



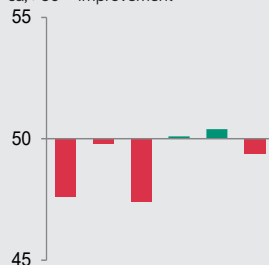
# AIB Ireland Manufacturing PMI®

## Weaker export sales weigh on manufacturing sector in September

# 49.4

IRELAND  
MANUFACTURING PMI  
SEP '24

Manufacturing PMI  
Apr - Sep '24  
sa, >50 = improvement



Irish manufacturers experienced another decline in new work during September, driven by the fastest fall in export sales for five months. Subdued customer demand led to a renewed decline in production volumes and cutbacks to staffing numbers.

The latest AIB Ireland Manufacturing PMI® survey also pointed to strengthening cost pressures faced by goods producers, mostly due to rising prices paid for raw materials. This ushered in the strongest rate of factory gate price inflation since February 2023.

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

*"The September AIB Irish Manufacturing PMI shows a decline in activity in the sector, with the headline index falling to 49.4 in September from 50.4 in August. Activity has now fallen in six of the nine months so far in 2024. The deterioration in the Irish manufacturing sector was driven by a fall in output, new orders and employment, mirroring a broad-based slowdown in the sector in Europe. The Irish manufacturing PMI remains above the flash September readings for the Eurozone and US at 44.8 and 47.0, respectively, but below the UK at 51.5.*

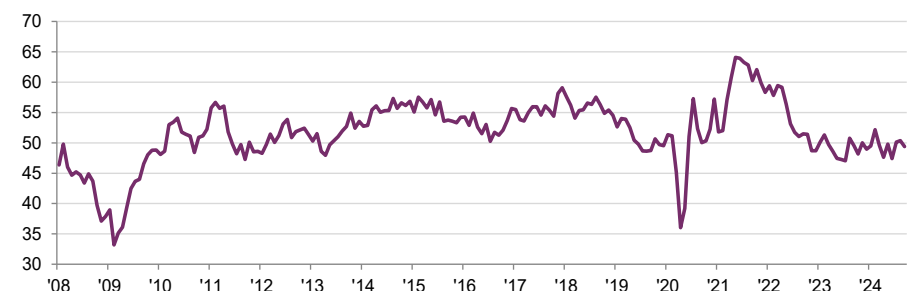
*"Output fell in September for the first time since June, reflecting weak demand conditions. This was also evident in a further decline in new orders, extending a run of contraction back to March 2024. Firms linked this drop in orders to lacklustre demand and customer destocking. This was also seen in new export orders falling for the eighth successive month, with Europe cited as a key source of weakness. Hiring also fell marginally in September for the first time*

*since December 2023. Respondents linked this fall to non-replacement of departing staff as firms right-sized in the current weak environment.*

*"Price pressures accelerated in September. The input price index remained close to recent peaks, reflecting higher raw material costs. Output price inflation also rose, as firms continued to pass on higher input costs to customers, despite the soft demand environment.*

*"Despite the subdued trading conditions, Irish manufacturers maintained an overall positive outlook regarding activity over the coming 12 months, with sentiment rising in September. Respondents linked this to optimism around an improvement in market conditions and long-term expansion plans."*

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



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## Overview

Output decreases for first time since June

Steepest fall in new work from abroad for five months

Factory gate price inflation continues to accelerate

Adjusted for seasonal influences, the headline AIB Ireland Manufacturing PMI® registered 49.4 in September, down from 50.4 in August and below the neutral 50.0 threshold for the first time in three months. The latest reading was in line with the general trend seen during the first half of 2024 and signalled a marginal downturn in manufacturing sector performance.

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.

Manufacturers signalled a renewed downturn in production levels during September, following marginal growth in each of the previous two months. Cutbacks to production schedules mostly reflected weak order intakes, especially from export markets.

Total new work decreased marginally in September, which extended the current period of decline to seven months. However, the overall rate of contraction eased since August. In contrast, new work from abroad fell at a solid pace that accelerated to the fastest seen since April. Survey respondents typically cited lower demand among European clients and delayed decision-making on major projects.

