

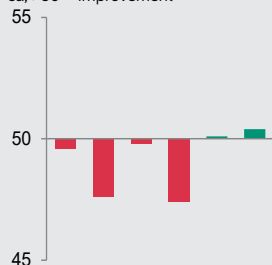
# AIB Ireland Manufacturing PMI®

## Marginal output growth maintained in August

# 50.4

IRELAND  
MANUFACTURING PMI  
AUG '24

Manufacturing PMI  
Mar - Aug '24  
sa, >50 = improvement



The headline AIB Ireland Manufacturing PMI® edged up to its highest level since February and signalled a marginal overall improvement in business conditions. An upturn in manufacturing sector performance mostly reflected sustained production growth and a faster rise in employment numbers. Survey respondents often commented on efforts to boost capacity in line with long-term business expansion plans. However, demand conditions were still relatively subdued, as signalled by a reduction in new order intakes for the sixth consecutive month.

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

*“The August AIB Irish Manufacturing PMI shows a further modest upturn in activity in the sector, with the headline index rising to 50.4 in August from 50.1 in July. The improvement in the Irish manufacturing sector was driven by a rise in output and accelerating jobs growth, but a continued contraction in new orders points to still subdued client demand. The Irish manufacturing PMI remains above the flash July readings for the Eurozone and US at 45.6 and 48.0, respectively, but below the UK at 52.5.*

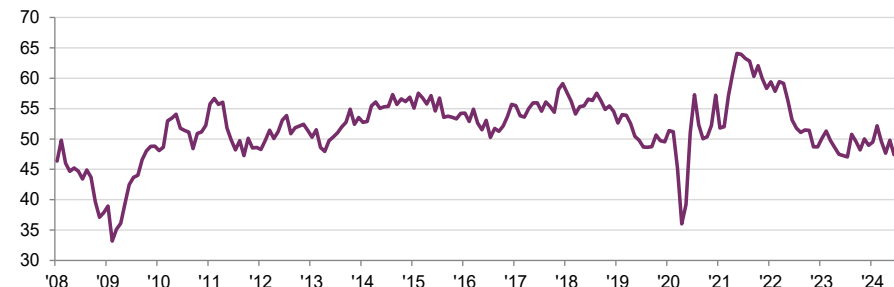
*“Output rose in August for a second consecutive month, but the rate of growth remained below the historic average. Client demand remained weak, reflected in a further fall in new orders, with the rate of contraction accelerating compared to July. Firms linked this drop in orders to the current economic climate. This was also seen in new export orders falling for the seventh successive month, with rising demand from the UK the only reported source of growth in August. However, purchases of inputs did rise on the month*

*for the first time since March, and delivery times were slightly improved.*

*“Hiring picked up sharply in August to the fastest pace in 12 months. Some firms linked hiring to forthcoming project starts, but others noted subdued client demand had limited new hiring, evident from the weakness in new orders. Irish manufacturers maintained an overall positive outlook regarding activity over the coming 12 months, but sentiment was softer than the previous month.*

*“Price pressures remained a feature of the survey in August. Input price inflation remained close to the 17-month high reached in July, reflecting higher raw material costs. Output price inflation also rose, as firms continued to pass on higher input costs to customers.”*

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



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## Overview

Production volumes rise for second month running

Modest decline in new work

Job creation hits 12-month high

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.

At 50.4 in August, up from 50.1 in July, the headline PMI was the highest for six months and indicative of a marginal improvement in business conditions. The latest index reading was nonetheless below the long-run series average (52.0), with weaker order books the main drag on performance.

August data pointed to another marginal increase in production volumes across the manufacturing sector and the rate of expansion edged up to its strongest since February. Rising output was supported by a fourth consecutive monthly upturn in staff numbers. Moreover, the pace of job creation accelerated to its fastest since August 2023. Goods producers mostly noted forthcoming project starts and efforts to expand business capacity, alongside the need to reduce backlogs.

