

March 2014 Taiwan Manufacturing PMI

PMI at 60.6%

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

MANUFACTURING AT A GLANCE

March 2014

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	60.6	50.3	+10.3	Growing	Faster	13	58.8	64.7	59.2	55.1	53.8	59.3
New Orders	65.7	48.8	+16.9	Growing	From Contracting	1	61.3	72.6	62.5	59.3	50.0	63.6
Production	64.6	43.6	+21.0	Growing	From Contracting	1	61.3	72.1	60.4	55.8	53.8	61.4
Employment	60.4	52.0	+8.4	Growing	Faster	16	62.5	63.0	64.6	53.5	53.8	59.1
Supplier Deliveries	54.2	54.4	-0.2	Slowing	Slower	7	55.0	55.8	45.8	51.2	57.7	56.8
Inventories	57.9	52.5	+5.4	Growing	Faster	3	53.8	60.1	62.5	55.8	53.8	55.7
Customers' Inventories	47.2	45.8	+1.4	Too Low	Slower	8	55.0	46.6	50.0	46.5	42.3	39.8
Prices	53.8	55.5	-1.7	Increasing	Slower	4	65.0	46.6	66.7	58.1	61.5	47.7
Backlog of Orders	60.1	48.7	+11.4	Growing	From Contracting	1	58.8	66.3	56.3	52.3	42.3	61.4
Exports	61.4	51.3	+10.1	Growing	Faster	4	52.5	69.7	60.4	55.8	42.3	56.8
Imports	61.2	49.9	+11.3	Growing	From Contracting	1	65.0	63.5	60.4	55.8	53.8	61.4
Six-month Outlook	63.7	64.4	-0.7	Growing	Slower	4	63.8	75.0	45.8	48.8	61.5	56.8
Production Materials	33	32	-	-	-	-	35	29	42	34	22	37
MRO Supplies	25	24	-	-	-	-	28	19	29	36	24	23
Capital Expenditures	46	47	-	-	-	-	56	44	54	53	47	39

Chart 1: Time Series of Taiwan Manufacturing PMI

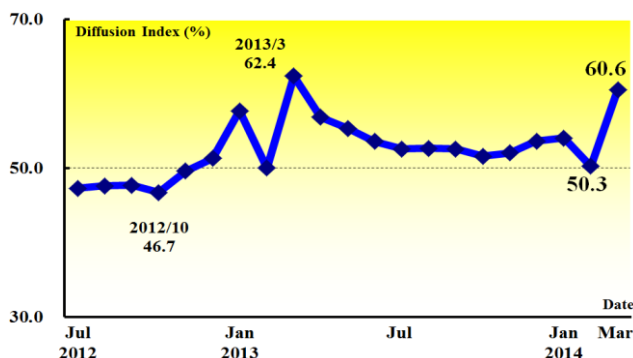
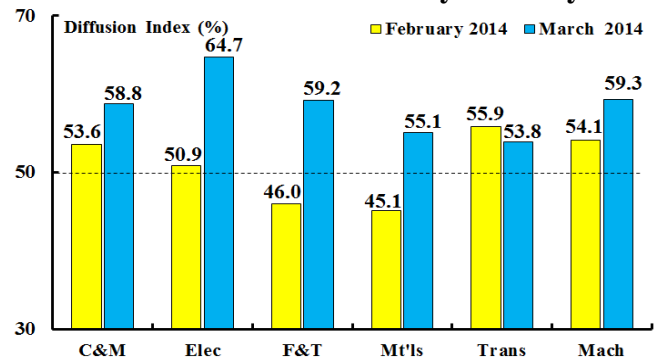


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 60.6 percent in March, which is 10.3 percentage points higher than the 50.3 percent reported in February. The growing direction of PMI was driven by favorable outcomes in New Orders and Production Indexes.
- Both New Orders and Production Indexes showed a positive improvement as they went up 16.9 and 21.0 percentage points to 65.7 and 64.6 percent, respectively. The strong growth in new orders and production was mainly caused by more working days comparing to the previous month.
- The Employment Index is promising as it increased 8.4 percentage points to 60.4% in March. This is the sixteenth consecutive month of growing in the Employment Index and also the biggest percentage change since July 2012.
- The Supplier Deliveries Index registered 54.2 percent and indicates that the delivery performance from suppliers to manufacturing organizations was slower for seven consecutive months.
- Manufacturing Inventories continued the growth trend for the third consecutive month as the Inventories Index registered 5.4 percentage points higher than the 52.5 percent reported in February
- The Backlog of Orders Index rose by 11.4 percentage points to 60.1 percent in March, with the fastest growth rate and also the biggest month-to-month increase since July 2012.
- The Imports Index registered 61.2 percent, an increase of 11.3 percentage points, indicating a resumption of growth in manufacturers' imports following only one month of contraction in the previous month.
- Manufacturers still remain optimistic about the future. The Six-month outlook Index registered 63.7 percent and indicates a growth trend for the fourth consecutive month.
- All the manufacturing industries categories reporting growth in March in the following order: Electronics & Optical (64.7%); Electrical & Machinery Equipment (59.3%); Foods & Textiles (59.2%); Chemical, Biological & Medical (58.8%); Basic Materials (55.1%) and Transportation Equipment (53.8%).

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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