

AIB Ireland Manufacturing PMI®

Modest upturn in manufacturing performance

Key findings

Output volumes stall, but new order growth accelerates

Employment continues to rise at solid pace

Sharp reduction in stocks of finished goods

Irish manufacturing conditions improved for the ninth month running in September, albeit at only a modest pace. The latest upturn in manufacturing performance was driven by a faster rise in new work and another solid expansion of employment levels. Production volumes were broadly unchanged, however, and there were signs that new work had been addressed from existing inventories, with stocks of finished goods declining at the fastest pace since September 2010. Goods producers remained upbeat about the year ahead business outlook, which supported a rebound in input buying in September.

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.

Adjusted for seasonal influences, the AIB Ireland Manufacturing PMI registered 51.8 in September, up slightly from 51.6 in August and indicative of a moderate improvement in overall business conditions. However, the latest reading remained below the three-year peak seen in June (53.7).

The upturn in overall manufacturing performance was driven by a faster expansion of new business intakes during September. Total new work increased at a moderate pace, following near-stagnation in August, despite another decline in export sales. Goods producers noted a boost to order books from greater business investment among major clients and new product launches. There were nonetheless a number of reports citing subdued customer demand, ongoing global trade uncertainty and intense competitive pressures.

Production volumes were broadly unchanged in September, which contrasted with a solid rate of expansion for much of 2025 to date. Survey respondents commented on growth headwinds from weak sales pipelines and depleted backlogs of work. Moreover, tighter inventory strategies for finished goods appeared to have acted as a brake on production in some cases. This was signalled by the steepest reduction in post-production inventory volumes for 15 years in September.

Employment remained a bright spot, with workforce numbers expanding for the tenth month running and at a solid pace (albeit the least marked since May). Additional staff hiring was attributed to long-term business expansion plans and forthcoming new

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



Sources: AIB, S&P Global PMI.
Data were collected 11-23 September 2025.

Comment

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

"The AIB Irish Manufacturing PMI indicated that growth strengthened in September, with the index at 51.8, up slightly from 51.6 in August. The rise in September was driven by gains in new orders, employment and stock building, but current output growth stalled. The Irish manufacturing PMI remains above the flash September readings for the Eurozone and UK at 49.5 and 46.2, respectively, but below the US at 52.0.

"Output stagnated in September, with respondents citing more subdued demand conditions. This was also reflected in the continued fall in export orders, albeit total new orders growth accelerated, with new investments boosting demand overall. Encouragingly, employment continued to expand robustly, extending the current period of growth to 10 months. However, the pace of growth eased as some firms noted the lack for suitable candidates to fill current vacancies. Elsewhere, the purchases index rose in September, reversing the contraction seen last month, linked to rising demand and planned output growth.

"The September survey showed an acceleration in input price inflation, linked to higher commodity prices. In contrast, output price inflation decelerated, with manufacturers citing pressure on pricing power due to intense competition.

"Irish manufacturers maintained a positive assessment of the outlook for activity levels over the coming year. Around 48% of the respondents predict a rise in output levels during the year ahead, up from 44% in August, while 9% expect a decline. Manufacturers linked business optimism to hopes of an improvement in the global economy and a rise in customer demand."

projects. Some manufacturers suggested that a lack of suitably skilled candidates to fill vacancies had weighed on recruitment.

Input buying rebounded in September, following a marginal reduction during the previous survey period. Higher levels of purchasing activity were attributed to a moderate upturn in new orders. Stocks of purchases nonetheless declined for the second month running, which was linked to deliberate streamlining of inventories and efforts to improve working capital management.

Suppliers' delivery times lengthened for the fifth consecutive month and to the greatest extent since January. Manufacturers reported capacity constraints among vendors and, in some cases, customs delays and transportation issues. Meanwhile, efforts by suppliers to pass on higher raw material and labour costs contributed to a robust and accelerated pace of input cost inflation. Prices charged by Irish manufacturers nonetheless increased at a slower pace in September, which some firms linked to intense competitive pressures.

Finally, business optimism across the manufacturing sector held close to the eight-month high seen in August. Around half of the survey panel (48%) predict a rise in output during the year ahead, while only 9% anticipate a reduction. A number of goods producers commented on hopes of improving demand across global markets and a subsequent uplift in export sales over the next 12 months.

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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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