Subdued sales pipelines and a lack of pressure on business capacity acted as a brake on staff hiring in September. A number of firms noted that voluntary leavers had not been replaced. Although only a marginal fall, latest data highlighted the steepest overall decrease

in manufacturing employment numbers since June 2023.

September data indicated that post-production inventory levels were broadly unchanged, which ended an 11-month period of destocking. Goods producers often suggested that their stocks of finished goods had reached a level consistent with prevailing demand conditions. Pre-production inventories nonetheless fell slightly in September, which firms attributed to subdued output requirements.

Supplier performance deteriorated for the first time since April, despite a solid reduction in input buying across the manufacturing sector. Anecdotal evidence mainly pointed to longer lead times for items sourced from Asia, reflecting disruptions to international shipping routes.

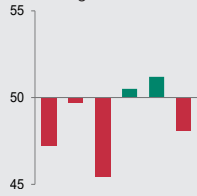
Supply chain delays and general inflationary pressures contributed to another robust increase in average cost burdens at manufacturing companies in September. Survey respondents commented on higher prices paid for a range of raw materials. Subsequent efforts to pass on rising costs to clients led to the steepest rate of factory gate price inflation since February 2023.

Looking ahead, around 37% of the survey panel anticipate a rise in their production levels during the year ahead, while only 8% predict a decline. This signalled a slightly more upbeat business outlook than in August, but the respective index remained much weaker than the long-run survey average. Manufacturers typically suggested that lacklustre global demand conditions and heightened geopolitical uncertainty had weighed on business activity expectations.

## Output and demand

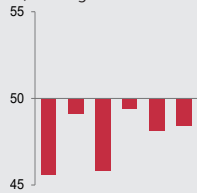
### Output Index

Apr - Sep '24  
sa, >50 = growth



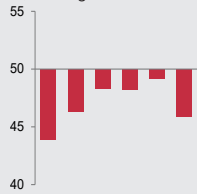
### New Orders Index

Apr - Sep '24  
sa, >50 = growth



### New Export Orders Index

Apr - Sep '24  
sa, >50 = growth



### Output

The seasonally adjusted Output Index dropped back below the 50.0 no-change value in September, thereby signalling a reduction in production volumes for the first time since June. That said, the rate of contraction was only marginal. Manufacturers reporting a fall in output levels typically commented on lacklustre demand conditions and a subsequent shortage of new work to replace completed orders.

### New orders

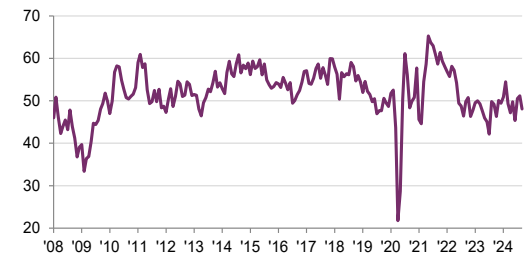
September data revealed a sustained reduction in new business intakes across the manufacturing sector. Lower volumes of new work have been recorded in each month since March, although the rate of contraction remained only marginal. Anecdotal evidence cited weak global demand for manufactured items and post-pandemic customer destocking as factors leading to worsening order books.

### New export orders

Irish manufacturers indicated a solid decline in export sales during September and the rate of contraction accelerated considerably since the previous month. Moreover, the seasonally adjusted New Export Orders Index was the lowest since April. Weak underlying demand conditions and subdued investment spending among European clients was reported in September.

