



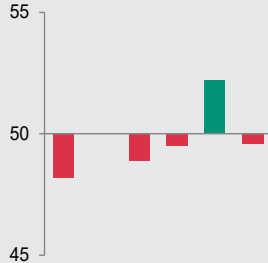
AIB Ireland Manufacturing PMI®

Renewed downturn in manufacturing sector performance

49.6

IRELAND
MANUFACTURING PMI
MAR '24

Manufacturing PMI
Oct '23 - Mar '24
sa, >50 = improvement



March data from the AIB Ireland Manufacturing PMI® illustrated persistent fragility across the manufacturing sector, with both output and new orders returning to contraction. Survey respondents cited headwinds from subdued demand in both domestic and export markets. Growth expectations for the year ahead weakened considerably, with optimism slipping to the lowest since October 2020. On a more positive note, manufacturers maintained a moderate rate of job creation in March and supplier performance improved to the greatest extent for nine months.

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

"The March AIB Irish Manufacturing PMI survey shows a renewed drop in activity in the sector, with the headline index falling to 49.6 from 52.2 in February. Activity has now contracted in nine months of the year to March. This fall, albeit marginal, reflects a decline in both output and new business in the sector last month. The Irish PMI remains above the flash March reading for the Eurozone at 45.7 but below the US and UK at 52.5 and 49.9, respectively.

"A fall in output and new orders, alongside accelerated price pressures, were the key features of the March PMI survey. The Output Index fell to its lowest level in five months on the back of a downturn in domestic demand. New export orders were also lower, owing to softer UK demand in particular, but also reflecting broadly softer global demand.

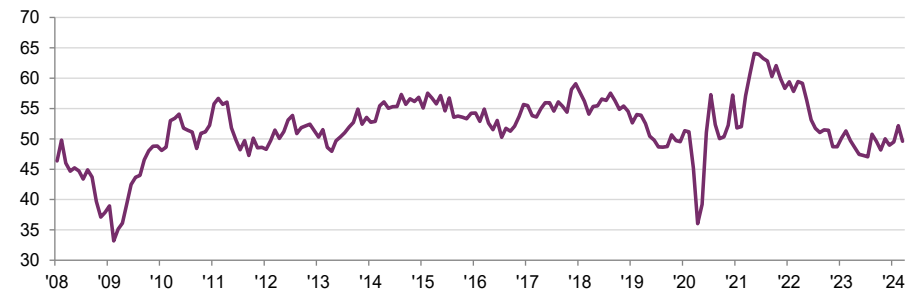
"While stocks of finished goods continued to fall in March, the upturn in new purchases of inputs by the sector continued. Improved delivery times were also linked to reduced pressure on supplier capacity. However, manufacturers cited ongoing shipping

delays, largely due to current Red Sea disruptions. Firms also continued to expand their workforce to support long-term growth strategies, but the pace of growth moderated, and some respondents noted that weak customer demand had limited hiring.

"Inflationary pressures also continued to build in the early months of 2024. Input price inflation rose to its highest rate since February 2023, linked to generally higher costs for commodities and rising wages. Output prices also accelerated, and this implies that demand remains strong enough at present for manufacturers to pass on price rises to customers and protect margins.

"There was also a sharp fall in business optimism across the sector, with the latest reading the lowest since October 2020. Anecdotal evidence suggested that concerns about the global economic outlook and subdued prospects for export sales were factors dampening business optimism in March."

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



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Overview

Marginal decline in output levels

Reduced export sales weigh on order books

Input cost inflation accelerates to 13-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.

At 49.6 in March, the seasonally adjusted AIB Ireland Manufacturing PMI was down from 52.2 in February and back below the neutral 50.0 threshold. Worsening manufacturing conditions have now been recorded in three of the past four months, although the latest downturn was only marginal.

March data pointed to renewed declines in both production volumes and incoming new work. The fall in output was first seen in the year-to-date and the fastest recorded since October 2023. Survey respondents often commented on cutbacks to production schedules in response to lacklustre demand conditions and weaker-than-expected sales pipelines.

Reduced export orders weighed on total new business intakes during March. The latest survey indicated a solid decline in new orders from abroad that was the fastest since June 2023. Goods producers mostly cited subdued demand from clients in the UK, alongside challenging global economic conditions.

