

May 2021 Taiwan Manufacturing PMI

PMI at 66.0%

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

MANUFACTURING AT A GLANCE

May 2021

Unit : %							Industries					
Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	66.0	68.7	-2.7	Growing	Slower	11	57.1	69.7	69.2	60.7	65.5	68.9
New Orders	67.7	71.6	-3.9	Growing	Slower	11	52.2	73.5	71.2	62.5	62.5	72.7
Production	65.8	70.9	-5.1	Growing	Slower	11	56.7	69.3	76.9	56.8	65.0	69.3
Employment	59.6	63.8	-4.2	Growing	Slower	11	51.1	61.8	61.5	55.7	67.5	68.2
Supplier Deliveries	74.8	74.8	+0.0	Slowing	Same	19	67.8	81.1	73.1	63.6	75.0	72.7
Inventories	62.2	62.3	-0.1	Growing	Slower	5	57.8	62.6	63.5	64.8	57.5	61.4
Customers' Inventories	48.4	47.6	+0.8	Too Low	Slower	12	47.8	51.7	61.5	44.3	42.5	30.7
Prices	90.4	90.1	+0.3	Increasing	Faster	12	80.0	91.6	86.5	93.2	92.5	92.0
Backlog of Orders	66.4	71.5	-5.1	Growing	Slower	10	48.9	69.7	63.5	65.9	62.5	75.0
New Export Orders	63.8	69.8	-6.0	Growing	Slower	11	51.1	68.1	61.5	58.0	67.5	68.2
Imports	66.2	68.1	-1.9	Growing	Slower	11	60.0	69.3	67.3	60.2	62.5	70.5
Future Outlooks	67.0	79.0	-12.0	Growing	Slower	10	57.8	70.6	57.7	65.9	65.0	69.3
Production Materials	50	48	-	-	-	-	48	53	42	54	41	53
MRO Supplies	41	41	-	-	-	-	40	46	33	39	37	38
Capital Expenditures	71	73	-	-	-	-	54	78	101	54	79	64

Chart 1: Time Series of Taiwan Manufacturing PMI

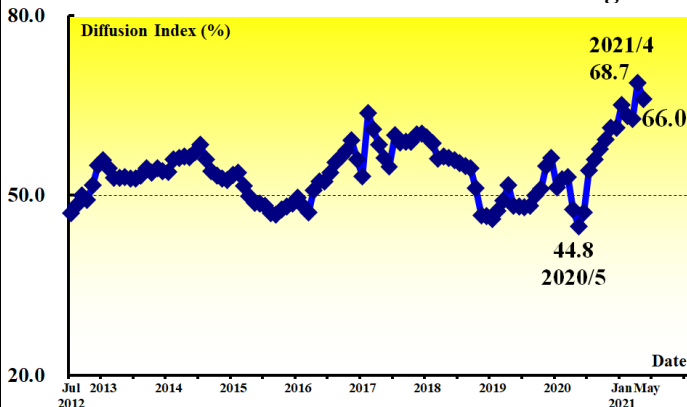
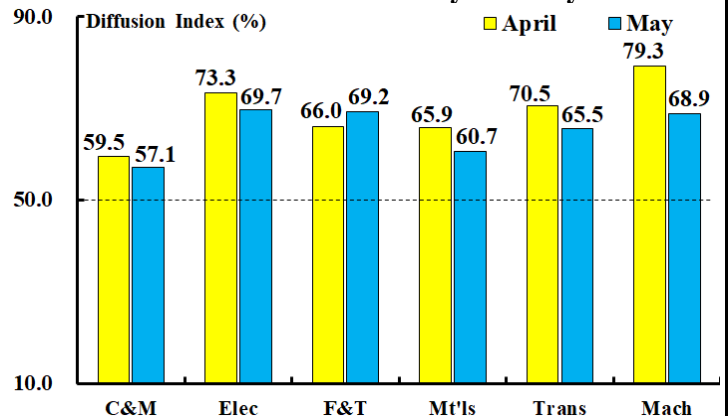


Chart 2: Performance by Industry



Summary

- The seasonally adjusted Taiwan Manufacturing PMI remained above 60.0 percent for seven consecutive months, but decelerated, as the index fell from the fastest growth pace of 68.7 percent and registered 66.0 percent in May.
- Both the seasonally adjusted New Orders and Production Indexes grew at a slower rate and decreased 3.9 and 5.1 percentage points to 67.7 and 65.8 percent, respectively.
- The Employment Index fell 4.2 percentage points to the seasonally adjusted May reading of 59.6 percent, down from the highest reading of 63.8 percent since July 2012.
- The Supplier Deliveries Index registered at 74.8 percent and indicating the highest reading since July 2012.
- Manufacturers continued to increase inventory level for five consecutive months, while the Inventories Index slightly decreased 0.1 percentage point to 62.2 percent, down from the fastest growth rate of 62.3 percent since July 2012.
- The Prices Index still remained above 90.0 percent for the third consecutive month and registered 90.4 percent, signaling continuous upward pressure on manufacturers' cost.
- Manufacturers' backlog orders grew for ten consecutive months, while the Backlog of Orders Index decreased 5.1 percentage points to 66.4 percent, fell from the highest recorded level of 71.5 percent since July 2012.
- Both manufacturers' new export orders and imports grew but at a slower pace in May, as the New Export Orders and Imports Indexes went down 6.0 and 1.9 percentage points to 63.8 and 66.2 percent, respectively.
- The Future Outlooks Index dramatically dropped 12.0 percentage points to 67.0 percent in May.
- All manufacturing industries categories reported growing in the following order: Electronic & Optical (69.7%), Foods & Textiles (69.2%), Electrical & Machinery Equipment (68.9%), Transportation Equipment (65.5%), Basic Materials (60.7%) and Chemical, Biological & Medical (57.1%).

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