

August 2023 Taiwan Non-Manufacturing Index

NMI at 54.3%

Business Activity Index at 57.0%

New Orders Index at 52.0%

Employment Index at 55.6%

NON-MANUFACTURING AT A GLANCE

August 2023

Index	Series Index August	Series Index July	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	54.3	55.7	-1.4	Growing	Slower	10	47.7	51.3	53.5	58.4	51.4	55.6	55.5	51.6
Business Activity	57.0	60.6	-3.6	Growing	Slower	7	36.4	50.0	54.2	58.1	47.2	69.4	58.0	59.0
New Orders	52.0	55.7	-3.7	Growing	Slower	6	36.4	46.7	52.8	58.1	55.6	41.7	56.0	52.2
Employment	55.6	54.7	+0.9	Growing	Faster	6	63.6	53.3	54.2	62.8	47.2	58.3	58.0	51.0
Supplier Deliveries	52.5	51.8	+0.7	Slowing	Faster	3	54.5	55.0	52.8	54.7	55.6	52.8	50.0	44.0
Inventories	49.0	51.6	-2.6	Contracting	From Growing	1	45.5	41.7	50.0	53.5	52.8	55.6	50.0	42.0
Prices	59.8	62.3	-2.5	Increasing	Slower	92	72.7	56.7	63.9	58.1	61.1	55.6	56.0	55.0
Backlog of Orders	45.9	48.2	-2.3	Contracting	Faster	13	31.8	43.3	50.0	46.5	47.2	52.8	50.0	39.0
New Export Orders	46.5	51.3	-4.8	Contracting	From Growing	1	33.3	41.7	39.3	46.2	25.0	50.0	50.0	44.4
Imports	48.0	51.9	-3.9	Contracting	From Growing	1	45.5	36.7	50.0	50.0	37.5	42.9	46.2	43.9
Service Charge	50.8	54.8	-4.0	Increasing	Slower	39	40.9	48.3	52.9	47.7	52.8	52.8	52.0	47.0
Inventory Sentiment	51.7	54.2	-2.5	Too High	Slower	16	50.0	48.3	45.8	51.2	52.8	58.3	44.0	58.0
Future Outlooks	45.0	50.8	-5.8	Contracting	From Growing	1	59.1	40.0	45.8	50.0	25.0	44.4	54.0	37.0

Chart 1: Time Series of Taiwan NMI

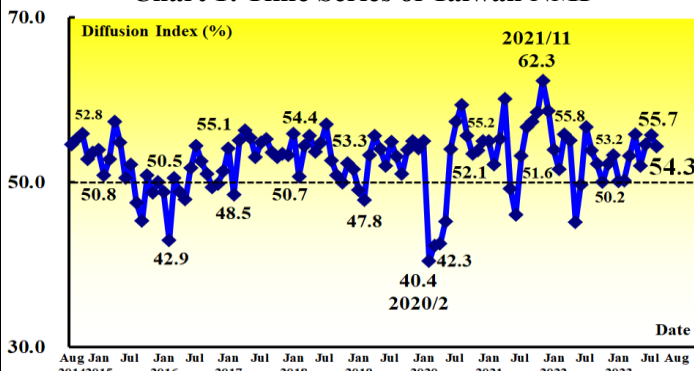
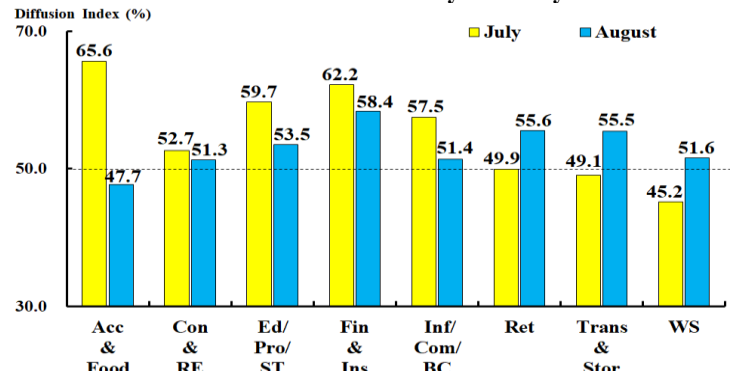


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for ten consecutive months while the seasonally unadjusted Taiwan NMI decreased 1.4 percentage points to 54.3 percent in August.
- Both the seasonally unadjusted Business Activity and New Orders Indexes grew at slower rates, decreasing 3.6 and 3.7 percentage points to 57.0 and 52.0 percent, respectively.
- Non-manufacturers' employment grew for the sixth consecutive month as the Employment Index slightly rose 0.9 percentage point to 55.6 percent.
- Non-manufacturers reported deliveries slowing for the third consecutive month as the Supplier Deliveries Index registered 52.5 percent, up 0.7 percentage point from the 51.8 percent recorded in July.
- The Inventories Index turned to contraction following three consecutive months of growth as the index further declined 2.6 percentage points to 49.0 percent in August.
- Non-manufacturers continuously experienced upward pressures on their purchasing or operation costs for ninety-two consecutive months as the Prices Index registered 59.8 percent in August.
- The Backlog of Orders Index contracted for thirteen consecutive months and fell 2.3 percentage point to 45.9 percent.
- Non-manufacturers' new export orders and imports contracted following only one month of growth as both the New Export Orders and Imports Indexes decreased 4.8 and 3.9 percentage points to 46.5 and 48.0 percent, respectively.
- Non-manufacturers continued charging higher service prices for thirty-nine consecutive months while the Service Charge Index decreased 4.0 percentage points to 50.8 percent, registering the lowest reading since December 2020.
- The Inventory Sentiment Index remained too high for sixteen consecutive months but declined 2.5 percentage points to 51.7 percent, the lowest point since May 2022.
- The Future Outlooks Index turned to contraction following two consecutive months of growth and registered 45.0 percent, significantly decreasing 5.8 percentage points from the highest reading (50.8 percent) since April 2022.
- Seven among eight non-manufacturing industries categories reported expansion in the following order: Fin & Ins (58.4%), Ret (55.6%), Trans & Stor (55.5%), Ed/Pro/ST (53.5%), WS (51.6%), Inf/Com/BC (51.4%) and Con & RE (51.3%). Only Acc & Food (47.7%) turned to contraction in August following four consecutive months of growth.

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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