Despite a setback for new order books in March, latest data signalled a moderate increase in staffing numbers across the manufacturing sector. Higher levels of employment have now been recorded for three months in a row, with extra hiring attributed to long-term growth strategies and new product launches. That said, the rate of job creation eased slightly since February as some firms cited a headwind from subdued demand.

Greater workforce numbers helped to alleviate capacity pressures in March.

This was signalled by a further modest reduction in unfinished work across the manufacturing sector. Fewer backlogs have been seen in each month since May 2022.

Manufacturers indicated a marginal rise in purchasing activity during March, but pre-production inventories were depleted for the sixth successive month. Goods producers noted ongoing efforts to streamline inventories, despite some concerns about the impact of Red Sea shipping delays on supplier performance. Stocks of finished goods were also reduced in March, albeit at the slowest pace for six months.

While manufacturers noted that transportation delays had an adverse impact on supplier performance in March, this was offset by improving raw material availability and weaker demand conditions. As a result, the latest survey indicated that vendors' lead times shortened for the first time in four months and to the greatest extent since June 2023.

Higher transport costs, rising commodity prices and elevated wage pressures all contributed to a robust increase in overall cost burdens at manufacturing companies in March. The rate of input price inflation accelerated for the second month running to its highest since February 2023. Factory gate price inflation meanwhile hit an 11-month high as goods producers sought to pass on rising purchasing costs to clients.

Finally, business activity expectations weakened considerably in March. Although still upbeat overall about prospects for output levels in the next 12 months, the degree of positive sentiment has decreased throughout 2024 to date. The latest reading was the lowest since October 2020, which was often linked to concerns about the global economic outlook.

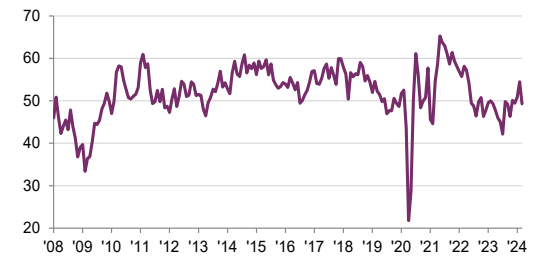
Output and demand

Output

The seasonally adjusted Output Index eased considerably from February's 22-month high and registered below the crucial 50.0 no-change value for the first time this year. A renewed decline in production volumes was attributed to fewer new order intakes and softer demand across the wider economy.

Output Index

sa, >50 = growth since previous month

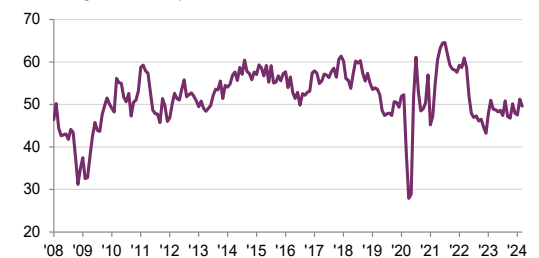


New orders

March data pointed to a marginal reduction in new work received by manufacturers in Ireland. The respective seasonally adjusted index has registered in contraction territory in three of the past four months. Goods producers typically cited sluggish demand and fewer sales enquiries during the latest survey period, in part due to constrained consumer spending.

New Orders Index

sa, >50 = growth since previous month

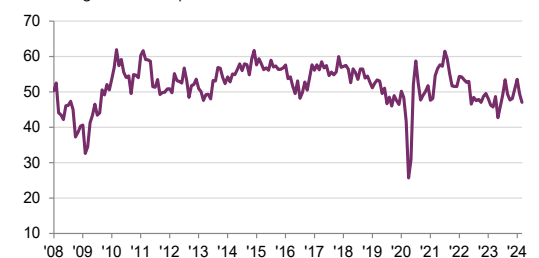


New export orders

Irish manufacturers experienced a solid reduction in export sales during March, with the seasonally adjusted New Export Orders Index pointing to the fastest rate of decline since June 2023. A number of firms cited soft demand from UK clients, as well as generally subdued global demand conditions.

