

August 2016 Taiwan Manufacturing PMI

PMI at 55.0%

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

MANUFACTURING AT A GLANCE

August 2016

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	55.0	54.2	+0.8	Growing	Faster	6	50.5	57.3	61.6	50.4	54.7	51.2
New Orders	57.3	54.9	+2.4	Growing	Faster	6	48.8	61.5	70.0	48.9	55.3	51.2
Production	57.3	58.3	-1.0	Growing	Slower	6	50.0	61.1	64.0	48.9	57.9	56.1
Employment	56.8	53.1	+3.7	Growing	Faster	4	51.2	57.1	60.0	56.4	60.5	56.1
Supplier Deliveries	52.7	52.4	+0.3	Slowing	Faster	5	51.2	56.6	60.0	45.7	39.5	48.8
Inventories	51.0	52.2	-1.2	Growing	Slower	5	51.2	50.4	54.0	52.1	60.5	43.9
Customers' Inventories	47.0	46.5	+0.5	Too Low	Slower	22	46.3	46.0	40.0	53.2	39.5	50.0
Prices	57.8	57.0	+0.8	Increasing	Faster	6	62.2	52.7	66.0	60.6	68.4	62.2
Backlog of Orders	50.4	50.0	+0.4	Growing	From Unchanged	1	52.4	54.4	52.0	42.6	44.7	46.3
Exports	55.9	51.8	+4.1	Growing	Faster	6	52.4	59.3	64.0	45.7	52.6	57.3
Imports	51.8	54.0	-2.2	Growing	Slower	6	57.3	54.9	58.0	40.4	52.6	48.8
Six-month Outlook	55.2	55.5	-0.3	Growing	Slower	6	57.3	58.4	62.0	45.7	50.0	53.7
Production Materials	34	34	-	-	-	-	38	30	48	34	26	35
MRO Supplies	27	28	-	-	-	-	44	20	33	30	26	19
Capital Expenditures	56	55	-	-	-	-	66	58	64	57	48	36

Chart 1: Time Series of Taiwan Manufacturing PMI

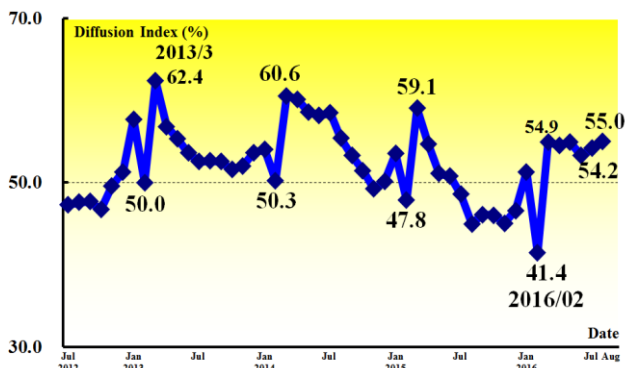
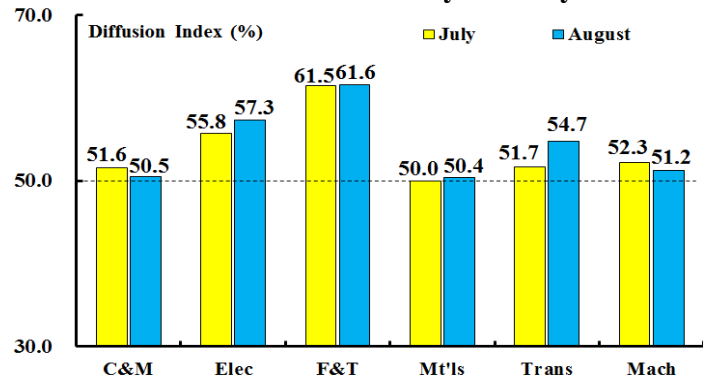


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded at a rather positive rate in August as the Taiwan manufacturing PMI increased 0.8 percentage point to 55.0 percent in August. This is the sixth consecutive month the PMI figures at around 54.0 percent.
- The New Orders Index accelerated and increased 2.4 percentage points to 57.3 percent, while the Production Index decreased 1.0 percentage point to 57.3 percent in August.
- The Employment Index rose 3.7 percentage points to 56.8 percent in August and registered its highest reading since August 2014, and it is mainly contributed by the Electronic & Optical industry as it registered 6.2 percent increase.
- The Supplier Deliveries Index remained at around 52.0 percent for the five consecutive months and registered 52.7 percent in August.
- Manufacturing Inventories continued its growth trend, however, it decelerated for the fourth consecutive month as the Inventories Index fell 1.2 percentage points to 51.0 percent in August.
- Manufacturers are experiencing higher prices of their purchases for six consecutive months as the Price Index increased 0.8 percentage point to 57.8 percent in August.
- The Backlog of orders Index just inched up to 50.4 percent in August against 50.0 percent in July, indicating there is still below the normal utilization of production capability from Taiwan manufacturers.
- Manufacturers' Exports accelerated and increased 4.1 percentage points to 55.9 percent. This is also the biggest increase among all the indices in August.
- The Six-month Outlook Index continued its growth trend for six consecutive months and registered 55.2 percent in August.
- All the manufacturing industries categories reporting growth in August in the following order: Foods & Textiles (61.6%); Electronics & Optical (57.3%); Transportation Equipment (54.7%); Electrical & Machinery Equipment (51.2%); Chemical, Biological & Medical (50.5%) and Basic Materials (50.4%).

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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