News Release

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S&P Global Ireland Business Outlook

Irish business outlook strengthens at start of 2026

Key findings

Ireland has strongest outlooks for output and jobs in global survey

Activity forecasts strengthen across both manufacturing and services

Inflationary pressures expected to rise

The latest survey was conducted 10-24 February, and therefore the results were calculated prior to the outbreak of war in the Middle East.

Irish private sector companies were increasingly confident regarding growth of output and jobs over the next 12 months in February. Among 12 nations monitored globally across both manufacturing and services, Ireland led the forecasts for both activity and employment. Inflation expectations rose, however, and remained relatively strong.

The headline net balance for business activity rose from +33% in October to +37% in February. The latest figure was the highest for a year, but still below the long-run trend of +44%. Sentiment improved in both manufacturing (+38%) and services (+37%).

Irish business expectations were the strongest globally, just ahead of the UK (+36%) and India (+35%). Concurrently, the eurozone outlook improved to the strongest in four years (+24%).

Expectations of higher output were linked by companies to expansion into new markets, innovation and increased demand in key areas such as construction, technology and exports. Businesses were optimistic about benefiting from investment and technological advancements – particularly in AI and automation – to drive efficiency and open new growth areas.

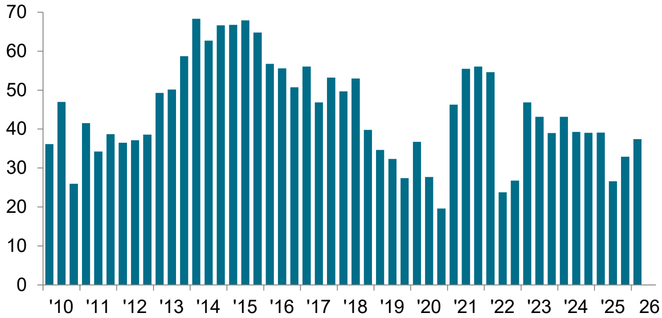
On the other hand, firms reported concerns about economic uncertainty, inflation, increased competition, regulatory changes, unexpected impacts of new technologies (particularly AI) and labour retention. Geopolitical instability, including unpredictable US policies and global market volatility, was also flagged as a potential headwind.

The outlook for employment in Ireland remained positive in February, with the net balance unmoved since last October at +19%, the highest in the global survey. Similarly, expectations for capital spending were the highest in three years (+17%) and the joint-highest globally alongside India.

The latest survey results on price forecasts pointed to growing inflationary pressures in 2026. The staff costs and output prices net balances both rose to the highest for a year, while the non-staff costs net balance was the highest

Ireland Business Activity expectations

% net balance



Source: S&P Global PMI.

Data were collected 10-24 February.

Comment

Commenting on the survey, Trevor Balchin, Economics Director at S&P Global Market Intelligence, said:

"Irish businesses were the most optimistic among the nations for which both manufacturing and services data are available at the start of 2026, just ahead of the UK and India in terms of output expectations. They also topped the global outlook for employment and had the joint-highest confidence regarding investment (with India).

"Confidence was linked to opportunities in new markets, while innovation and technological advancements were also a key tailwind, notably AI and automation, to both improve efficiency and open up new business opportunities. Firms voiced concerns about unexpected impacts of these new technologies as a potential challenge, however.

"The improvement in the Irish and wider eurozone outlook brought with it rising inflation expectations. All three net balances for prices rose since last October."

in nearly four years. Nevertheless, profitability at Irish companies was set to improve, and to a greater degree than the eurozone average.

Employment and investment

Irish firms remained optimistic of raising their workforce levels in February. Moreover, Ireland had the strongest jobs outlook among all nations monitored globally.

The employment net balance was unchanged from last October at +19%, above the post-pandemic low of +16% reached last June. The jobs outlook remained below the long-run trend (+25%), but was the strongest among the 12 nations monitored globally across both manufacturing and services. The eurozone figure registered just +7% in comparison, with the next most-optimistic European nation being Spain (+11%). Irish manufacturers and service providers were similarly confident on hiring in the latest survey.

Irish companies were confident that capital spending would rise over the next 12 months. The net balance edged up to +17%, the highest for three years. Manufacturers were more confident on investment than service providers in the latest survey. Irish optimism on capital spending was the joint-highest globally, with India. The respective eurozone net balance remained weak at +3%, dragged down by pessimism in Germany (-6%). The outlook for research & development in Ireland meanwhile, improved in February to the highest for two years (+6%).

Inflation and profits

Irish private sector firms' expectations for input prices and output charges rose in February, with both staff and non-staff cost pressures set to increase.

