國家發展委員會 NATIONAL DEVELOPMENT COUNCIL | smit 社團法人中華採購與供應管理協會 supply management institute, taiwan | CIER 中華經濟研究院 CHUNG-HUA INSTITUTION FOR ECONOMIC RESEARCH

# March 2019 Taiwan Non-Manufacturing Index

## NMI at 53.3%

**Business Activity Index at 53.9%**
**New Orders Index at 55.8%**
**Employment Index at 54.1%**

## NON-MANUFACTURING AT A GLANCE
### March 2019

Unit : %

| 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 | 53.3 | 47.8 | +5.5 | Growing | From Contracting | 1 | 36.6 | 64.2 | 60.6 | 55.4 | 54.7 | 43.5 | 53.5 | 50.0 |
| Business Activity | 53.9 | 40.8 | +13.1 | Growing | From Contracting | 1 | 28.6 | 72.4 | 62.1 | 57.8 | 56.3 | 36.4 | 50.0 | 52.7 |
| New Orders | 55.8 | 45.6 | +10.2 | Growing | From Contracting | 1 | 32.1 | 70.7 | 65.2 | 55.9 | 59.4 | 42.3 | 58.0 | 51.4 |
| Employment | 54.1 | 55.0 | -0.9 | Growing | Slower | 25 | 32.1 | 58.6 | 60.6 | 58.8 | 56.3 | 47.7 | 60.0 | 51.4 |
| Supplier Deliveries | 49.7 | 49.7 | +0.0 | Faster | Same | 2 | 53.6 | 55.2 | 54.5 | 49.0 | 46.9 | 47.7 | 46.0 | 44.6 |
| Inventories | 50.8 | 52.2 | -1.4 | Growing | Slower | 4 | 50.0 | 46.6 | 50.0 | 54.9 | 40.6 | 54.5 | 64.0 | 52.7 |
| Prices | 60.6 | 60.1 | +0.5 | Increasing | Faster | 39 | 53.6 | 72.4 | 62.1 | 53.9 | 50.0 | 54.5 | 60.0 | 59.5 |
| Backlog of Orders | 47.3 | 43.5 | +3.8 | Contracting | Slower | 8 | 39.3 | 55.2 | 53.0 | 54.9 | 53.1 | 31.8 | 36.0 | 43.2 |
| New Export Orders | 54.6 | 43.5 | +11.1 | Growing | From Contracting | 1 | 0.0 | 50.0 | 59.1 | 46.7 | 35.0 | 50.0 | 59.1 | 54.0 |
| Imports | 53.1 | 46.7 | +6.4 | Growing | From Contracting | 1 | 53.6 | 46.9 | 57.7 | 50.0 | 50.0 | 50.0 | 63.6 | 48.3 |
| Service Charge | 53.2 | 50.1 | +3.1 | Increasing | Faster | 3 | 46.4 | 56.9 | 55.2 | 51.0 | 46.9 | 52.4 | 46.0 | 52.7 |
| Inventory Sentiment | 53.0 | 54.1 | -1.1 | Too High | Slower | 56 | 53.6 | 50.0 | 47.0 | 50.0 | 46.9 | 54.5 | 58.0 | 63.5 |
| Future Outlooks | 48.7 | 45.8 | +2.9 | Contracting | Slower | 9 | 50.0 | 51.7 | 59.1 | 50.0 | 56.3 | 47.7 | 46.0 | 44.6 |

**Chart 1: Time Series of Taiwan NMI**

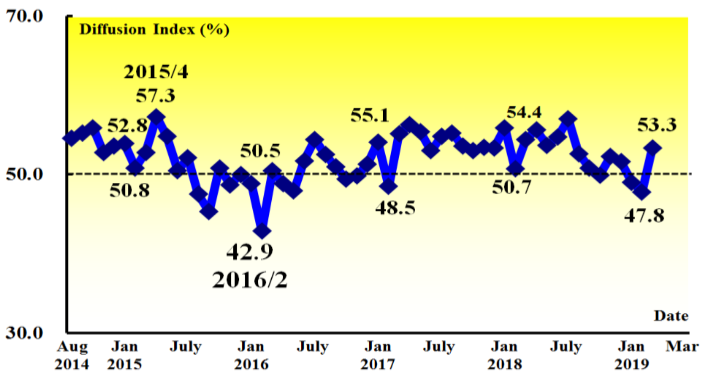
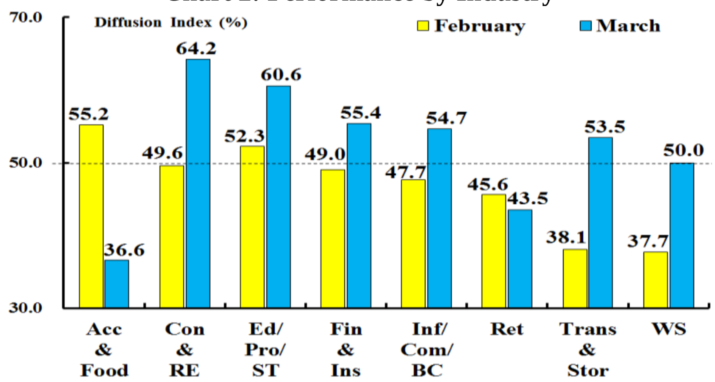



**Chart 2: Performance by Industry**




## Summary

- The seasonally unadjusted Taiwan NMI registered 53.3 percent in March, which is 5.5 percentage points higher than the 47.8 percent in February.
- Both Business activity and New Order Indexes performed the significant improvement as they went up 13.1 and 10.2 percentage points to 53.9 and 55.8 percent, respectively. This strong growth in business activities and new orders was mainly caused by more working days comparing to the previous month.
- Non-manufacturers' employment continued to grow for twenty-five consecutive months while the Employment Index decreased 0.9 percentage point to 54.1 percent.
- The Inventories Index fell 1.4 percentage points to 50.8 percent, indicating still growing in non-manufacturers' inventories for the fourth consecutive month.
- The Price Index inched up 0.5 percentage point to 60.6 percent in March, signaling continuous upward pressure on non-manufacturers' cost for past thirty-nine months.
- Non-manufacturers' backlogs contracted for eight consecutive months while the Backlog of Orders Index further increased 3.8 percentage points to 47.3 percent.
- Non-manufacturers priced higher service fees for three consecutive months as the Service Charge Index went up 3.1 percentage points to 53.2 percent and registered its highest reading since May 2018.
- Non-manufacturers although remained pessimistic on the future, nevertheless, the Future Outlooks Index further increased 2.9 percentage points to 48.7 percent and recorded its highest reading since July 2018.
- Of the eight non-manufacturing industries categories, five are reporting growth in March in the following order: Con & RE (64.2%), Ed/Pro/ST (60.6%), Fin & Ins (55.4%), Inf/Com/BC (54.7%), Trans & Stor (53.5%). While Acc & Food (36.6%) and Ret (43.5%) reported contraction. Only WS (50.0%) reported unchanged 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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