



# AIB Ireland Manufacturing PMI®

## Fastest rise in output since April 2022

# 52.2

IRELAND  
MANUFACTURING PMI  
FEB '24

Manufacturing PMI  
Sep '23 - Feb '24  
sa, >50 = improvement



The latest AIB Ireland Manufacturing PMI® survey indicated strengthening business conditions, with production growth accelerating to the highest for 22 months amid a renewed improvement in order books. Staffing numbers also expanded in February as manufacturers sought to boost production schedules and support long-term business development plans. There was a degree of caution about the business outlook, however, as survey respondents recorded the lowest level of optimism since April 2023 amid lingering concerns about broader economic prospects at home and abroad.

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

*"The February AIB Irish Manufacturing PMI survey shows a marked improvement for the sector, with the headline index rising to 52.2 from 49.5 in January, the first expansion in six months. This is also the highest level for the index since June 2022, and reflects a significant pick-up in output in the sector in February. The Irish PMI remains well above the flash February readings for the US, Eurozone and UK, of 51.5, 46.1 and 47.1, respectively.*

*"A sharp rise in output and employment, alongside renewed new orders growth were the key features of the February PMI survey. The Output Index rose to its highest level since April 2022, on the back of a strong upturn in domestic demand, with new orders rising for the first time in three months. While new export orders were lower, owing to softer UK demand, the decline was marginal on the month. The rise in output and new orders in the sector prompted manufacturers to take on new staff at an accelerated pace.*

*"This recovery also spurred an upturn in new purchases of inputs by the sector, with this index rising for the first time since June 2022. However, stocks of purchases and finished goods did continue to decline as manufacturers managed inventories conservatively after a sustained period of weak client demand in recent months.*

*"In an otherwise positive survey, a concerning trend is the continued disruption to shipping routes in the Red Sea, to which respondents attributed longer delivery times and higher input prices in February. This also drove the first increase in output prices since April 2023.*

*"Manufacturers remained broadly optimistic about the outlook for the year ahead as firms linked this optimism to expansion plans and stronger client demand. However, the business expectations index still eased to its lowest level since April 2023 due to ongoing economic uncertainty."*

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



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## Overview

Robust increase in production volumes

New work rises for first time in three months

Output growth projections soften, despite turnaround in sales

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.

February data revealed an improvement in overall business conditions across the manufacturing sector for the first time since August 2023. This was highlighted by the seasonally adjusted AIB Ireland Manufacturing PMI rising from 49.5 in January to 52.2 in February. The latest reading was the highest for 20 months and indicative of a moderate upturn in manufacturing performance.

Output growth gained considerable momentum in February. A back-to-back monthly upturn in production volumes was seen for the first time in nearly two years and the rate expansion was the steepest since April 2022. Survey respondents commented on improving sales pipelines and a turnaround in order books after a soft patch at the beginning of the year.

Total new work increased for the first time in three months. Although only modest, the rate of growth was the fastest since May 2022. This appeared to have been supported by greater domestic demand as export sales saw a slight decline in February. Subdued UK economic conditions were cited as a factor holding back new orders from abroad.

Manufacturers continued to streamline their inventories where possible in February, especially stocks of finished goods. The latest reduction in post-production inventories was the fastest for just over two years. However, stocks of purchases decreased at a slower pace

during February, in part due to a rebound in input buying.

Survey respondents indicated a modest increase in purchasing activity during February. This contrasted with a sharp reduction at the start of the year. Some firms brought forward their input buying due to longer lead times for items sourced from abroad. February data pointed to worsening vendor performance for the third month running, although the latest downturn was slightly less marked than seen in January. Goods producers widely commented on international shipping delays due to Red Sea disruptions.

Shipping surcharges resulted in higher raw material costs, according to survey respondents in February. Measured overall, purchasing costs increased at a robust pace that was the fastest for 12 months. However, the rate of input price inflation remained well below the peak seen in March 2022. Pressure on margins from higher operating expenses led to a slight increase in average prices charged by manufacturing firms in February. This was the first rise in factory gate prices since April 2023.

Looking ahead, the proportion of manufacturers expecting to boost production in the next 12 months (39%) continued to exceed those forecasting a decline (8%). Although still signalling a solid degree of business confidence, the degree of optimism eased for the fifth time in the past six months and was the lowest since April 2023. Survey respondents often noted positive sentiment towards near-term customer demand, but some cited concerns about year ahead economic prospects at home and abroad.

