

# May 2015 Taiwan Manufacturing PMI

PMI at 51.1%

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

## MANUFACTURING AT A GLANCE

May 2015

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	51.1	54.7	-3.6	Growing	Slower	3	55.4	50.8	57.5	47.4	53.9	49.8
New Orders	49.1	56.0	-6.9	Contracting	From Growing	1	59.5	47.6	64.6	41.0	58.3	46.8
Production	53.5	58.8	-5.3	Growing	Slower	3	59.5	53.9	60.4	46.0	58.3	53.2
Employment	51.0	54.2	-3.2	Growing	Slower	3	54.1	50.0	56.3	51.0	47.2	51.1
Supplier Deliveries	48.4	49.1	-0.7	Faster	Faster	2	52.7	46.6	47.9	50.0	55.6	46.8
Inventories	53.5	55.5	-2.0	Growing	Slower	5	51.4	55.8	58.3	49.0	50.0	51.1
Customers' Inventories	46.2	47.6	-1.4	Too Low	Faster	7	44.6	46.1	43.8	44.0	61.1	46.8
Prices	48.4	41.9	+6.5	Decreasing	Slower	9	62.2	45.1	66.7	45.0	44.4	46.8
Backlog of Orders	47.2	50.5	-3.3	Contracting	From Growing	1	50.0	46.1	47.9	45.0	63.9	45.7
Exports	47.4	53.2	-5.8	Contracting	From Growing	1	59.5	45.6	52.1	48.0	38.9	44.7
Imports	47.5	54.5	-7.0	Contracting	From Growing	1	62.2	44.2	60.4	44.0	50.0	46.8
Six-month Outlook	52.7	57.4	-4.7	Growing	Slower	5	59.5	56.3	60.4	38.0	55.6	51.1
Production Materials	31	33	-	-	-	-	31	31	33	29	29	32
MRO Supplies	27	26	-	-	-	-	31	25	33	27	31	22
Capital Expenditures	48	52	-	-	-	-	52	47	67	45	77	28

Chart 1: Time Series of Taiwan Manufacturing PMI

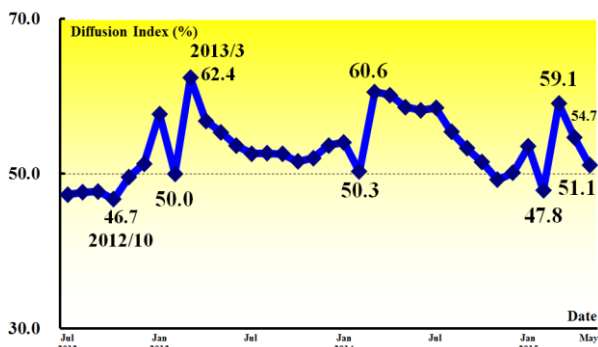
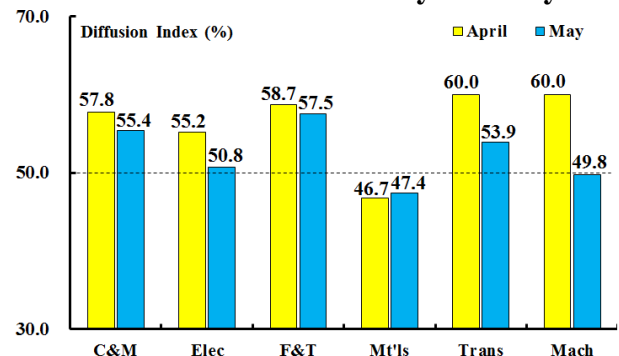


Chart 2: Performance by Industry



### Summary

- Taiwan Manufacturing PMI registered 51.1 percent in May, which is 3.6 percentage points lower than the 54.7 percent in April. The slower growth of PMI was driven by the unfavorable outcomes in new orders and production.
- The New Orders Index registered 49.1 percent in May, down from 56.0 percent reported in April.
- Manufacturing production and employment continue to grow for the third consecutive month, while the Production and Employment Indexes decreased 5.3 and 3.2 percentage points to 53.5 and 51.0 percent, respectively.
- The Supplier Deliveries Index registered 48.4 percent in May, indicating the delivery performance of suppliers in the manufacturing sector was faster for the second consecutive month.
- The Inventories Index registered 2.0 percentage points lower than the 55.5 percent in April, but, it is still indicating growth in manufacturing inventories for the fifth consecutive month.
- It flashes the first sign of higher prices as the Prices Index registered 48.4 percent in May, an increase of 6.5 percentage points from April and also the highest level recorded in this particular index since September 2014.
- The Backlog of Orders Index indicates that order backlogs contracted and registered 47.2 percent in May.
- Export orders contracted following two months of growth as the Exports Index decreased 5.8 percentage points to 47.4 percent in May.
- The Imports Index fell 7.0 percentage points to 47.5 percent and registered its lowest reading since January 2015.
- The Six-month Outlook Index registered 4.7 percentage points below the April's reading of 57.4%, and registered its lowest reading since January 2015.
- Of the 6 manufacturing industries categories, four are reporting growth in May in the following order: Foods & Textiles (57.5%); Chemical, Biological & Medical (55.4%); Transportation Equipment (53.9%), and Electronic & Optical (50.8%). While Basic Materials (47.4%) and Electrical & Machinery Equipment (49.8%) industries reported contraction in May.

## 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.

## 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](mailto:csh@cier.edu.tw)  
Tel: +(866) 2 27356006 ext. 424  
[www.cier.edu.tw](http://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](mailto:stevelai@smit.org.tw)  
Tel: +(866) 2 27495889  
[www.smit.org.tw](http://www.smit.org.tw)