

September 2022 Taiwan Manufacturing PMI

PMI at 44.9%

**New Orders, Production and Employment Contracting;
Supplier Deliveries Faster;
Inventories Contracting**

MANUFACTURING AT A GLANCE

September 2022

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	44.9	47.2	-2.3	Contracting	Faster	3	39.7	41.1	50.4	47.6	45.2	45.7
New Orders	37.7	41.6	-3.9	Contracting	Faster	6	32.4	30.9	40.7	43.5	32.6	33.3
Production	43.8	44.4	-0.6	Contracting	Faster	3	36.8	37.0	46.3	45.7	54.3	41.7
Employment	49.1	48.8	+0.3	Contracting	Slower	2	44.1	47.2	61.1	48.9	45.7	51.2
Supplier Deliveries	44.2	45.6	-1.4	Faster	Faster	3	45.6	40.7	50.0	50.0	41.3	46.4
Inventories	49.8	55.7	-5.9	Contracting	From Growing	1	39.7	50.0	53.7	50.0	52.2	56.0
Customers' Inventories	52.4	59.2	-6.8	Too High	Slower	9	51.5	56.5	40.7	46.7	52.2	52.4
Prices	42.2	43.9	-1.7	Decreasing	Faster	3	38.2	43.1	68.5	34.8	41.3	36.9
Backlog of Orders	34.1	34.0	+0.1	Contracting	Slower	4	36.8	34.6	37.0	30.4	37.0	32.1
New Export Orders	35.6	36.1	-0.5	Contracting	Faster	5	39.7	32.9	44.4	37.0	37.0	34.5
Imports	37.6	39.6	-2.0	Contracting	Faster	4	30.9	37.4	48.1	34.8	52.2	36.9
Future Outlooks	28.3	28.3	+0.0	Contracting	Same	5	33.8	25.6	48.1	27.2	34.8	19.0
Production Materials	46	47	-	-	-	-	44	45	61	47	41	45
MRO Supplies	42	42	-	-	-	-	33	43	51	43	35	42
Capital Expenditures	71	73	-	-	-	-	58	71	103	57	83	71

Chart 1: Time Series of Taiwan Manufacturing PMI

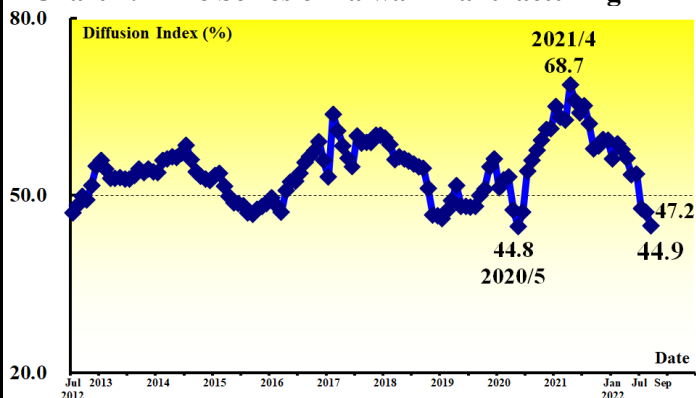
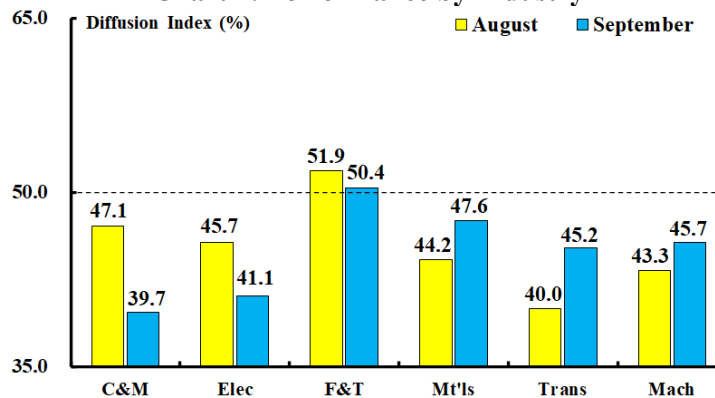


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector declared contraction for three consecutive months as the seasonally adjusted Taiwan Manufacturing PMI further decreased 2.3 percentage points to 44.9 percent in September.
- Manufacturers' new orders, the leading indicator of the manufacturing business activities, contracted for six consecutive months as the seasonally adjusted New Orders Index went down 3.9 percentage points to 37.7 percent in September.
- Manufacturers' production contracted for the third consecutive month as the seasonally adjusted Production Index inched down 0.6 percentage point to 43.8 percent.
- Manufacturers' employment contracted for the second consecutive month following twenty-five months of growth as the seasonally adjusted Employment Index registered 49.1 percent in September.
- The Supplier Deliveries Index further decreased 1.4 percentage points to 44.2 percent, registering the lowest reading since December 2015.
- While manufacturers' new orders contracted for six consecutive months, their inventories turned to contraction following twenty consecutive months of growth in September. The Inventories Index declined 5.9 percentage points to 49.8 percent.
- Manufacturers reported their customers having more than sufficient inventories in stock for nine consecutive months. However, the Customers' Inventories Index sharply decreased 6.8 percentage points to 52.4 percent.
- Manufacturers are currently buying rather lower prices for two consecutive months as the Prices Index further went down 1.7 percentage points to 42.2 percent, recording the lowest reading since July 2019.
- The Backlog of Orders Index contracted for the fourth consecutive month as the index inched up 0.1 percentage point from the fastest contraction rate (34.0 percent) since July 2012.
- The New Export Orders and Imports Indexes contracted for five and four consecutive months and registered 35.6 and 37.6 percent in September, respectively. The Imports Index recorded the lowest reading since July 2012.
- The Future Outlooks Index contracted for the fifth consecutive month and registered the same reading of 28.3 percent as in August.
- Five among six manufacturing industries categories reported contraction in the following order: Chemical, Biological & Medical (39.7%), Electronic & Optical (41.1%), Transportation Equipment (45.2%), Electrical & Machinery Equipment (45.7%) and Basic Materials (47.6%). Only Foods & Textiles (50.4%) remained in growth in September.

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