

March 2015 Taiwan Manufacturing PMI

PMI at 59.1%

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

MANUFACTURING AT A GLANCE

March 2015

| 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 | 59.1 | 47.8 | +11.3 | Growing | From Contracting | 1 | 60.0 | 63.2 | 57.9 | 50.0 | 57.6 | 57.7 |
| New Orders | 66.1 | 45.3 | +20.8 | Growing | From Contracting | 1 | 68.8 | 73.4 | 54.2 | 52.4 | 66.7 | 64.9 |
| Production | 68.3 | 39.6 | +28.7 | Growing | From Contracting | 1 | 73.8 | 75.0 | 60.4 | 52.4 | 73.8 | 66.0 |
| Employment | 53.7 | 47.7 | +6.0 | Growing | From Contracting | 1 | 47.5 | 53.2 | 60.4 | 51.2 | 57.1 | 59.6 |
| Supplier Deliveries | 52.4 | 52.3 | +0.1 | Slowing | Faster | 3 | 53.8 | 56.4 | 56.3 | 43.9 | 45.2 | 48.9 |
| Inventories | 54.8 | 54.2 | +0.6 | Growing | Faster | 3 | 56.3 | 58.0 | 58.3 | 50.0 | 45.2 | 48.9 |
| Customers' Inventories | 45.5 | 47.6 | -2.1 | Too Low | Faster | 5 | 47.5 | 45.7 | 41.7 | 47.6 | 33.3 | 47.9 |
| Prices | 40.5 | 38.3 | +2.2 | Decreasing | Slower | 7 | 63.8 | 40.4 | 50.0 | 26.8 | 40.5 | 40.4 |
| Backlog of Orders | 52.7 | 48.9 | +3.8 | Growing | From Contracting | 1 | 50.0 | 54.8 | 43.8 | 46.3 | 54.8 | 64.9 |
| Exports | 60.4 | 49.2 | +11.2 | Growing | From Contracting | 1 | 65.0 | 67.6 | 52.1 | 42.7 | 54.8 | 67.0 |
| Imports | 56.2 | 49.8 | +6.4 | Growing | From Contracting | 1 | 67.5 | 59.6 | 58.3 | 39.0 | 64.3 | 58.5 |
| Six-month Outlook | 61.0 | 61.8 | -0.8 | Growing | Slower | 3 | 65.0 | 68.6 | 60.4 | 40.2 | 69.0 | 57.4 |
| Production Materials | 33 | 34 | - | - | - | - | 37 | 30 | 36 | 35 | 30 | 35 |
| MRO Supplies | 27 | 25 | - | - | - | - | 34 | 22 | 34 | 33 | 31 | 21 |
| Capital Expenditures | 49 | 49 | - | - | - | - | 57 | 44 | 64 | 57 | 77 | 26 |

Chart 1: Time Series of Taiwan Manufacturing PMI

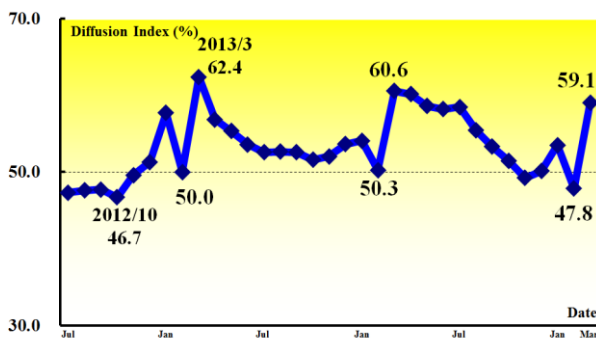
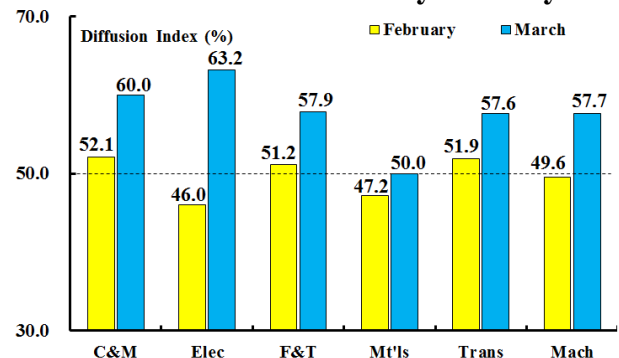


Chart 2: Performance by Industry



Summary

- Taiwan Manufacturing PMI registered 59.1 percent in March, which is 11.3 percentage points higher than the 47.8 percent in February. The rising of PMI was driven by the bigger increase in new orders and production.
- Both New Orders and Production Indexes performed the significant improvement as they went up 20.8 and 28.7 percentage points to 66.1 and 68.3 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 registered 53.7 percent, an increase of 6.0 percentage points, indicating an optimistic momentum of growth in employment following two months of contraction.
- Manufacturing inventories grew in March for the third consecutive month, 54.8 percent, as the Inventories Index registered 0.6 percentage point higher than the February reading of 54.2%.
- Manufacturers' backlogs in March expanded after only one-month decline, as the Backlog of Orders Index increased 3.8 percent points to 52.7 percent.
- The Exports Index dipped 2.4 percent points and contracted in February due to less working days, while the index regained positive signal and rose 11.2 percentage points to 60.4 percent in March.
- The Imports Index registered 56.2 percent, an increase of 6.4 percentage points, indicating a resumption of growth in manufacturers' imports following only one month of contraction.
- Manufacturers still remain good confidence about the future. The Six-month Outlook Index registered 61.0 percent and has risen above the 60.0 percent for two consecutive months.
- Of the 6 manufacturing industries categories, five are reporting growth in March in the following order: Electronic & Optical (63.2%); Chemical, Biological & Medical (60.0%); Foods & Textiles (57.9%); Electrical & Machinery Equipment (57.7%) and Transportation Equipment (57.6%). Only Basic Materials industries (50.0%) reports unchanged from February.

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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