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

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

# August 2017 Taiwan Manufacturing PMI

## PMI at 58.8%

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

### MANUFACTURING AT A GLANCE
### August 2017

| Unit : % | | | | | | | Industries | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Index | Series Index Aug | Series Index Jul | Percentage Point Change | Direction | Rate of Change | Trend (Months) | C&M | Elec | F&T | Mt'ls | Trans | Mach |
| Taiwan Manufacturing PMI | 58.8 | 59.0 | -0.2 | Growing | Slower | 18 | 55.2 | 62.9 | 54.1 | 55.1 | 52.7 | 55.2 |
| New Orders | 63.2 | 61.2 | +2.0 | Growing | Faster | 18 | 60.9 | 68.7 | 59.3 | 60.5 | 46.2 | 54.5 |
| Production | 60.9 | 61.8 | -0.9 | Growing | Slower | 6 | 58.7 | 67.1 | 55.6 | 58.1 | 42.3 | 51.1 |
| Employment | 57.6 | 57.8 | -0.2 | Growing | Slower | 16 | 56.5 | 59.8 | 50.0 | 53.5 | 61.5 | 60.2 |
| Supplier Deliveries | 60.9 | 58.5 | +2.4 | Slowing | Faster | 17 | 53.3 | 65.9 | 59.3 | 55.8 | 51.9 | 59.1 |
| Inventories | 51.2 | 55.7 | -4.5 | Growing | Slower | 17 | 46.7 | 53.3 | 46.3 | 47.7 | 61.5 | 51.1 |
| Customers' Inventories | 49.6 | 49.4 | +0.2 | Too Low | Slower | 34 | 42.4 | 51.2 | 50.0 | 51.2 | 50.0 | 44.3 |
| Prices | 73.0 | 63.2 | +9.8 | Increasing | Faster | 18 | 68.5 | 68.3 | 70.4 | 86.0 | 73.1 | 76.1 |
| Backlog of Orders | 52.6 | 56.8 | -4.2 | Growing | Slower | 13 | 50.0 | 56.1 | 46.3 | 51.2 | 40.4 | 52.3 |
| Exports | 59.7 | 56.2 | +3.5 | Growing | Faster | 18 | 60.9 | 63.8 | 57.4 | 54.7 | 50.0 | 54.5 |
| Imports | 57.8 | 56.8 | +1.0 | Growing | Faster | 18 | 66.3 | 63.0 | 44.4 | 47.7 | 55.8 | 56.8 |
| Six-month Outlook | 63.8 | 63.9 | -0.1 | Growing | Slower | 18 | 65.2 | 66.7 | 53.7 | 65.1 | 55.8 | 58.0 |
| Production Materials | 35 | 35 | - | - | - | - | 43 | 32 | 46 | 34 | 26 | 35 |
| MRO Supplies | 29 | 29 | - | - | - | - | 45 | 25 | 32 | 29 | 20 | 25 |
| Capital Expenditures | 62 | 65 | - | - | - | - | 58 | 57 | 84 | 61 | 67 | 68 |

**Chart 1: Time Series of Taiwan Manufacturing PMI**

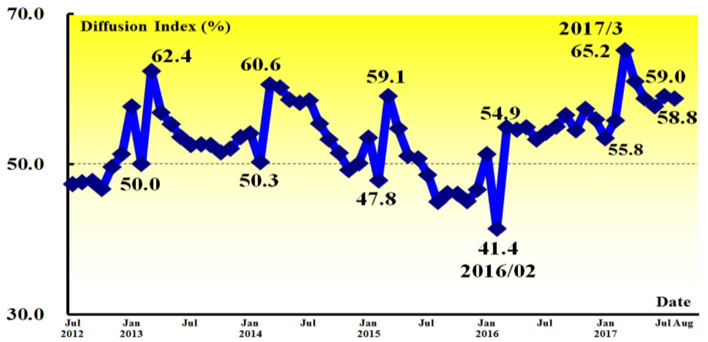
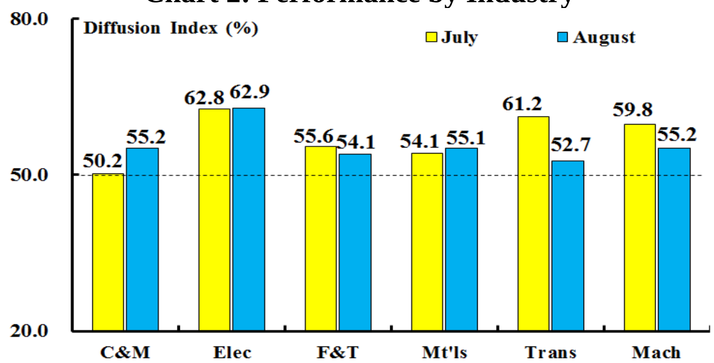



**Chart 2: Performance by Industry**





**Summary**

- The manufacturing sector expanded for the eighteenth consecutive month, as the Taiwan Manufacturing PMI registered 58.8 percent in August.
- Both New Orders and Production Indexes continued to show promising momentum and registered 63.2 and 60.9 percent respectively.
- The manufacturing employment grew a little slow pace, however, it still remains in a relatively strong demand position as The Employment Index registered 57.6 percent in August.
- The Supplier Deliveries Index registered 60.9 percent, an increase of 2.4 percentage points from July and also the highest index since July 2012. This trend interprets the seller market oriented.
- Manufacturing Inventories grew for seventeen consecutive months while the Inventories Index decreased 4.5 percentage points to 51.2 percent in August.
- Manufacturers continue to pay higher price level for eighteen consecutive months as the Prices Index raised up to 73.0 percent in August against 63.2 percent in July.
- Manufacturers' order backlogs remained in growth territory for thirteen consecutive months while the Backlog of Orders Index registered 4.2 percentage points lower than the 56.8 percent in July.
- Both the Export and Import Indexes accelerated in August as they went up 3.5 and 1.0 percentage points to 59.7 and 57.8 percent, respectively.
- The Six-month Outlook Index continued its growth trend for eighteen consecutive months and registered 63.8 percent.
- All the manufacturing industries categories reporting growth in August in the following order: Electronics & Optical (62.9%); Chemical, Biological & Medical (55.2%); Electrical & Machinery Equipment (55.2%); Basic Materials (55.1%); Foods & Textiles (54.1%) and Transportation Equipment (52.7%).

## 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