

# August 2015 Taiwan Manufacturing PMI

PMI at 45.0%

**New Orders, Production, Inventories and Employment Contracting  
Supplier Deliveries Faster**

## MANUFACTURING AT A GLANCE

August 2015

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	45.0	48.6	-3.6	Contracting	Faster	2	49.7	45.6	53.2	40.0	42.5	42.1
New Orders	39.9	44.4	-4.5	Contracting	Faster	2	44.9	43.6	58.0	23.9	28.1	40.6
Production	43.9	48.9	-5.0	Contracting	Faster	2	47.4	46.8	52.0	35.2	37.5	40.6
Employment	48.4	52.9	-4.5	Contracting	From Growing	1	55.1	47.7	50.0	46.6	53.1	45.8
Supplier Deliveries	45.5	49.0	-3.5	Faster	Faster	5	50.0	45.0	48.0	45.5	50.0	39.6
Inventories	47.2	47.6	-0.4	Contracting	Faster	3	51.3	45.0	58.0	48.9	43.8	43.8
Customers' Inventories	49.0	49.0	+0.0	Too Low	Same	10	48.7	48.6	60.0	44.3	53.1	50.0
Prices	30.5	33.4	-2.9	Decreasing	Faster	12	21.8	32.1	42.0	26.1	34.4	27.1
Backlog of Orders	39.4	42.0	-2.6	Contracting	Faster	4	42.3	38.1	50.0	37.5	37.5	39.6
Exports	39.5	41.2	-1.7	Contracting	Faster	4	47.4	40.8	48.0	30.7	37.5	37.5
Imports	39.9	44.6	-4.7	Contracting	Faster	4	47.4	36.7	56.0	39.8	37.5	37.5
Six-month Outlook	33.6	42.6	-9.0	Contracting	Faster	2	34.6	37.6	44.0	19.3	31.3	34.4
Production Materials	30	29	-	-	-	-	32	28	39	35	25	28
MRO Supplies	25	24	-	-	-	-	33	22	30	29	31	16
Capital Expenditures	46	47	-	-	-	-	42	50	71	49	65	19

Chart 1: Time Series of Taiwan Manufacturing PMI

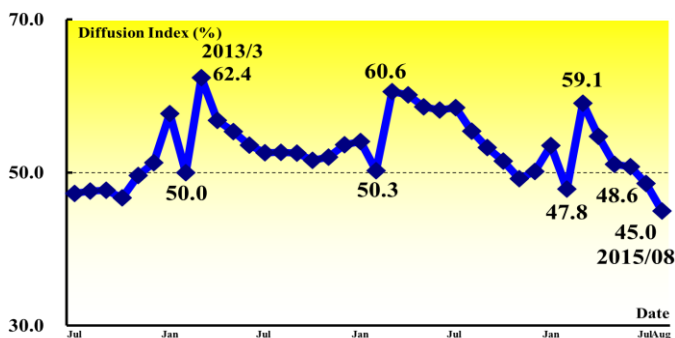
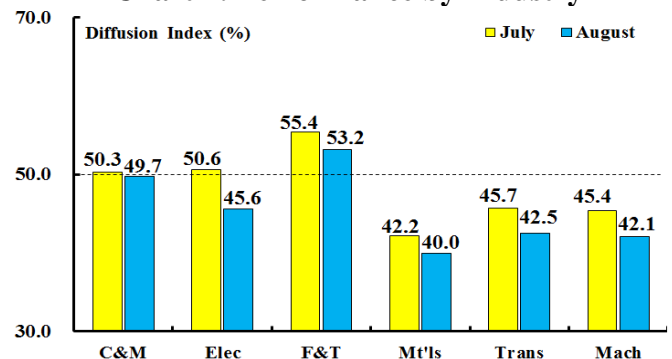


