

August 2022 Taiwan Non-Manufacturing Index

NMI at 53.8%

Business Activity Index at 54.4%

New Orders Index at 53.0%

Employment Index at 54.7%

NON-MANUFACTURING AT A GLANCE

August 2022

Index	Series Index Aug	Series Index Jul	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	56.7	-2.9	Growing	Slower	2	63.8	47.7	62.5	57.1	61.2	62.7	49.0	39.8
Business Activity	54.4	58.2	-3.8	Growing	Slower	2	70.0	39.1	62.1	60.2	68.4	71.9	44.2	37.5
New Orders	53.0	57.7	-4.7	Growing	Slower	2	70.0	42.2	66.7	58.0	65.8	60.0	40.4	31.3
Employment	54.7	55.8	-1.1	Growing	Slower	3	55.0	54.7	62.1	60.2	50.0	50.0	57.7	50.0
Supplier Deliveries	53.2	54.9	-1.7	Slowing	Slower	34	60.0	54.7	59.1	50.0	60.5	68.8	53.8	40.4
Inventories	55.3	55.1	+0.2	Growing	Faster	2	70.0	59.4	51.5	45.5	55.3	46.9	57.7	61.5
Prices	64.1	70.2	-6.1	Increasing	Slower	80	80.0	60.9	63.6	64.8	63.2	71.9	61.5	57.7
Backlog of Orders	47.8	50.4	-2.6	Contracting	From Growing	1	60.0	34.4	51.5	53.4	47.4	65.6	38.5	41.3
New Export Orders	35.7	48.7	-13.0	Contracting	Faster	7	50.0	33.3	40.0	54.5	41.7	0.0	23.1	33.8
Imports	48.4	53.7	-5.3	Contracting	From Growing	1	55.0	50.0	57.7	50.0	62.5	40.0	39.3	40.3
Service Charge	53.5	58.5	-5.0	Increasing	Slower	27	70.0	54.8	56.9	44.3	57.9	62.5	40.4	45.1
Inventory Sentiment	54.9	53.8	+1.1	Too High	Faster	4	55.0	51.6	50.0	51.1	47.4	56.3	65.4	66.3
Future Outlooks	43.9	43.7	+0.2	Contracting	Slower	5	60.0	39.1	56.1	36.4	52.6	53.1	34.6	27.9

Chart 1: Time Series of Taiwan NMI

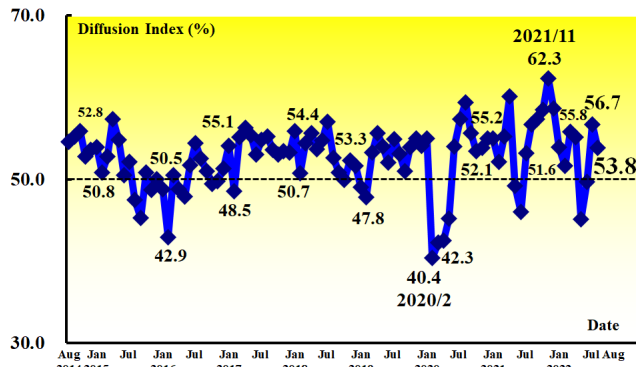
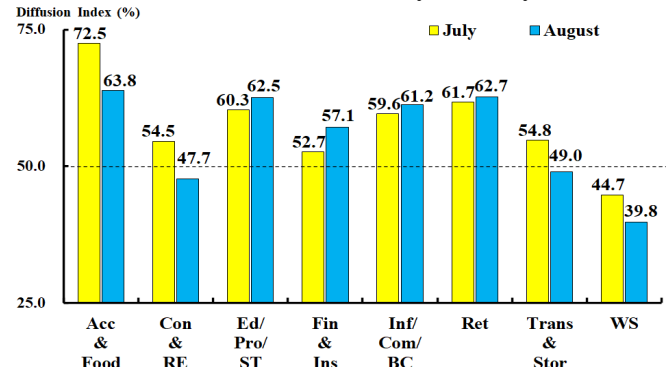


Chart 2: Performance by Industry



Summary

- Taiwan non-manufacturing sector grew for the second consecutive month while the seasonally unadjusted Taiwan NMI decreased 2.9 percentage points to 53.8 percent in August.
- Non-manufacturers' business activity and new orders grew for two consecutive months while the Business Activity and New Orders Indexes decreased 3.8 and 4.7 percentage points to 54.4 and 53.0 percent in August, respectively.
- The Employment Index went down 1.1 percentage points to 54.7 percent, indicating growth for the third consecutive month.
- The Supplier Deliveries Index fell 1.7 percentage points and registered 53.2 percent, the lowest reading since November 2020.
- Non-manufacturers' inventories expanded for two consecutive months as the Inventories Index inched up 0.2 percentage point to 55.3 percent in August, registering the fastest growth rate since July 2015.
- The Prices Index maintained above 60.0 percent for twenty-one consecutive months while the index dropped 6.1 percentage points to 64.1 percent, the lowest reading since March 2021.
- Non-manufacturers' backlogs turned to contraction following only one month of growth as the Backlog of Orders Index registered 47.8 percent, down 2.6 percentage points from the July reading.
- The New Export Orders Index contracted for the seventh consecutive month as the index significantly went down 13.0 percentage points to 35.7 percent, recording the fastest contraction rate since June 2020.
- The Imports Index turned to contraction following five consecutive months of growth and registered 48.4 percent.
- Non-manufacturers continued charging higher service prices for twenty-seven consecutive months while the Service Charge Index declined 5.0 percentage points to 53.5 percent, the lowest reading since December 2020.
- The Inventory Sentiment Index remained too high for four consecutive months as the index further increased 1.1 percentage points to 54.9 percent, marking the highest reading since May 2019.
- Although the business activity and new orders grew for two consecutive months, the Future Outlooks Index remained in contraction for the fifth consecutive month and registered 43.9 percent in August.
- Five among eight non-manufacturing industries categories reported expansion in the following order: Acc & Food (63.8%), Ret (62.7%), Ed/Pro/ST (62.5%), Inf/Com/BC (61.2%) and Fin & Ins (57.1%). While WS (39.8%), Con & RE (47.7%) and Trans & Stor (49.0%) reported contraction in 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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