

December 2019 Taiwan Non-Manufacturing Index

NMI at 54.1%

Business Activity Index at 55.1%

New Orders Index at 56.9%

Employment Index at 54.0%

NON-MANUFACTURING AT A GLANCE

December 2019

Index	Series Index Dec	Series Index Nov	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	54.1	55.0	-0.9	Growing	Slower	10	42.0	55.5	57.9	50.5	61.7	53.1	57.0	54.9
Business Activity	55.1	55.9	-0.8	Growing	Slower	3	31.8	56.0	64.8	48.0	66.7	59.1	58.0	55.7
New Orders	56.9	58.3	-1.4	Growing	Slower	3	36.4	56.0	59.3	55.0	76.7	57.7	56.0	59.3
Employment	54.0	53.7	+0.3	Growing	Faster	34	50.0	58.0	59.3	52.0	60.0	47.7	60.0	50.0
Supplier Deliveries	50.2	52.2	-2.0	Slowing	Slower	2	50.0	52.0	48.1	47.0	43.3	47.7	54.0	54.5
Inventories	48.9	53.4	-4.5	Contracting	From Growing	1	54.5	50.0	51.9	53.0	46.7	43.2	50.0	47.7
Prices	58.1	55.9	+2.2	Increasing	Faster	48	59.1	70.0	66.7	50.0	56.7	54.5	62.0	52.3
Backlog of Orders	48.5	49.6	-1.1	Contracting	Faster	8	45.5	46.0	51.9	50.0	63.3	43.2	58.0	50.0
New Export Orders	50.6	45.6	+5.0	Growing	From Contracting	1	40.0	41.7	61.1	52.9	50.0	62.5	66.7	50.0
Imports	52.7	48.1	+4.6	Growing	From Contracting	1	45.5	50.0	55.0	50.0	50.0	62.5	75.0	43.2
Service Charge	52.5	48.1	+4.4	Increasing	From Decreasing	1	40.9	62.0	62.0	50.0	53.3	47.7	54.0	48.9
Inventory Sentiment	52.0	53.1	-1.1	Too High	Slower	65	59.1	52.0	50.0	49.0	43.3	54.5	48.0	58.0
Future Outlooks	54.0	51.8	+2.2	Growing	Faster	2	45.5	62.0	66.7	53.0	53.3	47.7	54.0	48.9

Chart 1: Time Series of Taiwan NMI

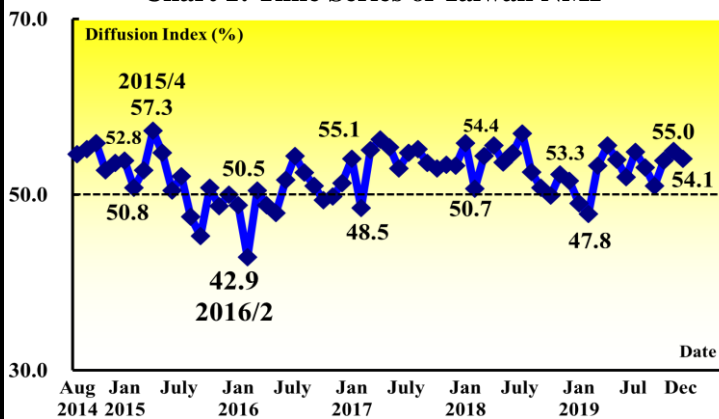
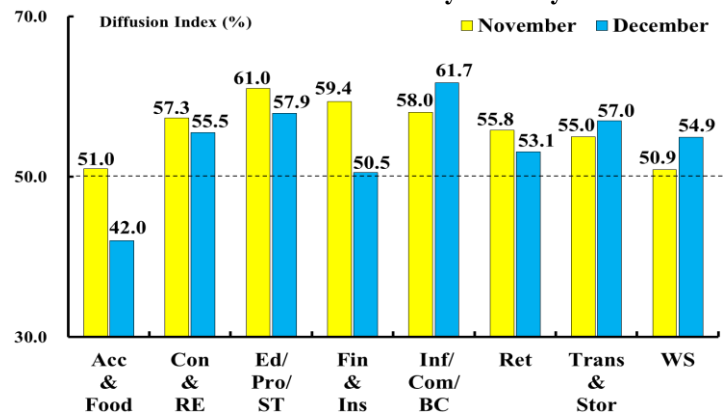


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector expanded for ten consecutive months while the Taiwan NMI registered 0.9 percentage point lower than the 55.0 percent recorded in November.
- Both Business Activity and New Orders Indexes continued their growth trend in three consecutive months while they went down 0.8 and 1.4 percentage points to 55.1 and 56.9 percent, respectively.
- The delivery performance from suppliers to non-manufacturing sectors was slower for two consecutive months while the Supplier Deliveries Index registered 2.0 percentage points lower than the 52.2 percent in November.
- Non-manufacturers are still experiencing higher prices of their purchases for forty-eight consecutive months as the Prices Index increased 2.2 percentage points to 58.1 percent.
- Non-manufacturers' backlogs contracted for the eighth consecutive month as the Backlog of Orders Index registered 48.5 percent, down from the highest recorded level of 49.6 percent since May 2019.
- The Service Charge Index registered 52.5 percent, up from the 48.1 percent reported in November, indicating that non-manufacturers charged higher service fees following only one month of lower service prices.
- Non-manufacturers remained optimistic about the future as the Future Outlooks Index grew at its fastest rate since May 2019 and registered 2.2 percentage points higher than the 51.8 percent in November.
- Of the eight non-manufacturing industries categories, seven are reporting growing in the following order: Inf/Com/BC (61.7%), Ed/Pro/ST (57.9%), Trans & Stor (57.0%), Con & RE (55.5%), WS (54.9%), Ret (53.1%) and Fin & Ins (50.5%). While Acc & Food (42.0%) industry failed to grow in December.

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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