

# S&P Global Taiwan Manufacturing PMI<sup>®</sup>

## Business conditions deteriorate at quickest rate in nearly two years in July

### July 2025

Output, new work and export sales all fall at steeper rates

Purchasing activity declines sharply, staffing levels trimmed further

Confidence around the year-ahead slips to lowest level in two-and-a-half years

Taiwan's manufacturing sector slid deeper into contraction territory in July, according to latest PMI survey data, with firms signalling the steepest drop in output for nearly two years.

Companies reported that lower sales had led them to cut production again in July, with total new business and new work from overseas both falling at the quickest rates since August 2023 amid lingering uncertainty over US trade policy. As a result, companies reduced their purchasing activity at a sharper rate and lowered their headcounts. Business confidence around the year-ahead was the most downbeat in two-and-a-half years. Prices data meanwhile highlighted a modest increase in input costs, but efforts to attract and secure new business led to a slight fall in selling prices.

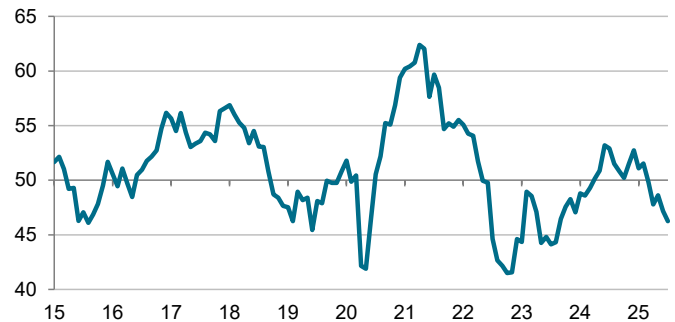
The seasonally adjusted S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) fell from 47.2 in June to 46.2 in July to signal a deterioration in the health of the sector for the fifth month in a row. Furthermore, the rate of reduction was the steepest seen since August 2023 and solid overall.

A key factor pushing down the headline index was a sharp and accelerated decline in overall new business. Companies often noted that customer demand was relatively weak amid ongoing uncertainty over US trade tariffs and a reluctance among customers to commit to orders. Notably, total sales and new business from overseas both contracted at the quickest rates for nearly two years.

Reduced amounts of incoming new work led manufacturers to cut production levels again at the start of the third quarter. In line with the trend seen for new orders, the rate of reduction was the most pronounced since August 2023 and sharp. Subsequently, firms cut their purchasing activity at the steepest rate in almost two years.

Although input buying continued to decline, supply chain performance deteriorated again in July. Though only modest, average delivery times increased to the greatest extent in eight months. Panel members indicated that low stock levels at vendors (often due to demand uncertainty) and shipping delays had dampened supplier performance.

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



Data were collected 10-23 July 2025.

Source: S&P Global PMI. ©2025 S&P Global.

### Comment

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

"Latest PMI data indicated that Taiwan's manufacturing downturn deepened at the start of the second half of the year, with output, new orders and export sales all declining at the fastest rates since August 2023.

"Uncertainty over any future US trade agreement and tariffs were often mentioned by companies that cut production and experienced reduced sales, as customers were often hesitant to commit to new work.

"This uncertainty also impacted purchasing activity and employment, which both fell further, and weighed heavily on forecasts for the year ahead. Notably, companies continue to expect output to fall over the next year, with the degree of pessimism the most severe in two-and-a-half years in July.

"In the meantime, companies continue to offer discounts to attract new business, despite a modest rise in input prices."

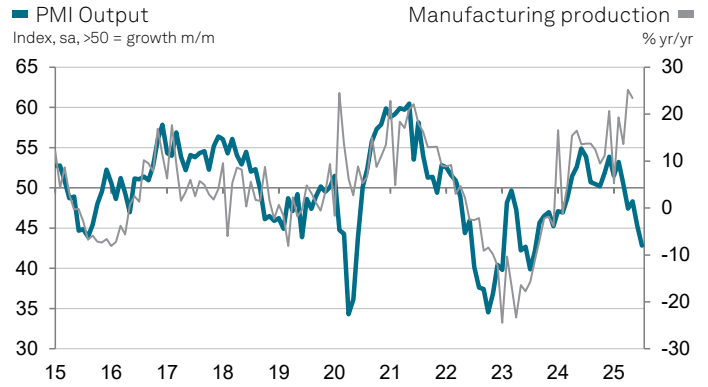
At the same time, there was little-change to inventory levels at Taiwanese manufacturers. Stocks of both finished and purchased items rose only slightly, with some firms noting that reduced sales and fewer shipments of goods had led to some inventory accumulation.

Manufacturing sector employment fell again in July, thereby stretching the current period of job shedding to nearly one year. Panellists indicated that hiring freezes and decisions to not replace voluntary leavers had reduced headcounts. That said, the rate of payroll cuts was modest overall.

The sustained decline in staffing levels coincided with further signs of spare capacity. Notably, backlogs of work fell for the fifth month in a row, and at the steepest rate since December 2023. According to surveyed companies, a lack of incoming new business had enabled them to process and complete outstanding orders.

Prices data signalled a back-to-back rise in average input costs in July, though the rate of inflation remained modest. Higher expenses were widely linked to greater raw material prices, with metals mentioned in particular. Despite increased expenses, firms cut their factory gate prices again, albeit marginally. According to anecdotal evidence, price negotiations with clients and competitive market pressures underpinned the latest fall in output charges.

Concerns over US tariffs and a generally subdued global economic outlook dampened business confidence around the year-ahead in July. Notably, firms expressed the most downbeat production forecasts for two-and-a-half years.



Sources: S&P Global PMI, National Statistics via S&P Global Market Intelligence. ©2025 S&P Global.

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## 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](mailto:economics@spglobal.com).

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