

April 2021 Taiwan Manufacturing PMI

PMI at 68.7%

**New Orders, Production and Employment Growing;
Supplier Deliveries Slowing;
Inventories Growing**

MANUFACTURING AT A GLANCE

April 2021

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	68.7	62.7	+6.0	Growing	Faster	10	59.5	73.3	66.0	65.9	70.5	79.3
New Orders	71.6	60.5	+11.1	Growing	Faster	10	57.0	76.4	70.0	73.9	71.4	88.9
Production	70.9	59.2	+11.7	Growing	Faster	10	61.6	78.5	71.7	71.7	66.7	82.2
Employment	63.8	59.0	+4.8	Growing	Faster	10	57.0	66.5	66.7	60.9	71.4	74.4
Supplier Deliveries	74.8	74.7	+0.1	Slowing	Faster	18	67.4	79.8	63.3	64.1	78.6	86.7
Inventories	62.3	59.9	+2.4	Growing	Faster	4	54.7	65.3	58.3	58.7	64.3	64.4
Customers' Inventories	47.6	45.2	+2.4	Too Low	Slower	11	43.0	51.7	46.7	46.7	33.3	40.0
Prices	90.1	91.6	-1.5	Increasing	Slower	11	86.0	91.3	88.3	88.0	92.9	92.2
Backlog of Orders	71.5	68.9	+2.6	Growing	Faster	9	59.3	74.4	56.7	71.7	71.4	82.2
New Export Orders	69.8	68.0	+1.8	Growing	Faster	10	57.0	73.1	61.7	67.4	66.7	80.0
Imports	68.1	66.6	+1.5	Growing	Faster	10	55.8	70.7	68.3	65.2	66.7	75.6
Future Outlooks	79.0	78.8	+0.2	Growing	Faster	9	66.3	83.5	76.7	73.9	85.7	78.9
Production Materials	48	47	-	-	-	-	44	48	37	53	36	57
MRO Supplies	41	37	-	-	-	-	42	43	34	41	33	46
Capital Expenditures	73	70	-	-	-	-	75	65	93	65	76	84

Chart 1: Time Series of Taiwan Manufacturing PMI

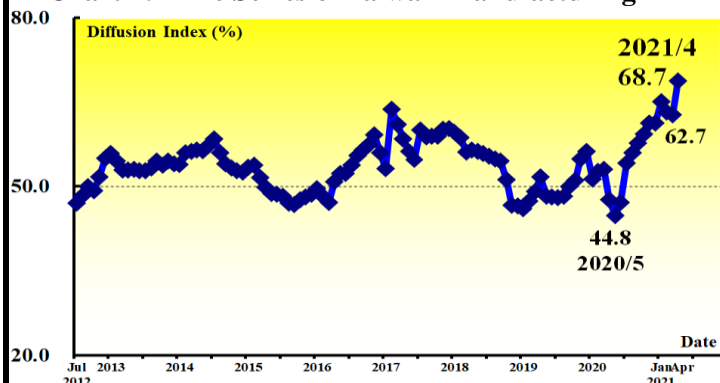
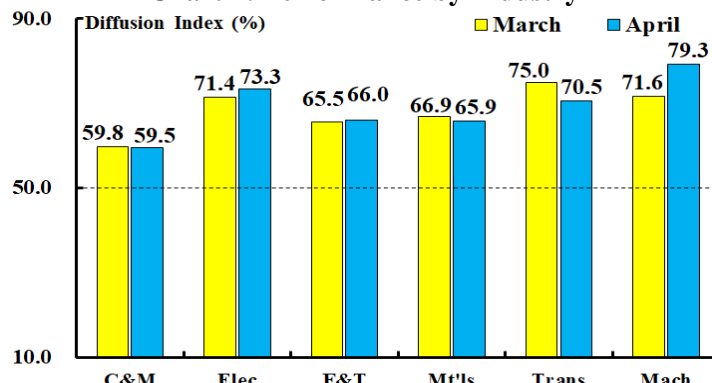


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector expanded at the fastest rate since July 2012, as the seasonally adjusted Taiwan Manufacturing PMI rose 6.0 percentage points to 68.7 percent in April. The sharp rise both in New Orders and Production Indexes is the main reason to the comparative higher PMI reading.
- Both the seasonally adjusted New Orders and Production Indexes grew for ten consecutive months and rose 11.1 and 11.7 percentage points to 71.6 and 70.9 percent, respectively. The New Orders Index also recorded as the highest reading since July 2012.
- The Employment Index increased 4.8 percentage points to 63.8 percent, growing at the fastest pace since July 2012.
- The Supplier Deliveries Index remained highly above 70.0 percent for four consecutive months and further increased 0.1 percentage point to 74.8 percent, the highest recorded level since July 2012.
- Manufacturers continued to increase inventory level in April as the Inventories Index further increased 2.4 percentage points to 62.3 percent, indicating the fastest growth rate since July 2012.
- The Prices Index remained above 90.0 percent for the second consecutive month and registered 90.1 percent.
- The Backlog of Orders Index accelerated and registered the highest reading since July 2012, as the index further went up 2.6 percentage points to 71.5 percent.
- Both the New Export Orders and Imports Indexes grew at the fastest rate since July 2012 and increased 1.8 and 1.5 percentage points to 69.8 and 68.1 percent, respectively.
- The Future Outlooks Index remained positively above 70.0 percent for four consecutive months and increased 0.2 percentage point to 79.0 percent, with the fastest growth rate since July 2012.
- All manufacturing industries categories reported growing in the following order: Electrical & Machinery Equipment (79.3%), Electronic & Optical (73.3%), Transportation Equipment (70.5%), Foods & Textiles (66.0%), Basic Materials (65.9%) and Chemical, Biological & Medical (59.5%).

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.

Assistant 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:

Steve Lai

Executive Director, Center for Purchasing and Supply Studies
Supply Management Institute, Taiwan
E-Mail: stvelai@smit.org.tw
Tel: +(886) 2 27495889
www.smit.org.tw