



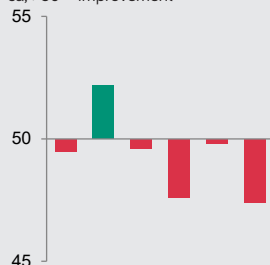
AIB Ireland Manufacturing PMI®

Irish manufacturing sector deteriorates solidly in June

47.4

IRELAND
MANUFACTURING PMI
JUN '24

Manufacturing PMI
Jan - Jun '24
sa, >50 = improvement



AIB Ireland Manufacturing PMI® data indicated a deeper deterioration in operating conditions across the Irish manufacturing sector in June. The downturn was the most severe in nearly a year as underlying demand trends continued to worsen and thereby resulted in sharper contractions in new factory orders and production. Moreover, while growth in employment was reported in June, the rate of job creation lost pace since May to signal only a fractional uptick in staffing levels. Inflationary pressures meanwhile picked up.

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

"The June AIB Irish Manufacturing PMI shows the sharpest decline in activity in the sector in 11 months, with the headline index falling to 47.4 in June from 49.8 in May. The downturn was driven by a contraction in output and new orders, alongside a continued decline backlogs of work. The Irish manufacturing PMI remains above the flash June reading for the Eurozone at 45.6 but far below the US and UK at 51.7 and 51.4, respectively.

"The Output Index has now been below the 50 mark for four months running, with the fall in factory production the fastest recorded since July 2023. Respondents in June attributed the fall to reduced client activity. New orders fell at the second-fastest pace in 18 months. Firms linked this drop to the current economic climate, which has impacted both domestic and foreign demand. This has also been reflected in new export orders coming in below 50 for the fifth successive month as foreign demand remained subdued.

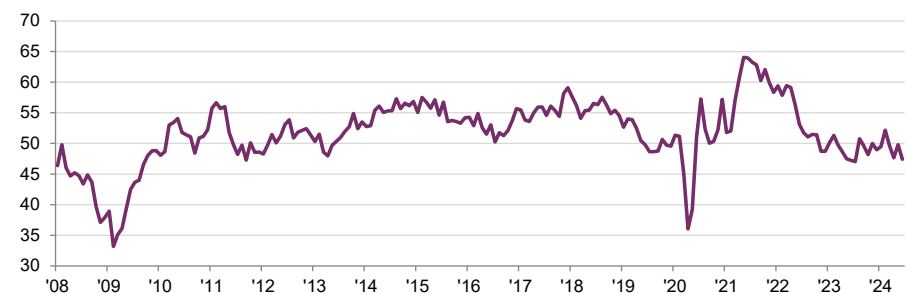
"Stocks of both inputs and finished goods fell yet again in June due to the declining levels of new orders. Purchasing activity also fell at a faster rate than the month prior. Delivery times shortened; however, some respondents cited that this was largely due to a fall in purchasing activity.

"Employment broadly stalled in June, but still remained just above the key 50 mark. There were mixed responses from firms, with some reporting new recruitment, while others struggled to retain workers amidst lower production levels and the continued pattern of falling backlogs of work.

"Price pressures increased in June. Input price inflation accelerated again but still remains below the historic average. Output price inflation also accelerated compared to last month, as firms attempted to pass on higher input costs, largely related to increased labour costs.

"Despite the downturn in activity and though historically subdued, Irish manufacturers maintained a positive outlook regarding output over the coming year. Positive expectations stemmed from hopes of further rate cuts over the next year, as well as a recovery in client demand."

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



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Overview

Sharp contractions in output and new orders

Inflationary pressures tick higher

Employment growth broadly stalls

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.

With a PMI reading of 47.4 in June, down from 49.8 in May, the health of the Irish manufacturing sector worsened for the fourth straight month and at an accelerated pace. In fact, the latest downturn was the most marked since July 2023.

Central to the stronger deterioration in operating conditions were sharp and accelerated contractions in new orders and output. Irish manufacturers noted that the current economic climate dissuaded client activity. As a result, demand retreated sharply, which in turn meant that production levels were scaled back at a sharp pace as well.

