



AIB Ireland Manufacturing PMI®

Sharp uplift in jobs boosts Irish manufacturing performance in April

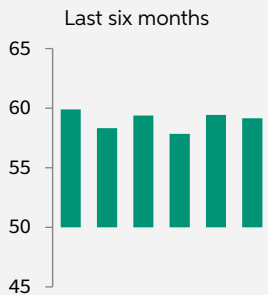
Key Findings

April's rise in employment among fastest on record

Output and new order growth ease but remain strong

Record rate of inflation in manufacturing output prices

Ireland Manufacturing PMI



The latest PMI® survey data from AIB showed a notable boost to Irish manufacturing employment in April, the fifth-sharpest in the survey history, and further strong increases in new orders and output. Supply constraints remained a key factor limiting growth of the latter, although delays were still less widespread than in 2021. Input price inflation eased from March's record but was still among the highest ever, leading to a record rise in output prices.

Commenting on the survey results, Oliver Mangan, AIB Chief Economist, said:

"The AIB Irish Manufacturing PMI survey for April shows continuing very strong growth in the sector, a trend that has been in place for over a year now. The headline index eased back slightly to 59.1 from 59.4 in March, thus remaining at a very high level. The Irish PMI is well above the flash April index readings for the Eurozone and UK, which both stood at 55.3.

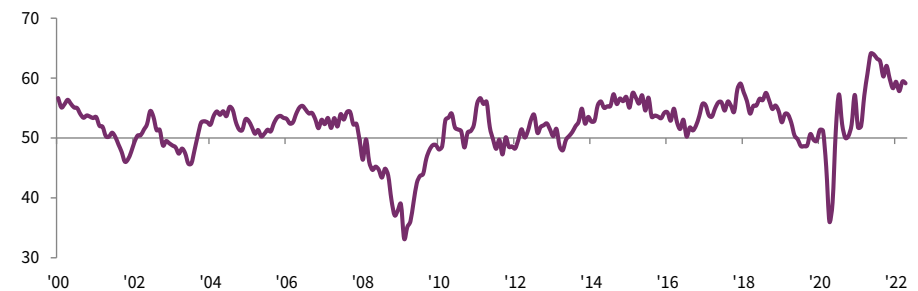
"The Irish data for April paint a very similar picture to March, with strong growth in orders, output and employment, but less confidence on the outlook for business activity and continuing very elevated inflationary pressures. April saw a slight moderation in the pace of growth in new orders and output, partly due to uncertainty and rising prices weighing on demand. However, employment registered its biggest rise in ten months, reflecting the current strength of business activity.

"In this regard, backlogs of unfinished work continued to rise. Firms also reported a further lengthening in delivery times for supplies owing to multiple factors, including raw material and labour shortages as well as ongoing transport delays. Manufacturers responded with another rundown in their inventories of finished goods. In terms of the 12-month outlook, while sentiment remains positive, it fell to its lowest level since end 2020, amid much uncertainty around inflation and the situation in Ukraine.

"Meanwhile, inflationary pressures remain intense. Some 80% of manufacturers reported higher input prices in the month, including increases in raw materials, energy and fuel costs. Faced with surging input prices, manufacturers raised their own prices by a survey-record degree for a second successive month."

Manufacturing PMI

sa, >50 = improvement since previous month



Overview

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. The PMI eased slightly to 59.1 in April, from 59.4 in March, broadly in line with the trend for 2022 so far (59.0) but down on 2021's average reading of 59.7. The latest reading signalled another strong overall improvement in Irish manufacturing business conditions, and was among the highest in the 24-year survey history.

The slight downward movement in the headline figure reflected slower expansions in output and new orders. These impacts were almost offset by a sharper rise in employment, coupled with a slightly stronger increase in input stocks and greater supplier delays (longer suppliers' delivery times boost the PMI).

New order growth eased slightly in April and remained down on last July's record expansion, but was still strong in the context of historical survey data. Some firms mentioned that uncertainty and high prices had weighed slightly on demand. New export orders increased at the slowest rate in 2022 so far.

Output rose for the fourteenth successive month in April. The rate of growth eased since March but remained much stronger than the long-run survey average. In line with the trend for the first three months of 2022, production rose more slowly than incoming business, resulting in another strong increase in backlogs and a further drop in stocks of finished goods. Backlogs rose at the slowest rate in four months,

however, while the rate of destocking eased to a five-month low.

