October 2021 Taiwan Non-Manufacturing Index

NMI at 58.5%
Business Activity Index at 61.3%
New Orders Index at 59.0%
Employment Index at 56.6%

NON-MANUFACTURING AT A GLANCE
October 2021

<table>
<thead>
<tr>
<th>Index</th>
<th>Series Index</th>
<th>Series Index</th>
<th>Percentage Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend (Months)</th>
<th>Acc &amp; Food</th>
<th>Con &amp; RE</th>
<th>Ed/Pro/ST</th>
<th>Fin &amp; Ins</th>
<th>Inf/Com/B</th>
<th>Ret</th>
<th>Trans &amp; Stor</th>
<th>WS</th>
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<tbody>
<tr>
<td>Taiwan NMI</td>
<td>58.5</td>
<td>57.3</td>
<td>+1.2</td>
<td>Growing</td>
<td>Faster</td>
<td>4</td>
<td>70.8</td>
<td>68.3</td>
<td>57.7</td>
<td>46.3</td>
<td>52.5</td>
<td>62.6</td>
<td>54.6</td>
<td>51.9</td>
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<td>+4.6</td>
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<td>Faster</td>
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<td>88.9</td>
<td>71.7</td>
<td>61.3</td>
<td>38.3</td>
<td>56.7</td>
<td>71.1</td>
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<td>Faster</td>
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<td>70.0</td>
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<td>46.7</td>
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<td>Employment</td>
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<td>57.8</td>
<td>-1.2</td>
<td>Growing</td>
<td>Slower</td>
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<td>71.7</td>
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<td>Slower</td>
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<td>Prices</td>
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<td>Inventory Sentiment</td>
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<td>From Too Low</td>
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<td>Future Outlooks</td>
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<td>43.3</td>
<td>55.3</td>
<td>64.8</td>
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</table>

Chart 1: Time Series of Taiwan NMI

Chart 2: Performance by Industry

Summary
- As Taiwan loosened quarantine measures and non-manufacturers offered big discounts for Quintuple Stimulus Vouchers, the Taiwan NMI further went up 1.2 percentage points to 58.5 percent in October.
- Both the Business Activity and New Orders Indexes grew for four consecutive months and went up 4.6 and 2.1 percentage points to 61.3 and 59.0 percent, respectively.
- Non-manufacturer employment grew for four consecutive months while the Employment Index fell 1.2 percentage points to 56.6 percent in October.
- Non-manufacturers reported slower deliveries for twenty-four consecutive months while the Supplier Deliveries Index inched down 0.7 percentage point to 57.3 percent.
- Non-manufacturers experienced higher purchases prices in October as the Prices Index increased 3.4 percentage points to 69.5 percent.
- The Backlog of Orders Index reversed the recent trend of contraction in the past five consecutive months and increased 3.2 percentage points to 53.1 percent.
- Non-manufacturers’ imports turned to contraction following only one month of expansion. The Imports Index decreased 2.3 percentage points to 49.3 percent.
- Non-manufacturers charged higher service prices for seventeen consecutive months as the Service Charge Index registered 59.5 percent in October.
- The Inventory Sentiment Index reversed the trend of too low as the index increased 1.0 percentage point to 50.7 percent.
- The Future Outlooks Index expanded for four consecutive months and increased 2.1 percentage points to 59.1 percent.
- Seven among eight non-manufacturing industries categories reported growing in the following order: Acc & Food (70.8%), Con & RE (68.3%), Ret (62.6%), Ed/Pro/ST (57.7%), Trans & Stor (54.6%), Inf/Com/B (52.5%) and WS (51.9%). Only Fin & Ins (46.3%) industry remained in contraction for two consecutive months.
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: +(866) 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: +(866) 2 27495889 www.smit.org.tw