February 2017 Taiwan Manufacturing PMI

PMI at 55.8%  
New Orders and Employment Growing, Production Contracting,  
Supplier Deliveries Slowing, Inventories Growing

MANUFACTURING AT A GLANCE

**February 2017**

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<th>Series Index</th>
<th>Percentage Point Change</th>
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<th>Trend (Months)</th>
<th>C&amp;M</th>
<th>Elec</th>
<th>F&amp;T</th>
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<th>Trans</th>
<th>Mach</th>
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<td>+2.4</td>
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**Chart 1: Time Series of Taiwan Manufacturing PMI**

**Chart 2: Performance by Industry**

**Summary**

- The manufacturing sector expanded for twelve consecutive months as the Taiwan Manufacturing PMI rose by 2.4 percentage points to 55.8 percent in February. The increase in new orders is the main reason to the higher PMI reading.
- The New Orders index registered 6.8 percentage points higher than the 51.4 percent in February. The significant growth in the New Orders Index was driven by the favorable outcome in Electronics and Optical manufacturers’ new orders.
- The holiday break for the Chinese New Year and the Peace Memorial Day slowed the nation’s manufacturing activities slightly as the Production Indexes dropped only 0.4 percentage points to 49.9 percent in February.
- The Employment Index remained in growth territory for the tenth consecutive month and rose 3.0 percent points to 55.8 percent in February.
- The Supplier Deliveries Index remained above 60.0 percent for two consecutive months and registered 60.4 percent.
- The Inventories Index rose 2.7 percentage points to 54.8 percent and registered its highest reading since May 2015.
- The Prices Index accelerated for the fifth consecutive month and registered 76.4 percent in February. This is also the highest reading reported by the index since July 2012.
- The Backlog of Orders Index registered 54.7 percent and indicates a growth trend for seven consecutive months.
- The Export Index rose 4.1 percentage points to 58.7 percent and registered its highest reading since April 2015.
- The Six-month Outlook Index is up 2.9 percentage points to 64.4% and registered its highest reading since August 2014.
- Of the six manufacturing industries categories, four are reporting growth in February in the following order: Transportation Equipment (63.6%); Electrical & Machinery Equipment (61.7%); Electronics & Optical (57.6%) and Chemical, Biological & Medical (56.3%). While Foods & Textiles (47.1%) turns from growing to contracting in February. Only Basic Materials (50.0%) reported unchanged from January.

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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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