Both new orders and output decreased for the fourth month running, with the latter contracting to the greatest extent in 11 months.

Irish manufacturing firms adjusted their buying activity in line with falling output. Quantity of purchases fell for the third consecutive month in June and at a rate which was quicker than that seen in May and strong overall.

Consequently, stocks of purchases and finished items were further depleted, and those too at quicker rates. Irish manufacturers were keen to reduce inventory levels and only hold stocks per the current sales requirements.

Suppliers' delivery times for inputs shortened for the second successive month in June, albeit at only a fractional rate. The improvement in vendor performance was attributed to subdued economic activity, which allowed vendors to make timely deliveries.

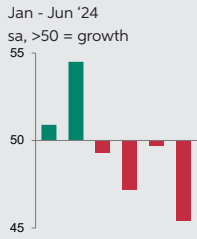
Turning to prices, cost burdens facing Irish goods producers rose at the quickest rate since March amid reports of higher raw material and supplier prices. In turn, panellists passed on their costs to customers. The pace of increase in output prices was the quickest in 14 months and stronger than the long-run average.

The main bright spot for the Irish manufacturing sector remained employment. Staffing levels have now been raised in five of the last six survey periods. That said, the ongoing decline in production requirements impacted recruitment activity. The rate of job creation broadly stalled in June, having lost momentum from May's eight-month high. Surveyed manufacturers reported difficulties in retaining staff amid the ongoing decline in output.

Lastly, the year ahead outlook for production brightened in June. Expectations across manufacturing companies based in Ireland were the strongest recorded since the start of the year. The rise in confidence levels was underpinned by hopes of improvement in demand conditions and reduction in interest rates. However, in line with the trend observed throughout 2024 so far, the level of optimism remained below the survey average amid concerns surrounding the country's subdued economic climate.

Output and demand

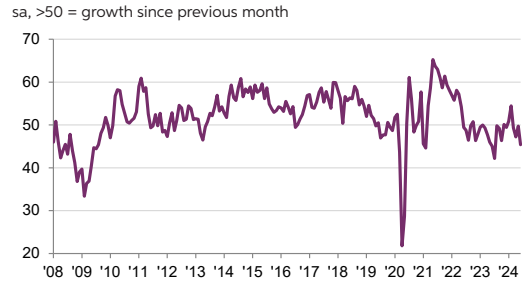
Output Index



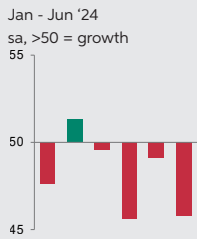
Output

Irish manufacturers signalled a sharp fall in factory production during June, extending the current run of decrease to four months. The respective seasonally adjusted index ticked down notably from May to an 11-month low. Anecdotal evidence commonly linked the latest fall in output to the current economic climate and reduced client activity.

Output Index



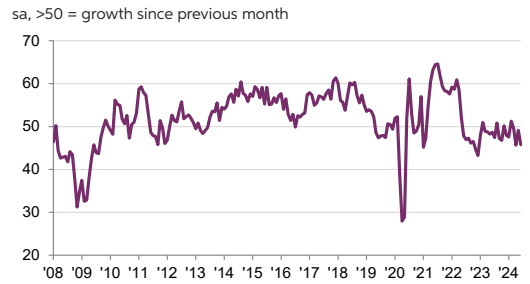
New Orders Index



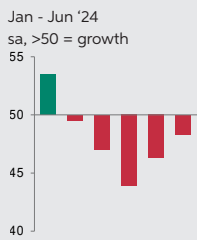
New orders

Irish goods producers pointed to a fourth consecutive monthly drop in new orders during June. The rate of contraction quickened from May to the second-strongest in one-and-a-half years. The broader economic slowdown was primarily blamed for the sharp drop in sales.

