

August 2022 Taiwan Manufacturing PMI

PMI at 47.2%

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

MANUFACTURING AT A GLANCE

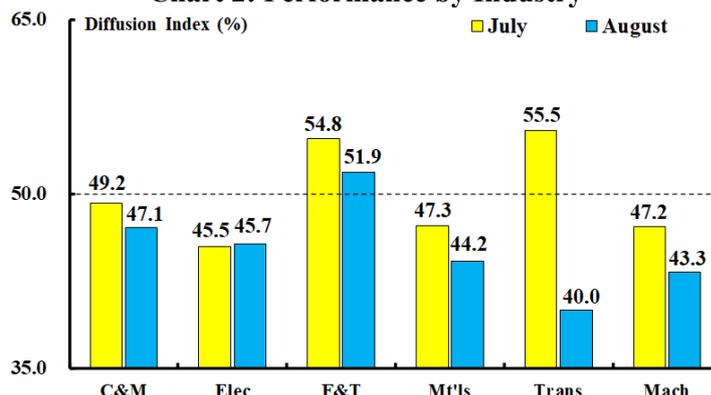
August 2022

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	47.2	47.8	-0.6	Contracting	Faster	2	47.1	45.7	51.9	44.2	40.0	43.3
New Orders	41.6	36.6	+5.0	Contracting	Slower	5	39.7	37.4	50.0	32.0	36.8	25.6
Production	44.4	43.8	+0.6	Contracting	Slower	2	39.7	40.7	48.1	38.0	42.1	43.6
Employment	48.8	51.5	-2.7	Contracting	From Growing	1	52.9	48.4	57.4	49.0	39.5	46.2
Supplier Deliveries	45.6	49.3	-3.7	Faster	Faster	2	45.6	45.5	51.9	47.0	36.8	42.3
Inventories	55.7	57.9	-2.2	Growing	Slower	20	57.4	56.5	51.9	55.0	44.7	59.0
Customers' Inventories	59.2	59.9	-0.7	Too High	Slower	8	52.9	62.6	50.0	55.0	65.8	61.5
Prices	43.9	49.3	-5.4	Decreasing	Faster	2	33.8	46.3	74.1	32.0	57.9	35.9
Backlog of Orders	34.0	39.2	-5.2	Contracting	Faster	3	38.2	35.0	38.9	29.0	36.8	28.2
New Export Orders	36.1	37.0	-0.9	Contracting	Faster	4	36.8	35.8	40.7	37.0	47.4	25.6
Imports	39.6	43.1	-3.5	Contracting	Faster	3	38.2	39.0	46.3	42.0	39.5	33.3
Future Outlooks	28.3	30.1	-1.8	Contracting	Faster	4	29.4	25.6	44.4	29.0	36.8	23.1
Production Materials	47	49	-	-	-	-	44	49	52	46	40	43
MRO Supplies	42	41	-	-	-	-	39	44	56	41	39	35
Capital Expenditures	73	71	-	-	-	-	61	76	110	53	82	66

Chart 1: Time Series of Taiwan Manufacturing PMI



Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector contracted for two consecutive months as the seasonally adjusted Taiwan Manufacturing PMI further decreased 0.6 percentage point to 47.2 percent in August, recording the fastest contraction rate since July 2020.
- Manufacturers' new orders, the leading indicator of the manufacturing business activities, contracted for the fifth consecutive month. The seasonally adjusted New Orders Index registered 41.6 percent in August, rose 5.0 percentage points from the 36.6 percent (the fastest contraction rate since June 2020).
- Manufacturers' production contracted for two consecutive months as the seasonally adjusted Production Index inched up 0.6 percentage point to 44.4 percent in August.
- Manufacturers' employment turned to contraction for the first time in the past twenty-six consecutive months as the seasonally adjusted Employment Index declined 2.7 percentage points to 48.8 percent.
- The Supplier Deliveries Index further went down 3.7 percentage points to 45.6 percent in August, registering the lowest reading since January 2019.
- Manufacturers' inventories expanded for twenty consecutive months as the Inventories Index registered 55.7 percent in August.
- Manufacturers reported their customers having more than sufficient inventories in stock for eight consecutive months. The Customers' Inventories Index registered 59.2 percent, a slight decrease of 0.7 percentage point from the highest reading of 59.9 percent since July 2012.
- Manufacturers are currently buying rather lower prices for two consecutive months as the Prices Index further decreased 5.4 percentage points to 43.9 percent in August, recording the lowest reading since July 2019.
- The Backlog of Orders Index fell 5.2 percentage points to 34.0 percent, the fastest contraction rate since July 2012.
- The Future Outlooks Index contracted for the fourth consecutive month and further went down 1.8 percentage points to 28.3 percent, indicating the fastest contraction rate since May 2020.
- Five among six manufacturing industries categories reported contraction in the following order: Transportation Equipment (40.0%), Electrical & Machinery Equipment (43.3%), Basic Materials (44.2%), Electronic & Optical (45.7%) and Chemical, Biological & Medical (47.1%). Only Foods & Textiles (51.9%) remained in growth in August.

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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