

S&P Global Taiwan Manufacturing PMI[®]

Manufacturing conditions continue to weaken in August

August 2025

Firms signal softer, but still marked falls in output and new orders

Pessimism around the year-ahead deepens, leading to further drop in employment

Input price inflation hits six-month high

Business conditions across Taiwan's manufacturing sector continued to worsen in August, according to the latest PMI data, with firms reporting that subdued global economic conditions and ongoing US trade policy uncertainty had weighed on performance.

Goods producers in Taiwan signalled further sharp reductions in both output and new orders midway through the third quarter, despite rates of contraction easing since July. Companies indicated that customer demand had fallen both at home and overseas, with new export business also falling at a slower but still marked pace. Uncertainty over US tariffs and the wider global economic climate also dampened confidence regarding the year-ahead, which in turn led companies to remain cautious with regards to staff hiring and input buying. Cost pressures meanwhile picked up, and selling prices were broadly stable after a five-month period of discounting.

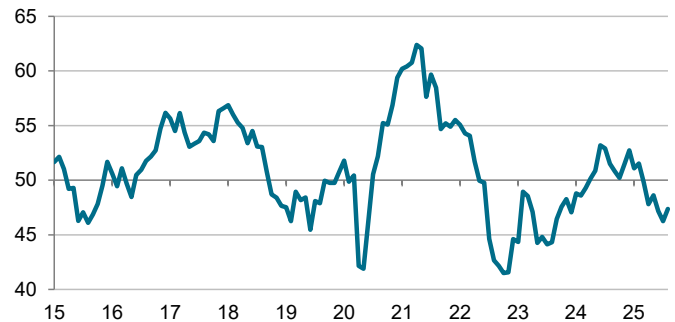
At 47.4 in August, the seasonally adjusted S&P Global Taiwan Manufacturing Purchasing Managers' Index[™] (PMI[®]) picked up from July's near two-year low of 46.2, but nevertheless signalled a further deterioration in business conditions. The health of the sector has now weakened in each of the past six months, though the latest reduction was the softest seen since May.

Goods producers in Taiwan signalled a decline in production levels during August, as has been the case in each month since April. The rate of decline eased from July but remained sharp overall, with firms often linking lower output to reduced sales and lingering uncertainty over US trade policy.

Overall new business likewise fell at a softer, but still marked rate in August. According to panel members, weaker global demand conditions drove the latest reduction in new orders, with customers often reluctant to commit to projects amid ongoing tariff-related uncertainty. New export business also fell sharply, with firms noting reduced demand across key markets like Europe, the US, mainland China and Japan.

The sustained falls in new work and production led companies to cut back on input buying again midway through the third quarter. Despite easing since July, the rate of contraction

S&P Global Taiwan Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 12-20 August 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

Annabel Fiddes, Economics Associate Director at S&P Global Market Intelligence said:

"The latest PMI data indicated that the performance of Taiwan's manufacturing sector continued to be dampened by weak global demand conditions amid lingering uncertainty over US tariffs.

"Although firms signalled softer falls in output and new orders compared to July, rates of contraction remained historically marked overall, with businesses often noting that uncertainty over future US trade policy had led to greater hesitation among clients to commit to new projects.

"As a result, manufacturers expressed greater pessimism around future output, which in turn contributed to further drops in purchasing activity and staff hiring. When there is greater clarity on the future trade relationship with the US, it's hoped that this will feed through to greater confidence and help place the sector back firmly into growth territory."

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was the second-quickest since December 2023. Companies also maintained a cautious approach to inventory levels, with stocks of finished items falling slightly, while inventories of inputs rose marginally.

Supplier shortages and delayed shipping schedules meanwhile led to a further deterioration in average vendor performance. That said, the rate at which lead times increased remained modest.

Average input costs faced by Taiwanese manufacturing firms increased for the third month in a row in August. The rate of inflation was the quickest since February and solid, with firms linking the uptick to higher raw material costs and unfavourable exchange rate movements.

At the same time, factory gate prices were broadly stable in August, thereby ending a five-month period of discounting. Anecdotal evidence indicated that while some firms raised their charges to help ease pressure on margins, others offered discounts to attract new business.

The Future Output Index remained well below the neutral 50.0 level in August, to signal that companies generally expect output to fall over the next year. Furthermore, the degree of pessimism was the most severe since November 2022. Manufacturers often expressed concerns over worldwide demand conditions and the impact of US tariffs on trade.

Downbeat forecasts for the year-ahead and weak current demand conditions prompted firms to trim staff numbers again in August. That said, the rate of job shedding remained modest overall. Although employment fell again, companies signalled a lack of pressure on capacity, as lower amounts of new business enabled companies to work through outstanding orders at a solid pace.

Methodology

The S&P Global Taiwan Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2004.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

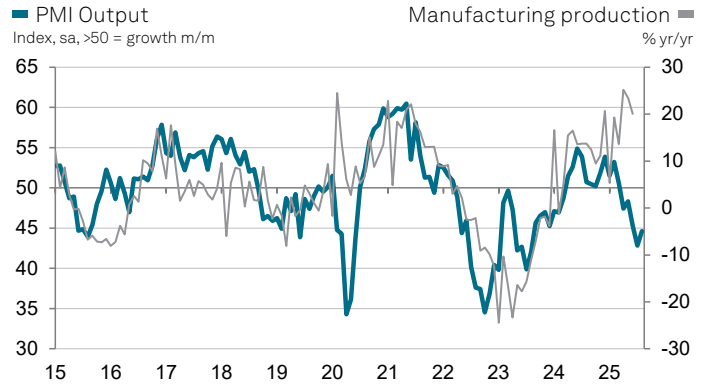
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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PMI by S&P Global

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