

# June 2014 Taiwan Manufacturing PMI

PMI at 58.2%

**New Orders, Production and Employment Growing**  
**Inventories Growing**  
**Supplier Deliveries Slowing**

## MANUFACTURING AT A GLANCE

June 2014

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	58.2	58.6	-0.4	Growing	Slower	16	61.1	60.9	56.2	51.2	60.7	56.0
New Orders	59.6	62.3	-2.7	Growing	Slower	4	59.5	66.0	57.1	47.7	60.7	55.8
Production	61.7	60.9	+0.8	Growing	Faster	4	63.5	66.0	54.8	52.3	67.9	60.5
Employment	56.8	58.4	-1.6	Growing	Slower	19	62.2	57.3	59.5	48.8	60.7	59.3
Supplier Deliveries	57.4	56.5	+0.9	Slowing	Faster	10	62.2	59.7	52.4	53.5	60.7	50.0
Inventories	55.3	54.8	+0.5	Growing	Faster	6	58.1	55.3	57.1	53.5	53.6	54.7
Customers' Inventories	48.3	44.3	+4.0	Too Low	Slower	11	48.6	47.6	47.6	53.5	42.9	44.2
Prices	55.6	53.7	+1.9	Increasing	Faster	7	70.3	51.5	54.8	53.5	57.1	59.3
Backlog of Orders	53.0	54.6	-1.6	Growing	Slower	4	48.6	56.3	42.9	48.8	64.3	54.7
Exports	57.5	58.3	-0.8	Growing	Slower	7	64.9	61.2	47.6	50.0	57.1	53.5
Imports	57.6	58.4	-0.8	Growing	Slower	4	64.9	59.7	61.9	50.0	57.1	48.8
Six-month Outlook	68.4	65.3	+3.1	Growing	Faster	7	75.7	73.3	59.5	59.3	67.9	61.6
Production Materials	33	34	-	-	-	-	34	32	38	35	22	35
MRO Supplies	24	24	-	-	-	-	24	21	33	29	27	24
Capital Expenditures	51	51	-	-	-	-	61	48	82	54	54	32

Chart 1: Time Series of Taiwan Manufacturing PMI

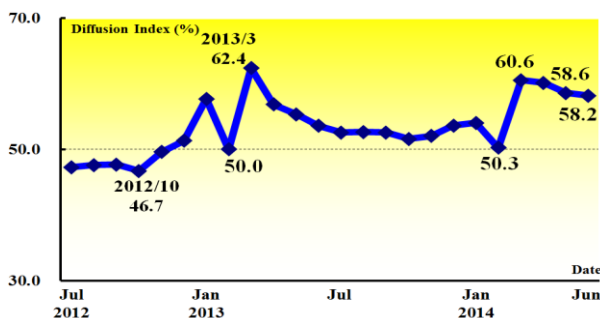
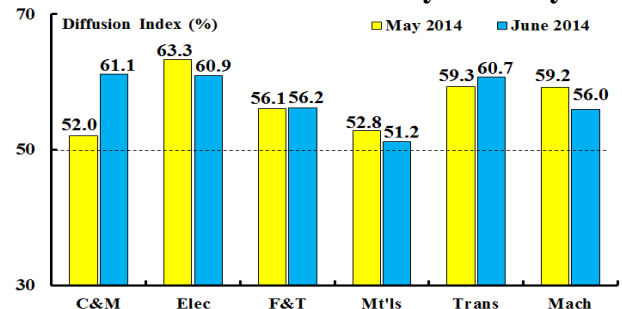


Chart 2: Performance by Industry



### Summary

- The Taiwan Manufacturing PMI registered 58.2 percent in June, which is 0.4 percentage points lower than the 58.6 percent reported in May. This month's reading represents that the manufacturing sector grew at a slightly slower, but still promising, rate.
- The New Orders Index registered 59.6 percent in June, a decrease of 2.7 percentage points from May, indicating that manufacturers' new orders grew at a slower rate but still remain in a relatively strong demand position.
- The Production Indexes has now been above the 60 percent for the fourth straight month, registering 0.8 percentage points higher than the 60.9 percent reported in May.
- The Supplier Deliveries Index went up 0.9 percentage points to 57.4 percent in June. This represents that the delivery performance from suppliers to manufacturing organizations was slower for ten consecutive months and also the highest index reading since July 2012.
- Manufacturing Inventories continued the growing trend for the sixth consecutive month as the Inventories Index registered 0.5 percentage points higher than the 54.8 percent reported in May.
- The manufacturers still believe their customers have less than sufficient inventories on hand although the Customers' Inventories Index rose by 4.0 percentage points to 48.3 percent in June, with the fastest growth rate since August 2013.
- The Prices Index increased 1.9 percentage points to 55.6 percent in June, signaling the continuous increasing pressure on manufacturers' costs for the seventh consecutive month.
- Exports decelerated this month, but it is still at very positive levels. The Export Index registered 57.5 percent in June, down from the 58.3 percent in May.
- Manufacturers still remain optimistic about the future. The Six-month outlook Index registered 68.4 percent and has risen above the 60 percent for six consecutive months since January 2014.
- All the manufacturing industries categories reporting growth in June in the following order: Chemical, Biological & Medical (61.1%); Electronics & Optical (60.9%); Transportation Equipment (60.7%); Foods & Textiles (56.2%); Electrical & Machinery Equipment (56.0%) and Basic Materials (51.2%).

## 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.

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