



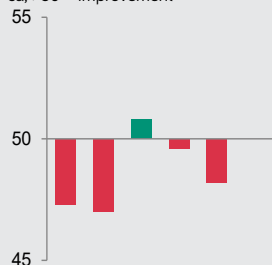
# AIB Ireland Manufacturing PMI®

## Manufacturing conditions stabilise in November

# 50.0

IRELAND  
MANUFACTURING PMI  
NOV '23

Manufacturing PMI  
Jun - Nov '23  
sa, >50 = improvement



Latest survey data from the AIB Ireland Manufacturing PMI® highlighted a stabilisation in overall business conditions, following modest downturns in September and October.

Survey respondents commented on a slight uptick in production requirements, helped by signs of a turnaround in customer demand. Export sales remained subdued, however, with new orders from abroad decreasing for the third consecutive month in November.

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

*"The AIB Irish Manufacturing PMI survey for November showed a stabilisation in business conditions in the month. The headline index rose to 50.0 from 48.2 in October and 49.6 in September. It was the second highest reading since February. Furthermore, the Irish PMI remains well above elsewhere in Europe. The flash manufacturing PMI readings, though also up slightly, remained weak in November in the Eurozone and UK, at 43.8 and 46.7, respectively. Meantime, the flash US index came in at 49.4 in November.*

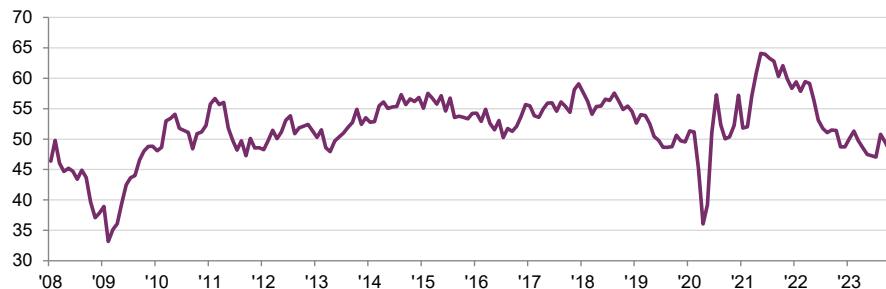
*"Very marginal increases in output and orders combined with a modest rise in employment were the key features of the November PMI data. Output rose fractionally following eight months of declines. Similarly, new orders edged slightly higher having fallen for most of the last eighteen months. Export orders, though, decreased again in November, with firms reporting continued subdued demand conditions in overseas markets.*

*Meanwhile, employment rose modestly for a fifth consecutive month.*

*"Firms reported deliberate inventory reduction strategies against a backdrop of fewer supply bottlenecks and subdued customer demand. This was reflected in marked falls in stocks of both inputs and finished goods, with the latter declining at the sharpest pace in nearly two years. Meanwhile, input prices fell slightly in November, helped by lower raw material costs. This allowed manufacturers to continue to cut factory gate prices, which eased for the seventh consecutive month.*

*"Finally, firms remained optimistic on the outlook for the year ahead, though the index fell to its lowest level since July. Overall, November showed signs of stabilisation in manufacturing activity, but no real indication of an upturn, with export markets remaining weak in particular."*

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



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## Overview

Output and new work stabilise in November

Modest upturn in employment numbers

Price discounting continues

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 50.0 in November, up from 48.2 in October, the seasonally adjusted AIB Ireland Manufacturing PMI reached its highest level since August and signalled an overall stabilisation in business conditions across the manufacturing sector. This was helped by positive contributions from the output, new orders and employment sub-indices. Meanwhile, a faster decline in stocks of purchases and shorter suppliers' delivery times weighed on the headline index.

The seasonally adjusted Output Index was the highest since October 2022, although only fractionally above the neutral 50.0 threshold. Similarly, new orders increased very slightly, following declines over most of the past year-and-a-half. Manufacturers commented on signs of a gradual turnaround in customer demand and a subsequent rise in production requirements. However, a number of firms noted that lacklustre global economic conditions had constrained manufacturing order books. Reflecting this, new export sales decreased again in November.

