

# May 2016 Taiwan Manufacturing PMI

## PMI at 54.9%

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

### MANUFACTURING AT A GLANCE

May 2016

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	54.9	54.6	+0.3	Growing	Faster	3	54.3	53.6	53.3	56.2	61.4	57.4
New Orders	58.0	57.4	+0.6	Growing	Faster	3	51.3	57.0	55.6	58.9	71.4	62.8
Production	57.8	59.3	-1.5	Growing	Slower	3	52.5	57.0	57.4	55.6	69.0	66.3
Employment	54.1	50.0	+4.1	Growing	From Unchanged	1	57.5	53.7	53.7	52.2	57.1	55.8
Supplier Deliveries	51.8	52.3	-0.5	Slowing	Slower	2	53.8	50.4	46.3	57.8	59.5	45.3
Inventories	52.8	53.8	-1.0	Growing	Slower	2	56.3	50.0	53.7	56.7	50.0	57.0
Customers' Inventories	44.4	46.0	-1.6	Too Low	Faster	19	50.0	43.8	40.7	46.7	40.5	43.0
Prices	57.6	59.9	-2.3	Increasing	Slower	3	67.5	52.1	66.7	60.0	69.0	58.1
Backlog of Orders	51.9	54.4	-2.5	Growing	Slower	3	43.8	48.3	48.1	61.1	57.1	59.3
Exports	53.6	56.4	-2.8	Growing	Slower	3	50.0	53.3	38.9	55.6	52.4	67.4
Imports	54.5	51.7	+2.8	Growing	Faster	3	56.3	53.7	44.4	54.4	61.9	61.6
Six-month Outlook	52.4	56.7	-4.3	Growing	Slower	3	52.5	53.3	40.7	55.6	50.0	52.3
Production Materials	33	34	-	-	-	-	40	27	41	36	25	38
MRO Supplies	25	27	-	-	-	-	34	19	37	31	20	22
Capital Expenditures	52	54	-	-	-	-	52	51	67	63	44	39

Chart 1: Time Series of Taiwan Manufacturing PMI

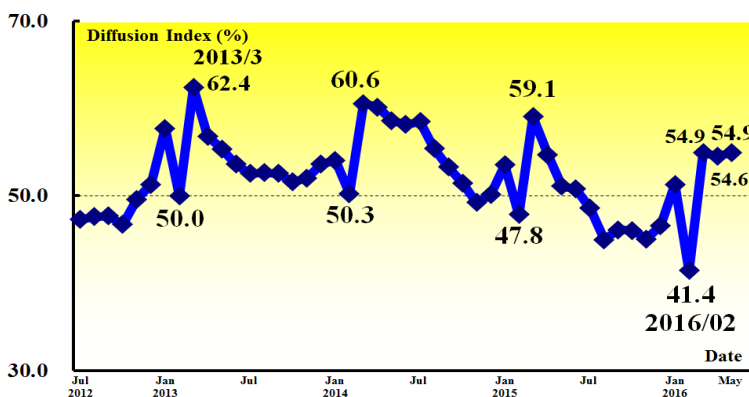
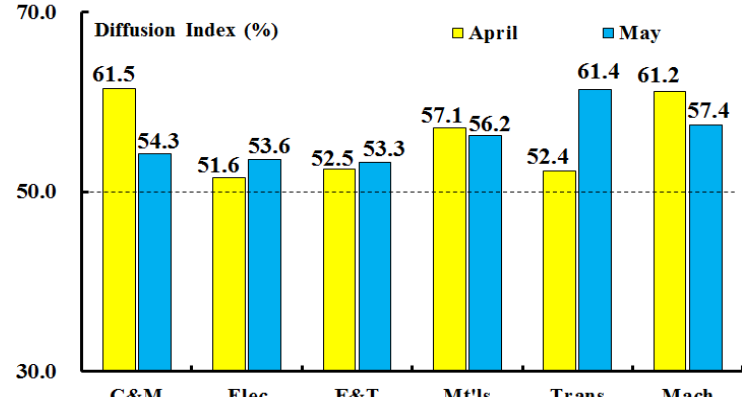


Chart 2: Performance by Industry



#### Summary

- The Taiwan Manufacturing PMI registered 0.3 percentage point higher than the 54.6 percent reported in April, indicating expansion in the manufacturing sector for the third consecutive month.
- Both New Orders and Production Indexes showed the continuous growth in May and registered 58.0 and 57.8 percent in May, respectively, also for the third consecutive month, although the Production Index marked 1.5 percent decrease.
- Manufacturing employment shows a promising momentum as the Employment Index registered 4.1 percentage points higher than the 50.0 percent reported in April and is the main contributor to the higher PMI reading in this month.
- The Supplier Deliveries Index registered 51.8 percent in May, indicating the delivery performance of suppliers to manufacturing sectors was slower for two consecutive months.
- Manufacturers are experiencing higher prices of their purchases for the third consecutive month while the Price Index decreased 2.3 percentage points to 57.6 percent in May.
- The Backlog of Orders Index registered 51.9 percent in May, decrease from the 54.4 percent (the highest reading since June 2014) reported in April.
- Exports by manufacturers remained a growing trend for the third consecutive month while the Exports Index further decreased 2.8 percentage points to 53.6 percent in May.
- Manufacturers are still keeping optimistic about the future although the Six-month Outlook Index decelerated for the first time in the past eight months and registered 4.3 percentage points lower than the 56.7 percent reported in April.
- All the manufacturing industries categories reporting growth in May in the following order: Transportation Equipment (61.4%); Electrical & Machinery Equipment (57.4%); Basic Materials (56.2%); Chemical, Biological & Medical (54.3%); Electronics & Optical (53.6%) and Foods & Textiles (53.3%).

## 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 300 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: +(886) 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  
Tel: +(886) 2 27495889  
[www.smit.org.tw](http://www.smit.org.tw)