

AIB Ireland Services PMI®

Irish service sector sees renewed growth in May

Key findings

Renewed increases in total activity and new business

Input price inflation little-changed from April's 40-month high

Fastest rise in employment in four months

The latest AIB Ireland Services PMI® survey showed fresh increases in both total activity and new business volumes in May, following mild declines in April. Having risen steeply in March and April, input price inflation steadied in the latest period, leading to a slower rise in charges. That said, inflationary pressures remained relatively high, especially in the Transport, Tourism & Leisure sector. Employment increased at a faster rate as business activity expectations improved, but overall confidence levels remained subdued.

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.

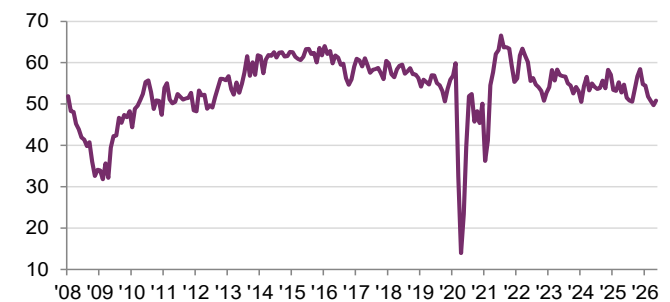
The seasonally adjusted AIB Ireland Services Business Activity Index rose back above the no-change mark to 50.8 in May, from 49.7 in April. The latest figure signalled only a marginal rise in activity, however, remaining well below its long-run trend (since 2000) of 55.0.

Technology, Media & Telecoms (TMT, 54.1) posted the fastest expansion in activity despite seeing growth ease since April. Business Services (53.8) registered the sharpest increase in four months, while Financial Services (52.2) posted a renewed increase in activity following a decline in April. Transport, Tourism & Leisure (40.1) registered a sharp decline, albeit a slower contraction than in April.

Having been broadly flat in April, the volume of new business received by Irish service providers increased in May. The rate of growth was the fastest in three months, but still subdued by the survey's historical standards.

At the sub-sector level, TMT registered the strongest increase in demand, followed by Business Services and Financial

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



Sources: AIB, S&P Global PMI. Data were collected 12-26 May 2026.

Services. Transport, Tourism & Leisure continued to see new business fall sharply, albeit to a lesser degree than in April. New export business across the service sector as a whole rose, having declined for the first time in ten months in April.

The level of outstanding business held at Irish service providers was broadly stable in May, having declined in April at the fastest rate since February 2021. Increases in Financial Services and TMT were offset by a solid reduction in Business Services, while Transport, Tourism & Leisure posted broadly no change.

Service providers were able to manage outstanding workloads partly due to higher employment. The rate of job creation accelerated since April to the fastest in four months. TMT, Financial Services and Business Services all expanded workforces while Transport, Tourism & Leisure posted a further decline.

The 12-month outlook for activity improved to a three-month high in May, with panellists reporting anticipated increases in demand, expansion into new markets, new business opportunities and ongoing business development efforts. Sentiment remained relatively subdued, however, reflecting geopolitical uncertainties and rising costs. Transport, Tourism & Leisure recorded a much weaker outlook than the other sub-sectors.

Input price inflation was little-changed from April's 40-month high, remaining well above the long-run survey average. Higher input prices were linked to rising fuel costs, wage and salary pressures, supplier price increases and broader inflationary trends linked to geopolitical tensions.

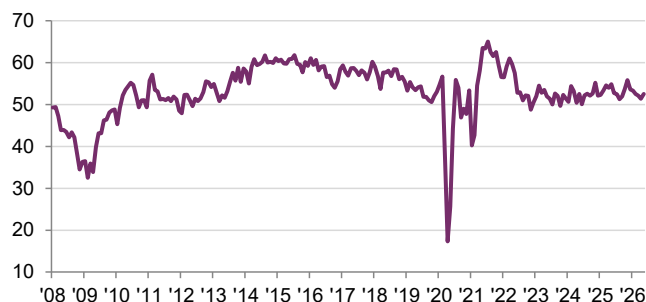
Higher costs were passed on to customers as charges were raised sharply in May. The rate of charge inflation eased from April's two-year high, however.

AIB Ireland Composite PMI®

Activity and new business expand at faster rates in May

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 three months in May, supported by the strongest rise in new orders in six months.

The AIB Ireland Composite PMI® Output Index* rose to 52.5 in May from 51.4 in April. The latest figure signalled a moderate expansion that was the sharpest in three months, but still below than the long-run average (53.8).

Manufacturing production expanded at the fastest rate since May 2025, while growth of services business activity resumed following April's marginal decline.

New business rose at the strongest pace in six months, and the 12-month outlook improved. Employment increased at sharper rates across both monitored sectors, resulting in the fastest overall job creation since April 2023.

Input price inflation accelerated for the fifth straight month to a 43-month high, while charge inflation was little-changed from April's 38-month record.

Comment

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

"The AIB Irish Services PMI for May shows modest growth, following a first decline in activity since early 2021 in April. Overall, the PMI rose to 50.8 from 49.7 in April. Activity levels remained muted amid a contraction in outstanding business and continued rising costs linked to current geopolitical tensions. The rate of growth in the Irish services sector was ahead of the flash Eurozone and UK PMIs at 46.4 and 47.9, respectively; but behind the US PMI, at 50.9.

"New business bounced back to growth in May following a contraction in April, while new export business also expanded once more during the month. However, the volume of outstanding work fell again in May, having declined in April, amid generally weak demand conditions.

"The four sub-sectors covered in the survey registered mixed growth during May. Technology, Media & Telecoms and Business Services both expanded activity levels, with growth accelerating in the latter sector. Financial Services also registered growth, following a contraction in April. However, Transport, Tourism & Leisure saw a further sharp fall in activity, due to a surge in input prices, weaker new business and softer hiring activity.

"Nonetheless, there was broad-based resilience in hiring activity in the services sectors overall, with a rise in employment growth to the fastest pace since January.

"On the inflation front, input cost inflation remained in line with the 40-month peak reached in April, driven by fuel, supplier and wage costs. However, the rate of increase in prices charged decelerated from the two-year high reached last month, implying some margin pressure for firms seeking to pass on these higher costs.

"In terms of the outlook, business sentiment remained in positive territory, improving compared to April. Confidence improved since April in all sectors except Transport, Tourism & Leisure, which recorded the weakest outlook for five-and-a-half years."

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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.

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