Employment remained a relatively bright spot, as staffing numbers were increased for the fifth consecutive month during November. Additional recruitment was linked to long-term business expansion plans and forthcoming new project starts.

Efforts to boost operating capacity led to another marked fall in backlogs of work, albeit at the slowest pace since May 2022. Some firms noted that improving supplier performance had helped them to work through unfinished orders.

November data pointed to a slight improvement in average lead times among vendors. Quicker deliveries by suppliers have been reported nine times in 2023 so far. Fewer material shortages and transport delays encouraged leaner inventory management across the manufacturing sector. Stocks of purchases declined at the sharpest pace since July. Moreover, post-production inventories decreased to the greatest extent for nearly two years.

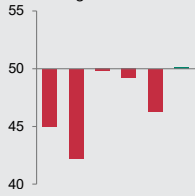
Input costs meanwhile decreased slightly in November, helped by lower prices paid for key raw materials. Pressure to pass on falling input prices contributed to another month of declining output charges. Manufacturers have now recorded price discounting for seven consecutive months.

Finally, the number of goods producers expecting a rise in output over the year ahead (49%) continued to exceed those anticipating a reduction (9%). However, the degree of business optimism eased to its lowest since July. Anecdotal evidence suggested that concerns about the broader economic outlook at home and abroad had dampened business confidence during November.

## Output and demand

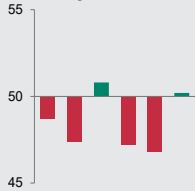
### Output Index

Jun - Nov '23  
sa, >50 = growth



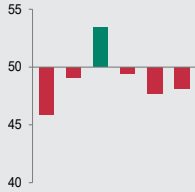
### New Orders Index

Jun - Nov '23  
sa, >50 = growth



### New Export Orders Index

Jun - Nov '23  
sa, >50 = growth



### Output

Manufacturers in Ireland indicated that production volumes stabilised in November, thereby ending an eight-month period of decline. The seasonally adjusted Output Index was at its highest level since October 2022, albeit only fractionally above the 50.0 no-change threshold.

Some firms commented on rising production requirements due to a turnaround in customer demand.

### New orders

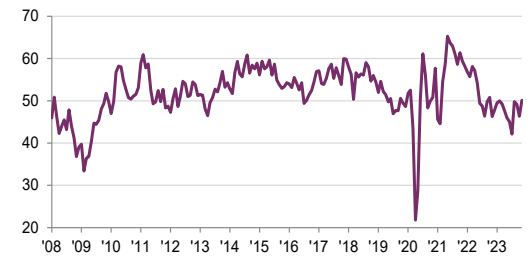
The seasonally adjusted New Orders Index registered in expansion territory for the first time in three months during November, with the latest reading signalling a fractional upturn in total new work. Anecdotal evidence suggested that customer destocking and subdued global economic conditions remained key headwinds to sales.

### New export orders

Lower volumes of new work from abroad were reported in November. The seasonally adjusted New Export Orders Index posted below the 50.0 no-change mark for the third month in a row and signalled a modest rate of decline. Survey respondents noted subdued demand in major export markets.

