

AIB Ireland Services PMI®

Service sector growth rebounds in September

Key findings

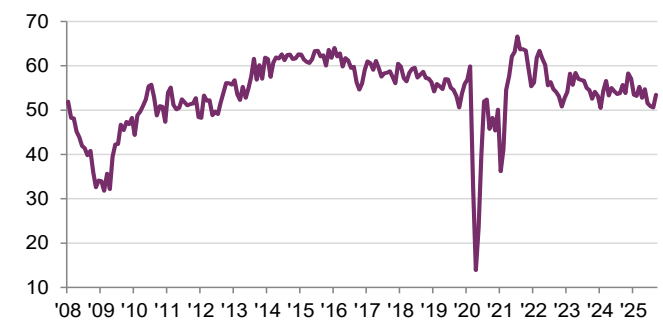
Fastest increases in activity and new business for four months

Employment grows solidly following August's job shedding

Input price inflation rises to six-month high

AIB Ireland Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI. Data were collected 11-25 September 2025.

The latest AIB Ireland Services PMI® survey data signalled a rebound in growth of activity and renewed hiring at service providers in September. Both output and new business increased at the fastest rates in four months, and employment rose solidly following August's job shedding. The year-ahead business outlook improved further but remained relatively subdued as uncertainty persisted. Inflationary pressures rose, with input prices and charges increasing at the strongest rates in six and four months, respectively.

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 for the first time in four months from 50.6 in August to 53.5 in September, signalling a robust rate of expansion and the fastest since May. Growth of business activity has been maintained in every month since March 2021. That said, growth remained below the long-run survey average (Index average of 55.0 since May 2000).

Three sectors registered growth of activity in September. Technology, Media & Telecoms (60.9) recorded by far the fastest expansion, and the strongest for two years. Moderate rates of growth were registered in Business Services (52.3) and Financial Services (52.2), while Transport, Tourism & Leisure (46.8) registered a seventh successive monthly decline.

The stronger increase in total activity reflected improving demand for services at the end of the third quarter. New business

rose at the fastest rate in four months, and growth was broad-based by sector for the first time since February. Technology, Media & Telecoms saw a rapid rise in new work, with much softer increases in the remaining sectors. International new business rose at the fastest rate since January.

Although incoming new business rose more quickly in September, the level of outstanding business was broadly stable. This partly reflected a boost to employment during the month following a round of job shedding in August. Overall, Irish service providers raised staffing at the fastest rate since April. All four sectors registered job creation, led by Financial Services and Transport, Tourism & Leisure.

Service providers in Ireland retained optimistic projections for activity over the next 12 months. Sentiment continued to recover from April's four-and-a-half year low, but remained below the long-run survey trend as global economic and geopolitical uncertainty persisted. Anecdotal evidence mentioned investment in new products, new customers and a pick-up in international demand. Expectations for activity remained strongest in Technology, Media & Telecoms and weakest in Business Services.

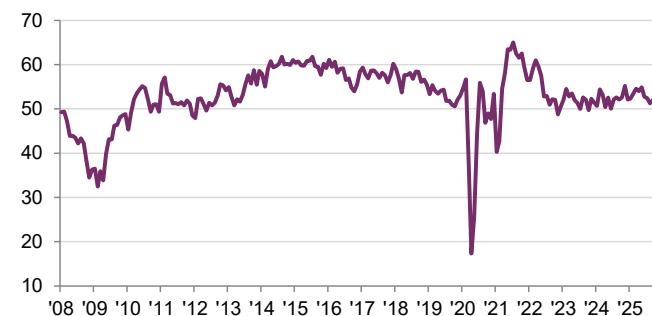
Input cost inflation in the Irish services sector accelerated to a six-month high in September, and moved above the long-run survey trend. Wages, energy, freight, food, fuel and travel were all reported as having increased in price in the latest period. Transport, Tourism & Leisure registered the strongest cost pressures at the end of the third quarter, and Technology, Media & Telecoms the weakest.

Service providers raised their charges at the fastest rate in four months, and one that remained above the long-run trend. Business Services posted the sharpest increase and Transport, Tourism & Leisure the weakest.

AIB Ireland Composite PMI®

Growth strengthens in September, driven by services

AIB Ireland Composite PMI Output Index
sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Irish private sector output rose at a faster rate in September as service sector expansion accelerated, more than offsetting a stagnation in manufacturing production.

The AIB Ireland Composite PMI® Output Index* registered 52.0 in September, up from 51.3 in August and signalling a stronger rate of expansion. The Index was, however, the second-lowest in 15 months and remained below the long-run trend (Index average of 53.8 since 2000). Services activity grew at the fastest rate in four months, but manufacturing output was little-changed from August.

New business rose at the fastest rate in four months, with both monitored sectors seeing sharper increases. Employment expanded at the strongest pace in over a year, reflecting a rebound in the services sector.

Input price inflation rose to a five-month high and was broadly in line with the long-run average, while charge inflation remained elevated.

*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 September shows a rebound in growth in the sector, with the index rising to 53.5 from 50.6 in August. This marks the fastest pace of growth in four months, driven by gains in new business activity and employment. Overall, the rate of growth in the Irish services sector outperformed the Eurozone and UK flash PMIs at 51.4 and 51.9 but remained below the US at 53.9."

"New business grew at an accelerating pace in September, underpinned by the sharpest rise in new export business since January. However, outstanding business declined again in September, reflecting the weakness in demand evident in recent surveys. From a sectoral perspective, three of the four sub-sectors expanded output on the month. Technology, Media & Telecoms remained the best performing of the four sectors, followed by solid growth in Business Service and Financial Services. However, Transport, Tourism & Leisure registered a decline in activity for a seventh consecutive month."

"Overall, employment rose in September, reversing the decline seen in August. Encouragingly, all four sub-sectors registered jobs growth, led by a sharp increase in Financial Services. Higher headcounts were linked to busy workloads and new projects."

"On the inflation front, input price inflation was higher, owing to wage and energy cost pressures. The prices charged index was also higher, and above the long-term survey average."

"Looking ahead, firms in the Irish services sector were increasingly optimistic on the prospects for expansion in activity levels over the coming 12 months. Confidence was linked to new products, customers, and a pick-up in international demand including from the US and UK."

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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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