

# May 2021 Taiwan Non-Manufacturing Index

NMI at 49.2%

Business Activity Index at 42.8%

New Orders Index at 45.0%

Employment Index at 50.4%

## NON-MANUFACTURING AT A GLANCE

May 2021

Index	Series Index May	Series Index Apr	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	49.2	60.1	-10.9	Contracting	From Growing	1	12.5	55.0	58.8	49.0	51.8	48.9	52.2	52.3
Business Activity	42.8	63.5	-20.7	Contracting	From Growing	1	0.0	46.7	65.0	50.0	46.4	45.2	43.1	40.9
New Orders	45.0	64.8	-19.8	Contracting	From Growing	1	0.0	46.7	61.7	49.0	57.1	40.9	50.0	48.8
Employment	50.4	53.9	-3.5	Growing	Slower	3	15.0	58.3	50.0	50.0	64.3	45.2	56.9	50.0
Supplier Deliveries	58.5	58.1	+0.4	Slowing	Faster	19	35.0	68.3	58.3	46.9	39.3	64.3	58.6	69.3
Inventories	51.5	51.8	-0.3	Growing	Slower	2	20.0	55.0	51.7	58.3	39.3	52.4	58.6	56.8
Prices	65.0	67.1	-2.1	Increasing	Slower	65	40.0	81.7	56.7	42.7	64.3	69.0	65.5	75.0
Backlog of Orders	43.4	55.4	-12.0	Contracting	From Growing	1	0.0	43.3	55.0	47.9	42.9	38.1	48.3	56.8
New Export Orders	46.4	57.6	-11.2	Contracting	From Growing	1	100.0	41.7	55.6	50.0	30.0	33.3	65.4	43.5
Imports	44.4	55.8	-11.4	Contracting	From Growing	1	15.0	47.1	45.5	40.0	41.7	42.9	50.0	48.4
Service Charge	53.6	60.5	-6.9	Increasing	Slower	12	20.0	65.5	51.7	45.8	53.6	54.8	55.2	64.8
Inventory Sentiment	50.9	49.4	+1.5	Too High	From Too Low	1	45.0	48.3	51.7	49.0	46.4	47.6	55.2	56.8
Future Outlooks	37.7	67.8	-30.1	Contracting	From Growing	1	10.0	48.3	41.7	34.4	42.9	33.3	44.8	45.5

Chart 1: Time Series of Taiwan NMI

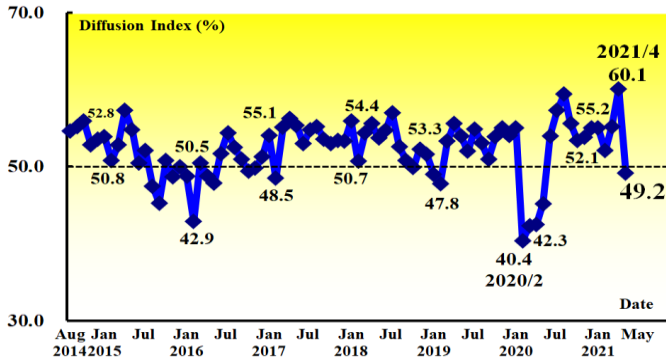
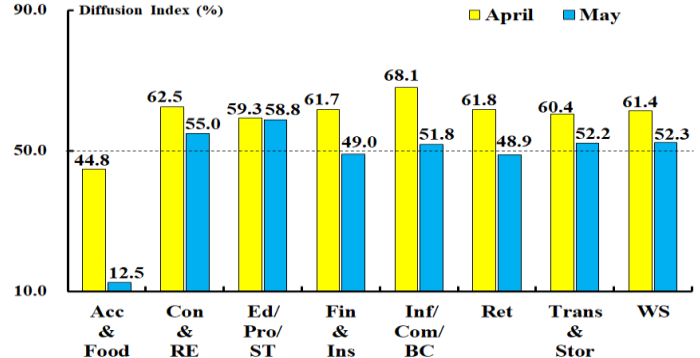


Chart 2: Performance by Industry



### Summary

- The Taiwan non-manufacturing sector reversed its recent trend of growth and contracted for the first time in the past twelve months. The Taiwan NMI fell 10.9 percentage points to 49.2 percent, down from the highest recorded level of 60.1 percent since August 2014.
- The COVID-19 pandemic alert raised to Level 3 nationwide on May 19. Both the Business Activity and New Orders Indexes turned to contracting and fell 20.7 and 19.8 percentage points to 42.8 and 45.0 percent respectively.
- The Supplier Deliveries Index further went up 0.4 percentage point to 58.5 percent and recorded the highest reading since August 2014.
- The Prices Index remained above 60.0 percent for the sixth consecutive month and registered 2.1 percentage points lower than the 67.1 percent recorded in April.
- Non-Manufacturers' order backlogs reported contracting following two months of growth. The Backlog of Orders Index fell from the highest recorded level of 55.4 percent and recorded 43.4 percent in May.
- Both the New Export Orders and Imports Indexes turned to contraction and decreased 11.2 and 11.4 percentage points to 46.4 and 44.4 percent, respectively.
- The Inventory Sentiment Index increased 1.5 percentage points to 50.9 percent, indicating the non-manufacturing respondents believe their inventories are high in May.
- The Future Outlooks Index reversed its recent trend of growth and contracted in May as the index dramatically dropped 30.1 percentage points to 37.7 percent, down from the highest reading of 67.8 percent since August 2014.
- Of the eight non-manufacturing industries categories, three are reporting contracting in the following order: Acc & Food (12.5%), Ret (48.9%) and Fin & Ins (49.0%). Ed/Pro/ST (58.8%), Con & RE (55.0%), WS (52.3%), Trans & Stor (52.2%) and Inf/Com/BC (51.8%) industries categories expanded but decelerated in May.

## 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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