Output expectations remained positive in April but eased further. Having slumped heavily in March due to the Russian invasion of Ukraine, sentiment dipped again to a 16-month low. Anecdotal evidence revealed much uncertainty surrounding inflation, labour shortages and the situation in Ukraine.

There was a notable boost to manufacturing employment in April. The rate of job creation accelerated to a ten-month high and was the fifth-strongest since the survey began in 1998. Anecdotal evidence linked recruitment to current workloads and future projects.

Manufacturers increased purchasing activity in April to support workloads and build buffer stocks in light of ongoing supply shortages. The rate of growth was strong overall, but the slowest in the current 14-month sequence of expansion. That said, stocked inputs continued to grow, rising for a record thirteenth successive month.

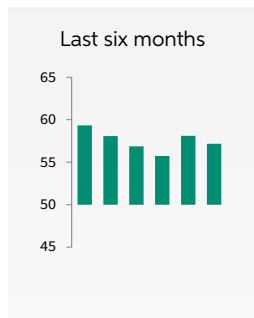
Suppliers' delivery times continued to lengthen in April, linked to raw material and labour shortages, ongoing COVID-19 related transport problems and the war in Ukraine. The degree to which times increased remained historically marked, but was the second-lowest since the start of 2021.

Widespread shortages of production inputs, coupled with rising energy and fuel prices, led to more upward pressure on firms' costs in April. Input price inflation eased from March's peak but was still the third-fastest on record. This led to the strongest rate of output price inflation since the series began in 2002.





Output Index



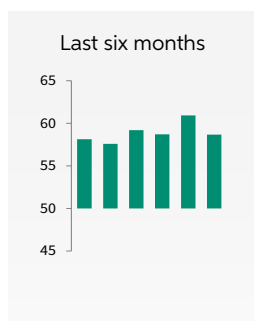
Irish manufacturers continued to increase their output in April, extending the current growth sequence to 14 months. The rate of expansion eased since March and was below the trend over the current growth phase, but still strong in the context of the survey history. Growth in production was linked to demand, although there were comments that supply and staff shortages had constrained growth, as well as high prices.

Output Index

sa, >50 = growth since previous month



New Orders Index



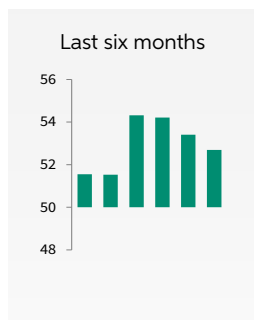
New order volumes rose for the fourteenth successive month in April. The rate of expansion eased since March, but remained strong overall and well above the long-run average. Firms generally reported positive demand, although there were mentions of uncertainty and price increases weighing on demand.

New Orders Index

sa, >50 = growth since previous month



New Export Orders Index



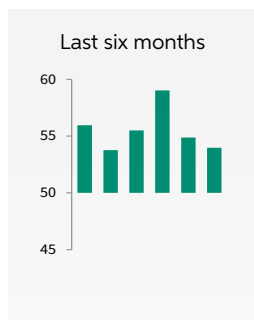
International demand for Irish manufactured goods continued to increase in April, extending the current growth sequence that began in March 2021. The rate of growth slowed to the weakest in 2022 so far, but remained above the long-run survey average. Firms reported inflows of orders from the Asian, US and European markets. Fuel costs, the war in Ukraine, a slowdown in the autos sector and Brexit-related issues were reported to have weighed on export demand.

New Export Orders Index

sa, >50 = growth since previous month



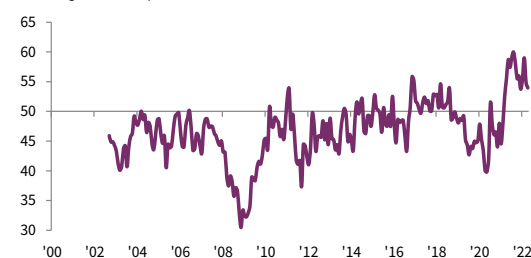
Backlogs of Work Index



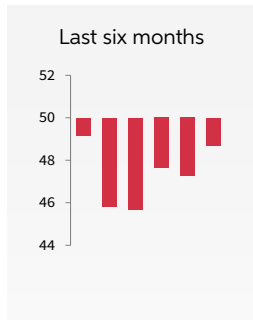
April survey data signalled another build-up of incomplete work at manufacturers in Ireland. Backlogs rose for the fourteenth consecutive month, and the rate of growth remained strong despite easing to a four-month low. Delays completing orders were linked to supply shortages and lockdowns in China.

