

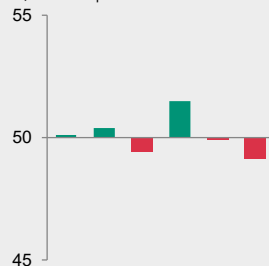
AIB Ireland Manufacturing PMI®

Sharpest decline in production volumes for six months

49.1

IRELAND
MANUFACTURING PMI
DEC '24

Manufacturing PMI
Jul - Dec '24
sa, >50 = improvement



December data pointed to subdued business conditions across the Irish manufacturing sector, with a sustained reduction in new orders contributing to the fastest decline in production volumes since June. Goods producers reported a sharp drop in input buying and a shift towards tighter inventory management in response to fewer workloads. Employment nonetheless increased for the first time in four months. This reflected a more upbeat assessment of the business outlook. Manufacturers signalled the strongest business activity expectations for the year ahead since September 2023.

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

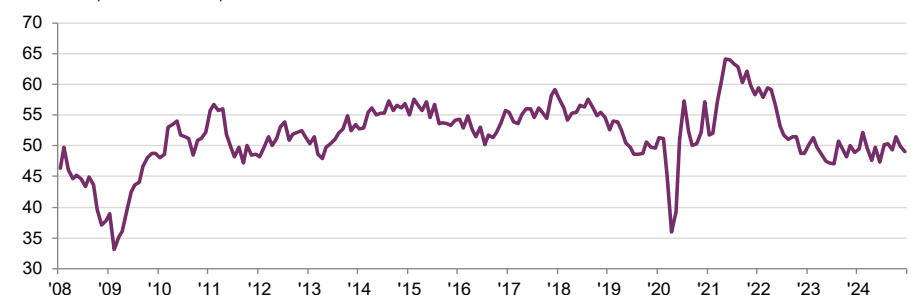
"The AIB Irish Manufacturing PMI indicated that the sector lost further momentum in December, with the headline index falling to 49.1 from 49.9 in November. This marks the second consecutive month of contraction, and means activity has fallen in eight months throughout 2024. The decline in December was due to weakness in output, new orders, and purchases. Despite the fall, the Irish manufacturing PMI remains above the flash December readings for the Eurozone, US and UK at 45.2, 47.3 and 48.3, respectively.

"Output fell sharply in December at the fastest pace since June, following a two-month period of expansion. Survey respondents cited weaker order books and sluggish demand conditions. On new orders, the trend remained weak, with declines in total orders and export orders. Exports were particularly soft, with the UK and Eurozone cited as key drivers of the decline in December. Despite the muted demand backdrop, hiring moved

back into expansionary territory for the first time in four months as firms planned for new projects and investment plans. However, despite the positive signs on employment, purchasing activity and stock building by firms continued to fall in December.

"There was some mixed news in terms of inflation for the sector. The rate of inflation for input costs was slightly higher and output cost inflation decelerated, as firms cited difficulty in passing on price increases to customers. Firms pointed to raw materials and transportation costs as key sources of inflationary pressure in December. Irish manufacturers maintained an upbeat assessment of the outlook for activity levels over the coming 12 months. Around 50% predict an increase in output over the course of 2025, while only 6% forecast a reduction, with concerns emerging in relation to US trade tariffs and wider international trade frictions."

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



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Overview

Output levels fall for the first time in three months
 Subdued export sales lead to a further decline in new work
 Optimism regarding business outlook reaches 15-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 49.1 in December, down from 49.9 in November, the seasonally adjusted AIB Ireland Manufacturing PMI® posted below the 50.0 no-change mark for the third time in the past four months. Although only indicating a marginal downturn in overall business conditions, the latest reading was the lowest since June and well below the long-run series average (52.0).

Manufacturers reported a renewed decline in output during December, with the rate of contraction the steepest since June. Survey respondents generally commented on lower production requirements due to unfavourable demand conditions. Some firms also cited efforts to streamline their post-production inventories. Latest data highlighted the fastest reduction in stocks of finished goods for five months.

