



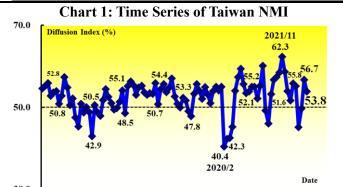


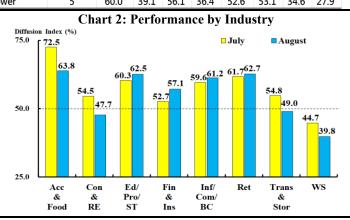
August 2022 Taiwan Non-Manufacturing Index

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 Unit: % **Industries** Series Percentage Ed/ Inf/ Series Rate Acc Con Fin **Trans** Trend Index Index **Point** Direction & Pro/ Com/ of (Months) Index Aug Jul Change Change Food RE ST Ins BC Stor 53.8 56.7 -2.9 63.8 47.7 62.5 49.0 Taiwan NMI Growing Slower 2 57.1 61.2 62.7 39.8 54.4 58.2 -3.8 Slower 70.0 62.1 60.2 68.4 71.9 37.5 Growing **New Orders** 53.0 57.7 -4.7 2 70.0 42.2 58.0 60.0 40.4 31.3 Growing Slower 66.7 65.8 55.0 50.0 50.0 **Supplier Deliveries** 53.2 54.9 34 60.0 59.1 60.5 40.4 -1.7 Slowing Slower 54.7 50.0 68.8 53.8 55.1 +0.2 2 70.0 45.5 61.5 55.3 Growing **Faster** 51.5 55.3 46.9 71.9 80 80.0 Prices 64.1 70.2 -6.1Increasing Slower 60.9 63.6 64.8 63.2 61.5 57.7 47.8 50.4 -2.6 60.0 47.4 Contracting From Growii 51.5 41.3 35.7 48.7 -13.0 7 50.0 333 40.0 54.5 41.7 0.0 23.1 33.8 New Export Orders Contracting Faster **Imports** 48.4 53.7 Contracting From Growing 55.0 57.7 40.3 Service Charge 53.5 58.5 -5.0 27 70.0 54.8 56.9 44.3 57.9 62.5 40.4 45.1 Increasing Slower 51.1 **Future Outlooks** 43.9 43.7 +0.2 60.0 56.1 36.4 52.6 53.1 27.9 Contracting Slower 39.1 34.6





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.

Contact Information:

For economics comments, data and technical queries, please contact:

Shin-Hui Chen, Ph.D.

Assistant Research Fellow, Division of Taiwan Economy Chung-Hua Institution for Economic Research

E-Mail: csh@cier.edu.tw

Tel: +(886) 2 27356006 ext. 623

www.cier.edu.tw

For industry comments, please contact:

Steve Lai

Executive Director, Center for Purchasing and Supply Studies Supply Management Institute, Taiwan

E-Mail: stevelai@smit.org.tw

Tel: +(886) 2 27495889 <u>www.smit.org.tw</u>