

September 2014 Taiwan Manufacturing PMI

PMI at 53.3%

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

MANUFACTURING AT A GLANCE

September 2014

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	53.3	55.4	-2.1	Growing	Slower	19	52.3	55.5	51.3	50.5	54.8	50.9
New Orders	52.7	55.3	-2.6	Growing	Slower	7	46.3	56.7	54.3	47.6	57.1	48.8
Production	54.8	56.0	-1.2	Growing	Slower	7	53.8	59.1	50.0	47.6	57.1	53.5
Employment	55.3	54.7	+0.6	Growing	Faster	22	50.0	54.8	60.9	58.5	59.5	51.2
Supplier Deliveries	52.2	55.8	-3.6	Slowing	Slower	13	55.0	55.3	45.7	46.3	54.8	50.0
Inventories	51.5	55.3	-3.8	Growing	Slower	9	56.3	51.4	45.7	52.4	45.2	51.2
Customers' Inventories	50.2	51.6	-1.4	Too High	Slower	2	47.5	55.3	43.5	48.8	45.2	40.7
Prices	46.6	53.1	-6.5	Decreasing	From Increasing	1	50.0	50.0	47.8	35.4	50.0	46.5
Backlog of Orders	45.2	49.7	-4.5	Contracting	Faster	2	40.0	51.4	37.0	37.8	50.0	41.9
Exports	50.8	54.1	-3.3	Growing	Slower	10	50.0	54.8	39.1	46.3	54.8	50.0
Imports	54.1	56.9	-2.8	Growing	Slower	7	52.5	53.8	60.9	56.1	50.0	50.0
Six-month Outlook	54.1	60.6	-6.5	Growing	Slower	10	55.0	58.7	52.2	42.7	64.3	51.2
Production Materials	32	30	-	-	-	-	35	29	34	36	29	35
MRO Supplies	26	25	-	-	-	-	31	21	33	28	33	23
Capital Expenditures	50	46	-	-	-	-	60	44	59	59	77	32

Chart 1: Time Series of Taiwan Manufacturing PMI

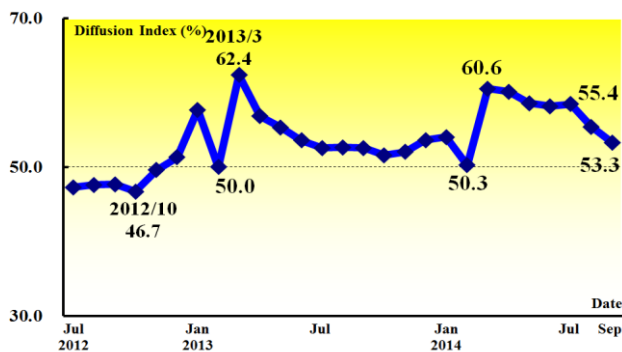
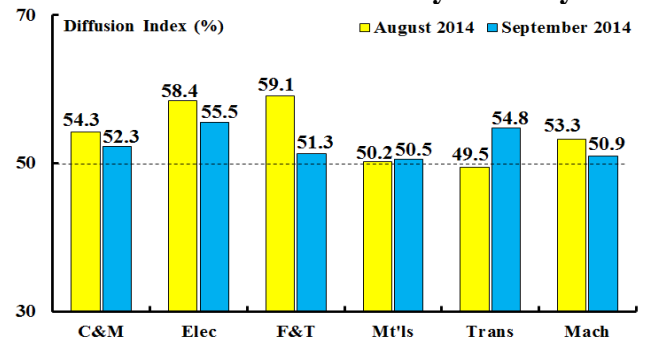


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 53.3 percent, a decrease of 2.1 percentage points and indicating that the manufacturing sector expanded at the slowest pace since March 2014.
- Both New Orders and Production Indexes fell to its lowest level of growth since March 2014, decreasing 2.6 and 1.2 percentage points to 52.7 and 54.8 percent, respectively.
- Manufacturing employment continues to show good momentum for the year, as the Employment Index registered 55.3 percent, which is 0.6 percentage points higher than the 54.7 percent reported in August.
- The Supplier Deliveries Index reflected slower deliveries for the 13th consecutive month but registered a nine-month low of 52.2% in September.
- The Inventories Indexes fell 3.8 percentage points to 51.5 percent in September, the lowest growth rate this year.
- The Customers' Inventories Index decreased 1.4 percentage points to 50.2 percent in September and indicated that respondents believe their customers have more than sufficient inventories on hand for the second consecutive month.
- Inflationary pressures are dissolving as the Prices Index fell to 46.6 percent, the lowest since July 2013.
- Manufacturer's backlogs contracted for the second consecutive month as the Backlog of Orders Index registered a 23-month low of 45.2 percentage points reported in September.
- The Exports Index still remains in the direction of growing, at 50.8 percent, but registered its lowest reading since December 2013.
- Manufacturers generally still forecast optimistic on the future. However, the Six-month Outlook Index dropped 6.5 percent points to 54.1 percent, the biggest month-to-month decrease since April 2013.
- All the manufacturing industries categories reporting growth in September in the following order: Electronics & Optical (55.5%); Transportation Equipment (54.8%); Chemical, Biological & Medical (52.3%); Foods & Textiles (51.3%); Electrical & Machinery Equipment (50.9%) and Basic Materials (50.5%).

About this Report

This report is jointly issued by the National Development Council (NDC) – 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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