

Taiwan Business Indicators in November 2005

Press Release

Council for Economic Planning and Development

December 27, 2005

In November 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 rose 1.1%, while the coincident index slipped 0.1%, respectively, from the previous month. The monitoring indicators flashed "green" for the fourth consecutive month in November, reflecting the steadily gathering momentum of the economy.

1. **Leading Indicators.** The leading index stood at 109.0 (2001=100), increasing 1.1% from October, based on revised data. All seven components of the index rose from the preceding month, including wholesale price change from six months earlier, floor area of building construction permits, stock prices*, customs-cleared exports*, manufacturing new orders*, average work hours in the manufacturing sector and money supply M1B*.

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

2. **Coincident Indicators.** The coincident index stood at 113.6 (2001=100), decreasing 0.1% from October, based on revised data. Among the six indicators that make up the composite index, three that made positive contribution were manufacturing production*, industrial production* and manufacturing sales. Two that made negative contribution were bank clearings* and average monthly wage of manufacturing workers*. Domestic freight was not included due to data unavailability.
3. **The Monitoring Indicators.** The total score recorded 24 in November, remaining at the same level of October, based on revised data. Among the nine indicators, six showed changes in their individual light signals,

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

4. Business Expectations. A survey of manufacturers for November indicated that 11% of manufacturing businesses expected the economy to be better over the next three months, same as the revised result a month earlier, while another 21% held a negative view, down from the revised 25% a month earlier; and 68% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from the revised 64% in the October survey.

~~ The next release is scheduled for January 27, 2006 ~~

Leading Indicators

Seasonally adjusted

	2005						
	May	Jun	July	Aug	Sep	Oct	Nov
Composite index(2001=100)	105.8	107.5	107.3	108.4	108.8	107.8 _r	109.0 _p
Change from prior month (%)	1.0	1.6	-0.2	1.0	0.4	-0.9 _r	1.1 _p
Indicators :							
Manufacturing new orders (yoy %)	2.9	3.8	-0.4	4.4	3.6	3.2	4.2 _p
Manufacturing work hours (monthly average)	191.5	192.7	189.1	190.7	191.2	186.8 _r	187.5 _p
Customs-cleared exports (yoy %)	-2.3	-1.2	-0.9	0.9	5.4 _r	11.4	13.0 _p
Money supply M1B (yoy %)	5.9	7.2	7.6	7.5	6.1	5.1	5.4
Wholesale price (% change from 6 month earlier)	-3.0	-1.7	-0.2	0.5	2.5	2.2 _r	3.4 _p
Stock price (yoy %)	0.3	8.0	14.1	13.6	3.4	-0.1	2.4
Floor area of building construction permits (1000 m ²)	3,634	3,814	3,351	3,547	3,853	3,436 _r	3,760 _p

p: Preliminary. r: Revised.

