

## March 2022 Taiwan Manufacturing PMI

PMI at 57.8%

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

### MANUFACTURING AT A GLANCE

March 2022

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	57.8	58.8	-1.0	Growing	Slower	21	60.8	62.8	66.2	60.4	57.8	60.5
New Orders	52.4	58.6	-6.2	Growing	Slower	21	62.8	62.6	71.2	60.0	47.8	57.3
Production	55.2	59.5	-4.3	Growing	Slower	2	64.1	65.5	71.2	61.1	67.4	59.8
Employment	54.1	56.5	-2.4	Growing	Slower	21	52.6	57.1	53.8	57.8	54.3	57.3
Supplier Deliveries	65.6	61.7	+3.9	Slowing	Faster	29	71.8	66.4	73.1	58.9	54.3	67.1
Inventories	61.6	57.7	+3.9	Growing	Faster	15	52.6	62.2	61.5	64.4	65.2	61.0
Customers' Inventories	51.0	50.2	+0.8	Too High	Faster	3	55.1	55.5	55.8	37.8	50.0	45.1
Prices	87.5	82.8	+4.7	Increasing	Faster	22	94.9	82.8	88.5	93.3	89.1	91.5
Backlog of Orders	57.3	54.2	+3.1	Growing	Faster	20	51.3	60.5	55.8	55.6	52.2	53.7
New Export Orders	57.2	47.8	+9.4	Growing	From Contracting	1	55.1	63.0	57.7	47.8	50.0	50.0
Imports	61.9	53.1	+8.8	Growing	Faster	21	71.8	61.3	57.7	63.3	54.3	57.3
Future Outlooks	60.9	65.1	-4.2	Growing	Slower	20	59.0	61.8	59.6	63.3	47.8	61.0
Production Materials	53	54	-	-	-	-	52	53	55	53	58	53
MRO Supplies	42	44	-	-	-	-	43	43	42	44	35	40
Capital Expenditures	75	76	-	-	-	-	66	81	84	67	94	57

Chart 1: Time Series of Taiwan Manufacturing PMI

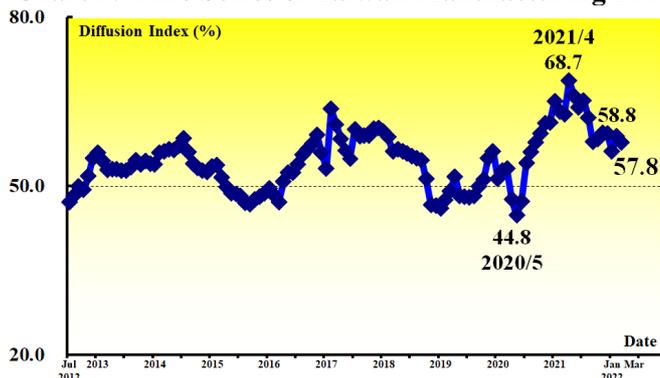
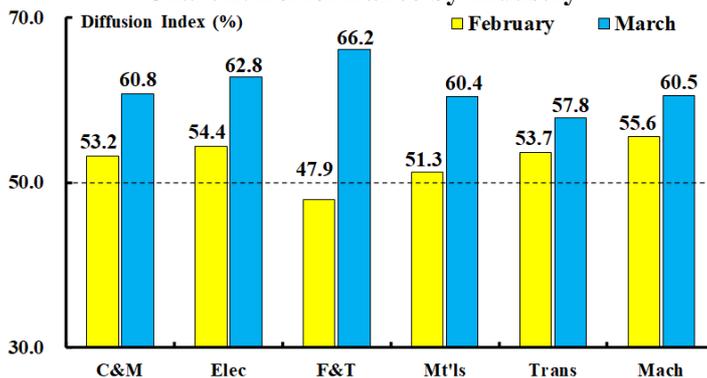


Chart 2: Performance by Industry



#### Summary

- The Taiwan manufacturing sector expanded for twenty-one consecutive months but decelerated as the seasonally adjusted Taiwan Manufacturing PMI decreased 1.0 percentage point and registered 57.8 percent in March. The deceleration of PMI was driven by the decrease in the New Orders and Production Indexes.
- The seasonally adjusted New Orders Index fell 6.2 percentage points to 52.4 percent, the lowest reading since July 2020.
- The seasonally adjusted Production Index grew for the second consecutive month while the index went down 4.3 percentage points to 55.2 percent.
- The seasonally adjusted Employment Index decreased 2.4 percentage points to 54.1 percent, the slowest expansion rate since November 2020.
- Supplier delivery time was slower due to the Russia-Ukraine war, Shanghai's COVID-19 lockdown and Japan's Fukushima earthquake as the index increased 3.9 percentage points to 65.6 percent in March.
- The Inventories Index expanded for fifteen consecutive months and increased 3.9 percentage points to 61.6 percent.
- Manufacturers reported their customers having more than sufficient inventories on hand for three consecutive months as the Customers' Inventories Index inched up 0.8 percentage point to 51.0 percent.
- The prices of manufacturers' purchases greatly increased because of the Russia-Ukraine war and other geopolitical factors. The Prices Index further rose 4.7 percentage points to 87.5 percent, the highest reading since June 2021.
- The seasonally unadjusted New Export Orders Index turned to growth following only one month of contraction as the index rose 9.4 percentage points to 57.2 percent in March.
- Taiwan's manufacturers were still optimistic about the future while purchasing executives worried about raw material prices pushed up by geopolitical factors that might result in lower demand. The Future Outlooks Index fell 4.2 percentage points to 60.9 percent in March.
- All manufacturing industries categories reported growing in the following order: Foods & Textiles (66.2%), Electronic & Optical (62.8%), Chemical, Biological & Medical (60.8%), Machinery Equipment (60.5%), Basic Materials (60.4%) and Transportation Equipment (57.8%).

## 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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