

December 2016 Taiwan Manufacturing PMI

PMI at 55.9%

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

MANUFACTURING AT A GLANCE

December 2016

Unit : %							Industries					
Index	Series Index Dec	Series Index Nov	Percentage Point Change	Direction	Rate of Change	Trend (Months)	C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	55.9	57.3	-1.4	Growing	Slower	10	56.6	54.0	61.9	57.1	62.0	54.4
New Orders	57.3	61.3	-4.0	Growing	Slower	10	57.3	55.0	69.2	59.8	57.5	53.5
Production	59.5	60.4	-0.9	Growing	Slower	10	57.3	56.8	69.2	58.5	72.5	62.8
Employment	53.4	55.6	-2.2	Growing	Slower	8	57.3	52.7	55.8	51.2	65.0	50.0
Supplier Deliveries	56.1	56.0	+0.1	Slowing	Faster	9	57.3	56.8	51.9	56.1	52.5	57.0
Inventories	53.2	53.2	+0.0	Growing	Same	9	53.7	48.6	63.5	59.8	62.5	48.8
Customers' Inventories	48.7	49.1	-0.4	Too Low	Faster	26	45.1	46.8	50.0	56.1	47.5	45.3
Prices	74.1	68.2	+5.9	Increasing	Faster	10	76.8	71.4	65.4	84.1	67.5	75.6
Backlog of Orders	53.2	55.2	-2.0	Growing	Slower	5	54.9	51.8	63.5	50.0	55.0	55.8
Exports	53.7	55.0	-1.3	Growing	Slower	10	63.4	54.5	55.8	45.1	57.5	54.7
Imports	55.4	54.3	+1.1	Growing	Faster	10	64.6	52.7	65.4	51.2	62.5	57.0
Six-month Outlook	59.8	54.0	+5.8	Growing	Faster	10	64.6	59.1	61.5	58.5	60.0	60.5
Production Materials	33	33	-	-	-	-	36	29	47	37	25	32
MRO Supplies	28	28	-	-	-	-	39	22	41	30	29	21
Capital Expenditures	56	52	-	-	-	-	56	57	68	62	80	28

Chart 1: Time Series of Taiwan Manufacturing PMI

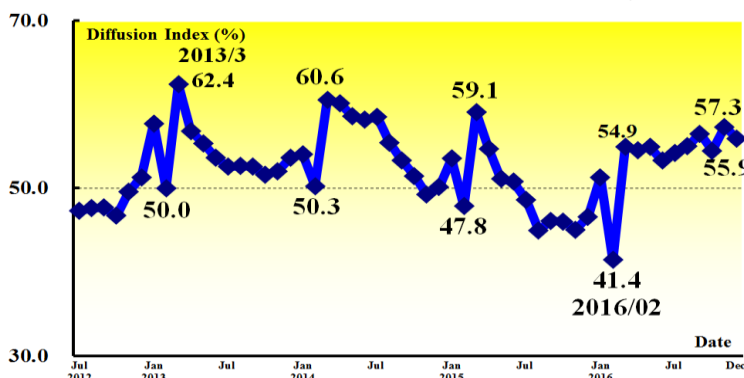
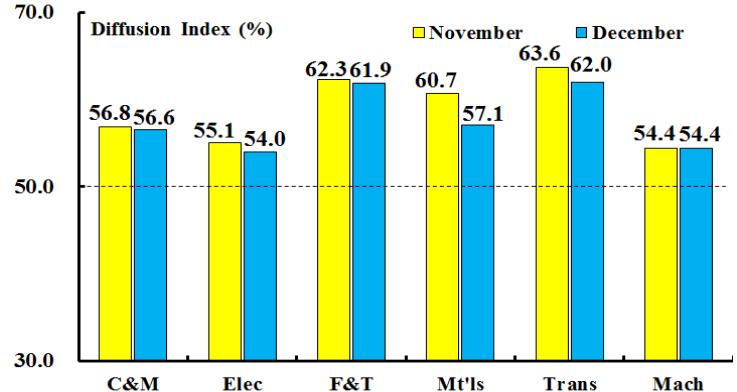


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded for the tenth consecutive month although the Taiwan Manufacturing PMI decreased slightly by 1.4 percentage points to 55.9 percent in December.
- Both New Orders and Production Indexes showed continued growth in December, but at slower rates than in November, declining 4.0 and 0.9 percentage points to 57.3 and 59.5 percent, respectively.
- The Employment Index remained in growth territory at 53.4 percent but decelerated for the third consecutive month.
- The Supplier Deliveries Index just inched up to 56.1 percent in December and registered its highest reading since July 2014.
- The Customers' Inventories Index registered 48.7 percent, down from the 49.1 percent, the highest reading in the past twenty-six months, reported in November.
- The Prices Index registered 74.1 percent, an increase of 5.9 percentage points when compared to November and also the highest level recorded by this index since July 2012.
- Order backlogs still remained in growth territory but decelerated in December as the Backlog of Orders Index registered 2.0 percent points lower than the 55.2 percent in November.
- Both Exports and Imports Indexes continued their growth trend and registered 53.7 and 55.4 percent in December, respectively.
- The Six-month Outlook Index registered 5.8 percentage points higher than the 54.0 percent in November and recorded its highest reading since April 2015.
- All the manufacturing industries categories reporting growth in December in the following order: Transportation Equipment (62.0%); Foods & Textiles (61.9%); Basic Materials (57.1%); Chemical, Biological & Medical (56.6%); Electrical & Machinery Equipment (54.4%) and Electronics & Optical (54.0%).

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 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's)** 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