

March 2023 Taiwan Non-Manufacturing Index

NMI at 53.2%

Business Activity Index at 54.4%

New Orders Index at 55.4%

Employment Index at 51.4%

NON-MANUFACTURING AT A GLANCE

March 2023

Index	Series Index Mar	Series Index Feb	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	53.2	50.2	+3.0	Growing	Faster	5	38.6	54.6	57.7	53.8	55.9	54.6	51.4	50.1
Business Activity	54.4	51.1	+3.3	Growing	Faster	2	31.8	56.7	58.8	51.3	58.8	60.5	53.8	55.2
New Orders	55.4	47.8	+7.6	Growing	From Contracting	1	31.8	53.3	60.3	63.8	58.8	50.0	59.6	53.5
Employment	51.4	48.3	+3.1	Growing	From Contracting	1	45.5	51.7	57.4	51.3	52.9	50.0	44.2	50.0
Supplier Deliveries	51.8	53.6	-1.8	Slowing	Slower	41	45.5	56.7	54.4	48.8	52.9	57.9	48.1	41.7
Inventories	48.4	48.7	-0.3	Contracting	Faster	2	40.9	50.0	51.5	52.5	47.1	42.1	44.2	45.8
Prices	63.6	63.4	+0.2	Increasing	Faster	87	86.4	55.0	66.2	70.0	52.9	63.2	55.8	61.5
Backlog of Orders	47.3	47.1	+0.2	Contracting	Slower	8	45.5	41.7	50.0	55.0	50.0	44.7	50.0	44.8
New Export Orders	49.7	41.8	+7.9	Contracting	Slower	14	70.0	41.7	59.1	64.3	40.0	16.7	58.3	42.6
Imports	54.6	51.0	+3.6	Growing	Faster	5	50.0	43.3	54.2	75.0	40.0	50.0	60.7	48.6
Service Charge	54.4	52.2	+2.2	Increasing	Faster	34	63.6	53.4	53.2	55.0	50.0	57.9	46.2	50.0
Inventory Sentiment	52.5	52.3	+0.2	Too High	Faster	11	54.5	48.3	47.1	50.0	52.9	44.7	53.8	66.7
Future Outlooks	49.9	47.7	+2.2	Contracting	Slower	12	63.6	43.3	50.0	52.5	50.0	55.3	51.9	42.7

Chart 1: Time Series of Taiwan NMI

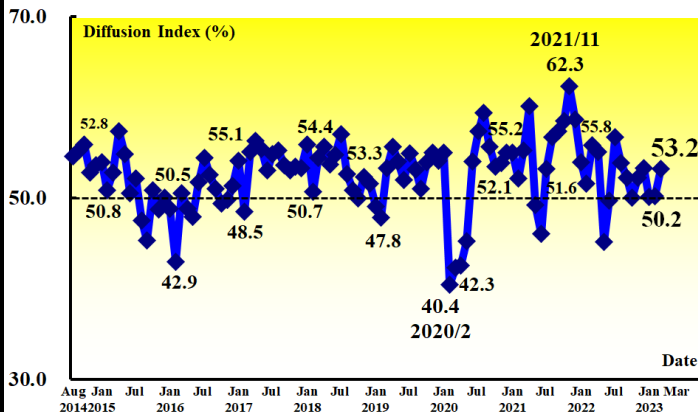
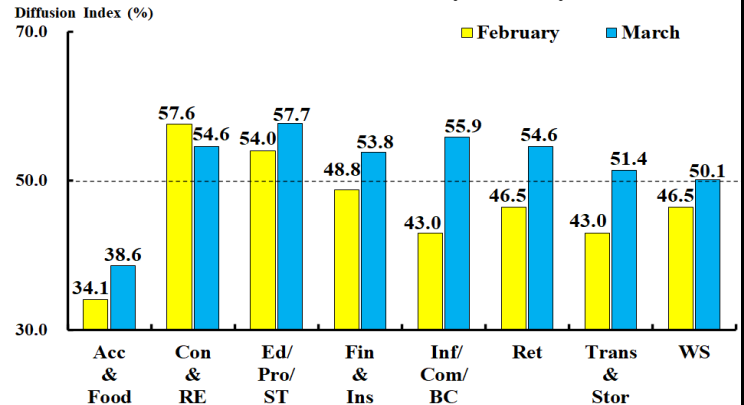


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for the fifth consecutive month as the seasonally unadjusted Taiwan NMI increased 3.0 percentage points to 53.2 percent in March.
- Non-manufacturers' business activity grew for the second consecutive month as the seasonally unadjusted Business Activity Index further rose 3.3 percentage points to 54.4 percent.
- Non-manufacturers' new orders turned to growth following two consecutive months of contraction as the seasonally unadjusted New Orders Index went up 7.6 percentage points to 55.4 percent in March.
- The Employment Index favorably turned to growth following only one month of contraction as the index increased 3.1 percentage points to 51.4 percent.
- Non-manufacturers reported slower deliveries for forty-one consecutive months while the Supplier Deliveries Index further decreased 1.8 percentage points to 51.8 percent.
- Non-manufacturers' inventories contracted for the second consecutive month as the Inventories Index slightly decreased 0.3 percentage point to 48.4 percent in March.
- The Prices Index remained high as above 60.0 percent for twenty-eight consecutive months and registered 63.6 percent.
- The Backlog of Orders Index inched up 0.2 percentage point to 47.3 percent, contracting for the eighth consecutive month.
- Non-manufacturers continued charging higher service prices for thirty-four consecutive months as the Service Charge Index rose 2.2 percentage points to 54.4 percent in March.
- The Inventory Sentiment Index remained too high for eleven consecutive months and registered 52.5 percent.
- The Future Outlooks Index remained in contraction for the twelfth consecutive month while the index further increased 2.2 percentage points to 49.9 percent, recording the slowest contraction rate since April 2022.
- Seven among eight non-manufacturing industries categories reported expansion in the following order: Ed/Pro/ST (57.7%), Inf/Com/BC (55.9%), Con & RE (54.6%), Ret (54.6%), Fin & Ins (53.8%), Trans & Stor (51.4%) and WS (50.1%). Only Acc & Food (38.6%) 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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