

July 2021 Taiwan Manufacturing PMI

PMI at 65.2%

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

MANUFACTURING AT A GLANCE

July 2021

| Index | Series Index Jul | Series Index Jun | Percentage Point Change | Direction | Rate of Change | Trend (Months) | Industries | | | | | |
|--------------------------|------------------|------------------|-------------------------|------------|----------------|----------------|------------|------|------|-------|-------|------|
| | | | | | | | C&M | Elec | F&T | Mt'ls | Trans | Mach |
| Taiwan Manufacturing PMI | 65.2 | 64.0 | +1.2 | Growing | Faster | 13 | 55.7 | 69.0 | 59.6 | 60.0 | 54.2 | 68.5 |
| New Orders | 67.8 | 64.7 | +3.1 | Growing | Faster | 13 | 58.3 | 72.0 | 58.9 | 54.3 | 44.7 | 70.5 |
| Production | 66.9 | 63.8 | +3.1 | Growing | Faster | 13 | 58.3 | 70.2 | 57.1 | 57.6 | 50.0 | 73.1 |
| Employment | 60.2 | 59.1 | +1.1 | Growing | Faster | 13 | 50.0 | 64.2 | 62.5 | 58.7 | 57.9 | 66.7 |
| Supplier Deliveries | 68.5 | 71.6 | -3.1 | Slowing | Slower | 21 | 58.3 | 75.2 | 60.7 | 62.0 | 57.9 | 67.9 |
| Inventories | 62.7 | 60.7 | +2.0 | Growing | Faster | 7 | 53.6 | 63.3 | 58.9 | 67.4 | 60.5 | 64.1 |
| Customers' Inventories | 51.8 | 44.9 | +6.9 | Too High | From Too Low | 1 | 54.8 | 54.6 | 55.4 | 43.5 | 55.3 | 44.9 |
| Prices | 85.1 | 84.0 | +1.1 | Increasing | Faster | 14 | 83.3 | 84.9 | 92.9 | 85.9 | 81.6 | 82.1 |
| Backlog of Orders | 63.5 | 62.1 | +1.4 | Growing | Faster | 12 | 51.2 | 69.3 | 51.8 | 63.0 | 50.0 | 62.8 |
| New Export Orders | 63.8 | 59.7 | +4.1 | Growing | Faster | 13 | 59.5 | 69.7 | 51.8 | 55.4 | 55.3 | 67.9 |
| Imports | 62.1 | 61.1 | +1.0 | Growing | Faster | 13 | 54.8 | 65.6 | 64.3 | 57.6 | 52.6 | 64.1 |
| Future Outlooks | 66.2 | 64.3 | +1.9 | Growing | Faster | 12 | 63.1 | 71.6 | 58.9 | 59.8 | 63.2 | 60.3 |
| Production Materials | 46 | 46 | - | - | - | - | 52 | 48 | 36 | 49 | 38 | 45 |
| MRO Supplies | 38 | 37 | - | - | - | - | 38 | 41 | 28 | 41 | 23 | 40 |
| Capital Expenditures | 68 | 70 | - | - | - | - | 64 | 73 | 99 | 56 | 52 | 57 |

Chart 1: Time Series of Taiwan Manufacturing PMI

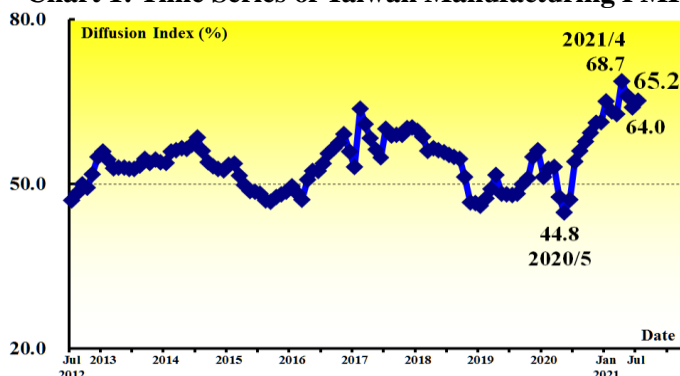
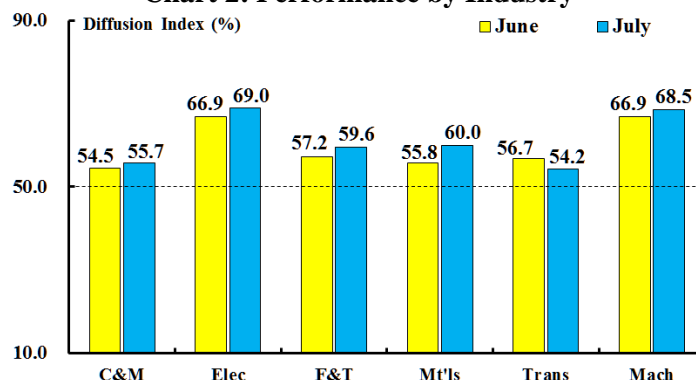


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector expanded and accelerated following two months of deceleration. The seasonally adjusted Taiwan Manufacturing PMI increased 1.2 percentage points to 65.2 percent in July and remained above 60.0 percent for the ninth consecutive month.
- Manufacturers' new orders and production accelerated following two months of deceleration, as the seasonally adjusted New Orders and Production Indexes registered 67.8 and 66.9 percent respectively in July.
- The Employment Index increased 1.1 percentage points to 60.2 percent, indicating growing for the thirteenth consecutive month.
- The congestion pandemic at U.S. West Coast, Vietnam and Singapore ports is getting worse, while the Supplier Deliveries Index further fell 3.1 percentage points to 68.5 percent in July.
- The Inventories Index grew at the fastest rate since July 2012 and registered 62.7 percent.
- Manufacturers reported their customers having more than sufficient inventories on hand for the first time since June 2020, as the Customers' Inventories Index increased 6.9 percentage points to 51.8 percent.
- The Prices Index still maintained above 80.0 percent for eight consecutive months and increased 1.1 percentage points to 85.1 percent in July.
- The Backlog of Orders Index rose 1.4 percentage points to 63.5 percent in July following two months of deceleration.
- The New Export Orders and Imports Indexes both increased 4.1 and 1.0 percentage points to 63.8 and 62.1 percent, respectively.
- The Future Outlooks Index increased 1.9 percentage points to 66.2 percent, rose from the slowest expansion rate of 64.3 percent since December 2020, indicating growth for the twelfth consecutive month.
- All manufacturing industries categories reported growing in the following order: Electronic & Optical (69.0%), Electrical & Machinery Equipment (68.5%), Basic Materials (60.0%), Foods & Textiles (59.6%), Chemical, Biological & Medical (55.7%), and Transportation Equipment (54.2%).

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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