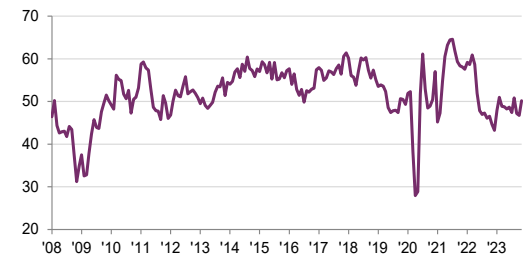
### Output Index

sa, >50 = growth since previous month



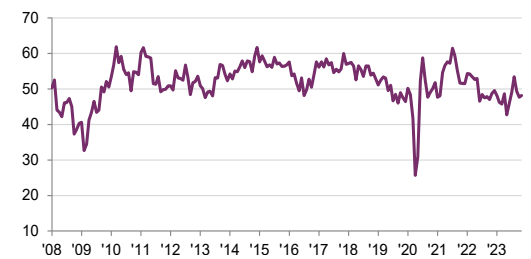
### New Orders Index

sa, >50 = growth since previous month



### New Export Orders Index

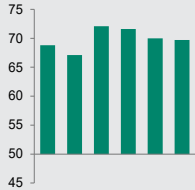
sa, >50 = growth since previous month



## Business expectations

### Future Output Index

Jun - Nov '23  
>50 = growth expected



November data pointed to strong business optimism across the manufacturing sector with around 49% of the survey panel expecting production growth in the year ahead and only 9% forecasting a reduction. The degree of business confidence nonetheless dipped to its lowest since July. Manufacturers generally cited optimism about the near-term demand outlook, although some noted concerns about broader economic prospects at home and abroad.

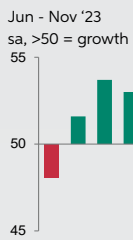
### Future Output Index

>50 = growth expected over next 12 months



# Employment and capacity

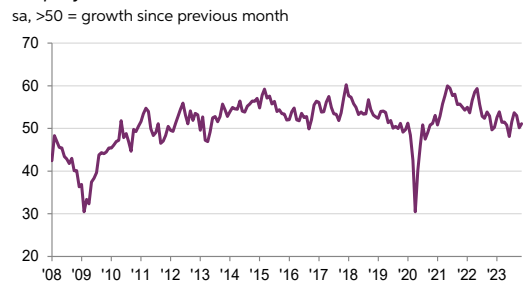
## Employment Index



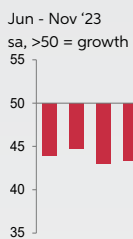
## Employment

Staffing levels increased slightly in November, which extended the current period of job creation to five months. Additional recruitment reflected forthcoming new projects and efforts to boost business capacity. However, a number of firms noted that subdued order books had acted as a brake on hiring.

## Employment Index



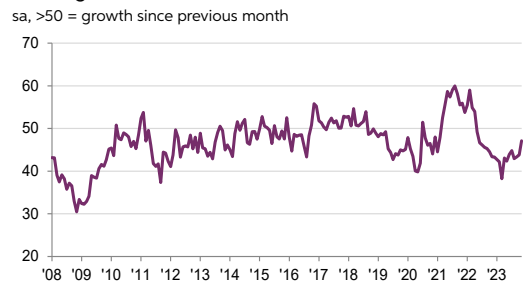
## Backlogs of Work Index



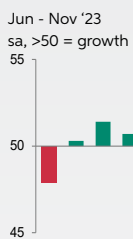
## Backlogs of work

November data indicated a considerable easing in the rate of backlog depletion across the manufacturing sector. Improved supply chain performance and reduced capacity pressures led to a slower fall in unfinished work, according to survey respondents. The seasonally adjusted Backlogs of Work was the highest since May 2022.

## Backlogs of Work Index



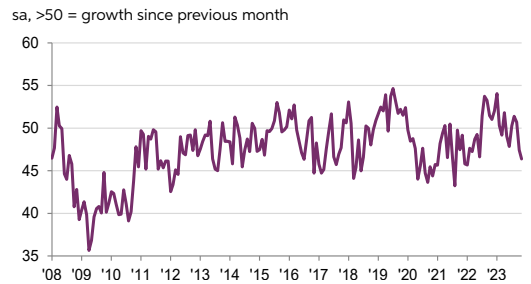
## Stocks of Finished Goods Index



## Stocks of finished goods

The seasonally adjusted Stocks of Finished Goods Index signalled a solid decline in post-production inventories, with the rate of contraction accelerating to the fastest since January 2022. Survey respondents typically cited deliberate inventory reduction strategies in November, reflecting efforts to improve working capital management.

