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

April 2017 Taiwan Manufacturing PMI

PMI at 61.0%

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

MANUFACTURING AT A GLANCE
April 2017

Unit : %

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries: C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	61.0	65.2	-4.2	Growing	Slower	14	57.8	65.2	49.2	54.6	66.4	63.1
New Orders	62.2	72.3	-10.1	Growing	Slower	14	58.8	70.2	48.0	46.7	65.9	66.7
Production	65.2	72.8	-7.6	Growing	Slower	2	61.3	71.0	52.0	57.6	68.2	64.1
Employment	60.0	63.4	-3.4	Growing	Slower	12	57.5	63.4	50.0	54.3	63.6	62.8
Supplier Deliveries	59.7	58.9	+0.8	Slowing	Faster	13	55.0	65.5	52.0	47.8	63.6	62.8
Inventories	58.1	58.5	-0.4	Growing	Slower	13	56.3	55.9	44.0	66.3	70.5	59.0
Customers' Inventories	49.9	49.7	+0.2	Too Low	Slower	30	47.5	48.3	46.0	57.6	45.5	50.0
Prices	66.8	74.3	-7.5	Increasing	Slower	14	58.8	68.1	76.0	56.5	79.5	74.4
Backlog of Orders	57.3	61.9	-4.6	Growing	Slower	9	51.3	63.4	48.0	46.7	61.4	59.0
Exports	58.7	66.4	-7.7	Growing	Slower	14	52.5	66.4	46.0	46.7	63.6	57.7
Imports	61.5	62.8	-1.3	Growing	Slower	14	52.5	64.3	54.0	58.7	65.9	65.4
Six-month Outlook	63.2	69.0	-5.8	Growing	Slower	14	63.8	73.5	52.0	46.7	54.5	57.7
Production Materials	34	34	-	-	-	-	37	32	46	38	22	32
MRO Supplies	28	28	-	-	-	-	33	26	43	31	22	22
Capital Expenditures	61	60	-	-	-	-	56	59	66	72	70	51

Chart 1: Time Series of Taiwan Manufacturing PMI

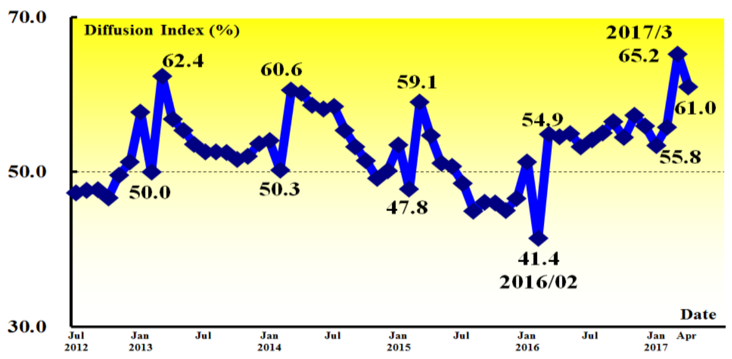
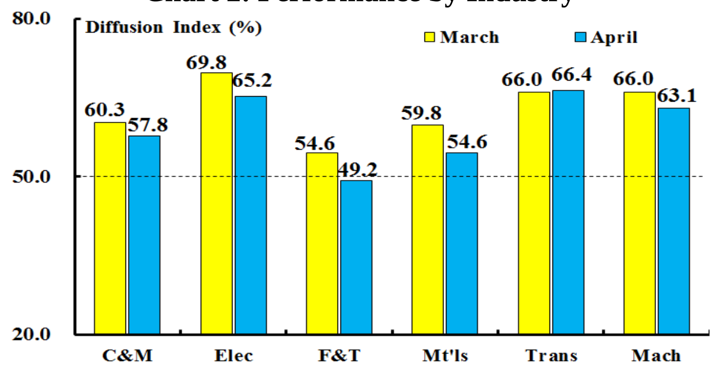


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 61.0 percent in April, and marked as the second time that the index has rose above the 60.0 percent for two consecutive months since July 2012.
- Both New Orders and Production Indexes continued to show optimistic momentum and registered 62.2 and 65.2 percent respectively.
- Manufacturing employment decelerated this month, but it is still at very promising levels. The Employment Index registered 60.0 percent in April, down from the highest recorded level of 63.4 percent since July 2012.
- Manufacturers still believe their customers have less than sufficient inventories on hand, while the Customers' Inventories Index rose 0.2 percentage point to 49.9 percent, and registered its highest reading since November 2014.
- Manufacturers continue to suffer higher prices for fourteen consecutive months while the Prices index registered 7.5 percentage points lower than the 74.3 percent reported in March.
- Manufacturers' order backlogs remained in growth territory for nine consecutive months as the Backlog of Orders Index registered 57.3 percent in April.
- Both Exports and Imports Indexes expanded for fourteen consecutive months, registered 58.7 and 61.5 percent respectively.
- The Six-month Outlook Index has rose above the 60.0 percent for four consecutive months but registered 5.8 percentage points lower than the 69.0 percent in March.
- Of the six manufacturing industries categories, five are reporting growth in April in the following order: Transportation Equipment (66.4%); Electronics & Optical (65.2%); Electrical & Machinery Equipment (63.1%); Chemical, Biological & Medical (57.8%) and Basic Materials (54.6%). While the Foods & Textiles (49.2%) industry turned from growing to contraction in in April.

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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