

April 2021 Taiwan Non-Manufacturing Index

NMI at 60.1%

Business Activity Index at 63.5%

New Orders Index at 64.8%

Employment Index at 53.9%

NON-MANUFACTURING AT A GLANCE

April 2021

| Index | Series Index Apr | Series Index Mar | 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 | 60.1 | 55.2 | +4.9 | Growing | Faster | 11 | 44.8 | 62.5 | 59.3 | 61.7 | 68.1 | 61.8 | 60.4 | 61.4 |
| Business Activity | 63.5 | 54.4 | +9.1 | Growing | Faster | 2 | 45.8 | 67.2 | 61.3 | 71.4 | 75.0 | 67.5 | 61.7 | 60.4 |
| New Orders | 64.8 | 55.8 | +9.0 | Growing | Faster | 11 | 54.2 | 65.6 | 64.5 | 66.3 | 75.0 | 72.2 | 71.7 | 62.2 |
| Employment | 53.9 | 53.5 | +0.4 | Growing | Faster | 2 | 29.2 | 56.3 | 54.8 | 60.2 | 72.2 | 45.0 | 51.7 | 56.3 |
| Supplier Deliveries | 58.1 | 57.1 | +1.0 | Slowing | Faster | 18 | 50.0 | 60.9 | 56.5 | 49.0 | 50.0 | 62.5 | 56.7 | 66.7 |
| Inventories | 51.8 | 49.2 | +2.6 | Growing | From Contracting | 1 | 37.5 | 50.0 | 51.6 | 53.1 | 50.0 | 57.5 | 51.7 | 57.3 |
| Prices | 67.1 | 65.4 | +1.7 | Increasing | Faster | 64 | 62.5 | 81.3 | 59.7 | 46.9 | 58.3 | 65.0 | 65.0 | 82.3 |
| Backlog of Orders | 55.4 | 52.1 | +3.3 | Growing | Faster | 2 | 58.3 | 48.4 | 58.1 | 58.2 | 61.1 | 52.5 | 65.0 | 61.5 |
| New Export Orders | 57.6 | 51.2 | +6.4 | Growing | Faster | 2 | 50.0 | 58.3 | 50.0 | 59.4 | 58.3 | 66.7 | 76.9 | 55.9 |
| Imports | 55.8 | 53.8 | +2.0 | Growing | Faster | 2 | 45.8 | 47.2 | 54.5 | 54.2 | 71.4 | 58.3 | 80.0 | 59.7 |
| Service Charge | 60.5 | 56.6 | +3.9 | Increasing | Faster | 11 | 54.2 | 74.2 | 48.2 | 55.1 | 61.1 | 57.5 | 56.7 | 67.7 |
| Inventory Sentiment | 49.4 | 50.3 | -0.9 | Too Low | From Too High | 1 | 50.0 | 51.6 | 48.4 | 50.0 | 50.0 | 45.0 | 45.0 | 52.1 |
| Future Outlooks | 67.8 | 65.9 | +1.9 | Growing | Faster | 11 | 75.0 | 65.6 | 69.4 | 70.4 | 75.0 | 67.5 | 76.7 | 66.7 |

Chart 1: Time Series of Taiwan NMI

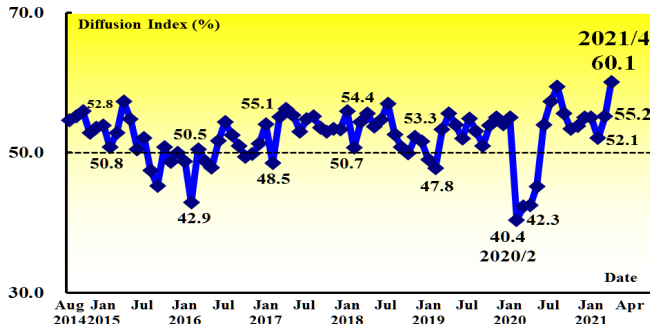
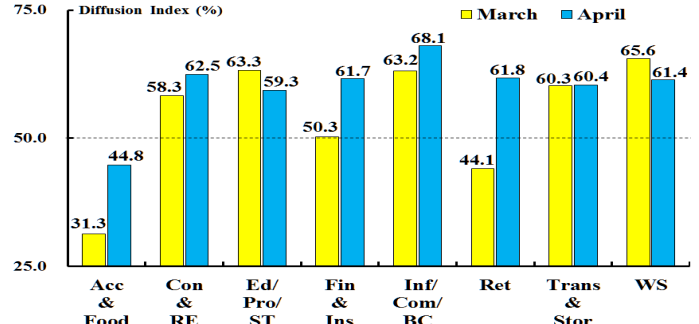


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector expanded at the fastest growth rate since August 2014 as the Taiwan NMI increased 4.9 percentage points to 60.1 percent.
- Both the Business Activity and New Orders Indexes accelerated notably and rose 9.1 and 9.0 percentage points to 63.5 and 64.8 percent respectively. The Business Activity Index grew at the fastest pace since August 2014.
- The Supplier Deliveries Index went up 1.0 percentage point to 58.1 percent and recorded as the highest reading since August 2014.
- Non-manufacturers' inventories reversed to growth for the first time since November 2020 as the Inventories Index increased 2.6 percentage points to 51.8 percent.
- The Prices Index increased 1.7 percentage points to 67.1 percent and recorded the highest reading since August 2014.
- Non-manufacturers' backlog grew at the fastest growth rate since August 2014 as the Backlog of Orders Index further went up 3.3 percentage points to 55.4 percent.
- Both New Export Orders and Imports Indexes grew for two consecutive months and increased 6.4 and 2.0 percentage points to 57.6 and 55.8 percent, respectively. The New Export Orders Index registered as the fastest rate since August 2014.
- Non-manufacturers still charged higher service prices for eleven consecutive months as the Service Charge Index rose 3.9 percentage points to 60.5 percent, the fastest rate recorded by the index since August 2014.
- The Inventory Sentiment Index decreased 0.9 percentage point to 49.4 percent, indicating the non-manufacturing respondents believe their inventories are comparatively low in April.
- The Future Outlooks Index further rose 1.9 percentage points to 67.8 percent, the highest reading since August 2014.
- Of the eight non-manufacturing industries categories, seven are reporting growth in the following order: Inf/Com/BC (68.1%), Con & RE (62.5%), Ret (61.8%), Fin & Ins (61.7%), WS (61.4%), Trans & Stor (60.4%) and Ed/Pro/ST (59.3%). Only Acc & Food (44.8%) NMI remained in contraction in April.

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.

Contact Information:

For economics comments, data and technical queries, please contact:

Shin-Hui Chen, Ph.D.

Assistant Research Fellow, Division of Taiwan Economy Chung-Hua Institution for Economic Research

E-Mail: csh@cier.edu.tw

Tel: +(886) 2 27356006 ext. 623

www.cier.edu.tw

For industry comments, please contact:

Steve Lai

Executive Director, Center for Purchasing and Supply Studies Supply Management Institute, Taiwan

E-Mail: stevelai@smit.org.tw

Tel: +(886) 2 27495889 www.smit.org.tw