

December 2013 Taiwan Manufacturing PMI

PMI at 53.6%

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

MANUFACTURING AT A GLANCE

December 2013

Index	Series Index Dec	Series Index Nov	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	53.6	52.0	+1.6	Growing	Faster	10	60.0	53.0	49.5	52.6	54.7	52.7
New Orders	57.0	52.7	+4.3	Growing	Faster	14	61.3	58.0	54.5	51.2	65.8	56.1
Production	58.0	53.6	+4.4	Growing	Faster	10	67.5	56.0	56.8	52.4	71.1	59.8
Employment	53.6	53.7	-0.1	Growing	Slower	13	58.8	52.5	52.3	54.8	50.0	52.4
Supplier Deliveries	52.1	50.8	+1.3	Slowing	Faster	4	53.8	53.0	47.7	54.8	39.5	50.0
Inventories	47.5	49.3	-1.8	Contracting	Faster	5	58.8	45.5	36.4	50.0	47.4	45.1
Customers' Inventories	45.4	46.9	-1.5	Too Low	Faster	5	46.3	47.5	45.5	42.9	39.5	42.7
Prices	52.6	48.4	+4.2	Increasing	From Decreasing	1	61.3	47.0	54.5	63.1	47.4	46.3
Backlog of Orders	46.9	45.7	+1.2	Contracting	Slower	8	47.5	47.0	45.5	44.0	55.3	48.8
Exports	53.2	46.9	+6.3	Growing	From Contracting	1	56.3	53.5	47.7	51.2	55.3	54.9
Imports	51.3	48.2	+3.1	Growing	From Contracting	1	61.3	49.0	52.3	52.4	57.9	41.5
Six-month Outlook	54.8	48.3	+6.5	Growing	From Contracting	1	52.5	56.5	52.3	52.4	68.4	50.0
Production Materials	32	32	-	-	-	-	37	29	30	40	23	31
MRO Supplies	24	25	-	-	-	-	32	19	22	35	22	19
Capital Expenditures	44	45	-	-	-	-	53	39	52	59	42	30

Chart 1: Time Series of Taiwan Manufacturing PMI

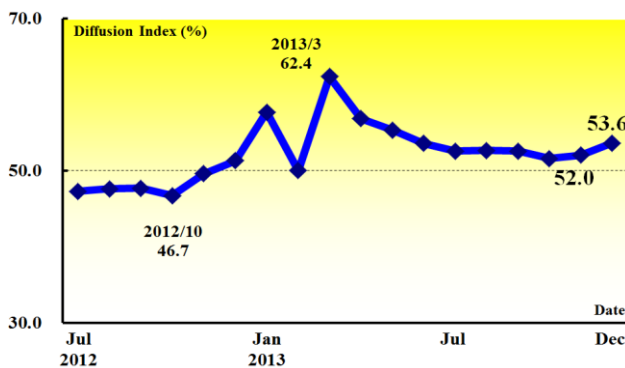
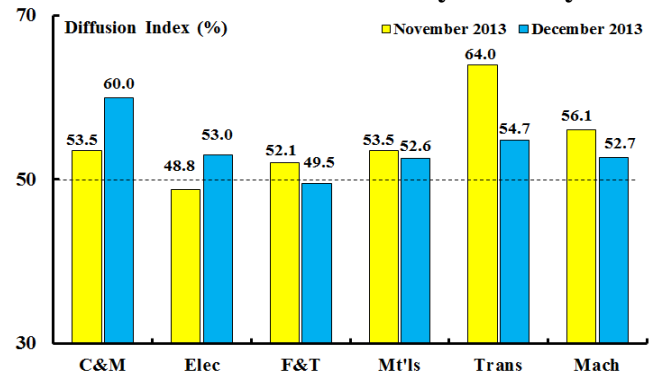


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 53.6 percent in December, an increase of 1.6 percentage points from November, indicating that the manufacturing sector expanded at the fastest pace since July 2013. The rising of PMI was driven by positive outcomes in New Orders and Production Indices.
- The New Orders and Production Indices registered a nine-month and an eight-month high of 57.0% and 58.0% in December, respectively.
- The Customers' Inventories Index dropped 1.5 percentage points for the month to 46.9 percent, indicating that manufacturers believe their customers do not have sufficient inventories on hand for the fifth consecutive month.
- The Prices Index increased 4.2 percentage points to 52.6 percent in December, indicating that raw materials prices increased following only one month of price decreases in November.
- Manufacturer's backlogs contracted for the eighth consecutive month as the Backlog of Orders Index registered 1.2 percentage points higher than the 45.7 percent reported in November.
- The Export Index is very encouraging, as it is up 6.3 percentage points for the month to 53.2 percent and reported growth for the first time following seven months of contraction.
- Imports of materials by manufacturers reported growth after two months of contraction. The Imports Index increased 3.1 percentage points from 48.2 percent to 51.3 percent.
- Promising among Taiwan manufacturers rose at the fastest rate since May 2013. The Six-month Outlook Index registered 54.8 percent, 6.5 percentage points higher than the 48.3 percent reported in November.
- Of the 6 manufacturing industries categories, five are reporting growth in December in the following order: Chemical, Biological & Medical (60.0%); Transportation Equipment (54.7%); Electronic & Optical (53.0%); Electrical & Machinery Equipment (52.7%) and Basic Raw Materials (52.6%). Only Foods & Textiles (49.5%) turned from growing to contracting in December.

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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