

April 2013 Taiwan Manufacturing PMI

PMI at 56.8%

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

MANUFACTURING AT A GLANCE

April 2013

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'l's	Trans	Mach
Taiwan Manufacturing PMI	56.8	62.4	-5.6	Growing	Slower	2	49.4	60.3	64.7	51.2	60.0	53.7
New Orders	56.7	69.6	-12.9	Growing	Slower	6	45.2	63.0	71.1	46.3	58.8	50.0
Production	60.0	73.7	-13.7	Growing	Slower	2	45.2	66.8	68.4	46.3	64.7	67.1
Employment	54.6	57.2	-2.6	Growing	Slower	5	53.2	56.5	65.8	47.6	58.8	50.0
Supplier Deliveries	53.3	53.9	-0.6	Slowing	Slower	2	48.4	56.0	55.3	47.6	58.8	55.3
Inventories	59.6	57.5	+2.1	Growing	Faster	2	54.8	59.2	63.2	68.3	58.8	46.1
Customers' Inventories	53.6	47.5	+6.1	Too High	From Too Low	1	61.3	50.0	47.4	58.5	64.7	48.7
Prices	38.7	56.1	-17.4	Decreasing	From Increasing	1	35.5	44.6	44.7	24.4	47.1	35.5
Backlog of Orders	50.7	56.3	-5.6	Growing	Slower	4	45.2	57.6	55.3	32.9	52.9	57.9
Exports	53.5	65.2	-11.7	Growing	Slower	4	46.8	60.3	65.8	40.2	52.9	47.4
Imports	56.4	62.5	-6.1	Growing	Slower	2	54.8	60.3	65.8	50.0	55.9	44.7
Six-month Outlook	57.1	65.3	-8.2	Growing	Slower	5	54.8	67.4	65.8	36.6	58.8	44.7
Production Materials	33	35	-	-	-	-	35	32	40	32	29	34
MRO Supplies	21	24	-	-	-	-	19	20	27	23	24	20
Capital Expenditures	40	45	-	-	-	-	36	42	56	45	47	27

Chart 1 : Time Series of Taiwan Manufacturing PMI

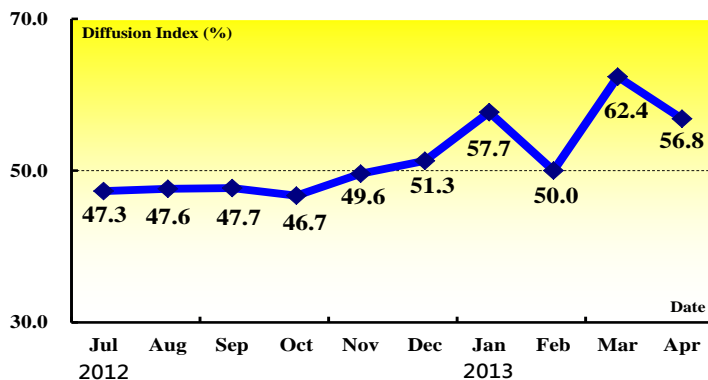
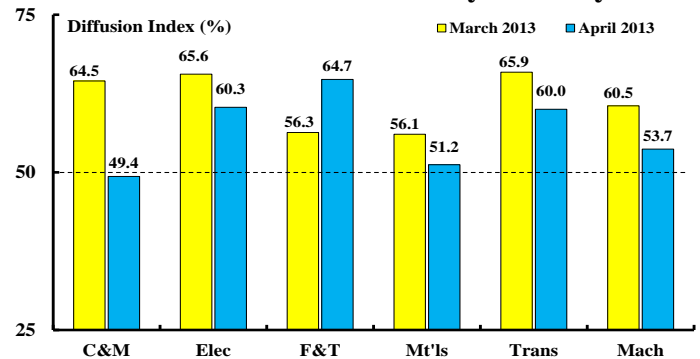


Chart 2 : Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 56.8 percent in April, which is 5.6 percentage points lower than the 62.4 percent reported in March, indicating expansion in manufacturing for the second consecutive month, but at a slower rate.
- Both New Orders and Production Indexes showed continued growth in April, albeit at slower rates, dropping 12.9 and 13.7 percentage points to 56.7 and 60.0 percent, respectively. Slower growth in New Orders and Production Indexes are the primary contributors to this month's lower PMI reading.
- Manufacturing employment continues to show good momentum for the year, as the Employment Index registered 54.6 percent, which is 2.6 percentage points lower than the 57.2 percent reported in March.
- The Customers' Inventories Index registered 6.1 percentage points higher than the 47.5 percent reported in March, indicating that respondents believe their customers have more than sufficient inventories on hand for the first time in the past eight months.
- The Prices Index registered 38.7 percent, a decrease of 17.4 percentage points when compared to March and also the lowest level recorded by the index since July 2012. The significant decline in the Prices Index signals less inflationary pressure on manufacturers' costs.
- Manufacturers generally remain optimistic about the future. However, the Six-month Outlook Index registered 8.2 percent points below the March reading of 65.3%. This is the largest month-to-month decrease since July 2012.
- Of the 6 manufacturing industries categories, five are reporting growth in April in the following order: Foods & Textiles (64.7%); Electronic & Optical (60.3%); Transportation Equipment (60.0%); Electrical & Machinery Equipment (53.7%) and Basic Raw Materials (51.2%); Only Chemical, Biological & Medical (49.4%) industry reported contraction.

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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