New Export Orders Index

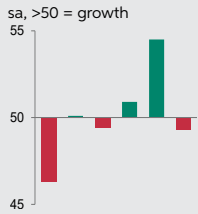
sa, >50 = growth since previous month



Output Index

Oct '23 - Mar '24

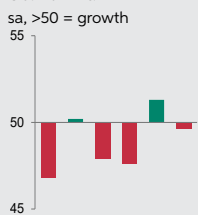
sa, >50 = growth



New Orders Index

Oct '23 - Mar '24

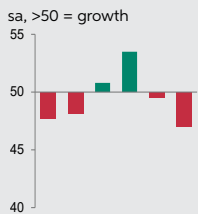
sa, >50 = growth



New Export Orders Index

Oct '23 - Mar '24

sa, >50 = growth

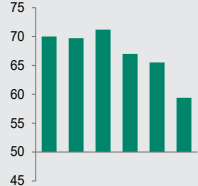


Business expectations

Future Output Index

Oct '23 - Mar '24

>50 = growth expected

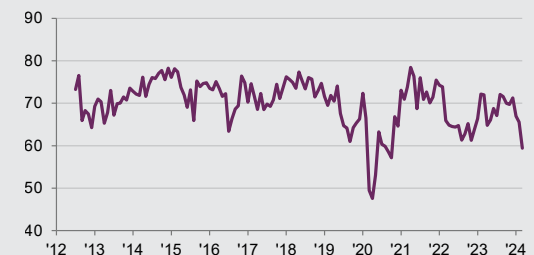


The Future Output Index pointed to a sharp fall in business optimism across the manufacturing sector, with the latest reading the lowest since October 2020. Weaker business activity expectations have now been recorded in six of the past seven months.

Anecdotal evidence suggested that concerns about the global economic outlook and subdued prospects for export sales were factors constraining business optimism in the manufacturing sector.

Future Output Index

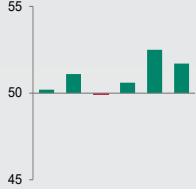
>50 = growth expected over next 12 months



Employment and capacity

Employment Index

Oct '23 - Mar '24
sa, >50 = growth

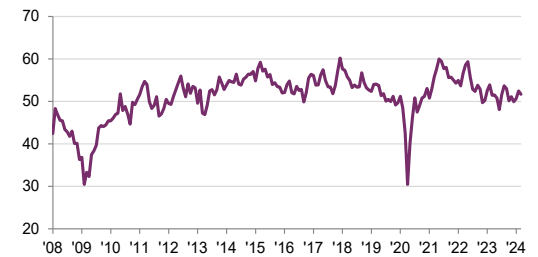


Employment

March data pointed to another moderate increase in staffing numbers across the manufacturing sector. The seasonally adjusted Employment Index registered above the neutral 50.0 threshold for the third month running, but the rate of expansion eased since February. Goods producers often cited rising full-time employee numbers to support long-term growth strategies and new product launches. However, some noted that weak demand had acted as a brake on hiring.

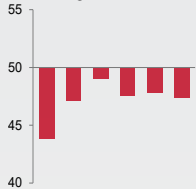
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

Oct '23 - Mar '24
sa, >50 = growth

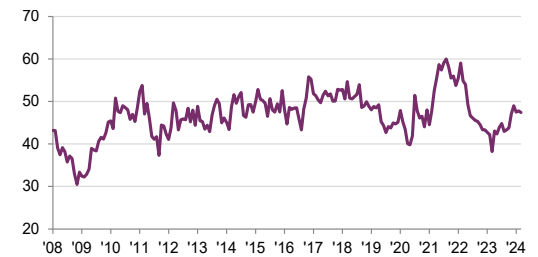


Backlogs of work

Work-in-hand continued to decline in March, with the seasonally adjusted index posting in contraction territory for the twenty-third month running. The latest reading signalled a moderate rate of backlog depletion, which was mostly attributed to a lack of pressure on business capacity.

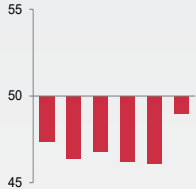
Backlogs of Work Index

sa, >50 = growth since previous month



Stocks of Finished Goods Index

Oct '23 - Mar '24
sa, >50 = growth

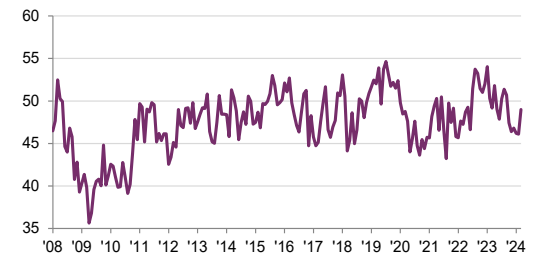


Stocks of finished goods

Manufacturers indicated that stocks of finished goods were depleted in March, thereby extending the current period of inventory reduction to six consecutive months. However, the rate of decline was only marginal and eased to the slowest since the downturn began last October.

