

February 2018 Taiwan Manufacturing PMI

PMI at 50.4%

**New Orders and Production Contracting; Employment Growing;
Supplier Deliveries Slowing;
Inventories Growing**

MANUFACTURING AT A GLANCE

February 2018

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries					
							C&M	Elec	F&T	Mt'ls	Trans	Mach
Taiwan Manufacturing PMI	50.4	59.0	-8.6	Growing	Slower	24	54.4	50.7	41.1	52.4	43.5	52.8
New Orders	44.1	60.9	-16.8	Contracting	From Growing	1	52.2	44.6	30.4	45.2	30.0	51.2
Production	37.0	61.2	-24.2	Contracting	From Growing	1	48.9	34.3	28.6	39.3	32.5	45.3
Employment	51.4	53.2	-1.8	Growing	Slower	22	55.6	47.1	50.0	57.1	57.5	55.8
Supplier Deliveries	62.5	61.6	+0.9	Slowing	Faster	23	60.0	69.0	53.6	54.8	55.0	59.3
Inventories	56.9	57.9	-1.0	Growing	Slower	23	55.6	58.3	42.9	65.5	42.5	52.3
Customers' Inventories	45.7	44.5	+1.2	Too Low	Slower	40	42.2	48.3	44.6	45.2	37.5	41.9
Prices	74.9	79.2	-4.3	Increasing	Slower	24	70.0	74.4	62.5	79.8	72.5	83.7
Backlog of Orders	51.7	53.4	-1.7	Growing	Slower	19	50.0	53.7	42.9	54.8	27.5	57.0
Exports	48.4	59.1	-10.7	Contracting	From Growing	1	52.2	48.3	42.9	50.0	42.5	50.0
Imports	51.2	57.7	-6.5	Growing	Slower	24	51.1	50.0	44.6	53.6	50.0	59.3
Six-month Outlook	65.7	65.7	+0.0	Growing	Same	24	65.6	71.9	50.0	59.5	55.0	66.3
Production Materials	39	37	-	-	-	-	39	34	45	49	27	41
MRO Supplies	30	31	-	-	-	-	40	25	34	33	18	33
Capital Expenditures	70	64	-	-	-	-	73	65	79	78	52	76

Chart 1: Time Series of Taiwan Manufacturing PMI

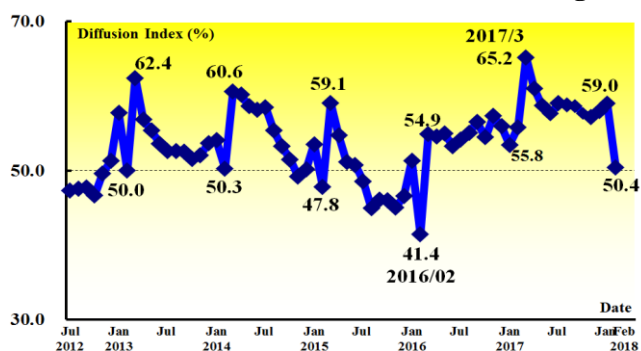
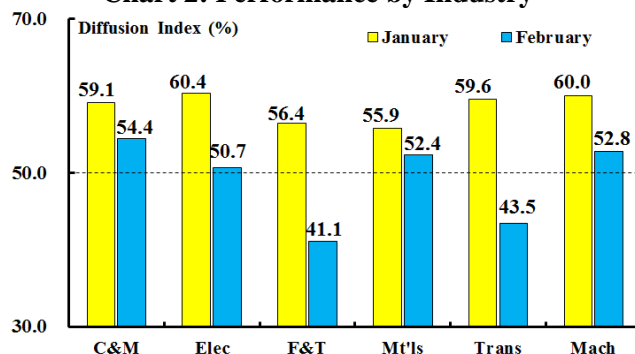


Chart 2: Performance by Industry



Summary

- The Taiwan Manufacturing PMI registered 50.4 percent in February, which is 8.6 percentage points lower than the 59.0 percent in January. The big decline in new orders and production is the main reason to the lower PMI output.
- The holiday break for the Chinese New Year and the Peace Memorial Day slowed down the nation's manufacturing activities. The New Orders and Production Indexes dropped 16.8 and 24.2 percentage points to 44.1 and 37.0 percent, respectively, it quite influenced.
- Manufacturing Employment still grew in February for twenty-two consecutive months although the Employment Index further decreased 1.8 percentage points to 51.4 percent.
- The Supplier Deliveries Index raised up to 62.5 percent in February and registered its highest reading since July 2012.
- The Prices Index remained above 70.0 percent for the seventh consecutive month while the index registered 4.3 percent points below the January reading of 79.2 percent.
- Manufacturer's backlogs grew for the nineteenth consecutive month while the Backlog of Orders Index registered 1.7 percentage points lower than the 53.4 percent reported in January.
- The Exports Index dropped 10.7 percentage points to 48.4 percent turning to contraction in February.
- Imports of materials by manufacturers remained in expansion for twenty-four consecutive months, although the Imports Index decreased 6.5 percentage points to 51.2 percent.
- Manufacturers are still positive on the future as the Six-month Outlook Index maintain at 65.7 percent in February, with the fastest growth rate record by the index since April 2017.
- Of the six manufacturing industries categories, four are reporting growth in the following order: Chemical, Biological & Medical (54.4%); Electrical & Machinery Equipment (52.8%); Basic Materials (52.4%) and Electronics & Optical (50.7%). While Foods & Textiles (41.1%) and Transportation Equipment (43.5%) industries reported contraction.

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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