

May 2020 Taiwan Non-Manufacturing Index

NMI at 45.2%

Business Activity Index at 41.0%

New Orders Index at 41.4%

Employment Index at 47.9%

NON-MANUFACTURING AT A GLANCE

May 2020

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	45.2	42.5	+2.7	Contracting	Slower	4	59.7	48.5	43.8	49.3	45.8	45.3	40.0	46.3
Business Activity	41.0	33.4	+7.6	Contracting	Slower	4	77.8	43.9	39.3	43.0	46.7	43.2	38.3	37.5
New Orders	41.4	35.5	+5.9	Contracting	Slower	4	66.7	43.9	42.9	49.0	40.0	33.3	36.7	41.9
Employment	47.9	48.4	-0.5	Contracting	Faster	4	44.4	56.1	46.4	51.0	53.3	47.7	38.3	47.7
Supplier Deliveries	50.6	52.8	-2.2	Slowing	Slower	7	50.0	50.0	46.4	54.0	43.3	56.8	46.7	58.0
Inventories	46.7	46.8	-0.1	Contracting	Faster	4	38.9	50.0	46.4	52.0	46.7	38.6	56.7	51.1
Prices	52.1	50.3	+1.8	Increasing	Faster	53	72.2	53.0	58.9	28.0	66.7	54.5	48.3	54.5
Backlog of Orders	37.4	31.9	+5.5	Contracting	Slower	13	27.8	45.5	35.7	48.0	30.0	40.9	30.0	42.0
New Export Orders	32.0	29.4	+2.6	Contracting	Slower	5	0.0	37.5	25.0	53.3	25.0	37.5	39.3	37.1
Imports	35.7	31.3	+4.4	Contracting	Slower	4	44.4	37.5	37.5	38.5	70.0	27.8	30.0	37.9
Service Charge	43.5	40.7	+2.8	Decreasing	Slower	4	38.9	51.6	46.3	37.0	53.3	38.6	51.7	46.6
Inventory Sentiment	52.8	52.4	+0.4	Too High	Faster	3	50.0	54.5	48.2	46.0	53.3	47.7	58.3	62.5
Future Outlooks	33.5	17.8	+15.7	Contracting	Slower	4	27.8	36.4	33.9	40.0	33.3	45.5	33.3	27.3

Chart 1: Time Series of Taiwan NMI

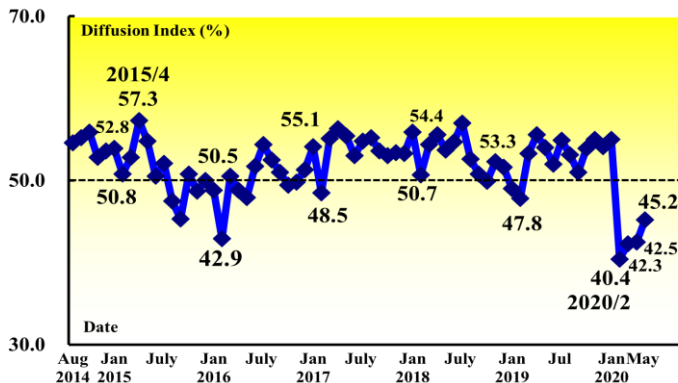
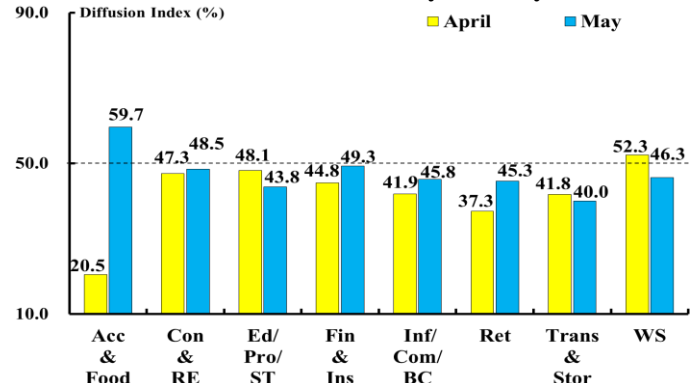


Chart 2: Performance by Industry



Summary

- The non-manufacturing sector continued to struggle and remained in contraction for four consecutive months, while the Taiwan NMI Index increased 2.7 percentage points to 45.2 percent.
- Both Business Activity and New Orders Indexes contracted for the fourth consecutive month, but at slower rates, increased 7.6 and 5.9 percentage points to 41.0 and 41.4 percent respectively.
- The Employment Index decreased 0.5 percentage point to 47.9 percent, indicating contraction for four consecutive months for the first time since July 2016.
- The Inventories Index still remained in contraction for four consecutive months, as the index just inched down 0.1 percentage point to 46.7 percent in May.
- Non-manufacturers are still experiencing higher prices of their purchases for fifty-three consecutive months as the Prices Index increased 1.8 percentage points to 52.1 percent.
- Non-manufacturers' backlogs contracted for thirteen consecutive months. The Backlog of Orders Index registered 37.4 percent, up from the lowest recorded level of 31.9 percent since August 2014.
- The Service Charge Index rose 2.8 percentage points to 43.5 percent, indicating that the non-manufacturers priced lower service fees for four consecutive months.
- The Future Outlooks Index remained in contraction for four consecutive months while the index sharply jumped by 15.7 percentage points to 33.5 percent.
- Of the eight non-manufacturing industries categories, seven are reporting contracting in the following order: Trans & Stor (40.0%), Ed/Pro/ST (43.8%), Ret (45.3%), Inf/Com/BC (45.8%), WS (46.3%), Con & RE (48.5%) and Fin & Ins (49.3%). Only Acc & Food (59.7%) reversed its recent trend of contraction and turned to growth during 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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