



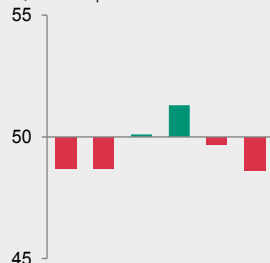
# AIB Ireland Manufacturing PMI®

## Irish manufacturing sector conditions weaken amid reports of muted customer demand

# 48.6

IRELAND  
MANUFACTURING PMI  
APR '23

Manufacturing PMI  
Nov '22 - Apr '23  
sa, >50 = improvement



The downturn across Ireland’s manufacturing sector deepened at the start of the second quarter of the year amid a sharper contraction in factory production and a sustained decline in new orders. Weak demand conditions across the sector did, however, help to further restore some stability to supply chains, with delivery delays shortening to the greatest extent since August 2009. Inflationary pressures similarly eased with April data indicative of the first fall in average operating expenses since June 2020 and the softest increase in selling prices in 28 months.

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

*“The AIB Irish Manufacturing PMI for April showed a further weakening of activity in the sector, with the headline index falling to 48.6 from 49.7 in March and 51.3 in February. Thus, the sector continues to struggle as has been the case since last summer. However, this is in line with the trend in most other economies. The flash April manufacturing PMIs for the Eurozone and UK fell further to a weak 45.5 and 46.6, respectively, though the US index picked up to 50.4. Overall, the indices point to ongoing subdued manufacturing activity globally.*

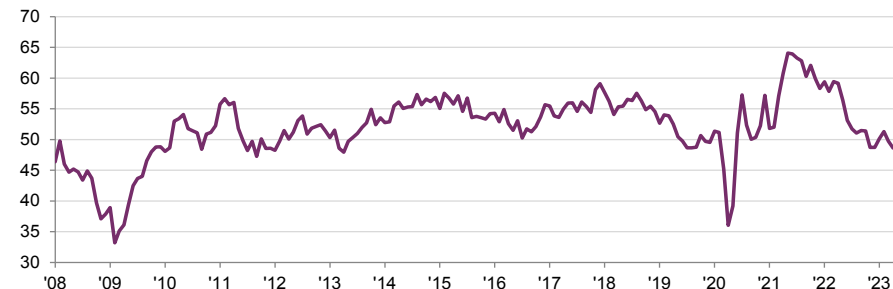
*“Irish manufacturing remained weighed down in April by ongoing weakness in orders and production, reflecting subdued demand conditions, including in overseas markets. With order books declining, spare capacity rose further as backlogs of work maintained their steep decline, while stocks of finished goods*

*increased. Firms continued to scale back the purchases of inputs at a marked pace, resulting in the first decline in the stock of inputs in two years.*

*“On a positive note, employment increased for a fifth consecutive month, albeit at a modest pace. There was also a further shortening in supplier delivery times, with the easing of pressures on supply chains being aided by the general weakness of demand. Irish manufacturers remain optimistic about the future, but there was a significant drop in the level of confidence from March.*

*“Meanwhile, there was a further notable easing of inflationary pressures in the manufacturing sector. Indeed, input prices fell for the first time since June 2020 amid moderating raw material prices. Output prices continued to rise, but at their slowest pace in 28 months.”*

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



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## Overview

Output falls at the fastest pace in five months

First drop in input prices since June 2020

Greatest improvement in vendor performance since August 2009

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.

Posting at 48.6, down from 49.7 in March, the April PMI reading pointed to second consecutive monthly deterioration in the health of Ireland's manufacturing sector. Albeit only marginal, when excluding the initial pandemic period, the latest contraction was the joint-strongest since in a decade.

The Irish manufacturing sector was again weighed down by cutbacks to production. April data signalled the fifth decline in output in six months with the latest reduction the most pronounced since last November. According to panel members, the scaling back in production was primarily a reflection of still weak demand conditions. However, in some cases there were mentions of material shortages.

Nevertheless, there was further improvement in the broader supply-side trends at the start of the second quarter of the year. Average lead times shortened to the greatest extent since August 2009.

Improved supplier performance was in part a reflection of the aforementioned muted demand. In fact, new order intakes across the Irish manufacturing sector contracted for the tenth time in the past 11 months. Trends were similarly weak with regards to foreign client demand, as signalled by an eleventh successive monthly reduction in international orders.

