

Taiwan Business Indicators in February 2014

Press Release

National Development Council (NDC)

March 27, 2014

In February 2014, the Taiwan Business Indicators showed that the economy continued its recovery. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index increased by 0.19%, the trend-adjusted coincident index increased by 0.30% from the previous month, and the overall monitoring indicator returned to flash the "green" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 104.53, up by 0.31% from January 2014. Its trend-adjusted index increased by 0.19% to 101.35. Among the seven indicators making up the trend-adjusted index, net accession rate of employees on payrolls of industry and services, the TIER manufacturing sector composite indicator, building permits, TAIEX average closing price, and real monetary aggregates M1B had positive cyclical movements from the previous month, while the index of export orders and SEMI book-to-bill ratio had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 104.17, up by 0.43% from January 2014. Its trend-adjusted index increased by 0.30% to 101.00. Among the seven indicators making up the trend-adjusted index, the index of producer's shipment for manufacturing, electric power consumption, the industrial production index, sales of trade and food services, real customs-cleared exports, and nonagricultural employment had positive cyclical movements from the previous month, while real machineries and electrical equipments imports had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 100.00, down by 0.42% from January 2014. Its trend-adjusted index decreased by 0.55% to 96.96. 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, the inventories to sales ratio for manufacturing, loans and investments of monetary financial

institutions, regular employees on payrolls in industry and services, and the interbank overnight call-loan rate had negative cyclical movements.

4. The Monitoring Indicators: The total score in February 2014 increased by three points to 25, flashing the “green” signal. Among the nine components, the industrial production index and the customs-cleared exports changed its individual light signal from “yellow-blue” to “green”, each gained one point, the index of producer’s shipment for manufacturing gained two points to change its individual light signal from “blue” to “green”, while the imports of machineries and electrical equipments lost one point to change its individual light signal form “green” to “yellow-blue”. The light signal for the rest of five components remained unchanged.

~~ The next release is scheduled for April 28 2014 ~~

Table 1 Leading Indicators

	Seasonally adjusted						
	2013					2014	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Composite Index	102.51	102.91	103.27	103.59	103.91	104.20	104.53
Change from preceding month (%)	0.37	0.38	0.35	0.32	0.31	0.28	0.31
Trend adjusted index	100.15	100.41	100.63	100.82	101.00	101.16	101.35
Change from preceding month (%)	0.24	0.26	0.22	0.19	0.18	0.16	0.19
Components							
Index of export orders (2011=100)	105.6	108.3	109.0	112.3	118.8	107.2	109.2
Real monetary aggregates M1B (NT\$ billion)	12,661	12,668	12,760	12,863	12,944	13,059	12,978
TAIEX average closing price (1966=100)*	7,932	8,193	8,366	8,237	8,431	8,567	8,496
Net accession rate of employees on payrolls of industry and services ** (%)	0.15	0.21	0.14	0.29	0.08	0.20	0.33 _p
Building permits *** (1,000m ²)	3,299	3,501	3,296	2,302	2,964	2,605	3,448
SEMI Book-to-Bill Ratio	0.98	0.97	1.05	1.11	1.02	1.04	1.00
The TIER manufacturing sector composite indicator (2006=100)	98.78	97.99	96.20	95.81	98.76	101.23	101.31

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.

