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CIER 中華經濟研究院 CHUNG-HUA INSTITUTION FOR ECONOMIC RESEARCH

April 2017 Taiwan Non-Manufacturing Index

NMI at 56.3%

Business Activity Index at 58.4%
New Orders Index at 59.0%
Employment Index at 53.1%

NON-MANUFACTURING AT A GLANCE
April 2017

Unit : %							Industries							
Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Acc & Food	Con & RE	Ed/ Pro/ ST	Fin & Ins	Inf/ Com/ BC	Ret	Trans & Stor	WS
Taiwan NMI	56.3	55.1	+1.2	Growing	Faster	2	44.3	55.1	56.7	59.2	51.9	49.7	52.8	57.9
Business Activity	58.4	56.4	+2.0	Growing	Faster	2	40.9	51.6	57.1	65.8	52.5	51.9	65.9	61.8
New Orders	59.0	57.5	+1.5	Growing	Faster	2	40.9	51.6	64.3	68.4	55.0	42.9	52.3	65.8
Employment	53.1	50.5	+2.6	Growing	Faster	2	50.0	51.6	51.8	54.4	50.0	51.9	47.7	52.6
Supplier Deliveries	54.6	56.2	-1.6	Slowing	Slower	33	45.5	65.6	53.6	48.2	50.0	51.9	45.5	51.3
Inventories	54.8	51.4	+3.4	Growing	Faster	2	50.0	54.7	55.4	53.5	52.5	59.6	47.7	53.9
Prices	58.3	64.2	-5.9	Increasing	Slower	16	68.2	50.0	62.5	47.4	47.5	63.5	65.9	67.1
Backlog of Orders	49.9	45.9	+4.0	Contracting	Slower	25	36.4	42.2	48.2	53.5	55.0	51.9	45.5	53.9
New Export Orders	48.0	52.9	-4.9	Contracting	From Growing	1	66.7	30.0	41.7	60.0	55.6	50.0	37.5	57.7
Imports	51.4	53.9	-2.5	Growing	Slower	2	50.0	52.9	50.0	33.3	50.0	60.0	43.8	54.8
Service Charge	49.1	50.0	-0.9	Decreasing	From Unchanged	1	36.4	42.2	56.5	54.4	47.5	50.0	54.5	44.7
Inventory Sentiment	54.5	56.7	-2.2	Too High	Slower	33	54.5	60.9	48.2	49.1	55.0	61.5	47.7	55.3
Six-month Outlook	54.9	58.3	-3.4	Growing	Slower	3	31.8	42.2	58.9	64.0	50.0	57.7	47.7	65.8

Chart 1: Time Series of Taiwan NMI

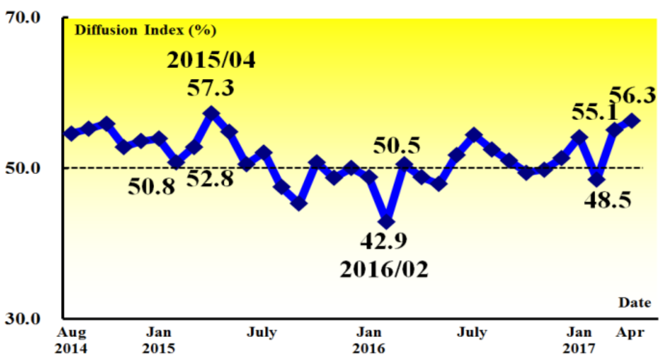
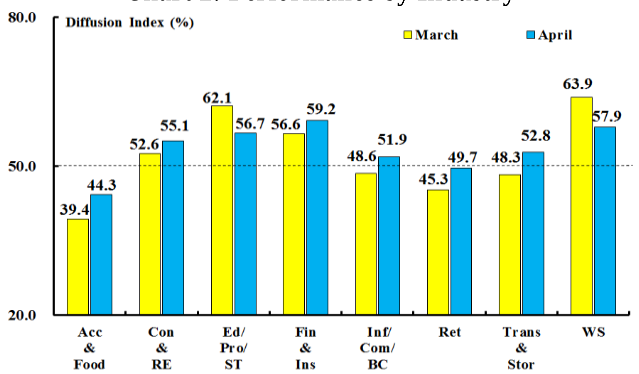


Chart 2: Performance by Industry



Summary

- The Taiwan NMI registered 1.2 percentage points higher than the 55.1 percent in March, indicating growth in non-manufacturing sector for the second consecutive month.
- Both Business Activity and New Orders Indexes continued their growth trend for two consecutive months, registered 58.4 and 59.0 percent respectively in April. This represents an increase of 2.0 and 1.5 percentage points respectively from March and also the highest level in the last twenty-four months.
- The Employment Index accelerated and registered 2.6 percentage points higher than the 50.5 percent in March.
- The Supplier Deliveries Index reflected slower deliveries for thirty-three consecutive months and registered 54.6 percent in April, down from the highest recorded level of 56.2 percent since August 2014.
- Non-manufacturers continue to suffer higher price for their purchases for the past sixteen months while the Price Index registered 5.9 percentage points lower than the 64.2 percent in March.
- Non-manufacturers' backlogs contracted for twenty-five consecutive months while the Backlog of Orders Index further rose 4.0 percentage points to 49.9 percent, and registered its highest reading since April 2015.
- The Service Charge Index registered 49.1 percent, signaling that non-manufacturers again priced at lower service fees.
- The Six-month Outlook index continued its growth trend for the third consecutive month but registered 3.4 percentage points lower than the 58.3 percent in March.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: **Fin & Ins** (59.2%); **WS** (57.9%); **Ed/Pro/ST** (56.7%); **Con & RE** (55.1%); **Trans & Stor** (52.8%) and **Inf/Com/BC** (51.9%). While **Acc & Food** (44.3%), **Ret** (49.7%) industries still remain in contraction in April.

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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