



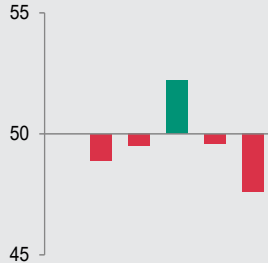
AIB Ireland Manufacturing PMI®

Steepest fall in new orders since December 2022

47.6

IRELAND
MANUFACTURING PMI
APR '24

Manufacturing PMI
Nov '23 - Apr '24
sa, >50 = improvement



AIB Ireland Manufacturing PMI® data signalled a sustained reduction in output volumes and incoming new work during April, with both rates of decline accelerating since the previous survey period. Total new business decreased to the greatest extent for 16 months, in part reflecting a sharp fall in export sales.

Business activity expectations nonetheless picked up from March's 41-month low, supported by hopes of a turnaround in sales pipelines over the course of 2024.

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

"The April AIB Irish Manufacturing PMI survey shows a deteriorating trend in activity in the sector, with the headline index falling to 47.6 from 49.6 in March. The fall in April was the sharpest rate of decline since July 2023 and aligns with broader declines observed across other European PMI surveys last month. This decline in the headline index reflects underlying weakness in output, new orders, and hiring trends in the sector last month. The Irish PMI remains above the flash April reading for the Eurozone at 45.6 but below the US and UK at 49.9 and 48.7, respectively.

"The Output Index declined for a second month running, falling to its lowest level since October 2023. A generally weaker demand environment was cited, including from clients in the construction sector. New orders were also sharply lower, owing to softer domestic and export demand. The rate of decline in new orders was the fastest since December 2022, while external demand from the UK and Eurozone was again subdued in April.

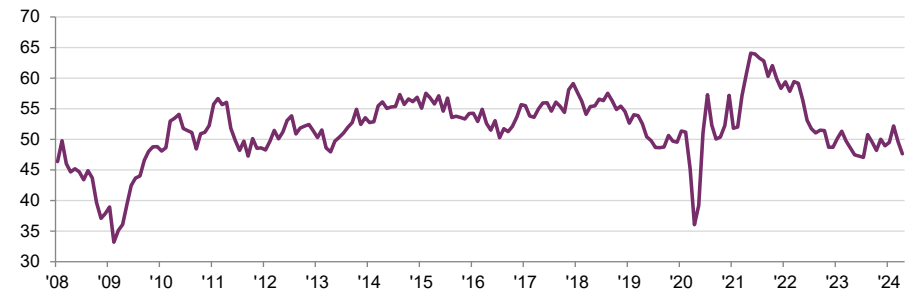
"Stocks of both inputs and finished goods fell in April on the back of weakening

demand, which was also reflected in a renewed decline in purchasing activity. Despite lower purchases, vendor delivery times lengthened in April, with the ongoing Red Sea shipping diversions a source of disruption to supply chains. Given the current challenges in the sector, firms paused hiring, with the employment index at the no-change level in April, ending a 3-month stretch of modest job creation.

"On a positive note, input price inflation eased sharply in April to a 3-month low, with respondents pointing to cheaper raw material costs. Surprisingly, output price inflation accelerated despite declining demand and points to lingering pricing power within the sector, with firms passing on prior rises in inputs, including labour costs.

"Looking ahead, firms remain somewhat positive on the outlook for the next 12 months, with the latest reading of the Business Expectations Index rising sharply from the 41-month low recorded in March. Close to half of respondents still expect a rise in output volumes during the next year, compared to 14% who expect a decline."

AIB Ireland Manufacturing PMI
sa, >50 = improvement since previous month



Contents

- Comment
- Overview
- Output and demand
- Business expectations
- Employment and capacity
- Purchasing
- Prices
- International PMI
- Survey methodology
- Further information

Overview

Headline PMI slips to nine-month low in April

Employment stagnates amid falling workloads

Steep drop in new export sales weighs on order books

The headline AIB Ireland Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

April data signalled a moderate downturn in manufacturing sector business conditions. The seasonally adjusted AIB Ireland Manufacturing PMI registered 47.6 in April, down from 49.6 in March and below the neutral 50.0 threshold for the fourth time in the past five months. Moreover, the latest reading signalled the sharpest rate of deterioration since July 2023.

