News Release

Embargoed until 0830 CST (0030 UTC) 2nd May 2025

S&P Global Taiwan Manufacturing PMI®

PMI slips to 16-month low in April

Key findings

Fresh falls in output and new orders

Companies cut back on input buying and reduce inventories

Firms downbeat about the outlook for first time in 18 months

Latest PMI data showed that business conditions faced by Taiwanese manufacturers weakened for the second month running in April. Companies signalled renewed and solid falls in both output and new business, which in turn was linked to weaker global demand conditions. Subsequently, firms lowered their purchasing activity and downwardly adjusted their inventory levels. Price pressures eased again, with input prices rising at the slowest rate in just over a year. However, price negotiations with clients and efforts to secure sales led to a solid fall in output charges. Expectations towards the 12-month outlook for output weakened notably in April, with firms expressing pessimism for the first time in a year-and-a-half.

At 47.8 in April, the S&P Global Taiwan Manufacturing *Purchasing Managers' Index™ (PMI®)*, which is adjusted for seasonal influences, fell from 49.8 in March and pointed to a back-to-back deterioration in the health of the sector. Though modest, the rate of decline was the quickest recorded since December 2023.

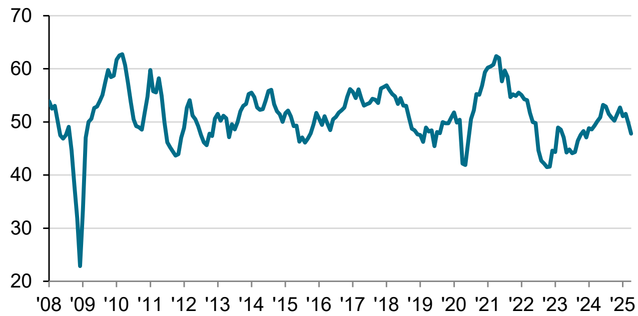
Dampening the headline index was a renewed and solid drop in manufacturing production in Taiwan during April. The fall ended a 12-month period of expansion and was widely linked to a deterioration in customer demand and lower intakes of new work.

Overall new business also fell for the first time in just over a year and at the steepest pace since December 2023. Companies frequently mentioned that demand had weakened both domestically and across key export markets in Asia, Europe and the US, which some firms attributed to recent tariff announcements by the US. New export business fell at a similarly solid pace that was the quickest in 14 months.

The weaker demand environment led companies to adopt a more cautious approach to inventories. Purchasing activity fell for the first time in a year, while firms lowered their

S&P Global Taiwan Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 9-22 April 2025.

Comment

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

"A weaker global demand environment weighed on the performance of Taiwan's manufacturing sector at the start of Q2, with firms signalling fresh falls in both output and new work.

"Manufacturers reacted to the weaker demand environment by curbing their input buying, downwardly adjusting their stock levels and cutting their selling prices. Notably, factory gate charges fell at the quickest pace since July 2023, with firms mentioning that clients often requested price discounts.

"The impact of US tariffs and expectations of slower global growth also dampened projections for the year ahead. Companies generally anticipate production to decline over the next 12 months, with the degree of pessimism the most pronounced since January 2023.

"April's data therefore indicate that the export-orientated sector could struggle to get back into expansion mode unless there is an improvement in the global trade environment and a pick up in demand."

stocks of both pre- and post-production goods, with the latter falling for the first time since last October.

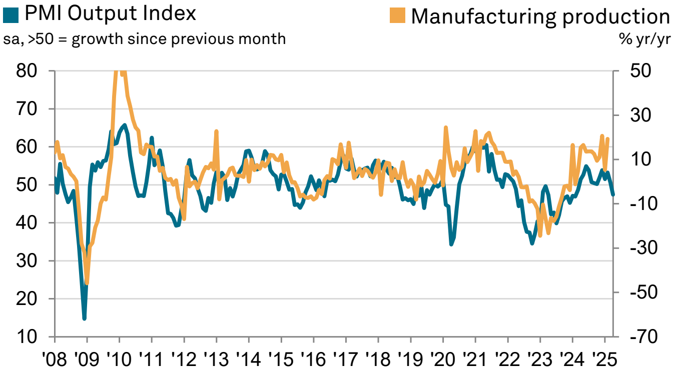
Reduced demand for inputs supported a further improvement in supplier performance. That said, the degree to which lead times shortened remained marginal.

Employment at goods producers continued to fall in April, albeit only slightly. A number of surveyed companies commented on the non-replacement of voluntary leavers and a reluctance to hire amid subdued client demand.

A lack of incoming new orders meanwhile enabled firms to reduce levels of outstanding business. Backlogs fell at a solid pace that was the quickest seen since December 2023.

Average input costs rose at a softer pace in April, with the rate of inflation the slowest recorded since March 2024. At the same time, price negotiations with clients and efforts to secure sales led manufacturers to cut their selling prices for the second month in a row. Notably, the rate of discounting was the quickest seen since July 2023.

Taiwanese manufacturers forecast a reduction in output over the next 12 months, with firms linking downbeat projections to concerns over the global trade environment and the impact of US tariffs. Furthermore, the degree of negative sentiment was the most pronounced since January 2023.



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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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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

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