

# S&P Global Taiwan Manufacturing PMI<sup>®</sup>

## Manufacturing sector expands at slower rate in March

### March 2026

Companies signal softer increases in output and new orders

Substantial rise in costs and supplier performance worsens amid war in Middle East

Optimism around the year-ahead remains strong

The latest PMI<sup>®</sup> data pointed to a softer, but still solid improvement in manufacturing conditions across Taiwan. Output, new orders and new export business all expanded at slower rates, but ones that remained strong historically. At the same time, the war in the Middle East contributed to a substantial rise in costs and a steeper deterioration in supplier performance. However, firms remained highly confident when assessing the outlook for output.

The seasonally adjusted S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI) slipped from February's more than four-year high of 55.2 to 53.3 in March, pointing to a slower but still solid improvement in the health of Taiwan's manufacturing industry. Operating conditions have now improved in each of the past four months.

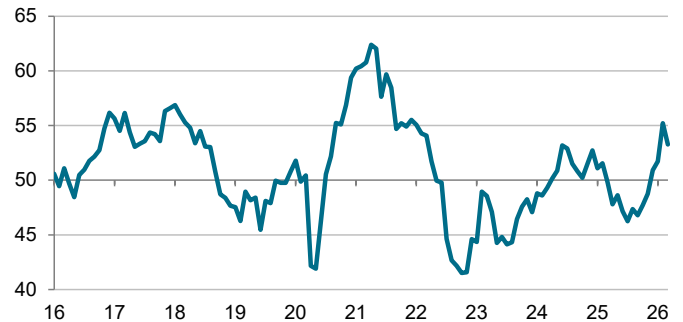
Dampening the PMI figure was a softer rise in manufacturing output. Although the respective seasonally adjusted index slipped from February's multi-year record, it remained above the series long-run average and was consistent with a solid rate of growth. Firms often mentioned raising output in line with customer demand.

The rate of new order growth likewise slowed at the end of the first quarter, but was nevertheless the second-sharpest recorded since December 2024. The upturn was supported by greater customer demand at home and overseas, according to panellists, especially for semiconductors and AI-related technology. New export business expanded at a weaker but nevertheless solid rate, with panel members noting higher sales across Europe, Japan, mainland China and the US in particular.

Greater inflows of new work led companies to raise their input buying for the fourth month in a row in March. Whilst not as pronounced as that seen in February, the rate of expansion remained sharp and quicker than the series average. Some firms mentioned raising their purchasing activity in anticipation of future supplier price hikes. Stocks of purchases meanwhile rose at a softer and modest rate, albeit one that remained strong in the context of historical data.

A combination of strong demand for inputs and supply chain

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



Data were collected 12-23 March 2026.  
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### Comment

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

“March PMI data pointed to a renewed loss of momentum in Taiwan's manufacturing sector, with slower growth in output and new orders alongside a renewed decline in employment. That said, both production and new business continued to expand at above-average rates, and firms remained strongly optimistic about the year-ahead outlook. This confidence was often rooted in forecasts of stronger global demand, particularly for semiconductors and AI-related infrastructure.

“While the PMI data suggest the sector delivered a solid performance over the first quarter as a whole, the conflict in the Middle East weighed on conditions in March. Firms reported a further sharp rise in costs, while supply chain performance deteriorated at the quickest pace since mid-2022. Looking ahead, uncertainty over the duration of the war and its broader impact on global supply chains and energy markets, could continue to dampen momentum in the second quarter, especially if product shortages and price pressures intensify.”

## S&P Global Taiwan Manufacturing PMI®

disruption due to the war in the Middle East led to a quicker deterioration in vendor performance. Notably, the rate at which delivery times increased was the most pronounced since May 2022.

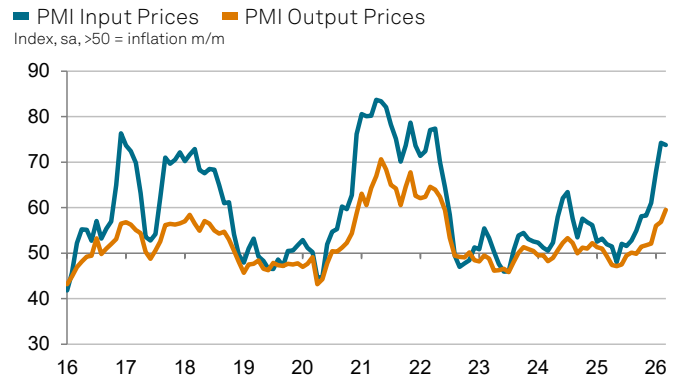
At the same time, price pressures remained substantial, with average input costs rising at the second-steepest rate in nearly four years. There were reports of higher prices for raw materials and oil amid supply chain disruption.

Stronger cost pressures led firms to increase their output charges again in March. Notably, the rate of selling price inflation was the sharpest seen since June 2022.

Although Taiwanese manufacturing firms continued to report an overall improvement in sales and output, employment fell for the first time in three months in March, albeit marginally. Businesses often mentioned this was due to the non-replacement of voluntary leavers.

As a result, capacity pressures persisted, as highlighted by another sharp increase in backlogs of work. Moreover, the rate of accumulation was the second-quickest seen since the start of 2022.

Companies remained highly upbeat regarding the one-year outlook for output in March, with sentiment holding close to February's 21-month high. Manufacturers often linked growth forecasts to expectations of stronger global demand, particularly for AI-related products. However, a number of firms expressed concerns over the war in the Middle East and its impact on supply chains and prices.



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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 300 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](mailto:economics@spglobal.com).

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