

January 2022 Taiwan Non-Manufacturing Index

NMI at 53.9%

Business Activity Index at 53.2%

New Orders Index at 52.0%

Employment Index at 52.6%

NON-MANUFACTURING AT A GLANCE

January 2022

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	53.9	58.6	-4.7	Growing	Slower	7	41.3	55.9	55.9	52.8	51.2	54.2	56.0	53.4
Business Activity	53.2	63.6	-10.4	Growing	Slower	7	30.0	53.1	55.9	57.8	54.8	55.6	59.3	49.0
New Orders	52.0	56.7	-4.7	Growing	Slower	7	25.0	48.4	55.9	53.3	47.6	58.3	57.4	50.0
Employment	52.6	58.0	-5.4	Growing	Slower	7	50.0	57.8	52.9	50.0	52.4	47.2	51.9	53.1
Supplier Deliveries	57.6	56.0	+1.6	Slowing	Faster	27	60.0	64.1	58.8	50.0	50.0	55.6	55.6	61.5
Inventories	53.4	54.9	-1.5	Growing	Slower	6	60.0	48.4	55.9	57.8	59.5	52.8	53.7	53.1
Prices	72.5	67.9	+4.6	Increasing	Faster	73	90.0	76.6	67.6	57.8	61.9	72.2	70.4	80.2
Backlog of Orders	48.6	56.1	-7.5	Contracting	From Growing	1	25.0	42.2	54.4	55.6	47.6	55.6	48.1	55.2
New Export Orders	50.0	45.0	+5.0	Unchanged	From Contracting	1	75.0	42.9	55.6	53.3	50.0	50.0	41.7	40.9
Imports	55.1	54.9	+0.2	Growing	Faster	3	45.0	43.8	62.5	60.0	61.1	60.0	46.7	51.4
Service Charge	62.0	64.0	-2.0	Increasing	Slower	20	55.0	74.2	48.3	48.9	54.8	69.4	51.9	68.1
Inventory Sentiment	52.3	50.3	+2.0	Too High	Faster	2	55.0	48.4	50.0	51.1	54.8	50.0	50.0	61.5
Future Outlooks	53.0	64.6	-11.6	Growing	Slower	7	30.0	60.9	61.8	53.3	47.6	47.2	42.6	55.2

Chart 1: Time Series of Taiwan NMI

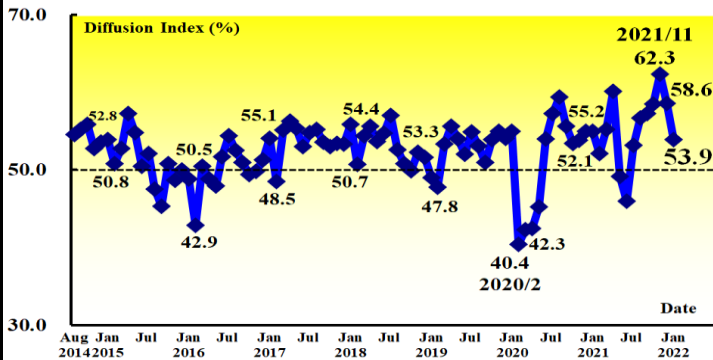
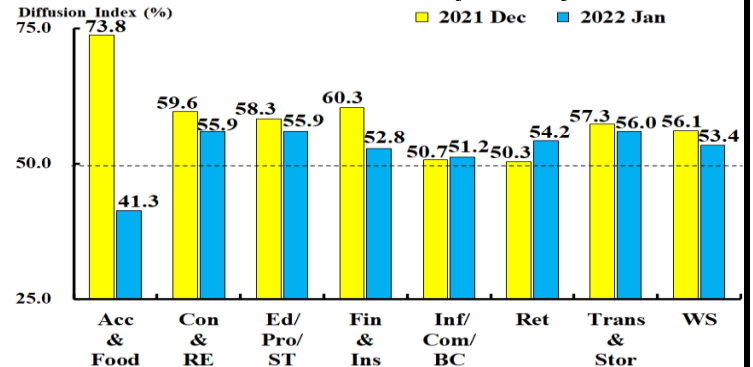


Chart 2: Performance by Industry



Summary

- The Taiwan Non-Manufacturing NMI further decreased 4.7 percentage points to 53.9 percent in January and registered the slowest expansion rate since August 2021.
- The Taiwan non-manufacturing sectors entered the peak season before the Chinese New Year, while locally confirmed cases of the new coronavirus variant (Omicron) increased in January 2022. Both the Business Activity and New Orders Indexes decelerated and decreased 10.4 and 4.7 percentage points to 53.2 and 52.0 percent in January, respectively.
- The Employment Index grew for seven consecutive months but further decreased 5.4 percentage points to 52.6 percent, the slowest growth rate since August 2021.
- The Inventories Index registered 53.4 percent in January 2022, slightly decreasing 1.5 percentage points from the fastest growth rate (54.9 percent) since February 2020.
- Non-manufacturers experienced higher purchasing prices as the Prices Index maintained above 60.0 percent for fourteen consecutive months and increased 4.6 percentage points to 72.5 percent, the highest reading since August 2014.
- The Backlog of Orders Index turned to contraction following three consecutive months of growth and registered 48.6 percent in January 2022, down from the 56.1 percent (the highest reading since August 2014) reported in December 2021.
- Non-manufacturers charged higher service prices for twenty consecutive months, while the Service Charge Index decreased 2.0 percentage points to 62.0 percent, down from the 64.0 percent (the highest reading since August 2014) reported in December 2021.
- The Inventory Sentiment Index remained too high for the second consecutive month as the index rose 2.0 percentage points to 52.3 percent in January.
- The Future Outlooks Index negatively decreased 11.6 percentage points to 53.0 percent, down from the fastest growth rate (64.6 percent) since May 2021.
- Seven among eight non-manufacturing industries categories reported growing in the following order: Trans & Stor (56.0%), Con & RE (55.9%), Ed/Pro/ST (55.9%), Ret (54.2%), WS (53.4%), Fin & Ins (52.8%) and Inf/Com/BC (51.2%). Only Acc & Food (41.3%) industry turned to 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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