

January 2023 Taiwan Non-Manufacturing Index

NMI at 50.1%

Business Activity Index at 47.9%

New Orders Index at 47.0%

Employment Index at 51.1%

NON-MANUFACTURING AT A GLANCE

January 2023

Index	Series Index Jan	Series Index Dec	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	50.1	53.3	-3.2	Growing	Slower	3	67.7	44.4	50.4	47.7	50.8	60.0	41.7	38.8
Business Activity	47.9	55.9	-8.0	Contracting	From Growing	1	70.8	33.9	44.1	45.3	50.0	76.3	40.7	30.2
New Orders	47.0	54.3	-7.3	Contracting	From Growing	1	70.8	33.9	55.9	43.0	59.4	58.3	40.7	27.2
Employment	51.1	52.2	-1.1	Growing	Slower	8	66.7	50.0	50.0	50.0	43.8	52.6	42.6	47.9
Supplier Deliveries	54.4	50.6	+3.8	Slowing	Faster	39	62.5	59.7	51.5	52.3	50.0	52.6	42.6	50.0
Inventories	54.8	54.5	+0.3	Growing	Faster	7	70.8	56.5	54.4	54.7	59.4	60.5	48.1	43.8
Prices	64.4	66.2	-1.8	Increasing	Slower	85	70.8	62.9	64.7	68.6	59.4	65.8	59.3	57.3
Backlog of Orders	47.6	46.6	+1.0	Contracting	Slower	6	75.0	40.3	44.1	46.5	53.1	52.6	37.0	38.5
New Export Orders	42.9	40.6	+2.3	Contracting	Slower	12	62.5	41.7	36.4	50.0	60.0	50.0	25.0	25.0
Imports	53.5	55.8	-2.3	Growing	Slower	3	54.2	50.0	41.7	60.0	57.1	78.6	23.1	35.1
Service Charge	56.0	54.2	+1.8	Increasing	Faster	32	87.5	55.0	56.9	54.7	53.1	57.9	44.4	43.8
Inventory Sentiment	52.5	55.1	-2.6	Too High	Slower	9	54.2	54.8	48.5	50.0	53.1	47.4	44.4	61.5
Future Outlooks	44.3	36.2	+8.1	Contracting	Slower	10	70.8	35.5	45.6	40.7	40.6	52.6	51.9	30.2

Chart 1: Time Series of Taiwan NMI

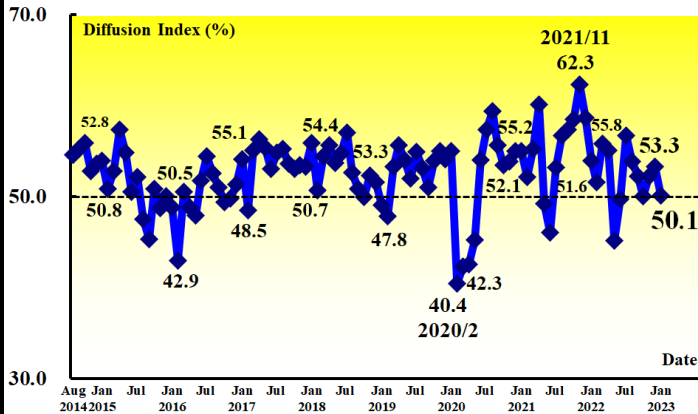
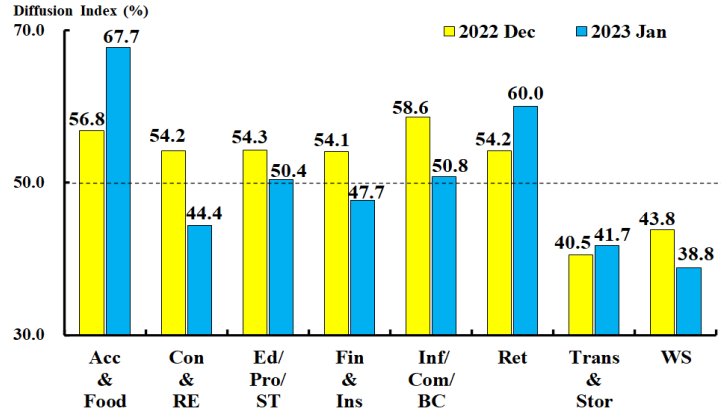


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for the third consecutive month while the seasonally unadjusted Taiwan NMI decreased 3.2 percentage points to 50.1 percent in January 2023.
- Most non-manufacturing industries reported reductions in business activities because of fewer working days. The seasonally unadjusted Business Activity and New Orders Indexes turned to contraction following two months of growth, decreasing 8.0 and 7.3 percentage points to 47.9 and 47.0 percent, respectively.
- The Employment Index grew for the eighth consecutive month but decreased 1.1 percentage points to 51.1 percent.
- Non-manufacturers reported slower deliveries for thirty-nine consecutive months as the Supplier Deliveries Index went up 3.8 percentage points to 54.4 percent.
- Non-manufacturers' inventories expanded for seven consecutive months as the Inventories Index inched up 0.3 percentage point to 54.8 percent.
- The Prices Index remained above 60.0 percent for twenty-six consecutive months and registered 64.4 percent.
- The Backlog of Orders Index increased 1.0 percentage point to 47.6 percent, contracting for the sixth consecutive month.
- Non-manufacturers continued charging higher service prices for thirty-two consecutive months. The Service Charge Index further increased 1.8 percentage points and registered 56.0 percent in January 2023.
- The Inventory Sentiment Index remained too high for nine consecutive months but fell 2.6 percentage points to 52.5 percent, marking the lowest reading since June 2022.
- The Future Outlooks Index remained in contraction for ten consecutive months while the index increased 8.1 percentage points to 44.3 percent in January 2023 and recorded the slowest contraction rate since May 2022.
- Four among eight non-manufacturing industries categories reported expansion in the following order: Acc & Food (67.7%), Ret (60.0%), Inf/Com/BC (50.8%) and Ed/Pro/ST (50.4%). Four non-manufacturing industries categories reported contraction in the following order: WS (38.8%), Trans & Stor (41.7%), Con & RE (44.4%) and Fin & Ins (47.7%).

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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