



AIB Ireland Manufacturing PMI®

May PMI signals near-stabilisation in operating conditions

49.8

IRELAND
MANUFACTURING PMI
MAY '24

Manufacturing PMI
Dec '23 - May '24
sa, >50 = improvement



AIB Ireland Manufacturing PMI® data signalled a broad stabilisation in operating conditions in May as the headline index from the survey ticked up to a three-month high. Softer and only marginal contractions in output volumes and incoming new work were recorded during the latest survey period.

Irish manufacturers also registered a fresh rise in staffing levels. Moreover, the rate of job creation was the strongest in eight months.

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

"The May AIB Irish Manufacturing PMI survey shows a marginal contraction in activity in the sector, with the headline index rising to 49.8 from 47.6 in April. The third straight month below the 50 no-change level reflects lingering weakness in output, new orders, and backlogs of work in the sector last month. The Irish manufacturing PMI remains above the flash May reading for the Eurozone at 47.4 but below the US and UK at 50.9 and 51.3, respectively.

"Output fell for a third month running, but the respective index moved higher, close to the 50 no-change level. A subdued economic environment was cited by respondents in May. New orders were lower, owing to softer domestic and export demand, but the rate of contraction also eased in May. According to anecdotal evidence, the latest fall was linked to weaker demand from key trading partners, including the UK. Amid the subdued demand environment, backlogs of work eased across the sector for a 25th consecutive month.

"Stocks of both inputs and finished goods

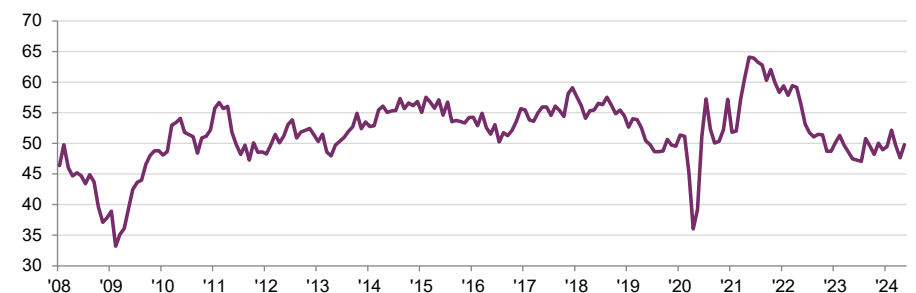
fell in May on the back of weak demand, which was also reflected in a further decline in purchasing activity. However, delivery times improved, with firms noting that lower demand for inputs and better logistics had in part helped to speed up deliveries.

"Despite the current challenges in the sector, firms accelerated hiring activity, with the Employment Index rising to an eight-month high in May. This reflected still optimistic expectations for activity levels over the next 12 months.

"Input price inflation accelerated somewhat but remains below the survey average. However, output price inflation decelerated sharply compared to last month, with some respondents citing discounts on factory gate prices.

"Looking ahead, firms remain somewhat positive on the outlook for the next 12 months, with the latest reading of the Business Expectations Index in line with last month's reading, as firms expect renewed growth in client demand in the near future."

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



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Overview

Softening downturns in output and new orders

Delivery times shorten at most marked pace in 12 months

Employment returns to growth

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 49.8 in May, the seasonally adjusted AIB Ireland Manufacturing PMI was up from April's nine-month low of 47.6, to signal a third consecutive monthly deterioration in operating conditions. That said, the latest reading was close to the neutral 50.0 threshold, indicating that the health of the Irish manufacturing sector worsened only fractionally and at the softest pace in the current sequence of decline.

Irish manufacturers continued to report sluggish economic conditions, with goods producers often commenting on subdued demand from domestic and international customers. Nonetheless, the latest survey data signalled an easing downturn as incoming new orders fell at a moderated pace. Similarly, Irish manufacturers also recorded a weaker drop in new export sales. As a result, production volumes fell only marginally, and at the weakest pace in the current three-month sequence of decline.

The moderated downturn in output supported a softer fall in purchasing activity. Similarly, inventories were also depleted at reduced rates during the latest survey period. Stocks of purchases and holdings of finished items fell at the weakest rates in eight, and two months respectively. Where purchasing and inventory holdings did decrease, panellists linked this to lower production requirements and company policies to limit stocks.

