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April 2018 Taiwan Manufacturing PMI

PMI at 58.0%

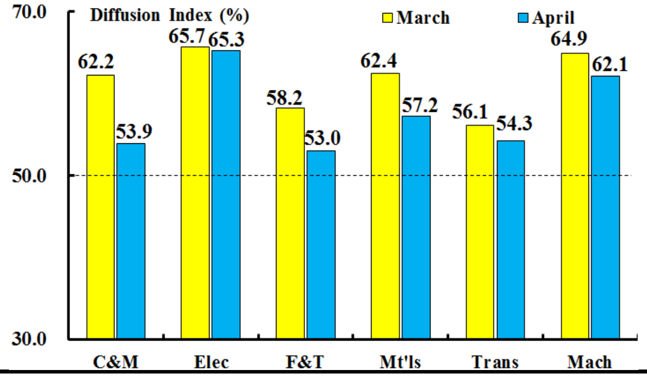
New Orders, Production and Employment Growing;
Supplier Deliveries Slowing;
Inventories Growing

MANUFACTURING AT A GLANCE
April 2018

Unit : %							Industries					
Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	58.0	57.5	+0.5	Growing	Faster	25	53.9	65.3	53.0	57.2	54.3	62.1
New Orders	56.0	55.1	+0.9	Growing	Faster	15	56.1	66.5	55.0	56.4	45.2	67.9
Production	58.0	53.9	+4.1	Growing	Faster	15	55.1	69.3	58.3	65.4	54.8	64.3
Employment	55.9	54.7	+1.2	Growing	Faster	24	52.0	60.6	55.0	50.0	57.1	60.7
Supplier Deliveries	62.2	62.7	-0.5	Slowing	Slower	25	52.0	67.4	50.0	57.7	57.1	66.7
Inventories	58.1	61.2	-3.1	Growing	Slower	25	54.1	62.8	46.7	56.4	57.1	51.2
Customers' Inventories	48.7	50.7	-2.0	Too Low	From Too High	1	49.0	46.8	46.7	55.1	52.4	44.0
Prices	71.7	75.4	-3.7	Increasing	Slower	26	72.4	71.1	65.0	74.4	61.9	79.8
Backlog of Orders	55.2	62.9	-7.7	Growing	Slower	21	49.0	57.3	51.7	55.1	40.5	60.7
Exports	57.1	64.4	-7.3	Growing	Slower	2	50.0	60.6	55.0	53.8	45.2	60.7
Imports	58.4	59.7	-1.3	Growing	Slower	26	57.1	60.1	51.7	55.1	57.1	64.3
Six-month Outlook	63.0	64.8	-1.8	Growing	Slower	26	61.2	67.9	61.7	52.6	59.5	64.3
Production Materials	37	37	-	-	-	-	36	35	36	50	21	43
MRO Supplies	32	30	-	-	-	-	47	27	34	36	15	32
Capital Expenditures	67	68	-	-	-	-	68	65	63	87	47	68

Chart 1: Time Series of Taiwan Manufacturing PMI

Chart 2: Performance by Industry



Summary

- The manufacturing sector continued plus momentum in April as the Taiwan Manufacturing PMI rose 0.5 percentage point, signaling good performance in April when compared to the seasonally adjusted 57.5 percent recorded in March.
- Both New Orders and Production Indexes presented an upward improvement as they went up 0.9 and 4.1 percentage points to the seasonally adjusted March reading of 55.1 and 53.9 percent, respectively.
- The Employment Index remained in growth territory for twenty-four consecutive months as it went up 1.2 percentage points to 55.9 percentage point from the seasonally adjusted March reading of 54.7 percent.
- The Supplier Deliveries Index reflected slower deliveries for twenty-five consecutive months and registered 62.2 percent in April, down from the highest recorded level of 62.7 percent in July 2012.
- The Customers' Inventories Index fell 2.0 percentage points to 48.7 percent in April, indicating that respondents believe their customers still have less than sufficient inventories on hand.
- Manufacturers continue to pay higher price level for twenty-six consecutive months as the Prices Index registered 71.7 percent and remained above 70.0 percent for the ninth consecutive month.
- Manufacturers' order backlogs decelerated this month, but it still remains at very positive levels. The Backlog of Orders Index registered 55.2 percent in April, down from the highest recorded level of 62.9 percent since July 2012.
- Both Exports and Imports Indexes expanded at a rather slower rate as they fell 7.3 and 1.3 percentage points to 57.1 and 58.4 percent, respectively.
- The Six-month Outlook Index remained above 60.0 percent for the fourth consecutive month, however, it registered at 63.0 percent, 1.8 percentage points lower than the 64.8 percent in March.
- All the manufacturing industries categories reporting growth in April in the following order: Electronics & Optical (65.3%); Electrical & Machinery Equipment (62.1%); Basic Materials (57.2%); Transportation Equipment (54.3%); Chemical, Biological & Medical (53.9%) and Foods & Textiles (53.0%).

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 300manufacturing 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.

Starting from each release of the Month of April 2018, the index numbers for Manufacturing PMI, New Orders, Production and Employment are seasonally adjusted to remove those seasonal components and calendar effects such as trading day, leap year and other moving holiday effects. Averaging the seasonally adjusted component series (the New Orders, Production, and Employment indexes) and the seasonally unadjusted components (Supplier Delivers and Inventories indexes) which will give rise to the indirect seasonally adjusted Manufacturing PMI. As the direct seasonally adjusted PMI is more stable than the indirect seasonally adjusted PMI, CIER assumes the difference between these two indexes to three seasonally adjusted component series using the variance of each irregular component as weights. Therefore, the equality of seasonally adjusted PMI and its component series is maintained. The diffusion indexes other than the PMI component series and the industrial data are raw data and not seasonally adjusted.

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