

# Week Ahead Economic Preview

US activity data, China Q3 GDP, UK, eurozone and Japan CPI

13 October 2023

A slew of important economic updates in the coming week will provide insights into economic growth and inflation trends. From the growth perspective, activity data in US and mainland China include retail sales and industrial production figures. China (mainland) will also provide an update of third quarter GDP on Wednesday. Inflation readings will meanwhile be due for the UK, eurozone, Japan and Canada for assessment of price developments. Finally, central bank meetings in South Korea and Indonesia will also unfold.

We will be looking for further insights into US business conditions with the release of September retail sales and industrial production data. This is as the October [S&P Global Investment Manager Index](#) signalled reduced risk aversion among US investors on the back of easing valuation concerns, though worries were found to have intensified central bank policy and the macroeconomic environment, both domestically in the US and globally.

A major global economic worry has been the sluggish post-pandemic recovery in mainland China. Slower Q3 growth in mainland China is expected when the official data are updated on Wednesday, per early indications from Caixin PMI data. Retail sales and industrial production figures will similarly reflect this trend as China's consumer spending and manufacturing output slowdowns look set to continue.

Additionally, inflation numbers will also be key tier-1 data to watch, and these will be updated across the UK, eurozone, Japan and Canada. In line with the global trend, inflationary pressures are widely expected to ease in the abovementioned economies, though [the UK and eurozone may continue to see prices staying relatively elevated even into early 2024](#) based on the trend from PMI selling prices data.

Finally, monetary policy committees in South Korea and Indonesia update their decisions on Thursday though no changes are expected according to consensus. The Bank of Korea is expected to stay on hold until the end of 2023. While having been amongst the first few to lift rates in the current cycle, the BOK is likewise expected to cut rates in early 2024 amid weakening economic indicators, making this an Asian central bank to watch.

## UK labour market in focus

With GDP data having added to signs that the UK economy has stagnated at best in the third quarter – a 0.2% expansion of GDP in August only partially offset a 0.6% decline in July – the weakened economic growth trajectory added some support to the Bank of England's decision to hold its policy rate unchanged in September. GDP now needs to grow by 0.2% in September for the UK to avoid slipping into decline.

However, perhaps more important will be the upcoming official labour market update. Wage growth in particular has proved stubbornly elevated, and economists at Threadneedle Street will be wanting to see some of the heat being taken out of the UK labour market to help mollify concerns over second round inflation pressures.

According to the various surveys, the UK labour market is indeed cooling. The PMI's employment sub-index fell into contraction territory in September, signalling the steepest decline in payrolls since the COVID-19 lockdowns of early 2021. Recruitment industry survey data, also compiled by S&P Global, have also been sending worrying signals. The number of people placed in permanent jobs has been falling steeply in recent months, as overall demand for staff fell in September at the sharpest rate since early 2021. Note that, if pandemic months are excluded, these PMI and recruitment survey gauges are now at their lowest since 2009, highlighting the extent to which the worryingly weak job market trend may ease inflation concerns at the Old Lady.

### UK employment indicators



Data compiled October 2023.

PMI and recruitment survey data rebased to standard deviations from mean.

Source: S&P Global Market Intelligence with CIPS (PMI) and KPMG/REC (recruitment survey).

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## Key diary events

### Monday 16 Oct

Indonesia Trade (Sep)  
Japan Industrial Production (Aug, final)  
Germany Wholesale Prices (Sep)  
Italy CPI (Sep, final)  
Eurozone Balance of Trade (Aug)  
Canada Manufacturing Sales (Aug, final)

### Tuesday 17 Oct

South Korea Export and Import Prices (Sep)  
New Zealand CPI (Q3)  
Australia RBA Meeting Minutes  
Singapore Non-oil Domestic Exports (Sep)  
United Kingdom Labour Market Report (Aug)  
Germany ZEW Economic Sentiment (Oct)  
Canada Inflation (Sep)  
Canada Housing Starts (Sep)  
United States Retail Sales (Sep)  
United States Industrial Production (Sep)  
United States Business Inventories (Aug)

### Wednesday 18 Oct

China (Mainland) GDP (Q3)  
China (Mainland) Industrial Production (Sep)  
China (Mainland) Retail Sales (Sep)  
China (Mainland) Unemployment Rate (Sep)  
China (Mainland) Industrial Capacity Utilization (Sep)  
United Kingdom Inflation (Sep)  
South Africa Inflation (Sep)  
Eurozone Inflation (Sep, final)  
United States Building Permits (Sep)  
United States Housing Starts (Sep)

### Thursday 19 Oct

Japan Trade (Sep)  
Australia Employment Change (Sep)  
South Korea BOK Interest Rate Decision  
China (Mainland) House Price Index (Sep)  
Malaysia Trade (Sep)  
Indonesia BI Interest Rate Decision  
United States Initial Jobless Claims  
United States Existing Home Sales (Sep)

### Friday 20 Oct

*China (Mainland) Market Holiday*  
New Zealand Trade (Sep)  
Japan Inflation (Sep)  
China (Mainland) Loan Prime Rate (Sep)  
Malaysia GDP (Q3, prelim)  
Malaysia Inflation (Sep)  
United Kingdom Retail Sales (Sep)  
Taiwan Export Orders (Sep)  
Hong Kong Inflation (Sep)  
Canada Retail Sales (Aug)  
Canada New Housing Prices (Sep)

\* Access press releases of indices produced by S&P Global and relevant sponsors [here](#).

