



# AIB Ireland Manufacturing PMI®

## Manufacturing business conditions improve more slowly in November amid record rise in output prices

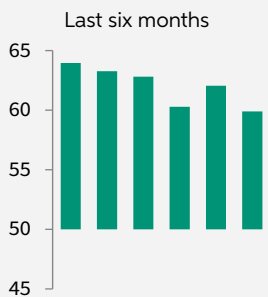
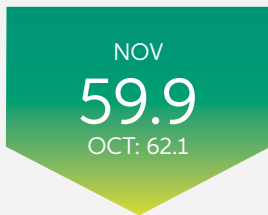
### Key Findings

Slowest rise in new orders since March

Supply disruption eases since October but remains severe

Record increase in manufacturing output prices

### Ireland Manufacturing PMI



The latest PMI® survey data from AIB signalled slower growth in the Irish manufacturing sector in November. Growth rates for output, new orders, employment and purchasing all eased since October, but remained strong overall. Supply chains remained under severe pressure, though there was evidence of less disruption compared with October. Input price inflation was the second-fastest ever, leading to a record increase in factory gate prices.

Commenting on the survey results, Oliver Mangan, AIB Chief Economist, said:

*"The AIB Irish Manufacturing PMI for November shows a continuing strong rate of growth in the sector, though it has eased back somewhat from recent highs. The headline index fell to 59.9 in the month, down from 62.1 in October. However, the November reading is still higher than in any month before April this year, going back to when the survey began in 1998. The Irish index also remains slightly above the strong flash November readings for the Eurozone and UK of 58.6 and 58.2, respectively.*

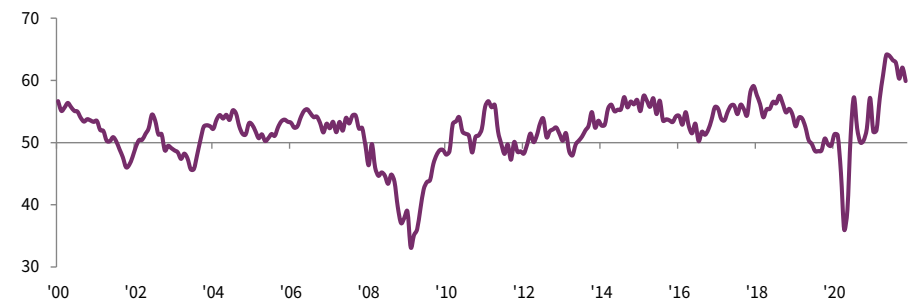
*eased. Meantime, employment in the sector continued to grow at a strong pace, while manufacturers remain very positive on the 12-month outlook for production.*

*"However, capacity constraints are still very evident in the sector. Backlogs of unfinished work continued to rise sharply. The delivery times for the supply of inputs also lengthened further, reflecting the ongoing pressure on supply chains. Firms in this environment continued to build up their stocks of inputs.*

*"The subcomponents of the Irish PMI survey also showed continued strong readings, while easing back slightly from October levels. The output index remained at a very high level, though the rate of expansion did slow somewhat. New orders, especially domestic orders, registered another marked increase, though again the pace of growth*

*"The combination of strong demand for raw materials and inputs, as well as higher energy and transportation costs, saw further marked upward pressure on input prices. Given these cost pressures, manufacturers raised output prices at their fastest pace in the survey's history. Inflationary pressures, then, remain very strong in the sector."*

Manufacturing PMI  
sa, >50 = improvement since previous month



## Overview

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 PMI fell for the fifth time in six months to 59.9 in November, from October's 62.1. The latest figure signalled the slowest overall improvement in Irish manufacturing business conditions since March, but was still higher than in any previous month since the survey began in May 1998.

Data for the fourth quarter so far (61.0) are pointing to a slower expansion than in both the second (62.9) and third quarters (62.1), but stronger growth than in any previous quarter. The next-highest quarterly average for the PMI was set in the fourth quarter of 1999 (58.6).

The 2.2-point drop in the PMI in November reflected all five of its component sub-indices. More than half of this came from suppliers' delivery times (-1.2 points), the index for which is inverted in the PMI calculation. Output (-0.5) and stocks of purchases (-0.3) had the next-biggest directional influences, followed by new orders and employment (both -0.1).

Demand for Irish manufactured goods continued to expand sharply in November, with a ninth successive monthly increase. The rate of growth slowed for the fourth month running to the weakest since March, but remained well above the long-run survey average. New export orders rose further, albeit at only a modest pace.

