

September 2021 Taiwan Manufacturing PMI

PMI at 57.8%

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

MANUFACTURING AT A GLANCE

September 2021

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	57.8	62.1	-4.3	Growing	Slower	15	49.5	60.4	54.7	54.4	59.5	60.0
New Orders	53.5	62.3	-8.8	Growing	Slower	15	41.0	58.8	53.3	46.5	61.9	48.8
Production	57.0	62.9	-5.9	Growing	Slower	15	38.5	60.9	48.3	47.7	59.5	65.0
Employment	54.5	58.3	-3.8	Growing	Slower	15	50.0	56.7	51.7	53.5	59.5	55.0
Supplier Deliveries	69.1	69.6	-0.5	Slowing	Slower	23	69.2	71.0	70.0	64.0	64.3	71.3
Inventories	55.1	57.4	-2.3	Growing	Slower	9	48.7	54.6	50.0	60.5	52.4	60.0
Customers' Inventories	51.8	51.6	+0.2	Too High	Faster	3	41.0	55.0	53.3	53.5	42.9	46.3
Prices	77.9	80.1	-2.2	Increasing	Slower	16	76.9	79.4	75.0	73.3	81.0	81.3
Backlog of Orders	56.1	58.7	-2.6	Growing	Slower	14	34.6	60.1	60.0	57.0	54.8	55.0
New Export Orders	55.2	56.6	-1.4	Growing	Slower	15	52.6	62.2	56.7	45.3	50.0	41.3
Imports	57.1	58.2	-1.1	Growing	Slower	15	53.8	60.5	56.7	52.3	54.8	53.8
Future Outlooks	55.5	61.3	-5.8	Growing	Slower	14	50.0	56.7	56.7	58.1	54.8	48.8
Production Materials	48	46	-	-	-	-	41	50	39	52	45	55
MRO Supplies	39	38	-	-	-	-	36	43	31	37	29	44
Capital Expenditures	66	70	-	-	-	-	53	71	83	55	67	58

Chart 1: Time Series of Taiwan Manufacturing PMI

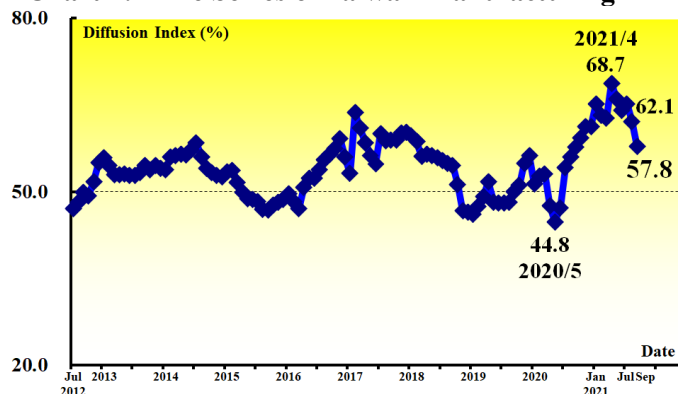
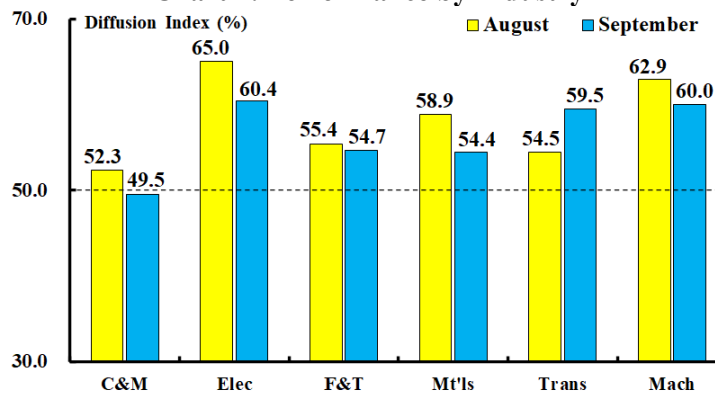


Chart 2: Performance by Industry



Summary

- The seasonally adjusted Taiwan Manufacturing PMI expanded for fifteen consecutive months while the index further decreased 4.3 percentage points to 57.8 percent and registered the slowest growth rate since October 2020.
- Both the New Orders and Production Indexes expanded at the slowest rate since July 2020 and decreased 8.8 and 5.9 percentage points to the seasonally adjusted reading of 53.5 and 57.0 percent, respectively.
- The seasonally adjusted Employment Index further declined 3.8 percentage points to 54.5 percent, registered the slowest growing rate since November 2020.
- The port congestion problem in the U.S. remained in September. The Supplier Deliveries Index maintained above 60.0 percent for eleven consecutive months but fell 0.5 percentage point to 69.1 percent.
- Manufacturers' inventories grew at the fastest rate in July but decelerated in the past two months. The Inventories Index further decreased 2.3 percentage points to 55.1 percent in September.
- Manufacturers reported their customers have more than sufficient inventories on hand for three consecutive months for the first time since November 2014 as the Customers' Inventories Index rose 0.2 percentage point to 51.8 percent.
- The Price Index maintained above 70.0 percent for eleven consecutive months but further decreased 2.2 percentage points to 77.9 percent and registered the lowest reading since December 2020.
- The Backlog of Orders Index expanded at the slowest rate since September 2020 and decreased 2.6 percentage points to 56.1 percent.
- The Future Outlooks Index continued expanding for fourteen consecutive months but contracted 5.8 percentage points to 55.5 percent this month, indicating the slowest expansion rate since September 2020.
- Manufacturing industries categories reported growing in the following order: Electronic & Optical (60.4%), Electrical & Machinery Equipment (60.0%), Transportation Equipment (59.5%), Foods & Textiles (54.7%) and Basic Materials (54.4%). While the Chemical, Biological & Medical (49.5%) turned to contraction in 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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