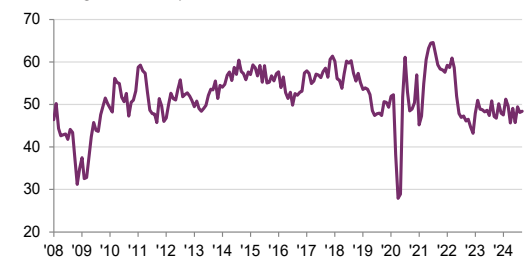
### Output Index

sa, >50 = growth since previous month



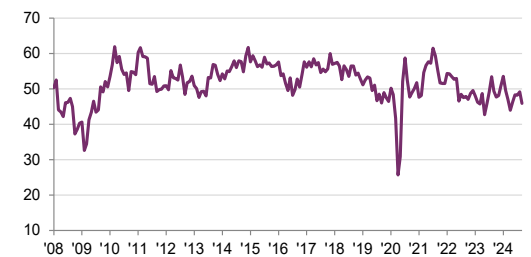
### New Orders Index

sa, >50 = growth since previous month



### New Export Orders Index

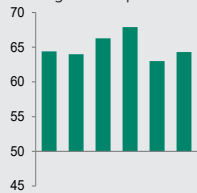
sa, >50 = growth since previous month



## Business expectations

### Future Output Index

Apr - Sep '24  
>50 = growth expected

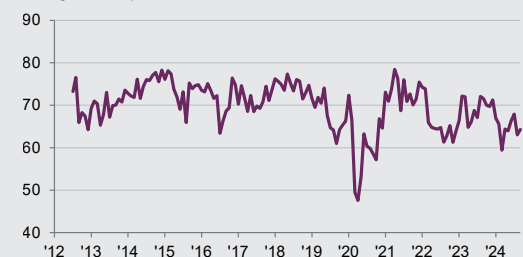


The number of manufacturers expecting an increase in production levels during the year ahead (37%) continued to exceed those forecasting a decline (8%) by a wide margin. This signalled a strong degree of business optimism across the manufacturing sector, although confidence remained lower than July's recent peak.

Growth projections were often linked to long-term expansion plans and hopes of a broader improvement in market conditions.

### Future Output Index

>50 = growth expected over next 12 months

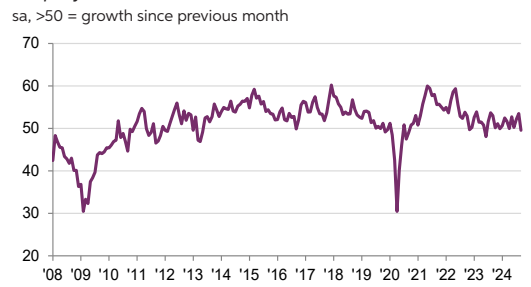


# Employment and capacity

## Employment

Goods producers were cautious about their staff hiring in September, as signalled by the seasonally adjusted Employment Index falling below the neutral 50.0 value for the first time in 2024 to date. The fractional overall decline in workforce numbers was linked to the non-replacement of departing staff, mostly due to efficiency gains and a lack of pressure on business capacity.

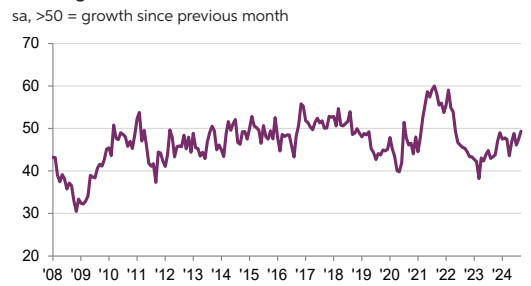
## Employment Index



## Backlogs of work

September data indicated that backlogs of work were close to stabilising, with the respective seasonally adjusted index only slightly below the 50.0 threshold and at the highest level recorded since May 2022. Manufacturers reporting a decline in unfinished work generally cited subdued customer spending, whereas some of those signalling a rise noted supply chain delays.

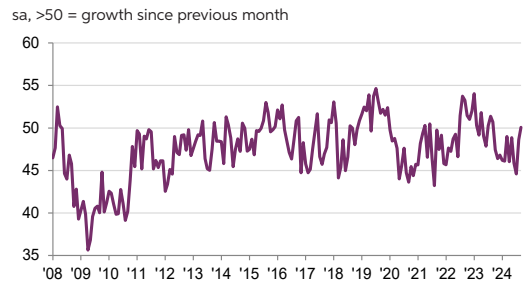
## Backlogs of Work Index



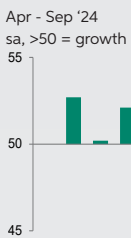
## Stocks of finished goods

The seasonally adjusted Stocks of Finished Goods Index edged above the 50.0 no-change value in September, which ended an 11-month period of falling inventories. A number of firms noted that inventory levels had been successfully realigned with prevailing demand conditions and stock reduction efforts had therefore drawn to a close.

