

February 2023 Taiwan Non-Manufacturing Index

NMI at 50.2%

Business Activity Index at 51.1%

New Orders Index at 47.8%

Employment Index at 48.3%

NON-MANUFACTURING AT A GLANCE

February 2023

Index	Series Index Feb	Series Index Jan	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	50.2	50.1	+0.1	Growing	Faster	4	34.1	57.6	54.0	48.8	43.0	46.5	43.0	46.5
Business Activity	51.1	47.9	+3.2	Growing	From Contracting	1	27.3	64.3	55.9	54.8	37.5	47.5	42.0	42.3
New Orders	47.8	47.0	+0.8	Contracting	Slower	2	36.4	55.4	57.4	45.2	43.8	33.3	40.0	40.6
Employment	48.3	51.1	-2.8	Contracting	From Growing	1	31.8	53.6	50.0	44.0	46.9	52.5	38.0	47.1
Supplier Deliveries	53.6	54.4	-0.8	Slowing	Slower	40	40.9	57.1	52.9	51.2	43.8	52.5	52.0	55.8
Inventories	48.7	54.8	-6.1	Contracting	From Growing	1	45.5	55.4	50.0	53.6	56.3	37.5	48.0	43.3
Prices	63.4	64.4	-1.0	Increasing	Slower	86	81.8	62.5	70.6	60.7	53.1	62.5	52.0	61.5
Backlog of Orders	47.1	47.6	-0.5	Contracting	Faster	7	63.6	44.6	47.1	46.4	46.9	40.0	38.0	42.3
New Export Orders	41.8	42.9	-1.1	Contracting	Faster	13	62.5	40.0	42.3	46.2	40.0	16.7	25.0	37.8
Imports	51.0	53.5	-2.5	Growing	Slower	4	45.5	53.3	50.0	50.0	41.7	35.7	34.6	54.2
Service Charge	52.2	56.0	-3.8	Increasing	Slower	33	50.0	50.0	54.5	53.6	50.0	52.5	40.0	53.8
Inventory Sentiment	52.3	52.5	-0.2	Too High	Slower	10	59.1	50.0	50.0	48.8	56.3	42.5	48.0	62.5
Future Outlooks	47.7	44.3	+3.4	Contracting	Slower	11	59.1	44.6	47.1	42.9	43.8	60.0	46.0	40.4

Chart 1: Time Series of Taiwan NMI

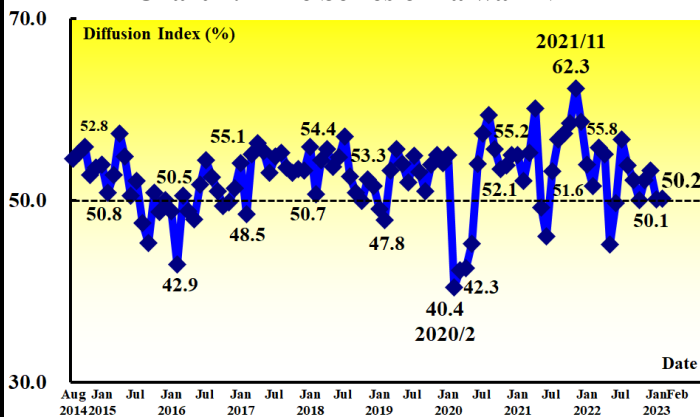
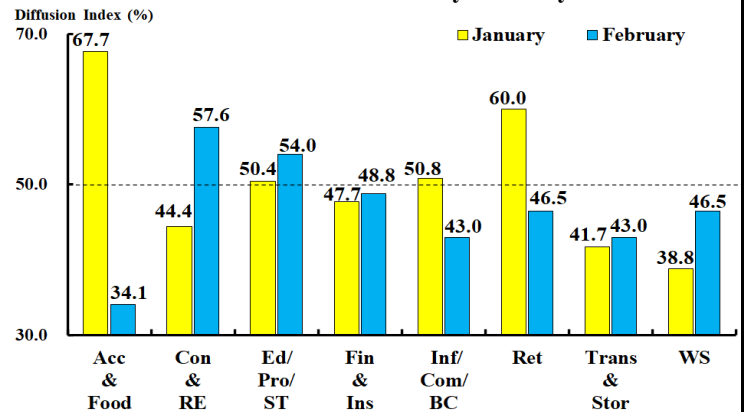


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for the fourth consecutive month as the seasonally unadjusted Taiwan NMI slightly increased 0.1 percentage point to 50.2 percent in February.
- Non-manufacturers' business activity turned to growth following only one month of contraction as the seasonally unadjusted Business Activity Index increased 3.2 percentage points to 51.1 percent.
- The seasonally unadjusted New Orders Index went up 0.8 percentage point to 47.8 percent, contracting for the second consecutive month.
- The Employment Index contracted for the first time in the past nine consecutive months as the index decreased 2.8 percentage points to 48.3 percent.
- Non-manufacturers reported slower deliveries for forty consecutive months while the Supplier Deliveries Index went down 0.8 percentage point to 53.6 percent.
- Non-manufacturers' inventories turned to contraction following seven consecutive months of growth as the Inventories Index fell 6.1 percentage points to 48.7 percent in February.
- The Prices Index remained above 60.0 percent for twenty-seven consecutive months and registered 63.4 percent.
- The Backlog of Orders Index decreased 0.5 percentage point to 47.1 percent, contracting for the seventh consecutive month.
- Non-manufacturers continued charging higher service prices for thirty-three consecutive months while the Service Charge Index dropped 3.8 percentage points to 52.2 percent in February, marking the lowest reading since December 2020.
- The Inventory Sentiment Index remained too high for ten consecutive months and registered 52.3 percent.
- The Future Outlooks Index remained in contraction for eleven consecutive months while the index further increased 3.4 percentage points to 47.7 percent, recording the slowest contraction rate since April 2022.
- Among eight non-manufacturing industries categories, Con & RE (57.6%) and Ed/Pro/ST (54.0%) reported expansion. Six non-manufacturing industries categories reported contraction in the following order: Acc & Food (34.1%), Inf/Com/BC (43.0%), Trans & Stor (43.0%), Ret (46.5%), WS (46.5%) and Fin & Ins (48.8%).

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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