News Release

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S&P Global Taiwan Manufacturing PMI®

Output growth wanes as demand conditions soften

Key findings

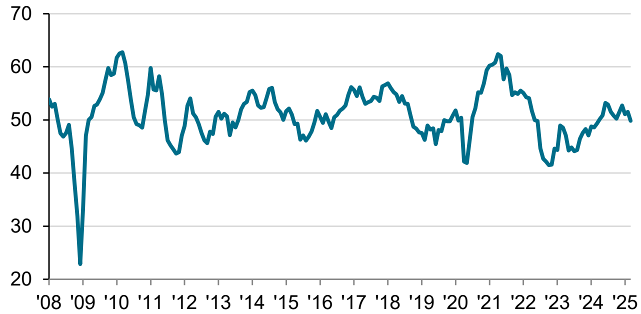
Output and new orders both increase only slightly

Cost pressures ease, selling prices fall

Firms more upbeat about the year-ahead outlook for output

S&P Global Taiwan Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-21 March 2025.

Taiwanese manufacturers signalled a slight deterioration in operating conditions at the end of the first quarter. Rates of production and new order growth slowed notably on the month, and both increased only marginally. As a result, companies continued to trim their staff numbers and took a more cautious approach to their inventories. Average input costs meanwhile increased at the slowest rate in a year, while firms signalled a fresh fall in selling prices as they sought to secure sales. Finally, companies were highly upbeat about the one-year outlook for output, with overall confidence hitting a nine-month high.

The S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI®), which is adjusted for seasonal influences, slipped from 51.5 in February to 49.8 in March. The sub-50.0 reading indicated a fractional deterioration in the health of the sector, following an 11-month period of improvement.

Softer growth of output and new orders dampened the headline index reading. Moreover, manufacturing production in Taiwan expanded at a marginal pace that was the slowest in five months. According to panellists, relatively subdued demand conditions had constrained output growth in the latest survey period.

New orders expanded at a fractional pace that was the softest in a year, with firms commenting on weaker than expected domestic and foreign demand. New export sales were broadly stagnant in March after a solid rise in February. Companies reported more challenging demand conditions across Europe, Japan and the US in particular.

In line with the trends observed for output and new orders, purchasing activity expanded at a softer pace in March. Input buying rose only fractionally overall, with firms also commenting on more cautious inventory policies. Stocks of purchased items fell for the first time in five months, albeit marginally, while inventories of finished goods expanded at the weakest rate in 2025 to date.

Comment

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

"Latest PMI data indicated that growth momentum waned across Taiwan's manufacturing sector at the end of Q1. Indices for output, new orders and new export business posted only just inside growth territory amid reports of softer demand conditions both at home and abroad.

"This in turn led to more cautious policies around input buying and inventories, while firms continued to trim their headcounts.

"The subdued demand environment meanwhile prompted firms to cut their selling prices for the first time in nearly a year, a move supported by easing cost pressures.

"Despite the slowdown, and increased uncertainty around the global trade landscape, manufacturers in Taiwan remained highly confident about the year ahead outlook. Business confidence rose to the highest level for nine months, with firms hopeful that stronger customer demand and productivity gains will drive output higher in the coming months."

PMI® by S&P Global

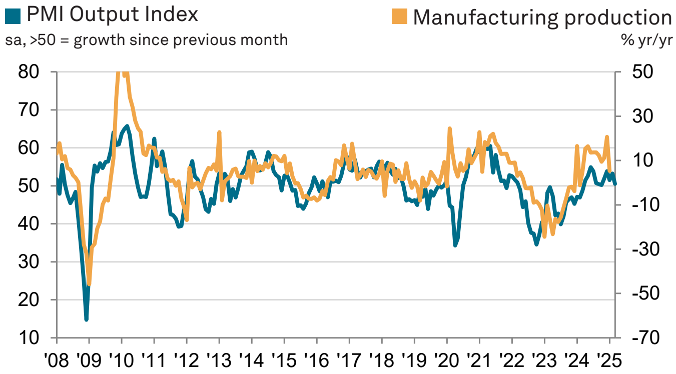
Turning to supply chains, relatively subdued demand conditions supported a further improvement in vendor performance. The rate at which delivery times shortened was only slight, however.

Manufacturing employment declined for the seventh month running in March, with firms often linking the fall to staff resignations and the non-replacement of voluntary leavers. The rate of job shedding quickened since February, but remained marginal overall. At the same time, capacity pressures eased, with backlogs of work falling for the first time in nearly a year. According to panel members, subdued inflows of new work had enabled them to clear unfinished business.

Higher material prices reportedly pushed up input costs during March. However, the overall rate of inflation cooled to a one-year low and was much softer than the series average.

Price negotiations with clients and efforts to attract sales led to a fresh fall in selling prices in March. The rate of discounting was marginal but marked the first time that charges had declined since last April.

When assessing the year-ahead outlook for output, Taiwanese manufacturers remained upbeat in March. Moreover, the overall degree of sentiment picked up to a nine-month high, with firms optimistic that a recovery in global demand conditions and productivity improvements will boost output over the next 12 months.



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

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Survey 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.

About S&P Global

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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