

September 2015 Taiwan Manufacturing PMI

PMI at 46.1%

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

MANUFACTURING AT A GLANCE

September 2015

| 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 | 46.1 | 45.0 | +1.1 | Contracting | Slower | 3 | 48.4 | 47.8 | 53.2 | 40.4 | 43.3 | 42.5 |
| New Orders | 45.8 | 39.9 | +5.9 | Contracting | Slower | 3 | 46.1 | 51.3 | 56.8 | 33.0 | 38.9 | 38.5 |
| Production | 46.8 | 43.9 | +2.9 | Contracting | Slower | 3 | 46.1 | 50.9 | 50.0 | 39.4 | 41.7 | 41.7 |
| Employment | 48.4 | 48.4 | +0.0 | Contracting | Same | 2 | 48.7 | 49.6 | 59.1 | 44.7 | 36.1 | 47.9 |
| Supplier Deliveries | 48.0 | 45.5 | +2.5 | Faster | Slower | 6 | 52.6 | 48.2 | 52.3 | 43.6 | 55.6 | 43.8 |
| Inventories | 41.4 | 47.2 | -5.8 | Contracting | Faster | 4 | 48.7 | 38.9 | 47.7 | 41.5 | 44.4 | 40.6 |
| Customers' Inventories | 44.2 | 49.0 | -4.8 | Too Low | Faster | 11 | 51.3 | 41.2 | 56.8 | 37.2 | 58.3 | 50.0 |
| Prices | 32.1 | 30.5 | +1.6 | Decreasing | Slower | 13 | 23.7 | 35.4 | 47.7 | 22.3 | 22.2 | 35.4 |
| Backlog of Orders | 39.8 | 39.4 | +0.4 | Contracting | Slower | 5 | 51.3 | 39.4 | 50.0 | 36.2 | 44.4 | 28.1 |
| Exports | 43.8 | 39.5 | +4.3 | Contracting | Slower | 5 | 48.7 | 49.1 | 52.3 | 33.0 | 25.0 | 37.5 |
| Imports | 42.2 | 39.9 | +2.3 | Contracting | Slower | 5 | 43.4 | 45.1 | 47.7 | 38.3 | 38.9 | 31.3 |
| Six-month Outlook | 33.1 | 33.6 | -0.5 | Contracting | Faster | 3 | 35.5 | 37.6 | 34.1 | 23.4 | 27.8 | 30.2 |
| Production Materials | 30 | 30 | - | - | - | - | 31 | 28 | 35 | 36 | 21 | 30 |
| MRO Supplies | 24 | 25 | - | - | - | - | 33 | 22 | 33 | 27 | 18 | 18 |
| Capital Expenditures | 41 | 46 | - | - | - | - | 41 | 41 | 65 | 50 | 41 | 21 |

Chart 1: Time Series of Taiwan Manufacturing PMI

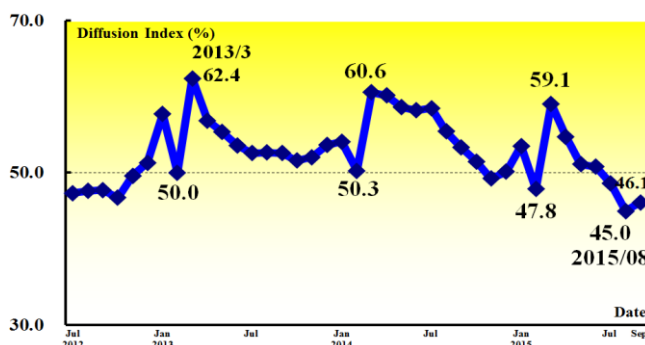
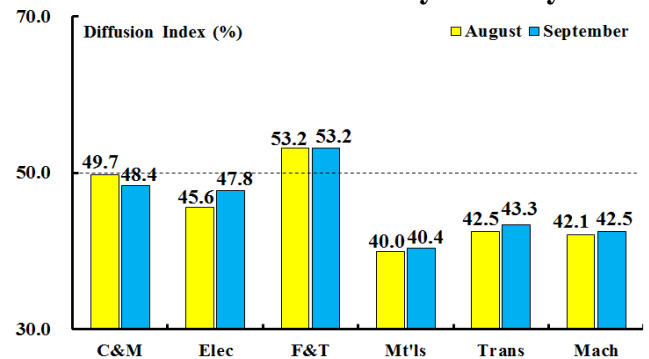


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 46.1 percent in September, which is 1.1 percentage points higher from its lowest reading of 45.0 percent in August - since this PMI was initially compiled from July 2012.
- Both New Orders and Production Indexes remained in contraction for the third consecutive month, but rather at slower rates, increased by 5.9 and 2.9 percentage points to 45.8 and 46.8 percent in September, respectively.
- The Employment Index remained at 48.4 percent and indicated that manufacturing employment contracted at the same pace for the second consecutive month.
- The Supplier Deliveries Index registered 48.0 percent, an increase of 2.5 percentage points from August.
- Manufacturing Inventories declined to the lowest level since July 2012 as the Inventories Index registered 41.4 percent, down from 47.2 percent reported in August.
- Manufacturers still believe their customers have less than sufficient inventories on hand. The Customers' Inventories Index registered 44.2 percent and declined to its lowest level for the past seventeen months.
- While Exports and Imports Indexes have both contracted for five consecutive months, they went up 4.3 and 2.3 percentage points to 43.8 and 42.2 percent respectively in September.
- Manufacturers are still commenting pessimistic about the future as the Six-month Outlook Index further decreased 0.5 percentage point to 33.1 percent in September, registering its lowest recorded level since November 2012.
- Of the 6 manufacturing industries categories, five are reporting contraction in September in the following order: Basic Materials industries (40.4%), Electrical & Machinery Equipment (42.5%), Transportation Equipment (43.3%), Electronic & Optical (47.8%) and Chemical, Biological & Medical (48.4%). Only Foods & Textiles (53.2%) reported growth 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.

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