

# March 2018 Taiwan Non-Manufacturing Index

**NMI at 54.4%**

**Business Activity Index at 54.2%**

**New Orders Index at 55.6%**

**Employment Index at 53.8%**

## NON-MANUFACTURING AT A GLANCE March 2018

Index	Series Index Mar	Series Index Feb	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	54.4	50.7	+3.7	Growing	Faster	13	38.5	52.6	59.0	52.8	63.9	44.5	53.5	62.6
Business Activity	54.2	46.6	+7.6	Growing	From Contracting	1	29.2	51.7	58.0	50.0	66.7	43.5	56.0	67.1
New Orders	55.6	47.1	+8.5	Growing	From Contracting	1	29.2	53.4	64.0	54.1	66.7	45.5	58.0	62.2
Employment	53.8	54.5	-0.7	Growing	Slower	13	45.8	53.4	58.0	54.1	61.1	39.1	52.0	61.8
Supplier Deliveries	53.9	54.4	-0.5	Slowing	Slower	44	50.0	51.7	56.0	53.1	61.1	50.0	48.0	59.2
Inventories	51.8	49.4	+2.4	Growing	From Contracting	1	50.0	41.4	52.0	56.1	52.8	50.0	46.0	63.2
Prices	63.8	60.0	+3.8	Increasing	Faster	27	75.0	70.7	58.0	55.1	58.3	58.7	62.0	69.7
Backlog of Orders	49.6	46.6	+3.0	Contracting	Slower	2	41.7	48.3	48.0	53.1	63.9	43.5	40.0	51.3
New Export Orders	47.4	50.5	-3.1	Contracting	From Growing	1	50.0	41.7	58.3	42.3	72.7	33.3	34.6	55.8
Imports	51.5	47.5	+4.0	Growing	From Contracting	1	50.0	43.8	50.0	40.9	59.1	43.8	34.6	61.7
Service Charge	49.2	53.8	-4.6	Decreasing	From Increasing	1	29.2	53.4	54.5	44.9	61.1	47.7	48.0	50.0
Inventory Sentiment	52.6	53.7	-1.1	Too High	Slower	44	58.3	50.0	48.0	50.0	44.4	56.5	52.0	57.9
Six-month Outlook	56.3	57.3	-1.0	Growing	Slower	7	45.8	58.6	60.0	52.0	61.1	56.5	54.0	60.5

Chart 1: Time Series of Taiwan NMI

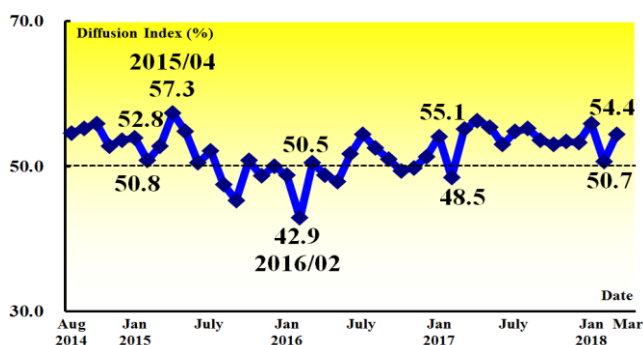
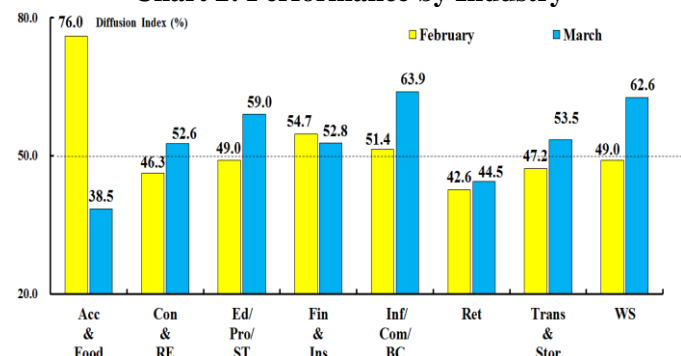


Chart 2: Performance by Industry



### Summary

- The Taiwan NMI registered 54.4 percent in March, which is 3.7 percentage points higher than the 50.7 percent in February. The rising of NMI was driven by the increases both in Business Activity and New Orders Indexes.
- The Business Activity and New Orders Index went up 7.6 and 8.5 percentage points to 54.2 and 55.6 percent, respectively. The high growth both in business activity and new orders was come from more working days in March, comparing to the previous month.
- The Inventories Index registered 51.8 percent, an increase of 2.4 percentage points, indicating a resumption of growth in inventories following only one month of contraction.
- The Prices Index registered 63.8 percent, signaling continuous increasing pressure on non-manufacturers' cost for the twenty-seventh consecutive month.
- Non-Manufacturers' Order backlogs contracted for the second consecutive month while the Backlog of Orders Index rose 3.0 percentage points to 49.6 percent in March.
- The Service Charge Index registered 49.2 percent, came down from the highest recorded level of 53.8 percent since August 2014.
- The Six-month Outlook Index registered 1.0 percentage point lower than the 57.3 percent in February, indicating a growth trend for seven consecutive months.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Inf/Com/BC (63.9%); WS (62.6%); Ed/Pro/ST (59.0%); Trans & Stor (53.5%); Fin & Ins (52.8%); Con & RE (52.6%). While Acc & Food (38.5%) and Ret (44.5%) industries reported contraction in March.

## 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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