Suppliers' delivery times for inputs shortened for the second time in the last three survey periods in May, and at

a rate that was the most marked for a year. Some manufacturers noted that muted demand conditions helped ease pressure from supply chains. There were also reports of improved logistics.

Turning to prices, pressures remained historically subdued midway through the second quarter. Cost burdens rose only modestly, but at a slightly quicker rate than in April. The uptick in prices was largely attributed to higher raw material and transportation costs. Meanwhile, the rate of output charge inflation moderated to a four-month low and was fractional overall. According to anecdotal evidence, some Irish manufacturing companies offered discounts in order to secure orders.

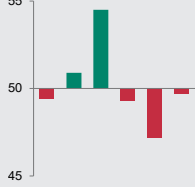
Despite the ongoing decline in production requirements and further evidence of spare capacity in the sector as backlogs of work fell for the twenty-fifth successive month, goods producers based in Ireland recorded a fresh and solid rise in workforce numbers. Job creation was in fact the strongest since September last year. The upturn in part reflected increased confidence in market conditions over the coming months.

Additionally, manufacturing companies across Ireland remained largely optimistic in terms of their outlook for output. Firms were hopeful that clients will demonstrate greater appetite, and many firms were looking to expand their business operations and introduce new products, all of which supported positive forecasts for output in the year ahead. That said, the degree of optimism did edge slightly down from that seen in the previous survey period and was subdued by historical standards.

Output and demand

Output Index

Dec '23 - May '24
sa, >50 = growth

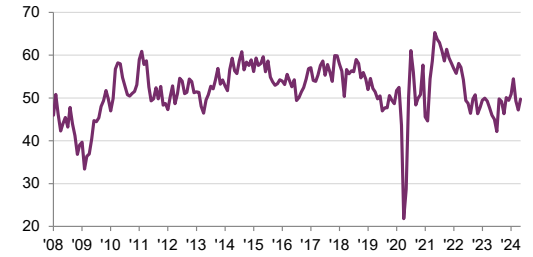


Output

May data revealed a third consecutive monthly fall in output across Ireland's manufacturing sector. Panellists mainly linked this to sluggish economic conditions. However, there were some businesses that noted increased client activity. As a result, the rate of decrease in production eased notably from April and was fractional overall.

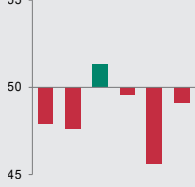
Output Index

sa, >50 = growth since previous month



New Orders Index

Dec '23 - May '24
sa, >50 = growth

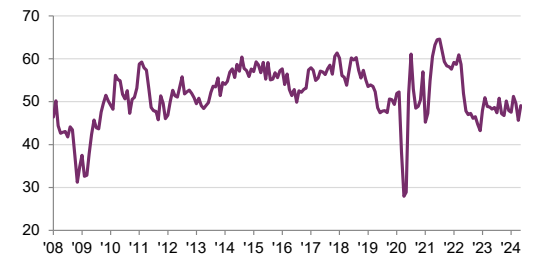


New orders

The ongoing market slowdown was reportedly behind a drop in new orders received at Irish manufacturers during May, with contraction noted for the third straight month. As was the case with output, the rate of decline in new business eased from April and was slight overall, however.

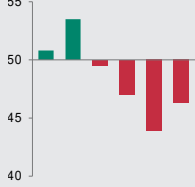
New Orders Index

sa, >50 = growth since previous month



New Export Orders Index

Dec '23 - May '24
sa, >50 = growth

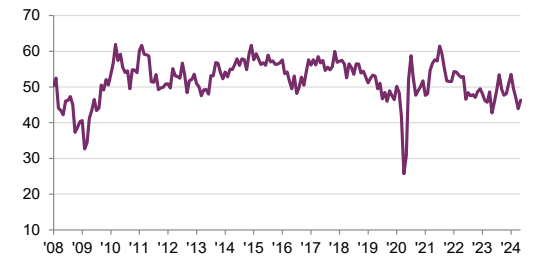


New export orders

A fourth consecutive monthly fall in new export orders was recorded across Irish goods producers in May. The rate of decrease, while easing from April's 11-month high, was strong overall. According to anecdotal evidence, the latest downtick was linked to weaker demand from key trading partners including the UK.