To match the downwards trends in production and demand, firms cut back their purchasing activity for the eighth month in a row in April. Notably, the drop

in input buying was marked and, when excluding the initial pandemic period, the strongest since September 2011. As such, pre-production inventory levels fell for the first time in just over two years.

The general lack of demand across Ireland's good producing sector resulted in excess capacity at firms, which enabled companies to focus on working through outstanding orders. Lower than expected sales also led to greater post-production inventories. Backlogs of work decreased for a twelfth consecutive month and at a marked pace, while companies registered fresh growth in stocks of finished goods.

Trends were more positive on the pricing front with April survey data pointing to the first decrease in input prices since June 2020. Moderations in raw material prices were reportedly a pivotal factor driving the renewed drop in operating expenses. Meanwhile, Irish manufacturing firms increased their selling prices again as they continued to pass on previous cost increases to their clients. The rate at which charged prices increased, however, was the softest in 28 months.

Looking to the coming 12 months, firms across the Irish goods-producing sector remained upbeat in their projections for output. Optimism largely stemmed from hopes for an eventual upturn in demand, with plans for new product development and production improvements also contributing to positive sentiment. That said, there was a notable drop in confidence from March amid concerns surrounding worsening economic conditions.

Finally, with firms anticipating demand to improve in the near future, the level of employment across the Irish manufacturing sector increased for a fifth month in a row.

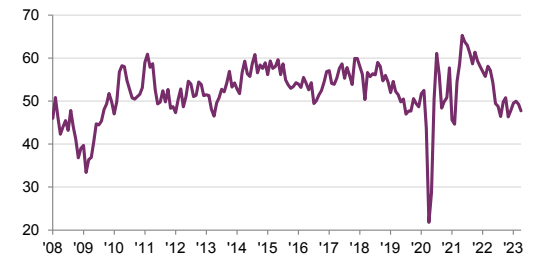
## Output and demand

### Output

There was a back-to-back decrease in production volumes across the Irish manufacturing sector at the start of the second quarter of the year. Moreover, having quickened from March, the rate of contraction was the most pronounced since last November. Muted demand and, in some cases, material shortages were mentioned by survey respondents as reasons for lower production.

### Output Index

sa, >50 = growth since previous month

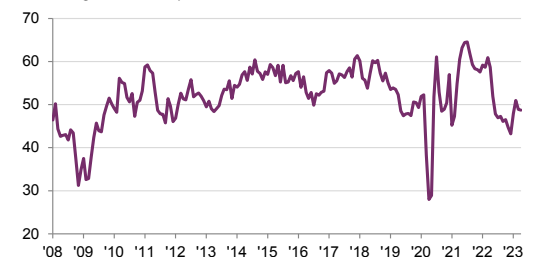


### New orders

The seasonally adjusted New Orders Index posted below the 50.0 no-change threshold in April, to signal a second successive monthly reduction in new order intakes across the Irish goods-producing sector. The rate of decline, however, was little-changed from that recorded in March and subsequently, only marginal overall. Panel members often linked the drop in factory orders to general demand weakness.

### New Orders Index

sa, >50 = growth since previous month

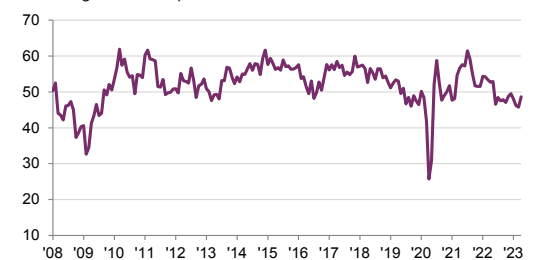


### New export orders

Irish manufacturing companies registered a further decline in new export orders in April, taking the current sequence of reduction to 11 months. Firms reportedly struggled to secure international orders in the face of current sluggish global demand conditions. Others commented on the loss of major clients, particularly in Asia. That said, the latest downturn was notably softer than March's 34-month record and only marginal overall.

