

March 2021 Taiwan Non-Manufacturing Index

NMI at 55.2%

Business Activity Index at 54.4%

New Orders Index at 55.8%

Employment Index at 53.5%

NON-MANUFACTURING AT A GLANCE

March 2021

Index	Series Index Mar	Series Index Feb	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	55.2	52.1	+3.1	Growing	Faster	10	31.3	58.3	63.3	50.3	63.2	44.1	60.3	65.6
Business Activity	54.4	49.8	+4.6	Growing	From Contracting	1	12.5	60.0	69.4	48.9	67.6	40.0	64.3	66.7
New Orders	55.8	50.9	+4.9	Growing	Faster	10	25.0	55.0	71.0	50.0	70.6	38.9	58.9	71.7
Employment	53.5	49.8	+3.7	Growing	From Contracting	1	33.3	56.7	62.9	53.3	58.8	45.0	62.5	55.2
Supplier Deliveries	57.1	58.1	-1.0	Slowing	Slower	17	54.2	61.7	50.0	48.9	55.9	52.5	55.4	68.8
Inventories	49.2	48.6	+0.6	Contracting	Slower	3	41.7	51.7	56.5	55.4	47.1	40.0	55.4	49.0
Prices	65.4	61.8	+3.6	Increasing	Faster	63	41.7	81.7	66.1	47.8	61.8	62.5	67.9	76.0
Backlog of Orders	52.1	47.4	+4.7	Growing	From Contracting	1	50.0	45.0	59.7	54.3	50.0	47.5	57.1	58.3
New Export Orders	51.2	47.0	+4.2	Growing	From Contracting	1	66.7	33.3	45.0	66.7	50.0	50.0	70.8	59.4
Imports	53.8	47.2	+6.6	Growing	From Contracting	1	45.8	52.9	63.6	40.9	68.8	58.3	53.8	57.7
Service Charge	56.6	57.7	-1.1	Increasing	Slower	10	29.2	75.9	53.3	43.5	58.8	50.0	53.6	64.6
Inventory Sentiment	50.3	48.7	+1.6	Too High	From Too Low	1	58.3	48.3	48.4	48.9	47.1	50.0	50.0	55.2
Future Outlooks	65.9	64.5	+1.4	Growing	Faster	10	62.5	66.7	69.4	70.7	70.6	65.0	69.6	65.6

Chart 1: Time Series of Taiwan NMI

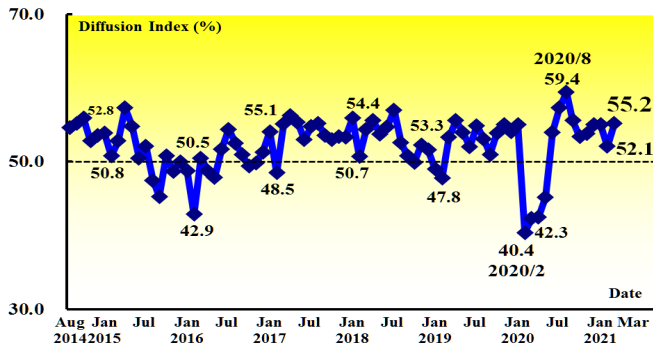
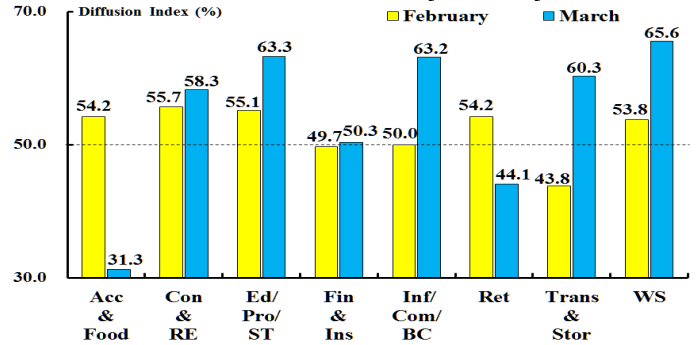


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector expanded for the tenth consecutive month as the Taiwan NMI increased 3.1 percentage points to 55.2 percent in March.
- The Business Activity Index turned to growth following only one month of contraction and went up 4.6 percentage points to 54.4 percent, partially caused by the rather less working days in the previous month, when the Chinese New Year holidays of nine days slowed the nation's manufacturing activities.
- The New Orders Index grew for ten consecutive months and increased 4.9 percentage points to 55.8 percent.
- The Employment Index turned to growth in March and rose 3.7 percentage points to 53.5 percent.
- Non-manufacturers reported slower deliveries for seventeen consecutive months as the Supplier Deliveries Index registered 57.1 percent, slightly down from the highest reading of 58.1 percent since August 2014.
- The Prices Index remained above 60.0 percent for the fourth consecutive month and registered 3.6 percentage points higher than the 61.8 percent in February.
- The Backlog of Orders Index turned to growth following only one month of contraction, as the index went up 4.7 percentage points to 52.1 percent, indicating the fastest growth rate since August 2014.
- The non-manufacturers still charged higher service prices for ten consecutive months while the Service Charge Index fell 1.1 percent points to 56.6 percent, down from the highest recorded level of 57.7 percent since August 2014.
- The Inventory Sentiment Index reversed the recent trend of too low and raised from the lowest reading of 48.7 percent since August 2014 to 50.3 percent in March.
- The Future Outlooks Index rose 1.4 percentage points to 65.9 percent, the highest reading since August 2014.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: WS (65.6%), Ed/Pro/ST (63.3%), Inf/Com/BC (63.2%), Trans & Stor (60.3%), Con & RE (58.3%) and Fin & Ins (50.3%). While Acc & Food (31.3%) and Ret (44.1%) NMI turned to contraction in March.

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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