

## September 2017 Taiwan Non-Manufacturing Index

NMI at 53.6%

Business Activity Index at 53.1%

New Orders Index at 54.6%

Employment Index at 53.1%

### NON-MANUFACTURING AT A GLANCE

September 2017

Index	Series Index Sep	Series Index Aug	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	53.6	55.2	-1.6	Growing	Slower	7	39.6	50.5	59.7	63.5	58.6	45.6	61.0	55.8
Business Activity	53.1	57.0	-3.9	Growing	Slower	7	33.3	44.4	59.3	70.2	59.4	42.6	62.0	59.0
New Orders	54.6	55.9	-1.3	Growing	Slower	7	29.2	50.0	63.0	74.0	65.6	34.4	68.0	59.2
Employment	53.1	53.4	-0.3	Growing	Slower	7	45.8	48.1	57.4	61.5	53.1	55.6	58.0	53.8
Supplier Deliveries	53.4	54.4	-1.0	Slowing	Slower	38	50.0	59.3	59.3	48.1	56.3	50.0	56.0	51.3
Inventories	53.1	48.8	+4.3	Growing	From Contracting	1	45.8	53.7	53.7	54.8	46.9	57.4	48.0	56.4
Prices	60.7	60.9	-0.2	Increasing	Slower	21	75.0	66.7	57.4	51.0	53.1	57.4	64.0	65.4
Backlog of Orders	49.1	49.4	-0.3	Contracting	Faster	30	33.3	37.0	57.4	56.7	65.6	50.0	60.0	53.8
New Export Orders	49.3	46.4	+2.9	Contracting	Slower	3	25.0	50.0	50.0	37.5	60.0	75.0	72.2	44.2
Imports	47.5	52.8	-5.3	Contracting	From Growing	1	41.7	40.0	42.9	39.3	55.0	55.6	81.3	56.7
Service Charge	50.8	50.7	+0.1	Increasing	Faster	3	29.2	51.9	53.8	59.6	59.4	53.7	54.0	51.3
Inventory Sentiment	54.0	52.1	+1.9	Too High	Faster	38	54.2	57.4	48.1	50.0	53.1	59.3	48.0	57.7
Six-month Outlook	54.9	49.8	+5.1	Growing	From Contracting	1	41.7	55.6	61.1	57.7	53.1	61.1	58.0	57.7

Chart 1: Time Series of Taiwan NMI

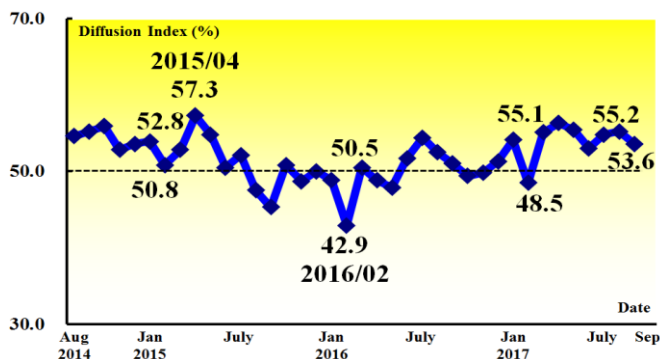
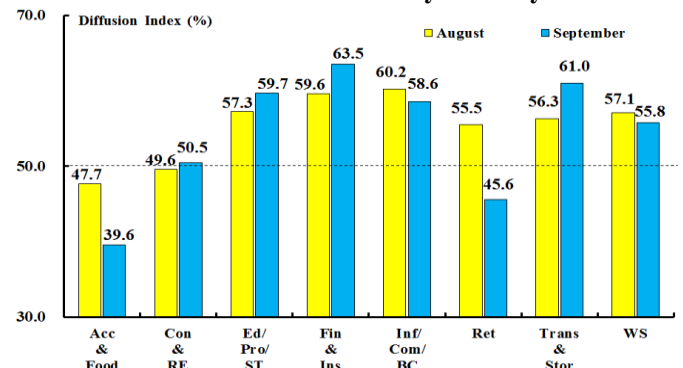


Chart 2: Performance by Industry



### Summary

- The non-manufacturing sector has been expanded for seven consecutive months while the Taiwan NMI registered 1.6 percentage points lower than the 55.2 percent in August.
- Both Business Activity and New Orders Indexes showed continued growth in September, but at slower rates than in August, dropping 3.9 and 1.3 percentage points to 53.1 and 54.6 percent, respectively.
- Non-manufacturers' Employment continues to show good momentum most of the time this year as the Employment Index registered 53.1 percent and indicated growing for seven consecutive months.
- The Inventories Index registered 53.1 percent, an increase of 4.3 percentage points, indicating a resumption of growth in inventories following only one month of contraction.
- The Price Index registered 60.7 percent, signaling continuous upward pressure on non-manufacturers' costs for the past twenty-one months.
- The Backlog of Orders Index registered 49.1 percent in September, indicating non-manufacturers' backlogs are still contracting for the past thirty months.
- The Service Charge Index registered 50.8 percent in September, indicating that non-manufacturers charged rather higher service prices for three consecutive months.
- The Six-month Outlook index bounced back to 54.9 percent, growing, in September against 49.8 percent in August.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Fin & Ins (63.5%); Trans & Stor (61.0%); Ed/Pro/ST (59.7%); Inf/Com/BC (58.6%); WS (55.8%) and Con & RE (50.5%). While Acc & Food (39.6%) and Ret (45.6%) industries failed to grow in September.

## 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/BC)** 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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