

# December 2021 Taiwan Non-Manufacturing Index

NMI at 58.6%

Business Activity Index at 63.6%

New Orders Index at 56.7%

Employment Index at 58.0%

## NON-MANUFACTURING AT A GLANCE

December 2021

Index	Series			Percentage Point Change	Direction	Rate of Change	Trend (Months)	Industries							
	Index Dec	Index Nov	Index Nov					Acc & Food	Con & RE	Ed/Pro/ST	Fin & Ins	Inf/Com/BC	Ret	Trans & Stor	WS
Taiwan NMI	58.6	62.3	-3.7	Growing	Slower	6	73.8	59.6	58.3	60.3	50.7	50.3	57.3	56.1	
Business Activity	63.6	66.0	-2.4	Growing	Slower	6	95.0	63.5	68.2	66.3	50.0	55.6	62.5	53.2	
New Orders	56.7	63.8	-7.1	Growing	Slower	6	80.0	57.7	56.1	66.3	50.0	37.5	50.0	51.1	
Employment	58.0	58.9	-0.9	Growing	Slower	6	70.0	61.5	56.1	58.8	52.9	50.0	56.3	56.4	
Supplier Deliveries	56.0	60.5	-4.5	Slowing	Slower	26	50.0	55.8	53.0	50.0	50.0	58.3	60.4	63.8	
Inventories	54.9	50.7	+4.2	Growing	Faster	5	60.0	53.8	51.5	55.0	55.9	52.8	47.9	58.5	
Prices	67.9	70.3	-2.4	Increasing	Slower	72	80.0	73.1	71.2	52.5	58.8	66.7	79.2	67.0	
Backlog of Orders	56.1	55.8	+0.3	Growing	Faster	3	55.0	57.7	56.1	60.0	47.1	47.2	52.1	59.6	
New Export Orders	45.0	49.9	-4.9	Contracting	Faster	2	50.0	35.7	60.0	50.0	41.7	50.0	59.1	37.5	
Imports	54.9	54.4	+0.5	Growing	Faster	2	50.0	57.7	70.0	50.0	50.0	50.0	59.1	53.0	
Service Charge	64.0	61.3	+2.7	Increasing	Faster	19	75.0	73.1	55.6	63.8	52.9	63.9	58.3	66.0	
Inventory Sentiment	50.3	49.0	+1.3	Too High	From Too Low	1	50.0	40.4	50.0	53.8	50.0	58.3	47.9	53.2	
Future Outlooks	64.6	63.7	+0.9	Growing	Faster	6	75.0	73.1	71.2	56.3	55.9	55.6	64.6	59.6	

Chart 1: Time Series of Taiwan NMI

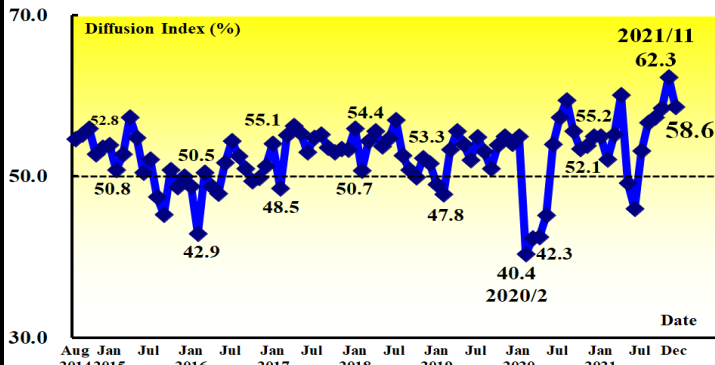
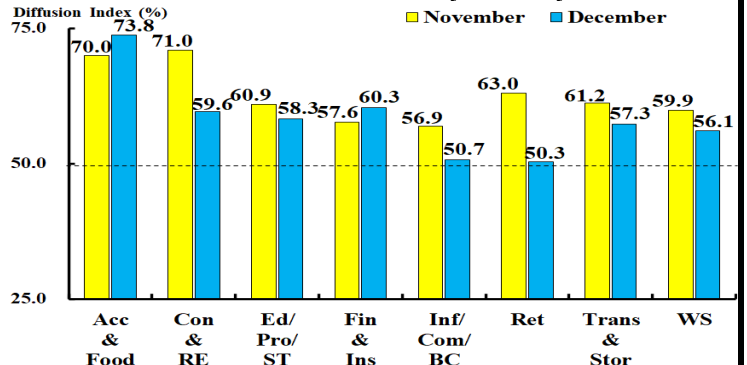


Chart 2: Performance by Industry



### Summary

- The Taiwan Non-Manufacturing NMI fell 3.7 percentage points from the highest reading of 62.3 percent since August 2014 and registered 58.6 percent in December, indicating expansion for six consecutive months.
- Both the Business Activity and New Orders Indexes expanded for the sixth consecutive month and registered 63.6 and 56.7 percent in December, down from the highest reading in the past fifteen and seven months respectively.
- The Employment Index decreased 0.9 percentage point from the fastest growth rate since September 2014 and registered 58.0 percent in December.
- The Supplier Deliveries Index went down 4.5 percentage points to 56.0 percent from the highest reading since August 2014 recorded in November.
- The Inventories Index grew for five consecutive months as the index rose 4.2 percentage points to 54.9 percent, marking the fastest growth pace since February 2020.
- The Prices Index maintained above 60.0 percent for thirteen consecutive months but decreased 2.4 percentage points from the highest reading since August 2014 and registered 67.9 percent in December.
- Non-manufacturers' backlog expanded at the fastest pace since August 2014 as the Backlog of Orders Index inched up 0.3 percentage point to 56.1 percent in December.
- Non-manufacturers' new export orders contracted for the second consecutive month as the New Export Orders Index further decreased 4.9 percentage points to 45.0 percent, recording the fastest contraction pace since August 2020.
- Non-manufacturers charged higher service prices for nineteen consecutive months as the Service Charge Index went up 2.7 percentage points to 64.0 percent and registered the highest reading since August 2014.
- The Inventory Sentiment Index turned from too low to too high as the index rose 1.3 percentage points to 50.3 percent.
- The Future Outlooks Index increased 0.9 percentage point to 64.6 percent, the fastest growth rate since May 2021.
- All non-manufacturing industries categories reported growing in the following order: Acc & Food (73.8%), Fin & Ins (60.3%), Con & RE (59.6%), Ed/Pro/ST (58.3%), Trans & Stor (57.3%), WS (56.1%), Inf/Com/BC (50.7%) and Ret (50.3%).

## 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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