

November 2022 Taiwan Non-Manufacturing Index

NMI at 52.2%

Business Activity Index at 51.3%

New Orders Index at 51.4%

Employment Index at 53.1%

NON-MANUFACTURING AT A GLANCE

November 2022

Index	Series Index Nov	Series Index Oct	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	52.2	50.0	+2.2	Growing	From Unchanged	1	62.5	51.6	54.6	51.2	58.1	51.2	50.5	41.9
Business Activity	51.3	46.3	+5.0	Growing	From Contracting	1	62.5	43.5	55.0	60.5	61.8	54.8	42.6	38.0
New Orders	51.4	46.5	+4.9	Growing	From Contracting	1	62.5	45.2	63.3	48.8	61.8	50.0	46.3	38.8
Employment	53.1	53.0	+0.1	Growing	Faster	6	70.8	51.6	53.3	47.7	52.9	50.0	63.0	47.0
Supplier Deliveries	53.1	54.0	-0.9	Slowing	Slower	37	54.2	66.1	46.7	47.7	55.9	50.0	50.0	44.0
Inventories	52.6	53.5	-0.9	Growing	Slower	5	54.2	58.1	51.7	44.2	58.8	40.5	59.3	53.0
Prices	63.3	67.3	-4.0	Increasing	Slower	83	79.2	54.8	63.3	69.8	67.6	71.4	61.1	54.0
Backlog of Orders	45.1	40.1	+5.0	Contracting	Slower	4	62.5	35.5	50.0	40.7	50.0	45.2	35.2	45.0
New Export Orders	41.5	41.8	-0.3	Contracting	Faster	10	83.3	40.0	40.0	42.9	50.0	10.0	26.9	40.3
Imports	50.3	48.5	+1.8	Growing	From Contracting	1	50.0	53.3	50.0	38.9	64.3	35.7	28.6	44.4
Service Charge	53.2	56.5	-3.3	Increasing	Slower	30	75.0	50.0	51.7	45.3	55.9	57.1	44.4	50.0
Inventory Sentiment	54.7	55.1	-0.4	Too High	Slower	7	50.0	51.6	51.7	46.5	52.9	54.8	70.4	66.0
Future Outlooks	37.4	33.6	+3.8	Contracting	Slower	8	75.0	29.0	41.7	32.6	47.1	42.9	35.2	24.0

Chart 1: Time Series of Taiwan NMI

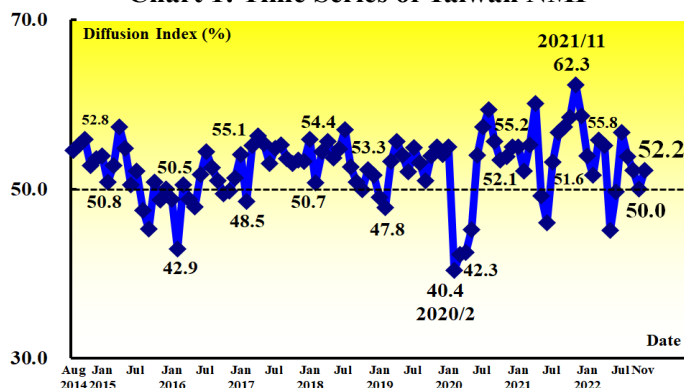
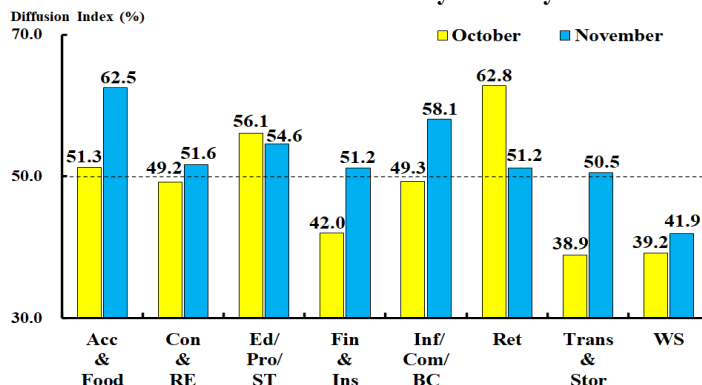


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector resumed growth in November following only one month of unchanged conditions as the seasonally unadjusted Taiwan NMI increased 2.2 percentage points to 52.2 percent.
- Non-manufacturers' business activity and new orders turned to growth following one month of contraction as the Business Activity and New Orders Indexes both increased 5.0 and 4.9 percentage points to 51.3 and 51.4 percent, respectively.
- Non-manufacturers reported slower deliveries for thirty-seven consecutive months as the Supplier Deliveries Index went down 0.9 percentage point to 53.1 percent in November.
- Non-manufacturers' inventories expanded for five consecutive months as the Inventories Index fell 0.9 percentage point to 52.6 percent.
- The Prices Index remained above 60.0 percent for twenty-four consecutive months but decreased 4.0 percentage points to 63.3 percent in November, registering the lowest reading since March 2021.
- Non-manufacturers' backlogs contracted for the fourth consecutive month while the Backlog of Orders Index rose 5.0 percentage points to 45.1 percent.
- Non-manufacturers' Imports turned to growth following three consecutive months of contraction as the Imports Index further increased 1.8 percentage points to 50.3 percent in November.
- Non-manufacturers continued charging higher service prices for thirty consecutive months. The Service Charge Index decreased 3.3 percentage points to 53.2 percent in November, marking the lowest reading since December 2020.
- The Inventory Sentiment Index remained too high for seven consecutive months but further inched down 0.4 percentage point, registering 54.7 percent in November.
- The Future Outlooks Index remained in contraction for the eighth consecutive month as the index registered 37.4 percent in November, an increase of 3.8 percentage points from the lowest reading (33.6 percent) since June 2020.
- Seven among eight non-manufacturing industries categories reported expansion in the following order: Acc & Food (62.5%), Inf/Com/BC (58.1%), Ed/Pro/ST (54.6%), Con & RE (51.6%), Fin & Ins (51.2%), Ret (51.2%) and Trans & Stor (50.5%). Only WS (41.9%) remained in contraction in November.

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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