Volumes of unfinished work decreased for the twenty-eighth month in a row during August, although the pace of contraction eased since July. Fewer backlogs of work partly reflected improving supply conditions. Manufacturers indicated that vendors' lead times shortened for the third time in the past four months, albeit only marginally. Some firms suggested that transport delays with items sourced from the UK had weighed on supplier performance.

Demand for manufacturing inputs increased slightly in August, thereby ending a four-month period of contraction. This contributed to a rise in stocks of purchases for the first

time since September 2023. However, manufacturers mostly commented on efforts to tighten their working capital management, which resulted in a sustained reduction in post-production inventories during August. Lower stocks of finished goods have been recorded in each month since October 2023.

Despite rising output volumes and input buying, latest data continued to indicate subdued demand conditions. Total new work decreased for the sixth month in a row and at a faster pace than in July. Goods producers suggested that customer destocking and concerns about the economic outlook had been factors contributing to lower new orders. Export sales also softened in August, but the rate of contraction was the slowest since February. Some firms commented on a turnaround in demand from clients in the UK.

Weaker manufacturing order books contributed to a moderation in business activity expectations for the year ahead. Around 37% of survey respondents predict a rise in production during the next 12 months, compared to 11% that anticipate a fall. This signalled the least upbeat degree of business optimism since March.

Finally, the latest survey highlighted another robust rise in average cost burdens across the manufacturing sector. The overall rate of input price inflation eased only slightly from the 17-month high seen in July. Greater input costs were often linked to rising raw material prices. Subsequent efforts to pass on higher operating expenses to clients resulted in another increase in factory gate prices. Although only modest, the rate of output charge inflation accelerated to its second-fastest since April 2023.

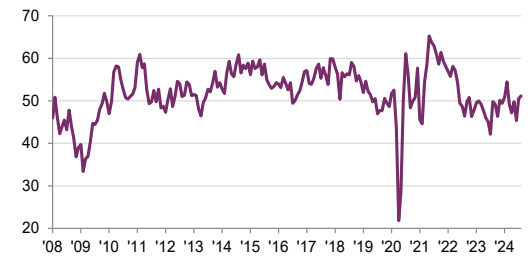
# Output and demand

## Output

August data signalled a sustained upturn in production volumes across the manufacturing sector. The seasonally adjusted Output Index posted above the neutral 50.0 threshold for the second month running and reached its highest level since February. That said, the rate of output growth was only marginal and remained softer than the long-run survey average.

## Output Index

sa, >50 = growth since previous month

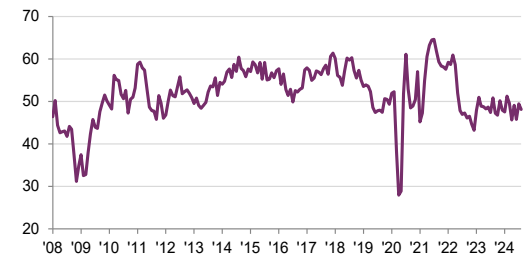


## New orders

Manufacturers recorded a modest decline in total new work during August, thereby extending the current period of contraction to six months. Survey respondents mostly commented on subdued demand and lacklustre economic conditions, while some also noted a headwind from customer destocking.

## New Orders Index

sa, >50 = growth since previous month

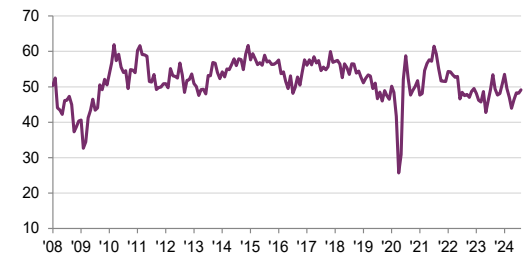


## New export orders

The seasonally adjusted New Export Orders Index reached a six-month high in August, but still signalled a marginal overall reduction in new work from abroad. Where growth was reported, a number of manufacturers cited rising demand from clients operating in the UK.

