

## March 2017 Taiwan Non-Manufacturing Index

NMI at 55.1%

Business Activity Index at 56.4%

New Orders Index at 57.5%

Employment Index at 50.5%

### NON-MANUFACTURING AT A GLANCE

March 2017

Index	Series Index Mar	Series Index Feb	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	55.1	48.5	+6.6	Growing	From Contracting	1	39.4	52.6	62.1	56.6	48.6	45.3	48.3	63.9
Business Activity	56.4	44.8	+11.6	Growing	From Contracting	1	26.9	53.4	62.1	64.2	47.2	43.2	50.0	67.1
New Orders	57.5	47.4	+10.1	Growing	From Contracting	1	38.5	48.3	63.8	66.0	52.8	53.8	43.2	70.0
Employment	50.5	48.9	+1.6	Growing	From Contracting	1	46.2	51.7	62.1	48.1	41.7	36.4	50.0	51.4
Supplier Deliveries	56.2	52.9	+3.3	Slowing	Faster	32	46.2	56.9	60.3	48.1	52.8	47.7	50.0	67.1
Inventories	51.4	49.8	+1.6	Growing	From Contracting	1	23.1	51.7	56.9	57.5	47.2	52.3	43.2	54.3
Prices	64.2	62.0	+2.2	Increasing	Faster	15	73.1	70.7	69.0	52.8	50.0	63.6	68.2	70.0
Backlog of Orders	45.9	42.7	+3.2	Contracting	Slower	24	30.8	34.5	46.6	58.5	52.8	38.6	43.2	52.9
New Export Orders	52.9	48.6	+4.3	Growing	From Contracting	1	33.3	50.0	57.1	45.8	61.1	50.0	42.9	66.0
Imports	53.9	47.0	+6.9	Growing	From Contracting	1	38.5	50.0	61.1	50.0	54.2	56.3	56.3	60.0
Service Charge	50.0	48.3	+1.7	Unchanged	From Decreasing	1	46.2	37.9	50.0	52.8	55.6	52.3	52.3	58.6
Inventory Sentiment	56.7	55.0	+1.7	Too High	Faster	32	46.2	65.5	51.7	50.9	47.2	56.8	47.7	62.9
Six-month Outlook	58.3	51.5	+6.8	Growing	Faster	2	30.8	58.6	55.2	68.9	50.0	52.3	40.9	70.0

Chart 1: Time Series of Taiwan NMI

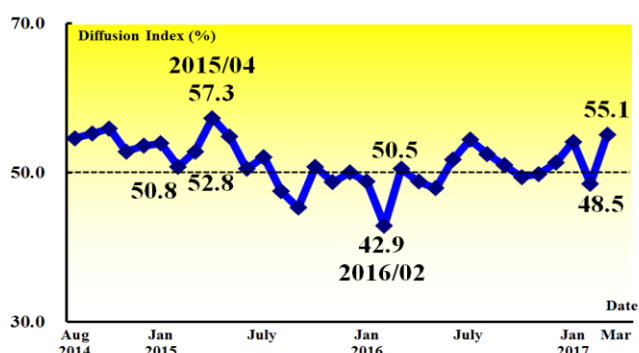
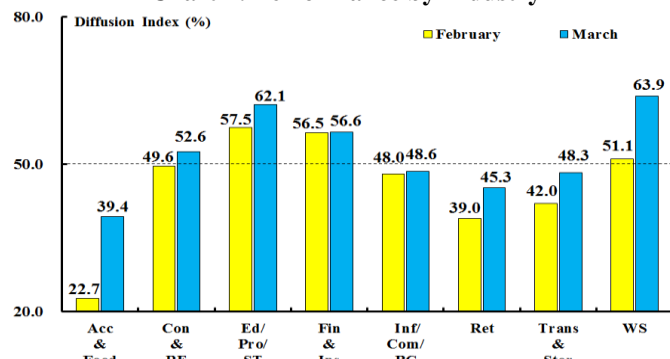


Chart 2: Performance by Industry



### Summary

- The Taiwan NMI rose 6.6 percentage points to 55.1 percent in March, indicating a resumption of growth in the non-manufacturing sector following only one month of contraction.
- Both Business Activity and New Orders Indexes turned from contraction to growth, increasing 11.6 and 10.1 percentage points to 56.4 and 57.5 percent respectively.
- Non-manufacturers' employment expanded following only one month of contraction while the Employment Index slightly rose 1.6 percentage points to 50.5 percent in March.
- The Supplier Deliveries Index reflected slower deliveries and registered a thirty-two month high of 56.2% in March.
- The Inventories Index registered 51.4 percent, indicating growing following a single month of contraction in February.
- The Price Index increased 2.2 percentage points to 64.2 percent in March, the second highest since August 2014.
- Non-manufacturers' backlogs contracted for twenty-four consecutive months while the Backlog of Orders Index rose 3.2 percentage points to 45.9 percent, and registered its highest reading since June 2015.
- The Service Charge Index increased 1.7 percentage points to 50.0 percent in March, signaling that service fees priced by non-manufacturers are unchanged from February.
- The Six-month Outlook Index registered 58.3 percent, an increase of 6.8 percentage points when compared to February and also the second highest level recorded by the index since August 2014.
- Of the eight non-manufacturing industries categories, four are reporting growth in the following order: **WS** (63.9%); **Ed/Pro/ST** (62.1%); **Fin & Ins** (56.6%) and **Con & RE** (52.6%). While **Acc & Food** (39.4%), **Ret** (45.3%), **Trans & Stor** (48.3%) and **Inf/Com/BC** (48.6%) industries still remain in contraction in March.

## 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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