

Taiwan Business Indicators in January 2014

Press Release

National Development Council (NDC)

February 27, 2014

In January 2014, the Taiwan Business Indicators showed that the economy continued its recovery, but some risks remained. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index decreased by 0.05%, the trend-adjusted coincident index increased by 0.43% from the previous month, and the overall monitoring indicator flashed the "yellow-blue" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 103.75, up by 0.07% from December 2013. Its trend-adjusted index decreased by 0.05% to 100.84. Among the seven indicators making up the trend-adjusted index, the TIER manufacturing sector composite indicator, the index of export orders, real monetary aggregates M1B, TAIEX average closing price, and net accession rate of employees on payrolls of industry and services had positive cyclical movements from the previous month, while building permits and SEMI book-to-bill ratio had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 103.89, up by 0.55% from December 2013. Its trend-adjusted index increased by 0.43% to 100.97. Among the seven indicators making up the trend-adjusted index, sales of trade and food services, real machineries and electrical equipments imports, the industrial production index, and the index of producer's shipment for manufacturing had positive cyclical movements from the previous month, while real customs-cleared exports, nonagricultural employment, and electric power consumption had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 100.46, down by 0.29% from December 2013. Its trend-adjusted index decreased by 0.41% to 97.64. Among the six indicators making up the trend-adjusted index, the unemployment rate(inverted) had positive cyclical movement from the previous month, while the manufacturing unit output labor cost index, loans and investments of

monetary financial institutions, the inventories to sales ratio for manufacturing, the interbank overnight call-loan rate, and regular employees on payrolls in industry and services had negative cyclical movements.

4. The Monitoring Indicators: The total score in January 2014 decreased by two points to 22, flashing the “yellow-blue” signal. Among the nine components, the industrial production index changed its individual light signal from “green” to “yellow-blue”, the imports of machineries and electrical equipments changed its individual light signal from “yellow-red” to “green”, the index of producer’s shipment for manufacturing changed its individual light signal from “yellow-blue” to “blue” , each lost one point, while the TIER manufacturing sector composite indicator gained one point to changed its individual light signal from “green” to “yellow-red”. The light signal for the rest of five components remained unchanged.

~~ **The next release is scheduled for March 27 2014** ~~

Table 1 Leading Indicators

	Seasonally adjusted						
	2013						2014
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	102.30	102.66	103.02	103.32	103.53	103.68	103.75
Change from preceding month (%)	0.28	0.35	0.35	0.29	0.21	0.14	0.07
Trend adjusted index	100.15	100.38	100.61	100.78	100.87	100.89	100.84
Change from preceding month (%)	0.16	0.23	0.23	0.17	0.09	0.02	-0.05
Components							
Index of export orders (2011=100)	103.4	105.6	108.3	109.0	112.3	118.8	106.8
Real monetary aggregates M1B (NT\$ billion)	12,627	12,661	12,668	12,760	12,864	12,944	13,060
TAIEX average closing price (1966=100)*	8,102	7,932	8,193	8,366	8,237	8,431	8,567
Net accession rate of employees on payrolls of industry and services ** (%)	0.01	0.15	0.20	0.15	0.31	0.11	0.18 _p
Building permits *** (1,000m ²)	2,950	3,310	3,485	3,265	2,305	2,831	2,431
SEMI Book-to-Bill Ratio	1.00	0.98	0.97	1.05	1.11	1.02	1.04
The TIER manufacturing sector composite indicator (2006=100)	98.40	98.78	97.99	96.20	95.81	98.76	101.41

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.

