

June 2022 Taiwan Manufacturing PMI

PMI at 53.6%

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

MANUFACTURING AT A GLANCE

June 2022

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	53.6	53.5	+0.1	Growing	Faster	24	52.0	50.4	55.0	49.1	50.9	52.1
New Orders	47.4	45.6	+1.8	Contracting	Slower	3	40.0	40.0	53.8	34.4	40.9	42.1
Production	51.6	47.9	+3.7	Growing	From Contracting	1	44.3	45.4	50.0	43.3	52.3	52.6
Employment	55.1	54.2	+0.9	Growing	Faster	24	55.7	53.8	55.8	54.4	50.0	52.6
Supplier Deliveries	54.8	61.7	-6.9	Slowing	Slower	32	62.9	50.8	59.6	56.7	52.3	60.5
Inventories	59.1	58.2	+0.9	Growing	Faster	18	57.1	62.1	55.8	56.7	59.1	52.6
Customers' Inventories	56.9	52.1	+4.8	Too High	Faster	6	54.3	61.3	51.9	52.2	50.0	52.6
Prices	62.5	69.3	-6.8	Increasing	Slower	25	67.1	61.3	84.6	50.0	65.9	71.1
Backlog of Orders	42.9	50.2	-7.3	Contracting	From Growing	1	41.4	43.8	53.8	37.8	38.6	44.7
New Export Orders	39.1	47.6	-8.5	Contracting	Faster	2	42.9	40.8	40.4	31.1	36.4	42.1
Imports	49.3	51.0	-1.7	Contracting	From Growing	1	50.0	50.0	51.9	43.3	52.3	53.9
Future Outlooks	37.1	44.0	-6.9	Contracting	Faster	2	45.7	36.7	48.1	28.9	36.4	38.2
Production Materials	52	49	-	-	-	-	50	55	54	53	42	48
MRO Supplies	43	43	-	-	-	-	44	44	47	41	36	41
Capital Expenditures	76	70	-	-	-	-	72	81	94	62	73	73

Chart 1: Time Series of Taiwan Manufacturing PMI

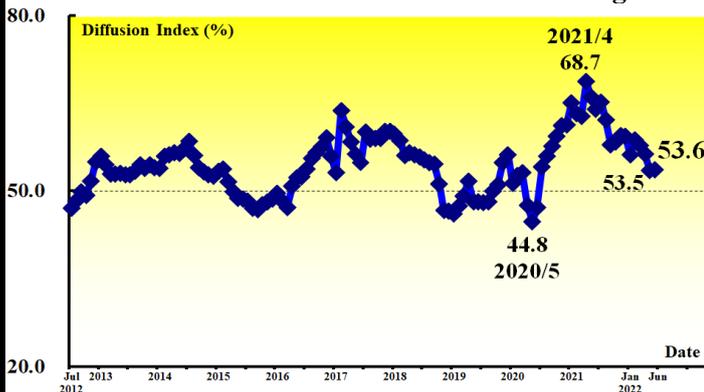
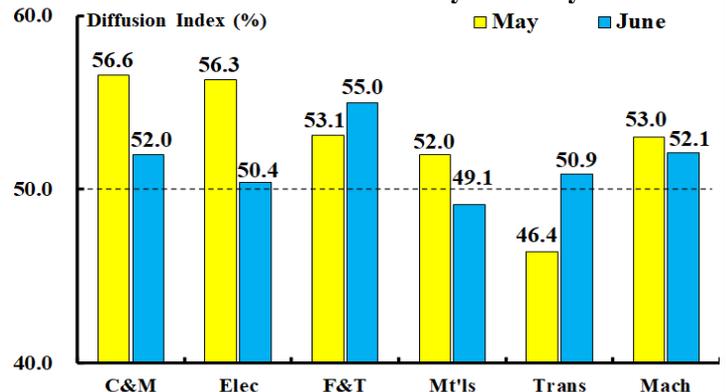


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector expanded for twenty-four consecutive months as the seasonally adjusted Taiwan Manufacturing PMI registered 53.6 percent, barely added 0.1 percentage point from the 53.5 percent (the slowest expansion rate since July 2020).
- Manufacturers' new orders, the leading indicator of the manufacturing business conditions, contracted for the third consecutive month. The seasonally adjusted New Orders Index registered 47.4 percent, raised from the lowest reading of 45.6 percent since July 2020.
- Manufacturers' production turned to growth following only one month of contraction as the seasonally adjusted Production Index increased 3.7 percentage points to 51.6 percent in June.
- The Russia-Ukraine war and the COVID-19 lockdown in China further resulted in sluggish demand. The Supplier Deliveries Index went down 6.9 percentage points to 54.8 percent, registering the lowest reading since August 2020.
- Manufacturers' new orders contracted for three consecutive months, while manufacturers' inventories still expanded for eighteen consecutive months. The Inventories Index accelerated and registered 59.1 percent in June.
- Manufacturers reported their customers having more than sufficient inventories on hand for six consecutive months. The Customers' Inventories Index further increased 4.8 percentage points to 56.9 percent, the highest reading since July 2012.
- The Prices Index decreased 6.8 percentage points to 62.5 percent, the lowest level since September 2020.
- Manufacturers' backlogs reversed the recent trend of growing in the past twenty-two consecutive months as the Backlog of Orders Index contracted at the fastest rate since June 2020 and registered 42.9 percent.
- The New Export Orders Index contracted for two consecutive months as the index fell 8.5 percentage points to 39.1 percent, registering the fastest contraction rate since June 2020.
- The Future Outlooks Index contracted for the second consecutive month and further fell 6.9 percentage points to 37.1 percent. All the six manufacturing industries categories reported future outlooks contracting for two consecutive months.
- Five among six manufacturing industries categories reported growing in the following order: Foods & Textiles (55.0%), Electrical & Machinery Equipment (52.1%), Chemical, Biological & Medical (52.0%), Transportation Equipment (50.9%) and Electronic & Optical (50.4%). While the Basic Materials (49.1%) reversed its trend of growth and contracted during June for the first time in the past twenty-four months.

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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