



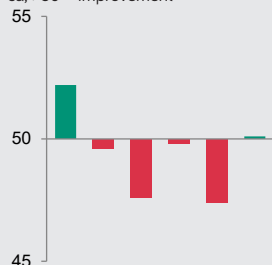
# AIB Ireland Manufacturing PMI®

## Irish manufacturing sector hints at recovery

# 50.1

IRELAND  
MANUFACTURING PMI  
JUL '24

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



AIB Ireland Manufacturing PMI® indicated a broad stabilisation in operating conditions across the Irish manufacturing sector at the start of the third quarter, thereby ending a four-month period of deterioration. Underlying data hinted at early signs of recovery in demand conditions. Meanwhile, output was raised for the first time since February. However, latest data also signalled a jump in cost burdens, with input prices rising at the sharpest rate for 17 months. While stronger cost burdens failed to fully feed through to charges, they will need to be monitored closely in order to assess inflationary concerns.

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

*"The July AIB Irish Manufacturing PMI shows a slight recovery in activity in the sector, with the headline index rising to 50.1 in July from 47.4 in June. The marginal improvement in the health of the Irish manufacturing sector was driven by a renewed rise in output and accelerating jobs growth, while the contraction in new orders eased on the month. The Irish manufacturing PMI remains above the flash July readings for the Eurozone and US at 45.6 and 49.5, respectively, but below the UK at 51.8.*

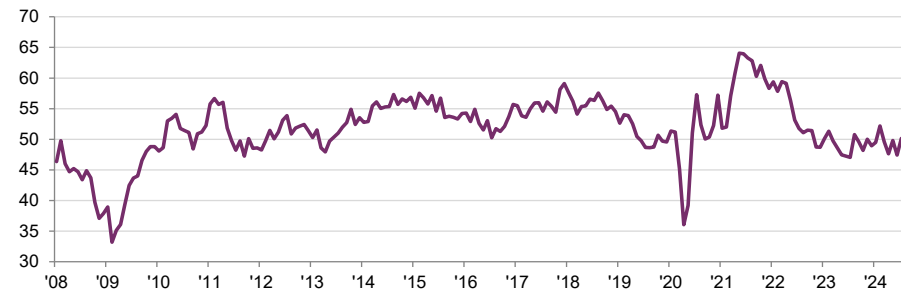
*"Output rose marginally in July following four months of contraction, albeit respondents reported continued weak client demand. This was reflected in a further fall in new orders, albeit the rate of contraction eased compared to June. Firms linked this drop to the current economic climate which has impacted both domestic and foreign demand. This was also reflected in new export orders, with the respective seasonally adjusted index coming below 50 for the sixth successive month. Demand from the US, UK and Germany were cited as key sources of weak demand. Stocks of both inputs and finished goods fell again due to the declining levels of new orders*

*and at an accelerated pace in July. Delivery times were unchanged, while a further contraction in purchasing activity was also evident.*

*"Hiring picked up in July, with firms expecting a stronger growth picture in the coming months and taking on more full-time hires. Irish manufacturers maintained a positive outlook regarding activity over the coming 12 months, with sentiment improving on the month. Positive expectations stemmed from hopes of a brighter economic picture in the near term.*

*"Price pressures remained a concerning feature of the survey in July. Input price inflation accelerated to a 17-month high, reflecting higher raw material and transport costs. Output price inflation also rose, as firms attempted to pass on higher input costs, but the rate of inflation eased on the month."*

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



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## Overview

Renewed rise in output

Downturn in new orders softens

Employment growth ticks up to five-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.

The latest PMI reading broke above the neutral 50.0 mark for the first time in five months, posting 50.1 in July, up from 47.4 in June. July thereby marked a broad stabilisation in operating conditions across the Irish manufacturing sector, a positive shift from the first half of the year, when the headline index for the most part posted in contraction territory.

Central to the uptick in the headline index was a renewed rise in production activity at the start of the third quarter. The upturn, while signalling only a fractional uptick, was a stark contrast to the sharp decline seen at the end of the first half of the year.

Demand conditions, while continuing to deteriorate for a fifth straight month, showed tentative signs of recovery. The rate of decrease moderated to a four-month low and signalled only a marginal fall in new orders received at Irish goods producers.

