

October 2019 Taiwan Non-Manufacturing Index

NMI at 53.9%

Business Activity Index at 55.2%

New Orders Index at 55.4%

Employment Index at 55.7%

NON-MANUFACTURING AT A GLANCE

October 2019

Index	Series Index Oct	Series Index Sep	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	53.9	51.0	+2.9	Growing	Faster	8	53.4	56.9	53.4	54.1	58.0	57.3	51.9	46.4
Business Activity	55.2	47.9	+7.3	Growing	From Contracting	1	54.5	63.0	53.4	51.0	64.3	62.5	53.7	41.5
New Orders	55.4	49.1	+6.3	Growing	From Contracting	1	54.5	61.1	56.9	54.1	53.6	66.7	50.0	41.1
Employment	55.7	56.5	-0.8	Growing	Slower	32	54.5	61.1	53.4	60.2	57.1	50.0	50.0	54.3
Supplier Deliveries	49.2	50.4	-1.2	Faster	From Slowing	1	50.0	42.6	50.0	51.0	57.1	50.0	53.7	48.9
Inventories	52.8	52.7	+0.1	Growing	Faster	4	63.6	48.1	53.4	56.1	53.6	56.3	48.1	53.2
Prices	56.2	56.5	-0.3	Increasing	Slower	46	68.2	55.6	58.6	44.9	57.1	66.7	51.9	53.2
Backlog of Orders	46.0	45.1	+0.9	Contracting	Slower	6	36.4	55.6	46.6	49.0	46.4	47.9	37.0	36.2
New Export Orders	39.0	45.0	-6.0	Contracting	Faster	7	33.3	40.0	42.9	46.7	50.0	37.5	58.3	34.8
Imports	47.8	50.6	-2.8	Contracting	From Growing	1	59.1	46.4	50.0	53.6	50.0	42.9	57.7	41.9
Service Charge	50.3	48.3	+2.0	Increasing	From Decreasing	1	59.1	57.4	53.7	45.9	50.0	52.1	46.3	44.7
Inventory Sentiment	53.3	53.3	+0.0	Too High	Same	63	50.0	46.3	48.3	53.1	50.0	60.4	51.9	66.0
Future Outlooks	47.2	45.5	+1.7	Contracting	Slower	3	54.5	57.4	56.9	50.0	42.9	45.8	40.7	36.2

Chart 1: Time Series of Taiwan NMI

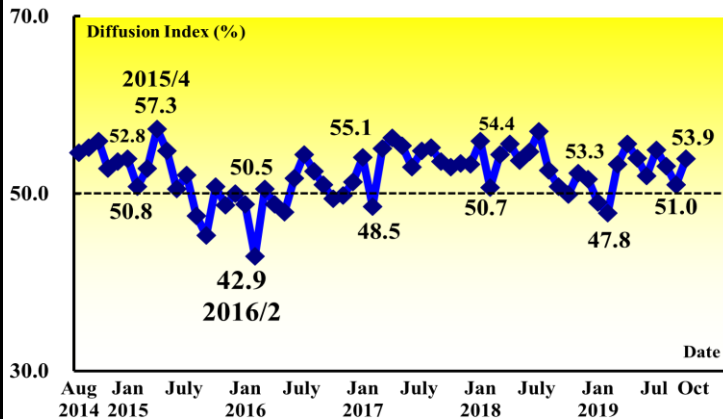
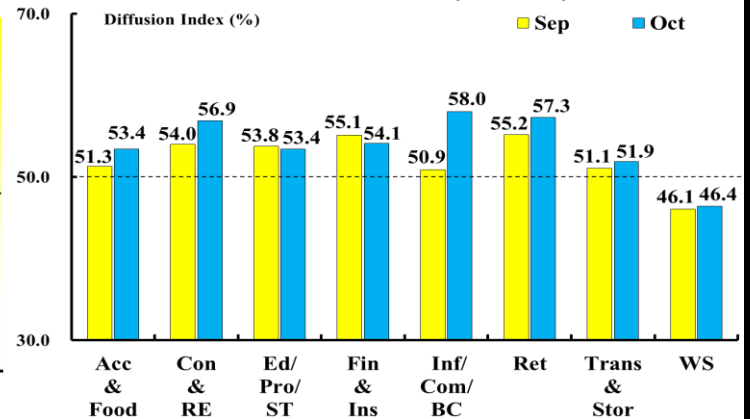


Chart 2: Performance by Industry



Summary

- The Taiwan NMI increased 2.9 percentage points to 53.9 percent in October, indicating growing in non-manufacturing sector for eight consecutive months.
- Business Activity and New Orders Indexes turned to growth following after only one month of contraction as they went up 7.3 and 6.3 percentage points to 55.2 and 55.4 percent, respectively.
- The Employment Index expanded at a slower rate and decreased 0.8 percentage point to 55.7 percent in October.
- The delivery performance of suppliers was faster after three consecutive months of slower deliveries. The Supplier Deliveries Index fell 1.2 percentage points to 49.2 percent and recorded its lowest reading since August 2014.
- Non-manufacturers are continuously experiencing higher prices of their purchases for forty-six consecutive months while the Prices Index further went down 0.3 percentage point to 56.2 percent.
- Non-manufacturers' backlogs contracted for the sixth consecutive month as the Backlog of Orders Index increased 0.9 percentage point to 46.0 percent in October.
- The Service Charge Index registered 50.3 percent, up from the 48.3 percent reported in September, indicating that non-manufactures charged higher service fees following only one month of lower service prices.
- The Future Outlooks Index increased 1.7 percentage points to 47.2 percent and indicating continuously contraction for three consecutive months.
- Of the eight non-manufacturing industries categories, seven are reporting growing in the following order: Inf/Com/BC (58.0%), Ret (57.3%), Con & RE (56.9%), Fin & Ins (54.1%), Acc & Food (53.4%), Ed/Pro/ST (53.4%) and Trans & Stor (51.9%). Only WS industry (46.4%) remained in contraction in October.

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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