

News Release

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S&P Global Taiwan Manufacturing PMI[®]

Manufacturing conditions deteriorate again in May

Key findings

Production schedules cut amid solid decline in new orders

Fresh fall in input costs, selling prices reduced further

Firms maintain pessimistic view regarding the 12-month outlook

PMI data signalled a further modest deterioration in manufacturing conditions across Taiwan, with output, new orders and new export sales all declining for the second straight month. Panel members indicated that weaker demand conditions and increased client hesitancy to commit to new work amid US tariffs had dampened sales. As a result, manufacturers cut their purchasing activity and employment levels again in May. At the same time, efforts to help drive sales led firms to cut their selling prices again, which was supported by a fresh decline in input costs.

When assessing the 12-month outlook, Taiwanese manufacturers remained downbeat in May as firms generally anticipate production to fall.

The seasonally adjusted S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI[®]), rose from 47.8 in April to 48.6 in May, but remained below the neutral 50.0 level to signal a deterioration in business conditions for the third straight month. The rate of decline softened from April's 16-month record and was modest overall.

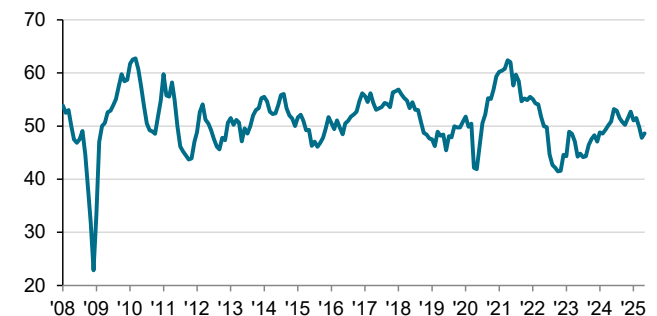
Weaker demand conditions both at home and abroad were central to the latest deterioration in overall business conditions. Total new business fell solidly in May, despite the rate of contraction easing slightly from April, while new export orders declined at the steepest pace in nearly a year-and-a-half. Companies often mentioned that US tariffs and greater hesitancy among customers to commit to orders had dampened new business.

Reduced intakes of new work led companies to cut production for the second successive month, albeit to a weaker extent than that seen in April. Lower production requirements also prompted firms to lower their purchasing activity for the second month in a row.

Despite lower demand for inputs, average supplier delivery times lengthened for the first time since January (albeit marginally). Firms often linked this to insufficient supplier

S&P Global Taiwan Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-21 May 2025.

Comment

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

"Manufacturers in Taiwan reported weaker business conditions for the third month running in May, with panel members often highlighting the adverse impact of US tariffs and market uncertainty on demand."

"While the downturns in output and overall new work did soften slightly since April, new export orders declined at the steepest rate in 17 months as clients were increasingly hesitant to commit to sales."

"The deterioration in customer demand, and uncertainty over future trade conditions, meant that firms remained downbeat about future output. Notably, companies cut back on input buying and staff numbers again in May in line with expectations of reduced production requirements."

"Softer demand conditions also led companies to cut their selling prices, and at the quickest rate in nearly two years. Price discounts were supported by a fresh fall in input costs, which declined for the first time since July 2023."

PMI[®]

by S&P Global

capacity.

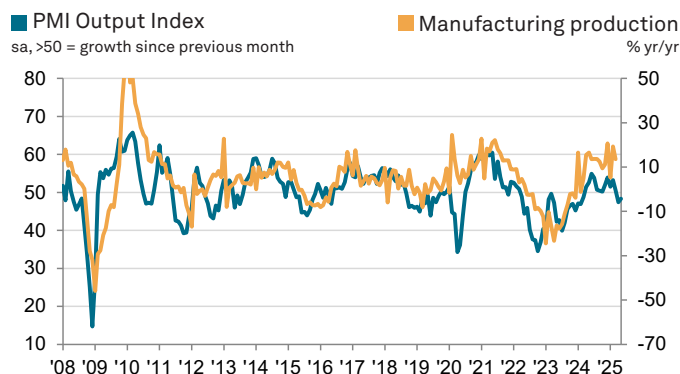
Cautious hiring policies, including recruitment freezes and decisions to not replace voluntary leavers, were linked to a further drop in manufacturing employment during May. Though modest, the rate of job shedding was the quickest seen since last September.

At the same time, the survey indicated a lack of pressure on operating capacities amid muted sales, with backlogs of work declining for the third straight month.

Operating expenses decreased in May amid reports of lower raw material prices and favourable exchange rate movements. Though modest, it was the first time that input costs had fallen since July 2023.

Companies often looked to pass on any cost savings to customers as part of efforts to attract new orders, cutting their selling prices for the third month in a row. The rate of discounting was the quickest seen in nearly two years and solid.

When assessing the 12-month outlook for output, Taiwanese goods producers expressed pessimism for the second successive month in May. While the degree of negative sentiment was not as severe as that seen in April, it remained marked overall. Forecasts of lower production were often linked to the potential impact of US trade tariffs on global demand conditions.



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.

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