

October 2016 Taiwan Manufacturing PMI

PMI at 54.5%

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

MANUFACTURING AT A GLANCE

October 2016

Index	Series Index Oct	Series Index Sep	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	54.5	56.5	-2.0	Growing	Slower	8	54.0	56.5	52.4	53.8	51.0	49.3
New Orders	55.0	59.3	-4.3	Growing	Slower	8	56.0	59.4	52.0	52.2	50.0	42.7
Production	55.7	59.9	-4.2	Growing	Slower	8	58.3	59.4	52.0	47.8	57.5	52.4
Employment	56.3	56.9	-0.6	Growing	Slower	6	53.6	57.3	56.0	57.8	52.5	52.4
Supplier Deliveries	52.7	54.0	-1.3	Slowing	Slower	7	52.4	54.3	50.0	54.4	45.0	47.6
Inventories	52.7	52.4	+0.3	Growing	Faster	7	50.0	52.1	52.0	56.7	50.0	51.2
Customers' Inventories	44.0	45.0	-1.0	Too Low	Faster	24	41.7	41.0	56.0	50.0	42.5	39.0
Prices	59.3	52.8	+6.5	Increasing	Faster	8	71.4	53.8	60.0	65.6	65.0	59.8
Backlog of Orders	51.4	53.9	-2.5	Growing	Slower	3	50.0	54.7	50.0	48.9	40.0	47.6
Exports	54.0	58.1	-4.1	Growing	Slower	8	61.9	59.0	52.0	46.7	40.0	45.1
Imports	54.7	56.6	-1.9	Growing	Slower	8	59.5	56.4	54.0	52.2	47.5	51.2
Six-month Outlook	51.8	53.5	-1.7	Growing	Slower	8	56.0	55.1	56.0	45.6	47.5	42.7
Production Materials		35	33	-	-	-	39	29	50	42	27	32
MRO Supplies		28	28	-	-	-	41	22	42	34	29	20
Capital Expenditures		56	51	-	-	-	65	52	72	59	60	39

Chart 1: Time Series of Taiwan Manufacturing PMI

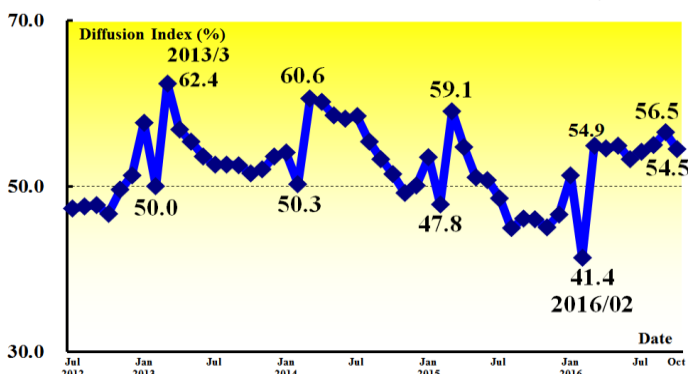
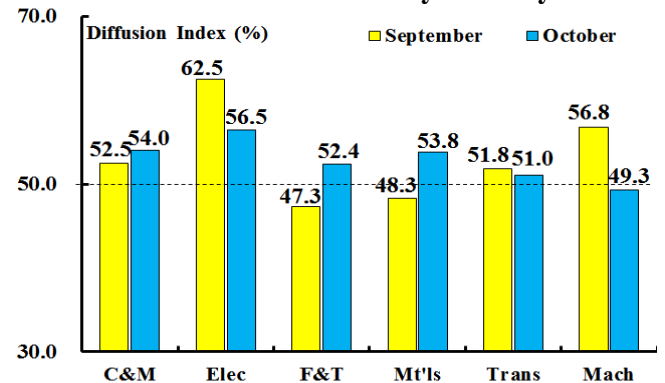


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing sector expanded at a rather flat rate in October as the Taiwan manufacturing PMI decreased 2.0 percentage points to 54.5 percent. The slower growth in new orders and production are the two major reasons to the lower PMI reading.
- The New Orders and Production Indexes, two major leading components of the PMI, decreasing 4.3 and 4.2 percentage points to 55.0 and 55.7 percent, respectively.
- The Employment Index decreased by 0.6 percent, however, it still continues the growth trend for the sixth consecutive month and registered 56.3 percent in October.
- The Supplier Deliveries Index registered 52.7 percent in October, down from the 54.0 percent (the highest reading in the past twenty-six months) reported in October.
- Manufacturers are experiencing the impact on higher prices of their purchases for eight consecutive months as the Price Index rose 6.5 percentage points to 59.3 percent in October.
- Manufacturing backlog decelerated as the Backlog Index dropped 2.5 percentage points to 51.4 percent in October.
- The Exports Index fell 4.1 percentage points to 54.0 percent in October.
- The Import Index registered 54.7 percent in October, down from the highest recorded level of 56.6 percent since September 2014.
- The Six-month Outlook Index remained in growth territory in October at 51.8 percent but decelerated for the third consecutive month.
- Of the six manufacturing industries categories, five are reporting growth in October in the following order: Electronics & Optical (56.5%); Chemical, Biological & Medical (54.0%); Basic Materials (53.8%); Foods & Textiles (52.4%) and Transportation Equipment (51.0%). While Electrical & Machinery Equipment (49.3%) failed to grow in October.

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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