

Taiwan Business Indicators in December 2013

Press Release

National Development Council (NDC)

January 27, 2014

In December 2013, the Taiwan Business Indicators showed that the economic recovery was quite obvious, and the economic situation turned to stable. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index increased by 0.39%, the trend-adjusted coincident index increased by 0.51% from the previous month, and the overall monitoring indicator flashed the "green" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 104.48, up by 0.51% from November 2013. Its trend-adjusted index increased by 0.39% to 101.80. Among the seven indicators making up the trend-adjusted index, the index of export orders, net accession rate of employees on payrolls of industry and services, real monetary aggregates M1B, and TAIEX average closing price had positive cyclical movements from the previous month, while building permits, the TIER manufacturing sector composite indicator, and SEMI book-to-bill ratio had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 103.27, up by 0.62% from November 2013. Its trend-adjusted index increased by 0.51% to 100.61. Among the seven indicators making up the trend-adjusted index, real machineries and electrical equipments imports, sales of trade and food services, the industrial production index, the index of producer's shipment for manufacturing, and real customs-cleared exports had positive cyclical movements from the previous month, while electric power consumption and nonagricultural employment had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 99.56, down by 0.73% from November 2013. Its trend-adjusted index decreased by 0.84% to 96.99. All six indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were the manufacturing unit output labor cost index, the inventories to sales ratio for manufacturing, loans and investments of monetary financial institutions, the unemployment rate (inverted),

regular employees on payrolls in industry and services, and the interbank overnight call-loan rate.

4. The Monitoring Indicators: The total score in December increased by three points to 24, flashing the “green” signal for the first month. Among the nine components, the industrial production index and the TIER manufacturing sector composite indicator each changed its individual light signal from “yellow-blue” to “green”, the imports of machineries and electrical equipments changed its individual light signal from “green” to “yellow-red”, the index of producer’s shipment for manufacturing changed its individual light signal from “blue” to “yellow-blue”, each gained one point. The TAIEX average closing price lost one point the change its individual light signal from “yellow-red” to “green”. The light signals for the rest of four components remained unchanged.

~~ The next release is scheduled for February 27 2014 ~~

Table 1 Leading Indicators

	Seasonally adjusted						
	2013						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	101.81	102.10	102.51	102.98	103.46	103.96	104.48
Change from preceding month (%)	0.17	0.28	0.40	0.46	0.47	0.48	0.51
Trend adjusted index	99.86	100.03	100.32	100.66	101.02	101.40	101.80
Change from preceding month (%)	0.05	0.17	0.29	0.34	0.36	0.37	0.39
Components							
Index of export orders (2011=100)	102.9	103.4	105.6	108.3	109.7	114.2	118.7
Real monetary aggregates M1B (NT\$ billion)	12,521	12,627	12,661	12,668	12,759	12,865	12,946
TAIEX average closing price (1966=100)*	7,989	8,102	7,932	8,193	8,366	8,237	8,431
Net accession rate of employees on payrolls of industry and services ** (%)	0.01	0.00	0.14	0.19	0.14	0.29	0.12 _p
Building permits *** (1,000m ²)	2,325	2,947	3,320	3,501	3,291	2,325	2,918
SEMI Book-to-Bill Ratio	1.10	1.00	0.98	0.97	1.05	1.11	1.02
The TIER manufacturing sector composite indicator (2006=100)	97.51	98.40	98.78	97.99	96.20	95.81	98.71

Note : 1. p = Preliminarily estimated.

2. * TAIEX average closing price is not seasonally adjusted.