New Orders Index



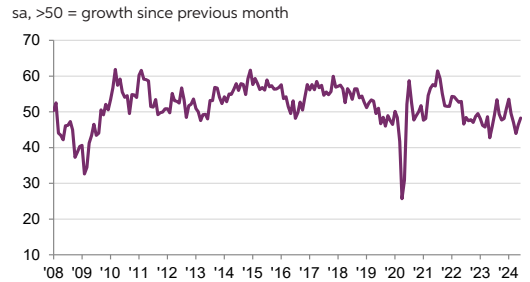
New Export Orders Index



New export orders

Irish manufacturers recorded a fifth successive monthly reduction in new export orders in June. The downturn was attributed to deteriorating demand conditions in key export markets. That said, the rate of decrease eased further since April and was modest overall.

New Export Orders Index



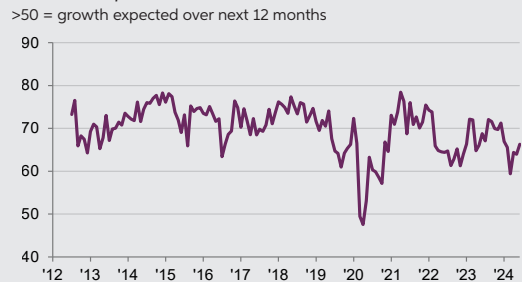
Business expectations

Future Output Index



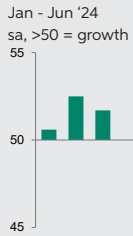
Irish manufacturers remained optimistic with regards to output over the coming year in June. The level of positive sentiment strengthened to a five-month high amid hopes of improved demand trends and central bank rate cuts in coming months. That said, sentiment remained historically subdued, weighed down by the current economic climate.

Future Output Index



Employment and capacity

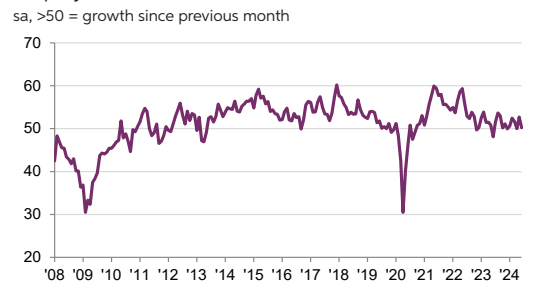
Employment Index



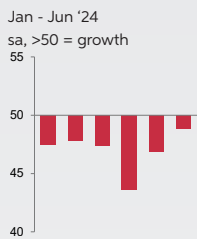
Employment

Employment growth broadly stalled at Irish manufacturers in June, as the rate of job creation eased from May's eight-month high. While there were some reports of successful new recruitment and the replacement of leavers, other firms found it difficult to retain staff amid falling production requirements.

Employment Index



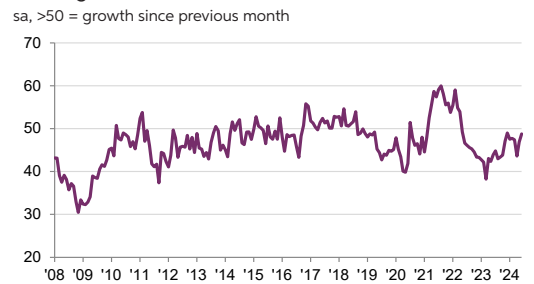
Backlogs of Work Index



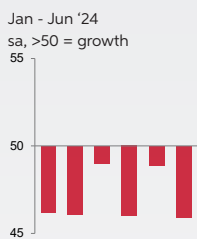
Backlogs of work

The ongoing reduction in new orders resulted in a further drop in outstanding business at Irish manufacturing companies in June, with decreases now seen in each of the last 26 months. That said, the rate of depletion eased for the second month running to the weakest in the year-to-date. Some respondents mentioned equipment failure and slow decision making.

Backlogs of Work Index



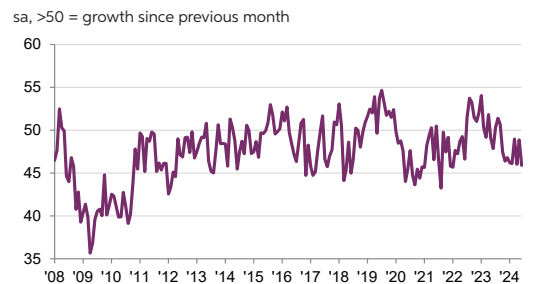
Stocks of Finished Goods Index



Stocks of finished goods

As has been the case since October 2023, post-production inventories at Irish goods producers fell in June. The rate of depletion quickened to the fastest in nearly two-and-a-half years and was sharp overall. According to anecdotal evidence, the latest downturn was driven by falling new orders.