Chart 2: Performance by Industry



### Summary

- The manufacturing sector failed to grow in August for the second consecutive month. The Taiwan Manufacturing PMI fell 3.6 percentage points to 45.0 percent in August and registered its lowest reading since July 2012.
- The New Orders Index fell 4.5 percentage points to the disappointed reading of 39.9 percent in August and registered its lowest reading since July 2012.
- Manufacturing production remained in contraction for the second consecutive month as the Production Index further decreased 5.0 percentage points to 43.9 percent in August.
- Manufacturing Employment was unable to grow for the first time in the past six months as the Employment Index decreased 4.5 percentage points to 48.4 percent in August. This is the biggest drop since September 2014.
- The Supplier Deliveries Index registered 45.5 percent, a decrease of 3.5 percentage points from July and also the lowest index since September 2012.
- The Inventories Index registered 47.2 percent and declined to its lowest level for the past thirty-three months.
- The Backlog of Orders further decreased by 2.6 percentage points to 39.4 percent, the lowest figure since July 2012.
- The Exports Index plunged to 39.5 percent in August, further below its previous month of 41.2 percent in July.
- Manufacturers' imports declined to the lowest level for the past thirty-eight months as the Imports Index registered 39.9 percent in August, which is 4.7 percentage points lower than the 44.6 percent reported in July.
- Manufacturers turned even more pessimistic about the future. The Six-month Outlook Index fell 9.0 percentage points to 33.6 percent in August after reporting a 10.5 percentage points decrease in July. This is also the lowest level reported by the index since November 2012.
- Of the 6 manufacturing industries categories, five are reporting contraction in August in the following order: Basic Materials industries (40.0%), Electrical & Machinery Equipment (42.1%), Transportation Equipment (42.5%), Electronic & Optical (45.6%) and Chemical, Biological & Medical (49.7%). Only Foods & Textiles (53.2%) reported growth in August.

## About this Report

This report is jointly issued by the National Development Council (NDC) – a cabinet-level ministry, the Chung-Hua Institution for Economic Research (CIER), and the Supply Management Institute, Taiwan (SMIT). CIER makes no representation, other than that stated within this release, regarding the individual company data collection procedures.

## Data and Method of Presentation

The Survey is based on data compiled from monthly replies to questionnaires sent to manufacturing purchasing and supply executives in about 300 manufacturing companies. The panel has been carefully selected to accurately replicate the actual structure of the manufacturing economy, based on each industry's contribution to gross domestic product (GDP). The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive). A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally decline. Responses to Buying Policy reflect the percent reporting the current month's lead time, the approximate weighted number of days ahead for which commitments are made for Production Materials; Capital Expenditures; and Maintenance, Repair and Operating (MRO) Supplies, expressed as hand-to-mouth (five days), 30 days, 60 days, 90 days, six months (180 days), a year or more (360 days), and the weighted average number of days.

We re-categorize the manufacturing subsectors listed in the Standard Industrial Classification System of the Republic of China (Rev.9, 2011) into six broad categories. **The Chemical, Biological & Medical industry (C&M)** which includes Manufacture of Chemical Material, Manufacture of Chemical Products, Manufacture of Pharmaceuticals and Medicinal Chemical Products and Manufacture of Medical Instruments and Supplies. **The Electronic & Optical industry (Elec)** which comprises Manufacture of Electronic Parts and Components and Manufacture of Computers, Electronic and Optical Products. **The Foods & Textiles industry (F&T)** which comprises Manufacture of Food Products, Manufacture of Beverages, Manufacture of Tobacco Products, Manufacture of Textiles, Manufacture of Wearing Apparel and Clothing Accessories, Manufacture of Leather, Fur and Related Products. **The Basic Materials industry (Mt'ls)** which includes Manufacture of Wood and of Products of Wood and Bamboo, Manufacture of Pulp, Paper and Paperboard, Printing and Service Activities Related to Printing, Manufacture of Rubber Products, Manufacture of Plastics Products, Manufacture of Other Non-metallic Mineral Products, Manufacture of Basic Metals and Manufacture of Fabricated Metal Products. **The Transportation Equipment industry (Trans)** which comprises Manufacture of Motor Vehicles and Parts and Manufacture of Other Transport Equipment and Parts. The last category is **Electrical & Machinery Equipment industry (Mach)** which includes Manufacture of Electrical Equipment and Manufacture of Machinery and Equipment.

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