

Taiwan Business Indicators in February 2004

Press Release

Council for Economic Planning and Development

March 26, 2004

In February 2004, Taiwan's business indicators displayed mixed signals about the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index increased 0.7% while the coincident index declined 1.5%. The monitoring indicators continued to flash "yellow-red" for the third time in four years, 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 107.6 (1996=100), based on revised data, increasing 0.7% from January. The gain came as four 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 and manufacturers' new orders*. The components contributing negatively to the index's movement were customs-cleared exports*, floor area of building construction permits 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 108.3 (1996=100), based on revised data, falling 1.5% from January. Among the six indicators that make up the coincident index, five that made negative contribution were industrial production*, manufacturing production*, manufacturing sales, bank clearings* 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 lost one point to 34 points in February. Among the nine indicators, five showed changes in their individual light signals, two with gains and three with losses. The improvements were recorded in direct and indirect finance and stock prices, while those that fell were bank clearings and remittances, manufacturing inventory, and non-agricultural employment. The light signals for M1B money supply, customs-cleared exports, industrial production, and manufacturing new orders remained unchanged.
4. **Business Expectations.** A survey of manufacturers in February indicated that 32% of manufacturing businesses expected the economy to be better over the next three months, down from 34% a month earlier, while 10% held a negative view, up from 7% last month; 58% of the manufacturers surveyed expected the economy's performance to remain unchanged, marginally down from 59% in February.

Leading Indicators

	Seasonally adjusted						
	2003 _r					2004	
	Aug	Sep	Oct	Nov	Dec	Jan _r	Feb
Composite index(1996=100)	101.5	102.5	104.3	104.5	106.1	106.9	107.6 _p
Change from prior month (%)	0.0	1.0	1.8	0.2	1.5	0.8	0.7 _p
Indicators :							
Manufacturing new orders (yoy %)	9.9	7.2	10.1	8.7	11.9	7.9	9.4 _p
Manufacturing work hours (monthly average)	187.3	188.5	190.2	188.6	192.2	189.6	185.1 _p
Customs-cleared exports (yoy %)	9.8	14.1	9.6	11.7	16.7	22.8	20.7 _p
Money supply M1B (yoy %)	13.6	16.1	18.9	19.0	18.1	18.8	22.4
Wholesale price (% change from 6 month earlier)	-2.0	-3.0	-1.5	0.5	1.9	2.8	3.2 _p
Stock price (yoy %)	12.5	27.3	39.0	27.3	26.7	27.5	42.1
Floor area of building construction permits (1000 m ²)	2,504	2,643	2,636	2,643	3,030	3,449	3,299 _p

p: Preliminary. r: Revised.

Note: All figures were updated to incorporate source data change and annual seasonal adjustment.

Coincident Indicators

































































































































Seasonally adjusted

	2003 _r					2004	
	Aug	Sep	Oct	Nov	Dec	Jan _r	Feb
Composite index(1996=100)	105.8	106.9	107.5	108.6	109.4	109.9	108.3 _p
Change from prior month (%)	0.8	1.0	0.6	1.0	0.7	0.5	-1.5
Indicators :							
Industrial production (yoy %)	6.7	9.4	10.2	11.2	15.0	12.7	11.3 _p
Manufacturing production (yoy %)	7.3	8.3	10.5	11.8	16.3	14.5	12.9 _p
Manufacturing sales (NT\$ billion)	657.4	655.4	671.2	677.8	682.7	701.2	691.8 _p
Manufacturing average monthly wage (yoy %)	4.0	2.3	2.2	4.1	0.6	1.2	1.0 _p
Bank clearings (yoy %)	-16.6	-2.7	-3.0	-2.5	-4.9	6.8	-6.4
Domestic freight (million t-km)	1,635	1,646	1,641	1,661	1,674	-	-

p: Preliminary. r: Revised.

Note: All figures were updated to incorporate source data change and annual seasonal adjustment.

Monitoring Indications

		2003											2004	
		2	3	4	5	6	7	8	9	10	11	12	1	2
Total Scores		 22	 17	 14	 14	 20	 24	 26	 29	 31	 30	 34	 35	 34
Financial Sector	Monetary Aggregates M1B, yoy%													22.4
	Direct and Indirect Finance, yoy%													 7.9 _p
	Bank Clearings and Remittance, yoy%													 11.6
	Stock Price Index, 1966=100, yoy%													 42.1
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													6.7 _p
	Exports, 2001\$, yoy%													 24.7 _p
	Industrial Production Index, 1996=100, yoy%													 11.3 _p
	Manufacturing Inventory-to-Sales ratio, %													 57.6 _p
	Nonagricultural Employment, yoy%													 2.3

● 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	Jun	15	63	22	-7	77.3	4.8
	Jul	20	57	23	-3	77.8	5.0
	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 _p	32	58	10	22	79.3	5.0

p: Preliminary. r: Revised.

~~ The next release is scheduled for April 27, 2004 ~~