

## Taiwan Business Indicators in March 2004

Press Release

Council for Economic Planning and Development

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In March 2004, Taiwan's business indicators displayed continued improvement on the real and financial sides the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index increased 0.8% and 1.5%, respectively. The monitoring indicators continued to flash "yellow-red" for four 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 109.0 (1996=100), based on revised data, increasing 0.8% from February. 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, average work hours in the manufacturing sector and floor area of building construction permits. The components contributing negatively to the index's movement were manufacturers' new orders\* and customs-cleared exports\*.

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

2. Coincident Indicators. The coincident index stood at 110.4 (1996=100), based on revised data, rising 1.5% from February. Among the six indicators that make up the coincident index, five that made positive 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 gained two points to 36 points in March. Among the nine indicators, three showed changes in their individual light signals, two with gains and one with loss. The improvements were recorded in bank clearings and remittances and non-agricultural employment, while customs-cleared exports fell one point. The light signals for M1B money supply, direct and indirect finance, stock prices, manufacturing new orders, industrial production, and manufacturing inventory remained unchanged.
4. Business Expectations. A survey of manufacturers in April indicated that 19% of manufacturing businesses expected the economy to be better over the next three months, down from 32% a month earlier, while 11% held a negative view, up from 10% last month; 70% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 58% in March.

### Leading Indicators

	Seasonally adjusted						
	2003				2004		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index(1996=100)	102.4 <sub>r</sub>	104.3	104.4 <sub>r</sub>	106.1	106.9	108.1 <sub>r</sub>	109.0 <sub>p</sub>
Change from prior month (%)	0.9	1.9	0.1	1.6	0.8	1.1	0.8
Indicators :							
Manufacturing new orders (yoy %)	7.2	10.1	8.7	11.9	7.9	10.1 <sub>r</sub>	8.7 <sub>p</sub>
Manufacturing work hours (monthly average)	188.5	190.2	188.6	192.2	189.6	188.7 <sub>r</sub>	189.1 <sub>p</sub>
Customs-cleared exports (yoy %)	14.1	9.6	11.7	16.7	27.2 <sub>r</sub>	20.6 <sub>r</sub>	12.1 <sub>p</sub>
Money supply M1B (yoy %)	16.1	18.9	19.0	18.1	18.8	22.4	24.0
Wholesale price ( % change from 6 month earlier )	-3.0	-1.5	0.5	1.9	2.7 <sub>r</sub>	3.3 <sub>r</sub>	4.9 <sub>p</sub>
Stock price (yoy %)	27.3	39.0	27.3	26.7	27.5	42.1	49.7
Floor area of building construction permits (1000 m <sup>2</sup> )	2,601 <sub>r</sub>	2,636	2,643	3,030	3,449	3,332 <sub>r</sub>	3,435 <sub>p</sub>

p: Preliminary. r: Revised.

## Coincident Indicators

Seasonally adjusted

	2003				2004		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index(1996=100)	106.9	107.5	108.6	109.4	109.9	108.8 <sub>r</sub>	110.4 <sub>p</sub>
Change from prior month (%)	1.0	0.6	1.0	0.7	0.5	-1.0	1.5
Indicators :							
Industrial production (yoy %)	9.4	10.2	11.2	15.0	12.7	12.2 <sub>r</sub>	13.7 <sub>p</sub>
Manufacturing production (yoy %)	8.3	10.5	11.8	16.3	14.5	13.9 <sub>r</sub>	14.8 <sub>p</sub>
Manufacturing sales (NT\$ billion)	655.4	671.2	677.8	682.7	701.2	696.9 <sub>r</sub>	702.9 <sub>p</sub>
Manufacturing average monthly wage (yoy %)	2.3	2.2	4.1	0.6	1.2	1.5 <sub>r</sub>	2.2 <sub>p</sub>
Bank clearings (yoy %)	-2.7	-3.0	-2.5	-4.9	6.8	-6.4	7.0
Domestic freight ( million t-km )	1,646	1,641	1,661	1,674	-	-	-

p: Preliminary. r: Revised.

## Monitoring Indications

		2003										2004		
		3	4	5	6	7	8	9	10	11	12	1	2	3
Total Scores														
		17	14	14	20	24	26	29	31	30	34	35	34	36
Financial Sector	Monetary Aggregates M1B, yoy%													24.0
	Direct and Indirect Finance, yoy%													9.1 <sub>p</sub>
	Bank Clearings and Remittance, yoy%													39.4
	Stock Price Index, 1966=100, yoy%													49.6
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													5.7 <sub>p</sub>
	Exports, 2001\$, yoy%													16.3 <sub>p</sub>
	Industrial Production Index, 1996=100, yoy%													13.7 <sub>p</sub>
	Manufacturing Inventory-to-Sales ratio, %													56.5 <sub>p</sub>
	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	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 <sub>r</sub>	34	59	7	27	77.1	4.7
	Feb <sub>r</sub>	32	58	10	22	79.3	5.0
	Mar <sub>p</sub>	19	70	11	8	80.9	5.2

p: Preliminary. r: Revised.

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