

May 2013 Taiwan Manufacturing PMI

PMI at 55.3%

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

MANUFACTURING AT A GLANCE

May 2013

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	55.3	56.8	-1.5	Growing	Slower	3	57.6	58.6	55.6	44.9	63.5	53.6
New Orders	55.5	56.7	-1.2	Growing	Slower	7	66.7	59.1	52.8	39.0	70.6	51.3
Production	56.3	60.0	-3.7	Growing	Slower	3	62.1	62.5	50.0	32.9	73.5	64.1
Employment	54.2	54.6	-0.4	Growing	Slower	6	56.1	56.8	52.8	47.6	61.8	50.0
Supplier Deliveries	54.9	53.3	+1.6	Slowing	Faster	3	50.0	59.7	63.9	45.1	55.9	51.3
Inventories	55.7	59.6	-3.9	Growing	Slower	3	53.0	55.1	58.3	59.8	55.9	51.3
Customers' Inventories	50.3	53.6	-3.3	Too High	Slower	2	43.9	49.4	58.3	56.1	44.1	47.4
Prices	38.7	38.7	+0.0	Decreasing	Same	2	42.4	42.0	47.2	25.6	41.2	35.9
Backlog of Orders	49.9	50.7	-0.8	Contracting	From Growing	1	45.5	52.3	52.8	40.2	67.6	52.6
Exports	52.1	53.5	-1.4	Growing	Slower	5	59.1	56.8	52.8	35.4	64.7	47.4
Imports	52.3	56.4	-4.1	Growing	Slower	3	54.5	56.8	52.8	40.2	64.7	44.9
Six-month Outlook	54.1	57.1	-3.0	Growing	Slower	6	57.6	64.8	50.0	31.7	55.9	47.4
Production Materials	32	33	-	-	-	-	32	32	29	35	26	33
MRO Supplies	23	21	-	-	-	-	20	22	21	29	28	21
Capital Expenditures	46	40	-	-	-	-	61	38	55	60	47	32

Chart 1 : Time Series of Taiwan Manufacturing PMI

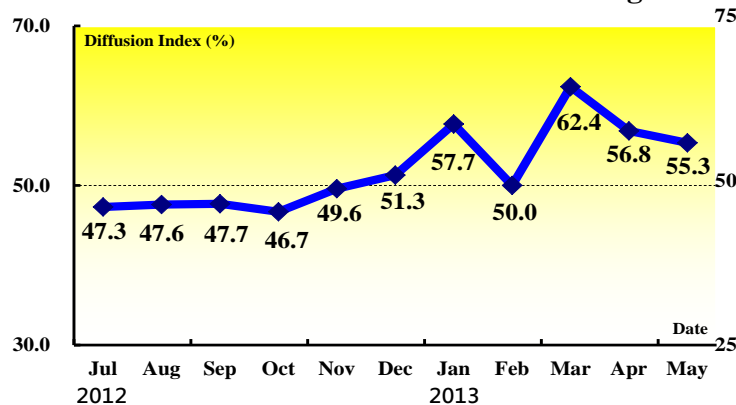
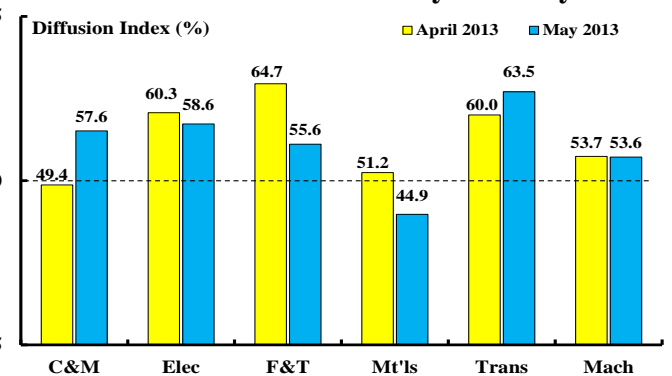


Chart 2 : Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 55.3 percent in May, which is 1.5 percentage points lower than the 56.8 percent reported in April, indicating that the manufacturing sector continues on a trend of slowing growth as New Orders and Production remain softening.
- Both New Orders and Production Indexes showed continuous growing direction in May, but at the slower rates, dropping 1.2 and 3.7 percentage points to 55.5 and 56.3 percent, respectively.
- The Supplier Deliveries Index registered 54.9 percent, an increase of 1.6 percentage points from April and also the highest level recorded by this index since July 2012.
- The Backlog of Orders Index fell 0.8 percent points to 49.9 percent mainly from a slower growth in New Orders, indicating manufacturers' backlogs in May are contracting after four consecutive months of growing.
- The Import Index fell 4.1 percentage points to 52.3 percent, which was the largest decrease among all the indices in May.
- Manufacturers were slightly less optimistic about the future than in April. The Six-month Outlook Index registered 3.0 percentage points below the April reading of 57.1%.
- Of the 6 manufacturing industries categories, five are reporting growth in May in the following order: Transportation Equipment (63.5%); Electronic & Optical (58.6%); Chemical, Biological & Medical (57.6%); Foods & Textiles (55.6%) and Electrical & Machinery Equipment (53.6%). Only Basic Materials industry (Mt'ls) failed to grow in May. The PMI of Basic Materials industry decreased by 6.3 percentage points to 44.9%.

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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