

# February 2022 Taiwan Non-Manufacturing Index

NMI at 51.6%

Business Activity Index at 45.9%

New Orders Index at 47.5%

Employment Index at 55.7%

## NON-MANUFACTURING AT A GLANCE

February 2022

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	51.6	53.9	-2.3	Growing	Slower	8	31.9	53.8	58.8	48.6	54.4	54.2	38.9	48.2
Business Activity	45.9	53.2	-7.3	Contracting	From Growing	1	11.1	43.3	55.0	44.4	60.0	52.8	23.1	41.3
New Orders	47.5	52.0	-4.5	Contracting	From Growing	1	11.1	48.3	60.0	43.3	52.5	50.0	26.9	43.9
Employment	55.7	52.6	+3.1	Growing	Faster	8	50.0	61.7	60.0	54.4	52.5	50.0	46.2	52.9
Supplier Deliveries	57.3	57.6	-0.3	Slowing	Slower	28	55.6	61.7	60.0	52.2	52.5	63.9	59.6	54.8
Inventories	48.2	53.4	-5.2	Contracting	From Growing	1	50.0	40.0	53.3	52.2	50.0	50.0	51.9	51.0
Prices	67.3	72.5	-5.2	Increasing	Slower	74	83.3	76.7	70.0	47.8	60.0	63.9	69.2	74.0
Backlog of Orders	43.9	48.6	-4.7	Contracting	Faster	2	11.1	45.0	58.3	42.2	50.0	36.1	25.0	48.1
New Export Orders	47.0	50.0	-3.0	Contracting	From Unchanged	1	100.0	37.5	54.5	57.1	50.0	50.0	13.6	41.9
Imports	48.4	55.1	-6.7	Contracting	From Growing	1	50.0	36.7	58.3	40.0	50.0	60.0	25.0	48.8
Service Charge	59.7	62.0	-2.3	Increasing	Slower	21	55.6	67.2	57.1	37.8	57.5	63.9	48.1	71.2
Inventory Sentiment	51.8	52.3	-0.5	Too High	Slower	3	55.6	41.7	51.7	48.9	55.0	55.6	48.1	61.5
Future Outlooks	59.5	53.0	+6.5	Growing	Faster	8	38.9	66.7	71.7	53.3	60.0	58.3	44.2	54.8

Chart 1: Time Series of Taiwan NMI

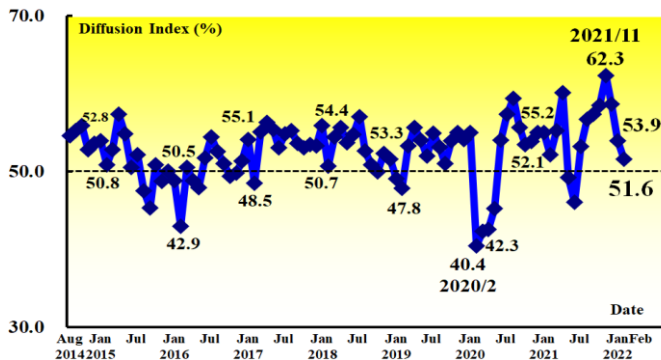
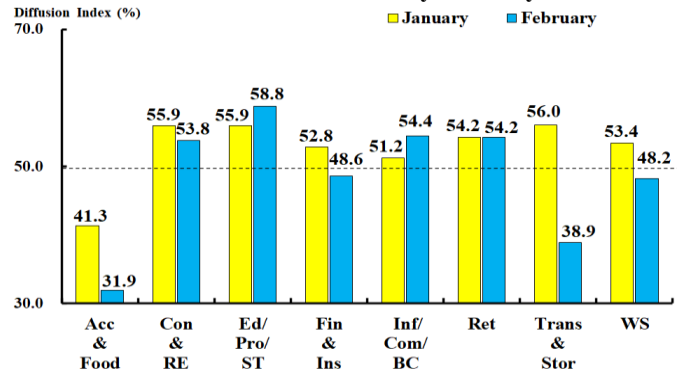


Chart 2: Performance by Industry



### Summary

- The seasonally unadjusted Taiwan Non-Manufacturing NMI decreased 2.3 percentage points to 51.6 percent in February.
- The non-manufacturing sector experienced contraction in business activity and new orders in February as the Chinese New Year holiday partially influenced the nation's non-manufacturing activities. The seasonally unadjusted Business Activity and New Orders Indexes fell 7.3 and 4.5 percentage points to 45.9 and 47.5 percent in February, respectively.
- Non-manufacturers' employment continued to grow for the eighth consecutive month as the Employment Index rose 3.1 percentage points and registered 55.7 percent.
- The Supplier Deliveries Index slightly inched down 0.3 percentage point to 57.3 percent, indicating slower deliveries from suppliers to the non-manufacturing sector for twenty-eight consecutive months.
- The Inventories Index decreased 5.2 percentage points to 48.2 percent in February, turning to contraction following six consecutive months of growth.
- The Prices Index maintained above 60.0 percent for fifteen consecutive months and registered 67.3 percent in February, down from the highest recorded level of 72.5 percent since August 2014.
- The Backlog of Orders Index remained in contraction for two consecutive months and further decreased 4.7 percentage points to 43.9 percent in February.
- Non-manufacturers continued charging higher service prices in February. The Service Charge Index registered 59.7 percent in February, down from the 64.0 percent (the highest reading since August 2014) reported in December 2021.
- The Inventory Sentiment Index remained high for three consecutive months and registered 51.8 percent in February.
- Due to the dramatic decline in the number of local confirmed COVID-19 cases, the non-manufacturers are more optimistic about the future. The Future Outlooks Index increased 6.5 percentage points to 59.5 percent in February.
- Four among eight non-manufacturing industries categories reported growing in the following order: Ed/Pro/ST (58.8%), Inf/Com/BC (54.4%), Ret (54.2%) and Con & RE (53.8%). While Acc & Food (31.9%), Trans & Stor (38.9%), WS (48.2%) and Fin & Ins (48.6%) industries reported contraction 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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