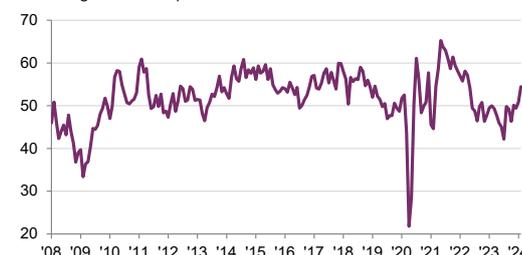
## Output and demand

### Output

February data indicated a robust and accelerated increase in manufacturing production volumes. The seasonally adjusted index has now registered above the 50.0 no-change value in three of the past four months and the rate of expansion was the fastest since April 2022. Goods producers noted that signs of a rebound in customer demand had encouraged a boost to production schedules.

### Output Index

sa, >50 = growth since previous month



### New orders

Irish manufacturers signalled an increase in new work for the first time in three months and, although only modest, the rate of growth was the strongest since May 2022. Improving order books reflected a general upturn in demand conditions, according to survey respondents in February. Some firms nonetheless commented on a headwind from subdued underlying economic conditions in domestic and overseas markets.

### New Orders Index

sa, >50 = growth since previous month



### New export orders

The seasonally adjusted New Export Orders Index dropped from January's 23-month high and was in negative territory for the first time since November 2023. However, the latest reading signalled only a marginal rate of decline. Some manufacturers attributed the fall in new work from abroad to lower spending among UK clients.

### New Export Orders Index

sa, >50 = growth since previous month



### Output Index

Sep '23 - Feb '24  
sa, >50 = growth



### New Orders Index

Sep '23 - Feb '24  
sa, >50 = growth



### New Export Orders Index

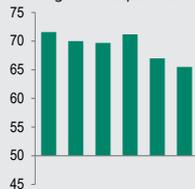
Sep '23 - Feb '24  
sa, >50 = growth



## Business expectations

### Future Output Index

Sep '23 - Feb '24  
>50 = growth expected



Business activity expectations continued to moderate in February, with the Future Output Index hitting its lowest level since April 2023. Around 39% of the survey panel forecast an increase in production volumes during the year ahead, while 8% predict a decline.

Reports from survey respondents indicated that new customer enquiries and long-term business expansion plans had underpinned optimism in February. However, some firms cited concerns about the demand outlook due to unfavourable economic conditions.

### Future Output Index

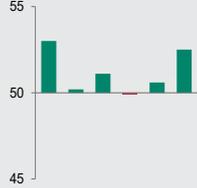
>50 = growth expected over next 12 months



# Employment and capacity

## Employment Index

Sep '23 - Feb '24  
sa, >50 = growth



## Employment

Staff hiring gained momentum in February, as signalled by the seasonally adjusted Employment Index reaching its highest level since September 2023. Survey respondents typically noted additional recruitment for full time positions following an upturn in new orders and expanded production schedules. There were still some reports of lower employment due to the non-replacement of voluntary leavers.

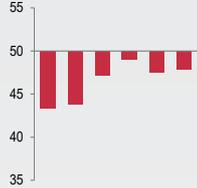
## Employment Index

sa, >50 = growth since previous month



## Backlogs of Work Index

Sep '23 - Feb '24  
sa, >50 = growth

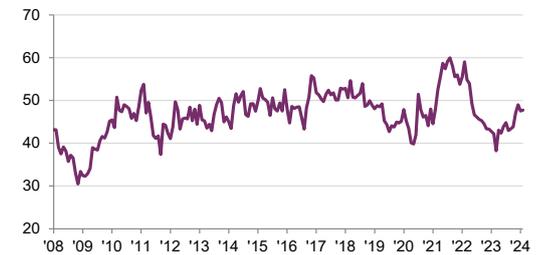


## Backlogs of work

February data indicated that manufacturers continued to reduce their levels of unfinished work, albeit at a much slower pace than seen on average in the past 12 months. The seasonally adjusted Backlogs of Work Index has registered below the neutral 50.0 value in each month since May 2022.

