

October 2019 Taiwan Manufacturing PMI

PMI at 51.1%

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

MANUFACTURING AT A GLANCE

October 2019

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	51.1	50.0	+1.1	Growing	From Unchanged	1	54.1	52.2	60.3	42.8	47.1	41.4
New Orders	52.7	52.0	+0.7	Growing	Faster	2	56.1	53.4	65.6	37.0	42.9	41.7
Production	55.4	51.9	+3.5	Growing	Faster	4	59.8	54.7	67.2	42.4	52.4	40.5
Employment	50.6	48.8	+1.8	Growing	From Contracting	1	54.9	54.3	56.3	43.5	45.2	39.3
Supplier Deliveries	47.1	48.0	-0.9	Faster	Faster	6	46.3	49.1	54.7	39.1	50.0	46.4
Inventories	49.7	49.5	+0.2	Contracting	Slower	6	53.7	49.1	57.8	52.2	45.2	39.3
Customers' Inventories	44.2	42.7	+1.5	Too Low	Slower	11	46.3	48.3	43.8	33.7	47.6	41.7
Prices	46.4	50.2	-3.8	Decreasing	From Increasing	1	47.6	47.4	46.9	41.3	61.9	41.7
Backlog of Orders	45.9	46.9	-1.0	Contracting	Faster	7	46.3	50.4	59.4	38.0	35.7	32.1
New Export Orders	47.2	48.5	-1.3	Contracting	Faster	6	51.2	51.7	54.7	37.0	35.7	41.7
Imports	48.2	47.3	+0.9	Contracting	Slower	6	56.1	49.1	54.7	44.6	50.0	36.9
Future Outlooks	45.7	44.9	+0.8	Contracting	Slower	6	51.2	48.7	54.7	41.3	33.3	33.3
Production Materials	36	36	-	-	-	-	38	32	51	43	25	32
MRO Supplies	30	30	-	-	-	-	29	26	38	34	26	30
Capital Expenditures	62	65	-	-	-	-	59	53	80	68	67	65

Chart 1: Time Series of Taiwan Manufacturing PMI

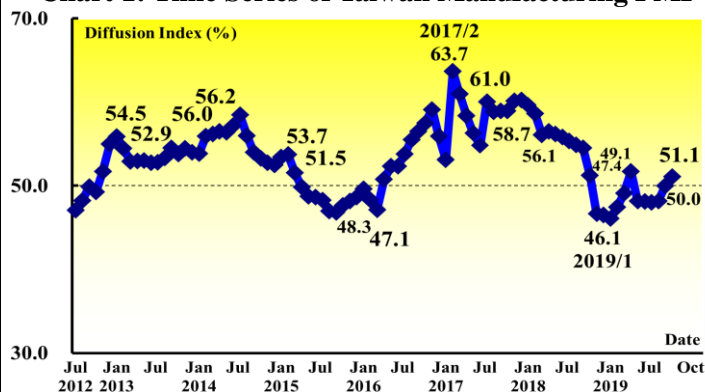
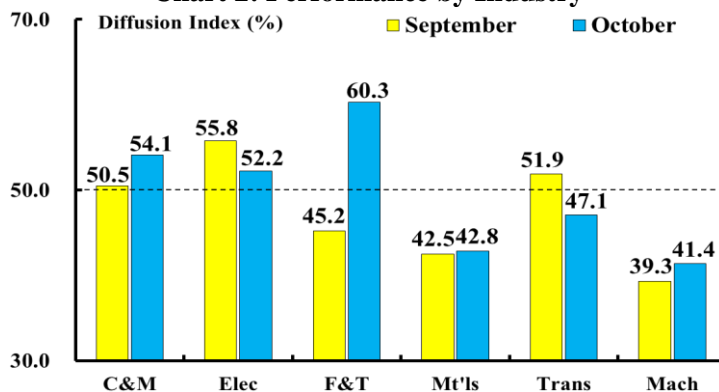


Chart 2: Performance by Industry



Summary

- The seasonally adjusted Taiwan Manufacturing PMI went up 1.1 percentage points to 51.1 in October indicating a resumption of growth in manufacturing sector for the first time in the past six months.
- Both the New Orders and Production Indexes expanded at their fastest rates since October 2018, as they rose 0.7 and 3.5 percentage points to 52.7 and 55.4 percent, respectively.
- The seasonally adjusted Employment Index turned to growth after two months of contraction and increased 1.8 percentage points to 50.6 percent in October.
- Manufacturers reported faster deliveries for six consecutive months as the Supplier Deliveries Index decreased 0.9 percentage point to 47.1 percent.
- Continuous weak demands put downward price pressure. The Prices Index fell 3.8 percentage points to 46.4 percent, indicating manufacturers are experiencing lower prices of their purchases following only one month of higher prices.
- Manufacturing backlog contracted for the seventh consecutive month with the Backlog of Orders Index went down 1.0 percentage point to 45.9 percent.
- The New Export Orders Index contracted at a faster rate and decreased 1.3 percentage points to 47.2 percent.
- The Imports Index registered 0.9 percentage point higher than the 47.3 percent in September, indicating continuously contraction for six consecutive months.
- The Future Outlooks Index remained in contraction for six consecutive months as the index minorly inched up 0.8 percentage point to 45.7 percent.
- Of the six manufacturing industries categories, three are reporting growing in the following order: Foods & Textiles (60.3%), Chemical, Biological & Medical (54.1%) and Electronic & Optical (52.2%). While Electrical & Machinery Equipment (41.4%), Basic Materials (42.8%) and Transportation Equipment (47.1%) reported contraction in October.

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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