** Net accession rate is equal to accession rate minus separation rate.

*** Including only housing, mercantile, business and service, industry warehousing.

Table 2 Coincident Indicators

Seasonally adjusted

	2013						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	100.87	101.01	101.25	101.60	102.06	102.63	103.27
Change from preceding month (%)	0.16	0.14	0.23	0.35	0.46	0.56	0.62
Trend adjusted index	98.94	98.97	99.08	99.32	99.66	100.10	100.61
Change from preceding month (%)	0.04	0.03	0.12	0.24	0.34	0.44	0.51
Components							
Industrial production index (2011=100)	99.7	100.5	100.3	100.5	100.8	101.6	103.9
Electric power consumption (billion kWh)	12.24	11.78	11.88	11.91	11.78	11.88	11.65
Index of producer's shipment for manufacturing (2011=100)	97.3	97.1	99.4	98.1	99.3	99.2	99.7 _p
Sales of trade and food services (NT\$ billion)	1,185	1,185	1,186	1,196	1,206	1,217	1,228
Nonagricultural employment (thousand persons)	10,418	10,416	10,421	10,440	10,452	10,463	10,471
Real customs-cleared exports (NT\$ billion)	806.6	772.7	784.0	783.8	792.3	779.6	799.1
Real machineries and electrical equipments imports (NT\$ billion)	216.3	206.5	194.3	218.0	209.8	208.4	247.0

Table 3 Lagging Indicators

Seasonally adjusted

	2013						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	102.52	102.17	101.80	101.38	100.90	100.29	99.56
Change from preceding month (%)	-0.31	-0.34	-0.37	-0.41	-0.47	-0.61	-0.73
Trend adjusted index	100.56	100.10	99.62	99.10	98.52	97.81	96.99
Change from preceding month (%)	-0.42	-0.45	-0.48	-0.52	-0.58	-0.72	-0.84
Components							
Unemployment rate* (%)	4.17	4.18	4.19	4.18	4.17	4.15	4.12
Regular employees on payrolls in industry & services (thousand persons)	6,842	6,847	6,855	6,864	6,875	6,887	6,893 _p
The manufacturing unit output labor cost index (2006=100)	84.0	83.6	84.5	82.1	85.9	84.1	78.2 _p
Interbank overnight call-loan rate** (percent per annum)	0.386	0.386	0.386	0.386	0.387	0.386	0.387
Loans and investments of monetary financial institutions (NT\$ billion)	26,153	26,346	26,411	26,532	26,616	26,764	26,703
Inventories to sales ratio for manufacturing (%)	67.4	68.6	66.4	67.5	66.6	67.0	66.9 _p

Note : * This series is inverted while aggregating composite lagging index.

