

September 2016 Taiwan Manufacturing PMI

PMI at 56.5%

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

MANUFACTURING AT A GLANCE September 2016

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	56.5	55.0	+1.5	Growing	Faster	7	52.5	62.5	47.3	48.3	51.8	56.8
New Orders	59.3	57.3	+2.0	Growing	Faster	7	51.3	69.9	48.1	42.7	50.0	61.3
Production	59.9	57.3	+2.6	Growing	Faster	7	56.3	70.8	42.3	40.6	59.1	62.5
Employment	56.9	56.8	+0.1	Growing	Faster	5	53.8	58.4	51.9	56.3	56.8	57.5
Supplier Deliveries	54.0	52.7	+1.3	Slowing	Faster	6	52.5	58.4	48.1	51.0	45.5	48.8
Inventories	52.4	51.0	+1.4	Growing	Faster	6	48.8	54.9	46.2	51.0	47.7	53.8
Customers' Inventories	45.0	47.0	-2.0	Too Low	Faster	23	36.3	46.5	36.5	51.0	45.5	40.0
Prices	52.8	57.8	-5.0	Increasing	Slower	7	61.3	52.7	55.8	51.0	50.0	48.8
Backlog of Orders	53.9	50.4	+3.5	Growing	Faster	2	46.3	60.2	42.3	46.9	47.7	56.3
Exports	58.1	55.9	+2.2	Growing	Faster	7	56.3	65.5	59.6	43.8	54.5	52.5
Imports	56.6	51.8	+4.8	Growing	Faster	7	52.5	63.7	50.0	46.9	45.5	55.0
Six-month Outlook	53.5	55.2	-1.7	Growing	Slower	7	61.3	57.5	55.8	40.6	50.0	52.5
Production Materials	33	34	-	-	-	-	34	31	41	37	22	33
MRO Supplies	28	27	-	-	-	-	34	23	37	36	25	21
Capital Expenditures	51	56	-	-	-	-	50	48	69	59	64	37

Chart 1: Time Series of Taiwan Manufacturing PMI

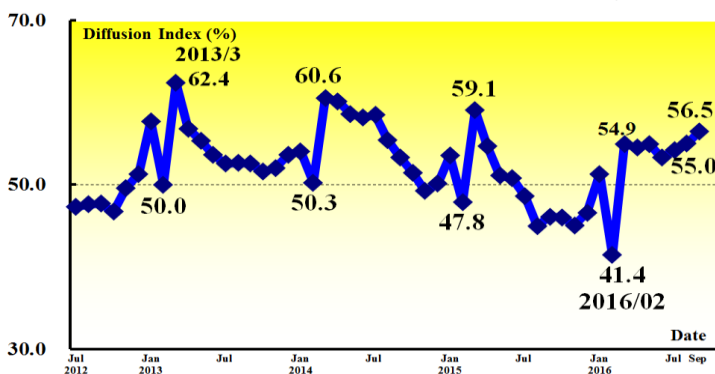
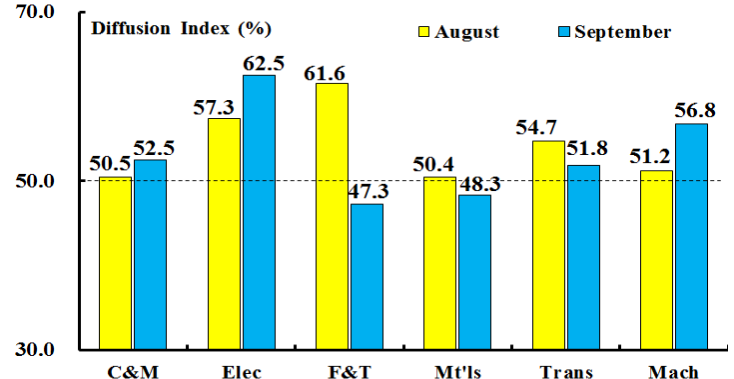


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded at a rather faster rate in September as the Taiwan manufacturing PMI increased 1.5 percentage points to 56.5 percent and registered its biggest month-to-month increase since April 2016
- The New Orders and Production Indexes went up 2.0 and 2.6 percentage points to 59.3 and 59.9 percent, respectively. The rapid growth in manufacturing new orders and production was mainly contributed by the comparable high activities in Electronic & Optical industry.
- The Employment Index inched up 0.1 percentage point to 56.9 percent and registered its highest reading since August 2014.
- The Supplier Deliveries Index increased 1.3 percentage points to 54.0 percent, the highest level in the past twenty-five months.
- Manufacturing Inventories accelerated following four months of deceleration as the Inventories Index registered 1.4 percentage points higher than the 51.0 percent reported in August.
- Manufacturers are experiencing higher prices of their purchases for seven consecutive months while the Price Index fell 5.0 percentage points to 52.8 percent in September.
- The Exports Index further rose 2.2 percentage points to 58.1 percent and registered its highest reading since April 2015.
- The Import Index registered 56.6 percent, an increase of 4.8 percentage points from August and also the highest level recorded by the index since September 2014.
- The Six-month Outlook Index continued its growth trend but further decreased 1.7 percentage points to 53.5 percent.
- Of the six manufacturing industries categories, four are reporting growth in September in the following order: Electronics & Optical (62.5%); Electrical & Machinery Equipment (56.8%); Chemical, Biological & Medical (52.5%) and Transportation Equipment (51.8%). While Foods & Textiles (47.3%) and Basic Materials (48.3%) turned to contraction in September.

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.

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