

AIB Ireland Manufacturing PMI®

Manufacturing conditions continue to improve

Key findings

Production rises for second month running

New business growth eases

Weakest rate of output price inflation since May 2024

December data highlighted a moderate upturn in Irish manufacturing sector performance, supported by sustained rises in output, new work and employment. However, there was an overall loss of momentum since November, largely due to weaker new order growth. Input cost inflation meanwhile intensified, with average cost burdens rising to the greatest extent for five months. Squeezed pricing power meant that output charges rose only fractionally and at the weakest pace since May 2024.

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 52.2 in December, the seasonally adjusted AIB Ireland Manufacturing PMI eased from 52.8 in November but remained above the neutral 50.0 threshold for the twelfth consecutive month. The latest reading was also fractionally above its long-run average (52.0) and signalled a moderate overall improvement in manufacturing sector performance.

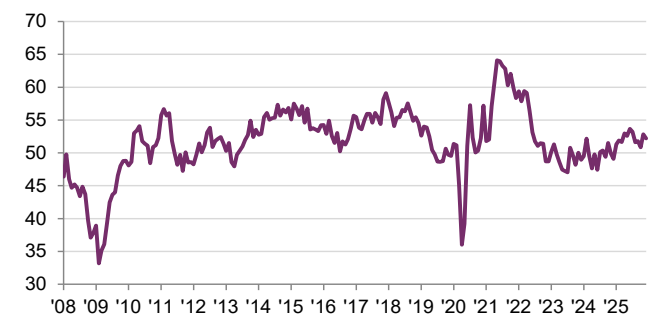
Output growth was maintained in December, although the rate of expansion slipped from November's four-month high. Where higher levels of production were reported, this mainly reflected improved order books.

Total new work increased only slightly at the end of 2025 and the pace of growth lost momentum since November. A renewed dip in export sales weighed on manufacturing order books. Survey respondents also commented on subdued demand conditions and intense competition for new work.

Recruitment was a bright spot during December as goods producers took on more staff to meet new projects and deliver long-term capacity expansion plans. Employment has now risen in each of the past 13 months and the rate of job creation accelerated since November. Greater workforce numbers contributed to a renewed fall in backlogs of work across the manufacturing sector.

Manufacturers boosted their purchasing activity at the end of the year. Higher levels of input buying have now been recorded for four months in a row, but the latest rise was the weakest seen over this period. Stocks of purchases meanwhile decreased slightly, which continued the trend seen since August. There was also a much slower reduction in stocks of finished goods, with the rate of depletion the least marked for six months amid reports of less

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



Sources: AIB, S&P Global PMI.
Data were collected 4-16 December 2025.

Comment

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

"The AIB Irish Manufacturing PMI indicated that growth eased in December, with the index at 52.2 compared to 52.8 in November. The rise in activity in December was driven by gains in current output, new orders and employment. The Irish manufacturing PMI remains above the flash December readings for the Eurozone, UK and US at 49.2, 51.2 and 51.8, respectively.

"Output saw robust growth in December, with respondents citing stronger order books. This was also reflected in a continued rise in new orders, albeit export orders fell marginally. However, employment growth accelerated in December, compared to the weak out-turn in November. Firms stated that additional staff had been recruited to deliver new projects and long-term expansion plans. Elsewhere, the purchases index remained in expansionary territory in December, albeit the pace of growth continued to be moderate.

"The December survey showed an acceleration in input price inflation, linked to raw material costs, an ongoing trend in the survey in recent months. However, output price inflation slowed to the weakest pace since May 2024, pointing to lower margins amid competitive market pressures.

"Irish manufacturers maintained a positive assessment of the outlook for future activity levels, with the sentiment index remaining at relatively high levels. Around 42% of firms predict a rise in activity in the year ahead, while only 6% forecast a reduction. Manufacturers linked business optimism to improved export sales in the coming year."

cautious inventory strategies.

Supply chain performance remained a challenge for manufacturing firms in December. The latest survey indicated a steep lengthening of average lead times among vendors. This was often attributed to stock shortages at suppliers and international transportation delays.

At the same time, efforts by suppliers to pass on higher raw material prices resulted in a robust increase in average cost burdens across the manufacturing sector. The overall rate of input price inflation was the fastest since July. In contrast, factory gate prices rose only fractionally and at the slowest pace for 19 months. Survey respondents widely commented on squeezed margins and intense price competition.

Meanwhile, manufacturers remain optimistic about the outlook for production over the course of 2026. Around 42% of the survey panel predict a rise in output, while only 6% forecast a reduction. However, the degree of optimism was weaker than the 11-month high seen in November. Anecdotal evidence suggested that hopes of a turnaround in demand conditions and planned new business expansion in export markets had underpinned confidence in the year ahead growth outlook.

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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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