

# October 2015 Taiwan Manufacturing PMI

PMI at 46.0%

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

## MANUFACTURING AT A GLANCE

October 2015

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	46.0	46.1	-0.1	Contracting	Faster	4	54.1	47.7	44.3	41.8	42.6	42.3
New Orders	45.9	45.8	+0.1	Contracting	Slower	4	57.7	50.9	43.5	36.7	34.2	37.2
Production	46.4	46.8	-0.4	Contracting	Faster	4	55.1	50.9	45.7	36.7	34.2	42.6
Employment	47.8	48.4	-0.6	Contracting	Faster	3	52.6	48.6	43.5	46.7	44.7	46.8
Supplier Deliveries	47.9	48.0	-0.1	Faster	Faster	7	57.7	47.2	47.8	45.6	52.6	44.7
Inventories	42.2	41.4	+0.8	Contracting	Slower	5	47.4	40.7	41.3	43.3	47.4	40.4
Customers' Inventories	45.6	44.2	+1.4	Too Low	Slower	12	48.7	46.3	43.5	40.0	55.3	47.9
Prices	37.8	32.1	+5.7	Decreasing	Slower	14	43.6	36.1	54.3	30.0	36.8	44.7
Backlog of Orders	42.5	39.8	+2.7	Contracting	Slower	6	48.7	44.4	45.7	38.9	28.9	39.4
Exports	46.7	43.8	+2.9	Contracting	Slower	6	51.3	50.0	54.3	40.0	34.2	39.4
Imports	40.7	42.2	-1.5	Contracting	Faster	6	62.8	39.8	43.5	35.6	39.5	34.0
Six-month Outlook	35.9	33.1	+2.8	Contracting	Slower	4	43.6	36.6	45.7	30.0	31.6	31.9
Production Materials	28	30	-	-	-	-	31	28	33	31	17	26
MRO Supplies	23	24	-	-	-	-	32	20	34	29	16	15
Capital Expenditures	45	41	-	-	-	-	53	45	65	56	38	19

Chart 1: Time Series of Taiwan Manufacturing PMI

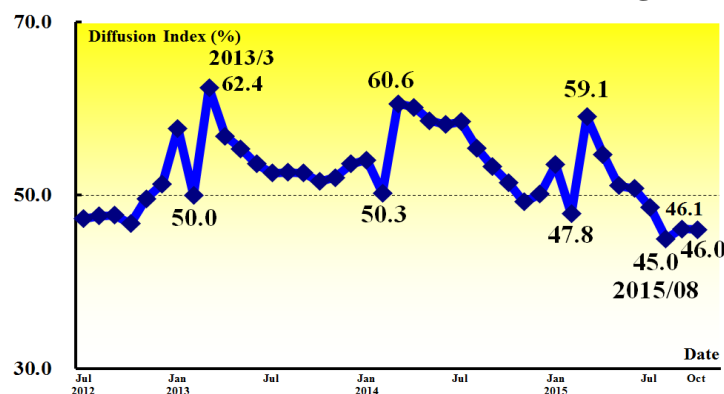
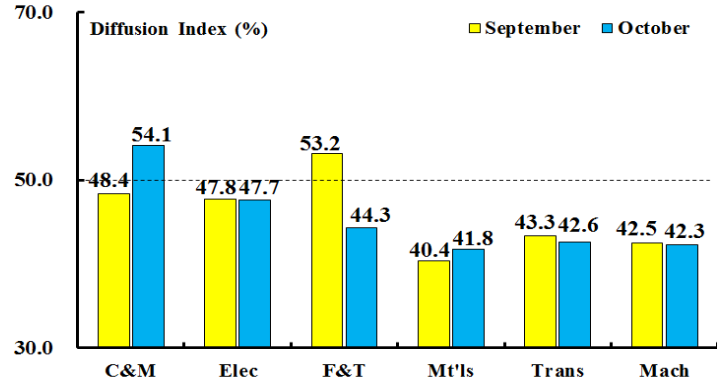


Chart 2: Performance by Industry



### Summary

- The Taiwan Manufacturing PMI registered 46.0 percent in October, which is 0.1 percentage point, slightly below the September reading of 46.1 percent.
- Both New Orders and Production Indexes remained in contraction for the fourth consecutive month, registering 45.9 and 46.4 percent in October, respectively.
- The Employment Index registered 47.8 percent, the lowest point since March 2015.
- The Supplier Deliveries Index registered 47.9 percent, a decrease of 0.1 percentage point from September, indicating the delivery performance of suppliers to manufacturing sector was faster for the seventh consecutive month.
- The Inventories Index raised from the lowest reading of 41.4 percent since July 2012 to 42.2 percent in October.
- The Prices Index registered 37.8 percent, an increase of 5.7 percentage points when compared to the 32.1 percent in September.
- Manufacturers' backlogs in October are contracting for the sixth consecutive month while the Backlog of Orders Index increased 2.7 percentage points to 42.5 percent.
- The Export Index registered 46.7 percent in October, increased from the 43.8 percent reported in September.
- Imports of materials by manufacturers remained in contraction for the sixth consecutive month, with the Imports Index decreased 1.5 percentage points from its September reading to 40.7 percent.
- Manufacturers are still commenting pessimistic about the future. However, the Six-month Outlook Index registered 2.8 percentage points above its September reading to 35.9 percent.
- Of the 6 manufacturing industries categories, five are reporting contraction in October in the following order: Basic Materials industries (41.8%), Electrical & Machinery Equipment (42.3%), Transportation Equipment (42.6%), Foods & Textiles (44.3%) and Electronic & Optical (47.7%). Only Chemical, Biological & Medical (54.1%) reported growth in 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 300 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: +(886) 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: [stevelai@smit.org.tw](mailto:stevelai@smit.org.tw)  
Tel: +(886) 2 27495889  
[www.smit.org.tw](http://www.smit.org.tw)