

June 2016 Taiwan Manufacturing PMI

PMI at 53.3%

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

MANUFACTURING AT A GLANCE

June 2016

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	53.3	54.9	-1.6	Growing	Slower	4	56.3	53.5	55.7	52.6	54.7	48.3
New Orders	55.3	58.0	-2.7	Growing	Slower	4	64.5	57.3	63.0	46.8	55.3	47.6
Production	55.3	57.8	-2.5	Growing	Slower	4	55.3	55.0	60.9	55.3	55.3	52.4
Employment	51.1	54.1	-3.0	Growing	Slower	2	59.2	50.0	56.5	51.1	47.4	46.3
Supplier Deliveries	52.2	51.8	+0.4	Slowing	Faster	3	51.3	52.3	50.0	51.1	63.2	51.2
Inventories	52.5	52.8	-0.3	Growing	Slower	3	51.3	52.7	47.8	58.5	52.6	43.9
Customers' Inventories	43.2	44.4	-1.2	Too Low	Faster	20	40.8	41.8	50.0	44.7	50.0	40.2
Prices	54.3	57.6	-3.3	Increasing	Slower	4	59.2	48.2	65.2	61.7	68.4	48.8
Backlog of Orders	51.7	51.9	-0.2	Growing	Slower	4	50.0	51.4	52.2	55.3	42.1	52.4
Exports	50.3	53.6	-3.3	Growing	Slower	4	53.9	53.6	50.0	43.6	52.6	42.7
Imports	51.4	54.5	-3.1	Growing	Slower	4	53.9	50.9	54.3	56.4	44.7	41.5
Six-month Outlook	53.8	52.4	+1.4	Growing	Faster	4	50.0	60.9	43.5	47.9	47.4	45.1
Production Materials	33	33	-	-	-	-	34	29	41	39	28	33
MRO Supplies	27	25	-	-	-	-	34	21	39	34	25	23
Capital Expenditures	53	52	-	-	-	-	47	51	73	58	88	34

Chart 1: Time Series of Taiwan Manufacturing PMI

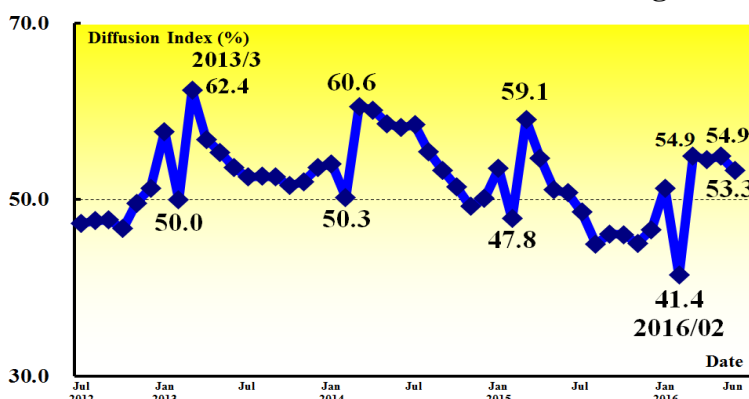
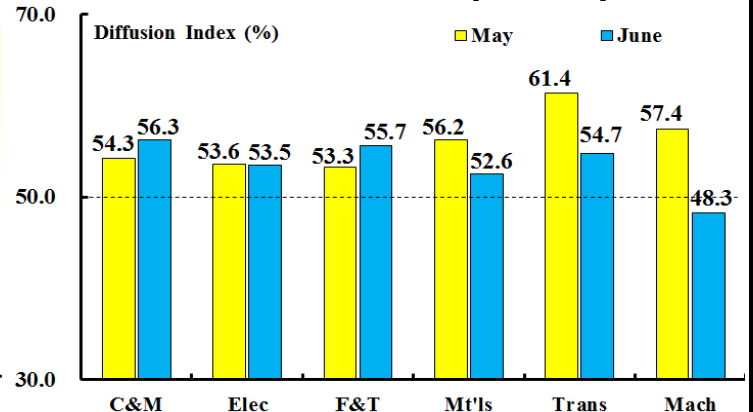


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded for the fourth consecutive month in June, while the Taiwan Manufacturing PMI registered 1.6 percentage points lower than the 54.9 percent in May.
- Both New Orders and Production Indexes still expanded at slower rates in June, dropping 2.7 and 2.5 percentage points from 58.0 and 57.8 percent reported in May, respectively.
- The Employment Index fell 3.0 percentage points to 51.1 percent in June.
- The Supplier Deliveries Index registered 52.2 percent and indicates that the delivery performance from suppliers to manufacturing organizations was slower for three consecutive months.
- The Customers' Inventories Index has declined for twenty consecutive months and registered 43.2 percent in June, indicating manufacturers are still pursuing a rather conservative inventory policy.
- Manufacturers are experiencing higher prices of their purchases for the fourth consecutive month while the Price Index further decreased 3.3 percentage points to 54.3 percent in June.
- The Backlog of Orders Index fell to its lowest level of growth in the past four months and registered 51.7 percent in June, indicating there still exists idle capacity at Taiwan manufacturers.
- Both manufacturers' Exports and Imports decelerated this month as the Export and Import Index registered 50.3 and 51.4 percent in June, dropping 3.3 and 3.1 percentage points, respectively.
- Manufacturers still remain optimistic about the future as the Six-month outlook Index registered 53.8 percent in June.
- Of the six manufacturing industry categories, five are reporting growth in the following order: Chemical, Biological & Medical (56.3%); Foods & Textiles (55.7%); Transportation Equipment (54.7%); Electronics & Optical (53.5%) and Basic Materials (52.6%). Only Electrical & Machinery Equipment (48.3%) industry failed to grow in June.

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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