Stocks of Finished Goods Index

sa, >50 = growth since previous month



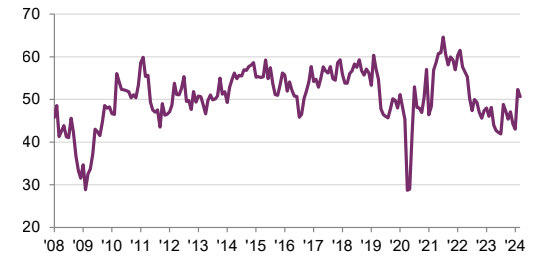
Purchasing

Quantity of purchases

In contrast to the trend for output and new orders, latest data signalled a sustained increase in purchasing activity among manufacturing companies in March. The seasonally adjusted index pointed to a marginal rate of growth that was slightly softer than seen in February.

Quantity of Purchases Index

sa, >50 = growth since previous month

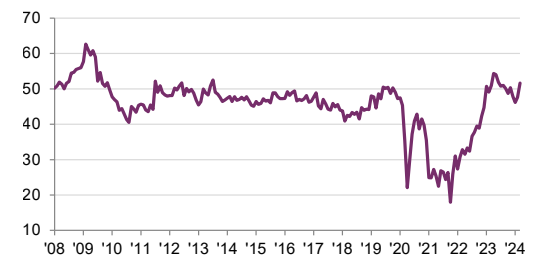


Suppliers' delivery times

The seasonally adjusted Suppliers' Delivery Times Index moved back into positive territory in March and thereby signalled the first overall improvement in vendor performance since last November. Although only modest, the shortening of lead-times among suppliers was the greatest recorded for nine months. Improving delivery times were widely linked to reduce pressure on supplier capacity. Manufacturers nonetheless noted ongoing shipping delays, largely due to Red Sea disruptions.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

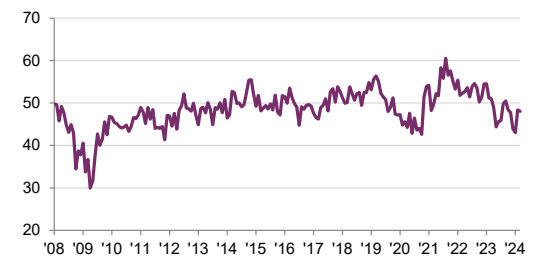


Stocks of purchases

Pre-production inventories were depleted again in March, as signalled by the seasonally adjusted Stocks of Purchases Index posting below the 50.0 no-change mark for the sixth successive month. However, the rate of decline was only marginal. Lower stocks of purchases were mostly linked to deliberate inventory reduction policies in response to subdued demand conditions.

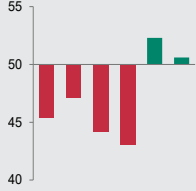
Stocks of Purchases Index

sa, >50 = growth since previous month



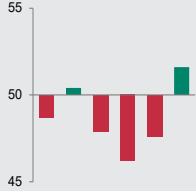
Quantity of Purchases Index

Oct '23 - Mar '24
sa, >50 = growth



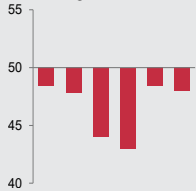
Suppliers' Delivery Times Index

Oct '23 - Mar '24
sa, >50 = faster times



Stocks of Purchases Index

Oct '23 - Mar '24
sa, >50 = growth



Prices

Input prices

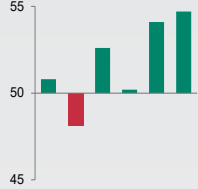
Irish manufacturers signalled a robust and accelerated increase in their average cost burdens during March. The rate of inflation reached its highest level since February 2023. Rising purchasing costs were linked to higher commodity prices and, in some cases, the impact of rising transport bills and strong wage pressures.

Output prices

The seasonally adjusted Output Prices Index posted above the 50.0 value for the second month running. Although only modest, the rate of factory gate price inflation was the highest since April 2023. Manufacturers typically cited efforts to pass on higher costs to clients, but many noted constraints on pricing power due to strong competition and lacklustre demand.

