

AIB Ireland Manufacturing PMI®

Slowest improvement in manufacturing conditions since March

Key findings

Weakest rises in output and new orders since January

Solid rate of job creation maintained in August

Input cost inflation slowest since June 2024

August data indicated a modest upturn in Irish manufacturing conditions, but the pace of improvement lost further momentum. This mainly reflected the weakest rates of output and new business growth for seven months. A slight slowdown in the rate of job creation and a renewed decline in stocks of purchases also weighed on performance.

Despite reports of sluggish demand conditions, especially in export markets, overall business optimism for the year ahead rose to its highest since December 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 51.6 in August, down from 53.2 in July, the seasonally adjusted AIB Ireland Manufacturing PMI signalled the slowest improvement in overall business conditions since March. All five components of the PMI provided a weaker contribution to the headline reading than in July.

Production volumes increased at a moderate pace in August. However, the rate of expansion eased for the third time in the past four months to reach its lowest since the start of 2025. Manufacturers noted that relatively subdued customer demand had acted as a brake on output growth.

August data pointed to only a marginal increase in new business intakes across the manufacturing sector. The latest upturn in order books was the slowest since January, with many firms citing a lack of willingness-to-spend and intense competition.

Anecdotal evidence suggested that resilient domestic economic conditions had supported new business gains in some cases, while weak export sales were a headwind. Reflecting this, new work from abroad decreased for the fourth time in the past five months and at the fastest pace since May.

Subdued overall demand conditions contributed to a marked reduction in backlogs of work at manufacturing firms. The depletion of unfinished business was the fastest since April as survey respondents commented on sufficient spare capacity to meet new and existing orders.

Purchasing activity decreased slightly in August, which ended a four-month period of expansion. Goods producers often linked

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



Sources: AIB, S&P Global PMI.
Data were collected 12-21 August 2025.

Comment

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

"The AIB Irish Manufacturing PMI indicated that growth moderated in August, with the index at 51.6, easing slightly from 53.2 in July. The rise in August was driven by continued growth in output and employment, but new orders growth stalled. The Irish manufacturing PMI remains above the flash August readings for the Eurozone and UK at 50.5 and 47.3, respectively, but below the US at 53.3.

"Output rose at a slower pace in August, with respondents citing more subdued demand conditions. This was also reflected in the near stagnation in new orders growth and a renewed fall in export orders. Several firms cited the UK as a key source of weakness in client demand. However, employment continued to expand sharply, with the pace of hiring slightly below the three-year high reached in June and July. Nonetheless, the purchases index saw a first contraction in five months, linked to subdued trends in output and new orders.

"The August survey showed a deceleration in input price inflation to the lowest rate since June 2024. However, some firms continued to note higher raw material costs. In contrast, output price inflation accelerated as manufacturers managed to pass on input price increases from earlier in 2025.

"Irish manufacturers had an improved assessment of the outlook for activity levels over the coming year. Around 44% of the respondents predict a rise in output levels during the year ahead, up from 35% in July, while just 4% expect a decline. Manufacturers linked business optimism to hopes of an improvement in the global economic backdrop and a subsequent rise in customer demand."

lower input buying to softer demand and efforts to streamline inventories. Stocks of purchases fell for the first time since May, while post-production inventories dropped for the seventh consecutive month. Survey respondents again commented on a general focus on tightening their working capital management.

Suppliers' delivery times lengthened for the fourth month in a row, although the latest downturn in vendor performance was the least marked since May. Manufacturers reporting longer wait times for suppliers' deliveries mostly cited transportation delays, especially for imported items.

Cost pressures eased in August as input price inflation moderated to its slowest since June 2024. Goods producers noted that higher raw material prices had pushed up purchasing costs. There were signs that the squeeze on manufacturers' margins had subsided to some degree in August as factory gate price inflation accelerated to its highest since February. A number of firms reported efforts to pass on higher input prices after a period of robust cost inflation in the first half of 2025.

Business activity expectations picked up in August. Around 44% of the survey panel predict a rise in output during the year ahead, compared with 4% that forecast a decline. This indicated the strongest business optimism since December 2024. Survey respondents noted hopes of a turnaround in global trade conditions and improvement in customer demand. Elevated business confidence also supported another solid rise in manufacturing employment numbers, although the rate of job creation slipped to a three-month low.

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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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