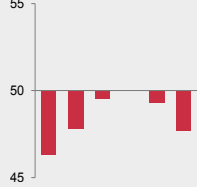
### New Export Orders Index

sa, >50 = growth since previous month



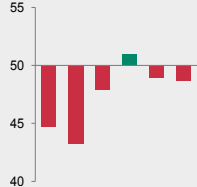
### Output Index

Nov '22 - Apr '23  
sa, >50 = growth



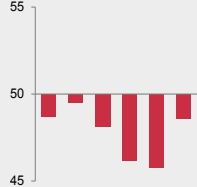
### New Orders Index

Nov '22 - Apr '23  
sa, >50 = growth



### New Export Orders Index

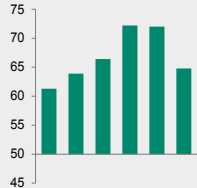
Nov '22 - Apr '23  
sa, >50 = growth



## Business expectations

### Future Output Index

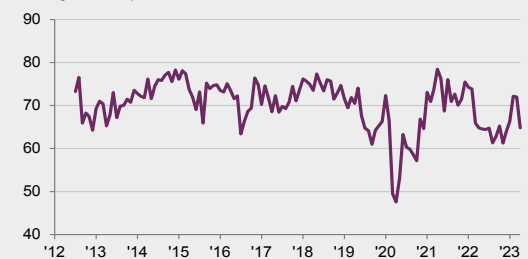
Nov '22 - Apr '23  
>50 = growth expected



The Future Output Index remained above the neutral 50.0 threshold in April to signal a general sense of optimism among Irish manufacturing companies. Productivity improvements, new product development and hopes for an upturn in market demand were all cited as reasons for positive growth projections. The degree of confidence, however, dropped notably from that registered in March and was the weakest since last December amid concerns regarding uncertain future demand conditions.

### Future Output Index

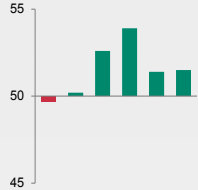
>50 = growth expected over next 12 months



# Employment and capacity

## Employment Index

Nov '22 - Apr '23  
sa, >50 = growth

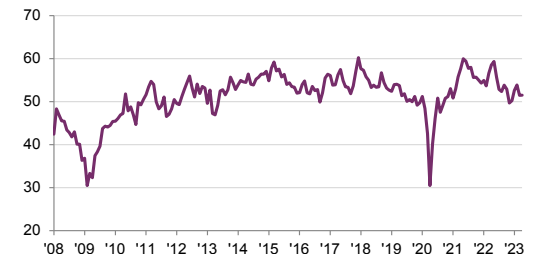


## Employment

Factory employment levels across Ireland rose for the fifth month in a row during April. Anecdotal evidence suggested that firms were adding to their workforces in anticipation for higher workloads in the near future. The rate of job creation, however, remained broadly in line with that registered in March and was only marginal overall.

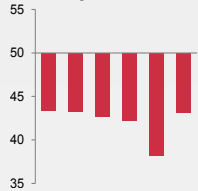
## Employment Index

sa, >50 = growth since previous month



## Backlogs of Work Index

Nov '22 - Apr '23  
sa, >50 = growth

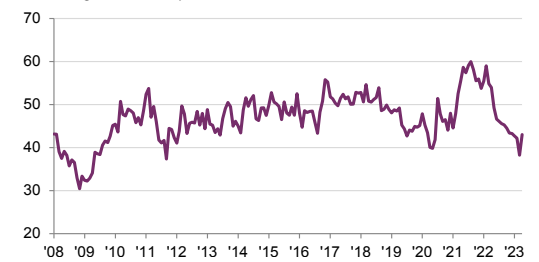


## Backlogs of work

Spare production capacity across the Irish manufacturing sector remained evident during April, as signalled by another sub-50.0 reading in the seasonally adjusted Backlogs of Work Index. The reduction in the level of outstanding work was again sharp, but softer than March's 11-and-a-half year record. Where a drop in backlogs was registered, this was often due to a lack of incoming orders.

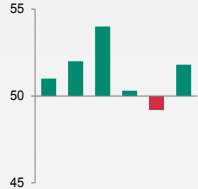
## Backlogs of Work Index

sa, >50 = growth since previous month



## Stocks of Finished Goods Index

Nov '22 - Apr '23  
sa, >50 = growth

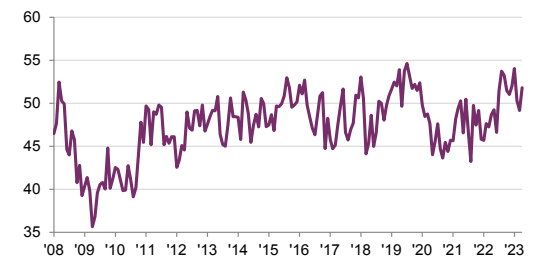


## Stocks of finished goods

April data saw the seasonally adjusted Stocks of Finished Goods Index move back above the neutral 50.0 threshold to signal a fresh expansion in post-production inventory levels. According to anecdotal evidence, subdued demand allowed some companies to focus efforts on rebuilding their current holdings of finished items.

