



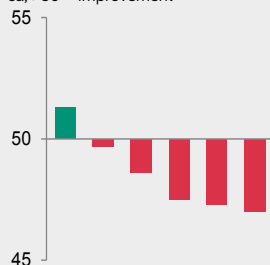
# AIB Ireland Manufacturing PMI®

## Manufacturing sector continues to contract in July

# 47.0

IRELAND  
MANUFACTURING PMI  
JUL '23

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



Latest PMI® data for Ireland continued to signal challenging operating conditions across the manufacturing economy. Goods producers scaled back production at a rate that was among the sharpest in the survey's history and new orders declined at a quicker pace, owing to ongoing demand fragility. Purchasing activity was pared back markedly but employment growth was renewed. Elsewhere, falls in both input costs and output charges were sustained in July with the drop in the former the quickest since April 2020.

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

*"The AIB Irish Manufacturing PMI survey for July showed a continuation of the deterioration in business conditions in the sector at the start of the third quarter. The headline index registered a reading of 47.0, down slightly from 47.3 in June and 47.5 in May. The ongoing contraction in Irish manufacturing activity is in line with the trend in most other economies, amid a global downturn in the sector, especially in Europe. The flash July Manufacturing PMIs for the Eurozone and UK slipped further to 42.7 and 45.0, respectively, while in the US, the index picked up to 49.0.*

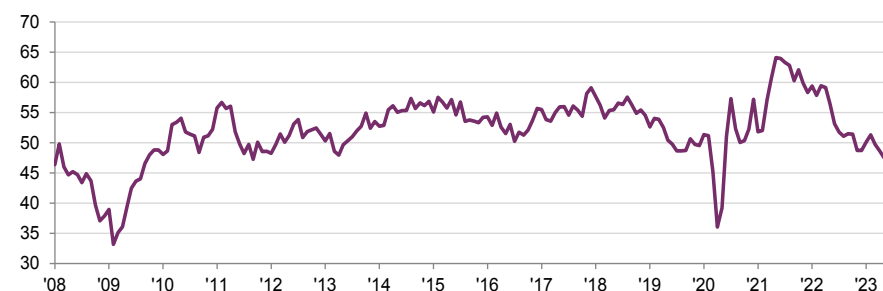
*"Irish manufacturing continues to be weighed down by muted customer demand. This was reflected in new orders falling for a fifth month in-a-row and at their quickest pace to date in 2023. This weakness in orders meant that production continued to decline at one the sharpest rates in the survey's history.*

*Official CSO data also show a steep fall in Irish manufacturing output so far this year.*

*"Amid the lower level of production, firms continued to scale back their purchases of inputs, with spare capacity still on the rise as backlogs of outstanding work maintained their marked downward trend. Meanwhile, stocks of finished goods showed a marginal rise. On a more encouraging note, employment in manufacturing increased, while firms maintained their positive outlook for the year ahead.*

*"Meantime, the weakness in activity resulted in a further easing in inflationary pressures. Input prices fell for the fourth consecutive month, driven by falling raw material prices and lower supplier charges. The drop in input costs saw factory gate prices decline again for the third month in a row."*

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



## Contents

- Comment
- Overview
- Output and demand
- Business expectations
- Employment and capacity
- Purchasing
- Prices
- International PMI
- Survey methodology
- Further information

## Overview

Output declines at a rate among the quickest on record

Sharpest decline in new orders in 2023 to-date

Sustained falls in input costs and output charges

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.

Registering at 47.0 in July, the headline PMI index posted below the critical 50.0 mark for the fifth month in a row to signal another deterioration in the overall health of the Irish manufacturing sector. The latest reading was down from 47.3 posted in June and was indicative of the most pronounced decline since May 2020.

According to panel members, sector weakness continued to emanate from a muted demand environment. This was underscored by a fifth consecutive monthly contraction in the volume of new orders received by Irish goods producers in July. Moreover, the pace of decrease quickened to the sharpest in the year so far. International demand also deteriorated, albeit at a softer rate. The decrease in new export orders was the fourteenth in successive months, but the weakest in 2023 to date.

Lower sales volumes, in turn, fed through to another cut in manufacturing production in July, the fifth fall in as many months. The pace of decline was substantial overall and among the sharpest in the survey history (since May 1998).

Companies subsequently continued to adopt a cautious attitude with regards to their purchasing activity. The fall in input buying was the quickest in more than three years and significant overall. Panel members linked the decline to weak demand conditions and associated efforts to downwardly adjust stocks. As a result, pre-production inventory levels contracted for the fourth month running

and at a solid pace overall.

