

## February 2023 Taiwan Manufacturing PMI

PMI at 51.4%

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

### MANUFACTURING AT A GLANCE

February 2023

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	51.4	40.4	+11.0	Growing	From Contracting	1	51.6	45.7	51.7	50.7	50.0	45.3
New Orders	51.1	34.4	+16.7	Growing	From Contracting	1	54.1	45.7	43.1	57.6	50.0	38.8
Production	62.4	32.1	+30.3	Growing	From Contracting	1	58.1	45.7	51.7	53.3	54.3	50.0
Employment	48.9	45.6	+3.3	Contracting	Slower	7	48.6	45.7	51.7	46.7	52.2	45.0
Supplier Deliveries	44.5	46.4	-1.9	Faster	Faster	8	48.6	41.7	56.9	45.7	52.2	38.8
Inventories	50.0	43.7	+6.3	Unchanged	From Contracting	1	48.6	49.6	55.2	50.0	41.3	53.8
Customers' Inventories	47.6	46.5	+1.1	Too Low	Slower	4	47.3	48.4	43.1	47.8	47.8	46.3
Prices	62.6	54.5	+8.1	Increasing	Faster	3	75.7	55.5	67.2	75.0	54.3	60.0
Backlog of Orders	41.9	35.6	+6.3	Contracting	Slower	9	45.9	40.6	44.8	46.7	41.3	31.3
New Export Orders	42.9	31.1	+11.8	Contracting	Slower	10	60.8	41.7	46.6	40.2	45.7	28.8
Imports	44.2	35.5	+8.7	Contracting	Slower	9	43.2	42.9	53.4	48.9	41.3	36.3
Future Outlooks	44.7	38.9	+5.8	Contracting	Slower	10	55.4	41.3	46.6	50.0	34.8	42.5
Production Materials	45	47	-	-	-	-	41	47	39	47	49	40
MRO Supplies	37	39	-	-	-	-	41	37	32	39	41	32
Capital Expenditures	66	70	-	-	-	-	51	65	76	66	82	68

Chart 1: Time Series of Taiwan Manufacturing PMI

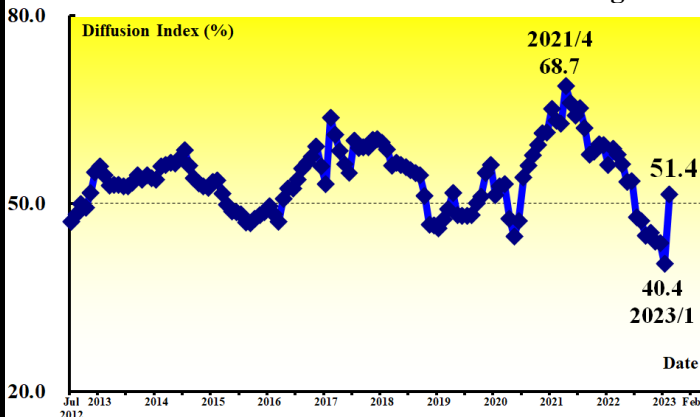
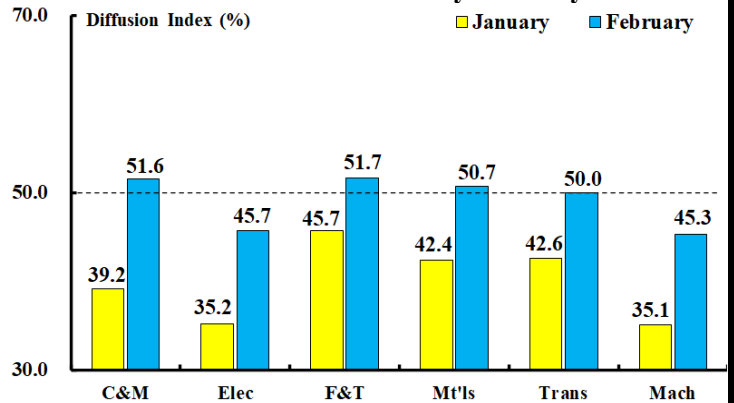


Chart 2: Performance by Industry



#### Summary

- The Taiwan manufacturing sector turned to growth following seven consecutive months of contraction as the seasonally adjusted Taiwan Manufacturing PMI increased 11.0 percentage points to 51.4 percent in February.
- Partially due to the less working days in January and the manufacturers started to pull in the raw material after the Chinese New Year holidays, the seasonally adjusted New Orders and Production Indexes still increased 16.7 and 30.3 percentage points to 51.1 and 62.4 percent, respectively.
- The seasonally adjusted Employment Index contracted for the seventh consecutive month while the index went up 3.3 percentage points to 48.9 percent.
- Manufacturers reported faster delivery performance for eight consecutive months. The Supplier Deliveries Index decreased 1.9 percentage points and registered 44.5 percent in February.
- Manufacturers reported inventories unchanged from the previous month following five consecutive months of contraction as the Inventories Index increased 6.3 percentage points to 50.0 percent in February.
- Manufacturers reported their customers have insufficient inventories on hand for the fourth consecutive month. The Customers' Inventories Index registered 47.6 percent, up 1.1 percentage points from the lowest reading (46.5 percent) since July 2021.
- Manufacturers experienced higher purchasing prices for the third consecutive month as the Prices Index further increased 8.1 percentage points to 62.6 percent, recording the highest reading since June 2022.
- The Backlog of Orders Index contracted for the ninth consecutive month as the index rose 6.3 percentage points to 41.9 percent, registering the slowest contraction rate since July 2022.
- The Future Outlooks Index contracted for the tenth consecutive month while the index further went up 5.8 percentage points to 44.7 percent, marking the slowest contraction rate since May 2022.
- Three among the six manufacturing industries categories turned to expansion in February in the following order: Foods & Textiles (51.7%), Chemical, Biological & Medical (51.6%) and Basic Materials (50.7%). While Electrical & Machinery Equipment (45.3%) and Electronic & Optical (45.7%) reported contraction. Only Transportation Equipment (50.0%) reported unchanged from January.

## 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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