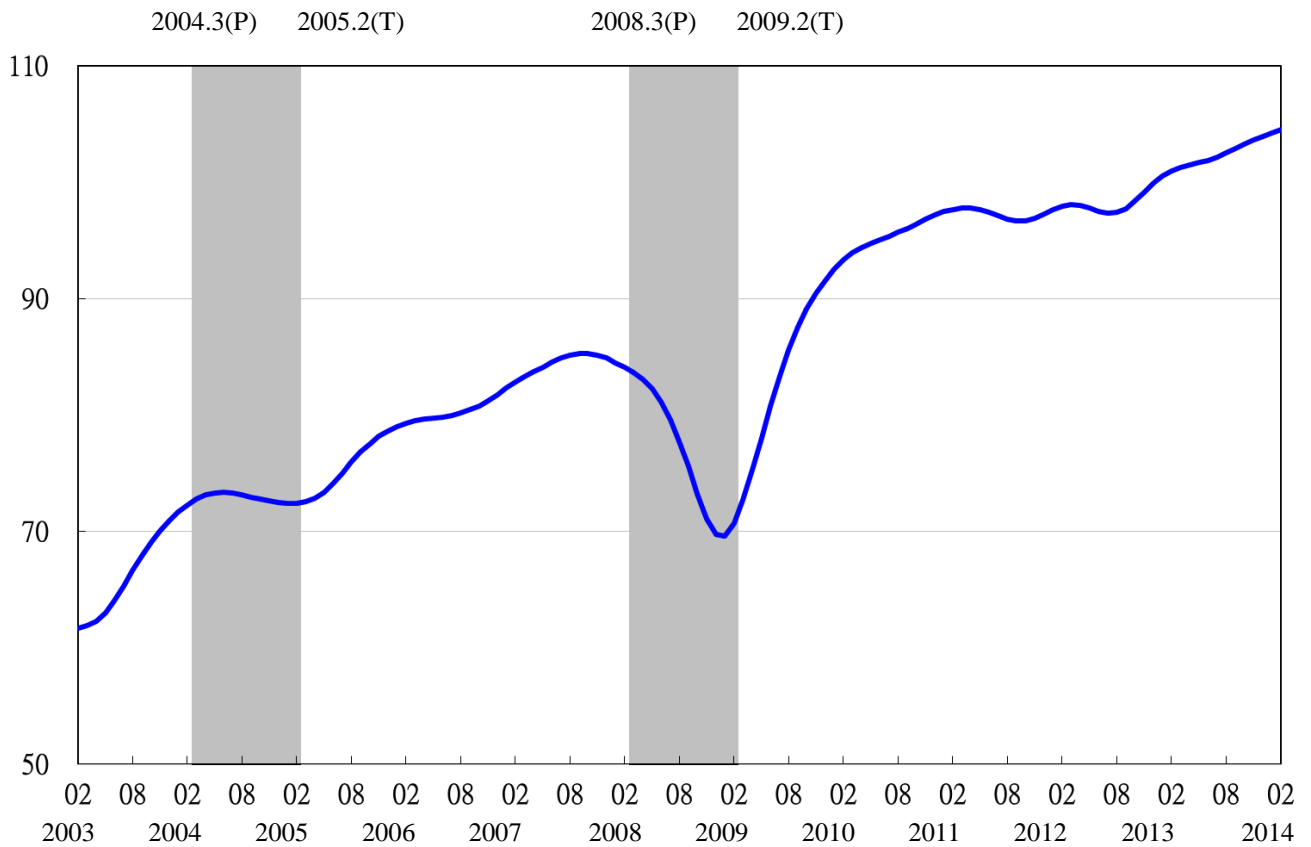
Table 2 Coincident Indicators

	Seasonally adjusted						
	2013					2014	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Composite Index	101.41	101.78	102.23	102.74	103.26	103.72	104.17
Change from preceding month (%)	0.26	0.36	0.44	0.50	0.51	0.44	0.43
Trend adjusted index	99.07	99.31	99.62	100.00	100.38	100.70	101.00
Change from preceding month (%)	0.13	0.24	0.32	0.37	0.38	0.32	0.30
Components							
Industrial production index (2011=100)	100.0	99.9	101.2	102.2	104.3	102.5	103.9
Electric power consumption (billion kWh)	11.92	11.94	11.81	11.91	11.70	12.10	12.14
Index of producer's shipment for manufacturing (2011=100)	99.0	97.7	99.2	99.3	101.9	97.7	102.4 _p
Sales of trade and food services (NT\$ billion)	1,186	1,196	1,206	1,217	1,228	1,227	1,208
Nonagricultural employment (thousand persons)	10,423	10,441	10,452	10,463	10,471	10,483	10,497
Real customs-cleared exports (NT\$ billion)	784.3	783.7	792.6	780.7	800.1	780.0	803.2
Real machineries and electrical equipments imports (NT\$ billion)	194.3	217.8	209.2	207.0	245.4	214.9	204.3