Incoming new work decreased for the second month in a row during December. However, the rate of contraction was only marginal and less marked than in the previous month. Manufacturers widely suggested that subdued business and consumer spending had an adverse impact on their order books. Weak export markets were a further headwind to sales pipelines, mostly due to lacklustre economic conditions in the UK and euro area. Total new business from abroad decreased to the greatest extent since April.

Goods producers curtailed their input buying in response to lower volumes of new work in December. The latest decline in purchasing activity was the steepest for eight months. Manufacturers also reported tighter inventory management

and efforts to improve working capital efficiency. This led to the sharpest downturn in stocks of purchases since January.

Despite softer demand for manufacturing inputs, the latest survey indicated a deterioration in vendor performance for the fourth consecutive month. Longer delivery times were linked to transportation delays and a lack of spare capacity among suppliers.

Average cost burdens increased at a solid pace in December, with the rate of inflation edging up from the five-month low seen in November. Manufacturers noted higher prices paid for a range of raw materials, as well as greater transportation costs. Meanwhile, factory gate prices also increased at a solid pace in December, albeit at a slower rate than in the previous month. Some firms suggested that competitive pressures and subdued customer demand had constrained pricing power.

There were positive trends in terms of staff hiring at the end of 2024. The latest survey indicated a rise in employment for the first time in four months, although the rate of job creation was only marginal. Greater workforce numbers were attributed to long-term business investment plans, new project starts, and hopes of a broader turnaround in customer demand.

December data pointed to strong optimism regarding the outlook for business activity over the next 12 months. Around 50% of the survey panel anticipate a rise in production volumes, while only 6% foresee a decline. This signalled the highest degree of positive sentiment since September 2023. Confidence was linked to new product launches, expectations of a rebound in business conditions and expansion in overseas markets, despite some concerns about looming US tariffs and global trade tensions in 2025.

Output and demand

Output

Manufacturers signalled a renewed downturn in production volumes during December, thereby ending a two-month period of expansion. Moreover, the seasonally adjusted Output Index pointed to the fastest pace of decline since June. Survey respondents mostly commented on weaker order books and sluggish demand conditions.

New orders

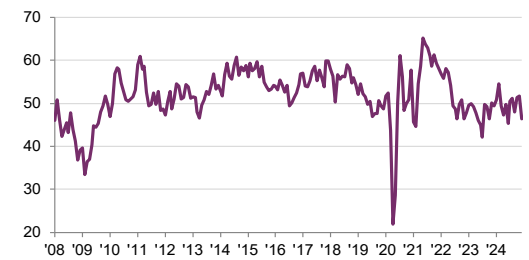
The seasonally adjusted New Orders Index remained below the 50.0 no-change value in December. However, the latest reading signalled only a marginal reduction in new work and the rate of decline eased since November. Lower levels of incoming new business were attributed to a lack of willingness to spend among clients, alongside a headwind from softer export sales.

New export orders

December data pointed to a solid reduction in new work from abroad and the rate of contraction accelerated to its fastest since April. Manufacturers noted a general slowdown in overseas demand conditions, particularly across the UK and euro area.

