

January 2024 Taiwan Manufacturing PMI

PMI at 48.0%

**New Orders Contracting; Production Growing; Employment Contracting
Supplier Deliveries Faster;
Inventories Contracting**

MANUFACTURING AT A GLANCE

January 2024

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	48.0	46.8	+1.2	Contracting	Slower	11	49.2	45.6	59.1	50.5	42.4	47.0
New Orders	46.2	46.5	-0.3	Contracting	Faster	4	45.9	44.5	69.6	51.3	32.4	45.9
Production	51.3	47.3	+4.0	Growing	From Contracting	1	50.0	47.5	67.4	53.8	47.1	48.6
Employment	48.3	47.8	+0.5	Contracting	Slower	18	45.9	45.8	54.3	48.8	44.1	52.7
Supplier Deliveries	48.4	46.8	+1.6	Faster	Slower	19	51.4	47.9	47.8	51.3	47.1	41.9
Inventories	45.7	45.8	-0.1	Contracting	Faster	11	52.7	42.4	56.5	47.5	41.2	45.9
Customers' Inventories	43.6	41.7	+1.9	Too Low	Slower	15	47.3	42.8	50.0	43.8	38.2	40.5
Prices	56.2	53.8	+2.4	Increasing	Faster	2	56.8	53.0	52.2	66.3	61.8	52.7
Backlog of Orders	43.0	43.9	-0.9	Contracting	Faster	20	47.3	39.8	50.0	48.8	32.4	43.2
New Export Orders	44.8	42.9	+1.9	Contracting	Slower	21	51.4	43.2	47.8	47.5	38.2	40.5
Imports	47.9	45.1	+2.8	Contracting	Slower	20	60.8	44.9	54.3	48.8	44.1	43.2
Future Outlooks	46.2	45.4	+0.8	Contracting	Slower	21	58.1	44.1	47.8	45.0	50.0	43.2
Production Materials	39	35	-	-	-	-	37	43	42	39	27	33
MRO Supplies	33	33	-	-	-	-	35	36	34	28	30	27
Capital Expenditures	60	61	-	-	-	-	53	64	82	45	80	51

Chart 1: Time Series of Taiwan Manufacturing PMI

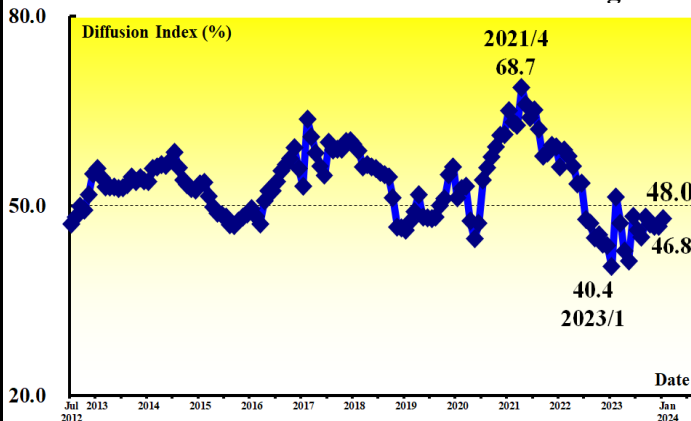
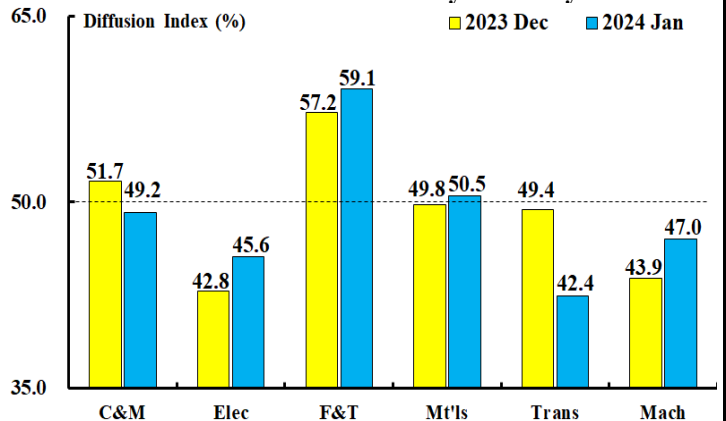


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector still remained in contraction for the eleventh consecutive month while the seasonally adjusted Taiwan Manufacturing PMI increased 1.2 percentage points to 48.0 percent in January.
- The seasonally adjusted New Orders Index slightly decreased 0.3 percentage point to 46.2 percent, contracting for the fourth consecutive month.
- Manufacturers' production turned to growth for the first time in the past four months as the Production Index rose 4.0 percentage points to 51.3 percent in January.
- The seasonally adjusted Employment Index contracted for the eighteenth consecutive month while the index slightly went up 0.5 percentage point to 48.3 percent.
- Manufacturers reported faster delivery performance for nineteen consecutive months as the Supplier Deliveries Index increased 1.6 percentage points to 48.4 percent.
- The Inventories Index slightly decreased 0.1 percentage point to 45.7 percent, contracting for eleven consecutive months.
- Manufacturers reported their customers had insufficient inventories on hand for fifteen consecutive months as the Customers' Inventories Index increased 1.9 percentage points to 43.6 percent in January.
- Manufacturers experienced higher purchasing prices for the second consecutive month as the Prices Index further increased 2.4 percentage points to 56.2 percent.
- The Backlog of Orders Index decreased 0.9 percentage point to 43.0 percent, contracting for twenty consecutive months.
- The Imports Index contracted for the twentieth consecutive month while increased 2.8 percentage points to 47.9 percent, recording the slowest contraction rate since July 2022.
- The Future Outlooks Index increased 0.8 percentage point to 46.2 percent, recording the slowest contraction rate since April 2023.
- Four among six manufacturing industries categories reported contraction in the following order: Transportation Equipment (42.4%), Electronic & Optical (45.6%), Electrical & Machinery Equipment (47.0%) and Chemical, Biological & Medical (49.2%). While Foods & Textiles (59.1%) and Basic Materials (50.5%) reported growth in January.

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.

Contact Information:

For economics comments, data and technical queries, please contact

Shin-Hui Chen, Ph.D.

Associate Research Fellow, Division of Taiwan Economy
Chung-Hua Institution for Economic Research
E-Mail: csh@cier.edu.tw
Tel: +(886) 2 27356006 ext. 623
www.cier.edu.tw

For industry comments, please contact:

Shu-Shin (Steve) Steve Lai

Honorary Chairman
Supply Management Institute, Taiwan
E-Mail: shushin.lai@gmail.com
Tel: +(886) 2 27495889
www.smit.org.tw