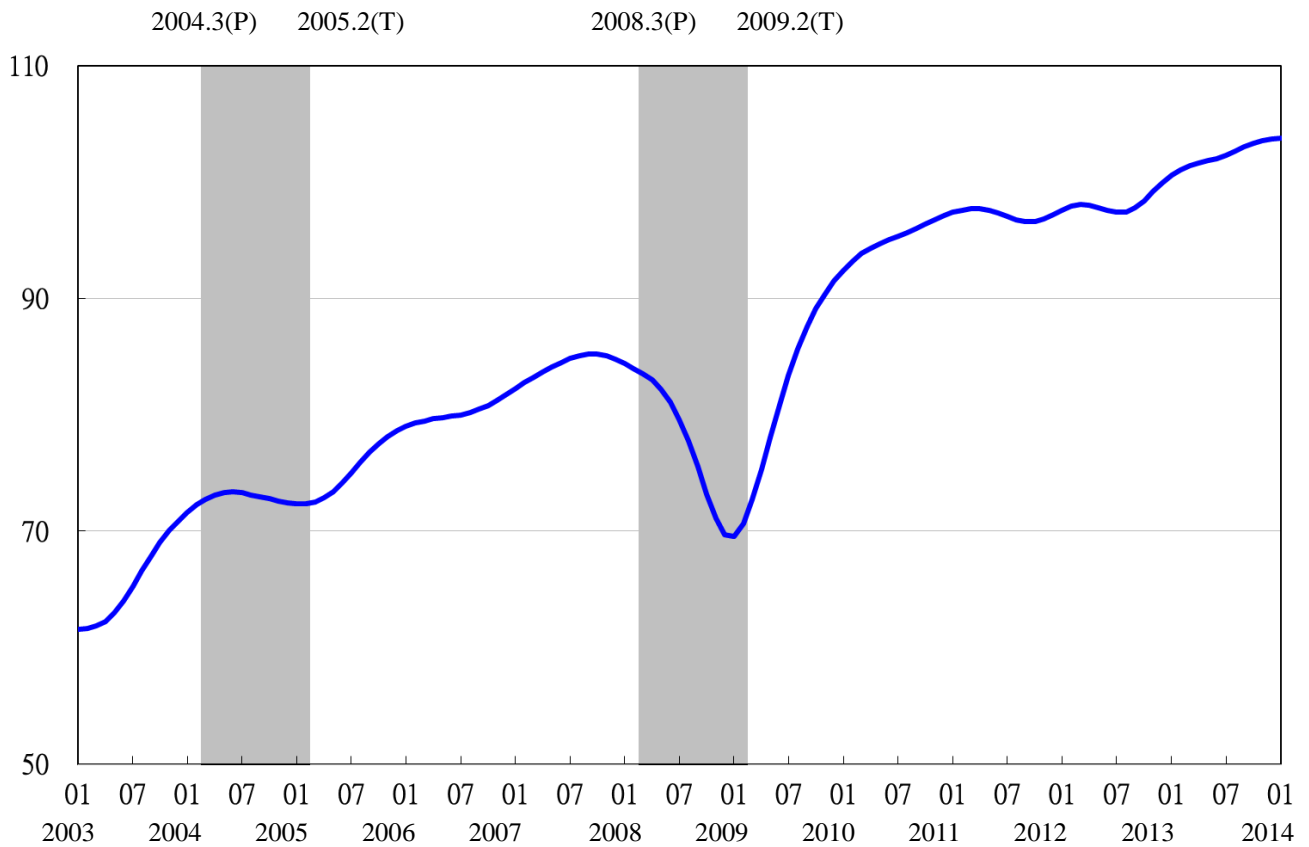
Table 2 Coincident Indicators

	Seasonally adjusted						
	2013						2014
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	101.15	101.39	101.75	102.20	102.74	103.32	103.89
Change from preceding month (%)	0.16	0.24	0.35	0.45	0.53	0.57	0.55
Trend adjusted index	99.03	99.14	99.37	99.69	100.10	100.54	100.97
Change from preceding month (%)	0.04	0.12	0.23	0.32	0.41	0.45	0.43
Components							
Industrial production index (2011=100)	100.4	100.0	99.9	101.2	102.2	104.3	102.5
Electric power consumption (billion kWh)	11.81	11.91	11.94	11.80	11.91	11.68	12.08
Index of producer's shipment for manufacturing (2011=100)	96.7	98.9	97.6	99.0	99.0	102.0	98.1 _p
Sales of trade and food services (NT\$ billion)	1,185	1,186	1,196	1,206	1,217	1,228	1,239
Nonagricultural employment (thousand persons)	10,417	10,423	10,440	10,452	10,463	10,471	10,483
Real customs-cleared exports (NT\$ billion)	773.0	784.2	783.3	791.9	779.9	799.4	778.9
Real machineries and electrical equipments imports (NT\$ billion)	206.9	193.2	218.3	210.0	208.3	246.1	219.1

