

Embargoed until 0830 CST (0030 UTC) 1st April 2021

IHS Markit Taiwan Manufacturing PMI®

Manufacturing PMI hits 11-year high in March, but supply chain delays worsen

Key findings

Output rises sharply amid steepest increase in new work for over a decade

Capacity pressures persist, despite stronger rise in employment

Input costs spike higher as supply chain delays hit new record

Data were collected 12-23 March 2021.

Operating conditions across Taiwan's manufacturing sector improved at the quickest rate for 11 years in March. The upturn was driven by substantial increases in both output and new work amid reports of rising customer demand both at home and overseas. As a result, companies increased their staffing levels at a quicker pace, while growth of buying activity remained historically sharp. However, supplier shortages and shipping delays led to the worst supply chain delays in 17 years of data collection. This translated into further upwards pressure on input costs, which drove a record rise in output charges.

The Taiwan Manufacturing Purchasing Managers' Index® (PMI®) increased from 60.4 in February to 60.8 in March, to indicate a rapid improvement in the health of the sector. Notably, the reading was the highest recorded since March 2010 and marked a further recovery from the coronavirus disease 2019 (COVID-19) related downturn last year.

Manufacturers in Taiwan signalled a further expansion of output at the end of the first quarter. Notably, the rate of growth was the joint-quickest since the start of 2011 and substantial. Firms indicated that greater customer demand and the ongoing recovery from the pandemic had led firms to expand production. Overall new business increased to the greatest extent since January 2011 amid reports of rising sales both at home and abroad. Notably, the expansion in new export orders was the joint-second steepest seen for over a decade.

In order to help process new orders and expand capacity, firms added to their workforce numbers again in March. Although the rate of job creation was the strongest for nearly three years, it remained well below the upturns seen for output and new orders. As a result, unfinished workloads continued to rise, with the rate of accumulation the joint-quickest for 11 years.

continued...

Taiwan Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Annabel Fiddes, Economics Associate Director at IHS Markit, said:

"March PMI data rounded off the best quarterly performance for Taiwan's manufacturing sector for 11 years, with firms recording substantial gains in both output and sales.

"The sustained and strong increases in new orders suggest that the sector will continue to see robust growth as we head into the second quarter, particularly as overseas orders have continued to recover at a rapid pace.

"However, the survey also highlights potential constraints for future performance. Crucially, a lack of inputs at vendors and bottlenecks in supply chains drove a record increase in delivery times for inputs which, if not remedied, could squeeze capacity in the months ahead and lead to further marked rises in backlogs.

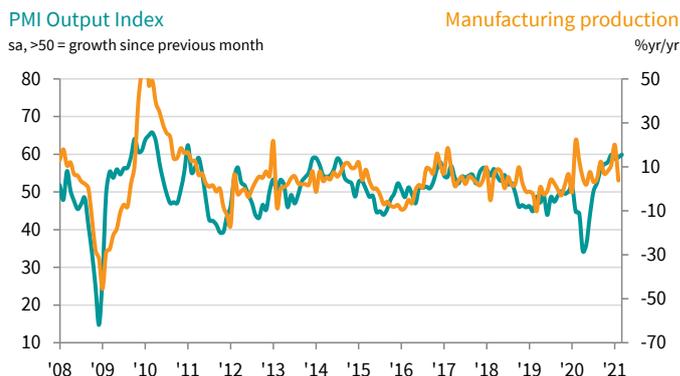
"At the same time, firms are also facing substantial rises in purchasing costs, which in turn drove the quickest increase in selling prices since data collection began in early-2004."

Purchasing activity among manufacturers continued to expand sharply at the end of the first quarter. However, growing demand for inputs led to further pressure on supply chains. Average delivery times for inputs lengthened to the greatest extent in 17 years of data collection, surpassing the previous record set in February. There were widespread reports of shortages of raw materials, bottlenecks in sea freight due to a shortage of shipping containers, and delayed transport schedules resulting from the pandemic.

Firmer customer demand and efforts to rebuild stock levels led to increases in both pre- and post-production items in March. That said, difficulties in obtaining purchased inputs weighed on rates of growth, with both types of inventory expanding more slowly than in the previous month.

Increased supply-side pressure was also reflected in a further rapid increase in input costs, with the rate of inflation the second-sharpest for a decade. The sustained and marked rise in cost burdens led firms to raise their prices charged, and at the fastest pace on record.

Looking ahead, manufacturers were generally confident that output would rise over the year ahead, with the degree of optimism hitting a near seven-year high. Many firms were hopeful that the pandemic would end, and that client demand would continue to recover.



Sources: IHS Markit, National Statistics via Datastream.

Contact

Annabel Fiddes
Economics Associate Director
IHS Markit
T: +44-1491-461-010
annabel.fiddes@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
Telephone +44 207 260 2234
joanna.vickers@ihsmarkit.com

Methodology

The IHS Markit Taiwan Manufacturing PMI® is compiled by IHS Markit from responses to monthly 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.

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.

March 2021 data were collected 12-23 March 2021.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.com. To read our privacy policy, click here.

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.
ihsmarkit.com/products/pmi.html