Production levels decreased at the strongest pace for six months in April. Lower output was linked to sluggish demand conditions and a subsequent lack of incoming new work. Additional headwinds cited by survey respondents included overstocked customers and reduced spending among clients in the construction sector.

Manufacturers signalled a considerable loss of momentum for new orders in April. Total new work decreased at the fastest pace since December 2022, with survey respondents noting shrinking sales in both domestic and export markets. The latest drop in new orders from abroad was the steepest for 11 months, which was attributed to unfavourable business conditions in the UK and elsewhere across Europe.

Subdued demand meant that staffing numbers stagnated across the manufacturing sector, thereby ending a three-month period of marginal jobs growth. Latest survey data suggested that hiring was constrained by a lack of pressure on operating capacity, as

backlogs of work decreased at the steepest pace since last September.

Input buying fell for the first time since January, reflecting weak order books and efforts to streamline inventories. April data pointed to solid reductions in both stocks of purchases and post-production inventories, with the latter decreasing to the greatest extent since January 2022.

Despite lower demand for inputs, latest data indicated a renewed downturn in supplier performance. Manufacturers reporting longer wait times for deliveries generally commented on Red Sea shipping delays, especially for raw materials sourced from Asia.

Margin pressures meanwhile eased in April, with cost inflation at a three-month low. The latest increase in purchasing prices was only marginal, with some firms suggesting that reduced raw material costs had helped to limit the overall rate of inflation. At the same time, manufacturers increased their factory gate prices for the third month running. Although only modest, the rate of inflation was the sharpest since April 2023.

Finally, around three times as many goods producers (43%) anticipate a rise in output levels during the year ahead as those that forecast a reduction (14%). This pointed to an improvement in business confidence since March, although the respective index remained subdued in comparison to the long-run survey average. Companies expecting an upturn in production volumes generally noted hopes of a turnaround in client demand, alongside confidence linked to long-run business expansion plans.

Output and demand

Output

Manufacturing production declined for the second month running in April and at a solid pace. Moreover, the seasonally adjusted Output Index dipped to its lowest level since October 2023. Lower output volumes were attributed to weak demand conditions and overstocked customers. Some firms noted particularly subdued spending among clients in the construction sector.

New orders

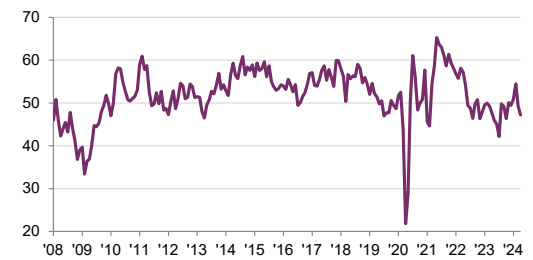
The seasonally adjusted New Orders Index signalled a marked reduction in new work received by Irish manufacturers during April, with the rate of decline accelerating to the fastest since December 2022. Survey respondents typically cited sluggish market conditions and reduced underlying client demand.

New export orders

April data signalled a sharp fall in new export orders. The seasonally adjusted index registered below the neutral 50.0 threshold for the third month running and pointed to the fastest pace of decline since May 2023. Manufacturers again noted weak demand from UK clients and unfavourable market conditions elsewhere in Europe.

