

March 2019 Taiwan Manufacturing PMI

PMI at 48.8%

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

MANUFACTURING AT A GLANCE

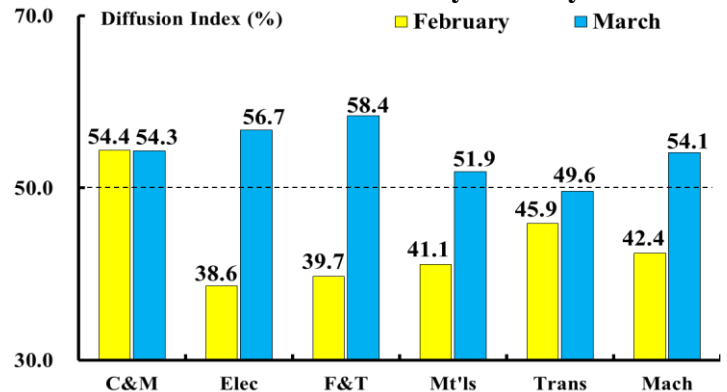
March 2019

Index	Series Index March	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	48.8	48.3	+0.5	Contracting	Slower	5	54.3	56.7	58.4	51.9	49.6	54.1
New Orders	46.3	46.9	-0.6	Contracting	Faster	5	57.5	64.0	62.5	50.0	54.2	60.2
Production	50.0	46.2	+3.8	Unchanged	From Contracting	1	61.3	69.8	70.3	57.1	58.3	64.3
Employment	48.2	50.4	-2.2	Contracting	From Growing	1	47.5	54.1	53.1	44.0	41.7	52.0
Supplier Deliveries	47.7	48.1	-0.4	Faster	Faster	5	48.8	47.7	54.7	46.4	50.0	41.8
Inventories	51.8	50.1	+1.7	Growing	Faster	2	56.3	47.7	51.6	61.9	43.8	52.0
Customers' Inventories	46.5	47.6	-1.1	Too Low	Faster	4	48.8	46.8	46.9	46.4	39.6	45.9
Prices	55.2	52.1	+3.1	Increasing	Faster	2	58.8	50.0	59.4	67.9	52.1	50.0
Backlog of Orders	52.8	42.0	+10.8	Growing	From Contracting	1	56.3	54.5	51.6	51.2	45.8	49.0
New Export Orders	57.5	38.9	+18.6	Growing	From Contracting	1	62.5	61.7	59.4	47.6	54.2	52.0
Imports	51.7	39.7	+12.0	Growing	From Contracting	1	58.8	50.0	59.4	52.4	47.9	48.0
Future Outlooks	52.1	42.9	+9.2	Growing	From Contracting	1	50.0	53.6	53.1	48.8	56.3	50.0
Production Materials	36	36	-	-	-	-	40	31	50	44	23	34
MRO Supplies	31	31	-	-	-	-	39	26	36	35	23	34
Capital Expenditures	69	69	-	-	-	-	71	65	71	85	59	66

Chart 1: Time Series of Taiwan Manufacturing PMI



Chart 2: Performance by Industry



Summary

- The manufacturing sector still continuously contracted for the fifth consecutive month while the seasonally adjusted Taiwan Manufacturing PMI further increased 0.5 percentage point to 48.8 percent in March.
- Manufacturers' New Orders contracted for five consecutive months as the New Order Index decreased 0.6 percentage point to the seasonally adjusted March reading of 46.3 percent.
- The seasonally adjusted Production Index rose by 3.8 percentage points to 50.0 percent and has indicated unchanged following four months of contraction.
- The seasonally adjusted Employment index fell 2.2 percentage points to 48.2 percent in March, indicating the manufacturing employment contracted following only one month of growth.
- Manufacturers are experiencing higher prices of their purchases for two consecutive months as the Prices Index further increased 3.1 percentage points to 55.2 percent in March.
- Manufacturers' backlogs showed a positive improvement as the Backlog of Orders Index went up 10.8 percentage points to 52.8 percent. This strong growth in manufacturers' backlogs was partially caused by more working days in March comparing to the previous month.
- Both New Export Orders and Imports Indexes registered above the middle point (50.0%) for the first time in the past seven months as they increased 18.6 and 12.0 percentage points to 57.5 and 51.7 percent, respectively.
- The Future Outlooks Index reversed its recent trend of contracting and turned to growth during March for the first time since September 2018, as the index further rose 9.2 percentage points to 52.1 percent.
- Of the six manufacturing industries categories, five are reporting growth in the following order: Foods & Textiles (58.4%), Electronic & Optical (56.7%), Chemical, Biological & Medical (54.3%), Electrical & Machinery Equipment (54.1%) and Basic Materials (51.9%). While Transportation Equipment industry (49.6%) still remained in 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.

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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