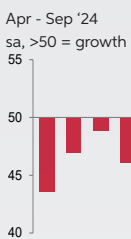
## Stocks of Finished Goods Index



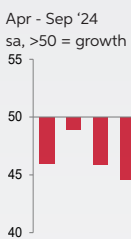
### Employment Index



### Backlogs of Work Index



### Stocks of Finished Goods Index



# Purchasing

## Quantity of purchases

Goods producers signalled a solid reduction in purchasing activity during September, which contrasted with the marginal rise recorded in the previous month. Lower volumes of input buying were typically attributed to decreased order books.

## Suppliers' delivery times

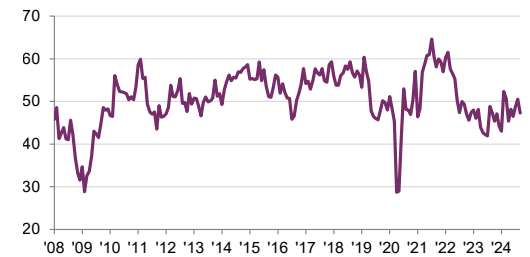
The seasonally adjusted Suppliers' Delivery Times Index registered below the neutral 50.0 threshold for the first time in five months and thereby signalled a renewed downturn in vendor performance. Moreover, the degree to which lead times lengthened was the greatest since January. Manufacturers mainly commented on supply chain delays due to longer international shipping times, especially for items sourced from Asia.

## Stocks of purchases

Pre-production inventories decreased slightly in September. Aside from a brief upturn in August, the respective seasonally adjusted index has pointed to falling stocks of purchases in each month since October 2023. Lower inventories of manufacturing inputs were linked to weak customer demand, but some firms commented on renewed efforts to build safety stocks of critical items.

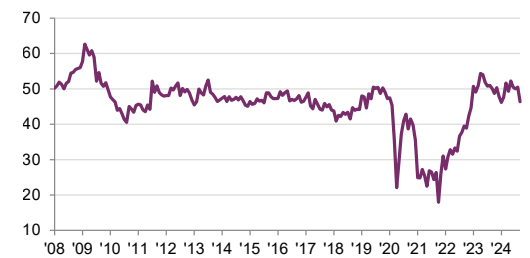
Quantity of Purchases Index

sa, >50 = growth since previous month



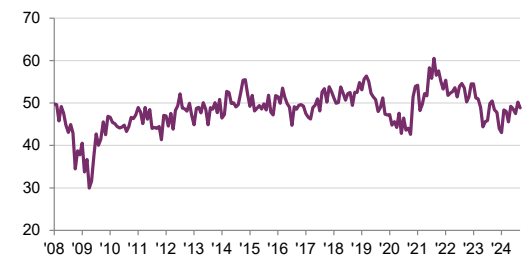
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



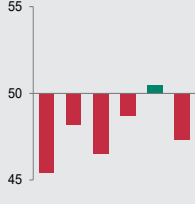
Stocks of Purchases Index

sa, >50 = growth since previous month



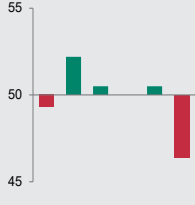
Quantity of Purchases Index

Apr - Sep '24  
sa, >50 = growth



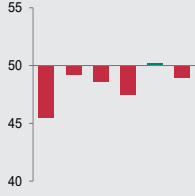
Suppliers' Delivery Times Index

Apr - Sep '24  
sa, >50 = faster times



Stocks of Purchases Index

Apr - Sep '24  
sa, >50 = growth



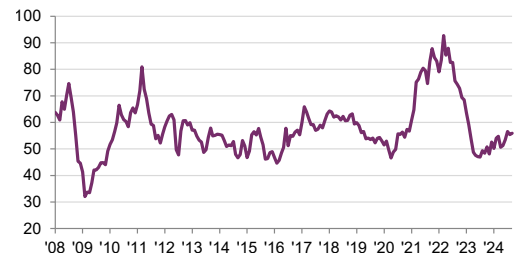
## Prices

### Input prices

The latest survey data indicated another strong increase in average cost burdens across the manufacturing sector and the rate of inflation accelerated slightly since August. In fact, the seasonally adjusted Input Prices Index was at its second-highest level since February 2023. Goods producers commented on higher prices paid for a range of raw materials, including chemicals, metals and paper products.

