

Taiwan Business Indicators in April 2004

Press Release

Council for Economic Planning and Development

May 27, 2004

In April 2004, Taiwan's business indicators displayed continued improvement on the real side of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index increased 0.9% and the coincident index slipped 0.1%. The monitoring indicators continued to flash "yellow-red" for five consecutive months, after flashing "green" for the previous five consecutive months. With global economy and trade remaining on the up side, and both domestic and foreign demand encouragingly buoyant, the outlook for the economy has become significantly brighter.

1. **Leading Indicators.** The leading index stood at 110.3 (1996=100), based on revised data, increasing 0.9% from March. The gain came as five out of seven components of the index improved from the preceding month, which were money supply M1B*, stock prices*, wholesale price change from six months earlier, manufacturers' new orders* and customs-cleared exports*. The components contributing negatively to the index's movement were average work hours in the manufacturing sector and floor area of building construction permits.

(Note: components marked with an asterisk indicate year-on-year change rate)

2. **Coincident Indicators.** The coincident index stood at 110.7 (1996=100), based on revised data, declining 0.1% from March. Among the six indicators that make up the coincident index, three that made negative contribution were industrial production*, manufacturing production*, and bank clearings*. Two components that made positive contribution were manufacturing sales and average monthly wage of manufacturing workers*. Domestic freight was not included due to data availability.

3. **The Monitoring Indicators.** The total score of the monitoring indicators gained one point to 37 points in April. Among the nine indicators, three showed changes in their individual light signals, two with gains and one with loss. The improvements were recorded in customs-cleared exports and manufacturing inventory, while bank clearings and remittances fell one point. The light signals for M1B money supply, direct and indirect finance, stock prices, manufacturing new orders, industrial production, and non-agricultural employment remained unchanged.
4. **Business Expectations.** A survey of manufacturers in May indicated that 12% of manufacturing businesses expected the economy to be better over the next three months, down from 19% a month earlier, while 13% held a negative view, up from 11% last month; 75% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 70% in the April survey.

Leading Indicators

	Seasonally adjusted						
	2003			2004			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index(1996=100)	104.6 _r	104.6 _r	106.2 _r	107.1 _r	108.2 _r	109.3 _r	110.3 _p
Change from prior month (%)	1.9 _r	0.0 _r	1.5 _r	0.8 _r	1.0 _r	1.0 _r	0.9 _p
Indicators :							
Manufacturing new orders (yoy %)	10.1	8.7	11.9	7.9	10.1	9.5 _r	13.9 _p
Manufacturing work hours (monthly average)	190.2	188.6	192.2	189.6	188.7	190.1 _r	189.6 _p
Customs-cleared exports (yoy %)	9.6	11.7	16.7	27.2	19.6 _r	12.1	22.4 _p
Money supply M1B (yoy %)	18.9	19.0	18.1	18.8	22.4	24.0	24.6
Wholesale price (% change from 6 month earlier)	-1.1 _r	0.7 _r	1.8 _r	2.8 _r	3.3 _r	4.8 _r	5.3 _p
Stock price (yoy %)	39.0	27.3	26.7	27.5	42.1	49.6	49.8
Floor area of building construction permits (1000 m ²)	2,636	2,643	3,030	3,449	3,332	3,394 _r	3,289 _p

p: Preliminary. r: Revised.

































































































































Coincident Indicators






Seasonally adjusted

	2003			2004			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index(1996=100)	107.5	108.6	109.4	110.1 _r	109.3 _r	110.8 _r	110.7 _p
Change from prior month (%)	0.6	1.0	0.7	0.5	-0.7	1.4	-0.1
Indicators :							
Industrial production (yoy %)	10.2	11.2	15.0	13.4 _r	12.7 _r	13.6 _r	12.3 _p
Manufacturing production (yoy %)	10.5	11.8	16.3	15.2 _r	14.4 _r	14.7 _r	13.3 _p
Manufacturing sales (NT\$ billion)	671.2	677.8	682.7	701.2	696.9	702.9	730.9 _p
Manufacturing average monthly wage (yoy %)	2.2	4.1	0.6	1.2	1.5	3.1 _r	3.2 _p
Bank clearings (yoy %)	-3.0	-2.5	-4.9	6.8	-6.4	7.0	3.9
Domestic freight (million t-km)	1,641	1,661	1,674	1,669	1,674	-	-

p: Preliminary. r: Revised.

Monitoring Indications

		2003										2004			
		4	5	6	7	8	9	10	11	12	1	2	3	4	
Total Scores		 14	 14	 20	 24	 26	 29	 31	 30	 34	 35	 34	 36	 37	
Financial Sector	Monetary Aggregates M1B, yoy%													24.6	
	Direct and Indirect Finance, yoy%														9.7 _p
	Bank Clearings and Remittance, yoy%														21.8
	Stock Price Index, 1966=100, yoy%														49.8
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													8.1 _p	
	Exports, 2001\$, yoy%														25.1 _p
	Industrial Production Index, 1996=100, yoy%														12.3 _p
	Manufacturing Inventory-to-Sales ratio, %														53.5 _r
	Nonagricultural Employment, yoy%														2.7

 Overheating
  Transition in need of watching
  Steadily moving forward
  Transition in need of watching
  Recession

Note: All data, except stock price index, have been seasonally adjusted.

Business Expectations

	Business conditions 3 months later (% of manufacturing firms surveyed)				Capacity utilization (%)	Profit rate (%)	
	Better (1)	Same (2)	Worse (3)	Net change (1)-(3)			
2002	Aug	21	59	20	1	77.6	5.0
	Sep	14	68	18	-4	77.2	4.9
	Oct	10	69	21	-11	78.5	5.1
	Nov	13	68	19	-6	77.8	5.1
	Dec	21	66	13	8	78.0	4.9
2003	Jan	25	65	10	15	78.0	5.0
	Feb	26	61	13	13	73.4	4.5
	Mar	19	65	16	3	78.4	4.8
	Apr	13	61	26	-13	77.7	4.6
	May	16	69	15	1	78.1	4.5
	Jun	17	75	8	9	77.5	4.5
	Jul	17	70	13	4	79.2	4.9
	Aug	22	65	13	9	78.7	4.8
	Sep	22	65	13	9	78.7	4.8
	Oct	18	69	13	5	80.2	5.0
	Nov	20	65	15	5	79.5	4.9
	Dec	24	66	10	14	80.4	5.1
2004	Jan _r	34	59	7	27	77.1	4.7
	Feb _r	32	58	10	22	79.3	5.0
	Mar	19	70	11	8	80.9	5.2
	Apr _p	12	75	13	-1	80.5	5.1

p: Preliminary. r: Revised.

~~ The next release is scheduled for June 28, 2004 ~~