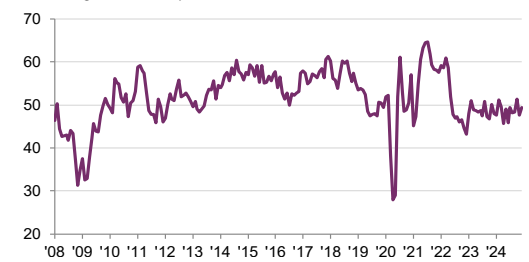
Output Index

sa, >50 = growth since previous month



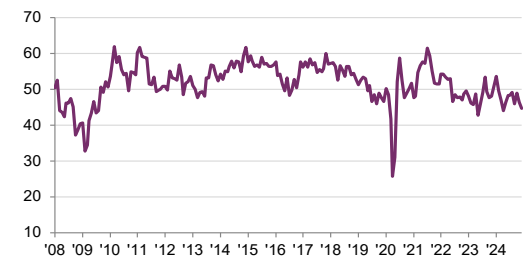
New Orders Index

sa, >50 = growth since previous month



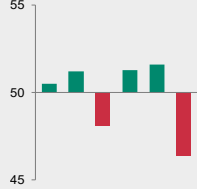
New Export Orders Index

sa, >50 = growth since previous month



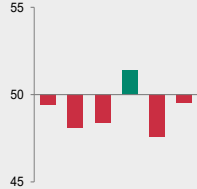
Output Index

Jul - Dec '24
sa, >50 = growth



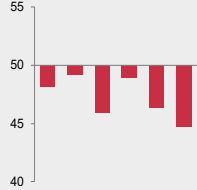
New Orders Index

Jul - Dec '24
sa, >50 = growth



New Export Orders Index

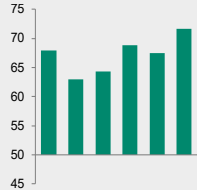
Jul - Dec '24
sa, >50 = growth



Business expectations

Future Output Index

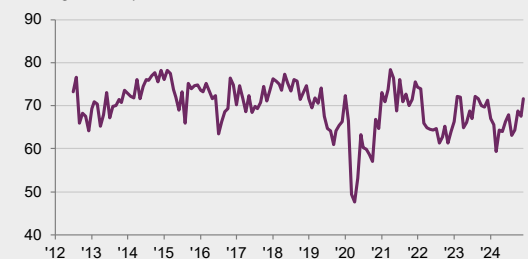
Jul - Dec '24
>50 = growth expected



Business optimism improved in December, which contrasted with the weaker trend recorded for current production volumes. Around 50% of the survey panel predict an increase in output over the course of 2025, while only 6% forecast a reduction. The resulting Future Activity Index was the highest since September 2023. Confidence was linked to planned business investment, recovering consumer demand and hopes of turnaround in export sales. Some firms cited concerns about the impact of proposed US tariffs and renewed international trade frictions.

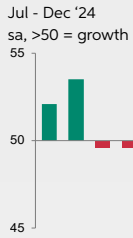
Future Output Index

>50 = growth expected over next 12 months



Employment and capacity

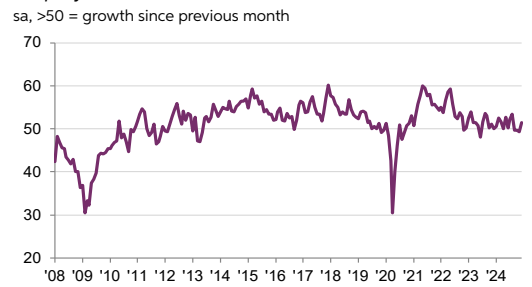
Employment Index



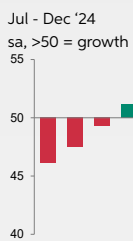
Employment

The seasonally adjusted Employment Index registered above the neutral 50.0 value for the first time in four months during December and signalled a modest upturn in workforce numbers across the manufacturing sector. Greater staffing numbers were attributed to forthcoming new projects and long-term business investment plans.

Employment Index



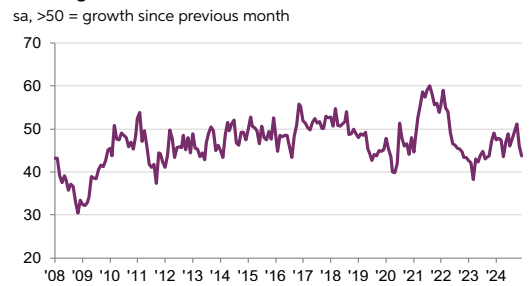
Backlogs of Work Index



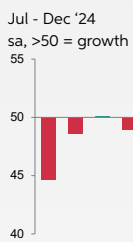
Backlogs of work

Unfinished work decreased at a sharp and accelerated pace in December, with the respective seasonally adjusted index pointing to the fastest rate of contraction since April. Goods producers once again commented on a lack of pressure on operating capacity due to subdued order books.

