News Release

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AIB Ireland Manufacturing PMI®

New orders rise at fastest pace for just over four years

Key findings

Robust upturn in manufacturing sector performance

Faster rises in output, new work and employment

Input cost inflation highest since July 2022

Business conditions across the Irish manufacturing sector improved at a robust pace in May, helped by the strongest upturn in new orders since April 2022. This underpinned further strong increases in production, employment and purchasing activity. The latest survey also highlighted sustained efforts to build safety stocks and bring forward input buying in response to intense supply chain pressures linked to the Middle East conflict. Overall input costs increased at the fastest rate for nearly four years, which led to another acceleration of factory gate price inflation during May.

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 factors, the headline AIB Ireland Manufacturing PMI registered 55.9 in May, up from 54.9 in April and the highest reading for four years. All five index components provided a positive contribution to the PMI, led by robust rises in output, new orders and staffing numbers.

Manufacturers recorded an increase in their production volumes for the seventh consecutive month. Moreover, the rate of output growth accelerated to its strongest since May 2025. Survey respondents mostly cited improving customer demand and the impact of long-run business expansion plans.

New order books improved at a robust pace, with total new work rising at the fastest pace for just over four years. Goods producers commented on greater demand from both domestic and export markets. Some firms suggested a temporary boost to sales as clients brought forward purchases in anticipation of rising prices. However, there were also reports that elevated geopolitical uncertainties had weighed on investment spending in some cases.

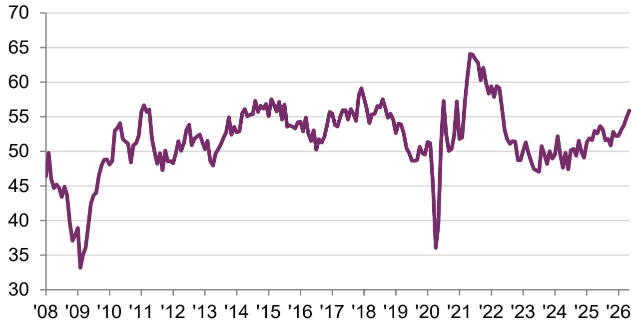
Export orders remained a bright spot for Irish manufacturers, with survey respondents mostly noting improved sales to clients in the UK, US and Asia. The latest increase in total new work from abroad was the steepest since August 2021.

May data indicated a marked increase in staffing levels across the manufacturing sector. Higher payroll numbers have been recorded since December 2024 and the rate of job creation accelerated to its strongest for nearly four years. Anecdotal evidence pointed to ongoing business investment plans and the need to expand operating capacity.

A combination of rising demand and worsening supply conditions

AIB Ireland Manufacturing PMI

sa, >50 = improvement since previous month



Sources: AIB, S&P Global PMI.

Data were collected 12-21 May 2026.

Comment

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

"The AIB Irish Manufacturing PMI indicated that the sector gained momentum in May, with the index rising to 55.9 from 54.9 in April. The expansion in May was due to sustained gains in output and new export orders, reflecting a frontloading of demand and stock building due to the Middle East conflict. The Irish manufacturing PMI remains above the flash readings for the Eurozone, US and UK at 51.4, 55.3 and 53.7, respectively.

"Output rose solidly in May, at the fastest pace in 12 months, with respondents citing strong order books. This was also evident in the surge in new orders and export orders to multi-year highs, as firms reported a boost to sales despite the geopolitical uncertainty. Firms cited improving demand from the UK, US and Asia. Given the strong demand backdrop, hiring rose sharply to the fastest pace since June 2022. Moreover, purchasing activity by firms rose at the fastest pace since February 2022, in part driven by frontrunning of purchases ahead of the expected price hikes by suppliers.

"While activity levels improved, the rate of input inflation accelerated sharply to the highest level since July 2022. Respondents noted raw materials and fuel costs as key drivers of inflation. Nonetheless, with demand still strong, many firms were able to increase selling prices, with the output prices index rising to the highest level since December 2022.

"Looking ahead, Irish manufacturers' assessment of the outlook for activity levels over the coming year has improved. Around 47% predict an increase in output over the next year, while only 10% forecast a reduction. Manufacturers cited rising customer demand as offsetting heightened geopolitical tensions from the war in the Middle East."

PMI® by S&P Global

led to a solid accumulation of unfinished business in May. Increased backlogs of work have now been recorded for three months in a row, and the latest expansion was the steepest since April 2022.

Purchasing activity continued to expand in May, supported by improved order books and efforts to boost warehouse inventories. Stocks of purchases and pre-production inventories both increased since April, in part due to concerns about the outlook for global supply chains.

Latest data signalled another steep lengthening of average lead times among vendors, with the respective seasonally adjusted index pointing to the sharpest deterioration in supplier performance since October 2022. This was overwhelmingly linked to internationally shipping delays and some raw material shortages.

More than half of the survey panel (58%) reported an increase in their purchasing costs during May, while only 1% noted a decline. This pointed to the strongest pace of input cost inflation since July 2022, which was mainly attributed to higher fuel and raw material prices. Efforts to pass on higher input costs to clients led to the strongest rate of factory gate price inflation since December 2022.

Irish manufacturers again noted that rising inflationary pressures and global supply chain challenges were factors weighing on the year ahead business outlook. However, business activity expectations rebounded from the 25-month low seen in April and were the highest since February. Anecdotal evidence suggested that improving sales pipelines, planned expansion across new export markets and long-term investments in plant capacity had all supported business optimism in May.

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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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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