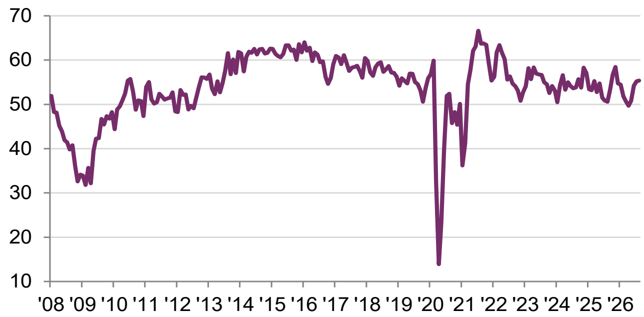
Robust increase in services activity

Expectations for activity highest in a year-and-a-half

Inflationary pressures rise for first time in four months

AIB Ireland Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Irish service providers reported the fastest increase in business activity in 2026 so far in August, according to the latest AIB PMI® survey data. New business growth also accelerated, and the outlook was the strongest in a year-and-a-half. Less positively, employment growth at service sector companies stalled during the month, only the fourth time in the past five-and-a-half years that jobs had not increased. Meanwhile, inflation of input prices and charges both accelerated for the first time in four months.

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 increased to 55.4 in August, from 55.2 in July, signalling the fastest rate of growth since November 2025. Moreover, the headline figure moved further above its long-run trend (since 2000) of 55.0.

Financial Services (58.2) led the sector growth rankings for the first time since February, followed by Technology, Media & Telecoms (TMT, 57.0). Business Services (52.7) registered the weakest growth in five months, while Transport, Tourism & Leisure (52.7) registered the first increase in activity for six months.

Growth of new business accelerated in August, almost matching June's seven-month high. Moreover, demand rose across all four sub-sectors for the second straight month, with all seeing stronger gains except TMT (though this marked a correction from very strong growth in June and July).

Growth of new work from export markets also remained broad-based by sector, although the overall rate of expansion slowed to a three-month low.

The level of outstanding business held at service providers rose for the third month running in August, and at one of the fastest rates over the past two years. All four sub-sectors registered rising backlogs, led by Transport, Tourism & Leisure.

Stronger growth in activity was achieved despite broadly no change in employment in August, following the fastest rate of job creation in six months in July. August marked only the fourth time since March 2021 that employment at service providers had not risen. By sector, workforces were broadly unchanged in Financial Services, rose in TMT and Business Services and fell in Transport, Tourism & Leisure.

Inflationary pressure on service providers' input costs rose for the first time in four months in August. The rate of input price inflation moved further above the long-run survey trend, but was still the second-weakest in six months. Transport, Tourism & Leisure again posted the steepest rise in input prices, and Financial Services the slowest.

The rate of charge inflation also accelerated for the first time in four months in August, remaining well above the long-run trend level. The strongest increase was in TMT, followed by Business Services.

Stronger growth of activity and new work was accompanied by an improvement in the business outlook in August. Overall sentiment strengthened for the fifth successive month, a joint survey record sequence, to the highest since February 2025. Optimism was linked to new business, investments, marketing, planned expansions and new projects. By sector, expectations improved in all areas except Business Services. TMT posted the strongest overall outlook, and Transport, Tourism & Leisure the weakest.

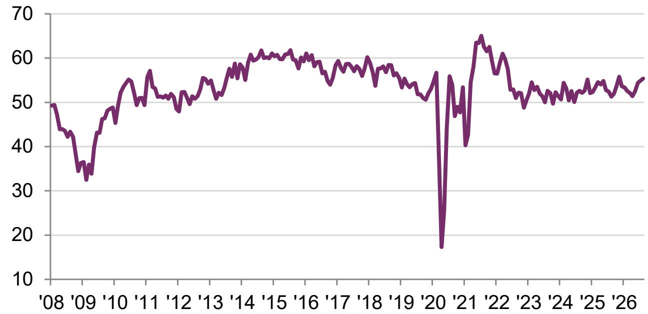
PMI® by S&P Global

AIB Ireland Composite PMI®

Output growth accelerates for fourth straight month

AIB Ireland Composite PMI Output Index

sa, >50 = growth since previous month



*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.

Sources: AIB, S&P Global PMI.

Private sector output in Ireland expanded at an accelerating rate for the fourth successive month in August, taking the pace of growth to a nine-month high.

The AIB Ireland Composite PMI® Output Index* rose to 55.4 in August, from 54.9 in July. The latest figure signalled a strong expansion that was the sharpest since November 2025, and above the long-run series average (53.8). Growth rates for both services business activity and manufacturing output accelerated, with steeper gains in new business in both sectors.

Employment increased at the weakest rate in five months, reflecting a slower upturn in manufacturing jobs and a stable service sector workforce. Nevertheless, companies grew more optimistic about growth prospects for the next 12 months.

Input prices and charges rose at faster rates in August, and inflationary pressures remained strong overall.

Comment

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

"The AIB Irish Services PMI for August shows continued strong growth in the sector. Overall, the PMI rose to 55.4 from 55.2 in July. Activity levels were boosted by rising new business and future expectations. The rate of growth in the Irish services sector was well ahead of the flash Eurozone and UK PMIs at 51.7 and 52.8, respectively; but below the US PMI at 56.8.

"New business continued to grow strongly following a dip in activity earlier in the year, while new export business also expanded on the month, albeit at a more modest pace than in July. Higher activity was driven by increased demand and new business wins. In that context, the volume of outstanding work rose steadily in August once again. However, despite a solid demand backdrop, employment fell marginally for the first time since March, following several months of rapid gains.

"The four sub-sectors covered in the survey registered a broadly positive performance during August, including a first rise in Transport Tourism & Leisure activity since February. Financial Services and Technology, Media & Telecoms continued to outpace other sectors.

"On the inflation front, input cost inflation ticked up in August, but remains well below the 40-month peak reached in April and May, and broadly in line with the long-run survey average. However, cost pressures were driven by rising wages, fuel and transportation. The rate of increase in prices charged also picked up and it remains elevated in a historical context.

"In terms of the outlook, business sentiment continued to strengthen in August, reaching an 18-month high. Optimism was linked to new business, investments, marketing, planned expansions and new projects."

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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

AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. We provide a comprehensive range of services to personal, business and corporate customers in our target markets and have leading market shares in banking products in the Republic of Ireland.

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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. www.spglobal.com/marketintelligence/en/mi/products/pmi

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