國家發展委員會 NATIONAL DEVELOPMENT COUNCIL

smit 社團法人中華採購與供應管理協會 supply management institute, taiwan

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

November 2017 Taiwan Manufacturing PMI

PMI at 57.2%

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

MANUFACTURING AT A GLANCE
November 2017

Unit : %

Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	57.2	57.7	-0.5	Growing	Slower	21	53.6	59.5	53.8	52.0	60.0	60.8
New Orders	55.6	58.6	-3.0	Growing	Slower	21	53.3	60.5	55.8	43.3	62.0	55.1
Production	57.7	57.9	-0.2	Growing	Slower	9	56.7	59.7	53.8	52.2	64.0	60.3
Employment	54.5	57.3	-2.8	Growing	Slower	19	54.4	56.0	51.9	48.9	58.0	59.0
Supplier Deliveries	61.0	59.7	+1.3	Slowing	Faster	20	53.3	64.1	51.9	54.4	62.0	73.1
Inventories	57.0	54.8	+2.2	Growing	Faster	20	50.0	57.3	55.8	61.1	54.0	56.4
Customers' Inventories	46.4	48.2	-1.8	Too Low	Faster	37	48.9	48.4	44.2	46.7	38.0	39.7
Prices	76.8	72.5	+4.3	Increasing	Faster	21	77.8	77.0	78.8	74.4	70.0	82.1
Backlog of Orders	54.4	54.5	-0.1	Growing	Slower	16	50.0	58.1	53.8	47.8	50.0	56.4
Exports	55.4	57.1	-1.7	Growing	Slower	21	56.7	60.1	57.7	42.2	54.0	56.4
Imports	55.9	58.7	-2.8	Growing	Slower	21	54.4	60.9	53.8	46.7	52.0	55.1
Six-month Outlook	60.0	59.1	+0.9	Growing	Faster	21	65.6	64.5	63.5	46.7	56.0	59.0
Production Materials	37	35	-	-	-	-	38	32	48	48	24	41
MRO Supplies	30	29	-	-	-	-	40	26	36	34	25	29
Capital Expenditures	70	64	-	-	-	-	70	61	97	77	72	69

Chart 1: Time Series of Taiwan Manufacturing PMI

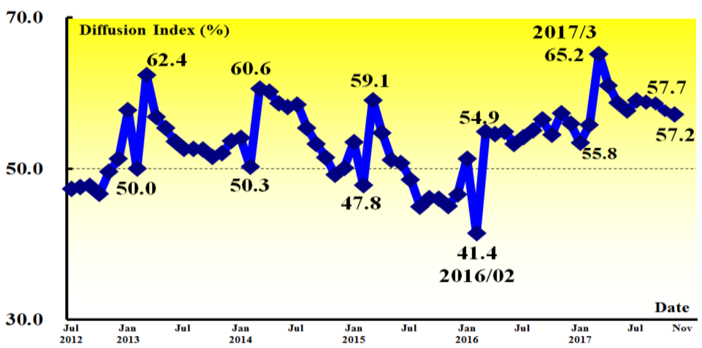
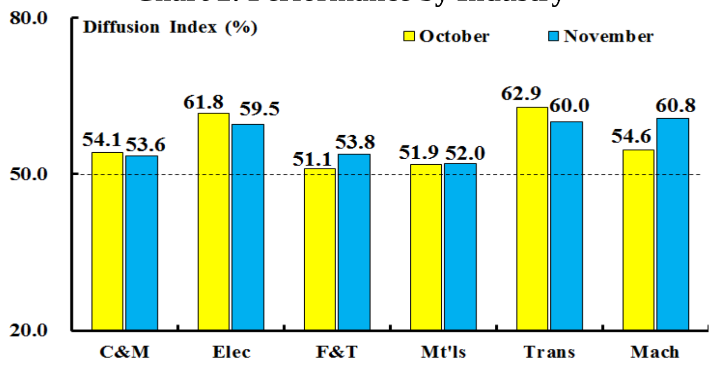


Chart 2: Performance by Industry



Summary

- The manufacturing sector grew for twenty-one consecutive months and registered 57.2 percent in November. This represents the longest period of growth in the past sixty-fifth month. However, the rate of growth slowed to its lowest level since March 2017.
- Both New Orders and Production Indexes presented the continuous growth in November, although they both dropped 3.0 and 0.2 percentage points to 55.6 and 57.7 percent, respectively. But, the situation is still positive.
- Manufacturing employment continues to stand good momentum for the year, while the Employment Index further fell 2.8 percentage points to 54.5 percent in November.
- The Supplier Deliveries Index registered 61.0 percent, an increase of 1.3 percentage points from October and also the highest level recorded by this index since July 2012.
- The Customers' Inventories Index fell 1.8 percentage points to 46.4 percent, indicating that manufacturers strongly believe their customers do not have sufficient inventories on hand for the thirty-seventh consecutive month.
- Continuous strong demands put upward price pressure particularly on electronic parts and components and drove the Price Index up 4.3 percentage points to 76.8 percent in November, the highest diffusion index since July 2012.
- Both Export and Import Indexes continued their growth trend for twenty-one consecutive months and registered 55.4 and 55.9 percent in November, respectively.
- Manufacturers still remain positive forecast about the future development as the Six-month outlook registered 0.9 percentage points higher than the 59.1 percent in October.
- Of the six manufacturing industries categories, all are reporting growth in the following order: Electrical & Machinery Equipment (60.8%); Transportation Equipment (60.0%); Electronics & Optical (59.5%); Foods & Textiles (53.8%); Chemical, Biological & Medical (53.6%) and Basic Materials (52.0%).

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.

Contact Information:

For economics comments, data and technical queries, please contact

Shin-Hui Chen, Ph.D.
Assistant Research Fellow, Center for Economic Forecasting
Chung-Hua Institution for Economic Research
E-Mail: csh@cier.edu.tw
Tel: +(886) 2 27356006 ext. 424
www.cier.edu.tw

For industry comments, please contact:

Steve Lai
Executive Director, Center for Purchasing and Supply Studies
Supply Management Institute, Taiwan
E-Mail: stevelai@smit.org.tw
Tel: +(886) 2 27495889
www.smit.org.tw