More positively, manufacturing companies in Ireland further raised their staffing levels in July, thereby continuing the trend that began in May. The rate of job creation quickened on the month and was solid overall. Many firms also noted taking on permanent staff.

With incoming new orders falling, along with growth in employment, manufacturing companies based in Ireland were able to keep on top of their workloads. Backlogs were depleted for the twenty-seventh straight month in

July. The rate of depletion quickened to a three-month high and pointed to a sharp fall in levels of unfinished work.

However, demand weakness meant that companies were unable to renew their purchasing activity. As a result, buying activity was curbed for a fourth successive month in July. Goods producers also reported reliance on stocks to meet production requirements. Both pre- and post-production inventories were depleted at faster rates than seen in the previous month.

Turning to prices, Irish manufacturing firms registered a notable quickening in the rate of input price inflation at the start of the third quarter. Cost burdens increased at the most pronounced rate since February 2023. Respondents noted higher costs were related to rising raw materials and transport prices.

That said, Irish companies increased their own selling prices at a slight pace, indicating that firms were willing to absorb higher costs, favouring to price competitively in a weak demand climate.

Looking at supply chains, Irish manufacturers recorded no change to delivery times than seen in the month prior, thereby ending a two-month period of improving vendor performance. While weak demand conditions meant less strain on suppliers and delivery times, this was cancelled out by some goods producers recording longer delivery times for inputs.

Lastly, confidence for the year ahead outlook further strengthened in the second half of the year. Sentiment was the strongest recorded in the year to date. Firms were hopeful that demand conditions would brighten in the coming 12 months.

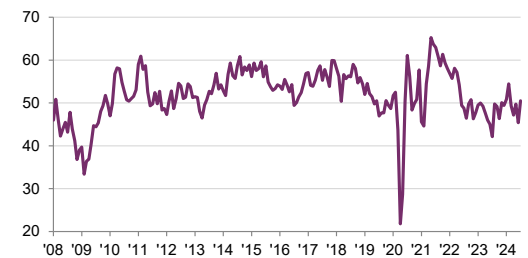
## Output and demand

### Output

The second half of the year started with a fresh rise in output across the Irish manufacturing sector. While the upturn was the first seen since February, it signalled only a marginal uptick in output, as some surveyed businesses continued to report ongoing demand weakness.

### Output Index

sa, >50 = growth since previous month

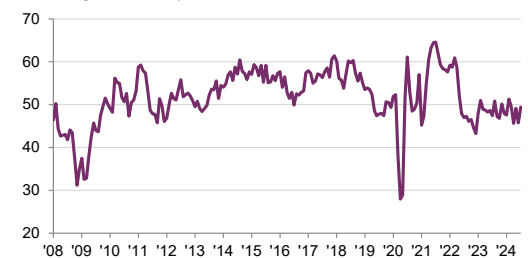


### New orders

July data highlighted a fifth consecutive monthly fall in new orders received at Ireland's manufacturing sector. The sluggish economic climate was said to have driven down client activity. That said, there were tentative signs of recovery, as the rate of contraction eased notably to signal only a fractional drop in new orders.

### New Orders Index

sa, >50 = growth since previous month

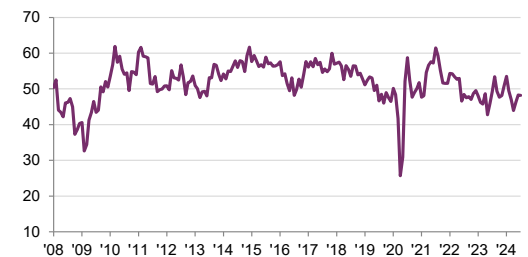


### New export orders

Manufacturing firms operating in Ireland recorded a fall in new export orders received in July, thereby extending the current run of decrease to six months. The rate of contraction was broadly unchanged from that seen in June, and indicated a modest decline. Discontinuation of products, sub-sector weakness especially in the automotive market, and demand weakness stemming from Germany, the UK and the US, were blamed for the downturn.