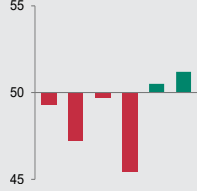
## New Export Orders Index

sa, >50 = growth since previous month



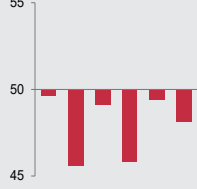
## Output Index

Mar - Aug '24  
sa, >50 = growth



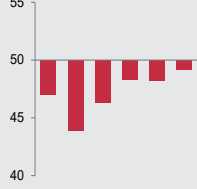
## New Orders Index

Mar - Aug '24  
sa, >50 = growth



## New Export Orders Index

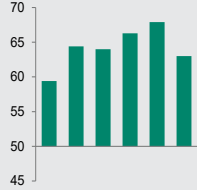
Mar - Aug '24  
sa, >50 = growth



# Business expectations

## Future Output Index

Mar - Aug '24  
>50 = growth expected

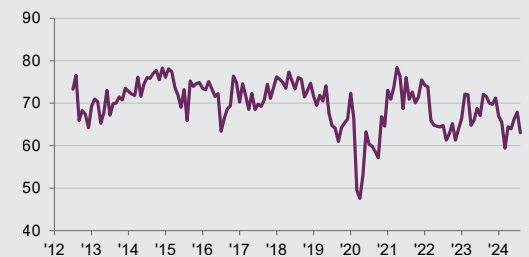


Around 37% of the survey panel predict an increase in business activity over the next 12 months, while only 11% forecast a decline. The resulting Future Output Index was comfortably above the 50.0 no-change mark and signalled a strong degree of positive sentiment. That said, the latest reading was much softer than the previous month and the lowest seen since March.

Manufacturers often suggested that concerns about the broader economic outlook had weighed on business optimism in August.

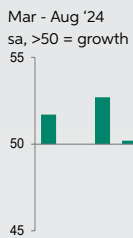
## Future Output Index

>50 = growth expected over next 12 months



# Employment and capacity

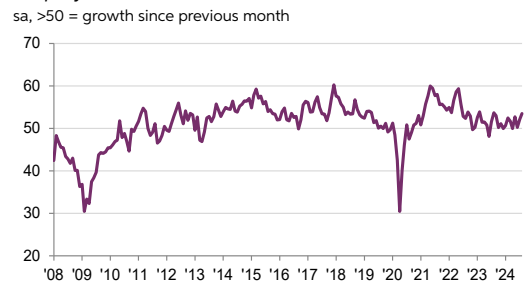
## Employment Index



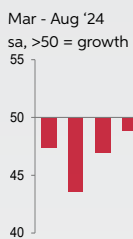
## Employment

Staff hiring remained a bright spot in August, as signalled by another solid upturn in employment numbers across the manufacturing sector. Moreover, the rate of job creation accelerated to its fastest for 12 months. Higher levels of employment were attributed to forthcoming project starts and efforts to boost business capacity. However, there were some reports that subdued demand continued to act as a brake on recruitment plans.

## Employment Index



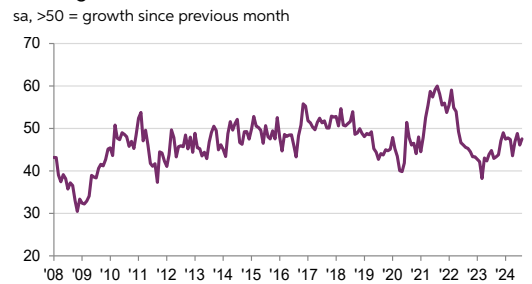
## Backlogs of Work Index



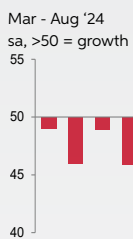
## Backlogs of work

August data signalled another solid decline in backlogs of work, although the rate of contraction eased since the previous month. The seasonally adjusted index has registered below the 50.0 no-change threshold for 28 consecutive months, thereby signalling a sustained reduction in unfinished work across the manufacturing sector. The latest fall was often linked to improved production capacity.

