

October 2020 Taiwan Manufacturing PMI

PMI at 59.3%

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

MANUFACTURING AT A GLANCE

October 2020

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	59.3	57.7	+1.6	Growing	Faster	4	56.5	59.5	57.2	60.2	70.5	53.1
New Orders	65.9	61.4	+4.5	Growing	Faster	4	60.9	64.5	62.5	64.9	86.4	59.5
Production	63.7	61.3	+2.4	Growing	Faster	4	63.0	61.1	67.2	72.3	77.3	50.0
Employment	53.9	54.0	-0.1	Growing	Slower	4	50.0	54.2	57.8	51.1	75.0	52.4
Supplier Deliveries	59.4	58.7	+0.7	Slowing	Faster	12	58.7	63.7	43.8	55.3	68.2	52.4
Inventories	53.6	53.3	+0.3	Growing	Faster	3	50.0	53.8	54.7	57.4	45.5	51.2
Customers' Inventories	45.8	42.5	+3.3	Too Low	Slower	5	41.3	48.1	54.7	42.6	40.9	40.5
Prices	65.6	67.6	-2.0	Increasing	Slower	5	69.6	62.2	65.6	74.5	75.0	56.0
Backlog of Orders	56.7	59.1	-2.4	Growing	Slower	3	48.9	55.0	51.6	64.9	75.0	53.6
New Export Orders	59.7	60.4	-0.7	Growing	Slower	4	55.4	61.1	56.3	56.4	79.5	57.1
Imports	55.3	55.7	-0.4	Growing	Slower	4	55.4	56.1	54.7	54.3	70.5	45.2
Future Outlooks	58.3	58.6	-0.3	Growing	Slower	3	62.0	55.3	59.4	63.8	75.0	48.8
Production Materials	37	37	-	-	-	-	43	36	38	41	32	27
MRO Supplies	32	31	-	-	-	-	37	33	33	35	28	24
Capital Expenditures	61	62	-	-	-	-	51	58	93	58	72	55

Chart 1: Time Series of Taiwan Manufacturing PMI

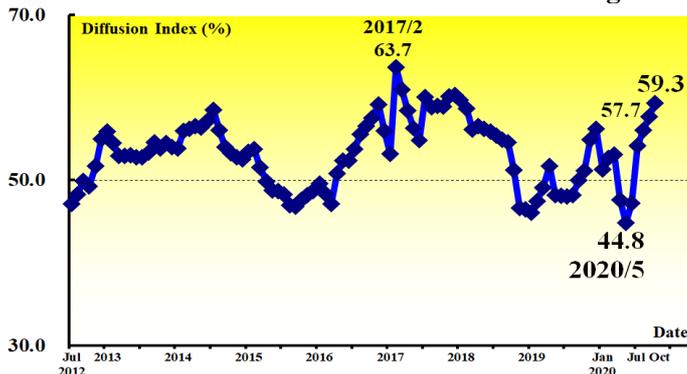
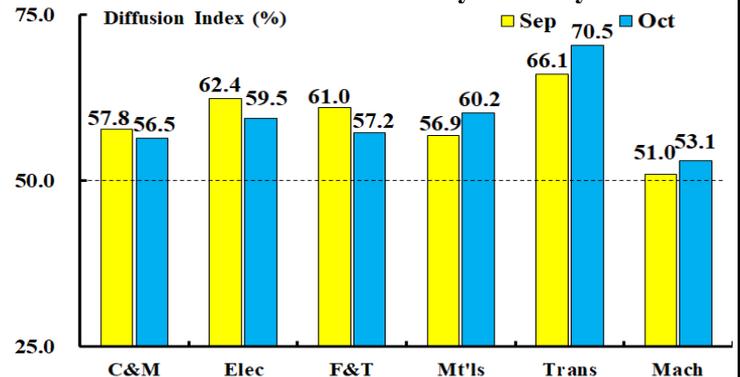


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector grew for four consecutive months. The seasonally adjusted Taiwan Manufacturing PMI further increased 1.6 percentage points to 59.3 percent and recorded the fastest rate of growth since February 2018.
- Both seasonally adjusted New Orders and Production Indexes remained positively above 60.0 percent and increased 4.5 and 2.4 percentage points to 65.9 and 63.7 percent, respectively.
- The seasonally adjusted Employment Index slightly decreased 0.1 percentage point to 53.9 percent, indicating moderately growing for the fourth consecutive month.
- The delivery performance of suppliers in the manufacturing sector was still slower for twelve consecutive months, as the Supplier Deliveries Index further increased 0.7 percentage point to 59.4 percent.
- Manufacturers' inventories grew for three consecutive months. The Inventories Index further increased 0.3 percentage point to 53.6 percent and grew at the fastest pace since May 2019.
- Manufacturers believe that their customers still have insufficient inventories on hand for five consecutive months, while the Customer's Inventories Index further went up 3.3 percentage points to 45.8 percent.
- The Price Index remained strongly above 60.0 percent for two consecutive months, as the index registered 65.6 percent in October, 2.0 percentage points lower than the 67.6 percent in September.
- The Backlog of Orders Index grew for three consecutive months, while the index fell 2.4 percentage points to 56.7 percent.
- Manufacturers' new export orders and imports grew for four consecutive months while the New Export Orders and Imports Indexes slightly decreased 0.7 and 0.4 percentage point to 59.7 and 55.3 percent, respectively.
- The Future Outlooks Index fell 0.3 percentage point to 58.3 percent, indicating growth for the third consecutive month.
- All manufacturing industries categories reported growing in the following order: Transportation Equipment (70.5%), Basic Materials (60.2%), Electronic & Optical (59.5%), Foods & Textiles (57.2%), Chemical, Biological & Medical (56.5%) and Electrical & Machinery Equipment (53.1%).

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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