** Interbank overnight call-loan rate is not seasonally adjusted.

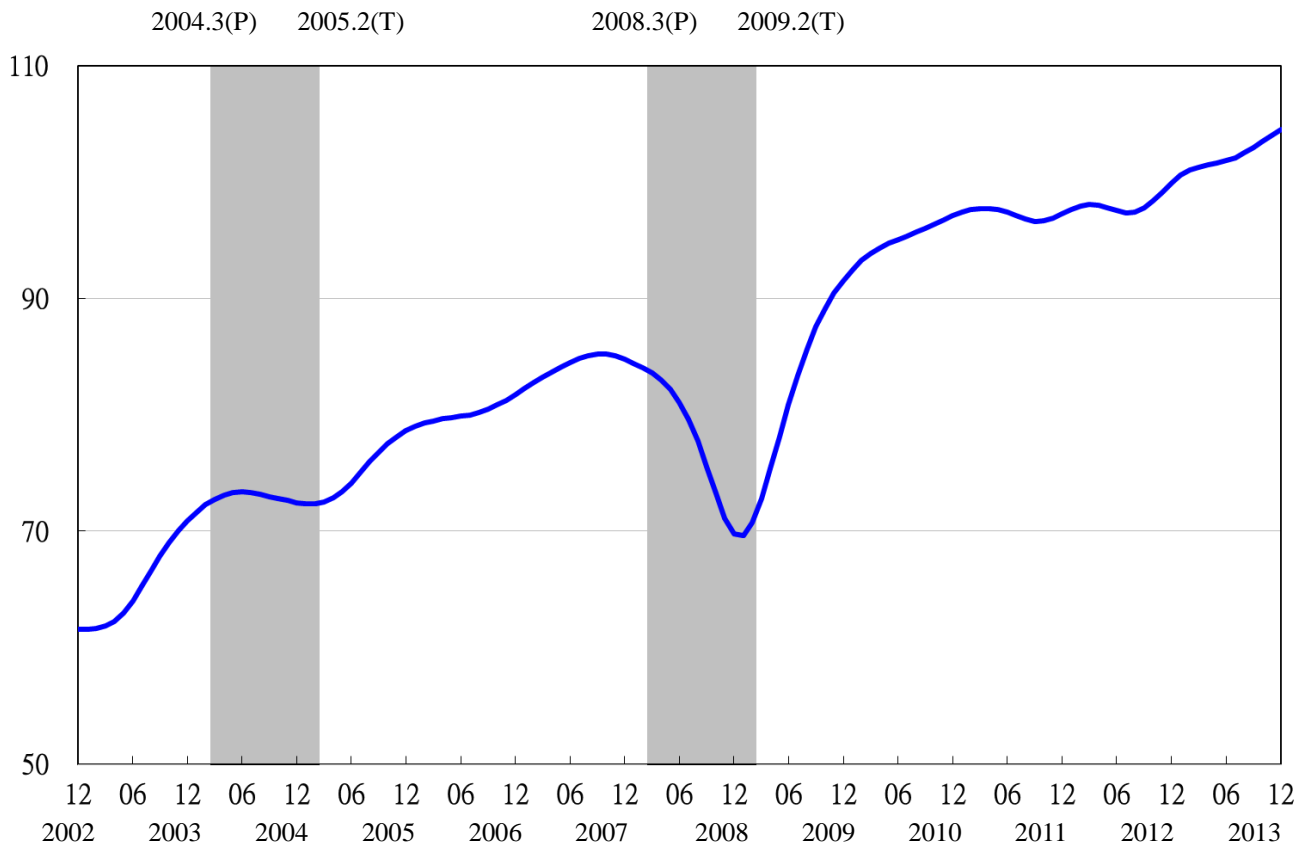


Figure 1 Composite Leading Index

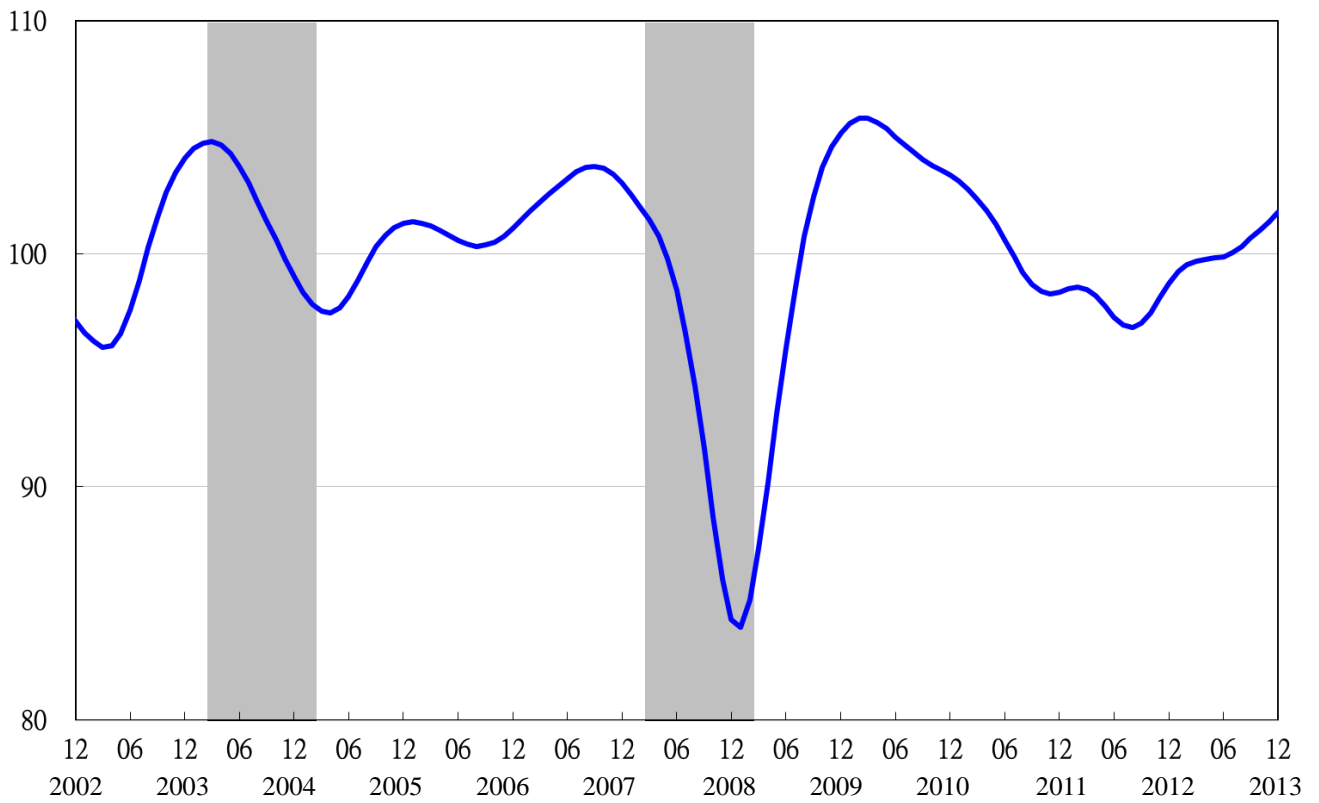


Figure 2 Trend-adjusted Composite Leading Index

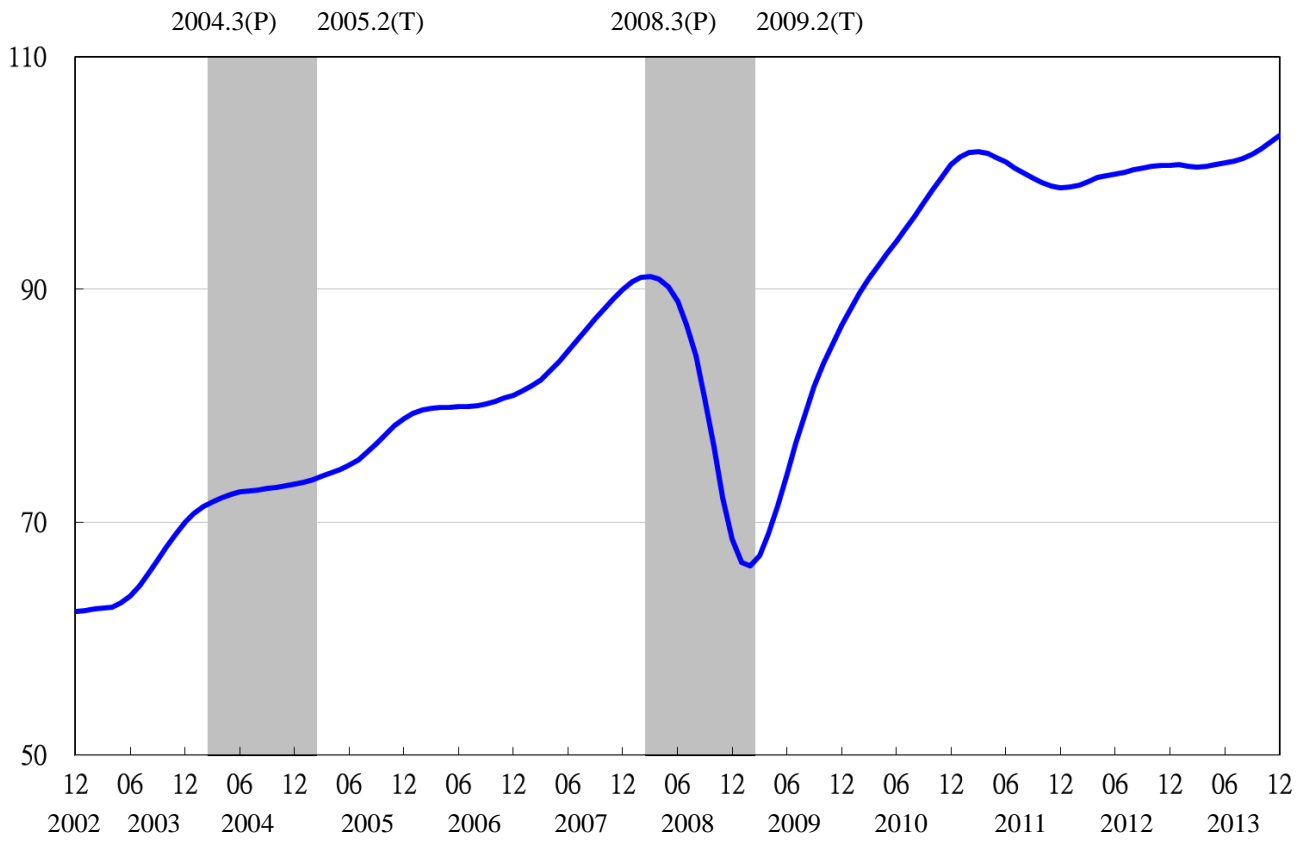


Figure 3 Composite Coincident Index

