

# October 2013 Taiwan Manufacturing PMI

## PMI at 51.6%

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

### MANUFACTURING AT A GLANCE

October 2013

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	51.6	52.6	-1.0	Growing	Slower	8	60.0	47.2	52.6	53.3	60.0	51.9
New Orders	51.2	50.7	+0.5	Growing	Faster	12	61.6	45.0	43.5	56.3	70.6	51.4
Production	52.7	55.5	-2.8	Growing	Slower	8	62.8	48.5	52.2	52.5	58.8	56.8
Employment	52.5	54.5	-2.0	Growing	Slower	11	60.5	50.0	54.3	51.3	55.9	52.7
Supplier Deliveries	51.9	52.6	-0.7	Slowing	Slower	2	58.1	49.0	58.7	51.3	55.9	50.0
Inventories	49.7	49.4	+0.3	Contracting	Slower	3	57.0	43.5	54.3	55.0	58.8	48.6
Customers' Inventories	43.6	46.1	-2.5	Too Low	Faster	3	46.5	39.0	39.1	57.5	50.0	32.4
Prices	54.0	55.7	-1.7	Increasing	Slower	3	59.3	48.0	60.9	58.8	61.8	55.4
Backlog of Orders	47.9	45.8	+2.1	Contracting	Slower	6	55.8	40.5	41.3	56.3	61.8	52.7
Exports	47.8	48.7	-0.9	Contracting	Faster	5	57.0	44.0	47.8	48.8	58.8	44.6
Imports	47.6	52.2	-4.6	Contracting	From Growing	1	61.6	41.5	47.8	52.5	58.8	40.5
Six-month Outlook	47.3	51.0	-3.7	Contracting	From Growing	1	59.3	45.0	41.3	42.5	64.7	47.3
Production Materials	31	30	-	-	-	-	33	29	33	38	22	31
MRO Supplies	22	23	-	-	-	-	28	20	22	26	25	19
Capital Expenditures	42	43	-	-	-	-	53	35	47	52	49	35

Chart 1: Time Series of Taiwan Manufacturing PMI

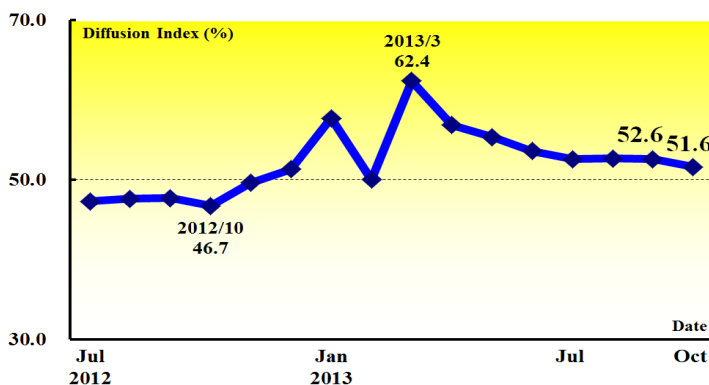
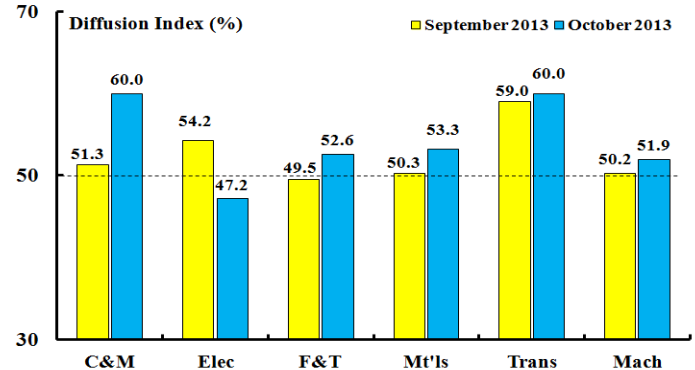


Chart 2: Performance by Industry



### Summary

- The Taiwan Manufacturing PMI registered 51.6 percent in October, a decrease of 1.0 percentage point from September, indicating that the manufacturing sector expanded at the slowest pace in the past eight months.
- While entering the fourth quarter, the New Orders Index just slightly raised up to 51.2 percent in October against 50.7 percent in September.
- The Production Index still remains in growing at 52.7 percent, but registered its lowest reading since February 2013 when the Chinese New Year holidays of nine days influenced the nation's manufacturing activities.
- The Employment Index registered 52.5 percent, down from the 54.5 percent reported in September.
- The Customers' Inventories Index registered 43.6 percent, the lowest reading since July 2012, indicating that manufacturers believe their customers do not have sufficient inventories on hand at this time.
- The Exports Index registered 47.8 percent, a decrease of 0.9 percentage point from September, indicating contraction in exports for the five consecutive months.
- Imports of materials by manufacturers contracted after one-month growth, with the Imports Index decreased 4.6 percentage points from 52.2 percent to 47.6 percent.
- The Six-month Outlook Index fell below the middle point (50%) for the first time since December 2012. The Six-month Outlook Index registered 47.3 percent, down from the 51.0 percent reported in September.
- Of the six manufacturing industries categories, five are reporting higher PMI and growth in October in the following order: Transportation Equipment (60.0%); Chemical, Biological & Medical (60.0%); Basic Materials (53.3%); Foods & Textiles (52.6%) and Electrical & Machinery Equipment (51.9%). Only Electronic & Optical industry failed to grow in October. The PMI of Electronic & Optical decreased by 7.0 percentage points to 47.2%, the lowest level since December 2012.

## 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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