Manufacturing output continued to expand sharply in November. The rate of growth eased to the weakest since September, but was stronger than the expansion in new work for only the third time in the current nine-month growth sequence. Some companies reported a boost to output from a slight improvement in the availability of raw materials. Backlogs of work continued to rise sharply, but the rate of growth remained below the trend seen from May to September. The 12-month outlook for production remained strongly positive and improved since October.

Demand for manufacturing inputs continued to rise sharply in November, maintaining pressure on supply chains. Average lead times continued to lengthen at a historically marked rate, albeit one that moderated from October's survey record. Goods producers continued to make advance purchases in order to build up buffer stocks in anticipation of future shortages. Input inventories rose for the eighth month running, and the rate of growth remained strong despite easing to a six-month low.

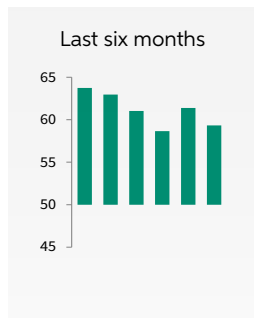
Ongoing raw material and component shortages, rising energy prices and pressure on transport networks kept input price inflation at a historically elevated level in November. The rate of inflation eased from October's record but was the second-strongest in the survey history. Consequently, manufacturing output prices increased at a record pace in November.

Irish manufacturing employment rose for the fourteenth consecutive month in November. The rate of job creation was strong overall, but the weakest since February. A number of firms reported labour shortages.





## Output Index



Manufacturers in Ireland continued to raise output in November, extending the current growth sequence to nine months. The rate of expansion slowed for the fifth time in six months since hitting a record high in May, but remained strong.

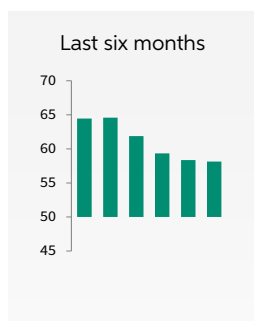
Firms mainly linked higher output to rising demand, and also some improvement in the availability of raw materials.

Output Index

sa, >50 = growth since previous month



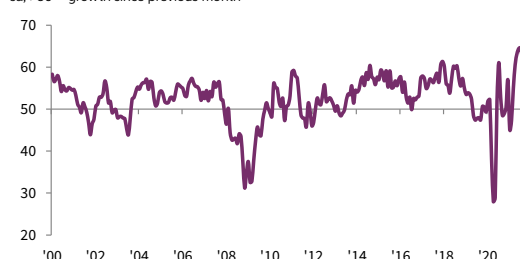
## New Orders Index



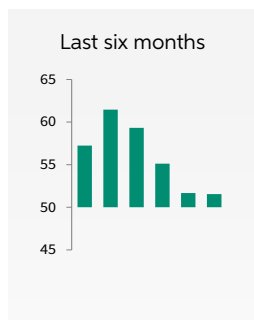
November data signalled another marked increase in the level of new business received by Irish manufacturers. Growth has been sustained every month since March. Firms continued to report a strong recovery in demand from new and existing clients. The rate of growth eased for the fourth consecutive month to the weakest since March, but remained strong in the context of historic survey data.

New Orders Index

sa, >50 = growth since previous month



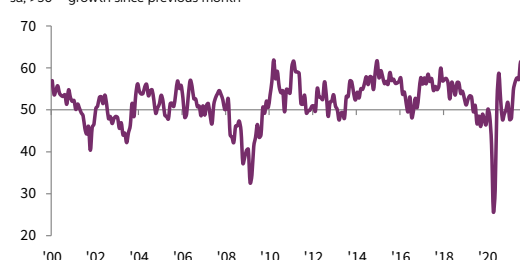
## New Export Orders Index



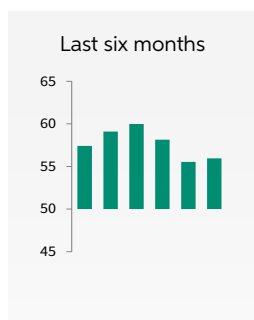
New export order volumes rose for the ninth consecutive month in November. Firms reported growth from the UK, Europe and Middle East. That said, Brexit was reported as a factor weighing on exports during the month. The overall increase in export orders was the slowest in the current sequence.