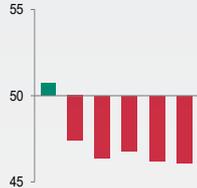
## Backlogs of Work Index

sa, >50 = growth since previous month



## Stocks of Finished Goods Index

Sep '23 - Feb '24  
sa, >50 = growth

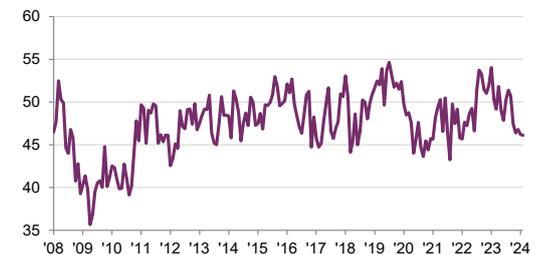


## Stocks of finished goods

Post-production inventories decreased for the fifth consecutive month in February. Moreover, the seasonally adjusted index pointed to the fastest rate of stock depletion since January 2022. A number of manufacturers noted that subdued sales volumes had encouraged them to streamline inventories in recent months.

## Stocks of Finished Goods Index

sa, >50 = growth since previous month



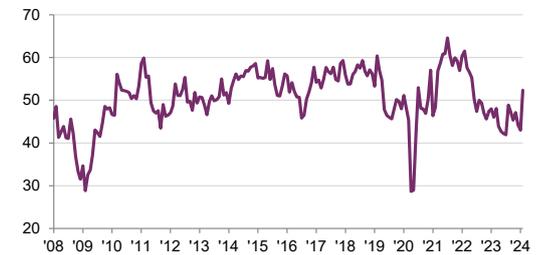
## Purchasing

### Quantity of purchases

February data pointed to a considerable rebound in purchasing activity across the manufacturing sector. After falling at the fastest pace for six months in January, the latest survey signalled the fastest upturn in input buying since May 2022. Goods producers suggested that a nascent turnaround in customer demand had spurred rising purchasing activity to meet greater production volumes.

### Quantity of Purchases Index

sa, >50 = growth since previous month



### Suppliers' delivery times

The seasonally adjusted Suppliers' Delivery Times Index registered below the neutral 50.0 value for the third consecutive month in February and signalled another moderate downturn in vendor performance. Longer wait times for suppliers' deliveries were almost exclusively attributed to shipping delays, in particular due to the Red Sea crisis.

### Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

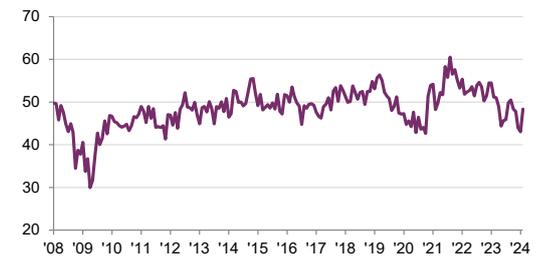


### Stocks of purchases

Manufacturers reported a decline in pre-production inventories for the fifth month in a row during February. Survey respondents commented on deliberate stock reduction policies in February, mostly linked to tighter working capital management. That said, the rate of stock depletion was only modest and the slowest seen since October 2023.

### Stocks of Purchases Index

sa, >50 = growth since previous month



### Quantity of Purchases Index

Sep '23 - Feb '24  
sa, >50 = growth



### Suppliers' Delivery Times Index

Sep '23 - Feb '24  
sa, >50 = faster times



### Stocks of Purchases Index

Sep '23 - Feb '24  
sa, >50 = growth



## Prices

### Input Prices Index

Sep '23 - Feb '24  
sa, >50 = inflation



### Output Prices Index

Sep '23 - Feb '24  
sa, >50 = inflation



### Input prices

Average cost burdens increased at a solid pace in February. The seasonally adjusted Input Prices Index pointed to the fastest pace of inflation for 12 months, but remained well below the peak seen in May 2022. Some manufacturers cited rising commodity prices, while others noted higher raw material costs due to shipping surcharges.

### Output prices

Prices charged by Irish manufacturers increased for the first time since April 2023, although the rate of factory gate price inflation was only marginal. Survey respondents linked higher output charges to a renewed upturn in cost pressures and, in some cases, the impact of improving demand on pricing strategies.

