

AIB Ireland Manufacturing PMI®

Production growth hits four-and-a-half year high in September

Key findings

Sharpest rise in output levels since March 2022

Robust improvement in new order books

Input price inflation accelerates to three-month high

Irish manufacturers signalled a robust improvement in overall business conditions, supported by sustained upturns in output, new orders and employment. The latest expansion of production volumes was the fastest since March 2022. Export sales also gained momentum in September. However, business activity expectations eased to a five-month low amid concerns about elevated geopolitical uncertainty and rising inflationary pressures. Higher energy and fuel bills contributed to the steepest increase in average cost burdens across the manufacturing sector since June.

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 55.5 in September, up fractionally from 55.4 in August, the seasonally adjusted AIB Ireland Manufacturing PMI reached its highest level for four months. Moreover, the latest reading signalled the second-strongest improvement in business conditions since May 2022.

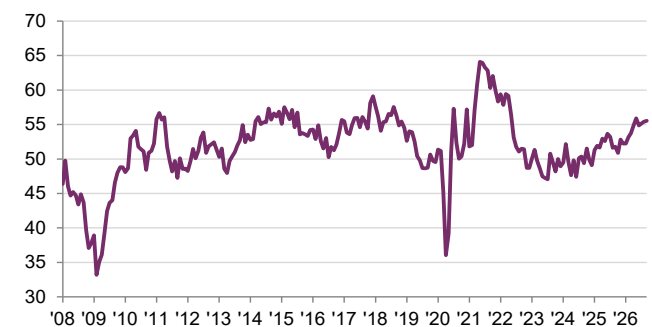
A robust and accelerated expansion of production volumes was the main factor boosting the headline PMI in September. Output growth was the fastest for four-and-a-half years, which survey respondents widely attributed to improved order books and greater production requirements.

September data pointed to improved demand from both domestic and overseas markets. Total new work expanded at a robust pace that was only slightly softer than the 52-month high seen in August. Despite reports of sales headwinds from elevated inflation and ongoing global economic uncertainty, the latest survey pointed to the sharpest rise in export orders for three months.

Improving demand conditions resulted in a solid rise in employment numbers and the fastest upturn in purchasing activity for four months. Goods producers also noted that safety stock building in response to concerns about rising raw material prices had also supported input buying. Pre-production inventories and stocks of finished goods both continued to increase in September.

Backlogs of work were accumulated for the third consecutive month, albeit only modestly. Goods producers mostly linked rising volumes of outstanding business to greater pressure on operating capacity as a result of improved order books. There were also some reports that shortages of raw materials (especially technology items) had led to a rise in unfinished work.

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



Sources: AIB, S&P Global PMI.

Data were collected 10-23 September 2026.

Comment

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

"The AIB Irish Manufacturing PMI indicates that the sector gained further momentum, with the index rising to 55.5 in September from 55.4 in August. The expansion in September was due to sustained gains in output, new orders and employment. The Irish manufacturing PMI remains above the flash readings for the Eurozone and UK at 52.7 and 52.0, respectively; but below the US at 57.0.

"Output rose rapidly in September, increasing to the highest level since March 2022, with respondents citing continued robust order books. This was also reflected in a sharp rise in new orders, and an acceleration in export orders growth. Given the healthy demand backdrop, employment expanded at a solid pace, as firms responded to rising workloads. Purchasing activity continued to grow strongly, but manufacturers noted delivery time delays linked to a shortage of freight capacity and shipping. However, existing stocks grew for a seventh consecutive month, as firms maintained precautionary stockpiles.

"The rate of input inflation increased but remained well below the near four-year peak reached in May. Higher input charges were mainly linked to the impact of the Middle East conflict on fuel and transportation costs. With demand still robust, many firms were able to increase selling prices and protect margins, with output price inflation picking up in September.

"Irish manufacturers' assessment of the outlook for activity levels over the coming year remains broadly optimistic but did take a hit in September. Around 38% predict an increase in output over the next year, down from 49% in August, while 11% forecast a reduction. Manufacturers cited global economic uncertainty as weighing on confidence."

Measured overall, suppliers' delivery times lengthened sharply during September, but to the least marked extent since March. Survey respondents often cited delays with the receipt of imported materials due to international shipping delays.

Input cost inflation meanwhile accelerated for the second month running to its highest since June. Around 38% of the survey panel reported a rise in their purchasing costs, while less than 1% signalled a reduction. Higher input prices were widely linked to increased energy, fuel and transport costs. At the same time, factory gate price inflation also hit a three-month high, with many firms noting efforts to pass on fuel surcharges from suppliers.

Finally, the latest survey highlighted positive sentiment towards the year ahead business outlook. More than three times as many manufacturers (38%) expected a rise in production volumes than those that predict a reduction (11%). However, the resulting index pointed to a moderation in overall business optimism to the lowest for five months. Anecdotal evidence suggested that geopolitical uncertainty and rising inflationary pressures had weighed on confidence across the Irish manufacturing sector in September.

Contact

David McNamara
AIB Chief Economist
T: +353-(0)87-4071825
david.g.mcnamara@aib.ie
AIBeconomics.Unit@aib.ie
www.aibeconomics.com

Paddy McDonnell
AIB Press Office
T: +353-87-739-0743
paddy.x.mcdonnell@aib.ie

Louise Kelly
AIB Press Office
T: +353-87-216-1545
louise.Y.kelly@aib.ie

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-067
tim.moore@spglobal.com

Hannah Brook
EMEA Communications Manager
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com

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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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