Backlogs of Work Index



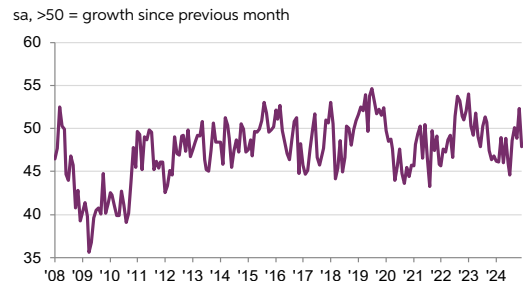
Stocks of Finished Goods Index



Stocks of finished goods

December data indicated a moderate fall in post-production inventory levels. The seasonally adjusted Stocks of Finished Goods Index signalled that the rate of destocking was the sharpest since July. Survey respondents noted efforts to tighten inventory management and improve their working capital efficiency, partly in response to reduced customer demand.

Stocks of Finished Goods Index



Purchasing

Quantity of purchases

Input buying decreased for the first time in three months during December. Moreover, the rate of decline in purchasing activity was the sharpest recorded since April. Lower volumes of purchasing activity were linked to reduced workloads and efforts to streamline inventories.

Suppliers' delivery times

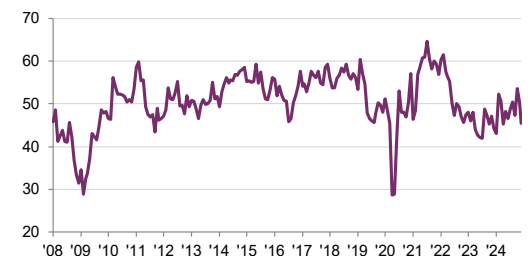
The seasonally adjusted Suppliers' Delivery Times Index posted below the 50.0 no-change level for the fourth month running in December, thereby signalling a sustained downturn in vendor performance. That said, the latest lengthening of vendor lead times was only modest and the least marked seen over this period. Manufacturers often commented on transportation delays and a lack of spare capacity among suppliers.

Stocks of purchases

December data highlighted a solid decline in pre-production inventory levels across the manufacturing sector, which extended the current period of contraction to four months. The latest reduction in stocks of purchases was the sharpest since January. Goods producers typically cited deliberate inventory reduction strategies.

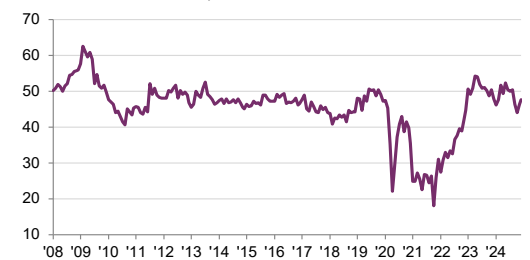
Quantity of Purchases Index

sa, >50 = growth since previous month



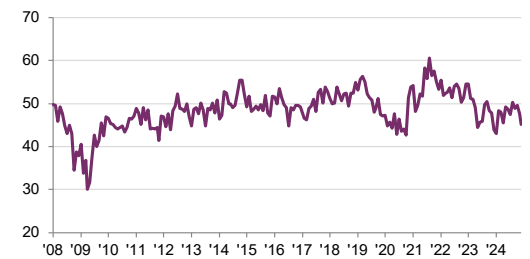
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



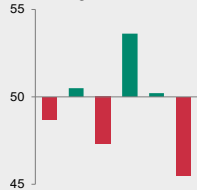
Stocks of Purchases Index

sa, >50 = growth since previous month



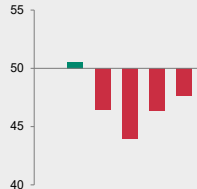
Quantity of Purchases Index

Jul - Dec '24
sa, >50 = growth



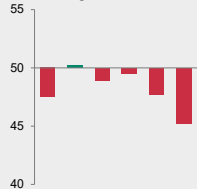
Suppliers' Delivery Times Index

Jul - Dec '24
sa, >50 = faster times



Stocks of Purchases Index

Jul - Dec '24
sa, >50 = growth



Prices

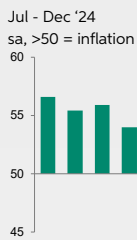
Input prices

Average cost burdens increased at a solid pace in December. The rate of inflation was fractionally higher than in the previous month, but still much softer than the long-run survey average. Manufacturers commented on rising prices paid for a range of raw materials, alongside higher transportation costs at the end of 2024.

Output prices

The seasonally adjusted Output Prices Index posted above the neutral 50.0 threshold for the eleventh month running in December and signalled a solid increase in factory gate charges. Survey respondents mostly noted efforts to pass on higher input costs, but there were also reports of pressure from clients to offer price discounts.

