

## April 2018 Taiwan Non-Manufacturing Index

NMI at 55.6%

Business Activity Index at 58.6%

New Orders Index at 56.3%

Employment Index at 54.1%

### NON-MANUFACTURING AT A GLANCE

April 2018

| Index               | Series Index Apr | Series Index Mar | Percentage Point Change | Direction   | Rate of Change   | Trend (Months) | Industries |          |           |           |            |      |              |      |
|---------------------|------------------|------------------|-------------------------|-------------|------------------|----------------|------------|----------|-----------|-----------|------------|------|--------------|------|
|                     |                  |                  |                         |             |                  |                | Acc & Food | Con & RE | Ed/Pro/ST | Fin & Ins | Inf/Com/BC | Ret  | Trans & Stor | WS   |
| Taiwan NMI          | 55.6             | 54.4             | +1.2                    | Growing     | Faster           | 14             | 37.5       | 52.1     | 62.9      | 65.2      | 60.2       | 42.8 | 51.5         | 56.0 |
| Business Activity   | 58.6             | 54.2             | +4.4                    | Growing     | Faster           | 2              | 41.7       | 51.7     | 66.1      | 78.4      | 65.6       | 40.0 | 52.0         | 54.8 |
| New Orders          | 56.3             | 55.6             | +0.7                    | Growing     | Faster           | 2              | 29.2       | 55.0     | 71.4      | 70.6      | 62.5       | 33.3 | 50.0         | 52.4 |
| Employment          | 54.1             | 53.8             | +0.3                    | Growing     | Faster           | 14             | 37.5       | 55.0     | 58.9      | 60.8      | 56.3       | 42.0 | 52.0         | 54.8 |
| Supplier Deliveries | 53.3             | 53.9             | -0.6                    | Slowing     | Slower           | 45             | 41.7       | 46.7     | 55.4      | 51.0      | 56.3       | 56.0 | 52.0         | 61.9 |
| Inventories         | 50.9             | 51.8             | -0.9                    | Growing     | Slower           | 2              | 45.8       | 45.0     | 53.6      | 53.9      | 43.8       | 58.0 | 52.0         | 47.6 |
| Prices              | 63.8             | 63.8             | +0.0                    | Increasing  | Same             | 28             | 45.8       | 71.7     | 62.5      | 59.8      | 62.5       | 56.0 | 64.0         | 70.2 |
| Backlog of Orders   | 51.7             | 49.6             | +2.1                    | Growing     | From Contracting | 1              | 33.3       | 46.7     | 60.7      | 58.8      | 56.3       | 44.0 | 46.0         | 52.4 |
| New Export Orders   | 49.9             | 47.4             | +2.5                    | Contracting | Slower           | 2              | 66.7       | 42.9     | 57.1      | 60.7      | 56.3       | 25.0 | 63.6         | 48.3 |
| Imports             | 51.8             | 51.5             | +0.3                    | Growing     | Faster           | 2              | 33.3       | 45.0     | 61.1      | 54.2      | 56.3       | 25.0 | 50.0         | 53.0 |
| Service Charge      | 54.9             | 49.2             | +5.7                    | Increasing  | From Decreasing  | 1              | 54.2       | 53.3     | 57.7      | 64.7      | 53.1       | 52.1 | 48.0         | 56.0 |
| Inventory Sentiment | 51.3             | 52.6             | -1.3                    | Too High    | Slower           | 45             | 58.3       | 43.3     | 50.0      | 51.0      | 46.9       | 56.0 | 52.0         | 54.8 |
| Six-month Outlook   | 51.4             | 56.3             | -4.9                    | Growing     | Slower           | 8              | 33.3       | 46.7     | 58.9      | 47.1      | 59.4       | 56.0 | 50.0         | 61.9 |

Chart 1: Time Series of Taiwan NMI

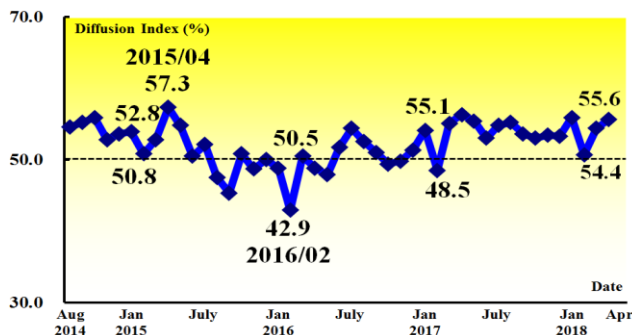
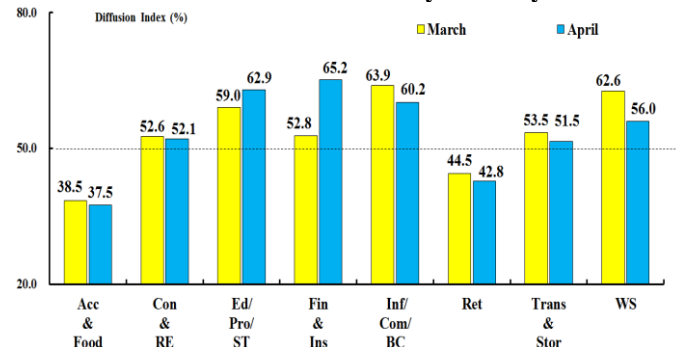


