

June 2022 Taiwan Non-Manufacturing Index

NMI at 49.7%

Business Activity Index at 48.0%

New Orders Index at 46.3%

Employment Index at 50.8%

NON-MANUFACTURING AT A GLANCE

June 2022

| 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 | 49.7 | 45.1 | +4.6 | Contracting | Slower | 2 | 48.6 | 50.0 | 56.5 | 48.4 | 53.8 | 46.4 | 47.7 | 44.7 |
| Business Activity | 48.0 | 37.8 | +10.2 | Contracting | Slower | 2 | 66.7 | 43.1 | 50.0 | 51.3 | 57.5 | 44.4 | 50.0 | 40.4 |
| New Orders | 46.3 | 37.5 | +8.8 | Contracting | Slower | 2 | 50.0 | 43.1 | 61.3 | 47.5 | 55.0 | 35.7 | 48.1 | 34.1 |
| Employment | 50.8 | 49.3 | +1.5 | Growing | From Contracting | 1 | 44.4 | 50.0 | 58.1 | 48.8 | 50.0 | 47.2 | 44.4 | 52.1 |
| Supplier Deliveries | 53.8 | 55.7 | -1.9 | Slowing | Slower | 32 | 33.3 | 63.8 | 56.5 | 46.3 | 52.5 | 58.3 | 48.1 | 52.1 |
| Inventories | 49.8 | 48.4 | +1.4 | Contracting | Slower | 2 | 38.9 | 43.1 | 45.2 | 48.8 | 47.5 | 47.2 | 57.4 | 56.4 |
| Prices | 71.0 | 72.4 | -1.4 | Increasing | Slower | 78 | 83.3 | 74.1 | 62.9 | 72.5 | 62.5 | 77.8 | 61.1 | 70.2 |
| Backlog of Orders | 41.6 | 37.9 | +3.7 | Contracting | Slower | 6 | 27.8 | 44.8 | 50.0 | 45.0 | 42.5 | 33.3 | 42.6 | 43.6 |
| New Export Orders | 40.4 | 39.5 | +0.9 | Contracting | Slower | 5 | 0.0 | 50.0 | 50.0 | 50.0 | 41.7 | 25.0 | 46.2 | 28.6 |
| Imports | 55.7 | 53.7 | +2.0 | Growing | Faster | 4 | 55.6 | 50.0 | 70.8 | 42.9 | 56.3 | 58.3 | 60.7 | 50.0 |
| Service Charge | 60.1 | 55.2 | +4.9 | Increasing | Faster | 25 | 66.7 | 67.9 | 56.7 | 53.8 | 50.0 | 72.2 | 46.3 | 59.6 |
| Inventory Sentiment | 53.1 | 52.1 | +1.0 | Too High | Faster | 2 | 50.0 | 44.8 | 50.0 | 48.8 | 52.5 | 50.0 | 55.6 | 67.0 |
| Future Outlooks | 41.5 | 35.8 | +5.7 | Contracting | Slower | 3 | 66.7 | 39.7 | 51.6 | 21.3 | 50.0 | 52.8 | 37.0 | 29.8 |

Chart 1: Time Series of Taiwan NMI

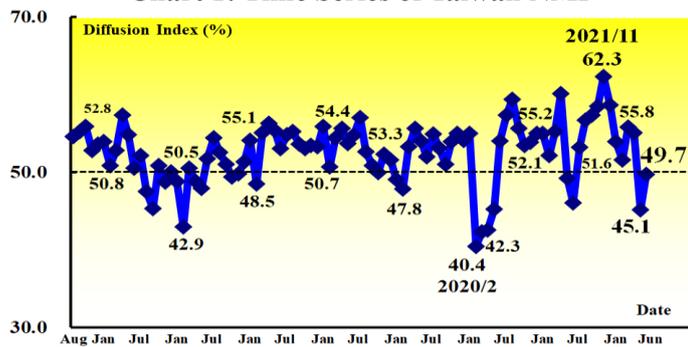
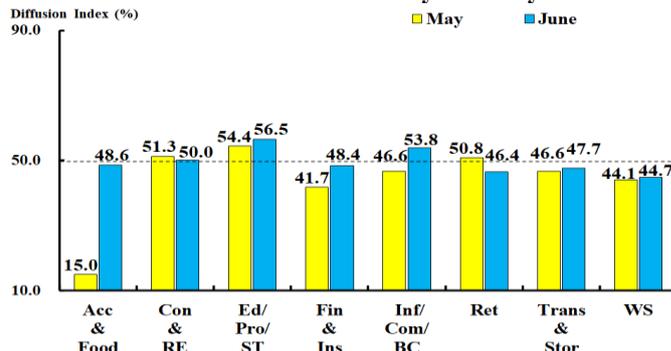


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector contracted for two consecutive months as the seasonally unadjusted Taiwan NMI registered 49.7 percent in June, an increase of 4.6 percentage points from the lowest reading since May 2020.
- With the local confirmed Covid-19 cases trending down, both the Business Activity and New Orders Indexes contracted at slower rate and went up 10.2 and 8.8 percentage points to 48.0 and 46.3 percent, respectively.
- Non-manufacturers' employment turned to growth following only one month of contraction as the Employment Index increased 1.5 percentage points to 50.8 percent in June.
- Deliveries from suppliers to the non-manufacturing sector were slower for thirty-two consecutive months while the Supplier Deliveries Index decreased 1.9 percentage points to 53.8 percent, the lowest reading since November 2020.
- The Inventories Index increased 1.4 percentage points to 49.8 percent in June, contracting for the second consecutive month.
- The Prices Index maintained above 60.0 percent for nineteen consecutive months and registered 71.0 percent in June.
- Non-manufacturers' backlogs contracted for six consecutive months as the Backlog of Orders Index registered 41.6 percent, up 3.7 percentage points from the 37.9 percent (the lowest reading since July 2021).
- Non-manufacturers continued charging higher service prices for twenty-five consecutive months as the Service Charge Index increased 4.9 percentage points from the lowest reading since July 2021 and registered 60.1 percent in June.
- The Inventory Sentiment Index remained too high for two consecutive months as the index further increased 1.0 percentage point to 53.1 percent, registering the highest reading since December 2019.
- The Future Outlooks Index contracted for the third consecutive month but at slower rate, registering 41.5 percent, up 5.7 percentage points from the 35.8 percent (the lowest reading since June 2020) recorded in May.
- Five among eight non-manufacturing industries categories reported contraction in the following order: WS (44.7%), Ret (46.4%), Trans & Stor (47.7%), Fin & Ins (48.4%) and Acc & Food (48.6%). While Ed/Pro/ST (56.5%) and Inf/Com/BC (53.8%) reported expansion in June. Only Con & RE (50.0%) reported unchanged from 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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