

May 2022 Taiwan Non-Manufacturing Index

NMI at 45.1%

Business Activity Index at 37.8%

New Orders Index at 37.5%

Employment Index at 49.3%

NON-MANUFACTURING AT A GLANCE

May 2022

Unit : %							Industries							
Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Acc & Food	Con & RE	Ed/Pro/ST	Fin & Ins	Inf/Com/BC	Ret	Trans & Stor	WS
Taiwan NMI	45.1	55.1	-10.0	Contracting	From Growing	1	15.0	51.3	54.4	41.7	46.6	50.8	46.6	44.1
Business Activity	37.8	54.9	-17.1	Contracting	From Growing	1	0.0	43.1	48.4	38.9	45.5	50.0	42.3	34.0
New Orders	37.5	52.8	-15.3	Contracting	From Growing	1	0.0	44.8	53.2	36.7	47.7	40.0	42.3	32.0
Employment	49.3	53.1	-3.8	Contracting	From Growing	1	20.0	50.0	59.7	45.6	50.0	52.6	50.0	51.9
Supplier Deliveries	55.7	59.5	-3.8	Slowing	Slower	31	40.0	67.2	56.5	45.6	43.2	60.5	51.9	58.5
Inventories	48.4	51.3	-2.9	Contracting	From Growing	1	25.0	43.1	53.2	47.8	50.0	52.6	48.1	54.7
Prices	72.4	76.1	-3.7	Increasing	Slower	77	85.0	69.0	74.2	64.4	65.9	78.9	71.2	77.4
Backlog of Orders	37.9	46.9	-9.0	Contracting	Faster	5	0.0	41.4	43.5	42.2	36.4	44.7	34.6	36.8
New Export Orders	39.5	47.8	-8.3	Contracting	Faster	4	0.0	33.3	37.5	60.7	57.1	50.0	41.7	28.4
Imports	53.7	51.5	+2.2	Growing	Faster	3	35.0	46.4	57.1	61.1	55.6	62.5	62.5	39.2
Service Charge	55.2	64.0	-8.8	Increasing	Slower	24	45.0	66.1	55.0	43.3	54.5	63.2	44.2	56.7
Inventory Sentiment	52.1	49.6	+2.5	Too High	From Too Low	1	50.0	46.6	51.6	48.9	47.7	52.6	48.1	61.3
Future Outlooks	35.8	45.7	-9.9	Contracting	Faster	2	20.0	43.1	48.4	27.8	40.9	31.6	38.5	35.8

Chart 1: Time Series of Taiwan NMI

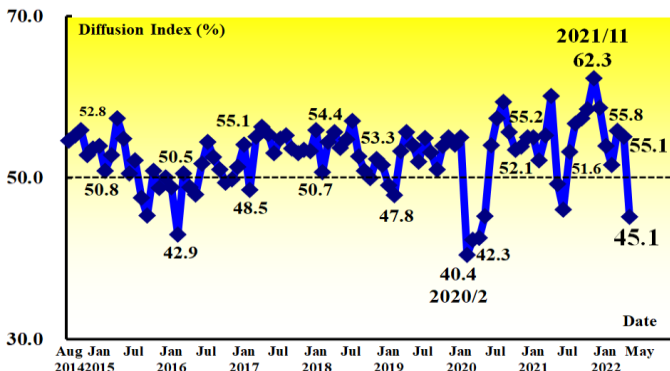
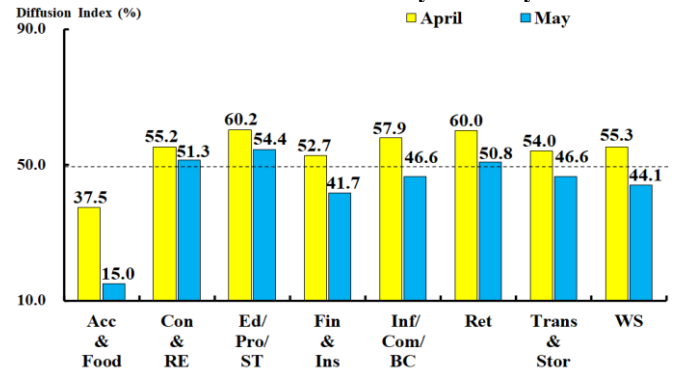


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector turned to contraction following ten consecutive months of growth as the seasonally unadjusted Taiwan NMI fell 10.0 percentage points to 45.1 percent in May, the fastest contraction rate since May 2020.
- Both the Business Activity and New Orders Indexes sharply decreased 17.1 and 15.3 percentage points to 37.8 and 37.5 percent, respectively, registering the lowest readings since May 2020.
- Non-manufacturers' employment contracted for the first time since July 2021 as the Employment Index dropped 3.8 percentage points and turned to 49.3 percent in May.
- Deliveries from suppliers to the non-manufacturing sector were slower for thirty-one consecutive months while the Supplier Deliveries Index decreased 3.8 percentage points to 55.7 percent, the lowest reading since September 2021.
- Non-manufacturers' inventories contracted during May as the Inventories Index fell 2.9 percentage points to 48.4 percent.
- The Prices Index maintained above 60.0 percent for eighteen consecutive months but fell 3.7 percentage points from the 76.1 percent (the highest recorded level since August 2014) and registered 72.4 percent in May.
- Non-manufacturers' backlogs contracted for five consecutive months as the Backlog of Orders Index further decreased 9.0 percentage points to the lowest reading of 37.9 percent since July 2021.
- Non-manufacturers' new export orders contracted for four consecutive months as the New Export Orders Index went down 8.3 percentage points to 39.5 percent, marking the lowest reading since July 2020.
- Non-manufacturers continued charging higher service prices for twenty-four consecutive months while the Service Charge Index decreased to 55.2 percent, down 8.8 percentage points from the highest reading of 64.0 percent since August 2014.
- The Inventory Sentiment Index turned to too high in May as the index went up 2.5 percentage points to 52.1 percent.
- The Future Outlooks Index contracted for the second consecutive month as the index further fell 9.9 percentage points to 35.8 percent. All the non-manufacturing industries reported future outlooks contracting in May.
- Five among eight non-manufacturing industries categories reported contraction in the following order: Acc & Food (15.0%), Fin & Ins (41.7%), WS (44.1%), Inf/Com/BC (46.6%) and Trans & Stor (46.6%). While Ed/Pro/ST (54.4%), Con & RE (51.3%) and Ret (50.8%) industries expanded in 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.

Contact Information:

For economics comments, data and technical queries, please contact:

Shin-Hui Chen, Ph.D.

Assistant Research Fellow, Division of Taiwan Economy Chung-Hua Institution for Economic Research

E-Mail: csh@cier.edu.tw

Tel: +(886) 2 27356006 ext. 623

www.cier.edu.tw

For industry comments, please contact:

Steve Lai

Executive Director, Center for Purchasing and Supply Studies Supply Management Institute, Taiwan

E-Mail: stevelai@smit.org.tw

Tel: +(886) 2 27495889 www.smit.org.tw