

November 2020 Taiwan Non-Manufacturing Index

NMI at 53.8%

Business Activity Index at 54.0%

New Orders Index at 54.3%

Employment Index at 52.4%

NON-MANUFACTURING AT A GLANCE

November 2020

Index	Series Index Nov	Series Index Oct	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	53.8	53.4	+0.4	Growing	Faster	6	29.8	55.8	61.7	51.9	54.4	63.7	54.9	55.5
Business Activity	54.0	55.0	-1.0	Growing	Slower	6	23.1	56.7	68.2	56.7	52.9	70.0	58.9	51.0
New Orders	54.3	52.6	+1.7	Growing	Faster	6	19.2	56.7	66.7	50.0	52.9	72.2	58.9	54.2
Employment	52.4	53.5	-1.1	Growing	Slower	5	30.8	60.0	57.6	49.0	55.9	50.0	50.0	54.0
Supplier Deliveries	54.5	52.4	+2.1	Slowing	Faster	13	46.2	50.0	54.5	51.9	55.9	62.5	51.8	63.0
Inventories	48.7	50.3	-1.6	Contracting	From Growing	1	34.6	48.3	50.0	51.0	55.9	50.0	50.0	51.0
Prices	57.9	57.4	+0.5	Increasing	Faster	59	57.7	70.0	59.1	40.4	58.8	60.0	60.7	54.0
Backlog of Orders	49.5	47.2	+2.3	Contracting	Slower	2	34.6	46.7	53.0	52.9	47.1	55.0	60.7	54.0
New Export Orders	49.5	45.3	+4.2	Contracting	Slower	3	100.0	28.6	45.0	64.3	40.0	66.7	58.3	50.0
Imports	51.0	50.3	+0.7	Growing	Faster	2	46.2	50.0	45.8	50.0	50.0	64.3	68.2	48.7
Service Charge	50.2	51.5	-1.3	Increasing	Slower	6	19.2	65.5	53.3	41.3	44.1	50.0	58.9	54.0
Inventory Sentiment	50.4	51.2	-0.8	Too High	Slower	9	42.3	50.0	47.0	47.1	50.0	52.5	41.1	61.0
Future Outlooks	56.1	52.9	+3.2	Growing	Faster	6	50.0	63.3	60.6	60.6	52.9	57.5	55.4	57.0

Chart 1: Time Series of Taiwan NMI

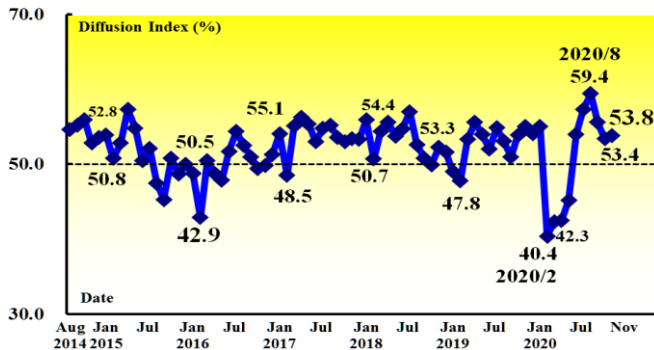
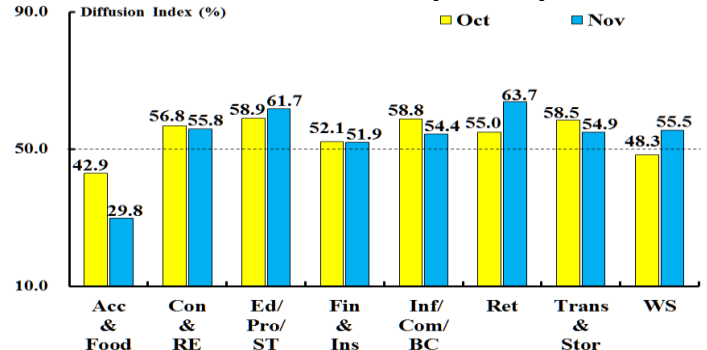


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector expanded and accelerated following two months of deceleration. The Taiwan NMI minorly went up 0.4 percentage point to 53.8 percent in November.
- The Business Activity Index continuously grew for six consecutive months, while the index further fell 1.0 percentage point to 54.0 percent.
- The New Orders Index accelerated and increased 1.7 percentage points to 54.3 percent following two months of deceleration.
- Non-manufacturers reported slower deliveries continuously for thirteen consecutive months. The Supplier Deliveries Index increased 2.1 percentage points to 54.5 percent and marked the highest reading since February 2018.
- Non-manufacturers' inventories turned to contraction following four months of growth as the Inventories Index decreased 1.6 percentage points to 48.7 percent.
- Non-manufacturers are continuously experiencing higher prices of their purchases for fifty-nine consecutive months, as the Prices Index inched up 0.5 percentage point to 57.9 percent.
- Non-manufacturers' backlog contracted for two consecutive months, while the Backlog of Orders Index increased 2.3 percentage points to 49.5 percent.
- The non-manufacturers charged higher service prices for six consecutive months while the Service Charge Index further fell 1.3 percent points to 50.2 percent.
- The Future Outlooks Index positively went up 3.2 percentage points to 56.1 percent, with the fastest growth rate since February 2020.
- Of the eight non-manufacturing industries categories, seven are reporting growth in the following order: Ret (63.7%), Ed/Pro/ST (61.7%), Con & RE (55.8%), WS (55.5%), Trans & Stor (54.9%), Inf/Com/BC (54.4%) and Fin & Ins (51.9%). Only Acc & Food (29.8%) remained in contraction in November.

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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