

April 2023 Taiwan Manufacturing PMI

PMI at 42.8%

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

MANUFACTURING AT A GLANCE

April 2023

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	42.8	47.3	-4.5	Contracting	Faster	2	46.7	45.7	52.7	51.4	44.6	43.9
New Orders	40.6	44.5	-3.9	Contracting	Faster	2	47.2	46.8	51.9	53.4	39.6	37.8
Production	38.5	52.0	-13.5	Contracting	From Growing	1	48.6	51.2	53.8	59.1	43.8	42.7
Employment	46.8	45.5	+1.3	Contracting	Slower	9	47.2	47.6	55.8	53.4	45.8	43.9
Supplier Deliveries	42.2	44.8	-2.6	Faster	Faster	10	41.7	38.8	59.6	43.2	45.8	43.9
Inventories	45.9	49.9	-4.0	Contracting	Faster	2	48.6	44.0	42.3	47.7	47.9	51.2
Customers' Inventories	44.9	47.0	-2.1	Too Low	Faster	6	47.2	42.0	53.8	45.5	50.0	47.6
Prices	52.0	56.5	-4.5	Increasing	Slower	5	54.2	51.2	61.5	46.6	54.2	57.3
Backlog of Orders	41.4	41.6	-0.2	Contracting	Faster	11	47.2	41.2	42.3	40.9	31.3	40.2
New Export Orders	43.0	46.7	-3.7	Contracting	Faster	12	44.4	44.8	51.9	38.6	37.5	35.4
Imports	41.3	45.0	-3.7	Contracting	Faster	11	45.8	39.2	48.1	43.2	37.5	40.2
Future Outlooks	44.9	46.2	-1.3	Contracting	Faster	12	52.8	45.6	44.2	43.2	35.4	40.2
Production Materials	45	45	-	-	-	-	45	44	49	57	37	34
MRO Supplies	37	36	-	-	-	-	43	36	39	40	28	32
Capital Expenditures	64	64	-	-	-	-	59	66	75	60	63	64

Chart 1: Time Series of Taiwan Manufacturing PMI

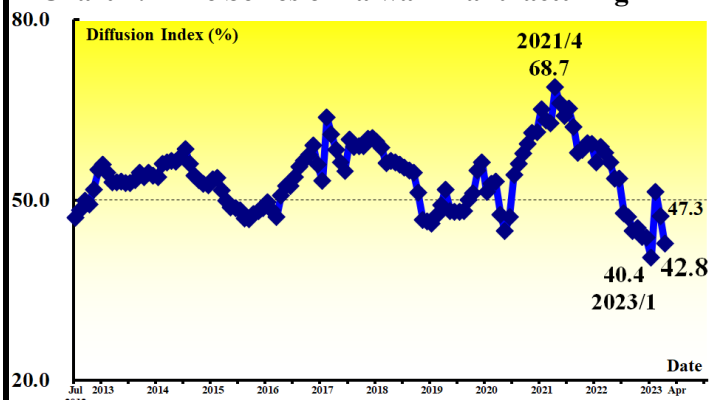
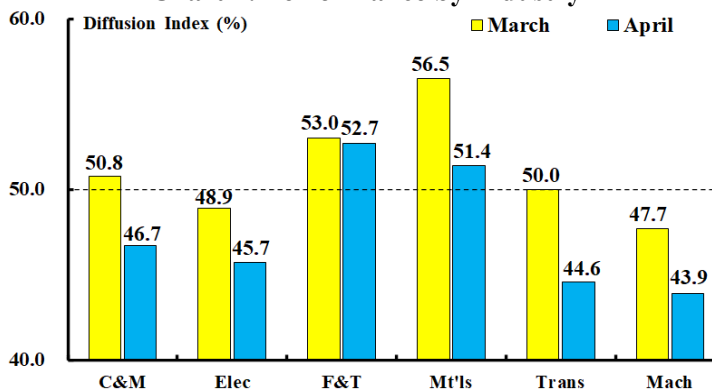


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector contracted faster in April as the seasonally adjusted Taiwan Manufacturing PMI further decreased 4.5 percentage points to 42.8 percent.
- While entering the second quarter, the seasonally adjusted New Orders Index decreased 3.9 percentage points to 40.6 percent in April, contracting for the second consecutive month.
- The seasonally adjusted Production Index turned to contraction following two consecutive months of expansion as the index substantially fell 13.5 percentage points to 38.5 percent.
- The seasonally adjusted Employment Index contracted for the ninth consecutive month but slightly increased 1.3 percentage points to 46.8 percent in April.
- Manufacturers reported faster delivery performance for ten consecutive months as the Supplier Deliveries Index decreased 2.6 percentage points and registered 42.2 percent, recording the lowest reading since July 2012.
- The Inventories Index further went down 4.0 percentage points to 45.9 percent, contracting for two consecutive months.
- Manufacturers reported their customers have insufficient inventories on hand for six consecutive months. The Customers' Inventories Index further decreased 2.1 percentage points to 44.9 percent, registering the lowest reading since July 2021.
- Manufacturers still experienced higher purchasing prices for the fifth consecutive month while the Prices Index further decreased 4.5 percentage points and registered 52.0 percent in April.
- The Backlog of Orders Index contracted for the eleventh consecutive month as the index registered 41.4 percent, inched down 0.2 percentage point from the March reading.
- Both the New Export Orders and Imports Indexes contracted faster and registered 43.0 and 41.3 percent in April, respectively.
- The Future Outlooks Index reversed its recent trend of slowing contraction in the past six months and fell 1.3 percentage points to 44.9 percent in April, down from the highest point of 46.2 percent since May 2022.
- Four among six manufacturing industries categories reported contraction in April in the following order: Electrical & Machinery Equipment (43.9%), Transportation Equipment (44.6%), Electronic & Optical (45.7%) and Chemical, Biological & Medical (46.7%). While Foods & Textiles (52.7%) and Basic Materials (51.4%) reported growth in April.

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:

Shu-Shin (Steve) Steve Lai

Honorary Chairman

Supply Management Institute, Taiwan

E-Mail: shushin.lai@gmail.com

Tel: +(886) 2 27495889

www.smit.org.tw