News Release

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AIB Ireland Manufacturing PMI®

New order growth continues to gain momentum in March

Key findings

New business rises at strongest pace since April 2022

Solid upturn in production volumes

Job creation remains relatively subdued

Business conditions across the manufacturing sector improved again during March, reflecting solid increases in production and incoming new work. The latest upturn in manufacturing order books was the fastest for almost three years, driven by a renewed rise in export sales. Goods producers nonetheless remain somewhat concerned about near-term growth prospects, with business activity expectations still much weaker than at the start of 2025 and job creation easing as a result. Survey respondents noted worries about the impact of rising global economic uncertainty and US trade tariffs.

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.

March data signalled a sustained improvement in overall business conditions across the Irish manufacturing sector. The seasonally adjusted AIB Ireland Manufacturing PMI® registered 51.6 in March, down slightly from 51.9 in February but above the neutral 50.0 value for the third month running. Although signalling only a modest upturn in manufacturing performance, the average reading in the first quarter of the year was the highest since Q2 2022.

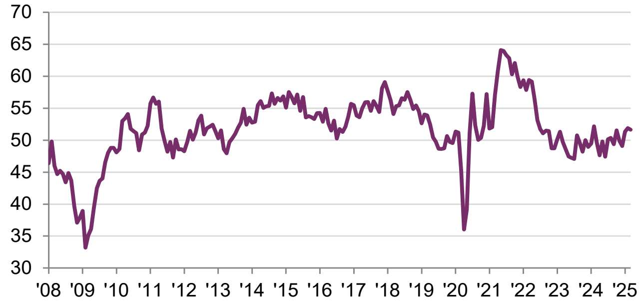
Improving business conditions reflected faster rates of output and new business growth in March. Production volumes increased to the greatest extent for 13 months, while the latest upturn in new work was the strongest since April 2022. Anecdotal evidence suggested that customer restocking and a general turnaround in demand conditions had supported sales pipelines.

Irish manufacturers indicated a renewed rise in export sales during March, despite some firms citing headwinds from delayed business investment decisions and the impact of proposed US tariffs on global trade. Goods producers noted a modest rebound in demand across major European markets. The overall rate of new export order growth was the fastest since January 2024.

Staffing numbers increased for the fourth consecutive month. However, the rate of job creation was only marginal and the weakest seen in this period. While some manufacturers noted additional recruitment in response to long-term business expansion plans, others suggested that margin pressures and subdued demand had led to the non-replacement of voluntary leavers. A subsequent lack of pressure on business capacity was signalled by a decline in

AIB Ireland Manufacturing PMI

sa, >50 = improvement since previous month



Sources: AIB, S&P Global PMI.
Data were collected 12-24 March 2025.

Comment

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

"The AIB Irish Manufacturing PMI indicated that the sector's upturn was sustained in March, despite the index easing to 51.6 from 51.9 in February. The rise in March was broad-based, with stronger growth in output and new orders, and a renewed upturn in exports. The Irish manufacturing PMI remains above the flash March readings for the Eurozone, US and UK at 48.7, 49.8 and 44.6, respectively.

"Output rose robustly in March, amid a general rebound in demand conditions. This was reflected in accelerated growth in new orders to a 3-year high, and a first rise in export orders since January 2024. Employment expanded, albeit at a modest and slower pace than last month as firms remained cautious in hiring activity. Following a rise in February, purchasing activity dipped modestly once again in March, reflecting once again a cautious business outlook, despite improving demand conditions.

"Encouragingly, the rate of inflation for input and output costs eased materially in March. Firms noted some price falls for inputs, alongside competitive pressures constraining price rises for outputs. Despite ongoing geopolitical and tariff uncertainty, Irish manufacturers maintained a generally upbeat assessment of the outlook for activity levels over the coming year. 41% of the respondents predict a rise in output levels during the year ahead, while 10% expect a decline. Manufacturers typically cited hopes of a turnaround in underlying market conditions and rising export demand in Europe as reason for optimism."

backlogs of work for the fourth time in the past five months.

Cautious inventory policies continued in March, with stocks of purchases decreasing at the steepest pace for 14 months. Survey respondents reported deliberate stock reduction amid efforts to improve working capital efficiency. Post-production inventories meanwhile fell at the fastest rate since July 2024.

Despite subdued purchasing activity, latest data indicated a fractional deterioration in supplier performance. Longer deliver times were attributed to delays with international transportation.

Purchasing prices increased markedly, although the rate of inflation eased from February's two-year high. Manufacturers reported higher prices paid for energy, food, fuel and raw materials. Output charge inflation nonetheless dropped to an eight-month low and was only modest in March. Survey respondents cited constrained pricing power and competitive pressures, which limited the pass-through of higher input costs to clients.

Meanwhile, output expectations for the year ahead remained much weaker than seen at the start of 2025. Some 41% of the survey panel anticipate an increase in production during the next 12 months, while 10% forecast a reduction. Optimism reflected planned business investment, alongside hopes of a sustained turnaround in export demand. Manufacturers nonetheless also commented on hesitancy among clients linked to US tariffs and rising global economic uncertainty.

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Survey methodology

The AIB Ireland Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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