

June 2020 Taiwan Non-Manufacturing Index

NMI at 54.0%

Business Activity Index at 57.6%

New Orders Index at 57.4%

Employment Index at 49.8%

NON-MANUFACTURING AT A GLANCE

June 2020

Index	Series Index Jun	Series Index May	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	54.0	45.2	+8.8	Growing	From Contracting	1	68.8	58.8	51.5	52.6	52.9	57.7	56.7	50.9
Business Activity	57.6	41.0	+16.6	Growing	From Contracting	1	85.0	63.3	54.5	54.2	50.0	69.6	55.4	48.8
New Orders	57.4	41.4	+16.0	Growing	From Contracting	1	90.0	60.0	53.0	56.3	50.0	70.0	57.1	51.3
Employment	49.8	47.9	+1.9	Contracting	Slower	5	55.0	58.3	47.0	47.9	61.5	43.5	57.1	48.8
Supplier Deliveries	51.2	50.6	+0.6	Slowing	Faster	8	45.0	53.3	51.5	52.1	50.0	47.8	57.1	54.8
Inventories	48.8	46.7	+2.1	Contracting	Slower	5	70.0	50.0	54.5	49.0	46.2	45.7	48.2	45.2
Prices	55.6	52.1	+3.5	Increasing	Faster	54	85.0	68.3	50.0	35.4	61.5	56.5	60.7	52.4
Backlog of Orders	43.2	37.4	+5.8	Contracting	Slower	14	60.0	48.3	40.9	47.9	46.2	52.2	44.6	39.3
New Export Orders	39.2	32.0	+7.2	Contracting	Slower	6	100.0	25.0	38.9	50.0	40.0	50.0	53.8	37.9
Imports	42.0	35.7	+6.3	Contracting	Slower	5	55.0	43.8	40.9	36.4	50.0	56.3	50.0	45.2
Service Charge	50.5	43.5	+7.0	Increasing	From Decreasing	1	60.0	67.2	46.8	50.0	46.2	50.0	48.2	47.6
Inventory Sentiment	51.6	52.8	-1.2	Too High	Slower	4	55.0	53.3	50.0	49.0	53.8	45.7	48.2	59.5
Future Outlooks	51.7	33.5	+18.2	Growing	From Contracting	1	70.0	53.3	54.5	51.0	46.2	58.7	57.1	46.4

Chart 1: Time Series of Taiwan NMI

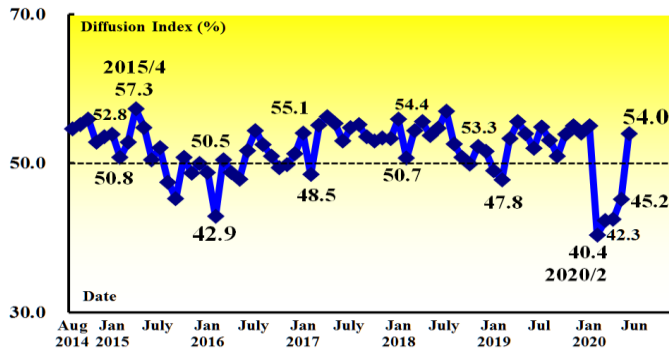
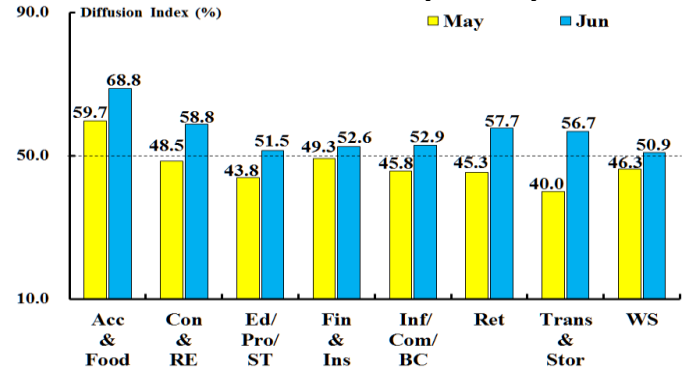


Chart 2: Performance by Industry



Summary

- The Taiwan NMI increased 8.8 percentage points to 54.0 percent in June, indicating a resumption of growth in non-manufacturing sector following four months of contraction.
- Both Business Activity and New Orders Indexes expanded following four months of contraction, as the indexes increased 16.6 and 16.0 percentage points to 57.6 and 57.4 percent respectively.
- The Employment Index contracted for five consecutive months for the first time since July 2016, as the index registered 1.9 percentage points higher than the 47.9 percent in May.
- Non-manufacturers reported slower deliveries for eight consecutive months. The Supplier Deliveries Index inched up 0.6 percentage point to 51.2 percent.
- Non-manufacturers are continuously paying higher prices of their purchases for fifty-four consecutive months, as the Prices Index further increased 3.5 percentage points to 55.6 percent.
- Non-manufacturers' backlogs contracted for fourteen consecutive months, while the Backlog of Orders Index further increased 5.8 percentage points to 43.2 percent.
- Both New Export Orders and Imports Indexes remained in contraction while they increased 7.2 and 6.3 percentage points to 39.2 and 42.0 percent, respectively.
- Non-manufacturers priced higher service fee for the first time since February 2020, as the Service Charge Index rose 7.0 percentage points to 50.5 percent.
- The Future Outlooks Index reversed its recent trend of contraction and turned to growth in June, as the index sharply climbed by 18.2 percentage points to 51.7 percent.
- All the eight non-manufacturing industries categories are reporting growing in the following order: Acc & Food (68.8%), Con & RE (58.8%), Ret (57.7%), Trans & Stor (56.7%), Inf/Com/BC (52.9%), Fin & Ins (52.6%), Ed/Pro/ST (51.5%) and WS (50.9%).

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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