

# April 2014 Taiwan Manufacturing PMI

PMI at 60.2%

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

## MANUFACTURING AT A GLANCE

April 2014

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	60.2	60.6	-0.4	Growing	Slower	14	55.7	63.3	61.6	58.4	51.9	58.0
New Orders	67.1	65.7	+1.4	Growing	Faster	2	61.4	71.6	68.0	67.8	50.0	60.0
Production	66.8	64.6	+2.2	Growing	Faster	2	55.7	72.5	74.0	64.4	56.3	58.8
Employment	57.9	60.4	-2.5	Growing	Slower	17	58.6	61.5	56.0	51.1	50.0	60.0
Supplier Deliveries	56.5	54.2	+2.3	Slowing	Faster	8	52.9	56.9	52.0	61.1	50.0	57.5
Inventories	52.6	57.9	-5.3	Growing	Slower	4	50.0	54.1	58.0	47.8	53.1	53.8
Customers' Inventories	41.6	47.2	-5.6	Too Low	Faster	9	41.4	37.6	42.0	48.9	46.9	42.5
Prices	56.1	53.8	+2.3	Increasing	Faster	5	58.6	51.8	68.0	67.8	43.8	45.0
Backlog of Orders	57.3	60.1	-2.8	Growing	Slower	2	54.3	61.5	50.0	57.8	46.9	52.5
Exports	62.0	61.4	+0.6	Growing	Faster	5	61.4	65.6	48.0	66.7	56.3	50.0
Imports	60.4	61.2	-0.8	Growing	Slower	2	61.4	63.3	60.0	60.0	50.0	51.3
Six-month Outlook	66.0	63.7	+2.3	Growing	Faster	5	62.9	72.9	48.0	57.8	75.0	65.0
Production Materials	34	33	-	-	-	-	42	31	37	38	23	33
MRO Supplies	26	25	-	-	-	-	31	21	40	28	26	23
Capital Expenditures	55	46	-	-	-	-	63	58	58	58	61	33

Chart 1: Time Series of Taiwan Manufacturing PMI

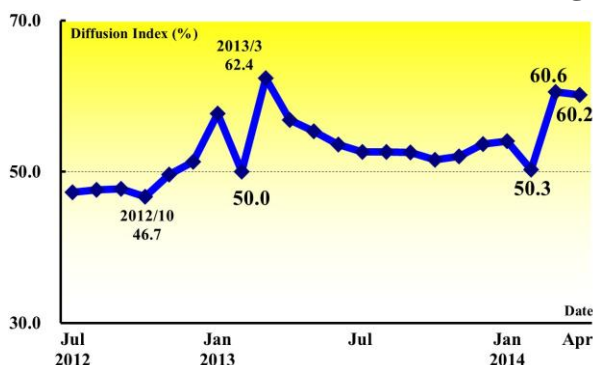
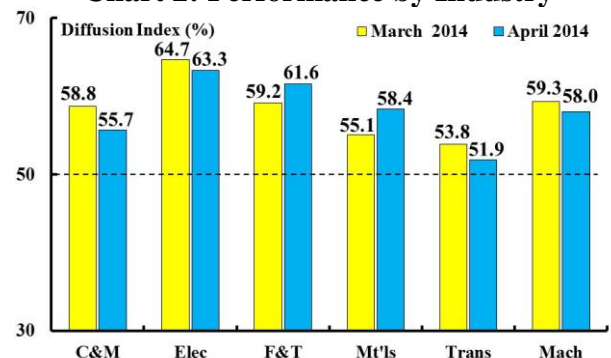


Chart 2: Performance by Industry



### Summary

- The Taiwan Manufacturing PMI registered 60.2 percent in April, and marked the first time that the index has rose above the 60 percent for two consecutive months since July 2012.
- Although the growing points in March were mainly increased due to the comparable low activities during the Chinese New Year holidays in February, the New Orders and Production Indexes still remain strong and went up 1.4 and 2.2 percentage points to 67.1 and 66.8 percent, respectively.
- The Employment Index registered 57.9 percent, the second record high index since July 2012, indicating the manufacturing sector has been continuing to experience a significant job growth.
- The Supplier Deliveries Index registered 56.5 percent, an increase of 2.3 percentage points from March and also the highest index since July 2012. This trend interprets the seller market oriented.
- The Customers' Inventories declined to the lowest level since July 2012 as the index fell to 41.6 percent in April. This indicates that manufacturers believe their customers have less than sufficient inventories on hand for the ninth consecutive months and also provides prospects for continuing strength in new orders.
- The Backlog of Orders Index registered 57.3 percent and indicates growth in the manufacturers' backlogs for the second consecutive month.
- The Exports Index registered 0.6 percentage points higher than the 61.4 percent reported in March and indicates the manufacturers' exports grew with the fastest pace in the past thirteen months.
- Manufacturers still remain optimistic about the future. The Six-month outlook Index registered 66.0 percent and indicates a growth trend for five consecutive months.
- All the manufacturing industries categories reporting growth in April in the following order: Electronics & Optical (63.3%); Foods & Textiles (61.6%); Basic Materials (58.4%); Electrical & Machinery Equipment (58.0%); Chemical, Biological & Medical (55.7%) and Transportation Equipment (51.9%).

## 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.

## 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](mailto:csh@cier.edu.tw)  
Tel: +(866) 2 27356006 ext. 424  
[www.cier.edu.tw](http://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](mailto:stvelai@smit.org.tw)  
Tel: +(866) 2 27495889  
[www.smit.org.tw](http://www.smit.org.tw)