

November 2019 Taiwan Manufacturing PMI

PMI at 54.9%

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

MANUFACTURING AT A GLANCE

November 2019

Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	54.9	51.1	+3.8	Growing	Faster	2	52.4	53.9	61.7	49.8	47.0	47.7
New Orders	61.0	52.7	+8.3	Growing	Faster	3	52.6	60.7	70.7	50.0	41.3	50.0
Production	60.4	55.4	+5.0	Growing	Faster	5	53.9	59.4	70.7	47.8	52.2	46.5
Employment	55.6	50.6	+5.0	Growing	Faster	2	52.6	54.5	63.8	51.1	50.0	45.3
Supplier Deliveries	50.5	47.1	+3.4	Slowing	From Faster	1	53.9	52.7	56.9	41.3	52.2	48.8
Inventories	46.9	49.7	-2.8	Contracting	Faster	7	48.7	42.4	46.6	58.7	39.1	47.7
Customers' Inventories	42.9	44.2	-1.3	Too Low	Faster	12	44.7	39.7	55.2	43.5	47.8	43.0
Prices	44.1	46.4	-2.3	Decreasing	Faster	2	47.4	43.3	62.1	34.8	52.2	45.3
Backlog of Orders	49.1	45.9	+3.2	Contracting	Slower	8	50.0	52.2	62.1	46.7	32.6	34.9
New Export Orders	50.3	47.2	+3.1	Growing	From Contracting	1	50.0	55.8	63.8	37.0	43.5	41.9
Imports	50.5	48.2	+2.3	Growing	From Contracting	1	51.3	50.0	63.8	54.3	41.3	37.2
Future Outlooks	49.0	45.7	+3.3	Contracting	Slower	7	51.3	49.6	58.6	48.9	41.3	39.5
Production Materials	35	36	-	-	-	-	38	34	35	43	26	31
MRO Supplies	30	30	-	-	-	-	34	29	31	35	29	25
Capital Expenditures	64	62	-	-	-	-	50	66	72	64	61	66

Chart 1: Time Series of Taiwan Manufacturing PMI

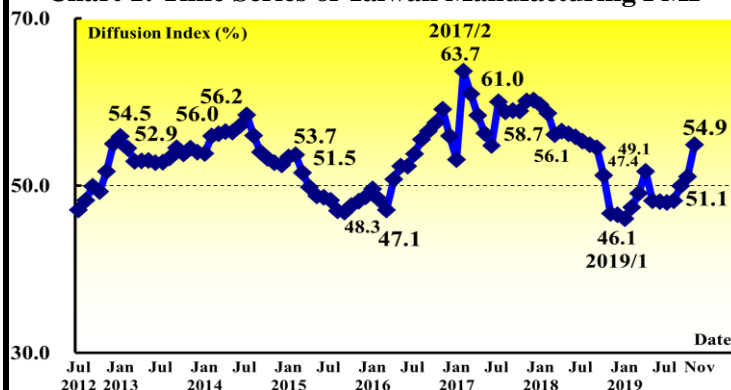
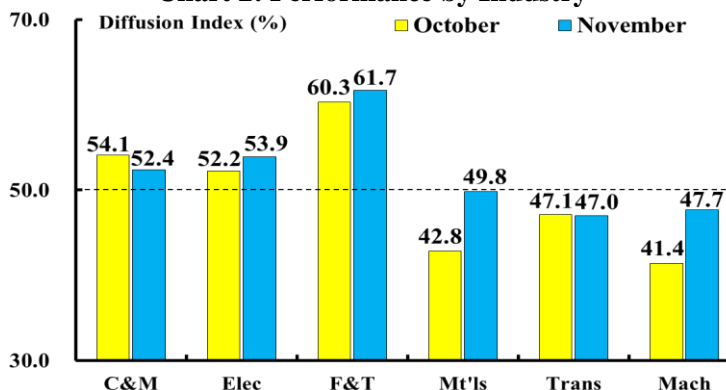


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded at the fastest rate since September 2018 as the seasonally adjusted Taiwan Manufacturing PMI further increased 3.8 percentage points to 54.9 percent in November.
- Both the New Orders and Production Indexes registered their highest readings since February 2018 and rose 8.3 and 5.0 percentage points to 61.0 and 60.4 percent, respectively.
- The seasonally adjusted Employment Index recorded the largest percentage points increase since July 2012 as the index went up 5.0 percentage points to 55.6 percent.
- The Supplier Deliveries Index registered 3.4 percentage points higher than the 47.1 percent in October, indicating the delivery performance of suppliers to manufacturing sectors was slowing for the first time for the past seven months.
- The Backlog of Orders Index contracted at the slowest rate since May 2019 and registered 3.2 percentage points higher than the 45.9 percent in October.
- Both New Export Orders and Imports Indexes reversed their recent trends of contracting and turned to growth during November for the first time since May 2019, as they increased 3.1 and 2.3 percentage points to 50.3 and 50.5 percent, respectively.
- The Future Outlooks Index contracted for the seventh consecutive month while the index further increased 3.3 percentage points to 49.0 percent.
- Of the six manufacturing industries categories, three are reporting growing in the following order: Foods & Textiles (61.7%), Electronic & Optical (53.9%) and Chemical, Biological & Medical (52.4%). While Transportation Equipment (47.0%), Electrical & Machinery Equipment (47.7%) and Basic Materials (49.8%) reported contraction in November.

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) 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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