

June 2017 Taiwan Manufacturing PMI

PMI at 57.6%

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

MANUFACTURING AT A GLANCE

June 2017

Unit : %							Industries					
Index	Series Index June	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend (Months)	C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	57.6	58.7	-1.1	Growing	Slower	16	49.6	62.1	47.6	53.9	62.4	55.8
New Orders	58.3	57.3	+1.0	Growing	Faster	16	52.1	64.2	48.0	51.2	68.0	52.5
Production	57.3	60.0	-2.7	Growing	Slower	4	47.9	63.8	42.0	47.6	74.0	57.5
Employment	58.6	60.4	-1.8	Growing	Slower	14	50.0	62.5	52.0	54.9	60.0	58.8
Supplier Deliveries	59.0	60.3	-1.3	Slowing	Slower	15	51.0	65.4	50.0	52.4	48.0	60.0
Inventories	54.9	55.4	-0.5	Growing	Slower	15	46.9	54.6	46.0	63.4	62.0	50.0
Customers' Inventories	45.9	46.5	-0.6	Too Low	Faster	32	52.1	45.8	44.0	43.9	58.0	40.0
Prices	58.2	58.9	-0.7	Increasing	Slower	16	47.9	62.9	62.0	48.8	54.0	62.5
Backlog of Orders	54.0	54.1	-0.1	Growing	Slower	11	46.9	60.0	36.0	48.8	54.0	56.3
Exports	57.9	55.3	+2.6	Growing	Faster	16	60.4	62.9	46.0	50.0	56.0	57.5
Imports	55.2	58.2	-3.0	Growing	Slower	16	52.1	56.7	52.0	50.0	66.0	58.8
Six-month Outlook	59.1	61.1	-2.0	Growing	Slower	16	56.3	65.0	46.0	53.7	56.0	55.0
Production Materials	36	34	-	-	-	-	43	33	49	39	31	28
MRO Supplies	29	28	-	-	-	-	36	25	38	33	28	22
Capital Expenditures	65	55	-	-	-	-	66	60	82	76	75	52

Chart 1: Time Series of Taiwan Manufacturing PMI

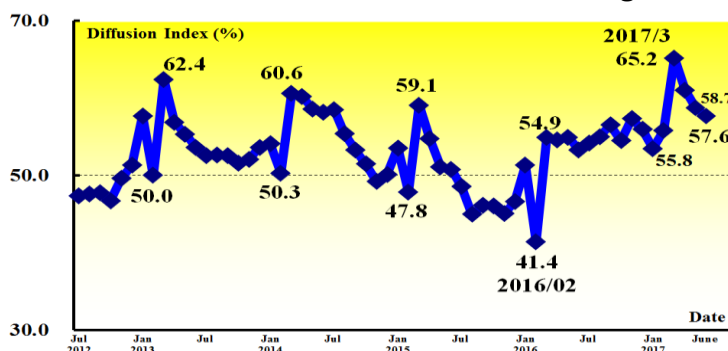
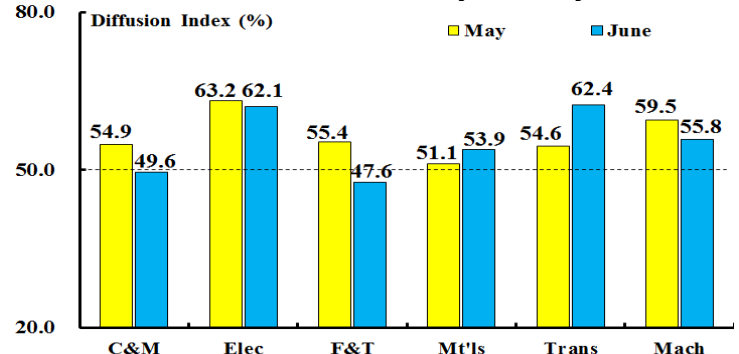


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded for sixteen consecutive months in June while the Taiwan Manufacturing PMI registered 1.1 percentage points lower than the 58.7 percent in May.
- The New Orders Index raised and registered 1.0 percentage point higher than the 57.3 percent in May.
- Manufacturing production expanded at a slower rate as the Production Index decreased 2.7 percentage points to 57.3 percent.
- Manufacturing employment declined this month, but it is still at very positive levels. The Employment Index registered 58.6 percent in June, down from the 60.4 percent reported in May.
- Manufacturers continue to pay higher price level for sixteen consecutive months while the Prices index further fell 0.7 percentage point to 58.2 percent.
- Manufacturers' order backlogs remained in growth territory for eleven consecutive months as the Backlog of Orders Index registered 54.0 percent in June.
- Manufacturing export orders grew for the sixteenth consecutive month as the Exports Index increased 2.6 percentage points to 57.9 percent.
- Manufacturing imports continued its growth trend, however, it decelerated for the third consecutive month. The Import Index further fell 3.0 percentage points to 55.2 percent in June.
- The Six-month Outlook Index registered 2.0 percent lower than the 61.1 percent in May, but, it still looks promising.
- Of the six manufacturing industries categories, four are reporting growth in June in the following order: Transportation Equipment (62.4%); Electronics & Optical (62.1%); Electrical & Machinery Equipment (55.8%) and Basic Materials (53.9%). While Foods & Textiles (47.6%) and Chemical, Biological & Medical (49.6%) industries reported contraction in June.

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'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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