

October 2021 Taiwan Non-Manufacturing Index

NMI at 58.5%

Business Activity Index at 61.3%

New Orders Index at 59.0%

Employment Index at 56.6%

NON-MANUFACTURING AT A GLANCE

October 2021

Index	Series Index Oct	Series Index Sep	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	58.5	57.3	+1.2	Growing	Faster	4	70.8	68.3	57.7	46.3	52.5	62.6	54.6	51.9
Business Activity	61.3	56.7	+4.6	Growing	Faster	4	88.9	71.7	61.3	38.3	56.7	71.1	53.7	48.0
New Orders	59.0	56.9	+2.1	Growing	Faster	4	83.3	70.0	59.7	45.7	46.7	68.8	53.7	43.3
Employment	56.6	57.8	-1.2	Growing	Slower	4	55.6	71.7	56.5	51.1	56.7	47.4	51.9	51.0
Supplier Deliveries	57.3	58.0	-0.7	Slowing	Slower	24	55.6	60.0	53.2	50.0	50.0	63.2	59.3	65.3
Inventories	53.8	53.9	-0.1	Growing	Slower	3	61.1	53.3	51.6	53.2	56.7	52.6	48.1	58.2
Prices	69.5	66.1	+3.4	Increasing	Faster	70	88.9	81.7	64.5	48.9	53.3	65.8	70.4	75.5
Backlog of Orders	53.1	49.9	+3.2	Growing	From Contracting	1	61.1	55.0	56.5	51.1	50.0	57.9	44.4	51.0
New Export Orders	53.8	51.1	+2.7	Growing	Faster	2	100.0	41.7	50.0	50.0	50.0	75.0	62.5	47.1
Imports	49.3	51.6	-2.3	Contracting	From Growing	1	55.6	50.0	50.0	34.6	58.3	50.0	53.8	54.1
Service Charge	59.5	59.5	+0.0	Increasing	Same	17	61.1	72.4	51.7	48.9	53.3	57.9	53.7	64.3
Inventory Sentiment	50.7	49.7	+1.0	Too High	From Too Low	1	44.4	41.7	51.6	51.1	53.3	55.3	51.9	54.1
Future Outlooks	59.1	57.0	+2.1	Growing	Faster	4	61.1	66.7	64.5	53.2	43.3	55.3	64.8	55.1

Chart 1: Time Series of Taiwan NMI

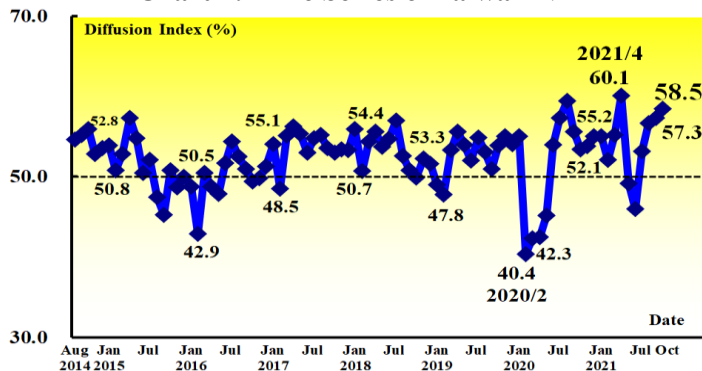
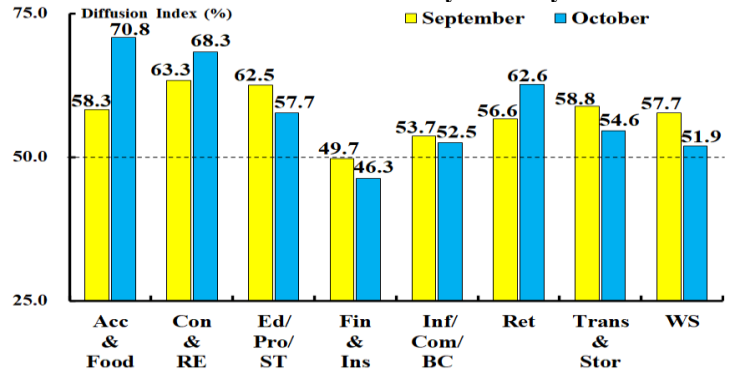


Chart 2: Performance by Industry



Summary

- As Taiwan loosened quarantine measures and non-manufacturers offered big discounts for Quintuple Stimulus Vouchers, the Taiwan NMI further went up 1.2 percentage points to 58.5 percent in October.
- Both the Business Activity and New Orders Indexes grew for four consecutive months and went up 4.6 and 2.1 percentage points to 61.3 and 59.0 percent, respectively.
- Non-manufacturer's employment grew for four consecutive months while the Employment Index fell 1.2 percentage points to 56.6 percent in October.
- Non-manufacturers reported slower deliveries for twenty-four consecutive months while the Supplier Deliveries Index inched down 0.7 percentage point to 57.3 percent.
- Non-manufacturers experienced higher purchases prices in October as the Prices Index increased 3.4 percentage points to 69.5 percent.
- The Backlog of Orders Index reversed the recent trend of contraction in the past five consecutive months and increased 3.2 percentage points to 53.1 percent.
- Non-manufacturers' imports turned to contraction following only one month of expansion. The Imports Index decreased 2.3 percentage points to 49.3 percent.
- Non-manufacturers charged higher service prices for seventeen consecutive months as the Service Charge Index registered 59.5 percent in October.
- The Inventory Sentiment Index reversed the trend of too low as the index increased 1.0 percentage point to 50.7 percent.
- The Future Outlooks Index expanded for four consecutive months and increased 2.1 percentage points to 59.1 percent.
- Seven among eight non-manufacturing industries categories reported growing in the following order: Acc & Food (70.8%), Con & RE (68.3%), Ret (62.6%), Ed/Pro/ST (57.7%), Trans & Stor (54.6%), Inf/Com/BC (52.5%) and WS (51.9%). Only Fin & Ins (46.3%) industry remained in contraction for two consecutive months.

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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