

AIB Ireland Services PMI®

Service sector activity declines for first time in over five years in April

Key findings

First decline in total activity since February 2021

New business little-changed since March; outlook remains subdued

Input price inflation highest since December 2022

The Irish service sector contracted in April and inflationary pressures rose further, according to the latest AIB Ireland Services PMI® survey. Overall activity decreased for the first time since February 2021 as new business stalled. Input price inflation rose again to the highest since the end of 2022, prompting the steepest rise in charges in two years. The year-ahead outlook for business activity remained relatively subdued, but employment rebounded following March's decline.

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.

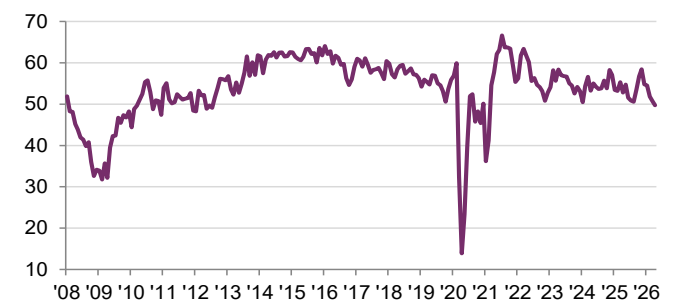
The seasonally adjusted AIB Ireland Services Business Activity Index fell for the fifth month running to 49.7 in April, from 50.7 in March. The latest figure signalled the first contraction in activity since February 2021, albeit at a marginal rate.

There were contrasting trends in activity at the sub-sector level. Transport, Tourism & Leisure (37.4) registered the fastest decline since February 2021, and the eleventh in the past 14 months. Financial Services (47.8) saw a fall in activity for the first time since June 2025. Technology, Media & Telecoms (TMT, 57.1) bucked the overall trend with an acceleration in growth to the fastest in five months, while Business Services (53.0) posted the sharpest increase in three months.

Irish service providers reported little change in new business in April, compared with one month previously. Weak new orders were attributed to economic uncertainty and higher costs linked to the war in the Middle East. New business fell sharply in Transport, Tourism & Leisure and Financial Services, while strong growth was registered in TMT. Business Services

AIB Ireland Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI. Data were collected 9-27 April 2026.

posted only a modest increase. New export business across the service sector as a whole fell for the first time since June 2025.

Subdued demand led to a decline in the level of outstanding work in April. It was the first contraction in three months, but only marginal. Three sectors posted lower backlogs, the exception being Business Services.

The fall in outstanding business partly reflected a renewed increase in employment in the sector. The rate of job creation was broadly in line with the modest average over the past 12 months. All sectors except Transport, Tourism & Leisure recorded higher staff levels in April, led by Business Services.

The 12-month outlook for activity remained positive in April, but sentiment remained relatively weak. Companies linked optimism to investments in new products and markets, headcount growth and hopes of improved business conditions. Expectations were little-changed since March's 65-month low, however, attributed to geopolitical uncertainty, rising costs and potentially higher interest rates. Transport, Tourism & Leisure and Business Services recorded the weakest outlooks.

Cost pressures in the services sector continued to escalate in April. Input prices rose at the fastest rate since December 2022, driven by rising fuel, freight and energy costs linked to the war in the Middle East, as well as wage increases and higher costs for other goods and services.

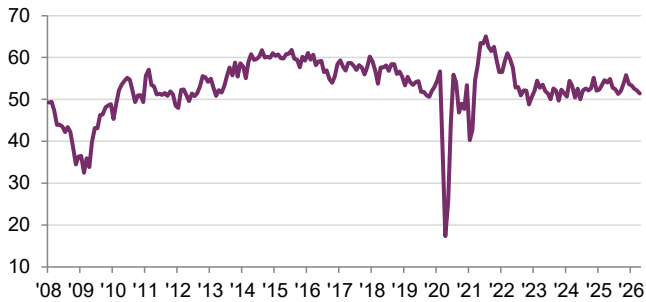
Higher costs were passed on to customers as charges were raised sharply in April. The rate of charge inflation accelerated to a two-year high.

Transport, Tourism & Leisure continued to see the sharpest inflation of both input costs and prices charged in April.

AIB Ireland Composite PMI®

Private sector output growth slows further as services activity contracts

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 increased at the weakest rate in eight months in April, while cost pressures were the highest since late-2022.

The AIB Ireland Composite PMI® Output Index* fell from 52.1 in March to 51.4 in April. The latest figure signalled a subdued expansion that was the slowest in eight months, and below than the long-run average (53.8).

Services activity decreased for the first time since February 2021, albeit only marginally. This contrasted with another robust rise in manufacturing output.

New business also rose at the slowest pace in eight months. Employment growth picked up and was broad-based by sector.

Input price inflation accelerated further to a 41-month high, while charge inflation surged to a 38-month record.

Comment

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

"The AIB Irish Services PMI for April shows a first decline in activity since February 2021, with the index falling to 49.7 from 50.7 in March. Activity levels waned due to contractions in new and outstanding business and rising costs linked to the war in the Middle East. The Irish services PMI was ahead of the flash Eurozone PMI at 47.4; but behind the UK and US PMIs at 52.0 and 51.3, respectively.

"New business contracted marginally in April for the first time since February 2021, with new export business also lower. Economic uncertainty, higher costs and geopolitical tensions were cited as key drivers of the downturn in April. The volume of outstanding work also fell for the first time since January, amid generally weak demand conditions.

"The four sub-sectors covered in the survey registered weak growth or outright contraction in April. Business Services and Technology, Media & Telecoms both expanded activity levels, with growth accelerating in the latter sector. However, Financial Services and Transport, Tourism & Leisure saw a contraction in activity, exasperated by a surge in input prices related to the Middle East conflict. Nonetheless, there was broad-based resilience in hiring activity with a rise in employment levels in the services sector overall.

"On the inflation front, input cost inflation surged to the highest rate since December 2022, driven by fuel, freight and energy costs. The war in the Middle East and resulting supply chain disruptions contributed to cost pressures. However, the rate of increase in prices charged also accelerated to a two-year high, implying some margin protection for firms seeking to pass on these higher costs.

"In terms of the outlook, business sentiment remained in positive territory, However, expectations stayed at a relatively weak level. Global uncertainty, rising costs and potentially higher interest rates undermined the outlook for the next 12 months."

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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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