## What to watch

### Americas: US retail sales, industrial production, building permits data, Canada inflation

Following the release of Fed minutes, which outlined the indecision among Fed officials on whether another hike may be needed, we will be watching for more economic releases in the coming week, data that will help shape the Fed's views on the interest rate path. Specifically, US retail sales and industrial production figures will offer updates on GDP momentum, with latest PMI indications reinforcing the consensus expectations for slowdown in both counters.

Canada also updates inflation figures with CPI expected to have ticked higher in September, though core inflation may stay unchanged.

### EMEA: UK inflation and labour market reports, Eurozone inflation and German ZEW survey

In Europe, inflation readings from both the eurozone and UK will be expected on Wednesday, the former being the final September figures. Both headline readings are set to have lowered from August, in line with the trends outlined by PMI selling price indices from the HCOB Eurozone PMI and S&P Global / CIPS UK PMI.

UK labour market will meanwhile be watched after the [KPMG and REC UK Report On Jobs](#), compiled by S&P Global, revealed that the uncertain economic outlook continued to weigh on hiring decisions at the end of the third quarter.

### APAC: BOK, BI meetings, RBA meeting minutes, China loan prime rate, Q3 GDP, retail sales, industrial production data, Japan inflation and trade figures

In APAC, central bank meetings unfold in South Korea and Indonesia with no changes expected from either.

Key data releases in the region meanwhile includes China's Q3 GDP and September's monthly activity figures. Indications from the [Caixin PMI, compiled by S&P Global, showed growth momentum easing in the third quarter](#), reinforcing the consensus expectation that we will see slower annual GDP growth in Q3 at around 4.4%. Retail sales and industrial production performance will meanwhile moderate slightly in September according to forecasts.

Additionally, Japan's inflation reading will be released on Friday with the consensus expectation pointing to a slower 3.1% year-on-year (y/y) rise in prices. [September's PMI data](#) signalled that further easing of inflationary pressures may be expected for the Japanese economy.

## Special reports:

**Global PMI Signals Near-term Downturn Risks Amid Falling Backlogs of Work** | Chris Williamson | [page 4](#)

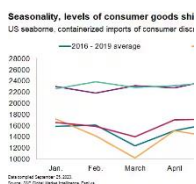
**Taiwan's Exports Turn Positive in September 2023** | Rajiv Biswas | [page 7](#)

## Recent PMI and economic analysis from S&P Global

Global	<a href="#">Emerging markets PMI signal growth momentum slowing at end of third quarter</a>	12-Oct	Jingyi Pan
	<a href="#">Monthly PMI Bulletin: October 2023</a>	9-Oct	Jingyi Pan
	<a href="#">Renewed fall in global demand fuelled by rising impact of higher interest rates</a>	9-Oct	Chris Williamson
	<a href="#">Trade conditions continue to deteriorate at end of third quarter</a>	9-Oct	Jingyi Pan
	<a href="#">Global PMI signals near-term downturn risks amid falling backlogs of work</a>	5-Oct	Chris Williamson
	<a href="#">Global PMI data hint at higher goods prices offsetting cooler service sector inflation</a>	5-Oct	Chris Williamson
	<a href="#">Worldwide factory prices on the rise again in September</a>	2-Oct	Chris Williamson
EMEA	<a href="#">Eurozone flash PMI fuels further downturn worries as demand weakness intensifies</a>	22-Sep	Chris Williamson
	<a href="#">Flash PMI signals deepening UK economic downturn in September</a>	22-Sep	Chris Williamson
US	<a href="#">US flash PMI points to slowing economy expansion amid stubborn price pressures</a>	22-Sep	Chris Williamson
Asia-Pacific	<a href="#">Vietnam GDP growth improves in third quarter of 2023</a>	5-Oct	Rajiv Biswas
	<a href="#">Thailand's economy faces headwinds from manufacturing sector downturn</a>	29-Sep	Rajiv Biswas
Commodities	<a href="#">Weekly Pricing Pulse: Commodities up as supply concerns grow</a>	24-Aug	Michael Dall

## S&P Global Market Intelligence highlights

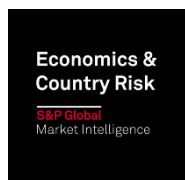
### Time, tariffs and tracking: Supply chain outlook for fourth quarter 2023



Supply chain activity has largely returned to normal, although uncertainties remain around corporate strategy, global trade policy, and environmental measures. Lower consumer demand is evident in US seaborne imports of consumer goods that have fallen by 26%.