Chart 2: Performance by Industry



### Summary

- The non-manufacturing sector continued its growth trend for fourteen consecutive months as the Taiwan NMI further increased 1.2 percentage points to 55.6 percent in April 2018.
- Both Business Activity and New Orders Indexes accelerated in April as they went up 4.4 and 0.7 percentage points to 58.6 and 56.3 percent, respectively.
- Non-manufacturing employment continued to grow for fourteen consecutive months as the Employment Index went up 0.3 percentage point to 54.1 percent.
- The Supplier Deliveries Index registered 0.6 percentage point lower than the 53.9 percent in March, indicating the delivery performance from suppliers to non-manufacturing sectors was rather flat for forty-five consecutive months.
- The Price Index registered 63.8 percent in April, signaling continuous upward pressure on non-manufacturers' cost for the twenty-eighth consecutive month.
- Non-Manufacturers' Order backlogs reported growth after two months of contraction. The Backlog of Orders Index increased 2.1 percentage points to 51.7 percent and registered its highest reading since August 2014.
- Non-manufacturers priced higher service fees following only one month of lower service prices, as the Service Charge Index went up 5.7 percentage points to 54.9 percent and registered its highest reading since August 2014.
- Non-manufacturers still remain optimistic about the future while the Six-month outlook Index although it fell 4.9 percentage points from last month and now registered at 51.4 percent in April.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Fin & Ins (65.2%); Ed/Pro/ST (62.9%); Inf/Com/BC (60.2%); WS (56.0%); Con & RE (52.1%); Trans & Stor (51.5%). While Acc & Food (37.5%) and Ret (42.8%) industries reported contraction in April.

## 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 non-manufacturing executives in about 300 representative non-manufacturing companies. The panel has been carefully selected to accurately replicate the actual structure of the non-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). The NMI (Non-Manufacturing Index) is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Supplier Deliveries is an exception. A Supplier Deliveries Index above 50 percent indicates slower deliveries and below 50 percent indicates faster deliveries. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured, this report shows the percentage reporting each response, and the diffusion index. Responses represent raw data and are never changed.

We re-categorize the non-manufacturing subsectors listed in the Standard Industrial Classification System of the Republic of China (Rev.9, 2011) into nine broad categories. **The Accommodation & Food Service industry (Acc & Food)** which includes Accommodation and Food and Beverage Service Activities; **The Construction and Real Estate industry (Con & RE)** which comprises Construction of Buildings, Civil Engineering, Specialized Construction Activities, Real Estate Development Activities, Real Estate Operation Activities and Related Activities; **The Education, Professional, Scientific & Technical Activities (Ed/Pro/ST)** which includes Education, Legal and Accounting Activities, Activities of Head Offices and Management Consultancy Activities, Architecture and Engineering Activities, Technical Testing and Analysis, Scientific Research and Development, Advertising and Market Research, Specialized Design Activities and Veterinary Activities and Other Professional, Scientific and Technical Activities; **The Financial & Insurance Industry (Fin & Ins)** which comprises Financial Intermediation, Insurance, Securities, Futures and Other Financing; **The Information, Communication and Broadcasting industry (Inf/Com/BC)** which comprises Publishing Activities, Motion Picture, Video and Television Programme Production, Sound Recording and Music Publishing Activities, Programming and Broadcasting Activities, Telecommunications, Computer Systems Design Services and Information Service Activities; **The Transportation and Storage (Trans & Stor)** which includes Land Transportation, Water Transportation, Air Transport, Support Activities for Transportation, Warehousing and Storage and Postal and Courier Activities; **Other Industries (Others):** Electricity and Gas Supply, Water Supply and Remediation Activities, Human Health and Social Work Activities and Support Service Activities; **The Wholesale Trade industry (WS)** and **The Retail Trade industry (Ret)**. These industries together account for an estimated 82% of Taiwan non-manufacturing sector output. CIER provides industrial diffusion indexes for each industrial category except Other Industries category.

## Contact Information:

**For economics comments, data and technical queries, please contact:**

**Shin-Hui Chen, Ph.D.**

Assistant Research Fellow, Center for Economic Forecasting Chung-Hua Institution for Economic Research

E-Mail: [csh@cier.edu.tw](mailto:csh@cier.edu.tw)

Tel: +(886) 2 27356006 ext. 424 [www.cier.edu.tw](http://www.cier.edu.tw)

**For industry comments, please contact:**

**Steve Lai**

Executive Director, Center for Purchasing and Supply Studies Supply Management Institute, Taiwan

E-Mail: [stevelai@smit.org.tw](mailto:stevelai@smit.org.tw)

Tel: +(886) 2 27495889 [www.smit.org.tw](http://www.smit.org.tw)