Weakening demand for inputs meant that suppliers remained able to deliver materials in a timely manner during July. Vendor performance improved for the fifth month in succession, albeit to the least pronounced extent over this period.

Subdued demand in the manufacturing economy meant that resources were generally diverted towards the completion of pending workloads, with post-production inventory levels rising following lower than expected new order inflows. The former declined for the fifteenth month running and at a strong pace while the latter signalled only a marginal increase.

Despite sustained declines in production and new orders, firms added to their staffing levels during July. While only modest overall, the uplift contrasted with a decline posted in June and was the strongest since February.

In terms of inflation, a combination of falling raw material costs and declining supplier charges supported further price decreases. The drop in input costs was the fourth in consecutive months and accelerated to the quickest since April 2020. Panel members reportedly sought to transfer some of these cost savings through to their clients. Subsequently, output charges decreased for the third month in a row and at a modest rate overall.

Finally, Irish manufacturing firms maintained an upbeat outlook towards their projections for output over the coming 12 months. Anecdotal evidence suggested that positive growth assessments were mainly underpinned by hopes for a pick-up in market demand. The degree of confidence, however, slipped slightly from that seen in June and remained historically subdued.

## Output and demand

### Output

July data signalled a fifth successive monthly contraction in Irish manufacturing production. Moreover, having accelerated for the fourth month in a row, the rate of decrease was among the sharpest on record and substantial overall. Lower output levels were overwhelmingly linked by survey respondents to muted customer demand.

### New orders

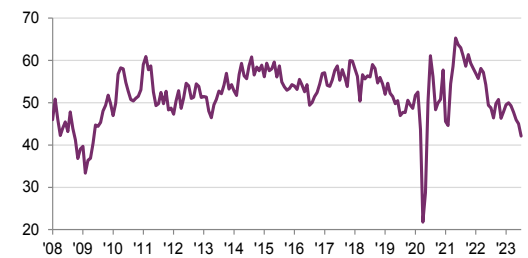
Total new orders received by Irish manufacturing companies continued to decline in July, thereby extending the current sequence of contraction seen since March. Notably, the latest contraction in order book volumes quickened to a modest pace that was the most pronounced in 2023 so far. Panel members mentioned that they found it difficult to secure new orders in the face of current downwards demand trends.

### New export orders

The seasonally adjusted New Export Orders Index remained below the neutral 50.0 threshold in July to signal a fourteenth consecutive deterioration in new export sales. Anecdotal evidence suggested that the latest reduction was a result of muted global demand. That said, having softened to the weakest in 2023 to-date, the pace of decline was only marginal.