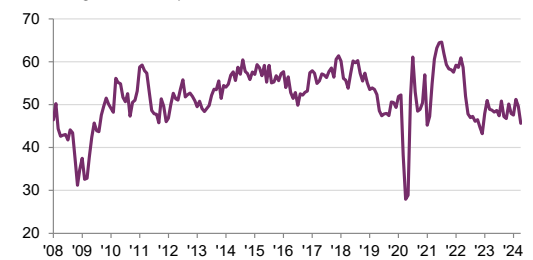
Output Index

sa, >50 = growth since previous month



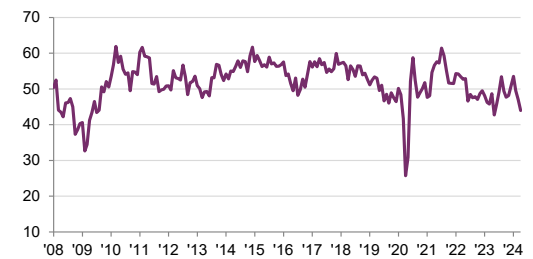
New Orders Index

sa, >50 = growth since previous month



New Export Orders Index

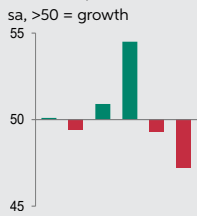
sa, >50 = growth since previous month



Output Index

Nov '23 - Apr '24

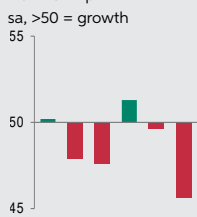
sa, >50 = growth



New Orders Index

Nov '23 - Apr '24

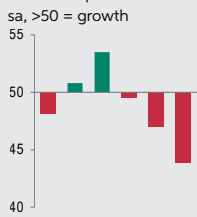
sa, >50 = growth



New Export Orders Index

Nov '23 - Apr '24

sa, >50 = growth

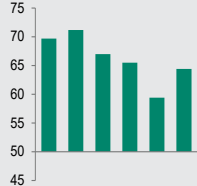


Business expectations

Future Output Index

Nov '23 - Apr '24

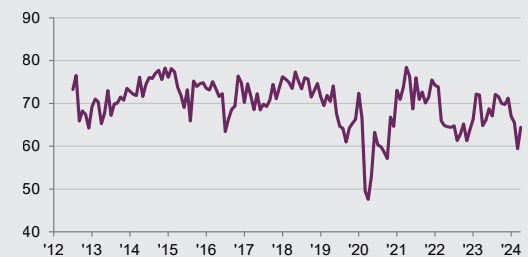
>50 = growth expected



Around three times as many manufacturers (43%) expect a rise in output volumes during the year ahead as those that forecast a reduction (14%). As a result, the Future Output Index remained well above the neutral 50.0 threshold in April. The latest reading pointed to a strong degree of positive sentiment and was well above March's 41-month low.

Future Output Index

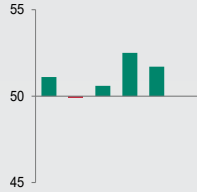
>50 = growth expected over next 12 months



Employment and capacity

Employment Index

Nov '23 - Apr '24
sa, >50 = growth

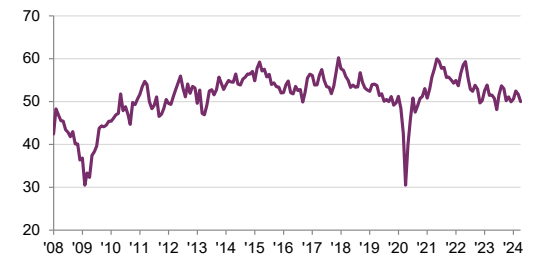


Employment

Staffing numbers stagnated in April, as signalled by the seasonally adjusted Employment Index registering in line with the 50.0 no-change value in April. This ended a three-month period of modest job creation. Weaker demand and reduced production requirements were often cited as reasons for lower employment levels.

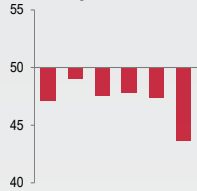
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

Nov '23 - Apr '24
sa, >50 = growth

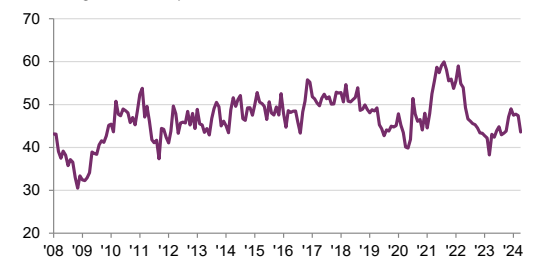


Backlogs of work

The seasonally adjusted Backlogs of Work Index pointed to a steep and accelerated decline in unfinished business across the manufacturing sector, which was mostly linked to subdued sales volumes. Moreover, the rate of backlog depletion was the fastest since September 2023.

