

# November 2013 Taiwan Manufacturing PMI

## PMI at 52.0%

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

### MANUFACTURING AT A GLANCE

November 2013

| Index                    | Series Index Nov | Series Index Oct | Percentage Point Change | Direction   | Rate of Change  | Trend (Months) | Industries |      |      |       |       |      |
|--------------------------|------------------|------------------|-------------------------|-------------|-----------------|----------------|------------|------|------|-------|-------|------|
|                          |                  |                  |                         |             |                 |                | C&M        | Elec | F&T  | Mt'ls | Trans | Mach |
| Taiwan Manufacturing PMI | 52.0             | 51.6             | +0.4                    | Growing     | Faster          | 9              | 53.5       | 48.8 | 52.1 | 53.5  | 64.0  | 56.1 |
| New Orders               | 52.7             | 51.2             | +1.5                    | Growing     | Faster          | 13             | 48.8       | 50.0 | 52.1 | 51.3  | 77.5  | 61.8 |
| Production               | 53.6             | 52.7             | +0.9                    | Growing     | Faster          | 9              | 48.8       | 51.0 | 52.1 | 57.5  | 67.5  | 59.2 |
| Employment               | 53.7             | 52.5             | +1.2                    | Growing     | Faster          | 12             | 58.8       | 50.0 | 56.3 | 53.8  | 60.0  | 59.2 |
| Supplier Deliveries      | 50.8             | 51.9             | -1.1                    | Slowing     | Slower          | 3              | 56.3       | 48.0 | 45.8 | 53.8  | 50.0  | 55.3 |
| Inventories              | 49.3             | 49.7             | -0.4                    | Contracting | Faster          | 4              | 55.0       | 45.1 | 54.2 | 51.3  | 65.0  | 44.7 |
| Customers' Inventories   | 46.9             | 43.6             | +3.3                    | Too Low     | Slower          | 4              | 48.8       | 50.5 | 45.8 | 42.5  | 35.0  | 43.4 |
| Prices                   | 48.4             | 54.0             | -5.6                    | Decreasing  | From Increasing | 1              | 50.0       | 44.6 | 56.3 | 48.8  | 45.0  | 59.2 |
| Backlog of Orders        | 45.7             | 47.9             | -2.2                    | Contracting | Faster          | 7              | 53.8       | 42.1 | 50.0 | 41.3  | 57.5  | 51.3 |
| Exports                  | 46.9             | 47.8             | -0.9                    | Contracting | Faster          | 6              | 53.8       | 43.1 | 39.6 | 43.8  | 67.5  | 57.9 |
| Imports                  | 48.2             | 47.6             | +0.6                    | Contracting | Slower          | 2              | 62.5       | 43.6 | 52.1 | 47.5  | 60.0  | 42.1 |
| Six-month Outlook        | 48.3             | 47.3             | +1.0                    | Contracting | Slower          | 2              | 55.0       | 48.5 | 43.8 | 41.3  | 57.5  | 51.3 |
| Production Materials     | 32               | 31               | -                       | -           | -               | -              | 38         | 28   | 32   | 41    | 26    | 28   |
| MRO Supplies             | 25               | 22               | -                       | -           | -               | -              | 31         | 17   | 29   | 39    | 28    | 19   |
| Capital Expenditures     | 45               | 42               | -                       | -           | -               | -              | 67         | 32   | 48   | 66    | 56    | 27   |

Chart 1: Time Series of Taiwan Manufacturing PMI

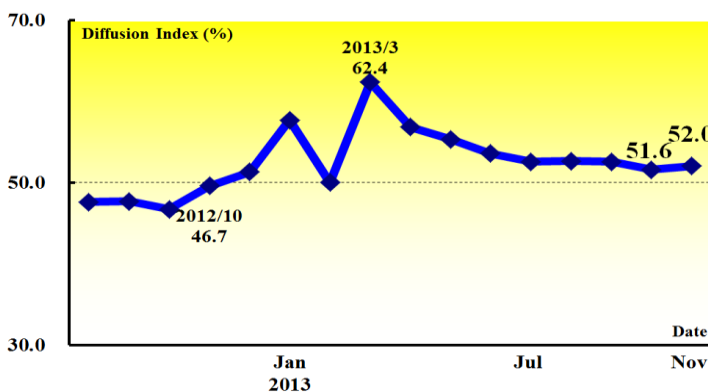
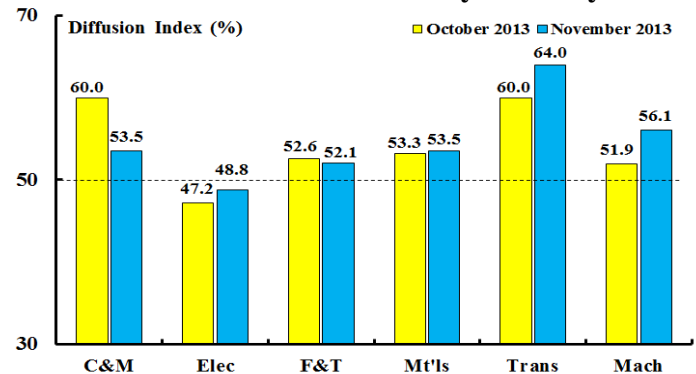


Chart 2: Performance by Industry



### Summary

- The Taiwan manufacturing PMI is marginally raised up to 52.0 percent in November against 51.6 percent in October. This indicates the manufacturing sector continues the trend of slowing growth since March this year, however, it is accelerated during November for the first time in the past eight months.
- Both New Orders and Production Indexes showed a slight improvement in November as they went up 1.5 and 0.9 percentage points to 52.7 and 53.6 percent, respectively.
- The Employment Index registered 53.7 percent, up from the 52.5 percent reported in October.
- The Customers' Inventories Index registered 46.9 percent in November, up from the 43.6 percent (the lowest reading since July 2012) reported in November.
- The Prices Index fell 5.6 percentage points to 48.4 percent in November, signaling less inflationary pressure on manufacturers' costs. This is also the biggest decrease among all the indices in November.
- The Backlog of Orders Index has fallen to the lowest level since November 2012 and registered 45.7 percent in November, which is 2.2 percentage points lower than the 47.9 percent reported in October.
- The Exports Index registered 46.9 percent, a decrease of 0.9 percentage points from October, indicating contraction in exports for the six consecutive months.
- Manufacturers were generally projecting negative about the future. However, the Six-month Outlook Index registered 1.0 percentage point above the October reading of 47.3%.
- Of the six manufacturing industries categories, five are reporting growth in November in the following order: Transportation Equipment (64.0%); Electrical & Machinery Equipment (56.1%); Chemical, Biological & Medical (53.5%); Basic Materials (53.5%) and Foods & Textiles (52.1%). Only Electronic & Optical industry continued to struggle and remain in contraction at 48.8 percent.

## About this Report

This report is jointly issued by the Council for Economic Planning and Development (CEPD) – 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.

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