

# July 2019 Taiwan Non-Manufacturing Index

**NMI at 54.9%**

**Business Activity Index at 56.1%**

**New Orders Index at 54.7%**

**Employment Index at 56.6%**

## NON-MANUFACTURING AT A GLANCE

July 2019

Index	Series Index Jul	Series Index Jun	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	54.9	52.0	+2.9	Growing	Faster	5	55.0	51.3	56.5	52.5	53.1	58.2	60.9	54.4
Business Activity	56.1	53.0	+3.1	Growing	Faster	5	55.0	46.6	56.5	57.4	56.3	66.7	67.4	54.3
New Orders	54.7	51.5	+3.2	Growing	Faster	5	55.0	44.8	59.7	51.9	46.9	63.6	63.0	58.0
Employment	56.6	53.8	+2.8	Growing	Faster	29	60.0	62.1	56.5	53.7	56.3	47.6	58.7	54.3
Supplier Deliveries	52.2	49.8	+2.4	Slowing	From Faster	1	50.0	51.7	53.2	47.2	53.1	54.8	54.3	51.1
Inventories	51.4	49.8	+1.6	Growing	From Contracting	1	45.0	51.7	51.6	54.6	43.8	52.4	58.7	51.1
Prices	59.3	56.3	+3.0	Increasing	Faster	43	75.0	65.5	61.3	49.1	53.1	52.4	63.0	54.3
Backlog of Orders	47.3	47.5	-0.2	Contracting	Faster	3	35.0	46.6	51.6	55.6	53.1	47.6	56.5	37.0
New Export Orders	38.6	47.5	-8.9	Contracting	Faster	4	0.0	41.7	40.0	46.7	38.9	37.5	59.1	39.1
Imports	50.4	48.4	+2.0	Growing	From Contracting	1	45.0	44.1	38.5	57.7	50.0	50.0	62.5	45.6
Service Charge	53.1	50.9	+2.2	Increasing	Faster	7	55.0	58.6	48.1	47.2	50.0	45.2	58.7	50.0
Inventory Sentiment	52.9	53.4	-0.5	Too High	Slower	60	55.0	48.3	48.4	50.9	43.8	61.9	54.3	56.5
Future Outlooks	51.0	47.6	+3.4	Growing	From Contracting	1	50.0	56.9	54.8	46.3	50.0	66.7	52.2	44.6

Chart 1: Time Series of Taiwan NMI

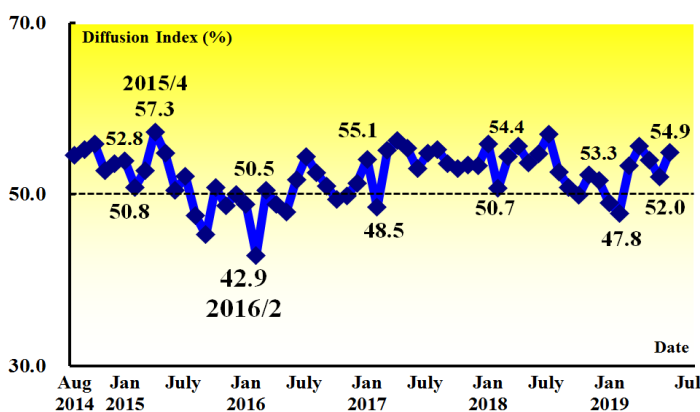
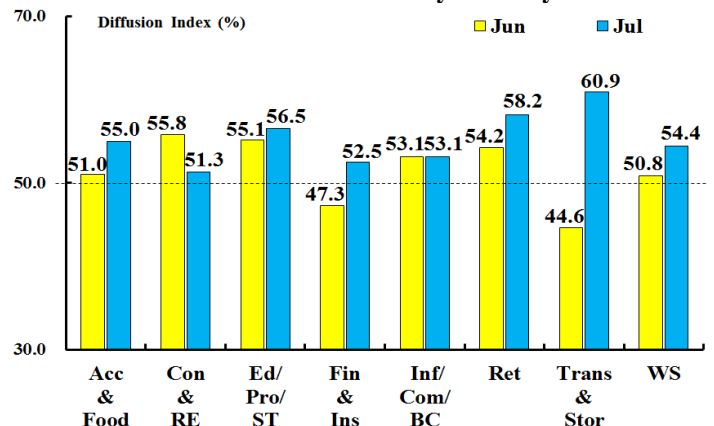


Chart 2: Performance by Industry



### Summary

- The non-manufacturing sector raised up continuous momentum and expanded at a faster rate as the Taiwan NMI increased 2.9 percentage points to 54.9 percent in July.
- Both Business Activity and New Orders Indexes accelerated and went up 3.1 and 3.2 percentage points to 56.1 and 54.7 percent, respectively.
- The Employment Index further increased 2.8 percentage points to 56.6 percent in July, indicating continuous growth for twenty-nine consecutive months.
- The Inventories Index registered 51.4 percent, an increase of 1.6 percentage points, just indicating a resumption of growth in inventories following only one month of contraction.
- Non-manufacturers are continuously experiencing higher prices of their purchases for forty-three consecutive months with the Prices Index increased 3.0 percentage points to 59.3 percent.
- Non-manufacturers' backlogs contracted for the third consecutive month as the Backlog of Orders Index slightly decreased to 47.3 percent in July against 47.5 percent in June.
- The Service Charge Index raised and registered 2.2 percentage points higher than 50.9 percent in June, indicating that non-manufacturers kept collecting and charging higher service prices for seven consecutive months.
- The Future Outlooks Index reversed its recent trend of contraction and turned to growth during July as the index went up 3.4 percentage points to 51.0 percent.
- All the non-manufacturing industries' categories reporting growth in July in the following order: Trans & Stor (60.9%), Ret (58.2%), Ed/Pro/ST (56.5%), Acc & Food (55.0%), WS (54.4%), Inf/Com/BC (53.1%), Fin & Ins (52.5%) and Con & RE (51.3%).

## 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)