Table 3 Lagging Indicators

	Seasonally adjusted						
	2013					2014	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Composite Index	102.22	101.92	101.62	101.25	100.83	100.42	100.00
Change from preceding month (%)	-0.32	-0.30	-0.30	-0.36	-0.41	-0.41	-0.42
Trend adjusted index	99.87	99.45	99.02	98.54	98.01	97.49	96.96
Change from preceding month (%)	-0.44	-0.42	-0.43	-0.49	-0.54	-0.53	-0.55
Components							
Unemployment rate* (%)	4.18	4.18	4.18	4.15	4.14	4.07	4.05
Regular employees on payrolls in industry & services (thousand persons)	6,976	6,986	6,997	7,009	7,013	7,026	7,032 _p
The manufacturing unit output labor cost index (2011=100)	104.2	102.4	106.1	103.7	100.7	101.6	100.0 _p
Interbank overnight call-loan rate** (percent per annum)	0.386	0.386	0.387	0.386	0.387	0.388	0.387
Loans and investments of monetary financial institutions (NT\$ billion)	26,411	26,532	26,617	26,745	26,695	26,886	27,002
Inventories to sales ratio for manufacturing (%)	66.9	67.8	66.6	67.0	65.8	66.7	65.6 _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

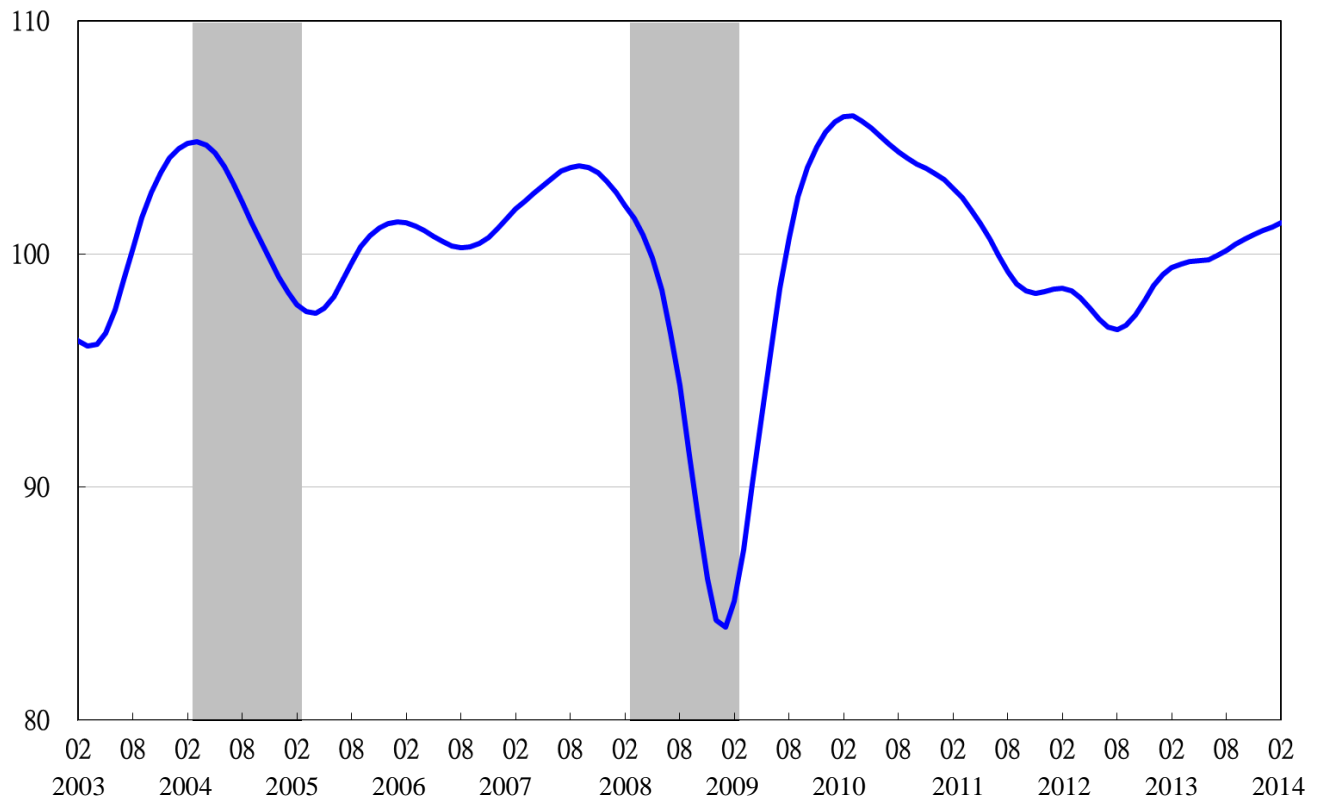


Figure 2 Trend-adjusted Composite Leading Index

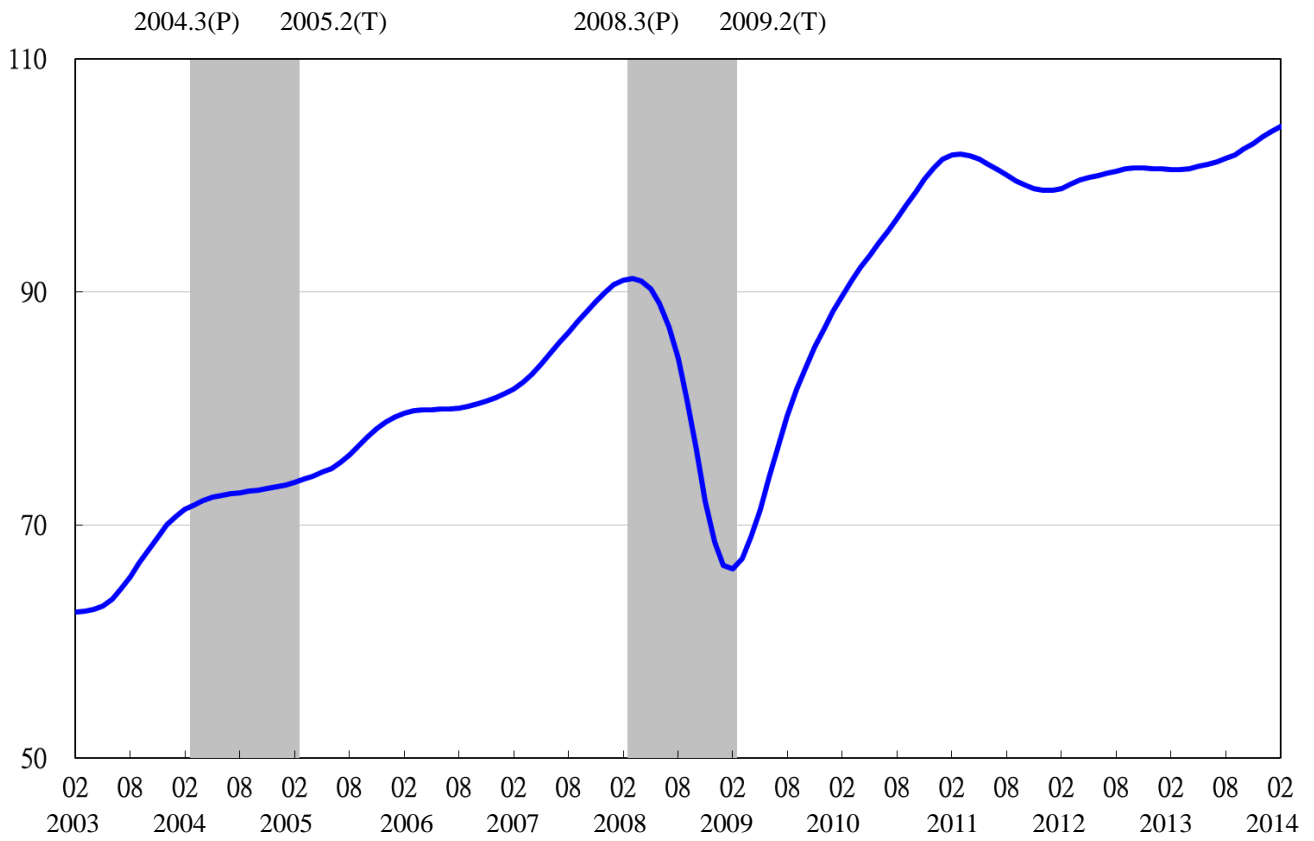


Figure 3 Composite Coincident Index

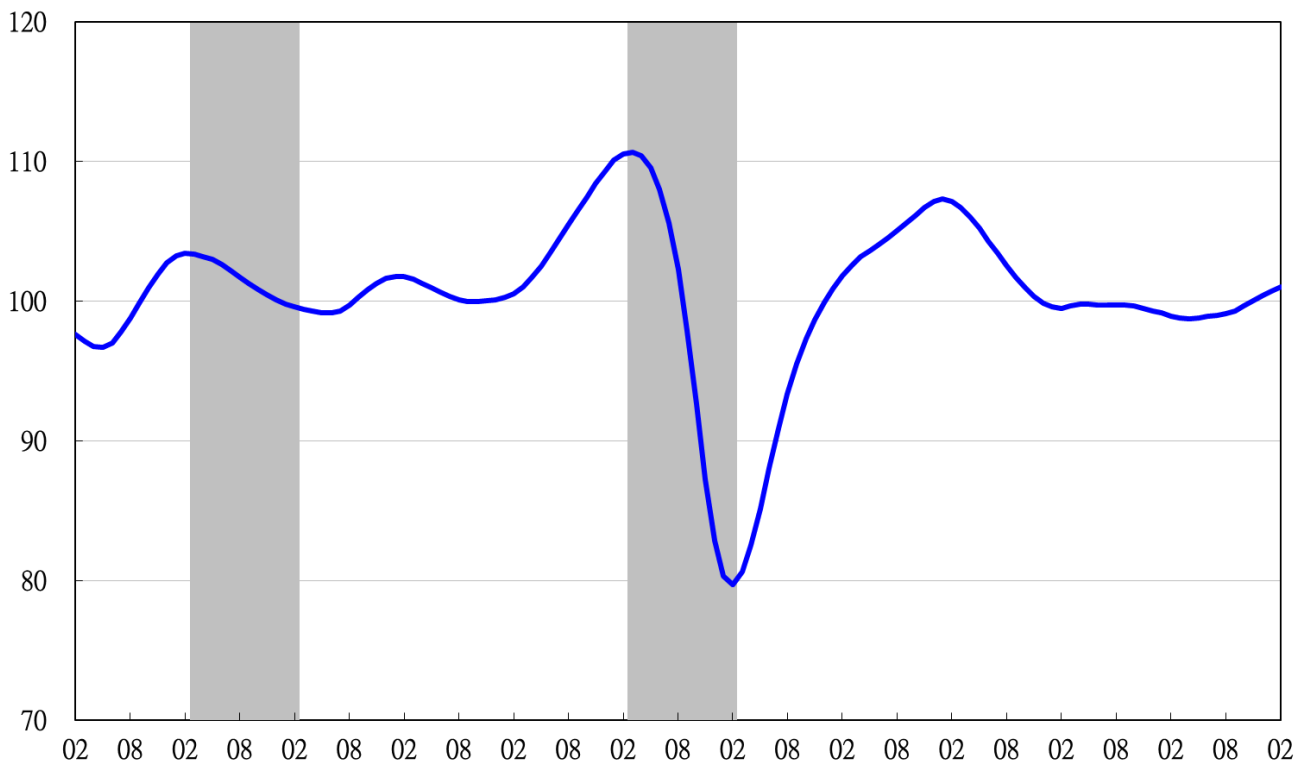


Figure 4 Trend-adjusted Composite Coincident Index

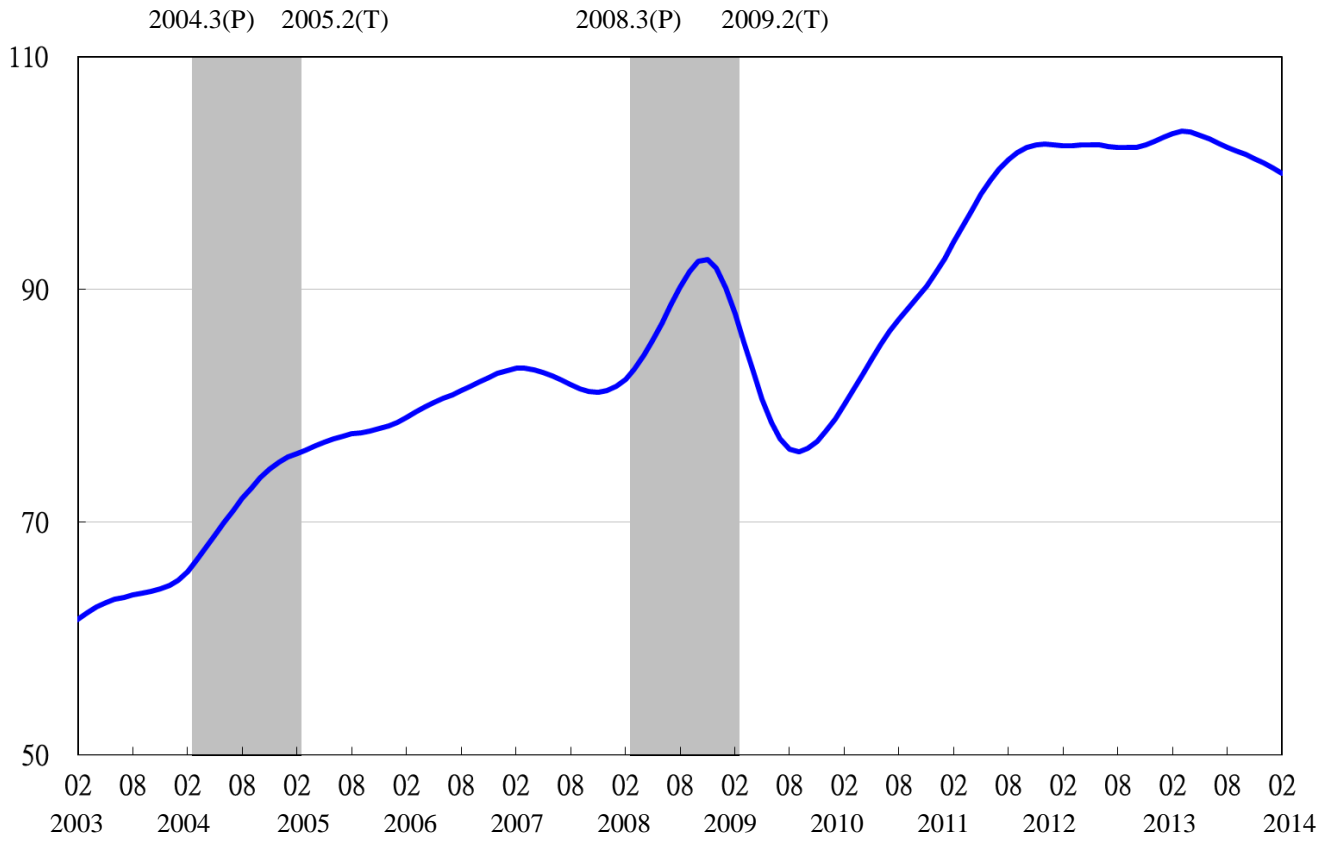


Figure 5 Composite Lagging Index

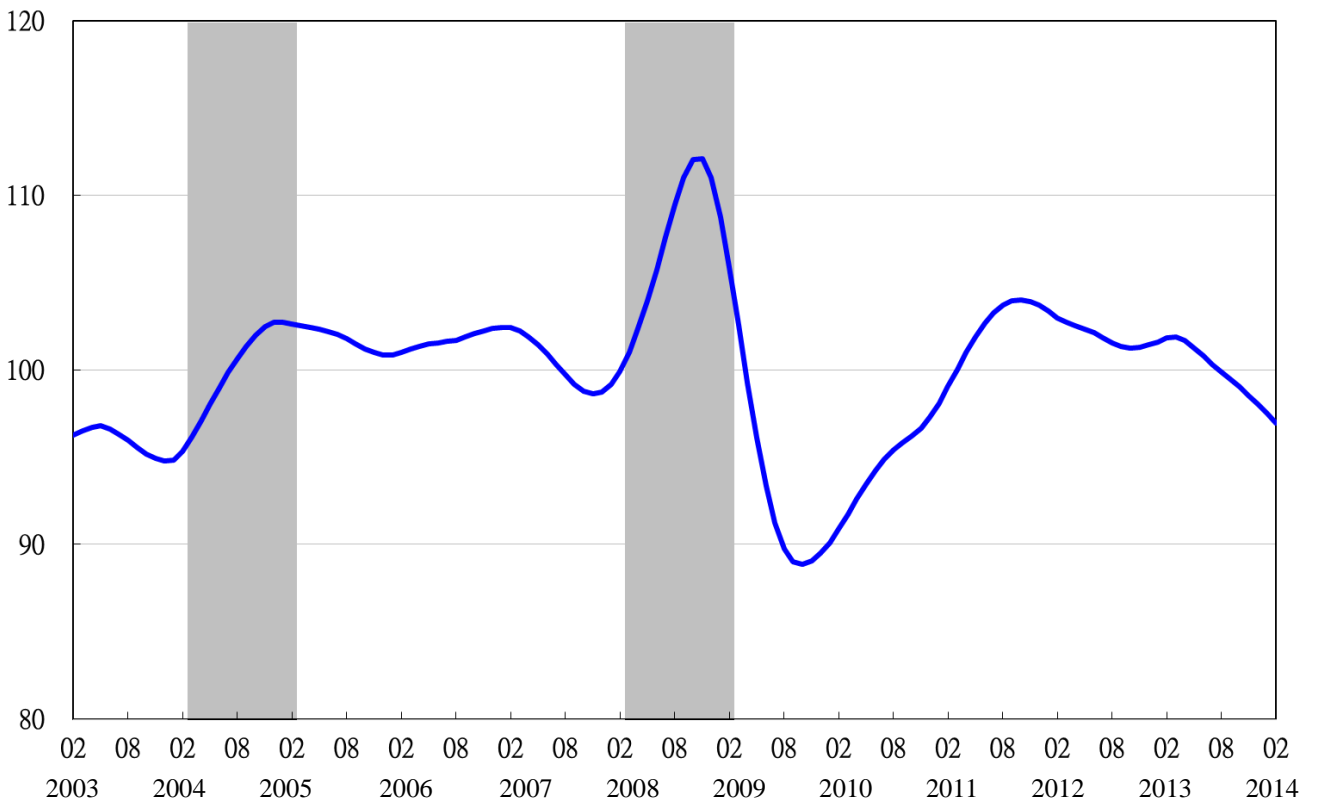


Figure 6 Trend-adjusted Composite Lagging Index

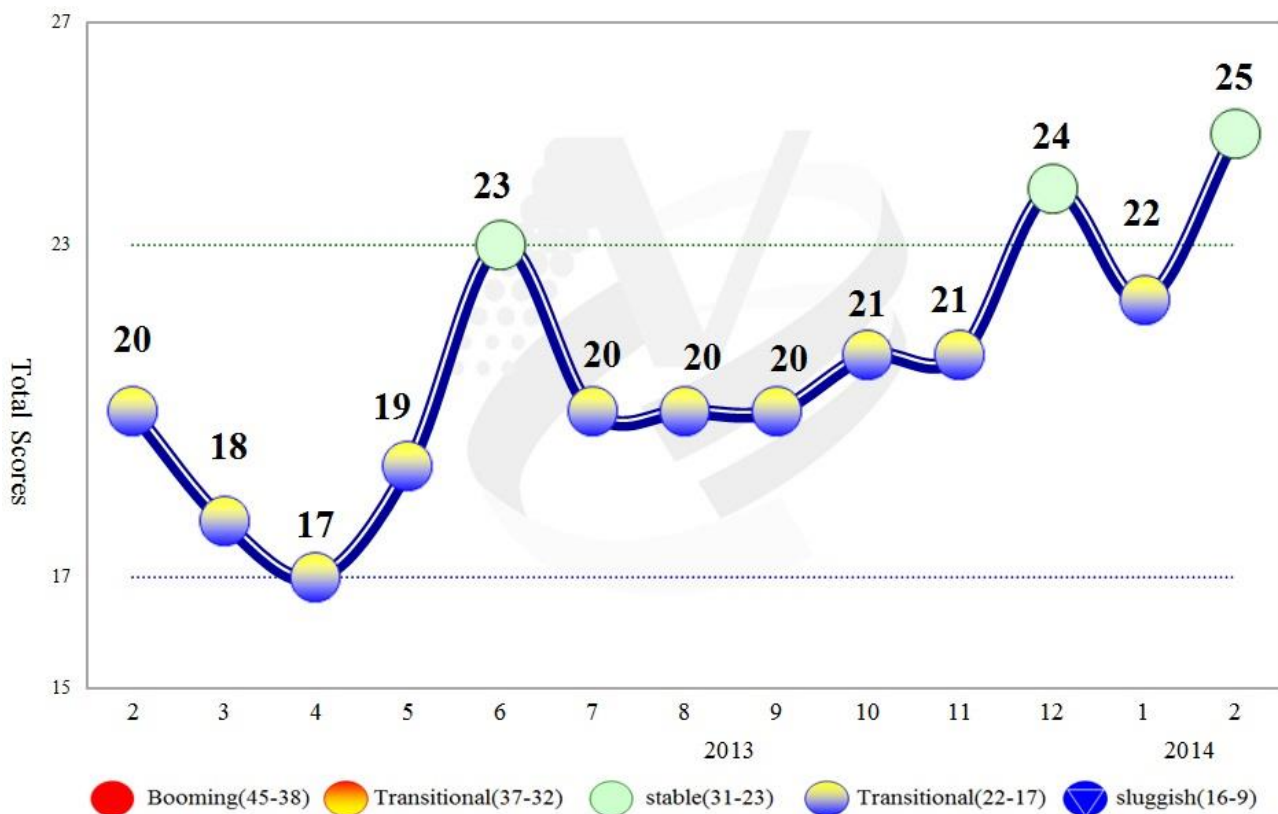


Figure 7 Total Scores in the Past Year