## Stocks of Finished Goods Index

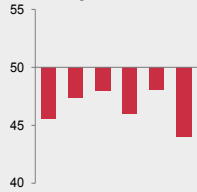
sa, >50 = growth since previous month



# Purchasing

## Quantity of Purchases Index

Nov '22 - Apr '23  
sa, >50 = growth

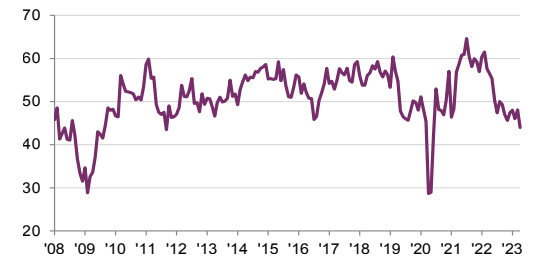


## Quantity of purchases

Irish goods producers recorded a marked reduction in purchasing activity at the start of the second quarter of the year. When excluding the initial pandemic period, the decrease was the most pronounced since September 2011. Weak demand, lower production and efforts to downwardly adjust stock were mentioned by firms as reasons for trimming buying activity.

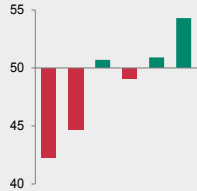
## Quantity of Purchases Index

sa, >50 = growth since previous month



## Suppliers' Delivery Times Index

Nov '22 - Apr '23  
sa, >50 = faster times

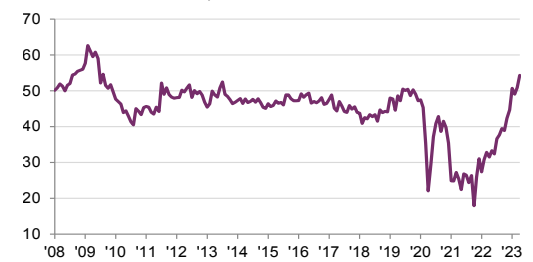


## Suppliers' delivery times

April data was indicative of a further shortening in supplier delivery times faced by firms across the Irish goods-producing sector. In fact, the improvement in vendor performance was the greatest seen since August 2009. Anecdotal evidence suggested that recent weak demand trends eased pressures previously hampering supply chains.

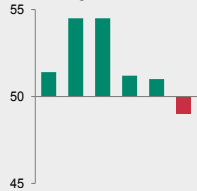
## Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



## Stocks of Purchases Index

Nov '22 - Apr '23  
sa, >50 = growth

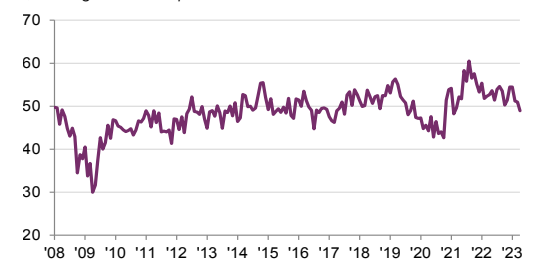


## Stocks of purchases

The seasonally adjusted Stocks of Purchases Index posted below the neutral 50.0 threshold during April to signal a fresh contraction in pre-production inventory levels. Albeit only marginal, the latest downturn ended the prior two-year sequence of monthly stock increases. Panel members often cited efforts to realign inventories with lower new orders inflows.

