

June 2013 Taiwan Manufacturing PMI

PMI at 53.6%

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

MANUFACTURING AT A GLANCE

June 2013

Unit : %							Industries					
Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend (Months)	C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	53.6	55.3	-1.7	Growing	Slower	4	54.8	56.3	57.0	44.7	55.0	53.9
New Orders	51.4	55.5	-4.1	Growing	Slower	8	58.6	57.0	57.5	30.3	53.1	53.0
Production	55.5	56.3	-0.8	Growing	Slower	4	58.6	57.6	62.5	44.7	53.1	59.1
Employment	56.6	54.2	+2.4	Growing	Faster	7	55.2	57.6	57.5	53.9	59.4	57.6
Supplier Deliveries	50.1	54.9	-4.8	Slowing	Slower	4	50.0	55.2	47.5	40.8	56.3	43.9
Inventories	54.3	55.7	-1.4	Growing	Slower	4	51.7	54.1	60.0	53.9	53.1	56.1
Customers' Inventories	51.9	50.3	+1.6	Too High	Faster	3	55.2	55.8	42.5	43.4	59.4	50.0
Prices	40.4	38.7	+1.7	Decreasing	Slower	3	29.3	48.8	57.5	25.0	31.3	37.9
Backlog of Orders	46.2	49.9	-3.7	Contracting	Faster	2	46.6	46.5	42.5	40.8	65.6	48.5
Exports	46.3	52.1	-5.8	Contracting	From Growing	1	46.6	50.0	55.0	34.2	50.0	43.9
Imports	48.0	52.3	-4.3	Contracting	From Growing	1	43.1	50.0	55.0	39.5	53.1	54.5
Six-month Outlook	51.7	54.1	-2.4	Growing	Slower	7	48.3	62.8	55.0	28.9	50.0	48.5
Production Materials	33	32	-	-	-	-	29	32	40	33	29	34
MRO Supplies	25	23	-	-	-	-	23	22	29	29	37	20
Capital Expenditures	46	46	-	-	-	-	55	39	50	50	50	48

Chart 1: Time Series of Taiwan Manufacturing PMI

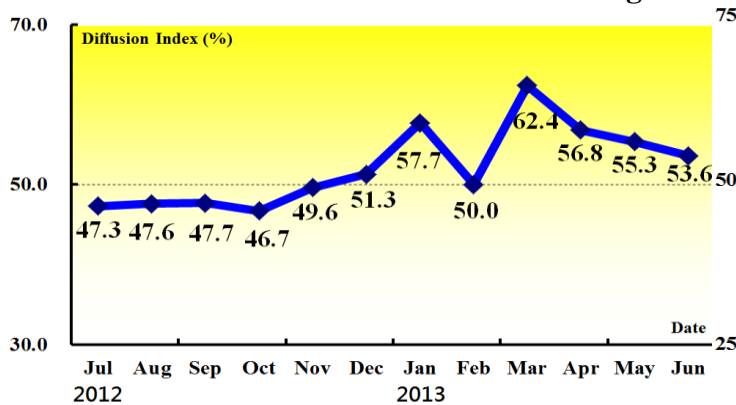
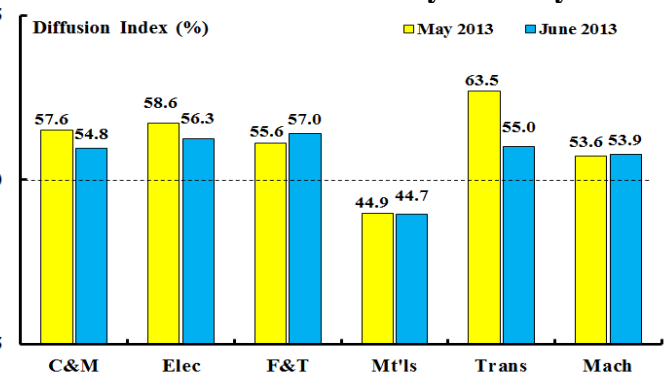


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 53.6 percent in June, which is 1.7 percentage points lower than the 55.3 percent reported in May, indicating that the manufacturing sector continues on a trend of slowing growth as New Orders and Production remain softening.
- The New Orders Index registered 51.4 percent, a decrease of 4.1 percentage points from May and also the lowest level recorded by this index since November 2012.
- Manufacturing employment continues to show promising momentum for the year, as the Employment Index registered 56.6 percent, which is 2.4 percentage points higher than the 54.2 percent reported in May.
- The Backlog of Orders Index fell 3.7 percentage points to 46.2 percent in June, indicating manufacturers' backlogs in June are contracting for the second consecutive month.
- The Exports Index registered 5.8 percentage points below the May reading of 52.1 percent, and is the first time this reading is below 50 percent in 2013, as well as the lowest reading reported for the past eight months.
- Imports of materials by manufacturers also contracted for the first time following past three months of growth, with the Imports Index decreased 4.3 percentage points from its May reading to 48.0 percent.
- Manufacturers were slightly less optimistic about the future than in May. The Six-month Outlook Index registered 2.4 percentage points below the May reading of 54.1%.
- Of the 6 manufacturing industries categories, five are reporting growth in June in the following order: Foods & Textiles (57.0%); Electronic & Optical (56.3%); Transportation Equipment (55.0%); Chemical, Biological & Medical (54.8%); and Electrical & Machinery Equipment (53.9%). The PMI of Basic Materials industry (Mt'l's) registered 44.7 percent and reported as the contracting for the second consecutive month.

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.

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 27356006 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 27495889
www.smit.org.tw