

February 2024 Taiwan Manufacturing PMI

PMI at 48.1%

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

MANUFACTURING AT A GLANCE

February 2024

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	48.1	48.0	+0.1	Contracting	Slower	12	45.1	42.1	46.5	41.4	42.1	37.3
New Orders	48.9	46.2	+2.7	Contracting	Slower	5	40.2	40.6	39.1	35.2	42.1	30.0
Production	51.5	51.3	+0.2	Growing	Faster	2	32.9	34.2	47.8	37.5	31.6	26.3
Employment	47.7	48.3	-0.6	Contracting	Faster	19	45.1	44.4	50.0	48.9	36.8	42.5
Supplier Deliveries	47.8	48.4	-0.6	Faster	Faster	20	51.2	47.9	45.7	45.5	52.6	47.5
Inventories	44.5	45.7	-1.2	Contracting	Faster	12	56.1	43.6	50.0	39.8	47.4	40.0
Customers' Inventories	40.5	43.6	-3.1	Too Low	Faster	16	41.5	38.9	43.5	40.9	42.1	45.0
Prices	55.3	56.2	-0.9	Increasing	Slower	3	67.1	52.6	56.5	59.1	47.4	51.3
Backlog of Orders	38.3	43.0	-4.7	Contracting	Faster	21	37.8	38.9	39.1	42.0	34.2	28.8
New Export Orders	40.7	44.8	-4.1	Contracting	Faster	22	45.1	41.5	41.3	40.9	34.2	32.5
Imports	41.6	47.9	-6.3	Contracting	Faster	21	54.9	38.0	50.0	42.0	44.7	36.3
Future Outlooks	54.0	46.2	+7.8	Growing	From Contracting	1	59.8	54.3	56.5	52.3	50.0	48.8
Production Materials	39	39	-	-	-	-	39	39	47	43	21	35
MRO Supplies	34	33	-	-	-	-	35	34	45	38	22	29
Capital Expenditures	61	60	-	-	-	-	44	66	81	57	72	52

Chart 1: Time Series of Taiwan Manufacturing PMI

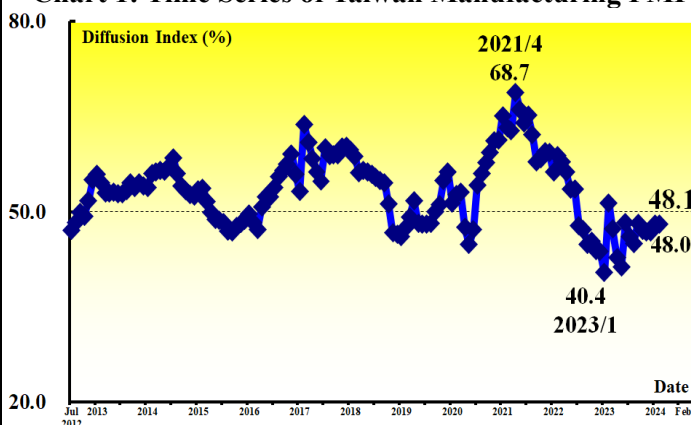
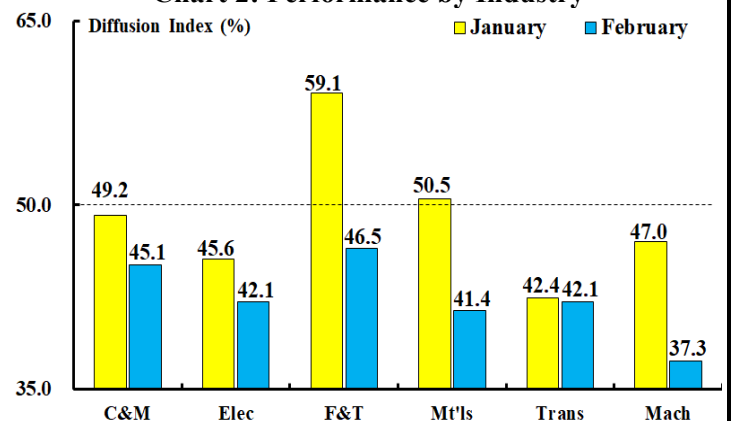


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector still remained in contraction for the twelfth consecutive month while the seasonally adjusted Taiwan Manufacturing PMI slightly increased 0.1 percentage point to 48.1 percent in February.
- The seasonally adjusted New Orders Index increased 2.7 percentage points to 48.9 percent, recording the slowest contraction rate since October 2023.
- Manufacturers' production expanded for the second consecutive month as the seasonally adjusted Production Index rose only 0.2 percentage point to 51.5 percent, registering the fastest growth rate since October 2023.
- The seasonally adjusted Employment Index contracted for the nineteenth consecutive month as the index went down 0.6 percentage point to 47.7 percent.
- Manufacturers reported faster delivery performance for twenty consecutive months as the Supplier Deliveries Index registered 47.8 percent, down 0.6 percentage point from the highest reading (48.4 percent) since August 2022.
- The Inventories Index decreased 1.2 percentage points to 44.5 percent, contracting for twelve consecutive months, the longest contraction period since July 2012.
- Manufacturers reported their customers had insufficient inventories on hand for sixteen consecutive months as the Customers' Inventories Index decreased 3.1 percentage points to 40.5 percent, registering the lowest reading since July 2012.
- Manufacturers experienced higher purchasing prices for the third consecutive month although the Prices Index decreased 0.9 percentage point to 55.3 percent.
- The Backlog of Orders Index fell 4.7 percentage points to 38.3 percent, contracting for twenty-one consecutive months.
- The Future Outlooks Index turned to growth for the first time since May 2022 and increased 7.8 percentage points to 54.0 percent, recording the fastest growth rate since April 2022.
- All manufacturing industries categories reported contraction in the following order: Electrical & Machinery Equipment (37.3%), Basic Materials (41.4%), Electronic & Optical (42.1%), Transportation Equipment (42.1%), Chemical, Biological & Medical (45.1%) and Foods & Textiles (46.5%). The industrial data are raw data and not seasonally adjusted.

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.

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