[Click here to read our research and analysis](#)

### PMI Insights: Extreme weather impact



2023 has delivered some extreme weather, from extreme heat in Southern Europe to a dry spell that affected crop yields in Southeast Asia and Australia, often with tragic human consequences. Extreme weather events like droughts and floods also present risks to economies and supply chains.

[Click here to listen to this podcast by S&P Global Market Intelligence](#)

## For further information:

For more information on our products, including economic forecasting and industry research, please visit <https://www.spglobal.com/>. For more information on our PMI business surveys, please visit [here](#).

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Special Focus

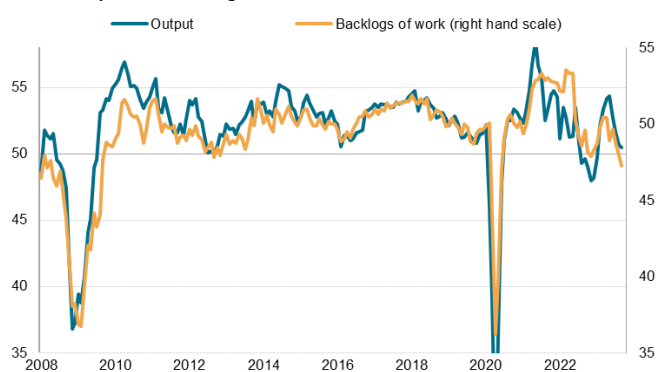
# Global PMI Signals Near-term Downturn Risks Amid Falling Backlogs of Work

Global economic growth remained largely stalled for a second consecutive month in September, according to the S&P Global PMI surveys, based on data provided by over 27,000 companies. The data point to a significant loss of global growth momentum after the resurgence of demand seen earlier in the year, which had been fueled in particular by a post-pandemic revival of service sector activity.

Growth is weakest in the developed world, and particularly in Europe, where higher interest rates have combined with the higher cost of living and uncertainty about the outlook to hinder expansions. However, at the same time China's recovery is also waning, acting a drag on emerging market growth.

Near-term global output risks seem skewed to the downside, as backlogs of work fell worldwide in September at the sharpest pace since the global financial crisis when excluding the initial wave of COVID-19, hinting that companies will seek to scale back operating capacity in the months ahead unless demand revives.

## Global output and backlogs of work



Data compiled October 2023 including PMI data to September 2023. PMI index value of 50 = no change on prior month, covers manufacturing and services. Source: S&P Global PMI with J.P. Morgan. © 2023 S&P Global.

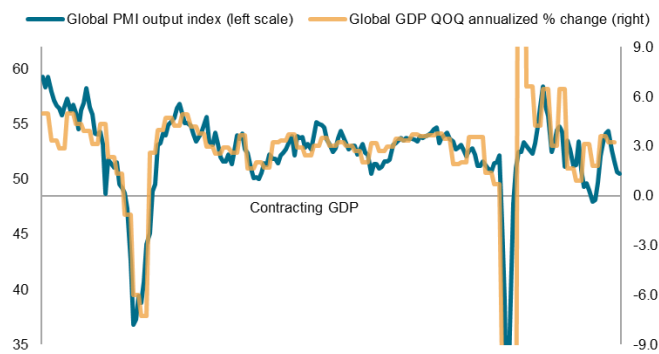
## Global recovery remains near-stalled

Global business activity growth remained largely stalled for a second successive month in September, according to the Global PMI data compiled by S&P Global. The headline PMI, covering manufacturing and services across over 40 economies and sponsored by JPMorgan, edged down from

50.6 in August to 50.5 in September, its lowest since the current global economic upturn began in February. Close to the 'no-change' level of 50.0, the PMI registered only very modest growth for a second month in a row.

The current reading takes the PMI further below the survey's long-run average of 53.3 and is broadly consistent with annualized quarterly global GDP growth of just under 1%, well below the pre-pandemic ten-year average of 3.0%.

## Global economic growth and the PMI



Data compiled October 2023 including PMI data to September 2023. PMI (Purchasing Managers' Index) value of 50 = no change on prior month. Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence. © 2023 S&P Global.

