

## March 2021 Taiwan Manufacturing PMI

PMI at 62.7%

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

### MANUFACTURING AT A GLANCE

March 2021

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	62.7	63.2	-0.5	Growing	Slower	9	59.8	71.4	65.5	66.9	75.0	71.6
New Orders	60.5	65.6	-5.1	Growing	Slower	9	65.1	78.2	72.4	75.5	85.0	80.0
Production	59.2	63.9	-4.7	Growing	Slower	9	61.6	74.8	70.7	74.5	82.5	78.9
Employment	59.0	58.0	+1.0	Growing	Faster	9	52.3	63.9	60.3	53.1	77.5	62.2
Supplier Deliveries	74.7	73.3	+1.4	Slowing	Faster	17	70.9	81.1	69.0	63.3	67.5	75.6
Inventories	59.9	55.1	+4.8	Growing	Faster	3	48.8	59.2	55.2	68.4	62.5	61.1
Customers' Inventories	45.2	44.5	+0.7	Too Low	Slower	10	51.2	44.5	44.8	49.0	37.5	36.7
Prices	91.6	87.8	+3.8	Increasing	Faster	10	88.4	92.0	87.9	94.9	82.5	93.3
Backlog of Orders	68.9	60.6	+8.3	Growing	Faster	8	62.8	69.7	60.3	70.4	75.0	72.2
New Export Orders	68.0	54.7	+13.3	Growing	Faster	9	65.1	72.3	65.5	59.2	65.0	70.0
Imports	66.6	58.9	+7.7	Growing	Faster	9	58.1	67.6	62.1	68.4	72.5	67.8
Future Outlooks	78.8	73.3	+5.5	Growing	Faster	8	64.0	82.8	74.1	77.6	80.0	80.0
Production Materials	47	41	-	-	-	-	56	47	36	48	37	50
MRO Supplies	37	35	-	-	-	-	36	38	32	41	27	40
Capital Expenditures	70	69	-	-	-	-	69	68	85	64	64	74

Chart 1: Time Series of Taiwan Manufacturing PMI

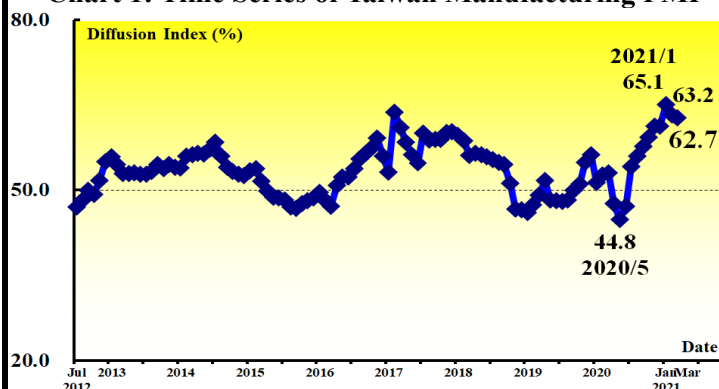
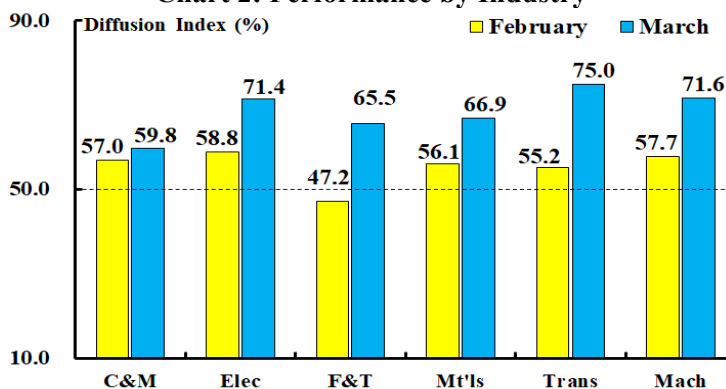


Chart 2: Performance by Industry



#### Summary

- The seasonally adjusted Taiwan Manufacturing PMI remained above 60.0 percent for the fifth consecutive month, while the index decelerated for two consecutive months and slightly fell 0.5 percentage point to 62.7 percent in March.
- The seasonally adjusted New Orders Index still remained above 60.0 percent for eight consecutive months while the index further decreased 5.1 percentage points to 60.5 percent.
- Manufacturers' production although remaining strong but decelerated for the second consecutive month, as the seasonally adjusted Production Index further went down 4.7 percentage points to 59.2 percent.
- The Employment Index increased 1.0 percentage point to 59.0 percent, indicating the fastest growth rate since July 2012.
- The global shortage of shipping containers resulted in longer supplier deliveries times as the Supplier Deliveries Index further rose 1.4 percentage points to 74.7 percent and recorded the highest reading since July 2012.
- Manufacturers tended to increase the safety inventory level in March as the Inventories Index grew at the fastest rate since April 2018 and rose 4.8 percentage points to 59.9 percent.
- The Prices Index increased 3.8 percentage points to 91.6 percent, the highest index, and marked the first time that the index has rose above 90.0 percent since July 2012.
- The Backlog of Orders Index remained above 60.0 percent for four consecutive months and went up 8.3 percentage points to 68.9 percent. This is also the fastest growth rate for the Backlog of Orders Index since July 2012.
- Both the New Export Orders and Imports Indexes grew at the fastest pace since July 2012 and increased 13.3 and 7.7 percentage points to 68.0 and 66.6 percent respectively.
- The Future Outlooks Index further rose 5.5 percentage points to 78.8 percent, with the fastest growth rate since July 2012.
- All manufacturing industries categories reported growing in the following order: Transportation Equipment (75.0%), Electrical & Machinery Equipment (71.6%), Electronic & Optical (71.4%), Basic Materials (66.9%), Foods & Textiles (65.5%) and Chemical, Biological & Medical (59.8%).

## 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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