

Taiwan Business Indicators in October 2004

Press Release

Council for Economic Planning and Development

November 26, 2004

In October 2004, Taiwan's business indicators displayed a softening on both 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 and the coincident index decreased by 0.6% and 1.2%, respectively. The monitoring indicators flashed "green" for the first time since last December, signaling the economy's shift to a more sustained pace of expansion. 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 106.7 (1996=100), down 1.2% from September, based on revised data. All but one of the seven components of the index decreased from the preceding month, which were money supply M1B*, stock prices*, customs-cleared exports*, manufacturers' new orders*, average work hours in the manufacturing sector and floor area of building construction permits. The components that increased is wholesale price change from six months earlier.

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

2. Coincident Indicators. The coincident index stood at 110.2 (1996=100), based on revised data, slipping 0.6% from September. 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 three points to 29 points in October. The fall is attributable to slower growth in stock prices, bank clearings and remittances, and customs-cleared exports. The light signals for M1B money supply, direct and indirect finance, manufacturing new orders, industrial production, manufacturing inventory, and non-agricultural employment remained unchanged.
4. Business Expectations. A survey of manufacturers for October indicated that 13% of manufacturing businesses expected the economy to be better over the next three months, declining from 14% a month earlier, while another 16% held a negative view, falling from 18% last month; 71% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 68% of the September survey.

Leading Indicators

	Seasonally adjusted						
	2004						
	Apr	May	June	July	Aug	Sep	Oct
Composite index(1996=100)	110.8	109.9	108.3	108.5	107.7 _r	108.0 _r	106.7 _p
Change from prior month (%)	1.4	-0.8	-1.5	0.2	-0.7 _r	0.3 _r	-1.2 _p
Indicators :							
Manufacturing new orders (yoy %)	13.9	14.1	16.0	20.4	20.5	24.1	21.4 _p
Manufacturing work hours (monthly average)	192.1	189.7	189.8	188.5	188.5	189.2 _r	189.0 _p
Customs-cleared exports (yoy %)	22.5	24.0	23.8	25.4	17.0 _r	21.6	15.3 _p
Money supply M1B (yoy %)	24.6	23.6	20.2	18.9	18.0	16.6	14.4
Wholesale price (% change from 6 month earlier)	5.4	5.7	5.4	6.2 _r	6.8 _r	6.2	6.4 _p
Stock price (yoy %)	49.8	36.9	18.2	5.0	0.9	3.3	-0.9
Floor area of building construction permits (1000 m ²)	3,329	3,407	3,278	3,776	3,598	3,686 _r	3,521 _p

p: Preliminary. r: Revised.
































































































































Coincident Indicators






Seasonally adjusted

	2004						
	Apr	May	June	July	Aug	Sep	Oct
Composite index(1996=100)	111.2	113.1	113.1	112.2 _r	111.6 _r	110.9 _r	110.2 _p
Change from prior month (%)	0.0	1.7	0.0	-0.8 _r	-0.5 _r	-0.6 _r	-0.6 _p
Indicators :							
Industrial production (yoy %)	13.0	17.7	15.1	9.5	8.8	7.1 _r	5.3 _p
Manufacturing production (yoy %)	14.1	18.7	16.4	10.6	9.9	8.1 _r	5.4 _p
Manufacturing sales (NT\$ billion)	730.9	757.2	763.4	779.1	802.5	802.4 _r	809.5 _p
Manufacturing average monthly wage (yoy %)	3.2	0.4	3.2	4.4	-0.1	2.6 _r	2.8 _p
Bank clearings (yoy %)	3.9	3.6	-5.0	-11.5	-6.5	-15.6	-17.6
Domestic freight (million t-km)	1,707	1,732	1,772	1,817	1,798	-	-

p: Preliminary. r: Revised.

Monitoring Indications

		2003			2004									
		10	11	12	1	2	3	4	5	6	7	8	9	10
Total Scores		 31	 30	 34	 35	 34	 36	 37	 39	 36	 35	 33	 32	 29
Financial Sector	Monetary Aggregates M1B, yoy%													14.4
	Direct and Indirect Finance, yoy%													9.0 _p
	Bank Clearings and Remittance, yoy %													 -1.4
	Stock Price Index, 1966=100, yoy%													 -0.9
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %													7.3 _p
	Exports, 2001\$, yoy %													 7.7 _p
	Industrial Production Index, 1996=100, yoy%													 5.3 _p
	Manufacturing Inventory-to-Sales ratio, %													 53.0 _p
	Nonagricultural Employment, yoy%													 3.2

 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 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	16	71	13	3	80.5	5.0
Sep _r	14	68	18	-4	80.4	5.0
Oct _p	13	71	16	-3	80.4	5.0

p: Preliminary. r: Revised.

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