

July 2024 Taiwan Manufacturing PMI

PMI at 52.2%

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

MANUFACTURING AT A GLANCE

July 2024

Index	Series Index Jul	Series Index Jun	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	52.2	53.7	-1.5	Growing	Slower	3	59.0	54.2	54.3	49.1	47.8	47.4
New Orders	53.9	59.2	-5.3	Growing	Slower	4	59.0	57.7	58.7	45.7	50.0	46.1
Production	53.9	56.4	-2.5	Growing	Slower	4	61.5	58.1	56.5	48.9	47.2	47.4
Employment	51.9	51.2	+0.7	Growing	Faster	3	53.8	55.9	54.3	53.3	41.7	51.3
Supplier Deliveries	52.1	52.5	-0.4	Slowing	Slower	4	61.5	51.4	56.5	46.7	47.2	55.3
Inventories	49.0	49.4	-0.4	Contracting	Faster	17	59.0	48.2	45.7	51.1	52.8	36.8
Customers' Inventories	44.6	43.1	+1.5	Too Low	Slower	21	46.2	41.4	58.7	48.9	44.4	39.5
Prices	57.3	60.5	-3.2	Increasing	Slower	8	56.4	60.4	58.7	50.0	50.0	59.2
Backlog of Orders	47.6	46.5	+1.1	Contracting	Slower	2	55.1	50.5	52.2	40.2	36.1	39.5
New Export Orders	51.8	53.7	-1.9	Growing	Slower	5	61.5	58.6	45.7	38.0	41.7	40.8
Imports	49.4	52.6	-3.2	Contracting	From Growing	1	57.7	50.5	50.0	44.6	41.7	47.4
Future Outlooks	55.0	59.2	-4.2	Growing	Slower	6	55.1	59.0	50.0	47.8	55.6	51.3
Production Materials	39	40	-	-	-	-	36	41	53	42	29	30
MRO Supplies	35	34	-	-	-	-	33	37	41	37	28	27
Capital Expenditures	63	63	-	-	-	-	44	67	97	55	53	63

Chart 1: Time Series of Taiwan Manufacturing PMI

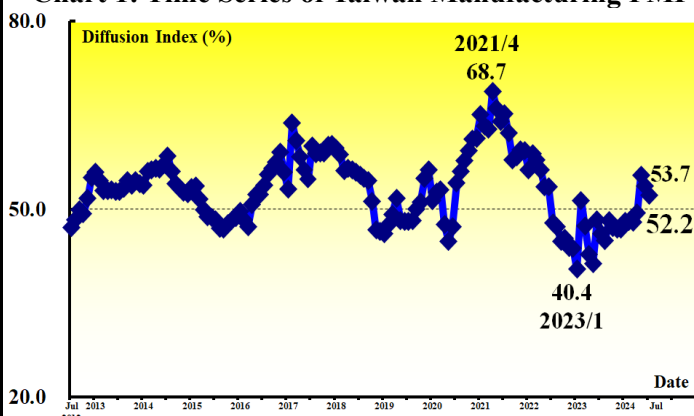
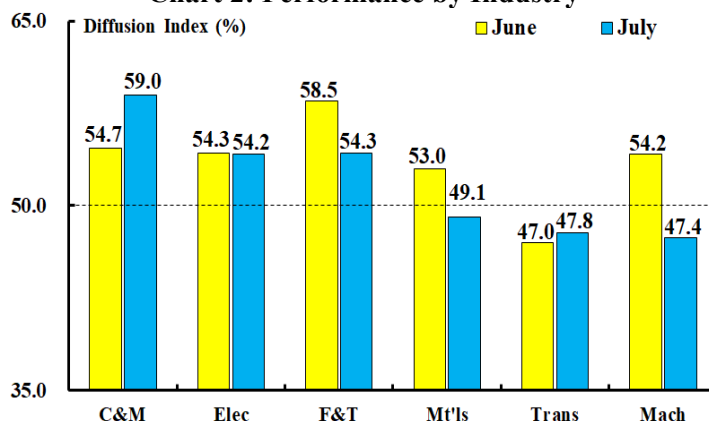


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector grew for three consecutive months but decelerated as the seasonally adjusted Taiwan Manufacturing PMI decreased 1.5 percentage points to 52.2 percent in July.
- The seasonally adjusted New Orders Index grew for the fourth consecutive month but decelerated, as the index decreased 5.3 percentage points to 53.9 percent.
- The Production Index went down 2.5 percentage points to 53.9 percent, growing for the fourth consecutive month.
- Manufacturers' employment grew for three consecutive months as the seasonally adjusted Employment Index increased 0.7 percentage point to 51.9 percent and grew at the fastest rate since July 2022.
- The Supplier Deliveries Index represented slower deliveries for four consecutive months and decreased 0.4 percentage point to 52.1 percent, down from the highest reading of 52.5 percent since July 2022.
- Manufacturing Inventories contracted for seventeen consecutive months as the Inventories Index slightly decreased 0.4 percentage point to 49.0 percent from the highest reading of 49.4 percent since April 2023.
- Manufacturers reported their customers had insufficient inventories on hand for twenty-one consecutive months as the Customers' Inventories Index went up 1.5 percentage points to 44.6 percent.
- Manufacturers experienced higher purchasing prices for the eighth consecutive month as the Prices Index decreased 3.2 percentage points to 57.3 percent.
- The Backlog of Orders Index went up 1.1 percentage points to 47.6 percent, contracting for the second consecutive month.
- The New Export Orders Index grew for five consecutive months but decreased 1.9 percentage points to 51.8 percent.
- Manufacturers' imports reversed its recent trend of growth and contracted for the first time in the past five months as the Imports Index decreased 3.2 percentage points to 49.4 percent in July.
- The Future Outlooks Index remained in growing but decelerated as the index fell 4.2 percentage points to 55.0 percent.
- Only three among six manufacturing industries categories reported growth in the following order: Chemical, Biological & Medical (59.0%), Foods & Textiles (54.3%) and Electronic & Optical (54.2%). While Electrical & Machinery Equipment (47.4%), Transportation Equipment (47.8%) and Basic Materials (49.1%) reported contraction in July.

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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