

July 2021 Taiwan Non-Manufacturing Index

NMI at 53.2%

Business Activity Index at 53.9%

New Orders Index at 51.0%

Employment Index at 50.1%

NON-MANUFACTURING AT A GLANCE

July 2021

Index	Series Index Jul	Series Index Jun	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	53.2	46.0	+7.2	Growing	From Contracting	1	42.0	56.5	53.3	55.4	67.2	42.2	57.8	58.8
Business Activity	53.9	38.7	+15.2	Growing	From Contracting	1	40.9	56.9	53.3	63.3	71.9	38.9	58.6	61.6
New Orders	51.0	38.5	+12.5	Growing	From Contracting	1	36.4	58.6	53.3	57.1	71.9	30.0	51.7	55.0
Employment	50.1	48.7	+1.4	Growing	From Contracting	1	36.4	51.7	50.0	46.9	65.6	47.2	60.3	51.2
Supplier Deliveries	57.6	57.9	-0.3	Slowing	Slower	21	54.5	58.6	56.7	54.1	59.4	52.8	60.3	67.4
Inventories	48.5	48.0	+0.5	Contracting	Slower	2	40.9	46.6	55.0	55.1	53.1	44.4	55.2	48.8
Prices	70.3	66.0	+4.3	Increasing	Faster	67	68.2	77.6	56.7	49.0	62.5	66.7	77.6	84.9
Backlog of Orders	45.5	36.1	+9.4	Contracting	Slower	3	18.2	46.6	51.7	46.9	53.1	41.7	53.4	58.1
New Export Orders	50.8	50.2	+0.6	Growing	Faster	2	50.0	50.0	55.6	59.4	37.5	50.0	69.2	53.3
Imports	53.4	50.5	+2.9	Growing	Faster	2	45.5	50.0	54.5	50.0	70.0	41.7	60.7	53.2
Service Charge	55.4	54.8	+0.6	Increasing	Faster	14	45.5	64.3	48.0	43.9	59.4	52.8	60.3	67.4
Inventory Sentiment	50.2	49.5	+0.7	Too High	From Too Low	1	40.9	44.8	51.7	46.9	46.9	58.3	51.7	58.1
Future Outlooks	54.1	41.8	+12.3	Growing	From Contracting	1	40.9	74.1	51.7	51.0	53.1	38.9	58.6	58.1

Chart 1: Time Series of Taiwan NMI

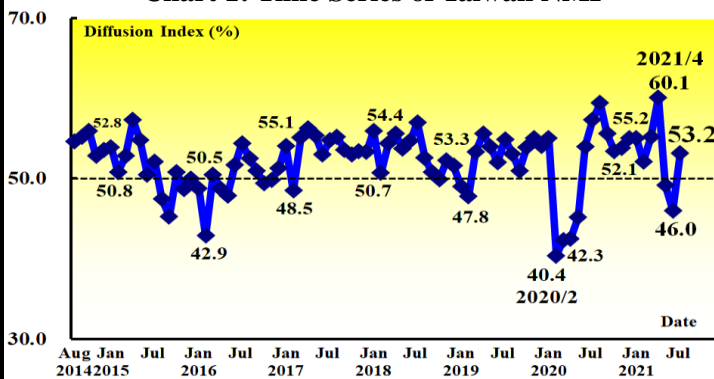
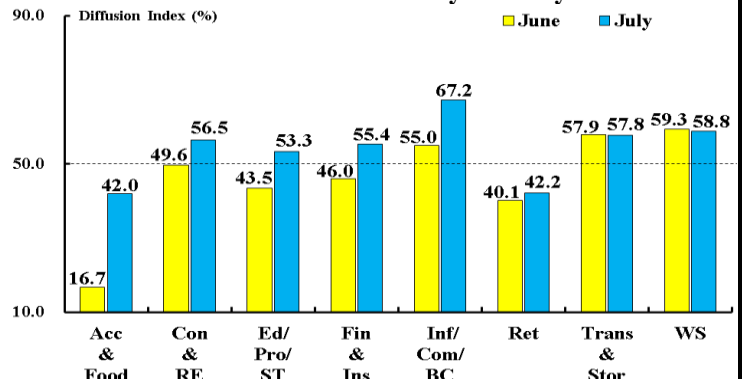


Chart 2: Performance by Industry



Summary

- As the apparent decline in the number of COVID-19 confirmed cases in Taiwan, the Taiwan non-manufacturing sectors reversed its recent trend of contraction in the past two consecutive months and grew in July. The Taiwan NMI increased 7.2 percentage points to 53.2 percent.
- Both the Business Activity and New Orders Indexes turned to growth following two months of contraction and surged by 15.2 and 12.5 percentage points to 53.9 and 51.0 percent, respectively.
- The Employment Index turned to growth following only one month of contraction and increased 1.4 percentage points to 50.1 percent in July.
- The Inventories Index contracted for two consecutive months and registered 48.5 percent.
- The Prices Index further grew 4.3 percentage points to 70.3 percent and marked the first time that the index has risen above 70.0 percent since August 2014.
- Manufacturers' backlog contracted for three consecutive months as the Backlog of Orders Index registered 45.5 percent in July, up from the lowest recorded level of 36.1 percent since May 2020.
- With the expectation for the bounce back consumption by lifting the COVID-19 pandemic alert to Level 2, non-manufacturers are less pessimistic about the future. The Future Outlooks Index reversed its recent trend of contraction in the past two months and jumped 12.3 percentage points to 54.1 percent in July.
- Of the eight non-manufacturing industries categories, six are reporting growth in the following order: Inf/Com/BC (67.2%), WS (58.8%), Trans & Stor (57.8%), Con & RE (56.5%), Fin & Ins (55.4%), Ed/Pro/ST (53.3%). While Acc & Food (42.0%) and Ret (42.2%) remained in contraction in July.

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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