

## March 2023 Taiwan Manufacturing PMI

PMI at 47.3%

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

### MANUFACTURING AT A GLANCE

March 2023

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	47.3	51.4	-4.1	Contracting	From Growing	1	50.8	48.9	53.0	56.5	50.0	47.7
New Orders	44.5	51.1	-6.6	Contracting	From Growing	1	51.3	52.8	51.9	58.1	39.1	47.7
Production	52.0	62.4	-10.4	Growing	Slower	2	52.6	59.4	57.4	64.0	67.4	48.8
Employment	45.5	48.9	-3.4	Contracting	Faster	8	47.4	46.7	50.0	54.7	41.3	41.9
Supplier Deliveries	44.8	44.5	+0.3	Faster	Slower	9	47.4	40.2	55.6	50.0	52.2	44.2
Inventories	49.9	50.0	-0.1	Contracting	From Unchanged	1	55.3	45.5	50.0	55.8	50.0	55.8
Customers' Inventories	47.0	47.6	-0.6	Too Low	Faster	5	51.3	44.3	55.6	47.7	45.7	48.8
Prices	56.5	62.6	-6.1	Increasing	Slower	4	51.3	53.3	64.8	64.0	56.5	58.1
Backlog of Orders	41.6	41.9	-0.3	Contracting	Faster	10	40.8	42.7	40.7	40.7	34.8	43.0
New Export Orders	46.7	42.9	+3.8	Contracting	Slower	11	50.0	47.6	46.3	48.8	37.0	38.4
Imports	45.0	44.2	+0.8	Contracting	Slower	10	47.4	43.5	40.7	48.8	47.8	44.2
Future Outlooks	46.2	44.7	+1.5	Contracting	Slower	11	52.6	45.5	38.9	48.8	39.1	45.3
Production Materials	45	45	-	-	-	-	46	45	40	53	35	45
MRO Supplies	36	37	-	-	-	-	39	33	36	40	27	42
Capital Expenditures	64	66	-	-	-	-	59	58	79	53	73	80

Chart 1: Time Series of Taiwan Manufacturing PMI

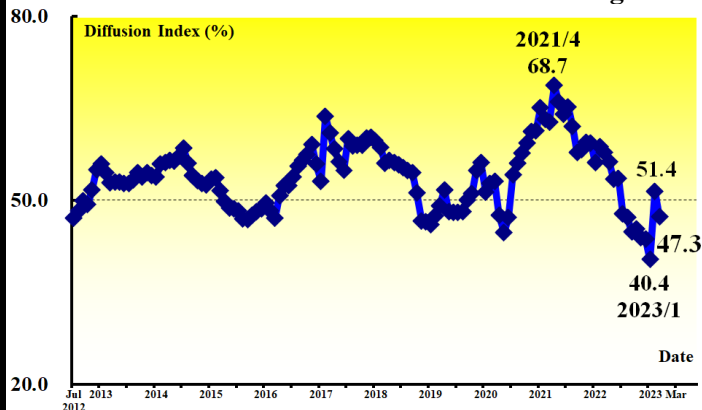
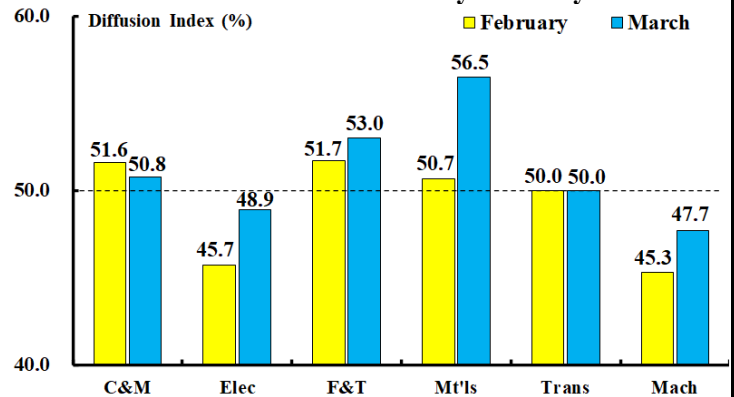


Chart 2: Performance by Industry



### Summary

- The Taiwan manufacturing sector turned to contraction following one month of growth as the seasonally adjusted Taiwan Manufacturing PMI decreased 4.1 percentage points to 47.3 percent in March.
- Manufacturers' new orders contracted following only one month of growth as the seasonally adjusted New Orders Index decreased 6.6 percentage points and turned to contraction of 44.5 percent.
- The seasonally adjusted Production Index expanded for the second consecutive month while the index greatly fell 10.4 percentage points to 52.0 percent.
- The seasonally adjusted Employment Index contracted for the eighth consecutive month and decreased 3.4 percentage points to 45.5 percent in March.
- Manufacturers reported faster delivery performance for nine consecutive months while the Supplier Deliveries Index slightly increased 0.3 percentage point and registered 44.8 percent.
- Manufacturers' inventories turned to contraction following only one month of unchanged conditions as the Inventories Index inched down 0.1 percentage point to 49.9 percent in March.
- Manufacturers reported their customers have insufficient inventories on hand for the fifth consecutive month. The Customers' Inventories Index registered 47.0 percent, down 0.6 percentage point from the February reading.
- Manufacturers continuously experienced higher purchasing prices for the fourth consecutive month while the Prices Index decreased 6.1 percentage points from the highest reading (62.6 percent) since June 2022 and registered 56.5 percent.
- The Backlog of Orders Index contracted for the tenth consecutive month as the index registered 41.6 percent, inched down 0.3 percentage point from the highest reading (41.9 percent) since July 2022.
- The Future Outlooks Index contracted for the eleventh consecutive month while the index further went up 1.5 percentage points to 46.2 percent, marking the slowest contraction rate since May 2022.
- Three among six manufacturing industries categories reported expansion in March in the following order: Basic Materials (56.5%), Foods & Textiles (53.0%) and Chemical, Biological & Medical (50.8%). The Electrical & Machinery Equipment (47.7%) and Electronic & Optical (48.9%) contracted at the slower rate in March. Only Transportation Equipment (50.0%) reported unchanged for two consecutive months.

## 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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