

# April 2019 Taiwan Non-Manufacturing Index

NMI at 55.6%

Business Activity Index at 58.6%

New Orders Index at 58.5%

Employment Index at 53.1%

## NON-MANUFACTURING AT A GLANCE

April 2019

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	53.3	+2.3	Growing	Faster	2	41.7	59.8	60.0	60.8	61.1	51.7	53.4	51.2
Business Activity	58.6	53.9	+4.7	Growing	Faster	2	33.3	65.6	63.3	67.6	61.1	59.1	53.8	52.3
New Orders	58.5	55.8	+2.7	Growing	Faster	2	33.3	65.6	66.7	67.6	66.7	50.0	59.6	48.8
Employment	53.1	54.1	-1.0	Growing	Slower	26	50.0	56.3	58.3	55.9	61.1	45.5	53.8	51.2
Supplier Deliveries	52.2	49.7	+2.5	Slowing	From Faster	1	50.0	51.6	51.7	52.0	55.6	52.3	46.2	52.3
Inventories	54.0	50.8	+3.2	Growing	Faster	5	50.0	50.0	55.0	52.9	44.4	61.4	53.8	61.6
Prices	56.9	60.6	-3.7	Increasing	Slower	40	54.2	65.6	60.0	50.0	50.0	59.1	63.5	53.5
Backlog of Orders	50.8	47.3	+3.5	Growing	From Contracting	1	41.7	51.6	63.3	58.8	55.6	47.7	42.3	44.2
New Export Orders	47.6	54.6	-7.0	Contracting	From Growing	1	0.0	41.7	55.6	66.7	50.0	66.7	31.8	46.6
Imports	44.8	53.1	-8.3	Contracting	From Growing	1	41.7	47.2	54.5	42.3	50.0	57.1	37.5	50.0
Service Charge	51.4	53.2	-1.8	Increasing	Slower	4	54.2	54.7	51.7	60.8	47.2	50.0	42.3	48.8
Inventory Sentiment	54.9	53.0	+1.9	Too High	Faster	57	58.3	53.1	46.7	51.0	44.4	61.4	57.7	65.1
Future Outlooks	54.7	48.7	+6.0	Growing	From Contracting	1	45.8	60.9	63.3	52.9	61.1	61.4	59.6	44.2

Chart 1: Time Series of Taiwan NMI

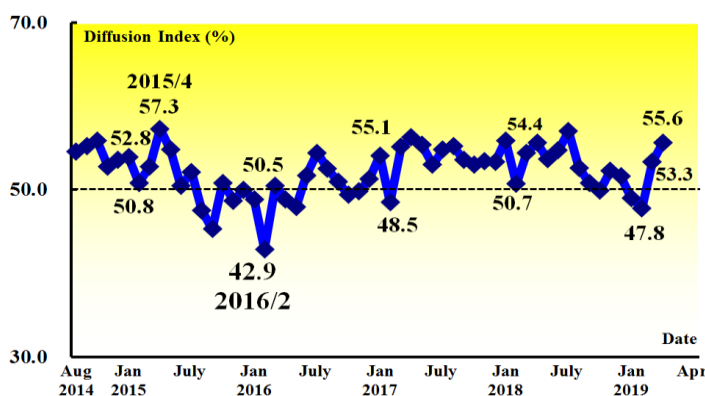
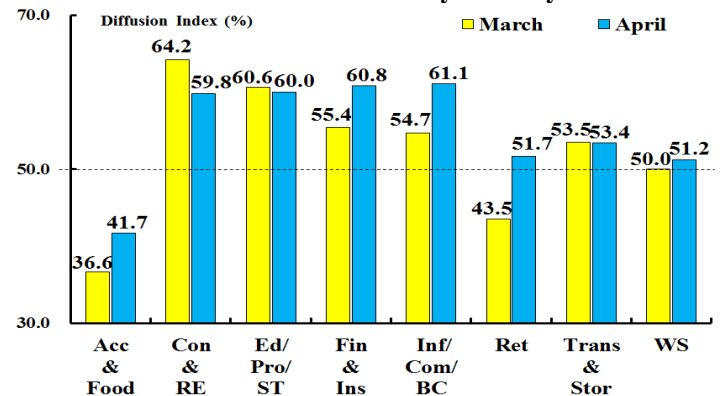


Chart 2: Performance by Industry



### Summary

- The non-manufacturing sector expanded at a faster rate in April as the seasonally unadjusted Taiwan NMI registered 55.6 percent, 2.3 percentage points higher than the 53.3 percent in March.
- Both Business Activity and New Order Indexes accelerated and increased 4.7 and 2.7 percentage points to 58.6 and 58.5 percent, respectively.
- Non-manufacturers' employment continued to grow for twenty-six consecutive months while the Employment Index decreased 1.0 percentage point to 53.1 percent.
- The Supplier Deliveries Index registered at 52.2 percent in April, which indicating the deliveries from suppliers to non-manufacturing sectors was slower after two consecutive months of faster deliveries.
- The Inventories Index rose 3.2 percentage points to 54.0 percent and recorded its highest reading since July 2018.
- Non-manufacturers are still experiencing higher prices of their purchases for forty consecutive months while the Price Index dropped 3.7 percentage points to 56.9 percent, the lowest level since July 2017.
- Non-manufacturers' backlogs have reversed its recent trend of contraction and expanded as the Backlog of Orders Index went up 3.5 percentage points to 50.8 percent in April.
- Non-manufacturers priced higher service fees for the fourth consecutive month while the Service Charge Index fell 1.8 percentage points to 51.4 percent.
- The Future Outlooks Index greatly raised 6.0 percentage points to 54.7 percent and recorded its highest reading since April 2018.
- Of the eight non-manufacturing industries categories, seven are reporting growth in April in the following order: Inf/Com/BC (61.1%), Fin & Ins (60.8%), Ed/Pro/ST (60.0%), Con & RE (59.8%), Trans & Stor (53.4%), Ret (51.7%) and WS (51.2%). Only Acc & Food (41.7%) remained in 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.

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