

June 2023 Taiwan Non-Manufacturing Index

NMI at 54.6%

Business Activity Index at 54.8%

New Orders Index at 54.8%

Employment Index at 55.9%

NON-MANUFACTURING AT A GLANCE

June 2023

Index	Series Index June	Series Index May	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	54.6	52.0	+2.6	Growing	Faster	8	64.6	52.6	57.0	64.7	47.1	51.4	47.2	42.3
Business Activity	54.8	53.2	+1.6	Growing	Faster	5	70.8	43.1	56.3	80.0	42.3	53.1	46.3	37.8
New Orders	54.8	51.9	+2.9	Growing	Faster	4	66.7	56.9	60.9	68.8	53.8	40.0	44.4	36.7
Employment	55.9	53.5	+2.4	Growing	Faster	4	62.5	51.7	60.9	57.5	46.2	59.4	48.1	49.0
Supplier Deliveries	52.7	49.6	+3.1	Slowing	From Faster	1	58.3	58.6	50.0	52.5	46.2	53.1	50.0	45.9
Inventories	53.2	51.6	+1.6	Growing	Faster	2	66.7	53.4	53.1	52.5	61.5	53.1	51.9	45.9
Prices	58.8	61.8	-3.0	Increasing	Slower	90	62.5	51.7	56.3	58.8	53.8	68.8	51.9	59.2
Backlog of Orders	47.4	44.5	+2.9	Contracting	Slower	11	66.7	37.9	48.4	60.0	46.2	50.0	48.1	34.7
New Export Orders	41.1	44.2	-3.1	Contracting	Faster	17	80.0	33.3	35.0	54.2	60.0	25.0	30.8	28.6
Imports	46.4	49.2	-2.8	Contracting	Faster	3	54.2	32.1	50.0	43.8	42.9	43.8	46.4	40.5
Service Charge	55.6	53.5	+2.1	Increasing	Faster	37	66.7	51.8	53.6	61.3	50.0	59.4	48.1	44.9
Inventory Sentiment	53.2	52.2	+1.0	Too High	Faster	14	54.2	48.3	50.0	51.3	53.8	53.1	53.7	61.2
Future Outlooks	50.1	41.8	+8.3	Growing	From Contracting	1	70.8	32.8	54.7	56.3	46.2	56.3	51.9	42.9

Chart 1: Time Series of Taiwan NMI

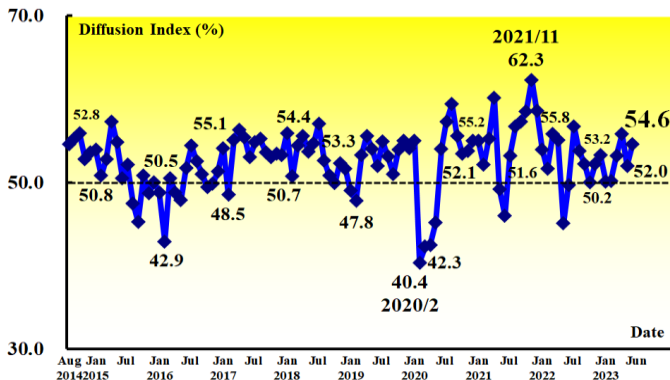
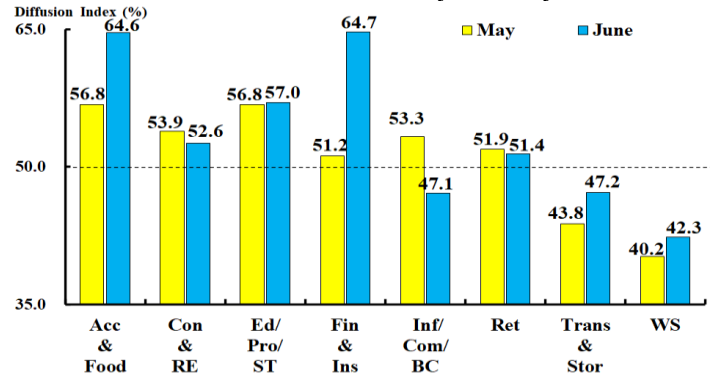


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for eight consecutive months as the seasonally unadjusted Taiwan NMI increased 2.6 percentage points to 54.6 percent in June.
- The seasonally unadjusted Business Activity Index rose 1.6 percentage points to 54.8 percent, growing for the fifth consecutive month.
- Non-manufacturers' new orders grew for the fourth consecutive month as the seasonally unadjusted New Orders Index went up 2.9 percentage points and registered 54.8 percent.
- The Employment Index grew for four consecutive months and increased 2.4 percentage points to 55.9 percent in June, registering the highest reading since January 2022.
- Non-manufacturers reported deliveries resumed slowing following only one month of faster deliveries as the Supplier Deliveries Index increased 3.1 percentage points to 52.7 percent.
- The Inventories Index further rose 1.6 percentage points to 53.2 percent, growing for the second consecutive month.
- Non-manufacturers experienced upward pressures on their purchasing or operation costs for ninety consecutive months while the Prices Index declined 3.0 percentage points to 58.8 percent in June, recording a reading below 60.0 percent for the first time since December 2020.
- The Backlog of Orders Index contracted for eleven consecutive months but went up 2.9 percentage points to 47.4 percent.
- The Imports Index contracted for the third consecutive month as the index fell 2.8 percentage points to 46.4 percent.
- Non-manufacturers continued charging higher service prices for thirty-seven consecutive months as the Service Charge Index increased 2.1 percentage points to 55.6 percent.
- The Inventory Sentiment Index remained too high for fourteen consecutive months and registered 53.2 percent.
- The Future Outlooks Index turned to growth for the first time since April 2022 with a large month-to-month increase of 8.3 percentage points and registered 50.1 percent in June.
- Five among eight non-manufacturing industries categories reported expansion in the following order: Fin & Ins (64.7%), Acc & Food (64.6%), Ed/Pro/ST (57.0%), Con & RE (52.6%) and Ret (51.4%). While WS (42.3%), Inf/Com/BC (47.1%), and Trans & Stor (47.2%) reported contraction compared to the previous month.

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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