New Export Orders Index

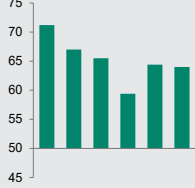
sa, >50 = growth since previous month



Business expectations

Future Output Index

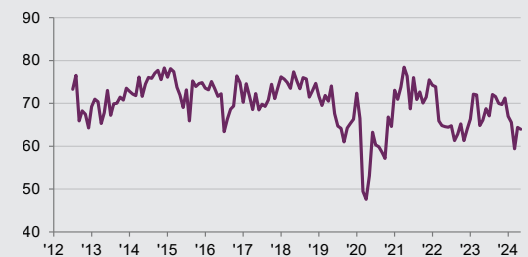
Dec '23 - May '24
>50 = growth expected



Manufacturers based in Ireland maintained a positive outlook for output, with hopes of improved demand trends both domestically and internationally, new client acquisitions and investment in new products underpinning expectations. Confidence levels were strong, but remained below the series average.

Future Output Index

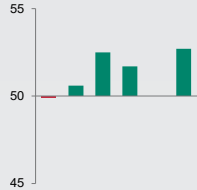
>50 = growth expected over next 12 months



Employment and capacity

Employment Index

Dec '23 - May '24
sa, >50 = growth

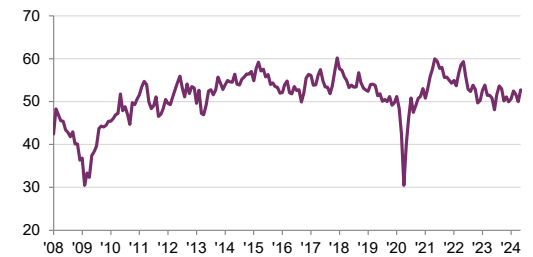


Employment

After being left unchanged in the previous survey period, Irish manufacturers recorded a renewed and solid rise in workforce numbers in May. The rate of job creation was at an eight-month high. According to surveyed panellists, full-time staff were acquired as firms anticipated increased production requirements in the months ahead.

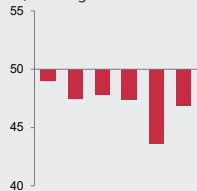
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

Dec '23 - May '24
sa, >50 = growth

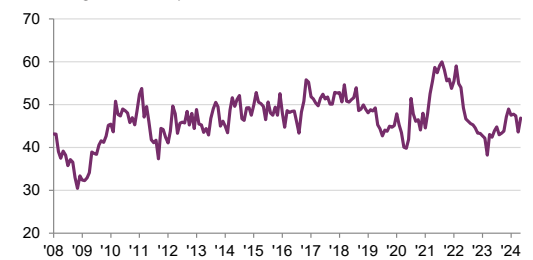


Backlogs of work

Irish manufacturers registered a fall in outstanding business in May, thereby extending the current run of depletion to 25 months. The latest downtick was weaker than seen in April, but sharp overall. Surveyed businesses reported that a drop in new orders allowed firms to keep on top of their backlogs.

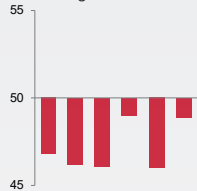
Backlogs of Work Index

sa, >50 = growth since previous month



Stocks of Finished Goods Index

Dec '23 - May '24
sa, >50 = growth

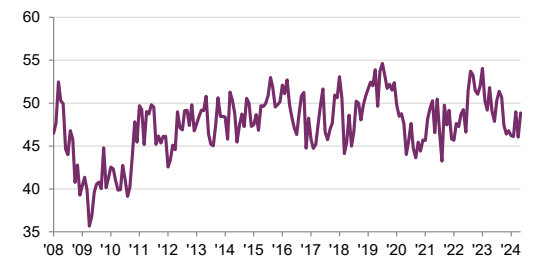


Stocks of finished goods

A slight drop in post-production inventories was recorded at Irish manufacturers in May, with the respective seasonally adjusted index posting below the crucial 50.0 neutral mark for an eighth successive month. The rate of contraction eased from that seen in April. Some panellists reported having a preference for lower stocks.

