

## May 2023 Taiwan Manufacturing PMI

PMI at 41.3%

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

### MANUFACTURING AT A GLANCE

May 2023

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	41.3	42.8	-1.5	Contracting	Faster	3	48.5	40.8	51.7	42.4	47.3	40.3
New Orders	34.3	40.6	-6.3	Contracting	Faster	3	44.9	35.1	43.8	32.6	43.2	31.6
Production	36.9	38.5	-1.6	Contracting	Faster	2	46.2	41.5	45.8	39.1	52.3	36.8
Employment	46.4	46.8	-0.4	Contracting	Faster	10	52.6	45.6	52.1	51.1	45.5	43.4
Supplier Deliveries	43.5	42.2	+1.3	Faster	Slower	11	47.4	39.5	58.3	44.6	52.3	42.1
Inventories	45.3	45.9	-0.6	Contracting	Faster	3	51.3	42.3	58.3	44.6	43.2	47.4
Customers' Inventories	44.7	44.9	-0.2	Too Low	Faster	7	44.9	43.1	50.0	47.8	31.8	48.7
Prices	43.6	52.0	-8.4	Decreasing	From Increasing	1	48.7	45.6	56.3	33.7	43.2	36.8
Backlog of Orders	37.4	41.4	-4.0	Contracting	Faster	12	41.0	36.3	45.8	33.7	40.9	38.2
New Export Orders	37.5	43.0	-5.5	Contracting	Faster	13	48.7	36.7	39.6	31.5	38.6	39.5
Imports	40.2	41.3	-1.1	Contracting	Faster	12	44.9	37.1	50.0	44.6	40.9	34.2
Future Outlooks	38.2	44.9	-6.7	Contracting	Faster	13	44.9	38.7	43.8	30.4	43.2	36.8
Production Materials	43	45	-	-	-	-	46	41	46	57	31	34
MRO Supplies	37	37	-	-	-	-	42	35	38	41	30	31
Capital Expenditures	66	64	-	-	-	-	62	67	87	61	84	53

Chart 1: Time Series of Taiwan Manufacturing PMI

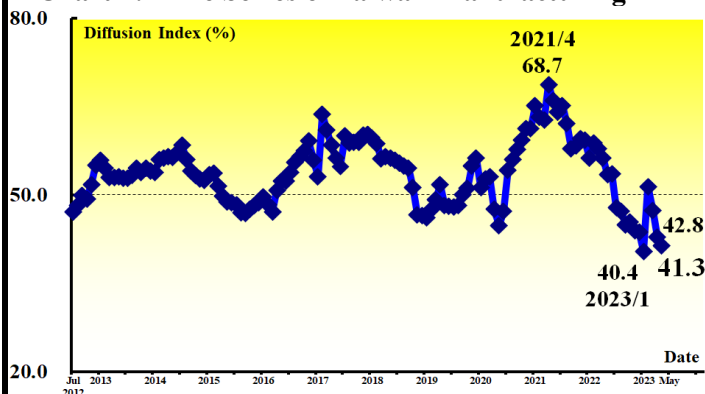
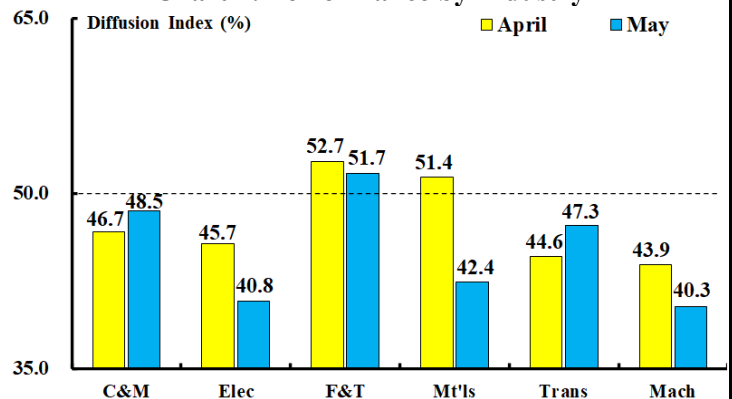


Chart 2: Performance by Industry



### Summary

- The Taiwan manufacturing sector contracted for the third consecutive month in May as the seasonally adjusted Taiwan Manufacturing PMI further decreased 1.5 percentage points to 41.3 percent.
- While entering the second quarter, the seasonally adjusted New Orders Index contracted for three consecutive months as the index further decreased 6.3 percentage points to 34.3 percent, recording the fastest contraction rate since July 2012.
- The seasonally adjusted Production Index further went down 1.6 percentage points to 36.9 percent, contracting for the second consecutive month.
- The seasonally adjusted Employment Index contracted for the tenth consecutive month and inched down 0.4 percentage point to 46.4 percent in May.
- Manufacturers reported faster delivery performance for eleven consecutive months. The Supplier Deliveries Index increased 1.3 percentage points to 43.5 percent, up from the lowest reading of 42.2 percent since July 2012.
- The Inventories Index slightly decreased 0.6 percentage point to 45.3 percent, contracting for three consecutive months.
- Manufacturers reported their customers have insufficient inventories on hand for seven consecutive months. The Customers' Inventories Index inched down 0.2 percentage point to 44.7 percent, registering the lowest reading since March 2021.
- Manufacturers are currently buying at rather lower prices for the first time in the past six consecutive months as the Prices Index significantly declined 8.4 percentage points to 43.6 percent, registering the lowest reading since October 2022.
- The Backlog of Orders Index contracted for the twelfth consecutive month as the index further fell 4.0 percentage points to 37.4 percent.
- The Future Outlooks Index reversed its trend of slowing contraction for five consecutive months in April and further decreased 6.7 percentage points to 38.2 percent in May.
- Five among six manufacturing industries categories reported contraction in May in the following order: Electrical & Machinery Equipment (40.3%), Electronic & Optical (40.8%), Basic Materials (42.4%), Transportation Equipment (47.3%) and Chemical, Biological & Medical (48.5%). Only Foods & Textiles (51.7%) reported growth in May.

## 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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