

October 2015 Taiwan Non-Manufacturing Index

NMI at 50.8%

Business Activity Index at 49.0%

New Orders Index at 48.9%

Employment Index at 52.0%

NON-MANUFACTURING AT A GLANCE

October 2015

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	50.8	45.3	+5.5	Growing	From Contracting	1	66.3	51.5	52.8	52.0	46.0	54.3	40.5	46.3
Business Activity	49.0	40.6	+8.4	Contracting	Slower	5	73.1	47.1	51.9	48.2	40.9	59.3	38.1	45.9
New Orders	48.9	39.7	+9.2	Contracting	Slower	3	69.2	50.0	51.9	54.5	47.7	54.2	33.3	39.2
Employment	52.0	50.6	+1.4	Growing	Faster	15	65.4	50.0	55.6	54.5	43.2	50.0	40.5	51.4
Supplier Deliveries	53.2	50.3	+2.9	Slowing	Faster	15	57.7	58.8	51.9	50.9	52.3	53.7	50.0	48.6
Inventories	53.8	51.2	+2.6	Growing	Faster	15	65.4	54.4	51.9	50.9	59.1	61.1	42.9	54.1
Prices	49.9	50.6	-0.7	Decreasing	From Increasing	1	80.8	27.9	55.6	33.9	52.3	55.6	47.6	63.5
Backlog of Orders	40.3	37.9	+2.4	Contracting	Slower	7	57.7	38.2	48.1	41.1	45.5	35.2	31.0	47.3
New Export Orders	41.9	41.7	+0.2	Contracting	Slower	5	60.0	41.7	43.8	53.8	41.7	50.0	21.4	33.3
Imports	42.1	44.4	-2.3	Contracting	Faster	3	50.0	32.5	44.4	53.6	50.0	44.4	31.3	43.8
Service Charge	44.3	41.3	+3.0	Decreasing	Slower	6	61.5	41.2	45.2	45.5	45.5	38.9	40.5	52.7
Inventory Sentiment	56.5	56.4	+0.1	Too High	Faster	15	57.7	55.9	50.0	52.7	54.5	66.7	54.8	62.2
Six-month Outlook	26.4	24.8	+1.6	Contracting	Slower	5	38.5	17.6	33.3	30.4	27.3	25.9	16.7	33.8

Chart 1: Time Series of Taiwan NMI

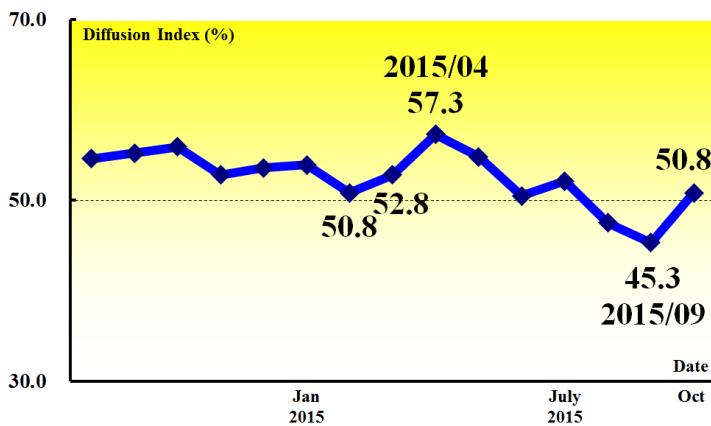
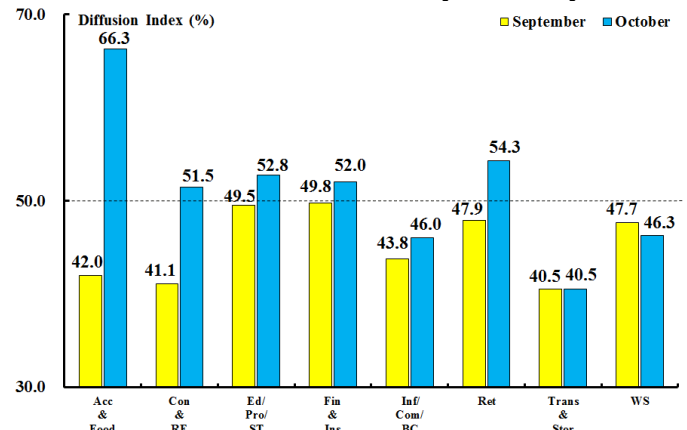


Chart 2: Performance by Industry



Summary

- The Taiwan NMI registered 50.8 percent in October, which is 5.5 percentage points higher from its lowest reading of 45.3 percent since August 2014.
- Business Activity and New Orders Indexes still remained in contraction while they went up 8.4 and 9.2 percentage points to 49.0 and 48.9 percent in October, respectively, both up from the lowest recorded level since August 2014.
- Non-manufacturing employment continues to grow for the fifteenth consecutive month as the Employment Index increased 1.4 percentage points to 52.0 percent in October.
- The Supplier Deliveries Index registered 53.2 percent, indicating the delivery performance from suppliers to non-manufacturing sectors was keeping slower pace for fifteen consecutive months.
- The Prices Index plunged to 49.9 percent, dropped 0.7 percentage point from 50.6 percent reported in September.
- Non-manufacturers' order backlogs contracted for the seventh consecutive month while the Backlog of orders Index further rose by 2.4 percentage points to 40.3 percent.
- The Service Charge Index increased 3.0 percentage points to 44.3 percent, indicating that non-manufacturers priced lower service fees for the sixth consecutive month.
- Non-manufacturers were generally commenting very negatively about the future while the Six-month Outlook Index slightly grew up to 26.4 percent against the September reading of 24.8 percent.
- Of the 8 non-manufacturing industries categories, five are reporting growth in October in the following order: **Acc & Food** (66.3%); **Ret** (54.3%); **Ed/Pro/ST** (52.8%); **Fin & Ins** (52.0%) and **Con & RE** (51.5%). While **Trans & Stor** (40.5%); **Inf/Com/BC** (46.0%) and **WS** (46.3%) reported contraction.

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/BS)** 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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