April 2024 Taiwan Manufacturing PMI

PMI at 49.4%

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

MANUFACTURING AT A GLANCE
April 2024

<table>
<thead>
<tr>
<th>Index</th>
<th>Series Index Apr</th>
<th>Series Index Mar</th>
<th>Percentage Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend (Months)</th>
<th>C&amp;M</th>
<th>Elec</th>
<th>F&amp;T</th>
<th>Mt’ls</th>
<th>Trans</th>
<th>Mach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan Manufacturing PMI</td>
<td>49.4</td>
<td>47.9</td>
<td>+1.5</td>
<td>Contracting</td>
<td>Slower</td>
<td>14</td>
<td>55.6</td>
<td>54.1</td>
<td>54.2</td>
<td>46.2</td>
<td>47.9</td>
<td>53.3</td>
</tr>
<tr>
<td>New Orders</td>
<td>50.1</td>
<td>46.9</td>
<td>+3.2</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
<td>56.4</td>
<td>60.1</td>
<td>50.0</td>
<td>46.7</td>
<td>47.4</td>
<td>54.2</td>
</tr>
<tr>
<td>Production</td>
<td>50.1</td>
<td>47.3</td>
<td>+2.8</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
<td>62.8</td>
<td>61.0</td>
<td>54.2</td>
<td>50.0</td>
<td>50.0</td>
<td>56.9</td>
</tr>
<tr>
<td>Employment</td>
<td>49.3</td>
<td>48.9</td>
<td>+0.4</td>
<td>Slower</td>
<td>21</td>
<td>52.6</td>
<td>52.2</td>
<td>54.2</td>
<td>48.9</td>
<td>47.4</td>
<td>54.2</td>
<td></td>
</tr>
<tr>
<td>Supplier Deliveries</td>
<td>50.3</td>
<td>49.4</td>
<td>+0.9</td>
<td>Slower</td>
<td>From Faster</td>
<td>1</td>
<td>51.3</td>
<td>51.8</td>
<td>54.2</td>
<td>44.4</td>
<td>44.7</td>
<td>52.8</td>
</tr>
<tr>
<td>Inventories</td>
<td>47.1</td>
<td>46.9</td>
<td>+0.2</td>
<td>Contracting</td>
<td>Slower</td>
<td>14</td>
<td>55.1</td>
<td>45.6</td>
<td>58.3</td>
<td>41.1</td>
<td>50.0</td>
<td>48.6</td>
</tr>
<tr>
<td>Customers' Inventories</td>
<td>43.9</td>
<td>42.9</td>
<td>+1.0</td>
<td>Too Low</td>
<td>Slower</td>
<td>18</td>
<td>39.7</td>
<td>45.2</td>
<td>45.8</td>
<td>41.1</td>
<td>44.7</td>
<td>45.8</td>
</tr>
<tr>
<td>Prices</td>
<td>64.1</td>
<td>58.3</td>
<td>+5.8</td>
<td>Increasing</td>
<td>Faster</td>
<td>5</td>
<td>70.5</td>
<td>61.4</td>
<td>64.6</td>
<td>64.4</td>
<td>60.5</td>
<td>72.2</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>50.2</td>
<td>49.4</td>
<td>+0.8</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
<td>52.6</td>
<td>54.4</td>
<td>54.2</td>
<td>43.3</td>
<td>39.5</td>
<td>40.3</td>
</tr>
<tr>
<td>New Export Orders</td>
<td>50.5</td>
<td>55.6</td>
<td>-5.1</td>
<td>Slower</td>
<td>2</td>
<td>56.4</td>
<td>55.3</td>
<td>52.1</td>
<td>37.8</td>
<td>42.1</td>
<td>45.8</td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td>51.1</td>
<td>53.2</td>
<td>-2.1</td>
<td>Growing</td>
<td>Slower</td>
<td>2</td>
<td>57.7</td>
<td>50.9</td>
<td>60.4</td>
<td>47.8</td>
<td>36.8</td>
<td>51.4</td>
</tr>
<tr>
<td>Future Outlooks</td>
<td>55.2</td>
<td>56.4</td>
<td>-1.2</td>
<td>Growing</td>
<td>Slower</td>
<td>3</td>
<td>61.5</td>
<td>58.8</td>
<td>60.4</td>
<td>43.3</td>
<td>42.1</td>
<td>55.6</td>
</tr>
<tr>
<td>Production Materials</td>
<td>39</td>
<td>38</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>36</td>
<td>42</td>
<td>40</td>
<td>42</td>
<td>24</td>
<td>24</td>
<td>31</td>
</tr>
<tr>
<td>MRO Supplies</td>
<td>35</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>34</td>
<td>39</td>
<td>38</td>
<td>36</td>
<td>26</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>62</td>
<td>55</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>58</td>
<td>65</td>
<td>81</td>
<td>47</td>
<td>77</td>
<td>57</td>
<td></td>
</tr>
</tbody>
</table>

Chart 1: Time Series of Taiwan Manufacturing PMI

Chart 2: Performance by Industry

Summary

- The Taiwan manufacturing sector still remained in contraction for the fourteenth consecutive month as the seasonally adjusted Taiwan Manufacturing PMI increased 1.5 percentage points to 49.4 percent in April, recording the slowest contraction rate since March 2023.
- The seasonally adjusted New Orders Index reversed its recent trend of contraction and turned to growth for the first time in the past seven months as the index rose 3.2 percentage points to 50.1 percent.
- Manufacturers’ production turned to growth following only one month of contraction as the seasonally adjusted Production Index increased 2.8 percentage points to 50.1 percent.
- The seasonally adjusted Employment Index contracted for the twenty-first consecutive month while the index went up 0.4 percentage point to 49.3 percent and contracted at the slowest rate since August 2022.
- The Supplier Deliveries Index went up 0.9 percentage point and registered 50.3 percent in April, indicating the delivery performance of suppliers to manufacturing sectors was slowing for the first time for the past twenty-two months.
- Manufacturing Inventories contracted for fourteen consecutive months as the Inventories Index increased 0.2 percentage point to 47.1 percent and contracted at the slowest rate since April 2023.
- Manufacturers reported their customers had insufficient inventories on hand for eighteen consecutive months as the Customers’ Inventories Index increased 1.0 percentage point to 43.9 percent.
- Manufacturers experienced higher purchasing prices for the fifth consecutive month as the Prices Index increased 5.8 percentage points to 64.1 percent, recording the highest reading since June 2022.
- The Backlog of Orders Index increased 0.8 percentage point to 50.2 percent and indicated growth in the manufacturers’ backlogs for the first time since June 2022.
- The Future Outlooks Index grew for the third month but decelerated, decreasing 1.2 percentage points to 55.2 percent.
- Basic Materials (46.2%) and Transportation Equipment (47.9%) reported contraction in April. Four among six manufacturing industries categories reported growth in the following order: Chemical, Biological & Medical (55.6%), Foods & Textiles (54.2%), Electronic & Optical (54.1%) and Electrical & Machinery Equipment (53.3%).
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 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.
Associate 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