

Taiwan Business Indicators in September 2004

Press Release

Council for Economic Planning and Development

October 27, 2004

In September 2004, Taiwan's business indicators displayed mixed signals on the financial and real sides of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index showed no change from the preceding month while the coincident index decreased by 0.69%. The monitoring indicators flashed "yellow-red" for the fourth consecutive month. With the global economy and world trade remaining favorable, and both domestic and foreign demand buoyant, the outlook for the economy remains bright.

1. **Leading Indicators.** The leading index stood at 107.8 (1996=100), unchanged from August, based on revised data. Four out of seven components of the index increased from the preceding month, which were stock prices*, customs-cleared exports*, manufacturers' new orders*, and floor area of building construction permits. The components that declined are money supply M1B*, wholesale price change from six months earlier, and average work hours in the manufacturing sector.

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

2. **Coincident Indicators.** The coincident index stood at 110.0 (1996=100), based on revised data, slipping 0.7% from August. Among the six indicators that make up the coincident index, three that made negative contribution were industrial production*, manufacturing production*, and bank clearings*. The components that made positive contribution were average monthly wage of manufacturing workers* and

manufacturing sales. Domestic freight was not included due to data availability.

3. The Monitoring Indicators. The total score of the monitoring indicators lost one point to 32 points in September. The fall is attributable to slower growth in industrial production. The light signals for M1B money supply, direct and indirect finance, stock prices, bank clearings and remittances, customs-cleared exports, manufacturing new orders, manufacturing inventory, and non-agricultural employment remained unchanged.
4. Business Expectations. A survey of manufacturers for September indicated that 16% of manufacturing businesses expected the economy to be better over the next three months, unchanged from a month earlier, while another 19% held a negative view, up from 13% last month; 65% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from 71% in the August survey.

Leading Indicators

	Seasonally adjusted						
	2004						
	Mar	Apr	May	June	July	Aug	Sep
Composite index(1996=100)	109.3	110.8 _r	109.9	108.3	108.5	107.8 _r	107.8 _p
Change from prior month (%)	1.0	1.4 _r	-0.8 _r	-1.5	0.2	-0.6 _r	0.0 _p
Indicators :							
Manufacturing new orders (yoy %)	9.5	13.9	14.1	16.0	20.4	20.5 _r	24.1 _p
Manufacturing work hours (monthly average)	190.1	192.1	189.7	189.8	188.5	188.5 _r	187.4 _p
Customs-cleared exports (yoy %)	12.2	22.5	24.0	23.8	25.4	17.3	21.6 _p
Money supply M1B (yoy %)	24.0	24.6	23.6	20.2	18.9	18.0	16.6
Wholesale price (% change from 6 month earlier)	4.8	5.4	5.7	5.4	6.3	6.9 _r	6.2
Stock price (yoy %)	49.6	49.8	36.9	18.2	5.0	0.9	3.3
Floor area of building construction permits (1000 m ²)	3,394	3,329	3,407	3,278	3,776	3,598 _r	3,689 _p

p: Preliminary. r: Revised.

Coincident Indicators

Seasonally adjusted

	2004						
	Mar	Apr	May	June	July	Aug	Sep
Composite index(1996=100)	111.2	111.2	113.1	113.1	111.2	110.7 _r	110.0 _p
Change from prior month (%)	1.6	0.0	1.7	0.0	-1.7	-0.4 _r	-0.7 _p
Indicators :							
Industrial production (yoy %)	14.1	13.0	17.7	15.1	9.5	8.8 _r	7.0 _p
Manufacturing production (yoy %)	15.3	14.1	18.7	16.4	10.6	9.9 _r	8.1 _p
Manufacturing sales (NT\$ billion)	702.9	730.9	757.2	763.4	779.1	802.5 _r	803.6 _p
Manufacturing average monthly wage (yoy %)	3.1	3.2	0.4	3.2	4.4 _r	-0.1 _r	2.0 _p
Bank clearings (yoy %)	7.0	3.9	3.6	-5.0	-11.5	-6.5	-15.6
Domestic freight (million t-km)	1,707	1,707	1,732	1,772	-	-	-

p: Preliminary. r: Revised.

Monitoring Indications

		2003				2004									
		9	10	11	12	1	2	3	4	5	6	7	8	9	
Total Scores		29	31	30	34	35	34	36	37	39	36	35	33	32	
Financial Sector	Monetary Aggregates M1B, yoy%													16.6	
	Direct and Indirect Finance, yoy%													9.3 _p	
	Bank Clearings and Remittance, yoy %														3.7
	Stock Price Index, 1966=100, yoy%														3.3
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %													10.9 _p	
	Exports, 2001\$, yoy %														15.4 _p
	Industrial Production Index, 1996=100, yoy%														7.0 _p
	Manufacturing Inventory-to-Sales ratio, %														51.0 _p
Nonagricultural Employment, yoy%														3.0	

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)			
2003	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	34	59	7	27	77.1	4.7
		Feb	32	58	10	22	79.3	5.2 _r
Mar		19	70	11	8	81.0	5.4 _r	
Apr		13	74	13	0	80.5	5.2 _r	
May		14	69	17	-3	80.3	5.2 _r	
Jun		12	73	15	-3	80.3	5.0	
Jul		12	71	17	-5	80.7	5.1	
Aug _r		16	71	13	3	80.5	5.0	
Sep _p		16	65	19	-3	80.4	5.0	

p: Preliminary. r: Revised.

~~ The next release is scheduled for November 26, 2004 ~~