

April 2019 Taiwan Manufacturing PMI

PMI at 51.7%

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

MANUFACTURING AT A GLANCE

April 2019

Index	Series Index April	Series Index March	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	51.7	49.1	+2.6	Growing	From Contracting	1	58.8	58.4	53.5	51.1	53.5	54.3
New Orders	50.9	47.7	+3.2	Growing	From Contracting	1	65.5	65.3	51.6	50.0	52.2	62.8
Production	51.9	50.2	+1.7	Growing	Faster	2	64.3	66.5	58.1	48.9	58.7	64.9
Employment	51.5	48.2	+3.3	Growing	From Contracting	1	59.5	55.5	53.2	50.0	50.0	50.0
Supplier Deliveries	50.5	47.7	+2.8	Slowing	From Faster	1	52.4	52.1	48.4	50.0	47.8	44.7
Inventories	53.7	51.8	+1.9	Growing	Faster	3	52.4	52.5	56.5	56.8	58.7	48.9
Customers' Inventories	42.6	46.5	-3.9	Too Low	Faster	5	45.2	41.5	40.3	44.3	43.5	43.6
Prices	50.7	55.2	-4.5	Increasing	Slower	3	61.9	44.5	64.5	52.3	63.0	51.1
Backlog of Orders	49.9	52.8	-2.9	Contracting	From Growing	1	51.2	52.1	51.6	45.5	41.3	50.0
New Export Orders	56.7	57.5	-0.8	Growing	Slower	2	59.5	60.2	56.5	50.0	47.8	55.3
Imports	53.8	51.7	+2.1	Growing	Faster	2	63.1	54.2	54.8	46.6	60.9	53.2
Future Outlooks	55.7	52.1	+3.6	Growing	Faster	2	57.1	62.3	50.0	44.3	52.2	51.1
Production Materials	36	36	-	-	-	-	37	33	51	40	22	36
MRO Supplies	30	31	-	-	-	-	31	31	32	34	15	32
Capital Expenditures	65	69	-	-	-	-	63	61	88	65	56	67

Chart 1: Time Series of Taiwan Manufacturing PMI

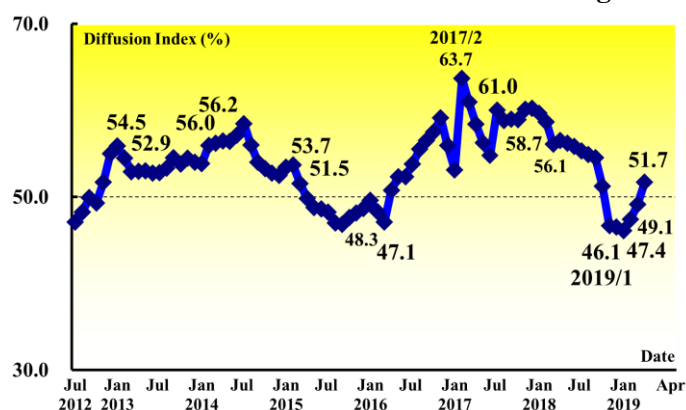
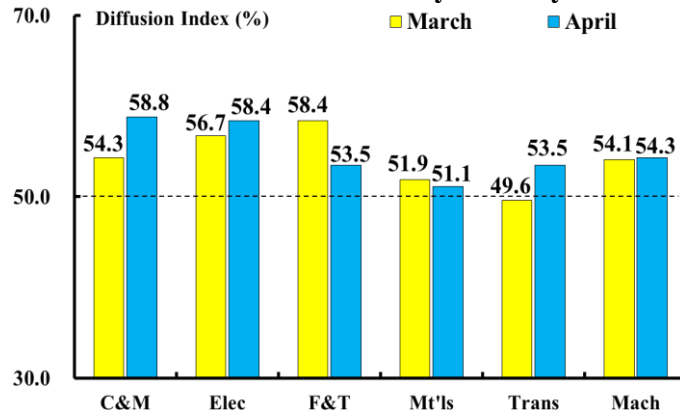


Chart 2: Performance by Industry



Summary

- The manufacturing sector has reversed its recent trend of contraction and expanded for the first time since November 2018 as the seasonally adjusted Taiwan PMI rose 2.6 percentage points to 51.7 percent in April.
- Manufacturers' new orders turned to growing during April for the first time in the past seven months while the New Orders Index further increased 3.2 percentage points to 50.9 percent.
- The seasonally adjusted Production Index has also accelerated and registered 1.7 percentage points higher than the 50.2 percent reported in March.
- The Employment Index positively increased 3.3 percentage points to 51.5 percent, indicating a resumption of growth in employment following only one month of contraction.
- Manufacturers are experiencing higher prices of their purchases for three consecutive months while the Prices Index further decreased 4.5 percentage points to 50.7 percent in April.
- The New Export Order index registered 56.7 percent, a decrease of 0.8 percentage point from March, indicating a growth trend for two consecutive months.
- The Imports Index further raised up to 53.8 percent in April against 51.7 percent in March and recorded its highest reading since September 2018.
- Manufacturers remained optimistic about the future as the Future Outlooks Index grew at its fastest rate since July 2018 and registered 3.6 percentage points higher than the 52.1 percent in March.
- All the manufacturing industries' categories reporting growth in April in the following order: Chemical, Biological & Medical (58.8%), Electronic & Optical (58.4%), Electrical & Machinery Equipment (54.3%) Foods & Textiles (53.5%), Transportation Equipment industry (53.5%) and Basic Materials (51.1%).

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.

Starting from each release of the Month of April 2018, the index numbers for Manufacturing PMI, New Orders, Production and Employment are seasonally adjusted to remove those seasonal components and calendar effects such as trading day, leap year and other moving holiday effects. Averaging the seasonally adjusted component series (the New Orders, Production, and Employment indexes) and the seasonally unadjusted components (Supplier Delivers and Inventories indexes) which will give rise to the indirect seasonally adjusted Manufacturing PMI. As the direct seasonally adjusted PMI is more stable than the indirect seasonally adjusted PMI, CIER assumes the difference between these two indexes to three seasonally adjusted component series using the variance of each irregular component as weights. Therefore, the equality of seasonally adjusted PMI and its component series is maintained. The diffusion indexes other than the PMI component series and the industrial data are raw data and not seasonally adjusted.

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