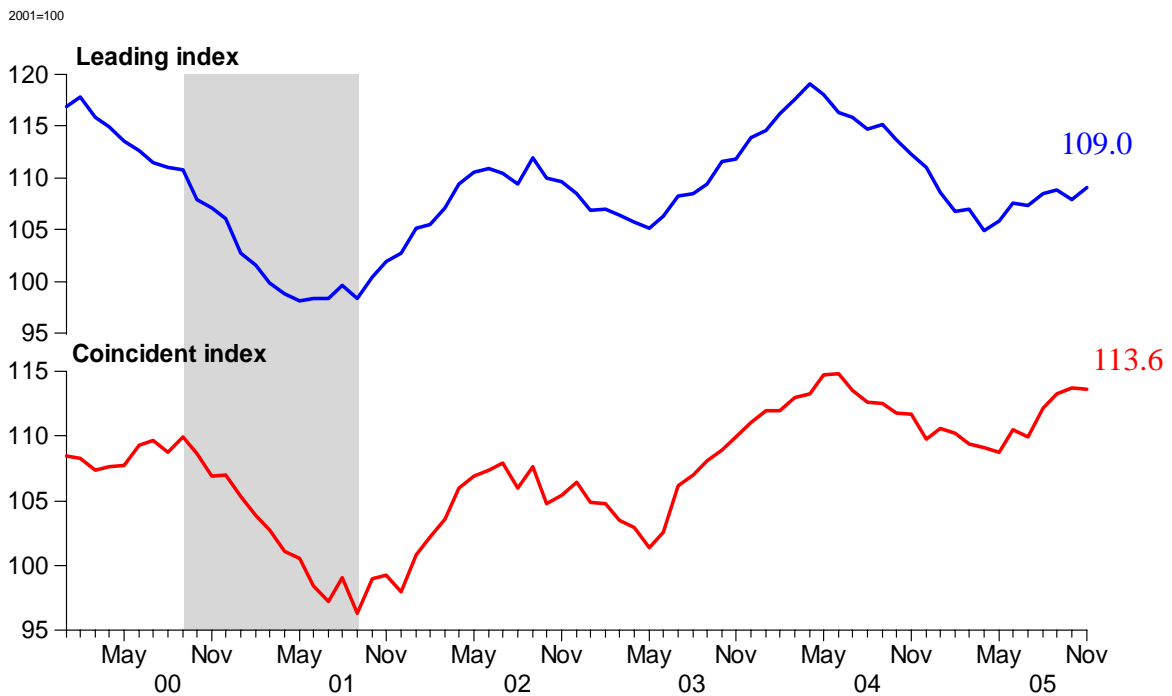
Coincident Indicators

Seasonally adjusted

	2005						
	May	Jun	July	Aug	Sep	Oct	Nov
Composite index(2001=100)	108.7	110.4	109.9	112.1	113.2	113.7 _r	113.6 _p
Change from prior month (%)	-0.4	1.6	-0.5	2.0	1.0	0.4 _r	-0.1 _p
Indicators :							
Industrial production (yoy %)	-1.2	1.0	-0.6	4.8	7.0	8.4 _r	8.6 _p
Manufacturing production (yoy %)	-1.1	0.7	-0.7	4.0	7.2	8.1 _r	9.8 _p
Manufacturing sales (NT\$ billion)	769.0	779.2	778.1	779.4	796.5	785.7	785.7 _p
Manufacturing average monthly wage (yoy %)	1.2	2.2	1.8	2.7	3.3	2.5 _r	2.1 _p
Bank clearings (yoy %)	-12.4	-3.1	-8.8	-0.2	-4.6	2.4	-6.1
Domestic freight (million t-km)	1,782	1,796	1,815	1,822	-	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2004		2005											
		11	12	1	2	3	4	5	6	7	8	9	10	11	
Total Scores		28	26	23	23	22	20	18	20	19	23	23	24	24	
Financial Sector	Monetary Aggregates M1B, yoy%														5.4
	Direct and Indirect Finance, yoy%														6.8
	Bank Clearings and Remittance, yoy%														-5.7
	Stock Price Index, 1966=100, yoy%														2.4
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %														5.9p
	Exports, 2001\$, yoy%														15.2
	Industrial Production Index, 2001=100, yoy %														8.6
	Manufacturing Inventory-to-Sales ratio, %														64.9p
	Nonagricultural Employment, yoy%														2.2

Overheating
 Transition in need of watching
 Steadily moving forward
 Transition in need of watching
 Transition in need of watching

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)			Net change Seasonally adjusted
2004	Oct	13	72	15	-2	4	80.4	5.0
	Nov	12	68	20	-8	-2	80.1	4.9
	Dec	12	71	17	-5	-4	80.3	4.8
2005	Jan	22	64	14	8	-3	80.3	4.9
	Feb	23	67	10	13	-1	77.0	4.6
	Mar	17	72	11	6	1	80.5	5.1
	Apr	14	67	19	-5	-2	79.8	5.0
	May	18	65	17	1	3	79.8	5.0
	Jun	19	61	20	-1	4	79.6	4.9
	Jul	17	60	23	-6	0	79.6	4.8
	Aug	19	65	16	3	2	81.0	5.0
	Sep	12	66	22	-10	-5	80.8	5.2
	Oct _r	11	64	25	-14	-7	81.0	5.2
Nov _p	11	68	21	-10	-3	81.1	5.1	