

November 2015 Taiwan Manufacturing PMI

PMI at 45.1%

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

MANUFACTURING AT A GLANCE

November 2015

Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	45.1	46.0	-0.9	Contracting	Faster	5	45.5	45.9	52.8	43.3	37.5	41.0
New Orders	44.9	45.9	-1.0	Contracting	Faster	5	40.8	46.2	58.0	47.8	21.9	37.0
Production	45.3	46.4	-1.1	Contracting	Faster	5	43.4	47.6	58.0	42.2	25.0	41.0
Employment	45.7	47.8	-2.1	Contracting	Faster	4	50.0	48.1	54.0	38.9	34.4	43.0
Supplier Deliveries	42.8	47.9	-5.1	Faster	Faster	8	46.1	40.1	48.0	43.3	53.1	43.0
Inventories	46.5	42.2	+4.3	Contracting	Slower	6	47.4	47.6	46.0	44.4	53.1	41.0
Customers' Inventories	43.7	45.6	-1.9	Too Low	Faster	13	35.5	42.9	48.0	44.4	59.4	42.0
Prices	34.8	37.8	-3.0	Decreasing	Faster	15	40.8	33.5	52.0	32.2	21.9	34.0
Backlog of Orders	44.5	42.5	+2.0	Contracting	Slower	7	47.4	45.3	52.0	43.3	37.5	38.0
Exports	45.7	46.7	-1.0	Contracting	Faster	7	48.7	45.8	54.0	44.4	37.5	43.0
Imports	43.9	40.7	+3.2	Contracting	Slower	7	44.7	45.8	50.0	38.9	40.6	41.0
Six-month Outlook	37.6	35.9	+1.7	Contracting	Slower	5	38.2	39.2	48.0	27.8	43.8	38.0
Production Materials	30	28	-	-	-	-	35	28	39	32	19	29
MRO Supplies	24	23	-	-	-	-	29	21	34	30	18	18
Capital Expenditures	46	45	-	-	-	-	46	46	73	54	55	23

Chart 1: Time Series of Taiwan Manufacturing PMI

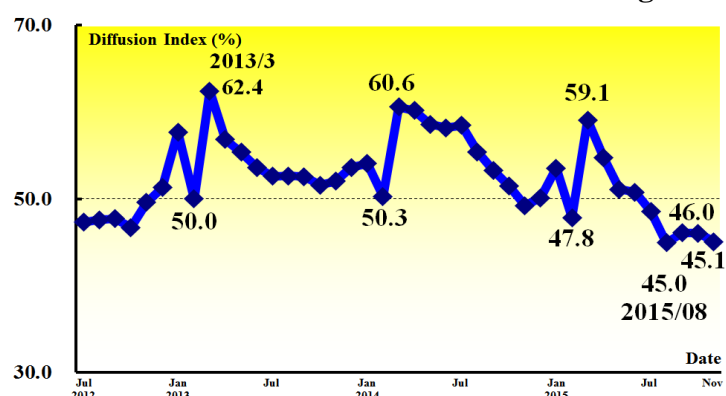
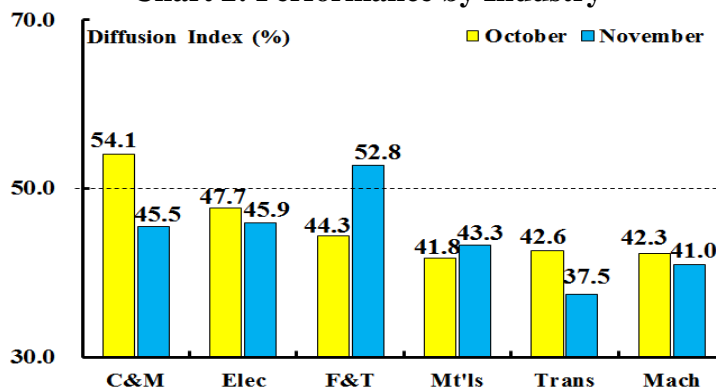


Chart 2: Performance by Industry



Summary

- The Taiwan manufacturing sector still remained in contraction for the fifth month as the Manufacturing PMI dropped 0.9 percentage points and registered 45.1 percent in November.
- Both New Orders and Production Indexes have declined for five consecutive months, registering 44.9 and 45.3 percent in November, respectively.
- The Employment Index registered 45.7 percent in November, and is the first time this reading is still in contracting for the four consecutive months, also the lowest reading reported since July 2012.
- The Supplier Deliveries Index dropped 5.1 percentage points to 42.8 percent in November and also the lowest level recorded by this diffusion index since its compilation from July 2012.
- The Prices Index fell 3.0 percentage points to 34.8 percent in November and reported contraction for the fifteenth consecutive month.
- Manufacturers' backlogs still contracted in November for the seventh consecutive month, while the Backlog of Orders Index bounced back by 2.0 percentage points to 44.5 percent in November.
- The Export Index decreased by 1.0 percentage points to 45.7 percent in November.
- Imports of materials by manufacturers remained in contraction for the seventh consecutive month, with the Imports Index increased 3.2 percentage points to 43.9 percent.
- Manufacturers are still commenting pessimistic about the future. However, the Six-month Outlook Index performed 1.7 percentage points increase compared to its October reading to 37.6 percent.
- Of the 6 manufacturing industries categories, five are reporting contraction in the following order: Transportation Equipment (37.5%), Electrical & Machinery Equipment (41.0%), Basic Materials industries (43.3%), Chemical, Biological & Medical (45.5%), and Electronic & Optical (45.9%). Only Foods & Textiles (52.8%) reported growth in November.

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.

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