

September 2013 Taiwan Manufacturing PMI

PMI at 52.6%

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

MANUFACTURING AT A GLANCE

September 2013

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	52.6	52.6	+0.0	Growing	Same	7	51.3	54.2	49.5	50.3	59.0	50.2
New Orders	50.7	55.1	-4.4	Growing	Slower	11	51.3	54.5	50.0	41.0	60.0	47.6
Production	55.5	56.4	-0.9	Growing	Slower	7	52.6	58.5	47.6	53.8	57.5	53.7
Employment	54.5	52.6	+1.9	Growing	Faster	10	55.3	55.7	52.4	51.3	60.0	53.7
Supplier Deliveries	52.6	49.6	+3.0	Slowing	From Faster	1	53.9	52.3	50.0	51.3	57.5	54.9
Inventories	49.4	49.5	-0.1	Contracting	Faster	2	43.4	50.0	47.6	53.8	60.0	41.5
Customers' Inventories	46.1	45.7	+0.4	Too Low	Slower	2	46.1	47.2	50.0	46.2	40.0	40.2
Prices	55.7	55.7	+0.0	Increasing	Same	2	68.4	50.0	54.8	61.5	55.0	53.7
Backlog of Orders	45.8	46.3	-0.5	Contracting	Faster	5	47.4	46.6	40.5	44.9	47.5	45.1
Exports	48.7	49.8	-1.1	Contracting	Faster	4	51.3	51.7	54.8	41.0	47.5	41.5
Imports	52.2	46.5	+5.7	Growing	From Contracting	1	59.2	50.6	42.9	56.4	57.5	46.3
Six-month Outlook	51.0	53.3	-2.3	Growing	Slower	10	56.6	48.3	47.6	57.7	52.5	43.9
Production Materials	30	32	-	-	-	-	26	27	29	38	27	33
MRO Supplies	23	22	-	-	-	-	20	21	23	28	25	23
Capital Expenditures	43	38	-	-	-	-	44	32	50	59	78	27

Chart 1: Time Series of Taiwan Manufacturing PMI

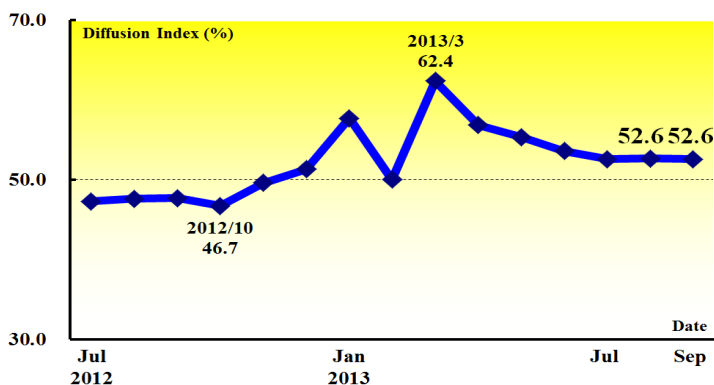
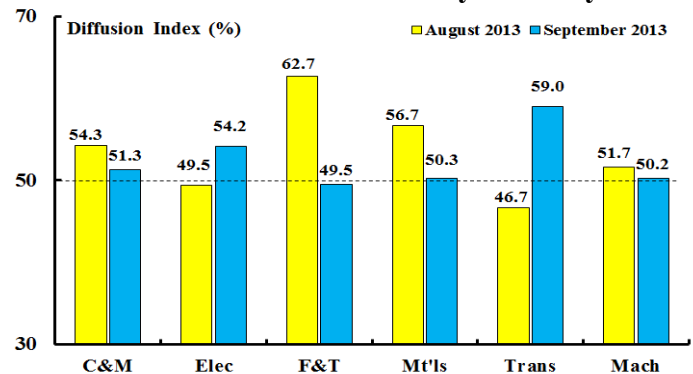


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI remained at 52.6 percent in September, indicating that the manufacturing sector grew at the same pace for the third consecutive month.
- The New Orders and Production Indexes, two major leading components of the PMI, dropping 4.4 and 0.9 percentage points to 50.7 and 55.5 percent, respectively. This is also the lowest reading for the New Orders Index since November 2012.
- The Employment Index shows positive momentum by comparison, as the Employment Index registered 54.5 percent, which is 1.9 percentage points higher than the 52.6 percent reported in August.
- The Supplier Deliveries Index registered 52.6 percent, indicating the delivery performance of suppliers to manufacturing sectors was slower after two consecutive months of faster deliveries.
- The Backlog of Orders Index has declined for the fifth consecutive month and fallen to the lowest level since 2013, and registered 45.8 percent in September, which is 0.5 percentage points lower than the 46.3 percent reported in August.
- The Imports Index registered 52.2 percent, an increase of 5.7 percentage points, indicating a resumption of growth in imports following three months of contraction. This is also the biggest increase among all indices in September.
- Manufacturers were less optimistic about the future in September. The Six-month Outlook index registered 51.0 percent, a decrease of 2.3 percentage points compared to the August reading of 53.3 percent.
- Of the six manufacturing industries categories, five are reporting growth in September in the following order: Transportation Equipment (59.0%); Electronic & Optical (54.2%); Chemical, Biological & Medical (51.3%); Basic Materials (50.3%); and Electrical & Machinery Equipment industry (50.2%); Only Foods & Textiles (49.5%) reversed its recent trend of growth and contracted during September for the first time in the past nine months.

About this Report

This report is jointly issued by the Council for Economic Planning and Development (CEPD) – 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 250 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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