

# October 2023 Taiwan Non-Manufacturing Index

NMI at 53.2%

Business Activity Index at 53.0%

New Orders Index at 50.6%

Employment Index at 55.6%

## NON-MANUFACTURING AT A GLANCE

October 2023

Index	Series Index Oct	Series Index Sep	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	53.5	-0.3	Growing	Slower	12	53.8	54.5	56.6	49.0	52.2	58.1	47.7	50.7
Business Activity	53.0	54.4	-1.4	Growing	Slower	9	53.8	54.0	57.9	40.5	58.8	67.5	44.4	51.9
New Orders	50.6	52.2	-1.6	Growing	Slower	8	57.7	48.0	56.6	48.6	52.9	50.0	42.6	49.0
Employment	55.6	53.3	+2.3	Growing	Faster	8	57.7	60.0	57.9	55.4	50.0	55.0	51.9	50.9
Supplier Deliveries	53.5	54.2	-0.7	Slowing	Slower	5	46.2	56.0	53.9	51.4	47.1	60.0	51.9	50.9
Inventories	51.0	52.1	-1.1	Growing	Slower	2	57.7	52.0	50.0	51.4	50.0	57.5	50.0	44.3
Prices	62.2	59.0	+3.2	Increasing	Faster	94	69.2	56.0	61.8	56.8	55.9	70.0	59.3	64.2
Backlog of Orders	47.5	49.2	-1.7	Contracting	Faster	15	46.2	36.0	51.3	52.7	47.1	52.5	44.4	43.4
New Export Orders	45.2	46.2	-1.0	Contracting	Faster	3	75.0	40.0	50.0	50.0	40.0	25.0	34.6	44.9
Imports	50.8	49.6	+1.2	Growing	From Contracting	1	61.5	53.6	53.6	50.0	41.7	50.0	32.1	46.3
Service Charge	52.7	53.5	-0.8	Increasing	Slower	41	65.4	54.2	53.1	44.6	44.1	57.5	48.1	49.1
Inventory Sentiment	53.2	54.3	-1.1	Too High	Slower	18	53.8	54.0	48.7	54.1	52.9	52.5	50.0	55.7
Future Outlooks	45.1	48.0	-2.9	Contracting	Faster	3	76.9	38.0	50.0	50.0	44.1	42.5	46.3	35.8

Chart 1: Time Series of Taiwan NMI

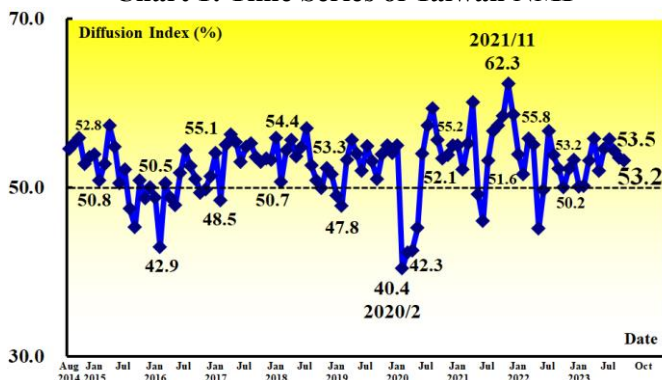
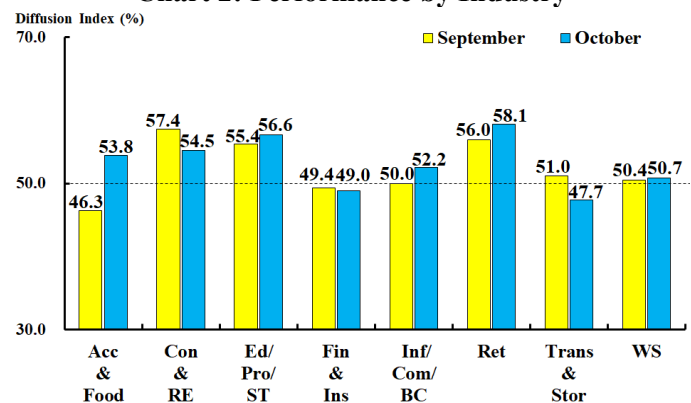


Chart 2: Performance by Industry



### Summary

- The Taiwan non-manufacturing sector grew for twelve consecutive months while the seasonally unadjusted Taiwan NMI further decreased 0.3 percentage point to 53.2 percent in October.
- Both the seasonally unadjusted Business Activity and New Orders Indexes remained in growth territory but decelerated, decreasing 1.4 and 1.6 percentage points to 53.0 and 50.6 percent, respectively.
- Non-manufacturers' employment grew for the eighth consecutive month as the Employment Index rose 2.3 percentage points to 55.6 percent.
- Non-manufacturers reported deliveries slowing for the fifth consecutive month as the Supplier Deliveries Index registered 53.5 percent in October, decreasing 0.7 percentage point from the 54.2 percent recorded in September.
- The Inventories Index grew for the second consecutive month while decreased 1.1 percentage points to 51.0 percent.
- Non-manufacturers continuously experienced upward pressures on their purchasing or operation costs for ninety-four consecutive months as the Prices Index registered 62.2 percent in October.
- The Backlog of Orders Index contracted for fifteen consecutive months and dropped 1.7 percentage points to 47.5 percent.
- Non-manufacturers continued charging higher service prices for forty-one consecutive months as the Service Charge Index decreased 0.8 percentage point to 52.7 percent.
- The Inventory Sentiment Index remained too high for eighteen consecutive months while the index fell 1.1 percentage points to 53.2 percent.
- The Future Outlooks Index contracted for the third consecutive month, as the index went down 2.9 percentage points to 45.1 percent.
- Six among eight non-manufacturing industries categories reported expansion in the following order: Ret (58.1%), Ed/Pro/ST (56.6%), Con & RE (54.5%), Acc & Food (53.8%), Inf/Com/BC (52.2%) and WS (50.7%). While Trans & Stor (47.7%) and Fin & Ins (49.0%) industries categories contracted in October.

## 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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