

November 2015 Taiwan Non-Manufacturing Index

NMI at 48.7%

Business Activity Index at 45.1%

New Orders Index at 46.4%

Employment Index at 52.0%

NON-MANUFACTURING AT A GLANCE

November 2015

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	48.7	50.8	-2.1	Contracting	From Growing	1	58.7	44.5	51.3	53.9	63.8	47.7	51.1	44.1
Business Activity	45.1	49.0	-3.9	Contracting	Faster	6	61.5	36.8	44.6	57.8	70.0	44.0	50.0	39.7
New Orders	46.4	48.9	-2.5	Contracting	Faster	4	65.4	41.2	53.6	55.2	67.5	42.9	50.0	38.2
Employment	52.0	52.0	+0.0	Growing	Same	16	53.8	45.6	55.4	54.3	62.5	54.0	54.5	47.1
Supplier Deliveries	51.4	53.2	-1.8	Slowing	Slower	16	53.8	54.4	51.8	48.3	55.0	50.0	50.0	51.5
Inventories	52.4	53.8	-1.4	Growing	Slower	16	53.8	52.9	48.2	56.0	50.0	50.0	56.8	57.4
Prices	47.2	49.9	-2.7	Decreasing	Faster	2	57.7	32.4	55.4	37.1	52.5	50.0	50.0	52.9
Backlog of Orders	43.2	40.3	+2.9	Contracting	Slower	8	61.5	39.7	46.4	45.7	52.5	52.0	45.5	35.3
New Export Orders	48.1	41.9	+6.2	Contracting	Slower	6	100.0	50.0	43.8	68.2	55.0	41.7	21.4	44.4
Imports	50.1	42.1	+8.0	Growing	From Contracting	1	53.8	38.6	55.0	50.0	58.3	66.7	27.8	51.7
Service Charge	43.8	44.3	-0.5	Decreasing	Faster	7	53.8	36.8	45.8	54.3	47.5	44.0	50.0	42.4
Inventory Sentiment	55.7	56.5	-0.8	Too High	Slower	16	50.0	57.4	42.9	47.4	60.0	60.0	59.1	66.2
Six-month Outlook	27.4	26.4	+1.0	Contracting	Slower	6	42.3	13.2	39.3	37.9	42.5	30.0	25.0	19.1

Chart 1: Time Series of Taiwan NMI

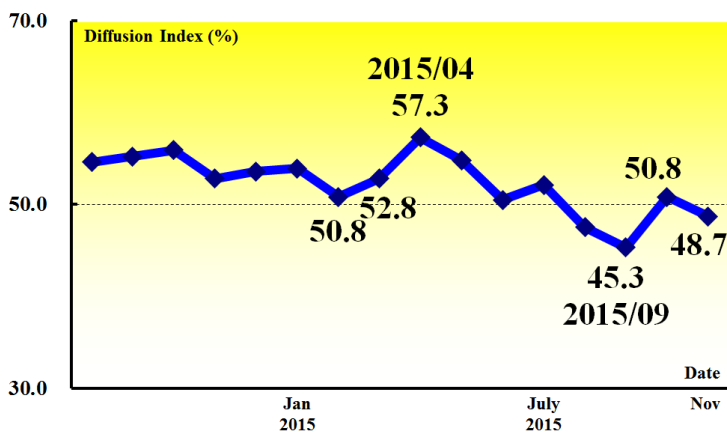
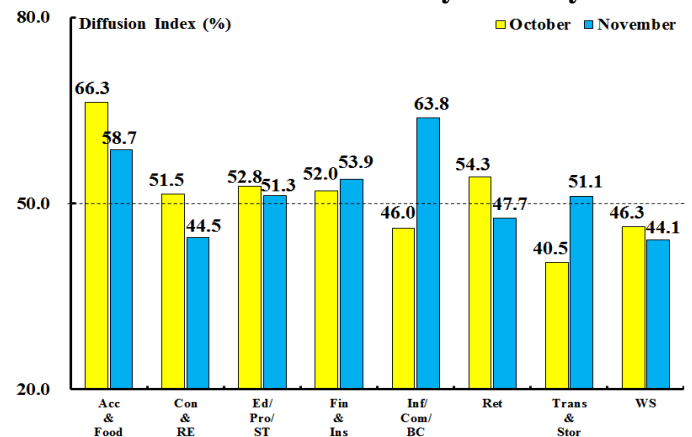


Chart 2: Performance by Industry



Summary

- Taiwan Non-manufacturing sectors failed to pick up continuous momentum as the Taiwan NMI registered 48.7 percent in November and reported contraction following only one month of growth.
- Both Business Activity and New Orders Indexes still remained in contraction and decrease 3.9 and 2.5 percentage points to 45.1 and 46.4 percent in November, respectively.
- The Employment Index registered 52.0 percent, same as in October 2015, and it keeps the momentum of growth for the sixteenth consecutive month.
- The Supplier Deliveries Index registered 51.4 percent in November, decreased by 1.8 percent, indicating the delivery performance from this sector was slower, although it has been growing for the sixteenth consecutive month.
- The Prices Index plunged to 47.2 percent, dropped 2.7 percentage points from 49.9 percent reported in October.
- Non-manufacturers' order backlogs contracted for the eighth consecutive month, while the Backlog of Orders Index rebound by 2.9 percentage points to 43.2 percent.
- The Service Charge Index decreased by 0.5 percentage point to 43.8 percent, indicating that non-manufacturers priced lower service fees for the seventh consecutive month.
- Non-manufacturers were generally commenting rather pessimistic about the future while the Six-month Outlook Index only slightly grew up to 27.4 percent against the October reading of 26.4 percent.
- Of the 8 non-manufacturing industries categories, five are reporting growth in November in the following order: **Inf/Com/BC** (63.8%); **Acc & Food** (58.7%); **Fin & Ins** (53.9%); **Ed/Pro/ST** (51.3%) and **Trans & Stor** (51.1%). While **WS** (44.1%); **Con & RE** (44.5%) and **Ret** (47.7%) 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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