

October 2024 Taiwan Non-Manufacturing Index

NMI at 53.8%

Business Activity Index at 53.8%

New Orders Index at 51.1%

Employment Index at 55.6%

NON-MANUFACTURING AT A GLANCE

October 2024

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	53.8	53.3	+0.5	Growing	Faster	24	54.5	56.0	56.7	54.6	54.4	52.5	50.5	47.5
Business Activity	53.8	52.2	+1.6	Growing	Faster	8	53.6	53.4	56.4	58.5	52.5	57.9	48.1	47.2
New Orders	51.1	52.2	-1.1	Growing	Slower	20	53.6	48.3	60.3	52.4	65.0	41.7	44.2	42.9
Employment	55.6	55.8	-0.2	Growing	Slower	20	57.1	58.6	53.8	61.0	47.5	52.6	55.8	50.0
Supplier Deliveries	54.6	53.1	+1.5	Slowing	Faster	17	53.6	63.8	56.4	46.3	52.5	57.9	53.8	50.0
Inventories	52.7	50.7	+2.0	Growing	Faster	7	64.3	53.4	50.0	52.4	50.0	44.7	46.2	57.4
Prices	61.0	58.6	+2.4	Increasing	Faster	106	64.3	63.8	56.4	51.2	57.5	57.9	61.5	63.9
Backlog of Orders	48.6	48.9	-0.3	Contracting	Faster	2	35.7	48.3	51.3	58.5	52.5	47.4	42.3	44.4
New Export Orders	43.5	36.8	+6.7	Contracting	Slower	4	50.0	20.0	46.4	61.5	50.0	50.0	50.0	36.3
Imports	57.9	50.6	+7.3	Growing	Faster	6	60.7	56.3	56.7	68.8	55.0	50.0	54.2	56.0
Service Charge	55.4	51.7	+3.7	Increasing	Faster	53	42.9	58.9	55.9	54.9	52.5	52.6	46.2	56.5
Inventory Sentiment	51.5	49.5	+2.0	Too High	From Too Low	1	57.1	46.6	50.0	51.2	50.0	52.6	46.2	58.3
Future Outlooks	51.5	53.1	-1.6	Growing	Slower	12	64.3	48.3	55.1	56.1	52.5	44.7	55.8	43.5

Chart 1: Time Series of Taiwan NMI

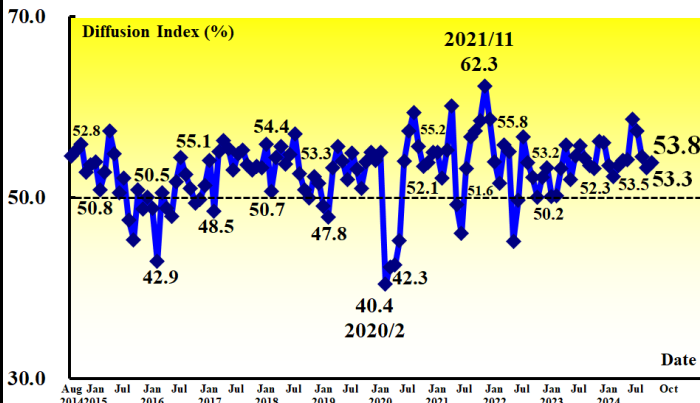
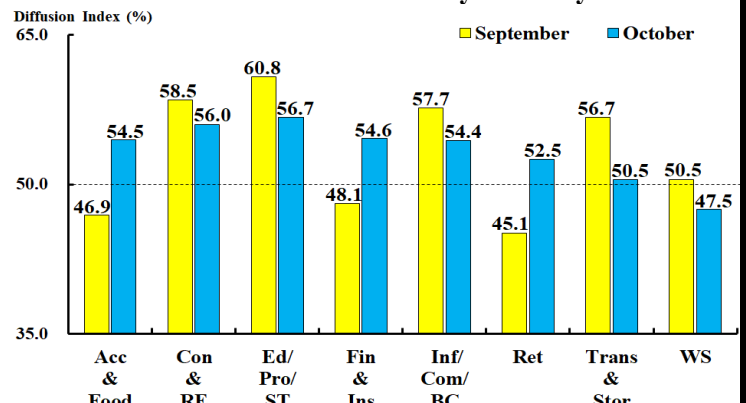


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for twenty-four consecutive months. The seasonally unadjusted Taiwan NMI slightly rose 0.5 percentage point to 53.8 percent from the slowest growth rate of 53.3 percent since March 2024.
- As most domestic industries are entering the peak season in the fourth quarter. The Business Activity Index increased 1.6 percentage points to 53.8 percent after three consecutive months of slowing growth.
- Non-Manufacturers' new orders remained in growing while the seasonally unadjusted New Orders Index decreased 1.1 percentage points to 51.1 percent and registered the slowest pace since November 2023.
- The Employment Index still grew in October but further fell 0.2 percentage point to 55.6 percent.
- The delivery performance of suppliers to the non-manufacturing sector was slower for seventeen consecutive months as the Supplier Deliveries Index further went up 1.5 percentage points to 54.6 percent.
- The Inventories Index grew at the fastest growth rate since February 2024 and rose 2.0 percentage points to 52.7 percent.
- Non-manufacturers continuously experienced upward pressures on their purchasing costs, as the Prices Index increased 2.4 percentage points to 61.0 percent.
- The Backlog of Orders Index registered 48.6 percent, indicating contraction for the second consecutive month.
- The Imports Index increased 7.3 percentage points to 57.9 percent, the highest reading recorded since August 2014.
- Non-manufacturers continued charging higher service prices for fifty-three consecutive months as the Service Charge Index rose 3.7 percentage points to 55.4 percent, up from the lowest reading of 51.7 percent since September 2023.
- The Future Outlooks Index grew for the twelfth consecutive month while the index further fell 1.6 percentage points to 51.5 percent and registered the slowest growth rate since November 2023.
- Of the eight non-manufacturing industries categories, seven are reporting growth in the following order: Ed/Pro/ST (56.7%), Con & RE (56.0%), Fin & Ins (54.6%), Acc & Food (54.5%), Inf/Com/BC (54.4%), Ret (52.5%) and Trans & Stor (50.5%). Only WS (47.5%) reported contraction 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.

Contact Information:

For economics comments, data and technical queries, please contact:

Shin-Hui Chen, Ph.D.

Associate Research Fellow, Division of Taiwan Economy Chung-Hua Institution for Economic Research

E-Mail: csh@cier.edu.tw

Tel: +(886) 2 27356006 ext. 623

www.cier.edu.tw

For industry comments, please contact:

Guo-Ming, Liao (TonyLiao)

Chairman

Supply Management Institute, Taiwan

E-Mail: tonyliaw@smit.org.tw

Tel: +(886) 2 27595000

www.smit.org.tw