

August 2021 Taiwan Non-Manufacturing Index

NMI at 56.7%

Business Activity Index at 61.5%

New Orders Index at 56.2%

Employment Index at 53.5%

NON-MANUFACTURING AT A GLANCE

August 2021

Index	Series Index Aug	Series Index Jul	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	56.7	53.2	+3.5	Growing	Faster	2	65.3	59.4	59.5	55.9	53.9	51.4	57.4	57.2
Business Activity	61.5	53.9	+7.6	Growing	Faster	2	88.9	60.7	57.6	62.8	65.6	63.2	59.3	56.7
New Orders	56.2	51.0	+5.2	Growing	Faster	2	83.3	58.9	59.1	59.6	53.1	40.0	63.0	51.2
Employment	53.5	50.1	+3.4	Growing	Faster	2	44.4	58.9	60.6	53.2	50.0	47.4	48.1	53.3
Supplier Deliveries	55.6	57.6	-2.0	Slowing	Slower	22	44.4	58.9	60.6	47.9	46.9	55.3	59.3	67.8
Inventories	50.7	48.5	+2.2	Growing	From Contracting	1	38.9	46.4	51.5	53.2	53.1	57.9	55.6	52.2
Prices	68.3	70.3	-2.0	Increasing	Slower	68	83.3	82.1	57.6	53.2	56.3	71.1	66.7	72.2
Backlog of Orders	45.0	45.5	-0.5	Contracting	Faster	4	22.2	44.6	53.0	44.7	43.8	42.1	50.0	52.2
New Export Orders	46.1	50.8	-4.7	Contracting	From Growing	1	50.0	50.0	50.0	43.3	40.0	33.3	65.4	41.4
Imports	47.1	53.4	-6.3	Contracting	From Growing	1	50.0	46.4	46.4	54.2	41.7	35.7	64.3	44.1
Service Charge	59.4	55.4	+4.0	Increasing	Faster	15	44.4	70.4	48.3	57.4	50.0	63.2	63.0	61.1
Inventory Sentiment	49.8	50.2	-0.4	Too Low	From Too High	1	44.4	46.4	51.5	48.9	50.0	52.6	53.7	50.0
Future Outlooks	58.3	54.1	+4.2	Growing	Faster	2	55.6	67.9	53.0	47.9	65.6	65.8	64.8	54.4

Chart 1: Time Series of Taiwan NMI

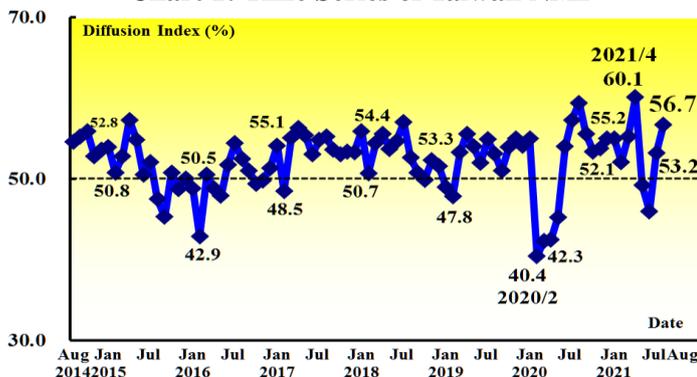
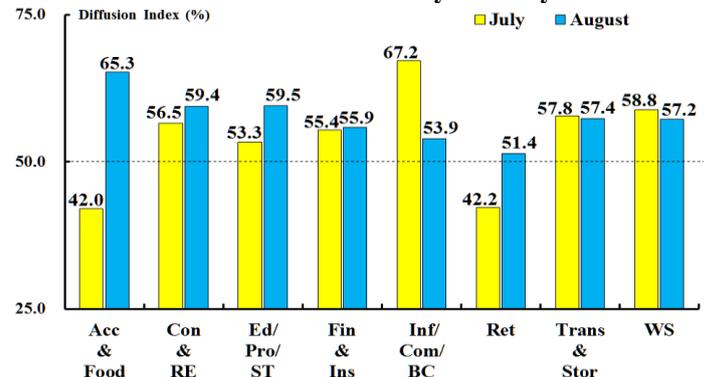


Chart 2: Performance by Industry



Summary

- As the COVID-19 pandemic confirmed cases in Taiwan is nearly approaching zero, the Taiwan NMI grew for the second consecutive month and further increased 3.5 percentage points to 56.7 percent.
- Non-manufacturing industries are gradually stepping out of the impacts of this wave of the local pandemic. Both the Business Activity and New Orders Indexes grew for two consecutive months and further rose 7.6 and 5.2 percentage points to 61.5 and 56.2 percent, respectively.
- The Employment Index went up 3.4 percentage points to 53.5 percent, indicating growing for two consecutive months.
- The Inventories Index turned to growing following two months of contraction, as the index increased 2.2 percentage points to 50.7 percent.
- The Prices Index remained above 60.0 percent for the ninth consecutive month and registered 2.0 percentage points lower than the 70.3 percent recorded in July.
- Non-manufacturers' backlog contracted for four consecutive months as the Backlog of Orders Index decreased 0.5 percentage point to 45.0 percent.
- As the COVID-19 pandemic confirmed cases in Taiwan is nearly approaching zero, non-manufacturers are more optimistic about the future. The Future Outlooks Index further increased 4.2 percentage points to 58.3 percent.
- All non-manufacturing industries categories reported growing in the following order: Acc & Food (65.3%), Ed/Pro/ST (59.5%), Con & RE (59.4%), Trans & Stor (57.4%), WS (57.2%), Fin & Ins (55.9%), Inf/Com/BC (53.9%) and Ret (51.4%).

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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