

October 2023 Taiwan Manufacturing PMI

PMI at 47.1%

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

MANUFACTURING AT A GLANCE

October 2023

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	47.1	48.2	-1.1	Contracting	Faster	8	48.5	43.6	51.7	46.2	50.0	44.3
New Orders	48.3	51.7	-3.4	Contracting	From Growing	1	48.7	42.4	50.0	45.6	50.0	42.5
Production	49.4	52.9	-3.5	Contracting	From Growing	1	48.7	47.1	47.8	44.4	47.6	45.0
Employment	48.6	47.1	+1.5	Contracting	Slower	15	46.2	46.2	56.5	48.9	47.6	46.3
Supplier Deliveries	46.2	43.8	+2.4	Faster	Slower	16	48.7	44.5	52.2	42.2	61.9	48.8
Inventories	42.8	45.4	-2.6	Contracting	Faster	8	50.0	37.8	52.2	50.0	42.9	38.8
Customers' Inventories	44.7	44.1	+0.6	Too Low	Slower	12	46.2	42.0	52.2	50.0	38.1	43.8
Prices	53.4	58.7	-5.3	Increasing	Slower	3	60.3	51.7	65.2	51.1	61.9	45.0
Backlog of Orders	41.1	43.6	-2.5	Contracting	Faster	17	46.2	41.6	39.1	41.1	40.5	33.8
New Export Orders	42.4	46.2	-3.8	Contracting	Faster	18	48.7	44.5	45.7	38.9	40.5	27.5
Imports	43.2	44.6	-1.4	Contracting	Faster	17	51.3	41.2	45.7	46.7	42.9	35.0
Future Outlooks	39.8	44.7	-4.9	Contracting	Faster	18	46.2	40.8	47.8	28.9	47.6	40.0
Production Materials	39	41	-	-	-	-	38	41	44	41	25	34
MRO Supplies	35	38	-	-	-	-	34	36	42	40	24	29
Capital Expenditures	66	63	-	-	-	-	61	67	91	59	63	60

Chart 1: Time Series of Taiwan Manufacturing PMI

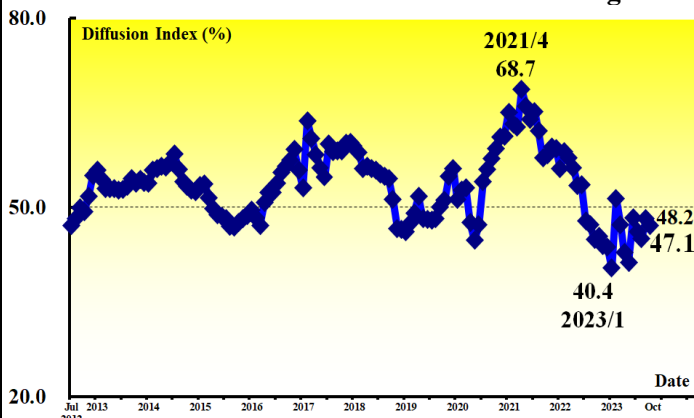
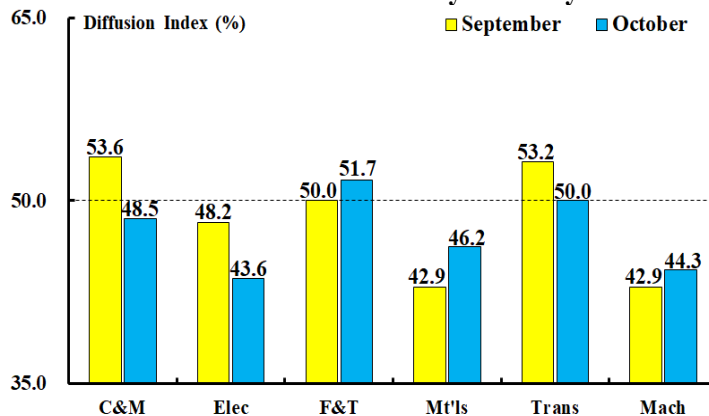


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector still remained in contraction for the eighth consecutive month as the seasonally adjusted Taiwan Manufacturing PMI decreased 1.1 percentage points to 47.1 percent in October.
- Both the seasonally adjusted New Orders and Production Indexes contracted following only one month of growth, decreasing 3.4 and 3.5 percentage points to 48.3 and 49.4 percent, respectively.
- The seasonally adjusted Employment Index contracted for the fifteenth consecutive month while the index went up 1.5 percentage points to 48.6 percent, recording the slowest contraction rate since March 2023.
- Manufacturers reported faster delivery performance for sixteen consecutive months as the Supplier Deliveries Index registered 46.2 percent, 2.4 percentage points higher than the previous reading.
- Manufacturers' inventories contracted for the eighth consecutive month. The Inventories Index went down 2.6 percentage points to 42.8 percent and contracted at the fastest rate since November 2015.
- Manufacturers reported their customers had insufficient inventories on hand for twelve consecutive months. The Customers' Inventories Index slightly increased 0.6 percentage point to 44.7 percent in October.
- Manufacturers experienced higher purchasing prices for the third consecutive month while the Prices Index decreased 5.3 percentage points to 53.4 percent in October.
- The Backlog of Orders Index contracted at the faster rate and registered 41.1 percent in October, indicating a contraction for the seventeenth consecutive month.
- Both the New Export Orders and Imports Indexes contracted at faster rate and dropped 3.8 and 1.4 percentage points to 42.4 and 43.2 percent, respectively.
- The Future Outlooks Index remained in contraction for the eighteenth month and decreased 4.9 percentage points to 39.8 percent in October.
- Four among six manufacturing industries categories reported contraction in the following order: Electronic & Optical (43.6%), Electrical & Machinery Equipment (44.3%), Basic Materials (46.2%) and Chemical, Biological & Medical (48.5%). While Foods & Textiles (51.7%) reported growth in October. Only Transportation Equipment (50.0%) reported unchanged from September.

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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