	Month	2013										2014								
		2	3	4	5	6	New Series beginning in July 2013*					7	8	9	10	11	12	1	2	
Total	Light	●	●	●	●	●	New Series beginning in July 2013*					●	●	●	●	●	●	●	●	
Total	Score	20	18	17	19	23	New Series beginning in July 2013*					20	20	20	21	21	24	22	25	
Monetary Aggregates M1B		●	●	●	●	●	Monetary Aggregates M1B					●	●	●	●	●	●	●	8.8	9.0
Direct and Indirect Finance		●	●	●	●	●	—————					—————					—————			
TAIEX average closing price		●	●	●	●	●	TAIEX Average Closing Price					●	●	●	●	●	●	●	10.4	7.1
Industrial Production Index		●	●	●	●	●	Industrial Production Index					●	●	●	●	●	●	●	1.2	4.1
Nonagricultural Employment		●	●	●	●	●	Nonagricultural Employment					●	●	●	●	●	●	●	1.0	1.0
Customs-Cleared Exports		●	●	●	●	●	Customs-Cleared Exports					●	●	●	●	●	●	●	1.7	7.3
Imports of Machinery and Electrical Equipments		●	●	●	●	●	Imports of Machineries and Electrical Equipments					●	●	●	●	●	●	●	0.9	-4.0
Manufacturing Sales		●	●	●	●	●	Index of producer's shipment for manufacturing					●	●	●	●	●	●	●	-3.3 _r	5.6 _p
Sales Index of Trade and Food Services		●	●	●	●	●	Sales of Trade and Food Services					●	●	●	●	●	●	●	3.1 _r	3.1
—————		—————					The TIER Manufacturing Sector Composite Indicator					●	●	●	●	●	●	101.2 _r	101.3	

Notes : 1. Individual Components and check points are in terms of percentage changes over a one-year span, except the TIER Manufacturing Composite Indicator, which is in point (2006=100).
 2. All components, except TAIEX average closing price, have been seasonally adjusted.
 3. p = Prelimarily estimated, r = Revised.

Figure 8 Monitoring Indicators