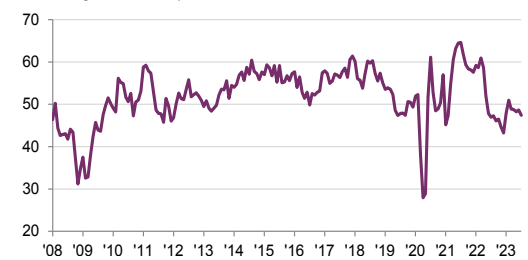
Output Index

sa, >50 = growth since previous month



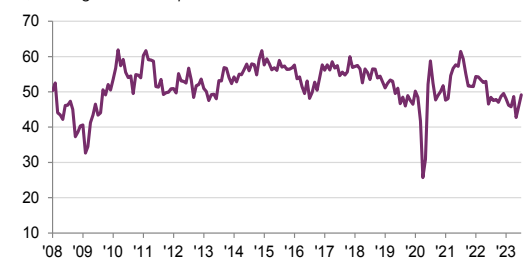
New Orders Index

sa, >50 = growth since previous month



New Export Orders Index

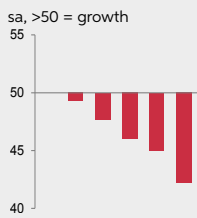
sa, >50 = growth since previous month



Output Index

Feb - Jul '23

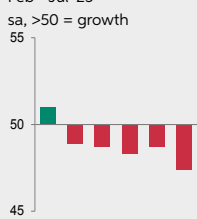
sa, >50 = growth



New Orders Index

Feb - Jul '23

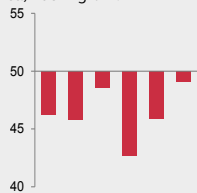
sa, >50 = growth



New Export Orders Index

Feb - Jul '23

sa, >50 = growth

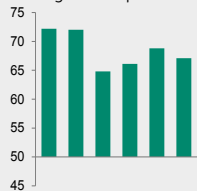


## Business expectations

Future Output Index

Feb - Jul '23

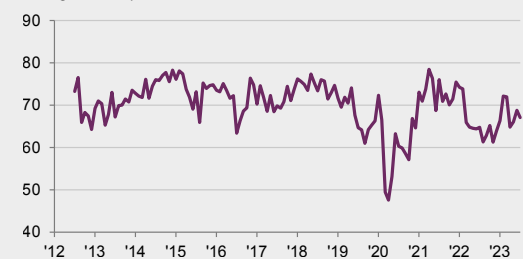
>50 = growth expected



Sentiment towards the year-ahead outlook for output among Irish manufacturing firms remained positive during July. Opportunities for growth cited by panel members included company expansion plans, new product development and hopes for an improvement in market demand. The degree of confidence, however, edged down from that seen in June and was historically subdued.

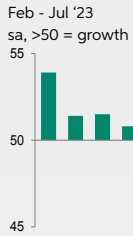
Future Output Index

>50 = growth expected over next 12 months



# Employment and capacity

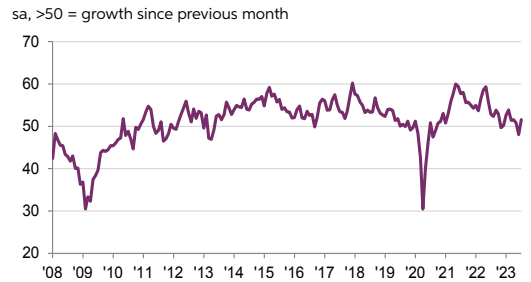
## Employment Index



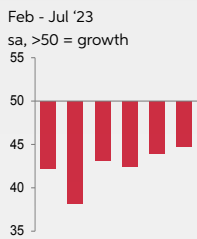
## Employment

Irish goods producers noted a renewed rise in employment levels at the start of the third quarter of the year, as highlighted by the respective seasonally adjusted index returning back above the neutral 50.0 threshold. Albeit only modest overall, the uplift in workforce numbers was the seventh in the last eight months and was the most pronounced since February.

## Employment Index



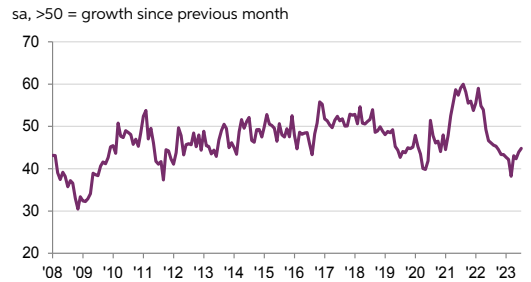
## Backlogs of Work Index



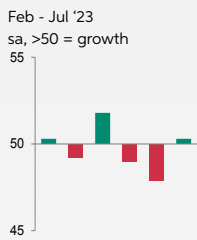
## Backlogs of work

The latest survey data continued to highlight spare capacity among Irish manufacturers. Unfinished business volumes decreased for the fifteenth month straight. A combination of subdued orders books and increased capacity drove the latest fall in outstanding work, said survey respondents. Although strong overall, the rate of decline was slowest since last September.

## Backlogs of Work Index



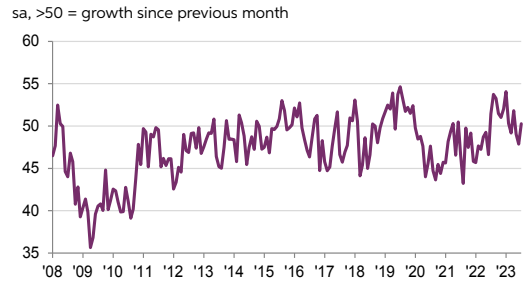
## Stocks of Finished Goods Index



## Stocks of finished goods

July data signalled a fresh increase in stocks of finished goods across the Irish manufacturing sector. While only fractional, the pace of expansion was in contrast to declines registered in each of the two prior survey periods. Panel members who registered a rise in their post-production inventory levels often linked this to spare capacity resulting from the general lack of new orders.

## Stocks of Finished Goods Index



## Purchasing

### Quantity of purchases

Input buying at Irish manufacturing companies contracted again at the start of the third quarter of the year. Moreover, having quickened for the fourth month running, the rate of decline was the marked overall and the sharpest since May 2020. According to anecdotal evidence, purchasing activity fell as a result of ongoing declines in new work and associated stock reduction efforts.

