

March 2020 Taiwan Non-Manufacturing Index

NMI at 42.3%

Business Activity Index at 33.5%

New Orders Index at 35.8%

Employment Index at 46.9%

NON-MANUFACTURING AT A GLANCE

March 2020

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	42.3	40.4	+1.9	Contracting	Slower	2	22.7	51.7	50.0	38.5	47.5	33.8	37.5	50.5
Business Activity	33.5	30.5	+3.0	Contracting	Slower	2	4.5	41.4	48.2	29.6	43.3	18.8	33.9	44.3
New Orders	35.8	34.7	+1.1	Contracting	Slower	2	4.5	46.6	42.9	36.7	46.7	22.7	26.8	45.3
Employment	46.9	46.0	+0.9	Contracting	Slower	2	27.3	56.9	57.1	44.9	53.3	37.5	44.6	46.6
Supplier Deliveries	53.0	50.3	+2.7	Slowing	Faster	5	54.5	62.1	51.8	42.9	46.7	56.3	44.6	65.9
Inventories	41.8	40.3	+1.5	Contracting	Slower	2	27.3	41.4	50.0	48.0	43.3	35.4	48.2	47.7
Prices	50.4	54.3	-3.9	Increasing	Slower	51	45.5	51.7	62.5	31.6	56.7	56.3	46.4	52.3
Backlog of Orders	34.8	34.6	+0.2	Contracting	Slower	11	4.5	37.9	39.3	37.8	43.3	35.4	28.6	45.5
New Export Orders	30.4	29.3	+1.1	Contracting	Slower	3	0.0	62.5	33.3	26.7	41.7	12.5	23.1	34.8
Imports	36.9	31.5	+5.4	Contracting	Slower	2	22.7	39.3	45.5	29.2	58.3	37.5	30.8	50.0
Service Charge	42.2	44.6	-2.4	Decreasing	Faster	2	13.6	48.3	50.0	37.8	53.3	43.8	41.1	50.0
Inventory Sentiment	50.1	49.1	+1.0	Too High	From Too Low	1	45.5	46.6	51.8	45.9	50.0	54.2	50.0	53.4
Future Outlooks	13.7	26.6	-12.9	Contracting	Faster	2	4.5	15.5	23.2	12.2	20.0	8.3	14.3	13.6

Chart 1: Time Series of Taiwan NMI

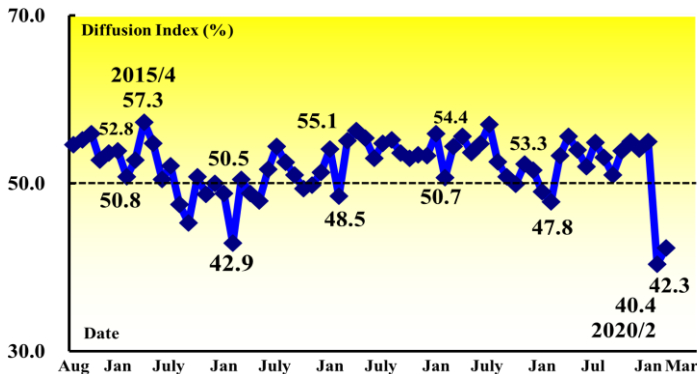
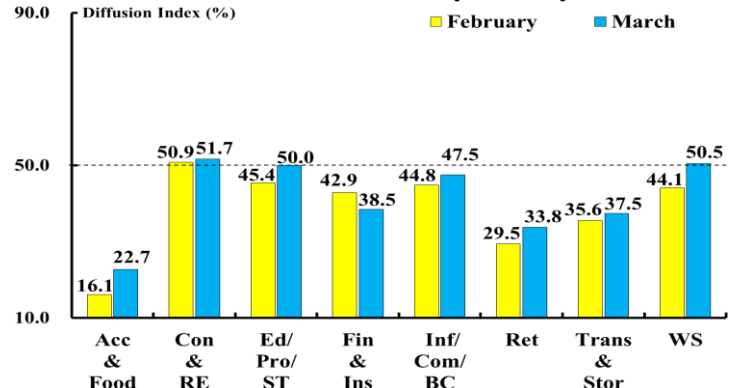


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector continued to struggle and remained in contraction for two consecutive months, as the Taiwan NMI registered 42.3 percent in March, up from the lowest recorded level of 40.4 percent since August 2014.
- Both Business Activity and New Orders Indexes contracted for two consecutive months and registered 33.5 and 35.8 percent, respectively.
- The Employment Index registered 0.9 percentage point higher than the 46.0 percent recorded in February and indicating contraction for the second consecutive month.
- Non-manufacturers are still experiencing higher prices of their purchases for fifty-one consecutive months, while the Prices Index decreased 3.9 percentage points to 50.4 percent.
- Non-manufacturers' backlogs still remained in contraction for the eleventh consecutive month as the Backlog of Orders Index registered 34.8 percent, up from the lowest recorded level of 34.6 percent since August 2014.
- The non-manufacturers priced lower service fees for the second consecutive month. The Service Charge Index further fell 2.4 percentage points to 42.2 percent in March and recorded its lowest reading since October 2015.
- Following a sharp decrease of 30.1 percentage points and turning to contraction in February, the Future Outlooks Index further decreased 12.9 percentage points to 13.7 percent and contracted at its fastest rate since August 2014. The Future Outlooks Indexes of Ed/Pro/ST, Fin & Ins, Ret, Trans & Stor and WS industries all recorded their lowest readings since August 2014.
- Of the eight non-manufacturing industries categories, five are reporting contracting in the following order: Acc & Food (22.7%), Ret (33.8%), Trans & Stor (37.5%), Fin & Ins (38.5%) and Inf/Com/BC (47.5%). WS (50.5%) and Con & RE (51.7%) NMI remained in growth in March. Only Ed/Pro/ST (50.0%) reported unchanged from February.

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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