

February 2022 Taiwan Manufacturing PMI

PMI at 58.8%

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

MANUFACTURING AT A GLANCE

February 2022

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	58.8	56.2	+2.6	Growing	Faster	20	53.2	54.4	47.9	51.3	53.7	55.6
New Orders	58.6	52.6	+6.0	Growing	Faster	20	48.5	52.9	44.8	46.7	50.0	56.1
Production	59.5	49.8	+9.7	Growing	From Contracting	1	45.6	41.8	37.9	41.1	44.7	46.3
Employment	56.5	56.3	+0.2	Growing	Faster	20	57.4	54.5	53.4	52.2	52.6	52.4
Supplier Deliveries	61.7	65.6	-3.9	Slowing	Slower	28	63.2	62.3	58.6	58.9	63.2	64.6
Inventories	57.7	56.7	+1.0	Growing	Faster	14	51.5	60.7	44.8	57.8	57.9	58.5
Customers' Inventories	50.2	50.7	-0.5	Too High	Slower	2	60.3	53.7	41.4	41.1	50.0	45.1
Prices	82.8	76.6	+6.2	Increasing	Faster	21	89.7	79.5	89.7	85.6	84.2	80.5
Backlog of Orders	54.2	54.8	-0.6	Growing	Slower	19	55.9	54.9	48.3	55.6	50.0	52.4
New Export Orders	47.8	51.7	-3.9	Contracting	From Growing	1	50.0	48.0	50.0	45.6	42.1	50.0
Imports	53.1	57.8	-4.7	Growing	Slower	20	50.0	54.1	56.9	53.3	57.9	45.1
Future Outlooks	65.1	59.7	+5.4	Growing	Faster	19	60.3	66.8	69.0	65.6	55.3	62.2
Production Materials	54	51	-	-	-	-	46	60	44	48	54	54
MRO Supplies	44	43	-	-	-	-	44	50	49	37	37	35
Capital Expenditures	76	74	-	-	-	-	63	86	87	55	103	58

Chart 1: Time Series of Taiwan Manufacturing PMI

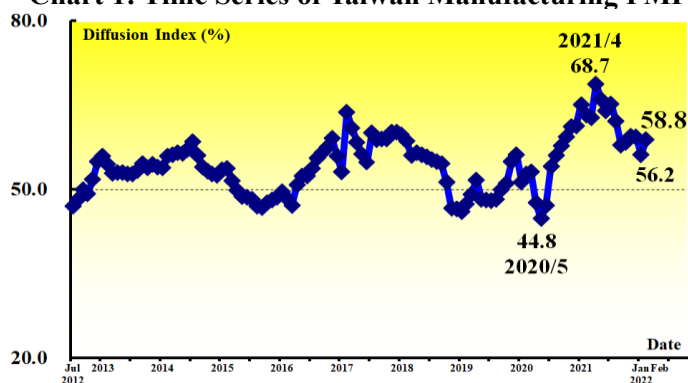
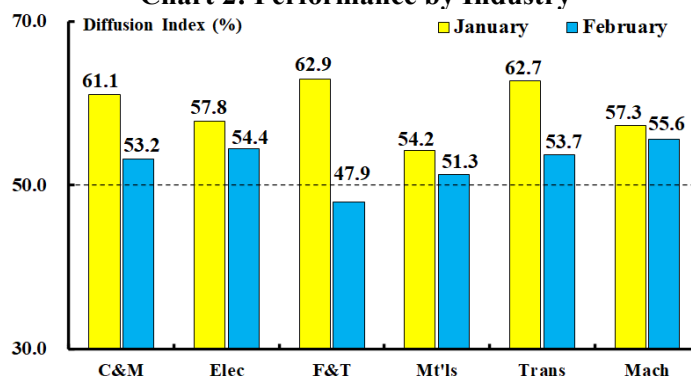


Chart 2: Performance by Industry



Summary

- The seasonally adjusted Taiwan Manufacturing PMI expanded for twenty consecutive months as the index increased 2.6 percentage points to 58.8 percent in February.
- Regardless of fewer working days (only fifteen days) in February due to the Chinese New Year and the Peace Memorial Day holidays, the seasonally adjusted New Orders Index went up 6.0 percentage points to 58.6 percent in February.
- The seasonally adjusted Production Index turned to growth following only one month of contraction and increased 9.7 percentage points to 59.5 percent in February.
- The seasonally adjusted Employment Index slightly inched up 0.2 percentage point to 56.5 percent, indicating growth for the twentieth consecutive month.
- The Supplier Deliveries Index went down 3.9 percentage points to 61.7 percent, marking the lowest reading since November 2020.
- The Inventories Index expanded for fourteen consecutive months and increased 1.0 percentage point to 57.7 percent in February.
- Manufacturers reported their customers having more than sufficient inventories on hand for two consecutive months as the Customers' Inventories Index slightly decreased 0.5 percentage point to 50.2 percent in February.
- The Prices Index had maintained around 70.0 percent since November 2021 while the index sharply increased 6.2 percentage points to 82.8 percent and registered the highest reading since August 2021.
- The Backlog of Orders Index fell 0.6 percentage point to 54.2 percent, remaining in growth territory for nineteen consecutive months.
- The New Export Orders Index turned to contraction following nineteen consecutive months of growth as the index dropped 3.9 percentage points to 47.8 percent in February.
- The Imports Index expanded for the twentieth consecutive month but went down 4.7 percentage points to 53.1 percent, the lowest reading since August 2020.
- The Future Outlooks Index further rose 5.4 percentage points to 65.1 percent, the fastest growth rate since August 2021.
- Five among six manufacturing industries categories reported growing in the following order: Machinery Equipment (55.6%), Electronic & Optical (54.4%), Transportation Equipment (53.7%), Chemical, Biological & Medical (53.2%) and Basic Materials (51.3%). Only Foods & Textiles (47.9%) industry reported contraction in February.

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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