## Backlogs of Work Index



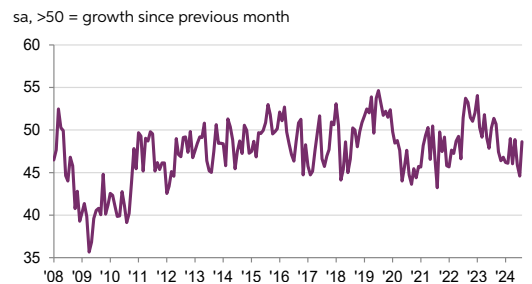
## Stocks of Finished Goods Index



## Stocks of finished goods

Post-production inventories decreased in August, which continued the downward trend seen since October 2023. Goods producers noted ongoing efforts to reduce stocks and improve working capital efficiency. The latest reduction in stocks of finished goods was nonetheless the slowest since May.

## Stocks of Finished Goods Index



# Purchasing

## Quantity of purchases

The seasonally adjusted Quantity of Purchases Index signalled a renewed expansion of input buying among manufacturing firms in August, thereby ending a four-month period of decline. The latest reading pointed to a marginal overall increase in purchasing activity, which was mostly attributed to forthcoming projects starts.

## Suppliers' delivery times

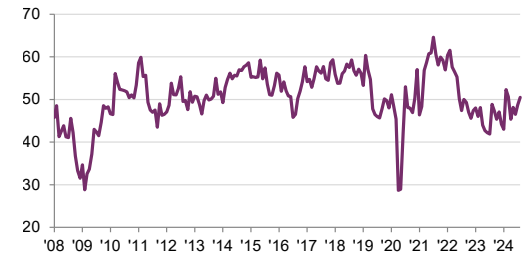
Average lead times among vendors shortened slightly in August. The seasonally adjusted index has now signalled improving supplier performance in three of the past four months. Survey respondents commented on fewer supply chain backlogs, but some noted customs delays with the delivery of items sourced from the UK.

## Stocks of purchases

August data highlighted a slight rise in pre-production inventories. This contrasted with falling stocks of purchases in each of the prior ten months. Manufacturers reporting an increase in their warehouse inventories typically cited planned output growth. Some firms nonetheless indicated sustained efforts to tighten their working capital management and therefore sought to streamline stocks of purchases where possible.

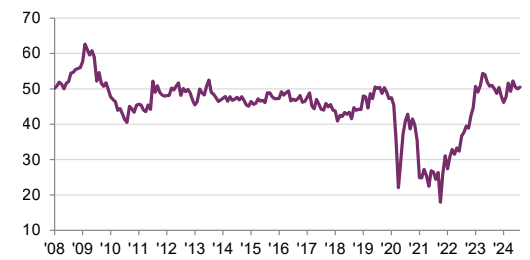
Quantity of Purchases Index

sa, >50 = growth since previous month



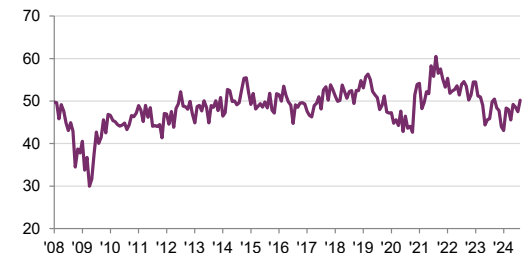
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



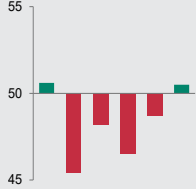
Stocks of Purchases Index

sa, >50 = growth since previous month



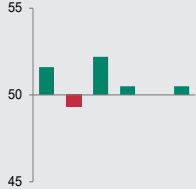
Quantity of Purchases Index

Mar - Aug '24  
sa, >50 = growth



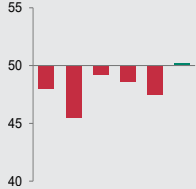
Suppliers' Delivery Times Index

Mar - Aug '24  
sa, >50 = faster times



Stocks of Purchases Index

Mar - Aug '24  
sa, >50 = growth



## Prices

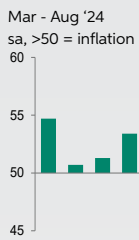
### Input prices

Average cost burdens increased at a robust pace in August, with the rate of inflation holding close to the 17-month high seen during July. Manufacturers typically noted rising raw material costs during the latest survey period.