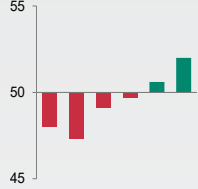
Input Prices Index

Oct '23 - Mar '24
sa, >50 = inflation



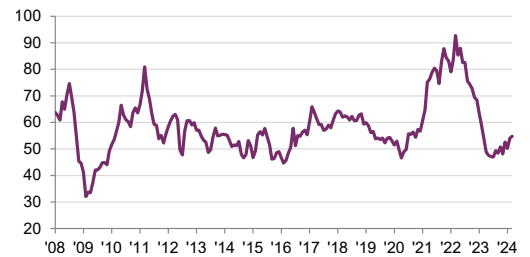
Output Prices Index

Oct '23 - Mar '24
sa, >50 = inflation



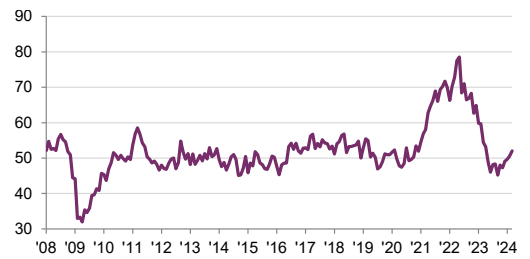
Input Prices Index

sa, >50 = inflation since previous month



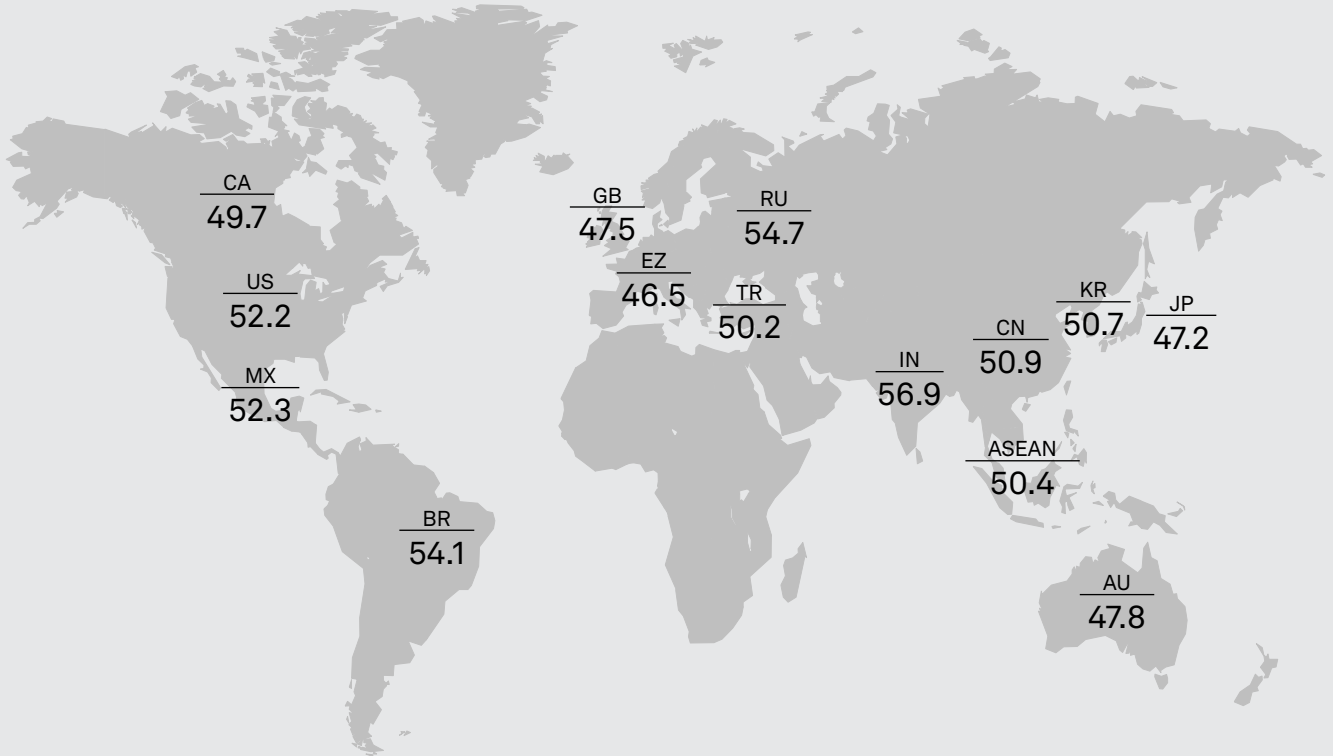
Output Prices Index

sa, >50 = inflation since previous month

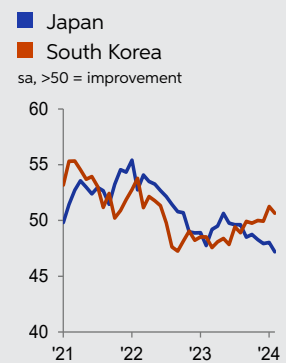
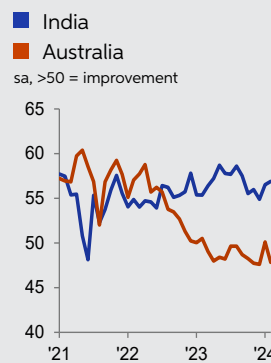
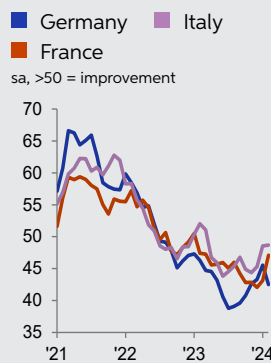
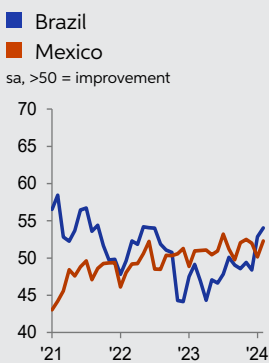
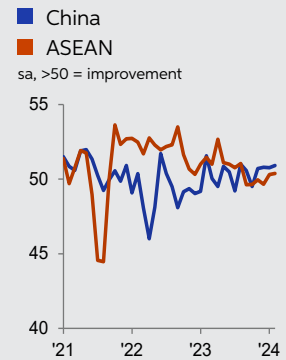
