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CIER 中華經濟研究院 CHUNG-HUA INSTITUTION FOR ECONOMIC RESEARCH

September 2017 Taiwan Manufacturing PMI

PMI at 58.7%

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

MANUFACTURING AT A GLANCE
September 2017

Unit：%

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	58.7	58.8	-0.1	Growing	Slower	19	55.1	64.2	46.9	52.2	57.5	57.4
New Orders	60.4	63.2	-2.8	Growing	Slower	19	56.4	69.7	39.7	51.1	62.5	52.4
Production	60.7	60.9	-0.2	Growing	Slower	7	51.1	68.8	43.1	53.3	62.5	57.1
Employment	57.8	57.6	+0.2	Growing	Faster	17	58.5	60.3	50.0	54.4	60.4	57.1
Supplier Deliveries	60.1	60.9	-0.8	Slowing	Slower	18	54.3	65.4	55.2	54.4	54.2	57.1
Inventories	54.2	51.2	+3.0	Growing	Faster	18	55.3	56.8	46.6	47.8	47.9	63.1
Customers' Inventories	46.7	49.6	-2.9	Too Low	Faster	35	53.2	47.4	37.9	46.7	43.8	46.4
Prices	75.3	73.0	+2.3	Increasing	Faster	19	78.7	74.4	65.5	78.9	68.8	81.0
Backlog of Orders	55.6	52.6	+3.0	Growing	Faster	14	56.4	61.1	46.6	46.7	58.3	51.2
Exports	59.0	59.7	-0.7	Growing	Slower	19	55.3	67.1	51.7	47.8	54.2	52.4
Imports	58.5	57.8	+0.7	Growing	Faster	19	59.6	62.8	50.0	48.9	60.4	61.9
Six-month Outlook	62.3	63.8	-1.5	Growing	Slower	19	62.8	64.5	55.2	62.2	60.4	57.1
Production Materials	36	35	-	-	-	-	41	33	45	40	26	35
MRO Supplies	33	29	-	-	-	-	49	28	42	34	23	25
Capital Expenditures	64	62	-	-	-	-	74	61	80	64	60	52

Chart 1: Time Series of Taiwan Manufacturing PMI

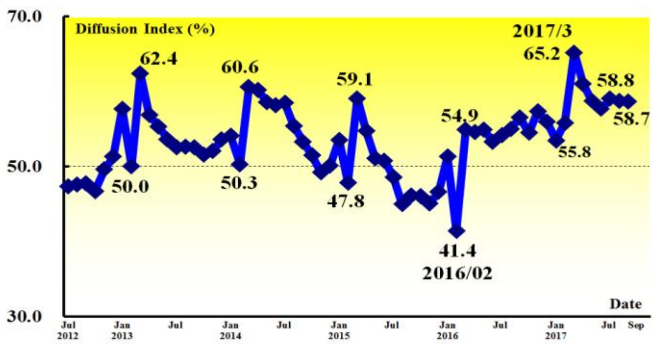
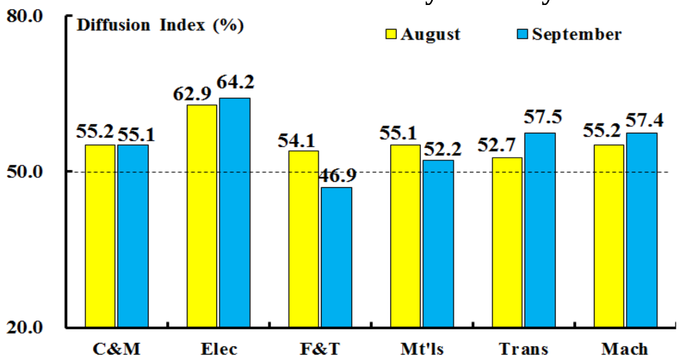


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded for the nineteenth consecutive month, as the Taiwan Manufacturing PMI registered 58.7 percent in September.
- Both New Orders and Production Indexes have risen above the 60.0 percent for three consecutive months and registered 60.4 and 60.7 percent respectively.
- The Employment Index inched up to 57.8 percent, indicating the manufacturing employment still remains in a relatively optimistic demand position.
- The Supplier Deliveries Index registered 60.1 percent, down slightly from the highest recorded level of 60.9 percent since July 2012. This trend interprets the seller market oriented.
- Manufacturing Inventories grew for eighteen consecutive months as the Inventories Index increased 3.0 percentage points to 54.2 percent in September.
- Manufacturers continue to pay rather high price for nineteen consecutive months as the Prices Index further increased 2.3 percentage points to 75.3 percent in September.
- Manufacturers' order backlogs remained in growth territory for fourteen consecutive months as the Backlog of Orders Index raised by 3.0 percent and registered 55.6 percent.
- Both the Export and Import Indexes continued their growth trend for nineteen consecutive months and registered 59.0 and 58.5 percent in September respectively.
- Manufacturers still remain positive development about the future. The Six-month outlook Index registered 62.3 percent and has risen above the 60.0 percent for the third consecutive month.
- Of the six manufacturing industries categories, five are reporting growth in the following order: Electronics & Optical (64.2%); Transportation Equipment (57.5%); Electrical & Machinery Equipment (57.4%); Chemical, Biological & Medical (55.1%) and Basic Materials (52.2%). Only Foods & Textiles (46.9%) failed to grow in September.

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 300manufacturing 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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