## Stocks of Purchases Index

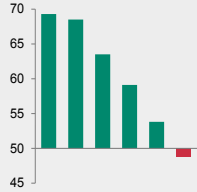
sa, >50 = growth since previous month



## Prices

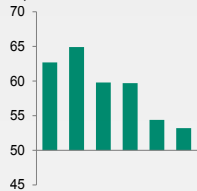
### Input Prices Index

Nov '22 - Apr '23  
sa, >50 = inflation



### Output Prices Index

Nov '22 - Apr '23  
sa, >50 = inflation



### Input prices

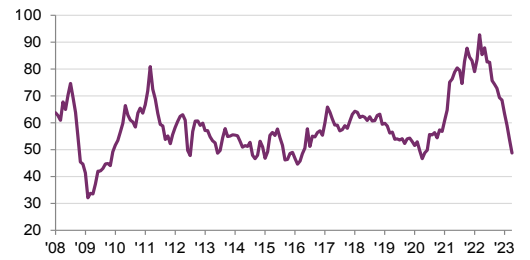
For the first time since June 2020, average operating expenses paid by Irish manufacturing firms decreased in April. Moreover, while only marginal, the reduction was the sharpest in close to three years and was in stark contrast to the average for this period as a whole which signals marked inflation. Reportedly, moderations in raw material prices helped to alleviate price pressures during the month.

### Output prices

With companies reportedly continuing to pass on previous cost increases to their customers, Irish manufacturing firms raised their charged prices again during April. That said, the rate of selling price inflation maintained its recent downwards trajectory and eased to a 28-month low.