Stocks of Finished Goods Index



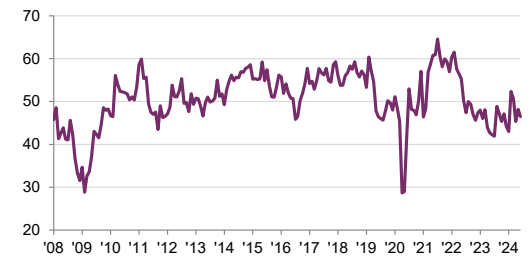
Purchasing

Quantity of purchases

In response to deteriorating demand trends, Irish manufacturers cut back on their purchases for a third straight month in June. The rate of decrease quickened on the month and was solid overall.

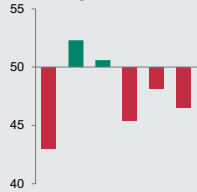
Quantity of Purchases Index

sa, >50 = growth since previous month



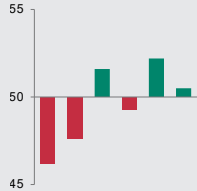
Quantity of Purchases Index

Jan - Jun '24
sa, >50 = growth



Suppliers' Delivery Times Index

Jan - Jun '24
sa, >50 = faster times

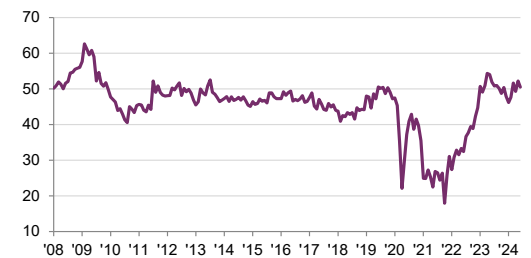


Suppliers' delivery times

Latest survey data highlighted a slight improvement in vendor performance at Irish manufacturers, thereby marking a third shortening of delivery times in the past four months. However, the latest improvement in lead times was in part attributed to reduced purchasing activity.

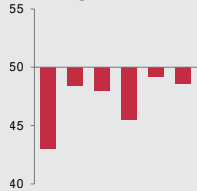
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Jan - Jun '24
sa, >50 = growth

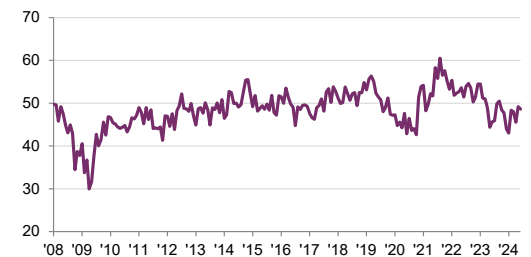


Stocks of purchases

Irish manufacturing firms recorded a fall in pre-production inventories during June, thereby extending the current sequence of decrease to nine months. The rate of contraction was modest overall, despite quickening from May. According to surveyed panellists, the latest downturn reflected the subdued economic environment and drop in new orders.

Stocks of Purchases Index

sa, >50 = growth since previous month



Prices

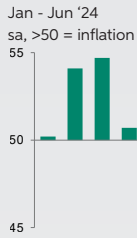
Input prices

Irish manufacturers recorded a rise in cost burdens during June. Higher supplier charges and rising raw material prices were said to have driven up operating costs. Though the rate of input price inflation gathered pace for the second month running, it was softer than the historical average.

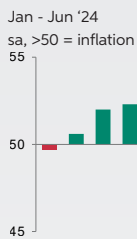
Output prices

After remaining broadly unchanged in May, output charges were raised solidly in June. That rate of output price inflation was the most pronounced in 14 months and surpassed the long-run average. The latest increase reflected rising input costs, including those related to labour.

