

May 2023 Taiwan Non-Manufacturing Index

NMI at 52.0%

Business Activity Index at 53.2%

New Orders Index at 51.9%

Employment Index at 53.5%

NON-MANUFACTURING AT A GLANCE

May 2023

Unit : %								Industries							
Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend (Months)	Acc & Food	Con & RE	Ed/ Pro/ ST	Fin & Ins	Inf/ Com/ BC	Ret	Trans & Stor	WS	
Taiwan NMI	52.0	55.8	-3.8	Growing	Slower	7	56.8	53.9	56.8	51.2	53.3	51.9	43.8	40.2	
Business Activity	53.2	61.1	-7.9	Growing	Slower	4	63.6	51.6	57.6	51.2	60.0	67.6	44.2	29.0	
New Orders	51.9	54.8	-2.9	Growing	Slower	3	59.1	53.1	56.1	51.2	56.7	42.9	44.2	38.9	
Employment	53.5	55.2	-1.7	Growing	Slower	3	59.1	54.7	59.1	52.4	53.3	47.1	46.2	50.0	
Supplier Deliveries	49.6	52.2	-2.6	Faster	From Slowing	1	45.5	56.3	54.5	50.0	43.3	50.0	40.4	43.0	
Inventories	51.6	49.2	+2.4	Growing	From Contracting	1	40.9	53.1	48.5	54.9	50.0	50.0	51.9	50.0	
Prices	61.8	65.7	-3.9	Increasing	Slower	89	63.6	53.1	62.1	67.1	66.7	73.5	51.9	59.0	
Backlog of Orders	44.5	49.9	-5.4	Contracting	Faster	10	54.5	35.9	51.5	47.6	43.3	52.9	30.8	36.0	
New Export Orders	44.2	45.9	-1.7	Contracting	Faster	16	83.3	50.0	44.4	46.2	30.0	37.5	33.3	24.3	
Imports	49.2	48.0	+1.2	Contracting	Slower	2	59.1	40.6	45.0	60.0	58.3	42.9	38.5	36.5	
Service Charge	53.5	57.1	-3.6	Increasing	Slower	36	59.1	51.6	53.3	47.6	53.3	58.8	59.6	47.0	
Inventory Sentiment	52.2	52.7	-0.5	Too High	Slower	13	50.0	45.3	50.0	53.7	56.7	44.1	53.8	62.0	
Future Outlooks	41.8	43.3	-1.5	Contracting	Faster	14	63.6	29.7	43.9	46.3	46.7	58.8	46.2	25.0	

Chart 1: Time Series of Taiwan NMI

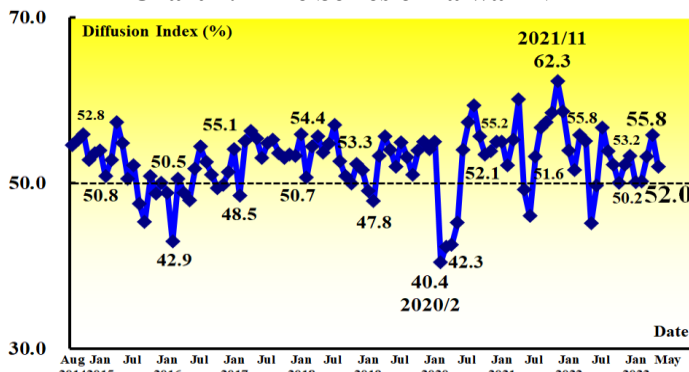
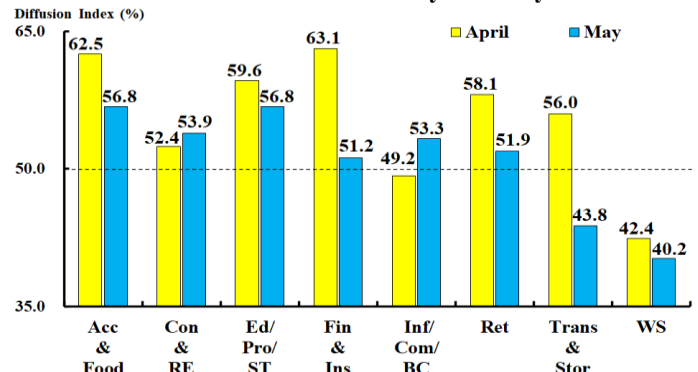


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for seven consecutive months as the seasonally unadjusted Taiwan NMI registered 52.0 percent in May, decreasing 3.8 percentage points from the highest growth rate of 55.8 percent since August 2022.
- The seasonally unadjusted Business Activity Index grew for the fourth consecutive month while the index decreased 7.9 percentage points to 53.2 percent, down from the fastest growth rate of 61.1 percent since January 2022.
- Non-manufacturers' new orders grew for three consecutive months while the seasonally unadjusted New Orders Index further went down 2.9 percentage points to 51.9 percent.
- The Employment Index grew for the third consecutive month and decreased 1.7 percentage points to 53.5 percent in May, down from the fastest growth pace of 55.2 percent since August 2022.
- Non-manufacturers reported faster deliveries for the first time since November 2019 as the Supplier Deliveries Index dropped 2.6 percentage points to 49.6 percent in May.
- The Inventories Index turned to growth following three consecutive months of contraction as the index further increased 2.4 percentage points to 51.6 percent.
- The Prices Index remained above 60.0 percent for thirty consecutive months but fell 3.9 percentage points to 61.8 percent, recording the lowest reading since March 2021.
- The Backlog of Orders Index contracted for ten consecutive months and declined 5.4 percentage points to 44.5 percent in May, registering the fastest contraction rate since November 2022.
- Non-manufacturers continued charging higher service prices for thirty-six consecutive months while the Service Charge Index decreased 3.6 percentage points to 53.5 percent in May.
- The Future Outlooks Index further decreased 1.5 percentage points to 41.8 percent, marking the lowest reading since January 2023.
- Six out of eight non-manufacturing industries categories reported expansion in the following order: Acc & Food (56.8%), Ed/Pro/ST (56.8%), Con & RE (53.9%), Inf/Com/BC (53.3%), Ret (51.9%) and Fin & Ins (51.2%). While WS (40.2%) and Trans & Stor (43.8%) 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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