

# June 2021 Taiwan Non-Manufacturing Index

NMI at 46.0%

Business Activity Index at 38.7%

New Orders Index at 38.5%

Employment Index at 48.7%

## NON-MANUFACTURING AT A GLANCE

June 2021

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	46.0	49.2	-3.2	Contracting	Faster	2	16.7	49.6	43.5	46.0	55.0	40.1	57.9	59.3
Business Activity	38.7	42.8	-4.1	Contracting	Faster	2	11.1	33.3	41.4	39.4	63.3	27.5	57.4	57.6
New Orders	38.5	45.0	-6.5	Contracting	Faster	2	0.0	41.7	36.2	46.8	56.7	22.7	57.4	56.8
Employment	48.7	50.4	-1.7	Contracting	From Growing	1	22.2	53.3	48.3	47.9	53.3	52.5	53.7	53.3
Supplier Deliveries	57.9	58.5	-0.6	Slowing	Slower	20	33.3	70.0	48.3	50.0	46.7	57.5	63.0	69.6
Inventories	48.0	51.5	-3.5	Contracting	From Growing	1	22.2	43.3	44.8	53.2	56.7	52.5	53.7	57.6
Prices	66.0	65.0	+1.0	Increasing	Faster	66	72.2	73.3	63.8	46.8	53.3	70.0	68.5	81.5
Backlog of Orders	36.1	43.4	-7.3	Contracting	Faster	2	0.0	30.0	37.9	43.6	53.3	30.0	53.7	54.3
New Export Orders	50.2	46.4	+3.8	Growing	From Contracting	1	50.0	50.0	42.9	46.7	37.5	50.0	65.4	64.1
Imports	50.5	44.4	+6.1	Growing	From Contracting	1	11.1	46.4	60.0	45.8	58.3	43.8	78.6	55.9
Service Charge	54.8	53.6	+1.2	Increasing	Faster	13	16.7	62.1	48.1	51.1	53.3	57.5	63.0	67.4
Inventory Sentiment	49.5	50.9	-1.4	Too Low	From Too High	1	44.4	46.7	44.8	47.9	53.3	60.0	50.0	51.1
Future Outlooks	41.8	37.7	+4.1	Contracting	Slower	2	0.0	41.7	39.7	44.7	56.7	25.0	63.0	60.9

Chart 1: Time Series of Taiwan NMI

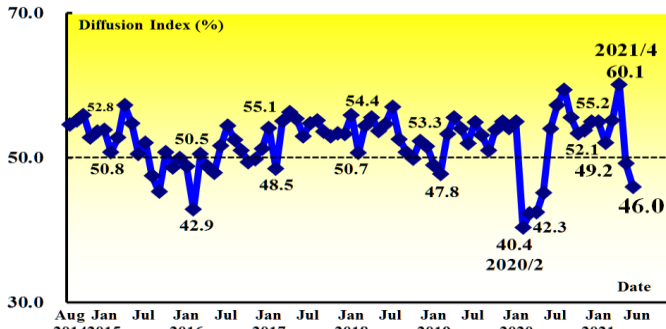
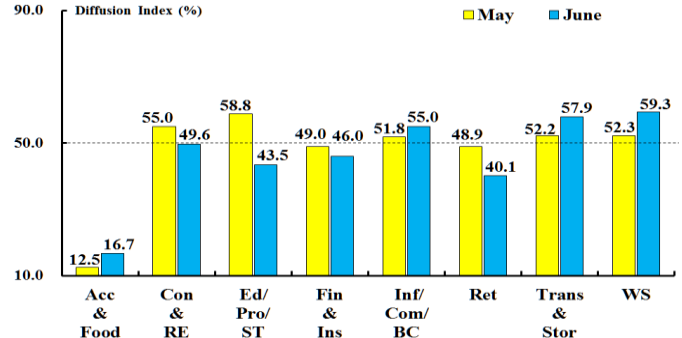


Chart 2: Performance by Industry



### Summary

- The COVID-19 pandemic alert raised to Level 3 nationwide in mid-May and has dropped down the Taiwan NMI 10.9 percentage points in May. While the Taiwan NMI contracted at a faster rate and further fell 3.2 percentage points to 46.0 percent in June, the lowest reading recorded since June 2020.
- The Business Activity and New Orders Indexes that dropped dramatically and turned to contraction in May further decreased 4.1 and 6.5 percentage points to 38.7 and 38.5 percent in June, respectively.
- Non-manufacturers' employment reversed its recent trend of growth in the past three consecutive months and turned to contraction, as the Employment Index further went down 1.7 percentage points to 48.7 percent.
- Non-manufacturers' inventories contracted following two consecutive months of growth, as the Inventories Index further decreased 3.5 percentage points to 48.0 percent.
- The Prices Index remained above 60.0 percent for the seventh consecutive month, as this index went up 1.0 percentage point to 66.0 percent in June.
- The Backlog of Orders Index further negatively dropped 7.3 percentage points to 36.1 percent and contracted at the fastest pace since May 2020.
- The Inventory Sentiment Index decreased 1.4 percentage points to 49.5 percent, indicating the non-manufacturing respondents believe their inventories are insufficient in June.
- The Level 3 COVID-19 pandemic alert plunged the Future Outlooks Index 30.1 percentage points decrease in May, while the index contracted at a slower rate and increased 4.1 percentage points to 41.8 percent in June.
- Of the eight non-manufacturing industries categories, five are reporting contracting in the following order: Acc & Food (16.7%), Ret (40.1%), Ed/Pro/ST (43.5%), Fin & Ins (46.0%) and Con & RE (49.6%). While WS (59.3%), Trans & Stor (57.9%) and Inf/Com/BC (55.0%) industries categories expanded in June.

## 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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