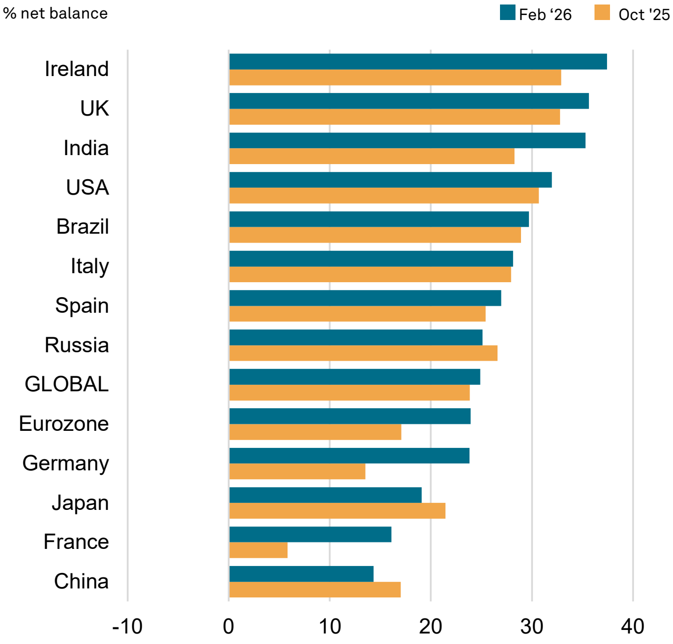
A net balance of +63% of Irish private sector companies in February projected wages to rise over the next 12 months, up from +60% last October and the highest for a year. The uptick in labour cost expectations stemmed from manufacturers, where the net balance rose to +67%. Service providers' staff cost forecasts were unchanged since October (+60%). The Irish wages net balance was the second-highest in the global survey (global average of +31%), with only the UK (+70%) expecting greater wage pressures over the next 12 months.

Non-staff cost expectations for the next 12 months strengthened in February, with the net balance rising to +50%, from +43% in October, the highest since October 2022 and well above the long-run average (+30%). Irish non-staff input cost forecasts remained strongest in the eurozone (+34%) and were the second-highest globally behind the UK (+52%). For the first time in four years, manufacturers held greater non-staff cost expectations than their service sector counterparts.

Irish companies expected to pass cost increases through to customers over the coming year. The net balance of firms predicting higher charges rose to +42%, the greatest for a year and still the highest in the eurozone (average +21%).

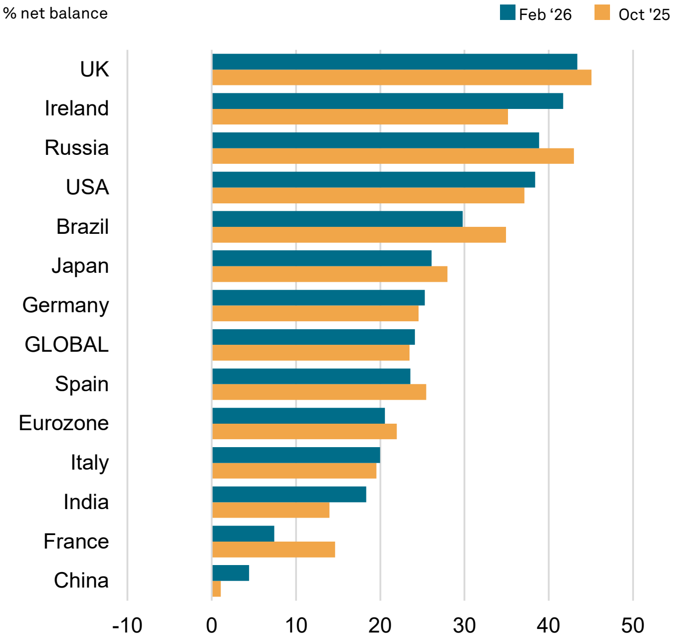
Although costs looked set to rise at a faster rate, profitability was expected to improve. The net balance fell slightly to +17%, but was still the highest in Europe (eurozone +5%, UK +13%).

Global Business Activity expectations
% net balance



Source: S&P Global PMI.

Global Output Prices expectations
% net balance



Source: S&P Global PMI.

Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October. The S&P Global Ireland Business Outlook Survey is based on a panel of around 600 companies in the manufacturing and services sectors.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing, and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, fax, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0.0 signalling a neutral outlook for the coming twelve months. Values above 0.0 indicate optimism amongst companies regarding the outlook for the coming twelve months, while values below 0.0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy in the countries mentioned above. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 7,800 firms.

* The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.

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