

August 2019 Taiwan Non-Manufacturing Index

NMI at 53.1%

Business Activity Index at 51.5%

New Orders Index at 50.4%

Employment Index at 58.0%

NON-MANUFACTURING AT A GLANCE

Aug 2019

Index	Series Index Aug	Series Index Jul	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	53.1	54.9	-1.8	Growing	Slower	6	49.1	56.0	53.2	55.6	63.2	58.3	53.1	47.1
Business Activity	51.5	56.1	-4.6	Growing	Slower	6	42.9	51.7	51.6	53.1	63.9	66.7	52.1	43.0
New Orders	50.4	54.7	-4.3	Growing	Slower	6	42.9	50.0	50.0	58.2	69.4	50.0	56.3	47.6
Employment	58.0	56.6	+1.4	Growing	Faster	30	53.6	65.5	56.5	62.2	58.3	62.5	47.9	52.3
Supplier Deliveries	52.4	52.2	+0.2	Slowing	Faster	2	57.1	56.9	54.8	49.0	61.1	54.2	56.3	45.3
Inventories	51.8	51.4	+0.4	Growing	Faster	2	42.9	48.3	54.8	55.1	50.0	58.3	60.4	52.3
Prices	58.8	59.3	-0.5	Increasing	Slower	44	71.4	60.3	58.1	48.0	50.0	58.3	68.8	59.3
Backlog of Orders	46.4	47.3	-0.9	Contracting	Faster	4	35.7	48.3	50.0	45.9	55.6	54.2	50.0	41.9
New Export Orders	49.9	38.6	+11.3	Contracting	Slower	5	33.3	50.0	50.0	63.3	50.0	50.0	62.5	41.7
Imports	47.5	50.4	-2.9	Contracting	From Growing	1	50.0	53.3	53.8	50.0	55.6	31.3	40.9	43.1
Service Charge	51.2	53.1	-1.9	Increasing	Slower	8	46.4	60.3	50.0	53.1	52.8	45.8	56.3	46.5
Inventory Sentiment	53.8	52.9	+0.9	Too High	Faster	61	50.0	50.0	53.2	51.0	50.0	62.5	45.8	58.1
Future Outlooks	44.9	51.0	-6.1	Contracting	From Growing	1	46.4	56.9	43.5	35.7	44.4	54.2	43.8	41.9

Chart 1: Time Series of Taiwan NMI

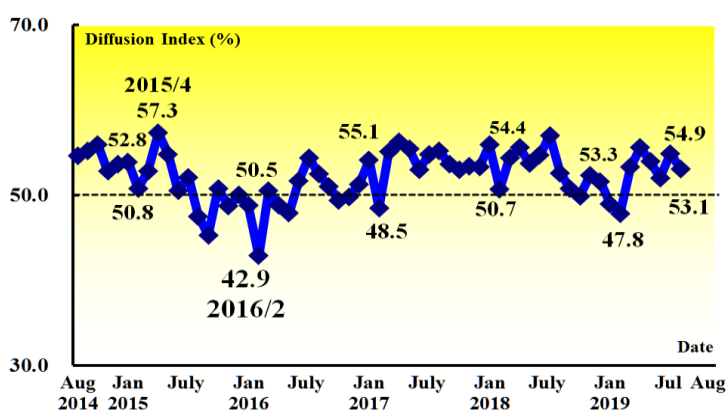
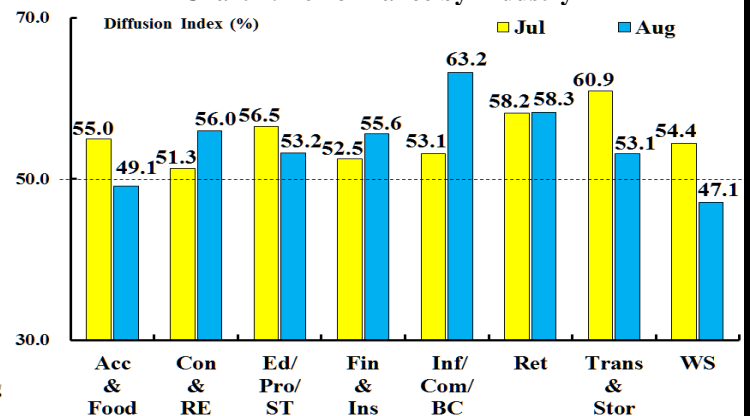


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector expanded for six consecutive months but decelerated, as the Taiwan NMI fell 1.8 percentage points to 53.1 percent in August.
- Both Business Activity and New Orders Indexes decelerated and went down 4.6 and 4.3 percentage points to 51.5 and 50.4 percent, respectively.
- The Employment Index further increased 1.4 percentage points to 58.0 percent in August and registered its highest reading since September 2014.
- Non-manufacturers are continuously experiencing higher prices of their purchases for forty-four consecutive months as the Prices Index decreased 0.5 percentage point to 58.8 percent.
- Non-manufacturers' backlogs contracted for the fourth consecutive month with the Backlog of Orders Index further decreased 0.9 percentage point to 46.4 percent.
- The non-manufacturers kept collecting rather higher service prices for eight consecutive months while the Service Charge Index further fell 1.9 percentage points to 51.2 percent in August.
- The Future Outlooks Index failed to move up the continuous momentum and contracted following only one month of growth as the index went down 6.1 percentage points to 44.9 percent.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Inf/Com/BC (63.2%), Ret (58.3%), Con & RE (56.0%), Fin & Ins (55.6%), Ed/Pro/ST (53.2%) and Trans & Stor (53.1%). While WS (47.1%) and Acc & Food (49.1%) industries failed to grow in August.

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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