Stocks of Finished Goods Index

sa, >50 = growth since previous month



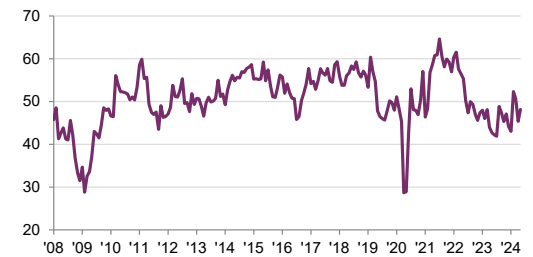
Purchasing

Quantity of purchases

With production levels falling, some Irish manufacturing companies cancelled or postponed their purchase orders. As a result, input buying in the sector declined for the second month running in May. That said, the rate of decrease was modest overall and softer than that observed in April.

Quantity of Purchases Index

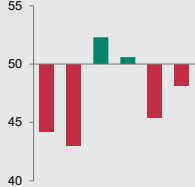
sa, >50 = growth since previous month



Quantity of Purchases Index

Dec '23 - May '24

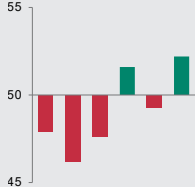
sa, >50 = growth



Suppliers' Delivery Times Index

Dec '23 - May '24

sa, >50 = faster times

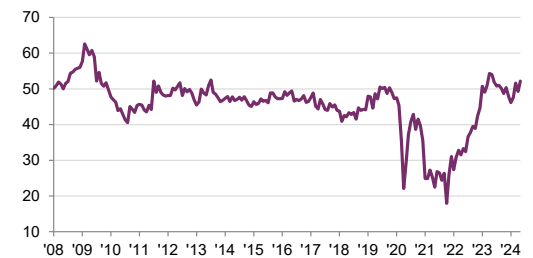


Suppliers' delivery times

Adjusted for seasonal factors, the Suppliers' Delivery Times Index signalled an improvement in vendor performance in May, the second time in the last three survey periods in which this has been the case. Average lead times for inputs shortened modestly, but at the most pronounced rate for a year. Firms noted that lower demand for inputs and improved logistics had in part helped to speed up deliveries.

Suppliers' Delivery Times Index

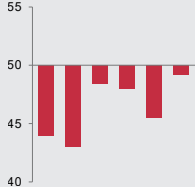
sa, >50 = faster times since previous month



Stocks of Purchases Index

Dec '23 - May '24

sa, >50 = growth

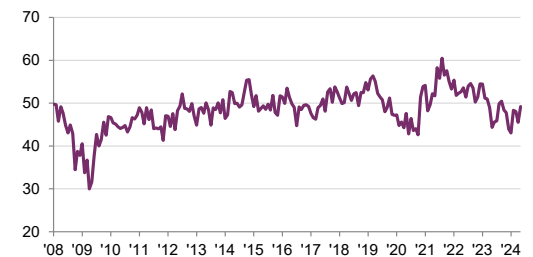


Stocks of purchases

May data highlighted a fall in pre-production stocks held at Irish manufacturers, with the respective seasonally adjusted index posting below the 50.0 neutral mark for an eighth consecutive month. While the downturn in production dissuaded firms from raising their stocks, some surveyed businesses also lowered their holdings in line with general stock-reduction policies.

Stocks of Purchases Index

sa, >50 = growth since previous month



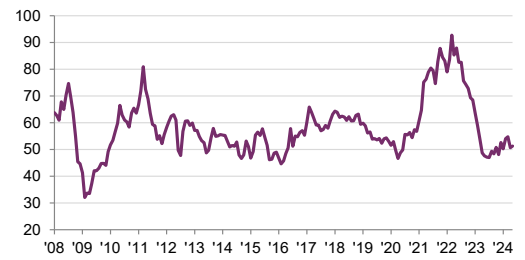
Prices

Input prices

There was a further uptick in the cost of inputs to firms during May. Unfavourable exchange rates, transportation and material costs were all blamed for the latest increase. That said, the rate of input price inflation was comfortably below the survey average.

