News Release

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AIB Ireland Services PMI®

Services output growth accelerates in July

Key findings

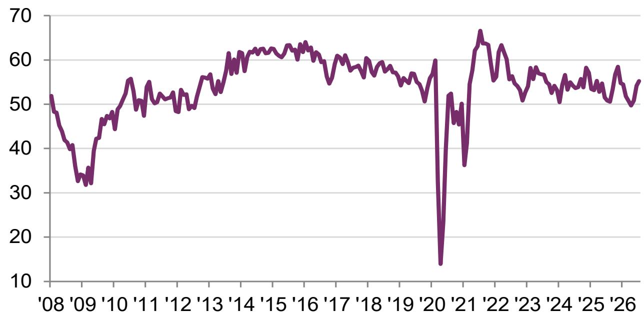
Fastest rise in activity since November 2025

Input price inflation cools further

Growth expectations continue to recover from March low

AIB Ireland Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

The latest AIB PMI® survey data showed an acceleration in growth of the Irish services sector in July. Total activity increased at the strongest rate in eight months, supported by another solid increase in new work which in turn was boosted by overseas demand. The rate of job creation picked up and the 12-month outlook was the strongest in 2026 so far. The rate of input price inflation slowed further, returning to the long-run survey average, although charge inflation remained relatively high.

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 55.2 in July, from 54.2 in June, signalling the strongest rate of expansion since November 2025. Moreover, the headline figure was slightly above its long-run trend (since 2000) of 55.0. Higher activity was driven by increased demand, new sales wins and investment in business capacity.

Technology, Media & Telecoms (TMT, 61.4) remained the fastest-growing sector in July, with the strongest expansion in nearly three years. Business Services (55.4) overtook Financial Services (52.6) while Transport, Tourism & Leisure (49.4) registered the slowest decline in activity in the current five-month sequence.

New business inflows rose solidly in July, albeit at a slightly softer rate than in June. As was the case for total activity, TMT posted the strongest rise in demand, followed by Business Services. New work fell rose slightly in Transport, Tourism & Leisure, ending a five-month downturn.

International demand provided a boost to new business in July, with the fastest expansion since December 2024. For the second month running, export growth was broad-based by sector.

Although new business growth eased slightly in July, the volume of outstanding business held at service providers rose at the fastest rate in 15 months. Rising levels of outstanding work were seen in all four sub-sectors monitored, most notably TMT.

Pressure on business capacity rose despite a stronger increase in employment at the start of the second half of 2026. The service sector workforce grew at the fastest pace in six months, and one that was broadly in line with the long-run survey average. Moreover, job creation was broad-based by sector for the first time in ten months as Transport, Tourism & Leisure recorded the first increase since January.

Inflationary pressure cooled further in July. The rate of input price inflation slowed for the third month running from April's 40-month high, to a level broadly in line with the long-run survey trend. Transport, Tourism & Leisure posted the steepest rise in input prices, and Financial Services the slowest (in fact the softest since March 2021).

The rate of charge inflation also moderated for the third month running in July, but remained above the long-run trend level. The strongest increase was in Transport, Tourism & Leisure, and the weakest in TMT.

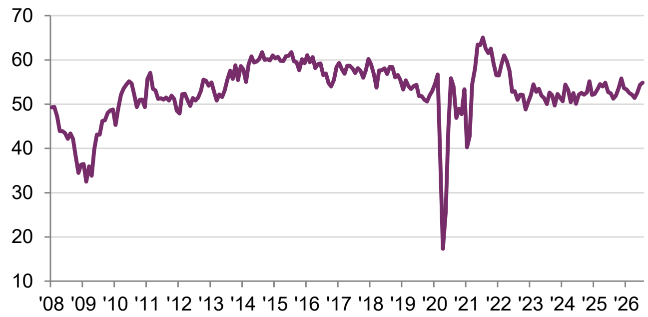
Irish service providers raised their expectations for growth over the next 12 months in July, with overall sentiment the strongest of the year so far. Firms pointed to new business wins, investment, optimism about wider economic growth, and the recruitment of sales staff. By sector, expectations strengthened notably in Business Services, although Financial Services registered the softest outlook in nearly six years.

AIB Ireland Composite PMI®

Output rises at strongest rate since November 2025

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 the fastest rate in eight months in July, accompanied by the sharpest increase in jobs in over three years.

The AIB Ireland Composite PMI® Output Index* rose to 54.9 in July, from 54.4 in June. The latest figure signalled a solid expansion that was the sharpest in eight months, and above the long-run series average (53.8).

Growth of services business activity accelerated, while the increase in manufacturing output softened but remained solid.

Employment increased at the fastest rate since April 2023, with steeper gains in both monitored sectors. New business growth eased slightly but was still among the strongest over the past four years, while the 12-month outlook brightened.

Input prices and charges rose at the slowest rates in five and four months, respectively, but inflationary pressures remained strong overall.

Comment

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

"The AIB Irish Services PMI for July shows accelerating growth in the sector. Overall, the PMI rose to 55.2 from 54.2 in June. Activity levels were boosted by rising new business and employment, alongside easing inflationary pressures. The rate of growth in the Irish services sector was well ahead of the flash Eurozone, UK and US PMIs at 51.6, 51.8, and 53.6, respectively.

"New business continued to grow strongly following a dip in activity earlier in the year, while new export business also expanded sharply on the month, at the fastest pace since end-2024. Higher activity was driven by increased demand, new sales and investment in business capacity. In that context, the volume of outstanding work rose steadily again in July following two months of contraction.

"The four sub-sectors covered in the survey continued to register a mixed performance during July. Technology, Media & Telecoms, Financial Services and Business Services all expanded activity levels. However, Transport, Tourism & Leisure saw a further marginal fall in activity for a fifth successive month, albeit new business and employment saw growth in that sector. Overall, there was broad-based strength in hiring activity in the services sector, with the gain in July the strongest since January.

"On the inflation front, input cost inflation eased further from the 40-month peak reached in April and May to a level broadly in line with the long-run survey average. However, remaining cost pressures were driven by rising wages, supplier and freight costs, energy and fuel. The rate of increase in prices charged also decelerated to a five-month low, but it remained elevated in a historical context.

"In terms of the outlook, business sentiment continued to recover in July, reaching a seven-month high. Business wins, new investments, and optimism about wider economic growth were cited as key drivers of improving sentiment."

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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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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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