

September 2023 Taiwan Non-Manufacturing Index

NMI at 53.5%

Business Activity Index at 54.4%

New Orders Index at 52.2%

Employment Index at 53.3%

NON-MANUFACTURING AT A GLANCE

September 2023

Index	Series Index Sep	Series Index Aug	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	53.5	54.3	-0.8	Growing	Slower	11	46.3	57.4	55.4	49.4	50.0	56.0	51.0	50.4
Business Activity	54.4	57.0	-2.6	Growing	Slower	8	40.0	59.3	58.6	46.3	55.9	57.9	46.2	52.9
New Orders	52.2	52.0	+0.2	Growing	Faster	7	45.0	51.9	58.6	50.0	44.1	58.3	53.8	46.9
Employment	53.3	55.6	-2.3	Growing	Slower	7	55.0	55.6	52.9	50.0	47.1	50.0	51.9	52.9
Supplier Deliveries	54.2	52.5	+1.7	Slowing	Faster	4	45.0	63.0	51.4	51.3	52.9	57.9	51.9	49.0
Inventories	52.1	49.0	+3.1	Growing	From Contracting	1	45.0	57.4	51.4	52.5	50.0	52.6	48.1	45.2
Prices	59.0	59.8	-0.8	Increasing	Slower	93	55.0	59.3	55.7	51.3	55.9	60.5	63.5	60.6
Backlog of Orders	49.2	45.9	+3.3	Contracting	Slower	14	45.0	46.3	50.0	52.5	44.1	44.7	48.1	49.0
New Export Orders	46.2	46.5	-0.3	Contracting	Faster	2	50.0	42.9	37.5	61.5	42.9	33.3	42.3	39.5
Imports	49.6	48.0	+1.6	Contracting	Slower	2	50.0	46.4	46.4	44.4	43.8	42.9	57.7	50.0
Service Charge	53.5	50.8	+2.7	Increasing	Faster	40	40.0	53.8	56.3	53.8	52.9	55.3	50.0	51.0
Inventory Sentiment	54.3	51.7	+2.6	Too High	Faster	17	55.0	57.4	51.4	48.8	50.0	55.3	46.2	60.6
Future Outlooks	48.0	45.0	+3.0	Contracting	Slower	2	65.0	35.2	55.7	51.3	35.3	50.0	61.5	41.3

Chart 1: Time Series of Taiwan NMI

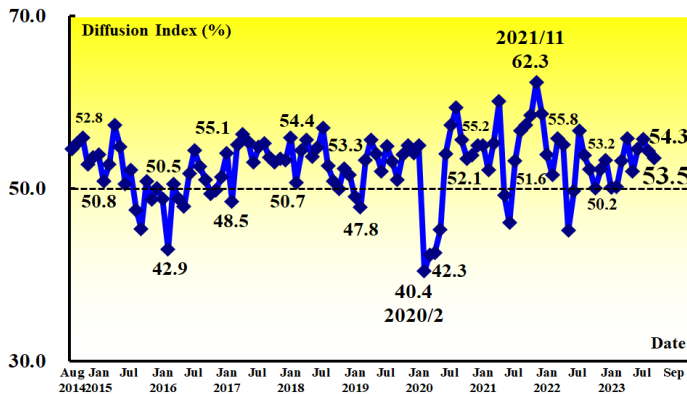
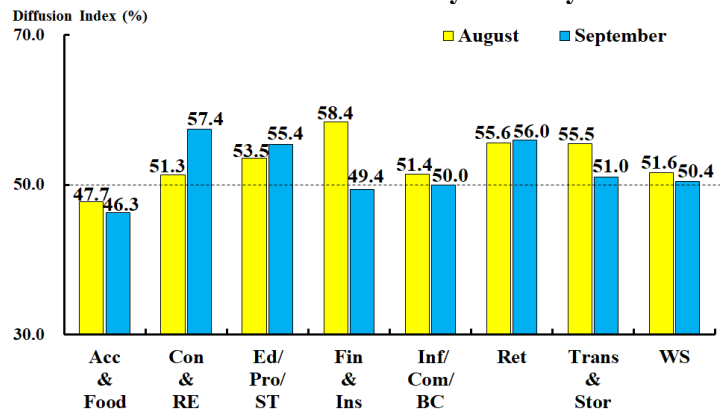


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for eleven consecutive months while the seasonally unadjusted Taiwan NMI further decreased 0.8 percentage point to 53.5 percent in September.
- The seasonally unadjusted Business Activity Index grew at a slower rate, decreasing 2.6 percentage points to 54.4 percent.
- The New Orders Index grew for seven consecutive months and slightly increased 0.2 percentage point to 52.2 percent.
- Non-manufacturers' employment grew for the seventh consecutive month while the Employment Index dropped 2.3 percentage points to 53.3 percent.
- Non-manufacturers reported deliveries slowing for the fourth consecutive month as the Supplier Deliveries Index registered 54.2 percent in September, increasing 1.7 percentage points from the 52.5 percent recorded in August.
- The Inventories Index turned to growing following only one month of contraction and registered 3.1 percentage points higher than the 49.0 percent in August.
- Non-manufacturers continuously experienced upward pressures on their purchasing or operation costs for ninety-three consecutive months as the Prices Index registered 59.0 percent in September.
- The Backlog of Orders Index contracted for fourteen consecutive months while the index rose 3.3 percentage points to 49.2 percent.
- Non-manufacturers continued charging higher service prices for forty consecutive months as the Service Charge Index to registered 53.5 percent, increasing 2.7 percentage points from the slowest expansion rate of 50.8 percent since December 2020.
- The Inventory Sentiment Index remained too high for seventeen consecutive months and rose 2.6 percentage points to 54.3 percent, from the lowest point of 51.7 percent since May 2022.
- The Future Outlooks Index contracted for the second consecutive month, while the index went up 3.0 percentage points to 48.0 percent.
- Five among eight non-manufacturing industries categories reported expansion in the following order: Con & RE (57.4%), Ret (56.0%), Ed/Pro/ST (55.4%), Trans & Stor (51.0%) and WS (50.4%). Acc & Food (46.3%) and Fin & Ins (49.4%) industries categories contracted in September. Only Inf/Com/BC (50.0%) reported unchanged from August.

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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