Table 3 Lagging Indicators

	Seasonally adjusted						
	2013						2014
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	102.32	102.00	101.70	101.40	101.08	100.76	100.46
Change from preceding month (%)	-0.31	-0.31	-0.30	-0.29	-0.31	-0.32	-0.29
Trend adjusted index	100.17	99.74	99.32	98.91	98.48	98.05	97.64
Change from preceding month (%)	-0.43	-0.43	-0.42	-0.41	-0.43	-0.44	-0.41
Components							
Unemployment rate* (%)	4.19	4.18	4.18	4.18	4.15	4.14	4.07
Regular employees on payrolls in industry & services (thousand persons)	6,847	6,855	6,864	6,875	6,888	6,893	6,905 _p
The manufacturing unit output labor cost index (2006=100)	83.8	84.8	83.0	85.3	84.0	81.9	83.0 _p
Interbank overnight call-loan rate** (percent per annum)	0.386	0.386	0.386	0.387	0.386	0.387	0.388
Loans and investments of monetary financial institutions (NT\$ billion)	26,346	26,411	26,532	26,617	26,745	26,695	26,876
Inventories to sales ratio for manufacturing (%)	68.9	66.8	67.7	66.6	67.0	65.9	67.1 _p

Note : * This series is inverted while aggregating composite lagging index.
 ** Interbank overnight call-loan rate is not seasonally adjusted.



Note: Shaded areas represent recessions.

