

## February 2021 Taiwan Manufacturing PMI

PMI at 63.2%

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

### MANUFACTURING AT A GLANCE

February 2021

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	63.2	65.1	-1.9	Growing	Slower	8	57.0	58.8	47.2	56.1	55.2	57.7
New Orders	65.6	68.2	-2.6	Growing	Slower	8	58.0	58.6	39.7	54.3	52.2	55.8
Production	63.9	67.7	-3.8	Growing	Slower	8	48.9	47.8	29.3	45.7	32.6	55.8
Employment	58.0	58.5	-0.5	Growing	Slower	8	54.5	52.2	51.7	57.6	67.4	58.1
Supplier Deliveries	73.3	73.3	+0.0	Slowing	Same	16	70.5	78.9	67.2	66.3	69.6	66.3
Inventories	55.1	57.9	-2.8	Growing	Slower	2	53.4	56.5	48.3	56.5	54.3	52.3
Customers' Inventories	44.5	45.8	-1.3	Too Low	Faster	9	42.0	45.7	48.3	44.6	39.1	39.5
Prices	87.8	85.8	+2.0	Increasing	Faster	9	81.8	87.1	86.2	93.5	80.4	91.9
Backlog of Orders	60.6	65.2	-4.6	Growing	Slower	7	58.0	63.4	36.2	62.0	65.2	62.8
New Export Orders	54.7	62.8	-8.1	Growing	Slower	8	61.4	54.7	43.1	54.3	56.5	55.8
Imports	58.9	62.1	-3.2	Growing	Slower	8	58.0	59.9	44.8	59.8	67.4	59.3
Future Outlooks	73.3	70.0	+3.3	Growing	Faster	7	75.0	74.6	63.8	71.7	78.3	73.3
Production Materials	41	43	-	-	-	-	38	44	41	47	31	34
MRO Supplies	35	38	-	-	-	-	34	37	29	39	25	34
Capital Expenditures	69	67	-	-	-	-	61	70	107	60	61	61

Chart 1: Time Series of Taiwan Manufacturing PMI

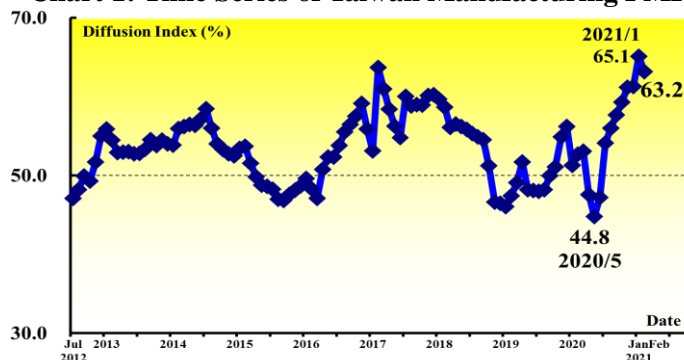
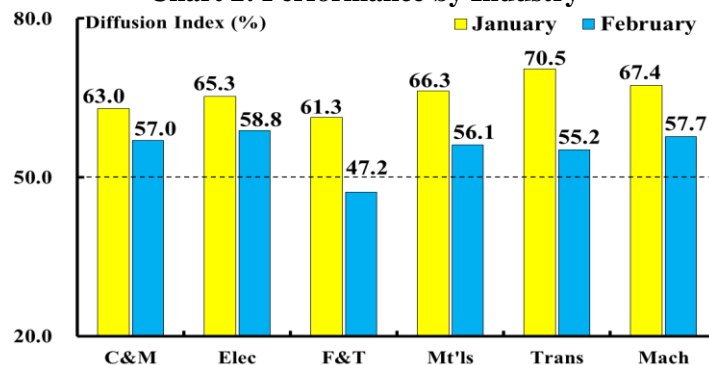


Chart 2: Performance by Industry



### Summary

- The Taiwan manufacturing sector expanded for eight consecutive months. The seasonally adjusted Taiwan Manufacturing PMI remained above 60.0 percent for the fourth consecutive month, while the index dropped 1.9 percentage points to 63.2 percent, down from the highest recorded level of 65.1 percent since July 2012.
- The seasonally adjusted New Orders and Production Indexes remained positively above 60.0 percent for seven and six consecutive months respectively. While both indexes grew at a slower rate, as the indexes decreased 2.6 and 3.8 percentage points to 65.6 and 63.9 percent, respectively.
- The global shortage of shipping containers resulted in longer supplier deliveries times and the extreme winter weather in United States in February led to an imbalance in the supply of crude oil and petrochemical products. The Supplier Deliveries Index remained in the highest reading since July 2012 and registered at 73.3 percent in February.
- The Inventories Index grew for two consecutive months, while the index went down 2.8 percentage points to 55.1 percent.
- Manufacturers believe that their customers still having insufficient inventories on hand for nine consecutive months, as the Customer's Inventories Index decreased 1.3 percentage points to 44.5 percent.
- The Prices Index remained highly above 80.0 percent for three consecutive months and further rose 2.0 percentage points to 87.8 percent, signaling continuous extremely upward pressure on manufacturers' buying cost. This is also the highest reading for the Prices Index since July 2012.
- The Backlog of Orders Index remained above 60.0 percent for three consecutive months, while the index went down 4.6 percentage points to 60.6 percent, down from the highest recorded level of 65.2 percent in January.
- Manufacturers' new export orders and imports grew for eight consecutive months while the New Export Orders and Imports Indexes fell 8.1 and 3.2 percentage points to 54.7 and 58.9 percent, respectively.
- The Future Outlooks Index further rose 3.3 percentage points to 73.3 percent, recorded the highest reading since July 2012.
- Of the six manufacturing industries categories, five are reporting growing in the following order: Electronic & Optical (58.8%), Electrical & Machinery Equipment (57.7%), Chemical, Biological & Medical (57.0%), Basic Materials (56.1%) and Transportation Equipment (55.2%). As the peak season of sourcing goods before Chinese New Year has passed, only Foods & Textiles (47.2%) reported contraction in February.

## 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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