

News Release

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S&P Global Taiwan Manufacturing PMI[®]

Accelerated growth of Taiwan's manufacturing economy in November

Key findings

Output and new orders rise at firmer rates

Productivity gains remain in focus as marginal job losses recorded

Cost continue to rise at a faster pace than output charges

Taiwan's manufacturing economy experienced a further improvement in operating conditions during November, with growth underpinned by gains in both output and new orders. However, employment fell as firms continued to focus on bolstering productivity. Backlogs of work nonetheless increased. Looking to the year ahead, panellists are confident overall of a rise in output from present levels, with optimism improving to a three-month high.

On the price front, input price inflation remained slightly above its trend pace, but output charges rose only modestly as competitive pressures limited pricing power.

The S&P Global Taiwan Manufacturing Purchasing Managers' Index™ (PMI[®]), which is adjusted for seasonal influences, signalled an improvement in the performance of the manufacturing sector for an eighth month in a row. Growth also picked up, though remained modest. This was highlighted by a PMI reading of 51.5, up from 50.2 in the previous month.

Manufacturing production and new orders continued to rise during November, with rates of expansion accelerating to four- and three-month highs respectively. Panellists noted a generally better demand environment, with gains reported in both domestic and international markets. New export order growth was noticeable in being the highest since February 2022. Companies reported stronger sales to Asian, European and North American clients during November.

Companies continued to signal a focus on productivity gains in November, with many choosing not to replace leavers whilst simultaneously raising output. However, there were signs of strain on production, with backlogs of work rising for a seventh successive month. The rate of growth was solid and the steepest since August.

On the purchasing front, panellists signalled an increase in buying activity, in line with the trend since May. Panellists bought new inputs to service both current and expected

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



Source: S&P Global PMI.
Data were collected 12-21 November 2024.

Comment

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

"November proved to be a positive month for the manufacturing sector, with operating conditions strengthening to the greatest degree in three months. External demand was central to this development, with sales to foreign clients improving at the best pace since early 2022. Growth was broad-based, with Asia, Europe and North America all cited as sources of higher demand, which is impressive in the context of the underlying weakness presently apparent in much of the global manufacturing economy.

"Maintaining a recent trend, manufacturers continued to note how productivity gains were again key in supporting output, with many choosing not to replace leavers at their plants. However, with demand picking up, firms are facing some pressure on capacity, with backlogs of work rising to the greatest extent since August and for the seventh month in a row.

"Price and margin pressures also remained apparent, with costs rising again markedly in November but output charges up only modestly."

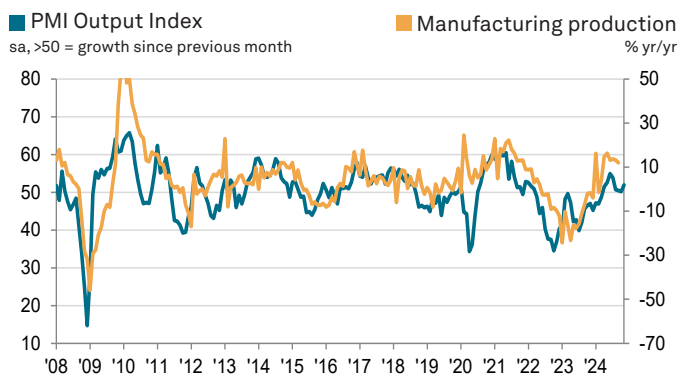
PMI[®]

by S&P Global

growth in production. Indeed, confidence in the outlook improved to a three-month high during November amid hopes of a pick-up in demand and sales in one year's time. Stocks of purchases also increased marginally for the first time since June as firms sought to build inventory in anticipation of higher production.

Additional demand placed some pressure on vendors, with average lead times lengthening for a seventh month in a row in November. Panellists noted that shipping schedules were unstable, whilst product and labour shortages were reported to have also led to a deterioration in supplier lead times.

Supply and demand factors were noted as a reason behind a broad-based uplift in raw material prices during November. Input price inflation overall remained high, albeit slightly softer than in the previous month. Output prices rose at a relatively modest pace when compared to input prices. Although firms sought to pass on increased input costs to clients, pricing power was restricted by international competition.



Sources: S&P Global PMI, National Statistics via S&P Global Market Intelligence

Contact

Paul Smith
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-038
paul.smith2@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +81 3 6262 1757
sungha.park@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

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