

## January 2022 Taiwan Manufacturing PMI

PMI at 56.2%

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

### MANUFACTURING AT A GLANCE

January 2022

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	56.2	59.3	-3.1	Growing	Slower	19	61.1	57.8	62.9	54.2	62.7	57.3
New Orders	52.6	59.7	-7.1	Growing	Slower	19	61.1	55.6	73.2	47.7	61.4	51.3
Production	49.8	60.2	-10.4	Contracting	From Growing	1	54.2	54.3	73.2	54.7	61.4	61.3
Employment	56.3	57.3	-1.0	Growing	Slower	19	51.4	56.9	48.2	53.5	63.6	55.0
Supplier Deliveries	65.6	65.0	+0.6	Slowing	Faster	27	76.4	64.7	62.5	61.6	70.5	66.3
Inventories	56.7	54.5	+2.2	Growing	Faster	13	62.5	57.3	57.1	53.5	56.8	52.5
Customers' Inventories	50.7	48.3	+2.4	Too High	From Too Low	1	58.3	52.2	50.0	46.5	40.9	47.5
Prices	76.6	73.9	+2.7	Increasing	Faster	20	81.9	80.2	83.9	60.5	79.5	77.5
Backlog of Orders	54.8	55.5	-0.7	Growing	Slower	18	56.9	55.2	67.9	47.7	56.8	53.8
New Export Orders	51.7	55.1	-3.4	Growing	Slower	19	50.0	53.0	55.4	47.7	59.1	48.8
Imports	57.8	53.1	+4.7	Growing	Faster	19	62.5	58.2	57.1	51.2	65.9	61.3
Future Outlooks	59.7	57.9	+1.8	Growing	Faster	18	61.1	62.9	64.3	48.8	61.4	58.8
Production Materials	51	49	-	-	-	-	44	54	45	49	56	53
MRO Supplies	43	40	-	-	-	-	43	47	51	38	39	36
Capital Expenditures	74	69	-	-	-	-	75	75	97	54	99	63

Chart 1: Time Series of Taiwan Manufacturing PMI

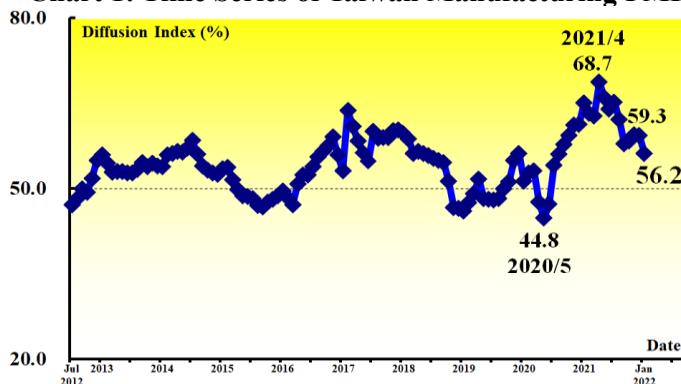
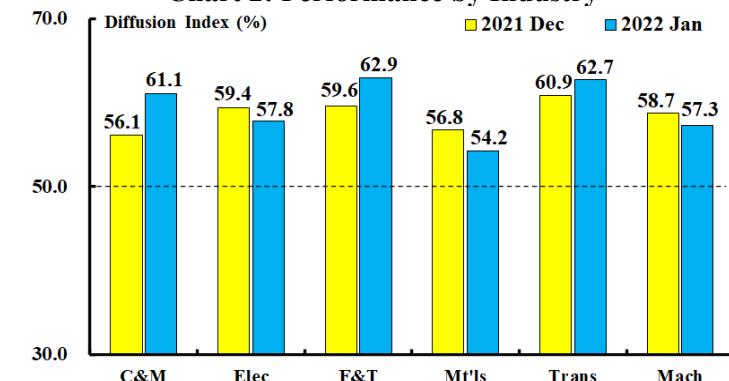


Chart 2: Performance by Industry



### Summary

- The Taiwan manufacturing sector expanded for nineteen consecutive months, while the seasonally adjusted Taiwan Manufacturing PMI further fell 3.1 percentage points to 56.2 percent in January 2022 and registered the slowest growth rate since September 2020.
- The seasonally adjusted New Orders Index remained in expansion for nineteen consecutive months but decreased 7.1 percentage points to 52.6 percent, recording the slowest growth pace since July 2020.
- The seasonally adjusted Production Index contracted for the first time since July 2020 as the index decreased 10.4 percentage points to 49.8 percent in January 2022.
- The Supplier Deliveries Index remained above 60.0 percent during the second half of 2021 following the highest reading (74.8 percent) in May 2021, as the index registered 65.6 percent in January 2022.
- The Inventories Index registered 56.7 percent in January 2022, up from the 54.5 percent (the lowest reading since January 2021) reported in December 2021.
- Manufacturers reported their customers having more than sufficient inventories on hand as the Customers' Inventories Index turned to too high following three months of too low and went up 2.4 percentage points to 50.7 percent in January.
- The Prices Index maintained above 70.0 percent for fifteen consecutive months and registered 76.6 percent, up from the lowest reading of 73.9 percent since December 2020.
- The New Export Orders Index continuously remained in expansion for nineteen consecutive months but decreased 3.4 percentage points to 51.7 percent in January.
- The Imports Index expanded for nineteen consecutive months and registered 57.8 percent, rising 4.7 percentage points from the lowest reading of 53.1 percent since August 2020.
- The Future Outlooks Index rose 1.8 percentage points to 59.7 percent, indicating growing for eighteen consecutive months.
- All manufacturing industries categories reported growing in the following order: Foods & Textiles (62.9%), Transportation Equipment (62.7%), Chemical, Biological & Medical (61.1%), Electronic & Optical (57.8%), Electrical & Machinery Equipment (57.3%) and Basic Materials (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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