

# October 2022 Taiwan Manufacturing PMI

PMI at 45.4%

**New Orders, Production and Employment Contracting;  
Supplier Deliveries Faster;  
Inventories Contracting**

## MANUFACTURING AT A GLANCE

October 2022

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	45.4	44.9	+0.5	Contracting	Slower	4	49.7	40.5	48.8	43.0	46.4	38.8
New Orders	42.8	37.7	+5.1	Contracting	Slower	7	45.5	31.3	46.2	40.9	42.0	28.0
Production	44.6	43.8	+0.8	Contracting	Slower	4	50.0	37.4	46.2	34.1	46.0	35.4
Employment	48.9	49.1	-0.2	Contracting	Faster	3	51.5	47.2	53.8	46.6	42.0	45.1
Supplier Deliveries	44.3	44.2	+0.1	Faster	Slower	4	59.1	42.7	44.2	40.9	52.0	39.0
Inventories	46.5	49.8	-3.3	Contracting	Faster	2	42.4	43.9	53.8	52.3	50.0	46.3
Customers' Inventories	50.1	52.4	-2.3	Too High	Slower	10	39.4	54.1	48.1	44.3	60.0	50.0
Prices	45.1	42.2	+2.9	Decreasing	Slower	4	57.6	44.7	57.7	34.1	52.0	41.5
Backlog of Orders	33.7	34.1	-0.4	Contracting	Faster	5	56.1	30.9	38.5	29.5	32.0	28.0
New Export Orders	33.5	35.6	-2.1	Contracting	Faster	6	53.0	30.1	36.5	30.7	38.0	30.5
Imports	34.9	37.6	-2.7	Contracting	Faster	5	43.9	33.3	44.2	33.0	40.0	26.8
Future Outlooks	24.8	28.3	-3.5	Contracting	Faster	6	31.8	23.6	32.7	23.9	26.0	18.3
Production Materials	44	46	-	-	-	-	45	43	46	49	38	39
MRO Supplies	38	42	-	-	-	-	38	41	37	40	35	32
Capital Expenditures	68	71	-	-	-	-	66	68	86	56	90	55

Chart 1: Time Series of Taiwan Manufacturing PMI

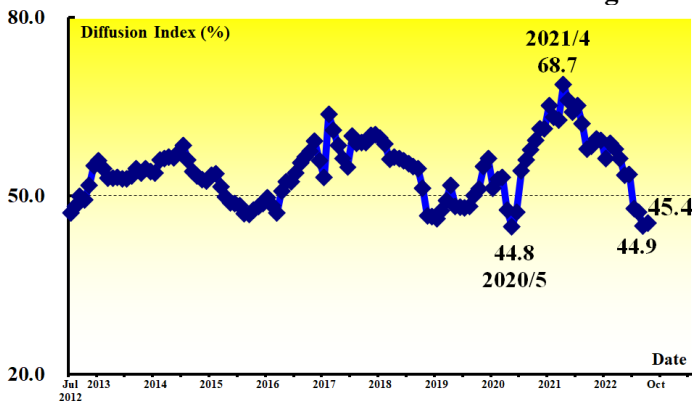
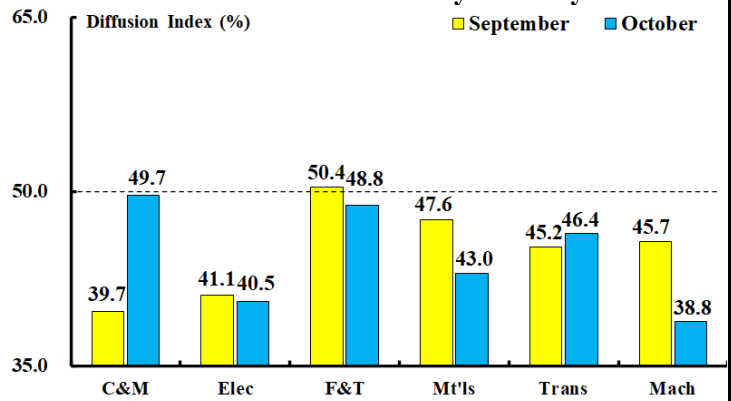


Chart 2: Performance by Industry



### Summary

- The Taiwan manufacturing sector contracted for the fourth consecutive month while the seasonally adjusted Taiwan Manufacturing PMI inched up 0.5 percentage point to 45.4 percent in October.
- Manufacturers' new orders, the leading indicator of the manufacturing business activities, contracted for seven consecutive months while the seasonally adjusted New Orders Index went up 5.1 percentage points to 42.8 percent.
- Manufacturers' production remained in contraction for four consecutive months as the seasonally adjusted Production Index registered 44.6 percent, rising 0.8 percentage point from the 43.8 percent recorded in September.
- The seasonally adjusted Employment Index registered 48.9 percent in October, indicating contraction for the third consecutive month.
- Manufacturers reported faster delivery performance for four consecutive months. The Supplier Deliveries Index registered 44.3 percent, inched up 0.1 percentage point from the lowest reading (44.2 percent) since December 2015.
- Manufacturers' inventories contracted for the second consecutive month following twenty months of growth as the Inventories Index further declined 3.3 percentage points to 46.5 percent, marking the lowest reading since March 2020.
- Manufacturers reported their customers having more than sufficient inventories on hand for ten consecutive months. The Customers' Inventories Index slightly decreased 2.3 percentage points to 50.1 percent in October.
- Manufacturers are currently buying rather lower prices for four consecutive months as the Prices Index registered 45.1 percent in October, up 2.9 percentage points from the lowest reading (42.2 percent) since July 2019.
- The Backlog of Orders Index contracted for the fifth consecutive month as the index inched down 0.4 percentage point to 33.7 percent, indicating the fastest contraction rate since July 2012.
- The New Export Orders and Imports Indexes both contracted for six and five consecutive months at 33.5 and 34.9 percent, respectively, registering the lowest readings since July 2012.
- The Future Outlooks Index contracted for the sixth consecutive month and decreased 3.5 percentage points to 24.8 percent, recording the lowest reading since July 2012.
- All six manufacturing industries categories reported contraction in the following order: Electrical & Machinery Equipment (38.8%), Electronic & Optical (40.5%), Basic Materials (43.0%), Transportation Equipment (46.4%), Foods & Textiles (48.8%) and Chemical, Biological & Medical (49.7%).

## 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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