

January 2016 Taiwan Manufacturing PMI

PMI at 51.3%

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

MANUFACTURING AT A GLANCE

January 2016

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	51.3	46.6	+4.7	Growing	From Contracting	1	51.8	50.7	60.0	49.1	53.7	49.8
New Orders	53.4	45.7	+7.7	Growing	From Contracting	1	53.9	50.5	74.0	50.0	60.5	54.4
Production	55.3	48.9	+6.4	Growing	From Contracting	1	53.9	52.8	72.0	53.5	60.5	56.7
Employment	49.8	48.1	+1.7	Contracting	Slower	6	52.6	50.9	54.0	46.5	44.7	47.8
Supplier Deliveries	51.1	46.1	+5.0	Slowing	From Faster	1	46.1	51.9	48.0	53.5	57.9	45.6
Inventories	46.8	44.1	+2.7	Contracting	Slower	8	52.6	47.7	52.0	41.9	44.7	44.4
Customers' Inventories	45.4	43.9	+1.5	Too Low	Slower	15	53.9	45.3	56.0	40.7	31.6	46.7
Prices	30.3	28.3	+2.0	Decreasing	Slower	17	26.3	26.6	56.0	36.0	23.7	22.2
Backlog of Orders	46.4	44.1	+2.3	Contracting	Slower	9	55.3	45.3	50.0	44.2	47.4	44.4
Exports	50.2	43.8	+6.4	Growing	From Contracting	1	59.2	51.9	48.0	45.3	47.4	46.7
Imports	48.8	41.6	+7.2	Contracting	Slower	9	52.6	49.1	58.0	45.3	50.0	42.2
Six-month Outlook	42.5	38.0	+4.5	Contracting	Slower	7	35.5	45.3	44.0	37.2	39.5	45.6
Production Materials		30	29	-	-	-	28	29	35	35	20	30
MRO Supplies		25	24	-	-	-	31	23	33	33	20	17
Capital Expenditures		47	45	-	-	-	51	46	61	57	42	32

Chart 1: Time Series of Taiwan Manufacturing PMI

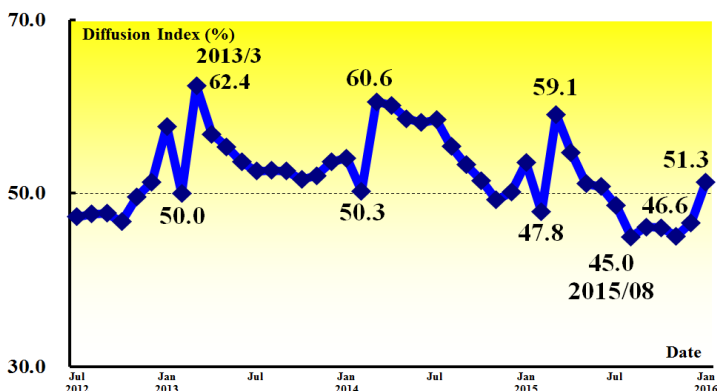
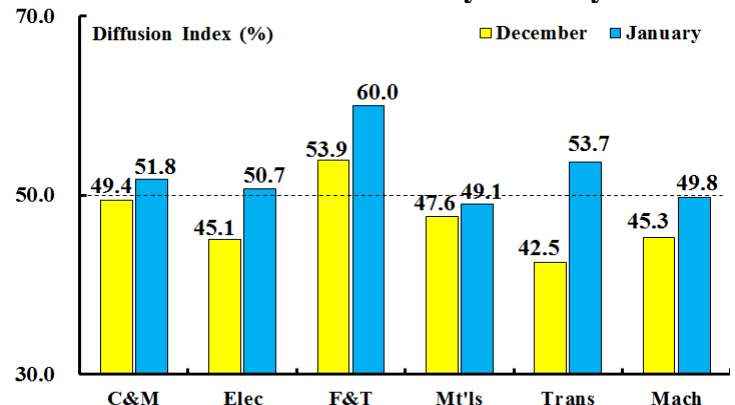


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI increased 4.7 percentage points to 51.3 percent in January and is the first reading above 50.0 percent since July 2015. The rising of PMI was mainly driven by an increase in New Orders and Production Indexes.
- The effect of coming Chinese New Year holidays influenced the manufacturing activities as New Orders and Production Indexes both reversed their recent trends of contraction and registered as 53.4 and 55.3 percent in January, respectively.
- Manufacturing employment is still in contracting for the sixth consecutive month while the Employment Index registered 1.7 percentage points higher than the 48.1 percent reported in December 2015.
- The Supplier Deliveries Index registered at 51.1 percent, indicating the deliveries from suppliers to manufacturing sectors was slower after nine consecutive months of faster deliveries.
- Manufacturers' backlogs contracted for the ninth consecutive month while the Backlog of Orders Index registered 2.3 percentage points higher than the 44.1 percent reported in December 2015.
- The Exports Index registered 50.2 percent and indicated rather positive following eight months of contraction.
- The Imports Index registered 48.8 percent, an unexpected increase of 7.2 percentage points from December 2015, indicating contraction in manufacturing imports for the ninth consecutive month.
- Manufacturers are still commenting their concerns about the future. However, the Six-month Outlook Index registered 4.5 percentage points above the December reading of 38.0 percent.
- Of the 6 manufacturing industries categories, four are reporting growth in the following order: Foods & Textiles (60.0%), Transportation Equipment (53.7%), Chemical, Biological & Medical (51.8%) and Electronic & Optical (50.7%). Only Basic Materials (49.1%) and Electrical & Machinery Equipment (49.8%) industries 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 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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