Backlogs of Work Index

sa, >50 = growth since previous month



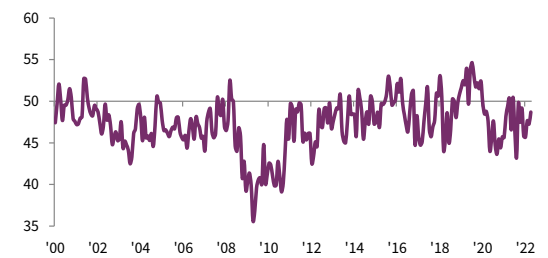
Stocks of Finished Goods Index



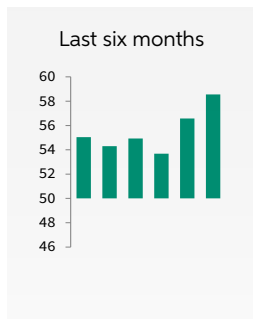
Irish goods producers continued to reduce their stocks of finished products in April, extending the current phase of reduction to ten months. Firms sold from stock to meet demand, partly reflecting the delayed supply of inputs for new goods. That said, the rate of destocking was the slowest in five months and only modest overall.

Stocks of Finished Goods Index

sa, >50 = growth since previous month



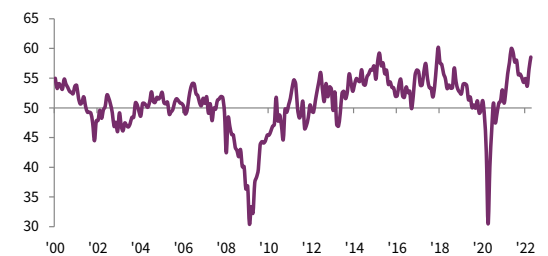
Employment Index



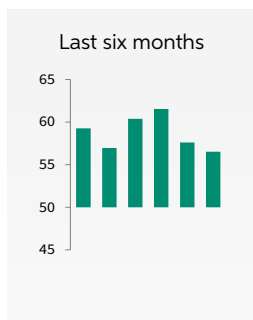
The rate of job creation among Irish manufacturers continued to accelerate in April, following February's 12-month low. Workforces expanded at the strongest rate since last June, and the fifth-fastest since the survey began in 1998. Recruitment was linked to the need to secure staff for future projects and to meet current workloads. The current sequence of job creation now stretches to 19 months.

Employment Index

sa, >50 = growth since previous month



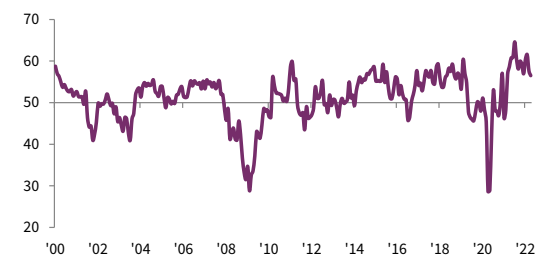
Quantity of Purchases Index



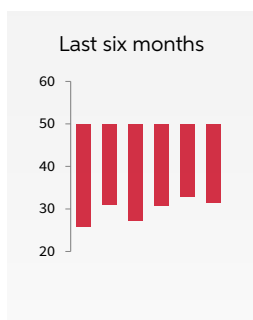
Purchasing activity expanded for the fourteenth successive month in April, in line with the sequences for output and new orders. The rate of growth eased further from February's marked pace – which was the fourth-fastest on record – but remained strong overall. Purchasing was linked to rising workloads and efforts to build stocks to guard against supply shortages.