### New Export Orders Index

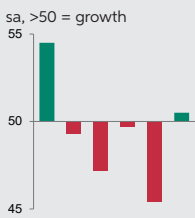
sa, >50 = growth since previous month



### Output Index

Feb - Jul '24

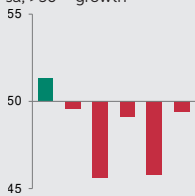
sa, >50 = growth



### New Orders Index

Feb - Jul '24

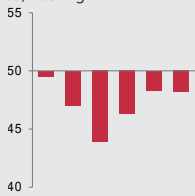
sa, >50 = growth



### New Export Orders Index

Feb - Jul '24

sa, >50 = growth

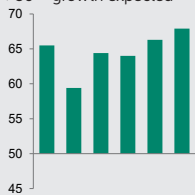


## Business expectations

### Future Output Index

Feb - Jul '24

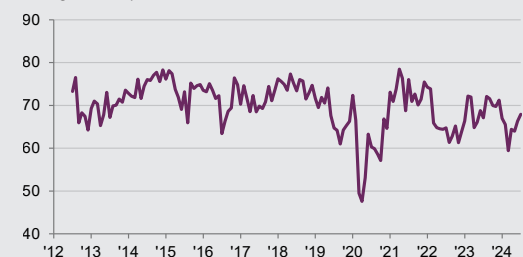
>50 = growth expected



The start of the third quarter indicated a further improvement in prospects for output. The degree of confidence was the highest in the year to date, moving closer to the series average. Firms were expectant of improved demand conditions in the coming months, with hopes that the broader economic picture will brighten.

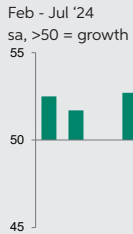
### Future Output Index

>50 = growth expected over next 12 months



# Employment and capacity

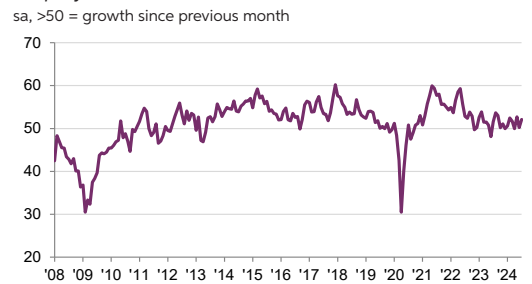
## Employment Index



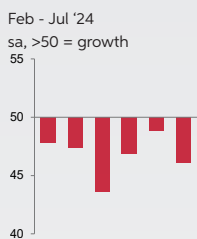
## Employment

A solid uptick in employment was recorded across Irish manufacturers in July, thereby extending the current sequence of increase to three months. The rate of job creation was the quickest since February and surpassed the long-run average. Growth in current production requirements and anticipation of future growth, encouraged firms to increase their staffing levels, with a number of companies commenting on hiring workers on a full-time basis.

## Employment Index



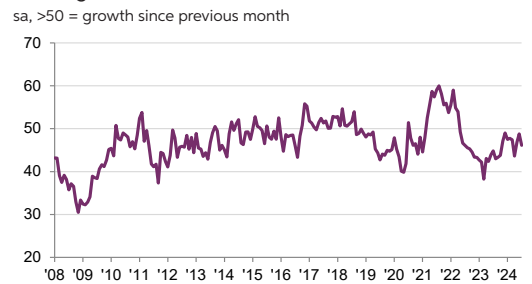
## Backlogs of Work Index



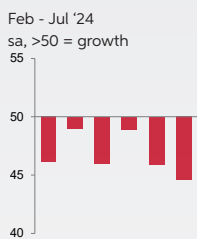
## Backlogs of work

Deteriorating demand conditions and a stronger uptick in workforce numbers, allowed Irish goods producers to reduce their backlogs in July. Backlogs have now been depleted in each month since May 2022. The rate of depletion was the fastest since April. Companies also noted that recent weather conditions had helped firms to complete tasks in hand.

