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

October 2017 Taiwan Manufacturing PMI

PMI at 57.7%

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

MANUFACTURING AT A GLANCE

October 2017

Unit : %

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries: C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	57.7	58.7	-1.0	Growing	Slower	20	54.1	61.8	51.1	51.9	62.9	54.6
New Orders	58.6	60.4	-1.8	Growing	Slower	20	64.1	63.1	53.6	47.9	64.6	53.8
Production	57.9	60.7	-2.8	Growing	Slower	8	59.8	62.3	48.2	48.9	68.8	55.1
Employment	57.3	57.8	-0.5	Growing	Slower	18	54.3	59.7	46.4	56.4	66.7	53.8
Supplier Deliveries	59.7	60.1	-0.4	Slowing	Slower	19	50.0	66.5	55.4	53.2	54.2	53.8
Inventories	54.8	54.2	+0.6	Growing	Faster	19	42.4	57.2	51.8	53.2	60.4	56.4
Customers' Inventories	48.2	46.7	+1.5	Too Low	Slower	36	46.7	44.1	51.8	55.3	60.4	46.2
Prices	72.5	75.3	-2.8	Increasing	Slower	20	71.7	72.9	71.4	69.1	66.7	82.1
Backlog of Orders	54.5	55.6	-1.1	Growing	Slower	15	44.6	55.9	55.4	57.4	52.1	50.0
Exports	57.1	59.0	-1.9	Growing	Slower	20	62.0	59.3	55.4	52.1	54.2	55.1
Imports	58.7	58.5	+0.2	Growing	Faster	20	55.4	62.3	60.7	51.1	56.3	59.0
Six-month Outlook	59.1	62.3	-3.2	Growing	Slower	20	67.4	60.6	55.4	53.2	64.6	56.4
Production Materials	35	36	-	-	-	-	38	31	47	45	29	28
MRO Supplies	29	33	-	-	-	-	40	25	36	32	19	28
Capital Expenditures	64	64	-	-	-	-	60	60	78	66	71	63

Chart 1: Time Series of Taiwan Manufacturing PMI

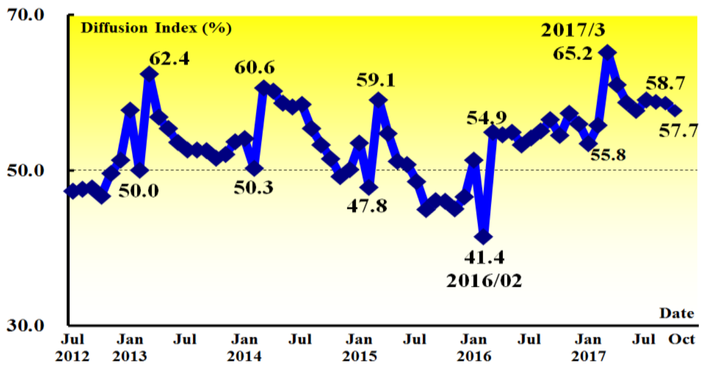
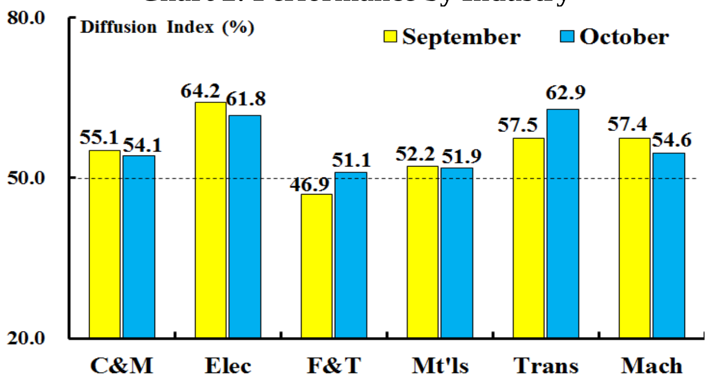


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 1.0 percentage point lower than the 58.7 percent reported in September, indicating expansion in manufacturing for twenty consecutive months, at a slight slower rate.
- Both New Orders and Production Indexes showed the continuous growth in October, although they both dropped 1.8 and 2.8 percentage points to 58.6 and 57.9 percent, respectively. But, the situation is still promising.
- The Employment Index registered 57.3 percent and indicated the manufacturing employment still remains in a relatively optimistic demand position.
- The Supplier Deliveries Index registered 59.7 percent, indicates the delivery performance of suppliers to manufacturing sectors was slower for nineteen consecutive months.
- Manufacturing Inventories grew for nineteen consecutive months as the Inventories Index increased 0.6 percentage point to 54.8 percent in October.
- Manufacturers continue to pay a high price for twenty consecutive months as the Prices Index registered 72.5 percent and remained above 70.0 percent for the third consecutive month.
- Manufacturers' order backlogs remained in growth territory for fifteen consecutive months while the Backlog of Orders Index decreased by 1.1 percentage points to 54.5 percent.
- Both Export and Import Indexes continued their growth trend for twenty consecutive months and registered 57.1 and 58.7 percent in October, respectively.
- Manufacturers still remain positive forecast about the future development while the Six-month outlook Index further fell 3.2 percentage points to 59.1 percent in October.
- Of the six manufacturing industries categories, all are reporting growth in the following order: Transportation Equipment (62.9%); Electronics & Optical (61.8%); Electrical & Machinery Equipment (54.6%); Chemical, Biological & Medical (54.1%); Basic Materials (51.9%) and Foods & Textiles (51.1%).

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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