

December 2023 Taiwan Non-Manufacturing Index

NMI at 56.0%

Business Activity Index at 58.8%

New Orders Index at 56.3%

Employment Index at 55.9%

NON-MANUFACTURING AT A GLANCE

December 2023

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	56.0	56.2	-0.2	Growing	Slower	14	70.8	56.9	62.1	55.7	48.4	50.7	56.7	49.7
Business Activity	58.8	56.2	+2.6	Growing	Faster	11	72.2	55.6	69.7	60.6	50.0	52.9	63.5	51.0
New Orders	56.3	58.2	-1.9	Growing	Slower	10	72.2	53.7	63.6	59.1	46.9	50.0	59.6	47.9
Employment	55.9	56.5	-0.6	Growing	Slower	10	77.8	61.1	56.1	54.5	53.1	47.1	48.1	52.0
Supplier Deliveries	53.0	54.0	-1.0	Slowing	Slower	7	61.1	57.4	59.1	48.5	43.8	52.9	55.8	48.0
Inventories	50.4	50.7	-0.3	Growing	Slower	4	61.1	55.6	53.0	47.0	50.0	52.9	40.4	43.1
Prices	59.5	57.9	+1.6	Increasing	Faster	96	55.6	63.0	63.6	54.5	62.5	50.0	61.5	57.8
Backlog of Orders	50.6	50.6	+0.0	Growing	Same	2	44.4	53.7	57.6	50.0	43.8	41.2	55.8	47.1
New Export Orders	42.9	46.9	-4.0	Contracting	Faster	5	75.0	25.0	50.0	55.0	40.0	25.0	46.2	40.8
Imports	50.9	52.6	-1.7	Growing	Slower	3	66.7	50.0	53.6	50.0	41.7	28.6	38.5	45.2
Service Charge	54.4	55.2	-0.8	Increasing	Slower	43	55.6	57.7	58.1	56.1	53.1	47.1	57.7	50.0
Inventory Sentiment	53.7	55.6	-1.9	Too High	Slower	20	55.6	51.9	48.5	53.0	56.3	55.9	46.2	60.8
Future Outlooks	57.8	54.5	+3.3	Growing	Faster	2	72.2	61.1	62.1	54.5	40.6	58.8	50.0	52.9

Chart 1: Time Series of Taiwan NMI

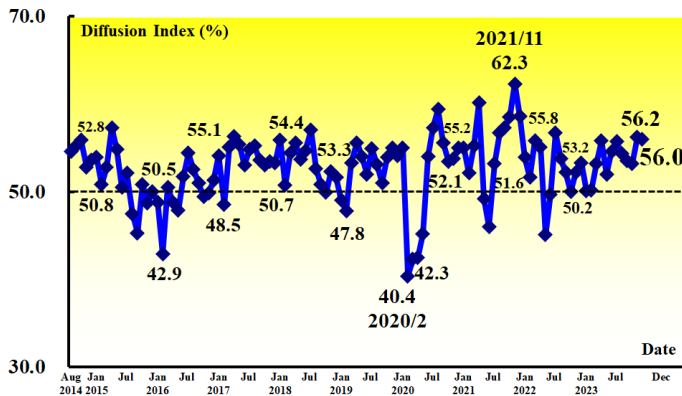
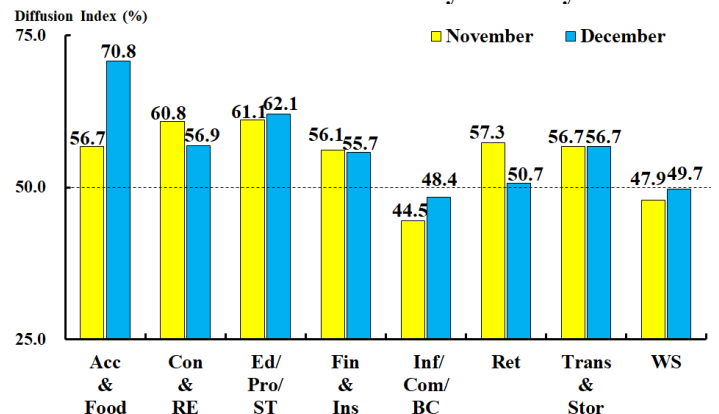


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for the fourteenth consecutive month as the seasonally unadjusted Taiwan NMI slightly decreased 0.2 percentage point to 56.0 percent.
- Non-manufacturing Business Activity Index remained in growth territory and accelerated, increasing 2.6 percentage points to 58.8 percent.
- The New Orders Index grew for ten consecutive months and registered 56.3 percent in December, down from the highest recorded level of 58.2 since December 2021.
- Non-manufacturers' employment grew for the tenth consecutive month as the Employment Index decreased 0.6 percentage point to 55.9 percent.
- Non-manufacturers reported deliveries slowing for the seventh consecutive month as the Supplier Deliveries Index registered 53.0 percent in December, decreasing 1.0 percentage points from the 54.0 percent recorded in November.
- The Inventories Index grew for the fourth consecutive month while further decreased 0.3 percentage point to 50.4 percent.
- Non-manufacturers continuously experienced upward pressures on their purchasing or operation costs for ninety-six consecutive months, as the Prices Index increased 1.6 percentage points to 59.5 percent.
- The Backlog of Orders Index remained at 50.6 percent and indicated that non-manufacturers' backlog grew at the same pace for the second consecutive month.
- Non-manufacturers continued charging higher service prices for forty-three consecutive months as the Service Charge Index slightly went down 0.8 percentage point to 54.4 percent.
- The Inventory Sentiment Index remained too high for twenty consecutive months while the index fell 1.9 percentage points to 53.7 percent.
- The Future Outlooks Index grew for the second consecutive month as the index further increased 3.3 percentage points to 57.8 percent, marking the fastest growth rate since March 2022.
- Six among eight non-manufacturing industries categories reported expansion in the following order: Acc & Food (70.8%), Ed/Pro/ST (62.1%), Con & RE (56.9%), Trans & Stor (56.7%), Fin & Ins (55.7%) and Ret (50.7%). While Inf/Com/BC (48.4%) and WS (49.7%) industries categories contracted 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.

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: csch@cier.edu.tw

Tel: +(886) 2 27356006 ext. 623

www.cier.edu.tw

For industry comments, please contact:

Shu-Shin (Steve) Lai

Honorary Chairman

Supply Management Institute, Taiwan

E-Mail: shushin.lai@gmail.com

Tel: +(886) 2 27495889

www.smit.org.tw