

August 2023 Taiwan Manufacturing PMI

PMI at 45.5%

New Orders, Production and Employment Contracting
Supplier Deliveries Faster;
Inventories Contracting

MANUFACTURING AT A GLANCE

August 2023

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	45.5	46.1	-0.6	Contracting	Faster	6	47.4	43.2	52.1	46.3	46.5	43.4
New Orders	46.6	48.1	-1.5	Contracting	Faster	2	56.6	41.8	54.2	47.8	40.0	39.0
Production	46.7	47.0	-0.3	Contracting	Faster	2	51.3	44.0	58.3	44.6	50.0	43.9
Employment	46.5	47.4	-0.9	Contracting	Faster	13	46.1	44.4	45.8	50.0	42.5	50.0
Supplier Deliveries	44.2	43.8	+0.4	Faster	Slower	14	39.5	44.8	50.0	43.5	45.0	42.7
Inventories	43.6	44.4	-0.8	Contracting	Faster	6	43.4	40.9	52.1	45.7	55.0	41.5
Customers' Inventories	44.5	41.0	+3.5	Too Low	Slower	10	35.5	44.4	52.1	46.7	47.5	43.9
Prices	53.2	43.8	+9.4	Increasing	From Decreasing	1	67.1	49.6	52.1	55.4	52.5	53.7
Backlog of Orders	42.8	38.2	+4.6	Contracting	Slower	15	48.7	43.1	41.7	42.4	45.0	34.1
New Export Orders	40.9	42.0	-1.1	Contracting	Faster	16	51.3	42.7	41.7	35.9	42.5	26.8
Imports	41.3	42.6	-1.3	Contracting	Faster	15	48.7	37.9	50.0	42.4	50.0	37.8
Future Outlooks	42.1	43.2	-1.1	Contracting	Faster	16	48.7	41.4	52.1	37.0	50.0	36.6
Production Materials	42	41	-	-	-	-	40	44	32	51	34	36
MRO Supplies	37	37	-	-	-	-	38	38	37	38	36	35
Capital Expenditures	62	64	-	-	-	-	54	63	82	59	91	48

Chart 1: Time Series of Taiwan Manufacturing PMI

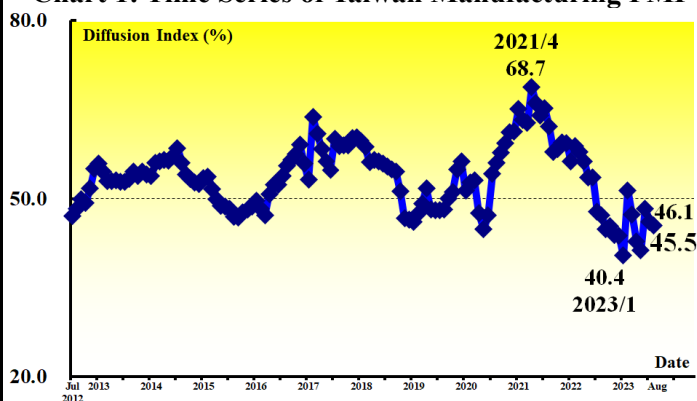
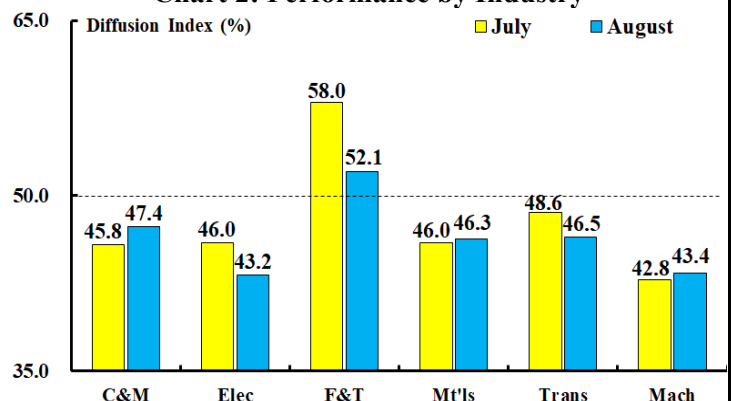


