

November 2014 Taiwan Manufacturing PMI

PMI at 49.2%

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

MANUFACTURING AT A GLANCE

November 2014

Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	49.2	51.5	-2.3	Contracting	From Growing	1	49.4	48.2	55.7	47.6	49.5	51.5
New Orders	47.0	50.3	-3.3	Contracting	From Growing	1	45.8	45.5	57.1	42.9	52.5	53.7
Production	48.7	53.4	-4.7	Contracting	From Growing	1	51.4	47.0	54.8	44.0	52.5	56.1
Employment	50.1	54.3	-4.2	Growing	Slower	24	48.6	48.0	59.5	53.6	52.5	45.1
Supplier Deliveries	48.5	48.8	-0.3	Faster	Faster	2	48.6	50.5	40.5	47.6	42.5	51.2
Inventories	51.7	50.7	+1.0	Growing	Faster	11	52.8	50.0	66.7	50.0	47.5	51.2
Customers' Inventories	47.4	50.1	-2.7	Too Low	From Too High	1	50.0	48.0	42.9	44.0	52.5	48.8
Prices	32.0	36.4	-4.4	Decreasing	Faster	3	23.6	35.5	42.9	25.0	40.0	28.0
Backlog of Orders	44.3	47.0	-2.7	Contracting	Faster	4	48.6	40.5	54.8	40.5	55.0	50.0
Exports	47.2	50.2	-3.0	Contracting	From Growing	1	45.8	49.5	47.6	41.7	50.0	47.6
Imports	49.5	48.5	+1.0	Contracting	Slower	2	54.2	46.5	57.1	52.4	42.5	48.8
Six-month Outlook	44.3	43.4	+0.9	Contracting	Slower	2	45.8	46.0	59.5	29.8	60.0	42.7
Production Materials	30	32	-	-	-	-	24	29	39	31	33	32
MRO Supplies	25	24	-	-	-	-	26	21	35	31	34	18
Capital Expenditures	46	44	-	-	-	-	41	41	50	60	90	28

Chart 1: Time Series of Taiwan Manufacturing PMI

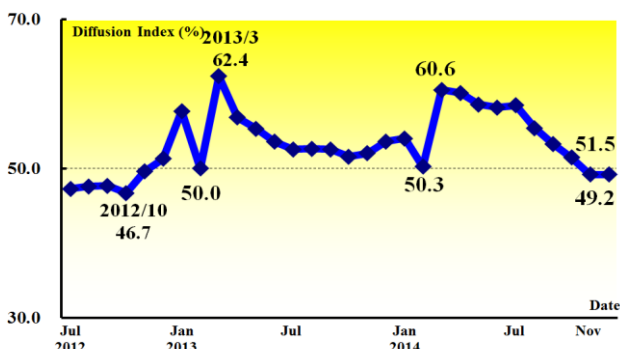
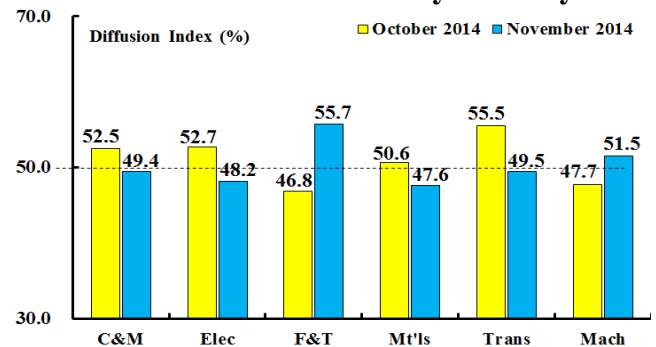


Chart 2: Performance by Industry



Summary

- The manufacturing sector turns from growing to contracting - the Taiwan Manufacturing PMI fell 2.3 percentage points to 49.2 percent in November, and is the first reading below 50.0 percent since December 2012.
- Both New Orders and Production Indexes failed to grow for the first time in the past nine months and registered 47.0 and 48.7 percent respectively in November. This is also the lowest reading point for the New Orders Index since November 2012.
- The Employment Index remains in growing at 50.1 percent, but registered its lowest reading since December 2012.
- The Supplier Deliveries Index dropped 0.3 percentage points in November, registering 48.5 percent and indicating slower deliveries for the second consecutive month.
- The Customers' Inventories Index registered at 47.4 percent, 2.7 percentage points below the October reading of 50.1 percent, and is the first reading below 50 percent in the past four months.
- The Price Index has fallen to the lowest level since July 2012 and registered 32.0 percent in November.
- The Backlog of Orders Index still remained in contraction, at 44.3 percent, and registered its lowest reading since November 2012.
- Manufacturers' export orders failed to grow during November for the first time since December 2013, with the New Export Orders Index decreased 3.0 percentage points to 47.2 percent.
- Manufacturers were generally projecting pessimistic about the future. However, the Six-month Outlook Index registered 0.9 percentage point above the October reading of 43.4%.
- Of the six manufacturing industries categories, four are reporting contraction in November in the following order: Basic Materials (47.6%); Electronic & Optical (48.2%); Chemical, Biological & Medical (49.4%) and Transportation Equipment (49.5%). Only Foods & Textiles (55.7%) and Electrical & Machinery Equipment (51.5%) reported growth in November.

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 250 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.

Contact Information:

For economics comments, data and technical queries, please contact

Shin-Hui Chen, Ph.D.

Assistant Research Fellow, Center for Economic Forecasting
Chung-Hua Institution for Economic Research
Email: csh@cier.edu.tw
Tel: +(866) 2 27356006 ext. 424
www.cier.edu.tw

For industry comments, please contact:

Steve Lai

Executive Director, Center for Purchasing and Supply Studies
Supply Management Institute, Taiwan
E-mail: stevelai@smit.org.tw
Tel: +(866) 2 27495889
www.smit.org.tw