

November 2020 Taiwan Manufacturing PMI

PMI at 61.2%

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

MANUFACTURING AT A GLANCE

November 2020

Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	61.2	59.3	+1.9	Growing	Faster	5	60.7	60.2	60.4	60.4	69.2	58.8
New Orders	64.8	65.9	-1.1	Growing	Slower	5	63.1	63.0	67.3	64.4	74.0	66.7
Production	66.5	63.7	+2.8	Growing	Faster	5	63.1	62.6	63.5	65.6	76.0	67.9
Employment	55.8	53.9	+1.9	Growing	Faster	5	57.1	54.6	61.5	51.1	74.0	51.2
Supplier Deliveries	63.5	59.4	+4.1	Slowing	Faster	13	66.7	67.2	55.8	60.0	58.0	54.8
Inventories	55.4	53.6	+1.8	Growing	Faster	4	53.6	53.4	53.8	61.1	64.0	53.6
Customers' Inventories	43.9	45.8	-1.9	Too Low	Faster	6	39.3	43.3	55.8	46.7	32.0	42.9
Prices	72.5	65.6	+6.9	Increasing	Faster	6	78.6	68.1	61.5	86.7	80.0	64.3
Backlog of Orders	59.6	56.7	+2.9	Growing	Faster	4	67.9	57.1	55.8	62.2	62.0	59.5
New Export Orders	60.6	59.7	+0.9	Growing	Faster	5	69.0	58.8	57.7	58.9	66.0	64.3
Imports	56.3	55.3	+1.0	Growing	Faster	5	58.3	54.6	55.8	57.8	70.0	53.6
Future Outlooks	63.4	58.3	+5.1	Growing	Faster	4	71.4	60.9	59.6	65.6	72.0	61.9
Production Materials	36	37	-	-	-	-	37	36	37	45	24	35
MRO Supplies	30	32	-	-	-	-	35	27	27	34	29	29
Capital Expenditures	56	61	-	-	-	-	50	49	78	55	68	61

Chart 1: Time Series of Taiwan Manufacturing PMI

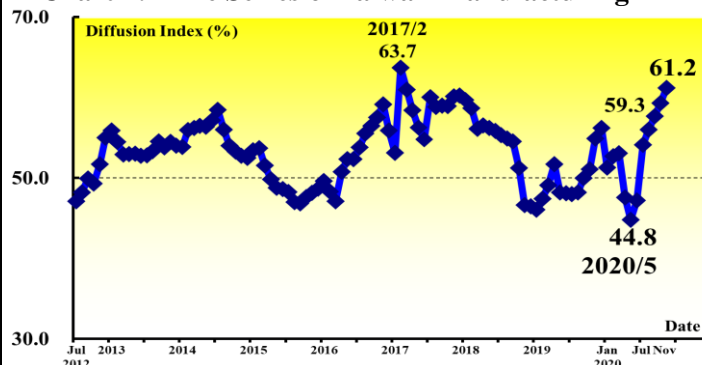
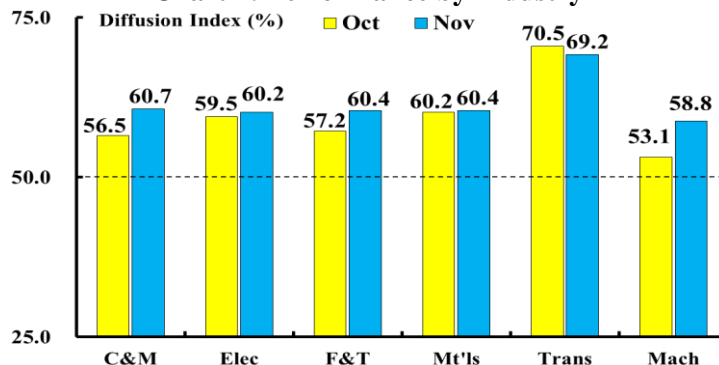


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector keeps expanded at the fastest pace since March 2017 as the seasonally adjusted Taiwan Manufacturing PMI further increased 1.9 percentage points to 61.2 percent in November.
- The New Orders Index remained positively above 60.0 percent for four consecutive months and registered 1.1 percentage points lower than the seasonally adjusted reading of 65.9 percent in October.
- The seasonally adjusted Production Index further increased 2.8 percentage points to 66.5 percent and remained strongly above 60.0 percent for three consecutive months.
- The Employment Index slightly went up 1.9 percentage points to the seasonally adjusted November reading of 55.8 percent, indicating the fastest rate of growth since February 2018.
- The Supplier Deliveries Index stood above 60.0 percent for the first time since May 2020 as the index increased 4.1 percentage points to 63.5 percent.
- Manufacturers' inventories grew for four consecutive months. The Inventories Index further increased 1.8 percentage points to 55.4 percent and grew at the fastest pace since September 2018.
- Manufacturers believe that their customers still having insufficient inventories on hand for six consecutive months, as the Customer's Inventories Index decreased 1.9 percentage points to 43.9 percent.
- The Prices Index rose 6.9 percentage points to 72.5 percent in November, signaling the continuous increasing pressure on manufacturers' costs for the sixth consecutive month. This is also the highest reading for the Prices Index since July 2018.
- Manufacturers' new export orders and imports grew for five consecutive months as the New Export Orders and Imports Indexes both marginally increased 0.9 and 1.0 percentage point to 60.6 and 56.3 percent, respectively.
- The Future Outlooks Index went up 5.1 percentage points to 63.4 percent and grew at the fastest rate since February 2020.
- All manufacturing industries categories reported growing in the following order: Transportation Equipment (69.2%), Chemical, Biological & Medical (60.7%), Foods & Textiles (60.4%), Basic Materials (60.4%), Electronic & Optical (60.2%) and Electrical & Machinery Equipment (58.8%).

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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