## Backlogs of Work Index



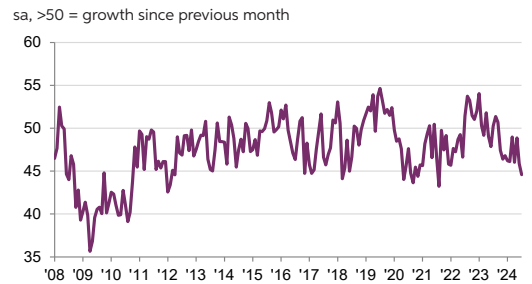
## Stocks of Finished Goods Index



## Stocks of finished goods

Stocks of finished goods decreased sharply in July, marking a tenth successive monthly decline. After having quickened for the second straight month, the latest round of destocking was the most pronounced in nearly three years. Anecdotal evidence attributed the latest downturn to difficulties in sourcing inputs, thus relying on previous holdings to meet output requirements.

## Stocks of Finished Goods Index



## Purchasing

### Quantity of purchases

July data pointed to a fourth consecutive monthly decrease in purchasing activity in the Irish manufacturing sector. Continued declines in new order inflows were said to have discouraged buying activity. That said, the rate of decrease was modest and the least marked in the aforementioned sequence, in part reflecting the renewed uptick in output.

### Suppliers' delivery times

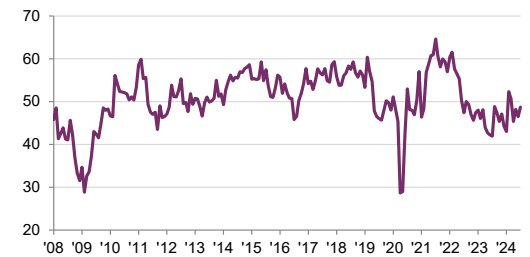
Suppliers' delivery times for inputs remained unchanged at the start of the third quarter, thereby ending a two-month period of improving vendor performance. With some companies seeing growth in new orders, this in part added pressures on supply chains.

### Stocks of purchases

The Irish manufacturing sector indicated a solid drop in pre-production holdings during July, thereby stretching the current sequence of decrease to ten months. The rate of depletion quickened to a three-month high amid reports of companies reducing their stock levels in line with falling workloads.

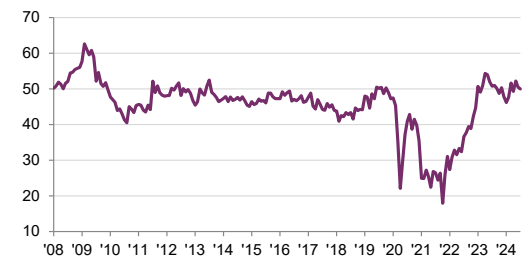
### Quantity of Purchases Index

sa, >50 = growth since previous month



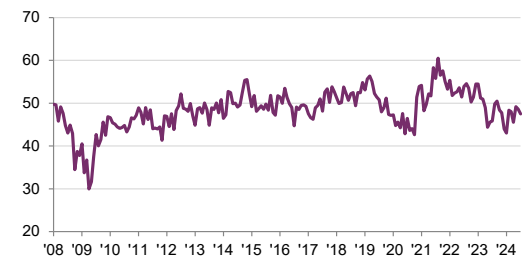
### Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



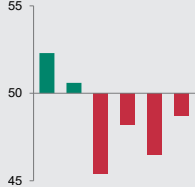
### Stocks of Purchases Index

sa, >50 = growth since previous month



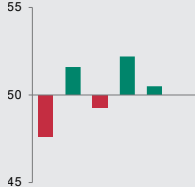
### Quantity of Purchases Index

Feb - Jul '24  
sa, >50 = growth



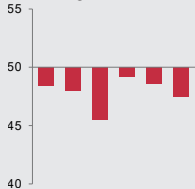
### Suppliers' Delivery Times Index

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



### Stocks of Purchases Index

Feb - Jul '24  
sa, >50 = growth



## Prices

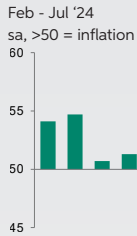
### Input prices

Cost burdens jumped in July, as the rate of input price inflation was the fastest recorded in 17 months. Though remaining below the long-run average, the respective seasonally adjusted index pointed to a sharp rise in input prices. Firms often commented on higher prices stemming from raw materials and transport.

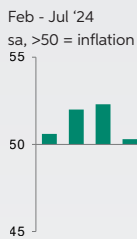
### Output prices

Despite a quickening in the rate of input cost inflation, Irish manufacturers raised their charges at a moderated pace, which was modest overall. The rate of charge inflation was also weaker than the historical average.