New Export Orders Index

sa, >50 = growth since previous month



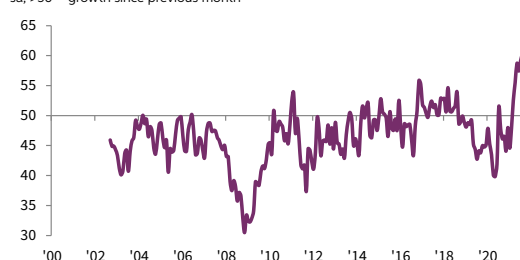
## Backlogs of Work Index



Sustained strong inflows of new business, albeit at a slowing pace, resulted in another sharp rise in the level of unfinished work in November. The seasonally adjusted Backlogs of Work Index remained above the no-change mark of 50.0 for the ninth consecutive month, and was the sixth-highest registered since the series began in 2002. Companies also linked rising backlogs to raw material and component shortages, and transport delays.

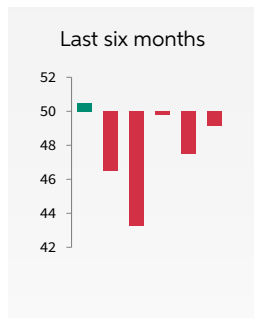
Backlogs of Work Index

sa, >50 = growth since previous month



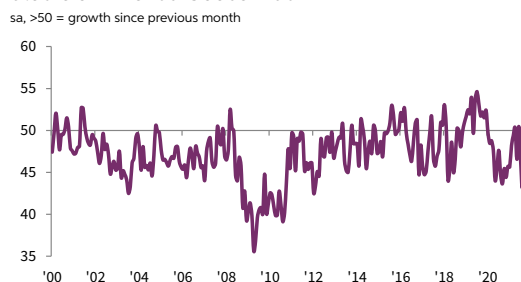


### Stocks of Finished Goods Index

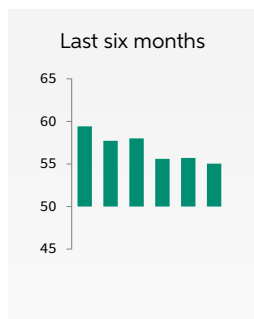


The level of finished goods held in stock fell for the fifth month running in November. Firms reported selling from stocks to satisfy orders. That said, the rate of reduction slowed to a marginal pace in the latest period.

Stocks of Finished Goods Index

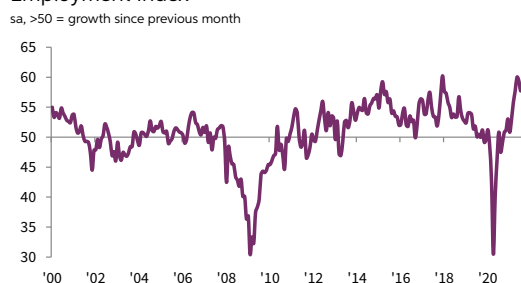


### Employment Index

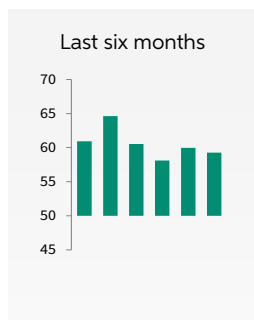


Manufacturers expanded workforces for the fourteenth consecutive month in November. Firms increased staff levels to cope with strong demand and the need to increase capacity in line with expansion plans, according to anecdotal evidence. Though strong overall, the rate of job creation slowed to the weakest since February. There were some reports of labour shortages.

Employment Index

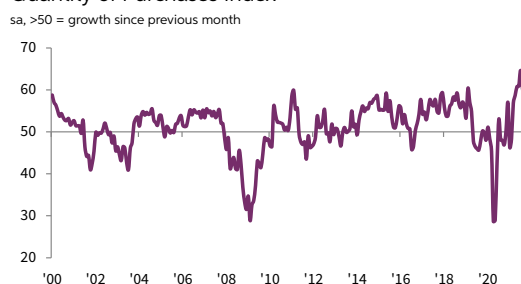


### Quantity of Purchases Index

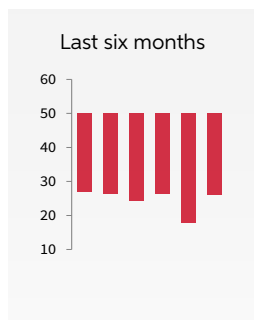


Irish goods producers continued to expand purchasing operations in November. Increased buying activity was linked to current demand and advance ordering of items in short supply – especially electronic components – in order to secure future stocks. The rate of growth eased only slightly since October and was among the fastest registered over the survey history.

Quantity of Purchases Index



### Suppliers' Delivery Times Index

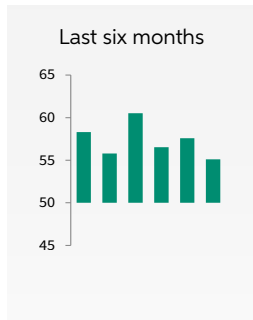


The average time taken for suppliers to deliver inputs ordered by Irish manufacturers lengthened further in November, extending the current sequence of deteriorating vendor performance to over two years. The extent of delays eased from October's survey record, but was still among the most severe registered since the series began in 1998. The seasonally adjusted Suppliers' Delivery Times Index was the eighth-lowest on record, but above the average for 2021 so far.