Input Prices Index

sa, >50 = inflation since previous month

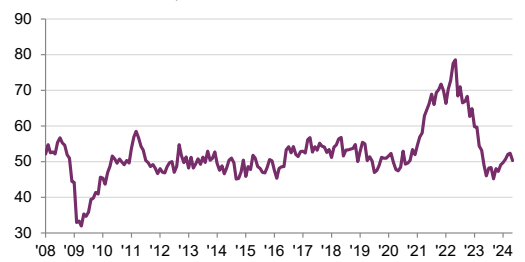


Output prices

Manufacturers across Ireland recorded a fourth consecutive monthly rise in charges during May. Surveyed businesses commonly noted that higher output prices stemmed from the pass-through of greater costs to clients. That said, factory gate charges were raised only fractionally, the latest upturn being the weakest in the current sequence of inflation amid some reports of discounts and promotional offers.

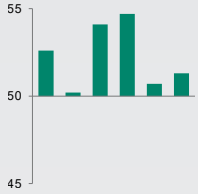
Output Prices Index

sa, >50 = inflation since previous month



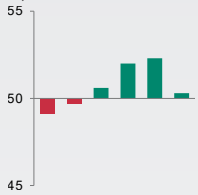
Input Prices Index

Dec '23 - May '24
sa, >50 = inflation



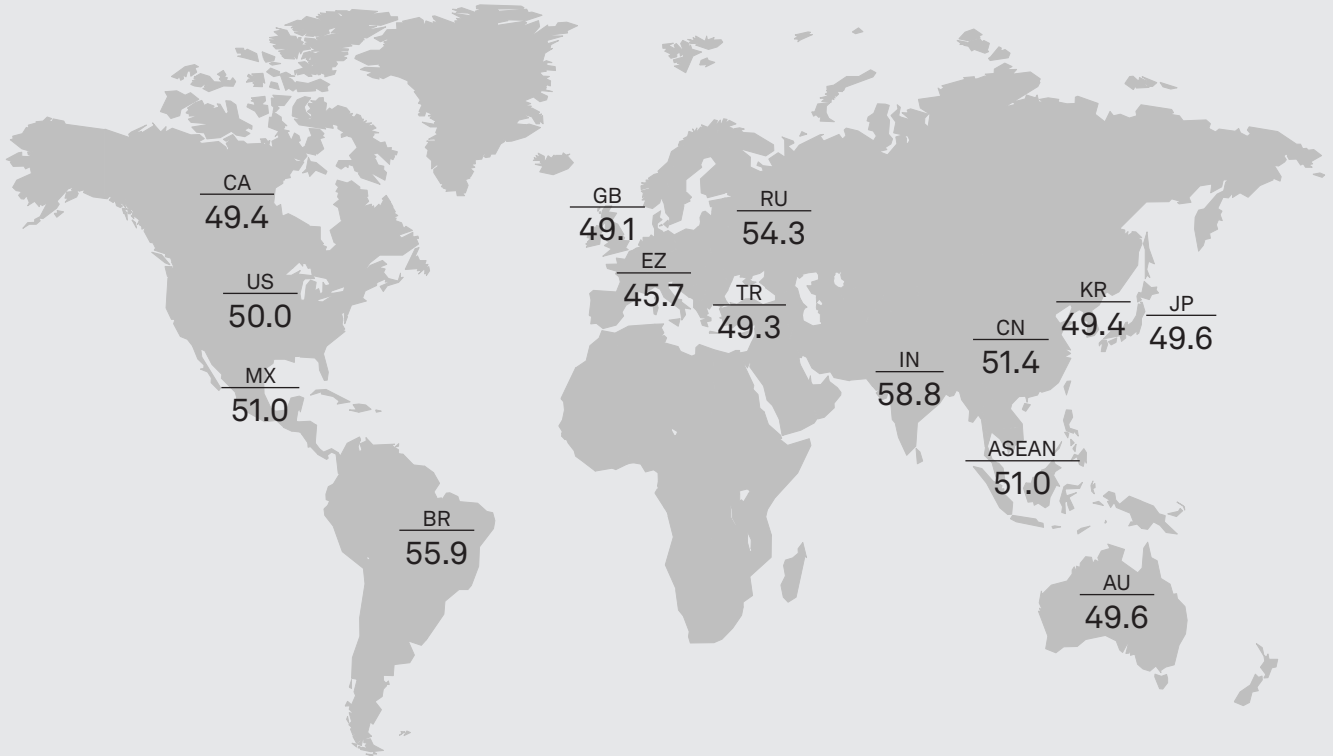
Output Prices Index

Dec '23 - May '24
sa, >50 = inflation



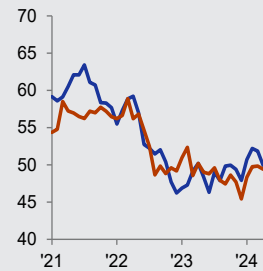
International PMI

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