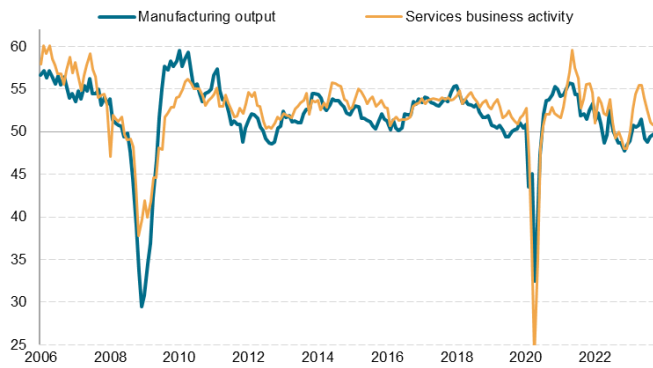
## Malaise spreads from manufacturing to services

Manufacturing remained in contraction for a fourth successive month, albeit with the rate of decline moderating globally to signal only a marginal decline. However, new orders received by factories continued to fall, dropping at a faster rate than production, underscoring how producers remain reliant on a finite pipeline of back-orders to sustain growth.

Global service sector activity meanwhile also disappointed, expanding only marginally in September as the rate of growth faltered for a fourth consecutive month from the solid rates seen earlier in the year to register the smallest monthly improvement since January.

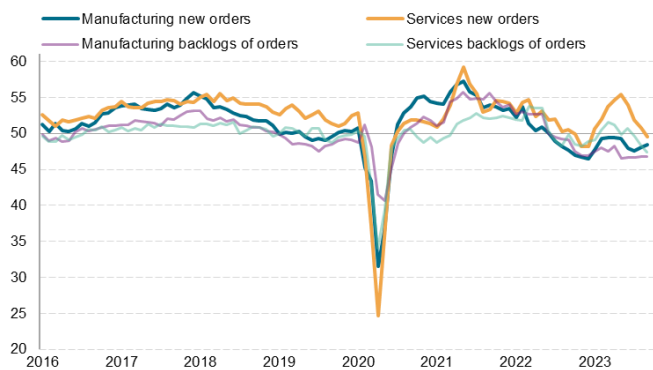
Worse may yet come, as new business inflows into the service sector fell worldwide in September for the first time since December. Moreover, backlogs of work in the service sector fell globally at the fastest rate since May 2020. Excluding the early pandemic lockdowns, the drop in backlogs was the steepest since September 2009, underlining the extent to which service providers, like their manufacturing counterparts, are having to eat into backlogs of previously-placed orders to sustain current activity levels in the absence of new orders.

**Global PMI output by sector**



Data compiled October 2023 including PMI data to September 2023.  
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.  
Sources: S&P Global PMI with J.P.Morgan, S&P Global Market Intelligence.  
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**Global PMI new orders**



Data compiled October 2023 including PMI data to September 2023.  
PMI (Purchasing Managers' Index) 50 = no change on prior month.  
Sources: S&P Global PMI with J.P.Morgan, S&P Global Market Intelligence.  
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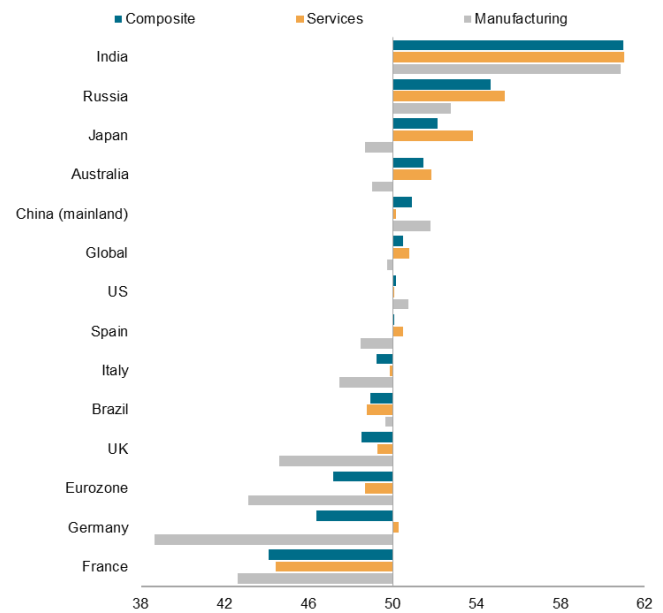
**India outperforms**

India remained the stand-out performer in September, extending its current boom that has seen both manufacturing and services grow at impressive rates to generate one of the strongest overall expansions seen over the past 15 years.

Robust growth was also reported in Russia, but China's mainland expansion slowed to the weakest since its recovery began in January to signal only very modest growth, thanks mainly to a near-stalled service sector revival. Brazil meanwhile slipped into contraction for the second time in the past three months.

