

Taiwan Business Indicators in October 2005

Press Release

Council for Economic Planning and Development

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In October 2005, Taiwan's business indicators continued to display upturns 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 fell 0.8%, while the coincident index rose 0.8%, respectively, from the previous month. The monitoring indicators flashed "green" for the third consecutive month in October, reflecting steady expansion of the economy.

1. **Leading Indicators.** The leading index stood at 107.9 (2001=100), decreasing 0.8% from September. Among the seven indicators that make up the composite index, only customs-cleared exports* made positive contribution. The components that made negative contribution were floor area of building construction permits, average work hours in the manufacturing sector, money supply M1B*, stock prices*, wholesale price change from six months earlier and manufacturers' new orders*.

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

2. **Coincident Indicators.** The coincident index stood at 114.1 (2001=100), increasing 0.8% from September, based on revised data. Among the six indicators that make up the composite index, three that made positive contribution were bank clearings*, industrial production*, and manufacturing production*. Two that made negative contribution were manufacturing sales and average monthly wage of manufacturing workers*. Domestic freight was not included due to data unavailability.
3. **The Monitoring Indicators.** The total score recorded 23 in October, remaining at the same level of September. Among the nine indicators, six showed changes in their individual light signals, three with gains and

three with loss. The improvement was recorded in bank clearings and remittances, customs-cleared exports and industrial production. The fall was recorded in M1B money supply, stock prices and manufacturing inventory. The light signals for direct and indirect finance, manufacturing new orders and non-agricultural employment remained unchanged.

4. Business Expectations. A survey of manufacturers for October indicated that 10% of manufacturing businesses expected the economy to be better over the next three months, down from the revised 12% a month earlier, while another 24% held a negative view, up from the revised 22% a month earlier; and 66% of the manufacturers surveyed expected the economy's performance to remain unchanged, the same as September survey.

~~ The next release is scheduled for December 27, 2005 ~~

Leading Indicators

Seasonally adjusted

	2005						
	Apr	May	Jun	July	Aug	Sep	Oct
Composite index(2001=100)	104.8	105.8	107.5	107.3 _r	108.4 _r	108.8	107.9 _p
Change from prior month (%)	-2.0	1.0	1.6	-0.2 _r	1.0 _r	0.4 _r	-0.8 _p
Indicators :							
Manufacturing new orders (yoy %)	3.9	2.9	3.8	-0.4	4.4	3.6 _p	3.2 _p
Manufacturing work hours (monthly average)	184.5	191.5	192.7	189.1	190.7	191.2 _r	189.1 _p
Customs-cleared exports (yoy %)	6.1	-2.3	-1.2	-0.9	0.9 _r	5.3	11.4 _p
Money supply M1B (yoy %)	6.2	5.9	7.2	7.6	7.5	6.1	5.1
Wholesale price (% change from 6 month earlier)	-3.0	-3.0	-1.7	-0.2 _r	0.5 _r	2.5 _r	2.0 _p
Stock price (yoy %)	-11.9	0.3	8.0	14.1	13.6	3.4	-0.1
Floor area of building construction permits (1000 m ²)	3,367	3,634	3,814	3,351	3,547	3,853 _r	3,378 _p

p: Preliminary. r: Revised.