### Suppliers' delivery times

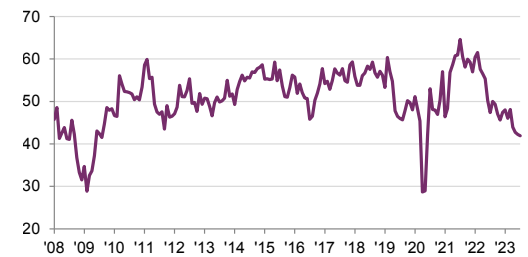
Average lead times faced by Irish goods producers shortened for the fifth month in a row during July, as signalled by the respective seasonally adjusted index remaining above the critical 50.0 mark. The extent to which delivery times improved, however, was the least pronounced over this period and only marginal overall.

### Stocks of purchases

Current holdings of inputs and semi-finished items across the Irish manufacturing economy declined further in July. Anecdotal evidence highlighted a focus on keeping inventory levels low, owing to subdued demand conditions. Although solid overall, the latest decrease was the softest since April when the current sequence of contraction began.

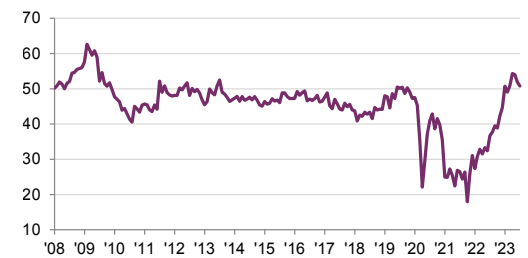
Quantity of Purchases Index

sa, >50 = growth since previous month



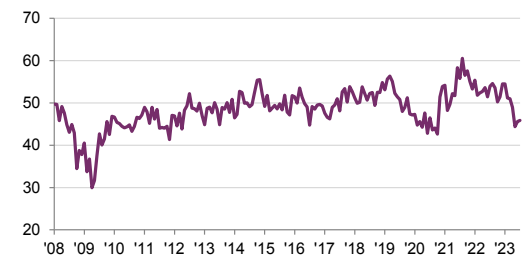
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



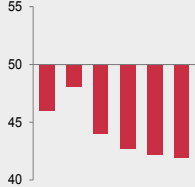
Stocks of Purchases Index

sa, >50 = growth since previous month



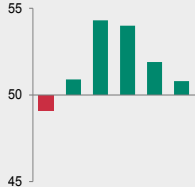
Quantity of Purchases Index

Feb - Jul '23  
sa, >50 = growth



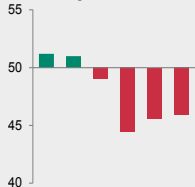
Suppliers' Delivery Times Index

Feb - Jul '23  
sa, >50 = faster times



Stocks of Purchases Index

Feb - Jul '23  
sa, >50 = growth



## Prices

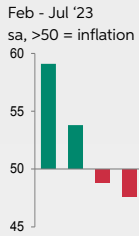
### Input prices

July data marked another drop in average input costs paid by Irish goods producers, the fourth decrease in successive months. Moreover, the rate of decline was the sharpest since April 2020 and solid overall. Surveyed companies mentioned that lower supplier charges and falling raw material prices underpinned the latest reduction in operating expenses.

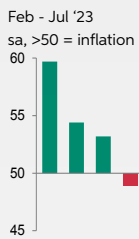
### Output prices

Irish manufacturing companies lowered their factory gate prices for the third month in July. Survey respondents often reported that output charges were cut to reflect reduced input costs. That said, the rate at which selling prices fell slowed to a modest pace overall.

