

October 2017 Taiwan Non-Manufacturing Index

NMI at 53.0%

Business Activity Index at 53.6%

New Orders Index at 53.1%

Employment Index at 51.4%

NON-MANUFACTURING AT A GLANCE

October 2017

Index	Series Index Oct	Series Index Sep	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	53.0	53.6	-0.6	Growing	Slower	8	44.8	46.9	60.3	55.9	56.9	51.0	57.3	50.9
Business Activity	53.6	53.1	+0.5	Growing	Faster	8	45.8	42.2	66.1	56.9	63.9	60.0	56.3	46.2
New Orders	53.1	54.6	-1.5	Growing	Slower	8	41.7	45.3	66.1	57.8	61.1	46.2	62.5	47.3
Employment	51.4	53.1	-1.7	Growing	Slower	8	41.7	46.9	53.6	52.9	55.6	46.0	58.3	52.6
Supplier Deliveries	53.8	53.4	+0.4	Slowing	Faster	39	50.0	53.1	55.4	55.9	47.2	52.0	52.1	57.7
Inventories	54.1	53.1	+1.0	Growing	Faster	2	50.0	50.0	55.4	54.9	52.8	64.0	60.4	50.0
Prices	62.7	60.7	+2.0	Increasing	Faster	22	66.7	60.9	67.9	51.0	55.6	64.0	68.8	67.9
Backlog of Orders	47.9	49.1	-1.2	Contracting	Faster	31	33.3	35.9	55.4	50.0	61.1	48.0	50.0	51.3
New Export Orders	47.4	49.3	-1.9	Contracting	Faster	4	25.0	35.7	50.0	57.1	60.0	33.3	61.1	51.9
Imports	52.7	47.5	+5.2	Growing	From Contracting	1	45.8	39.5	56.3	57.7	70.0	62.5	66.7	46.7
Service Charge	50.8	50.8	+0.0	Increasing	Same	4	33.3	53.1	51.9	58.8	61.1	44.0	58.3	52.6
Inventory Sentiment	52.3	54.0	-1.7	Too High	Slower	39	50.0	51.6	44.6	50.0	52.8	64.0	50.0	52.6
Six-month Outlook	53.1	54.9	-1.8	Growing	Slower	2	41.7	45.3	58.9	58.8	61.1	58.0	60.4	55.1

Chart 1: Time Series of Taiwan NMI

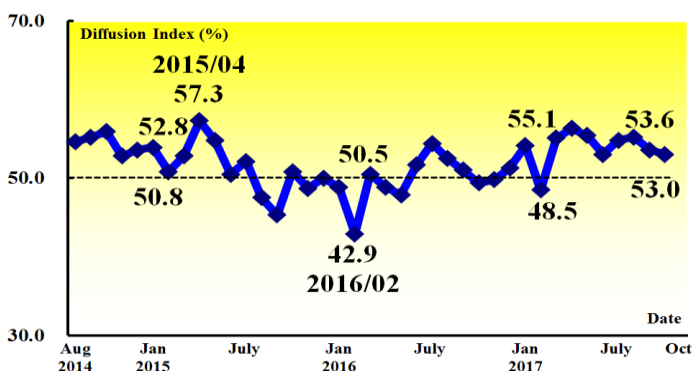
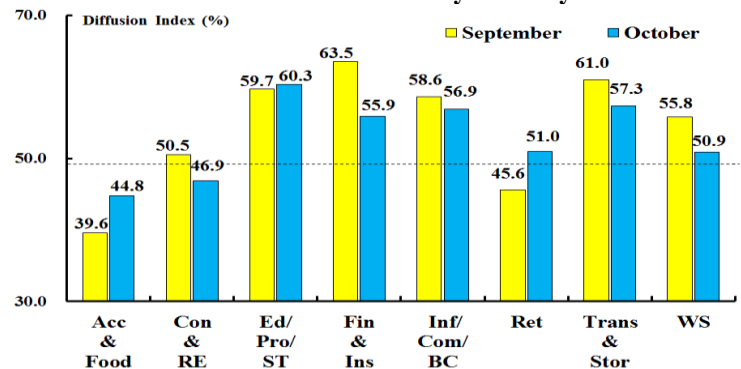


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector has been expanded for eight consecutive months while the Taiwan NMI further fell 0.6 percentage point, slightly lower than the 53.6 percent in September.
- The Business Activity Index just inched up to 53.6 percent and indicated growing for the eighth consecutive month.
- The New Orders Index showed continued growth in October, but at slower rate than in September, dropping 1.5 percentage points to 53.1 percent.
- Non-manufacturers' Employment has been expanding for the eighth consecutive month while the Employment Index registered 1.7 percentage points, lower than the 53.1 percent in September.
- The Inventories Index further rose by 1.0 percentage point to 54.1 percent, indicating growth in non-manufacturers' inventories for the second consecutive month.
- The Price Index registered 2.0 percentage points higher than the 60.7 percent in September, signaling continuous upward pressure on non-manufacturers' cost for past twenty-two months.
- The Backlog of Orders Index registered 47.9 percent in October, indicating non-manufacturers' backlogs are still contracting for the past thirty-one months.
- The Service Charge Index registered 50.8 percent in October, indicating that non-manufacturers keep charged rather higher service prices for four consecutive months.
- The Six-month Outlook, however, registered 1.8 percentage points, below the September reading of 54.9 percent.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Ed/Pro/ST (60.3%); Trans & Stor (57.3%); Inf/Com/BC (56.9%); Fin & Ins (55.9%); Ret (51.0%) and WS (50.9%). While Acc & Food (44.8%) and Con & RE (46.9%) industries failed to grow in 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/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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