

January 2023 Taiwan Manufacturing PMI

PMI at 40.4%

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

MANUFACTURING AT A GLANCE

January 2023

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	40.4	43.7	-3.3	Contracting	Faster	7	39.2	35.2	45.7	42.4	42.6	35.1
New Orders	34.4	39.8	-5.4	Contracting	Faster	10	39.2	24.2	45.7	39.0	34.8	23.2
Production	32.1	42.7	-10.6	Contracting	Faster	7	21.6	23.8	32.6	29.3	41.3	23.2
Employment	45.6	48.4	-2.8	Contracting	Faster	6	45.9	40.6	52.2	50.0	41.3	39.0
Supplier Deliveries	46.4	44.1	+2.3	Faster	Slower	7	50.0	43.9	52.2	48.8	50.0	45.1
Inventories	43.7	43.5	+0.2	Contracting	Slower	5	39.2	43.4	45.7	45.1	45.7	45.1
Customers' Inventories	46.5	48.6	-2.1	Too Low	Faster	3	47.3	48.0	50.0	41.5	45.7	45.1
Prices	54.5	50.6	+3.9	Increasing	Faster	2	54.1	49.6	54.3	67.1	54.3	56.1
Backlog of Orders	35.6	35.3	+0.3	Contracting	Slower	8	43.2	34.4	37.0	36.6	37.0	29.3
New Export Orders	31.1	39.3	-8.2	Contracting	Faster	9	41.9	29.5	47.8	23.2	41.3	25.6
Imports	35.5	36.9	-1.4	Contracting	Faster	8	39.2	34.0	39.1	37.8	32.6	32.9
Future Outlooks	38.9	29.3	+9.6	Contracting	Slower	9	47.3	34.4	43.5	45.1	34.8	39.0
Production Materials	47	41	-	-	-	-	48	47	52	46	52	42
MRO Supplies	39	34	-	-	-	-	43	37	39	40	44	38
Capital Expenditures	70	61	-	-	-	-	60	70	93	55	89	69

Chart 1: Time Series of Taiwan Manufacturing PMI

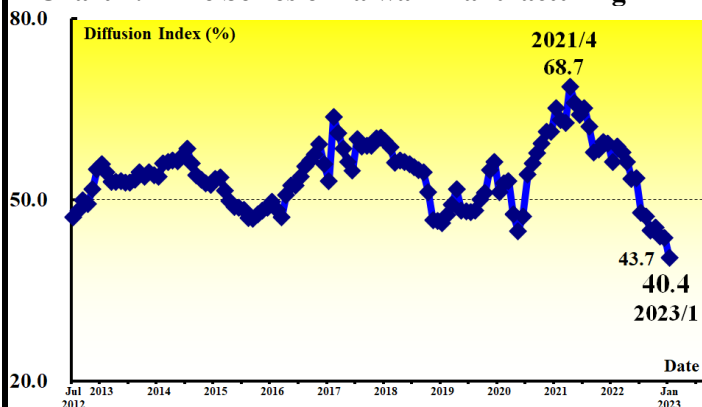
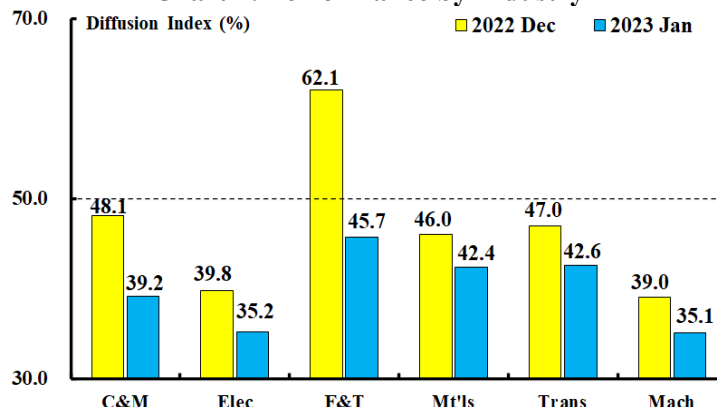


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector contracted for the seventh consecutive month as the seasonally adjusted Taiwan Manufacturing PMI registered 40.4 percent, down 3.3 percentage points from the December 2022 reading.
- Destocking across the manufacturing sectors prevailed and the Chinese New Year holiday lasting for ten days resulted in reductions in purchasing and production activities, the seasonally adjusted New Orders and Production Indexes decreased 5.4 and 10.6 percentage points to 34.4 and 32.1 percent, respectively.
- The seasonally adjusted Employment Index contracted for the sixth consecutive month as the index went down 2.8 percentage points to 45.6 percent.
- Manufacturers reported faster delivery performance for seven consecutive months. The Supplier Deliveries Index further increased 2.3 percentage points and registered 46.4 percent in January.
- Manufacturers' inventories contracted for the fifth consecutive month as the Inventories Index registered 43.7 percent, up 0.2 percentage point from the lowest reading since November 2015.
- Manufacturers reported their customers have insufficient inventories on hand for the third consecutive month. The Customers' Inventories Index further decreased 2.1 percentage points to 46.5 percent, registering the lowest reading since July 2021.
- Manufacturers experienced higher purchasing prices for the second consecutive month as the Prices Index increased 3.9 percentage points to 54.5 percent in January 2023.
- The Backlog of Orders Index contracted for the eighth consecutive month as the index registered 35.6 percent.
- The New Export Orders and Imports Indexes contracted for nine and eight consecutive months, registering 31.1 and 35.5 percent, respectively.
- The Future Outlooks Index contracted for the ninth consecutive month while the index rose 9.6 percentage points to 38.9 percent in January, recording the biggest month-to-month increase since July 2020.
- All the six manufacturing industries categories reported contraction in January 2023 in the following order: Electrical & Machinery Equipment (35.1%), Electronic & Optical (35.2%), Chemical, Biological & Medical (39.2%), Basic Materials (42.4%), Transportation Equipment (42.6%) and Foods & Textiles (45.7%).

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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