

December 2017 Taiwan Manufacturing PMI

PMI at 58.0%

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

MANUFACTURING AT A GLANCE

December 2017

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	58.0	57.2	+0.8	Growing	Faster	22	58.9	58.2	58.0	57.2	56.1	58.8
New Orders	58.1	55.6	+2.5	Growing	Faster	22	66.3	58.7	62.0	54.7	47.8	57.1
Production	62.3	57.7	+4.6	Growing	Faster	10	65.2	60.9	64.0	61.6	58.7	69.0
Employment	54.3	54.5	-0.2	Growing	Slower	20	57.6	52.6	56.0	54.7	58.7	56.0
Supplier Deliveries	60.4	61.0	-0.6	Slowing	Slower	21	52.2	65.2	58.0	53.5	60.9	59.5
Inventories	54.7	57.0	-2.3	Growing	Slower	21	53.3	53.5	50.0	61.6	54.3	52.4
Customers' Inventories	45.2	46.4	-1.2	Too Low	Faster	38	46.7	47.0	44.0	47.7	37.0	34.5
Prices	73.2	76.8	-3.6	Increasing	Slower	22	77.2	72.6	64.0	74.4	67.4	81.0
Backlog of Orders	54.1	54.4	-0.3	Growing	Slower	17	51.1	55.2	54.0	54.7	41.3	57.1
Exports	55.6	55.4	+0.2	Growing	Faster	22	65.2	57.4	50.0	52.3	50.0	52.4
Imports	54.6	55.9	-1.3	Growing	Slower	22	54.3	55.2	60.0	51.2	56.5	53.6
Six-month Outlook	58.8	60.0	-1.2	Growing	Slower	22	67.4	63.9	48.0	50.0	52.2	56.0
Production Materials	34	37	-	-	-	-	39	31	48	37	26	31
MRO Supplies	31	30	-	-	-	-	43	26	45	34	23	25
Capital Expenditures	70	70	-	-	-	-	69	66	91	64	83	64

Chart 1: Time Series of Taiwan Manufacturing PMI

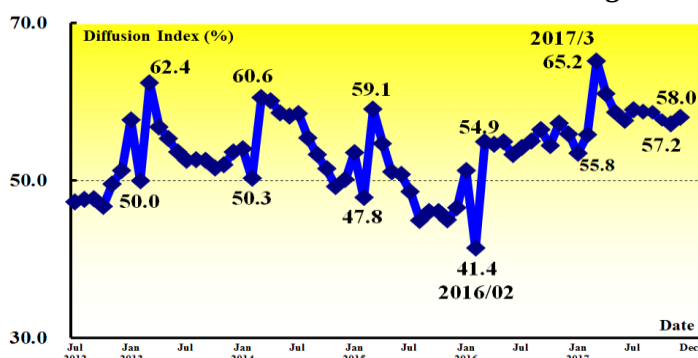
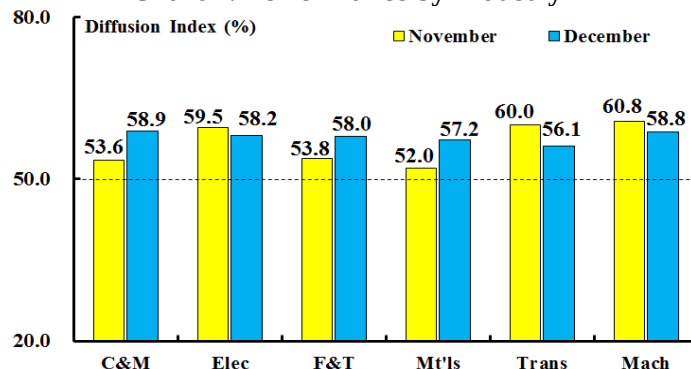


Chart 2: Performance by Industry



Summary

- The manufacturing sector grew for twenty-two consecutive months and registered 58.0 percent in December. This represents the longest period of growth since July 2012.
- Both New Orders and Production Indexes expanded at a faster rate compared to last month as they went up 2.5 and 4.6 percentage points to 58.1 and 62.3 percent, respectively.
- Manufacturing employment still stands the good momentum for the year, while the Employment Index slightly fell 0.2 percentage point to 54.3 percent in December.
- The Supplier Deliveries Index registered 60.4 percent December, decreased from the highest recorded level of 61.0 percent since July 2012.
- The Customers' Inventories Index presented rather low point to 45.2 percent, decreased 1.2 percentage points from last month, indicating that manufacturers strongly believe their customers do not have sufficient inventories on hand for the thirty-eight consecutive month.
- The Prices Index registered 73.2 percent and has risen above the 70.0 percent for five consecutive months.
- Manufacturers' export accelerated during December for the first time in the past four months as the Export Index increased 0.2 percentage point to 55.6 percent.
- Manufacturers' import still remained in growth territory but decelerated for the second consecutive month. The Import Index registered 54.6 percent in December, down from the 55.9 percent in November.
- Manufacturers still remain positive forecast about the future development although the Six-month outlook Index registered 1.2 percent points lower than the November reading of 60.0%.
- Of the six manufacturing industries categories, all are reporting growth in the following order: Chemical, Biological & Medical (58.9%); Electrical & Machinery Equipment (58.8%); Electronics & Optical (58.2%); Foods & Textiles (58.0%); Basic Materials (57.2%) and Transportation Equipment (56.1%).

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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