Quantity of Purchases Index

sa, >50 = growth since previous month



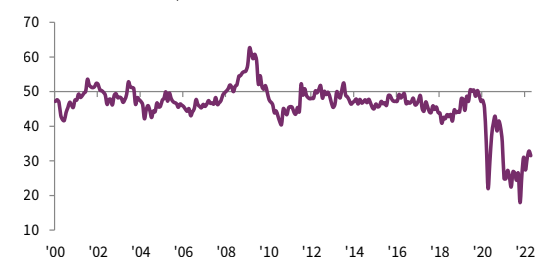
Suppliers' Delivery Times Index



Supplier performance continued to worsen in April, extending the current sequence of lengthening lead times in the Irish manufacturing sector to two-and-a-half years. Delays were linked to raw material and labour shortages, ongoing COVID-19 related transport problems and the war in Ukraine. The extent of delays remained severe in the context of the survey history, but was the second-lowest since the start of 2021.

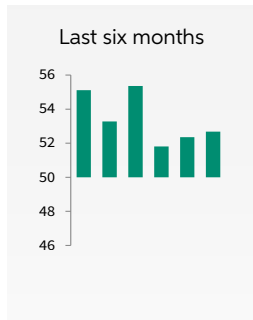
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



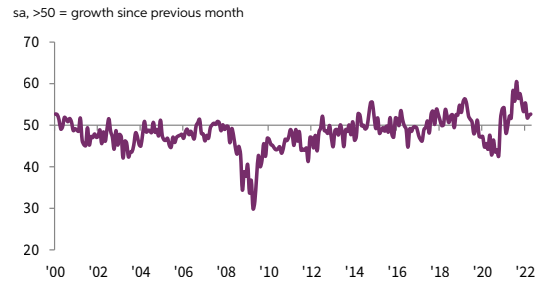


Stocks of Purchases Index

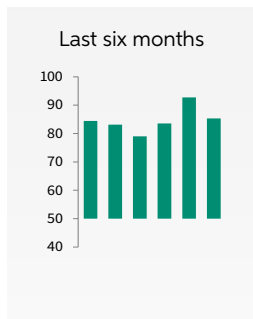


Manufacturers in Ireland continued to build up their stocks of raw materials and components in April due to the ongoing threat of shortages and price increases. Input stocks have risen for the past 13 months, the longest sequence in the 24-year survey history. The rate of expansion picked up to a three-month high, but remained weaker than the average for 2021.

Stocks of Purchases Index

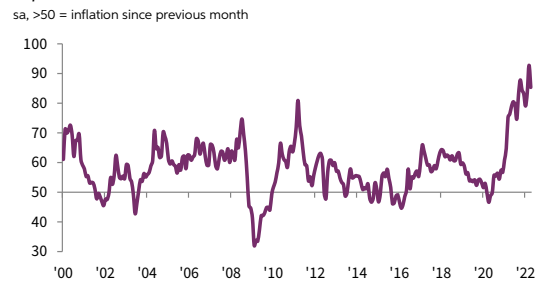


Input Prices Index



Inflation of manufacturers' input costs remained severe in April, despite easing over the month. The seasonally adjusted Input Prices Index fell from March's record high, but was nonetheless the third-highest in the survey history, with around 80% of firms reporting higher average input prices than one month previously. Input prices have risen every month since July 2020. Raw material, energy and fuel prices were all widely reported up in price, and the war in Ukraine was also widely mentioned as driving inflationary pressures.

Input Prices Index

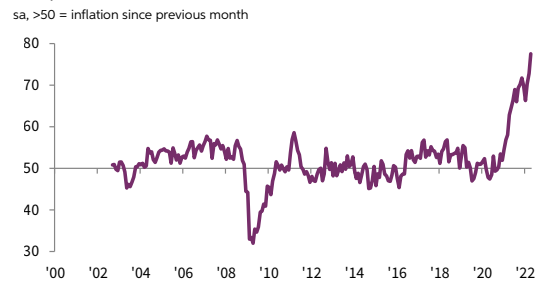


Output Prices Index



Irish goods producers passed on their increased costs to customers by hiking their output prices in April. The rate of charge inflation accelerated for the third month running to the strongest since the series began in 2002. Moreover, the month-on-month increase in the seasonally adjusted Output Prices Index was the fourth-largest on record. Output prices have risen every month since October 2020.

Output Prices Index



Future Output Index



Output expectations remained positive in April, as signalled by the Future Output Index registering comfortably above the no-change mark of 50.0. That said, the Index eased further to signal the weakest confidence since December 2020. While firms widely reported positive customer forecasts, there was much uncertainty surrounding inflation, labour shortages and the situation in Ukraine.

Future Output Index





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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.

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.

Data were collected 11-22 April 2022.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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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.

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.

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