Input Prices Index

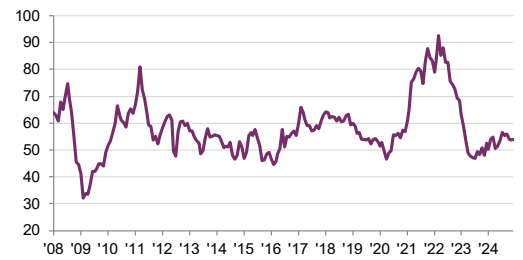


Output Prices Index



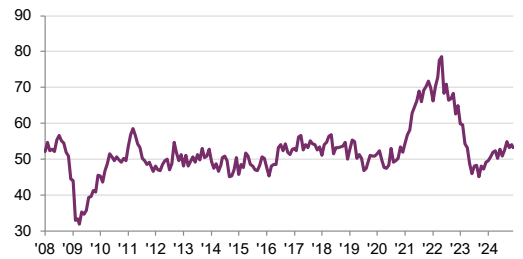
Input Prices Index

sa, >50 = inflation since previous month



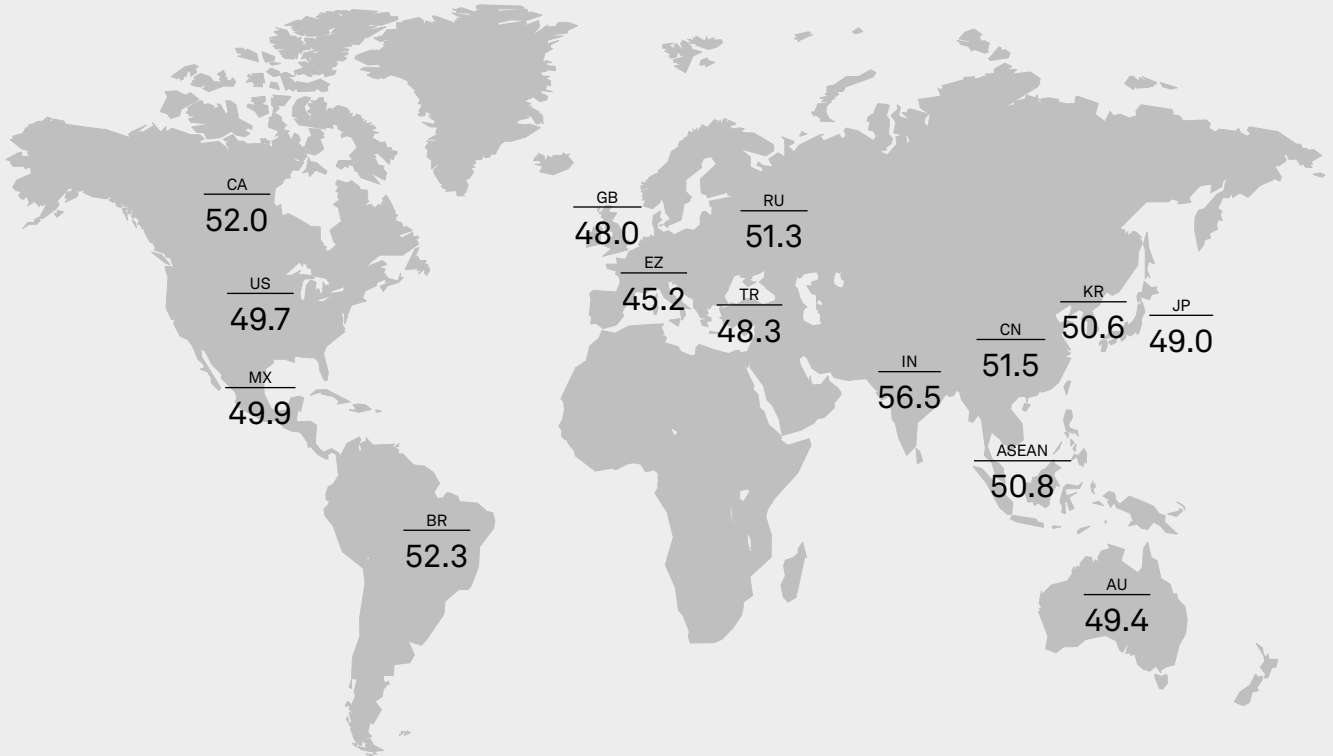
Output Prices Index

sa, >50 = inflation since previous month

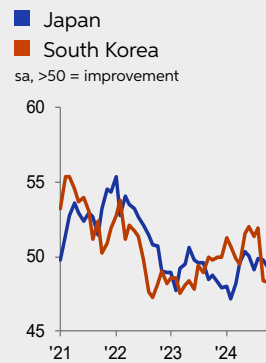
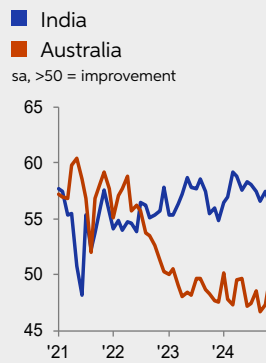
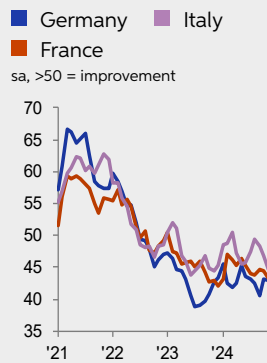
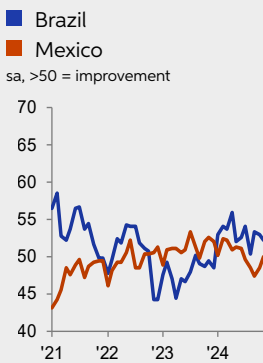
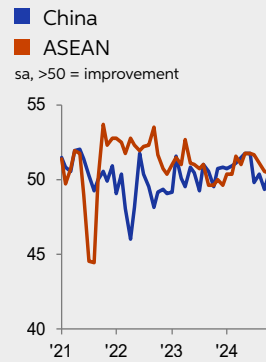
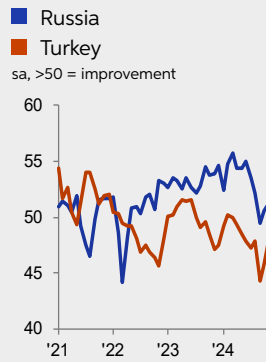
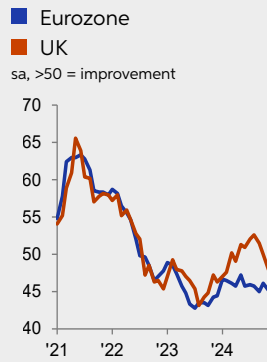