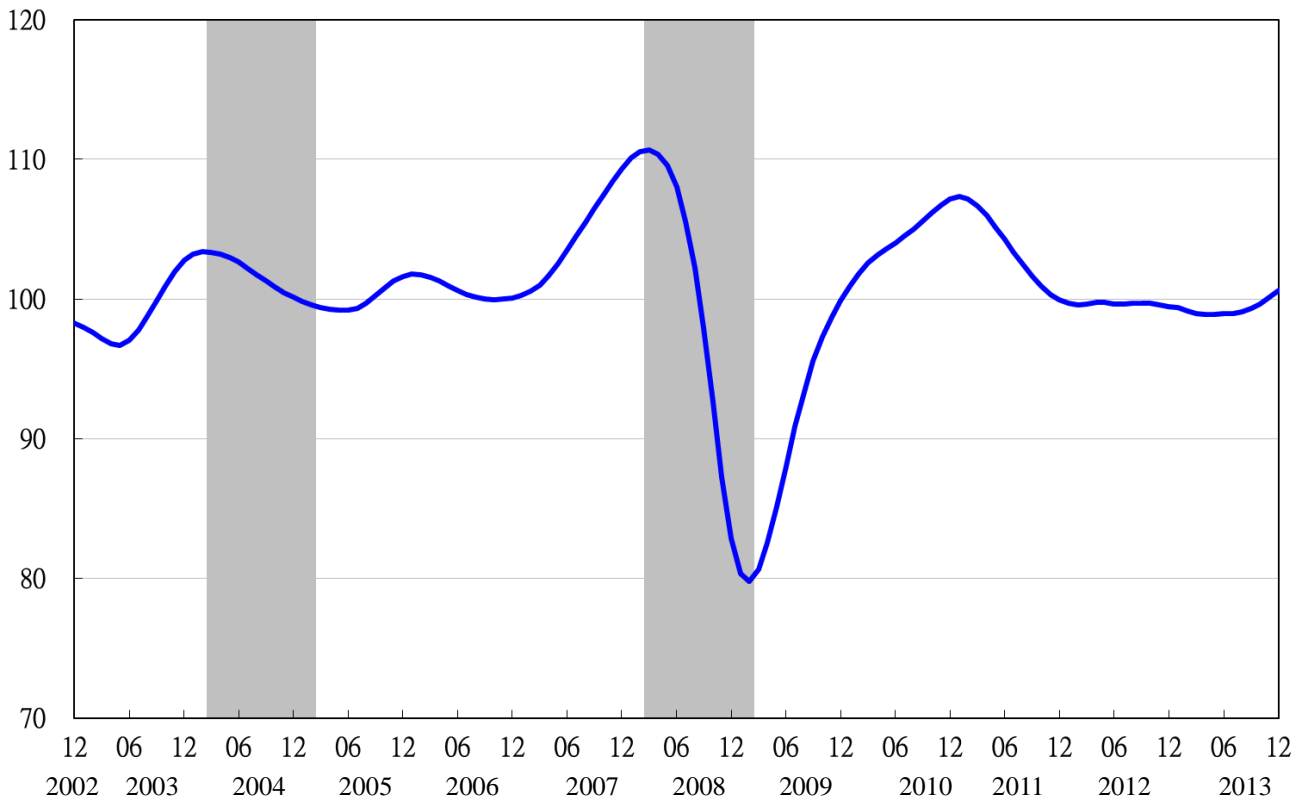


Figure 4 Trend-adjusted Composite Coincident Index

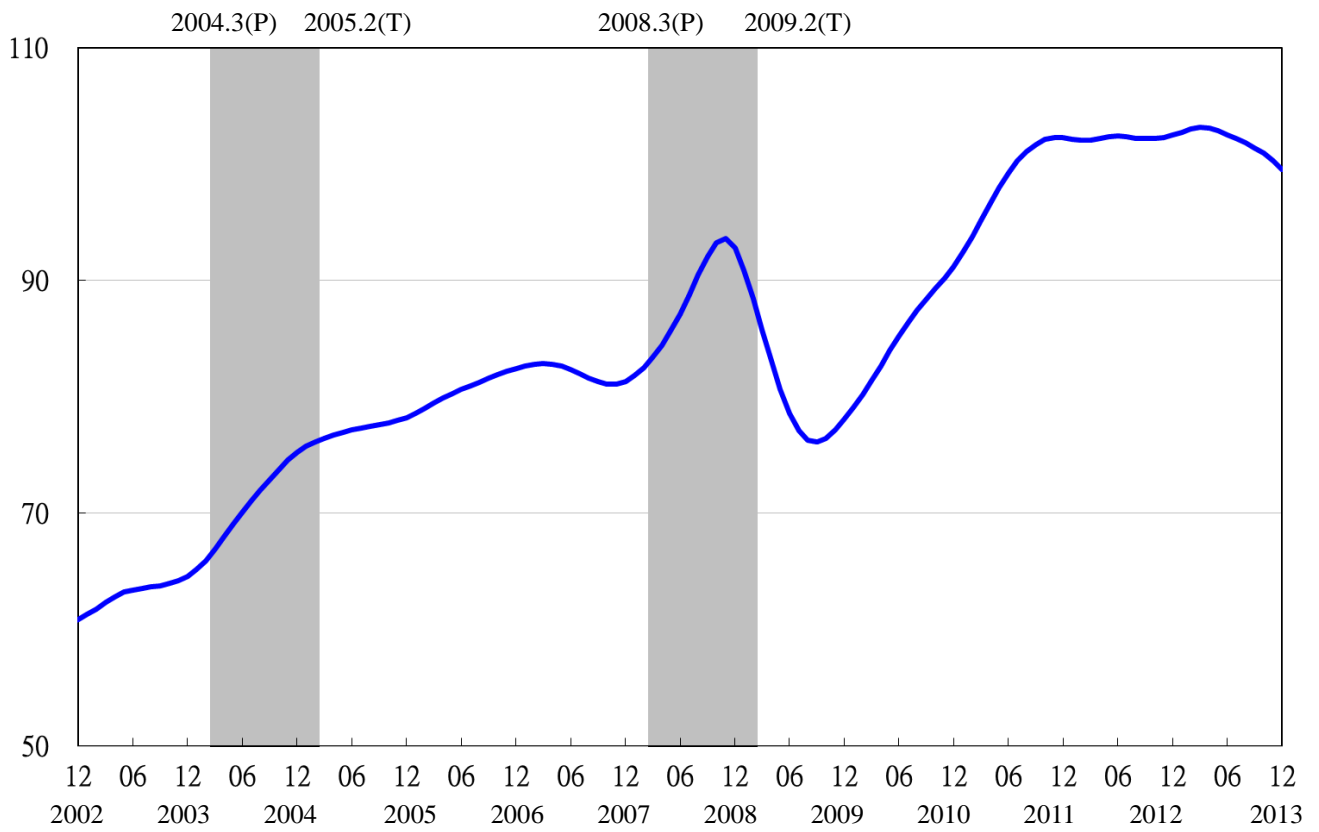


Figure 5 Composite Lagging Index

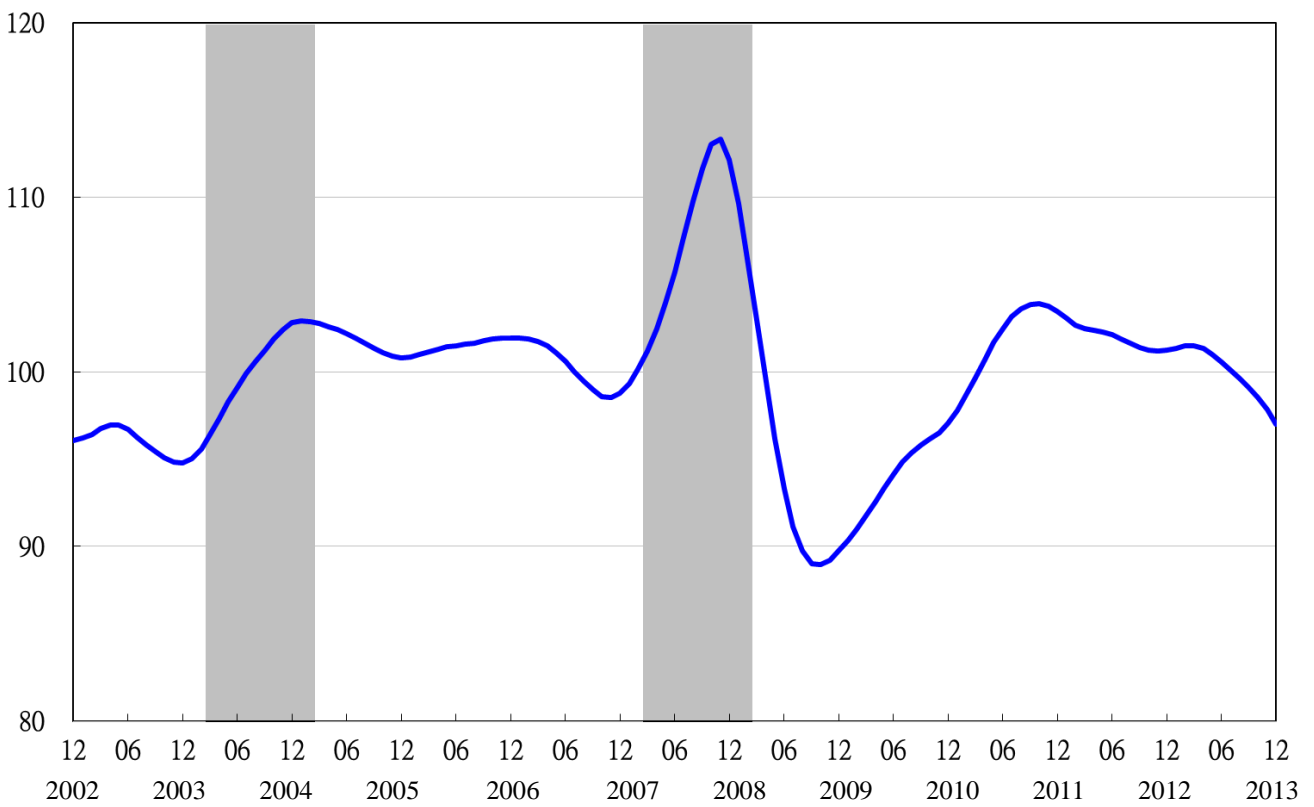


Figure 6 Trend-adjusted Composite Lagging Index

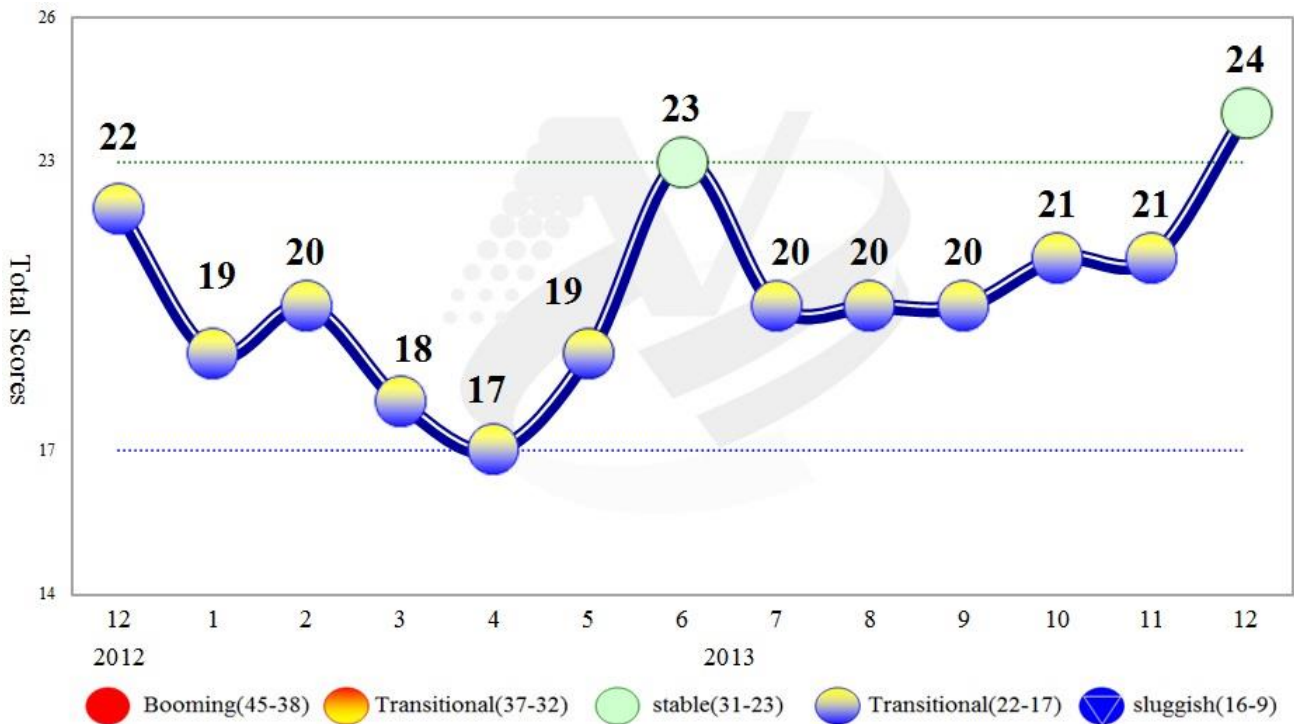


