

September 2019 Taiwan Non-Manufacturing Index

NMI at 51.0%

Business Activity Index at 47.9%

New Orders Index at 49.1%

Employment Index at 56.5%

NON-MANUFACTURING AT A GLANCE

September 2019

Index	Series Index Sep	Series Index Aug	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	51.0	53.1	-2.1	Growing	Slower	7	51.3	54.0	53.8	55.1	50.9	55.2	51.1	46.1
Business Activity	47.9	51.5	-3.6	Contracting	From Growing	1	50.0	50.0	50.0	52.0	46.4	60.4	45.7	40.8
New Orders	49.1	50.4	-1.3	Contracting	From Growing	1	45.0	51.8	55.0	53.9	57.1	54.2	45.7	42.7
Employment	56.5	58.0	-1.5	Growing	Slower	31	65.0	62.5	58.3	63.7	50.0	56.3	54.3	52.0
Supplier Deliveries	50.4	52.4	-2.0	Slowing	Slower	3	45.0	51.8	51.7	51.0	50.0	50.0	58.7	49.0
Inventories	52.7	51.8	+0.9	Growing	Faster	3	55.0	51.8	51.7	52.9	53.6	62.5	56.5	54.1
Prices	56.5	58.8	-2.3	Increasing	Slower	45	80.0	58.9	58.3	43.1	57.1	50.0	63.0	60.2
Backlog of Orders	45.1	46.4	-1.3	Contracting	Faster	5	40.0	48.2	43.3	51.0	53.6	52.1	39.1	39.8
New Export Orders	45.0	49.9	-4.9	Contracting	Faster	6	25.0	58.3	50.0	46.9	50.0	40.0	45.5	37.1
Imports	50.6	47.5	+3.1	Growing	From Contracting	1	60.0	56.3	54.5	42.9	58.3	38.9	45.5	51.4
Service Charge	48.3	51.2	-2.9	Decreasing	From Increasing	1	40.0	53.6	53.7	45.1	46.4	45.8	50.0	49.0
Inventory Sentiment	53.3	53.8	-0.5	Too High	Slower	62	45.0	51.8	48.3	49.0	50.0	54.2	50.0	66.3
Future Outlooks	45.5	44.9	+0.6	Contracting	Slower	2	40.0	62.5	46.7	47.1	46.4	45.8	37.0	34.7

Chart 1: Time Series of Taiwan NMI

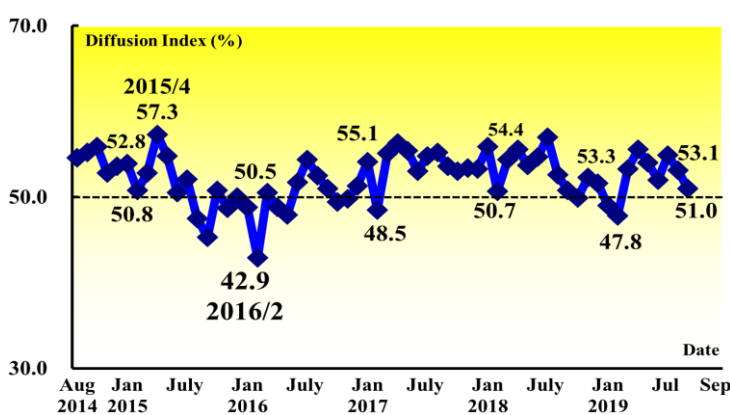
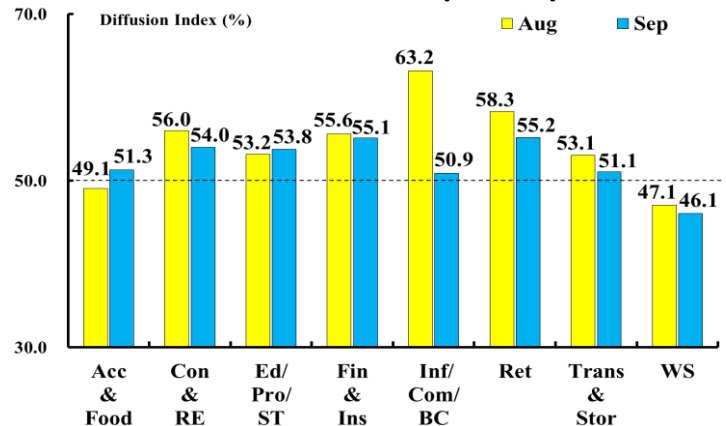


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector keeps expanding, however, at the slowest rate since March 2019 as the Taiwan NMI further fell 2.1 percentage points to 51.0 percent in September.
- Both Business Activity and New Orders Indexes reversed their recent trends of growth and turned to contraction during September, as they went down 3.6 and 1.3 percentage points to 47.9 and 49.1 percent, respectively.
- The Employment Index registered 56.5 percent in September, down from the highest recorded level of 58.0 percent since September 2014.
- Non-manufacturers are continuously experiencing higher prices of their purchases for forty-five consecutive months while the Prices Index went down 2.3 percentage points to 56.5 percent.
- Non-manufacturers' backlogs contracted for the fifth consecutive month with the Backlog of Orders Index further decreased 1.3 percentage points to 45.1 percent.
- The Service Charge Index in September registered 48.3 percent, decreased from the 51.2 percent reported in August, indicating that non-manufacturers failed to charged higher service prices for the first time in the past nine months.
- The Future Outlooks Index went up from the lowest reading of 44.9 percent since February 2019 to 45.5 percent in September and reported contraction for the second consecutive month.
- Of the eight non-manufacturing industries categories, seven are reporting growth in the following order: Ret (55.2%), Fin & Ins (55.1%), Con & RE (54.0%), Ed/Pro/ST (53.8%), Acc & Food (51.3%), Trans & Stor (51.1%) and Inf/Com/BC (50.9%). While WS industry remain in contraction at 46.1 percent in September.

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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