

January 2013 Taiwan Manufacturing PMI

PMI at 57.7%

New Orders, Production, Employment and Inventories Growing

Supplier Deliveries Slowing

MANUFACTURING AT A GLANCE¹

January 2013

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	57.7	51.3	+6.4	Growing	Faster	2	55.9	58.0	55.0	58.8	60.0	57.6
New Orders	66.6	52.6	+14.0	Growing	Faster	3	57.4	63.3	63.9	80.5	76.3	63.5
Production	62.6	54.8	+7.8	Growing	Faster	3	48.1	63.3	63.9	64.6	68.4	71.6
Employment	54.8	53.3	+1.5	Growing	Faster	2	59.3	55.0	52.8	53.7	52.6	52.7
Supplier Deliveries	51.5	48.2	+3.3	Slowing	From Faster	1	51.9	52.2	52.8	50.0	52.6	48.6
Inventories	53.0	47.8	+5.2	Growing	From Contracting	1	63.0	56.1	41.7	45.1	50.0	51.4
Customers' Inventories	49.2	47.6	+1.6	Too Low	Slower	5	53.7	50.0	66.7	45.1	36.8	39.2
Prices	60.0	52.8	+7.2	Increasing	Faster	2	64.8	48.9	61.1	84.1	57.9	55.4
Backlog of Orders	53.7	46.6	+7.1	Growing	From Contracting	1	38.9	51.1	50.0	70.7	68.4	45.9
Exports	59.1	47.9	+11.2	Growing	From Contracting	1	53.7	59.4	66.7	57.3	65.8	58.1
Imports	57.3	50.4	+6.9	Growing	Faster	2	55.6	55.6	55.6	63.4	55.3	58.1
Six-month Outlook	61.4	50.4	+11.0	Growing	Faster	2	59.3	58.9	52.8	70.7	65.8	62.2
Production Materials	31	31	-	-	-	-	39	28	32	34	26	33
MRO Supplies	22	20	-	-	-	-	32	17	12	28	22	22
Capital Expenditures	43	45	-	-	-	-	54	33	80	47	58	27

Chart 1 : Time Series of Taiwan Manufacturing PMI

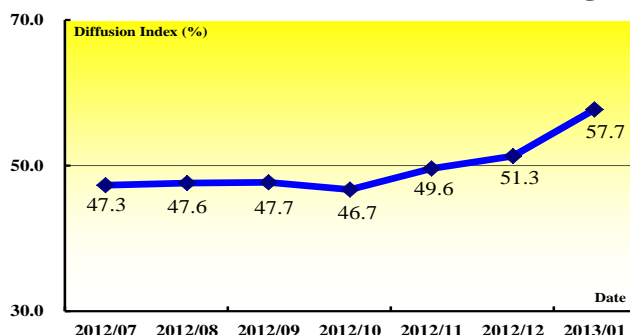
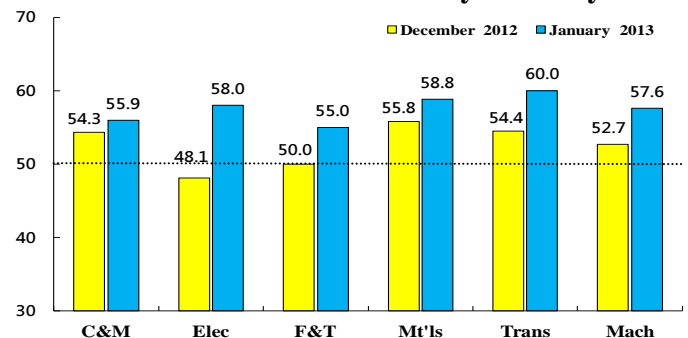


Chart 2 : Performance by Industry



Summary

- The manufacturing sector expanded for the second consecutive month in January as the Taiwan Manufacturing PMI rose to 57.7%, with the fastest growth rate since July 2012.
- The indexes in this month are all increasing with both the New Orders and Production Indexes are above 60 percent, registered 66.6 and 62.6 percent respectively in January. This represents an increase of 14.0 and 7.8 percentage points respectively from December and also the highest percentage indexes in the last seven months.
- The Employment Index is encouraging, as it is up 1.5 percentage points for the month to 54.8 percent. This is the second consecutive month of growing in the Employment Index.
- The Supplier Deliveries Index registered 51.5 percent, an increase of 3.3 percentage points when compared to December reading of 48.2 percent. This is the first month that the delivery performance from suppliers to manufacturing organizations was slower following six months of faster delivery performance.
- The Inventories Index registered 53.0 percent, an increase of 5.2 percentage points when compared to December and also the highest level recorded by the index since July 2012.
- The New Export Orders Index registered 11.2 percentage points higher than the 47.9 percent reported in December, and is the first indexing above 50 percent for the past seven months.
- All the manufacturing industries categories reporting growth in January in the following order: Transportation Equipment (60.0%); Basic Materials (58.8%); Electronics & Optical (58.0%); Electrical & Machinery Equipment (57.6%); Chemical, Biological & Medical (55.9%); and Foods & Textiles (55.0%). The PMI of Electronics & Optical industry rose by 9.9 percentage points when compared to December's reading of 48.1 percent, with the fastest growth rate among 6 manufacturing industries categories.

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 Electronics & 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.

Contact Information:

For economics comments, data and technical queries, please contact

Shin-Hui Chen, Ph.D.

Assistant Research Fellow, Center for Economic Forecasting
Chung-Hua Institution for Economic Research
Email: csh@cier.edu.tw
Tel: +(866) 2 2735 6006 ext. 424
www.cier.edu.tw

For industry comments, please contact:

Steve Lai

Executive Director, Center for Purchasing and Supply Studies
Supply Management Institute, Taiwan
E-mail: stvelai@smit.org.tw
Tel: +(866) 2 2749 5889
www.smit.org.tw