Figure 1 Composite Leading Index

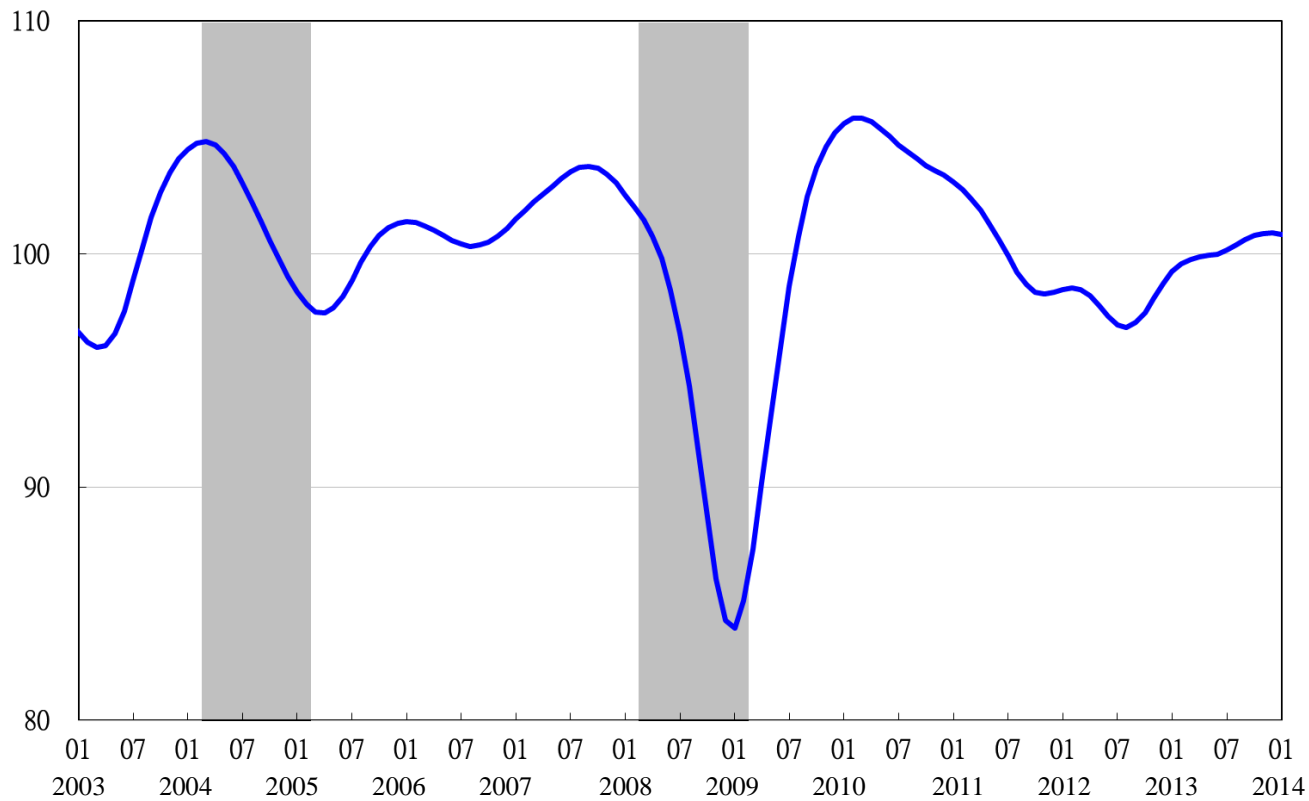


Figure 2 Trend-adjusted Composite Leading Index

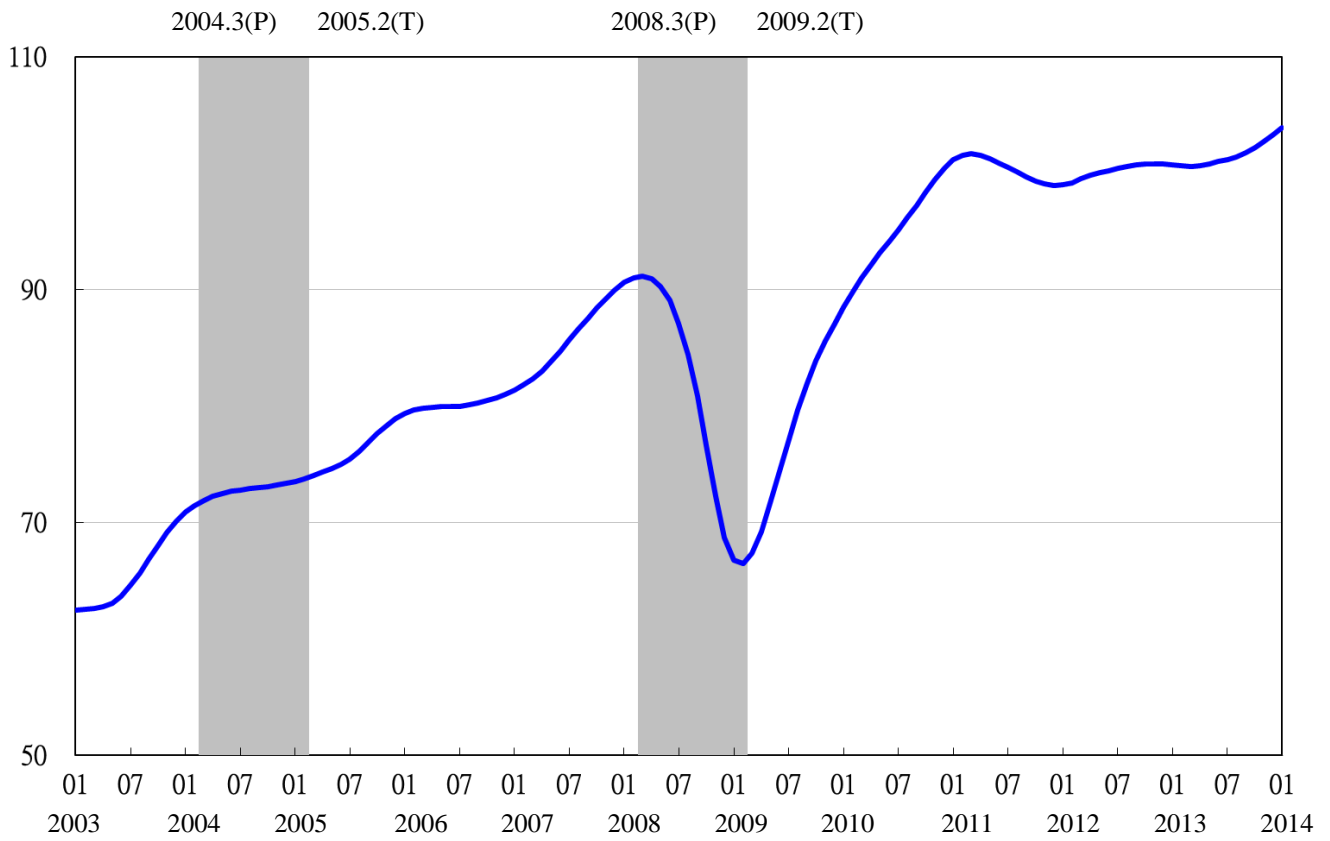


Figure 3 Composite Coincident Index

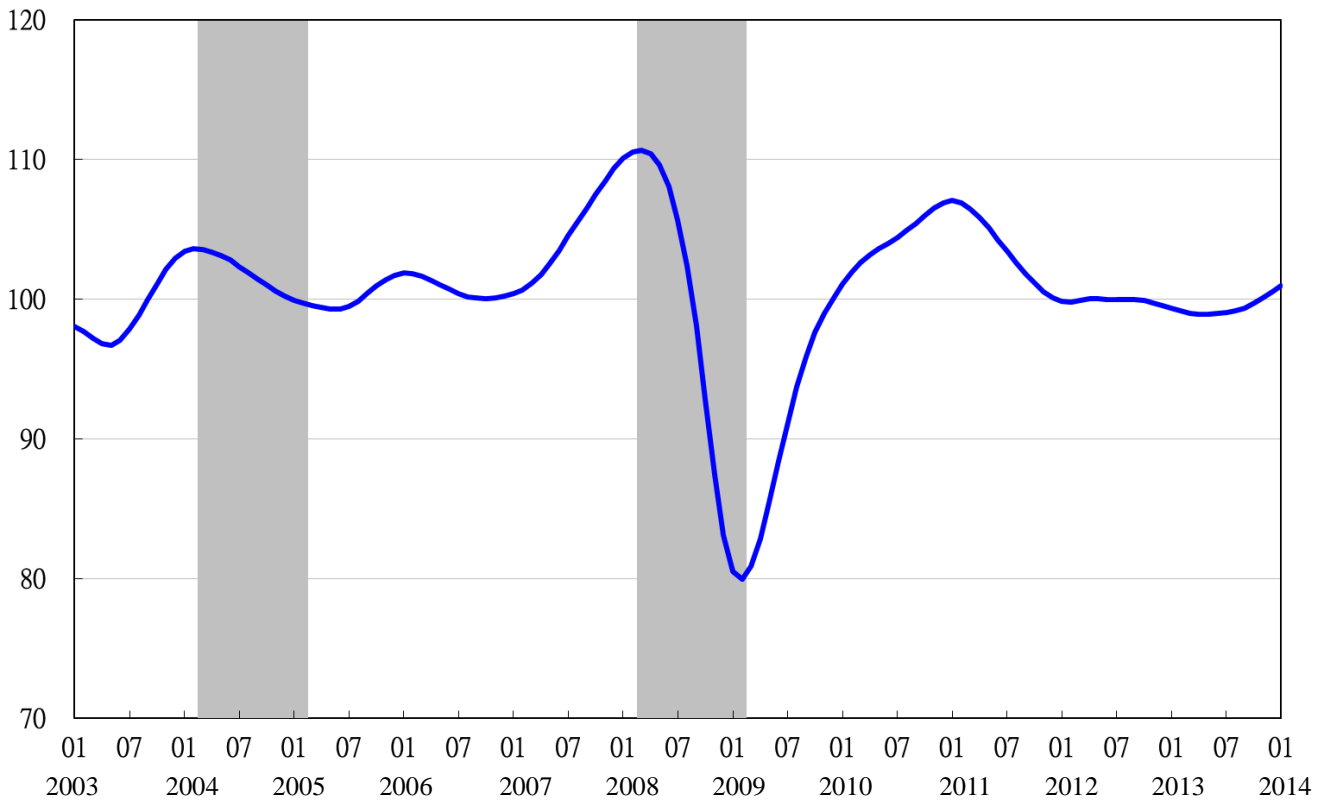


Figure 4 Trend-adjusted Composite Coincident Index

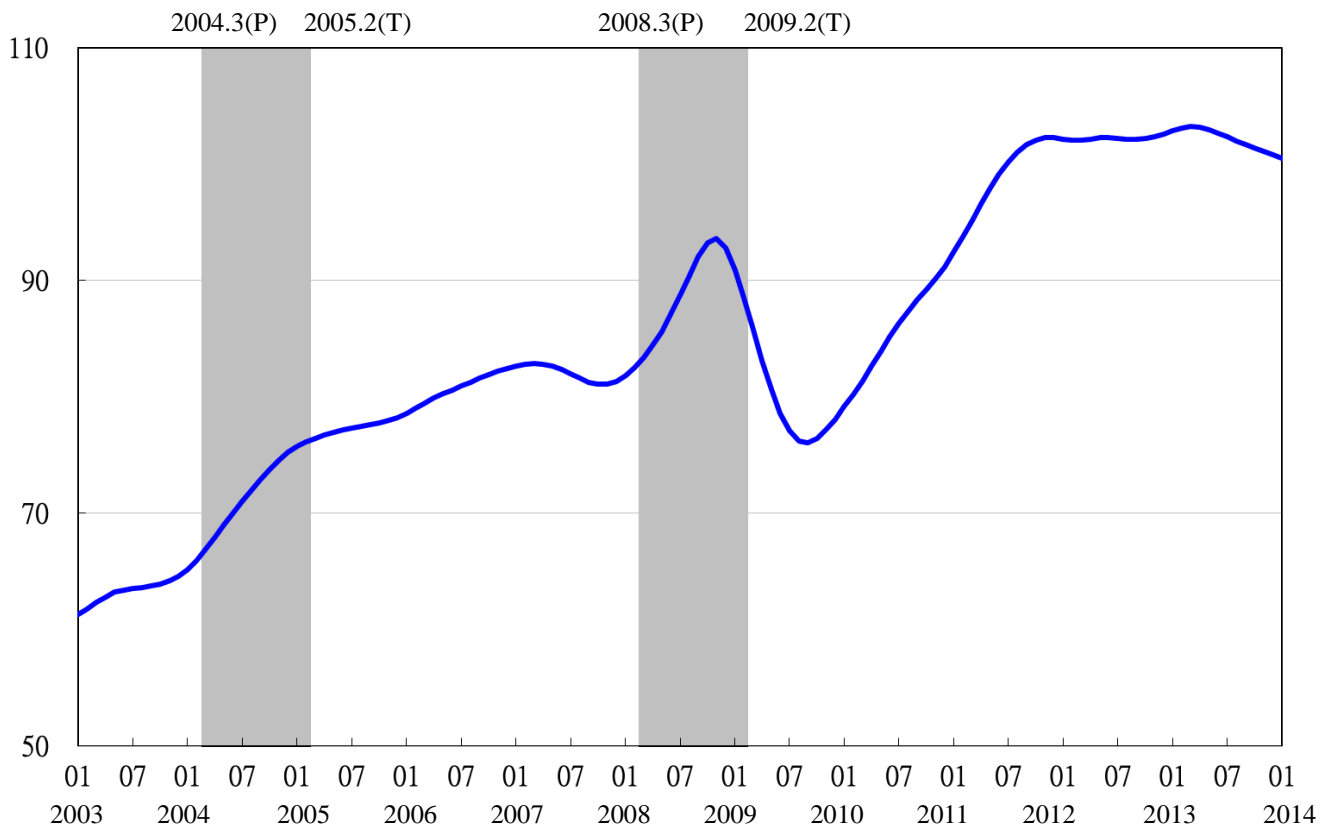


Figure 5 Composite Lagging Index