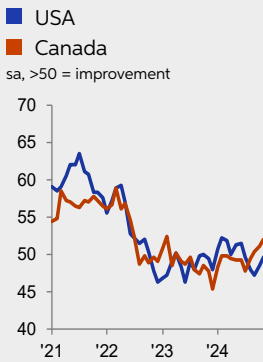


International PMI

Manufacturing PMI, Nov '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 05-16 December 2024.

Survey questions

Manufacturing sector

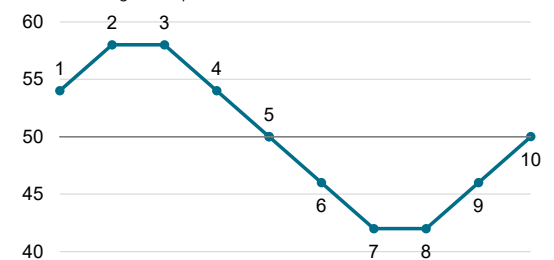
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

Index calculation

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

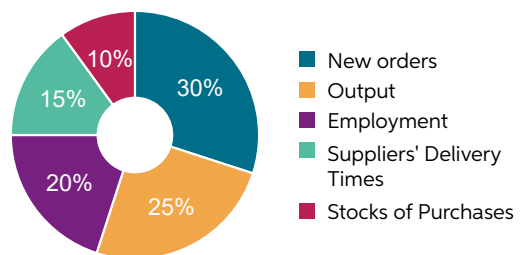
Index interpretation

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 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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