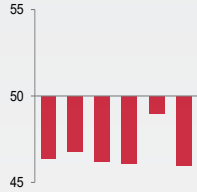
Backlogs of Work Index

sa, >50 = growth since previous month



Stocks of Finished Goods Index

Nov '23 - Apr '24
sa, >50 = growth

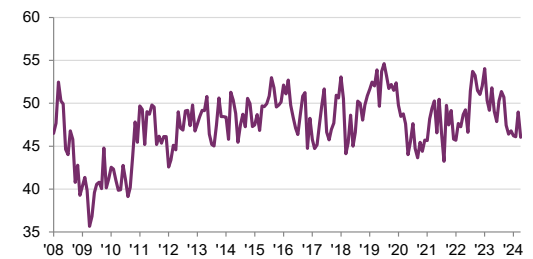


Stocks of finished goods

Destocking continued in April, with post-production inventories falling for the seventh month running. The latest round of stock depletion was the sharpest since January 2022. Manufacturers mostly commented on deliberate inventory reduction policies in April.

Stocks of Finished Goods Index

sa, >50 = growth since previous month



Purchasing

Quantity of purchases

April data pointed to a renewed decline in purchasing activity. The seasonally adjusted Quantity of Purchases Index registered below the 50.0 no-change value for the first time in three months and signalled a solid rate of contraction. Lower input buying reflected a downturn in new orders and efforts to tighten inventories.

Suppliers' delivery times

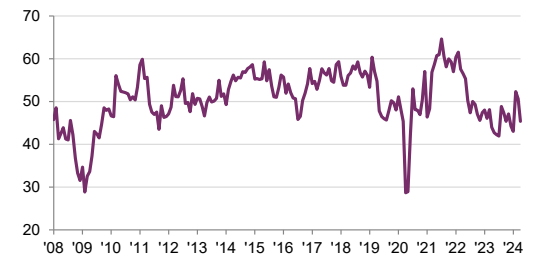
Manufacturers reported a marginal downturn in vendor performance. The seasonally adjusted Suppliers' Delivery Times Index has posted below the crucial 50.0 no-change value in four of the past five months. A number of goods producers commented on longer wait times for raw materials sourced from Asia, largely due to Red Sea shipping disruptions.

Stocks of purchases

The seasonally adjusted Stocks of Purchases Index remained in contraction territory for the seventh successive month in April and signalled the fastest rate of inventory depletion since January. Survey respondents noted cautious purchasing strategies in response to lacklustre demand conditions.

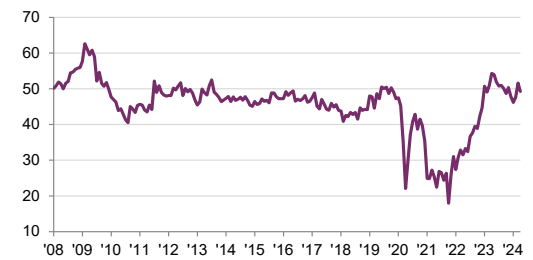
Quantity of Purchases Index

sa, >50 = growth since previous month



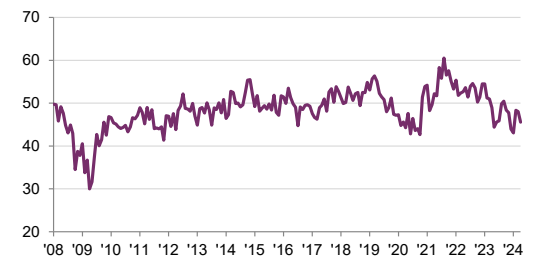
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

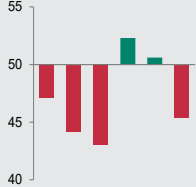
sa, >50 = growth since previous month



Quantity of Purchases Index

Nov '23 - Apr '24

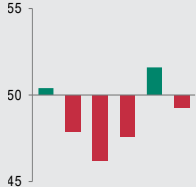
sa, >50 = growth



Suppliers' Delivery Times Index

Nov '23 - Apr '24

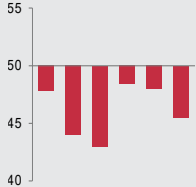
sa, >50 = faster times



Stocks of Purchases Index

Nov '23 - Apr '24

sa, >50 = growth



Prices

Input prices

Average cost burdens increased only marginally in April and the rate of inflation eased to a three-month low. Goods producers suggested that lower raw material prices had helped to dampen the overall rate of cost inflation.

