

February 2021 Taiwan Non-Manufacturing Index

NMI at 52.1%

Business Activity Index at 49.8%

New Orders Index at 50.9%

Employment Index at 49.8%

NON-MANUFACTURING AT A GLANCE

February 2021

Index	Series Index Feb	Series Index Jan	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	52.1	55.0	-2.9	Growing	Slower	9	54.2	55.7	55.1	49.7	50.0	54.2	43.8	53.8
Business Activity	49.8	54.4	-4.6	Contracting	From Growing	1	58.3	56.1	52.9	44.8	44.4	59.5	38.3	46.7
New Orders	50.9	54.2	-3.3	Growing	Slower	9	58.3	56.1	60.3	53.1	44.4	50.0	43.3	46.6
Employment	49.8	53.6	-3.8	Contracting	From Growing	1	41.7	51.5	47.1	51.0	55.6	45.2	46.7	53.3
Supplier Deliveries	58.1	57.9	+0.2	Slowing	Faster	16	58.3	59.1	60.3	50.0	55.6	61.9	46.7	68.5
Inventories	48.6	49.6	-1.0	Contracting	Faster	2	70.8	40.9	50.0	55.2	50.0	47.6	56.7	46.7
Prices	61.8	66.3	-4.5	Increasing	Slower	62	50.0	68.2	58.8	41.7	58.3	64.3	68.3	75.0
Backlog of Orders	47.4	50.2	-2.8	Contracting	From Growing	1	33.3	54.5	50.0	50.0	47.2	52.4	43.3	50.0
New Export Orders	47.0	50.2	-3.2	Contracting	From Growing	1	33.3	41.7	45.5	61.8	50.0	62.5	53.8	43.8
Imports	47.2	50.1	-2.9	Contracting	From Growing	1	54.2	47.1	42.3	41.7	56.3	58.3	57.1	48.6
Service Charge	57.7	56.6	+1.1	Increasing	Faster	9	75.0	68.8	53.3	51.0	52.8	54.8	58.3	60.9
Inventory Sentiment	48.7	49.7	-1.0	Too Low	Faster	2	62.5	45.5	48.5	51.0	52.8	42.9	41.7	53.3
Future Outlooks	64.5	54.6	+9.9	Growing	Faster	9	45.8	75.8	64.7	68.8	66.7	64.3	65.0	64.1

Chart 1: Time Series of Taiwan NMI

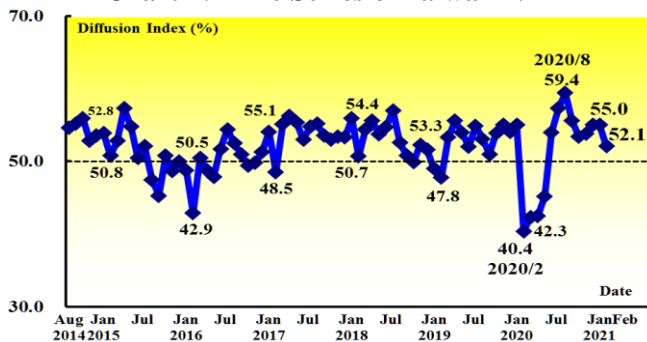
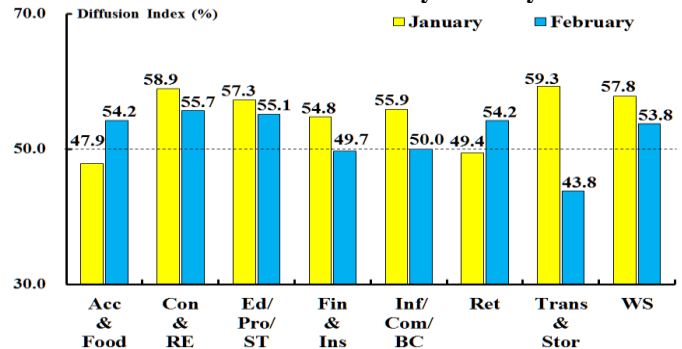


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector expanded for the ninth consecutive month while the Taiwan NMI decreased 2.9 percentage points to 52.1 percent in February.
- Two holiday breaks for the Chinese New Year and the Peace Memorial Day influenced the nation's non-manufacturing activities, as the Business Activity Index fell 4.6 percentage points to 49.8 percent.
- The New Orders Index grew for nine consecutive months, while the index fell 3.3 percentage points to 50.9 percent.
- The Employment Index turned to contraction following seven months of growth and went down 3.8 percentage points to 49.8 percent.
- Non-manufacturers reported slower deliveries for sixteen consecutive months. The Supplier Deliveries Index further went up 0.2 percentage point to 58.1 percent and recorded the highest reading since August 2014.
- The Inventories Index contracted for two consecutive months and fell 1.0 percentage point to 48.6 percent.
- The Prices Index remained above 60.0 percent for the third consecutive month and registered 61.8 percent in February, down from the highest reading of 66.3 percent in January.
- The Backlog of Orders Index turned to contraction in February and fell 2.8 percentage points to 47.4 percent.
- The non-manufacturers charged higher service prices for nine consecutive months as the Service Charge Index further went up 1.1 percentage points to 57.7 percent and registered the highest reading since August 2014.
- The Inventory Sentiment Index further fell 1.0 percentage point to 48.7 percent and recorded the lowest reading since August 2014.
- As the January coronavirus cluster infection is over and the Taoyuan General Hospital resumes normal operations, the Future Outlooks Index rose 9.9 percentage points to 64.5 percent and recorded the highest reading since August 2014.
- Of the eight non-manufacturing industries categories, five are reporting growth in the following order: Con & RE (55.7%), Ed/Pro/ST (55.1%), Acc & Food (54.2%), Ret (54.2%) and WS (53.8%). While Trans & Stor (43.8%) and Fin & Ins (49.7%) NMI turned to contraction in February. Only Inf/Com/BC reported unchanged in February.

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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