

November 2019 Taiwan Non-Manufacturing Index

NMI at 55.0%

Business Activity Index at 55.9%

New Orders Index at 58.3%

Employment Index at 53.7%

NON-MANUFACTURING AT A GLANCE

November 2019

| Index | Series Index Nov | Series Index Oct | 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 | 55.0 | 53.9 | +1.1 | Growing | Faster | 9 | 51.0 | 57.3 | 61.0 | 59.4 | 58.0 | 55.8 | 55.0 | 50.9 |
| Business Activity | 55.9 | 55.2 | +0.7 | Growing | Faster | 2 | 54.2 | 60.3 | 66.7 | 62.3 | 60.7 | 62.0 | 56.0 | 42.2 |
| New Orders | 58.3 | 55.4 | +2.9 | Growing | Faster | 2 | 41.7 | 63.8 | 65.2 | 64.2 | 57.1 | 57.1 | 54.0 | 54.5 |
| Employment | 53.7 | 55.7 | -2.0 | Growing | Slower | 33 | 58.3 | 56.9 | 56.1 | 59.4 | 57.1 | 50.0 | 62.0 | 50.0 |
| Supplier Deliveries | 52.2 | 49.2 | +3.0 | Slowing | From Faster | 1 | 50.0 | 48.3 | 56.1 | 51.9 | 57.1 | 54.0 | 48.0 | 56.7 |
| Inventories | 53.4 | 52.8 | +0.6 | Growing | Faster | 5 | 58.3 | 56.9 | 50.0 | 55.7 | 50.0 | 54.0 | 52.0 | 52.2 |
| Prices | 55.9 | 56.2 | -0.3 | Increasing | Slower | 47 | 58.3 | 62.1 | 63.6 | 45.3 | 50.0 | 48.0 | 54.0 | 58.9 |
| Backlog of Orders | 49.6 | 46.0 | +3.6 | Contracting | Slower | 7 | 41.7 | 46.6 | 56.1 | 52.8 | 46.4 | 58.0 | 52.0 | 46.7 |
| New Export Orders | 45.6 | 39.0 | +6.6 | Contracting | Slower | 8 | 25.0 | 40.0 | 50.0 | 50.0 | 58.3 | 60.0 | 50.0 | 41.9 |
| Imports | 48.1 | 47.8 | +0.3 | Contracting | Slower | 2 | 50.0 | 43.3 | 54.5 | 42.9 | 50.0 | 50.0 | 33.3 | 48.5 |
| Service Charge | 48.1 | 50.3 | -2.2 | Decreasing | From Increasing | 1 | 54.2 | 53.4 | 50.0 | 49.1 | 50.0 | 42.0 | 52.0 | 46.7 |
| Inventory Sentiment | 53.1 | 53.3 | -0.2 | Too High | Slower | 64 | 54.2 | 51.7 | 48.5 | 51.9 | 50.0 | 58.0 | 46.0 | 61.1 |
| Future Outlooks | 51.8 | 47.2 | +4.6 | Growing | From Contracting | 1 | 66.7 | 62.1 | 56.1 | 55.7 | 42.9 | 52.0 | 44.0 | 43.3 |

Chart 1: Time Series of Taiwan NMI

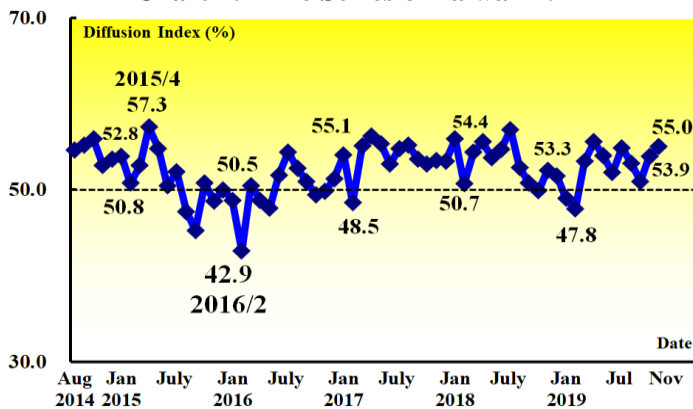
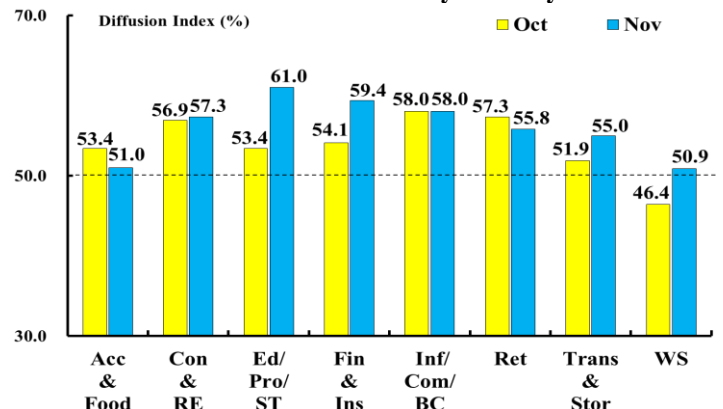


Chart 2: Performance by Industry



Summary

- The Taiwan NMI further increased 1.1 percentage points to 55.0 percent in November, indicating growing in non-manufacturing sector for nine consecutive months.
- Both Business Activity and New Orders Indexes expanded at faster rates as they went up 0.7 and 2.9 percentage points to 55.9 and 58.3 percent, respectively.
- The Employment Index expanded at a slower rate and decreased 2.0 percentage points to 53.7 percent.
- The Supplier Deliveries Index turned from faster to slower and increased 3.0 percentage to 52.2 percent, up from the lowest recorded level of 49.2 percent since August 2014.
- Non-manufacturers are continuously experiencing higher prices of their purchases for forty-seven consecutive months although the Prices Index further fell 0.3 percentage point to 55.9 percent, the lowest reading since June 2017.
- Non-manufacturers' backlogs contracted for the seventh consecutive month. The Backlog of Orders Index further increased 3.6 percentage points to 49.6 percent, the highest level since May 2019.
- The Service Charge Index registered 48.1 percent, down from the 50.3 percent reported in October, indicating that non-manufacturers charged lower service fees following only one month of higher service prices.
- The Future Outlooks Index turned to growth for the first time in the past four months and went up 4.6 percentage points to 51.8 percent.
- Of the eight non-manufacturing industries categories, all are reporting growing in the following order: Ed/Pro/ST (61.0%), Fin & Ins (59.4%), Inf/Com/BC (58.0%), Con & RE (57.3%), Ret (55.8%), Trans & Stor (55.0%), Acc & Food (51.0%) and WS (50.9%).

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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