

# January 2014 Taiwan Manufacturing PMI

PMI at 54.1%

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

## MANUFACTURING AT A GLANCE

January 2014

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	54.1	53.6	+0.5	Growing	Faster	11	58.2	53.7	60.0	47.3	57.9	56.9
New Orders	55.3	57.0	-1.7	Growing	Slower	15	61.5	53.7	58.7	47.7	68.4	60.0
Production	56.7	58.0	-1.3	Growing	Slower	11	56.4	55.1	71.7	46.6	71.1	65.6
Employment	51.7	53.6	-1.9	Growing	Slower	14	60.3	50.0	56.5	47.7	55.3	50.0
Supplier Deliveries	52.9	52.1	+0.8	Slowing	Faster	5	57.7	54.7	47.8	50.0	50.0	50.0
Inventories	53.6	47.5	+6.1	Growing	From Contracting	1	55.1	55.1	65.2	44.3	44.7	58.9
Customers' Inventories	46.5	45.4	+1.1	Too Low	Slower	6	46.2	45.3	60.9	40.9	47.4	52.2
Prices	57.8	52.6	+5.2	Increasing	Faster	2	75.6	50.0	65.2	63.6	50.0	55.6
Backlog of Orders	52.0	46.9	+5.1	Growing	From Contracting	1	50.0	51.9	58.7	48.9	55.3	54.4
Exports	52.6	53.2	-0.6	Growing	Slower	2	57.7	51.4	54.3	48.9	55.3	56.7
Imports	53.0	51.3	+1.7	Growing	Faster	2	57.7	50.9	65.2	48.9	57.9	52.2
Six-month Outlook	65.1	54.8	+10.3	Growing	Faster	2	64.1	66.4	54.3	65.9	71.1	64.4
Production Materials	33	32	-	-	-	-	33	32	35	35	26	35
MRO Supplies	23	24	-	-	-	-	31	19	29	28	22	20
Capital Expenditures	47	44	-	-	-	-	52	46	57	55	39	34

Chart 1: Time Series of Taiwan Manufacturing PMI

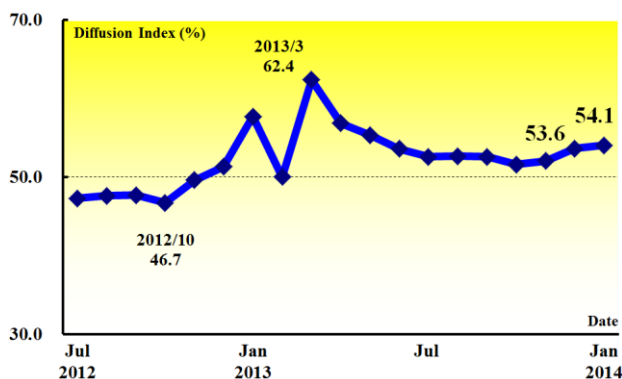
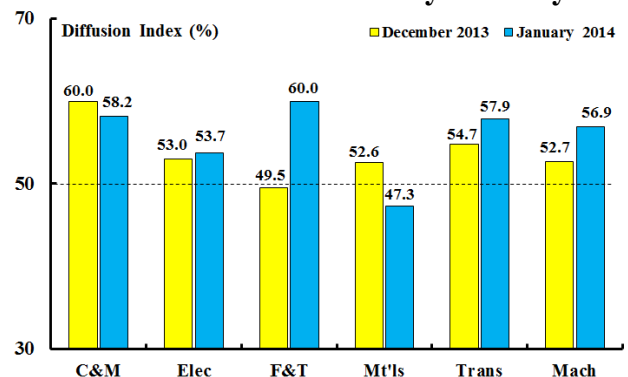


Chart 2: Performance by Industry



### Summary

- Taiwan Manufacturing PMI registered 54.1 percent in January 2014, which is 0.5 percentage points higher than the 53.6 percent in December 2013. This slight rising of PMI was driven by significant growth in the Inventories Index.
- Both New Orders and Production Indexes showed the continuous growth in January 2014, although at slower rates, dropping 1.7 and 1.3 percentage points to 55.3 and 56.7 percent, respectively.
- Manufacturing's employment still grew in January for the 14th consecutive month, while the Employment Index registered 1.9 percentage points below the December reading of 53.6 percent.
- The past trend of inventory contraction reversed its direction during January for the first time in the last six months, with the Inventories Index is up 6.1 percentage points for the month to 53.6%.
- The Prices Index increased 5.2 percentage points to 57.8 percent in January, signaling continuing upward pressure on manufacturers' costs.
- The Backlog of Orders Index registered 5.1 percentage points higher than the 46.9 percent reported in December 2013, and is the first indexing above 50.0 percent since May 2013.
- The Imports Index remained in growth territory at 53.0 percent and registered its highest reading in the past nine months.
- Seeing positive among Taiwan manufacturers rose at the fastest rate since February 2013. The Six-month Outlook Index registered 65.1 percent, 10.3 percentage points higher than the 54.8 percent reported in December 2013.
- Of the six manufacturing industries categories, five are reporting growth in January in the following order: Foods & Textiles (60.0%); Chemical, Biological & Medical (58.2%); Transportation Equipment (57.9%); Electrical & Machinery Equipment (56.9%) and Electronic & Optical (53.7%). Only Basic Materials industry (47.3%) reversed its recent trend of growth and turned to contracting during January for the first time in seven months.

## 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 250 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.

## 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  
Email: [csh@cier.edu.tw](mailto:csh@cier.edu.tw)  
Tel: +(866) 2 27356006 ext. 424  
[www.cier.edu.tw](http://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](mailto:stevelai@smit.org.tw)  
Tel: +(866) 2 27495889  
[www.smit.org.tw](http://www.smit.org.tw)