Suppliers' Delivery Times Index



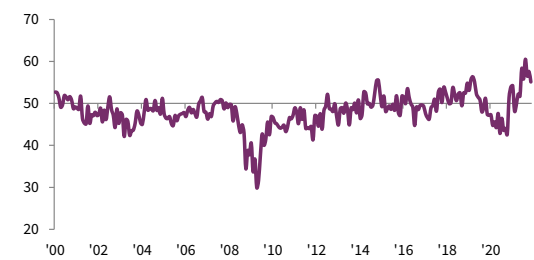
## Stocks of Purchases Index



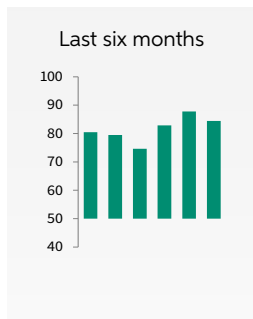
The level of inputs held in stock in the Irish manufacturing sector rose for the eighth successive month in November. Anecdotal evidence mentioned efforts to build buffer stocks in anticipation of shortages. The rate of inventory growth eased to a six-month low, but was still among the strongest recorded since the survey began in 1998.

Stocks of Purchases Index

sa, >50 = growth since previous month



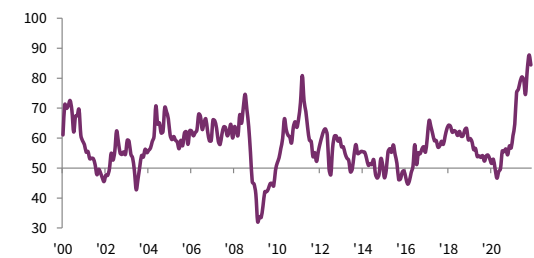
## Input Prices Index



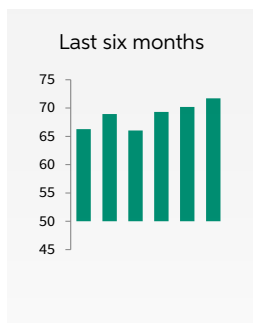
Cost pressures facing manufacturers remained severe in November. The seasonally adjusted Input Prices Index corrected slightly from October's record, but was still the second-highest over the survey history and indicative of rapid cost inflation. Close to two-thirds of firms reported higher input prices since October, linked to raw materials, electronic components, energy, Brexit and transportation costs.

Input Prices Index

sa, >50 = inflation since previous month



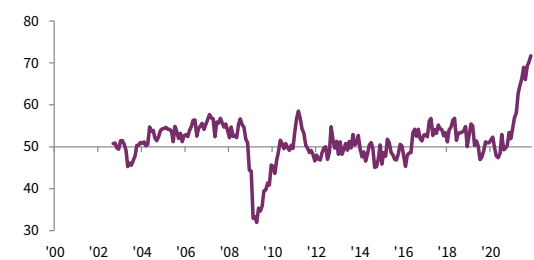
## Output Prices Index



Manufacturers raised output prices at the fastest rate in the survey history in November. The rate of charge inflation accelerated for the tenth time in 2021, with 42% of firms increasing prices since October and none reporting declines. Output prices have risen continuously since October 2020.

Output Prices Index

sa, >50 = inflation since previous month



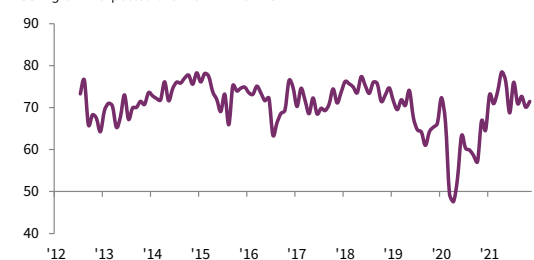
## Future Output Index



The 12-month outlook for manufacturing production in Ireland remained strongly positive in November, and improved slightly since the previous month. The Future Output Index rose from October's four-month low, taking it back above its long-run trend level (since 2012) of 70.6 but still below the average for 2021 so far (73.0).

Future Output Index

>50 = growth expected over next 12 months





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## Methodology

The AIB Ireland Manufacturing PMI® is compiled by IHS Markit 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.

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.

Data were collected 12-23 November 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.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.

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