

January 2021 Taiwan Non-Manufacturing Index

NMI at 55.0%

Business Activity Index at 54.4%

New Orders Index at 54.2%

Employment Index at 53.6%

NON-MANUFACTURING AT A GLANCE

January 2021

Index	Series Index Jan	Series Index Dec	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	55.0	55.0	+0.0	Growing	Same	8	47.9	58.9	57.3	54.8	55.9	49.4	59.3	57.8
Business Activity	54.4	57.2	-2.8	Growing	Slower	8	37.5	57.1	58.6	62.2	50.0	42.1	61.1	61.3
New Orders	54.2	54.6	-0.4	Growing	Slower	8	37.5	53.6	60.3	60.2	55.3	55.6	63.0	51.3
Employment	53.6	51.3	+2.3	Growing	Faster	7	58.3	58.9	60.3	49.0	60.5	44.7	57.4	52.5
Supplier Deliveries	57.9	56.9	+1.0	Slowing	Faster	15	58.3	66.1	50.0	48.0	57.9	55.3	55.6	66.3
Inventories	49.6	50.0	-0.4	Contracting	From Unchanged	1	58.3	51.8	51.7	56.1	50.0	39.5	53.7	48.8
Prices	66.3	61.9	+4.4	Increasing	Faster	61	45.8	82.1	58.6	45.9	60.5	63.2	66.7	77.5
Backlog of Orders	50.2	47.0	+3.2	Growing	From Contracting	1	25.0	50.0	51.7	56.1	55.3	52.6	59.3	55.0
New Export Orders	50.2	48.8	+1.4	Growing	From Contracting	1	100.0	60.0	54.5	35.3	35.7	50.0	45.8	44.6
Imports	50.1	52.6	-2.5	Growing	Slower	4	50.0	53.1	53.8	46.2	50.0	50.0	46.2	48.4
Service Charge	56.6	56.2	+0.4	Increasing	Faster	8	50.0	68.5	51.7	54.1	55.3	52.6	63.0	60.0
Inventory Sentiment	49.7	51.0	-1.3	Too Low	From Too High	1	50.0	50.0	50.0	45.9	55.3	47.4	46.3	53.8
Future Outlooks	54.6	54.9	-0.3	Growing	Slower	8	20.8	60.7	55.2	61.2	65.8	60.5	59.3	56.3

Chart 1: Time Series of Taiwan NMI

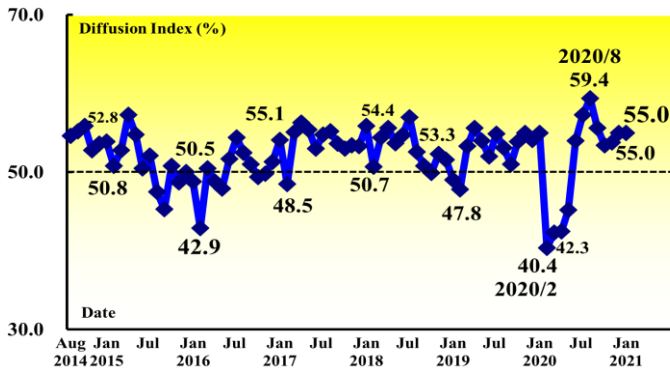
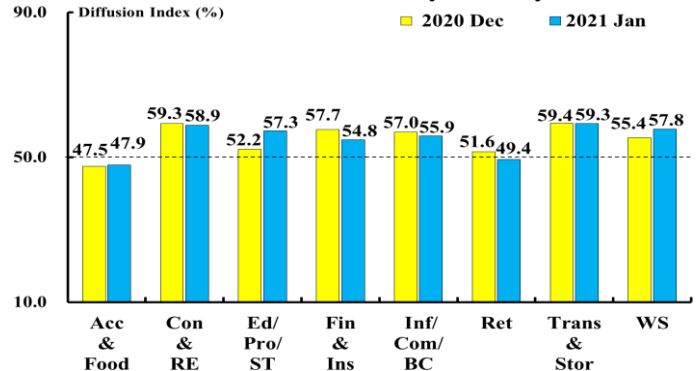


Chart 2: Performance by Industry



Summary

- Before the coming of Chinese New Year holidays, the Taiwan non-manufacturing sector still expanded but not at a faster rate. The Taiwan NMI remained at 55.0 percent in January 2021.
- Both Business Activity and New Orders Indexes grew but decelerated, as the indexes decreased 2.8 and 0.4 percentage points to 54.4 and 54.2 percent respectively.
- The Employment Index expanded and accelerated following four months of deceleration as the index increased 2.3 percentage points to 53.6 percent.
- Non-manufacturers reported slower deliveries for fifteen consecutive months. The Supplier Deliveries Index further went up 1.0 percentage point to 57.9 percent and recorded its highest reading since August 2014.
- The Inventories Index turned to contraction and decreased 0.4 percentage point to 49.6 percent.
- The Prices Index rose 4.4 percentage points to 66.3 percent and registered the highest point since August 2014.
- Non-manufacturers' backlog turned to growth following three months of contraction, as the Backlog of Orders Index increased 3.2 percentage points to 50.2 percent.
- The non-manufacturers charged higher service prices for eight consecutive months as the Service Charge Index further went up 0.4 percent point to 56.6 percent and registered the highest reading since August 2014.
- The Future Outlooks Index grew for eight consecutive months while the index fell 0.3 percentage point to 54.6 percent.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Trans & Stor (59.3%), Con & RE (58.9%), WS (57.8%), Ed/Pro/ST (57.3%), Inf/Com/BC (55.9%) and Fin & Ins (54.8%). Only Acc & Food (47.9%) and Ret (49.4%) remained in contraction in January.

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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