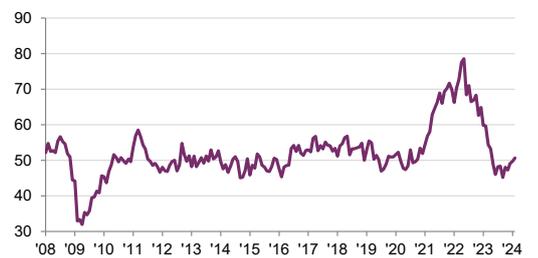
### Input Prices Index

sa, >50 = inflation since previous month



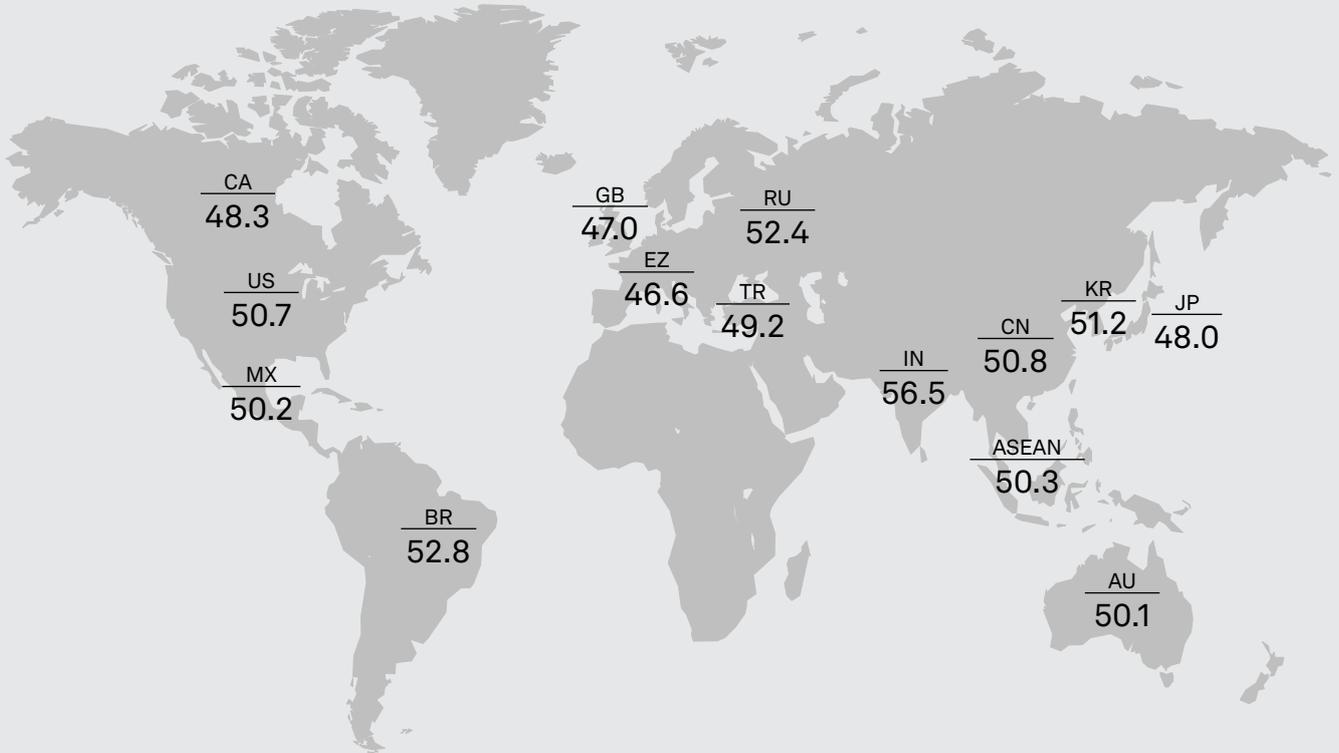
### Output Prices Index

sa, >50 = inflation since previous month

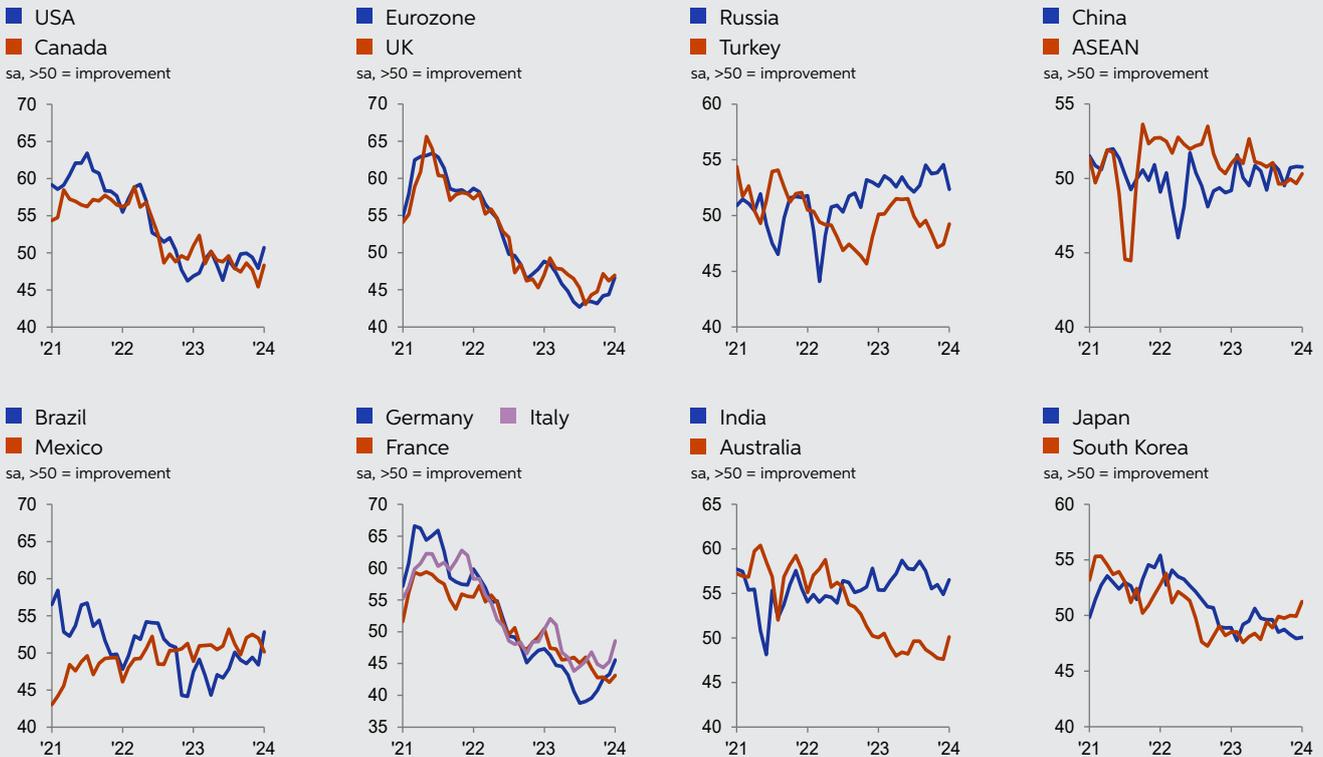


# International PMI

Manufacturing PMI, Jan '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 February 2024.

### Survey questions

Manufacturing sector

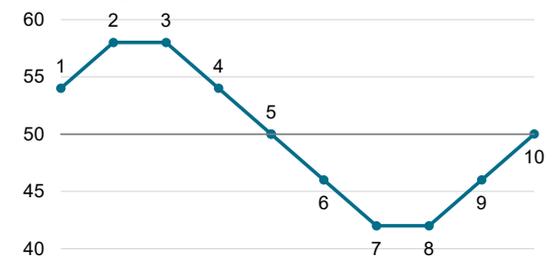
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

### Index calculation

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

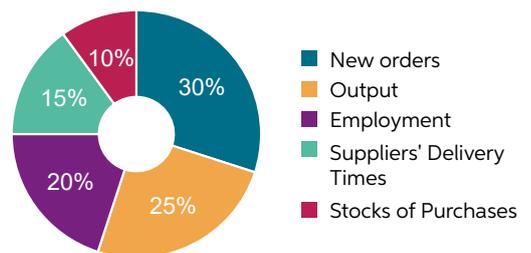
### Index interpretation

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](mailto:david.g.mcnamara@aib.ie)  
[AIBeconomics.Unit@aib.ie](mailto:AIBeconomics.Unit@aib.ie)  
[www.aibeconomics.com](http://www.aibeconomics.com)

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

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

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

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

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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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