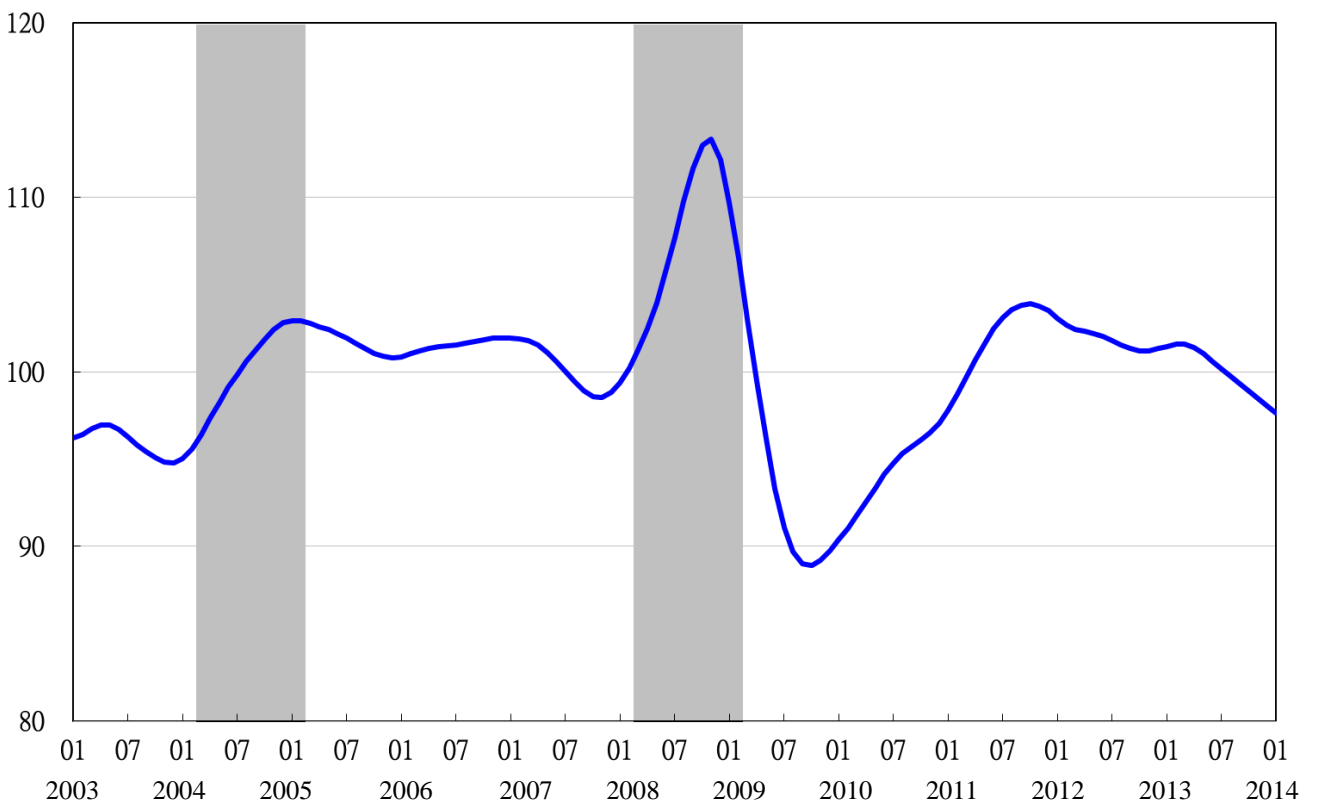


Figure 6 Trend-adjusted Composite Lagging Index

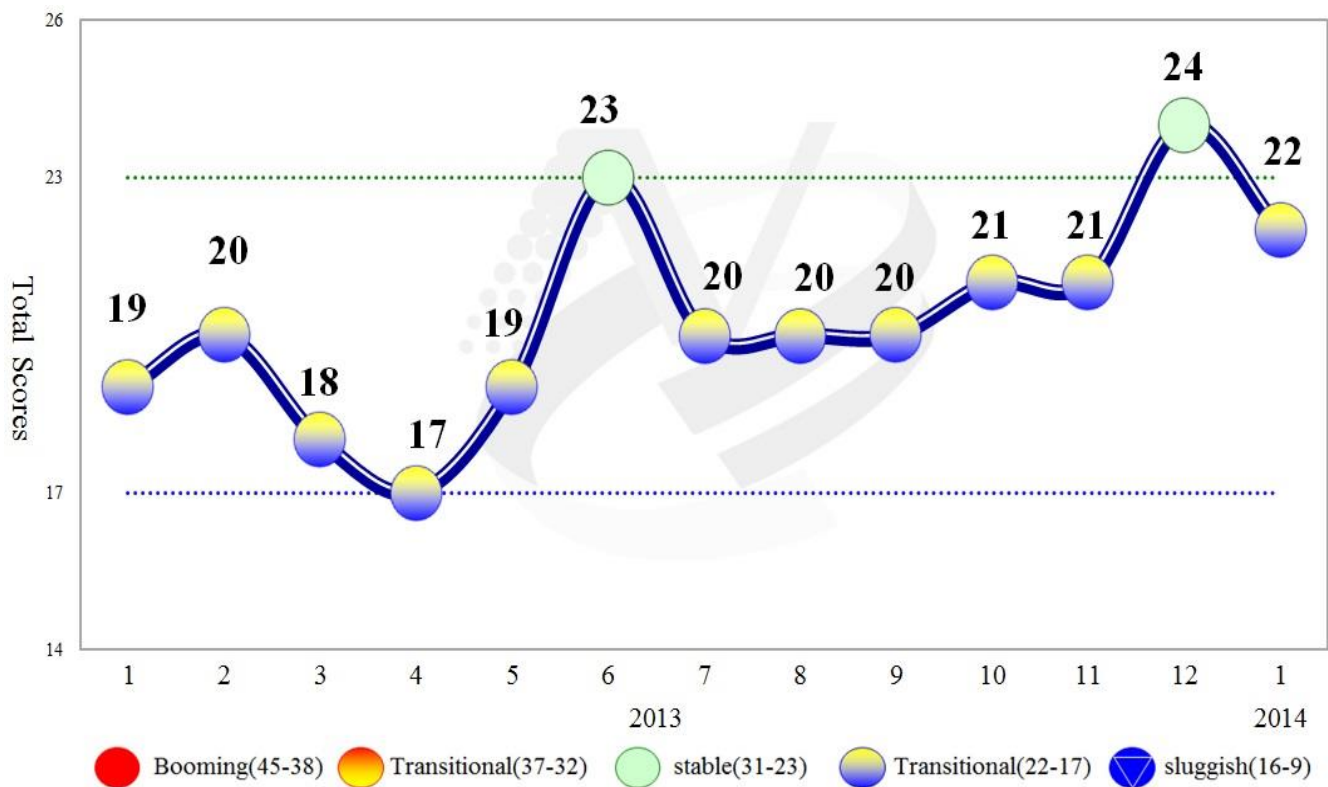


Figure 7 Total scores in the Past Year

	Month	2013												2014							
		1	2	3	4	5	6	New Series beginning in July 2013*						7	8	9	10	11	12	1	
Total	Light	●	●	●	●	●	●	New Series beginning in July 2013*						●	●	●	●	●	●	●	