Figure 7 Total scores in the Past Year

	2012						2013								
	Month	12	1	2	3	4	5	6	New Series beginning in July 2013*						
Total	Light	●	●	●	●	●	●	●							
	Score	22	19	20	18	17	19	23	7	8	9	10	11	12	
Monetary Aggregates M1B		●	●	●	●	●	●	●	●	●	●	●	●	8.9	8.5
Direct and Indirect Finance		●	●	●	●	●	●	●							
TAIEX average closing price		●	●	●	●	●	●	●	●	●	●	●	●	13.5	10.5
Industrial Production Index		●	●	●	●	●	●	●	●	●	●	●	●	-0.1 _r	4.4
Nonagricultural Employment		●	●	●	●	●	●	●	●	●	●	●	●	1.0	0.9
Customs-Cleared Exports		●	●	●	●	●	●	●	●	●	●	●	●	2.9 _r	3.4
Imports of Machinery and Electrical Equipments		●	●	●	●	●	●	●	●	●	●	●	●	5.2 _r	18.0
Manufacturing Sales		●	●	●	●	●	●	●	●	●	●	●	●	-1.2 _r	0.5 _p
Sales Index of Trade and Food Services		●	●	●	●	●	●	●	●	●	●	●	●	2.2 _r	3.2
								The TIER Manufacturing Sector Composite Indicator							
								7	8	9	10	11	12	95.8 _r	98.7

Notes : 1. Individual Componenets and check points are in terms of pecentage changes over 1-year span, except that the TIER Manufacturing Sector Composite Indicator is points (2006=100).
 2. All components, except TAIEX average closing price, have been seasonally adjusted.
 3. p = Preliminarily estimated, r = Revised.

Figure 8 Monitoring Indicators