

October 2022 Taiwan Non-Manufacturing Index

NMI at 50.0%

Business Activity Index at 46.3%

New Orders Index at 46.5%

Employment Index at 53.0%

NON-MANUFACTURING AT A GLANCE

October 2022

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	50.0	52.2	-2.2	Unchanged	From Growing	1	51.3	49.2	56.1	42.0	49.3	62.8	38.9	39.2
Business Activity	46.3	51.8	-5.5	Contracting	From Growing	1	50.0	45.2	57.1	31.0	47.2	62.5	20.4	34.3
New Orders	46.5	53.0	-6.5	Contracting	From Growing	1	50.0	38.7	57.1	33.3	47.2	70.0	25.9	31.3
Employment	53.0	51.5	+1.5	Growing	Faster	5	55.0	50.0	52.9	54.8	52.8	53.1	59.3	48.0
Supplier Deliveries	54.0	52.7	+1.3	Slowing	Faster	36	50.0	62.9	57.1	48.8	50.0	65.6	50.0	43.1
Inventories	53.5	54.4	-0.9	Growing	Slower	4	60.0	59.7	55.7	46.4	55.6	40.6	48.1	55.9
Prices	67.3	67.6	-0.3	Increasing	Slower	82	85.0	53.2	67.1	70.2	63.9	87.5	66.7	62.7
Backlog of Orders	40.1	48.5	-8.4	Contracting	Faster	3	45.0	37.1	44.3	32.1	44.4	46.9	35.2	35.3
New Export Orders	41.8	49.1	-7.3	Contracting	Faster	9	66.7	40.0	33.3	42.3	42.9	50.0	15.4	27.8
Imports	48.5	48.1	+0.4	Contracting	Slower	3	50.0	46.7	42.3	50.0	44.4	33.3	28.6	45.8
Service Charge	56.5	54.7	+1.8	Increasing	Faster	29	65.0	61.7	54.5	44.0	47.2	71.9	40.7	54.9
Inventory Sentiment	55.1	55.5	-0.4	Too High	Slower	6	55.0	56.5	51.4	48.8	50.0	53.1	50.0	68.6
Future Outlooks	33.6	41.1	-7.5	Contracting	Faster	7	60.0	30.6	44.3	20.2	41.7	21.9	31.5	23.5

Chart 1: Time Series of Taiwan NMI

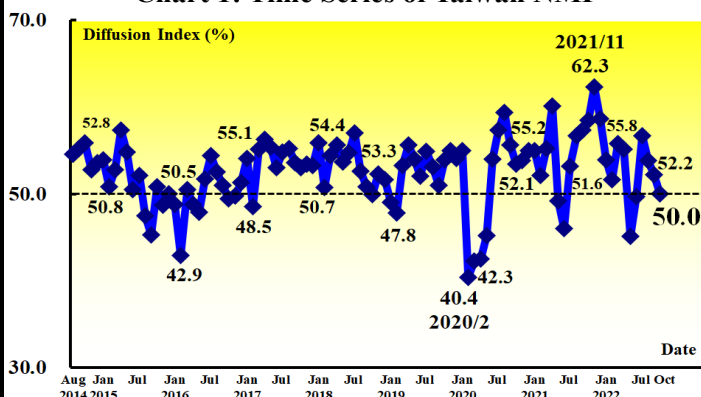
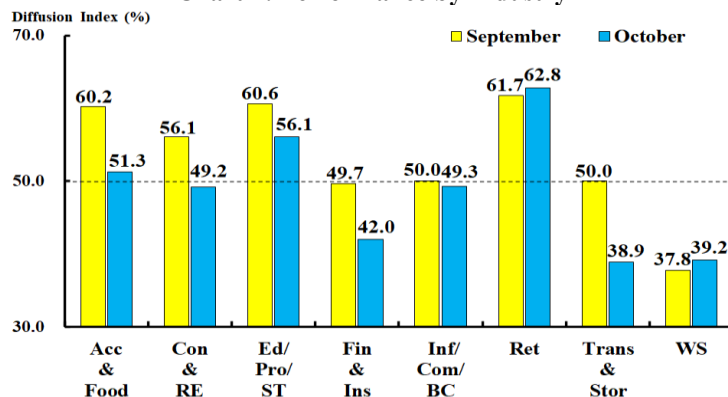


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector reported unchanged conditions from September following three consecutive months of growth as the seasonally unadjusted Taiwan NMI further decreased 2.2 percentage points to 50.0 percent in October.
- Non-manufacturers' business activity and new orders turned to contraction following three consecutive months of growth as the Business Activity and New Orders Indexes both decreased 5.5 and 6.5 percentage points to 46.3 and 46.5 percent, respectively.
- The Employment Index grew for the fifth consecutive month and increased 1.5 percentage points to 53.0 percent.
- Non-manufacturers reported slower deliveries for thirty-six consecutive months as the Supplier Deliveries Index registered 54.0 percent in October, increasing 1.3 percentage points from the lowest reading (52.7 percent) since November 2020.
- Non-manufacturers' inventories expanded for four consecutive months while the Inventories Index further decreased 0.9 percentage point to 53.5 percent.
- The Prices Index maintained above 60.0 percent for twenty-three consecutive months and registered 67.3 percent.
- The Backlog of Orders Index contracted for the third consecutive month as the index sharply decreased 8.4 percentage points to 40.1 percent, indicating the fastest contraction rate since June 2022.
- Non-manufacturers continued setting higher service prices for twenty-nine consecutive months as the Service Charge Index further rose 1.8 percentage points to 56.5 percent in October.
- The Inventory Sentiment Index remained too high for six consecutive months and inched down 0.4 percentage point from the highest reading (55.5 percent) since December 2018, registering 55.1 percent in October.
- The Future Outlooks Index remained in contraction for the seventh consecutive month and significantly decreased 7.5 percentage points to 33.6 percent in October, registering the lowest reading since June 2020.
- Five among eight non-manufacturing industries categories reported contraction in the following order: Trans & Stor (38.9%), WS (39.2%), Fin & Ins (42.0%), Con & RE (49.2%) and Inf/Com/BC (49.3%). While Ret (62.8%), Ed/Pro/ST (56.1%) and Acc & Food (51.3%) reported growth 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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