

December 2022 Taiwan Non-Manufacturing Index

NMI at 53.3%

Business Activity Index at 55.9%

New Orders Index at 54.3%

Employment Index at 52.2%

NON-MANUFACTURING AT A GLANCE

December 2022

| Index | Series Index Dec | Series Index Nov | 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 | 53.3 | 52.2 | +1.1 | Growing | Faster | 2 | 56.8 | 54.2 | 54.3 | 54.1 | 58.6 | 54.2 | 40.5 | 43.8 |
| Business Activity | 55.9 | 51.3 | +4.6 | Growing | Faster | 2 | 54.5 | 47.9 | 54.7 | 63.8 | 71.9 | 66.7 | 42.0 | 39.1 |
| New Orders | 54.3 | 51.4 | +2.9 | Growing | Faster | 2 | 54.5 | 54.2 | 57.8 | 56.3 | 71.9 | 50.0 | 38.0 | 38.4 |
| Employment | 52.2 | 53.1 | -0.9 | Growing | Slower | 7 | 68.2 | 56.3 | 54.7 | 48.8 | 40.6 | 50.0 | 42.0 | 50.0 |
| Supplier Deliveries | 50.6 | 53.1 | -2.5 | Slowing | Slower | 38 | 50.0 | 58.3 | 50.0 | 47.5 | 50.0 | 50.0 | 40.0 | 47.8 |
| Inventories | 54.5 | 52.6 | +1.9 | Growing | Faster | 6 | 63.6 | 56.3 | 51.6 | 51.3 | 50.0 | 61.1 | 42.0 | 48.9 |
| Prices | 66.2 | 63.3 | +2.9 | Increasing | Faster | 84 | 86.4 | 66.7 | 68.8 | 70.0 | 59.4 | 69.4 | 50.0 | 55.4 |
| Backlog of Orders | 46.6 | 45.1 | +1.5 | Contracting | Slower | 5 | 63.6 | 37.5 | 50.0 | 43.8 | 50.0 | 52.8 | 28.0 | 44.6 |
| New Export Orders | 40.6 | 41.5 | -0.9 | Contracting | Faster | 11 | 50.0 | 37.5 | 42.3 | 53.8 | 50.0 | 25.0 | 23.1 | 29.7 |
| Imports | 55.8 | 50.3 | +5.5 | Growing | Faster | 2 | 54.5 | 62.5 | 57.1 | 56.3 | 56.3 | 43.8 | 28.6 | 39.1 |
| Service Charge | 54.2 | 53.2 | +1.0 | Increasing | Faster | 31 | 63.6 | 52.2 | 53.2 | 58.8 | 46.9 | 55.6 | 40.0 | 52.2 |
| Inventory Sentiment | 55.1 | 54.7 | +0.4 | Too High | Faster | 8 | 50.0 | 52.1 | 53.1 | 50.0 | 53.1 | 55.6 | 52.0 | 65.2 |
| Future Outlooks | 36.2 | 37.4 | -1.2 | Contracting | Faster | 9 | 59.1 | 27.1 | 50.0 | 25.0 | 46.9 | 41.7 | 36.0 | 19.6 |

Chart 1: Time Series of Taiwan NMI

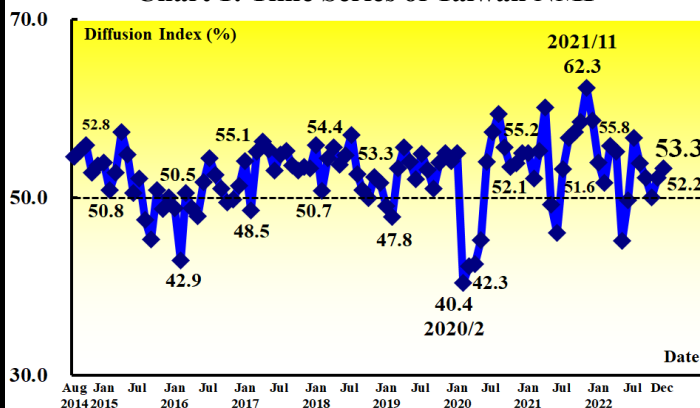
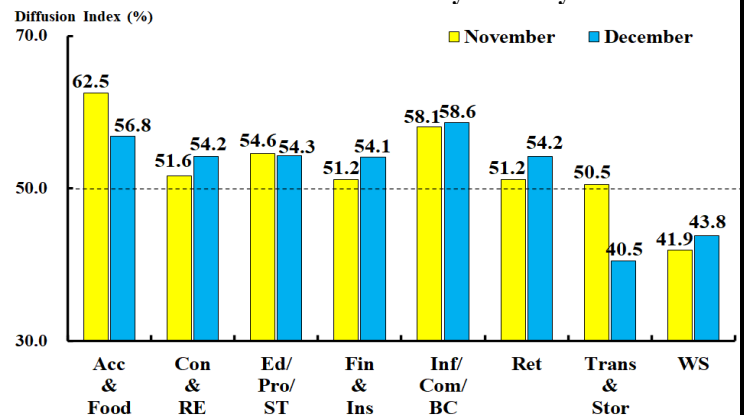


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for the second consecutive month as the seasonally unadjusted Taiwan NMI further increased 1.1 percentage points to 53.3 percent.
- With the easing of pandemic restrictions and the coming year-end peak season before the Chinese New Year holiday, the Business Activity and New Orders Indexes increased 4.6 and 2.9 percentage points to 55.9 and 54.3 percent, respectively.
- Non-manufacturers reported slower deliveries for thirty-eight consecutive months while the Supplier Deliveries Index further went down 2.5 percentage points to 50.6 percent and registered the lowest reading since June 2020.
- Non-manufacturers' inventories expanded for six consecutive months as the Inventories Index increased 1.9 percentage points to 54.5 percent.
- The Prices Index remained above 60.0 percent for twenty-five consecutive months as the index registered 66.2 percent, increasing 2.9 percentage points from the lowest reading (63.3 percent) since March 2021.
- Non-manufacturers' backlogs contracted for the fifth consecutive month as the Backlog of Orders Index registered 46.6 percent.
- Non-manufacturers' imports grew for the second consecutive month as the Imports Index further increased 5.5 percentage points to 55.8 percent in December, registering the highest growth rate since May 2021.
- Non-manufacturers continued charging higher service prices for thirty-one consecutive months. The Service Charge Index slightly increased 1.0 percentage point from the lowest reading since December 2020, registering 54.2 percent in December.
- The Inventory Sentiment Index remained too high for eight consecutive months and registered 55.1 percent in December.
- The Future Outlooks Index remained in contraction for the ninth consecutive month as the index registered 36.2 percent, decreasing 1.2 percentage points from the November reading.
- Six among eight non-manufacturing industries categories reported expansion in the following order: Inf/Com/BC (58.6%), Acc & Food (56.8%), Ed/Pro/ST (54.3%), Con & RE (54.2%), Ret (54.2%) and Fin & Ins (54.1%). While Trans & Stor (40.5%) and WS (43.8%) reported contraction in December.

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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