Input Prices Index

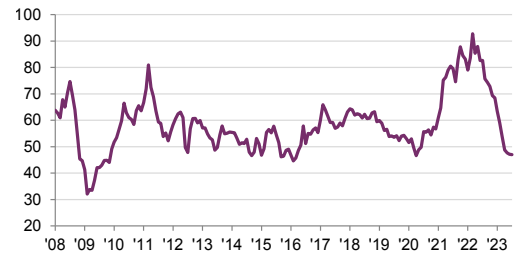


Output Prices Index



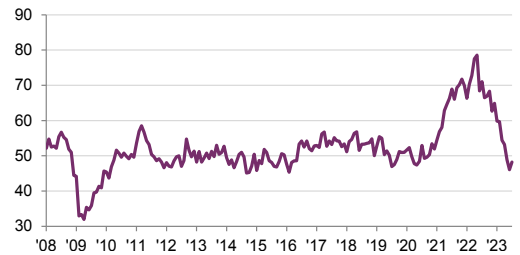
Input Prices Index

sa, >50 = inflation since previous month



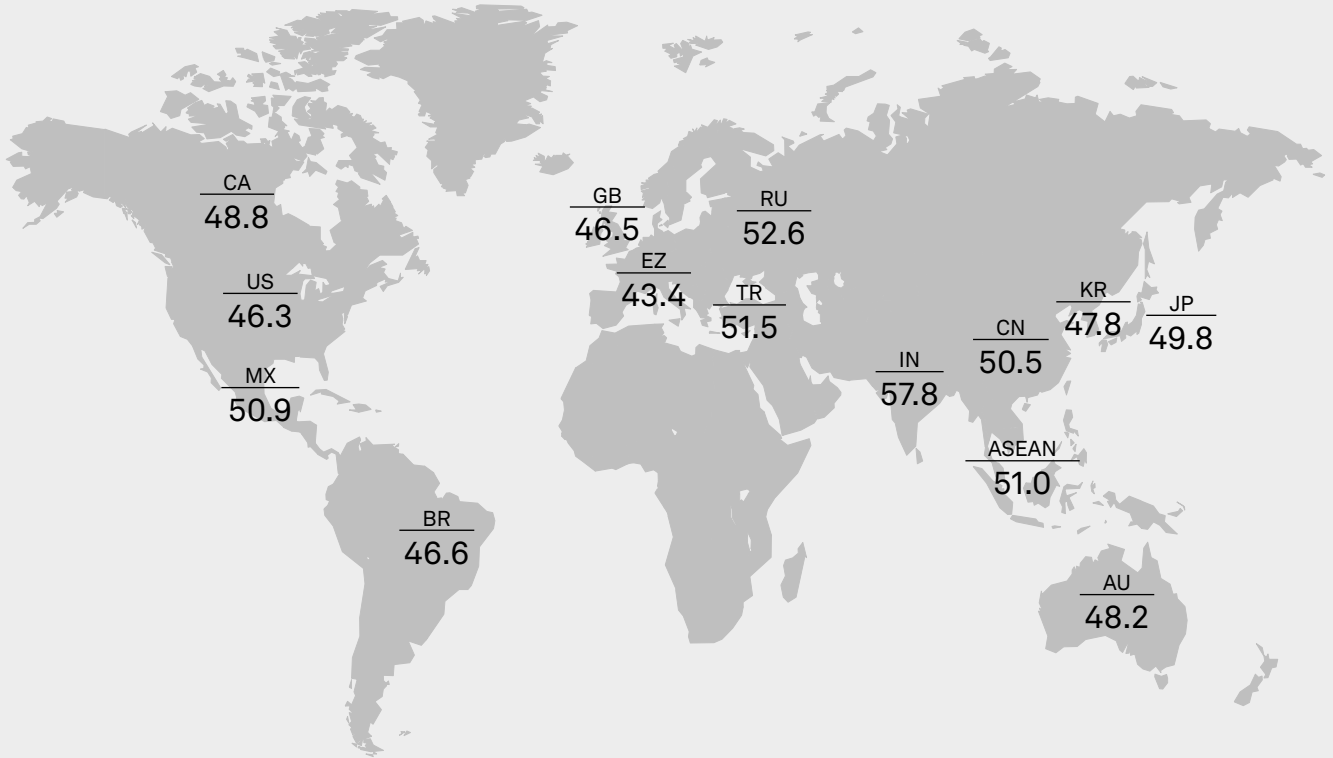
Output Prices Index

sa, >50 = inflation since previous month

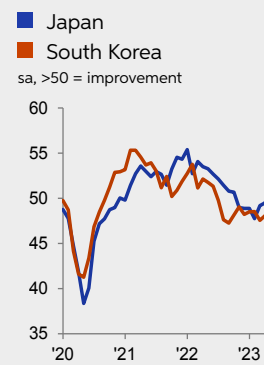
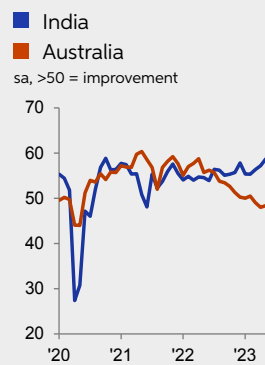
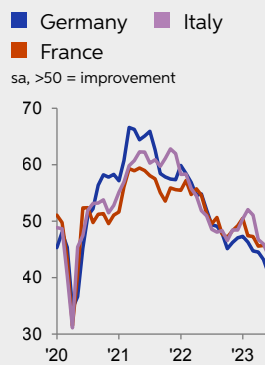
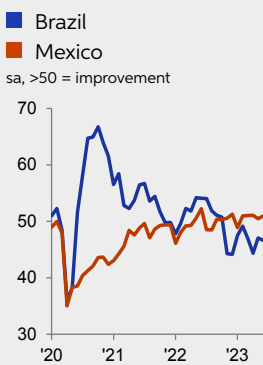
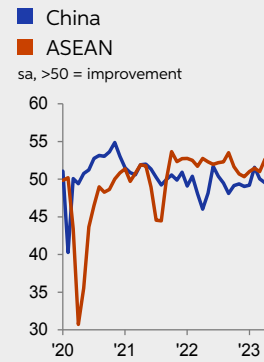
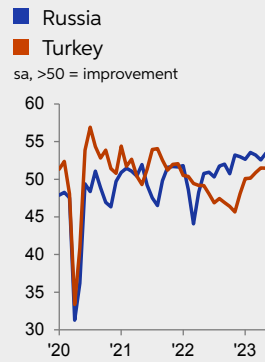
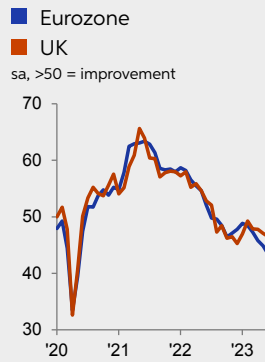
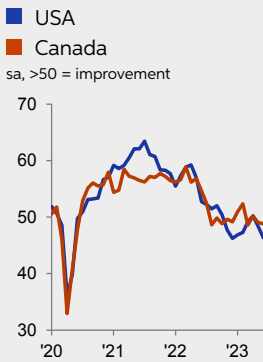


# International PMI

Manufacturing PMI, Jun '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 12-24 July 2023.

#### Survey questions

Manufacturing sector

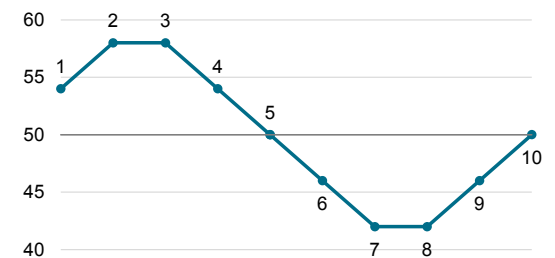
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

#### Index calculation

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

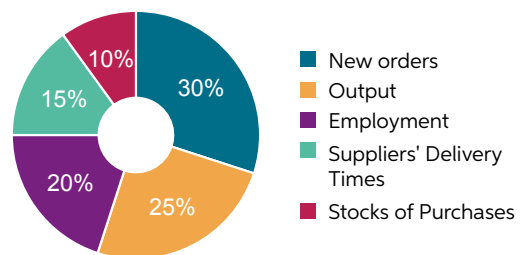
#### Index interpretation

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		





## Contact

Oliver Mangan  
AIB Chief Economist  
T: +353-1-6417176  
[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)

Laura Denman  
Economist  
S&P Global Market Intelligence  
T: +44-134-432-7221  
[laura.denman@spglobal.com](mailto:laura.denman@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)

### About AIB

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.

### About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.  
[www.spglobal.com](http://www.spglobal.com)

### 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)

### Disclaimer

This publication is issued by Allied Irish Banks, p.l.c. ("AIB") and is for general information purposes only. This publication should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments or product, securities or any derivative instrument (together, "instruments"), or any other rights pertaining thereto. AIB does not express any opinion as to the present or future value or price of any instruments referred to in this publication.

The information provided in this publication is believed to be valid and accurate on the date it is first published but AIB, along with its directors, officers, or employees, does not accept any liability for any loss arising from the use of the information. The information contained therein, including any expressions of opinion, has been obtained from, or is based on, or compiled from, sources believed to be reliable but its accuracy or completeness is not guaranteed and is subject to change without notice.

Any decision made by a party shall be on the basis of its own research and shall not be influenced or based on any view expressed by AIB in this publication or otherwise. This publication does not address all risks. This publication does not constitute investment advice or a recommendation and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments and/or pursuing any investment strategies. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any instruments, forecasts are not a reliable indicator of future performance.

This publication is not to be reproduced in whole or in part without the prior express written consent of AIB. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

**PMI®**

by **S&P Global**