

## May 2024 Taiwan Manufacturing PMI

PMI at 55.4%

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

### MANUFACTURING AT A GLANCE

May 2024

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	55.4	49.4	+6.0	Growing	From Contracting	1	58.0	57.1	62.1	56.4	47.2	48.8
New Orders	63.8	50.1	+13.7	Growing	Faster	2	62.5	68.3	77.1	64.4	36.1	57.5
Production	61.0	50.1	+10.9	Growing	Faster	2	62.5	64.8	77.1	58.9	52.8	52.5
Employment	50.3	49.3	+1.0	Growing	From Contracting	1	56.3	50.9	58.3	52.2	50.0	46.3
Supplier Deliveries	52.5	50.3	+2.2	Slowing	Faster	2	58.8	53.9	47.9	51.1	47.2	46.3
Inventories	49.2	47.1	+2.1	Contracting	Slower	15	50.0	47.8	50.0	55.6	50.0	41.3
Customers' Inventories	42.1	43.9	-1.8	Too Low	Faster	19	43.8	37.0	50.0	52.2	36.1	43.8
Prices	66.1	64.1	+2.0	Increasing	Faster	6	62.5	65.7	58.3	75.6	47.2	68.8
Backlog of Orders	52.0	50.2	+1.8	Growing	Faster	2	52.5	53.5	66.7	44.4	36.1	55.0
New Export Orders	58.1	50.5	+7.6	Growing	Faster	3	58.8	63.0	60.4	51.1	41.7	50.0
Imports	54.7	51.1	+3.6	Growing	Faster	3	53.8	55.7	60.4	56.7	36.1	50.0
Future Outlooks	60.1	55.2	+4.9	Growing	Faster	4	58.8	63.0	56.3	57.8	50.0	57.5
Production Materials	40	39	-	-	-	-	35	42	50	45	24	34
MRO Supplies	35	35	-	-	-	-	34	33	38	43	31	33
Capital Expenditures	56	62	-	-	-	-	47	55	83	57	62	51

Chart 1: Time Series of Taiwan Manufacturing PMI

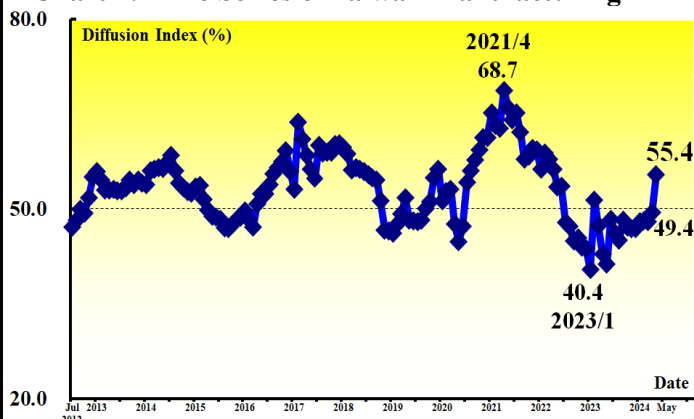
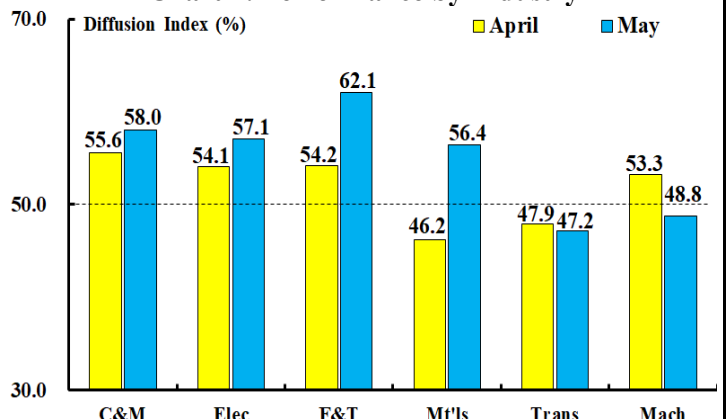


Chart 2: Performance by Industry



#### Summary

- The Taiwan manufacturing sector turned to growth following fourteen consecutive months of contraction as the seasonally adjusted Taiwan Manufacturing PMI raised 6.0 percentage points to 55.4 percent, recording the fastest growth rate since May 2022.
- Both the seasonally adjusted New Orders and Production Indexes stood above 60.0 percent for the first time since December 2021 and rose 13.7 and 10.9 percentage points to 63.8 and 61.0 percent, respectively. Manufacturers' new orders even grew at the fastest rate since August 2021.
- Manufacturers' employment reversed its recent trend of contraction and grew during May for the first time in the past twenty-two months, as the seasonally adjusted Employment Index increased 1.0 percentage point to 50.3.
- The Supplier Deliveries Index rose 2.2 percentage points to 52.5 percent, registering the highest reading since July 2022.
- Manufacturing Inventories contracted for fifteen consecutive months while the Inventories Index increased 2.1 percentage points to 49.2 percent and contracted at the slowest rate since April 2023.
- Manufacturers reported their customers had insufficient inventories on hand for nineteen consecutive months as the Customers' Inventories Index decreased 1.8 percentage points to 42.1 percent.
- Manufacturers experienced higher purchasing prices for the sixth consecutive month as the Prices Index increased 2.0 percentage points to 66.1 percent, recording the highest reading since June 2022.
- The Backlog of Orders Index further increased 1.8 percentage points to 52.0 percent in May.
- The New Export Orders and Imports Indexes still remain in the growing direction and went up 7.6 and 3.6 percentage points to 58.1 and 54.7 percent, respectively.
- The Future Outlooks Index increased 4.9 percentage points to 60.1 percent in May, recording the fastest growth rate since April 2022.
- Four among six manufacturing industries categories reported growth in the following order: Foods & Textiles (62.1%), Chemical, Biological & Medical (58.0%), Electronic & Optical (57.1%) and Basic Materials (56.4%). While Transportation Equipment (47.2%) and Electrical & Machinery Equipment (48.8%) reported contraction 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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