

January 2017 Taiwan Manufacturing PMI

PMI at 53.4%

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

MANUFACTURING AT A GLANCE

January 2017

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	53.4	55.9	-2.5	Growing	Slower	11	52.9	52.1	60.0	49.8	59.1	60.0
New Orders	51.4	57.3	-5.9	Growing	Slower	11	47.6	49.6	62.0	44.0	59.1	67.5
Production	50.3	59.5	-9.2	Growing	Slower	11	48.8	48.2	62.0	45.2	59.1	58.8
Employment	52.8	53.4	-0.6	Growing	Slower	9	56.0	48.7	56.0	54.8	61.4	60.0
Supplier Deliveries	60.6	56.1	+4.5	Slowing	Faster	10	56.0	63.4	66.0	57.1	59.1	53.8
Inventories	52.1	53.2	-1.1	Growing	Slower	10	56.0	50.9	54.0	47.6	56.8	60.0
Customers' Inventories	48.5	48.7	-0.2	Too Low	Faster	27	47.6	45.1	50.0	63.1	34.1	42.5
Prices	76.1	74.1	+2.0	Increasing	Faster	11	81.0	72.3	78.0	79.8	70.5	85.0
Backlog of Orders	54.1	53.2	+0.9	Growing	Faster	6	63.1	50.9	60.0	52.4	50.0	63.8
Exports	54.6	53.7	+0.9	Growing	Faster	11	61.9	52.7	64.0	50.0	56.8	58.8
Imports	55.3	55.4	-0.1	Growing	Slower	11	59.5	52.2	58.0	56.0	54.5	63.8
Six-month Outlook	61.5	59.8	+1.7	Growing	Faster	11	73.8	61.2	62.0	52.4	61.4	71.3
Production Materials	33	33	-	-	-	-	35	29	48	31	24	40
MRO Supplies	28	28	-	-	-	-	42	22	37	30	24	24
Capital Expenditures	54	56	-	-	-	-	64	49	70	60	56	39

Chart 1: Time Series of Taiwan Manufacturing PMI

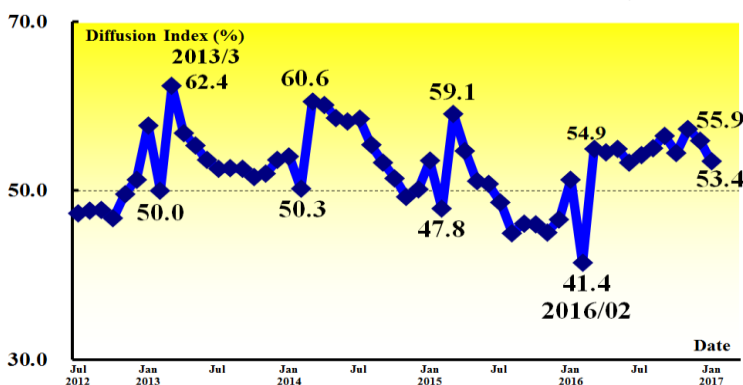
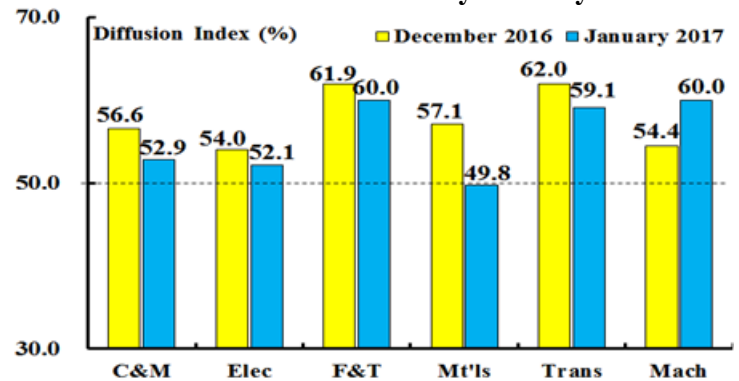


Chart 2: Performance by Industry



Summary

- The manufacturing sector expanded for the eleventh consecutive month while the Taiwan Manufacturing PMI slowly decreased by 2.5 percentage points to 53.4 percent in January 2017. The declines both in new orders and production are the main reasons to the comparing lower PMI reading.
- The Chinese New Year holidays slowed the nation's manufacturing activities as the New Orders and Production Indexes dropped 5.9 and 9.2 percentage points to 51.4 and 50.3 percent, respectively.
- The Employment Index remained in growth territory at 52.8 percent but decelerated for the fourth consecutive month.
- As the "One Fixed Day-off and One Flexible Rest Day" rule of the Labor Standards Act effects from January, the Supplier Deliveries Index rose 4.5 percentage points to 60.6 percent and registered its highest reading since July 2012.
- The Customers' Inventories Index has declined for twenty-seven consecutive months and registered 48.5 percent in January.
- The Prices Index accelerated for the fourth consecutive month and registered 76.1 percent in January. This is also the highest reading for the Prices Index since July 2012.
- Manufacturers' order backlogs remained in growth territory for the sixth consecutive month as the Backlog of Orders Index rose 0.9 percent point to the 54.1 percent.
- Manufacturers' export expanded for eleven consecutive months as the Export Index registered 54.6 percent in January.
- The Six-month Outlook Index registered 1.7 percentage points higher than the 59.8 percent in December 2016 and recorded its highest reading since March 2015.
- Of the six manufacturing industries categories, five are reporting growth in January in the following order: Foods & Textiles (60.0%); Electrical & Machinery Equipment (60.0%); Transportation Equipment (59.1%); Chemical, Biological & Medical (52.9%) and Electronics & Optical (52.1%). While Basic Materials (49.8%) failed to grow in January 2017.

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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