

# News Release

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## IHS MARKIT IRELAND SERVICES PMI®

INCLUDING IHS MARKIT IRELAND COMPOSITE PMI®

### Growth of service sector activity at seven-month low

#### KEY FINDINGS

Marked, albeit softer increases in new business and activity

Employment growth quickens

Input costs and output charges rise at quicker rates

Growth of Irish service sector activity eased during October, amid a slowdown in the rate of expansion in new orders and strong inflationary pressures. Nevertheless, job creation picked up to a ten-month high.

The headline seasonally adjusted Business Activity Index posted 57.2 in October, down from 58.7 in September, but still signalling a substantial monthly increase in activity across the Irish service sector. However, the rate of growth slowed to the weakest since March.

Activity across all of the four sectors covered by the survey rose, with the sharpest increase amongst firms in the Technology, Media and Telecoms (TMT) sector. There were growth slowdowns in three categories, the exception being Financial Services.

New business rose at a marked pace during October, albeit one that was the slowest in seven months. Anecdotal evidence from panellists indicated improved demand conditions.

Volumes of new work from abroad continued to increase strongly, albeit at a slower pace than in September. Panellists commented on increased orders from the UK and greater overseas orders. Mirroring the picture in output, TMT companies posted the largest rise of all monitored categories, with growth accelerating to the fastest in six months.

As a result of slowing activity and new order growth and robust job creation, the rate of accumulation in work outstanding eased. Volumes of unfinished orders rose moderately in October, and at the slowest pace since September 2016.

Services Business Activity Index

sa, >50 = growth since previous month



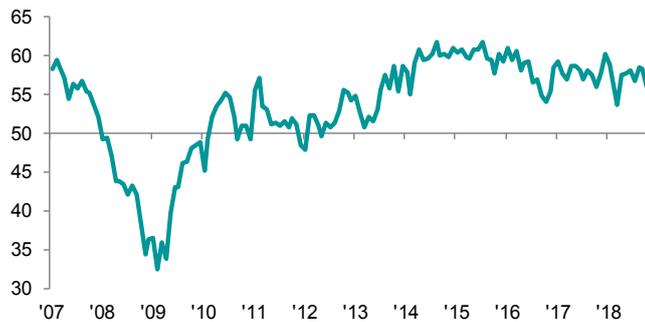
Employment growth accelerated for the fifth successive month in October, reaching a ten-month high. Anecdotal evidence from panellists indicated that an increased level of customer orders and investment encouraged them to hire additional staff.

Both input prices and output charges increased at quicker rates during October. Charge inflation accelerated to the joint-highest mark in seven months. Firms reported passing on increased business costs such as insurance rates to customers.

Looking forward, Irish service providers were optimistic regarding activity over the coming year. Expectations of increased customer orders as well as an improving Irish economy were stated as reasons behind optimism. Confidence was broadly in line with that seen in September.

## Weaker rises in output across both services and manufacturing

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



Source: IHS Markit

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.

The Ireland Composite Output Index is a weighted average of the Ireland Manufacturing Output Index and the Ireland Services Business Activity Index. The Composite Output Index posted 56.1 in October, down from 58.4 in September and consistent with a marked increase of business activity.

Growth of both manufacturing output and services activity slowed during October. Services activity grew at a faster pace than manufacturing output.

Despite slowing to a seven-month low, growth of incoming new business remained solid. October's figure extended the current sequence of increasing private sector new work to 81 months. In turn, work outstanding increased further during October, but the rate of backlog accumulation slowed to a 25-month low.

Irish manufacturers and service providers posted increases in employment during October. Manufacturing employment growth slowed notably during October, whereas service companies noted the sharpest upturn in ten months. At the composite level, employment growth weakened.

On the price front, inflation of both input costs and output charges across the private sector accelerated in October. The rate of cost inflation ticked up to a three-month high. Additionally, output charge inflation accelerated to a five-month high.

Looking forward, Irish companies were confident that output would increase over the coming year. However, optimism was at an 11-month low.

### COMMENT

Commenting on the PMI data, Amritpal Virdee, Economist at IHS Markit said:

*“Ireland’s service sector showed signs of a slowdown during October, with both activity and new business rising at the weakest rates in seven months.*

*“Despite this, Irish service companies continued to take on extra staff, with employment growth accelerating to a ten-month high. Firms that hired additional staff were hopeful of increased customer orders and an improving Irish economy.*

*“On the price front, the rate of charge inflation rose to the joint highest in seven-months, with Irish service providers passing on increased business costs such as insurance rates onto their customers.*

*“Looking forward, panellists were optimistic with almost half of firms surveyed expecting an increase of output over the coming year.”*

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