

February 2024 Taiwan Non-Manufacturing Index

NMI at 52.3%

Business Activity Index at 49.2%

New Orders Index at 52.2%

Employment Index at 54.0%

NON-MANUFACTURING AT A GLANCE

February 2024

Index	Series Index Feb	Series Index Jan	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	52.3	53.5	-1.2	Growing	Slower	16	65.6	58.2	54.3	49.0	43.8	47.9	45.2	45.1
Business Activity	49.2	52.8	-3.6	Contracting	From Growing	1	75.0	52.2	48.6	48.6	37.5	53.1	36.5	36.2
New Orders	52.2	51.6	+0.6	Growing	Faster	12	62.5	63.0	58.6	45.8	37.5	41.7	42.3	42.0
Employment	54.0	58.3	-4.3	Growing	Slower	12	62.5	60.9	57.1	50.0	52.5	50.0	44.2	47.9
Supplier Deliveries	53.8	51.4	+2.4	Slowing	Faster	9	62.5	56.5	52.9	51.4	47.5	46.9	57.7	54.3
Inventories	51.4	54.0	-2.6	Growing	Slower	6	66.7	52.2	50.0	50.0	42.5	56.3	48.1	46.8
Prices	58.3	62.1	-3.8	Increasing	Slower	98	70.8	56.5	65.7	47.2	62.5	50.0	63.5	58.5
Backlog of Orders	50.0	47.2	+2.8	Unchanged	From Contracting	1	50.0	52.2	48.6	47.2	57.5	46.9	36.5	53.2
New Export Orders	48.3	48.4	-0.1	Contracting	Faster	7	37.5	40.0	53.8	69.2	62.5	37.5	30.8	45.8
Imports	49.5	50.3	-0.8	Contracting	From Growing	1	54.2	50.0	57.1	37.5	55.0	41.7	46.4	45.8
Service Charge	54.6	52.5	+2.1	Increasing	Faster	45	66.7	56.8	57.8	51.4	45.0	50.0	57.7	52.1
Inventory Sentiment	51.8	53.4	-1.6	Too High	Slower	22	58.3	45.7	52.9	50.0	52.5	56.3	48.1	55.3
Future Outlooks	57.1	55.2	+1.9	Growing	Faster	4	45.8	58.7	65.7	63.9	52.5	46.9	53.8	56.4

Chart 1: Time Series of Taiwan NMI

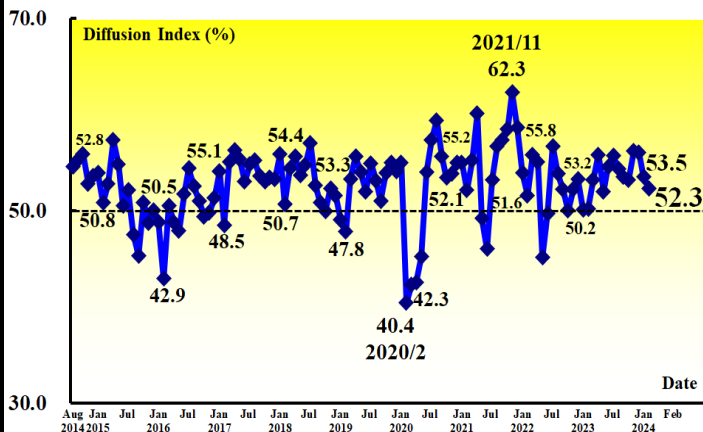
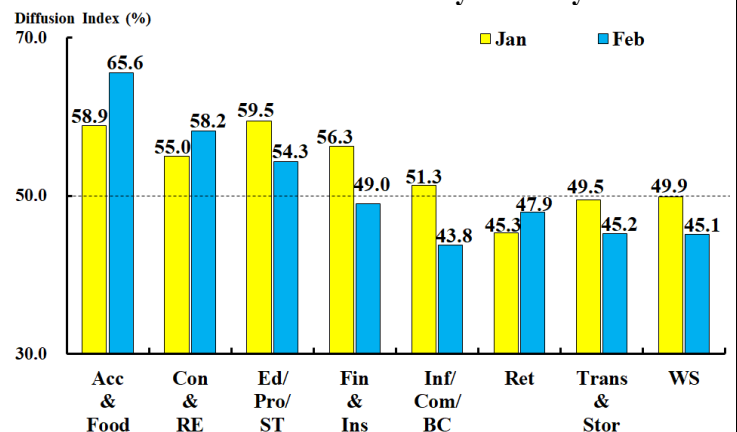


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for the sixteenth consecutive month while the seasonally unadjusted Taiwan NMI further decreased 1.2 percentage points to 52.3 percent.
- The Chinese New Year holidays influenced the non-manufacturing activities. The seasonally unadjusted Business Activity turned to contraction following twelve months of growth, decreasing 3.6 percentage points to 49.2 percent.
- The seasonally unadjusted New Orders Index remained in growth territory, increasing 0.6 percentage point to 52.2 percent.
- Non-manufacturers' employment grew for the twelfth consecutive month as the Employment Index went down 4.3 percentage points to 54.0 percent.
- Non-manufacturers reported deliveries slowing for the ninth consecutive month as the Supplier Deliveries Index registered 53.8 percent in February, increasing 2.4 percentage points from the 51.4 percent recorded in January.
- The Inventories Index grew for the sixth consecutive month and registered 51.4 percent, down from the fastest growth rate (54.0 percent) since February 2023.
- Non-manufacturers continuously experienced upward pressures on their purchasing or operation costs for ninety-eight consecutive months, while the Prices Index decreased 3.8 percentage points to 58.3 percent.
- The Backlog of Orders Index increased 2.8 percentage points to 50.0 percent in February.
- Non-manufacturers continued charging higher service prices for forty-five consecutive months as the Service Charge Index went up 2.1 percentage points to 54.6 percent.
- The Future Outlooks Index grew for the fourth consecutive month as the index rose 1.9 percentage points to 57.1 percent.
- Three among eight non-manufacturing industries categories reported expansion in the following order: Acc & Food (65.6%), Con & RE (58.2%) and Ed/Pro/ST (54.3%). While Inf/Com/BC (43.8%), WS (45.1%), Trans & Stor (45.2%), Ret (47.9%) and Fin & Ins (49.0%) industries categories contracted in February.

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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