Input Prices Index

sa, >50 = inflation since previous month

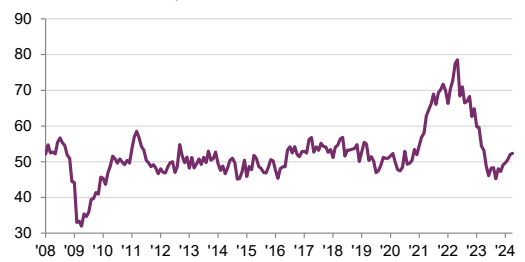


Output prices

Manufacturers continued to increase their factory gate charges in April. The seasonally adjusted Output Prices Index posted above the 50.0 no-change level for the third month and signalled the fastest rate of inflation since April 2023. Some firms noted that elevated wage inflation had been a factor contributing to rising output charges, alongside efforts to pass on higher purchasing prices.

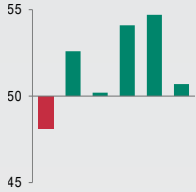
Output Prices Index

sa, >50 = inflation since previous month



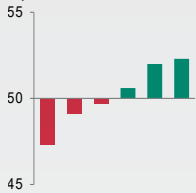
Input Prices Index

Nov '23 - Apr '24
sa, >50 = inflation



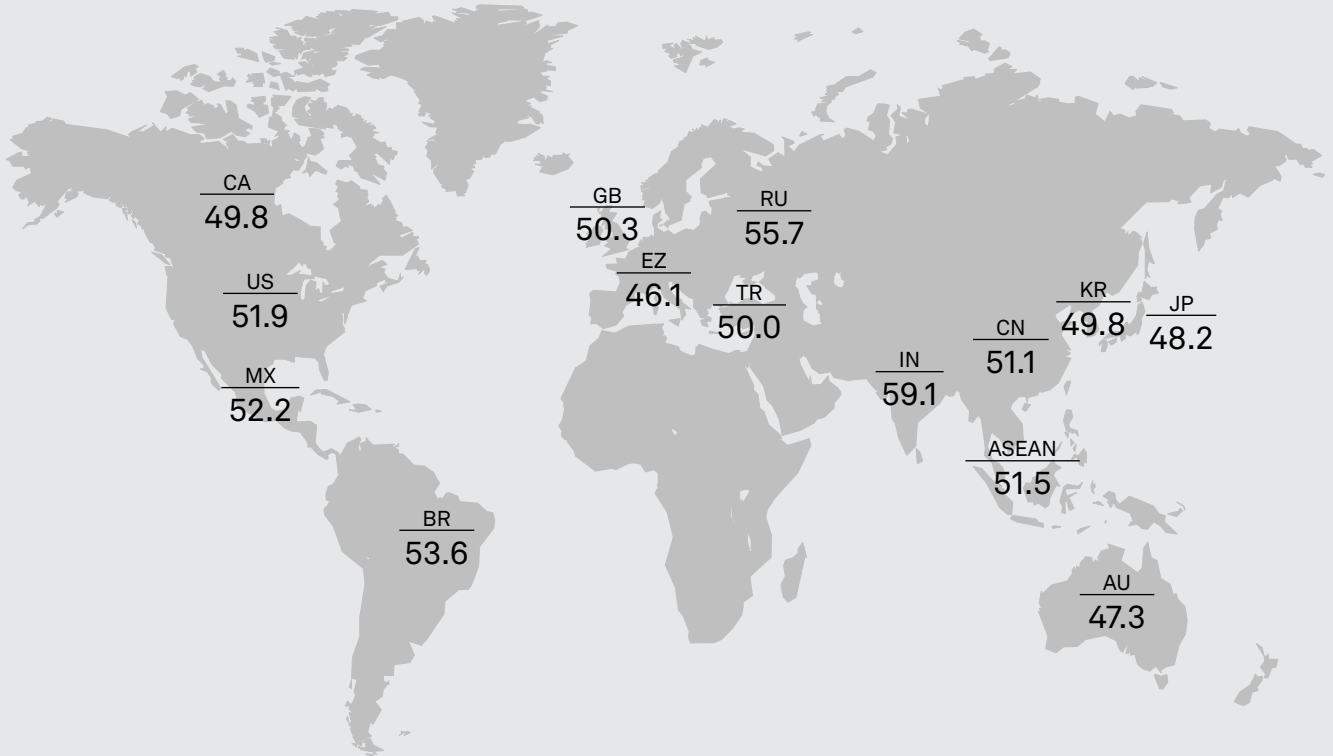
Output Prices Index

Nov '23 - Apr '24
sa, >50 = inflation

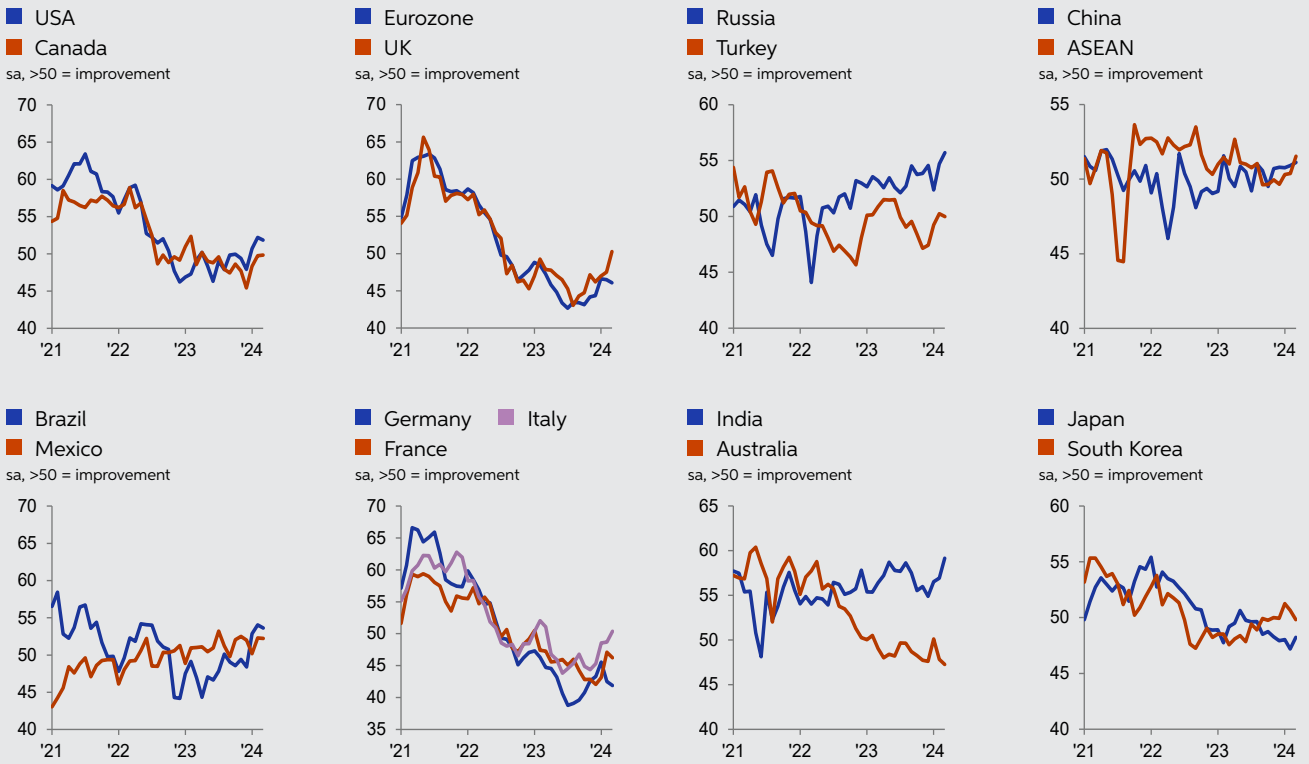


International PMI

Manufacturing PMI, Mar '24
 sa, >50 = improvement since previous month



Manufacturing PMI



Survey methodology

The AIB Ireland Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 1998.

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 Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

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.

Survey dates

Data were collected 11-23 April 2024.

