

News Release

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S&P Global Taiwan Manufacturing PMI[®]

Taiwan manufacturing sector sees above-trend output growth in February

Key findings

Production growth accelerates as demand picks up

Business confidence rises to eight-month high

Factory stocks expand in anticipation of greater sales

Factory conditions in Taiwan continued to improve midway through the first quarter, with momentum picking up from the slight slowdown seen at the beginning of the year as sales growth spurred production and inventory levels higher. Firms also turned more optimistic towards the outlook, with confidence rising to an eight-month high. More bullish sentiment reflected positive demand projections, company response data showed. Indeed, reflecting expectations of robust sales pipelines, purchasing activity rose solidly and inventories expanded. However, employment levels were down fractionally, marking six successive months of workforce cutting across the industry.

The S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI[®]), which is adjusted for seasonal influences, registered 51.5 in February, marking an eleventh successive month that the headline metric has signalled an improvement in Taiwan's factory operating conditions. In fact, having risen from 51.1, the latest figure also pointed to a slightly faster rate of expansion.

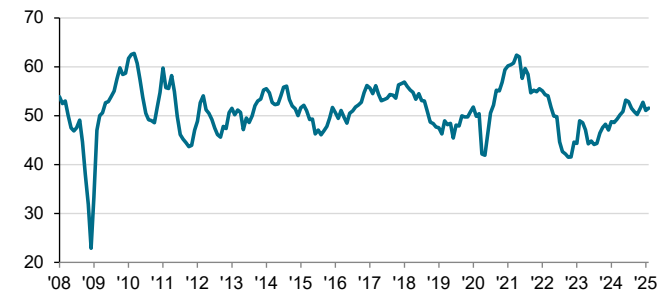
A key factor behind February's improvement was production, with the latest survey data indicating a solid and above-average pace of increase. Productivity gains and stronger sales drove output volumes higher, according to anecdotal evidence.

The level of incoming new orders received by goods producers in Taiwan rose midway through the opening quarter of 2025. Sales growth was solid overall and slightly stronger than that seen in the previous month. Both domestic and international client demand strengthened over the course of February, panel member reports indicated.

Regarding new orders from international sources, surveyed companies mentioned Europe and the US as drivers of export sales. Demand from abroad has risen in every month since June last year.

The response to greater production requirements was

S&P Global Taiwan Manufacturing PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 10-20 February 2025.

Comment

Joe Hayes, Principal Economist at S&P Global Market Intelligence, said:

"Taiwan's manufacturing sector was revitalised in February, posting faster increases in key factory health barometers such as production, output, purchasing and inventories. Taken in tandem with a pick-up in business confidence, the latest PMI survey results portray a positive near-term outlook.

"February's growth in new factory orders also appears to reflect diverse strength across the customer base, with panellists reporting domestic and overseas markets like Europe and the US as sales drivers.

"Another data point supporting the positive outlook was backlogs of work, which have risen in each of the past ten months. This suggests that, even if orders were to drop off, production growth would have further legs to run. Firms are struggling to recruit, however, which may restrict the strength of any upturn. Employment has been slowly falling since September last year, with firms reporting challenges in filling vacancies."

PMI[®]

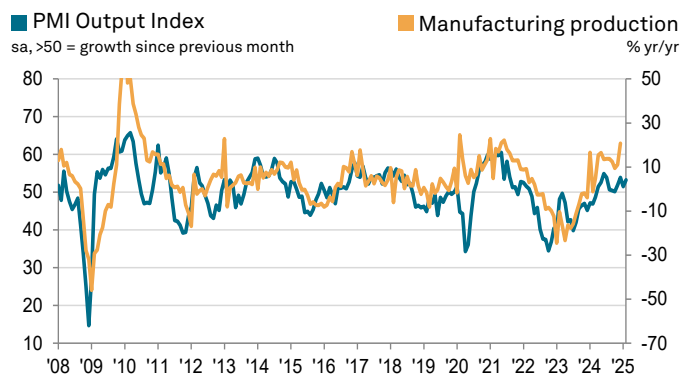
by S&P Global

to purchase additional inputs and stockpile adequate resources. Buying activity rose markedly in February, leading to a fourth consecutive monthly expansion in pre-production stocks. Some companies reported an eagerness to obtain their materials in advance of anticipated sales. Inventory expansion was facilitated by speedier shipping times from suppliers, with vendor performance improving for the first time since April 2024.

However, manufacturers in Taiwan reported a fractional drop in their workforce numbers. In some cases, firms attributed this to challenges filling vacated positions. In turn, there was evidence of a further build-up of capacity pressures as backlogs of work rose for a tenth month running.

Turning to prices, the latest survey results showed an increase in firms' input costs. The rate of inflation also ticked up, but nevertheless remained below its long-term average. Heightened pressures stemmed from raw material price rises, according to panellists. Concurrently, the extent to which prices charged rose slowed in February.

Looking ahead, manufacturers in Taiwan were optimistic of higher production levels over the coming 12 months. Furthermore, the degree of optimism was the greatest since June last year. Expectations of stronger demand fuelled business confidence, anecdotal evidence showed.



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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