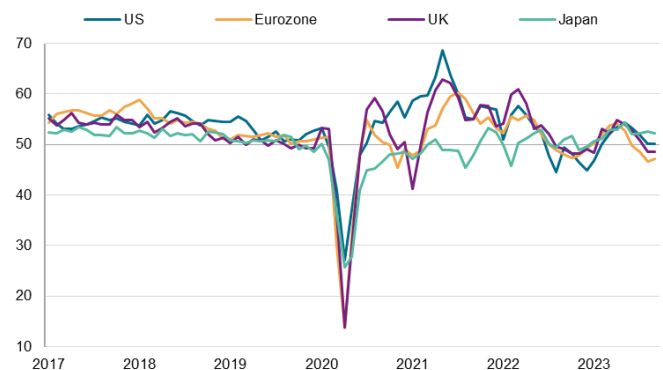
Divergent trends were also seen in the major developed markets. Only Japan reported a sustained expansion of output, enjoying continued robust service sector growth. But the US saw a near-stagnation of output for a second month in a row, with subdued performances recorded across both services and, to a lesser extent, manufacturing. Europe meanwhile remained in contraction amid falling levels of manufacturing and services output. Eurozone output fell for a fourth consecutive month and the UK reported a second successive month of decline.

**PMI output index**



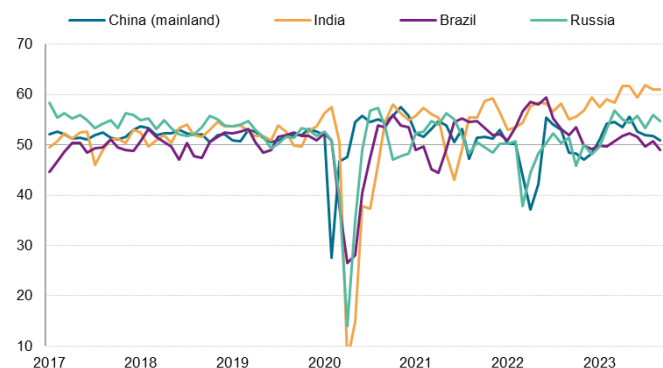
Data compiled October 2023 including PMI data for September 2023.  
PMI index 50 = no change on prior month.  
Sources: S&P Global PMI, J.P. Morgan, HCOB, CIPS, au Jibun Bank, Judo Bank, Caixin.  
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**Major developed economies, output (manufacturing & services)**



Data compiled October 2023 including PMI data to September 2023.  
PMI index value of 50 = no change on prior month, covers manufacturing and services.  
Sources: S&P Global PMI, S&P Global Market Intelligence, HCOB, CIPS, au Jibun Bank.  
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**Major emerging economies, output (manufacturing & services)**

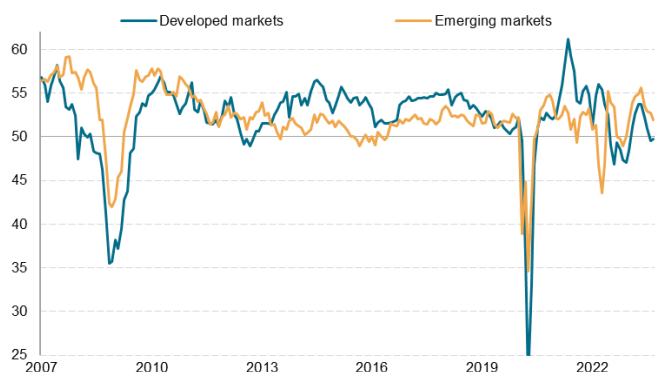


Data compiled October 2023 including PMI data to September 2023.  
PMI index value of 50 = no change on prior month, covers manufacturing and services.  
Sources: S&P Global PMI, S&P Global Market Intelligence, Caixin.  
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## Developed world output contracts for second month

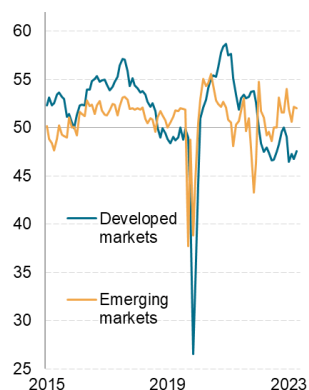
The various national performances meant the developed world suffered a marginal overall contraction of output for a second straight month at the end of the third quarter, signaling a marked contrast to the robust improvement seen in the second quarter. The emerging markets meanwhile reported the weakest output gain since January.

Global PMI output by market



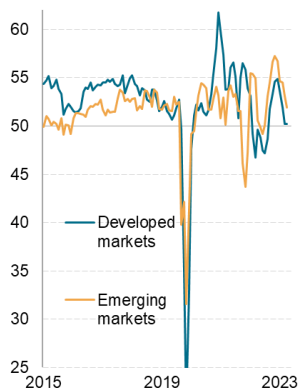
Data compiled October 2023 including PMI data to September 2023.  
PMI index value of 50 = no change on prior month  
Sources: S&P Global PMI, S&P Global Market Intelligence, J.P. Morgan.  
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Global PMI manufacturing output



Data compiled October 2023 including PMI data to September 2023  
PMI index value of 50 = no change on prior month  
Sources: S&P Global PMI, S&P Global Market Intelligence.  
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services output



## Outlook

With the worst performances seen in those developed economies where interest rates have risen sharply – namely the US, Eurozone and UK – the surveys hint at further downward pressure on global demand in the coming months, as the lagged effect of rate hikes is likely to continue to feed through.

