

# August 2020 Taiwan Non-Manufacturing Index

NMI at 59.4%

Business Activity Index at 66.1%

New Orders Index at 63.2%

Employment Index at 56.0%

## NON-MANUFACTURING AT A GLANCE

August 2020

Index	Series Index Aug	Series Index Jul	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	59.4	57.3	+2.1	Growing	Faster	3	73.6	58.5	54.7	60.3	61.7	58.2	54.0	56.6
Business Activity	66.1	63.0	+3.1	Growing	Faster	3	83.3	62.5	62.1	64.1	65.6	78.6	60.7	58.0
New Orders	63.2	59.5	+3.7	Growing	Faster	3	77.8	58.9	55.2	67.4	71.9	63.6	58.9	57.0
Employment	56.0	54.4	+1.6	Growing	Faster	2	72.2	64.3	50.0	59.8	62.5	42.9	44.6	53.4
Supplier Deliveries	52.4	52.5	-0.1	Slowing	Slower	10	61.1	48.2	51.7	50.0	46.9	47.6	51.8	58.0
Inventories	52.3	51.2	+1.1	Growing	Faster	2	61.1	46.4	53.4	52.2	62.5	50.0	53.6	51.1
Prices	60.2	53.8	+6.4	Increasing	Faster	56	55.6	73.2	63.8	41.3	62.5	61.9	64.3	59.1
Backlog of Orders	51.7	49.7	+2.0	Growing	From Contracting	1	61.1	53.6	44.8	50.0	40.6	57.1	53.6	53.4
New Export Orders	50.7	43.2	+7.5	Growing	From Contracting	1	100.0	50.0	42.3	67.9	60.0	75.0	50.0	43.5
Imports	48.0	51.4	-3.4	Contracting	From Growing	1	61.1	50.0	40.0	44.4	56.3	55.0	71.4	44.3
Service Charge	54.3	52.0	+2.3	Increasing	Faster	3	61.1	61.1	51.7	56.5	50.0	54.8	50.0	53.4
Inventory Sentiment	50.7	51.5	-0.8	Too High	Slower	6	50.0	50.0	51.7	46.7	53.1	47.6	53.6	54.5
Future Outlooks	52.1	52.1	+0.0	Growing	Same	3	50.0	62.5	51.7	53.3	59.4	61.9	60.7	43.2

Chart 1: Time Series of Taiwan NMI

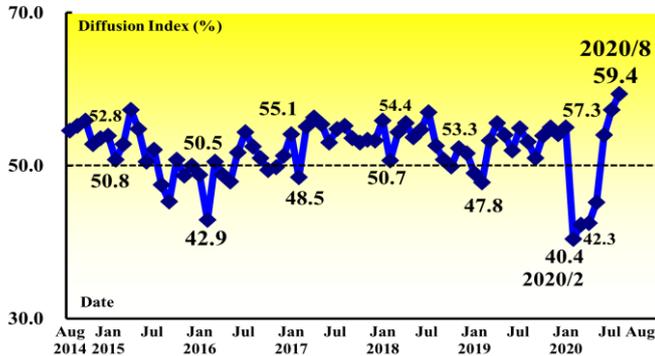
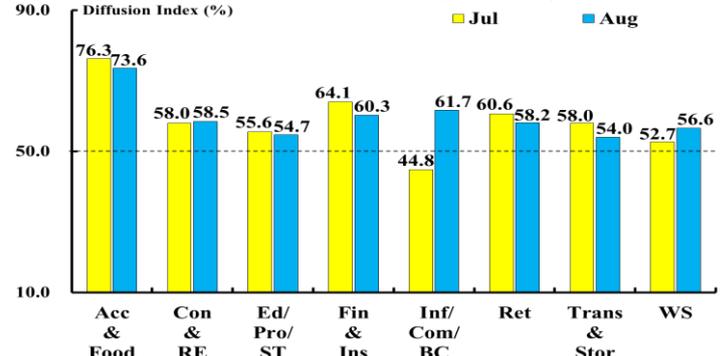


Chart 2: Performance by Industry



### Summary

- The Taiwan non-manufacturing sector expanded at the fastest rate since August 2014 as the Taiwan NMI further rose 2.1 percentage points to 59.4 percent.
- Both Business Activity and New Orders Indexes grew at the fastest pace since August 2014 and increased 3.1 and 3.7 percentage points to 66.1 and 63.2 percent respectively.
- The Employment Index further increased 1.6 percentage points to 56.0 percent, indicating growing for the second consecutive month.
- The Inventories Index grew for two consecutive months and further increased 1.1 percentage points to 52.3 percent.
- Non-manufacturers are continuously experiencing higher prices of their purchases for fifty-six consecutive months, as the Prices Index rose 6.4 percentage points to 60.2 percent.
- Non-manufacturers' backlog reversed its recent trend of contracting in the past fifteen months and turned to growth during August. The Backlog of Orders Index further increased 2.0 percentage points to 51.7 percent and recorded the fastest rate of growth since August 2014.
- Non-manufacturers' export orders turned to growth following seven consecutive months of contraction as the New Export Orders Index further increased 7.5 percentage points to 50.7 percent and recorded the highest reading since April 2019.
- The non-manufacturers charged higher service prices for three consecutive months as the Service Charge Index further increased 2.3 percentage points to 54.3 percent.
- The Future Outlooks Index remained at 52.1 percent, indicating growing for the third consecutive month.
- All the non-manufacturing industries categories are reporting growing in the following order: Acc & Food (73.6%), Inf/Com/BC (61.7%), Fin & Ins (60.3%), Con & RE (58.5%), Ret (58.2%), WS (56.6%), Ed/Pro/ST (54.7%) and Trans & Stor (54.0%).

## 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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