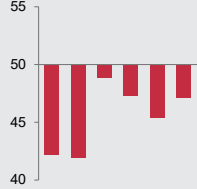
## Stocks of Finished Goods Index



# Purchasing

Quantity of Purchases Index

Jun - Nov '23  
sa, >50 = growth

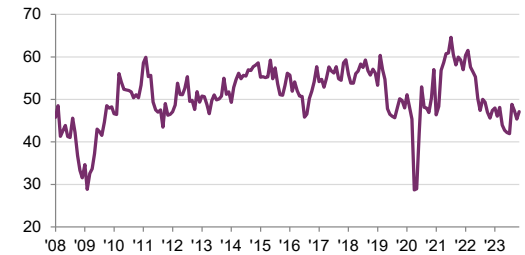


## Quantity of purchases

November data illustrated a sustained downturn in purchasing activity, despite stabilising production volumes and new orders. Reduced input buying has been recorded since September 2022, with the latest decline partly linked to leaner inventory strategies.

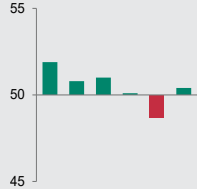
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Jun - Nov '23  
sa, >50 = faster times

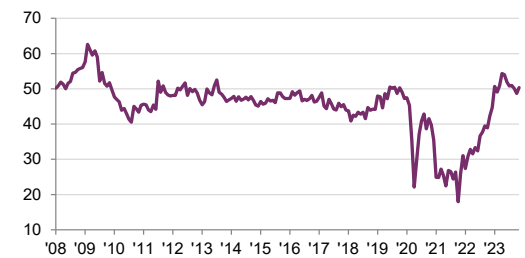


## Suppliers' delivery times

Manufacturers reported a slight improvement in vendor performance during November. The seasonally adjusted Suppliers' Delivery Times Index registered above the 50.0 no-change value for the eighth time in the past nine months. Panel members often noted fewer supply bottlenecks and rising raw material availability.

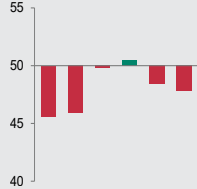
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Jun - Nov '23  
sa, >50 = growth

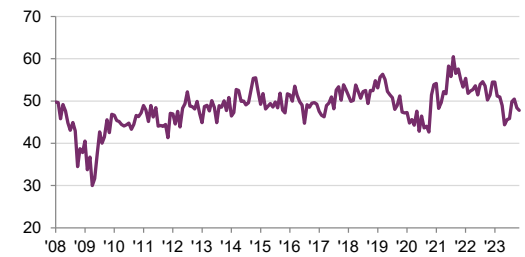


## Stocks of purchases

The seasonally adjusted Stocks of Purchases Index was the lowest since July and pointed to a moderate fall in pre-production inventories across the manufacturing sector. Lower stocks of purchases were linked to deliberate inventory reduction policies.

Stocks of Purchases Index

sa, >50 = growth since previous month



## Prices

### Input prices

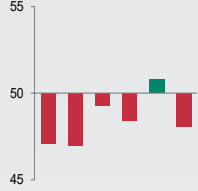
The latest survey pointed to a renewed fall in average cost burdens, although the rate of decline was only modest. A number of manufacturers noted that suppliers had passed on lower commodity prices.

### Output prices

Price discounting continued across the manufacturing sector in November, helped by a reduction in purchasing costs and the need to stimulate sales. The seasonally adjusted Output Prices Index pointed to the second-fastest reduction in factory gate prices since June.

