

August 2021 Taiwan Manufacturing PMI

PMI at 62.1%

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

MANUFACTURING AT A GLANCE

August 2021

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	62.1	65.2	-3.1	Growing	Slower	14	52.3	65.0	55.4	58.9	54.5	62.9
New Orders	62.3	67.8	-5.5	Growing	Slower	14	47.7	67.1	55.4	54.5	45.0	56.0
Production	62.9	66.9	-4.0	Growing	Slower	14	46.6	66.7	51.8	58.0	42.5	60.7
Employment	58.3	60.2	-1.9	Growing	Slower	14	47.7	62.0	55.4	58.0	55.0	59.5
Supplier Deliveries	69.6	68.5	+1.1	Slowing	Faster	22	71.6	72.7	64.3	63.6	62.5	70.2
Inventories	57.4	62.7	-5.3	Growing	Slower	8	47.7	56.8	50.0	60.2	67.5	67.9
Customers' Inventories	51.6	51.8	-0.2	Too High	Slower	2	50.0	53.0	48.2	51.1	67.5	41.7
Prices	80.1	85.1	-5.0	Increasing	Slower	15	77.3	79.1	80.4	81.8	82.5	84.5
Backlog of Orders	58.7	63.5	-4.8	Growing	Slower	13	46.6	63.7	50.0	59.1	45.0	58.3
New Export Orders	56.6	63.8	-7.2	Growing	Slower	14	45.5	61.5	53.6	53.4	52.5	53.6
Imports	58.2	62.1	-3.9	Growing	Slower	14	52.3	60.7	51.8	56.8	52.5	63.1
Future Outlooks	61.3	66.2	-4.9	Growing	Slower	13	51.1	64.1	57.1	60.2	65.0	61.9
Production Materials	46	46	-	-	-	-	40	48	41	51	35	51
MRO Supplies	38	38	-	-	-	-	37	43	31	36	27	40
Capital Expenditures	70	68	-	-	-	-	69	77	89	53	67	61

Chart 1: Time Series of Taiwan Manufacturing PMI

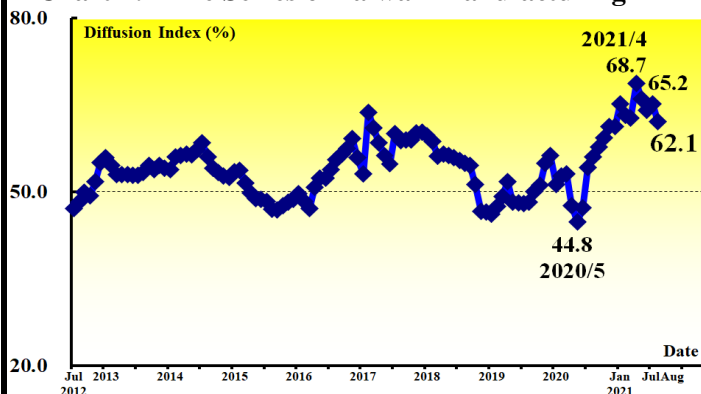
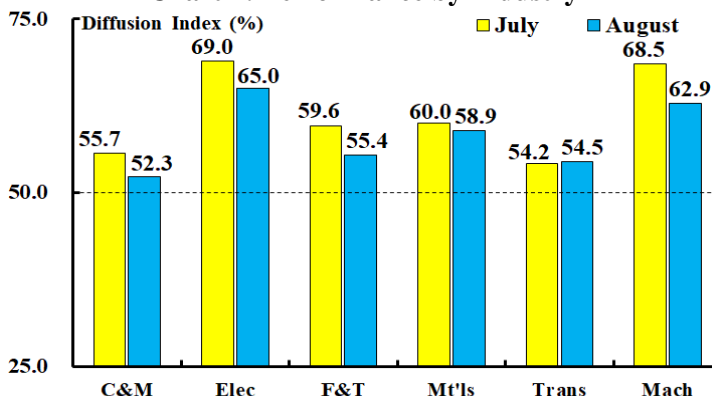


Chart 2: Performance by Industry



Summary

- The seasonally adjusted Taiwan Manufacturing PMI remained above 60.0 percent for the tenth consecutive month while the index fell 3.1 percentage points to 62.1 percent and registered the slowest growth rate since January 2021.
- Manufacturers experienced slower supplier delivery times for twenty two consecutive months while the New Orders and Production Indexes expanded at the slowest rate since April 2021 and decreased 5.5 and 4.0 percentage points to 62.3 and 62.9 percent, respectively.
- Major container ports in China and the U.S. see worsening congestion and the production in ASEAN is struggling under the weight of a prolonged lockdown in August. The Supplier Deliveries Index rose 1.1 percentage points to 69.6 percent.
- The Inventories Index dropped 5.3 percentage points from the fastest growing rate of 62.7 percent since July 2012 and registered 57.4 percent in August.
- Manufacturers reported their customers still have more than sufficient inventories on hand for the second consecutive month while the Customers' Inventories Index inched down 0.2 percentage point to 51.6 percent.
- The Price Index maintained above 80.0 percent for nine consecutive months but fell 5.0 percentage points to 80.1 percent and registered the lowest reading since December 2020.
- The Backlog of Orders Index expanded at the slowest rate since November 2020 and decreased 4.8 percentage points to 58.7 percent.
- Both the New Export Orders and Imports Indexes decelerated and fell 7.2 and 3.9 percentage points to 56.6 and 58.2 percent, respectively.
- The Future Outlooks Index continued growing for thirteen consecutive months but went down 4.9 percentage points to 61.3 percent, indicating the slowest expansion rate since November 2020.
- All manufacturing industries categories reported growing in the following order: Electronic & Optical (65.0%), Electrical & Machinery Equipment (62.9%), Basic Materials (58.9%), Foods & Textiles (55.4%), Transportation Equipment (54.5%) and Chemical, Biological & Medical (52.3%).

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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