

S&P Global Taiwan Manufacturing PMI[®]

PMI signals solid deterioration in business conditions in September

September 2025

Production and new orders both fall at quicker rates

Employment declines amid rising costs and signs of spare capacity

Companies remain downbeat regarding future output

Latest PMI survey data signalled a further deterioration in operating conditions across Taiwan's manufacturing industry in September. Firms observed steeper falls in output and new orders amid reports of muted global demand, which in turn was linked to the impact of US tariffs and client hesitancy.

Reduced production requirements contributed to another marked fall in purchasing activity during September. Manufacturers also lowered their staffing levels amid signs of spare capacity and downbeat projections regarding the one-year outlook for output. At the same time, cost pressures intensified, with average input prices rising at the quickest pace in 2025 to date. However, efforts to win new business led firms to leave their selling prices broadly unchanged for the second month in a row.

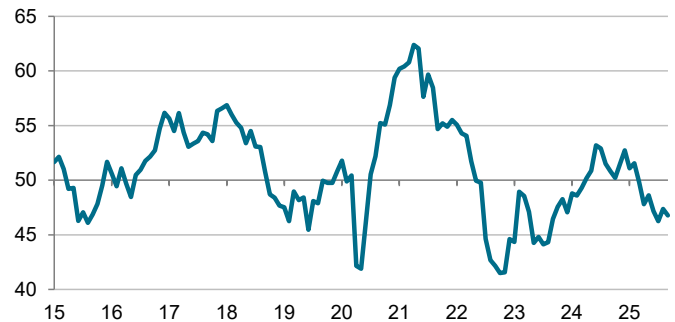
The seasonally adjusted S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI[®]) fell from 47.4 in August to 46.8 in September, to signal a quicker and solid deterioration in business conditions. This extended the current period of decline to seven months, with the rate of contraction the second-quickest seen over the past two years (after July 2025).

As has been the case since April, Taiwanese manufacturers signalled a reduction in output at the end of the third quarter. Notably, the rate of decline was the second-sharpest in just over two years. According to panel members, weak customer demand led firms to cut production.

Overall new business also fell markedly, with the rate of contraction among the fastest over the past two years. Companies frequently mentioned that sales to the US had fallen amid ongoing uncertainty over future trade policy. There were also reports of lower amounts of new work across other key markets such as Europe, Japan and mainland China. As a result, new export orders fell at a sharp and accelerated pace.

Challenging market conditions led manufacturers to remain cautious with regards to staff hiring. Notably, employment fell for the thirteenth month in a row, albeit marginally. This coincided with signs of spare capacity, with backlogs of work declining at a solid pace that was slightly quicker than that

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Index, sa, >50 = improvement m/m



Data were collected 11-22 September 2025.
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Comment

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

"Business conditions across Taiwan's manufacturing sector remained challenging at the end of the third quarter, with companies signalling further marked falls in output and demand.

"Weaker global demand conditions were reportedly behind the latest deterioration, with firms often noting reduced sales to the US in particular, as the impact of tariffs and lingering uncertainty over any future trade agreements made clients more hesitant to commit to new work.

"As a result, firms cut back on their purchasing and trimmed their headcounts again in September. Furthermore, companies project further production cuts over the next year, to suggest that firms may continue to scale down operations unless we see a meaningful improvement in confidence and customer demand.

"Another area of concern is rising cost pressures. Average operating expenses increased at the steepest rate in 2025 to date, but competition for new business meant that firms generally absorbed any price hikes and left their selling prices largely unchanged. This suggests a tighter squeeze on margins at an already difficult time for manufacturers."

S&P Global Taiwan Manufacturing PMI®

seen in August. Panel members often commented that lower amounts of new work had enabled them to process and complete outstanding orders.

Factories in Taiwan also reduced their purchasing activity at the end of the third quarter. The rate of contraction was sharp, despite easing to the weakest in three months. Firms often noted that they had lowered their input buying in line with weaker demand conditions. Inventories of purchased items and finished goods also fell in September, albeit marginally.

Although demand for inputs continued to weaken, the average time taken for purchased items to be delivered to Taiwanese manufacturers increased again in September. The modest lengthening of delivery times was often linked to shipping delays and low stock levels at vendors.

The latest survey also pointed to a sharp and accelerated rise in average input costs in September. The rate of inflation was the quickest recorded in 2025 to date, and frequently linked by companies to higher raw material prices.

Although operating expenses continued to rise, manufacturers left their selling prices broadly unchanged for the second month in a row. According to anecdotal evidence, competition for new work had restricted firms' ability to pass on higher costs to customers.

Manufacturers across Taiwan continued to express pessimism around the 12-month outlook for output in September. The degree of negative sentiment was among the most pronounced over the past two years, and often linked to expectations of weaker global demand conditions. This in turn was attributed to ongoing uncertainty regarding US trade policy and hesitancy among clients to commit to new work.

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.

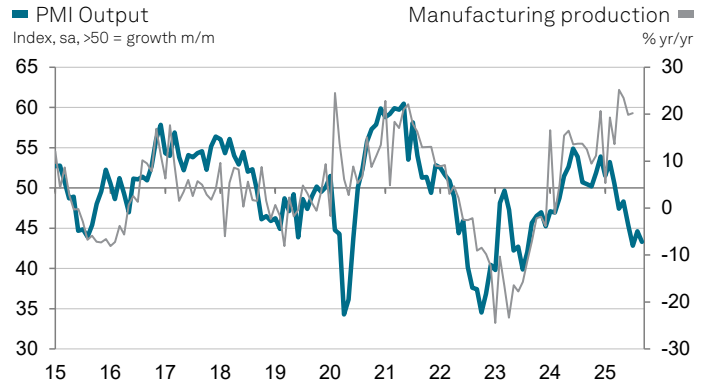
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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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