

AIB Ireland Services PMI®

Services growth eases at end of 2025

Key findings

Activity growth moderates but remains solid

Upturn in new work slows but remains broad-based by sector

Weaker increases in input costs and charges

The final AIB Ireland Services PMI® survey data for 2025 pointed to a slowdown in growth in December. Business activity rose at the softest rate in three months, but the fourth quarter as a whole was the strongest since Q2 2023. New business growth also eased to a three-month low, and employment rose only modestly. Inflationary pressures moderated but charges for services were still hiked at a relatively elevated pace.

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.

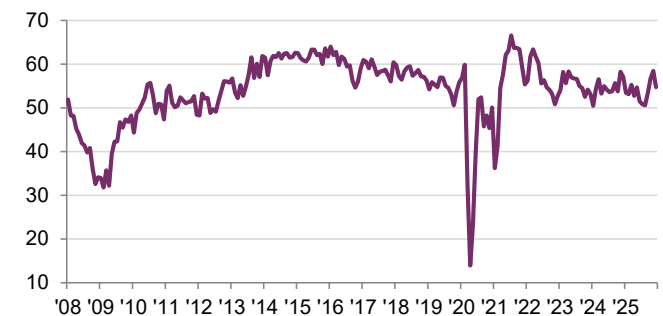
The seasonally adjusted AIB Ireland Services Business Activity Index dipped from November's 42-month high of 58.5 to 54.8 in December. The latest figure signalled the softest rate of expansion in output since last September, but one that was still solid and broadly in line with the long-run survey average since 2000 (55.0). The fourth quarter as a whole registered the fastest growth since the second quarter of 2023, although on an annual basis growth in 2025 was the slowest since 2020.

Financial Services (63.7) recorded by far the sharpest increase in activity of the four broad sectors, while Technology, Media & Telecoms slowed notably (TMT, 54.2). Business Services (52.2) posted only modest growth while Transport, Tourism & Leisure (47.3) registered a renewed decline in activity, the ninth in 2025.

The easing in growth of total activity reflected a moderation in the rate of increase in new business at the end of the year. The latest expansion was the softest in three months, but still solid overall and among the strongest in 2025. New business growth

AIB Ireland Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

remained broad-based by sector, led by Financial Services. New contracts from international clients rose only modestly, however, with a decline registered in Business Services.

The latest increase in new business was sufficiently strong to result in a rise in outstanding work for the third month running in November. The rate of growth in incomplete contracts was only modest, however, with declines registered in TMT and Transport, Tourism & Leisure.

Service providers continued to raise their staffing levels in December. Employment has risen continuously since March 2021, except for brief dips last January and August. The rate of job creation was only modest in the latest period, however. The TMT sector recorded a sharp reduction in staffing, contrasting with solid gains elsewhere.

Cost pressures eased in December, with the rate of input price inflation falling to a five-month low. Transport, Tourism & Leisure continued to record the fastest increase in input prices of the four monitored sectors.

Service providers raised their charges in December, taking the current sequence of inflation to almost five years. The rate of increase eased to a four-month low, but remained stronger than the long-run survey average. Charges rose across all four monitored sectors, led by Financial Services and Transport, Tourism & Leisure.

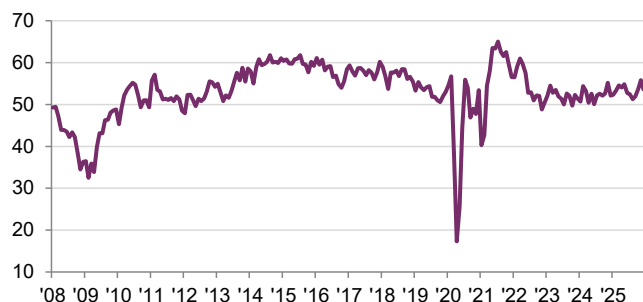
Irish service providers remained confident regarding the 12-month outlook in December. Companies pointed to investments, new products, recruitment and recovering EU and UK markets as reasons for optimism. Expectations eased slightly since November but remained above the 2025 trend.

AIB Ireland Composite PMI®

Output growth eases at end of 2025

AIB Ireland Composite PMI Output Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Slower growth in both manufacturing output and services business activity in December resulted in the weakest overall rise in output in three months, while new business growth also softened.

The AIB Ireland Composite PMI® Output Index* fell from 55.8 in November to 53.6 in December. The latest figure signalled a solid overall expansion that was broadly in line with both the 2025 and long-run trends (53.4, 53.8).

Services activity increased at the softest pace in three months, while manufacturing output growth also eased slightly.

New business rose at the slowest rate since last September. Employment growth eased to a four-month low and was below the long-run series average.

Input price inflation eased to a four-month low, while prices charged rose at the slowest rate in just over two years.

*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.

Comment

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

"The AIB Irish Services PMI for December shows an easing in growth in the sector, with the index falling to 54.8 to from 58.5 in November. This still implies robust growth, driven by gains in current activity, new business and employment. Overall, the rate of growth in the Irish services sector continues to outperform the Eurozone, UK and US flash PMIs at 52.6, 52.1 and 52.9, respectively.

"New business grew at a solid pace in December but slowed from November's 43-month high. This rise reflected continued broad-based growth across sectors and in export orders. From a sectoral perspective, three of the four sub-sectors expanded output during the month. Financial Services saw the strongest growth, followed by Technology, Media & Telecoms (TMT), which saw growth slow markedly on the month. Notably, Transport, Tourism & Leisure registered a renewed fall in activity, the ninth monthly contraction in 2025.

"Overall, services employment rose modestly in December but eased from the exceptional pace in November. A continued sharp fall in TMT employment dampened growth overall, compared to robust job creation across the other sectors, led by Business Services. Indeed, TMT employment decreased for a fourth time in the last five months, despite the rise in business activity in that sector.

"On the inflation front, input price inflation fell to the lowest level since July. However, wages, insurance and energy costs, continued to be cited as cost drivers by Irish firms. The Prices Charged index was also materially lower, but remained above the long-term survey average, as firms continued to protect margins and pass on higher costs to customers.

"Looking ahead, firms in the Irish services sector were optimistic on the prospects for expansion in activity levels over the coming 12 months, in line with the nine-month high reached in November. Companies pointed to investments, new products, recruitment and recovering EU and UK markets as reasons for optimism."

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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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