

April 2022 Taiwan Manufacturing PMI

PMI at 56.3%

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

MANUFACTURING AT A GLANCE

April 2022

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	56.3	57.8	-1.5	Growing	Slower	22	62.1	59.1	59.6	61.6	56.2	58.1
New Orders	47.7	52.4	-4.7	Contracting	From Growing	1	64.1	52.5	51.9	54.5	59.5	53.5
Production	50.2	55.2	-5.0	Growing	Slower	3	67.9	56.3	59.3	67.0	47.6	57.0
Employment	54.6	54.1	+0.5	Growing	Faster	22	53.8	56.7	55.6	58.0	47.6	53.5
Supplier Deliveries	67.4	65.6	+1.8	Slowing	Faster	30	71.8	66.3	68.5	65.9	69.0	69.8
Inventories	61.4	61.6	-0.2	Growing	Slower	16	52.6	63.8	63.0	62.5	57.1	57.0
Customers' Inventories	51.9	51.0	+0.9	Too High	Faster	4	53.8	55.8	42.6	46.6	40.5	52.3
Prices	84.1	87.5	-3.4	Increasing	Slower	23	80.8	80.8	87.0	90.9	81.0	91.9
Backlog of Orders	55.7	57.3	-1.6	Growing	Slower	21	62.8	54.6	48.1	55.7	66.7	54.7
New Export Orders	51.9	57.2	-5.3	Growing	Slower	2	64.1	48.3	57.4	50.0	59.5	53.5
Imports	56.1	61.9	-5.8	Growing	Slower	22	56.4	52.9	61.1	61.4	45.2	64.0
Future Outlooks	52.9	60.9	-8.0	Growing	Slower	21	57.7	52.5	46.3	56.8	47.6	48.8
Production Materials	52	53	-	-	-	-	48	54	59	53	36	55
MRO Supplies	39	42	-	-	-	-	40	40	46	40	27	35
Capital Expenditures	72	75	-	-	-	-	65	75	106	54	71	68

Chart 1: Time Series of Taiwan Manufacturing PMI

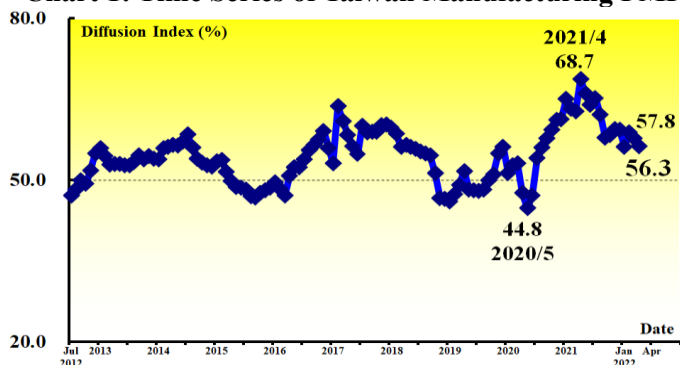
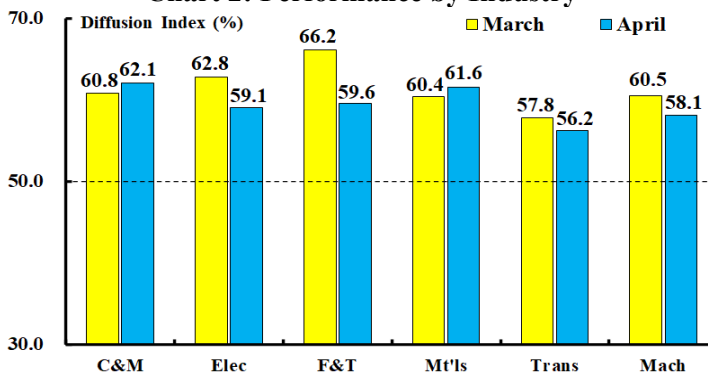


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector expanded for twenty-two consecutive months but decelerated as the seasonally adjusted Taiwan Manufacturing PMI fell 1.5 percentage points to 56.3 percent in April. The contraction in the new orders and the slower growth in production are the negative factors to the lower PMI reading.
- Manufacturers' new orders contracted for the first time since July 2020 during April as the seasonally adjusted New Orders Index decreased 4.7 percentage points and registered 47.7 percent.
- Manufacturers' production remained in growth in April while the Production Index further fell 5.0 percentage points to 50.2 percent.
- Supplier delivery time was slower due to the Russia-Ukraine war and the COVID-19 lockdown in China as the Supplier Deliveries Index further rose 1.8 percentage points to 67.4 percent in April.
- The Inventories Index expanded for sixteen consecutive months and registered 61.4 percent, a slight decrease of 0.2 percentage point from the March reading.
- Manufacturers reported their customers having more than sufficient inventories on hand for four consecutive months as the Customers' Inventories Index went up 0.9 percentage point to 51.9 percent.
- The prices of manufacturers' purchases increased due to the Russia-Ukraine war and other geopolitical reasons. The Prices Index registered 84.1 percent, down 3.4 percentage points from the highest reading of 87.5 percent since June 2021.
- The Backlog of Orders Index grew for twenty-one consecutive months but decreased 1.6 percentage points to 55.7 percent.
- Both the seasonally unadjusted New Export Orders and Imports Indexes grew at slower rates and dropped 5.3 and 5.8 percentage points to 51.9 and 56.1 percent in April, respectively.
- Taiwan's manufacturers were still optimistic about the future while the Future Outlooks Index significantly fell 8.0 percentage points to 52.9 percent in April, the lowest reading recorded since August 2020.
- All manufacturing industries categories reported growing in the following order: Chemical, Biological & Medical (62.1%), Basic Materials (61.6%), Foods & Textiles (59.6%), Electronic & Optical (59.1%), Machinery Equipment (58.1%) and Transportation Equipment (56.2%).

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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