News Release

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AIB Ireland Manufacturing PMI®

Output growth accelerates to one-year high in February

Key findings

Fastest rise in new orders since May 2022

Staffing numbers increase for third month running

Strongest input cost inflation for two years

Irish manufacturers recorded a sustained rebound in production volumes in February, with growth accelerating to its fastest for 12 months amid a moderate uplift in new business intakes. The latest increase in total new work was the fastest recorded since May 2022, which helped to support another expansion of staffing numbers and a renewed upturn in purchasing activity. However, input cost inflation intensified as suppliers sought to pass on rising raw material prices and greater salary payments. The overall rate of input price inflation was the steepest for two years in February.

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 51.9 in February, up from 51.3 in January, the seasonally adjusted AIB Ireland Manufacturing PMI® posted above the neutral 50.0 threshold for the second month running and signalled a moderate improvement in overall business conditions. The latest reading was the highest for one year, which was largely due to faster rates of output and new business growth.

February data indicated a solid expansion of production volumes across the manufacturing sector. Survey respondents commented on a general improvement in customer demand, especially across domestic markets. This resulted in the strongest rate of new business expansion for just under three years.

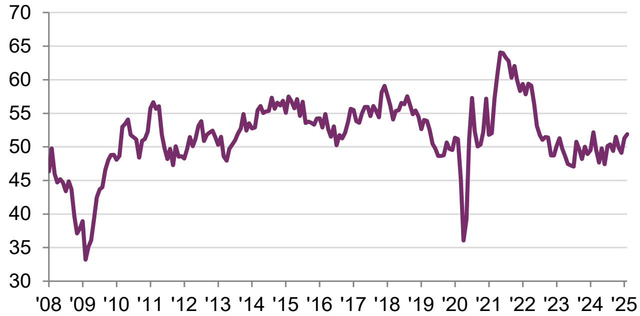
Export sales stabilised in February, which ended a twelve-month period of contraction. Manufacturers typically noted a boost from rising sales to US clients, but this was offset by reports of weak demand across the UK and euro area.

Greater overall workloads and efforts to fulfil long-term business expansion plans encouraged a further increase in staffing numbers during February. Higher levels of employment have been recorded in each of the past three months, although the rate of job creation eased since January.

Backlogs of work were accumulated for the first time in four months and at the sharpest pace since April 2022. This was generally attributed to improving order books and, in some cases, the impact of longer wait times for raw materials. Supplier performance has now deteriorated for six consecutive months. Manufacturers again cited international shipping delays in February.

AIB Ireland Manufacturing PMI

sa, >50 = improvement since previous month



Sources: AIB, S&P Global PMI.
Data were collected 10-21 February 2025.

Comment

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

"The AIB Irish Manufacturing PMI indicated that the sector's upturn sustained in February, with the index rising to 51.9 from 51.3 in January. This marks the fastest pace of growth in 12 months. The rise in February was due to stronger growth in output and new orders, and a renewed upturn in purchasing activity. The Irish manufacturing PMI remains above the flash February readings for the Eurozone, US and UK at 47.3, 51.6 and 46.4, respectively.

"Output rose robustly in February, amid a general improvement in demand conditions. This was reflected in accelerated growth in new orders, but respondents did note continued softness in external demand. This weakness was evident in stagnant export orders, with subdued European demand cited. Hiring expanded in February, albeit at a slower pace than last month, as firms planned for higher expected output. Encouragingly, purchasing activity also rose for the first time since November 2024, as firms reacted to stronger client demand.

"The rate of inflation for input and output costs remained heightened in February. Respondents noted a general uplift in input prices, linked to raw materials and energy costs. On the output side, prices rose at the fastest pace since September 2024, as firms sought to protect margins. Irish manufacturers maintained a generally upbeat assessment of the outlook for activity levels over the coming year. Around 40% predict an increase in output over the next 12 months, while 10% forecast a reduction. That said, there remained lingering concerns around the broader global economic outlook."

Goods producers signalled a renewed expansion of input buying in response to improving sales volumes. However, tight supply conditions contributed to another depletion of inventories across the manufacturing sector. Stocks of purchases have decreased in each month since September 2024. Post-production inventories meanwhile decreased marginally in February, with survey respondents often citing efforts to streamline stock holdings.

February data signalled a sharp and accelerated rise in average cost burdens. Anecdotal evidence suggested that suppliers had sought to pass on rising raw material prices, wages, energy costs and transportation bills. The overall rate of input price inflation was the steepest since February 2023. This resulted in a robust increase in factory gate charges, with the rate of inflation edging up to a five-month high despite reports of constrained pricing power.

Looking ahead to the next 12 months, manufacturing companies are still upbeat about their growth prospects. Around 40% of the survey panel predict a rise in output over this time frame, while only 10% forecast a reduction. Optimism was typically linked to new product development and hopes of a turnaround in general market conditions. However, the latest survey indicated that the degree of confidence eased for the second month running to its lowest since September 2024. Manufacturers mostly cited worries about broader economic prospects over the year ahead, particularly in major export markets.

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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.

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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. www.spglobal.com/marketintelligence/en/mi/products/pmi

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