

# April 2015 Taiwan Non-Manufacturing Index

NMI at 57.3%

Business Activity Index at 59.9%

New Orders Index at 59.5%

Employment Index at 55.9%

## NON-MANUFACTURING AT A GLANCE

April 2015

Index	Series				Rate of Change	Trend (Months)	Industries							
	Index Apr	Index Mar	Percentage Point Change	Direction			Acc & Food	Con & RE	Ed/Pro/ST	Fin & Ins	Inf/Com/BC	Ret	Trans & Stor	WS
Taiwan NMI	57.3	52.8	+4.5	Growing	Faster	9	46.9	56.3	57.9	62.3	53.4	54.5	59.7	58.4
Business Activity	59.9	55.0	+4.9	Growing	Faster	2	45.8	56.7	55.0	77.2	56.8	48.2	63.6	65.2
New Orders	59.5	53.1	+6.4	Growing	Faster	2	41.7	51.7	60.0	69.3	59.1	64.3	65.9	60.9
Employment	55.9	52.3	+3.6	Growing	Faster	9	45.8	61.7	58.3	52.6	47.7	55.4	50.0	54.5
Supplier Deliveries	53.7	50.9	+2.8	Slowing	Faster	9	54.2	55.0	58.3	50.0	50.0	50.0	59.1	53.0
Inventories	55.0	53.7	+1.3	Growing	Faster	9	54.2	50.0	48.3	60.5	45.5	64.3	63.6	59.1
Prices	54.0	51.1	+2.9	Increasing	Faster	4	62.5	43.3	65.0	55.3	47.7	57.1	40.9	51.5
Backlog of Orders	49.0	50.8	-1.8	Contracting	From Growing	1	41.7	45.0	38.3	60.5	54.5	51.8	54.5	54.5
New Export Orders	53.1	52.7	+0.4	Growing	Faster	2	100.0	35.0	43.8	60.7	59.1	62.5	65.0	53.8
Imports	53.4	51.7	+1.7	Growing	Faster	2	45.8	58.7	38.9	57.1	46.4	61.1	45.0	72.4
Service Charge	50.0	49.4	+0.6	Unchanged	From Decreasing	1	54.2	51.7	44.4	58.8	45.5	51.8	45.5	47.0
Inventory Sentiment	53.2	54.8	-1.6	Too High	Slower	9	50.0	53.3	48.3	52.6	50.0	50.0	47.7	63.6
Six-month Outlook	53.9	56.9	-3.0	Growing	Slower	5	62.5	35.0	50.0	63.2	61.4	69.6	61.4	56.1

Chart 1: Time Series of Taiwan NMI

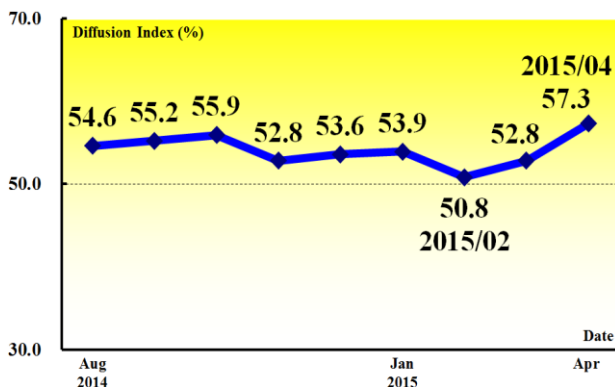
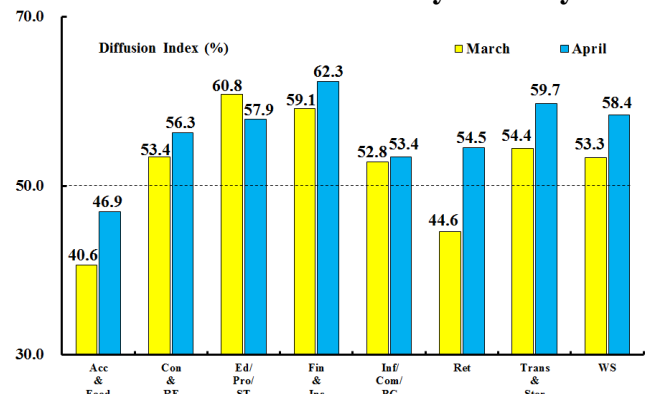


Chart 2: Performance by Industry



### Summary

- The Taiwan NMI registered 57.3 percent in April, an increase of 4.5 percentage points from March, indicating that the non-manufacturing sector expanded at the fastest pace since August 2014.
- Both the Business Activity and New Orders Indexes registered its highest reading since August 2014 as they went up 4.9 and 6.4 percentage points to 59.9 and 59.5 percent, respectively.
- The Employment Index accelerated and registered 3.6 percentage points higher than the 52.3 percent in March.
- The Supplier Deliveries Index registered 53.7 percent, up from the 50.9 percent reported in March.
- The Price Index increased 2.9 percentage points to 54.0 percent in April, from 51.1 percent, indicating the prices paid by non-manufacturing sector for purchased materials and services are increasing for the fourth consecutive month.
- Non-Manufacturers' backlog of order failed to pick up continuous momentum and contracted following only one month of growth. The Backlog of Orders Index fell 1.8 percent points to 49.0 percent in April.
- The Service Charge Index increased 0.6 percentage point to 50.0 percent in April, signaling that service fees priced by non-manufacturers are unchanged from March.
- Non-manufacturing respondents still believe their inventories are still high while the Inventories Sentiment Index dropped 1.6 percentage points to 53.2 percent and registered its lowest reading since August 2014.
- Non-manufacturers were slightly less optimistic about the future in April. The Six-month Outlook Index registered 3.0 percent points below the March reading of 56.9%.
- Of the eight non-manufacturing industries categories, seven are reporting growth in April in the following order: **Fin & Ins** (62.3%); **Trans & Stor** (59.7%); **WS** (58.4%); **Ed/Pro/ST** (57.9%); **Con & RE** (56.3%); **Ret** (54.5%), and **Inf/Com/BC** (53.4%). Only **Acc & Food** (46.9%) reported contraction in April.

## 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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