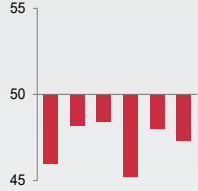
Input Prices Index

Jun - Nov '23  
sa, >50 = inflation



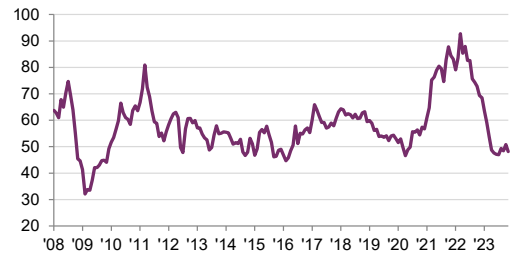
Output Prices Index

Jun - Nov '23  
sa, >50 = inflation



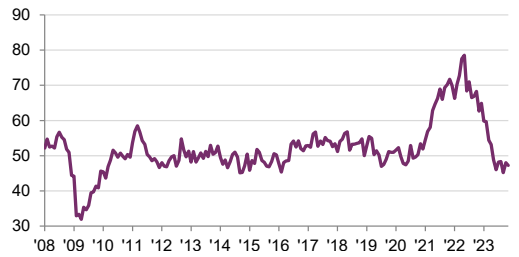
Input Prices Index

sa, >50 = inflation since previous month



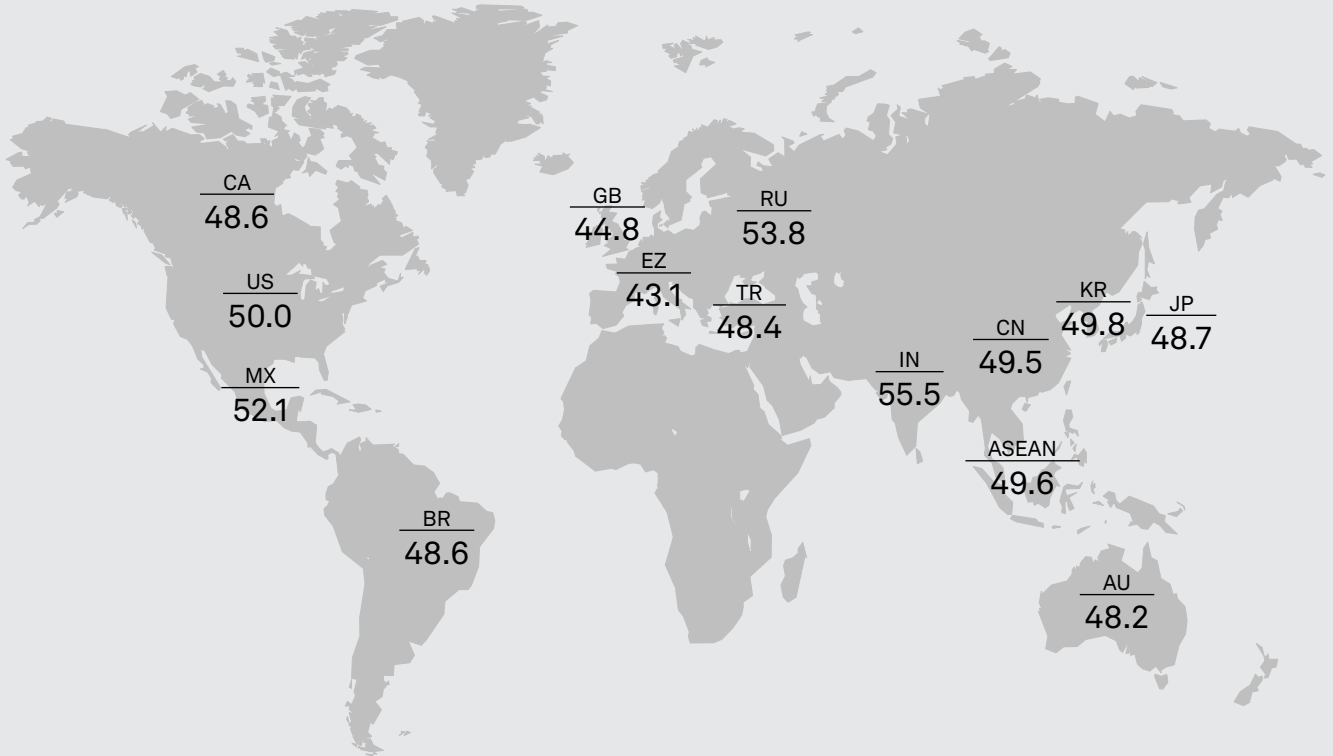
Output Prices Index

sa, >50 = inflation since previous month

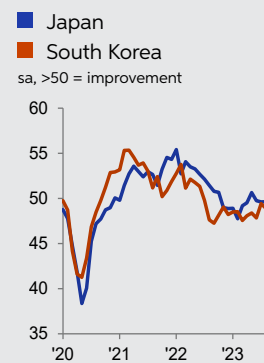
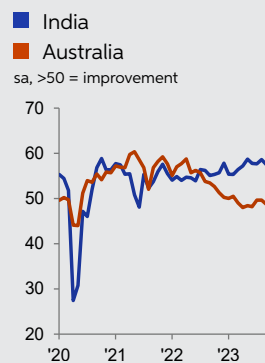
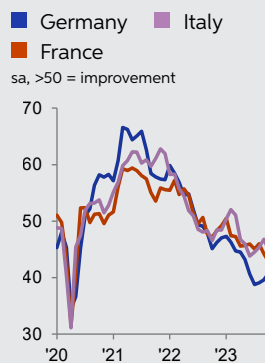
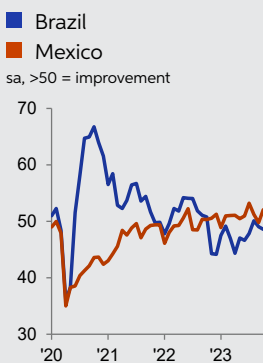
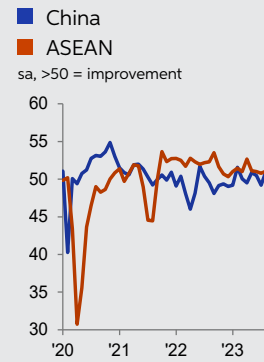
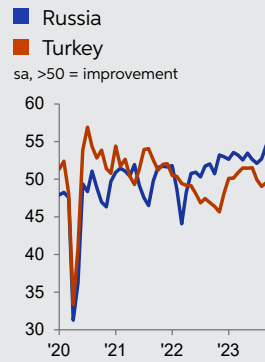
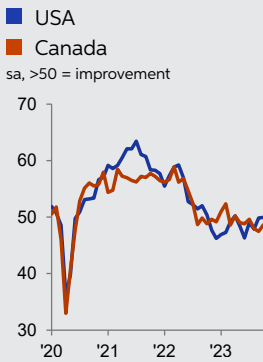


# International PMI

Manufacturing PMI, Oct '23  
 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](mailto:economics@spglobal.com).

### Survey dates

Data were collected 09-23 November 2023.

#### Survey questions

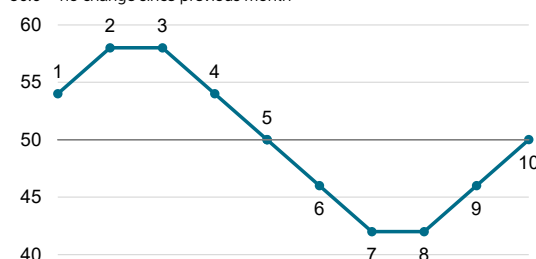
Manufacturing sector	
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

#### Index calculation

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

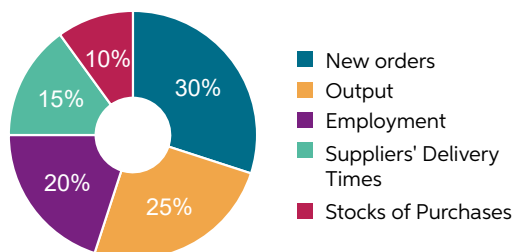
#### Index interpretation

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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AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. We provide a comprehensive range of services to personal, business and corporate customers in our target markets and have leading market shares in banking products in the Republic of Ireland.

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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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