

July 2022 Taiwan Non-Manufacturing Index

NMI at 56.7%

Business Activity Index at 58.2%

New Orders Index at 57.7%

Employment Index at 55.8%

NON-MANUFACTURING AT A GLANCE

July 2022

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	56.7	49.7	+7.0	Growing	From Contracting	1	72.5	54.5	60.3	52.7	59.6	61.7	54.8	44.7
Business Activity	58.2	48.0	+10.2	Growing	From Contracting	1	80.0	44.6	60.3	57.1	67.6	73.3	53.8	42.7
New Orders	57.7	46.3	+11.4	Growing	From Contracting	1	85.0	53.6	67.2	56.0	55.9	50.0	57.7	41.1
Employment	55.8	50.8	+5.0	Growing	Faster	2	70.0	57.1	53.4	50.0	52.9	60.0	55.8	50.0
Supplier Deliveries	54.9	53.8	+1.1	Slowing	Faster	33	55.0	62.5	60.3	47.6	61.8	63.3	51.9	44.8
Inventories	55.1	49.8	+5.3	Growing	From Contracting	1	65.0	42.9	53.4	53.6	55.9	60.0	57.7	59.4
Prices	70.2	71.0	-0.8	Increasing	Slower	79	95.0	57.1	69.0	70.2	61.8	80.0	69.2	76.0
Backlog of Orders	50.4	41.6	+8.8	Growing	From Contracting	1	45.0	44.6	58.6	48.8	47.1	53.3	40.4	53.1
New Export Orders	48.7	40.4	+8.3	Contracting	Slower	6	50.0	50.0	45.0	61.5	41.7	50.0	45.5	36.1
Imports	53.7	55.7	-2.0	Growing	Slower	5	65.0	46.7	58.3	62.5	56.3	50.0	50.0	43.1
Service Charge	58.5	60.1	-1.6	Increasing	Slower	26	80.0	61.1	59.3	52.4	55.9	60.0	44.2	54.2
Inventory Sentiment	53.8	53.1	+0.7	Too High	Faster	3	55.0	46.4	50.0	51.2	55.9	50.0	59.6	66.7
Future Outlooks	43.7	41.5	+2.2	Contracting	Slower	4	60.0	39.3	46.6	31.0	55.9	50.0	48.1	22.9

Chart 1: Time Series of Taiwan NMI

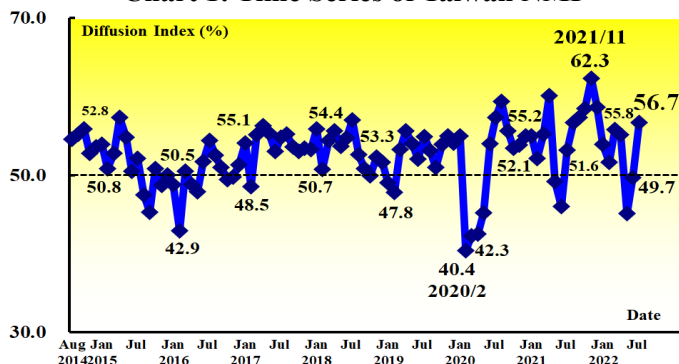
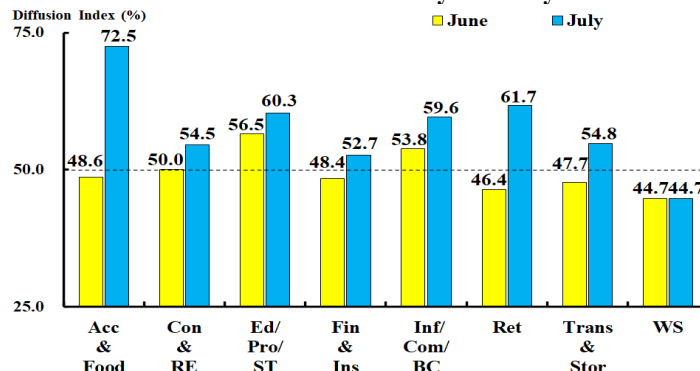


Chart 2: Performance by Industry



Summary

- With the local confirmed Covid-19 cases trending down, the seasonally unadjusted Taiwan NMI increased 7.0 percentage points to 56.7 percent in July, indicating the resumption of growth following two consecutive months of contraction.
- Non-manufacturers' business activity and new orders turned to expansion following two consecutive months of contraction as the Business Activity and New Orders Indexes grew 10.2 and 11.4 percentage points to 58.2 and 57.7 in July, respectively.
- Non-manufacturers' employment expanded for the second consecutive month as the Employment Index favorably went up 5.0 percentage points to 55.8 percent in July.
- Deliveries from suppliers to the non-manufacturing sector were slower for thirty-three consecutive months as the Supplier Deliveries Index registered 54.9 percent, slightly up 1.1 percentage points from the lowest reading of 53.8 percent since November 2020.
- The Inventories Index turned to growth following two consecutive months of contraction as the index increased 5.3 percentage points to 55.1 percent in July, registering the fastest expansion rate since July 2015.
- The Prices Index still maintained above 60.0 percent for twenty consecutive months and registered 70.2 percent in July.
- Non-manufacturers' backlogs reversed its recent trend of contraction in the past six consecutive months and turned to growth during July as the Backlog of Orders Index increased 8.8 percentage points to 50.4 percent.
- Non-manufacturers continued charging higher service prices for twenty-six consecutive months while the Service Charge Index fell 1.6 percentage points to 58.5 percent.
- The Inventory Sentiment Index remained too high for three consecutive months as the index increased 0.7 percentage point to 53.8 percent, recording the highest reading since May 2019.
- The Future Outlooks Index remained contraction for the fourth consecutive month but at a slower rate, registering 43.7 percent, increased 2.2 percentage points from the June reading.
- Seven among eight non-manufacturing industries categories reported expansion in the following order: Acc & Food (72.5%), Ret (61.7%), Ed/Pro/ST (60.3%), Inf/Com/BC (59.6%), Trans & Stor (54.8%), Con & RE (54.5%) and Fin & Ins (52.7%). Only WS (44.7%) reported 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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