

November 2017 Taiwan Non-Manufacturing Index

NMI at 53.4%

Business Activity Index at 53.8%

New Orders Index at 54.3%

Employment Index at 52.7%

NON-MANUFACTURING AT A GLANCE

November 2017

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	53.4	53.0	+0.4	Growing	Faster	9	40.6	50.4	57.9	61.1	66.2	50.0	50.5	54.0
Business Activity	53.8	53.6	+0.2	Growing	Faster	9	31.3	50.0	53.7	67.9	79.4	51.9	46.0	53.9
New Orders	54.3	53.1	+1.2	Growing	Faster	9	37.5	51.6	66.7	63.2	70.6	50.0	52.0	52.7
Employment	52.7	51.4	+1.3	Growing	Faster	9	43.8	50.0	57.4	58.5	58.8	48.1	52.0	52.6
Supplier Deliveries	52.9	53.8	-0.9	Slowing	Slower	40	50.0	50.0	53.7	54.7	55.9	50.0	52.0	56.6
Inventories	50.6	54.1	-3.5	Growing	Slower	3	50.0	54.8	55.6	58.5	44.1	44.2	48.0	48.7
Prices	59.2	62.7	-3.5	Increasing	Slower	23	50.0	64.5	59.3	53.8	58.8	50.0	68.0	61.8
Backlog of Orders	48.1	47.9	+0.2	Contracting	Slower	32	31.3	41.9	51.9	59.4	70.6	51.9	40.0	46.1
New Export Orders	52.4	47.4	+5.0	Growing	From Contracting	1	66.7	50.0	50.0	50.0	72.2	50.0	45.5	50.0
Imports	50.1	52.7	-2.6	Growing	Slower	2	56.3	41.7	50.0	46.2	61.1	50.0	50.0	50.0
Service Charge	49.6	50.8	-1.2	Decreasing	From Increasing	1	43.8	51.6	54.2	52.8	50.0	48.0	58.0	48.7
Inventory Sentiment	53.9	52.3	+1.6	Too High	Faster	40	50.0	56.5	50.0	48.1	50.0	55.8	50.0	60.5
Six-month Outlook	54.5	53.1	+1.4	Growing	Faster	3	43.8	50.0	55.6	54.7	73.5	61.5	62.0	60.5

Chart 1: Time Series of Taiwan NMI

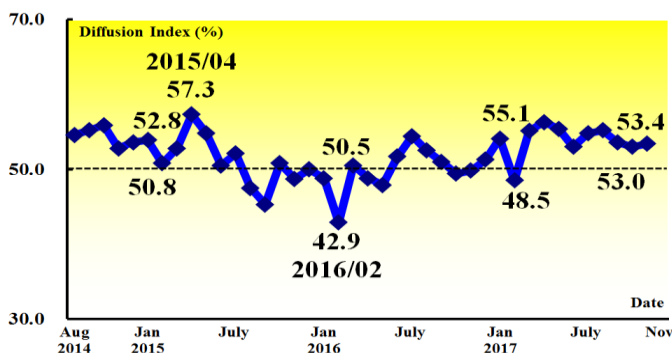
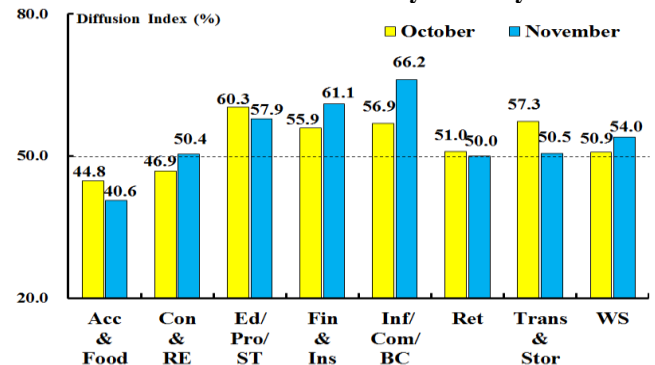


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector has been expanded for nine consecutive months as the Taiwan NMI registered 0.4 percentage point, although its slightly higher than the 53.0 percent in October.
- Both New Orders and Production Indexes presented continuous growth in November, increasing 0.2 and 1.2 percentage points to 53.8 and 54.3 percent, respectively
- Non-manufacturers' Employment has been expanding for the ninth consecutive month as the Employment Index registered 1.3 percentage points higher than the 51.4 percent in October.
- The Inventories Index decreased 3.5 percentage points to 50.6 percent, indicating growth in non-manufacturers' inventories for the third consecutive month.
- The prices paid by the non-manufacturing sector for purchased materials and services are keep increasing for the twenty-third consecutive month while the Price Index decreased 3.5 percentage points to 59.2 percent in November.
- The Service Charge Index in November is 49.6 percent, down from the 50.8 percent reported in October, indicating that non-manufacturers failed to charged higher service prices for the first time in the past five months.
- The Six-month outlook Index registered 1.4 percentage points higher than the 53.1 percent in October, indicating a growth trend for the third consecutive month.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Inf/Com/BC (66.2%); Fin & Ins (61.1%); Ed/Pro/ST (57.9%); WS (54.0 %); Trans & Stor (50.5%) and Con & RE (50.4%). The Ret (50.0%) industry reports unchanged from October. While Acc & Food industry remain in contraction at 40.6 percent in November.

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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