

November 2016 Taiwan Non-Manufacturing Index

NMI at 49.8%

Business Activity Index at 48.9%

New Orders Index at 47.7%

Employment Index at 50.2%

NON-MANUFACTURING AT A GLANCE

November 2016

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	49.8	49.4	+0.4	Contracting	Slower	2	58.3	49.2	47.9	52.4	50.0	52.3	57.1	48.1
Business Activity	48.9	46.5	+2.4	Contracting	Slower	3	62.5	43.8	45.0	54.7	47.5	59.3	59.5	45.5
New Orders	47.7	46.6	+1.1	Contracting	Slower	2	62.5	40.6	50.0	61.3	55.0	50.0	54.8	40.9
Employment	50.2	51.5	-1.3	Growing	Slower	2	45.8	51.6	51.7	48.1	45.0	46.3	61.9	54.5
Supplier Deliveries	52.3	53.0	-0.7	Slowing	Slower	28	62.5	60.9	45.0	45.3	52.5	53.7	52.4	51.5
Inventories	49.4	50.8	-1.4	Contracting	From Growing	1	50.0	54.7	43.3	50.0	52.5	50.0	52.4	48.5
Prices	57.8	54.6	+3.2	Increasing	Faster	11	66.7	65.6	50.0	47.2	52.5	63.0	61.9	56.1
Backlog of Orders	41.1	41.8	-0.7	Contracting	Faster	20	41.7	31.3	43.3	42.5	55.0	48.1	54.8	37.9
New Export Orders	51.1	48.7	+2.4	Growing	From Contracting	1	75.0	27.8	56.3	67.9	65.0	66.7	91.7	45.8
Imports	50.5	48.5	+2.0	Growing	From Contracting	1	45.8	45.0	56.3	57.7	50.0	54.5	85.7	50.0
Service Charge	46.9	46.1	+0.8	Decreasing	Slower	19	54.2	46.9	42.9	42.5	57.5	46.3	57.1	53.0
Inventory Sentiment	55.5	54.5	+1.0	Too High	Faster	28	50.0	60.9	43.3	50.0	52.5	55.6	50.0	66.7
Six-month Outlook	34.5	39.4	-4.9	Contracting	Faster	18	29.2	14.1	41.7	44.3	45.0	48.1	40.5	36.4

Chart 1: Time Series of Taiwan NMI

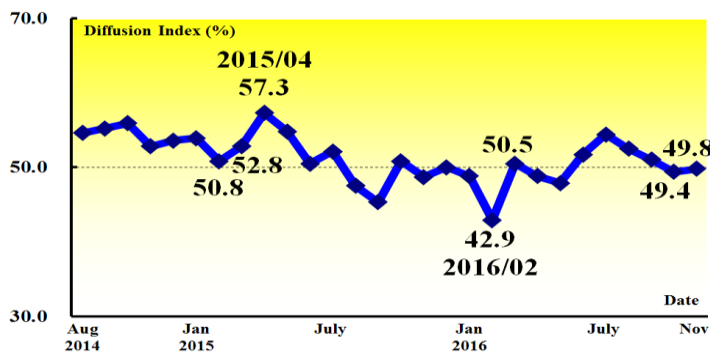
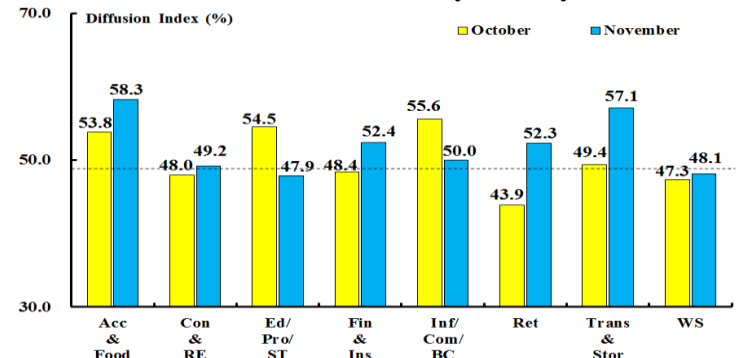


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector contracted for two consecutive months as the Taiwan NMI registered at 49.8 percent in November, 0.4 percentage point increase, a slightly higher than the 49.4 percent reported in October.
- Both New Orders and Production Indexes still remain in contraction, but at slower rates, increasing 2.4 and 1.1 percentage points to 48.9 and 47.7 percent, respectively.
- Non-manufacturing Employment grew for the second consecutive month while the Employment Index decreased 1.3 percentage points to 50.2 percent in November.
- The Inventories Index dropped 1.4 percentage points to 49.4 percent in November following a spot only one month of growth.
- Non-manufacturers are still experiencing higher prices of their purchases for eleven consecutive months as the Price Index further increased 3.2 percentage points to 57.8 percent in November.
- Non-Manufacturers' order backlogs contracted for twenty consecutive months as the Backlog of Orders Index registered 41.1 percent in November.
- Non-manufacturers experienced inflationary pressure on their purchases, but it has to be priced lower service fees for the past nineteen months as the Service Charge Index registered 46.9 percent in November.
- The Six-month Outlook Index contracted for eighteen consecutive months and further fell 4.9 percent points to 34.5 percent in November.
- Of the eight non-manufacturing industries categories, three are reporting contraction in the following order: Ed/Pro/ST (47.9%); WS (48.1%) and Con & RE (49.2%). Four are reporting growth in the following order: Acc & Food (58.3%); Trans & Stor (57.1%); Fin & Ins (52.4%) and Ret (52.3%). Only Inf/Com/BC (50.0%) reporting conditions are unchanged from 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/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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