

December 2017 Taiwan Non-Manufacturing Index

NMI at 53.3%

Business Activity Index at 54.1%

New Orders Index at 54.1%

Employment Index at 53.4%

NON-MANUFACTURING AT A GLANCE

December 2017

Index	Series Index Dec	Series Index Nov	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	53.3	53.4	-0.1	Growing	Slower	10	51.9	52.9	56.9	56.6	58.6	50.0	59.1	49.7
Business Activity	54.1	53.8	+0.3	Growing	Faster	10	53.8	53.3	57.4	53.8	71.9	61.1	63.5	43.6
New Orders	54.1	54.3	-0.2	Growing	Slower	10	50.0	53.3	64.8	57.5	68.8	46.2	63.5	48.7
Employment	53.4	52.7	+0.7	Growing	Faster	10	50.0	53.3	55.6	63.2	43.8	46.3	57.7	51.3
Supplier Deliveries	51.6	52.9	-1.3	Slowing	Slower	41	53.8	51.7	50.0	51.9	50.0	46.3	51.9	55.1
Inventories	48.8	50.6	-1.8	Contracting	From Growing	1	57.7	46.7	57.4	53.8	50.0	48.1	44.2	41.0
Prices	59.2	59.2	+0.0	Increasing	Same	24	69.2	63.3	59.3	49.1	53.1	55.6	61.5	62.8
Backlog of Orders	47.8	48.1	-0.3	Contracting	Faster	33	46.2	40.0	50.0	53.8	62.5	53.7	46.2	46.2
New Export Orders	47.0	52.4	-5.4	Contracting	From Growing	1	87.5	50.0	60.0	50.0	43.8	25.0	50.0	48.1
Imports	45.7	50.1	-4.4	Contracting	From Growing	1	42.3	46.9	50.0	45.0	50.0	56.3	57.7	40.6
Service Charge	51.5	49.6	+1.9	Increasing	From Decreasing	1	38.5	48.3	58.0	52.8	56.3	48.1	57.7	60.3
Inventory Sentiment	51.3	53.9	-2.6	Too High	Slower	41	50.0	50.0	51.9	53.8	40.6	53.7	50.0	56.4
Six-month Outlook	52.2	54.5	-2.3	Growing	Slower	4	38.5	46.7	57.4	50.9	62.5	61.1	61.5	52.6

Chart 1: Time Series of Taiwan NMI

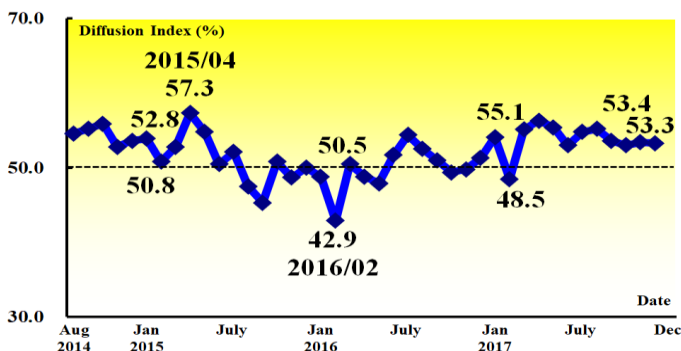
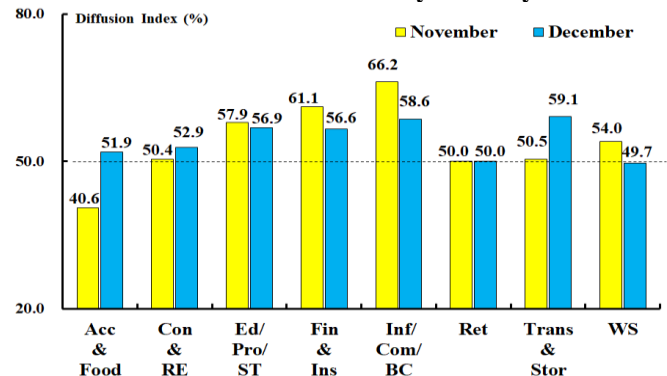


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector has been expanded for ten consecutive months while the Taiwan NMI decreased only one-tenth of a percentage point to 53.3 percent in December.
- The Business Activity Index accelerated and registered 54.1 percent, indicates growing for ten consecutive months.
- The New Orders Index showed continuous growth in December, but at slower rate than in November, decreased 0.2 percentage point to 54.1 percent.
- Non-manufacturing employment continues to show promising momentum for the year, as the Employment Index registered 53.4 percent, which is 0.7 percentage point higher than the 52.7 percent reported in November.
- Non-manufacturers' inventory contracted for the first time following three consecutive months of growth as the Inventories Index further fell 1.8 percentage points to 48.8 percent in December.
- The Price Index remained at 59.2 percent in December, signaling continuous upward pressure on non-manufacturers' cost for past twenty-four months.
- The Service Charge Index registered 51.5 percent, up from the 49.6 percent reported in November, indicating that non-manufacturers charged higher service fees following only one month of lower service prices.
- The Six-month Outlook expanded for four consecutive months, however, registered 2.3 percentage points lower than the November reading of 54.5 percent.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Trans & Stor (59.1%); Inf/Com/BC (58.6%); Ed/Pro/ST (56.9%); Fin & Ins (56.6%); Con & RE (52.9%) and Acc & Food (51.9 %). While the WS (50.9%) industry failed to grow in December. Only Ret (51.0%) industry reported unchanged from November.

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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