

June 2019 Taiwan Manufacturing PMI

PMI at 48.1%

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

MANUFACTURING AT A GLANCE

June 2019

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	48.1	48.2	-0.1	Contracting	Faster	2	50.6	51.3	54.8	42.8	44.3	47.1
New Orders	48.7	47.5	+1.2	Contracting	Slower	2	51.5	53.9	63.0	41.3	40.5	42.9
Production	49.7	46.5	+3.2	Contracting	Slower	2	54.5	56.4	55.6	42.4	40.5	50.0
Employment	48.7	49.2	-0.5	Contracting	Faster	2	51.5	51.0	57.4	45.7	47.6	45.2
Supplier Deliveries	47.9	48.3	-0.4	Faster	Faster	2	50.0	49.5	50.0	43.5	47.6	45.2
Inventories	45.5	49.6	-4.1	Contracting	Faster	2	45.5	45.6	48.1	41.3	45.2	52.4
Customers' Inventories	46.1	46.4	-0.3	Too Low	Faster	7	45.5	46.6	42.6	45.7	42.9	50.0
Prices	40.7	43.7	-3.0	Decreasing	Faster	2	40.9	40.2	59.3	31.5	52.4	40.5
Backlog of Orders	47.8	48.4	-0.6	Contracting	Faster	3	56.1	49.0	61.1	41.3	33.3	44.0
New Export Orders	48.1	49.7	-1.6	Contracting	Faster	2	59.1	50.5	51.9	43.5	31.0	41.7
Imports	45.7	48.4	-2.7	Contracting	Faster	2	50.0	45.1	51.9	42.4	45.2	46.4
Future Outlooks	42.9	48.5	-5.6	Contracting	Faster	2	59.1	44.1	44.4	35.9	42.9	35.7
Production Materials	34	37	-	-	-	-	40	31	35	40	20	34
MRO Supplies	28	31	-	-	-	-	35	27	22	33	22	30
Capital Expenditures	62	62	-	-	-	-	50	50	75	72	59	82

Chart 1: Time Series of Taiwan Manufacturing PMI

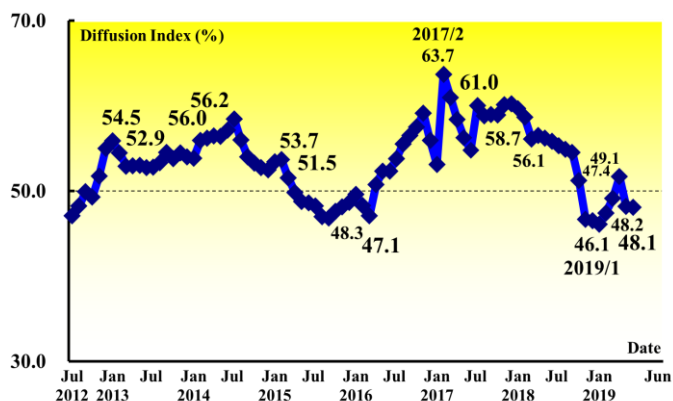
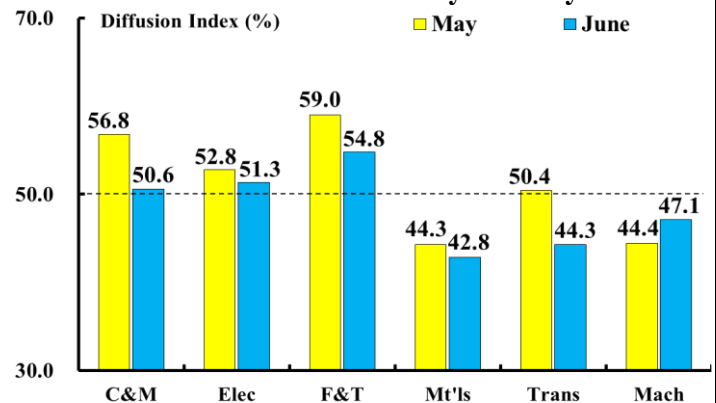


Chart 2: Performance by Industry



Summary

- The manufacturing sector contracted at a moderate faster rate as the seasonally adjusted Taiwan Manufacturing PMI further decreased 0.1 percentage point to 48.1 percent in June.
- Both New Orders and Production Indexes contracted at a slower rate as they went up 1.2 and 3.2 percentage points to 48.7 and 49.7 percent, respectively.
- The seasonally adjusted Employment Index contracted for two consecutive months and decreased 0.5 percentage point to 48.7 percent in June.
- The Inventories Index contracted at its fastest rate since March 2016 as the index further fell 4.1 percentage points to 45.5 percent.
- Manufacturers are currently buying at their lower prices as the Prices Index fell 3.0 percentage points and registered 40.7 percent in June.
- Manufacturing backlog contracted for three consecutive months as the Backlog of Orders Index further decreased 0.6 percentage point to 47.8 percent.
- Both New Export Orders and Imports Indexes contracted at faster rates as they went down 1.6 and 2.7 percentage points to 48.1 and 45.7 percent, respectively.
- The Future Outlooks Index further fell 5.6 percentage points to 42.9 percent in June and indicating contraction for two consecutive months.
- Of the six manufacturing industries categories, three are reporting contraction in the following order: Basic Materials (42.8%), Transportation Equipment industry (44.3%) and Electrical & Machinery Equipment (47.1%). The Foods & Textiles (54.8%), Electronic & Optical (51.3%) and Chemical, Biological & Medical (50.6%) industries still remained in growing but decelerated in June.

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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