

News Release

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S&P Global Taiwan Manufacturing PMI[®]

Slower growth of Taiwan's manufacturing sector signalled in January

Key findings

Slowdown linked to weaker gains in both output and new orders

Employment down again as focus on productivity persists

Confidence up to six-month high

Taiwan's manufacturing sector continued to expand during January, albeit at a modest pace that was the weakest for three months. Slowdowns in both output and new order book growth were recorded, whilst firms again made a slight downward adjustment to their employee numbers. Confidence in the outlook nonetheless improved slightly, whilst there were positive developments on the inflation front with input prices rising at the slowest rate since last April.

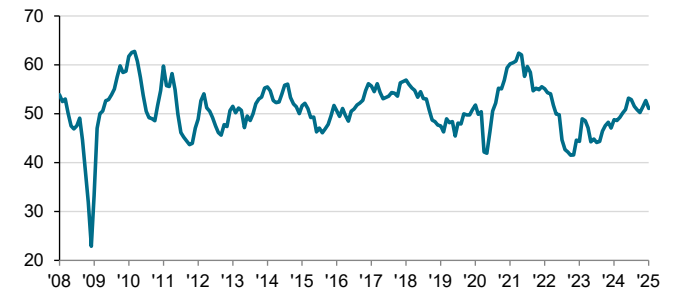
The S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI[®]), which is adjusted for seasonal influences, recorded 51.1 in January. Remaining above the crucial 50.0 no-change mark, the PMI subsequently signalled an extension of the current period of growth to ten months. However, falling from 52.7 in December, the rate of sector expansion signalled by the PMI was the weakest since last October.

The decline in the PMI was closely linked to concurrently weaker gains in both output and new orders (in each case the softest since last October). The slowdown in new order growth was especially noticeable, despite reports of firmer demand from both domestic and international clients. Indeed, new export business rose in January (albeit modestly) for an eighth successive month. Panellists noted higher sales to economies elsewhere in Asia, whilst also signalling improved demand from the United States.

Companies again commented that higher productivity had helped to push overall output up in January. Gains were realised despite a drop in staffing levels, which firms mainly attributed to the non-replacement of leavers at their plants. However, mild capacity pressures persisted, with backlogs of work rising again at the start of the year, although growth was modest and noticeably slower than in December.

A similar trend for purchasing activity was also revealed by January's survey data, with growth in buying sharply lower compared to December and the weakest recorded

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



Source: S&P Global PMI.
Data were collected 9-23 January 2025.

Comment

Paul Smith, Economics Director at S&P Global Market Intelligence, said:

"Taiwan's manufacturing sector extended its current growth run to ten months in January, although worryingly at a slower pace than in December. Notably, output and new orders rose to lesser degrees, which meant firms remained reluctant to replace any leavers at their plants. Employment subsequently declined overall, although with output rising, the latest survey again showcased an improvement in sector productivity."

"Firms remain focused on making further gains in output efficiency over the coming year and are expecting this to help them bolster production in the year ahead. Encouragingly, and despite the slowdown seen at the start of the year, manufacturers remain confident that growth will be further supported by improved demand in the coming months. International markets will naturally be important in this regard, and January's latest rise in new export sales – in part driven by demand from the United States – should be viewed as positive, albeit with the caveat of considerable uncertainty over possible changes in future US trade policy."

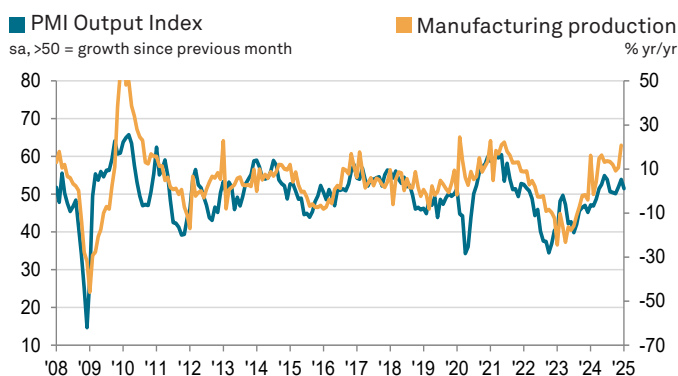
PMI[®]

by S&P Global

since last May. Where firms did signal an increase in input buying, this was linked to expected increases in new orders and production requirements in the coming months. These factors encouraged some further mild input inventory building at the start of 2025.

Confidence in the outlook indeed remained positive overall in January, improving to its highest level in six months. Firms continue to look towards productivity gains at their plants in the year ahead, whilst also expecting improved demand and new order book growth.

Finally, price data revealed a sharp slowdown in input cost inflation at the start of 2025. Overall input prices rose modestly, but to the slowest degree since last April. Where input prices increased, this was linked to a broad-based rise in material prices which reflected supply and demand factors, according to some firms. Responding to the latest uplift in input prices, manufacturers increased their average output charges modestly. It was the fourth successive month in which output charges have risen.



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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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