

# April 2016 Taiwan Non-Manufacturing Index

NMI at 48.8%

Business Activity Index at 47.8%

New Orders Index at 47.0%

Employment Index at 48.6%

## NON-MANUFACTURING AT A GLANCE

April 2016

Index	Series Index Apr	Series Index Mar	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	48.8	50.5	-1.7	Contracting	From Growing	1	43.3	46.8	56.3	57.0	51.2	40.1	50.7	48.1
Business Activity	47.8	50.6	-2.8	Contracting	From Growing	1	40.0	44.3	60.7	64.0	57.1	34.8	44.4	43.9
New Orders	47.0	51.9	-4.9	Contracting	From Growing	1	36.7	42.9	58.9	64.0	54.8	32.1	44.4	43.9
Employment	48.6	45.6	+3.0	Contracting	Slower	3	46.7	42.9	53.6	50.9	45.2	45.7	55.6	53.0
Supplier Deliveries	51.9	54.1	-2.2	Slowing	Slower	21	50.0	57.1	51.8	49.1	47.6	47.8	58.3	51.5
Inventories	51.7	51.9	-0.2	Growing	Slower	2	43.3	51.4	55.4	56.1	52.4	45.7	58.3	53.0
Prices	56.9	51.6	+5.3	Increasing	Faster	4	53.3	65.7	57.1	33.3	57.1	56.5	55.6	63.6
Backlog of Orders	41.5	41.6	-0.1	Contracting	Faster	13	40.0	35.7	53.6	50.9	47.6	45.7	44.4	39.4
New Export Orders	45.7	47.1	-1.4	Contracting	Faster	11	66.7	30.0	57.1	80.8	50.0	25.0	50.0	47.9
Imports	44.8	49.1	-4.3	Contracting	Faster	5	40.0	37.5	50.0	59.1	53.8	35.0	57.1	55.8
Service Charge	46.8	43.8	+3.0	Decreasing	Slower	12	63.3	41.4	51.9	58.8	50.0	50.0	50.0	39.4
Inventory Sentiment	56.9	55.4	+1.5	Too High	Faster	21	56.7	58.6	46.4	50.9	54.8	60.9	58.3	65.2
Six-month Outlook	40.5	38.1	+2.4	Contracting	Slower	11	40.0	30.0	46.4	52.6	52.4	41.3	33.3	45.5

Chart 1: Time Series of Taiwan NMI

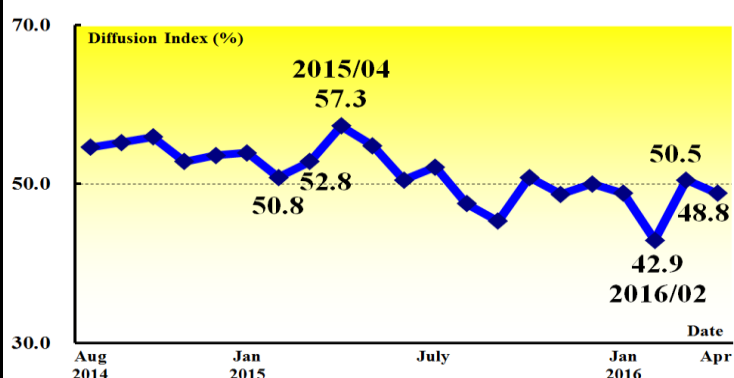
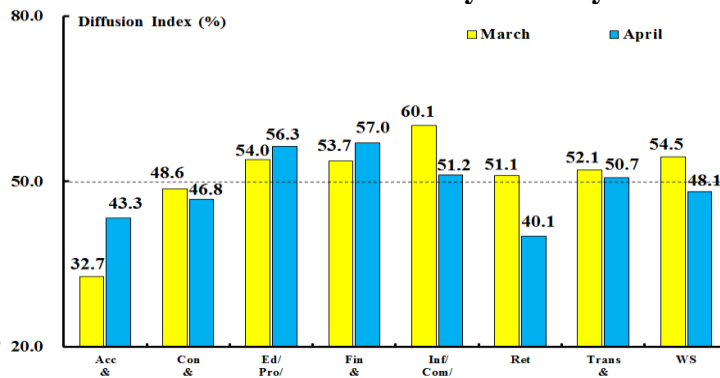


Chart 2: Performance by Industry



### Summary

- The non-manufacturing sector failed to rise up momentum and contracted following only one month of growth. The Taiwan NMI fell 1.7 percentage points to 48.8 percent in April.
- Both Business Activity and New Orders Indexes turned from growing to contracting and dropped 2.8 and 4.9 percentage points to 47.8 and 47.0 percent, respectively.
- Non-manufacturing employment contracted for the third consecutive month while the Employment Index rose from its historic lowest reading of 45.6 percent to 48.6 percent in April.
- The delivery performance of suppliers to the non-manufacturing sector was slower for twenty-one consecutive months while the Supplier Deliveries Index decreased by 2.2 percentage points to 51.9 percent in April.
- The Inventories Index increased for the second consecutive month and registered 51.7 percent in April.
- The prices paid by the non-manufacturing sector are keep raising for the fourth consecutive month as the Prices Index increased 5.3 percentage points to 56.9 percent and recorded the highest indexing since November 2014.
- Non-manufacturers' order backlogs contracted continuously for thirteen consecutive months as the Backlog of Orders Index registered 0.1 percentage point lower than the 41.6 percent in March.
- Non-manufacturers experienced inflationary pressure on their purchases but priced lower service fees for the past twelve months as the Service Charge Index registered 46.8 percent in April.
- The Six-month Outlook Index still fell below the middle point (50.0%) for the eleventh consecutive month, while the Six-month Outlook Index further increased 2.4 percentage points to 40.5 percent.
- Of the eight non-manufacturing industries categories, four are reporting growth in the following order: Fin & Ins (57.0%); Ed/Pro/ST (56.3%); Inf/Com/BC (51.2%) and Trans & Stor (50.7%). While others are reporting contraction in the following order: Ret (40.1%); Acc & Food (43.3%); Con & RE (46.8%) and WS (48.1%).

## 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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