

January 2015 Taiwan Manufacturing PMI

PMI at 53.5%

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

MANUFACTURING AT A GLANCE

January 2015

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	53.5	50.1	+3.4	Growing	Faster	2	48.6	52.9	61.7	53.6	57.3	51.8
New Orders	56.5	50.2	+6.3	Growing	Faster	2	43.2	56.4	69.6	55.6	68.2	54.1
Production	58.5	50.3	+8.2	Growing	Faster	2	50.0	57.8	67.4	58.9	72.7	54.1
Employment	49.9	52.2	-2.3	Contracting	From Growing	1	47.3	49.0	60.9	45.6	56.8	53.1
Supplier Deliveries	50.8	48.3	+2.5	Slowing	From Faster	1	51.4	51.0	58.7	47.8	43.2	53.1
Inventories	51.8	49.6	+2.2	Growing	From Contracting	1	51.4	50.5	52.2	60.0	45.5	44.9
Customers' Inventories	47.8	46.7	+1.1	Too Low	Slower	3	48.6	47.1	56.5	50.0	40.9	42.9
Prices	27.7	31.1	-3.4	Decreasing	Faster	5	33.8	25.0	43.5	25.6	34.1	23.5
Backlog of Orders	50.6	43.4	+7.2	Growing	From Contracting	1	45.9	53.9	52.2	46.7	50.0	44.9
Exports	51.6	47.1	+4.5	Growing	From Contracting	1	48.6	54.9	58.7	41.1	56.8	50.0
Imports	53.4	46.8	+6.6	Growing	From Contracting	1	48.6	53.4	63.0	54.4	56.8	44.9
Six-month Outlook	58.5	49.8	+8.7	Growing	From Contracting	1	55.4	65.2	67.4	42.2	68.2	48.0
Production Materials	31	33	-	-	-	-	31	30	45	29	30	28
MRO Supplies	24	24	-	-	-	-	23	22	36	28	28	19
Capital Expenditures	46	51	-	-	-	-	40	42	55	54	74	32

Chart 1: Time Series of Taiwan Manufacturing PMI

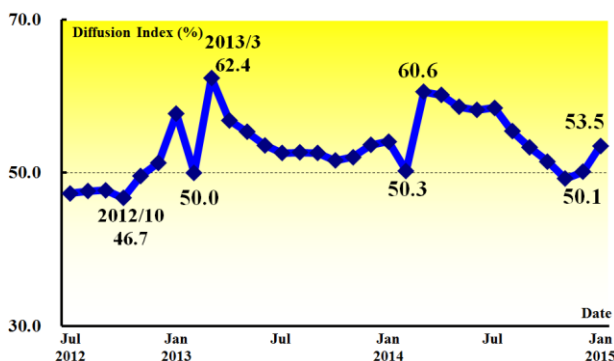
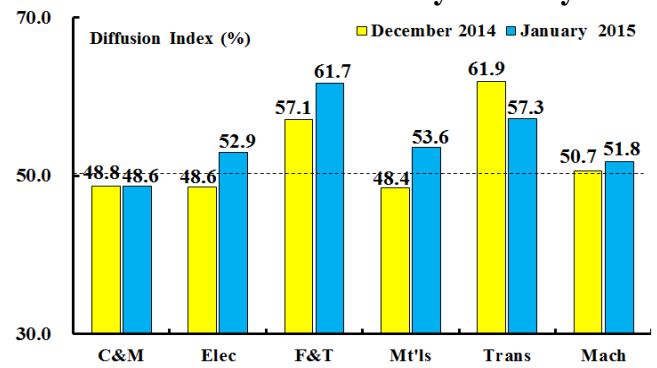


Chart 2: Performance by Industry



Summary

- Taiwan Manufacturing PMI registered 53.5 percent in January 2015, which is 3.4 percentage points higher than the 50.1 percent in December 2014. The rising of PMI was driven by an increase in New Orders and Production Indexes.
- Both New Orders and Production Indexes performed a positive improvement in January as they went up 6.3 and 8.2 percentage points to 56.5 and 58.5 percent, respectively.
- The Employment Index registered 49.9 percent, a decrease of 2.3 percentage points, indicating contraction in manufacturing employment for the first time since December 2012.
- The Supplier Deliveries Index registered 50.8 percent, indicating the delivery performance of suppliers to manufacturing sectors was slower after three consecutive months of faster deliveries.
- The Inventory Index increased 2.2 percentage points to 51.8 percent in January, indicating raw materials inventories are growing following one month of contraction.
- The Price Index has fallen to the lowest level for the past thirty-one months and registered 27.7 percent in January.
- Manufacturers' order backlogs reported growth after five months of contraction as the Backlog of Orders Index registered 7.2 percentage points higher than the 43.4 percent reported in December 2014.
- The Exports Index registered 51.6 percent and indicates growth following two months of contraction.
- The Imports Index registered 53.4 percent, an increase of 6.6 percentage points from December 2014, indicating growth in imports for the first time in the past four months.
- The Six-month Outlook Index registered 58.5 percent, 8.7 percentage points higher compares to December 2014.
- Of the six manufacturing industries categories, five are reporting growth in January in the following order: Foods & Textiles (61.7%); Transportation Equipment (57.3%); Basic Materials (53.6%); Electronic & Optical (52.9%) and Electrical & Machinery Equipment (51.8%). Only Chemical, Biological & Medical (48.6%) reported contraction in January.

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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