### Input Prices Index

sa, >50 = inflation since previous month

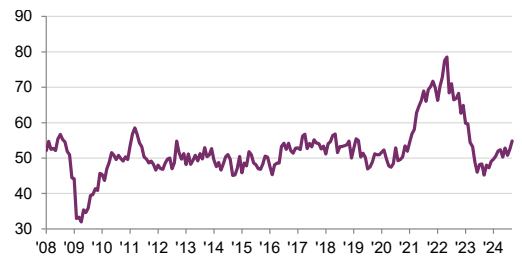


### Output prices

September data indicated that factory gate price inflation picked up for the second month running and reached its strongest since February 2023. Higher average prices charged were mainly linked to rising raw material costs and subsequent efforts to defend operating margins.

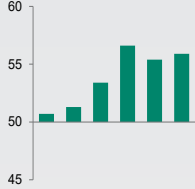
### Output Prices Index

sa, >50 = inflation since previous month



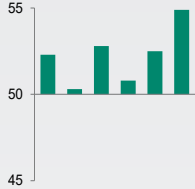
#### Input Prices Index

Apr - Sep '24  
sa, >50 = inflation



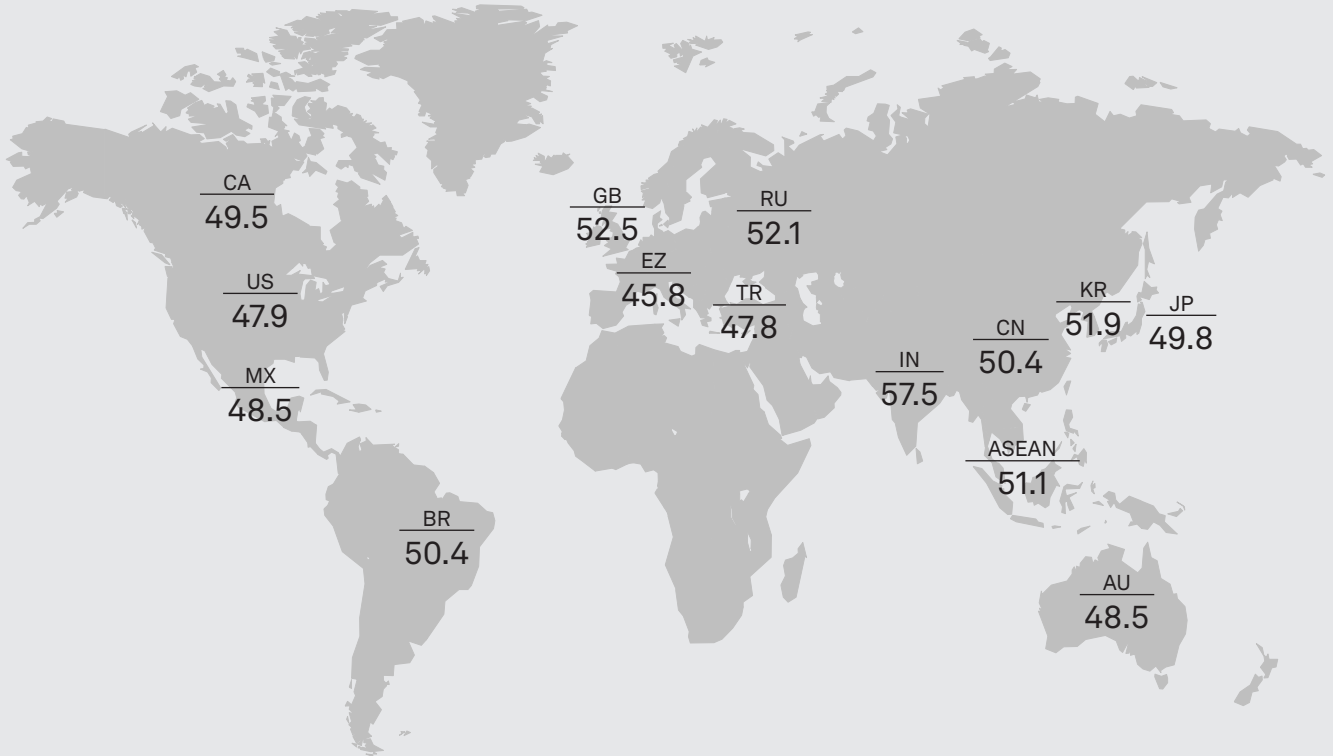
#### Output Prices Index

Apr - Sep '24  
sa, >50 = inflation

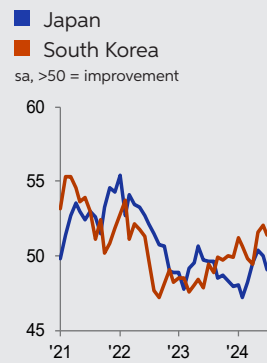
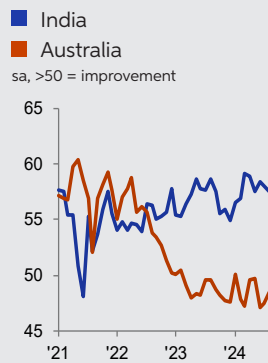
