

June 2017 Taiwan Non-Manufacturing Index

NMI at 53.0%

Business Activity Index at 52.7%

New Orders Index at 53.6%

Employment Index at 52.2%

NON-MANUFACTURING AT A GLANCE

June 2017

Index	Series Index Jun	Series Index May	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	55.4	-2.4	Growing	Slower	4	52.3	53.4	51.9	58.2	57.6	49.1	43.5	53.4
Business Activity	52.7	54.8	-2.1	Growing	Slower	4	50.0	50.0	46.2	59.6	55.6	55.4	47.8	52.4
New Orders	53.6	57.9	-4.3	Growing	Slower	4	46.9	53.0	55.8	63.8	55.6	50.0	39.1	51.3
Employment	52.2	54.2	-2.0	Growing	Slower	4	56.3	53.0	50.0	58.5	66.7	44.6	45.7	54.9
Supplier Deliveries	53.4	54.7	-1.3	Slowing	Slower	35	56.3	57.6	55.8	51.1	52.8	46.4	41.3	54.9
Inventories	52.4	52.7	-0.3	Growing	Slower	4	50.0	50.0	50.0	54.3	47.2	64.3	50.0	52.4
Prices	56.8	55.6	+1.2	Increasing	Faster	18	75.0	50.0	57.7	53.2	52.8	58.9	47.8	62.2
Backlog of Orders	43.7	46.6	-2.9	Contracting	Faster	27	34.4	40.9	50.0	53.2	47.2	41.1	30.4	43.9
New Export Orders	51.1	47.6	+3.5	Growing	From Contracting	1	83.3	31.3	50.0	57.7	45.0	50.0	45.0	55.8
Imports	47.7	55.6	-7.9	Contracting	From Growing	1	40.6	45.0	41.7	45.8	50.0	40.9	45.8	51.7
Service Charge	48.5	46.5	+2.0	Decreasing	Slower	3	43.8	40.9	52.0	57.4	50.0	53.6	41.3	50.0
Inventory Sentiment	53.6	56.5	-2.9	Too High	Slower	35	53.1	53.0	50.0	51.1	52.8	60.7	54.3	54.9
Six-month Outlook	51.5	53.1	-1.6	Growing	Slower	5	43.8	45.5	53.8	55.3	55.6	57.1	56.5	57.3

Chart 1: Time Series of Taiwan NMI

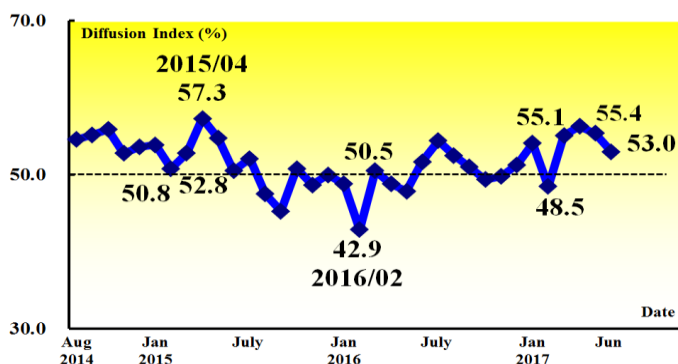
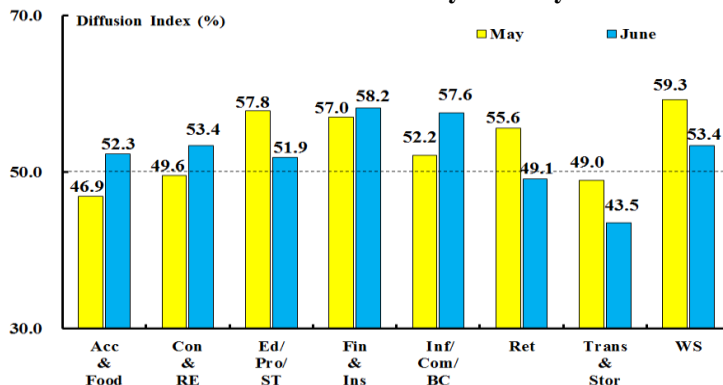


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector expanded for the four consecutive months while the Taiwan NMI registered 2.4 percentage points lower than the 55.4 percent in May.
- Both Business Activity and Production Indexes showed continuous growth in June, but at slower rates than in May, dropping 2.1 and 4.3 percentage points to 52.7 and 53.6 percent, respectively.
- The Employment Index declined and registered 2.0 percentage points lower than the 54.2 percent in May.
- The Supplier Deliveries Index reflected slower deliveries for thirty-five consecutive months and registered 53.4%.
- Non-manufacturers are still paying higher price level of their purchases for eighteen consecutive months as the Price Index increased 1.2 percentage points to 56.8 percent in June.
- Non-manufacturers' backlogs contracted for twenty-seven consecutive months as the Backlog of Orders Index further fell 2.9 percentage points to 43.7 percent.
- Non-manufacturers experienced inflationary pressure on their purchases, but priced lower service fees for the past three months. The Service Charge Index registered 2.0 percentage points higher than the 46.5 percent in May.
- The Six-month Outlook index continued its growth trend for five consecutive months but further fell 1.6 percentage points to 51.5 percent in June.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Fin & Ins (58.2%); Inf/Com/BC (57.6%); Con & RE (53.4%); WS (53.4%); Acc & Food (52.3%) and Ed/Pro/ST (51.9%). While Trans & Stor (43.5%) and Ret (49.1%) industries experienced contraction in June.

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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