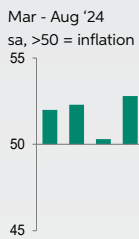
### Output prices

Higher input costs and subsequent efforts to maintain operating margins resulted in a moderate increase in factory gate charges during August. The seasonally adjusted index pointed to the second-fastest rate of inflation since April 2023.

Input Prices Index



Output Prices Index



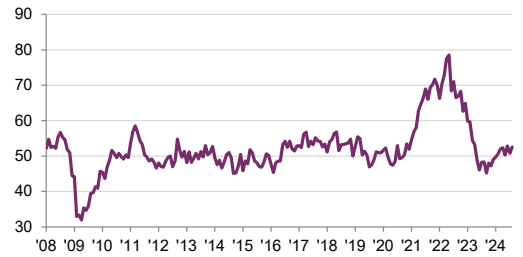
Input Prices Index

sa, >50 = inflation since previous month



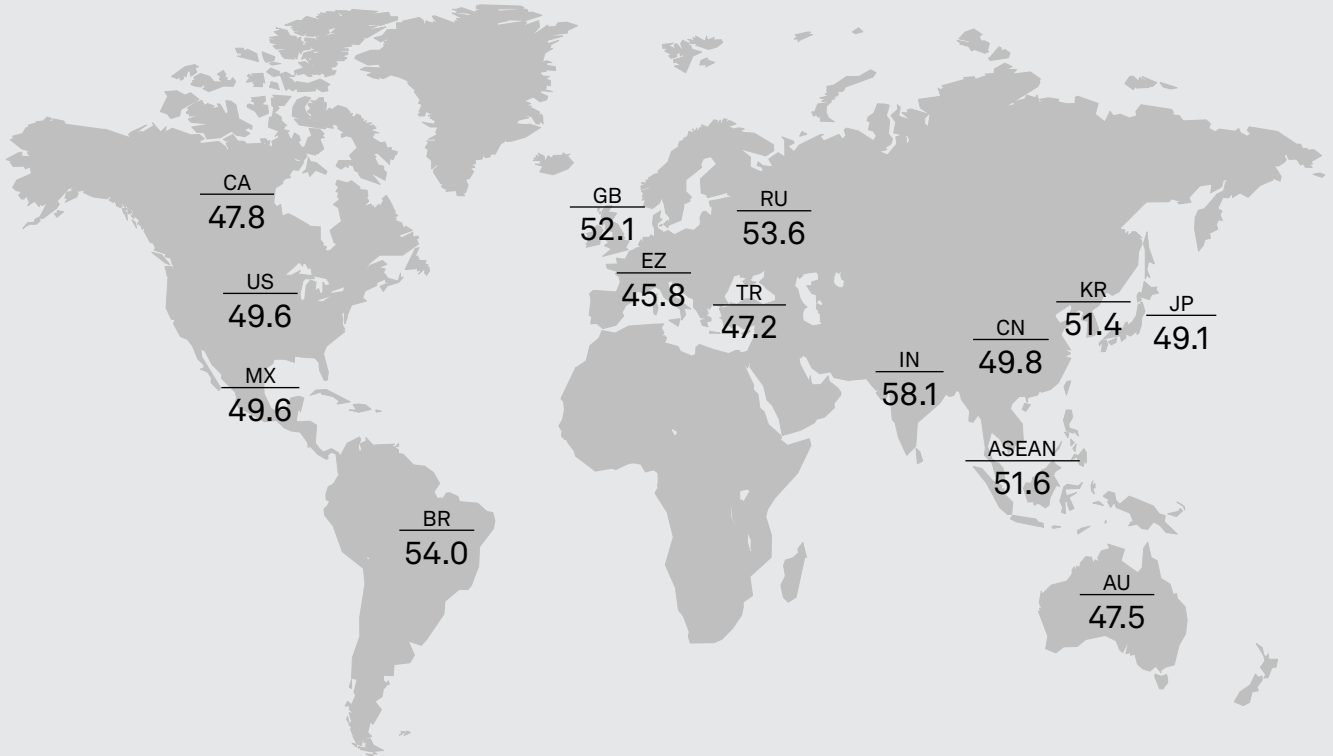
Output Prices Index

sa, >50 = inflation since previous month

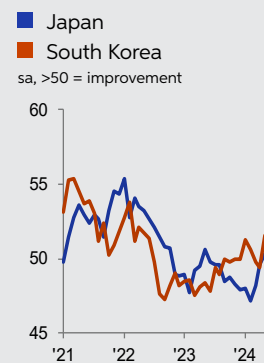
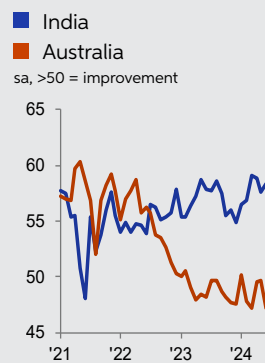
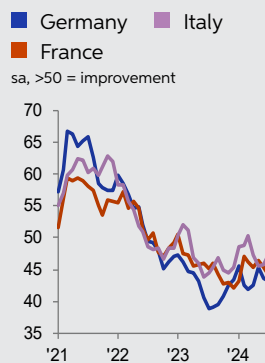
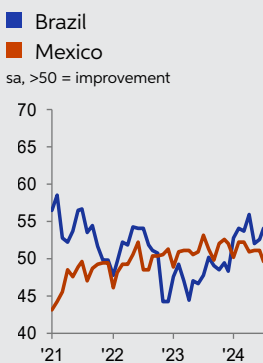
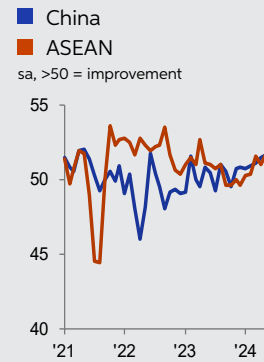
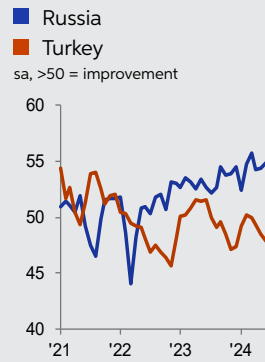
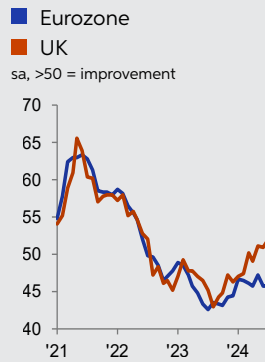