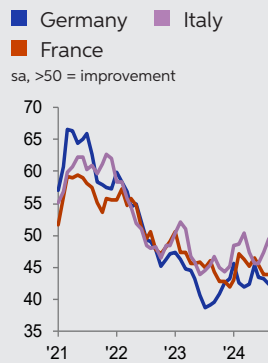
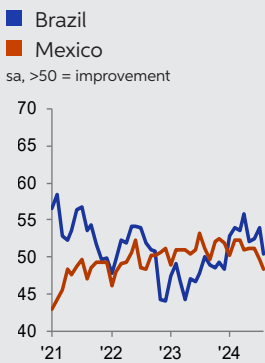
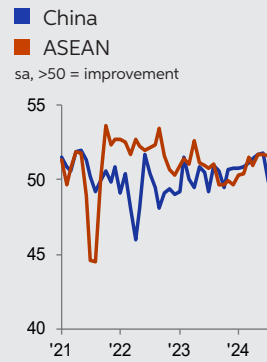
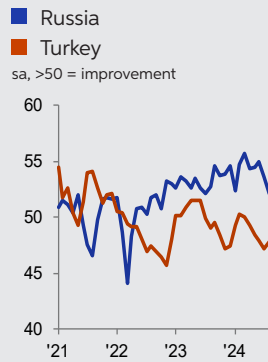
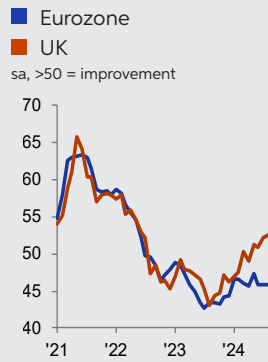
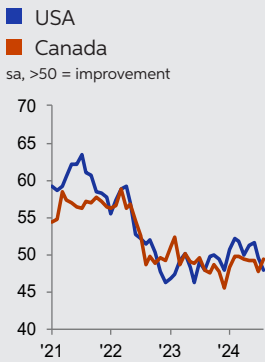


# International PMI

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

## Survey dates

Data were collected 12-23 September 2024.

### Survey questions

Manufacturing sector

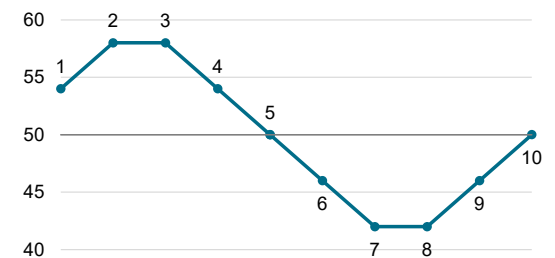
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

### Index calculation

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

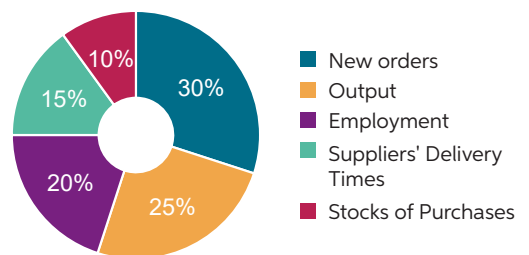
### Index interpretation

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.

[www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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