

November 2016 Taiwan Manufacturing PMI

PMI at 57.3%

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

MANUFACTURING AT A GLANCE

November 2016

Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	57.3	54.5	+2.8	Growing	Faster	9	56.8	55.1	62.3	60.7	63.6	54.4
New Orders	61.3	55.0	+6.3	Growing	Faster	9	63.4	56.1	78.8	64.0	70.5	61.0
Production	60.4	55.7	+4.7	Growing	Faster	9	54.9	59.2	67.3	62.8	68.2	56.1
Employment	55.6	56.3	-0.7	Growing	Slower	7	56.1	54.8	63.5	52.3	63.6	54.9
Supplier Deliveries	56.0	52.7	+3.3	Slowing	Faster	8	62.2	53.9	51.9	62.8	52.3	52.4
Inventories	53.2	52.7	+0.5	Growing	Faster	8	47.6	51.3	50.0	61.6	63.6	47.6
Customers' Inventories	49.1	44.0	+5.1	Too Low	Slower	25	37.8	47.8	51.9	57.0	61.4	40.2
Prices	68.2	59.3	+8.9	Increasing	Faster	9	72.0	63.2	69.2	79.1	59.1	72.0
Backlog of Orders	55.2	51.4	+3.8	Growing	Faster	4	56.1	53.1	63.5	60.5	52.3	48.8
Exports	55.0	54.0	+1.0	Growing	Faster	9	58.5	54.4	61.5	48.8	65.9	56.1
Imports	54.3	54.7	-0.4	Growing	Slower	9	61.0	51.8	59.6	57.0	59.1	48.8
Six-month Outlook	54.0	51.8	+2.2	Growing	Faster	9	58.5	51.8	67.3	53.5	52.3	52.4
Production Materials	33	35	-	-	-	-	37	27	49	40	24	34
MRO Supplies	28	28	-	-	-	-	43	20	43	33	26	20
Capital Expenditures	52	56	-	-	-	-	64	49	66	59	58	30

Chart 1: Time Series of Taiwan Manufacturing PMI

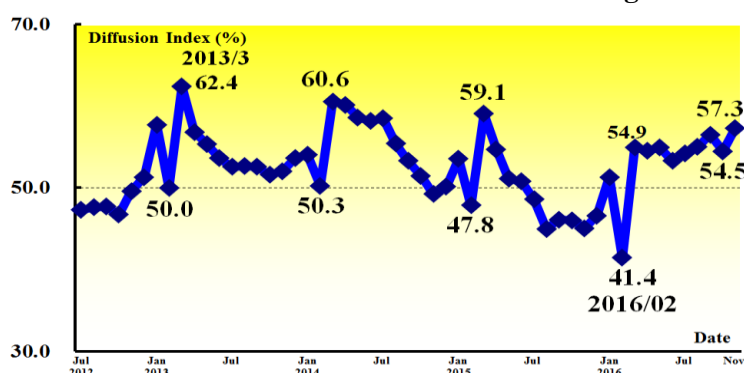
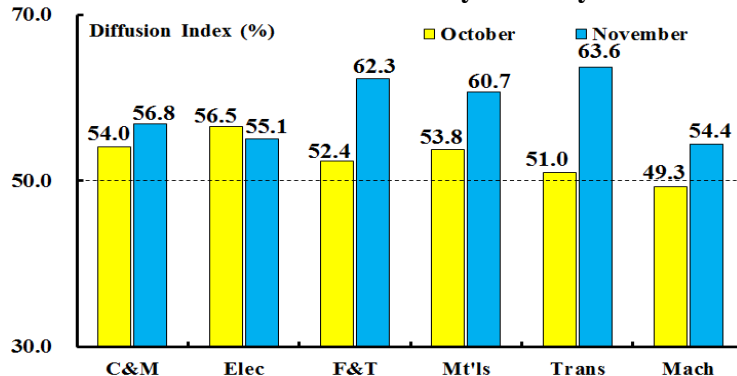


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded for the ninth consecutive month as the Taiwan Manufacturing PMI rose by 2.8 percentage points to 57.3 percent in November. The said faster growth in new orders and production are the two major drivers to the higher PMI reading.
- Both New Orders and Production Indexes rose above the 60.0 percent and registered 6.3 and 4.7 percentage points higher than the 55.0 and 55.7 percent in October, respectively.
- The Employment Index decreased by 0.7 percentage point, however, it still continues the growth trend for seven consecutive months and registered 55.6 percent in November.
- The Supplier Deliveries Index registered 56.0 percent, an increase of 3.3 percentage points while it compared to October and also the highest level recorded by the index since July 2014.
- The manufacturers still believe their customers have less than sufficient inventories on hand while the Customers' Inventories Index registered 49.1 percent in November, but, a big increase of 5.1 percentage points and also the highest level recorded by the index since November 2014.
- The Prices Index registered 68.2 percent, an increase of 8.9 percentage points from October and also the highest level recorded by the index since July 2012.
- Manufacturers' export expanded for nine consecutive months as the Export Index registered 55.0 percent in November.
- The Six-month Outlook Index remained in growth territory in November at 54.0 percent and accelerated for the first time in the past four months.
- All the manufacturing industries categories reporting growth in November in the following order: Transportation Equipment (63.6%); Foods & Textiles (62.3%); Basic Materials (60.7%); Chemical, Biological & Medical (56.8%); Electronics & Optical (55.1%) and Electrical & Machinery Equipment (54.4%).

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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