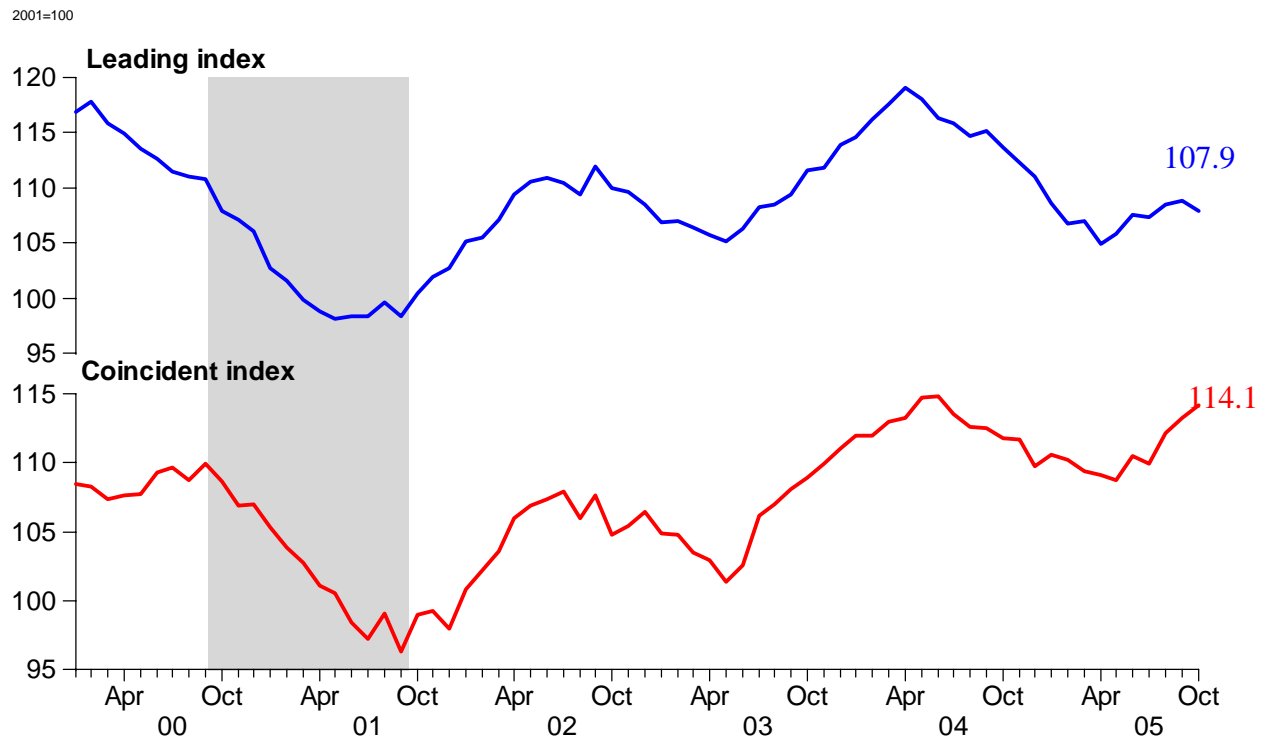
Coincident Indicators

Seasonally adjusted

	2005						
	Apr	May	Jun	July	Aug	Sep	Oct
Composite index(2001=100)	109.1	108.7	110.4	109.9 _r	112.1 _r	113.2 _r	114.1 _p
Change from prior month (%)	-0.1	-0.4	1.6	-0.5 _r	2.0 _r	1.0 _r	0.8 _p
Indicators :							
Industrial production (yoy %)	1.6	-1.2	1.0	-0.6	4.8	7.0 _r	9.2 _p
Manufacturing production (yoy %)	0.7	-1.1	0.7	-0.7	4.0	7.2 _r	8.8 _p
Manufacturing sales (NT\$ billion)	774.8	769.0	779.2	778.1	779.4	796.5	785.7 _p
Manufacturing average monthly wage (yoy %)	-0.1	1.2	2.2	1.8	2.7	3.3 _r	3.2 _p
Bank clearings (yoy %)	-21.4	-12.4	-3.1	-8.8	-0.2	-4.6	2.4
Domestic freight (million t-km)	1,806	1,782	1,796	1,815	1,822	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2004			2005									
		10	11	12	1	2	3	4	5	6	7	8	9	10
Total Scores		29	28	26	23	23	22	20	18	20	19	23	23	23
Financial Sector	Monetary Aggregates M1B, yoy%													5.1
	Direct and Indirect Finance, yoy%													7.5
	Bank Clearings and Remittance, yoy%													2.4
	Stock Price Index, 1966=100, yoy%													-0.1
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													5.0 _p
	Exports, 2001\$, yoy%													16.4
	Industrial Production Index, 2001=100, yoy%													9.2
	Manufacturing Inventory-to-Sales ratio, %													67.2 _p
	Nonagricultural Employment, yoy%													2.2

● 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)		
2004	Sep	14	68	18	-4	80.4	5.0
	Oct	13	72	15	-2	80.4	5.0
	Nov	12	68	20	-8	80.1	4.9
	Dec	12	71	17	-5	80.3	4.8
2005	Jan	22	64	14	8	80.3	4.9
	Feb	23	67	10	13	77.0	4.6
	Mar	17	72	11	6	80.5	5.1
	Apr	14	67	19	-5	79.8	5.0
	May	18	65	17	1	79.8	5.0
	Jun	19	61	20	-1	79.6	4.9
	Jul	17	60	23	-6	79.6	4.8
	Aug	19	65	16	3	81.0	5.0
	Sep _r	12	66	22	-10	80.8	5.2
	Oct _p	10	66	24	-14	81.0	5.2