

## June 2021 Taiwan Manufacturing PMI

PMI at 64.0%

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

### MANUFACTURING AT A GLANCE

June 2021

| Index                    | Series Index Jun | Series Index May | Percentage Point Change | Direction  | Rate of Change | Trend (Months) | Industries |      |      |       |       |      |
|--------------------------|------------------|------------------|-------------------------|------------|----------------|----------------|------------|------|------|-------|-------|------|
|                          |                  |                  |                         |            |                |                | C&M        | Elec | F&T  | Mt'ls | Trans | Mach |
| Taiwan Manufacturing PMI | 64.0             | 66.0             | -2.0                    | Growing    | Slower         | 12             | 54.5       | 66.9 | 57.2 | 55.8  | 56.7  | 66.9 |
| New Orders               | 64.7             | 67.7             | -3.0                    | Growing    | Slower         | 12             | 55.0       | 67.2 | 50.0 | 54.4  | 55.6  | 61.5 |
| Production               | 63.8             | 65.8             | -2.0                    | Growing    | Slower         | 12             | 56.3       | 65.1 | 51.7 | 50.0  | 58.3  | 67.9 |
| Employment               | 59.1             | 59.6             | -0.5                    | Growing    | Slower         | 12             | 48.8       | 60.3 | 56.9 | 54.4  | 52.8  | 64.1 |
| Supplier Deliveries      | 71.6             | 74.8             | -3.2                    | Slowing    | Slower         | 20             | 62.5       | 78.0 | 72.4 | 60.0  | 58.3  | 76.9 |
| Inventories              | 60.7             | 62.2             | -1.5                    | Growing    | Slower         | 6              | 50.0       | 63.8 | 55.2 | 60.0  | 58.3  | 64.1 |
| Customers' Inventories   | 44.9             | 48.4             | -3.5                    | Too Low    | Faster         | 13             | 51.3       | 45.3 | 55.2 | 40.0  | 50.0  | 34.6 |
| Prices                   | 84.0             | 90.4             | -6.4                    | Increasing | Slower         | 13             | 63.8       | 87.5 | 81.0 | 87.8  | 83.3  | 83.3 |
| Backlog of Orders        | 62.1             | 66.4             | -4.3                    | Growing    | Slower         | 11             | 51.3       | 68.1 | 44.8 | 60.0  | 61.1  | 60.3 |
| New Export Orders        | 59.7             | 63.8             | -4.1                    | Growing    | Slower         | 12             | 58.8       | 63.8 | 44.8 | 55.6  | 63.9  | 56.4 |
| Imports                  | 61.1             | 66.2             | -5.1                    | Growing    | Slower         | 12             | 58.8       | 65.1 | 58.6 | 50.0  | 61.1  | 67.9 |
| Future Outlooks          | 64.3             | 67.0             | -2.7                    | Growing    | Slower         | 11             | 57.5       | 71.6 | 51.7 | 56.7  | 58.3  | 61.5 |
| Production Materials     | 46               | 50               | -                       | -          | -              | -              | 48         | 48   | 36   | 50    | 32    | 50   |
| MRO Supplies             | 37               | 41               | -                       | -          | -              | -              | 37         | 39   | 29   | 37    | 26    | 43   |
| Capital Expenditures     | 70               | 71               | -                       | -          | -              | -              | 56         | 71   | 88   | 59    | 88    | 75   |

Chart 1: Time Series of Taiwan Manufacturing PMI

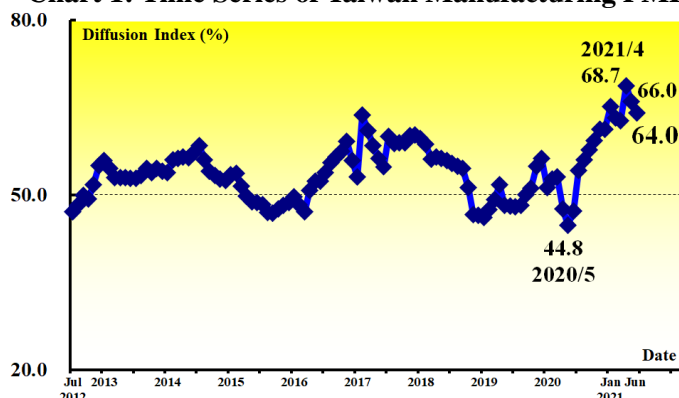
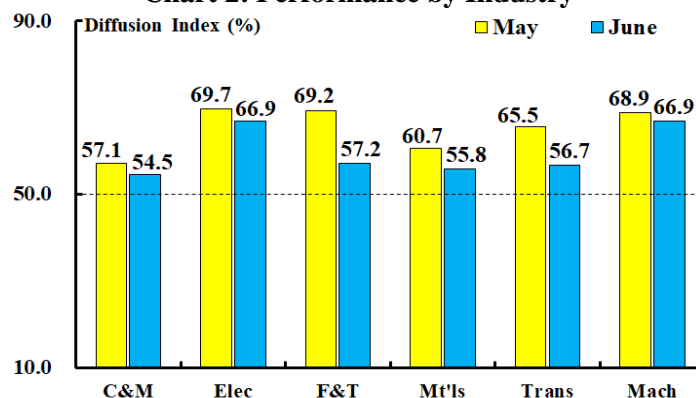


Chart 2: Performance by Industry



#### Summary

- The seasonally adjusted Taiwan Manufacturing PMI remained above 60.0 percent for eight consecutive months, but decelerated for the second consecutive month, as the index further fell 2.0 percentage points to 64.0 percent in June.
- Both the seasonally adjusted New Orders and Production Indexes expanded for twelve consecutive months, while further decreased 3.0 and 2.0 percentage points to 64.7 and 63.8 percent, respectively.
- The Supplier Deliveries Index remained above 70.0 percent for six consecutive months, while the index fell from the highest recorded level of 74.8 percent and registered 71.6 percent in June.
- Manufacturers continued to increase inventory level for six consecutive months, while the Inventories Index further went down 1.5 percentage points to 60.7 percent, indicating the positive demands.
- Manufacturers believe that their customers still have insufficient inventories on hand for thirteen consecutive months, as the Customer's Inventories Index decreased 3.5 percentage points to 44.9 percent.
- Manufacturers concerned continuous upward pressure on raw materials prices. The Prices Index still remained above 80.0 percent for the seventh consecutive month, while the index dropped 6.4 percentage points to 84.0 percent.
- The Backlog of Orders Index grew at slower rate and further decreased 4.3 percentage points to 62.1 percent in June.
- The New Export Orders and Imports Indexes still remain in the growing direction but further went down 4.1 and 5.1 percentage points to 59.7 and 61.1 percent, respectively.
- The Future Outlooks Index remained positively above 60.0 percent for the eighth consecutive month, while the index further fell 2.7 percentage points to 64.3 percent and registered the slowest growth rate since December 2020.
- All manufacturing industries categories reported growing in the following order: Electronic & Optical (66.9%), Electrical & Machinery Equipment (66.9%), Foods & Textiles (57.2%), Transportation Equipment (56.7%), Basic Materials (55.8%) and Chemical, Biological & Medical (54.5%).

## 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.

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