Survey questions Manufacturing sector

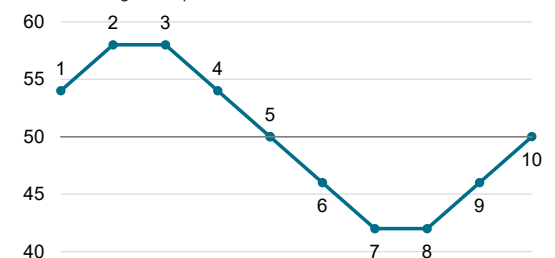
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

Index calculation

$$\% \text{ "Higher" } + (\% \text{ "No change"}) / 2$$

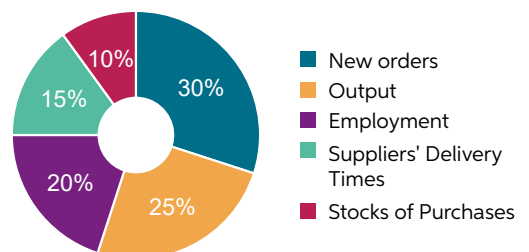
Index interpretation

50.0 = no change since previous month



- | | |
|--------------------------|----------------------------|
| 1 Growth | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 10 No change, from decline |

PMI component weights



Sector coverage

Manufacturing PMI data include responses from companies operating in the entire manufacturing sector, including the following ISIC Rev.4 codes:

C10 - Food Products	C19 - Coke and Refined Petroleum Products	C27 - Electrical Equipment
C11 - Beverages	C20 - Chemicals and Chemical Products	C28 - Machinery and Equipment N.E.C.
C12 - Tobacco Products	C21 - Basic Pharmaceutical Products and Pharmaceutical Preparations	C29 - Motor Vehicles, Trailers and Semi-Trailers
C13 - Textiles	C22 - Rubber and Plastic Products	C30 - Other Transport Equipment
C14 - Wearing Apparel	C23 - Other Non-Metallic Mineral Products	C31 - Furniture
C15 - Leather and Related Products	C24 - Basic Metals	C32 - Other Manufacturing
C16 - Wood and of Products of Wood and Cork, Except Furniture; Articles of Straw and Plaiting Materials	C25 - Fabricated Metal Products, Except Machinery and Equipment	C33 - Repair and Installation of Machinery and Equipment
C17 - Paper and Paper Products	C26 - Computer, Electronic and Optical Products	
C18 - Printing and Reproduction of Recorded Media		

Contact

David McNamara
AIB Chief Economist
T: +353-(0)87-4071825
david.g.mcnamara@aib.ie
AIBeconomics.Unit@aib.ie
www.aibeconomics.com

Paddy McDonnell
AIB Press Office
T: +353-87-739-0743
paddy.x.mcdonnell@aib.ie

Louise Kelly
AIB Press Office
T: +353-87-216-1545
louise.Y.kelly@aib.ie

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-067
tim.moore@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

About AIB

AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. We provide a comprehensive range of services to personal, business and corporate customers in our target markets and have leading market shares in banking products in the Republic of Ireland.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.
www.spglobal.com

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

This publication is issued by Allied Irish Banks, p.l.c. ("AIB") and is for general information purposes only. This publication should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments or product, securities or any derivative instrument (together, "instruments"), or any other rights pertaining thereto. AIB does not express any opinion as to the present or future value or price of any instruments referred to in this publication.

The information provided in this publication is believed to be valid and accurate on the date it is first published but AIB, along with its directors, officers, or employees, does not accept any liability for any loss arising from the use of the information. The information contained therein, including any expressions of opinion, has been obtained from, or is based on, or compiled from, sources believed to be reliable but its accuracy or completeness is not guaranteed and is subject to change without notice.

Any decision made by a party shall be on the basis of its own research and shall not be influenced or based on any view expressed by AIB in this publication or otherwise. This publication does not address all risks. This publication does not constitute investment advice or a recommendation and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments and/or pursuing any investment strategies. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any instruments, forecasts are not a reliable indicator of future performance.

This publication is not to be reproduced in whole or in part without the prior express written consent of AIB. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates..

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

PMI®

by **S&P Global**