

October 2021 Taiwan Manufacturing PMI

PMI at 58.3%

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

MANUFACTURING AT A GLANCE

October 2021

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	58.3	57.8	+0.5	Growing	Faster	16	53.2	56.6	66.7	54.0	54.0	60.7
New Orders	56.8	53.5	+3.3	Growing	Faster	16	51.2	51.8	72.2	49.0	52.5	51.2
Production	55.9	57.0	-1.1	Growing	Slower	16	52.4	52.7	70.4	45.8	42.5	57.0
Employment	55.2	54.5	+0.7	Growing	Faster	16	52.4	55.4	55.6	51.0	55.0	59.3
Supplier Deliveries	65.7	69.1	-3.4	Slowing	Slower	24	62.2	67.4	79.6	56.3	67.5	68.6
Inventories	58.0	55.1	+2.9	Growing	Faster	10	47.6	55.8	55.6	67.7	52.5	67.4
Customers' Inventories	49.4	51.8	-2.4	Too Low	From Too High	1	48.8	50.0	42.6	51.0	47.5	50.0
Prices	80.9	77.9	+3.0	Increasing	Faster	17	85.4	78.6	88.9	78.1	82.5	87.2
Backlog of Orders	50.3	56.1	-5.8	Growing	Slower	15	48.8	49.6	61.1	46.9	47.5	57.0
New Export Orders	50.6	55.2	-4.6	Growing	Slower	16	52.4	52.7	53.7	44.8	40.0	52.3
Imports	56.5	57.1	-0.6	Growing	Slower	16	51.2	58.9	61.1	54.2	50.0	53.5
Future Outlooks	54.2	55.5	-1.3	Growing	Slower	15	59.8	52.2	66.7	51.0	52.5	55.8
Production Materials	46	48	-	-	-	-	40	48	39	47	48	53
MRO Supplies	39	39	-	-	-	-	38	43	29	36	37	38
Capital Expenditures	67	66	-	-	-	-	60	74	71	58	78	59

Chart 1: Time Series of Taiwan Manufacturing PMI

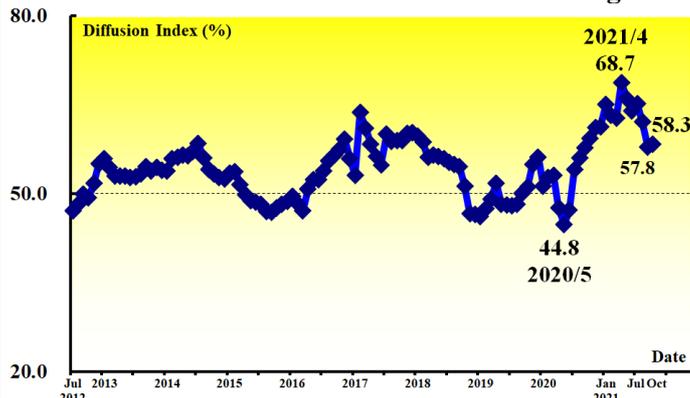
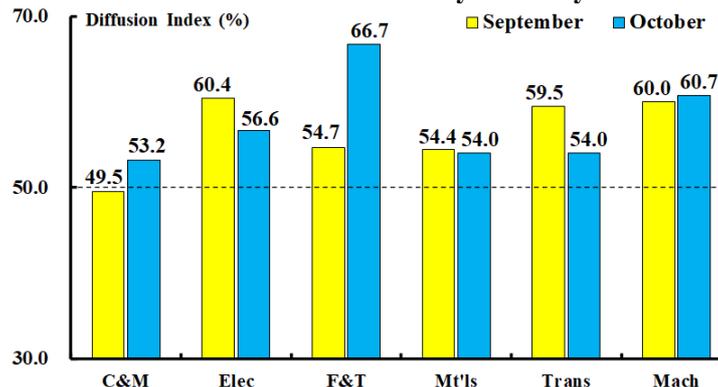


Chart 2: Performance by Industry



Summary

- The seasonally adjusted Taiwan Manufacturing PMI slightly increased 0.5 percentage point to 58.3 percent in October following two months of deceleration.
- The seasonally adjusted New Orders Index increased 3.3 percentage points from the slowest rate of 53.5 percent since July 2020 and registered 56.8 percent.
- The seasonally adjusted Production Index further fell 1.1 percentage points to 55.9 percent and registered the slowest growing rate since July 2020.
- The seasonally adjusted Employment Index accelerated following two months of deceleration as the index increased 0.7 percentage point to 55.2 percent.
- The Supplier Deliveries Index remained above 60.0 percent for twelve consecutive months while the index further decreased 3.4 percentage points to 65.7 percent.
- The Inventories Index rose 2.9 percentage points to 58.0 percent following two months of deceleration.
- The Customer's Inventories Index decreased 2.4 percentage points to 49.4 percent in October, indicating manufacturers believe that their customers have insufficient inventories on hand for the first time in the past four months.
- The Prices Index maintained above 70.0 percent for twelve consecutive months as the index increased 3.0 percentage points to 80.9 percent.
- The Backlog of Orders Index further decreased 5.8 percentage points to 50.3 percent and recorded the lowest index number since August 2020.
- The Future Outlooks Index continued expanding for fifteen consecutive months but further dropped 1.3 percentage points to 54.2 percent, indicating the slowest expansion rate since September 2020.
- All manufacturing industries categories reported growing in the following order: Foods & Textiles (66.7%), Electrical & Machinery Equipment (60.7%), Electronic & Optical (56.6%), Basic Materials (54.0%), Transportation Equipment (54.0%) and Chemical, Biological & Medical (53.2%).

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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