

January 2021 Taiwan Manufacturing PMI

PMI at 65.1%

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

MANUFACTURING AT A GLANCE

January 2021

| Index | Series Index Jan | Series Index Dec | Percentage Point Change | Direction | Rate of Change | Trend (Months) | C&M | Elec | F&T | Mt'ls | Trans | Mach |
|--------------------------|------------------|------------------|-------------------------|------------|------------------|----------------|------|------|------|-------|-------|------|
| Taiwan Manufacturing PMI | 65.1 | 61.3 | +3.8 | Growing | Faster | 7 | 63.0 | 65.3 | 61.3 | 66.3 | 70.5 | 67.4 |
| New Orders | 68.2 | 69.4 | -1.2 | Growing | Slower | 7 | 66.3 | 69.1 | 66.7 | 69.5 | 70.0 | 75.0 |
| Production | 67.7 | 66.9 | +0.8 | Growing | Faster | 7 | 61.3 | 67.3 | 64.6 | 72.0 | 80.0 | 73.9 |
| Employment | 58.5 | 54.9 | +3.6 | Growing | Faster | 7 | 57.5 | 56.4 | 58.3 | 56.1 | 72.5 | 63.0 |
| Supplier Deliveries | 73.3 | 65.1 | +8.2 | Slowing | Faster | 15 | 73.8 | 77.7 | 58.3 | 72.0 | 70.0 | 64.1 |
| Inventories | 57.9 | 49.9 | +8.0 | Growing | From Contracting | 1 | 56.3 | 55.9 | 58.3 | 62.2 | 60.0 | 60.9 |
| Customers' Inventories | 45.8 | 44.2 | +1.6 | Too Low | Slower | 8 | 45.0 | 45.5 | 60.4 | 48.8 | 30.0 | 38.0 |
| Prices | 85.8 | 82.8 | +3.0 | Increasing | Faster | 8 | 80.0 | 87.3 | 79.2 | 87.8 | 80.0 | 89.1 |
| Backlog of Orders | 65.2 | 63.3 | +1.9 | Growing | Faster | 6 | 57.5 | 66.4 | 52.1 | 70.7 | 62.5 | 68.5 |
| New Export Orders | 62.8 | 62.6 | +0.2 | Growing | Faster | 7 | 60.0 | 65.9 | 60.4 | 54.9 | 62.5 | 68.5 |
| Imports | 62.1 | 58.2 | +3.9 | Growing | Faster | 7 | 63.8 | 61.4 | 58.3 | 63.4 | 67.5 | 62.0 |
| Future Outlooks | 70.0 | 69.9 | +0.1 | Growing | Faster | 6 | 67.5 | 70.5 | 60.4 | 70.7 | 80.0 | 71.7 |
| Production Materials | 43 | 40 | - | - | - | - | 46 | 43 | 41 | 48 | 34 | 41 |
| MRO Supplies | 38 | 35 | - | - | - | - | 39 | 39 | 31 | 35 | 32 | 44 |
| Capital Expenditures | 67 | 64 | - | - | - | - | 71 | 63 | 79 | 69 | 80 | 60 |

Chart 1: Time Series of Taiwan Manufacturing PMI

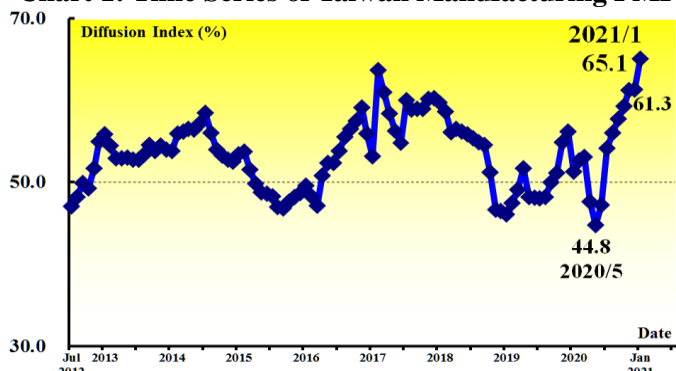
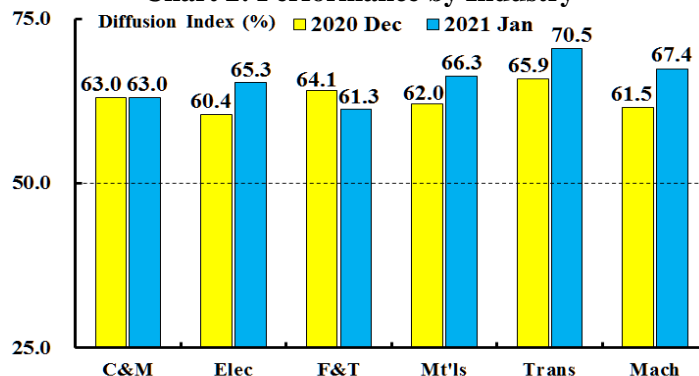


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector expanded at the fastest rate since July 2012, the first release of PMI, as the seasonally adjusted Taiwan Manufacturing PMI further increased 3.8 percentage points to 65.1 percent in January.
- The seasonally adjusted New Orders Index registered 68.2 percent, down from the highest point of 69.4 percent in December 2020.
- The seasonally adjusted Production Index further increased 0.8 percentage point to 67.7 percent and remained positively above 60.0 percent for the fifth consecutive month.
- The Employment Index went up 3.6 percentage points to 58.5 percent and registered the highest reading since April 2017.
- The global shortage of shipping containers resulted in longer supplier deliveries times as the Supplier Deliveries Index further rose 8.2 percentage points to 73.3 percent and registered its highest reading since July 2012.
- The Inventories Index turned to growing following only one month of contracting, as the index rebounded 8.0 percentage points to 57.9 percent and recorded the highest reading since June 2018.
- The Prices Index further increased 3.0 percentage points to 85.8 percent, signaling continuous extremely upward pressure on manufacturers' cost. This is also the highest reading for the Prices Index since July 2012.
- Manufacturers' backlog orders grew the fastest rate since July 2012 as the Backlog of Orders Index further rose 1.9 percentage points to 65.2 percent.
- Manufacturers' new export orders and imports grew for seven consecutive months as the New Export Orders and Imports Indexes further increased 0.2 and 3.9 percentage points to 62.8 and 62.1 percent, respectively.
- The Future Outlooks Index slightly up 0.1 percentage point to 70.0 percent and grew at the fastest pace since July 2012.
- Of the six manufacturing industries categories, all are reporting growth in the following order: Transportation Equipment (70.5%), Electrical & Machinery Equipment (67.4%), Basic Materials (66.3%), Electronic & Optical (65.3%), Chemical, Biological & Medical (63.0%) and Foods & Textiles (61.3%). This is the second month that all the manufacturing industries categories PMI remained above 60.0 percent.

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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