

December 2015 Taiwan Manufacturing PMI

PMI at 46.6%

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

MANUFACTURING AT A GLANCE

December 2015

Index	Series Index Dec	Series Index Nov	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	46.6	45.1	+1.5	Contracting	Slower	6	49.4	45.1	53.9	47.6	42.5	45.3
New Orders	45.7	44.9	+0.8	Contracting	Slower	6	48.6	44.2	54.3	46.7	32.5	48.0
Production	48.9	45.3	+3.6	Contracting	Slower	6	54.2	48.1	54.3	47.8	42.5	49.0
Employment	48.1	45.7	+2.4	Contracting	Slower	5	50.0	45.2	58.7	51.1	47.5	46.9
Supplier Deliveries	46.1	42.8	+3.3	Faster	Slower	9	50.0	46.6	45.7	45.7	42.5	42.9
Inventories	44.1	46.5	-2.4	Contracting	Faster	7	44.4	41.3	56.5	46.7	47.5	39.8
Customers' Inventories	43.9	43.7	+0.2	Too Low	Slower	14	41.7	41.3	56.5	42.4	50.0	48.0
Prices	28.3	34.8	-6.5	Decreasing	Faster	16	33.3	26.9	45.7	22.8	22.5	30.6
Backlog of Orders	44.1	44.5	-0.4	Contracting	Faster	8	43.1	45.2	54.3	41.3	40.0	38.8
Exports	43.8	45.7	-1.9	Contracting	Faster	8	41.7	43.8	52.2	43.5	37.5	42.9
Imports	41.6	43.9	-2.3	Contracting	Faster	8	52.8	39.4	50.0	41.3	42.5	35.7
Six-month Outlook	38.0	37.6	+0.4	Contracting	Slower	6	43.1	40.9	50.0	26.1	35.0	34.7
Production Materials	29	30	-	-	-	-	32	28	33	30	21	28
MRO Supplies	24	24	-	-	-	-	27	21	33	32	20	18
Capital Expenditures	45	46	-	-	-	-	40	47	75	53	40	25

Chart 1: Time Series of Taiwan Manufacturing PMI

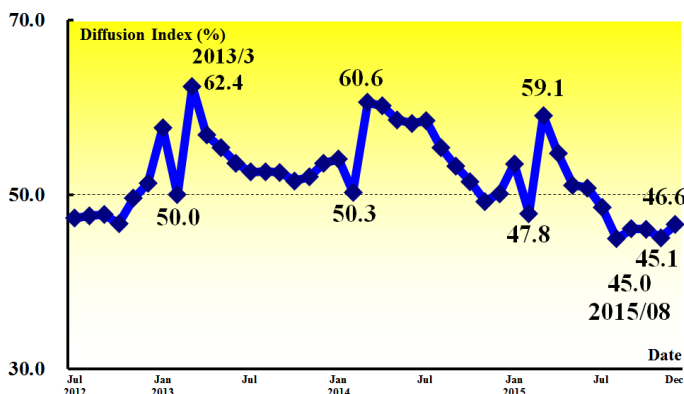
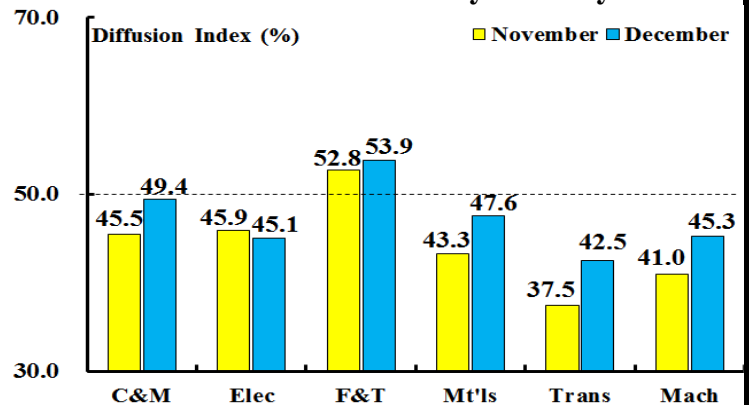


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector still remained in contraction for the sixth consecutive month while the Manufacturing PMI increased 1.5 percentage points and registered 46.6 percent in December.
- Both New Orders and Production Indexes showed continued contraction in December, but at slower rates than in November, raising 0.8 and 3.6 percentage points to 45.7 and 48.9 percent, respectively.
- Manufacturing employment is still in contracting for the fifth consecutive month as the Employment Index registered 48.1 percent in December, increased from the lowest recorded level of 45.7 percent since July 2012.
- The Supplier Deliveries Index registered 46.1 percent in December, which is 3.3 percentage points higher from its lowest reading of 42.8 percent in November.
- A rather faster contraction rate was observed in manufacturers' inventories. The Inventories Indexes registered 2.4 percentage points lower than the 46.5 percent reported in November.
- The Prices Index fell 6.5 percentage points to 28.3 percent in December and reported contraction for the sixteenth consecutive month.
- Manufacturers' backlogs contracted for the eighth consecutive month as the Backlog of Orders Index registered 44.1 percent in December.
- Both Export and Import Indexes contracted at a slightly faster rate compared to last month as they are down 1.9 and 2.3 percentage points to 43.8 and 41.6 percent, respectively.
- Manufacturers are still commenting pessimistic about the future. However, the Six-month Outlook Index performed 0.4 percentage points increase compared its November reading to 38.0 percent.
- Of the 6 manufacturing industries categories, five are reporting contraction in the following order: Transportation Equipment (42.5%), Electronic & Optical (45.1%), Electrical & Machinery Equipment (45.3%), Basic Materials industries (47.6%), and Chemical, Biological & Medical (49.4%). Only Foods & Textiles (53.9%) reported growth in December.

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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