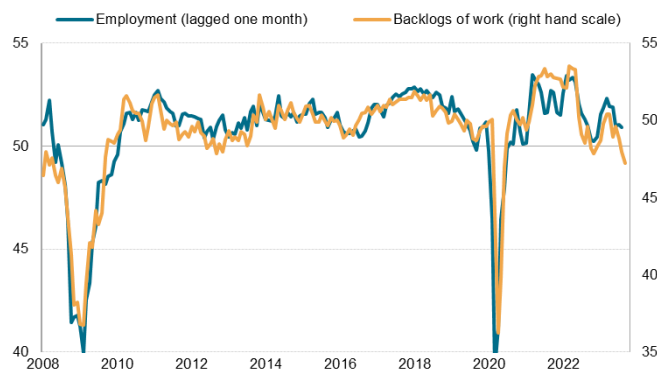
This dampening of demand poses downside risks to the outlook, as September has already seen inflows of new business fall globally for the first time since January.

This demand decline has caused companies across manufacturing, and increasingly also the service sector, to

rely on backlogs of previously placed orders to sustain current production (output) levels. However, these backlogs are now collectively falling worldwide at the sharpest rate since August 2009, if pandemic lockdown months are excluded, suggesting firms could soon be running out of work to justify currently capacity levels.

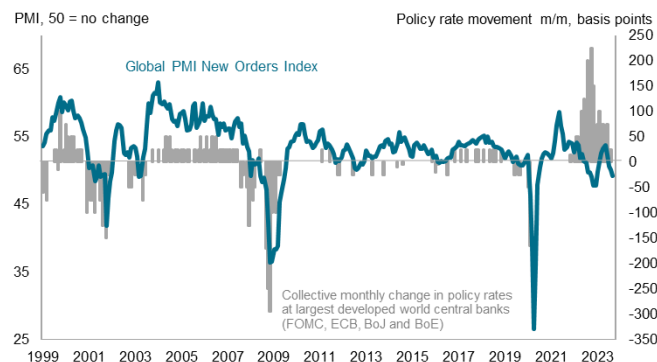
Output may therefore soon come under pressure from depleted order books (see first chart above), and pressure on headcounts could follow, barring a revival of demand. However, the lagged impact of rate hikes bodes ill for the near-term demand outlook.

Global employment



Data compiled October 2023 including PMI data to September 2023.  
PMI index value of 50 = no change on prior month, covers manufacturing and services.  
Source: S: S&P Global PMI with J.P. Morgan.  
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Global PMI output and prices vs. monetary policy



Data compiled October 2023.  
PMI covers manufacturing and services.  
Sources: S&P Global PMI, S&P Global Market Intelligence, J.P. Morgan.  
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Access the global PMI press release [here](#).

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Special Focus

# Taiwan's Exports Turn Positive in September 2023

After twelve successive months of declining year-on-year exports, Taiwan's September exports showed a small positive increase year-on-year. A key factor driving the downturn in exports during late 2022 and through much of 2023 has been weak demand for Taiwan's electronics exports in key global markets. However recent export data has shown signs of a significant turnaround, with September trade data showed strong positive export growth to the US, EU and ASEAN measured on a year-on-year basis.

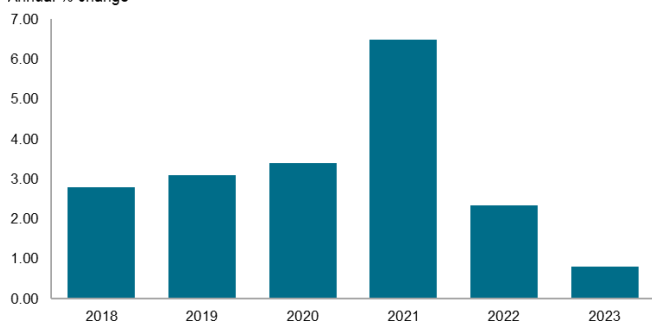
The latest S&P Global Taiwan Manufacturing Purchasing Managers' Index (PMI) reading improved to 46.4 in September, although still indicating contractionary conditions for Taiwan's manufacturing sector.

## Taiwan's exports improve in September 2023

Taiwan emerged out of technical recession in the second quarter of 2023, with GDP growth of 1.7% quarter-on-quarter (q/q) after two successive quarters of GDP contraction. The rebound was driven by private consumption, which grew by 12.1% year-on-year (y/y) in the second quarter of 2023.

Taiwan: GDP growth rate

Annual % change



Source: S&P Global Market Intelligence.  
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Taiwan's growth slowdown follows a period of strong economic expansion in 2021 and 2022. In 2021, annual GDP rose by 6.5% y/y. This was the fastest pace of annual economic growth since 2010, boosted by export growth of 29% y/y, with exports of semiconductors up by 27% y/y.