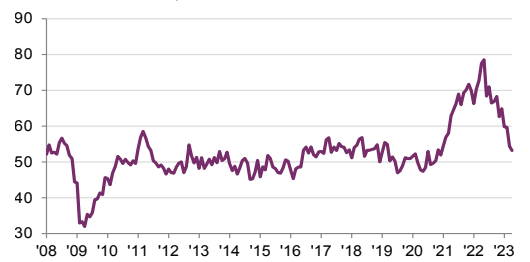
### Input Prices Index

sa, >50 = inflation since previous month



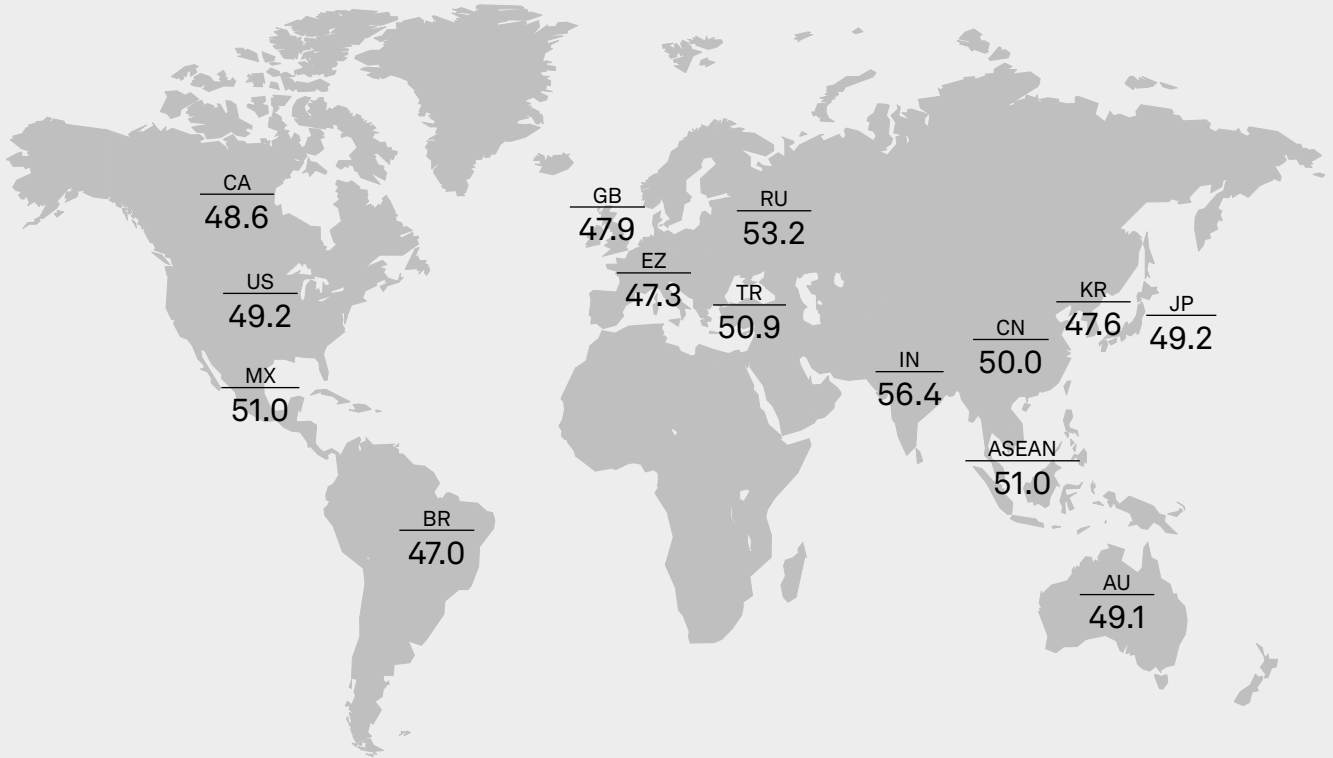
### Output Prices Index

sa, >50 = inflation since previous month

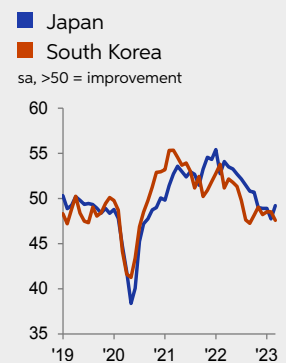
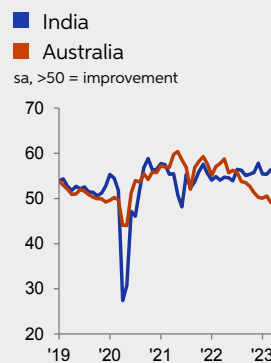
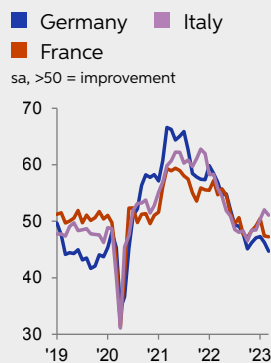
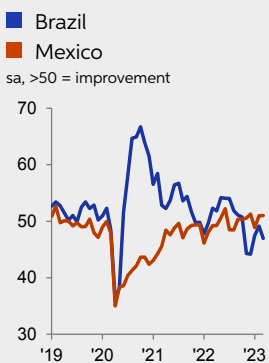
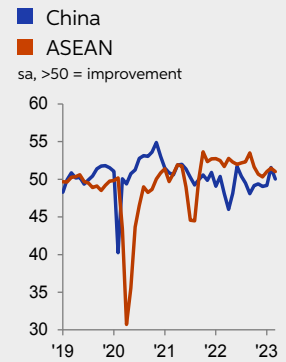
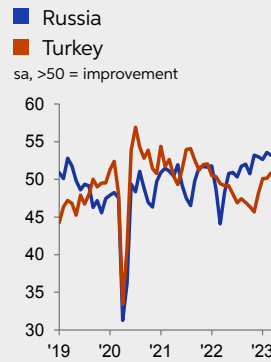
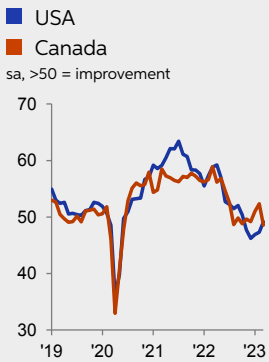


# International PMI

Manufacturing PMI, Mar '23  
 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## Survey dates

Data were collected 12-21 April 2023.

### Survey questions

Manufacturing sector

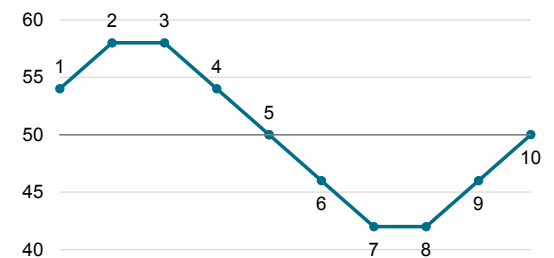
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

### Index calculation

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

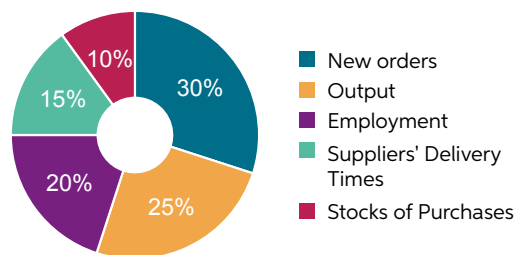
### Index interpretation

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		



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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.

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### 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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)

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