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

March 2017 Taiwan Manufacturing PMI

PMI at 65.2%

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

MANUFACTURING AT A GLANCE
March 2017

Unit : %							Industries					
Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend (Months)	C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	65.2	55.8	+9.4	Growing	Faster	13	60.3	69.8	54.6	59.8	66.0	66.0
New Orders	72.3	58.2	+14.1	Growing	Faster	13	63.8	81.0	56.3	58.0	77.5	76.3
Production	72.8	49.9	+22.9	Growing	From Contracting	1	63.8	75.8	60.4	70.5	77.5	78.8
Employment	63.4	55.8	+7.6	Growing	Faster	11	62.5	67.7	58.3	58.0	60.0	58.8
Supplier Deliveries	58.9	60.4	-1.5	Slowing	Slower	12	56.3	64.9	50.0	52.3	52.5	55.0
Inventories	58.5	54.8	+3.7	Growing	Faster	12	55.0	59.3	47.9	60.2	62.5	61.3
Customers' Inventories	49.7	43.7	+6.0	Too Low	Slower	29	46.3	44.0	56.3	63.6	55.0	45.0
Prices	74.3	76.4	-2.1	Increasing	Slower	13	65.0	73.8	77.1	75.0	75.0	81.3
Backlog of Orders	61.9	54.7	+7.2	Growing	Faster	8	53.8	69.0	45.8	52.3	60.0	67.5
Exports	66.4	58.7	+7.7	Growing	Faster	13	58.8	74.2	47.9	56.8	67.5	68.8
Imports	62.8	56.8	+6.0	Growing	Faster	13	65.0	64.5	54.2	59.1	65.0	66.3
Six-month Outlook	69.0	64.4	+4.6	Growing	Faster	13	70.0	78.6	58.3	50.0	52.5	76.3
Production Materials	34	34	-	-	-	-	38	30	49	36	25	33
MRO Supplies	28	28	-	-	-	-	36	25	48	31	16	22
Capital Expenditures	60	59	-	-	-	-	55	56	89	63	64	52

Chart 1: Time Series of Taiwan Manufacturing PMI

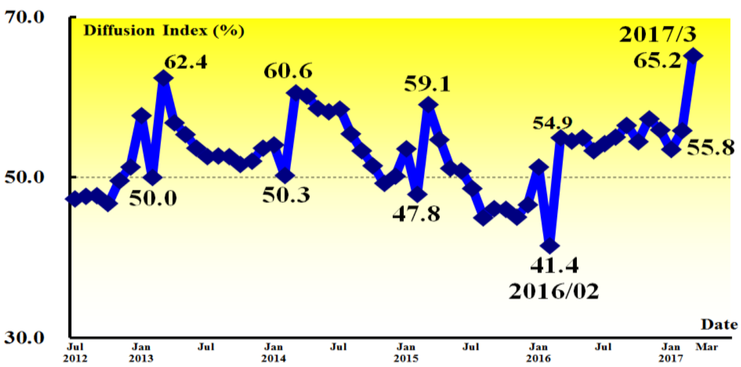
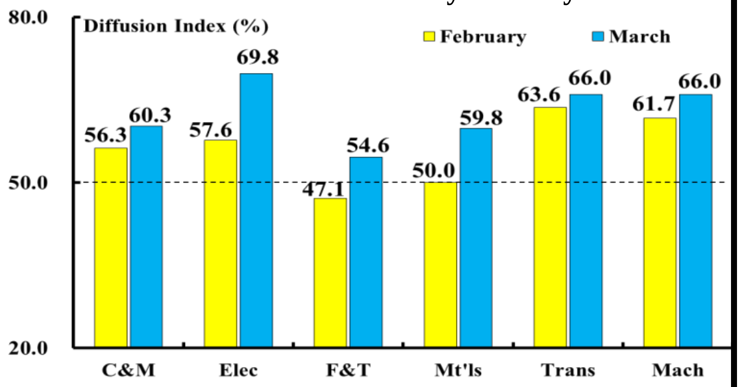


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 65.2 percent in March, which is 9.4 percentage points higher than the 55.8 percent reported in February. The growing direction of PMI was driven by favorable outcomes in New Orders and Production Indexes.
- Both New Orders and Production Indexes showed a positive improvement as both indexes went up 14.1 and 22.9 percentage points to 72.3 and 72.8 percent respectively. The strong growth in new orders and production was partially caused by more working days comparing to the previous month.
- The Employment Index increased 7.6 percentage points to 63.4 percent and recorded its highest reading since July 2012.
- The Inventories Index further increased by 3.7 percentage points to 58.5 percent, the highest figure since May 2013.
- The manufacturers still believe their customers have less than sufficient inventories on hand, while the Customers' Inventories Index rose by 6.0 percentage points to 49.7 percent, and registered its highest reading since November 2014.
- The Prices Index registered 74.3 percent and has risen above the 70.0 percent for four consecutive months.
- Manufacturers' order backlogs remained in growth territory for eight consecutive months as the Backlog of Orders Index registered 7.2 percentage points higher than the 54.7 percent reported in February.
- Both Exports and Imports Indexes expanded for thirteen consecutive months, registered 66.4 and 62.8 percent respectively.
- The Six-month Outlook Index further increased 4.6 percentage points to 69.0 percent in March, registering its highest recorded level since July 2012.
- All the manufacturing industries categories reporting growth in March in the following order: Electronics & Optical (69.8%); Transportation Equipment (66.0%); Electrical & Machinery Equipment (66.0%); Chemical, Biological & Medical (60.3%); Basic Materials (59.8%) and Foods & Textiles (54.6%).

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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