Input Prices Index

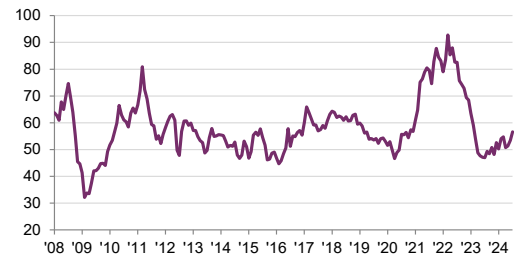


Output Prices Index



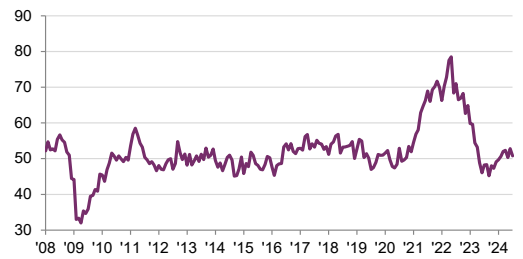
Input Prices Index

sa, >50 = inflation since previous month



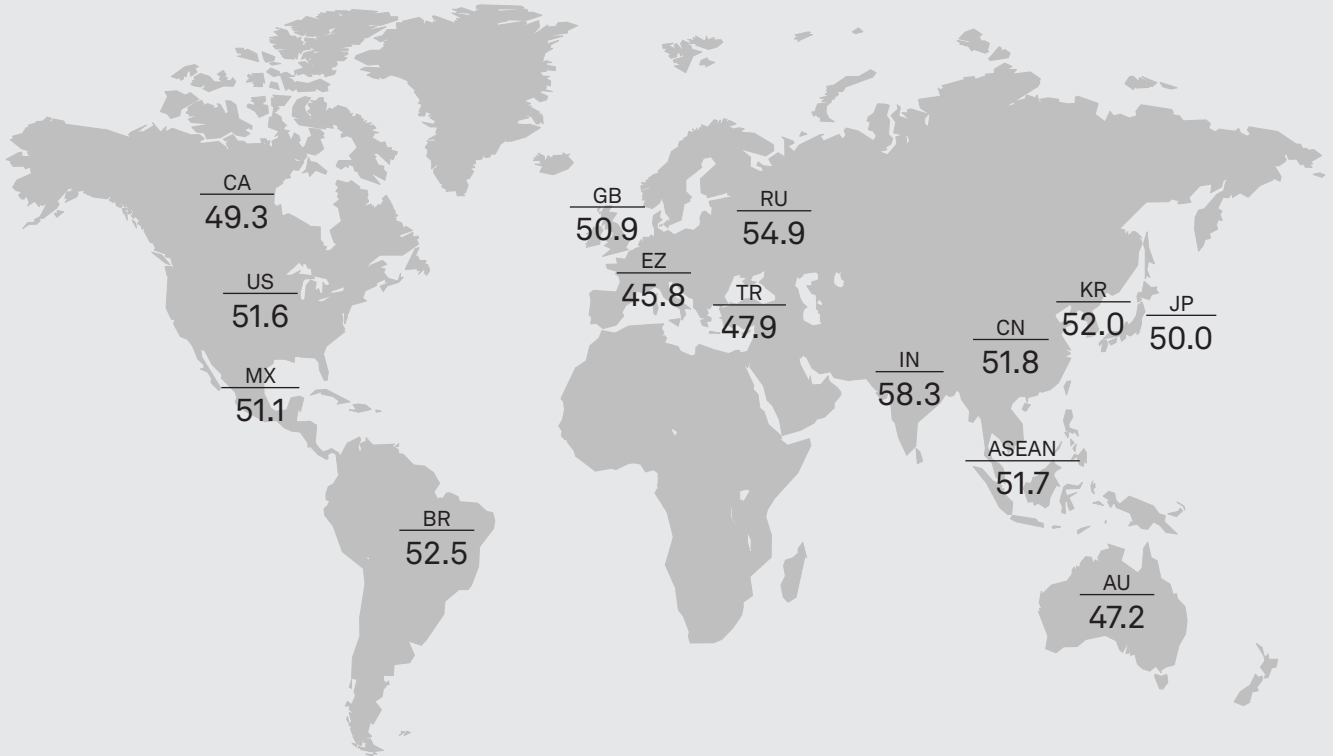
Output Prices Index

sa, >50 = inflation since previous month

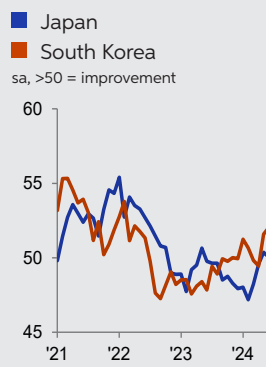
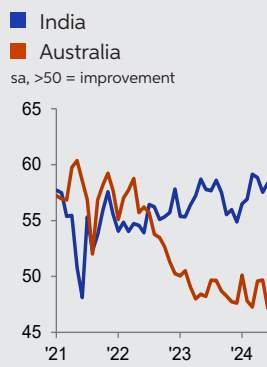
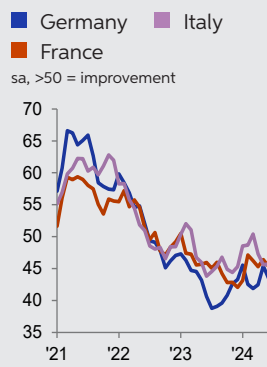
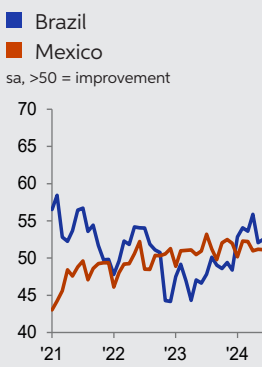
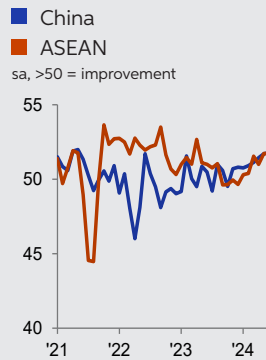
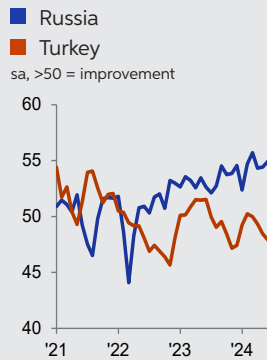
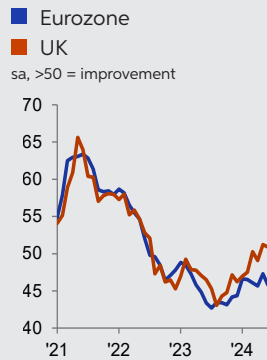
