

March 2018 Taiwan Manufacturing PMI

PMI at 63.6%

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

MANUFACTURING AT A GLANCE

March 2018

Index	Series					Rate of Change	Trend (Months)	Industries					
	Index Mar	Index Feb	Percentage Point Change	Direction	C&M			Elec	F&T	Mt'l's	Trans	Mach	
Taiwan Manufacturing PMI	63.6	50.4	+13.2	Growing	Faster	25	62.2	65.7	58.2	62.4	56.1	64.9	
New Orders	68.8	44.1	+24.7	Growing	From Contracting	1	67.8	73.0	67.9	61.0	65.2	67.1	
Production	68.2	37.0	+31.2	Growing	From Contracting	1	71.1	70.0	67.9	65.9	63.0	64.6	
Employment	56.8	51.4	+5.4	Growing	Faster	23	57.8	56.5	51.8	56.1	54.3	64.6	
Supplier Deliveries	62.7	62.5	+0.2	Slowing	Faster	24	58.9	67.0	50.0	61.0	50.0	65.9	
Inventories	61.2	56.9	+4.3	Growing	Faster	24	55.6	61.7	53.6	68.3	47.8	62.2	
Customers' Inventories	50.7	45.7	+5.0	Too High	From Too Low	1	51.1	50.9	46.4	58.5	39.1	42.7	
Prices	75.4	74.9	+0.5	Increasing	Faster	25	72.2	73.9	73.2	76.8	76.1	84.1	
Backlog of Orders	62.9	51.7	+11.2	Growing	Faster	20	55.6	67.0	57.1	57.3	54.3	69.5	
Exports	64.4	48.4	+16.0	Growing	From Contracting	1	74.4	68.3	53.6	56.1	52.2	68.3	
Imports	59.7	51.2	+8.5	Growing	Faster	25	61.1	60.9	57.1	58.5	60.9	56.1	
Six-month Outlook	64.8	65.7	-0.9	Growing	Slower	25	66.7	70.0	64.3	57.3	52.2	58.5	
Production Materials	37	39	-	-	-	-	41	32	31	48	31	42	
MRO Supplies	30	30	-	-	-	-	36	26	33	30	26	33	
Capital Expenditures	68	70	-	-	-	-	82	62	71	77	59	60	

Chart 1: Time Series of Taiwan Manufacturing PMI

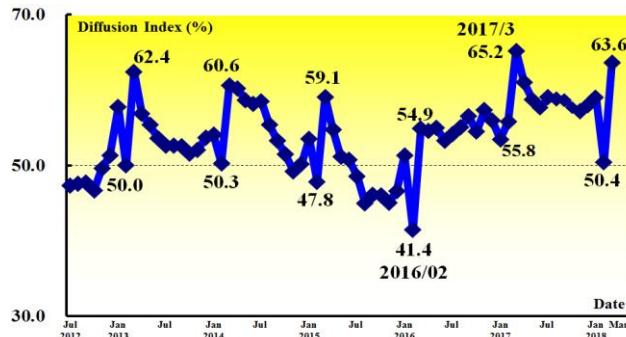
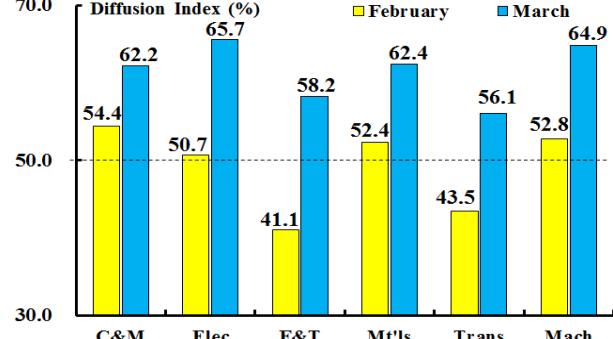


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 63.6 percent in March, which is 13.2 percentage points higher than the 50.4 percent in February. The rising of PMI was driven by favorable outcomes in New Orders and Production Indexes.
- Both New Orders and Production Indexes showed a positive improvement as they went up 24.7 and 31.2 percentage points to 68.8 and 68.2 percent, respectively. The reason of high growth in new orders and production was come from more working days in March, comparing to the previous month.
- Manufacturing Employment remained in growth territory for twenty-three consecutive months as the Employment Index went up 5.4 percentage points to 56.8 percent in March.
- The Supplier Deliveries Index minor rose to 62.7 percent in March and registered its highest reading since July 2012.
- The Inventories Index rose 4.3 percentage points to 61.2 percent and registered its highest reading since July 2012.
- The Customers' Inventories Index registered 5.0 percentage points higher than the 45.7 percent reported in February, indicating that manufacturers believe their customers now have more than sufficient inventories on hand for the first time in the past forty-one months.
- The Prices Index remained above 70.0 percent for the eighth consecutive month as the index registered 0.5 percent point higher than the February reading of 74.9 percent.
- The Exports Index registered 64.4 percent and reported growth following only one month of contraction.
- The Six-month Outlook Index registered 0.9 percentage points lower than the 65.7 percent in February, still indicating a growth trend for twenty-five consecutive months.
- All the manufacturing industries categories reporting growth in March in the following order: Electronics & Optical (65.7%); Electrical & Machinery Equipment (64.9%); Basic Materials (62.4%); Chemical, Biological & Medical (62.2%); Foods & Textiles (58.2%) 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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