

July 2015 Taiwan Manufacturing PMI

PMI at 48.6%

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

MANUFACTURING AT A GLANCE

July 2015

Index	Series				Rate of Change	Trend (Months)	Industries					
	Index Jul	Index Jun	Percentage Point Change	Direction			C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	48.6	50.8	-2.2	Contracting	From Growing	1	50.3	50.6	55.4	42.2	45.7	45.4
New Orders	44.4	50.8	-6.4	Contracting	From Growing	1	46.2	50.5	56.3	28.3	38.1	39.1
Production	48.9	52.3	-3.4	Contracting	From Growing	1	44.9	54.2	58.3	38.0	42.9	43.5
Employment	52.9	52.0	+0.9	Growing	Faster	5	56.4	54.2	56.3	48.9	45.2	53.3
Supplier Deliveries	49.0	49.3	-0.3	Faster	Faster	4	53.8	47.2	47.9	52.2	54.8	44.6
Inventories	47.6	49.4	-1.8	Contracting	Faster	2	50.0	47.2	58.3	43.5	47.6	46.7
Customers' Inventories	49.0	47.5	+1.5	Too Low	Slower	9	48.7	48.1	56.3	44.6	47.6	57.6
Prices	33.4	37.6	-4.2	Decreasing	Faster	11	34.6	32.9	50.0	29.3	33.3	29.3
Backlog of Orders	42.0	42.4	-0.4	Contracting	Faster	3	43.6	42.1	47.9	41.3	42.9	35.9
Exports	41.2	45.4	-4.2	Contracting	Faster	3	39.7	47.2	43.8	30.4	31.0	37.0
Imports	44.6	48.0	-3.4	Contracting	Faster	3	56.4	42.6	68.8	37.0	47.6	38.0
Six-month Outlook	42.6	53.1	-10.5	Contracting	From Growing	1	44.9	48.6	41.7	29.3	45.2	37.0
Production Materials	29	31	-	-	-	-	31	26	35	33	25	30
MRO Supplies	24	25	-	-	-	-	27	22	32	28	26	19
Capital Expenditures	47	48	-	-	-	-	41	46	64	62	75	17

Chart 1: Time Series of Taiwan Manufacturing PMI

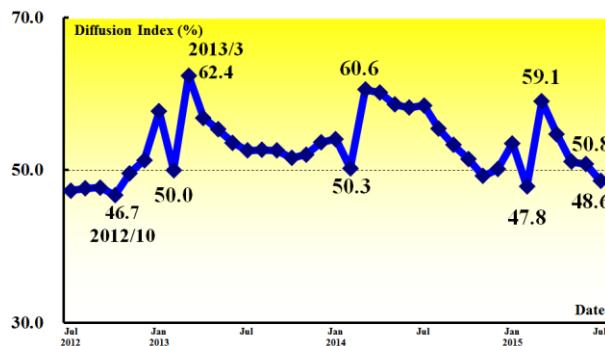
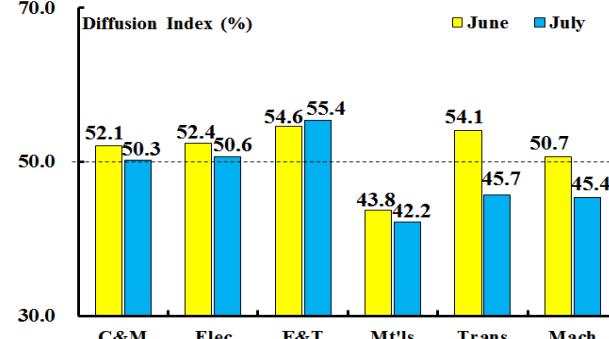


Chart 2: Performance by Industry



Summary

- The manufacturing sector failed to grow in July. The Taiwan Manufacturing PMI fell 2.2 percentage points to 48.6 percent in July and registered its lowest reading since March 2015.
- New Orders contracted following only one month of growth as the New Orders Index decreased by 6.4 percentage points to 44.4 percent in July, and registered its lowest reading since November 2012.
- Manufacturing production failed to grow for the first time in the past five months and registered 48.9 percent in July.
- The Employment Index slightly grew up to 52.9 percent in July against 52.0 percent in June.
- The Supplier Deliveries Index registered 49.0 percent and indicates that the delivery performance from suppliers to manufacturing enterprises was faster for four consecutive months.
- The Inventories Index still remained in contraction at 47.6 percent and registered its lowest reading for the past nineteen months.
- The Backlog of Orders further decreased by 0.4 percentage point to 42.0 percent, the lowest figure since July 2012.
- The Exports Index has fallen to the lowest level since July 2012 and registered 41.2 percent in July, which is 4.2 percentage points lower than the 45.4 percent reported in June.
- Manufacturers' imports declined to the lowest level for the past thirty-two months as the Imports Index registered 44.6 percent in July, which is 3.4 percentage points lower than the 48.0 percent reported in June.
- Manufacturers were generally commenting negative about the future as the Six-month Outlook Index decreased 10.5 percentage points to 42.6 percent in July. This is the second biggest drop since July 2012.
- Of the 6 manufacturing industries categories, three are reporting growth in July in the following order: Foods & Textiles (55.4%), Electronic & Optical (50.6%) and Chemical, Biological & Medical (50.3%). While Basic Materials industries (42.2%), Electrical & Machinery Equipment (45.4%) and Transportation Equipment (45.7%) reported contraction in July.

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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