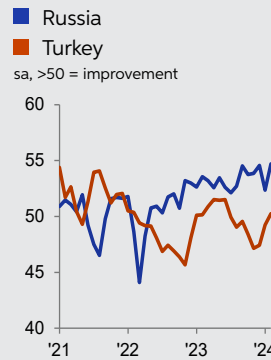
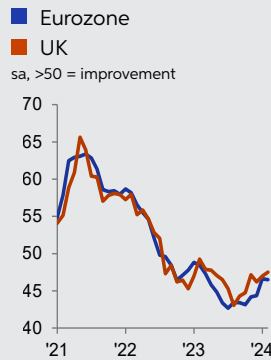
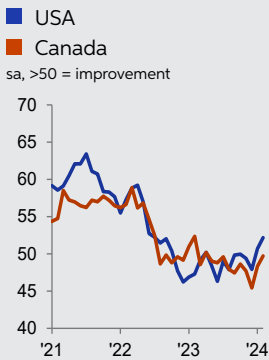


International PMI

Manufacturing PMI, Feb '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.

Survey dates

Data were collected 12-21 March 2024.

Survey questions

Manufacturing sector

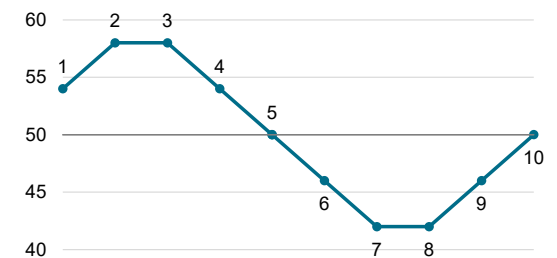
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

Index calculation

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

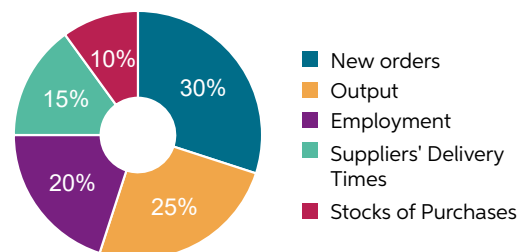
Index interpretation

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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