國家發展委員會
NATIONAL DEVELOPMENT COUNCIL

smit 社團法人中華採購與供應管理協會
supply management institute, taiwan

CIER 中華經濟研究院
CHUNG-HUA INSTITUTION FOR ECONOMIC RESEARCH

September 2020 Taiwan Manufacturing PMI

PMI at 57.7%

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

MANUFACTURING AT A GLANCE
September 2020

Unit：%

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	57.7	56.0	+1.7	Growing	Faster	3	57.8	62.4	61.0	56.9	66.1	51.0
New Orders	61.4	62.5	-1.1	Growing	Slower	3	67.8	69.6	70.0	63.5	71.7	52.4
Production	61.3	59.2	+2.1	Growing	Faster	3	66.7	66.1	63.3	62.5	82.6	59.8
Employment	54.0	52.5	+1.5	Growing	Faster	3	50.0	58.4	53.3	50.0	67.4	51.2
Supplier Deliveries	58.7	55.1	+3.6	Slowing	Faster	11	58.9	62.9	53.3	53.1	56.5	51.2
Inventories	53.3	50.6	+2.7	Growing	Faster	2	45.6	54.9	65.0	55.2	52.2	40.2
Customers' Inventories	42.5	41.9	+0.6	Too Low	Slower	4	42.2	40.6	43.3	47.9	32.6	46.3
Prices	67.6	58.9	+8.7	Increasing	Faster	4	73.3	65.4	63.3	72.9	71.7	63.4
Backlog of Orders	59.1	53.5	+5.6	Growing	Faster	2	58.9	61.2	58.3	58.3	65.2	46.3
New Export Orders	60.4	57.3	+3.1	Growing	Faster	3	63.3	65.4	61.7	50.0	63.0	47.6
Imports	55.7	54.5	+1.2	Growing	Faster	3	56.7	55.2	58.3	55.2	60.9	53.7
Future Outlooks	58.6	53.5	+5.1	Growing	Faster	2	61.1	57.3	65.0	61.5	69.6	45.1
Production Materials	37	35		-	-		50	37	37	40	18	27
MRO Supplies	31	31		-	-		35	32	37	34	18	22
Capital Expenditures	62	60		-	-		65	57	87	53	54	68

Chart 1: Time Series of Taiwan Manufacturing PMI

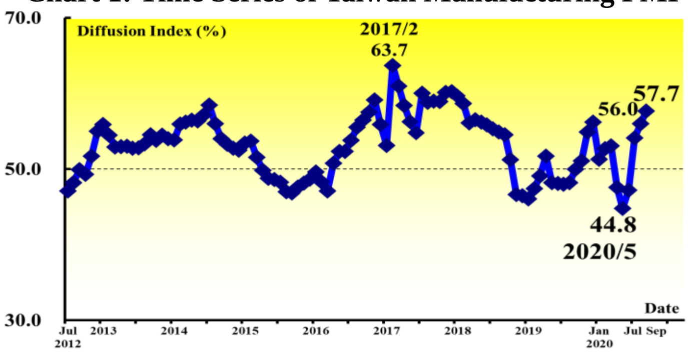
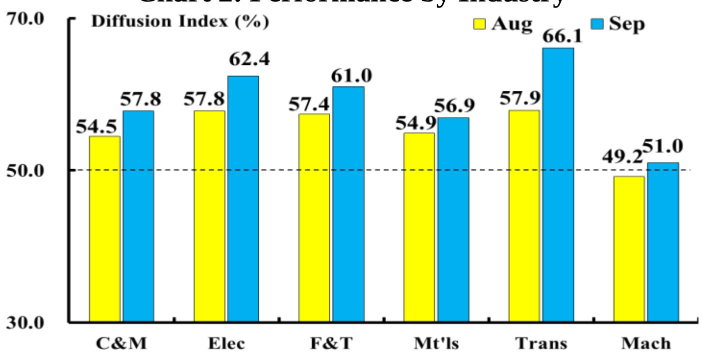


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector grew for three consecutive months. The seasonally adjusted Taiwan Manufacturing PMI further increased 1.7 percentage points to 57.7 percent and recorded the fastest rate of growth since March 2018.
- The seasonally adjusted New Orders Index remained positively above 60.0 percent for two consecutive months, as the index registered 61.4 percent in September.
- The seasonally adjusted Production Index accelerated and increased 2.1 percentage points to 61.3 percent and continuously grew for the third consecutive month.
- Manufacturing employment grew at the fastest manner since January 2020 as the seasonally adjusted Employment Index accelerated and went up 1.5 percentage points to 54.0 percent.
- The delivery performance of suppliers in the manufacturing sector was still slower for eleven consecutive months, as the Supplier Deliveries Index further increased 3.6 percentage points to 58.7 percent.
- Manufacturers' inventories grew for two consecutive months. The Inventories Index further increased 2.7 percentage points to 53.3 percent and grew at the fastest pace since May 2019.
- Manufacturers are experiencing higher prices of their purchases for the fourth consecutive month, as the Price Index further rose 8.7 percentage points to 67.6 percent and recorded the highest mark since August 2018.
- The Backlog of Orders Index further rose 5.6 percentage points to 59.1 percent, the fastest rate of growth since April 2018.
- Both New Export Orders and Imports Indexes grew for three consecutive months and increased 3.1 and 1.2 percentage points to 60.4 and 55.7 percent, respectively.
- The Future Outlooks Index further rose 5.1 percentage points to 58.6 percent, and registered its highest confident reading since February 2020.
- All manufacturing industries categories reported growing for the first time since May 2019 in the following order: Transportation Equipment (66.1%), Electronic & Optical (62.4%), Foods & Textiles (61.0%), Chemical, Biological & Medical (57.8%), Basic Materials (56.9%) and Electrical & Machinery Equipment (51.0%).

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.

Contact Information:

For economics comments, data and technical queries, please contact

Shin-Hui Chen, Ph.D.
Assistant Research Fellow, Center for Economic Forecasting Chung-Hua Institution for Economic Research
E-Mail: csh@cier.edu.tw
Tel: +(886) 2 27356006 ext. 623
www.cier.edu.tw

For industry comments, please contact:

Steve Lai
Executive Director, Center for Purchasing and Supply Studies
Supply Management Institute, Taiwan
E-Mail: stevelai@smit.org.tw
Tel: +(886) 2 27495889
www.smit.org.tw