Input Prices Index

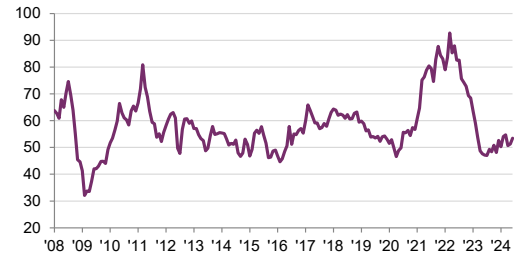


Output Prices Index



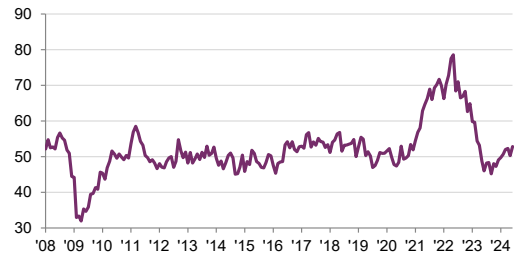
Input Prices Index

sa, >50 = inflation since previous month



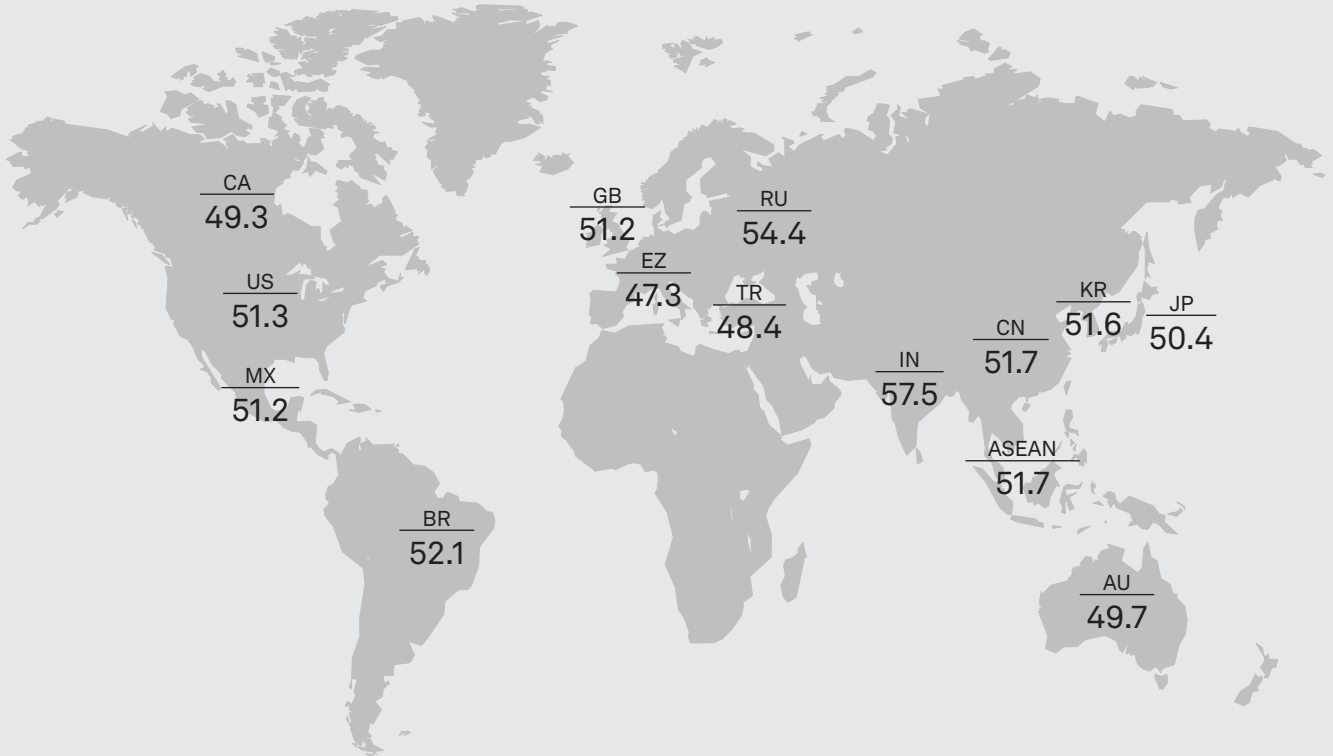
Output Prices Index

sa, >50 = inflation since previous month



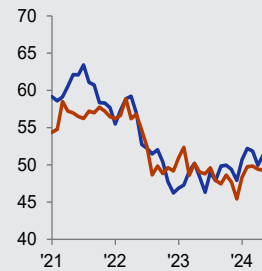
International PMI

Manufacturing PMI, May '24
 sa, >50 = improvement since previous month

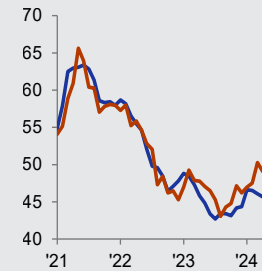


Manufacturing PMI

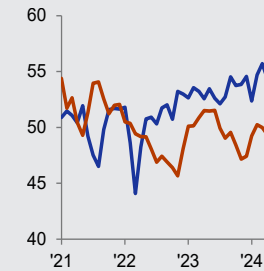
■ USA
 ■ Canada
 sa, >50 = improvement



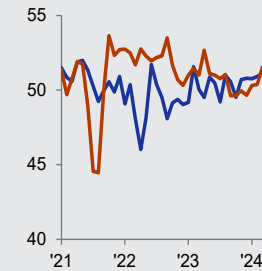
■ Eurozone
 ■ UK
 sa, >50 = improvement



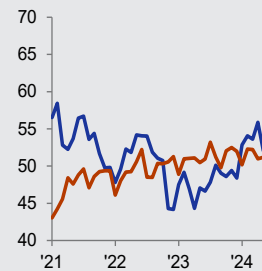
■ Russia
 ■ Turkey
 sa, >50 = improvement



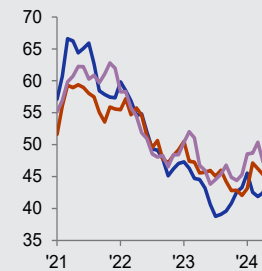
■ China
 ■ ASEAN
 sa, >50 = improvement



