

September 2021 Taiwan Non-Manufacturing Index

NMI at 57.3%

Business Activity Index at 56.7%

New Orders Index at 56.9%

Employment Index at 57.8%

NON-MANUFACTURING AT A GLANCE

September 2021

Index	Series Index Sep	Series Index Aug	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	57.3	56.7	+0.6	Growing	Faster	3	58.3	63.3	62.5	49.7	53.7	56.6	58.8	57.7
Business Activity	56.7	61.5	-4.8	Growing	Slower	3	66.7	60.0	62.5	48.9	55.9	57.5	63.0	56.5
New Orders	56.9	56.2	+0.7	Growing	Faster	3	61.1	63.3	69.6	48.9	50.0	56.3	55.6	53.6
Employment	57.8	53.5	+4.3	Growing	Faster	3	50.0	68.3	58.9	53.2	58.8	50.0	59.3	54.3
Supplier Deliveries	58.0	55.6	+2.4	Slowing	Faster	23	55.6	61.7	58.9	47.9	50.0	62.5	57.4	66.3
Inventories	53.9	50.7	+3.2	Growing	Faster	2	66.7	55.0	55.4	48.9	52.9	50.0	61.1	59.8
Prices	66.1	68.3	-2.2	Increasing	Slower	69	77.8	76.7	64.3	47.9	50.0	67.5	59.3	71.7
Backlog of Orders	49.9	45.0	+4.9	Contracting	Slower	5	27.8	58.3	51.8	47.9	47.1	47.5	53.7	54.3
New Export Orders	51.1	46.1	+5.0	Growing	From Contracting	1	100.0	50.0	50.0	53.6	30.0	50.0	54.2	48.4
Imports	51.6	47.1	+4.5	Growing	From Contracting	1	66.7	53.6	54.5	31.8	50.0	41.7	76.9	60.0
Service Charge	59.5	59.4	+0.1	Increasing	Faster	16	38.9	75.9	51.9	52.1	58.8	57.5	57.4	63.0
Inventory Sentiment	49.7	49.8	-0.1	Too Low	Faster	2	50.0	45.0	42.9	51.1	50.0	52.5	51.9	53.3
Future Outlooks	57.0	58.3	-1.3	Growing	Slower	3	55.6	68.3	60.7	47.9	52.9	55.0	63.0	54.3

Chart 1: Time Series of Taiwan NMI

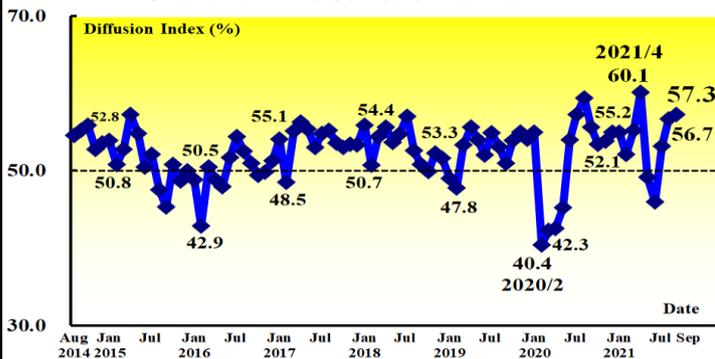
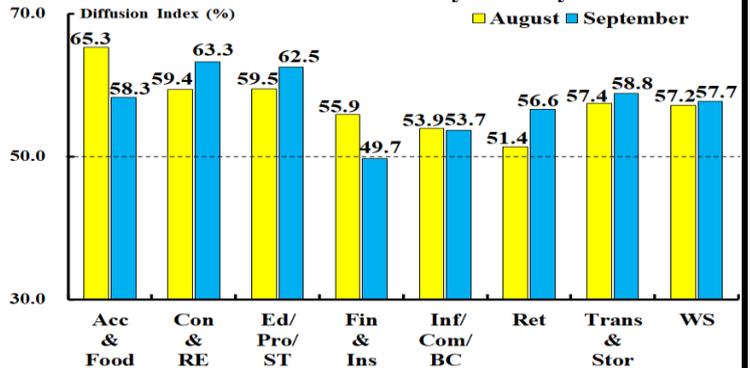


Chart 2: Performance by Industry



Summary

- As the COVID-19 pandemic confirmed cases in Taiwan is significantly decreasing, the Taiwan NMI grew for the third consecutive month and further went up 0.6 percentage point to 57.3 percent in September.
- Non-manufacturing industries are stepping out of the impacts of the local pandemic and gradually enter normal operations. The Business Activity Index expanded for three consecutive months but fell 4.8 percentage points to 56.7 percent.
- The Employment Index increased 4.3 percentage points to 57.8 percent, indicating growing for three consecutive months.
- The Supplier Deliveries Index increased 2.4 percentage points to 58.0 percent, indicating slowing down of delivery performance following three consecutive months of faster deliveries times.
- Non-manufacturers' inventories expanded at the fastest rate since February 2020 as the Inventories Index further increased 3.2 percentage points to 53.9 percent.
- Non-manufacturers experienced upward pressures on their purchasing costs while the Prices Index further decreased 2.2 percentage points to 66.1 percent.
- The Backlog of Orders Index rose 4.9 percentage points to 49.9 percent, indicating contraction for five consecutive months.
- Non-manufacturers' new export orders and imports reversed to grow following only one month of contraction. The New Export Orders and Imports Indexes increased 5.0 and 4.5 percentage points to 51.1 and 51.6 percent, respectively.
- The non-manufacturers charged higher service prices for sixteen consecutive months as the Service Charge Index inched up 0.1 percentage point to 59.5 percent.
- The Future Outlooks Index expanded for three consecutive months while the index decreased 1.3 percentage points to 57.0 percent.
- Seven among eight non-manufacturing industries categories reported growing in the following order: Con & RE (63.3%), Ed/Pro/ST (62.5%), Trans & Stor (58.8%), Acc & Food (58.3%), WS (57.7%), Ret (56.6%) and Inf/Com/BC (53.7%). Only Fin & Ins NMI fell 6.2 percentage points to 49.7 percent and turned to contraction in September.

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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