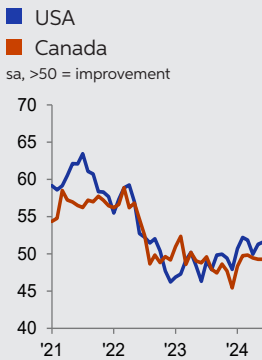


# International PMI

Manufacturing PMI, Jun '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 11-24 July 2024.

#### Survey questions

Manufacturing sector

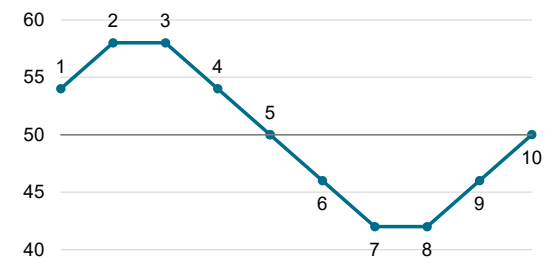
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

#### Index calculation

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

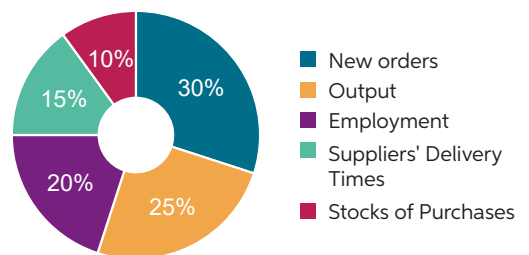
#### Index interpretation

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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