

September 2019 Taiwan Manufacturing PMI

PMI at 50.0%

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

MANUFACTURING AT A GLANCE

September 2019

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	50.0	48.2	+1.8	Unchanged	From Contracting	1	50.5	55.8	45.2	42.5	51.9	39.3
New Orders	52.0	48.9	+3.1	Growing	From Contracting	1	50.0	59.6	41.9	44.8	54.8	39.5
Production	51.9	51.7	+0.2	Growing	Faster	3	54.5	60.9	40.3	34.4	57.1	34.9
Employment	48.8	48.3	+0.5	Contracting	Slower	2	53.4	53.9	50.0	41.7	54.8	40.7
Supplier Deliveries	48.0	46.1	+1.9	Faster	Slower	5	44.3	54.3	45.2	40.6	42.9	39.5
Inventories	49.5	46.1	+3.4	Contracting	Slower	5	50.0	50.4	48.4	51.0	50.0	41.9
Customers' Inventories	42.7	46.7	-4.0	Too Low	Faster	10	47.7	44.3	38.7	39.6	33.3	44.2
Prices	50.2	46.7	+3.5	Increasing	From Decreasing	1	51.1	51.3	46.8	50.0	57.1	43.0
Backlog of Orders	46.9	44.2	+2.7	Contracting	Slower	6	45.5	53.0	50.0	41.7	45.2	25.6
New Export Orders	48.5	47.4	+1.1	Contracting	Slower	5	46.6	54.3	48.4	40.6	47.6	37.2
Imports	47.3	48.0	-0.7	Contracting	Faster	5	56.8	51.7	48.4	35.4	54.8	36.0
Future Outlooks	44.9	44.5	+0.4	Contracting	Slower	5	47.7	48.3	54.8	36.5	42.9	34.9
Production Materials	36	35	-	-	-	-	37	38	38	38	28	28
MRO Supplies	30	31	-	-	-	-	35	32	28	32	21	27
Capital Expenditures	65	65	-	-	-	-	64	65	56	63	79	70

Chart 1: Time Series of Taiwan Manufacturing PMI

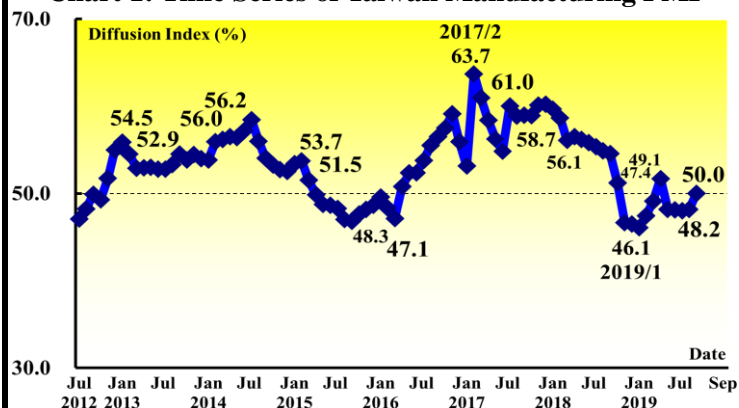
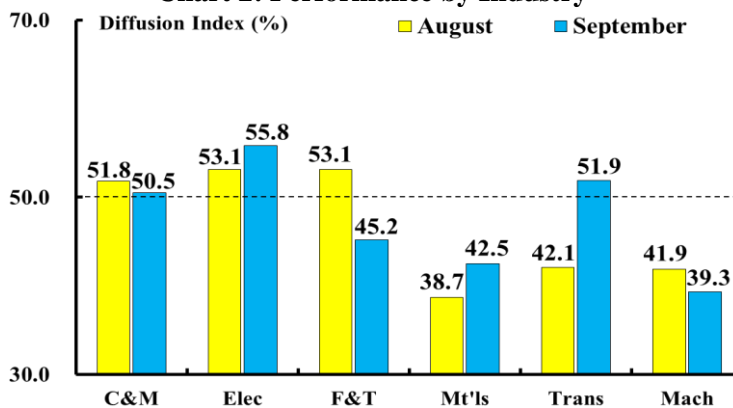


Chart 2: Performance by Industry



Summary

- The seasonally adjusted Taiwan Manufacturing PMI increased 1.8 percentage points to 50.0 in September, indicating unchanged and rather flat manufacturing conditions following four consecutive months of contraction.
- Manufacturers' new orders expanded at the fastest pace since October 2018 as the seasonally adjusted New Orders Index reversed its recent trend of contraction and went up 3.1 percentage points to 52.0 percent.
- The seasonally adjusted Production Index further rose 0.2 percentage point to 51.9 percent and indicated the stable growth for three consecutive months.
- Manufacturers reported faster deliveries for five consecutive months while the Supplier Deliveries Index registered 1.9 percentage points higher than the 46.1 percent registered in August.
- Manufacturers are experiencing higher prices of their purchases for the first time since May 2019 with the Prices Index increased 3.5 percentage points to 50.2 percent, moved to increasing in September.
- Manufacturing backlog contracted for the sixth consecutive month while the Backlog of Orders Index went up 2.7 percentage points to 46.9 percent.
- The New Export Orders Index contracted at a slower rate as it further rose 1.1 percentage points to 48.5 percent.
- Manufacturers' future remained in contraction for five consecutive months while the Future Outlooks Index slightly increased 0.4 percentage point to 44.9 percent in September.
- Of the six manufacturing industries categories, three are reporting growth in the following order: Electronic & Optical (55.8%), Transportation Equipment (51.9%) and Chemical, Biological & Medical (50.5%). While Electrical & Machinery Equipment (39.3%), Basic Materials (42.5%) and Foods & Textiles (45.2%) reported contraction in September.

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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