

September 2023 Taiwan Manufacturing PMI

PMI at 48.2%

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

MANUFACTURING AT A GLANCE

September 2023

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	48.2	45.5	+2.7	Contracting	Slower	7	53.6	48.2	50.0	42.9	53.2	42.9
New Orders	51.7	46.6	+5.1	Growing	From Contracting	1	61.5	52.5	54.5	45.2	52.3	40.5
Production	52.9	46.7	+6.2	Growing	From Contracting	1	59.0	52.9	56.8	41.7	59.1	45.2
Employment	47.1	46.5	+0.6	Contracting	Slower	14	43.6	47.5	47.7	46.4	47.7	41.7
Supplier Deliveries	43.8	44.2	-0.4	Faster	Faster	15	52.6	42.9	45.5	38.1	54.5	44.0
Inventories	45.4	43.6	+1.8	Contracting	Slower	7	51.3	45.0	45.5	42.9	52.3	42.9
Customers' Inventories	44.1	44.5	-0.4	Too Low	Faster	11	44.9	46.2	40.9	41.7	34.1	44.0
Prices	58.7	53.2	+5.5	Increasing	Faster	2	74.4	53.8	59.1	67.9	63.6	44.0
Backlog of Orders	43.6	42.8	+0.8	Contracting	Slower	16	56.4	45.4	38.6	35.7	47.7	36.9
New Export Orders	46.2	40.9	+5.3	Contracting	Slower	17	57.7	49.6	47.7	35.7	52.3	31.0
Imports	44.6	41.3	+3.3	Contracting	Slower	16	55.1	44.1	45.5	42.9	45.5	36.9
Future Outlooks	44.7	42.1	+2.6	Contracting	Slower	17	51.3	43.7	54.5	39.3	50.0	42.9
Production Materials	41	42	-	-	-	-	44	41	45	38	51	36
MRO Supplies	38	37	-	-	-	-	39	37	47	33	47	37
Capital Expenditures	63	62	-	-	-	-	49	65	59	54	91	64

Chart 1: Time Series of Taiwan Manufacturing PMI

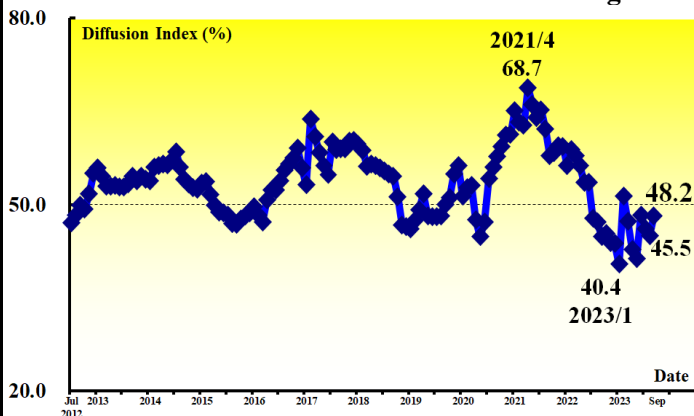
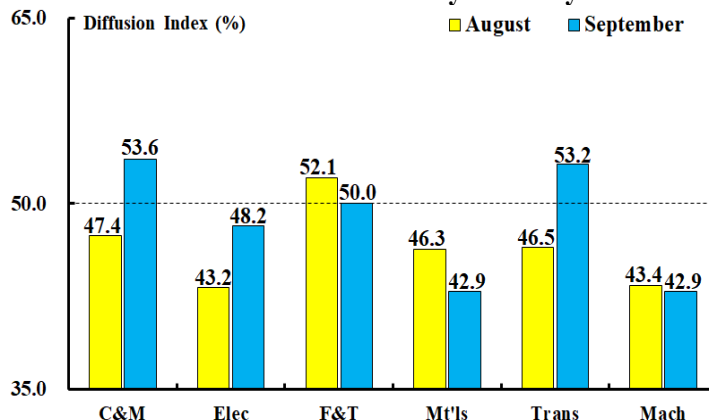


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector still remained in contraction for the seventh consecutive month while the seasonally adjusted Taiwan Manufacturing PMI increased 2.7 percentage points to 48.2 percent in September.
- Both the seasonally adjusted New Orders and Production Indexes turned to growing as the indexes rose 5.1 and 6.2 percentage points to 51.7 and 52.9 percent, respectively.
- The seasonally adjusted Employment Index contracted for the fourteenth consecutive month while the index slightly went up 0.6 percentage point to 47.1 percent.
- Manufacturers reported faster delivery performance for fifteen consecutive months as the Supplier Deliveries Index registered 43.8 percent, 0.4 percentage point lower than the previous reading.
- The Inventories Index increased 1.8 percentage points to 45.4 percent, contracting for the seventh consecutive month.
- Manufacturers reported their customers had insufficient inventories on hand for eleven consecutive months. The Customers' Inventories Index slightly decreased 0.4 percentage point to 44.1 percent in September.
- Manufacturers experienced higher purchasing prices for the second consecutive month as the Prices Index further increased 5.5 percentage points to 58.7 percent in September.
- The Backlog of Orders Index contracted for the sixteenth consecutive month but at a slower rate. The index further rose 0.8 percentage point to 43.6 percent, recording the slowest contraction rate since June 2022.
- Both the New Export Orders and Imports Indexes contracted with the slowest contraction rate since April 2023 and increased 5.3 and 3.3 percentage points to 46.2 and 44.6 percent, respectively.
- The Future Outlooks Index remained in contraction for the seventeenth month but increased 2.6 percentage points to 44.7 percent.
- Three among six manufacturing industries categories reported contraction in the following order: Basic Materials (42.9%), Electrical & Machinery Equipment (42.9%) and Electronic & Optical (48.2%). While Chemical, Biological & Medical (53.6%) and Transportation Equipment (53.2%) turned from contraction to growing in September. Only Foods & Textiles (50.0%) reported unchanged from August.

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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