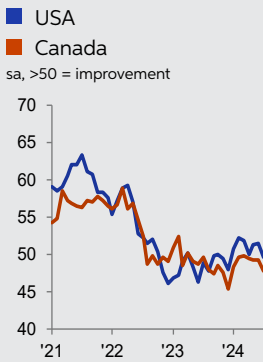


# International PMI

Manufacturing PMI, Jul '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](mailto:economics@spglobal.com).

### Survey dates

Data were collected 12-22 August 2024.

#### Survey questions

Manufacturing sector

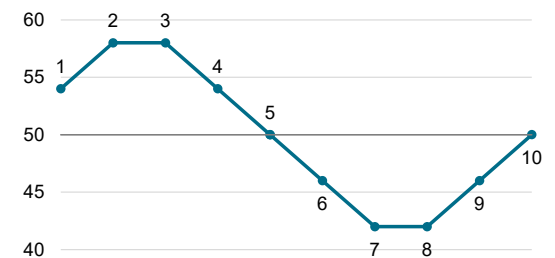
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

#### Index calculation

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

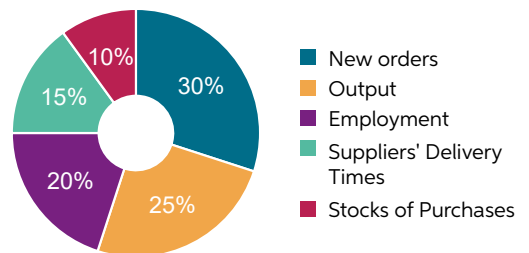
#### Index interpretation

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		



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### About AIB

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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.

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