Total	Score	19	20	18	17	19	23	New Series beginning in July 2013*						20	20	20	21	21	24	22	
Monetary Aggregates M1B		●	●	●	●	●	●	Monetary Aggregates M1B						●	●	●	●	●	8.5	●	8.8
Direct and Indirect Finance		●	●	●	●	●	●	—						—							
TAIEX average closing price		●	●	●	●	●	●	TAIEX Average Closing Price						●	●	●	●	●	10.5	●	10.4
Industrial Production Index		●	●	●	●	●	●	Industrial Production Index						●	●	●	●	●	4.8 _r	●	1.2
Nonagricultural Employment		●	●	●	●	●	●	Nonagricultural Employment						●	●	●	●	●	0.9	●	1.0
Customs-Cleared Exports		●	●	●	●	●	●	Customs-Cleared Exports						●	●	●	●	●	3.4	●	1.7
Imports of Machinery and Electrical Equipments		●	●	●	●	●	●	Imports of Machineries and Electrical Equipments						●	●	●	●	●	18.0	●	0.9
Manufacturing Sales		●	●	●	●	●	●	Index of producer's shipment for manufacturing						●	●	●	●	●	2.9 _r	●	-3.2 _p
Sales Index of Trade and Food Services		●	●	●	●	●	●	Sales of Trade and Food Services						●	●	●	●	●	3.2	●	4.2
—		—						The TIER Manufacturing Sector Composite Indicator						●	●	●	●	●	98.8 _r	●	101.4

Notes : 1. Individual Componenets and check points are in terms of percentage 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