

# October 2014 Taiwan Manufacturing PMI

PMI at 51.5%

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

## MANUFACTURING AT A GLANCE

October 2014

| Index                    | Series Index Oct | Series Index Sep | Percentage Point Change | Direction   | Rate of Change | Trend (Months) | Industries |      |      |       |       |      |
|--------------------------|------------------|------------------|-------------------------|-------------|----------------|----------------|------------|------|------|-------|-------|------|
|                          |                  |                  |                         |             |                |                | C&M        | Elec | F&T  | Mt'ls | Trans | Mach |
| Taiwan Manufacturing PMI | 51.5             | 53.3             | -1.8                    | Growing     | Slower         | 20             | 52.5       | 52.7 | 46.8 | 50.6  | 55.5  | 47.7 |
| New Orders               | 50.3             | 52.7             | -2.4                    | Growing     | Slower         | 8              | 50.0       | 55.3 | 52.3 | 41.0  | 50.0  | 44.2 |
| Production               | 53.4             | 54.8             | -1.4                    | Growing     | Slower         | 8              | 55.6       | 54.3 | 43.2 | 54.0  | 52.5  | 53.5 |
| Employment               | 54.3             | 55.3             | -1.0                    | Growing     | Slower         | 23             | 52.8       | 53.4 | 56.8 | 57.0  | 60.0  | 50.0 |
| Supplier Deliveries      | 48.8             | 52.2             | -3.4                    | Faster      | From Slowing   | 1              | 50.0       | 48.6 | 45.5 | 46.0  | 65.0  | 47.7 |
| Inventories              | 50.7             | 51.5             | -0.8                    | Growing     | Slower         | 10             | 54.2       | 51.9 | 36.4 | 55.0  | 50.0  | 43.0 |
| Customers' Inventories   | 50.1             | 50.2             | -0.1                    | Too High    | Slower         | 3              | 51.4       | 49.5 | 59.1 | 49.0  | 52.5  | 44.2 |
| Prices                   | 36.4             | 46.6             | -10.2                   | Decreasing  | Faster         | 2              | 31.9       | 38.9 | 40.9 | 30.0  | 42.5  | 37.2 |
| Backlog of Orders        | 47.0             | 45.2             | +1.8                    | Contracting | Slower         | 3              | 55.6       | 46.2 | 43.2 | 41.0  | 67.5  | 43.0 |
| Exports                  | 50.2             | 50.8             | -0.6                    | Growing     | Slower         | 11             | 59.7       | 51.0 | 47.7 | 43.0  | 52.5  | 48.8 |
| Imports                  | 48.5             | 54.1             | -5.6                    | Contracting | From Growing   | 1              | 47.2       | 45.7 | 50.0 | 55.0  | 62.5  | 40.7 |
| Six-month Outlook        | 43.4             | 54.1             | -10.7                   | Contracting | From Growing   | 1              | 44.4       | 44.7 | 47.7 | 35.0  | 60.0  | 40.7 |
| Production Materials     | 32               | 32               | -                       | -           | -              | -              | 31         | 28   | 36   | 34    | 32    | 36   |
| MRO Supplies             | 24               | 26               | -                       | -           | -              | -              | 33         | 19   | 35   | 27    | 24    | 23   |
| Capital Expenditures     | 44               | 50               | -                       | -           | -              | -              | 58         | 37   | 48   | 51    | 64    | 28   |

Chart 1: Time Series of Taiwan Manufacturing PMI

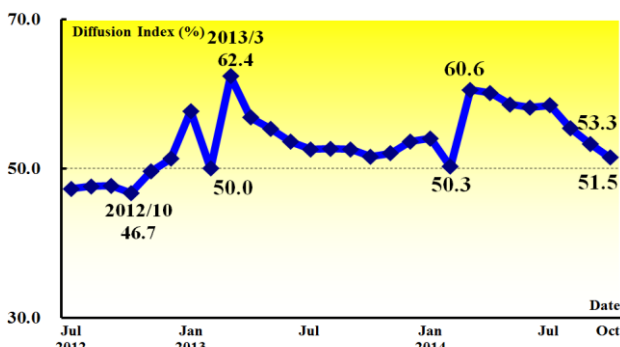
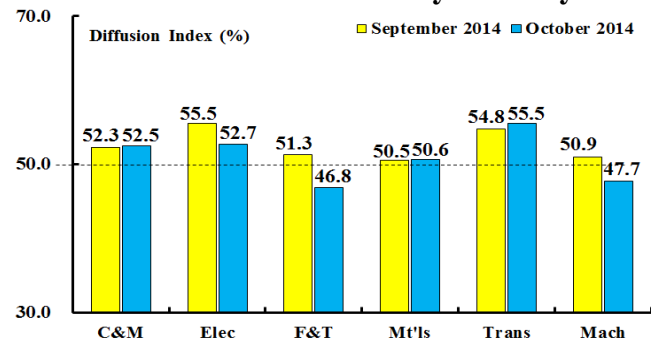


Chart 2: Performance by Industry



### Summary

- The Taiwan Manufacturing PMI registered 51.5 percent in October, a decrease of 1.8 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 2.4 and 1.4 percentage points to 50.3 and 53.4 percent, respectively.
- Manufacturing employment still directs the growing for the year, while the Employment Index decreased 1.0 percentage point to 54.3 percent in October and also the lowest level recorded by this index since March 2013.
- The Supplier Deliveries Index registered 48.8 percent, a decrease of 3.4 percentage points from September and also the lowest level recorded by this index since August 2013.
- Manufacturers are currently buying the lower prices due to the demands of the products is slowing. The Price Index has fallen to the lowest level since July 2012 and registered 36.4 percent in October.
- The Backlog of Orders Index registered 47.0 percent and indicates contraction in the manufacturers' order backlogs for three consecutive months.
- The Exports Index still remained in growing, at 50.2 percent, but registered its lowest reading since December 2013.
- Import of materials by manufactures failed to grow during October for the first time in the last eight months, with the Import Index decreased 5.6 percentage points for the month to 48.5%, the lowest reading since December 2013.
- The Six-month Outlook Index registered 43.4 percent, fell below the middle point (50%) for the first time since December 2013, also the lowest index for the past 23 months, down from the 54.1 percent reported in September.
- Of the six manufacturing industries categories, four are reporting growth in October in the following order: Transportation Equipment (55.5%); Electronic & Optical (52.7%); Chemical, Biological & Medical (52.5%) and Basic Materials (50.6%). While Foods & Textiles (46.8%) and Electrical & Machinery Equipment (47.7%) reversed its recent trend of growth and changed to contracting during October.

## 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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