

September 2022 Taiwan Non-Manufacturing Index

NMI at 52.2%

Business Activity Index at 51.8%

New Orders Index at 53.0%

Employment Index at 51.5%

NON-MANUFACTURING AT A GLANCE

September 2022

Index	Series Index Sep	Series Index Aug	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	53.8	-1.6	Growing	Slower	3	60.2	56.1	60.6	49.7	50.0	61.7	50.0	37.8
Business Activity	51.8	54.4	-2.6	Growing	Slower	3	63.6	56.1	56.1	46.7	55.9	63.3	57.4	31.1
New Orders	53.0	53.0	+0.0	Growing	Same	3	63.6	51.5	66.7	47.8	50.0	80.0	51.9	30.6
Employment	51.5	54.7	-3.2	Growing	Slower	4	50.0	51.5	57.6	58.7	47.1	46.7	50.0	50.0
Supplier Deliveries	52.7	53.2	-0.5	Slowing	Slower	35	63.6	65.2	62.1	45.7	47.1	56.7	40.7	39.6
Inventories	54.4	55.3	-0.9	Growing	Slower	3	59.1	59.1	54.5	53.3	50.0	46.7	48.1	64.2
Prices	67.6	64.1	+3.5	Increasing	Faster	81	90.9	65.2	66.7	70.7	58.8	80.0	55.6	66.0
Backlog of Orders	48.5	47.8	+0.7	Contracting	Slower	2	81.8	37.9	53.0	47.8	52.9	63.3	38.9	36.8
New Export Orders	49.1	35.7	+13.4	Contracting	Slower	8	100.0	60.0	40.9	42.3	70.0	50.0	29.2	26.9
Imports	48.1	48.4	-0.3	Contracting	Faster	2	50.0	56.3	58.3	37.5	57.1	50.0	38.5	36.8
Service Charge	54.7	53.5	+1.2	Increasing	Faster	28	77.3	56.3	48.4	48.9	55.9	63.3	42.6	59.4
Inventory Sentiment	55.5	54.9	+0.6	Too High	Faster	5	54.5	59.1	50.0	50.0	52.9	46.7	51.9	70.8
Future Outlooks	41.1	43.9	-2.8	Contracting	Faster	6	59.1	36.4	60.6	27.2	47.1	43.3	37.0	24.5

Chart 1: Time Series of Taiwan NMI

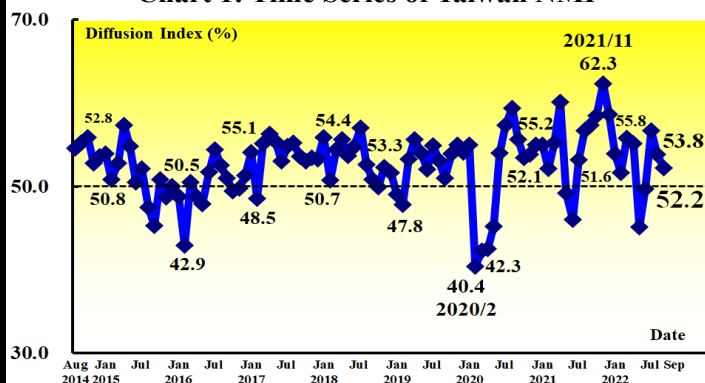
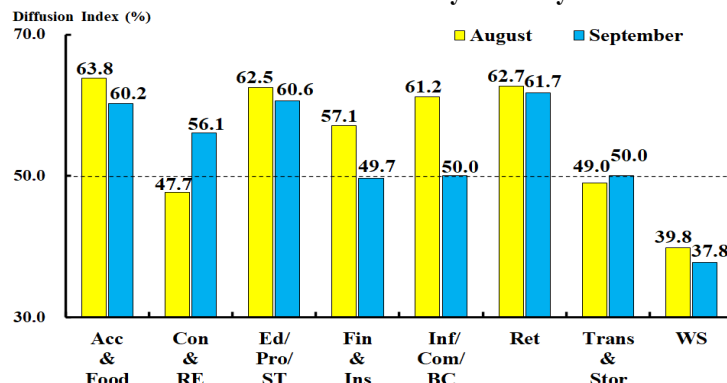


Chart 2: Performance by Industry



Summary

- The Taiwan non-manufacturing sector grew for the third consecutive month while the seasonally unadjusted Taiwan NMI decreased 1.6 percentage points to 52.2 percent in September.
- Non-manufacturers' business activity grew for three consecutive months while the Business Activity Index went down 2.6 percentage points to 51.8 percent.
- The New Orders Index continued to grow for the third consecutive month and registered 53.0 percent in September, growing at the same pace as the previous month.
- The Employment Index grew for the fourth consecutive month but decreased 3.2 percentage points to 51.5 percent.
- The Supplier Deliveries Index inched down 0.5 percentage point to 52.7 percent, the lowest reading since November 2020.
- Non-manufacturers' inventories expanded for three consecutive months as the Inventories Index registered 54.4 percent, down 0.9 percentage point from the fastest growth rate of 55.3 percent since July 2015.
- The Prices Index maintained above 60.0 percent for twenty-two consecutive months as the index rose 3.5 percentage points to 67.6 percent.
- The Backlog of Orders Index registered 48.5 percent, indicating contraction for the second consecutive month.
- The New Export Orders Index contracted for the eighth consecutive month as the index registered 49.1 percent, a significant increase of 13.4 percentage points from the lowest reading (35.7 percent) since June 2020.
- The Imports Index contracted for the second consecutive month and inched down 0.3 percentage point to 48.1 percent.
- Non-manufacturers continued charging higher service prices for twenty-eight consecutive months as the Service Charge Index registered 54.7 percent, rose 1.2 percentage points from the lowest reading (53.5 percent) since December 2020.
- The Inventory Sentiment Index remained too high for five consecutive months as the index further increased 0.6 percentage point to 55.5 percent, marking the highest reading since December 2018.
- Although the business activity and new orders grew for three consecutive months, the Future Outlooks Index remained in contraction for the sixth consecutive month and decreased 2.8 percentage points to 41.1 percent in September.
- Four among eight non-manufacturing industries categories reported expansion in the following order: Ret (61.7%), Ed/Pro/ST (60.6%), Acc & Food (60.2%) and Con & RE (56.1%). While WS (37.8%) and Fin & Ins (49.7%) reported contraction in September. Both Inf/Com/BC (50.0%) and Trans & Stor (50.0%) reported unchanged from 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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