

February 2013 Taiwan Manufacturing PMI

PMI at 50.0%

New Orders and Employment Growing
Production and Inventories Contracting
Supplier Deliveries Unchanged

MANUFACTURING AT A GLANCE¹

February 2013

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
							Taiwan Manufacturing PMI	50.0	57.7	-7.7	Unchanged	From Growing
New Orders	54.5	66.6	-12.1	Growing	Slower	4	58.9	51.7	65.6	53.7	56.3	52.7
Production	44.8	62.6	-17.8	Contracting	From Growing	1	44.6	44.8	53.1	42.7	37.5	45.9
Employment	51.6	54.8	-3.2	Growing	Slower	3	53.6	46.6	62.5	53.7	56.3	56.8
Supplier Deliveries	50.0	51.5	-1.5	Unchanged	From Slowing	1	53.6	47.7	46.9	51.2	56.3	52.7
Inventories	49.2	53.0	-3.8	Contracting	From Growing	1	41.1	52.3	62.5	43.9	40.6	50.0
Customers' Inventories	45.5	49.2	-3.7	Too Low	Faster	6	35.7	47.7	59.4	42.7	46.9	41.9
Prices	62.9	60.0	+2.9	Increasing	Faster	3	69.6	50.6	56.3	87.8	65.6	64.9
Backlog of Orders	50.3	53.7	-3.4	Growing	Slower	2	44.6	48.3	62.5	54.9	43.8	51.4
Exports	52.8	59.1	-6.3	Growing	Slower	2	50.0	54.0	68.8	48.8	43.8	50.0
Imports	49.6	57.3	-7.7	Contracting	From Growing	1	46.4	47.1	65.6	51.2	46.9	50.0
Six-month Outlook	67.7	61.4	+6.3	Growing	Faster	3	67.9	64.9	65.6	68.3	81.3	74.3
Production Materials	32	31	-	-	-	-	31	28	23	44	20	37
MRO Supplies	22	22	-	-	-	-	18	18	13	34	20	23
Capital Expenditures	40	43	-	-	-	-	25	36	62	53	61	29

Chart 1 : Time Series of Taiwan Manufacturing PMI

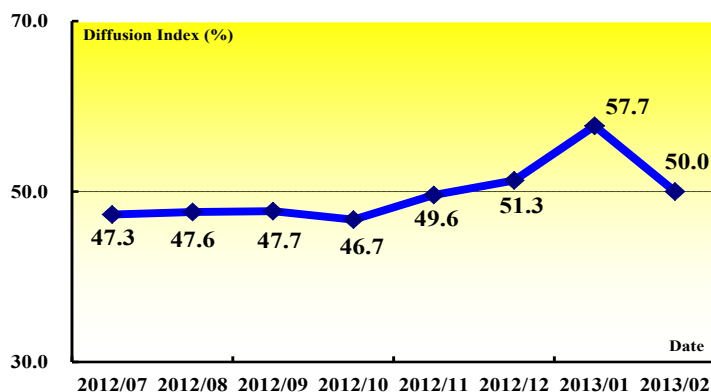
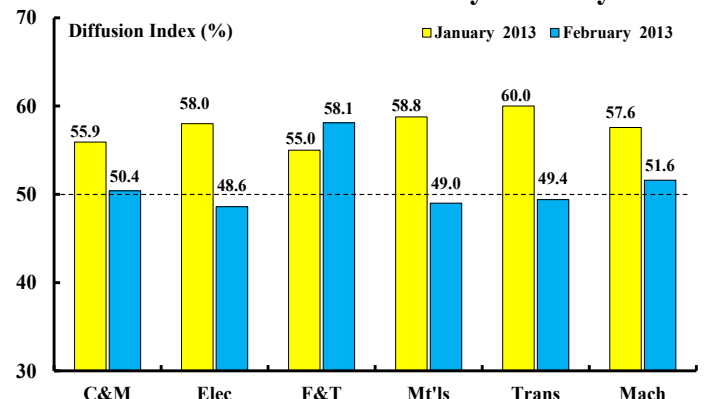


Chart 2 : Performance by Industry



Summary

- Taiwan Manufacturing PMI registered 50.0 percent in February, which is 7.7 percentage points lower than the 57.7 percent reported in January. This indicates that respondents are reporting conditions in the manufacturing economy are unchanged from January.
- Both New Orders and Employment Indexes showed continued growth in February, but at slower rates than in January, dropping 12.1 and 3.2 percentage points to 54.5 and 51.6 percent, respectively.
- The Chinese New Year holidays break of nine days influenced the nation's manufacturing activities and resulted in a dramatic decline in the Production Index, dropping 17.8 percentage points in February to 44.8 percent. This dramatic decline in production is the negative contributor to the lower PMI reading.
- The Prices Index registered 62.9 percent, an increase of 2.9 percentage points from January and also the highest level recorded by the index since July 2012.
- Although Taiwan Manufacturing PMI is 7.7 percentage points lower than January's reading, the Six-month outlook index is promising, as it is up 6.3 percentage points for the month to 67.7 percent. This is the third consecutive month of growth in the Six-month outlook Index.
- Of the 6 manufacturing industries categories, three are reporting growth in February in the following order: Foods & Textiles (58.1%); Electrical & Machinery Equipment (51.6%); and Chemical, Biological & Medical (50.4%).
- Of the 6 manufacturing industries categories, three are reporting contraction in February in the following order: Transportation Equipment (49.4%); Basic Raw Materials (49.0%); and Electronic & Optical (48.6%).

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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