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector contracted for the sixth consecutive month as the seasonally adjusted Taiwan Manufacturing PMI further decreased 0.6 percentage point to 45.5 percent in August.
- Entering the second month of the third quarter, the seasonally adjusted New Orders and Production Indexes further declined 1.5 and 0.3 percentage points to 46.6 and 46.7 percent, respectively.
- The seasonally adjusted Employment Index went down 0.9 percentage point to 46.5 percent, contracting for the thirteenth consecutive month.
- Manufacturers reported faster delivery performance for fourteen consecutive months as the Supplier Deliveries Index registered 44.2 percent, 0.4 percentage point lower than the previous reading.
- The Inventories Index slightly decreased 0.8 percentage point to 43.6 percent, contracting for the sixth consecutive month.
- Manufacturers reported their customers had insufficient inventories on hand for ten consecutive months. The Customers' Inventories Index increased 3.5 percentage points from the lowest reading (41.0 percent) since March 2020, registering 44.5 percent in August.
- Manufacturers experienced higher purchasing prices for the first time in the past four months as the Prices Index sharply increased 9.4 percentage points to 53.2 percent.
- The Backlog of Orders Index contracted for the fifteenth consecutive month but at a slower rate. The index rose 4.6 percentage points to 42.8 percent, recording the slowest contraction rate since July 2022.
- Both the New Export Orders and Imports Indexes contracted in August and registered 40.9 and 41.3 percent, respectively.
- The Future Outlooks Index contracted faster and further decreased 1.1 percentage points to 42.1 percent.
- Five among six manufacturing industries categories reported contraction in August in the following order: Electronic & Optical (43.2%), Electrical & Machinery Equipment (43.4%), Basic Materials (46.3%), Transportation Equipment (46.5%) and Chemical, Biological & Medical (47.4%). Only Foods & Textiles (52.1%) remained in growth in August.

About this Report

This report is jointly issued by the National Development Council (NDC) – a cabinet-level ministry, the Chung-Hua Institution for Economic Research (CIER), and the Supply Management Institute, Taiwan (SMIT). CIER makes no representation, other than that stated within this release, regarding the individual company data collection procedures.

Data and Method of Presentation

The Survey is based on data compiled from monthly replies to questionnaires sent to manufacturing purchasing and supply executives in about 300 manufacturing companies. The panel has been carefully selected to accurately replicate the actual structure of the manufacturing economy, based on each industry's contribution to gross domestic product (GDP). The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive). A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally decline. Responses to Buying Policy reflect the percent reporting the current month's lead time, the approximate weighted number of days ahead for which commitments are made for Production Materials; Capital Expenditures; and Maintenance, Repair and Operating (MRO) Supplies, expressed as hand-to-mouth (five days), 30 days, 60 days, 90 days, six months (180 days), a year or more (360 days), and the weighted average number of days.

We re-categorize the manufacturing subsectors listed in the Standard Industrial Classification System of the Republic of China (Rev.9, 2011) into six broad categories. **The Chemical, Biological & Medical industry (C&M)** which includes Manufacture of Chemical Material, Manufacture of Chemical Products, Manufacture of Pharmaceuticals and Medicinal Chemical Products and Manufacture of Medical Instruments and Supplies. **The Electronic & Optical industry (Elec)** which comprises Manufacture of Electronic Parts and Components and Manufacture of Computers Electronic and Optical Products. **The Foods & Textiles industry (F&T)** which comprises Manufacture of Food Products, Manufacture of Beverages, Manufacture of Tobacco Products, Manufacture of Textiles, Manufacture of Wearing Apparel and Clothing Accessories, Manufacture of Leather, Fur and Related Products. **The Basic Materials industry (Mt'ls)** which includes Manufacture of Wood and of Products of Wood and Bamboo, Manufacture of Pulp, Paper and Paperboard, Printing and Service Activities Related to Printing, Manufacture of Rubber Products, Manufacture of Plastics Products, Manufacture of Other Non-metallic Mineral Products, Manufacture of Basic Metals and Manufacture of Fabricated Metal Products. **The Transportation Equipment industry (Trans)** which comprises Manufacture of Motor Vehicles and Parts and Manufacture of Other Transport Equipment and Parts. The last category is **Electrical & Machinery Equipment industry (Mach)** which includes Manufacture of Electrical Equipment and Manufacture of Machinery and Equipment.

Starting from each release of the Month of April 2018, the index numbers for Manufacturing PMI, New Orders, Production and Employment are seasonally adjusted to remove those seasonal components and calendar effects such as trading day, leap year and other moving holiday effects. Averaging the seasonally adjusted component series (the New Orders, Production, and Employment indexes) and the seasonally unadjusted components (Supplier Delivers and Inventories indexes) will give rise to the indirect seasonally adjusted Manufacturing PMI. As the direct seasonally adjusted PMI is more stable than the indirect seasonally adjusted PMI, CIER assumes the difference between these two indexes to three seasonally adjusted component series using the variance of each irregular component as weights. Therefore, the equality of seasonally adjusted PMI and its component series is maintained. The diffusion indexes other than the PMI component series and the industrial data are raw data and not seasonally adjusted.

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