

August 2013 Taiwan Manufacturing PMI

PMI at 52.6%

New Orders, Production and Employment Growing
Inventories Contracting
Supplier Deliveries Faster

MANUFACTURING AT A GLANCE

August 2013

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	52.6	52.6	+0.0	Growing	Same	6	54.3	49.5	62.7	56.7	46.7	51.7
New Orders	55.1	52.6	+2.5	Growing	Faster	10	55.7	51.1	65.9	65.4	47.2	46.4
Production	56.4	55.8	+0.6	Growing	Faster	6	57.1	51.1	72.7	67.9	38.9	52.4
Employment	52.6	54.3	-1.7	Growing	Slower	9	55.7	51.6	63.6	47.4	47.2	57.1
Supplier Deliveries	49.6	48.3	+1.3	Faster	Slower	2	51.4	47.3	47.7	52.6	55.6	50.0
Inventories	49.5	51.9	-2.4	Contracting	From Growing	1	51.4	46.2	63.6	50.0	44.4	52.4
Customers' Inventories	45.7	51.5	-5.8	Too Low	From Too High	1	52.9	46.2	52.3	39.7	38.9	44.0
Prices	55.7	49.1	+6.6	Increasing	From Decreasing	1	60.0	48.4	61.4	71.8	47.2	51.2
Backlog of Orders	46.3	47.7	-1.4	Contracting	Faster	4	45.7	42.9	47.7	52.6	50.0	47.6
Exports	49.8	48.1	+1.7	Contracting	Slower	3	52.9	47.8	56.8	53.8	44.4	42.9
Imports	46.5	47.7	-1.2	Contracting	Faster	3	45.7	40.7	61.4	53.8	47.2	47.6
Six-month Outlook	53.3	51.0	+2.3	Growing	Faster	9	55.7	50.0	56.8	65.4	52.8	36.9
Production Materials	32	32	-	-	-	-	24	33	39	38	24	31
MRO Supplies	22	25	-	-	-	-	25	19	29	27	17	22
Capital Expenditures	38	48	-	-	-	-	44	34	58	45	41	26

Chart 1: Time Series of Taiwan Manufacturing PMI

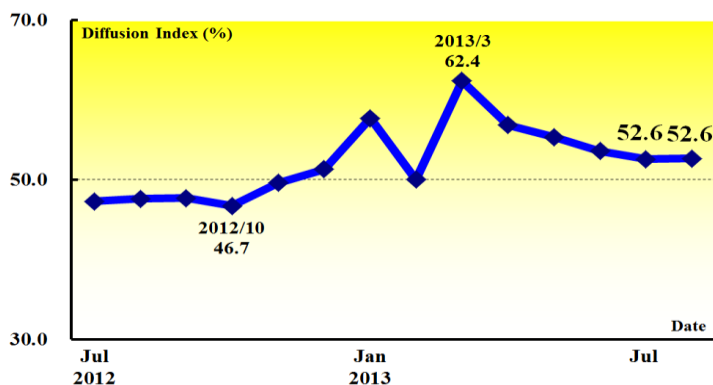
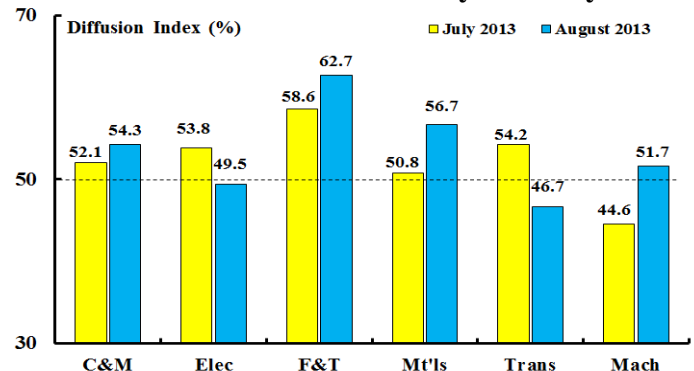


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI remained at 52.6 percent in August, indicating the continuous growth in the manufacturing sector at the same pace as in July.
- Both New Orders and Production Indexes continue to grow in the manufacturing sector for the ten and six consecutive months respectively, while the New Orders and Production Indexes registered 2.5 and 0.6 percentage points higher than the 52.6 and 55.8 percent reported in July.
- The continuous growth in New Orders and Production was influenced by the slow growth in Employment and the decrease in Inventories. The Employment and Inventories Indexes registered 52.6 and 49.5 percent, down from 54.3 and 51.9 percent reported in July, respectively.
- The Customers' Inventories Index registered 45.7 percent, a big decrease of 5.8 percentage points and indicating that respondents believe their customers have less than sufficient inventories on hand for the first time in the past five months.
- The Prices Index in August is 55.7 percent, up from the 49.1 percent reported in July, indicating that manufacturers once again suffered the higher prices in their purchases for the first time in the past five months.
- Manufacturers are rather optimistic than the previous month for the first time since March 2013. The Six-month Outlook index registered 53.3%, an increase of 2.3 percentage points from July, indicating a growth trend for the ninth consecutive months.
- Of the six manufacturing industries categories, four are reporting growth in August in the following order: Foods & Textiles (62.7%); Basic Materials (56.7%); Chemical, Biological & Medical (54.3%) and Electrical & Machinery Equipment industry (51.7%); The August PMI of Electronic & Optical (49.5%) and Transportation Equipment (46.7%), both ended the growth cycles in the past five months.

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.

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
Tel: +(866) 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: +(866) 2 27495889
www.smit.org.tw