

October 2020 Taiwan Non-Manufacturing Index

NMI at 53.4%

Business Activity Index at 55.0%

New Orders Index at 52.6%

Employment Index at 53.5%

NON-MANUFACTURING AT A GLANCE

October 2020

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	53.4	55.6	-2.2	Growing	Slower	5	42.9	56.8	58.9	52.1	58.8	55.0	58.5	48.3
Business Activity	55.0	56.9	-1.9	Growing	Slower	5	46.4	60.6	62.9	47.2	61.8	67.5	57.1	45.8
New Orders	52.6	57.2	-4.6	Growing	Slower	5	39.3	60.6	64.5	50.0	58.8	45.0	60.7	42.2
Employment	53.5	54.1	-0.6	Growing	Slower	4	42.9	56.1	53.2	58.3	61.8	47.5	58.9	53.1
Supplier Deliveries	52.4	54.1	-1.7	Slowing	Slower	12	42.9	50.0	54.8	52.8	52.9	60.0	57.1	52.1
Inventories	50.3	51.3	-1.0	Growing	Slower	4	50.0	47.0	51.6	48.1	52.9	62.5	46.4	53.1
Prices	57.4	58.5	-1.1	Increasing	Slower	58	64.3	65.2	58.1	45.4	55.9	60.0	58.9	57.3
Backlog of Orders	47.2	51.7	-4.5	Contracting	From Growing	1	46.4	45.5	58.1	44.4	50.0	47.5	50.0	51.0
New Export Orders	45.3	46.1	-0.8	Contracting	Faster	2	16.7	35.7	40.0	56.7	50.0	66.7	73.1	39.7
Imports	50.3	48.3	+2.0	Growing	From Contracting	1	53.6	53.1	46.2	54.5	50.0	64.3	57.1	44.7
Service Charge	51.5	51.9	-0.4	Increasing	Slower	5	53.6	57.8	51.7	48.1	47.1	50.0	58.9	57.3
Inventory Sentiment	51.2	52.7	-1.5	Too High	Slower	8	53.6	50.0	46.8	49.1	50.0	47.5	42.9	60.4
Future Outlooks	52.9	54.5	-1.6	Growing	Slower	5	39.3	66.7	56.5	54.6	47.1	60.0	53.6	52.1

Chart 1: Time Series of Taiwan NMI

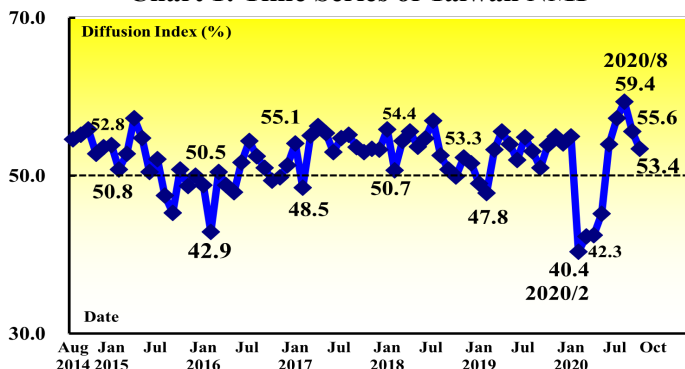
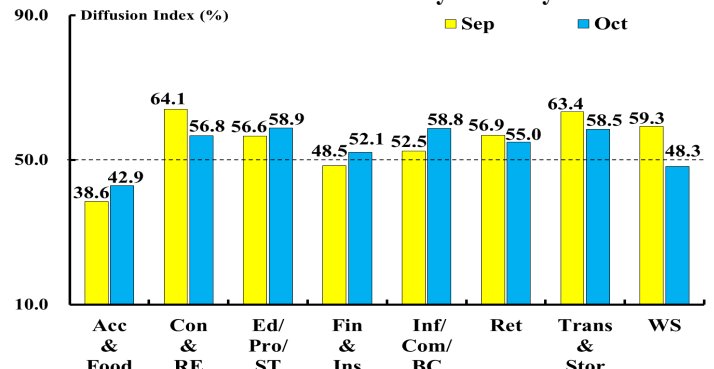


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector continuously grew for five consecutive months while the Taiwan NMI further fell 2.2 percentage points to 53.4 percent.
- Both Business Activity and New Orders Indexes expanded at a slower rate as the indexes further decreased 1.9 and 4.6 percentage points to 55.0 and 52.6 percent respectively.
- The Employment Index slightly fell 0.6 percentage point to 53.5 percent, indicating continuous growing for the fourth consecutive month.
- Non-manufacturers' inventories grew for four consecutive months while the Inventories Index further fell 1.0 percentage point to 50.3 percent.
- Non-manufacturers are continuously experiencing higher prices of their purchases for fifty-eight consecutive months, as the Prices Index registered 57.4 percent, 1.1 percentage points lower than the 58.5 percent in September.
- Non-manufacturers' backlog turned to contraction following two consecutive months of growth. The Backlog of Orders Index fell 4.5 percentage points to 47.2 percent, dropped from the highest recorded level of 51.7 percent since August 2014.
- Non-manufacturers' imports turned to growth during October as the Imports Index significantly increased 2.0 percentage points to 50.3 percent.
- The non-manufacturers charged higher service prices for five consecutive months as the Service Charge Index registered 0.4 percent point lower than the 51.9 percent in September.
- The Future Outlooks Index still grew for five consecutive months while the index decreased 1.6 percentage points to 52.9 percent.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Ed/Pro/ST (58.9%), Inf/Com/BC (58.8%), Trans & Stor (58.5%), Con & RE (56.8%), Ret (55.0%) and Fin & Ins (52.1%). While Acc & Food (42.9%) and WS (48.3%) industries reported contracting in October.

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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