

March 2016 Taiwan Manufacturing PMI

PMI at 54.9%

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

MANUFACTURING AT A GLANCE

March 2016

| 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 | 54.9 | 41.4 | +13.5 | Growing | From Contracting | 1 | 58.3 | 54.5 | 46.4 | 55.7 | 55.3 | 59.5 |
| New Orders | 61.3 | 37.0 | +24.3 | Growing | From Contracting | 1 | 62.9 | 59.5 | 46.0 | 68.2 | 61.8 | 67.4 |
| Production | 63.8 | 29.4 | +34.4 | Growing | From Contracting | 1 | 65.7 | 66.7 | 44.0 | 63.6 | 58.8 | 67.4 |
| Employment | 51.3 | 45.1 | +6.2 | Growing | From Contracting | 1 | 52.9 | 52.4 | 50.0 | 45.5 | 50.0 | 58.1 |
| Supplier Deliveries | 49.7 | 51.1 | -1.4 | Faster | From Slowing | 1 | 54.3 | 48.6 | 48.0 | 51.1 | 47.1 | 51.2 |
| Inventories | 48.4 | 44.5 | +3.9 | Contracting | Slower | 10 | 55.7 | 45.2 | 44.0 | 50.0 | 58.8 | 53.5 |
| Customers' Inventories | 43.8 | 43.4 | +0.4 | Too Low | Slower | 17 | 42.9 | 41.0 | 44.0 | 50.0 | 47.1 | 44.2 |
| Prices | 57.0 | 44.3 | +12.7 | Increasing | From Decreasing | 1 | 75.7 | 49.0 | 58.0 | 69.3 | 38.2 | 64.0 |
| Backlog of Orders | 54.3 | 43.1 | +11.2 | Growing | From Contracting | 1 | 52.9 | 52.9 | 42.0 | 63.6 | 47.1 | 58.1 |
| Exports | 56.6 | 42.1 | +14.5 | Growing | From Contracting | 1 | 55.7 | 58.6 | 46.0 | 58.0 | 47.1 | 58.1 |
| Imports | 55.0 | 40.3 | +14.7 | Growing | From Contracting | 1 | 65.7 | 54.3 | 48.0 | 53.4 | 58.8 | 55.8 |
| Six-month Outlook | 51.8 | 48.7 | +3.1 | Growing | From Contracting | 1 | 57.1 | 51.0 | 42.0 | 52.3 | 61.8 | 53.5 |
| Production Materials | 31 | 29 | - | - | - | - | 29 | 27 | 50 | 39 | 22 | 26 |
| MRO Supplies | 25 | 25 | - | - | - | - | 32 | 21 | 39 | 30 | 19 | 20 |
| Capital Expenditures | 49 | 44 | - | - | - | - | 59 | 43 | 78 | 60 | 47 | 28 |

Chart 1: Time Series of Taiwan Manufacturing PMI

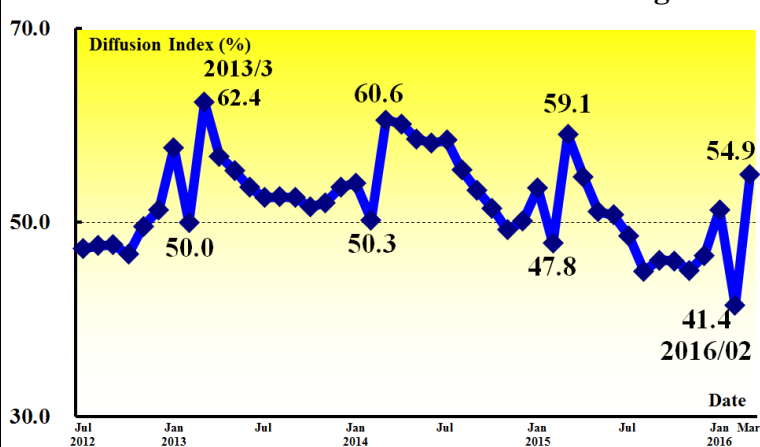
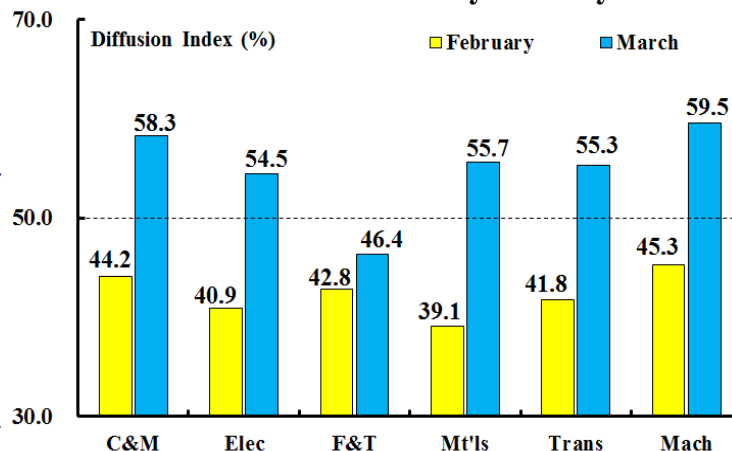


Chart 2: Performance by Industry



Summary

- Taiwan Manufacturing PMI registered 54.9 percent in March, which is 13.5 percentage points higher than the 41.4 percent in February. The rising of PMI was driven by an increase in new orders and production.
- Both New Orders and Production Indexes performed the promising improvement as they went up 24.3 and 34.4 percentage points to 61.3 and 63.8 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 51.3 percent in March, up from the lowest recorded level of 45.1 percent in February.
- The Supplier Deliveries Index registered 49.7 percent, indicating the delivery performance of suppliers to manufacturing sectors was faster following two consecutive months of slower deliveries.
- The Prices Index in March is 57.0 percent, up from the 44.3 percent reported in February, and is the first indexing above 50 percent since September 2014.
- The Backlog of Orders Index registered 54.3 percent and indicated growth in the manufacturers' backlogs for the first time since May 2015.
- The Six-month Outlook index registered 3.1 percentage points higher than the 48.7 percent reported in February and is the first reading above 50 percent since July 2015.
- Of the 6 manufacturing industries categories, five are reporting growth in March in the following order: Electrical & Machinery Equipment (59.5%); Chemical, Biological & Medical (58.3%); Basic Raw Materials (55.7%); Transportation Equipment (55.3%) and Electronic & Optical (54.5%). Only Foods & Textiles (46.4%) industry reported contraction.

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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