

December 2014 Taiwan Manufacturing PMI

PMI at 50.1%

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

MANUFACTURING AT A GLANCE

December 2014

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	50.1	49.2	+0.9	Growing	From Contracting	1	48.8	48.6	57.1	48.4	61.9	50.7
New Orders	50.2	47.0	+3.2	Growing	From Contracting	1	43.8	47.5	71.4	44.4	73.8	52.2
Production	50.3	48.7	+1.6	Growing	From Contracting	1	47.5	49.5	66.7	42.2	69.0	50.0
Employment	52.2	50.1	+2.1	Growing	Faster	25	53.8	50.5	57.1	52.2	64.3	48.9
Supplier Deliveries	48.3	48.5	-0.2	Faster	Faster	3	46.3	48.5	45.2	46.7	50.0	54.4
Inventories	49.6	51.7	-2.1	Contracting	From Growing	1	52.5	47.0	45.2	56.7	52.4	47.8
Customers' Inventories	46.7	47.4	-0.7	Too Low	Faster	2	41.3	45.5	45.2	54.4	47.6	42.2
Prices	31.1	32.0	-0.9	Decreasing	Faster	4	27.5	33.3	35.7	24.4	40.5	27.8
Backlog of Orders	43.4	44.3	-0.9	Contracting	Faster	5	47.5	41.9	50.0	37.8	52.4	48.9
Exports	47.1	47.2	-0.1	Contracting	Faster	2	47.5	44.9	61.9	42.2	59.5	48.9
Imports	46.8	49.5	-2.7	Contracting	Faster	3	52.5	43.4	57.1	45.6	57.1	47.8
Six-month Outlook	49.8	44.3	+5.5	Contracting	Slower	3	48.8	51.0	66.7	34.4	66.7	53.3
Production Materials	33	30	-	-	-	-	33	29	40	36	30	35
MRO Supplies	24	25	-	-	-	-	27	19	35	31	32	18
Capital Expenditures	51	46	-	-	-	-	43	44	63	60	89	42

Chart 1: Time Series of Taiwan Manufacturing PMI

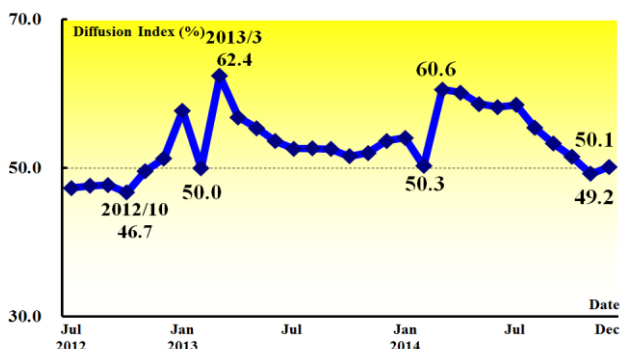
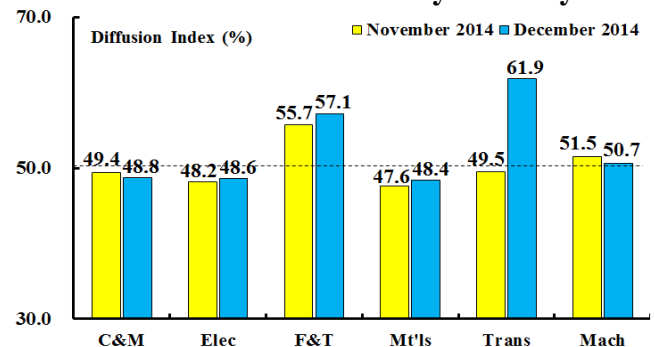


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI turned back to 50.1 percent, growing, in December against 49.2 percent in November. This represents a return to the recent trend of slow growth in manufacturing, as the PMI has averaged 50.3 percent in the fourth quarter.
- Both New Orders and Production Indexes expanded after one-month decline and registered 3.2 and 1.6 percentage higher than the 47.0 and 48.7 percent reported in November.
- Manufacturing employment represents an improving momentum as the Employment Index registered 52.2 percent in December, up from the lowest recorded level of 50.1 percent since December 2012.
- The Supplier Deliveries Index fell to 48.3 percent in December, the lowest since August 2013, and indicates slower deliveries for the third consecutive month.
- Manufacturing Inventories failed to grow during December for the first time since January 2014, with the Inventories Index decreased 2.1 percentage points to 49.6 percent.
- The Price Index has fallen to the lowest level for the past thirty months and registered 31.1 percent in December.
- The Backlog of Orders Index still remained in contraction, at 43.4 percent, and registered its lowest indicating since November 2012.
- The Exports Index registered 47.1 percent and indicates contraction for the second consecutive month.
- Manufacturers were still concerning about the future economic climate. However, the Six-month Outlook Index registered 5.5 percentage points above the November reading of 44.3%.
- Of the six manufacturing industries categories, three are reporting growth in December in the following order: Transportation Equipment (61.9%); Foods & Textiles (57.1%) and Electrical & Machinery Equipment (50.7%). While Basic Materials (48.4%), Electronic & Optical (48.6%) and Chemical, Biological & Medical (48.8%) reported contraction 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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