News Release
Embargoed until 0830 CST 2 February 2026 / 0030 UTC 2 February 2026

S&P Global Taiwan Manufacturing PMI®

Manufacturing sector recovery gathers pace in January, but cost pressures intensify

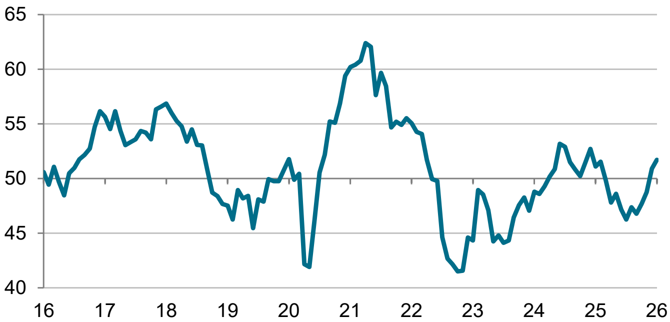
January 2026

Strongest increases in output and sales for nearly a year

Input cost inflation hits highest since May 2022

Solid rise in backlogs prompts firms to expand staffing levels

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



Data were collected 12-22 January 2026.
Source: S&P Global PMI. ©2026 S&P Global.

The latest PMI® data indicated that manufacturing conditions in Taiwan improved for the second month in a row in January, and at a quicker pace. Companies signalled stronger increases in output and new orders, and expanded their workforces slightly. However, inflationary pressures intensified, with both input costs and selling prices rising at the fastest rates since mid-2022.

At 51.7 in January, the seasonally adjusted S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI) rose from 50.9 in December and signalled a second successive monthly improvement in the health of the sector. Though modest, the rate of growth was the best recorded since December 2024.

Manufacturing firms operating in Taiwan signalled a back-to-back rise in production volumes in January. The rate of growth quickened from December and, though modest, was the most pronounced since last February. Companies frequently mentioned adjusting their output levels to reflect greater amounts of new work.

Total new business expanded at a solid pace that was the fastest in 11 months. Greater customer demand, both at home and overseas, underpinned the latest upturn in sales, according to panel members.

New export business also increased at the start of 2026. Though the rate of growth was marginal, it marked the first rise in export sales since last March. There were reports that customer demand had strengthened across a number of key export markets, including Europe, mainland China, the US and Japan.

Increased business requirements drove a further upturn in purchasing activity in January, with the rate of expansion the steepest seen for nearly a year.

However, insufficient stock holdings at suppliers meant that average delivery times continued to lengthen. That said, the rate at which lead times increased was the slowest in three months and only mild.

The sustained rise in new work also added pressure to capacities, as highlighted by a further increase in the amount

Comment

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

"Conditions across Taiwan's manufacturing sector continued to strengthen at the start of 2026, with PMI data signalling stronger increases in both output and new orders. Companies widely reported greater demand from both domestic and overseas clients, with export sales rising for the first time in nearly a year. This led to a solid accumulation of backlogs, which hints that output growth should be sustained in the near-term as firms adjust to rising customer demand.

"While this suggests a solid start to the year, the survey also pointed to a marked rise in costs in January. Notably, both input costs and selling prices rose at the steepest rates in over three-and-a-half years.

"It will be important to monitor price trends to see how cost pressures develop, as it's likely that this will continue to impact recruitment and inventory decisions going forward as firms keep a keen eye on their expenses.

"Nevertheless, with global demand rising – particularly in sectors such as AI-related technology and semiconductors - this should provide a strong foundation for continued growth in sales and production throughout 2026."

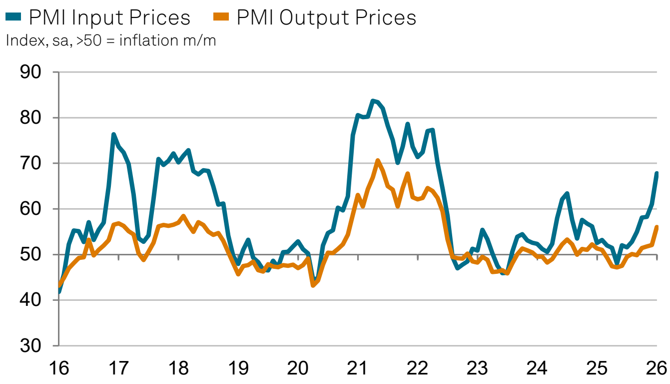
of unfinished business. Moreover, the rate of accumulation quickened to a solid pace that was the fastest seen in just over a year.

In response to higher backlogs, firms looked to expand their operational capacity by raising their staffing levels for the second time in the past three months. That said, the rate of job creation was marginal and slower than the series average.

The relatively subdued pace of staff recruitment coincided with reports of sharply rising input costs. Average operating expenses rose to the greatest extent since May 2022 in January amid reports of higher raw material prices (particularly for metals). As a result, manufacturers raised their factory gate prices again in January, and at the strongest rate since June 2022.

Concerns over costs also contributed to relatively cautious inventory policies at the start of 2026. Stocks of goods and purchased items both rose at marginal rates that were slower than those seen in December.

Although firms signalled an improvement in overall growth momentum, business confidence regarding the one-year outlook for output weakened slightly in January. Nevertheless, the degree of optimism remained higher than the long-run average, with firms often hopeful that customer demand and interest will continue to strengthen in the months ahead.



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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.

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PMI by S&P Global

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