

# August 2014 Taiwan Manufacturing PMI

## PMI at 55.4%

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

### MANUFACTURING AT A GLANCE

August 2014

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	55.4	58.5	-3.1	Growing	Slower	18	54.3	58.4	59.1	50.2	49.5	53.3
New Orders	55.3	62.3	-7.0	Growing	Slower	6	50.0	60.3	69.6	45.3	47.5	51.1
Production	56.0	62.2	-6.2	Growing	Slower	6	52.5	61.3	67.4	44.2	52.5	52.2
Employment	54.7	59.2	-4.5	Growing	Slower	21	57.5	54.4	60.9	50.0	52.5	57.6
Supplier Deliveries	55.8	54.2	+1.6	Slowing	Faster	12	53.8	60.8	50.0	52.3	40.0	55.4
Inventories	55.3	54.5	+0.8	Growing	Faster	8	57.5	55.4	47.8	59.3	55.0	50.0
Customers' Inventories	51.6	49.1	+2.5	Too High	From Too Low	1	57.5	51.0	54.3	52.3	50.0	42.4
Prices	53.1	58.0	-4.9	Increasing	Slower	9	55.0	53.4	50.0	51.2	52.5	56.5
Backlog of Orders	49.7	50.7	-1.0	Contracting	From Growing	1	46.3	52.0	43.5	46.5	42.5	59.8
Exports	54.1	56.1	-2.0	Growing	Slower	9	57.5	56.4	56.5	48.8	50.0	48.9
Imports	56.9	58.9	-2.0	Growing	Slower	6	60.0	57.4	47.8	61.6	55.0	48.9
Six-month Outlook	60.6	65.5	-4.9	Growing	Slower	9	55.0	65.7	52.2	55.8	70.0	56.5
Production Materials	30	33	-	-	-	-	33	28	37	33	23	28
MRO Supplies	25	25	-	-	-	-	36	21	30	26	23	18
Capital Expenditures	46	48	-	-	-	-	45	45	59	58	54	27

Chart 1: Time Series of Taiwan Manufacturing PMI

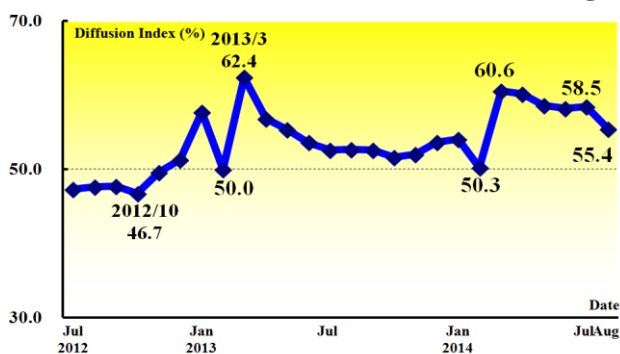
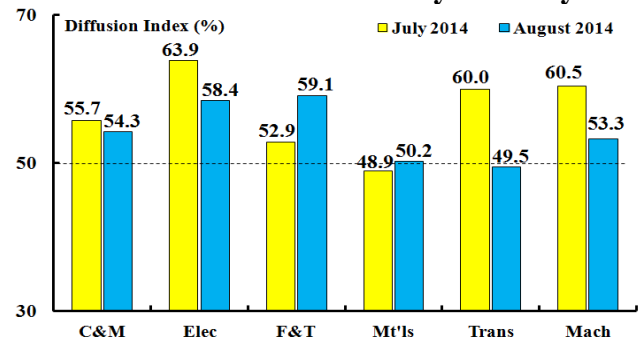


Chart 2: Performance by Industry



### Summary

- The Taiwan Manufacturing PMI fell 3.1 percent points to 55.4 percent, mainly from slower growth in new orders, production and employment, indicating that the manufacturing sector expanded at the slowest pace since March 2014.
- Both New Orders and Production Indexes fell to its lowest level of growth since March 2014, decreasing 7.0 and 6.2 percentage points to 55.3 and 56.0 percent, respectively.
- Manufacturing Employment grew in August for the 21st consecutive month while the Employment Index decreased 4.5 percentage points to 54.7 percent in August. This is the biggest month-to-month decrease since July 2012.
- The Inventories Index registered 55.3 percent and indicates growth in the manufacturers' inventories for the eighth consecutive month.
- The Customers' Inventories Index registered 51.6 percent in August, up from the 49.1 percent reported in July, and is the first reading above 50 percent since August 2013.
- Manufacturers continue to suffer higher prices for the ninth consecutive month while the Prices index registered 4.9 percentage points lower than the 58.0 percent reported in July.
- Order backlogs failed to grow in August after four months of deceleration. The Backlog of Orders Index registered 49.7 percent in August, down by a small 1 percent point from the 50.7 percent in July.
- The New Exports index continues to grow, but, with a slower rate. It registered 2.0 percent points below the July reading of 56.1 percent.
- Manufacturers generally still remain optimistic on the future. However, the Six-month Outlook Index decreased by 4.9 percentage points to 60.6%, rather lower level since January 2014.
- Of the six manufacturing industries categories, five are reporting growth in August in the following order: Foods & Textiles (59.1%); Electronic & Optical (58.4%); Chemical, Biological & Medical (54.3%); Electrical & Machinery Equipment (53.3%); Basic Materials (50.2%). Only Transportation Equipment (49.5%) reported contraction.

## 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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