

# July 2013 Taiwan Manufacturing PMI

PMI at 52.6%

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

## MANUFACTURING AT A GLANCE

July 2013

Index	Series Index Jul	Series Index Jun	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt's	Trans	Mach
Taiwan Manufacturing PMI	52.6	53.6	-1.0	Growing	Slower	5	52.1	53.8	58.6	50.8	54.2	44.6
New Orders	52.6	51.4	+1.2	Growing	Faster	9	52.6	51.1	54.5	64.1	47.4	36.5
Production	55.8	55.5	+0.3	Growing	Faster	5	57.7	55.9	54.5	61.5	47.4	45.9
Employment	54.3	56.6	-2.3	Growing	Slower	8	57.7	55.3	68.2	46.2	55.3	48.6
Supplier Deliveries	48.3	50.1	-1.8	Faster	From Slowing	1	51.3	50.5	50.0	38.5	60.5	45.9
Inventories	51.9	54.3	-2.4	Growing	Slower	5	41.0	56.4	65.9	43.6	60.5	45.9
Customers' Inventories	51.5	51.9	-0.4	Too High	Slower	4	53.8	58.0	65.9	33.3	55.3	40.5
Prices	49.1	40.4	+8.7	Decreasing	Slower	4	57.7	45.2	54.5	55.1	39.5	43.2
Backlog of Orders	47.7	46.2	+1.5	Contracting	Slower	3	51.3	48.9	54.5	41.0	55.3	40.5
Exports	48.1	46.3	+1.8	Contracting	Slower	2	53.8	48.4	47.7	47.4	47.4	40.5
Imports	47.7	48.0	-0.3	Contracting	Faster	2	51.3	46.3	52.3	50.0	39.5	44.6
Six-month Outlook	51.0	51.7	-0.7	Growing	Slower	8	50.0	52.1	54.5	51.3	60.5	37.8
Production Materials	32	33	-	-	-	-	31	31	28	39	31	34
MRO Supplies	25	25	-	-	-	-	28	21	20	38	22	21
Capital Expenditures	48	46	-	-	-	-	53	36	53	65	64	44

Chart 1: Time Series of Taiwan Manufacturing PMI

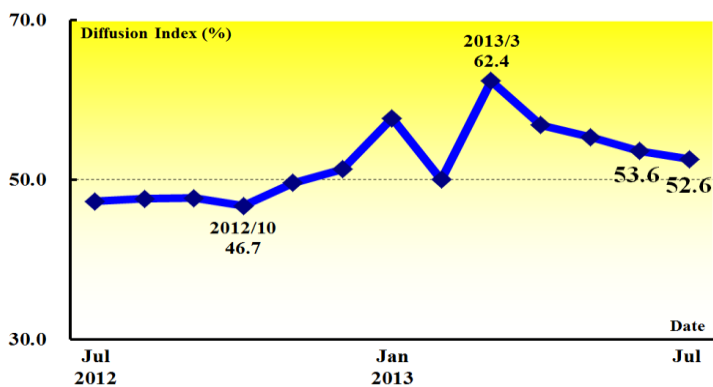
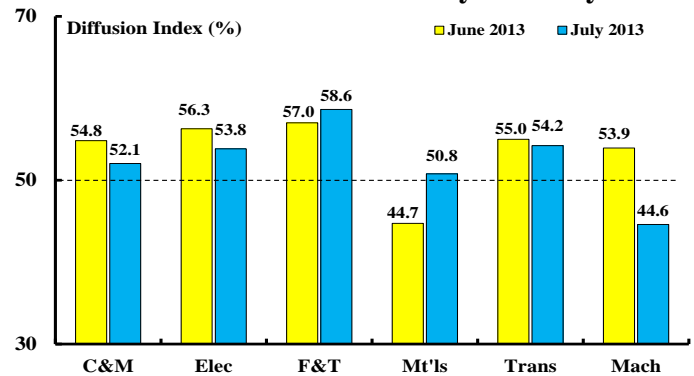


Chart 2: Performance by Industry



### Summary

- The Taiwan Manufacturing PMI registered 52.6 percent in July, which is 1.0 percentage points lower than the 53.6 reported in June, indicating the manufacturing sector continues on a trend of slowing growth.
- Both New Orders and Production Indexes expanded at a slightly faster rate compared to last month as they are up 1.2 and 0.3 percentage points to 52.6 and 55.8 percent, respectively.
- More significant slowing growth was performed in employment and inventories. The Employment and Inventories Indexes registered 2.3 and 2.4 percentage points lower than the 56.6 percent and 54.3 reported in June.
- The Supplier Deliveries Index registered 48.3 percent, indicating the delivery performance of suppliers to manufacturing organizations was faster for the first time since January 2013.
- The July report is indicating the first sign of higher prices as the Prices Index increased 8.7 percentage points to 49.1 percent, though still at a deflationary level - the biggest percentage change among all the indexes in July.
- The Export Index registered 48.1 percent in July, up from the 46.3 percent reported in June.
- Manufacturers were less optimistic than five months ago. The Six-month Outlook index registered 51.0 percent in July, a decrease of 0.7 percentage points when compared to June and also the lowest level recorded by this index since January 2013.
- Of the 6 manufacturing industries categories, five are reporting growth in July in the following order: Foods & Textiles (58.6%); Transportation Equipment (54.2%); Electronic & Optical (53.8%); Chemical, Biological & Medical (52.1%); and Basic Materials (50.8%). The PMI of Basic Materials rose by 6.1 percentage points from 44.7%. Only Electrical & Machinery Equipment industry (44.6%) reversed its recent trend of growth and turned to contracting during July for the first time in eight 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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