This was followed by continued positive GDP growth at a pace of 2.4% in calendar year 2022, helped by strong global demand for electronics exports during most of 2022. Taiwan's merchandise exports rose by 7.4% y/y in 2022, buoyed by strong expansion in exports of electronics

components, which rose by 16.4% y/y, while semiconductors exports rose by 18.4% y/y.

However, since mid-2022, Taiwan's electronics sector exports, which are a key export, had weakened significantly, due to slumping electronics demand in the US, EU and mainland China. The downturn in Taiwan's exports has been a key factor contributing to its economic slowdown.

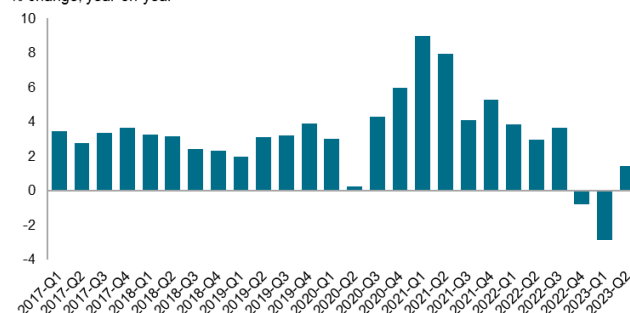
Taiwan's exports turned positive in September, rising by 3.4% y/y, after recording year-on-year declines for 12 successive months, including during the first eight months of 2023. Merchandise exports in August 2023 had contracted by 7.3% y/y, after declining by 10.4% y/y in July and an even sharper downturn of 23.4% y/y in June. Despite the improvement in September exports, Taiwan's exports fell by 13.8% during the first nine months of 2023 compared to the same period a year ago.

Exports to mainland China and Hong Kong SAR declined by 8.8% y/y in September, improving on recent declines of 14.1% y/y in August, 16.3% y/y in July and 22.2% y/y in June. Mainland China and Hong Kong SAR remained the largest export market and accounted for 35.3% of Taiwan's total exports in the first nine months of 2023.

In September, Taiwan's exports to ASEAN showed a dramatic turnaround, rising by 24.8% y/y, compared with declines of 3.9% y/y in August and 8.4% y/y in July. Exports to the US also showed a strong increase of 17.7% y/y in September after rising by 8.8% y/y in August, rebounding after a decline of 3.3% y/y in July. Exports to Europe also showed a large increase of 21.3% y/y in September, after increases of 2.1% y/y in August and 24% y/y in July due to higher exports of ICT products.

Taiwan GDP growth

% change, year-on-year



Source: S&P Global Market Intelligence.  
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Taiwan's manufacturing sector business conditions have remained weak in August 2023. Industrial production fell by 10.5% y/y in August, with manufacturing output down by 10.7% y/y. However, the pace of decline has moderated in August in comparison with the average for the first eight months of 2023, during which industrial production fell by 16.5% y/y and manufacturing production declined by 17.1% y/y. Measured on a month-on-month (m/m) basis, industrial production showed a significant rise of 7.3% m/m in August.

The S&P Global Taiwan Manufacturing Purchasing Managers' Index (PMI) picked up to 46.4 in September from 44.3 in August, the best reading for manufacturing business conditions since April. Nevertheless, the headline PMI continued to indicate contractionary conditions for the manufacturing sector for the 16th successive month.

The latest survey results show some signs of Taiwan's manufacturing downturn easing in September, with companies noting much softer reductions in output and new orders.

#### S&P Global Taiwan Manufacturing PMI

S&P Global PMI (Purchasing Managers' Index) Index  
Diffusion index (50 = no change on prior month)



Source: S&P Global Market Intelligence, S&P Global PMI surveys  
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#### S&P Global Taiwan manufacturing PMI new export orders

S&P Global PMI (Purchasing Managers' Index) Index  
Diffusion index (50 = no change on prior month)



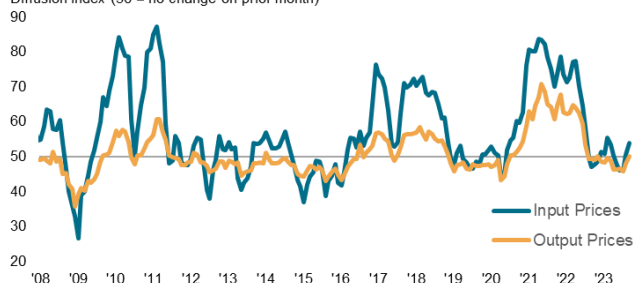
Source: S&P Global Market Intelligence, S&P Global PMI surveys  
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## Inflation shows upturn due to higher food and energy prices

Prices data pointed to a second consecutive monthly rise in average operating expenses during September. The rate of inflation quickened to a seven-month high and was widely linked to greater raw material prices. After falling in each of the prior nine months, factory gate prices in Taiwan rose fractionally in September. While some firms mentioned passing on increased costs to customers, others indicated that competition for new work had weighed on their ability to raise their charges.

