

June 2015 Taiwan Manufacturing PMI

PMI at 50.8%

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

MANUFACTURING AT A GLANCE

June 2015

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	50.8	51.1	-0.3	Growing	Slower	4	52.1	52.4	54.6	43.8	54.1	50.7
New Orders	50.8	49.1	+1.7	Growing	From Contracting	1	55.9	52.3	54.2	42.2	58.8	48.9
Production	52.3	53.5	-1.2	Growing	Slower	4	54.4	55.1	58.3	42.2	55.9	50.0
Employment	52.0	51.0	+1.0	Growing	Faster	4	55.9	53.3	56.3	45.6	50.0	53.3
Supplier Deliveries	49.3	48.4	+0.9	Faster	Slower	3	54.4	47.2	43.8	51.1	58.8	51.1
Inventories	49.4	53.5	-4.1	Contracting	From Growing	1	39.7	54.2	60.4	37.8	47.1	50.0
Customers' Inventories	47.5	46.2	+1.3	Too Low	Slower	8	50.0	48.6	50.0	42.2	55.9	43.5
Prices	37.6	48.4	-10.8	Decreasing	Faster	10	52.9	33.6	45.8	37.8	41.2	34.8
Backlog of Orders	42.4	47.2	-4.8	Contracting	Faster	2	51.5	43.0	39.6	37.8	38.2	45.7
Exports	45.4	47.4	-2.0	Contracting	Faster	2	61.8	46.3	47.9	33.3	44.1	50.0
Imports	48.0	47.5	+0.5	Contracting	Slower	2	52.9	49.1	56.3	42.2	50.0	42.4
Six-month Outlook	53.1	52.7	+0.4	Growing	Faster	6	54.4	62.2	58.3	32.2	55.9	43.5
Production Materials	31	31	-	-	-	-	38	29	33	28	32	29
MRO Supplies	25	27	-	-	-	-	27	23	34	29	34	17
Capital Expenditures	48	48	-	-	-	-	52	49	73	41	92	19

Chart 1: Time Series of Taiwan Manufacturing PMI

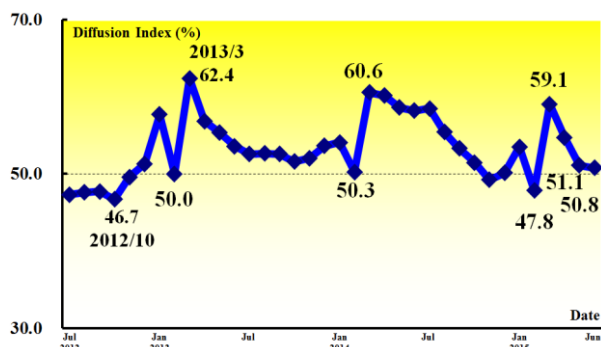
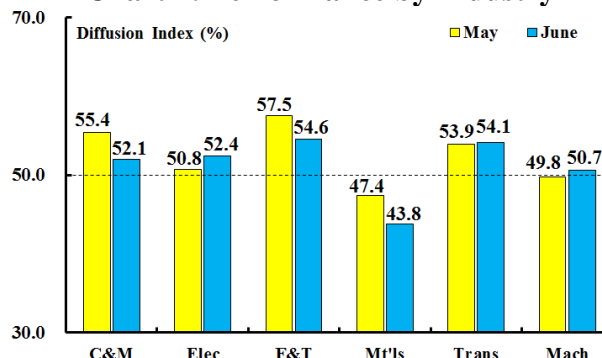


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 50.8 percent, a decrease of 0.3 percentage point and indicating that the manufacturing sector expanded at the slowest pace since March 2015.
- The New Orders Index expanded again to 50.8 percent after one-month decline and registered 1.7 percentage points higher than the 49.1 percent reported in May.
- Manufacturing production continue to grow for the fourth consecutive month, with a rather slower rate, while the Production Index decreased 1.2 percentage points to 52.3 percent in June.
- The Supplier Deliveries Index registered 0.9 percentage point higher than the 48.4 percent in May, indicating the delivery performance of suppliers in the manufacturing sector was faster for the third consecutive month.
- The Inventories Index registered 4.1 percentage points below the May reading of 53.5 percent, and is the first time of this reading is below 50 percent in 2015, as well as the lowest reading reported since January 2014.
- The Prices Index fell 10.8 percentage points to 37.6 percent in June, signaling less inflationary pressure on manufacturers' costs. This is also the biggest decrease among all the indices in June.
- The Backlog of Orders Index registered 42.4 percent, a decrease of 4.8 percentage points from May and also the lowest reading reported since July 2012.
- Both Exports and Imports Indexes contracted for two consecutive months, registered 45.4 and 48.0 percent respectively in June. This is also the lowest reading for the Exports Index since November 2012.
- The Six-month Outlook index just inched up to 53.1 percent in June against 52.7 percent in May.
- Of the 6 manufacturing industries categories, five are reporting growth in June in the following order: Foods & Textiles (54.6%); Transportation Equipment (54.1%); Electronic & Optical (52.4%); Chemical, Biological & Medical (52.1%) and Electrical & Machinery Equipment (50.7%). The Basic Materials (43.8%) industry reported contraction for the third consecutive month.

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
Tel: +(866) 2 27356006 ext. 424
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
Tel: +(866) 2 27495889
www.smit.org.tw