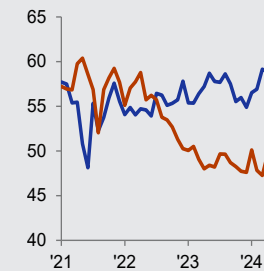
■ Brazil
 ■ Mexico
 sa, >50 = improvement



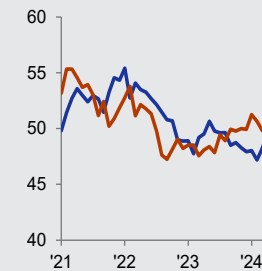
■ Germany
 ■ France
 ■ Italy
 sa, >50 = improvement



■ India
 ■ Australia
 sa, >50 = improvement



■ Japan
 ■ South Korea
 sa, >50 = improvement



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 12-21 June 2024.

Survey questions

Manufacturing sector

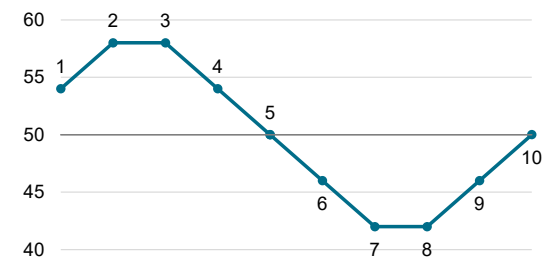
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

Index calculation

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

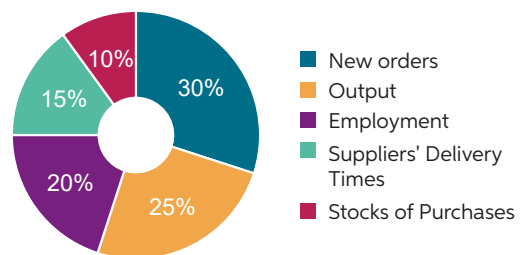
Index interpretation

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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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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