#### Taiwan manufacturing PMI: Input and output prices

S&P Global PMI (Purchasing Managers' Index) Index  
Diffusion index (50 = no change on prior month)



Source: S&P Global Market Intelligence, S&P Global PMI surveys  
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Taiwan's CPI inflation rate moderated to 1.9% y/y in July 2023, but has subsequently risen again to 2.9% y/y by September 2023 due to the impact of rising food and oil prices. Food prices for fruit and vegetables rose sharply due to heavy rains caused by recent typhoons. The core CPI measure, which excludes energy and food, rose by 2.5% y/y in September.

Due to the upturn in inflationary pressures during 2022 as a result of surging world commodity prices following the outbreak of the Russia-Ukraine war, Taiwan's central bank tightened monetary policy with a series of modest tightening steps during 2022 and early 2023 to limit potential further inflation pressures. The most recent policy rate hike was by 12.5 basis points (bps) on 23 March 2023.

The central bank started its tightening cycle in March 2022, with its tightening step of 25bps having been the first rate hike since June 2011. The previous most recent change to policy rates had been a rate cut in March 2020 in response to the global COVID-19 pandemic. The March 2022 rate hike was followed by a 12.5bps increase in June 2022, a 12.5bps hike in September 2022 and another 12.5bps in December 2022.

## Global headwinds facing electronics industry

In September 2023, Taiwan's exports of electronics components, which accounted for around 40% of total exports, fell by 4.3% y/y, narrowing the decline of 11.2% y/y recorded in August. Semiconductors exports recorded a contraction of 2.6% y/y in September, much improved on the decline of 10.4% y/y in August. The downturn in Taiwan's ICT exports during the past 12 months reflects the slowdown in the global electronics industry since mid-2022.

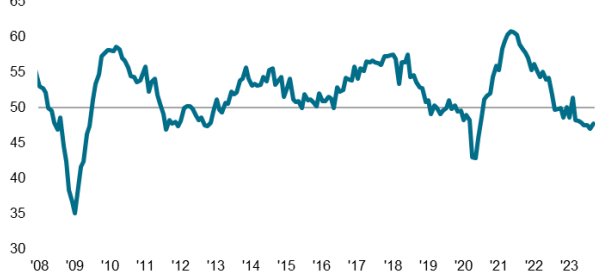
However, one area of strength has been in exports of information/communication and video/audio exports, which rose by 59.8% y/y in September, helped by strong demand for computers, storage devices, convertors and routers.



At 47.7 in September, the headline S&P Global Electronics PMI was up slightly compared with the outturn of 47.0 in August, although the September PMI reading still signalled contractionary operating conditions across the global electronics manufacturing sector at the end of the third quarter of 2023. New orders and production continued to contract according to September data.

#### S&P Global Electronics PMI

S&P Global PMI (Purchasing Managers' Index) Output Index  
Diffusion index (50 = no change on prior month)



Source: S&P Global Market Intelligence, S&P Global PMI surveys  
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Average cost burdens at global electronics manufacturers increased again in September. As a result of higher costs, global electronics producers continued to share their cost burdens with clients, leading to rising selling prices. Moreover, the rate at which charges rose was the quickest since March, rising further above the series average. The Industrials segment led the increase in output prices. Only the Communications sector saw average selling prices fall, albeit only fractionally.

## Economic outlook

After rapid economic growth in 2021 and continued firm expansion in 2022, Taiwan's economy has slowed in 2023, mainly due to the downturn in exports. This reflected continued weakness during the past 12 months in key markets for Taiwan's electronics exports, notably the US, EU and mainland China. However, Taiwan's September trade data showed early signs of a turnaround in exports, with strong positive year-on-year increases in exports to the US, EU and ASEAN.

Taiwan's medium-term outlook remains for sustained positive expansion at a moderate pace, underpinned by an expected upturn in global electronics demand during 2024 and 2025.

The medium-term outlook for electronics demand is underpinned by major technological developments, including continued 5G rollout over the next five years, which will drive demand for 5G mobile phones. Demand for industrial electronics is also expected to grow rapidly over the medium term, helped by Industry 4.0, as industrial automation and the Internet of Things boosts rapidly growth in demand for

industrial electronics. The information/communications and video/audio industry is also benefiting from growing new demand for Artificial Intelligence (AI)-related products, such as servers and graphics cards as well as chips that support generative AI functions.

Over the next decade, Taiwan's electronics industry will continue to benefit from its leading role in production of advanced semiconductors as well as from its production of a wide range of other electronics products for consumer and industrial electronics.

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