

January 2018 Taiwan Non-Manufacturing Index

NMI at 55.9%

Business Activity Index at 57.1%

New Orders Index at 56.7%

Employment Index at 55.1%

NON-MANUFACTURING AT A GLANCE

January 2018

Index	Series Index Jan	Series Index Dec	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	55.9	53.3	+2.6	Growing	Faster	11	61.5	52.0	60.9	63.0	61.2	49.0	52.2	53.5
Business Activity	57.1	54.1	+3.0	Growing	Faster	11	70.8	50.0	56.3	73.0	68.4	51.9	56.5	51.3
New Orders	56.7	54.1	+2.6	Growing	Faster	11	62.5	48.4	70.8	68.0	60.5	42.3	60.9	50.0
Employment	55.1	53.4	+1.7	Growing	Faster	11	54.2	53.2	60.4	54.0	55.3	53.8	50.0	59.0
Supplier Deliveries	54.5	51.6	+2.9	Slowing	Faster	42	58.3	56.5	56.3	57.0	60.5	48.1	41.3	53.8
Inventories	53.1	48.8	+4.3	Growing	From Contracting	1	54.2	50.0	54.2	56.0	55.3	48.1	56.5	53.8
Prices	63.5	59.2	+4.3	Increasing	Faster	25	54.2	66.1	64.6	53.0	55.3	61.5	69.6	67.9
Backlog of Orders	50.6	47.8	+2.8	Growing	From Contracting	1	41.7	37.1	60.4	56.0	65.8	57.7	50.0	52.6
New Export Orders	53.0	47.0	+6.0	Growing	From Contracting	1	83.3	40.0	70.0	50.0	63.6	50.0	50.0	52.0
Imports	53.9	45.7	+8.2	Growing	From Contracting	1	58.3	41.7	66.7	62.5	68.2	42.9	45.5	48.3
Service Charge	53.7	51.5	+2.2	Increasing	Faster	2	62.5	51.6	57.1	57.0	52.6	48.0	52.2	59.0
Inventory Sentiment	51.0	51.3	-0.3	Too High	Slower	42	50.0	45.2	47.9	55.0	44.7	50.0	52.2	59.0
Six-month Outlook	55.0	52.2	+2.8	Growing	Faster	5	45.8	51.6	62.5	60.0	57.9	61.5	63.0	56.4

Chart 1: Time Series of Taiwan NMI

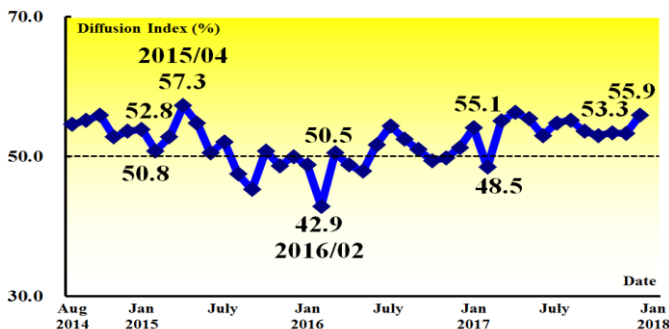
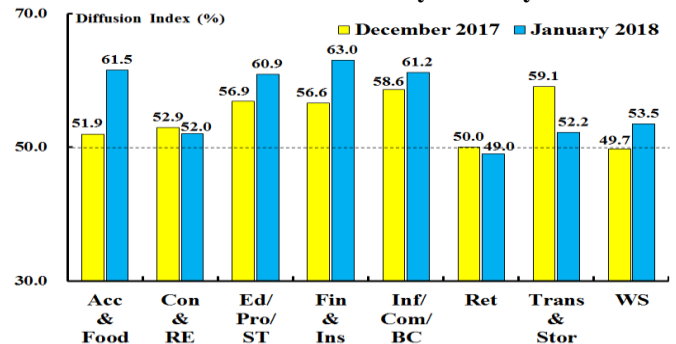


Chart 2: Performance by Industry



Summary

- The Taiwan NMI registered 55.9 percent in January, an increase of 2.6 percentage points from December, indicating expansion in the non-manufacturing sector for eleven consecutive months.
- Both Business Activity and New Orders Indexes showed the continuous expansion in January, as they went up 3.0 and 2.6 percentage points to 57.1 and 56.7 percent, respectively.
- Non-manufacturing employment continued to grow for the eleventh consecutive month as the Employment Index increased 1.7 percentage points to 55.1 percent in January.
- The Supplier Deliveries Index registered 54.5 percent, indicating the delivery performance from suppliers to non-manufacturing sectors was keeping slower pace for forty-two consecutive months
- The Inventories Index expanded after one-month decline and registered 4.3 percentage points higher than the 48.8 percent reported in December 2017.
- The Price Index registered 4.3 percentage points higher than the 59.2 percent in December 2017, signaling continuous upward pressure on non-manufacturers' cost for past twenty-five months.
- The Backlog of Orders Index registered 50.6 percent in January, indicating non-manufacturers' backlogs growing for the first time in the past thirty-four months.
- The Service Charge Index registered 53.7 percent in January, indicating that non-manufacturers are keep charging the higher service prices for two consecutive months.
- The Six-month Outlook Index accelerated and increased 2.8 percentage points to 55.0 percent in January.
- Of the eight non-manufacturing industries categories, seven are reporting growth in the following order: **Fin & Ins** (63.0%); **Acc & Food** (61.5 %); **Inf/Com/BC** (61.2%); **Ed/Pro/ST** (60.9%); **WS** (53.5%); **Trans & Stor** (52.2%) and **Con & RE** (52.0%). While **Ret** (49.0%) failed to grow in January.

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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