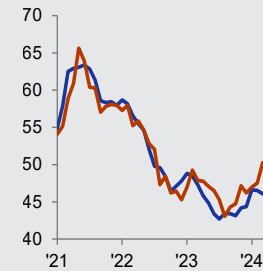


Manufacturing PMI

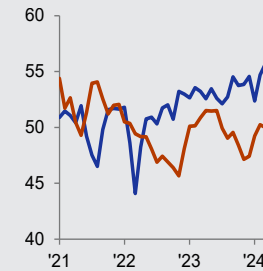
USA
Canada
sa, >50 = improvement



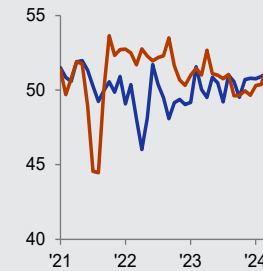
Eurozone
UK
sa, >50 = improvement



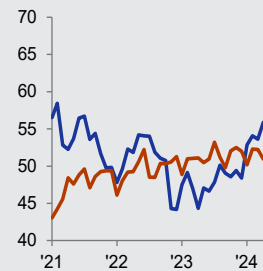
Russia
Turkey
sa, >50 = improvement



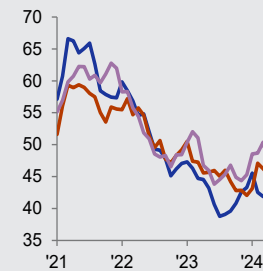
China
ASEAN
sa, >50 = improvement



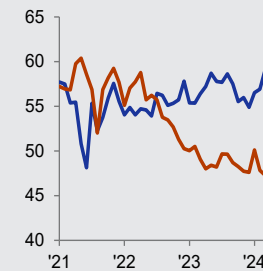
Brazil
Mexico
sa, >50 = improvement



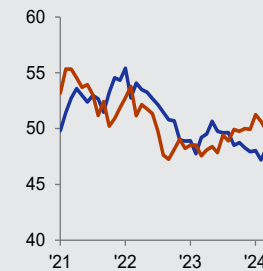
Germany
France
Italy
sa, >50 = improvement



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 10-23 May 2024.

Survey questions

Manufacturing sector

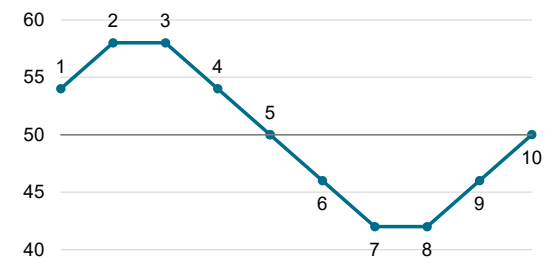
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

Index calculation

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

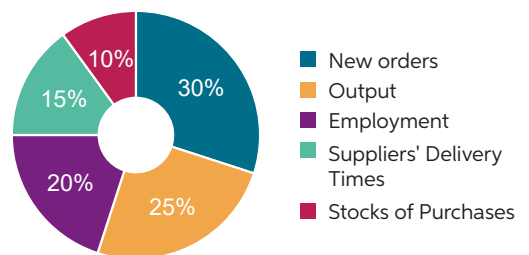
Index interpretation

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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